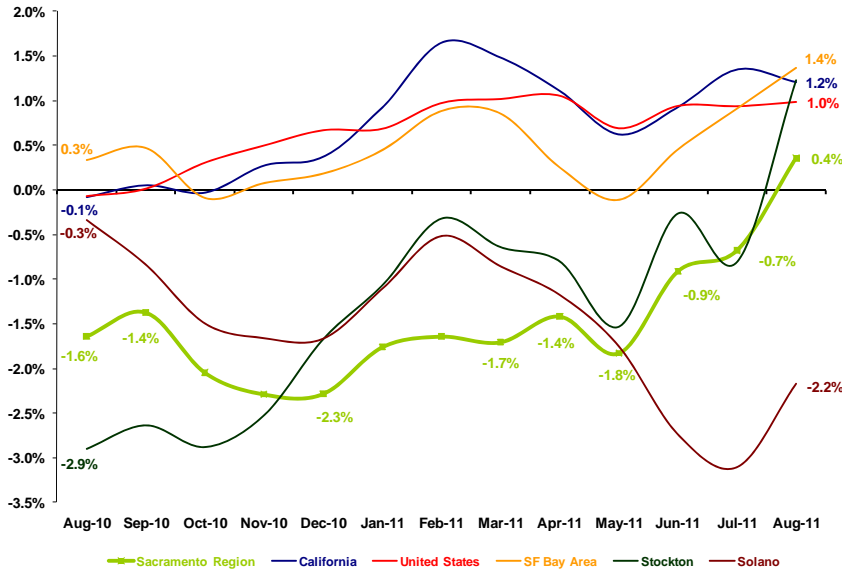




A monthly report examining the health and performance of the Sacramento Region's economy

