



CALIFORNIA'S ECONOMY

October 2004

➤ **California has the sixth largest economy in the world.**

With a gross state product (GSP) of about \$1.4 trillion, if California were a country, its economy would be surpassed only by the economies of the United States, Japan, Germany, the United Kingdom, and France (Figure 1). California accounts for the largest share – about 13 percent – of the nation's total economic output. The state's GSP has exceeded \$1 trillion since 1997.

➤ **Financial services lead a diversified state economy.**

By a margin of almost two to one, the financial services sector is the largest sector of California's economy (Figure 2). Manufacturing is the second largest. Services, including the financial sector, wholesale and retail trade, and transportation and public utilities, account for more than 70 percent of all economic activity in the state.

➤ **California's agricultural sector is the largest in the nation.**

Although agriculture accounts for a small fraction of the state's overall output, California's farms, dairies, and ranches lead the nation, with more than \$25 billion of agricultural products sold in 2002. Fresno, Tulare, and Monterey are the nation's top three counties in terms of agricultural products sold. California produces almost all of the nation's grapes and almonds and more than three-quarters of its strawberries and lettuce.

➤ **Despite a drop in recent years, goods exports are important to the state's economy.**

In 2003, California goods exports rose to \$94 billion, down from a high of \$120 billion in 2000. California leads the nation in service exports combined with goods exports. It also leads the nation in exports of computers and electronic products: In 2003, exports of these products accounted for 39 percent of total California exports and 24 percent of total U.S. exports.

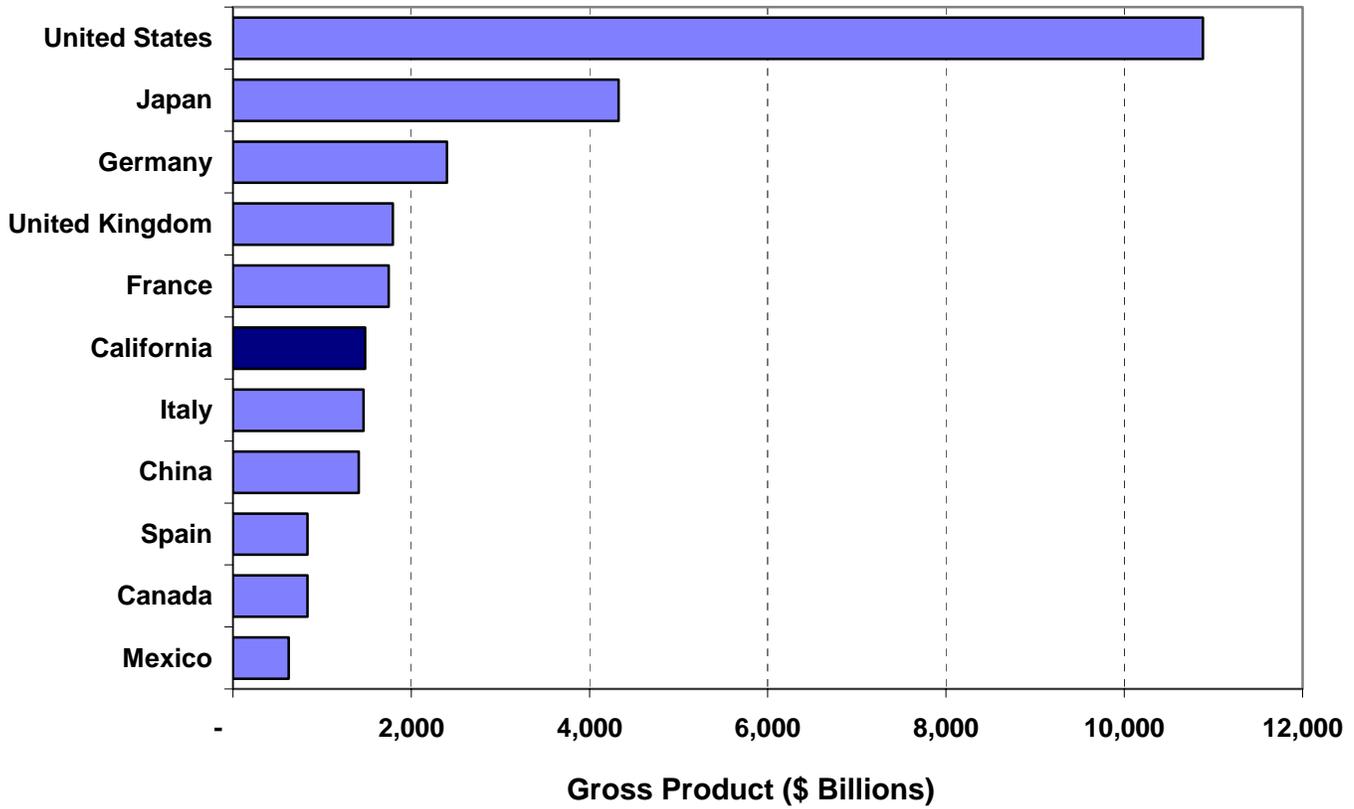
➤ **The state is experiencing a modest economic recovery with slow job growth.**

