

MICHIGAN ECONOMIC INDICATORS

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

ECONOMIC HIGHLIGHTS



United States

- **Consumer Price Index (CPI)** data for January through August 2000 were revised to correct a software error. The revision, which primarily affected housing data, was the first revision affecting the U.S. City Average All-Items CPI since December 1974. The revised data show the index rising by 0.23% (a 0.4 point increase) in July 2000, or at an annual rate of 2.8%. Previously, the index showed prices in July rising by an annual rate of 2.1%. In July, the largest price increases occurred for food, other goods and services, and education. Prices for motor fuel and apparel fell in July, although motor fuel prices remained substantially above levels from a year ago.
- The **unemployment rate** was 4.0% in July, unchanged from the June rate, but below the year-ago level of 4.3%. While the unemployment rate remained the same between June and July, the employment figures indicated some slowing in the economy. Compared with June, the number of people in the labor force decreased by 273,000, the number employed fell by 430,000, and the number of unemployed people increased by 67,000.
- **Retail sales**, adjusted for seasonal variations, increased 0.9% between June and July, to \$270.8 billion. Retail sales were 8.3% above the level in July of last year. All sectors exhibited strong growth compared with a year ago, except building materials, which posted a 1.7% increase. Compared with June, retail sales of motor vehicles and general merchandise grew the most, while sales of building materials, food and apparel remained flat.
- **Housing starts** fell again in July, and were 10.4% below a year ago. July housing starts were down for the third month in a row, falling 2.9% between June and July, and were down 16.2% from the level in February 2000. The most significant declines occurred in the South, where housing starts decreased 12.2%. This reduction in the South was slightly offset by construction in the Midwest and West, where housing starts rose 7.4%.

