

# MICHIGAN ECONOMIC INDICATORS

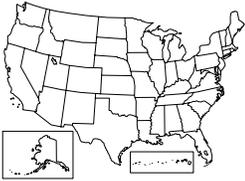
A newsletter on key economic indicators prepared by the Senate Fiscal Agency.

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## ECONOMIC HIGHLIGHTS

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- **Motor vehicle sales** rose slightly to a seasonally adjusted annual rate of 16.8 million units in February from 16.7 million units in January, but February sales were below the 16.9 million unit rate in February 2004. Sales of imported vehicles continued to exhibit gains while sales of domestically manufactured vehicles continued to decline. Between January and February, sales of domestic automobiles declined 2.6%, while sales of imported automobiles rose 5.4%. Sales of imported light trucks grew 5.5% between January and February, while sales of domestic light trucks increased only 0.7%. Compared with one year ago, sales of domestic automobiles and light trucks declined 2.4% and 1.3%, respectively, while sales of imported automobiles and light trucks both increased 2.1%.
- **Housing starts** increased 4.7% between December and January, and were 11.6% above the level in January 2004. Declines in starts in the Northeast and Midwest were more than offset by substantial increases in the South, where total starts rose 19.0% between December and January and accounted for almost 53.0% of the housing starts in the nation during January.
- The U.S. **unemployment rate** increased from 5.2% in January to 5.4% in February. The unemployment rate rose both because of declining employment and because of new entrants into the labor force. Employment fell by 97,000 jobs but the number unemployed increased by 251,000, reflecting an increase in the labor force of 153,000 people. However, compared with February 2004, employment was more than 1.8 million jobs higher and the number of unemployed individuals was down by more than 200,000.
- January 2005 **U.S. retail sales** were 7.1% above the year-ago level. All major sectors exhibited year-over-year growth, although sales continue to increase the most at gasoline stations (17.3%), building material and garden stores (14.1%) and non-store retailers (11.3%). Sporting goods, book and music stores reported the weakest growth, with January 2005 sales only 0.1% above the year-ago level, and sales at electronic and appliance stores up only 0.9%.



- The Michigan **unemployment rate** fell from a revised 7.5% in December 2004 to 7.1% in January 2005. While the size of the labor force fell again in January, by 4,000 individuals, employment increased by 22,000 jobs and was 17,000 jobs above the level in January 2004.
- **Michigan wage and salary employment** fell by 6,000 in January, compared with December, and was 15,000 jobs below the January 2004 level. However, the only sectors posting job losses were the two that have exhibited chronic weakness over the last four years: professional/business services and manufacturing. Except for the information sector, these two sectors also were the only ones reporting year-over-year employment declines.
- **Average weekly earnings** were mixed in January, with motor vehicle parts manufacturing reporting a 4.5% decline and the information sector exhibiting a 20.0% increase. **Average weekly hours** also were mixed, with earnings primarily rising in sectors with rising hours.



