

MICHIGAN ECONOMIC INDICATORS

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

ECONOMIC HIGHLIGHTS



- The advanced estimate for **inflation-adjusted Gross Domestic Product (GDP)** showed growth of 3.0% in the second quarter of 2004, compared with a revised estimate of 4.5% growth in the first quarter. The slower growth rate in the second quarter reflected slower growth of personal consumption expenditures from 4.1% in the first quarter to 1.0% in the second quarter and a sharp deceleration in the rate of inventory accumulation. Although the positive contribution to growth from private investment and exports improved substantially in the second quarter, the increases were insufficient to offset the slower growth in consumption.
- **Motor vehicle sales** fell 12.4% between May and June and were 6.4% below the level in June 2003. Heavy trucks and imported automobiles exhibited the only year-over-year increases, while domestic automobile sales were down 10.6%. On a monthly basis, all major vehicle segments declined between May and June, with sales of domestic trucks exhibiting the largest decline, at 16.3%, while sales of domestic automobiles fell 12.7%.
- The index for **industrial production** decreased at an annual rate of 3.5% between May and June but was 5.6% above the level in June 2003. The monthly declines were somewhat broad-based, but the most significant declines occurred in motor vehicles and parts manufacturing and energy sectors. Business equipment, particularly information processing equipment, showed the most significant monthly improvement.
- The **U.S. Consumer Price Index (CPI)** increased at an annual rate of 3.9% between May and June and was 3.2% above the level in June 2003. Significant year-over-year growth occurred in several sectors, with energy prices up 17.0%, medical care up 4.6%, and food prices up 3.7% from the level one year ago.



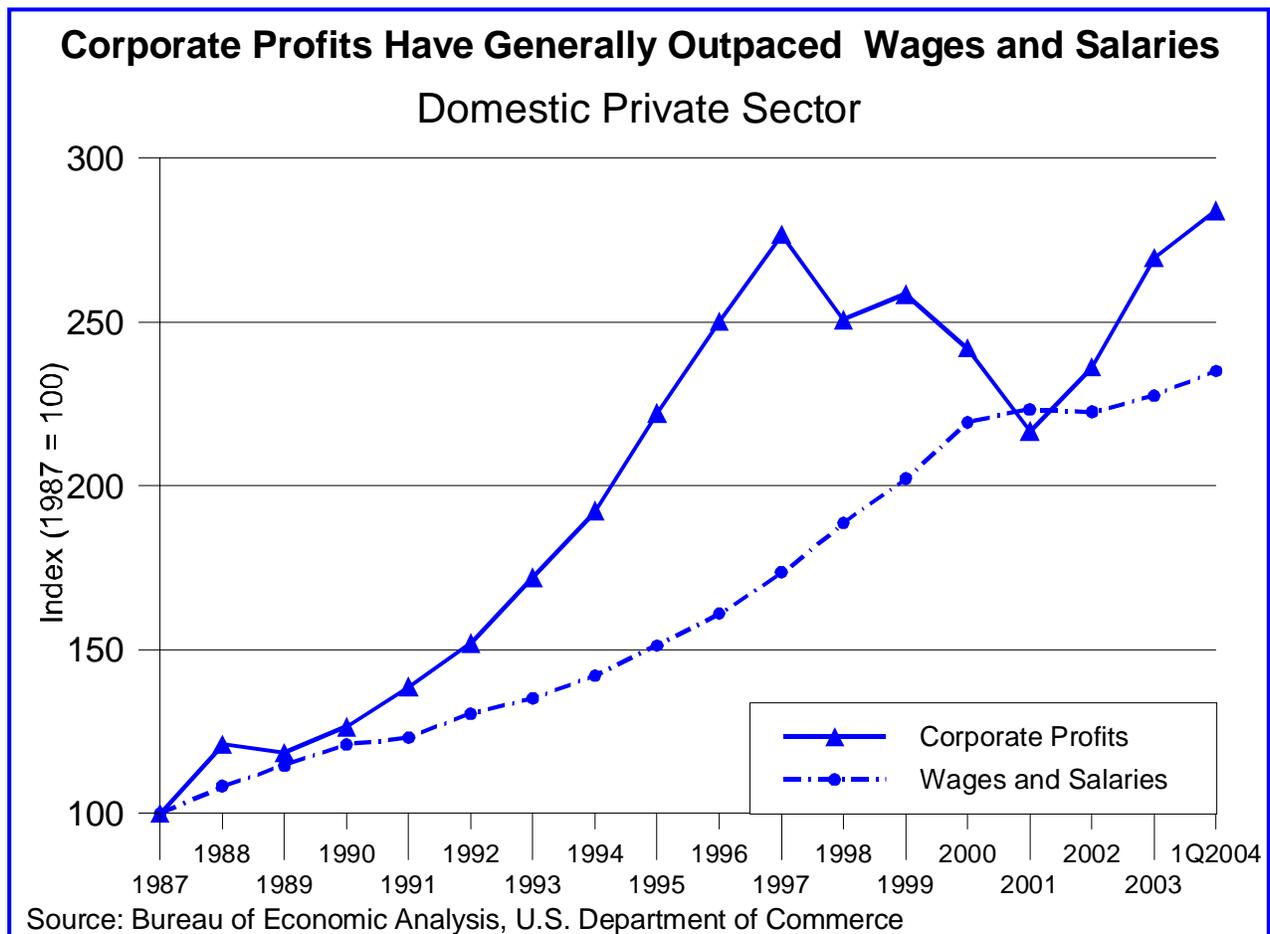
- **Michigan's unemployment rate** fell from 6.6% in May to 6.5% in June. However, the change reflected unemployed persons' exiting the labor force at a faster rate than the decline in jobs. Employment fell by 17,000 between May and June, more than wiping out the gains in the previous two months and pushing employment back to its lowest level since December 2003.
- **Michigan's payroll employment** fell by 5,000 jobs between May and June, and was 33,000 jobs below the level one year ago. The largest monthly declines were in the transportation equipment and government sectors, which lost 12,000 and 6,000 jobs, respectively. On a year-over-year basis, the same two sectors accounted for the largest job losses, at 19,000 and 13,000 jobs, respectively.
- **Michigan's motor vehicle production** rose 0.4% between May and June, but was 14.3% below the level one-year ago. On a monthly basis, truck production increased 4.3%, while automobile production fell 3.6%. On a year-over-year basis, automobile production was down 22.4%.

