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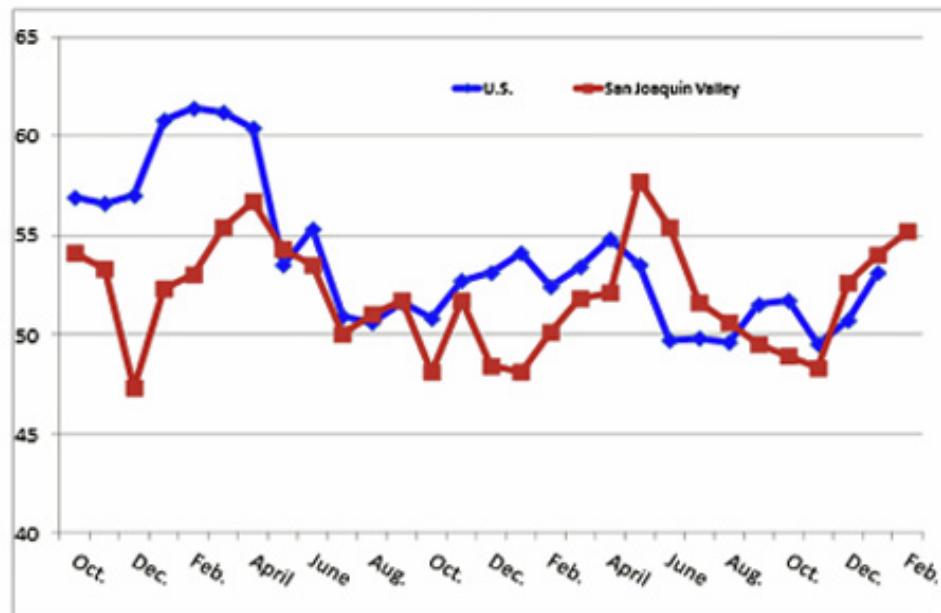

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PMIs for U.S. & San Joaquin Valley, 2010-13



San Joaquin Valley leading economic indicator advances again

Fresno State's [Craig School of Business](#) San Joaquin Valley Business Conditions Index advanced in February to 55.2 from 54.0 in January and 52.6 in December. An index greater than 50 indicates an expansionary economy over the course of the next three to six months.

Highlights of the survey include:

- Third straight month of expansion.
- Export orders contract again.
- One-fourth of businesses expect that federal sequestration will have a negative impact on company sales.
- Approximately 42.9 percent of firms expanded sustainable purchasing programs over the past two years.

The index, produced by Craig School of Business Research Associate Ernie Goss, is a leading economic indicator from a survey of individuals making company purchasing decisions for firms in Fresno, Madera, Kings and Tulare counties. The index is produced using the same methodology as that of the national Institute for Supply Management (www.ism.ws).

Goss points to improvements in the area's housing sector and manufacturing growth as drivers of the increase. The February reading was slightly higher than the national ISM reading of 54.1. Both readings point to a slowly expanding economy.

Other survey findings:

Employment: For a fourth straight month the hiring gauge moved above the growth neutral threshold, but the job index slumped to a tepid 51.1 after expanding slightly to 56.3 in January. The February 2013 index is well above the February 2012 reading of 44.8. Readings over the past several months indicate that the job market has been expanding and will continue to improve, albeit at a slow pace.

Wholesale Prices: The prices-paid index, which tracks the cost of raw materials and supplies, expanded to 66.0 from January's 63.9. According to Goss, the Federal Reserve Open Market Committee, which sets U.S. interest rate policy, remains committed keeping rates low. While it has not sparked any significant inflationary pressures for U.S. consumers, this policy is boosting our wholesale inflation gauge and is pushing U.S. asset prices up at a pace that is causing disruptions in certain sectors of the economy like agriculture.

Business Confidence: Looking ahead six months, economic optimism, captured by the business confidence index, rose to a level that still indicates pessimism regarding the area's economic

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outlook. The February business confidence index increased to 43.6 from January's 41.2 and December's much weaker 37.0. One-fourth of survey respondents expect sequestration to result in a reduction in unit sales for their company.

Inventories: Businesses contracted inventories for the month. The February index rose to 51.3 from January's much weaker 42.6. Goss says this is another indicator of weak business confidence.

Trade: New export orders weakened for February with a reading of 44.2, down from January's 46.1. At the same time, December imports expanded with an import index of 51.9, up markedly from January's 42.3.

Other components: New orders are at 58.1, up from 55.4 in January. Production or sales is at 55.6, down from 57.2 in January. Delivery lead time is at 59.6, up from January's 58.7.

For more information, contact Goss at 559.278.2352.

Related links:

- [Craig School of Business](#)
- Follow Goss: [Twitter.com/erniegoss](https://twitter.com/erniegoss) or www.ernestgoss.com
- [Institute for Supply Management](#)

By [Kathleen Schock](#) | March 5th, 2013 | Categories: [PRESS RELEASES](#) | Tags: [Valley Economic Indicator](#) | [Comments Off](#)

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