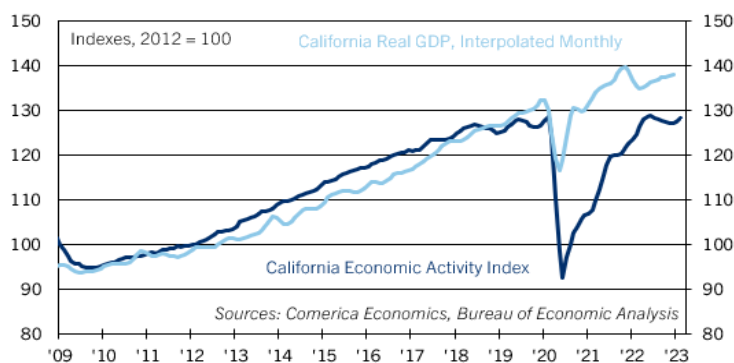


■ Bill Adams ■ Waran Bhahirethan

California Economic Snapshot, February 2023

	Feb-23	Jan-23	Dec-22	Nov-22	Oct-22
Comerica California Index					
3-month % change, annual rate	3.8	0.0	-1.9	-2.5	-2.5
Year-over-year % change	3.1	3.2	3.6	4.6	6.0
Real GDP (Quarterly)			Dec-22		Sep-22
Quarterly change, annual rate	--	2.4	--	--	3.8
Year-over-year % change	--	-1.1	--	--	0.0
Unemployment Rate, %	Feb-23	Jan-23	Dec-22	Nov-22	Oct-22
Percent	4.4	4.2	4.1	4.1	4.1

California Index and California Real GDP



The California Index Rebounded Sharply in February

The Comerica California Economic Activity Index rose 3.8% annualized in the three months through February, the largest increase since June 2022. The index was up 3.1% from a year earlier.

Four constituent components of the index rose in February, while five declined. Employment rose by 21,800, but so did continuing claims for unemployment insurance. California's unemployment rate has risen sharply since mid-2022 and at 4.4% in February was nearly a full percentage point above the national average of 3.6%. The unemployment rate is likely to rise further near term, as key sectors, such as the tech industry face strong headwinds. California's industrial production likely contracted further in February as industrial electricity consumption wanes from the near-term peak last April.

After falling precipitously in the previous two months, housing starts roared back and were up 24.3% in

February. Led by higher prices in the Los Angeles and San Diego metros, Californian house prices rose in February, albeit modestly, snapping eight consecutive months of declines. Tourism rebounded sharply in early 2023 after a weak second half of last year, with seasonally-adjusted hotel occupancy and air passenger volumes up solidly on both monthly and year-ago bases.

California's economy grew by a modest 0.4% in 2022. It is expected to soften in the coming months amid headwinds from a weak housing sector, high interest rates and inflation, and slowing consumer spending. On top of these issues weighing on the national economy, the tech slowdown and the fallout from the failure of Silicon Valley Bank will be incremental negatives for the Golden State.

The Comerica California Economic Activity Index is a monthly composite indicator of state economic activity. The Index provides a wholistic advance view of the state of California'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, foreign trade, enplanements, hotel occupancy, and state revenues. 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 month's 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 nearly 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 \$91.1 billion at March 31, 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](#), [Twitter](#), [Instagram](#) and [LinkedIn](#). Subscribe to this and other Comerica Economics publications at <https://www.comerica.com/insights/economic-commentary/comerica-bank-economic-commentary-sign-up.html>, follow us on Twitter or contact the Comerica Economics Department at ComericaEcon@comerica.com.

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