



CALIFORNIA Economic Indicators

November-December 2009

Better Employment News

Industry employment grows in October for the first time in a year and a half.

REVIEW OF RECENT ECONOMIC DEVELOPMENTS

Despite an uptick in California's unemployment rate, October's labor market news was encouraging. Private nonfarm payroll employment increased for the first time in about a year and a half and the gains were relatively broad-based. In the same vein, there were more indications that California's real estate and construction industries may have bottomed out.

EMPLOYMENT

Private sector job gains at last

California gained 25,700 nonfarm jobs in October 2009. This was the first month-over-month increase after 17 consecutive monthly losses.

The good news, though, came with a caveat: more than half of October's estimated job gains came in government, where earlier school year starts and budget-related layoffs have made estimates of educational employment and, in turn, government and total nonfarm payroll employment, more volatile in recent months. October's gain in government employment, 13,400, was preceded by a 41,900 loss in September, for instance. Thus, some of those government job gains could be revised away in the report on labor market conditions in November, which will be released on December 18.

The best employment news came from the private sector where jobs increased by 12,300 across five of the ten major industry sectors. Job gains were notably more widespread than in previous months. Only three industries added jobs in September, two in August, one in July, and none in May and June. In October, professional and business services added 12,900 jobs; educational and health services, 12,900; leisure and hospitality, 4,600; financial activities, 2,600; and information, 2,200.

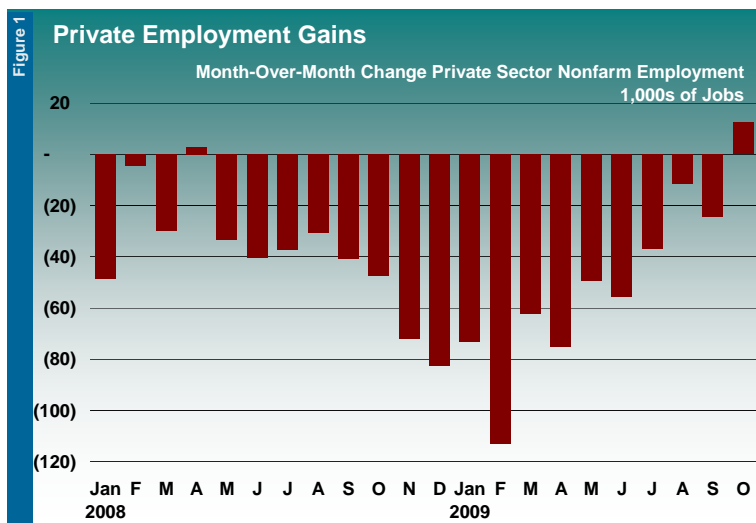
Manufacturing lost 8,300 jobs; trade, transportation, and utilities, 7,800; other services, 4,100; construction, 2,500; and natural resources and mining, 200.

On a year-over-year basis, nonfarm payroll employment fell by 687,700 from October 2008. Employment was up only in the educational and health services sector—by 23,500.

Over the year, employment fell by 160,900 in trade, transportation, and utilities; 136,500 in construction; 124,400 in manufacturing; 106,900 in professional and business services; 49,900 in leisure and hospitality; 43,500 in

INSIDE

- Economic Forecast Update 3
- Economic Indicator Tables. 6
- Economic Indicator Charts. 10
- Business Cycle Date 16
- Chronology. 17



Private sector employment grew in October for the first time since April 2008.

government; 35,100 in financial activities; 31,800 in information; 20,100 in other services; and 2,100 in natural resources and mining.

Since the national recession began in December 2007, California has lost 990,300 industry jobs.

Unemployment rate ticks up

Despite the nonfarm employment gain, the state's unemployment rate—which is estimated from a different and much smaller survey—inched up to 12.5 percent in October. The number of people unemployed in October was 2,293,041—up 36,000 over the month, and up 807,700 compared with October of last year.

BUILDING ACTIVITY

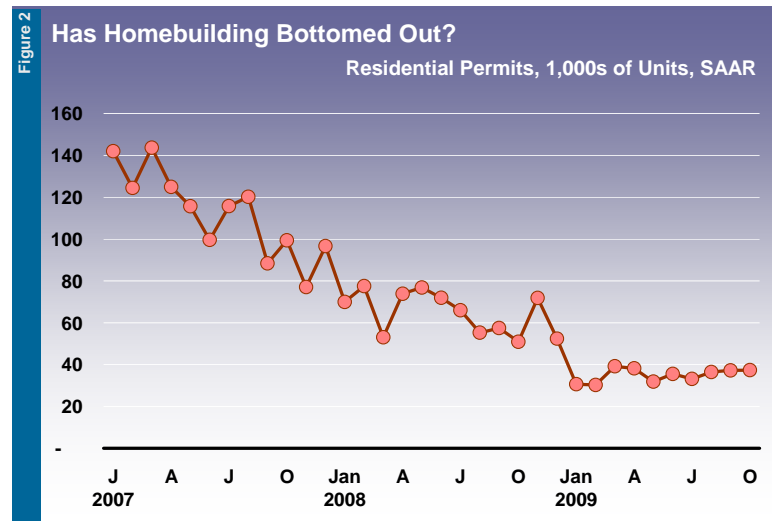
Homebuilding trending up

New home construction has been on a modest upward trend since May of this year. In October, residential permits were issued at a seasonally adjusted annual rate of 37,368 units, a slight increase from September and up over 17 percent from May.

Unfortunately, this construction pace was still down over 26 percent from a year earlier. Over the year, single-family permits were down almost 10 percent, while multi-family permitting was down 51 percent. New home permitting during the first 10 months of 2009 was down 46 percent from the same months of 2008.

Has nonresidential reached bottom?

Nonresidential construction also picked up slightly in October and may have at least bottomed out. Nonresidential construction permitting was down 35.3 percent from October 2008 but has been fairly stable since May of this year. For the first 10 months of 2009 as a whole, nonresidential permitting was down 46 percent from the same months of 2008.



The pace of homebuilding may have bottomed out but is still very weak.

REAL ESTATE

Real estate improves

Real estate signs continued to improve in October with accelerating sales and rising prices. Sales of existing, single-family detached homes totaled 562,400 units at a seasonally adjusted annualized rate in October—a 6-percent jump from September.

The median price of existing, single-family homes sold in October was \$297,500, a small gain from September and down only 3 percent from a year earlier. The unsold inventory index slipped down to 4 months. The median number of days needed to sell a home, though, rose to 34.1 days. In October 2008, the number of days to sell was 45.5.

ECONOMIC FORECAST UPDATE

The following is from the Governor's 2010-11 Budget. The forecasts were prepared in November 2009 and are based on information available at that time.

The nation and California entered 2009 at the peak of what would become the worst recession since the Great Depression. Monthly job losses were high and increasing, unemployment was increasing at an alarming rate, and national economic output was plummeting. Credit was scarce and few financial markets were operating normally. Equity markets had stabilized after plunging in October 2008, but would soon slump again. While there are no official quarterly output series for state economies, the variables for which there are California versions were clearly showing that California was not spared in any of this.

Rightly alarmed, policy makers took quick and comprehensive action to address the rapidly declining national economy. Results came quickly. Job losses began to slow in the nation and California in the first quarter of 2009. After plunging in the fourth quarter of 2008 and the first quarter of 2009, national economic output fell only slightly in the second quarter and then increased moderately in the third quarter.

A more serious crisis was averted at great cost, but much more remains to be done. Some economists believe that the recession ended in June 2009. If so, the ranks of the unemployed increased from about 7.5 million to 14.7 million in the nation and from 1.1 million to more than 2.2 million in California during the recession. This must be remedied for prosperity to be restored. It could be a long recovery for the nation and California.

The outlook for the national economy is for modest growth in 2010, moderate growth in 2011 and 2012:

- Real GDP is projected to grow by 2.2 percent in 2010 and 2.9 percent in 2011 and 2012, as compared to falling by 2.5 percent in 2009 and the 2.9-percent average growth rate from 1988 to 2008.
- Nonfarm payroll employment is forecast to fall by 0.9 percent in 2010, and grow by 1.7 percent in 2011 and 2.2 percent in 2012, as compared to a decline of 3.8 percent in 2009 and the 1.4-percent average growth rate from 1988 to 2008.

The outlook for the California economy is modest growth in 2010 followed by moderate growth in 2011 and good growth in 2012:

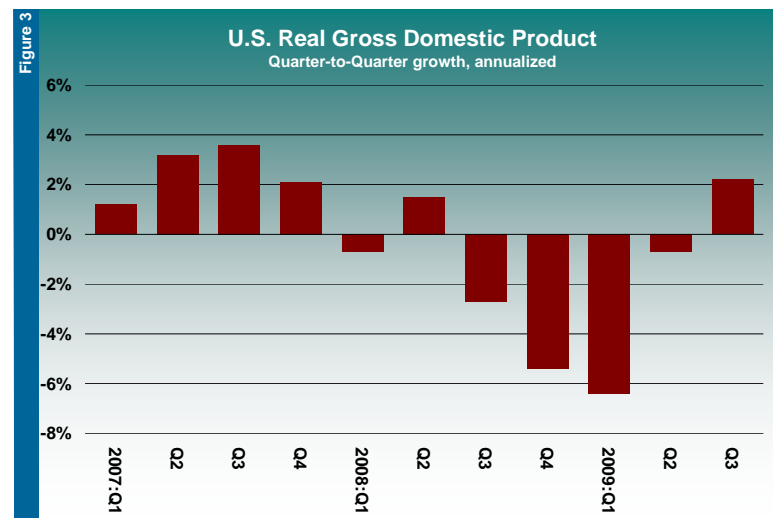
- Personal income is projected to grow 2.4 percent in 2010, 3.6 percent in 2011, and 4.8 percent in 2012, as compared to falling by 2.8 percent in 2009 and the 5.6-percent average growth rate from 1988 to 2008.
- Nonfarm payroll employment is forecast to fall by 0.7 percent in 2010 and grow by 1.3 percent in 2011 and 1.9 percent in 2012, as compared to falling by 5.6 in 2009 and the 1.3-percent average growth rate from 1988 to 2008.

