



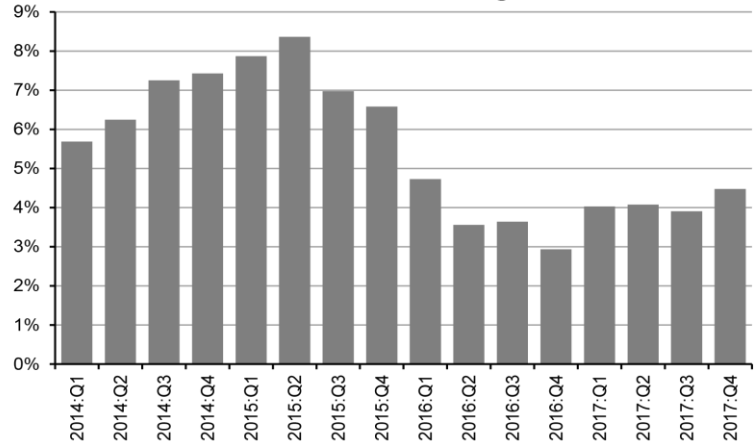
Finance Bulletin

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Economic Update

California personal income grew by 4.1 percent in 2017 following growth of 3.7 percent in 2016. U.S. personal income growth was 3.1 percent in 2017 and 2.4 percent in 2016. U.S. real GDP also increased 2.3 percent in 2017 compared with an increase of 1.5 percent in 2016. Consumer prices overall in February rose 3.6 percent in the Los Angeles and San Francisco metropolitan areas versus 2.2 percent in the nation.

California Personal Income
Year-over-Year % change



Source: U.S. Bureau of Economic Analysis

LABOR MARKET CONDITIONS

- California's unemployment rate reached another record low, dropping to 4.3 percent in February. The U.S. unemployment rate held steady at 4.1 percent for the sixth consecutive month in March. The number of employed Californians increased by 13,000 persons to 18.5 million, while the number of unemployed Californians fell by 9,000 persons to 843,000—the lowest number of unemployed Californians since March 2001. California's labor force expanded by 4,000 persons to 19.4 million in February, while the labor force participation rate held steady at 62.3 percent for the third straight month.
- California gained 14,000 nonfarm jobs in February, following an upwardly revised 48,900-job gain in January. This is the 20th consecutive month of job gains—averaging about 32,000 new jobs per month. California has added almost 2.9 million nonfarm jobs since the recent low point of 14.2 million jobs in February 2010.
- Of the eleven major industry sectors, six added jobs and five lost jobs in February. Professional and business services added the most (8,300), followed by construction (6,800), manufacturing (3,500), educational and health services (2,800), leisure and hospitality (2,000) and financial activities (100). Job losses occurred in trade, transportation and utilities (3,100), other services (2,800), government (2,500), information (1,000), and mining and logging (100).

BUILDING ACTIVITY

- California building permits were issued for 114,000 housing units in February on a seasonally adjusted annualized basis. The previous 12 months had an average of 117,000. The February permits include 61,000 for single-family housing and 53,000 for multifamily housing. Nonresidential annualized valuation in February was \$36.2 billion compared with \$28.9 billion on average for the previous 12 months.

REAL ESTATE

- Sales of existing, single-family detached homes in California totaled 422,910 units at a seasonally adjusted annualized rate in February, an increase from both the previous month and year by 3.3 percent and 5.4 percent, respectively. Mortgage rates on a 30-year fixed averaged 4.33 percent in February, up from 4.03 percent in January and from 4.17 percent in February 2017.
- The statewide median home price in February was \$522,440, up 8.8 percent from a year ago, while the U.S. median home price in February was \$243,400, up 5.9 percent from a year ago.

MONTHLY CASH REPORT

Preliminary General Fund agency cash for March was \$706 million above the 2018-19 Governor's Budget forecast of \$7.372 billion, due primarily to corporate tax receipts. However, the final tax payment due date for calendar-year corporations recently shifted from March to April while due dates for pass-through entities shifted from April to March. Year-to-date revenues are \$3.3 billion above the forecast of \$85.911 billion.

- Personal income tax revenues to the General Fund were \$31 million above the month's forecast of \$4.303 billion. Withholding receipts were \$369 million above the forecast of \$6.085 billion, and other receipts were \$101 million lower than the forecast of \$1.269 billion. Refunds issued in March were \$237 million above the expected \$2.973 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 March was \$1 million higher than the forecast of \$77 million. Year-to-date General Fund income tax revenues are \$2.045 million above forecast.
- Sales and use tax receipts were \$17 million below the month's forecast of \$1.724 billion. March cash includes the second prepayment for first quarter sales and use tax liabilities. Year-to-date, sales tax revenues are \$26 million below forecast.
- Corporation tax revenues were \$534 million above the month's forecast of \$758 million. Estimated payments were \$59 million below the forecast of \$669 million, and other payments were \$589 million higher than the \$202 million forecast. Total refunds for the month were \$4 million below the forecast of \$112 million. Year-to-date revenues are \$972 million above forecast.
- Insurance tax revenues were \$122 million above the month's estimate of \$505 million, a portion of which is likely due to timing as the due date for insurance tax returns is April 1. Year-to-date insurance tax revenues are \$205 million higher than the expected \$1.691 billion. Revenues from the estate, alcoholic beverage, tobacco taxes, and pooled money interest came in \$8 million below the month's forecast of \$53 million and are down \$1 million year-to-date. "Other" revenues were \$45 million above the month's forecast of \$27 million and are up \$106 million year-to-date.

2017-18 Comparison of Actual and Forecast Agency General Fund Revenues (Dollars in Millions)

Revenue Source	MARCH 2018					2017-18 YEAR-TO-DATE			
	Forecast	Actual	Change	Percent Change		Forecast	Actual	Change	Percent Change
Personal Income	\$4,303	\$4,334	\$31	0.7%		\$59,434	\$61,479	\$2,045	3.4%
Sales & Use	1,724	1,707	-17	-1.0%		18,588	18,562	-26	-0.1%
Corporation	758	1,292	534	70.4%		5,323	6,295	972	18.3%
Insurance	505	628	122	24.2%		1,691	1,896	205	12.1%
Estate	0	0	0	n/a		0	1	0	23.8%
Pooled Money	22	17	-5	-22.2%		111	110	-1	-0.9%
Alcoholic Beverage	26	22	-3	-12.6%		290	288	-2	-0.6%
Tobacco	5	5	0	-1.9%		49	50	1	2.6%
Other	27	72	45	164.2%		424	530	106	25.0%
Total	\$7,372	\$8,078	\$706	9.6%		\$85,911	\$89,212	\$3,300	3.8%

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 2018-19 Governor's Budget.