

# MICHIGAN ECONOMIC INDICATORS

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

## ECONOMIC HIGHLIGHTS



- The seasonally adjusted **capacity utilization rate** reached 78.8% in February 2014, the highest level since June 2008. This is close to the 20-year average utilization rate of 78.9%. The capacity utilization rate measures the performance of the manufacturing, mining, and electric and gas utility sectors relative to the potential capacity of the economy.
- **Housing starts** totaled 924,900 units in 2013, up 18.5% over the 780,600 units started in 2012. Housing starts remain low compared with long-term averages: 31.7% lower than the 20-year average of 1,364,200 units per year. Housing starts have been below 1.0 million units per year for each of the last six years, the only years with under 1.0 million units since 1959, the first year of data on housing starts.



- **Michigan average weekly earnings** increased for most economic sectors in February 2014 compared with earnings in February 2013. Earnings increased by 6.0% or more over the period for employees in the financial activities, professional/business services, leisure/hospitality, and wholesale trade sectors. For these occupations, growth exceeded the increase in average weekly hours for the same period, suggesting higher hourly wages. Manufacturing earnings were nearly flat from February 2013 to February 2014, as hours increased slightly.
- **The consumer price index (CPI) for Detroit-Ann Arbor-Flint** increased 0.7% from February 2013 to February 2014, slightly lower than the 1.1% increase in the U.S. CPI during the period. The cost of food was up 2.0% and the cost of housing increased by 1.9% compared with the year-ago level. The cost of transportation declined by 2.8% during the period, reflecting the 10.1% decline in the price of motor fuel.

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

U.S.	Feb. 2014	Jan. 2014	Feb. 2013	Change from Jan.		Change from Year Ago	
				Number	Percent	Number	Percent
Labor Force	155,724	155,460	155,511	264	0.2%	213	0.1%
Employment	145,266	145,224	143,464	42	0.0	1,802	1.3
Unemployment	10,459	10,236	12,047	223	2.2	(1,588)	(13.2)
Unemployment Rate	6.7%	6.6%	7.7%	---	---	---	---
Michigan	Feb. 2014	Jan. 2014	Feb. 2013	Change from Jan.		Change from Year Ago	
Labor Force	4,719	4,698	4,703	21	0.5%	16	0.3%
Employment	4,356	4,330	4,287	26	0.6	69	1.6
Unemployment	363	367	415	(4)	(1.2)	(52)	(12.6)
Unemployment Rate	7.7%	7.8%	8.8%	---	---	---	---

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



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MICHIGAN WAGE AND SALARY EMPLOYMENT (Seasonally adjusted, thousands)							
	Feb. 2014*	Jan. 2014	Feb. 2013	Change from Dec.		Change from Yr Ago	
				Number	Percent	Number	Percent
<b>Total Non-Agricultural Jobs</b>	4,115	4,113	4,093	2	0.1%	22	0.5%
<b>Goods Producing Industries</b>	712	703	692	9	1.3	20	2.8
Mining and Logging	9	8	8	0	3.6	1	7.5
Construction	137	134	134	3	2.5	3	1.9
Manufacturing	566	561	549	5	0.9	17	3.0
Transportation Equipment	172	168	163	4	2.2	8	5.1
<b>Service Producing Industries</b>	3,404	3,411	3,402	(7)	(0.2)	2	0.1
Trade, Transportation & Utilities	747	747	741	0	0.0	5	0.7
Wholesale Trade	165	165	163	(0)	(0.1)	2	1.1
Retail Trade	454	454	454	(0)	(0.1)	(0)	(0.1)
Transportation & Utilities	128	128	124	0	0.3	4	3.2
Information	55	55	54	(0)	(0.2)	1	1.8
Financial Activities	199	200	201	(1)	(0.5)	(2)	(1.1)
Professional & Business Services	602	607	597	(5)	(0.8)	6	1.0
Education & Health Services	636	635	637	0	0.1	(1)	(0.2)
Leisure & Hospitality Services	399	400	399	(2)	(0.4)	(0)	(0.1)
Other Services	170	169	171	1	0.5	(2)	(0.9)
Government	596	597	601	(1)	(0.1)	(5)	(0.8)

**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		
	Feb. 2014	Year Ago	Percent Change	Feb. 2014	Year Ago	Percent Change
Construction	38.1	39.0	(2.3%)	\$914.40	\$897.39	1.9%
Manufacturing	44.1	43.9	0.5	896.99	897.76	(0.1)
Durable Goods	45.5	44.7	1.8	971.43	962.39	0.9
Transportation Equipment Mfg.	49.1	47.0	4.5	1,217.68	1,226.23	(0.7)
Motor Vehicle Parts Mfg.	45.1	46.6	(3.2)	1,067.97	1,130.52	(5.5)
Nondurable Goods	39.6	41.3	(4.1)	656.17	692.19	(5.2)
Wholesale Trade	38.3	37.5	2.1	883.20	831.00	6.3
Retail Trade	29.1	29.4	(1.0)	393.43	383.38	2.6
Information	34.9	35.2	(0.9)	889.25	858.18	3.6
Financial Activities	35.4	35.4	0.0	703.75	658.44	6.9
Professional & Business Services	35.8	34.7	3.2	842.73	792.55	6.3
Health Care & Social Assistance	31.9	32.2	(0.9)	610.89	606.65	0.7
Leisure & Hospitality	22.3	21.8	2.3	229.02	216.04	6.0
Accommodation & Food Services	22.2	21.9	1.4	217.34	208.05	4.5

