

# MICHIGAN ECONOMIC INDICATORS

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

## ECONOMIC HIGHLIGHTS



### United States

- **Inflation-adjusted Gross Domestic Product** increased 2.2% in the 3<sup>rd</sup> quarter of 2000, a slower rate of growth than the 5.6% increase during the 2<sup>nd</sup> quarter of 2000. Although inflation-adjusted personal consumption expenditures continued strong growth in the 3<sup>rd</sup> quarter, rising 4.5%, compared with 3.1% growth in the 2<sup>nd</sup> quarter, slowdowns in residential fixed investment, inventory accumulation, and government spending pulled the growth rate for the economy down. A larger trade deficit continued to reduce growth, as inflation-adjusted imports increased 17.0%, compared with a 13.9% increase in exports.
- After rising 1.4% between August and September, **motor vehicle sales** fell 4.5% between September and November, leaving the November level 5.3% below November 1999. Heavy truck sales declined 18.5% between August and November, and November sales were 27.7% below year-ago levels. Increased sales of imported vehicles helped offset the decline in domestic vehicle sales, with November sales of domestic automobiles 8.9% below year-ago levels, compared with an 8.3% increase for imports. Domestic light truck sales were 1.6% below year-ago levels, compared with a 1.9% increase in imported light truck sales.
- The seasonally adjusted **unemployment rate** increased from 3.9% in September and October, a 30-year record low rate, to 4.0% in November. Gains in retail trade employment and service-producing employment, particularly for hospitals, services, and computer and data processing services, offset declines in government employment. Manufacturing employment remained flat in both October and November, following two months of large declines.
- **Housing starts** rose 2.7% in November, only the second increase since April. However, November housing starts only recovered to June 2000 levels and remained 13.8% below the February 2000 peak and 5.9% below the level one year ago. The majority of the increases in housing starts was attributable to multiunit housing with five or more units.

