

# 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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- **Oil prices** increased 5.3% in January, rising from \$75.30 per barrel in December to \$78.22. Compared with one year ago, when oil prices were \$41.74 per barrel, the price of oil was up 87.4%. January oil prices were at the highest level since September 2008 and almost double the recent low of \$39.16 per barrel in February 2009.
- **Nonfarm business sector labor productivity** increased at a 6.9% annual rate during the fourth quarter of 2009, pushing the annual average to 3.8%. Productivity growth during 2009 was the most rapid since 2002 and the fourth-strongest annual growth in the last 40 years. **Unit labor costs** fell 5.9% during the fourth quarter and were 4.7% below the year-ago level, the largest four-quarter decline since the series began in 1948. The annual average index of unit labor costs declined 1.7% from 2008 to 2009, the largest drop in that series.
- **Personal saving** averaged 4.3% of disposable personal income in 2009, up from 1.7% in 2007 and 2.7% during 2008 and the highest rate since 1998. Despite the increase, saving was well below the 8.6% average rate experienced during the 1980s and the 9.6% average of the 1970s. However, financial obligations such as debt payments still averaged 13.0% of disposable personal income during 2009, down only slightly from the 2007 high of 13.9%.
- In January, seasonally adjusted **light vehicle sales** decreased 3.9%, to a 10.8 million unit annual rate, ending three consecutive months of increases. However, January was 12.3% above the year-ago level. The only light vehicle segment exhibiting year-over-year declines in sales was imported light trucks, which were down 20.2%.



- **Michigan wage and salary employment** increased by 6,000 jobs in January from the December 2009 level, essentially offsetting the 7,000-job decline in December. Compared with January 2009, employment was down by 111,000 jobs and the only sectors with year-over-year gains were education/health services (up 10,000 jobs) and transportation equipment manufacturing (up 13,000 jobs). Despite the increase in transportation equipment manufacturing, overall manufacturing employment was down by 26,000 jobs.
- Seasonally adjusted **Michigan motor vehicle production** increased 2.6% in January from the December level, and was 101.8% above the level in January 2009. However, despite the large year-over-year increase, if the production levels exhibited during 2009 are excluded, January 2010 production ranks as the lowest level of production on record since 1982.
- For nine consecutive months, **average weekly earnings** exhibited strong year-over-year growth in January. Five major sectors exhibited growth rates exceeding 10.0%, led by transportation equipment manufacturing, which rose 20.7%. Construction sector earnings were 9.9% higher, while nondurable manufacturing earnings were up 9.3%. Only retail trade (-0.1%) and health care/social assistance (-3.9%) exhibited lower year-over-year earnings, and that was because the decline in weekly hours more than offset the increase in average hourly wage rates.



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Prepared by:  
David Zin  
Economist

