



Finance Bulletin

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Economic Update

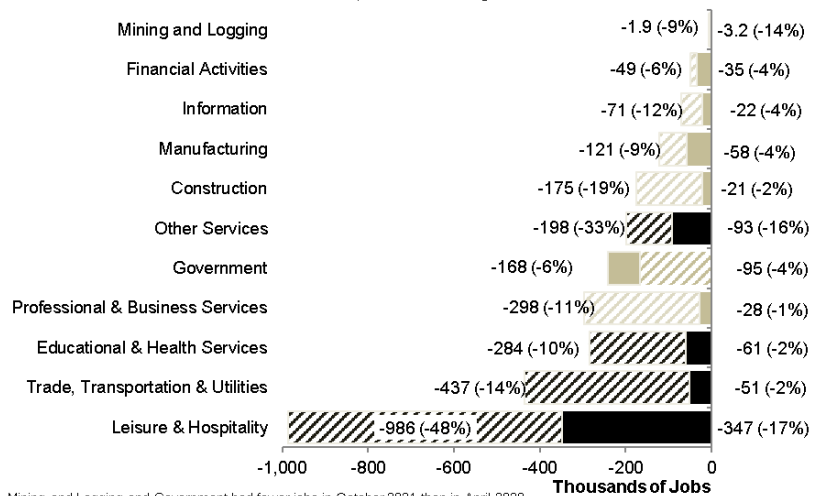
U.S. headline inflation rose by 6.2 percent year-over-year in October 2021, its fastest pace since 1990, and following an average of 5.3 percent in the previous five months. Faster inflation in October was driven by food and energy, and inflation of nearly all major components accelerated on a year-over-year basis. For the year-to-date, U.S. headline inflation averaged 4.2 percent, up from 1.2 percent in the same period last year.

LABOR MARKET CONDITIONS

■ The U.S. unemployment rate fell 0.2 percentage point to 4.6 percent in October 2021, with civilian employment increasing by 359,000. Civilian unemployment decreased by 255,000 and the labor force increased by 104,000. There were 4.7 million fewer employed, 3 million fewer persons in the labor force, and 1.7 million more unemployed in October 2021 than in February 2020. The U.S. added 531,000 nonfarm jobs in October 2021, with ten of the eleven major industry sectors gaining jobs: leisure and hospitality (164,000), trade, transportation, and utilities (104,000), professional and business services (100,000), educational and health services (64,000), manufacturing (60,000), construction (44,000), other services (33,000), financial activities (21,000), information (10,000), and mining and logging (4,000). Government (-73,000) was the only sector that lost jobs. As of October 2021, the U.S. has recovered 81.2 percent of the 22.4 million jobs lost in March and April 2020. The U.S. financial activities sector has fully recovered to February 2020 levels as of October 2021.

■ California unemployment rate fell 0.2 percentage point to 7.3 percent in October 2021, with civilian employment increasing by 32,700. Civilian unemployment decreased by 41,200 and labor force decreased by 8,400. After adding 96,800 nonfarm jobs in October 2021, California has recovered 67.4 percent of the 2.7 million jobs lost in March and April 2020. Ten sectors added jobs: professional and business services (39,500), leisure and hospitality (21,500), trade, transportation, and utilities (14,900), construction (7,500), educational and health services (5,400), financial activities (4,400), manufacturing (2,800), information (2,700), other services (1,800), and mining and logging (300). Like the nation, government (-4,000) was the only sector that lost jobs. The Bureau of Labor Statistics has noted that pandemic-related staffing fluctuations in public and private education have distorted the normal seasonal hiring and layoff patterns, creating challenges for typical seasonal adjustments.

California Jobs by Industry Relative to February 2020
Shaded areas correspond to April 2020; solid areas correspond to October 2021
Dark bars correspond to low-wage sectors



Mining and Logging and Government had fewer jobs in October 2021 than in April 2020. Source: California Employment Development Department, Labor Market Information Division.

