

MICHIGAN ECONOMIC INDICATORS

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

ECONOMIC HIGHLIGHTS



- The third (final) estimate for **inflation-adjusted Gross Domestic Product (GDP)** indicated the economy grew at a 2.7% annual rate in the first quarter of 2010, down from an advance estimate of 3.2%. The decline between the two estimates was almost entirely accounted for by a lower estimate of the growth in personal consumption expenditures. The estimate also fell due to higher imports, but that change was almost entirely offset by higher business inventories.
- **Retail sales** fell 1.4% in May from the April level but were 4.7% above the year-ago level. The decline was the largest since the end of the "cash-for-clunkers" program in September 2009, and the 10th largest decline in the last 18 years if the current recession is excluded. Compared with the April level, most sectors exhibited flat or declining sales in May, with sales declining most rapidly at building material stores (-9.3%), gasoline stations (-3.3%), vehicle dealers (-1.7%), apparel stores (-1.3%), and general merchandise stores (-1.1%). Despite the monthly decline in sales at gasoline stations, sales were 20.2% above the prior year.
- **Housing starts** fell 10.0% in May from the April level, but were up 7.8% from one year ago. Starts were at their lowest level since December 2009. Single-unit starts were at the lowest level since May 2009, and May was the eighth worst month in the history of the series (which began in January 1959). While all areas of the country reported declines in single-unit starts, the Midwest and the West reported small increases in total starts; but those increases were insufficient to offset declines in the South and Northeast.
- Seasonally adjusted **light vehicle sales** rose to an 11.6 million-unit annual rate in May, up 3.7% from April and 17.9% above the year-ago level. Sales of domestic vehicles continued to outperform sales of imported vehicles, with sales of imported automobiles exhibiting both monthly and year-over-year declines.



- May **local area unemployment rates** were below year-ago levels in most areas. However, the declines more often reflected the departure of unemployed people from the labor force than increases in employment. For example, in the Flint area the unemployment rate dropped from 15.5% in May 2009 to 14.7%, even though employment fell by 2,100 jobs. The number of unemployed individuals declined by another 2,100, resulting in 4,400 fewer people in the labor force.
- **Michigan wage and salary employment** increased by 8,000 jobs in May from the April level, driven by the hiring of almost 12,000 census workers. While government employment in Michigan was up by 7,000 jobs, State and local government employment was 4,400 lower.
- Seasonally adjusted **Michigan motor vehicle production** increased 11.2% in May from the April level, but was 118.2% above the level in May 2009. The large year-over-year increase reflects bankruptcy filings for General Motors and Chrysler in May 2009: The annualized production levels exhibited during May were 15.8% below vehicle production in 2008.



MAY 2010

Prepared by:
David Zin
Economist

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

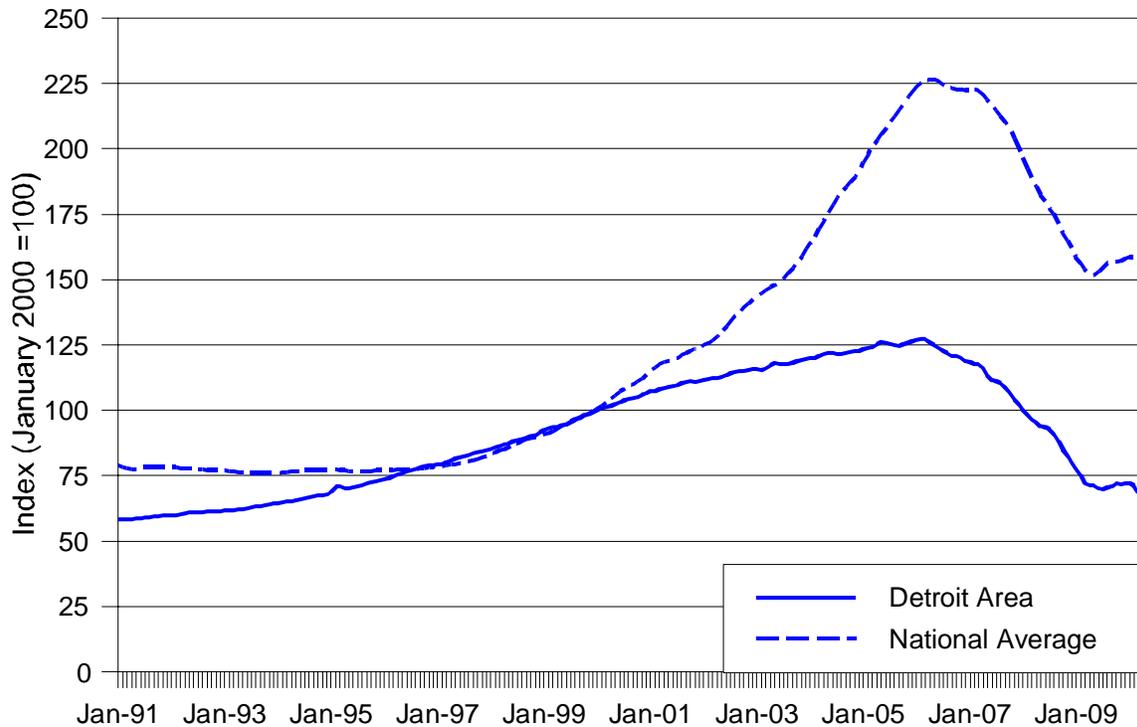
U.S.	May 2010	Apr. 2010	May 2009	Change from April		Change from Year Ago	
				Number	Percent	Number	Percent
Labor Force	154,393	154,715	154,956	(322)	(0.2)%	(563)	(0.4)%
Employment	139,420	139,455	140,438	(35)	(0.0)	(1,018)	(0.7)
Unemployment	14,973	15,260	14,518	(287)	(1.9)	455	3.1
Unemployment Rate	9.7%	9.9%	9.4%	---	---	---	---

