

# Economic Update

LMIDA Advisory Group Meeting

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## Labor Force and Jobs Estimates Explained

Although the EDD reports its headline unemployment rate and jobs numbers simultaneously every month, the two measures are in fact calculated from different surveys that have different units of measurement, definitions of employment, and methodologies. They are not directly comparable.

### Local Area Unemployment Statistics (LAUS). or Labor Force Data (People)

Looks at labor market conditions from the perspective of **people** and counts **individuals** where they live. Multiple job holders are counted only once.

### Key Variables and Definitions

- **Working Age Population** refers to the noninstitutionalized civilian population age 16 and over as reported by the U.S. Census Bureau. Excludes members of the Armed Services, and individuals in institutions such as prisons, mental hospitals, or nursing homes.
- **Civilian Employment** includes *all* individuals who worked at least one hour for pay during the survey reference week that includes the 12<sup>th</sup> of the month. Includes wage and salary job holders, self-employed individuals whose businesses are unincorporated, unpaid family workers, agricultural workers, and private household workers. Individuals who work in the informal and gig economies are included, at least in principle.
- **Civilian Unemployment** includes those individuals who were not working but were able, available, and actively sought work during in the four-week period leading up to survey reference week (the week that includes the 12<sup>th</sup> of the month). Unemployed persons include individuals who lost their job or concluded temporary work assignments, left their job voluntarily, new entrants to the labor market, and individuals who re-enter the labor market after a period on the sidelines.

- **Labor Force** is the sum of civilian employment and unemployment.
- **Unemployment Rate** is the number of unemployed as a percentage of the labor force.
- **Labor Force Participation Rate** is the number of persons in the labor force as a percentage of the working age population
- **Not in the labor Force:** Individuals who are neither employed or unemployed (not actively seeking work).

## **Estimation**

National labor force statistics are calculated from the responses to the Current Population Survey (CPS) of Households, often referred to as the household survey, which surveys a sample of about 60,000 U.S. households every month, of which about 4,800 are from California.

### Local Area Unemployment Statistics (LAUS) Estimation Model for States

Since the sample size of the CPS is too small to produce statistically reliable standalone estimates for all 50 states, the U.S. Bureau of Labor Statistics (BLS) has developed time series statistical models to generate estimates of labor force data (labor force, employment, unemployment, and the unemployment rate) for states.

In California, these models cover two areas of the State: the Los Angeles-Long Beach-Glendale Metropolitan Division (MD) and the Balance of California. The results are added together to derive state-level data. The time series models consist of two models for each area: one which estimates an unemployment ratio based on responses to the household survey, or CPS, and supplemented by monthly unemployment insurance claims data and one which estimates the civilian employment-to-population ratio based on CPS responses and supplemented by monthly industry jobs data.

The number of unemployed and employed persons are calculated by applying the respective unemployment and employment ratios derived by the models to the working age population. Working age population estimates are updated and revised each year.

## Current Employment Statistics (CES), or Employment by Industry Data (Jobs)

Looks at labor market conditions from the perspective of employers and counts the number wage and salary **jobs** where they are located—statewide and by metropolitan area or county.

### Estimation

Job estimates are generated from the Current Employment Statistics (CES) survey, which summarizes monthly employment, hours, and earnings data as reported from a sample of about 67,000 California employers. The estimates are revised in the following month as job information is received from additional employers.

Jobs are classified by industry according to the North American Industry Classification System (NAICS

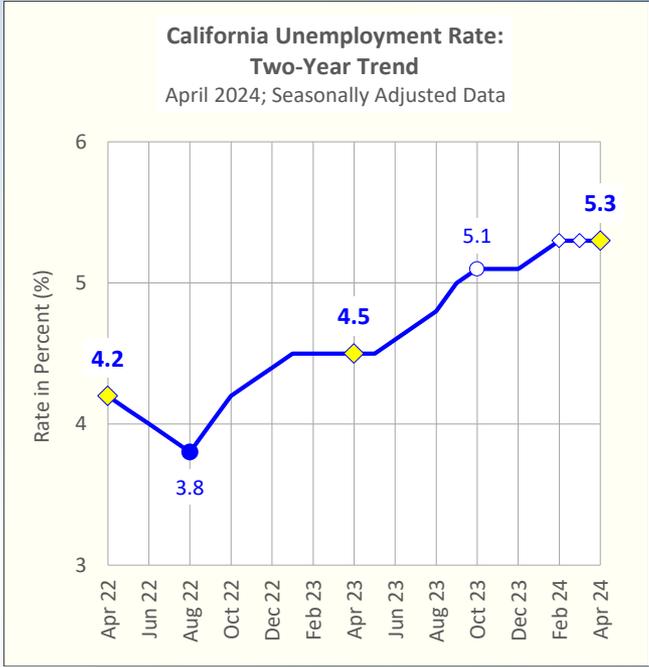
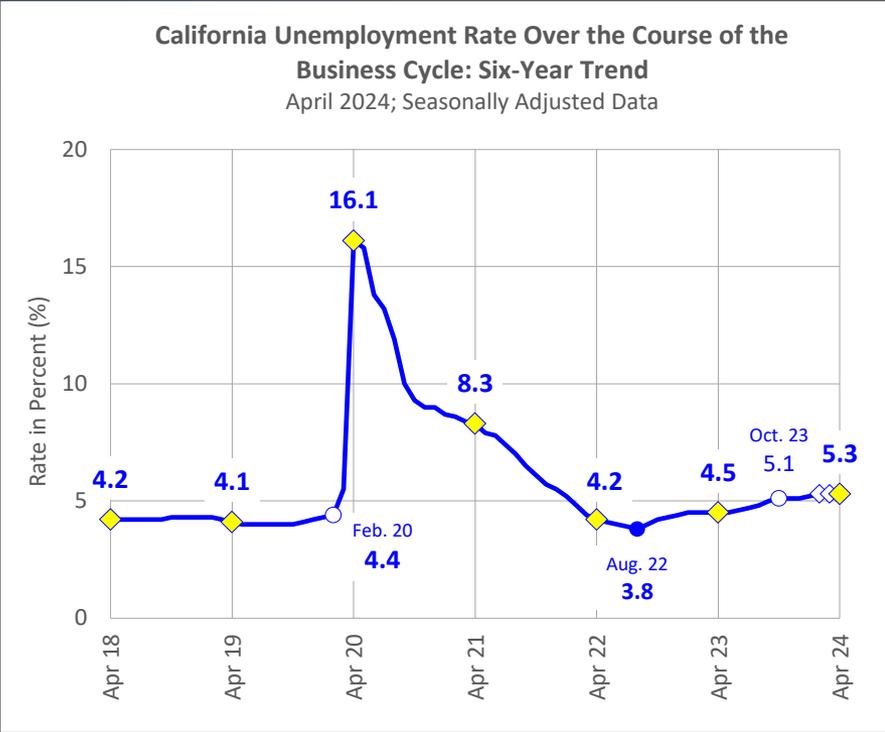
Monthly industry job estimates are benchmarked (replaced) annually to employment totals from the Quarterly Census of Employment and Wages (QCEW), which also serves as the sampling frame for the CES survey and provides the control totals to which survey responses are weighted.

