

MICHIGAN ECONOMIC INDICATORS

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

ECONOMIC HIGHLIGHTS

- **Housing starts** fell 18.9% in November from the October level. November starts marked the lowest level of activity in the available monthly series, which begins in January 1959. October and September starts ranked as the second and fourth worst months in the series. Starts were 47.0% below the level in November 2007 and down 72.5% from the January 2006 peak.
- The **University of Michigan's Index of Consumer Sentiment** fell from 57.6 in October to 55.3 in November, the third-lowest reading in the more than 50-year history of the survey and only 3.6 points above the record lows recorded in April and May of 1980. The November 2008 Index was down 27.3% from the year-ago level. Consumer sentiment reflected the most negative short-term outlook recorded in the survey, with only 14.0% of respondents expecting the recession to end during 2009 and 44.0% expecting declines in real income.
- **Retail sales** fell 2.0% in November from the October level, despite the beginning of the holiday shopping season. November's decline marked the fifth consecutive month of declining sales and the second-longest string of consecutive monthly declines in retail sales since the data series began in 1947, although the 8.2% decline from the recent peak represents only the third greatest drop. The weakness in sales was broad-based, with the most substantial declines occurring in motor vehicle sales and sales at gasoline stations.
- In November, seasonally adjusted **light vehicle sales** declined for the 11th time in the last 12 months, falling 3.6% from the October level and down 36.7% from the level one year ago. November light vehicle sales, which totaled 10.1 million units at a seasonally adjusted annual rate, were at their lowest level since October 1982. Compared with one year ago, sales of light trucks were down 36.5% while automobile sales were down 37.0%.



- Seasonally adjusted **Michigan motor vehicle production** dropped markedly in November from the October level, reflecting both the decline in sales and the problems in capital markets. Total November production was down 39.9% from one year ago, with truck production down 47.6%. Compared with October, automobile production was 19.6% lower while light truck production was down 25.2%.
- **Michigan's unemployment rate** increased from 9.3% in October to 9.6% in November, the highest level since March 1992. In November 2007, the unemployment rate was 7.4% and had dropped as low as 7.1% as recently as January 2008. Compared with one year ago, employment was down 185,000 jobs, while 82,000 people had exited the labor force and the number of unemployed was up by 102,000.
- **Michigan wage and salary employment** decreased by 37,000 jobs in November from the October level, marking the fifth consecutive monthly decline. All sectors exhibited declines in employment in November compared with October, and only the education/health services sector exhibited a year-over-year employment gain.



