

MICHIGAN ECONOMIC INDICATORS

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

ECONOMIC HIGHLIGHTS



- The **U.S. unemployment rate** increased from 9.7% in August to 9.8% in September, the highest rate since June 1983. Employment was down 6.2 million jobs from September 2008. September 2009 employment was down 7.8 million from the November 2007 peak, compared with the peak losses of 1.7 million jobs during the 2001 recession, 1.8 million jobs during the 1991 recession, and 1.3 million jobs during the 1979-1982 recessions.
- In September, seasonally adjusted **light vehicle sales** fell to a 9.2 million unit annual rate, the lowest rate since February 2008 and the second lowest since December 1981. The decrease largely reflected the ending of the Federal government's "cash for clunkers" program, which focused on encouraging the use of more fuel-efficient vehicles. **Sales of heavy trucks** fell 9.1% from August to September and were down 38.2% from September 2008, a figure more reflective of the underlying fundamentals of the economy.
- **Retail sales** fell 1.7% in September from the August level, and were 6.4% below the level one year ago. The September decline largely reflected lower motor vehicle sales, although sales fell at building material stores and miscellaneous retailers. Most other sectors exhibited weak growth compared with August. Compared with one year ago, only food stores, health/personal care stores, sporting goods stores, and general merchandise stores exhibited increases.
- The **interest rate on 90-day Treasury bills** fell to 0.13% in September, the lowest level since December 2008 and the second-lowest level since October 1941, reflecting weaker expectations for the short-term economy and credit market concerns.



- **Michigan personal income** grew 0.8% in the second quarter of 2009, well above the national average of 0.2% and ranking 7th among the states. The growth reflected substantial increases in transfer payments (government and business payments to individuals, and nonprofit institutions serving individuals, for which no current services are performed, i.e., cash assistance), which grew 9.8% and were 14.3% above the level one year ago. Nonfarm earnings (reflecting wage income) declined 1.4% from the first quarter, compared with a 1.0% decline nationally.
- September **local area unemployment rates**, which are not seasonally adjusted, were substantially above year-ago levels. The Detroit metropolitan area exhibited the highest unemployment rate, at 17.3%, up from 8.9% one year ago. The Ann Arbor metropolitan area exhibited the lowest unemployment rate, at 9.3%, up from 6.4% last year. Unemployment rates in all metropolitan areas were at least 1.5 times the rate reported one year ago.
- In September, for a fifth consecutive month, **average weekly earnings** exhibited strong year-over-year growth in most sectors. Sectors exhibiting the strongest earnings growth included: food/beverage stores (9.4%), information (9.4%), and financial activities (8.8%). Despite strong growth in the nondurable manufacturing sector, where earnings were up 8.3%, overall manufacturing earnings were down 1.0%.



