

# MICHIGAN ECONOMIC INDICATORS

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

## ECONOMIC HIGHLIGHTS



- U.S. motor vehicle production** decreased 11.5% in August from the July level, but was up 30.0% from the level in August 2011. Automobile production during the first eight months of 2012 was up 47.9% from the first eight months of 2011 and represented the strongest first eight months of any year since 2006. The production level in August 2012 was also the strongest August level since 2006. **Light vehicle sales** were up slightly in August, compared with the July level, but year-over-year sales were up 16.3%. August exhibited the highest level of light vehicle sales since April 2008 (excluding August 2009, when the Federal Car Allowance Rebate system, or "Cash for Clunkers", resulted in unusually high sales).
- Housing starts** increased 4.1% in August from the July level and were 30.5% above the August 2011 level. While the year-over-year increase is significant, the number of housing starts in August remained the lowest in the history of the recorded measure, before the recent recession. Total housing starts (seasonally adjusted) in the first eight months of 2012 were approximately half of the historical eight-month average.



- Michigan's unemployment rate** increased from 9.0% in July to 9.4% in August, the highest since November 2011, but was still below the 10.4% rate one year ago. August marked the fourth consecutive month in which the unemployment rate increased. In comparison, the U.S. unemployment rate decreased from 8.3% in July to 8.1% in August and has remained relatively flat from May through August.
- Personal income** in Michigan increased 1.1% between the first and second quarters of 2012 (despite a 5.2% decrease in farm income) and has increased for four consecutive quarters. The State's second-quarter personal income grew more rapidly than the national average, and ranked 19<sup>th</sup> among the 50 states and the District of Columbia.

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

U.S.	Aug. 2012	July 2012	Aug. 2011	Change from July		Change from Year Ago	
				Number	Percent	Number	Percent
Labor Force	154,645	155,013	153,674	(368)	(0.2%)	971	0.6%
Employment	142,101	142,220	139,754	(119)	(0.1)	2,347	1.7
Unemployment	12,544	12,793	13,920	(249)	(1.9)	(1,376)	(9.9)
Unemployment Rate	8.1%	8.3%	9.1%	---	---	---	---
Michigan	Aug. 2012	July 2012	Aug. 2011	Change from July		Change from Year Ago	
Labor Force	4,658	4,661	4,653	(3)	(0.1%)	5	0.1%
Employment	4,221	4,239	4,167	(18)	(0.4)	54	1.3
Unemployment	437	421	486	15	3.6	(49)	(10.1)
Unemployment Rate	9.4%	9.0%	10.4%	---	---	---	---

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



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MICHIGAN WAGE AND SALARY EMPLOYMENT (Seasonally adjusted, thousands)							
	Aug. 2012*	July 2012	Aug. 2011	Change from July		Change from Yr Ago	
				Number	Percent	Number	Percent
<b>Total Non-Agricultural Jobs</b>	3,990	3,997	3,944	(7)	(0.2%)	46	1.2%
<b>Goods Producing Industries</b>	652	659	642	(7)	(1.1)	10	1.5
Mining and Logging	7	7	7	0	0.0	0	0.0
Construction	120	119	126	1	0.4	(7)	(5.1)
Manufacturing	525	532	508	(8)	(1.4)	16	3.2
Transportation Equipment	152	156	144	(4)	(2.7)	8	5.6
<b>Service Producing Industries</b>	3,338	3,338	3,302	0	0.0	36	1.1
Trade, Transportation & Utilities	721	723	722	(2)	(0.2)	(0)	(0.0)
Wholesale Trade	159	160	158	(1)	(0.6)	2	1.0
Retail Trade	442	443	446	(1)	(0.1)	(4)	(1.0)
Transportation & Utilities	120	120	118	0	0.0	2	2.0
Information	55	55	53	0	0.4	2	3.6
Financial Activities	200	200	193	0	0.1	7	3.5
Professional & Business Services	570	568	548	2	0.4	22	4.0
Education & Health Services	630	631	623	(1)	(0.2)	6	1.0
Leisure & Hospitality Services	381	381	374	(1)	(0.1)	6	1.7
Other Services	167	168	169	(1)	(0.5)	(2)	(1.0)
Government	614	612	619	2	0.3	(5)	(0.9)

**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. 2012	Year Ago	Percent Change	Aug. 2012	Year Ago	Percent Change
Construction	41.1	41.6	(1.2%)	\$977.77	\$969.70	0.8%
Manufacturing	43.6	44.4	(1.8)	896.85	910.64	(1.5)
Durable Goods	44.6	45.5	(2.0)	974.51	1,002.37	(2.8)
Transportation Equipment Mfg.	46.5	44.9	3.6	1,255.97	1,268.87	(1.0)
Motor Vehicle Parts Mfg.	47.3	44.9	5.3	1,178.24	1,149.44	2.5
Nondurable Goods	40.7	41.2	(1.2)	667.89	655.49	1.9
Wholesale Trade	37.9	38.7	(2.1)	820.91	779.03	5.4
Retail Trade	30.5	30.6	(0.3)	389.49	390.76	(0.3)
Information	35.1	34.4	2.0	838.89	840.74	(0.2)
Financial Activities	36.2	36.4	(0.5)	682.01	702.16	(2.9)
Professional & Business Services	35.4	34.3	3.2	786.94	717.90	9.6
Health Care & Social Assistance	32.1	31.4	2.2	603.48	590.95	2.1
Leisure & Hospitality	23.6	23.7	(0.4)	231.04	231.08	(0.0)
Accommodation & Food Services	23.7	23.3	1.7	223.49	220.19	1.5

