

MICHIGAN ECONOMIC INDICATORS

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

ECONOMIC HIGHLIGHTS

- The **University of Michigan's Index of Consumer Sentiment** fell from 69.5 in March to 62.6 in April, the lowest level in 25 years, reflecting concerns about rising inflation, higher joblessness, and smaller income gains. Due to this economic uncertainty, only 30.0% of consumers planned to spend their Federal stimulus checks. The survey indicated that consumers, even high income consumers, expect inflation-adjusted incomes to decline over the next year, and 80.0% expect their overall finances to worsen over the next year. The expected changes in personal finances were the lowest in a quarter-century.
- The preliminary estimate for **inflation-adjusted Gross Domestic Product (GDP)** in the first quarter of 2008 was revised up from an annualized growth rate of 0.6% to 0.9%, and up slightly from 0.6% in the fourth quarter of 2007. While weakness in residential investment and consumer spending was primarily responsible for the low growth rate, the revision reflected lower imports and greater nonresidential investment in structures than in the advance estimate.
- Seasonally-adjusted **light vehicle sales** declined for a fourth consecutive month in April, falling 4.3% from the March level and down 11.2% from the level one year ago. Total light vehicle sales were at their lowest level since August 1998. Compared with one year ago, sales of light trucks were down 21.7%. Sales of imported automobiles, while down 1.4% in April from the March level, exhibited the only year-over-year gains, at 8.3% above the year-ago level.
- Despite higher gasoline and food prices, **retail sales** fell 0.3% in April from the March level. April's retail sales level was only 1.8% above the April 2007 level, despite a 3.9% year-over-year increase in the U.S. Consumer Price Index.



- **Michigan's unemployment rate** was 6.9% in April, down from 7.2% in March and 7.1% in April 2007. However, the reductions in the unemployment rate largely reflected the exit of a substantial number of people from the labor force, which fell by 15,000 people compared with March and by 50,000 compared with one year ago. Furthermore, employment also fell, declining by 1,000 jobs compared with March and by 39,000 compared with April 2007.
- **Michigan wage and salary employment** fell by 19,000 jobs in April from the March level, and was 72,000 jobs below the April 2007 level. Compared with one year ago, only education/health services (up 9,000 jobs) and professional/business services (up 4,000) exhibited higher employment. Manufacturing continued to exhibit the largest year-over-year decline (53,000 jobs), primarily due to the decline in transportation equipment manufacturing (down 38,000 jobs), followed by construction (down 13,000 jobs), and government (down 8,000 jobs).
- Reflecting the same pressures felt nationally in food and energy prices, the **Detroit Consumer Price Index (CPI)** rose at an annual rate of 8.9% between February and April, after rising 6.7% between December 2007 and February 2008. However, the April index was only 2.4% above the year-ago level.



