

# MICHIGAN ECONOMIC INDICATORS

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

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## ECONOMIC HIGHLIGHTS

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- In August, seasonally-adjusted **light vehicle sales** increased to their highest annual rate since May 2008, rising 25.4% from the July level and 4.0% above the August 2008 level. The increase reflected the effects of the Federal government's "cash for clunkers" program, which largely focused on encouraging the use of more fuel-efficient vehicles. Sales of automobiles increased 29.7% compared with July, while light truck sales rose 20.2%. **Sales of heavy trucks** fell 4.1% from July and were down 33.5% from August 2008, a figure more reflective of the underlying fundamentals of the economy and vehicle sales.
- The **U.S. Consumer Price Index** for August increased at an annual rate of 5.5% from the July level but was still 1.4% below the level one year ago. The monthly increase was almost entirely accounted for by a strong increase in gasoline prices. Outside of gasoline's effect on other components such as energy and transportation, most sectors exhibited stable prices between July and August.
- **Nonfarm business sector labor productivity** increased at a 6.6% annual rate during the second quarter of 2009, the most rapid increase since the third quarter of 2003 and the 8<sup>th</sup> largest increase in over 30 years. Similarly, **unit labor costs** fell 5.9%, entirely due to the increase in productivity. The drop in unit labor costs was the largest decline since the second quarter of 2000, and the second-largest decline in the last 60 years.
- The **U.S. current account balance**, the combined balances on trade in goods and services, income and financial transfers, decreased to \$98.8 billion in the second quarter of 2009, the smallest deficit since the second quarter of 2001. The reduction in the deficit reflected a decline in goods imports that exceeded the decline in goods exports, combined with a small increase in the surplus in the trade of services.



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- Seasonally adjusted **Michigan motor vehicle production** decreased in August, falling 10.7% from the July level, and 21.1% from August 2008. Despite the decline, production remained at its second-highest level since December 2008 and now up 95.9% from the January 2009 record low.
  - **Average weekly earnings** during August exhibited strong year-over-year growth in most sectors. Sectors exhibiting the strongest earnings growth included: food/beverage stores (13.2%), information (10.7%), and financial activities (9.1%). Despite strong growth in many manufacturing subsectors, overall manufacturing earnings were down 0.7%. Earnings also declined 9.7% in wholesale trade and 0.2% in retail trade.
  - **Gross Domestic Product by State** declined in 38 states during 2008, with Michigan exhibiting a 1.5% decline. Michigan's growth rate ranked 47<sup>th</sup> among the 50 states, with Alaska (-2.0%), Delaware (-1.6%), and Florida (-1.6%) exhibiting more severe declines. Growth averaged 0.7% nationally. Mountain and northern plains states with significant mineral industries exhibited the strongest growth.