BUILDING ACTIVITY & REAL ESTATE

■ California permitted approximately 111,500 units (49,200 multi-family units and 62,300 single-family units) on a seasonally adjusted annualized rate (SAAR) basis in September 2021. This was down 9 percent from August 2021 and down 6.9 percent from September 2020. In the first nine months of 2021, California permits averaged 120,000 units, up from 102,000 units in the same period in 2020 and 110,000 units in the same period in 2019.

- The statewide median price of existing single-family homes decreased to \$798,440 in October 2021, the first month below \$800,000 since March 2021. This was down 1.3 percent from September 2021 and up 12.3 percent from October 2020. Sales of existing single-family homes in California totaled 434,170 units (SAAR) in October 2021, down 0.9 percent from September 2021 and down 10.4 percent from October 2020.

MONTHLY CASH REPORT

Preliminary General Fund agency cash receipts for the first four months of the 2021-22 fiscal year were \$11.195 billion above the 2021-22 Budget Act forecast of \$42.573 billion. Cash receipts for the month of October were \$2.05 billion above the forecast of \$9.338 billion. Preliminary General Fund agency cash receipts for the entire 2020-21 fiscal year were \$4.783 billion above the 2021-22 Budget Act forecast of \$201.775 billion, or 2.4 percent above forecast. When this prior fiscal year-end amount is combined with the current fiscal year-to-date total, preliminary General Fund agency cash receipts are \$15.978 billion above the 2021-22 Budget Act forecast.

2021-22 Comparison of Actual and Forecast Agency General Fund Revenues

(Dollars in Millions)

Revenue Source	OCTOBER 2021					2021-22 YEAR-TO-DATE			
	Forecast	Actual	Change	Percent Change		Forecast	Actual	Change	Percent Change
Personal Income	\$7,122	\$8,547	\$1,425	20.0%		\$29,210	\$37,192	\$7,982	27.3%
Sales & Use	1,385	1,415	30	2.2%		8,064	9,130	1,065	13.2%
Corporation	508	610	103	20.2%		3,246	4,797	1,551	47.8%
Insurance	38	49	12	30.4%		838	873	35	4.2%
Estate	0	0	0	n/a		0	0	0	n/a
Pooled Money Interest	9	10	2	17.7%		28	49	21	74.9%
Alcoholic Beverages	33	38	5	15.7%		135	155	20	14.9%
Tobacco	4	4	0	-10.7%		20	20	0	-0.5%
Other	239	714	475	199.1%		1,031	1,552	520	50.5%
Total	\$9,338	\$11,388	\$2,050	22.0%		\$42,573	\$53,767	\$11,195	26.3%

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 2021 Budget Act.

- Personal income tax cash receipts to the General Fund for the first four months of the fiscal year were \$7.982 billion above the forecast of \$29.21 billion. Cash receipts for October were \$1.425 billion above the forecast of \$7.122 billion. Withholding receipts were \$850 million above the forecast of \$6.4 billion. Other cash receipts were \$547 million above the forecast of \$2.568 billion. Refunds issued in October were \$53 million below the expected \$1.718 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 October was \$26 million higher than the forecast of \$128 million.
- Sales and use tax cash receipts for the first four months of the fiscal year were \$1.065 billion above the forecast of \$8.064 billion. Cash receipts for October were \$30 million above the month's forecast of \$1.385 billion. October cash receipts include the final payment for third quarter taxable sales.
- Corporation tax cash receipts for the first four months of the fiscal year were \$1.551 billion above the forecast of \$3.246 billion. Cash receipts for October were \$103 million above the month's forecast of \$508 million. Estimated payments were \$26 million above the forecast of \$297 million, and other payments were \$25 million above the \$375 million forecast. Total refunds for the month were \$51 million lower than the forecast of \$164 million.
- Insurance tax cash receipts for the first four months of the fiscal year were \$35 million above the forecast of \$838 million. Insurance tax cash receipts for October were \$12 million above the forecast of \$38 million. Cash receipts from the alcoholic beverage, tobacco taxes, and pooled money interest were \$41 million above the forecast for the first four months of the fiscal year, and were \$6 million above the forecast of \$46 million for October. "Other" cash receipts were \$520 million above the forecast for the first four months of the fiscal year, and were \$475 million above the forecast of \$239 million for the month.