



Economics Group

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California's Economic Recovery Rolled On In October

California's unemployment rate slipped another 0.1 percentage point in October, falling to 10.1 percent. Nonfarm payrolls increased by 45,800 jobs during the month and are up 2.1 percent over the past year.

Unemployment Remains High but is Improving

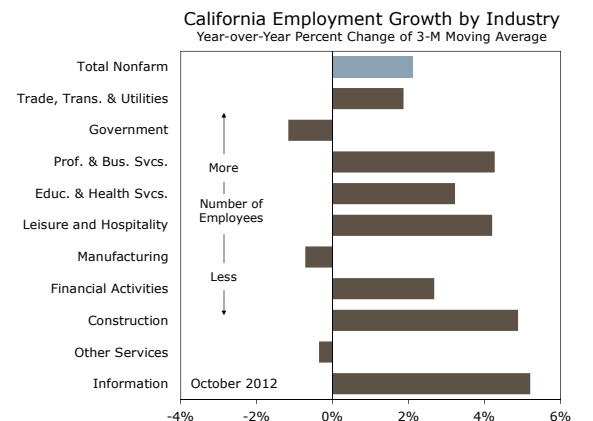
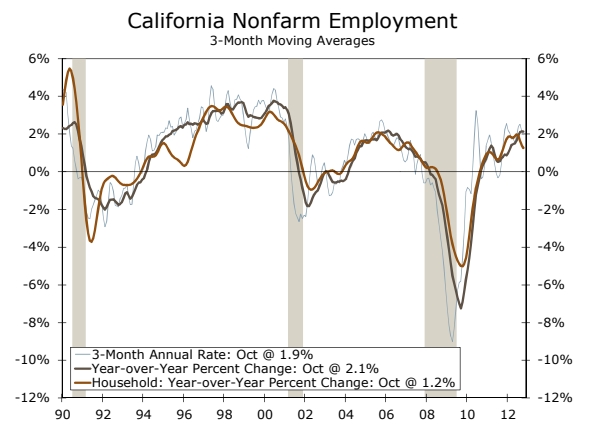
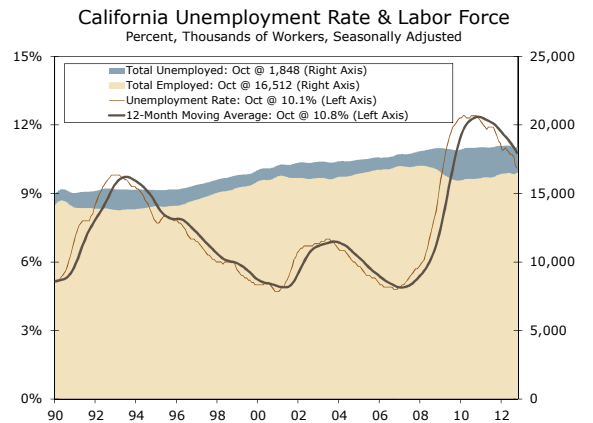
After tumbling 0.4 percentage points in September, California's unemployment rate declined another 0.1 percentage point in October, falling to 10.1 percent. The improvement stems from a 56,000-person rise in civilian employment and just a 27,000-person rise in the civilian labor force. The number of unemployed persons fell by the difference, or 29,000. From this perspective the improvement in California's unemployment rate looks more genuine than if it were to have occurred primarily due to a drop in the labor force. That said, the additional 0.1 percentage point dip in the jobless rate puts an exclamation point on September's larger decline.

On a year-to-year basis California's unemployment rate has fallen 1.4 percentage points, compared to a 1.0 percentage point drop nationwide. California civilian employment has risen by 200,000, while the number of unemployed has fallen by 274,000. The labor force has shrunk by the difference, declining by 74,000 persons. The drop in the labor force over the past few years is hardly unique to California. The labor force participation rate has fallen 2.8 percentage points in California since the recession ended. The slide in the labor force likely reflects the growing frustration of job seekers who are having difficulty finding well-paying jobs. Long-term unemployment remains a major problem nationwide and in California. The latest figures show that 34.7 percent of the 1.9 million unemployed workers in California have been without a job for a year or more. The comparable figure for the nation is 30.4 percent.

Nonfarm employment rose by 45,800 in October and has risen by 295,300 jobs over the past year. Just over half of October's rise was in trade, transportation and utilities industry, which added 24,700 jobs during the month. Most of that increase likely occurred in retail trade. Growth has also been evident in wholesale trade and distribution, particularly in southern California. Construction employment has also turned up recently, reflecting some improvement in homebuilding.

Professional and business services have added the largest number of jobs on a year-to-year basis, adding 86,000 jobs, with some of the strongest gains coming in the IT sector. California's information sector, which includes software publishing, data processing as well as motion picture and sound studios, remains the state's fastest growing sector, with employment climbing 5.3 percent over the past year.

Among California's major metro areas, the Bay Area continues to post the strongest gains. Employment has risen 3.5 percent over the past year in San Jose and is up 3.4 percent in San Francisco. By contrast, employment is up just 1.5 percent year over year in greater Los Angeles and 1.9 percent over the past year in San Diego.



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