NOVEMBER 2008

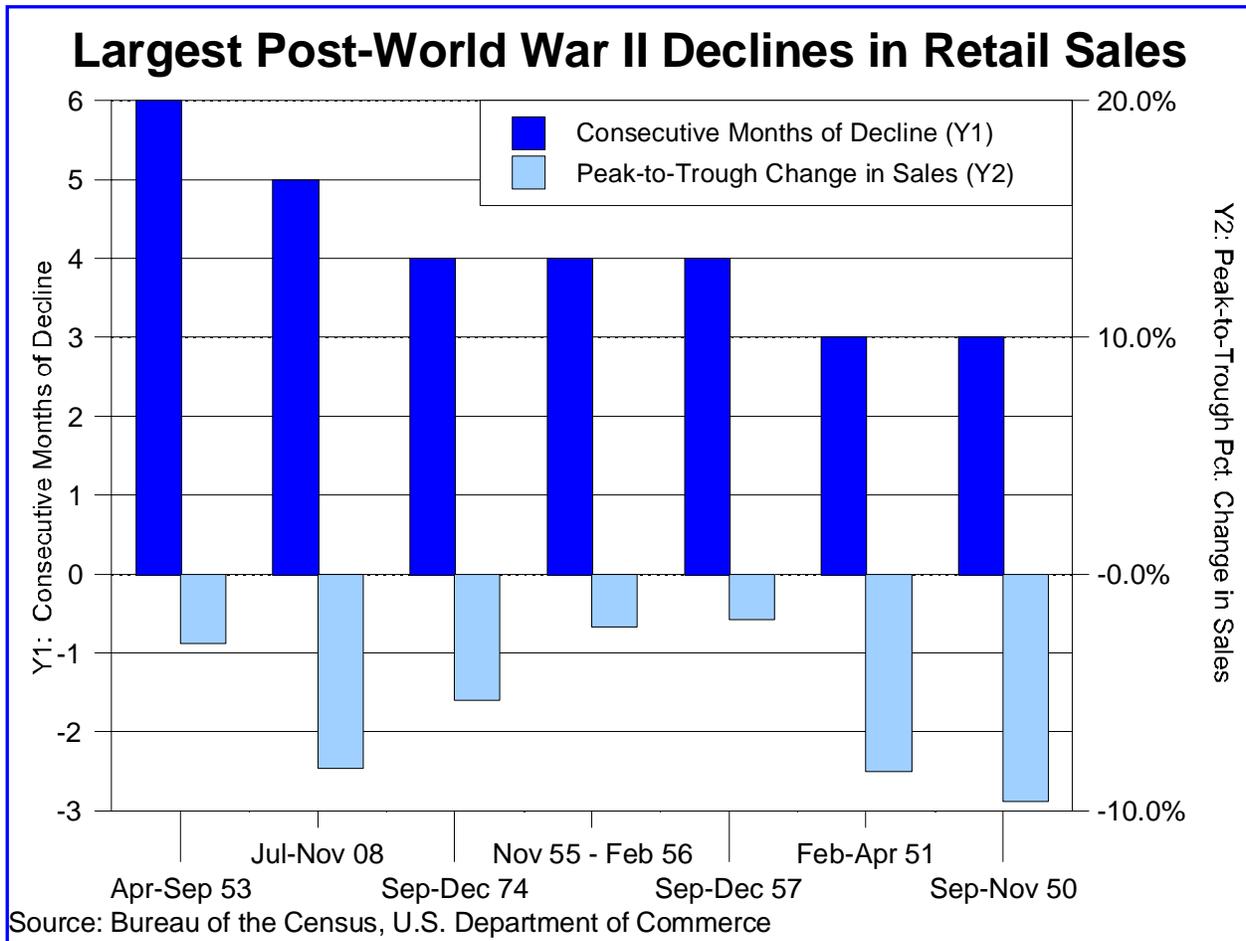
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U.S. & MICHIGAN LABOR MARKET NEWS
(Seasonally adjusted, thousands)

U.S.	Nov. 2008	Oct. 2008	Nov. 2007	Change from Oct.		Change from Year Ago	
				Number	Percent	Number	Percent
Labor Force	154,616	155,038	153,828	(422)	(0.3)%	788	0.5
Employment	144,285	144,958	146,647	(673)	(0.5)	(2,362)	(1.6)
Unemployment	10,331	10,080	7,181	251	2.5	3,150	43.9
Unemployment Rate	6.7%	6.5%	4.7%	---	---	---	---

Michigan	Nov. 2008	Oct. 2008	Nov. 2007	Change from Oct.		Change from Year Ago	
				Number	Percent	Number	Percent
Labor Force	4,912	4,930	4,994	(18)	(0.4)%	(82)	(1.6)%
Employment	4,439	4,474	4,624	(34)	(0.8)	(185)	(4.0)
Unemployment	473	457	370	16	3.4	102	27.7
Unemployment Rate	9.6%	9.3%	7.4%	---	---	---	---

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



MICHIGAN WAGE AND SALARY EMPLOYMENT (Seasonally adjusted, thousands)							
	Nov. 2008*	Oct. 2008	Nov. 2007	<u>Change from Oct.</u>		<u>Change from Yr Ago</u>	
				Number	Percent	Number	Percent
Total Wage & Salary Jobs	4,115	4,152	4,228	(37)	(0.9)%	(113)	(2.7)%
Goods Producing Industries	716	721	772	(5)	(0.7)	(56)	(7.2)
Natural Resources & Mining	7	7	8	0	0.0	(0)	(4.0)
Construction	145	148	162	(4)	(2.4)	(17)	(10.6)
Manufacturing	564	566	603	(1)	(0.2)	(38)	(6.3)
Transportation Equipment	166	166	196	(0)	(0.2)	(31)	(15.5)
Service Producing Industries	3,399	3,431	3,456	(32)	(0.9)	(57)	(1.7)
Trade, Transportation & Utilities	763	771	785	(8)	(1.0)	(21)	(2.7)
Information	62	63	65	(1)	(1.7)	(4)	(5.4)
Financial Activities	203	204	210	(1)	(0.4)	(6)	(3.0)
Professional & Business Services	554	563	568	(9)	(1.6)	(14)	(2.5)
Education & Health Services	610	611	598	(1)	(0.1)	12	2.0
Leisure & Hospitality Services	396	404	403	(8)	(2.0)	(6)	(1.5)
Other Services	173	174	177	(1)	(0.3)	(3)	(1.8)
Government	637	641	651	(4)	(0.7)	(15)	(2.2)

