

MICHIGAN ECONOMIC INDICATORS

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

ECONOMIC HIGHLIGHTS

- The **U.S. unemployment rate** increased from 6.1% in September to 6.5% in October, the fourth increase in six months. In October 2007, the U.S. unemployment rate averaged 4.8%. The increase in the rate from September's level reflected an increase in size of the labor force of 410,000 people combined with an employment decline of 297,000 jobs. Compared with one year ago, October employment was down 1.1 million jobs.
- In October, seasonally adjusted **light vehicle sales** declined for the ninth time in the last 10 months, falling 15.6% from the September level and down 34.2% from the level one year ago. Total light vehicle sales in October were at the lowest level since February 1983. Compared with one year ago, sales of light trucks were down 41.5% while automobile sales were down 25.9%. Sales of both domestic and imported vehicles were down sharply in October compared with one year ago, with sales of domestic automobiles down 28.7% compared with a 19.7% decline for imported automobiles and sales of domestic light trucks down 42.4% compared with a 36.9% decline for imported light trucks.
- The **U.S. Consumer Price Index** for October fell at an annual rate of 10.9% from the September level but was still 3.7% above the level one year ago. The monthly decline was dominated by declines in energy and housing prices. Despite the decline, energy prices remained 11.5% above the level one year ago. Food prices were up 6.3% from October 2007.
- As economies across the globe struggled, the **value of the dollar** rose for a third consecutive month against major currencies, rising 6.5% in October from the September level. The value of the dollar has risen 13.4% since July 2008 but is still 28.2% below the recent peak in February 2002.



- **Michigan wage and salary employment** decreased by 21,000 jobs in October from the September level, the fourth consecutive month in which employment has declined. On a monthly basis, the only sectors reporting increases were transportation equipment manufacturing (1,000 jobs) and education/health services (2,000 jobs). The largest declines in employment occurred in the government sector (5,000 jobs) and the trade/transportation/utilities sector (7,000 jobs).
- **Home sales in Michigan** improved for a second consecutive month, with year-to-date sales through October up 1.0% from October 2007, compared with a year-to-date decline of 2.1% as of August. However, year-to-date average sales prices were down 15.0% from last October. The most substantial declines in home prices were in the Detroit area, where prices are down 53.7% from year-ago levels.
- Reflecting the same pressures felt nationally in food and energy prices, the **Detroit Consumer Price Index (CPI)** fell at an annual rate of 11.6% between August and October, but was still 1.7% above the year-ago level.



