

MICHIGAN ECONOMIC INDICATORS

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

ECONOMIC HIGHLIGHTS



United States

- The preliminary estimate in **inflation-adjusted Gross Domestic Product** showed a decline of 1.1% in the third quarter of 2001, and was only 0.6% above the same period last year. The growth rate reflected decreased imports and minimum growth in consumer and government spending that was more than offset by slower nonresidential investment and declining exports. Inflation-adjusted investment fell 10.8%, the fifth consecutive quarter of decline and the third consecutive quarter in which the decline has exceeded 10.0%.
- **Motor vehicle sales** rose 33.8% in October, after falling 3.1% in September, while **motor vehicle production** declined 6.9%. The significant increase in motor vehicle sales reflected the consumer response to the 0% financing offers made by most major manufacturers. Compared with a year ago, motor vehicles sales were up 24.6%, while motor vehicle production was down 18.1%. As the decline in production and the increase in sales suggest, most sales came from inventories, which plunged to 41 days for automobiles and 49 days for trucks and were down 17.7% and 19.2%, respectively, from the level in October 2000.
- On a seasonally-adjusted basis, **housing starts** fell 1.3% in October but were 1.6% above the level one year ago, as consumers continued to take advantage of low interest rates. Substantial declines in housing starts in the South and West more than offset increases in the Midwest and the Northeast.
- The **unemployment rate** rose to 5.4% in October, after remaining flat in September, as the number of people employed fell and the number of people in the labor force increased. Compared with a year ago, the number of people unemployed was up 39.8% in October while the number of people employed was down 0.7%. Employment in the manufacturing sector was down more than 1.2 million jobs from October 2000, while private service-producing employment was down 121,000 jobs.