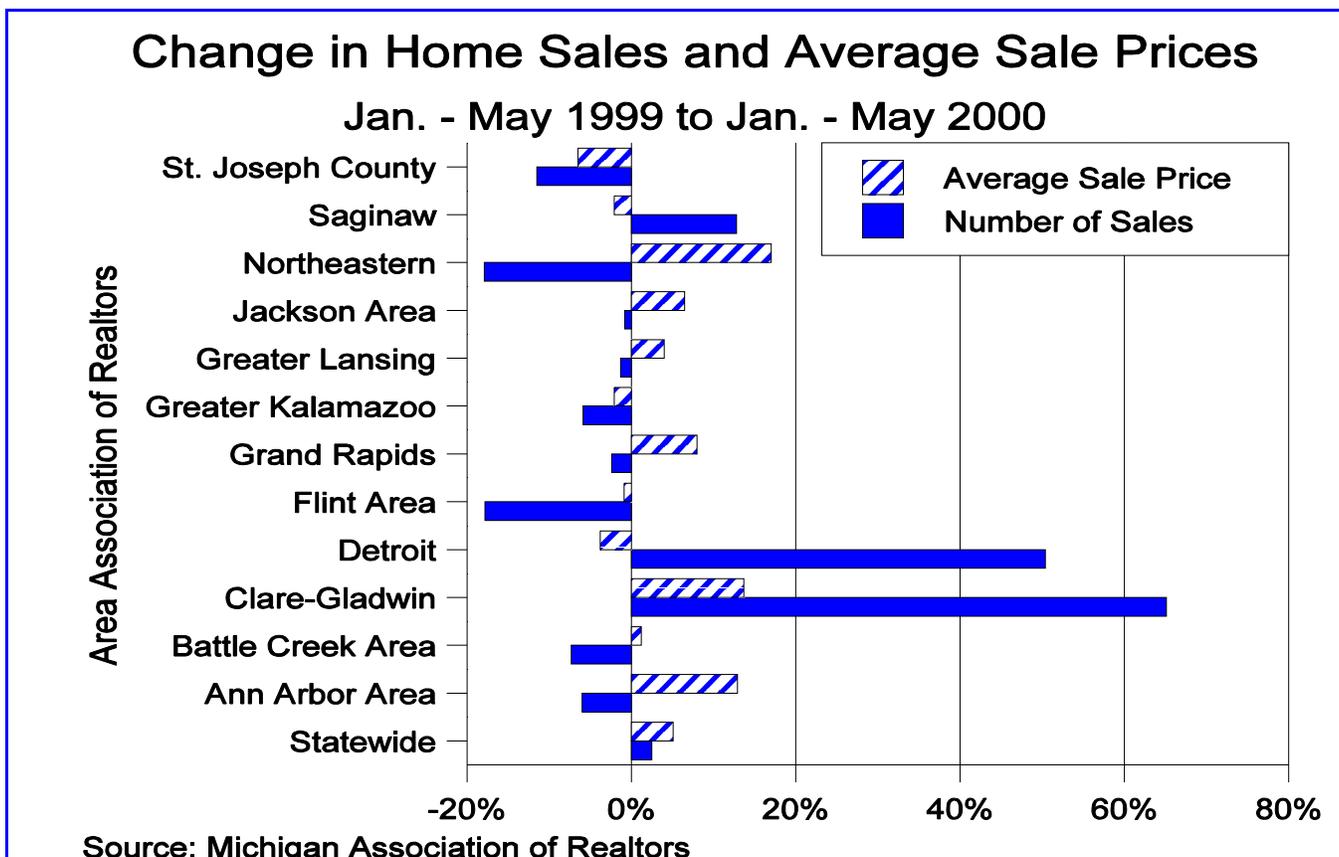


Michigan

- The **unemployment rate** was 3.3% in June, unchanged from May, but below the 3.8% rate one year ago. Compared with May, the size of the labor force increased by 21,000 people, while the number of people employed increased by 19,000, and the number of people unemployed increased by 3,000.
- **Average weekly hours** in June remained flat or fell in most industries compared with June 1999, most substantially at general merchandise stores and department stores, where average weekly hours fell between 11.8% and 13.0%. Engineering and management services industries posted the largest gain in weekly hours, growing 5.4%. Average weekly earnings in most industries, however, were above year-ago levels. General merchandise stores, department stores, auto dealers and service stations, depository institutions, and health services posted declines in average weekly earnings.
- Michigan's **12 major taxes** totaled \$1,568.5 million in August, which was a 6.2% decline from the year-ago level. Most of the decline occurred in withholding and SBT receipts. Despite the declines, year-to-date receipts are still 4.4% above last year's total.

U.S. & MICHIGAN LABOR MARKET NEWS (Seasonally Adjusted, Thousands)							
U.S.	July	June	July	Change From June		Change From Year Ago	
	2000	2000	1999	Number	Percent	Number	Percent
Labor Force	140,399	140,762	139,336	(363)	(0.3)%	1,063	0.8%
Employment	134,749	135,179	133,399	(430)	(0.3)	1,350	1.0
Unemployment	5,650	5,583	5,937	67	1.2	(287)	(4.8)
Unemployment Rate	4.0%	4.0%	4.3%	—	—	—	—
Michigan	June	May	June	Change From May		Change From Year Ago	
	2000	2000	1999	Number	Percent	Number	Percent
Labor Force	5,119	5,098	5,151	21	0.4%	(32)	(0.6)%
Employment	4,950	4,931	4,954	19	0.4	(4)	(0.1)
Unemployment	169	166	197	3	1.7	(28)	(14.2)
Unemployment Rate	3.3%	3.3%	3.8%	—	—	—	—