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

U.S.	June 2004	May 2004	June 2003	Change from May		Change from Year Ago	
				Number	Percent	Number	Percent
Labor Force	147,279	146,974	146,917	305	0.2%	362	0.2%
Employment	139,031	138,772	137,673	259	0.2	1,358	1.0
Unemployment	8,248	8,203	9,245	45	0.5	(997)	(10.8)
Unemployment Rate	5.6%	5.6%	6.3%	---	---	---	---

Michigan	June 2004	May 2004	June 2003	Change from April		Change from Year Ago	
				Number	Percent	Number	Percent
Labor Force	5,044	5,066	5,048	(22)	(0.4)%	(4)	(0.1)%
Employment	4,716	4,733	4,678	(17)	(0.4)	38	0.8
Unemployment	328	332	370	(5)	(1.4)	(42)	(11.4)
Unemployment Rate	6.5%	6.6%	7.3%	---	---	---	---

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



MICHIGAN WAGE AND SALARY EMPLOYMENT (Seasonally adjusted, thousands)							
	June 2004	May 2004	June 2003	<u>Change from May</u>		<u>Change from Yr Ago</u>	
				Number	Percent	Number	Percent
Total Nonagricultural Jobs	4,384	4,390	4,417	(5)	(0)%	(33)	(1)%
Goods Producing Industries	903	912	928	(9)	(1)	(25)	(3)
Natural Resources & Mining	8	8	9	0	1	(1)	(6)
Construction	192	191	191	1	0	1	0
Manufacturing	703	713	728	(10)	(1)	(26)	(4)
Transportation Equipment	262	274	281	(12)	(4)	(19)	(7)
Service Producing Industries	3,481	3,478	3,489	4	0	(8)	(0)
Trade, Transportation & Utilities	807	806	815	1	0	(8)	(1)
Information	68	68	71	(0)	(1)	(3)	(4)
Financial Activities	215	216	219	(0)	(0)	(4)	(2)
Professional & Business Services	594	591	587	3	1	7	1
Education & Health Services	546	549	542	(3)	(0)	4	1
Leisure & Hospitality Services	406	401	400	6	1	6	2
Other Services	174	170	171	4	2	3	2
Government	670	677	683	(6)	(1)	(13)	(2)

