

MICHIGAN ECONOMIC INDICATORS

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

ECONOMIC HIGHLIGHTS



United States

- **Motor vehicle sales** posted gains from June to July in all sectors, particularly domestic vehicles. Compared with June, sales of domestic automobiles were up 13.6% while sales of domestic trucks were 12.3% higher. Compared with one year ago, total automobile sales were 8.6% higher, light trucks sales were 12.1% higher, and heavy truck sales were down 7.0%. Domestic automobile sales were 7.5% above the year-ago level, while domestic light truck sales were up 11.2%.
- The **unemployment rate** stayed at 5.9% between June and July but was above the 4.6% rate in July 2001. Employment declined by 8,000 jobs between June and July but was offset by the exit from the labor force of 86,000 persons, most in the ranks of the unemployed. Compared with one year ago, July employment was 1.1 million jobs lower and unemployment 1.8 million persons higher. Unemployment in July 2002 represented a 27.5% increase from July 2001.
- **Industrial production** increased slightly in July and was 0.2% above the level one year ago. July's increase marked the seventh month in a row that industrial production has risen. However, while the index is up 2.9% from the trough experienced in December 2001, it is still 3.5% below the average level during 2000. The last time industrial production was increasing, and at the July 2002 level, was in the third quarter of 1999.
- **Interest rates** continued declining, as the rate on 3-month Treasury bills fell to 1.68% in July, the lowest level since July 1958, and the rate on 30-year fixed-rate mortgages declined to 6.49% in July, the lowest level in more than 30 years.



Michigan

- **Michigan's unemployment rate** remained at 6.6% in July, even though employment fell by 6,000 jobs. Unemployment grew by 1,000 persons but, similar to what was reflected in the national statistics, because 5,000 persons left the labor force the unemployment rate did not increase. Compared with one year ago, Michigan employment in July was down 60,000 jobs and 68,000 more persons were unemployed.
- Michigan **wage and salary employment** remained relatively flat overall in July, but was 39,000 jobs lower than in July 2001. While July employment in the durable goods manufacturing sector was 16,000 jobs fewer than, or about 2% below, the year-ago level, motor vehicle manufacturing employment was up by about 3,000, or approximately 1%. Jobs in services and retail trade were down 6,000 and 14,000 jobs, respectively, compared with a year ago.
- Michigan **personal income** in the first quarter of 2002 grew more slowly than in all but four other states, rising 1.0% from the fourth quarter of 2001 and posting only a 0.8% increase compared with the first quarter of 2001. Income growth lagged in all components, with growth in dividends, interest and rent growing at less than half the U.S. average and net earnings rising at a rate 30% below the national average. Transfer payments rose at a 3.0% rate, compared with the U.S. average of 3.6%. Most of the slow growth in earnings reflected weakness in the durable goods manufacturing sector.

