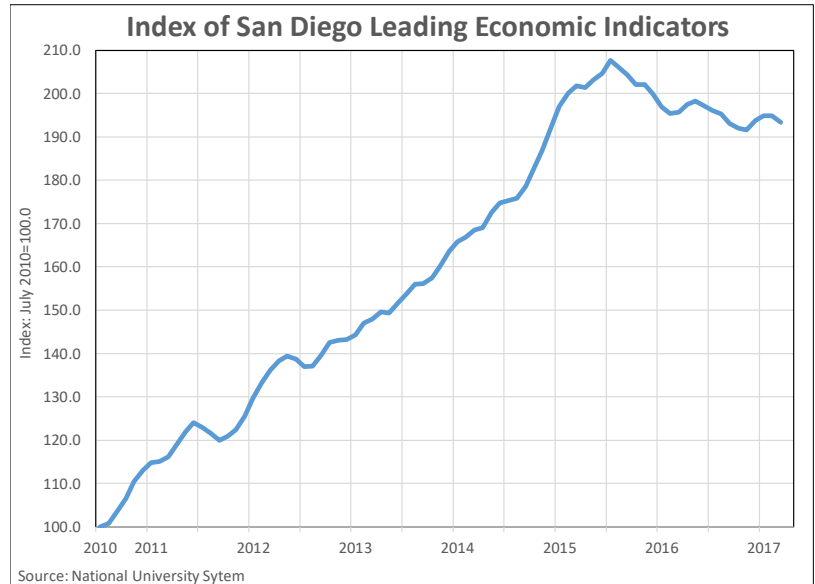


San Diego Leading Economic Indicators – March 2017

The outlook for San Diego, according to the latest index of leading economic indicators, continues to flounder. After three previous months showed progressively slowing gains, the index dropped 3.4 percent in March and remains nearly 7.0 percent lower than mid-2015 peak.

The most significant factor in weakness of the index is continuing slide of residential building activity. Residential construction had been San Diego’s strongest indicator of economic growth, but over the past year surprisingly dropped. Demand for housing remains highly apparent as prices continue to rise and approach bubble levels recorded more than a decade ago. Challenges of affordability and the approval process of new construction permits may be constraining new building activity.



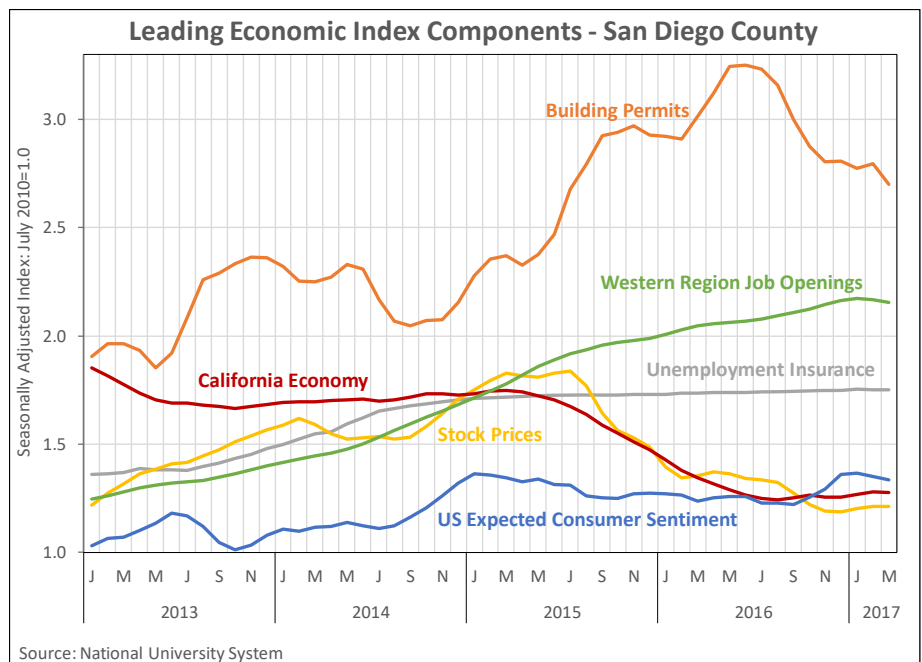
Expected consumer sentiments in the U.S., as measured by the *University of Michigan*, fell a second month. The university reports data being significantly affected by partisanship, as Democrats indicate an imminent recession, while Republicans point toward a new era of robust growth.