**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>				
	Aug. 2012	July 2012	June 2012	Aug. 2011
<b>Metropolitan Statistical Areas</b>				
Ann Arbor	5.9%	6.8%	6.2%	6.8%
Battle Creek	7.5	8.6	7.8	9.0
Bay City	8.3	9.3	8.7	9.5
Detroit-Warren-Livonia	10.9	11.9	10.2	11.9
Flint	9.5	10.8	9.6	10.8
Grand Rapids-Wyoming	6.9	7.9	7.3	8.2
Holland-Grand Haven	6.7	7.9	7.2	8.1
Jackson	8.3	9.5	8.8	9.9
Kalamazoo-Portage	7.4	8.4	7.9	8.7
Lansing-East Lansing	7.2	8.4	7.7	8.3
Monroe	8.1	9.5	8.4	9.8
Muskegon-Norton Shores	9.1	10.1	9.2	10.0
Niles-Benton Harbor	8.8	10.2	9.5	9.8
Saginaw-Saginaw Twp North	8.6	9.7	9.0	9.6
<b>Multi-County Areas</b>				
Northeast Lower Michigan	9.7	10.9	10.3	10.9
Northwest Lower Michigan	8.5	9.3	9.0	9.7
Upper Peninsula	8.4	9.5	9.1	9.2
<b>Michigan Statewide Average</b>				
-- Unadjusted (comparable to figures shown above)	9.2	10.3	9.2	10.3

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

<b>MOTOR VEHICLE SALES AND PRODUCTION STATISTICS (Thousands of Units)</b>							
	Aug. 2012	July 2012	June 2012	May 2012	Year Ago Aug.	Percent Change From:	
						Aug./July	Aug. 2012/ Aug. 2011
<b>Motor Vehicle Sales<sup>1)</sup> (thousands of units, SAAR)</b>							
Autos	7,328	7,079	7,192	6,891	5,869	3.5%	24.9%
Domestics	5,375	5,055	5,180	4,938	4,096	6.3	31.2
Imports	1,953	2,024	2,012	1,953	1,773	(3.5)	10.2
Import Share	26.7%	28.6%	28.0%	28.3%	30.2%	----	----
Light Trucks	7,145	6,962	7,142	7,006	6,550	2.6	9.1
Domestics	6,178	5,913	6,063	5,915	5,600	4.5	10.3
Imports	967	1,049	1,079	1,091	950	(7.8)	1.8
Import Share	13.5%	15.1%	15.1%	15.6%	14.5%	---	---
Subtotal: Light Vehicle Sales	14,473	14,041	14,334	13,897	12,419	3.1	16.5
Heavy Trucks	352	366	343	369	328	(3.8)	7.3
Total Vehicle Sales	14,825	14,407	14,677	14,266	12,747	2.9	16.3
<b>U.S. Motor Vehicle Production<sup>1)</sup> (millions of units, SAAR)</b>							
Autos	4,129	4,663	4,380	4,297	3,175	(11.5)	30.0
<b>Michigan Motor Vehicle Production<sup>2)</sup> (thousands of units, SAAR)</b>							
Autos	841	1,186	899	1,080	686	(29.1)	22.5
Trucks	1,404	1,441	1,323	1,564	1,371	(2.5)	2.4
Total	2,245	2,627	2,222	2,645	2,057	(14.5)	9.1
Michigan Production as % of U.S.	22.5%	23.0%	21.2%	22.7%	24.4%	----	----
<b>U.S. Motor Vehicle Inventories<sup>3)</sup></b>							
Total Car	1,224	1,155	1,227	1,163	808	6.0	51.5
Days Supply	50	47	49	43	40	6.4	25.0
Total Truck	1,499	1,443	1,539	1,493	1,222	3.9	22.7
Days Supply	64	61	67	61	57	4.9	12.3

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.	74.3	72.3	55.8	2.8%	33.2%
<b>Oil Prices</b> <sup>2)</sup> (\$ per barrel, West Texas Intermediate Crude)	Aug.	\$94.16	\$87.93	\$86.33	7.1	9.1
<b>Housing Starts, U.S.</b> <sup>3)</sup> (thousands of units, SAAR)	Aug.	758	728	581	4.1	30.5
<b>Retail Sales, U.S.</b> <sup>3)</sup> (billions, seasonally adjusted)	Aug.	\$364.3	\$359.7	\$347.4	1.3	4.9
<b>Industrial Production Index</b> <sup>4)</sup> (1997=100, seasonally adjusted)	Aug.	96.6	98.0	94.2	(1.4)	2.6
<b>Capacity Utilization</b> <sup>4)</sup> (% of total capacity, seasonally adjusted)	Aug.	78.0	79.2	77.1	(1.5)	1.2
<b>Consumer Price Index</b> <sup>5)</sup> (1982-84=100)						
U.S. (seasonally adjusted)	Aug.	230.4	229.1	226.5	6.9	1.7
Detroit (not seasonally adjusted)	Aug.	217.1	214.5	213.9	7.6	1.5
<b>Interest Rates</b>						
3-month Treasury Bill <sup>4)</sup>	Aug.	0.10%	0.10%	0.02%	---	---
Corporate Aaa Bonds <sup>4)</sup>	Aug.	3.48%	3.40%	4.37%	---	---
<b>Real Gross Domestic Product</b> <sup>6)</sup> (billions of 2005 \$, SAAR, Chain-Weighted)	2012 2nd Qtr.	\$13,548.5	\$13,506.4	\$13,264.7	1.3	2.1
<b>Michigan Tax Collections</b> <sup>7)</sup> (12 major taxes, millions)	Aug. 2012	\$1,593.7	\$1,751.4	\$1,656.4	NM	(3.8)

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.

