

Economic Update

LMID Advisory Group

May 26, 2011

Paul Wessen

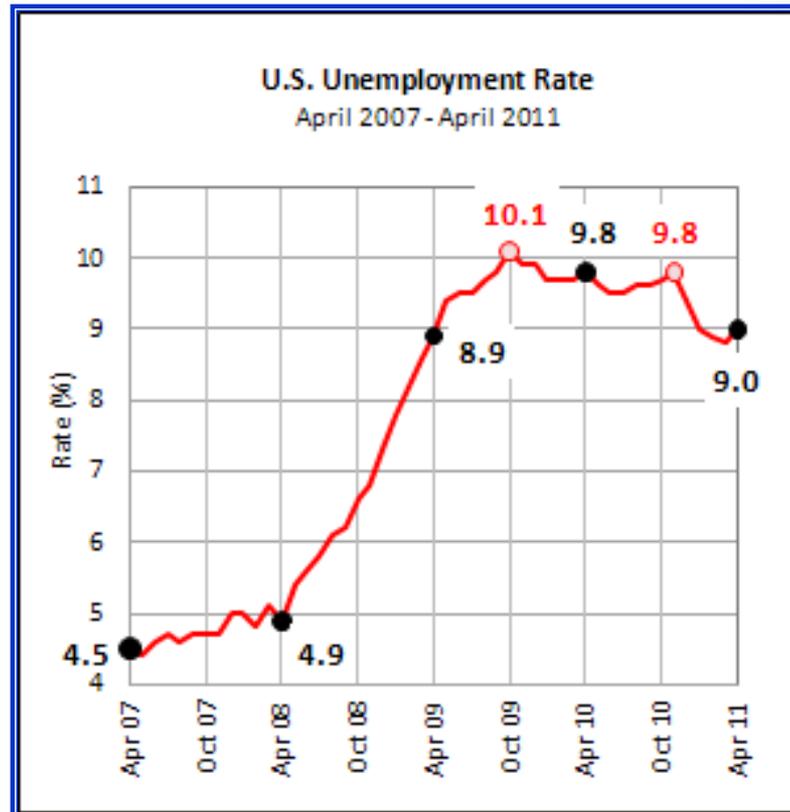
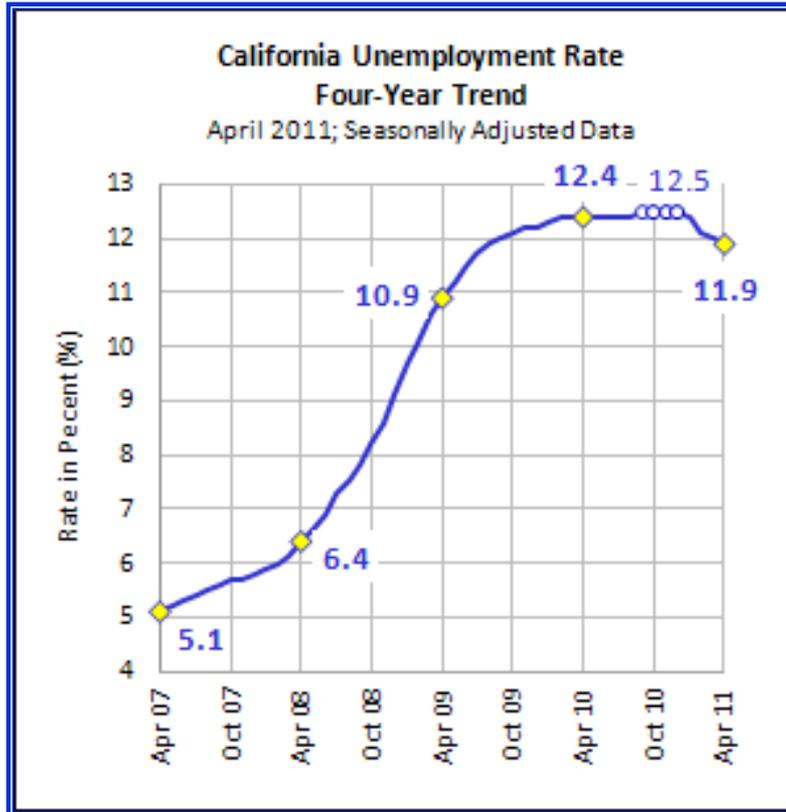
Employment Development Department

Labor Market information Division

THE CURRENT SITUATION

- The California and national economies are emerging from the worst recession in decades, and the economic recovery appears to be gathering momentum. However, labor markets still face a long road to recovery.
- California's April 2011 unemployment rate was 11.9 percent. Only Nevada (12.5 percent) had a higher rate. The California rate is inching downward from its record high, falling 0.6 percentage point over the last four months.
- The U.S. unemployment rate was 9.0 percent in April—0.2 percentage point higher than in March, but down from its peak of 10.1 percent in October 2009.
- The number of unemployed Californians has fallen by 130,000 in 2011-to-date, but over 2.1 million Californians remained unemployed in April 2011. Nationally, there were more than 13.7 million unemployed Americans in April.
- As of April, California had experienced nonfarm job gains in six of the last seven months, with gains over the period totaling 207,000 jobs. However, nonfarm employment remained 1,159,400 jobs below its pre-recession peak.
- As of April, the nation had gained jobs in seven consecutive months, with gains over the period totaling nearly 1.2 million jobs. However, U.S. nonfarm payrolls remained nearly 7 million jobs below their pre-recession peak.

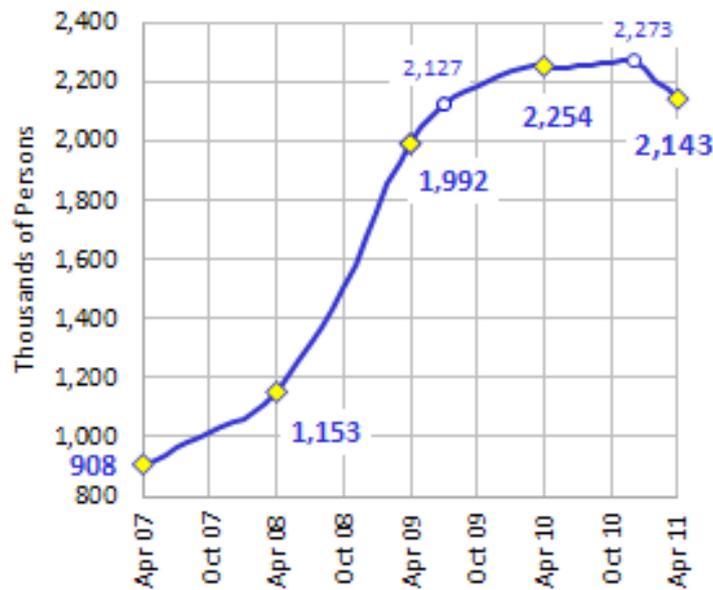
Unemployment Rate



Number of Unemployed Persons

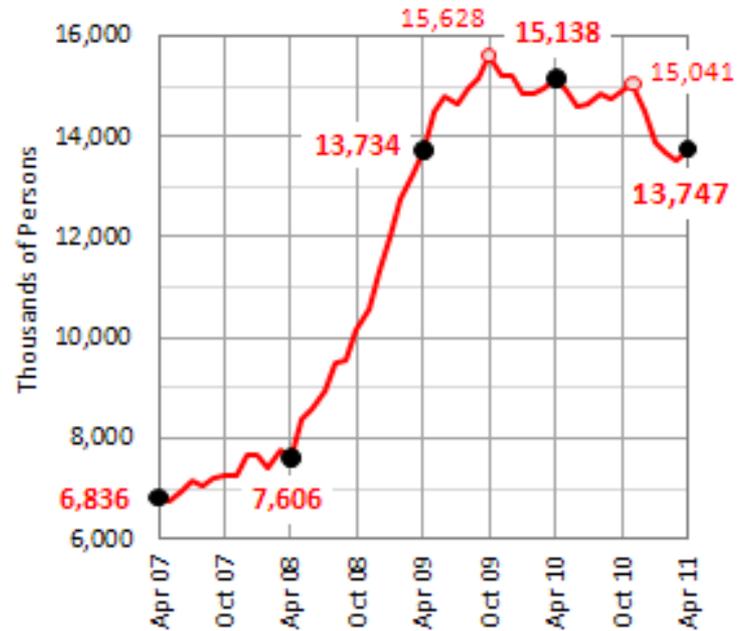
California Civilian Unemployment Four-Year Trend

April 2011; Seasonally Adjusted Data

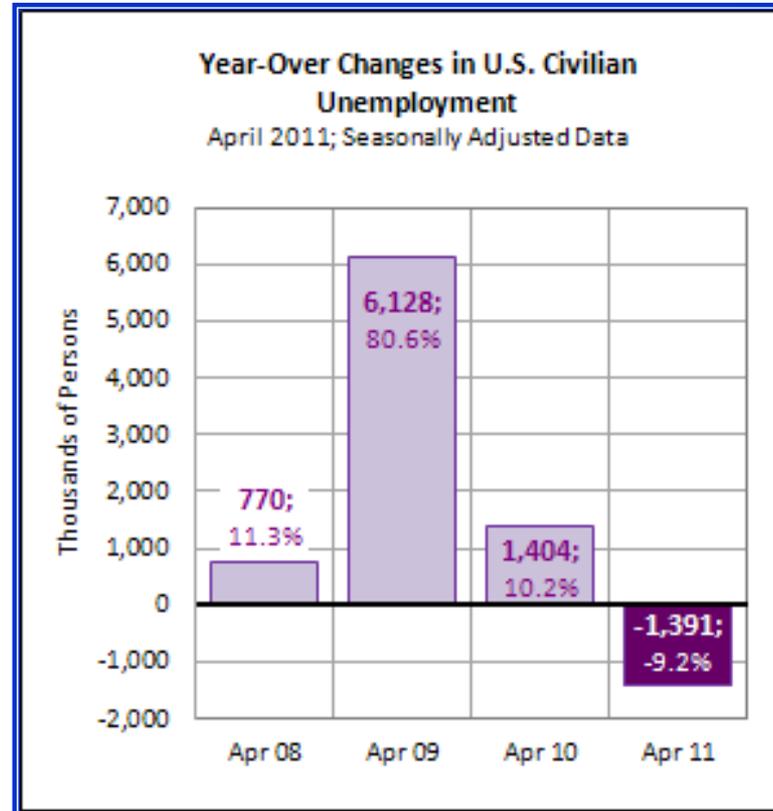
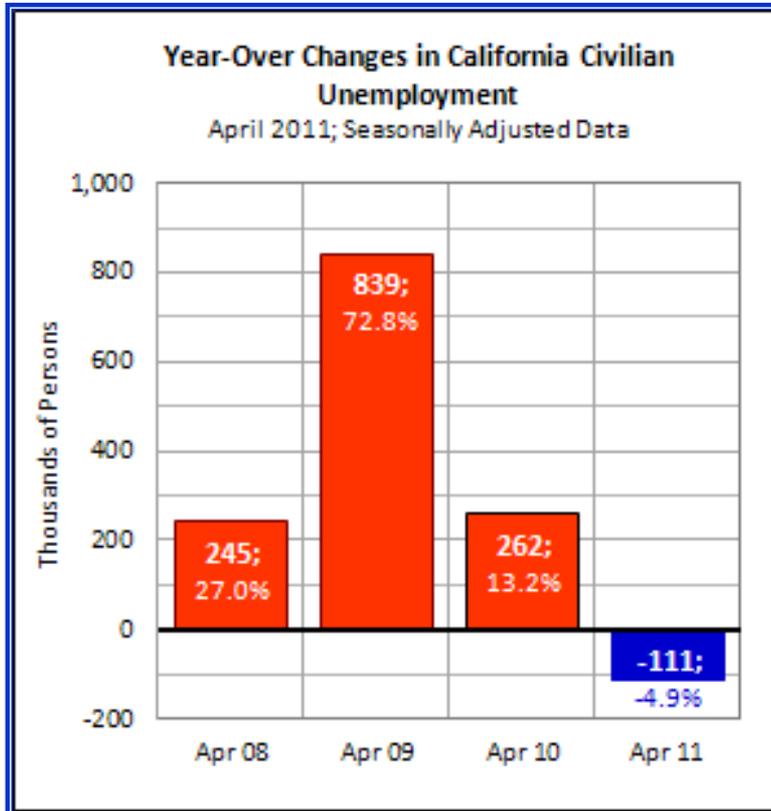


