

# MICHIGAN ECONOMIC INDICATORS

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

## ECONOMIC HIGHLIGHTS



- The advance estimate for **inflation-adjusted Gross Domestic Product (GDP)** indicated the economy shrank by a 0.1% annual rate in the fourth quarter of 2012, the first decline since the second quarter of 2009. Real GDP in the fourth quarter of 2012 was 1.5% above the year-ago level, the slowest year-over-year growth in three years. While personal consumption spending and nonresidential and residential fixed investment increased in the fourth quarter, the gains were more than offset by reduced government defense spending, reduced state and local government expenditures, and declines in private inventories.
- **Housing starts** increased 12.1% in December from the November level and were 36.9% above the December 2011 level. Total housing starts in 2012 reached the highest level since 2008, although total housing starts in 2012 were still below any year prior to the 2008-09 recession, and only slightly greater than half of the historical annual average.



- Most Michigan sectors exhibited year-over-year declines in **private-sector average weekly earnings** in December, with the construction, nondurable goods, information, and health care and social assistance sectors generally exhibiting weak to moderate growth. Compared to December 2011, average weekly earnings fell the most in the motor vehicle parts manufacturing (-3.1%) and financial activities (-6.0%) sectors and rose the most in wholesale trade (7.4%) and professional and business services (9.3%) sectors.
- Based on data from Michigan realtors, Michigan's **residential housing sales** in December were down 1.0% from December 2011, although the average price increased 9.7% over last year's level. On an annual basis, residential sales were 9.9% above the 2011 level, while average sales prices were up 5.6%.

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

U.S.	Dec. 2012	Nov. 2012	Dec. 2011	Change from Nov.		Change from Year Ago	
				Number	Percent	Number	Percent
Labor Force	155,511	155,319	153,945	192	0.1%	1,566	1.0%
Employment	143,305	143,277	140,896	28	0.0	2,409	1.7
Unemployment	12,206	12,042	13,049	164	1.4	(843)	(6.5)
Unemployment Rate	7.8%	7.8%	8.5%	---	---	---	---
Michigan	Dec. 2012	Nov. 2012	Dec. 2011	Change from Nov.		Change from Year Ago	
				Number	Percent	Number	Percent
Labor Force	4,640	4,650	4,630	(11)	(0.2%)	9	0.2%
Employment	4,227	4,238	4,199	(11)	(0.3)	28	0.7
Unemployment	413	412	431	0	0.1	(18)	(4.3)
Unemployment Rate	8.9%	8.9%	9.3%	---	---	---	---

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



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MICHIGAN WAGE AND SALARY EMPLOYMENT (Seasonally adjusted, thousands)							
	Dec. 2012*	Nov. 2012	Dec. 2011	Change from Nov.		Change from Yr Ago	
				Number	Percent	Number	Percent
<b>Total Non-Agricultural Jobs</b>	3,973	3,984	3,960	(11)	(0.3%)	13	0.3%
<b>Goods Producing Industries</b>	652	652	642	0	0.0	10	1.6
Mining and Logging	7	7	7	0	0.0	(0)	(1.4)
Construction	117	118	123	(1)	(1.2)	(7)	(5.4)
Manufacturing	528	526	511	2	0.3	17	3.3
Transportation Equipment	145	147	140	(1)	(0.8)	5	3.9
<b>Service Producing Industries</b>	3,322	3,332	3,319	(11)	(0.3)	3	0.1
Trade, Transportation & Utilities	722	723	726	(1)	(0.2)	(4)	(0.5)
Wholesale Trade	159	159	158	(0)	(0.1)	1	0.4
Retail Trade	440	443	446	(3)	(0.7)	(6)	(1.4)
Transportation & Utilities	123	121	122	2	1.6	2	1.5
Information	52	53	55	(1)	(1.3)	(3)	(4.6)
Financial Activities	198	199	195	(1)	(0.6)	3	1.5
Professional & Business Services	566	572	560	(6)	(1.1)	6	1.1
Education & Health Services	629	629	626	(1)	(0.1)	3	0.4
Leisure & Hospitality Services	377	377	375	(0)	(0.1)	2	0.4
Other Services	170	170	170	0	0.1	(1)	(0.4)
Government	609	609	613	(0)	(0.0)	(4)	(0.6)

**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		
	Dec. 2012	Year Ago	Percent Change	Dec. 2012	Year Ago	Percent Change
Construction	39.1	39.5	(1.0%)	\$927.5	\$915.2	1.3%
Manufacturing	44.2	44.4	(0.5)	910.5	924.9	(1.5)
Durable Goods	45.1	45.2	(0.2)	984.5	1,012.9	(2.8)
Transportation Equipment Mfg.	46.9	45.9	2.2	1,251.8	1,286.6	(2.7)
Motor Vehicle Parts Mfg.	47.2	46.7	1.1	1,157.3	1,194.6	(3.1)
Nondurable Goods	41.6	42.0	(1.0)	688.9	670.7	2.7
Wholesale Trade	37.9	38.2	(0.8)	833.0	775.8	7.4
Retail Trade	30.4	30.7	(1.0)	387.0	388.7	(0.4)
Information	36.2	35.0	3.4	875.0	863.1	1.4
Financial Activities	35.8	37.2	(3.8)	674.5	717.6	(6.0)
Professional & Business Services	35.2	33.9	3.8	794.5	727.2	9.3
Health Care & Social Assistance	32.5	31.4	3.5	616.2	588.1	4.8
Leisure & Hospitality	22.6	22.6	0.0	225.8	226.7	(0.4)
Accommodation & Food Services	22.5	22.5	0.0	214.4	216.2	(0.8)

