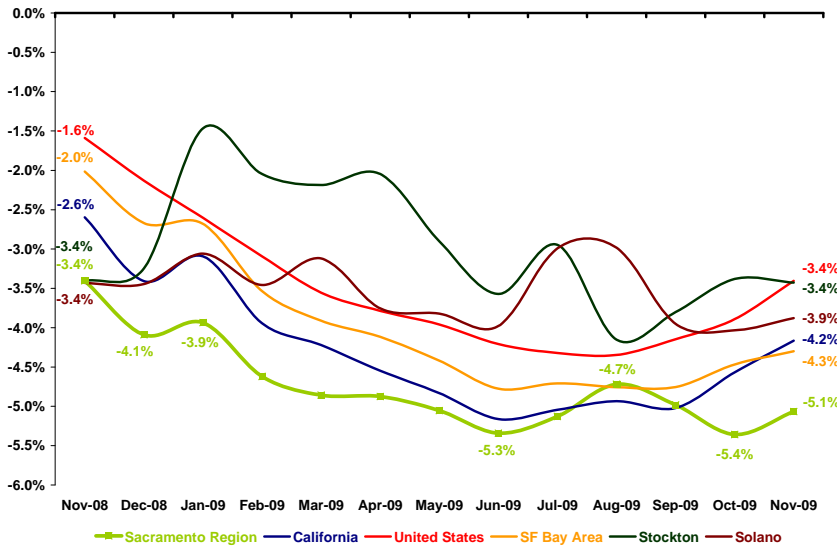




A monthly report examining the health and performance of the Sacramento Region's economy

ANNUAL JOB GROWTH IN THE SACRAMENTO REGION POSTED A SMALL UPTICK

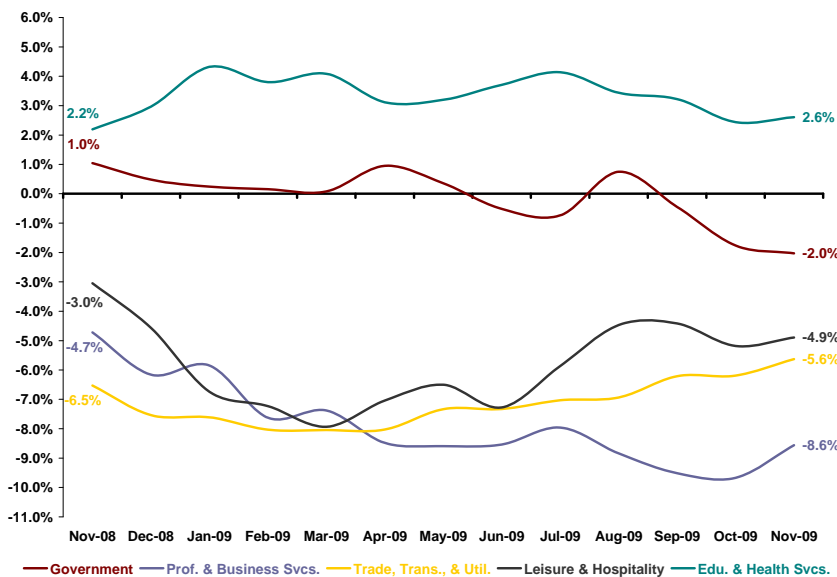
Annual Job Growth



Data Sources: CA Employment Development Department and U.S. Bureau of Labor Statistics

THE REGION'S LARGEST SECTORS ARE SHOWING MIXED PERFORMANCE

Sacramento Region Largest Sector Annual Job Growth



Data Source: CA Employment Development Department

Job growth in the six-county Sacramento Region moved up slightly in November 2009. Preliminary data show that, between November 2008 and 2009, the Region lost 46,300 jobs, reflecting a 5.1 percent annual rate of loss (up from 5.4 percent in the previous month). With the nation and state continuing to see upticks in job growth, the Region remained below these two benchmarks in November 2009. Two of Sacramento's largest sectors have seen rates of loss diminish since the beginning of the year while other large sectors have seen performance drop off. Trade, Transportation, & Utilities and Leisure & Hospitality are both in much better positions than they were at the front end of 2009, but are still posting significant rates of loss. Educational & Health Services has seen job growth slow in recent months, but continues to add jobs on an annual basis. Both Government and Professional & Business Services posted much lower job growth in November 2009 than the same point in the previous year with the former shifting from positive to negative growth and the latter seeing the rate of loss accelerate considerably. The mixed performance among the largest sectors is keeping the Region's job growth at a worrisome low level.

