



Finance Bulletin

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Economic Update

California's labor market continued to improve in July. Even though the unemployment rate held steady at 10.7 percent, nonfarm employment grew for the 12th consecutive month. Real estate markets also continued to make steady progress.

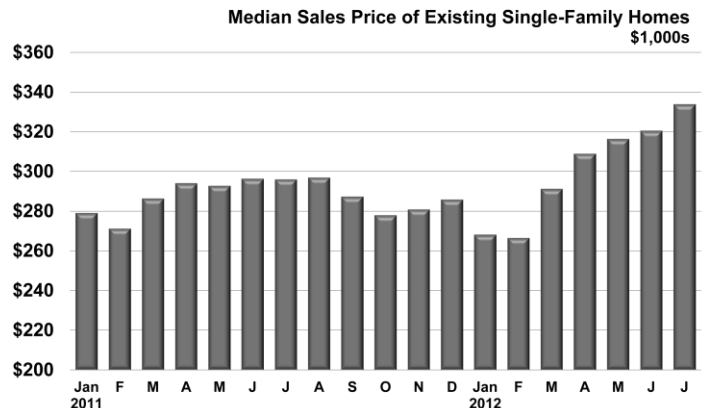
LABOR MARKET CONDITIONS

- The state added 25,200 nonfarm jobs in July, and June's initially reported gain of 38,300 was revised up to a 45,000-job gain (a 6,700-job improvement). Thus, over the three months ending with July, California added 38,700 jobs per month on average. In contrast, the state added 15,900 jobs per month during January through April.
- Six major industry sectors added jobs in July. Professional and business services added 15,200 jobs; educational and health services, 10,300; leisure and hospitality, 6,400; financial activities, 5,000; other services, 3,200; and government, 1,200. There was no change in employment in mining and logging.
- Four industry sectors lost jobs. Trade, transportation, and utilities lost 8,000 jobs; information, 3,800; manufacturing, 3,100; and construction, 1,200.
- From July 2011 to July 2012, nonfarm payroll employment rose by 365,100, or 2.6 percent. This healthy year-over-year pace, though, was due partially to an unusual and temporary drop in local government education employment in July 2011.
- On a year-over-year basis, employment rose 115,600 in professional and business services; 55,500 in educational and health services; 53,000 in leisure and hospitality; 41,900 in trade, transportation, and utilities; 40,700 in government; 27,300 in construction; 19,400 in financial activities; 17,200 in information; 1,300 in other services; and 600 in mining and logging.
- Manufacturing was the only major industry sector to lose jobs over the year (7,400).
- The state's unemployment rate held steady at 10.7 percent in July.

REAL ESTATE

- California's real estate markets continued to improve in July. Sales of existing, single-family detached homes totaled 529,230 units at a seasonally adjusted annualized rate—up 15.3 percent from a year earlier. The pace of existing home sales during the first seven months of 2012 was up over 7 percent from the same months of 2011.
- The median price of existing, single-family homes sold in July was \$333,860, up 12.7 percent from a year earlier. This was the highest median price reached since August 2008.
- Both the inventory of unsold homes and the median number of days needed to sell a home in July were essentially unchanged from June, but both were down significantly from a year earlier.

Home Prices Make Steady Gains



MONTHLY CASH REPORT

Preliminary General Fund agency cash for August was \$138 million above the 2012-13 Budget Act forecast of \$5.832 billion. Year-to-date revenues are \$238 million below the expected \$11.278 billion.

- Personal income tax revenues to the General Fund were \$220 million above the month's forecast of \$3.420 billion. Withholding receipts were \$220 million above the estimate of \$3.294 billion. Other receipts were \$23 million lower than the projected level of \$390 million. Refunds issued in August were \$27 million below the anticipated \$204 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 August was \$4 million above the estimate of \$61 million. Year-to-date General Fund income tax revenues are \$4 million above estimate.
- Sales and use tax receipts were \$94 million below the month's forecast of \$1.700 billion. August cash includes the remaining portion of the final payment for the second quarter sales, which was due July 31. August receipts also include the first prepayment for third quarter sales. Year-to-date, the sales tax cash is \$77 million below forecast.
- Corporation tax revenues were \$123 million below the month's estimate of \$143 million. Prepayments were \$6 million below the forecast of \$86 million and other payments were \$10 million lower than the \$112 million that was anticipated. The month's refunds were \$106 million over the projected level of \$56 million. The overage was primarily due to unusually large refunds issued to taxpayers in settlement of prior year disputes. Year-to-date revenues are \$77 million below estimate
- Insurance tax revenues were \$113 million above the month's estimate of \$351 million; the August cash includes the third quarterly prepayment, which was due September 1. Revenues from the estate, alcoholic beverage, tobacco taxes, the vehicle license fee, and pooled money interest were \$1 million above the month's forecast of \$38 million. "Other" revenues were \$21 million above the month's estimate of \$180 million.

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

(Dollars in Millions)

Revenue Source	AUGUST 2012				2012-13 YEAR-TO-DATE			
	Forecast	Actual	Change	Percent Change	Forecast	Actual	Change	Percent Change
Personal Income	\$3,420	\$3,640	\$220	6.4%	\$6,822	\$6,826	\$4	0.1%
Sales & Use	1,700	1,606	-94	-5.5%	3,211	3,134	-77	-2.4%
Corporation	143	20	-123	-86.0%	351	274	-77	-21.9%
Insurance	351	464	113	32.2%	363	457	94	25.9%
Estate	0	0	0	0.0%	0	1	1	n/a
Pooled Money Interest	2	4	2	100.0%	4	5	1	25.0%
Alcoholic Beverages	27	26	-1	-3.7%	60	53	-7	-11.7%
Tobacco	8	8	0	0.0%	16	15	-1	-6.3%
Vehicle License Fees	1	1	0	0.0%	2	2	0	0.0%
Other	180	201	21	11.7%	449	273	-176	-39.2%
Total	\$5,832	\$5,970	\$138	2.4%	\$11,278	\$11,040	-\$238	-2.1%

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.