THE NATION - DIGGING OUT OF THE HOLE

Output of the national economy grew by a 2.2-percent annual rate in the third quarter of 2009 (Figure 3). It was the first gain since the second quarter of 2008. In between were consecutive quarters with a cumulative decline of almost 12 percent, the fourth quarter of 2008 and the first quarter of 2009. In the entire series of quarterly real GDP, which begins in the first quarter of 1947, there is only one instance of consecutive quarters with a cumulative decline in real GDP that was greater: the fourth quarter of 1957 and the first quarter of 1958.

What started as a housing sector slump in 2005 and turned into a generalized economic slump in 2008 has become a consumption slump. Consumer expenditures fell sharply in the third and fourth quarters of 2008. Since then, consumer spending has been flat. There will not be much growth in the national economy if the consumer stays on the sideline.

Currently, consumers have plenty of reasons to be cautious—fear of job loss, high debt burdens, eroded home equity, and tight credit. What would best boost consumer spending now is better employment growth. Some modest progress has been made on that front as monthly job losses have been trending downward since February of 2009. November brought a relatively very small loss of 11,000. It should not be long before employment starts to increase.



With consumer spending continuing to be weak, spending on new equipment and software will likely be lackluster. The outlook for spending on new structures is even worse. Retail and office space have been over-built, resulting in high vacancy rates.

Single-family housing is showing some signs of life. Residential construction has trended up in recent months but from very low levels. New home sales have trended up during most of 2009, with perhaps some help from the federal tax credit for first-time homebuyers. The inventory of new homes available for sale is at its lowest level since March 1971. Sales of existing homes are soaring, but a significant number of them are distressed properties.

Manufacturing is growing, but from a low level.

Foreign trade is picking up as a turnaround in Asian economies, spurred by China, and an improving Europe are helping exports, while an improving U.S. economy is pulling in more imports.

CALIFORNIA – PICKING UP THE PIECES

The best news on the California economy is that the state gained 31,100 jobs in October—it was the first gain since April 2008. Monthly job losses have been trending downward since March 2009, so more monthly job gains should be in store. While this is a milestone of sorts, the state has lost nearly 1 million jobs since the recession began (Figure 4).

California personal income fell sharply in the fourth quarter of 2008 and the first quarter of 2009 before falling moderately in the second quarter of 2009 and growing modestly in the third quarter of 2009—the same pattern as the national real GDP. The decline in the first quarter of 2009, 1.5 percent (not annualized), was the second biggest loss in the series, which goes back to the first quarter of 1969.

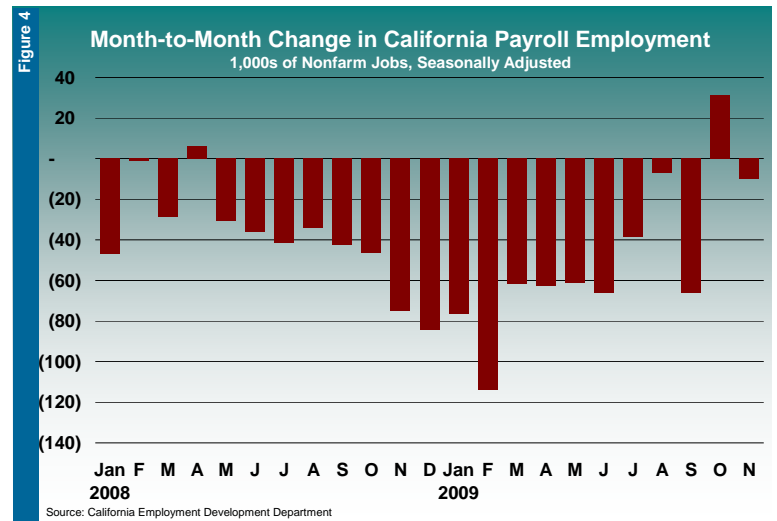
Taxable sales have been very weak in the last two years. In the third quarter of 2009, they were 16.8 percent lower than a year earlier but 0.5 percent higher than in the second quarter of 2009.

Construction was weak in the first ten months of 2009. Residential building permits were issued at a very low level. The value of private nonresidential permits fell 46 percent. Public works construction fell 28 percent.

Existing home sales have stabilized around the half-million-unit rate (seasonally-adjusted and annualized) and the median sales price has risen for eight consecutive months, pushing the median price of these homes close to \$300,000.

THE FORECAST

The California and national economies will enter 2010 having weathered the worst recession since the Great Depression. The destruction was great but unlike last year, the clouds will be clearing (Figure 5).



Selected Economic Data for 2009, 2010, and 2011

United States	2009	2010	2011
	(Est.)	(Projected)	(Projected)
Real gross domestic product (2005 CW* \$, percent change)	(2.5)	2.2	2.9
Personal consumption expenditures	(0.6)	1.5	2.3
Gross private domestic investment	(23.3)	11.9	14.3
Government purchases of goods and services	1.9	1.4	(1.5)
GDP deflator (2005=100, percent change)	1.3	1.2	1.5
GDP (current dollar, percent change)	(1.2)	3.4	4.5
Federal funds rate (percent)	0.2	0.2	1.7
Personal income (percent change)	(2.2)	2.7	4.1
Corporate profits before taxes (percent change)	(2.2)	14.0	11.0
Nonfarm wage and salary employment (millions)	131.9	130.6	132.9
(percent change)	(3.8)	(0.9)	1.7
Unemployment rate (percent)	9.2	10.0	9.4
Housing starts (millions)	0.57	0.85	1.26
(percent change)	(36.2)	48.2	48.2
New car sales (millions)	5.4	6.0	7.5
(percent change)	(20.2)	9.9	25.1
Consumer price index (1982-84=100)	214.5	219.1	223.9
(percent change)	(0.4)	2.1	2.2
California			
Civilian labor force (thousands)	18,531.2	18,638.0	18,886.0
(percent change)	0.8	0.6	1.3
Civilian employment (thousands)	16,382.2	16,396.8	16,764.7
(percent change)	(4.0)	0.1	2.2
Unemployment (thousands)	2,149.1	2,241.2	2,121.3
(percent change)	61.3	4.3	(5.3)
Unemployment rate (percent)	11.6	12.0	11.2
Nonfarm wage and salary employment (thousands)	14,158.2	14,063.1	14,239.5
(percent change)	(5.6)	(0.7)	1.3
Personal income (billions)	1,559.0	1,597.2	1,654.8
(percent change)	(2.8)	2.4	3.6
Housing units authorized (thousands)	36.3	60.8	101.0
(percent change)	(43.8)	67.3	66.1
Corporate profits before taxes (billions)	145.2	163.8	177.2
(percent change)	(12.8)	12.8	8.2
New auto registrations (thousands)	1,116.9	1,292.8	1,357.0
(percent change)	5.3	15.7	5.0
Total taxable sales (billions)	447.4	456.0	496.2
(percent change)	(15.6)	1.9	8.8
Consumer price index (1982-84=100)	224.4	229.9	235.7
(percent change)	(0.2)	2.5	2.6

* CW: Chain Weighted

Note: Percentage changes calculated from unrounded data.