Job openings across the western region of the U.S., as measured by the *U.S. Bureau of Labor Statistics* “Job Openings and Labor Turnover Survey” (JOLTS), has started to slip as well. The index paints a fuller picture for unmet labor demand and employment conditions than more commonly reported unemployment rates.

Initial claims for unemployment insurance in San Diego is the strongest measure of economic activity in that it flattened over the past few years. This is a positive signal that at least San Diego unemployment levels are not rising and demand for labor not stalling.

The **California economic index**, a similar measure and a component of San Diego’s LEI index, considerably softened the past two years. The outlook for near term outlook in California appears to have stabilized over the past year.

Similarly, the **San Diego stock index of locally headquartered companies** fell from highs reached two years ago, but since end of 2016 appears to have somewhat stabilized. This contrasts with national stock markets reaching record levels in 2017, although with high volatility. San Diego’s stock companies are largely dominated by technology-driven firms, primarily biotech and research-oriented, and often reflects developing business trends.



SAN DIEGO-CARLSBAD, CA METRO AREA-LEADING ECONOMIC INDICATORS INDEX

Year	Month	Leading Economic Indicators Index	Seasonally Adjusted, 3-Month Moving Average, Monthly Percent Change						
			LEI Index	Residential Building Permits	Initial Unemp. Claims	San Diego Stock Prices	Calif- fornia LEI	West Job Opernings	Expected Consumer Sentiments
2016	Jan	197.0	-1.5%	-0.2%	0.1%	-6.1%	-3.2%	0.9%	-0.4%
	Feb	195.4	-0.8%	-0.4%	2.0%	-3.5%	-3.4%	1.1%	-0.5%
	Mar	195.6	0.1%	3.6%	0.1%	0.5%	-2.3%	0.9%	-2.1%
	Apr	197.5	1.0%	3.6%	1.1%	1.6%	-2.2%	0.5%	1.2%
	May	198.3	0.4%	3.9%	0.4%	-0.7%	-2.0%	0.3%	0.4%
	Jun	197.2	-0.5%	0.2%	-0.1%	-1.6%	-2.0%	0.2%	0.1%
	Jul	196.1	-0.5%	-0.5%	1.0%	-0.4%	-1.2%	0.5%	-2.5%
	Aug	195.3	-0.4%	-2.3%	0.3%	-1.1%	-0.4%	0.8%	0.1%
	Sep	193.1	-1.1%	-5.1%	0.9%	-3.6%	0.7%	0.7%	-0.4%
	Oct	192.1	-0.5%	-4.1%	0.6%	-4.0%	0.9%	0.8%	2.7%
	Nov	191.6	-0.2%	-2.5%	0.5%	-2.7%	-0.5%	1.0%	2.8%
	Dec	193.8	1.1%	0.1%	0.6%	-0.1%	0.0%	0.9%	5.4%
2017	Jan	194.8	0.5%	-1.2%	1.6%	1.1%	0.8%	0.3%	0.5%
	Feb	194.8	0.0%	0.8%	-1.2%	0.8%	1.1%	-0.3%	-1.1%
	Mar	193.4	-0.8%	-3.4%	1.1%	-0.1%	-0.4%	-0.5%	-1.3%

Sources: U.S. Census Bureau; California Employment Development Department; Bloomberg Business; Federal Reserve Bank of Philadelphia; U.S. Bureau of Labor Statistics; University of Michigan.

Index compiled, calculated, and adjusted by National University System.