

MICHIGAN ECONOMIC INDICATORS

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

ECONOMIC HIGHLIGHTS



United States

- The final estimate of **inflation-adjusted Gross Domestic Product** lowered the preliminary estimate of growth in the 4th quarter of 2000 from 1.1% to 1.0%, the slowest rate since the 2nd quarter of 1995. The slowdown reflects slower consumer spending on goods, reduced exports, and nonresidential fixed investment, which were not offset by higher Federal spending and increased consumer spending on services. In addition, inventories declined for the second consecutive quarter and imports fell.
- **Motor vehicle sales** rose again in February, but were still 8.3% below last year's unusually high level. Sales of heavy trucks declined between January and February, while sales of imported automobiles declined for the second month in a row. Despite the rise in sales overall, U.S. **motor vehicle production** fell 8.5% in February, on a seasonally adjusted annual basis, and was 17.2% below last February's level. Because production did not keep pace with sales, motor vehicle inventories fell sharply in February.
- **Short-term interest rates** fell again in February, the third consecutive month of declines, to the lowest level since October 1999. Rates on AAA-rated corporate bonds fell for the fifth month in a row, to the lowest level since May 1999. Consumer borrowing remained stable in spite of the lower interest rates, while commercial and industrial borrowing increased at an annual rate of 9.7%. The value of new construction put in place in February was 2.2% above the February 2000 level.
- While the **unemployment rate** remained at 4.2% in February, both the number of people in the labor force and the number of people working declined. Virtually all of the weakness in employment occurred in the manufacturing sector.