Select Indicators

	2008		2009			Year-Over % Change
	Nov	Aug	Sep	Oct	Nov	
EMPLOYMENT (Seasonally adjusted)						
Civilian employment (000)	16,998	16,143	16,135	16,041	16,067	-5.5%
Unemployment (000)	1,538	2,260	2,257	2,299	2,254	46.5%
Unemployment rate	8.3	12.3	12.3	12.5	12.3	--
Nonagricultural wage and salary employment (000) a/	14,811.8	14,239.7	14,173.3	14,204.4	14,194.2	-4.2%
Goods-producing industries	2,163.6	1,954.6	1,938.5	1,930.6	1,929.6	-10.8%
Mining and logging	28.4	26.6	26.8	26.5	26.6	-6.3%
Construction	734.4	629.2	616.6	615.0	616.2	-16.1%
Manufacturing	1,400.8	1,298.8	1,295.1	1,289.1	1,286.8	-8.1%
Service-providing industries	12,648.2	12,285.1	12,234.8	12,273.8	12,264.6	-3.0%
Trade, transportation, and utilities	2,791.6	2,668.9	2,668.7	2,664.4	2,656.2	-4.9%
Information	480.0	445.5	442.0	443.9	447.7	-6.7%
Financial activities	831.7	799.8	797.3	800.5	799.0	-3.9%
Professional and business services	2,222.2	2,107.4	2,109.7	2,122.2	2,130.2	-4.1%
Educational and health services	1,738.6	1,747.5	1,744.7	1,758.7	1,757.5	1.1%
Leisure and hospitality	1,553.3	1,514.9	1,511.1	1,511.0	1,504.3	-3.2%
Other services	513.9	496.5	498.6	494.5	494.9	-3.7%
Government	2,516.9	2,504.6	2,462.7	2,478.6	2,474.8	-1.7%
Federal government	247.5	250.8	249.0	253.7	250.5	1.2%
State and local government	2,269.4	2,253.8	2,213.7	2,224.9	2,224.3	-2.0%
High-technology industries b/	879.3	844.8	838.7	841.8	840.1	-4.5%
Computer and electronic products manufacturing	299.3	277.3	276.0	274.9	275.3	-8.0%
Aerospace products and parts manufacturing	73.3	70.8	70.0	69.4	68.8	-6.1%
Software publishers	44.0	42.9	42.6	42.7	42.5	-3.4%
Telecommunications	119.1	113.4	113.2	113.0	112.6	-5.5%
Internet service providers, web portals and data processing	19.7	18.5	18.5	18.6	18.5	-6.1%
Computer systems design	206.4	205.3	203.3	207.4	206.2	-0.1%
Scientific research and development	117.5	116.6	115.1	115.8	116.2	-1.1%
HOURS AND EARNINGS IN MANUFACTURING (Not seasonally adjusted)						
Average weekly hours	40.6	39.8	39.5	40.0	40.7	0.2%
Average weekly earnings	\$697.10	\$703.27	\$703.50	\$721.60	\$742.37	6.5%
Average hourly earnings	\$17.17	\$17.67	\$17.81	\$18.04	\$18.24	6.2%
CONSUMER PRICE INDEX (1982-84=100) (Not seasonally adjusted)						
All Urban Consumers Series						
California Average	NA	225.4	NA	226.0	NA	--
San Francisco CMSA	NA	225.8	NA	226.1	NA	--
Los Angeles CMSA	222.2	224.5	225.2	225.3	224.3	0.9%
Urban Wage Earners and Clerical Workers Series						
California Average	NA	217.7	NA	218.5	NA	--
San Francisco CMSA	NA	221.3	NA	221.7	NA	--
Los Angeles CMSA	214.1	216.6	217.3	217.5	216.6	1.2%
CONSTRUCTION						
Private residential housing units authorized (000) c/						
Single units	72	36	38	38	39	-46.0%
Multiple units	24	28	29	29	27	11.6%
Multiple units	48	9	9	10	12	-75.0%
Residential building authorized valuation (millions) d/	\$17,027	\$12,271	\$12,850	\$13,062	\$12,801	-24.8%
Nonresidential building authorized valuation (millions) d/	\$15,283	\$10,077	\$9,397	\$10,594	\$12,395	-18.9%
Nonresidential building authorized valuation (millions) e/	\$1,062	\$896	\$821	\$873	905	-14.8%
Commercial	256	130	112	170	173	-32.3%
Industrial	15	15	49	15	70	375.0%
Other	188	172	161	145	195	3.8%
Alterations and additions	604	580	500	544	466	-22.7%
AUTO SALES (Seasonally adjusted)						
New auto registrations (number)	80,972	95,095	106,003	84,173	NA	--
a/ The wage and salary employment information is based on the new North American Industry Classification System (NAICS).						
b/ Not seasonally adjusted						
c/ Seasonally adjusted at annual rate						
d/ Seasonally adjusted						
e/ Not seasonally adjusted						
NA Not available						

Select Indicators (continued)

OFFICE VACANCY AND INDUSTRIAL AVAILABILITY RATES, THIRD QUARTER 200 ¹									
(Percent)									
		Office Vacancy		Office Vacancy		Office Vacancy		Industrial Availability	
		Downtown		Suburban		Metropolitan			
		3Q09	3Q08	3Q09	3Q08	3Q09	3Q08	3Q09	3Q08
Northern and Central California:									
Oakland		12.5	10.3	17.2	13.0	15.4	11.9	9.8	9.2
Sacramento		16.1	12.6	23.5	16.9	21.9	16.0	14.1	10.8
San Francisco		15.0	10.4	16.9	11.7	15.7	10.9	9.1	7.3
San Jose		21.7	16.7	22.6	14.1	22.5	14.6	17.2	12.3
Southern California:									
Los Angeles Metro		15.6	14.1	15.6	11.0	15.6	11.5	8.0	5.5
Orange County		NA	NA	17.2	15.4	NA	NA	10.7	7.4
San Diego		15.6	15.0	22.7	19.4	21.5	18.7	15.6	11.3
Ventura County		NA	NA	24.3	19.2	NA	NA	NA	NA
National Average		14.0	10.8	18.8	15.6	17.2	14.0	12.9	10.1
SALES OF EXISTING SINGLE-FAMILY HOMES				FOREIGN TRADE THROUGH CALIFORNIA PORTS		DOD PRIME CONTRACTS a/			
		Median Price	Units (SAAR)	Exports (\$ millions)	Imports (\$ millions)	\$ millions		% of U.S.	
2005	Jan	\$484,580	659,410	\$9,405	\$22,776	1993-94	22,573	20.5%	
	Feb	470,920	608,160	9,756	21,738	1994-95	18,277	16.8%	
	Mar	496,550	634,700	11,390	23,735	1995-96	18,230	16.7%	
	Apr	509,630	658,060	10,356	24,337	1996-97	18,477	17.3%	
	May	522,590	618,920	10,882	24,774	1997-98	17,401	15.9%	
	Jun	542,330	656,310	11,108	26,153	1998-99	17,372	15.1%	
	Jul	539,840	647,910	10,828	26,452	1999-00	18,100	14.7%	
	Aug	567,320	632,240	11,166	26,452	2000-01	19,939	14.7%	
	Sep	543,510	650,780	10,825	28,012	2001-02	23,816	15.0%	
	Oct	538,770	621,530	11,371	28,847	2002-03	28,681	15.0%	
	Nov	548,680	579,560	11,194	27,030	2003-04	27,875	13.7%	
	Dec	547,400	531,910	11,709	26,024	2004-05	31,065	13.1%	
						2005-06	32,126	12.5%	
2006	Jan	\$549,460	500,470	\$10,848	\$25,555				
	Feb	534,400	513,740	10,791	23,004				
	Mar	562,130	539,170	13,336	27,722				
	Apr	562,380	516,960	11,991	27,005				
	May	563,860	488,260	12,306	28,090				
	Jun	575,850	483,690	12,664	29,621				
	Jul	567,860	453,980	12,255	29,990				
	Aug	577,300	442,150	12,720	31,550				
	Sep	557,150	444,780	12,567	30,608				
	Oct	552,020	443,320	12,913	32,200				
	Nov	554,500	450,930	12,676	29,747				
	Dec	569,350	452,060	12,756	28,396				
2007	Jan	\$551,220	446,820	\$12,325	\$28,025				
	Feb	554,280	480,170	11,717	26,183				
	Mar	582,930	422,300	13,954	27,815				
	Apr	594,110	357,460	12,360	28,049				
	May	594,530	358,640	13,283	28,734				
	Jun	591,280	357,890	13,864	29,961				
	Jul	587,560	341,130	12,837	30,537				
	Aug	588,670	313,310	13,527	31,206				
	Sep	535,760	255,340	13,375	30,962				
	Oct	517,240	254,650	14,511	33,415				
	Nov	490,511	280,920	13,483	31,767				
	Dec	480,820	294,520	14,313	29,615				
2008	Jan	\$427,200	311,160	\$13,016	\$28,280				
	Feb	418,260	338,970	13,664	27,306				
	Mar	414,640	319,290	14,868	27,996				
	Apr	404,470	362,170	14,308	29,907				
	May	384,540	411,770	15,023	30,640				
	Jun	373,100	427,910	15,800	31,269				
	Jul	355,000	494,390	15,992	33,976				
	Aug	352,730	483,400	15,206	31,892				
	Sep	319,310	519,530	14,545	31,994				
	Oct	307,210	557,050	14,485	32,308				
	Nov	287,880	514,240	12,290	26,322				
	Dec	281,180	548,193	11,397	24,082				
2009	Jan	\$253,330	625,413	\$9,640	\$21,730				
	Feb	247,590	620,410	9,987	16,926				
	Mar	253,040	522,980	11,149	20,895				
	Apr	256,700	540,904	10,590	20,822				
	May	263,666	546,926	10,769	21,678				
	Jun	274,740	512,405	11,214	22,725				
	Jul	285,480	555,290	11,371	23,893				
	Aug	292,960	526,970	11,738	24,327				
	Sep	296,610	530,520	11,684	25,986				
	Oct	297,500	562,400	12,794	27,136				
	Nov	304,520	536,720	NA	NA				
a/ U.S. fiscal year: October through September				NA Not available					

