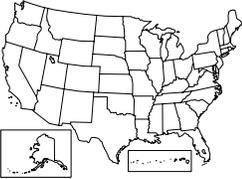


MICHIGAN ECONOMIC INDICATORS

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

ECONOMIC HIGHLIGHTS

- New price incentive offers from domestic manufacturers continued to push **motor vehicle sales** above year-ago levels. As during June, the increase was concentrated in sales of domestic light trucks, which were up 35.0%. By comparison, sales were up 5.0% for imported light trucks. Sales of domestic automobiles were up 5.9% while sales of imported automobiles were 12.9% higher. Heavy truck sales were 18.9% above year-ago levels. At an annual rate, vehicle sales totaled 21.2 million units, the third highest posting in nearly 30 years. Only October 2001 and September 1986 exhibited a higher annual rate of vehicle sales.



- The **U.S. Consumer Price Index (CPI)** rose 0.5% in July from the June level, equating to an annual rate of 6.4%, and was 3.1% above the level in July 2004. Higher prices for petroleum-based energy account for more than half of the increase in the overall CPI. With the exception of apparel, where the index declined for the third time in four months, prices rose in all other major categories, particularly housing and medical care.

- After rising significantly between May and June, **retail sales** surged 1.9% from June to July, equating to an annual rate of 25.9%, and compared with July 2004 retail sales were up 10.7%. As during the previous three months, sales at gasoline stations led the year-over-year increase, growing 20.3% from July 2004. As in June, sales of motor vehicles and parts and sales by non-store retailers also exhibited double-digit year-over-year growth of 17.9% and 11.3%, respectively.

- **Housing starts** remained at very high levels in July. Although starts tapered off slightly in the South, increases elsewhere, particularly in the Midwest, essentially offset the decline. July marked the fourth consecutive month housing starts exceeded an annual rate of 2.0 million units. The last 12 months have marked the strongest run on housing starts since 1973.

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- **Michigan wage and salary employment** fell by 17,000 jobs in July compared with the June level, and was 26,000 fewer jobs than one year ago. Transportation equipment manufacturing employment was down 5,000 jobs in July, after declining by 8,000 jobs in June, and was 13,000 below the level in July 2004. Job losses in manufacturing and government accounted for more than all of the monthly decline, with manufacturing down 10,000 jobs and government down 8,000 jobs. Compared with the peak in June 2000, both manufacturing employment and total payroll employment reached new lows in July.



- The **Michigan unemployment rate** rose from 6.8% in June to 7.0% in July, reflecting 15,000 new individuals in the labor market, but only 4,000 additional jobs. Compared with one year ago, July employment was up 27,000 jobs and there were 6,000 fewer unemployed individuals.
- Of the 317 largest counties in the U.S., only 38 counties exhibited **employment** declines between December 2003 and December 2004. Of those, three of seven largest declines were in Michigan counties: Wayne (-1.5%), Saginaw (-1.4%), and Ingham (-1.3%).



