

# 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 advance estimate for **inflation-adjusted Gross Domestic Product (GDP)** indicated that the economy grew at a 2.4% annual rate in the second quarter of 2010, down from 3.7% during the first quarter. Approximately 74.0% of growth during the second quarter reflected increased inventories, which grew at twice the rate in the first quarter, and Federal spending. Imports increased at a 28.8% annual rate, largely offsetting the positive impact from consumption, exports, and investment sectors, which exhibited slower growth in the second quarter.
- **U.S. employment** decreased again in June, falling by 301,000 jobs (compared with a 35,000 job decline in May) and marking the first consecutive monthly drop since October 2009. A large portion of the decline reflected the completion of the 2010 census, as 143,000 temporary census jobs ended. The **U.S. unemployment rate** fell from 9.7% in May to 9.5% in June because 652,000 people left the labor force. Compared with one year ago, the labor force in June was down by more than 1.0 million people and employment was down by 919,000 jobs.
- The **U.S. Consumer Price Index** for June decreased at an annual rate of 1.6% from the May level, the third consecutive monthly decline. The declines have been driven by falling energy prices, which have more than offset higher prices in a number of sectors, including vehicles, apparel, medical care, and shelter. Excluding food and energy prices, the index is only 0.9% above the level one year ago.
- **Retail sales** fell for a second consecutive month, declining 0.6% in June from the May level, although sales were 5.0% above the year-ago level. The last time retail sales fell for two consecutive months was March 2009. Compared with the May level, most sectors exhibited flat or declining sales in June, with sales declining most rapidly at vehicle dealers (-2.3%), gasoline stations (-2.0%), and furniture stores (-1.1%).



- Seasonally adjusted **Michigan motor vehicle production** increased 16.8% in June from the May level, and was 150.8% above the level in June 2009. The large year-over-year increase reflects bankruptcy filings for General Motors and Chrysler in 2009. Annualized production levels exhibited during June were 1.1% below vehicle production in 2008.
- **Average weekly earnings** continued to exhibit strong year-over-year growth in June, reflecting the recovery in vehicle manufacturing. The strongest gains occurred in transportation equipment manufacturing (15.4%), nondurable goods manufacturing (11.4%), and wholesale trade (11.1%). Only the financial activities sector (-3.8%) exhibited lower year-over-year earnings. Except for that sector, the rise in average weekly earnings was faster, in some cases significantly faster, than the increase in average weekly hours.
- June **local area unemployment rates** were below year-ago levels in most areas. The declines often reflected unemployed people leaving the labor force rather than increases in employment, although employment did rise in several areas, including Detroit and Flint.



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

U.S.	June 2010	May 2010	June 2009	Change from May		Change from Year Ago	
				Number	Percent	Number	Percent
Labor Force	153,741	154,393	154,759	(652)	(0.4)%	(1,018)	(0.7)%
Employment	139,119	139,420	140,038	(301)	(0.2)	(919)	(0.7)
Unemployment	14,622	14,973	14,721	(351)	(2.3)	(99)	(0.7)
Unemployment Rate	9.5%	9.7%	9.5%	---	---	---	---

