

MICHIGAN ECONOMIC INDICATORS

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

ECONOMIC HIGHLIGHTS



United States

- The final estimate in **inflation-adjusted Gross Domestic Product** showed growth of 1.7% in the fourth quarter of 2001, compared with a decline of 1.3% during the third quarter. The growth rate reflected strong growth in consumer and government spending that more than offset declines in investment and net exports. Inflation-adjusted investment fell 23.5%, the sixth consecutive quarter of decline and the fourth consecutive quarter in which the decline exceeded 10.0%. However, inflation-adjusted consumption spending rose at an annual rate of 6.1% while government spending grew 10.2%.
- **Capacity utilization** rose slightly in February, to 74.8%, the second increase in as many months. The February increase marked the first time since June 2000 that capacity utilization had risen two months in a row.
- **Motor vehicle sales** rose 1.0% in February, after falling 4.1% in January, while **motor vehicle production** increased 7.7%. Automobile sales were 5.8% higher than in January, but were still 10.9% below the level one year ago. Sales of domestic automobiles rose faster than sales of imported automobiles. Light trucks showed exactly the opposite behavior, with February sales down 2.8% from January but 3.5% above the level one year ago, and sales of imported light trucks falling less than sales of domestic trucks.
- The **U.S. Consumer Price Index** rose 0.2% in February, reflecting an annual rate of 2.7%. Compared with February 2001, prices were up only 1.1% in February. The energy component of the index declined 0.8% in February while the apparel component rose 0.5%. After excluding food and energy prices, the index rose 0.3% in February and was 2.6% above the year-ago level.



Michigan

- The **unemployment rate** rose from 6.2% in December 2001 to 6.5% in January 2002 and was considerably above the year-ago level of 4.6%. Compared with one year ago, there were 65,000 fewer jobs and 103,000 more people unemployed.
- The **Detroit Consumer Price Index** rose sharply in February and was 1.6% above the level in December 2001. If prices continued to rise at this rate for the rest of the year, the increase would translate to a 9.7% annualized inflation rate. However, prices in February were only 1.7% above the level one year ago.
- **Average weekly earnings** in January were generally above the level in January 2001, with earnings in the motor vehicle manufacturing sector 12.1% above the level one year ago. Compared with year-ago levels, only the wholesale trade, mining and construction sectors exhibited declines in both **average weekly hours** and average weekly earnings in January.