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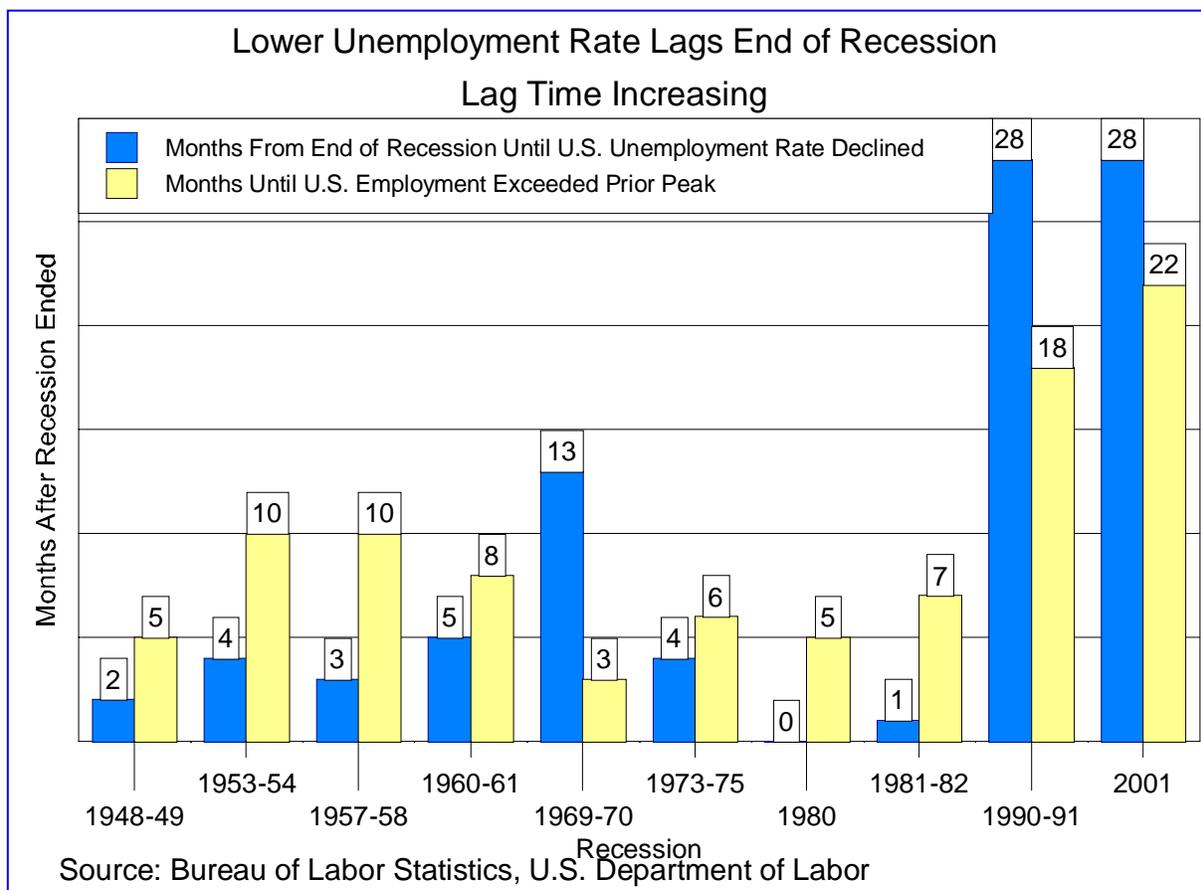
**U.S. & MICHIGAN LABOR MARKET NEWS**  
 (Seasonally adjusted, thousands)

U.S.	Feb. 2005	Jan. 2005	Feb. 2004	Change from Jan.		Change from Year Ago	
				Number	Percent	Number	Percent
Labor Force	148,132	147,979	146,529	153	0.1%	1,603	1.1%
Employment	140,144	140,241	138,334	(97)	(0.1)	1,810	1.3
Unemployment	7,988	7,737	8,195	251	3.2	(207)	(2.5)
Unemployment Rate	5.4%	5.2%	5.6%	---	---	---	---

Michigan	Jan. 2005	Dec. 2004	Jan. 2004	Change from Nov.		Change from Year Ago	
				Number	Percent	Number	Percent
Labor Force	5,089	5,093	5,061	(4)	(0.1)%	28	0.6%
Employment	4,730	4,708	4,713	22	0.5	17	0.4
Unemployment	359	384	348	(25)	(6.5)	11	3.2
Unemployment Rate	7.1%	7.5%	6.9%	---	---	---	---

