

MICHIGAN ECONOMIC INDICATORS

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

ECONOMIC HIGHLIGHTS

- **Housing starts** rose 5.8% in April from the March level and were up only 40.9% from the record low of April 2009. Nationally, increases in single-unit housing more than offset declines in multiunit housing. The Midwest region exhibited the strongest growth, with starts of single-unit housing increasing 17.7% between March and April. While the South grew at a slightly slower rate, 14.8%, because more starts generally take place in that region, the South accounted for 78.2% of the gains nationally.
- The **U.S. Consumer Price Index** for April decreased at an annual rate of 0.8% from the March level and was 2.2% above the level one year ago. Declines in energy, apparel, and household furnishings and operations more than offset minor increases in other sectors.
- **Nonfarm business sector labor productivity** increased at a 3.6% annual rate during the first quarter of 2010. Over the last four quarters, productivity has increased 6.3%, the most rapid increase over four quarters since a 7.0% gain in the first quarter of 1962. As a result of high productivity, **unit labor costs** have fallen 3.7% over the last four quarters, the second-largest decline in the post-World War II history of the series (the last quarter of 2009 being the largest).
- Seasonally adjusted **light vehicle sales** fell to an 11.2 million unit annual rate in April, down 4.8% from March but still 21.5% above the year-ago level. Despite the year-over-year increase in sales, the annualized April sales rate was still 30.5% below total 2007 sales. The import share of light vehicle sales declined to 22.0%, the lowest level since March 2006.



- **Average weekly earnings** continued to exhibit strong year-over-year growth in April, with the strongest gains in nondurable goods manufacturing (16.6%), transportation equipment manufacturing (13.3%), construction (10.5%), and wholesale trade (10.3%). Only the retail trade (-2.4%), information (-1.0%), and health care/social assistance (-0.3%) sectors exhibited lower year-over-year earnings. Except for the retail trade sector, reductions in weekly hours more than offset increases in average hourly wage rates, leading to the declines in earnings.
- Seasonally adjusted **Michigan motor vehicle production** increased 0.2% in April from the March level, but was 31.3% above the level in April 2009. However, despite the large year-over-year increase, the annualized production levels exhibited during April were 23.8% below vehicle production in 2008.
- **Average sales prices for Michigan residential housing** during the first four months of 2010 were 12.2% above the level during the first four months of 2009. Likely reflecting the impact of the Federal home buyers' credit, most markets exhibited increases, led by gains in the Antrim/Charlevoix/Kalkaska region (61.4%) and Detroit (34.3%).



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Prepared by:
David Zin
Economist