Michigan	May 2010	Apr. 2010	May 2009	Change from April		Change from Year Ago	
				Number	Percent	Number	Percent
Labor Force	4,884	4,880	4,908	4	0.1%	(24)	(0.5)%
Employment	4,222	4,198	4,240	23	0.6	(18)	(0.4)
Unemployment	662	681	668	(19)	(2.8)	(6)	(0.9)
Unemployment Rate	13.6%	14.0%	13.6%	---	---	---	---

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

U.S. and Detroit-Area Housing Prices

Prices Around 2003-2004 Level Nationally, 1995 Level in Detroit



Source: Standard & Poor's, Case-Shiller Home Price Index

MICHIGAN WAGE AND SALARY EMPLOYMENT (Seasonally adjusted, thousands)							
	May 2010*	Apr. 2010	May 2009	<u>Change from April</u>		<u>Change from Yr Ago</u>	
				Number	Percent	Number	Percent
Total Non-Agricultural Jobs	3,853	3,845	3,874	8	0.2%	(21)	(0.6)%
Goods Producing Industries	587	585	592	2	0.3	(4)	(0.7)
Mining and Logging	7	7	7	0	1.4	1	7.5
Construction	118	122	129	(4)	(3.4)	(10)	(8.1)
Manufacturing	462	456	456	6	1.3	6	1.2
Transportation Equipment	127	127	116	0	0.0	11	9.8
Service Producing Industries	3,265	3,260	3,282	6	0.2	(17)	(0.5)
Trade, Transportation & Utilities	708	706	720	2	0.3	(12)	(1.7)
Wholesale Trade	151	148	154	3	2.0	(2)	(1.6)
Retail Trade	448	450	454	(2)	(0.5)	(6)	(1.4)
Transportation & Utilities	109	107	112	1	1.3	(4)	(3.3)
Information	52	52	56	(1)	(1.7)	(5)	(8.7)
Financial Activities	183	182	192	1	0.5	(9)	(4.5)
Professional & Business Services	519	522	504	(3)	(0.6)	15	3.0
Education & Health Services	625	625	611	(0)	(0.0)	14	2.3
Leisure & Hospitality Services	370	370	381	(1)	(0.2)	(11)	(2.9)
Other Services	165	165	169	(0)	(0.1)	(5)	(2.7)
Government	645	637	649	7	1.1	(4)	(0.7)

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>		
	May 2010	Year Ago	Percent Change	May 2010	Year Ago	Percent Change
Construction	39.3	37.2	5.6	\$866.17	\$818.40	5.8%
Manufacturing	44.1	38.3	15.1	971.08	799.32	21.5
Durable Goods	45.4	39.0	16.4	1,089.60	888.42	22.6
Transportation Equipment Mfg.	44.9	35.9	25.1	1,294.02	987.25	31.1
Motor Vehicle Parts Mfg.	45.2	37.3	21.2	1,162.09	946.30	22.8
Nondurable Goods	40.7	36.5	11.5	647.13	562.10	15.1
Wholesale Trade	38.0	37.4	1.6	734.16	648.89	13.1
Retail Trade	29.1	29.4	(1.0)	373.94	378.38	(1.2)
Information	32.3	32.4	(0.3)	814.61	785.70	3.7
Financial Activities	35.9	36.0	(0.3)	739.54	774.36	(4.5)
Professional & Business Services	33.6	33.0	1.8	678.72	669.90	1.3
Health Care & Social Assistance	31.1	32.6	(4.6)	580.02	576.37	0.6
Leisure & Hospitality	22.8	23.2	(1.7)	222.30	211.58	5.1
Accommodation & Food Services	22.8	23.5	(3.0)	215.23	209.15	2.9

