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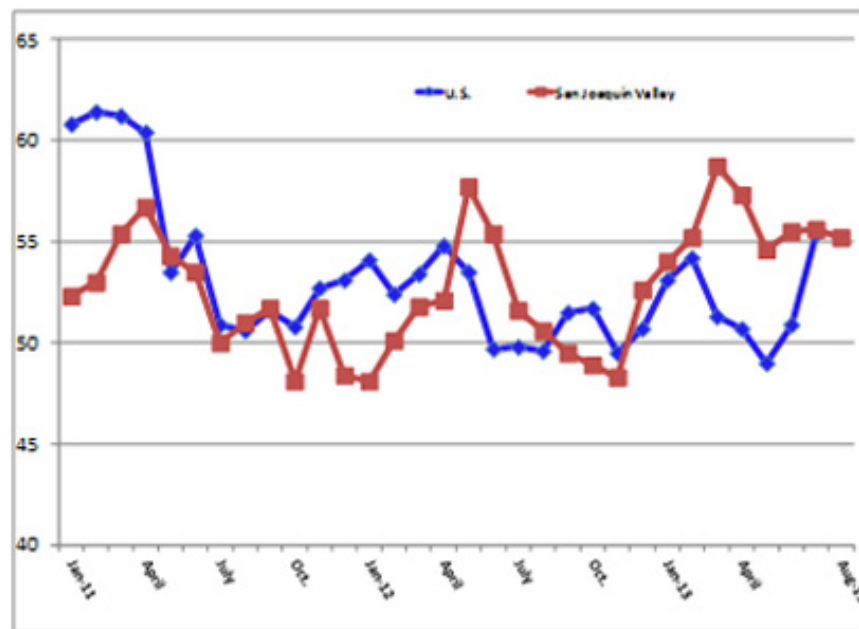

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PMIs for U.S. & San Joaquin Valley, 2011-August 2013



Valley survey points to improving economic conditions

For the ninth straight month, the San Joaquin Valley Business Conditions Index, produced by Fresno State's [Craig School of Business](#), moved above growth neutral with August results pointing to improving economic conditions in the next three to six months.

The index is a leading economic indicator from a survey of individuals making company purchasing decisions in the counties of Fresno, Madera, Kings and Tulare. The index uses the same methodology as that of the national [Institute for Supply Management](#).

The index dipped slightly to 55.4 from 55.6 in July. An index greater than 50 indicates an expansionary economy over the course of the next three to six months.

"The area economy is expanding, with the unemployment rate down by almost 3 percent over the past year," said Dr. Ernie Goss, a Craig School research faculty member who produces the index.

"Instead of contracting like the U.S., the region's labor force has expanded. Non-durable manufacturing firms, especially food processors, continue to experience healthy business growth. Most importantly, area construction activity is advancing but at a slow pace," Goss said. "Our surveys over the past several months indicate that this positive growth trend will continue well into the final quarter of this year, a significant improvement from the same period of 2012."

Other survey findings:

Employment: For the 10th straight month, the hiring gauge moved above the growth neutral threshold. The job index slid to a tepid but positive 51.2 from 54.2 in July. Readings over the past several months indicate that the job market will continue to improve for the rest of 2013.

"Last month I indicated that I expected the area's unemployment rate to drop below 10.0 percent before the end of 2013. While this rate is still possible, it more likely that the jobless rate will not move below this threshold before the first quarter of 2014," said Goss.

Wholesale Prices: The prices-paid index, which tracks the cost of raw materials and supplies, fell to 52.5 from July's 58.9. Wholesale inflationary pressures for the region are trending lower. Weakness in the global economy and a slowly rebounding national economy are restraining inflationary pressures at the wholesale level. "Even though inflationary pressures remain muted, I still expect the

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Federal Reserve (Fed) to begin reducing or tapering their \$85 billion monthly bond buying program at their Sept. 17-18 meetings," said Goss.

Business Confidence: Looking ahead six months, economic optimism, captured by the business confidence index, inched higher to 51.1 from 50.4 in July. The federal spending sequestration is having very little impact on the outlook.

Inventories: Businesses once again reduced inventories for the month. The index remained below growth neutral but rose slightly to 46.3 from July's 44.6. A pullback in inventory levels is another signal of a downturn in the economic outlook as businesses anticipate slower, but positive growth in the months ahead.

Trade: The new export order reading slumped to 42.7 from July's weak 43.7. At the same time, the import reading for August advanced to 50.5 from 47.9 in July.

Other components: August Business Conditions Index were new orders at 60.9, up from last month's 59.8; production or sales at 60.4, up from July's healthy 59.8; and delivery lead time at 58.2 which is a slight decline from 59.5 in July.

For more information, contact Goss at [559.278.2352](tel:559.278.2352).

Related Links:

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

By [Shirley Armbruster](#) | September 3rd, 2013 | Categories: [PRESS RELEASES](#) | Tags: [Valley Economic Indicator](#) | [Comments Off](#)

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