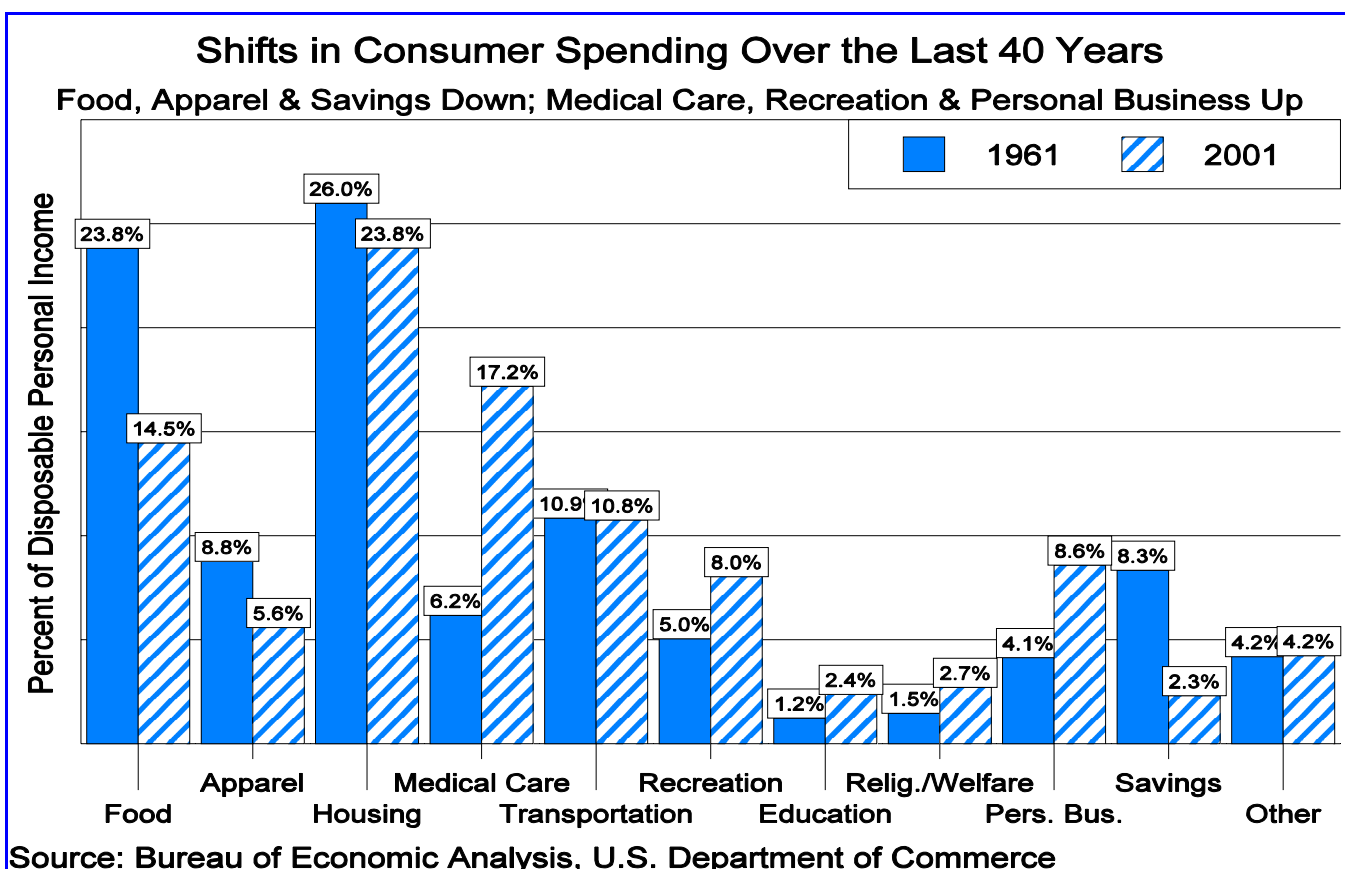


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U.S. & MICHIGAN LABOR MARKET NEWS (Seasonally Adjusted, Thousands)							
U.S.	July 2002	June 2001	July 2001	Change From June		Change From Year Ago	
				Number	Percent	Number	Percent
Labor Force	142,390	142,476	141,651	(86)	(0.1)	739	0.5
Employment	134,045	134,053	135,106	(8)	(0.0)	(1,061)	(0.8)
Unemployment	8,345	8,424	6,545	(79)	(0.9)	1,800	27.5
Unemployment Rate	5.9%	5.9%	4.6%	---	---	---	---
Michigan	July 2002	June 2001	July 2001	Change From June		Change From Year Ago	
				Number	Percent	Number	Percent
Labor Force	5,180	5,184	5,172	(5)	(0.1)	7	0.1
Employment	4,838	4,844	4,899	(6)	(0.1)	(60)	(1.2)
Unemployment	342	340	274	1	0.4	68	24.8
Unemployment Rate	6.6%	6.6%	5.3%	--	---	---	---

