

MICHIGAN ECONOMIC INDICATORS

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

ECONOMIC HIGHLIGHTS

- **Housing starts** in May were down 3.3% from the April level, falling to the lowest level since March 1991. Starts were 32.1% below the level in May 2007 and down 57.1% from the January 2006 peak. Compared with one year ago, the Midwest region reported the steepest decline in starts (-50.0%) and the Northeast exhibited the smallest (-10.9%). In areas other than the Midwest, declines in single-unit starts exceeded those for multiple-unit structures. Nationally, starts of dwellings with 5+ units were up 9.4%, compared with a 41.2% decline for single-unit structures.
- The **University of Michigan's Index of Consumer Sentiment** fell to 59.8 in May, the lowest level in 28 years and slightly above the 58.7 posted in June 1980. The Index is down 23.7% from the January 2008 level and 32.3% from May 2007. The Index's drop reflected concerns regarding rising food and fuel prices, higher joblessness, falling home prices, and smaller income gains. Roughly 75.0% of consumers expect bad financial times in the coming year, the highest proportion with such negative expectations in over a quarter-century.
- Seasonally-adjusted **light vehicle sales** declined for a fifth consecutive month in May, falling 1.0% from the April level and down 12.4% from the level one year ago. Total light vehicle sales were at their lowest level since August 1998. Compared with one year ago, sales of light trucks were down 24.4%. Sales of imported automobiles exhibited the only monthly or year-over-year gains, rising 7.2% from the year-ago level.
- The **U.S. Consumer Price Index** for May grew at an annual rate of 8.1% from the April level and was 4.6% above the level one year ago. Higher energy prices dominated the monthly changes in the components of the CPI. Compared with one year ago, energy prices were up 17.4%, followed by food prices at 5.1%.



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- **Michigan wage and salary employment** increased by 6,000 jobs in May from the April level, but was 69,000 jobs below the May 2007 level. Compared with April, government employment fell by 3,000 jobs, while other sectors exhibited flat employment or small gains. Compared with May 2007, only education/health services (up 10,000 jobs) and professional/business services (up 6,000) exhibited higher employment. Manufacturing employment fell the most (down 47,000 jobs), followed by construction (down 15,000 jobs) and government (down 11,000 jobs).
 - **Michigan motor vehicle production** reflected the changing demographic in vehicle sales. Total May production was down 26.1% from one year ago, while automobile production was up 11.0%. Truck production was down 50.9% from May 2007; and, at a seasonally adjusted annual rate of 665,000 units, it was at its lowest level since at least January 1982.
 - **Michigan's unemployment rate** was 8.5% in May, up from 6.9% in April and 7.1% in May 2007. The monthly increase in the rate reflected both an increase in the size of the labor force and a decline in the number of individuals employed, while the year-over-year increase reflected employment declines that exceeded the reduction in the size of the labor force.



MAY 2008

Prepared by:
David Zin
Economist

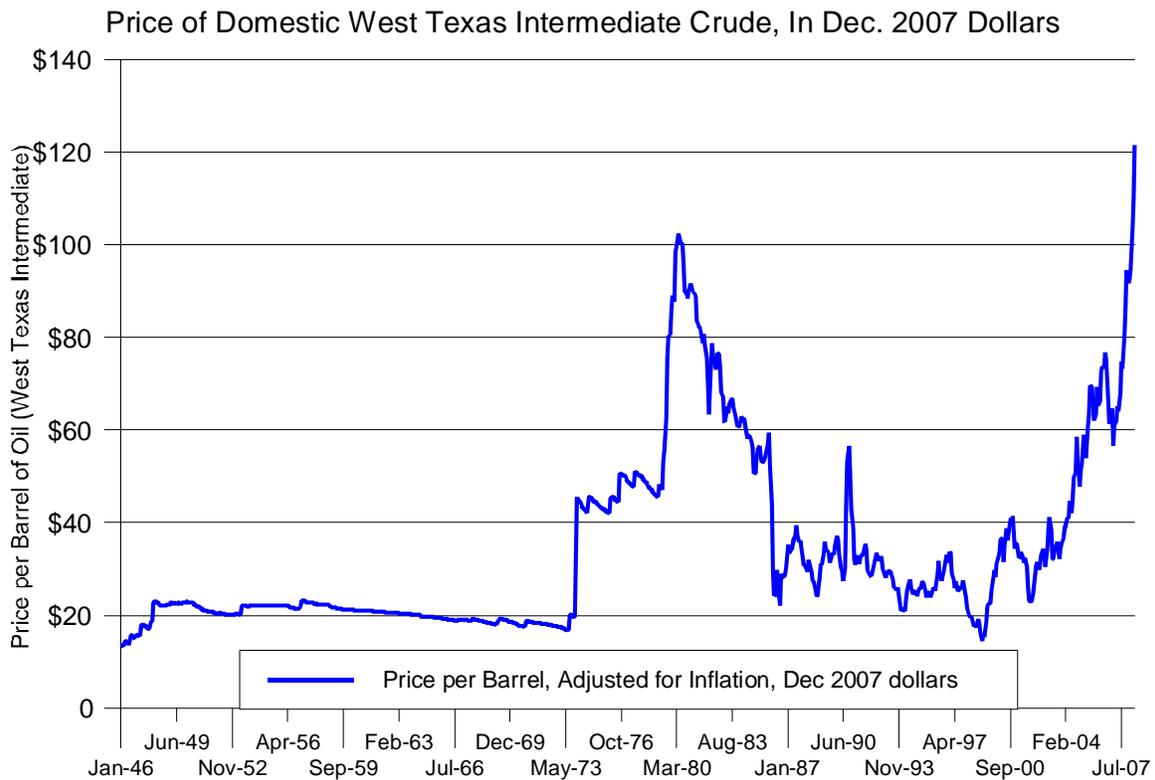
U.S. & MICHIGAN LABOR MARKET NEWS
(Seasonally adjusted, thousands)

