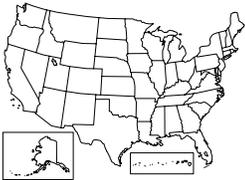


MICHIGAN ECONOMIC INDICATORS

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

ECONOMIC HIGHLIGHTS



- The revised estimate for **inflation-adjusted Gross Domestic Product (GDP)** indicated an annualized growth rate of 0.6% in the first quarter of 2007, down from 2.5% during the fourth quarter of 2006. The deceleration in the growth rate primarily reflected a worsening trade position, as imports grew while exports fell, and lower Federal defense spending, which shifted from a 4.6% annualized increase during the fourth quarter of 2006 to a 3.9% decline. Slower residential investment, reflecting the continuing problems in the housing market, lowered the overall growth rate by almost a full percentage point.
- **Retail sales** fell 0.2% in April from the March level, representing the fifth month in the last year that sales have fallen and the largest drop since September 2006. Declines occurred in numerous sectors, but sales of building materials and clothing and sales at department stores exhibited the steepest declines, falling at rates exceeding 2.0%. Sales increases at gasoline stations and furniture stores somewhat offset the declines. Despite the monthly declines, April sales were still 3.0% above year-ago levels.
- The **U.S. Consumer Price Index (CPI)** increased at a 5.1% annual rate during April, reflecting continued high energy prices, particularly for gasoline, and higher food prices. Based on the last three months, energy prices are growing at a 43.3% annual rate, compared with a 6.1% increase for food prices. Excluding energy and food, the CPI is rising at a 1.9% rate.
- **Housing starts** grew for a third consecutive month in April, but were 16.1% below the year-ago level and 33.3% below the most recent peak in January 2006. During April, starts increased the most in the Northeast (40,000 units) and fell the most in the Midwest (32,000 units).



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- Reflecting the same pressures felt nationally in food and energy prices, the **Detroit Consumer Price Index (CPI)** increased at an annual rate of 7.3% between February and April. Despite the increase, the April index was only 1.6% above the year-ago level.
 - **Michigan wage and salary employment** fell 5,000 jobs in April from the March level, and was 42,000 jobs below the April 2006 level. Compared with March, the construction and government sectors lost the most jobs (4,000 in each sector), while employment increased the most in the leisure/hospitality sector. Employment in most other sectors remained essentially unchanged. Compared with April 2006, employment declined the most in manufacturing (26,000), and grew the most in education/health services (9,000).
 - Despite the weakness in employment, those still employed reported strong gains in **average weekly earnings** in April compared with year-ago levels. Earnings were more than 5.0% above April 2006 levels in most sectors, including manufacturing and general merchandise stores, where employment has been the weakest over the past year. Only three major sectors exhibited declines (construction, nondurable manufacturing, and personal/laundry services). Growth was strongest in health care/social assistance, up 11.7% from last year.