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JULY 2005

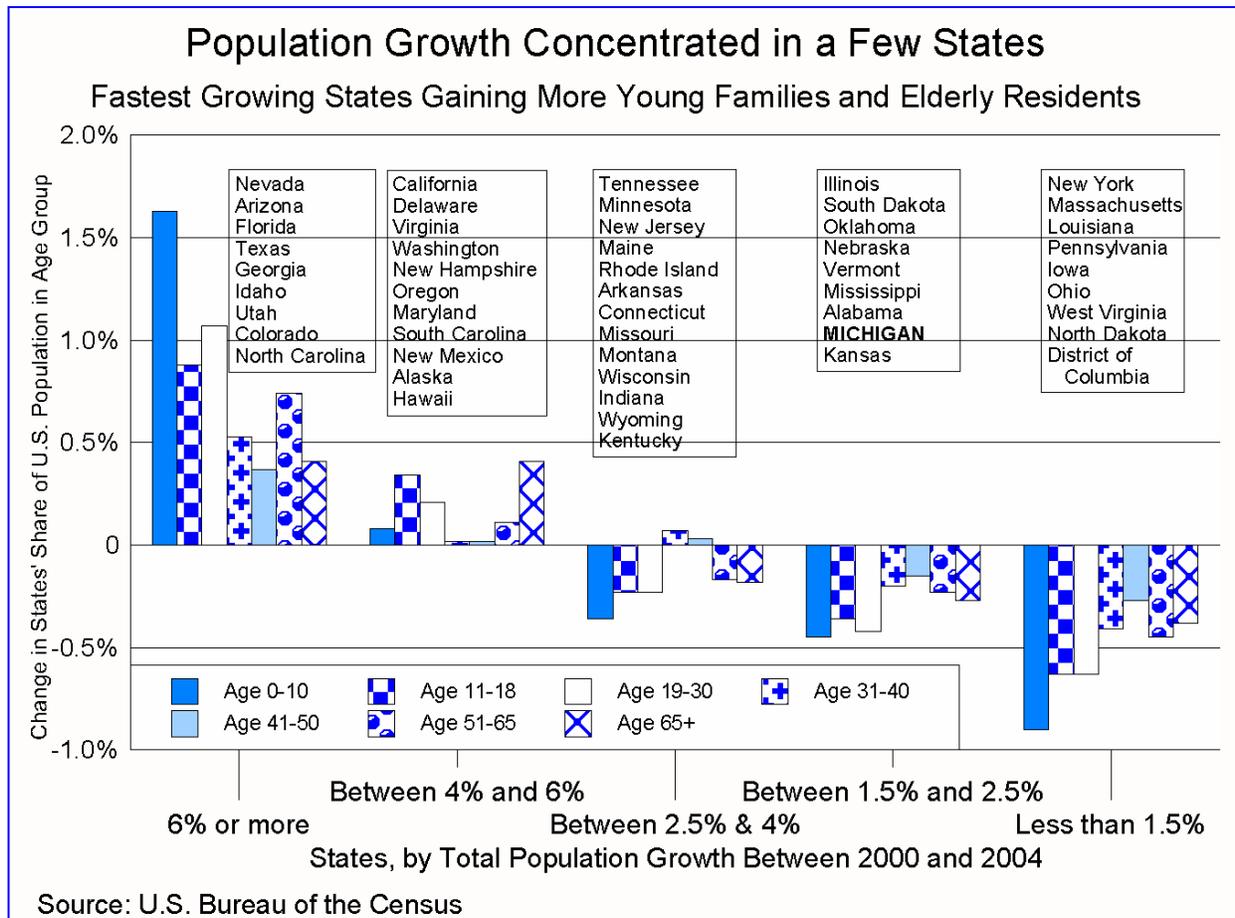
Prepared by:
David Zin
Economist

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

U.S.	July 2005	June 2005	July 2004	Change from June		Change from Year Ago	
				Number	Percent	Number	Percent
Labor Force	149,573	149,123	147,823	450	0.3%	1,750	1.2%
Employment	142,076	141,638	139,639	438	0.3	2,437	1.7
Unemployment	7,497	7,486	8,184	11	0.1	(687)	(8.4)
Unemployment Rate	5.0%	5.0%	5.5%	---	---	---	---

Michigan	July 2005	June 2005	July 2004	Change from June		Change from Year Ago	
				Number	Percent	Number	Percent
Labor Force	5,102	5,087	5,081	15	0.3%	21	0.4%
Employment	4,746	4,742	4,719	4	0.1	27	0.6
Unemployment	356	345	362	11	3.3	(6)	(1.5)
Unemployment Rate	7.0%	6.8%	7.1%	---	---	---	---

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



MICHIGAN WAGE AND SALARY EMPLOYMENT (Seasonally adjusted, thousands)							
	July 2005*	June 2005	July 2004	<u>Change from June</u>		<u>Change from Yr Ago</u>	
				Number	Percent	Number	Percent
Total Nonagricultural Jobs	4,347	4,364	4,373	(17)	(0)%	(26)	(1)%
Goods Producing Industries	856	868	876	(13)	(1)	(20)	(2)
Natural Resources & Mining	8	9	8	(1)	(6)	0	1
Construction	187	189	192	(2)	(1)	(5)	(2)
Manufacturing	661	671	676	(10)	(1)	(16)	(2)
Transportation Equipment	230	234	243	(5)	(2)	(13)	(6)
Service Producing Industries	3,492	3,496	3,497	(4)	(0)	(5)	(0)
Trade, Transportation & Utilities	808	814	812	(6)	(1)	(4)	(0)
Information	65	65	69	(0)	(0)	(4)	(5)
Financial Activities	219	218	218	1	0	1	0
Professional & Business Services	584	576	589	8	1	(4)	(1)
Education & Health Services	561	558	553	2	0	8	1
Leisure & Hospitality Services	405	407	404	(2)	(0)	1	0
Other Services	180	179	179	1	1	1	1
Government	670	679	675	(8)	(1)	(5)	(1)

