

MICHIGAN ECONOMIC INDICATORS

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

ECONOMIC HIGHLIGHTS

- The advance estimate for **inflation-adjusted Gross Domestic Product (GDP)** in the second quarter of 2009 reported an annualized decline in the economy of 1.0%, following the 6.4% decline in the first quarter and 5.4% decline in the fourth quarter of 2008. Inflation-adjusted GDP has now declined for four consecutive quarters, the longest decline in quarterly records, which begin in 1947.
- The **U.S. Consumer Price Index** for June increased at an annual rate of 9.3% from the May level but was still 1.2% below the level one year ago. The monthly increase was almost entirely accounted for by a strong increase in energy prices (primarily gasoline). On an annual basis, energy prices accounted for much of the decline, more than offsetting solid gains in the components of the index comprised of food, medical care, and education.
- The advance estimate for GDP also indicated that **government spending**, adjusted for inflation, increased at a 5.6% annual rate in the second quarter. Federal government spending rose at a 10.9% rate, while State and local spending grew at a 2.4% rate, largely reflecting the beginnings of the Federal stimulus program entering the economy. Government spending was insufficient to offset declines in **personal consumption spending**, which fell from 0.6% growth in the first quarter to a 1.2% decline. Consumption spending has declined in four of the last six quarters, averaging an annualized decline of 1.3%, the weakest six-quarter performance in modern records and roughly three times the magnitude of the decline for the second quarter of 1980.
- **Retail sales** rose 0.8% in June from the May level, which marks the second time this year sales have increased in two consecutive months. However, sales are still 10.0% below the level one year ago. The June growth largely reflected increases at gasoline stations (up 5.0%) and motor vehicles/parts (up 2.3%). Other sectors exhibited weak growth, or even declines, compared with May.



- **Michigan's unemployment rate** increased from 14.1% in May to 15.2% in June, the highest level since May 1983, and up from 8.1% in June 2008. While Michigan's unemployment rate remained the highest in the nation, 12 other states had unemployment rates of more than 10.0%.
- Reflecting the same pressures felt nationally in food and energy prices, the **Detroit Consumer Price Index (CPI)** increased at an annual rate of 6.6% between April and June, but was still 1.5% below the year-ago level.
- June **revenue from Michigan's major taxes** was down 16.2% from one year ago, and year-to-date revenue is 13.4% below the level in the last fiscal year. While lower sales tax collections accounted for 59.2% of the drop in year-over-year revenue in May, lower income tax collections accounted for 50.1% of the year-over-year decline in June revenue (lower sales tax collections accounted for 16.8%).



