

MICHIGAN ECONOMIC INDICATORS

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

ECONOMIC HIGHLIGHTS



- The revised estimate for **inflation-adjusted Gross Domestic Product (GDP)** indicated the economy grew at a 1.6% annual rate in the second quarter of 2010, down from the advance estimate of 2.4% and down from 3.7% during the first quarter. Approximately 84% of growth during the second quarter reflected increased inventories, which grew almost 50% more rapidly than in the first quarter, and Federal spending. Imports increased at a 32.4% annual rate, largely offsetting the positive impact from consumption, exports, and investment, sectors that generally exhibited slower growth in the second quarter.
- The **University of Michigan's Index of Consumer Sentiment** fell from 76.0 in June to 67.8 in July, a 10.8% decline and the lowest level since November 2009. July's index reflected consumer recognition of extended weakness in economic growth and the job market. In July, the smallest proportion of consumers in the 60-year history of the survey reported anticipating any increase in household income over the next year. The survey suggested that consumer spending will remain weak through most of 2011 and indicated a 25% probability of a double-dip recession.
- **Industrial production** increased 1.0% in July, to its highest level since October 2008, and was 7.7% above the year-ago level. The year-over-year growth rates in production have been the three highest since January 1998. While increases in motor vehicle production account for the majority of the recent growth (with motor vehicle production up 32.6% in July from the year-ago level), production excluding motor vehicles and parts was still up 5.9% from July 2009.
- **Housing starts** remained weak in July, rising 1.7% from the June level but still 7.0% below the depressed levels of July 2009. Although up 14.5% from the record trough in April 2009, July 2010 starts ranked as the sixth lowest month in records going back to January 1959.



- **Michigan's unemployment rate** decreased from 13.2% in June to 13.1% in July and was below the 14.2% in July 2009. Unlike previous monthly declines this year, when employment increased, the July decrease reflected the faster departure of people from the labor force than the decline in employment. Compared with one year ago, employment is up by 12,000 jobs, although the size of the labor force was down by 44,000 people.
- **July revenue from Michigan's major taxes** was down 4.6% from one year ago. While revenue from income tax withholding was 2.1% higher, revenue from most other major taxes was lower, with Michigan Business Tax revenue down 4.0%, despite fewer refunds due to a processing backlog, and use tax revenue down 3.4%.
- **Average weekly earnings** continued exhibiting strong year-over-year growth in July. While the strongest gains occurred in transportation equipment manufacturing (12.6%, reflecting the recovery in vehicle manufacturing), wholesale trade was up 12.2%, and leisure/hospitality was up 7.1%. Only financial activities (-0.2%) exhibited lower year-over-year earnings. Average weekly hours were up 5.3% in manufacturing sectors, but were flat in most other sectors.



JULY 2010

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This publication is available on the SFA Website @ www.senate.michigan.gov/sfa

