

MICHIGAN ECONOMIC INDICATORS

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

ECONOMIC HIGHLIGHTS

- **Retail sales** fell 0.6% in February, declining to their lowest level since August 2007. While the retail sales figures are seasonally adjusted and annualized, they are not adjusted for inflation, which has averaged 4.7% growth since August 2007. Retail sales in February were 1.5% above the August 2007 level. Compared with one year ago, retail sales were up 2.4%, while the U.S. consumer price index increased 4.1%.
- Seasonally-adjusted **light vehicle sales** were essentially flat in February, up 0.3% from January, but 7.2% below the level one year ago. Stronger sales of imported automobiles more than accounted for the monthly increase in light vehicle sales. However, compared with one year ago, imported automobile sales were down 3.9%. Compared with February 2007, all vehicle segments were lower, with the most significant declines in imported (-6.5%) and domestic light trucks (-12.5%). Sales of heavy trucks were down 31.0% from February 2007.
- **Industrial production** fell in February to its lowest level since October 2007 and second lowest level since June 2007. More significantly, the February decline of 6.2% (at an annual rate) was the most rapid decline since September 2005 and the fifth steepest drop since the end of the 2001 recession. While much of the monthly decline was due to a weather-related drop in utilities, total industrial production was only 1.0% above the year-ago level.
- In February, the **value of the dollar**, as measured against major currencies, was 11.6% below the level one year ago and down 35.2% from its recent-history peak in February 2002. The value of the dollar against major currencies has declined in 13 of the last 16 months. Compared with one year ago, the dollar is down 11.2% against the Japanese Yen, 7.6% against the Chinese Yuan, 14.7% against the Canadian dollar, and 11.4% against the Euro.



-
- **Michigan's unemployment rate** was 7.2% in February, compared with 7.1% in January and 7.0% one year ago. Both the monthly and year-over-year increases reflected a combination of fewer employed individuals and a greater number of unemployed persons. However, the increases in the rate are lower than those changes would suggest because of relatively large numbers of people leaving the labor force. Compared with February 2007, employment was down 50,000 jobs and the number of unemployed persons was up 7,000. However, 42,000 individuals had withdrawn from the labor force. Had these individuals not withdrawn from the labor force, the unemployment rate would have been 7.9% in February.
 - Despite the year-over-year drop in U.S. light vehicle sales, seasonally adjusted **Michigan motor vehicle production** in February was up 7.2% from the January level and 9.1% compared with the level one year ago.
 - **Michigan personal income** grew 3.5% in 2007, ranking 50th among the states. However, because Michigan's population growth was so slow during the year, Michigan's growth in income per person of 3.8% ranked only 46th (Arizona ranked 50th at 3.4%).