JUNE 2009

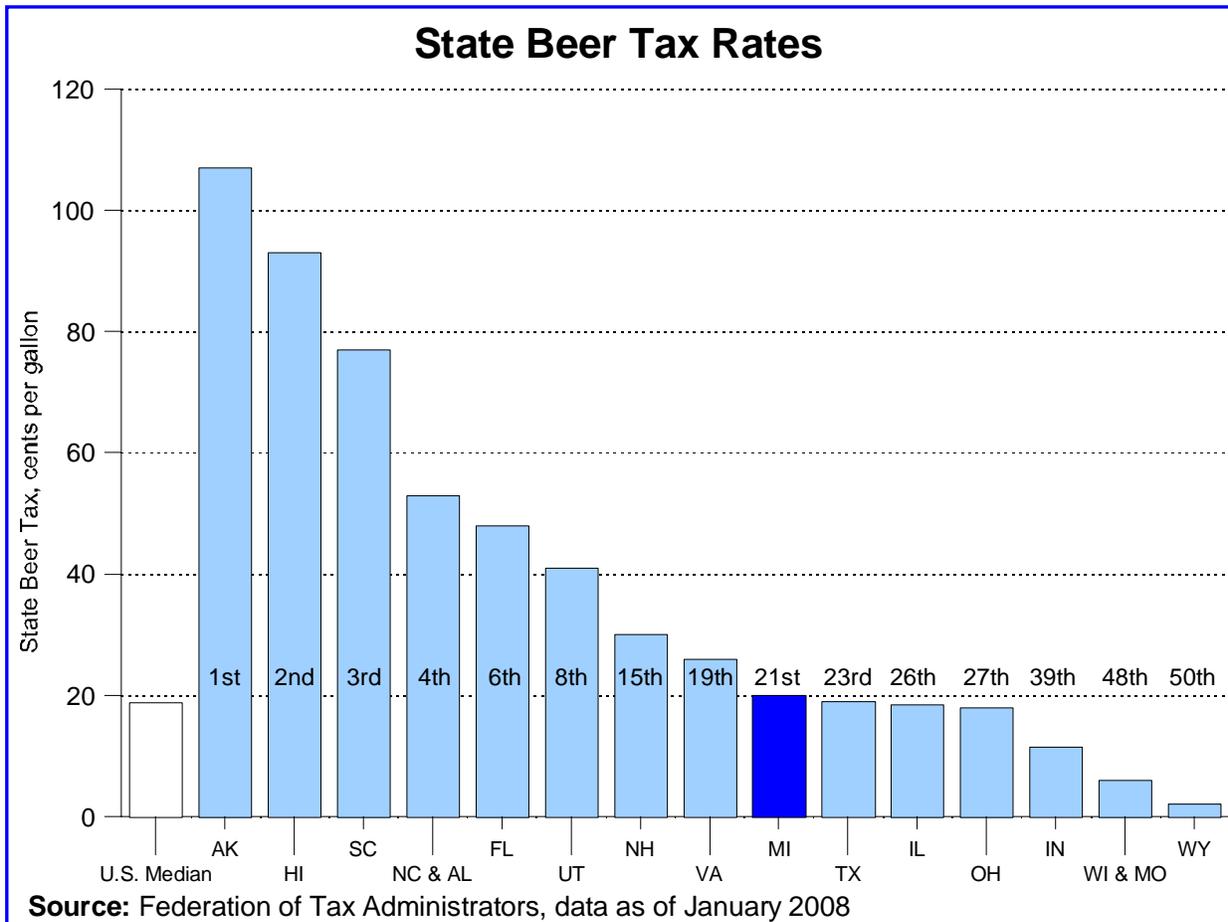
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U.S. & MICHIGAN LABOR MARKET NEWS
(Seasonally adjusted, thousands)

U.S.	June 2009	May 2009	June 2008	Change from May		Change from Year Ago	
				Number	Percent	Number	Percent
Labor Force	154,926	155,081	154,400	(155)	(0.1)%	526	0.3%
Employment	140,196	140,570	145,738	(374)	(0.3)	(5,542)	(3.8)
Unemployment	14,729	14,511	8,662	218	1.5	6,067	70.0
Unemployment Rate	9.5%	9.4%	5.6%	---	---	---	---

Michigan	June 2009	May 2009	June 2008	Change from May		Change from Year Ago	
				Number	Percent	Number	Percent
Labor Force	4,872	4,848	4,941	23	0.5%	(69)	(1.4)%
Employment	4,132	4,167	4,538	(35)	(0.8)	(407)	(9.0)
Unemployment	740	681	403	59	8.6	338	83.9
Unemployment Rate	15.2%	14.1%	8.1%	---	---	---	---

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



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

	June 2009*	May 2009	June 2008	Change from May		Change from Yr Ago	
				Number	Percent	Number	Percent
Total Wage & Salary Jobs	3,846	3,877	4,183	(31)	(0.8)%	(338)	(8.1)%
Goods Producing Industries	569	593	750	(25)	(4.2)	(181)	(24.2)
Mining and Logging	7	7	8	(0)	(1.4)	(0)	(5.2)
Construction	125	131	154	(5)	(4.1)	(28)	(18.4)
Manufacturing	436	455	589	(19)	(4.2)	(153)	(25.9)
Transportation Equipment	101	116	181	(15)	(12.8)	(80)	(44.1)
Service Producing Industries	3,277	3,284	3,434	(7)	(0.2)	(156)	(4.6)
Trade, Transportation & Utilities	719	720	774	(1)	(0.1)	(55)	(7.1)
Wholesale Trade	147	150	168	(3)	(1.8)	(20)	(12.1)
Retail Trade	458	456	480	2	0.5	(22)	(4.7)
Transportation & Utilities	113	114	126	(1)	(0.6)	(12)	(9.8)
Information	56	56	62	(1)	(1.4)	(6)	(9.9)
Financial Activities	192	192	205	(0)	(0.2)	(13)	(6.2)
Professional & Business Services	493	502	562	(10)	(1.9)	(69)	(12.3)
Education & Health Services	613	612	608	1	0.2	5	0.8
Leisure & Hospitality Services	387	386	398	1	0.2	(11)	(2.7)
Other Services	170	172	176	(2)	(1.3)	(6)	(3.4)
Government	648	643	650	5	0.8	(2)	(0.2)

