

Recent Economic Developments: California

November 9, 2009

Federal Reserve Bank of San Francisco

Jeremy Gerst

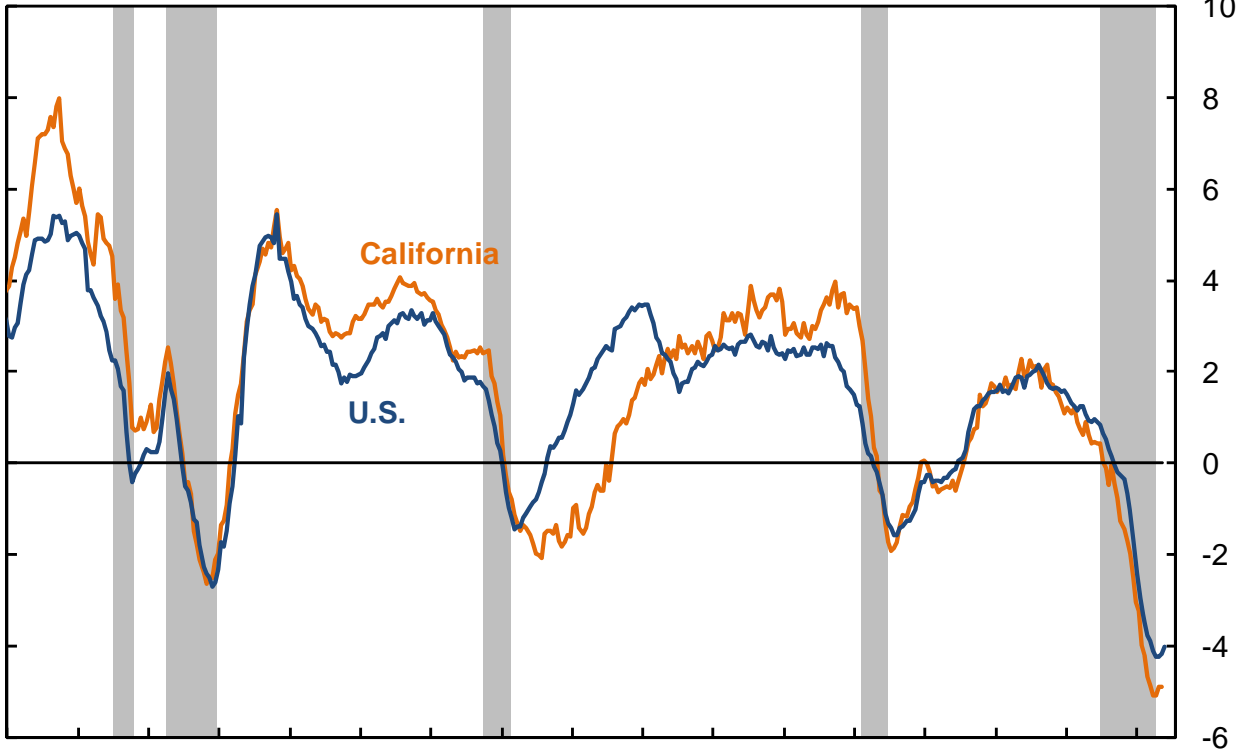
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Like the U.S., California has been in a severe recession

12-month nonfarm employment growth, seasonally adjusted

Percent

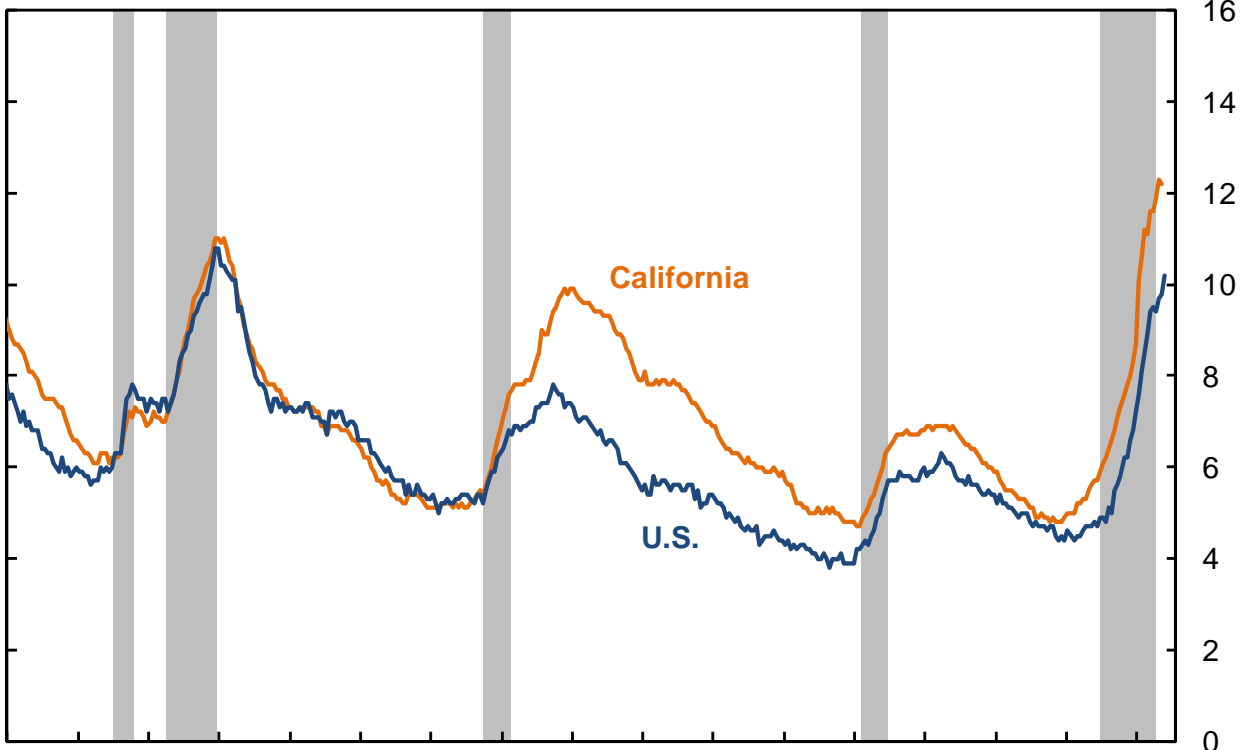


77 79 81 83 85 87 89 91 93 95 97 99 01 03 05 07 09
source: BLS, Current Employment Statistics

