

11-15-2013

An Uptick In California's Leading Employment Indicator

Anderson Center for Economic Research

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Recommended Citation

Anderson Center for Economic Research, "An Uptick In California's Leading Employment Indicator" (2013).
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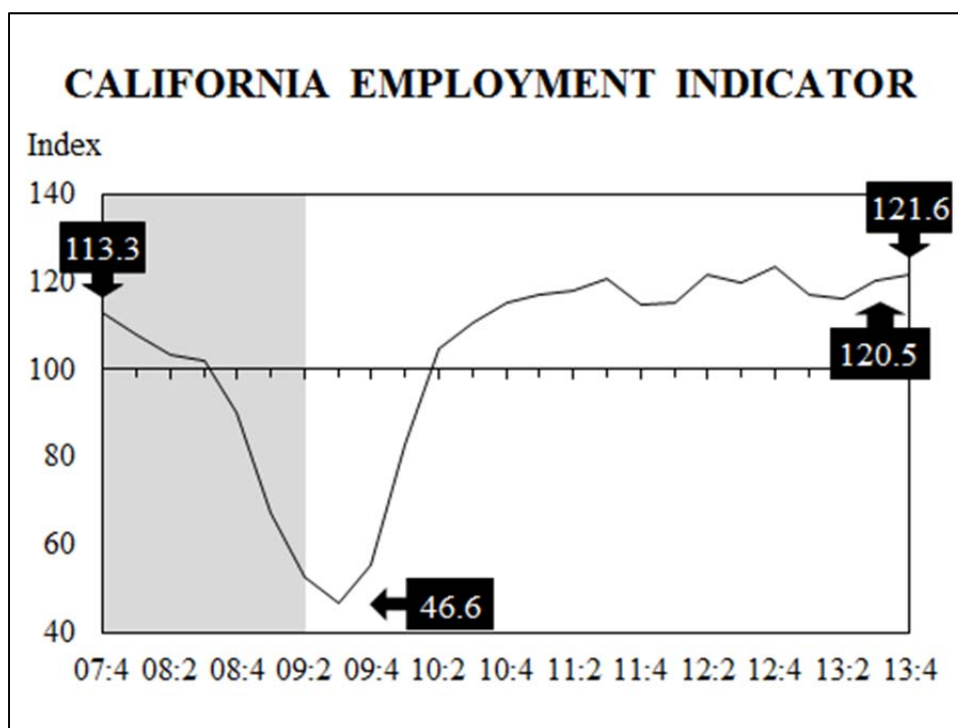
November 15, 2013

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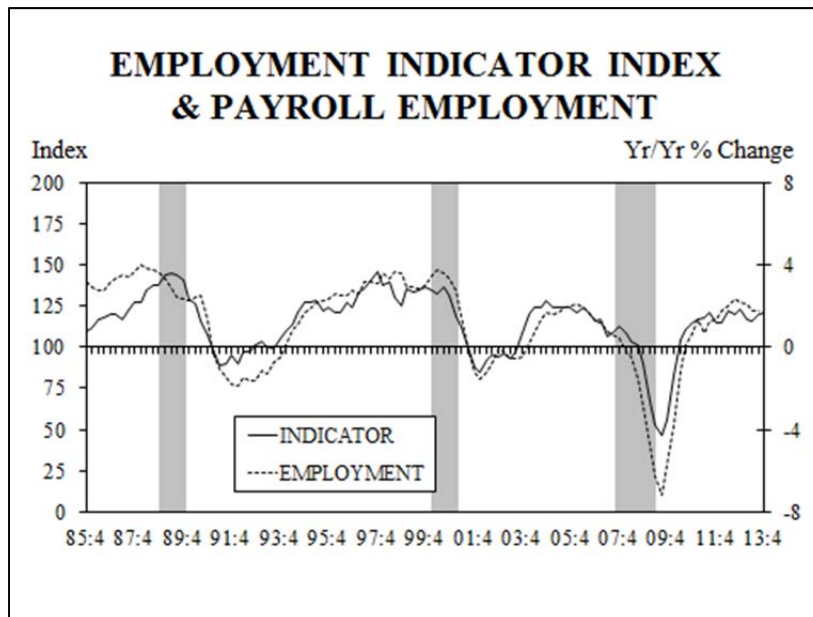
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An Uptick in California Leading Employment Indicator

ORANGE, CA—The California Index of Leading Employment Indicator increased by one point from a revised reading of 120.5 in the third quarter of 2013 to a reading of 121.6 in the fourth quarter. The index level above the critical value of 100 suggests positive job growth. Additionally, the uptick in the index indicates that the pace of job creation in the fourth quarter of 2013 should be slightly higher than the third quarter year-over-year increase of 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 with only one component showing improvement compared to previous quarter.

- Year-over-year, real exports grew by 3.0 percent in the third quarter of 2013, compared to a growth rate of 2.0 percent in the second 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 by 23.8 percent in the third quarter of 2013 virtually unchanged from the second quarter revised figure of 23.5 percent.
- The annualized real GDP growth rate of 1.6 percent in the third quarter of 2013 was unchanged from the revised 1.6 percent reading in the second quarter of 2013.
- Year-over-year, the S&P 500 increased 16.7 percent in the third quarter slightly less than the increase of 17.9 percent in the second 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.

ANNUAL SCHEDULE OF CONFERENCES AND PRESS RELEASES

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
OCTOBER	▸ California Purchasing Managers Survey
NOVEMBER	▸ California Leading Employment Indicator
DECEMBER	▸ Economic Forecast Conference for the U.S., California and Orange County ▸ California Consumer Sentiment Survey