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

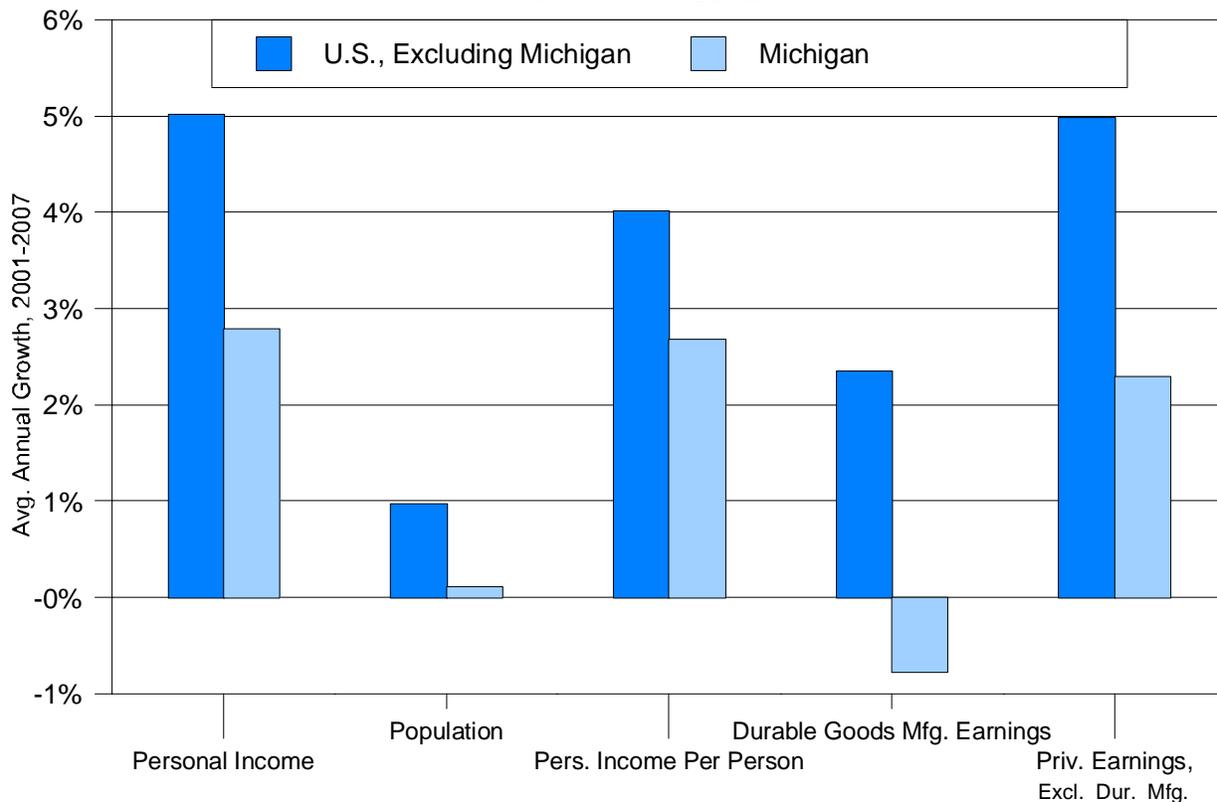
U.S.	Apr. 2008	Mar. 2008	Apr. 2007	Change from Mar.		Change from Year Ago	
				Number	Percent	Number	Percent
Labor Force	153,957	153,784	152,542	173	0.1%	1,415	0.9%
Employment	146,331	145,969	145,713	362	0.2	618	0.4
Unemployment	7,626	7,815	6,829	(189)	(2.4)	797	11.7
Unemployment Rate	5.0%	5.1%	4.5%	---	---	---	---

Michigan	Apr. 2008	Mar. 2008	Apr. 2007	Change from Mar.		Change from Year Ago	
				Number	Percent	Number	Percent
Labor Force	4,981	4,996	5,031	(15)	(0.3)%	(50)	(1.0)%
Employment	4,635	4,637	4,674	(1)	(0.0)	(39)	(0.8)
Unemployment	346	360	357	(14)	(3.9)	(11)	(3.2)
Unemployment Rate	6.9%	7.2%	7.1%	---	---	---	---

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

Michigan Income Growth Lagging the Rest of the U.S.

Weak Growth in Durable Goods Mfg. Sector Dragging Down Other Sectors in State



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

MICHIGAN WAGE AND SALARY EMPLOYMENT (Seasonally adjusted, thousands)							
	Apr. 2008*	Mar. 2008	Apr. 2007	<u>Change from March</u>		<u>Change from Yr Ago</u>	
				Number	Percent	Number	Percent
Total Nonagricultural Jobs	4,197	4,216	4,269	(19)	(0.4)%	(72)	(1.7)%
Goods Producing Industries	733	751	799	(18)	(2.4)	(67)	(8.3)
Natural Resources & Mining	7	7	8	(0)	(1.4)	(1)	(6.7)
Construction	153	159	166	(7)	(4.1)	(13)	(8.0)
Manufacturing	573	584	626	(11)	(1.9)	(53)	(8.5)
Transportation Equipment	171	179	208	(9)	(4.9)	(38)	(18.1)
Service Producing Industries	3,465	3,465	3,470	(1)	(0.0)	(5)	(0.2)
Trade, Transportation & Utilities	785	788	788	(3)	(0.3)	(3)	(0.4)
Information	65	65	66	0	0.6	(1)	(0.8)
Financial Activities	208	209	212	(1)	(0.5)	(5)	(2.3)
Professional & Business Services	580	577	576	3	0.5	4	0.7
Education & Health Services	602	603	593	(1)	(0.2)	9	1.6
Leisure & Hospitality Services	400	402	402	(2)	(0.5)	(2)	(0.6)
Other Services	176	176	176	0	0.0	0	0.0
Government	649	646	657	3	0.4	(8)	(1.2)