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

* Preliminary

MICHIGAN AVERAGE WEEKLY HOURS AND EARNINGS

Industry	Average Weekly Hours			Average Weekly Earnings		
	June 2009	Year Ago	Percent Change	June 2009	Year Ago	Percent Change
Construction	37.0	35.2	5.1%	\$813.26	\$775.46	4.9%
Manufacturing	40.9	43.3	(5.5)	857.67	977.28	(12.2)
Durable Goods	42.3	45.2	(6.4)	971.21	1,102.43	(11.9)
Transportation Equipment Mfg.	42.2	44.8	(5.8)	1,162.19	1,279.94	(9.2)
Motor Vehicle Parts Mfg.	43.8	44.1	(0.7)	1,067.84	1,123.23	(4.9)
Nondurable Goods	37.5	37.1	1.1	574.88	569.49	0.9
Wholesale Trade	37.9	38.7	(2.1)	675.38	744.98	(9.3)
Retail Trade	29.0	30.6	(5.2)	368.88	379.13	(2.7)
Food & Beverage Stores	24.1	27.7	(13.0)	335.95	303.59	10.7
Information	32.4	33.4	(3.0)	804.17	752.17	6.9
Financial Activities	35.6	34.6	2.9	740.48	671.24	10.3
Professional & Business Services	33.0	33.9	(2.7)	655.71	683.76	(4.1)
Health Care & Social Assistance	34.8	34.8	0.0	622.57	607.61	2.5
Leisure & Hospitality	23.5	22.5	4.4	214.79	208.35	3.1
Accommodation & Food Services	23.6	22.5	4.9	210.28	202.50	3.8

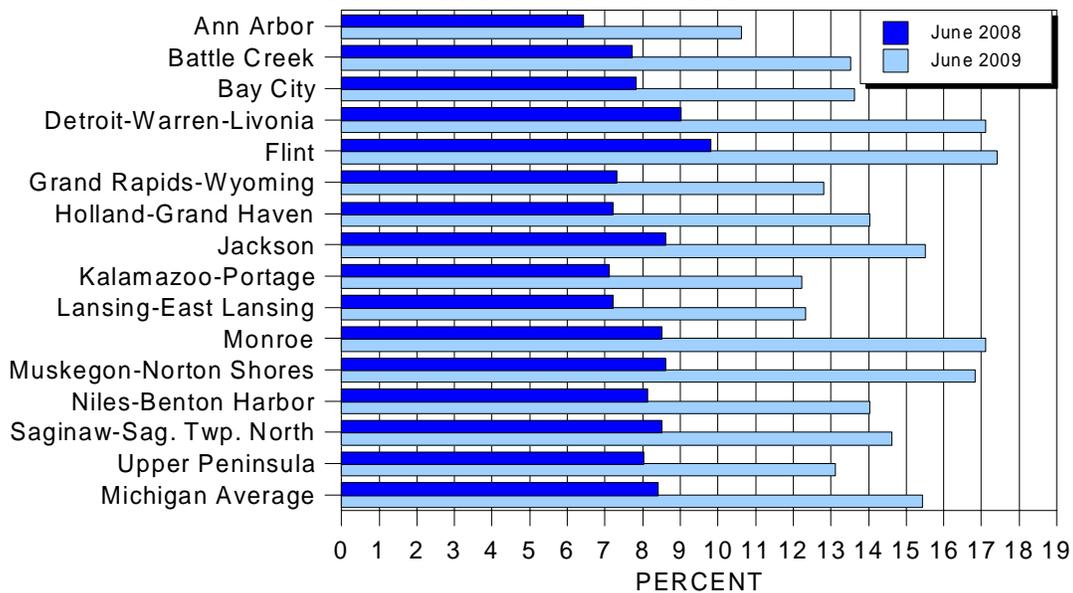
Source: Bureau of Labor Statistics, U.S. Department of Labor