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>		
	Nov. 2008	Year Ago	Percent Change	Nov. 2008	Year Ago	Percent Change
Construction	34.9	35.8	(2.5)%	\$765.01	\$791.54	(3.4)%
Manufacturing	40.8	42.3	(3.5)	893.52	947.10	(5.7)
Durable Goods	42.0	44.1	(4.8)	994.14	1,065.90	(6.7)
Transportation Equipment Mfg.	41.5	44.0	(5.7)	1,175.28	1,252.68	(6.2)
Motor Vehicle Parts Mfg.	41.6	43.6	(4.6)	1,063.30	1,131.86	(6.1)
Nondurable Goods	37.1	36.4	1.9	570.97	564.20	1.2
Wholesale Trade	38.3	38.8	(1.3)	732.30	759.70	(3.6)
Retail Trade	30.0	31.8	(5.7)	378.60	391.78	(3.4)
Food & Beverage Stores	27.2	28.4	(4.2)	323.68	297.92	8.6
Information	33.6	34.6	(2.9)	769.44	741.48	3.8
Financial Activities	35.3	34.6	2.0	706.71	651.86	8.4
Professional & Business Services	33.9	34.5	(1.7)	686.81	675.17	1.7
Health Care & Social Assistance	33.8	36.1	(6.4)	593.19	625.25	(5.1)
Leisure & Hospitality	22.2	22.3	(0.4)	204.02	205.16	(0.6)
Accommodation & Food Services	22.3	22.4	(0.4)	199.59	200.03	(0.2)

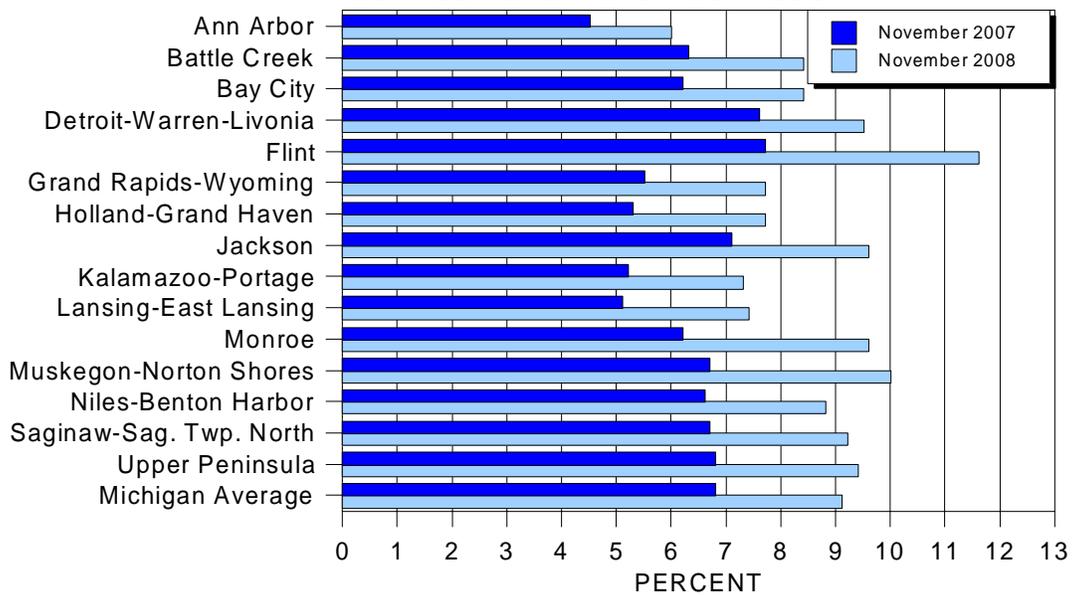
Source: Bureau of Labor Statistics, U.S. Department of Labor

