

# Michigan Economic Indicators

DECEMBER 2017



## ECONOMIC HIGHLIGHTS



**Housing starts** totaled 1.2 million units, at a seasonally adjusted annual rate, in December 2017, down 6.9% from November 2017, and 4.7% below the level in December 2016. Compared to December 2016, housing starts for single-family homes increased 4.7% in December 2017, while starts with five or more units fell 19.8%. By region, from December 2016 to December 2017, housing starts fell 1.1% in the Northeast, 9.2% in the West, and 24.8% in the Midwest, but increased 5.8% in the South.

**Gross domestic product (GDP)**, adjusted for inflation, increased at a 2.6% annual rate in the fourth quarter of 2017, compared to 3.2% growth in the third quarter of 2017. Personal consumption spending accounted for all of the growth in GDP, as small increases in business investment and government were offset by declines in net exports and inventories.



With the exception of the Detroit-Warren-Dearborn area, **regional unemployment rates** were higher in December 2017 compared to December 2016. The biggest year-over-year increase in the unemployment rate occurred in the northeastern Lower Peninsula, where the unemployment rate increased from 8.2% to 9.0%, followed by the Flint area, where the unemployment rate increased from 5.0% to 5.7%. The Ann Arbor area registered the lowest unemployment rate at 3.0%, followed by the Grand Rapids-Wyoming area at 3.4%. The unemployment rate in Detroit-Warren-Dearborn area fell from 4.8% to 4.2%.

In December 2017, **revenue from Michigan's major taxes** totaled \$1.96 billion, down 5.3% from December 2016. Despite 4.2% growth in individual income tax withholding, a 2.1% increase in sales tax revenue, and a 69.2% increase (\$85.0 million) in income tax estimated payments (in response to the new limitation on the deductibility of state and local taxes under the recent Federal tax changes), a 34.8% decline in Corporate Income Tax revenue and a \$265.1 million increase in Michigan Business Tax refunds more than offset the gains.

U.S. & MICHIGAN LABOR MARKET NEWS (Seasonally adjusted, thousands)							
U.S.	Dec 2017	Nov 2017	Dec 2016	Change from November		Change from Year Ago	
				Number	Percent	Number	Percent
Labor Force	160,597	160,533	159,736	64	0.0%	861	0.5%
Employment	154,021	153,917	152,233	104	0.1	1,788	1.2
Unemployment	6,576	6,616	7,503	(40)	(0.6)	(927)	(12.4)
Unemployment Rate	4.1%	4.1%	4.7%	--	--	--	--
Michigan	Dec 2017	Nov 2017	Dec 2016	Change from November		Change from Year Ago	
				Number	Percent	Number	Percent
Labor Force	4,887	4,875	4,862	13	0.3%	25	0.5%
Employment	4,656	4,651	4,616	5	0.1	40	0.9
Unemployment	231	224	246	8	3.4	(15)	(6.1)
Unemployment Rate	4.7%	4.6%	5.1%	--	--	--	--

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



MICHIGAN WAGE AND SALARY EMPLOYMENT (Seasonally adjusted, thousands)							
	Dec 2017	Nov 2017	Dec 2016	Change from Nov		Change from Yr Ago	
				Number	Percent	Number	Percent
<b>Total Non-Agricultural Jobs</b>	4,426	4,416	4,369	10	0.2%	57	1.3%
<b>Goods Producing Industries</b>	780	775	766	4	0.6	13	1.7
Mining and Logging	8	7	7	0	1.4	1	8.7
Construction	165	163	158	2	1.3	7	4.7
Manufacturing	607	605	602	2	0.3	5	0.9
Transportation Equipment	178	178	180	(1)	(0.3)	(3)	(1.4)
<b>Service Producing Industries</b>	3,647	3,641	3,603	6	0.2	44	1.2
Trade, Transportation & Utilities	783	784	782	(0)	(0.1)	1	0.1
Wholesale Trade	173	173	171	(0)	(0.1)	3	1.5
Retail Trade	469	468	472	0	0.1	(3)	(0.7)
Transportation & Utilities	142	142	140	(1)	(0.4)	1	1.0
Information	58	58	58	(0)	(0.2)	1	1.4
Financial Activities	219	218	217	1	0.3	2	1.1
Professional & Business Services	677	677	662	1	0.1	15	2.3
Education & Health Services	675	674	668	1	0.2	7	1.0
Leisure & Hospitality Services	443	442	434	1	0.3	9	2.0
Other Services	176	175	172	1	0.3	4	2.1
Government	615	613	610	2	0.3	5	0.9

