California Leading Employment Indicator 
Virtually Unchanged

ORANGE, CA — The California Index of Leading Employment Indicator decreased slightly from a level of 101.7 in the first quarter of 2011 to 101.1 in the second quarter of 2011. The reading of 101.1 is above the critical value of 100, pointing to continued positive job growth in the second quarter. But the fact that the index is only slightly above 100 suggests that the pace of job creation should 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.

Three of the four components of the indicator series showed positive readings but two were at a slower rate than the previous quarter. The S&P 500 increased at an annualized rate of 13.4 percent in the first quarter, higher than the 12.8 percent increase in the previous quarter. Real GDP increased at a year-over-year percent change of 2.3 in the first quarter, lower than the growth rate of 2.8 percent in the fourth quarter of 2010. Similarly real exports growth of 7.3 percent in the first quarter is below the increase of 8.9 percent shown in the fourth quarter of 2010.

California construction spending is still a drag, showing continued weakness and declining at a rate of 19.6 percent in the first quarter of 2011. This is, however, an improvement compared to a 28.6 percent decline in the fourth quarter of 2010.
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