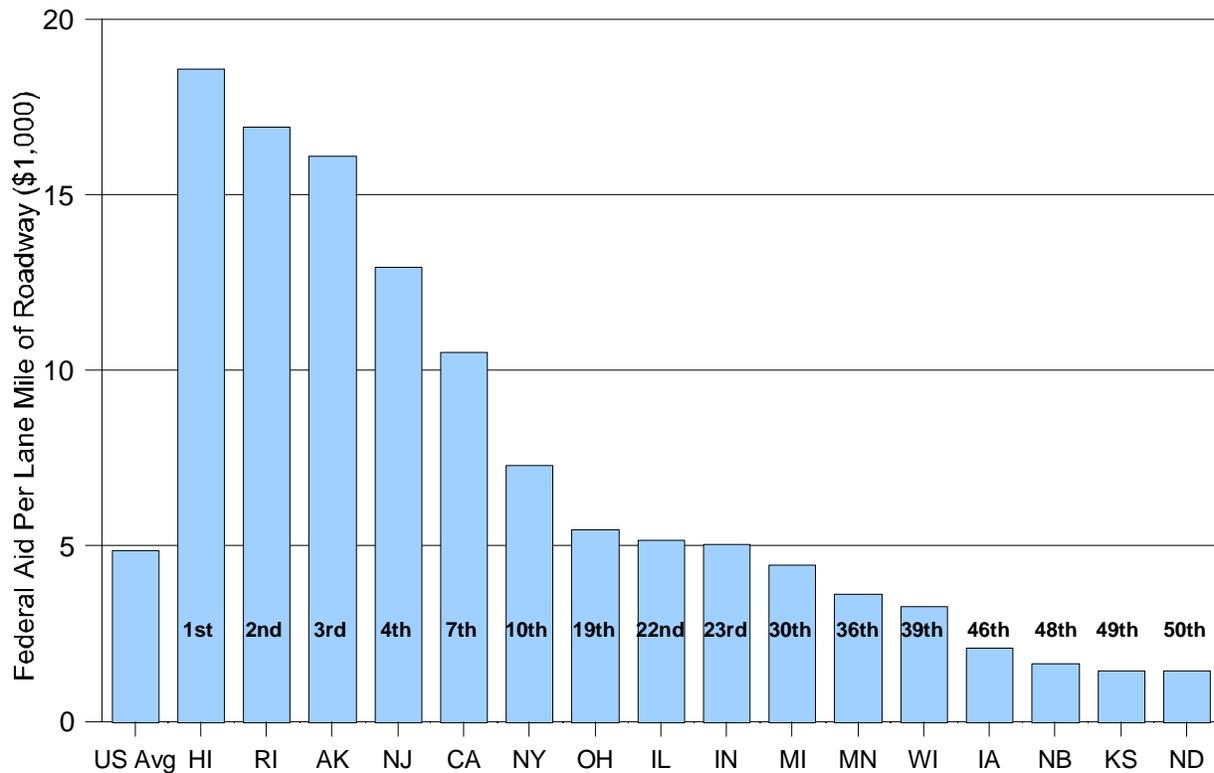
  

Michigan	May 2010	Apr. 2010	May 2009	Change from April		Change from Year Ago	
				Number	Percent	Number	Percent
Labor Force	4,864	4,884	4,899	(20)	(0.4)%	(36)	(0.7)%
Employment	4,223	4,222	4,216	1	0.0	7	0.2
Unemployment	641	662	683	(22)	(3.3)	(43)	(6.3)
Unemployment Rate	13.2%	13.6%	13.9%	---	---	---	---

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

**Federal Aid to States for Roads and Highways, FY 2008**

Atlantic Seaboard States Receive Most, Plains States the Least



Source: Federal Highway Administration, U.S. Department of Transportation

<b>MICHIGAN WAGE AND SALARY EMPLOYMENT</b> (Seasonally adjusted, thousands)							
	June 2010*	May 2010	June 2009	<u>Change from May</u>		<u>Change from Yr Ago</u>	
				Number	Percent	Number	Percent
<b>Total Non-Agricultural Jobs</b>	3,855	3,853	3,832	3	0.1%	23	0.6%
<b>Goods Producing Industries</b>	588	586	565	3	0.4	23	4.1
Mining and Logging	7	7	7	0	0.0	0	4.4
Construction	117	118	125	(1)	(1.1)	(8)	(6.1)
Manufacturing	464	460	434	4	0.8	30	7.0
Transportation Equipment	128	127	110	1	0.9	18	16.2
<b>Service Producing Industries</b>	3,267	3,267	3,267	0	0.0	1	0.0
Trade, Transportation & Utilities	709	708	717	2	0.2	(8)	(1.1)
Wholesale Trade	152	151	151	0	0.1	0	0.1
Retail Trade	449	448	455	1	0.3	(6)	(1.2)
Transportation & Utilities	109	109	111	0	0.1	(2)	(2.0)
Information	52	52	56	(1)	(1.2)	(5)	(8.0)
Financial Activities	183	183	191	(0)	(0.2)	(8)	(4.4)
Professional & Business Services	521	521	498	1	0.2	24	4.7
Education & Health Services	620	625	611	(5)	(0.8)	9	1.4
Leisure & Hospitality Services	372	369	379	2	0.6	(7)	(1.8)
Other Services	166	165	169	1	0.7	(2)	(1.4)
Government	645	645	647	0	0.0	(2)	(0.3)

