

# 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 revised estimate for **inflation-adjusted Gross Domestic Product (GDP)** in the fourth quarter of 2008 lowered the annualized growth rate from a 3.8% decline to a 6.2% decline. The fourth quarter marked the first time since the first quarter of 1991 that real GDP declined in consecutive quarters and the steepest quarterly contraction since the first quarter of 1982. Among the major components of economic activity, only government spending exhibited an increase, rising at a 1.6% annual rate, and was insufficient to offset declines of 4.3% and 20.8% in consumption and investment, respectively.
- **Housing starts** fell 16.8% in January 2009 from the December level. December starts had previously marked the lowest level of activity in the monthly series, which began in January 1959. October 2008 through January 2009 rank as the four worst months in the series. January starts were 57.2% below the June 2008 level and down 79.5% from the January 2006 peak.
- **U.S. motor vehicle production** declined a seventh consecutive month in January, falling 56.1% from the December level and down 68.2% from the January 2008 level. January **light vehicle sales** were down 7.1% from the December 2008 level and 37.6% below the level one year ago.
- **U.S. employment** fell by 1.2 million jobs in January from the December level. The decline marked the largest drop in employment in the monthly series, which began in January 1948, and exceeded the 947,000 drop in March 1960 by nearly 300,000 jobs. Employment was down 4.2 million jobs from one year ago, pushing the **unemployment rate** to 7.6%, compared with 4.9% in January 2008. The unemployment rate would have been higher if 731,000 people had not also left the labor force between December and January.



- Seasonally adjusted **Michigan motor vehicle production** dropped markedly in January from the December level, reflecting both the decline in sales and the problems in capital markets. Total January production was down 70.5% from one year ago, with automobile production down 87.6%. Production was at the lowest level since at least January 1982, and 55.8% below the second lowest month (November 2008).
- **Building permits in Michigan** fell to new lows in 2008, with permits down more than 40.2% from the 2007 level. Permits totaled 10,623 in 2008, down 80.6% from the 2004 peak of 54,721 permits. Permits for single-unit dwellings fell by a similar magnitude, dropping 41.3% in 2008 from the 2007 level.
- Compared with January 2008, **average weekly earnings** were substantially lower in most sectors in January 2009. Average weekly earnings for the manufacturing sector were down 15.2%, with earnings in transportation equipment manufacturing down 19.6%. Earnings fell 6.4% in the wholesale trade sector, followed by a 4.2% decline in the health care/social assistance sector and a 4.0% drop in the professional/business services sector. Earnings in the financial activities sector exhibited a 5.0% increase, followed by a 4.0% gain in the information sector.