All of the Region's neighbors outperformed Sacramento in November 2009. The SF Bay Area continued its short-term pattern of increasing job growth moving up to -4.3 percent, just below the statewide average. Solano's job growth leveled out at -3.9 percent, between the state and nation. Stockton experienced a small dip, but remained well above the statewide average and even with the nation.

Both the nation and the state saw job growth patterns turn around in September 2009—since then, rates of loss have diminished notably. In November 2009, the state jumped to -4.2 percent job growth (0.7 percentage points stronger than September) with an annual loss of 621,000 jobs. The nation moved up to -3.4 percent job growth (0.9 percentage points above the September rate) with a loss of approximately 4.7 million jobs in the 12 months ending November 2009.

Economy Watch is sponsored by the following businesses who believe in ensuring the prosperity of the Sacramento Region:

DPR Construction, Inc. (www.dprinc.com); Farmers & Merchants Bancorp / F&M Bank (www.fmbonline.com); Franklin Templeton Investor Services, LLC (www.franklintempleton.com); Grubb & Ellis Company (www.grubb-ellis.com); HMM Builders, Inc. (www.hmh.com); McDonough Holland & Allen PC (www.mhalaw.com); Pacific Coast Building Products, Inc. (www.pccoast.com); Perry-Smith LLP (www.perry-smith.com); Raley's (www.raleys.com); Teichert, Inc. (www.teichert.com); The Evergreen Company; The Sacramento Bee (www.sacbee.com); Trainor Fairbrook (www.trainorfairbrook.com); and Wells Fargo Bank (www.wellsfargo.com).

ANNUAL GAINS WERE SEEN IN ONLY ONE OF THE REGION'S MAJOR SECTORS

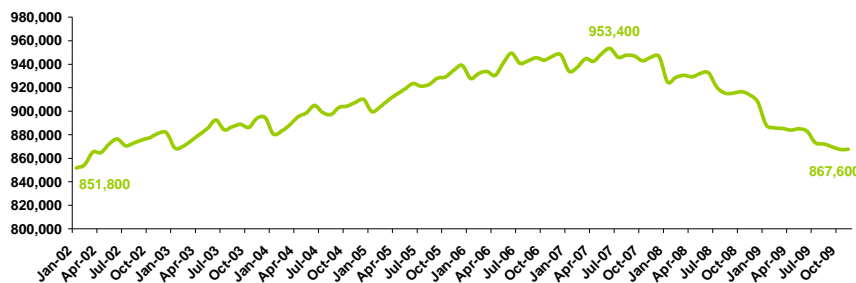
Major Sector Annual Job Gains and Losses

Sector	November 2008-2009				
	Sacramento Region	California	SF Bay Area	Stockton	Solano
Total Nonfarm	-46,300	-621,000	-125,800	-7,100	-4,800
Private Sector	-41,200	-578,800	-116,000	-6,700	-4,000
Public Sector	-5,100	-42,200	-9,800	-400	-800
Edu. & Health Svcs.	2,800	19,300	1,100	-400	-100
Other Services	0	-18,900	-4,000	-100	-300
Mining & Logging	-100	-1,800	0	-100	0
Information	-1,700	-32,300	-5,400	-100	0
Manufacturing	-3,300	-113,900	-19,500	-1,600	-600
Financial Activities	-3,800	-32,700	-6,800	-400	-300
Leisure & Hospitality	-4,200	-48,700	-8,700	-600	-200
Government	-5,100	-42,200	-9,800	-400	-800
Trade, Trans., & Util.	-8,700	-139,100	-28,500	-1,600	-1,300
Prof. & Business Svcs.	-9,500	-92,500	-22,000	-200	-300
Construction	-12,700	-118,200	-22,200	-1,600	-900

Data Source: CA Employment Development Department (totals may not match sum of sectors due to source rounding methodology)