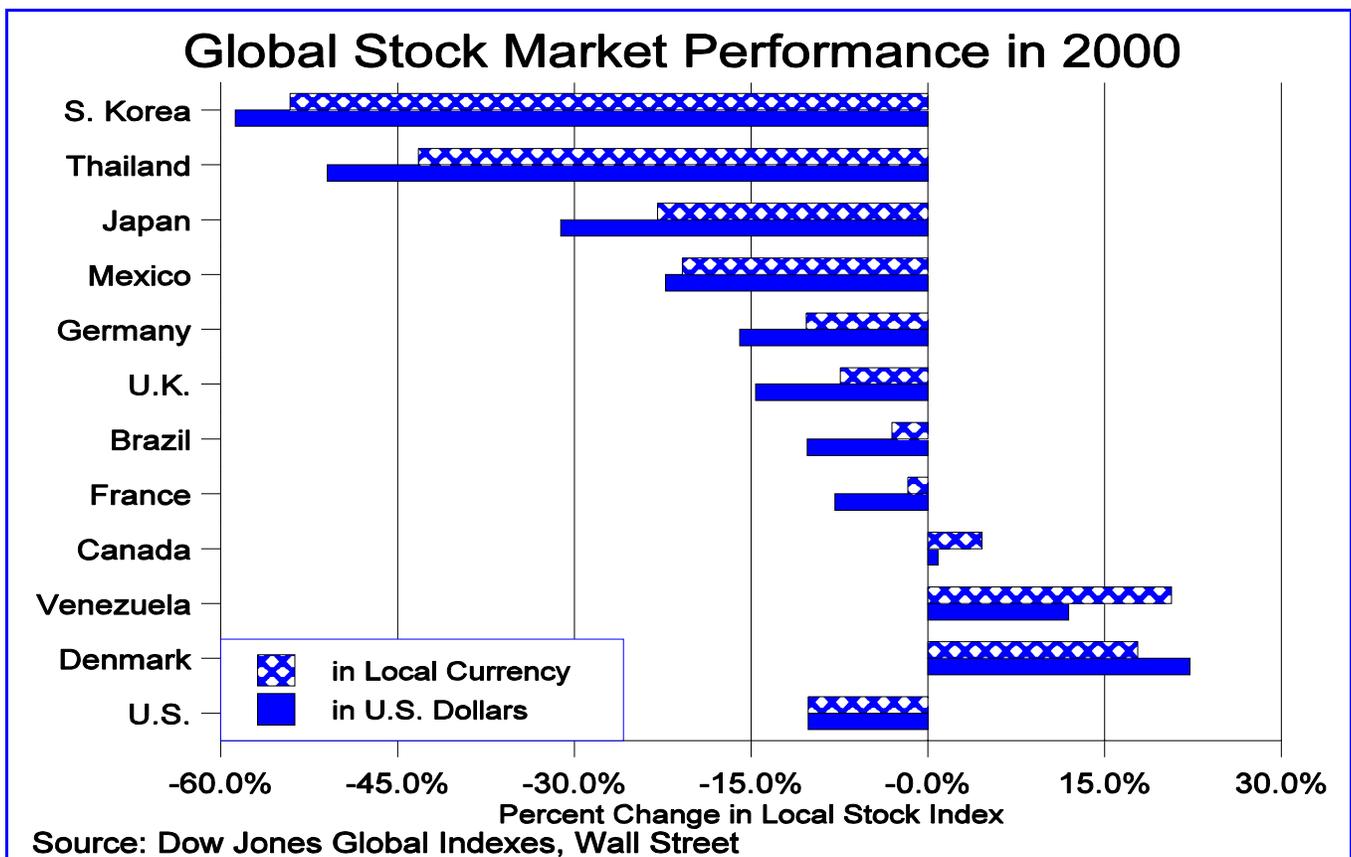


Michigan

- **Michigan's unemployment rate** also remained stable in February, at 4.5%, although both the size of the Michigan labor force and the number of people employed increased. Unemployment rates continued to rise in most nonmetropolitan areas in February, but fell in most major urban markets, including Flint and Detroit. Among Michigan's metropolitan areas, Grand Rapids and Saginaw experienced the largest percentage point increases in the unemployment rate, while the Detroit and Flint areas reported the largest declines.
- The U.S. Bureau of the Census reported that Michigan's **population** grew by 6.9% between 1990 and 2000. Although Michigan's growth was the strongest growth between decennial censuses since 1970, the growth still ranked below the double-digit growth posted each decade over the 1940-1970 period and 38 other states grew more rapidly.
- **Average weekly hours** and **average weekly earnings** continued to be below year-ago levels in most sectors during January. Food stores remained the most notable exception, with hours up 9.0% and weekly earnings 15.4% above the January 2000 level. Motor vehicle manufacturing hours were 11.5% below the January 2000 level, while average weekly earnings were 7.7% lower.

U.S. & MICHIGAN LABOR MARKET NEWS (Seasonally Adjusted, Thousands)							
U.S.	Feb.	Jan.	Feb.	Change From Jan.		Change From Year Ago	
	2001	2000	2000	Number	Percent	Number	Percent
Labor Force	141,751	141,955	140,860	(204)	(0.1)%	891	0.6%
Employment	135,815	135,999	135,120	(184)	(0.1)	695	0.5
Unemployment	5,936	5,956	5,740	(20)	(0.3)	196	3.4
Unemployment Rate	4.2%	4.2%	4.1%	---	---	---	---
Michigan	Feb.	Jan.	Feb.	Change From Jan.		Change From Year Ago	
	2001	2001	2000	Number	Percent	Number	Percent
Labor Force	5,248	5,235	5,176	13	0.3%	72	1.4%
Employment	5,009	5,000	5,005	10	0.2	4	0.1
Unemployment	239	235	171	3	1.4	68	40.0
Unemployment Rate	4.5%	4.5%	3.3%	---	---	---	---

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



MICHIGAN WAGE AND SALARY EMPLOYMENT (Seasonally Adjusted, Thousands)							
	Feb.	Jan.	Feb.	Change from Jan.		Change from Yr Ago	
	2001*	2001	2000	Number	Percent	Number	Percent
Wage and Salary Employment	4,700	4,679	4,652	21	0	48	1
Goods Producing Industries	1,184	1,171	1,196	13	1	(12)	(1)
Mining	8	8	7	0	0	1	14
Construction	217	213	207	4	2	10	5
Manufacturing	959	950	982	9	1	(23)	(2)
Durable Goods	729	721	749	8	1	(20)	(3)
Motor Vehicles & Equipment	271	261	287	10	4	(16)	(6)
Nondurable Goods	230	229	233	1	0	(3)	(1)
Service Producing Industries	3,516	3,509	3,457	7	0	59	2
Trans., Comm. & Utilities	182	182	181	(0)	(0)	1	0
Wholesale Trade	242	243	239	(1)	(0)	4	1
Retail Trade	865	857	849	8	1	16	2
Finance, Insurance & Real Estate	208	207	206	1	0	2	1
Services	1,329	1,330	1,308	(1)	(0)	21	2
Government	690	691	676	(1)	(0)	14	2

