

# 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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- **Retail sales** rose 0.5% in May from the April level, the second increase in the last four months. However, sales are still 10.8% below the level one year ago and are 1.1% below the February 2009 sales level, the last month when sales increased. Most sectors showed small gains compared with April, but only food/beverage stores (up 0.6%) and health/personal care stores (up 5.0%) exhibited higher year-over-year sales. Year-over-year declines were led by gasoline stations (down 33.8%) and motor vehicles/parts (down 19.6%).
- **U.S. motor vehicle production** declined for a second consecutive month in May, falling 3.8% from the April level and 49.5% below the May 2008 level. Automobile production during the first five months of 2009 is down 54.2% from the first five months of 2008 and is 61.5% below the first five months of 2006. **Light vehicle sales** were up slightly in May, compared with the April level, which helped reduce May inventories; however, year-over-year sales remain down 20.9% or more in all sectors, with total light vehicle sales down 30.4%.
- The **U.S. Consumer Price Index** for May increased at an annual rate of 1.2% from the April level but was still 1.0% below the level one year ago. The annual decline was dominated by declines in energy and housing prices. After exhibiting strong gains through most of 2008, the food component of the index has now declined for four consecutive months.
- **U.S. wage and salary employment** fell by 345,000 jobs in May from the April level, the 17th consecutive monthly decline. May employment was down 5.4 million jobs from one year ago and down 6.0 million people from the December 2007 peak. Manufacturing jobs account for 29.8% of the net employment decline, with transportation equipment manufacturing alone accounting for 6.0% of the net national job loss. Professional/business services accounted for another 22.7% of the total net job loss, followed by construction jobs (down 20.3%).



- Seasonally adjusted **Michigan motor vehicle production** decreased in May for a second consecutive month, falling 38.9% from the April level. Production was 59.3% below the level in May 2008, and was only 11,700 units (on an annual basis) above the level in January 2009. January and May 2009 represent the two lowest production months in more than 27 years, inclusive of strike periods.
- Consistent with the pattern in recent months, **average weekly earnings** during May were substantially lower than year-ago levels in goods-producing sectors and meaningfully higher in service-producing sectors. Average earnings for the manufacturing sector were down 10.2%, with earnings in transportation equipment manufacturing down 16.1%. In contrast, earnings were 14.0% higher for food/beverage stores and 11.9% higher in the financial activities sector.
- **May revenue from Michigan's major taxes** was down 13.4% from one year ago, and year-to-date revenue is 12.9% below the level in the last fiscal year. Lower sales tax collections accounted for 59.2% of the drop in revenue relative to May 2008.