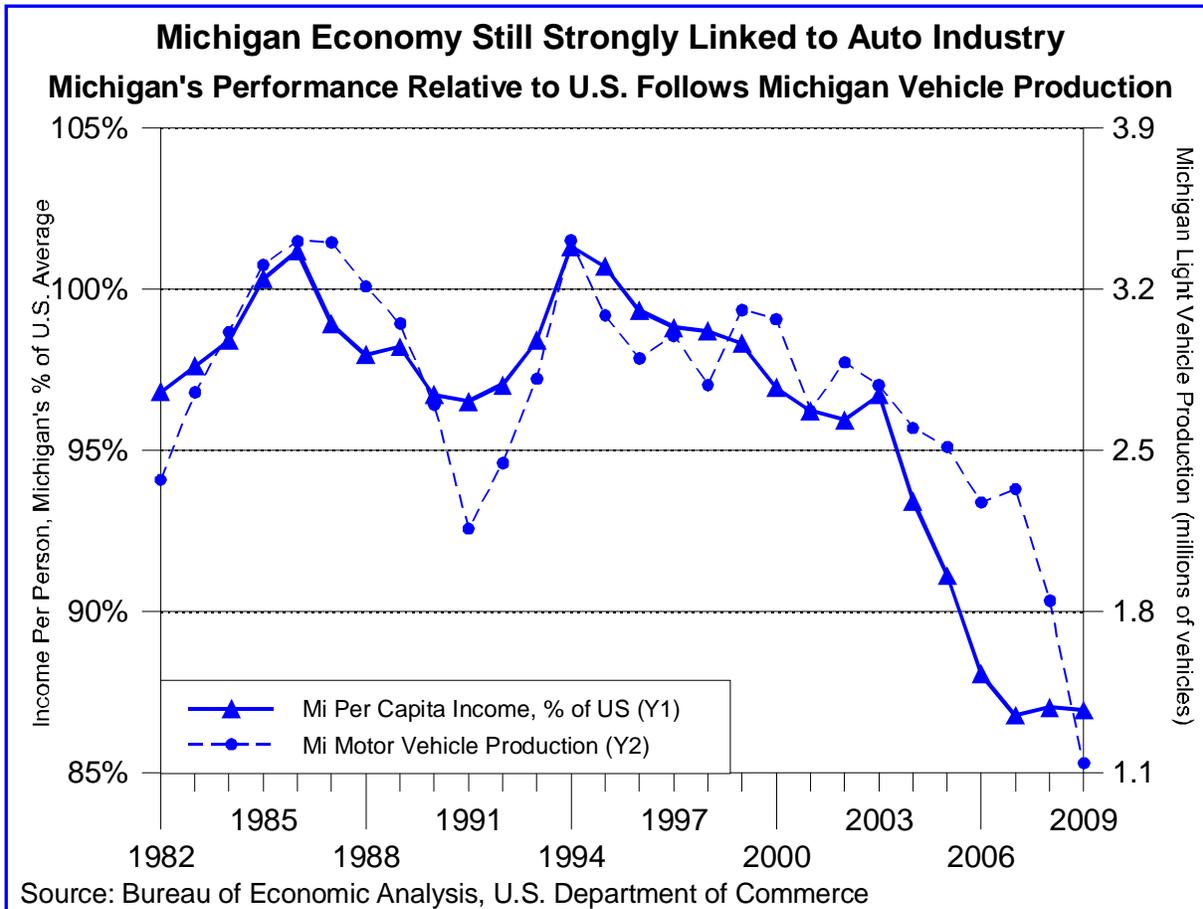
**U.S. & MICHIGAN LABOR MARKET NEWS**  
 (Seasonally adjusted, thousands)

U.S.	Jan. 2010	Dec. 2009	Jan. 2010	Change from Dec.		Change from Year Ago	
				Number	Percent	Number	Percent
Labor Force	153,170	153,059	154,140	111	0.1%	(970)	(0.6)%
Employment	138,333	137,792	142,221	541	0.4	(3,888)	(2.7)
Unemployment	14,837	15,267	11,919	(430)	(2.8)	2,918	24.5
Unemployment Rate	9.7%	10.0%	7.7%	---	---	---	---

Michigan	Jan. 2010	Dec. 2009	Jan. 2009	Change from Dec.		Change from Year Ago	
				Number	Percent	Number	Percent
Labor Force	4,840	4,836	4,933	4	0.1%	(93)	(1.9)%
Employment	4,147	4,136	4,374	11	0.3	(227)	(5.2)
Unemployment	693	700	559	(6)	(0.9)	134	23.9
Unemployment Rate	14.3%	14.5%	11.3%	---	---	---	---

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



<b>MICHIGAN WAGE AND SALARY EMPLOYMENT</b> (Seasonally adjusted, thousands)							
	Jan. 2010*	Dec. 2009	Jan. 2009	<u>Change from Dec.</u>		<u>Change from Yr Ago</u>	
				Number	Percent	Number	Percent
<b>Total Wage &amp; Salary Jobs</b>	3,851	3,844	3,962	6	0.2%	(111)	(2.8)%
<b>Goods Producing Industries</b>	588	575	633	13	2.2	(45)	(7.1)
Mining and Logging	7	7	7	0	4.3	(0)	(1.4)
Construction	121	119	140	2	1.8	(19)	(13.5)
Manufacturing	460	450	486	10	2.3	(26)	(5.3)
Transportation Equipment	134	123	121	11	9.3	13	11.0
<b>Service Producing Industries</b>	3,263	3,269	3,329	(7)	(0.2)	(66)	(2.0)
Trade, Transportation & Utilities	708	706	737	2	0.3	(28)	(3.8)
Wholesale Trade	150	150	161	(0)	(0.1)	(10)	(6.5)
Retail Trade	448	445	460	2	0.5	(13)	(2.7)
Transportation & Utilities	111	111	116	(0)	(0.1)	(5)	(4.4)
Information	52	53	58	(1)	(0.9)	(6)	(9.8)
Financial Activities	187	188	194	(1)	(0.5)	(7)	(3.8)
Professional & Business Services	516	521	524	(5)	(0.9)	(8)	(1.5)
Education & Health Services	617	624	607	(7)	(1.1)	10	1.6
Leisure & Hospitality Services	373	374	384	(2)	(0.5)	(12)	(3.1)
Other Services	167	165	171	2	1.4	(4)	(2.3)
Government	643	639	654	4	0.6	(11)	(1.7)

