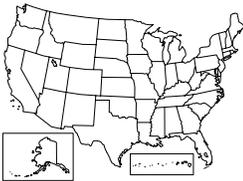


MICHIGAN ECONOMIC INDICATORS

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

ECONOMIC HIGHLIGHTS



- The preliminary estimate for **inflation-adjusted Gross Domestic Product (GDP)** indicated the economy grew at a 5.9% annual rate in the fourth quarter of 2009, up from 2.2% growth in the third quarter and the strongest growth since the third quarter of 2003. Almost two-thirds of the growth in the fourth quarter reflected slower rates of inventory depletion, as inventory changes fell from an annualized \$139.2 billion decline to a \$16.9 billion decline. The growth rate also increased because exports grow at a faster rate than imports. However, consumption spending, which represents over 70.0% of the economy, grew more slowly in the fourth quarter and accounted for only about 20.8% of fourth-quarter growth.
- Despite increases in output, the U.S. economy continued to shed jobs in December. The **U.S. unemployment rate** remained at 10.0%, even though employment fell by 589,000 jobs from the November level. The unemployment rate remained the same because 661,000 people left the labor force. Compared with one year ago, employment was down 5.4 million jobs in December.
- In December, seasonally-adjusted **light vehicle sales** increased to an 11.2 million unit annual rate, marking the third consecutive month of increases and up 8.7% from the 10.3 million unit rate one year earlier. If July and August 2009 sales are ignored, because of the effect of the Federal government's "cash for clunkers" program, December 2009 sales were at their strongest level since September 2008. The only light-vehicle segment exhibiting year-over-year declines in sales was imported light trucks, which were down 9.5%.
- After eight consecutive months of declines, the **value of the dollar against major currencies** rose in December and exhibited the highest average since September. Despite the increase, the dollar was down more than 8.3% from the year-ago level.



- In December, for an eighth consecutive month, **average weekly earnings** exhibited strong year-over-year growth. Three major sectors exhibited growth rates exceeding 10.0%: food/beverage stores (21.6%), information (12.4%), and nondurable manufacturing (10.5%). Aside from professional/business services, wholesale trade and retail trade (where average earnings fell), and health care/social assistance (which increased 3.8%), all major sectors exhibited increases in average weekly earnings of more than 6.2%.
- December **local area unemployment rates** were above year-ago levels in all areas. Not only did employment fall and the number of unemployed increase, but the number of people in the labor force also declined. The area with the highest unemployment rate was the nonurban area of the northeastern Lower Peninsula, where the unemployment rate averaged 18.7%.
- Seasonally adjusted **Michigan motor vehicle production** increased 6.2% in December from November, but was down 14.9% from December 2008. On a calendar-year basis, 2009 production was 38.2% below the 2008 level, 54.6% below the 2005 level, and 63.3% below the 1999 level.



