September 2017 California Employment Highlights

OVERVIEW

- California’s seasonally adjusted unemployment rate held steady at 5.1 percent in September 2017.

- Eight California industry sectors added jobs and three lost jobs in September.
  - Government (27,000) had by far the largest job gain of any sector in September, followed by trade, transportation, and utilities (13,000). Other services (5,200), information (4,300), leisure and hospitality (2,600), construction (2,500), educational and health services (2,100), and financial activities (400) also added jobs in September.
  - Professional and business services (3,500), manufacturing (1,300), and mining and logging (100) were the California industries that lost jobs in September.

EMPLOYMENT AND UNEMPLOYMENT

- California’s seasonally adjusted unemployment rate held steady at 5.1 percent in September. The U.S. rate fell by 0.2 percentage point to 4.2 percent in September, which is the lowest the U.S. rate has been since February 2001.

The number of unemployed Californians rose by 13,000 persons to 986,000 in September 2017. This was the state’s fourth consecutive unemployment increases, with the increase over the period totaling 88,000 persons.
• The number of employed Californians grew by 113,000 persons in September to 18,309,000, snapping a streak of three consecutive losses.

• September's 113,000-person employment gain was the state's second largest employment increase on record in a series dating back to 1976. Only a 276,000-person increase in January 1990 was larger, but that gain reflected the introduction of updated decennial census data into the labor force model that shifted civilian unemployment upward in January 1990.

• The extraordinarily large increase in employment, and by extension, labor force, was the result of large increases in the Current Population Survey and jobs in September, that were
heavily amplified (doubled?) by real-time benchmarking. There likely would have been large increases in employment and labor force in the absence of real-time benchmarking. Real-time benchmarking blew these gains out of proportion.

- The estimates of the labor force model typically become more volatile later in the year, as do real-time benchmarking adjustments. Last month’s unusually large increase in civilian unemployment was mostly due to real-time benchmarking.

- Reflecting the exceptionally large increase in employment, California’s labor force grew by 126,000 persons to 19.3 million in September 2017. As was true of the civilian employment increase, this was an exceptionally large increase.

Figure 4

- California’s labor force participation rate increased by 0.4 percentage point to 62.3 percent in September 2017, returning it to year ago levels.

Figure 5
California gained 52,200 nonfarm jobs in September, following a 7,700-job loss in August (revised) and a very large 84,500-job increase in July. While the months with losses raised some doubts about the strength and durability of the ongoing expansion, the large July and September job gains should put any such doubts to rest.

Leisure and hospitality appears to have been the industry sector most directly affected by the hurricanes, losing 111,000 jobs in September. The sector had gained an average of 30,000 jobs per month over the eight months prior to September. The remaining 10 industry sectors in the U.S. added 78,000 jobs in September.
NONFARM PAYROLL EMPLOYMENT

- California’s economic expansion turned 91 months old in September, making this the state’s third longest expansion since 1960. The state gained a total of 2,643,900 nonfarm jobs from the recessionary low in February 2010 through September 2017, an increase of 18.6 percent.

CALIFORNIA INDUSTRY TRENDS

- California’s government sector added 27,000 jobs this month. The sector rebounded from the previous month’s loss of 3,900 jobs and had a collective gain of 40,400 jobs through the first nine months of 2017. Each of the subsectors added jobs, the fourth time this occurred in 2017. The local government sector added 25,700 jobs this month and the last time this subsector added over 20,000 in a month was in April 2010. The local government subsector accounted for nearly all (98.9 percent) of the jobs gains for this sector in 2017. The state government subsector added 1,000 jobs and the federal government subsector added 300 jobs.

- The state’s trade, transportation, and utilities (TTU) sector added 13,000 jobs in September 2017. September’s month-over gain pushed collective gains over the past nine months to 8,700 jobs. Led by month-over gains within the wholesale trade subsector, each of the TTU’s subsectors added jobs this month. The wholesale trade subsector added 5,100 jobs this month, the subsector’s third consecutive month of job gains. The transportation, warehousing, and utilities subsector (4,600) and the retail trade subsector (3,300) each had month-over gains in excess of 3,000 jobs. However, both registered a collective job loss between January and September of 2017.
• California’s other services sector added 5,200 jobs, its third consecutive month of month-over gains. In 2017, month-over job gains for this sector have ranged from a low of 1,100 jobs in May to a high of 6,800 jobs in March. Gains through the first nine months of 2017 (20,000) have bested those over the same period in 2016 (11,100).

• In September 2017, California’s information sector added 4,300 jobs. Between January 2017 and September 2017, this sector added 11,200 jobs. Collective gains over this nine-month period were aided by gains exceeding 5,000 jobs within the months of January (6,100) and May (10,300).

• The state’s leisure and hospitality sector added 2,600 jobs in September, rebounding from a month-over loss that exceeded 10,000 jobs in the previous month. All of this month’s gains came from the sector’s arts, entertainment, and recreation subsector. This month the subsector added 2,600 jobs. While the accommodation and food services subsector had no change in its employment levels this month, it did account for the bulk of the year-to-date gains (15,100) for the leisure and hospitality sector in 2017.

• California’s construction sector added 2,500 jobs in the month of September 2017. Just over 40,000 jobs have been added by this sector over the past nine months (40,900). When compared to the same nine-month period in 2016, collective gains were more than twice as large as the number of jobs this sector added in 2016 (19,200).

• In 2017, the educational and health services sector added 2,100 jobs and has strung along three consecutive months of job gains. The sector has added 56,400 jobs this year, the largest number of jobs among the 11 industry sectors. The health care and social assistance subsector added 1,800 jobs this month and has had seven consecutive months of month-over gains. This subsector has added 43,500 jobs between January and September of 2017. The educational services subsector added 300 jobs this month and year-to-date gains have totaled 12,900 jobs.

• The financial activities sector added 400 jobs this month, its lowest month-over gain in 2017. Year-to-date for 2017, this sector has added 600 jobs, 12,600 fewer jobs than it added through the first nine months of 2016. Collective gains in 2017 have been hampered by the period from February 2017 - April 2017 when the sector lost 6,500 jobs during that period.

• California’s professional and business services sector lost 3,500 jobs this month, its fifth month this year in which the sector lost jobs. This has stifled year-to-date gains which were just over 3,000 jobs (3,100) and gains over this period haven’t been this low since 2007 (4,500). The professional, scientific, and technical services subsector added 3,300 jobs this month, but had a year-to-date loss of 2,100 jobs. The administrative and support and waste services subsector lost 6,400 jobs this month, its second consecutive month of month-over job losses. The management of companies and enterprises subsector lost 400 jobs for the second consecutive month.

• The state’s manufacturing sector lost 1,300 jobs this month and each of the sector’s subsectors recorded job losses. Nearly 6,000 jobs (5,900) have been lost by the sector through the first nine months of 2017. In seven out of the nine months this year, the sector had a month-over job loss. In contrast to last month in which both sectors added jobs, this month, both sectors lost jobs. The durable goods sector lost 700 jobs and the
nondurable goods sector lost 600 jobs. Among the manufacturing sector’s subsectors, only the durable goods subsector recorded gains through the first nine months of 2017.

- In September 2017, the state’s mining and logging sector lost 100 jobs and for the past three months, this sector has recorded month-over job losses in three consecutive months. Looking back at 2016, during this same period of time, the sector lost 3,100 jobs, 2,100 more than it lost in 2017. In addition, the mining and logging sector only had two months of month-over gains in 2017, the remainder of the year was marred by job losses that ranged from 100 to 400 jobs in a single month.