

MICHIGAN ECONOMIC INDICATORS

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

ECONOMIC HIGHLIGHTS



- The advance estimate for **inflation-adjusted Gross Domestic Product (GDP)** indicated the economy grew at a 3.2% annual rate in the first quarter of 2010, below the 5.6% growth in the fourth quarter of 2009, but the third consecutive quarter of growth. First quarter growth reflected strength in personal consumption expenditures and increased inventory investment. Offsetting some of that growth were State and local government expenditures, which fell at a 3.8% rate, the steepest decline since the second quarter of 1981 and the fourth time since World War II governmental expenditures declined for three consecutive quarters.
- U.S. employment increased for a third consecutive month, adding 264,000 jobs. However, the **U.S. unemployment rate** remained at 9.7%, because the labor force grew by 398,000. Despite the gains, U.S. employment is still down 7.6 million jobs from its 2007 peak.
- After February's decline, seasonally adjusted **light vehicle sales** increased to an 11.8 million unit annual rate in March. Compared with March 2009, light vehicle sales were up 21.3%. The import share of automobile sales declined from 35.3% one year ago to 28.7%. Sales of imported automobiles exhibited the weakest performance of any sector in March and represented the only sector to exhibit a year-over-year decline. Sales of heavy trucks continued to highlight weakness in the business sector, with sales declining 7.8% between February and March and down 7.4% from one year ago.
- **Oil prices** increased 6.3% in March, rising from \$76.42 per barrel in February to \$81.24. Compared with one year ago, the price of oil was up 69.3% and March oil prices were at the highest level since September 2008 and more than double the recent low of \$39.16 per barrel in February 2009.



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- **Michigan wage and salary employment** decreased by 10,000 jobs in March from the February level, dropping employment to a new low in the current recession. March's employment figure of slightly more than 3.8 million workers was the lowest monthly reading since August 1988. Compared with one year ago, employment was down 2.5%, with manufacturing accounting for about 28.9% of the job loss. Only the professional/business services and education/health services sectors exhibited year-over-year employment gains.
 - **Building permits in Michigan**, boosted by an improving economy and Federal tax incentives that expire during the second quarter of 2010, rose 50.5% in March from the February level and were up 98.3% from March 2009. Year-to-date permits through March are up 84.1% from 2009.
 - Preliminary figures for **Michigan personal income** indicate income per person fell 2.7% in 2009, ranking Michigan 39th among the states and placing the Michigan average at approximately 87.0% of the U.S. average. Despite the substantial decline in Michigan personal income per person, 16 states saw more rapid declines, with Wyoming's 5.9% drop in income per person the largest exhibited by any state.



