

MICHIGAN ECONOMIC INDICATORS

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

ECONOMIC HIGHLIGHTS



United States

- **Real Gross Domestic Product (GDP)** grew at a corrected seasonally adjusted annual rate of 8.3% in the fourth quarter of 1999, and 4.8% in the first quarter of 2000. Preliminary figures estimate real GDP grew 5.2% in the second quarter of 2000. Compared with the first quarter of 2000, preliminary calculations estimate personal consumption expenditures grew at an annual rate of 3.0% in the second quarter, while nonresidential fixed investment grew 19.1%, and government increased 6.0%. Trade detracted from the growth as exports advanced less than imports, and real net exports fell from -\$75.0 billion to -\$90.4 billion in the second quarter.
- The **unemployment rate** was 4.0% in June, which was slightly below the May rate of 4.1%, and below the year-ago level of 4.3%. Compared with May, the number of people in the labor force increased by 273,000, the number of people employed rose by 464,000, and the number of unemployed people decreased by 191,000.
- **Motor vehicle sales** totaled 17.7 million units in June, at a seasonally adjusted annual rate. This sales level was 0.3% above the level in May and 0.7% above year-ago sales. Compared with May, auto sales grew 0.1%, light truck sales declined 0.1%, and heavy truck sales rose 8.1%.
- **Housing starts** fell 2.6% between May and June, and were 0.5% below a year ago. The most significant declines occurred in the Midwest, where housing starts decreased 19.8%. Reduced home-building in the Midwest was slightly offset by construction in the South, where housing starts rose 5.6%.