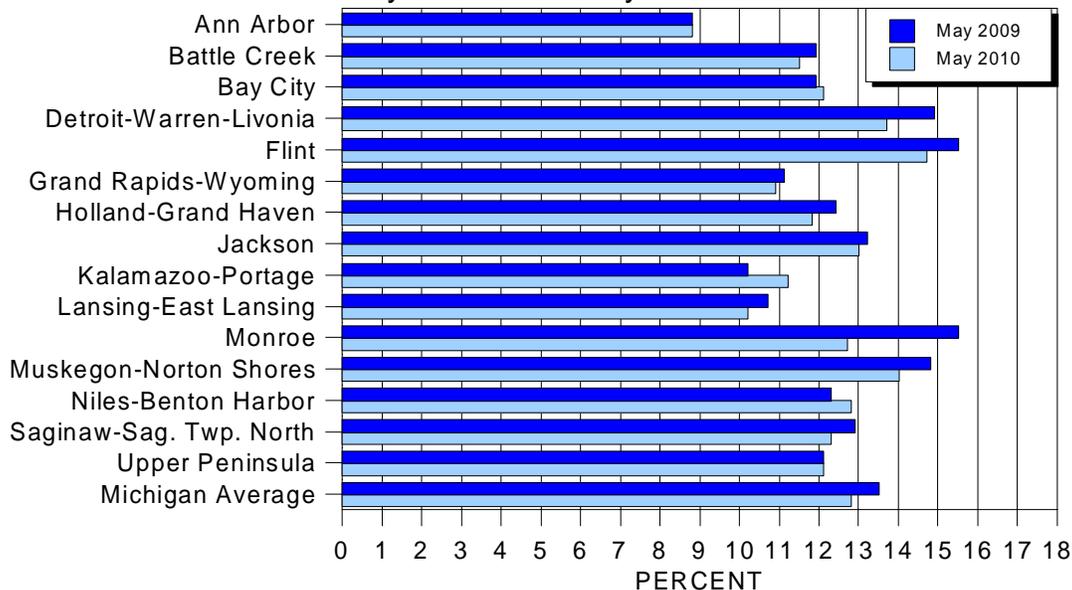
Source: Bureau of Labor Statistics, U.S. Department of Labor

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

	May 2010*	Apr. 2010	Mar. 2010	May 2009
Metropolitan Statistical Areas				
Ann Arbor	8.8%	8.6%	9.6%	8.8%
Battle Creek	11.5	11.8	13.1	11.9
Bay City	12.1	12.8	14.6	11.9
Detroit-Warren-Livonia	13.7	14.8	15.5	14.9
Flint	14.7	14.9	16.3	15.5
Grand Rapids-Wyoming	10.9	11.3	12.8	11.1
Holland-Grand Haven	11.8	12.2	14.0	12.4
Jackson	13.0	13.6	15.2	13.2
Kalamazoo-Portage	11.2	11.4	12.7	10.2
Lansing-East Lansing	10.2	10.5	11.7	10.7
Monroe	12.7	13.4	16.0	15.5
Muskegon-Norton Shores	14.0	14.8	16.5	14.8
Niles-Benton Harbor	12.8	13.3	14.9	12.3
Saginaw-Saginaw Twp North	12.3	12.7	14.2	12.9
Multi-County Areas				
Northeast Lower Michigan	14.5	17.2	20.2	14.5
Northwest Lower Michigan	13.5	15.3	17.4	12.7
Upper Peninsula	12.1	13.7	15.5	12.1
Michigan Statewide Average				
-- Unadjusted (comparable to figures shown above)	12.8	13.7	14.9	13.5
Source: Michigan Department of Energy, Labor, and Economic Growth				*Preliminary

