

BURNHAM-MOORES

CENTER FOR REAL ESTATE
UNIVERSITY OF SAN DIEGO

Leading Economic Indicators Up in September and October

Note: Data problems delayed the release of the September report. The tentative release date for the report for November is uncertain because of the holiday calendar at USD.

November 29, 2017 -- The USD Burnham-Moores Center for Real Estate's Index of Leading Economic Indicators for San Diego County rose 0.2 percent in September and another 0.6 percent in October. For October, the gain was led by a huge rise in the outlook for the national economy. There were more modest gains in initial claims for unemployment insurance, local stock prices, and consumer confidence. The only negative component was building permits, but they were down only slightly. Online help wanted advertising was unchanged.

With the gains in September and October, the USD Index has now increased or been unchanged for an entire year. The outlook then continues to be for positive but slower growth for the local economy at least through most of 2018. A review of the local economy through the third quarter of 2017 shows an increase of 23,300 wage and salary jobs compared to the same period in 2016. In contrast, wage and salary jobs increased by 35,800 in all of 2016 compared to 2015. So growth in San Diego's economy has already slowed. The sectors with the biggest increase in jobs are government (+6,200 jobs), health care (+5,000), construction (+4,300), real estate (+1,600), and finance and insurance (+1,200).

		SEP	OCT
	Index of Leading Economic Indicators The index for San Diego County that includes the components listed below Source: USD Burnham-Moores Center for Real Estate	+0.2%	+0.6%
	Building Permits Residential units authorized by building permits in San Diego County Source: U.S. Census Bureau	-0.20%	-0.06%
	Unemployment Insurance Initial claims for unemployment insurance in San Diego County, inverted Source: Employment Development Department	+0.00%	+0.42%
	Stock Prices Bloomberg San Diego County Index Source: Bloomberg Business	+1.67%	+0.15%
	Consumer Confidence An index of consumer confidence in San Diego County, estimated Source: The Conference Board	+0.04%	+0.54%
	Help Wanted Advertising An index of online help wanted advertising in San Diego Source: The Conference Board	-0.73%	+0.00%
	National Economy Index of Leading Economic Indicators Source: The Conference Board	+0.16%	+2.33%

Highlights: **Residential units authorized by building permits** dropped for the second month in a row in October. Through the third quarter, total units authorized were down 13.6 percent compared to the same period in 2016. Single-family units authorized were up 54 percent for 2017 vs. 2016, but multi-family units authorized were down by a third. . . The labor market variables were mixed, but with a positive bias. **Initial claims for unemployment insurance** fell in October, which led to the first positive reading for this component since May. On the hiring front, **help wanted advertising** did not increase, but the unchanged reading broke a streak of seven consecutive declines in that component. The net result was that the seasonally adjusted unemployment rate fell to 3.7 percent in October. This compares to a rate of 4.1 percent in September and 4.7 percent in October 2016. . . After a sharp rise in September, **local stock prices** added a little more in October. Through the third quarter, local stock prices were up 19.8 percent. This compares favorably with the broader market averages, with the Dow Jones Industrial Average, the S&P 500, and the NASDAQ Composite indexes up 13.4 percent, 12.5 percent, and 20.7 percent respectively. . . Although the gains have not been as large earlier in the year, **consumer confidence** continues to chug along, with the component now up for 16 months in a row. . . The outlook for the national economy is strong. The **national Index of Leading Economic Indicators** has now increased for 14 consecutive months. In terms of macroeconomic data, the second estimate of GDP growth for the third quarter came in at an annualized growth rate of 3.3 percent, which is up from the 3.1 percent growth of the second quarter. The national labor market is in good shape, with the unemployment rate falling to 4.1 percent and wage and salary job up a solid 261,000 in October.

October's gain puts the USD Index of Leading Economic Indicators for San Diego County at 146.2, up from September's reading of 145.4. A revision in the national Index of Leading Economic Indicators for June changed the previously reported value of the Index and the change for that month. 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	OCT	139.8	-0.1
	NOV	140.3	+0.3
	DEC	141.3	+0.7
2017	JAN	142.0	+0.5
	FEB	142.5	+0.3
	MAR	143.0	+0.4
	APR	143.0	+0.0
	MAY	143.2	+0.1
	JUN	144.5	+0.9
	JUL	145.1	+0.5
	AUG	145.2	+0.1
	SEP	145.4	+0.2
	OCT	146.2	+0.6



For more information on the University of San Diego's Index of Leading Economic Indicators, please contact:

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