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>		
	Dec. 2009	Year Ago	Percent Change	Dec. 2009	Year Ago	Percent Change
Construction	37.9	34.3	10.5%	\$824.70	\$750.48	9.9%
Manufacturing	42.3	37.6	12.5	906.49	800.88	13.2
Durable Goods	43.5	38.4	13.3	1,017.47	890.88	14.2
Transportation Equipment Mfg.	43.0	34.9	23.2	1,204.86	998.14	20.7
Motor Vehicle Parts Mfg.	44.6	38.0	17.4	1,134.62	983.82	15.3
Nondurable Goods	39.1	35.5	10.1	605.27	553.80	9.3
Wholesale Trade	36.9	37.1	(0.5)	703.31	700.45	0.4
Retail Trade	28.6	29.1	(1.7)	367.51	367.82	(0.1)
Information	32.1	32.1	0.0	794.80	753.07	5.5
Financial Activities	36.1	34.8	3.7	747.99	705.40	6.0
Professional & Business Services	32.8	32.9	(0.3)	662.89	658.33	0.7
Health Care & Social Assistance	31.0	33.8	(8.3)	574.74	598.26	(3.9)
Leisure & Hospitality	21.9	21.1	3.8	213.74	192.01	11.3
Accommodation & Food Services	22.0	21.2	3.8	209.00	188.47	10.9

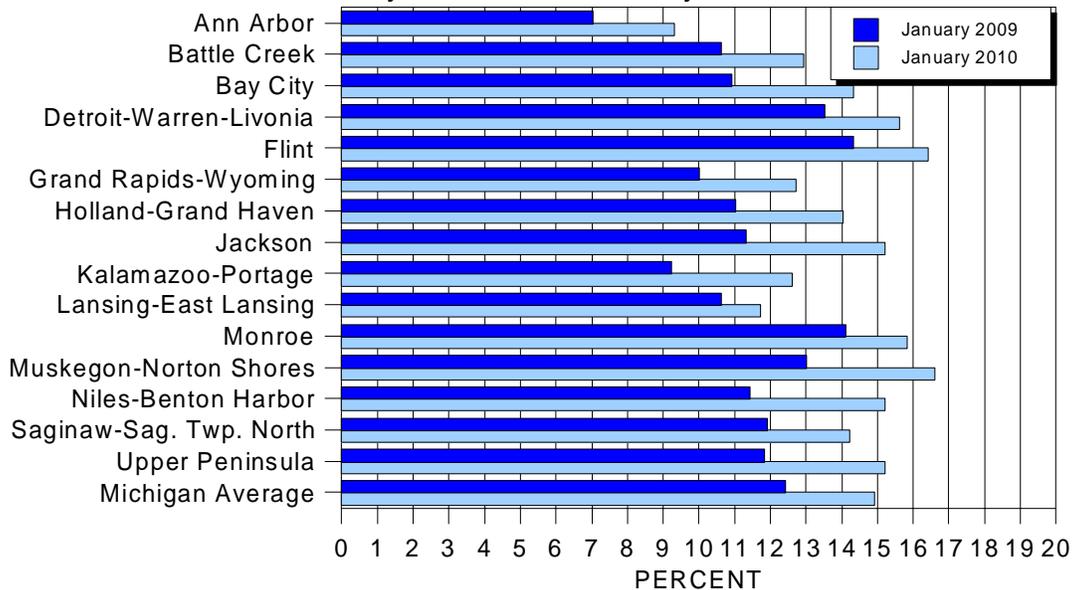
Source: Bureau of Labor Statistics, U.S. Department of Labor