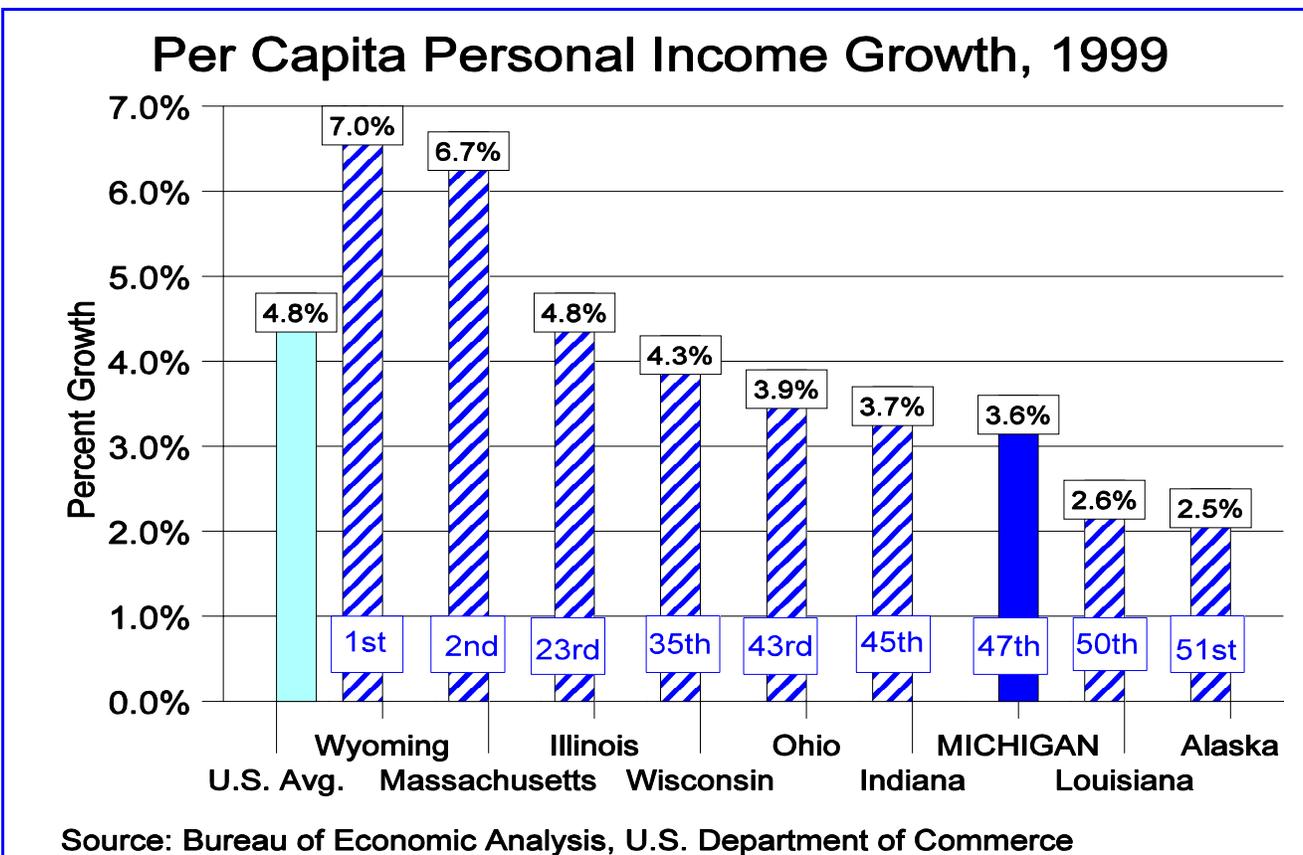


Michigan

- The **unemployment rate** was 3.3% in May, which was above the 3.0% rate in April but below the 3.8% rate one year ago. Compared with April, the size of the labor force increased by fewer than 1,000 people, while the number of people employed decreased by 15,000, and the number of people unemployed increased by 14,000.
- The **Detroit Consumer Price index (CPI)** rose 1.6% between April and June, and is 4.3% higher than in June 1999. Inflation in the energy sector accounted for nearly all of the inflation over this period, with energy prices rising 17.3%. Excluding energy from the Detroit CPI, prices increased 0.3% between April and June, and were 2.3% higher than a year ago.
- Michigan **personal income** grew 1.8% between the fourth quarter of 1999 and the first quarter of 2000, slightly faster than the national average of 1.6%. However, Michigan personal income in the first quarter of 2000 was 4.6% above the first quarter of 1999, compared with a national average increase of 6.2%.

U.S. & MICHIGAN LABOR MARKET NEWS (Seasonally Adjusted, Thousands)							
U.S.	June 2000	May 2000	June 1999	Change From May		Change From Year Ago	
				Number	Percent	Number	Percent
Labor Force	140,762	140,489	139,332	273	0.2%	1,430	1.0%
Employment	135,179	134,715	133,398	464	0.3	1,781	1.3
Unemployment	5,583	5,774	5,934	(191)	(3.3)	(351)	(5.9)
Unemployment Rate	4.0%	4.1%	4.3%	—	—	—	—
Michigan	May 2000	April 1999	May 1999	Change From April		Change From Year Ago	
				Number	Percent	Number	Percent
Labor Force	5,098	5,098	5,151	(1)	(0.0)%	(53)	(1.0)%
Employment	4,931	4,946	4,954	(15)	(0.3)	(23)	(0.5)
Unemployment	166	152	197	14	9.3	(31)	(15.6)
Unemployment Rate	3.3%	3.0%	3.8%	—	—	—	—