Soaring unemployment

Unemployment rate, seasonally adjusted

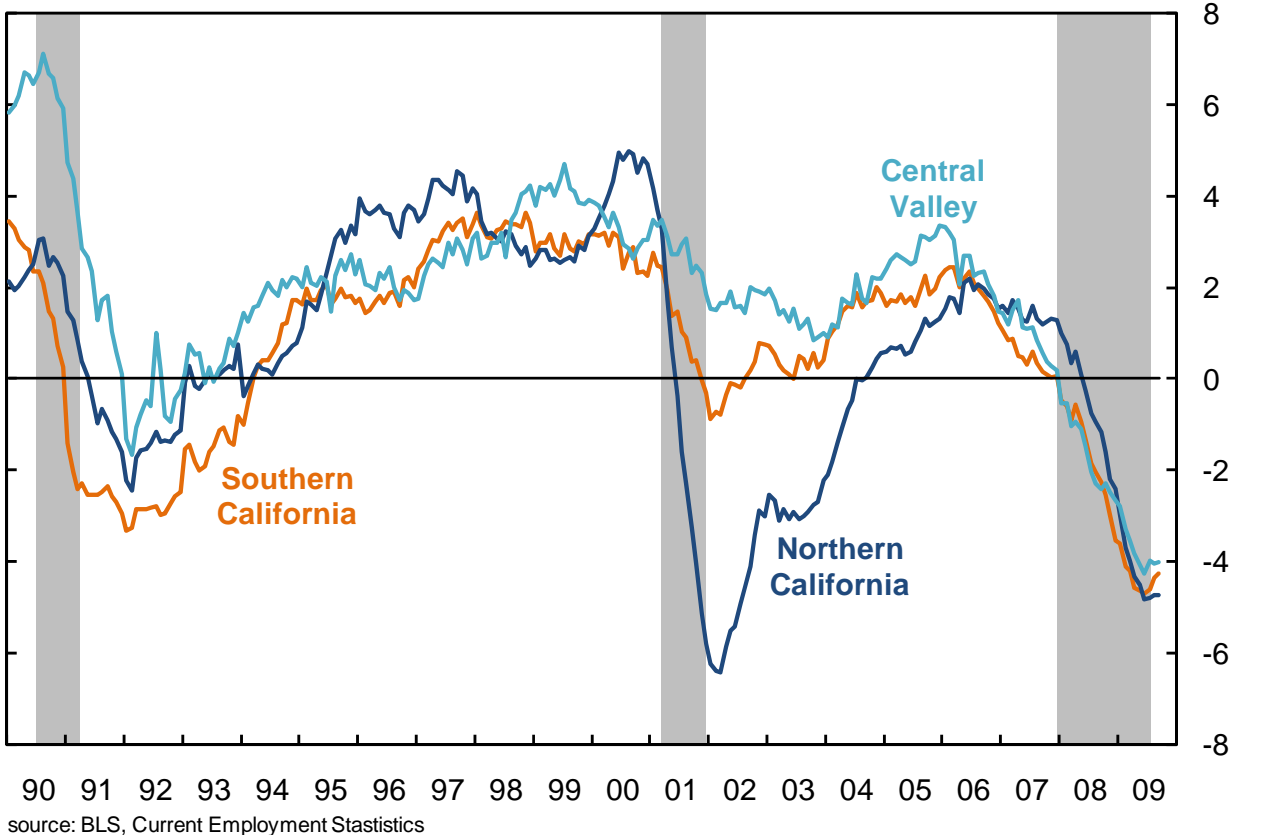
Percent



77 79 81 83 85 87 89 91 93 95 97 99 01 03 05 07 09
source: BLS, Current Employment Statistics