**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>		
	June 2010	Year Ago	Percent Change	June 2010	Year Ago	Percent Change
Construction	40.2	36.9	8.9%	\$890.43	\$814.38	9.3%
Manufacturing	44.2	41.5	6.5	970.63	871.09	11.4
Durable Goods	45.4	42.9	5.8	1,085.06	984.13	10.3
Transportation Equipment Mfg.	45.2	41.0	10.2	1,303.57	1,129.96	15.4
Motor Vehicle Parts Mfg.	45.4	41.8	8.6	1,171.77	1,060.88	10.5
Nondurable Goods	40.8	38.0	7.4	649.94	583.30	11.4
Wholesale Trade	38.2	37.9	0.8	744.14	670.07	11.1
Retail Trade	29.0	29.3	(1.0)	375.26	372.11	0.8
Information	32.8	32.5	0.9	820.98	815.43	0.7
Financial Activities	36.2	36.2	0.0	729.07	757.67	(3.8)
Professional & Business Services	33.1	32.8	0.9	673.59	656.00	2.7
Health Care & Social Assistance	31.3	32.1	(2.5)	581.55	572.99	1.5
Leisure & Hospitality	23.2	23.3	(0.4)	224.81	213.20	5.4
Accommodation & Food Services	23.1	23.4	(1.3)	216.68	209.20	3.6

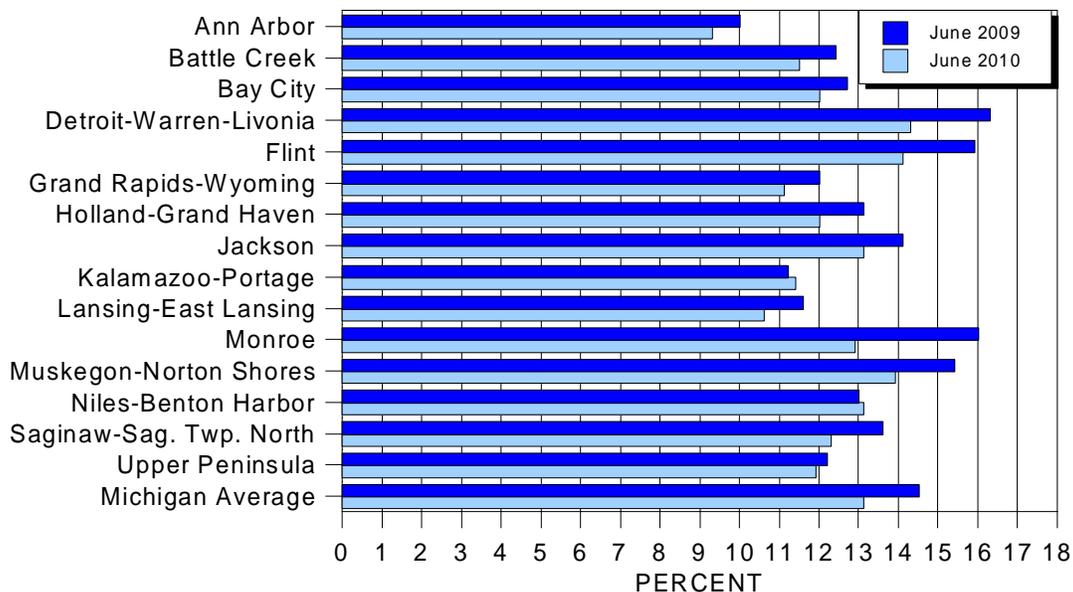
**Source:** Bureau of Labor Statistics, U.S. Department of Labor

