

MICHIGAN ECONOMIC INDICATORS

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

ECONOMIC HIGHLIGHTS



- **Seasonally adjusted light vehicle sales** decreased 2.0% in July from the June level, to a 14.0 million unit annual rate, but were 13.5% above the level one year ago. Sales of domestic automobiles were 24.8% above the level last July, while imports were up 11.9%. In contrast, sales of domestic light trucks were only 5.8% higher than the year-ago level, while imports were up 13.9%. Sales of heavy trucks were up 18.8% from one year ago.
- **Corporate profits** in the second quarter of 2012 were 0.5% above profits during the first quarter. The second quarter of 2012 marked the third consecutive quarter in which corporate profits have exceeded \$1.9 trillion, and marked the second-highest level (after the fourth quarter of 2011) in the post-World War II period, in both nominal and inflation-adjusted terms. Corporate profits at nonfinancial firms increased 2.8% during the second quarter and marked a new record high, in both nominal and inflation-adjusted terms.



- **Michigan's unemployment rate** increased from 8.6% in June to 9.0% in July, the highest rate since January, but was still below the 10.6% rate one year ago. The increase reflected a decline of 21,000 in the number of individuals reporting themselves employed in the household survey. Most of these individuals joined the ranks of the unemployed, which increased by 19,000 people, although 2,000 people left the labor force.
- **Michigan wage and salary employment** increased by 22,000 jobs in July from the June level, and was 60,000 jobs above the level in July 2011. Unlike the population survey used to compute the unemployment rate, wage and salary employment is based on surveys of employers. During recoveries it is not uncommon for individuals to end self-employed jobs and begin searching for other work, and differences in the two measures often reflect this phenomenon.

U.S. & MICHIGAN LABOR MARKET NEWS (Seasonally adjusted, thousands)							
U.S.	July 2012	June 2012	July 2011	Change from June		Change from Year Ago	
				Number	Percent	Number	Percent
Labor Force	155,013	155,163	153,358	(150)	(0.1%)	1,655	1.1%
Employment	142,220	142,415	139,450	(195)	(0.1)	2,770	2.0
Unemployment	12,793	12,748	13,908	45	0.4	(1,115)	(8.0)
Unemployment Rate	8.3%	8.2%	9.1%	---	---	---	---
Michigan	July 2012	June 2012	July 2011	Change from June		Change from Year Ago	
Labor Force	4,662	4,663	4,658	(2)	(0.0%)	4	0.1%
Employment	4,240	4,261	4,164	(21)	(0.5)	76	1.8
Unemployment	421	402	493	19	4.7	(72)	(14.6)
Unemployment Rate	9.0%	8.6%	10.6%	---	---	---	---

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



JULY 2012

Prepared by:
David Zin
Chief Economist

MICHIGAN WAGE AND SALARY EMPLOYMENT (Seasonally adjusted, thousands)							
	July 2012*	June 2012	July 2011	Change from June		Change from Yr Ago	
				Number	Percent	Number	Percent
Total Non-Agricultural Jobs	4,004	3,983	3,945	22	0.5%	60	1.5%
Goods Producing Industries	659	649	645	10	1.6	14	2.1
Mining and Logging	7	7	8	0	1.4	(0)	(1.3)
Construction	119	118	125	1	0.8	(6)	(4.9)
Manufacturing	532	523	512	9	1.7	20	3.9
Transportation Equipment	157	146	144	11	7.6	13	8.8
Service Producing Industries	3,345	3,334	3,299	12	0.3	46	1.4
Trade, Transportation & Utilities	722	720	722	3	0.4	0	0.0
Wholesale Trade	160	158	157	2	1.2	3	2.1
Retail Trade	442	442	447	0	0.0	(5)	(1.2)
Transportation & Utilities	120	120	119	1	0.7	2	1.6
Information	55	53	53	2	3.0	1	2.6
Financial Activities	200	199	193	1	0.4	7	3.6
Professional & Business Services	570	575	546	(5)	(0.9)	24	4.4
Education & Health Services	632	629	621	4	0.6	11	1.8
Leisure & Hospitality Services	382	381	375	1	0.3	7	1.7
Other Services	168	168	168	(0)	(0.2)	(0)	(0.2)
Government	617	610	621	8	1.3	(3)	(0.5)

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

MICHIGAN AVERAGE WEEKLY HOURS AND EARNINGS						
Industry	Average Weekly Hours			Average Weekly Earnings		
	July 2012	Year Ago	Percent Change	July 2012	Year Ago	Percent Change
Construction	40.9	41.4	(1.2%)	\$954.61	\$956.75	(0.2%)
Manufacturing	42.9	42.6	0.7	881.17	881.82	(0.1)
Durable Goods	43.8	43.6	0.5	960.97	976.20	(1.6)
Transportation Equipment Mfg.	45.9	42.7	7.5	1,241.14	1,222.93	1.5
Motor Vehicle Parts Mfg.	47.1	44.1	6.8	1,170.91	1,136.46	3.0
Nondurable Goods	40.2	40.0	0.5	649.63	626.80	3.6
Wholesale Trade	39.2	38.2	2.6	850.64	761.33	11.7
Retail Trade	30.6	31.1	(1.6)	394.43	400.26	(1.5)
Information	35.5	34.4	3.2	848.10	855.53	(0.9)
Financial Activities	36.2	36.5	(0.8)	682.73	708.83	(3.7)
Professional & Business Services	35.3	34.0	3.8	769.19	717.06	7.3
Health Care & Social Assistance	32.7	31.7	3.2	616.07	604.20	2.0
Leisure & Hospitality	23.5	23.8	(1.3)	232.65	231.57	0.5
Accommodation & Food Services	23.4	23.3	0.4	223.24	219.25	1.8