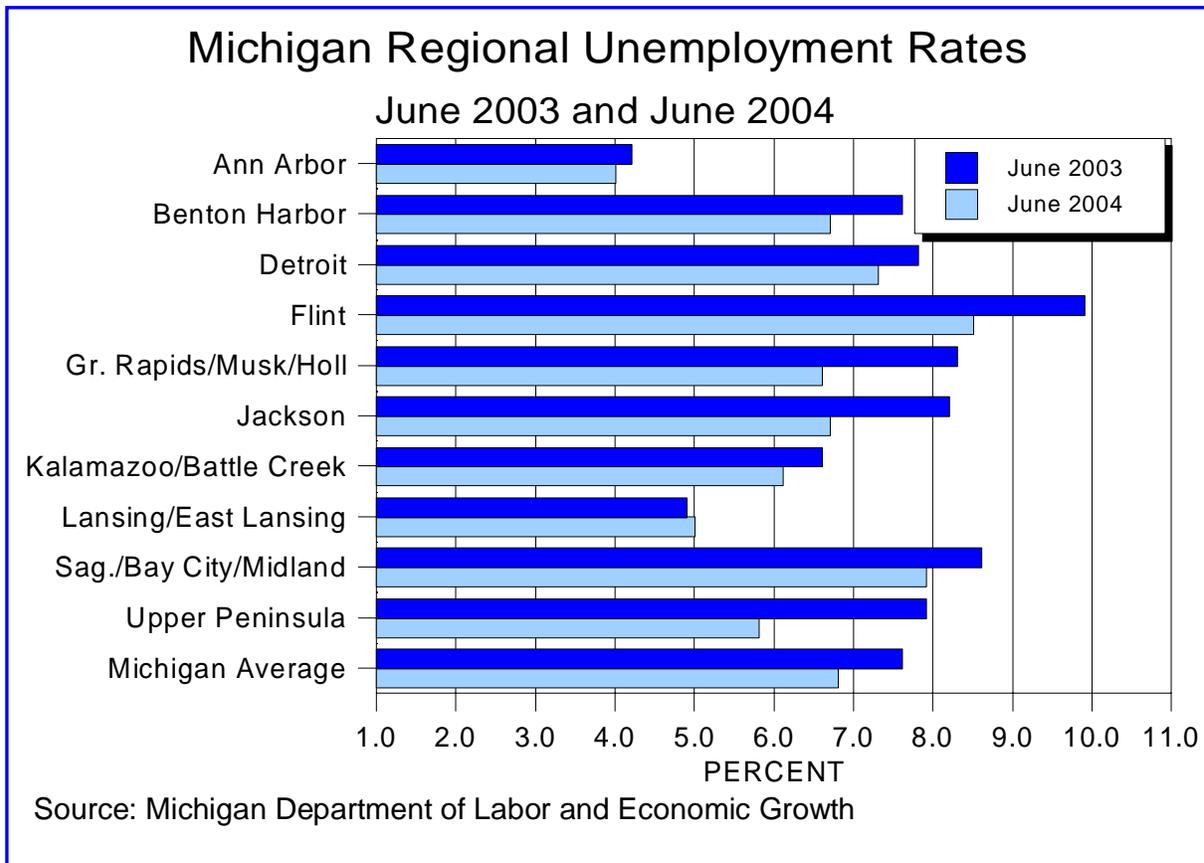
Source: Bureau of Labor Statistics, U.S. Department of Labor Preliminary

