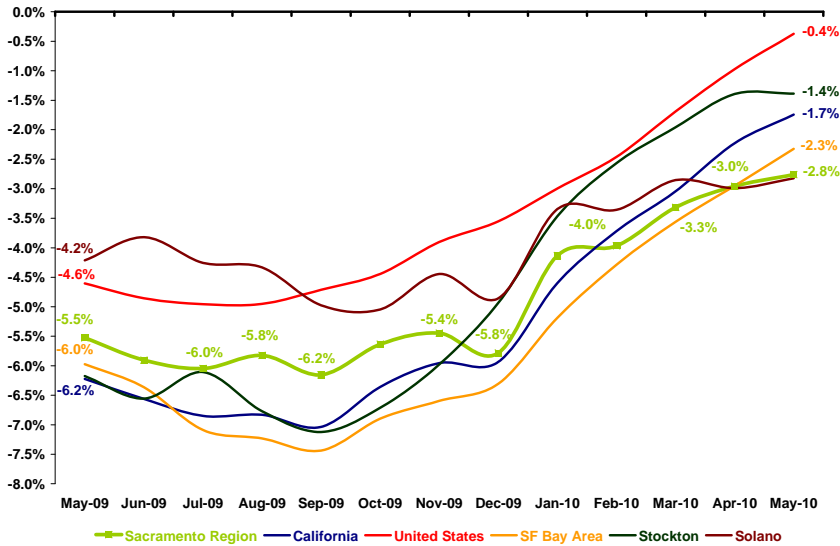


A monthly report examining the health and performance of the Sacramento Region's economy

THE RATE OF JOB LOSS HAS BEEN DIMINISHING IN THE SACRAMENTO REGION SINCE THE BEGINNING OF THE YEAR

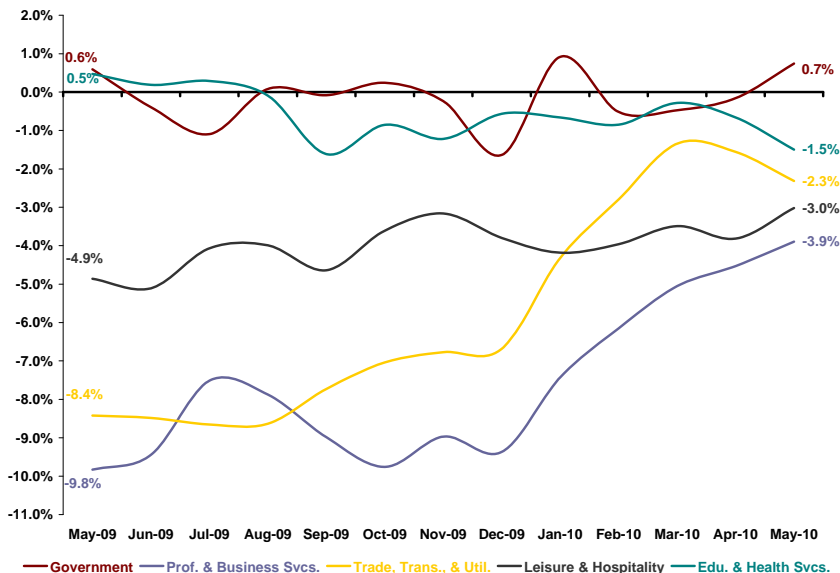
Annual Job Growth



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

SIGNS OF RECOVERY IN THE REGION'S LARGEST SECTORS HAVE BEEN MIXED

Sacramento Region Largest Sector Annual Job Growth



Data Source: CA Employment Development Department

Although still in negative territory, annual job growth in the six-county Sacramento Region is in a much better position than at the end of 2009. Preliminary data show that the number of jobs on payrolls at the Region's private and public sector establishments in May 2010 was 2.8 percent lower than the count in May 2009 (equating to a loss of 24,300 jobs). The annual rate of loss in Sacramento has been improving every month since January 2010 and is now 2.4 percentage points less severe than the September 2009 low point of -6.2 percent. As the state and nation have been recovering more rapidly than Sacramento in recent months, the Region's job growth has fallen behind both benchmarks. Three of the Region's largest sectors saw an uptick in May 2010 job growth—Professional & Business Services and Leisure & Hospitality continued their general upward pattern while, surprisingly, the Government sector jumped back to modest positive growth (with preliminary data showing annual gains in general federal and local education activities). Two of the Region's other large sectors saw job growth drop off in May 2010—the rate of loss in Educational & Health Services became more pronounced while Trade, Transportation, & Utilities saw its improving conditions diminish. These mixed conditions in large sectors have held overall recovery in the regional economy back.

Improvements at the statewide and national levels have been clear in recent months with both areas seeing annual rates of loss in May 2010 over 4 percentage points better than the same point last year. The nation posted -0.4 percent job growth in May 2010 (a decrease of about 491,000 jobs) with the state still behind at -1.7 percent (reflecting a loss of 319,200 jobs). The SF Bay Area also continued its upward pattern with job growth coming in at -2.3 percent in May 2010 (a 64,600-job decrease), well above its bottom in September 2009 (-7.4 percent). Two other regions neighboring Sacramento saw job growth flatten out—Stockton posted -1.4 percent job growth and Solano saw employment growth at -2.8 percent (respective employment declines of 2,300 and 2,100).