MAY 2009

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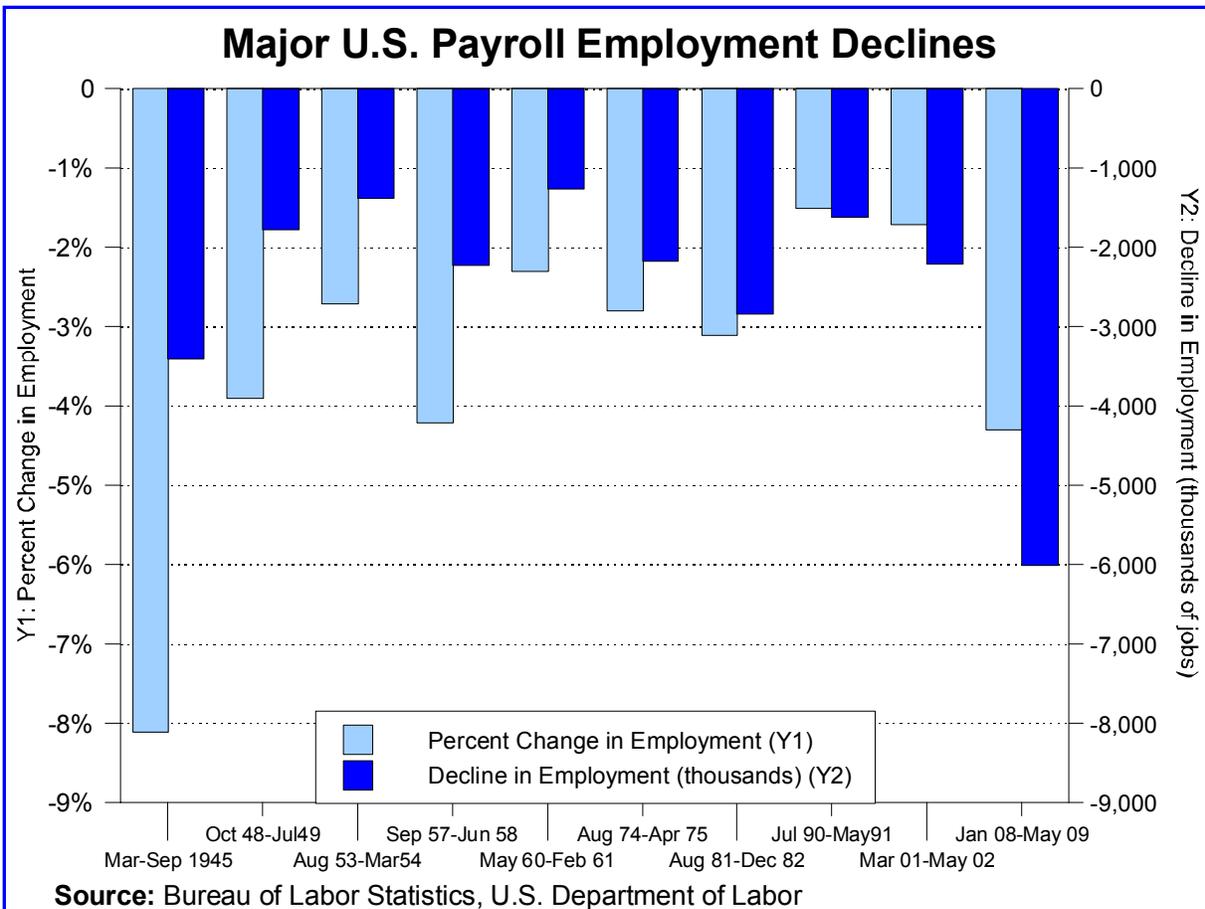
**U.S. & MICHIGAN LABOR MARKET NEWS**  
(Seasonally adjusted, thousands)

U.S.	May 2009	April 2009	May 2008	Change from April		Change from Year Ago	
				Number	Percent	Number	Percent
Labor Force	155,081	154,731	154,510	350	0.2%	571	0.4%
Employment	140,570	141,007	145,974	(437)	(0.3)	(5,404)	(3.7)
Unemployment	14,511	13,724	8,536	787	5.7	5,975	70.0
Unemployment Rate	9.4%	8.9%	5.5%	---	---	---	---

Michigan	May 2009	April 2009	May 2008	Change from April		Change from Year Ago	
				Number	Percent	Number	Percent
Labor Force	4,849	4,848	4,955	1	0.0%	(106)	(2.1)%
Employment	4,167	4,221	4,547	(54)	(1.3)	(380)	(8.3)
Unemployment	682	627	408	55	8.8	274	67.1
Unemployment Rate	14.1%	12.9%	8.2%	---	---	---	---

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



**MICHIGAN WAGE AND SALARY EMPLOYMENT**  
(Seasonally adjusted, thousands)

	May 2009*	April 2009	May 2008	Change from April		Change from Yr Ago	
				Number	Percent	Number	Percent
<b>Total Wage &amp; Salary Jobs</b>	3,878	3,902	4,180	(24)	(0.6)%	(303)	(7.2)%
<b>Goods Producing Industries</b>	592	612	739	(20)	(3.3)	(148)	(20.0)
Mining and Logging	7	7	8	0	1.4	(0)	(5.1)
Construction	129	134	156	(4)	(3.2)	(26)	(16.9)
Manufacturing	455	471	576	(16)	(3.4)	(121)	(21.0)
Transportation Equipment	117	123	168	(6)	(5.2)	(51)	(30.5)
<b>Service Producing Industries</b>	3,286	3,290	3,441	(4)	(0.1)	(155)	(4.5)
Trade, Transportation & Utilities	721	725	775	(4)	(0.6)	(55)	(7.1)
Wholesale Trade	150	152	168	(1)	(0.8)	(18)	(10.7)
Retail Trade	457	459	482	(2)	(0.5)	(25)	(5.1)
Transportation & Utilities	113	114	125	(1)	(0.7)	(12)	(9.6)
Information	56	57	62	(1)	(1.2)	(6)	(8.9)
Financial Activities	192	193	207	(1)	(0.6)	(15)	(7.1)
Professional & Business Services	505	505	569	1	0.1	(64)	(11.2)
Education & Health Services	610	613	608	(3)	(0.5)	2	0.3
Leisure & Hospitality Services	386	384	399	3	0.7	(13)	(3.2)
Other Services	171	172	176	(1)	(0.3)	(5)	(3.0)
Government	645	642	646	3	0.5	(1)	(0.2)