Source: Michigan Department of Career Development - Employment Service Agency * Preliminary

MICHIGAN AVERAGE WEEKLY HOURS AND EARNINGS (Not Adjusted For Seasonal Variations)						
Industry	Average Weekly Hours			Average Weekly Earnings		
	Jan. 2001	Year Ago	Percent Change	Jan. 2000	Year Ago	Percent Change
Mining	44.1	44.5	(0.9)%	\$752.79	\$764.96	(1.6)%
Construction	37.8	38.2	(1.0)	833.49	814.04	2.4
Manufacturing	41.4	44.4	(6.8)	794.47	844.93	(6.0)
Durable Goods	41.4	45.1	(8.2)	846.22	909.67	(7.0)
Motor Vehicles & Equipment	41.4	46.8	(11.5)	1,097.10	1,188.25	(7.7)
Nondurable Goods	41.3	41.9	(1.4)	623.22	626.41	(0.5)
Wholesale Trade	39.1	40.9	(4.4)	677.21	704.30	(3.8)
Selected Retail Trade:						
General Merchandise Stores	26.8	28.4	(5.6)	271.48	280.02	(3.0)
Department Stores	26.3	28.1	(6.4)	265.37	277.35	(4.3)
Food Stores	25.5	23.4	9.0	228.23	197.73	15.4
Auto Dealers & Service Stations	33.8	33.7	0.3	404.25	427.32	(5.4)
Selected Services:						
Depository Institutions	35.4	35.7	(0.8)	402.50	396.98	1.4
Business Services	33.8	35.4	(4.5)	524.91	515.42	1.8
Health Services	32.3	32.2	0.3	523.91	521.64	0.4
Engineering & Management	38.0	38.5	(1.3)	740.62	704.55	5.1

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

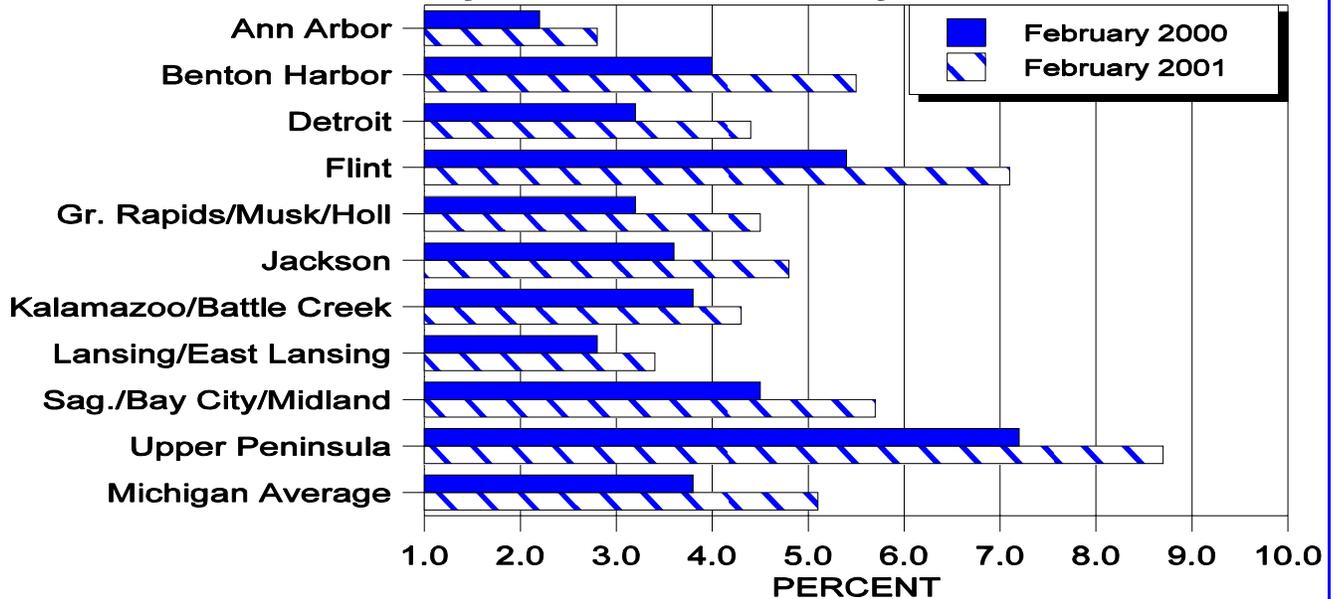
**MICHIGAN UNEMPLOYMENT RATES
BY SELECTED METROPOLITAN AREAS AND MULTI-COUNTY AREAS
(Not Adjusted for Seasonal Variations)**