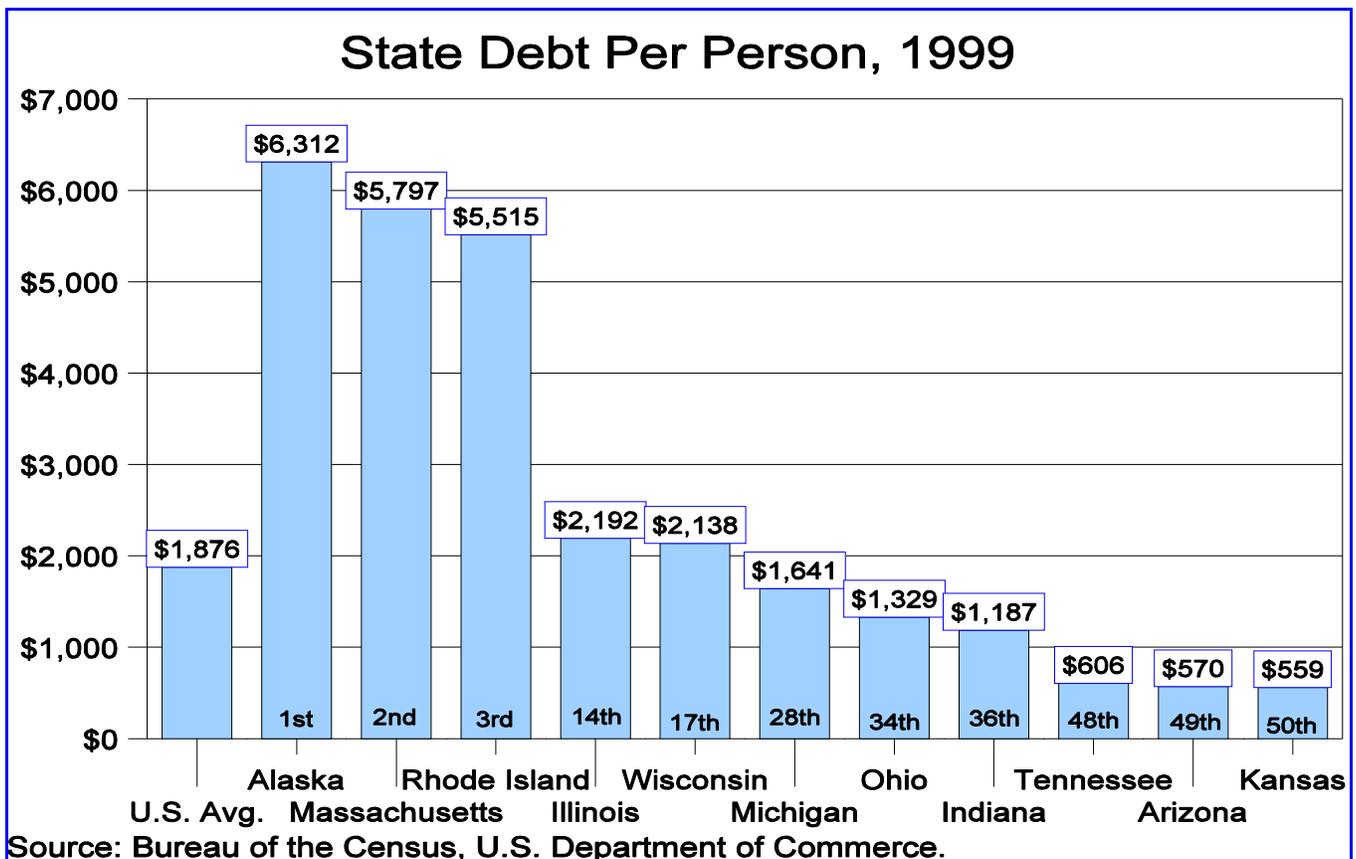


MARCH 2002

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U.S. & MICHIGAN LABOR MARKET NEWS (Seasonally Adjusted, Thousands)							
U.S.	Feb.	Jan.	Feb.	Change From Jan.		Change From Year Ago	
	2002	2001	2001	Number	Percent	Number	Percent
Labor Force	142,211	141,390	141,622	821	0.6%	589	0.4%
Employment	134,319	133,468	135,734	851	0.6	(1,415)	(1.0)
Unemployment	7,891	7,922	5,888	(31)	(0.4)	2,003	34.0
Unemployment Rate	5.5%	5.6%	4.2%	---	---	---	---
Michigan	Jan.	Dec.	Jan.	Change From Nov.		Change From Year Ago	
	2002	2001	2001	Number	Percent	Number	Percent
Labor Force	5,218	5,180	5,180	38	0.7%	38	0.7%
Employment	4,877	4,858	4,942	19	0.4	(65)	(1.3)
Unemployment	341	322	238	19	6.0	103	43.1
Unemployment Rate	6.5%	6.2%	4.6%	---	---	---	---

