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California Leading Employment Indicator Creeps Up

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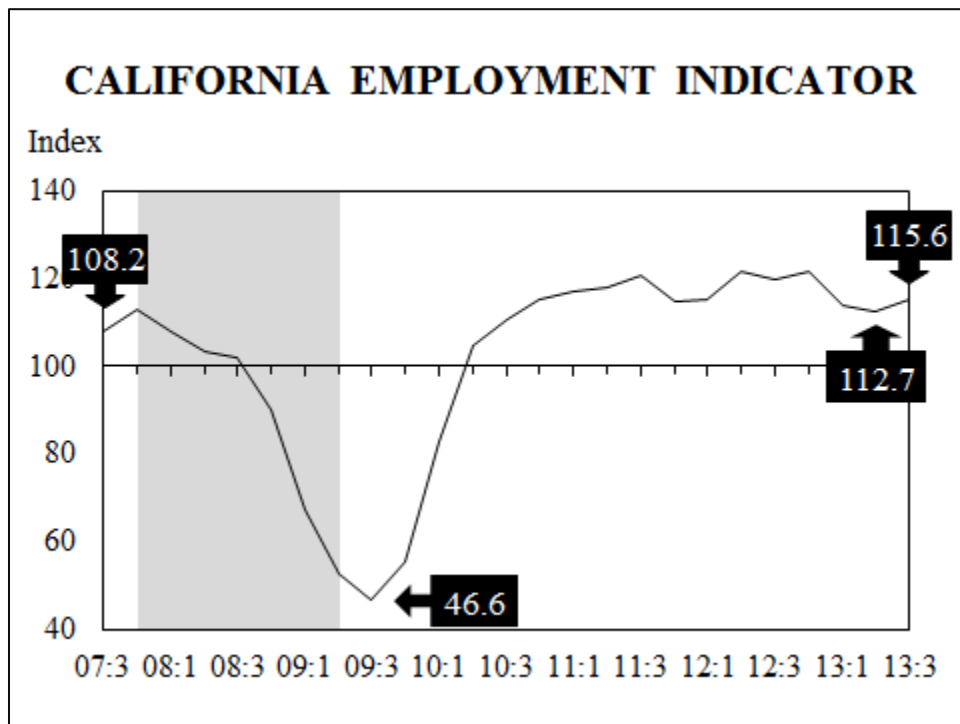
A. Gary Anderson Center for Economic Research

For Release:
August 6, 2013

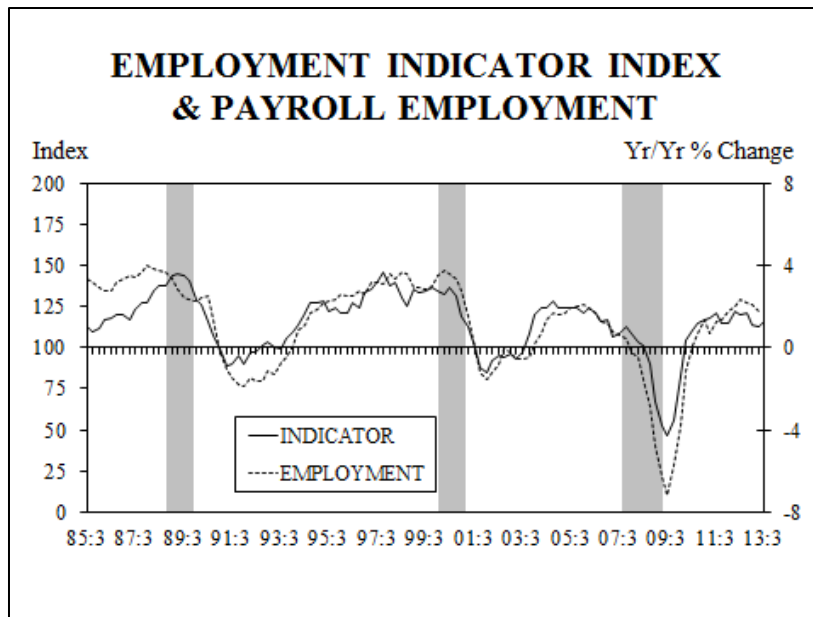
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California Leading Employment Indicator Creeps Up

ORANGE, CA—The California Index of Leading Employment Indicator increased nearly three points from a revised reading of 112.7 in the second quarter of 2013 to a reading of 115.6 in the third quarter. The index level above the critical value of 100 suggests positive job growth. The increase in the index indicates that the pace of job creation in the third quarter of 2013 should pick up steam compared to the second quarter when the annual growth rate was reported at 1.8 percent.



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 are positive and show modest improvements compared to previous quarter readings.

- Year-over-year, the S&P 500 increased 17.9 percent in the second quarter compared to an increase of 11.4 percent in the first quarter of 2013.
- Year-over-year percentage change in construction spending, which is derived from six-quarter lagged real values of total building permit valuation, increased at a revised rate of 16.3 percent in the second quarter of 2013, increasing about two percentage points from the revised reading of 13.9 percent in the first quarter of 2013.
- Real exports grew by 1.4 percent in the second quarter of 2013, slightly higher than the revised growth rate of 1.0 percent in the first quarter of 2013.
- The annualized real GDP growth rate of 1.4 percent in the second quarter of 2013 was virtually unchanged from the revised 1.3 percent reading in the first quarter of 2013.

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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| JANUARY | ‣ Economic Forecast Conferences for the Inland Empire
‣ California Purchasing Managers Survey |
| FEBRUARY | ‣ California Leading Employment Indicator |
| MARCH | ‣ California Consumer Sentiment Survey |
| APRIL | ‣ California Purchasing Managers Survey |
| MAY | ‣ California Leading Employment Indicator |
| JUNE | ‣ Economic Forecast Update Conference for the U.S., California and Orange County
‣ California Consumer Sentiment Survey |
| JULY | ‣ California Purchasing Managers Survey |
| AUGUST | ‣ California Leading Employment Indicator |
| SEPTEMBER | ‣ California Consumer Sentiment Survey |
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