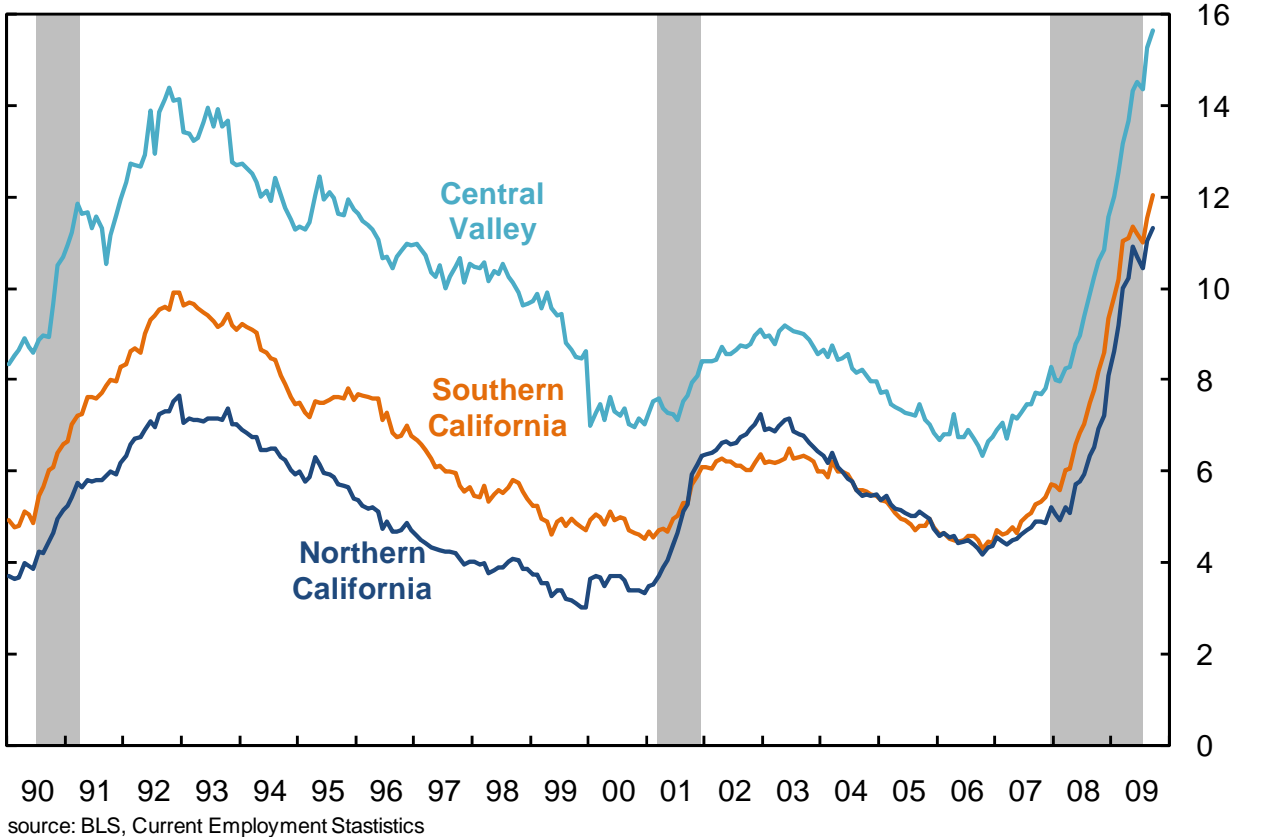
All regions in recession

12-month nonfarm employment growth, seasonally adjusted



Unemployment rising everywhere

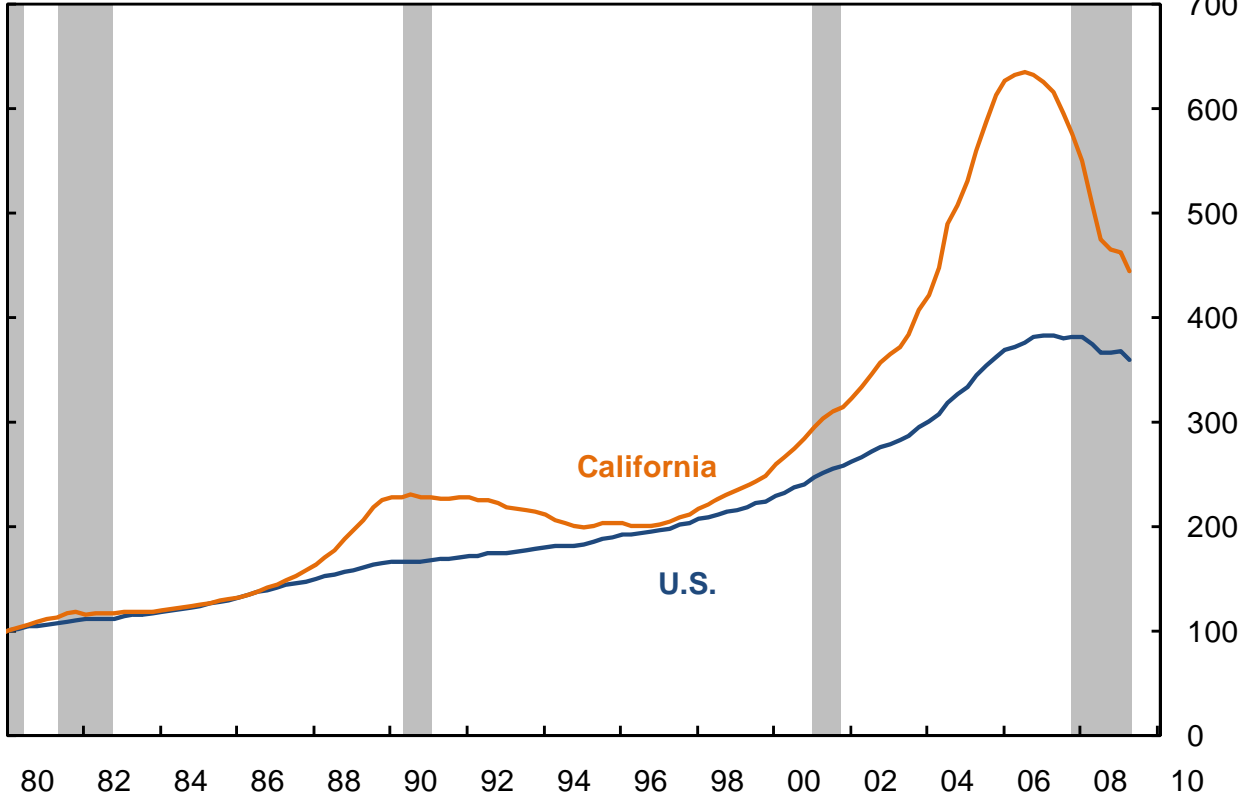
Unemployment rate, seasonally adjusted



Housing boom pronounced in California

FHFA home price index

1980Q1=100

