



Economics Group

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California Adds Back More Than Half a Million Jobs in June

California’s economy added back 558,200 jobs in June. The Golden State’s unemployment rate fell 1.5 percentage points to 14.9%. The improvement, however, came at a cost, as COVID-19 infections have surged.

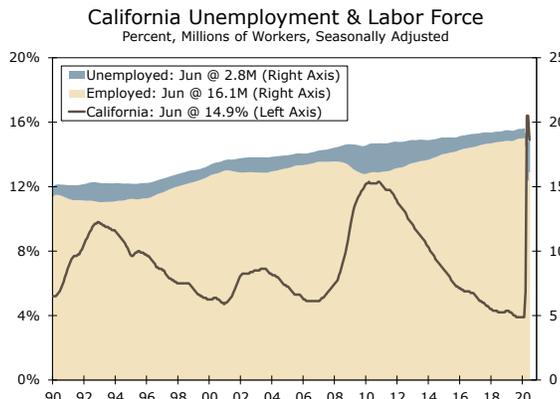
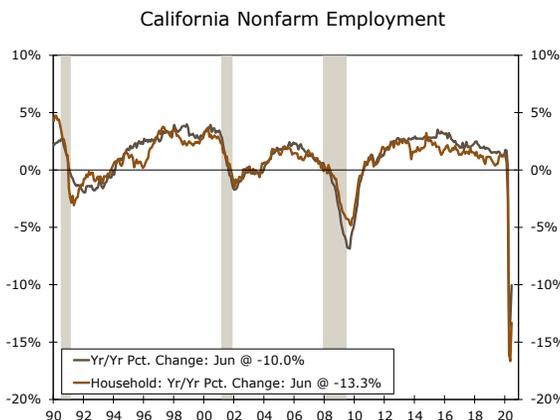
Job Gains Look Tentative Given the Resurgence in COVID-19

The re-opening of California’s economy provided a much needed boost to hiring this past month, with nonfarm payrolls adding back 558,200 new jobs. June’s gain easily marks the largest monthly increase ever for California but nonfarm employment remains 1.93-million jobs below its February peak. While employment rose solidly in nearly every major industry, more than half of the bounce back was centered in California’s hard-hit leisure & hospitality sector. Those gains may prove fleeting, however, as the resurgence in COVID-19 has brought new restrictions on economic activity. California’s unemployment rate fell 1.5 percentage points in June to 14.9%. The drop results from a 653,200 person increase in civilian employment, or the number of Californians working, compared to a somewhat smaller 441,200 person increase in the civilian labor force. Typically, economists tend to focus on nonfarm employment, as it is derived from a larger sample and provides more detail on changes in employment. The civilian (or Household) employment measure, however, is more inclusive and provides insight into employment trends in important classifications of workers, such as independent contractors and sole proprietors. This category of workers was been particularly hard hit by COVID-19 shutdowns and has been slower to recover. Household employment fell 17.6% from February to May, resulting in a loss of 3.3 million jobs, compared to a 14.9% February to April drop in nonfarm employment, which resulted in the loss of 2.6 million jobs.

Farm employment in California—the nation’s largest farm economy—continues to tumble. California farms cut 8,500 jobs in June, bringing the total loss since February to 118,000 jobs, or more than one of every four jobs that used to exist in California’s farm sector.

The bounce back in leisure and hospitality employment, most of which was at restaurants, is clearly evident in the employment data. California’s largest MSAs accounted for the bulk of June’s job gains. Los Angeles added back 147,000 jobs in June and has now regained 25.6% of the jobs lost earlier this year. Orange County added the second largest number of jobs in the state, with nonfarm payrolls regaining 71,600 jobs, or 27% of what was lost in March and April. The Inland Empire added 43,800 jobs in June, Ventura County added back 10,300 jobs and Bakersfield added 9,900 jobs. San Diego was another big standout, as employers added back 51,600 jobs.

California’s tech sector has proved fairly resilient. Early on there were worries advertising revenues would nosedive and venture capital would dry up, neither have transpired. Instead the surge in working remotely has boosted demand for all sorts of tech services and social media continues to flourish. Employment in the Bay Area reflect these trends, with hiring bouncing back stronger in South Bay than San Francisco or Oakland. The San Jose MSA has regained 31.6% of the jobs lost in March and April, while San Francisco-Oakland-Hayward MSA regained 23.8%.



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