APRIL 2007

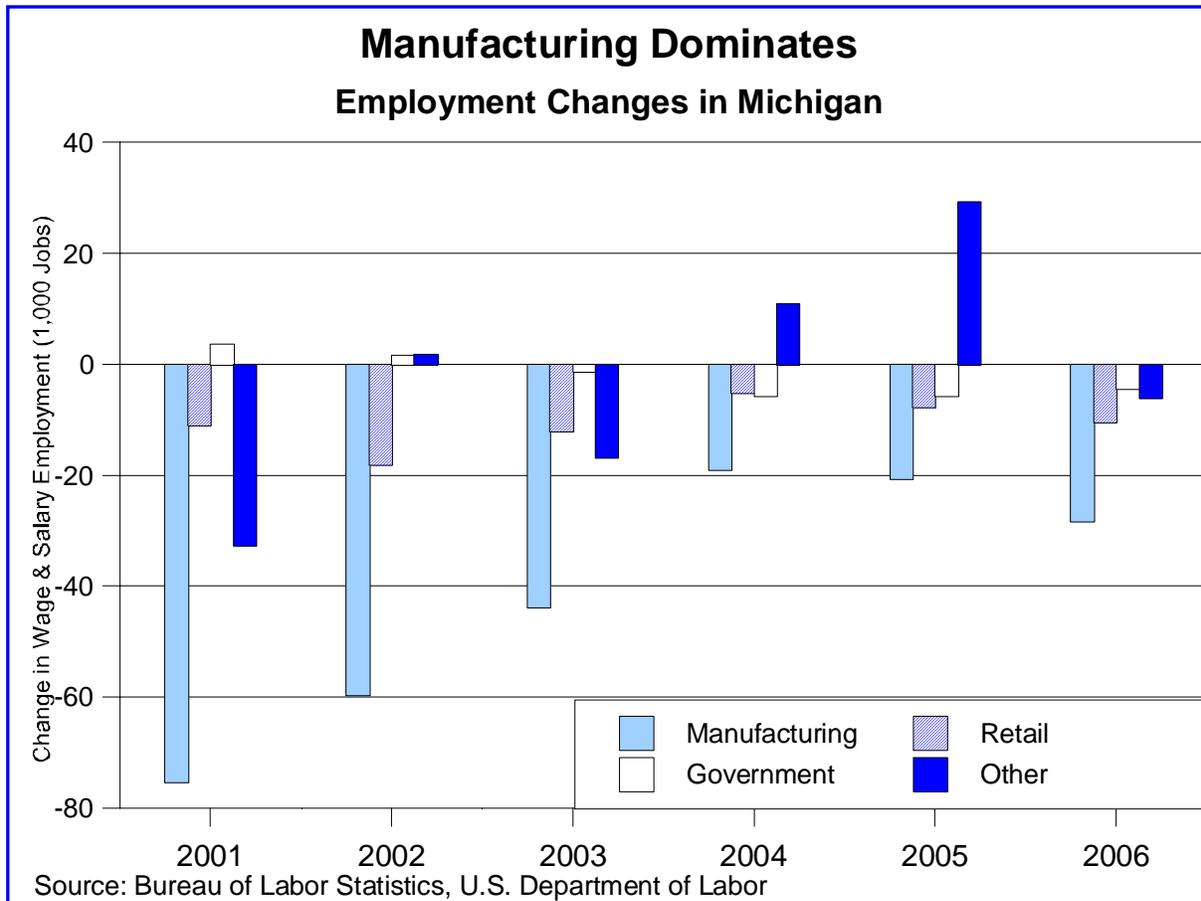
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U.S. & MICHIGAN LABOR MARKET NEWS
(Seasonally adjusted, thousands)

U.S.	Apr. 2007	Mar. 2007	Apr. 2006	Change from March		Change from Year Ago	
				Number	Percent	Number	Percent
Labor Force	152,587	152,979	150,862	(392)	(0.3)%	1,725	1.1%
Employment	145,786	146,254	143,763	(468)	(0.3)	2,023	1.4
Unemployment	6,801	6,724	7,099	77	1.1	(298)	(4.2)
Unemployment Rate	4.5%	4.4%	4.7%	---	---	---	---

Michigan	Apr. 2007	Mar. 2007	Apr. 2006	Change from March		Change from Year Ago	
				Number	Percent	Number	Percent
Labor Force	5,049	5,073	5,081	(24)	(0.5)	(32)	(0.6)
Employment	4,692	4,745	4,737	(53)	(1.1)	(45)	(1.0)
Unemployment	357	328	344	29	8.9	13	3.9
Unemployment Rate	7.1%	6.5%	6.8%	---	---	---	---

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



MICHIGAN WAGE AND SALARY EMPLOYMENT (Seasonally adjusted, thousands)							
	April 2007*	March 2007	April 2006	<u>Change from March</u>		<u>Change from Yr Ago</u>	
				Number	Percent	Number	Percent
Total Nonagricultural Jobs	4,310	4,315	4,352	(5)	(0.1)%	(42)	(1.0)%
Goods Producing Industries	813	818	851	(5)	(0.6)	(39)	(4.5)
Natural Resources & Mining	8	8	8	(0)	(3.7)	(0)	(3.7)
Construction	170	175	183	(4)	(2.5)	(12)	(6.7)
Manufacturing	635	635	661	(1)	(0.1)	(26)	(3.9)
Transportation Equipment	208	208	227	0	0.0	(19)	(8.4)
Service Producing Industries	3,497	3,497	3,500	1	0.0	(3)	(0.1)
Trade, Transportation & Utilities	785	786	797	(1)	(0.1)	(13)	(1.6)
Information	66	66	67	1	0.9	(0)	(0.6)
Financial Activities	214	215	216	(1)	(0.5)	(2)	(1.0)
Professional & Business Services	588	588	585	(0)	(0.1)	3	0.5
Education & Health Services	591	590	581	0	0.0	9	1.6
Leisure & Hospitality Services	416	409	407	6	1.5	8	2.0
Other Services	178	179	177	(0)	(0.2)	1	0.5
Government	660	664	669	(4)	(0.6)	(9)	(1.4)

