

# 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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- Seasonally-adjusted **light vehicle sales** reflected the weakening economy in October, with automobile sales essentially flat, up 0.1% from October 2006, and light truck sales down 3.1% over the same period. Sales of heavy trucks were down 39.6% from one year ago. Compared with October 2006, only sales of imported automobiles exhibited growth, rising 0.6%.
- **Productivity** surged significantly in the third quarter, with seasonally-adjusted **output per hour** rising at an annual rate of 6.3%. Output per hour rose during the third quarter at its fastest rate since the first quarter of 2002. Productivity gains were broad-based, affecting most sectors. As of the third quarter, productivity in the durable goods manufacturing sector averaged 6.6% growth over the 2006 level, the most rapid growth since 2003.
- The **U.S. Consumer Price Index** increased from the September level at an annual rate of 3.6% in October and was 3.5% above the year-ago level. As in September, increases were consistent across most sectors, with only apparel prices exhibiting a decline. Compared with one year ago, energy prices were up 14.5% in October while food prices were up 4.4%.
- The revised estimate for **inflation-adjusted Gross Domestic Product (GDP)** in the third quarter of 2007 indicated an annualized growth rate of 4.9%, up from 3.9% in the advance estimate. Weakness in residential investment essentially wiped out any positive contribution from business investment, and solid growth in personal consumption expenditures accounted for slightly less than 40.0% of the gain. Most of the remaining growth largely reflected the weakened value of the dollar, which helped boost exports 18.9%, while imports rose only 4.3%.



- Reflecting the same pressures felt nationally in food and energy prices, the **Detroit Consumer Price Index (CPI)** increased at an annual rate of 6.5% between August and October. However, despite the increase, the October index was only 2.6% above the year-ago level.
- In October, **Michigan motor vehicle production** increased 35.5% from the September level, and was 22.4% above the level one year ago. Production of both automobiles and light trucks increased significantly from the September level, although the year-over-year increase was entirely attributable to greater truck production, which was up 48.7% from October 2006. Michigan's share of U.S. production rose from 19.0% in October 2006, to 23.1% in October 2007. In recent months, Michigan vehicle production has consistently represented a larger share of national production than in the previous year.
- **Michigan wage and salary employment** fell by 22,000 jobs in October from the September level, and was 75,000 jobs below the level one year ago. Job declines, both on a monthly and a year-over-year basis, affected virtually all sectors. Compared with one year ago, job losses in manufacturing accounted for about 35.0% of the total loss, followed by declines in government employment, which accounted for approximately 23.0% of the total.



