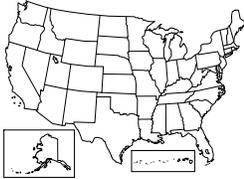


MICHIGAN ECONOMIC INDICATORS

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

ECONOMIC HIGHLIGHTS



- **Inflation adjusted gross domestic product (GDP)** increased at a 5.0% annual rate in the third quarter of 2014, compared with a 4.6% increase in the second quarter. All major GDP components contributed to the increase: personal consumption spending grew at a 3.2% annual rate, led by a 9.2% increase in durable goods spending, while spending rose by 2.5% both on nondurable goods and on services. Business fixed investment increased 8.9%, while residential fixed investment grew 3.2%. Exports rose 4.5% and imports decreased 0.9%, both of which increased the GDP. Federal spending increased 9.9%, led by a 16.0% gain in defense spending.

- **Housing starts** in October 2014 numbered 1,092,000 units at a seasonally adjusted annual rate, an increase of 6.2% over the prior month and 16.7% over the level in October 2013. The contribution of residential investment to GDP growth was positive, although lower than in October 2013, despite the year-over-year growth in housing starts.



- The **Michigan unemployment rate** was 7.1% in October 2014, below the 7.2% rate in September 2014 and the 8.6% rate in October 2013. Between October 2013 and October 2014, employment increased by 2.6% or 110,000 workers while the labor force grew by 0.8% or 39,000 individuals.

- Compared with October 2013, **regional unemployment rates** were lower in all Michigan regions in October 2014, with most regions exhibiting unemployment rate declines of two or more percentage points. The largest rate declines were in Northeast Lower Michigan, where the unemployment rate fell from 10.3% in October 2013 to 6.7% in October 2014, Flint Metropolitan Statistical Area (MSA) (9.4% to 6.2%), Muskegon-Norton Shores MSA (8.6% to 5.7%), and Northwest Lower Michigan (8.7% to 5.6%).

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

U.S.	Oct. 2014	Sept. 2014	Oct. 2013	Change from Sept.		Change from Year Ago	
				Number	Percent	Number	Percent
Labor Force	156,243	155,845	154,615	398	0.3%	1,628	1.1%
Employment	147,260	146,607	143,453	653	0.4	3,807	2.7
Unemployment	8,983	9,237	11,161	(254)	(2.7)	(2,178)	(19.5)
Unemployment Rate	5.7%	5.9%	7.2%	---	---	---	---
Michigan	Oct. 2014	Sept. 2014	Oct. 2013	Change from Sept.		Change from Year Ago	
				Number	Percent	Number	Percent
Labor Force	4,738	4,733	4,699	5	0.1%	39	0.8%
Employment	4,403	4,390	4,293	13	0.3	110	2.6
Unemployment	335	343	406	(8)	(2.3)	(71)	(17.6)
Unemployment Rate	7.1%	7.2%	8.6%	---	---	---	---

Source: Bureau of Labor Statistics, U.S. Department of Labor (Household Data)



October 2014

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MICHIGAN WAGE AND SALARY EMPLOYMENT (Seasonally adjusted, thousands)							
	Oct. 2014*	Sept. 2014	Oct. 2013	Change from Sept.		Change from Yr Ago	
				Number	Percent	Number	Percent
Total Non-Agricultural Jobs	4,152	4,143	4,124	9	0.2%	28	0.7%
Goods Producing Industries	716	716	701	0	0.0	15	2.1
Mining and Logging	9	9	8	0	2.3	1	12.5
Construction	136	138	132	(2)	(1.7)	4	3.2
Manufacturing	571	568	561	2	0.4	9	1.7
Transportation Equipment	174	172	171	3	1.5	3	1.6
Service Producing Industries	3,437	3,428	3,423	9	0.3	14	0.4
Trade, Transportation & Utilities	761	757	748	4	0.5	12	1.6
Wholesale Trade	164	164	164	(0)	(0.1)	0	0.1
Retail Trade	462	457	459	5	1.1	3	0.6
Transportation & Utilities	135	136	126	(1)	(0.8)	9	7.4
Information	56	57	56	(1)	(2.1)	0	0.2
Financial Activities	198	198	202	(0)	(0.1)	(4)	(1.9)
Professional & Business Services	615	609	607	6	1.0	8	1.2
Education & Health Services	639	637	637	2	0.4	2	0.3
Leisure & Hospitality Services	401	403	402	(2)	(0.4)	(1)	(0.1)
Other Services	170	170	172	0	0.0	(1)	(0.8)
Government	597	596	599	0	0.1	(2)	(0.4)

