



Finance Bulletin

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Economic Update

The U.S. unemployment rate fell by 0.1 percentage point to 3.5 percent in November, equaling its near five-decade low. The U.S. gained 266,000 jobs in November after adding 156,000 in October, bringing the year-to-date monthly average to 180,000 jobs. California's unemployment rate in October was a record-low 3.9 percent.

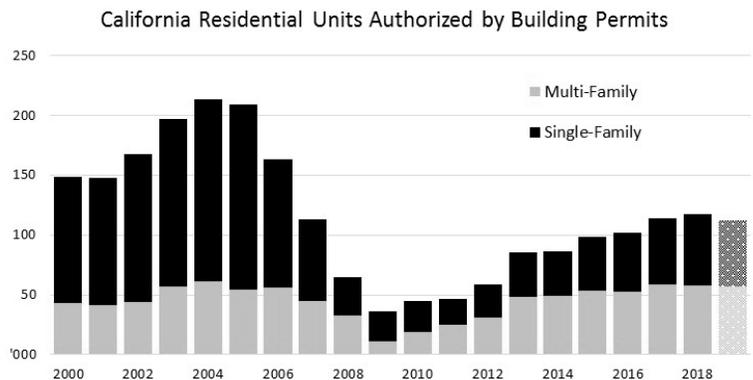
California's merchandise exports year-to-date (thru October) totaled \$144.5 billion, a 3.2-percent decline from the same period last year. The state's merchandise imports year-to-date totaled \$341 billion, down 7 percent from the same period last year. California was the state-of-destination for 16.3 percent of all U.S. imports year-to-date.

U.S. GDP

- The second estimate of U.S. real GDP growth in the 3rd quarter was 2.1 percent (seasonally adjusted annualized rate), an upward revision from the initial estimate of 1.9 percent. This follows 3.1-percent real GDP growth in the first quarter and 2.0-percent real GDP growth in the second quarter of 2019.
- Growth in the third quarter was driven by personal consumption expenditures (contributed 2.0 percent towards the headline GDP growth, revised up 0.1 percentage point), government expenditures (contributed 0.3 percent, revised down 0.1 percentage point), and private inventories (contributed 0.2 percent, revised up from -0.1 percent). Net exports (-0.1 percent contribution, unchanged) and fixed investment (-0.2 percent contribution, unchanged) dampened this growth.

BUILDING ACTIVITY

- California's housing units authorized by building permits totaled 121,000 units in October on a seasonally adjusted annualized rate. This is down 14.5 percent from September's 142,000 permitted units, but up 17.2 percent from a year ago. Authorized units in October 2019 were split into 66,000 single-family units (up 14 percent from a month ago, and up 10 percent from a year ago) and 55,000 multi-family units (down 34 percent from a month ago, but up 27 percent from a year ago). The year-to-date average is now 112,000 compared to 121,000 for the same period in 2018.



Note: Data are twelve-month averages except 2019 which are ten-month averages to October. Source: CA Construction Industry Research Board, CA Homebuilding Foundation

- The state's nonresidential building valuation in October was \$31 billion, up 65.2 percent from a month ago and down 25.6 percent from a year ago. The 2019 year-to-date average valuation is \$32 billion compared to the 2018 year-to-date average of \$34 billion.

REAL ESTATE

- Statewide sales of existing single-family homes totaled 404,000 in October on a seasonally adjusted annualized basis. This is relatively unchanged from September and up 1.9 percent from the same period last year, a fourth consecutive year-over-year sales increase. California's median home price increased 6 percent on a year-over-year basis in October to \$605,280, relatively unchanged from September. The 30-year, fixed-mortgage rate averaged 3.69 percent in October, compared to 4.83 percent in October 2018.

MONTHLY CASH REPORT

Preliminary General Fund agency cash receipts for the first five months of the fiscal year are \$56 million below the forecast of \$47.736 billion. Cash receipts for November were \$148 million below the 2019-20 Budget Act forecast of \$8.890 billion, which reflects hundreds of millions of dollars in personal income tax withholding shifting from November to December.

- Personal income tax cash receipts to the General Fund for the first five months of the fiscal year were \$826 million below forecast. November cash receipts were \$219 million below the month's forecast of \$5.356 billion. Withholding receipts were \$714 million below the estimate of \$5.734 billion. Due likely to bonus payments, the Monday following Thanksgiving is historically a day of abnormally large withholding. Normally falling in November, it fell this year in December. The cash forecast reflected this day's receipts in November, which overstated the month's revenues. It is expected that a large portion of this variance will be reflected in December's receipts. Other receipts were \$1 million above the forecast of \$783 million. Refunds issued in November were \$490 million below the expected \$1.065 billion. 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 November was \$4 million below the forecast of \$96 million.
- Sales and use tax cash receipts for the first five months of the fiscal year were \$278 million below forecast. November cash receipts were \$127 million below the month's forecast of \$2.810 billion. November cash includes a portion of the final payment for third quarter sales, as well as the first prepayment for fourth quarter sales.
- Corporation tax cash receipts for the first five months of the fiscal year were \$663 million above forecast. Cash receipts for November were \$25 million below the month's forecast of \$160 million. Estimated payments were \$17 million above the forecast of \$120 million, and other payments were \$52 million lower than the \$238 million forecast. Total refunds for the month were \$9 million lower than the forecast of \$199 million.
- Insurance tax cash receipts for the first five months of the fiscal year were \$240 million above forecast. Insurance tax cash receipts for November were \$195 million above the month's forecast of \$447 million with a large portion of this gain likely due to timing. Cash receipts from alcoholic beverage, tobacco, and pooled money interest taxes were \$51 million above forecast for the first five months of the fiscal year, and \$10 million above forecast for the month of November. "Other" cash receipts were \$94 million above forecast for the first five months of the fiscal year, and \$19 million above forecast for the month of November.

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

(Dollars in Millions)

Revenue Source	NOVEMBER 2019				2019-20 YEAR-TO-DATE			
	Forecast	Actual	Change	Percent Change	Forecast	Actual	Change	Percent Change
Personal Income	\$5,356	\$5,137	-\$219	-4.1%	\$32,298	\$31,472	-\$826	-2.6%
Sales & Use	2,810	2,683	-127	-4.5%	11,471	11,193	-278	-2.4%
Corporation	160	134	-25	15.7%	2,027	2,690	663	32.7%
Insurance	447	642	195	43.5%	1,150	1,389	240	20.8%
Estate	0	0	0	0.0%	0	0	0	0.0%
Pooled Money Interest	37	41	4	10.4%	262	317	55	20.9%
Alcoholic Beverages	33	39	5	16.5%	167	165	-2	-1.3%
Tobacco	5	5	0	8.6%	27	26	-1	-4.2%
Other	41	60	19	46.0%	335	429	94	27.9%
Total	\$8,890	\$8,742	-\$148	-1.7%	\$47,736	\$47,680	-\$56	-0.1%

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.