CALIFORNIA ECONOMIC INDICATORS
September/October 1998

DEPARTMENT OF FINANCE

CONTENTS

INTRODUCTION

California Economic Indicators is a bimonthly summary of economic trends and data relating to the State of California.

Developments in California over the most recent months are reviewed in a brief text, and then summarized in current data tables which show changes over the previous year. Charts containing monthly and quarterly series from 1981 are included to facilitate the review of current developments, and to appraise the significance of the developments on the State's economy. Much of the data in the report has been seasonally adjusted by the source agency or by the Department of Finance.

Reference dates for U.S business cycles, as determined by the National Bureau of Economic Research, are also shown. Finally, sources are cited on the inside back cover to assist readers in obtaining any additional information on the statistical series published.

The Department of Finance welcomes suggestions on additions or changes which would make the Indicators a more useful publication. Correspondence should be addressed to the State of California, Department of Finance, Economic Research Unit, 8th Floor, 915 L Street, Sacramento, CA 95814.

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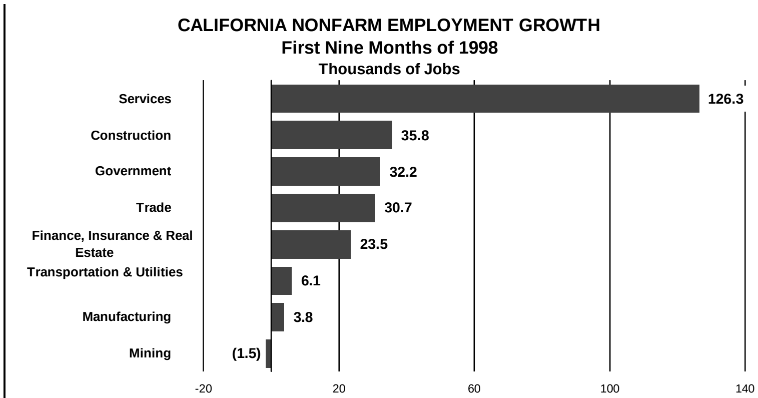
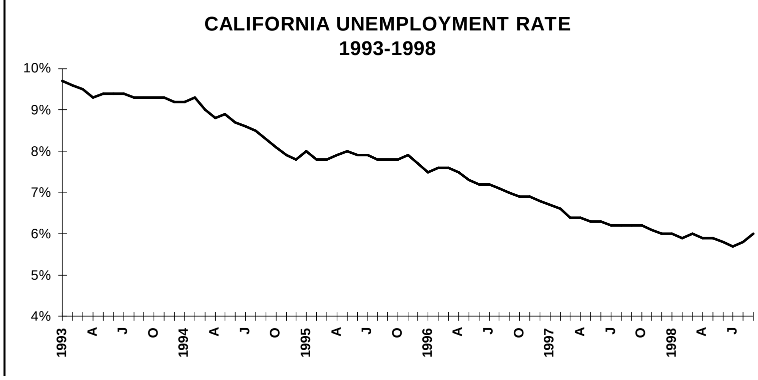
REVIEW OF RECENT ECONOMIC DEVELOPMENTS

California's economic expansion remains on track. Employment and income continue to grow vigorously. Construction activity is very uneven however, with limited or negative growth in some of the state's most dynamic regions.





EMPLOYMENT

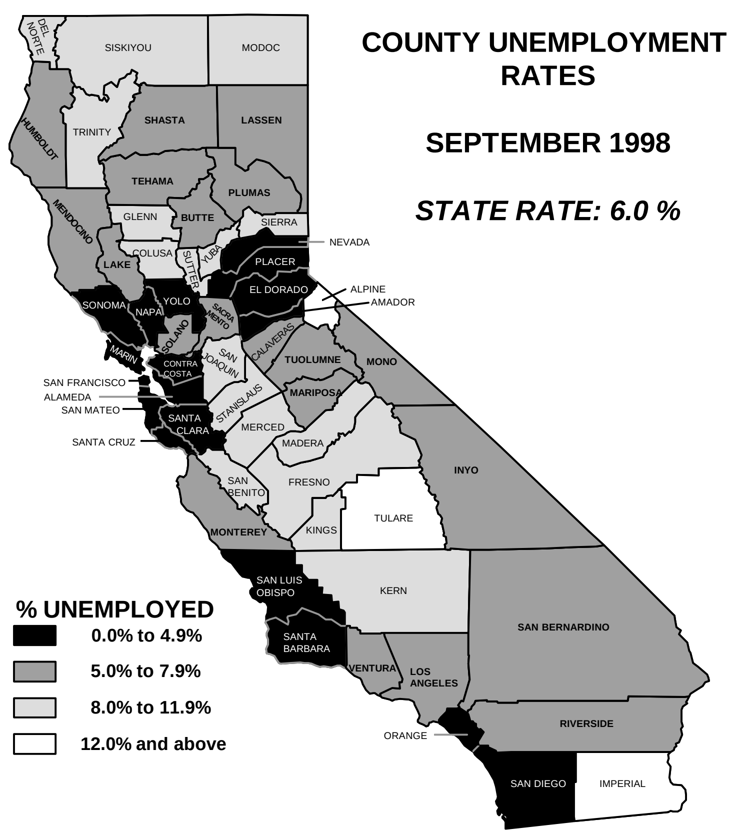
Nonfarm employment growth in California in September accounted for more than half of the entire nation's nonfarm job growth. The state added 35,500 nonfarm jobs in September while the U.S. as a whole gained 69,000. Nonfarm job growth in August was 33,000.

The greatest growth in September was in services, which added 11,900 jobs. In spite of growing construction activity, there was a small drop in construction employment. This was most likely due to the late Labor Day weekend, which also contributed to weaker than normal growth in local government education employment.

During the first nine months of 1998, total nonfarm employment has grown by 256,900 jobs. Almost half of these new jobs appeared in the service sector. Most of the remaining additions were distributed among the finance, trade, construction and government sectors. There was a small loss in the mining sector.

On an annual September-to-September basis, nonfarm employment has grown 377,500—a 2.8-percent gain. There was growth in all industrial sectors except mining. The strongest growth was in construction followed by services—8.4 and 4.1 percent, respectively.

California's unemployment rate, which is estimated from a small survey of households, rose 0.2 percent in September to 6.0 percent. The number of unemployed persons grew by 20,000 while the number of jobholders grew by 6,000.



On a regional basis, county unemployment rates range from a low of 2.4 percent in Marin County to a high of 33.1 percent in Imperial County. The regions with the lowest unemployment rates continue to be the San Francisco Bay area, the Sacramento region and in the south coast area. The central valley and far northern counties continue to have higher-than-average unemployment rates. Since June of this year, a number of the higher jobless-rate counties have significantly improved their unemployment rates. Some of these include Alpine, Butte, Colusa, Fresno, Glenn, Lake, Madera, Merced, Mono, San Benito, San Joaquin, Stanislaus, Sutter, and Trinity.

CONSTRUCTION AND REAL ESTATE

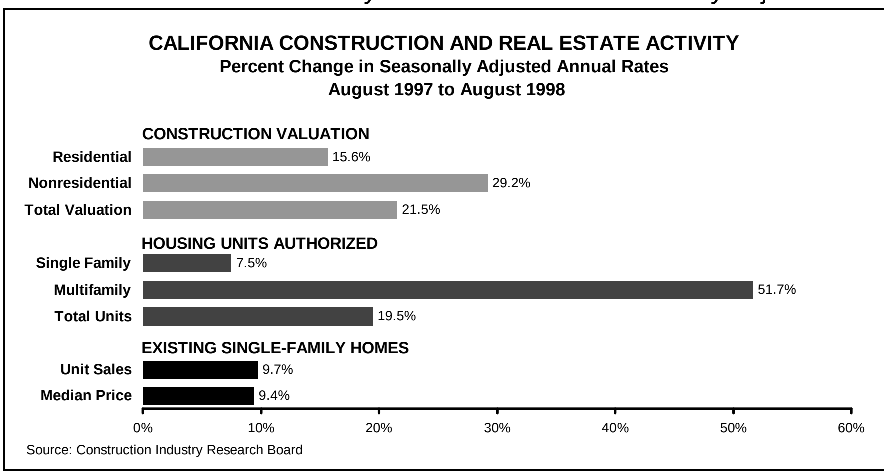
Construction activity, on a seasonally adjusted annual rate basis, rose 21.5 percent in August from the same time one year ago, as measured by total valuation. Nonresidential construction increased by 29.2 percent, a gain nearly twice as fast as residential construction.

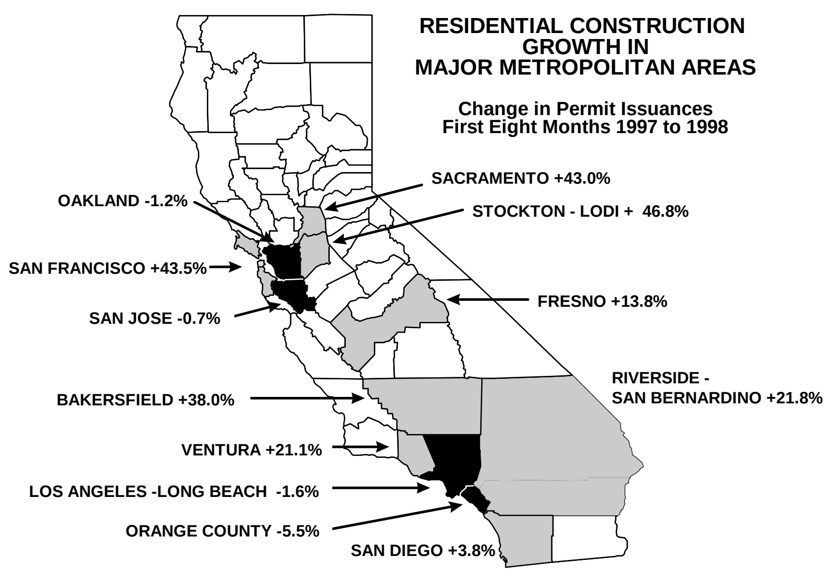
Total housing units authorized in August reached a seasonally adjusted annual rate of 143,060—a 19.5-percent increase over the same month last year. The greater portion of the increase was due to increased multi-family residence construction.

