

MICHIGAN ECONOMIC INDICATORS

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

ECONOMIC HIGHLIGHTS



- **Housing starts** increased 10.5% in August from the July level, to the highest rate since April, when the Federal homebuyer credit expired. Compared with August 2009, starts were 2.2% higher. Increases in multiunit housing accounted for all of the increases compared with last year, offsetting a 9.1% decline in single-unit housing starts. Compared with July, multiunit starts were up 42.7% while single-unit starts rose 4.3%. Only the Northeast region showed both monthly and annual declines in starts, with starts down 21.1% from year-ago levels.
- **Oil prices** increased 0.6% in August, but at \$76.82 per barrel, the price of oil was 8.1% above the level in August 2009. While August marked the third consecutive month of higher oil prices, August prices were still 9.1% below the two-year high of \$84.48 in April 2010.
- The **personal saving rate**, measured as personal saving as a percentage of disposable personal income, is estimated to have risen to 5.9% in the second quarter of 2010, the second highest rate in the last 15 years. While below the 7.2% rate exhibited during the second quarter of 2009, the saving rate has averaged 5.8% over the last seven quarters, and not dropped below 5.2%. In comparison, between the first quarter of 2000 and the last quarter of 2007, the saving rate averaged 2.7% and never exceeded 4.2% in any quarter during that period.
- The **U.S. Consumer Price Index (CPI)** for August increased at an annual rate of 3.1% from the July level but was only 1.2% above the level one year ago. Compared with July, almost all of the increase in the CPI was attributable to higher energy prices. August marked the third consecutive month the CPI has exhibited year-over-year growth of only slightly more than 1.0%, and the fifth consecutive month if food and energy prices are excluded.



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- **Michigan wage and salary employment** decreased by 50,000 jobs in August from the July level, the largest decline since January 2009. Sectors exhibiting the largest declines were manufacturing (20,000), government (11,000), and professional/business services (11,000). Compared with August 2009, employment was down by 5,000 jobs, with the largest decline in the government sector (12,000 jobs).
 - **Private-sector average weekly earnings** continued exhibiting strong year-over-year growth in August. Sectors exhibiting the strongest gains included wholesale trade (11.9%), nondurable manufacturing (8.7%), transportation equipment manufacturing (5.5%), and leisure/hospitality (7.1%). Only the information sector (-2.4%) and the financial activities sector (-0.2%) exhibited lower year-over-year earnings.
 - **Michigan personal income** grew at an annual rate of 1.0% in the second quarter of 2010, equal to the national average and ranking 25th among the states. Nonfarm earnings (reflecting wage income) rose more rapidly than the national average, particularly in the construction and manufacturing sectors; while transfer payments grew substantially more slowly than the national average.