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>		
	April 2007	Year Ago	Percent Change	April 2007	Year Ago	Percent Change
Construction	36.5	38.2	(4.5)%	\$798.26	\$831.61	(4.0)%
Manufacturing	42.5	40.7	4.4	941.80	889.30	5.9
Durable Goods	44.0	41.4	6.3	1,049.40	972.07	8.0
Motor Vehicle Manufacturing	42.5	41.1	3.4	1,347.68	1,265.88	6.5
Motor Vehicle Parts Manufacturing	44.6	41.3	8.0	1,174.76	1,147.31	2.4
Nondurable Goods	37.7	38.1	(1.0)	588.12	595.50	(1.2)
Wholesale Trade	39.4	38.1	3.4	766.72	718.95	6.6
Retail Trade	30.5	29.2	4.5	376.88	366.17	2.9
Grocery Stores	27.2	26.4	3.0	248.34	234.43	5.9
General Merchandise Stores	30.1	28.5	5.6	313.04	295.55	5.9
Information	34.9	34.8	0.3	733.60	708.88	3.5
Financial Activities	34.8	33.8	3.0	648.67	600.63	8.0
Professional & Business Services	34.5	34.1	1.2	688.28	639.03	7.7
Health Care & Social Assistance	36.6	34.2	7.0	625.86	560.54	11.7
Leisure & Hospitality	21.9	22.2	(1.4)	196.88	183.59	7.2
Personal & Laundry Services	24.4	25.7	(5.1)	289.38	317.65	(8.9)

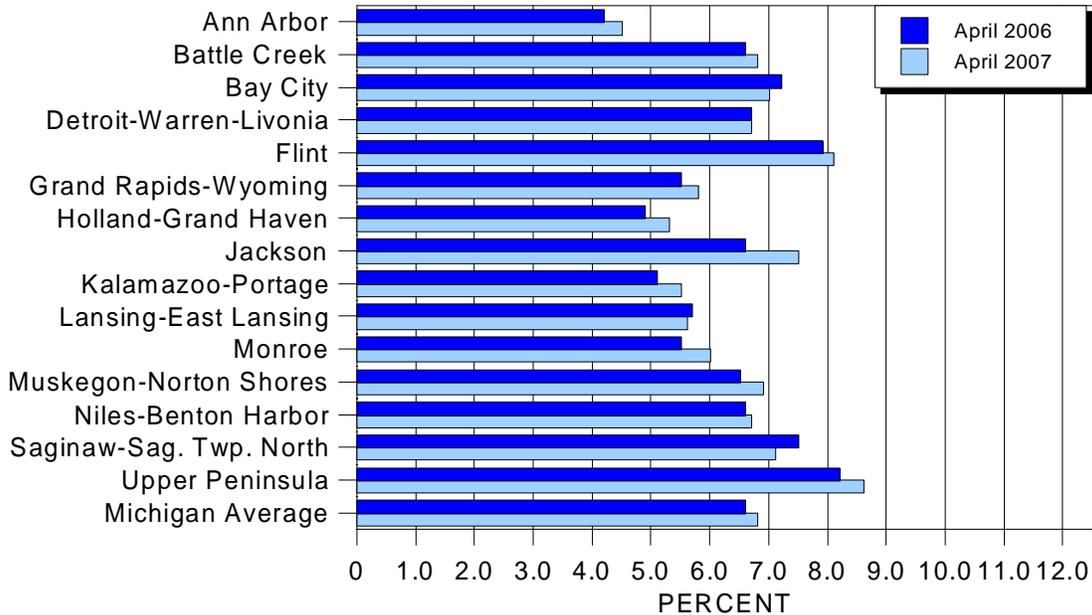
Source: Bureau of Labor Statistics, U.S. Department of Labor