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



MICHIGAN WAGE AND SALARY EMPLOYMENT (Seasonally Adjusted, Thousands)							
	Jan.	Dec.	Jan	Change from Dec.		Change from Yr Ago	
	2002*	2001	2001	Number	Percent	Number	Percent
Wage and Salary Employment	4,558	4,556	4,614	2	0%	(57)	(1)%
Goods-Producing Industries	1,115	1,121	1,145	(6)	(1)	(30)	(3)
Mining	7	8	7	(1)	(8)	(0)	(5)
Construction	201	202	203	(1)	(1)	(2)	(1)
Manufacturing	907	911	935	(4)	(0)	(28)	(3)
Durable Goods	686	692	710	(5)	(1)	(23)	(3)
Motor Vehicles & Equipment	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Nondurable Goods	221	219	225	1	1	(5)	(2)
Service-Producing Industries	3,443	3,434	3,469	8	0	(26)	(1)
Trans., Comm. & Utilities	178	180	183	(1)	(1)	(5)	(3)
Wholesale Trade	218	220	223	(2)	(1)	(5)	(2)
Retail Trade	841	839	860	2	0	(20)	(2)
Finance, Insurance & Real Estate	209	211	207	(1)	(1)	2	1
Services	1,296	1,294	1,310	3	0	(14)	(1)
Government	700	691	685	9	1	15	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. 2002	Year Ago	Percent Change	Jan. 2002	Year Ago	Percent Change
Mining	40.1	44.4	(9.7)%	\$672.08	\$760.13	(11.6)%
Construction	37.2	38.7	(3.9)	828.82	861.08	(3.7)
Manufacturing	42.0	41.3	1.7	840.00	797.09	5.4
Durable Goods	42.6	41.3	3.1	906.53	850.37	6.6
Motor Vehicles & Equipment	45.0	41.2	9.2	1,226.25	1,093.86	12.1
Nondurable Goods	40.3	41.3	(2.4)	627.07	620.74	1.0
Wholesale Trade	37.0	38.9	(4.9)	633.81	668.30	(5.2)
Selected Retail Trade:						
General Merchandise Stores	27.8	26.7	4.1	289.95	270.74	7.1
Department Stores	27.3	26.2	4.2	282.01	264.88	6.5
Food Stores	25.8	25.7	0.4	242.52	231.04	5.0
Auto Dealers & Service Stations	33.2	33.7	(1.5)	435.92	402.72	8.2
Selected Services:						
Depository Institutions	34.9	34.8	0.3	413.57	394.63	4.8
Business Services	32.4	33.5	(3.3)	545.62	524.61	4.0
Health Services	32.5	32.2	0.9	532.35	523.57	1.7
Engineering & Management	37.5	38.3	(2.1)	771.00	740.34	4.1

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

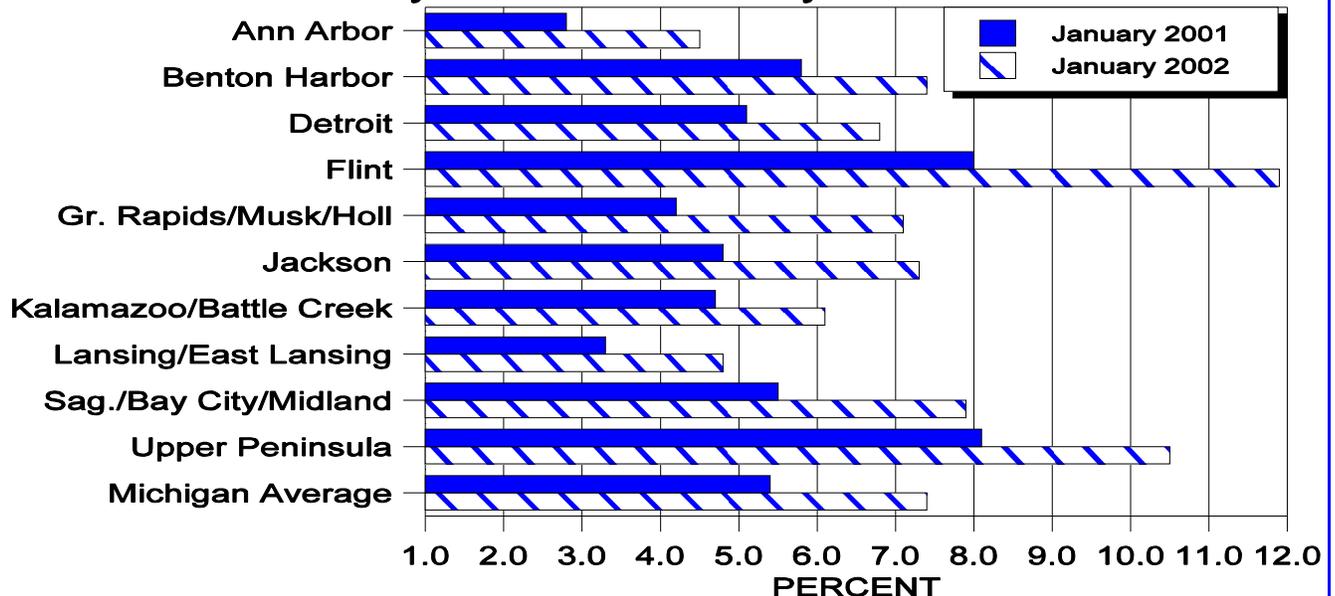
**MICHIGAN UNEMPLOYMENT RATES
BY SELECTED METROPOLITAN AREAS AND MULTI-COUNTY AREAS
(Not Adjusted for Seasonal Variations)**

