



Finance Bulletin

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Economic Update

California started 2013 with continued but modest job gains and gradual improvement in its unemployment rate. Home building accelerated while existing home sales prices made significant gains. Advance estimates of 2012 GDP showed California grew by 3.5 percent, the fifth highest rate among the states, with manufacturing, construction, and information services showing particularly large gains.

LABOR MARKET CONDITIONS

- California's unemployment rate dropped 0.4 percentage point to 9.0 percent in April 2013—the lowest rate since November 2008 and the largest one-month decrease since 1976.
- The number of people unemployed in April was 1,672,553 – down 76,600 over the month, and down 303,700 compared with April of last year.
- Total nonfarm payrolls increased by 10,400 in April, following a gain of 25,200 in March. April's gain was the state's 22nd consecutive month-over-month gain.
- During the first four months of 2013, California gained 77,200 jobs, for an average monthly gain of 19,300 jobs —somewhat weaker than the 27,300 monthly average gain in 2012.
- Seven major industry sectors added jobs in April. Construction added 7,400 jobs; other services, 4,700; manufacturing, 2,500; leisure and hospitality, 2,500; educational and health services, 2,300; trade, transportation, and utilities, 2,000; and financial activities, 1,900. Three sectors lost jobs: Professional and business services lost 6,000 jobs; information, 5,500; and government, 1,400. There was no change in employment for mining and logging.
- On a year-over-year basis, employment rose 71,500 in professional and business services; 62,700 in leisure and hospitality; 48,500 in educational and health services; 44,800 in construction; 26,400 in trade, transportation, and utilities; 17,400 in financial activities; 11,000 in information; and 5,200 in other services. Year-over-year employment fell by 10,500 in manufacturing; 3,400 in government; and 500 in mining and logging.

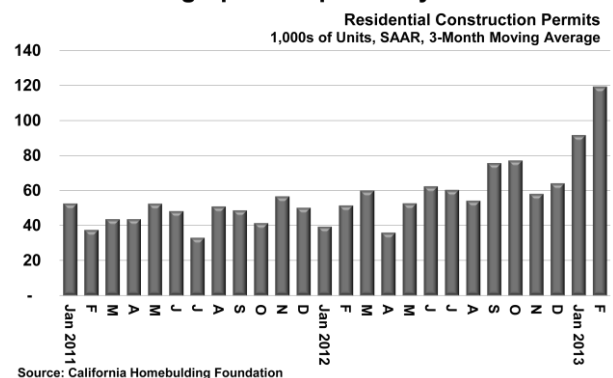
BUILDING ACTIVITY

- Home building accelerated sharply during the first two months of 2013. New home permitting during January and February was up nearly 132 percent from the same months of 2012. Single-family permits were up 76 percent, while multi-family permitting was up 185 percent.
- In February, residential permits were issued at a seasonally adjusted annual rate of 119,514 units, up over 131 percent from a year earlier. Single-family permits were up 43 percent, while multi-family permitting was up 163 percent.

REAL ESTATE

- Residential real estate conditions in the early months of 2013 were characterized by rising prices coupled with limited inventories of homes for sale. Sales of existing, single-family detached homes totaled 423,510 units at a seasonally adjusted annualized rate in April, slowing nearly 4 percent from April 2012. The median price of existing, single-family homes sold in April was \$402,760, up almost 29 percent from a year earlier.
- California's unsold inventory index dropped to 2.8 months in April—only the third time this index has been below 3 months since 2005. Similarly, the median number of days needed to sell a home fell to 27.9 days, a 43-percent improvement from a year earlier.

Home Building Speeds Up in Early 2013



MONTHLY CASH REPORT

Preliminary General Fund agency cash for May was \$939 million above the 2013-14 May Revision forecast of \$5.406 billion. Year-to-date revenues, which include revisions to prior months, are \$956 million above the forecast of \$86.677 billion. Although May is a significant revenue month, June is more important because the second estimated payment of 40 percent of liability is due mid-month for personal income tax filers and calendar-year corporations. Receipts of \$11.960 billion are forecast for June.

- Personal income tax revenues to the General Fund were \$550 million above the month's forecast of \$3.036 billion. Withholding receipts were \$167 million above the estimate of \$3.314 billion and other receipts were \$185 million higher than the projected level of \$612 million. Refunds issued in May were \$208 million below the anticipated \$836 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 May was \$10 million higher than the estimate of \$54 million. Year-to-date General Fund income tax revenues are \$564 million above estimate.
- Sales and use tax receipts were \$82 million above the month's forecast of \$1.716 billion. May cash includes the remaining portion of the final payment for first quarter taxable sales, which was due April 30, as well as the first prepayment for second quarter sales and use tax liabilities. Year-to-date, sales tax revenues are \$117 million above forecast.
- Corporation tax revenues were \$2 million above the month's estimate of \$268 million. Prepayments were \$25 million below the forecast of \$203 million and other payments were \$24 million lower than the \$178 million that was anticipated. Total refunds for the month were \$51 million lower than the estimate of \$114 million. Year-to-date revenues are \$6 million above estimate.
- Insurance tax revenues were \$252 million above the \$175 million estimated for May. Since second quarter insurance prepayments were due June 1, and some payments are received a day or two prior to the due date, most of the \$252 million gain is likely due to timing and could be offset in June. Year-to-date revenues are \$215 million above the forecasted \$1.951 billion. Revenues from the estate, alcoholic beverage, tobacco taxes, pooled money interest, and vehicle license fee came in \$2 million above the \$37 million that was expected. "Other" revenues were \$51 million above the month's estimate of \$174 million.

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

(Dollars in Millions)

Revenue Source	MAY 2013				2012-13 YEAR-TO-DATE			
	Forecast	Actual	Change	Percent Change	Forecast	Actual	Change	Percent Change
Personal Income	\$3,036	\$3,586	\$550	18.1%	\$58,582	\$59,146	\$564	1.0%
Sales & Use	1,716	\$1,798	82	4.8%	18,532	18,649	117	0.6%
Corporation	268	270	2	0.7%	5,475	5,481	6	0.1%
Insurance	175	427	252	144.0%	1,951	2,166	215	11.0%
Estate	0	0	0	0.0%	2	2	0	0.0%
Pooled Money Interest	1	2	1	100.0%	21	21	0	0.0%
Alcoholic Beverages	28	29	1	3.6%	296	298	2	0.7%
Tobacco	7	8	1	14.3%	83	83	0	0.0%
Vehicle License Fees	1	0	-1	-100.0%	6	7	1	16.7%
Other	174	225	51	29.3%	1,729	1,780	51	2.9%
Total	\$5,406	\$6,345	\$939	17.4%	\$86,677	\$87,633	\$956	1.1%

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 2013 May Revision.