

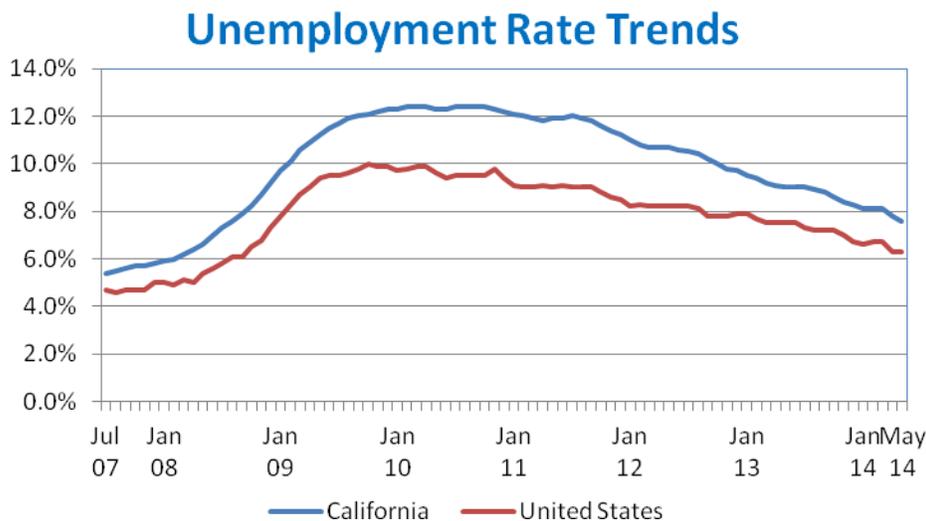
June 2014

The May Job Report—Slower Growth in May--California Continues to Outpace the Nation in Job Growth with the Recovery Spreading Inland

After an upward revised gain of 61,200 jobs in April, the state’s job growth slowed to 18,300 jobs in May. The average job gain in 2014 is 39,300 jobs far outpacing the national growth rate.

Monthly Highlights

The unemployment rate and number of unemployed residents continues to fall and decline faster than in the U.S. The state unemployment rate is still one of the highest in the nation but the gap between state and nation continues to close toward more normal levels.



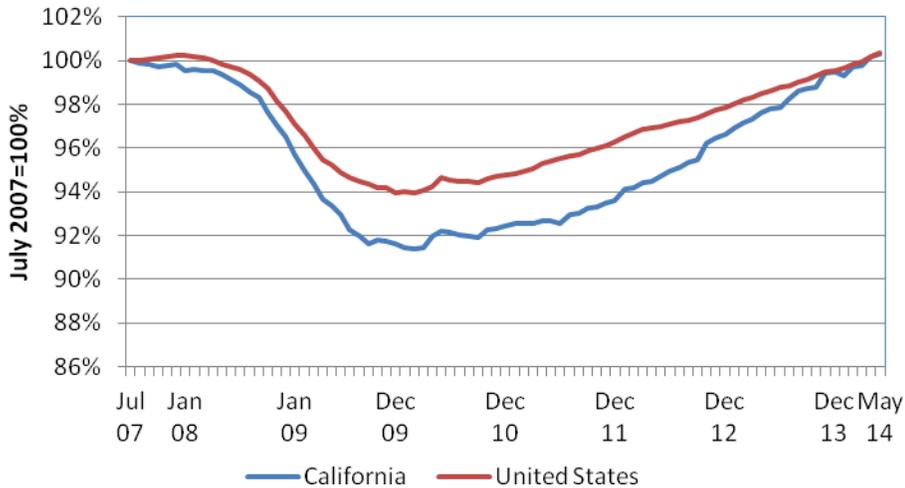
The pattern of industry job gains is encouraging with the exception of manufacturing where job growth remains elusive. Strong gains in tourism activities and business and professional services were accompanied by continuing gains in health services and finally small increases in state and local government and education.

Inland California posted the largest gains in May with the Oakland, Sacramento and Fresno metro areas leading the way. The Bay Area outside of the Oakland metro slowed from the torrid pace of recent months.

