

# MICHIGAN ECONOMIC INDICATORS

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

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## ECONOMIC HIGHLIGHTS

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- The **Index of Consumer Sentiment** was 5.9% below the year-ago level in June. While consumers' evaluations of their current finances are above the recession lows, fewer expect gains in their finances and they are more pessimistic about future income gains. A majority of consumers have expected no income increase over the coming year in every survey since the start of 2009 -- 30 consecutive surveys. Before 2009, no survey had ever recorded that a majority of consumers anticipated no income gain during the year ahead. Although consumers expect inflation to ease, they also anticipate declines in their living standards. Only 10.0% expect their income to rise more rapidly than the inflation rate over the next year.
- **Retail sales** in June were 8.5% above the level one year ago. Other than electronics/appliance stores (2.4% decline), all sectors exhibited gains, with gasoline stores exhibiting the strongest growth (23.6%). Other sectors with strong year-over-year growth included motor vehicle/parts (8.9%), building materials (7.8%), and food/beverage stores (6.5%).
- The preliminary estimate for **inflation-adjusted Gross Domestic Product (GDP)** indicated the economy grew at a 1.3% annual rate in the second quarter of 2011, compared with a revised 0.4% growth during the first quarter of 2011. Personal consumption spending contributed almost nothing to the growth rate, and lower state and local government spending reduced the growth rate by 0.4 percentage point. Inventory increases accounted for essentially all of the dollar increase in inflation-adjusted GDP, and have accounted for more than double the total increase since the fourth quarter of 2010.
- **Corporate profits** in the first quarter of 2011 rose to the highest level in the post-World War II period, in both nominal and inflation-adjusted terms. Profits were broadly distributed across sectors, with most sectors exhibiting profits ranking in the 10.0% most profitable quarters in post-War history. After the record-setting low during the fourth quarter of 2008, since the fourth quarter of 2009 the financial sector has experienced six of the 12 most profitable quarters of inflation-adjusted profits in the post-War period.



- **Michigan wage and salary employment** increased by 18,000 jobs in July from the June level, and was 53,000 above the level one year ago. Compared with July 2010, government employment was down by 18,000 jobs, while manufacturing employment was up 17,000 jobs.
- Seasonally adjusted **Michigan motor vehicle production** decreased 20.4% in June from the May level, and was 3.5% below the level in June 2010. Compared with one year ago, automobile production was down 18.5%, while truck production increased 5.9%.
- **Building permits in Michigan** through June were up 1.8% from the January-June 2010 period, although permits for single-unit housing were down 2.5%. Despite the gains in total permits, and that 2011 permits are on track to exceed the 2009 low by 23.5%, the level would still be the second-lowest level on record and at least 40% below any year between 1960 and 2005.

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

U.S.	Jun 2011	May 2011	June 2010	Change from May		Change from Year Ago	
				Number	Percent	Number	Percent
Labor Force	153,421	153,693	153,684	(272)	(0.2%)	(263)	(0.2%)
Employment	139,334	139,779	139,092	(445)	(0.3)	242	0.2
Unemployment	14,087	13,914	14,592	173	1.2	(505)	(3.5)
Unemployment Rate	9.2%	9.1%	9.5%	---	---	---	---

