

# CALIFORNIA ECONOMIC OVERVIEW

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CALIFORNIA DEPARTMENT OF FINANCE**

**DECEMBER 8, 2022**

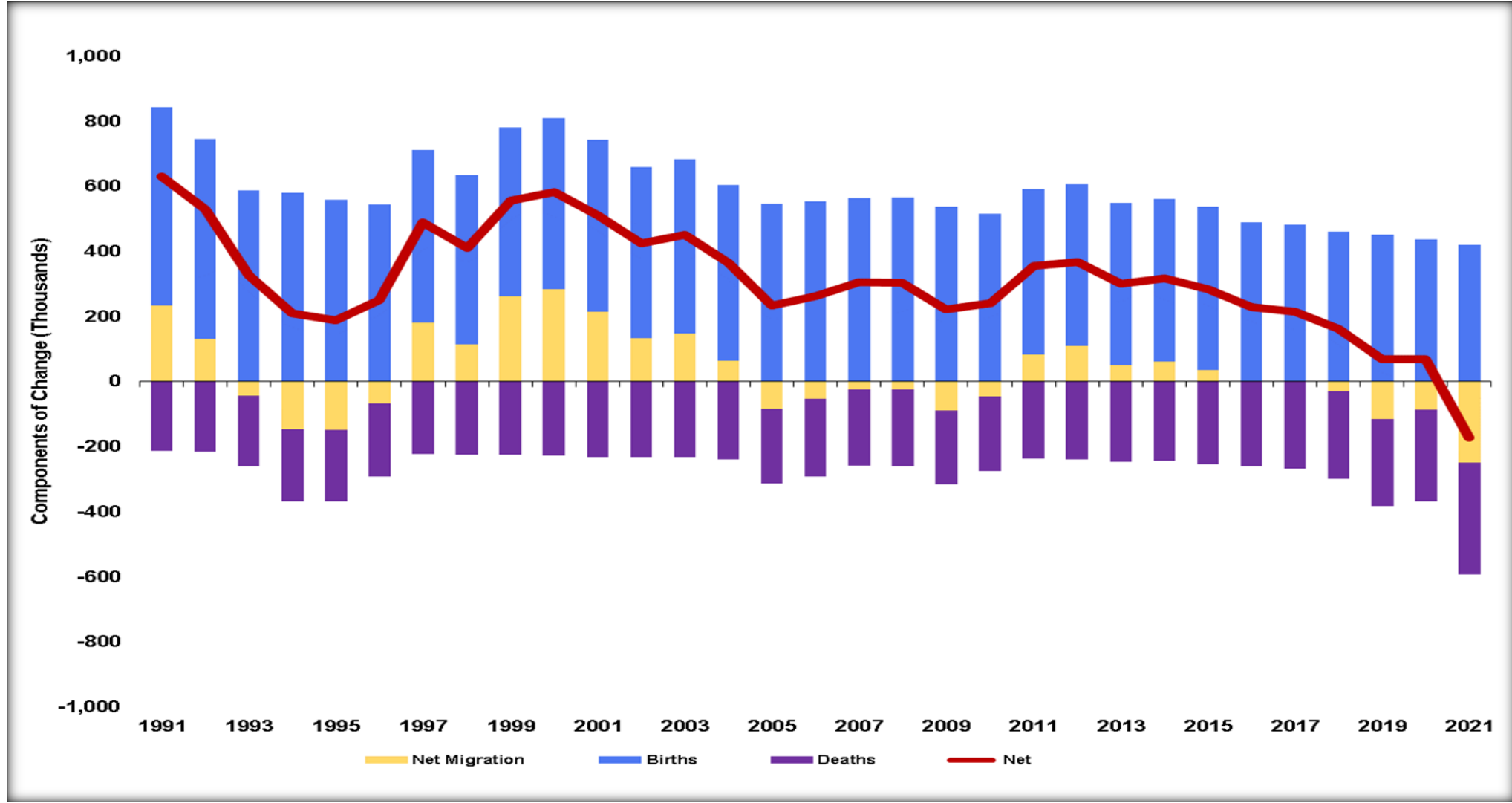


# PRESENTATION AGENDA

- **OVERVIEW AND RECENT DEVELOPMENTS**
- **INFLATION AND MONETARY POLICY**
- **RISKS AND RECESSION WORRIES**



# DECLINING CALIFORNIA POPULATION



# MIXED ECONOMIC SIGNALS

**California recovers pandemic job losses amid economic woes**

By ADAM BEAM November 18, 2022

**Recent tech layoffs: The great reset after a pandemic boom**

by CHUQIN JIANG  
NOVEMBER 17, 2022



**California About to Become the World's 4th-Largest Economy**

Published 4 weeks ago on October 24, 2022  
By gvwire

**The Fed makes history with a fourth straight three-quarter-point rate hike**

By Nicole Goodkind, CNN Business  
Updated 4:07 PM EDT, Wed November 2, 2022

**Winter looms in Ukraine as Russian invasion enters 10th month**

Nov 19, 2022 5:35 PM EST

# CALIFORNIA ECONOMY

- **GDP recovered in 2021 Q1, after dropping 30% in 2020 Q2**
- **Record-low unemployment rate (3.8% in September 2022)**
- **Recovered 2.7M+ jobs lost in March and April 2020**  
    **↑ 30,800 more jobs as of October 2022**