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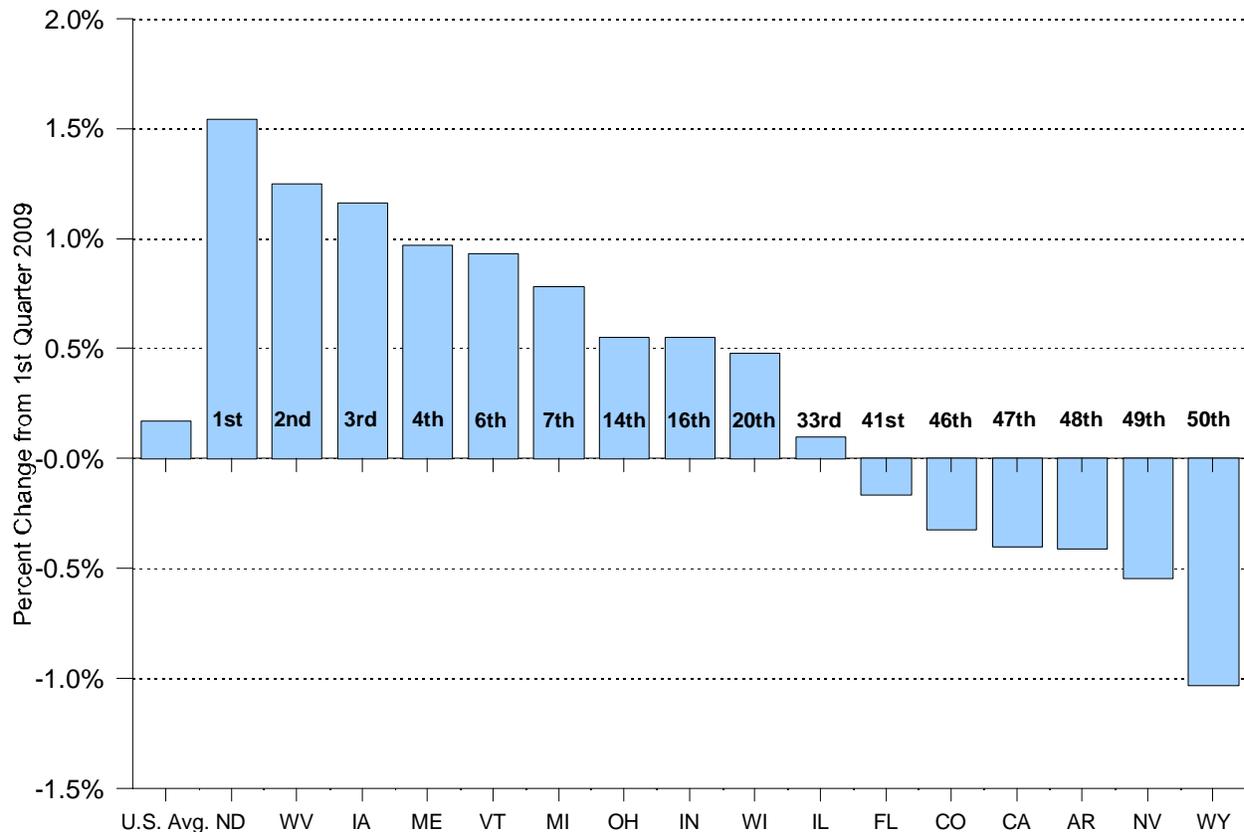
U.S. & MICHIGAN LABOR MARKET NEWS
 (Seasonally adjusted, thousands)

U.S.	Sept. 2009	Aug. 2009	Sept. 2008	Change from August		Change from Year Ago	
				Number	Percent	Number	Percent
Labor Force	154,006	154,577	154,621	(571)	(0.4)%	(615)	(0.4)%
Employment	138,864	139,649	145,029	(785)	(0.6)	(6,165)	(4.3)
Unemployment	15,142	14,928	9,592	214	1.4	5,550	57.9
Unemployment Rate	9.8%	9.7%	6.2%	---	---	---	---

Michigan	Sept. 2009	Aug. 2009	Sept. 2008	Change from August		Change from Year Ago	
				Number	Percent	Number	Percent
Labor Force	4,835	4,845	4,914	(10)	(0.2)	(79)%	(1.6)%
Employment	4,095	4,109	4,479	(13)	(0.3)	(383)	(8.6)
Unemployment	740	736	435	4	0.5	305	70.0
Unemployment Rate	15.3%	15.2%	8.9%	---	---	---	---

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

Personal Income Growth by State, 2nd Quarter 2009



Source: Bureau of Economic Analysis, U.S. Dept. of Commerce

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

	Sept. 2009*	Aug. 2009	Sept. 2008	Change from August		Change from Yr Ago	
				Number	Percent	Number	Percent
Total Wage & Salary Jobs	3,826	3,847	4,135	(22)	(0.6)%	(309)	(7.5)%
Goods Producing Industries	588	585	725	3	0.5	(136)	(18.8)
Mining and Logging	7	7	8	0	0.0	(1)	(6.3)
Construction	117	120	151	(3)	(2.8)	(34)	(22.3)
Manufacturing	464	457	566	7	1.4	(102)	(18.1)
Transportation Equipment	122	117	167	5	3.8	(45)	(27.0)
Service Producing Industries	3,238	3,262	3,410	(25)	(0.8)	(172)	(5.1)
Trade, Transportation & Utilities	703	711	768	(8)	(1.1)	(65)	(8.4)
Wholesale Trade	147	146	167	1	0.5	(20)	(11.9)
Retail Trade	444	451	477	(7)	(1.6)	(33)	(6.8)
Transportation & Utilities	112	113	124	(1)	(1.2)	(12)	(9.8)
Information	55	55	62	0	0.4	(7)	(10.9)
Financial Activities	190	189	202	0	0.2	(13)	(6.3)
Professional & Business Services	485	474	549	11	2.3	(63)	(11.6)
Education & Health Services	614	617	609	(3)	(0.4)	5	0.8
Leisure & Hospitality Services	384	390	396	(6)	(1.6)	(13)	(3.2)
Other Services	171	169	176	2	1.0	(5)	(2.8)
Government	637	658	649	(21)	(3.2)	(12)	(1.9)