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 2012	June 2012	May 2012	July 2011
Metropolitan Statistical Areas				
Ann Arbor	6.8%	6.2%	5.5%	7.7%
Battle Creek	8.6	7.8	7.1	10.2
Bay City	9.3	8.7	8.2	10.3
Detroit-Warren-Livonia	11.9	10.2	9.9	13.2
Flint	10.8	9.6	8.9	12.3
Grand Rapids-Wyoming	7.9	7.3	6.6	9.2
Holland-Grand Haven	7.9	7.2	6.5	9.1
Jackson	9.4	8.8	8.0	11.0
Kalamazoo-Portage	8.4	7.9	7.2	9.7
Lansing-East Lansing	8.4	7.7	6.8	9.4
Monroe	9.5	8.4	7.8	11.1
Muskegon-Norton Shores	10.1	9.2	8.5	11.1
Niles-Benton Harbor	10.1	9.5	8.6	10.8
Saginaw-Saginaw Twp North	9.7	9.0	8.2	10.5
Multi-County Areas				
Northeast Lower Michigan	10.8	10.3	10.1	12.2
Northwest Lower Michigan	9.3	9.0	8.9	10.3
Upper Peninsula	9.5	9.1	8.5	10.1
Michigan Statewide Average				
-- Unadjusted (comparable to figures shown above)	10.3	9.2	8.6	11.5

Source: Michigan Department of Technology, Management, and Budget

MOTOR VEHICLE SALES AND PRODUCTION STATISTICS (Thousands of Units)							
	July 2012	June 2012	May 2012	Apr. 2012	Year Ago July	Percent Change From:	
						July/June	July 2012/ July 2011
Motor Vehicle Sales¹⁾ (thousands of units, SAAR)							
Autos	7,081	7,192	6,891	7,142	5,859	(1.5%)	20.9%
Domestics	5,089	5,201	4,960	5,062	4,079	(2.2)	24.8
Imports	1,992	1,991	1,931	2,080	1,780	0.1	11.9
Import Share	28.1%	27.7%	28.0%	29.1%	30.4%	---	---
Light Trucks	6,962	7,142	7,006	6,938	6,509	(2.5)	7.0
Domestics	5,913	6,063	5,915	5,875	5,588	(2.5)	5.8
Imports	1,049	1,079	1,091	1,063	921	(2.8)	13.9
Import Share	15.1%	15.1%	15.6%	15.3%	14.1%	---	---
Subtotal: Light Vehicle Sales	14,043	14,334	13,897	14,080	12,368	(2.0)	13.5
Heavy Trucks	366	343	369	363	308	6.7	18.8
Total Vehicle Sales	14,409	14,677	14,266	14,443	12,676	(1.8)	13.7
U.S. Motor Vehicle Production¹⁾ (millions of units, SAAR)							
Autos	4,631	4,380	4,297	4,300	2,808	5.7	64.9
Michigan Motor Vehicle Production²⁾ (thousands of units, SAAR)							
Autos	1,186	899	1,080	999	543	31.9	118.3
Trucks	1,441	1,323	1,564	1,316	1,220	8.9	18.1
Total	2,627	2,222	2,645	2,315	1,763	18.2	49.0
Michigan Production as % of U.S.	23.0%	21.2%	22.7%	22.1%	20.3%	---	---
U.S. Motor Vehicle Inventories³⁾							
Total Car	1,155	1,227	1,163	1,212	796	(5.9)	45.2
Days Supply	47	49	43	45	40	(4.1)	17.5
Total Truck	1,443	1,539	1,493	1,524	1,202	(6.2)	20.0
Days Supply	61	67	61	67	58	(9.0)	5.2

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)	July	72.3	73.2	63.7	(1.2%)	13.5%
Oil Prices ²⁾ (\$ per barrel, West Texas Intermediate Crude)	July	\$87.93	\$82.41	\$97.19	6.7	(9.5)
Housing Starts, U.S. ³⁾ (thousands of units, SAAR)	July	746	754	614	(1.1)	21.5
Retail Sales, U.S. ³⁾ (billions, seasonally adjusted)	July	\$359.9	\$356.9	\$346.9	0.8	3.7
Industrial Production Index ⁴⁾ (1997=100, seasonally adjusted)	July	98.0	97.4	93.9	0.6	4.4
Capacity Utilization ⁴⁾ (% of total capacity, seasonally adjusted)	July	79.3	78.9	77.0	0.5	3.0
Consumer Price Index ⁵⁾ (1982-84=100)						
U.S. (seasonally adjusted)	July	228.7	228.6	225.5	0.6	1.4
Detroit (not seasonally adjusted)	July	214.5	216.2	213.5	(4.7)	0.4
Interest Rates						
3-month Treasury Bill ⁴⁾	July	0.10%	0.09%	0.04%	---	---
Corporate Aaa Bonds ⁴⁾	July	3.40%	3.64%	4.93%	---	---
Real Gross Domestic Product ⁶⁾ (billions of 2005 \$, SAAR, Chain-Weighted)	2012 2nd Qtr.	\$13,564.5	\$13,506.4	\$13,264.7	1.7	2.3
Michigan Tax Collections ⁷⁾ (12 major taxes, millions)	July 2012	\$1,751.4	\$1,716.1	\$1,776.6	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.

