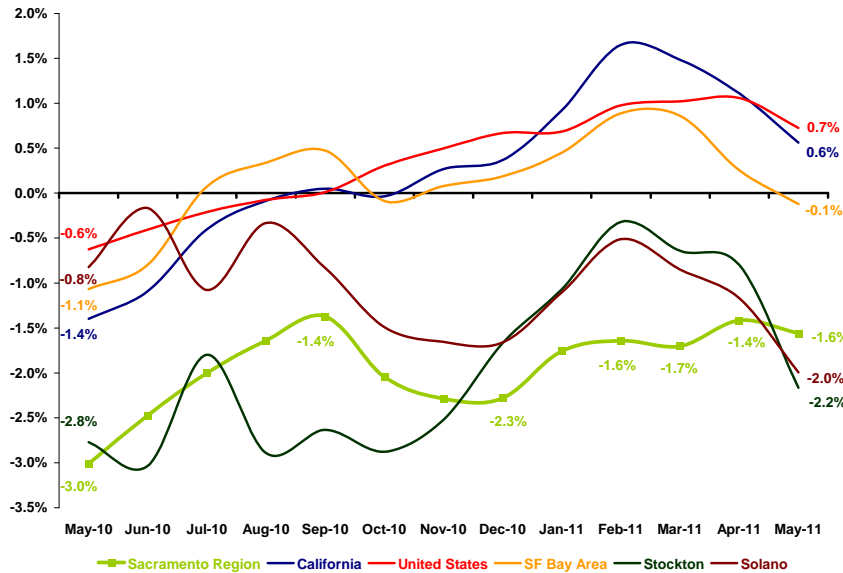


*A monthly report examining the health and performance of the Sacramento Region's economy*

### SACRAMENTO'S JOB GROWTH HAS NOT BROKEN OUT OF THE FLAT PATTERN

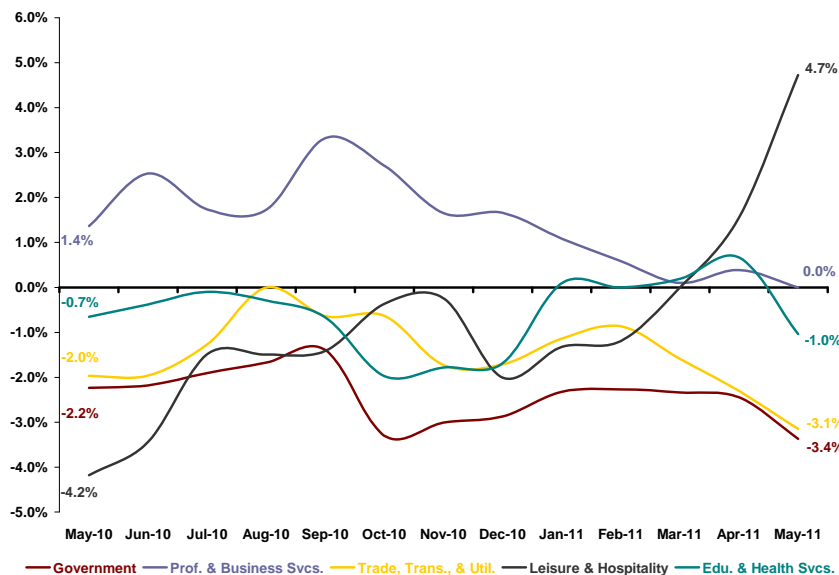
#### Annual Job Growth



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

### MOST OF THE REGION'S LARGEST SECTORS ARE EXPERIENCING DOWNTURNS

#### Sacramento Region Largest Sector Annual Job Growth



Data Source: CA Employment Development Department

There has still been no notable movement in the six-county Sacramento Region's annual job growth since the beginning of 2011. Preliminary data show that over the 12 months ending May 2011, the Region lost 1.6 percent of all payroll jobs, reflecting a net decrease of 13,300 jobs across all sectors. This rate of decline is within a similar level the Region has been posting for the past five months, showing no real signs of improvement; however, job growth is currently a little less than half as low as it was at the same point in 2010. Job growth in four out of the five largest sectors in Sacramento has tapered off since January 2011. The two largest sectors—Government and Trade, Transportation, & Utilities—are now back to concerning levels of negative job growth at -3.4 percent and -3.1 percent, respectively, with losses across all sub-sectors in the past year. Both the Professional & Business Services and Educational & Health Services sectors began the year in positive territory, but the former is now at no-growth and the latter has dropped into negative territory (with losses in both the private education and healthcare components). Leisure & Hospitality was the only large sector in the Sacramento Region to demonstrate an upward job growth pattern, moving up rapidly to 4.7 percent job growth primarily as a result of annual gains in restaurants and bars.

Slowing job growth is evident in all other benchmark areas including the state and nation. After posting promising job growth of 1.6 percent in February 2011, California has dropped to 0.6 percent with an annual increase of 78,700. The nation saw job growth drop off only in the last month, dropping from 1.1 percent to 0.7 percent (a gain of 952,000 jobs). Since the beginning of the year, the SF Bay Area has seen its job growth fall from 0.9 percent to -0.1 percent in May 2011, shedding 3,400 payroll jobs in the last 12 months. The recent downturn has pushed both the Stockton and Solano markets below the Sacramento Region after tracking above the Region since late 2010. Stockton lost 2.2 percent of all payroll jobs, or 4,100 jobs, between May 2010 and 2011 while Solano shed 2.0 percent of its jobs with an annual loss of 2,400 jobs.