Michigan Regional Unemployment Rates

May 2010 and May 2009

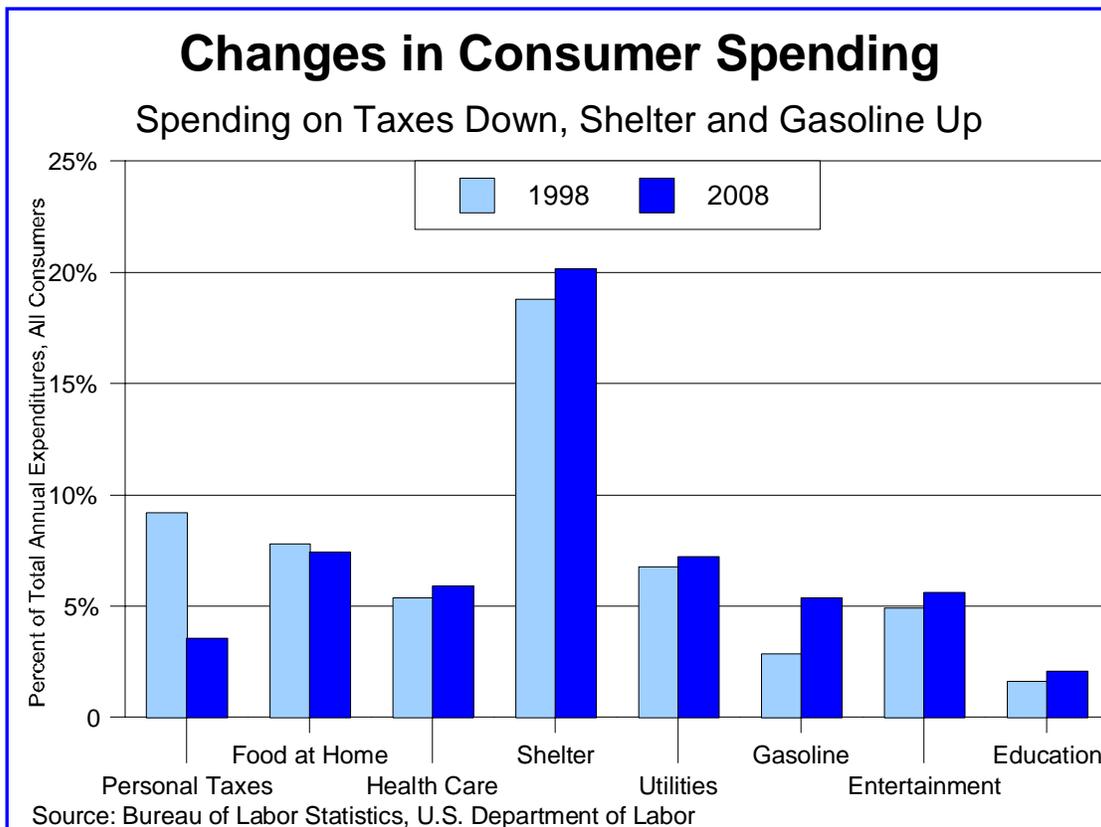


Source: Michigan Department of Energy, Labor, and Economic Growth

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

	May 2010	Apr. 2010	Mar. 2010	Feb. 2009	Year Ago May	Percent Change From:	
						May/Apr.	May 2010/ May 2009
Motor Vehicle Sales¹⁾ (thousands of units, SAAR)							
Autos	5,578	5,563	5,993	5,449	4,855	0.3%	14.9%
Domestics	3,948	3,931	4,271	3,734	3,211	0.4	23.0
Imports	1,630	1,632	1,722	1,715	1,644	(0.1)	(0.9)
Import Share	29.2%	29.3%	28.7%	31.5%	33.9%	---	---
Light Trucks	6,033	5,633	5,759	4,894	4,993	7.1	20.8
Domestics	5,136	4,808	4,727	4,133	4,148	6.8	23.8
Imports	897	825	1,032	761	845	8.7	6.2
Import Share	14.9%	14.6%	17.9%	15.5%	16.9%	---	---
Subtotal: Light Vehicle Sales	11,611	11,196	11,752	10,343	9,848	3.7	17.9
Heavy Trucks	204	190	222	204	175	7.4	16.6
Total Vehicle Sales	11,815	11,386	11,974	10,547	10,023	3.8	17.9
U.S. Motor Vehicle Production¹⁾ (millions of units, SAAR)							
Autos	3,234	2,905	2,884	2,908	1,910	11.3	69.3
Michigan Motor Vehicle Production²⁾ (thousands of units, SAAR)							
Autos	665	546	528	469	352	21.9	89.2
Trucks	899	861	875	860	365	4.4	146.2
Total	1,564	1,407	1,404	1,328	717	11.2	118.2
Michigan Production as % of U.S.	20.1%	18.9%	17.8%	20.2%	16.8%	---	---
U.S. Motor Vehicle Inventories³⁾							
Total Car	1,091	1,131	1,161	1,164	1,310	(3.5)	(16.7)
Days Supply	48	56	53	67	67	(14.3)	(28.4)
Total Truck	964	981	1,019	1,001	1,068	(1.7)	(9.7)
Days Supply	49	56	53	66	66	(12.5)	(25.8)