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

	June 2009	May 2009	April 2009	June 2008
Metropolitan Statistical Areas				
Ann Arbor	10.6%	9.2%	7.8%	6.4%
Battle Creek	13.5	12.7	11.4	7.7
Bay City	13.6	12.5	11.5	7.8
Detroit-Warren-Livonia	17.1	14.9	13.6	9.0
Flint	17.4	16.5	14.2	9.8
Grand Rapids-Wyoming	12.8	11.7	10.5	7.3
Holland-Grand Haven	14.0	12.9	11.5	7.2
Jackson	15.5	14.1	12.7	8.6
Kalamazoo-Portage	12.2	10.8	9.7	7.1
Lansing-East Lansing	12.3	11.2	9.6	7.2
Monroe	17.1	16.2	14.3	8.5
Muskegon-Norton Shores	16.8	15.8	14.2	8.6
Niles-Benton Harbor	14.0	12.8	11.6	8.1
Saginaw-Saginaw Twp North	14.6	13.5	11.8	8.5
Multi-County Areas				
Northeast Lower Michigan	15.4	15.1	16.4	9.4
Northwest Lower Michigan	13.6	13.1	13.7	7.8
Upper Peninsula	13.1	12.6	12.9	8.0
Michigan Statewide Average				
-- Unadjusted (comparable to figures shown above)	15.4	13.9	12.6	8.4
Source: Michigan Department of Energy, Labor, and Economic Growth				*Preliminary

Michigan Regional Unemployment Rates

June 2008 and June 2009



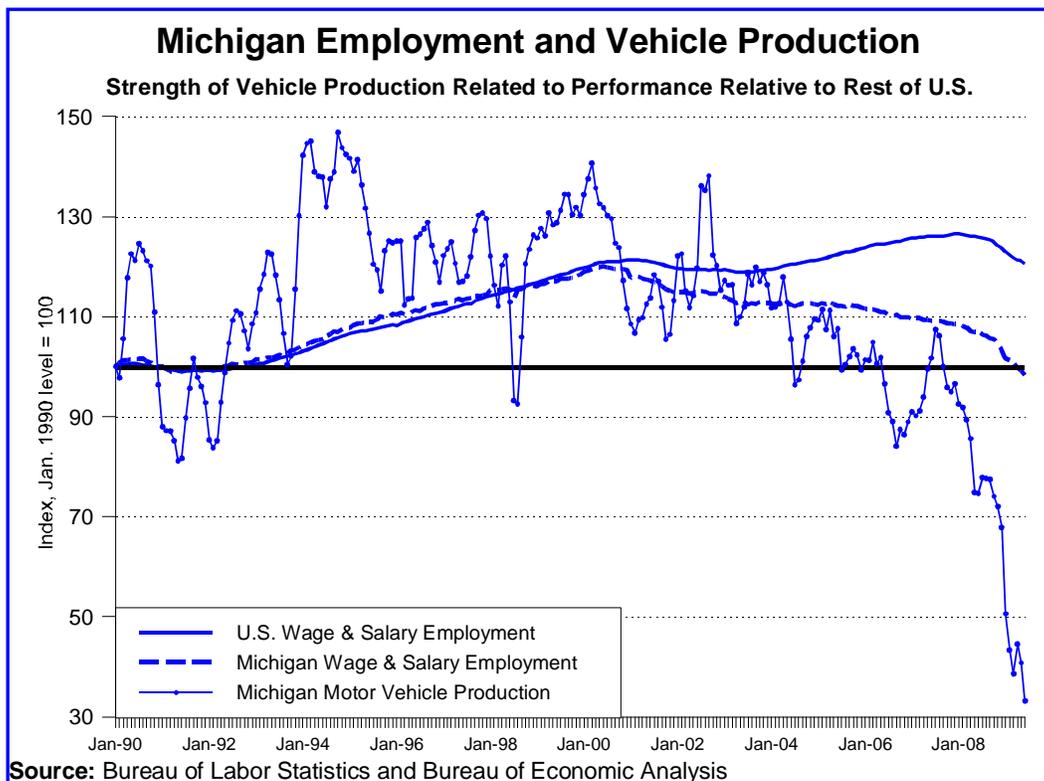
Source: Michigan Department of Energy, Labor, and Economic Growth