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

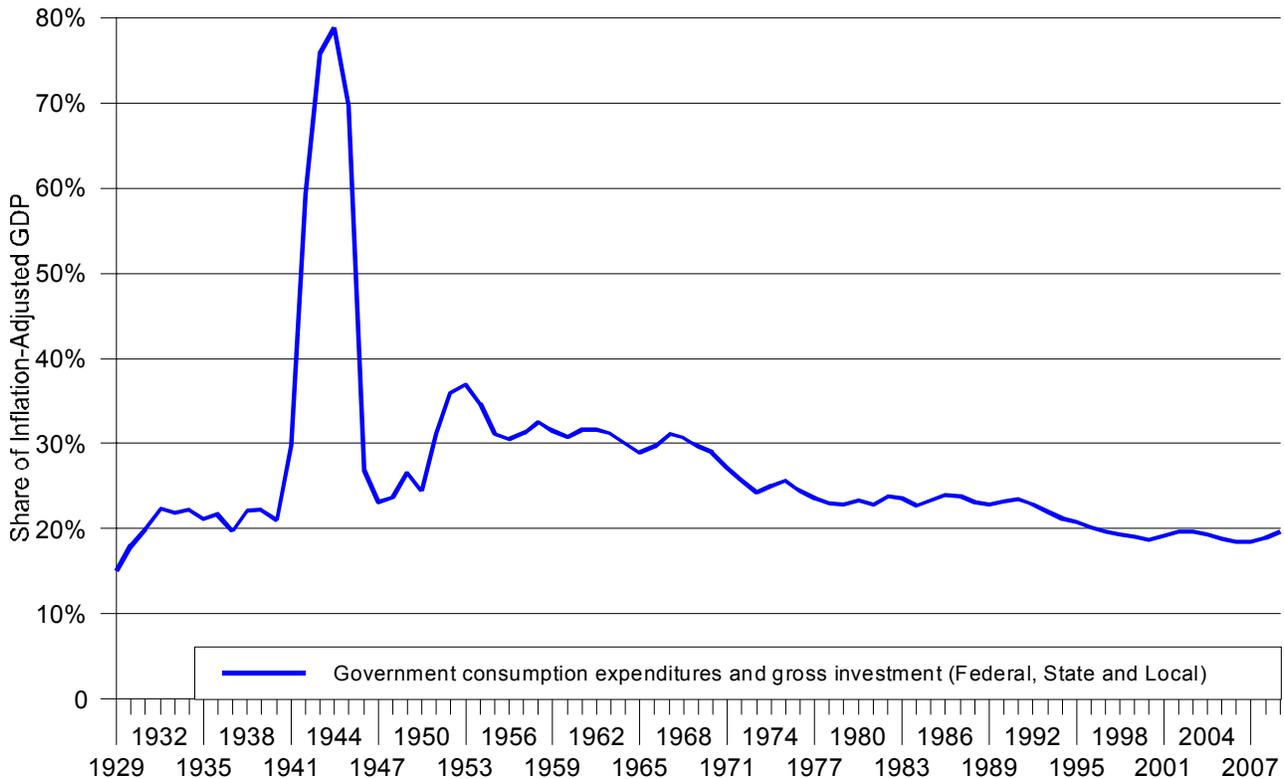
U.S.	July 2010	June 2010	July 2009	Change from June		Change from Year Ago	
				Number	Percent	Number	Percent
Labor Force	153,560	153,741	154,351	(181)	(0.1)%	(791)	(0.5)%
Employment	138,960	139,119	139,817	(159)	(0.1)	(857)	(0.6)
Unemployment	14,600	14,622	14,534	(22)	(0.2)	66	0.5
Unemployment Rate	9.5%	9.5%	9.4%	---	---	---	---

Michigan	July 2010	June 2010	July 2009	Change from June		Change from Year Ago	
				Number	Percent	Number	Percent
Labor Force	4,845	4,863	4,889	(17)	(0.4)%	(44)	(0.9)%
Employment	4,208	4,222	4,196	(14)	(0.3)	12	0.3
Unemployment	637	640	693	(4)	(0.6)	(56)	(8.1)
Unemployment Rate	13.1%	13.2%	14.2%	---	---	---	---