Leading Indicators ^{a/}

		Manufacturing		Unemployment	New	Housing Unit
		Overtime	Average	Insurance	Business	Authorizations
		Hours	Weekly Hours	Claims	Incorporations	(Thousands)
2004	Jan	4.0	40.0	50,075	8,219	204.0
	Feb	3.9	40.2	51,494	8,570	205.1
	Mar	4.2	40.2	49,020	8,395	208.9
	Apr	4.4	39.9	48,825	8,549	202.7
	May	4.4	40.4	46,243	7,950	202.5
	Jun	4.2	39.9	49,741	8,778	209.5
	Jul	4.4	40.1	48,595	8,524	195.9
	Aug	4.2	40.1	47,796	8,404	223.5
	Sep	4.1	39.3	47,378	8,804	210.9
	Oct	4.2	39.7	47,214	8,045	210.4
	Nov	4.4	39.9	47,332	8,980	249.1
	Dec	4.5	39.9	48,167	8,970	226.5
2006	Jan	4.3	40.2	41,313	9,158	190.1
	Feb	4.5	40.3	38,639	8,646	210.0
	Mar	4.4	40.1	42,562	9,641	168.9
	Apr	4.3	40.2	43,140	8,478	180.5
	May	4.4	40.2	42,801	9,323	156.3
	Jun	4.4	40.4	40,845	8,598	200.3
	Jul	4.3	40.4	42,516	8,241	141.0
	Aug	4.1	40.1	42,742	9,203	151.8
	Sep	4.0	40.2	42,140	8,512	151.0
	Oct	4.2	40.5	42,276	8,878	141.6
	Nov	4.1	40.3	42,982	9,107	134.9
	Dec	4.2	40.8	44,850	8,648	141.1
2007	Jan	4.2	40.6	42,403	9,223	142.0
	Feb	3.8	40.2	42,911	8,836	124.4
	Mar	3.9	40.3	43,592	8,773	143.7
	Apr	3.9	40.5	43,087	8,354	124.9
	May	4.0	40.6	45,121	8,552	115.7
	Jun	4.1	40.6	45,550	8,835	99.6
	Jul	4.0	40.9	45,377	8,536	115.7
	Aug	4.0	40.7	45,806	9,512	120.2
	Sep	4.1	40.7	46,637	8,368	88.4
	Oct	4.0	40.6	49,462	8,864	99.4
	Nov	3.9	40.7	48,189	9,393	77.0
	Dec	3.8	40.5	48,637	8,224	96.6
2008	Jan	3.7	40.4	49,652	7,996	69.9
	Feb	3.7	40.7	49,201	8,768	77.5
	Mar	4.0	41.0	50,263	7,670	53.0
	Apr	4.2	41.3	52,052	8,578	73.8
	May	3.8	40.9	52,260	8,108	76.8
	Jun	3.9	40.7	55,022	7,970	71.9
	Jul	3.9	40.9	60,550	7,983	65.9
	Aug	3.8	40.4	62,215	7,123	55.2
	Sep	3.9	40.5	63,228	7,644	57.5
	Oct	3.6	40.6	67,147	7,368	50.9
	Nov	3.3	40.5	71,109	6,279	71.9
	Dec	3.3	40.2	73,868	6,878	52.4
2009	Jan	3.0	40.0	77,424	6,672	30.6
	Feb	3.0	39.5	79,672	7,268	30.3
	Mar	3.0	39.0	80,818	6,649	39.2
	Apr	2.8	38.5	77,237	7,278	38.2
	May	2.9	39.0	75,326	6,403	31.9
	Jun	3.0	39.1	83,034	6,895	35.6
	Jul	2.8	39.4	84,203	7,060	33.2
	Aug	3.2	39.6	80,221	6,277	36.4
	Sep	3.3	39.3	87,253	6,411	37.6
	Oct	3.3	39.9	82,122	NA	38.3
	Nov	3.4	40.6	73,295	NA	38.8

a/ Seasonally adjusted by the California Department of Finance.

NA Not available

Coincident Indicators ^{a/}

		Nonagricultural	Manufacturing	Unemployment	Unemployment
		Employment	Employment	Rate	Avg. Weeks Claimed
		(Thousands)	(Thousands)	(Percent)	(Thousands)
2006	Jan	14,955	1,499	5.1	337
	Feb	14,996	1,500	4.9	336
	Mar	14,998	1,499	4.9	341
	Apr	14,993	1,494	5.0	352
	May	15,044	1,493	4.9	337
	Jun	15,073	1,491	4.9	343
	Jul	15,066	1,486	4.8	343
	Aug	15,103	1,485	4.9	340
	Sep	15,122	1,486	4.8	339
	Oct	15,118	1,486	4.8	342
	Nov	15,124	1,483	4.8	351
	Dec	15,125	1,479	4.9	344
2007	Jan	15,138	1,478	5.0	357
	Feb	15,158	1,475	5.0	359
	Mar	15,183	1,473	5.0	345
	Apr	15,126	1,465	5.2	351
	May	15,155	1,463	5.2	369
	Jun	15,168	1,465	5.3	363
	Jul	15,202	1,469	5.3	373
	Aug	15,195	1,463	5.5	374
	Sep	15,190	1,459	5.6	394
	Oct	15,186	1,458	5.7	401
	Nov	15,191	1,455	5.7	386
	Dec	15,189	1,451	5.9	420
2008	Jan	15,142	1,452	6.1	419
	Feb	15,141	1,445	6.2	408
	Mar	15,112	1,441	6.4	450
	Apr	15,118	1,439	6.6	463
	May	15,087	1,437	6.8	462
	Jun	15,051	1,431	7.1	478
	Jul	15,010	1,429	7.3	492
	Aug	14,976	1,422	7.6	520
	Sep	14,933	1,417	7.8	547
	Oct	14,887	1,411	8.0	562
	Nov	14,812	1,401	8.3	563
	Dec	14,727	1,385	8.7	642
2009	Jan	14,651	1,371	10.1	644
	Feb	14,537	1,354	10.6	686
	Mar	14,475	1,338	11.2	777
	Apr	14,413	1,324	11.1	757
	May	14,352	1,314	11.6	847
	Jun	14,285	1,307	11.6	854
	Jul	14,247	1,302	11.9	826
	Aug	14,240	1,299	12.3	874
	Sep	14,173	1,295	12.3	845
	Oct	14,204	1,289	12.5	788
	Nov	14,194	1,287	12.3	785
		Personal	Wages &		
		Income b/	Salaries b/	Taxable Sales c/	
		(\$ millions)	(\$ millions)	(\$ millions)	
2006	Qtr I	\$1,468,499	\$787,046	\$138,824	
	Qtr II	1,485,396	783,488	139,726	
	Qtr III	1,504,931	793,066	140,019	
	Qtr IV	1,523,414	807,901	141,000	
2007	Qtr I	\$1,546,510	\$823,890	\$143,287	
	Qtr II	1,564,564	830,717	140,605	
	Qtr III	1,577,537	833,548	137,484	
	Qtr IV	1,600,471	848,283	139,987	
2008	Qtr I	\$1,591,691	\$842,347	\$138,076	
	Qtr II	1,613,949	847,457	137,257	
	Qtr III	1,615,235	848,679	133,664	
	Qtr IV	1,595,575	833,650	121,708	
2009	Qtr I	\$1,566,078	\$812,413	\$115,477	
	Qtr II	1,562,649	803,983	110,638	
	Qtr III	1,566,088	804,049	111,204	
a/ Seasonally adjusted.					
b/ Estimates by the U.S. Bureau of Economic Analysis.					
c/ Taxable sales estimates for 2008:Q4, 2009:Q1, Q2, Q3 are preliminary.					

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

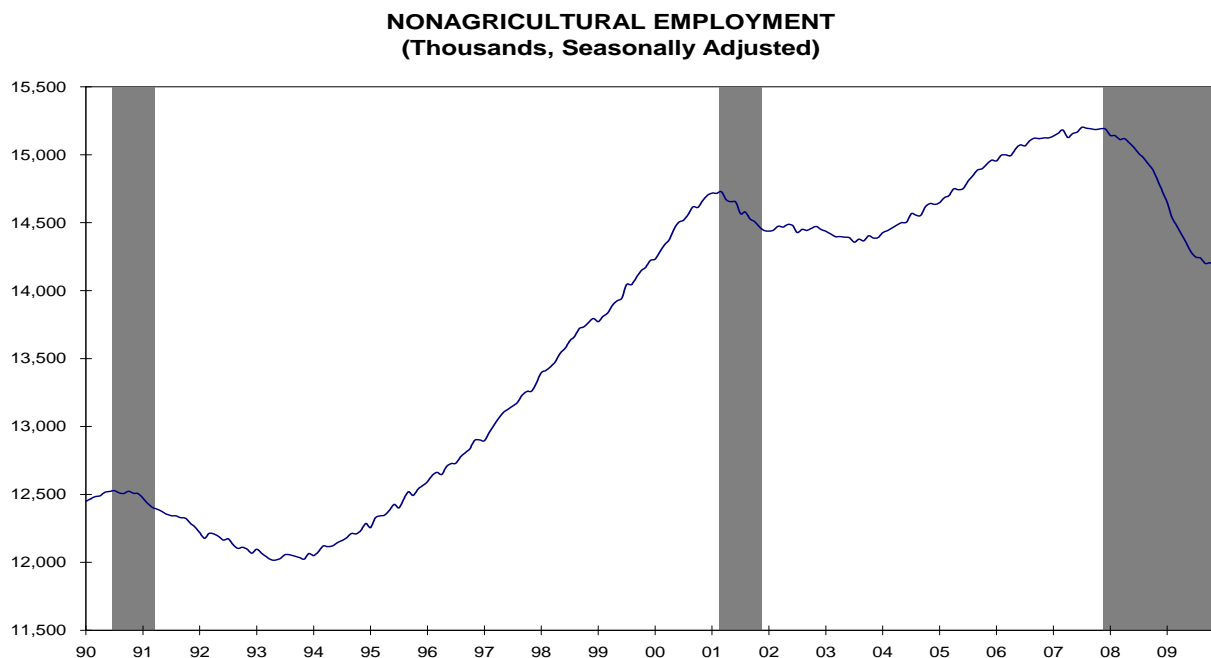
Whenever appropriate, data used in the charts have been seasonally adjusted. The method of seasonal adjustment is the X-12 Arima program. Persons interested in a detailed description of this method are referred to the U.S. Census Bureau's Statistical Research Division.

Under the X-12 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.

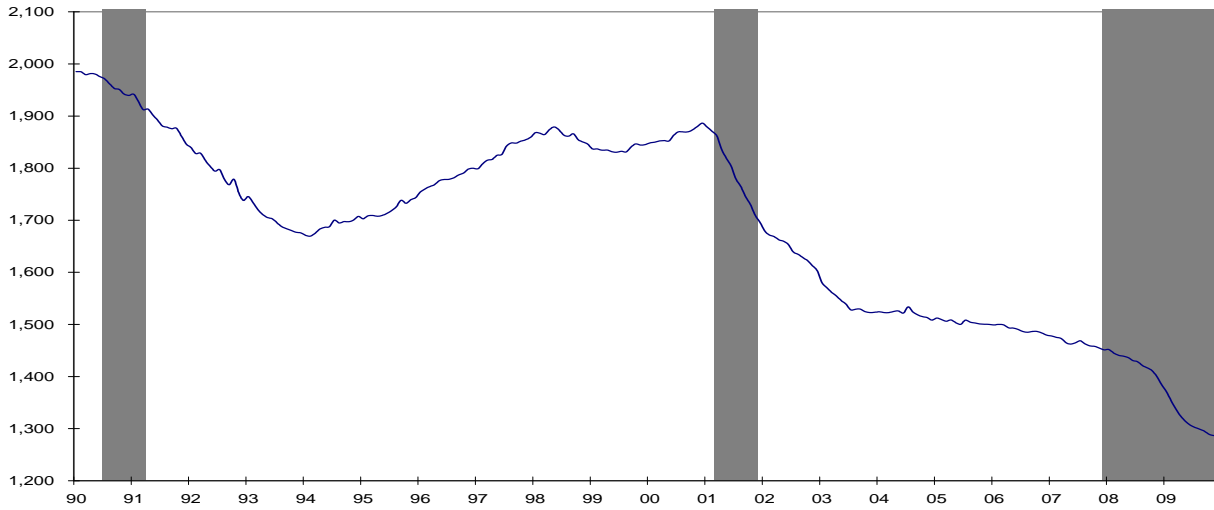
The manufacturing employment series is an addition to the NBER indicator list. It is used here because it appears to show cyclical fluctuations clearly and extends the limited number of series presently available for the State.

