

MICHIGAN ECONOMIC INDICATORS

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

ECONOMIC HIGHLIGHTS



United States

- The preliminary estimate for **inflation-adjusted Gross Domestic Product** showed growth of 5.8% in the first quarter of 2002, compared with 1.7% in the fourth quarter of 2001 and a decline of 1.3% during the third quarter. The growth rate reflected strong growth in government spending and a significant reduction in the rate of inventory depletion that more than offset declines in net exports. The improvement in inventories and strong residential investment caused inflation-adjusted investment to grow 22.6%, despite a 5.7% decline in business fixed investment. The increase in investment was the first since the second quarter of 2002. Inflation-adjusted consumption spending rose at an annual rate of 3.5% while government spending grew 7.9%.
- **Housing starts** fell by 89,000 units in April, after falling by 144,000 in March, and were 13.0% below the three-year high reported in February. Most of the decline occurred in single-family homes. Starts of single-family homes fell in all regions of the country except the south.
- **Motor vehicle sales** averaged an annual rate of 17.6 million units in April, up from 17.2 million in March and 16.9 million in February. Automobile sales rose 9.3% in April while light truck sales remained essentially flat, growing 0.2%. Compared with the year-ago level, April vehicle sales were 4.1% higher, with light trucks up 7.4% and automobiles up 1.5%.
- The **U.S. unemployment rate** rose to 6.0% in April, after rising from 5.5% in February to 5.7% in March. Unlike in March, when the unemployment rate fell because employment declined more than the labor force decreased the increase in April unemployment reflected faster growth in labor force than in employment. The labor force increased by 565,000 people, while employment rose only by 82,000 jobs. Despite the April employment increase U.S. employment remains more than 1.4% below the peak reached in December 2000.



Michigan

- **Michigan personal income** in 2001 grew 1.8%, the second slowest rate among the 50 states. Personal income per person averaged \$29,538 in 2001, up 1.4% from 2000. Michigan income per person ranked 18th in 2001, although the growth between 2000 and 2001 ranked 46th. Michigan's slow personal income growth reflected growth of 0.6% in net earnings, which were lowered by declines in net earnings in manufacturing and wholesale trade sectors, which almost offset gains in the services and government sectors.
- **Michigan's unemployment rate** remained at 6.0% in April, after rising from 5.7% in February to 6.0% in March, because the labor force fell by 22,000 people and employment declined by 22,000 jobs. The number of people unemployed fell by 1,000. Compared with a year ago, 57,000 more people were unemployed and 61,000 fewer people employed in April.
- **Tax revenue** from Michigan's 12 major taxes totaled \$2,162.9 million in April and was 10.6% below revenues in April 2000. Including April's receipts, fiscal year-to-date revenues were 4.0% below last year's total. Year-to-date revenues remained weakest in the income tax, with fiscal year-to-date revenues down 13.3% from last year.

