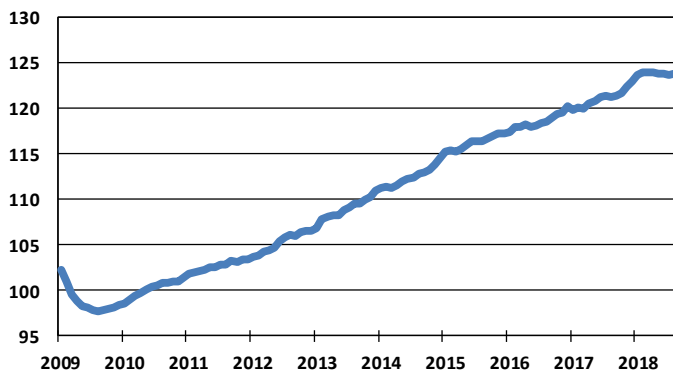


California Economic Activity Index

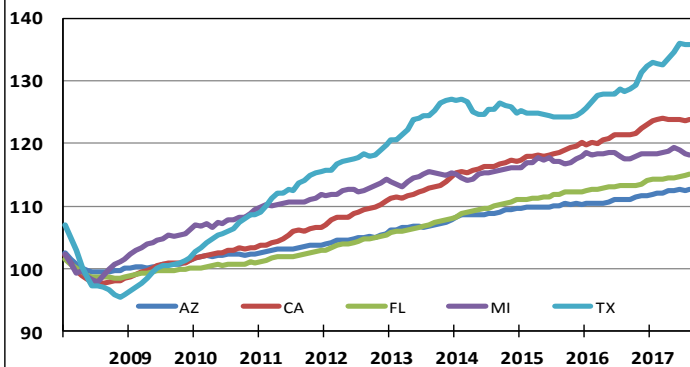
	<u>Value</u>	<u>% Change</u>
August 2018	123.8	0.1
July 2018 (Revised)	123.7	-0.1

**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 increased by 0.1 points in August to 123.8. August's reading is 26 points, or 26 percent, above the index cyclical low of 97.7. The index averaged 121.2 points in 2017, 2.4 points above the average for all of 2016. July's reading was revised to 123.7.

Comerica Bank's California Economic Activity Index moved up slightly in August, posting its first monthly gain since March. Six of the eight sub-indexes were positive in August. They were nonfarm employment, unemployment insurance claims (inverted), housing starts, house prices, industrial electricity demand and the Dow Jones technology stock index. The two negative sub-indexes for August were total state trade and hotel occupancy. The slowdown in new construction has been a major drag on our California Index in recent months. Housing starts saw an early 2018 runup which quickly plateaued in March followed by four consecutive monthly declines between April and July. While the month-to-month movement has trended down since early spring, California housing starts remain up 17 percent year-to-date in August. California total trade also continues to slump, now down for six consecutive months. The announcement of a new trade deal between the U.S., Mexico and Canada is a positive development, yet it still needs to be ratified by each country. There is growing concern that the U.S. will impose tariffs on the remaining \$257 billion of Chinese imports if progress is not made when President Trump meets with Xi Jinping next month. The headwinds which have impacted the state's housing and trade sectors are expected to persist into 2019, which will limit the upside potential to our California Index in the near-term.

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California Economic Activity Index



Indicator	Aug-17	Apr-18	May-18	Jun-18	Jul-18	Aug-18
Nonfarm Payroll Employment (Thousands)	16,831	17,065	17,078	17,096	17,117	17,150
<i>Percent Change</i>		0.1%	0.1%	0.1%	0.1%	0.2%
Continuing UI Claims (Weekly Average)	349,981	337,904	339,655	333,932	329,993	325,322
<i>Percent Change</i>		0.9%	0.5%	-1.7%	-1.2%	-1.4%
Housing Starts (Annualized Rate)	104,473	125,622	121,021	118,223	111,113	111,373
<i>Percent Change</i>		-3.7%	-3.7%	-2.3%	-6.0%	0.2%
House Price Index (Jan 2000=100)	240.5	251.8	252.2	252.3	252.4	252.7
<i>Percent Change</i>		0.4%	0.2%	0.0%	0.0%	0.1%
Industrial Electricity Sales (Millions, KwHr)	4,031	3,957	3,958	3,976	4,105	4,115
<i>Percent Change</i>		-3.3%	0.0%	0.5%	3.2%	0.3%
Total Trade (Millions, 2012 USD, Annualized Rate)	574,080	591,778	581,370	570,515	565,041	559,791
<i>Percent Change</i>		-0.3%	-1.8%	-1.9%	-1.0%	-0.9%
Technology Stock Index (2009=100)	298.0	347.8	353.5	360.1	368.8	376.4
<i>Percent Change</i>		-0.1%	1.6%	1.9%	2.4%	2.1%
Hotel Occupancy Index (2009=100)	125.1	126.2	126.1	126.0	125.6	125.1
<i>Percent Change</i>		0.0%	-0.1%	-0.1%	-0.3%	-0.4%
Total Index	121.3	123.9	123.8	123.8	123.7	123.8
<i>Percent Change</i>		-0.1%	-0.1%	0.0%	-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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