

MICHIGAN ECONOMIC INDICATORS

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

ECONOMIC HIGHLIGHTS

- **Housing starts** rose 22.2% in February from the January level, the first increase since June 2008. However, February starts were still at the third-lowest level of activity in the monthly series, which began in January 1959 (only December 2008 and January 2009 were lower). All of the improvement reflected starts for multifamily housing with five or more units. Starts increased most rapidly in the northeast and fell, even for multifamily housing, in the west.
- In February, seasonally-adjusted **light vehicle sales** declined to the lowest level since December 1981, falling 8.1% from the January level and down 38.6% from February 2008. February sales totals were the second-worst month in the modern series, which begins in January 1976. Sales of both imported automobiles and light trucks were slightly higher in February, compared with January, but were still down 26.0% and 23.2% compared with one year ago.
- The **University of Michigan's Index of Consumer Sentiment** fell from 61.2 in January to 56.3 in February, the fourth-lowest reading in the more than 50-year history of the survey. February's reading was only 1.0 point above the November 2008 reading, and only 4.6 points above the record lows recorded in April and May 1980. More than two-thirds of consumers expected the current recession to last five more years, even with the Federal stimulus packages.
- **Retail sales** fell 0.1% in February from the January level, and were down 9.8% from one year ago. Sectors with big-ticket items or housing-related expenditures dominated the sectors showing the largest declines, with sales of motor vehicles/parts down 23.5%, followed by furniture/home furnishings (down 10.7%) and building materials (down 10.3%).



- **Michigan's unemployment rate** increased from 11.6% in January to 12.0% in February, the highest level since January 1984, and up from 7.4% in February 2008. While Michigan's unemployment rate remained the highest in the nation, six other states (California, Nevada, North Carolina, Oregon, Rhode Island, and South Carolina) had unemployment rates of more than 10.0%.
- February **revenue from Michigan's major taxes** was down 31.1% from one year ago, reflecting lower year-over-year collections from most taxes. Sales tax collections, one of the State's largest revenue sources, were down 17.8% from one year ago. Withholding collections were down 5.4% from last February, while individual income tax refunds were up 23.2%, making net income tax collections negative for the month, with a \$45.4 million net outflow of cash compared with a \$102.2 million net inflow in February 2008.
- **Michigan wage and salary employment** decreased by 21,000 jobs in February from the January level, marking the eighth consecutive monthly decline. Compared with February 2008, employment was down by 277,000 jobs, with manufacturing (112,000 jobs) and professional/business services (63,000) accounting for the majority of the job loss. Only the education/health services sector exhibited a year-over-year employment gain, up 10,000 jobs.