U.S.	May 2008	Apr. 2008	May 2007	Change from April		Change from Year Ago	
				Number	Percent	Number	Percent
Labor Force	154,534	153,957	152,776	577	0.4%	1,758	1.2%
Employment	146,046	146,331	145,913	(285)	(0.2)	133	0.1
Unemployment	8,488	7,626	6,863	862	11.3	1,625	23.7
Unemployment Rate	5.5%	5.0%	4.5%	---	---	---	---

Michigan	May 2008	Apr. 2008	May 2007	Change from April		Change from Year Ago	
				Number	Percent	Number	Percent
Labor Force	5,008	4,982	5,029	26	0.5%	(21)	(0.4)%
Employment	4,580	4,636	4,674	(56)	(1.2)	(95)	(2.0)
Unemployment	428	346	355	82	23.8	73	20.6
Unemployment Rate	8.5%	6.9%	7.1%	---	---	---	---

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

Oil Prices at Record Highs



Source: Federal Reserve Bank of St. Louis and Bureau of Labor Statistics

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

	May 2008*	Apr. 2008	May 2007	Change from April		Change from Yr Ago	
				Number	Percent	Number	Percent
Total Nonagricultural Jobs	4,205	4,199	4,274	6	0.1%	(69)	(1.6)%
Goods Producing Industries	734	732	796	2	0.2	(62)	(7.8)
Natural Resources & Mining	7	7	8	0	0.0	(1)	(7.9)
Construction	152	153	167	(1)	(0.6)	(15)	(8.8)
Manufacturing	575	573	622	3	0.4	(47)	(7.6)
Transportation Equipment	172	171	206	2	0.9	(33)	(16.2)
Service Producing Industries	3,471	3,467	3,478	5	0.1	(7)	(0.2)
Trade, Transportation & Utilities	784	785	788	(1)	(0.1)	(4)	(0.5)
Information	65	65	66	(0)	(0.6)	(1)	(1.7)
Financial Activities	207	208	212	(0)	(0.1)	(5)	(2.3)
Professional & Business Services	582	580	576	3	0.4	6	1.1
Education & Health Services	605	603	594	2	0.3	10	1.7
Leisure & Hospitality Services	405	400	406	4	1.0	(1)	(0.2)
Other Services	176	176	176	0	0.1	(1)	(0.3)
Government	648	651	659	(3)	(0.4)	(11)	(1.7)

