Chapman University

Press Release

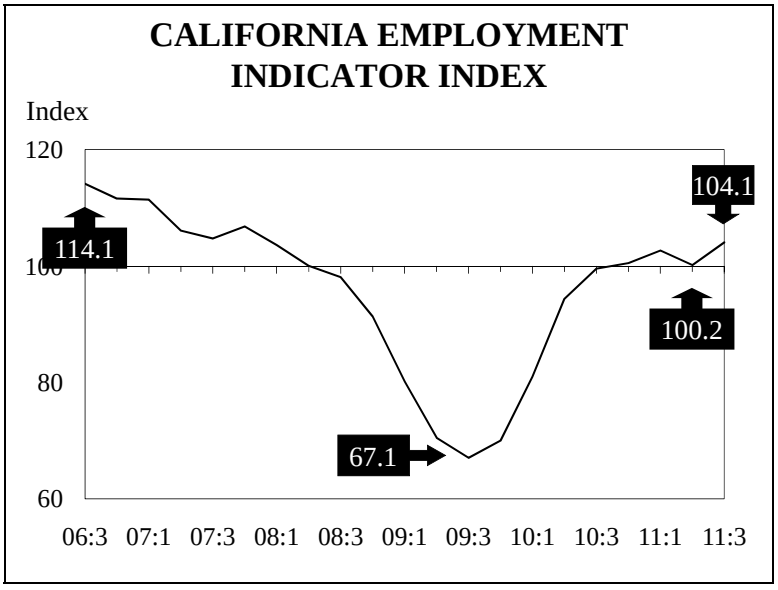
A. Gary Anderson Center for Economic Research

For Release:
August 9, 2011

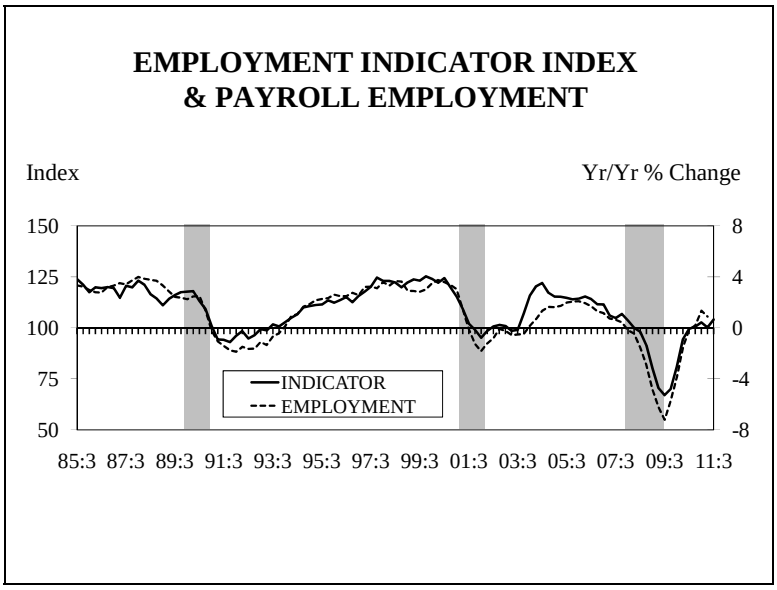
Contact:
Esmael Adibi,
Director of the Anderson Center for Economic Research
at (714) 997-6693.

California Leading Employment Indicator Remains Above its Critical Level

ORANGE, CA—The California Index of Leading Employment Indicator increased from a reading of 100.2 in the second quarter of 2011 to 104.1 in the third quarter—an increase of nearly four points. More importantly, the reading of 104.1 is above the critical value of 100, pointing to continued positive job growth in the third quarter. But the fact that the index is only slightly above 100 suggests that the rate of job creation will remain sluggish in this quarter.



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 the state'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 state payroll employment growth.



Two of the four components of the indicator series showed significant improvements compared to the previous quarter. The S&P 500 increased at an annualized rate of 28.1 percent in the second quarter, higher than the 13.4 percent increase in the previous quarter. Year-over-year percentage change in California construction spending declined at a rate of 8.6 percent in the second quarter of 2011. This is, however, an improvement of about nine points compared to a 19.8 percent decline in the first quarter of 2011.

Annualized GDP growth rate declined from 2.2 percent increase in the first quarter of 2011 to 1.6 percent in the second quarter. Similarly, real exports growth rate, while positive, declined to 7.9 percent in the second quarter compared to 8.9 percent increase in the first quarter of 2011.

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 Los Angeles County and 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, Orange and Los Angeles counties, and the Inland Empire ‣ 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