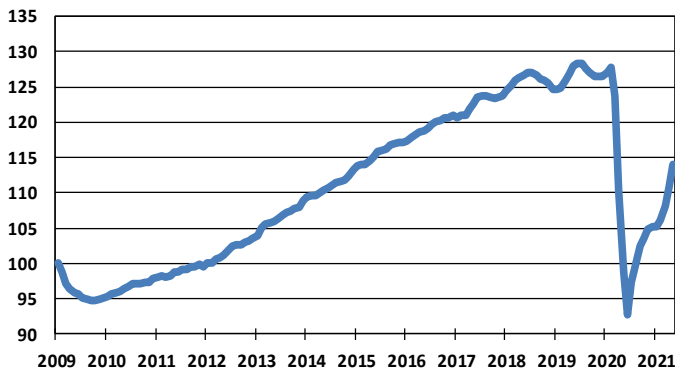


California Economic Activity Index

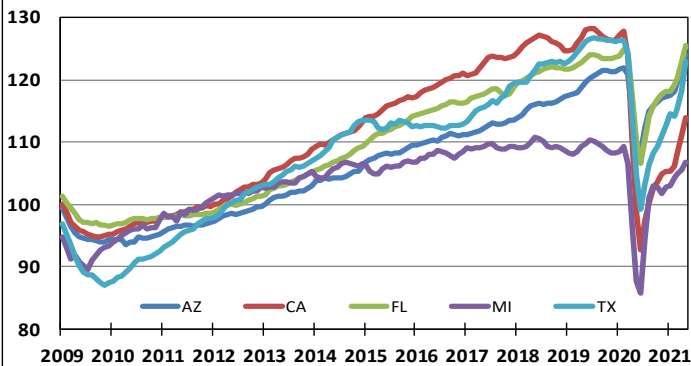
	<u>Value</u>	<u>% Change</u>
May 2021	114.0	2.8
April 2021	110.9	2.5

**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 Improves

Comerica Bank's California Economic Activity Index increased in May to a level of 114.0. May's reading is 23 percent above the historical low of 92.7 set in June 2020. The index averaged 107.9 points in 2020, 18.9 points below the average for all of 2019. April's index reading was unrevised at 110.9.

Our California Economic Activity Index improved for the eleventh consecutive month in May. Seven of the sub-indexes increased in May including nonfarm employment, unemployment insurance claims (inverted), house prices, state total trade, hotel occupancy, enplanements and state revenues. Industrial demand for electricity and housing starts declined for the month. Recent gains in the California Index are consistent with a robust recovery for the state's economy through May. In June, California removed most pandemic restrictions. The delayed reopening puts California's recovery behind other key Comerica markets. However, California's real GDP may see above average gains in Q3 as business activity rebounds, particularly in the services sector. A major risk to the recovery is the current rise in COVID cases due to the Delta variant. Over 70 percent of California's population, 12 and older, are at least partially vaccinated. So, while a third quarter surge in cases could lead to some disruptions to activity, we do not currently expect California to move back into statewide stricter social policies. A headwind to household spending in the second half of 2021 is the wind down of Federal enhanced unemployment benefits which are set to expire in September. California nonfarm payrolls remain 1.24 million below February 2020 levels. Even as hiring improves, the labor reuptake will not be 1-for-1. This means lower incomes for thousands of California households by Q4.

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California Economic Activity Index



Indicator	May-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21
Nonfarm Payroll Employment (Thousands)	15,854	15,936	15,937	16,006	16,136	16,246
<i>Percent Change</i>		-0.2%	0.0%	0.4%	0.8%	0.7%
Continuing UI Claims (Weekly Average)	1,956,777	1,039,199	798,367	653,456	588,595	582,384
<i>Percent Change</i>		-28.7%	-23.2%	-18.2%	-9.9%	-1.1%
Housing Starts (Annualized Rate)	77,137	116,726	117,736	112,346	110,942	109,877
<i>Percent Change</i>		0.9%	0.9%	-4.6%	-1.2%	-1.0%
House Price Index (2012=100)	163.7	175.1	176.9	179.0	181.3	183.5
<i>Percent Change</i>		1.0%	1.0%	1.2%	1.2%	1.2%
Industrial Electricity Sales (Millions, KwHr)	3,935	3,754	3,687	3,656	3,693	3,588
<i>Percent Change</i>		-1.7%	-1.8%	-0.8%	1.0%	-2.8%
Total Trade (Millions, 2012 USD, Annualized Rate)	437,385	525,088	535,420	554,364	571,747	574,954
<i>Percent Change</i>		-0.4%	2.0%	3.5%	3.1%	0.6%
Hotel Occupancy Index (2012=100)	51.2	64.9	66.8	74.1	81.3	88.6
<i>Percent Change</i>		-1.9%	3.0%	10.8%	9.8%	9.0%
Enplanements Index (2012=100)	27.2	33.9	33.4	39.4	49.8	67.0
<i>Percent Change</i>		-4.1%	-1.6%	17.9%	26.6%	34.5%
Total Revenues (Millions, 2012 USD)	10,018	12,991	13,919	13,900	13,274	16,135
<i>Percent Change</i>		0.8%	7.1%	-0.1%	-4.5%	21.6%
Total Index	98.7	105.3	106.1	108.2	110.9	114.0
<i>Percent Change</i>		0.1%	0.8%	2.0%	2.5%	2.8%

(Seasonally Adjusted, 3-Month Moving Average)

Explanatory Note:

The California 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, total trade, hotel occupancy, enplanements and state revenues. 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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