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



<b>MICHIGAN WAGE AND SALARY EMPLOYMENT</b> (Seasonally adjusted, thousands)							
	Jan. 2005*	Dec. 2004	Jan. 2004	<u>Change from Dec.</u>		<u>Change from Yr Ago</u>	
				Number	Percent	Number	Percent
<b>Total Nonagricultural Jobs</b>	4,381	4,387	4,396	(6)	(0)%	(15)	(0)%
<b>Goods Producing Industries</b>	882	887	904	(5)	(1)	(22)	(2)
Natural Resources & Mining	8	8	8	0	2	0	0
Construction	191	188	190	3	1	1	0
Manufacturing	682	690	705	(8)	(1)	(23)	(3)
Transportation Equipment	247	252	264	(5)	(2)	(17)	(6)
<b>Service Producing Industries</b>	3,499	3,500	3,493	(1)	(0)	7	0
Trade, Transportation & Utilities	816	809	811	8	1	5	1
Information	67	67	69	0	0	(2)	(3)
Financial Activities	218	219	217	(0)	(0)	1	1
Professional & Business Services	573	585	581	(12)	(2)	(8)	(1)
Education & Health Services	555	553	550	2	0	5	1
Leisure & Hospitality Services	403	403	403	0	0	0	0
Other Services	179	178	179	1	0	0	0
Government	688	688	684	0	0	5	1

**Source:** Bureau of Labor Statistics, U.S. Department of Labor \* Preliminary

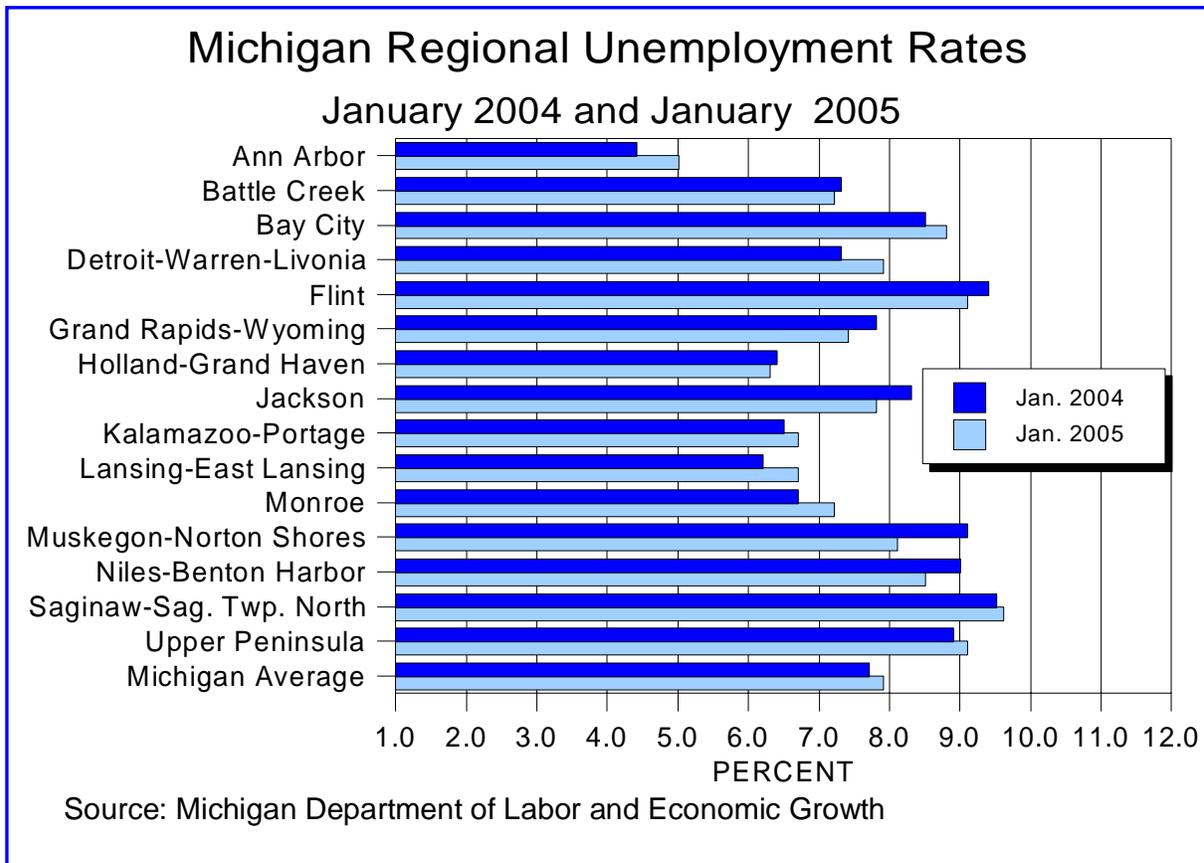
<b>MICHIGAN AVERAGE WEEKLY HOURS AND EARNINGS</b>						
Industry	<u>Average Weekly Hours</u>			<u>Average Weekly Earnings</u>		
	Jan. 2005	Year Ago	Percent Change	Jan. 2005	Year Ago	Percent Change
Construction	36.2	36.3	(0.3)%	791.33	794.97	(0.5)%
Manufacturing	42.0	42.6	(1.4)	912.24	924.42	(1.3)
Durable Goods	42.7	43.6	(2.1)	994.91	1,009.34	(1.4)
Motor Vehicle Manufacturing	45.4	42.2	7.6	1,429.65	1,314.11	8.8
Motor Vehicle Parts Manufacturing	43.9	46.7	(6.0)	1,216.03	1,273.51	(4.5)
Nondurable Goods	39.2	38.5	1.8	589.96	574.04	2.8
Wholesale Trade	37.1	37.7	(1.6)	734.21	716.30	2.5
Retail Trade	28.5	28.4	0.4	342.00	319.50	7.0
Grocery Stores	24.2	23.8	1.7	213.93	215.15	(0.6)
General Merchandise Stores	27.7	26.9	3.0	288.36	271.69	6.1
Information	36.0	32.7	10.1	627.12	522.55	20.0
Financial Activities	33.4	34.8	(4.0)	556.78	548.10	1.6
Prof. & Business Services	34.1	33.0	3.3	609.03	549.12	10.9
Health Care & Social Assistance	35.2	34.0	3.5	537.86	537.20	0.1
Leisure & Hospitality	22.4	21.8	2.8	180.54	179.20	0.7
Auto. Repair & Maintenance	33.3	35.0	(4.9)	508.49	553.70	(8.2)
Personal & Laundry Services	26.5	26.6	(0.4)	328.60	318.40	3.2

