

# BUSINESS FORECAST

January 2015

## Highlights

BOI stays positive at 24.4

Yearlong trend has been negative

Health, beauty and fitness sector poised for strong start to 2015

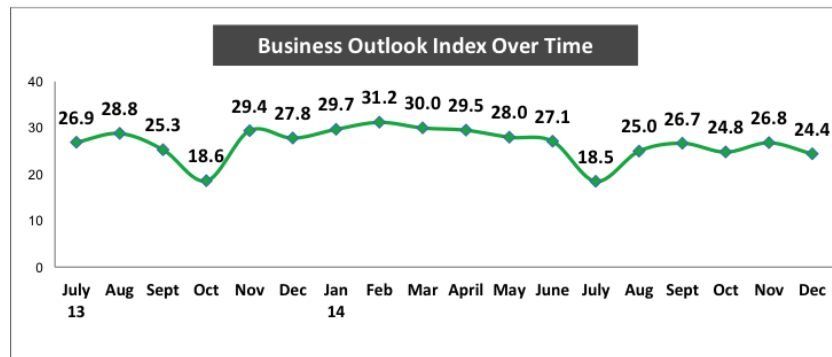
Hospitality/restaurants continue to struggle

Most rate the work ethic of Americans and San Diegans as "good"

Note: Data for this report was collected December 11 - 28, 2014

## Business Outlook Remains Moderately Positive

The January Business Forecast, sponsored by Silvergate Bank, shows that San Diego firms are continuing with the same moderately positive outlook of late 2014. The county's Business Outlook Index™ (BOI) has dipped just slightly to 24.4 this month. The BOI has a range of -100 to +100 with zero indicating a neutral outlook.

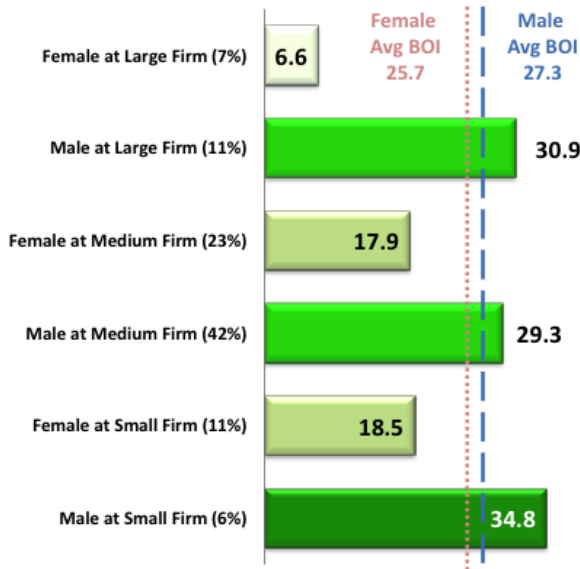


Comparing the same time last year to this year, a yearlong downward trend is evident with the county's BOI now consistently bouncing around the mid-20's, compared to about 30 last year. The data shows that all BOI metrics - projections for revenue, hours offered, and industry conditions – have had a declined outlook except for employment, which remained stable throughout 2014.

Looking at the outlook by type of business, the health, beauty and fitness sector is poised for a strong start to 2015 with a BOI of 57 and plans to add employees, employee hours, and anticipated revenue growth. By contrast, the hospitality/restaurants sector has a BOI of only 2.4 and expects deteriorating industry conditions and fewer hours for employees in the coming months.

Taking the data from the angle of gender reveals a disparity in confidence between men and women with women having lost confidence over time. In particular, women in larger firms are far less optimistic about near term prospects. The factors at play in this difference are revenue and workforce hours. While 57% of men see revenue increasing, only 47% of women do and 12% of them actually predict a decrease in revenue. The gender differences for workforce hours are more stark: 34% of men anticipate giving their workers more hours, but only 18% of women say the same, while 12% say they will cut hours back.

### BOI by Gender and Firm Size



In terms of new challenges this month, 44% of firms report “none,” which leaves most reporting challenges relating to business, government, and the economy as new concerns. Those citing challenges specifically related to their business tend to have a very bullish outlook, whereas those citing challenges from government (typically regulations) or from the economy are much less bullish.

This month’s survey also asked about the work ethic of Americans and San Diegans. Respondents were overall positive, with 64% “good” and about 13% “excellent” ratings for work ethic both locally and nationwide. However, around 20% believe our work ethic is overall less than good.

### Work Ethic

