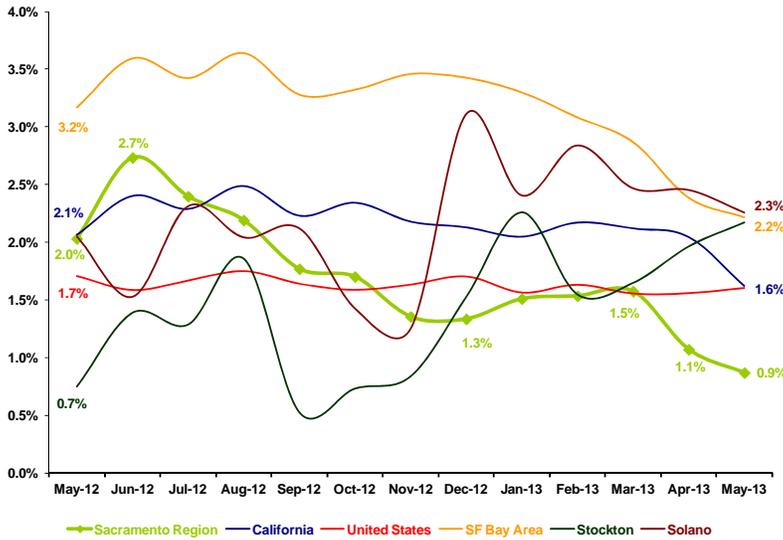


A monthly report examining the health and performance of the Sacramento Region's economy

THE SACRAMENTO REGION IS ADDING JOBS AT A SLOWER PACE

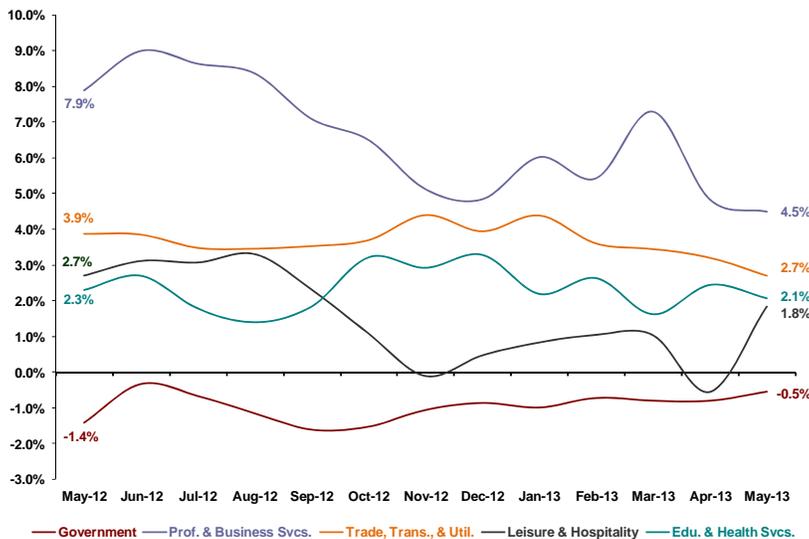
Annual Job Growth



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

MOST OF THE REGION'S LARGEST SECTORS CONTINUE TO SEE JOB GAINS

Sacramento Region Largest Sector Annual Job Growth



Data Source: CA Employment Development Department

Annual job growth slowed to 0.9 percent in May 2013 in the six-county Sacramento Region. This rate of growth, based on preliminary data, equates to a gain of 7,500 jobs over the past 12 months across all Nonfarm sectors of the regional economy. The recent dip moved the Region notably below the statewide and national averages and a full percentage point lower than at the same point in the previous year. Both sub-markets in the Sacramento Region added jobs on an annual basis with the core Sacramento market seeing nearly 95 percent of the gains and the Yuba-Sutter market posting a small job increase. Among the Sacramento Region's five largest sectors that primarily drive job growth trends, only Government shed jobs in the past year. Professional & Business Services posted strong annual job growth in May 2013 at 4.5 percent with gains in temporary and job placement services as well as other administrative support activities. The Educational & Health Services sector grew by 2.1 percent in the last 12 months with job increases in both the health care and private education components. Consumer spending is driving annual job growth in both the Trade, Transportation, & Utilities and Leisure & Hospitality sectors with expansion in jobs within retail trade and restaurants and bars. While four of the large sectors continue to add jobs on an annual basis, the rate of growth has slowed slightly in three sectors, leading to the slump in overall regional job growth.