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>		
	Apr. 2008	Year Ago	Percent Change	Apr. 2008	Year Ago	Percent Change
Construction	35.3	36.7	(3.8)%	\$780.48	\$808.50	(3.5)%
Manufacturing	42.3	42.0	0.7	937.79	931.14	0.7
Durable Goods	44.1	43.4	1.6	1,053.99	1,035.09	1.8
Transportation Equipment Mfg.	44.0	42.9	2.6	1,237.72	1,224.37	1.1
Motor Vehicle Parts Mfg.	43.1	44.1	(2.3)	1,104.65	1,161.59	(4.9)
Nondurable Goods	36.7	37.4	(1.9)	575.09	584.56	(1.6)
Wholesale Trade	38.6	39.5	(2.3)	743.82	768.67	(3.2)
Retail Trade	30.4	30.5	(0.3)	379.09	373.02	1.6
Food & Beverage Stores	28.0	28.4	(1.4)	296.52	290.82	2.0
Information	33.4	34.3	(2.6)	734.80	730.59	0.6
Financial Activities	34.8	34.5	0.9	685.56	641.70	6.8
Professional & Business Services	33.9	34.3	(1.2)	679.36	680.51	(0.2)
Health Care & Social Assistance	34.9	36.3	(3.9)	608.31	620.73	(2.0)
Leisure & Hospitality	22.2	21.9	1.4	204.91	196.88	4.1
Accommodation & Food Services	22.3	21.9	1.8	200.25	190.09	5.3

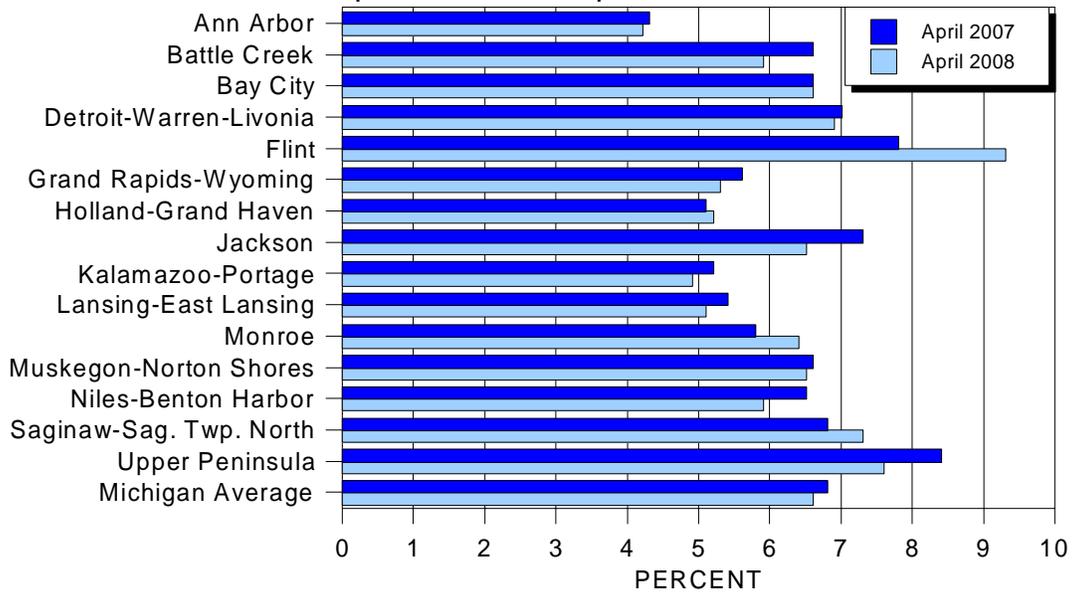
Source: Bureau of Labor Statistics, U.S. Department of Labor

