

# MICHIGAN ECONOMIC INDICATORS

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

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## ECONOMIC HIGHLIGHTS

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- The **Index of Consumer Sentiment** was 19.2% below the year-ago level in August, and down 12.6% from the July level. The Index has fallen 25.0% over the last three months, the second-largest decline on record, with the most recent decline reflecting consumers' losing faith, in the wake of the debt ceiling crises, that the government can enact policies that will counteract the threat of recession. Reflecting continued consumer pessimism about the future of the economy, a majority of consumers have expected no income increase over the coming year in every survey over the last three years.
- **Housing starts** fell 5.0% in August from the July level and were 5.8% below the year-ago level. While August starts were 19.5% above the record low in April 2009, they were 2.7% below the level experienced during 2010. On a year-to-date basis, housing starts are averaging 1.2% below the 2010 level.
- The **interest rate on 90-day Treasury bills** fell to 0.02% in August, the lowest level since December 2008 and the second-lowest level since January 1941, reflecting weaker expectations for the short-term economy, credit-market concerns, and high levels of risk aversion among investors. Since 1934, when modern records begin, the rate on 90-day Treasury bills has been less than the August 2011 level only in one month: January 1940.
- The **U.S. Consumer Price Index (CPI)** for August increased at an annual rate of 4.6% from the July level and was 3.8% above the level one year ago. Volatile food and energy prices account for almost half of the year-over-year increase in the total index. "Core" prices, excluding food and energy, were up only 2.0% over the last 12 months.



- August **revenue from Michigan's major taxes** was up 4.2% from one year ago, the ninth consecutive month revenue has exhibited a year-over-year increase. More than three-fourths of the gain in revenue was attributable to higher sales tax collections, largely reflecting the combined effects of higher levels of energy use and higher energy prices in sectors such as electricity and natural gas. August also marked the fourth consecutive month in which sales tax revenue grew more rapidly than withholding on wage and salary income.
- Seasonally adjusted **Michigan motor vehicle production** increased 23.7% in August from the July level, and was 24.5% above the level in August 2010. Compared with one year ago, automobile production was up 45.7% while truck production increased 16.0%.
- **Average sales prices for Michigan residential housing** during August, as reported by the Michigan Association of Realtors, were roughly 1.0% higher than one year ago. The increase is consistent with the national Case-Shiller Price Index, which reported that Detroit metropolitan area home prices in July were roughly 1.2% above the year-ago level. Detroit and Washington, D.C., were the only areas, out of the 20 included in the index, to exhibit year-over-year gains in home prices during July.



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Prepared by:  
David Zin  
Chief Economist