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

Government's Share of Gross Domestic Product

For the Last Decade, at Lowest Levels Since Before the Great Depression



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

MICHIGAN WAGE AND SALARY EMPLOYMENT (Seasonally adjusted, thousands)							
	July 2010*	June 2010	July 2009	<u>Change from June</u>		<u>Change from Yr Ago</u>	
				Number	Percent	Number	Percent
Total Non-Agricultural Jobs	3,876	3,848	3,855	28	0.7%	22	0.6%
Goods Producing Industries	606	587	592	19	3.2	14	2.4
Mining and Logging	7	7	7	(0)	(1.4)	0	4.4
Construction	116	117	123	(1)	(0.9)	(7)	(6.0)
Manufacturing	483	463	462	20	4.3	21	4.6
Transportation Equipment	145	128	137	18	13.8	9	6.4
Service Producing Industries	3,270	3,261	3,263	9	0.3	7	0.2
Trade, Transportation & Utilities	710	707	711	4	0.5	(1)	(0.1)
Wholesale Trade	153	152	150	1	0.7	3	1.9
Retail Trade	449	447	450	2	0.4	(1)	(0.1)
Transportation & Utilities	109	108	112	1	0.6	(3)	(2.9)
Information	51	52	56	(1)	(1.0)	(4)	(7.7)
Financial Activities	182	183	190	(1)	(0.4)	(8)	(4.3)
Professional & Business Services	521	523	496	(2)	(0.4)	25	5.0
Education & Health Services	622	621	611	2	0.3	12	1.9
Leisure & Hospitality Services	376	373	379	2	0.6	(4)	(1.0)
Other Services	165	167	168	(1)	(0.8)	(3)	(1.8)
Government	642	637	652	5	0.8	(9)	(1.4)

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>		
	July 2010	Year Ago	Percent Change	July 2010	Year Ago	Percent Change
Construction	40.2	38.1	5.5%	\$890.03	\$836.68	6.4%
Manufacturing	43.9	41.7	5.3	956.14	889.46	7.5
Durable Goods	45.3	42.8	5.8	1,074.97	1,005.80	6.9
Transportation Equipment Mfg.	44.8	41.0	9.3	1,288.90	1,145.13	12.6
Motor Vehicle Parts Mfg.	44.0	41.6	5.8	1,138.72	1,066.21	6.8
Nondurable Goods	40.4	39.1	3.3	646.40	600.19	7.7
Wholesale Trade	37.6	36.4	3.3	734.70	654.84	12.2
Retail Trade	30.2	30.1	0.3	385.96	378.66	1.9
Information	33.3	32.2	3.4	829.84	824.00	0.7
Financial Activities	36.3	35.9	1.1	744.51	746.36	(0.2)
Professional & Business Services	33.2	33.0	0.6	666.32	658.02	1.3
Health Care & Social Assistance	31.8	31.8	0.0	594.02	570.49	4.1
Leisure & Hospitality	23.8	23.8	0.0	232.05	216.58	7.1
Accommodation & Food Services	23.7	24.0	(1.3)	224.44	213.36	5.2

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

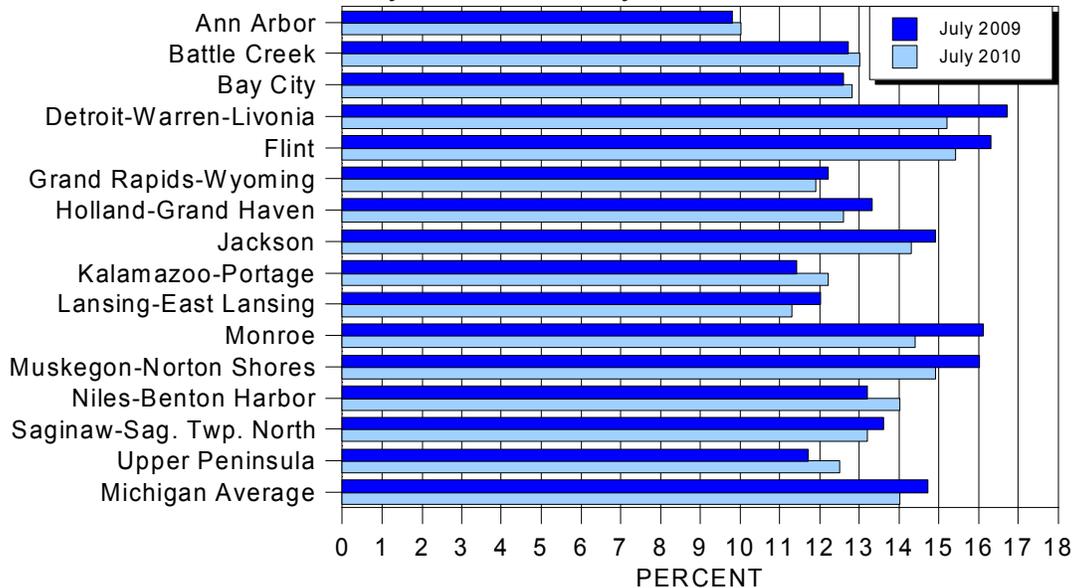
**MICHIGAN UNEMPLOYMENT RATES
BY SELECTED METROPOLITAN AREAS AND MULTI-COUNTY AREAS
(Not Adjusted for Seasonal Variations)**