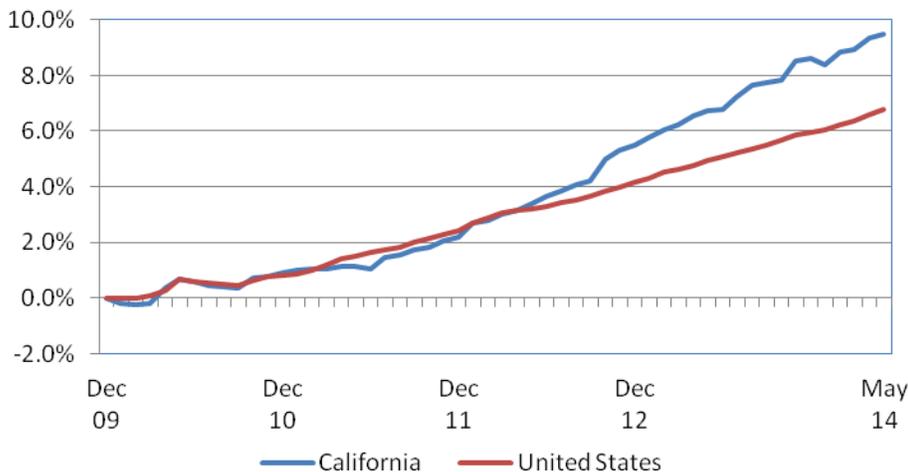
Looking at the Whole Recovery

The state, which suffered much larger job losses than the nation, has finally caught up by steadily outpacing the nation in job growth since 2010. The results for both the state and nation are disappointing compared to the growth normally associated with recoveries and the growth needed to bring unemployment securely below 6%. But the growth since the end of the recession is impressive.

Job Trends: Recession and Recovery



Job Growth Dec 2009--May 2014

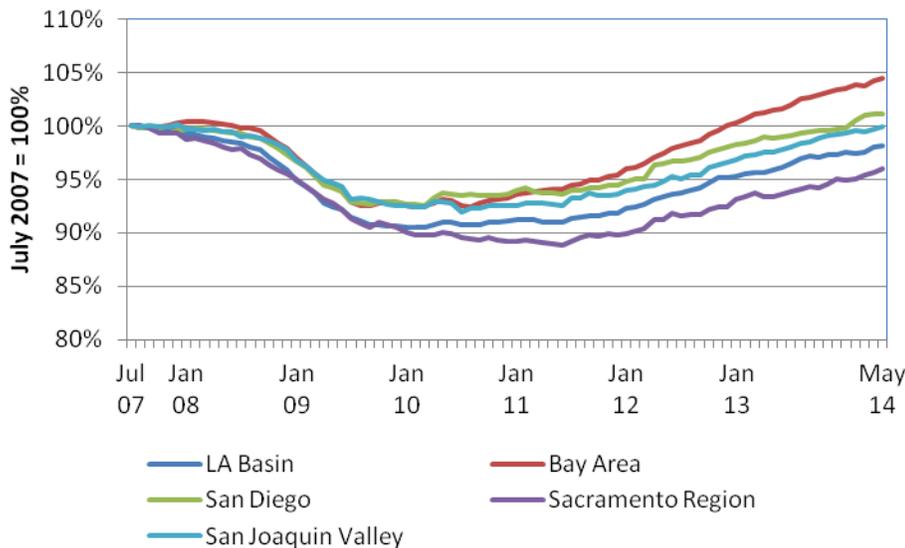


The state's unemployment rate, as high as 12.4% at the peak, is now 7.6%, the lowest since July 2008 and the number of unemployed Californians has fallen to near 1.4 million, the lowest since August 2008 but there is still a long way to go.

Regional Trends

Much of inland California is now in recovery mode. The Bay Area continues to be California’s job growth leader but the San Joaquin Valley and San Diego regions have now recovered the recession job losses. The Valley’s four largest metro areas—Bakersfield, Fresno, Modesto and Stockton—all posted year over year job gains of more than the 1.7% national growth rate led by Fresno with a 4.7% increase. All of the data in this section use EDD’s **seasonally adjusted** non-farm wage and salary estimates.

Job Trends: A Regional Perspective



The Inland Empire, long a growth laggard in Southern California, led the region with a gain of 2.7% (33,100 jobs) between May 2013 and 2014 as construction recovered and there is a mini-boom recovery in logistics tied to port volume growth. Los Angeles followed closely with a gain of 2.6% (107,400 jobs).

The Sacramento region is recovering with a year over year job gain of 2.9% led by construction, professional and business services, health services and government but still lags the other regions as it was hard hit by downturns in both construction and government jobs.

This is now clearly a solid and sustainable recovery led by sectors with good future growth prospects. After a long and deep recession, the state has outpaced the nation in recovery for four straight years and looks to build on that record in 2014.

The construction recovery is a triple winner—1) building activity creates job in other sectors as well as in construction, 2) most construction jobs pay good wages and 3) building housing and infrastructure addresses two of California’s key economic competitiveness challenges. The construction, tech and

trade/tourism growth will continue to boost revenues for state and local governments and return that sector to job growth.

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