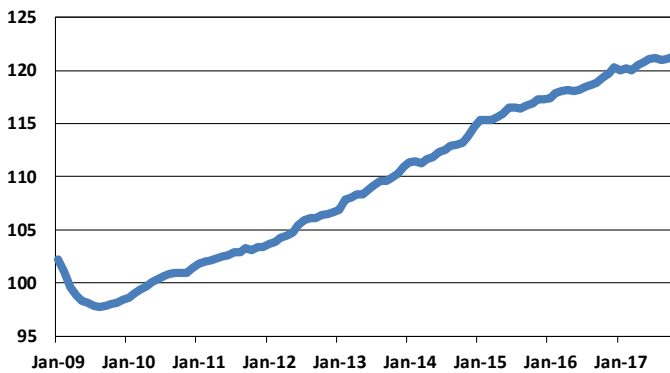


California Economic Activity Index

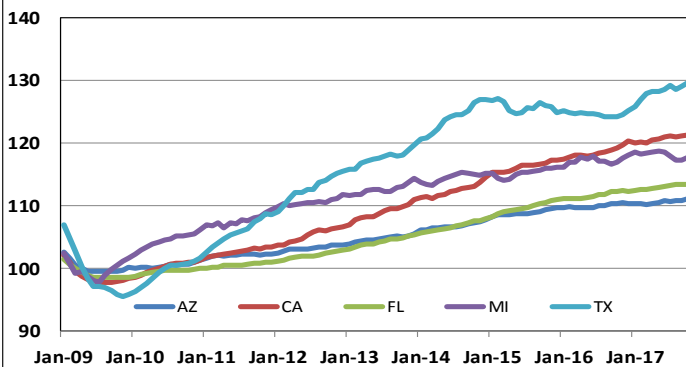
	<u>Value</u>	<u>% Change</u>
October 2017	121.3	0.1
September 2017 (Revised)	121.1	0.1

**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 Ticks Up

Comerica Bank's California Economic Activity Index grew by 0.1 percent in October to 121.3. October's reading is 24 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. September's index reading was revised to 121.1.

Comerica Bank's California Economic Activity Index increased again in October, after pulling out of a late summer stall in September. The index has increased in five out of the last seven months. The trends in California look generally positive heading into 2018, however the October 2017 reading of 121.3 is only 1.7 percent above the level for October 2016. Payroll employment, house prices, the Dow Jones Tech Stock Index and hotel occupancy were positives in October. Unemployment insurance claims (inverted), housing starts and total state trade were negatives. Industrial electricity consumption was neutral in October. The state endured record-setting wildfires in 2017 and is exposed to key Trump Administration policy changes, including tax reform and trade agreement renegotiations. The state's important residential construction sector will face some challenges in 2018. Even before the fall wildfires, California's construction industry was facing a labor shortage. Trade groups report ongoing difficulties in finding workers. Also, we expect mortgage interest rates to gradually increase in 2018, reducing housing affordability. Tax reform will have both positive and negative implications for housing in California. Limits on the mortgage interest deduction and on state and local tax deductions will be headwinds. However, the generally business friendly tax changes and expected reduction to personal taxes will be positives.

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California Economic Activity Index



Indicator	Oct-16	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17
Nonfarm Payroll Employment (Thousands)	16,555	16,695	16,731	16,755	16,798	16,827
<i>Percent Change</i>		0.0%	0.2%	0.1%	0.3%	0.2%
Continuing UI Claims (Weekly Average)	362,723	355,160	347,696	347,719	344,685	344,853
<i>Percent Change</i>		-0.9%	-2.1%	0.0%	-0.9%	0.0%
Housing Starts (Annualized Rate)	100,390	110,404	109,060	105,429	102,935	101,824
<i>Percent Change</i>		6.9%	-1.2%	-3.3%	-2.4%	-1.1%
House Price Index (Jan 2000=100)	217.4	224.0	225.1	226.2	227.2	228.3
<i>Percent Change</i>		0.2%	0.5%	0.5%	0.5%	0.5%
Industrial Electricity Sales (Millions, KwHr)	4,224	3,949	3,945	4,020	3,989	3,987
<i>Percent Change</i>		0.3%	-0.1%	1.9%	-0.8%	0.0%
Total Trade (Millions, 2009 USD, Annualized Rate)	518,864	539,240	531,428	537,821	539,126	538,493
<i>Percent Change</i>		-0.3%	-1.4%	1.2%	0.2%	-0.1%
Technology Stock Index (2009=100)	245.2	290.8	295.7	298.2	300.9	307.7
<i>Percent Change</i>		2.4%	1.7%	0.8%	0.9%	2.2%
Hotel Occupancy Index (2009=100)	125.5	126.7	126.2	124.6	124.6	124.7
<i>Percent Change</i>		-0.1%	-0.3%	-1.3%	0.0%	0.1%
Total Index	119.3	121.1	121.1	121.0	121.1	121.3
<i>Percent Change</i>		0.2%	0.1%	-0.2%	0.1%	0.1%

(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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