# STRONG LABOR MARKET RECOVERY

**U.S.**

**3.5% (Jul-22, Sep-22)**

**3.7% (Oct-22)**

## Unemployment Rate

Record-low

Latest

**California**

**3.8% (Sep-22)**

**4.0% (Oct-22)**

## Nonfarm Employment

**100.5%**

**August 2022**

Relative to Feb-20

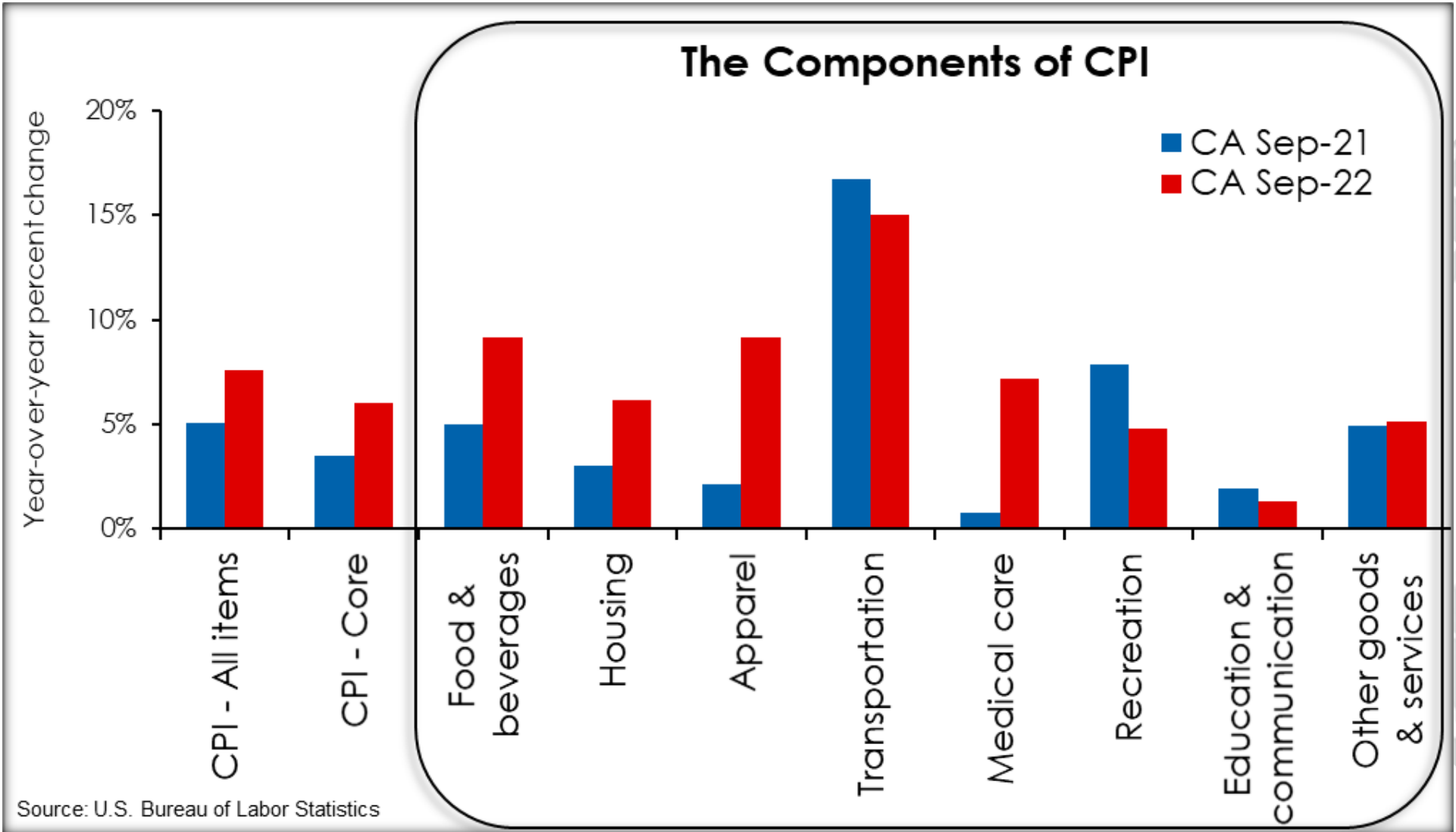
Full recovery month

**Since April 2020:**

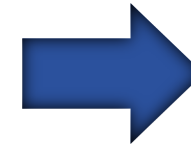
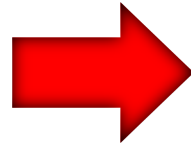
- Gained jobs in all but 3 months (Dec-20, Jan-21, Sep-21)
- Added nearly 1 out of every 8 new U.S. jobs