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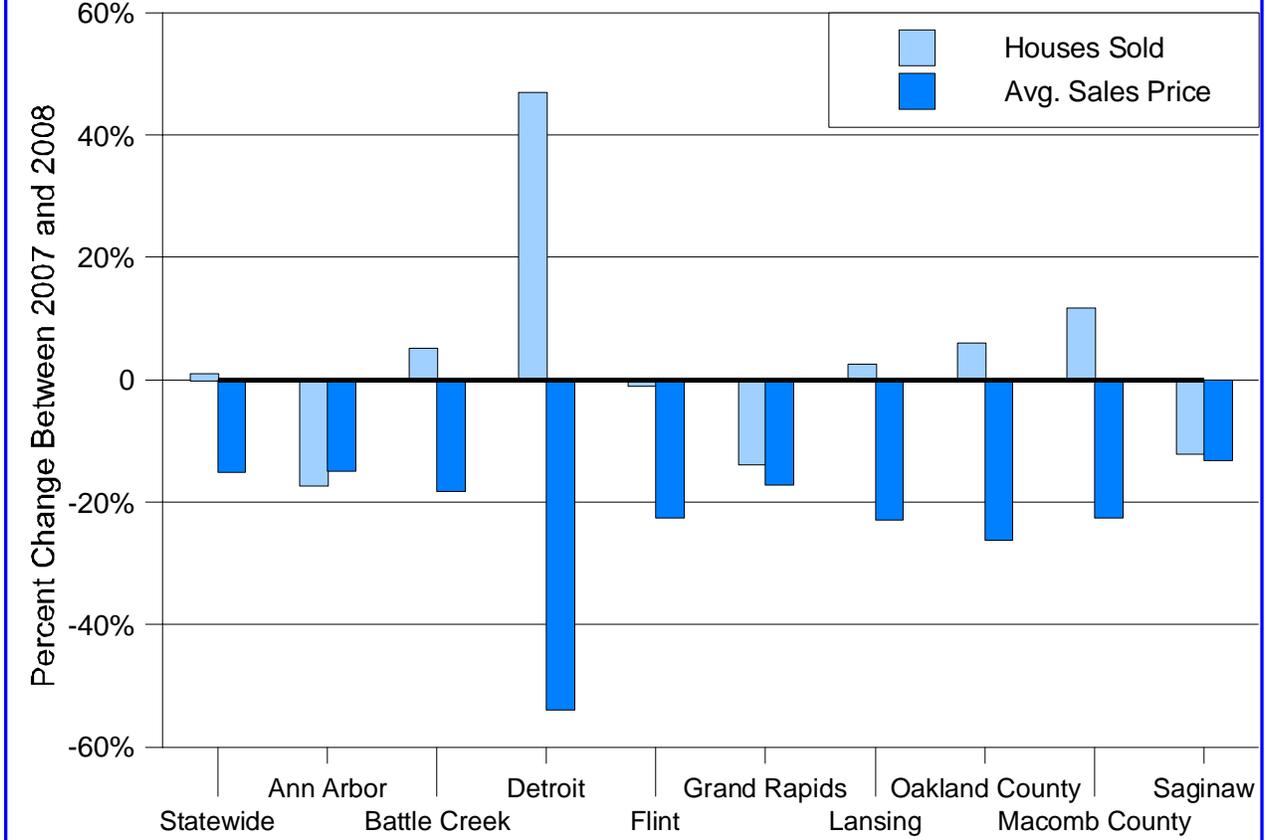
U.S. & MICHIGAN LABOR MARKET NEWS
(Seasonally adjusted, thousands)

U.S.	Oct. 2008	Sept. 2008	Oct. 2007	Change from Sept.		Change from Year Ago	
				Number	Percent	Number	Percent
Labor Force	155,038	154,732	153,306	306	0.2%	1,732	1.1%
Employment	144,958	145,255	146,016	(297)	(0.2)	(1,058)	(0.7)
Unemployment	10,080	9,477	7,290	603	6.4	2,790	38.3
Unemployment Rate	6.5%	6.1%	4.8%	---	---	---	---

Michigan	Oct. 2008	Sept. 2008	Oct. 2007	Change from Sept.		Change from Year Ago	
				Number	Percent	Number	Percent
Labor Force	4,930	4,927	5,005	4	0.1%	(75)	(1.5)%
Employment	4,474	4,496	4,632	(23)	(0.5)	(158)	(3.4)
Unemployment	457	430	373	26	6.1	84	22.5
Unemployment Rate	9.3%	8.7%	7.5%	---	---	---	---

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

Year-to-Date Home Sales in Michigan through October 2008



Source: Michigan Association of Realtors

MICHIGAN WAGE AND SALARY EMPLOYMENT (Seasonally adjusted, thousands)							
	Oct. 2008*	Sept. 2008	Oct. 2007	<u>Change from Sept.</u>		<u>Change from Yr Ago</u>	
				Number	Percent	Number	Percent
Total Wage & Salary Jobs	4,152	4,173	4,225	(21)	(0.5)%	(73)	(1.7)%
Goods Producing Industries	721	726	767	(5)	(0.6)	(45)	(5.9)
Natural Resources & Mining	7	7	8	(0)	(1.4)	(0)	(4.0)
Construction	148	149	163	(1)	(0.6)	(15)	(9.1)
Manufacturing	566	569	596	(4)	(0.6)	(30)	(5.1)
Transportation Equipment	166	166	192	1	0.3	(26)	(13.3)
Service Producing Industries	3,431	3,448	3,458	(16)	(0.5)	(27)	(0.8)
Trade, Transportation & Utilities	771	778	787	(7)	(0.9)	(16)	(2.0)
Information	63	63	65	(0)	(0.6)	(2)	(3.7)
Financial Activities	204	205	210	(1)	(0.5)	(5)	(2.6)
Professional & Business Services	563	565	568	(2)	(0.3)	(4)	(0.8)
Education & Health Services	611	609	598	2	0.3	13	2.2
Leisure & Hospitality Services	404	406	403	(1)	(0.3)	2	0.4
Other Services	174	176	176	(2)	(1.0)	(2)	(1.3)
Government	641	646	653	(5)	(0.8)	(12)	(1.8)