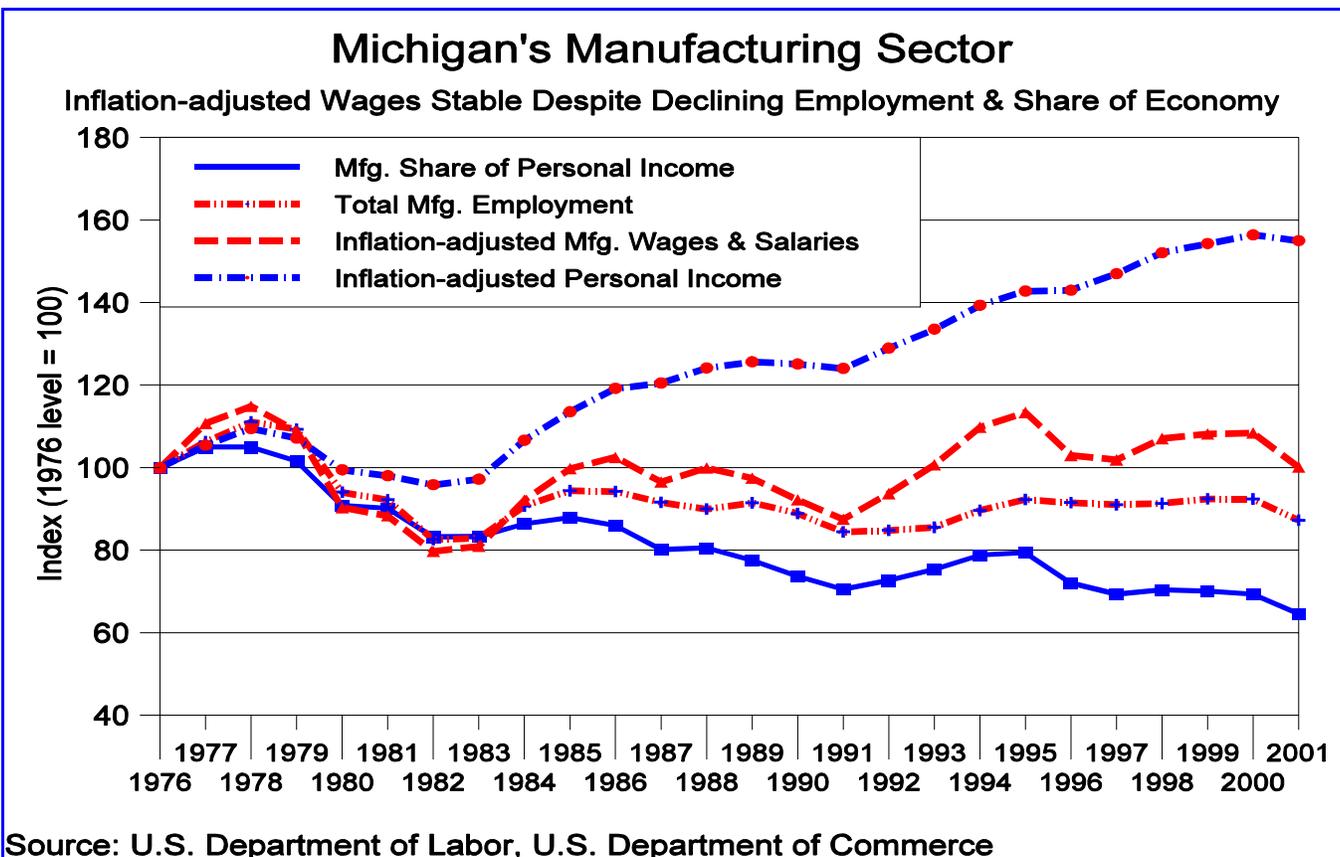


APRIL 2002

Prepared by:
David Zin
Economist

U.S. & MICHIGAN LABOR MARKET NEWS (Seasonally Adjusted, Thousands)							
U.S.	April	Mar.	Apr.	Change From Mar.		Change From Year Ago	
	2002	2001	2001	Number	Percent	Number	Percent
Labor Force	142,570	142,005	141,734	565	0.4%	836	0.6%
Employment	133,976	133,894	135,424	82	0.1	(1,448)	(1.1)
Unemployment	8,594	8,111	6,310	483	6.0	2,284	36.2
Unemployment Rate	6.0%	5.7%	4.5%	---	---	---	---
Michigan	Apr.	Mar.	Apr.	Change From Mar.		Change From Year Ago	
	2002	2001	2001	Number	Percent	Number	Percent
Labor Force	5,166	5,188	5,168	(22)	(0.4)%	(2)	(0.0)%
Employment	4,854	4,876	4,915	(22)	(0.5)	(61)	(1.2)
Unemployment	311	312	254	(1)	(0.3)	57	22.4
Unemployment Rate	6.0%	6.0%	4.9%	---	---	---	---