**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>				
	Feb. 2014	Jan. 2014	Dec. 2013	Feb. 2013
<b>Metropolitan Statistical Areas</b>				
Ann Arbor	5.3%	5.0%	5.2%	5.6%
Battle Creek	7.3	6.8	6.8	8.1
Bay City	9.4	9.0	8.2	10.2
Detroit-Warren-Livonia	9.0	8.5	8.0	10.0
Flint	9.4	9.7	8.8	10.2
Grand Rapids-Wyoming	6.2	5.8	5.8	7.1
Holland-Grand Haven	6.2	5.7	6.0	7.2
Jackson	8.5	8.0	8.0	9.3
Kalamazoo-Portage	7.3	6.8	6.9	8.1
Lansing-East Lansing	6.6	6.1	6.2	7.8
Monroe	7.6	7.9	6.9	8.7
Muskegon-Norton Shores	8.3	7.9	8.2	9.8
Niles-Benton Harbor	8.8	8.2	8.2	10.0
Saginaw-Saginaw Twp North	8.9	8.5	8.0	9.8
<b>Multi-County Areas</b>				
Northeast Lower Michigan	14.1	13.2	12.3	14.8
Northwest Lower Michigan	10.8	10.1	9.8	11.7
Upper Peninsula	10.6	9.7	9.5	11.0
<b>Michigan Statewide Average</b>				
-- Unadjusted (comparable to figures shown above)	8.5	8.1	7.7	9.4

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

<b>MOTOR VEHICLE SALES AND PRODUCTION STATISTICS (Thousands of Units)</b>							
	Feb. 2014	Jan. 2014	Dec. 2013	Nov. 2013	Year Ago Feb.	Percent Change From:	
						Feb./Jan.	Feb. 2014/ Feb. 2013
<b>Motor Vehicle Sales<sup>1)</sup> (thousands of units, SAAR)</b>							
Autos	7,117	7,086	7,498	7,921	7,612	0.4%	(6.5%)
Domestics	5,118	5,048	5,176	5,601	5,489	1.4	(6.8)
Imports	1,999	2,038	2,322	2,320	2,123	(1.9)	(5.8)
Import Share	28.1%	28.8%	31.0%	29.3%	27.9%	---	---
Light Trucks	8,162	8,072	7,807	8,388	7,690	1.1	6.1
Domestics	6,869	6,890	6,521	7,052	6,546	(0.3)	4.9
Imports	1,293	1,182	1,286	1,336	1,144	9.4	13.0
Import Share	15.8%	14.6%	16.5%	15.9%	14.9%	---	---
Subtotal: Light Vehicle Sales	15,279	15,158	15,305	16,309	15,302	0.8	(0.2)
Heavy Trucks	357	353	370	360	334	1.1	6.9
Total Vehicle Sales	15,636	15,511	15,675	16,669	15,636	0.8	0.0
<b>U.S. Motor Vehicle Production<sup>1)</sup> (millions of units, SAAR)</b>							
Autos	4,290	4,142	4,501	4,446	4,336	3.6	(1.1)
<b>Michigan Motor Vehicle Production<sup>2)</sup> (thousands of units, SAAR)</b>							
Autos	1,042	1,410	831	1,061	1,043	(26.1)	(0.1)
Trucks	1,649	1,613	1,579	1,540	1,354	2.2	21.8
Total	2,691	3,023	2,410	2,602	2,397	(11.0)	12.3
Michigan Production as % of U.S.	19.5%	21.4%	22.9%	22.9%	21.6%	---	---
<b>U.S. Motor Vehicle Inventories<sup>3)</sup></b>							
Total Car	1,882	1,772	1,722	1,835	1,571	6.2	19.8
Days Supply	78	90	68	80	61	(13.3)	27.9
Total Truck	1,879	1,785	1,725	1,866	1,619	5.3	16.1
Days Supply	74	86	59	75	68	(14.0)	8.8

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
<b>Index of Consumer Sentiment</b> , monthly <sup>1)</sup> (1996 Q1=100)	Feb.	81.6	81.2	77.6	0.5%	5.2%
<b>Oil Prices</b> <sup>2)</sup> (\$ per barrel, West Texas Intermediate Crude)	Feb.	\$100.82	\$94.62	\$95.31	6.6	5.8
<b>Housing Starts, U.S.</b> <sup>3)</sup> (thousands of units, SAAR)	Feb.	920	903	969	1.9	(5.1)
<b>Retail Sales, U.S.</b> <sup>3)</sup> (billions, seasonally adjusted)	Feb.	\$381.3	\$378.4	\$376.1	0.8	1.4
<b>Industrial Production Index</b> <sup>4)</sup> (1997=100, seasonally adjusted)	Feb.	102.5	101.3	99.0	1.2	3.5
<b>Capacity Utilization</b> <sup>4)</sup> (% of total capacity, seasonally adjusted)	Feb.	78.8	78.1	77.8	0.9	1.3
<b>Consumer Price Index</b> <sup>5)</sup> (1982-84=100)						
U.S. (seasonally adjusted)	Feb.	234.8	233.9	232.2	4.5	1.1
Detroit (not seasonally adjusted)	Feb.	220.5	218.2	218.9	6.5	0.7
<b>Interest Rates</b>						
3-month Treasury Bill <sup>4)</sup>	Feb.	0.05%	0.04%	0.01%	---	---
Corporate Aaa Bonds <sup>4)</sup>	Feb.	4.45%	4.49%	3.90%	---	---
<b>Real Gross Domestic Product</b> <sup>6)</sup> (billions of 2005 \$, SAAR, Chain-Weighted)	2014 1st Qtr.	\$15,946.6	\$15,942.3	\$15,583.9	0.1	2.3
<b>Michigan Tax Collections</b> <sup>7)</sup> (12 major taxes, millions)	Feb. 2014	\$1,034.4	\$1,993.9	\$1,049.3	NM	(1.4)

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.