	Feb. 2001*	Jan. 2001	Dec. 2000	Feb. 2000
Metropolitan Statistical Areas				
Ann Arbor	2.8%	2.7%	1.8%	2.2%
Benton Harbor	5.5	5.5	3.7	4.0
Detroit	4.4	5.0	3.0	3.2
Flint	7.1	7.6	4.5	5.4
Grand Rapids	4.5	4.1	2.9	3.2
Jackson	4.8	4.7	3.0	3.6
Kalamazoo-Battle Creek	4.3	4.5	3.3	3.8
Lansing-East Lansing	3.4	3.3	2.4	2.8
Saginaw-Bay City-Midland	5.7	5.4	3.6	4.5
Multi-County Areas				
Alcona-Iosco	12.0	11.7	8.5	8.9
Grand Traverse-Leelanau	7.2	6.3	4.4	5.6
Houghton-Keweenaw	7.8	7.0	5.7	6.3
Missaukee-Wexford	13.4	13.7	7.2	6.9
Upper Peninsula	8.7	7.9	6.6	7.2
Michigan Statewide Average				
--Unadjusted (comparable to figures shown above)	5.1	5.2	3.4	3.8

Source: Michigan Department of Career Development - Employment Service Agency

* Preliminary

**Michigan Regional Unemployment Rates
February 2000 and February 2001**



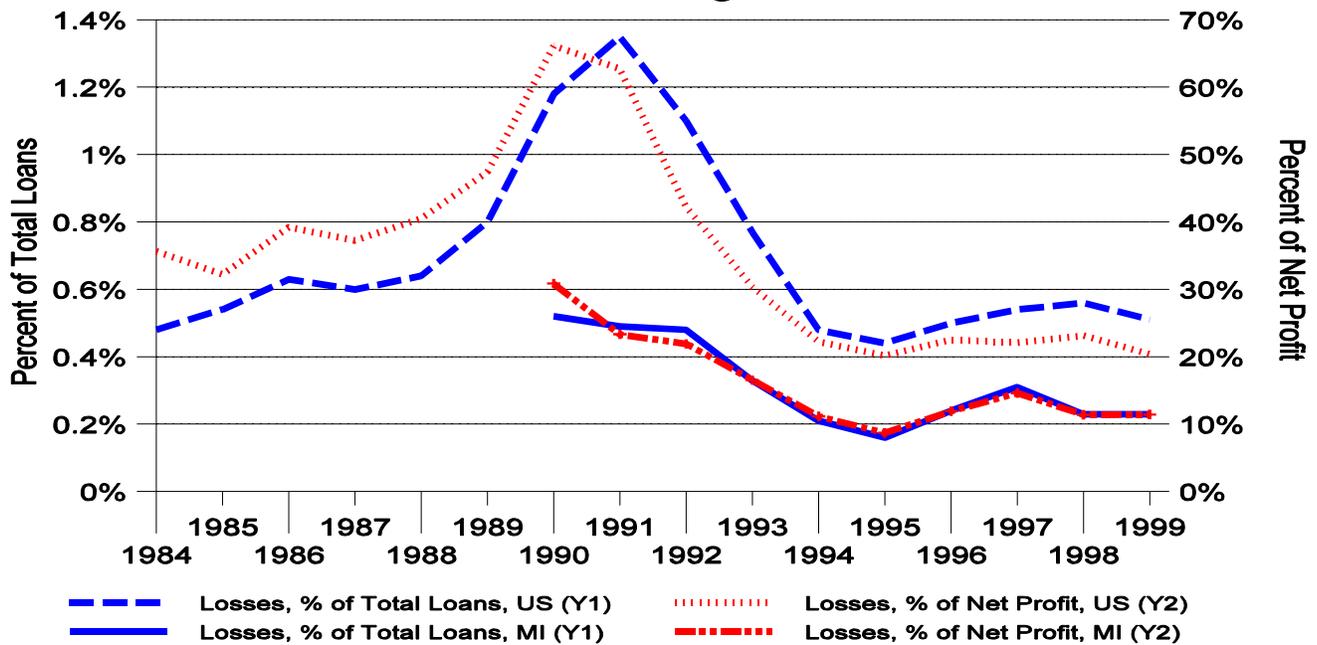
Source: Michigan Department of Career Development - Employment Service Agency

