

MICHIGAN ECONOMIC INDICATORS

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

ECONOMIC HIGHLIGHTS



United States

- The preliminary estimate of **inflation-adjusted Gross Domestic Product** showed growth of 1.4% in the fourth quarter of 2001, compared with a decline of 1.3% during the third quarter. The growth rate reflected strong growth in consumer and government spending that more than offset declines in investment and net exports. Inflation-adjusted investment fell 23.3%, the sixth consecutive quarter of decline and the fourth consecutive quarter in which the decline has exceeded 10.0%. However, inflation-adjusted consumption spending rose at an annual rate of 6.0%, while government spending grew 10.1%.
- **Motor vehicle sales** fell 4.1% in January, after falling 8.3% in December, while **motor vehicle production** increased 5.3%. The decrease in motor vehicle sales reflected the end of the 0% financing offers made by most major manufacturers. Compared with a year ago, motor vehicles sales were down 7.1%, while motor vehicle production was up 2.7%. As the increase in production and the decrease in sales suggest, **motor vehicle inventories** grew in January but were still below year-ago levels.
- On a seasonally adjusted basis, **housing starts** rose 6.3% in January and were 0.7% above the level one year ago, as warm weather aided construction and consumers continued to take advantage of low interest rates. January housing starts were at the highest level since December 1999.
- The **unemployment rate** fell to 5.6% in January, after reaching 5.8% in December. However, the lower unemployment rate primarily reflected that people left the labor force at a faster rate than the number of people employed fell. Compared with a year ago, the number of people unemployed was up 34.6% in January while the number of people employed was down 1.8%. Employment in the manufacturing sector was down more than 1.3 million jobs from January 2001, while private service-producing employment was down 319,000 jobs.