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



MICHIGAN WAGE AND SALARY EMPLOYMENT (Seasonally Adjusted, Thousands)							
	July 2002*	June 2002	July 2001	Change from June		Change from Yr Ago	
				Number	Percent	Number	Percent
Wage and Salary Employment	4,546	4,549	4,585	(3)	(0)	(39)	(1)
Goods-Producing Industries	1,117	1,120	1,135	(3)	(0)	(18)	(2)
Mining	8	7	8	1	14	0	0
Construction	199	200	200	(1)	(1)	(1)	(1)
Manufacturing	911	913	927	(2)	(0)	(16)	(2)
Durable Goods	689	693	706	(4)	(1)	(17)	(2)
Motor Vehicles & Equipment	265	270	262	(5)	(2)	3	1
Nondurable Goods	222	220	222	2	1	0	0
Service-Producing Industries	3,428	3,429	3,451	(1)	(0)	(23)	(1)
Trans., Comm. & Utilities	179	180	182	(1)	(1)	(3)	(2)
Wholesale Trade	216	216	219	0	0	(3)	(1)
Retail Trade	836	838	850	(2)	(0)	(14)	(2)
Finance, Insurance & Real Estate	211	211	210	0	0	1	0
Services	1,298	1,296	1,304	2	0	(6)	(0)
Government	688	687	686	1	0	2	0

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		
	July 2002	Year Ago	Percent Change	July 2002	Year Ago	Percent Change
Mining	45.9	46.1	(0.4)	\$779.38	\$791.08	(1.5)
Construction	39.8	40.3	(1.2)	890.33	889.82	0.1
Manufacturing	40.7	40.4	0.7	792.43	778.51	1.8
Durable Goods	40.9	40.4	1.2	844.99	827.80	2.1
Motor Vehicles & Equipment	42.2	40.0	5.5	1,112.39	1,029.20	8.1
Nondurable Goods	39.8	40.5	(1.7)	620.88	620.06	0.1
Wholesale Trade	38.5	37.8	1.9	645.65	641.09	0.7
Selected Retail Trade:						
General Merchandise Stores	31.7	28.7	10.5	325.24	287.86	13.0
Department Stores	31.4	28.2	11.3	319.02	280.87	13.6
Food Stores	27.8	28.5	(2.5)	262.43	262.20	0.1
Auto Dealers & Service Stations	35.3	35.0	0.9	467.37	451.50	3.5
Selected Services:						
Depository Institutions	35.6	35.7	(0.3)	414.03	416.26	(0.5)
Business Services	33.5	34.2	(2.0)	531.31	553.36	(4.0)
Health Services	32.6	32.0	1.9	545.72	516.16	5.7
Engineering & Management	37.5	39.2	(4.3)	773.63	756.17	2.3