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

	April 2007*	March 2007	February 2007	April 2006
Metropolitan Statistical Areas				
Ann Arbor	4.5%	4.7%	4.7%	4.2%
Battle Creek	6.8	7.2	7.3	6.6
Bay City	7.0	7.5	7.8	7.2
Detroit-Warren-Livonia	6.7	6.9	6.7	6.7
Flint	8.1	8.8	9.4	7.9
Grand Rapids-Wyoming	5.8	6.3	6.4	5.5
Holland-Grand Haven	5.3	5.8	6.0	4.9
Jackson	7.5	8.0	8.0	6.6
Kalamazoo-Portage	5.5	5.9	6.1	5.1
Lansing-East Lansing	5.6	5.9	6.0	5.7
Monroe	6.0	6.7	6.6	5.5
Muskegon-Norton Shores	6.9	7.3	7.5	6.5
Niles-Benton Harbor	6.7	7.2	7.7	6.6
Saginaw-Saginaw Twp North	7.1	7.7	7.9	7.5
Multi-County Areas				
Northeast Lower Michigan				
Northwest Lower Michigan	10.5	12.0	12.3	9.7
Upper Peninsula	8.4	9.2	9.3	7.6
Michigan Statewide Average	8.6	8.9	9.0	8.2
-- Unadjusted (comparable to figures shown above)				
Source: Michigan Department of Labor and Economic Growth				*Preliminary

Michigan Regional Unemployment Rates

April 2006 and April 2007



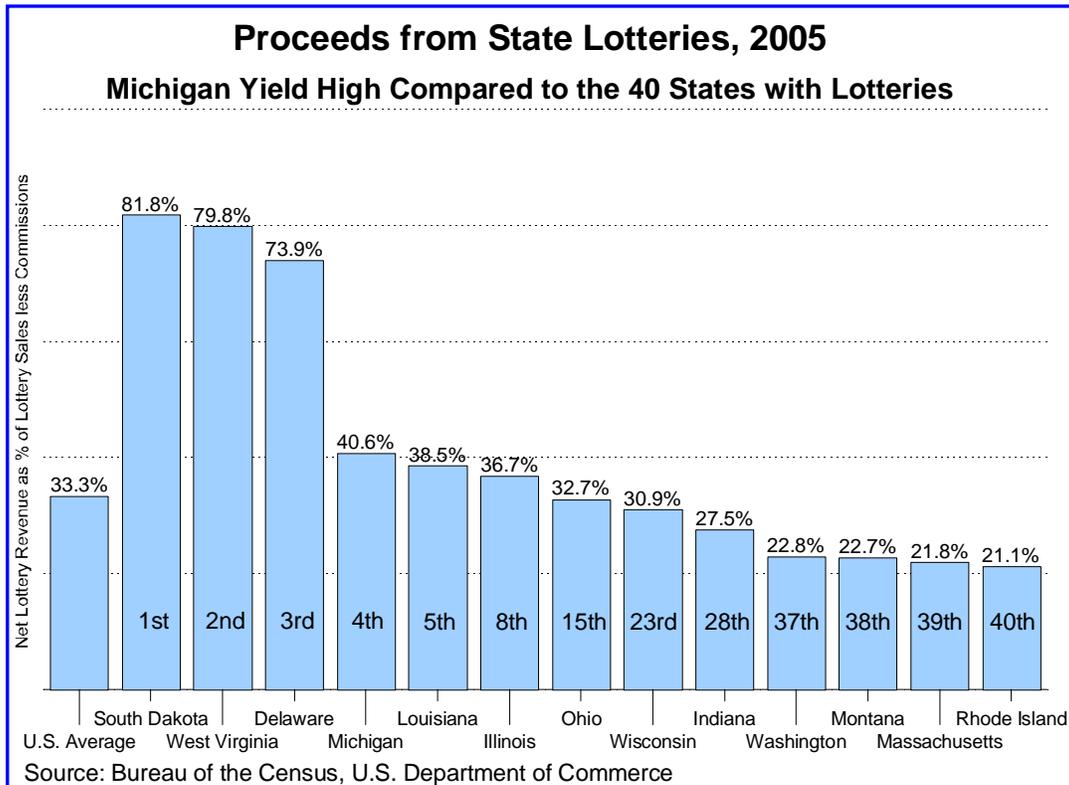
Source: Michigan Department of Labor and Economic Growth

