

MICHIGAN ECONOMIC INDICATORS

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

ECONOMIC HIGHLIGHTS



- The revised estimate for **inflation-adjusted Gross Domestic Product (GDP)** indicated the economy grew at a 3.0% annual rate in the fourth quarter of 2011, the most rapid expansion since the second quarter of 2010 and above the 1.8% growth during the third quarter of 2011. While personal consumption spending did grow more rapidly in the fourth quarter, nearly 63.0% of the net growth in the economy was attributable to an increase in inventories. Almost half of the contribution to growth from consumption spending was attributable to purchases of motor vehicles and parts. Reduced Federal, State, and local government spending combined to lower the growth rate for the quarter by 0.9 percentage point.

- Oil prices** increased 1.7% in January, but at \$100.24 per barrel, the price of oil was 12.1% above the level in January 2011. While January 2012 marked the fourth consecutive month of higher oil prices, January prices were still 8.9% below the most recent high of \$110.04 in April 2011 and 25.2% below the all-time high in June 2008.



- Private-sector average weekly earnings** exhibited year-over-year declines in most sectors in January. While average weekly earnings in the motor vehicle parts manufacturing sector were up 5.1% from the year-ago level, earnings for the manufacturing sector as a whole were down 6.1%. Other sectors exhibiting gains included professional/business services (2.4%), health care/social assistance (1.4%), wholesale trade (1.2%), and construction (1.0%). In comparison, the Detroit consumer price index (CPI) in December was 3.5% above the year-ago level. (No Detroit CPI estimate is published for January.)

- Seasonally adjusted **Michigan motor vehicle production** increased 5.0% in January from the December level, and was 46.7% above the level in January 2011. Compared with one year ago, automobile production was up 137.5%, while truck production increased 13.8%.

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

U.S.	Jan. 2012	Dec. 2011	Jan. 2011	Change from Nov.		Change from Year Ago	
				Number	Percent	Number	Percent
Labor Force	154,395	153,887	153,250	508	0.3%	1,145	0.7%
Employment	141,637	140,790	139,330	847	0.6	2,307	1.7
Unemployment	12,758	13,097	13,920	(339)	(2.6)	(1,162)	(8.3)
Unemployment Rate	8.3%	8.5%	9.1%	---	---	---	---
Michigan	Jan. 2012	Dec. 2011	Jan. 2011	Change from Nov.		Change from Year Ago	
				Number	Percent	Number	Percent
Labor Force	4,632	4,630	4,678	2	0.0	(46)	(1.0%)
Employment	4,215	4,199	4,168	16	0.4	48	1.1
Unemployment	417	431	511	(14)	(3.3)	(94)	(18.4)
Unemployment Rate	9.0%	9.3%	10.9%	---	---	---	---

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



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MICHIGAN WAGE AND SALARY EMPLOYMENT (Seasonally adjusted, thousands)							
	Jan. 2012*	Dec. 2011	Jan. 2011	Change from Dec.		Change from Yr Ago	
				Number	Percent	Number	Percent
Total Non-Agricultural Jobs	3,979	3,960	3,918	19	0.5%	62	1.6%
Goods Producing Industries	657	642	628	16	2.4	29	4.6
Mining and Logging	7	7	7	0	0.0	0	1.4
Construction	123	123	126	(1)	(0.5)	(3)	(2.4)
Manufacturing	527	511	495	16	3.2	32	6.4
Transportation Equipment	148	140	137	8	5.9	11	8.1
Service Producing Industries	3,322	3,319	3,289	3	0.1	33	1.0
Trade, Transportation & Utilities	725	726	717	(0)	(0.1)	9	1.2
Wholesale Trade	159	158	153	1	0.8	6	4.1
Retail Trade	446	446	447	(1)	(0.1)	(1)	(0.3)
Transportation & Utilities	120	122	117	(1)	(0.9)	4	3.3
Information	52	55	54	(2)	(4.2)	(2)	(2.8)
Financial Activities	197	195	192	2	0.8	4	2.2
Professional & Business Services	563	560	541	3	0.5	22	4.1
Education & Health Services	625	626	616	(1)	(0.2)	9	1.5
Leisure & Hospitality Services	377	375	378	2	0.5	(1)	(0.3)
Other Services	169	170	167	(2)	(0.9)	1	0.8
Government	615	613	625	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		
	Jan. 2012	Year Ago	Percent Change	Jan. 2012	Year Ago	Percent Change
Construction	38.5	39.3	(2.0%)	\$902.83	\$894.08	1.0%
Manufacturing	42.8	43.7	(2.1)	886.82	944.36	(6.1)
Durable Goods	43.9	45.0	(2.4)	976.34	1,045.80	(6.6)
Transportation Equipment Mfg.	43.4	45.0	(3.6)	1,211.29	1,260.00	(3.9)
Motor Vehicle Parts Mfg.	46.1	44.0	4.8	1,171.86	1,114.96	5.1
Nondurable Goods	39.5	39.9	(1.0)	622.13	647.98	(4.0)
Wholesale Trade	38.1	38.4	(0.8)	794.00	784.51	1.2
Retail Trade	29.2	29.0	0.7	373.47	381.06	(2.0)
Information	36.6	32.9	11.2	824.23	828.09	(0.5)
Financial Activities	37.0	36.1	2.5	711.88	732.83	(2.9)
Professional & Business Services	34.3	34.0	0.9	748.43	730.66	2.4
Health Care & Social Assistance	31.8	31.5	1.0	606.74	598.19	1.4
Leisure & Hospitality	21.6	21.8	(0.9)	212.33	213.86	(0.7)
Accommodation & Food Services	21.6	21.8	(0.9)	204.55	208.84	(2.1)