OCTOBER 2007

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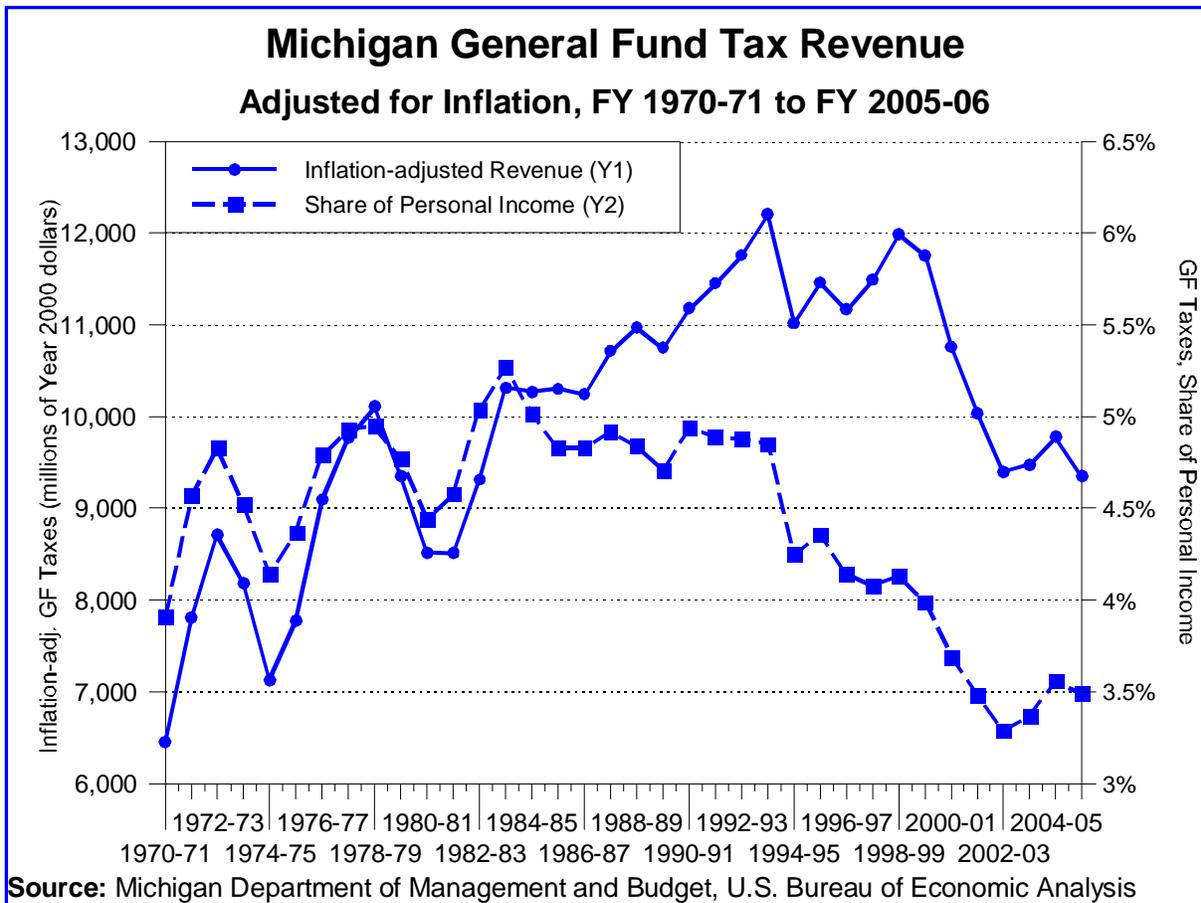
**U.S. & MICHIGAN LABOR MARKET NEWS**  
(Seasonally adjusted, thousands)

U.S.	Oct. 2007	Sept. 2007	Oct. 2006	Change from Sept.		Change from Year Ago	
				Number	Percent	Number	Percent
Labor Force	153,253	153,464	152,052	(211)	(0.1)%	1,201	0.8%
Employment	146,007	146,257	145,337	(250)	(0.2)	670	0.5
Unemployment	7,246	7,207	6,715	39	0.5	531	7.9
Unemployment Rate	4.7%	4.7%	4.4%	---	---	---	---

Michigan	Oct. 2007	Sept. 2007	Oct. 2006	Change from Sept.		Change from Year Ago	
				Number	Percent	Number	Percent
Labor Force	5,012	5,046	5,087	(34)	(0.7)%	(75)	(1.5)%
Employment	4,625	4,668	4,726	(43)	(0.9)	(101)	(2.1)
Unemployment	387	378	361	10	2.5	26	7.3
Unemployment Rate	7.7%	7.5%	7.1%	---	---	---	---

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



<b>MICHIGAN WAGE AND SALARY EMPLOYMENT</b> (Seasonally adjusted, thousands)							
	Oct. 2007*	Sept. 2007	Oct. 2006	<u>Change from Sept.</u>		<u>Change from Yr Ago</u>	
				Number	Percent	Number	Percent
<b>Total Nonagricultural Jobs</b>	4,245	4,267	4,320	(22)	(0.5)%	(75)	(1.7)%
<b>Goods Producing Industries</b>	776	786	818	(9)	(1.2)	(42)	(5.1)
Natural Resources & Mining	8	8	8	0	0.0	(0)	(2.5)
Construction	161	163	177	(2)	(0.9)	(16)	(9.2)
Manufacturing	608	615	633	(8)	(1.2)	(26)	(4.0)
Transportation Equipment	188	194	208	(6)	(3.1)	(20)	(9.6)
<b>Service Producing Industries</b>	3,468	3,481	3,501	(13)	(0.4)	(33)	(0.9)
Trade, Transportation & Utilities	780	782	793	(2)	(0.2)	(13)	(1.6)
Information	66	66	67	(0)	(0.6)	(1)	(1.5)
Financial Activities	211	212	216	(1)	(0.2)	(4)	(2.0)
Professional & Business Services	584	585	588	(1)	(0.1)	(4)	(0.7)
Education & Health Services	595	596	587	(1)	(0.2)	8	1.4
Leisure & Hospitality Services	408	412	407	(5)	(1.1)	1	0.2
Other Services	175	177	178	(2)	(0.9)	(3)	(1.5)
Government	650	652	667	(2)	(0.3)	(17)	(2.5)