Because QCEW data lag real time by several months, estimation includes a “birth-death” model which uses recent historical data to impute the expected net employment effect from newly formed businesses and business closures.

Unit of Measurement = Jobs

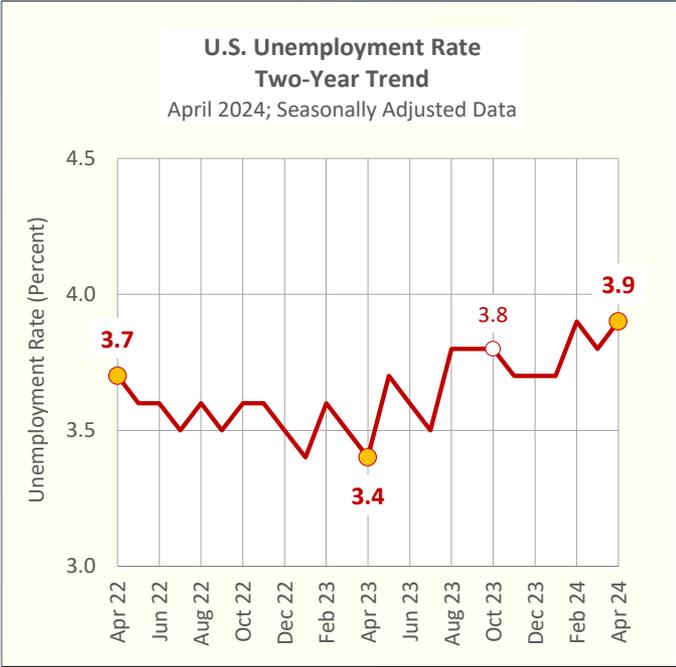
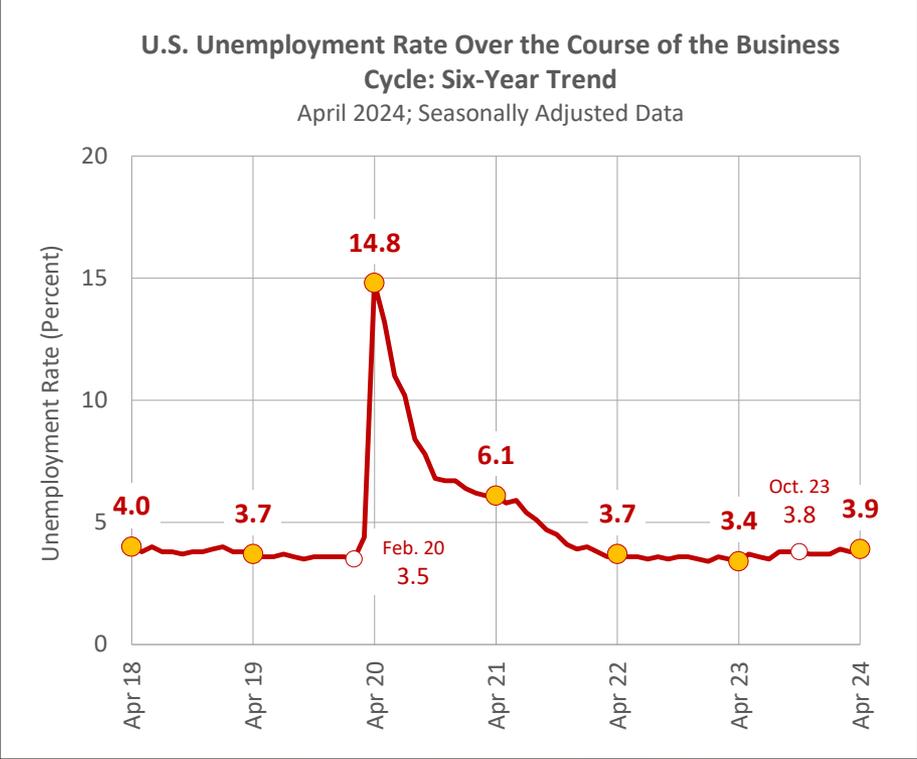
Definition of employment = Wage and salary jobs, or positions on a firm’s payroll only. Excludes self-employed individuals, unpaid family workers, agricultural workers, and private household workers. This implies that jobs in the informal and gig economies are also excluded.

# California Unemployment Rate Over the Course of the Business Cycle and Last Two Years



- California’s unemployment rate was stable at historically low levels leading up to the pandemic. It rocketed upwards to an all time high of 16.1 percent over just a two-month period following the pandemic outbreak in from February 2020, then it fell steeply and rapidly as pandemic-related restrictions on economic activity were eased and lifted. California’s unemployment rate returned to its pre-pandemic level of 4.4 percent in March 2022, continued to fall thereafter, and bottomed out at a record low of 3.8 percent in August 2022. An unemployment rate this low proved to be not sustainable.
- Currently there is a trend of gradually increasing unemployment in California. The state’s unemployment rate rose by 1.5 percentage point from August 2022 through April 2024. There are possible signs that this trend may be reversing. Although California’s unemployment rate rose 0.8 percentage point over the year in April 2024, it rose by just 0.2 percentage point over the last six months and has been stable at 5.3 percent over the last three.

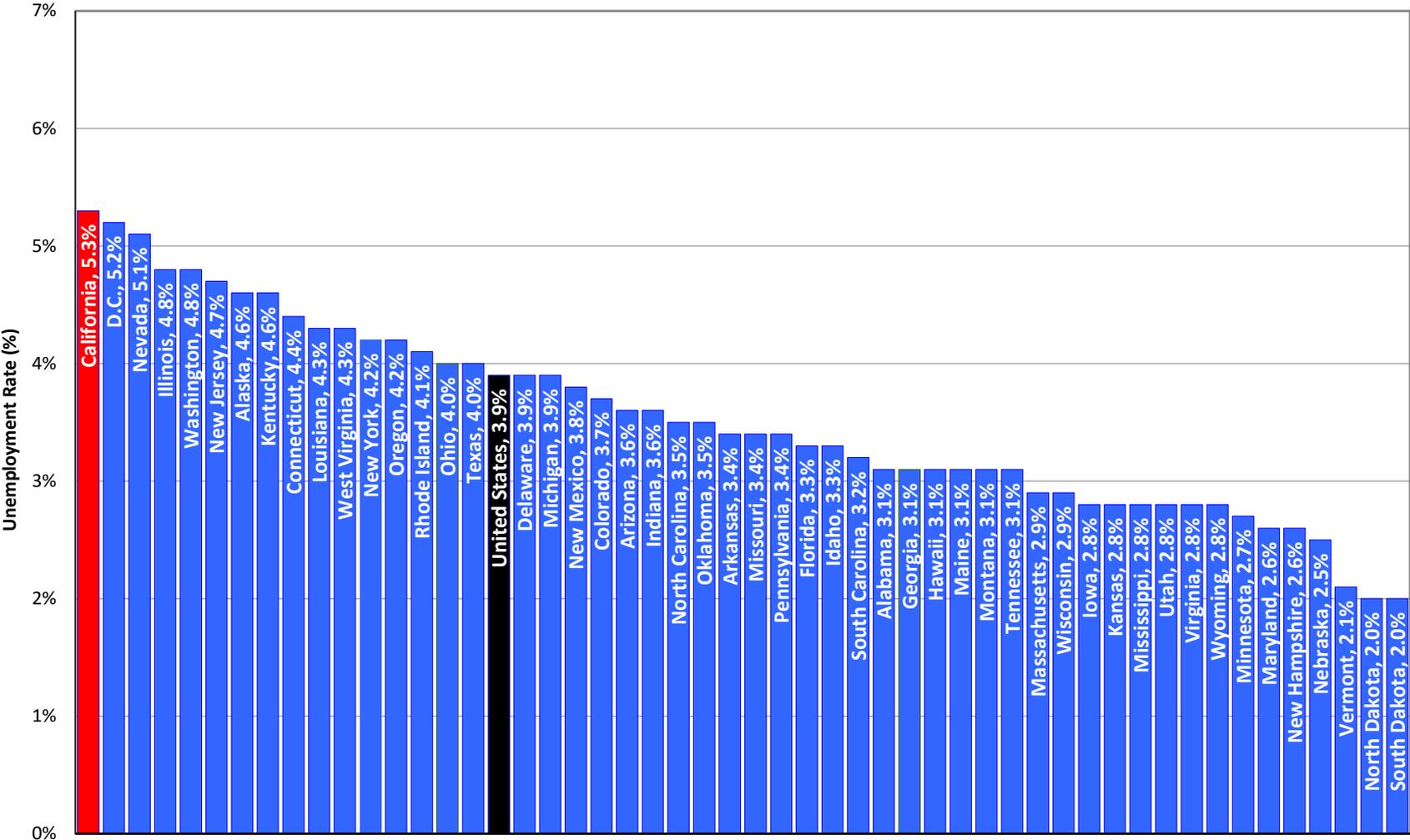
# U.S. Unemployment Rate Over the Course of the Business Cycle and Last Two Years