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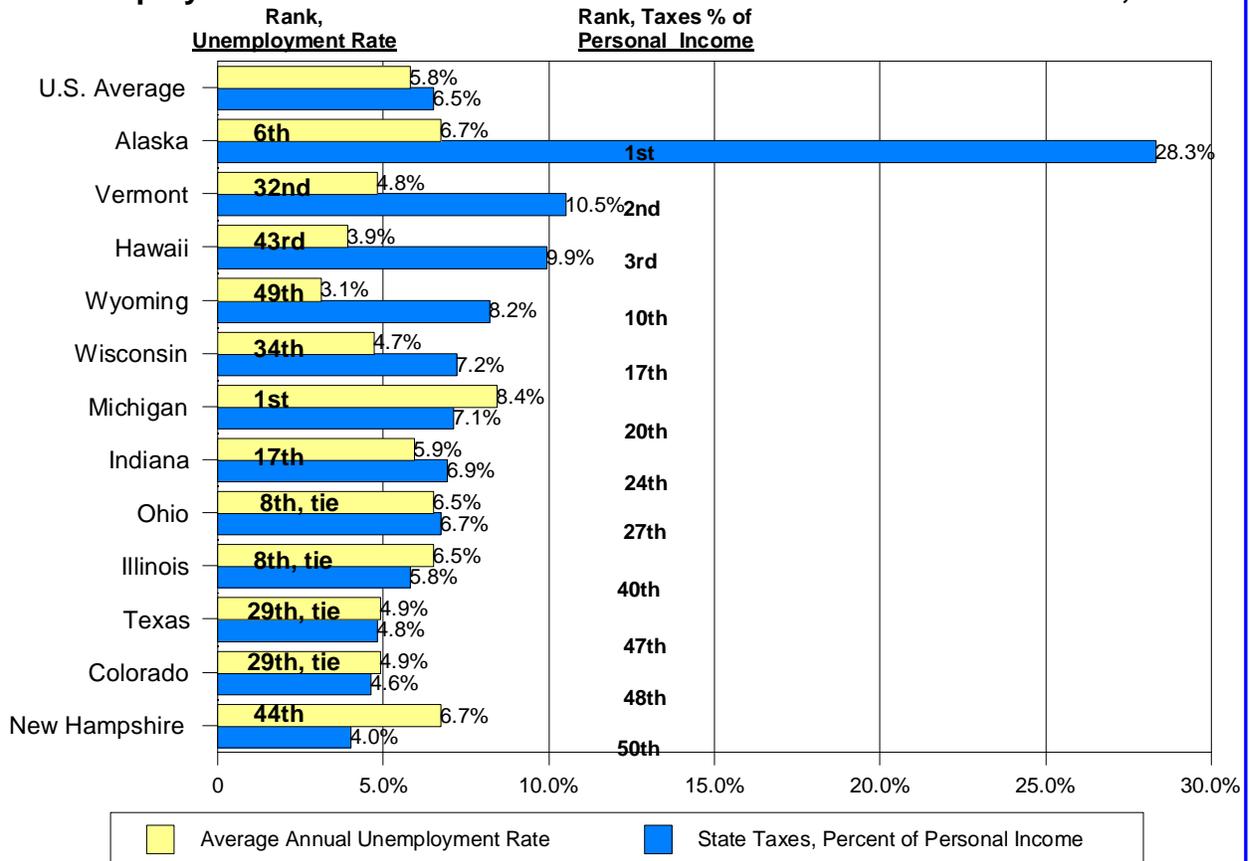
U.S. & MICHIGAN LABOR MARKET NEWS
(Seasonally adjusted, thousands)

U.S.	Feb. 2009	Jan. 2009	Feb. 2008	Change from Jan.		Change from Year Ago	
				Number	Percent	Number	Percent
Labor Force	154,214	153,716	153,498	498	0.3%	716	0.5%
Employment	141,748	142,099	146,075	(351)	(0.2)	(4,327)	(3.0)
Unemployment	12,466	11,617	7,423	849	7.3	5,043	67.9
Unemployment Rate	8.1%	7.6%	4.8%	---	---	---	---

Michigan	Feb. 2009	Jan. 2008	Feb. 2008	Change from Jan.		Change from Year Ago	
				Number	Percent	Number	Percent
Labor Force	4,854	4,862	4,973	(8)	(0.2)%	(119)	(2.4)%
Employment	4,270	4,299	4,604	(30)	(0.7)	(334)	(7.3)
Unemployment	584	563	369	21	3.8	215	58.2
Unemployment Rate	12.0%	11.6%	7.4%	---	---	---	---

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

Unemployment Rates and State Taxes as a Percent of Personal Income, 2008



Source: Bureau of Labor Statistics, U.S. Dept. of Labor and U.S. Bureau of the Census, U.S. Dept. of Commerce

MICHIGAN WAGE AND SALARY EMPLOYMENT
(Seasonally adjusted, thousands)

	Feb. 2009*	Jan. 2009	Feb. 2008	<u>Change from Jan.</u>		<u>Change from Yr Ago</u>	
				Number	Percent	Number	Percent
Total Wage & Salary Jobs	3,954	3,975	4,231	(21)	(0.5)%	(277)	(6.5)%
Goods Producing Industries	642	644	769	(2)	(0.4)	(127)	(16.6)
Natural Resources & Mining	8	8	8	0	0.0	0	0.0
Construction	146	146	162	(0)	(0.2)	(16)	(9.7)
Manufacturing	488	490	600	(2)	(0.4)	(112)	(18.6)
Transportation Equipment	129	122	187	7	5.4	(58)	(31.2)
Service Producing Industries	3,312	3,331	3,461	(19)	(0.6)	(150)	(4.3)
Trade, Transportation & Utilities	733	736	783	(2)	(0.3)	(49)	(6.3)
Wholesale Trade	153	157	169	(3)	(2.0)	(16)	(9.4)
Retail Trade	464	465	487	(0)	(0.1)	(22)	(4.6)
Transportation & Utilities	116	115	127	1	0.9	(11)	(8.8)
Information	60	60	63	(0)	(0.5)	(3)	(5.1)
Financial Activities	196	197	208	(1)	(0.4)	(13)	(6.0)
Professional & Business Services	513	516	577	(3)	(0.6)	(63)	(11.0)
Education & Health Services	615	613	605	2	0.3	10	1.6
Leisure & Hospitality Services	387	389	401	(2)	(0.5)	(14)	(3.6)
Other Services	172	173	177	(1)	(0.5)	(4)	(2.4)
Government	636	647	648	(12)	(1.8)	(12)	(1.9)