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

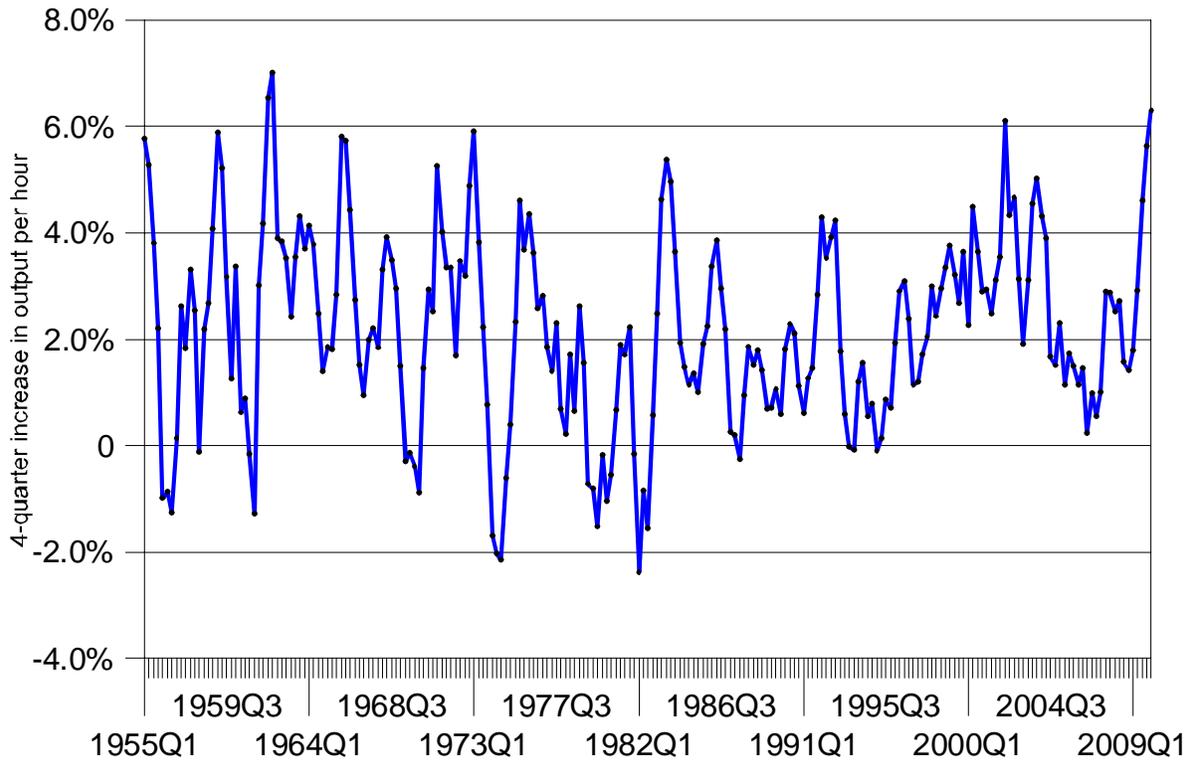
U.S.	Apr. 2010	Mar. 2010	Apr. 2009	Change from March		Change from Year Ago	
				Number	Percent	Number	Percent
Labor Force	154,715	153,910	154,718	805	0.5%	(3)	(0.0)%
Employment	139,455	138,905	140,902	550	0.4	(1,447)	(1.0)
Unemployment	15,260	15,005	13,816	255	1.7	1,444	10.5
Unemployment Rate	9.9%	9.7%	8.9%	---	---	---	---

Michigan	Apr. 2010	Mar. 2010	Apr. 2009	Change from March		Change from Year Ago	
				Number	Percent	Number	Percent
Labor Force	4,878	4,851	4,915	27	0.6	(38)	(0.8)
Employment	4,197	4,169	4,268	28	0.7	(71)	(1.7)
Unemployment	681	682	648	(1)	(0.2)	33	5.2
Unemployment Rate	14.0%	14.1%	13.2%	---	---	---	---

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

Productivity Growth At New Highs

Highest Growth In 50 Years Means Output Can Increase Without More Workers



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

MICHIGAN WAGE AND SALARY EMPLOYMENT (Seasonally adjusted, thousands)							
	Apr. 2010*	Mar. 2010	Apr. 2009	<u>Change from March</u>		<u>Change from Yr Ago</u>	
				Number	Percent	Number	Percent
Total Wage & Salary Jobs	3,836	3,830	3,910	6	0.2%	(74)	(1.9)%
Goods Producing Industries	583	581	612	2	0.3	(29)	(4.8)
Mining and Logging	7	7	7	(1)	(6.8)	0	3.0
Construction	121	119	132	2	1.3	(11)	(8.6)
Manufacturing	455	455	473	0	0.1	(18)	(3.8)
Transportation Equipment	127	125	130	2	1.8	(2)	(1.6)
Service Producing Industries	3,253	3,249	3,298	4	0.1	(44)	(1.3)
Trade, Transportation & Utilities	705	702	723	3	0.4	(18)	(2.5)
Wholesale Trade	148	148	155	0	0.2	(7)	(4.4)
Retail Trade	450	446	455	4	0.9	(5)	(1.0)
Transportation & Utilities	107	108	114	(1)	(1.1)	(7)	(5.7)
Information	53	52	57	1	1.0	(4)	(7.7)
Financial Activities	183	183	193	0	0.0	(10)	(5.1)
Professional & Business Services	520	522	512	(1)	(0.3)	9	1.7
Education & Health Services	624	623	610	2	0.2	14	2.3
Leisure & Hospitality Services	368	371	382	(3)	(0.8)	(14)	(3.6)
Other Services	165	162	170	3	1.7	(5)	(2.8)
Government	635	635	652	1	0.1	(16)	(2.5)