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

* Preliminary

MICHIGAN AVERAGE WEEKLY HOURS AND EARNINGS

Industry	Average Weekly Hours			Average Weekly Earnings		
	May 2008	Year Ago	Percent Change	May 2008	Year Ago	Percent Change
Construction	35.9	37.1	(3.2)%	\$784.06	\$808.41	(3.0)%
Manufacturing	41.0	42.9	(4.4)	897.08	943.80	(5.0)
Durable Goods	42.1	44.3	(5.0)	1,000.72	1,053.45	(5.0)
Transportation Equipment Mfg.	41.3	43.7	(5.5)	1,169.20	1,233.65	(5.2)
Motor Vehicle Parts Mfg.	40.1	44.8	(10.5)	1,015.73	1,171.97	(13.3)
Nondurable Goods	37.4	38.3	(2.3)	572.22	585.99	(2.3)
Wholesale Trade	38.8	39.5	(1.8)	745.74	765.51	(2.6)
Retail Trade	30.2	30.6	(1.3)	376.90	373.93	0.8
Food & Beverage Stores	27.4	28.7	(4.5)	303.32	295.04	2.8
Information	33.1	34.1	(2.9)	738.46	723.26	2.1
Financial Activities	34.8	34.3	1.5	677.21	642.78	5.4
Professional & Business Services	34.0	35.0	(2.9)	675.92	684.60	(1.3)
Health Care & Social Assistance	34.9	36.5	(4.4)	606.21	620.14	(2.2)
Leisure & Hospitality	22.4	22.4	0.0	207.65	202.72	2.4
Accommodation & Food Services	22.5	22.3	0.9	202.50	194.23	4.3

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

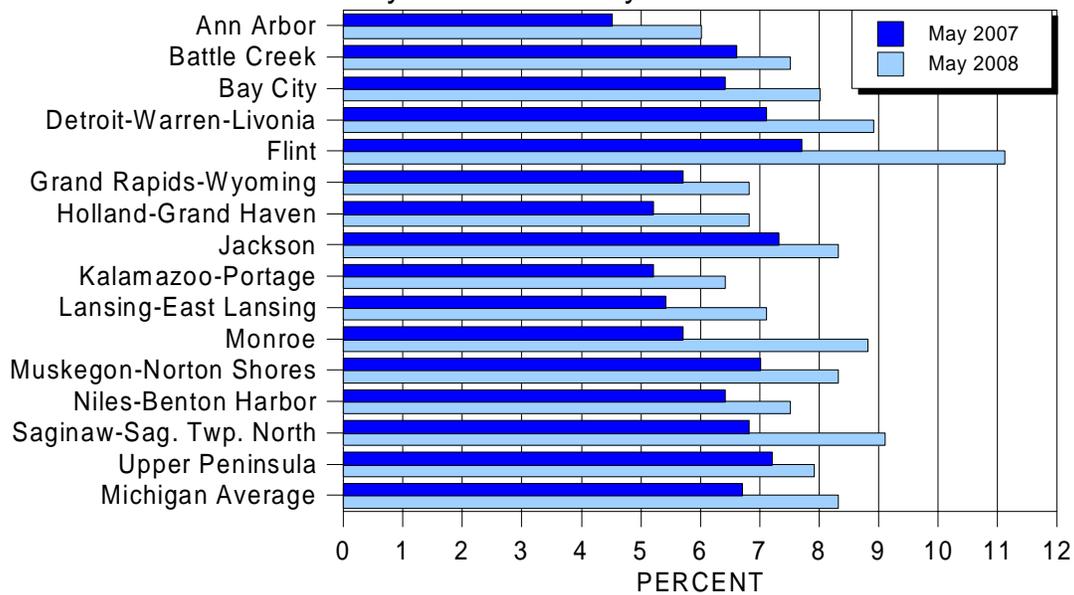
**MICHIGAN UNEMPLOYMENT RATES
BY SELECTED METROPOLITAN AREAS AND MULTI-COUNTY AREAS
(Not Adjusted for Seasonal Variations)**

	May 2008*	Apr. 2008	Mar. 2008	May 2007
Metropolitan Statistical Areas				
Ann Arbor	6.0%	4.2%	4.9%	4.5%
Battle Creek	7.5	5.9	7.0	6.6
Bay City	8.0	6.6	7.8	6.4
Detroit-Warren-Livonia	8.9	6.9	8.1	7.1
Flint	11.1	9.3	10.6	7.7
Grand Rapids-Wyoming	6.8	5.3	6.3	5.7
Holland-Grand Haven	6.8	5.2	6.1	5.2
Jackson	8.3	6.5	7.9	7.3
Kalamazoo-Portage	6.4	4.9	5.9	5.2
Lansing-East Lansing	7.1	5.1	6.1	5.4
Monroe	8.8	6.4	7.4	5.7
Muskegon-Norton Shores	8.3	6.5	7.6	7.0
Niles-Benton Harbor	7.5	5.9	7.3	6.4
Saginaw-Saginaw Twp North	9.1	7.3	8.5	6.8
Multi-County Areas				
Northeast Lower Michigan	9.6	9.8	12.3	8.6
Northwest Lower Michigan	8.1	7.8	9.3	7.1
Upper Peninsula	7.9	7.6	8.9	7.2
Michigan Statewide Average				
-- Unadjusted (comparable to figures shown above)	8.3	6.6	7.9	6.7