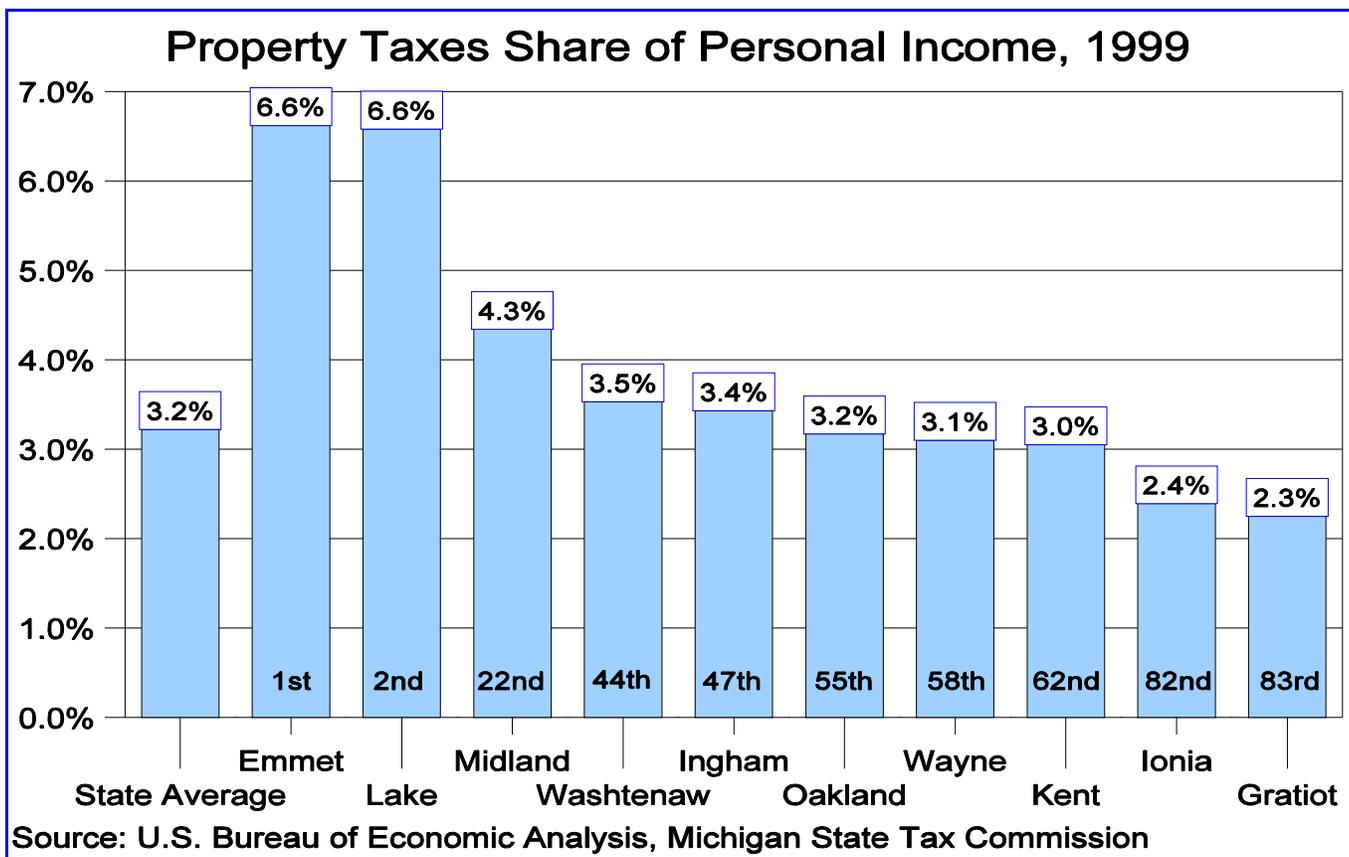


Michigan

- **Average weekly earnings** were down from year-ago levels in October in most sectors other than retail trade. The sector showing the strongest earnings growth in October was food stores, where weekly earnings were 13.2% above year-ago levels. Weekly earnings in the motor vehicle and equipment manufacturing sector were 4.2% below last October, primarily reflecting a 5.0% decline in average weekly hours for workers in that sector.
- The Michigan **unemployment rate** in October followed the U.S. pattern, rising to 5.3%, and was much higher than the 3.7% level reported for October 2000. Compared with a year ago, 57,000 fewer people were employed in Michigan while 85,000 more people were unemployed.
- Michigan **wage and salary employment** in October was down 2,000 jobs, after declining by 11,000 jobs in September, and was 38,000 jobs below the level a year ago. Manufacturing employment was 49,000 jobs below the October 2000 level; 27,000 of those jobs were in the motor vehicle and equipment manufacturing sector.

U.S. & MICHIGAN LABOR MARKET NEWS (Seasonally Adjusted, Thousands)							
U.S.	Oct.	Sept.	Oct.	Change From Sept.		Change From Year Ago	
	2001	2000	2000	Number	Percent	Number	Percent
Labor Force	142,303	142,190	141,000	113	0.1	1,303	0.9
Employment	134,562	135,181	135,464	(619)	(0.5)	(902)	(0.7)
Unemployment	7,741	7,009	5,536	732	10.4	2,205	39.8
Unemployment Rate	5.4%	4.9%	3.9%	---	---	---	---
Michigan	Oct.	Sept.	Oct.	Change From Sept.		Change From Year Ago	
	2001	2001	2000	Number	Percent	Number	Percent
Labor Force	5,248	5,236	5,219	11	0.2	28	0.5
Employment	4,969	4,967	5,025	2	0.0	(57)	(1.1)
Unemployment	279	269	194	9	3.5	85	43.9
Unemployment Rate	5.3%	5.1%	3.7%	---	---	---	---