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)**

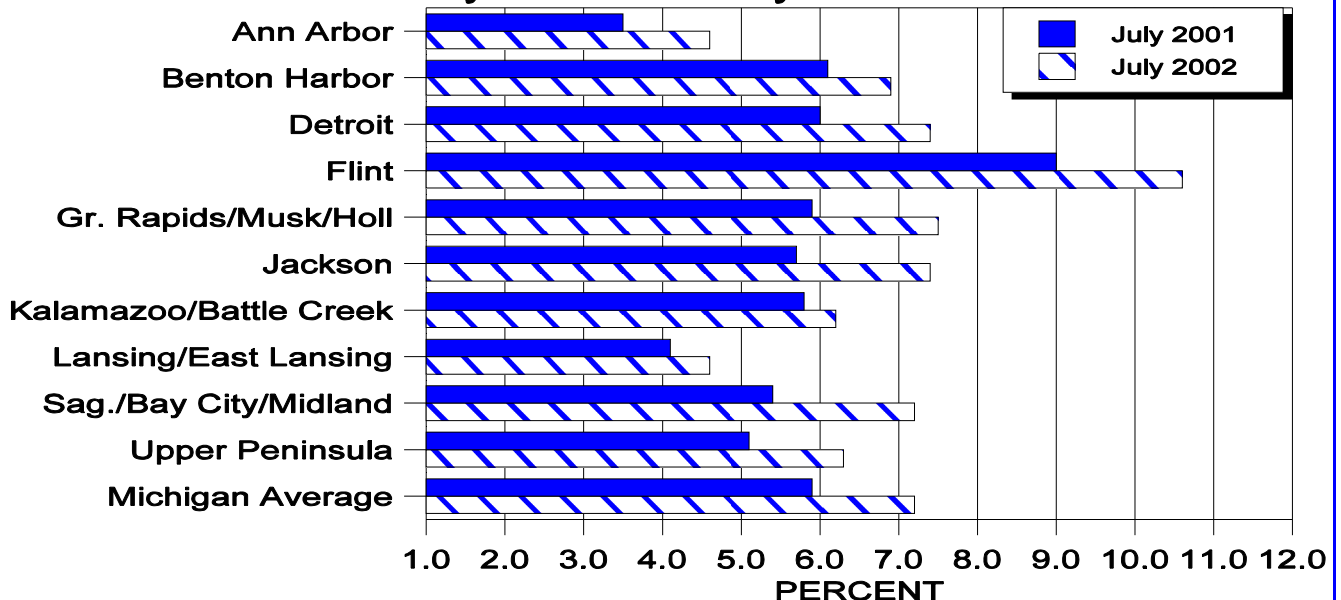
	July 2002*	June 2002	May 2002	July 2001
Metropolitan Statistical Areas				
Ann Arbor	4.6%	4.2%	3.5%	3.5%
Benton Harbor	6.9	6.8	5.7	6.1
Detroit	7.4	6.8	5.9	6.0
Flint	10.6	9.4	8.3	9.0
Grand Rapids	7.5	7.1	6.2	5.9
Jackson	7.4	6.9	6.0	5.7
Kalamazoo-Battle Creek	6.2	5.5	4.8	5.8
Lansing-East Lansing	4.6	4.5	3.8	4.1
Saginaw-Bay City-Midland	7.2	7.1	6.3	5.4
Multi-County Areas				
Northeast Lower Michigan	8.3	8.2	7.7	6.5
Northwest Lower Michigan	6.3	6.7	6.4	5.2
Upper Peninsula	6.3	7.5	7.0	5.1
Michigan Statewide Average				
--Unadjusted (comparable to figures shown above)	7.2	6.7	5.9	5.9

Source: Michigan Department of Career Development - Employment Service Agency

* Preliminary

Michigan Regional Unemployment Rates

July 2001 and July 2002



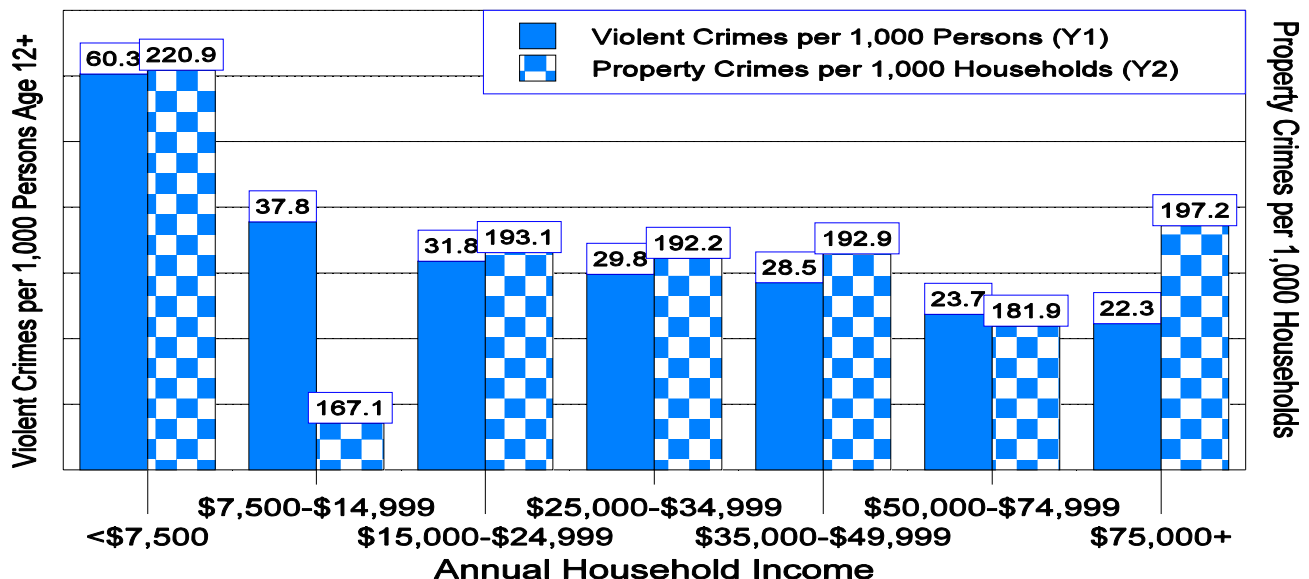
Source: Michigan Department of Career Development - Employment Service Agency

