

Texas Economic Activity Index

	<u>Value</u>	<u>% Change</u>
January 2019	136.2	0.4
December 2018 (Revised)	135.7	-0.1

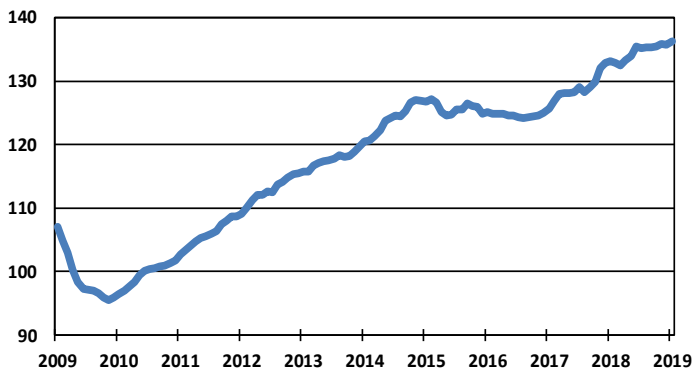
**All data has been adjusted for seasonality and changes in price.*

Comerica Bank's Texas Index Improves

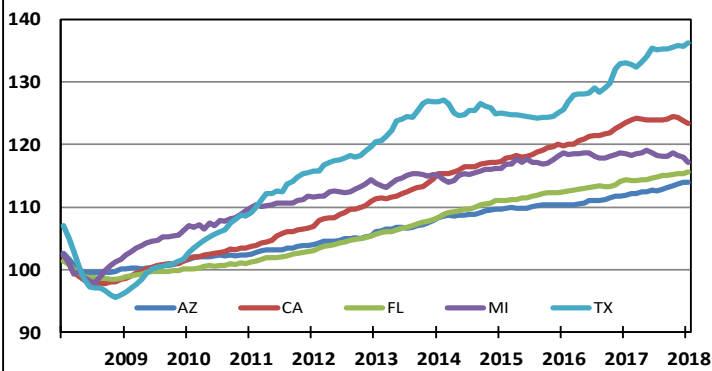
Comerica Bank's Texas Economic Activity Index increased by 0.4 percent in January to 136.2. January's index reading is 41 points, or 43 percent, above the index cyclical low of 95.5. The index averaged 134.5 points for all of 2018, 5.7 points above the average for 2017. December's index reading was revised to 135.7.

The Comerica Bank Texas Economic Activity Index got back on track in January, increasing by 0.4 percent, after easing by 0.1 percent in December. The January 2019 index is 2.3 percent above its reading from a year ago, consistent with ongoing real state gross domestic product growth over 2018. In January, five out of nine index components were positive. They were nonfarm employment, housing starts, house prices, hotel occupancy and state sales tax revenues. The negatives for January were initial claims for unemployment insurance (inverted), industrial electricity demand, rig count and total state trade. It looks like the Texas economy cooled from strong growth through the first half of 2018, to moderate growth through the second half of the year. This is consistent with the pattern of crude oil prices, which increased to a peak of near \$74 per barrel by early October, and then dropped sharply to about \$46 per barrel by year-end. Drilling and production companies scaled back their activities through the end of 2018, and planned for reduced growth in capital spending in 2019 as a result of the reset in crude oil prices. With oil prices back up to near \$60 per barrel, energy companies are more profitable but have remained cautious about ramping up capital spending. We expect cooler global and U.S. economic conditions in 2019 to keep Texas economic growth positive, but moderate this year.

Texas Index Historical Values



5 State Index Historical Values



Media Contact:

Robert Dye
(214) 462-6839
radye@comerica.com

Data Contact:

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

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Texas Economic Activity Index



Indicator	Jan-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19
Nonfarm Payroll Employment (Thousands)	12,342	12,545	12,571	12,592	12,616	12,631
<i>Percent Change</i>		0.2%	0.2%	0.2%	0.2%	0.1%
Continuing UI Claims (Weekly Average)	138,013	115,353	110,905	109,272	110,920	115,365
<i>Percent Change</i>		-2.3%	-3.9%	-1.5%	1.5%	4.0%
Housing Starts (Annualized Rate)	179,641	175,942	169,253	167,549	172,624	181,904
<i>Percent Change</i>		-0.7%	-3.8%	-1.0%	3.0%	5.4%
House Price Index (Jan 2000=100)	170.2	171.3	171.7	172.3	173.0	173.9
<i>Percent Change</i>		0.1%	0.2%	0.3%	0.4%	0.5%
Industrial Electricity Sales (Millions, KwHr)	9,851	9,206	9,233	9,190	9,182	9,170
<i>Percent Change</i>		0.2%	0.3%	-0.5%	-0.1%	-0.1%
Texas Rotary Rig Count (Total)	454	515	530	528	517	524
<i>Percent Change</i>		1.3%	3.0%	-0.4%	-2.1%	1.4%
Total Trade (Millions, 2012 USD, Annualized Rate)	532,442	587,602	592,172	596,885	581,324	567,334
<i>Percent Change</i>		1.4%	0.8%	0.8%	-2.6%	-2.4%
Hotel Occupancy Index (2009=100)	123.6	117.5	117.4	117.5	118.5	119.1
<i>Percent Change</i>		-1.3%	0.0%	0.1%	0.9%	0.5%
Sales Tax Revenue (Millions, 2012 USD)	2,446	2,559	2,565	2,588	2,544	2,553
<i>Percent Change</i>		0.4%	0.2%	0.9%	-1.7%	0.4%
Total Index	133.1	135.3	135.5	135.9	135.7	136.2
<i>Percent Change</i>		0.0%	0.1%	0.3%	-0.1%	0.4%

(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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