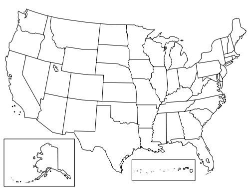
# MICHIGAN ECONOMIC INDICATORS

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

## ECONOMIC HIGHLIGHTS

- The **U.S. unemployment rate** remained at 9.7% in February, as many of the gains in employment were associated with increases in the size of the labor force. The 308,000-job boost in employment was the third gain since October 2009. Despite the recent increase, employment in February was still down 2.1% from the year-ago level and down 5.3% from the November 2007 peak.



- Seasonally-adjusted **light vehicle sales** declined to a 10.5 million-unit annual rate in February, down 7.7% from just December 2009. However, compared with February 2009, light vehicle sales were up 13.1%. The import share of automobile sales declined from 37.0% one year ago to 31.5%, while the import share of light truck sales fell from 22.1% to 15.5%. Highlighting weakness in the business sector, sales of heavy trucks fell 10.5% between January and February and were at the lowest level since September 2009.

- **Retail sales** increased 0.2% in February from the January level and were 4.7% above the year-ago level. Most sectors exhibited year-over-year increases in sales, with sales at gas stations (reflecting high gas prices), nonstore retailers such as online, catalog and mail-order merchants, and motor vehicle sales dominating the increases. Compared with one year ago, sales were lower at electronics and appliance stores, and for building materials.

- **Housing starts** fell 5.9% in February from the January level, giving up all of January's gains, and were up only 0.2% from one year ago. Starts of single-unit housing remained stable with the monthly decline reflecting fewer starts for multi-unit housing. The Midwest region exhibited the strongest growth, with starts of both single-unit and multi-unit housing increasing. However, the increases were more than offset by declines in the Northeast and South.

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- February **revenue from Michigan's major taxes** was down 28.8% from one year ago. Higher income tax refunds accounted for almost two-thirds of the decline, with most of the rest of the drop reflecting lower revenue from the Michigan Business Tax (MBT). MBT revenue was lower due to a combination of weaker estimated payments and increased refunds.

- **Michigan wage and salary employment** decreased by 16,000 jobs in February from the January level, dropping employment to the lowest level since the September 2009 trough. Compared with February 2009, employment was down by 112,000 jobs and the only sector exhibiting a year-over-year increase was education/health services (up 14,000 jobs).

- For a 10th consecutive month, **average weekly earnings** exhibited strong year-over-year growth in February. Sectors associated with goods production exhibited the strongest growth rates, led by nondurable manufacturing, where earnings were 15.3% above the year-ago level. Despite declines in **average weekly hours** in most other sectors, average earnings were 3.2% to 6.9% above the year-ago level in many sectors, with only retail trade, professional/business services, and health care/social assistance exhibiting declines.

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**This publication is available on the SFA Website @ www.senate.michigan.gov/sfa**

