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Texas Economic Snapshot, February 2023

Comerica Texas Index

	Feb-23	Jan-23	Dec-22	Nov-22	Oct-22
3-month % change, annual rate	2.6	1.2	2.1	3.9	3.9
Year-over-year % change	5.1	4.3	4.6	5.6	6.3

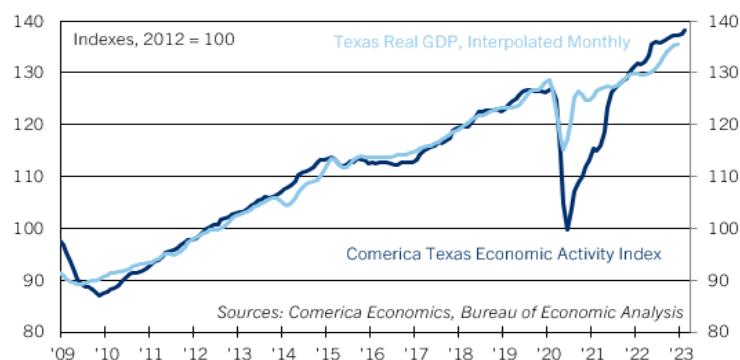
Real GDP (Quarterly)

	Dec-22	Sep-22
Quarterly change, annual rate	-- 7.0	-- 8.2
Year-over-year % change	-- 4.4	-- 4.0

Unemployment Rate, %

	Feb-23	Jan-23	Dec-22	Nov-22	Oct-22
Percent	4.0	3.9	3.8	3.8	3.9

Texas Index and Texas Real GDP



Texas Index Grew Faster in February

The Comerica Texas Economic Activity Index rose 2.6% annualized in the three months through February and was up 5.1% from a year ago.

Four of the Index's nine components rose in the month, while four fell and one was unchanged. Employment was up a solid 36,900 on the month—but continuing claims for unemployment insurance accelerated and were above 100,000 for the sixth consecutive month, painting a mixed picture of the state's labor market. Seasonally-adjusted active oil drilling rigs fell sharply for the sixth consecutive month—the number of rigs in February was roughly 17% below August's level.

Housing starts rose for the second consecutive month but were still down roughly 26% from a year ago. Texas's housing market is a drag on the state's economy in 2023, with high mortgage interest rates and high prices sidelining many would-be homebuyers. House prices declined for the eighth consecutive month in February, though the pace of

declines is moderating. While further price declines are likely 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 growth.

After a lackluster start to 2022, the Texan economy grew rapidly in the second half of the year and expanded 3.4% for the year as a whole, well above the national average of 2.1%. High inflation, high interest rates, a softening national economy, as well as 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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