

# MICHIGAN ECONOMIC INDICATORS

A newsletter on key economic indicators prepared by the Senate Fiscal Agency.

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## ECONOMIC HIGHLIGHTS

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- The **U.S. unemployment rate** increased from 8.5% in March to 8.9% in April, the seventh consecutive monthly increase. In April 2008, the U.S. unemployment rate averaged 5.0%. While employment increased in April 2009 compared with March, the size of the labor force grew even more rapidly, pushing the unemployment rate higher. Compared with one year ago, April employment was down 5.3 million jobs and an additional 6.0 million people were unemployed.
- **Housing starts** fell 12.8% in April from the March level, dropping to an annual rate of 458,000 starts. April starts were 30,000 less than the previous all-time record low, set in January 2009, for the monthly series which begins in January 1959. Starts were down 54.2% compared with April 2008, and 79.9% compared with the recent record high in January 2006. April marked the fourth consecutive month of declines in starts, and the ninth decline in the last 10 months.
- In April, seasonally-adjusted **light vehicle sales** declined 9.0% from the March level and were only slightly above the February 2009 level, which was the lowest level since December 1981. In a change from the pattern of most months over the last year, sales of imported vehicles fell more rapidly than sales of domestically produced vehicles in April, when compared with both March sales and sales in April 2008, and for both automobiles and light trucks.
- **Retail sales** fell 1.3% in April from the March level, dropping to the lowest level since January 2005. Adjusted for inflation and excluding September 2001, retail sales were at the lowest level since July 1999. April sales were down 11.4% from one year ago. All sectors, with the exception of food/beverage stores (up 1.4%) and health/personal care stores (up 4.0%), experienced declines compared to April 2008. Declines exceeded 10.0% for gasoline stations (-36.4%), motor vehicles/parts (-20.7%), furniture/home furnishings (-14.2%), electronics/appliances (-12.0%), and building materials/garden equipment (-10.7%).



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- April **revenue from Michigan's major taxes** was down 22.7% from one year ago, following year-over-year declines of 31.1% and 17.0% in February and March, respectively. Lower income tax collections accounted for 77.8% of the decline.
  - April **local area unemployment rates**, which are not seasonally adjusted, were generally lower than in March. However, total employment fell in most metropolitan areas other than Detroit and Bay City. Unemployment rates fell despite these declines in employment because the number of people in the labor force declined by even larger numbers. No areas reported an increase in the size of the labor force.
  - Seasonally adjusted **Michigan motor vehicle production** decreased 13.2% in April from March, but production remained above the February level. April production was down 43.9% from one year ago, with automobile production down 56.1%. With the exception of January and February 2009, April production represented the lowest level since at least January 1982.