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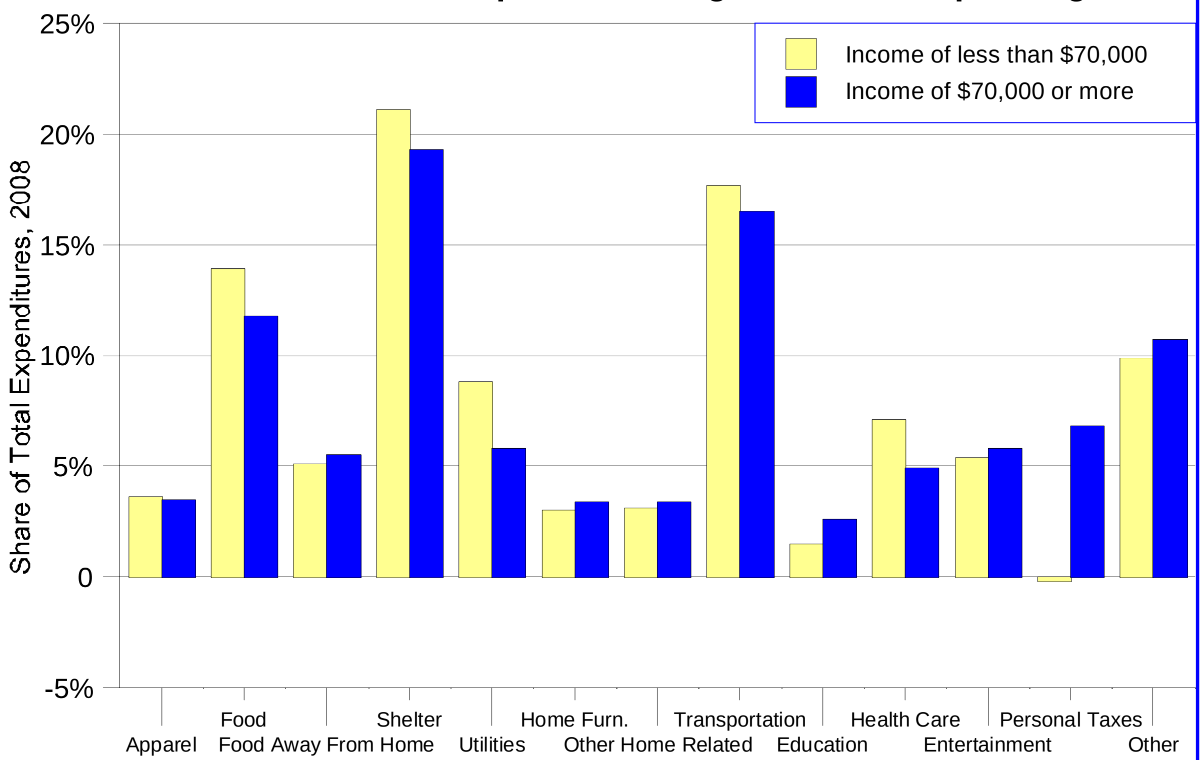
**U.S. & MICHIGAN LABOR MARKET NEWS**
**(Seasonally adjusted, thousands)**

| | | | | Change from Jan. | | Change from Year Ago | |
|---|---|---|---|---|---|---|---|
| **U.S.** | **Feb. 2010** | **Jan. 2010** | **Feb. 2009** | **Number** | **Percent** | **Number** | **Percent** |
| Labor Force | 153,512 | 153,170 | 154,401 | 342 | 0.2% | (889) | (0.6)% |
| Employment | 138,641 | 138,333 | 141,687 | 308 | 0.2 | (3,046) | (2.1) |
| Unemployment | 14,871 | 14,837 | 12,714 | 34 | 0.2 | 2,157 | 17.0 |
| Unemployment Rate | 9.7% | 9.7% | 8.2% | --- | --- | --- | --- |
| | | | | Change from Jan. | | Change from Year Ago | |
| **Michigan** | **Feb. 2010** | **Jan. 2010** | **Feb. 2009** | **Number** | **Percent** | **Number** | **Percent** |
| Labor Force | 4,844 | 4,840 | 4,927 | 5 | 0.1% | (83) | (1.7)% |
| Employment | 4,160 | 4,147 | 4,334 | 14 | 0.3 | (174) | (4.0) |
| Unemployment | 684 | 693 | 592 | (9) | (1.3) | 92 | 15.5 |
| Unemployment Rate | 14.1% | 14.3% | 12.0% | --- | --- | --- | --- |

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

## How Consumers Spend Their Money

### Shelter, Food, and Transportation Largest Areas of Spending




Source: Bureau of Labor Statistics, U.S. Dept. of Labor, *Consumer Expenditure Survey, 2008*

