

# MICHIGAN ECONOMIC INDICATORS

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

## ECONOMIC HIGHLIGHTS



- In the U.S., seasonally adjusted **total vehicle sales** declined 4.6% in October 2012 from the September level, but were 6.6% above the level one year ago. **Light vehicle sales** were down 4.4% from September's level (7.0% above the 2011 level), to a 14.2 million unit annual rate, and **heavy vehicle sales** were down 12.3% from September's level (10.0% below the 2011 level). While the October declines appeared to reflect the effect of Hurricane Sandy, October sales were still consistent with average monthly sales through the first nine months of 2012.

- The **Index of Consumer Sentiment** in October rose 35.9% above the year-ago level and 5.5% above the September level, due to more favorable opinions regarding their own current personal finances and expectations of declining unemployment rates. October's index reflected the highest level of consumer sentiment since September 2007.



- Seasonally adjusted **Michigan motor vehicle production** increased 15.7% in October from the September level and was 11.4% above the level in October 2011. Compared with one year ago, automobile production was up 43.5%, while truck production decreased 0.5%. Despite strong production performance over the previous month and year-ago level, October was the second-lowest-producing month for the State in 2012 (with September as the lowest).
- October **local area unemployment rates** were below year-ago levels in every metropolitan area in Michigan, and below September levels in every area except Detroit/Warren/Livonia. Grand Rapids/Wyoming and Monroe saw the greatest year-over-year improvement, with the areas' unemployment rates falling by approximately 1.6 percentage points. Declines more often reflected unemployed individuals' finding employment, rather than individuals leaving the labor force.

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

U.S.	Oct. 2012	Sept. 2012	Oct. 2011	Change from Sept.		Change from Year Ago	
				Number	Percent	Number	Percent
Labor Force	155,641	155,063	154,087	578	0.4%	1,554	1.0%
Employment	143,384	142,974	140,297	410	0.3	3,087	2.2
Unemployment	12,257	12,089	13,790	168	1.4	(1,533)	(11.1)
Unemployment Rate	7.9%	7.8%	8.9%	---	---	---	---
Michigan	Oct. 2012	Sept. 2012	Oct. 2011	Change from Sept.		Change from Year Ago	
				Number	Percent	Number	Percent
Labor Force	4,674	4,667	4,642	8	0.2%	32	0.7%
Employment	4,247	4,234	4,183	13	0.3	64	1.5
Unemployment	427	432	459	(5)	(1.1)	(31)	(6.8)
Unemployment Rate	9.1%	9.3%	9.9%	---	---	---	---

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



OCTOBER 2012

Prepared by: Cameron S. Mock, Fiscal Analyst  
David Zin, Chief Economist

MICHIGAN WAGE AND SALARY EMPLOYMENT (Seasonally adjusted, thousands)							
	Oct. 2012*	Sept. 2012	Oct. 2011	Change from Sept.		Change from Yr Ago	
				Number	Percent	Number	Percent
<b>Total Non-Agricultural Jobs</b>	3,973	3,989	3,945	(17)	(0.4%)	27	0.7%
<b>Goods Producing Industries</b>	649	654	640	(4)	(0.7)	10	1.5
Mining and Logging	7	8	8	(0)	(4.0)	(0)	(4.0)
Construction	118	123	124	(5)	(3.7)	(5)	(4.4)
Manufacturing	524	523	508	0	0.1	15	3.0
Transportation Equipment	146	148	140	(2)	(1.5)	7	4.7
<b>Service Producing Industries</b>	3,324	3,336	3,306	(12)	(0.4)	18	0.5
Trade, Transportation & Utilities	715	719	722	(4)	(0.6)	(7)	(1.0)
Wholesale Trade	157	159	158	(2)	(1.3)	(1)	(0.4)
Retail Trade	438	440	446	(2)	(0.5)	(9)	(1.9)
Transportation & Utilities	120	120	118	0	0.2	2	1.9
Information	53	53	54	0	0.6	(1)	(1.1)
Financial Activities	199	200	195	(2)	(0.7)	4	2.2
Professional & Business Services	569	574	554	(5)	(0.9)	15	2.7
Education & Health Services	633	633	626	0	0.0	7	1.0
Leisure & Hospitality Services	380	378	372	2	0.4	8	2.2
Other Services	168	168	169	0	0.0	(1)	(0.5)
Government	607	611	615	(4)	(0.6)	(7)	(1.2)