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

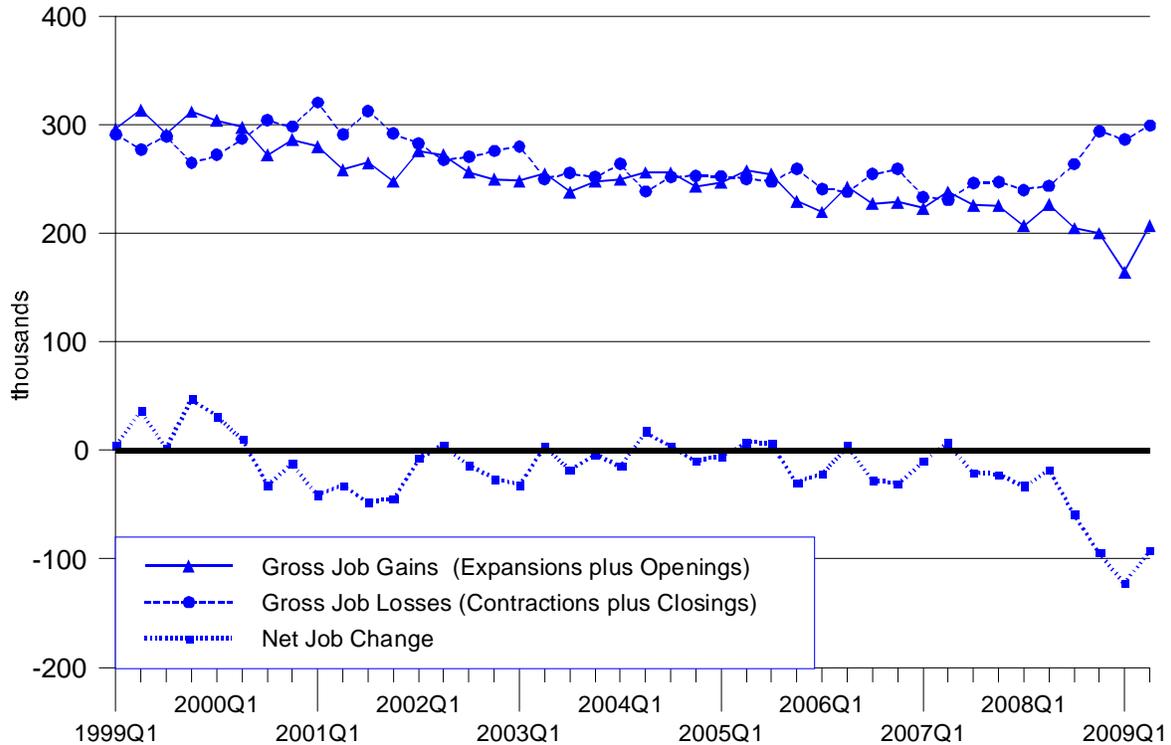
U.S.	Mar. 2010	Feb. 2010	Mar. 2009	Change from Feb.		Change from Year Ago	
				Number	Percent	Number	Percent
Labor Force	153,910	153,512	154,164	398	0.3%	(254)	(0.2)%
Employment	138,905	138,641	140,854	264	0.2	(1,949)	(1.4)
Unemployment	15,005	14,871	13,310	134	0.9	1,695	12.7
Unemployment Rate	9.7%	9.7%	8.6%	---	---	---	---

Michigan	Mar. 2010	Feb. 2010	Mar. 2009	Change from Feb.		Change from Year Ago	
				Number	Percent	Number	Percent
Labor Force	4,851	4,844	4,921	7	0.1%	(71)	(1.4)%
Employment	4,168	4,160	4,299	8	0.2	(131)	(3.0)
Unemployment	682	684	622	(1)	(0.2)	60	9.6
Unemployment Rate	14.1%	14.1%	12.6%	---	---	---	---

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

Michigan Employment Dynamics

Current Recession Worsened by Substantial Declines in New Job Formation



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

MICHIGAN WAGE AND SALARY EMPLOYMENT (Seasonally adjusted, thousands)							
	Mar. 2010*	Feb. 2010	Mar. 2009	<u>Change from Feb.</u>		<u>Change from Yr Ago</u>	
				Number	Percent	Number	Percent
Total Wage & Salary Jobs	3,826	3,835	3,922	(10)	(0.2)%	(97)	(2.5)%
Goods Producing Industries	582	583	626	(1)	(0.1)	(44)	(7.0)
Mining and Logging	7	7	7	0	0.0	0	5.8
Construction	118	119	135	(1)	(0.6)	(16)	(12.2)
Manufacturing	456	456	484	0	0.0	(28)	(5.7)
Transportation Equipment	126	128	135	(2)	(1.6)	(9)	(6.6)
Service Producing Industries	3,244	3,253	3,297	(9)	(0.3)	(53)	(1.6)
Trade, Transportation & Utilities	704	705	726	(1)	(0.2)	(22)	(3.0)
Wholesale Trade	148	148	156	(0)	(0.1)	(9)	(5.4)
Retail Trade	448	448	454	(0)	(0.0)	(7)	(1.4)
Transportation & Utilities	108	109	115	(1)	(0.8)	(7)	(6.1)
Information	52	51	57	1	1.6	(5)	(8.9)
Financial Activities	183	186	192	(3)	(1.6)	(10)	(5.0)
Professional & Business Services	518	514	515	5	0.9	3	0.7
Education & Health Services	621	623	610	(2)	(0.3)	11	1.7
Leisure & Hospitality Services	370	373	381	(3)	(0.8)	(11)	(2.8)
Other Services	162	166	169	(4)	(2.1)	(7)	(4.1)
Government	635	636	647	(2)	(0.3)	(13)	(2.0)