U.S. Civilian Unemployment

April 2007 - April 2011

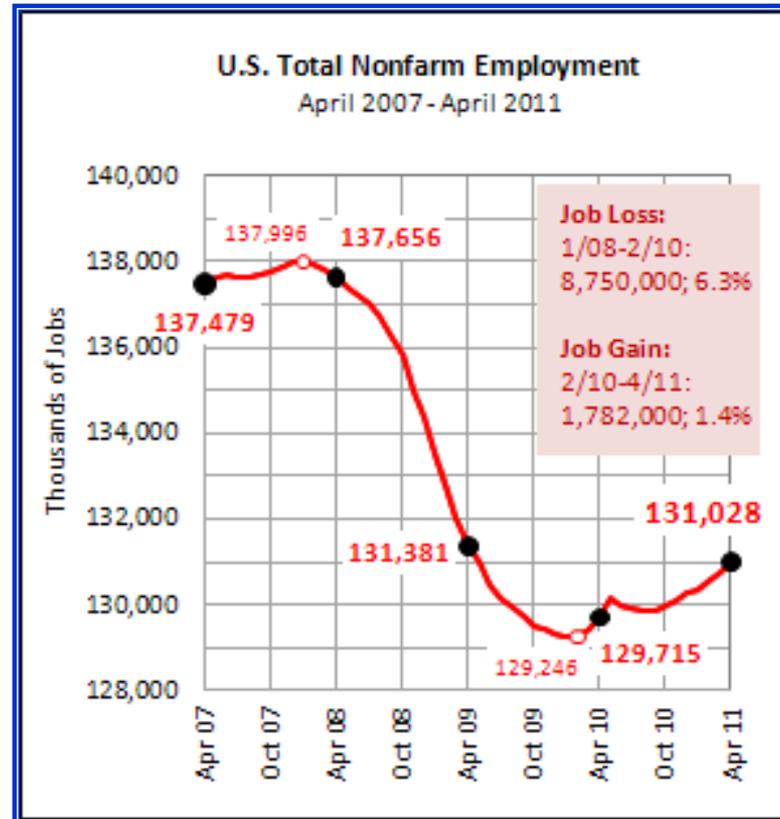
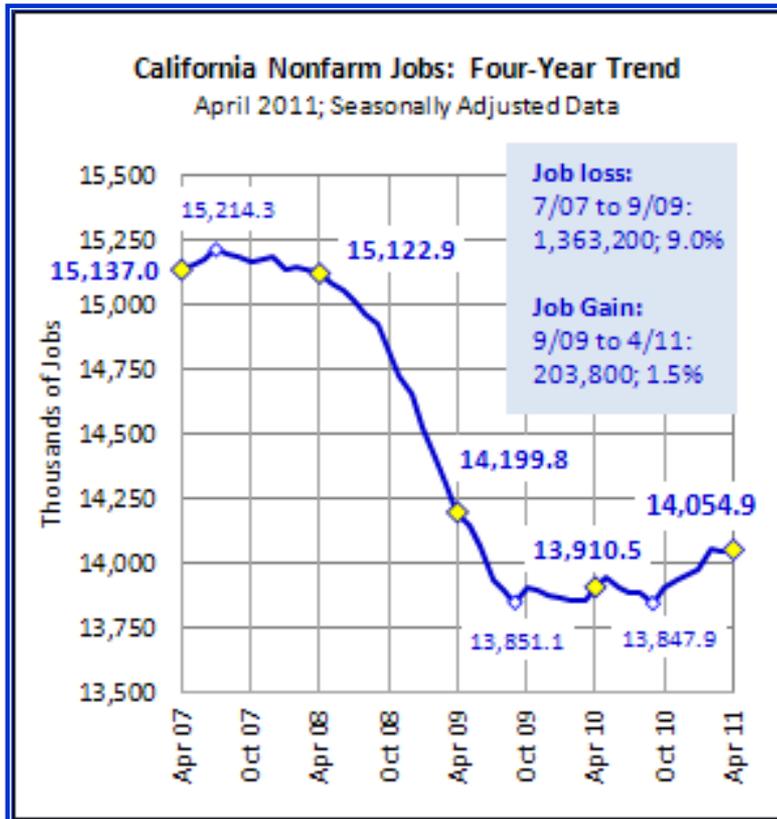


Year-Over Changes in Unemployment

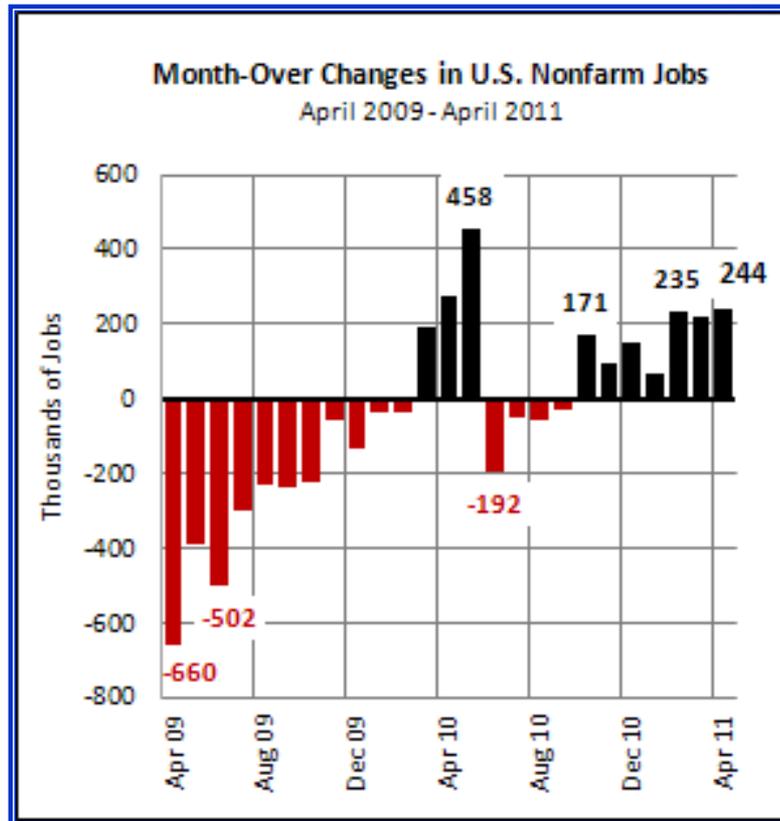
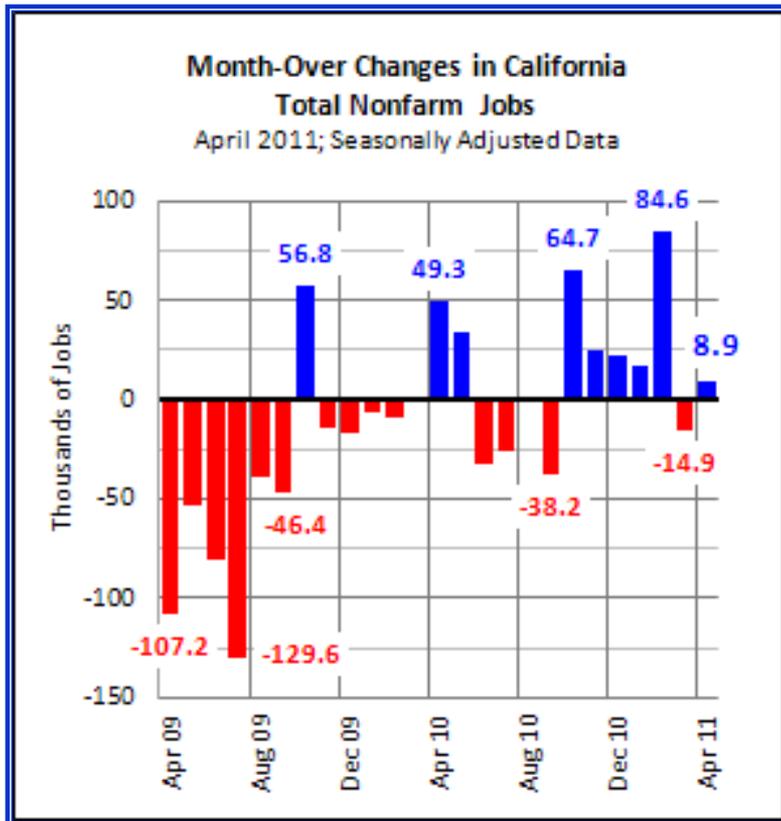


NONFARM PAYROLL JOBS

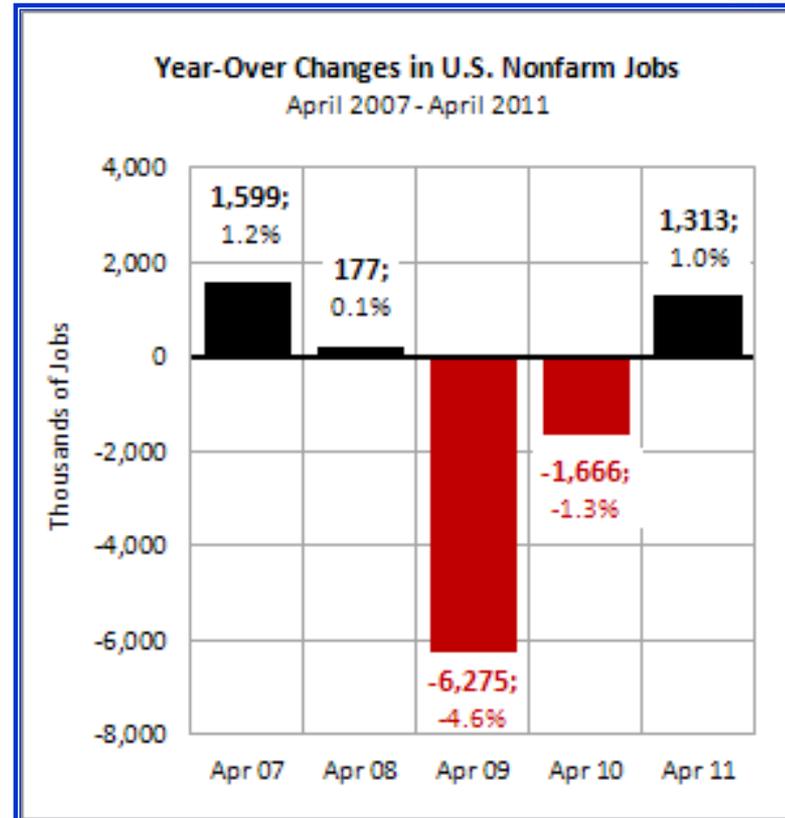
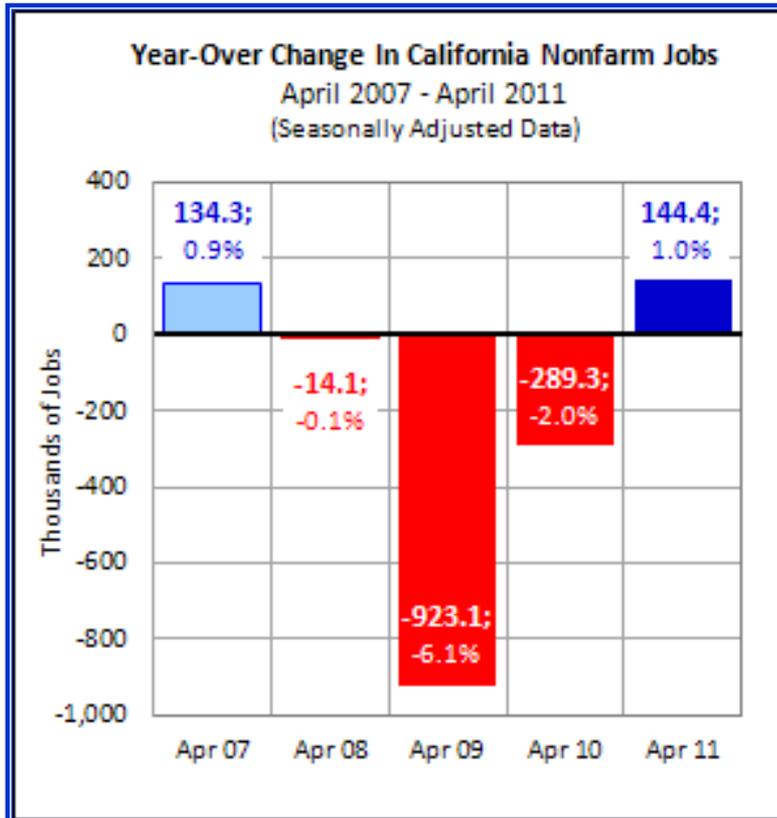
Job growth has returned to both the U.S. and California and appears to be strengthening, but the lingering effects of the recession still hang over the economy.



