

MICHIGAN ECONOMIC INDICATORS

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

ECONOMIC HIGHLIGHTS



- Inflation adjusted **gross domestic product** (GDP) increased at a 4.6% annual rate in the second quarter of 2014, compared with the 2.1% decrease in the first quarter of 2014, when the economy was depressed by severe winter weather. In the second quarter of 2014, personal consumption increased at a 2.5% annual rate, buoyed by a 14.1% increase in durable goods. Business fixed investment increased 9.7%, exports increased 11.1%, imports (which reduce GDP) increased 11.3%, and Federal spending was down 0.9%.

- Seasonally adjusted **light vehicle sales** in August 2014 were at a 17.4 million unit annual rate, the highest level since January 2006. Light vehicle sales increased 6.4% in August 2014 from the July 2014 level, and were 9.9% above August 2013. **Heavy truck sales** were up 28.2% in August 2014 compared with August 2013.



- **Real GDP**, a comprehensive measure of economic activity, generally increased for Michigan metropolitan statistical areas (MSAs) in 2013. The areas with the fastest economic growth in 2013 were Monroe MSA (5.5%), Niles-Benton Harbor MSA (4.5%), Jackson MSA (4.1%), and Grand Rapids MSA (3.9%). Detroit-Warren-Dearborn MSA grew at a 1.3% rate and Ann Arbor MSA grew at a 0.7% rate.

- For most sectors of the Michigan economy, **average weekly earnings** in August 2014 were above the year-ago level. The financial activities sector exhibited the highest gain (13.0%), followed by the professional/business services (6.1%) and leisure/hospitality (5.3%) sectors. Average weekly earnings declined 7.2% in the motor vehicle parts manufacturing sector, followed by the health care/social assistance (down 2.9%) and nondurable goods manufacturing (down 2.4%) sectors.

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

U.S.	Aug. 2014	July 2014	Aug. 2013	Change from July		Change from Year Ago	
				Number	Percent	Number	Percent
Labor Force	155,959	156,023	155,435	(64)	(0.0%)	524	0.3%
Employment	146,368	146,352	144,179	16	0.0	2,189	1.5
Unemployment	9,591	9,671	11,256	(80)	(0.8)	(1,665)	(14.8)
Unemployment Rate	6.1%	6.2%	7.2%	---	---	---	---
Michigan	Aug. 2014	July 2014	Aug. 2013	Change from July		Change from Year Ago	
Labor Force	4,731	4,742	4,713	(11)	(0.2%)	18	0.4%
Employment	4,382	4,378	4,291	4	0.1	91	2.1
Unemployment	348	364	422	(15)	(4.2)	(74)	(17.5)
Unemployment Rate	7.4%	7.7%	9.0%	---	---	---	---

Source: Bureau of Labor Statistics, U.S. Department of Labor (Household Data)



August 2014

Prepared by:
Elizabeth Pratt, Fiscal Analyst
David Zin, Chief Economist

MICHIGAN WAGE AND SALARY EMPLOYMENT (Seasonally adjusted, thousands)							
	Aug. 2014*	July 2014	Aug. 2013	Change from July		Change from Yr Ago	
				Number	Percent	Number	Percent
Total Non-Agricultural Jobs	4,143	4,153	4,113	(10)	(0.2%)	31	0.7%
Goods Producing Industries	717	715	698	2	0.3	19	2.7
Mining and Logging	9	9	8	0	1.2	1	7.5
Construction	136	137	133	(0)	(0.1)	3	2.6
Manufacturing	572	570	557	2	0.4	15	2.7
Transportation Equipment	174	174	169	0	0.1	5	3.1
Service Producing Industries	3,427	3,438	3,415	(11)	(0.3)	12	0.3
Trade, Transportation & Utilities	756	760	746	(3)	(0.4)	10	1.3
Wholesale Trade	164	165	164	(1)	(0.5)	1	0.4
Retail Trade	455	459	457	(3)	(0.7)	(2)	(0.4)
Transportation & Utilities	137	136	125	1	0.6	11	8.9
Information	58	58	55	(1)	(1.0)	2	4.2
Financial Activities	198	198	203	(0)	(0.2)	(5)	(2.6)
Professional & Business Services	601	604	605	(3)	(0.4)	(5)	(0.7)
Education & Health Services	639	640	638	(2)	(0.2)	1	0.1
Leisure & Hospitality Services	408	410	397	(2)	(0.5)	11	2.8
Other Services	168	169	172	(1)	(0.3)	(4)	(2.0)
Government	599	599	598	(0)	(0.1)	1	0.2