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>		
	Oct. 2008	Year Ago	Percent Change	Oct. 2008	Year Ago	Percent Change
Construction	35.4	36.9	(4.1)%	\$773.84	\$816.23	(5.2)%
Manufacturing	41.7	43.6	(4.4)	911.15	954.40	(4.5)
Durable Goods	43.2	45.6	(5.3)	1,021.25	1,073.50	(4.9)
Transportation Equipment Mfg.	43.0	44.5	(3.4)	1,212.60	1,268.25	(4.4)
Motor Vehicle Parts Mfg.	42.1	44.6	(5.6)	1,071.02	1,160.05	(7.7)
Nondurable Goods	37.1	37.2	(0.3)	569.11	570.28	(0.2)
Wholesale Trade	38.7	39.1	(1.0)	740.33	762.45	(2.9)
Retail Trade	30.3	30.9	(1.9)	381.48	378.22	0.9
Food & Beverage Stores	27.5	28.8	(4.5)	319.28	304.13	5.0
Information	33.3	34.3	(2.9)	748.58	735.74	1.7
Financial Activities	34.8	34.6	0.6	689.74	657.75	4.9
Professional & Business Services	33.3	34.9	(4.6)	660.01	676.01	(2.4)
Health Care & Social Assistance	33.9	36.1	(6.1)	592.91	623.09	(4.8)
Leisure & Hospitality	22.3	22.4	(0.4)	205.61	206.75	(0.6)
Accommodation & Food Services	22.4	22.5	(0.4)	200.93	201.38	(0.2)

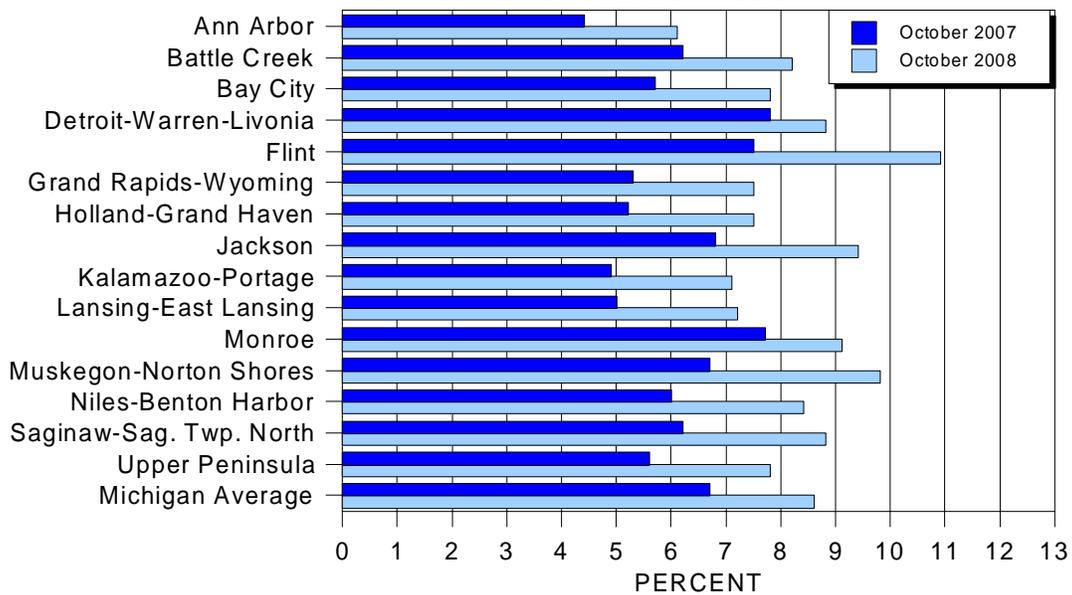
Source: Bureau of Labor Statistics, U.S. Department of Labor