**MICHIGAN WAGE AND SALARY EMPLOYMENT**
**(Seasonally adjusted, thousands)**

| | Feb. 2010* | Jan. 2010 | Feb. 2009 | Change from Jan. Number | Change from Jan. Percent | Change from Yr Ago Number | Change from Yr Ago Percent |
|---|---|---|---|---|---|---|---|
| **Total Wage & Salary Jobs** | 3,835 | 3,851 | 3,947 | (16) | (0.4)% | (112) | (2.8)% |
| **Goods Producing Industries** | 581 | 588 | 631 | (7) | (1.2) | (50) | (7.9) |
| Mining and Logging | 7 | 7 | 8 | 0 | 1.4 | (0) | (2.7) |
| Construction | 119 | 121 | 139 | (2) | (1.9) | (20) | (14.5) |
| Manufacturing | 455 | 460 | 485 | (5) | (1.0) | (29) | (6.1) |
| Transportation Equipment | 128 | 134 | 132 | (7) | (4.8) | (4) | (3.0) |
| **Service Producing Industries** | 3,254 | 3,263 | 3,316 | (9) | (0.3) | (62) | (1.9) |
| Trade, Transportation & Utilities | 703 | 709 | 733 | (5) | (0.7) | (29) | (4.0) |
| Wholesale Trade | 148 | 150 | 159 | (2) | (1.5) | (11) | (6.7) |
| Retail Trade | 446 | 448 | 458 | (2) | (0.4) | (12) | (2.6) |
| Transportation & Utilities | 109 | 111 | 116 | (1) | (1.1) | (7) | (5.9) |
| Information | 52 | 52 | 58 | (1) | (1.7) | (6) | (10.7) |
| Financial Activities | 186 | 187 | 194 | (1) | (0.6) | (8) | (4.1) |
| Professional & Business Services | 514 | 516 | 520 | (2) | (0.4) | (6) | (1.1) |
| Education & Health Services | 624 | 618 | 610 | 5 | 0.9 | 14 | 2.3 |
| Leisure & Hospitality Services | 374 | 373 | 383 | 1 | 0.4 | (9) | (2.3) |
| Other Services | 166 | 167 | 171 | (1) | (0.8) | (5) | (2.8) |
| Government | 636 | 641 | 649 | (5) | (0.8) | (13) | (2.1) |

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

**MICHIGAN AVERAGE WEEKLY HOURS AND EARNINGS**

| Industry | Average Weekly Hours Feb. 2010 | Average Weekly Hours Year Ago | Average Weekly Hours Percent Change | Average Weekly Earnings Feb. 2010 | Average Weekly Earnings Year Ago | Average Weekly Earnings Percent Change |
|---|---|---|---|---|---|---|
| Construction | 37.4 | 35.0 | 6.9% | $825.42 | $767.20 | 7.6% |
| Manufacturing | 43.0 | 39.9 | 7.8 | 928.80 | 870.62 | 6.7 |
| Durable Goods | 44.1 | 41.4 | 6.5 | 1,035.47 | 981.18 | 5.5 |
| Transportation Equipment Mfg. | 43.7 | 39.7 | 10.1 | 1,225.79 | 1,125.89 | 8.9 |
| Motor Vehicle Parts Mfg. | 44.7 | 40.4 | 10.6 | 1,140.30 | 1,025.35 | 11.2 |
| Nondurable Goods | 39.9 | 35.7 | 11.8 | 634.81 | 550.49 | 15.3 |
| Wholesale Trade | 36.7 | 36.9 | (0.5) | 703.54 | 659.03 | 6.8 |
| Retail Trade | 28.9 | 29.4 | (1.7) | 365.59 | 373.38 | (2.1) |
| Information | 33.3 | 32.7 | 1.8 | 809.52 | 783.49 | 3.3 |
| Financial Activities | 36.0 | 35.3 | 2.0 | 752.40 | 728.95 | 3.2 |
| Professional & Business Services | 33.0 | 33.1 | (0.3) | 654.72 | 671.27 | (2.5) |
| Health Care & Social Assistance | 30.8 | 33.7 | (8.6) | 572.88 | 590.42 | (3.0) |
| Leisure & Hospitality | 22.3 | 22.8 | (2.2) | 218.09 | 204.06 | 6.9 |
| Accommodation & Food Services | 22.4 | 23.2 | (3.4) | 213.47 | 202.07 | 5.6 |