MOTOR VEHICLE SALES AND PRODUCTION STATISTICS
(Thousands of Units)

	Feb. 2001	Jan. 2001	Dec. 2000	Nov. 2000	Year Ago Nov.	Percent Change From:	
						Feb./Jan.	Feb. 2001/ Feb. 2000
Motor Vehicle Sales^{1,2)}							
Autos	9,004	8,787	7,848	8,477	9,625	2.5%	(6.5)%
Domestics	7,002	6,713	5,759	6,457	7,536	4.3	(7.1)
Imports	2,002	2,074	2,089	2,020	2,089	(3.5)	(4.2)
Import Share	22.2%	23.6%	26.6%	23.8%	21.7%	---	---
Light Trucks	8,370	8,210	7,458	7,963	9,207	1.9	(9.1)
Domestics	7,460	7,304	6,603	7,095	8,326	2.1	(10.4)
Imports	910	906	855	868	881	0.4	3.3
Import Share	10.9%	11.0%	11.5%	10.9%	9.6%	---	---
Heavy Trucks	477	494	492	481	639	(3.4)	(25.4)
Total	17,851	17,491	15,798	16,921	19,471	2.1	(8.3)
U.S. Motor Vehicle Production^{1,2)}							
Autos	4,592	5,021	4,762	4,975	5,546	(8.5)	(17.2)
Michigan Motor Vehicle Production^{2,3)}							
Autos	1,644	1,827	1,398	1,612	2,166	(10.0)	(24.1)
Trucks	870	900	909	1,014	1,271	(3.3)	(31.5)
Total	2,514	2,727	2,308	2,626	3,437	(7.8)	(26.8)
Michigan Production as % of U.S.	26.1%	25.4%	22.4%	22.5%	25.7%	---	---
U.S. Motor Vehicle Inventories⁴⁾							
Total Car	1,740	1,750	1,756	1,702	1,714	(0.6)	1.5
Days Supply	58	74	70	69	55	(21.6)	5.5
Total Truck	1,984	2,009	2,046	2,086	1,951	(1.2)	1.7
Days Supply	75	93	83	84	67	(19.4)	11.9

Sources: 1) U.S. Department of Commerce, Bureau of Economic Analysis. 2) SAAR = Seasonally Adjusted at Annual Rates. 3) Michigan Department of Treasury, Office of Revenue and Tax Analysis and the Senate Fiscal Agency. 4) Automotive News, Crain Communications, Inc. (ending inventory)