Source: Michigan Department of Career Development - Employment Service Agency



MICHIGAN WAGE AND SALARY EMPLOYMENT (Seasonally Adjusted, Thousands)							
	June	May	June	Change from May		Change from Yr Ago	
	2000*	1999	1999	Number	Percent	Number	Percent
Wage and Salary Employment	4,584.7	4,579.2	4,531.5	6	0.1%	53	1.2%
Goods Producing Industries	1,171.8	1,172.1	1,177.5	(0)	(0.0)	(6)	(0.5)
Mining	6.3	6.6	7.0	(0)	(4.5)	(1)	(10.0)
Construction	193.9	194.4	190.8	(1)	(0.3)	3	1.6
Manufacturing	971.6	971.1	979.7	1	0.1	(8)	(0.8)
Durable Goods	736.4	737.5	741.8	(1)	(0.1)	(5)	(0.7)
Motor Vehicles & Equipment	285.5	282.6	284.4	3	1.0	1	0.4
Nondurable Goods	235.2	233.6	237.9	2	0.7	(3)	(1.1)
Service Producing Industries	3,412.9	3,407.1	3,354.0	6	0.2	59	1.8
Trans., Comm. & Utilities	179.5	179.7	176.4	(0)	(0.1)	3	1.8
Wholesale Trade	235.4	235.0	231.9	0	0.2	4	1.5
Retail Trade	842.9	837.5	829.5	5	0.6	13	1.6
Finance, Insurance & Real Estate	205.3	206.6	207.7	(1)	(0.6)	(2)	(1.2)
Services	1,265.3	1,261.6	1,240.8	4	0.3	25	2.0
Government	684.5	686.7	667.7	(2)	(0.3)	17	2.5

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		
	June 2000	Year Ago	Percent Change	June 2000	Year Ago	Percent Change
Mining	46.3	46.3	0.0%	\$788.49	\$759.78	3.8%
Construction	39.6	41.4	(4.3)	860.90	857.81	0.4
Manufacturing	44.4	44.4	0.0	849.82	820.51	3.6
Durable Goods	45.1	45.1	0.0	919.14	891.63	3.1
Motor Vehicles & Equipment	47.2	47.1	0.2	1,237.58	1,186.92	4.3
Nondurable Goods	42.0	42.5	(1.2)	623.28	602.65	3.4
Wholesale Trade	39.5	38.8	1.8	692.44	673.96	2.7
Selected Retail Trade:						
General Merchandise Stores	26.8	30.4	(11.8)	277.65	293.06	(5.3)
Department Stores	26.2	30.1	(13.0)	276.41	291.07	(5.0)
Food Stores	25.8	27.1	(4.8)	218.78	218.43	0.2
Auto Dealers & Service Stations	34.8	35.2	(1.1)	424.56	443.52	(4.3)
Selected Services:						
Depository Institutions	35.3	35.4	(0.3)	382.65	386.57	(1.0)
Business Services	34.2	34.3	(0.3)	498.64	455.85	9.4
Health Services	32.0	32.4	(1.2)	513.92	536.87	(4.3)
Engineering & Management	39.3	37.3	5.4	725.48	675.50	7.4