Month-Over Changes in Nonfarm Jobs Over the Last Two Years

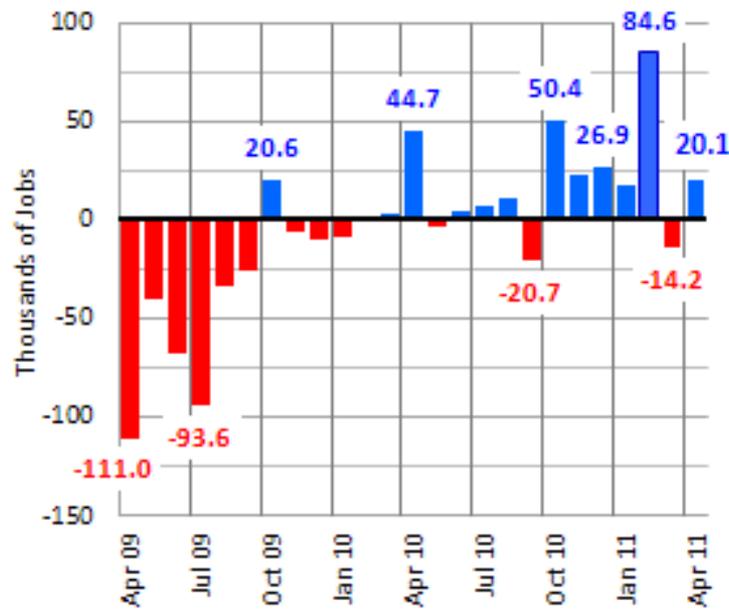


Year-Over April Change s in Jobs over the Last Five Years

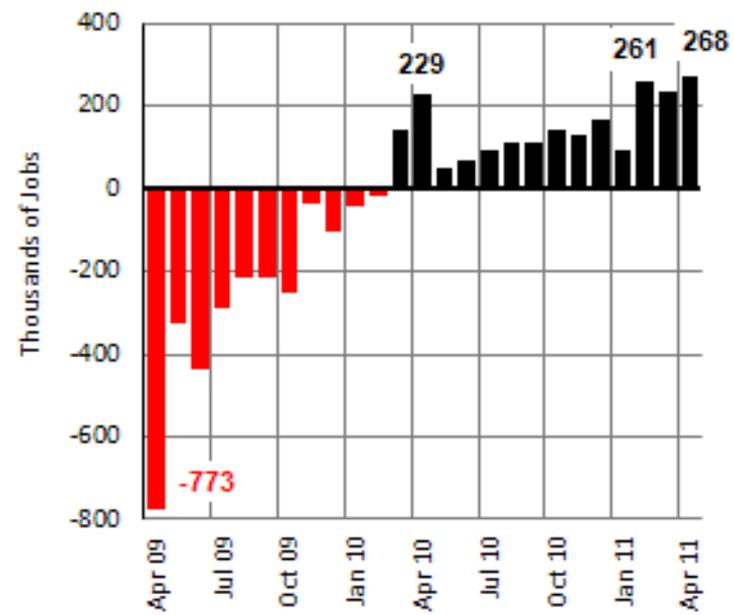


Private Nonfarm Jobs

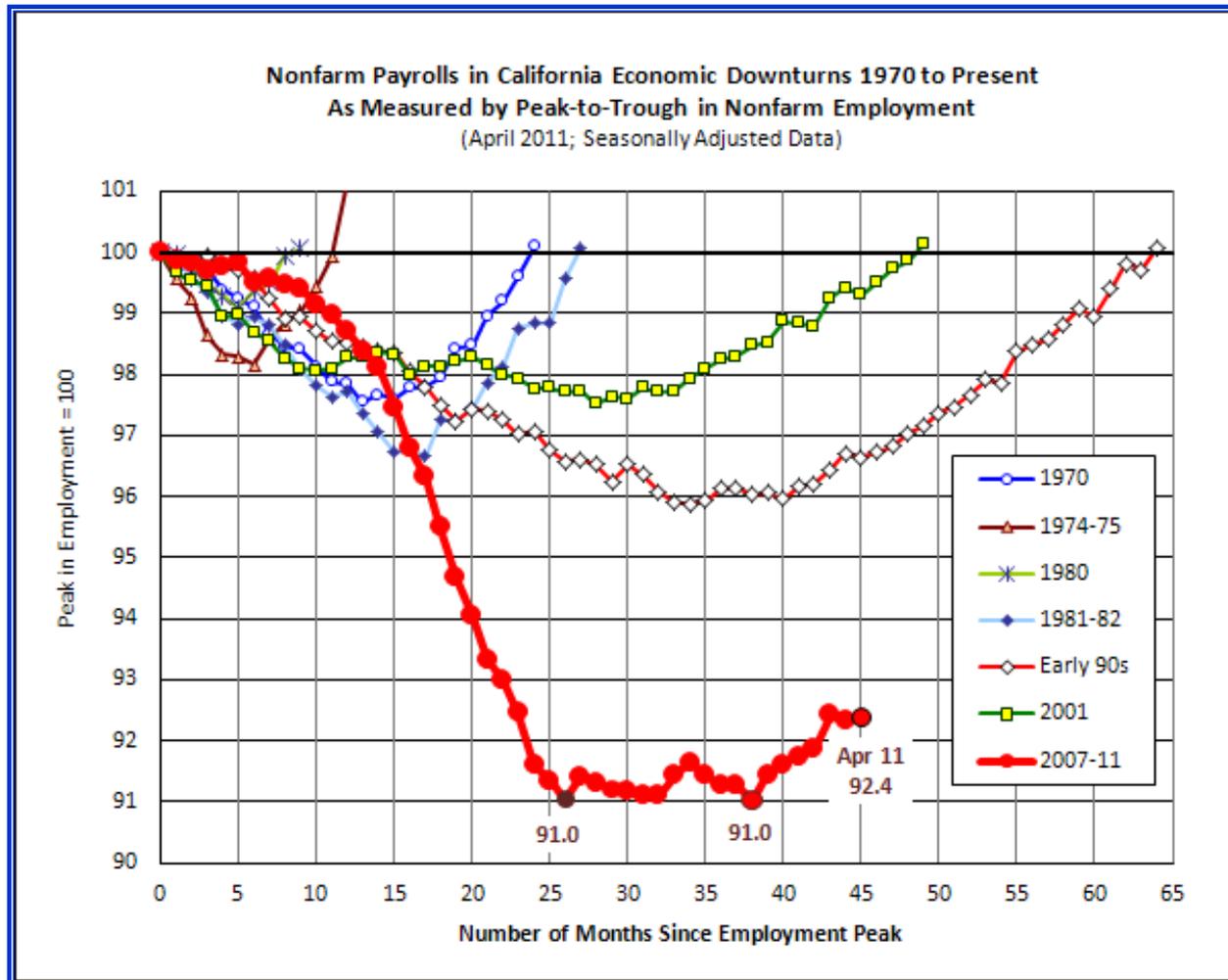
Month-Over Changes in California
Nonfarm Private Sector Jobs
April 2011; Seasonally Adjusted Data



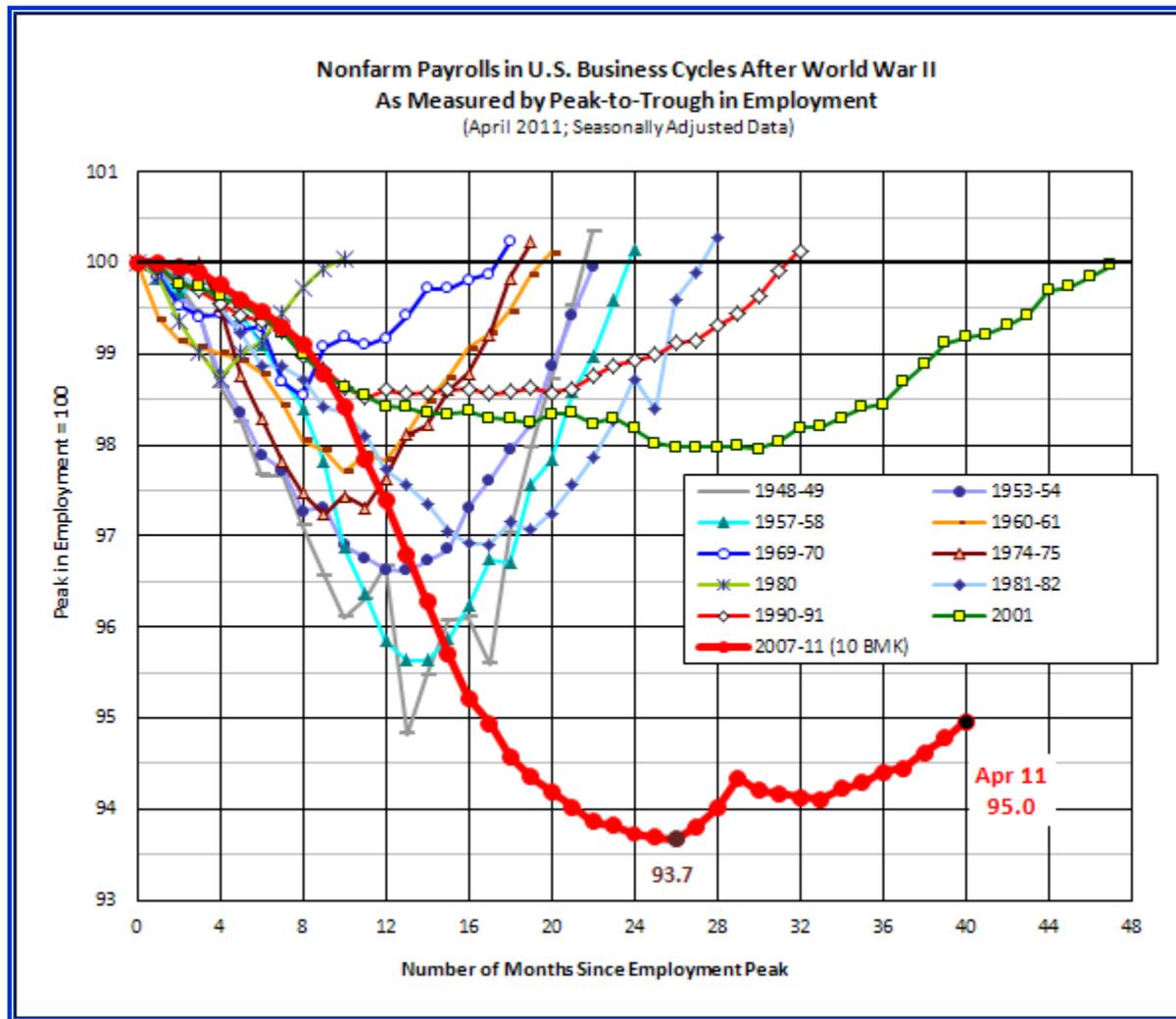
Month-Over Changes in U.S. Private
Nonfarm Jobs
April 2009 - April 2011



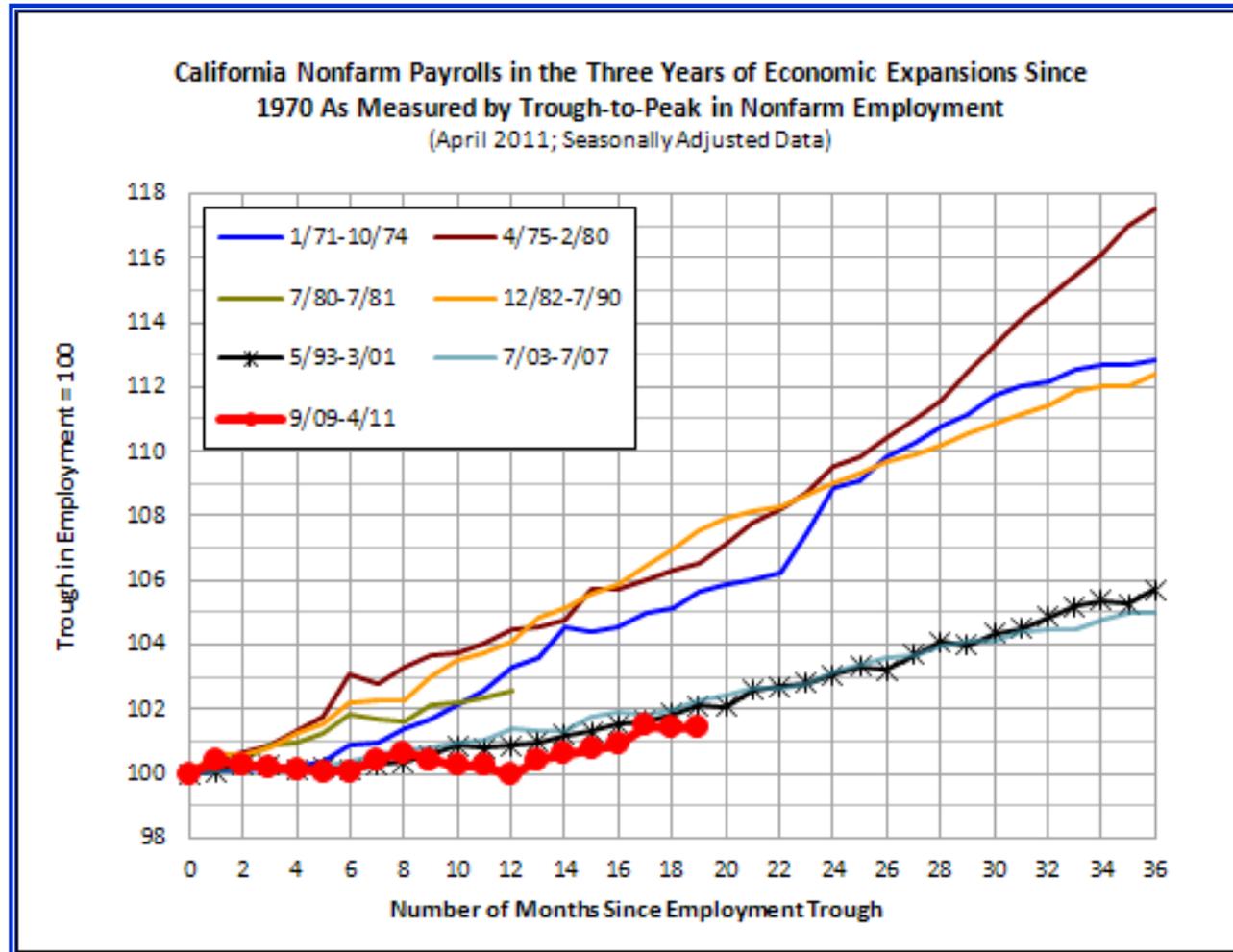
Business Cycles Compared: California Today



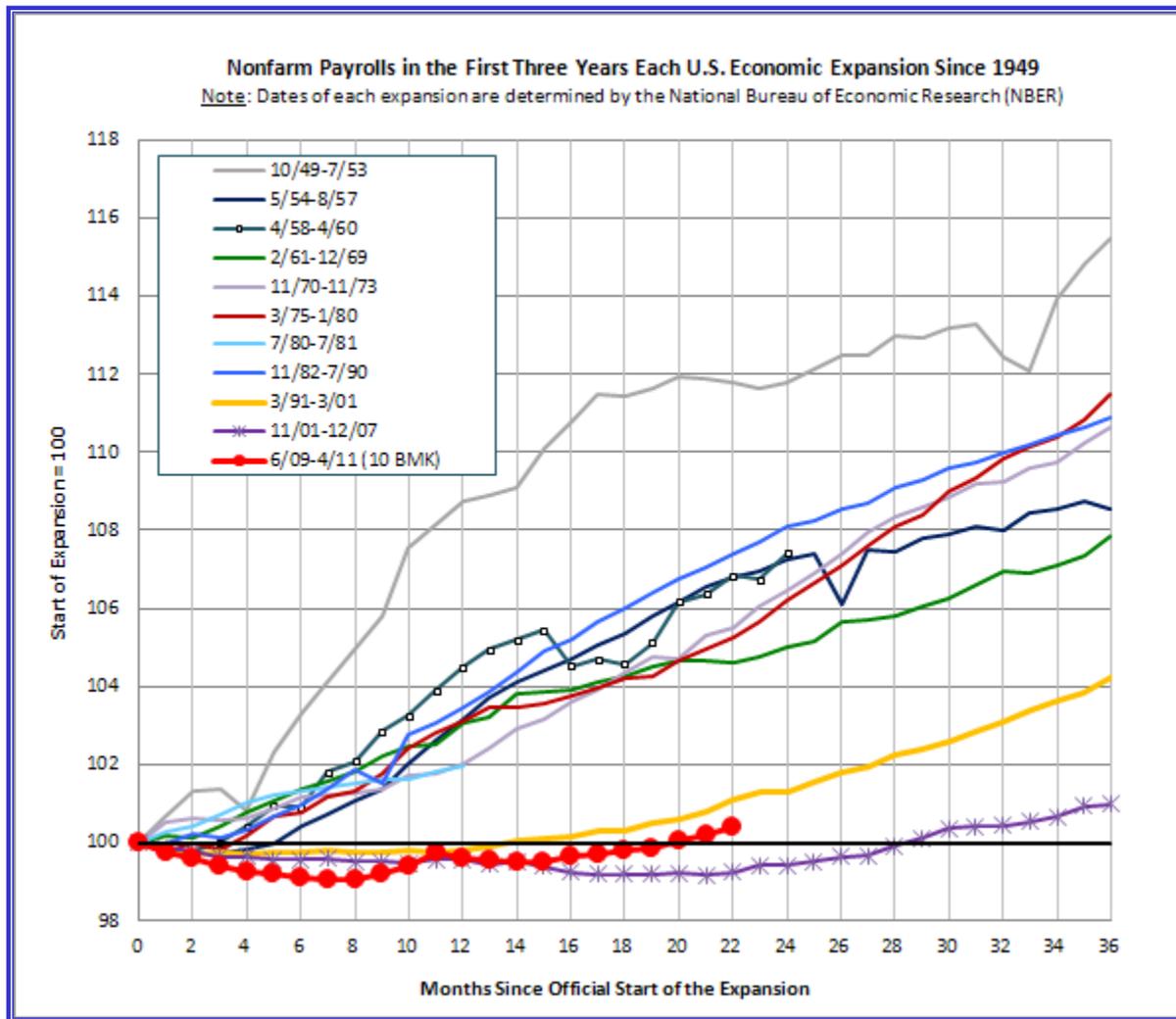
Business Cycles Compared: U.S.