FEBRUARY 2008

Prepared by:
David Zin
Economist

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

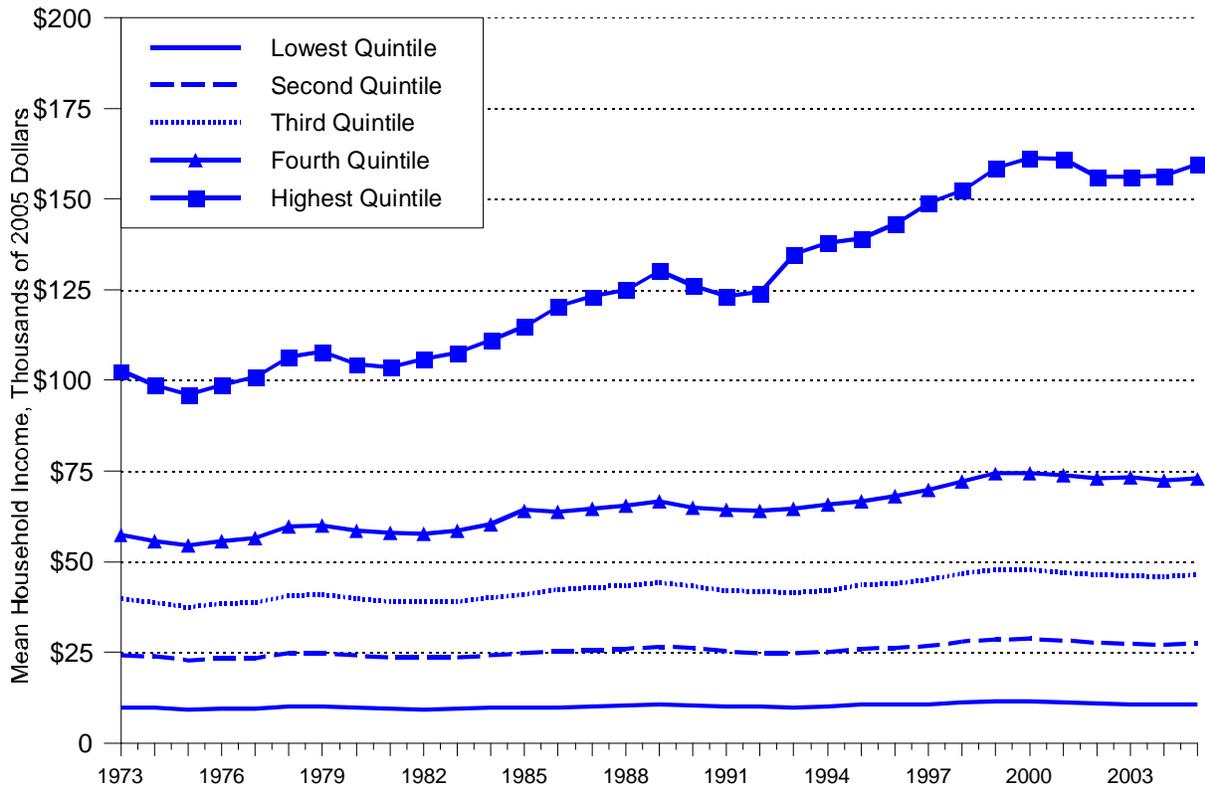
U.S.	Feb. 2008	Jan. 2008	Feb. 2007	Change from Jan.		Change from Year Ago	
				Number	Percent	Number	Percent
Labor Force	153,374	153,824	152,725	(450)	(0.3)%	649	0.4%
Employment	145,993	146,248	145,888	(255)	(0.2)	105	0.1
Unemployment	7,381	7,576	6,837	(195)	(2.6)	544	8.0
Unemployment Rate	4.8%	4.9%	4.5%	---	---	---	---

Michigan	Feb. 2008	Jan. 2008	Feb. 2007	Change from Jan.		Change from Year Ago	
				Number	Percent	Number	Percent
Labor Force	5,000	5,005	5,042	(5)	(0.1)	(42)	(0.8)%
Employment	4,642	4,651	4,691	(9)	(0.2)	(50)	(1.1)
Unemployment	358	354	351	4	1.3	7	2.1
Unemployment Rate	7.2%	7.1%	7.0%	---	---	---	---

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

Household Income Growth and Income Inequality, 1973-2005

10% Gain in Mean Income for 2 Lowest Quintiles, Highest 20% Up More than 55%



Source: Bureau of the Census, U.S. Department of Commerce.