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

	Apr. 2008*	Mar. 2008	Feb. 2008	Apr. 2007
Metropolitan Statistical Areas				
Ann Arbor	4.2%	4.9%	4.9%	4.3%
Battle Creek	5.9	7.0	7.4	6.6
Bay City	6.6	7.8	7.7	6.6
Detroit-Warren-Livonia	6.9	8.1	7.7	7.0
Flint	9.3	10.6	9.3	7.8
Grand Rapids-Wyoming	5.3	6.3	6.5	5.6
Holland-Grand Haven	5.2	6.1	6.5	5.1
Jackson	6.5	7.9	8.3	7.3
Kalamazoo-Portage	4.9	5.9	6.3	5.2
Lansing-East Lansing	5.1	6.1	6.3	5.4
Monroe	6.4	7.4	7.6	5.8
Muskegon-Norton Shores	6.5	7.6	7.9	6.6
Niles-Benton Harbor	5.9	7.3	7.8	6.5
Saginaw-Saginaw Twp North	7.3	8.5	8.1	6.8
Multi-County Areas				
Northeast Lower Michigan	9.8	12.3	13.0	10.3
Northwest Lower Michigan	7.8	9.3	9.8	8.3
Upper Peninsula	7.6	8.9	9.2	8.4
Michigan Statewide Average				
-- Unadjusted (comparable to figures shown above)	6.6	7.9	7.7	6.8
Source: Michigan Department of Labor and Economic Growth				*Preliminary

Michigan Regional Unemployment Rates

April 2007 and April 2008



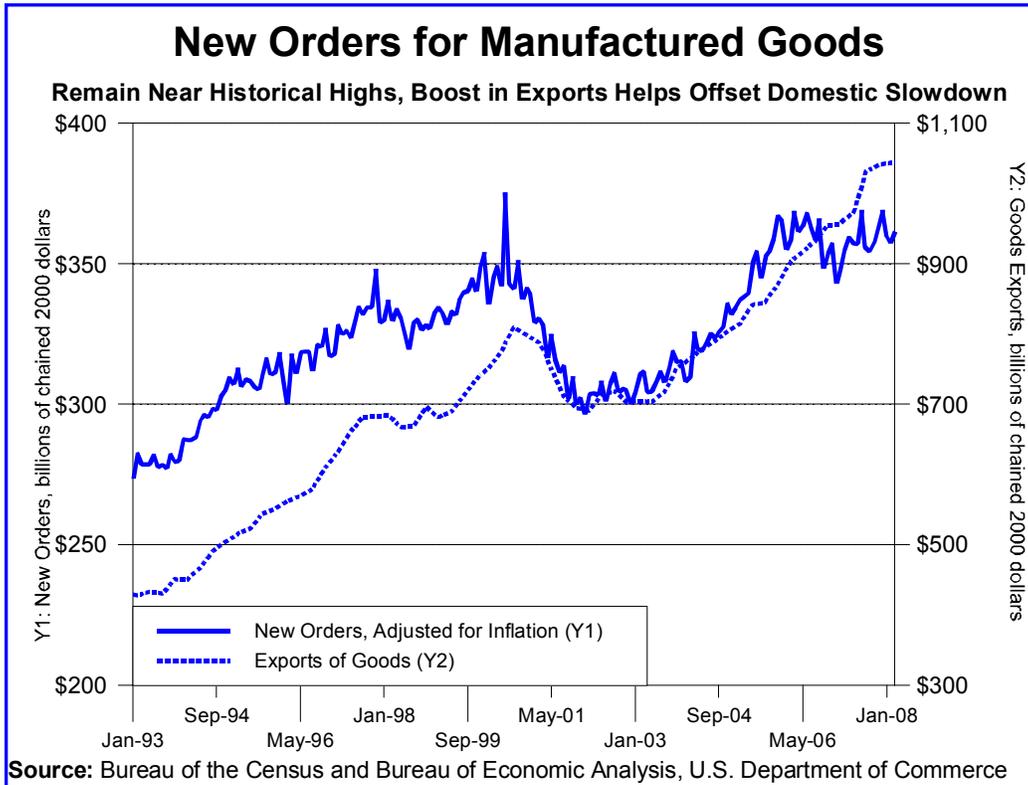
Source: Michigan Department of Labor and Economic Growth