DECEMBER 2009

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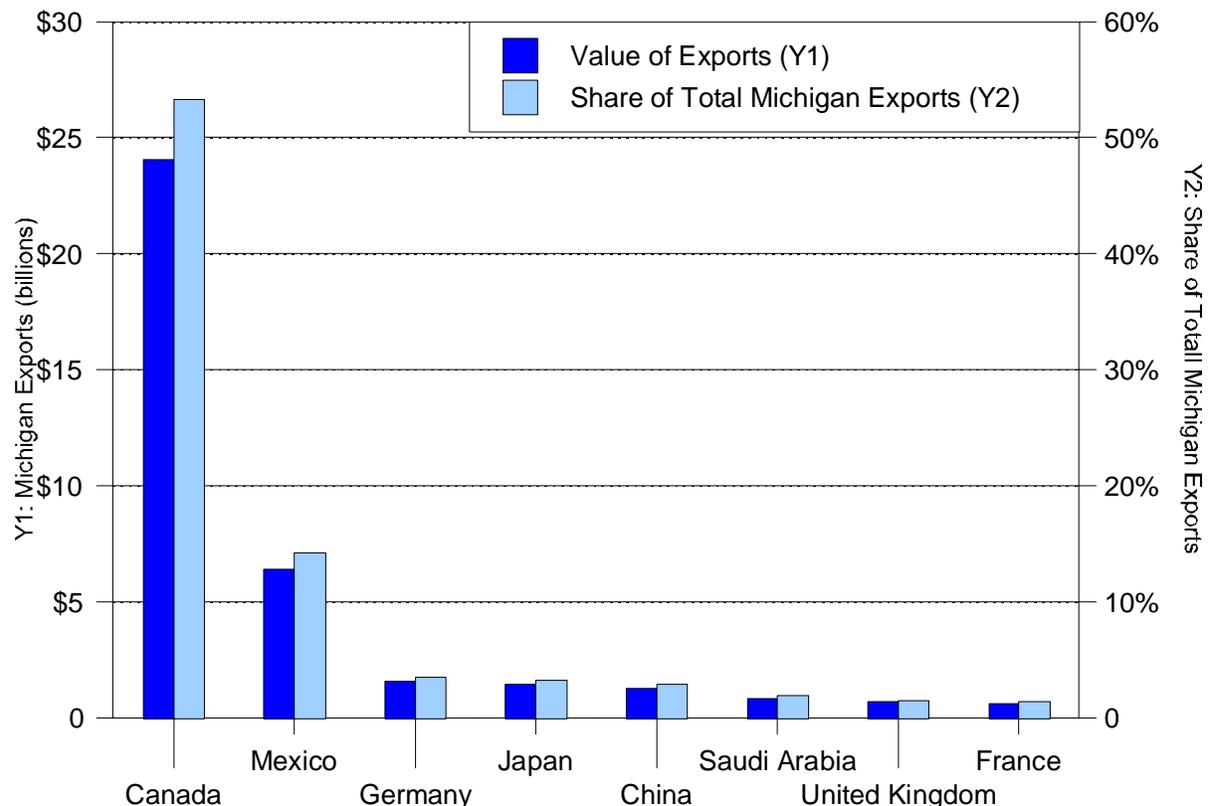
U.S. & MICHIGAN LABOR MARKET NEWS
(Seasonally adjusted, thousands)

U.S.	Dec. 2009	Nov. 2009	Dec. 2008	Change from Nov.		Change from Year Ago	
				Number	Percent	Number	Percent
Labor Force	153,059	153,720	154,587	(661)	(0.4)%	(1,528)	(1.0)%
Employment	137,792	138,381	143,188	(589)	(0.4)	(5,396)	(3.8)
Unemployment	15,267	15,339	11,399	(72)	(0.5)	3,868	33.9
Unemployment Rate	10.0%	10.0%	7.4%	---	---	---	---

Michigan	Dec. 2009	Nov. 2009	Dec. 2008	Change from Nov.		Change from Year Ago	
				Number	Percent	Number	Percent
Labor Force	4,813	4,844	4,885	(31)	(0.6)%	(72)	(1.5)%
Employment	4,112	4,132	4,388	(20)	(0.5)	(277)	(6.3)
Unemployment	701	712	496	(11)	(1.6)	205	41.3
Unemployment Rate	14.6%	14.7%	10.2%	---	---	---	---

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

Michigan's Top Export Markets, 2008



Source: Bureau of the Census, U.S. Department of Commerce

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

	Dec. 2009*	Nov. 2009	Dec. 2008	Change from Nov.		Change from Yr Ago	
				Number	Percent	Number	Percent
Total Wage & Salary Jobs	3,831	3,847	4,038	(16)	(0.4)%	(207)	(5.1)%
Goods Producing Industries	580	590	695	(10)	(1.7)	(115)	(16.6)
Mining and Logging	8	8	8	0	1.3	(0)	(3.8)
Construction	119	122	143	(3)	(2.4)	(24)	(16.8)
Manufacturing	453	460	544	(7)	(1.6)	(91)	(16.7)
Transportation Equipment	114	120	159	(6)	(5.3)	(46)	(28.7)
Service Producing Industries	3,252	3,257	3,344	(6)	(0.2)	(92)	(2.8)
Trade, Transportation & Utilities	695	697	743	(1)	(0.2)	(47)	(6.4)
Wholesale Trade	147	148	158	(1)	(0.6)	(12)	(7.3)
Retail Trade	439	440	465	(0)	(0.1)	(25)	(5.4)
Transportation & Utilities	109	109	120	0	0.0	(11)	(8.9)
Information	53	54	61	(1)	(0.9)	(8)	(12.5)
Financial Activities	188	189	199	(1)	(0.4)	(11)	(5.7)
Professional & Business Services	515	516	525	(2)	(0.3)	(11)	(2.1)
Education & Health Services	624	620	612	4	0.6	11	1.9
Leisure & Hospitality Services	379	382	391	(3)	(0.8)	(12)	(3.1)
Other Services	168	168	172	(1)	(0.4)	(4)	(2.3)
Government	631	632	641	(2)	(0.3)	(11)	(1.7)