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>		
	Feb. 2009	Year Ago	Percent Change	Feb. 2009	Year Ago	Percent Change
Construction	33.8	34.0	(0.6)%	\$740.22	\$759.56	(2.5)%
Manufacturing	40.6	43.0	(5.6)	885.49	964.49	(8.2)
Durable Goods	42.3	45.2	(6.4)	1,002.51	1,089.32	(8.0)
Transportation Equipment Mfg.	39.5	44.9	(12.0)	1,122.59	1,276.51	(12.1)
Motor Vehicle Parts Mfg.	40.7	44.0	(7.5)	1,040.29	1,133.88	(8.3)
Nondurable Goods	35.8	36.1	(0.8)	550.60	570.74	(3.5)
Wholesale Trade	37.0	38.6	(4.1)	700.78	746.91	(6.2)
Retail Trade	29.4	29.9	(1.7)	371.62	370.46	0.3
Food & Beverage Stores	24.3	27.4	(11.3)	307.64	293.18	4.9
Information	32.9	33.1	(0.6)	787.96	721.58	9.2
Financial Activities	35.0	35.3	(0.8)	708.40	678.11	4.5
Professional & Business Services	33.3	33.8	(1.5)	676.99	686.14	(1.3)
Health Care & Social Assistance	33.7	35.2	(4.3)	597.50	612.83	(2.5)
Leisure & Hospitality	21.0	21.6	(2.8)	191.10	200.23	(4.6)
Accommodation & Food Services	21.1	21.6	(2.3)	187.16	194.18	(3.6)

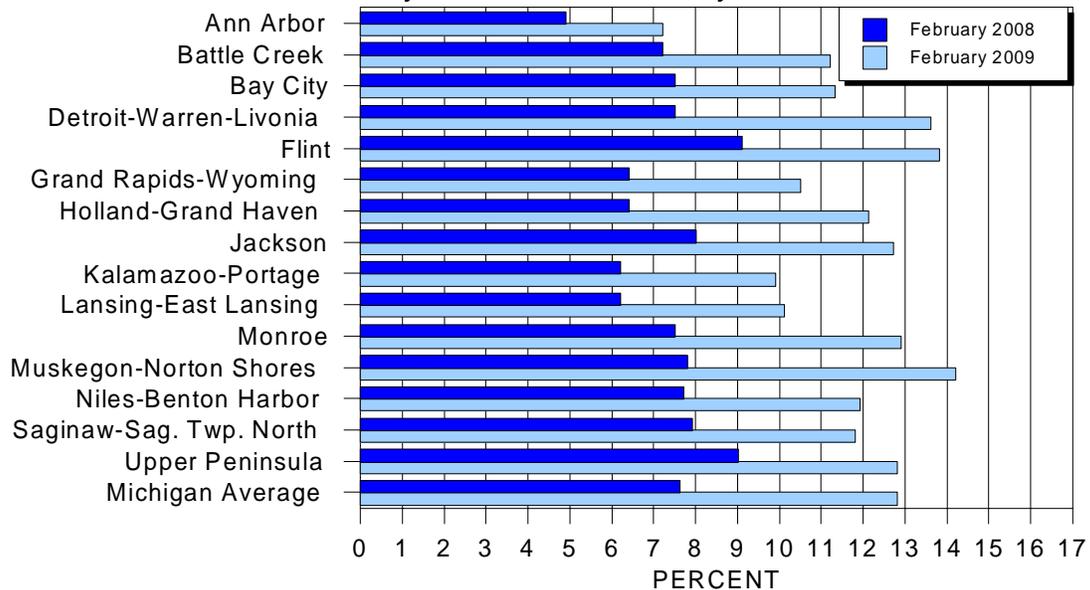
Source: Bureau of Labor Statistics, U.S. Department of Labor