**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>		
	Oct. 2007	Year Ago	Percent Change	Oct. 2007	Year Ago	Percent Change
Construction	36.3	37.9	(4.2)%	\$792.79	\$821.67	(3.5)%
Manufacturing	43.3	42.8	1.2	951.30	928.33	2.5
Durable Goods	45.2	43.6	3.7	1,068.53	1,021.98	4.6
Motor Vehicle Manufacturing	43.5	43.8	(0.7)	1,376.78	1,360.43	1.2
Motor Vehicle Parts Manufacturing	44.4	42.6	4.2	1,154.84	1,148.07	0.6
Nondurable Goods	37.3	40.0	(6.8)	579.27	618.00	(6.3)
Wholesale Trade	39.3	39.9	(1.5)	764.39	756.90	1.0
Retail Trade	30.9	30.0	3.0	380.69	369.90	2.9
Grocery Stores	27.7	26.6	4.1	259.00	240.73	7.6
General Merchandise Stores	29.0	29.5	(1.7)	310.01	307.39	0.9
Information	34.3	35.6	(3.7)	710.70	731.94	(2.9)
Financial Activities	34.0	33.8	0.6	624.24	604.68	3.2
Professional & Business Services	35.1	34.9	0.6	697.44	667.99	4.4
Health Care & Social Assistance	36.5	35.6	2.5	623.06	607.34	2.6
Leisure & Hospitality	22.1	22.8	(3.1)	200.67	203.83	(1.6)
Personal & Laundry Services	26.2	24.1	8.7	293.96	269.20	9.2

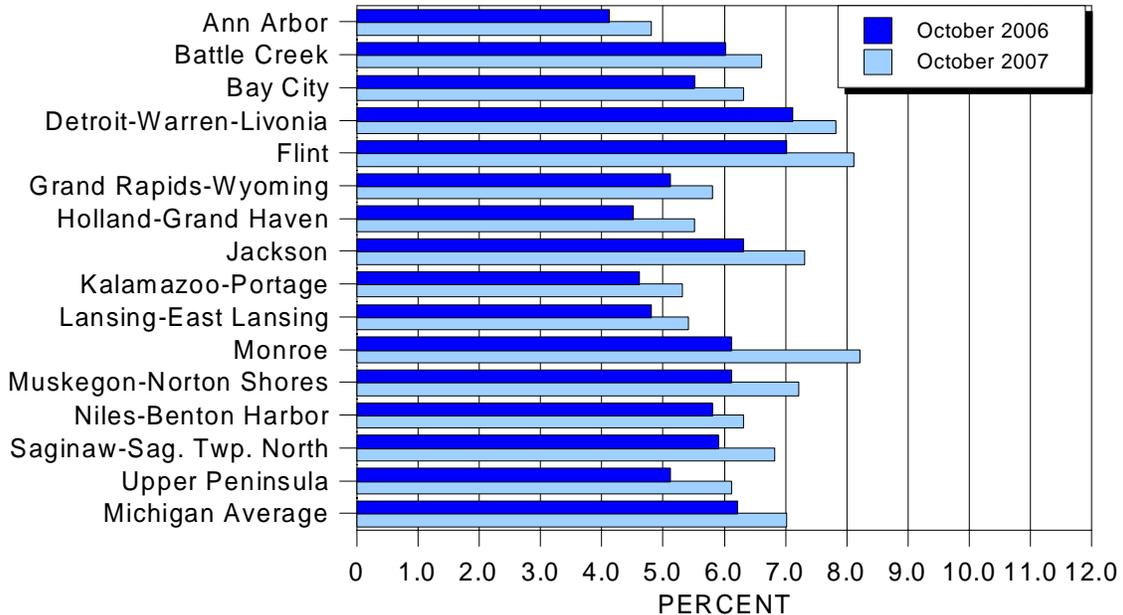
**Source:** Bureau of Labor Statistics, U.S. Department of Labor