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



MICHIGAN WAGE AND SALARY EMPLOYMENT (Seasonally Adjusted, Thousands)							
	<u>Apr.</u>	<u>Mar.</u>	<u>Apr.</u>	<u>Change from Mar.</u>		<u>Change from Yr Ago</u>	
	<u>2002*</u>	<u>2001</u>	<u>2001</u>	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
Wage and Salary Employment	4,552	4,563	4,603	(11)	(0)%	(51)	(1)%
Goods-Producing Industries	1,120	1,123	1,149	(3)	(0)	(29)	(3)
Mining	7	7	8	0	0	(1)	(13)
Construction	200	203	203	(3)	(1)	(3)	(2)
Manufacturing	913	914	938	(1)	(0)	(25)	(3)
Durable Goods	692	692	715	0	0	(23)	(3)
Motor Vehicles & Equipment	270	272	278	N/A	N/A	N/A	N/A
Nondurable Goods	221	221	223	(1)	(0)	(3)	(1)
Service-Producing Industries	3,432	3,439	3,454	(7)	(0)	(22)	(1)
Trans., Comm. & Utilities	180	179	181	1	1	(1)	(1)
Wholesale Trade	219	218	222	1	0	(3)	(1)
Retail Trade	841	844	856	(3)	(0)	(15)	(2)
Finance, Insurance & Real Estate	210	210	209	0	0	1	0
Services	1,285	1,290	1,301	(5)	(0)	(16)	(1)
Government	697	698	685	(1)	(0)	12	2

Source: Michigan Department of Career Development - Employment Service Agency * Preliminary

MICHIGAN AVERAGE WEEKLY HOURS AND EARNINGS (Not Adjusted For Seasonal Variations)						
Industry	<u>Average Weekly Hours</u>			<u>Average Weekly Earnings</u>		
	<u>Mar.</u>	<u>Year</u>	<u>Percent</u>	<u>Mar.</u>	<u>Year</u>	<u>Percent</u>
	<u>2002</u>	<u>Ago</u>	<u>Change</u>	<u>2002</u>	<u>Ago</u>	<u>Change</u>
Mining	42.3	44.9	(5.8)%	\$693.72	\$763.30	(9.1)%
Construction	37.2	38.3	(2.9)	825.84	839.54	(1.6)
Manufacturing	42.3	42.1	0.5	853.19	825.16	3.4
Durable Goods	42.8	42.3	1.2	920.20	882.80	4.2
Motor Vehicles & Equipment	45.1	43.9	2.7	1,238.45	1,154.57	7.3
Nondurable Goods	40.9	41.3	(1.0)	636.00	626.52	1.5
Wholesale Trade	37.7	37.8	(0.3)	640.90	641.09	(0.0)
Selected Retail Trade:						
General Merchandise Stores	29.1	26.5	9.8	317.48	270.57	17.3
Department Stores	28.7	26.1	10.0	311.97	265.44	17.5
Food Stores	26.1	26.1	0.0	240.90	234.90	2.6
Auto Dealers & Service Stations	33.9	34.2	(0.9)	448.84	413.48	8.6
Selected Services:						
Depository Institutions	35.3	34.6	2.0	416.19	397.90	4.6
Business Services	33.7	33.4	0.9	542.23	524.38	3.4
Health Services	32.0	32.5	(1.5)	524.16	521.95	0.4
Engineering & Management	38.1	38.4	(0.8)	791.72	745.34	6.2

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

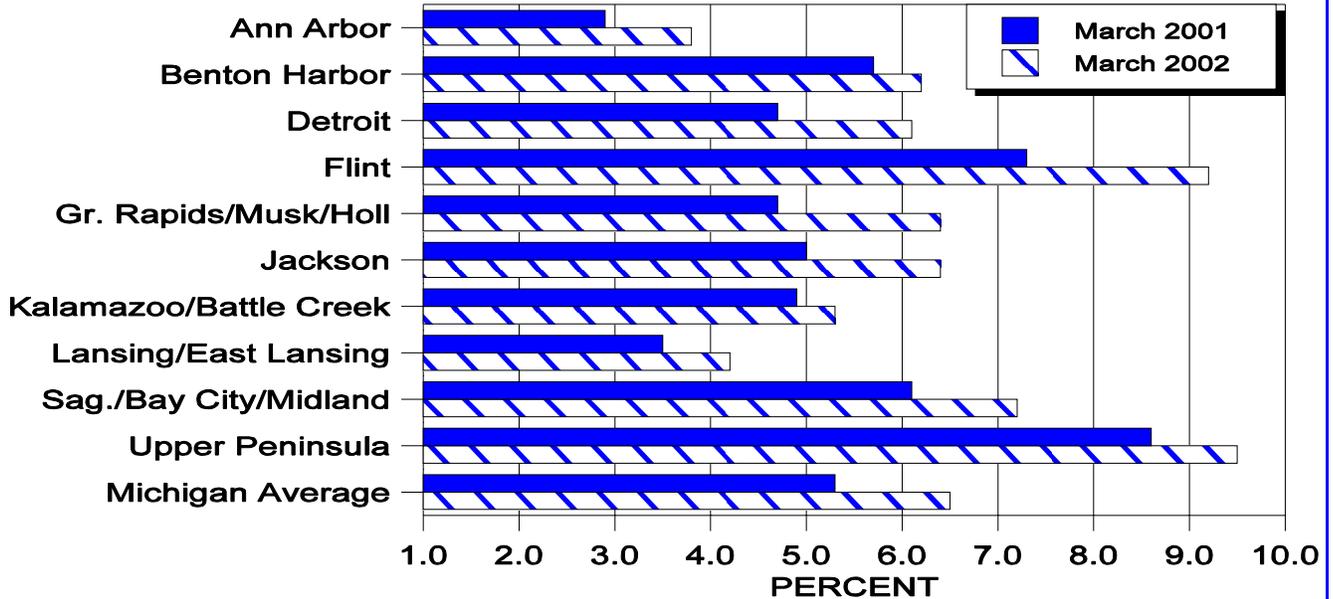
**MICHIGAN UNEMPLOYMENT RATES
BY SELECTED METROPOLITAN AREAS AND MULTI-COUNTY AREAS
(Not Adjusted for Seasonal Variations)**