During the first eight months of 1998, total residential unit authorizations were 14.4-percent greater than during the same period in 1997. Total nonresidential construction valuation authorized through August increased by 21.6 percent. The greatest increases were in amusements and recreation, hotel and motel, and industrial buildings.

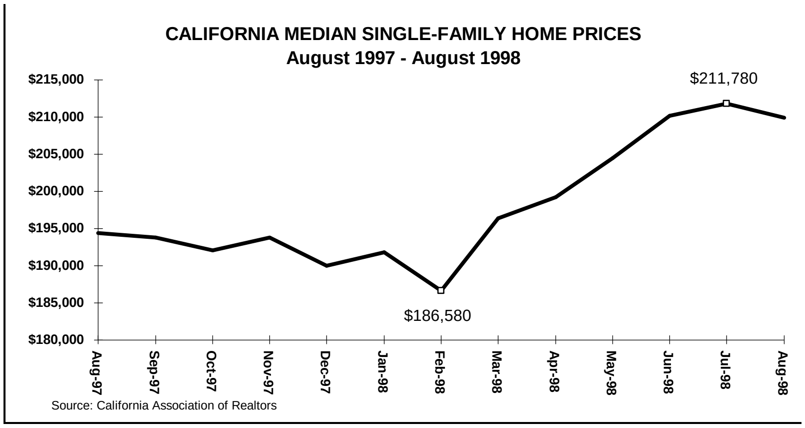
The regional construction pattern is mixed. Four of the state's 12 largest metropolitan areas have issued fewer residential construction permits during the first eight months of 1998 than during the same period in 1997. These areas—Los Angeles-Long Beach, Oakland, Orange County, and San Jose—are among the five most populous metropolitan areas in California. The San Jose and Orange County metropolitan areas are also two of the state's fastest growing local economies. Residential construction in the other eight major metropolitan areas has achieved strong year-over-year growth. Elsewhere, residential construction is up from last year in all major regions with the exception of the central coast.

Existing home sales and prices both reached record-setting levels in July and then retrenched slightly in August. Sales of existing single-family homes reached a seasonally adjusted annual rate of 677,110 in July, and then fell





slightly to 636,180 in August. The August sales rate though was 9.7 percent greater than 12 months earlier. The median sales price of a single-family home price in California rose to $211,780 in July—an 11.1 year over year increase—then fell slightly to $209,890 in August—still a 9.4-percent annual increase. The highest regional median home prices were recorded in the San Francisco Bay and Santa Clara County regions at $333,060 and $373,300 respectively. Over the year, these prices have appreciated by 14.3 and 13.4 percent, respectively.



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REVISED PERSONAL INCOME

Personal income is the earnings received by all persons from:

- ◊ Employment (wages and benefits net of Social Security payroll taxes),
- ◊ Property income (dividends, interest and rent),
- ◊ Proprietors' income (individual and partnership business income), and
- ◊ Public and private transfer payments, (Social Security, welfare, Medicare, Medi-Cal, etc. from the public sector, and household credit losses from the private sector).

Personal income differs from "cash" income in several important elements. It:

- ◊ Includes several non-monetary income items such as employee health insurance benefits and employer contributions to pension funds,
- ◊ Includes "imputed" rent of owner-occupied housing and imputed interest on bank accounts and life insurance policies,
- ◊ Excludes capital gains (because gains do not represent current production), and
- ◊ Excludes payouts from all non-federal pension plans, including IRA, 401k and traditional pension plans.

In mid-September, the US Department of Commerce's Bureau of Economic Analysis (BEA) released revised state personal income estimates for the years 1982 to 1997. The most significant changes resulted from a new definition of personal dividend income that excludes payments from capital gains distributions of regulated investment companies (mutual funds). As noted above, capital gains are not included in personal income, but until recently the capital gains component of mutual fund payouts were not significant.

The revisions reflect both new source data and methodological changes, including the new definition of capital gains. The top portion of the table shows the revised personal income figures for California for the years 1992 to 1997. The lower portion of the table shows the impact of the revision on previously reported data.

California Personal Income (Revised)

Billions of Dollars/Annual Percent Change

	1992	1993	1994	1995	1996	1997
WAGES AND SALARIES	383.5	384.4	394.6	414.8	440.5	475.2
	2.9%	0.2%	2.6%	5.1%	6.2%	7.9%
OTHER LABOR INCOME	46.4	49.3	49.8	47.4	45.9	46.8
	6.9%	6.3%	0.9%	-4.7%	-3.2%	2.0%
PROPRIETORS' INCOME	68.2	72.8	73.6	77.1	81.2	85.5
	12.5%	6.6%	1.2%	4.7%	5.3%	5.3%
Farm	4.0	4.8	3.8	3.0	3.3	3.0
	30.2%	19.4%	-22.4%	-20.2%	10.2%	-9.5%
Nonfarm	64.2	67.9	69.9	74.1	77.9	82.5
	11.5%	5.8%	2.9%	6.0%	5.1%	6.0%
PROPERTY INCOME	115.6	116.4	122.7	133.4	145.1	152.2
	-1.7%	0.7%	5.4%	8.7%	8.8%	4.9%
Dividends	16.7	17.6	20.1	22.7	29.6	31.2
	-1.3%	5.1%	14.1%	13.0%	30.5%	5.5%
Interest	82.1	78.0	80.1	85.1	86.3	89.9
	-6.2%	-5.0%	2.7%	6.2%	1.4%	4.3%
Rent	16.7	20.8	22.5	25.6	29.3	31.1
	27.9%	24.5%	8.2%	13.5%	14.5%	6.1%
TRANSFER PAYMENTS	104.7	110.1	114.1	119.5	124.6	128.0
	14.7%	5.2%	3.6%	4.8%	4.2%	2.8%
LESS: CONTRIBUTIONS FOR SOCIAL INSURANCE	33.8	34.6	36.0	37.2	38.6	40.8
	3.7%	2.2%	4.2%	3.4%	3.5%	5.9%
RESIDENCE ADJUSTMENT	34.0	(581.0)	(674.5)	(732.3)	(756.3)	(854.7)
TOTAL PERSONAL INCOME	684.7	697.9	718.1	754.3	798.0	846.0
	4.8%	1.9%	2.9%	5.0%	5.8%	6.0%

Change from Previously Reported Amounts

Billions of Dollars/Percent Change

	1992	1993	1994	1995	1996	1997
WAGES AND SALARIES	0.0	0.0	0.0	-0.1	-0.2	-1.5
	-	-	-	0.0%	0.0%	-0.3%
OTHER LABOR INCOME	0.0	0.0	0.0	-0.7	-2.3	-5.7
	-	-	-	-1.5%	-4.9%	-10.8%
PROPRIETORS' INCOME	0.0	0.0	0.0	-0.9	-0.2	-3.8
	-	-	-	-1.2%	-0.3%	-4.3%
Farm	0.0	0.0	0.0	-0.1	-0.2	-1.1
	(0)	-	-	-2.1%	-5.5%	-26.3%
Nonfarm	0.0	0.0	0.0	-0.9	0.0	-2.7
	-	-	-	-1.1%	0.0%	-3.2%
PROPERTY INCOME	-2.6	-4.5	-3.9	-8.7	-6.4	-11.6
	-2.2%	-3.7%	-3.1%	-6.1%	-4.2%	-7.1%
Dividends	-2.6	-4.5	-3.9	-6.9	-4.6	-7.3
	-13.3%	-20.3%	-16.3%	-23.2%	-13.5%	-19.0%
Interest	0.0	0.0	0.0	-2.0	-3.0	-6.5
	-	-	-	-2.3%	-3.4%	-6.7%
Rent	0.0	0.0	0.0	0.2	1.2	2.2
	-	-	-	0.8%	4.4%	7.5%
TRANSFER PAYMENTS	0.0	0.0	0.0	0.2	-1.0	0.0
	-	-	-	0.20%	-0.80%	0.0%
LESS: CONTRIBUTIONS FOR SOCIAL INSURANCE	0.0	0.0	0.0	0.0	-0.2	-1.4
	-	-	-	(0.0)	-0.6%	-3.3%
RESIDENCE ADJUSTMENT	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL PERSONAL INCOME	-2.6	-4.5	-3.9	-10.2	-10.0	-21.2
	-0.4%	-0.6%	-0.5%	-1.3%	-1.2%	-2.4%

DATA REVISIONS

Various new and revised source data were incorporated into the new estimates. Some of the sources of the new data include:

- ◊ U.S. Census Bureau surveys of state and local governments, manufacturing, wholesale and retail trade, services and construction,
- ◊ Federal government budget data,
- ◊ Internal Revenue Service business income tax tabulations,
- ◊ Bureau of Labor Statistics wage and salary tabulations,
- ◊ U.S. Department of Agriculture farm statistics, and
- ◊ BEA balance of payments and capital stock statistics.

These revisions affect only 1995 to 1997 estimates. The largest resulting downward revision was to dividend and interest income estimates. The only upward revision was to rental income.

REDEFINITION

The most significant changes are the result of a new definition of dividend income. Previously, capital gains distributions from mutual funds were counted as dividend income—even though they did not fit under the definition of personal income. Appreciation gained from holdings, such as stocks, bonds or real estate, are not counted as personal income because they do not result from current production. However, in the past few years primarily, capital gains distributions from mutual funds have risen significantly due to a rapidly rising stock market. Thus, to be consistent with the definition of personal income, BEA modified its methods to exclude identifiable capital gains from mutual funds.