Economic Recoveries Compared: California

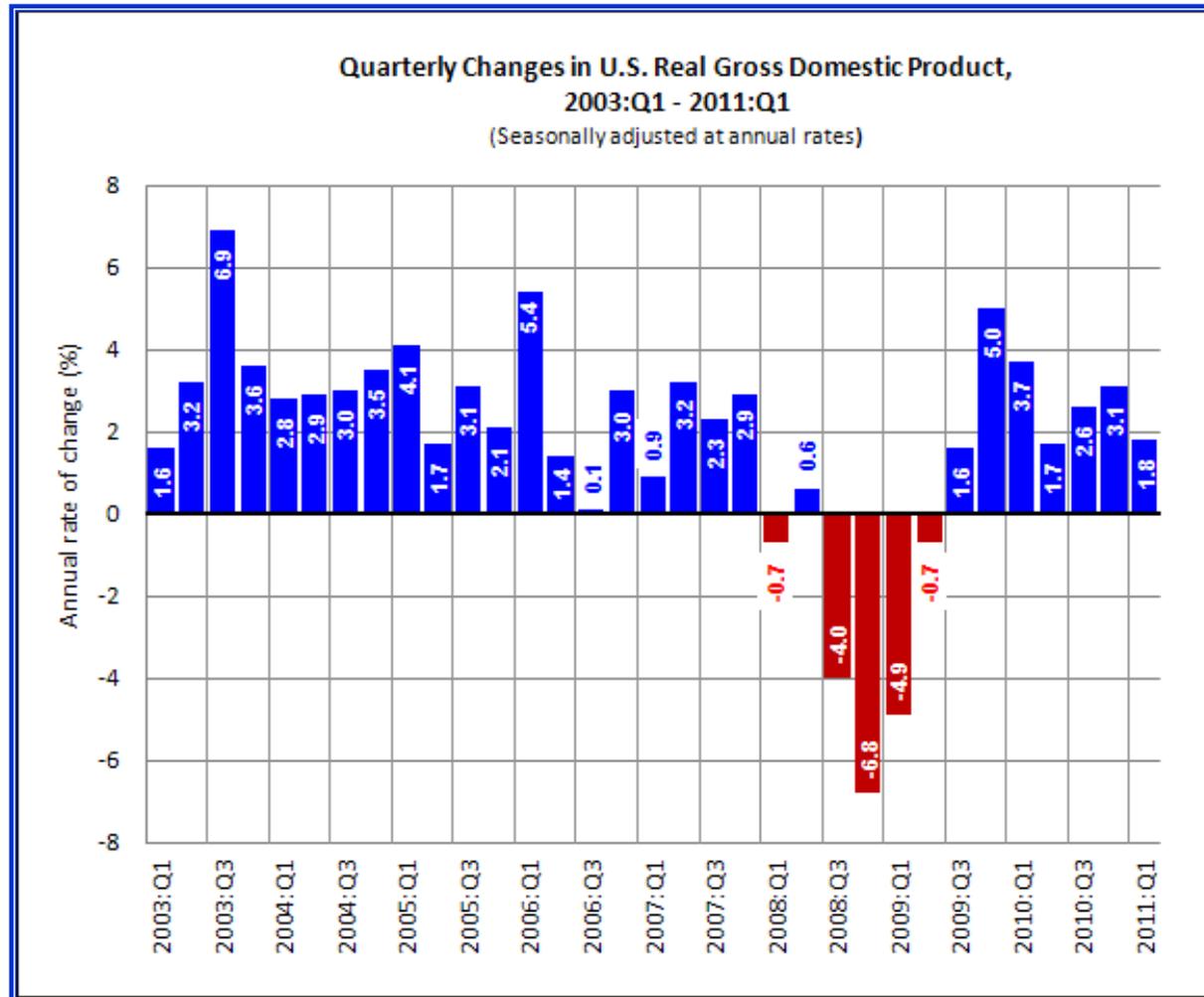


Economic Recoveries Compared: U.S.



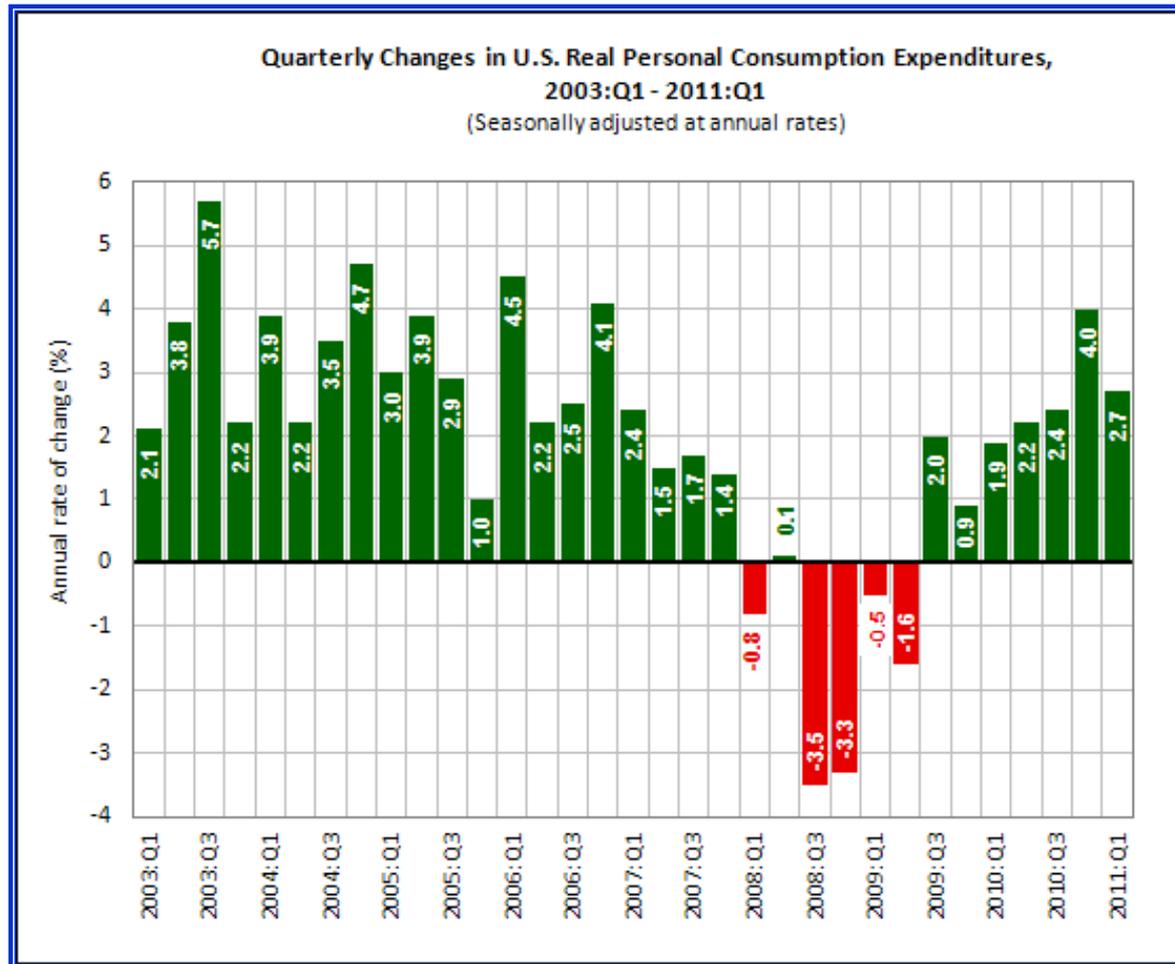
A Look at the U.S. Gross Domestic Product

GDP = Consumer Spending + Investment + Government + Net Exports (X-I)

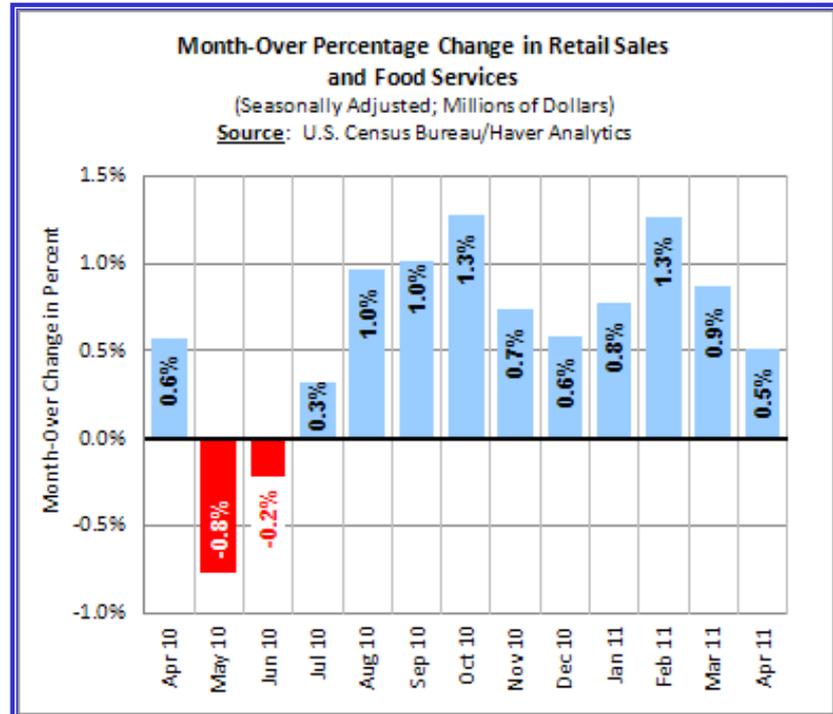
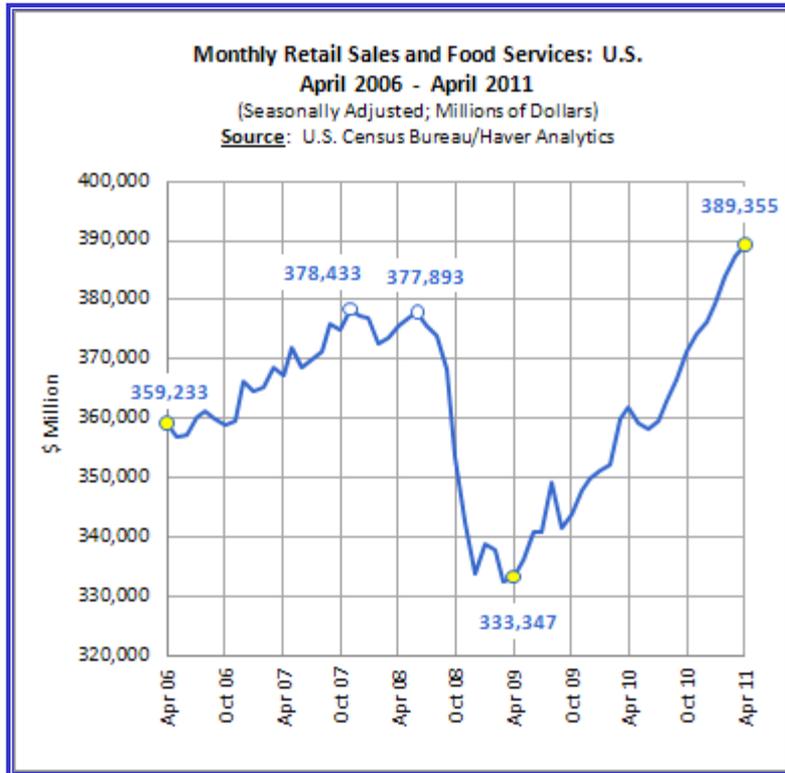


GDP = Consumer Spending + Investment + Government + Net Exports (X-I)

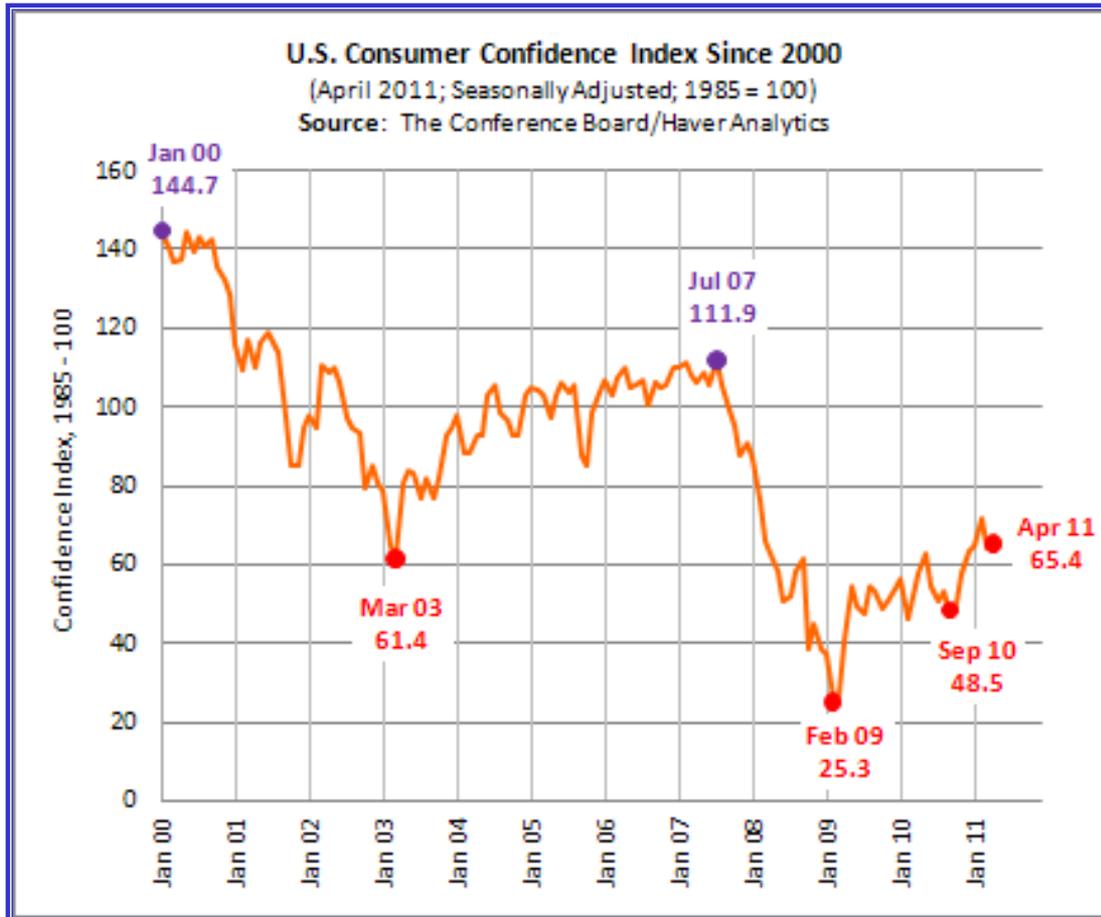
Consumer Spending



Consumer Spending: Monthly Retail Sales (U.S.)