JOB GROWTH IN THE SACRAMENTO REGION REACHED POSITIVE TERRITORY

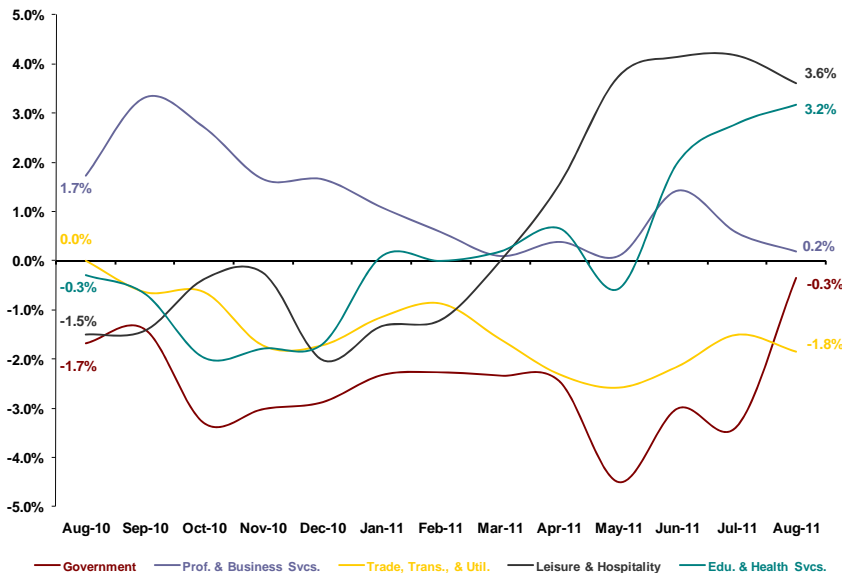
Annual Job Growth



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

REGIONAL GROWTH DRIVEN BY HEALTH CARE AND LEISURE ACTIVITIES

Sacramento Region Largest Sector Annual Job Growth



Data Source: CA Employment Development Department

The six-county Sacramento Region posted positive annual job growth in August 2011 with the third straight month of improving rates. Preliminary data reveal that the Region saw the number of Nonfarm jobs on payrolls increase by 0.4 percent between August 2010 and 2011, equating to a gain of 3,000 jobs. While Sacramento's job growth remains below the statewide and national benchmarks, the move into positive territory marks an important milestone for the regional economy, which experienced negative job growth for 46 consecutive months. It is important to note that for true economic recovery to be recognized in the Region, positive job growth will have to be sustained for a number of months with evidence in both the preliminary and final revised data from the Employment Development Department. The upward momentum in the regional economy has been supported by job growth in two of Sacramento's largest sectors, Educational & Health Services (gains primarily in health care related activities) and Leisure & Hospitality (mainly driven by bars and restaurants), both of which posted annual rates of growth above 3 percent in August 2011. Another prominent sector, Professional & Business Services, also posted positive job growth in August 2011, but at a minimal rate which was much lower than at the same point in the previous year. Sacramento's two largest sectors, Government and Trade, Transportation, & Utilities (combined accounting for more than 43 percent of all jobs), remained in negative territory, depressing overall regional economic performance.

The state posted job growth of 1.2 percent in August 2011 with an annual increase of 166,900 jobs. California's job growth surpassed the national rate of 1.0 percent, reflecting a net gain of close to 1.3 million jobs as most large states experienced employment increases in the 12 months ending August 2011. After a slight dip in the previous quarter, job growth in the SF Bay Area has shown an upward pattern reaching 1.4 percent in August 2011, a rate which exceeded the statewide and national averages for the first time in the past year. Between August 2010 and 2011, the SF Bay Area saw jobs on payrolls increase by 37,400. The Stockton market posted an extraordinary uptick in annual job growth jumping up to the statewide average (with a 2,300-job gain) from notable rates of loss over the past few months. The Solano market experienced a modest uptick following a severe job growth slide. In the past year, Solano shed 2.2 percent of all Nonfarm jobs, equating to an employment loss of 2,600.

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FIVE OF SACRAMENTO'S MAJOR SECTORS ADDED JOBS IN THE PAST YEAR

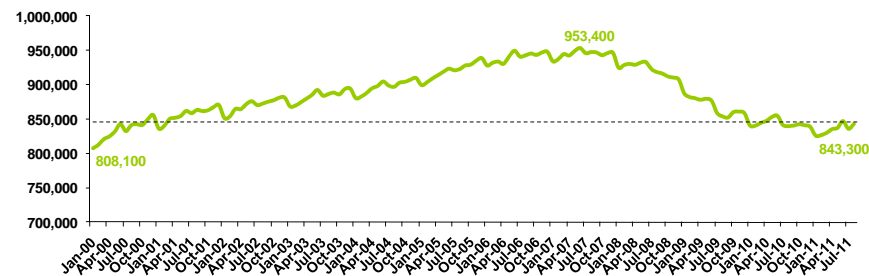
Major Sector Annual Job Gains and Losses

Sector	August 2010-2011				
	Sacramento Region	California	SF Bay Area	Stockton	Solano
Total Nonfarm	3,000	166,900	37,400	2,300	-2,600
Private Sector	3,800	185,400	32,500	1,000	-3,000
Public Sector	-800	-18,500	4,900	1,300	400
Edu. & Health Svcs.	3,300	44,100	12,300	-300	-700
Leisure & Hospitality	3,100	36,100	500	600	0
Construction	1,800	8,500	-1,400	-200	-300
Other Services	400	-4,700	1,000	-200	0
Prof. & Business Svcs.	200	44,100	13,000	300	-1,000
Mining & Logging	-100	300	-100	0	-200
Information	-200	24,100	3,400	100	-200
Government	-800	-18,500	4,900	1,300	400
Manufacturing	-900	15,900	8,200	600	100
Financial Activities	-1,200	-7,400	-4,400	100	-300
Trade, Trans., & Util.	-2,600	24,400	0	0	-400