MICHIGAN AVERAGE WEEKLY HOURS AND EARNINGS						
Industry	<u>Average Weekly Hours</u>			<u>Average Weekly Earnings</u>		
	June 2004	Year Ago	Percent Change	June 2004	Year Ago	Percent Change
Nat. Resources, Mining & Construction	38.2	39.2	(2.6)%	830.09	845.15	(1.8)%
Manufacturing	42.5	42.4	0.2	913.33	898.88	1.6
Durable Goods	43.3	43.4	(0.2)	990.70	983.44	0.7
Motor Vehicle Manufacturing	41.5	43.7	(5.0)	1,276.54	1,317.12	(3.1)
Motor Vehicle Parts Manufacturing	45.8	45.5	0.7	1,275.53	1,188.01	7.4
Nondurable Goods	38.9	38.2	1.8	588.56	546.26	7.7
Wholesale Trade	37.4	35.9	4.2	713.97	661.64	7.9
Retail Trade	29.3	29.6	(1.0)	346.91	327.67	5.9
Grocery Stores	25.3	26.5	(4.5)	222.89	238.24	(6.4)
General Merchandise Stores	29.5	29.2	1.0	299.72	291.42	2.8
Information	37.3	31.7	17.7	646.41	517.98	24.8
Financial Activities	34.2	36.7	(6.8)	533.86	574.36	(7.1)
Prof. & Business Services	35.3	35.1	0.6	588.10	574.94	2.3
Health Care & Social Assistance	35.3	33.5	5.4	558.09	539.35	3.5
Leisure & Hospitality	23.2	23.5	(1.3)	188.15	192.23	(2.1)
Auto. Repair & Maintenance	34.5	36.7	(6.0)	534.75	553.44	(3.4)
Personal & Laundry Services	27.9	27.7	0.7	370.51	365.92	1.3

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

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

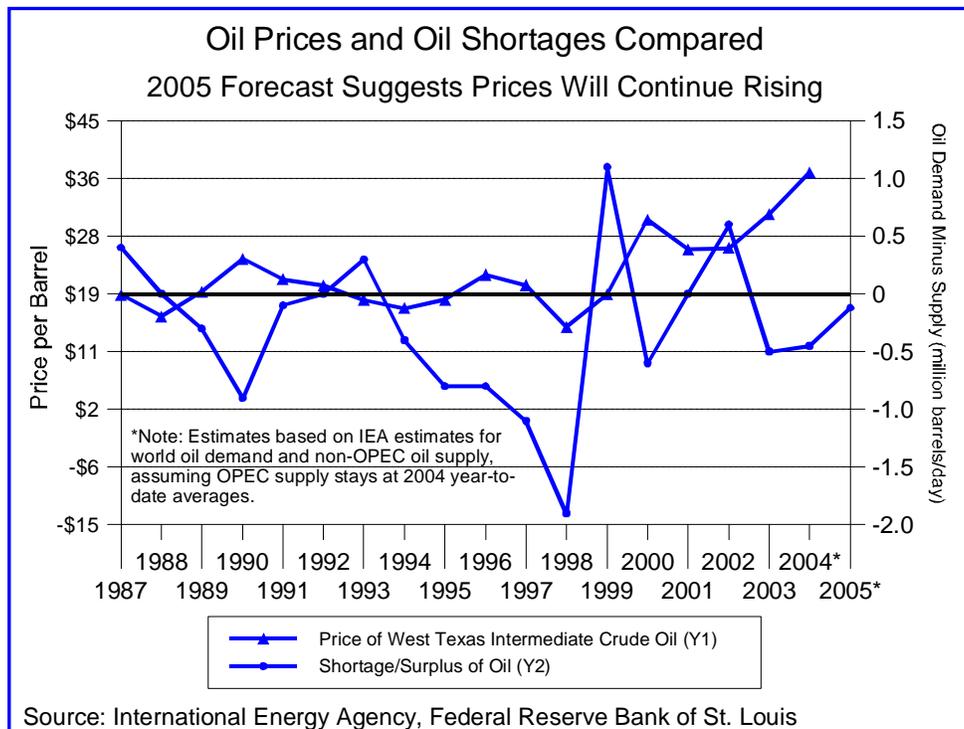
	June 2004	May 2004	April 2004	June 2003
Metropolitan Statistical Areas				
Ann Arbor	4.0%	3.6%	3.3%	4.2%
Benton Harbor	6.7	6.3	6.0	7.6
Detroit	7.3	6.6	6.1	7.8
Flint	8.5	8.3	7.8	9.9
Grand Rapids	6.6	6.2	5.8	8.3
Jackson	6.7	6.5	6.1	8.2
Kalamazoo-Battle Creek	6.1	5.7	5.4	6.6
Lansing-East Lansing	5.0	4.4	4.1	4.9
Saginaw-Bay City-Midland	7.9	7.4	7.3	8.6
Multi-County Areas				
Northeast Lower Michigan	7.2	7.3	9.1	8.9
Northwest Lower Michigan	6.3	6.3	7.2	7.2
Upper Peninsula	5.8	6.1	7.3	7.9
Michigan Statewide Average				
-- Unadjusted (comparable to figures shown above)	6.8	6.3	6.0	7.6
Source: Michigan Department of Labor and Economic Growth.				*Preliminary.