- The trend of the U.S. unemployment largely mimicked that of California’s over the last two years of the pre-pandemic expansion, during the pandemic-induced recession, and through the initial recovery period of the expansion. The U.S. rate returned to its pre-pandemic level in July 2022 and has trended flat overall since then. The nation has not experienced a trend increasing unemployment similar to California’s since August 2022.

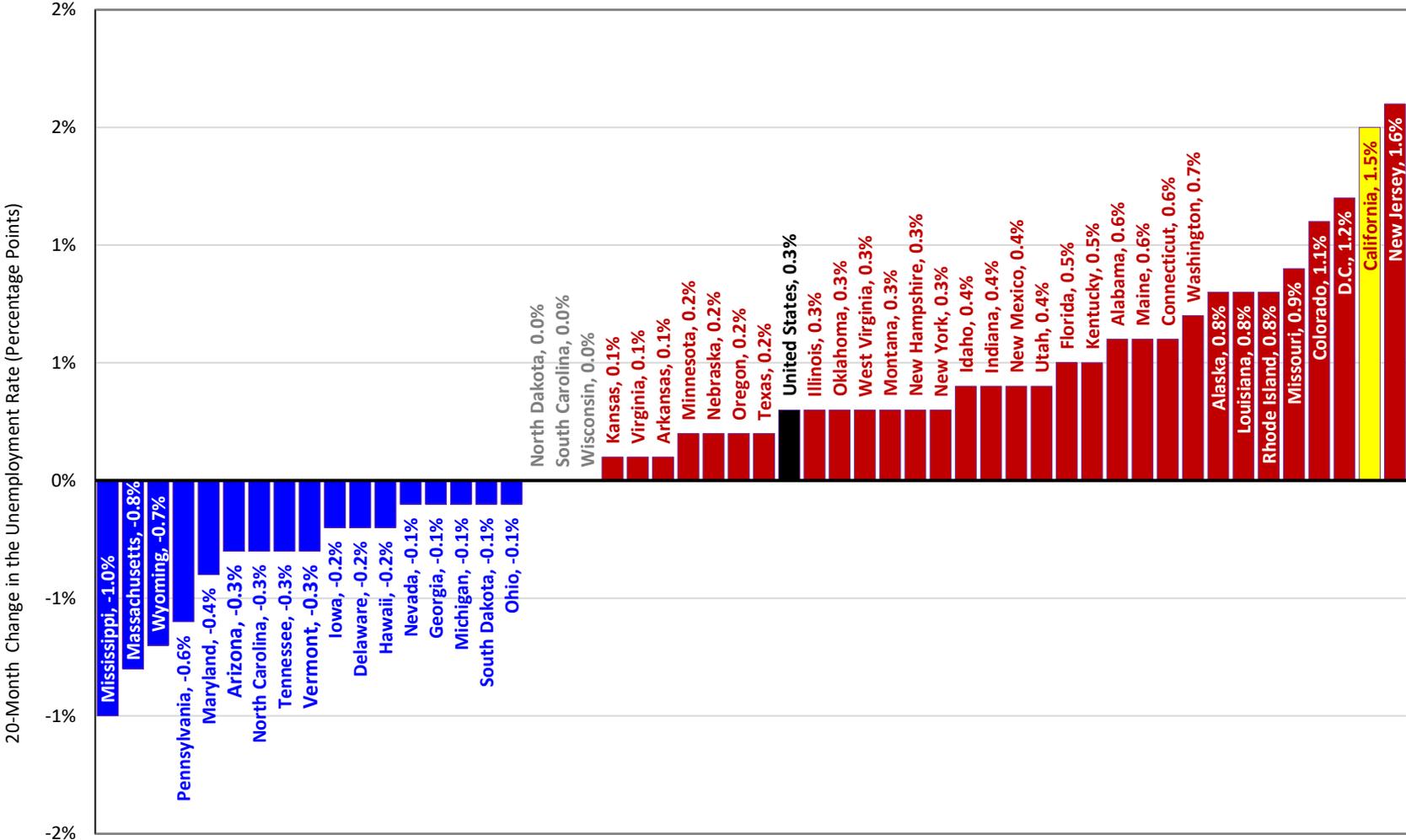
# California's Unemployment Rate In Comparison to Other States