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.



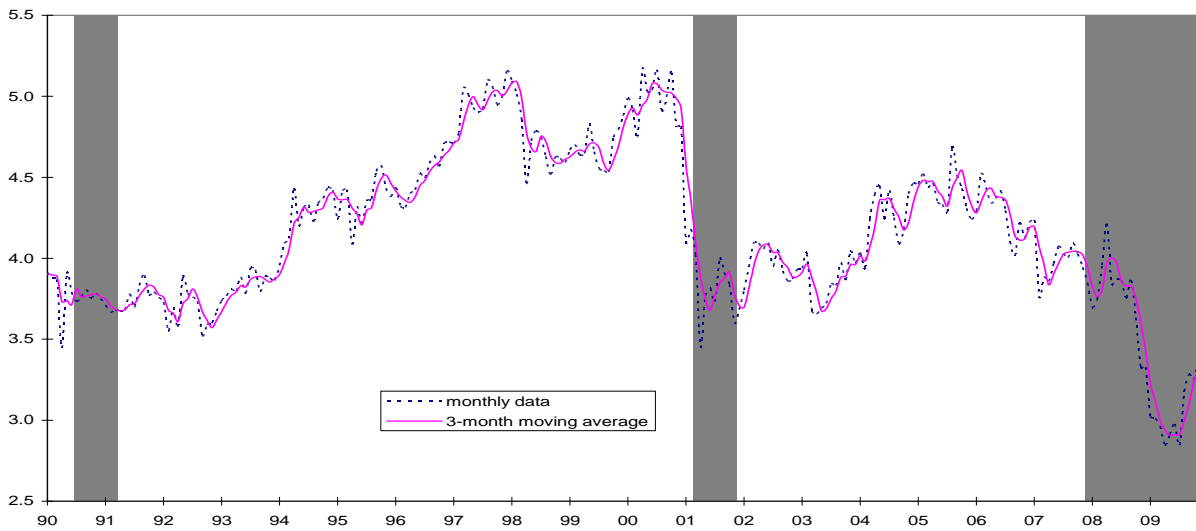
**MANUFACTURING EMPLOYMENT
(Thousands, Seasonally Adjusted)**



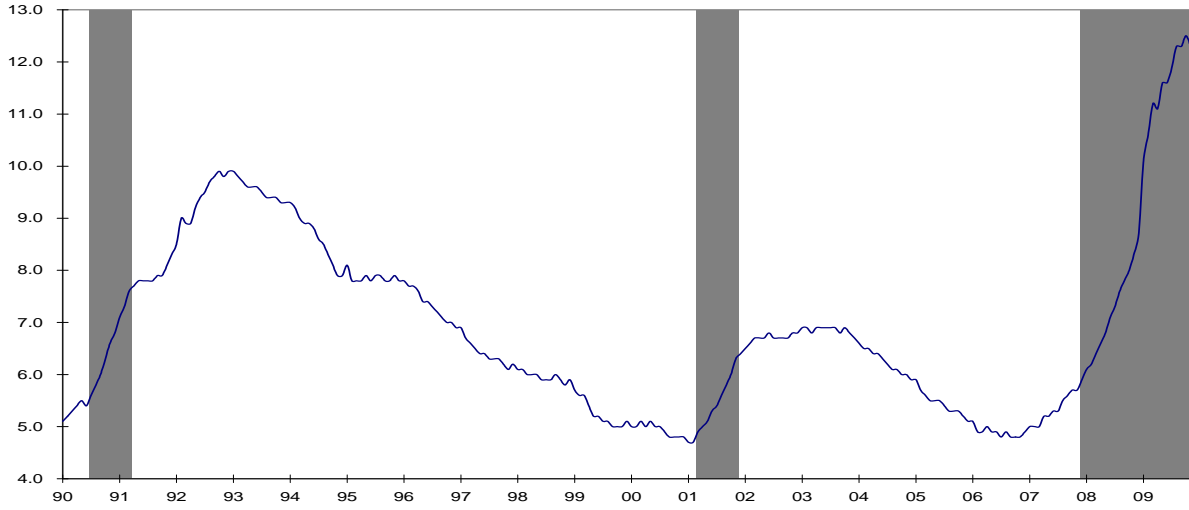
**AVERAGE WEEKLY HOURS, MANUFACTURING
(Seasonally Adjusted)**



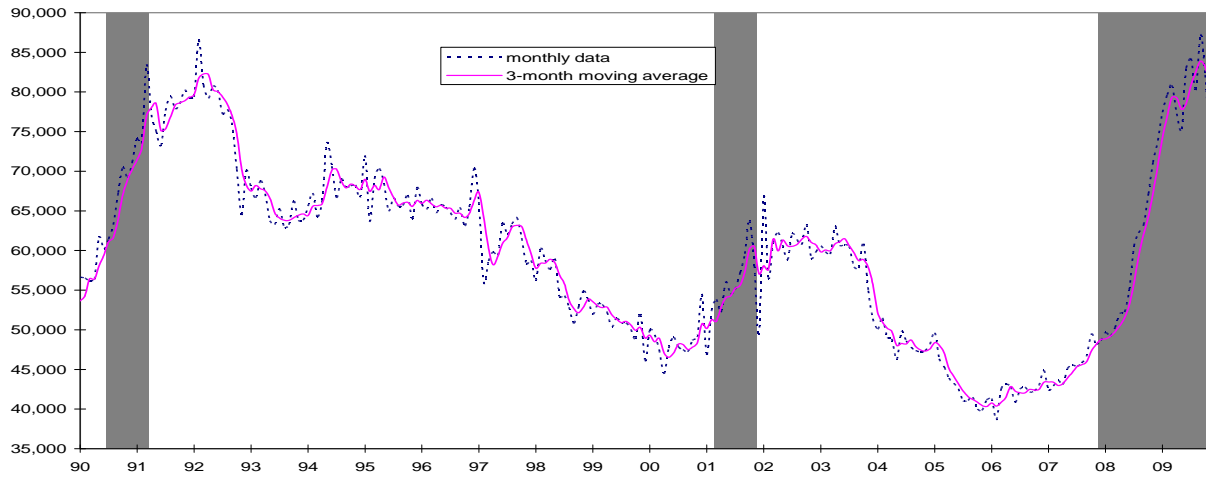
**AVERAGE OVERTIME HOURS, MANUFACTURING
(Seasonally Adjusted)**



