



Finance Bulletin

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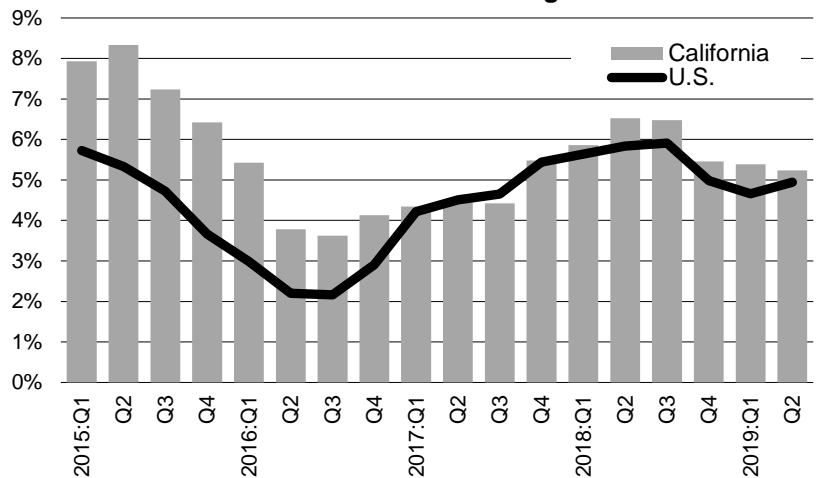
Economic Update

California personal income increased by 5.2 percent year-over-year in the second quarter of 2019, while U.S. total personal income increased by 4.9 percent over the same period. August year-to-date California exports totaled \$115.3 billion, a decline of 3 percent from the same period last year, while imports totaled \$270.2 billion, a 5.8-percent drop.

LABOR MARKET CONDITIONS

- California's unemployment rate fell to a new record low of 4.0 percent in September, while labor force participation rate held steady at 62 percent. The U.S. unemployment rate fell to 3.5 percent in September, the lowest level since December 1969. Year-to-date, California's unemployment rate is now averaging 4.2 percent, unchanged from the same period last year. For the U.S., year-to-date average unemployment rate is 3.7 percent, down 0.2 percentage point from last year's year-to-date of 3.9 percent.
- California gained 21,300 nonfarm jobs in September. The state's average monthly job gain for the first three quarters of the year is now 26,300, higher than last year's year-to-date average of 21,600. In September, eight major industry sectors added jobs. The three industry sectors that posted the largest gain in jobs are Professional and Business Services (12,700) driven by Administrative and Support Services (11,000), Educational and Health Services (4,100), and Manufacturing (4,100). Other industry sectors that added jobs were Trade, Transportation, and Utilities (2,700), Leisure and Hospitality (800), Construction (700), Financial Activities (300), and Mining and Logging (100). Three industry sectors lost jobs in September: Other Services lost the most jobs (2,000), followed by Information (1,500), and Government (700).

Personal Income Growth Rates
Year-over-Year % change



Source: U.S. Bureau of Economic Analysis

BUILDING ACTIVITY

- California housing units authorized by building permits in August rose 3.7 percent from July to a total of 116,000 units, with the growth in multi-family units by 14 percent (57,000 units in August) being tempered by a decrease in single-family units by 4.6 percent (59,000 units). This brings total housing units to 4.3 percent above last year's August level of 112,000 units. For the first eight months of 2019, authorized housing units averaged 108,000, down 14 percent from the 125,000 average in the same period last year.
- The state's nonresidential building permits' annualized valuation in August was \$24.6 billion, down 40.5 percent from a month ago and down 12.3 percent from a year ago. The average for the first eight months of 2019 is \$33.3 billion, up slightly by 0.6 percent from the first eight months of 2018.

REAL ESTATE

- Statewide sales of existing single-family homes totaled 406,100 units in August on a seasonally adjusted annualized basis, which is down 1.3 percent from July and up 1.6 percent from August 2018. August marks the second consecutive month that home sales increased on a year-over-year basis. California's median home price increased 1.5 percent in August to \$617,410, up 3.6 percent on a year-over-year basis. The 30-year, fixed-mortgage interest rate averaged 3.62 percent in August, compared to 4.55 percent in August 2018.

MONTHLY CASH REPORT

After finishing Fiscal Year 2018-19 by a revised \$874 million above the 2019 Budget Act forecast, preliminary General Fund agency cash for the first three months of the fiscal year 2019-20 was \$287 million higher than the forecast of \$29.697 billion. Revenues for September were \$98 million above the 2019-20 Budget Act forecast of \$12.158 billion.

- Personal income tax revenues to the General Fund for the first three months of the fiscal year were \$420 million below forecast. Revenues for September were \$401 million below the month's forecast of \$8.65 billion. Withholding receipts were \$53 million above the forecast of \$4.913 billion. Other receipts were \$431 million below the forecast of \$4.244 billion. Refunds issued in September were \$30 million above the expected \$352 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 September was \$7 million lower than the forecast of \$155 million.
- Sales and use tax receipts for the first three months of the fiscal year were \$77 million below forecast. Receipts for September were \$52 million above the month's forecast of \$2.098 billion. September represents the second prepayment for third quarter taxable sales.
- Corporation tax revenues for the first three months of the fiscal year were \$682 million above forecast. Revenues for September were \$501 million above the month's forecast of \$1.11 billion. Estimated payments were \$346 million above the forecast of \$1 billion, and other payments were \$128 million higher than the \$244 million forecast. Total refunds for the month were \$27 million lower than the forecast of \$139 million.
- Insurance tax revenues for the first three months of the fiscal year were \$32 million above forecast. Insurance tax revenues for September were \$111 million below the forecast of \$77 million, due to timing. Revenues from the alcoholic beverage, tobacco taxes, and pooled money interest for the first three months of the fiscal year were \$27 million above forecast, and were \$9 million above the forecast of \$92 million for September. "Other" revenues for the first three months of the fiscal year were \$43 million above forecast, and were \$48 million above the forecast of \$31 million for September.

2019-20 Comparison of Actual and Forecast Agency General Fund Revenues

(Dollars in Millions)

Revenue Source	SEPTEMBER 2019				2019-20 YEAR-TO-DATE			
	Forecast	Actual	Change	Percent Change	Forecast	Actual	Change	Percent Change
Personal Income	\$8,650	\$8,249	-\$401	-4.6%	\$20,265	\$19,846	-\$420	-2.1%
Sales & Use	2,098	2,150	52	2.5%	6,553	6,476	-77	-1.2%
Corporation	1,110	1,610	501	45.1%	1,673	2,355	682	40.8%
Insurance	177	67	-111	-62.4%	678	710	32	4.7%
Estate	0	0	0	n/a	0	0	0	n/a
Pooled Money Interest	54	69	15	27.4%	151	187	36	23.7%
Alcoholic Beverages	33	29	-4	-11.1%	101	93	-8	-7.8%
Tobacco	6	4	-2	-32.2%	17	16	-1	-4.7%
Other	31	79	48	154.8%	259	302	43	16.7%
Total	\$12,158	\$12,257	\$98	0.8%	\$29,697	\$29,984	\$287	1.0%

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 Budget Act.