APRIL 2009

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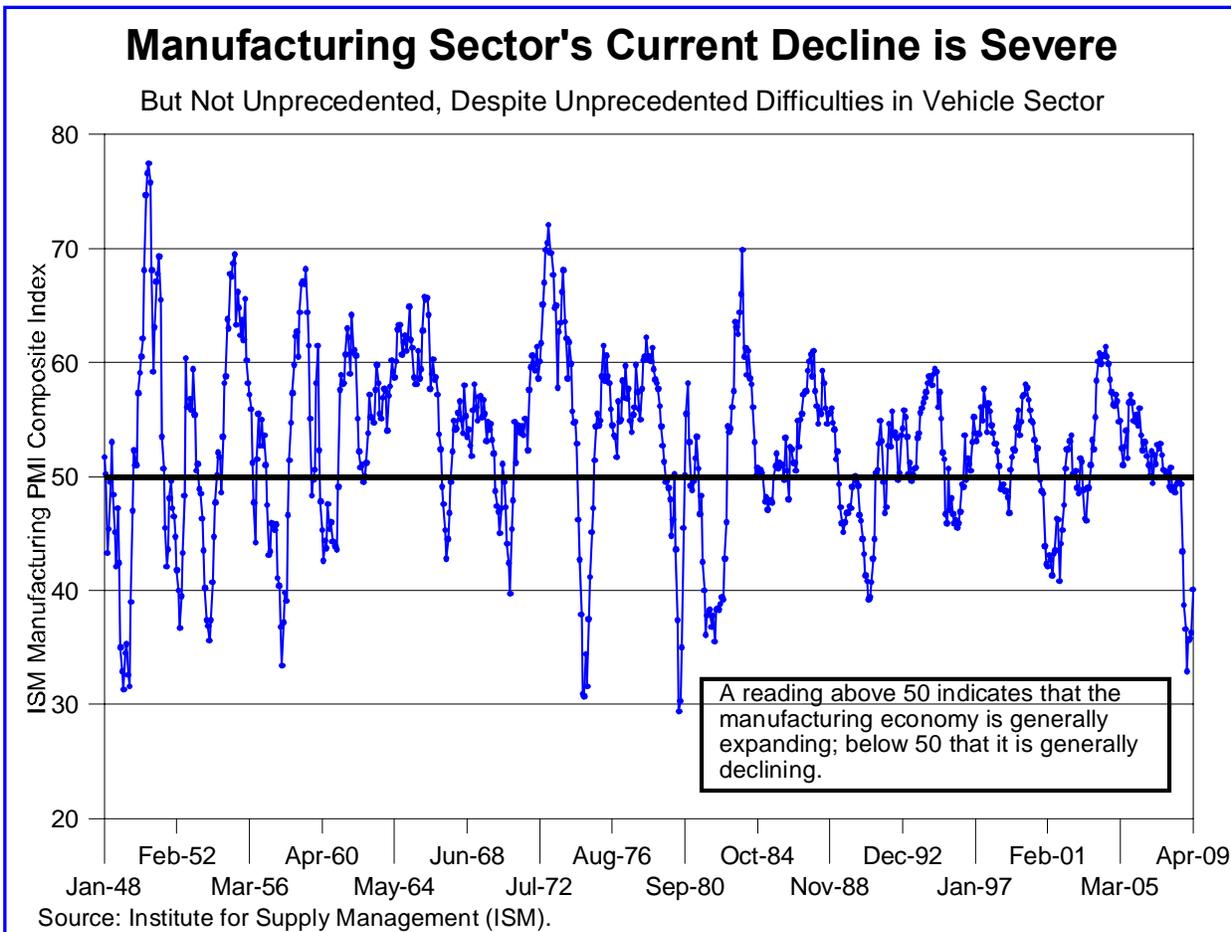
**U.S. & MICHIGAN LABOR MARKET NEWS**  
 (Seasonally adjusted, thousands)

U.S.	April 2009	March 2009	April 2008	Change from March		Change from Year Ago	
				Number	Percent	Number	Percent
Labor Force	154,731	154,048	153,932	683	0.4%	799	0.5%
Employment	141,007	140,887	146,257	120	0.1	(5,250)	(3.6)
Unemployment	13,724	13,161	7,675	563	4.3	6,049	78.8
Unemployment Rate	8.9%	8.5%	5.0%	---	---	---	---

Michigan	April 2009	March 2009	April 2008	Change from March		Change from Year Ago	
				Number	Percent	Number	Percent
Labor Force	4,848	4,841	4,955	7	0.1	(107)	(2.2)
Employment	4,221	4,232	4,562	(11)	(0.3)	(342)	(7.5)
Unemployment	627	609	393	18	3.0	235	59.7
Unemployment Rate	12.9%	12.6%	7.9%	---	---	---	---