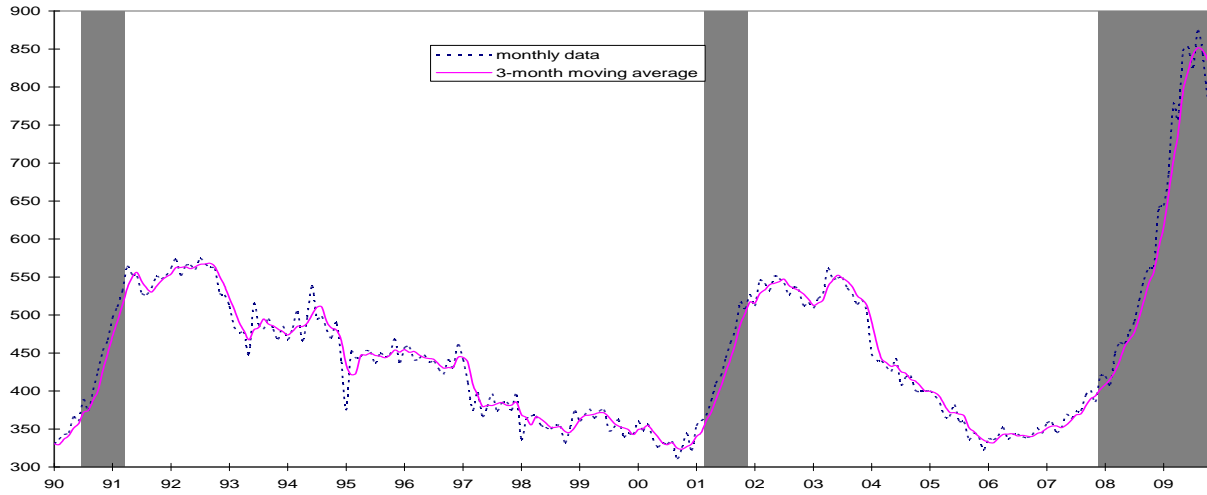
**UNEMPLOYMENT RATE
(Percent)**



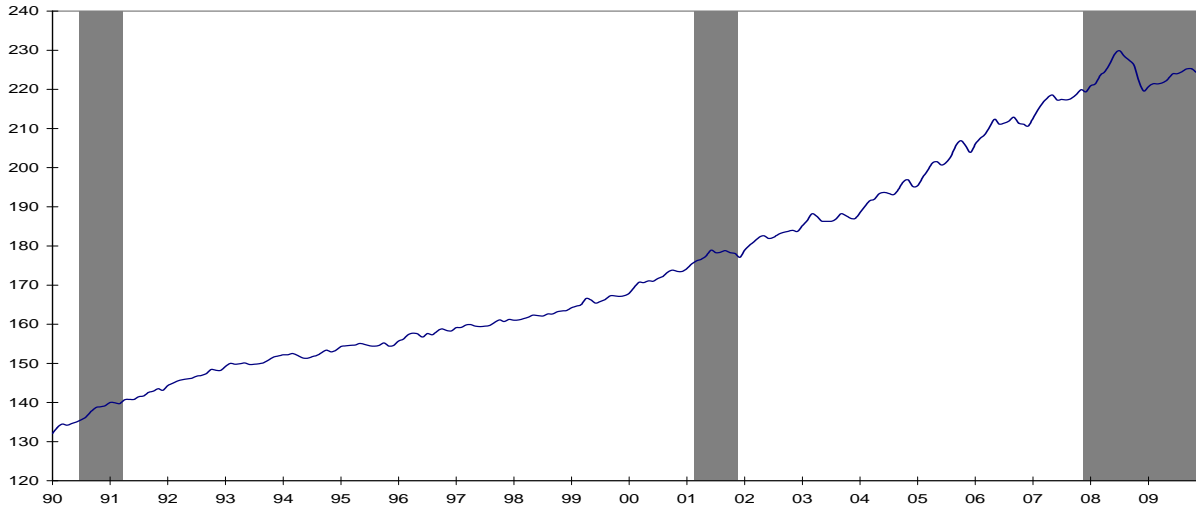
**INITIAL AND TRANSITIONAL CLAIMS FOR UNEMPLOYMENT INSURANCE
(Weekly Average, Seasonally Adjusted)**



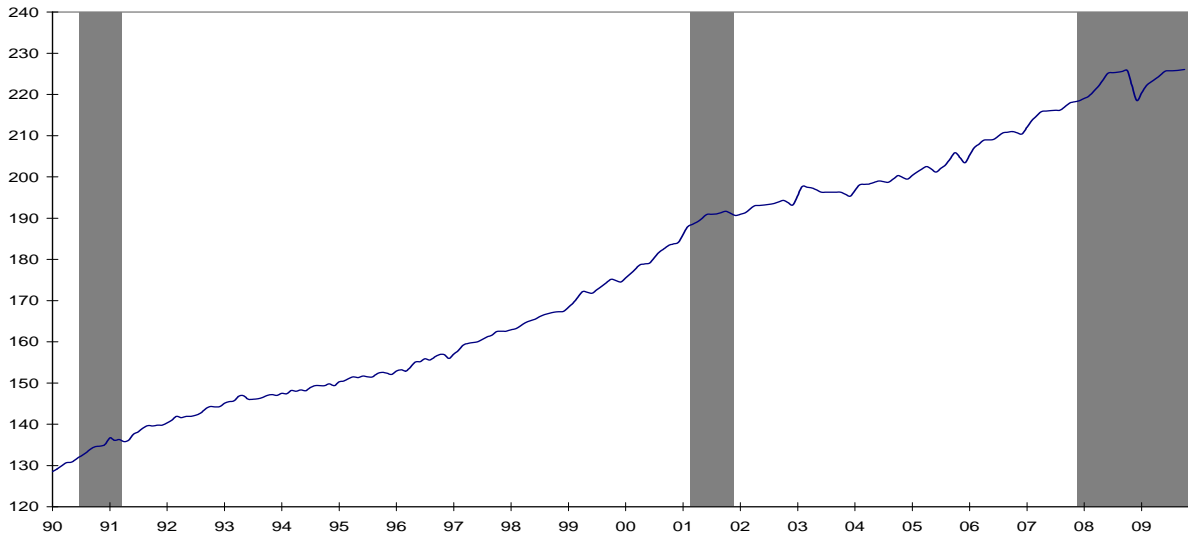
**UNEMPLOYMENT, AVERAGE WEEKS CLAIMED
(Thousands, Seasonally Adjusted)**



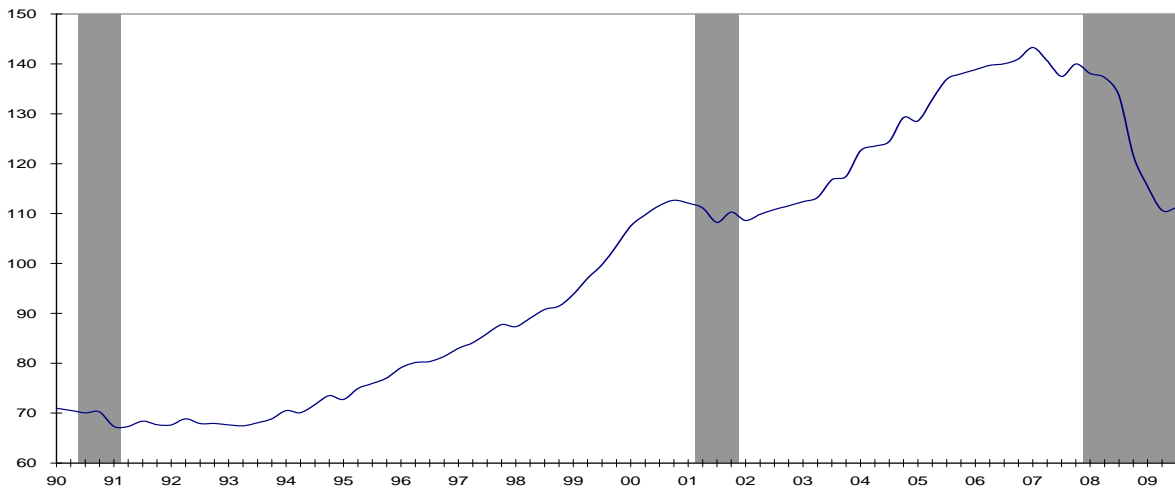
**CONSUMER PRICE INDEX, LOS ANGELES
(1982-84=100)**



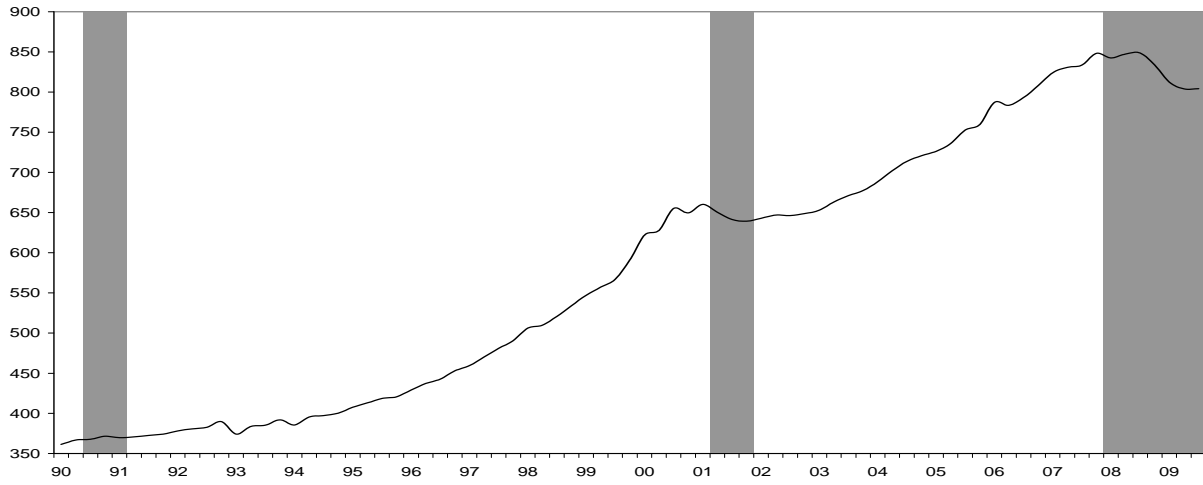
**CONSUMER PRICE INDEX, SAN FRANCISCO
(1982-84=100)**



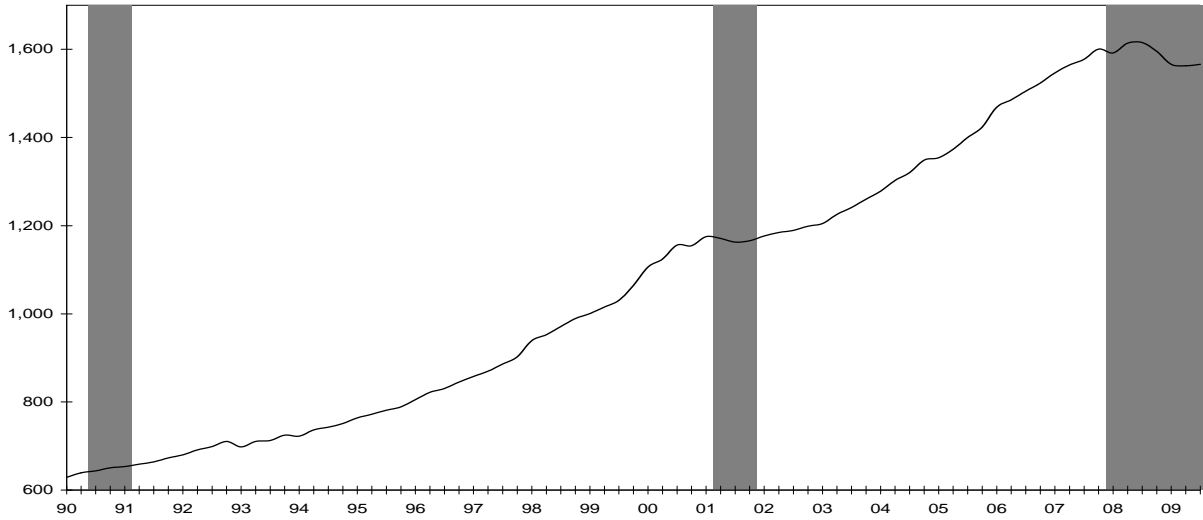
**TAXABLE SALES
(\$ Billions, Seasonally Adjusted)**