Dividend income estimates were revised back to 1982. The revisions range from $-0.4 billion in 1982 to $-7.3 billion in 1997. In percentage terms, the revisions range from -4.6 percent in 1982 to -23.2 percent in 1995. As would be expected, the average annual effect of the revision in the earlier years is much less than in the latter years.

Ironically this "improvement" in the consistency of the personal income statistics has created a major distortion in the household savings rate. Household savings is the difference between after-tax personal income and household consumption spending. Taxes deducted from income now include a significant element of levies on capital gains, which themselves are excluded from income. The result is an apparent plunge in the savings rate to less than 1 percent of income, from the 4 to 5 percent range on the old basis.

Years	Average Reduction in Annual Dividend Income	
1982-1989	$ -0.9 billion	-8.1%
1990-1997	$ -4.1 billion	-15.2%

CALIFORNIA PERSONAL INCOME

California personal income was revised down in all years, due mainly to the definitional change in mutual fund dividends. Total 1997 personal income was reduced by $21.2 billion, or 2.4 percent. This revision also reduced the growth rate of California personal income in 1997 down to 6.0 percent from the previously reported 7.2 percent.

Wages and salaries were revised down by less than 0.05 percent in 1995 and 1996 and down by only 0.3 percent in 1997. Most of last year's revision reflects the use by BEA of an early version of payroll wage reports, which have since been revised up by about $1.5 billion.

Other labor income reflects employer-paid benefits such as pension fund contributions and health insurance. Downward revisions to this component reflect more complete information on health insurance costs and especially, the sharp declines in private pension contributions made possible by the booming stock market.

Proprietors' income was reduced in all three years with nearly three-fourths of the drop from reductions in nonfarm proprietor's income. On a percentage basis, however, farm proprietors' income received a greater downward revision. The large revision to 1997 farm income appears to reflect an overestimate by BEA of permanent damage resulting from the January 1997 floods.

Property income as discussed above, was revised back to 1982, mainly reflecting the definitional change in mutual fund dividends.

Transfer payments were revised upward in 1995 (0.2 percent), downward in 1996 and were essentially unchanged in 1997.

Residence adjustment, which accounts for interstate commuting and is minor in California, was revised down by insignificant amounts in 1995 to 1997.

Recent Quarterly Data

First quarter 1998 California personal income is estimated at an annual rate of $889.0 billion, which is a 7.3-percent increase over four quarters earlier. This annual growth rate is more than a full percentage point higher than the full-year growth rate for 1997 of 6.0 percent.

Wages and salaries grew by 8.9 percent, with substantial increases in the services, finance, insurance and real estate (FIRE), and in manufacturing. The FIRE income growth reflects increased securities dealers activity and increased real estate sales. Other labor income also achieved comparable growth of 8.7 percent. Nonfarm proprietor's income growth was a healthy 9.2 percent, nearly 4 percentage points greater than the 1997 annual increase. Property incomes, particularly dividends and interest, are growing at a slower rate than during 1997, reflecting lower interest rates and the fact that the now-excluded capital gains distributions were by far the fastest growing component of property income.

A Final Note on Revisions

Over 80 percent of California's $21 billion downward revision in 1997 personal income was in two areas: property income and other labor income, commonly known as employee benefits. Both are related to the stock market. The property income revision was mainly associated with the definitional change—excluding capital gains distributions of mutual funds from personal income. The revision in other labor income reflects the recognition that the booming stock market has allowed may private employers to substantially reduce—or even skip entirely—contributions to defined-benefit pension funds.

CALIFORNIA PERSONAL INCOME
First Quarter 1997 and 1998

	$Billions 1997 I	$Billions 1998 I	% Change
WAGES AND SALARIES	462.4	503.6	8.9%
Farm	3.4	3.6	6.6%
Mining	1.7	1.7	2.0%
Construction	19.3	21.2	10.2%
Manufacturing	79.2	85.5	8.0%
TCU	25.9	28.7	10.7%
Trade	73.6	79.2	7.7%
Finance, Insurance, & Real Estate	36.6	43.1	17.9%
Services	138.5	152.4	10.1%
Government	79.9	82.3	3.0%
Federal Civilian	11.1	10.9	-2.3%
Military	5.8	5.2	-11.4%
State and Local	62.9	66.2	5.3%
Other Industries	4.5	5.7	26.7%
OTHER LABOR INCOME	45.7	49.6	8.7%
PROPRIETORS' INCOME	84.0	91.8	9.2%
Farm	3.0	3.1	3.5%
Nonfarm	81.0	88.6	9.4%
PROPERTY INCOME	150.3	154.9	3.1%
Dividends	30.7	31.8	3.8%
Interest	88.8	91.4	2.9%
Monetary	39.4	40.5	2.9%
Rent	30.8	31.8	3.1%
TRANSFER PAYMENTS	127.5	128.4	0.7%
LESS: CONTRIBUTIONS FOR SOCIAL INSURANCE	40.8	38.6	-5.3%
PLUS: RESIDENCE ADJ.	(0.9)	(0.7)	
TOTAL PERSONAL INCOME	828.3	889.0	7.3%

Neither of these revisions affects the economic well-being of households. However, the revisions have produced an anomaly in the savings rate—defined as the difference between consumer spending and disposable income. For the first time in modern history, U.S. consumers actually spent more than they took home during September—the savings rate was minus 0.2 percent. For the entire third quarter, the savings rate was an almost invisible 0.1 percent.

For many households, a main source of savings is the company pension contribution. In an accounting sense, the reduction in pension contributions represents a reduction in incomes, although most households are better off for participating in the market's gains. A related problem is that while capital gains are excluded from income, taxes on capital gains are subtracted from income when calculating the disposable figure on which the saving statistic is based. Thus, efforts aimed at improving the personal income data from an accounting perspective may make them less reliable as a gauge of consumer behavior.

EMPLOYMENT
(Seasonally adjusted)

	1998				1997	Yr-Over-Yr
	Sep	Aug	Jul	Jun	Sep	% Change
Civilian employment (000)	15,364	15,358	15,395	15,320	15,059	2.0
Unemployment (000)	972	952	926	942	999	-2.7
Unemployment rate	6.0	5.8	5.7	5.8	6.2	--
Nonagricultural wage and salary employment a/ (000)	13,655.2	13,619.7	13,586.2	13,586.0	13,277.7	2.8
Mining	28.0	28.3	28.4	28.6	29.4	-4.8
Construction	613.7	616.2	613.1	602.7	566.1	8.4
Manufacturing	1,945.4	1,934.0	1,931.6	1,947.7	1,927.4	0.9
High technology b/	517.3	519.5	522.9	524.5	522.7	-1.0
Transportation and public utilities	681.2	677.9	679.7	680.8	669.1	1.8
Trade	3,137.3	3,134.4	3,132.3	3,131.1	3,073.8	2.1
Finance, insurance and real estate	788.6	786.3	786.0	782.3	761.2	3.6
Services	4,268.3	4,256.4	4,241.8	4,230.3	4,098.9	4.1
Government	2,192.7	2,186.2	2,173.3	2,182.5	2,151.8	1.9

HOURS AND EARNINGS IN MANUFACTURING

	1998				1997	Yr-Over-Yr
	Sep	Aug	Jul	Jun	Sep	% Change
Average weekly hours c/	41.4	41.8	41.6	41.9	42.1	-1.7
Average weekly earnings c/	$568.84	$570.57	$566.59	$567.75	$560.35	1.5
Average hourly earnings c/	$13.74	$13.65	$13.62	$13.55	$13.31	3.2

PRODUCTION

	1998				1997	Yr-Over-Yr
	Jun	May	Apr	Mar	Jun	% Change
Petroleum (000 barrels daily) c/	909	915	907	906	941	-3.4
Portland & blended cement (000 short tons) c/	1,169	926	988	985	994	17.6

TRADE
(Seasonally adjusted)

	1998				1997	Yr-Over-Yr
	Aug	Jul	Jun	May	Aug	% Change
New auto registrations (number)	128,194	125,065	116,266	127,401	118,643	8.1

a/ Seasonally adjusted by the California Employment Development Department.
b/ Based on the 1987 SIC codes. These values are not seasonally adjusted.
c/ Not seasonally adjusted.

CONSUMER PRICE INDEX
(1982-84=100)

	1998 Aug	1998 Jul	1998 Jun	1998 May	1997 Aug	Yr-Over-Yr % Change
All Urban Consumers Series						
California Average	164.2	n.a.	163.6	n.a.	160.5	2.3
San Francisco CMSA	166.6	n.a.	165.5	n.a.	161.2	3.3
Los Angeles CMSA	162.6	162.1	162.2	162.3	159.7	1.8
Urban Wage Earners and Clerical Workers Series						
California Average	157.8	n.a.	157.5	n.a.	155.0	1.8
San Francisco CMSA	162.7	n.a.	161.7	n.a.	158.1	2.9
Los Angeles CMSA	156.1	155.9	156.1	156.2	154.0	1.4

CONSTRUCTION

	1998 Aug	1998 Jul	1998 Jun	1998 May	1997 Aug	Yr-Over-Yr % Change
Private residential housing units authorized (000) a/	143.1	119.0	146.7	121.2	119.8	19.5
Single units	93.8	100.0	94.3	91.1	87.3	7.5
Multiple units	49.2	19.0	52.3	30.0	32.5	51.7
Residential building authorized valuation (millions) b/	$1,878	$1,891	$1,930	$1,625	$1,624	15.6
Nonresidential building authorized valuation (millions) b/	$1,169	$1,182	$1,254	$1,254	$905	29.2
Nonresidential building authorized valuation (millions) c/	$1,286	$1,364	$1,423	$1,297	$995	29.2
Commercial	$477	$436	$529	$448	$314	52.1
Industrial	189	289	260	264	173	9.0
Other	156	167	151	172	117	33.1
Alterations and additions	464	472	482	414	391	18.6

VACANCY RATES FOR JUNE 1998
(Percent)

	Office Total	Office Downtown	Office Suburban	Industrial
Northern and Central California:				
Fresno	12.7	29.5	9.5	10.0
Oakland-East Bay	8.2	10.4	7.6	--
Sacramento	9.6	7.5	10.4	10.1
San Francisco	3.1	3.2	3.1	7.9
San Jose	5.0	3.6	5.5	--
Southern California:				
Bakersfield	10.7	11.6	10.2	--
Los Angeles	14.4	15.3	14.2	8.6
Orange County	9.5	--	9.5	--
San Diego	8.8	14.5	7.2	7.9
Ventura County	13.6	--	13.6	--
National Average	9.2	9.7	9.0	8.6

a/ Seasonally adjusted annual rate
b/ Seasonally adjusted
c/ Not seasonally adjusted

n.a. Not available

Seasonal adjustment done by the California Department of Finance.