	Jan. 2002*	Dec. 2001	Nov. 2001	Jan. 2001
Metropolitan Statistical Areas				
Ann Arbor	4.5%	3.5%	3.3%	2.8%
Benton Harbor	7.4	6.2	5.5	5.8
Detroit	6.8	5.4	5.1	5.1
Flint	11.9	7.5	7.5	8.0
Grand Rapids	7.1	5.9	5.3	4.2
Jackson	7.3	6.5	5.5	4.8
Kalamazoo-Battle Creek	6.1	5.1	4.5	4.7
Lansing-East Lansing	4.8	3.8	3.2	3.3
Saginaw-Bay City-Midland	7.9	5.8	5.2	5.5
Multi-County Areas				
Northeast Lower Michigan	13.9	11.1	N/A	12.1
Northwest Lower Michigan	9.6	7.8	N/A	8.5
Upper Peninsula	10.5	8.8	6.8	8.1
Michigan Statewide Average				
--Unadjusted (comparable to figures shown above)	7.4	5.8	5.3	5.4

Source: Michigan Department of Career Development - Employment Service Agency

* Preliminary

**Michigan Regional Unemployment Rates
January 2001 and January 2002**



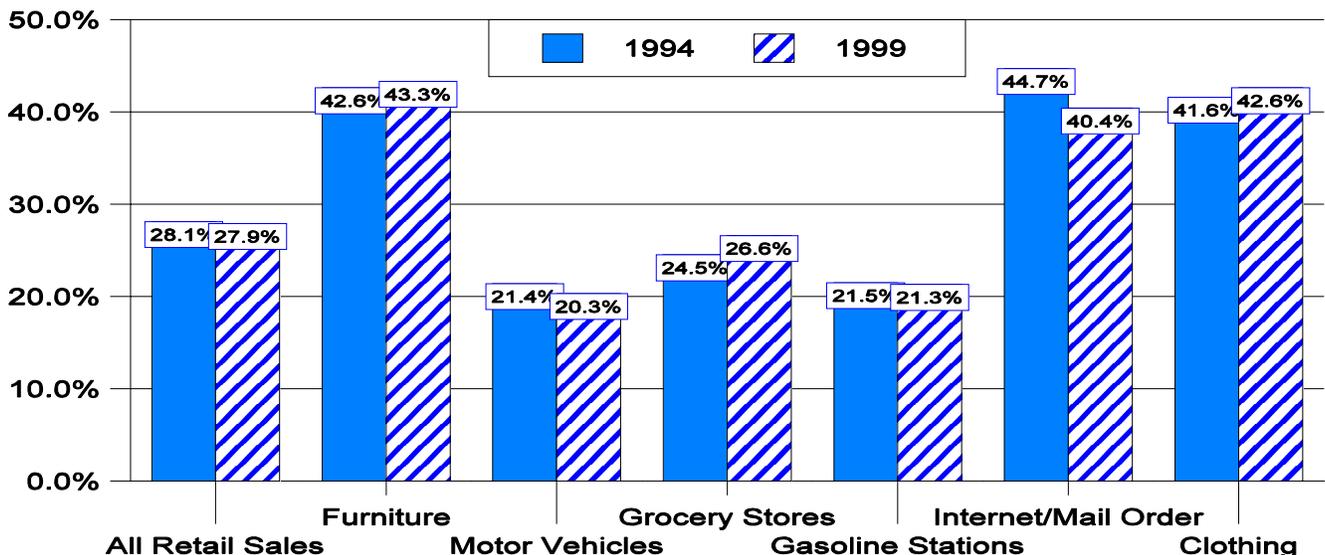
Source: Michigan Department of Career Development - Employment Service Agency