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>		
	Mar. 2010	Year Ago	Percent Change	Mar. 2010	Year Ago	Percent Change
Construction	39.0	35.4	10.2%	\$861.90	\$779.86	10.5%
Manufacturing	43.5	40.2	8.2	944.39	868.72	8.7
Durable Goods	44.7	41.8	6.9	1,054.92	983.97	7.2
Transportation Equipment Mfg.	44.0	40.3	9.2	1,261.92	1,113.49	13.3
Motor Vehicle Parts Mfg.	44.7	40.3	10.9	1,147.90	1,009.52	13.7
Nondurable Goods	40.2	35.8	12.3	637.17	546.67	16.6
Wholesale Trade	37.4	36.4	2.7	718.83	651.92	10.3
Retail Trade	28.5	29.1	(2.1)	365.66	374.52	(2.4)
Information	31.6	32.2	(1.9)	769.46	777.31	(1.0)
Financial Activities	36.3	36.3	0.0	811.67	760.12	6.8
Professional & Business Services	33.2	32.4	2.5	649.72	644.11	0.9
Health Care & Social Assistance	31.1	32.8	(5.2)	578.46	580.23	(0.3)
Leisure & Hospitality	22.5	22.5	0.0	218.03	205.43	6.1
Accommodation & Food Services	22.6	22.9	(1.3)	211.99	202.89	4.5

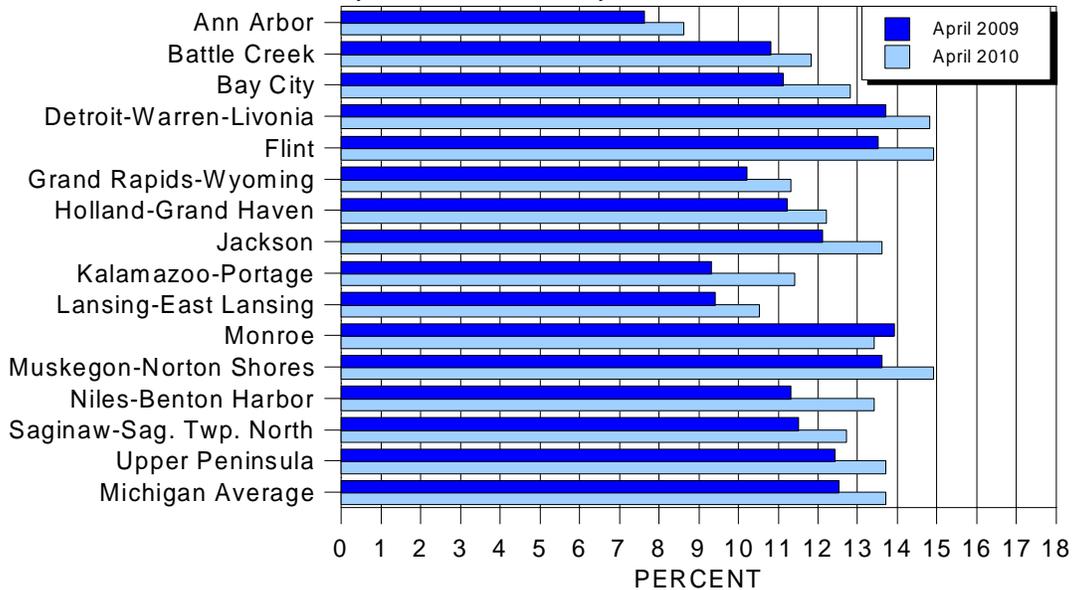
Source: Bureau of Labor Statistics, U.S. Department of Labor