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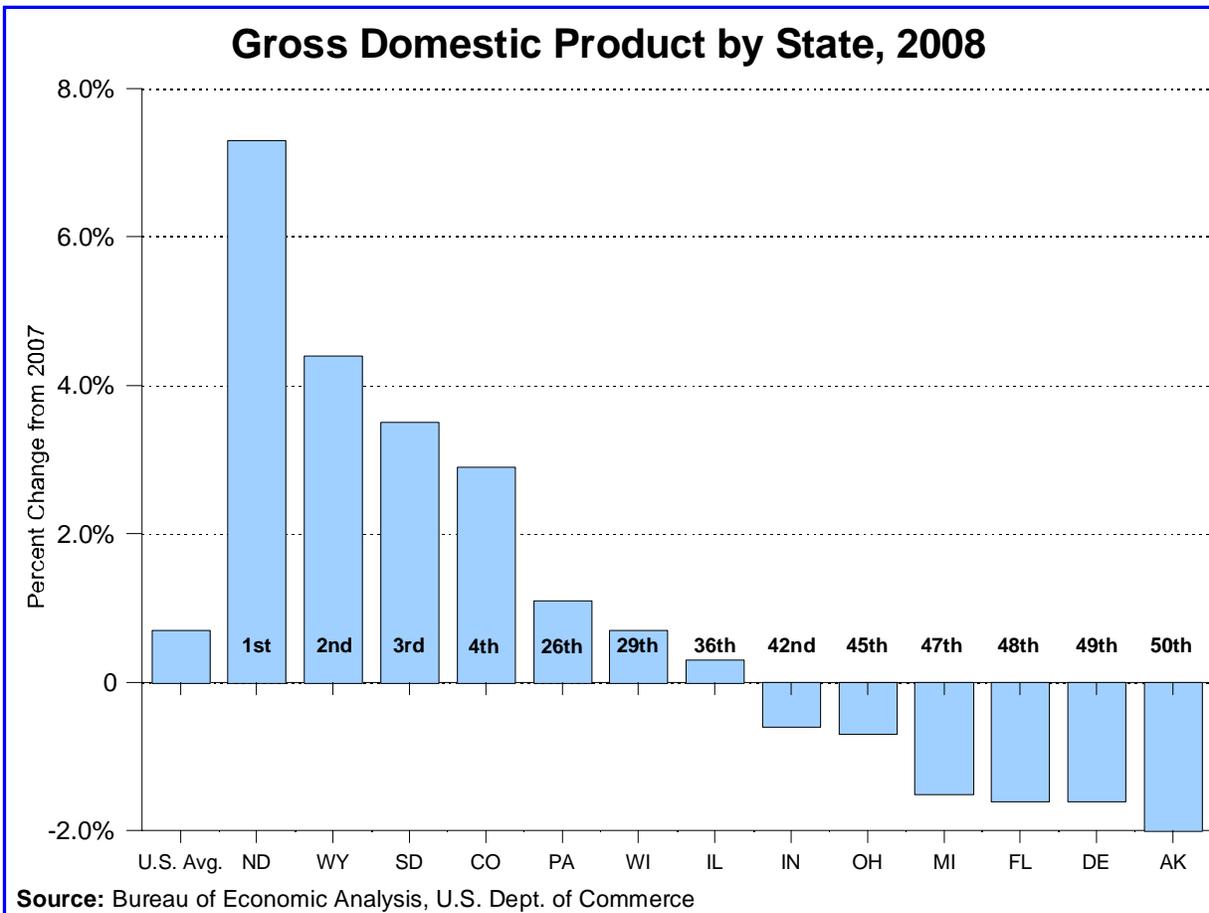
**U.S. & MICHIGAN LABOR MARKET NEWS**  
(Seasonally adjusted, thousands)

U.S.	Aug. 2009	July 2009	Aug. 2008	Change from July		Change from Year Ago	
				Number	Percent	Number	Percent
Labor Force	154,577	154,504	154,823	73	0.0%	(246)	(0.2)%
Employment	139,649	140,041	145,273	(392)	(0.3)	(5,624)	(3.9)
Unemployment	14,928	14,463	9,550	465	3.2	5,378	56.3
Unemployment Rate	9.7%	9.4%	6.2%	---	---	---	---

Michigan	Aug. 2009	July 2009	Aug. 2008	Change from July		Change from Year Ago	
				Number	Percent	Number	Percent
Labor Force	4,835	4,857	4,924	(22)	(0.5)%	(89)	(1.8)%
Employment	4,099	4,127	4,500	(28)	(0.7)	(401)	(8.9)
Unemployment	736	730	423	6	0.8	313	73.9
Unemployment Rate	15.2%	15.0%	8.6%	---	---	---	---

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



**MICHIGAN WAGE AND SALARY EMPLOYMENT  
(Seasonally adjusted, thousands)**

	Aug. 2009*	July 2009	Aug. 2008	Change from July		Change from Yr Ago	
				Number	Percent	Number	Percent
<b>Total Wage &amp; Salary Jobs</b>	3,821	3,864	4,151	(43)	(1.1)%	(330)	(7.9)%
<b>Goods Producing Industries</b>	556	583	730	(26)	(4.5)	(174)	(23.8)
Mining and Logging	7	7	8	0	0.0	(0)	(5.1)
Construction	120	122	151	(1)	(1.1)	(31)	(20.6)
Manufacturing	429	454	571	(25)	(5.5)	(142)	(24.9)
Transportation Equipment	94	119	167	(24)	(20.5)	(72)	(43.5)
<b>Service Producing Industries</b>	3,265	3,282	3,421	(17)	(0.5)	(156)	(4.6)
Trade, Transportation & Utilities	710	717	769	(7)	(0.9)	(59)	(7.6)
Wholesale Trade	146	149	167	(4)	(2.3)	(21)	(12.6)
Retail Trade	451	454	478	(2)	(0.5)	(27)	(5.6)
Transportation & Utilities	113	114	124	(1)	(0.8)	(11)	(8.7)
Information	55	55	62	0	0.2	(7)	(11.0)
Financial Activities	190	191	203	(1)	(0.7)	(13)	(6.5)
Professional & Business Services	475	480	550	(5)	(0.9)	(75)	(13.7)
Education & Health Services	617	618	609	(1)	(0.1)	8	1.3
Leisure & Hospitality Services	390	393	398	(3)	(0.9)	(9)	(2.2)
Other Services	169	171	176	(2)	(0.9)	(7)	(3.9)
Government	659	658	654	1	0.2	5	0.8

