



Finance Bulletin

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Economic Update

U.S. real GDP increased 3.1 percent and 2.0 percent in the first quarter and second quarter of 2019 respectively, following 2.9-percent annual growth in 2018. California's real GDP grew at an annualized 2.7 percent in the first quarter of 2019, following 3.5-percent annual growth in 2018. Second quarter state GDP will be released in November.

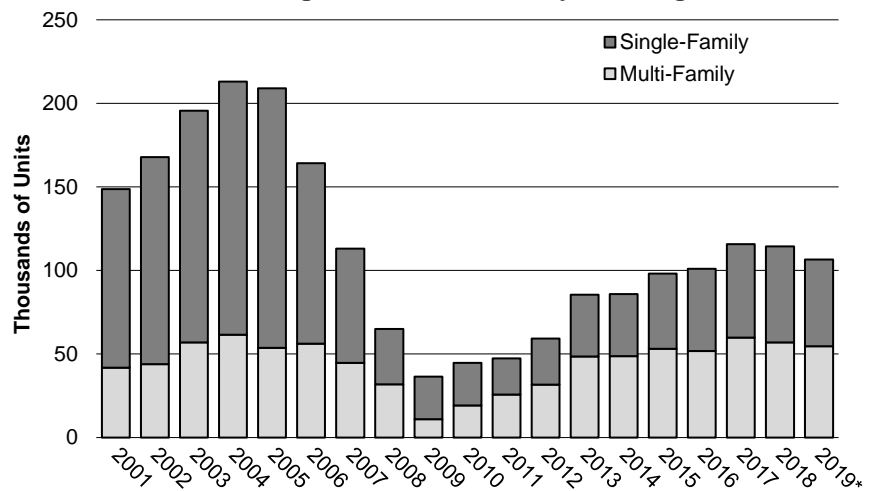
INTERNATIONAL TRADE

- California's merchandise exports totaled \$86.8 billion in the first half of 2019, down 3.2 percent from the same period last year. Computers and electronics accounted for nearly a quarter of the state's export total in the first half of 2019 and were down 10.4 percent from a year ago to \$20.1 billion. In comparison, U.S. merchandise exports totaled \$823.6 billion in the first half of 2019, down 1.0 percent from a year ago. California exports accounted for 10.7 percent of total U.S. exports in 2018.
- The state's merchandise imports totaled \$199 billion in the first half of 2019, down 6.3 percent from the same period last year. Computers and electronics accounted for a quarter of the state's import total in the first half of 2019 and were down 12 percent from a year ago. In comparison, U.S. merchandise imports totaled \$1,235.8 billion in the first half of 2019, up 0.3 percent from a year ago. California was the state of destination for 17.4 percent of all U.S. merchandise imports in 2018.

BUILDING ACTIVITY

- California housing units authorized by building permits fell to a seasonally adjusted annualized rate of 83,000 units (46,000 single-family units and 37,000 multi-family units) in June, down 17.1 percent from May and down 35.6 percent from June 2018. The annualized rate of authorized housing units in the first half of 2019 was 107,000 compared to 127,000 in the first half of 2018.
- The state's nonresidential building permit valuation was \$34.8 billion on a seasonally adjusted annualized rate in June, down 21.9 percent from May but up 11.4 percent from June 2018. The annualized rate in the first half of 2019 was \$33.8 billion compared to \$34.4 billion in the first half of 2018.

California Housing Units Authorized by Building Permits



* January thru June 2019

Source: CA Construction Industry Research Board; CA Homebuilding Foundation

REAL ESTATE

- The median home price in California hit a new high for a third straight month in June at \$611,420, up 0.04 percent from May and up 1.4 percent from June 2018. Statewide sales of existing single-family homes totaled 389,690 in June on a seasonally adjusted annualized basis, down 4.2 percent from May and down 5.1 percent from June 2018 marking the 14th consecutive month of year-over-year decline in home sales. Statewide home sales in the first half of 2019 are down 5.9 percent from the same period a year ago. The 30-year fixed mortgage interest rate averaged 3.8 percent in June compared to last year's mortgage interest rate average of 4.57 percent.

MONTHLY CASH REPORT

After finishing fiscal year 2018-19 above the 2019-20 Budget Act forecast by \$1.041 billion, preliminary General Fund agency cash for July, the first month of the 2019-20 fiscal year, was \$533 million above the 2019-20 Budget Act forecast of \$7.794 billion.

- Personal income tax revenues for July were \$364 million above the month's forecast of \$5.403 billion. Withholding receipts were \$353 million above the forecast of \$5.06 billion. Other receipts were \$11 million higher than the forecast of \$762 million. Refunds issued in July were \$7 million lower than the expected \$322 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 July was \$7 million higher than the forecast of \$97 million.
- Sales and use tax receipts for July were \$25 million above the month's forecast of \$1.732 billion. July is the first month of the 2019-20 fiscal year and includes the final payment for second quarter taxable sales, which was due July 31.
- Corporation tax revenues for July were \$119 million above the month's forecast of \$357 million. Estimated payments were \$146 million above the forecast of \$290 million, and other payments were \$63 million lower than the \$162 million forecast. Total refunds for the month were \$36 million lower than the forecast of \$95 million.
- Insurance tax cash receipts for July were \$4 million above the month's forecast of \$22 million. Cash receipts from alcoholic beverage taxes, tobacco taxes, and pooled money interest were \$15 million above the month's forecast of \$100 million. "Other" revenues were \$6 million above the month's forecast of \$180 million.

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

(Dollars in Millions)

Revenue Source	JULY 2019					2019-20 YEAR-TO-DATE			
	Forecast	Actual	Change	Percent Change		Forecast	Actual	Change	Percent Change
Personal Income	\$5,403	\$5,767	\$364	6.7%		\$5,403	\$5,767	\$364	6.7%
Sales & Use	1,732	1,756	25	1.4%		1,732	1,756	25	1.4%
Corporation	357	476	119	33.2%		357	476	119	33.2%
Insurance	22	26	4	18.9%		22	26	4	18.9%
Estate	0	0	0	0.0%		0	0	0	0.0%
Pooled Money Interest	56	76	20	35.7%		56	76	20	35.7%
Alcoholic Beverages	38	35	-4	-9.5%		38	35	-4	-9.5%
Tobacco	6	5	-1	-22.1%		6	5	-1	-22.1%
Other	180	187	6	3.5%		180	187	6	3.5%
Total	\$7,794	\$8,327	\$533	6.8%	 	\$7,794	\$8,327	\$533	6.8%

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.