	Mar. 2002*	Feb. 2001	Jan. 2002	Mar. 2001
Metropolitan Statistical Areas				
Ann Arbor	3.8%	3.9%	4.5%	2.9%
Benton Harbor	6.2	6.4	7.4	5.7
Detroit	6.1	6.0	6.8	4.7
Flint	9.2	8.3	11.9	7.3
Grand Rapids	6.4	6.3	7.1	4.7
Jackson	6.4	6.5	7.3	5.0
Kalamazoo-Battle Creek	5.3	5.3	6.1	4.9
Lansing-East Lansing	4.2	4.1	4.8	3.5
Saginaw-Bay City-Midland	7.2	6.8	7.9	6.1
Multi-County Areas				
Northeast Lower Michigan	13.3	12.9	13.9	13.1
Northwest Lower Michigan	9.1	8.7	9.6	8.5
Upper Peninsula	9.5	9.2	10.5	8.6
Michigan Statewide Average				
--Unadjusted (comparable to figures shown above)	6.5	6.4	7.4	5.3

Source: Michigan Department of Career Development - Employment Service Agency

* Preliminary

**Michigan Regional Unemployment Rates
March 2001 and March 2002**



Source: Michigan Department of Career Development - Employment Service Agency

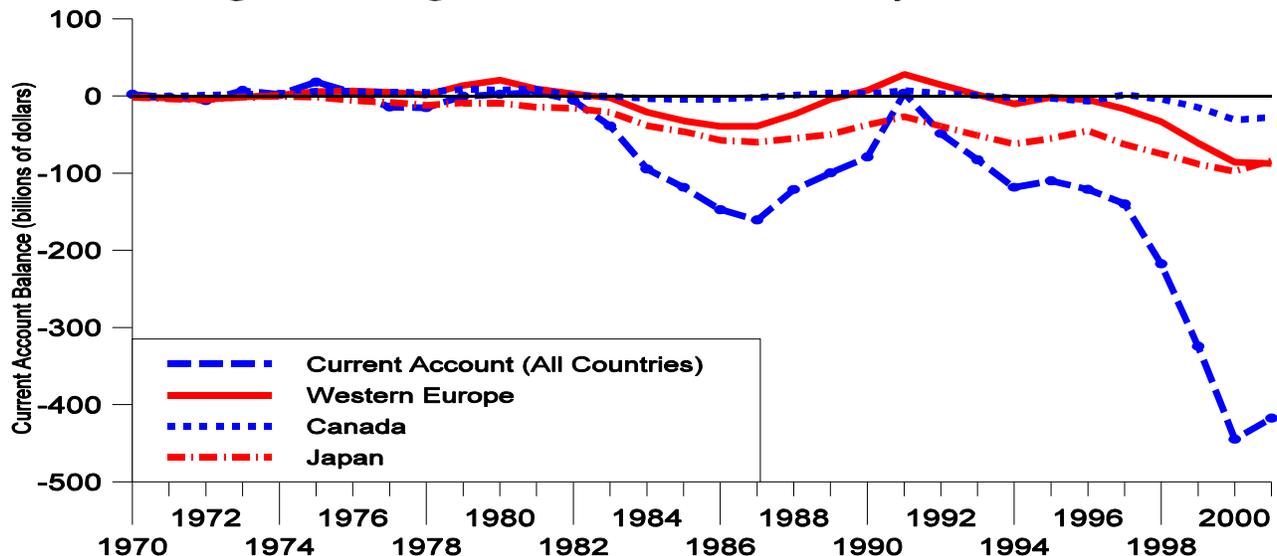
MOTOR VEHICLE SALES AND PRODUCTION STATISTICS
(Thousands of Units)