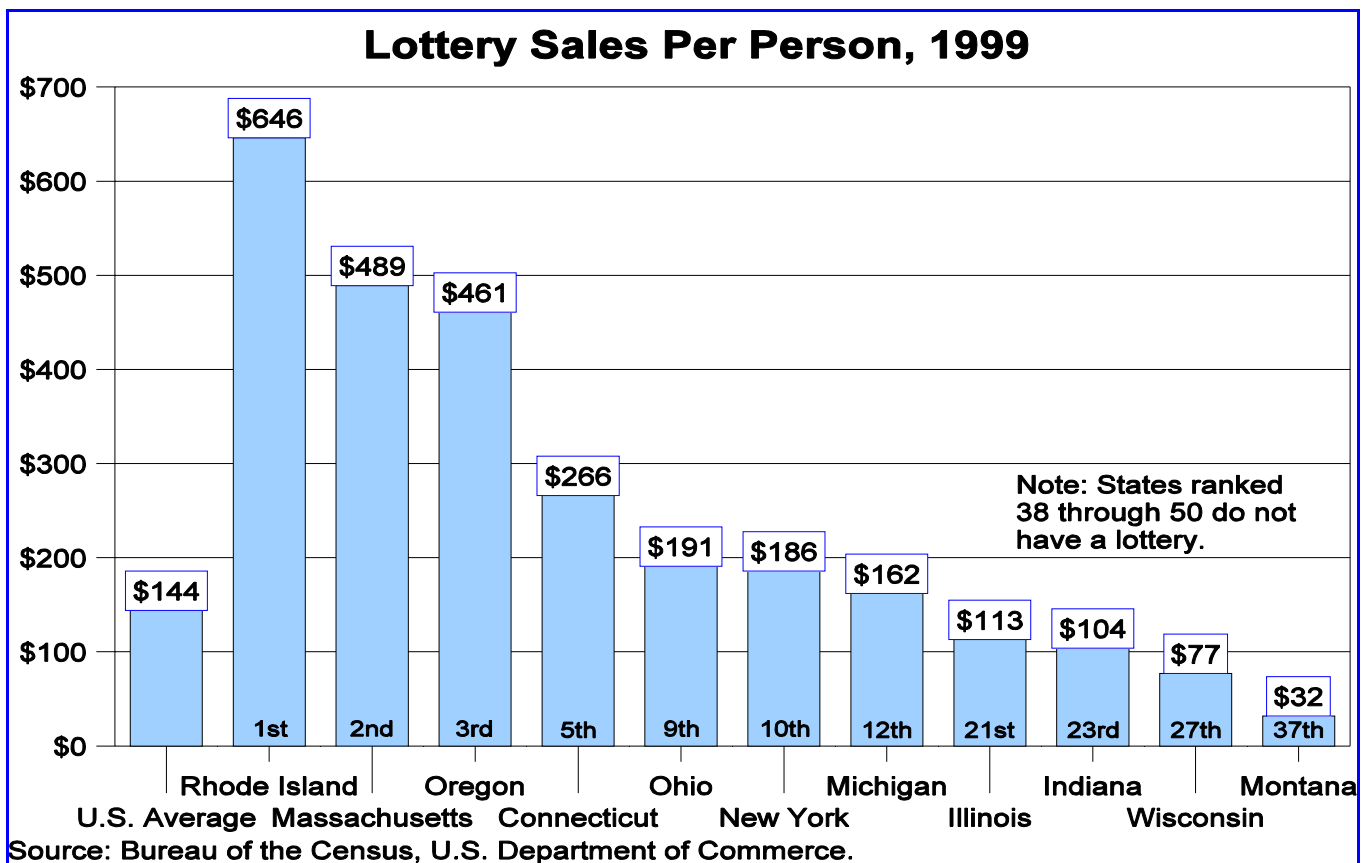


Michigan

- The **Detroit Consumer Price Index** in December 2001 was 1.0% above the level in December 2000. For the year, the Detroit Consumer Price Index rose 2.7% in 2001, compared with a 3.6% increase during 2000.
- Despite a decline of 19,000 jobs in Michigan employment and an increase in the unemployment rate from 5.8% to 6.0%, **average weekly earnings** were above year-ago levels in December in most sectors other than mining, wholesale trade, and health services. The sectors showing the strongest earnings growth in December were the retail trade and services sectors, where increases reflected both greater hours and higher hourly wages. In the manufacturing sector, higher weekly earnings generally reflected greater average weekly hours more than increases in hourly wages.
- Michigan **wage and salary employment** in December was down 12,000 jobs from November, and was 65,000 jobs below the level a year ago. Manufacturing employment was 55,000 jobs below the December 2000 level, with 24,000 of those lost jobs located in the motor vehicle and equipment manufacturing sector. Retail trade employment was 19,000 jobs lower than in December 2000.

U.S. & MICHIGAN LABOR MARKET NEWS (Seasonally Adjusted, Thousands)							
U.S.	Jan. 2002	Dec. 2001	Jan. 2001	Change From Dec. Number Percent		Change From Year Ago Number Percent	
Labor Force	141,390	142,314	141,757	(924)	(0.6)%	(367)	(0.3)%
Employment	133,468	134,055	135,870	(587)	(0.4)	(2,402)	(1.8)
Unemployment	7,922	8,259	5,887	(337)	(4.1)	2,035	34.6
Unemployment Rate	5.6%	5.8%	4.2%	---	---	---	---
Michigan	Dec. 2001	Nov. 2001	Dec. 2000	Change From Nov. Number Percent		Change From Year Ago Number Percent	
Labor Force	5,243	5,251	5,223	(8)	(0.2)%	20	0.4%
Employment	4,928	4,947	5,025	(19)	(0.4)	(97)	(1.9)
Unemployment	315	303	198	12	4.0	117	59.1
Unemployment Rate	6.0%	5.8%	3.8%	---	---	---	---