**State Unemployment Rates: April 2024**  
 (Seasonally Adjusted Data; July 2022 Data Are Preliminary)

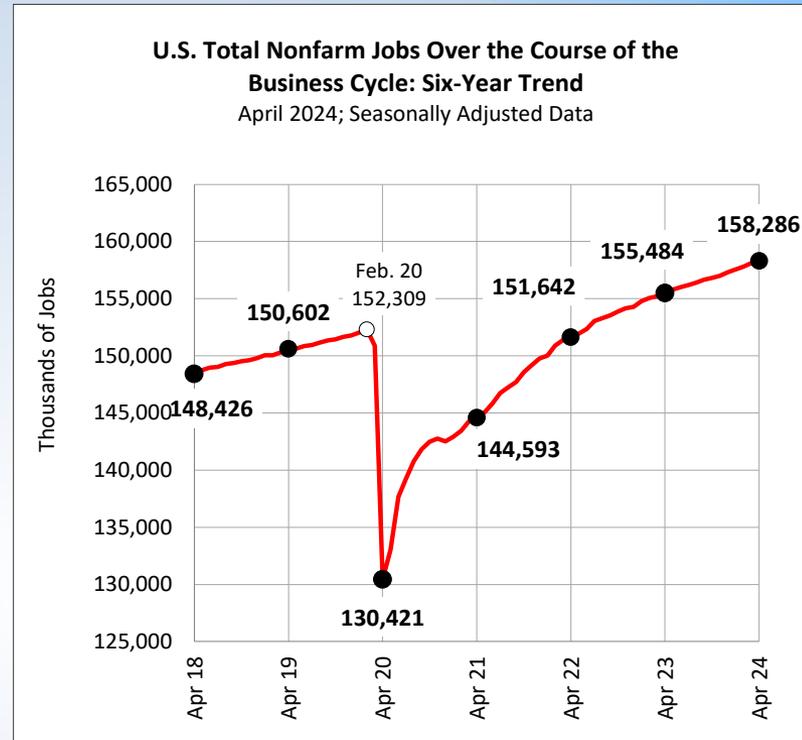
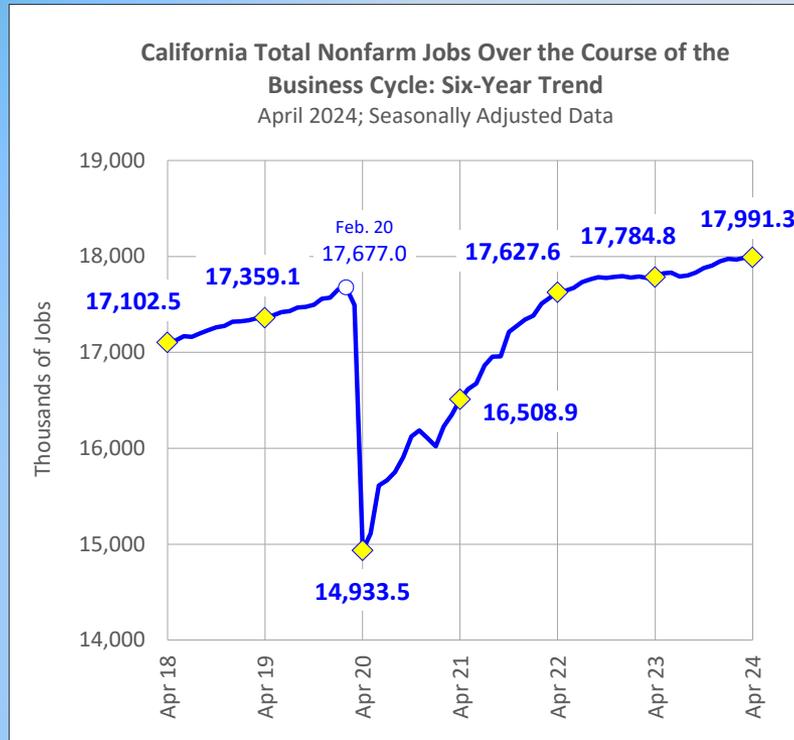


# California's Unemployment Rate In Comparison to Other States: Change Since August 2022

Changes in State Unemployment Rates from August 2022 Through April 2024  
(Seasonally Adjusted Data)



# Total Nonfarm Employment Trends in California and the U.S.



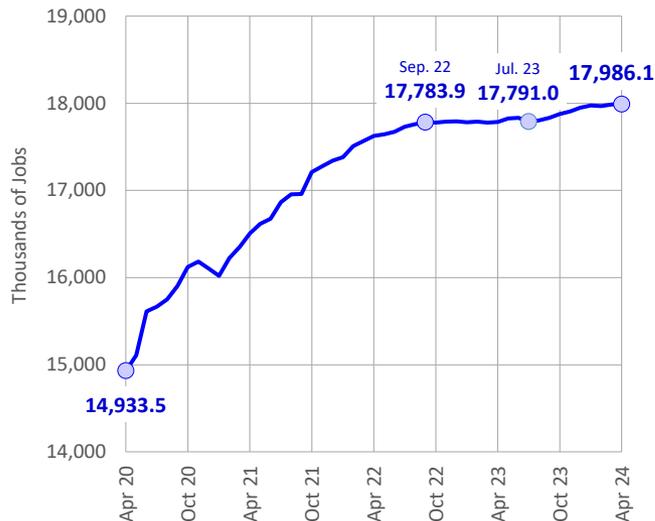
- Following the COVID-19 outbreak and subsequent public health interventions to mitigate its spread which included stay-at-home orders and the suspension of but essential economic activity, both California and the nation suffered deep and sudden job losses. California lost 2,743,500 nonfarm jobs over just a two-month period from February 2020 through April 2020, decrease of 15.5 percent. The nation's 14.4 percent job loss over the same period was only slightly less severe. However, job growth resumed robustly with the easing and eventual lifting of public health restrictions. The nation recovered its pandemic-related job losses in June 2022 and California did so the following month in July 2022. Job growth has since returned to pre-pandemic levels in in California and is nearly there nationally and both labor markets continue to expand. However, California's path to normalcy has been wobblier than the nation's.

# Different Phases of California's Ongoing Expansion in California

- California's jobs market expansion turned 48 months old in April 2024. The state added 3,057,800 nonfarm jobs from April 2020 through April 2024, this translates into an average monthly gain of 63,700 jobs per month and annualized growth rate of 5.1 percent over the course of the expansion-to-date. The state had 314,300 more nonfarm jobs in April 2024 than it had before the start of the pandemic-induced recession in February 2020.
- Closer inspection suggests that the ongoing expansion has had different phases, as determined by apparent changes in the slope of the job growth trendline: a rapid recovery phase, cooling off phase, and a rebound in job growth. The pace of job growth in California during the recent rebound phase is on par with the last two years of the pre-pandemic expansion.

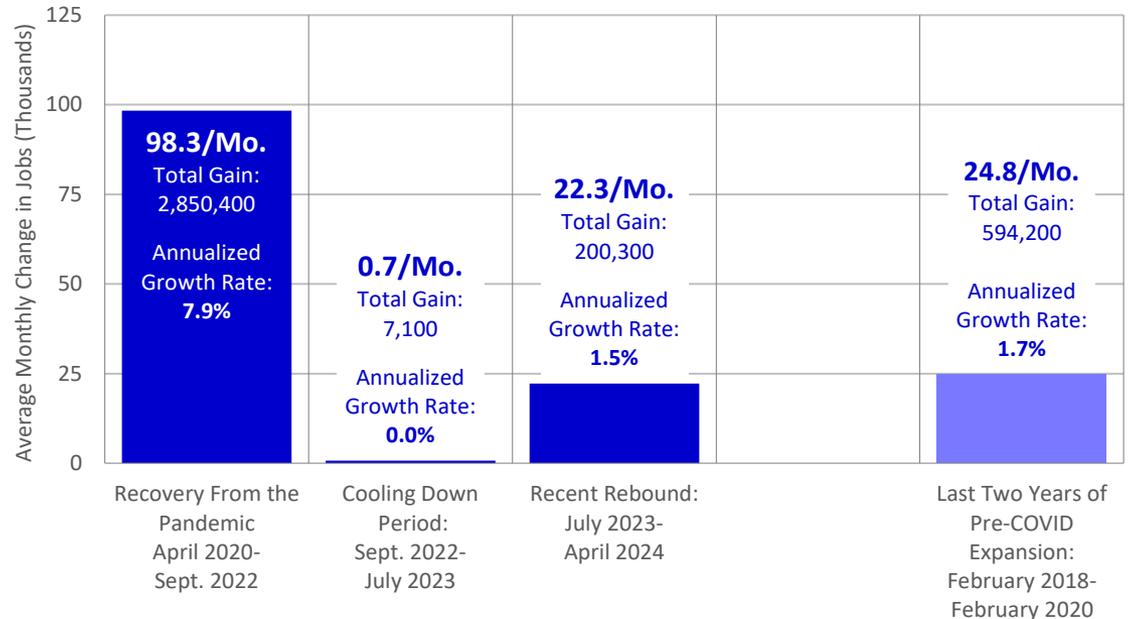
California Total Nonfarm Jobs Over the Course of the Expansion: April 2020-April 2024