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

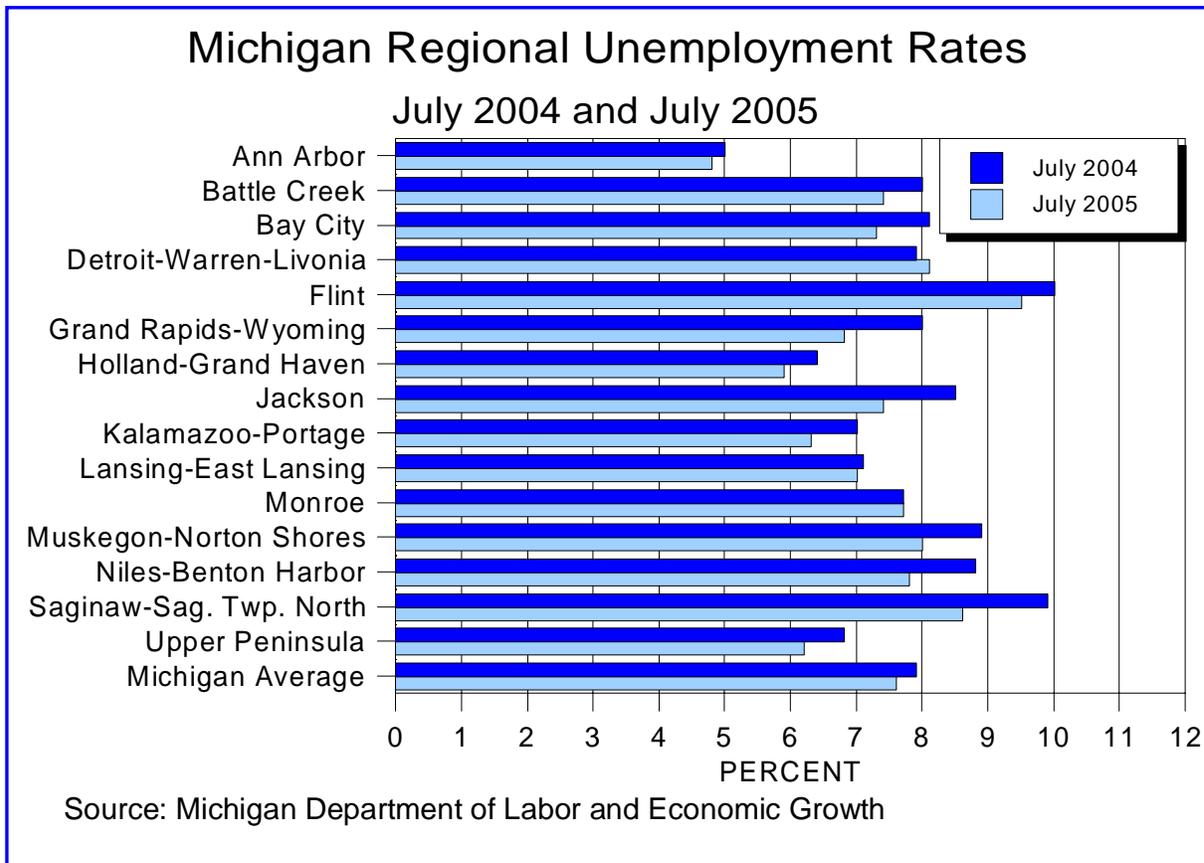
MICHIGAN AVERAGE WEEKLY HOURS AND EARNINGS						
Industry	<u>Average Weekly Hours</u>			<u>Average Weekly Earnings</u>		
	July 2005	Year Ago	Percent Change	July 2005	Year Ago	Percent Change
Construction	38.7	39.3	(1.5)%	\$861.08	\$868.53	(0.9)%
Manufacturing	39.9	39.8	0.3	819.55	822.27	(0.3)
Durable Goods	40.0	40.3	(0.7)	891.60	887.81	0.4
Motor Vehicle Manufacturing	41.5	40.0	3.8	1,287.75	1,239.60	3.9
Motor Vehicle Parts Manufacturing	38.1	40.0	(4.7)	1,013.08	1,055.60	(4.0)
Nondurable Goods	39.7	37.8	5.0	574.46	571.91	0.4
Wholesale Trade	36.6	36.7	(0.3)	690.64	713.08	(3.1)
Retail Trade	30.5	30.3	0.7	360.51	342.69	5.2
Grocery Stores	27.5	26.0	5.8	233.75	225.16	3.8
General Merchandise Stores	30.4	29.9	1.7	313.12	302.89	3.4
Information	36.1	36.9	(2.2)	675.43	615.12	9.8
Financial Activities	34.5	33.6	2.7	594.78	528.53	12.5
Prof. & Business Services	34.5	35.0	(1.4)	607.20	589.75	3.0
Health Care & Social Assistance	33.8	35.1	(3.7)	548.91	558.44	(1.7)
Leisure & Hospitality	24.3	23.7	2.5	194.89	193.16	0.9
Auto. Repair & Maintenance	36.9	35.6	3.7	523.24	548.24	(4.6)
Personal & Laundry Services	26.2	28.4	(7.7)	302.09	361.53	(16.4)