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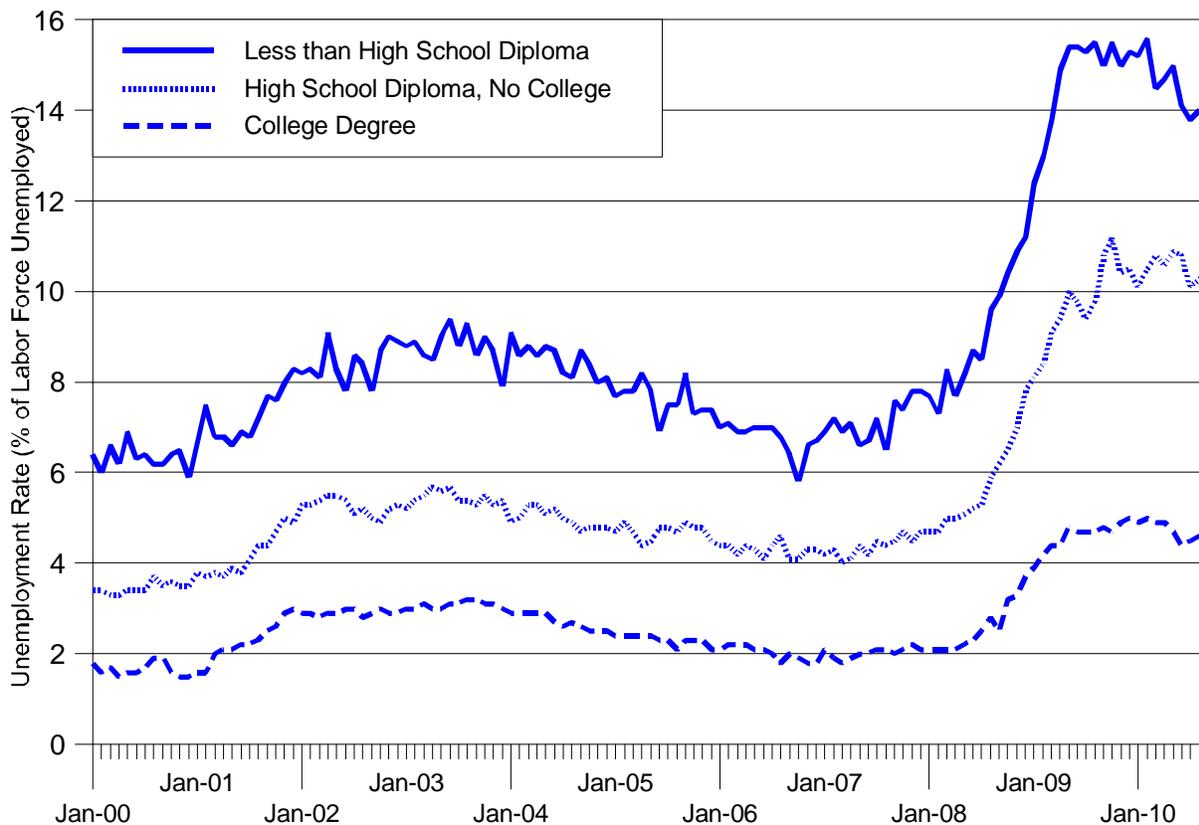
U.S. & MICHIGAN LABOR MARKET NEWS
(Seasonally adjusted, thousands)

U.S.	Aug. 2010	July 2010	Aug. 2009	Change from July		Change from Year Ago	
				Number	Percent	Number	Percent
Labor Force	154,110	153,560	154,426	550	0.4%	(316)	(0.2)%
Employment	139,250	138,960	139,433	290	0.2	(183)	(0.1)
Unemployment	14,860	14,600	14,993	260	1.8	(133)	(0.9)
Unemployment Rate	9.6%	9.5%	9.7%	---	---	---	---

Michigan	Aug. 2010	July 2010	Aug. 2009	Change from July		Change from Year Ago	
				Number	Percent	Number	Percent
Labor Force	4,831	4,846	4,878	(15)	(0.3)%	(47)	(1.0)%
Employment	4,196	4,209	4,180	(13)	(0.3)	16	0.4
Unemployment	634	637	698	(2)	(0.3)	(63)	(9.1)
Unemployment Rate	13.1%	13.1%	14.3%	---	---	---	---

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

U.S. Unemployment Rate, By Educational Level



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

MICHIGAN WAGE AND SALARY EMPLOYMENT (Seasonally adjusted, thousands)							
	Aug. 2010*	July 2010	Aug. 2009	<u>Change from July</u>		<u>Change from Yr Ago</u>	
				Number	Percent	Number	Percent
Total Non-Agricultural Jobs	3,831	3,881	3,836	(50)	(1.3)%	(5)	(0.1)%
Goods Producing Industries	586	608	583	(22)	(3.7)	3	0.5
Mining and Logging	7	7	7	0	1.4	1	7.4
Construction	114	116	121	(2)	(1.8)	(7)	(5.5)
Manufacturing	464	484	455	(20)	(4.2)	9	2.0
Transportation Equipment	124	146	129	(22)	(14.9)	(5)	(3.6)
Service Producing Industries	3,246	3,274	3,253	(28)	(0.9)	(8)	(0.2)
Trade, Transportation & Utilities	706	709	711	(3)	(0.4)	(5)	(0.7)
Wholesale Trade	154	153	150	1	0.4	4	2.3
Retail Trade	445	447	450	(2)	(0.5)	(5)	(1.1)
Transportation & Utilities	108	109	111	(1)	(1.3)	(4)	(3.2)
Information	52	52	55	(0)	(0.2)	(4)	(6.3)
Financial Activities	181	182	190	(1)	(0.4)	(8)	(4.4)
Professional & Business Services	510	521	495	(11)	(2.0)	15	3.0
Education & Health Services	622	622	612	(1)	(0.1)	10	1.6
Leisure & Hospitality Services	377	377	378	1	0.2	(1)	(0.2)
Other Services	164	166	168	(3)	(1.5)	(4)	(2.2)
Government	633	644	645	(11)	(1.7)	(12)	(1.8)