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

* Preliminary

MICHIGAN AVERAGE WEEKLY HOURS AND EARNINGS

Industry	Average Weekly Hours			Average Weekly Earnings		
	Sept. 2009	Year Ago	Percent Change	Sept. 2009	Year Ago	Percent Change
Construction	36.3	35.2	3.1%	\$797.51	\$780.38	2.2%
Manufacturing	42.9	42.5	0.9	930.93	940.53	(1.0)
Durable Goods	44.1	44.2	(0.2)	1,051.79	1,061.24	(0.9)
Transportation Equipment Mfg.	43.3	43.7	(0.9)	1,216.30	1,242.83	(2.1)
Motor Vehicle Parts Mfg.	43.5	43.3	0.5	1,127.09	1,108.91	1.6
Nondurable Goods	39.7	37.2	6.7	616.94	569.90	8.3
Wholesale Trade	36.7	38.6	(4.9)	694.73	741.51	(6.3)
Retail Trade	29.9	31.3	(4.5)	384.22	387.49	(0.8)
Food & Beverage Stores	24.7	27.4	(9.9)	339.87	310.72	9.4
Information	32.2	33.3	(3.3)	834.62	762.90	9.4
Financial Activities	35.4	34.8	1.7	749.42	689.04	8.8
Professional & Business Services	32.9	33.7	(2.4)	657.34	670.29	(1.9)
Health Care & Social Assistance	34.5	34.3	0.6	641.01	598.54	7.1
Leisure & Hospitality	23.2	22.4	3.6	217.85	206.53	5.5
Accommodation & Food Services	23.3	22.5	3.6	213.43	201.60	5.9

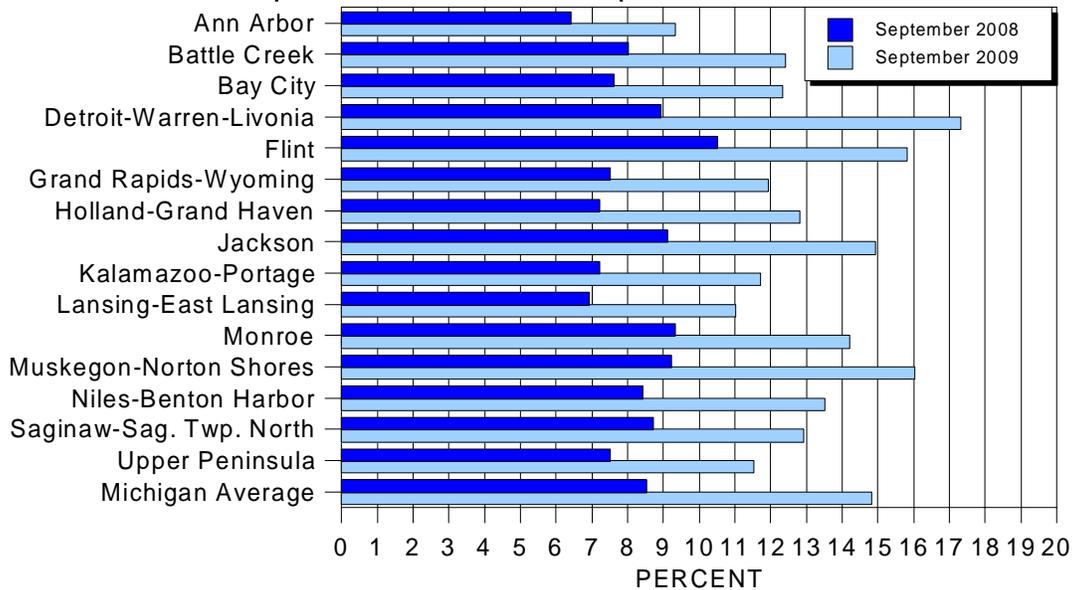
Source: Bureau of Labor Statistics, U.S. Department of Labor