MEDIAN PRICE OF EXISTING SINGLE FAMILY HOMES

1997				1998			
Jan	$175,625	Jul	190,625	Jan	$190,553	Jul	211,594
Feb	167,790	Aug	191,856	Feb	186,415	Aug	209,890
Mar	177,735	Sep	193,760	Mar	196,397		
Apr	181,218	Oct	191,551	Apr	201,514		
May	185,010	Nov	193,045	May	204,621		
Jun	188,801	Dec	189,994	Jun	209,760		

LEADING INDICATORS a/

		Manufacturing Overtime Hours	Manufacturing Average Weekly Hours	New Business Incorporations
1997	Jan	4.8	41.6	4,644
	Feb	4.8	41.8	4,379
	Mar	5.1	42.1	3,607
	Apr	5.0	41.9	4,129
	May	5.0	41.9	4,408
	Jun	5.0	41.9	4,465
	Jul	4.9	41.9	5,061
	Aug	5.0	42.0	4,004
	Sep	4.9	41.8	4,725
	Oct	4.9	42.0	4,713
	Nov	5.0	42.2	4,181
	Dec	5.2	42.1	4,750
1998	Jan	5.2	42.2	4,649
	Feb	5.0	41.9	4,590
	Mar	4.9	41.8	4,667
	Apr	4.5	41.1	5,398
	May	4.8	41.9	4,384
	Jun	4.9	42.1	4,847
	Jul	4.6	42.0	5,217
	Aug	4.5	41.7	4,101
	Sep	4.4	41.1	n.a.

		Unemployment Insurance Initial Claims	Housing Unit Authorizations (Thousands)
1997	Jan	64,780	95.5
	Feb	57,558	107.9
	Mar	58,485	94.9
	Apr	59,487	102.3
	May	60,730	109.0
	Jun	62,489	109.1
	Jul	62,447	114.1
	Aug	62,131	119.8
	Sep	62,913	119.4
	Oct	61,649	130.6
	Nov	60,006	118.8
	Dec	59,436	111.0
1998	Jan	55,988	118.0
	Feb	61,776	101.0
	Mar	56,475	118.8
	Apr	59,438	113.8
	May	58,423	121.2
	Jun	53,245	146.7
	Jul	54,620	119.0
	Aug	52,856	143.1

a/ Seasonally adjusted by the California Department of Finance.

n.a. Not available

COINCIDENT INDICATORS a/

		Nonagricultural Employment (Thousands)	Manufacturing Employment (Thousands)	Unemployment Rate (Percent)	Unemployment Avg. Weeks Claimed (Thousands)
1997	Jan	12,907	1,881	6.7	447
	Feb	12,960	1,886	6.6	407
	Mar	13,012	1,892	6.4	385
	Apr	13,089	1,901	6.4	398
	May	13,118	1,908	6.3	366
	Jun	13,150	1,914	6.3	381
	Jul	13,203	1,926	6.2	392
	Aug	13,225	1,926	6.2	373
	Sep	13,278	1,927	6.2	386
	Oct	13,319	1,935	6.2	378
	Nov	13,367	1,937	6.1	371
	Dec	13,398	1,942	6.0	395
1998	Jan	13,401	1,943	6.0	341
	Feb	13,440	1,945	5.9	359
	Mar	13,486	1,947	6.0	377
	Apr	13,512	1,944	5.9	367
	May	13,556	1,947	5.9	354
	June	13,586	1,948	5.8	356
	Jul	13,586	1,932	5.7	346
	Aug	13,620	1,934	5.8	356
	Sep	13,655	1,945	6.0	n.a.

		Personal Income ($ millions)	Wages & Salaries from Mining, Construction and Manufacturing ($ millions)	Taxable Sales ($ millions)
1995	Qtr I	738,109	85,201	73,137
	Qtr II	753,349	86,418	75,106
	Qtr III	759,915	87,711	75,873
	Qtr IV	765,705	88,890	76,568
1996	Qtr I	787,841	93,835	79,562
	Qtr II	792,381	90,861	80,350
	Qtr III	794,378	89,814	80,237
	Qtr IV	817,479	95,803	80,805
1997	Qtr I	828,321	100,137	83,424
	Qtr II	837,325	101,658	85,171
	Qtr III	847,845	103,311	85,832
	Qtr IV	870,566	106,497	87,300
1998	Qtr I	888,978	108,505	88,647

OTHER INDICATORS a/

	DOD Prime Contracts b/ $ millions	% of U.S.
1981-82	$22,685	21.8
1982-83	26,387	22.2
1983-84	28,520	23.0
1984-85	29,115	20.8
1985-86	27,738	20.4
1986-87	24,515	18.4
1987-88	23,458	18.7
1988-89	23,125	19.3
1989-90	22,312	18.4
1990-91	24,265	19.5
1991-92	23,843	21.2
1992-93	22,952	20.1
1993-94	22,573	20.5
1994-95	18,277	16.8
1995-96	18,230	16.7
1996-97	18,477	17.3

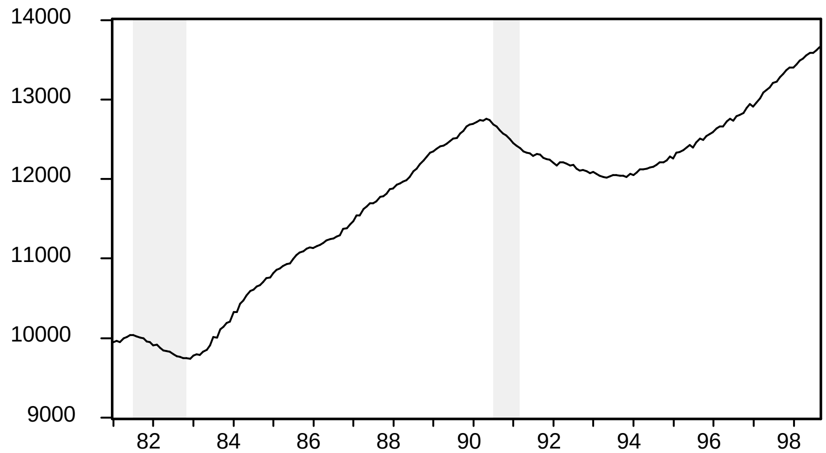
		Electricity Production (Million KWH)
1997	Jan	9,301
	Feb	9,228
	Mar	9,110
	Apr	9,608
	May	10,011
	Jun	8,945
	Jul	9,033
	Aug	9,205
	Sep	10,983
	Oct	9,865
	Nov	8,699
	Dec	9,151
1998	Jan	9,796
	Feb	9,590
	Mar	9,415
	Apr	9,951
	May	10,135
	Jun	10,130

a/ Seasonally adjusted by the California Department of Finance with the exception of the nonagricultural and manufacturing employment and the unemployment rate which are seasonally adjusted by the California Employment Development Department. DOD Prime Contract Awards is not seasonally adjusted.

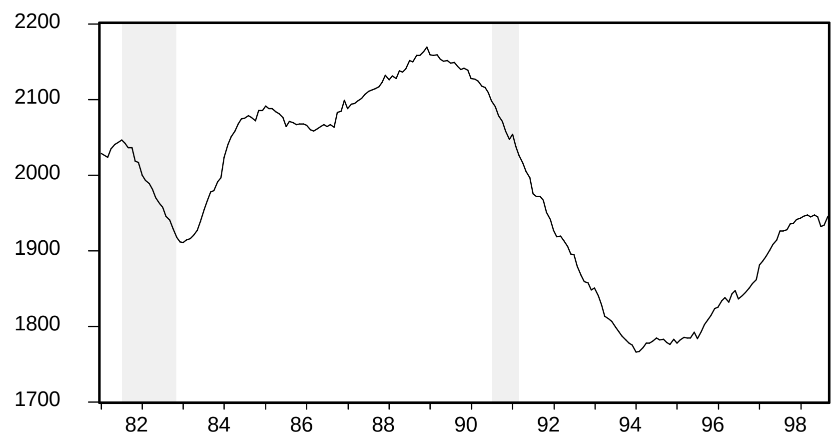
b/ U.S. fiscal year: October through September

n.a. Not available

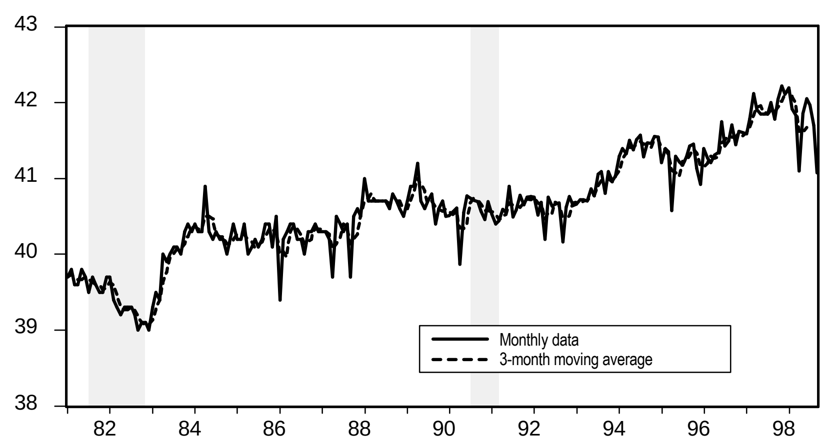
NONAGRICULTURAL EMPLOYMENT
(Thousands, Seasonally Adjusted)



