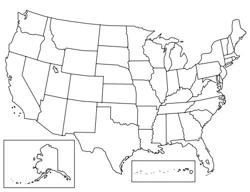
MICHIGAN ECONOMIC INDICATORS

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

ECONOMIC HIGHLIGHTS



- The final estimate for **inflation-adjusted Gross Domestic Product (GDP)** indicated an annualized growth rate of 2.5% in the fourth quarter of 2006, up from 2.0% during the third quarter. Increases in consumption of nondurable goods, net exports, and government spending accounted for growth. Investment, which exhibited the largest decline since the fourth quarter of 2001, the final quarter of the last recession, partially offset those increases. Lower residential investment, reflecting the housing market's problems, reduced overall growth by 1.2 percentage points. Slower business investment subtracted another 0.3 percentage point from overall growth, while changes in business inventories subtracted an additional 1.2 percentage points.

- February **housing starts** were 9.0% above the January level but down 28.5% from the level in February 2006. Starts fell most in the Midwest, dropping 50.6% from the year-ago level, the largest year-over-year decline since January 1991. February marked the 10th consecutive month of double-digit year-over-year declines in housing starts in the Midwest, the longest such decline since June 1981-May 1982.

- **Light vehicle sales** in February dropped 0.7% from the January level and essentially were unchanged from February 2006. The apparent stability in the total number masks important shifts in the composition of vehicle sales. Sales of imported automobiles were 16.9% above the year-ago level, compared with a 7.1% decline in sales of domestically manufactured automobiles. Light truck sales exhibited the same pattern, with sales of imported trucks up 5.8%, compared with a 0.5% decline in sales of domestically produced trucks.

- **Productivity** improved at the slowest rate since 1997, with output per hour for all workers at nonfarm businesses rising only 1.6%, down from 2.1% in 2005 and 2.9% in 2004. However, productivity growth for durable goods manufacturing increased significantly, from 5.1% in 2005 to 6.2% in 2006, which was the strongest growth since 2003.

- **Average weekly earnings** in Michigan exhibited year-over-year growth in most sectors during February, many above 5.0%. Earnings for personal/laundry services fell 12.2% from year-ago levels, while health care/social assistance increased 12.6%.

- February **motor vehicle production** in Michigan was down 15.6% from year-ago levels, reflecting the lower sales of domestically produced automobiles. February represented the ninth consecutive month of year-over-year declines, the longest such decline since 2001. February's production level was the lowest since the July 1998 strike at General Motors.

- In 2006, **personal income per person** increased 3.2% in Michigan, ranking 49th out of the 50 states and above only Georgia. Nevada ranked 48th at 3.8% growth, while nationally personal income per person increased 5.2%. The fastest-growth states generally were those in the West and Southwest with significant mining sectors, where earnings rose substantially. The slowest-growth states were generally Midwest states heavily reliant upon manufacturing.