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

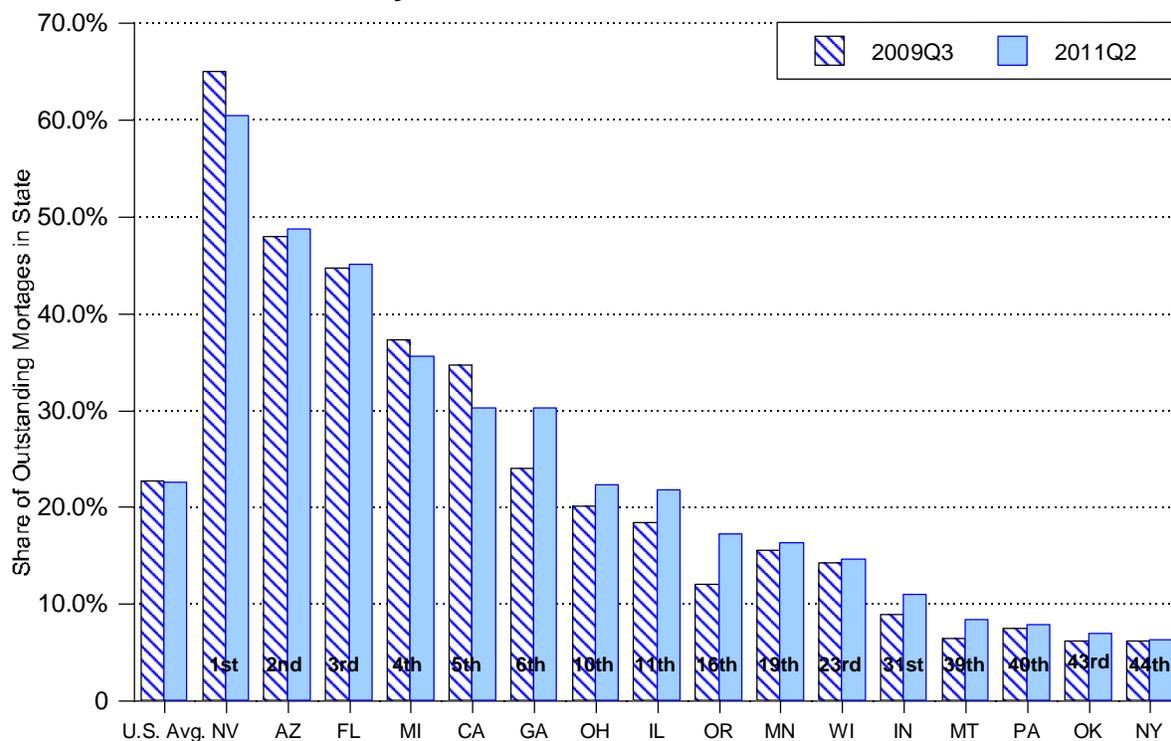
U.S.	Aug. 2011	July 2011	Aug. 2010	Change from July		Change from Year Ago	
				Number	Percent	Number	Percent
Labor Force	153,594	153,228	154,117	366	0.2%	(523)	(0.3%)
Employment	139,627	139,296	139,267	331	0.2	360	0.3
Unemployment	13,967	13,932	14,850	35	0.3	(883)	(5.9)
Unemployment Rate	9.1%	9.1%	9.6%	---	---	---	---

Michigan	Aug. 2011	July 2011	Aug. 2010	Change from July		Change from Year Ago	
				Number	Percent	Number	Percent
Labor Force	4,693	4,700	4,778	(7)	(0.1%)	(85)	(1.8%)
Employment	4,168	4,189	4,197	(21)	(0.5)	(29)	(0.7)
Unemployment	526	511	581	14	2.8	(56)	(9.6)
Unemployment Rate	11.2%	10.9%	12.2%	---	---	---	---

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

**Share of Mortgages that Exceed the Value of the Home**  
**Ranked By Value in Second Quarter of 2011**



Source: First American CoreLogic, Inc. No data available for seven states: LA, ME, MS, SD, VT, WV, and WY.

<b>MICHIGAN WAGE AND SALARY EMPLOYMENT</b> (Seasonally adjusted, thousands)							
	Aug. 2011*	July 2011	Aug. 2010	<u>Change from July</u>		<u>Change from Yr Ago</u>	
				Number	Percent	Number	Percent
<b>Total Non-Agricultural Jobs</b>	3,934	3,940	3,855	(6)	(0.1%)	80	2.1%
<b>Goods Producing Industries</b>	639	640	598	(1)	(0.1)	42	7.0
Mining and Logging	8	8	7	0	1.3	1	10.0
Construction	133	130	121	3	2.3	13	10.4
Manufacturing	498	502	470	(4)	(0.8)	28	6.0
Transportation Equipment	138	146	123	(7)	(5.1)	15	12.3
<b>Service Producing Industries</b>	3,295	3,300	3,257	(5)	(0.1)	38	1.2
Trade, Transportation & Utilities	713	716	710	(3)	(0.4)	3	0.5
Wholesale Trade	154	153	151	1	0.8	3	2.1
Retail Trade	443	446	445	(3)	(0.6)	(2)	(0.5)
Transportation & Utilities	116	117	113	(2)	(1.3)	2	2.1
Information	54	54	57	0	0.4	(3)	(5.3)
Financial Activities	188	187	186	0	0.1	2	0.8
Professional & Business Services	537	537	517	0	0.0	20	3.9
Education & Health Services	633	632	616	1	0.1	17	2.7
Leisure & Hospitality Services	371	372	374	(2)	(0.5)	(4)	(1.0)
Other Services	171	170	167	1	0.5	4	2.6
Government	630	632	631	(2)	(0.3)	(1)	(0.2)