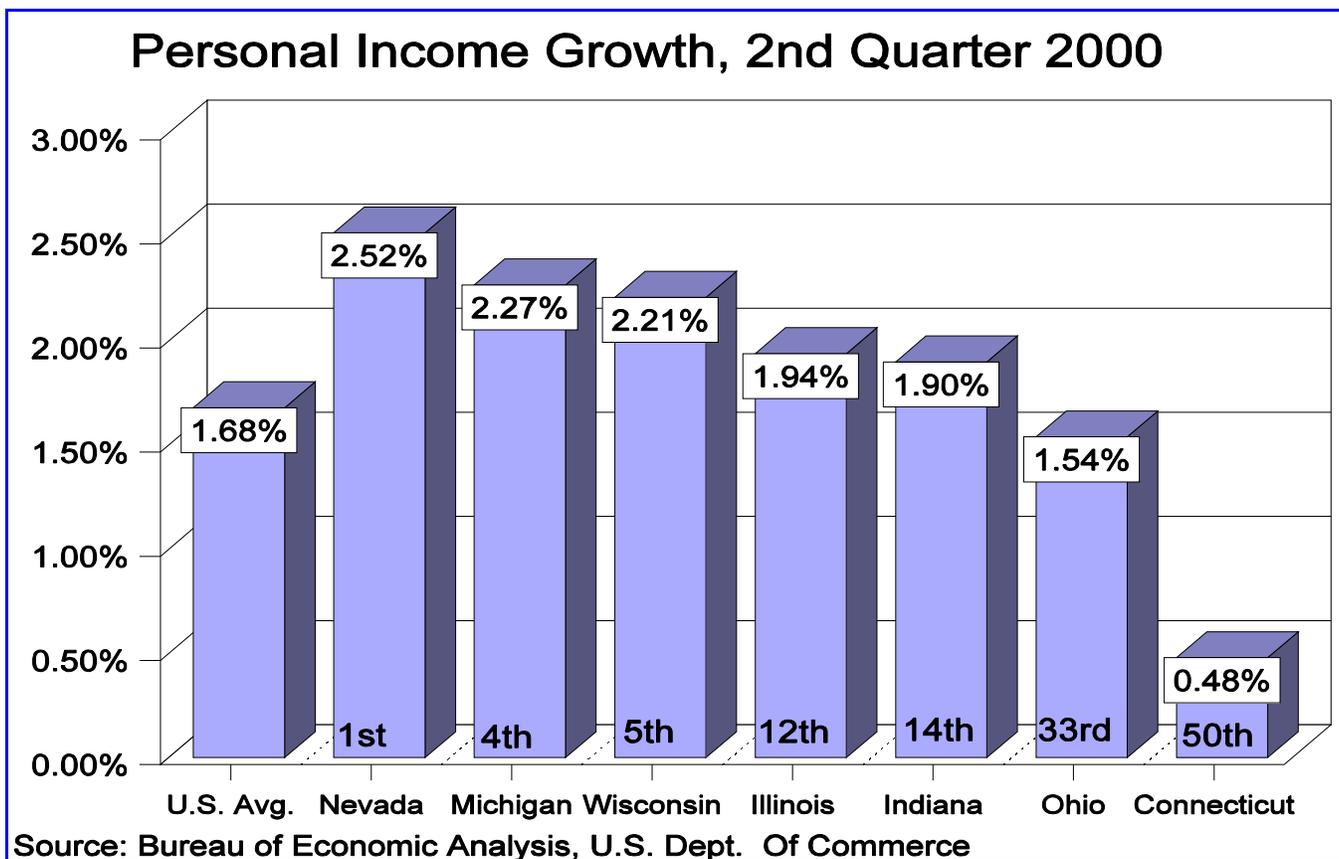


### Michigan

- **Michigan motor vehicle production** fell 19.3% between August and November, to the lowest seasonally adjusted annual rate since July 1998, with automobile production over the three-month period dropping 18.8% and light truck production declining 20.3%. Michigan motor vehicle production in November was 17.1% below the level in November 1999.
- **Tax revenues** from Michigan's 12 major taxes totaled \$1.45 billion in December. November 2000 revenues were 3.8% below year-ago levels, while December revenues were 9.1% lower. Strong year-over-year revenue growth in October helped offset lower year-over-year revenue growth reported in August and September. After adjustments, total fiscal year (FY) 1999-2000 revenues for the 12 major taxes were \$21.1 billion, or 5.4% above FY 1998-99.
- **Michigan personal income growth** was among the fastest in the nation during the second quarter of 2000, at 2.3% over the previous quarter. Nationally, personal income grew 1.7%, and only Nevada, Delaware and Iowa posted larger gains in state personal income. Michigan's strong personal income growth primarily reflected higher net earnings, which are the sum of wage and salary payments, other labor income, and proprietor's income.

U.S. & MICHIGAN LABOR MARKET NEWS (Seasonally Adjusted, Thousands)							
U.S.	Nov.	Oct.	Nov.	Change From Oct.		Change From Year Ago	
	2000	2000	1999	Number	Percent	Number	Percent
Labor Force	141,136	141,000	139,980	136	0.1%	1,156	0.8%
Employment	135,478	135,464	134,241	14	0.0	1,237	0.9
Unemployment	5,658	5,536	5,739	122	2.2	(81)	(1.4)
Unemployment Rate	4.0%	3.9%	4.1%	---	---	---	---
Michigan	Oct.	Sept.	Oct.	Change From Sept.		Change From Year Ago	
	2000	2000	1999	Number	Percent	Number	Percent
Labor Force	5,154	5,140	5,131	15	0.3%	24	0.5%
Employment	4,967	4,948	4,941	19	0.4	26	0.5
Unemployment	188	192	190	(4)	(2.0)	(2)	(1.2)
Unemployment Rate	3.6%	3.7%	3.7%	---	---	---	---