SENATE FISCAL AGENCY

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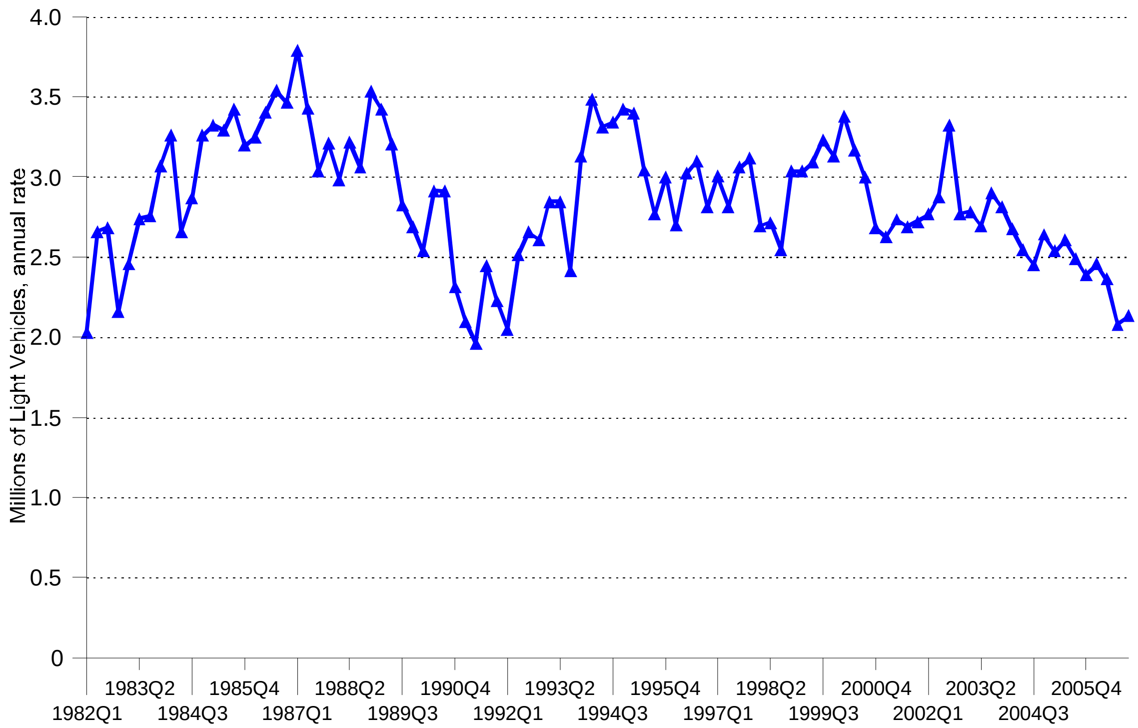
U.S. & MICHIGAN LABOR MARKET NEWS
(Seasonally adjusted, thousands)

U.S.	Feb. 2007	Jan. 2007	Feb. 2006	Change from Jan. Number	Change from Jan. Percent	Change from Year Ago Number	Change from Year Ago Percent
Labor Force	152,784	152,974	150,477	(190)	(0.1)%	2,307	1.5%
Employment	145,919	145,957	143,319	(38)	(0.0)	2,600	1.8
Unemployment	6,865	7,017	7,158	(152)	(2.2)	(293)	(4.1)
Unemployment Rate	4.5%	4.6%	4.8%	---	---	---	---

Michigan	Feb. 2007	Jan. 2007	Feb. 2006	Change from Feb. Number	Change from Feb. Percent	Change from Year Ago Number	Change from Year Ago Percent
Labor Force	5,071	5,084	5,082	(13)	(0.2)%	(11)	(0.2)%
Employment	4,736	4,733	4,736	3	0.1	0	0.0
Unemployment	335	351	346	(16)	(4.5)	(11)	(3.2)
Unemployment Rate	6.6%	6.9%	6.8%	---	---	---	---

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

Michigan Motor Vehicle Production At Historical Recessionary Levels



Source: Economic and Revenue Forecasting Division, Michigan Department of Treasury and Michigan Senate Fiscal Agency

MICHIGAN WAGE AND SALARY EMPLOYMENT
(Seasonally adjusted, thousands)

	Feb. 2007*	Jan. 2007	Feb. 2006	Change from Jan. Number	Change from Jan. Percent	Change from Yr Ago Number	Change from Yr Ago Percent
Total Nonagricultural Jobs	4,308	4,299	4,363	9	0.2%	(55)	(1.3)%
Goods Producing Industries	816	804	855	11	1.4	(40)	(4.6)
Natural Resources & Mining	8	8	8	0	1.3	(0)	(2.4)
Construction	174	173	185	1	0.4	(11)	(6.1)
Manufacturing	634	623	662	11	1.7	(28)	(4.2)
Transportation Equipment	207	195	227	12	6.2	(20)	(8.8)
Service Producing Industries	3,492	3,494	3,508	(2)	(0.1)	(16)	(0.4)
Trade, Transportation & Utilities	786	788	798	(2)	(0.3)	(13)	(1.6)
Information	67	67	67	0	0.0	(0)	(0.4)
Financial Activities	215	215	217	0	0.0	(2)	(1.0)
Professional & Business Services	590	591	589	(1)	(0.2)	1	0.1
Education & Health Services	590	589	581	1	0.2	9	1.5
Leisure & Hospitality Services	407	404	408	3	0.8	(1)	(0.3)
Other Services	178	178	178	0	0.1	(0)	(0.2)
Government	661	664	669	(3)	(0.5)	(9)	(1.3)