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>		
	Mar. 2010	Year Ago	Percent Change	Mar. 2010	Year Ago	Percent Change
Construction	38.3	35.0	9.4%	\$844.52	\$763.70	10.6%
Manufacturing	43.4	40.3	7.7	935.70	883.38	5.9
Durable Goods	44.6	41.8	6.7	1,044.09	996.09	4.8
Transportation Equipment Mfg.	43.7	40.7	7.4	1,253.75	1,129.83	11.0
Motor Vehicle Parts Mfg.	44.4	40.6	9.4	1,129.09	1,012.16	11.6
Nondurable Goods	40.1	36.0	11.4	636.79	555.48	14.6
Wholesale Trade	36.9	37.2	(0.8)	708.11	664.76	6.5
Retail Trade	28.7	29.1	(1.4)	361.91	373.35	(3.1)
Information	32.6	32.7	(0.3)	813.04	804.75	1.0
Financial Activities	36.0	36.2	(0.6)	762.12	755.13	0.9
Professional & Business Services	32.9	33.2	(0.9)	667.54	671.97	(0.7)
Health Care & Social Assistance	31.1	33.2	(6.3)	575.35	582.33	(1.2)
Leisure & Hospitality	22.5	22.7	(0.9)	218.93	205.21	6.7
Accommodation & Food Services	22.6	23.0	(1.7)	214.02	202.40	5.7

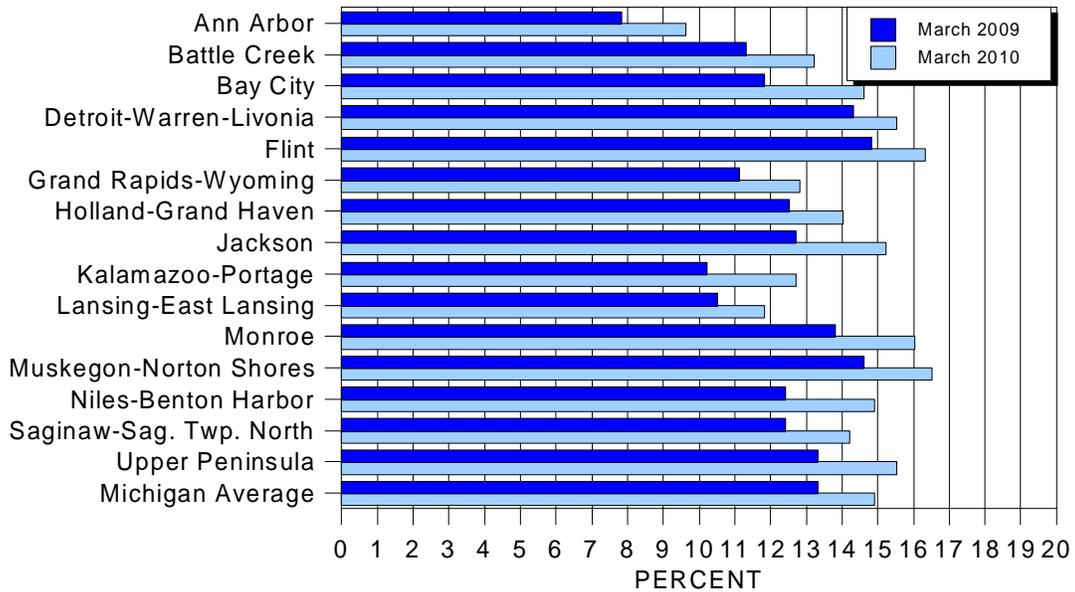
Source: Bureau of Labor Statistics, U.S. Department of Labor