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

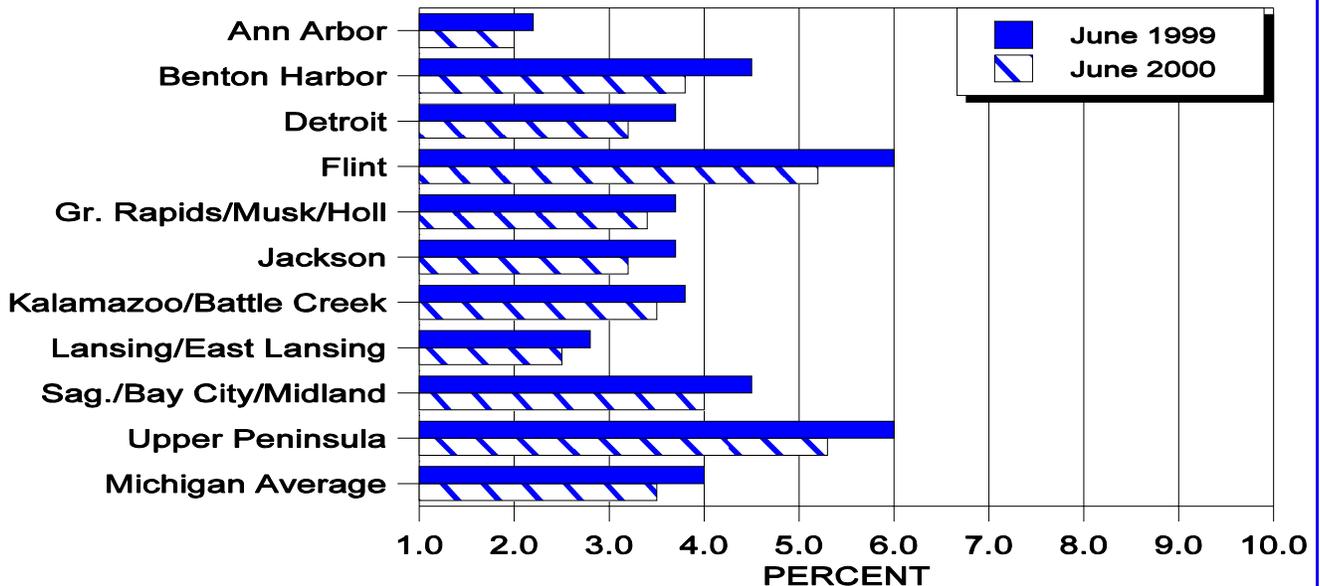
**MICHIGAN UNEMPLOYMENT RATES
BY SELECTED METROPOLITAN AREAS AND MULTI-COUNTY AREAS
(Not Adjusted for Seasonal Variations)**

	June 2000*	May 2000	April 2000	June 1999
Metropolitan Statistical Areas				
Ann Arbor	2.0%	1.7%	1.6%	2.2%
Benton Harbor	3.8	3.0	2.8	4.5
Detroit	3.2	2.7	2.6	3.7
Flint	5.2	4.5	4.2	6.0
Grand Rapids	3.4	2.6	2.4	3.7
Jackson	3.2	2.5	2.7	3.7
Kalamazoo-Battle Creek	3.5	2.9	2.7	3.8
Lansing-East Lansing	2.5	1.9	1.8	2.8
Saginaw-Bay City-Midland	4.0	3.4	3.2	4.5
Multi-County Areas				
Alcona-Iosco	6.0	5.1	5.7	7.6
Grand Traverse-Leelanau	3.4	3.0	3.4	3.9
Houghton-Keweenaw	4.5	4.0	5.5	4.6
Missaukee-Wexford	6.4	4.9	4.9	6.9
Upper Peninsula	5.3	4.5	5.7	6.0
Michigan Statewide Average				
--Unadjusted (comparable to figures shown above)	3.5	2.9	2.8	4.0

Source: Michigan Department of Career Development - Employment Service Agency

* Preliminary

**Michigan Regional Unemployment Rates
June 1999 and 2000**



Source: Michigan Department of Career Development - Employment Service Agency

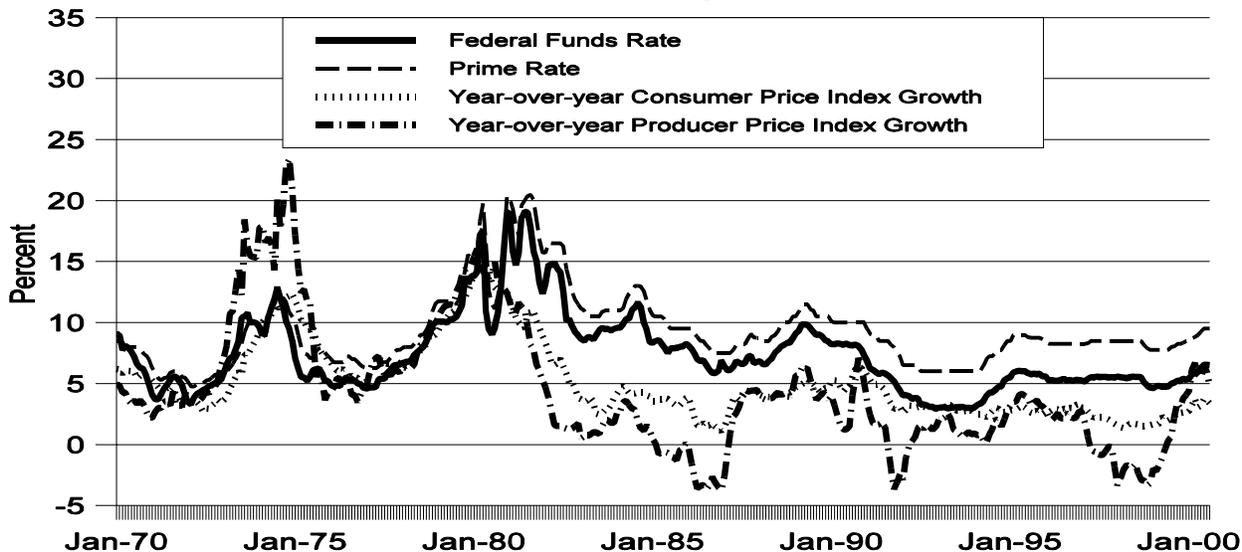
MOTOR VEHICLE SALES AND PRODUCTION STATISTICS
(Thousands of Units)