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



MICHIGAN WAGE AND SALARY EMPLOYMENT (Seasonally Adjusted, Thousands)							
	Dec. 2001*	Nov. 2001	Dec. 2000	Change from Nov.		Change from Yr Ago	
				Number	Percent	Number	Percent
Wage and Salary Employment	4,640	4,652	4,705	(12)	(0)%	(65)	(1)%
Goods-Producing Industries	1,145	1,148	1,199	(3)	(0)	(54)	(5)
Mining	8	8	8	0	0	0	0
Construction	217	216	216	1	0	1	0
Manufacturing	920	924	975	(4)	(0)	(55)	(6)
Durable Goods	695	698	744	(3)	(0)	(49)	(7)
Motor Vehicles & Equipment	257	258	281	(1)	(0)	(24)	(9)
Nondurable Goods	225	226	231	(1)	(0)	(6)	(3)
Service-Producing Industries	3,496	3,504	3,506	(8)	(0)	(10)	(0)
Trans., Comm. & Utilities	178	178	182	0	0	(4)	(2)
Wholesale Trade	242	242	243	0	0	(1)	(0)
Retail Trade	843	852	862	(9)	(1)	(19)	(2)
Finance, Insurance & Real Estate	210	209	206	1	0	4	2
Services	1,321	1,322	1,328	(1)	(0)	(7)	(1)
Government	703	702	686	1	0	17	2

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		
	Dec. 2001	Year Ago	Percent Change	Dec. 2001	Year Ago	Percent Change
Mining	42.0	46.2	(9.1)%	\$693.00	\$772.93	(10.3)%
Construction	38.6	35.6	8.4	850.36	779.28	9.1
Manufacturing	42.1	41.3	1.9	831.48	813.61	2.2
Durable Goods	42.6	41.4	2.9	896.30	872.30	2.8
Motor Vehicles & Equipment	44.4	42.3	5.0	1,178.38	1,159.02	1.7
Nondurable Goods	40.6	41.1	(1.2)	624.83	621.43	0.5
Wholesale Trade	38.4	38.5	(0.3)	649.73	663.36	(2.1)
Selected Retail Trade:						
General Merchandise Stores	29.6	27.0	9.6	314.65	275.13	14.4
Department Stores	29.2	26.5	10.2	311.27	270.57	15.0
Food Stores	27.1	25.3	7.1	242.82	225.68	7.6
Auto Dealers & Service Stations	34.7	33.2	4.5	443.81	391.43	13.4
Selected Services:						
Depository Institutions	35.5	35.0	1.4	421.74	390.95	7.9
Business Services	34.4	32.4	6.2	552.12	500.90	10.2
Health Services	31.6	32.1	(1.6)	509.39	516.49	(1.4)
Engineering & Management	38.6	37.0	4.3	792.07	695.60	13.9

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

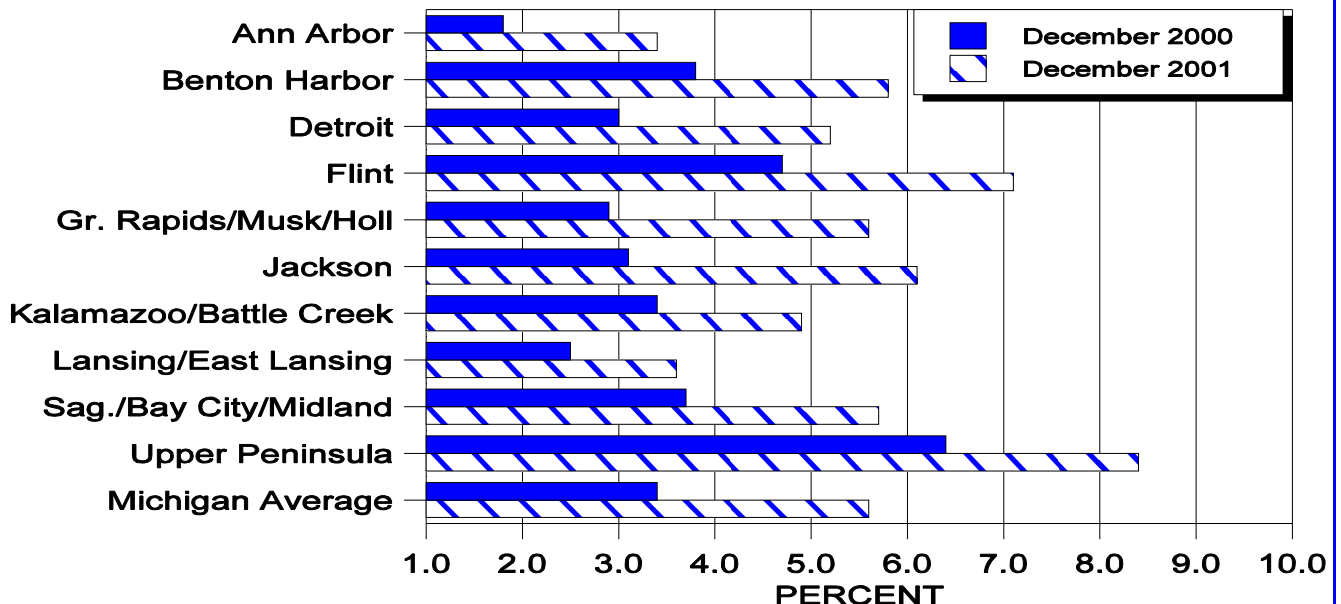
**MICHIGAN UNEMPLOYMENT RATES
BY SELECTED METROPOLITAN AREAS AND MULTI-COUNTY AREAS
(Not Adjusted for Seasonal Variations)**