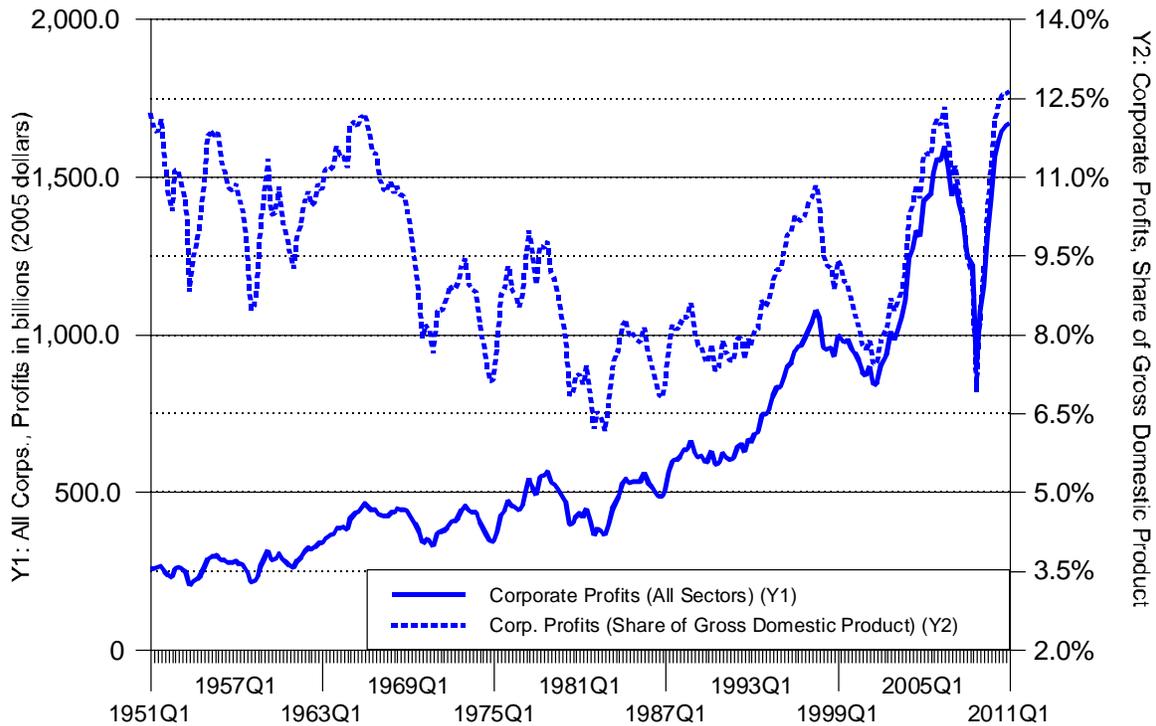
  

Michigan	June 2011	May 2011	June 2010	Change from May		Change from Year Ago	
				Number	Percent	Number	Percent
Labor Force	4,718	4,736	4,797	(18)	(0.4%)	(78)	(1.6%)
Employment	4,222	4,248	4,191	(26)	(0.6)	31	0.7
Unemployment	496	488	606	9	1.7	(110)	(18.1)
Unemployment Rate	10.5%	10.3%	12.6%	---	---	---	---

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

## Inflation-Adjusted Corporate Profits

**New Record High Every Consecutive Quarter Since Second Quarter of 2010**



<b>MICHIGAN WAGE AND SALARY EMPLOYMENT</b> (Seasonally adjusted, thousands)							
	June 2011*	May 2011	June 2010	<u>Change from May</u>		<u>Change from Yr Ago</u>	
				Number	Percent	Number	Percent
<b>Total Non-Agricultural Jobs</b>	3,921	3,903	3,868	18	0.5%	53	1.4%
<b>Goods Producing Industries</b>	634	632	606	3	0.4	28	4.7
Mining and Logging	8	8	7	0	0.0	1	8.6
Construction	130	126	119	4	3.1	11	9.2
Manufacturing	497	498	480	(1)	(0.3)	17	3.5
Transportation Equipment	133	132	128	1	0.8	5	3.9
<b>Service Producing Industries</b>	3,287	3,271	3,262	16	0.5	25	0.8
Trade, Transportation & Utilities	713	713	711	0	0.1	2	0.3
Wholesale Trade	151	152	151	(1)	(0.7)	1	0.3
Retail Trade	447	445	447	2	0.4	(0)	(0.1)
Transportation & Utilities	115	115	113	(0)	(0.2)	2	2.0
Information	53	56	55	(3)	(6.0)	(2)	(3.1)
Financial Activities	187	187	186	(0)	(0.2)	1	0.5
Professional & Business Services	539	544	517	(5)	(1.0)	22	4.3
Education & Health Services	629	623	614	6	1.0	16	2.6
Leisure & Hospitality Services	375	367	375	8	2.2	0	0.1
Other Services	169	169	166	(0)	(0.1)	3	1.8
Government	622	611	640	10	1.7	(18)	(2.8)