JANUARY 2009

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

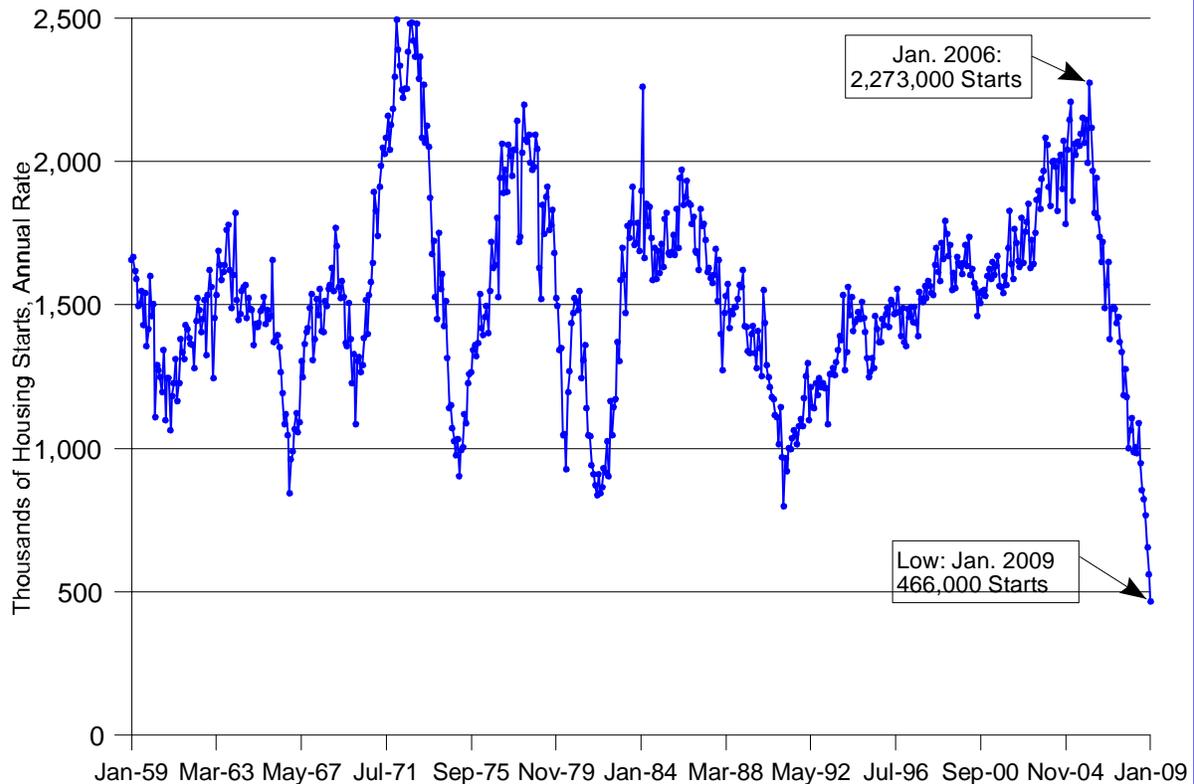
U.S.	Jan. 2009	Dec. 2008	Jan. 2008	Change from Dec.		Change from Year Ago	
				Number	Percent	Number	Percent
Labor Force	153,716	154,447	153,873	(731)	(0.5)%	(157)	(0.1)%
Employment	142,099	143,338	146,317	(1,239)	(0.9)	(4,218)	(2.9)
Unemployment	11,617	11,109	7,556	508	4.6	4,061	53.7
Unemployment Rate	7.6%	7.2%	4.9%	---	---	---	---

Michigan	Jan. 2009	Dec. 2008	Jan. 2008	Change from Dec.		Change from Year Ago	
				Number	Percent	Number	Percent
Labor Force	4,864	4,885	4,982	(20)	(0.4)%	(117)	(2.4)%
Employment	4,299	4,388	4,619	(89)	(2.0)	(319)	(6.9)
Unemployment	565	496	363	69	13.9	202	55.7
Unemployment Rate	11.6%	10.2%	7.3%	---	---	---	---

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

**U.S. Housing Starts at Lowest Level in Available History**



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

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

	Jan. 2009*	Dec. 2008	Jan. 2008	<u>Change from Dec.</u>		<u>Change from Yr Ago</u>	
				Number	Percent	Number	Percent
<b>Total Wage &amp; Salary Jobs</b>	3,977	4,038	4,241	(61)	(1.5)%	(264)	(6.2)%
<b>Goods Producing Industries</b>	645	695	777	(50)	(7.2)	(132)	(17.0)
Natural Resources & Mining	8	8	8	(0)	(2.5)	(0)	(1.3)
Construction	146	143	164	3	2.4	(18)	(10.8)
Manufacturing	491	544	605	(53)	(9.7)	(114)	(18.8)
Transportation Equipment	123	159	190	(36)	(22.6)	(66)	(35.0)
<b>Service Producing Industries</b>	3,333	3,344	3,465	(11)	(0.3)	(132)	(3.8)
Trade, Transportation & Utilities	735	743	784	(7)	(1.0)	(49)	(6.2)
Wholesale Trade	156	158	169	(2)	(1.1)	(13)	(7.6)
Retail Trade	464	465	488	(0)	(0.0)	(23)	(4.8)
Transportation & Utilities	115	120	127	(5)	(4.4)	(12)	(9.6)
Information	60	61	63	(1)	(1.3)	(3)	(4.9)
Financial Activities	197	199	209	(3)	(1.3)	(12)	(5.8)
Professional & Business Services	516	525	576	(9)	(1.7)	(60)	(10.4)
Education & Health Services	613	612	604	1	0.1	9	1.5
Leisure & Hospitality Services	389	391	403	(1)	(0.4)	(14)	(3.4)
Other Services	174	172	177	3	1.5	(3)	(1.5)
Government	648	641	649	7	1.1	(1)	(0.1)