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

	Jan. 2010	Dec. 2009	Nov. 2009	Jan. 2009
<b>Metropolitan Statistical Areas</b>				
Ann Arbor	9.3%	9.2%	8.7%	7.0%
Battle Creek	12.9	12.5	11.6	10.6
Bay City	14.3	13.7	12.4	10.9
Detroit-Warren-Livonia	15.6	14.9	15.0	13.5
Flint	16.4	16.0	15.3	14.3
Grand Rapids-Wyoming	12.7	12.3	11.5	10.0
Holland-Grand Haven	14.0	13.4	12.4	11.0
Jackson	15.2	15.1	14.1	11.3
Kalamazoo-Portage	12.6	12.3	11.2	9.2
Lansing-East Lansing	11.7	11.7	11.0	10.6
Monroe	15.8	15.0	14.4	14.1
Muskegon-Norton Shores	16.6	16.2	15.3	13.0
Niles-Benton Harbor	15.2	14.5	13.4	11.4
Saginaw-Saginaw Twp North	14.2	13.7	12.8	11.9
<b>Multi-County Areas</b>				
Northeast Lower Michigan	20.0	18.9	16.5	16.4
Northwest Lower Michigan	17.3	16.4	14.7	13.3
Upper Peninsula	15.2	14.5	12.7	11.8
<b>Michigan Statewide Average</b>				
-- Unadjusted (comparable to figures shown above)	14.9	14.3	13.7	12.4
<b>Source:</b> Michigan Department of Energy, Labor, and Economic Growth				*Preliminary