Source: Michigan Department of Career Development - Employment Service Agency



MICHIGAN WAGE AND SALARY EMPLOYMENT (Seasonally Adjusted, Thousands)							
	May 2000*	April 1999	May 1999	Change from April Number Percent		Change from Yr Ago Number Percent	
Wage and Salary Employment	4,583.4	4,572.1	4,526.6	11	0.2	57	1.3
Goods Producing Industries	1,168.1	1,170.7	1,177.3	(3)	(0.2)	(9)	(0.8)
Mining	6.5	6.9	7.1	(0)	(5.8)	(1)	(8.5)
Construction	192.9	194.7	190.5	(2)	(0.9)	2	1.3
Manufacturing	968.7	969.1	979.7	(0)	(0.0)	(11)	(1.1)
Durable Goods	735.1	734.9	742.0	0	0.0	(7)	(0.9)
Motor Vehicles & Equipment	280.1	278.8	286.0	1	0.5	(6)	(2.1)
Nondurable Goods	233.6	234.2	237.7	(1)	(0.3)	(4)	(1.7)
Service Producing Industries	3,415.3	3,401.4	3,349.3	14	0.4	66	2.0
Trans., Comm. & Utilities	179.1	178.8	176.4	0	0.2	3	1.5
Wholesale Trade	233.9	234.7	231.1	(1)	(0.3)	3	1.2
Retail Trade	839.7	842.3	829.4	(3)	(0.3)	10	1.2
Finance, Insurance & Real Estate	206.5	206.2	207.4	0	0.1	(1)	(0.4)
Services	1,265.5	1,259.3	1,238.0	6	0.5	28	2.2
Government	690.6	680.1	667.0	11	1.5	24	3.5

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		
	May 2000	Year Ago	Percent Change	May 2000	Year Ago	Percent Change
Mining	45.3	47.0	(3.6)%	\$761.95	\$773.62	(1.5)%
Construction	39.0	40.9	(4.6)	823.68	834.36	(1.3)
Manufacturing	44.2	43.9	0.7	838.92	802.05	4.6
Durable Goods	44.8	44.4	0.9	905.41	867.13	4.4
Motor Vehicles & Equipment	46.9	45.9	2.2	1,214.24	1,137.86	6.7
Nondurable Goods	42.0	42.3	(0.7)	618.24	593.47	4.2
Wholesale Trade	39.5	38.8	1.8	688.49	667.75	3.1
Selected Retail Trade:						
General Merchandise Stores	27.0	28.7	(5.9)	284.04	274.09	3.6
Department Stores	26.6	28.3	(6.0)	285.15	270.27	5.5
Food Stores	25.0	25.9	(3.5)	215.50	209.53	2.8
Auto Dealers & Service Stations	34.5	34.9	(1.1)	413.66	446.72	(7.4)
Selected Services:						
Depository Institutions	34.7	35.3	(1.7)	380.31	375.24	1.4
Business Services	34.1	35.1	(2.8)	499.22	464.72	7.4
Health Services	31.6	32.5	(2.8)	510.97	539.83	(5.3)
Engineering & Management	38.3	37.8	1.3	715.83	690.61	3.7

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)