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. 2012	Dec. 2011	Nov. 2011	Jan. 2011
Metropolitan Statistical Areas				
Ann Arbor	5.6%	5.4%	5.1%	6.8%
Battle Creek	7.9	7.6	6.9	10.0
Bay City	9.3	8.5	7.4	11.3
Detroit-Warren-Livonia	10.8	9.7	9.6	12.6
Flint	10.0	9.5	8.7	12.6
Grand Rapids-Wyoming	7.4	7.2	6.5	9.4
Holland-Grand Haven	7.4	7.0	6.5	9.7
Jackson	9.0	8.6	7.8	11.4
Kalamazoo-Portage	8.2	8.0	6.9	10.0
Lansing-East Lansing	7.4	7.0	6.4	8.9
Monroe	9.0	8.4	7.5	11.8
Muskegon-Norton Shores	9.5	8.8	8.4	11.7
Niles-Benton Harbor	10.0	9.3	8.2	11.9
Saginaw-Saginaw Twp North	9.3	8.6	7.6	11.0
Multi-County Areas				
Northeast Lower Michigan	13.8	12.5	10.6	15.8
Northwest Lower Michigan	11.8	10.9	9.5	13.8
Upper Peninsula	10.5	9.7	8.2	12.1
Michigan Statewide Average				
-- Unadjusted (comparable to figures shown above)	9.7	9.0	8.4	11.6

Source: Michigan Department of Technology, Management, and Budget

MOTOR VEHICLE SALES AND PRODUCTION STATISTICS (Thousands of Units)							
	Jan. 2012	Dec. 2011	Nov. 2011	Oct. 2011	Year Ago January	Percent Change From:	
						Jan./Dec.	Jan. 2012/ Jan. 2011
Motor Vehicle Sales¹⁾ (thousands of units, SAAR)							
Autos	7,375	6,462	6,626	6,378	6,127	14.1%	20.4%
Domestics	5,340	4,493	4,674	4,529	4,154	18.9	28.6
Imports	2,035	1,969	1,952	1,849	1,973	3.4	3.1
Import Share	27.6%	30.5%	29.5%	29.0%	32.2%	---	---
Light Trucks	6,756	7,035	6,976	6,841	6,517	(4.0)	3.7
Domestics	5,715	6,012	5,984	5,842	5,515	(4.9)	3.6
Imports	1,041	1,023	992	999	1,002	1.8	3.9
Import Share	15.4%	14.5%	14.2%	14.6%	15.4%	---	---
Subtotal: Light Vehicle Sales	14,131	13,497	13,602	13,219	12,644	4.7	11.8
Heavy Trucks	331	337	322	345	250	(1.8)	32.4
Total Vehicle Sales	14,462	13,834	13,924	13,564	12,894	4.5	12.2
U.S. Motor Vehicle Production¹⁾ (millions of units, SAAR)							
Autos	4,198	3,743	3,372	3,362	2,562	12.2	63.8
Michigan Motor Vehicle Production²⁾ (thousands of units, SAAR)							
Autos	1,047	1,018	872	652	441	2.9	137.5
Trucks	1,382	1,296	1,240	1,177	1,215	6.6	13.8
Total	2,429	2,314	2,113	1,829	1,656	5.0	46.7
Michigan Production as % of U.S.	20.3%	23.0%	22.0%	22.3%	19.2%	---	---
U.S. Motor Vehicle Inventories³⁾							
Total Car	1,181	1,156	1,105	964	1,156	2.2	2.2
Days Supply	60	55	59	51	67	9.1	(10.4)
Total Truck	1,317	1,235	1,326	1,278	1,174	6.6	12.2
Days Supply	72	50	63	62	65	44.0	10.8