**Source:** Bureau of Labor Statistics, U.S. Department of Labor \*Preliminary

<b>MICHIGAN AVERAGE WEEKLY HOURS AND EARNINGS</b>						
Industry	<u>Average Weekly Hours</u>			<u>Average Weekly Earnings</u>		
	Aug. 2011	Year Ago	Percent Change	Aug. 2011	Year Ago	Percent Change
Construction	41.7	40.0	4.3%	\$975.78	\$890.80	9.5%
Manufacturing	44.7	44.7	0.0	917.69	972.67	(5.7)
Durable Goods	45.9	46.1	(0.4)	1,014.85	1,087.04	(6.6)
Transportation Equipment Mfg.	45.1	45.9	(1.7)	1,269.57	1,321.92	(4.0)
Motor Vehicle Parts Mfg.	45.1	45.1	0.0	1,127.05	1,154.11	(2.3)
Nondurable Goods	41.2	40.9	0.7	636.13	658.08	(3.3)
Wholesale Trade	38.6	38.1	1.3	780.88	748.67	4.3
Retail Trade	30.4	29.9	1.7	388.51	391.39	(0.7)
Information	34.8	33.4	4.2	848.77	813.96	4.3
Financial Activities	36.6	36.6	0.0	704.18	754.69	(6.7)
Professional & Business Services	34.4	33.5	2.7	717.24	688.76	4.1
Health Care & Social Assistance	31.3	31.5	(0.6)	593.45	586.53	1.2
Leisure & Hospitality	24.0	23.7	1.3	233.28	232.73	0.2
Accommodation & Food Services	23.5	23.7	(0.8)	221.37	226.81	(2.4)

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

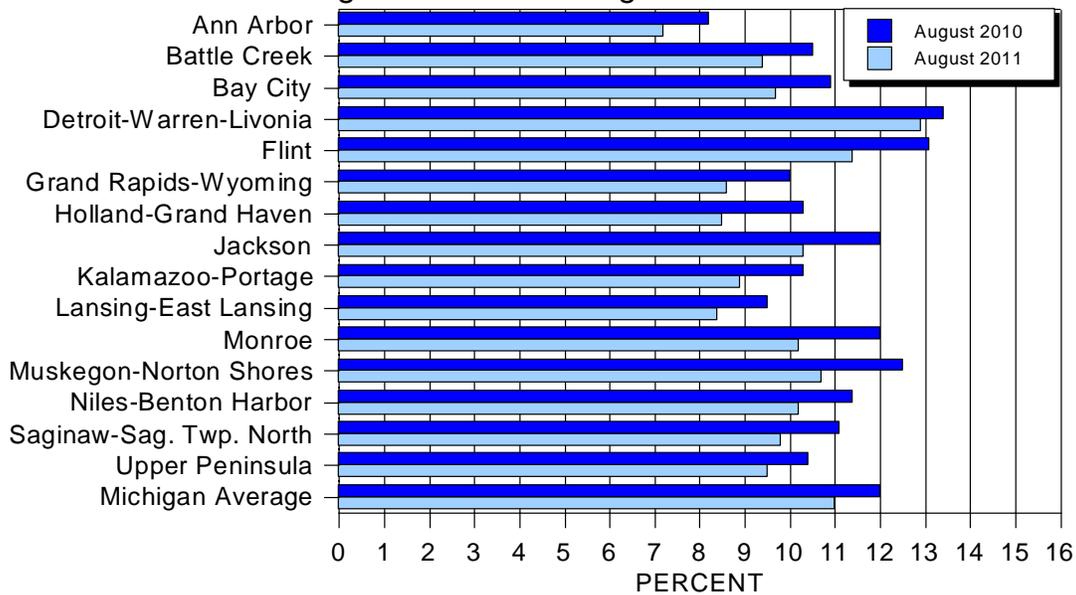
**MICHIGAN UNEMPLOYMENT RATES  
BY SELECTED METROPOLITAN AREAS AND MULTI-COUNTY AREAS  
(Not Adjusted for Seasonal Variations)**