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

	Apr. 2007	Mar. 2007	Feb. 2007	Jan. 2007	Year Ago Feb.	Percent Change From:	
						Apr./Mar.	Apr. 2007/ Apr. 2006
Motor Vehicle Sales¹⁾ (thousands of units, SAAR)							
Autos	7,323	7,577	7,444	7,704	7,935	(3.4)%	(7.7)%
Domestics	5,020	5,104	5,058	5,243	5,599	(1.6)	(10.3)
Imports	2,303	2,473	2,386	2,461	2,336	(6.9)	(1.4)
Import Share	31.4%	32.6%	32.1%	31.9%	29.4%	---	---
Light Trucks	8,866	8,689	9,127	8,980	8,703	2.0	1.9
Domestics	7,472	7,239	7,711	7,480	7,290	3.2	2.5
Imports	1,394	1,450	1,416	1,500	1,413	(3.9)	(1.3)
Import Share	15.7%	16.7%	15.5%	16.7%	16.2%	---	---
Subtotal: Light Vehicle Sales	16,189	16,266	16,571	16,684	16,638	(0.5)	(2.7)
Heavy Trucks	395	412	464	536	541	(4.1)	(27.0)
Total Vehicle Sales	16,584	16,678	17,035	17,220	17,179	(0.6)	(3.5)
U.S. Motor Vehicle Production¹⁾ (millions of units, SAAR)							
Autos	3,799	3,750	3,894	4,135	4,504	1.3	(15.6)
Michigan Motor Vehicle Production²⁾ (thousands of units, SAAR)							
Autos	905	846	973	976	992	7.0	(8.8)
Trucks	1,150	1,041	989	1,186	1,125	10.5	2.2
Total	2,056	1,888	1,961	2,161	2,118	8.9	(2.9)
Michigan Production as % of U.S.	18.3%	18.3%	18.7%	19.4%	21.5%	---	---
U.S. Motor Vehicle Inventories³⁾							
Total Car	1,590	1,607	1,636	1,603	1,484	(1.1)	7.2
Days Supply	59	60	67	76	52	(1.7)	13.5
Total Truck	1,944	1,960	1,931	1,904	2,317	(0.8)	(16.1)
Days Supply	67	69	69	85	85	(2.9)	(21.2)

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
Weekly Leading Index , monthly ¹⁾ (1992=100)	April	140.0	139.1	137.1	0.6%	2.1%
Coincident Index ¹⁾ (1992=100)	April	153.3	152.9	149.8	0.3	2.3
Housing Starts, U.S. ²⁾ (thousands of units, SAAR)	April	1,528	1,491	1,821	2.5	(16.1)
Retail Sales, U.S. ²⁾ (billions, seasonally adjusted)	April	\$335.2	\$336.0	\$325.5	(0.2)	3.0
Industrial Production Index ³⁾ (1997=100, seasonally adjusted)	April	113.0	112.2	110.9	0.7	1.9
Capacity Utilization ³⁾ (% of total capacity, seasonally adjusted)	April	81.6	81.2	81.9	0.5	(0.4)
Consumer Price Index ⁴⁾ (1982-84=100)						
U.S. (seasonally adjusted)	April	206.0	205.1	200.8	5.1	2.6
Detroit (not seasonally adjusted)	April	200.4	198.1	197.2	7.3	1.6
Interest Rates						
3-month Treasury Bill ³⁾	April	4.88%	4.97%	4.59%	---	---
Corporate Aaa Bonds ³⁾	April	5.47%	5.30%	5.84%	---	---
Real Gross Domestic Product ⁵⁾ (billions of 2000 \$, SAAR, Chain-Weighted)	2007 1st Qtr.	\$11,531.7	\$11,513.0	\$11,316.4	0.7	1.9
Michigan Tax Collections ⁶⁾ (12 major taxes, millions)	April 2007	\$2,064.9	\$980.7	\$1,728.8	NM	19.4

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) 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.