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

MICHIGAN AVERAGE WEEKLY HOURS AND EARNINGS (Not seasonally adjusted)						
Industry	Average Weekly Hours			Average Weekly Earnings		
	Dec 2017	Year Ago	Percent Change	Dec 2017	Year Ago	Percent Change
Construction	39.5	39.1	1.0%	\$1,022.26	\$1,003.31	1.9%
Manufacturing	44.7	43.3	3.2	939.59	897.61	4.7
Durable Goods	46.1	43.9	5.0	1,006.36	944.73	6.5
Transportation Equipment Mfg.	48.5	45.5	6.6	1,163.52	1,058.33	9.9
Motor Vehicle Parts Mfg.	47.8	47.1	1.5	1,098.44	991.93	10.7
Nondurable Goods	40.5	41.4	(2.2)	735.89	753.07	(2.3)
Wholesale Trade	39.0	39.3	(0.8)	1,054.17	895.65	17.7
Retail Trade	31.5	31.0	1.6	452.66	425.94	6.3
Information	36.0	34.4	4.7	992.88	820.10	21.1
Financial Activities	35.7	36.2	(1.4)	843.59	846.72	(0.4)
Professional & Business Services	34.2	34.8	(1.7)	811.91	802.84	1.1
Health Care & Social Assistance	32.4	31.8	1.9	669.38	631.87	5.9
Leisure & Hospitality	22.7	21.4	6.1	276.03	247.38	11.6
Accommodation & Food Services	22.6	21.1	7.1	267.81	231.26	15.8

**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)				
	Dec 2017	Nov 2017	Oct 2017	Dec 2016
<b>Metropolitan Statistical Areas</b>				
Ann Arbor	3.0%	3.1%	3.4%	2.7%
Battle Creek	4.8	4.4	4.6	4.2
Bay City	5.3	4.5	4.7	4.9
Detroit-Warren-Dearborn	4.2	3.7	4.3	4.8
Flint	5.7	5.1	5.3	5.0
Grand Rapids-Wyoming	3.4	3.2	3.4	3.0
Jackson	4.4	4.1	4.3	4.2
Kalamazoo-Portage	4.3	3.9	4.1	3.9
Lansing-East Lansing	3.9	3.7	4.0	3.3
Midland	4.6	4.1	4.2	4.2
Monroe	4.1	3.9	5.1	3.5
Muskegon	5.3	4.9	5.2	4.7
Niles-Benton Harbor	5.0	4.5	4.4	4.6
Saginaw	5.2	4.7	4.8	4.6
<b>Multi-County Areas</b>				
Northeast Lower Michigan	9.0	6.8	5.7	8.2
Northwest Lower Michigan	5.9	4.8	4.4	5.5
Upper Peninsula	7.0	5.5	4.9	6.6
<b>Michigan Statewide Average</b> (unadjusted - comparable to figures shown above)				
	4.4	4.0	4.2	4.5
<b>Source:</b> Michigan Department of Technology, Management, and Budget				

