Press Release

Chapman University
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A. Gary Anderson Center for Economic Research

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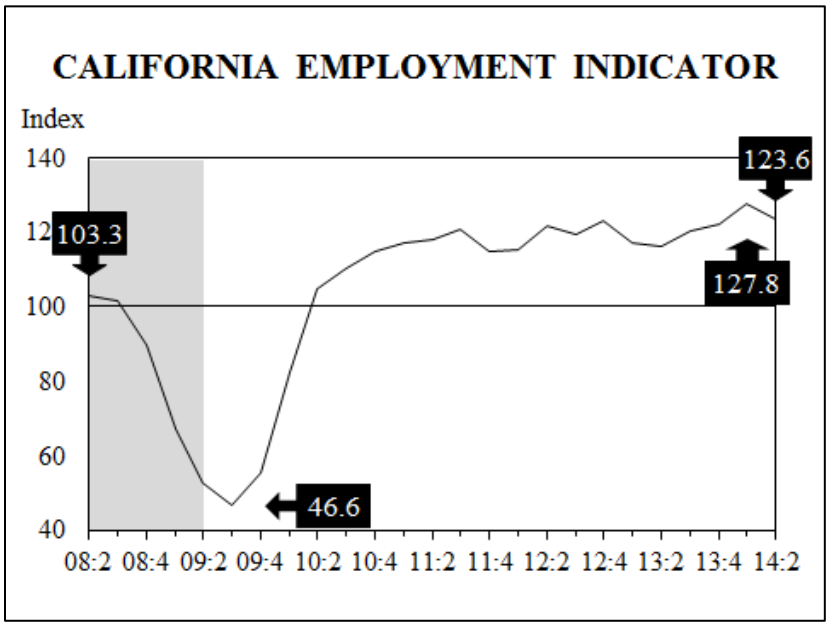
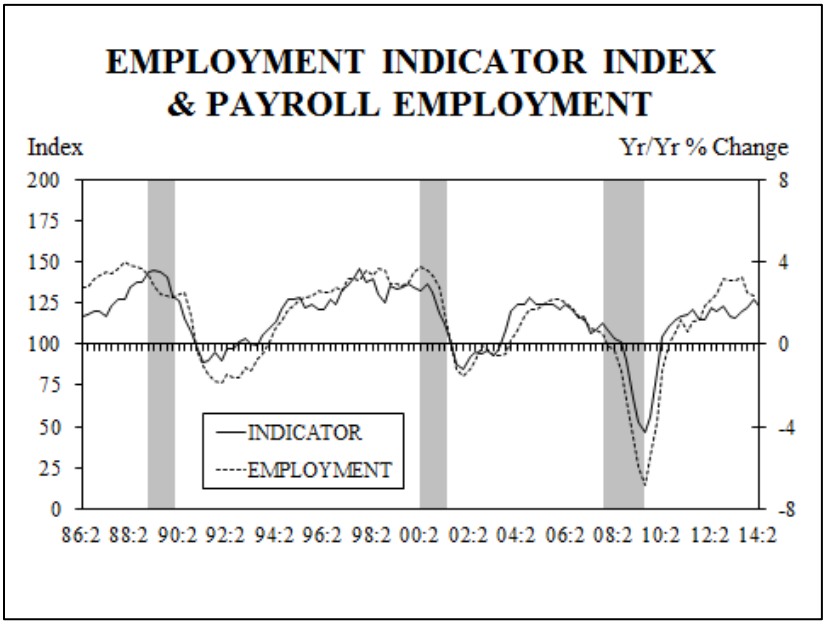
Leading Employment Indicator Dips

ORANGE, CA—The California Index of Leading Employment Indicator decreased by four points from a revised reading of 127.8 in the first quarter of 2014 to 123.6 in the second quarter of 2014. The index level above the critical value of 100 indicates positive job growth. The drop in the index suggests that the pace of job creation in the second quarter of 2014 will be slower than the preliminary figures reported by the Employment Development Department for the first quarter of 2014.



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 but all show slower growth rates compared to the previous quarter.

- Year-over-year real GDP growth rate of 2.3 percent in the first quarter of 2014 was lower than the revised 2.6 percent increase in the fourth quarter of 2013.
- The S&P 500 increased 19.3 percent in the first quarter of 2014 compared to the first quarter of 2013, nearly 10 points lower than the annualized fourth quarter growth of 29.6.
- Year-over-year, real exports grew by 3.1 percent in the first quarter of 2014, compared to a revised growth rate of 4.9 percent in the fourth 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 20.8 percent in the first quarter of 2014 down from the fourth quarter increase of 27.1 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

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 ‣ Economic Forecast Conference for the U.S., California and Orange County
DECEMBER	‣ California Consumer Sentiment Survey