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

	Oct. 2008	Sept. 2008	Aug. 2008	Oct. 2007
Metropolitan Statistical Areas				
Ann Arbor	6.1%	6.5%	6.4%	4.4%
Battle Creek	8.2	8.2	8.0	6.2
Bay City	7.8	7.8	7.7	5.7
Detroit-Warren-Livonia	8.8	8.3	8.8	7.8
Flint	10.9	10.9	10.5	7.5
Grand Rapids-Wyoming	7.5	7.5	7.4	5.3
Holland-Grand Haven	7.5	7.3	7.2	5.2
Jackson	9.4	9.3	9.2	6.8
Kalamazoo-Portage	7.1	7.2	7.1	4.9
Lansing-East Lansing	7.2	7.1	7.1	5.0
Monroe	9.1	9.5	10.0	7.7
Muskegon-Norton Shores	9.8	9.3	9.1	6.7
Niles-Benton Harbor	8.4	8.5	8.3	6.0
Saginaw-Saginaw Twp North	8.8	8.9	8.5	6.2
Multi-County Areas				
Northeast Lower Michigan	10.3	9.5	9.2	7.3
Northwest Lower Michigan	9.2	8.4	7.9	6.2
Upper Peninsula	7.8	7.5	7.6	5.6
Michigan Statewide Average				
-- Unadjusted (comparable to figures shown above)	8.6	8.3	8.4	6.7
Source: Michigan Department of Labor and Economic Growth				*Preliminary

Michigan Regional Unemployment Rates

October 2007 and October 2008



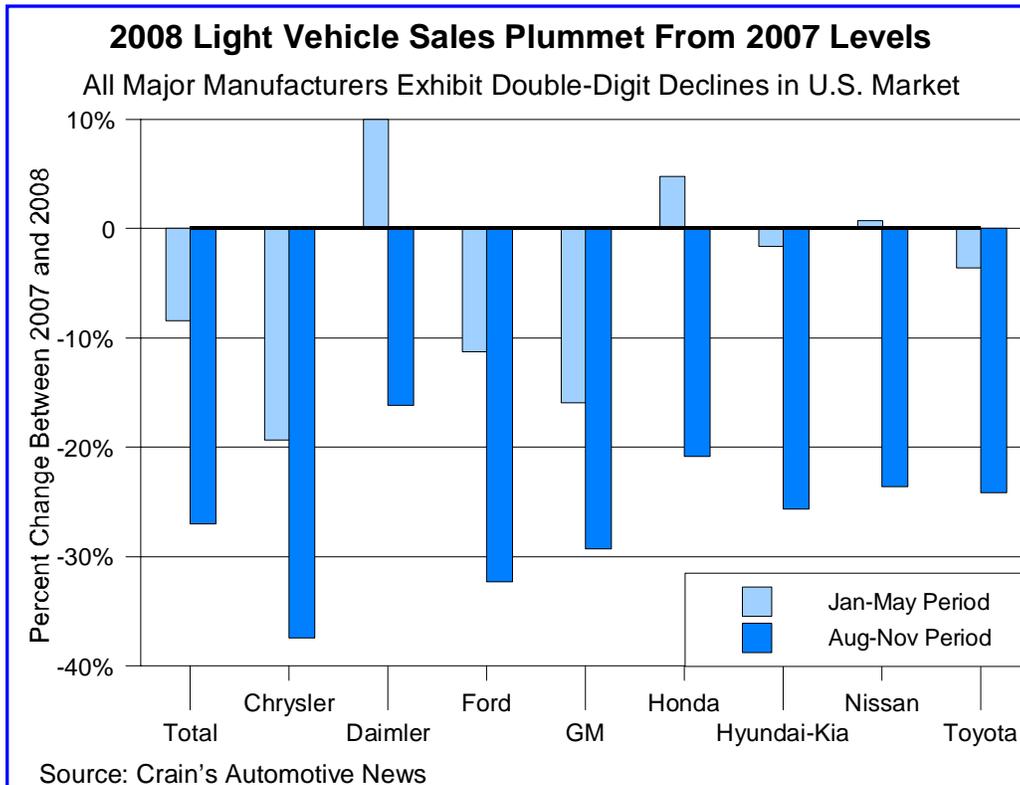
Source: Michigan Department of Labor and Economic Growth

