June 2019 California Employment Highlights

OVERVIEW

- California’s seasonally adjusted unemployment rate held steady at 4.2 percent in June 2019.

- California gained a total of 3,284,300 nonfarm jobs from the recessionary low in February 2010 through June 2019. Assuming we get another job gain in July, the current expansion will equal California’s longest on record next month.

- Nine of California’s 11 major industry sectors added jobs in June and two had small job losses. Construction (11,900) had the largest job gain of any industry sector in June, followed by educational and health services (8,200) then by professional and business services (8,000). Three additional industry sectors added more than 4,000 jobs in June: leisure and hospitality (4,700), information (4,200), and government (4,100). Other services (2,700); manufacturing (1,500); and trade, transportation, and utilities (1,300) were the other sectors that added jobs in June. In contrast, mining and logging, along with financial activities, each lost 200 jobs in June.

EMPLOYMENT AND UNEMPLOYMENT

- California’s seasonally adjusted unemployment rate held steady at 4.2 percent in June 2019. California’s unemployment rate has become very stable. The rate exhibited no year-over change over the four-month period from March through June, all of which supports the notion that the labor market is operating at full employment.

Figure 1

California Unemployment Rate
Five-Year Trend
June 2019; Seasonally Adjusted Data
California’s June 2019 unemployment rate remained just 0.1 percentage point higher than the lowest unemployment rate on record, which was the 4.1 percent unemployment rate that occurred in the second half of 2018. The official data series goes back to the beginning of 1976. California’s unemployment rate has been in record low territory for the last 23 months.

The number of employed Californians fell by 45,000 persons to 18,608,000 in June 2019. This was California’s third consecutive large civilian employment loss and fourth overall, with the four-month decrease totaling 151,000 persons.
The labor force estimation model is prone to producing noisy month-over changes in unemployment, employment, and labor force estimates that are difficult to interpret. Estimation noise refers to month-over changes that are unusually large in magnitude (often record changes) and/or depict an abrupt departure from prevailing trend.

The labor force losses of the last three months were by far the three largest on record in the official data series that goes back to the beginning of 1976.

Figure 4

Month-Over Changes in California Labor Force Since 1976--January and February 1990 Excluded
June 2019; Smoothed Seasonally Adjusted Data

California’s labor force participation rate fell by another 0.2 percentage point to 62.2 percent in June and has fallen by 0.6 percentage point in just the last three months.

Figure 5

California Labor Force Participation Rate
Five-Year Trend
June 2019; Seasonally Adjusted Data
NONFARM PAYROLL EMPLOYMENT

- California had another strong month of job growth in June 2019, adding 46,200 jobs. This followed an upwardly revised gain of 21,600 jobs in May and a 48,600-job gain in April. The state added a total of 116,400 nonfarm jobs over these three months combined. This was more than double the 55,300 jobs it added during the three-month period from January through March.

![California Total Nonfarm Employment Five-Year Trend](image1)

- California gained 171,700 nonfarm jobs in the first six months of 2019. This translates to an average gain of 28,600 jobs per month in 2019-to-date. This average was only slightly below the expansionary average of 29,300 jobs per month. The state’s 2.0 percent annualized pace of job growth in the first half of 2019 was stronger than the 1.6 percent growth it experienced in the 2018 calendar year.

![Average Monthly Job Growth in California By Calendar Year: 2011 Through 2019-to-Date](image2)
California gained a total of 3,284,300 nonfarm jobs from the recessionary low in February 2010 through June 2019, adding an average of 29,300 jobs per month over the entire 112-month expansion. The current expansion was just one month shy of tying the 1960s expansion as California’s longest on record.

In June 2019, the U.S. economic expansion, which began in June 2009 as officially dated by the National Bureau of Economic Research (NBER), appears to have tied the March 1991-March 2001 expansion as the nation’s longest on record.

Figure 8

Nonfarm Payroll Jobs in California Economic Expansions Since 1960
As Measured by Trough-to-Peak in Nonfarm Employment
June 2019; Seasonally Adjusted Data

CALIFORNIA INDUSTRY TREND HIGHLIGHTS

- California’s construction sector added the most jobs of any industry sector this month with a gain of 11,900 jobs. This sector experienced four months of consecutive month-over gains. Gains in three of the four months were in excess of 10,000 jobs. Year-to-date for 2019, this sector has added 30,100 jobs. This collective gain over the past six months has eclipsed its six-month gains in 2018 (23,700).