	Dec. 2001*	Nov. 2001	Oct. 2001	Dec. 2000
Metropolitan Statistical Areas				
Ann Arbor	3.4%	3.3%	3.2%	1.8%
Benton Harbor	5.8	5.5	5.0	3.8
Detroit	5.2	5.1	4.8	3.0
Flint	7.1	7.5	6.7	4.7
Grand Rapids	5.6	5.3	4.9	2.9
Jackson	6.1	5.5	5.2	3.1
Kalamazoo-Battle Creek	4.9	4.5	4.2	3.4
Lansing-East Lansing	3.6	3.2	3.0	2.5
Saginaw-Bay City-Midland	5.7	5.2	4.7	3.7
Multi-County Areas				
Alcona-Iosco	10.7	9.5	7.6	8.4
Grand Traverse-Leelanau	6.1	5.2	4.0	4.4
Houghton-Keweenaw	7.0	5.7	3.6	5.6
Missaukee-Wexford	8.1	7.0	6.1	7.2
Upper Peninsula	8.4	6.8	4.2	6.4
Michigan Statewide Average				
--Unadjusted (comparable to figures shown above)	5.6	5.3	4.7	3.4

Source: Michigan Department of Career Development - Employment Service Agency

* Preliminary

**Michigan Regional Unemployment Rates
December 2000 and December 2001**



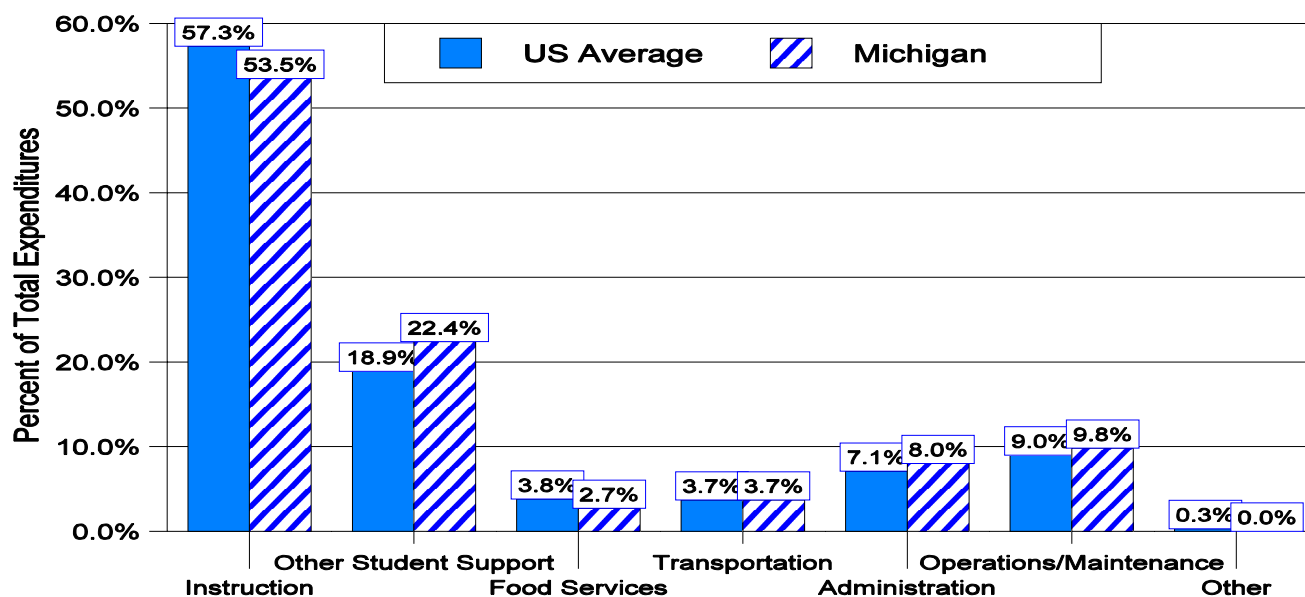
Source: Michigan Department of Career Development - Employment Service Agency