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



MICHIGAN WAGE AND SALARY EMPLOYMENT (Seasonally Adjusted, Thousands)							
	Oct.	Sept.	Oct.	Change from Sept.		Change from Yr Ago	
	2001*	2001	2000	Number	Percent	Number	Percent
Wage and Salary Employment	4,656	4,658	4,694	(2)	(0)	(38)	(1)
Goods-Producing Industries	1,148	1,150	1,197	(2)	(0)	(49)	(4)
Mining	8	8	8	0	0	0	0
Construction	214	215	214	(1)	(0)	0	0
Manufacturing	926	927	975	(0)	(0)	(49)	(5)
Durable Goods	699	700	744	(2)	(0)	(45)	(6)
Motor Vehicles & Equipment	256	258	283	(2)	(1)	(27)	(10)
Nondurable Goods	227	226	231	1	0	(4)	(2)
Service-Producing Industries	3,508	3,508	3,497	0	0	11	0
Trans., Comm. & Utilities	179	180	181	(1)	(1)	(2)	(1)
Wholesale Trade	242	239	243	2	1	(1)	(1)
Retail Trade	855	853	861	2	0	(6)	(1)
Finance, Insurance & Real Estate	210	210	206	0	0	4	2
Services	1,323	1,330	1,323	(7)	(1)	0	0
Government	700	697	684	3	0	16	2

Source: Michigan Department of Career Development - Employment Service Agency

* Preliminary

MICHIGAN AVERAGE WEEKLY HOURS AND EARNINGS (Not Adjusted For Seasonal Variations)						
Industry	Average Weekly Hours			Average Weekly Earnings		
	Oct. 2001	Year Ago	Percent Change	Oct. 2001	Year Ago	Percent Change
Mining	45.9	47.1	(2.5)%	\$801.87	\$781.39	2.6%
Construction	38.9	41.6	(6.5)	855.80	908.54	(5.8)
Manufacturing	41.6	43.7	(4.8)	818.69	856.52	(4.4)
Durable Goods	41.9	44.2	(5.2)	881.58	923.78	(4.6)
Motor Vehicles & Equipment	43.9	46.2	(5.0)	1,184.42	1,235.85	(4.2)
Nondurable Goods	40.7	42.0	(3.1)	618.23	634.20	(2.5)
Wholesale Trade	37.7	39.5	(4.6)	639.77	673.08	(4.9)
Selected Retail Trade:						
General Merchandise Stores	27.8	27.1	2.6	284.12	282.92	0.4
Department Stores	27.2	26.6	2.3	277.44	279.03	(0.6)
Food Stores	27.7	25.6	8.2	252.62	223.23	13.2
Auto Dealers & Service Stations	35.3	34.8	1.4	465.61	413.77	12.5
Selected Services:						
Depository Institutions	35.2	35.5	(0.8)	417.47	394.76	5.8
Business Services	33.9	33.6	0.9	534.94	514.42	4.0
Health Services	31.4	32.2	(2.5)	510.88	518.10	(1.4)
Engineering & Management	38.1	38.3	(0.5)	757.43	720.42	5.1

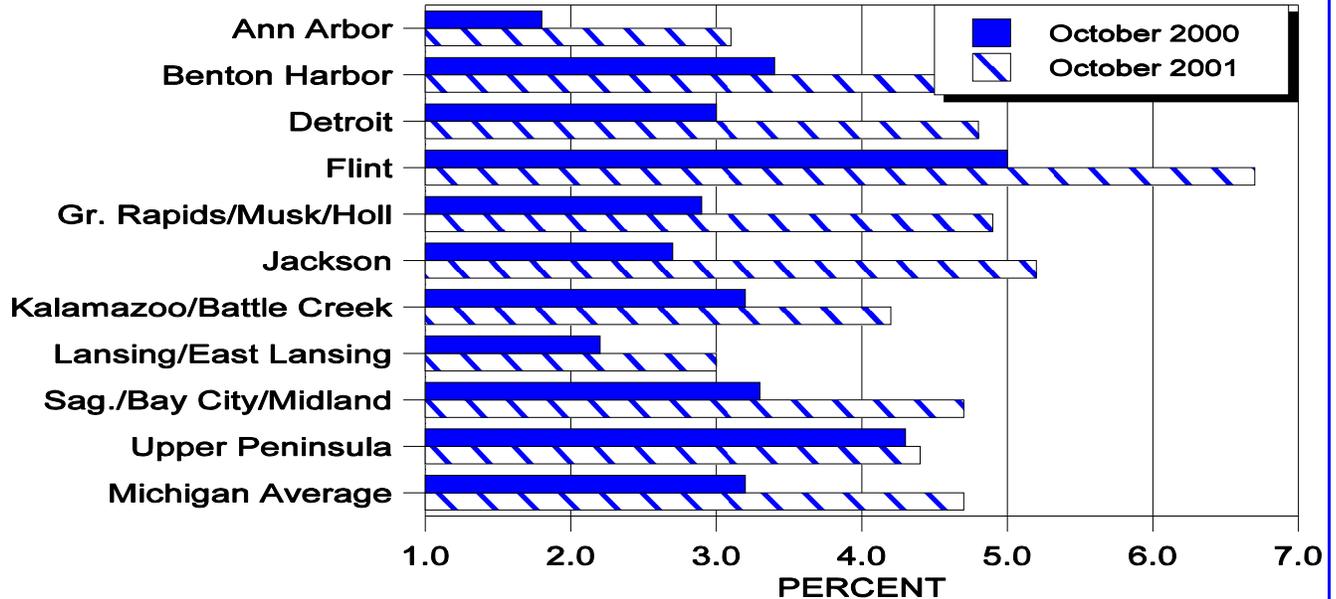
Source: U.S. Department of Labor, Bureau of Labor Statistics

