



Finance Bulletin

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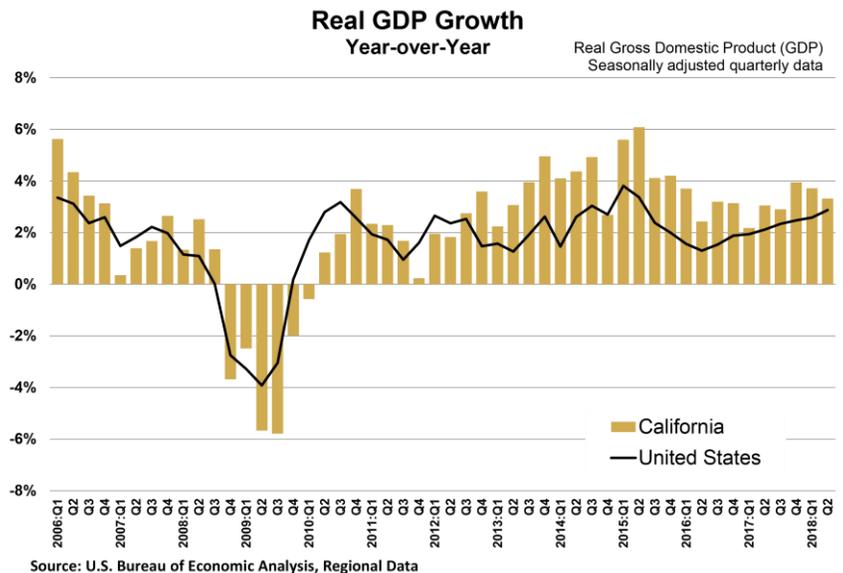
Economic Update

California real GDP rose by 3.3 percent in the second quarter of 2018, following 3.7 percent growth in the first quarter on a year-over-year basis. In comparison, U.S. real GDP rose by 2.9 percent in the second quarter and 2.6 percent in the first quarter. U.S. inflation increased in October from a year ago by 2.5 percent.

LABOR MARKET CONDITIONS

■ California's unemployment rate held at its historic low of 4.1 percent in October for the second straight month. The U.S. unemployment rate remained at 3.7 percent in October and November, its lowest level since 1969. California's labor force participation rate rose 0.2 percent at 62.1 percent in October 2018, which was 0.3 percent lower than in October 2017. The U.S. labor force participation rate rose 0.2 percent at 62.9 percent and remained at that level in November, which was 0.2 percent higher than in November 2017.

■ Although September job gains were revised down to 10,500 from 13,200, California added 36,400 nonfarm jobs in October. This brings the year-to-date average job gain to 23,400 per month. Seven out of California's eleven major industry sectors added jobs in October and four lost jobs. Professional and business services added the most jobs with 19,100; manufacturing added 6,600; information added 5,600; construction added 3,000; leisure and hospitality added 1,600; and mining and logging added 200. In contrast, trade, transportation, and utilities lost 3,100 jobs; educational and health services lost 1,100; other services lost 1,000; and financial activities lost 100.



BUILDING ACTIVITY

■ California's residential building permits totaled 101,000 units on a seasonally adjusted annualized basis in October, up 3.9 percent from the prior month, but down 24.2 percent from the previous year. Permits for single-family housing fell 0.7 percent from September to 59,000 units, while permits for multifamily housing increased 11.4 percent to 41,000 units. Total residential permits for the first ten months of this year have averaged 118,000 compared to 114,000 for the same period in 2017. Nonresidential building valuation increased 26.2 percent from the prior month to an annualized valuation of \$39 billion. This brings the year-to-date average nonresidential valuation to \$32 billion, an increase of 13.7 percent from the same period in 2017.

REAL ESTATE

■ Statewide sales of existing, single-family homes in October totaled 397,060 on a seasonally adjusted annualized rate, up 3.8 percent from September and down 7.9 percent from October 2017. Sales volume for the first ten months of this year is down 3.2 percent from the same period last year. The 30-year fixed mortgage rate is now 4.8 percent on average, the highest since April 2011.

■ California's median home price fell for the second straight month in October to \$573,000, down 1.0 percent from September but up 4.9 percent from October of 2017. The statewide median home price remains 5 percent below the high of \$602,760 from June of 2018.

MONTHLY CASH REPORT

Preliminary General Fund agency cash for the first five months of the fiscal year are \$1.943 billion above the forecast of \$43.597 billion. Revenues for November were \$1.722 billion above the 2018-19 Budget Act forecast of \$7.294 billion, due largely to last month's delays in processing that shifted receipts from October to November.

- Personal income tax revenues to the General Fund for the first five months of the fiscal year were \$1.692 billion above forecast. November revenues were \$985 million above the month's forecast of \$5.007 billion. Withholding receipts were \$1.281 billion above the estimate of \$5.053 billion, due largely to last month's delays in processing that shifted receipts from October to November. Other receipts were \$10 million above the forecast of \$758 million. Refunds issued in November were \$288 million above the expected \$715 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 November was \$18 million above the forecast of \$90 million.
- Sales and use tax receipts for the first five months of the fiscal year were \$6 million below forecast. November revenues were \$579 million above the month's forecast of \$2.080 billion, due largely to last month's delays in processing that shifted receipts from October to November. 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 revenues for the first five months of the fiscal year were \$87 million above forecast. Revenues for November were \$78 million above the month's forecast of \$26 million. Estimated payments were \$32 million below the forecast of \$142 million, and other payments were \$48 million lower than the \$227 million forecast. Total refunds for the month were \$158 million lower than the forecast of \$343 million.
- Insurance tax revenues for the first five months of the fiscal year were \$103 million above forecast. Insurance tax revenues for November were \$74 million above the month's forecast of \$444 million. Revenues from alcoholic beverage, tobacco, and pooled money interest taxes came in \$74 million above forecast for the first five months of the fiscal year, and \$15 million above forecast for the month of November. "Other" revenues were \$8 million below forecast for the first five months of the fiscal year, and \$10 million below forecast for the month of November.

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

Revenue Source	NOVEMBER 2018				2018-19 YEAR-TO-DATE			
	Forecast	Actual	Change	Percent Change	Forecast	Actual	Change	Percent Change
Personal Income	\$5,007	\$5,992	\$985	19.7%	\$29,019	\$30,711	\$1,692	5.8%
Sales & Use	2,080	2,660	579	27.9%	10,954	10,948	-6	-0.1%
Corporation	26	104	78	-297.4%	2,015	2,103	87	4.3%
Insurance	444	518	74	16.7%	1,086	1,189	103	9.5%
Estate	0	0	0	0.0%	0	0	0	n/a
Pooled Money Interest	15	35	19	125.2%	116	195	79	68.1%
Alcoholic Beverages	32	28	-4	-13.3%	163	159	-4	-2.6%
Tobacco	5	5	0	-1.3%	28	28	0	-0.9%
Other	52	42	-10	-18.7%	216	208	-8	-3.6%
Total	\$7,662	\$9,384	\$1,722	22.5%	\$43,597	\$45,541	\$1,943	4.5%

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 2018-19 Budget Act.