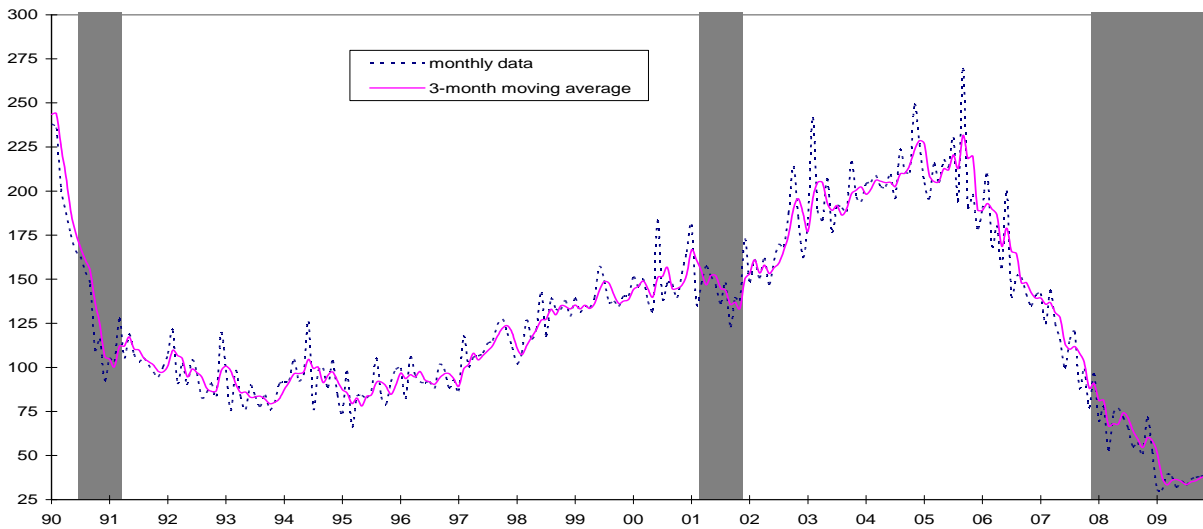
TOTAL WAGES AND SALARIES
(\$ Billions, Seasonally Adjusted)



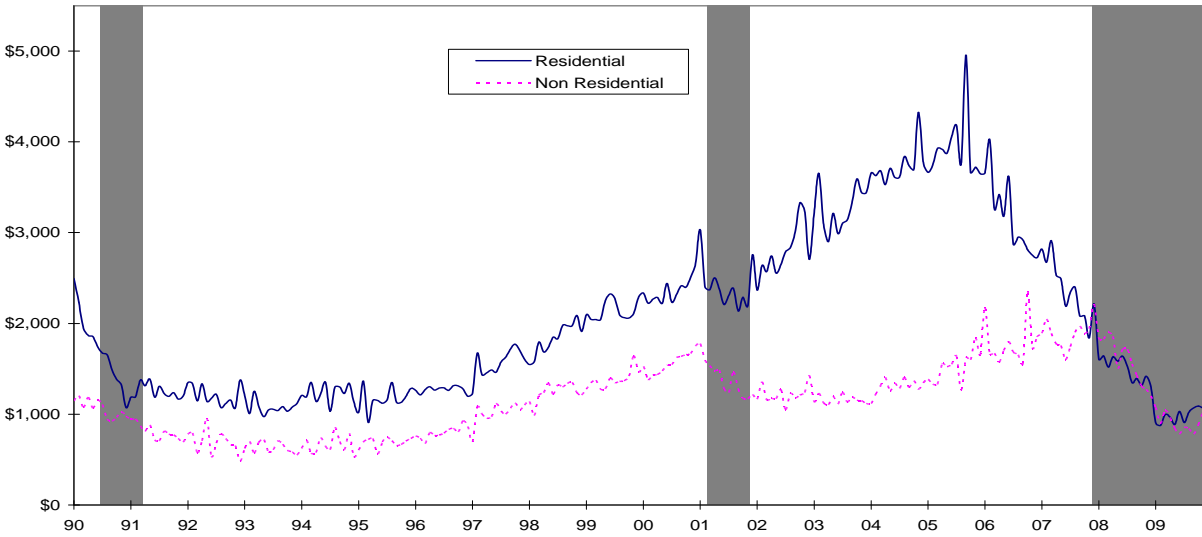
PERSONAL INCOME
(\$ Billions, Seasonally Adjusted)



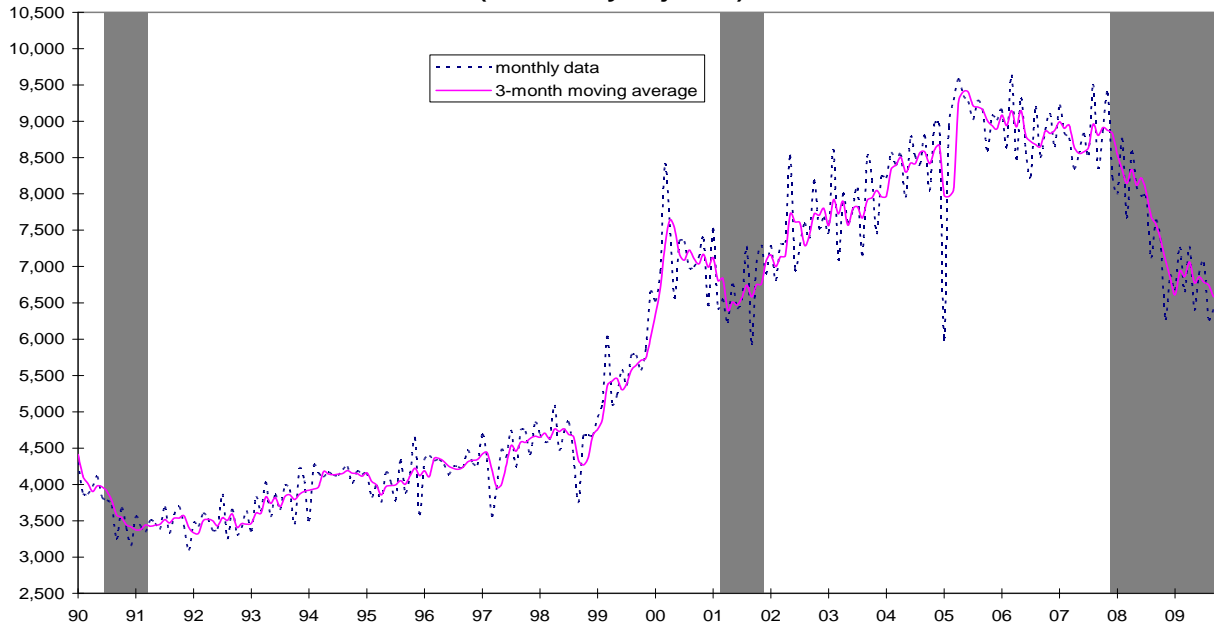
NEW HOUSING UNITS AUTHORIZED BY BUILDING PERMITS
(Thousands, Seasonally Adjusted At Annual Rate)



**RESIDENTIAL AND NONRESIDENTIAL BUILDING PERMIT VALUATION
(Dollars In Millions, Seasonally Adjusted At Annual Rate)**



**NEW BUSINESS INCORPORATIONS
(Seasonally Adjusted)**



REFERENCE DATES OF UNITED STATES BUSINESS CYCLES, 1854-

<u>Initial Trough</u>		<u>Peak</u>		<u>Terminal Trough</u>		<u>Expansion (months)</u>	<u>Contraction (months)</u>	<u>Total (months)</u>
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
March	1991	March	2001	Nov.	2001	120	8	128
Nov.	2001	Dec.	2007			73		

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.

---2007---

January 1	California minimum wage increased to \$7.50 per hour from \$6.75.
January 11	Vietnam becomes WTO member.
Mid-January	Freezing temperatures in California caused some \$1.3 billion in crop losses.
January 25-26	Sales of both new and existing homes in the U.S. suffered sharp declines last year. The plunge in new home sales was the biggest drop since 1990 and sales of existing homes saw its biggest decline since 1989.
February	Crippling winter storms blanketed large swaths of the Midwest and Northeast with snow, ice and freezing rain.
February 21	Rising default rates hitting subprime mortgage industry hard.
February 27	Dow Jones industrial average down 416 points, biggest one-day point loss since 2001, after declining markets in China and Europe and a steep drop in durable goods orders triggered a massive sell-off on Wall Street.
February 28	GDP grew at a 2.2 percent pace in the 4 th quarter –a considerably weaker rate than what the government first estimated.
March 2	The latest benchmark revision to the California labor market statistics shows nonfarm payroll employment growth was considerably stronger than what was first estimated.
March 14	President Bush issues a disaster declaration for California counties hurt by the January deep freeze.
March 29	Fourth quarter GDP revised upwards to 2.5 percent.
April 16	The number of default notices sent to California homeowners last quarter increased to its highest level in almost ten years, the result of flat appreciation, slow sales, and post teaser-rate mortgage resets.
April 25	Dow Jones Industrials close above 13,000 for the first time.
April 27	First quarter GDP increased at an annual rate of 1.3 percent.
May 3	S&P 500 closed above 1,500 for the first time in more than six years. Dow Jones Industrials surged to a record high for the sixth time in seven sessions.

