

September 2014

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

California added 44,200 non-farm wage and salary jobs in August (the largest gain for any state) after an upward revised gain of 31,500 jobs in July. For the past 12 months the state continues to outpace the nation in job growth. The unemployment rate remained at 7.4% but for the first time in years California did not have one of the five highest unemployment rates nationally, now tied for sixth highest with Tennessee and Michigan

Monthly Highlights

The monthly data bounce around a lot and usually do not give a good indication of longer term trends.

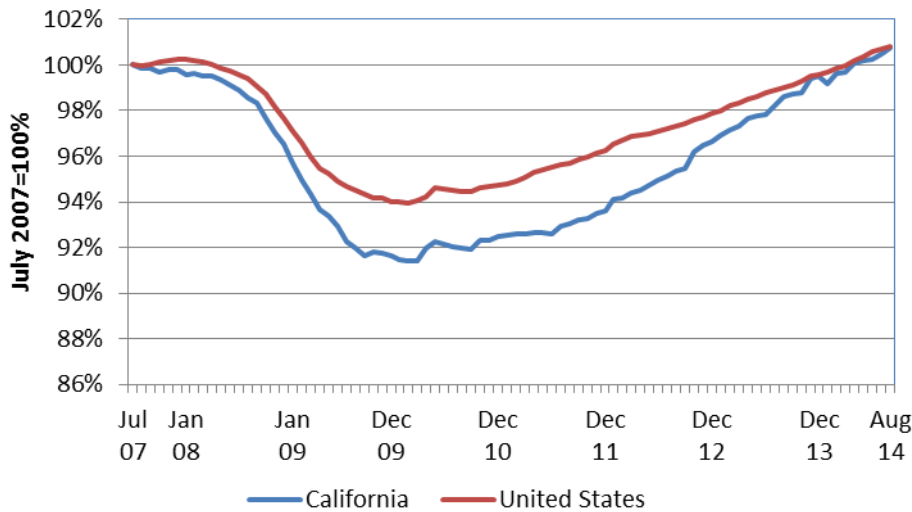
In August three metro areas got the majority of the state's seasonally adjusted job gains according to EDD data. Los Angeles led with 25,900 jobs followed by the San Jose and San Francisco metro areas with 13,500 and 5,500 jobs respectively. The Bay Area was again the regional job leader but Southern California areas are now fully participating in the recovery.

The pattern of industry job gains is encouraging with the exception of manufacturing where job growth remains elusive. Construction added 13,600 jobs in August and 35,600 (5.6%) over the past 12 months. 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.

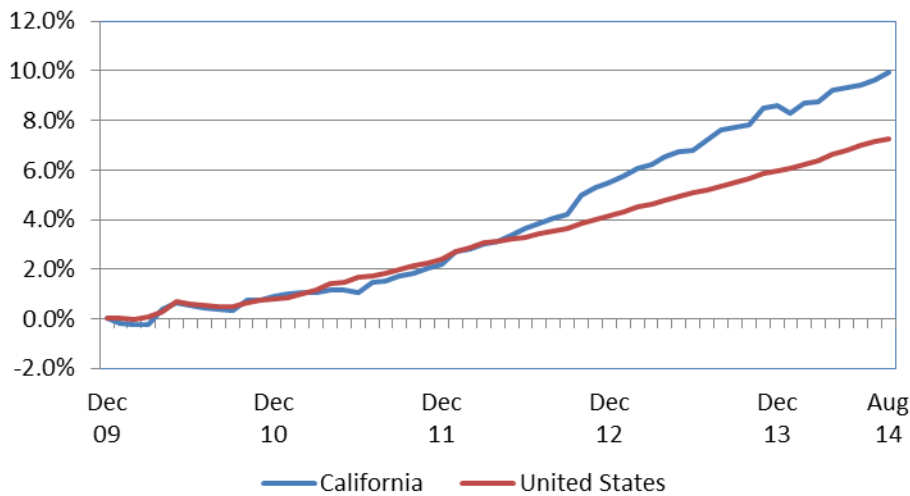
Looking at the Whole Recovery

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—10.0% for the state as compared with 7.3% for the nation.

Job Trends: Recession and Recovery



Job Growth Dec 2009--August 2014



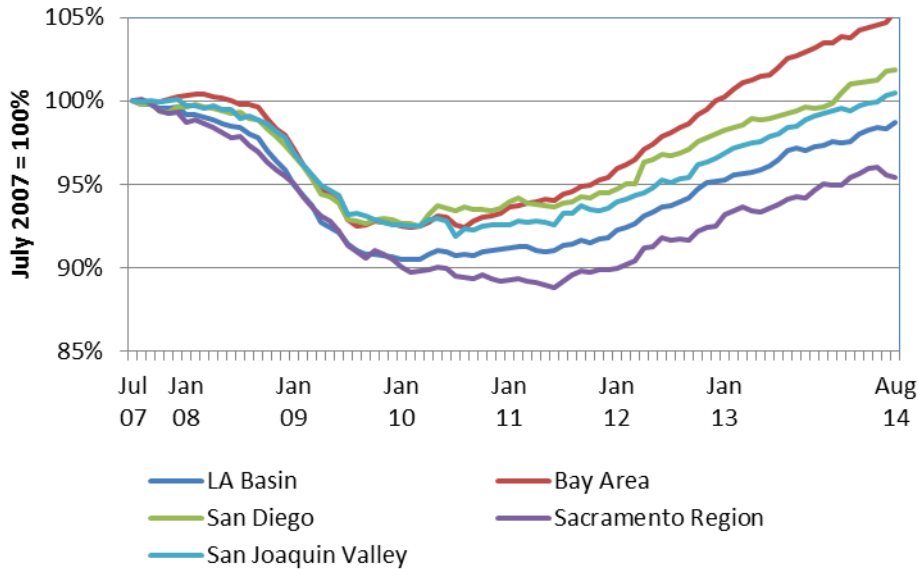
The state's unemployment rate, as high as 12.4% at the peak, is now 7.4%, the lowest since July 2008 and the number of unemployed Californians has fallen to below 1.4 million, the lowest since July 2008 but there is still a long way to go.

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 three largest metro

areas—Bakersfield, Fresno, and Stockton—all posted year over year job gains of more than 2.0%. All of the data in this section use EDD’s **seasonally adjusted** non-farm wage and salary estimates.

Job Trends: A Regional Perspective



Southern California is now in recovery mode and the LA Basin area has almost recovered all the jobs lost in the recession. The Inland Empire, long a growth laggard in Southern California, led the region with a gain of 2.7% (33,000 jobs) between August 2013 and 2014 as construction recovered and there is a mini-boom recovery in logistics tied to port volume growth. Los Angeles followed with a gain of 1.8% (74,500 jobs).

The Sacramento region continues to trail in the recovery but the job dip in the past two months is likely a statistical fluke about the timing of seasonal government jobs.

This is now clearly a solid and sustainable recovery led by sectors with good future growth prospects. After a deep recession, the state has outpaced the nation in recovery for four straight years and is building 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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