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

MICHIGAN AVERAGE WEEKLY HOURS AND EARNINGS						
Industry	<u>Average Weekly Hours</u>			<u>Average Weekly Earnings</u>		
	Aug. 2010	Year Ago	Percent Change	Aug. 2010	Year Ago	Percent Change
Construction	40.1	38.5	4.2%	\$896.24	\$854.32	4.9%
Manufacturing	44.7	43.3	3.2	973.12	949.57	2.5
Durable Goods	46.2	44.9	2.9	1,088.93	1,080.74	0.8
Transportation Equipment Mfg.	45.8	44.7	2.5	1,318.12	1,249.81	5.5
Motor Vehicle Parts Mfg.	45.0	44.5	1.1	1,152.00	1,149.88	0.2
Nondurable Goods	40.7	39.0	4.4	657.31	604.89	8.7
Wholesale Trade	38.1	36.9	3.3	747.90	668.26	11.9
Retail Trade	29.8	29.5	1.0	387.40	381.44	1.6
Information	33.4	33.0	1.2	813.62	833.25	(2.4)
Financial Activities	36.6	35.9	1.9	747.37	751.39	(0.5)
Professional & Business Services	33.4	33.8	(1.2)	685.03	675.66	1.4
Health Care & Social Assistance	31.6	31.8	(0.6)	587.44	575.90	2.0
Leisure & Hospitality	23.7	24.0	(1.3)	233.21	221.52	5.3
Accommodation & Food Services	23.7	24.1	(1.7)	227.05	217.14	4.6

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

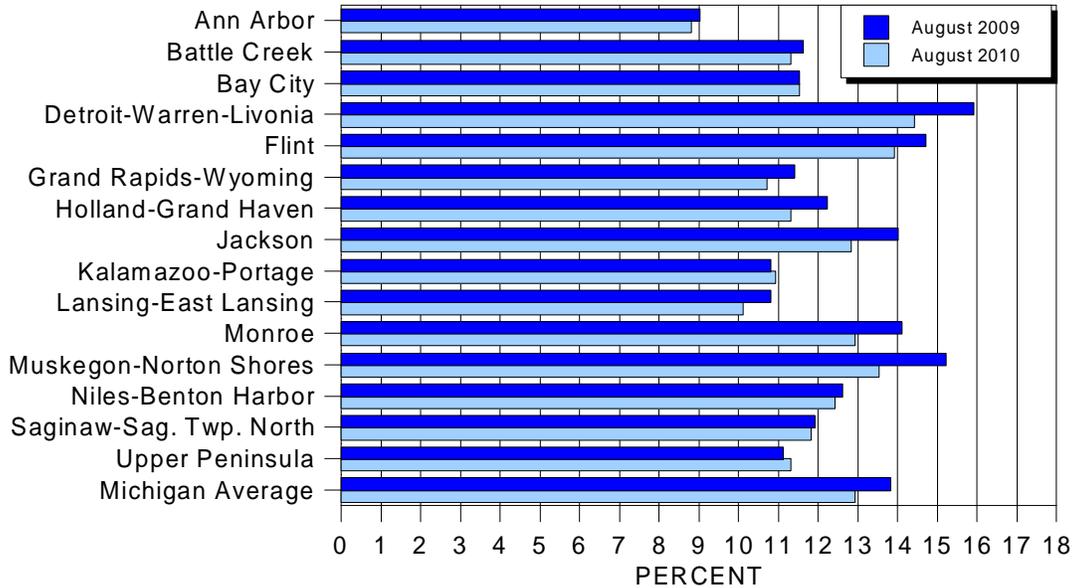
**MICHIGAN UNEMPLOYMENT RATES
BY SELECTED METROPOLITAN AREAS AND MULTI-COUNTY AREAS
(Not Adjusted for Seasonal Variations)**

