

MICHIGAN ECONOMIC INDICATORS

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

ECONOMIC HIGHLIGHTS



- Seasonally adjusted **orders for durable goods** increased 22.6% from June 2014 to July 2014, reaching the highest level since 1992 (when data collection began) and more than twice the April 2009 low point during the 2007-to-2009 recession. The increase reflected a 74.1% surge in transportation equipment orders, primarily for commercial aircraft and parts. Excluding the transportation section, durable goods orders declined by 0.8%. Orders for durable goods increased in five of the last six months.
- The **index of industrial production**, a measure of output in the manufacturing, mining, and electric and gas utility industries in the United States, increased 0.2% from June to July 2014 and was 4.8% above the level in July 2013. Compared with July 2013, the July 2014 figures for manufacturing were up 5.2%, mining increased 8.5%, and, due to the mild summer, utilities were down 1.4%.



- The **Michigan unemployment rate** was 7.7% in July 2014, below the 7.5% rate in June 2014 and the 9.0% rate recorded in July 2013. During the preceding 12 months, employment increased by 2.0% or 85,000 workers and the labor force grew by 0.5% or 25,000 individuals to 4.7 million.
- Michigan auto production** increased 33.3% from July 2013 to July 2014 and **Michigan truck production** increased by 36.0% during the same period. Total Michigan vehicle production, at a seasonally adjusted annual rate of 3.1 million in July 2014, represented 23.1% of the U.S. total production, up from 22.3% in July 2013.

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

| U.S. | July 2014 | June 2014 | July 2013 | Change from June | | Change from Year Ago | |
|-------------------|-----------|-----------|-----------|------------------|---------|----------------------|---------|
| | | | | Number | Percent | Number | Percent |
| Labor Force | 156,023 | 155,694 | 155,693 | 329 | 0.2% | 330 | 0.2% |
| Employment | 146,352 | 146,221 | 144,285 | 131 | 0.1 | 2,067 | 1.4 |
| Unemployment | 9,671 | 9,474 | 11,408 | 197 | 2.1 | (1,737) | (15.2) |
| Unemployment Rate | 6.2% | 6.1% | 7.3% | --- | --- | --- | --- |
| Michigan | July 2014 | June 2014 | July 2013 | Change from June | | Change from Year Ago | |
| | | | | Number | Percent | Number | Percent |
| Labor Force | 4,742 | 4,744 | 4,718 | (2) | (0.0) | 25 | 0.5 |
| Employment | 4,378 | 4,387 | 4,293 | (8) | (0.2) | 85 | 2.0 |
| Unemployment | 364 | 357 | 424 | 6 | 1.8 | (61) | (14.3) |
| Unemployment Rate | 7.7% | 7.5% | 9.0% | --- | --- | --- | --- |

Source: Bureau of Labor Statistics, U.S. Department of Labor (Household Data)



July 2014

Prepared by:
Elizabeth Pratt, Fiscal Analyst
David Zin, Chief Economist

| MICHIGAN WAGE AND SALARY EMPLOYMENT (Seasonally adjusted, thousands) | | | | | | | |
|---|---------------|--------------|--------------|------------------|---------|--------------------|---------|
| | July 2014* | June 2014 | July 2013 | Change from June | | Change from Yr Ago | |
| | | | | Number | Percent | Number | Percent |
| Total Non-Agricultural Jobs | 4,151 | 4,140 | 4,108 | 11 | 0.3% | 42 | 1.0% |
| Goods Producing Industries | 715 | 711 | 695 | 4 | 0.5 | 20 | 2.9 |
| Mining and Logging | 9 | 8 | 8 | 0 | 1.2 | 1 | 7.6 |
| Construction | 137 | 135 | 132 | 1 | 1.0 | 4 | 3.3 |
| Manufacturing | 570 | 567 | 554 | 3 | 0.4 | 16 | 2.8 |
| Transportation Equipment | 174 | 176 | 166 | (2) | (0.9) | 8 | 4.9 |
| Service Producing Industries | 3,436 | 3,429 | 3,414 | 7 | 0.2 | 22 | 0.6 |
| Trade, Transportation & Utilities | 760 | 757 | 745 | 3 | 0.3 | 15 | 2.0 |
| Wholesale Trade | 165 | 166 | 163 | (1) | (0.4) | 2 | 1.3 |
| Retail Trade | 459 | 459 | 457 | (0) | (0.0) | 2 | 0.4 |
| Transportation & Utilities | 136 | 132 | 125 | 3 | 2.6 | 11 | 8.6 |
| Information | 58 | 57 | 55 | 1 | 2.3 | 3 | 5.4 |
| Financial Activities | 198 | 197 | 203 | 1 | 0.6 | (5) | (2.5) |
| Professional & Business Services | 604 | 601 | 605 | 3 | 0.4 | (2) | (0.3) |
| Education & Health Services | 638 | 640 | 638 | (2) | (0.3) | 0 | 0.0 |
| Leisure & Hospitality Services | 410 | 406 | 397 | 4 | 0.9 | 13 | 3.4 |
| Other Services | 169 | 169 | 172 | (1) | (0.3) | (3) | (1.6) |
| Government | 599 | 601 | 599 | (2) | (0.3) | 1 | 0.1 |