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

	Nov. 2008	Oct. 2008	Sept. 2008	Nov. 2007
Metropolitan Statistical Areas				
Ann Arbor	6.0%	6.1%	6.5%	4.5%
Battle Creek	8.4	8.2	8.2	6.3
Bay City	8.4	7.8	7.8	6.2
Detroit-Warren-Livonia	9.5	8.8	8.3	7.6
Flint	11.6	10.9	10.9	7.7
Grand Rapids-Wyoming	7.7	7.5	7.5	5.5
Holland-Grand Haven	7.7	7.5	7.3	5.3
Jackson	9.6	9.4	9.3	7.1
Kalamazoo-Portage	7.3	7.1	7.2	5.2
Lansing-East Lansing	7.4	7.2	7.1	5.1
Monroe	9.6	9.1	9.5	6.2
Muskegon-Norton Shores	10.0	9.8	9.3	6.7
Niles-Benton Harbor	8.8	8.4	8.5	6.6
Saginaw-Saginaw Twp North	9.2	8.9	8.9	6.7
Multi-County Areas				
Northeast Lower Michigan	12.2	10.3	9.5	9.2
Northwest Lower Michigan	10.4	9.2	8.4	7.4
Upper Peninsula	9.4	7.8	7.5	6.8
Michigan Statewide Average				
-- Unadjusted (comparable to figures shown above)	9.1	8.6	8.3	6.8
Source: Michigan Department of Labor and Economic Growth				*Preliminary

Michigan Regional Unemployment Rates

November 2007 and November 2008



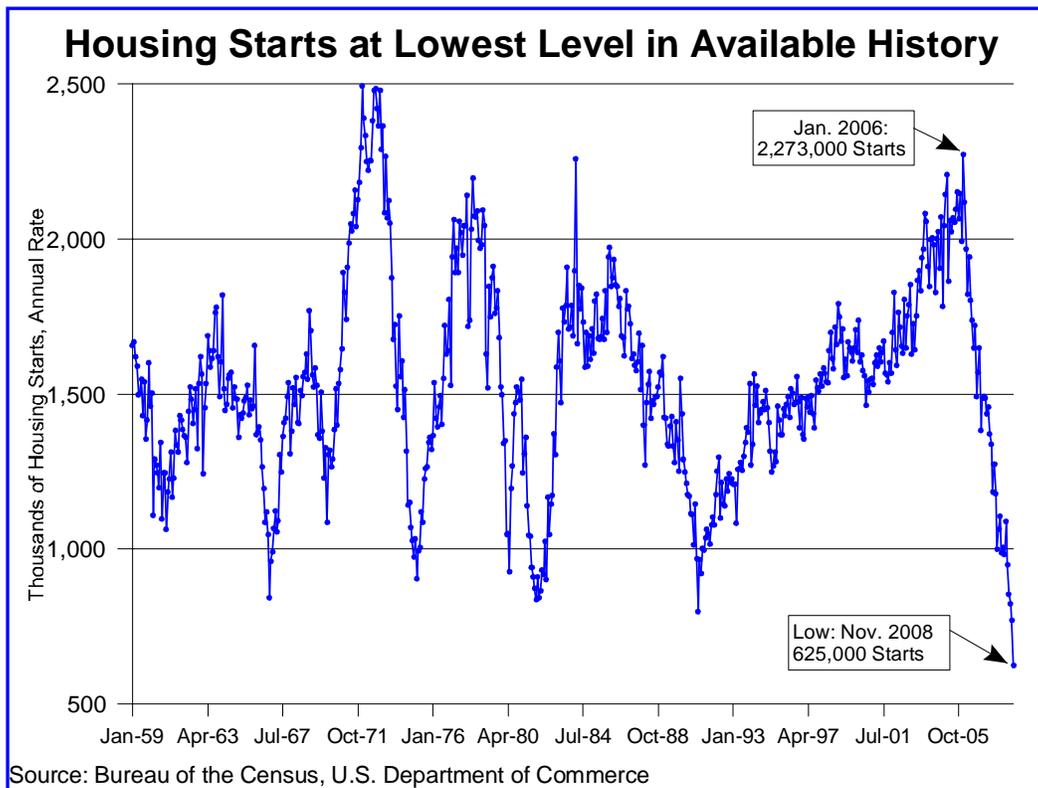
Source: Michigan Department of Labor and Economic Growth