	Aug. 2010	July 2010	June 2010	Aug. 2009
Metropolitan Statistical Areas				
Ann Arbor	8.8%	10.0%	9.3%	9.0%
Battle Creek	11.3	13.0	11.5	11.6
Bay City	11.5	12.7	12.0	11.5
Detroit-Warren-Livonia	14.4	15.2	14.3	15.9
Flint	13.9	15.4	14.1	14.7
Grand Rapids-Wyoming	10.7	11.9	11.1	11.4
Holland-Grand Haven	11.3	12.6	12.0	12.2
Jackson	12.8	14.3	13.2	14.0
Kalamazoo-Portage	10.9	12.2	11.4	10.8
Lansing-East Lansing	10.1	11.3	10.6	10.8
Monroe	12.9	14.4	12.9	14.1
Muskegon-Norton Shores	13.5	14.9	13.9	15.2
Niles-Benton Harbor	12.4	14.0	13.1	12.6
Saginaw-Saginaw Twp North	11.8	13.1	12.3	11.9
Multi-County Areas				
Northeast Lower Michigan	13.5	15.0	14.2	13.6
Northwest Lower Michigan	12.2	13.2	12.8	11.9
Upper Peninsula	11.3	12.5	11.9	11.1
Michigan Statewide Average				
-- Unadjusted (comparable to figures shown above)	12.9	14.0	13.1	13.8