	Aug. 2011	July 2011	June 2011	Aug. 2010
<b>Metropolitan Statistical Areas</b>				
Ann Arbor	7.2%	7.8%	7.7%	8.2%
Battle Creek	9.4	10.2	9.6	10.5
Bay City	9.7	10.0	9.9	10.9
Detroit-Warren-Livonia	12.9	14.2	12.5	13.4
Flint	11.4	12.4	11.5	13.1
Grand Rapids-Wyoming	8.6	9.1	9.0	10.0
Holland-Grand Haven	8.5	9.1	9.1	10.3
Jackson	10.3	11.0	10.6	12.0
Kalamazoo-Portage	8.9	9.5	9.3	10.3
Lansing-East Lansing	8.4	9.2	9.0	9.5
Monroe	10.2	11.1	10.4	12.0
Muskegon-Norton Shores	10.7	11.2	10.9	12.5
Niles-Benton Harbor	10.2	10.8	10.6	11.4
Saginaw-Saginaw Twp North	9.8	10.4	10.1	11.1
<b>Multi-County Areas</b>				
Northeast Lower Michigan	11.5	12.2	11.7	12.4
Northwest Lower Michigan	10.2	10.5	10.6	11.3
Upper Peninsula	9.5	9.9	10.1	10.4
<b>Michigan Statewide Average</b>				
-- Unadjusted (comparable to figures shown above)	11.0	11.9	11.0	12.0

Source: Michigan Department of Technology, Management, and Budget

**Michigan Regional Unemployment Rates**

August 2011 and August 2010



Source: Michigan Department of Technology, Management, and Budget

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

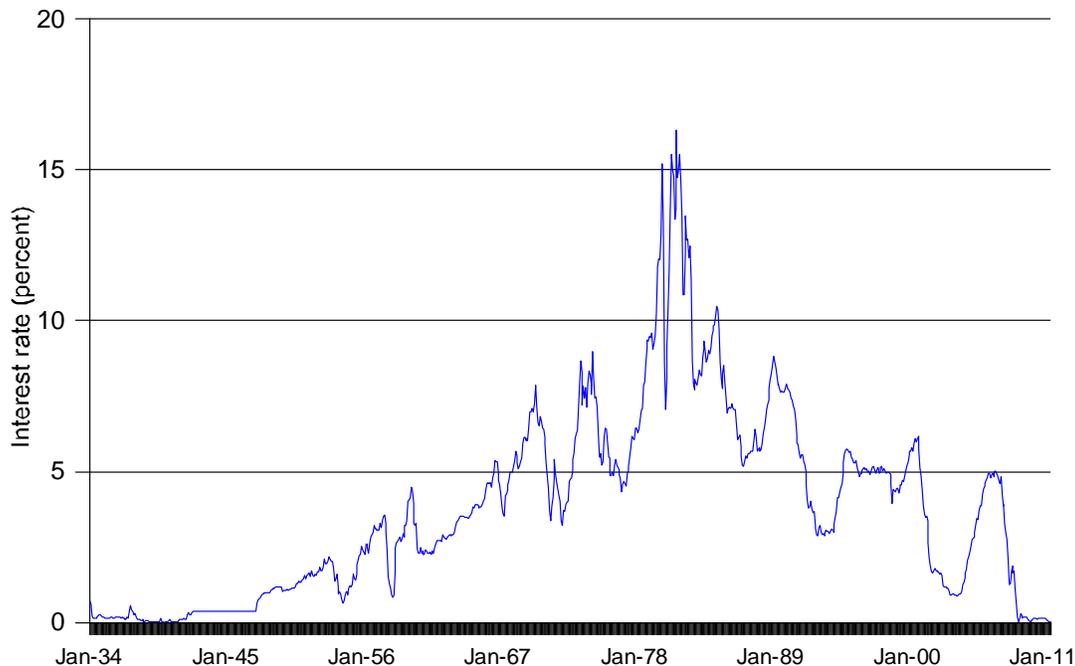
	Aug. 2011	July 2011	June 2011	May 2011	Year Ago August	Percent Change From:	
						Aug./July	Aug. 2011/ Aug. 2010
<b>Motor Vehicle Sales<sup>1)</sup></b> (thousands of units, SAAR)							
Autos	5,677	5,687	5,604	5,736	5,692	(0.2%)	(0.3%)
Domestics	4,057	4,037	3,971	3,995	3,773	0.5	7.5
Imports	1,620	1,650	1,633	1,741	1,919	(1.8)	(15.6)
Import Share	28.5%	29.0%	29.1%	30.4%	33.7%	---	---
Light Trucks	6,416	6,517	5,908	5,945	5,823	(1.5)	10.2
Domestics	5,465	5,592	5,019	5,074	4,882	(2.3)	11.9
Imports	951	925	889	871	941	2.8	1.1
Import Share	14.8%	14.2%	15.0%	14.7%	16.2%	---	---
Subtotal: Light Vehicle Sales	12,093	12,204	11,512	11,681	11,515	(0.9)	5.0
Heavy Trucks	336	305	307	312	220	10.2	52.7
Total Vehicle Sales	12,429	12,509	11,819	11,993	11,735	(0.6)	5.9
<b>U.S. Motor Vehicle Production<sup>1)</sup></b> (millions of units, SAAR)							
Autos	3,122	2,737	2,882	2,896	2,812	14.1	11.1
<b>Michigan Motor Vehicle Production<sup>2)</sup></b> (thousands of units, SAAR)							
Autos	751	545	582	845	515	37.7	45.7
Trucks	1,494	1,269	1,209	1,405	1,287	17.7	16.0
Total	2,244	1,814	1,791	2,250	1,802	23.7	24.5
Michigan Production as % of U.S.	24.4%	20.3%	21.6%	24.9%	22.0%	---	---
<b>U.S. Motor Vehicle Inventories<sup>3)</sup></b>							
Total Car	808	796	882	887	1,054	1.6	(23.3)
Days Supply	40	40	43	38	50	0.0	(20.0)
Total Truck	1,222	1,202	1,325	1,297	1,011	1.6	20.8
Days Supply	57	58	67	62	53	(1.7)	7.5