	July 2000	June 2000	May 2000	April 2000	Year Ago July	Percent Change From:	
						July/June	July 2000/ July 1999
Motor Vehicle Sales^{1,2)}							
Autos	8,791	8,823	8,814	9,195	8,760	(0.4)%	0.4%
Domestics	6,797	6,826	6,815	7,136	7,010	(0.4)	(3.0)
Imports	1,994	1,997	1,999	2,059	1,750	(0.2)	13.9
Import Share	22.7%	22.6%	22.7%	22.4%	20.0%	---	---
Light Trucks	8,194	8,177	8,189	8,522	8,176	0.2	0.2
Domestics	7,363	7,285	7,354	7,659	7,402	1.1	(0.5)
Imports	831	892	835	863	774	(6.8)	7.4
Import Share	10.1%	10.9%	10.2%	10.1%	9.5%	---	---
Heavy Trucks	560	654	605	609	643	(14.4)	(12.9)
Total	17,545	17,654	17,608	18,326	17,579	(0.6)	(0.2)
U.S. Motor Vehicle Production^{1,2)}							
Autos	6,185	5,806	5,557	5,420	5,822	6.5	6.2
Michigan Motor Vehicle Production^{2,3)}							
Autos	1,835	2,068	1,966	1,675	1,727	(11.3)	6.2
Trucks	1,147	1,621	1,355	1,159	1,627	(29.2)	(29.5)
Total	2,982	3,689	3,322	2,835	3,355	(19.2)	(11.1)
Michigan Production as % of U.S.	21.3%	23.8%	24.9%	24.1%	23.1%	---	---
U.S. Motor Vehicle Inventories⁴⁾							
Total Car	1,546	1,713	1,720	1,728	1,458	(9.7)	6.1
Days Supply	51	52	53	55	44	(1.9)	15.9
Total Truck	1,892	2,110	2,044	2,032	1,650	(10.3)	14.7
Days Supply	70	71	68	71	53	(1.4)	32.1

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)

Interest Rates and Inflation Measures

Jan. 1977 - Aug. 2000



Source: Federal Reserve Board of Governors and Bureau of Labor Statistics, U.S. Department of Labor

