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## Texas Economic Snapshot, August 2022

	Aug-22	Jul-22	Jun-22	May-22	Apr-22
<b>Comerica Texas Index</b>					
3-month % change, annual rate	1.5	9.3	15.7	17.7	10.5
Year-over-year % change	7.6	7.8	8.7	10.3	13.3
<b>Real GDP (Quarterly)</b>					
	<u>Jun-22</u>			<u>Mar-22</u>	
Quarterly change, annual rate	1.8	--	--	0.5	--
Year-over-year % change	2.4	--	--	2.7	--
<b>Unemployment Rate, %</b>					
Percent	<u>Aug-22</u>	<u>Jul-22</u>	<u>Jun-22</u>	<u>May-22</u>	<u>Apr-22</u>
	4.1	4.0	4.1	4.2	4.3

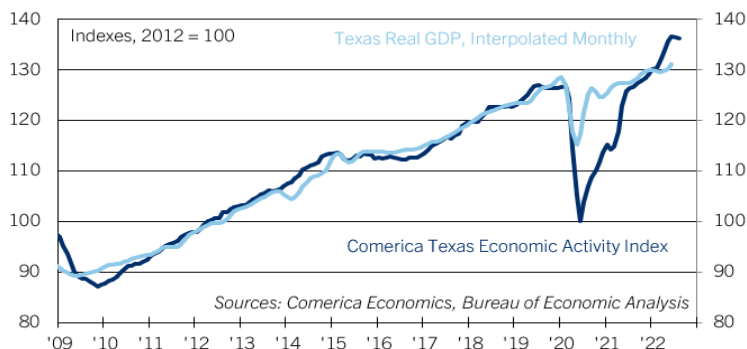
## Texas Index Grew Slower in August

The Comerica Texas Economic Activity Index rose at a 1.5% annualized rate in the three months through August. The index has slowed sharply after robust increases earlier in the year. The index was up 7.6% from a year-ago in August.

Four of the index's nine components improved in the month. Employment continues to rise in Texas and the number of employed is well above pre-pandemic levels. Active oil-drilling rigs rose again as energy prices stayed high. The energy sector is likely to provide a strong tailwind to Texas's economy.

After adjusting for the normal seasonal increase in the summer, housing starts fell 9% in the three months through August from the three preceding months. Going forward, 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 are also likely to decline, although by less than in the rest of the country.

Texas Index and Texas Real GDP



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 that the state's economy was still stuck in low gear through the summer. High inflation, surging interest rates, a rapidly decelerating 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.

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