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

* Preliminary

MICHIGAN AVERAGE WEEKLY HOURS AND EARNINGS

Industry	Average Weekly Hours			Average Weekly Earnings		
	Dec. 2009	Year Ago	Percent Change	Dec. 2009	Year Ago	Percent Change
Construction	36.7	34.3	7.0%	\$799.33	\$750.48	6.5%
Manufacturing	44.1	41.2	7.0	969.32	903.52	7.3
Durable Goods	45.5	42.6	6.8	1,095.64	1,010.90	8.4
Transportation Equipment Mfg.	45.4	41.9	8.4	1,301.16	1,184.09	9.9
Motor Vehicle Parts Mfg.	45.8	41.6	10.1	1,173.40	1,072.03	9.5
Nondurable Goods	40.2	36.9	8.9	628.73	569.00	10.5
Wholesale Trade	36.6	37.3	(1.9)	693.94	716.91	(3.2)
Retail Trade	29.3	30.1	(2.7)	366.25	370.23	(1.1)
Food & Beverage Stores	24.7	24.8	(0.4)	362.84	298.34	21.6
Information	32.6	32.1	1.6	838.80	746.33	12.4
Financial Activities	36.1	34.8	3.7	745.83	693.91	7.5
Professional & Business Services	32.7	34.0	(3.8)	657.27	676.60	(2.9)
Health Care & Social Assistance	33.3	34.0	(2.1)	620.71	597.72	3.8
Leisure & Hospitality	22.1	22.1	0.0	214.59	201.99	6.2
Accommodation & Food Services	22.3	22.3	0.0	211.18	198.02	6.6

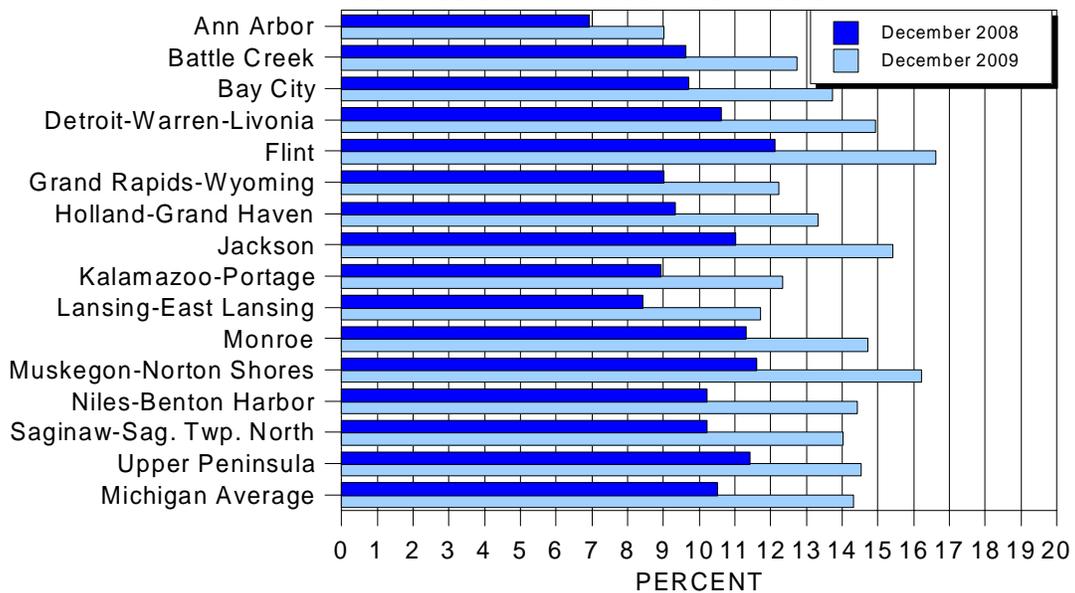
Source: Bureau of Labor Statistics, U.S. Department of Labor