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)	May	73.6	72.2	68.7	1.9%	7.1%
Oil Prices ²⁾ (\$ per barrel, West Texas Intermediate Crude)	May	\$73.84	\$84.48	\$59.16	(12.6)	24.8
Housing Starts, U.S. ³⁾ (thousands of units, SAAR)	May	593	659	550	(10.0)	7.8
Retail Sales, U.S. ³⁾ (billions, seasonally adjusted)	May	\$323.0	\$327.4	\$300.7	(1.4)	7.4
Industrial Production Index ⁴⁾ (1997=100, seasonally adjusted)	May	92.6	91.4	85.7	1.3	8.0
Capacity Utilization ⁴⁾ (% of total capacity, seasonally adjusted)	May	74.1	73.1	68.3	1.4	8.5
Consumer Price Index ⁵⁾ (1982-84=100)	May					
U.S. (seasonally adjusted)	May	217.2	217.6	213.1	(1.9)	2.0
Detroit (not seasonally adjusted)	May	205.2	203.4	202.4	5.6	1.4
Interest Rates	May					
3-month Treasury Bill ⁴⁾	May	0.16%	0.15%	0.15%	---	---
Corporate Aaa Bonds ⁴⁾	May	4.96%	5.29%	5.54%	---	---
Real Gross Domestic Product ⁶⁾ (billions of 2005 \$, SAAR, Chain-Weighted)	2010 1st Qtr.	\$13,238.6	\$13,149.5	\$12,925.4	2.7	2.4
Michigan Tax Collections ⁷⁾ (12 major taxes, millions)	May 2010	\$1,200.9	\$1,628.2	\$1,261.8	NM	(4.8)

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

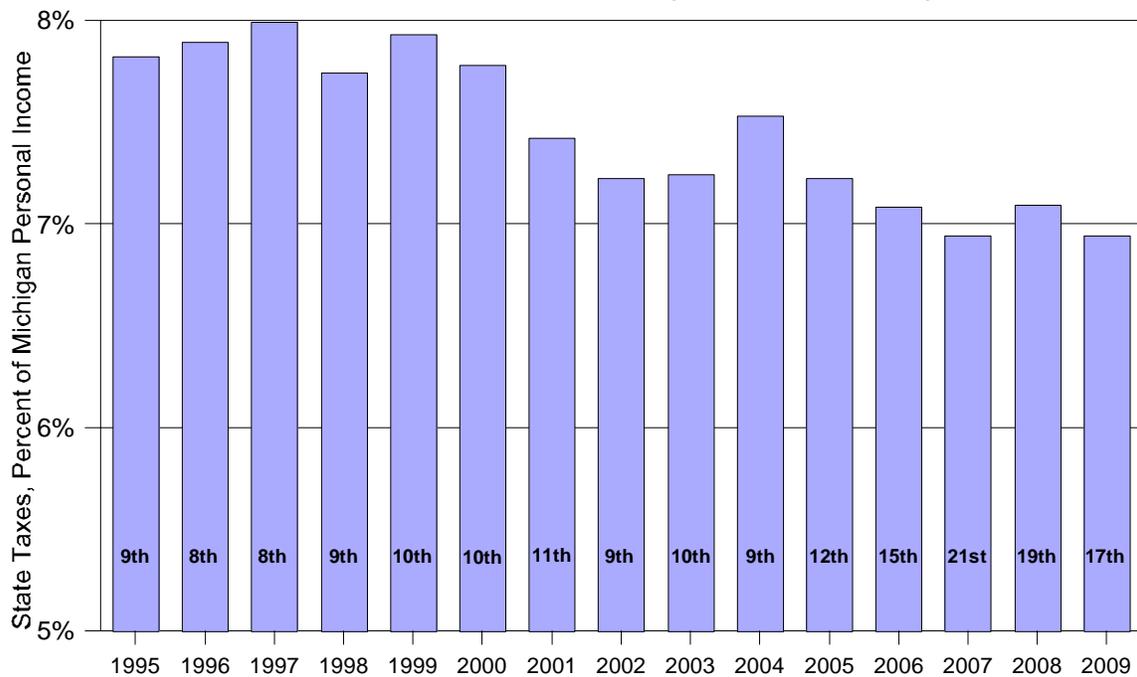
Revenue data vary greatly from month-to-month due to timing and other noneconomic factors.

*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.

State Taxes as a Percent of Personal Income

Downward Trend for 10 Years Lowers Michigan's Rank Among the States



Source: Bureau of the Census and Bureau of Economic Analysis, U.S. Department of Commerce