With 14,523,700 jobs reported in August 2004, California's total non-farm employment had increased by 0.8 percent over the preceding year. In the same month, the unemployment rate dipped to 5.8 percent, the lowest rate since September 2001. However, California has not rebounded to its peak employment level of more than 14.7 million jobs in early 2001.

➤ **California is home to more Fortune 500 companies than any other state.**

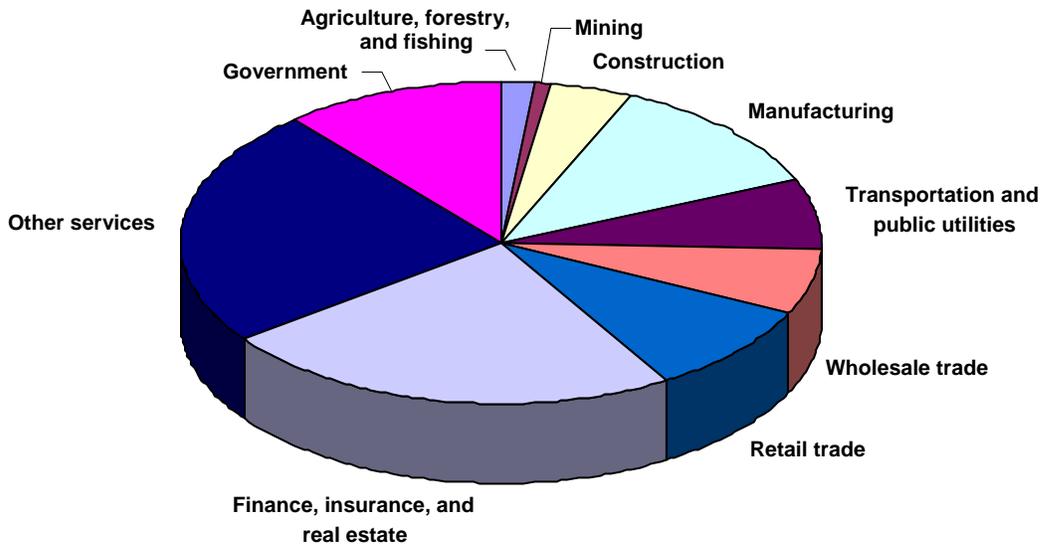
In the past decade, California has ranked either first or second in the number of Fortune 500 companies headquartered in the state. In 2003, California edged out New York to top the list with 53 Fortune 500 companies, split almost evenly between northern and southern California. Taken together, those companies generated revenue totaling more than \$763 billion.

California's Rank Among World Economies, 2003



Major Sectors of California's Economy, 2001

Share of Gross State Product



Sources: U.S. Department of Commerce, U.S. Department of Labor, U.S. Department of Agriculture, California Department of Finance, California Economic Development Department, California Chamber of Commerce, *Fortune*.