

MICHIGAN ECONOMIC INDICATORS

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

ECONOMIC HIGHLIGHTS



- The final estimate for **inflation-adjusted Gross Domestic Product (GDP)** indicated a decline of 2.9% in the first quarter of 2014, compared with a 2.6% increase during the fourth quarter of 2013. Personal consumption expenditures contributed 0.7 percentage point to GDP growth in the first quarter. Gross private investment reduced growth by nearly 2.0 percentage points primarily due to a decline in inventories, as high inventory growth in the third quarter of 2013 was corrected. Lower net exports reduced the growth rate by 1.5 percentage points and lower government spending reduced the growth rate by 0.1%.
- **Housing starts** in May 2014 numbered 985,000 units at a seasonally adjusted annual rate, an increase of 7.7% over the level in May 2013, but a 7.3% decline from April 2014. Despite the year-over-year growth in starts, the contribution of residential investment to real GDP declined in both the last quarter of 2013 and the first quarter of 2014.



- **Regional unemployment rates** declined in all regions in May 2014 compared with the May 2013 levels. Unemployment rates declined the least in Ann Arbor (0.8 point) and Detroit (1.0 point), even though among metropolitan areas these two areas have the lowest and highest unemployment rates, at 5.3% and 8.0%, respectively. The unemployment rate fell the most (2.1 points) in Muskegon.
- **Michigan personal income** increased in the first quarter of 2014 at a seasonally adjusted quarterly rate of 0.6%, compared with national growth of 0.8%. Ohio led the Great Lakes states with 1.1% growth in the first quarter, followed by Illinois at 0.9%, Wisconsin at 0.7%, Michigan, and then Indiana at 0.4%

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

U.S.	May 2014	April 2014	May 2013	Change from April		Change from Year Ago	
				Number	Percent	Number	Percent
Labor Force	155,613	155,421	155,609	192	0.1	4	0.0
Employment	145,814	145,669	143,919	145	0.1	1,895	1.3
Unemployment	9,799	9,753	11,690	46	0.5	(1,891)	(16.2)
Unemployment Rate	6.3%	6.3%	7.5%	--	--	--	--
Michigan	May 2014	April 2014	May 2013	Change from April		Change from Year Ago	
				Number	Percent	Number	Percent
Labor Force	4,743	4,740	4,718	4	0.1	26	0.5
Employment	4,389	4,388	4,300	2	0.0	90	2.1
Unemployment	354	352	418	2	0.5	(64)	(15.3)
Unemployment Rate	7.5%	7.4%	8.9%	--	--	--	--

Source: Bureau of Labor Statistics, U.S. Department of Labor (Household Data)



May 2014

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MICHIGAN WAGE AND SALARY EMPLOYMENT (Seasonally adjusted, thousands)							
	May 2014*	April 2014	May 2013	Change from April		Change from Yr Ago	
				Number	Percent	Number	Percent
Total Non-Agricultural Jobs	4,125	4,108	4,102	17	0.4%	23	0.6%
Goods Producing Industries	706	702	692	4	0.6	14	2.0
Mining and Logging	9	8	8	0	1.2	1	10.4
Construction	137	137	132	(1)	(0.4)	5	3.4
Manufacturing	561	556	552	5	0.8	8	1.5
Transportation Equipment	168	165	165	3	2.0	3	1.8
Service Producing Industries	3,419	3,406	3,409	13	0.4	10	0.3
Trade, Transportation & Utilities	753	749	742	4	0.6	11	1.4
Wholesale Trade	164	165	163	(1)	(0.4)	1	0.5
Retail Trade	458	455	454	2	0.5	4	0.8
Transportation & Utilities	131	129	125	2	1.9	6	5.1
Information	56	56	55	0	0.5	1	1.3
Financial Activities	197	200	202	(3)	(1.6)	(5)	(2.6)
Professional & Business Services	602	602	601	(1)	(0.1)	0	0.0
Education & Health Services	636	635	639	1	0.1	(3)	(0.5)
Leisure & Hospitality Services	404	399	397	5	1.3	6	1.6
Other Services	171	168	171	3	1.5	(0)	(0.1)
Government	602	598	601	4	0.7	0	0.0

Source: Bureau of Labor Statistics, U.S. Department of Labor (Establishment Data) *Preliminary

MICHIGAN AVERAGE WEEKLY HOURS AND EARNINGS						
Industry	Average Weekly Hours			Average Weekly Earnings		
	May 2014	Year Ago	Percent Change	May 2014	Year Ago	Percent Change
Construction	38.4	41.3	(7.0%)	954.24	977.16	(2.3%)
Manufacturing	44.2	42.9	3.0	906.10	851.99	6.4
Durable Goods	45.8	43.6	5.0	984.24	910.80	8.1
Transportation Equipment Mfg.	49.9	44.2	12.9	1,257.48	1,105.88	1.0
Motor Vehicle Parts Mfg.	44.4	46.0	(3.5)	1,044.73	1,086.06	(3.8)
Nondurable Goods	39.1	40.7	(3.9)	656.10	665.85	(1.5)
Wholesale Trade	38.0	38.2	(0.5)	874.00	839.64	4.1
Retail Trade	29.5	30.6	(3.6)	401.50	398.72	0.7
Information	33.4	34.8	(4.0)	852.37	823.37	3.5
Financial Activities	34.6	35.3	(2.0)	699.96	662.93	5.6
Professional & Business Services	36.2	35.8	1.1	837.31	832.71	0.6
Health Care & Social Assistance	31.5	32.1	(1.9)	600.08	609.58	(1.6)
Leisure & Hospitality	23.1	23.2	(0.4)	239.55	231.07	3.7
Accommodation & Food Services	22.9	23.2	(1.3)	224.65	221.56	1.4