MICHIGAN WAGE AND SALARY EMPLOYMENT (Seasonally adjusted, thousands)							
	Feb. 2008*	Jan. 2008	Feb. 2007	<u>Change from Jan.</u>		<u>Change from Yr Ago</u>	
				Number	Percent	Number	Percent
Total Nonagricultural Jobs	4,228	4,232	4,291	(4)	(0.1)%	(63)	(1.5)%
Goods Producing Industries	764	768	811	(4)	(0.5)	(48)	(5.9)
Natural Resources & Mining	7	7	8	0	0.0	(1)	(6.3)
Construction	160	163	171	(3)	(1.7)	(10)	(5.9)
Manufacturing	596	597	633	(1)	(0.2)	(37)	(5.9)
Transportation Equipment	190	188	213	1	0.6	(23)	(10.9)
Service Producing Industries	3,465	3,465	3,480	0	0.0	(15)	(0.4)
Trade, Transportation & Utilities	786	788	792	(2)	(0.2)	(6)	(0.7)
Information	66	65	66	0	0.3	(0)	(0.5)
Financial Activities	209	209	213	(0)	(0.0)	(4)	(1.8)
Professional & Business Services	572	569	579	3	0.5	(7)	(1.3)
Education & Health Services	603	602	591	1	0.2	12	2.1
Leisure & Hospitality Services	403	404	405	(2)	(0.5)	(2)	(0.6)
Other Services	176	176	176	(0)	(0.1)	(0)	(0.2)
Government	651	651	659	0	0.1	(8)	(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>		
	Feb. 2008	Year Ago	Percent Change	Feb. 2008	Year Ago	Percent Change
Construction	34.5	34.8	(0.9)%	\$757.62	\$761.08	(0.5)%
Manufacturing	43.3	41.8	3.6	969.92	909.57	6.6
Durable Goods	45.6	43.4	5.1	1,095.77	1,015.99	7.9
Transportation Equipment Mfg.	45.2	43.0	5.1	1,279.61	1,227.22	4.3
Motor Vehicle Parts Mfg.	44.3	43.3	2.3	1,130.09	1,140.96	(1.0)
Nondurable Goods	36.0	36.7	(1.9)	570.96	561.51	1.7
Wholesale Trade	38.5	38.6	(0.3)	742.28	760.03	(2.3)
Retail Trade	29.8	30.2	(1.3)	371.90	367.23	1.3
Food & Beverage Stores	27.4	28.6	(4.2)	295.65	286.86	3.1
Information	33.0	34.2	(3.5)	725.01	710.68	2.0
Financial Activities	35.7	34.3	4.1	672.95	626.66	7.4
Professional & Business Services	33.7	34.7	(2.9)	684.11	693.31	(1.3)
Health Care & Social Assistance	35.3	36.3	(2.8)	613.87	616.01	(0.3)
Leisure & Hospitality	21.7	21.8	(0.5)	200.73	195.55	2.6
Accommodation & Food Services	21.7	21.8	(0.5)	194.87	190.10	2.5

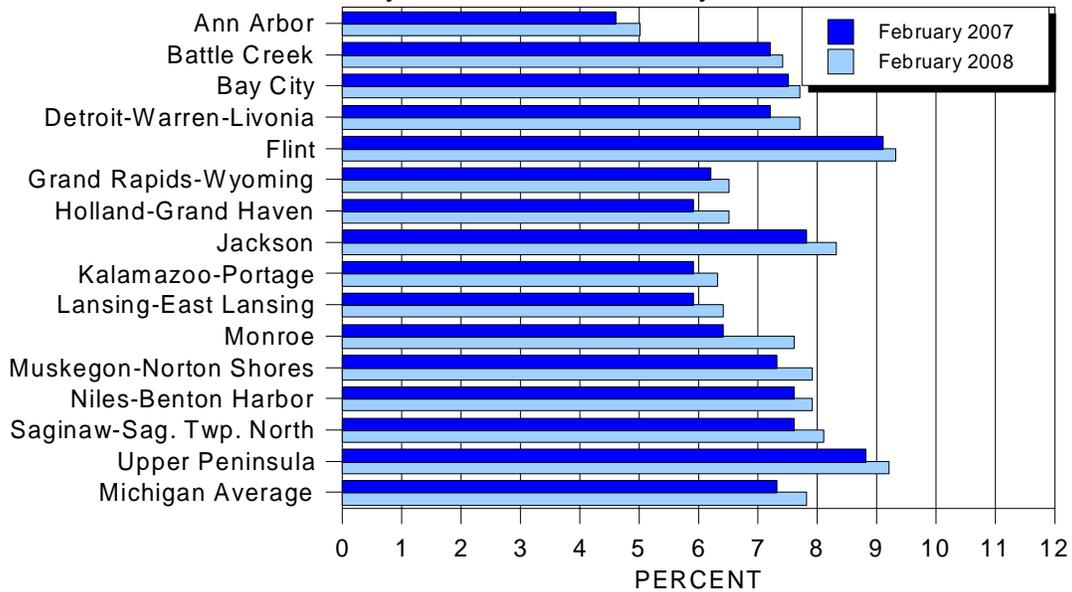
Source: Bureau of Labor Statistics, U.S. Department of Labor

