

Texas Economic Activity Index

	<u>Value</u>	<u>% Change</u>
September 2017	128.9	0.3
August 2017	128.5	-0.5

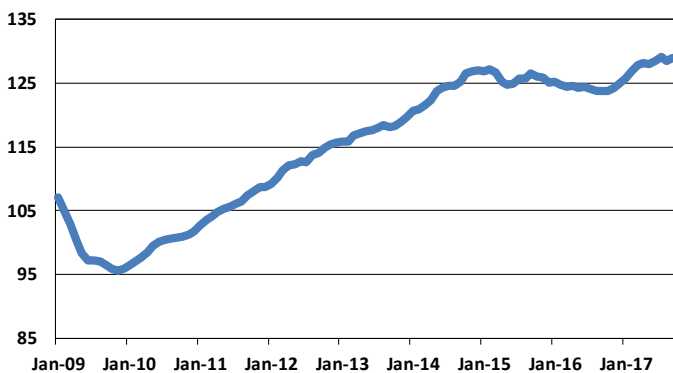
**All data has been adjusted for seasonality and changes in price.*

Comerica Bank's Texas Index Improves

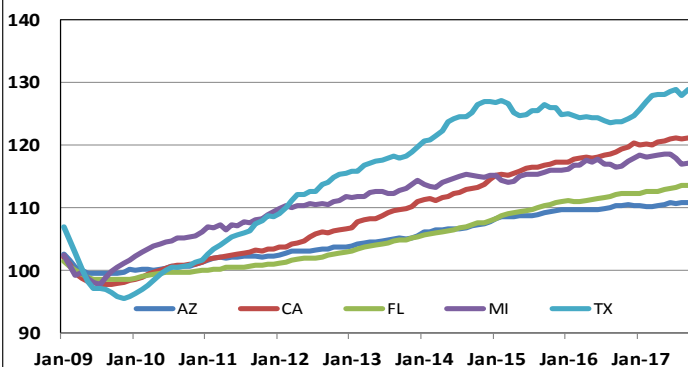
Comerica Bank's Texas Economic Activity Index grew 0.3 percent in September to a level of 128.9. September's index reading is 33 points, or 35 percent, above the index cyclical low of 95.5. The index averaged 124.3 points for all of 2016, one and three-fifths points below the average for 2015. August's index reading was revised up to 128.5.

The Comerica Bank Texas Economic Activity Index improved in September even as South Texas Gulf Coast recovered from the flooding associated with Hurricane Harvey at the end of August through mid-September. The weather impact on employment did not occur until September as the August survey for state employment had been completed prior to the storm. September Texas nonfarm payrolls dipped by 5,000, which is slightly less than originally estimated. As expected, the Texas Index was mixed in September. Only two out of nine sub-indexes were positive, including house prices and hotel occupancy. The six sub-indexes that were negative were unemployment insurance claims (inverted), housing starts, industrial electricity demand, the state rig count, total state trade and state sales tax revenue. The nonfarm payrolls sub-index was unchanged. We expect nonfarm payrolls to boost the Texas index this fall and winter, as Texas added 71,500 payroll jobs in October. Half of the October gain came from recovering hotels and restaurants. Also, while the state drilling rig count has been a recent drag on our Texas Index, the count appears to be stabilizing in November with higher oil prices. A recovering energy industry and positive overall job growth sets up our expectations of moderate Texas economic growth heading into 2018.

Texas Index Historical Values



5 State Index Historical Values



Media Contact:

Robert Dye
(214) 462-6389
radye@comerica.com

Data Contact:

Daniel Sanabria
(214) 462-6789
fdsanabria@comerica.com

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Texas Economic Activity Index



Indicator	Sep-16	May-17	Jun-17	Jul-17	Aug-17	Sep-17
Nonfarm Payroll Employment (Thousands)	12,044	12,244	12,273	12,300	12,321	12,327
<i>Percent Change</i>		0.2%	0.2%	0.2%	0.2%	0.0%
Continuing UI Claims (Weekly Average)	173,698	142,408	139,980	138,738	138,742	146,090
<i>Percent Change</i>		-3.7%	-1.7%	-0.9%	0.0%	5.3%
Housing Starts (Annualized Rate)	161,454	163,248	151,076	153,508	150,832	149,538
<i>Percent Change</i>		-5.4%	-7.5%	1.6%	-1.7%	-0.9%
House Price Index (Jan 2000=100)	148.8	156.2	156.5	156.7	156.9	157.2
<i>Percent Change</i>		0.3%	0.1%	0.1%	0.1%	0.2%
Industrial Electricity Sales (Millions, KwHr)	8,842	8,997	9,103	9,360	9,470	9,204
<i>Percent Change</i>		-0.4%	1.2%	2.8%	1.2%	-2.8%
Texas Rotary Rig Count (Total)	232	495	504	484	444	429
<i>Percent Change</i>		4.1%	1.8%	-3.9%	-8.4%	-3.2%
Total Trade (Millions, 2009 USD, Annualized Rate)	407,967	465,737	462,710	456,752	447,973	440,007
<i>Percent Change</i>		-1.5%	-0.6%	-1.3%	-1.9%	-1.8%
Hotel Occupancy Index (2009=100)	114.9	117.3	116.5	115.3	115.3	120.7
<i>Percent Change</i>		0.2%	-0.6%	-1.1%	0.0%	4.7%
Sales Tax Revenue (Millions, 2009 USD)	2,101	2,173	2,218	2,240	2,202	2,188
<i>Percent Change</i>		0.0%	2.0%	1.0%	-1.7%	-0.6%
Total Index	123.8	128.0	128.5	129.1	128.5	128.9
<i>Percent Change</i>		0.0%	0.4%	0.5%	-0.5%	0.3%

(Seasonally Adjusted, 3-Month Moving Average)

Explanatory Note:

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

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