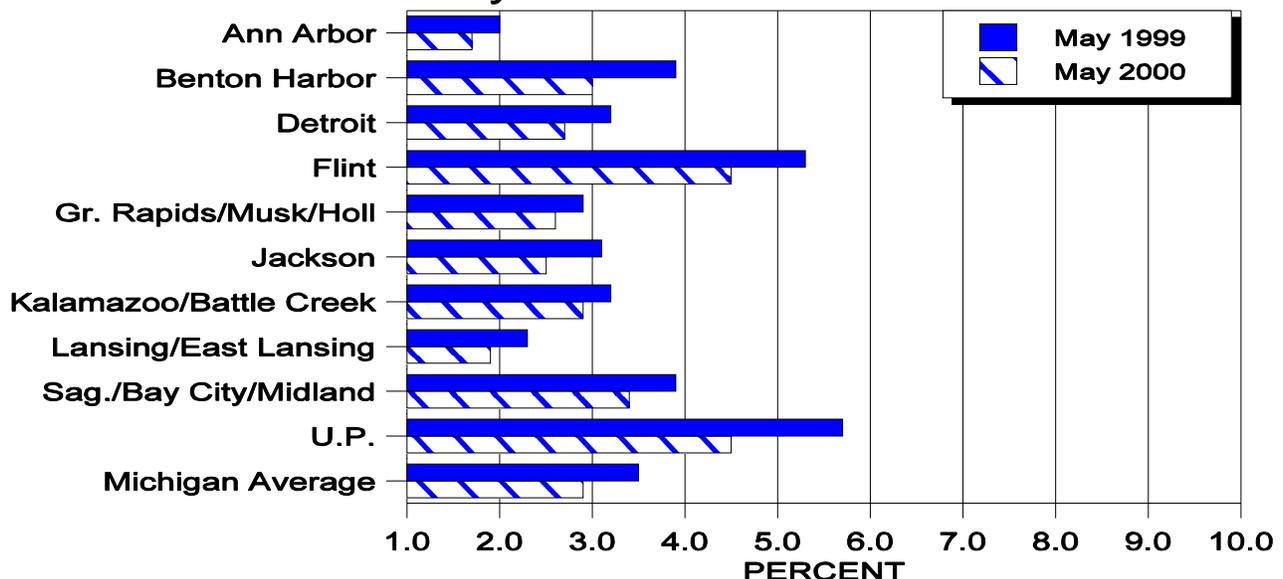
	May 2000*	April 2000	March 2000	May 1999
Metropolitan Statistical Areas				
Ann Arbor	1.7%	1.6%	1.9%	2.0%
Benton Harbor	3.0	2.8	3.5	3.9
Detroit	2.7	2.6	2.9	3.2
Flint	4.5	4.2	4.9	5.3
Grand Rapids	2.6	2.4	2.8	2.9
Jackson	2.5	2.7	3.0	3.1
Kalamazoo-Battle Creek	2.9	2.7	3.2	3.2
Lansing-East Lansing	1.9	1.8	2.3	2.3
Saginaw-Bay City-Midland	3.4	3.2	4.0	3.9
Multi-County Areas				
Alcona-Iosco	5.1	5.7	8.1	7.5
Grand Traverse-Leelanau	3.0	3.4	4.8	3.8
Houghton-Keweenaw	4.0	5.5	6.4	4.6
Missaukee-Wexford	4.9	4.9	6.4	5.8
Upper Peninsula	4.5	5.7	7.1	5.7
Michigan Statewide Average				
--Unadjusted (comparable to figures shown above)	2.9	2.8	3.4	3.5

Source: Michigan Department of Career Development - Employment Service Agency * Preliminary

MOTOR VEHICLE SALES AND PRODUCTION STATISTICS
(Thousands of Units)

Michigan Regional Unemployment Rates

May 1999 and 2000



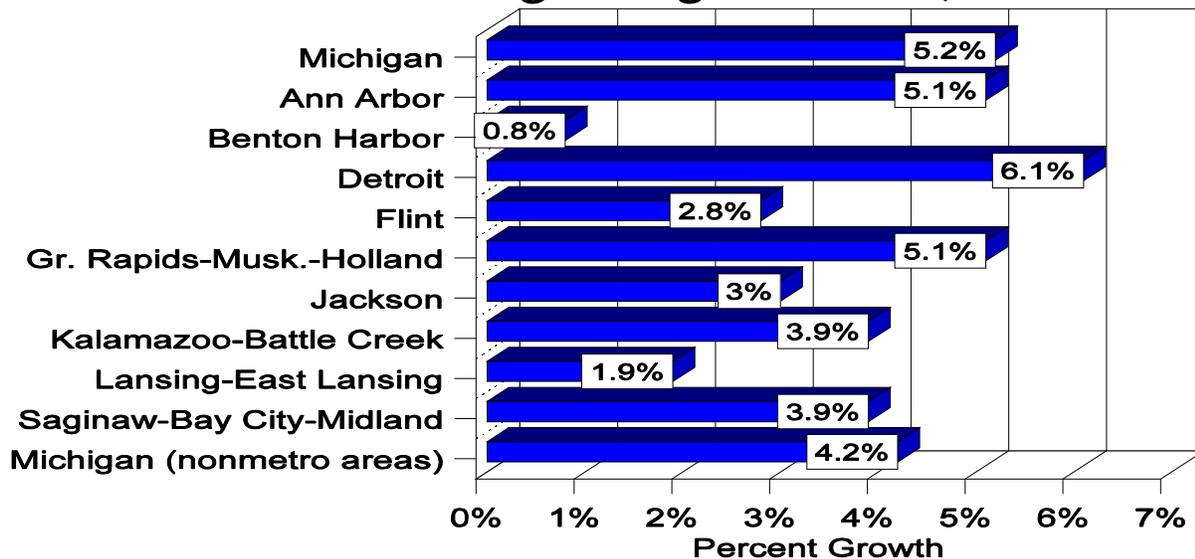
Source: Michigan Department of Career Development - Employment Service Agency