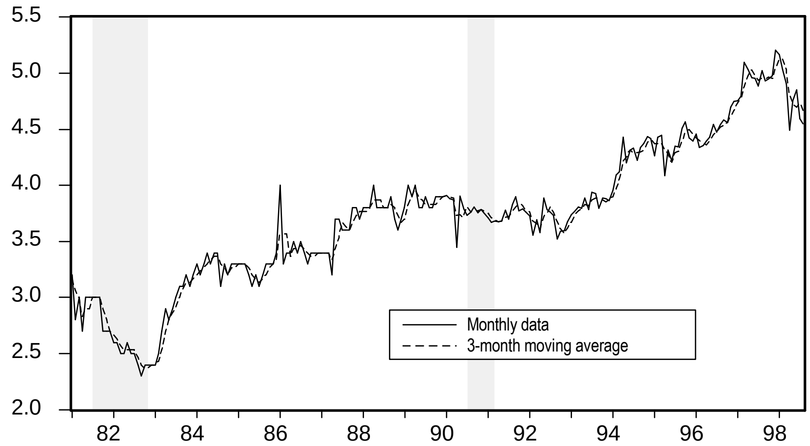
MANUFACTURING EMPLOYMENT
(Thousands, Seasonally Adjusted)



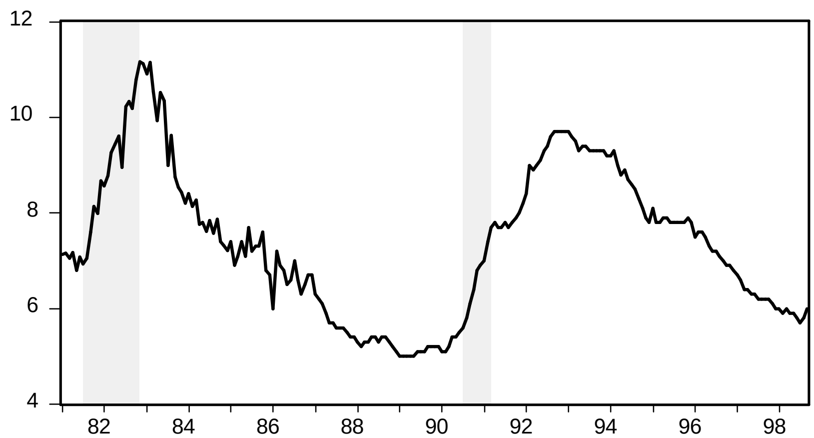
AVERAGE WEEKLY HOURS, MANUFACTURING
(Seasonally Adjusted)



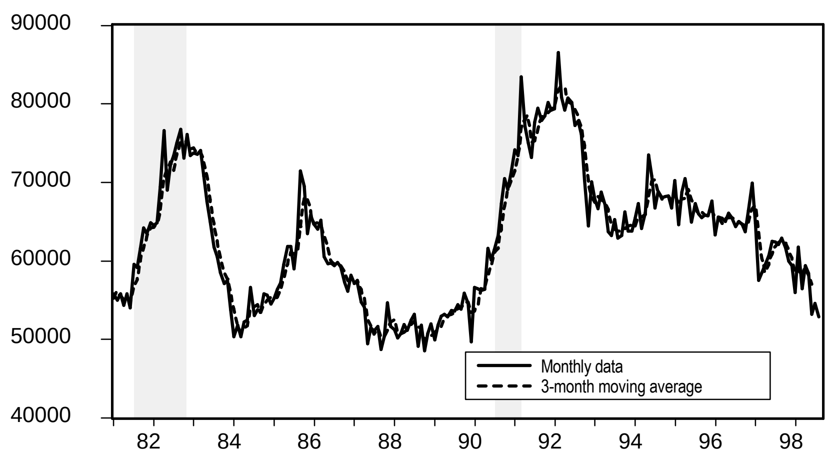
AVERAGE OVERTIME HOURS, MANUFACTURING
(Seasonally Adjusted)



UNEMPLOYMENT RATE
(Percent)

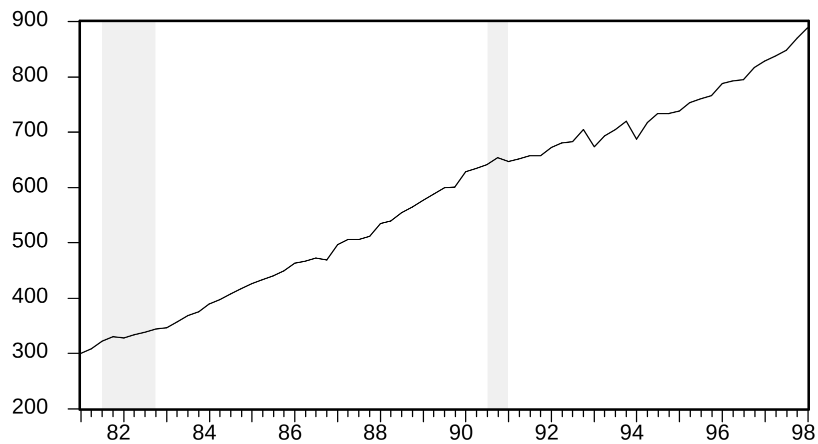


INITIAL CLAIMS FOR UNEMPLOYMENT INSURANCE
(Weekly Average, Seasonally Adjusted)

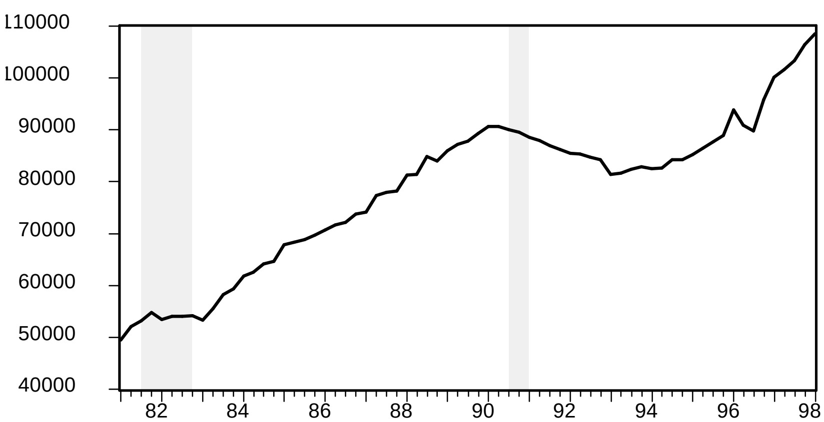


INSURED UNEMPLOYMENT, AVERAGE WEEKS CLAIMED
(Thousands, Seasonally Adjusted)

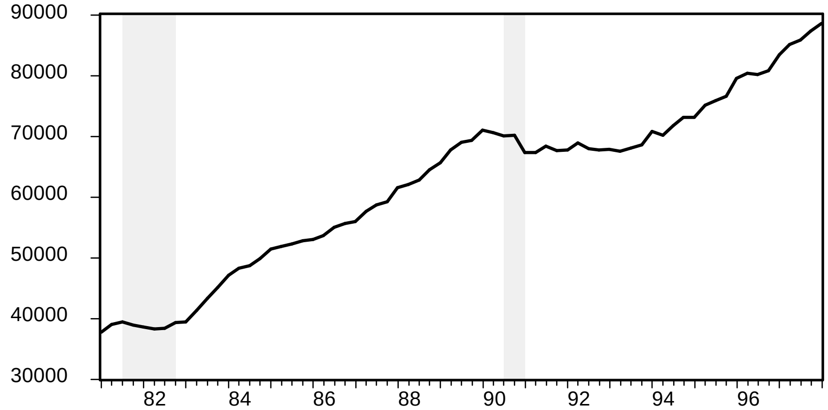
PERSONAL INCOME
(Billions $, Seasonally Adjusted)



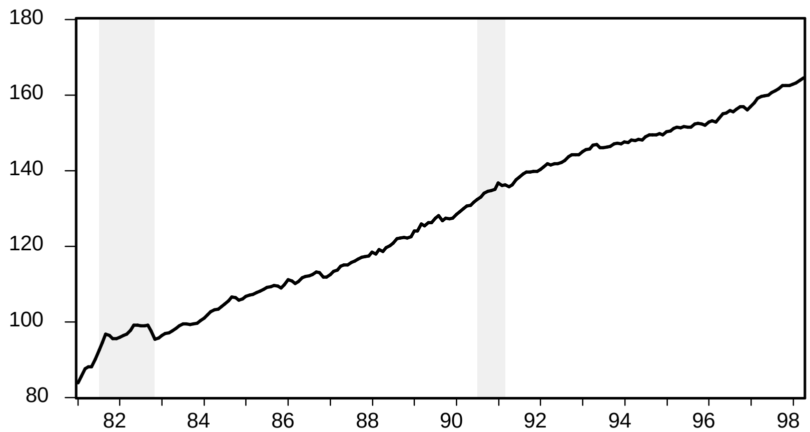
WAGES AND SALARIES
MINING, CONSTRUCTION AND MANUFACTURING
(Millions $, Seasonally Adjusted)