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

\* Preliminary

**MICHIGAN AVERAGE WEEKLY HOURS AND EARNINGS**

Industry	Average Weekly Hours			Average Weekly Earnings		
	Aug. 2009	Year Ago	Percent Change	Aug. 2009	Year Ago	Percent Change
Construction	38.5	35.5	8.5%	\$852.78	\$783.84	8.8%
Manufacturing	41.9	42.4	(1.2)	915.93	922.62	(0.7)
Durable Goods	43.1	44.0	(2.0)	1,048.19	1,036.20	1.2
Transportation Equipment Mfg.	44.6	43.5	2.5	1,253.26	1,224.53	2.3
Motor Vehicle Parts Mfg.	44.9	42.5	5.6	1,194.79	1,089.28	9.7
Nondurable Goods	39.2	37.4	4.8	609.56	577.08	5.6
Wholesale Trade	36.9	38.5	(4.2)	667.52	738.82	(9.7)
Retail Trade	29.4	30.8	(4.5)	381.91	382.84	(0.2)
Food & Beverage Stores	23.6	27.2	(13.2)	341.96	302.19	13.2
Information	33.0	33.2	(0.6)	833.25	752.64	10.7
Financial Activities	35.7	34.7	2.9	741.13	679.08	9.1
Professional & Business Services	33.9	33.9	0.0	677.32	676.31	0.1
Health Care & Social Assistance	34.6	34.4	0.6	626.61	602.34	4.0
Leisure & Hospitality	23.9	22.5	6.2	221.08	208.13	6.2
Accommodation & Food Services	24.0	22.5	6.7	216.72	201.83	7.4

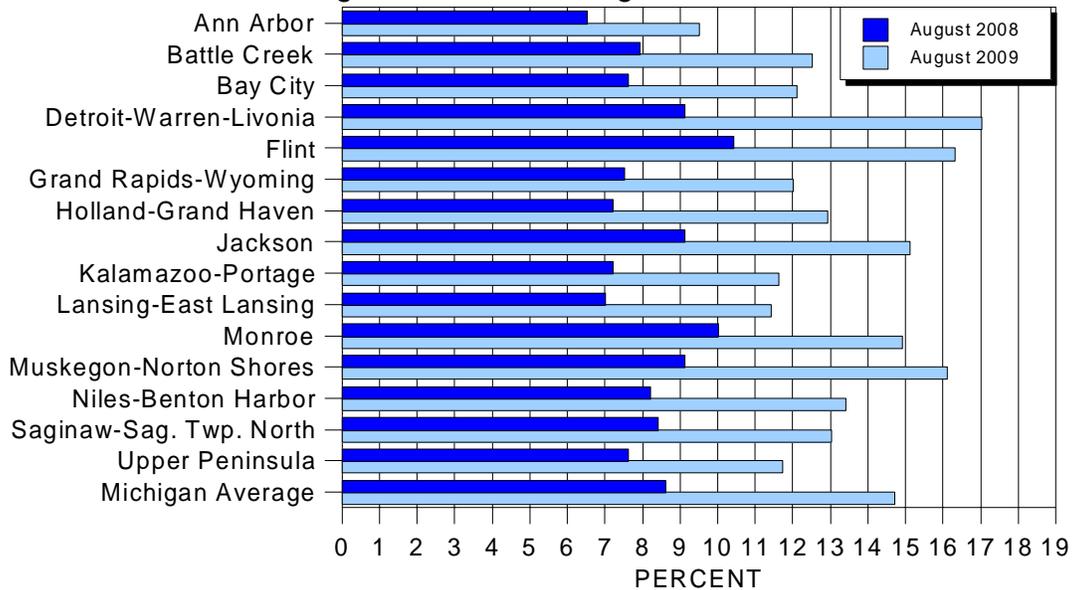
Source: Bureau of Labor Statistics, U.S. Department of Labor