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

MICHIGAN AVERAGE WEEKLY HOURS AND EARNINGS

Industry	Average Weekly Hours Feb. 2007	Average Weekly Hours Year Ago	Average Weekly Hours Percent Change	Average Weekly Earnings Feb. 2007	Average Weekly Earnings Year Ago	Average Weekly Earnings Percent Change
Construction	35.2	36.1	(2.5)%	$767.71	$790.23	(2.8)%
Manufacturing	41.8	41.3	1.2	906.64	898.69	0.9
Durable Goods	43.4	42.1	3.1	1,013.82	984.72	3.0
Motor Vehicle Manufacturing	43.1	43.7	(1.4)	1,351.19	1,389.66	(2.8)
Motor Vehicle Parts Manufacturing	43.3	41.0	5.6	1,132.30	1,146.36	(1.2)
Nondurable Goods	36.8	38.3	(3.9)	563.78	592.50	(4.8)
Wholesale Trade	38.8	37.9	2.4	762.03	722.75	5.4
Retail Trade	30.3	28.8	5.2	369.05	361.15	2.2
Grocery Stores	26.9	26.2	2.7	243.45	226.63	7.4
General Merchandise Stores	29.7	28.8	3.1	310.96	304.13	2.2
Information	34.3	35.8	(4.2)	719.27	676.26	6.4
Financial Activities	34.0	33.6	1.2	622.88	596.06	4.5
Professional & Business Services	34.6	33.6	3.0	686.46	634.70	8.2
Health Care & Social Assistance	36.8	33.4	10.2	621.92	552.44	12.6
Leisure & Hospitality	21.8	22.6	(3.5)	195.11	186.45	4.6
Automobile Repair & Maintenance	24.2	25.4	(4.7)	272.98	310.90	(12.2)
Personal & Laundry Services	35.2	36.1	(2.5)	767.71	790.23	(2.8)

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

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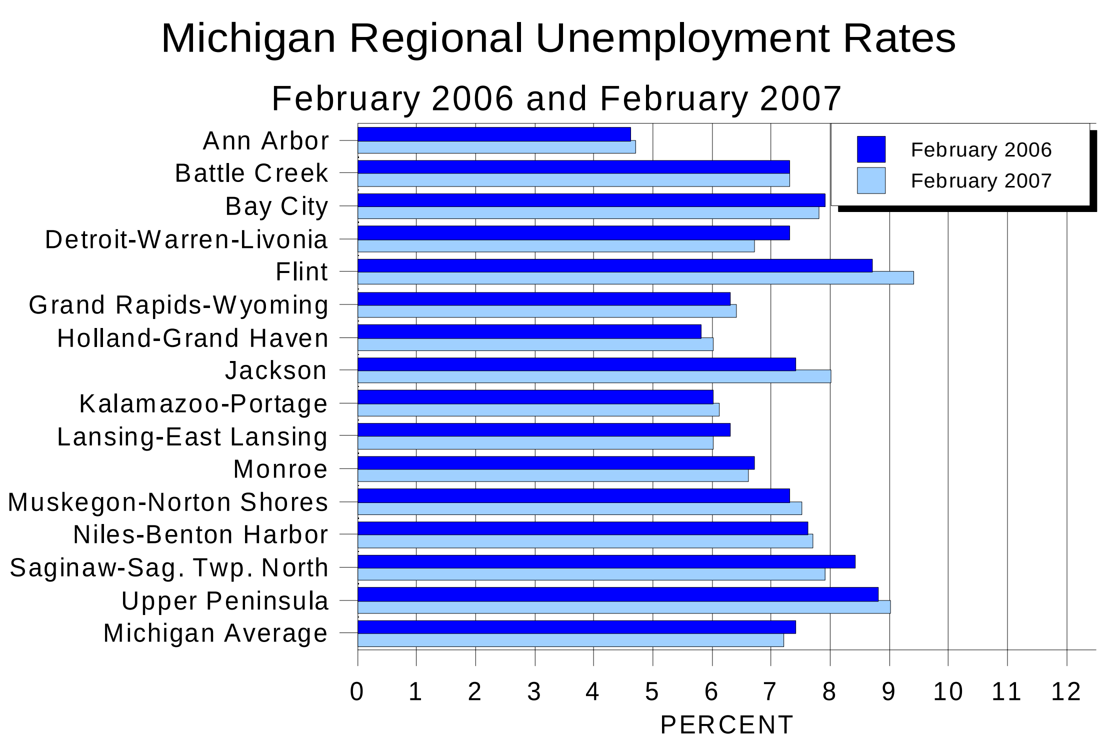
MICHIGAN UNEMPLOYMENT RATES
BY SELECTED METROPOLITAN AREAS AND MULTI-COUNTY AREAS
(Not Adjusted for Seasonal Variations)

