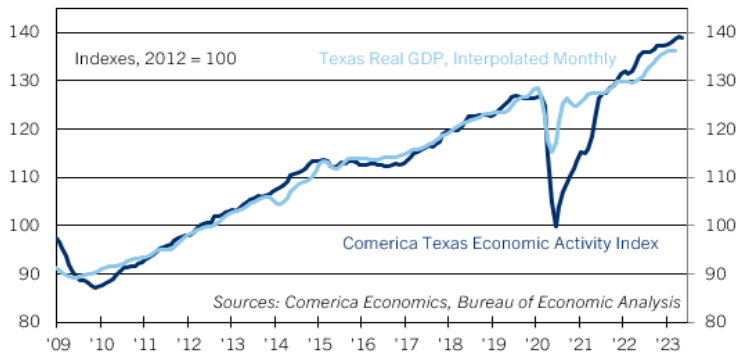


■ Bill Adams ■ Waran Bhahirethan

Texas Economic Snapshot, May 2023

	May-23	Apr-23	Mar-23	Feb-23	Jan-23
Comerica Texas Index					
3-month % change, annual rate	2.3	4.7	3.8	2.4	1.2
Year-over-year % change	2.8	4.6	5.0	5.1	4.2
Real GDP (Quarterly)			Mar-23		Dec-22
Quarterly change, annual rate	--	--	3.0	--	7.0
Year-over-year % change	--	--	5.0	--	4.4
Unemployment Rate, %	May-23	Apr-23	Mar-23	Feb-23	Jan-23
Percent	4.1	4.0	4.0	4.0	3.9

Texas Index and Texas Real GDP



Texas Index Rose in May

The Comerica Texas Economic Activity Index increased by 2.3% annualized in the three months through May and was up 2.8% from a year earlier. Five of the Index's nine components rose in the month, while four fell. Labor market data were mixed: Employment jumped by 45,800 from April, but hiring has been notably slower this year than last year. Also indicating a softer job market, continuing jobless claims rose again and were above 100,000 for a ninth consecutive month. And the unemployment rate edged up to 4.1%, nearly half a percentage point above the national rate.

Volatile housing starts surged in May, but are down a fifth in the first five months of 2023 from the same period last year. Housing is a drag on Texas' economy in 2023 as soaring mortgage rates and high prices sideline many would-be homebuyers. Despite this, house prices rose in May for the second consecutive month. A rising population, employment growth, and limited housing supply are supports for Texan house prices. Seasonally-adjusted industrial electricity sales surged by 2.9%

and were up 2.4% from a year earlier. Seasonally-adjusted active oil drilling rigs rose for the third consecutive month but were still 11% below last July's peak. Despite the reduction in active drilling rigs, oil production and employment have risen recently. Hotel occupancy fell for the fourth consecutive month and was down from a year earlier. The strong dollar and the end of years of pandemic-related travel restrictions have American tourists traveling more internationally while domestic tourism is softer. Tax receipts show real consumer spending fell by a steep 5.0% in May. Nonetheless, consumer spending was up by 1.9% in the first five months of 2023 compared to the same period last year.

The Texan economy grew a rapid 3.4% in 2022, well above the national average of 2.1%, and expanded at a solid 3.0% annualized pace in the first quarter, again well above the national average. While Texas will likely outpace the national economy in growth again this year, high inflation, high interest rates, and a cooler housing market will be persistent headwinds to Texas and are likely to weigh on economic activity in the latter half of the year.

The **Comerica Texas Economic Activity Index** is a monthly composite indicator of state economic activity. The Index provides a wholistic advance view of the state of Texas's economy, using economic data that are available about one quarter earlier than real GDP is released. The index is comprised of nine components: Nonfarm payroll employment, continuing claims for unemployment insurance, housing starts, house prices, industrial electricity sales, the Texas rotary rig count, foreign trade, hotel occupancy, and sales tax revenue. All data are seasonally adjusted with nominal values converted to constant dollar values as appropriate. To filter out month-to-month volatility in the index components, the index is calculated from the three-month moving averages of its components. Values for a minority of components are projected from the prior months' release due to the timing of data releases. Comerica Bank, a subsidiary of Comerica Incorporated (NYSE: CMA), is a financial services company headquartered in Dallas, Texas, and strategically aligned by three business segments: The Commercial Bank, The Retail Bank and Wealth Management. Comerica, one of the 25 largest U.S. financial holding companies, focuses on building relationships and helping people and businesses be successful. Comerica provides more than 400 banking centers across the country with locations in Arizona, California, Florida, Michigan and Texas. Founded 174 years ago in Detroit, Michigan, Comerica continues to expand into new regions, including its Southeast Market, based in North Carolina, and Mountain West Market in Colorado. Comerica has offices in 17 states and services 14 of the 15 largest U.S. metropolitan areas, as well as Canada and Mexico. Comerica reported total assets of \$90.8 billion at June 30, 2023. Learn more about how Comerica is raising expectations of what a bank can be by visiting www.comerica.com, and follow us on [Facebook](https://www.facebook.com/comerica), [Twitter](https://twitter.com/comerica), [Instagram](https://www.instagram.com/comerica) and [LinkedIn](https://www.linkedin.com/company/comerica).

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