**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>		
	Jan. 2009	Year Ago	Percent Change	Jan. 2009	Year Ago	Percent Change
Construction	33.8	34.6	(2.3)%	\$739.21	\$773.31	(4.4)%
Manufacturing	37.7	42.8	(11.9)	805.27	950.16	(15.2)
Durable Goods	38.3	45.0	(14.9)	890.48	1,072.35	(17.0)
Transportation Equipment Mfg.	35.4	44.6	(20.6)	1,014.21	1,261.73	(19.6)
Motor Vehicle Parts Mfg.	38.4	43.4	(11.5)	994.18	1,105.40	(10.1)
Nondurable Goods	35.9	36.1	(0.6)	558.60	573.99	(2.7)
Wholesale Trade	37.2	38.8	(4.1)	706.43	754.66	(6.4)
Retail Trade	29.1	30.1	(3.3)	363.46	370.53	(1.9)
Food & Beverage Stores	25.3	27.8	(9.0)	297.53	294.68	1.0
Information	32.0	33.2	(3.6)	752.00	721.44	4.2
Financial Activities	35.1	35.1	0.0	712.88	678.83	5.0
Professional & Business Services	33.4	33.9	(1.5)	658.31	685.46	(4.0)
Health Care & Social Assistance	33.8	35.3	(4.2)	596.23	622.69	(4.2)
Leisure & Hospitality	21.3	21.6	(1.4)	192.98	198.72	(2.9)
Accommodation & Food Services	21.5	21.6	(0.5)	190.28	194.18	(2.0)

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

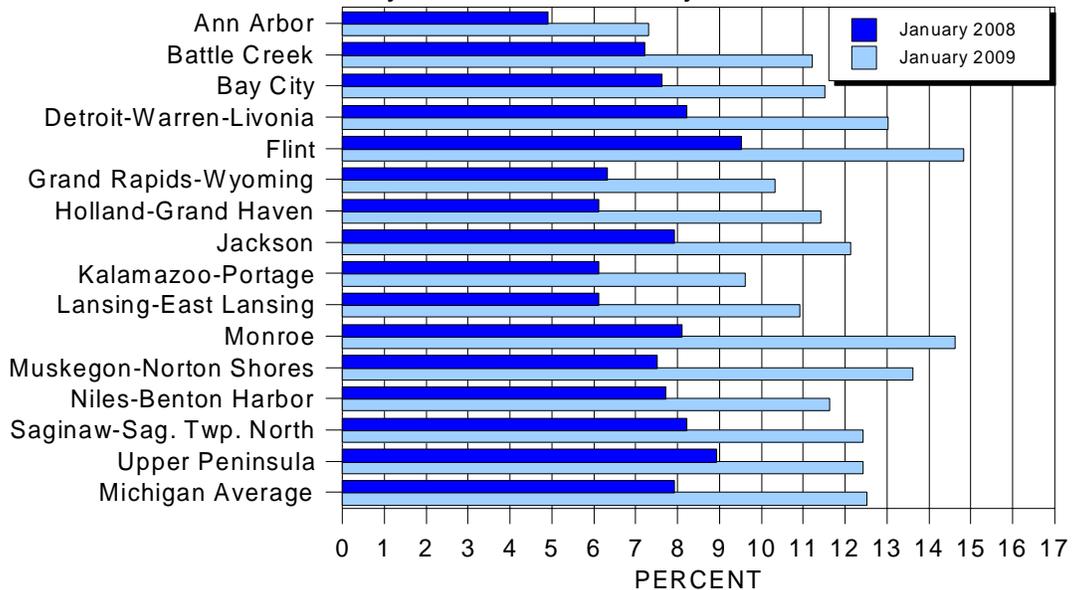
**MICHIGAN UNEMPLOYMENT RATES  
 BY SELECTED METROPOLITAN AREAS AND MULTI-COUNTY AREAS  
 (Not Adjusted for Seasonal Variations)**

