

Texas Economic Activity Index

| | <u>Value</u> | <u>% Change</u> |
|----------------------|--------------|-----------------|
| March 2018 | 132.5 | -0.2 |
| February 2018 | 132.8 | -0.1 |

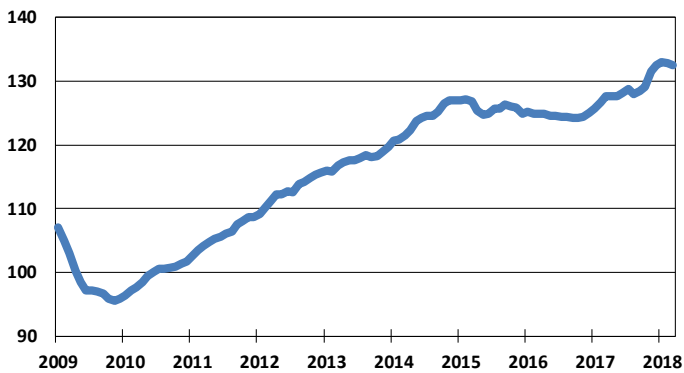
**All data has been adjusted for seasonality and changes in price.*

Comerica Bank's Texas Index Ticks Down

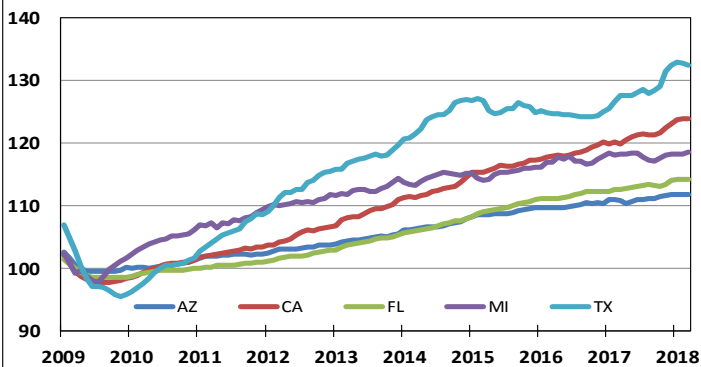
Comerica Bank's Texas Economic Activity Index declined 0.3 points in March to 132.5. March's index reading is 37 points, or 39 percent, above the index cyclical low of 95.5. The index averaged 128.5 points for all of 2017, three and nine-tenths points above the average for 2016. February's index reading was 132.8.

The Comerica Bank Texas Economic Activity Index ticked down in March following a slight decline in February. Six of the nine index components were positive in March, including nonfarm payrolls, unemployment insurance claims (inverted), housing starts, house prices, drilling rig count and total state trade. Three index components were negative for the month including industrial electricity demand, hotel occupancy and state sales tax revenues. The components that have recently trended lower are coming off of historical highs, yet remain well above year ago levels. In particular, our hotel occupancy sub-index has seen four consecutive monthly declines. This is a renormalization to pre-hurricane levels following the temporary spike in demand for hotel rooms from those displaced by last year's storm and aid-workers. This is different than the typical decline in hotel occupancy caused by a significant slowdown in business activity or tourism associated with a winddown of an economic cycle. On the contrary, the pace of hiring in Texas has accelerated in recent months. Texas averaged approximately 39,000 jobs per month in the first four months of 2018. A rebound in energy related activity and continued strong in-migration are supporting growth in the Texas manufacturing, construction and private services industries. We expect our Texas Index to increase through the second half of this year.

Texas Index Historical Values



5 State Index Historical Values



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Texas Economic Activity Index



| Indicator | Mar-17 | Nov-17 | Dec-17 | Jan-18 | Feb-18 | Mar-18 |
|---|---------|--------------|--------------|--------------|--------------|--------------|
| Nonfarm Payroll Employment (Thousands) | 12,145 | 12,290 | 12,330 | 12,357 | 12,389 | 12,427 |
| <i>Percent Change</i> | | 0.3% | 0.3% | 0.2% | 0.3% | 0.3% |
| Continuing UI Claims (Weekly Average) | 153,031 | 147,229 | 140,692 | 138,013 | 135,144 | 130,897 |
| <i>Percent Change</i> | | 0.4% | -4.4% | -1.9% | -2.1% | -3.1% |
| Housing Starts (Annualized Rate) | 186,297 | 165,217 | 171,525 | 178,525 | 172,664 | 174,445 |
| <i>Percent Change</i> | | 7.1% | 3.8% | 4.1% | -3.3% | 1.0% |
| House Price Index (Jan 2000=100) | 154.8 | 158.9 | 159.7 | 160.3 | 161.1 | 161.7 |
| <i>Percent Change</i> | | 0.5% | 0.5% | 0.4% | 0.5% | 0.3% |
| Industrial Electricity Sales (Millions, KwHr) | 9,495 | 9,077 | 9,215 | 9,168 | 9,060 | 8,902 |
| <i>Percent Change</i> | | -0.9% | 1.5% | -0.5% | -1.2% | -1.7% |
| Texas Rotary Rig Count (Total) | 415 | 420 | 419 | 442 | 480 | 512 |
| <i>Percent Change</i> | | -1.7% | -0.3% | 5.6% | 8.6% | 6.7% |
| Total Trade (Millions, 2009 USD, Annualized Rate) | 472,266 | 479,383 | 503,094 | 502,985 | 511,462 | 515,574 |
| <i>Percent Change</i> | | 4.7% | 4.9% | 0.0% | 1.7% | 0.8% |
| Hotel Occupancy Index (2009=100) | 116.2 | 128.3 | 125.4 | 124.2 | 122.3 | 121.5 |
| <i>Percent Change</i> | | 2.6% | -2.3% | -0.9% | -1.5% | -0.6% |
| Sales Tax Revenue (Millions, 2009 USD) | 2,149 | 2,251 | 2,294 | 2,304 | 2,316 | 2,286 |
| <i>Percent Change</i> | | 3.3% | 1.9% | 0.5% | 0.5% | -1.3% |
| Total Index | 127.6 | 131.5 | 132.5 | 132.9 | 132.8 | 132.5 |
| <i>Percent Change</i> | | 1.9% | 0.8% | 0.3% | -0.1% | -0.2% |

(Seasonally Adjusted, 3-Month Moving Average)

Explanatory Note:

The Texas 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, Texas rotary rig count, total trade, hotel occupancy and sales tax revenue. All data are seasonally adjusted. Nominal values have been converted to constant dollar values. Total index levels are expressed in terms of three-month moving averages.

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