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

	Mar. 2010*	Feb. 2010	Jan. 2010	Mar. 2009
Metropolitan Statistical Areas				
Ann Arbor	9.6%	8.9%	9.3%	7.8%
Battle Creek	13.2	12.6	12.9	11.3
Bay City	14.6	14.0	14.3	11.8
Detroit-Warren-Livonia	15.5	15.3	15.6	14.3
Flint	16.3	15.9	16.4	14.8
Grand Rapids-Wyoming	12.8	12.4	12.7	11.1
Holland-Grand Haven	14.0	13.6	14.0	12.5
Jackson	15.2	14.8	15.2	12.7
Kalamazoo-Portage	12.7	12.2	12.6	10.2
Lansing-East Lansing	11.8	11.2	11.7	10.5
Monroe	16.0	15.1	15.8	13.8
Muskegon-Norton Shores	16.5	16.3	16.6	14.6
Niles-Benton Harbor	14.9	14.6	15.2	12.4
Saginaw-Saginaw Twp North	14.2	13.7	14.2	12.4
Multi-County Areas				
Northeast Lower Michigan	20.2	19.9	20.0	17.8
Northwest Lower Michigan	17.4	17.1	17.3	14.8
Upper Peninsula	15.5	14.8	15.1	13.3
Michigan Statewide Average				
-- Unadjusted (comparable to figures shown above)	14.9	14.6	14.9	13.3
Source: Michigan Department of Energy, Labor, and Economic Growth				*Preliminary

Michigan Regional Unemployment Rates

March 2010 and March 2009



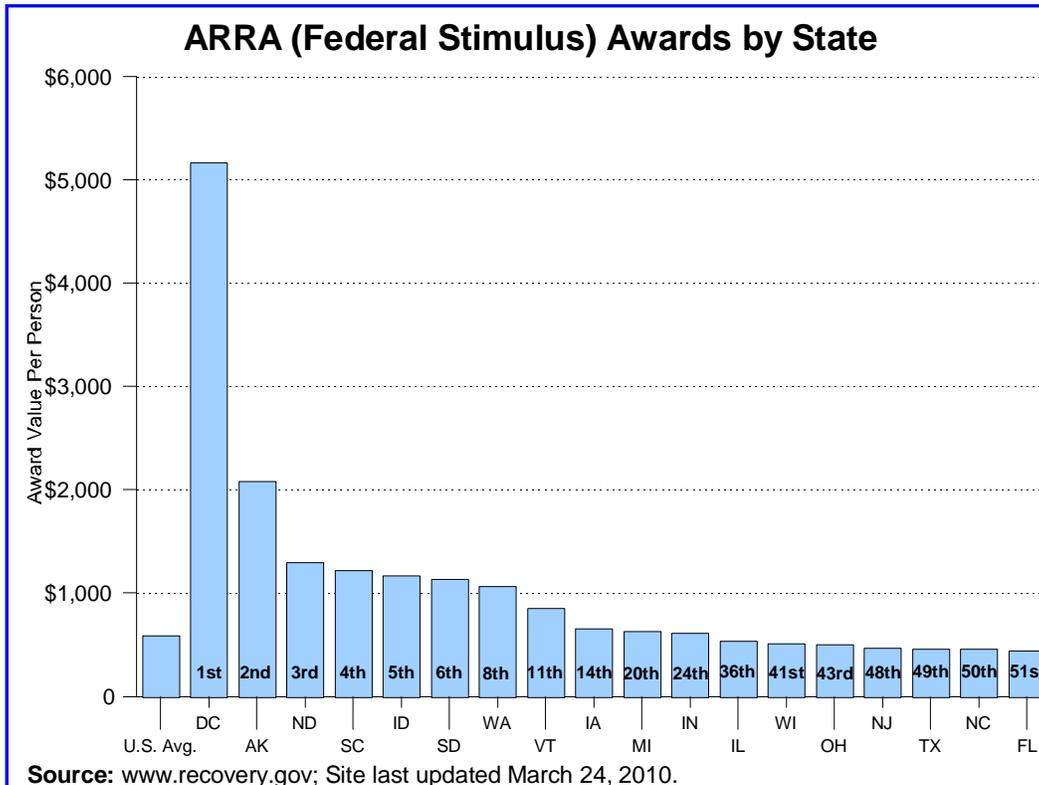
Source: Michigan Department of Energy, Labor, and Economic Growth