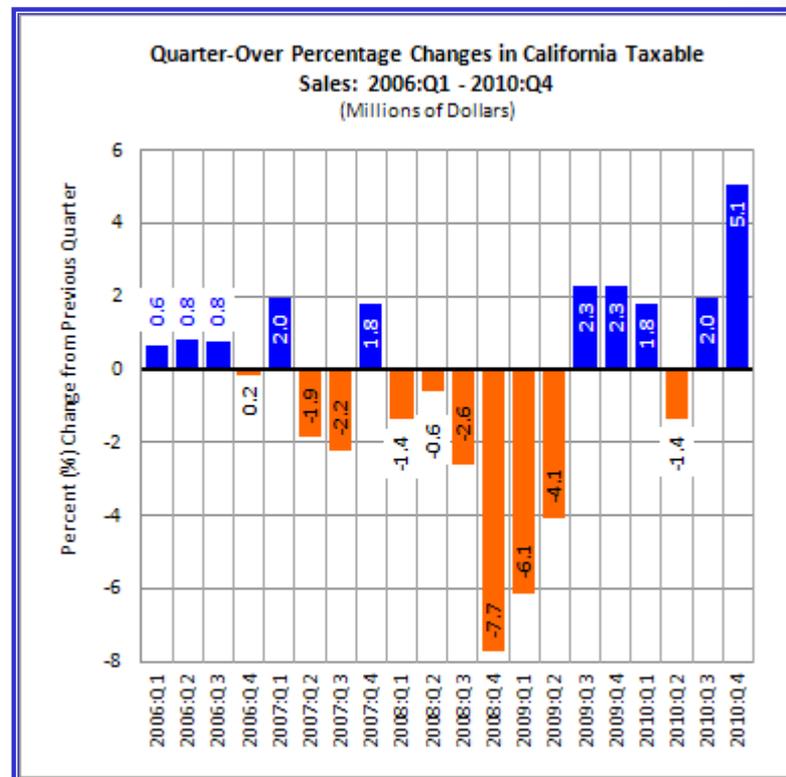


Consumer Confidence (U.S.)



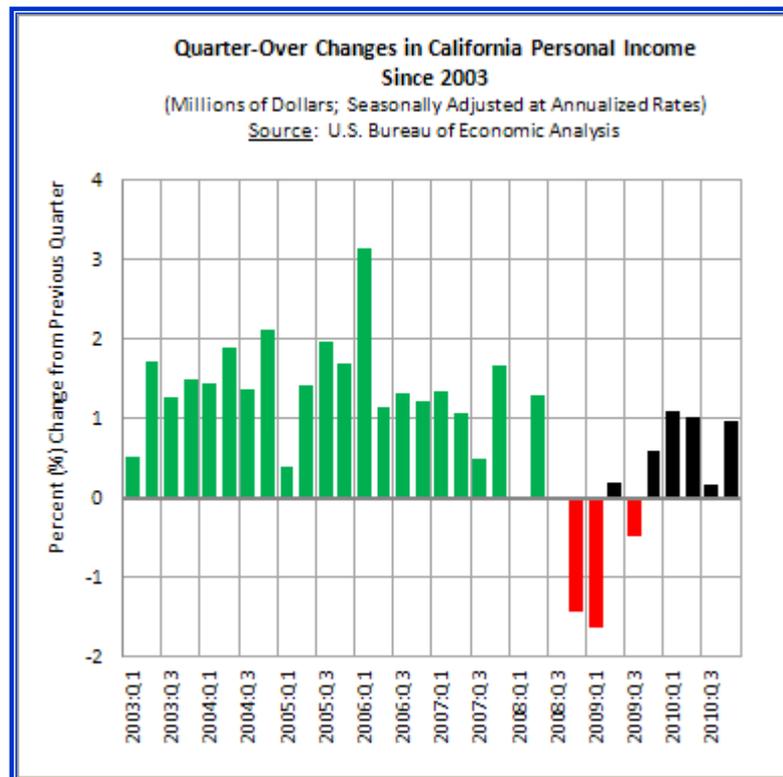
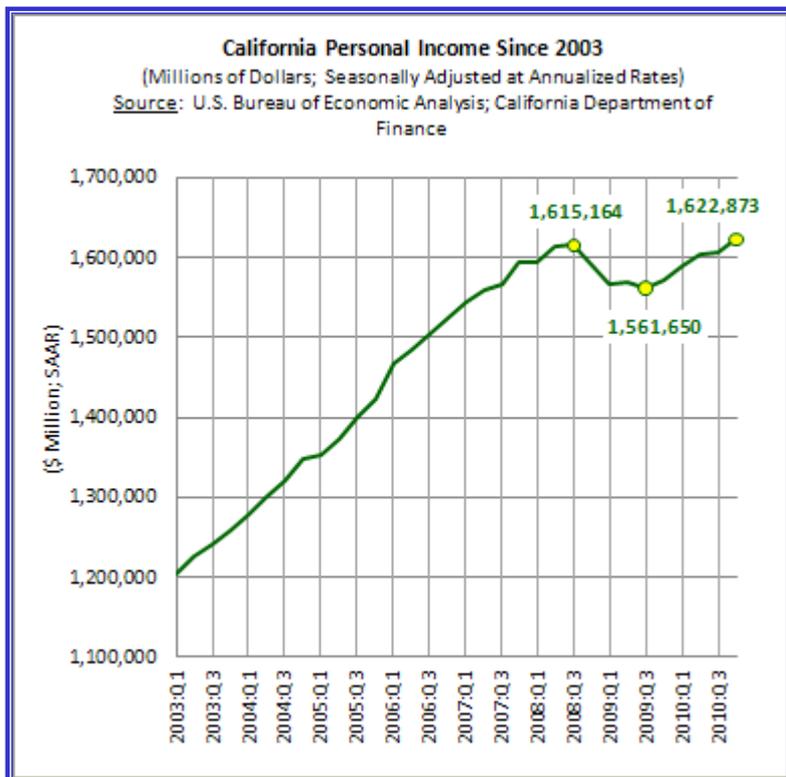
California Taxable Sales

Taxable sales have risen in five of the last six quarters, but remain well below pre-recession levels.



California Personal Income

Personal income has risen in five straight quarters—if at a somewhat subdued rate.

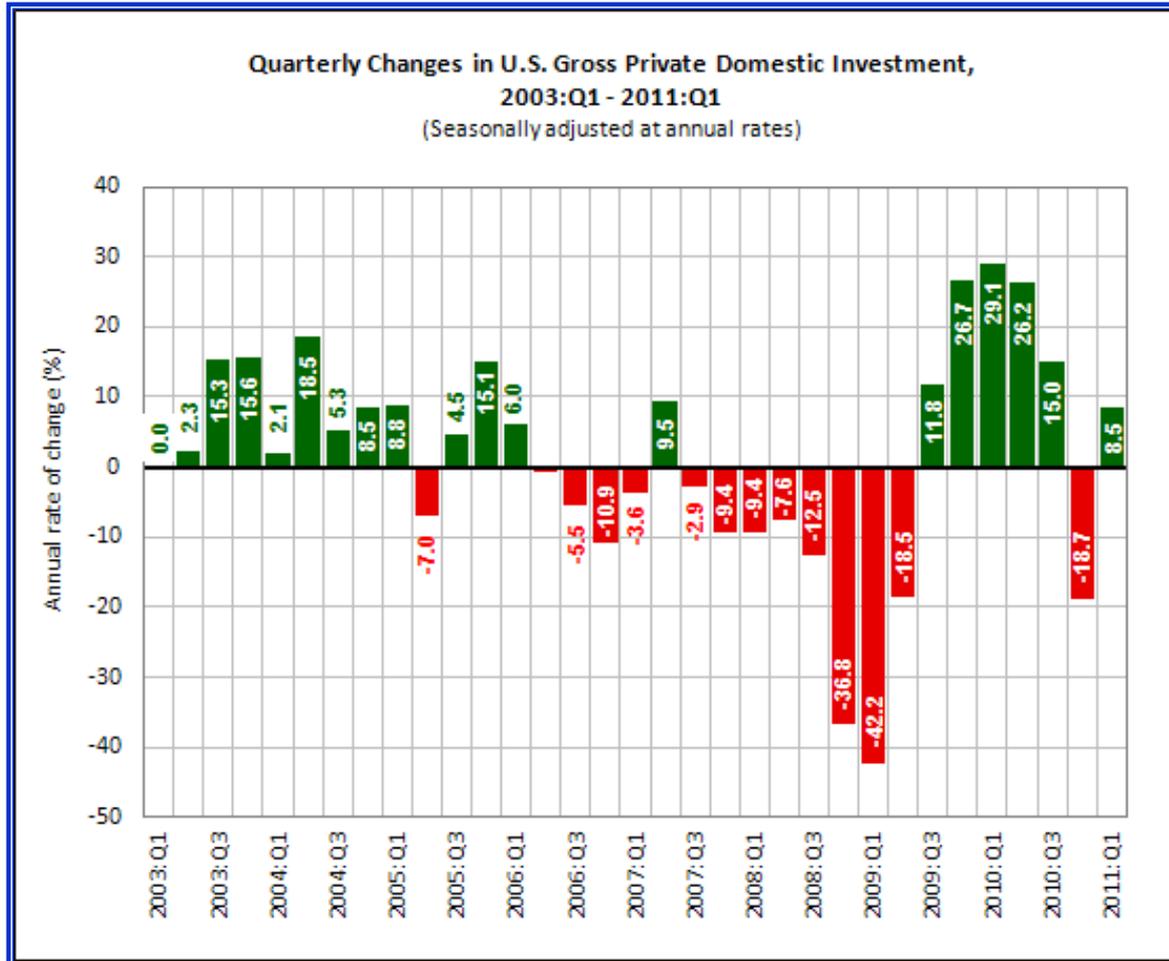


California Retail Trade and Accommodation and Food Services Jobs



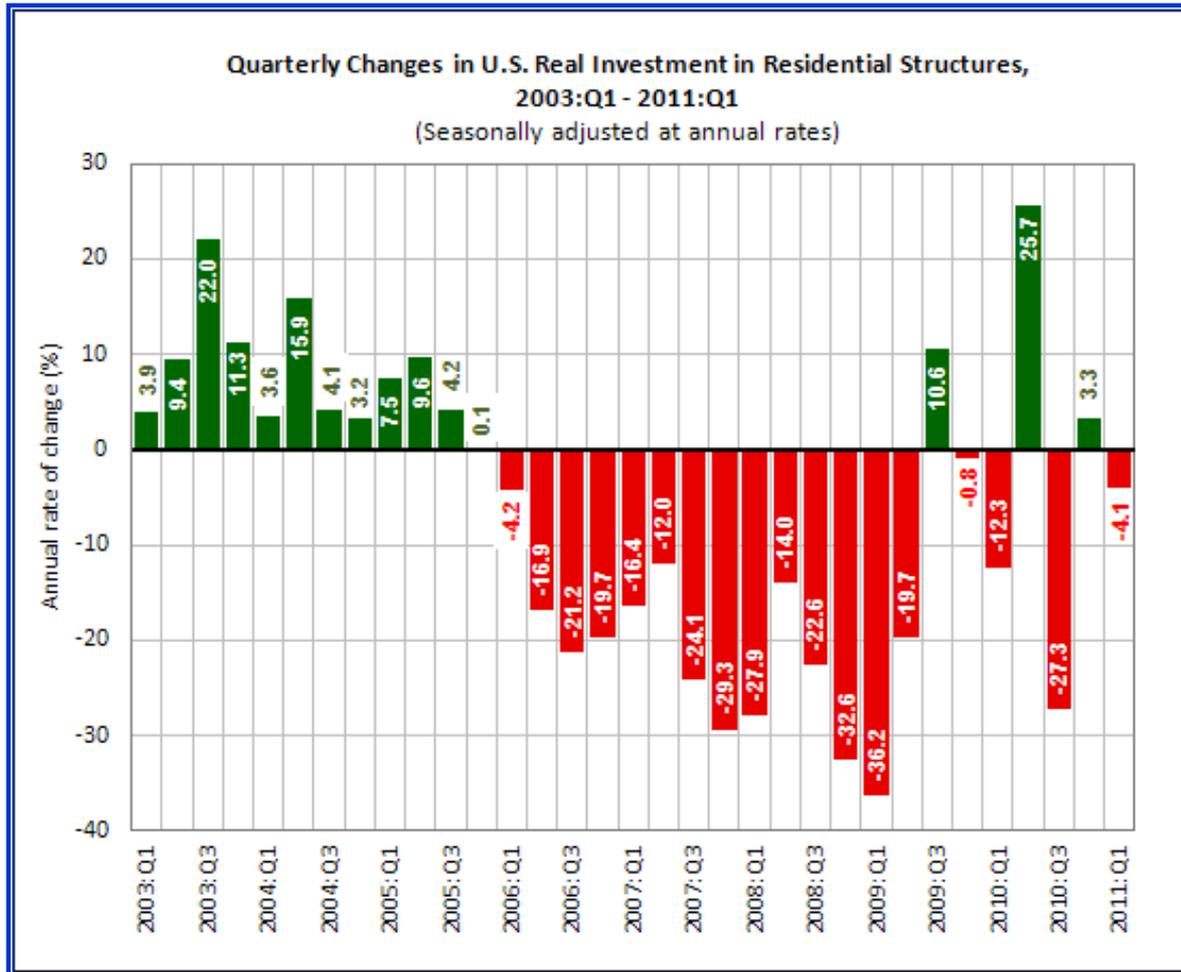
GDP = Consumer Spending + Investment + Government + Net Exports (X-I)