Source: Bureau of Labor Statistics, U.S. Department of Labor (Establishment Data) *Preliminary

MICHIGAN AVERAGE WEEKLY HOURS AND EARNINGS						
Industry	Average Weekly Hours			Average Weekly Earnings		
	Oct. 2014	Year Ago	Percent Change	Oct. 2014	Year Ago	Percent Change
Construction	39.3	40.8	(3.7%)	\$947.92	\$973.08	(2.6%)
Manufacturing	43.7	43.7	0.0	898.47	874.87	2.7
Durable Goods	44.7	44.3	0.9	969.99	929.41	4.4
Transportation Equipment Mfg.	47.2	45.5	3.7	1,186.14	1,132.95	1.0
Motor Vehicle Parts Mfg.	47.6	46.5	2.4	1,145.73	1,110.89	3.1
Nondurable Goods	40.5	41.8	(3.1)	672.30	700.15	(4.0)
Wholesale Trade	38.6	38.6	0.0	863.48	871.97	(1.0)
Retail Trade	29.7	29.5	0.7	407.78	390.58	4.4
Information	33.9	33.7	0.6	875.98	858.34	2.1
Financial Activities	35.4	34.7	2.0	752.96	671.45	12.1
Professional & Business Services	36.5	34.6	5.5	831.84	785.77	5.9
Health Care & Social Assistance	31.5	32.0	(1.6)	606.38	617.60	(1.8)
Leisure & Hospitality	23.2	22.9	1.3	246.62	230.15	7.2
Accommodation & Food Services	23.0	23.0	0.0	234.37	220.11	6.5

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. 2014	Sept. 2014	Aug. 2014	Oct. 2013
Metropolitan Statistical Areas				
Ann Arbor	4.1%	4.7%	4.6%	5.8%
Battle Creek	5.1	5.7	5.5	7.1
Bay City	5.5	6.2	6.3	8.2
Detroit-Warren-Livonia	8.1	8.1	7.9	8.9
Flint	6.2	6.9	7.0	9.4
Grand Rapids-Wyoming	4.2	4.7	4.8	6.2
Holland-Grand Haven	4.1	4.5	4.6	6.3
Jackson	5.8	6.4	6.3	8.4
Kalamazoo-Portage	4.9	5.5	5.4	7.1
Lansing-East Lansing	5.1	5.3	5.5	6.8
Monroe	5.1	5.9	6.3	7.3
Muskegon-Norton Shores	5.5	6.1	6.1	8.6
Niles-Benton Harbor	5.4	6.0	6.1	8.3
Saginaw-Saginaw Twp North	5.7	6.4	6.5	8.5
Multi-County Areas				
Northeast Lower Michigan	6.7	7.2	7.2	10.3
Northwest Lower Michigan	5.6	6.1	5.9	8.7
Upper Peninsula	5.8	6.4	6.6	8.3
Michigan Statewide Average				
-- Unadjusted (comparable to figures shown above)	6.4	6.7	6.7	8.2