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

	July 2009	June 2009	May 2009	July 2008
<b>Metropolitan Statistical Areas</b>				
Ann Arbor	9.5%	10.3%	10.6%	6.5%
Battle Creek	12.5	13.6	13.5	7.9
Bay City	12.1	13.3	13.6	7.6
Detroit-Warren-Livonia	17.0	17.7	17.1	9.1
Flint	16.3	17.6	17.5	10.4
Grand Rapids-Wyoming	12.0	12.7	12.8	7.5
Holland-Grand Haven	12.9	14.0	14.0	7.2
Jackson	15.1	16.0	15.5	9.1
Kalamazoo-Portage	11.6	12.2	12.1	7.2
Lansing-East Lansing	11.4	12.6	12.4	7.0
Monroe	14.9	17.0	17.0	10.0
Muskegon-Norton Shores	16.1	16.9	16.8	9.1
Niles-Benton Harbor	13.4	14.0	14.0	8.2
Saginaw-Saginaw Twp North	13.0	14.5	14.7	8.4
<b>Multi-County Areas</b>				
Northeast Lower Michigan	14.3	15.1	15.3	9.4
Northwest Lower Michigan	12.5	13.1	13.6	8.0
Upper Peninsula	11.7	12.3	13.0	7.6
<b>Michigan Statewide Average</b>				
-- Unadjusted (comparable to figures shown above)	14.7	15.6	15.4	8.6
<b>Source:</b> Michigan Department of Energy, Labor, and Economic Growth				*Preliminary

**Michigan Regional Unemployment Rates**

August 2008 and August 2009



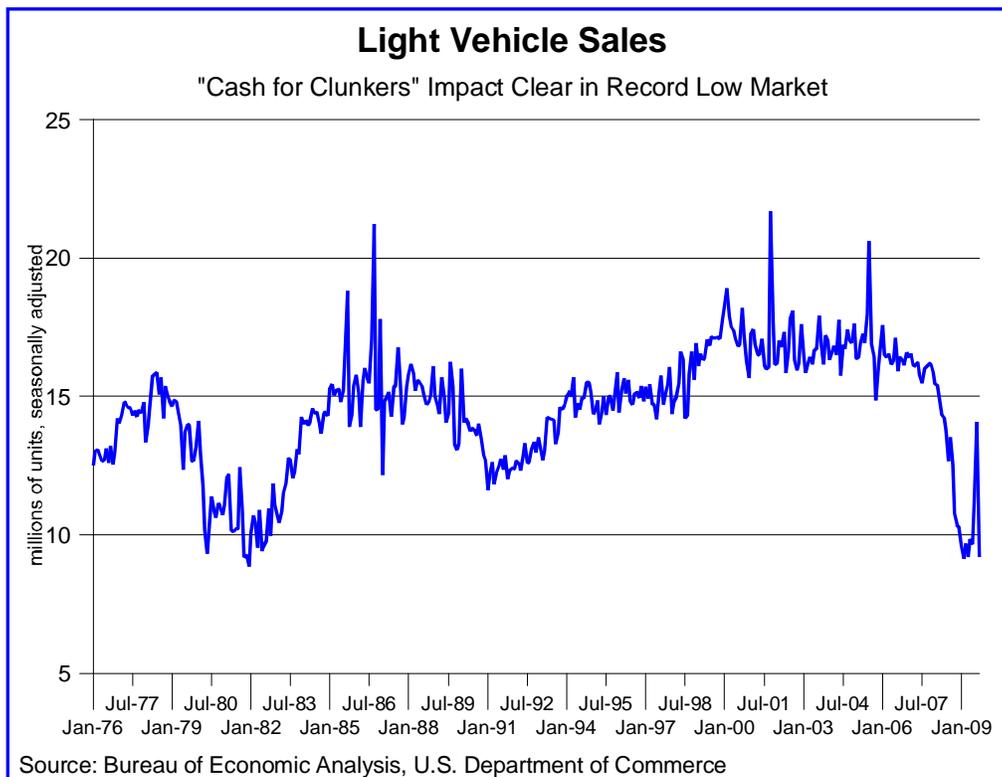
**Source:** Michigan Department of Energy, Labor, and Economic Growth

