

BURNHAM-MOORES

CENTER FOR REAL ESTATE
UNIVERSITY OF SAN DIEGO

Leading Economic Indicators Down Slightly in September

Note: The tentative release date for next month's report is November 30.

October 28, 2010 -- The USD Burnham-Moores Center for Real Estate's Index of Leading Economic Indicators for San Diego County fell 0.1 percent in September. Although four of the six components were positive during the month, a sharp drop in residential units authorized by building permits was enough to push the USD Index to its first decline in a year and a half (since March 2009). Local stock prices, consumer confidence, help wanted advertising, and the outlook for the national economy were all positive during the month but only modestly so. It was not enough to overcome the big decline in building permits and the smallest negative move in initial claims for unemployment insurance.

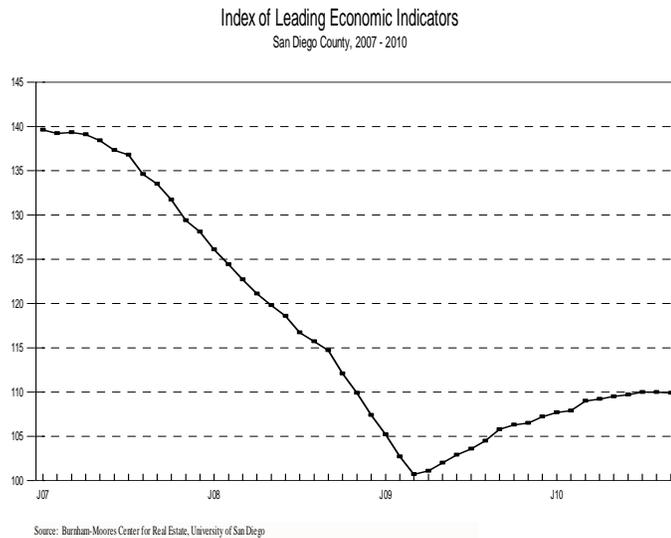
While September's decline is a little worrisome, it is not a signal that a downturn in the local economy is imminent. Economists usually look for three consecutive moves in a leading index in the same direction to signal a turning point in an economy. Further evidence is needed to determine whether this was an aberration or the start of a negative trend. One positive sign is that a majority of the components in the Index were up during the month; the problem was that they were not up by very much. This may be an indication that any growth in the local economy has slowed to the point where it has stalled. It remains to be seen whether this is just a temporary bump in an upward trend or the beginning of the dreaded "double dip" recession.

	Index of Leading Economic Indicators The index for San Diego County that includes the components listed below (September) Source: USD Burnham-Moores Center for Real Estate	- 0.1%
	Building Permits Residential units authorized by building permits in San Diego County (September) Source: Construction Industry Research Board	- 1.52%
	Unemployment Insurance Initial claims for unemployment insurance in San Diego County, inverted (September) Source: Employment Development Department	- 0.39%
	Stock Prices San Diego Stock Exchange Index (September) Source: <i>San Diego Daily Transcript</i>	+ 0.52%
	Consumer Confidence An index of consumer confidence in San Diego County (September) Source: <i>San Diego Union-Tribune</i>	+ 0.23%
	Help Wanted Advertising An index of online help wanted advertising in San Diego (September) Source: Monster Worldwide	+ 0.15%
	National Economy Index of Leading Economic Indicators (September) Source: The Conference Board	+ 0.53%

Highlights: Residential units authorized by building permits fell significantly as a slowing housing market caused developers to be more cautious. Despite the slowdown, residential unit authorized were up nearly 17 percent through the end of the third quarter compared to the same period in 2009. All of the gain was due to an increase in single-family units authorized, which were up almost 32 percent, while multi-family units actually fell by roughly 2 percent compared to 2009 . . . The labor market components continue to move in opposite directions. Job losses remain high, as **initial claims for unemployment insurance** were negative for the sixth straight month. **Help wanted advertising** was up for the 11th consecutive month, but may have plateaued as the rate of increase has slowed considerably. The net result was that the local unemployment rate remained at 10.6 percent in September, unchanged from the same level in August. . . Despite rising for the fifth month in a row, **local consumer confidence** remains down more the seven percent compared to a year ago and down almost 40 percent from the all-time high. As has been indicated previously, it will take a strong rebound in the job market to get confidence rising sharply again. . . **Local stock prices** advanced again as the financial markets bounced back from a summer slump. Local stocks finished the third quarter up 5.4 percent since the beginning of the year. . . The **national Index of Leading Economic Indicators** continues to signal growth in the national economy, although the pace is likely to be weak. The “third” estimate for Gross Domestic Product (GDP) for the second quarter showed that growth was revised upward but still remains slow at a 1.7 percent annualized rate.

September’s decrease puts the USD Index of Leading Economic Indicators for San Diego County at 109.9, down from August’s level of 110.0. Although the national Index of Leading Economic Indicators was revised for June through August, there was no change to the previously reported values for the USD Index or the changes for those months. Please visit the Website address given below to see the revised changes for the individual components. The values for the USD Index for the last year are given below:

		Index	% Change
2009	SEP	105.8	+1.2
	OCT	106.3	+0.5
	NOV	106.5	+0.1
	DEC	107.2	+0.7
2010	JAN	107.7	+0.5
	FEB	107.9	+0.2
	MAR	109.0	+1.0
	APR	109.2	+0.1
	MAY	109.5	+0.3
	JUN	109.7	+0.2
	JUL	110.0	+0.3
	AUG	110.0	+0.0
	SEP	109.9	-0.1



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

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