Source: Michigan Department of Technology, Management, and Budget

MOTOR VEHICLE SALES AND PRODUCTION STATISTICS (Thousands of Units)							
	Oct. 2014	Sept. 2014	Aug. 2014	July 2014	Year Ago Oct.	Percent Change From:	
						Oct./Sept.	Oct. 2014/ Oct. 2013
Motor Vehicle Sales¹⁾ (thousands of units, SAAR)							
Autos	7,726	7,517	8,220	7,781	7,525	2.8%	2.7%
Domestics	5,795	5,543	6,120	5,674	5,339	4.5	8.5
Imports	1,931	1,974	2,100	2,107	2,186	(2.2)	(11.7)
Import Share	25.0%	26.3%	25.5%	27.1%	29.0%	---	---
Light Trucks	8,619	8,818	9,218	8,621	7,815	(2.3)	10.3
Domestics	7,294	7,377	7,745	7,267	6,519	(1.1)	11.9
Imports	1,325	1,441	1,473	1,354	1,296	(8.0)	2.2
Import Share	15.4%	16.3%	16.0%	15.7%	16.6%	---	---
Subtotal: Light Vehicle Sales	16,345	16,335	17,438	16,402	15,340	0.1	6.6
Heavy Trucks	429	444	446	424	368	(3.4)	16.6
Total Vehicle Sales	16,774	16,779	17,884	16,826	15,708	(0.0)	6.8
U.S. Motor Vehicle Production¹⁾ (millions of units, SAAR)							
Autos	3,976	4,193	4,237	4,721	4,286	(5.2)	(7.3)
Michigan Motor Vehicle Production²⁾ (thousands of units, SAAR)							
Autos	751	810	550	972	1,025	(7.3)	(26.8)
Trucks	1,269	1,216	1,289	2,120	1,461	4.3	(13.1)
Total	2,020	2,026	1,839	3,092	2,486	(0.3)	(18.8)
Michigan Production as % of U.S.	17.0%	17.4%	17.7%	23.1%	21.8%	---	---
U.S. Motor Vehicle Inventories³⁾							
Total Car	1,654	1,509	1,498	1,562	1,677	9.6	(1.4)
Days Supply	75	62	53	59	78	21.0	(3.8)
Total Truck	1,935	1,822	1,768	1,835	1,743	6.2	11.0
Days Supply	76	66	58	64	75	15.2	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
Index of Consumer Sentiment , monthly ¹⁾ (1996 Q1=100)	Oct.	86.9	84.6	73.2	2.7%	18.7%
Oil Prices ²⁾ (\$ per barrel, West Texas Intermediate Crude)	Oct.	\$84.40	\$93.21	\$100.54	(9.5)	(16.1)
Housing Starts, U.S. ³⁾ (thousands of units, SAAR)	Oct.	1,092	1,028	936	6.2	16.7
Retail Sales, U.S. ³⁾ (billions, seasonally adjusted)	Oct.	\$396.2	\$395.5	\$381.3	0.2	3.9
Industrial Production Index ⁴⁾ (1997=100, seasonally adjusted)	Oct.	105.1	105.2	100.8	(0.1)	4.3
Capacity Utilization ⁴⁾ (% of total capacity, seasonally adjusted)	Oct.	79.1	79.4	78.2	(0.4)	1.2
Consumer Price Index ⁵⁾ (1982-84=100)						
U.S. (seasonally adjusted)	Oct.	237.6	237.6	233.8	0.0	1.7
Detroit (not seasonally adjusted)	Oct.	222.0	222.3	219.7	(0.8)	1.0
Interest Rates						
3-month Treasury Bill ⁴⁾	Oct.	0.02%	0.02%	0.05%	---	---
Corporate Aaa Bonds ⁴⁾	Oct.	3.92%	4.11%	4.53%	---	---
Real Gross Domestic Product ⁶⁾ (billions of 2005 \$, SAAR, Chain-Weighted)	2014 3rd Quarter	\$16,205.6	\$16,010.4	\$15,779.9	5.0	2.7
Michigan Tax Collections ⁷⁾ (12 major taxes, millions)	Oct.	\$2,784.0	\$2,339.7	\$2,594.0	NM	7.3

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.