	July 2010	June 2010	May 2010	July 2009
Metropolitan Statistical Areas				
Ann Arbor	10.0%	9.3%	8.8%	9.8%
Battle Creek	13.0	11.5	11.5	12.7
Bay City	12.8	12.0	12.1	12.6
Detroit-Warren-Livonia	15.2	14.3	13.7	16.7
Flint	15.4	14.1	14.7	16.3
Grand Rapids-Wyoming	11.9	11.1	10.9	12.2
Holland-Grand Haven	12.6	12.0	11.8	13.3
Jackson	14.3	13.2	13.0	14.9
Kalamazoo-Portage	12.2	11.4	11.2	11.4
Lansing-East Lansing	11.3	10.6	10.2	12.0
Monroe	14.4	12.9	12.7	16.1
Muskegon-Norton Shores	14.9	13.9	14.0	16.0
Niles-Benton Harbor	14.0	13.1	12.8	13.2
Saginaw-Saginaw Twp North	13.2	12.3	12.4	13.6
Multi-County Areas				
Northeast Lower Michigan	15.0	14.2	14.5	14.4
Northwest Lower Michigan	13.2	12.8	13.5	12.5
Upper Peninsula	12.5	11.9	12.1	11.7
Michigan Statewide Average				
-- Unadjusted (comparable to figures shown above)	14.0	13.1	12.8	14.7