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

	Apr. 2010*	Mar. 2010	Feb. 2010	Apr. 2009
Metropolitan Statistical Areas				
Ann Arbor	8.6%	9.6%	8.9%	7.6%
Battle Creek	11.8	13.1	12.6	10.8
Bay City	12.8	14.6	14.0	11.1
Detroit-Warren-Livonia	14.8	15.5	15.3	13.7
Flint	14.9	16.3	15.9	13.5
Grand Rapids-Wyoming	11.3	12.8	12.4	10.2
Holland-Grand Haven	12.2	14.0	13.6	11.2
Jackson	13.6	15.2	14.8	12.1
Kalamazoo-Portage	11.4	12.7	12.2	9.3
Lansing-East Lansing	10.5	11.7	11.2	9.4
Monroe	13.4	16.0	15.1	13.9
Muskegon-Norton Shores	14.9	16.5	16.3	13.6
Niles-Benton Harbor	13.4	14.9	14.6	11.3
Saginaw-Saginaw Twp North	12.7	14.2	13.7	11.5
Multi-County Areas				
Northeast Lower Michigan	17.2	20.2	19.9	15.9
Northwest Lower Michigan	15.3	17.4	17.1	13.4
Upper Peninsula	13.7	15.5	14.8	12.4
Michigan Statewide Average				
-- Unadjusted (comparable to figures shown above)	13.7	14.9	14.6	12.5
Source: Michigan Department of Energy, Labor, and Economic Growth				*Preliminary

Michigan Regional Unemployment Rates

April 2010 and April 2009



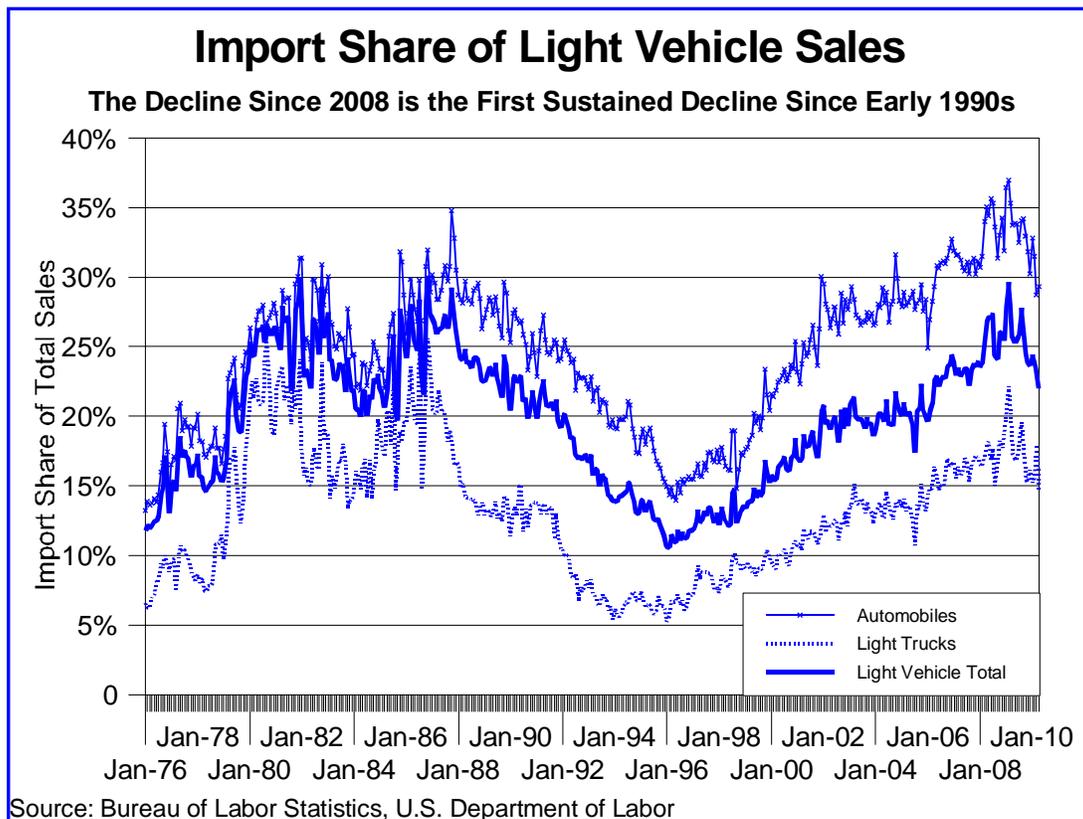
Source: Michigan Department of Energy, Labor, and Economic Growth