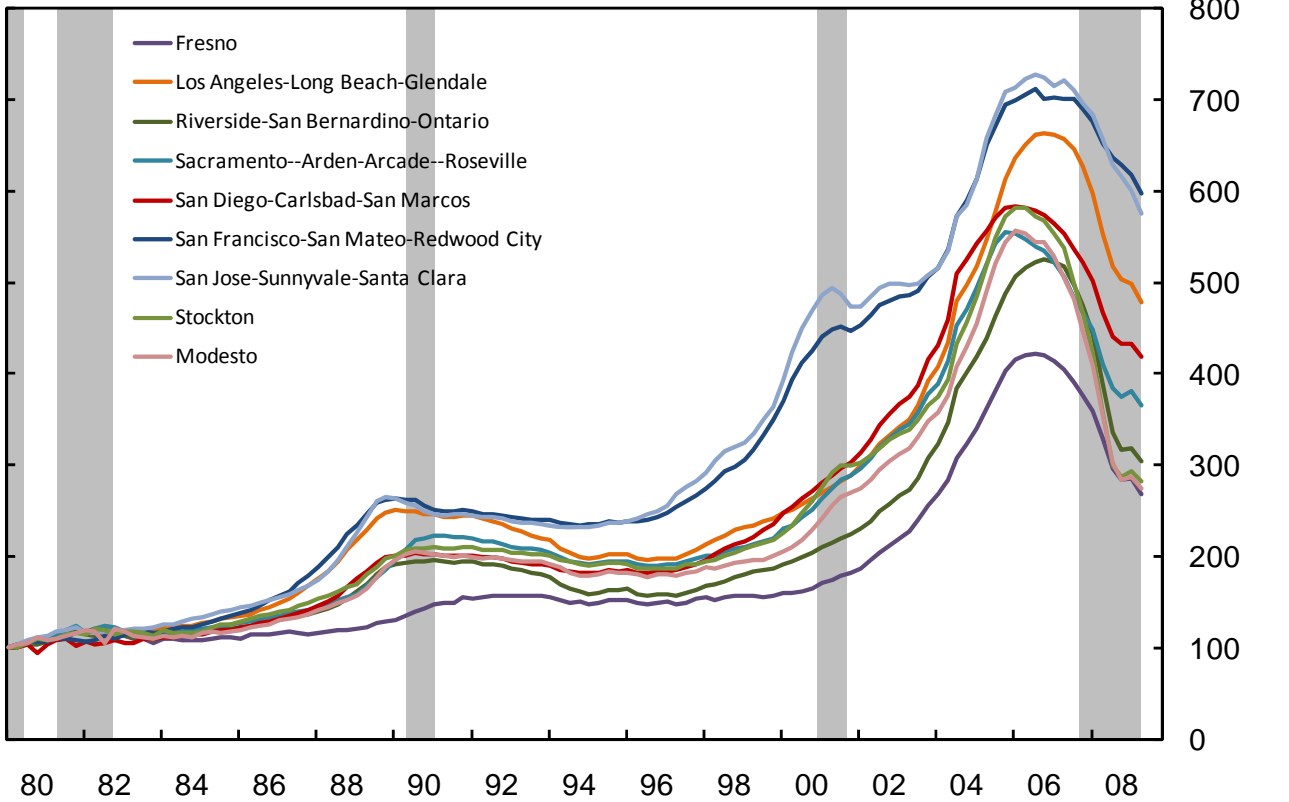


source: FHFA (formerly OFHEO), HAVER

No region immune

FHFA home price index

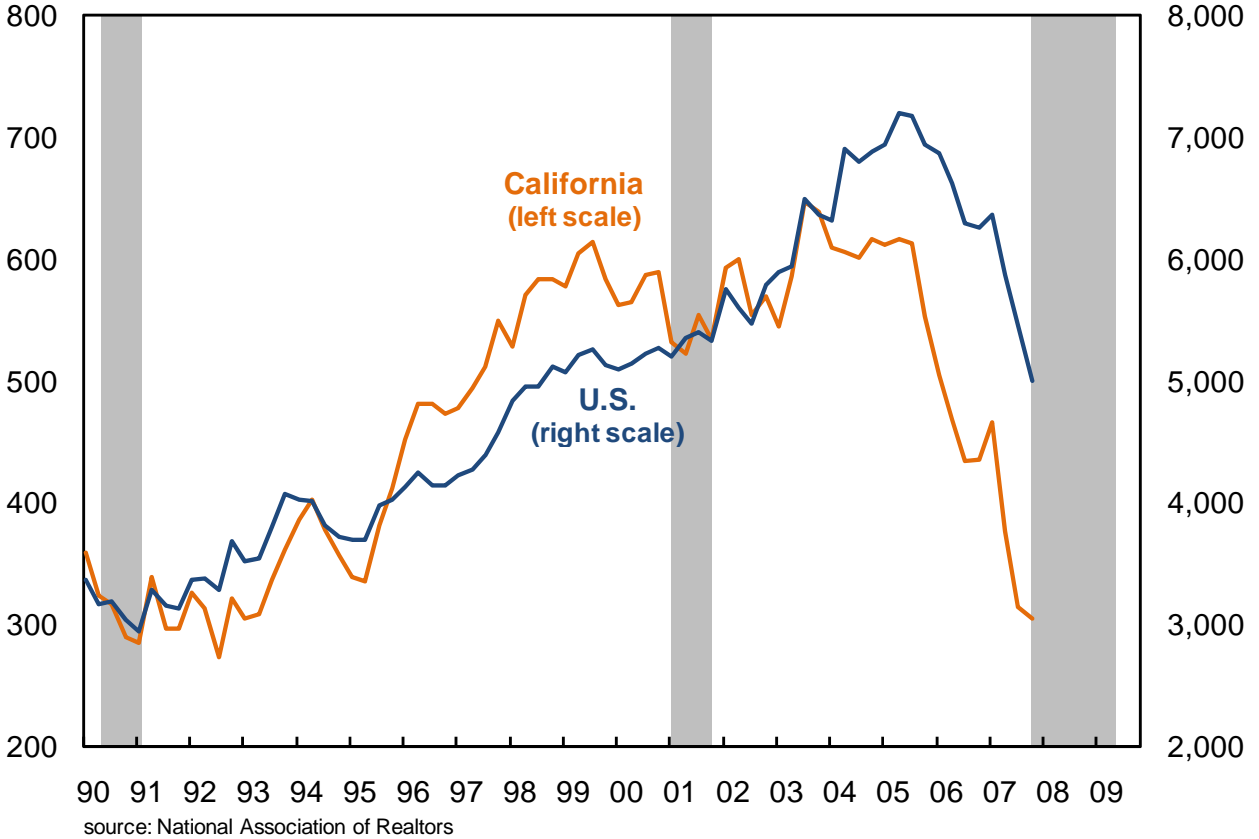
1980Q1=100



source: FHFA (formerly OFHEO), HAVER

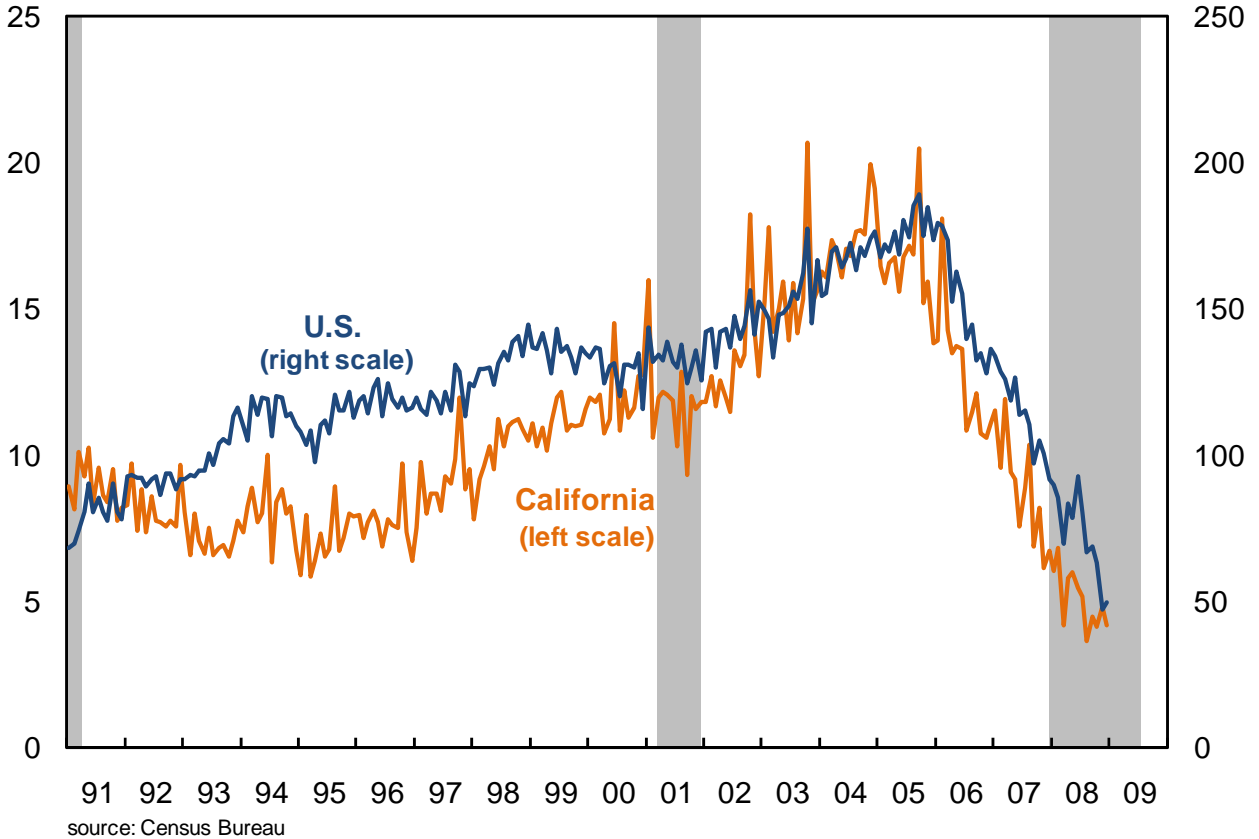
Home sales plummet

Existing-Home sales, seasonally adjusted, annual rate (thousands)