MOTOR VEHICLE SALES AND PRODUCTION STATISTICS
(Thousands of Units)

	Nov. 2008	Oct. 2008	Sept. 2008	Aug. 2008	Year Ago Nov.	Percent Change From:	
						Nov./Oct.	Nov. 2008/ Nov. 2007
Motor Vehicle Sales¹⁾ (thousands of units, SAAR)							
Autos	4,960	5,570	6,207	6,764	7,873	(11.0)%	(37.0)%
Domestics	3,286	3,763	4,321	4,492	5,513	(12.7)	(40.4)
Imports	1,674	1,807	1,886	2,272	2,360	(7.4)	(29.1)
Import Share	33.8%	32.4%	30.4%	33.6%	30.0%	---	---
Light Trucks	5,178	4,947	6,252	6,930	8,153	4.7	(36.5)
Domestics	4,265	4,044	5,210	5,931	6,762	5.5	(36.9)
Imports	913	903	1,042	999	1,391	1.1	(34.4)
Import Share	17.6%	18.3%	16.7%	14.4%	17.1%	---	---
Subtotal: Light Vehicle Sales	10,138	10,517	12,459	13,694	16,026	(3.6)	(36.7)
Heavy Trucks	277	268	275	277	321	3.4	(13.7)
Total Vehicle Sales	10,415	10,785	12,734	13,971	16,347	(3.4)	(36.3)
U.S. Motor Vehicle Production¹⁾ (millions of units, SAAR)							
Autos	3,416	3,835	3,994	4,068	3,950	(10.9)	(13.5)
Michigan Motor Vehicle Production²⁾ (thousands of units, SAAR)							
Autos	788	979	1,073	1,060	1,138	(19.6)	(30.7)
Trucks	710	949	729	601	1,354	(25.2)	(47.6)
Total	1,497	1,928	1,802	1,661	2,491	(22.3)	(39.9)
Michigan Production as % of U.S.	22.3%	22.9%	21.8%	20.8%	22.5%	---	---
U.S. Motor Vehicle Inventories³⁾							
Total Car	1,685	1,495	1,186	1,173	1,476	12.7	14.2
Days Supply	113	91	62	49	63	24.2	79.4
Total Truck	1,593	1,617	1,512	1,644	1,998	(1.5)	(20.3)
Days Supply	106	111	83	74	84	(4.5)	26.2

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
Index of Consumer Sentiment , monthly ¹⁾ (1992=100)	Nov.	55.3	57.6	76.1	(4.0)%	(27.3)%
Oil Prices ²⁾ (\$ per barrel, West Texas Intermediate Crude)	Nov.	\$57.44	\$76.65	\$94.62	(25.1)	(39.3)
Housing Starts, U.S. ³⁾ (thousands of units, SAAR)	Nov.	625	771	1,179	(18.9)	(47.0)
Retail Sales, U.S. ³⁾ (billions, seasonally adjusted)	Nov.	\$317.1	\$323.6	\$346.6	(2.0)	(8.5)
Industrial Production Index ⁴⁾ (1997=100, seasonally adjusted)	Nov.	106.1	106.8	112.3	(0.6)	(5.5)
Capacity Utilization ⁴⁾ (% of total capacity, seasonally adjusted)	Nov.	75.4	76.0	81.1	(0.7)	(6.9)
Consumer Price Index ⁵⁾ (1982-84=100)						
U.S. (seasonally adjusted)	Nov.	213.1	216.7	210.9	(18.4)	1.0
Detroit (not seasonally adjusted)	Oct.	205.2	209.5	201.8	(11.6)	1.7
Interest Rates						
3-month Treasury Bill ⁴⁾	Nov.	0.30%	0.84%	3.49%	---	---
Corporate Aaa Bonds ⁴⁾	Nov.	6.15%	6.28%	5.44%	---	---
Real Gross Domestic Product ⁶⁾ (billions of 2000 \$, SAAR, Chain-Weighted)	2008 3rd Qtr.	\$11,712.4	\$11,727.4	\$11,625.7	(0.5)	0.7
Michigan Tax Collections ⁷⁾ (12 major taxes, millions)	Nov. 2008	\$1,618.3	\$3,091.0	\$1,855.0	NM	(12.8)

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.