Seasonally Adjusted Data



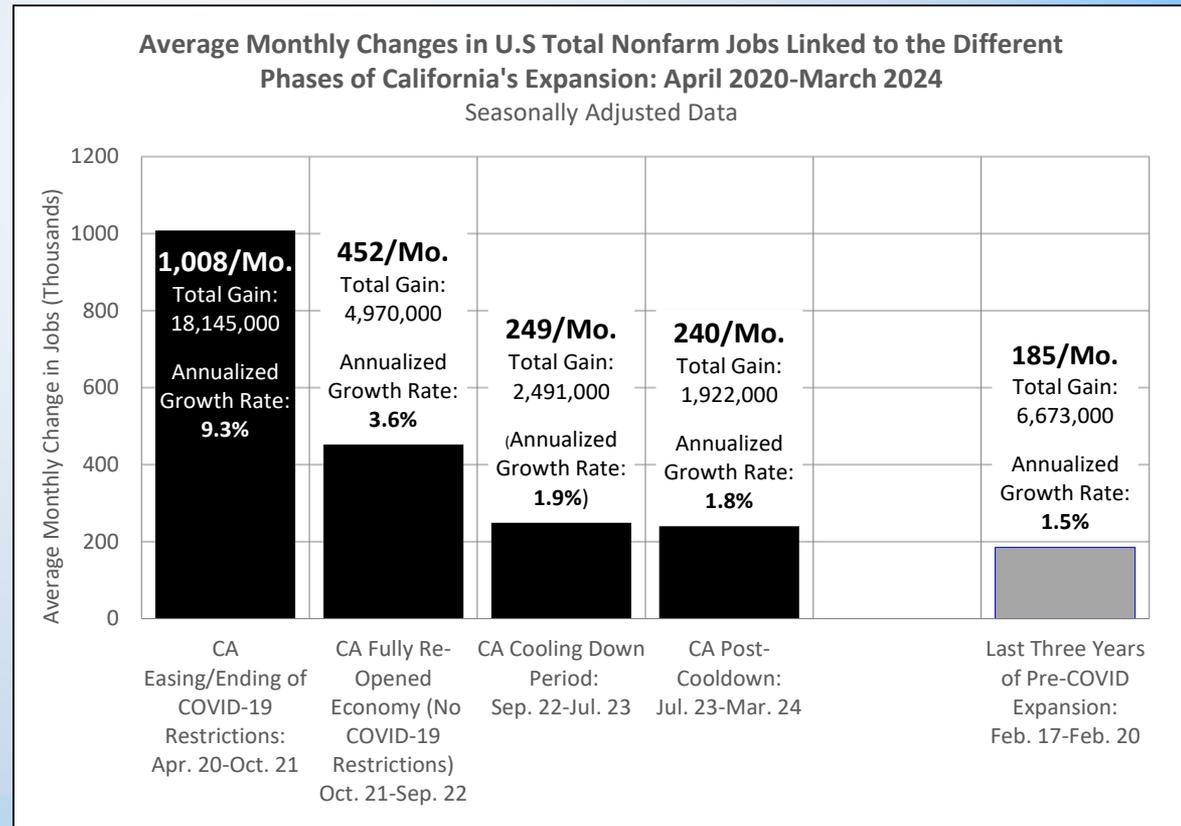
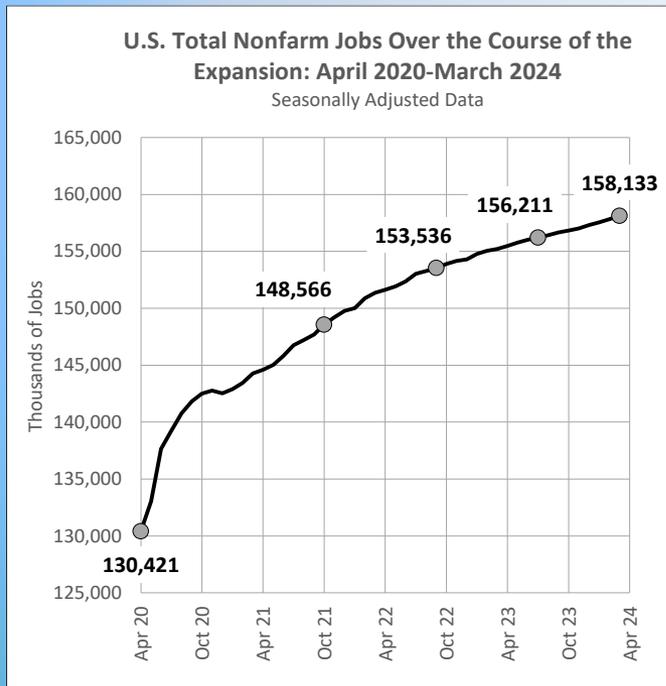
Average Monthly Changes in California Total Nonfarm Jobs During Different Phases of the Expansion: April 2020-April 2024

Seasonally Adjusted Data



# The U.S. Expansion Linked to the Different Phases of California's Ongoing Expansion

- The nation's jobs market expansion also turned 48 months old in April 2024. The U.S. added 27,865,000 nonfarm jobs from April 2020 through April 24. This translates into an average gain of 581,000 jobs per month and annualized growth rate of 5.3 percent per year. The nation had 5,977,000 (3.9 percent) more nonfarm than it before the start of the pandemic-induced recession in February 2020.
- The charts below link the U.S. expansion to the different phases of California's expansion. The nation did not experience a similar cooling down in job growth to California's from September 2022 through July 2023. Rather, national job growth has slowed towards its pre-pandemic normal at a more even pace and hasn't quite arrived there yet.