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

Michigan Regional Unemployment Rates

July 2010 and July 2009

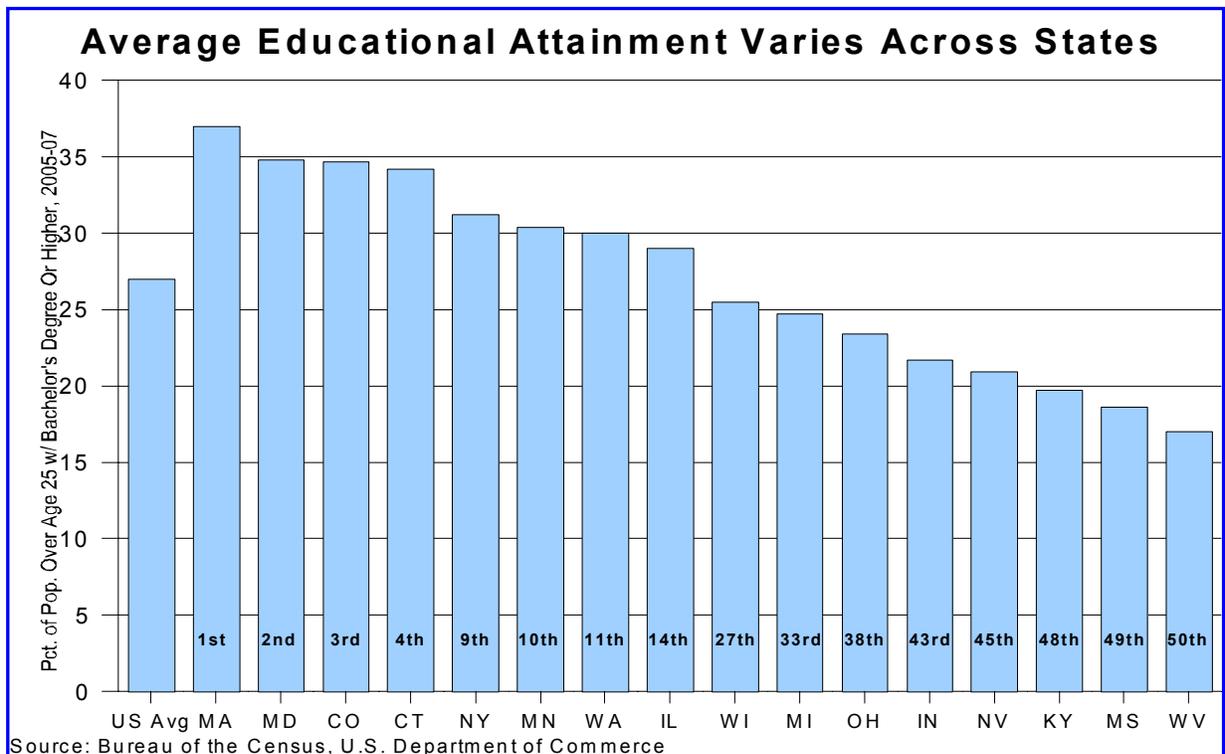


Source: Michigan Department of Energy, Labor, and Economic Growth

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

	July 2010	June 2010	May 2010	Apr. 2009	Year Ago July	Percent Change From:	
						July/June	July 2010/ July 2009
Motor Vehicle Sales¹⁾ (thousands of units, SAAR)							
Autos	5,610	5,488	5,640	5,683	6,137	2.2%	(8.6)%
Domestics	3,829	3,778	3,989	3,983	4,153	1.3	(7.8)
Imports	1,781	1,710	1,651	1,700	1,984	4.2	(10.2)
Import Share	31.7%	31.2%	29.3%	29.9%	32.3%	---	---
Light Trucks	5,912	5,651	5,984	5,563	5,139	4.6	15.0
Domestics	5,014	4,808	5,086	4,748	4,233	4.3	18.5
Imports	898	843	898	815	906	6.5	(0.9)
Import Share	15.2%	14.9%	15.0%	14.7%	17.6%	---	---
Subtotal: Light Vehicle Sales	11,522	11,139	11,624	11,246	11,276	3.4	2.2
Heavy Trucks	250	212	213	194	197	17.9	26.9
Total Vehicle Sales	11,772	11,351	11,837	11,440	11,473	3.7	2.6
U.S. Motor Vehicle Production¹⁾ (millions of units, SAAR)							
Autos	2,768	2,948	3,234	2,905	2,222	(6.1)	24.6
Michigan Motor Vehicle Production²⁾ (thousands of units, SAAR)							
Autos	754	731	665	546	474	3.2	59.0
Trucks	1,634	1,096	899	861	872	49.1	87.5
Total	2,389	1,827	1,564	1,407	1,346	30.8	77.4
Michigan Production as % of U.S.							
U.S. Motor Vehicle Inventories³⁾							
Total Car	1,047	1,095	1,091	1,131	1,029	(4.4)	1.7
Days Supply	51	53	48	56	46	(3.8)	10.9
Total Truck	970	1,034	964	981	800	(6.2)	21.4
Days Supply	52	56	49	56	49	(7.1)	6.1

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)	July	67.8	76.0	66.0	(10.8)%	2.7%
Oil Prices ²⁾ (\$ per barrel, West Texas Intermediate Crude)	July	\$76.37	\$75.35	\$64.09	1.4	19.2
Housing Starts, U.S. ³⁾ (thousands of units, SAAR)	July	546	537	587	1.7	(7.0)
Retail Sales, U.S. ³⁾ (billions, seasonally adjusted)	July	\$323.3	\$321.9	\$305.4	0.4	5.9
Industrial Production Index ⁴⁾ (1997=100, seasonally adjusted)	July	93.4	92.5	86.7	1.0	7.7
Capacity Utilization ⁴⁾ (% of total capacity, seasonally adjusted)	July	74.8	74.1	69.1	1.0	8.3
Consumer Price Index ⁵⁾ (1982-84=100)						
U.S. (seasonally adjusted)	July	217.6	216.9	214.8	3.8	1.3
Detroit (not seasonally adjusted)	June	204.9	205.2	204.5	(1.0)	0.2
Interest Rates						
3-month Treasury Bill ⁴⁾	July	0.16%	0.12%	0.19%	---	---
Corporate Aaa Bonds ⁴⁾	July	4.72%	4.88%	5.41%	---	---
Real Gross Domestic Product ⁶⁾ (billions of 2005 \$, SAAR, Chain-Weighted)	2010 2nd Qtr.	\$13,191.5	\$13,138.8	\$12,810.0	1.6	3.0
Michigan Tax Collections ⁷⁾ (12 major taxes, millions)	July 2010	\$1,662.9	\$1,668.2	\$1,743.8	NM	(4.6)