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

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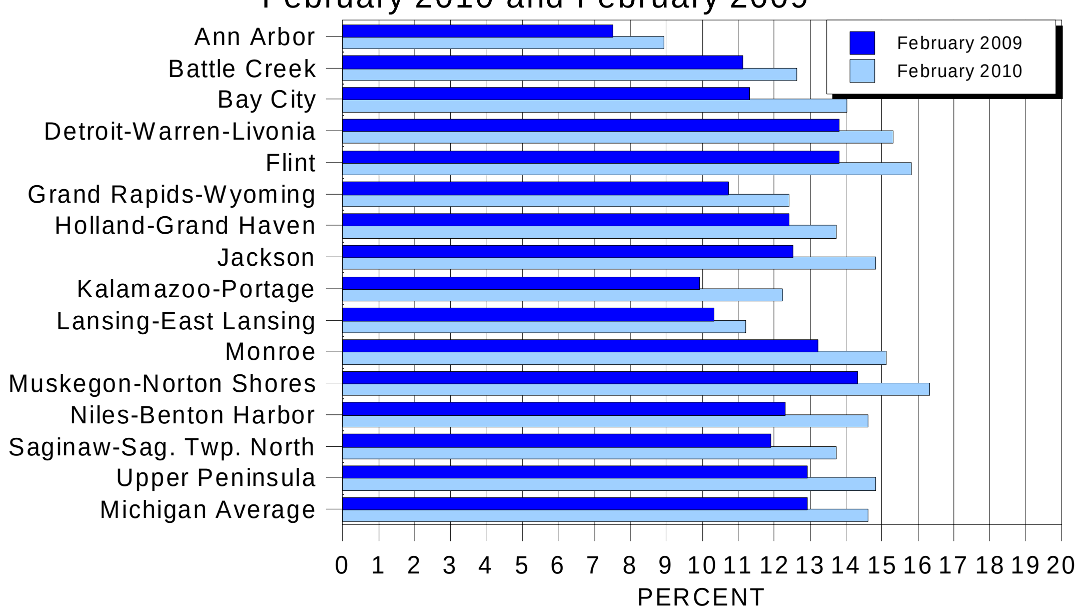
## MICHIGAN UNEMPLOYMENT RATES
## BY SELECTED METROPOLITAN AREAS AND MULTI-COUNTY AREAS
### (Not Adjusted for Seasonal Variations)

| | Feb. 2010 | Jan. 2010 | Dec. 2009 | Feb. 2009 |
|---|---|---|---|---|
| **Metropolitan Statistical Areas** | | | | |
| Ann Arbor | 8.9% | 9.3% | 9.2% | 7.5% |
| Battle Creek | 12.6 | 12.9 | 12.5 | 11.1 |
| Bay City | 14.0 | 14.3 | 13.7 | 11.3 |
| Detroit-Warren-Livonia | 15.3 | 15.6 | 14.9 | 13.8 |
| Flint | 15.8 | 16.4 | 16.0 | 13.8 |
| Grand Rapids-Wyoming | 12.4 | 12.7 | 12.3 | 10.7 |
| Holland-Grand Haven | 13.7 | 14.0 | 13.4 | 12.4 |
| Jackson | 14.8 | 15.2 | 15.1 | 12.5 |
| Kalamazoo-Portage | 12.2 | 12.6 | 12.3 | 9.9 |
| Lansing-East Lansing | 11.2 | 11.7 | 11.7 | 10.3 |
| Monroe | 15.1 | 15.8 | 15.0 | 13.2 |
| Muskegon-Norton Shores | 16.3 | 16.6 | 16.2 | 14.3 |
| Niles-Benton Harbor | 14.6 | 15.2 | 14.5 | 12.3 |
| Saginaw-Saginaw Twp North | 13.7 | 14.2 | 13.7 | 11.9 |
| **Multi-County Areas** | | | | |
| Northeast Lower Michigan | 19.9 | 20.0 | 18.9 | 17.4 |
| Northwest Lower Michigan | 17.1 | 17.3 | 16.4 | 14.2 |
| Upper Peninsula | 14.8 | 15.1 | 14.5 | 12.9 |
| **Michigan Statewide Average** | | | | |
| -- Unadjusted (comparable to figures shown above) | 14.6 | 14.9 | 14.3 | 12.9 |

