



# Economics Group

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## California Employment Report

**California businesses added 14,900 jobs in September and created 303,100 jobs over the past year. The public sector continues to shed jobs, however. The unemployment rate fell 0.4 percentage points to 10.2 percent.**

### California's Recovery Continues to Roll Along

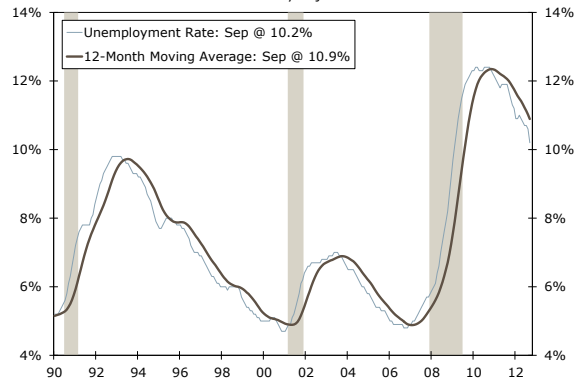
While better known for its epic budget challenges, California continues to quietly battle its way back from the recession. Nonfarm employment increased by 8,500 jobs in September. In terms of household employment, which is used in the computation of the unemployment rate, California added 52,600 jobs in September and has added 325,000 jobs since the recession ended. During this time, the state's unemployment rate has fallen 1.3 percentage points. Even with these gains, however, California's recovery still has a long way to go. The Golden State lost 882,000 jobs during the recession and saw its unemployment rate surge 5.7 percentage points higher. The unemployment rate remains 2.4 percentage points above the national average, even though California's labor force participation rate fell more than three times as much as the nation during the recession and more than four times as much as the nation during the economic recovery.

Private nonfarm payrolls have increased virtually across the board, with the largest gains occurring in professional and business services. This broad category, which includes everything from software engineers to temporary staffing, has added 88,500 jobs over the past year. The leisure and hospitality sector and education and healthcare have accounted for the next largest gains, adding 67,500 and 56,700 jobs, respectively.

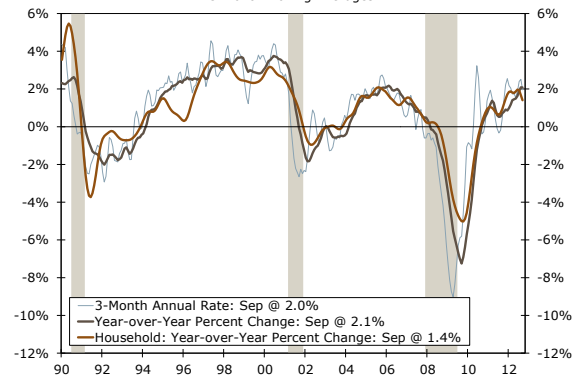
California's recovery has largely been led by its tech sector, particularly in areas relating to social networking and mobile computing. While there have been rumblings about the potential fallout from Facebook's disappointing initial public offering, there is little evidence of any negative fallout in September's jobs figures. The industries most exposed to the tech sector, which are professional and business services and information, continue to add jobs at a solid pace. The area that does seem vulnerable, however, is hardware manufacturing, which is being impacted by slower PC sales.

San Francisco and San Jose continue to see some of the strongest job growth, with total nonfarm employment up 3.1 percent and 2.4 percent, respectively, on a year-ago basis in September. Hiring has also improved solidly in southern California, with employment up 2.3 percent in San Diego, 1.8 percent in Orange County and 1.8 percent in Los Angeles. The Quarterly Census of Employment and Wages first quarter numbers suggest some of these areas, particularly San Francisco, may have seen even stronger gains over the past year. Growth also appears to have been stronger along the Central Coast, particularly in Monterey and San Luis Obispo. Not only are the jobs numbers stronger but the wage data has also improved. Average weekly earnings have risen 3.6 percent over the past year in San Francisco County. Gains are even greater in southern California, where average weekly earnings jumped 7.5 percent in San Diego and 5.2 percent in Orange County.

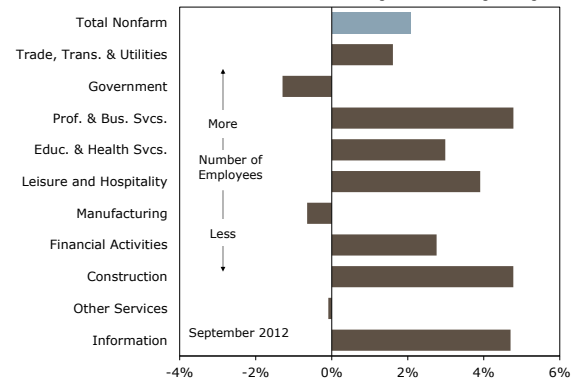
California Unemployment Rate  
Seasonally Adjusted



California Nonfarm Employment  
3-Month Moving Averages



California Employment Growth by Industry  
Year-over-Year Percent Change of 3-M Moving Average



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