MOTOR VEHICLE SALES AND PRODUCTION STATISTICS (Thousands of Units, Seasonally Adjusted Annual Rates)							
	Dec 2017	Nov 2017	Oct 2017	Sept 2017	Year Ago Dec	Percent Change From:	
						Dec/Nov	Dec 2017/ Dec 2016
<b>Motor Vehicle Sales<sup>1)</sup></b>							
Autos	5,824	6,062	6,289	6,547	6,836	(3.9%)	(14.8%)
Domestics	4,350	4,575	4,773	5,008	5,148	(4.9)	(15.5)
Imports	1,474	1,487	1,516	1,539	1,688	(0.9)	(12.7)
Import Share	25.3%	24.5%	24.1%	23.5%	24.7%	----	----
Light Trucks	11,931	11,355	11,718	11,939	11,062	5.1	7.9
Domestics	9,293	8,816	9,192	9,316	8,810	5.4	5.5
Imports	2,638	2,539	2,526	2,623	2,252	3.9	17.1
Import Share	22.1%	22.4%	21.6%	22.0%	20.4%	----	----
Subtotal: Light Vehicle Sales	17,755	17,417	18,007	18,486	17,898	1.9	(0.8)
Heavy Trucks	475	451	435	440	379	5.3	25.3
Total Vehicle Sales	18,230	17,868	18,442	18,926	18,277	2.0	(0.3)
<b>U.S. Motor Vehicle Production<sup>1)</sup></b>							
Autos	2,748	2,742	2,729	2,665	3,647	0.2	(24.6)
<b>Michigan Motor Vehicle Production<sup>2)</sup></b>							
Autos	548	763	595	517	813	(28.1)	(32.6)
Trucks	1,414	1,456	1,687	1,460	1,509	(2.9)	(6.3)
Total	1,962	2,219	2,282	1,977	2,322	(11.6)	(15.5)
Michigan Production as % of U.S.	18.2%	18.7%	18.3%	18.3%	18.4%	----	----
<b>U.S. Motor Vehicle Inventories<sup>3)</sup></b>							
Total Car	1,287	1,351	1,339	1,364	1,594	(4.8)	(19.3)
Days Supply	67	72	72	66	78	(6.9)	(14.1)
Total Truck	2,503	2,621	2,535	2,445	2,426	(4.5)	3.1
Days Supply	59	70	71	64	70	(15.7)	(15.7)
<b>Sources:</b> 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, not seasonally adjusted).							



OTHER KEY ECONOMIC INDICATORS						
Variable	Latest Period	Actual Data			Percent Chng From	
		Latest Period	Previous Period	Year Ago	Previous Period <sup>9)</sup>	Year Ago
<b>Index of Consumer Sentiment</b> , monthly <sup>1)</sup> (1996 Q1=100)	Dec	95.9	98.5	98.2	(2.6%)	(2.3%)
<b>Oil Prices</b> <sup>2)</sup> (\$ per barrel, West Texas Intermediate Crude)	Dec	\$57.88	\$56.64	\$51.97	2.2	11.4
<b>Housing Starts, U.S.</b> <sup>3)</sup> (thousands of units, SAAR)	Dec	1,209	1,299	1,268	(6.9)	(4.7)
<b>Retail Sales, U.S.</b> <sup>3)</sup> (billions, seasonally adjusted)	Dec	\$435.7	\$436.0	\$413.8	(0.1)	5.3
<b>Industrial Production Index</b> <sup>4)</sup> (2007=100, seasonally adjusted)	Dec	107.3	106.9	103.8	0.4	3.4
<b>Capacity Utilization</b> <sup>4)</sup> (% of total capacity, seasonally adjusted)	Dec	77.7	77.5	76.0	0.3	2.2
<b>Consumer Price Index</b> <sup>5)</sup> (1982-84=100)						
U.S. (seasonally adjusted)	Dec	247.9	247.4	242.8	2.4	2.1
Detroit (not seasonally adjusted)	Dec	229.0	228.8	223.0	0.5	2.7
<b>Interest Rates</b>						
3-month Treasury Bill <sup>4)</sup>	Dec	1.34%	1.25%	0.51%	--	--
30-year Conventional Mortgage <sup>6)</sup>	Dec	3.95%	3.92%	4.20%	--	--
<b>Real Gross Domestic Product</b> <sup>7)</sup> (billions of 2009 \$, SAAR, Chain-Weighted)	2017 4th Quarter	\$17,272.5	\$17,163.9	\$16,851.4	2.6	2.5
<b>Michigan Tax Collections</b> <sup>8)</sup> (12 major taxes, millions)	Dec	\$1,963.6	\$1,897.6	\$2,073.2	NM	(5.3)

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) University of Michigan Surveys of Consumers. 2) U.S. Energy Information Administration/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) Freddie Mac, Primary Mortgage Market Survey. 7) U.S. Department of Commerce, Bureau of Economic Analysis. 8) Michigan Department of Treasury and the Senate Fiscal Agency. 9) Percent changes from previous period for CPI and GDP at annual rate.

