

Leading Economic Indicators Down in June

August 1, 2007 -- The University of San Diego's Index of Leading Economic Indicators for San Diego County fell 0.7 percent in June. Leading the way to the downside were sharp drops in building permits, consumer confidence, and help wanted advertising. There were also smaller declines in initial claims for unemployment insurance and the outlook for the national economy. The only positive component was local stock prices, which were up slightly during the month.

June's decrease was the largest one month drop in the USD Index of Leading Economic Indicators since May 2006. Unlike recent months, the decline in June was broad-based, with five of the six components of the Index down during the month. The dominant factor in the local economy remains the slumping housing market, which is negatively impacting employment and income, hurting consumption, and leading to a surge in the number of foreclosures. At this point, there appears to be no sign of a turnaround in the near future, with the local economy expected to be weak through at least the early part of 2008. Although a full-fledged recession is not likely for San Diego, the possibility is higher than just a few months ago and cannot be discounted.



Index of Leading Economic Indicators

- 0.7%

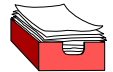
The index for San Diego County that includes the components listed below (June)
Source: University of San Diego



Building Permits

- 1.09%

Residential units authorized by building permits in San Diego County (June)
Source: Construction Industry Research Board



Unemployment Insurance

- 0.32%

Initial claims for unemployment insurance in San Diego County, inverted, estimated (June)
Source: Employment Development Department



Stock Prices

+ 0.13%

San Diego Stock Exchange Index (June)
Source: *San Diego Daily Transcript*



Consumer Confidence

- 1.57%

An index of consumer confidence in San Diego County (June)
Source: *San Diego Union-Tribune*



Help Wanted Advertising

- 1.03%

An index of print and online help wanted advertising in San Diego (June)
Source: Monster Worldwide, *San Diego Union-Tribune*



National Economy

- 0.57%

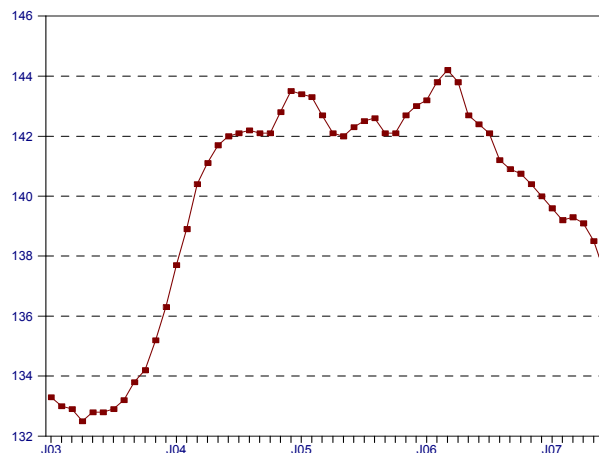
Index of Leading Economic Indicators (June)
Source: The Conference Board

Highlights: Residential units authorized by building permits finished the first half of 2007 off 34 percent compared to the same period in 2006. In a reversal of recent trends, multi-family permits (down 44 percent) fared worse than single family permits (down 21 percent). . . The labor market continues under pressure, with both **initial claims for unemployment insurance** and **help wanted advertising** down in June. Help wanted advertising has now fallen for ten consecutive months. Monster.com reports weakness in online advertising, particularly in white collar sectors such as legal services, management, and technical/professional services. The net impact was year-over-year job growth of only 1,600 in June, leading the local unemployment rate to rise to 4.6 percent versus 4.2 percent one year ago. . . Although the raw numbers on local **consumer confidence** were up, the seasonally adjusted trend continues to drop. In addition to high gas prices, worries about the housing market, including the increasing rate of foreclosures, may be taking a toll. . . **Local stock prices** were up for the third month in a row and finished the first half up 6.62 percent. That beat the S&P 500 (up 6.00 percent) but trailed the Dow Jones Industrial Average (up 7.59 percent) and the Nasdaq Composite (up 7.78 percent). . . The national economic news remains mixed. Initial reports on GDP showed that it grew at a 3.4 percent annual rate in the second quarter, up from a 0.6 percent growth rate in the first quarter. However, the **national Index of Leading Economic Indicators** continued its erratic behavior with a drop in June, marking the fourth time in six months that the national Index has fallen. The weakness in the housing market is also impacting the national economy. One worry is that the problems with subprime mortgages could spill over and adversely affect higher quality debt as well.

June's decrease puts the USD Index of Leading Economic Indicators for San Diego County at 137.5, down from May's revised reading of 138.5. Revisions in building permits, initial claims for unemployment insurance, and the national Index of Leading Economic Indicators caused numerous changes in the value of the local Index and its changes, but didn't affect the overall trend. Please visit the Website address given below to see the revised changes for the individual components of the Index. The values for the USD Index for the last year are given below:

		Index	% Change
2006	JUN	142.4	-0.2
	JUL	142.1	-0.2
	AUG	141.2	-0.6
	SEP	140.9	-0.2
	OCT	140.7	-0.1
	NOV	140.4	-0.3
	DEC	140.0	-0.3
2007	JAN	139.6	-0.3
	FEB	139.2	-0.3
	MAR	139.3	+0.1
	APR	139.1	-0.1
	MAY	138.5	-0.4
	JUN	137.5	-0.7

Index of Leading Economic Indicators
San Diego County, 2003 - 2007



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

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