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

MICHIGAN AVERAGE WEEKLY HOURS AND EARNINGS						
Industry	Average Weekly Hours			Average Weekly Earnings		
	Oct. 2012	Year Ago	Percent Change	Oct. 2012	Year Ago	Percent Change
Construction	41.3	40.9	1.0%	\$992.0	\$946.4	4.8%
Manufacturing	43.8	43.4	0.9	897.5	896.2	0.1
Durable Goods	44.8	44.0	1.8	972.2	982.1	(1.0)
Transportation Equipment Mfg.	46.4	44.2	5.0	1,245.4	1,241.1	0.3
Motor Vehicle Parts Mfg.	46.4	47.0	(1.3)	1,136.8	1,180.3	(3.7)
Nondurable Goods	41.0	41.9	(2.1)	679.4	661.2	2.8
Wholesale Trade	37.4	39.6	(5.6)	826.2	782.1	5.6
Retail Trade	29.8	30.2	(1.3)	388.9	388.4	0.1
Information	35.3	35.1	0.6	868.7	868.7	0.0
Financial Activities	36.0	36.9	(2.4)	676.4	722.5	(6.4)
Professional & Business Services	34.6	34.3	0.9	770.9	732.0	5.3
Health Care & Social Assistance	32.1	31.5	1.9	606.7	597.2	1.6
Leisure & Hospitality	22.2	23.0	(3.5)	220.2	226.6	(2.8)
Accommodation & Food Services	22.3	22.9	(2.6)	212.1	216.9	(2.2)

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

<b>MICHIGAN UNEMPLOYMENT RATES BY SELECTED METROPOLITAN AREAS AND MULTI-COUNTY AREAS (Not Adjusted for Seasonal Variations)</b>				
	Oct. 2012	Sept. 2012	Aug. 2012	Oct. 2011
<b>Metropolitan Statistical Areas</b>				
Ann Arbor	4.6%	4.9%	5.8%	5.7%
Battle Creek	6.1	6.5	7.5	7.6
Bay City	6.9	7.2	8.3	8.2
Detroit-Warren-Livonia	10.5	10.0	10.9	10.6
Flint	8.1	8.4	9.5	9.4
Grand Rapids-Wyoming	5.6	6.0	6.9	7.2
Holland-Grand Haven	5.5	5.8	6.7	7.0
Jackson	7.0	7.4	8.3	8.5
Kalamazoo-Portage	6.2	6.5	7.4	7.6
Lansing-East Lansing	5.9	6.2	7.2	6.9
Monroe	6.6	7.1	8.1	8.2
Muskegon-Norton Shores	7.5	8.0	9.1	9.0
Niles-Benton Harbor	7.3	7.8	8.9	8.5
Saginaw-Saginaw Twp North	7.3	7.6	8.6	8.3
<b>Multi-County Areas</b>				
Northeast Lower Michigan	8.6	8.7	9.7	10.1
Northwest Lower Michigan	7.5	7.8	8.5	9.1
Upper Peninsula	6.8	7.2	8.4	8.1
<b>Michigan Statewide Average</b>				
-- Unadjusted (comparable to figures shown above)	8.3	8.2	9.2	9.1