# INFLATION CONTINUES TO BE BROAD-BASED

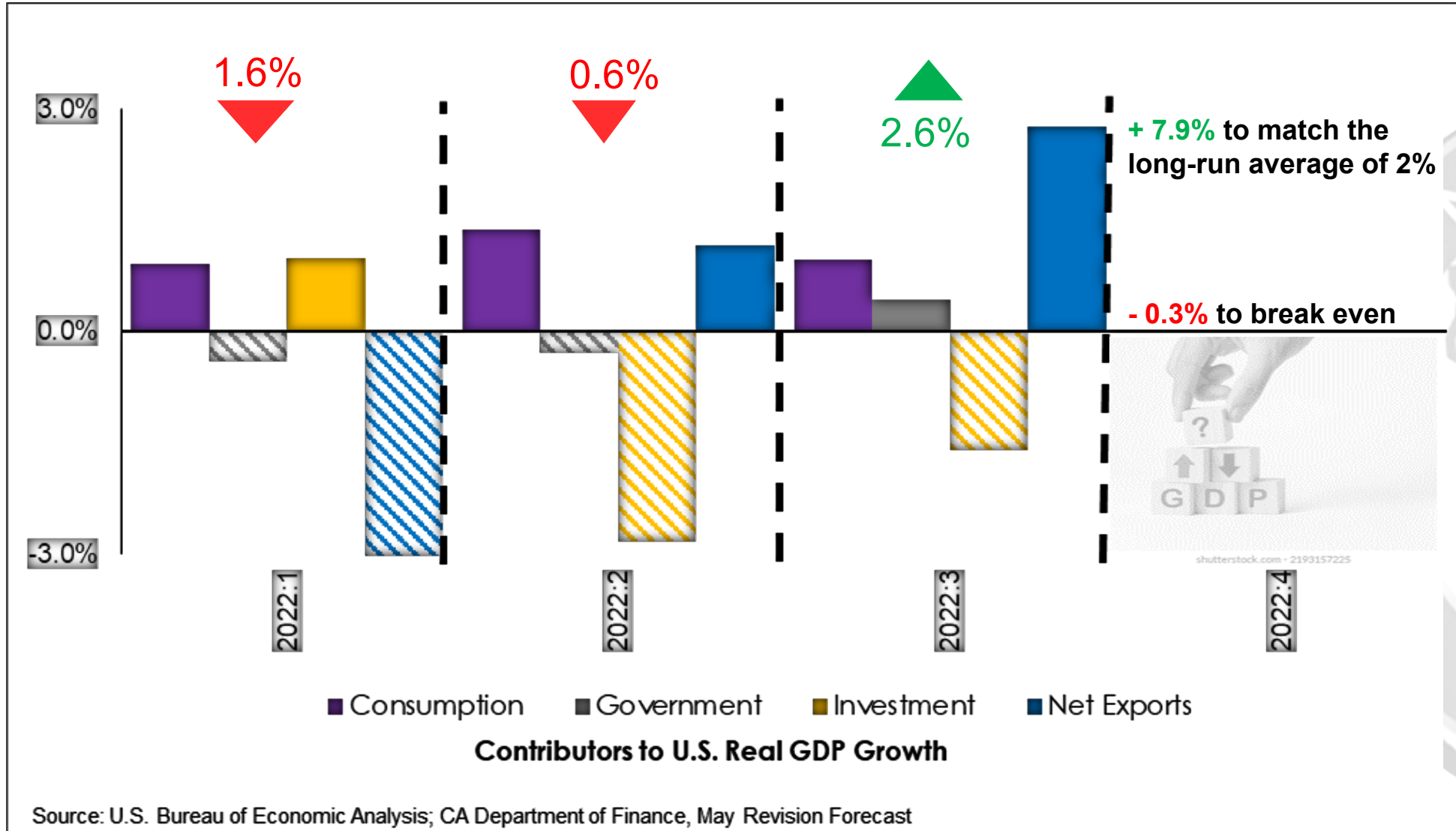


# FEDERAL RESERVE ACTIONS TO COMBAT INFLATION

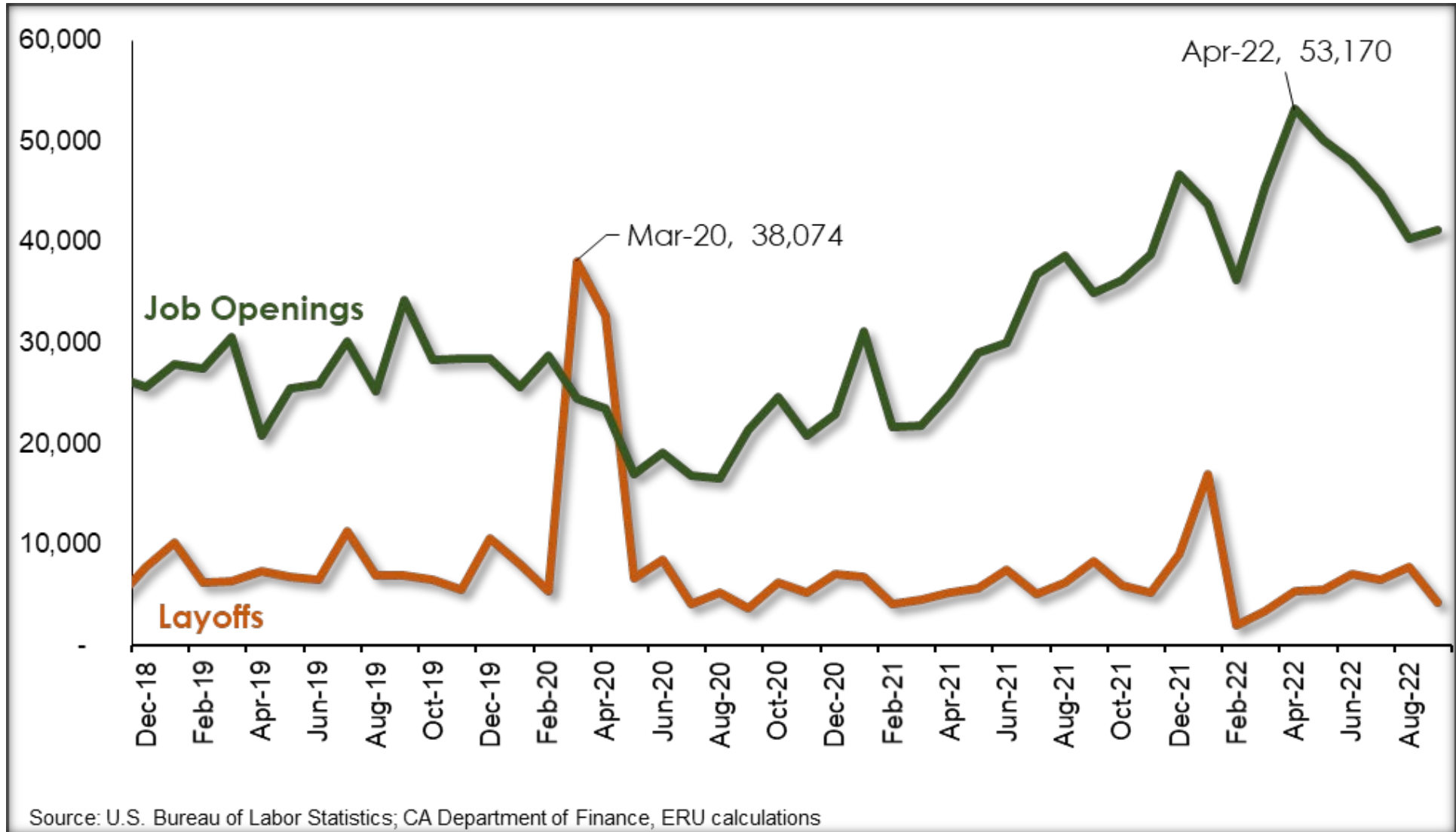




# U.S. REAL GDP CONTRACTS IN FIRST HALF OF 2022



# INFORMATION JOB OPENINGS





**LOOKING AHEAD ...**

# WORRIES OF RECESSION



# CALIFORNIA EXPECTED TO FACE BUDGET DEFICIT

**NEWS**  
**California likely to have \$25 billion budget deficit: report**  
by: [The Associated Press](#)  
Posted: Nov 16, 2022 / 11:29 AM PST  
Updated: Nov 16, 2022 / 11:36 AM PST