Source: Bureau of Labor Statistics, U.S. Department of Labor (Establishment Data) *Preliminary

MICHIGAN AVERAGE WEEKLY HOURS AND EARNINGS						
Industry	Average Weekly Hours			Average Weekly Earnings		
	Aug. 2014	Year Ago	Percent Change	Aug. 2014	Year Ago	Percent Change
Construction	39.7	40.4	(1.7%)	\$986.55	\$954.25	3.4%
Manufacturing	43.9	44.0	(0.2)	882.39	877.36	0.6
Durable Goods	44.6	44.7	(0.2)	951.32	939.59	1.2
Transportation Equipment Mfg.	46.8	47.0	(0.4)	1,136.77	1,159.96	1.0
Motor Vehicle Parts Mfg.	44.8	47.0	(4.7)	1,026.82	1,106.85	(7.2)
Nondurable Goods	41.8	41.9	(0.2)	668.80	685.07	(2.4)
Wholesale Trade	37.8	38.0	(0.5)	848.23	849.30	(0.1)
Retail Trade	30.2	30.2	0.0	407.70	391.09	4.2
Information	34.4	34.3	0.3	866.88	835.21	3.8
Financial Activities	35.4	35.1	0.9	735.61	650.75	13.0
Professional & Business Services	36.5	34.5	5.8	835.85	787.64	6.1
Health Care & Social Assistance	31.7	32.3	(1.9)	603.57	621.78	(2.9)
Leisure & Hospitality	24.4	23.8	2.5	248.64	236.10	5.3
Accommodation & Food Services	24.1	23.7	1.7	236.42	226.81	4.2

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)				
	Aug. 2014	July 2014	June 2014	Aug. 2013
Metropolitan Statistical Areas				
Ann Arbor	4.6%	6.3%	6.4%	7.5%
Battle Creek	5.5	7.4	7.7	8.9
Bay City	6.3	8.3	8.9	10.0
Detroit-Warren-Livonia	7.9	9.8	9.6	10.6
Flint	7.0	9.3	9.9	11.3
Grand Rapids-Wyoming	4.8	6.4	6.9	8.0
Holland-Grand Haven	4.6	6.4	6.8	8.0
Jackson	6.3	8.3	8.9	10.0
Kalamazoo-Portage	5.5	7.1	7.6	8.6
Lansing-East Lansing	5.5	7.6	7.6	8.9
Monroe	6.3	8.1	7.9	9.5
Muskegon-Norton Shores	6.1	8.2	9.0	10.2
Niles-Benton Harbor	6.1	7.9	8.8	9.9
Saginaw-Saginaw Twp North	6.5	8.7	9.1	10.5
Multi-County Areas				
Northeast Lower Michigan	7.2	9.5	10.2	11.4
Northwest Lower Michigan	5.9	7.8	8.7	9.6
Upper Peninsula	6.6	8.6	8.8	9.9
Michigan Statewide Average				
-- Unadjusted (comparable to figures shown above)	6.7	8.6	8.8	9.9