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

	June 2010*	May 2010	Apr. 2010	June 2009
<b>Metropolitan Statistical Areas</b>				
Ann Arbor	9.3%	8.8%	8.6%	10.0%
Battle Creek	11.5	11.5	11.8	12.4
Bay City	12.0	12.1	12.8	12.7
Detroit-Warren-Livonia	14.3	13.7	14.8	16.3
Flint	14.1	14.7	14.9	15.9
Grand Rapids-Wyoming	11.1	10.9	11.3	12.0
Holland-Grand Haven	12.0	11.8	12.2	13.1
Jackson	13.1	13.0	13.6	14.1
Kalamazoo-Portage	11.4	11.2	11.4	11.2
Lansing-East Lansing	10.6	10.2	10.5	11.6
Monroe	12.9	12.7	13.4	16.0
Muskegon-Norton Shores	13.9	14.0	14.8	15.4
Niles-Benton Harbor	13.1	12.8	13.3	13.0
Saginaw-Saginaw Twp North	12.3	12.4	12.7	13.6
<b>Multi-County Areas</b>				
Northeast Lower Michigan	14.2	14.5	17.2	14.3
Northwest Lower Michigan	12.8	13.5	15.3	12.8
Upper Peninsula	11.9	12.1	13.7	12.2
<b>Michigan Statewide Average</b>				
-- Unadjusted (comparable to figures shown above)	13.1	12.8	13.7	14.5
<b>Source:</b> Michigan Department of Energy, Labor, and Economic Growth				*Preliminary

**Michigan Regional Unemployment Rates**

June 2010 and June 2009



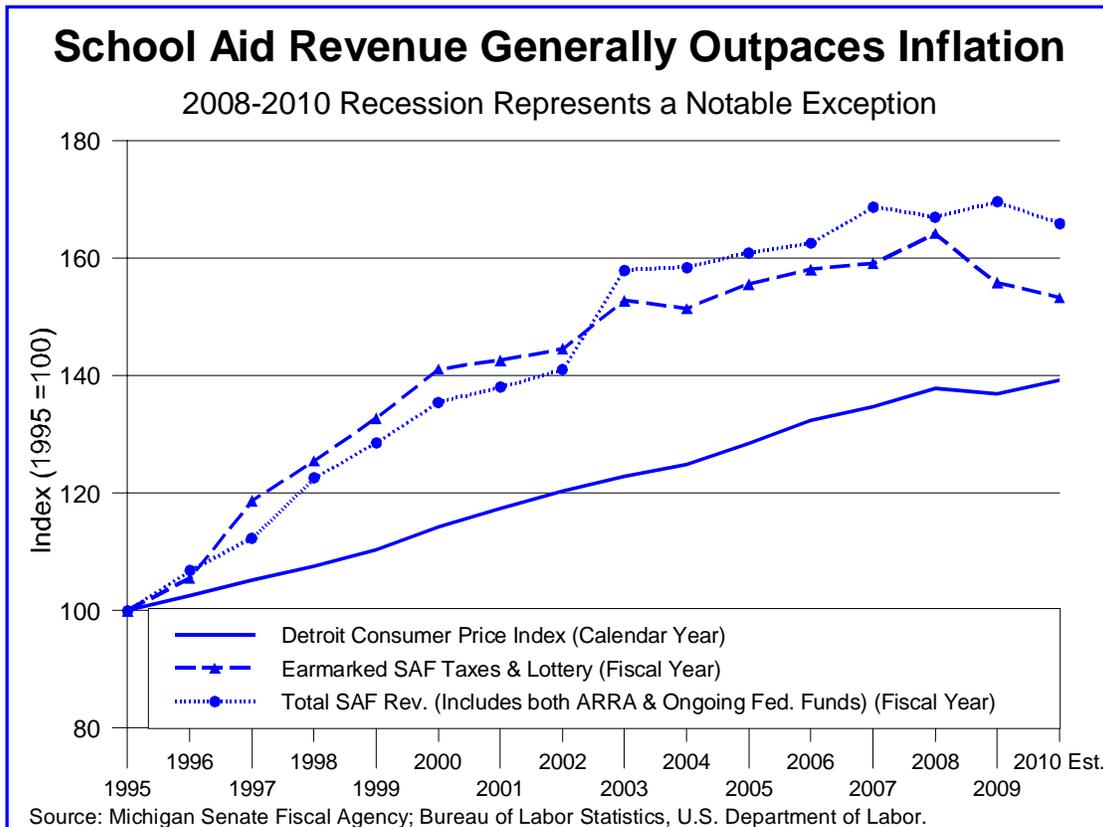
**Source:** Michigan Department of Energy, Labor, and Economic Growth