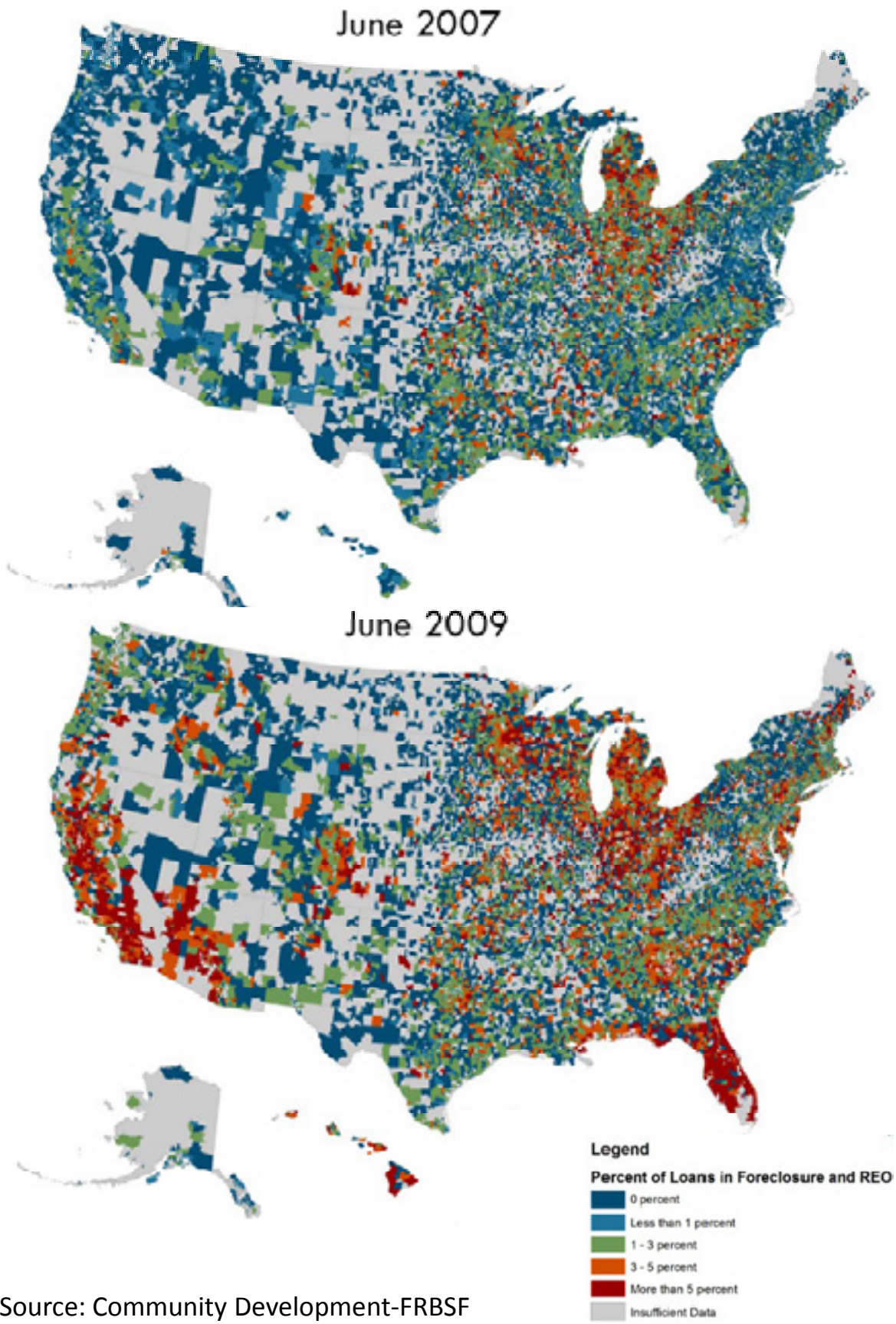


Appetite for construction shrinks

Monthly residential permits (thousands)