Statewide, annual job growth also dropped in May 2013 to 1.6 percent. Establishments in the state added 233,700 jobs to payrolls in the past 12 months. Nationally, annual job growth remained fairly flat in May 2013 at the same rate as California and reflecting a nearly 2.2 million-job increase. The SF Bay Area has seen annual job growth decline steadily over the past few months, falling 1.2 percentage points since the end of 2012. In May 2013, the SF Bay Area posted 2.2 percent job growth with a gain of 63,900 jobs in the past year. The Solano market also saw annual job growth fall with the May 2013 rate coming in at 2.3 percent (equating to a gain of 2,700 jobs). Stockton posted an opposite annual job growth pattern with an increasing rate of growth in the past few months. Stockton's May 2013 job growth was 2.2 percent with a 4,100-job increase over the last 12 months.

THE REGION'S MANUFACTURING SECTOR GREW IN THE PAST 12 MONTHS

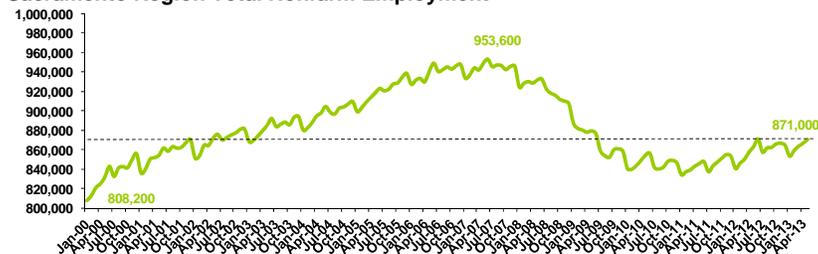
Major Sector Annual Job Gains and Losses

Sector	May 2012-2013				
	Sacramento Region	California	SF Bay Area	Stockton	Solano
Total Nonfarm	7,500	233,700	63,900	4,100	2,700
Private Sector	8,800	247,100	65,200	3,700	3,100
Public Sector	-1,300	-13,400	-1,300	400	-400
Prof. & Business Svcs.	5,100	76,700	24,000	800	300
Trade, Trans., & Util.	3,900	28,700	7,500	1,100	600
Edu. & Health Svcs.	2,300	41,400	7,600	1,100	800
Manufacturing	1,600	-7,900	-1,400	-400	0
Leisure & Hospitality	1,600	61,000	14,200	700	400
Financial Activities	0	17,600	1,800	0	200
Mining & Logging	-112	-1,100	0	0	0
Information	-1,100	-1,900	3,800	-100	0
Government	-1,300	-13,400	-1,300	400	-400
Other Services	-1,600	0	-1,900	200	200
Construction	-2,888	32,600	9,600	300	600

Data Source: CA Employment Development Department

TOTAL EMPLOYMENT IN THE REGION IS NOW BACK TO 2002 LEVELS

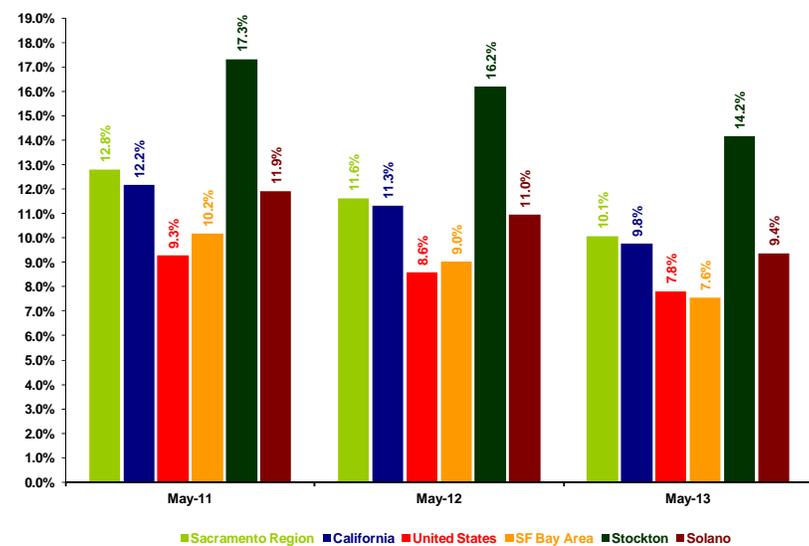
Sacramento Region Total Nonfarm Employment



