

■ Bill Adams ■ Waran Bhahirethan

## California Economic Snapshot, August 2022

### Comerica California Index

	Aug-22	Jul-22	Jun-22	May-22	Apr-22
3-month % change, annual rate	-2.8	2.9	11.7	19.2	20.9
Year-over-year % change	6.2	6.7	8.7	10.8	12.9

### Real GDP (Quarterly)

	Jun-22	May-22
Quarterly change, annual rate	-0.5	-9.5
Year-over-year % change	0.3	2.4

### Unemployment Rate, %

	Aug-22	Jul-22	Jun-22	May-22	Apr-22
Percent	4.1	3.9	4.2	4.3	4.6

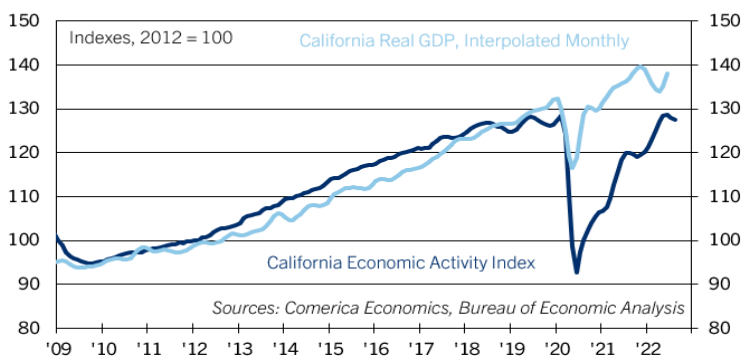
## California Index Lower in August

The Comerica California Economic Activity Index declined at a 2.8% annualized rate in the three months through August. The Index has slowed from the robust increases in the first half of the year. The index was still up 6.2% from a year-ago in August.

Three of the nine components that constitute the Index rose in August. California continues to enjoy strong employment gains. Electricity consumption by California's industrial sector rebounded in the month, indicating a pickup in industrial activity. So did housing starts in the Golden State.

However, house prices fell in the California for a third consecutive month in August. Housing affordability is a longstanding problem in California and has gotten worse as first home prices and then interest rates surged post-pandemic. Declines in house prices and weak residential investment are likely going forward. In addition, air passenger traffic and hotel occupancies show the travel industry lost momentum in August, after notable gains in the second quarter.

## California Index and California Real GDP



California's economy is expected to continue to lose momentum in the coming months, as it faces a number of headwinds, including a weakening housing sector, rising interest rates, high inflation, and slowing consumer spending. The slowdown in the tech sector, a key industry of the Californian economy, is an additional negative for the Golden State's economy.

**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 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](mailto: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.