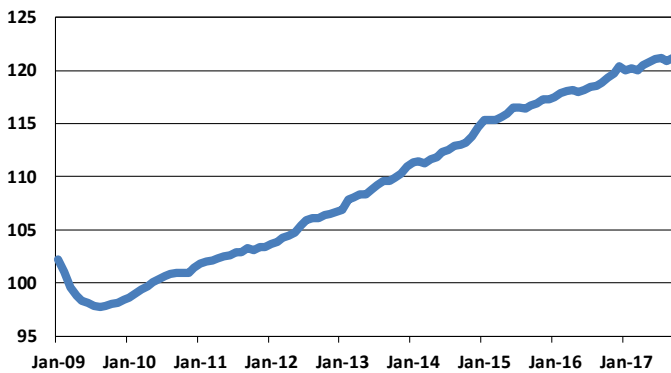


## California Economic Activity Index

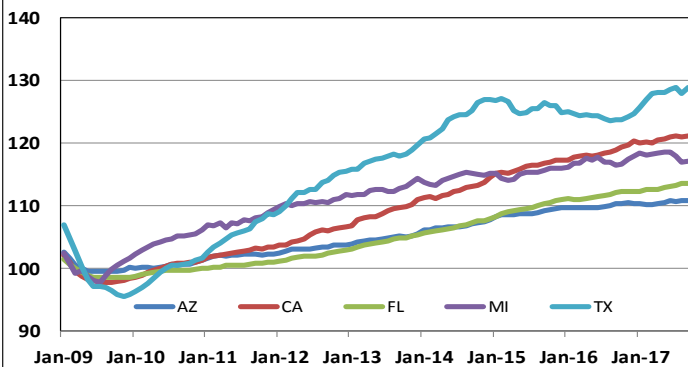
	<u>Value</u>	<u>% Change</u>
<b>September 2017</b>	<b>121.2</b>	<b>0.2</b>
<b>August 2017</b>	<b>120.9</b>	<b>-0.2</b>

*\*All data has been adjusted for seasonality and changes in price.*

California Index Historical Values



5 State Index Historical Values



## Comerica Bank's California Index Increases

Comerica Bank's California Economic Activity Index grew by 0.2 percent in September to 121.2. September's reading is 23 points, or 24 percent, above the index cyclical low of 97.8. The index averaged 118.6 points in 2016, two and three-tenths points above the average for all of 2015. August's index reading was revised down to 120.9.

Comerica Bank's California Economic Activity Index increased in September, reversing August's losses. After an inconsistent spring and summer hiring season, the state posted consecutive monthly job gains in September and October. California job gains have firmed overall in the second half of 2017, adding a net 160,000 jobs from July to October. Ongoing improvements in the state's labor market will support the California economy through year end 2017. The September index results were mostly positive, with five out of eight sub-indexes improving for the month. The positives were nonfarm employment, unemployment insurance claims (inverted), house prices, total state trade and the Dow Jones Tech Stock Index. The two negative factors for the month were industrial electricity demand and hotel occupancy. Housing starts were unchanged for the month. We expect the California economy to grow at a moderate pace as it navigates the uncertainty surrounding tax reform. Congressional republicans hope to have a final tax bill to President Trump by the end of the year. Corporations are expected to benefit from lower tax rates. However, uncertainty remains on the individual side of tax reform and its impact on household spending. In particular, the final standing of the mortgage interest deduction, the state and local tax deduction and the alternative minimum tax is unknown. These issues may be more impactful in high income states like California.

### Media Contact:

Robert Dye  
(214) 462-6389  
[radye@comerica.com](mailto:radye@comerica.com)

### Data Contact:

Daniel Sanabria  
(214) 462-6789  
[fdsanabria@comerica.com](mailto:fdsanabria@comerica.com)

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# California Economic Activity Index



Indicator	Sep-16	May-17	Jun-17	Jul-17	Aug-17	Sep-17
<b>Nonfarm Payroll Employment (Thousands)</b>	16,524	16,694	16,695	16,731	16,755	16,798
<i>Percent Change</i>		<b>0.1%</b>	<b>0.0%</b>	<b>0.2%</b>	<b>0.1%</b>	<b>0.3%</b>
<b>Continuing UI Claims (Weekly Average)</b>	359,966	358,411	355,160	347,696	347,719	344,685
<i>Percent Change</i>		<b>-2.0%</b>	<b>-0.9%</b>	<b>-2.1%</b>	<b>0.0%</b>	<b>-0.9%</b>
<b>Housing Starts (Annualized Rate)</b>	92,717	103,672	110,805	109,426	104,511	104,505
<i>Percent Change</i>		<b>1.0%</b>	<b>6.9%</b>	<b>-1.2%</b>	<b>-4.5%</b>	<b>0.0%</b>
<b>House Price Index (Jan 2000=100)</b>	216.6	223.7	224.0	225.1	226.2	227.3
<i>Percent Change</i>		<b>0.3%</b>	<b>0.2%</b>	<b>0.5%</b>	<b>0.5%</b>	<b>0.5%</b>
<b>Industrial Electricity Sales (Millions, KwHr)</b>	4,245	3,928	3,942	3,946	4,021	3,994
<i>Percent Change</i>		<b>-1.0%</b>	<b>0.4%</b>	<b>0.1%</b>	<b>1.9%</b>	<b>-0.7%</b>
<b>Total Trade (Millions, 2009 USD, Annualized Rate)</b>	515,606	540,915	539,240	531,413	537,807	539,154
<i>Percent Change</i>		<b>-0.6%</b>	<b>-0.3%</b>	<b>-1.5%</b>	<b>1.2%</b>	<b>0.3%</b>
<b>Technology Stock Index (2009=100)</b>	238.5	283.4	290.2	296.3	298.3	300.5
<i>Percent Change</i>		<b>3.1%</b>	<b>2.4%</b>	<b>2.1%</b>	<b>0.7%</b>	<b>0.7%</b>
<b>Hotel Occupancy Index (2009=100)</b>	125.1	126.7	126.6	126.2	124.6	124.5
<i>Percent Change</i>		<b>0.4%</b>	<b>-0.1%</b>	<b>-0.3%</b>	<b>-1.3%</b>	<b>-0.1%</b>
<b>Total Index</b>	118.8	120.8	121.1	121.2	120.9	121.2
<i>Percent Change</i>		<b>0.2%</b>	<b>0.2%</b>	<b>0.1%</b>	<b>-0.2%</b>	<b>0.2%</b>

**(Seasonally Adjusted, 3-Month Moving Average)**

## Explanatory Note:

The California Economic Activity Index consists of eight variables, as follows: nonfarm payroll employment, continuing claims for unemployment insurance, housing starts, house price index, industrial electricity sales, total trade, technology stock index and hotel occupancy. All data are seasonally adjusted. Nominal values have been converted to constant dollar values. Index levels are expressed in terms of three-month moving averages.

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