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## California Employment Indicator Dips

Anderson Center for Economic Research

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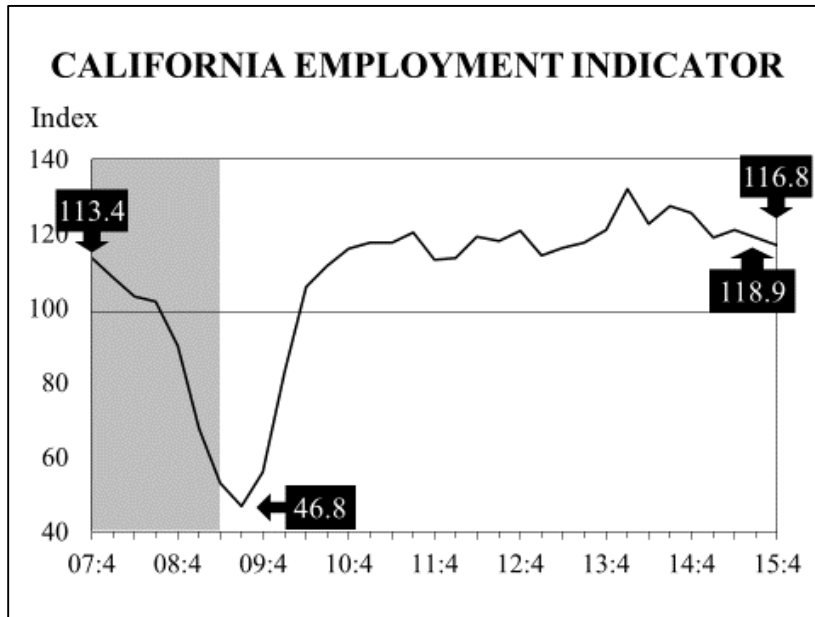
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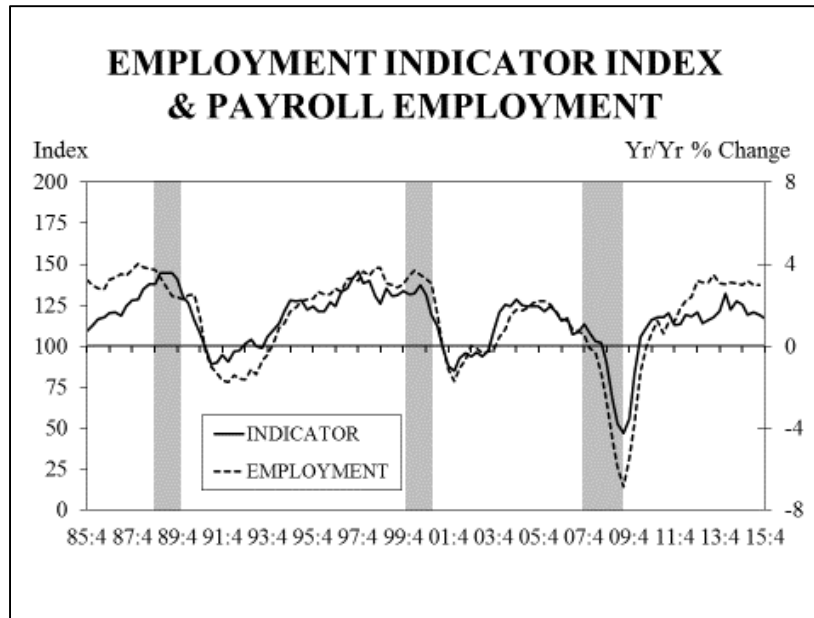
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## California Employment Indicator Dips

ORANGE, CA—The California leading employment indicator decreased 2.1 points from a revised reading of 118.9 in the third quarter of 2015 to 116.8 in the fourth quarter of 2015. An index level above the critical value of 100 indicates positive job growth. The current reading suggests that the pace of job creation in the fourth quarter will be slightly slower than the reported growth rate of 3.0 percent in the third quarter of 2015.



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.



Three of the four components of the indicator series are positive with only one showing slower growth than the prior quarter.

- Year-over-year real GDP growth rate of 2.0 percent in the third quarter of 2015 was lower than the revised 2.7 percent increase in the second quarter of 2015.
- Year-over-year, real exports grew by 1.5 percent in the second quarter of 2015, virtually unchanged from the revised growth rate of 1.4 percent in the second quarter of 2015.
- Year-over-year percentage change in construction spending, which is derived from six-quarter lagged real values of total building permit valuation, increased by 10.7 percent in the third quarter of 2015, stronger than the second quarter increase of 8.1 percent.
- On an annual basis, the S&P 500 decreased 2.6 percent in the third quarter of 2015, compared to the second quarter annual increase of 5.2 percent.

## **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**

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