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



<b>MICHIGAN WAGE AND SALARY EMPLOYMENT</b> (Seasonally Adjusted, Thousands)							
	Oct.	Sept.	Oct.	Change from Sept.		Change from Yr Ago	
	2000*	1999	1999	Number	Percent	Number	Percent
<b>Wage and Salary Employment</b>	4,616.2	4,606.3	4,570.8	9.9	0.2%	45.4	1.0%
<b>Goods Producing Industries</b>	1,165.2	1,164.2	1,171.6	1.0	0.1	(6.4)	(0.5)
Mining	7.1	6.9	6.0	0.2	2.9	1.1	18.3
Construction	196.4	196.1	191.6	0.3	0.2	4.8	2.5
Manufacturing	961.7	961.2	974.0	0.5	0.1	(12.3)	(1.3)
Durable Goods	728.0	727.1	736.8	0.9	0.1	(8.8)	(1.2)
Motor Vehicles & Equipment	276.2	274.5	282.7	1.7	0.6	(6.5)	(2.3)
Nondurable Goods	233.7	234.1	237.2	(0.4)	(0.2)	(3.5)	(1.5)
<b>Service Producing Industries</b>	3,451.0	3,442.1	3,399.2	8.9	0.3	51.8	1.5
Trans., Comm. & Utilities	177.8	178.2	177.0	(0.4)	(0.2)	0.8	0.5
Wholesale Trade	236.9	236.6	234.0	0.3	0.1	2.9	1.2
Retail Trade	856.5	853.7	843.3	2.8	0.3	13.2	1.6
Finance, Insurance & Real Estate	209.1	207.8	209.3	1.3	0.6	(0.2)	(0.1)
Services	1,292.6	1,290.5	1,267.6	2.1	0.2	25.0	2.0
Government	678.1	675.3	668.0	2.8	0.4	10.1	1.5

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

<b>MICHIGAN AVERAGE WEEKLY HOURS AND EARNINGS</b> (Not Adjusted For Seasonal Variations)						
Industry	Average Weekly Hours			Average Weekly Earnings		
	Oct. 2000	Year Ago	Percent Change	Oct. 2000	Year Ago	Percent Change
Mining	46.9	46.3	1.3%	\$785.58	\$773.85	1.5%
Construction	41.6	41.1	1.2	911.04	865.16	5.3
Manufacturing	43.6	45.0	(3.1)	850.64	817.65	4.0
Durable Goods	44.1	45.8	(3.7)	919.93	880.73	4.5
Motor Vehicles & Equipment	46.2	48.7	(5.1)	1,235.85	1,160.52	6.5
Nondurable Goods	42.0	42.4	(0.9)	630.42	614.80	2.5
Wholesale Trade	39.6	39.0	1.5	708.84	684.45	3.6
<b>Selected Retail Trade:</b>						
General Merchandise Stores	27.1	27.7	(2.2)	282.92	276.45	2.3
Department Stores	26.6	27.3	(2.6)	279.03	273.27	2.1
Food Stores	25.6	25.3	1.2	223.23	210.75	5.9
Auto Dealers & Service Stations	34.7	34.0	2.1	407.73	435.54	(6.4)
<b>Selected Services:</b>						
Depository Institutions	35.4	34.8	1.7	389.40	375.84	3.6
Business Services	33.6	34.6	(2.9)	515.09	476.44	8.1
Health Services	32.2	32.1	0.3	518.42	520.66	(0.4)
Engineering & Management	38.3	38.1	0.5	721.96	697.99	3.4

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

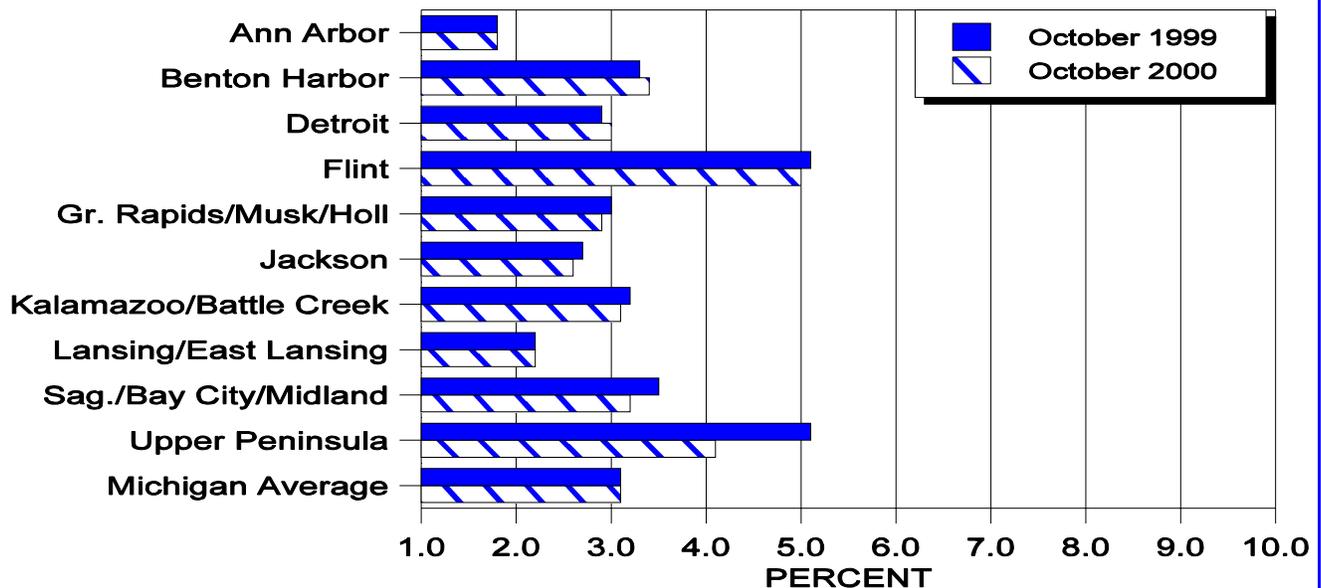
**MICHIGAN UNEMPLOYMENT RATES  
BY SELECTED METROPOLITAN AREAS AND MULTI-COUNTY AREAS  
(Not Adjusted for Seasonal Variations)**

