

California defies recession fears to post job growth, record low unemployment

California's unemployment rate dropped to the lowest it has been in four decades as the Golden State outpaced the nation in job creation last month.

Joblessness stood at 4.0% in September, less than in any month since the current methodology was introduced in 1976, state officials reported. That was down from 4.1% in August and a year earlier.

Year over year, state payrolls grew by 320,000 jobs, to a total of 17.53 million. That was a 1.9% growth rate, compared with 1.4% nationwide.

Led by three sectors — professional services; arts, entertainment and recreation; and manufacturing — employers added 21,300 jobs during the month, down from an exceptionally strong 32,000 in August.

The U.S. unemployment rate was 3.5% in September.

“California is not immune to risks faced in the rest of the U.S. and the world, but for now, the state's jobs machine continues to purr, defying recession fears,” said Lynn Reaser, an economist at Point Loma Nazarene University in San Diego.

Robert Kleinhenz, an economist with the Los Angeles consultancy Beacon Economics, was equally upbeat. “With yearly job gains in nearly every one of the state's major industries, including those most affected by trade conflicts, this is a reassuring report, especially at a time when there are concerns that the economy is cooling,” he said.

Nonetheless, some see the effects of President Trump's trade wars beginning to take a toll.

“The ongoing trade war and the slowing global economic activities represent stiff head winds for the state's economy,” Loyola Marymount University economist Sung Won Sohn said via email.

“Trade and transportation, which includes warehousing, remain lethargic. L.A. and Long Beach ports have reported significant slowdown in shipping activities compared to a year ago.

“Technology, a workhorse for the state's economy, has lost some momentum in part due to the trade friction. For

example, the job gains at the information sector — which includes web hosting, data storage, audio and video streaming, internet publishing, search portals — have been flat since its peak in December 2018.”

September payroll growth was notable in several Southern California areas, including the Inland Empire (6,300 jobs) and San Diego (4,900). Year over year, the Inland Empire (+2.3%) has experienced the fastest rate of job growth, followed by San Diego (+1.8%), Los Angeles (+1.1%) and Orange County (1.1%).

In Northern California, the San Francisco metro area added the most jobs (1,300), followed by San Rafael (600), San Jose (400) and the East Bay (200). Year over year, however, Northern California payrolls grew faster than those in the southern part of the state, with a 3.4% jump in San Francisco, a 3.1% increase in San Jose and a 1.9% rise in the East Bay.

Among the major industry sectors adding jobs across the state:

- Professional and business services added 12,700 jobs, for a year-over-year total of 83,700.
- Manufacturing payrolls rose by 4,100, for a year-over-year total of 13,900. Most of that was in computer and other electronic products, aerospace and motor vehicles. “Tesla is a source of exports,” Kleinhenz noted.
- Education and health services expanded by 4,100 positions, for a year-over-year increase of 83,300.
- Trade, transportation and utilities grew by 2,700 jobs, for a year-over-year total of 3,300.
- Leisure and hospitality added 800 positions, for a year-over-year total of 46,400.

The state's monthly job report, released by the California Employment Development Department, is based on two surveys. The unemployment rate comes from a federal survey of 5,100 California households. The nonfarm payroll job numbers come from a separate federal survey of 80,000 California businesses.

UNEMPLOYMENT

Region	October 2018	September 2019	October 2019	Percentage Point Change	
				1 month	12 months
San José–Sunnyvale MSA	2.5%	2.2%	2.3%	+ 0.1	- 0.2
San Francisco MD	2.2%	1.8%	1.9%	+ 0.1	- 0.3
California	4.0%	3.5%	3.7%	+ 0.2	- 0.3
United States	3.5%	3.3%	3.3%	0.0	- 0.2