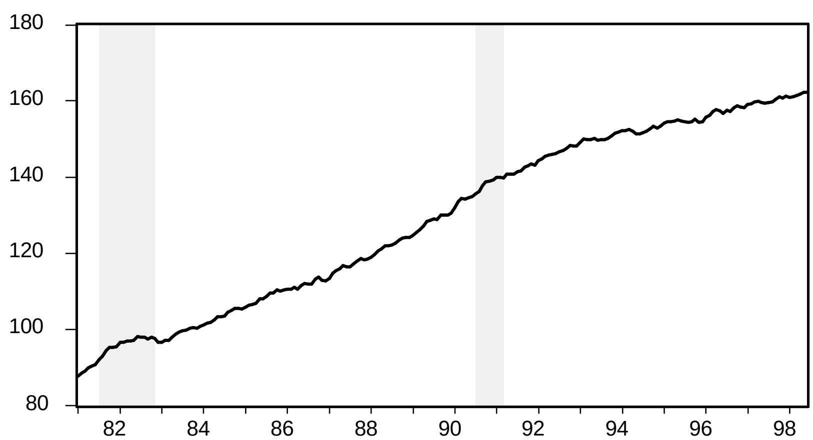
TAXABLE SALES
(Million $, Seasonally Adjusted)



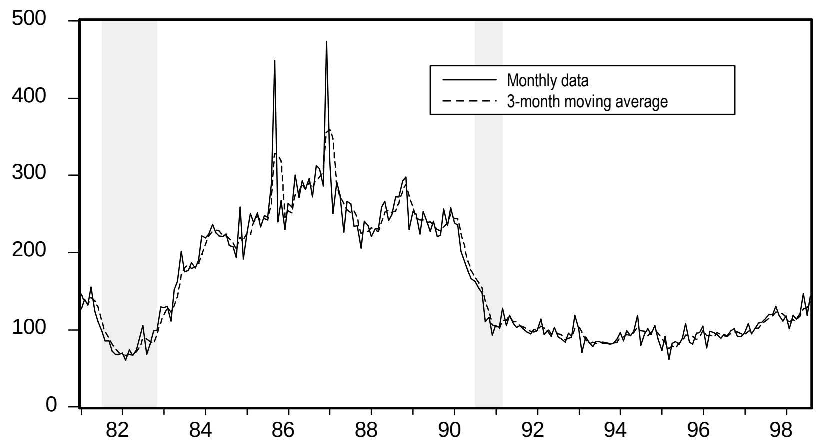
CONSUMER PRICE INDEX, SAN FRANCISCO
(1982-84=100)



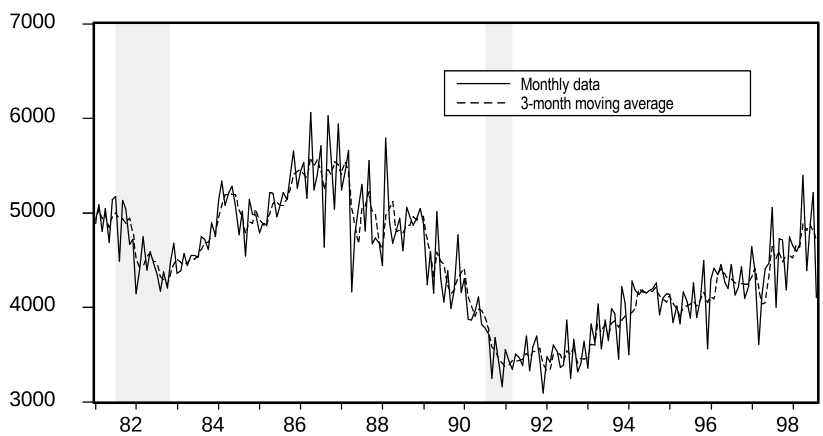
CONSUMER PRICE INDEX, LOS ANGELES
(1982-84=100)



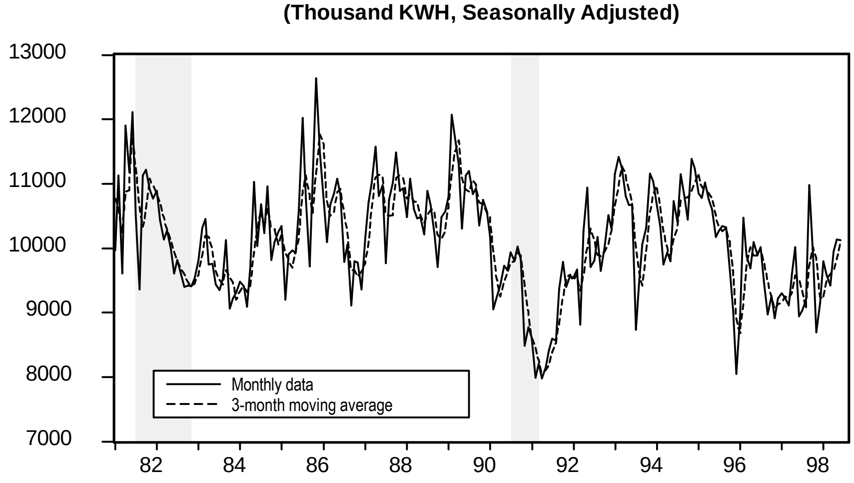
PRIVATE HOUSING UNITS AUTHORIZED
(Thousands, Seasonally Adjusted at Annual Rate)



NEW BUSINESS INCORPORATIONS
(Seasonally Adjusted)



ELECTRICITY PRODUCTION
(Thousand KWH, Seasonally Adjusted)



ECONOMIC INDICATOR CHARTS

Series classification as leading or coincident indicators generally follows that established by the National Bureau of Economic Research. The exceptions to this are manufacturing employment and taxable sales. These series are discussed in the technical note below.

TECHNICAL NOTE

Whenever appropriate, data used in the charts have been seasonally adjusted. The method of seasonal adjustment is the X-11 Arima program. Persons interested in a detailed description of this method are referred to Statistics Canada, <u>The X-11 Arima Seasonal Adjustment Method</u> (Catalog No. 12-564E, February 1980).

Under the X-11 Arima method, the addition of new data points changes historical seasonal factors. To avoid monthly data changes in the California Economic Indicators it is necessary to "freeze" the seasonally adjusted data through the past year and manually compute current year values from the projected seasonal factors. Thus historical revisions will be incorporated annually.

<u>Manufacturing Employment</u>

This series is an addition to the NBER indicator list. It is used here because it appears to show cyclical fluctuations clearly and extends the limited number of series presently available for the State.

<u>Taxable Sales</u>

Taxable sales are used here as a proxy for retail trade. Data on the latter are not available for California prior to 1964. The taxable series includes sales by both retail and wholesale establishments, and is, therefore, a broad indicator of business activity. It has been classified as a coincident indicator on the basis of fluctuations in the series since 1950.

The other indicators shown are for general interest only. They are not directly related to the cyclical indicator series, but are of interest to persons looking at overall economic developments.

A NOTE ON PRIME CONTRACT AWARDS

Due to a change in the collection of data, the U.S. Department of Defense will not be publishing Prime Contract Awards by State for the first half of U.S. fiscal years 1989 and 1990. The publication will be resumed in 1991. Since the first-half data are necessary for deriving the quarterly series, the graph will be temporarily discontinued. In the Economic Data section, we will provide fiscal year totals and quarterly updates whenever available.

CHRONOLOGY

The following summary lists economic, political, and natural developments which have influenced California economic indicators, and may account for unusual movements in the series. Appraisal of the charts will be facilitated in many cases by taking into consideration those factors which may be contributing to temporary directional changes in business activity which are not indicative of significant changes in the economic situation of the State. In addition, major national and international events of general interest have also been included.

1990

January 8	Prime rate cut from 10-1/2 percent to 10 percent.
January 15	Campeau Corp. files for Chapter 11 bankruptcy-law protection.
February 13	Drexel Burnham Lambert Inc. files for Chapter 11 bankruptcy-law protection.
March 2	Amalgamated Transit Union strikes Greyhound Lines, Inc.
April 1	Federal minimum wage raised from $3.35 to $3.80.
July 27	Revised GNP estimates cut 1989 growth by 1/2 percent. Year-over-year growth for the second quarter only 1.2 percent.
August 1	California gasoline and diesel fuel tax increase of 5 cents per gallon.
August 2	Iraq invades Kuwait.
September 9	California population reaches 30 million according to California Department of Finance.
November 30	Index of leading indicators declines for fourth month in a row.
December 1	Federal gasoline tax increase of 5 cents per gallon.
December 4	Federal Reserve cuts bank reserve requirements by $11 billion.

1990--Continued

December 18	Discount rate cut from 7 percent to 6-1/2 percent.

1991

January 1	California gasoline and diesel fuel tax increase of one cent per gallon.
January 2	Prime rate cut from 10 percent to 9-1/2 percent.
January 12	Congress approves use of force in Iraq.
January 16	U.S. begins military action against Iraq.
February 1	Discount rate cut from 6-1/2 percent to 6 percent.
	Prime rate reduced from 9-1/2 percent to 9 percent.
	Carter Hawley Hale files for bankruptcy protection.
February 26	Iraqi troops withdraw from Kuwait.
February 27	President Bush orders a cease fire in the war against Iraq.
April 1	Federal minimum wage raised from $3.80 to $4.25.
April 23	Lockheed-Georgia awarded F-22 Air Force contract.
April 30	Discount rate cut from 6 percent to 5-1/2 percent.