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

\* Preliminary

**MICHIGAN AVERAGE WEEKLY HOURS AND EARNINGS**

Industry	Average Weekly Hours			Average Weekly Earnings		
	May 2009	Year Ago	Percent Change	May 2009	Year Ago	Percent Change
Construction	37.0	35.0	5.7%	\$812.52	\$770.00	5.5%
Manufacturing	38.3	40.9	(6.4)	801.62	892.85	(10.2)
Durable Goods	39.1	42.1	(7.1)	891.48	999.45	(10.8)
Transportation Equipment Mfg.	35.6	41.3	(13.8)	981.14	1,169.20	(16.1)
Motor Vehicle Parts Mfg.	37.1	40.1	(7.5)	943.08	1,015.73	(7.2)
Nondurable Goods	36.0	37.4	(3.7)	556.92	572.22	(2.7)
Wholesale Trade	36.9	38.8	(4.9)	637.26	748.06	(14.8)
Retail Trade	30.0	30.2	(0.7)	388.80	375.08	3.7
Food & Beverage Stores	24.7	27.1	(8.9)	336.41	295.12	14.0
Information	32.5	33.1	(1.8)	787.80	738.46	6.7
Financial Activities	36.3	34.5	5.2	754.68	674.13	11.9
Professional & Business Services	32.9	33.8	(2.7)	648.13	682.42	(5.0)
Health Care & Social Assistance	35.7	34.9	2.3	626.54	606.21	3.4
Leisure & Hospitality	23.0	22.4	2.7	211.83	207.87	1.9
Accommodation & Food Services	23.5	22.5	4.4	210.80	202.50	4.1

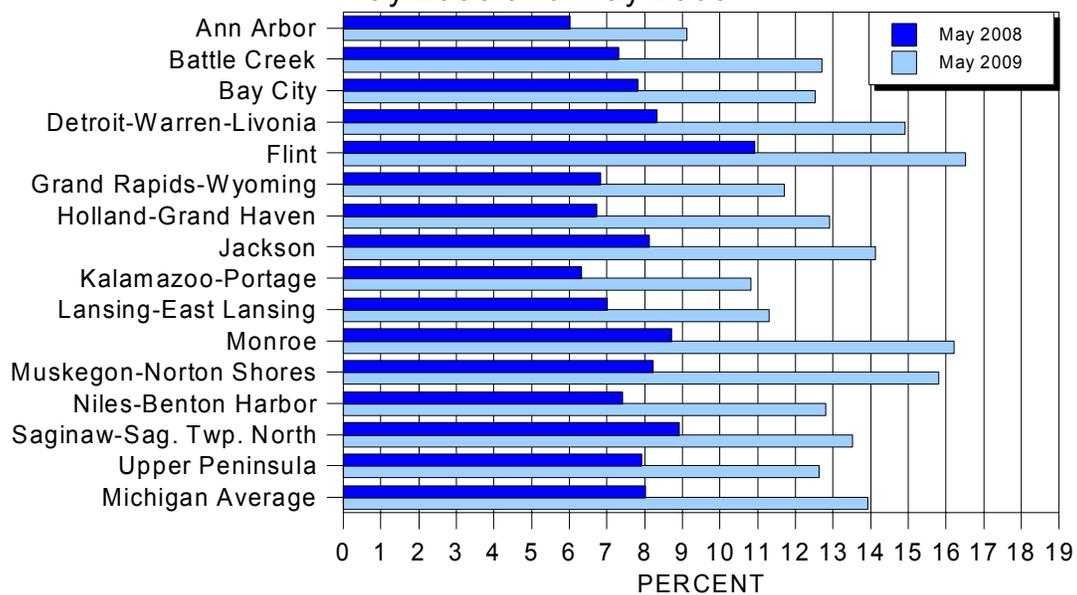
**Source:** Bureau of Labor Statistics, U.S. Department of Labor