MOTOR VEHICLE SALES AND PRODUCTION STATISTICS (Thousands of Units)

	Jan. 2002	Dec. 2001	Nov. 2001	Oct. 2001	Year Ago Oct.	<u>Percent Change From:</u>	
						Jan./Dec.	Jan. 2002/ Jan. 2001
Motor Vehicle Sales^{1,2)}							
Autos	7,576	7,440	8,584	10,205	8,659	(11.7)%	(12.5)%
Domestics	5,328	5,207	6,280	7,817	6,614	(15.2)	(19.4)
Imports	2,248	2,233	2,304	2,388	2,045	(2.4)	9.9
Import Share	29.7%	30.0%	26.8%	23.4%	23.6%	---	---
Light Trucks	8,051	8,846	9,241	10,936	8,149	(12.9)	(1.2)
Domestics	6,961	7,801	8,204	9,764	7,243	(15.2)	(3.9)
Imports	1,090	1,045	1,037	1,172	906	5.1	20.3
Import Share	13.5%	11.8%	11.2%	10.7%	11.1%	---	---
Heavy Trucks	449	470	439	476	490	2.3	(8.4)
Total	16,076	16,756	18,264	21,617	17,298	(12.0)	(7.1)
U.S. Motor Vehicle Production^{1,2)}							
Autos	5,222	4,960	4,825	4,290	5,083	8.2	2.7
Michigan Motor Vehicle Production^{2,3)}							
Autos	2,095	1,779	1,638	1,542	1,783	27.9	17.5
Trucks	1,217	1,000	1,041	999	934	17.0	30.3
Total	3,312	2,779	2,678	2,541	2,716	23.7	21.9
Michigan Production as % of U.S.	25.8%	24.8%	22.7%	22.5%	25.4%	---	---
U.S. Motor Vehicle Inventories⁴⁾							
Total Car	1,467	1,392	1,350	1,282	1,750	8.7	(16.1)
Days Supply	68	59	54	41	74	25.9	(8.1)
Total Truck	1,635	1,566	1,636	1,621	2,009	(0.1)	(18.6)
Days Supply	72	54	58	49	93	24.1	(22.6)

Sources: 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)

Expenditures for Public Elementary & Secondary Education Program Distribution by Function, 1998-99