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

	Feb. 2009	Jan. 2009	Dec. 2008	Feb. 2008
Metropolitan Statistical Areas				
Ann Arbor	7.4%	7.3%	6.9%	4.9%
Battle Creek	11.2	11.1	9.6	7.2
Bay City	11.3	11.4	9.7	7.5
Detroit-Warren-Livonia	13.6	13.0	10.6	7.5
Flint	13.8	14.8	12.1	9.1
Grand Rapids-Wyoming	10.5	10.3	9.0	6.4
Holland-Grand Haven	12.1	11.3	9.3	6.4
Jackson	12.7	12.1	11.0	8.0
Kalamazoo-Portage	9.9	9.6	8.9	6.2
Lansing-East Lansing	10.1	10.8	8.4	6.2
Monroe	12.9	14.6	11.3	7.5
Muskegon-Norton Shores	14.2	13.5	11.6	7.8
Niles-Benton Harbor	11.9	11.6	10.2	7.7
Saginaw-Saginaw Twp North	11.8	12.4	10.2	7.9
Multi-County Areas				
Northeast Lower Michigan	17.4	17.0	15.2	12.8
Northwest Lower Michigan	14.1	13.8	12.2	9.6
Upper Peninsula	12.8	12.2	11.4	9.0
Michigan Statewide Average				
-- Unadjusted (comparable to figures shown above)	12.8	12.5	10.5	7.6
Source: Michigan Department of Energy, Labor, and Economic Growth			*Preliminary	

Michigan Regional Unemployment Rates

February 2008 and February 2009



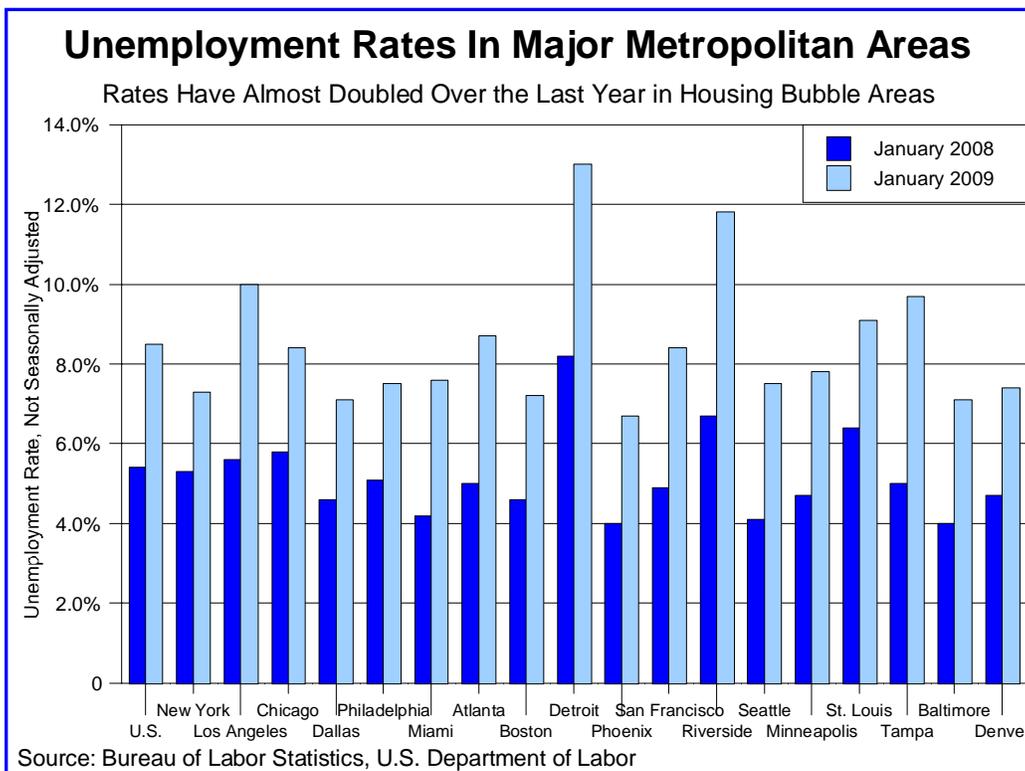
Source: Michigan Department of Energy, Labor, and Economic Growth