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

	Sept. 2009	Aug. 2009	July 2009	Sept. 2008
Metropolitan Statistical Areas				
Ann Arbor	9.3%	9.4%	10.3%	6.4%
Battle Creek	12.4	12.5	13.6	8.0
Bay City	12.3	12.1	13.3	7.6
Detroit-Warren-Livonia	17.3	17.0	17.7	8.9
Flint	15.8	16.1	17.6	10.5
Grand Rapids-Wyoming	11.9	12.0	12.7	7.5
Holland-Grand Haven	12.8	12.9	14.0	7.2
Jackson	14.9	15.1	16.0	9.1
Kalamazoo-Portage	11.7	11.6	12.2	7.2
Lansing-East Lansing	11.0	11.3	12.6	6.9
Monroe	14.2	14.8	17.0	9.3
Muskegon-Norton Shores	16.0	16.2	16.9	9.2
Niles-Benton Harbor	13.5	13.4	14.0	8.4
Saginaw-Saginaw Twp North	12.9	12.9	14.5	8.7
Multi-County Areas				
Northeast Lower Michigan	14.2	14.3	15.1	9.5
Northwest Lower Michigan	13.1	12.5	13.1	8.3
Upper Peninsula	11.5	11.7	12.3	7.5
Michigan Statewide Average				
-- Unadjusted (comparable to figures shown above)	14.8	14.7	15.6	8.5
Source: Michigan Department of Energy, Labor, and Economic Growth				*Preliminary

Michigan Regional Unemployment Rates

September 2008 and September 2009



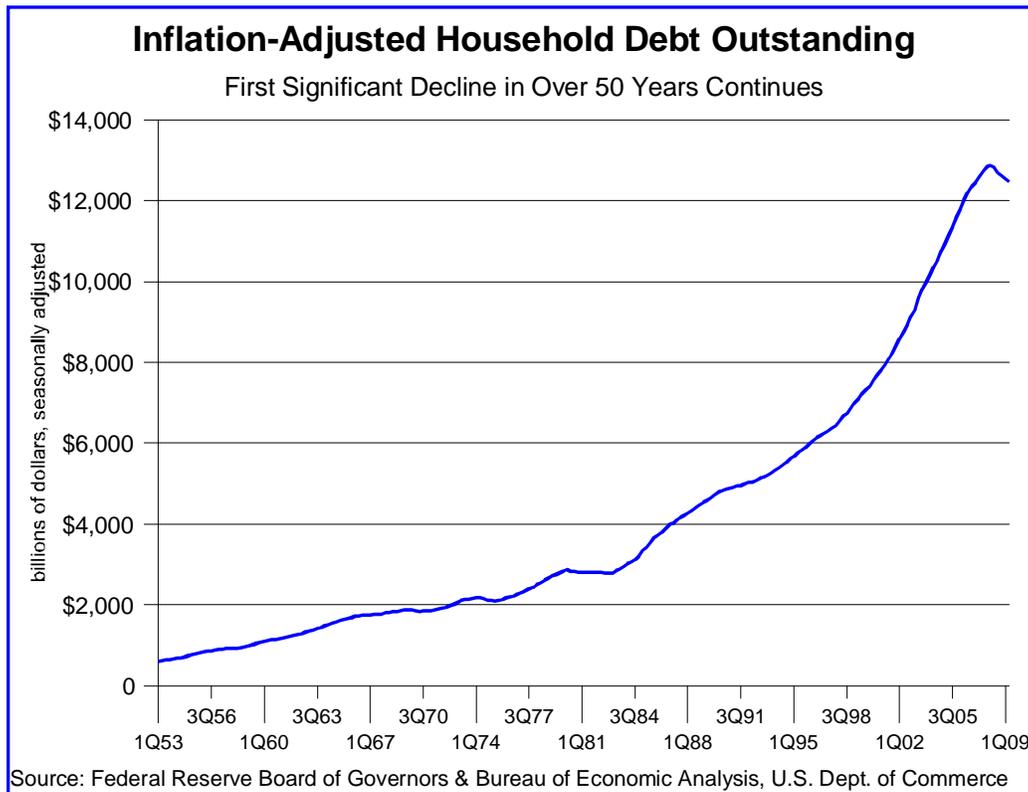
Source: Michigan Department of Energy, Labor, and Economic Growth