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

	Oct. 2001*	Sept. 2001	Aug. 2001	Oct. 2000
Metropolitan Statistical Areas				
Ann Arbor	3.1%	2.9%	2.8%	1.8%
Benton Harbor	5.0	5.1	4.7	3.4
Detroit	4.8	4.7	4.7	3.0
Flint	6.7	6.9	7.2	5.0
Grand Rapids	4.9	4.9	4.7	2.9
Jackson	5.2	5.0	4.8	2.7
Kalamazoo-Battle Creek	4.2	4.4	4.1	3.2
Lansing-East Lansing	3.0	3.1	3.1	2.2
Saginaw-Bay City-Midland	4.7	4.9	4.7	3.3
Multi-County Areas				
Alcona-Iosco	7.6	7.9	7.3	6.1
Grand Traverse-Leelanau	4.0	4.2	3.9	3.1
Houghton-Keweenaw	3.6	3.9	4.1	3.2
Missaukee-Wexford	6.1	6.3	6.3	5.9
Upper Peninsula	4.4	4.4	4.7	4.3
Michigan Statewide Average				
--Unadjusted (comparable to figures shown above)	4.7	4.7	4.6	3.2

Source: Michigan Department of Career Development - Employment Service Agency * Preliminary

**Michigan Regional Unemployment Rates
October 2000 and October 2001**



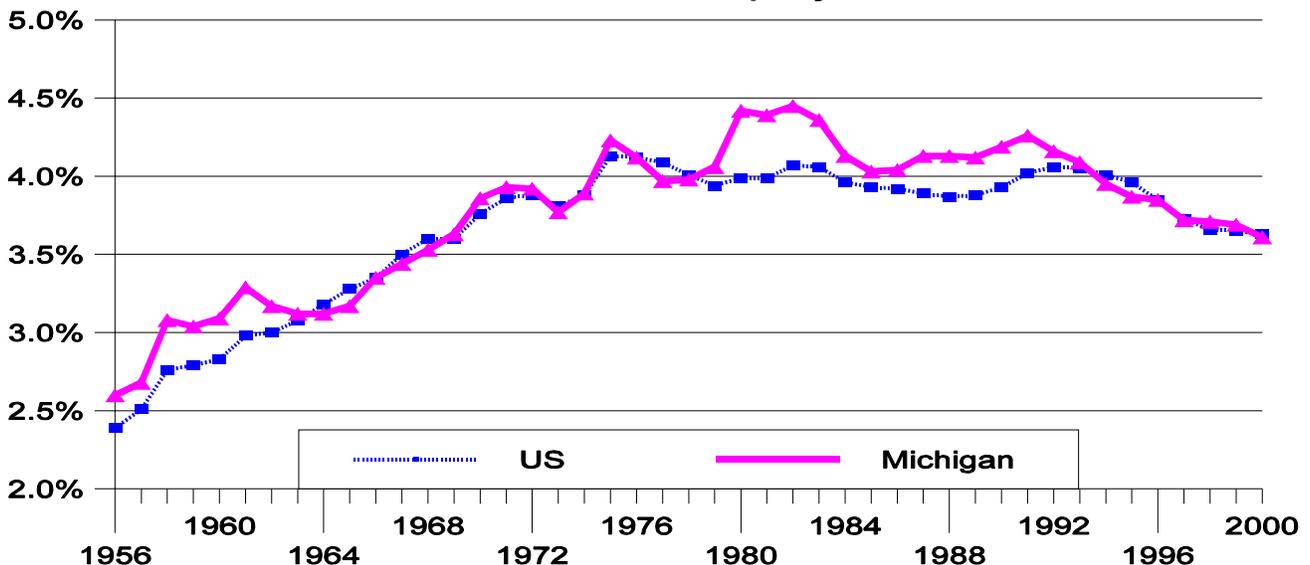
Source: Michigan Department of Career Development - Employment Service Agency