	Feb. 2007*	Jan. 2007	Dec. 2006	Feb. 2006
Metropolitan Statistical Areas				
Ann Arbor	4.7%	4.8%	4.4%	4.6%
Battle Creek	7.3	7.3	6.5	7.3
Bay City	7.8	7.7	6.8	7.9
Detroit-Warren-Livonia	6.7	8.0	7.2	7.3
Flint	9.4	8.9	7.7	8.7
Grand Rapids-Wyoming	6.4	6.4	5.8	6.3
Holland-Grand Haven	6.0	5.9	5.4	5.8
Jackson	8.0	7.8	7.3	7.4
Kalamazoo-Portage	6.1	6.1	5.6	6.0
Lansing-East Lansing	6.0	6.5	5.6	6.3
Monroe	6.6	7.5	6.1	6.7
Muskegon-Norton Shores	7.5	7.3	6.7	7.3
Niles-Benton Harbor	7.7	7.8	7.0	7.6
Saginaw-Saginaw Twp North	7.9	7.7	6.9	8.4
Multi-County Areas				
Northeast Lower Michigan	12.3	11.7	10.2	11.7
Northwest Lower Michigan	9.3	8.9	7.9	8.9
Upper Peninsula	9.0	8.6	7.8	8.8
Michigan Statewide Average				
-- Unadjusted (comparable to figures shown above)	7.2	7.7	6.9	7.4

Source: Michigan Department of Labor and Economic Growth *Preliminary



Source: Michigan Department of Labor and Economic Growth

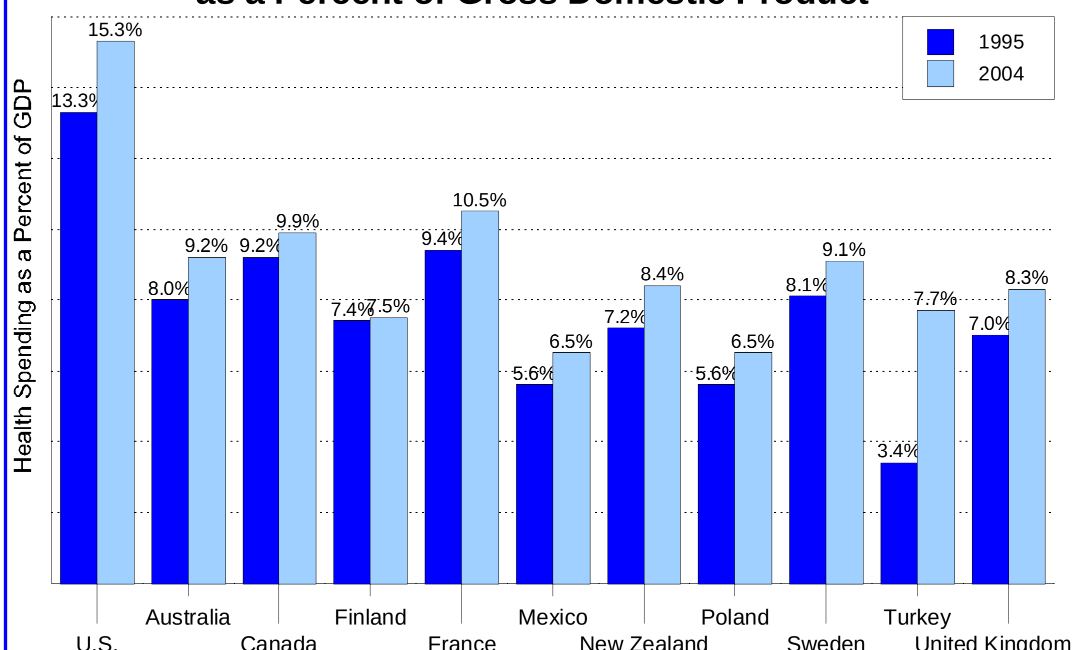
MOTOR VEHICLE SALES AND PRODUCTION STATISTICS
(Thousands of Units)