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

	Aug. 2009	July 2009	June 2009	May 2009	Year Ago Aug.	Percent Change From:	
						Aug./July	Aug. 2009/ Aug. 2008
Motor Vehicle Sales¹⁾ (thousands of units, SAAR)							
Autos	4,968	7,985	6,158	5,003	6,315	(37.8)%	(21.3)%
Domestics	3,268	5,266	4,159	3,312	4,336	(37.9)	(24.6)
Imports	1,700	2,719	1,999	1,691	1,979	(37.5)	(14.1)
Import Share	34.2%	34.1%	32.5%	33.8%	31.3%	---	---
Light Trucks	4,223	6,087	5,065	4,669	6,210	(30.6)	(32.0)
Domestics	3,470	4,896	4,169	3,881	5,168	(29.1)	(32.9)
Imports	753	1,191	896	788	1,042	(36.8)	(27.7)
Import Share	17.8%	19.6%	17.7%	16.9%	16.8%	---	---
Subtotal: Light Vehicle Sales	9,191	14,072	11,223	9,672	12,525	(34.7)	(26.6)
Heavy Trucks	170	187	198	194	275	(9.1)	(38.2)
Total Vehicle Sales	9,361	14,259	11,421	9,866	12,800	(34.4)	(26.9)
U.S. Motor Vehicle Production¹⁾ (millions of units, SAAR)							
Autos	2,840	2,539	2,208	1,886	3,882	11.9	(26.8)
Michigan Motor Vehicle Production²⁾ (thousands of units, SAAR)							
Autos	NA	631	532	366	1,052	NA	NA
Trucks	NA	620	870	313	820	NA	NA
Total	NA	1,251	1,402	679	1,872	NA	NA
Michigan Production as % of U.S.	NA	20.3%	17.3%	16.8%	21.8%	---	---
U.S. Motor Vehicle Inventories³⁾							
Total Car	826	765	1,029	1,242	1,186	7.9	(30.4)
Days Supply	50	26	46	65	62	92.3	(19.4)
Total Truck	769	667	800	957	1,512	15.3	(49.1)
Days Supply	58	34	49	62	83	70.6	(30.1)

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
Index of Consumer Sentiment , monthly ¹⁾ (1996 Q1=100)	Sept.	73.5	65.7	70.3	11.9%	4.6%
Oil Prices ²⁾ (\$ per barrel, West Texas Intermediate Crude)	Sept.	\$69.46	\$71.06	\$103.90	(2.3)	(33.1)
Housing Starts, U.S. ³⁾ (thousands of units, SAAR)	Sept.	590	587	822	0.5	(28.2)
Retail Sales, U.S. ³⁾ (billions, seasonally adjusted)	Sept.	\$306.3	\$311.6	\$327.3	(1.7)	(6.4)
Industrial Production Index ⁴⁾ (1997=100, seasonally adjusted)	Sept.	98.5	97.8	104.8	0.7	(6.1)
Capacity Utilization ⁴⁾ (% of total capacity, seasonally adjusted)	Sept.	70.5	69.9	74.5	0.8	(5.5)
Consumer Price Index ⁵⁾ (1982-84=100)						
U.S. (seasonally adjusted)	Sept.	215.8	215.4	218.7	2.0	(1.3)
Detroit (not seasonally adjusted)	Aug.	204.7	204.5	209.5	0.4	(2.3)
Interest Rates						
3-month Treasury Bill ⁴⁾	Sept.	0.13%	0.18%	1.46%	---	---
Corporate Aaa Bonds ⁴⁾	Sept.	5.13%	5.26%	5.65%	---	---
Real Gross Domestic Product ⁶⁾ (billions of 2005 \$, SAAR, Chain-Weighted)	2009 2nd Qtr.	\$12,901.5	\$12,925.4	\$13,415.3	(0.7)	(3.8)
Michigan Tax Collections ⁷⁾ (12 major taxes, millions)	Sept. 2008	\$1,922.0	\$1,560.0	\$2,268.3	NM	(15.3)

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.