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

	May 2009	April 2009	March 2009	May 2008
<b>Metropolitan Statistical Areas</b>				
Ann Arbor	9.1%	7.8%	7.9%	6.0%
Battle Creek	12.7	11.4	11.8	7.3
Bay City	12.5	11.5	12.2	7.8
Detroit-Warren-Livonia	14.9	13.6	14.0	8.3
Flint	16.5	14.2	15.3	10.9
Grand Rapids-Wyoming	11.7	10.5	11.3	6.8
Holland-Grand Haven	12.9	11.5	12.6	6.7
Jackson	14.1	12.7	13.4	8.1
Kalamazoo-Portage	10.8	9.7	10.5	6.3
Lansing-East Lansing	11.3	9.6	10.7	7.0
Monroe	16.2	14.3	13.9	8.7
Muskegon-Norton Shores	15.8	14.2	14.9	8.2
Niles-Benton Harbor	12.8	11.6	12.4	7.4
Saginaw-Saginaw Twp North	13.5	11.8	12.6	8.9
<b>Multi-County Areas</b>				
Northeast Lower Michigan	15.1	16.4	18.2	9.5
Northwest Lower Michigan	13.1	13.7	15.1	8.0
Upper Peninsula	12.6	12.9	13.6	7.9
<b>Michigan Statewide Average</b>				
-- Unadjusted (comparable to figures shown above)	13.9	12.6	13.4	8.0
<b>Source:</b> Michigan Department of Energy, Labor, and Economic Growth				*Preliminary

**Michigan Regional Unemployment Rates**

May 2008 and May 2009



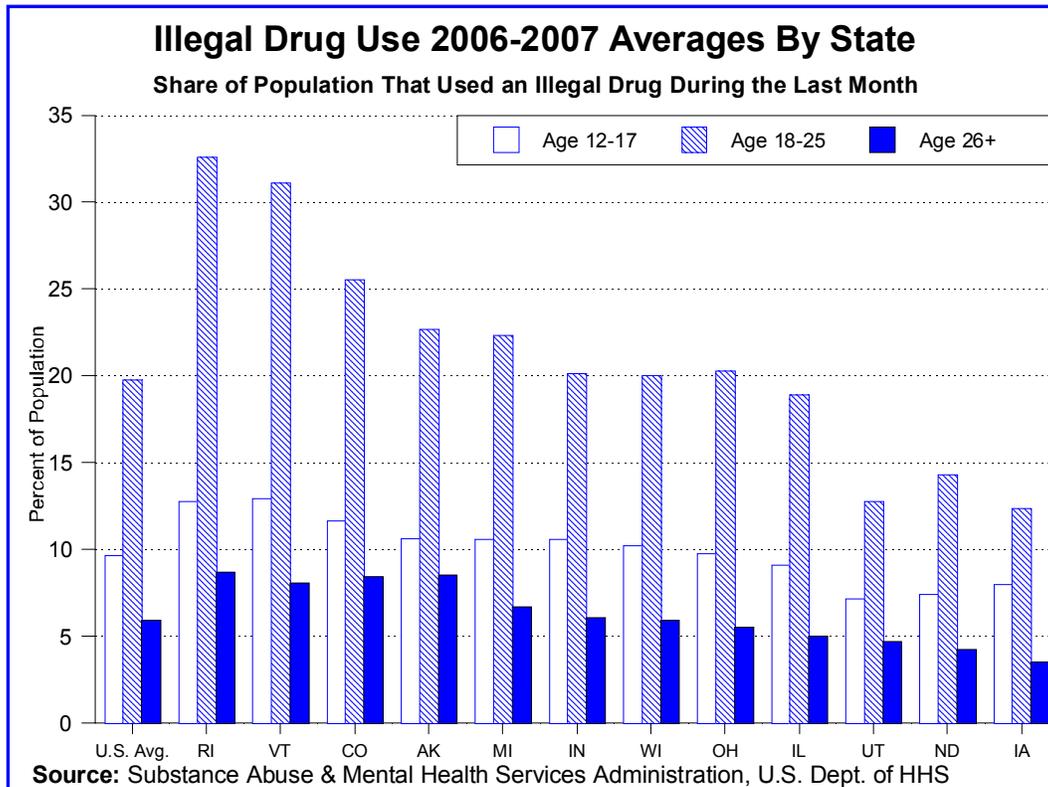
**Source:** Michigan Department of Energy, Labor, and Economic Growth