MOTOR VEHICLE SALES AND PRODUCTION STATISTICS
(Thousands of Units)

	Feb. 2002	Jan. 2002	Dec. 2001	Nov. 2001	Year Ago Feb.	Percent Change From:	
						Feb./Jan.	Feb. 2002/ Feb. 2001
Motor Vehicle Sales^{1,2)}							
Autos	7,870	7,576	7,440	8,584	8,836	5.8%	(10.9)%
Domestics	5,614	5,328	5,207	6,280	6,821	7.8	(17.7)
Imports	2,256	2,248	2,233	2,304	2,015	1.0	12.0
Import Share	28.7%	29.7%	30.0%	26.8%	22.8%	----	----
Light Trucks	8,595	8,051	8,846	9,241	8,305	(2.8)	3.5
Domestics	7,570	6,961	7,801	8,204	7,392	(3.0)	2.4
Imports	1,025	1,090	1,045	1,037	913	(1.9)	12.3
Import Share	11.9%	13.5%	11.8%	11.2%	11.0%	----	----
Heavy Trucks	458	449	470	439	471	(2.6)	(2.8)
Total	16,923	16,076	16,756	18,264	17,612	1.0	(3.9)
U.S. Motor Vehicle Production^{1,2)}							
Autos	5,341	5,222	4,960	4,825	4,772	7.7	11.9
Michigan Motor Vehicle Production^{2,3)}							
Autos	1,967	2,095	1,779	1,638	1,633	10.5	20.4
Trucks	816	1,217	1,000	1,041	917	(18.4)	(11.0)
Total	2,783	3,312	2,779	2,678	2,550	0.1	9.1
Michigan Production as % of U.S.	23.7%	25.8%	24.8%	22.7%	26.1%	----	----
U.S. Motor Vehicle Inventories⁴⁾							
Total Car	1,549	1,467	1,392	1,350	1,740	11.3	(11.0)
Days Supply	58	68	59	54	58	(1.7)	0.0
Total Truck	1,662	1,635	1,566	1,636	1,984	6.2	(16.2)
Days Supply	60	72	54	58	75	11.1	(20.0)

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)