	Oct. 2000*	Sept. 2000	Aug. 2000	Oct. 1999
<b>Metropolitan Statistical Areas</b>				
Ann Arbor	1.8%	2.0%	2.0%	1.8%
Benton Harbor	3.4	3.5	3.6	3.3
Detroit	3.0	3.3	3.3	2.9
Flint	5.0	5.3	5.4	5.1
Grand Rapids	2.9	3.1	3.2	3.0
Jackson	2.6	2.7	2.9	2.7
Kalamazoo-Battle Creek	3.1	3.3	3.3	3.2
Lansing-East Lansing	2.2	2.4	2.4	2.2
Saginaw-Bay City-Midland	3.2	3.5	3.5	3.5
<b>Multi-County Areas</b>				
Alcona-Iosco	6.2	6.1	5.6	5.3
Grand Traverse-Leelanau	3.1	3.1	2.9	2.9
Houghton-Keweenaw	3.1	2.9	3.4	2.7
Missaukee-Wexford	5.7	5.5	5.4	4.9
Upper Peninsula	4.1	4.3	4.5	5.1
<b>Michigan Statewide Average</b>				
--Unadjusted (comparable to figures shown above)	3.1	3.3	3.4	3.1

Source: Michigan Department of Career Development - Employment Service Agency

\* Preliminary

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



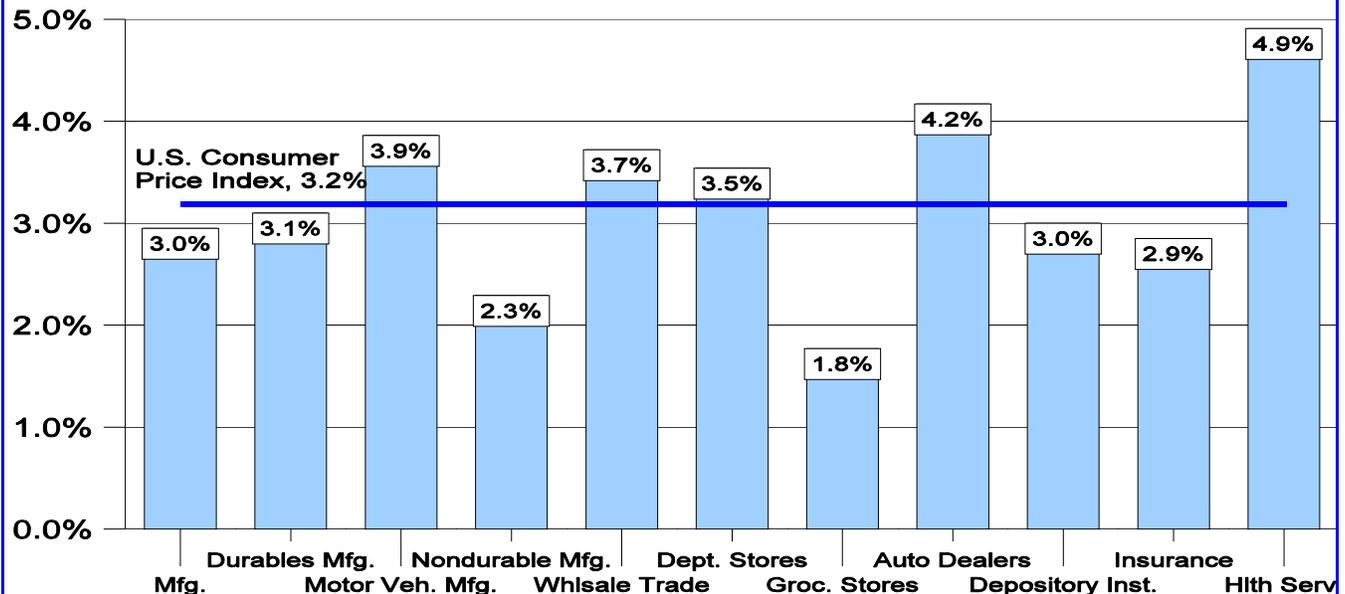
Source: Michigan Department of Career Development - Employment Service Agency