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)**

	July 2005*	June 2005	May 2005	July 2004
Metropolitan Statistical Areas				
Ann Arbor	4.8%	4.4%	4.7%	5.0%
Battle Creek	7.4	6.5	6.9	8.0
Bay City	7.3	6.8	7.5	8.1
Detroit-Warren-Livonia	8.1	7.7	7.2	7.9
Flint	9.5	7.8	8.2	10.0
Grand Rapids-Wyoming	6.8	6.2	6.3	8.0
Holland-Grand Haven	5.9	5.3	5.4	6.4
Jackson	7.4	6.6	7.0	8.5
Kalamazoo-Portage	6.3	5.7	6.0	7.0
Lansing-East Lansing	7.0	6.3	6.3	7.1
Monroe	7.7	5.9	6.3	7.7
Muskegon-Norton Shores	8.0	6.9	7.4	8.9
Niles-Benton Harbor	7.8	7.0	7.4	8.8
Saginaw-Saginaw Twp North	8.6	7.9	8.2	9.9
Multi-County Areas				
Northeast Lower Michigan	7.4	6.8	7.9	8.2
Northwest Lower Michigan	6.2	5.8	6.7	6.8
Upper Peninsula	6.2	6.3	7.1	6.8
Michigan Statewide Average				
-- Unadjusted (comparable to figures shown above)	7.6	6.9	6.9	7.9

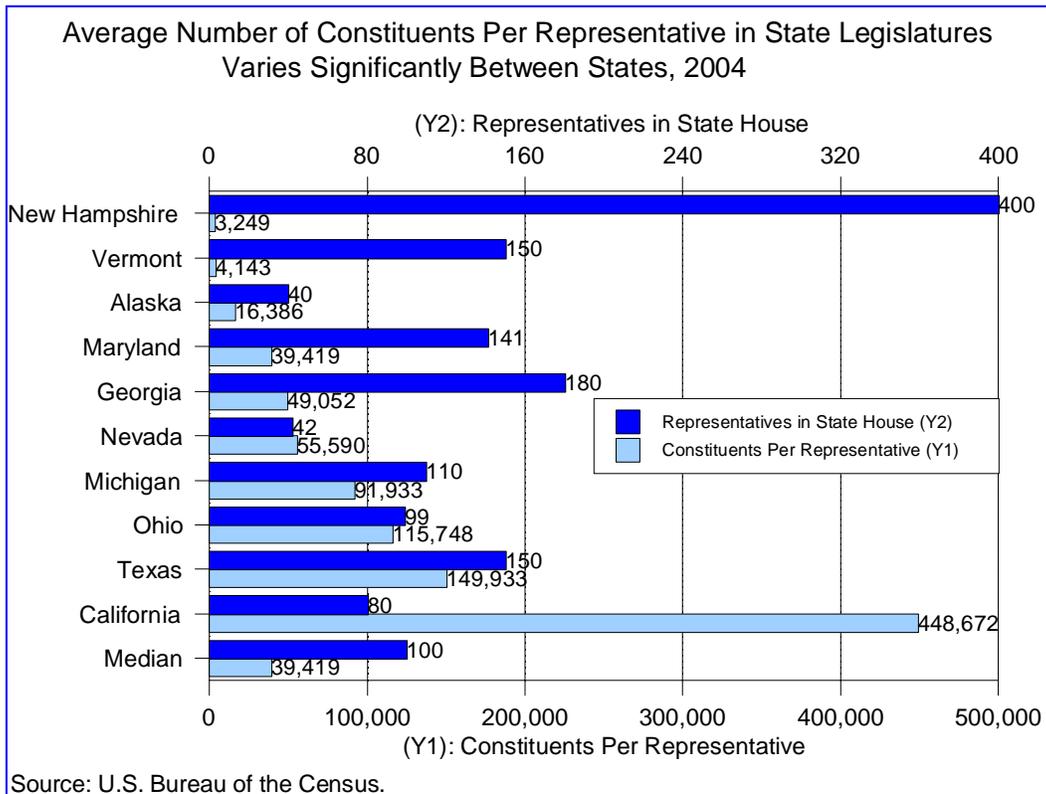
Source: Michigan Department of Labor and Economic Growth *Preliminary