	Feb. 2007	Jan. 2007	Dec. 2006	Nov. 2006	Year Ago Feb.	Percent Change From: Feb./Jan.	Feb. 2007/ Feb. 2006
Motor Vehicle Sales[1)]							
(thousands of units, SAAR)							
Autos	7,444	7,704	8,111	7,404	7,488	(3.4)%	(0.6)%
Domestics	5,058	5,243	5,575	5,077	5,447	(3.5)	(7.1)
Imports	2,386	2,461	2,536	2,327	2,041	(3.0)	16.9
Import Share	32.1%	31.9%	31.3%	31.4%	27.3%	---	---
Light Trucks	9,127	8,980	8,586	8,594	9,084	1.6	0.5
Domestics	7,711	7,480	7,157	7,163	7,746	3.1	(0.5)
Imports	1,416	1,500	1,429	1,431	1,338	(5.6)	5.8
Import Share	15.5%	16.7%	16.6%	16.7%	14.7%	---	---
Subtotal: Light Vehicle Sales	16,571	16,684	16,697	15,998	16,572	(0.7)	(0.0)
Heavy Trucks	464	536	596	543	558	(13.4)	(16.8)
Total Vehicle Sales	17,035	17,220	17,293	16,541	17,130	(1.1)	(0.6)
U.S. Motor Vehicle Production[1)]							
(millions of units, SAAR)							
Autos	3,894	4,135	4,432	4,279	4,399	(5.8)	(11.5)
Michigan Motor Vehicle Production[2)]							
(thousands of units, SAAR)							
Autos	973	976	1,014	1,137	1,177	(0.3)	(17.4)
Trucks	989	1,186	1,055	1,142	1,147	(16.6)	(13.8)
Total	1,961	2,161	2,069	2,280	2,324	(9.2)	(15.6)
Michigan Production as % of U.S.	18.7%	19.4%	20.7%	20.9%	20.7%	---	---
U.S. Motor Vehicle Inventories[3)]							
Total Car	1,636	1,603	1,552	1,508	1,333	2.0	22.7
Days Supply	67	76	60	67	59	(11.8)	13.6
Total Truck	1,931	1,904	1,943	2,006	2,294	1.4	(15.8)
Days Supply	69	85	66	79	96	(18.8)	(28.1)

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).