	Jan. 2009	Dec. 2008	Nov. 2008	Jan. 2008
<b>Metropolitan Statistical Areas</b>				
Ann Arbor	7.3%	6.9%	6.0%	4.9%
Battle Creek	11.2	9.6	8.2	7.2
Bay City	11.5	9.7	8.3	7.6
Detroit-Warren-Livonia	13.0	10.6	9.8	8.2
Flint	14.8	12.1	11.4	9.5
Grand Rapids-Wyoming	10.3	9.0	7.8	6.3
Holland-Grand Haven	11.4	9.3	7.8	6.1
Jackson	12.1	11.0	9.5	7.9
Kalamazoo-Portage	9.6	8.9	7.4	6.1
Lansing-East Lansing	10.9	8.4	7.2	6.1
Monroe	14.6	11.3	9.5	8.1
Muskegon-Norton Shores	13.6	11.6	10.0	7.5
Niles-Benton Harbor	11.6	10.2	8.8	7.7
Saginaw-Saginaw Twp North	12.4	10.2	9.0	8.2
<b>Multi-County Areas</b>				
Northeast Lower Michigan	17.0	15.2	12.4	12.5
Northwest Lower Michigan	13.8	12.2	10.4	9.2
Upper Peninsula	12.4	11.4	9.4	8.9
<b>Michigan Statewide Average</b>				
-- Unadjusted (comparable to figures shown above)	12.5	10.5	9.3	7.9

**Source:** Michigan Department of Labor and Economic Growth \*Preliminary

**Michigan Regional Unemployment Rates**

January 2008 and January 2009



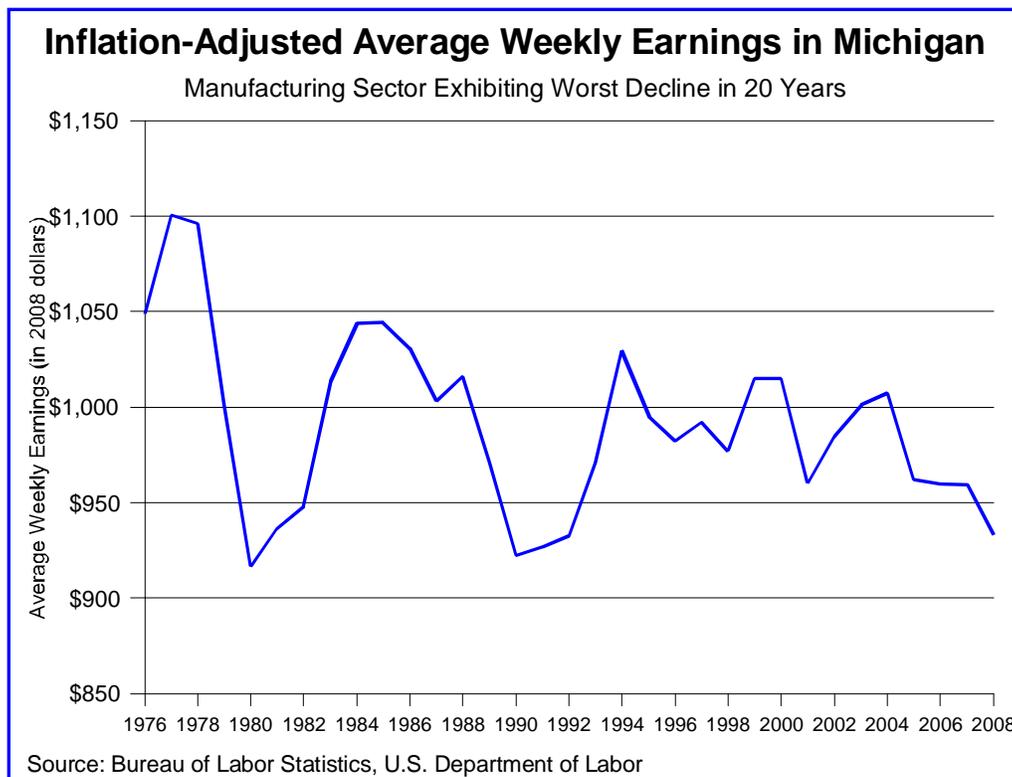
**Source:** Michigan Department of Labor and Economic Growth