Source: Bureau of Labor Statistics, U.S. Department of Labor



**MICHIGAN WAGE AND SALARY EMPLOYMENT  
(Seasonally adjusted, thousands)**

	April 2009*	March 2009	April 2008	<u>Change from March</u>		<u>Change from Yr Ago</u>	
				Number	Percent	Number	Percent
<b>Total Wage &amp; Salary Jobs</b>	3,901	3,939	4,186	(38)	(1.0)%	(285)	(6.8)%
<b>Goods Producing Industries</b>	611	642	743	(31)	(4.8)	(131)	(17.7)
Natural Resources & Mining	7	8	8	(0)	(2.7)	(0)	(5.2)
Construction	134	142	156	(9)	(6.0)	(22)	(14.1)
Manufacturing	470	492	579	(22)	(4.5)	(109)	(18.8)
Transportation Equipment	123	131	171	(8)	(6.4)	(48)	(28.3)
<b>Service Producing Industries</b>	3,290	3,297	3,443	(8)	(0.2)	(154)	(4.5)
Trade, Transportation & Utilities	726	729	777	(4)	(0.5)	(51)	(6.5)
Wholesale Trade	152	152	168	(0)	(0.1)	(16)	(9.7)
Retail Trade	460	462	483	(3)	(0.6)	(23)	(4.8)
Transportation & Utilities	114	115	126	(1)	(0.5)	(11)	(8.9)
Information	57	58	62	(1)	(2.4)	(5)	(8.4)
Financial Activities	194	195	207	(1)	(0.7)	(13)	(6.1)
Professional & Business Services	505	505	570	0	0.0	(65)	(11.3)
Education & Health Services	613	614	606	(1)	(0.1)	7	1.1
Leisure & Hospitality Services	383	386	398	(2)	(0.6)	(15)	(3.8)
Other Services	171	171	176	0	0.1	(5)	(3.0)
Government	641	639	648	2	0.3	(7)	(1.1)

Source: Bureau of Labor Statistics, U.S. Department of Labor

\* Preliminary

**MICHIGAN AVERAGE WEEKLY HOURS AND EARNINGS**

Industry	<u>Average Weekly Hours</u>			<u>Average Weekly Earnings</u>		
	April 2009	Year Ago	Percent Change	April 2009	Year Ago	Percent Change
Construction	35.6	34.8	2.3%	\$781.42	\$781.61	(0.0)%
Manufacturing	40.1	42.3	(5.2)	866.56	936.95	(7.5)
Durable Goods	41.7	44.1	(5.4)	982.87	1,053.99	(6.7)
Transportation Equipment Mfg.	40.3	44.0	(8.4)	1,113.49	1,246.96	(10.7)
Motor Vehicle Parts Mfg.	40.3	43.1	(6.5)	1,009.52	1,106.81	(8.8)
Nondurable Goods	35.8	36.9	(3.0)	548.81	578.59	(5.1)
Wholesale Trade	36.4	38.7	(5.9)	646.83	746.52	(13.4)
Retail Trade	29.1	30.2	(3.6)	375.97	376.59	(0.2)
Food & Beverage Stores	24.3	27.9	(12.9)	326.35	302.99	7.7
Information	32.2	33.4	(3.6)	776.99	738.14	5.3
Financial Activities	36.4	34.9	4.3	758.94	678.81	11.8
Professional & Business Services	32.6	33.9	(3.8)	644.50	686.48	(6.1)
Health Care & Social Assistance	35.7	34.9	2.3	628.32	610.05	3.0
Leisure & Hospitality	22.4	22.2	0.9	204.51	204.24	0.1
Accommodation & Food Services	22.7	22.3	1.8	201.35	199.81	0.8