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

	Oct. 2001	Sept. 2001	Aug. 2001	July 2001	Year Ago Oct.	Percent Change From:	
						Oct./Sept.	Oct. 2001/ Oct. 2000
Motor Vehicle Sales^{1,2)}							
Autos	10,205	7,678	7,935	8,110	8,585	32.9%	18.9%
Domestics	7,817	5,744	5,848	6,082	6,565	36.1	19.1
Imports	2,388	1,934	2,087	2,028	2,020	23.5	18.2
Import Share	23.4%	25.2%	26.3%	25.0%	23.5%	---	---
Light Trucks	10,936	8,079	8,304	8,244	8,257	35.4	32.4
Domestics	9,764	7,149	7,355	7,268	7,418	36.6	31.6
Imports	1,172	930	949	976	839	26.0	39.7
Import Share	10.7%	11.5%	11.4%	11.8%	10.2%	---	---
Heavy Trucks	476	402	432	430	510	18.4	(6.7)
Total	21,617	16,159	16,671	16,784	17,352	33.8	24.6
U.S. Motor Vehicle Production^{1,2)}							
Autos	4,291	4,610	5,119	5,118	5,239	(6.9)	(18.1)
Michigan Motor Vehicle Production^{2,3)}							
Autos	1,474	1,363	1,675	2,213	1,645	8.1	(10.4)
Trucks	999	893	1,087	1,129	1,153	11.8	(13.4)
Total	2,472	2,256	2,762	3,342	2,798	9.6	(11.6)
Michigan Production as % of U.S.	22.5%	22.5%	21.7%	20.5%	22.3%	---	---
U.S. Motor Vehicle Inventories⁴⁾							
Total Car	1,282	1,371	1,380	1,371	1,558	(6.5)	(17.7)
Days Supply	41	50	50	50	59	(18.0)	(30.5)
Total Truck	1,621	1,770	1,724	1,710	2,005	(8.4)	(19.2)
Days Supply	49	67	66	64	80	(26.9)	(38.8)

Sources: 1) U.S. Department of Commerce, Bureau of Economic Analysis. 2) SAAR = Seasonally Adjusted at Annual Rates. 3) Michigan Department of Treasury, Office of Revenue and Tax Analysis and the Senate Fiscal Agency. 4) Automotive News, Crain Communications, Inc. (ending inventory)

