September 2018 California Employment Highlights

OVERVIEW

- California’s seasonally adjusted unemployment rate fell to 4.1 percent in September 2018 establishing a new record low in the official data series that dates back to the beginning of January 1976.

- Four of California’s 11 major industry sectors added jobs in August, six sectors lost jobs, and one sector remained unchanged.
  - The largest job gains were in professional and business services (11,800) and leisure and hospitality (8,500).
  - Large month-over losses were concentrated in the educational and health services (3,700) and information (3,000) sectors.

EMPLOYMENT AND UNEMPLOYMENT

- As shown in Figure 1, California’s seasonally adjusted unemployment rate fell to 4.1 percent in September 2018. Prior to September, the rate had been stuck at 4.2 percent for five consecutive months. California’s unemployment rate fell 0.4 percentage point over the last year in September 2018. This was the smallest year-over September rate decrease of the last eight years.

- The number of unemployed Californians was unchanged at 803,000 in September 2018, remaining at its lowest level since March 1990 (see Figure 2). Year-over, the number of unemployed Californians fell by 76,000 persons (8.6 percent) in September 2018.
• The number of employed Californians rose by 34,000 persons to 18,582,000 in September 2018. This large gain—the largest since September 2017—was a departure from recent trend. Civilian employment grew by 22,000 persons over the ten months that preceded September 2018.

• California’s labor force grew by 34,000 persons to 19,385,000 in September 2018. This was the state’s largest labor force increase since December 2015. In sharp contrast, California labor force shrank by 30,000 persons over the prior 11 months (October 2017 through August 2018).
California’s labor force participation rate (LFPR) rose 0.1 percentage point from September 2017 to 62.0 percent in September 2018 (see Figure 5). Year-over, the California LFPR fell 0.4 percentage point in September.

**NONFARM PAYROLL EMPLOYMENT**

- California added 13,200 nonfarm jobs in September 2018, following a downwardly revised, 42,600-job increase in August. The September job gain was anemic in comparison to the three preceding months, during which time the state added 8,500 jobs, or an average of 32,800 jobs each month.
• Year-over, California gained 339,600 nonfarm jobs (2.0 percent) in September 2018, according to Figure 7. California has now sustained year-over job gains of over 300,000 jobs in 76 of the last 77 months.

• California gained a total of 3,013,300 nonfarm jobs from the recessionary low in February 2010 through September 2018, which is an increase of 21.2 percent. The state has gained an average of 29,400 jobs per month over the course of the entire 103-month expansion.
Califonia Industry Trends

- The state's professional and business services sector added 11,800 jobs this month, its 11\textsuperscript{th} consecutive month of month-over job gains. Each of the sector's subsectors added jobs this month, the third time this has occurred this year. The administrative and support and waste services subsector added 8,800 jobs this month and this was the second time this year that this subsector added 5,000 or more jobs in one month. The professional, scientific, and technical services subsector added 2,500 jobs this month and the most jobs of any of the professional and business services other subsectors over the course of 2018; 35,200 jobs. The management of companies and enterprises subsector added 500 jobs this month.

- In September 2018, the leisure and hospitality sector added 8,500 and this is the second time this year (July and September) that the sector's month-over gains eclipsed 8,000 jobs. The arts, entertainment, and recreation subsector added 6,300 jobs this month and year-to-date for 2018 added 8,000 jobs. This total bested last year's collective loss (-1,300) over the same period in 2017. The accommodation and food services subsector added 2,200 jobs this month, rebounding from a month-over loss in August (-1,400).

- California’s government sector added 5,100 jobs this month and 19,200 over the past nine months.
The mining and logging sector added 100 jobs this month, but a relatively heavy loss in June of -400 jobs dropped year-to-date totals to unchanged. This sector has only experienced relatively low job gains between 100 and 200 jobs in four out of the past nine months.

The educational and health services sector lost 3,700 jobs in September 2018, but over the course of 2018 has added 54,500 jobs. The last month-over loss for this sector occurred in March 2016 (-1,100). Each of the educational and health services subsectors lost jobs this month. Losses for the educational services sector are typically tempered by gains in the health services sector, this month the gains were not there. The educational services subsector lost 2,400 jobs this month and the health care and social assistance subsector lost 1,300 jobs. Despite September’s month-over losses, year-to-date gains for 2018 were as follows: health care and social assistance (47,500) and educational services (7,000).

California’s information sector lost 3,000 jobs this month. However, month-over gains between March and July of this year kept year-to-date gains at over 4,000 jobs (4,300). This year-to-date total was slightly off the pace set in 2017 over the same period, 5,700 jobs.

In September 2018, the construction sector lost 2,000 jobs, a month after gaining 5,400 jobs in August. Year-to-date for 2018, the sector added 17,200 jobs and this total was fueled by gains in the following months: January (12,600), April (7,800), August (5,400), and February (5,100). Between January 2017 and September 2017, the state’s construction sector added 15,700 more jobs than it added in 2018.

California’s other services sector lost 1,800 jobs this month, its third consecutive month of month-over job losses. Losses for this sector have ranged from 300 to 4,500 jobs over the course of the year with a collective loss totaling 6,300 jobs. The sector fared far better in 2017 adding 5,800 jobs over the first nine months.

The state’s manufacturing sector lost 1,500 jobs in September 2018, its sixth consecutive month of month-over job losses this year. The durable goods subsector added 1,600 jobs this month and had a collective gain of 7,400 for the past nine months. The nondurable goods subsector lost 3,100 jobs this month and has only added jobs in one out of the past nine months this year.

The trade, transportation, and utilities (TTU) sector lost 300 jobs this month; this was in stark contrast to the 5,200 jobs it added a year ago in September 2017.

California’s financial activities sector job totals remained unchanged in September 2018 and year-to-date job totals were a collective loss of 800 jobs. The real estate and rental and leasing subsector added 1,500 jobs this month, its second consecutive month in doing so. The subsector had a string of consecutive losses this year between February and July that totaled 3,700 jobs. The finance and insurance subsector lost 1,500 jobs and job losses in seven out of the past nine months contributed to the subsector’s collective loss for the year so far, 1,700 jobs.