**Source:** Michigan Department of Energy, Labor, and Economic Growth *Preliminary

## Michigan Regional Unemployment Rates
### February 2010 and February 2009




**Source:** Michigan Department of Energy, Labor, and Economic Growth

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

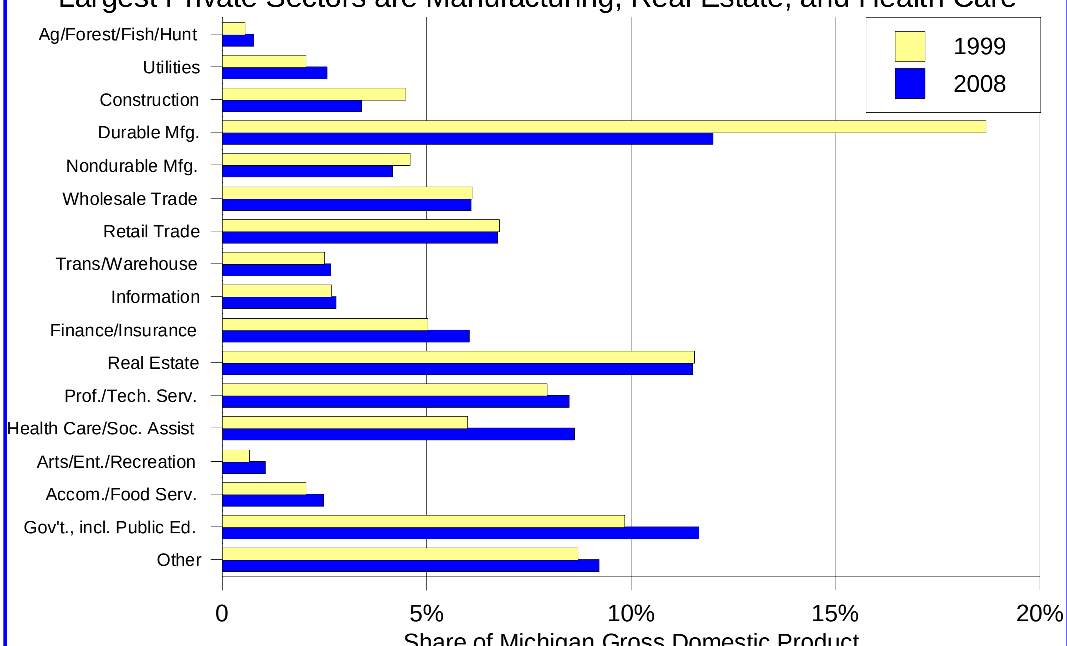
| | Feb. 2010 | Jan. 2010 | Dec. 2009 | Nov. 2009 | Year Ago Feb. | Percent Change From: Feb./Jan. | Feb. 2010/ Feb. 2009 |
|---|---|---|---|---|---|---|---|
| **Motor Vehicle Sales[1)]** **(thousands of units, SAAR)** | | | | | | | |
| Autos | 5,449 | 5,652 | 5,947 | 5,595 | 4,654 | (3.6)% | 17.1% |
| Domestics | 3,734 | 3,797 | 4,148 | 3,815 | 2,933 | (1.7) | 27.3 |
| Imports | 1,715 | 1,855 | 1,799 | 1,780 | 1,721 | (7.5) | (0.3) |
| Import Share | 31.5% | 32.8% | 30.3% | 31.8% | 37.0% | --- | --- |
| Light Trucks | 4,894 | 5,117 | 5,254 | 5,294 | 4,489 | (4.4) | 9.0 |
| Domestics | 4,133 | 4,340 | 4,405 | 4,475 | 3,497 | (4.8) | 18.2 |
| Imports | 761 | 777 | 849 | 819 | 992 | (2.1) | (23.3) |
| Import Share | 15.5% | 15.2% | 16.2% | 15.5% | 22.1% | --- | --- |