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

Michigan Regional Unemployment Rates

August 2010 and August 2009

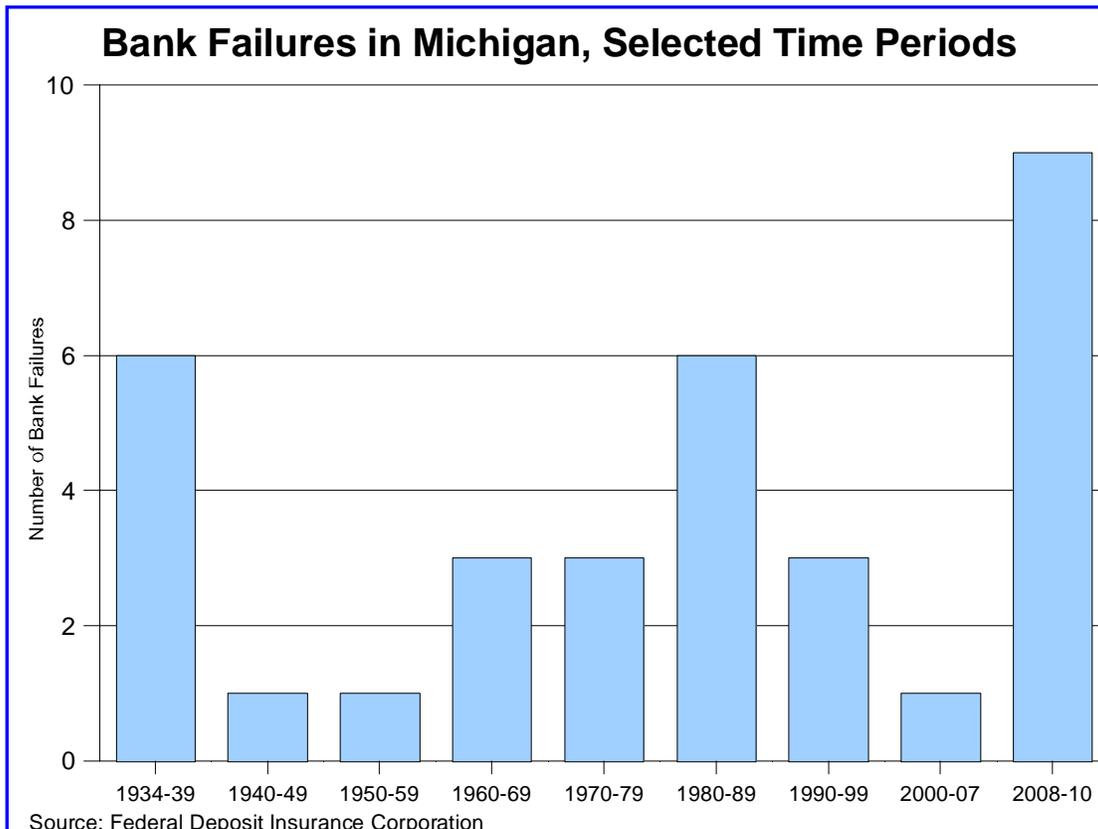


Source: Michigan Department of Energy, Labor, and Economic Growth

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

	Aug. 2010	July 2010	June 2010	May 2009	Year Ago Aug.	Percent Change From:	
						Aug./July	Aug. 2010/ Aug. 2009
Motor Vehicle Sales¹⁾ (thousands of units, SAAR)							
Autos	5,648	5,610	5,488	5,640	7,976	0.7%	(29.2)%
Domestics	3,714	3,829	3,778	3,989	5,284	(3.0)	(29.7)
Imports	1,934	1,781	1,710	1,651	2,692	8.6	(28.2)
Import Share	34.2%	31.7%	31.2%	29.3%	33.8%	---	---
Light Trucks	5,791	5,917	5,652	5,984	6,170	(2.1)	(6.1)
Domestics	4,850	5,019	4,809	5,086	4,962	(3.4)	(2.3)
Imports	941	898	843	898	1,208	4.8	(22.1)
Import Share	16.2%	15.2%	14.9%	15.0%	19.6%	---	---
Subtotal: Light Vehicle Sales	11,439	11,527	11,140	11,624	14,146	(0.8)	(19.1)
Heavy Trucks	219	238	211	213	190	(8.0)	15.3
Total Vehicle Sales	11,658	11,765	11,351	11,837	14,336	(0.9)	(18.7)
U.S. Motor Vehicle Production¹⁾ (millions of units, SAAR)							
Autos	2,783	2,779	2,977	3,234	2,567	0.1	8.4
Michigan Motor Vehicle Production²⁾ (thousands of units, SAAR)							
Autos	524	754	731	665	590	(30.6)	(11.2)
Trucks	1,265	1,634	1,096	899	670	(22.6)	88.8
Total	1,789	2,389	1,827	1,564	1,260	(25.1)	42.0
Michigan Production as % of U.S.	22.0%	22.4%	21.9%	20.1%	20.3%	---	---
U.S. Motor Vehicle Inventories³⁾							
Total Car	1,054	1,047	1,095	1,091	765	0.7	37.8
Days Supply	50	51	53	48	26	(2.0)	92.3
Total Truck	1,011	970	1,034	964	667	4.2	51.6
Days Supply	53	52	56	49	34	1.9	55.9

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)	Aug.	68.9	67.8	65.7	1.6%	4.9%
Oil Prices ²⁾ (\$ per barrel, West Texas Intermediate Crude)	Aug.	\$76.82	\$76.37	\$71.06	0.6	8.1
Housing Starts, U.S. ³⁾ (thousands of units, SAAR)	Aug.	598	541	585	10.5	2.2
Retail Sales, U.S. ³⁾ (billions, seasonally adjusted)	Aug.	\$324.4	\$322.9	\$312.7	0.5	3.7
Industrial Production Index ⁴⁾ (1997=100, seasonally adjusted)	Aug.	93.2	93.1	87.8	0.2	6.2
Capacity Utilization ⁴⁾ (% of total capacity, seasonally adjusted)	Aug.	74.7	74.6	70.0	0.2	6.8
Consumer Price Index ⁵⁾ (1982-84=100)						
U.S. (seasonally adjusted)	Aug.	218.2	217.6	215.6	3.1	1.2
Detroit (not seasonally adjusted)	Aug.	205.4	204.9	204.7	1.5	0.4
Interest Rates						
3-month Treasury Bill ⁴⁾	Aug.	0.15%	0.16%	0.18%	---	---
Corporate Aaa Bonds ⁴⁾	Aug.	4.49%	4.72%	5.26%	---	---
Real Gross Domestic Product ⁶⁾ (billions of 2005 \$, SAAR, Chain-Weighted)	2010 2nd Qtr.	\$13,194.9	\$13,138.8	\$12,810.0	1.7	3.0
Michigan Tax Collections ⁷⁾ (12 major taxes, millions)	Aug. 2010	\$1,590.3	\$1,662.9	\$1,560.0	NM	1.9

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.