May 4	US payroll job growth slowest since 2004. The Dow Jones industrial average hit another record high making this the longest bull run in 80 years.
May 31	First quarter GDP increased at an annual rate of 0.6 percent. That's down from its initial estimate of 1.3 percent growth.
July 24	Federal minimum wage increased to \$5.85 from \$5.15 per hour.
July 26	The Dow Jones industrial average dropped 311.50 points or 2.3 percent amid concerns about housing and credit markets.
August 2	Mattel says it is recalling 1.5 million Chinese-made toys worldwide marking the latest in a string of recalls that have fueled U.S.-China tensions over the safety of Chinese products.
August 9	The Dow Jones industrial average was down 387.18 points or 2.8 percent as worries about the global credit market sparked a broad sell-off in stocks.
August 10	The Federal Reserve injected \$38 billion into the banking system in an effort to provide liquidity as needed to keep financial markets operating normally.
August 17	The Federal Reserve, reacting to concerns about the subprime lending crisis, cut its discount rate half a percentage point to 5.75 percent.
August 23	Bank of America invests \$2 billion in Countrywide Financial Corporation, helping the nation's largest mortgage lender shore up its finances as it struggles with a liquidity crunch.
August 24	California Governor Arnold Schwarzenegger signs the 2007-08 state budget bill.
August 28	The Dow Jones industrial average closed down 280.28 points or 2.1 percent as investors were hit by fresh worries over declining consumer confidence, falling home prices, shrinking profits on Wall Street and uncertainty about the Federal Reserve.
August 30	Second quarter GDP increased at an annual rate of 4 percent. That's up from its initial estimate of 3.4 percent growth.
September 10	Blasts rip Mexico gas and oil pipelines.
September 18	Federal funds rate target reduced from 5.25 percent to 4.75 percent. Discount rate cut from 5.75 percent to 5.25 percent.
September 27	Second quarter GDP increased at an annual rate of 3.8 percent. That's down from its preliminary estimate of 4 percent.
October 21-26	Southern California wildfires.
October 31	Federal funds rate target reduced from 4.75 percent to 4.50 percent. Discount rate cut from 5.25 percent to 5 percent.
November 1	The Federal Reserve injects \$41 billion in temporary reserves into the US money markets.

November 5-	Members of the Writers Guild of America strike
November 12	Citigroup, Bank of America, and JPMorganChase agree to a \$75 billion superfund to restore confidence to credit markets.
November 15	US House of Representatives passes the Mortgage Reform and Anti-Predatory Lending Act of 2007.
December 6	President Bush announces a plan to voluntarily and temporarily freeze the mortgage rates of a limited number of mortgage debtors holding adjustable rate mortgages.
December 11	Federal funds rate target reduced from 4.50 percent to 4.25 percent. Discount rate cut from 5 percent to 4.75 percent.
December 12	The Federal Reserve injects \$40B into the money supply and coordinates such efforts with central banks from Canada, United Kingdom, Switzerland and European Union.
December 18	The Federal Reserve approves measures to give mortgage holders more protection to prevent the current housing crisis from worsening further.
December 20	Third quarter GDP increased at an annual rate of 4.9 percent.
December 21	In California, sales of new and existing houses and condos were down 39 percent from a year ago in November. Sales have declined in the last 26 months on a year-over-year basis. The median price paid for a home was down 2.4 percent from the prior month and down 11.9 percent from a year ago. Financing with adjustable-rate mortgages and with multiple mortgages have dropped sharply. Foreclosure activity is at record levels.
December	Banks, mortgage lenders, real estate investment trusts, and hedge funds continue to suffer significant losses as a result of mortgage payment defaults and mortgage asset devaluation.

---2008---

January 1	California minimum wage increased to \$8.00 per hour from \$7.50.
January 11	Bank of America agrees to purchase Countrywide Financial.
January 14	Fitch assigns Negative Rating Watch to State of California.
January 21-22	Global stock markets plunge.
January 22	Federal funds rate target reduced from 4.25 percent to 3.5 percent, the biggest one-day interest rate reduction on record.
January 30	Federal funds rate target reduced from 3.5 percent to 3 percent.
February 12	Hollywood writers strike ends.
February 19	Crude oil price tops \$100 a barrel.
March 13	Gold futures hit \$1000 an ounce for the first time. Crude oil price tops \$110 a barrel. Gas prices rise to another record high.

March 16	JPMorgan agrees to buy Bear Stearns for a mere fraction of what it was once worth.
March 17	The Fed expanded the range of programs to boost financial market liquidity and cut the discount rate by 25 basis points, to 3.25 percent
March 18	Federal funds rate target reduced from 3 percent to 2.25 percent.
March 27	Fourth quarter GDP increased at an annual rate of 0.6 percent, compared with 4.9 percent in the third quarter.
April 15	Retail chains caught in a wave of bankruptcies.
April 16	Consumer prices, over the past 12 months, is up by 4 percent, reflecting sharp gains in energy costs, which are up 17 percent over that period, and food prices, which are up 4.4 percent.
April 30	Federal funds rate target reduced from 2.25 percent to 2 percent. First quarter GDP increased at an annual rate of 0.6 percent.
July 6	Extended unemployment insurance benefits begin.
July 11	IndyMac Bank seized by federal regulators.
July 30	President Bush signs housing rescue law.
August 8	Georgia-Russia conflict escalates.
August 28	Second quarter GDP increased at an annual rate of 3.3 percent.
September 1	Hurricane Gustav strikes land west of New Orleans.
September 7	The U.S. government takes over Fannie Mae and Freddie Mac.
September 13	Hurricane Ike hits Texas.
September 14	Merrill Lynch sold to Bank of America.
September 15	Lehman Brothers files for bankruptcy protection.
September 17	The Federal Reserve loans \$85 billion to American International Group (AIG).
September 19	Treasury to provide temporary guarantees for money market mutual funds.
September 23	Governor Schwarzenegger signs record-late state budget.
September 25	Washington Mutual was seized by the FDIC, and its banking assets were sold to JP MorganChase.
September 26	Second quarter GDP increased at an annual rate of 2.8 percent.
September 29	Citigroup buys banking operations of Wachovia.
October 1	Financial crisis spreads to Europe.

October 3	The Emergency Economic Stabilization Act (commonly referred to as a bailout of the U.S. financial system) became law. Wells Fargo to merge with Wachovia.
October 6 - 10	Worst week for the stock market in 75 years.
October 6	Fed provides \$900 billion in short-term cash loans to banks.
October 7	Fed makes emergency move to lend around \$1.3 trillion directly to companies.
October 8	Federal funds rate target reduced from 2 percent to 1.5 percent. The discount rate was cut to 1.75 percent.
October 11	The Dow Jones Industrial Average caps its worst week ever with its highest volatility day ever recorded in its 112 year history.
October 12	European leaders announce recapitalization plans for Europe's banks.
October 24	OPEC to cut oil output by 1.5 million barrels a day.
October 29	Federal funds rate target reduced from 1.5 percent to 1 percent.
October 30	Third quarter GDP declines 0.3 percent.
November 3	Boeing machinists' 57-day strike ends.
November 15-	Wildfires burn five Southern California counties.
November 17	Japan is officially in recession.
November 24	The federal government approves plan to help Citigroup.
December 1	Recession in the US began in December 2007, according to NBER.
December 16	The Federal Reserve cut the federal funds rate target to a range of between zero percent and 0.25 percent.
December 17	OPEC to cut oil production starting January in a bid to prop up falling oil prices.
December 19	U.S. auto industry bailout approved.
December 23	Third quarter GDP decreased at an annual rate of 0.5 percent.
January 20	Barack Obama inaugurated as the 44th President of the U.S.
January 23	British economy is officially in recession.
February 3	S&P lowered California's bond rating to A from A+.
February 17	President Obama signed the \$787 billion economic stimulus package into law. The "American Recovery and Reinvestment Act of 2009" includes a variety of spending measures and tax cuts intended to promote economic recovery.
February 18	President Obama unveiled the Homeowner Affordability and Stability Plan.

February 20	California Governor Arnold Schwarzenegger signs the 2009-10 state budget bill.
February 27	Fourth quarter GDP decreased at an annual rate of 6.2 percent.
March 2	Dow Jones Industrial Average drops below 7000 for the first time since 1997.
March 19	Moody's lowered California's bond rating from A1 to A2. Fitch lowered California's bond rating from A+ to A.
March 23	U.S. Treasury Secretary unveils the Public-Private Investment Program.
April 23	California adopts low carbon fuel standards.
April 26	Swine Flu declared public health emergency.
April 29	First quarter GDP decreased at annual rate of 6.1 percent.
April 30	Chrysler files for bankruptcy.
May 7	Governor Schwarzenegger proclaims state of emergency in Santa Barbara due to Jesusita wildfire.
June 1	General Motors files for bankruptcy.
June 10	Fiat completes acquisition of Chrysler assets.
June 25	First quarter GDP decreased at annual rate of 5.5 percent.
July 6	Fitch Ratings downgraded California's long-term bond rating from A- to BBB. Moody's lowered the State's rating from A2 to Baa1.
July 24	Dow closes above 9000; first time since January. Federal minimum wage jumps from \$6.55 an hour to \$7.25 an hour.
July 28	Case-Shiller index shows first rise in U.S. housing prices for 3 years.
August 24	Cash-for-Clunkers program ends.
August 27	Second quarter GDP fell 1 percent, unchanged from the advance estimate in July and following a 6.4% drop in Q1.
October 14	Dow closes above 10,000 for the first time in a year.
October 29	Third quarter GDP increased at an annual rate of 3.5 percent.
November 6	Jobless benefit extended. Homebuyer tax credit extended and expanded.
December 22	Third quarter GDP annual growth rate is 2.2%, per final estimate.
December 31	Down 25 percent at its March 9, 2009 nadir, the Dow Jones industrial average rose 59 percent, and finished the year up 19 percent. The Nasdaq increased 79 percent and ended 2009 up 44 percent. The S&P 500 rose 65 percent, finishing the year up 23 percent.