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

	Oct. 2008	Sept. 2008	Aug. 2008	July 2008	Year Ago Oct.	Percent Change From:	
						Oct./Sept.	Oct. 2008/ Oct. 2007
Motor Vehicle Sales¹⁾ (thousands of units, SAAR)							
Autos	5,575	6,210	6,764	6,911	7,524	(10.2)%	(25.9)%
Domestics	3,685	4,321	4,492	4,439	5,170	(14.7)	(28.7)
Imports	1,890	1,889	2,272	2,472	2,354	0.1	(19.7)
Import Share	33.9%	30.4%	33.6%	35.8%	31.3%	---	---
Light Trucks	4,947	6,252	6,930	5,600	8,455	(20.9)	(41.5)
Domestics	4,044	5,210	5,931	4,618	7,025	(22.4)	(42.4)
Imports	903	1,042	999	982	1,430	(13.3)	(36.9)
Import Share	18.3%	16.7%	14.4%	17.5%	16.9%	---	---
Subtotal: Light Vehicle Sales	10,522	12,462	13,694	12,511	15,979	(15.6)	(34.2)
Heavy Trucks	268	275	277	287	330	(2.5)	(18.8)
Total Vehicle Sales	10,790	12,737	13,971	12,798	16,309	(15.3)	(33.8)
U.S. Motor Vehicle Production¹⁾ (millions of units, SAAR)							
Autos	3,835	3,994	4,068	4,567	3,948	(4.0)	(2.9)
Michigan Motor Vehicle Production²⁾ (thousands of units, SAAR)							
Autos	979	1,073	1,060	1,591	1,127	(8.7)	(13.1)
Trucks	949	729	601	817	1,390	30.0	(31.7)
Total	1,928	1,802	1,661	2,408	2,517	7.0	(23.4)
Michigan Production as % of U.S.	22.9%	21.8%	20.8%	17.0%	23.1%	---	---
U.S. Motor Vehicle Inventories³⁾							
Total Car	1,495	1,186	1,173	1,156	1,377	26.1	8.6
Days Supply	91	62	49	47	61	46.8	49.2
Total Truck	1,617	1,512	1,644	1,846	1,913	6.9	(15.5)
Days Supply	111	83	74	98	77	33.7	44.2

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)	Oct.	57.6	70.3	80.9	(18.1)%	(28.8)%
Oil Prices ²⁾ (\$ per barrel, West Texas Intermediate Crude)	Oct.	\$76.65	\$103.90	\$86.20	(26.2)	(11.1)
Housing Starts, U.S. ³⁾ (thousands of units, SAAR)	Oct.	771	824	1,275	(6.4)	(39.5)
Retail Sales, U.S. ³⁾ (billions, seasonally adjusted)	Oct.	\$323.6	\$334.4	\$342.2	(3.2)	(5.4)
Industrial Production Index ⁴⁾ (1997=100, seasonally adjusted)	Oct.	106.8	105.2	111.8	1.5	(4.5)
Capacity Utilization ⁴⁾ (% of total capacity, seasonally adjusted)	Oct.	76.0	75.0	80.9	1.3	(6.0)
Consumer Price Index ⁵⁾ (1982-84=100)						
U.S. (seasonally adjusted)	Oct.	216.7	218.8	209.1	(10.9)	3.7
Detroit (not seasonally adjusted)	Oct.	205.2	209.5	201.8	(11.6)	1.7
Interest Rates						
3-month Treasury Bill ⁴⁾	Oct.	0.84%	1.46%	3.97%	---	---
Corporate Aaa Bonds ⁴⁾	Oct.	6.28%	5.65%	5.66%	---	---
Real Gross Domestic Product ⁶⁾ (billions of 2000 \$, SAAR, Chain-Weighted)	2008 3rd Qtr.	\$11,712.4	\$11,727.4	\$11,625.7	(0.5)	0.7
Michigan Tax Collections ⁷⁾ (12 major taxes, millions)	Oct. 2008	\$3,091.0	\$2,268.2	\$2,792.6	NM	10.7

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.