Investment



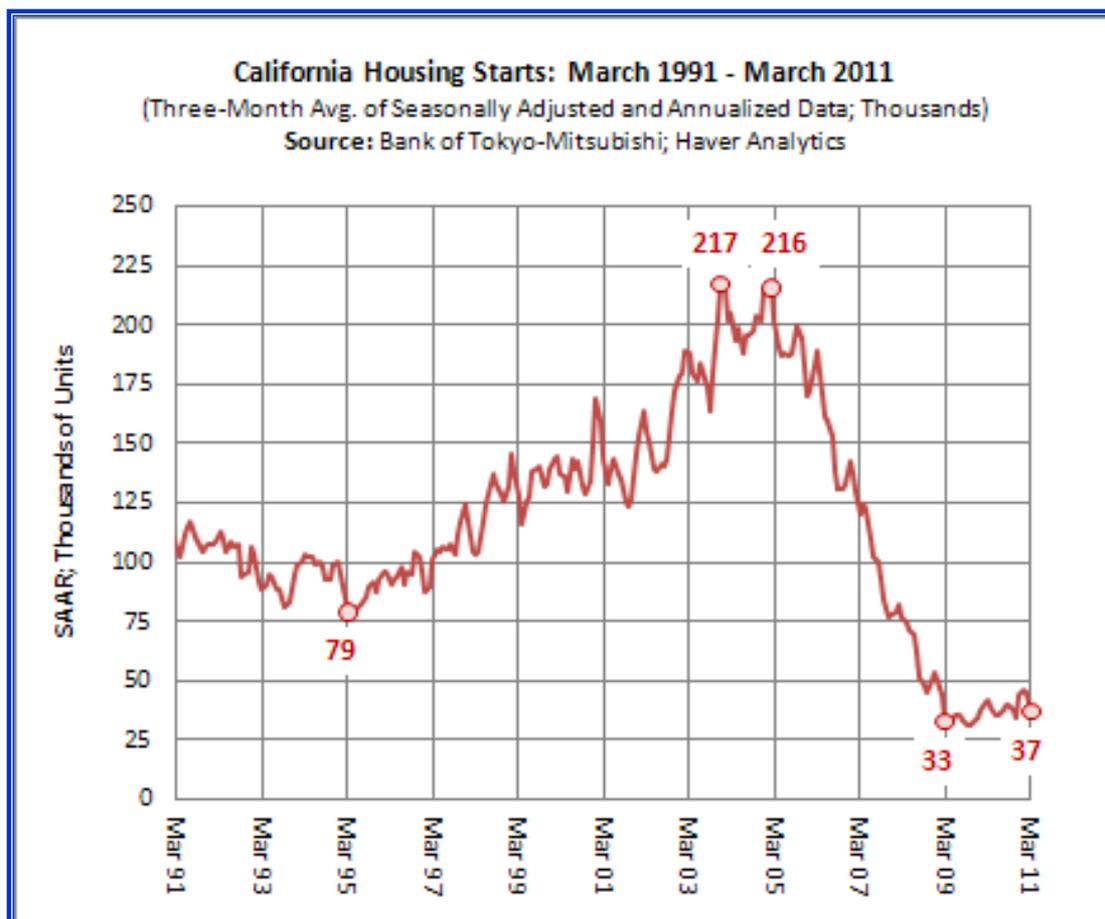
GDP = Consumer Spending + Investment + Government + Net Exports (X-I)

Investment in Residential Structures (i.e., houses)



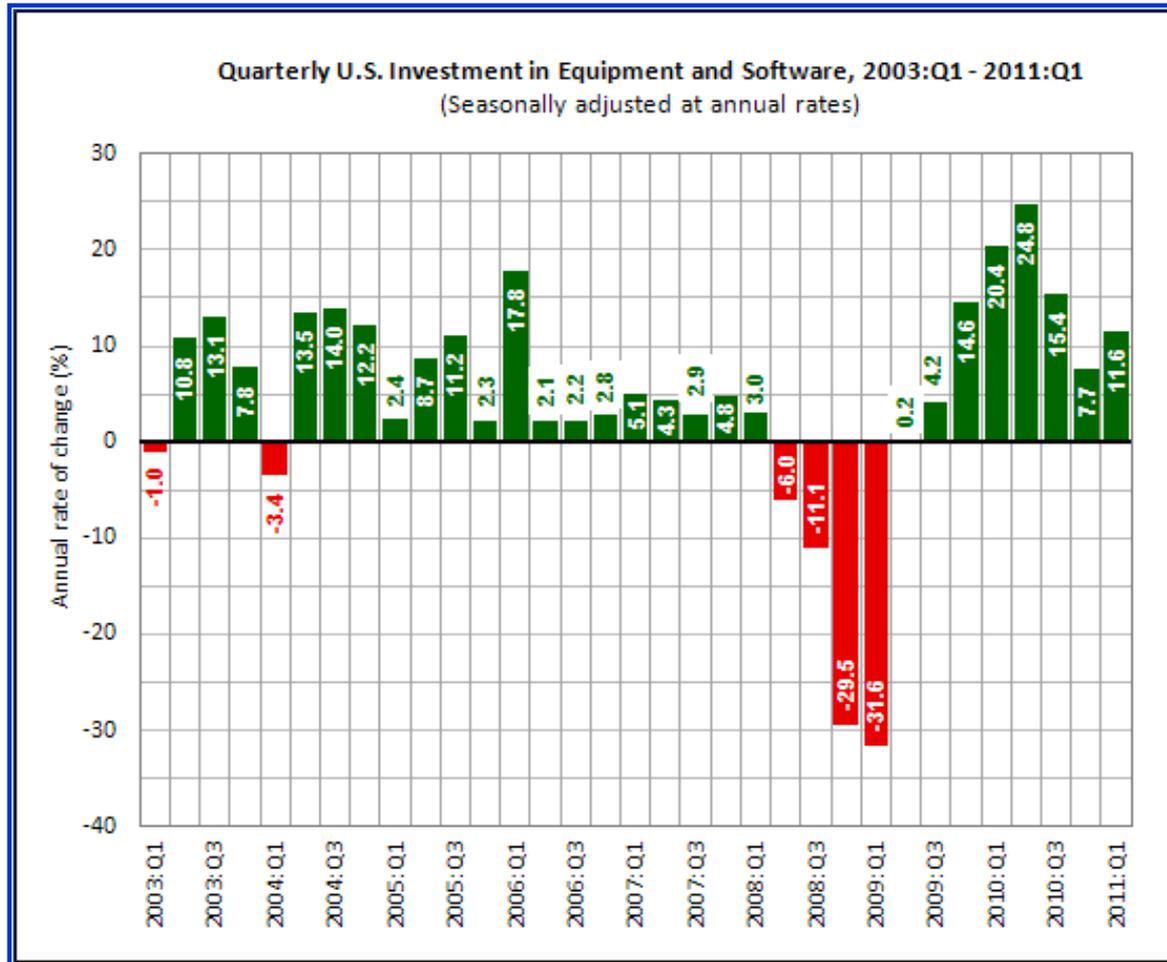
California Housing Starts

After plunging during the recession, housing starts have stabilized—but at a fraction of pre-recession levels.



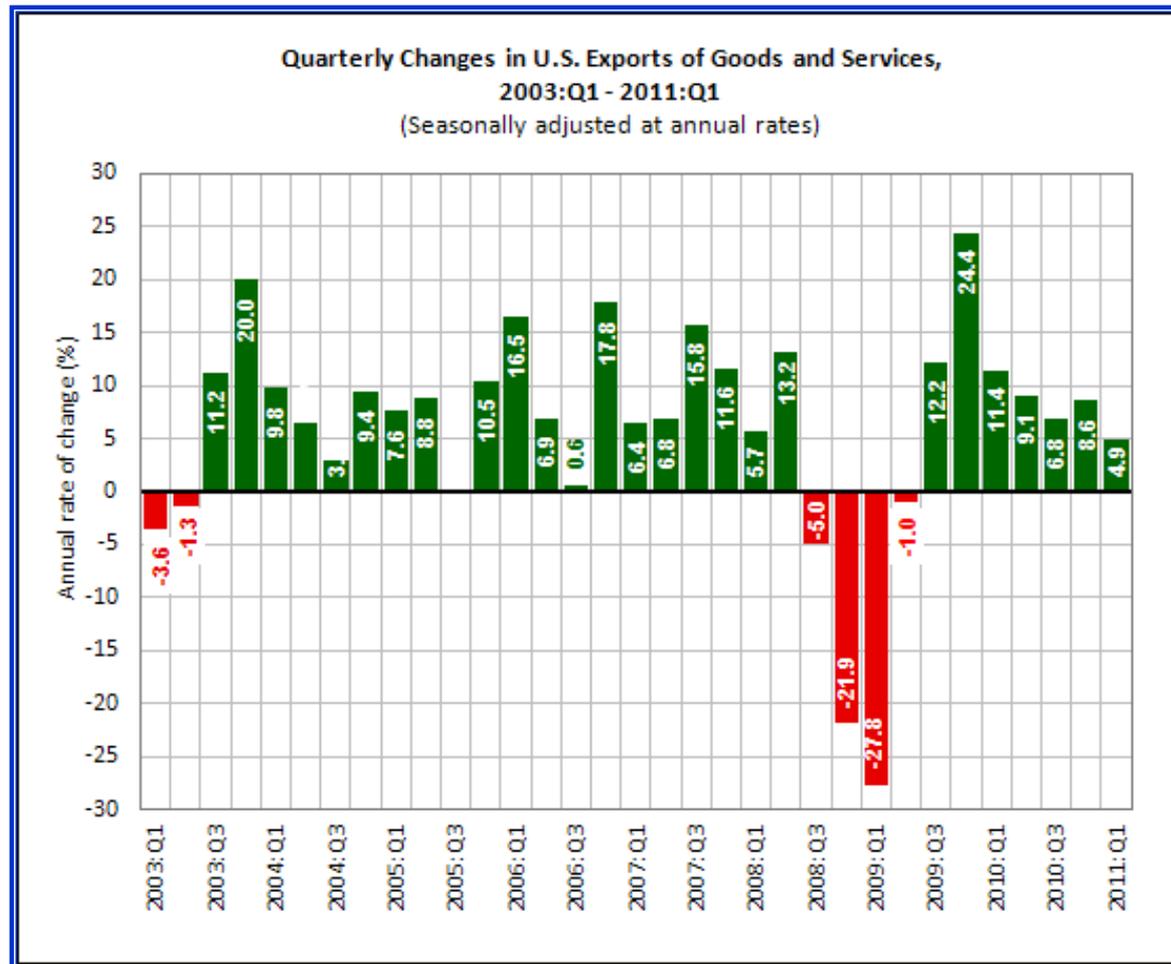
GDP = Consumer Spending + Investment + Government + Net Exports (X-I)

Investment in Equipment and Software



GDP = Consumer Spending + Investment + Government + Net Exports (X-I)

Exports



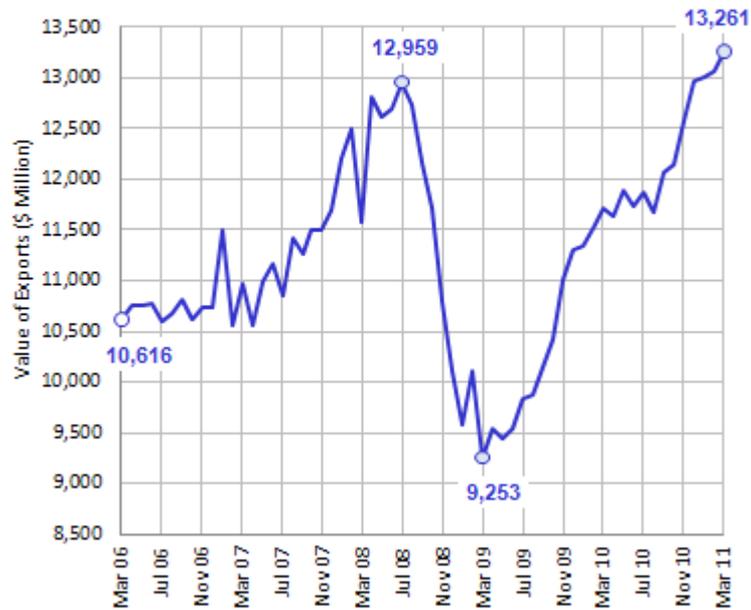
California Exports

Origin of Movement: Total Exports from California

March 2006 - March 2011

(Seasonally Adjusted by Haver Analytics)

Source: U.S. Census Bureau; Haver Analytics

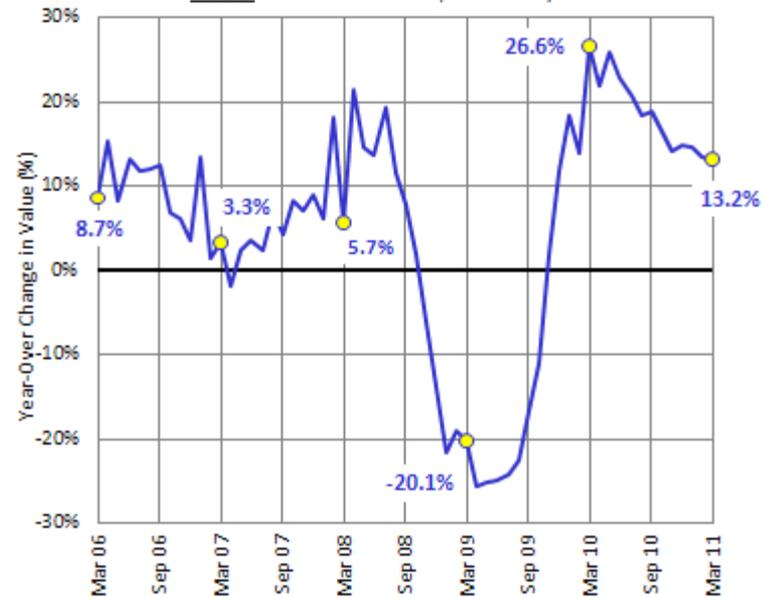


Year-Over Percent Change in Value of Total California Exports:

March 2006 - March 2011

(Seasonally Adjusted by Haver Analytics)

Source: U.S. Census Bureau/Haver Analytics

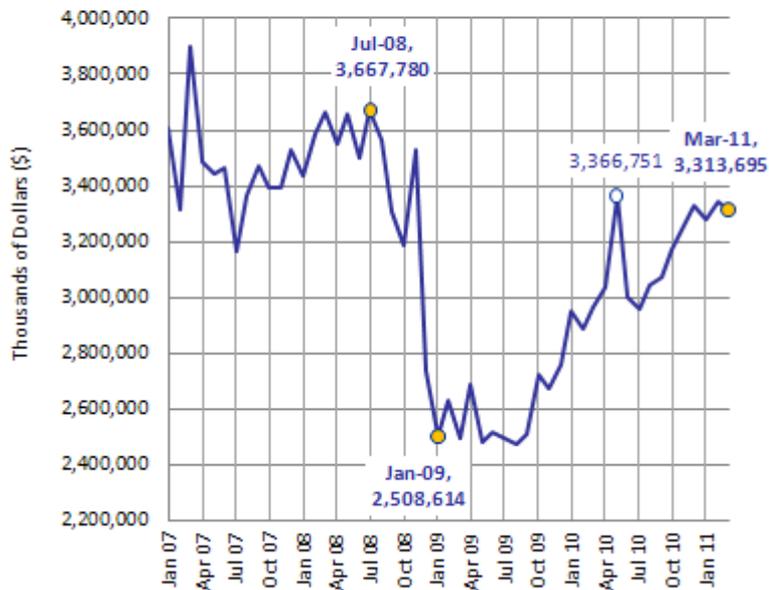


California Exports: LAX and SFO

EXPORT AIR VALUE: Los Angeles International Airport
January 2007 - March 2011

(Thousands of Dollars; Seasonally Adjusted by Haver Analytics)

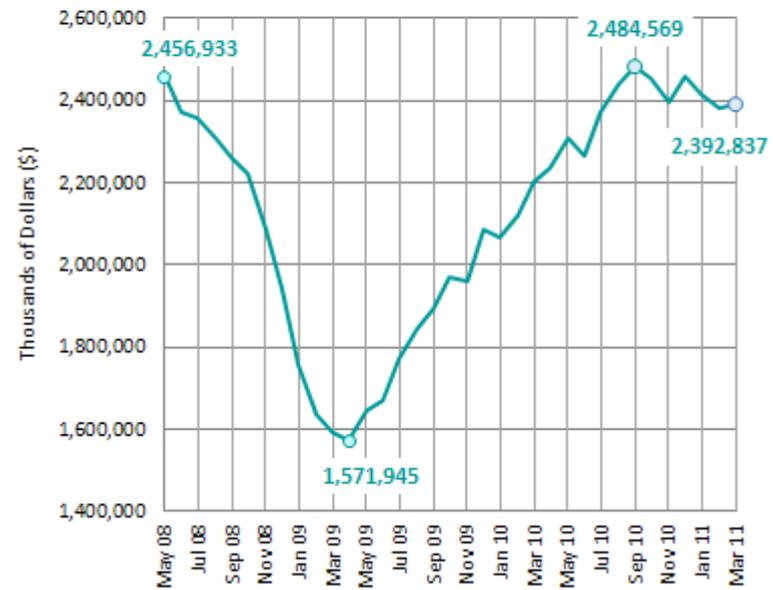
Source: U.S. Census Bureau/Haver Analytics



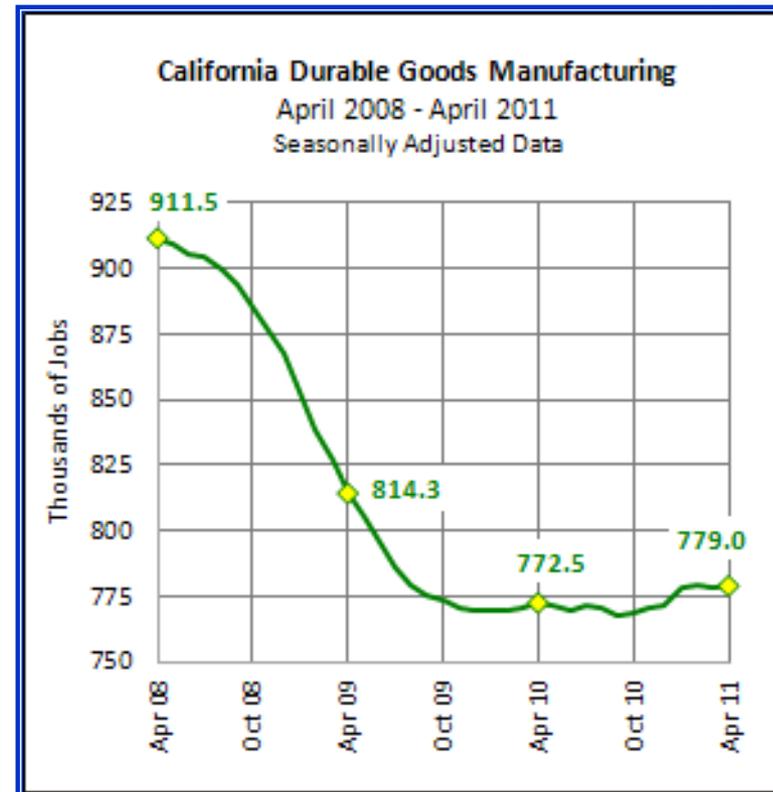
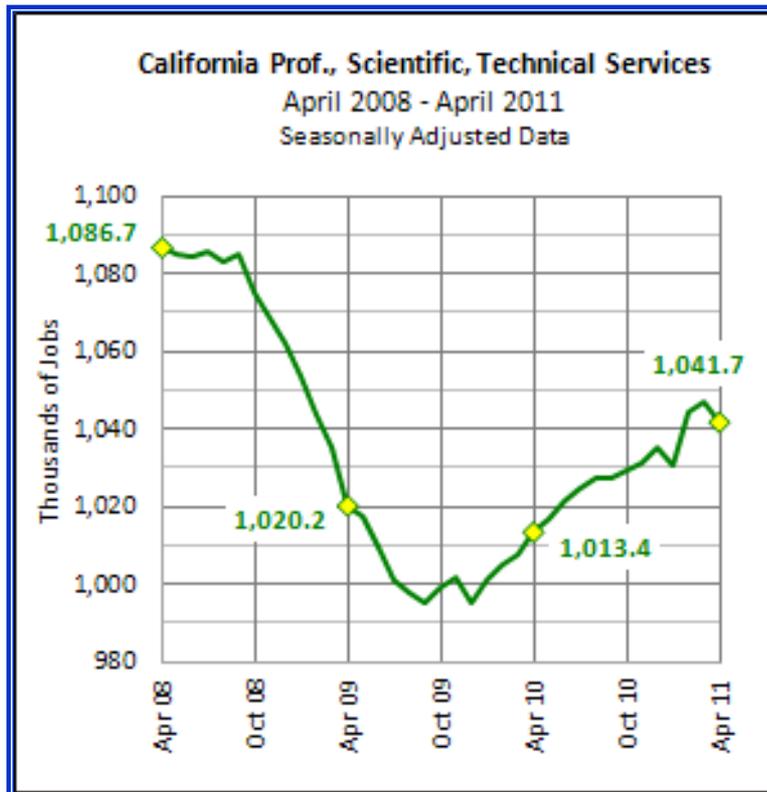
EXPORT AIR VALUE: San Francisco District Total
May 2008 - March 2011

(Thousands of Dollars; Three-Month Average of Unadjusted Data)

Source: U.S. Census Bureau/Haver Analytics

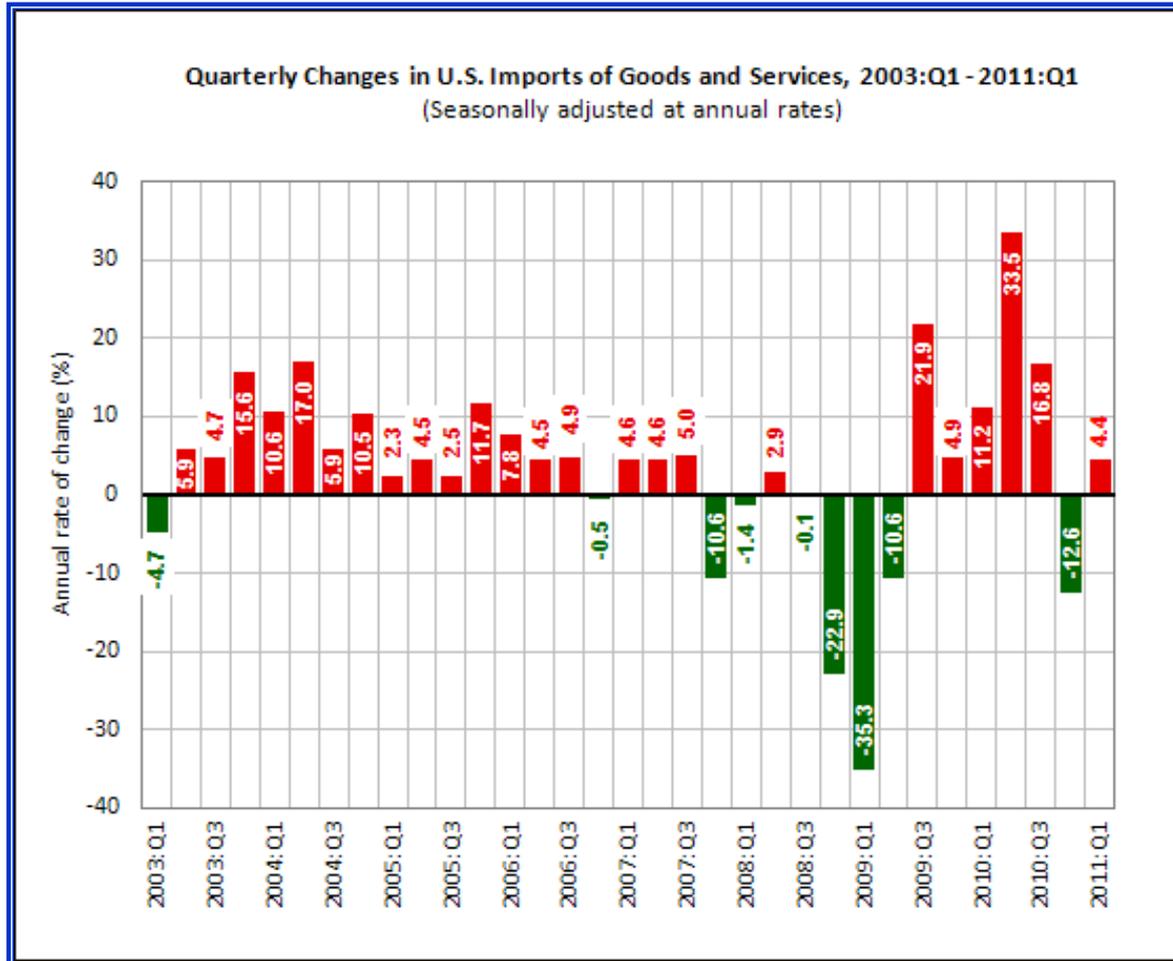


California Professional, Technical, and Scientific and Durable Goods Manufacturing Jobs



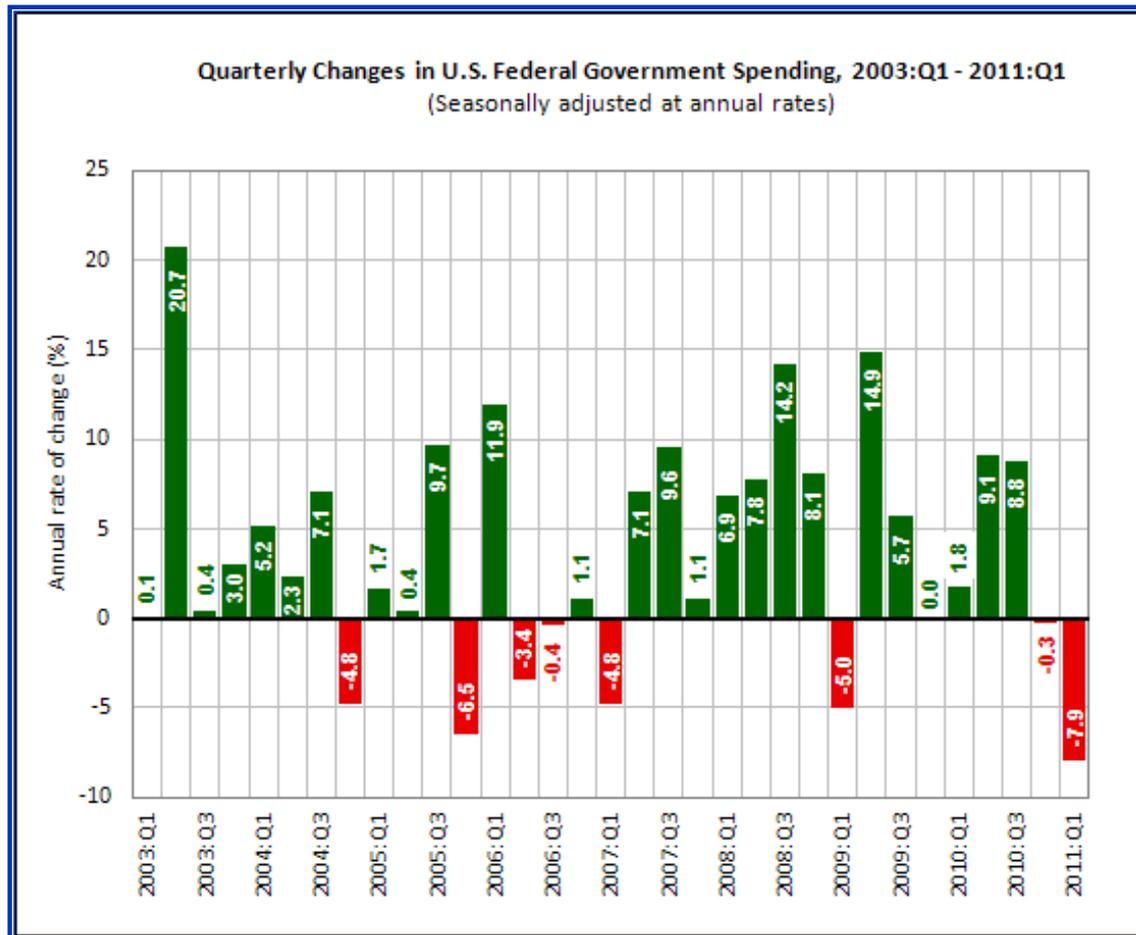
GDP = Consumer Spending + Investment + Government + Net Exports (X-I)