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

	June 2010	May 2010	Apr. 2010	Mar. 2009	Year Ago June	Percent Change From:	
						June/May	June 2010/ June 2009
<b>Motor Vehicle Sales<sup>1)</sup></b> (thousands of units, SAAR)							
Autos	5,488	5,640	5,683	6,010	5,043	(2.7)%	8.8%
Domestics	3,778	3,989	3,983	4,246	3,341	(5.3)	13.1
Imports	1,710	1,651	1,700	1,764	1,702	3.6	0.5
Import Share	31.2%	29.3%	29.9%	29.4%	33.7%	---	---
Light Trucks	5,651	5,984	5,563	5,689	4,750	(5.6)	19.0
Domestics	4,808	5,086	4,748	4,689	3,943	(5.5)	21.9
Imports	843	898	815	1,000	807	(6.1)	4.5
Import Share	14.9%	15.0%	14.7%	17.6%	17.0%	---	---
Subtotal: Light Vehicle Sales	11,139	11,624	11,246	11,699	9,793	(4.2)	13.7
Heavy Trucks	212	213	194	220	193	(0.5)	9.8
Total Vehicle Sales	11,351	11,837	11,440	11,919	9,986	(4.1)	13.7
<b>U.S. Motor Vehicle Production<sup>1)</sup></b> (millions of units, SAAR)							
Autos	2,948	3,234	2,905	2,884	1,872	(8.8)	57.5
<b>Michigan Motor Vehicle Production<sup>2)</sup></b> (thousands of units, SAAR)							
Autos	731	665	546	528	387	9.8	88.7
Trucks	1,096	899	861	875	341	22.0	221.2
Total	1,827	1,564	1,407	1,404	728	16.8	150.8
Michigan Production as % of U.S.	21.9%	20.1%	18.9%	17.8%	16.8%	---	---
<b>U.S. Motor Vehicle Inventories<sup>3)</sup></b>							
Total Car	1,095	1,091	1,131	1,161	1,242	0.4	(11.8)
Days Supply	53	48	56	53	65	10.4	(18.5)
Total Truck	1,034	964	981	1,019	957	7.2	8.1
Days Supply	56	49	56	53	62	14.3	(9.7)

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
<b>Index of Consumer Sentiment</b> , monthly <sup>1)</sup> (1996 Q1=100)	June	76.0	73.6	70.8	3.3%	7.3%
<b>Oil Prices</b> <sup>2)</sup> (\$ per barrel, West Texas Intermediate Crude)	June	\$75.35	\$73.84	\$69.68	2.0	8.1
<b>Housing Starts, U.S.</b> <sup>3)</sup> (thousands of units, SAAR)	June	549	578	583	(5.0)	(5.8)
<b>Retail Sales, U.S.</b> <sup>3)</sup> (billions, seasonally adjusted)	June	\$320.7	\$322.7	\$305.3	(0.6)	5.0
<b>Industrial Production Index</b> <sup>4)</sup> (1997=100, seasonally adjusted)	June	92.5	92.5	85.5	0.1	8.2
<b>Capacity Utilization</b> <sup>4)</sup> (% of total capacity, seasonally adjusted)	June	74.1	74.1	68.2	0.1	8.8
<b>Consumer Price Index</b> <sup>5)</sup> (1982-84=100)						
U.S. (seasonally adjusted)	June	216.9	217.2	214.6	(1.6)	1.1
Detroit (not seasonally adjusted)	June	204.9	205.2	204.5	(1.0)	0.2
<b>Interest Rates</b>						
3-month Treasury Bill <sup>4)</sup>	June	0.12%	0.16%	0.17%	---	---
Corporate Aaa Bonds <sup>4)</sup>	June	4.88%	4.96%	5.61%	---	---
<b>Real Gross Domestic Product</b> <sup>6)</sup> (billions of 2005 \$, SAAR, Chain-Weighted)	2010 2nd Qtr.	\$13,216.5	\$13,138.8	\$12,810.0	2.4	3.2
<b>Michigan Tax Collections</b> <sup>7)</sup> (12 major taxes, millions)	June 2010	\$1,668.2	\$1,200.9	\$1,626.2	NM	2.6

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.