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

	Feb. 2008*	Jan. 2008	Dec. 2007	Feb. 2007
Metropolitan Statistical Areas				
Ann Arbor	5.0%	4.8%	4.7%	4.6%
Battle Creek	7.4	7.2	6.8	7.2
Bay City	7.7	7.6	7.0	7.5
Detroit-Warren-Livonia	7.7	8.2	8.0	7.2
Flint	9.3	9.5	8.2	9.1
Grand Rapids-Wyoming	6.5	6.3	5.9	6.2
Holland-Grand Haven	6.5	6.1	5.8	5.9
Jackson	8.3	8.0	7.6	7.8
Kalamazoo-Portage	6.3	6.0	5.7	5.9
Lansing-East Lansing	6.4	6.1	5.7	5.9
Monroe	7.6	8.0	6.6	6.4
Muskegon-Norton Shores	7.9	7.5	7.0	7.3
Niles-Benton Harbor	7.9	7.6	7.2	7.6
Saginaw-Saginaw Twp North	8.1	8.2	7.3	7.6
Multi-County Areas				
Northeast Lower Michigan	13.0	12.4	11.1	12.3
Northwest Lower Michigan	9.8	9.2	8.5	9.2
Upper Peninsula	9.2	8.8	8.1	8.8
Michigan Statewide Average				
-- Unadjusted (comparable to figures shown above)	7.8	7.8	7.4	7.3
Source: Michigan Department of Labor and Economic Growth				*Preliminary

Michigan Regional Unemployment Rates

February 2007 and February 2008



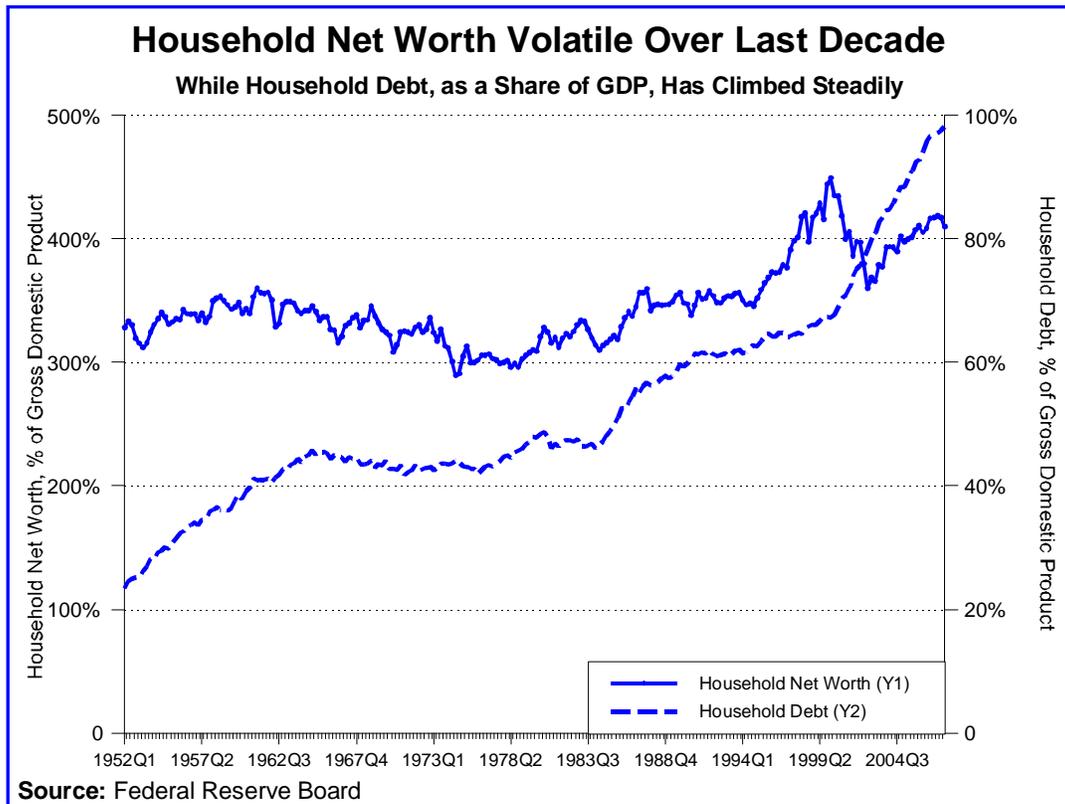
Source: Michigan Department of Labor and Economic Growth