	Apr. 2002	Mar. 2002	Feb. 2002	Jan. 2002	Year Ago Apr.	Percent Change From:	
						Apr./Mar.	Apr. 2002/ Apr. 2001
Motor Vehicle Sales^{1,2)}							
Autos	8,600	8,330	7,870	7,576	8,476	9.3%	1.5%
Domestics	6,294	6,044	5,614	5,328	6,306	12.1	(0.2)
Imports	2,306	2,286	2,256	2,248	2,170	2.2	6.3
Import Share	26.8%	27.4%	28.7%	29.7%	25.6%	----	----
Light Trucks	8,610	8,399	8,595	8,051	8,019	0.2	7.4
Domestics	7,534	7,313	7,570	6,961	7,038	(0.5)	7.0
Imports	1,076	1,086	1,025	1,090	981	5.0	9.7
Import Share	12.5%	12.9%	11.9%	13.5%	12.2%	----	----
Heavy Trucks	408	452	458	449	421	(10.9)	(3.1)
Total	17,618	17,181	16,923	16,076	16,916	4.1	4.1
U.S. Motor Vehicle Production^{1,2)}							
Autos	5,322	4,858	5,341	5,222	5,010	(0.4)	6.2
Michigan Motor Vehicle Production^{2,3)}							
Autos	2,083	1,587	1,967	2,095	1,613	5.9	29.1
Trucks	892	744	816	1,217	1,065	9.4	(16.2)
Total	2,976	2,331	2,783	3,312	2,678	6.9	11.1
Michigan Production as % of U.S.	21.6%	22.3%	23.7%	25.8%	22.2%	----	----
U.S. Motor Vehicle Inventories⁴⁾							
Total Car	1,537	1,557	1,549	1,467	1,693	(0.8)	(9.3)
Days Supply	54	53	58	68	60	(6.9)	(10.0)
Total Truck	1,699	1,672	1,662	1,635	1,992	2.2	(14.7)
Days Supply	62	58	60	72	77	3.3	(19.5)

Sources: 1) U.S. Department of Commerce, Bureau of Economic Analysis. 2) SAAR = Seasonally Adjusted at Annual Rates. 3) Michigan Department of Treasury, Office of Revenue and Tax Analysis and the Senate Fiscal Agency. 4) Automotive News, Crain Communications, Inc. (ending inventory)