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

	June 2004	May 2004	April 2004	March 2004	Year Ago June	Percent Change From:	
						June/ May	June 2004/ June 2003
Motor Vehicle Sales^{1,2)}							
(thousands of units, SAAR)							
Autos	6,988	7,768	7,536	7,736	7,548	(10.0)%	(7.4)%
Domestics	4,934	5,650	5,272	5,563	5,517	(12.7)	(10.6)
Imports	2,054	2,118	2,264	2,173	2,031	(3.0)	1.1
Import Share	29.4%	27.3%	30.0%	28.1%	26.9%	----	----
Light Trucks	8,318	9,748	9,131	9,031	8,903	(14.7)	(6.6)
Domestics	7,104	8,492	7,964	7,782	7,641	(16.3)	(7.0)
Imports	1,214	1,256	1,167	1,249	1,262	(3.3)	(3.8)
Import Share	14.6%	12.9%	12.8%	13.8%	14.2%	----	----
Heavy Trucks	395	402	385	411	317	(1.7)	24.6
Total	15,701	17,918	17,052	17,178	16,768	(12.4)	(6.4)
U.S. Motor Vehicle Production^{1,2)}							
(millions of units, SAAR)							
Autos	3,942	4,102	4,466	4,352	4,496	(3.9)	(12.3)
Michigan Motor Vehicle Production^{2,3)}							
(thousands of units, SAAR)							
Autos	1,110	1,152	1,569	1,389	1,431	(3.6)	(22.4)
Trucks	1,226	1,176	1,440	1,348	1,296	4.3	(5.4)
Total	2,337	2,328	3,009	2,738	2,726	0.4	(14.3)
Michigan Production as % of U.S.	20.1%	21.2%	23.2%	22.9%	24.4%	----	----
U.S. Motor Vehicle Inventories⁴⁾							
Total Car	1,623	1,633	1,652	1,741	1,772	(0.6)	(8.4)
Days Supply	59	56	66	64	64	5.4	(7.8)
Total Truck	2,609	2,515	2,650	2,509	2,253	3.7	15.8
Days Supply	85	75	90	82	79	13.3	7.6

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)	June	131.6	132.9	124.2	(1.0)%	6.0%
Coincident Index ¹⁾ (1992=100)	June	143.0	142.8	137.0	0.1	4.4
Housing Starts, U.S. ²⁾ (thousands of units, SAAR)	June	1,802	1,970	1,850	(8.5)	(2.6)
Retail Sales, U.S. ²⁾ (billions, seasonally adjusted)	June	\$300.1	\$303.7	\$282.4	(1.2)	6.3
Industrial Production Index ³⁾ (1997=100, seasonally adjusted)	June	116.2	116.5	110.0	(0.3)	5.6
Capacity Utilization ³⁾ (% of total capacity, seasonally adjusted)	June	77.2	77.6	74.0	(0.4)	4.3
Consumer Price Index ⁴⁾ (1982-84=100)						
U.S. (seasonally adjusted)	June	189.4	188.8	183.5	3.9	3.2
Detroit (not seasonally adjusted)	June	185.8	184.7	182.8	3.6	1.6
Interest Rates						
3-month Treasury Bill ³⁾	June	1.27%	1.04%	0.95%	---	---
Corporate Aaa Bonds ³⁾	June	6.01%	6.04%	4.97%	---	---
Real Gross Domestic Product ⁵⁾ (billions of 2000 \$, SAAR, Chain-Weighted)	2004 1 st Qtr.	\$10,702.1	\$10,600.1	\$10,210.4	3.9	4.8
Michigan Tax Collections ⁶⁾ (12 major taxes, millions)	June 2004	\$1,599.3	\$1,417.5	\$1,617.5	NM	(1.1)

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.