Home foreclosures mount

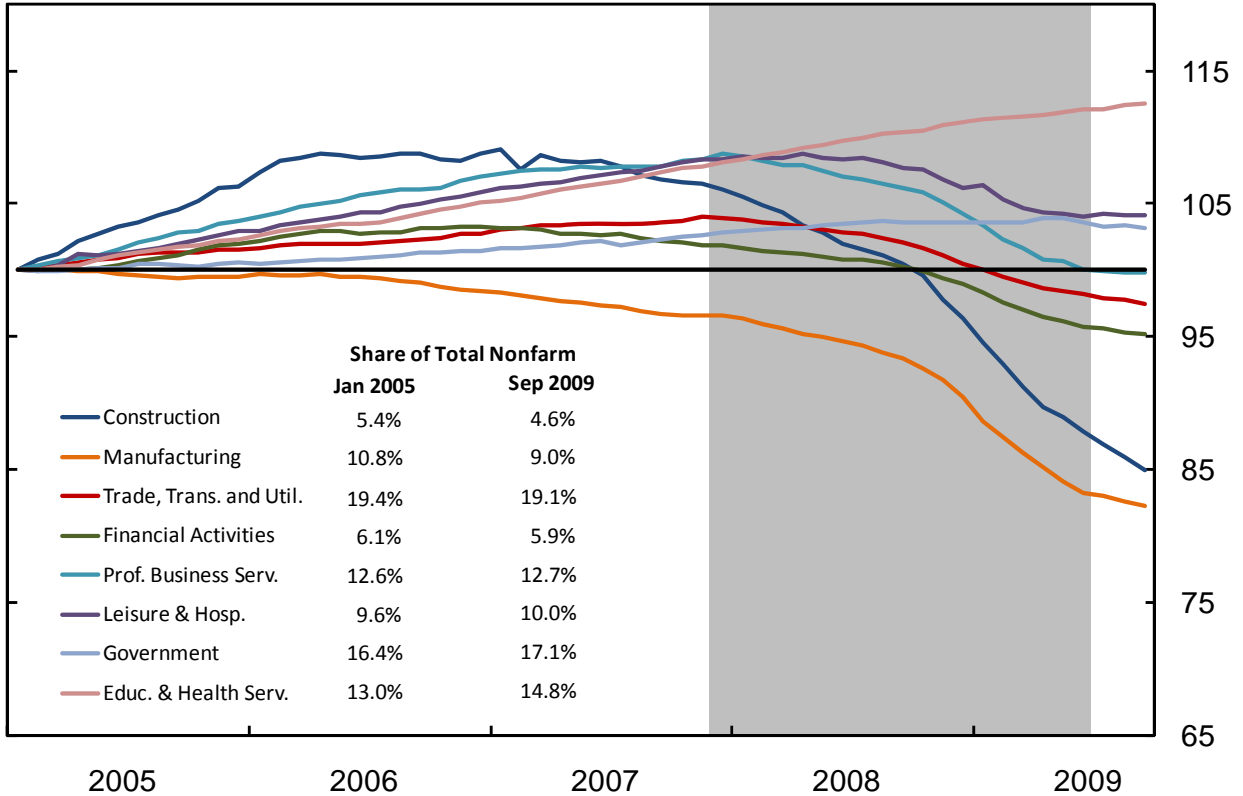


Source: Community Development-FRBSF

Large employment losses

U.S. monthly employment, seasonally adjusted

Jan. 2005=100

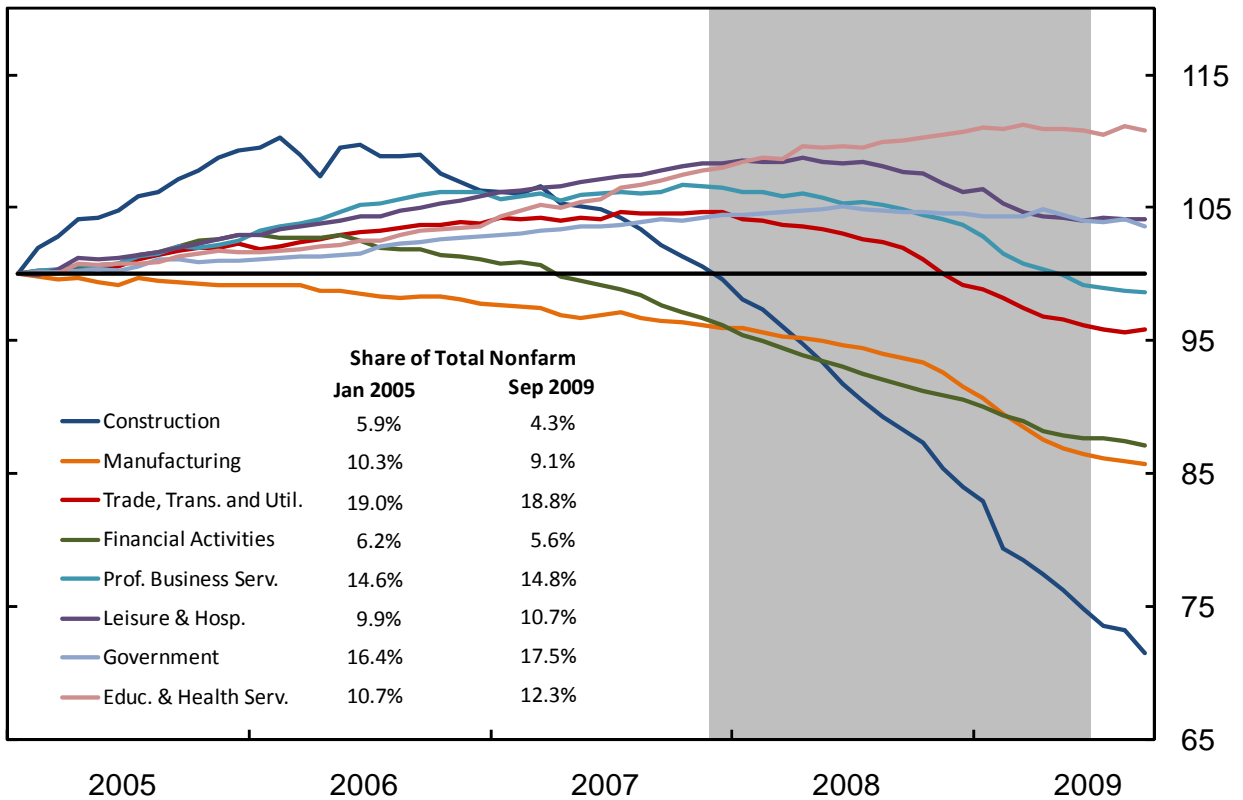


source: BLS, Current Employment Statistics Note: shares do not sum to 100 due to the exclusion of some industries

Especially in California

California monthly employment, seasonally adjusted

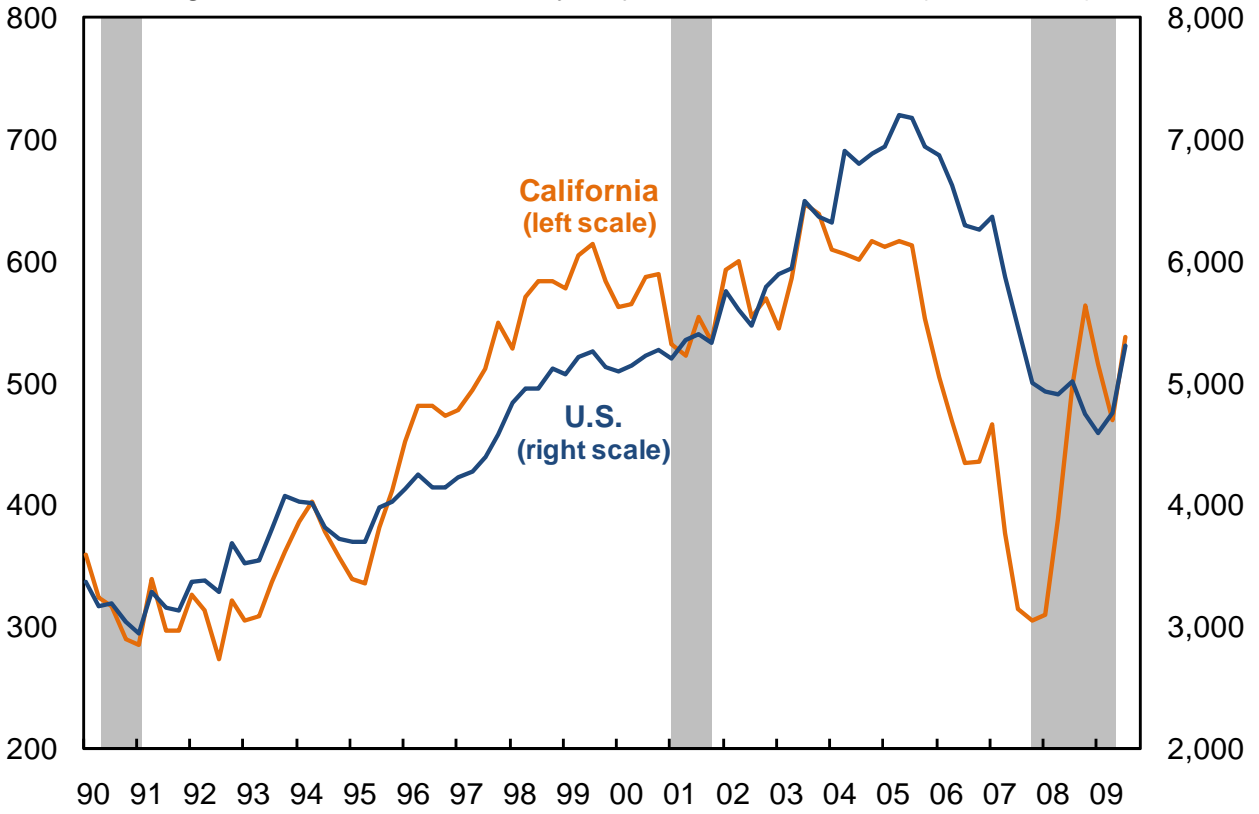
Jan. 2005=100



source: BLS, Current Employment Statistics Note: shares do not sum to 100 due to the exclusion of some industries