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TWO MAJOR SECTORS ADDED JOBS IN THE REGION OVER THE PAST 12 MONTHS

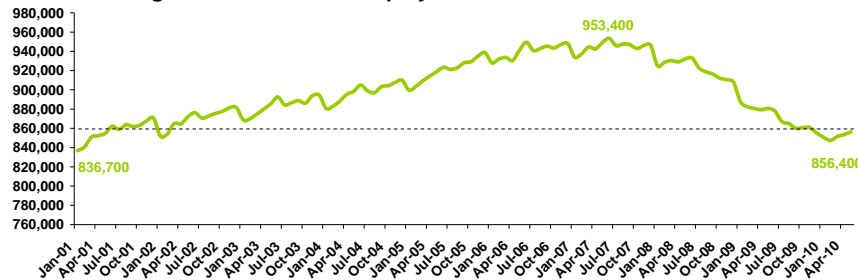
Major Sector Annual Job Gains and Losses

Sector	May 2009-2010				
	Sacramento Region	California	SF Bay Area	Stockton	Solano
Total Nonfarm	-24,300	-319,200	-64,600	-2,300	-2,100
Private Sector	-26,100	-332,700	-63,800	-2,700	-1,200
Public Sector	1,900	13,500	-800	400	-900
Government	1,900	13,500	-800	400	-900
Mining & Logging	100	-1,500	200	0	0
Information	-700	-3,000	-2,300	-100	400
Manufacturing	-1,000	-75,900	-10,300	-400	-400
Edu. & Health Svcs.	-1,600	16,200	-3,100	-500	-300
Other Services	-1,700	-6,600	-4,200	600	-100
Leisure & Hospitality	-2,600	5,500	-3,300	-200	100
Trade, Trans., & Util.	-3,300	-97,300	-10,500	-500	-200
Financial Activities	-3,400	-28,700	-7,200	-400	-100
Prof. & Business Svcs.	-4,000	-45,000	-9,100	-100	100
Construction	-7,900	-96,400	-14,000	-1,100	-700

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

REGIONAL EMPLOYMENT IS TRACKING AT LEVELS SEEN IN 2001 AND 2002

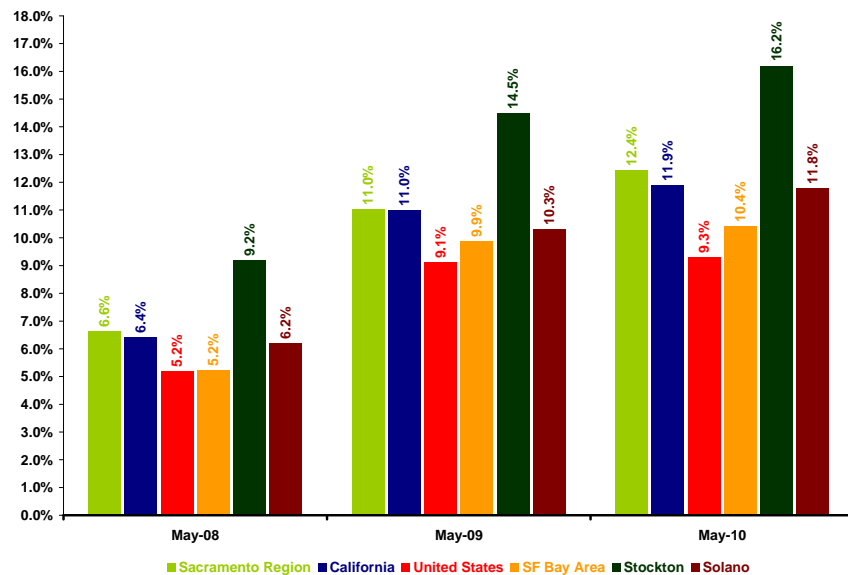
Sacramento Region Total Nonfarm Employment



Data Source: CA Employment Development Department

UNEMPLOYMENT IN SACRAMENTO REMAINED ABOVE THE STATEWIDE RATE

Unemployment Rate



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

Nine of the Sacramento Region’s major sectors continued to experience annual job declines as of May 2010. Construction and Professional & Business Services remained at the bottom of the list with respective losses of 7,900 and 4,000 jobs. Financial Activities and Trade, Transportation, & Utilities both shed over 3,000 jobs between May 2009 and 2010. Government and the small Mining & Logging sector both added jobs in the Region over the past year. With the net loss of 24,300 jobs, Sacramento’s total Nonfarm employment in May 2010 stood at 856,400 according to preliminary data—this is close to the same employment level maintained at points in 2001 and 2002.

The state overall also posted annual job gains in the Government sector along with Educational & Health Services and Leisure & Hospitality. The most severe losses at the statewide level were in the Trade, Transportation, & Utilities and Construction sectors. Growth in the SF Bay Area was limited to the small Mining & Logging sector with losses in all the other sectors led by the Construction and Trade, Transportation, & Utilities sectors. Stockton posted 12-month gains in the Other Services and Government sectors and experienced the greatest losses in Construction; Trade, Transportation, & Utilities; and Educational & Health Services. Solano saw growth in three sectors including Information; Leisure & Hospitality; and Professional & Business Services. The greatest losses in Solano were in the Government and Construction sectors.

At 12.4 percent, the rate of unemployment within the Sacramento Region’s labor force remained above the statewide average. Preliminary data for May 2010 show that 140,000 residents are considered unemployed out of a regional labor force of over 1.1 million. California’s comparative unemployment rate was 11.9 percent, but alternative measures which take involuntary part-time employment and marginally attached workers into account suggest this rate could be roughly 10 percentage points higher. Unemployment rates in the SF Bay Area and Solano continued to fall below the statewide average (respective rates of 10.4 and 11.8 percent), but rank above the nation, which is at 9.3 percent. Stockton’s unemployment rate is still one of the highest in the nation (along with other Central Valley regions) with May 2010 data reflecting a level of 16.2 percent.

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.