Imports



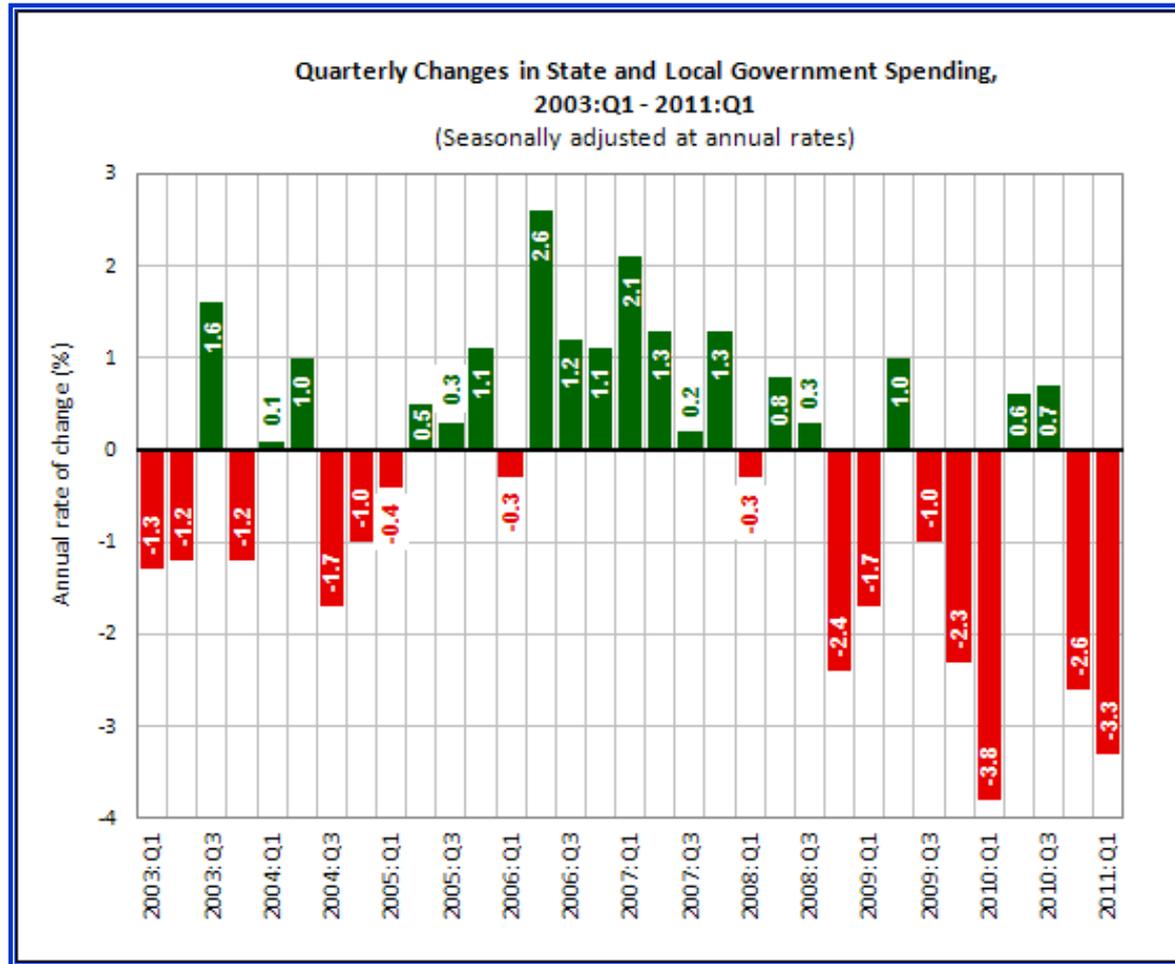
GDP = Consumer Spending + Investment + Government + Net Exports (X-I)

Federal Government Spending: Will consumers and businesses pick up the slack as the federal government cuts back on spending?



GDP = Consumer Spending + Investment + Government + Net Exports (X-I)

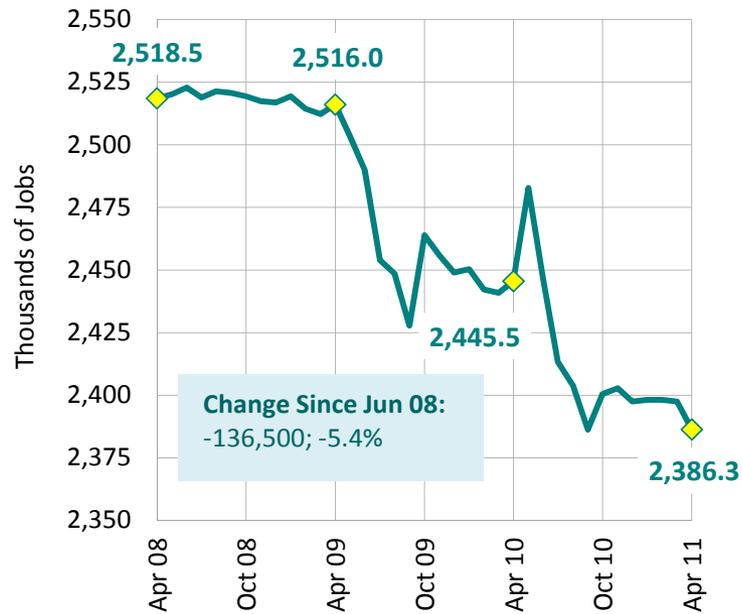
State and Local Government Spending: The Anti-Stimulus



Government Jobs

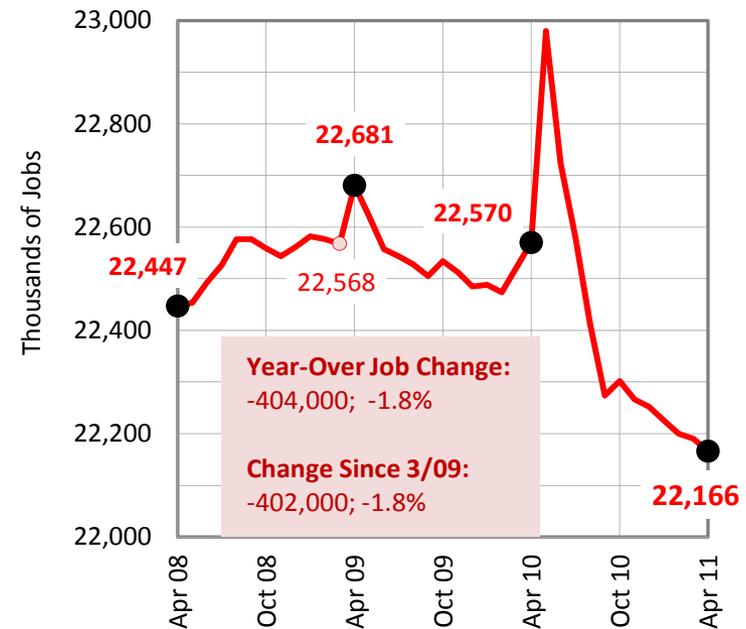
**California Government Jobs:
Three-Year Trend**

April 2011; Seasonally Adjusted Data



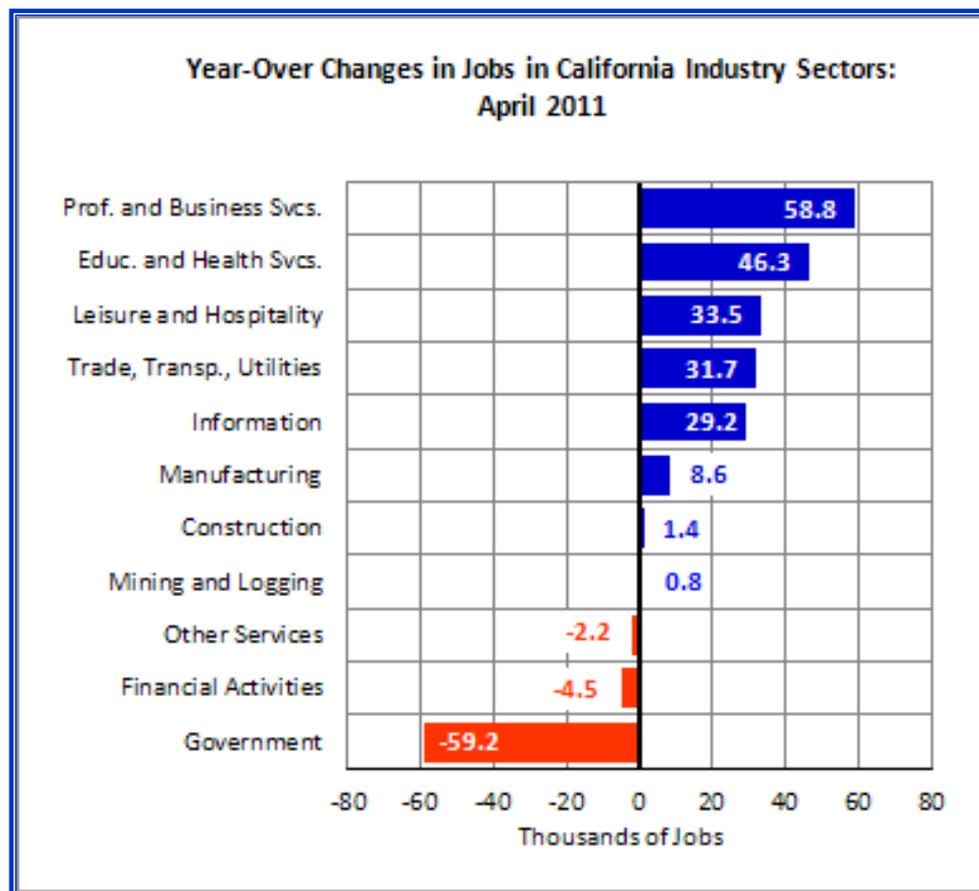
U.S. Government Jobs

April 2008 - April 2011



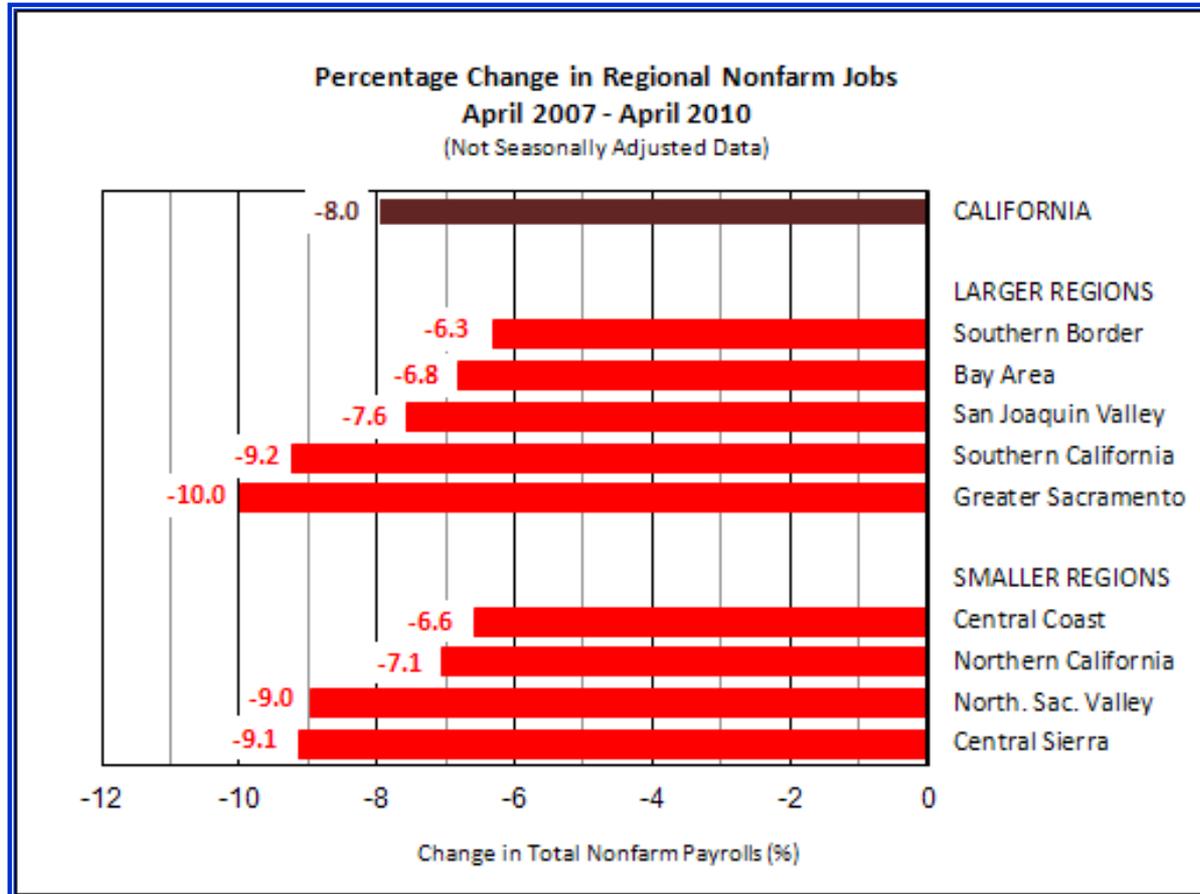
Recent Job Growth Trends

California's job gains over the last year have been broad-based across industry sectors—including the beleaguered construction sector. However, the public sector has become a drag on overall job growth.



Regional Employment

All regions of California were battered by the recession. Differences in the severity of job losses were a matter of degree.



Regional Employment

Five of California's nine regions experienced job growth over the last year, including the State's three largest regions. Generally speaking, the recovery has been stronger in California's urban coastal areas than in inland areas, which continue to be battered by weak housing markets and tight government budgets.