| Subtotal: Light Vehicle Sales | 10,343 | 10,769 | 11,201 | 10,889 | 9,143 | (4.0) | 13.1 |
| Heavy Trucks | 204 | 228 | 232 | 229 | 197 | (10.5) | 3.6 |
| Total Vehicle Sales | 10,547 | 10,997 | 11,433 | 11,118 | 9,340 | (4.1) | 12.9 |
| **U.S. Motor Vehicle Production[1)]** **(millions of units, SAAR)** | | | | | | | |
| Autos | 2,953 | 2,855 | 2,806 | 2,738 | 1,704 | 3.4 | 73.3 |
| **Michigan Motor Vehicle Production[2)]** **(thousands of units, SAAR)** | | | | | | | |
| Autos | 469 | 419 | 604 | 464 | 261 | 11.8 | 79.6 |
| Trucks | 860 | 935 | 715 | 737 | 627 | (8.1) | 37.1 |
| Total | 1,328 | 1,354 | 1,319 | 1,202 | 888 | (1.9) | 49.6 |
| Michigan Production as % of U.S. | 20.2% | 17.0% | 17.9% | 17.7% | 19.1% | --- | --- |
| **U.S. Motor Vehicle Inventories[3)]** | | | | | | | |
| Total Car | 1,164 | 1,138 | 1,095 | 1,095 | 1,627 | 2.2 | (28.5) |
| Days Supply | 67 | 71 | 57 | 65 | 130 | (5.6) | (48.5) |
| Total Truck | 1,001 | 947 | 860 | 921 | 1,357 | 5.7 | (26.2) |
| Days Supply | 66 | 71 | 48 | 59 | 106 | (7.0) | (37.7) |