**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>				
	Dec. 2012	Nov. 2012	Oct. 2012	Dec. 2011
<b>Metropolitan Statistical Areas</b>				
Ann Arbor	5.1%	4.3%	4.6%	5.4%
Battle Creek	7.1	5.9	6.1	7.6
Bay City	8.3	6.8	6.9	8.5
Detroit-Warren-Livonia	10.2	9.7	10.5	9.7
Flint	9.1	7.8	8.1	9.5
Grand Rapids-Wyoming	6.5	5.4	5.6	7.2
Holland-Grand Haven	6.3	5.3	5.5	7.0
Jackson	8.1	6.8	7.0	8.6
Kalamazoo-Portage	7.3	6.0	6.2	8.0
Lansing-East Lansing	6.7	5.6	5.9	7.0
Monroe	7.6	6.4	6.6	8.4
Muskegon-Norton Shores	8.6	7.5	7.6	8.8
Niles-Benton Harbor	8.8	7.2	7.3	9.3
Saginaw-Saginaw Twp North	8.4	7.1	7.3	8.6
<b>Multi-County Areas</b>				
Northeast Lower Michigan	12.1	9.6	8.6	12.5
Northwest Lower Michigan	10.1	8.2	7.5	10.9
Upper Peninsula	9.4	7.5	6.8	9.7
<b>Michigan Statewide Average</b>				
-- Unadjusted (comparable to figures shown above)	8.9	8.2	8.3	10.9

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

<b>MOTOR VEHICLE SALES AND PRODUCTION STATISTICS (Thousands of Units)</b>							
	Dec. 2012	Nov. 2012	Oct. 2012	Sept. 2012	Year Ago Dec.	Percent Change From:	
						Dec./Nov.	Dec. 2012/ Dec. 2011
<b>Motor Vehicle Sales<sup>1)</sup> (thousands of units, SAAR)</b>							
Autos	7,827	7,986	7,385	7,609	6,541	(2.0%)	19.7%
Domestics	5,615	5,652	5,230	5,370	4,511	(0.7)	24.5
Imports	2,212	2,334	2,155	2,239	2,030	(5.2)	9.0
Import Share	28.3%	29.2%	29.2%	29.4%	31.0%	---	---
Light Trucks	7,495	7,495	6,847	7,271	7,025	0.0	6.7
Domestics	6,372	6,376	5,888	6,172	5,994	(0.1)	6.3
Imports	1,123	1,119	959	1,099	1,031	0.4	8.9
Import Share	15.0%	14.9%	14.0%	15.1%	14.7%	---	---
Subtotal: Light Vehicle Sales	15,322	15,481	14,232	14,880	13,566	(1.0)	12.9
Heavy Trucks	323	320	312	349	338	0.9	(4.4)
Total Vehicle Sales	15,645	15,801	14,544	15,229	13,904	(1.0)	12.5
<b>U.S. Motor Vehicle Production<sup>1)</sup> (millions of units, SAAR)</b>							
Autos	4,228	4,403	4,094	4,162	3,773	(4.0)	12.1
<b>Michigan Motor Vehicle Production<sup>2)</sup> (thousands of units, SAAR)</b>							
Autos	N/A	1,033	857	803	1,018	N/A	N/A
Trucks	N/A	1,208	1,180	958	1,296	N/A	N/A
Total	N/A	2,241	2,038	1,762	2,314	N/A	N/A
Michigan Production as % of U.S.	N/A	20.5%	21.2%	21.8%	23.0%	---	---
<b>U.S. Motor Vehicle Inventories<sup>3)</sup></b>							
Total Car							
Days Supply	1,508	1,448	1,397	1,225	1,156	4.1	30.5
Total Truck							
Days Supply	60	65	66	51	55	(7.7)	9.1
Total Inventory							
Days Supply	1,556	1,650	1,600	1,510	1,235	(5.8)	26.0

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)	Dec.	72.9	82.7	69.9	(11.9%)	4.3%
<b>Oil Prices</b> <sup>2)</sup> (\$ per barrel, West Texas Intermediate Crude)	Dec.	\$88.25	\$86.66	\$98.57	1.8	(10.5)
<b>Housing Starts, U.S.</b> <sup>3)</sup> (thousands of units, SAAR)	Dec.	954	851	697	12.1	36.9
<b>Retail Sales, U.S.</b> <sup>3)</sup> (billions, seasonally adjusted)	Dec.	\$370.1	\$368.5	\$354.6	0.4	4.4
<b>Industrial Production Index</b> <sup>4)</sup> (1997=100, seasonally adjusted)	Dec.	98.1	97.8	95.9	0.3	2.2
<b>Capacity Utilization</b> <sup>4)</sup> (% of total capacity, seasonally adjusted)	Dec.	78.8	78.7	78.3	0.1	0.6
<b>Consumer Price Index</b> <sup>5)</sup> (1982-84=100)						
U.S. (seasonally adjusted)	Dec.	231.0	231.0	227.0	(0.2)	1.7
Detroit (not seasonally adjusted)	Dec.	216.6	218.1	213.5	(4.1)	1.4
<b>Interest Rates</b>						
3-month Treasury Bill <sup>4)</sup>	Dec.	0.07%	0.09%	0.01%	---	---
Corporate Aaa Bonds <sup>4)</sup>	Dec.	3.65%	3.50%	3.93%	---	---
<b>Real Gross Domestic Product</b> <sup>6)</sup> (billions of 2005 \$, SAAR, Chain-Weighted)	2012 4th Qtr.	\$13,647.6	\$13,652.5	\$13,441.0	(0.1)	1.5
<b>Michigan Tax Collections</b> <sup>7)</sup> (12 major taxes, millions)	Dec. 2012	\$1,886.5	\$1,790.5	\$1,770.1	NM	6.6

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.