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

	Oct. 2007*	Sept. 2007	Aug. 2007	Oct. 2006
<b>Metropolitan Statistical Areas</b>				
Ann Arbor	4.8%	5.1%	5.0%	4.1%
Battle Creek	6.6	6.8	6.6	6.0
Bay City	6.3	6.7	6.4	5.5
Detroit-Warren-Livonia	7.8	7.7	7.9	7.1
Flint	8.1	8.3	8.0	7.0
Grand Rapids-Wyoming	5.8	6.0	5.9	5.1
Holland-Grand Haven	5.5	5.6	5.3	4.5
Jackson	7.3	7.7	7.6	6.3
Kalamazoo-Portage	5.3	5.6	5.4	4.6
Lansing-East Lansing	5.4	5.8	5.7	4.8
Monroe	8.2	6.3	6.4	6.1
Muskegon-Norton Shores	7.2	7.3	7.1	6.1
Niles-Benton Harbor	6.3	6.4	6.3	5.8
Saginaw-Saginaw Twp North	6.8	7.1	6.9	5.9
<b>Multi-County Areas</b>				
Northeast Lower Michigan	7.7	7.7	7.6	6.6
Northwest Lower Michigan	6.6	6.5	6.3	5.5
Upper Peninsula	6.1	6.3	6.3	5.1
<b>Michigan Statewide Average</b>				
-- Unadjusted (comparable to figures shown above)	7.0	7.0	7.0	6.2
<b>Source:</b> Michigan Department of Labor and Economic Growth				*Preliminary

**Michigan Regional Unemployment Rates**

October 2006 and October 2007



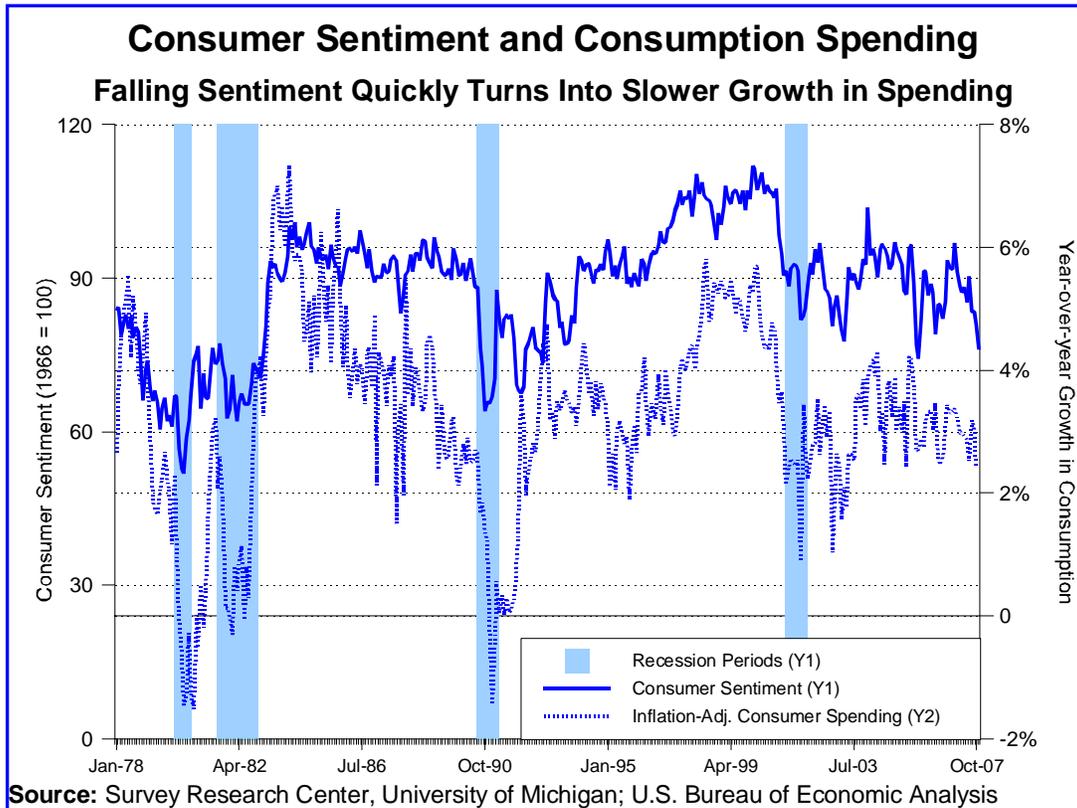
**Source:** Michigan Department of Labor and Economic Growth