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

	Apr. 2008	Mar. 2008	Feb. 2008	Jan. 2008	Year Ago Mar.	Percent Change From:	
						Apr./Mar.	Apr. 2008/ Apr. 2007
Motor Vehicle Sales¹⁾ (thousands of units, SAAR)							
Autos	7,478	7,533	7,337	7,269	7,377	(0.7)%	1.4%
Domestics	4,922	4,942	5,020	5,069	5,017	(0.4)	(1.9)
Imports	2,556	2,591	2,317	2,200	2,360	(1.4)	8.3
Import Share	34.2%	34.4%	31.6%	30.3%	32.0%	---	---
Light Trucks	6,919	7,515	7,976	7,996	8,831	(7.9)	(21.7)
Domestics	5,679	6,208	6,658	6,682	7,426	(8.5)	(23.5)
Imports	1,240	1,307	1,318	1,314	1,405	(5.1)	(11.7)
Import Share	17.9%	17.4%	16.5%	16.4%	15.9%	---	---
Subtotal: Light Vehicle Sales	14,397	15,048	15,313	15,265	16,208	(4.3)	(11.2)
Heavy Trucks	285	319	318	337	389	(10.7)	(26.7)
Total Vehicle Sales	14,682	15,367	15,631	15,602	16,597	(4.5)	(11.5)
U.S. Motor Vehicle Production¹⁾ (millions of units, SAAR)							
Autos	3,425	4,058	3,875	3,977	3,847	(15.6)	(11.0)
Michigan Motor Vehicle Production²⁾ (thousands of units, SAAR)							
Autos	899	911	1,101	1,119	905	(1.4)	(0.7)
Trucks	882	819	1,247	1,072	1,354	7.7	(34.9)
Total	1,780	1,730	2,349	2,192	2,260	2.9	(21.2)
Michigan Production as % of U.S.	19.9%	22.3%	22.5%	20.1%	22.1%	---	---
U.S. Motor Vehicle Inventories³⁾							
Total Car	1,404	1,442	1,481	1,430	1,590	(2.7)	(11.7)
Days Supply	54	53	64	69	59	1.9	(8.5)
Total Truck	1,943	1,909	1,981	1,886	1,944	1.8	(0.0)
Days Supply	89	76	83	89	67	17.1	32.8

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
Weekly Leading Index , monthly ¹ (1992=100)	April	130.5	129.5	140.6	0.8%	(7.2)%
Coincident Index ¹ (1992=100)	April	153.8	153.8	153.0	0.0	0.5
Housing Starts, U.S. ² (thousands of units, SAAR)	April	1,032	954	1,487	8.2	(30.6)
Retail Sales, U.S. ² (billions, seasonally adjusted)	April	\$340.2	\$341.2	\$334.2	(0.3)	1.8
Industrial Production Index ³ (1997=100, seasonally adjusted)	April	111.2	112.0	111.0	(0.7)	0.2
Capacity Utilization ³ (% of total capacity, seasonally adjusted)	April	79.7	80.4	81.0	(0.8)	(1.6)
Consumer Price Index ⁴ (1982-84=100)						
U.S. (seasonally adjusted)	April	213.7	213.3	205.8	2.5	3.9
Detroit (not seasonally adjusted)	April	205.3	202.4	200.4	8.9	2.4
Interest Rates						
3-month Treasury Bill ³	April	1.32%	1.38%	4.88%	---	---
Corporate Aaa Bonds ³	April	5.55%	5.51%	5.47%	---	---
Real Gross Domestic Product ⁵ (billions of 2000 \$, SAAR, Chain-Weighted)	2008 1st Qtr.	\$11,701.9	\$11,675.7	\$11,412.6	0.9	2.5
Michigan Tax Collections ⁶ (12 major taxes, millions)	April 2008	\$2,302.4	\$1,199.4	\$2,064.9	NM	11.5

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.