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

	Mar. 2010	Feb. 2010	Jan. 2010	Dec. 2009	Year Ago Mar.	Percent Change From:	
						Mar./Feb.	Mar. 2010/ Mar. 2009
Motor Vehicle Sales¹⁾ (thousands of units, SAAR)							
Autos	5,993	5,449	5,652	5,947	5,038	10.0%	19.0%
Domestics	4,271	3,734	3,797	4,148	3,258	14.4	31.1
Imports	1,722	1,715	1,855	1,799	1,780	0.4	(3.3)
Import Share	28.7%	31.5%	32.8%	30.3%	35.3%	---	---
Light Trucks	5,761	4,894	5,117	5,254	4,652	17.7	23.8
Domestics	4,730	4,133	4,340	4,405	3,715	14.4	27.3
Imports	1,031	761	777	849	937	35.5	10.0
Import Share	17.9%	15.5%	15.2%	16.2%	20.1%	---	---
Subtotal: Light Vehicle Sales	11,754	10,343	10,769	11,201	9,690	13.6	21.3
Heavy Trucks	188	204	228	232	203	(7.8)	(7.4)
Total Vehicle Sales	11,942	10,547	10,997	11,433	9,893	13.2	20.7
U.S. Motor Vehicle Production¹⁾ (millions of units, SAAR)							
Autos	N/A	2,953	2,855	2,806	1,968	N/A	N/A
Michigan Motor Vehicle Production²⁾ (thousands of units, SAAR)							
Autos	528	469	419	604	583	12.8	(9.3)
Trucks	875	860	935	715	638	1.8	37.2
Total	1,404	1,328	1,354	1,319	1,221	5.7	15.0
Michigan Production as % of U.S.	17.8%	20.2%	17.0%	17.9%	23.3%	---	---
U.S. Motor Vehicle Inventories³⁾							
Total Car	1,161	1,164	1,138	1,095	1,627	(0.2)	(28.6)
Days Supply	53	67	71	57	130	(20.9)	(59.2)
Total Truck	1,019	1,001	947	860	1,357	1.8	(24.9)
Days Supply	53	66	71	48	106	(19.7)	(50.0)

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)	March	73.6	73.6	57.3	0.0%	28.4%
Oil Prices ²⁾ (\$ per barrel, West Texas Intermediate Crude)	March	\$81.24	\$76.42	\$47.98	6.3	69.3
Housing Starts, U.S. ³⁾ (thousands of units, SAAR)	March	626	616	521	1.6	20.2
Retail Sales, U.S. ³⁾ (billions, seasonally adjusted)	March	\$324.0	\$318.4	\$299.5	1.8	8.2
Industrial Production Index ⁴⁾ (1997=100, seasonally adjusted)	March	101.6	101.5	97.7	0.1	4.0
Capacity Utilization ⁴⁾ (% of total capacity, seasonally adjusted)	March	73.2	73.0	69.5	0.2	5.3
Consumer Price Index ⁵⁾ (1982-84=100)						
U.S. (seasonally adjusted)	March	217.7	217.6	212.6	0.8	2.4
Detroit (not seasonally adjusted)	Feb.	203.4	203.9	201.9	(1.5)	0.7
Interest Rates						
3-month Treasury Bill ⁴⁾	March	0.15%	0.10%	0.25%	---	---
Corporate Aaa Bonds ⁴⁾	March	5.27%	5.35%	5.50%	---	---
Real Gross Domestic Product ⁶⁾ (billions of 2005 \$, SAAR, Chain-Weighted)	2010 1st Qtr.	\$13,254.7	\$13,149.5	\$12,925.4	3.2	2.5
Michigan Tax Collections ⁷⁾ (12 major taxes, millions)	March 2010	\$905.7	\$474.3	\$995.0	NM	(9.0)

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.

