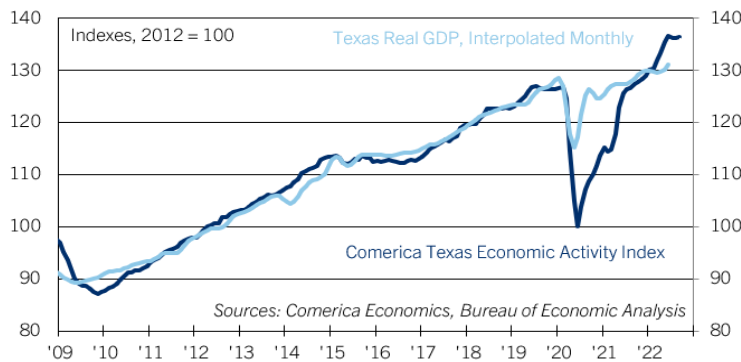


■ Bill Adams ■ Waran Bhahirethan

Texas Economic Snapshot, September 2022

	Sep-22	Aug-22	Jul-22	Jun-22	May-22
Comerica Texas Index					
3-month % change, annual rate	-0.6	2.4	9.0	15.0	16.6
Year-over-year % change	7.0	7.6	7.8	8.7	10.3
Real GDP (Quarterly)					
Quarterly change, annual rate	1.8	--	--	0.5	--
Year-over-year % change	2.4	--	--	2.7	--
Unemployment Rate, %					
Percent	4.0	4.1	4.0	4.1	4.2

Texas Index and Texas Real GDP



Texas Index Declined in September

The Comerica Texas Economic Activity Index declined at a 0.6% annualized rate in the three months through September. The index has slowed sharply after robust increases in the first half of the year. The index was up 7.0% from a year earlier in September.

Six of the index's nine components declined in September. Employment continues to rise in Texas and the number of employed is about 600,000 above the pre-pandemic level. Active oil-drilling rigs fell in the month, though, as energy prices moved lower. The energy sector could be less supportive of growth going forward.

Housing starts fell 17.5% in the third quarter compared to the second. Texas's housing market is set to be a big drag on the state's economy, as surging mortgage interest rates and high prices push would-be homebuyers to the sidelines. House prices declined for the third consecutive month in September, and further declines are likely in the

coming months.

Texas GDP rose by 1.8% in the second quarter of 2022 and just 0.5% in the first quarter. The slowdown of the Comerica Texas Index shows the state's economy slowed down sharply in the third quarter following a strong second quarter. High inflation, surging interest rates, a softening national economy, and weak economies outside the US will be persistent headwinds in Texas, likely causing growth in the state to hold below trend into 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.

Comerica Bank is a subsidiary of Comerica Incorporated (NYSE: CMA), 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 focuses on relationships, and helping people and businesses be successful. In addition to Texas, Comerica Bank locations can be found in Arizona, California, Florida and Michigan, with select businesses operating in several other states, as well as in Canada and Mexico. Comerica reported total assets of \$84.1 billion as of Sept. 30, 2022.

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.

The articles and opinions in this publication are for general information only, are subject to change, and are not intended to provide specific investment, legal, tax or other advice or recommendations. The information contained herein reflects the thoughts and opinions of the noted authors only, and such information does not necessarily reflect the thoughts and opinions of Comerica or its management team. We are not offering or soliciting any transaction based on this information. We suggest that you consult your attorney, accountant or tax or financial advisor with regard to your situation. Although information has been obtained from sources we believe to be reliable, neither the authors nor Comerica guarantee its accuracy, and such information may be incomplete or condensed. Neither the authors nor Comerica shall be liable for any typographical errors or incorrect data obtained from reliable sources or information.