



Finance Bulletin

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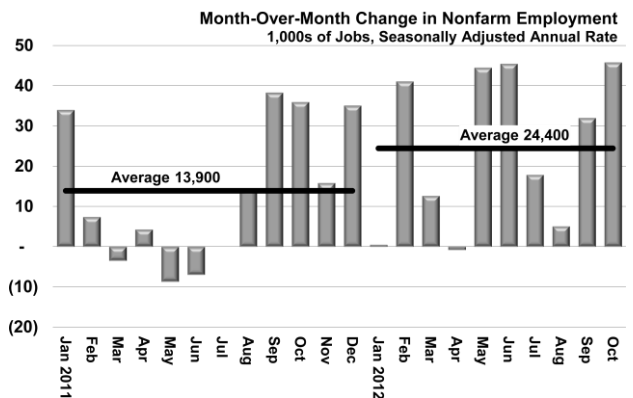
Economic Update

California's labor markets continued to improve in October with accelerating job growth and a drop in the unemployment rate. There was also improvement in real estate conditions.

LABOR MARKET CONDITIONS

- California nonfarm payrolls grew by 45,800 jobs in October, and September's initially reported gain of 8,500 jobs was revised up substantially—to 32,000. This was the sixth consecutive month-over-month job gain.
- California's private sector added 54,400 jobs in October—the highest monthly job growth in this sector since October 2004. This increase more than offset the loss of 8,600 government jobs.
- Industry job gains in October were led by trade, transportation and utilities (24,700), followed by educational and health services (11,400), professional and business services (9,000), construction (4,100), leisure and hospitality (3,600), and manufacturing (1,400).
- Four industry sectors lost jobs in October, led by government employment which fell by 8,600. Information employment dropped 1,700; financial activities, 1,600; and mining and logging, 500.
- Total nonfarm payroll employment rose by 295,300, or 2.1 percent, from October 2011 to October 2012.
- On a year-over-year basis, employment rose 86,000 in professional and business services; 65,200 in leisure and hospitality; 64,900 in educational and health services; 61,500 in trade, transportation, and utilities; 27,700 in construction; 23,100 in information; and 17,700 in financial activities.
- Over the year, employment fell by 37,800 in government; 9,500 in manufacturing; 3,200 in other services; and 300 in mining and logging.
- During the first 10 months of 2012, California gained 244,300 nonfarm jobs, or an average of 24,400 jobs per month, which was the strongest pace of job growth since 2005. This acceleration was broad-based—six of eleven major industry sectors have grown faster in 2012 than in 2011. The acceleration was led by leisure and hospitality and by professional and business services.
- The unemployment rate improved in October, falling 0.1 percentage point to 10.1 percent, which is 1.4 percentage points lower than a year earlier. The number of unemployed Californians fell 29,000 in October while the number employed rose 56,000. Most importantly, this drop was achieved amid a strong increase in the labor force and an uptick in the labor force participation rate.

Job Gains Accelerate in 2012



REAL ESTATE

- After slowing in the preceding two months, home sales rebounded in October. Sales of existing, single-family detached homes totaled 544,380 units at a seasonally adjusted annualized rate, which was up over 10 percent from October 2011.
- Even though home prices slipped in October, they were still up substantially from a year earlier. The median price of existing, single-family homes sold in October was \$341,370, up 23 percent from 12 months earlier.
- The California Association of Realtors' unsold inventory index fell to 3.1 months in October, which was the lowest inventory reading since August 2005.

MONTHLY CASH REPORT

Preliminary General Fund agency cash for November was \$840 million below the 2012-13 Budget Act forecast of \$6.646 billion. The lower revenues were due largely to revenue associated with the Facebook IPO and larger-than-expected corporation tax refunds. Year-to-date revenues are \$936 million below the forecast of \$30.880 billion.

- Personal income tax revenues to the General Fund were \$827 million below the month's forecast of \$4.387 billion. Withholding receipts were \$869 million below the estimate of \$4.437 billion due primarily to the revenues from the vesting of Facebook restricted stock units occurring one month earlier than expected. Other receipts were \$59 million lower than the projected level of \$468 million. Refunds issued in November were \$104 million below the anticipated \$457 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 \$3 million above the estimate of \$61 million. Year-to-date General Fund income tax revenues are \$343 million below estimate. This shortfall is due primarily to the vesting of Facebook restricted stock units in October and November occurring at a significantly lower price than expected at the Budget Act.
- Sales and use tax receipts were \$9 million below the month's forecast of \$1.601 billion. November cash includes a portion of the final payment for third quarter sales, as well as the first prepayment for fourth quarter sales. Year-to-date, the sales tax cash is \$8 million below forecast.
- Corporation tax revenues were \$175 million below the month's estimate of \$88 million. Prepayments were \$9 million below the forecast of \$87 million and other payments were \$70 million lower than the \$154 million that was anticipated. The month's refunds were \$96 million over the projected level of \$153 million. Year-to-date revenues are \$441 million below estimate.
- Insurance tax revenues were \$147 million above the month's estimate of \$310 million. Year-to-date revenues are \$126 million above forecast. Revenues from the estate, alcoholic beverage, tobacco taxes, the vehicle license fee, and pooled money interest were \$2 million below the month's forecast of \$40 million. "Other" revenues were \$26 million above the month's estimate of \$220 million.

2012-13 Comparison of Actual and Forecast Agency General Fund Revenues

Revenue Source	NOVEMBER 2012				2012-13 YEAR-TO-DATE			
	Forecast	Actual	Change	Percent Change	Forecast	Actual	Change	Percent Change
Personal Income	\$4,387	\$3,560	-\$827	-18.9%	\$19,096	\$18,753	-\$343	-1.8%
Sales & Use	1,601	1,592	-9	-0.6%	8,102	8,094	-8	-0.1%
Corporation	88	-87	-175	-198.9%	1,567	1,126	-441	-28.1%
Insurance	310	457	147	47.4%	875	1,001	126	14.4%
Estate	0	0	0	0.0%	0	1	1	n/a
Pooled Money Interest	3	2	-1	-33.3%	12	11	-1	-8.3%
Alcoholic Beverages	29	27	-2	-6.9%	147	132	-15	-10.2%
Tobacco	8	8	0	0.0%	40	40	0	0.0%
Vehicle License Fees	0	1	1	n/a	3	5	2	66.7%
Other	220	246	26	11.8%	1,038	781	-257	-24.8%
Total	\$6,646	\$5,806	-\$840	-12.6%	\$30,880	\$29,944	-\$936	-3.0%

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 2012 May Revision updated for the 2012 Budget Act.