**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)**

	Jan. 2005*	Dec. 2004	Nov. 2004	Jan. 2004
<b>Metropolitan Statistical Areas</b>				
Ann Arbor	5.0%	4.5%	4.3%	4.4%
Battle Creek	7.2	6.5	6.3	7.3
Bay City	8.8	7.5	7.1	8.5
Detroit-Warren-Livonia	7.9	7.0	7.3	7.3
Flint	9.1	8.0	7.7	9.4
Grand Rapids-Wyoming	7.4	6.8	6.7	7.8
Holland-Grand Haven	6.3	5.8	5.3	6.4
Jackson	7.8	7.0	6.8	8.3
Kalamazoo-Portage	6.7	6.3	5.8	6.5
Lansing-East Lansing	6.7	6.0	6.6	6.2
Monroe	7.2	6.1	5.7	6.7
Muskegon-Norton Shores	8.1	7.5	7.3	9.1
Niles-Benton Harbor	8.5	7.8	7.3	9.0
Saginaw-Saginaw Twp North	9.6	8.3	8.1	9.5
<b>Multi-County Areas</b>				
Northeast Lower Michigan	11.8	10.2	8.9	12.2
Northwest Lower Michigan	9.3	8.3	7.2	9.2
Upper Peninsula	9.1	8.1	7.0	8.9
<b>Michigan Statewide Average</b>				
-- Unadjusted (comparable to figures shown above)	7.9	7.1	7.0	7.7