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

	Dec. 2009	Nov. 2009	Oct. 2009	Dec. 2008
Metropolitan Statistical Areas				
Ann Arbor	9.0%	8.8%	8.8%	6.9%
Battle Creek	12.7	12.1	12.0	9.6
Bay City	13.7	12.7	12.1	9.7
Detroit-Warren-Livonia	14.9	15.4	16.7	10.6
Flint	16.6	16.1	15.2	12.1
Grand Rapids-Wyoming	12.2	11.7	11.4	9.0
Holland-Grand Haven	13.3	12.7	12.6	9.3
Jackson	15.4	14.7	14.5	11.0
Kalamazoo-Portage	12.3	11.4	11.2	8.9
Lansing-East Lansing	11.7	11.3	10.6	8.4
Monroe	14.7	14.4	13.6	11.3
Muskegon-Norton Shores	16.2	15.7	15.7	11.6
Niles-Benton Harbor	14.4	13.6	13.2	10.2
Saginaw-Saginaw Twp North	14.0	13.3	12.6	10.2
Multi-County Areas				
Northeast Lower Michigan	18.7	16.7	14.7	15.2
Northwest Lower Michigan	16.2	14.8	13.2	12.2
Upper Peninsula	14.5	12.9	11.5	11.4
Michigan Statewide Average				
-- Unadjusted (comparable to figures shown above)	14.3	14.1	14.3	10.5
Source: Michigan Department of Energy, Labor, and Economic Growth				*Preliminary