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

<b>MICHIGAN AVERAGE WEEKLY HOURS AND EARNINGS</b>						
Industry	<u>Average Weekly Hours</u>			<u>Average Weekly Earnings</u>		
	June 2011	Year Ago	Percent Change	June 2011	Year Ago	Percent Change
Construction	40.6	40.2	1.0%	\$918.37	\$889.22	3.3%
Manufacturing	44.3	44.4	(0.2)	938.72	969.70	(3.2)
Durable Goods	45.4	45.7	(0.7)	1,026.95	1,084.46	(5.3)
Transportation Equipment Mfg.	46.1	45.3	1.8	1,314.77	1,298.75	1.2
Motor Vehicle Parts Mfg.	47.0	45.3	3.8	1,215.42	1,161.49	4.6
Nondurable Goods	41.0	40.9	0.2	671.99	652.36	3.0
Wholesale Trade	38.7	38.2	1.3	785.22	742.61	5.7
Retail Trade	29.9	29.4	1.7	379.43	378.38	0.3
Information	33.9	32.9	3.0	843.77	801.44	5.3
Financial Activities	36.3	36.3	0.0	707.12	747.42	(5.4)
Professional & Business Services	34.2	33.3	2.7	713.07	668.66	6.6
Health Care & Social Assistance	31.7	31.4	1.0	593.11	582.78	1.8
Leisure & Hospitality	23.2	23.3	(0.4)	225.97	225.08	0.4
Accommodation & Food Services	22.9	23.2	(1.3)	215.26	217.62	(1.1)

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

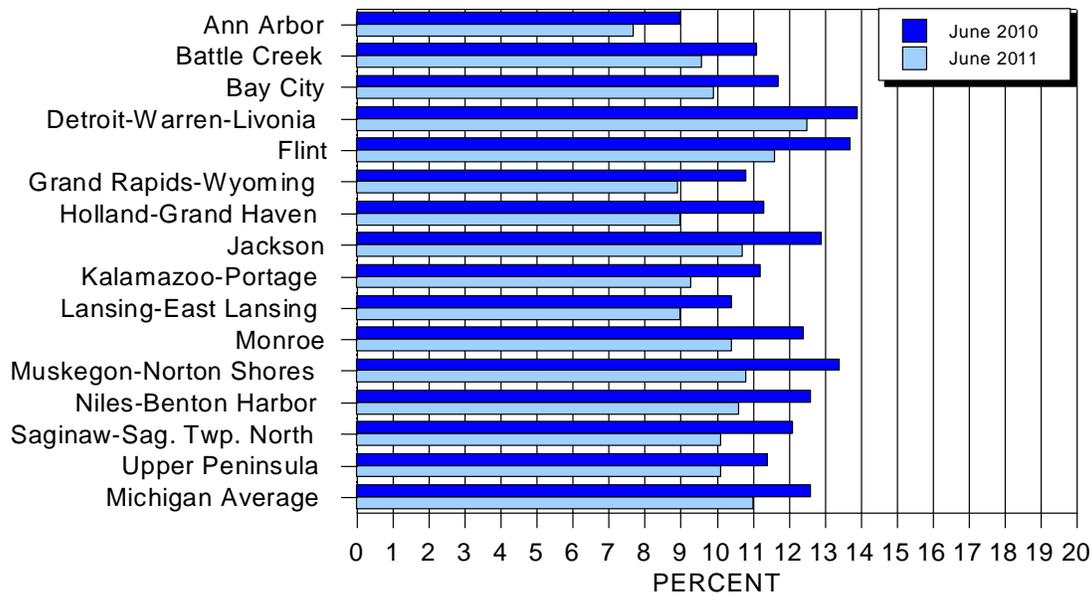
**MICHIGAN UNEMPLOYMENT RATES  
BY SELECTED METROPOLITAN AREAS AND MULTI-COUNTY AREAS  
(Not Adjusted for Seasonal Variations)**