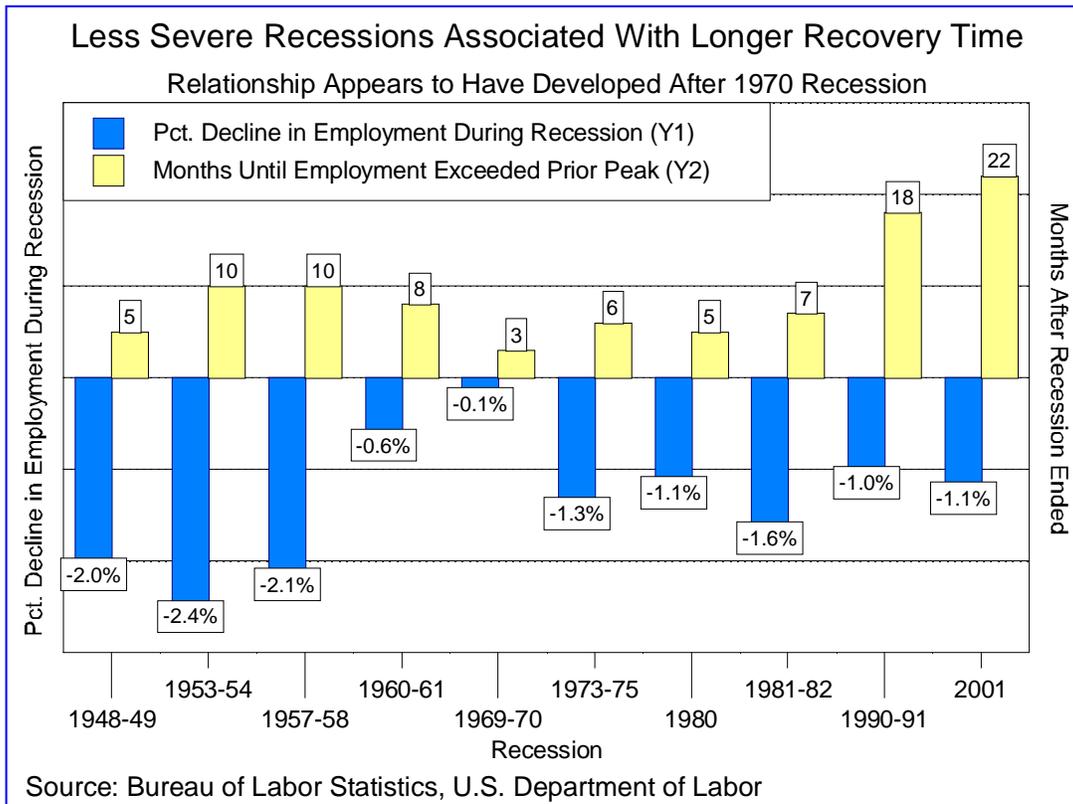
**Source:** Michigan Department of Labor and Economic Growth \*Preliminary.