# State Job Growth Trends Linked to the Different Phases of the California's Ongoing Expansion

## CALIFORNIA'S RECOVERY PHASE

April 2020 - September 2022

Percent Changes in Total Nonfarm Jobs by State  
(Seasonally Adjusted Data)

Nevada	37.9%	Ohio	19.0%
Michigan	31.6%	Tennessee	18.9%
Rhode Island	26.3%	<b>United States</b>	<b>17.7%</b>
Florida	25.1%	Alabama	17.3%
Vermont	24.4%	Oregon	17.2%
Hawaii	24.4%	Mississippi	16.4%
New York	23.9%	Wisconsin	16.3%
New Jersey	23.6%	Washington	16.2%
Pennsylvania	22.7%	West Virginia	16.2%
Montana	22.2%	Missouri	16.0%
New Hampshire	21.9%	South Dakota	16.0%
Idaho	21.9%	Minnesota	15.8%
South Carolina	21.8%	Alaska	15.6%
North Carolina	21.1%	Virginia	15.5%
Delaware	21.1%	Arkansas	15.5%
Kentucky	21.1%	Maryland	15.3%
Indiana	21.1%	New Mexico	15.0%
Massachusetts	21.1%	Illinois	14.9%
Colorado	20.8%	Louisiana	14.3%
Texas	20.7%	Oklahoma	14.2%
Georgia	20.6%	Kansas	13.4%
Connecticut	20.5%	North Dakota	13.1%
Utah	20.5%	Iowa	12.5%
Arizona	20.1%	Nebraska	12.4%
Maine	19.7%	Wyoming	10.9%
<b>California</b>	<b>19.1%</b>	D.C.	6.1%

## CALIFORNIA'S COOLING OFF PHASE

September 2022 - July 2023

Percent Changes in Total Nonfarm Jobs by State  
(Seasonally Adjusted Data)

Alaska	3.1%	New Jersey	1.4%
Colorado	2.3%	West Virginia	1.4%
Florida	2.3%	Connecticut	1.4%
Texas	2.2%	Vermont	1.3%
Delaware	2.1%	Montana	1.2%
Nevada	1.9%	Washington	1.2%
Idaho	1.8%	Minnesota	1.2%
South Carolina	1.8%	Ohio	1.1%
<b>United States</b>	<b>1.8%</b>	Pennsylvania	1.1%
New Mexico	1.8%	New Hampshire	1.1%
Wyoming	1.8%	Georgia	1.0%
Arizona	1.8%	Kansas	1.0%
Oklahoma	1.8%	Rhode Island	1.0%
North Carolina	1.8%	Oregon	0.9%
Alabama	1.7%	D.C.	0.9%
Nebraska	1.7%	Arkansas	0.8%
Utah	1.7%	Tennessee	0.7%
Michigan	1.6%	Maryland	0.7%
North Dakota	1.6%	Indiana	0.7%
Missouri	1.6%	Mississippi	0.6%
Maine	1.6%	Iowa	0.6%
Kentucky	1.6%	Illinois	0.6%
New York	1.5%	Wisconsin	0.5%
South Dakota	1.5%	Massachusetts	0.5%
Virginia	1.5%	Louisiana	0.4%
Hawaii	1.5%	<b>California</b>	<b>0.0%</b>

## CALIFORNIA'S RECENT REBOUND

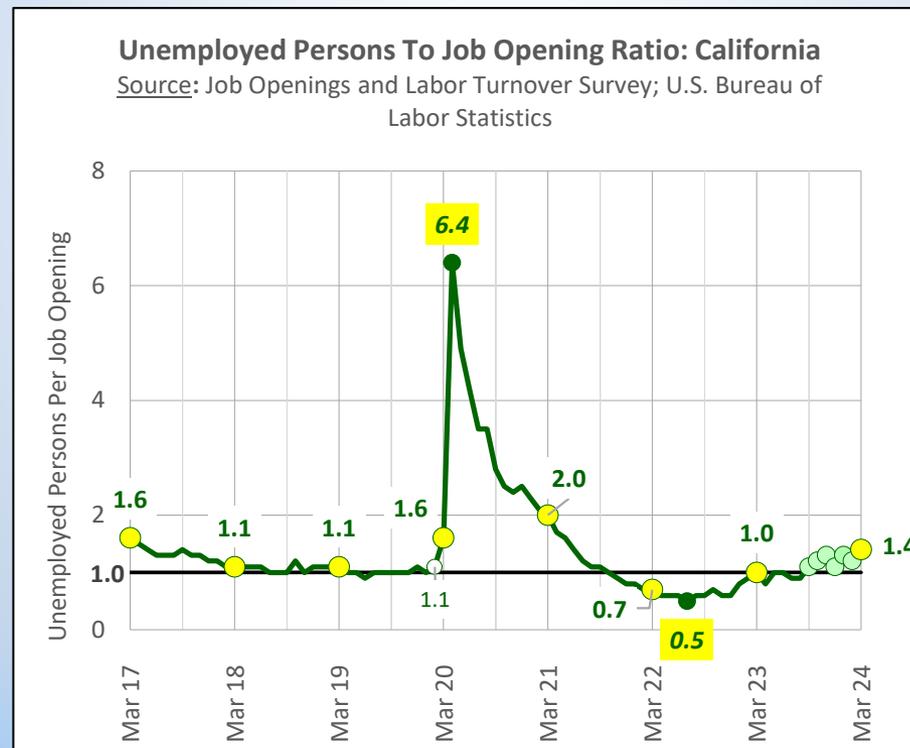
July 2023 - April 2023

Percent Changes in Total Nonfarm Jobs by State  
(Seasonally Adjusted Data)

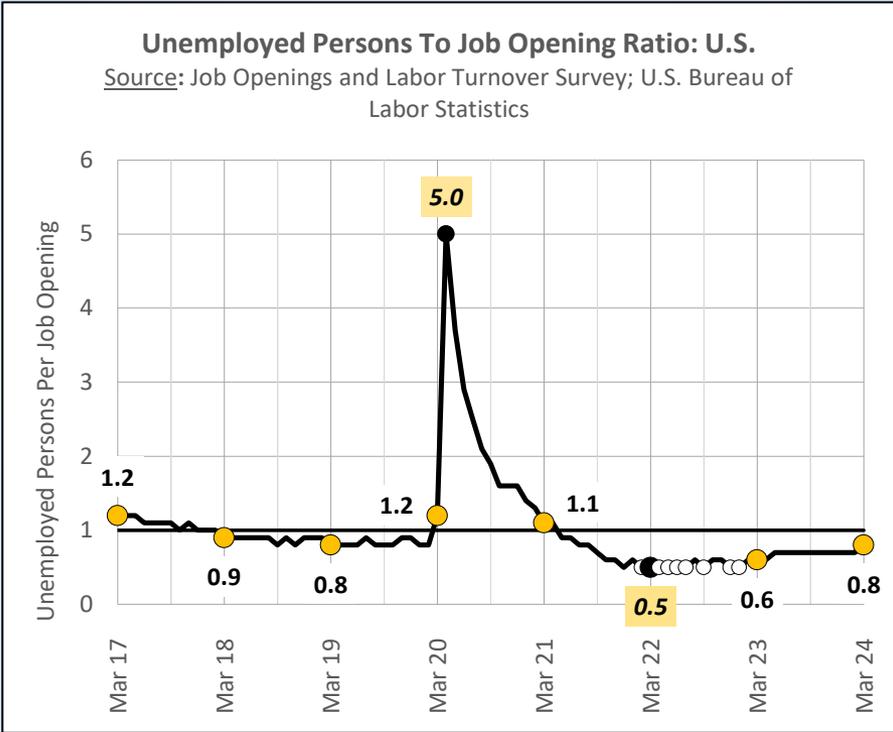
Nevada	3.0%	New Mexico	1.2%
South Carolina	2.7%	South Dakota	1.2%
Arizona	2.3%	Delaware	1.2%
Alaska	2.1%	<b>California</b>	<b>1.1%</b>
Missouri	2.0%	New Hampshire	1.1%
Florida	1.9%	Wyoming	1.1%
Idaho	1.9%	Pennsylvania	1.0%
Rhode Island	1.9%	New York	1.0%
Texas	1.9%	Colorado	1.0%
Alabama	1.8%	Mississippi	1.0%
Utah	1.7%	North Carolina	0.9%
Vermont	1.7%	Kentucky	0.9%
Montana	1.7%	Wisconsin	0.9%
Arkansas	1.7%	North Dakota	0.8%
Oklahoma	1.7%	Louisiana	0.8%
Kansas	1.6%	Maine	0.8%
West Virginia	1.5%	Michigan	0.7%
Virginia	1.5%	Tennessee	0.7%
Nebraska	1.3%	Massachusetts	0.6%
New Jersey	1.3%	Connecticut	0.5%
Iowa	1.3%	Illinois	0.4%
<b>United States</b>	<b>1.3%</b>	Hawaii	0.2%
Indiana	1.3%	Ohio	0.2%
Georgia	1.3%	D.C.	0.2%
Washington	1.3%	Oregon	0.0%
Minnesota	1.3%	Maryland	0.0%