Source: Bureau of Labor Statistics, U.S. Department of Labor (Establishment Data) *Preliminary

| MICHIGAN AVERAGE WEEKLY HOURS AND EARNINGS | | | | | | |
|--|----------------------|----------|----------------|-------------------------|----------|----------------|
| Industry | Average Weekly Hours | | | Average Weekly Earnings | | |
| | July 2014 | Year Ago | Percent Change | July 2014 | Year Ago | Percent Change |
| Construction | 39.7 | 41.9 | (5.3%) | \$973.44 | \$991.77 | (1.8%) |
| Manufacturing | 43.4 | 42.2 | 2.8 | 887.53 | 836.40 | 6.1 |
| Durable Goods | 44.4 | 42.8 | 3.7 | 894.52 | 959.93 | (6.8) |
| Transportation Equipment Mfg. | 48.1 | 43.2 | 11.3 | 1,206.35 | 1,072.66 | 1.0 |
| Motor Vehicle Parts Mfg. | 43.6 | 45.7 | (4.6) | 1,075.78 | 1,019.37 | 5.5 |
| Nondurable Goods | 40.3 | 40.5 | (0.5) | 663.80 | 659.31 | 0.7 |
| Wholesale Trade | 38.7 | 38.3 | 1.0 | 880.74 | 857.54 | 2.7 |
| Retail Trade | 29.9 | 30.0 | (0.3) | 403.05 | 393.90 | 2.3 |
| Information | 33.2 | 35.0 | (5.1) | 848.92 | 829.50 | 2.3 |
| Financial Activities | 35.1 | 34.8 | 0.9 | 719.90 | 651.46 | 10.5 |
| Professional & Business Services | 36.4 | 35.7 | 2.0 | 842.30 | 847.52 | (0.6) |
| Health Care & Social Assistance | 31.7 | 32.6 | (2.8) | 603.23 | 624.04 | (3.3) |
| Leisure & Hospitality | 24.1 | 23.6 | 2.1 | 247.51 | 233.40 | 6.0 |
| Accommodation & Food Services | 23.8 | 23.6 | 0.8 | 225.85 | 232.29 | (2.8) |

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 2014 | June 2014 | May 2014 | July 2013 |
| Metropolitan Statistical Areas | | | | |
| Ann Arbor | 6.3% | 5.7% | 5.3% | 7.5% |
| Battle Creek | 7.4 | 6.7 | 6.3 | 8.9 |
| Bay City | 8.3 | 7.9 | 7.6 | 10.0 |
| Detroit-Warren-Livonia | 9.8 | 9.2 | 8.0 | 10.6 |
| Flint | 9.3 | 8.3 | 8.0 | 11.3 |
| Grand Rapids-Wyoming | 6.4 | 5.7 | 5.4 | 8.0 |
| Holland-Grand Haven | 6.4 | 5.8 | 5.3 | 8.0 |
| Jackson | 8.3 | 7.7 | 7.3 | 10.0 |
| Kalamazoo-Portage | 7.1 | 6.7 | 6.3 | 8.6 |
| Lansing-East Lansing | 7.6 | 6.5 | 6.4 | 8.9 |
| Monroe | 8.1 | 6.8 | 6.8 | 9.5 |
| Muskegon-Norton Shores | 8.2 | 7.4 | 7.0 | 10.2 |
| Niles-Benton Harbor | 7.9 | 7.4 | 7.2 | 9.9 |
| Saginaw-Saginaw Twp North | 8.7 | 8.1 | 7.6 | 10.5 |
| Multi-County Areas | | | | |
| Northeast Lower Michigan | 9.4 | 9.0 | 9.2 | 11.4 |
| Northwest Lower Michigan | 7.8 | 7.6 | 7.9 | 9.6 |
| Upper Peninsula | 8.5 | 8.3 | 8.5 | 9.9 |
| Michigan Statewide Average | | | | |
| -- Unadjusted (comparable to figures shown above) | 8.6 | 7.9 | 7.3 | 9.9 |