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

	July 2005	June 2005	May 2005	Apr. 2005	Year Ago July	Percent Change From:	
						July/June	July 2005/ July 2004
Motor Vehicle Sales^{1,2)}							
(thousands of units, SAAR)							
Autos	8,088	7,470	7,519	7,953	7,498	8.3%	7.9%
Domestics	5,728	5,248	5,317	5,666	5,408	9.1	5.9
Imports	2,360	2,222	2,202	2,287	2,090	6.2	12.9
Import Share	29.2%	29.7%	29.3%	28.8%	27.9%	---	---
Light Trucks	12,588	10,348	9,119	9,230	9,606	21.6	31.0
Domestics	11,256	9,083	7,892	7,967	8,338	23.9	35.0
Imports	1,332	1,265	1,227	1,263	1,268	5.3	5.0
Import Share	10.6%	12.2%	13.5%	13.7%	13.2%	---	---
Heavy Trucks	516	505	466	479	434	2.2	18.9
Total	21,192	18,323	17,104	17,662	17,538	15.7	20.8
U.S. Motor Vehicle Production^{1,2)}							
(millions of units, SAAR)							
Autos	4,243	4,372	4,112	4,094	4,170	(2.9)	1.8
Michigan Motor Vehicle Production^{2,3)}							
(thousands of units, SAAR)							
Autos	1,030	1,212	1,051	1,511	1,175	(15.0)	(12.3)
Trucks	1,363	1,339	1,246	1,450	1,217	1.7	12.0
Total	2,393	2,551	2,296	2,960	2,392	(6.2)	0.1
Michigan Production as % of U.S.	16.0%	21.7%	20.8%	23.6%	15.9%	---	---
U.S. Motor Vehicle Inventories⁴⁾							
Total Car	1,200	1,411	1,394	1,485	1,433	(14.9)	(16.2)
Days Supply	42	50	47	55	55	(16.0)	(23.6)
Total Truck	1,752	2,330	2,437	2,495	2,283	(24.8)	(23.3)
Days Supply	43	64	74	87	72	(32.8)	(40.3)

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
Weekly Leading Index , monthly ¹⁾ (1992=100)	July	133.7	133.1	130.7	0.5%	2.3%
Coincident Index ¹⁾ (1992=100)	July	147.4	146.8	142.4	0.4	3.5
Housing Starts, U.S. ²⁾ (thousands of units, SAAR)	July	2,042	2,045	1,986	(0.1)	2.8
Retail Sales, U.S. ²⁾ (billions, seasonally adjusted)	July	\$323.2	\$317.1	\$291.9	1.9	10.7
Industrial Production Index ³⁾ (1997=100, seasonally adjusted)	July	119.4	119.4	115.9	0.1	3.0
Capacity Utilization ³⁾ (% of total capacity, seasonally adjusted)	July	79.7	79.8	78.3	(0.0)	1.9
Consumer Price Index ⁴⁾ (1982-84=100)						
U.S. (seasonally adjusted)	July	195.1	194.1	189.2	6.4	3.1
Detroit (not seasonally adjusted)	June	189.6	189.8	185.8	(0.6)	2.0
Interest Rates						
3-month Treasury Bill ³⁾	July	3.22%	2.99%	1.35%	--	--
Corporate Aaa Bonds ³⁾	July	5.06%	4.96%	5.82%	--	--
Real Gross Domestic Product ⁵⁾ (billions of 2000 \$, SAAR, Chain-Weighted)	2nd Qtr. 2005	\$11,092.0	\$10,999.3	\$10,704.1	3.4	3.6
Michigan Tax Collections ⁶⁾ (12 major taxes, millions)	July 2005	\$1,521.9	\$1,562.1	\$1,526.6	NM	(0.3)

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.

