



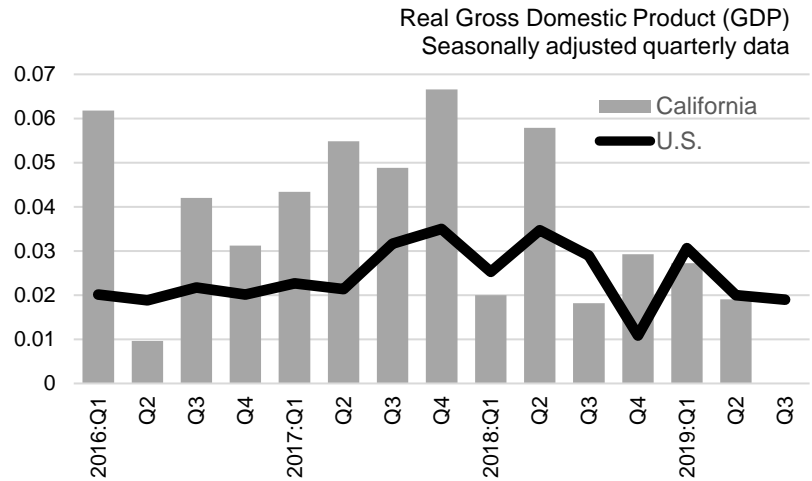
Finance Bulletin

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Economic Update

California's real GDP grew at an annualized 2.7 percent and 1.9 percent in the first quarter and second quarter, respectively, while U.S. real GDP increased at an annualized 3.1 percent and 2.0 percent in the first quarter and second quarter before increasing to 1.9 percent in the third quarter. California's merchandise exports year-to-date totaled \$129.1 billion, a 3.2-percent decline from the same period last year. The state's merchandise imports year-to-date totaled \$304.6 billion, down 6.3 percent from the same period last year. California was the state-of-destination for 16.2 percent of all U.S. imports.

Real GDP Growth Annualized Quarterly



Source: U.S. Bureau of Economic Analysis

LABOR MARKET CONDITIONS

- California's unemployment rate fell 0.1 percentage point to a new record low 3.9 percent in October 2019—a full percentage point below the 2007 pre-recession low of 4.9 percent. The state's labor force participation rate edged up 0.1 percentage point to 62.1 percent, the first increase since February 2019. The U.S. unemployment rate rose by 0.1 percent to a still low 3.6 percent in October, and labor force participation rate in the nation increased 0.1 percentage point to 63.3 percent, the highest since July 2013.
- California added 23,600 nonfarm jobs in October, growing at a faster pace of 1.8 percent year-over-year compared to 1.4 percent for the U.S. Eight of California's eleven major industry sectors added jobs: educational and health services (6,500); government (5,400); financial activities (5,300); trade, transportation, and utilities (4,700); leisure and hospitality (4,600); manufacturing (2,300); construction (2,100); and other services (300). Among the sectors that lost jobs in October, professional and business services (5,600) lost the most, followed by information (1,800) and mining and logging (200).

BUILDING ACTIVITY

- California's residential housing units authorized by building permits totaled 142,000 units in September, a 21.9-percent increase from August and a 41.3-percent increase from a year ago. Multi-family units increased by 47 percent to 84,000 units, while single-family units fell by 2.3 percent to 58,000 units. The average for the first three quarters of 2019 is 111,000 compared to 122,000 for the same period in 2018.
- The state's nonresidential building permits' annualized valuation in September was \$18.7 billion, down 23.8 percent from a month ago and down 41.9 percent from a year ago. The average nonresidential valuation for the first three quarters of 2019 is \$32 billion, down 4 percent compared to the same period in 2018.

REAL ESTATE

- Statewide sales of existing single-family homes totaled 404,000 in September on a seasonally adjusted annualized basis, down 0.5 percent from August but up 5.8 percent from the same period last year—a third consecutive year-over-year sales increase and the largest increase in 2 ½ years. California's median home price decreased 1.9 percent on a year-over-year basis in September to \$605,680. The 30-year, fixed-mortgage rate averaged 3.61 percent in September, compared to 4.63 in September 2018.

MONTHLY CASH REPORT

Preliminary General Fund agency cash receipts for the first four months of the fiscal year were \$77 million above the forecast of \$38.847 billion. Cash receipts for October were \$211 million below the 2019-20 Budget Act forecast of \$9.150 billion.

- Personal income tax cash receipts to the General Fund for the first four months of the fiscal year were \$622 million below forecast. Total personal income tax cash receipts for October were \$202 million below the month's forecast of \$6.677 billion. Withholding receipts were \$309 million above the forecast of \$5.876 billion. Other receipts were \$231 million higher than the forecast of \$1.894 billion. Refunds issued in October were \$745 million higher than the expected \$973 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 October was \$4 million lower than the forecast of \$98 million.
- General Fund sales and use tax cash receipts for the first four months of the fiscal year were \$151 million below forecast. General Fund sales tax cash receipts for October were \$74 million below the month's forecast of \$2.107 billion. October represents the final payment for third quarter taxable sales.
- Corporation tax cash receipts for the first four months of the fiscal year were \$688 million above forecast. Cash receipts for October were \$6 million above the month's forecast of \$195 million. Estimated payments were \$25 million below the forecast of \$207 million, and other payments were \$46 million higher than the \$258 million forecast. Total refunds for the month were \$14 million higher than the forecast of \$270 million.
- Insurance tax cash receipts for the first four months of the fiscal year were \$45 million above forecast. Cash receipts for October were \$13 million above the month's forecast of \$24 million. Cash receipts from the estate, alcoholic beverage, tobacco taxes, and pooled money interest were \$42 million above forecast for the first four months of the fiscal year and were up \$14 million for the month of October. "Other" cash receipts for the first four months of the fiscal year were \$75 million above forecast, and \$31 million above the forecast of \$35 million for the month of October.

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

Revenue Source	OCTOBER 2019				2019-20 YEAR-TO-DATE			
	Forecast	Actual	Change	Percent Change	Forecast	Actual	Change	Percent Change
Personal Income	\$6,677	\$6,475	-\$202	-3.0%	\$26,942	\$26,321	-\$622	-2.3%
Sales & Use	2,107	2,033	-74	-3.5%	8,660	8,510	-151	-1.7%
Corporation	195	201	6	3.1%	1,867	2,555	688	36.9%
Insurance	24	37	13	53.7%	703	747	45	6.4%
Pooled Money Interest	74	89	15	20.4%	225	276	51	22.6%
Alcoholic Beverages	33	33	0	0.5%	134	126	-8	-5.7%
Tobacco	5	5	-1	-14.6%	22	20	-2	-7.1%
Other	35	66	31	90.4%	294	368	75	25.4%
Total	\$9,150	\$8,939	-\$211	-2.3%	\$38,847	\$38,924	\$77	0.2%

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.