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

	May 2009	Apr. 2009	Mar. 2009	Feb. 2009	Year Ago May	Percent Change From:	
						May/Apr.	May 2009/ May 2008
<b>Motor Vehicle Sales<sup>1)</sup></b> (thousands of units, SAAR)							
Autos	4,950	4,774	5,096	4,613	7,879	3.7%	(37.2)%
Domestics	3,275	3,168	3,284	2,874	5,173	3.4	(36.7)
Imports	1,675	1,606	1,812	1,739	2,706	4.3	(38.1)
Import Share	33.8%	33.6%	35.6%	37.7%	34.3%	---	---
Light Trucks	4,940	4,520	4,740	4,482	6,334	9.3	(22.0)
Domestics	4,103	3,736	3,777	3,471	5,189	9.8	(20.9)
Imports	837	784	963	1,011	1,145	6.8	(26.9)
Import Share	16.9%	17.3%	20.3%	22.6%	18.1%	---	---
Subtotal: Light Vehicle Sales	9,890	9,294	9,836	9,095	14,213	6.4	(30.4)
Heavy Trucks	187	172	201	194	325	8.7	(42.5)
Total Vehicle Sales	10,077	9,466	10,037	9,289	14,538	6.5	(30.7)
<b>U.S. Motor Vehicle Production<sup>1)</sup></b> (millions of units, SAAR)							
Autos	1,832	1,904	1,968	1,704	3,625	(3.8)	(49.5)
<b>Michigan Motor Vehicle Production<sup>2)</sup></b> (thousands of units, SAAR)							
Autos	322	442	576	243	982	(27.0)	(67.2)
Trucks	328	622	650	679	615	(47.3)	(46.6)
Total	650	1,064	1,226	923	1,597	(38.9)	(59.3)
Michigan Production as % of U.S.	16.8%	20.3%	23.3%	19.1%	19.9%	---	---
<b>U.S. Motor Vehicle Inventories<sup>3)</sup></b>							
Total Car	1,310	1,427	1,548	1,578	1,264	(8.3)	3.6
Days Supply	67	83	83	107	41	(19.3)	63.4
Total Truck	1,068	1,247	1,289	1,322	1,915	(14.3)	(44.2)
Days Supply	66	87	82	94	90	(24.1)	(26.7)

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 <sup>1)</sup> (1992=100)	May	68.7	65.1	59.8	5.5%	14.9%
Oil Prices <sup>2)</sup> (\$ per barrel, West Texas Intermediate Crude)	May	\$59.16	\$49.79	\$125.39	18.8	(52.8)
Housing Starts, U.S. <sup>3)</sup> (thousands of units, SAAR)	May	532	454	971	17.2	(45.2)
Retail Sales, U.S. <sup>3)</sup> (billions, seasonally adjusted)	May	\$301.7	\$300.2	\$338.0	0.5	(10.8)
Industrial Production Index <sup>4)</sup> (1997=100, seasonally adjusted)	May	95.8	96.9	110.7	(1.1)	(13.4)
Capacity Utilization <sup>4)</sup> (% of total capacity, seasonally adjusted)	May	68.3	69.0	78.9	(1.0)	(13.5)
Consumer Price Index <sup>5)</sup> (1982-84=100)						
U.S. (seasonally adjusted)	May	212.9	212.7	215.0	1.2	(1.0)
Detroit (not seasonally adjusted)	Apr	202.4	201.9	205.3	1.4	(1.4)
Interest Rates						
3-month Treasury Bill <sup>4)</sup>	May	0.15%	0.17%	1.71%	---	---
Corporate Aaa Bonds <sup>4)</sup>	May	5.54%	5.39%	5.57%	---	---
Real Gross Domestic Product <sup>6)</sup> (billions of 2000 \$, SAAR, Chain-Weighted)	2009 1st Qtr.	\$11,360.5	\$11,522.1	\$11,646.0	(5.5)	(2.5)
Michigan Tax Collections <sup>7)</sup> (12 major taxes, millions)	May 2008	\$1,261.8	\$1,778.9	\$1,457.8	NM	(13.4)

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.