Loans Losses at US and Michigan Financial Institutions



Source: Federal Deposit Insurance Corporation

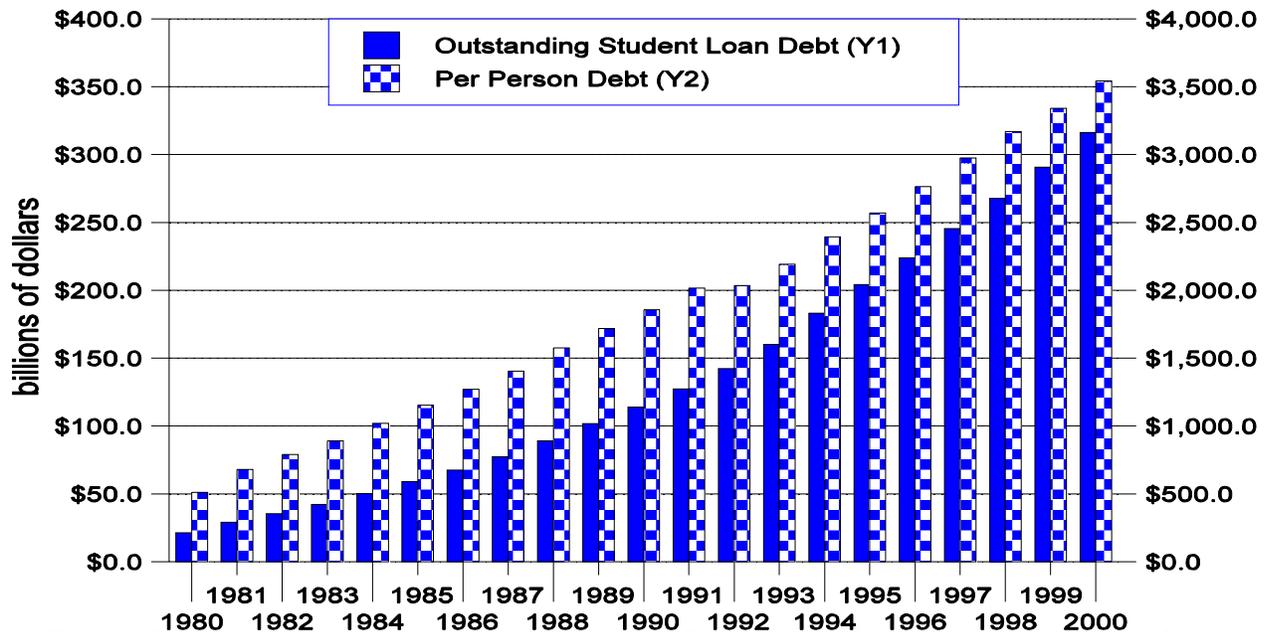
OTHER KEY ECONOMIC INDICATORS

Variable	Latest Period	Actual Data			Percent Change From:	
		Latest Period	Previous Period	Year Ago	Previous Period	Year Ago
Composite Index of Leading Indicators¹⁾ (1992=100, seasonally adjusted)	February	108.8	109.0	110.3	(0.2)%	(1.4)%
Composite Index of Coincident Indicators¹⁾ (1992=100, seasonally adjusted)	February	116.5	116.4	114.5	0.1	1.7
Housing Starts, U.S.²⁾ (thousands of units, SAAR)	February	1,647	1,653	1,822	(0.4)	(9.6)
Retail Sales, U.S.²⁾ (billions, seasonally adjusted)	February	\$274.5	\$275.0	\$267.3	(0.2)	2.7
Industrial Production Index³⁾ (1992=100)	February	146.0	146.8	144.3	(0.5)	1.2
Consumer Price Index⁴⁾ (1982-84=100)						
U.S.	February	175.8	175.1	169.8	0.4	3.5
Detroit	February	173.2	171.7	167.3	0.9	3.5
Interest Rates³⁾						
3-month Treasury Bill	February	4.93%	5.27%	5.57%	---	---
Corporate Aaa Bonds	February	7.10%	7.10%	7.68%	---	---
Real Gross Domestic Product⁵⁾ (billions of 1996 \$, SAAR)	2000 4th Qtr.	\$9,393.7	\$9,369.5	\$9,084.1	1.0	3.4
Michigan Tax Collections⁶⁾ (12 major taxes, millions)	Feb. 2001	\$1,522.0	\$2,083.7	\$1,619.7	NM	(6.0)

SAAR = Seasonally Adjusted at Annual Rates. NM = Not Meaningful.
Revenue data vary greatly from month-to-month due to timing and other noneconomic factors.

Sources: 1) Conference Board. 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.

Student Loan Debt, 1980-2000



Note: Outstanding student loan debt per person computed on portion of population age 25 or older with one or more years of college education. Excludes consolidated loans and certain PLUS & SLS loans.
Source: Bureau of the Census, U.S. Department of Commerce and U.S. Department of Education.