**MOTOR VEHICLE SALES AND PRODUCTION STATISTICS  
(Thousands of Units)**

	Feb. 2005	Jan. 2005	Dec. 2004	Nov. 2004	Year Ago Feb.	Percent Change From:	
						Feb./Jan.	Feb. 2005/ Feb. 2004
<b>Motor Vehicle Sales<sup>1,2)</sup></b> (thousands of units, SAAR)							
Autos	7,380	7,411	8,293	7,401	7,464	(0.4)%	(1.1)%
Domestics	5,250	5,390	5,946	5,177	5,377	(2.6)	(2.4)
Imports	2,130	2,021	2,347	2,224	2,087	5.4	2.1
Import Share	28.9%	27.3%	28.3%	30.0%	28.0%	---	---
Light Trucks	8,891	8,770	10,053	9,007	9,011	1.4	(1.3)
Domestics	7,643	7,587	8,692	7,776	7,789	0.7	(1.9)
Imports	1,248	1,183	1,361	1,231	1,222	5.5	2.1
Import Share	14.0%	13.5%	13.5%	13.7%	13.6%	---	---
Heavy Trucks	496	542	527	460	407	(8.5)	21.9
Total	16,767	16,723	18,873	16,868	16,882	0.3	(0.7)
<b>U.S. Motor Vehicle Production<sup>1,2)</sup></b> (millions of units, SAAR)							
Autos	4,556	4,374	4,315	4,061	4,474	.2	.9
<b>Michigan Motor Vehicle Production<sup>2,3)</sup></b> (thousands of units, SAAR)							
Autos	1,334	1,236	1,415	1,045	1,426	7.9	(6.4)
Trucks	1,383	1,331	1,542	1,457	1,290	3.9	7.2
Total	2,717	2,567	2,957	2,502	2,716	5.8	0.0
Michigan Production as % of U.S.	22.5%	21.3%	23.7%	21.7%	22.8%	---	---
<b>U.S. Motor Vehicle Inventories<sup>4)</sup></b>							
Total Car	1,602	1,589	1,589	1,620	1,663	0.8	(3.7)
Days Supply	77	64	64	73	85	20.3	(9.4)
Total Truck	2,387	2,327	2,327	2,409	2,237	2.6	6.7
Days Supply	102	72	72	87	95	41.7	7.4

**Sources:** 1) U.S. Department of Commerce, Bureau of Economic Analysis. 2) SAAR = Seasonally Adjusted at Annual Rates. 3) Michigan Department of Treasury, Office of Revenue and Tax Analysis and the Senate Fiscal Agency. 4) 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>Weekly Leading Index</b> , monthly <sup>1)</sup> (1992=100)	Feb.	133.8	133.2	132.9	1.2%	0.7%
<b>Coincident Index</b> <sup>1)</sup> (1992=100)	Jan.	145.1	145.8	140.2	(0.5)	3.5
<b>Housing Starts, U.S.</b> <sup>2)</sup> (thousands of units, SAAR)	Jan.	2,159	2,063	1,934	4.7	11.6
<b>Retail Sales, U.S.</b> <sup>2)</sup> (billions, seasonally adjusted)	Jan.	\$313.7	\$315.1	\$292.9	(0.4)	7.1
<b>Industrial Production Index</b> <sup>3)</sup> (1997=100, seasonally adjusted)	Jan.	117.7	117.6	113.2	0.0	3.9
<b>Capacity Utilization</b> <sup>3)</sup> (% of total capacity, seasonally adjusted)	Jan.	79.0	79.1	76.9	(0.1)	2.7
<b>Consumer Price Index</b> <sup>4)</sup> (1982-84=100)						
U.S. (seasonally adjusted)	Jan.	191.3	191.2	185.9	0.6	2.9
Detroit (not seasonally adjusted)	Dec.	185.3	187.6	182.5	(7.1)	1.5
<b>Interest Rates</b>						
3-month Treasury Bill <sup>3)</sup>	Jan.	2.32%	2.20%	0.89%	---	---
Corporate Aaa Bonds <sup>3)</sup>	Jan.	5.36%	5.47%	5.54%	---	---
<b>Real Gross Domestic Product</b> <sup>5)</sup> (billions of 2000 \$, SAAR, Chain-Weighted)	2004 4 <sup>th</sup> Qtr.	\$10,993.3	\$10,891.0	\$10,580.7	3.8	3.9
<b>Michigan Tax Collections</b> <sup>6)</sup> (12 major taxes, millions)	Jan. 2005	\$1,890.7	\$1,655.1	\$1,742.2	NM	8.5

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) Economic Cycle Research Institute 2) U.S. Department of Commerce, Bureau of the Census. 3) Board of Governors of the Federal Reserve System. 4) U.S. Department of Labor, Bureau of Labor Statistics. 5) U.S. Department of Commerce, Bureau of Economic Analysis. 6) Michigan Department of Treasury and the Senate Fiscal Agency.