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 2014	Apr. 2014	Mar. 2014	May 2013
Metropolitan Statistical Areas				
Ann Arbor	5.3%	4.8%	5.2%	6.1%
Battle Creek	6.3	6.0	7.0	7.6
Bay City	7.6	7.7	9.1	9.1
Detroit-Warren-Livonia	8.0	7.9	8.3	9.0
Flint	8.0	7.8	9.0	9.5
Grand Rapids-Wyoming	5.4	5.1	6.0	6.8
Holland-Grand Haven	5.3	5.0	6.0	6.8
Jackson	7.3	7.2	8.2	8.9
Kalamazoo-Portage	6.3	6.0	7.0	7.6
Lansing-East Lansing	6.4	6.1	6.4	7.6
Monroe	6.8	7.4	7.2	8.2
Muskegon-Norton Shores	7.0	6.9	7.9	9.1
Niles-Benton Harbor	7.2	6.9	8.2	9.0
Saginaw-Saginaw Twp North	7.6	7.4	8.7	9.1
Multi-County Areas				
Northeast Lower Michigan	9.2	11.2	13.5	10.9
Northwest Lower Michigan	7.9	9.0	10.3	9.6
Upper Peninsula	8.4	9.2	10.3	9.8
Michigan Statewide Average				
-- Unadjusted (comparable to figures shown above)	7.3	7.3	8.0	8.6

Source: Michigan Department of Technology, Management, and Budget

MOTOR VEHICLE SALES AND PRODUCTION STATISTICS (Thousands of Units)							
	May 2014	Apr. 2014	Mar. 2014	Feb. 2014	Year Ago May	Percent Change From:	
						May/Apr.	May 2014/ May 2013
Motor Vehicle Sales¹⁾ (thousands of units, SAAR)							
Autos	7,833	7,334	7,520	7,104	7,407	6.8%	5.8%
Domestics	5,574	5,240	5,393	5,103	5,323	6.4	4.7
Imports	2,259	2,094	2,127	2,001	2,084	7.9	8.4
Import Share	28.8%	28.6%	28.3%	28.2%	28.1%	---	---
Light Trucks	8,876	8,617	8,816	8,161	8,017	3.0	10.7
Domestics	7,546	7,323	7,446	6,889	6,797	3.0	11.0
Imports	1,330	1,294	1,370	1,272	1,220	2.8	9.0
Import Share	15.0%	15.0%	15.5%	15.6%	15.2%	---	---
Subtotal: Light Vehicle Sales	16,709	15,951	16,336	15,265	15,424	4.8	8.3
Heavy Trucks	386	419	374	361	344	(7.9)	12.2
Total Vehicle Sales	17,095	16,370	16,710	15,626	15,768	4.4	8.4
U.S. Motor Vehicle Production¹⁾ (millions of units, SAAR)							
Autos	3,961	4,037	4,118	4,276	4,421	(1.9)	(10.4)
Michigan Motor Vehicle Production²⁾ (thousands of units, SAAR)							
Autos	685	601	755	1,042	960	13.9	(28.6)
Trucks	1,972	1,720	1,555	1,649	1,518	14.6	29.9
Total	2,657	2,321	2,310	2,691	2,478	14.4	7.2
Michigan Production as % of U.S.	20.6%	20.7%	20.7%	19.5%	22.5%	---	---
U.S. Motor Vehicle Inventories³⁾							
Total Car	1,691	1,805	1,859	1,882	1,541	(6.3)	9.8
Days Supply	57	69	63	78	55	(17.4)	3.6
Total Truck	1,888	1,901	1,870	1,879	1,627	(0.6)	16.1
Days Supply	63	69	63	74	59	(8.7)	6.8

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	81.9	84.1	84.5	(2.6%)	(3.1%)
Oil Prices ²⁾ (\$ per barrel, West Texas Intermediate Crude)	May	\$102.18	\$102.07	\$94.51	0.1	8.1
Housing Starts, U.S. ³⁾ (thousands of units, SAAR)	May	985	1,063	915	(7.3)	7.7
Retail Sales, U.S. ³⁾ (billions, seasonally adjusted)	May	\$391.8	\$390.1	\$375.0	0.4	4.5
Industrial Production Index ⁴⁾ (1997=100, seasonally adjusted)	May	103.7	103.0	99.4	0.6	4.3
Capacity Utilization ⁴⁾ (% of total capacity, seasonally adjusted)	May	79.1	78.9	77.8	0.3	1.8
Consumer Price Index ⁵⁾ (1982-84=100)						
U.S. (seasonally adjusted)	May	237.1	236.3	232.1	4.3	2.1
Detroit (not seasonally adjusted)	Apr	223.3	220.5	218.9	7.9	2.0
Interest Rates						
3-month Treasury Bill ⁴⁾	May	0.03%	0.03%	0.04%	---	---
Corporate Aaa Bonds ⁴⁾	May	4.16%	4.24%	3.73%	---	---
Real Gross Domestic Product ⁶⁾ (billions of 2005 \$, SAAR, Chain-Weighted)	2014 1st Qtr.	\$15,824.2	\$15,942.3	\$15,583.9	(2.9)	1.5
Michigan Tax Collections ⁷⁾ (12 major taxes, millions)	May	\$1,489.1	\$1,899.3	\$1,529.2	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.