	June 2011	May 2011	Apr. 2011	June 2010
<b>Metropolitan Statistical Areas</b>				
Ann Arbor	7.7%	6.8%	6.2%	9.0%
Battle Creek	9.6	9.2	8.6	11.1
Bay City	9.9	9.6	9.7	11.7
Detroit-Warren-Livonia	12.5	11.6	11.1	13.9
Flint	11.6	10.9	10.8	13.7
Grand Rapids-Wyoming	8.9	8.3	8.0	10.8
Holland-Grand Haven	9.0	8.4	8.1	11.3
Jackson	10.7	10.1	9.7	12.9
Kalamazoo-Portage	9.3	8.7	8.3	11.2
Lansing-East Lansing	9.0	7.9	7.6	10.4
Monroe	10.4	9.6	9.5	12.4
Muskegon-Norton Shores	10.8	10.4	10.1	13.4
Niles-Benton Harbor	10.6	10.0	9.6	12.6
Saginaw-Saginaw Twp North	10.1	9.7	9.4	12.1
<b>Multi-County Areas</b>				
Northeast Lower Michigan	11.7	11.7	13.2	13.5
Northwest Lower Michigan	10.6	10.8	11.9	12.3
Upper Peninsula	10.1	9.9	10.6	11.4
<b>Michigan Statewide Average</b>				
-- Unadjusted (comparable to figures shown above)	11.0	10.3	10.0	12.6

Source: Michigan Department of Technology, Management, and Budget

**Michigan Regional Unemployment Rates**

June 2011 and June 2010



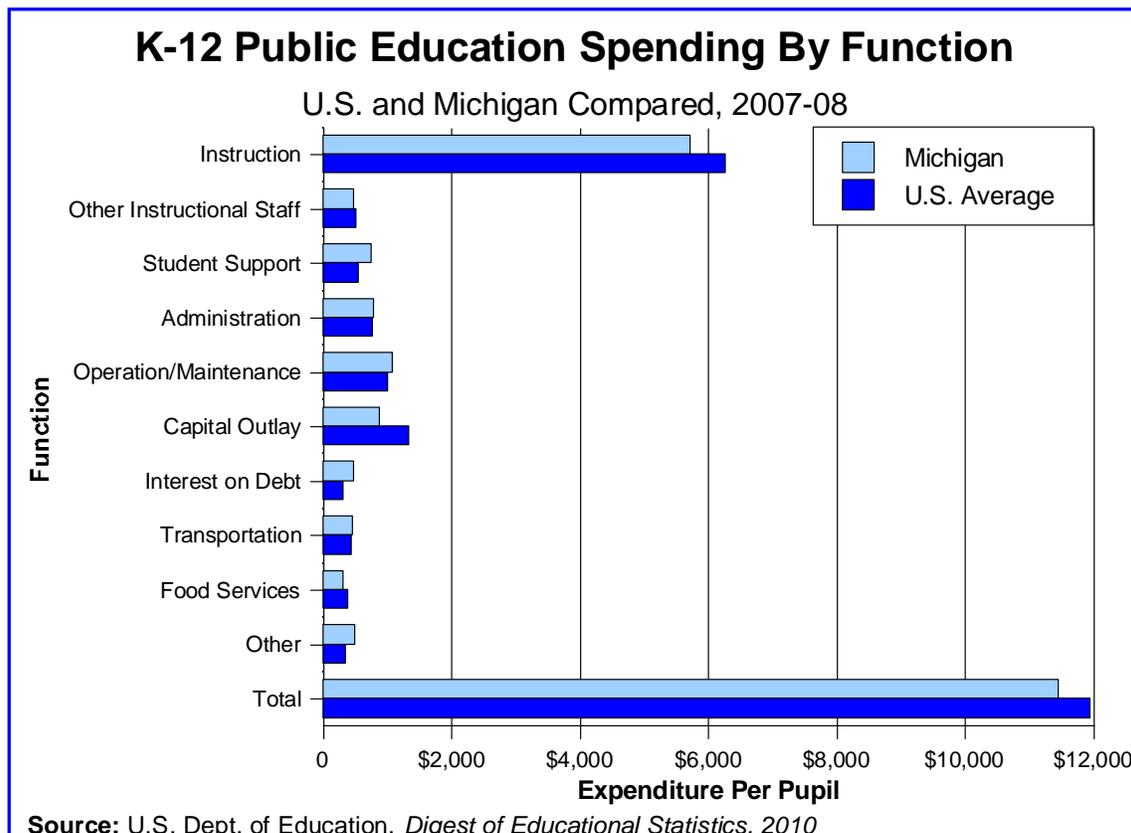
Source: Michigan Department of Technology, Management, and Budget