Source: Michigan Department of Technology, Management, and Budget

| MOTOR VEHICLE SALES AND PRODUCTION STATISTICS (Thousands of Units) | | | | | | | |
|--|-----------|-----------|----------|-----------|------------------|----------------------|-------------------------|
| | July 2014 | June 2014 | May 2014 | Apr. 2014 | Year Ago July | Percent Change From: | |
| | | | | | | July/June | July 2014/ July 2013 |
| Motor Vehicle Sales¹⁾ (thousands of units, SAAR) | | | | | | | |
| Autos | 7,780 | 8,073 | 7,876 | 7,351 | 7,690 | (3.6%) | 1.2% |
| Domestics | 5,675 | 5,796 | 5,616 | 5,191 | 5,504 | (2.1) | 3.1 |
| Imports | 2,105 | 2,277 | 2,260 | 2,160 | 2,186 | (7.6) | (3.7) |
| Import Share | 27.1% | 28.2% | 28.7% | 29.4% | 28.4% | --- | --- |
| Light Trucks | 8,621 | 8,775 | 8,793 | 8,618 | 8,002 | (1.8) | 7.7 |
| Domestics | 7,267 | 7,386 | 7,457 | 7,289 | 6,704 | (1.6) | 8.4 |
| Imports | 1,354 | 1,389 | 1,336 | 1,329 | 1,298 | (2.5) | 4.3 |
| Import Share | 15.7% | 15.8% | 15.2% | 15.4% | 16.2% | --- | --- |
| Subtotal: Light Vehicle Sales | 16,401 | 16,848 | 16,669 | 15,969 | 15,692 | (2.7) | 4.5 |
| Heavy Trucks | 424 | 392 | 385 | 414 | 352 | 8.2 | 20.5 |
| Total Vehicle Sales | 16,825 | 17,240 | 17,054 | 16,383 | 16,044 | (2.4) | 4.9 |
| U.S. Motor Vehicle Production¹⁾ (millions of units, SAAR) | | | | | | | |
| Autos | 4,834 | 4,390 | 3,962 | 4,039 | 3,803 | 10.1 | 27.1 |
| Michigan Motor Vehicle Production²⁾ (thousands of units, SAAR) | | | | | | | |
| Autos | 972 | 959 | 685 | 601 | 729 | 1.4 | 33.3 |
| Trucks | 2,120 | 1,573 | 1,972 | 1,720 | 1,559 | 34.8 | 36.0 |
| Total | 3,092 | 2,531 | 2,657 | 2,321 | 2,288 | 22.2 | 35.1 |
| Michigan Production as % of U.S. | 23.1% | 21.5% | 20.6% | 20.7% | 22.3% | --- | --- |
| U.S. Motor Vehicle Inventories³⁾ | | | | | | | |
| Total Car | 1,562 | 1,662 | 1,691 | 1,805 | 1,407 | (6.0) | 11.0 |
| Days Supply | 59 | 57 | 57 | 69 | 54 | 3.5 | 9.3 |
| Total Truck | 1,835 | 1,887 | 1,888 | 1,901 | 1,533 | (2.8) | 19.7 |
| Days Supply | 64 | 63 | 63 | 69 | 58 | 1.6 | 10.3 |

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 | 81.8 | 82.5 | 85.1 | (0.8%) | (3.9%) |
| Oil Prices ²⁾ (\$ per barrel, West Texas Intermediate Crude) | July | \$103.59 | \$105.79 | \$104.67 | (2.1) | (1.0) |
| Housing Starts, U.S. ³⁾ (thousands of units, SAAR) | July | 1,117 | 909 | 898 | 22.9 | 24.4 |
| Retail Sales, U.S. ³⁾ (billions, seasonally adjusted) | July | \$394.4 | \$393.1 | \$379.5 | 0.3 | 3.9 |
| Industrial Production Index ⁴⁾ (1997=100, seasonally adjusted) | July | 104.2 | 104.0 | 99.4 | 0.2 | 4.8 |
| Capacity Utilization ⁴⁾ (% of total capacity, seasonally adjusted) | July | 79.1 | 79.1 | 77.5 | (0.1) | 2.0 |
| Consumer Price Index ⁵⁾ (1982-84=100) | | | | | | |
| U.S. (seasonally adjusted) | July | 237.9 | 237.7 | 233.3 | 1.1 | 2.0 |
| Detroit (not seasonally adjusted) | June | 224.5 | 223.3 | 221.6 | 3.1 | 1.3 |
| Interest Rates | | | | | | |
| 3-month Treasury Bill ⁴⁾ | July | 0.03% | 0.04% | 0.04% | --- | --- |
| Corporate Aaa Bonds ⁴⁾ | July | 4.16% | 4.25% | 4.34% | --- | --- |
| Real Gross Domestic Product ⁶⁾ (billions of 2005 \$, SAAR, Chain-Weighted) | 2014 2nd Quarter | \$16,010.4 | \$15,831.7 | \$15,606.6 | 4.6 | 2.6 |
| Michigan Tax Collections ⁷⁾ (12 major taxes, millions) | July | \$1,831.7 | \$1,834.8 | \$1,826.7 | 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) 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.

