

■ Bill Adams ■ Waran Bhahirethan

Texas Economic Snapshot, November 2022

Comerica Texas Index

3-month % change, annual rate
Year-over-year % change

Nov-22	Oct-22	Sep-22	Aug-22	Jul-22
3.0	2.7	0.6	3.0	9.7
5.9	6.4	6.2	6.8	6.9

Real GDP (Quarterly)

Quarterly change, annual rate
Year-over-year % change

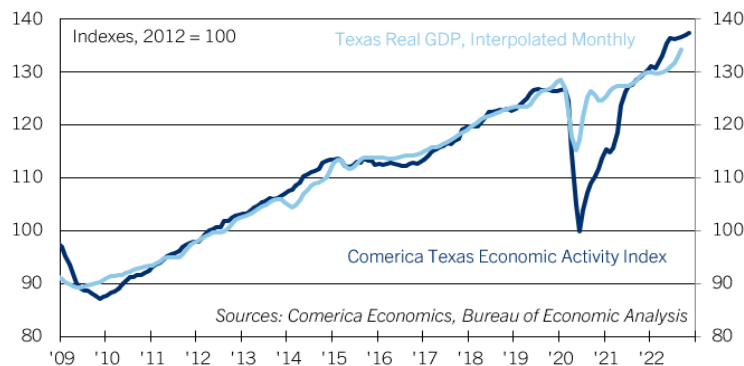
Sep-22	Jun-22
--	8.2
--	--
--	4.0
--	--
--	2.4

Unemployment Rate, %

Percent

Nov-22	Oct-22	Sep-22	Aug-22	Jul-22
4.0	4.0	4.0	4.1	4.0

Texas Index and Texas Real GDP



Texas Index Rose in November

The Comerica Texas Economic Activity Index rose at a 3.0% annualized rate in the three months through November and was up 5.9% from a year-ago.

Four of the index's nine components rose in November. Employment rose by 36,700 on the month—but continuing claims for unemployment insurance also rose, and was above 100,000 for the third consecutive month, painting a mixed picture of the state's labor market. Seasonally-adjusted active oil-drilling rigs fell for the fourth consecutive month in November with energy prices down from their peaks last summer.

Housing starts fell in November and were roughly 17% below January's levels. Texas's housing market is set to be a big drag on the state's economy, as surging mortgage interest rates and high prices sideline would-be homebuyers. House prices declined for a fifth consecutive month in November, but the pace of declines appears to be moderating. While further price declines are probable in the Lone

Star State, they are likely to be shallower than in many other states due to the state's strong economic fundamentals, such as strong population and employment growth.

Texas GDP jumped 8.2% annualized in the third quarter of 2022, after lackluster growth in the first half of last year. Comerica Texas Index continued to rise in November, indicating economic growth continued in the final quarter of 2022. High inflation, surging interest rates, a softening national economy, and weak economies outside the US will be persistent headwinds to Texas' economy, likely holding the state's growth below trend in 2023.

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.

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