Data Source: CA Employment Development Department

THE REGIONAL UNEMPLOYMENT RATE IS STILL ABOVE 10 PERCENT

Unemployment Rate (Seasonally Adjusted Annual Average)



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

Five major sectors in the Sacramento Region added jobs between May 2012 and 2013. This includes four of the Region's largest sectors, mentioned above, along with Manufacturing, which saw gains across both the durable and non-durable goods categories. In addition to Government, three other major sectors in the Region posted notable annual job losses including Information; Other Services; and Construction. The Construction sector has been variable over the past year with annual gains in five months and losses for the remaining periods. With a net gain of 7,500 jobs in the 12 months ending May 2013, Nonfarm employment in the Sacramento Region moved to 871,000, which tracks around the same employment levels seen in the year 2002.

California added jobs in six of the eleven major industry sectors over the past 12 months. Like in the Sacramento Region, the greatest gains were seen in the Professional & Business Services sector. Unlike Sacramento, the state added jobs in the Construction sector primarily as a result of increases in residential construction activities and specialty trade contractors. Statewide, the largest annual losses were posted in the Government sector. Only four major sectors posted job declines in the SF Bay Area between May 2012 and 2013 with Other Services seeing the most pronounced losses. The Professional & Business Services sector also experienced the largest annual job gains in the SF Bay Area. In the Stockton Market, only the Manufacturing and Information sectors shed jobs in the past 12 months while Trade, Transportation, & Utilities and Educational & Health Services posted notable job gains. The Solano market posted job gains or saw stable conditions in every major sector with the exception of Government. The Educational & Health Services sector added the most jobs in the past year within this market.

The unemployment rate in the Sacramento Region dropped to 10.1 percent in May 2013 (on a seasonally adjusted annual average basis), which reflects a 1.5 percentage point decline in the past year. Preliminary data show that almost 113,000 residents were officially considered unemployed in the Region in May 2013. It is important to note that trends in the labor force shifted recently and is now declining again on an annual basis as residents drop out of the official count for a variety of reasons. The Sacramento Region's unemployment rate remained above the statewide and national averages, which came in at 9.8 percent and 7.8 percent, respectively. The SF Bay Area tracked below the national average at 7.6 percent while Solano remained between the two benchmarks at 9.4 percent. Although it has declined, Stockton's unemployment rate stayed high at 14.2 percent.

ACKNOWLEDGEMENTS

The Center for Strategic Economic Research (CSER) is grateful for the support of the Underwriters of this project:

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The region's only academic health center is home to a nationally ranked 619-bed acute-care hospital, one of the country's best medical schools, the new Betty Irene Moore School of Nursing, a 1,000-member physicians group and renowned specialty centers such as a National Cancer Institute-designated cancer center. Together, they offer area workers and their families highly advanced care and promising new therapies for the most complex and acute health conditions.

With a workforce of roughly 10,000, UC Davis Health System is among Sacramento's largest employers. For every employee or dollar of output directly supported by health system operations, the north state's economy gains an additional 1.1 jobs or \$1.1 of output, according to a Center for Strategic Economic Research analysis. The health system's combined economic impact throughout Northern California is more than \$3.4 billion and more than 20,000 jobs.

UC Davis works actively through collaboration to expand the area's promising life sciences business sector. One example is UC Davis' nationally prominent stem cell institute, which has received more than \$125 million in research and construction grants since 2005, created new jobs and become a dynamic catalyst for public-private partnerships.

To learn more about how UC Davis Health System is improving lives and transforming health care, visit healthsystem.ucdavis.edu.

Economy Watch

SACTO  The InsideTrack

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SACTO is the Sacramento Region's leading facilitator of economic development bringing together the organizations, information, and resources in the pursuit of jobs, talent, and investment needed to ensure regional prosperity and global competitiveness.

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