

Michigan Economic Indicators

DECEMBER 2018



ECONOMIC HIGHLIGHTS



The major **stock market** indices posted negative returns in December 2018, as investors were concerned about an economic slowdown, interest rate hikes from the Federal Reserve, and ongoing trade negotiations between the U.S. and China. The S&P 500 index fell 9.2% in December, finishing the year down 6.2%, the worst calendar year performance since 2008. The Dow Jones Industrial Average (DJIA) fell 8.7% for the month, finishing 2018 down 5.6% for the year, also its worst calendar year performance since 2008.

Seasonally-adjusted **retail e-commerce sales** increased by 14.5% from the third quarter of 2017 to the third quarter of 2018. E-commerce sales were estimated at \$130.9 billion in the third quarter of 2018, which represents 9.8% of total retail sales. The amount and share of retail sales made on the internet has increased each quarter since the fourth quarter of 2008.



Michigan **motor vehicle production** decreased 11.8% between December 2017 and December 2018, despite total U.S. light vehicle sales increasing 0.9% over the same period. Automobile production in December 2018 was down 42.6% from December 2017, while light truck production fell 1.5%. The significant reduction in automobile production negatively affected the State's share of total U.S. vehicle production. In December 2018, Michigan's share of total U.S. vehicle production was 15.6%, down from 18.2% in December 2017.

The Michigan average **home selling price** in 2018 was \$184,447, up 9.88% from 2017, based on home sales reported by Michigan Realtors®. The average home selling price for December 2018 was \$175,013, up 3.24% from December 2017. The number of Michigan home sales in 2018 was down 5.52% compared to 2017, falling from 132,862 to 125,534. In December 2018, 9,773 homes were sold, down 8.28% from December 2017.

U.S. & MICHIGAN LABOR MARKET NEWS (Seasonally adjusted, thousands)							
U.S.	Dec 2018	Nov 2018	Dec 2017	Change from Nov		Change from Year Ago	
				Number	Percent	Number	Percent
Labor Force	163,240	162,821	160,636	419	0.3%	2,604	1.6%
Employment	156,945	156,803	154,065	142	0.1	2,880	1.9
Unemployment	6,295	6,018	6,571	277	4.6	(276)	(4.2)
Unemployment Rate	3.9%	3.7%	4.1%	--	--	--	--
Michigan	Dec 2018	Nov 2018	Dec 2017	Change from Nov		Change from Year Ago	
				Number	Percent	Number	Percent
Labor Force	4,898	4,893	4,900	5	0.1%	(2)	(0.0%)
Employment	4,702	4,701	4,669	1	0.0	33	0.7
Unemployment	196	192	231	4	2.0	(35)	(15.3)
Unemployment Rate	4.0%	3.9%	4.7%	--	--	--	--

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

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MICHIGAN WAGE AND SALARY EMPLOYMENT (Seasonally adjusted, thousands)							
	Dec 2018*	Nov 2018	Dec 2017	Change from Nov		Change from Yr Ago	
				Number	Percent	Number	Percent
Total Non-Agricultural Jobs	4,450	4,442	4,395	8	0.2%	55	1.3%
Goods Producing Industries	812	808	793	4	0.5	19	2.4
Mining and Logging	7	7	7	0	1.4	(0)	(1.4)
Construction	179	177	168	3	1.4	12	6.9
Manufacturing	625	624	618	1	0.2	8	1.2
Transportation Equipment	192	192	186	0	0.0	5	2.7
Service Producing Industries	3,638	3,634	3,602	4	0.1	36	1.0
Trade, Transportation & Utilities	793	791	788	1	0.2	4	0.6
Wholesale Trade	174	173	173	1	0.5	1	0.5
Retail Trade	469	470	472	(1)	(0.1)	(3)	(0.7)
Transportation & Utilities	150	148	143	1	0.8	7	4.6
Information	56	56	56	(0)	(0.2)	(1)	(0.9)
Financial Activities	223	223	219	0	0.1	5	2.1
Professional & Business Services	660	659	650	1	0.2	10	1.5
Education & Health Services	680	678	672	2	0.3	8	1.2
Leisure & Hospitality Services	443	444	438	(1)	(0.1)	6	1.3
Other Services	172	172	170	0	0.1	2	1.2
Government	612	613	610	(1)	(0.1)	2	0.4