CHRONOLOGY--Continued

1991--Continued

May 1	Prime rate reduced from 9 percent to 8-1/2 percent.
June 28	Sierra Madre earthquake in Los Angeles County.
July 15	Chemical Banking and Manufacturers Hanover agree to merge.
August 12	BankAmerica agrees to acquire Security Pacific, surpassing the Chemical/Manufacturers Hanover merger as the largest in the banking industry.
September 13	Discount rate cut from 5-1/2 percent to 5 percent, the lowest level since February 1973. Most major banks reduce prime rate from 8-1/2 percent to 8 percent.
October 20	Oakland Hills fire.
November 6	Discount rate cut from 5 percent to 4-1/2 percent. Prime rate cut from 8 percent to 7-1/2 percent.
December 18	GM announces plans to close 21 plants and cut 74,000 jobs by the end of 1995.
December 20	Federal Reserve cuts the discount rate from 4-1/2 percent to 3-1/2 percent. Prime rate reduced from 7-1/2 percent to 6-1/2 percent by many large banks.

1992

January 1	California gasoline and diesel fuel tax increase of one cent per gallon.

1992--Continued

January 27	R.H. Macy files for Chapter 11 bankruptcy protection.
January 31	TWA files for bankruptcy protection.
February 10	Los Angeles floods
April 22	Palm Springs earthquake
April 25-April 26	Ferndale earthquakes
April 29-May 2	Los Angeles riots
June 28	Yucca Valley/Big Bear earthquakes
July 2	Federal Reserve cuts the discount rate cut from 3-1/2 percent to 3 percent, the lowest level since 1963. Prime rate cut from 6-1/2 percent to 6 percent.
August 24-August 26	Hurricane Andrew hits Florida and Louisiana.
August 27	General Motors closes Van Nuys plant, which employed 2,600 workers. The plant was Southern California's last remaining auto factory.
September 2	After a record 64 days without a state budget, Governor Wilson signs the 1992-93 state budget bill.
September 11	Hurricane Iniki hits the Hawaiian island of Kauai.

CHRONOLOGY--Continued

1993

January 1	California gasoline and diesel fuel tax increase of one cent per gallon.
February 17	President Clinton announces economic plan, which cuts defense spending by $188 billion from 1994 - 1998.
February 26	Bomb blast at the New York's World Trade Center
March 11	Seven California bases are included in the Department of Defenses announcement to close 31 major bases.
Summer	Great Flood of '93, from Minnesota to Missouri, caused an estimated $12 billion in damage and covered over 10 million acres. Clinton declared more than 200 counties federal disaster areas, including all 99 counties in Iowa.
August 11	President Clinton signed into law his economic program that calls for spending curbs and higher taxes to reduce projected federal budget deficit by $496 billion over a five-year period.
Fall	Thirteen wild fires raged Southern California, some attributed to arson. Five counties were declared disaster areas.
November 19	The North American Free Trade Agreement (NAFTA) is passed. Businesses anticipate expanded opportunities south of the border and increased jobs in the U.S.
December 10	Japan and the U.S. agreed on a plan to open Japan's markets to rice import.

1994

January 17	A destructive earthquake registering 6.8 on the Richter scale, centered in Northridge, struck Southern California at 4:31 a.m.
February 4	Federal funds rate raised from 3.0 percent to 3.25 percent, the first increase in five years.
March 22	Federal funds rate raised from 3.25 percent to 3.50 percent.
March 21-April 4	Stock market selloff reduces Dow Jones Industrials by 9.7 percent from January peak. Treasury 30-year bond yields 7.42 percent, up from 5.79 percent in October. Fixed rate mortgages exceed 8 1/2 percent, compared to 6.8 percent in October, 1993.
April 18	Federal funds rate raised from 3.50 percent to 3.75 percent.
May 17	Federal funds rate raised from 3.75 percent to 4.25 percent.
August 16	Federal funds rate raised from 4.25 percent to 4.75 percent.
November 15	Federal funds rate raised from 4.75 percent to 5.5 percent.
December 2	Congress approved the General Agreement on Tariffs and Trade (GATT). The GATT accord cuts tariffs globally by roughly 40%, extends intellectual-property rights and tightens rules on investment and trade in services.

1994-Continued

December 7	A leveraged investment strategy led to huge losses for an Orange County, California, investment fund. The County filed for bankruptcy protection, the largest such municipal filing ever.

1995

January	U.S. trade deficit soared by 68 percent to $12.2 billion.
January 31	The Clinton Administration announced a program of loans and currency swaps to prop up the Mexican peso. The plan will utilize existing authority and will involve several international agencies. The peso has been devalued by more than 40 percent against the U.S. dollar since early December.
January-March	California was battered by its worst series of storms since 1986. Severe floods forced the evacuation of thousands of residents and caused an estimated $2 billion of damage making it the costliest winter storm in the history of the State.
February 12	Federal funds rate raised from 5.5 percent to 6 percent.
February 24	Dow Jones Industrial average topped the 4000 mark.
March 10	McDonnell Douglas won a $910 million order for at least 30 Apache attack helicopters from the Royal Netherlands Air Force.

1995--Continued

March 13	China and the U.S. reached agreements that should further open Chinese markets to U.S. agricultural production. China also agreed to lift suspension of a 1992 market-access accord and open discussions on allowing U.S telecommunications and insurance services into the country.
March 15	Boeing won a $1.17 billion order for its 737-600 airliners from Scandinavian Airlines.
March-April	Dollar hits post WW II lows against the yen and mark.
April 19	Bomb blast at an Oklahoma City federal building.
April 30	President Clinton announced a cutoff of all trade by U.S. companies with Iran.
May 22	NASA intends to cut 28,860 jobs and consolidate space-shuttle activities under a single contractor within the next five years.
May 24	Boeing plans to cut 5,000 more jobs this year than previously projected, bringing the total to 12,000 by year-end.
June 5	Boeing won at least two-thirds of a $6 billion commercial-jetliner order from Saudi Arabian carrier Saudia, with the remainder going to McDonnel Douglas Corporation.
July 6	Federal funds rate reduced from 6 percent to 5.75 percent.

CHRONOLOGY--Continued

1995--Continued

October	Florida's panhandle was hit hard by Hurricane Opal.
	Boeing Co. union machinists strike.
November 14-November 19	Budget impasse caused partial federal government shutdown and furlough of non-essential federal employees.
November 15	Boeing won a $12.7 billion order from Singapore Airlines.
November 20	Dow Jones Industrial average topped the 5000 mark.
December 4	President Clinton authorized a vanguard of U.S. troops to move into Bosnia. The advance troops will set up headquarters in preparation for thousands more U.S. soldiers to follow.
	Strikers at Caterpillar rejected a proposed six-year contract, but the United Auto Workers union called an end to the 17-month walkout anyway.
December 19	Federal funds rate reduced from 5.75 percent to 5.50 percent.

1996

December 18-January 7	The federal government shut down partially again as budget talks stalled.
January 3	AT&T will eliminate at least 40,000 jobs over the next three years as part of its plan to split into 3 companies.
January 8-10	Blizzard paralyzed the East Coast.

1996—Continued

January 25	Wells Fargo & Co. will merge with First Interstate Bancorp.
January 31	Federal funds rate reduced from 5.50 percent to 5.25 percent.
February 8	President Clinton signed a landmark telecommunications bill into law.
February 9	Boeing Co. intends to fill 7,000 new jobs by early 1997 in its rebounding commercial-jet division.
March-June	Gasoline retail prices in California increased by 28 percent--sharply higher than the sizable nationwide increase of about 12 percent.
March 6-March 22	United Auto Workers strike at General Motors Corp.'s brake-parts plants in Dayton Ohio.
April 1	Pacific Telesis, parent of Pacific Telephone, agreed to be acquired by San Antonio based SBC (formerly Southwestern Bell).
April 23	Bell Atlantic and Nynex agreed to merge.
May 14	The California Public Employees Retirement System reached the $100 billion mark.
June 5	Packard Bell and NEC will merge their personal computer operations creating one of the largest PC makers in the world
July 3	Lockheed Martin won the $1 billion federal contract to build a prototype for a next-generation space shuttle.

1996—Continued

July 12	Hurricane Bertha hits the North Carolina coast.
July 29	First Nationwide Bank will acquire Cal Fed Bancorp Inc. creating the nation's fourth largest savings and loan association.
July 30	Standard & Poor's raised California's credit rating to an A+ from an A.
August 1	Rockwell International Corp. agreed to sell most of its aerospace and defense businesses to Boeing Co.
	Aerojet landed a $30 million contract that gives it a role in developing the nation's next-generation space shuttle.
August 5	PacificCare Health Systems Inc. will buy competitor FHP International Corp. making it the second largest managed care organization in California.
August 10	A massive disruption in a sprawling power system triggered a widespread electricity outage affecting millions of people in parts of at least nine Western states.
September 5	Hurricane Fran hits Carolina coast.
October 1	Federal minimum wage raised from $4.25 to $4.75.
October 14	Dow Jones Industrial average topped the 6000 mark.

1996—Continued

December 13	Countries representing most of the world's high-technology trade agreed to abolish tariffs on computers, software and related goods.
December 16	Boeing Co. agreed to acquire McDonnell Douglas Corp.
December 23	Apple Computer Inc. will buy Next Software for $400 million.

1997

Winter	Rivers in the West overflowed as rain and melting snow brought flooding in the Northwestern states, California and Nevada.
	The flooding has cost California's agricultural industry $155 million so far, according to state officials.
January 13	Faced with unprecedented demand for new phone lines for Internet surfers and home offices, Pacific Bell will hire more than 2,500 employees in California.
January 14	Kaiser is consolidating its Northern and Southern California operations into a single division in a move to streamline operations and cut costs.
January 15	Mexico announced that it will repay U.S. loan three years ahead of schedule.
January 16	General Motor's Hughes Electronics will be acquired by Raytheon Corp.