Data Source: CA Employment Development Department

TOTAL EMPLOYMENT IN SACRAMENTO IS SHOWING AN UPWARD PATTERN

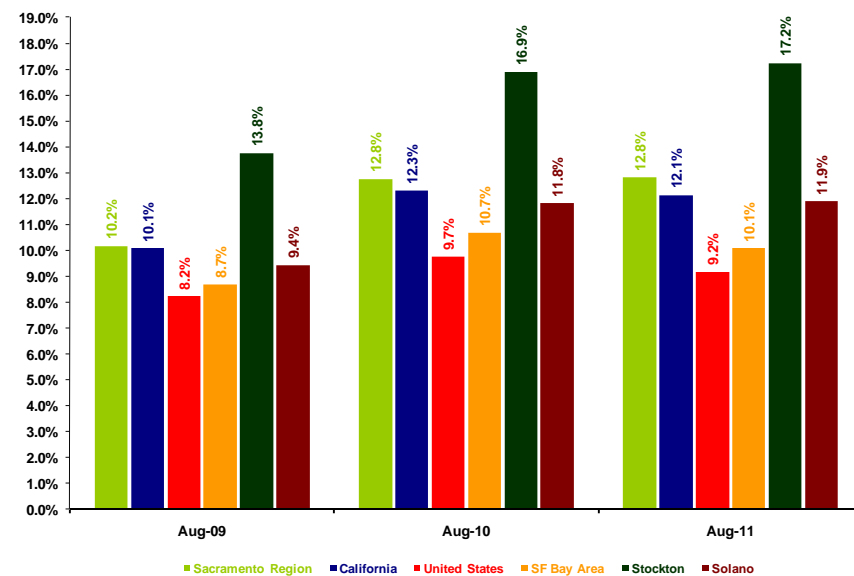
Sacramento Region Total Nonfarm Employment



Data Source: CA Employment Development Department

UNEMPLOYMENT IS STABILIZING IN THE SACRAMENTO REGION

Unemployment Rate (Seasonally Adjusted Annual Average)



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

The Sacramento Region posted employment gains in five major sectors over the 12 months ending August 2011. The Educational & Health Services and Leisure & Hospitality sectors added more than 3,000 jobs each in the past year. It is interesting to note that the Construction sector was among the group of sectors posting job gains with annual increases reported in commercial and residential construction activities exceeding continued losses among specialty trade contractors. The most substantial annual job losses in the Region were within the Trade, Transportation, & Utilities (dominated by retail trade) and Financial Activities sectors, posting a combined decline of 3,800 jobs between August 2010 and 2011. As of August 2011, total Nonfarm employment in the Sacramento Region stood at 843,300, which is still around 2001 levels. However, an upward pattern has become evident since the beginning of 2011, reflecting improvements in annual job growth.

Statewide, annual job losses were confined to three sectors in August 2011 including Government, Financial Activities, and Other Services. The greatest annual gains across the state were posted within the Educational & Health Services and Professional & Business Services sectors. The SF Bay Area also saw losses in only three sectors over the August 2010 to 2011 period—Financial Activities, Construction, and Mining & Logging. This region experienced the most pronounced gains in the same sectors as the state overall. In contrast to the rest of the state, both the Stockton and Solano markets experienced employment declines in the Educational & Health Services sector. Stockton also saw losses in the Construction and Other Services sector while the Government sector posted the greatest gains in this market (primarily within local government education activities). The Solano market posted minimal gains in only two sectors over the past 12 months including Manufacturing and Government.

The unemployment rate in the Sacramento Region held steady in August 2011 at 12.8 percent on a seasonally adjusted annual average basis. Although the rate continues to exceed the statewide and national average, the rate appears to be stabilizing and could begin to decline soon similar to these two benchmarks. Regionally, nearly 141,000 residents were reported as unemployed as of August 2011 based on adjusted data. The state's unemployment rate was 12.1 percent in August 2011 while the nation posted a rate of 9.2 percent. The SF Bay Area also saw its unemployment rate decline, falling to 10.1 percent in August 2011 (between the statewide and national averages). The unemployment rate in both the Stockton and Solano markets continued to increase reaching respective levels of 17.2 percent and 11.9 percent. The former remains among the worst in the country despite the dramatic job growth uptick in August 2011.

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.