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 2018*	Year Ago	Percent Change	Dec 2018	Year Ago	Percent Change
Construction	40.6	38.9	4.4%	1,128.27	1,003.62	12.4%
Manufacturing	43.3	43.7	(0.9)	940.91	915.52	2.8
Durable Goods	43.9	44.8	(2.0)	986.43	975.74	1.1
Transportation Equipment Mfg.	47.5	47.8	(0.6)	1,216.95	1,142.90	6.5
Motor Vehicle Parts Mfg.	48.6	47.7	1.9	1,133.84	1,034.14	9.6
Nondurable Goods	41.4	40.5	2.2	796.95	734.27	8.5
Wholesale Trade	38.6	39.2	(1.5)	1,028.69	1,054.48	(2.4)
Retail Trade	30.2	31.5	(4.1)	454.21	452.03	0.5
Information	33.2	35.5	(6.5)	929.93	966.31	(3.8)
Financial Activities	36.3	35.8	1.4	905.32	838.44	8.0
Professional & Business Services	35.4	34.4	2.9	899.51	815.62	10.3
Health Care & Social Assistance	32.6	32.5	0.3	731.22	678.93	7.7
Leisure & Hospitality	22.5	22.8	(1.3)	287.78	276.79	4.0
Accommodation & Food Services	22.5	22.7	(0.9)	280.35	268.31	4.5

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



MICHIGAN UNEMPLOYMENT RATES BY SELECTED METROPOLITAN AREAS AND MULTI-COUNTY AREAS (Not Adjusted for Seasonal Variations)				
	Dec 2018	Nov 2018	Oct 2018	Dec 2017
Metropolitan Statistical Areas				
Ann Arbor	2.7%	2.6%	2.9%	3.1%
Battle Creek	4.1	3.5	3.6	4.9
Bay City	4.5	3.7	3.7	5.5
Detroit-Warren-Dearborn	4.2	3.8	4.4	4.1
Flint	4.6	4.1	4.1	5.7
Grand Rapids-Wyoming	2.8	2.5	2.6	3.5
Jackson	3.8	3.3	3.4	4.4
Kalamazoo-Portage	3.7	3.1	3.2	4.5
Lansing-East Lansing	3.2	3.1	3.0	3.9
Midland	3.8	3.2	3.3	4.6
Monroe	4.0	3.9	4.1	4.1
Muskegon	4.3	3.8	4.0	5.3
Niles-Benton Harbor	4.3	3.6	3.6	5.1
Saginaw	4.5	3.9	3.9	5.3
Multi-County Areas				
Northeast Lower Michigan	7.5	5.6	4.6	9.2
Northwest Lower Michigan	5.0	3.8	3.4	6.0
Upper Peninsula	5.8	4.4	3.8	7.0
Michigan Statewide Average (unadjusted - comparable to figures shown above)				
	4.0	3.6	3.8	4.4