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).

## Short-Term Interest Rates at Record Lows

August 2011 Rate on 90-Day Treasury Bonds Second-Lowest on Record


**Source:** Federal Reserve Board of Governors

OTHER KEY ECONOMIC INDICATORS

Variable	Latest Period	Actual Data			Percent Chng From	
		Latest Period	Previous Period	Year Ago	Previous Period*	Year Ago
<b>Index of Consumer Sentiment</b> , monthly <sup>1)</sup> (1996 Q1=100)	Aug.	55.7	63.7	68.9	(12.6%)	(19.2%)
<b>Oil Prices</b> <sup>2)</sup> (\$ per barrel, West Texas Intermediate Crude)	Aug.	\$86.33	\$97.19	\$76.82	(11.2)	12.4
<b>Housing Starts, U.S.</b> <sup>3)</sup> (thousands of units, SAAR)	Aug.	571	601	606	(5.0)	(5.8)
<b>Retail Sales, U.S.</b> <sup>3)</sup> (billions, seasonally adjusted)	Aug.	\$348.8	\$348.6	\$324.3	0.1	7.5
<b>Industrial Production Index</b> <sup>4)</sup> (1997=100, seasonally adjusted)	Aug.	94.0	93.9	91.0	0.2	3.4
<b>Capacity Utilization</b> <sup>4)</sup> (% of total capacity, seasonally adjusted)	Aug.	77.4	77.3	75.5	0.1	2.5
<b>Consumer Price Index</b> <sup>5)</sup> (1982-84=100)						
U.S. (seasonally adjusted)	Aug.	226.3	225.4	218.1	4.6	3.8
Detroit (not seasonally adjusted)	Aug.	213.9	213.5	205.4	1.2	4.1
<b>Interest Rates</b>						
3-month Treasury Bill <sup>4)</sup>	Aug.	0.02%	0.04%	0.16%	---	---
Corporate Aaa Bonds <sup>4)</sup>	Aug.	4.37%	4.93%	4.49%	---	---
<b>Real Gross Domestic Product</b> <sup>6)</sup> (billions of 2005 \$, SAAR, Chain-Weighted)	2011 2nd Qtr.	\$13,271.8	\$13,227.9	\$13,058.5	1.3	1.6
<b>Michigan Tax Collections</b> <sup>7)</sup> (12 major taxes, millions)	Aug. 2011	\$1,656.4	\$1,776.6	\$1,590.1	NM	4.2

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.

