

Index: Fresno sees worrisome July economic swoon

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A National University economic index for Fresno found negative growth for July. National University's second release of its Leading Economic Indicators Index for the Fresno-Madera metro area took a surprising dip in July.

The index fell 0.4 percent in July to 121.2. While growth had slowed for the last several months — going from 2-percent growth in March to 0.2 percent in June — the July decrease was the first directional drop in more than two years.

June 2013 serves as the baseline of the index with a score of 100.

The July decrease was led by a declining stock market, falling for the second-straight month.

“Given the turmoil seen in national stocks, this drop should not be too surprising,” said Kelly Cunningham, National University System Institute Economist and author of the Index.

Fresno was also hit by a nearly 1-percent decline in help-wanted online advertising, which fell the previous two months as well. A 0.3-percent decline in building permits and 0.2-percent drop in California consumer confidence also led to Fresno's July swoon.

The trouble seems to be concentrated in inland California.

“We did not see the same decrease among coastal California metro areas that we track, but similar to Fresno, Sacramento fell as well,” Cunningham said. “Perhaps the effects of the drought and water cutbacks are having

greater impact on these more agriculturally dependent areas.”

Cunningham added that since National University tracked leading indicators of economic activity, the effects of the declines are not likely to be fully absorbed for another six to nine months.

“Plus, another month or two of further decline are usually necessary to signal a true shift in direction of the economy. One month of decline may just be a temporary glitch,” Cunningham said.

The other two economic indicators — initial claims for unemployment insurance and the national economy — showed positive but weaker growth for July.

This is the second month of the release for the National University's LEI Index for the Fresno-Madera metro and three other major metropolitan areas in the state. The next index of leading economic indicators for the metro areas will be released on Nov. 4.

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