Source: Michigan Department of Labor and Economic Growth *Preliminary

Michigan Regional Unemployment Rates

May 2007 and May 2008



Source: Michigan Department of Labor and Economic Growth

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

	May 2008	Apr. 2008	Mar. 2008	Feb. 2008	Year Ago May	Percent Change From:	
						May/Apr.	May 2008/ May 2007
Motor Vehicle Sales¹⁾ (thousands of units, SAAR)							
Autos	8,013	7,480	7,533	7,337	8,026	7.1%	(0.2)%
Domestics	5,326	4,886	4,942	5,020	5,520	9.0	(3.5)
Imports	2,687	2,594	2,591	2,317	2,506	3.6	7.2
Import Share	33.5%	34.7%	34.4%	31.6%	31.2%	---	---
Light Trucks	6,238	6,918	7,515	7,976	8,249	(9.8)	(24.4)
Domestics	5,113	5,678	6,208	6,658	6,932	(10.0)	(26.2)
Imports	1,125	1,240	1,307	1,318	1,317	(9.3)	(14.6)
Import Share	18.0%	17.9%	17.4%	16.5%	16.0%	---	---
Subtotal: Light Vehicle Sales	14,251	14,398	15,048	15,313	16,275	(1.0)	(12.4)
Heavy Trucks	318	328	319	318	349	(3.0)	(8.9)
Total Vehicle Sales	14,569	14,726	15,367	15,631	16,624	(1.1)	(12.4)
U.S. Motor Vehicle Production¹⁾ (millions of units, SAAR)							
Autos	3,616	3,505	3,982	3,856	3,778	3.1	(4.3)
Michigan Motor Vehicle Production²⁾ (thousands of units, SAAR)							
Autos	1,005	899	911	1,101	905	11.8	11.0
Trucks	665	882	819	1,247	1,354	(24.6)	(50.9)
Total	1,670	1,780	1,730	2,349	2,260	(6.2)	(26.1)
Michigan Production as % of U.S.	19.9%	19.9%	22.3%	22.5%	23.2%	---	---
U.S. Motor Vehicle Inventories³⁾							
Total Car	1,264	1,404	1,442	1,481	1,451	(10.0)	(12.9)
Days Supply	41	54	53	64	47	(24.1)	(12.8)
Total Truck	1,915	1,943	1,909	1,981	1,940	(1.4)	(1.3)
Days Supply	90	89	76	83	66	1.1	36.4

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)	May	59.8	62.6	88.3	(4.5)%	(32.3)%
Oil Prices ²⁾ (\$ per barrel, West Texas Intermediate Crude)	May	\$125.4	\$112.6	\$63.5	11.4	97.6
Housing Starts, U.S. ³⁾ (thousands of units, SAAR)	May	975	1,008	1,436	(3.3)	(32.1)
Retail Sales, U.S. ³⁾ (billions, seasonally adjusted)	May	\$347.0	\$343.4	\$339.6	1.0	2.2
Industrial Production Index ⁴⁾ (1997=100, seasonally adjusted)	May	110.9	111.1	111.0	(0.2)	(0.1)
Capacity Utilization ⁴⁾ (% of total capacity, seasonally adjusted)	May	79.4	79.6	80.9	(0.3)	(1.8)
Consumer Price Index ⁵⁾ (1982-84=100)						
U.S. (seasonally adjusted)	May	215.1	213.7	205.8	8.1	4.6
Detroit (not seasonally adjusted)	May	205.3	202.4	200.4	8.9	2.4
Interest Rates						
3-month Treasury Bill ⁴⁾	May	1.71%	1.32%	4.77%	---	---
Corporate Aaa Bonds ⁴⁾	May	5.57%	5.55%	5.47%	---	---
Real Gross Domestic Product ⁶⁾ (billions of 2000 \$, SAAR, Chain-Weighted)	2008 1st Qtr.	\$11,703.6	\$11,675.7	\$11,412.6	1.0	2.5
Michigan Tax Collections ⁷⁾ (12 major taxes, millions)	May 2008	\$1,457.8	\$2,302.4	\$1,340.5	NM	8.8

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.