INDUSTRY EMPLOYMENT

Sector—October 2019	San Jose MSA	San Francisco MD	Combined Region	Percentage Change (Combined Region)	
				1 month	12 months
Total Nonfarm	1,165,900	1,196,400	2,362,300	+ 0.7%	+ 3.1%
Construction	49,400	45,800	95,200	- 1.8%	+ 2.7%
Manufacturing	180,500	38,600	219,100	+ 0.0%	+ 2.5%
Retail Trade	86,500	78,100	164,600	+ 0.4%	- 1.3%
Information	100,800	92,900	193,700	- 0.2%	+ 6.8%
Professional & Business Services	244,800	304,800	549,600	+ 0.7%	+ 3.4%
Educational Services	48,500	29,900	78,400	+ 7.4%	+ 1.4%
Health Care & Social Assistance	129,300	118,800	248,100	+ 1.2%	+ 3.9%
Leisure & Hospitality	106,100	148,000	254,100	- 0.4%	+ 3.3%
Government	105,300	134,700	240,000	+ 2.3%	+ 4.0%

Note: San José MSA (San José–Sunnyvale–Santa Clara Metropolitan Statistical Area) = Santa Clara and San Benito Counties
 San Francisco MD (San Francisco–Redwood City–South San Francisco Metropolitan Division) = San Mateo and San Francisco Counties

Source: California Employment Development Department, LMID

LABOR FORCE & ANNUAL CHANGE

9-County San Francisco Bay Area

	Labor Force			Employed			Unemployment		
	October 2018	October 2019	Change	October 2018	October 2019	Change	October 2018	October 2019	Change
California	19,542,700	19,587,500	+ 0.2%	18,769,900	18,869,200	+ 0.5%	4.0%	3.7%	- 0.3
Alameda County	854,000	860,100	+ 0.7%	829,200	837,600	+ 1.0%	2.9%	2.6%	- 0.3
Contra Costa County	568,700	571,900	+ 0.6%	551,500	556,300	+ 0.9%	3.0%	2.7%	- 0.3
Marin County	142,900	143,000	+ 0.1%	139,500	140,100	+ 0.4%	2.4%	2.0%	- 0.4
Napa County	75,800	75,400	- 0.5%	73,800	73,600	- 0.3%	2.5%	2.3%	- 0.2
San Francisco County	582,400	591,500	+ 1.6%	569,300	579,900	+ 1.9%	2.2%	2.0%	- 0.2
San Mateo County	460,600	467,200	+ 1.4%	450,800	458,700	+ 1.8%	2.1%	1.8%	- 0.3
Santa Clara County	1,055,700	1,070,800	+ 1.4%	1,029,300	1,046,800	+ 1.7%	2.5%	2.2%	- 0.3
Solano County	210,500	209,200	- 0.6%	202,900	202,400	- 0.2%	3.6%	3.3%	- 0.3
Sonoma County	265,200	264,000	- 0.5%	258,500	257,900	- 0.2%	2.5%	2.3%	- 0.2
SF Bay Area (sum)	4,215,800	4,253,100	+ 0.9%	4,104,800	4,153,300	+ 1.2%	2.6%	2.3%	- 0.3

Note: Totals may not add correctly due to rounding

Source: California Employment Development Department, LMID

REGIONAL LAYOFF ACTIVITY

October 2019 Events

Company	Location	# Affected
Dell Technologies	Santa Clara	60
Marvell Semiconductor	Santa Clara	5
Novartis Pharmaceuticals	San Carlos	120
Symantec	Mountain View	152
Uber Technologies	Palo Alto	62
Total		399

WARN SUMMARY

Events YTD [†] :	27
Individuals Affected YTD:	1,685
Individuals Previous YTD [‡] :	1,382
* WARN: Worker Adjustment and Retraining Notification (notice of mass layoff or closure)	
[†] YTD: Year to Date (Program year: July 1–June 30)	
[‡] Previous YTD: (Same date range as YTD, one year prior)	

Note: Layoff data are preliminary and should be considered an estimate of monthly regional activity

Source: NOVA's internal Rapid Response database