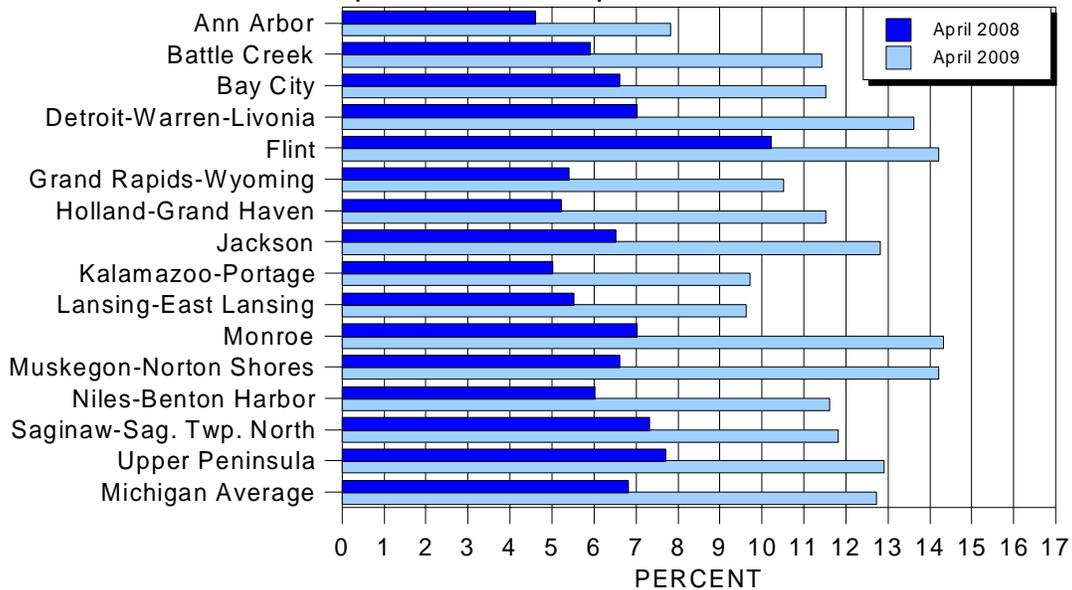
Source: Bureau of Labor Statistics, U.S. Department of Labor

**MICHIGAN UNEMPLOYMENT RATES  
BY SELECTED METROPOLITAN AREAS AND MULTI-COUNTY AREAS  
(Not Adjusted for Seasonal Variations)**

	April 2009	March 2009	February 2009	April 2008
<b>Metropolitan Statistical Areas</b>				
Ann Arbor	7.8%	7.9%	7.4%	4.6%
Battle Creek	11.4	11.8	11.2	5.9
Bay City	11.5	12.2	11.3	6.6
Detroit-Warren-Livonia	13.6	14.0	13.6	7.0
Flint	14.2	15.3	13.8	10.2
Grand Rapids-Wyoming	10.5	11.3	10.5	5.4
Holland-Grand Haven	11.5	12.6	12.1	5.2
Jackson	12.8	13.4	12.7	6.5
Kalamazoo-Portage	9.7	10.5	9.9	5.0
Lansing-East Lansing	9.6	10.7	10.1	5.5
Monroe	14.3	13.9	12.9	7.0
Muskegon-Norton Shores	14.2	14.9	14.2	6.6
Niles-Benton Harbor	11.6	12.4	11.9	6.0
Saginaw-Saginaw Twp North	11.8	12.6	11.8	7.3
<b>Multi-County Areas</b>				
Northeast Lower Michigan	16.4	18.2	17.4	9.9
Northwest Lower Michigan	13.7	15.1	14.1	7.9
Upper Peninsula	12.9	13.6	12.8	7.7
<b>Michigan Statewide Average</b>				
-- Unadjusted (comparable to figures shown above)	12.7	13.4	12.7	6.8
<b>Source:</b> Michigan Department of Energy, Labor, and Economic Growth				*Preliminary

