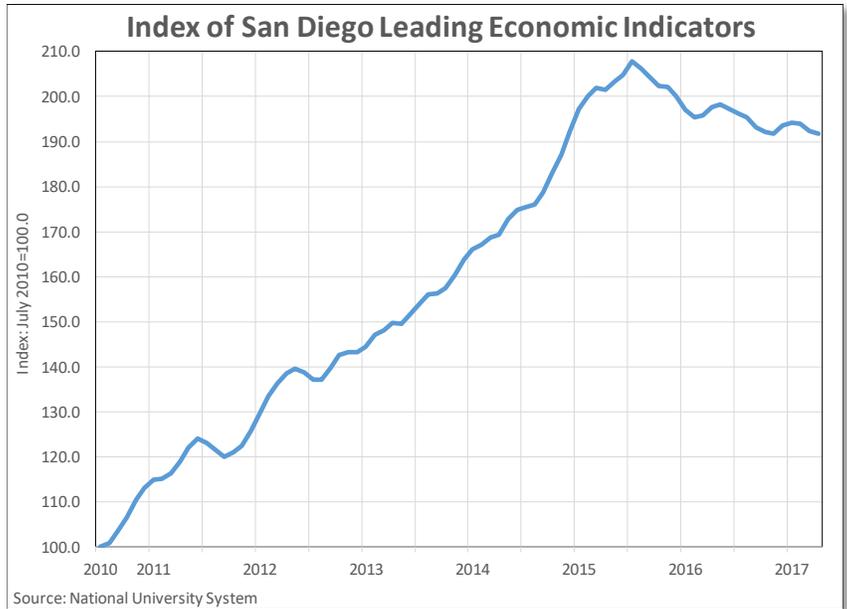


San Diego Leading Economic Indicators – April 2017

According to the index of leading economic indicators, San Diego's economic outlook continues to be soft. While not necessarily signifying major collapse, the index continues to suggest some economic turbulence in the coming six to nine months.

The most significant factor of weakness in the local index is continuing decline of residential building activity. Construction had previously been the strongest indicator of economic growth, but in the past year shows significant decline of housing units under construction. Industry analysts suggest this is only a matter of timing as a number of major developments are in the pipeline. The current weakness nevertheless is a concern as challenges to overcome lengthy approval processes contributes to rapidly rising costs of new housing and prospects for additional construction.



Expected consumer sentiments in the U.S., as measured by the *University of Michigan*, fell a second month in April. The university reports the data significantly divides by partisanship. Recent erosion of confidence due to more negative perceptions of proposed economic policies by Democrats, and reduced perceptions of likelihood for passage of the policies by Republicans. Fortunately, a strong job market, improved household income and wealth provide some financial buffer against the rising uncertainties.

Job openings in the western region of the U.S., as measured by the *U.S. Bureau of Labor Statistics* "Job Openings and Labor Turnover Survey" (JOLTS), slipped as well. The index paints a fuller picture of unmet labor demand and employment conditions than more commonly reported unemployment rates. After considerable steady improvement, the index shows some slippage the past three months.

San Diego's **initial claims for unemployment insurance** have remained flat the past few years. This is a positive signal that unemployment is not rising nor demand for labor stalling.

The **California economic index**, a component of San Diego LEI index, previously softened but leveled out the past year and more recently barely shows some improvement.

San Diego's stock index of locally headquartered companies has fallen, but since the end of 2016 appears to have stabilized.

