



Finance Bulletin

Keely Bosler, Director

Economic Update

New data released in May show that California remained the 5th largest economy in the world in 2018, behind Germany and ahead of the United Kingdom, with a Gross Domestic Product (GDP) of \$3.0 trillion in current dollar terms. In real terms, California's GDP growth was 3.5 percent for the year compared to 2.9 percent for the nation. Through the first four months of 2019, California exports totaled \$57.5 billion, down 2.7 percent from the same period last year, while California imports totaled \$127.6 billion, down 8.8 percent.

LABOR MARKET CONDITIONS

- California's unemployment rate fell 0.1 percentage point to 4.2 percent in May while the U.S. unemployment rate remained at 3.6 percent in May. California's labor force participation rate fell 0.2 percentage point to 62.4 percent in May while the nation's remained at 62.8 percent.
- California gained 19,400 nonfarm jobs in May, following an upwardly revised gain of 48,600 jobs in April. During the first five months of 2019, the average monthly job gain was 24,700 compared to 23,800 during the same period in 2018. In May, seven of the eleven major industry sectors added jobs, three lost jobs, and one (mining and logging) reported no change. Construction added the most (12,800). Leisure and hospitality (4,500), government (1,800), professional and business services (1,600), information (1,400), trade, transportation, and utilities (800), and educational and health services (200), also added jobs. Job losses occurred in other services (2,600), manufacturing (700), and financial services (400).

BUILDING ACTIVITY

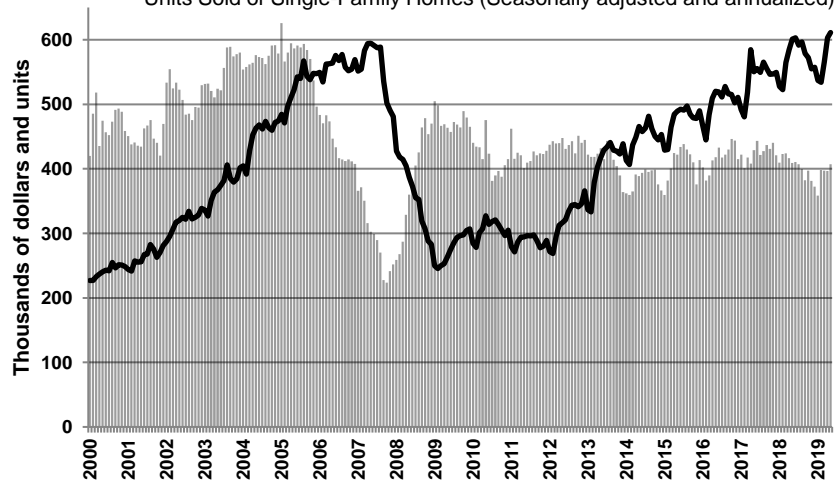
- Residential building permits issued for the first four months of 2019 averaged 114,000 units, down 4.0 percent from the same period in 2018. In April, single-family permits were up 6.2 percent from March to 53,000 units, but 6.1 percent lower than in April of 2018. Multifamily permits were up 36 percent from March to 57,000 units, and were 0.2 percent higher than April of 2018. Nonresidential building permits averaged an annualized valuation of \$31 billion over the first four months of 2019, which is down 2.3 percent from the same period last year.

REAL ESTATE

- Sales of existing, single-family homes in California rose 2.6 percent to a seasonally adjusted annualized rate of 406,960 units in May, while year-over-year sales fell 0.6 percent. The statewide median home price set another new record high of \$611,190 in May, surpassing the previous high of \$602,920 in April. May's median home price was up 1.4 percent from April and up 1.7 percent from May 2018. The 30-year, fixed-mortgage interest rate averaged 4.07 percent in May, the lowest rate in nearly a year and a half.

California Statewide Median Home Price and Home Sales

Median Sales Price of Existing Single-Family Homes
Units Sold of Single-Family Homes (Seasonally adjusted and annualized)



Source: California Association of Realtors

MONTHLY CASH REPORT

Preliminary General Fund agency cash for the first eleven months of the fiscal year was \$620 million above the 2019-20 May Revision forecast of \$124.417 billion. Revenues for the month of May were \$603 million above the forecast of \$9.056 billion.

- Personal income tax revenues for the first eleven months of the fiscal year are \$407 million above forecast. Personal income taxes to the General Fund for May were \$383 million above the month's forecast of \$5.226 billion. Withholding receipts were \$205 million above the forecast of \$5.398 billion. Other receipts were \$212 million higher than the forecast of \$919 million. Refunds issued in May were \$26 million above the forecast of \$997 million. Proposition 63 requires that 1.76 percent of total monthly personal income tax collections be transferred to the Mental Health Services Fund (MHSF). The amount transferred to the MHSF in May was \$7 million higher than the forecast of \$94 million.
- Sales and use tax revenues for the first eleven months of the fiscal year are \$247 million above forecast. Revenues for May were \$247 million above the month's forecast of \$2.661 million. May cash includes the remaining portion of the final payment for first quarter taxable sales, which was due April 30, as well as the first prepayment for second quarter sales and use tax liabilities.
- Corporation tax revenues for the first eleven months of the fiscal year are \$144 million below forecast. Revenues for May were \$135 million below the month's forecast of \$587 million. Estimated payments were \$69 million below the forecast of \$355 million, and other payments were \$45 million lower than the \$316 million forecast. Total refunds for the month were \$22 million higher than the forecast of \$83 million.
- Insurance tax revenues for the first eleven months of the fiscal year were \$169 million above the forecast of \$2.491 billion. Revenues for the month of May were \$163 million above the forecast of \$409 million. Revenues from alcoholic beverage, tobacco taxes, and pooled money interest were \$5 million above forecast for the first eleven months of the fiscal year, and were \$8 million above forecast for the month of May. "Other" revenues were \$63 million below the forecast for the first eleven months of the fiscal year, and are also \$63 million below forecast for the month of May.

2018-19 Comparison of Actual and Forecast Agency General Fund Revenues

Revenue Source	MAY 2019				2018-19 YEAR-TO-DATE			
	Forecast	Actual	Change	Percent Change	Forecast	Actual	Change	Percent Change
Personal Income	\$5,226	\$5,610	\$383	7.3%	\$85,731	\$86,139	\$407	0.5%
Sales & Use	2,661	\$2,908	247	9.3%	24,265	24,512	247	1.0%
Corporation	587	452	-135	-23.0%	10,437	10,292	-144	-1.4%
Insurance	409	573	163	39.9%	2,491	2,660	169	6.8%
Estate	0	0	0	0.0%	0	0	0	10.9%
Pooled Money Interest	33	48	15	46.1%	478	493	15	3.1%
Alcoholic Beverages	31	24	-7	-22.6%	331	320	-10	-3.2%
Tobacco	5	5	0	3.1%	58	58	0	0.0%
Other	102	39	-63	-62.0%	625	562	-63	-10.1%
Total	\$9,056	\$9,659	\$603	6.7%	\$124,417	\$125,037	\$620	0.5%

This is an agency cash report and the data may differ from the Controller's report to the extent that cash received by agencies has not yet been reported to the Controller.

Totals may not add due to rounding. The forecast is from the 2019-20 May Revision.