Michigan Regional Unemployment Rates

December 2008 and December 2009

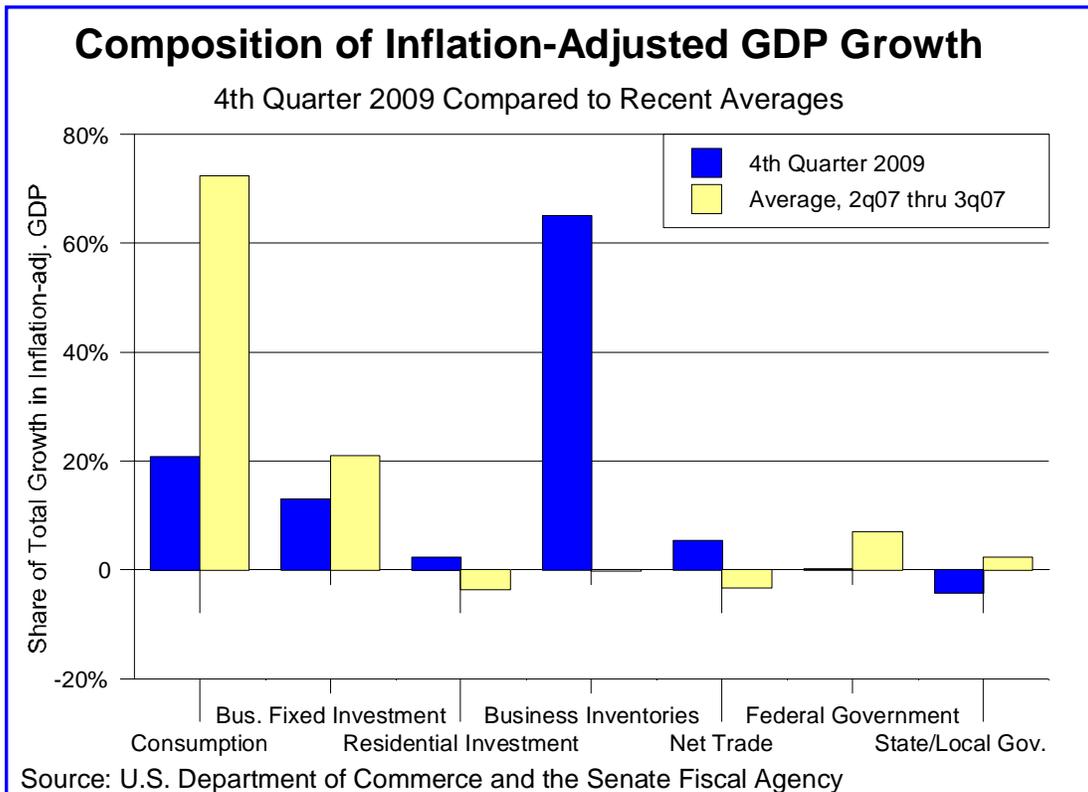


Source: Michigan Department of Energy, Labor, and Economic Growth

MOTOR VEHICLE SALES AND PRODUCTION STATISTICS (Thousands of Units)							
	Dec. 2009	Nov. 2009	Oct. 2009	Sept. 2009	Year Ago Dec.	Percent Change From:	
						Dec./Nov.	Dec. 2009/ Dec. 2008
Motor Vehicle Sales¹⁾ (thousands of units, SAAR)							
Autos	5,947	5,595	5,448	4,968	5,260	6.3%	13.1%
Domestics	4,148	3,815	3,654	3,268	3,582	8.7	15.8
Imports	1,799	1,780	1,794	1,700	1,678	1.1	7.2
Import Share	30.3%	31.8%	32.9%	34.2%	31.9%	---	---
Light Trucks	5,254	5,294	4,981	4,216	5,041	(0.8)	4.2
Domestics	4,405	4,475	4,220	3,462	4,103	(1.6)	7.4
Imports	849	819	761	754	938	3.7	(9.5)
Import Share	16.2%	15.5%	15.3%	17.9%	18.6%	---	---
Subtotal: Light Vehicle Sales	11,201	10,889	10,429	9,184	10,301	2.9	8.7
Heavy Trucks	232	229	206	201	248	1.3	(6.5)
Total Vehicle Sales	11,433	11,118	10,635	9,385	10,549	2.8	8.4
U.S. Motor Vehicle Production¹⁾ (millions of units, SAAR)							
Autos	2,842	2,738	2,881	2,840	2,952	3.8	(3.7)
Michigan Motor Vehicle Production²⁾ (thousands of units, SAAR)							
Autos	587	479	828	905	853	22.5	(31.2)
Trucks	745	776	757	958	713	(3.9)	4.5
Total	1,333	1,255	1,584	1,863	1,567	6.2	(14.9)
Michigan Production as % of U.S.	17.9%	17.7%	22.2%	24.3%	22.6%	----	----
U.S. Motor Vehicle Inventories³⁾							
Total Car	1,095	1,095	996	826	1,685	0.0	(35.0)
Days Supply	58	65	63	50	113	(10.8)	(48.7)
Total Truck	860	921	881	769	1,593	(6.6)	(46.0)
Days Supply	48	59	63	58	106	(18.6)	(54.7)

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)	Dec.	72.5	67.4	60.1	7.6%	20.6%
Oil Prices ²⁾ (\$ per barrel, West Texas Intermediate Crude)	Dec.	\$74.30	\$78.08	\$41.02	(4.8)	81.1
Housing Starts, U.S. ³⁾ (thousands of units, SAAR)	Dec.	575	579	556	(0.7)	3.4
Retail Sales, U.S. ³⁾ (billions, seasonally adjusted)	Dec.	\$316.1	\$316.4	\$297.6	(0.1)	6.2
Industrial Production Index ⁴⁾ (1997=100, seasonally adjusted)	Dec.	100.1	99.5	102.4	0.7	(2.2)
Capacity Utilization ⁴⁾ (% of total capacity, seasonally adjusted)	Dec.	71.9	71.3	72.7	0.8	(1.2)
Consumer Price Index ⁵⁾ (1982-84=100)						
U.S. (seasonally adjusted)	Dec.	217.2	216.9	211.3	2.0	2.8
Detroit (not seasonally adjusted)	Dec.	203.9	205.1	198.0	(3.5)	3.0
Interest Rates						
3-month Treasury Bill ⁴⁾	Dec.	0.07%	0.05%	0.04%	---	---
Corporate Aaa Bonds ⁴⁾	Dec.	5.26%	5.19%	5.08%	---	---
Real Gross Domestic Product ⁶⁾ (billions of 2005 \$, SAAR, Chain-Weighted)	2009 4th Qtr.	\$13,161.1	\$12,973.0	\$13,141.9	5.9	0.1
Michigan Tax Collections ⁷⁾ (12 major taxes, millions)	Dec. 2009	\$1,630.3	\$1,631.6	\$1,686.3	NM	(3.3)

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.