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

	June 2009	May 2009	Apr. 2009	Mar. 2009	Year Ago June	Percent Change From:	
						June/May	June 2009/ June 2008
Motor Vehicle Sales¹⁾ (thousands of units, SAAR)							
Autos	5,063	4,952	4,774	5,096	7,537	2.2%	(32.8)%
Domestics	3,306	3,272	3,168	3,284	4,796	1.0	(31.1)
Imports	1,757	1,680	1,606	1,812	2,741	4.6	(35.9)
Import Share	34.7%	33.9%	33.6%	35.6%	36.4%	---	---
Light Trucks	4,593	4,945	4,520	4,740	6,094	(7.1)	(24.6)
Domestics	3,818	4,108	3,736	3,777	5,062	(7.1)	(24.6)
Imports	775	837	784	963	1,032	(7.4)	(24.9)
Import Share	16.9%	16.9%	17.3%	20.3%	16.9%	---	---
Subtotal: Light Vehicle Sales	9,656	9,897	9,294	9,836	13,631	(2.4)	(29.2)
Heavy Trucks	178	171	172	201	320	4.1	(44.4)
Total Vehicle Sales	9,834	10,068	9,466	10,037	13,951	(2.3)	(29.5)
U.S. Motor Vehicle Production¹⁾ (millions of units, SAAR)							
Autos	1,799	1,832	1,904	1,968	3,720	(1.8)	(51.6)
Michigan Motor Vehicle Production²⁾ (thousands of units, SAAR)							
Autos	366	322	442	576	1,021	13.4	(64.2)
Trucks	313	328	622	650	868	(4.6)	(63.9)
Total	679	650	1,064	1,226	1,889	4.3	(64.1)
Michigan Production as % of U.S.	16.8%	16.8%	20.3%	23.3%	21.1%	----	----
U.S. Motor Vehicle Inventories³⁾							
Total Car	1,242	1,310	1,427	1,548	1,235	(5.2)	0.5
Days Supply	65	67	83	83	43	(3.0)	51.2
Total Truck	957	1,068	1,247	1,289	1,967	(10.5)	(51.4)
Days Supply	62	66	87	82	94	(6.1)	(34.0)

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)	June	70.8	68.7	56.4	3.1%	25.5%
Oil Prices ²⁾ (\$ per barrel, West Texas Intermediate Crude)	June	\$69.68	\$59.16	\$133.93	17.8	(48.0)
Housing Starts, U.S. ³⁾ (thousands of units, SAAR)	June	582	562	1,078	3.6	(46.0)
Retail Sales, U.S. ³⁾ (billions, seasonally adjusted)	June	\$304.0	\$301.5	\$337.9	0.8	(10.0)
Industrial Production Index ⁴⁾ (1997=100, seasonally adjusted)	June	95.4	95.8	110.4	(0.4)	(13.6)
Capacity Utilization ⁴⁾ (% of total capacity, seasonally adjusted)	June	68.0	68.2	78.7	(0.3)	(13.5)
Consumer Price Index ⁵⁾ (1982-84=100)						
U.S. (seasonally adjusted)	June	214.5	212.9	217.0	9.3	(1.2)
Detroit (not seasonally adjusted)	June	204.5	202.4	207.6	6.6	(1.5)
Interest Rates						
3-month Treasury Bill ⁴⁾	June	0.17%	0.15%	1.89%	---	---
Corporate Aaa Bonds ⁴⁾	June	5.61%	5.54%	5.68%	---	---
Real Gross Domestic Product ⁶⁾ (billions of 2000 \$, SAAR, Chain-Weighted)	2009 2nd Qtr.	\$12,892.4	\$12,925.4	\$13,415.3	(1.0)	(3.9)
Michigan Tax Collections ⁷⁾ (12 major taxes, millions)	June 2008	\$1,626.4	\$1,261.8	\$1,941.5	NM	(16.2)

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.