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

	June 2011	May 2011	Apr. 2011	Mar. 2011	Year Ago June	Percent Change From:	
						June/May	June 2011/ June 2010
<b>Motor Vehicle Sales<sup>1)</sup></b> (thousands of units, SAAR)							
Autos	5,604	5,736	6,689	6,772	5,554	(2.3%)	0.9%
Domestics	3,971	3,995	4,684	4,713	3,798	(0.6)	4.6
Imports	1,633	1,741	2,005	2,059	1,756	(6.2)	(7.0)
Import Share	29.1%	30.4%	30.0%	30.4%	31.6%	---	---
Light Trucks	5,908	5,945	6,440	6,248	5,697	(0.6)	3.7
Domestics	5,019	5,074	5,475	5,213	4,844	(1.1)	3.6
Imports	889	871	965	1,035	853	2.1	4.2
Import Share	15.0%	14.7%	15.0%	16.6%	15.0%	---	---
Subtotal: Light Vehicle Sales	11,512	11,681	13,129	13,020	11,251	(1.4)	2.3
Heavy Trucks	307	312	272	270	212	(1.6)	44.8
<b>Total Vehicle Sales</b>	<b>11,819</b>	<b>11,993</b>	<b>13,401</b>	<b>13,290</b>	<b>11,463</b>	<b>(1.5)</b>	<b>3.1</b>
<b>U.S. Motor Vehicle Production<sup>1)</sup></b> (millions of units, SAAR)							
Autos	2,926	2,924	2,730	3,005	2,946	0.0	(0.7)
<b>Michigan Motor Vehicle Production<sup>2)</sup></b> (thousands of units, SAAR)							
Autos	582	845	767	839	714	(31.1)	(18.5)
Trucks	1,209	1,405	1,165	1,364	1,141	(14.0)	5.9
<b>Total</b>	<b>1,791</b>	<b>2,250</b>	<b>1,932</b>	<b>2,203</b>	<b>1,856</b>	<b>(20.4)</b>	<b>(3.5)</b>
Michigan Production as % of U.S.	21.6%	24.9%	24.1%	21.9%	21.9%	---	---
<b>U.S. Motor Vehicle Inventories<sup>3)</sup></b>							
Total Car	882	887	988	1,137	1,095	(0.6)	(19.5)
Days Supply	43	38	43	46	53	13.2	(18.9)
Total Truck	1,325	1,297	1,319	1,347	1,034	2.1	28.1
Days Supply	67	62	67	64	56	8.1	19.6

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
<b>Index of Consumer Sentiment</b> , monthly <sup>1)</sup> (1996 Q1=100)	June	71.5	74.3	76.0	(3.8%)	(5.9%)
<b>Oil Prices</b> <sup>2)</sup> (\$ per barrel, West Texas Intermediate Crude)	June	\$96.29	\$101.33	\$75.35	(5.0)	27.8
<b>Housing Starts, U.S.</b> <sup>3)</sup> (thousands of units, SAAR)	June	629	549	539	14.6	16.7
<b>Retail Sales, U.S.</b> <sup>3)</sup> (billions, seasonally adjusted)	June	\$347.2	\$346.5	\$320.1	0.2	8.5
<b>Industrial Production Index</b> <sup>4)</sup> (1997=100, seasonally adjusted)	June	93.1	92.9	90.0	0.2	3.4
<b>Capacity Utilization</b> <sup>4)</sup> (% of total capacity, seasonally adjusted)	June	76.7	76.7	74.5	0.1	3.0
<b>Consumer Price Index</b> <sup>5)</sup> (1982-84=100)						
U.S. (seasonally adjusted)	June	224.3	224.8	216.9	(2.6)	3.4
Detroit (not seasonally adjusted)	June	213.5	211.7	204.9	5.3	4.2
<b>Interest Rates</b>						
3-month Treasury Bill <sup>4)</sup>	June	0.04%	0.04%	0.12%	---	---
Corporate Aaa Bonds <sup>4)</sup>	June	4.99%	4.96%	4.88%	---	---
<b>Real Gross Domestic Product</b> <sup>6)</sup> (billions of 2005 \$, SAAR, Chain-Weighted)	2011 2nd Qtr.	\$13,270.1	\$13,227.9	\$13,058.5	1.3	1.6
<b>Michigan Tax Collections</b> <sup>7)</sup> (12 major taxes, millions)	June 2011	\$1,698.3	\$1,541.0	\$1,667.8	NM	1.8

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.