- California’s educational and health services sector added 8,200 jobs this month and over the past six months has added 43,900 jobs; besting its six-month totals in 2018 (41,300). This month, the educational services subsector added 1,000 jobs, but losses in January (-2,300) left the subsector with a collective jobs loss (-800) through the first half of the year. The health care and social assistance subsector added 7,200 jobs this month. Between January and June, the subsector added 43,900 jobs, 2,600 more than it added over that same period in 2018.

- The state’s professional and business services sector added 8,000 jobs in June. However, the six-month gains for this sector were off the pace set in 2018. In 2018, the sector added 46,000 jobs, just over 15,000 more than it added through the first six
months of 2019 (30,700). Each of the sector’s subsectors added jobs this month with the administrative and support and waste services subsector leading the way with a month-over gain of 3,800 jobs. The professional, scientific, and technical services subsector added 3,300 jobs this month and collectively added 17,900 jobs over the past six months. The management of companies and enterprises subsector added 900 jobs this month and had a year-to-date total of 3,000 jobs.

- In June 2019, California’s leisure and hospitality sector added 4,700 jobs and this sector has strung along consecutive month-over gains since September 2018. The accommodation and food services subsector accounted for all of the sector’s month-over gains this month; 5,400 jobs. Between January and June of 2019, this sector has added 26,200 jobs, more than three times the number of jobs added by the sector over the same period in 2018 (7,700). The arts, entertainment, and recreation subsector lost 700 jobs this month and for back-to-back months has recorded month-over jobs losses.

- California’s information sector added 4,200 jobs in June 2019 and 8,800 over the past six months. The sector’s month-over gains were in excess of 2,000 jobs in three of the past six months.

- In June 2019, the state’s government sector added 4,100 jobs. Year-to-date job gains topped 20,000 jobs and this total was twice as large as the gains experienced in 2018 (10,100). All three of the subsectors (e.g., federal, state, and local government) added jobs in the same month for the past three months. The local government subsector lead all of the subsectors with a month-over gain of 2,600 jobs and has added jobs for six consecutive months. The state government subsector added 900 jobs this month and added 4,900 jobs through the first six months of the year. The federal government subsector added 600 jobs this month.

- The other services sector added 2,700 jobs this month and had month-over job gains that topped 1,000 jobs in three of the past six months. The pace of job growth through the first six months (3,400) was comparable to the gains seen in 2018 (3,600).

- In June 2019, California’s manufacturing sector had a month-over gain of 1,500 jobs. Over 4,000 jobs have been added over the past six months, but this was 2,100 jobs off the pace set last year over this six-month period. The durable goods subsector added 2,300 jobs this month and has added jobs in five out of the past six months. The non-durable goods subsector lost 800 jobs this month and has registered month-over losses in the months of April and May as well. These month-over losses coupled with the loss of 3,900 jobs in February 2019 accounted for the subsector’s collective loss of 2,100 jobs this year.

- The state’s trade, transportation, and utilities (TTU) sector added 1,300 jobs this month. Heavy month-over losses in January (6,100) and March (7,700) contributed greatly to the sector’s collective loss of 1,900 jobs through the first half of the year. The transportation, warehousing, and utilities subsector added 1,700 jobs this month and has strung together three consecutive months of month-over gains. The wholesale trade subsector added 1,000 jobs this month, but the subsector had month-over job losses in four out of the past six months. For the fourth straight month, the sector’s retail trade subsector had a month-over loss. This month the loss equated to 1,400 jobs. Aside from the gain in February (10,400), the subsector had month-over job losses in each of the past six months.
• California’s financial activities sector lost 200 jobs this month and all of the losses came from the real estate and rental and leasing subsector. The finance and insurance subsector job total remained unchanged this month, but had a six-month collective loss of 800 jobs. The real estate and rental and leasing subsector lost 200 jobs in June 2019 and this loss followed a loss of 1,000 jobs in May 2019.

• California’s mining sector lost 200 jobs this month. The sector had a collective loss of 400 jobs through the first six months of the year. In comparison, through the first half of 2018, the sector had a gain of 200 jobs.