Source: U.S. Department of Education

OTHER KEY ECONOMIC INDICATORS

Variable	Latest Period	Actual Data			Percent Change From:	
		Latest Period	Previous Period	Year Ago	Previous Period	Year Ago
Weekly Leading Index , monthly ¹⁾ (1992=100)	January	119.8	117.9	121.5	1.6%	(1.4)%
Coincident Index ¹⁾ (1992=100)	January	134.9	134.8	136.4	0.1	(1.1)
Housing Starts, U.S. ²⁾ (thousands of units, SAAR)	January	1,678	1,579	1,666	6.3	0.7
Retail Sales, U.S. ²⁾ (billions, seasonally adjusted)	January	\$267.9	\$268.1	\$261.0	(0.1)	2.6
Industrial Production Index ³⁾ (1992=100) (seasonally adjusted)	January	136.5	136.7	143.9	(0.1)	(5.2)
Capacity Utilization ³⁾ (% of total capacity, seasonally adjusted)	January	74.2	74.4	79.3	(0.2)	(6.4)
Consumer Price Index ⁴⁾ (1982-84=100)						
U.S. (seasonally adjusted)	January	177.6	177.3	175.6	0.2	1.1
Detroit (not seasonally adjusted)	January	173.5	174.8	171.7	(0.7)	1.0
Interest Rates						
3-month Treasury Bill ³⁾	January	1.66%	1.72%	5.27%	---	---
Corporate Aaa Bonds ³⁾	January	6.55%	6.76%	7.15%	---	---
Real Gross Domestic Product ⁵⁾ (billions of 1996 \$, SAAR, chain-weighted)	2001 4th Qtr.	\$9,342.7	\$9,310.4	\$9,303.9	1.4	0.4
Michigan Tax Collections ⁶⁾ (12 major taxes, millions)	January	\$1,917.6	\$1,581.4	\$2,083.7	NM	(8.0)

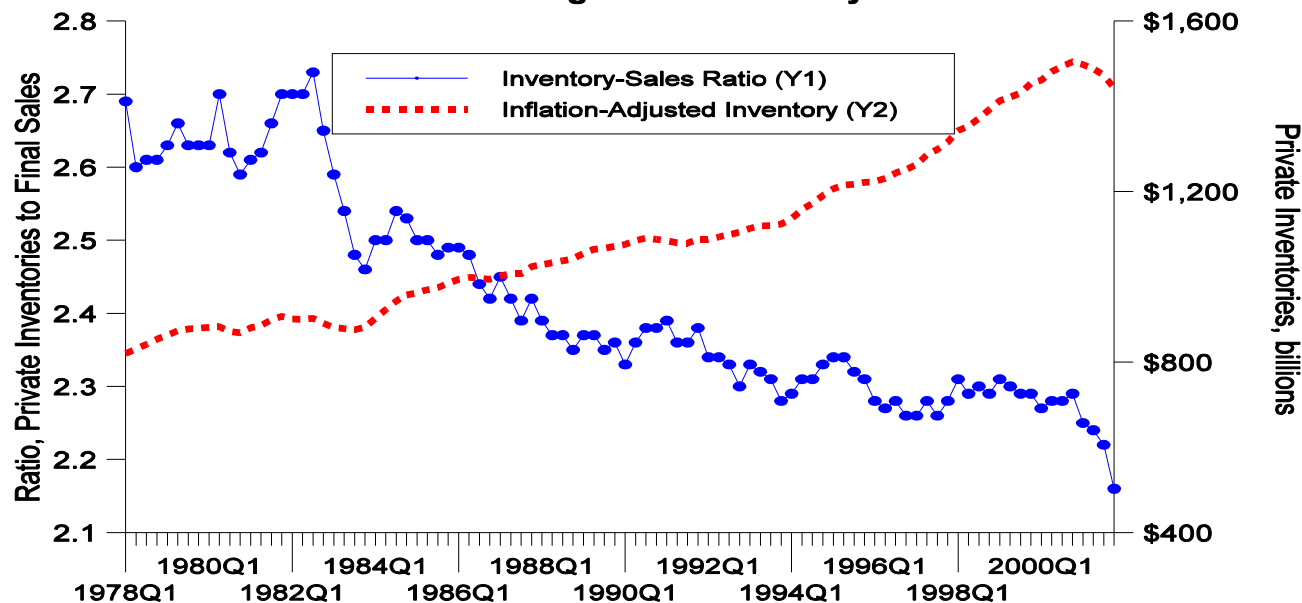
SAAR = Seasonally Adjusted at Annual Rates. NM = Not Meaningful.

Revenue data vary greatly from month-to-month due to timing and other noneconomic factors.

Sources: 1) Economic Cycle Research Institute 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.

Inventory Behavior

Real Inventories Near Record High While Inventory-Sales Ratio At Record Low



Source: U.S. Bureau of Economic Analysis, U.S. Department of Commerce