	June 2000	May 2000	April 2000	March 2000	Year Ago April	Percent Change From:	
						June/May	June 2000/ June 1999
Motor Vehicle Sales^{1,2)}							
Autos	8,823	8,814	9,195	9,024	8,795	0.1%	0.3%
Domestics	6,826	6,815	7,136	7,049	7,060	0.2	(3.3)
Imports	1,997	1,999	2,059	1,975	1,735	(0.1)	15.1
Import Share	22.6%	22.7%	22.4%	21.9%	19.7%	---	---
Light Trucks	8,177	8,189	8,522	8,709	8,094	(0.1)	1.0
Domestics	7,285	7,354	7,659	7,890	7,389	(0.9)	(1.4)
Imports	892	835	863	819	705	6.8	26.5
Import Share	10.9%	10.2%	10.1%	9.4%	8.7%	---	---
Heavy Trucks	654	605	609	662	635	8.1	3.0
Total	17,654	17,608	18,326	18,395	17,524	0.3	0.7
U.S. Motor Vehicle Production^{1,2)}							
Autos	5,800	5,557	5,420	5,768	5,516	4.4	5.1
Michigan Motor Vehicle Production^{2,3)}							
Autos	2,068	1,966	1,675	2,150	2,024	5.2	2.1
Trucks	1,621	1,355	1,159	1,336	1,524	19.6	6.4
Total	3,689	3,322	2,835	3,486	3,548	11.1	4.0
Michigan Production as % of U.S.	23.8%	24.9%	24.1%	25.0%	24.1%	---	---
U.S. Motor Vehicle Inventories⁴⁾							
Total Car	1,713	1,720	1,728	1,751	1,458	(0.4)	17.5
Days Supply	52	53	55	56	49	(1.9)	6.1
Total Truck	2,110	2,044	2,032	2,005	1,650	3.2	27.9
Days Supply	71	68	71	65	56	4.4	26.8

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)

OTHER KEY ECONOMIC INDICATORS

Growth in Average Wage Per Job, 1998



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

Variable	Latest Period	Actual Data			Percent Change From:	
		Latest Period	Previous Period	Year Ago	Previous Period	Year Ago
Composite Index of Leading Indicators¹⁾ (1992=100, seasonally adjusted)	June	106.0	106.0	105.3	0.0%	0.7%
Composite Index of Coincident Indicators¹⁾ (1992=100, seasonally adjusted)	June	115.5	115.3	111.9	0.2	3.2
Housing Starts, U.S.²⁾ (thousands of units, SAAR)	June	1,554	1,596	1,562	(2.6)	(0.5)
Retail Sales, U.S.²⁾ (billions, seasonally adjusted)	June	\$268.6	\$267.4	\$248.0	0.4	8.3
Industrial Production Index³⁾ (1992=100)	June	144.6	144.3	136.6	0.2	5.9
Consumer Price Index⁴⁾ (1982-84=100)						
U.S.	June	172.3	171.3	166.2	0.6	3.7
Detroit	June	170.8	168.1	163.8	1.6	4.3
Interest Rates³⁾						
3-month Treasury Bill	June	5.74%	5.92%	4.59%	—	—
Corporate Aaa Bonds	June	7.67%	7.99%	7.23%	—	—
Real Gross Domestic Product⁵⁾ (billions of 1996 \$, SAAR)	2000 2nd Qtr.	\$9,308.8	\$9,191.8	\$8,783.2	5.5	6.0
Michigan Tax Collections⁶⁾ (13 major taxes, millions)	July 2000	\$1,633.8	\$1,564.6	\$1,494.7	NM	9.3

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) Conference Board. 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.

