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Leading Employment Indicator Slides

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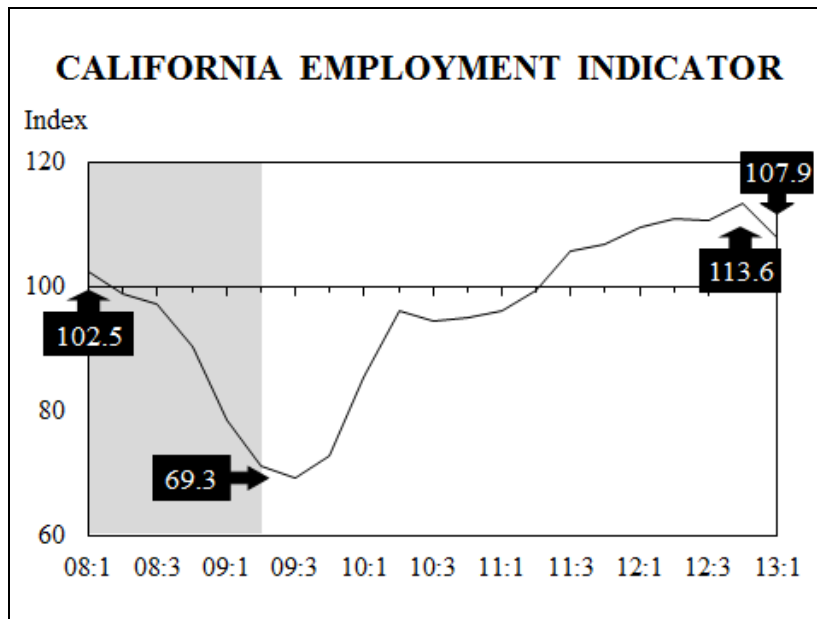
A. Gary Anderson Center for Economic Research

For Release:
February 5, 2013

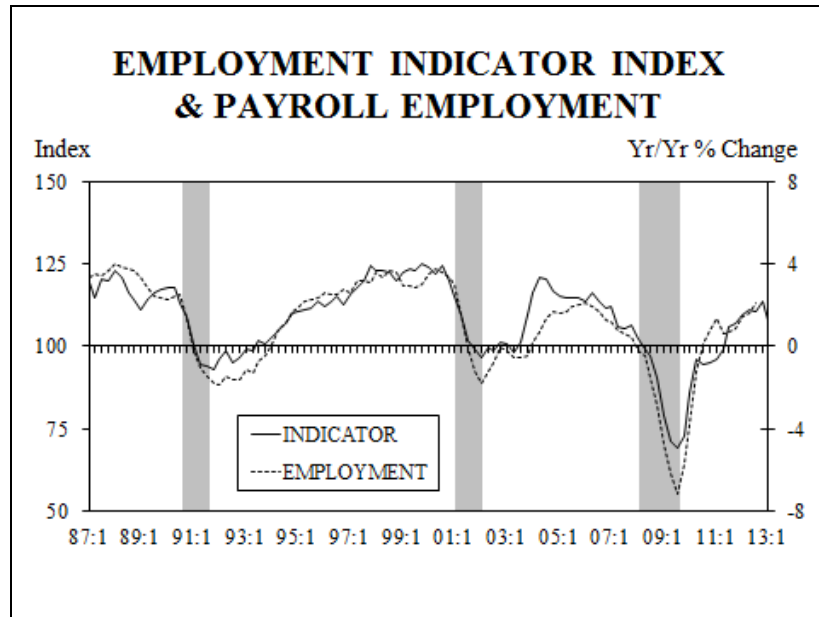
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Leading Employment Indicator Slides

ORANGE, CA—The California Index of Leading Employment Indicator dropped to a reading of 107.9 in the first quarter of 2013 compared to a reading of 113.6 in the fourth quarter of 2012. Although the index is still above the critical value of 100 suggesting positive job growth, the pace of job creation in the first quarter of 2013 will be slower than the fourth quarter of 2012.



The California Index of Leading Employment Indicator is comprised of variables found to have a significant influence on California's payroll employment growth. These variables include movements in the lagged values of real GDP, real exports, the S&P 500 and California's total construction spending. A weighted average of changes in these variables, based on their relative importance in explaining state employment growth, is used in constructing the index. As shown in the following figure, the index of leading employment indicator is strongly correlated to California's payroll employment growth.



All four components of the indicator series were positive in the fourth quarter of 2012 but all showed slower growth from the previous quarter. The annualized real GDP growth rate of 1.5 percent in the fourth quarter of 2012 was less than the 2.6 percent growth in the third quarter of 2012. Year-over-year percentage change in construction spending, which is derived from six-quarter lagged real values of total building permit valuation, grew at a rate of 5.8 percent in the fourth quarter of 2012, 2.5 percentage points less than the reading of 8.3 in the third quarter of 2012. Real exports grew by only 1.4 percent in the fourth quarter of 2012, a decline from the growth rate of 3.2 percent in the third quarter of 2012. Year-over-year, the S&P 500 increased at a rate of 13.4 percent in the fourth quarter compared to an increase of 27.3 percent in the third quarter of 2012.

ABOUT THE ANDERSON CENTER FOR ECONOMIC RESEARCH

The A. Gary Anderson Center for Economic Research (ACER) was established in 1979 to provide data, facilities and support in order to encourage the faculty and students at Chapman University to engage in economic and business research of high quality, and to disseminate the results of this research to the community.

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| FEBRUARY | ‣ California Leading Employment Indicator |
| MARCH | ‣ California Consumer Sentiment Survey |
| APRIL | ‣ California Purchasing Managers Survey |
| MAY | ‣ California Leading Employment Indicator |
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