# Why Did California's Labor Market Experience Such a Profound Cooling Off Period When the Nation and Most Other State Apparently Did Not?

- Something changed in California's labor market on or around August 2022. Unemployment in the state has been rising in the state since then, slowly perhaps, but consistently so. Job growth slowed to barely a crawl beginning in September 2022 but has rebounded over the last nine months. Neither the nation nor most other state's exhibit this same pattern. Why?
- A key part of any explanation is that California's recovery from the pandemic-induced recession was so rapid and so robust that its labor markets became too tight (too few workers for jobs that were available) and its economy was at risk of overheating. It readjusted to a more sustainable footing and one more conducive to growth during cooling off period, but it did so at the cost of rising unemployment and slower job growth.



- In contrast, the U.S. unemployment rate fell to and remains at an historically low level and its labor market also became tight. However, the national labor market does not appear to have tightened to the same degree as it did in California. As indicated by the unemployed persons to job opening ratio prior to the pandemic, a ratio of around one is associated with full employment in California. Nationally, the full employment ratio appears to be around 0.8 percent, or the same as it was in March 2024.



- Factors unique to California’s economy likely contributed to its cooling off period from September 2022 through July 2023. A corollary argument might be that U.S. Federal Reserve policies to control inflation by—namely the ramp up of interest rates—had a disproportionately larger impact on some sectors of the California economy than they had elsewhere.

# The Different Phases of California's Business Cycle from an Industry Jobs Perspective: Recession and Recovery Phase of the Expansion

**Change in California Industry Sector Jobs During the  
Pandemic-Induced Recession: February 2020-April 2020**  
(Seasonally Adjusted Data; Thousands of Jobs)

	<u>Number</u>	<u>Percent</u>
<b>TOTAL NONFARM JOBS</b>	<b>-2,743.5</b>	<b>-15.5%</b>
Government	-94.8	-3.6%
Financial Activities	-52.7	-6.2%
Manufacturing	-122.3	-9.2%
Mining and Logging	-2.2	-9.7%
Private Education and Health Svcs.	-302.2	-10.5%
Professional and Business Svcs.	-305.9	-11.0%
Information	-73.9	-12.6%
Trade, Transportation, Utilities	-432.2	-14.2%
<b>Construction</b>	<b>-166.4</b>	<b>-18.3%</b>
<b>Other Services</b>	<b>-199.6</b>	<b>-33.6%</b>
<b>Leisure and Hospitality</b>	<b>-991.3</b>	<b>-48.1%</b>
<u>Selected Subsectors</u>		
Transport., Warehousing, Utilities	-47.0	-6.4%
Durable Goods Manufacturing	-58.1	-6.8%
Professional, Scientific, Tech. Svcs.	-99.2	-7.3%
Administrative and Support Svcs.	-191.1	-16.5%
Retail Trade	-308.2	-18.9%

Interpretive Guide:

**Tech. sector** proxied by durable goods (or advanced) mfg.; Information; and professional, scientific, technical svcs.  
**International trade and logistics** proxied by transportation, warehousing, utilities.

**Change in California Industry Sector Jobs During the  
Expansion's Recovery Phase: April 2020-Sept. 2022**  
(Seasonally Adjusted Data; Thousands of Jobs)

	<u>Number</u>	<u>Percent</u>
<b>TOTAL NONFARM JOBS</b>	<b>2,850.4</b>	<b>19.1%</b>
<b>Leisure and Hospitality</b>	<b>900.1</b>	<b>84.3%</b>
<b>Other Services</b>	<b>177.4</b>	<b>45.0%</b>
<b>Construction</b>	<b>178.0</b>	<b>24.0%</b>
Information	106.5	20.7%
Trade, Transportation, Utilities	517.2	19.8%
Professional and Business Svcs.	400.0	16.2%
Private Education and Health Svcs.	390.6	15.2%
Manufacturing	139.1	11.5%
Financial Activities	37.8	4.7%
Government	4.5	0.2%
<b>Mining and Logging</b>	<b>-0.8</b>	<b>-3.9%</b>
<u>Selected Subsectors</u>		
Transport., Warehousing, Utilities	163.4	23.8%
Administrative and Support Svcs.	218.0	22.6%
Retail Trade	297.0	22.5%
Professional, Scientific, Tech. Svcs.	177.8	14.1%
Durable Goods Manufacturing	79.3	10.0%

Interpretive Guide:

**Tech. sector** proxied by durable goods (or advanced) mfg.; Information; and professional, scientific, technical svcs.  
**International trade and logistics** proxied by transportation, warehousing, utilities.

# The Cooling Off and Recent Rebound Phases of California's Ongoing Expansion from an Industry Jobs Perspective

**Change in California Industry Sector Jobs During the Expansion's Cooling Off Phase: Sept. 2022-July 2023**  
(Seasonally Adjusted Data; Thousands of Jobs)

	<u>Number</u>	<u>Percent</u>
<b>TOTAL NONFARM JOBS</b>	<b>7.1</b>	<b>0.0%</b>
Private Education and Health Svcs.	145.4	4.9%
Other Services	19.1	3.3%
Government	62.3	2.5%
Leisure and Hospitality	43.9	2.2%
Mining and Logging	-0.1	-0.5%
Construction	-7.2	-0.8%
Trade, Transportation, Utilities	-30.5	-1.0%
Manufacturing	-22.1	-1.6%
Financial Activities	-22.2	-2.7%
Professional and Business Svcs.	-111.4	-3.9%
Information	-70.1	-11.3%
<u>Selected Subsectors</u>		
Retail Trade	-10.4	-0.6%
Durable Goods Manufacturing	-9.4	-1.1%
Professional, Scientific, Tech. Svcs.	-30.0	-2.1%
Transport., Warehousing, Utilities	-19.1	-2.2%
Administrative and Support Svcs.	-78.3	-6.6%
<u>Interpretive Guide:</u>		
<b>Tech. sector</b> proxied by durable goods (or advanced) mfg.; Information; and professional, scientific, technical svcs.		
<b>International trade and logistics</b> proxied by transportation, warehousing, utilities.		