**Michigan Regional Unemployment Rates**

January 2010 and January 2009

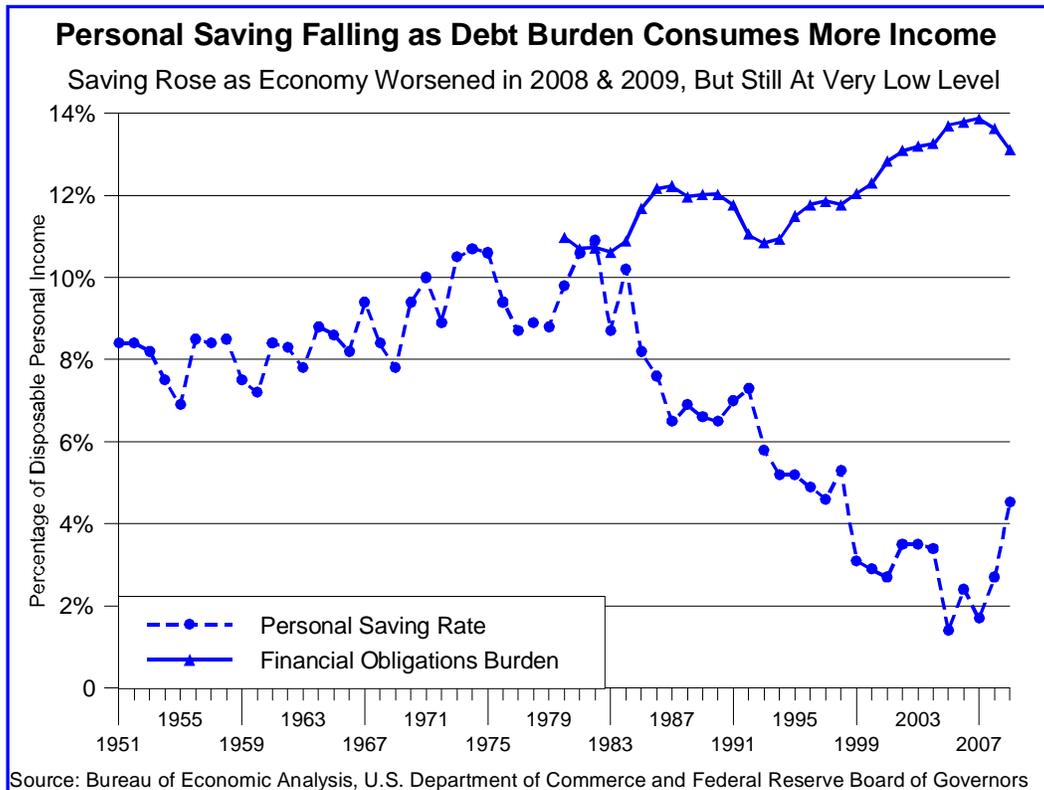


**Source:** Michigan Department of Energy, Labor, and Economic Growth

<b>MOTOR VEHICLE SALES AND PRODUCTION STATISTICS</b> (Thousands of Units)							
	Jan. 2010	Dec. 2009	Nov. 2009	Oct. 2009	Year Ago Jan.	Percent Change From:	
						Jan./Dec.	Jan. 2010/ Jan. 2009
<b>Motor Vehicle Sales<sup>1)</sup></b> (thousands of units, SAAR)							
Autos	5,652	5,947	5,595	5,448	4,673	(5.0)%	21.0%
Domestics	3,797	4,148	3,815	3,654	2,970	(8.5)	27.8
Imports	1,855	1,799	1,780	1,794	1,703	3.1	8.9
Import Share	32.8%	30.3%	31.8%	32.9%	36.4%	---	---
Light Trucks	5,117	5,254	5,294	4,981	4,916	(2.6)	4.1
Domestics	4,340	4,405	4,475	4,220	3,942	(1.5)	10.1
Imports	777	849	819	761	974	(8.5)	(20.2)
Import Share	15.2%	16.2%	15.5%	15.3%	19.8%	---	---
Subtotal: Light Vehicle Sales	10,769	11,201	10,889	10,429	9,589	(3.9)	12.3
Heavy Trucks	228	232	229	206	215	(1.7)	6.0
Total Vehicle Sales	10,997	11,433	11,118	10,635	9,804	(3.8)	12.2
<b>U.S. Motor Vehicle Production<sup>1)</sup></b> (millions of units, SAAR)							
Autos	2,855	2,806	2,738	2,881	1,321	1.8	116.1
<b>Michigan Motor Vehicle Production<sup>2)</sup></b> (thousands of units, SAAR)							
Autos	419	604	464	730	143	(30.6)	192.5
Trucks	935	715	737	744	528	30.8	77.1
Total	1,354	1,319	1,202	1,474	671	2.6	101.8
Michigan Production as % of U.S.	17.0%	17.9%	17.7%	22.2%	16.7%	---	---
<b>U.S. Motor Vehicle Inventories<sup>3)</sup></b>							
Total Car	1,138	1,095	1,095	996	1,627	4.0	(30.0)
Days Supply	72	57	65	63	130	26.3	(44.6)
Total Truck	947	860	921	881	1,357	10.1	(30.2)
Days Supply	71	48	59	63	106	47.9	(33.0)

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)	Jan.	74.4	72.5	61.2	2.6%	21.6%
<b>Oil Prices</b> <sup>2)</sup> (\$ per barrel, West Texas Intermediate Crude)	Jan.	\$78.22	\$74.30	\$41.74	5.3	87.4
<b>Housing Starts, U.S.</b> <sup>3)</sup> (thousands of units, SAAR)	Jan.	611	573	488	6.6	25.2
<b>Retail Sales, U.S.</b> <sup>3)</sup> (billions, seasonally adjusted)	Jan.	\$316.4	\$315.9	\$302.3	0.2	4.7
<b>Industrial Production Index</b> <sup>4)</sup> (1997=100, seasonally adjusted)	Jan.	100.9	100.0	100.1	0.9	0.8
<b>Capacity Utilization</b> <sup>4)</sup> (% of total capacity, seasonally adjusted)	Jan.	72.5	71.8	71.1	1.0	1.9
<b>Consumer Price Index</b> <sup>5)</sup> (1982-84=100)	Jan.					
U.S. (seasonally adjusted)	Jan.	217.6	217.2	212.0	2.0	2.7
Detroit (not seasonally adjusted)	Jan.	203.9	205.1	198.0	(3.5)	3.0
<b>Interest Rates</b>	Jan.					
3-month Treasury Bill <sup>4)</sup>	Jan.	0.06%	0.07%	0.12%	---	---
Corporate Aaa Bonds <sup>4)</sup>	Jan.	5.26%	5.26%	5.05%	---	---
<b>Real Gross Domestic Product</b> <sup>6)</sup> (billions of 2005 \$, SAAR, Chain-Weighted)	2009 4th Qtr.	\$13,161.1	\$12,973.0	\$13,141.9	5.9	0.1
<b>Michigan Tax Collections</b> <sup>7)</sup> (12 major taxes, millions)	Jan. 2010	\$1,872.8	\$1,630.3	\$1,951.6	NM	(4.0)

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.

