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Economics Group

California Posts Job Gain in July

Employers added 140,400 new jobs during the month, while the jobless rate fell to 13.3%. COVID-19 case growth appears to be moderating, but now a heatwave and wildfires threaten to derail the state’s economic recovery.

Smaller than June’s Record, but Still a Sizable Gain

- The 140,400 job-gain is another step in the right direction, but employment levels are still well below February’s peak. Government (+36.0K), retail (+28.8K) and healthcare (+23.7K) added the most jobs in July. The hard-hit leisure and hospitality industry added 5,900 jobs and construction payrolls fell by 14,800. The bulk of the gains were centered in Los Angeles (+47.4K), while the Bay Area added just under 15,000 jobs.

Hiring Will Likely Continue to Slow

- Smaller payroll gains are likely ahead given economic activity continues to be limited by COVID-19. New case counts appear to have peaked in July, but remain elevated. On top of this, the state is currently battling a heat wave which has spurred wildfires and put the state’s power grid under tremendous pressure. Given that jobless claims remain stubbornly high, we expect the pace of hiring to moderate further in coming months.

Source: U.S. Department of Labor, Bloomberg LP and Wells Fargo Securities
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