

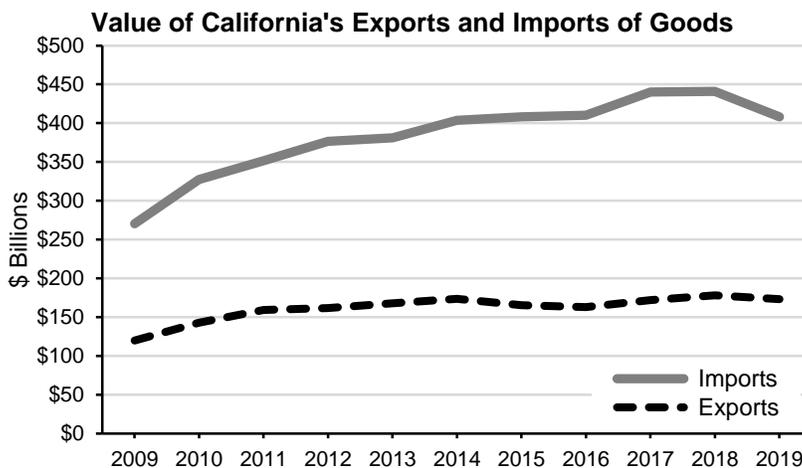


Finance Bulletin

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Economic Update

U.S. real Gross Domestic Product (GDP) rose 2.3 percent in 2019 after rising 2.9 percent in 2018. Nonfarm employment in California grew 1.7 percent in 2019 following 2-percent growth in 2018, outpacing the nation's growth of 1.6 percent in 2019 and 1.7 percent in 2018. The Inflation rate in 2019 was 1.8 percent for the U.S. and 3 percent for California, a deceleration from the 2.4-percent and 3.7-percent pace in 2018, respectively. California's export trade totaled \$173.3 billion in 2019, down 2.7 percent from 2018, while the State's import trade totaled \$408.1 billion in 2019, down 7.5 percent from 2018. U.S. export trade totaled \$1.645 trillion in 2019, down 1.2 percent from 2018, while U.S. import trade totaled \$2.498 trillion in 2019, down 1.7 percent from 2018.



Source: U.S. Bureau of Census, Foreign Trade Division

LABOR MARKET CONDITIONS

- California's unemployment rate remained at its record low of 3.9 percent for the third straight month in December 2019. The U.S. unemployment rate also remained at its five-decade low of 3.5 percent in December 2019 before rising to 3.6 percent in January 2020. The number of unemployed Californians fell for a ninth consecutive month in December 2019 to 757,700 persons—the lowest level since August 1989—despite a 34-percent larger labor force.
- The state gained 12,600 nonfarm jobs in December 2019, with a monthly average of 25,900 for the year. On a year-over-year basis, December nonfarm payrolls grew by 1.8 percent in California, exceeding the nation's growth rate of 1.4 percent. Six of the eleven major industry sectors in the state added jobs in December 2019, including professional and business services (6,500), educational and health services (5,200), other services (4,200), government (3,400), construction (900), and mining and logging (200). The sectors that lost the most jobs were information (-3,900) and leisure and hospitality (-2,400). Other sectors that lost jobs were financial activities (-700), manufacturing (-600), and trade, transportation, and utilities (-200).

BUILDING ACTIVITY

- A seasonally adjusted annualized rate of 118,000 housing units were authorized by building permits in California in December 2019, up 0.8 percent from November and up 17.5 percent from December 2018. The December 2019 permits comprised of 66,000 for single-family units and 52,000 for multifamily units. A total of 111,000 housing units were authorized in 2019 compared to 118,000 in 2018, a decline of 5.8 percent. Nonresidential building valuation totaled \$31 billion in December 2019, up 8.6 percent from November and up 11 percent from December 2018. However, total nonresidential valuation in 2019 was 6.7 percent lower than in 2018.

REAL ESTATE

- Sales of existing single-family homes in California totaled 398,880 units in December 2019 on a seasonally adjusted annualized basis, down 1 percent from the prior month, and up 7.4 percent from the previous year. For 2019 as a whole, statewide home sales were down 1.2 percent from 2018. The statewide median home price was \$615,090 in December 2019, up 4.3 percent from the prior month and up 10.3 percent from the previous year—the first double-digit price increase since May 2014. For 2019 as a whole, the statewide median home price was \$592,450—4 percent higher than in 2018.

MONTHLY CASH REPORT

Preliminary General Fund agency cash receipts for the first seven months of the fiscal year are \$1.066 billion above the 2020-21 Governor's Budget forecast of \$81.614 billion. Cash receipts for January were \$1.017 billion above the 2020-21 Governor's Budget forecast of \$19.832 billion.

- Personal income tax cash receipts for the first seven months of the year are \$1.408 billion above forecast. Personal income tax cash receipts to the General Fund were \$1.176 billion above the January's forecast of \$16.511 billion. Withholding receipts were \$499 million above the estimate of \$7.012 billion. Other receipts were \$669 million above the forecast of \$10.419 billion. Refunds issued in January were \$29 million below the expected \$624 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 January was \$21 million above the forecast of \$296 million.
- Sales and use tax cash receipts for the first seven months of the fiscal year are \$59 million below forecast. Cash receipts for January were \$59 million below the month's forecast of \$2.407 billion. January receipts include the final payment for fourth quarter sales, which was due on January 31.
- Corporation tax cash receipts for the first seven months of the fiscal year were \$30 million below forecast. Cash receipts for January were \$5 million below the month's forecast of \$568 million. Estimated payments were \$78 million below the forecast of \$465 million, and other payments were equal to the \$238 million forecast. Total refunds for the month were \$73 million lower than the forecast of \$135 million.
- Insurance tax cash receipts for the first seven months of the fiscal year are \$2 million below forecast. Insurance tax cash receipts for the month of January were \$6 million above the month's forecast of \$19 million. Cash receipts from the alcoholic beverage, tobacco taxes, and pooled money interest are \$6 million above forecast for the first seven months of the fiscal year, and were \$15 million above forecast for the month of January. "Other" cash receipts are \$257 million below forecast for the first seven months of the fiscal year, and were \$116 million below forecast for the month of January.

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

(Dollars in Millions)

Revenue Source	JANUARY 2020				2019-20 YEAR-TO-DATE			
	Forecast	Actual	Change	Percent Change	Forecast	Actual	Change	Percent Change
Personal Income	\$16,511	\$17,687	\$1,176	7.1%	\$56,855	\$58,263	\$1,408	2.5%
Sales & Use	2,407	2,348	-59	-2.4%	15,791	15,733	-59	-0.4%
Corporation	568	562	-5	-1.0%	5,937	5,906	-30	-0.5%
Insurance	19	25	6	31.4%	1,500	1,498	-2	-0.1%
Estate	0	0	0	0.0%	0	0	0	63.7%
Pooled Money Interest	50	61	11	21.8%	416	418	2	0.5%
Alcoholic Beverages	40	41	2	3.8%	237	240	4	1.5%
Tobacco	5	6	2	37.2%	36	37	0	1.3%
Other	232	117	-116	-49.8%	842	585	-257	-30.5%
Total	\$19,832	\$20,849	\$1,017	5.1%	\$81,614	\$82,680	\$1,066	1.3%

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 2020-21 Governor's Budget.