**Source:** Michigan Department of Technology, Management, and Budget

<b>MOTOR VEHICLE SALES AND PRODUCTION STATISTICS (Thousands of Units)</b>							
	Oct. 2012	Sept. 2012	Aug. 2012	July 2012	Year Ago Oct.	Percent Change From:	
						Oct./Sept.	Oct. 2012/ Oct. 2011
<b>Motor Vehicle Sales<sup>1)</sup> (thousands of units, SAAR)</b>							
Autos	7,384	7,609	7,328	7,079	6,485	(3.0%)	13.9%
Domestics	5,228	5,323	5,375	5,055	4,498	(1.8)	16.2
Imports	2,156	2,286	1,953	2,024	1,987	(5.7)	8.5
Import Share	29.2%	30.0%	26.7%	28.6%	30.6%	---	---
Light Trucks	6,846	7,271	7,136	6,962	6,809	(5.8)	0.5
Domestics	5,888	6,172	6,169	5,913	5,804	(4.6)	1.4
Imports	958	1,099	967	1,049	1,005	(12.8)	(4.7)
Import Share	14.0%	15.1%	13.6%	15.1%	14.8%	---	---
Subtotal: Light Vehicle Sales	14,230	14,880	14,464	14,041	13,294	(4.4)	7.0
Heavy Trucks	306	349	361	366	340	(12.3)	(10.0)
Total Vehicle Sales	14,536	15,229	14,825	14,407	13,634	(4.6)	6.6
<b>U.S. Motor Vehicle Production<sup>1)</sup> (millions of units, SAAR)</b>							
Autos	3,988	4,148	4,229	4,693	3,434	(3.9)	16.1
<b>Michigan Motor Vehicle Production<sup>2)</sup> (thousands of units, SAAR)</b>							
Autos	857	803	841	1,186	652	6.7	31.4
Trucks	1,180	958	1,404	1,441	1,177	23.2	0.3
Total	2,038	1,762	2,245	2,627	1,829	15.7	11.4
Michigan Production as % of U.S.	21.2%	21.8%	22.5%	23.0%	22.3%	---	---
<b>U.S. Motor Vehicle Inventories<sup>3)</sup></b>							
Total Car	1,397	1,225	1,224	1,155	964	14.1	44.9
Days Supply	66	51	50	47	51	29.4	29.4
Total Truck	1,600	1,510	1,499	1,443	1,278	6.0	25.3
Days Supply	77	65	64	61	62	18.5	24.2

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
<b>Index of Consumer Sentiment</b> , monthly <sup>1)</sup> (1996 Q1=100)	Oct.	82.6	78.3	60.8	5.5%	35.9%
<b>Oil Prices</b> <sup>2)</sup> (\$ per barrel, West Texas Intermediate Crude)	Oct.	\$89.57	\$94.72	\$86.41	(5.4)	3.7
<b>Housing Starts, U.S.</b> <sup>3)</sup> (thousands of units, SAAR)	Oct.	894	863	630	3.6	41.9
<b>Retail Sales, U.S.</b> <sup>3)</sup> (billions, seasonally adjusted)	Oct.	\$367.6	\$368.7	\$354.1	(0.3)	3.8
<b>Industrial Production Index</b> <sup>4)</sup> (1997=100, seasonally adjusted)	Oct.	96.6	97.0	94.9	(0.4)	1.7
<b>Capacity Utilization</b> <sup>4)</sup> (% of total capacity, seasonally adjusted)	Oct.	77.8	78.2	77.6	(0.6)	0.2
<b>Consumer Price Index</b> <sup>5)</sup> (1982-84=100)						
U.S. (seasonally adjusted)	Oct.	231.8	231.4	226.8	1.8	2.2
Detroit (not seasonally adjusted)	Oct.	218.1	217.1	212.9	2.8	2.4
<b>Interest Rates</b>						
3-month Treasury Bill <sup>4)</sup>	Oct.	0.10%	0.11%	0.01%	---	---
Corporate Aaa Bonds <sup>4)</sup>	Oct.	3.47%	3.49%	3.98%	---	---
<b>Real Gross Domestic Product</b> <sup>6)</sup> (billions of 2005 \$, SAAR, Chain-Weighted)	2012 3rd Qtr.	\$13,638.1	\$13,548.5	\$13,306.9	2.7	2.5
<b>Michigan Tax Collections</b> <sup>7)</sup> (12 major taxes, millions)	Oct. 2012	\$2,535.5	\$2,053.6	\$2,705.5	NM	(6.3)

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.