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

	Nov. 2000	Oct. 2000	Sept. 2000	Aug. 2000	Year Ago Nov.	Percent Change From:	
						Nov./Oct.	Nov. 2000/ Nov. 1999
<b>Motor Vehicle Sales<sup>1,2)</sup></b>							
Autos	8,477	8,535	8,879	8,755	8,955	(0.7)%	(5.3)%
Domestics	6,457	6,562	6,792	6,806	7,090	(1.6)	(8.9)
Imports	2,020	1,973	2,087	1,949	1,865	2.4	8.3
Import Share	23.8%	23.1%	23.5%	22.3%	20.8%	---	---
Light Trucks	7,963	8,226	8,883	8,627	8,065	(3.2)	(1.3)
Domestics	7,095	7,435	8,033	7,832	7,213	(4.6)	(1.6)
Imports	868	791	850	795	852	9.7	1.9
Import Share	10.9%	9.6%	9.6%	9.2%	10.6%	---	---
Heavy Trucks	481	495	525	570	665	(2.8)	(27.7)
<b>Total</b>	<b>16,921</b>	<b>17,256</b>	<b>18,287</b>	<b>17,952</b>	<b>17,685</b>	<b>(1.9)</b>	<b>(4.3)</b>
<b>U.S. Motor Vehicle Production<sup>1,2)</sup></b>							
Autos	4,975	5,332	5,497	5,680	5,707	0.0	(8.2)
<b>Michigan Motor Vehicle Production<sup>2,3)</sup></b>							
Autos	1,612	1,645	1,648	2,050	1,664	(2.0)	(3.2)
Trucks	1,014	1,153	1,124	1,315	1,271	(12.1)	(20.2)
<b>Total</b>	<b>2,626</b>	<b>2,798</b>	<b>2,772</b>	<b>3,365</b>	<b>2,935</b>	<b>(6.2)</b>	<b>(10.5)</b>
Michigan Production as % of U.S.	22.3%	22.3%	23.0%	24.8%	23.8%	---	---
<b>U.S. Motor Vehicle Inventories<sup>4)</sup></b>							
Total Car	1,702	1,558	1,521	1,500	1,573	9.3	8.2
Days Supply	69	59	50	49	61	16.9	13.1
Total Truck	2,086	2,005	1,894	1,894	1,843	4.0	13.2
Days Supply	84	80	66	71	72	5.0	16.7

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)