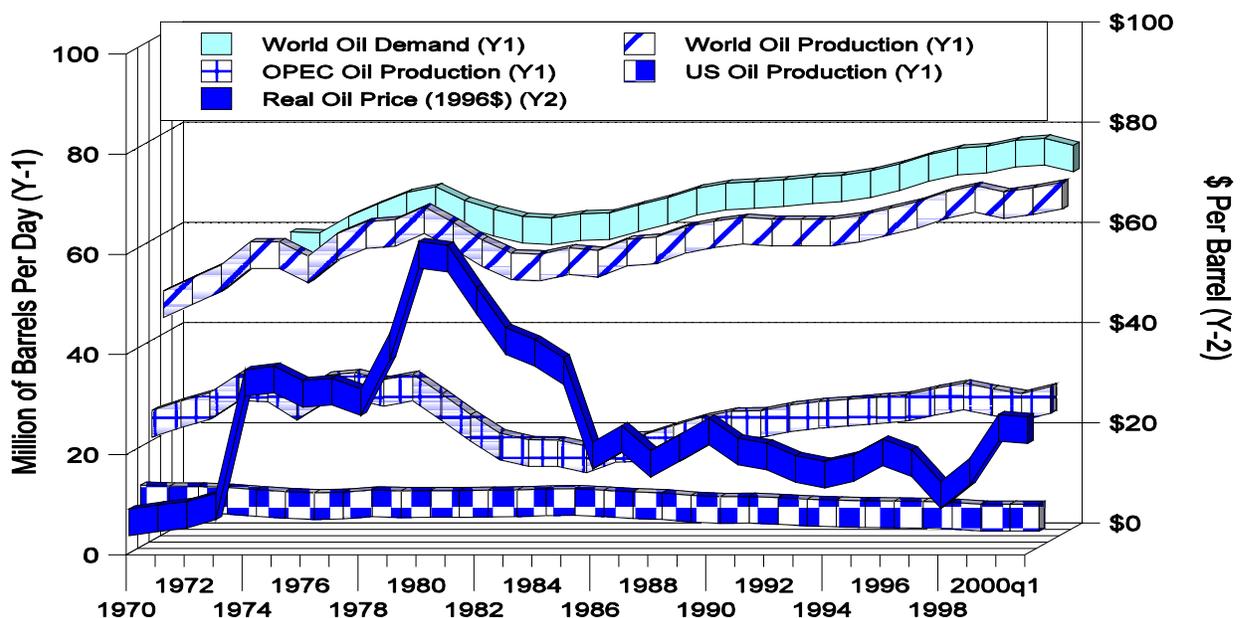
OTHER KEY ECONOMIC INDICATORS

Variable	Latest Period	Actual Data			Percent Change From:	
		Latest Period	Previous Period	Year Ago	Previous Period	Year Ago
Composite Index of Leading Indicators¹⁾ (1992=100, seasonally adjusted)	June	106.0	106.0	105.3	0.0%	0.7%
Composite Index of Coincident Indicators¹⁾ (1992=100, seasonally adjusted)	June	115.5	115.3	111.9	0.2	3.2
Housing Starts, U.S.²⁾ (thousands of units, SAAR)	June	1,554	1,596	1,562	(2.6)	(0.5)
Retail Sales, U.S.²⁾ (billions, seasonally adjusted)	June	\$268.6	\$267.4	\$248.0	0.4	8.3
Industrial Production Index³⁾ (1992=100)	June	144.6	144.3	136.6	0.2	5.9
Consumer Price Index⁴⁾ (1982-84=100)						
U.S.	June	172.3	171.3	166.2	0.6	3.7
Detroit	June	170.8	168.1	163.8	1.6	4.3
Interest Rates³⁾						
3-month Treasury Bill	June	5.74%	5.92%	4.59%	—	—
Corporate Aaa Bonds	June	7.67%	7.99%	7.23%	—	—
Real Gross Domestic Product⁵⁾ (billions of 1996 \$, SAAR)	2000 2nd Qtr.	\$9,308.8	\$9,191.8	\$8,783.2	5.5	6.0
Michigan Tax Collections⁶⁾ (13 major taxes, millions)	July 2000	\$1,633.8	\$1,564.6	\$1,494.7	NM	9.3

SAAR = Seasonally Adjusted at Annual Rates. NM = Not Meaningful.
Revenue data vary greatly from month-to-month due to timing and other noneconomic factors.

Sources: 1) Conference Board. 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.

Oil Prices and Oil Production



Note: Oil demand not strictly comparable with production data.

Source: U.S. Department of Energy, U.S. Department of Commerce, International Energy Agency.