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

	Feb. 2009	Jan. 2009	Dec. 2008	Nov. 2008	Year Ago Feb.	Percent Change From:	
						Feb./Jan.	Feb. 2009/ Feb. 2008
Motor Vehicle Sales¹⁾ (thousands of units, SAAR)							
Autos	4,615	4,586	5,198	4,960	7,393	0.6%	(37.6)%
Domestics	2,874	2,911	3,618	3,286	5,039	(1.3)	(43.0)
Imports	1,741	1,675	1,580	1,674	2,354	3.9	(26.0)
Import Share	37.7%	36.5%	30.4%	33.8%	31.8%	---	---
Light Trucks	4,482	4,957	5,070	5,178	7,898	(9.6)	(43.3)
Domestics	3,471	3,968	4,135	4,266	6,581	(12.5)	(47.3)
Imports	1,011	989	935	912	1,317	2.2	(23.2)
Import Share	22.6%	20.0%	18.4%	17.6%	16.7%	---	---
Subtotal: Light Vehicle Sales	9,097	9,543	10,268	10,138	15,291	(4.7)	(40.5)
Heavy Trucks	194	211	257	277	316	(8.1)	(38.6)
Total Vehicle Sales	9,291	9,754	10,525	10,415	15,607	(4.7)	(40.5)
U.S. Motor Vehicle Production¹⁾ (millions of units, SAAR)							
Autos	1,646	1,310	2,860	3,416	3,857	25.6	(57.3)
Michigan Motor Vehicle Production²⁾ (thousands of units, SAAR)							
Autos	243	134	853	740	1,081	81.1	(77.5)
Trucks	679	504	713	703	1,292	34.7	(47.4)
Total	923	639	1,567	1,443	2,372	44.5	(61.1)
Michigan Production as % of U.S.	19.1%	16.7%	22.6%	22.3%	22.5%	---	---
U.S. Motor Vehicle Inventories³⁾							
Total Car	1,578	1,627	1,734	1,685	1,481	(3.0)	6.6
Days Supply	107	130	102	113	64	(17.7)	67.2
Total Truck	1,322	1,357	1,489	1,593	1,981	(2.5)	(33.3)
Days Supply	94	106	85	106	83	(11.3)	13.3

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)	Feb.	56.3	61.2	70.8	(8.0)%	(20.5)%
Oil Prices ²⁾ (\$ per barrel, West Texas Intermediate Crude)	Feb.	\$39.16	\$41.74	\$95.35	(6.2)	(58.9)
Housing Starts, U.S. ³⁾ (thousands of units, SAAR)	Feb.	583	477	1,107	22.2	(47.3)
Retail Sales, U.S. ³⁾ (billions, seasonally adjusted)	Feb.	\$308.1	\$308.5	\$341.7	(0.1)	(9.8)
Industrial Production Index ⁴⁾ (1997=100, seasonally adjusted)	Feb.	98.8	100.3	112.0	(1.5)	(11.8)
Capacity Utilization ⁴⁾ (% of total capacity, seasonally adjusted)	Feb.	70.2	71.3	80.2	(1.5)	(12.4)
Consumer Price Index ⁵⁾ (1982-84=100)						
U.S. (seasonally adjusted)	Feb.	213.0	212.2	212.9	4.8	0.1
Detroit (not seasonally adjusted)	Feb.	201.9	198.0	202.4	12.5	(0.2)
Interest Rates						
3-month Treasury Bill ⁴⁾	Feb.	0.31%	0.12%	2.21%	---	---
Corporate Aaa Bonds ⁴⁾	Feb.	5.27%	5.05%	5.53%	---	---
Real Gross Domestic Product ⁶⁾ (billions of 2000 \$, SAAR, Chain-Weighted)	2008 4th Qtr.	\$11,522.1	\$11,712.4	\$11,620.7	(6.3)	(0.8)
Michigan Tax Collections ⁷⁾ (12 major taxes, millions)	Feb. 2008	\$666.3	\$1,951.6	\$966.9	NM	(31.1)

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.