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

	Feb. 2008	Jan. 2008	Dec. 2007	Nov. 2007	Year Ago Feb.	Percent Change From:	
						Feb./Jan.	Feb. 2008/ Feb. 2007
Motor Vehicle Sales¹⁾ (thousands of units, SAAR)							
Autos	7,337	7,269	7,869	7,975	7,480	0.9%	(1.9)%
Domestics	5,020	5,069	5,536	5,622	5,070	(1.0)	(1.0)
Imports	2,317	2,200	2,333	2,353	2,410	5.3	(3.9)
Import Share	31.6%	30.3%	29.6%	29.5%	32.2%	---	---
Light Trucks	7,976	7,996	8,293	8,162	9,019	(0.3)	(11.6)
Domestics	6,658	6,682	6,887	6,761	7,610	(0.4)	(12.5)
Imports	1,318	1,314	1,406	1,401	1,409	0.3	(6.5)
Import Share	16.5%	16.4%	17.0%	17.2%	15.6%	---	---
Subtotal: Light Vehicle Sales	15,313	15,265	16,162	16,137	16,499	0.3	(7.2)
Heavy Trucks	318	330	347	325	461	(3.6)	(31.0)
Total Vehicle Sales	15,631	15,595	16,509	16,462	16,960	0.2	(7.8)
U.S. Motor Vehicle Production¹⁾ (millions of units, SAAR)							
Autos	3,874	3,977	4,058	3,950	3,947	(2.6)	(1.9)
Michigan Motor Vehicle Production²⁾ (thousands of units, SAAR)							
Autos	1,101	1,119	925	1,138	973	(1.6)	13.3
Trucks	1,247	1,072	1,009	1,354	1,180	16.3	5.7
Total	2,349	2,192	1,934	2,491	2,152	7.2	9.1
Michigan Production as % of U.S.	22.5%	20.1%	22.2%	22.5%	20.5%	---	---
U.S. Motor Vehicle Inventories³⁾							
Total Car	1,481	1,430	1,394	1,476	1,636	3.5	(9.5)
Days Supply	64	69	55	63	67	(7.2)	(4.5)
Total Truck	1,981	1,886	1,855	1,998	1,931	5.0	2.6
Days Supply	83	89	66	84	69	(6.7)	20.3

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
Weekly Leading Index , monthly ¹⁾ (1992=100)	February	130.4	132.9	138.8	(1.9)%	(6.1)%
Coincident Index ¹⁾ (1992=100)	February	154.4	154.4	152.9	0.0	1.0
Housing Starts, U.S. ²⁾ (thousands of units, SAAR)	February	1,065	1,071	1,487	(0.6)	(28.4)
Retail Sales, U.S. ²⁾ (billions, seasonally adjusted)	February	\$342.0	\$343.9	\$334.1	(0.6)	2.4
Industrial Production Index ³⁾ (1997=100, seasonally adjusted)	February	111.9	112.5	110.5	(0.5)	1.3
Capacity Utilization ³⁾ (% of total capacity, seasonally adjusted)	February	80.4	81.0	80.9	(0.7)	(0.6)
Consumer Price Index ⁴⁾ (1982-84=100)						
U.S. (seasonally adjusted)	February	212.6	212.5	204.2	0.3	4.1
Detroit (not seasonally adjusted)	February	202.4	200.2	198.1	6.7	2.2
Interest Rates						
3-month Treasury Bill ³⁾	February	2.21%	2.86%	5.02%	---	---
Corporate Aaa Bonds ³⁾	February	5.53%	5.33%	5.39%	---	---
Real Gross Domestic Product ⁵⁾ (billions of 2000 \$, SAAR, Chain-Weighted)	2007 4th Qtr.	\$11,675.7	\$11,658.9	\$11,395.5	0.6	2.5
Michigan Tax Collections ⁶⁾ (12 major taxes, millions)	Feb. 2007	\$966.9	\$1,918.9	\$990.3	NM	(2.4)

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) Economic Cycle Research Institute. 2) U.S. Department of Commerce, Bureau of the Census. 3) Board of Governors of the Federal Reserve System. 4) U.S. Department of Labor, Bureau of Labor Statistics. 5) U.S. Department of Commerce, Bureau of Economic Analysis. 6) Michigan Department of Treasury and the Senate Fiscal Agency.