Green shoots: Home sales up

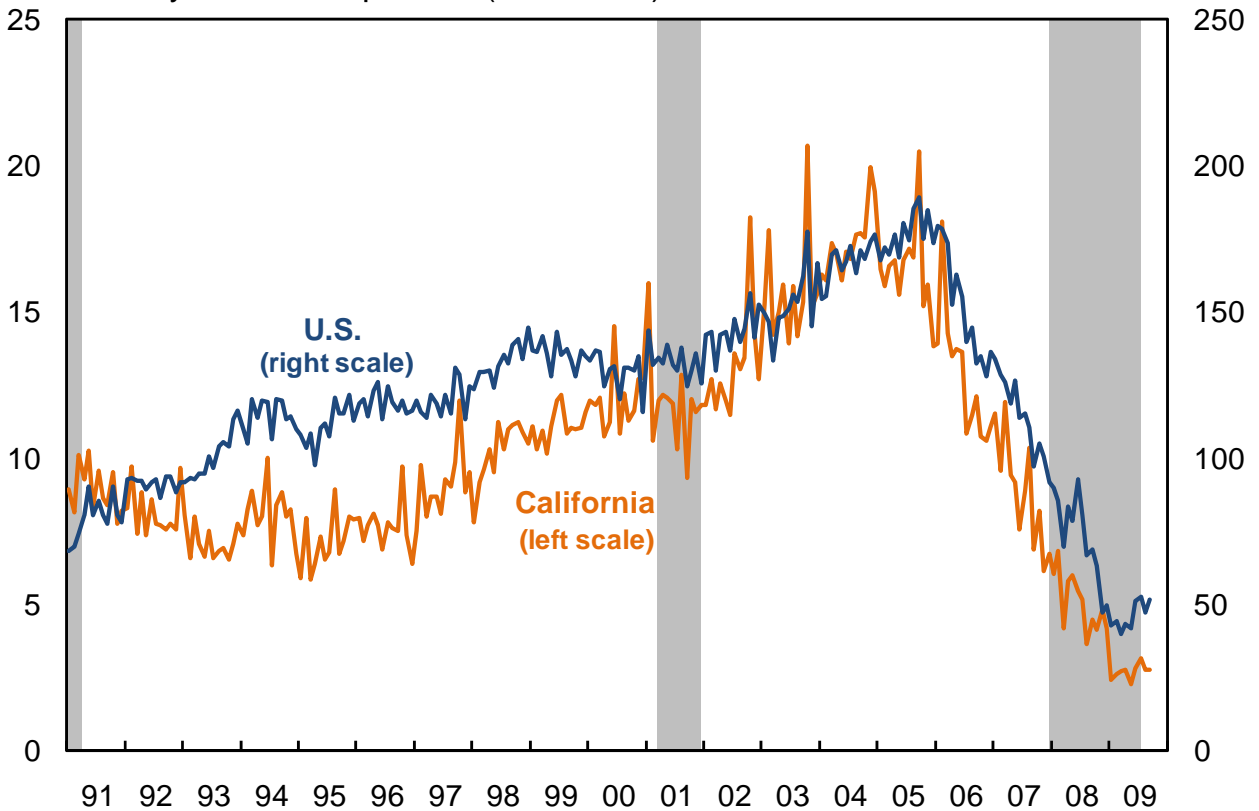
Existing-Home sales, seasonally adjusted, annual rate (thousands)



source: National Association of Realtors, California Association of Realtors, FRBSF estimates

Green shoots: Permits at bottom?

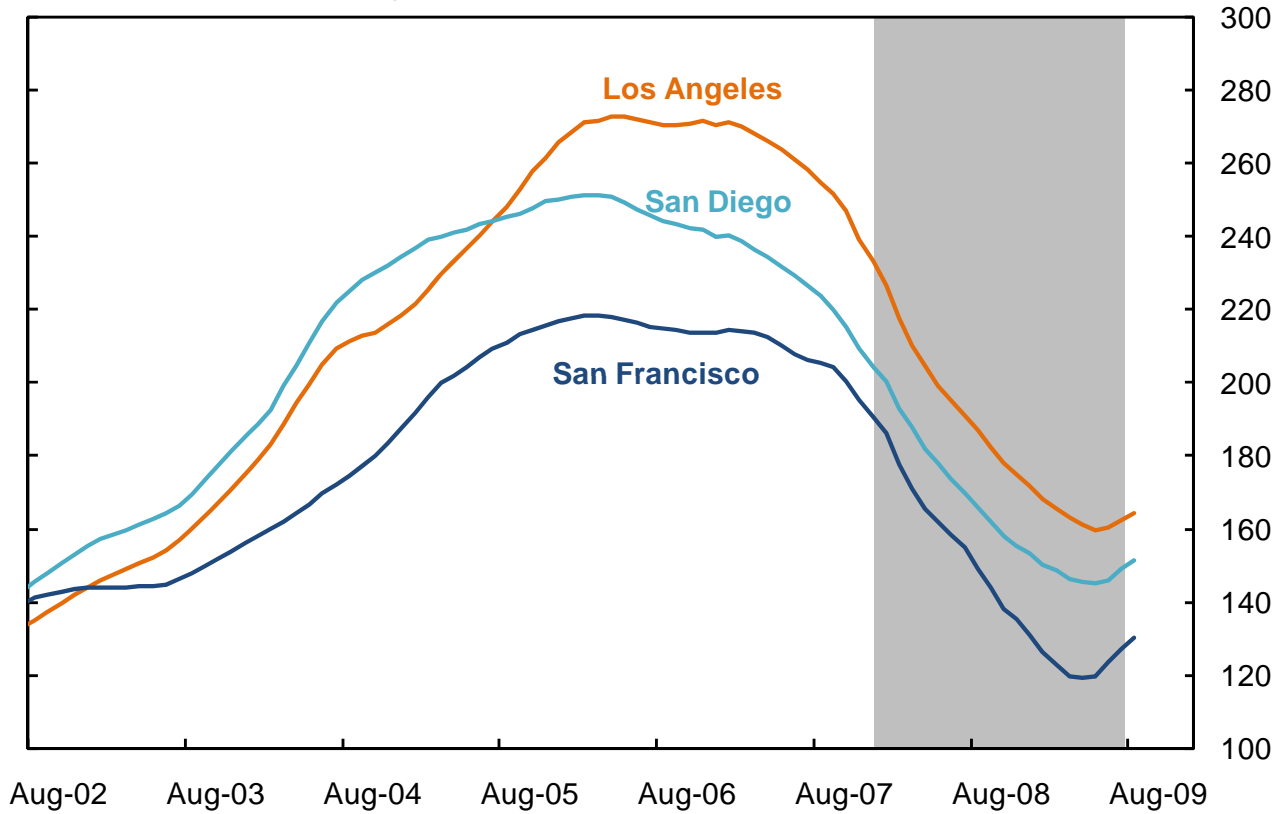
Monthly residential permits (thousands)



