

# BURNHAM-MOORES

CENTER FOR REAL ESTATE  
UNIVERSITY OF SAN DIEGO

## Leading Economic Indicators Up in March

Note: The tentative release date for the report for May is April 27.

April 27, 2017 -- The USD Burnham-Moores Center for Real Estate's Index of Leading Economic Indicators for San Diego County rose 0.4 percent in March. Leading the way to the upside were sharp increases in consumer confidence and initial claims for unemployment insurance. Also up but to a lesser extent were local stock prices and the outlook for the national economy. On the downside, building permits were down significantly again while help wanted advertising dropped by a lesser amount.

March's increase was the fifth straight monthly increase for the USD Index. As a result, the outlook for the local economy remains unchanged from what has been indicated in recent reports: positive but slower growth through the rest of 2017 and possibly into early 2018. Through the first quarter of 2017, the data show that that forecast is playing out. Wage and salary employment increased by 28,600 compared to the first quarter of 2016. In contrast, 35,800 jobs were added in all of 2016. The strongest sectors through the first quarter were government (+6,900 jobs), health care (+5,300), construction (+4,600), financial activities (+3,500), professional, scientific, and technical services (+2,700) and other services (+2,400). Of the growth in the government sector, the bulk of that is in local government (+5,400), primarily in education (+3,500). Sectors that are lagging this year compared to last year are leisure and hospitality (growth down by 5,100 jobs), construction (-1,600), and manufacturing (-1,600). Sectors that are doing better are financial activities (+1,700) and government (+1,000).

	<b>Index of Leading Economic Indicators</b> The index for San Diego County that includes the components listed below (March) Source: USD Burnham-Moores Center for Real Estate	<b>+0.4%</b>
	<b>Building Permits</b> Residential units authorized by building permits in San Diego County (March) Source: U.S. Census Bureau	<b>-1.42%</b>
	<b>Unemployment Insurance</b> Initial claims for unemployment insurance in San Diego County, inverted (March) Source: Employment Development Department	<b>+1.16%</b>
	<b>Stock Prices</b> Bloomberg San Diego County Index (March) Source: Bloomberg Business	<b>+0.34%</b>
	<b>Consumer Confidence</b> An index of consumer confidence in San Diego County, estimated (March) Source: The Conference Board	<b>+1.77%</b>
	<b>Help Wanted Advertising</b> An index of online help wanted advertising in San Diego (March) Source: The Conference Board	<b>-0.35%</b>
	<b>National Economy</b> Index of Leading Economic Indicators (March) Source: The Conference Board	<b>+0.80%</b>

**Highlights:** The trend for **residential units authorized by building permits** remains sharply negative. While the actual number of units authorized in March was higher than January and February combined, the USD Index uses a moving average to smooth out the month-to-month fluctuations in the volatile components such as building permits. For the first quarter of 2017, total residential units authorized were down 41 percent compared to the same period in 2016. Single-family units authorized were actually up 17 percent this year. But that was overwhelmed by the 59 percent drop in multi-family units authorized for the quarter. . . The labor market variables were mixed in March. While **initial claims for unemployment insurance** were positive for the sixth consecutive month, **help wanted advertising** fell for the first time since November. The net result was that the seasonally adjusted unemployment rate was 4.2 percent in March. This compares to a rate of 4.2 percent in February and 4.9 percent in March 2016. . . **Local stock prices** had another positive month and ended the first quarter up 7.8 percent for the year so far. In comparison, the Dow Jones Industrial Average, the S&P 500 Index, and the NASDAQ Composite Index were up 4.6 percent, 5.5 percent, and 9.8 percent respectively in the first quarter. . . **Consumer confidence** had its biggest one month gain since April 2012 and has now increased for nine straight months. . . The outlook for the national economy remains positive as the **national Index of Leading Economic Indicators** stretched its winning streak to seven months. As of this writing, the “advance” estimate of GDP growth for the first quarter had not been released. The results for the national labor market were mixed in March, with the unemployment rate falling to 4.5 percent despite a relative weak gain of 98,000 payroll jobs.

March’s increase puts the USD Index of Leading Economic Indicators for San Diego County at 143.2, up from February’s reading of 142.6. There were revisions in the national Index of Leading Economic Indicators for November and February and for help wanted advertising in February, which affected the previously reported level of the Index for November but not any of the previously reported changes. To view the previously reported values for the Index and for the individual components, please visit the Website address given below. The values for the USD Index for the last year are given below:

		Index	% Change	
2016	MAR	140.2	+0.3	
	APR	140.7	+0.4	
	MAY	140.3	-0.3	
	JUN	140.0	-0.2	
	JUL	139.8	-0.1	
	AUG	139.9	+0.1	
	SEP	139.9	+0.0	
	OCT	139.8	-0.1	
	NOV	140.3	+0.3	
	DEC	141.3	+0.7	
	2017	JAN	142.1	+0.6
		FEB	142.6	+0.4
MAR		143.2	+0.4	



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