CHRONOLOGY--Continued

1997—Continued

January 20	Banc One Corporation agreed to buy First USA Inc. making it the nation's third largest credit card company.
January 29	U.S. Treasury issues the first $7 billion in 10-year inflation-indexed notes.
February 5	Morgan Stanley and Dean Witter, Discover have agreed to merge.
February 13	Dow Jones Industrial average topped the 7000 mark.
February 19	U.S. trade deficit hits 8-year high.
February 26	3Com Corporation will buy U.S. Robotics.
March 1	California's minimum wage raised from $4.75 to $5.00.
March 7	Federal 10 percent tax on airline tickets was reimposed.
March 20	U.S. Bancorp agreed to be acquired by First Bank System.
March 25	Federal funds rate raised from 5.25 percent to 5.50 percent.
April	The nation's unemployment rate falls to a 24-year low.
April 1	SBC's plan to acquire Pacific Telesis was approved by California regulators.

1997—Continued

April 30	First quarter GDP grew at a robust 5.6 percent fueled by a big inventory buildup, warm weather and the biggest rise in consumer spending in ten years.
	Boeing won an order from Russia's Aeroflot, its first big push into one of the world's untapped markets.
May 28	Shortages have pushed coffee prices to a 20-year high.
July 1	China regained sovereignty over Hong Kong.
July 4	Lockheed Martin agreed to buy Northrop Grumman.
July 7	British Telecom's planned acquisition of MCI was approved by the U.S. Justice Department.
July 16	Dow Jones Industrial average topped the 8000 mark.
August 4	The European Commission formally cleared the merger of Boeing and McDonnell Douglas.
August 4-18	Teamsters union strike against United Parcel Service.
September 1	California's minimum wage raised from $5.00 to $5.15.
September 5	Major airlines raised ticket prices by five percent nearly across-the-board.

1997—Continued

September 18	Coopers & Lybrand agreed to merge with Price Waterhouse.
September 24	Travelers Group agreed to buy Salomon Brothers.
October 17	Ernst & Young agreed to merge with KPMG Peat Marwick.
October 27	The Dow Jones Industrial average posted its worst one-day point loss ever. The relentless selling drove the industrial average down 554.26 points, or 7.18 percent.
November 21	Yamaichi Securities, Japan's no. 4 securities firm will shut down, it's largest corporate failure since WWII.
December 3	South Korea agreed to a broad dismantling of its interlocked financial and industrial system as the price for a record $55+ billion IMF bailout.
November - December	Asia's crashing currencies are rapidly destroying the financial health of the regions. The Indonesian rupiah and Korean won have lost more than half their value against the U. S. dollar this year.
December 19	California's jobless figure fell sharply to 5.8 percent in November, the lowest in over seven years.

1998

January 5	Bond prices surged sending the 30-year Treasury to a record low yield of 5.73 percent, while comparable government-bond yields reached their lowest levels since the 1960s.
January 26	Compaq agreed to acquire Digital Equipment Corporation.
February 2	Standard and Poor's stock index passed the 1000 milestone for the first time.
February 27	Fourth quarter 1997 GDP growth rate revised to 3.9 percent, down from an initial estimate of 4.3 percent.
March 1	California's minimum wage raised from $5.15 to $5.75.
Winter	El Nino-fueled storms caused widespread flooding and landslides in California. Thirty-five counties declared federal disaster areas. The State's agriculture industry estimates a flood-related loss of $57.4 million so far.
March 17	Washington Mutual and H.F. Ahmanson & Co. agreed to merge.
March 18	The NASD and AMEX boards agreed to join the two securities market.
March 19	The U.S. trade deficit for January widened to its worst level in six years.

CHRONOLOGY--Continued

	1998—Continued
March 20	Boeing plans to reduce approximately 6,200 jobs in California by the year 2000.
March 24	Xerox Corp. plans to cut 10,000 jobs worldwide or 11 percent of its workforce.
March 30	OPEC agreed to cut crude-oil production by 1.25 million barrels a day.
April 6	Citicorp and Travelers Group agreed to merge.
	Dow Jones Industrial average topped the 9000 mark.
April 8	Tornadoes swept the South causing death and significant property damage.
April 13	NationsBank formally announced its merger with BankAmerica while BancOne confirmed its planned combination with First Chicago.
April 14	Intel announced that it will eliminate up to 3,000 jobs over the next six months.
April 22	National Semiconductor plans to cut its worldwide workforce by 10 percent, or about 1,400 people.
May 6	Daimler Benz and Chrysler Corporation agreed to merge.
	Compaq plans to eliminate 15,000 jobs following its purchase of Digital Equipment
May 11	SBC formally announced plans to acquire Ameritech
June 4	Motorola plans to layoff 10 percent of its workforce, or about 15,000 workers.

	1998—Continued
June 5-July 28	United Auto Workers strike at General Motors.
June 8	Wells Fargo & Co. and Norwest agreed to merge.
June 9	The Philadelphia Stock Exchange agreed to join AMEX and NASD.
June 12	California's unemployment rate fell in May to its lowest level in nearly 8 years.
June 18	Texas Instruments plans to eliminate 3,500 jobs worldwide, about 8 percent of its payroll.
June 24	AT&T announced its plan to acquire cable giant TCI.
	OPEC agreed to cut crude-oil production by 1.4 million barrels per day.
June 25	Rockwell International Corporation will cut 9 percent of its workforce, or 3,800 jobs.
June 26	El Niño damage to California's agricultural industry soars to $422 million.
	Lockheed announced its plan to lay off 2,500 workers at Sunnyvale, California.
June	Japan officially declares a recession.
June 29	Chinese and U.S. companies signed $1.1 billion in new business deals, including China's agreement of intent to purchase 27 Boeing Co. jetliners.
July 10	IMF agreed to provide Russia with an assistance package worth $14 billion.

CHRONOLOGY--Continued

	1998—Continued
July 16	Lockheed Martin called off its proposed merger with Northrop Grumman.
	The Nasdaq composite edged over 2,000 for the first time.
August 13:	Boeing to transfer selected 737 assembly processes to Long Beach, California.
August 14:	California agriculture flourished in 1997, breaking records in both production and income
	NationsBank and BankAmerica merger gets federal approval.
August 17:	Golden State Bancorp and California Federal Bank agreed to merge.
August 31:	The Dow Jones Industrial average fell 512.61 points wiping out what remained of the year's gains. The Nasdaq Composite fell 140.43, its worst point drop ever.
Sept. 2:	Northwest Airlines issued layoff notices to 27,500 employees, or 55 percent of its workforce.
Sept. 15:	Rockwell International Corp. to eliminate around 900 jobs.
Sept. 17:	Citigroup expects to eliminate about 8,000 jobs by year end, or 5 percent of its workforce.
Sept. 21:	Russia devalues currency and restricts international transactions including debt repayments.
	Financial firms have lost more than $8 billion so far in the fallout from Russia's financial collapse.
	1998—Continued
Sept. 23:	Citicorp and Travelers merger gets federal approval.
Sept. 29:	Federal funds rate reduced from 5.50 percent to 5.25 percent. Dow Jones Industrial average fell 237.90 points the next day.
October 2:	California's credit rating was upgraded by Moody's Investors Service
	Hewlett-Packard Co. will eliminate 2,500 jobs or 2 percent of its workforce.
October 6:	Washington Mutual Inc. will close 161 branches in California as a result of its Home Savings of America acquisition.
October 7:	Raytheon Co. to cut workforce by 14,000.
October 8:	Packard Bell NEC to cut U.S. workforce by 20 percent.
October 12:	Merrill Lynch will cut work force by 3,400 or 5 percent.
October 15:	Federal funds rate reduced from 5.25 to 5.00 percent. Discount rate reduced from 5.00 to 4.75 percent. The Dow Jones Industrial average rose to more than 330 points and led to rallies in European, Asian and Latin American stock markets. Canada and Argentina followed with rate cuts of their own.

REFERENCE DATES OF UNITED STATES BUSINESS CYCLES, 1854-1991

Initial Trough		Peak		Terminal Trough		Expansion (months)	Contraction (months)	Total (months)
Dec.	1854	June	1857	Dec	1858	30	18	48
Dec.	1858	Oct.	1860	June	1861	22	8	30
June	1861	April	1865	Dec.	1867	46	32	78
Dec.	1867	June	1869	Dec.	1870	18	18	36
Dec.	1870	Oct.	1873	March	1879	34	65	99
March	1879	March	1882	May	1885	36	38	74
May	1885	March	1887	April	1888	22	13	35
April	1888	July	1890	May	1891	27	10	37
May	1891	Jan.	1893	June	1894	20	17	37
June	1894	Dec.	1895	June	1897	18	18	36
June	1897	June	1899	Dec.	1900	24	18	42
Dec.	1900	Sept.	1902	Aug.	1904	21	23	44
Aug.	1904	May	1907	June	1908	33	13	46
June	1908	Jan.	1910	Jan.	1912	19	24	43
Jan.	1912	Jan.	1913	Dec.	1914	12	23	35
Dec.	1914	Aug.	1918	March	1919	44	7	51
March	1919	Jan.	1920	July	1921	10	18	28
July	1921	May	1923	July	1924	22	14	36
July	1924	Oct.	1926	Nov.	1927	27	13	40
Nov.	1927	Aug.	1929	March	1933	21	43	64
March	1933	May	1937	June	1938	50	13	63
June	1938	Feb.	1945	Oct.	1945	80	8	88
Oct.	1945	Nov.	1948	Oct.	1949	37	11	48
Oct.	1949	July	1953	May	1954	45	10	55
May	1954	Aug.	1957	April	1958	39	8	47
April	1958	April	1960	Feb.	1961	24	10	34
Feb.	1961	Dec.	1969	Nov.	1970	106	11	117
Nov.	1970	Nov.	1973	March	1975	36	16	52
March	1975	Jan.	1980	July	1980	58	6	64
July	1980	July	1981	Nov.	1982	12	16	28
Nov.	1982	July	1990	March	1991	92	8	100