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
Index of Consumer Sentiment , monthly ¹⁾ (1996 Q1=100)	Jan.	75.0	69.9	74.2	7.3%	1.1%
Oil Prices ²⁾ (\$ per barrel, West Texas Intermediate Crude)	Jan.	\$100.24	\$98.57	\$89.42	1.7	12.1
Housing Starts, U.S. ³⁾ (thousands of units, SAAR)	Jan.	699	689	636	1.5	9.9
Retail Sales, U.S. ³⁾ (billions, seasonally adjusted)	Jan.	\$360.4	\$358.5	\$340.3	0.5	5.9
Industrial Production Index ⁴⁾ (1997=100, seasonally adjusted)	Jan.	95.9	95.9	92.8	0.0	3.4
Capacity Utilization ⁴⁾ (% of total capacity, seasonally adjusted)	Jan.	78.6	78.6	76.9	(0.1)	2.2
Consumer Price Index ⁵⁾ (1982-84=100)						
U.S. (seasonally adjusted)	Jan.	227.5	227.0	221.0	2.5	2.9
Detroit (not seasonally adjusted)	Dec.	213.5	212.9	206.4	1.6	3.5
Interest Rates						
3-month Treasury Bill ⁴⁾	Jan.	0.03%	0.01%	0.15%	---	---
Corporate Aaa Bonds ⁴⁾	Jan.	3.85%	3.93%	5.04%	---	---
Real Gross Domestic Product ⁶⁾ (billions of 2005 \$, SAAR, Chain-Weighted)	2011 4th Qtr.	\$13,429.9	\$13,331.6	\$13,216.1	3.0	1.6
Michigan Tax Collections ⁷⁾ (12 major taxes, millions)	Jan. 2012	\$2,087.0	\$1,703.5	\$1,999.0	NM	4.4

SAAR = Seasonally Adjusted at Annual Rates. NM = Not Meaningful.

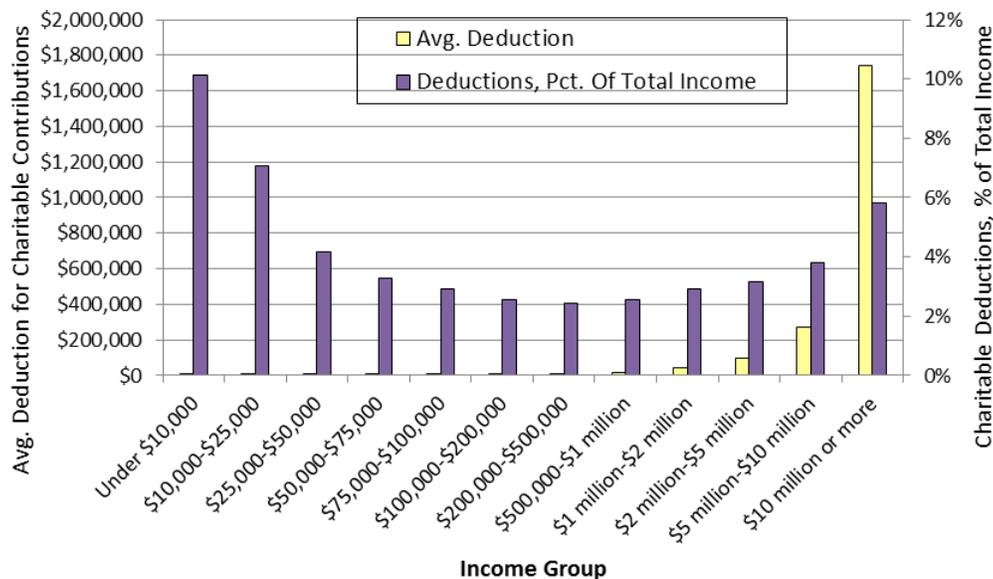
Revenue data vary greatly from month-to-month due to timing and other noneconomic factors.

*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.

2009 Charitable Deductions, By Income

Wealthy Deducted More, But Not Always A Greater Share of Income



Source: Internal Revenue Service, U.S. Department of Treasury

Note: Chart reflects only taxpayers who itemized deductions.