

Texas Economic Activity Index

	<u>Value</u>	<u>% Change</u>
December 2018	136.5	-0.1
November 2018 (Revised)	136.7	0.6

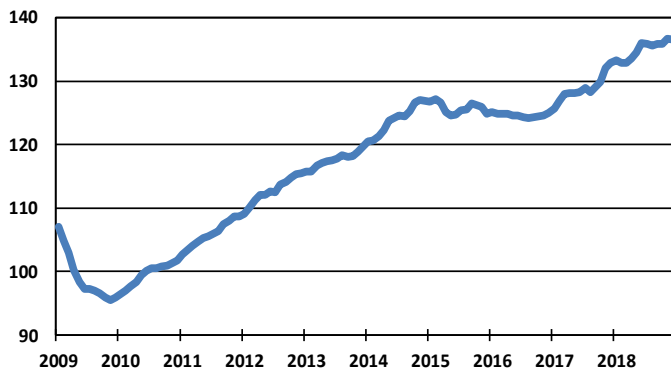
**All data has been adjusted for seasonality and changes in price.*

Comerica Bank's Texas Index Dips

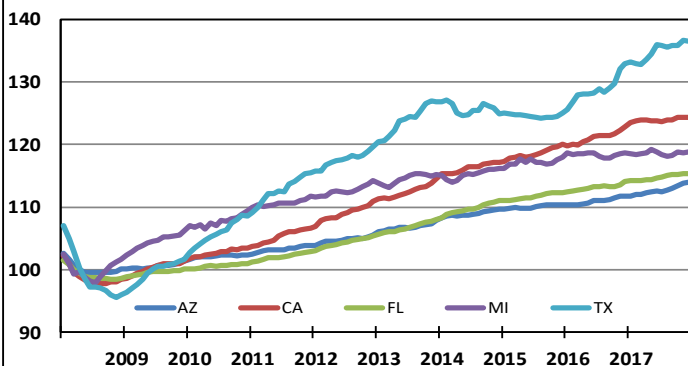
Comerica Bank's Texas Economic Activity Index decreased by 0.1 percent in December to 136.5. December's index reading is 41 points, or 43 percent, above the index cyclical low of 95.5. The index averaged 134.9 points for all of 2018, 6.1 points above the average for 2017. November's index reading was revised to 136.7.

The Comerica Bank Texas Economic Activity Index decreased slightly in December, down 0.1 percent. This ended a three-month winning streak for the Texas Index. The partial federal government shutdown over December and January is still impacting the economic data stream, so we may see larger-than-normal historical revisions in the next few months as data quality improves. In December, six out of nine index components were positive, including payroll employment, housing starts, house prices, industrial electricity demand, rig count and hotel occupancy. Only three components were negatives for December. They were unemployment insurance claims (inverted), total state trade and sales tax revenues. The volatility in the unemployment insurance claims dominated the other positive factors. We expect volatility to diminish in the months ahead, allowing the Texas index to resume its positive overall track. Crude oil prices have firmed up significantly since they fell to about \$43 in late December. With WTI currently near \$55 per barrel, we expect energy-related infrastructure development to continue to be a positive for the Texas economy through the first half of 2019. The large number of drilled but uncompleted wells in Texas represents excess capacity for Texas oil production. Because of the excess capacity, the overall rig count may remain flat to down in the near-term even with firmer oil prices.

Texas Index Historical Values



5 State Index Historical Values



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Texas Economic Activity Index



Indicator	Dec-17	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18
Nonfarm Payroll Employment (Thousands)	12,330	12,597	12,624	12,655	12,683	12,713
<i>Percent Change</i>		0.2%	0.2%	0.3%	0.2%	0.2%
Continuing UI Claims (Weekly Average)	140,692	118,117	115,353	110,905	109,272	110,920
<i>Percent Change</i>		-0.7%	-2.3%	-3.9%	-1.5%	1.5%
Housing Starts (Annualized Rate)	172,491	177,629	176,337	170,135	170,359	173,608
<i>Percent Change</i>		1.3%	-0.7%	-3.5%	0.1%	1.9%
House Price Index (Jan 2000=100)	169.6	171.2	171.3	171.7	172.3	173.0
<i>Percent Change</i>		-0.1%	0.1%	0.2%	0.3%	0.4%
Industrial Electricity Sales (Millions, KwHr)	10,173	8,950	8,967	9,014	9,192	9,339
<i>Percent Change</i>		-3.0%	0.2%	0.5%	2.0%	1.6%
Texas Rotary Rig Count (Total)	442	509	515	530	528	517
<i>Percent Change</i>		-2.6%	1.3%	2.9%	-0.4%	-2.0%
Total Trade (Millions, 2012 USD, Annualized Rate)	529,089	579,501	587,602	592,176	596,880	593,752
<i>Percent Change</i>		-0.2%	1.4%	0.8%	0.8%	-0.5%
Hotel Occupancy Index (2009=100)	124.7	119.0	117.5	117.4	117.5	118.5
<i>Percent Change</i>		-0.7%	-1.3%	0.0%	0.1%	0.9%
Sales Tax Revenue (Millions, 2012 USD)	2,429	2,548	2,559	2,565	2,588	2,542
<i>Percent Change</i>		-0.1%	0.4%	0.2%	0.9%	-1.8%
Total Index	132.9	135.6	135.8	135.9	136.7	136.5
<i>Percent Change</i>		-0.1%	0.1%	0.1%	0.6%	-0.1%

(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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