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

	Jan. 2009	Dec. 2008	Nov. 2008	Oct. 2008	Year Ago Jan.	Percent Change From:	
						Jan./Dec.	Jan. 2009/ Jan. 2008
<b>Motor Vehicle Sales<sup>1)</sup></b> <b>(thousands of units, SAAR)</b>							
Autos	4,586	5,198	4,960	5,570	7,345	(11.8)%	(37.6)%
Domestics	2,911	3,618	3,286	3,763	5,105	(19.5)	(43.0)
Imports	1,675	1,580	1,674	1,807	2,240	6.0	(25.2)
Import Share	36.5%	30.4%	33.8%	32.4%	30.5%	---	---
Light Trucks	4,957	5,070	5,178	4,946	7,955	(2.2)	(37.7)
Domestics	3,968	4,135	4,266	4,043	6,637	(4.0)	(40.2)
Imports	989	935	912	903	1,318	5.8	(25.0)
Import Share	20.0%	18.4%	17.6%	18.3%	16.6%	---	---
Subtotal: Light Vehicle Sales	9,543	10,268	10,138	10,516	15,300	(7.1)	(37.6)
Heavy Trucks	211	257	277	267	323	(17.9)	(34.7)
Total Vehicle Sales	9,754	10,525	10,415	10,783	15,623	(7.3)	(37.6)
<b>U.S. Motor Vehicle Production<sup>1)</sup></b> <b>(millions of units, SAAR)</b>							
Autos	1,256	2,860	3,416	3,835	3,946	(56.1)	(68.2)
<b>Michigan Motor Vehicle Production<sup>2)</sup></b> <b>(thousands of units, SAAR)</b>							
Autos	134	853	740	938	1,082	(84.3)	(87.6)
Trucks	504	713	703	946	1,084	(29.3)	(53.5)
Total	639	1,567	1,443	1,883	2,166	(59.2)	(70.5)
Michigan Production as % of U.S.	16.7%	22.6%	22.3%	22.9%	20.1%	---	---
<b>U.S. Motor Vehicle Inventories<sup>3)</sup></b>							
Total Car	1,627	1,734	1,685	1,495	1,430	(6.2)	13.7
Days Supply	130	102	113	91	69	27.5	88.4
Total Truck	1,357	1,489	1,593	1,617	1,886	(8.9)	(28.1)
Days Supply	106	85	106	111	89	24.7	19.1

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)	Jan.	61.2	60.1	78.4	1.8%	(21.9)%
<b>Oil Prices</b> <sup>2)</sup> (\$ per barrel, West Texas Intermediate Crude)	Jan.	\$41.74	\$41.02	\$92.95	1.8	(55.1)
<b>Housing Starts, U.S.</b> <sup>3)</sup> (thousands of units, SAAR)	Jan.	466	560	1,064	(16.8)	(56.2)
<b>Retail Sales, U.S.</b> <sup>3)</sup> (billions, seasonally adjusted)	Jan.	\$308.5	\$302.9	\$343.7	1.9	(10.3)
<b>Industrial Production Index</b> <sup>4)</sup> (1997=100, seasonally adjusted)	Jan.	101.3	103.2	112.6	(1.8)	(10.0)
<b>Capacity Utilization</b> <sup>4)</sup> (% of total capacity, seasonally adjusted)	Jan.	72.0	73.3	81.0	(1.8)	(11.1)
<b>Consumer Price Index</b> <sup>5)</sup> (1982-84=100)						
U.S. (seasonally adjusted)	Jan.	212.2	211.6	212.5	3.4	(0.2)
Detroit (not seasonally adjusted)	Dec.	198.0	205.2	200.2	(19.4)	(1.1)
<b>Interest Rates</b>						
3-month Treasury Bill <sup>4)</sup>	Jan.	0.12%	0.04%	2.86%	---	---
Corporate Aaa Bonds <sup>4)</sup>	Jan.	5.05%	5.08%	5.33%	---	---
<b>Real Gross Domestic Product</b> <sup>6)</sup> (billions of 2000 \$, SAAR, Chain-Weighted)	2008 4th Qtr.	\$11,525.0	\$11,712.4	\$11,620.7	(6.2)	(0.8)
<b>Michigan Tax Collections</b> <sup>7)</sup> (12 major taxes, millions)	Jan. 2008	\$1,951.6	\$1,686.4	\$1,918.9	NM	1.7

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.