Gross Profit Margin by Retail Sector
As a Percent of Sales



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

OTHER KEY ECONOMIC INDICATORS

Variable	Latest Period	Actual Data			Percent Change From:	
		Latest Period	Previous Period	Year Ago	Previous Period	Year Ago
Weekly Leading Index , monthly ¹⁾ (1992 = 100)	February	120.1	121.3	120.2	(1.0)%	(0.1)%
Coincident Index ¹⁾ (1992 = 100)	February	135.5	135.3	136.4	0.1	(0.7)
Housing Starts, U.S. ²⁾ (thousands of units, SAAR)	February	1,769	1,721	1,623	2.8	9.0
Retail Sales, U.S. ²⁾ (billions, seasonally adjusted)	February	\$268.5	\$268.0	\$261.8	0.2	2.5
Industrial Production Index ³⁾ (1992 = 100) (seasonally adjusted)	February	137.6	137.1	143.5	0.4	(4.1)
Capacity Utilization ³⁾ (% of total capacity, seasonally adjusted)	February	74.8	74.5	78.9	0.3	(5.3)
Consumer Price Index ⁴⁾ (1982-84 = 100) U.S. (seasonally adjusted)	February	178.0	177.6	176.0	0.2	1.1
Detroit (not seasonally adjusted)	February	176.2	173.5	173.2	1.6	1.7
Interest Rates						
3-month Treasury Bill ³⁾	February	1.73%	1.66%	4.93%	---	---
Corporate Aaa Bonds ³⁾	February	6.51%	6.55%	7.10%	---	---
Real Gross Domestic Product ⁵⁾ (billions of 1996 \$, SAAR, chain-weighted)	2001 4th Qtr.	\$9,348.6	\$9,310.4	\$9,303.9	1.7	0.5
Michigan Tax Collections ⁶⁾ (12 major taxes, millions)	February 2002	\$1,492.2	\$1,917.6	\$1,521.8	NM	(1.9)

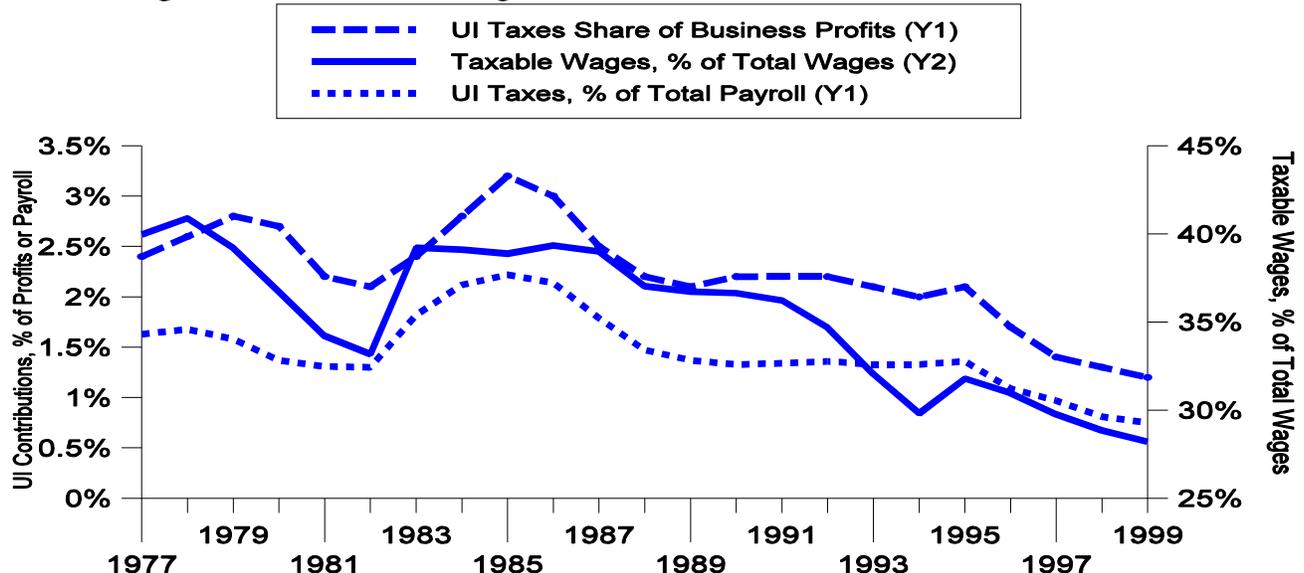
SAAR = Seasonally Adjusted at Annual Rates. NM = Not Meaningful.

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

Sources: 1) 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.

Unemployment Insurance Contributions

Declining Base Relative to Wages Reduces Burden to Lowest Level in 20+ Years



Source: U.S. Bureau of Economic Analysis and Michigan Unemployment Agency