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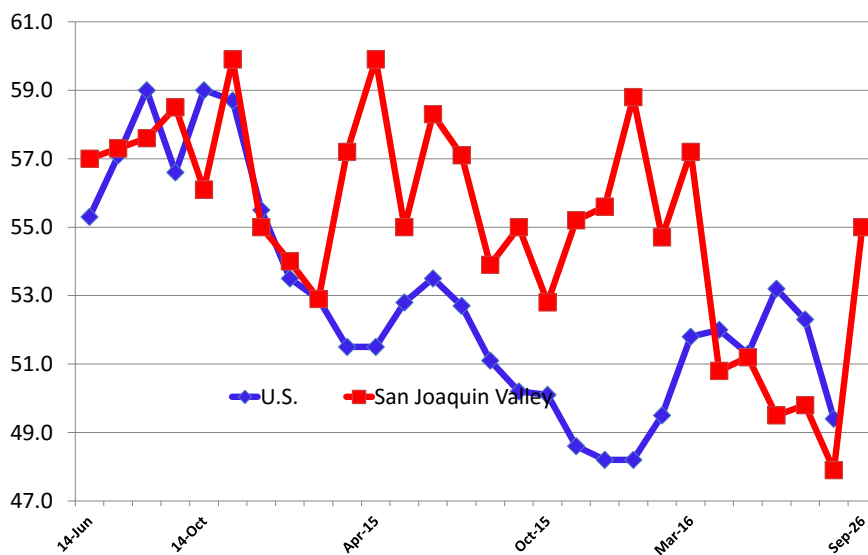
Goss video economic summary: <https://youtu.be/P5XetLqiphQ>

San Joaquin Valley Indicator Soars for September: One-Fourth Expect Negative Impacts from Fed Rate Hike

September survey results at a glance:

- Leading economic indicator rises to highest level since March of this year.
- Inflationary pressures rise, but remain modest.
- More than one-fourth, or 27.8 percent, expect a negative impact should the Federal Reserve raise interest rates in 2016.
- Manufacturing, including food processing, wholesale trade and distribution firms recorded solid economic improvements.

PMIs for U.S. & San Joaquin Valley, June 2014 – September 2016



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FRESNO, CA-After three straight months of moving below growth neutral, the San Joaquin Valley Business Conditions Index soared above the 50.0 threshold. The index, a leading economic indicator from a survey of individuals making company purchasing decisions for firms in the counties of Fresno, Kings, Madera, and Tulare, sank into a range pointing to slower economic growth for the next 3 to 6 months. The index is produced using the same methodology as that of the national Institute for Supply Management (www.ism.ws).

Overall Index: The September index rocketed to 55.0 from 47.9 in August. This is the highest reading recorded since March of this year. An index greater than 50.0 indicates an expansionary economy over the course of the next three to six months. Survey results for the last two months and one year ago are listed in the accompanying table.

“After three straight months with readings below growth neutral, September’s reading is very encouraging. The region experienced solid growth in the manufacturing sector. Food processing companies, as in previous months, detailed strong growth. Furthermore, growth was recorded in wholesale trade and distribution. On the other hand, construction firms and information technology companies in the region experienced downturns in economic activity,” said Ernie Goss, Ph.D., research faculty with the Craig School of Business at Fresno State University.

Employment: For a third straight month, the hiring gauge was at or above the growth neutral 50.0 threshold. The employment index climbed to 56.8 from August’s 51.8. “San Joaquin businesses boosted employment at a strong pace for the month. Over the past 12 months, the region has experienced job growth above three percent, which is almost triple the pace of the nation,” reported Goss.

Wholesale Prices: The prices-paid index, which tracks the cost of purchased raw materials and supplies, rose to 55.4 from 53.7 in August. “Just as in other regional surveys and the national survey, Fresno State’s surveys over the past several months show modest, but advancing inflationary pressures at the wholesale level,” said Goss.

This month survey participants reported how a Federal Reserve rate hike, if implemented in 2016, would affect their firm. More than one-fourth, or 27.8 percent, indicated that a rate hike this year would have a negative, or significant negative impact on their firms’ profitability. Approximately 11.1 percent expected a positive affect, while the remaining 61.2 percent indicated little or no anticipated impact from a rate increase implemented in 2015.

San Joaquin Business Conditions Index – p. 3 of 3

Business Confidence: Looking ahead six months, economic optimism, as captured by the business confidence index, slumped to 44.5 from August’s 44.8. “Weak U.S. and global growth are negatively affecting confidence among businesses in the San Joaquin Valley,” said Goss.

Inventories: Businesses increased inventories of raw materials and supplies for September. The September inventory rocketed to 51.9 from 39.6 in August.

Trade: The new export orders index remained below growth neutral for September. The index increased to 36.9 from 30.0 in August. The import index stood at 43.0 which was up from 36.1 in August. “The U.S. dollar remains relatively strong making U.S. goods less competitively priced abroad. At the same time, the bankruptcy of Hanjin Shipping reduced both imports and exports orders for the month,” said Goss.

Other components: Other components of the September Business Conditions Index were: new orders at 53.3, up from 45.8 in August; production or sales at 56.8, up from 43.7 in August; and delivery lead time at 56.0, down from last month’s 58.8.

Table 1 details survey results for September 2015, last month, and September 2016. October’s survey results will be released on the first business day of next month, November 1.

	San Joaquin Valley		
	September 2015	August 2016	September 2016
Leading economic indicator	55.0	47.9	55.0
New orders	55.6	45.8	53.3
Production or sales	61.5	43.7	56.8
Employment	53.7	51.8	56.8
Inventories	51.5	39.6	51.9
Delivery lead time	52.8	58.8	56.0
Wholesale prices	49.9	53.7	55.4
Imports	53.3	36.1	43.0
Export orders	40.1	30.0	36.9
Business confidence	51.8	44.8	44.5

Craig School of Business: <http://www.fresnostate.edu/craig/ubc/sjvs.html>

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