Health Expenditures
as a Percent of Gross Domestic Product



Source: Organization for Economic Cooperation and Development

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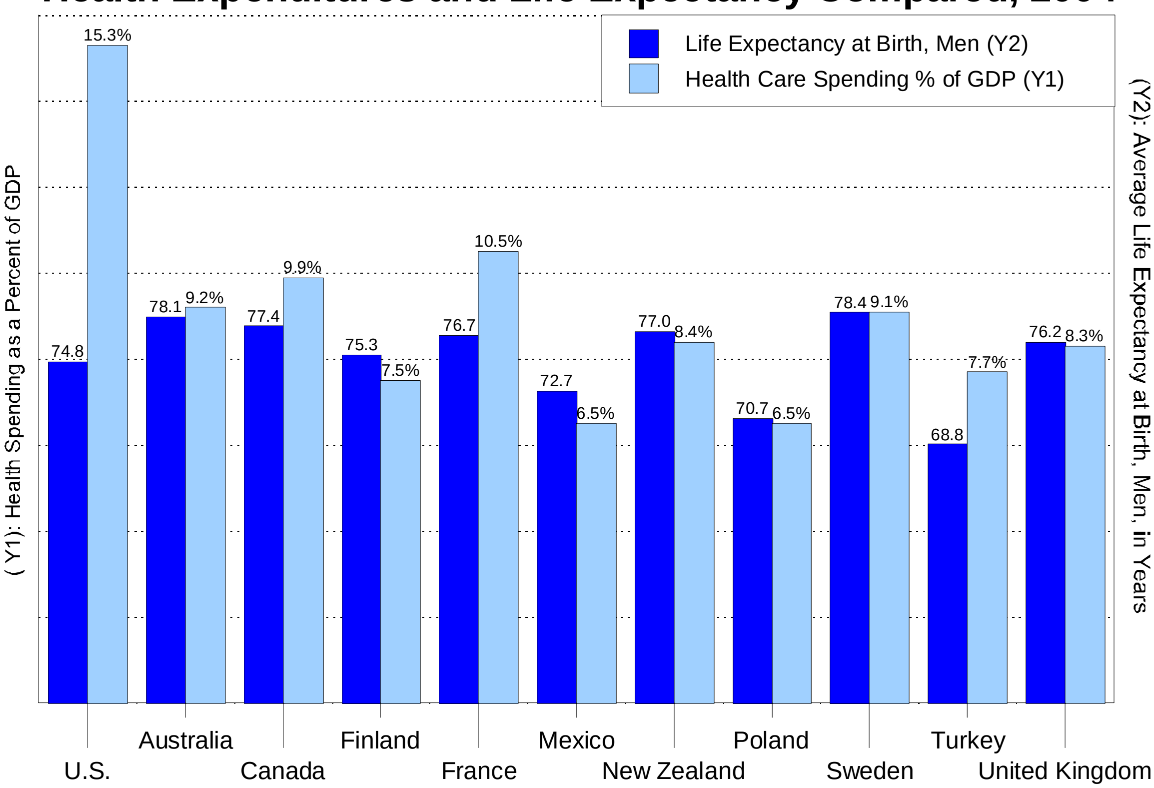
OTHER KEY ECONOMIC INDICATORS

Variable	Latest Period	Actual Data: Latest Period	Actual Data: Previous Period	Actual Data: Year Ago	Percent Chng From: Previous Period*	Percent Chng From: Year Ago
Weekly Leading Index, monthly[1)] (1992=100)	Feb.	139.3	139.0	136.4	0.2%	2.1%
Coincident Index[1)] (1992=100)	Feb.	153.0	152.6	149.2	0.3	2.5
Housing Starts, U.S.[2)] (thousands of units, SAAR)	Feb.	1,525	1,399	2,132	9.0	(28.5)
Retail Sales, U.S.[2)] (billions, seasonally adjusted)	Feb.	$331.3	$330.5	$321.6	0.2	3.0
Industrial Production Index 3) (1997=100, seasonally adjusted)	Feb.	113.1	112.1	109.4	1.0	3.4
Capacity Utilization[3)] (% of total capacity, seasonally adjusted)	Feb.	82.0	81.4	81.1	0.8	1.1
Consumer Price Index[4)] (1982-84=100)						
U.S. (seasonally adjusted)	Feb.	203.9	203.2	199.1	4.5	2.4
Detroit (not seasonally adjusted)	Feb.	198.1	196.4	194.8	5.2	1.7
Interest Rates						
3-month Treasury Bill[3)]	Feb.	5.02%	4.96%	4.41%	---	---
Corporate Aaa Bonds[3)]	Feb.	5.39%	5.40%	5.35%	---	---
Real Gross Domestic Product[5)] (billions of 2000 $, SAAR, Chain-Weighted)	2006 4th Qtr.	$11,513.0	$11,443.5	$11,163.8	2.5	3.1
Michigan Tax Collections[6)] (12 major taxes, millions)	Feb. 2007	$990.3	$2,017.1	$1,036.3	NM	(4.4)

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) 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.

Health Expenditures and Life Expectancy Compared, 2004



Source: Organization for Economic Cooperation and Development