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).

## Distribution of Michigan Economic Activity, by Sector

Largest Private Sectors are Manufacturing, Real Estate, and Health Care




**Source:** Bureau of Economic Analysis, U.S. Dept. of Commerce

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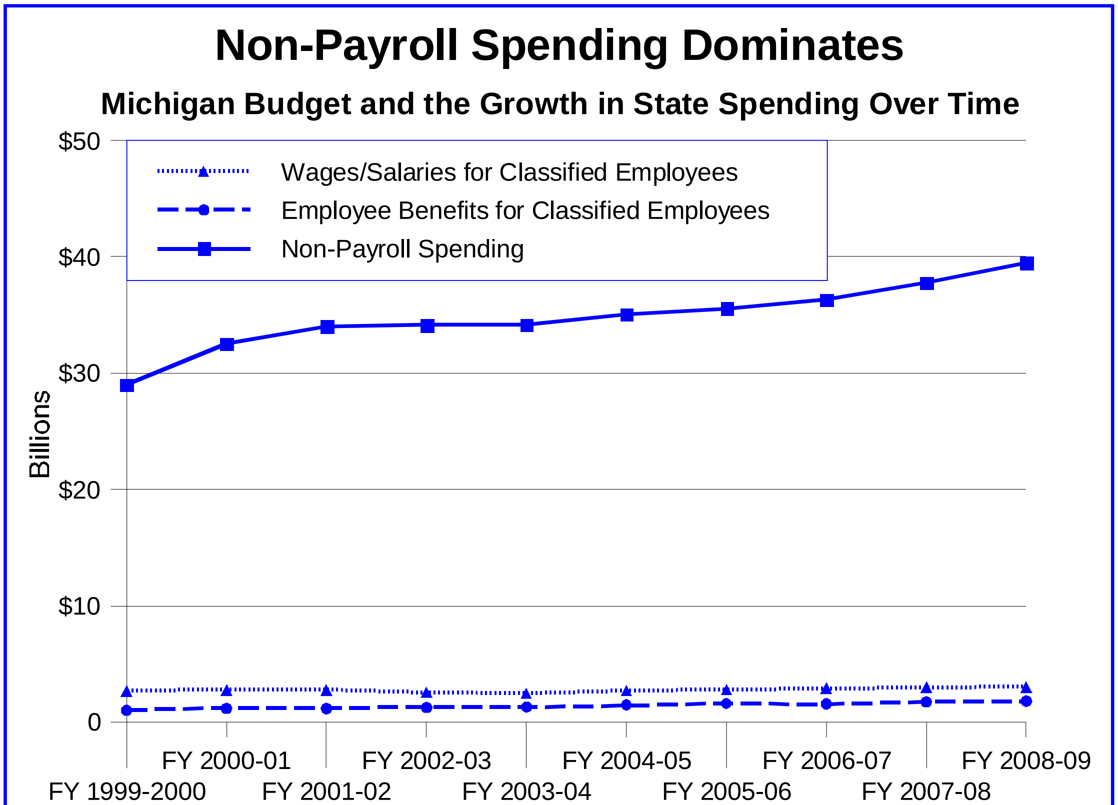
## OTHER KEY ECONOMIC INDICATORS

| 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 |
|---|---|---|---|---|---|---|
| **Index of Consumer Sentiment,** monthly[1] (1996 Q1=100) | Feb. | 73.6 | 74.4 | 56.3 | (1.1)% | 30.7% |
| **Oil Prices**[2] ($ per barrel, West Texas Intermediate Crude) | Feb. | $76.42 | $78.22 | $39.16 | (2.3) | 95.1 |
| **Housing Starts, U.S.**[3] (thousands of units, SAAR) | Feb. | 575 | 611 | 574 | (5.9) | 0.2 |
| **Retail Sales, U.S.**[3] (billions, seasonally adjusted) | Feb. | $318.4 | $317.7 | $304.1 | 0.2 | 4.7 |
| **Industrial Production Index**[4] (1997=100, seasonally adjusted) | Feb. | 101.5 | 101.2 | 99.3 | 0.3 | 2.2 |
| **Capacity Utilization**[4] (% of total capacity, seasonally adjusted) | Feb. | 73.0 | 72.7 | 70.6 | 0.4 | 3.4 |
| **Consumer Price Index**[5] (1982-84=100) | | | | | | |
| U.S. (seasonally adjusted) | Feb. | 217.6 | 217.6 | 212.9 | 0.0 | 2.2 |
| Detroit (not seasonally adjusted) | Feb. | 203.4 | 203.9 | 201.9 | (1.5) | 0.7 |
| **Interest Rates** | | | | | | |
| 3-month Treasury Bill[4] | Feb. | 0.10% | 0.06% | 0.31% | --- | --- |
| Corporate Aaa Bonds[4] | Feb. | 5.35% | 5.26% | 5.27% | --- | --- |
| **Real Gross Domestic Product**[6] (billions of 2005 $, SAAR, Chain-Weighted) | 2009 4th Qtr. | $13,149.5 | $12,973.0 | $13,141.9 | 5.6 | 0.1 |
| **Michigan Tax Collections**[7] (12 major taxes, millions) | Feb. 2010 | $474.3 | $1,872.8 | $666.3 | NM | (28.8) |

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) Reuters/University of Michigan Surveys of Consumers. 2) Dow Jones & Company/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) U.S. Department of Commerce, Bureau of Economic Analysis. 7) Michigan Department of Treasury and the Senate Fiscal Agency.



Source: Michigan Department of Civil Service