

Economic indexes suggest slower growth for Fresno, Valley

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A pair of economists using different methods of examining the Fresno area's economy suggest that there may be reason for caution over the next few months.

Ernie Goss, a research associate with Fresno State's [Craig School of Business](#), and Kelly Cunningham, an economist with the [National University System Institute for Policy Research](#), released reports this week expressing concern about what appears to be a slowdown in economic growth. Goss is the author of the San Joaquin Valley Business Conditions Index, which is based on a survey of purchasing executives at businesses in Fresno, Madera, Tulare and Kings counties.

Cunningham prepares the relatively new index of leading economic indicators for the Fresno-Madera metro area. The index combines an assessment of recent local data, such as residential building permits and unemployment claims, with state and national measures of consumer confidence, help-wanted ads and the stock market.

Fresno State index

Goss said this week that his survey-based Business Conditions Index was 52.8 in October, down from a score of 55 in September but still in a range that indicates economic growth over the coming three to six months. A score of 50 is considered neutral; anything higher points toward growth, while a score below 50 represents a forecast for decline.

"It's a pretty good report, but it's less pretty good than last month's even-better report," Goss said. "Things are at least pointing to slower growth, but still positive growth in the four-county area of the San Joaquin Valley."

Goss noted that the overall index has been above the growth-neutral score of 50 for 23 consecutive months. "That's very good," he said, adding that the decline from September to October mirrors a slowdown in growth for the national economy as well. "It's certainly indicating that growth is going to be cooling."

Goss' survey polls executives' responses on hiring plans, wholesale prices, business confidence, inventories, imports and exports, new orders, production or sales and delivery lead time.

The survey revealed a strong dollar abroad is hampering exports of manufactured goods because it makes American-made products less competitive in price, Goss said. The export component of the index slid from 42.4 in September to 40.1 in October. "That's something we need to watch out for," he said.

"Construction is weakening, unfortunately, and that's troubling," he added. But the hiring outlook remained strong as year-over-year employment growth came in at 3.2 percent. "That's very strong; that's well above the national number, well above other parts of California and well above other regions in the nation," Goss said.

National University indicators

Cunningham, in his release Wednesday of leading economic indicators for Fresno and Madera counties, reported that index has slipped for three consecutive months, dipping to 120.6 for September since peaking at 121.7 in June. Cunningham's outlook is based on examining three-month trends in the overall index. This is the third month that National University has issued the Fresno-Madera index, which tracks the monthly scores from a baseline of 100 in June 2013.

"While the three-month decrease in the LEI index does not necessarily signal the economy will decline in the

upcoming months, it certainly warrants some caution for the outlook,” Cunningham said in a written statement. The National University index is intended to indicate the economy’s direction over the coming six to nine months.

Unemployment claims, one of the two local indicators in the broader index, continued to fall. While that’s a positive indicator, the decline in initial claims was less than it had been earlier this year and in 2014. Cunningham also reported that residential building permits issued in the two counties were down from this summer after growing earlier in the year.

Also weighing down the index were the stock market performance of California companies and declines in the number of online help-wanted ads statewide. Cunningham said the improvement in unemployment claims locally, as well as gains statewide and nationally in consumer confidence, were not enough to lift the overall index.

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