Source: Michigan Department of Technology, Management, and Budget

MOTOR VEHICLE SALES AND PRODUCTION STATISTICS (Thousands of Units, Seasonally Adjusted Annual Rates)							
	Dec 2018	Nov 2018	Oct 2018	Sep 2018	Year Ago Dec	Percent Change From:	
						Dec/Nov	Dec 2018/ Dec 2017
Motor Vehicle Sales¹⁾							
Autos	5,171	5,226	5,584	5,275	5,712	(1.1%)	(9.5%)
Domestics	4,040	4,058	4,399	4,034	4,274	(0.4)	(5.5)
Imports	1,131	1,168	1,185	1,241	1,438	(3.2)	(21.3)
Import Share	21.9%	22.3%	21.2%	23.5%	25.2%	----	----
Light Trucks	12,321	12,215	11,989	12,151	11,626	0.9	6.0
Domestics	9,493	9,435	9,283	9,334	9,027	0.6	5.2
Imports	2,828	2,780	2,706	2,817	2,599	1.7	8.8
Import Share	23.0%	22.8%	22.6%	23.2%	22.4%	----	----
Subtotal: Light Vehicle Sales	17,492	17,441	17,573	17,426	17,338	0.3	0.9
Heavy Trucks	511	499	529	539	464	2.4	10.1
Total Vehicle Sales	18,003	17,940	18,102	17,965	17,802	0.4	1.1
U.S. Motor Vehicle Production¹⁾							
Autos	NA	2,707	2,694	2,780	2,718	NA	NA
Michigan Motor Vehicle Production²⁾							
Autos	297	270	344	292	517	10.0	(42.6)
Trucks	1,530	1,484	1,584	1,394	1,553	3.1	(1.5)
Total	1,827	1,753	1,928	1,686	2,070	4.2	(11.8)
Michigan Production as % of U.S.	15.6%	14.7%	15.8%	17.8%	18.2%	----	----
U.S. Motor Vehicle Inventories³⁾							
Total Car	1,102	1,102	1,063	1,023	1,287	0.0	(14.4)
Days Supply	62	68	66	59	67	(8.8)	(7.5)
Total Truck	2,819	2,955	2,908	2,727	2,503	(4.6)	12.6
Days Supply	62	75	80	68	59	(17.3)	5.1

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, not seasonally adjusted).



OTHER KEY ECONOMIC INDICATORS						
Variable	Latest Period	Actual Data			Percent Chng From	
		Latest Period	Previous Period	Year Ago	Previous Period ⁹⁾	Year Ago
Index of Consumer Sentiment , monthly ¹⁾ (1996 Q1=100)	Dec	98.3	97.5	95.9	0.8%	2.5%
Oil Prices ²⁾ (\$ per barrel, West Texas Intermediate Crude)	Dec	\$49.52	\$56.96	\$57.88	(13.1)	(14.4)
Housing Starts, U.S. ³⁾ (thousands of units, SAAR)	Dec	1,256	1,217	1,303	3.2	(3.6)
Retail Sales, U.S. ³⁾ (billions, seasonally adjusted)	Dec	\$446.1	\$452.0	\$437.1	(1.3)	2.1
Industrial Production Index ⁴⁾ (2007=100, seasonally adjusted)	Dec	110.1	110.0	105.8	0.1	4.1
Capacity Utilization ⁴⁾ (% of total capacity, seasonally adjusted)	Dec	78.8	78.9	77.3	(0.1)	1.9
Consumer Price Index ⁵⁾ (1982-84=100)						
U.S. (seasonally adjusted)	Dec	252.7	252.8	247.9	(0.2)	1.9
Detroit (not seasonally adjusted)	Dec	231.7	233.1	229.0	(3.6)	1.2
Interest Rates						
3-month Treasury Bill ⁴⁾	Dec	2.41%	2.37%	1.34%	--	--
30-year Conventional Mortgage ⁶⁾	Dec	4.64%	4.87%	3.95%	--	--
Real Gross Domestic Product ⁷⁾ (billions of 2009 \$, SAAR, Chain-Weighted)	2018 3rd Quarter	\$18,665.0	\$18,511.6	\$18,120.8	3.4	3.0
Michigan Tax Collections ⁸⁾ (12 major taxes, millions)	Dec	\$2,071.9	\$2,007.4	\$1,963.6	NM	5.5

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. The U.S. CPI is released monthly, while the Detroit CPI is released every two months, beginning in Feb. of each year. 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.