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

	Oct. 2007	Sept. 2007	Aug. 2007	July 2007	Year Ago Sept.	Percent Change From:	
						Oct./Sept.	Oct. 2007/ Oct. 2006
<b>Motor Vehicle Sales<sup>1)</sup></b> (thousands of units, SAAR)							
Autos	7,480	7,461	7,356	7,216	7,475	0.3%	0.1%
Domestics	5,132	5,180	5,146	4,924	5,140	(0.9)	(0.2)
Imports	2,348	2,281	2,210	2,292	2,335	2.9	0.6
Import Share	31.4%	30.6%	30.0%	31.8%	31.2%	---	---
Light Trucks	8,512	8,705	8,845	8,018	8,783	(2.2)	(3.1)
Domestics	7,052	7,294	7,555	6,689	7,284	(3.3)	(3.2)
Imports	1,460	1,411	1,290	1,329	1,499	3.5	(2.6)
Import Share	17.2%	16.2%	14.6%	16.6%	17.1%	---	---
Subtotal: Light Vehicle Sales	15,992	16,166	16,201	15,234	16,258	(1.1)	(1.6)
Heavy Trucks	335	331	331	322	555	1.2	(39.6)
Total Vehicle Sales	16,327	16,497	16,532	15,556	16,813	(1.0)	(2.9)
<b>U.S. Motor Vehicle Production<sup>1)</sup></b> (millions of units, SAAR)							
Autos	3,916	3,640	3,938	4,142	4,434	7.6	(11.7)
<b>Michigan Motor Vehicle Production<sup>2)</sup></b> (thousands of units, SAAR)							
Autos	1,127	729	1,099	1,425	1,121	54.6	0.6
Trucks	1,390	1,129	1,493	1,637	935	23.1	48.7
Total	2,517	1,858	2,592	3,062	2,056	35.5	22.4
Michigan Production as % of U.S.	23.1%	19.8%	21.4%	19.3%	19.0%	---	---
<b>U.S. Motor Vehicle Inventories<sup>3)</sup></b>							
Total Car	1,377	1,260	1,282	1,318	1,383	9.3	(0.4)
Days Supply	61	49	48	49	61	24.5	0.0
Total Truck	1,913	1,832	1,847	1,846	2,019	4.5	(5.2)
Days Supply	77	67	65	67	78	14.9	(1.3)