**Michigan Average Hourly Wage Growth Compared to Inflation  
Average Annual Growth, by Sector, 1988-1999**



Source: Bureau of Labor Statistics, U.S. Dept. Of Labor

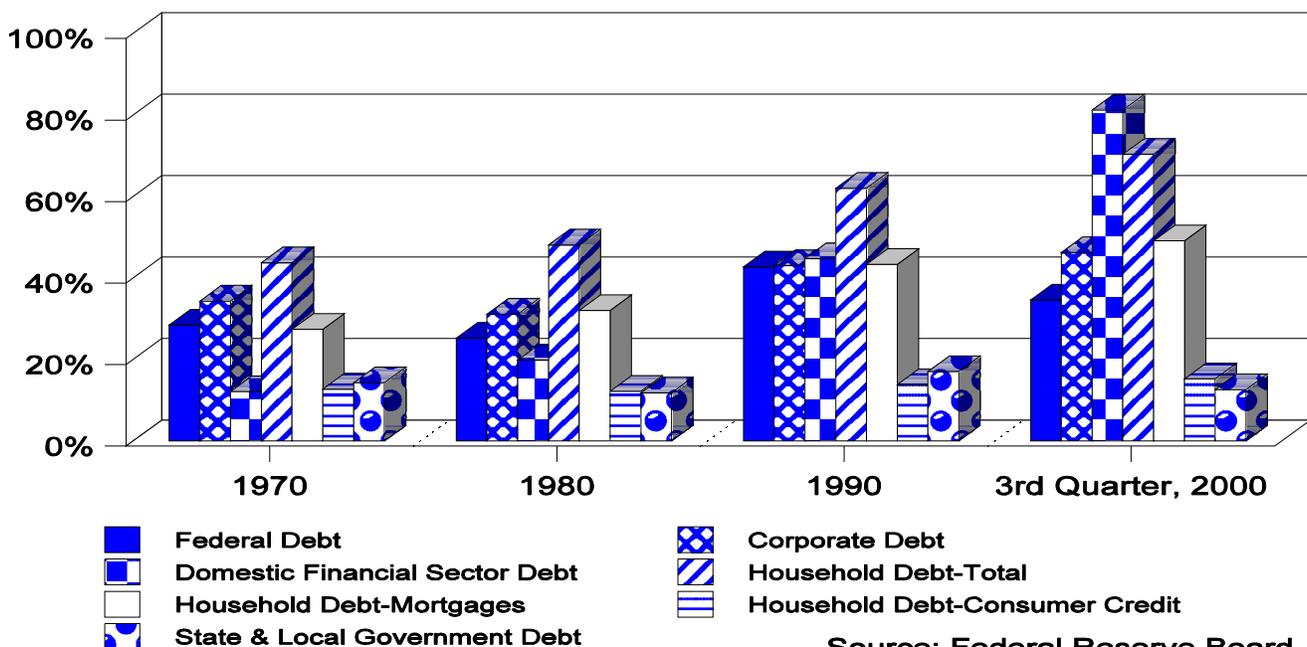
**OTHER KEY ECONOMIC INDICATORS**

Variable	Latest Period	Actual Data			Percent Change From:	
		Latest Period	Previous Period	Year Ago	Previous Period	Year Ago
<b>Composite Index of Leading Indicators<sup>1)</sup></b> (1992=100, seasonally adjusted)	November	105.3	105.5	105.7	(0.2)%	(0.4)%
<b>Composite Index of Coincident Indicators<sup>1)</sup></b> (1992=100, seasonally adjusted)	November	116.3	116.2	113.3	0.1	2.6
<b>Housing Starts, U.S.<sup>2)</sup></b> (thousands of units, SAAR)	November	1,570	1,529	1,663	2.7	(5.6)
<b>Retail Sales, U.S.<sup>2)</sup></b> (billions, seasonally adjusted)	November	\$271.2	\$272.5	\$258.1	(0.5)	5.1
<b>Industrial Production Index<sup>3)</sup></b> (1992=100)	November	148.1	148.5	141.9	(0.3)	4.4
<b>Consumer Price Index<sup>4)</sup></b> (1982-84=100)						
U.S.	November	174.1	174.0	168.3	0.1	3.4
Detroit	October	171.9	170.1	165.9	1.1	3.6
<b>Interest Rates<sup>3)</sup></b>						
3-month Treasury Bill	November	6.19%	6.10%	5.07%	—	—
Corporate Aaa Bonds	November	7.45%	7.55%	7.36%	—	—
<b>Real Gross Domestic Product<sup>5)</sup></b> (billions of 1996 \$, SAAR)						
	2000	\$9,369.5	\$9,318.9	\$8,905.8	2.2	5.2
	2nd Qtr.					
<b>Michigan Tax Collections<sup>6)</sup></b> (12 major taxes, millions)	Dec. 2000	\$1,451.9	\$1,608.8	\$1,597.1	NM	(9.1)

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) 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.

**Debt as a Percent of Gross Domestic Product by Sector**



Source: Federal Reserve Board