**Michigan Regional Unemployment Rates**

April 2008 and April 2009



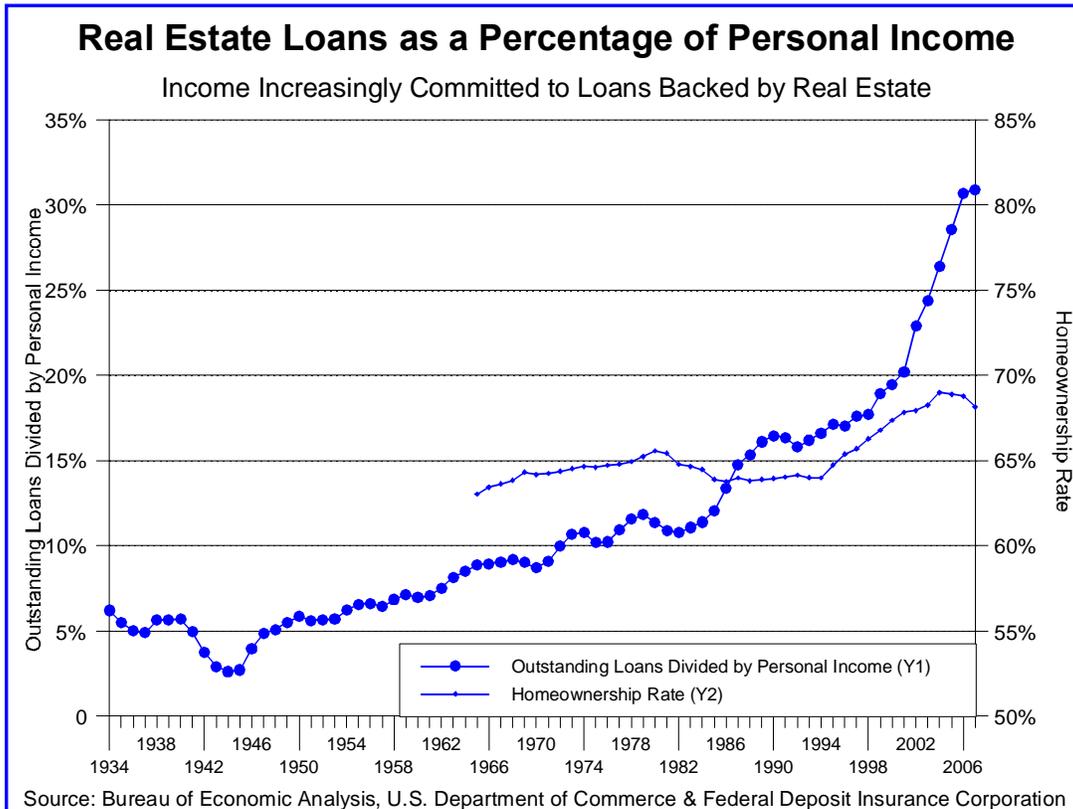
**Source:** Michigan Department of Energy, Labor, and Economic Growth

**MOTOR VEHICLE SALES AND PRODUCTION STATISTICS  
(Thousands of Units)**

	Apr. 2009	Mar. 2009	Feb. 2009	Jan. 2009	Year Ago April	Percent Change From:	
						Apr./Mar.	Apr. 2009/ Apr. 2008
<b>Motor Vehicle Sales<sup>1)</sup></b> (thousands of units, SAAR)							
Autos	4,774	5,096	4,613	4,586	7,479	(6.3)%	(36.2)%
Domestics	3,168	3,284	2,874	2,911	4,877	(3.5)	(35.0)
Imports	1,606	1,812	1,739	1,675	2,602	(11.4)	(38.3)
Import Share	33.6%	35.6%	37.7%	36.5%	34.8%	---	---
Light Trucks	4,520	4,740	4,482	4,957	6,983	(4.6)	(35.3)
Domestics	3,736	3,777	3,471	3,968	5,739	(1.1)	(34.9)
Imports	784	963	1,011	989	1,244	(18.6)	(37.0)
Import Share	17.3%	20.3%	22.6%	20.0%	17.8%	---	---
Subtotal: Light Vehicle Sales	9,294	9,836	9,095	9,543	14,462	(5.5)	(35.7)
Heavy Trucks	183	201	194	211	333	(9.0)	(45.0)
Total Vehicle Sales	9,477	10,037	9,289	9,754	14,795	(5.6)	(35.9)
<b>U.S. Motor Vehicle Production<sup>1)</sup></b> (millions of units, SAAR)							
Autos	1,834	1,876	1,662	1,333	3,558	(2.2)	(48.5)
<b>Michigan Motor Vehicle Production<sup>2)</sup></b> (thousands of units, SAAR)							
Autos	442	576	243	134	1,006	(23.4)	(56.1)
Trucks	622	650	679	504	892	(4.2)	(30.2)
Total	1,064	1,226	923	639	1,898	(13.2)	(43.9)
Michigan Production as % of U.S.	20.3%	23.3%	19.1%	16.7%	19.9%	---	---
<b>U.S. Motor Vehicle Inventories<sup>3)</sup></b>							
Total Car	1,427	1,548	1,578	1,627	1,404	(7.8)	1.7
Days Supply	83	83	107	130	54	0.0	53.7
Total Truck	1,247	1,289	1,322	1,357	1,943	(3.3)	(35.8)
Days Supply	87	82	94	106	89	6.1	(2.2)