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

	Aug. 2009	July 2009	June 2009	May 2009	Year Ago Aug.	Percent Change From:	
						Aug./July	Aug. 2009/ Aug. 2008
<b>Motor Vehicle Sales<sup>1)</sup></b> <b>(thousands of units, SAAR)</b>							
Autos	7,985	6,158	5,003	4,855	6,800	29.7%	17.4%
Domestics	5,266	4,159	3,312	3,211	4,514	26.6	16.7
Imports	2,719	1,999	1,691	1,644	2,286	36.0	18.9
Import Share	34.1%	32.5%	33.8%	33.9%	33.6%	---	---
Light Trucks	6,086	5,062	4,669	4,993	6,733	20.2	(9.6)
Domestics	4,846	4,166	3,881	4,148	5,721	16.3	(15.3)
Imports	1,240	896	788	845	1,012	38.4	22.5
Import Share	20.4%	17.7%	16.9%	16.9%	15.0%	---	---
Subtotal: Light Vehicle Sales	14,071	11,220	9,672	9,848	13,533	25.4	4.0
Heavy Trucks	187	195	194	175	281	(4.1)	(33.5)
Total Vehicle Sales	14,258	11,415	9,866	10,023	13,814	24.9	3.2
<b>U.S. Motor Vehicle Production<sup>1)</sup></b> <b>(millions of units, SAAR)</b>							
Autos	2,578	2,266	1,799	1,832	3,964	13.8	(35.0)
<b>Michigan Motor Vehicle Production<sup>2)</sup></b> <b>(thousands of units, SAAR)</b>							
Autos	631	532	366	322	1,016	18.6	(37.9)
Trucks	620	870	313	328	570	(28.7)	8.7
Total	1,251	1,402	679	650	1,587	(10.7)	(21.1)
Michigan Production as % of U.S.	20.3%	17.3%	16.8%	16.8%	20.8%	---	---
<b>U.S. Motor Vehicle Inventories<sup>3)</sup></b>							
Total Car	765	1,029	1,242	1,310	1,173	(25.7)	(34.7)
Days Supply	26	46	65	67	49	(43.5)	(46.9)
Total Truck	667	800	957	1,068	1,644	(16.6)	(59.4)
Days Supply	34	49	62	66	74	(30.6)	(54.1)

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)	Aug.	65.7	66.0	63.0	(0.5)%	4.3%
<b>Oil Prices</b> <sup>2)</sup> (\$ per barrel, West Texas Intermediate Crude)	Aug.	\$71.06	\$64.09	\$116.61	10.9	(39.1)
<b>Housing Starts, U.S.</b> <sup>3)</sup> (thousands of units, SAAR)	Aug.	598	589	849	1.5	(29.6)
<b>Retail Sales, U.S.</b> <sup>3)</sup> (billions, seasonally adjusted)	Aug.	\$313.2	\$304.2	\$333.2	3.0	(6.0)
<b>Industrial Production Index</b> <sup>4)</sup> (1997=100, seasonally adjusted)	Aug.	97.4	96.7	109.2	0.8	(10.7)
<b>Capacity Utilization</b> <sup>4)</sup> (% of total capacity, seasonally adjusted)	Aug.	69.6	69.0	77.6	0.9	(10.3)
<b>Consumer Price Index</b> <sup>5)</sup> (1982-84=100)						
U.S. (seasonally adjusted)	Aug.	215.4	214.5	218.6	5.5	(1.4)
Detroit (not seasonally adjusted)	Aug.	204.7	204.5	209.5	0.4	(2.3)
<b>Interest Rates</b>						
3-month Treasury Bill <sup>4)</sup>	Aug.	0.18%	0.19%	1.79%	---	---
Corporate Aaa Bonds <sup>4)</sup>	Aug.	5.26%	5.41%	5.64%	---	---
<b>Real Gross Domestic Product</b> <sup>6)</sup> (billions of 2005 \$, SAAR, Chain-Weighted)	2009 2nd Qtr.	\$12,901.5	\$12,925.4	\$13,415.3	(0.7)	(3.8)
<b>Michigan Tax Collections</b> <sup>7)</sup> (12 major taxes, millions)	Aug. 2008	\$1,560.0	\$1,743.8	\$1,591.1	NM	(2.0)

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.

