



Finance Bulletin

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Economic Update

California added 46,700 jobs in July—almost a third of the 147,000 jobs gained in the nation. The year-over-year job growth rate in July was 2.0 percent for California and 1.6 percent for the nation. U.S. real GDP grew by 4.2 percent in the second quarter, revised up from the initial estimate of 4.1 percent.

LABOR MARKET CONDITIONS

- California's unemployment rate remained at a record low of 4.2 percent for the fourth straight month in July, while the U.S. unemployment rate fell 0.1 percentage point to 3.9 percent and remained at that level in August. The state's labor force participation rate also remained at the record low of 61.9 percent.
- The state added 46,700 jobs in July, while the initially reported gain in June of 800 jobs was revised up to a 21,500-job gain. Nine of the eleven major industry sectors gained jobs in July, led by professional and business services (15,100); followed by trade, transportation, and utilities (11,200); leisure and hospitality (9,500); educational and health services (6,300); information (4,700); other services (1,100); manufacturing (700); government (400); and mining and logging (200). Financial activities lost 800 jobs in July, and construction lost 1,700.



BUILDING ACTIVITY

- California housing units authorized by building permits totaled 136,800 (64,500 single-family housing and 72,300 multifamily housing) in July on a seasonally adjusted annualized basis, up 0.4 percent from the previous month and up 11.4 percent from the previous year. The first seven months of 2018 average is 127,500 compared to 112,000 for the same period in 2017. Housing permits have been averaging above 100,000 units per month since early 2017. Nonresidential annualized valuation in July was \$30 billion, down 5 percent from the previous month but up almost 20 percent from the previous year. The 2018 year-to-date nonresidential valuation is \$33.2 billion compared to \$28.6 billion for the same period in 2017.

REAL ESTATE

- July's statewide median price for a single-family home was \$591,460, down 1.9 percent from June and up 7.6 percent from July 2017. Sales volume declined for a third straight month in July, down 0.9 percent from June and down 3.4 percent from July 2017, to a seasonally adjusted annualized rate of 406,920 single-family housing units sold in July.

MONTHLY CASH REPORT

Preliminary General Fund agency cash for the first two months of the 2018-19 fiscal year was \$870 million above the expected \$15.883 billion. Revenues for August were \$1.047 billion above the Budget Act forecast of \$8.356 billion.

- Personal income tax revenues to the General Fund for the first two months of the fiscal year were \$729 million above forecast. Revenues for August were \$484 million above the forecast of \$5.47 billion. Withholding receipts were \$408 million above the forecast of \$5.219 billion. Other receipts were \$6 million higher than the forecast of \$739 million. Refunds issued in August were \$79 million lower than the expected \$389 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 \$9 million higher than the forecast of \$98 million.
- Sales and use tax receipts were \$30 million below forecast for the first two months of the fiscal year. Receipts for August were \$450 million above the forecast of \$2.145 billion. August cash includes a 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.
- Corporation tax revenues for the first two months of the fiscal year were \$5 million above forecast. Revenues for August were \$17 million above the forecast of \$167 million. Prepayments were \$28 million above the forecast of \$116 million and other payments were \$3 million lower than the forecast of \$145 million. Total refunds for the month were \$8 million higher than the forecast of \$93 million.
- Insurance tax revenues for the first two months of the fiscal year were \$98 million above forecast. Insurance tax revenues for August were \$95 million above the forecast of \$464 million. Revenues from estate, alcoholic beverage, tobacco taxes, and pooled money interest were \$2 million below the \$60 million forecast and were up \$23 million for the first two months of the fiscal year. "Other" revenues were \$2 million above the month's forecast of \$50 million and were up \$45 million for the first two months of the fiscal year.

2018-19 Comparison of Actual and Forecast Agency General Fund Revenues

(Dollars in Millions)

Revenue Source	AUGUST 2018					2018-19 YEAR-TO-DATE			
	Forecast	Actual	Change	Percent Change		Forecast	Actual	Change	Percent Change
Personal Income	\$5,470	\$5,954	\$484	8.9%		\$10,404	\$11,133	\$729	7.0%
Sales & Use	2,145	2,595	450	21.0%		4,292	4,262	-30	-0.7%
Corporation	167	184	17	10.2%		531	537	5	1.0%
Insurance	464	559	95	20.5%		480	579	98	20.5%
Estate	0	0	0	n/a		0	0	0	n/a
Pooled Money Interest	25	25	-1	-2.3%		37	58	22	58.9%
Alcoholic Beverages	30	28	-1	-4.3%		67	68	1	2.2%
Tobacco	5	5	0	-1.2%		12	11	0	-3.9%
Other	50	52	2	4.3%		60	104	45	74.9%
Total	\$8,356	\$9,403	\$1,047	12.5%		\$15,883	\$16,753	\$870	5.5%

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 Budget Act.