SACRAMENTO'S TOTAL EMPLOYMENT IS DOWN TO 2002 LEVELS

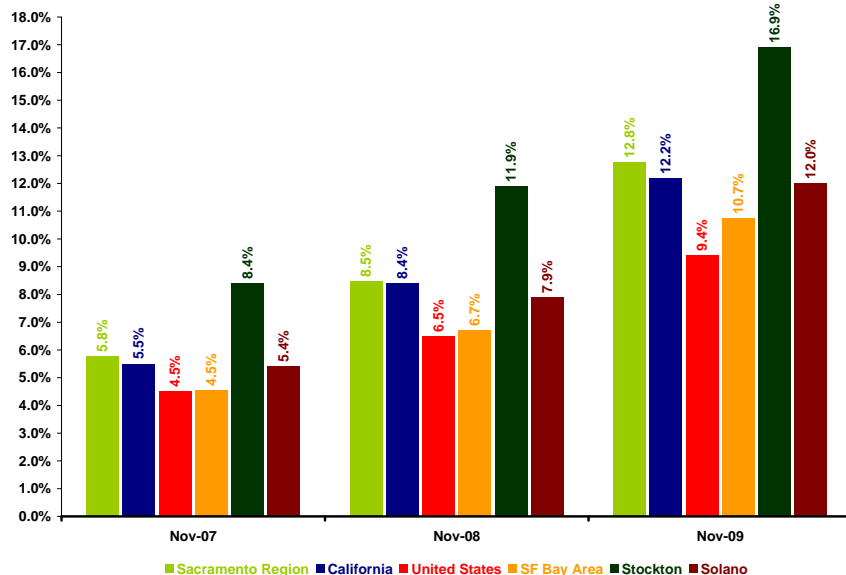
Sacramento Region Total Nonfarm Employment



Data Source: CA Employment Development Department

REGIONAL UNEMPLOYMENT IS STILL ABOVE THE STATEWIDE RATE

Unemployment Rate



Data Sources: CA Employment Development Department and U.S. Bureau of Labor Statistics

Employment gains in the Sacramento Region were limited to a single major sector between November 2008 and 2009. Preliminary data illustrate that the Educational & Health Services sector added 2,800 jobs during this period with the health care and social assistance activities gaining the bulk of the jobs. Every other major sector in Sacramento either saw no or negative growth. Four sectors experienced annual losses of over 5,000 jobs including Government; Trade, Transportation, & Utilities; Professional & Business Services; and Construction (with a considerable decrease of 12,700 jobs). The net loss of another 46,300 jobs pulled total employment in the Region down to 867,600, near the levels seen in mid-2002.

Job gains in the state and SF Bay Area were also limited to only one sector during the 12 months ending November 2009, Educational & Health Services. The greatest losses in both these areas fell in the Trade, Transportation, & Utilities and Construction sectors. During the past year, every major sector either lost jobs or saw no growth in both the both the Stockton and Solano regions. Trade, Transportation, & Utilities and Construction were also among the weakest sectors in both these regions.

In the Sacramento Region, 142,500 members of the 1.1 million-person labor force were unemployed in November 2009, reflecting an unemployment rate of 12.8 percent. The Region is pulling further away from the statewide average of 12.2 percent and remains well above the national average of 9.4 percent. In the past year, the Sacramento's unemployment rate increased by 4.3 percentage points, notably above the respective statewide and national shifts of 3.8 and 2.9 percentage points in the same time period. The SF Bay Area and Solano region posted unemployment rates lower than the statewide average, but above the national average. Even though the Stockton region posted relatively decent job growth in November 2009, it maintained a considerably high unemployment rate of 16.9 percent, which is 5.0 percentage points higher than the weak rate it experienced one year prior. Stockton and the Yuba City Metropolitan Statistical Area (the Sutter and Yuba County portion of the Sacramento Region) remain near the bottom of the list of all regions in the country ranked by unemployment rates, ranking 367 and 370 out of 372 regions, respectively.

The **Center for Strategic Economic Research (CSER)**, an economic research and consulting group affiliated with the Sacramento Area Commerce and Trade Organization (SACTO), provides a full range of objective economic and demographic research services to businesses, government entities, educational institutions, and non-profit organizations throughout the country.