Current Account Deficit Ballooning

3 Largest Trading Partners Account for Only Half of Deficit



Source: U.S. Bureau of Economic Analysis

OTHER KEY ECONOMIC INDICATORS

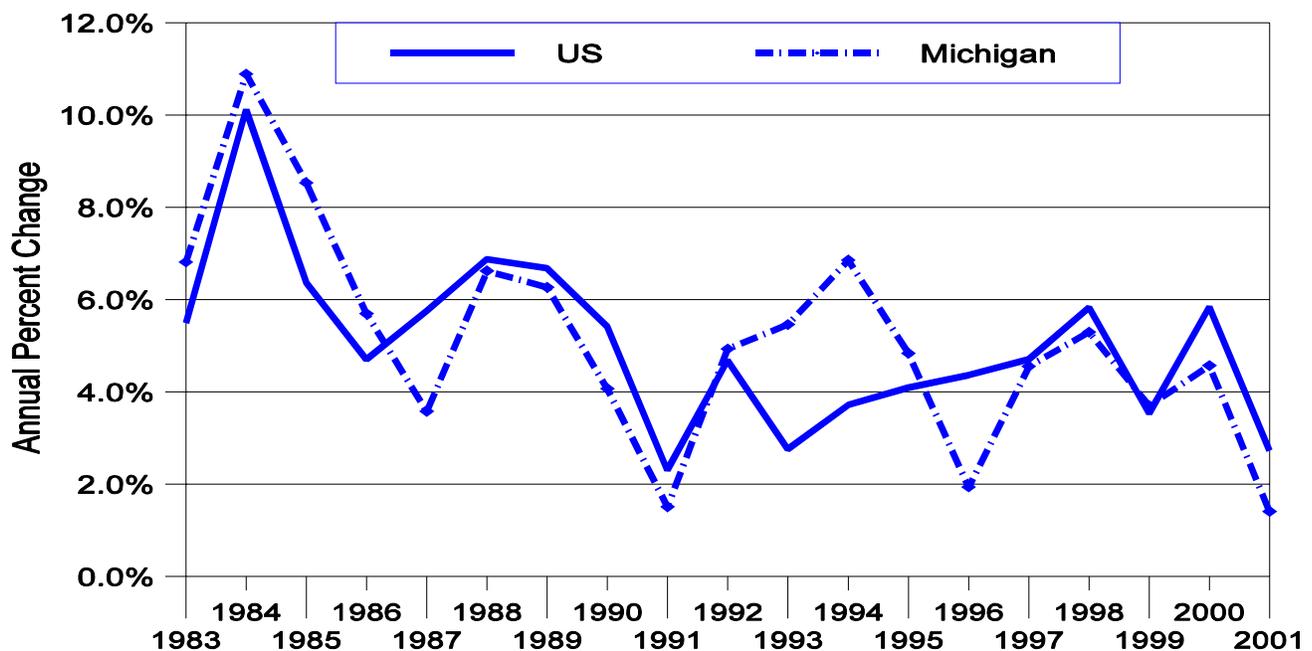
Variable	Latest Period	Actual Data			Percent Change From:	
		Latest Period	Previous Period	Year Ago	Previous Period	Year Ago
Weekly Leading Index , monthly ¹⁾ (1992 = 100)	April	121.0	121.1	117.6	(0.1)%	2.9%
Coincident Index ¹⁾ (1992 = 100)	April	136.1	136.1	136.1	0.0	0.0
Housing Starts, U.S. ²⁾ (thousands of units, SAAR)	April	1,555	1,644	1,636	(5.4)	(5.0)
Retail Sales, U.S. ²⁾ (billions, seasonally adjusted)	April	\$272.1	\$268.6	\$262.3	1.3	3.7
Industrial Production Index ³⁾ (1992 = 100) (seasonally adjusted)	April	139.2	136.6	142.0	0.4	(2.0)
Capacity Utilization ³⁾ (% of total capacity, seasonally adjusted)	April	75.5	75.3	77.8	0.3	(3.0)
Consumer Price Index ⁴⁾ (1982-84 = 100) U.S. (seasonally adjusted)	April	179.5	178.6	176.6	0.5	1.6
Detroit (not seasonally adjusted)	April	179.0	176.2	174.5	1.6	2.6
Interest Rates						
3-month Treasury Bill ³⁾	April	1.72%	1.81%	3.92%	---	---
Corporate Aaa Bonds ³⁾	April	6.76%	6.81%	7.20%	---	---
Real Gross Domestic Product ⁵⁾ (billions of 1996 \$, SAAR, chain-weighted)	2002 1st Qtr.	\$9,482.1	\$9,348.6	\$9,334.5	5.8	1.6
Michigan Tax Collections ⁶⁾ (12 major taxes, millions)	April 2002	\$2,162.9	\$1,456.7	\$2,420.1	NM	(10.6)

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

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

Sources: 1) Economic Cycle Research Institute 2) U.S. Department of Commerce, Bureau of the Census 3) Board of Governors of the Federal Reserve System 4) U.S. Department of Labor, Bureau of Labor Statistics 5) U.S. Department of Commerce, Bureau of Economic Analysis 6) Michigan Department of Treasury and the Senate Fiscal Agency.

Growth in Personal Income Per Person



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