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

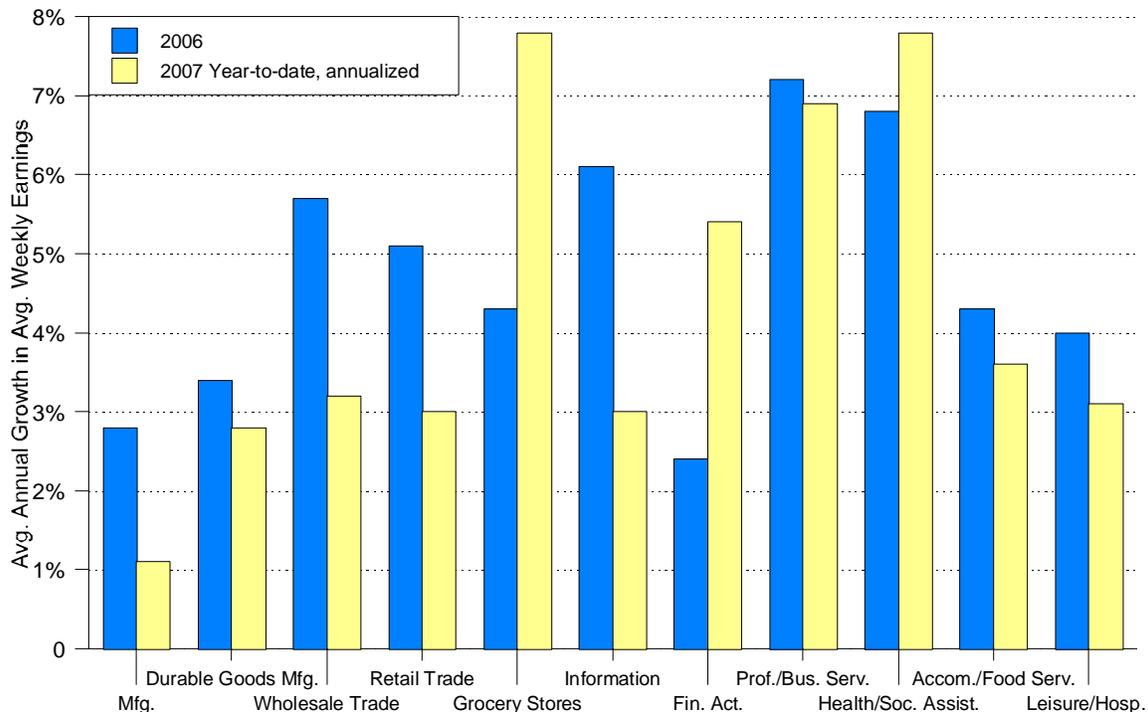
Variable	Latest Period	Actual Data			Percent Chng From	
		Latest Period	Previous Period	Year Ago	Previous Period*	Year Ago
<b>Weekly Leading Index</b> , monthly <sup>1</sup> (1992=100)	October	139.3	138.8	135.9	0.4%	2.5%
<b>Coincident Index</b> <sup>1</sup> (1992=100)	October	155.6	155.2	151.9	0.3	2.4
<b>Housing Starts, U.S.</b> <sup>2</sup> (thousands of units, SAAR)	October	1,229	1,193	1,470	3.0	(16.4)
<b>Retail Sales, U.S.</b> <sup>2</sup> (billions, seasonally adjusted)	October	\$342.1	\$341.7	\$325.5	0.1	5.1
<b>Industrial Production Index</b> <sup>3</sup> (1997=100, seasonally adjusted)	October	114.0	114.6	112.0	(0.5)	1.8
<b>Capacity Utilization</b> <sup>3</sup> (% of total capacity, seasonally adjusted)	October	81.7	82.2	81.7	(0.7)	(0.1)
<b>Consumer Price Index</b> <sup>4</sup> (1982-84=100)						
U.S. (seasonally adjusted)	October	208.9	208.3	201.8	3.6	3.5
Detroit (not seasonally adjusted)	October	201.8	199.7	196.6	6.5	2.6
<b>Interest Rates</b>						
3-month Treasury Bill <sup>3</sup>	October	3.97%	4.01%	4.89%	---	---
Corporate Aaa Bonds <sup>3</sup>	October	5.66%	5.74%	5.51%	---	---
<b>Real Gross Domestic Product</b> <sup>5</sup> (billions of 2000 \$, SAAR, Chain-Weighted)	2007 3rd Qtr.	\$11,659.3	\$11,520.1	\$11,336.7	4.9	2.8
<b>Michigan Tax Collections</b> <sup>6</sup> (12 major taxes, millions)	Oct. 2007	\$2,780.5	\$2,026.5	\$2,749.9	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.

### Average Weekly Earnings in Michigan, by Sector

#### Most Sectors Growing 3% or More in Both 2006 and 2007



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