**TIMES** Times of San Diego  
**Opinion: California's Big Budget Surplus Evaporates as Income Tax Revenues Fall**  
*Opinion by Times of San Diego* • 11h ago

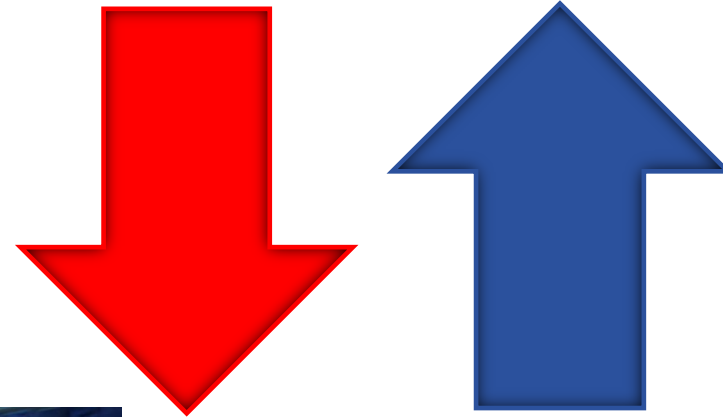
**OPINION | REVIEW & OUTLOOK**  
**California Heads for a Budget Crunch**  
The state that relies on the rich for revenue now faces a \$25 billion shortfall.

**California faces budget deficit despite nearly \$100 billion surplus last fiscal year**

**OPINION • Opinion Columnist**  
**Triple threat to California's budget**  
f t r p

# FY 2020-21 BUDGET OVERVIEW

**May Revision  
2020-21 Projected  
Deficit  