Source: Michigan Department of Technology, Management, and Budget

MOTOR VEHICLE SALES AND PRODUCTION STATISTICS (Thousands of Units)							
	Aug. 2014	July 2014	June 2014	May 2014	Year Ago August	Percent Change From:	
						Aug./July	Aug. 2014/ Aug. 2013
Motor Vehicle Sales¹⁾ (thousands of units, SAAR)							
Autos	8,229	7,780	8,073	7,876	7,757	5.8%	6.1%
Domestics	6,123	5,675	5,796	5,616	5,511	7.9	11.1
Imports	2,106	2,105	2,277	2,260	2,246	0.0	(6.2)
Import Share	25.6%	27.1%	28.2%	28.7%	29.0%	---	---
Light Trucks	9,218	8,621	8,775	8,793	8,116	6.9	13.6
Domestics	7,745	7,267	7,386	7,457	6,852	6.6	13.0
Imports	1,473	1,354	1,389	1,336	1,264	8.8	16.5
Import Share	16.0%	15.7%	15.8%	15.2%	15.6%	---	---
Subtotal: Light Vehicle Sales	17,447	16,401	16,848	16,669	15,873	6.4	9.9
Heavy Trucks	446	424	392	385	348	5.2	28.2
Total Vehicle Sales	17,893	16,825	17,240	17,054	16,221	6.3	10.3
U.S. Motor Vehicle Production¹⁾ (millions of units, SAAR)							
Autos	4,289	4,714	4,402	3,962	4,266	(9.0)	0.5
Michigan Motor Vehicle Production²⁾ (thousands of units, SAAR)							
Autos	550	972	959	685	887	(43.5)	(38.0)
Trucks	1,289	2,120	1,573	1,972	1,476	(39.2)	(12.6)
Total	1,839	3,092	2,531	2,657	2,362	(40.5)	(22.2)
Michigan Production as % of U.S.	17.7%	23.1%	21.5%	20.6%	22.4%	---	---
U.S. Motor Vehicle Inventories³⁾							
Total Car	1,498	1,562	1,662	1,691	1,389	(4.1)	7.9
Days Supply	53	59	57	57	52	(10.2)	1.9
Total Truck	1,768	1,835	1,887	1,888	1,516	(3.7)	16.6
Days Supply	58	64	63	63	57	(9.4)	1.8

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
Index of Consumer Sentiment , monthly ¹⁾ (1996 Q1=100)	Aug.	82.5	81.8	82.1	0.9%	0.5%
Oil Prices ²⁾ (\$ per barrel, West Texas Intermediate Crude)	Aug.	\$96.54	\$103.59	\$106.57	(6.8)	(9.4)
Housing Starts, U.S. ³⁾ (thousands of units, SAAR)	Aug.	956	1,117	885	(14.4)	8.0
Retail Sales, U.S. ³⁾ (billions, seasonally adjusted)	Aug.	\$396.6	\$394.4	\$378.6	0.6	4.8
Industrial Production Index ⁴⁾ (1997=100, seasonally adjusted)	Aug.	104.1	104.2	100.0	(0.1)	4.1
Capacity Utilization ⁴⁾ (% of total capacity, seasonally adjusted)	Aug.	78.8	79.1	77.8	(0.4)	1.2
Consumer Price Index ⁵⁾ (1982-84=100)						
U.S. (seasonally adjusted)	Aug.	237.4	237.9	233.4	(2.4)	1.7
Detroit (not seasonally adjusted)	Aug.	222.3	224.5	220.0	(5.7)	1.0
Interest Rates						
3-month Treasury Bill ⁴⁾	Aug.	0.03%	0.03%	0.04%	---	---
Corporate Aaa Bonds ⁴⁾	Aug.	4.08%	4.16%	4.54%	---	---
Real Gross Domestic Product ⁶⁾ (billions of 2005 \$, SAAR, Chain-Weighted)	2014 2nd Quarter	\$16,010.4	\$15,831.7	\$15,606.6	4.6	2.6
Michigan Tax Collections ⁷⁾ (12 major taxes, millions)	Aug.	\$1,701.5	\$1,831.7	\$1,645.4	NM	3.4

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) 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.