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

	Apr. 2010	Mar. 2010	Feb. 2010	Jan. 2009	Year Ago April	Percent Change From:	
						Apr./Mar.	Apr. 2010/ Apr. 2009
Motor Vehicle Sales¹⁾ (thousands of units, SAAR)							
Autos	5,562	5,993	5,449	5,652	4,737	(7.2)%	17.4%
Domestics	3,930	4,271	3,734	3,797	3,140	(8.0)	25.2
Imports	1,632	1,722	1,715	1,855	1,597	(5.2)	2.2
Import Share	29.3%	28.7%	31.5%	32.8%	33.7%	---	---
Light Trucks	5,623	5,759	4,894	5,117	4,466	(2.4)	25.9
Domestics	4,798	4,727	4,133	4,340	3,693	1.5	29.9
Imports	825	1,032	761	777	773	(20.1)	6.7
Import Share	14.7%	17.9%	15.5%	15.2%	17.3%	---	---
Subtotal: Light Vehicle Sales	11,185	11,752	10,343	10,769	9,203	(4.8)	21.5
Heavy Trucks	210	222	204	228	170	(5.4)	23.5
Total Vehicle Sales	11,395	11,974	10,547	10,997	9,373	(4.8)	21.6
U.S. Motor Vehicle Production¹⁾ (millions of units, SAAR)							
Autos	2,920	2,935	2,953	2,855	1,919	(0.5)	52.2
Michigan Motor Vehicle Production²⁾ (thousands of units, SAAR)							
Autos	546	528	469	419	449	3.3	21.4
Trucks	861	875	860	935	622	(1.6)	38.5
Total	1,407	1,404	1,328	1,354	1,071	0.2	31.3
Michigan Production as % of U.S.	18.9%	17.8%	20.2%	17.0%	20.3%	---	---
U.S. Motor Vehicle Inventories³⁾							
Total Car	1,131	1,161	1,164	1,138	1,427	(2.6)	(20.8)
Days Supply	56	53	67	71	83	5.7	(32.5)
Total Truck	981	1,019	1,001	947	1,247	(3.8)	(21.3)
Days Supply	56	53	66	71	87	5.7	(35.6)

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)	April	72.2	73.6	65.1	(1.9)%	10.9%
Oil Prices ²⁾ (\$ per barrel, West Texas Intermediate Crude)	April	\$84.48	\$81.24	\$49.79	4.0	69.7
Housing Starts, U.S. ³⁾ (thousands of units, SAAR)	April	672	635	477	5.8	40.9
Retail Sales, U.S. ³⁾ (billions, seasonally adjusted)	April	\$327.0	\$325.4	\$298.3	0.5	9.6
Industrial Production Index ⁴⁾ (1997=100, seasonally adjusted)	April	102.3	101.5	97.2	0.8	5.2
Capacity Utilization ⁴⁾ (% of total capacity, seasonally adjusted)	April	73.7	73.1	69.2	0.9	6.5
Consumer Price Index ⁵⁾ (1982-84=100)						
U.S. (seasonally adjusted)	April	217.6	217.7	212.8	(0.8)	2.2
Detroit (not seasonally adjusted)	April	205.2	203.4	202.4	5.6	1.4
Interest Rates						
3-month Treasury Bill ⁴⁾	April	0.15%	0.15%	0.25%	---	---
Corporate Aaa Bonds ⁴⁾	April	5.27%	5.27%	5.50%	---	---
Real Gross Domestic Product ⁶⁾ (billions of 2005 \$, SAAR, Chain-Weighted)	2010 1st Qtr.	\$13,254.7	\$13,149.5	\$12,925.4	3.2	2.5
Michigan Tax Collections ⁷⁾ (12 major taxes, millions)	April 2010	\$1,628.2	\$905.7	\$1,778.9	NM	(8.5)

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.