\$54.3B**



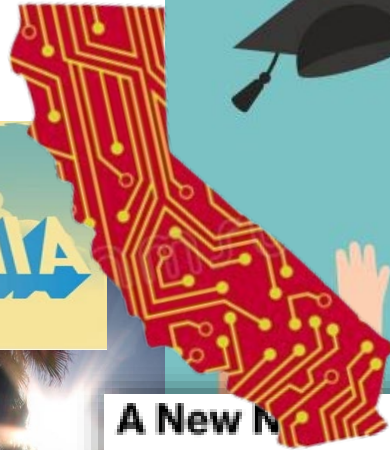
**Governor's Budget  
2020-21 Actual  
Surplus  
\$75.7B**



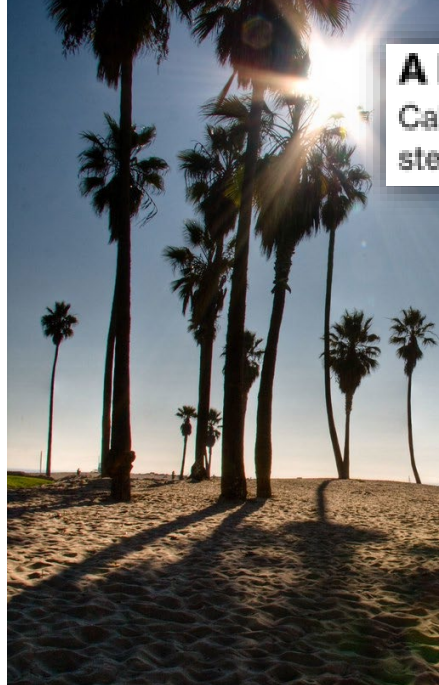
# RISKS TO CALIFORNIA ECONOMY



# CALIFORNIA STATE OF MIND



**A New N**  
California's economy is poised to overtake Germany after showing steady growth







*The Department of Finance welcomes you to the*

# California Budget

## 2023-24

Gavin Newsom Governor  
State of California



**RELEASED BY JANUARY 10, 2023**  
**EBUDGET.CA.GOV**

**THANK YOU!**



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