SAAR = Seasonally Adjusted at Annual Rates.

Sources: 1) U.S. Department of Commerce, Bureau of Economic Analysis. 2) Michigan Department of Treasury, Office of Revenue and Tax Analysis and the Senate Fiscal Agency. 3) Automotive News, Crain Communications, Inc. (ending inventory).



OTHER KEY ECONOMIC INDICATORS

Variable	Latest Period	Actual Data			Percent Chng From	
		Latest Period	Previous Period	Year Ago	Previous Period*	Year Ago
<b>Index of Consumer Sentiment</b> , monthly <sup>1)</sup> (1992=100)	April	65.1	57.3	62.6	13.6%	4.0%
<b>Oil Prices</b> <sup>2)</sup> (\$ per barrel, West Texas Intermediate Crude)	April	\$49.79	\$47.98	\$112.57	3.8	(55.8)
<b>Housing Starts, U.S.</b> <sup>3)</sup> (thousands of units, SAAR)	April	458	525	1,001	(12.8)	(54.2)
<b>Retail Sales, U.S.</b> <sup>3)</sup> (billions, seasonally adjusted)	April	\$299.5	\$300.8	\$338.0	(0.4)	(11.4)
<b>Industrial Production Index</b> <sup>4)</sup> (1997=100, seasonally adjusted)	April	97.1	97.6	111.0	(0.5)	(12.5)
<b>Capacity Utilization</b> <sup>4)</sup> (% of total capacity, seasonally adjusted)	April	69.1	69.4	79.2	(0.4)	(12.8)
<b>Consumer Price Index</b> <sup>5)</sup> (1982-84=100)	April					
U.S. (seasonally adjusted)	April	212.7	212.7	214.0	(0.2)	(0.6)
Detroit (not seasonally adjusted)	April	202.4	201.9	205.3	1.4	(1.4)
<b>Interest Rates</b>	April					
3-month Treasury Bill <sup>4)</sup>	April	0.17%	0.25%	1.32%	---	---
Corporate Aaa Bonds <sup>4)</sup>	April	5.39%	5.50%	5.55%	---	---
<b>Real Gross Domestic Product</b> <sup>6)</sup> (billions of 2000 \$, SAAR, Chain-Weighted)	2009 1st Qtr.	\$11,353.7	\$11,522.1	\$11,646.0	(5.7)	(2.5)
<b>Michigan Tax Collections</b> <sup>7)</sup> (12 major taxes, millions)	April 2008	\$1,778.9	\$995.0	\$2,302.4	NM	(22.7)

SAAR = Seasonally Adjusted at Annual Rates. NM = Not Meaningful.

Revenue data vary greatly from month-to-month due to timing and other noneconomic factors.

\*Note: Percent changes from previous period for CPI and GDP at annual rate.

**Sources:** 1) Reuters/University of Michigan Surveys of Consumers. 2) Dow Jones & Company/Federal Reserve Bank of St. Louis. 3) U.S. Department of Commerce, Bureau of the Census. 4) Board of Governors of the Federal Reserve System. 5) U.S. Department of Labor, Bureau of Labor Statistics. 6) U.S. Department of Commerce, Bureau of Economic Analysis. 7) Michigan Department of Treasury and the Senate Fiscal Agency.