SAAR = Seasonally Adjusted at Annual Rates. NM = Not Meaningful.

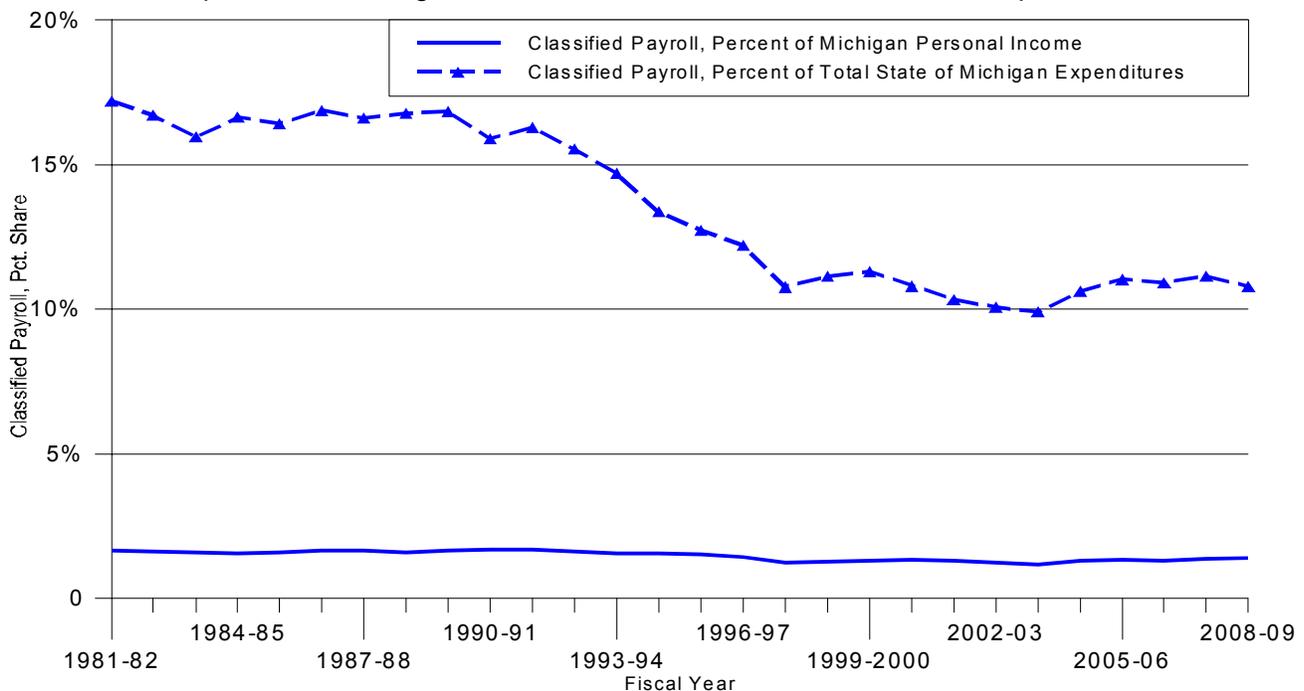
Revenue data vary greatly from month-to-month due to timing and other noneconomic factors.

*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.

State of Michigan Employee Payroll

Compared to Michigan Personal Income and Total State Expenditures



Source: Bureau of Economic Analysis, U.S. Dept. of Commerce; Michigan Dept. of Civil Service