source: Census Bureau

Green shoots: Home prices stabilizing

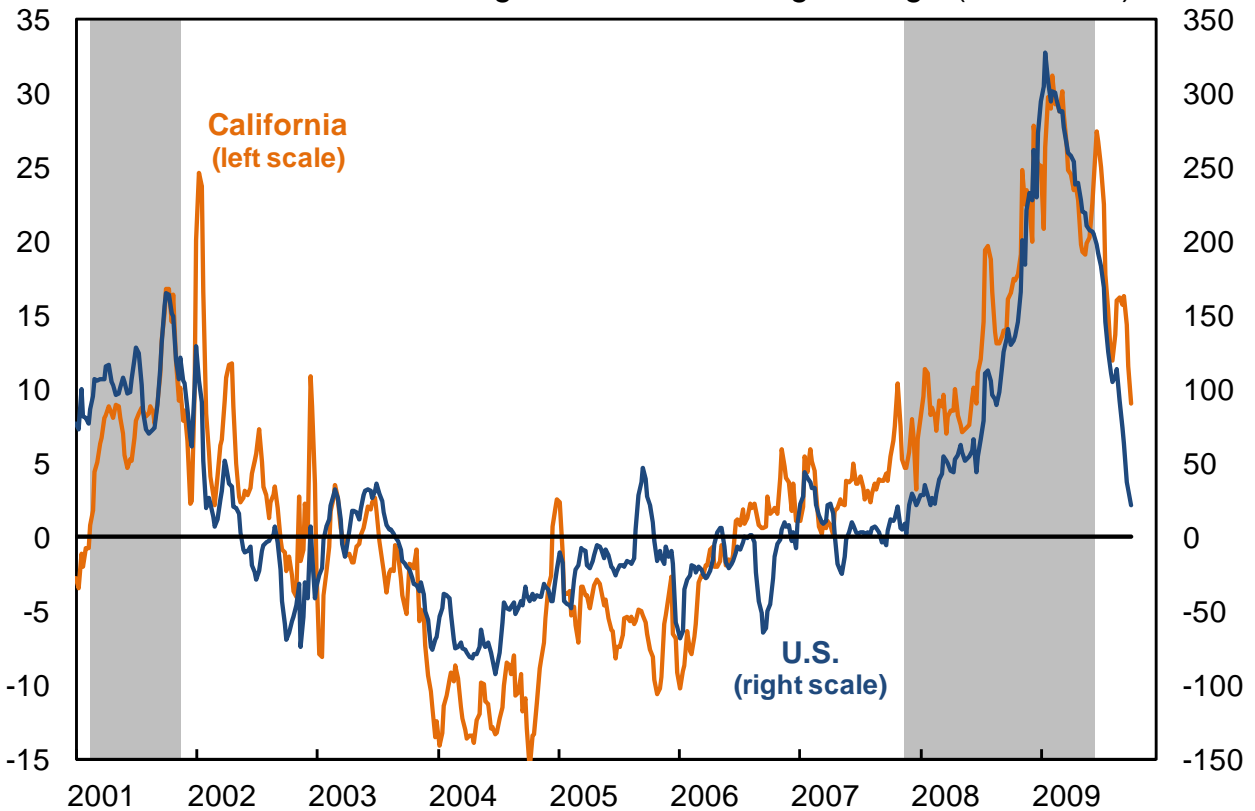
S&P/Case-Shiller home price index



source: S&P, Fiserv, and MacroMarkets LLC, HAVER

Green shoots: Initial claims

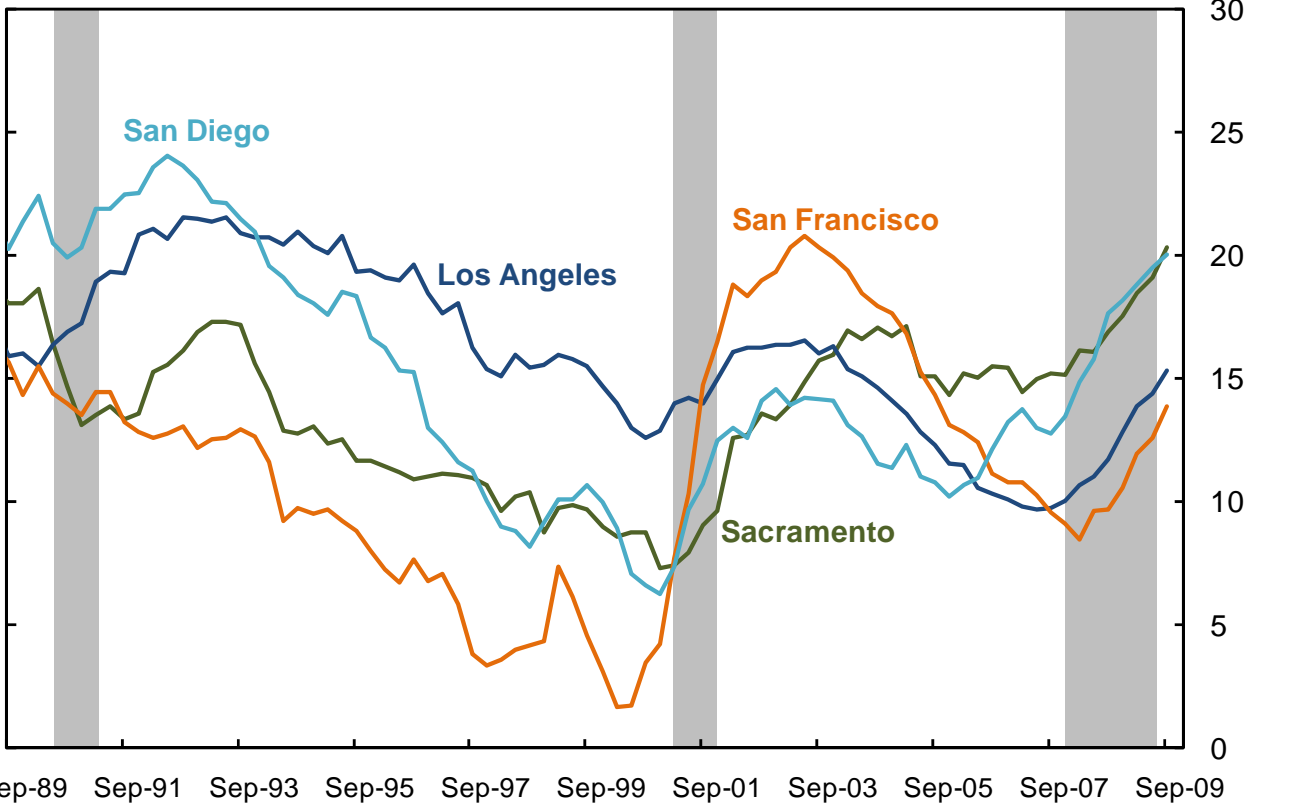
Initial claims, 52-week change in 4-week moving average (thousands)



source: Department of Labor and FRBSF Estimates

Risks remain: Commercial real estate

Metro area office vacancy rates



Risks remain: State budget gaps

Size of 2009 and 2010 budget gaps as percent of General Fund