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**ONLY ONE MAJOR SECTOR POSTED ANNUAL JOB GAINS IN SACRAMENTO**

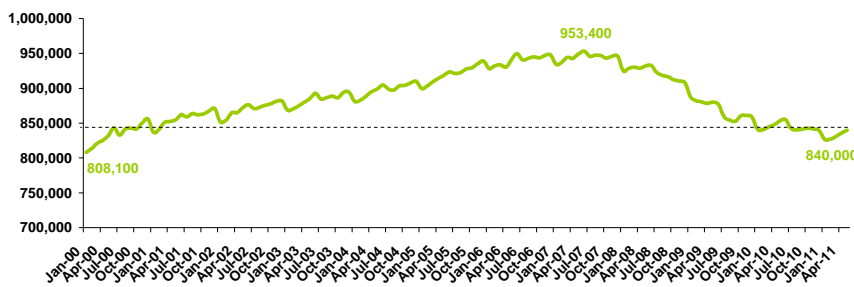
**Major Sector Annual Job Gains and Losses**

Sector	May 2010-2011				
	Sacramento Region	California	SF Bay Area	Stockton	Solano
Total Nonfarm	-13,300	78,700	-3,400	-4,100	-2,400
Private Sector	-4,900	183,200	13,600	-1,500	-1,400
Public Sector	-8,400	-104,500	-17,000	-2,600	-1,000
Leisure & Hospitality	3,900	34,300	-800	200	-200
Prof. & Business Svcs.	0	51,400	9,500	-100	-300
Mining & Logging	-100	-200	-100	0	0
Manufacturing	-100	5,600	4,700	0	0
Other Services	-300	-3,600	-1,700	-300	0
Construction	-400	400	-5,900	-400	200
Information	-600	30,100	4,600	0	-100
Edu. & Health Svcs.	-1,100	39,700	7,300	-100	-300
Financial Activities	-1,800	-1,600	-3,200	-200	-300
Trade, Trans., & Util.	-4,400	27,100	-800	-600	-400
Government	-8,400	-104,500	-17,000	-2,600	-1,000

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

**THE REGION'S TOTAL EMPLOYMENT IS STILL TRACKING AT YEAR 2000 LEVELS**

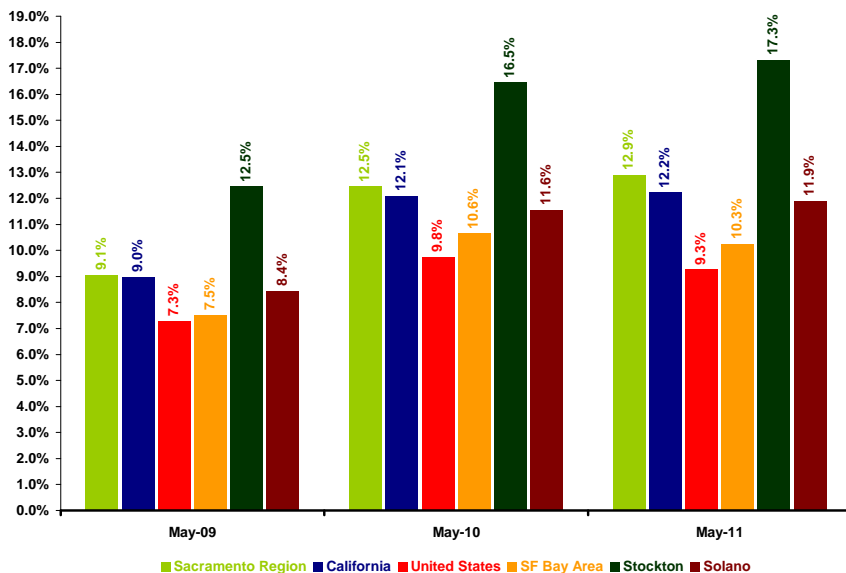
**Sacramento Region Total Nonfarm Employment**



Data Source: CA Employment Development Department

**UNEMPLOYMENT HAS NOT TURNED THE CORNER IN SACRAMENTO**

**Unemployment Rate (Seasonally Adjusted Annual Average)**



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

The Sacramento Region posted annual job gains in only the Leisure & Hospitality sector in May 2011. The Government sector lost 8,400 jobs in the past year with the majority of losses occurring in local government activities. Trade, Transportation, & Utilities also shed a significant number of jobs between May 2010 and 2011, dominated by declines in retail trade activities. The Region's net decline of 13,300 jobs in the last 12 months puts total Nonfarm employment at 840,000, still around the same level as in the year 2000 and now about 113,000 off the June 2007 peak.

Statewide, most sectors are still posting job gains with Professional & Business Services and Educational & Health Services leading the way. Among the four sectors in California that lost jobs in the past 12 months, Government posted the most severe declines by far, eclipsing over half of the jobs gained in the sectors with positive job growth. Four sectors added jobs in the SF Bay Area between May 2010 and 2011 with the same top-performing sectors as the state overall. Out of the six sectors posting job decreases in the SF Bay Area, the Government sector saw the greatest employment decrease. Both Stockton and Solano experienced annual employment increases in only one sector in May 2011, Leisure & Hospitality in the former and Construction in the latter. The Government sector was also the largest drag on job growth in both markets.

The unemployment rate is still increasing in the Sacramento Region on a seasonally adjusted annual average basis. In May 2011, the Region's unemployment rate sat at 12.9 percent with approximately 142,000 unemployed residents. This unemployment rate is four basis points higher than the same point in the previous year and still well above the statewide and national averages of 12.2 percent and 9.3 percent, respectively. Unemployment in the SF Bay Area has begun to turn around with the May 2011 rate of 10.3 percent about three basis points lower than one year ago. Like Sacramento, both Stockton and Solano posted higher unemployment rates than one year prior with respective May 2011 rates of 17.3 percent and 11.9 percent.

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