



Finance Bulletin

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NOTE: Most data reported in this issue of Finance Bulletin precede – and therefore do not reflect – the rapidly changing economic impacts of the COVID-19 pandemic.

Economic Update

U.S. real GDP grew at a 2.1 percent seasonally adjusted annualized rate in the fourth quarter of 2019, following 2.1-percent growth in the third quarter. Consumer prices overall in February, on a year-over-year basis, rose 3.4 percent in the Los Angeles metro area and 2.9 percent in the San Francisco Bay Area compared to 2.3 percent in the nation. California exports totaled \$13.5 billion in January 2020, down 2.4 percent from January 2019. California imports totaled \$32 billion in January 2020, down 6.9 percent from January 2019. California exports comprised 10.4 percent of all U.S. exports and 16.3 percent of U.S. imports in January 2020.

LABOR MARKET CONDITIONS

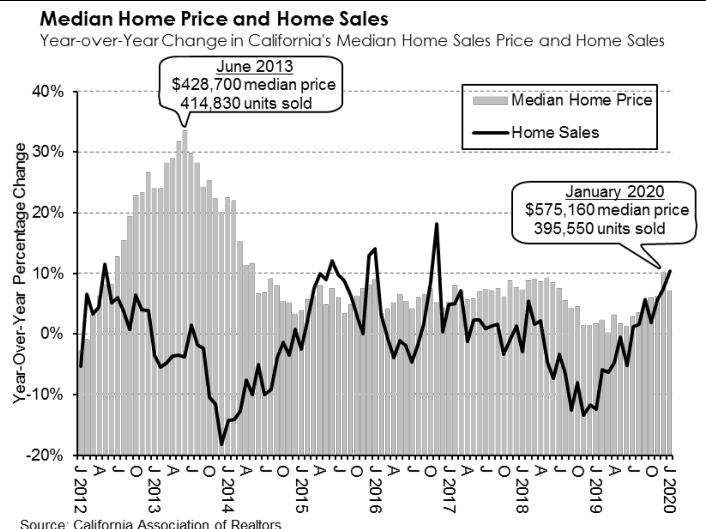
- California’s unemployment rate remained at 3.9 percent in January while the U.S. unemployment rate rose 0.1 percentage point to 3.6 percent in January before falling back to 3.5 percent in February. The state’s labor force participation rate rose 0.1 percentage point to 62.6 percent in January.
- 21,400 jobs were added in January. Year-over-year job growth was 1.5 percent in the state compared to 1.4 percent in the nation. The six major industry sectors that added jobs in January were educational and health services (7,900), leisure and hospitality (7,800), information (5,500), trade, transportation, and utilities (3,400), other services (2,500), and government (1,100). The four major industry sectors that lost jobs were professional and business services (-3,300), construction (-2,400), manufacturing (-900), and financial activities (-200). Mining and logging was unchanged.

BUILDING ACTIVITY

- California housing units authorized by building permits increased 19.6 percent from December 2019 to a seasonally adjusted annualized rate of 142,000 housing units in January 2020, which is down 12.4 percent from January 2019. Single-family permit issuance was up 9.5 percent from the prior month and up 28.9 percent from the previous year to 73,000 single-family units in January 2020. Multifamily permit issuance increased by 32.5 percent from the prior month but decreased by 34.5 percent from the previous year to 69,000 multifamily units. Nonresidential valuation dropped from the prior month and year by 3.2 percent and 6.3 percent, respectively, to an annualized valuation of \$30 billion in January 2020.

REAL ESTATE

- Sales of existing, single-family detached homes in January totaled 395,550 units at a seasonally adjusted annualized rate, down 0.8 percent from the prior month but up 10.3 percent from the previous year.
- The median price of existing, single-family detached homes sold statewide in January was \$575,160, down 6.5 percent from the prior month but up 7.1 percent from the previous year.
- The 30-year fixed-rate mortgage averaged 3.62 percent in January 2020, down from 3.72 percent in December and down from 4.46 percent in January 2019.



MONTHLY CASH REPORT

Preliminary General Fund agency cash receipts for the first eight months of the fiscal year are \$1.248 billion above the 2020-21 Governor's Budget forecast of \$87.605 billion. Cash receipts for the month of February were \$181 million above the month's forecast of \$5.991 billion.

- Personal income tax cash receipts for the first eight months of the fiscal year are \$1.665 billion above forecast. Personal income tax cash receipts to the General Fund were \$257 million above the month's forecast of \$2.838 billion. Withholding cash receipts were \$331 million above the forecast of \$5.672 billion. Other cash receipts were \$63 million higher than the forecast of \$599 million. Refunds issued in February were \$133 million higher than the forecast of \$3.382 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 February was \$5 million above the forecast of \$51 million.
- Sales and use tax cash receipts for the first eight months of the fiscal year are \$10 million below forecast. Cash receipts for February were \$49 million above the month's forecast of \$2.648 billion. February cash receipts include a portion of the final payment for fourth quarter 2019 sales, as well as the first prepayment for the first quarter 2020 sales.
- Corporation tax cash receipts for the first eight months of the fiscal year are \$19 million below forecast. Cash receipts for February were \$11 million above the month's forecast of \$251 million. Estimated payments were \$47 million above the forecast of \$135 million, and other payments were \$34 million lower than the \$220 million forecast. Total refunds for the month were \$1 million higher than the forecast of \$104 million.
- Insurance tax cash receipts for the first eight months of the fiscal year are \$3 million below forecast. Revenues for February were \$1 million below the forecast of \$32 million for the month. Cash receipts from alcoholic beverage, tobacco, and pooled money interest taxes for the first eight months were \$11 million above forecast, and \$5 million above forecast for the month of February. "Other" cash receipts were \$397 million below forecast for the first eight months of the fiscal year, and \$140 million below forecast for the month of February.

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

(Dollars in Millions)

Revenue Source	FEBRUARY 2020					2019-20 YEAR-TO-DATE			
	Forecast	Actual	Change	Percent Change		Forecast	Actual	Change	Percent Change
Personal Income	\$2,838	\$3,095	\$257	9.0%		\$59,693	\$61,358	\$1,665	2.8%
Sales & Use	2,648	2,696	49	1.8%		18,439	18,429	-10	-0.1%
Corporation	251	263	11	4.6%		6,188	6,169	-19	-0.3%
Insurance	32	31	-1	-2.8%		1,533	1,530	-3	-0.2%
Estate	0	0	0	0.0%		0	0	0	63.0%
Pooled Money Interest	18	21	2	12.5%		435	439	4	1.0%
Alcoholic Beverages	25	28	3	13.3%		261	268	7	2.6%
Tobacco	5	3	-1	-22.6%		41	40	-1	-1.3%
Other	174	35	-140	-80.0%		1,016	620	-397	-39.0%
Total	\$5,991	\$6,173	\$181	3.0%		\$87,605	\$88,853	\$1,248	1.4%

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.