**State Government Employment
Share of Total Employment**



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

OTHER KEY ECONOMIC INDICATORS

Variable	Latest Period	Actual Data			Percent Change From:	
		Latest Period	Previous Period	Year Ago	Previous Period	Year Ago
Weekly Leading Index , monthly ¹⁾ (1992=100)	October	114.5	116.7	123.3	(1.9)%	(7.1)%
Coincident Index ¹⁾ (1992=100)	October	135.8	136.2	136.6	(0.3)	(0.6)
Housing Starts, U.S. ²⁾ (thousands of units, SAAR)	October	1,562	1,572	1,527	(1.3)	1.6
Retail Sales, U.S. ²⁾ (billions, seasonally adjusted)	October	\$278.2	\$260.0	\$259.4	7.0	7.2
Industrial Production Index ³⁾ (1992=100) (seasonally adjusted)	October	137.6	138.8	146.3	(0.9)	(6.0)
Capacity Utilization ³⁾ (% of total capacity, seasonally adjusted)	October	75.0	75.7	81.2	(1.0)	(7.7)
Consumer Price Index ⁴⁾ (1982-84=100) U.S. (seasonally adjusted)	October	177.6	178.2	173.9	(0.3)	2.1
Detroit (not seasonally adjusted)	October	174.8	175.1	171.9	(0.2)	1.7
Interest Rates						
3-month Treasury Bill ³⁾	October	2.22%	2.87%	6.10%	---	---
Corporate Aaa Bonds ³⁾	October	7.03%	7.17%	7.55%	---	---
Real Gross Domestic Product ⁵⁾ (billions of 1996 \$, SAAR, chain-weighted)	2001 3rd Qtr.	\$9,316.8	\$9,341.7	\$9,260.1	(1.1)	0.6
Michigan Tax Collections ⁶⁾ (12 major taxes, millions)	Oct. 2001	\$2,015.5	\$1,677.0	\$2,038.6	NM	(1.1)

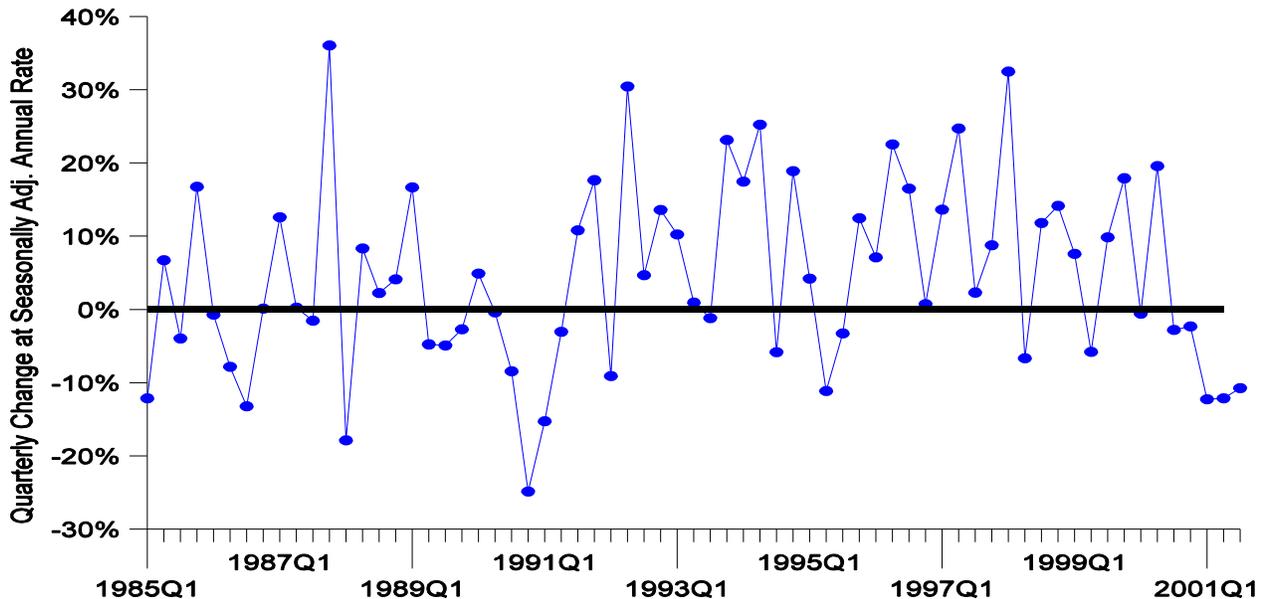
SAAR = Seasonally Adjusted at Annual Rates. NM = Not Meaningful.

Revenue data vary greatly from month-to-month due to timing and other noneconomic factors.

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.

Inflation-Adjusted Gross Private Domestic Investment

2001 Shows Longest Period of Consecutive Declines Since 1990-91 Recession



Source: U.S. Bureau of Economic Analysis, U.S. Department of Commerce