**Change in California Industry Sector Jobs During the Expansion's Recent Rebound: July 2023-April 2024**  
(Seasonally Adjusted Data; Thousands of Jobs)

	<u>Number</u>	<u>Percent</u>
<b>TOTAL NONFARM JOBS</b>	<b>200.3</b>	<b>1.1%</b>
Private Education and Health Svcs.	117.9	3.8%
Government	54.7	2.1%
Mining and Logging	0.3	1.5%
Construction	13.4	1.5%
Other Services	8.6	1.5%
Leisure and Hospitality	18.5	0.9%
Professional and Business Svcs.	23.8	0.9%
Trade, Transportation, Utilities	-6.5	-0.2%
Manufacturing	-6.3	-0.5%
Financial Activities	-9.9	-1.2%
Information	-19.4	-3.5%
<u>Selected Subsectors</u>		
Administrative and Support Svcs.	16.0	1.4%
Professional, Scientific, Tech. Svcs.	4.2	0.3%
Retail Trade	1.3	0.1%
Transport., Warehousing, Utilities	0.1	0.0%
Durable Goods Manufacturing	-14.0	-1.6%
<u>Interpretive Guide:</u>		
<b>Tech. sector</b> proxied by durable goods (or advanced) mfg.; Information; and professional, scientific, technical svcs.		
<b>International trade and logistics</b> proxied by transportation, warehousing, utilities.		

# The Struggling Sectors in California's Labor Market

	<u>Year-Over Changes in Jobs</u>			
<u>The Tech Sector</u> (Loosely Defined)	<u>JULY 2023</u>		<u>APRIL 2024</u>	
Computer and Electronic Product Manufacturing	-3,100	-1.0%	-8,000	-2.7%
Medical Equipment and Supplies Manufacturing	-800	-1.3%	-2,500	-4.2%
Pharmaceutical and Medicine Manufacturing	-3,100	-6.5%	-2,600	-5.8%
Aerospace Product and Parts Manufacturing	5,300	6.7%	2,400	2.9%
Software Publishers	-5,600	-4.6%	-6,800	-5.8%
Computing Infrastructure Providers, Data Processing, et al.	2,600	3.2%	-2,300	-2.7%
Web Search Portals, Libraries, Archives, and Other	-4,800	-6.8%	-3,400	-5.2%
Media Streaming Distribution Services, Social Networks	-11,800	-14.5%	-6,000	-8.4%
Computer Systems Design and Related Services	-17,100	-4.8%	-9,500	-2.8%
Management, Scientific, and Technical Consulting	-4,700	-2.0%	-1,800	-0.8%
Architectural, Engineering, and Related Service	-2,000	-1.0%	-800	-0.4%
<b>Total</b>	<b>-45,100</b>		<b>-41,300</b>	
<u>Comment:</u> Mixed outlook in short-run, depending on whether tech. firms have adjusted employment levels to the post-pandemic environment. Optimistic over longer term. Per UCLA, venture capital for A.I. continues to flow mostly to CA tech. centers, particularly in the Bay Area. Tech. manufacturing (for example, semiconductors) is beginning to re-shore. High defense spending should provide a further boost to CA advanced manufacturing.				
<u>Employment Services</u>	<u>JULY 2023</u>		<u>APRIL 2024</u>	
	-83,300	-36.1%	-30,500	-6.8%
<u>Comment:</u> California's employment services sector has a high-tech. orientation.				
<u>Housing (Finance and Real Estate)</u>	<u>JULY 2023</u>		<u>APRIL 2024</u>	
Nondepository Credit Intermediation	-10,000	-18.1%	-1,900	-4.2%
Activities Related to Credit Intermediation	-9,100	-22.2%	-2,200	-6.7%
Offices of Real Estate Agents and Brokers	-3,900	-6.4%	-4,600	-4.3%
Activities Related to Real Estate	-1,800	-1.5%	-700	-2.0%
<b>Total</b>	<b>-23,000</b>		<b>-8,700</b>	
<u>Comment:</u> High mortgage rates have stymied California's existing homes and refinancing markets, but their impacts should diminish with time. Demographics favor the industry.				

## The Struggling Sectors in California's Labor Market (Continued.)

<b><u>Trade and Logistics</u></b>	<b><u>Year-Over Changes in Jobs</u></b>			
	<b><u>JULY 2023</u></b>		<b><u>APRIL 2024</u></b>	
Wholesale Trade	-1,100	-0.2%	-2,900	-0.4%
Retail Trade	-11,500	-0.7%	-800	-0.1%
Transportation and Warehousing	-21,300	-2.5%	100	0.0%
<b>Total</b>	<b>-33,900</b>		<b>-3,600</b>	
<i>General Freight Trucking</i>	<i>-100</i>	<i>-0.1%</i>	<i>-600</i>	<i>-0.6%</i>
<i>Support Activities for Water Transportation</i>	<i>-4,800</i>	<i>-18.7%</i>	<i>-2,100</i>	<i>-10.3%</i>
<i>Freight Transportation Arrangement</i>	<i>-1,000</i>	<i>-2.7%</i>	<i>-600</i>	<i>-1.6%</i>
<i>Couriers and Messengers</i>	<i>-8,400</i>	<i>-6.1%</i>	<i>-900</i>	<i>-0.7%</i>
<i>Warehousing and Storage</i>	<i>-13,500</i>	<i>-5.3%</i>	<i>-6,700</i>	<i>-2.8%</i>
<b>Subtotal</b>	<b>-27,800</b>		<b>-10,900</b>	
<p><b>Comment:</b> Per UCLA, the outlook is optimistic for international trade and logistics. Difficult contract negotiations with west coast dockworkers diverted some trade to east coast ports in 2023. In 2024, negotiations have begun with east coast dockworkers. The drought-stricken Panama Canal is operating at much reduced capacity, which should favor overland transit of imported goods through west coast ports.</p>				
<b><u>Entertainment</u></b>				
Motion Picture and Sound Recording Industries	-51,600	-30.4%	-16,800	-12.2%
<p><b>Comment:</b> The year-over July 2023 job loss reflects the then ongoing writers and actors strike. Per UCLA, longer-run impacts of the strike remain uncertain, in part due to stockpiling of production in anticipation of the strike. Also, the industry was restructuring prior to the strike as streaming services such as Netflix adopted and implemented a more sustainable business model. Has that process run its course?</p>				

**Question:** Why do California's recent labor market data show a trend of job growth alongside a trend of rising unemployment?

**Answer:** Jobs data and unemployment rate data are calculated from separate surveys and by methods, with different units of measurement and definitions. As such, they are not directly comparable. In particular, the definition of employment underpinning the unemployment rate (people) is much broader and inclusive than that underpinning total nonfarm employment (jobs).

On the jobs side of things, total nonfarm employment grew by 200,300 jobs from July 2023 through April 2024. On the people side of things, civilian employment broadly defined fell by 99,000 persons and the labor force grew by 24,000 persons. This combination of employment losses and labor force growth produced an increase in unemployment totaling 123,000 persons and an unemployment rate increase of 0.6 percentage point.

There is some overlap between the unemployment rate and the jobs count because people who hold wage and salary jobs are included in the civilian employment estimate that factors into the calculation of the unemployment rate. As such, California's divergent trends of rising unemployment alongside job growth in recent months suggests that conditions in the segments of the labor market not covered by jobs estimates such as the informal and gig economies remain challenging for job seekers even as California firms add payroll jobs.

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