MOTOR VEHICLE SALES AND PRODUCTION STATISTICS (Thousands of Units)

	Percent Change From:						
	July 2002	June 2002	May 2002	Apr. 2002	Year Ago July	July/June	July 2002/ July 2001
Motor Vehicle Sales ^{1,2)}							
Autos	8,803	7,969	7,779	8,471	8,103	10.5%	8.6%
Domestics	6,521	5,742	5,651	6,205	6,067	13.6	7.5
Imports	2,282	2,227	2,128	2,266	2,036	2.5	12.1
Import Share	25.9%	27.9%	27.4%	26.8%	25.1%	---	---
Light Trucks	9,261	8,308	7,791	8,719	8,262	11.5	12.1
Domestics	8,109	7,218	6,835	7,644	7,289	12.3	11.2
Imports	1,152	1,090	956	1,075	973	5.7	18.4
Import Share	12.4%	13.1%	12.3%	12.3%	11.8%	---	---
Heavy Trucks	399	375	409	400	429	6.4	(7.0)
Total	18,463	16,652	15,979	17,590	16,794	10.9	9.9
U.S. Motor Vehicle Production ^{1,2)}							
Autos	5,711	5,128	5,062	5,310	5,236	11.4	9.1
Michigan Motor Vehicle Production ^{2,3)}							
Autos	2,838	1,658	1,929	2,083	2,124	71.2	33.6
Trucks	1,601	1,118	1,089	892	1,083	43.2	47.9
Total	4,439	2,776	3,017	2,976	3,206	59.9	38.4
Michigan Production as % of U.S.	24.9%	23.9%	23.8%	21.6%	20.5%	---	---
U.S. Motor Vehicle Inventories ⁴⁾							
Total Car	1,442	1,606	1,579	1,537	1,371	(10.2)	5.2
Days Supply	48	51	53	54	50	(5.9)	(4.0)
Total Truck	1,563	1,818	1,778	1,699	1,710	(14.0)	(8.6)
Days Supply	51	60	63	62	64	(15.0)	(20.3)

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)

Incidence of Crime Higher for Lower Income Households 2000 Crimes Rates



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

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)	July	121.0	122.5	119.3	(1.2)%	1.4%
Coincident Index ¹⁾ (1992 = 100)	July	136.0	135.7	135.1	0.2	0.7
Housing Starts, U.S. ²⁾ (thousands of units, SAAR)	July	1,649	1,695	1,664	(2.7)	(0.9)
Retail Sales, U.S. ²⁾ (billions, seasonally adjusted)	July	\$275.6	\$272.4	\$263.6	1.2	4.6
Industrial Production Index ³⁾ (1992 = 100) (seasonally adjusted)	July	140.7	140.4	140.4	0.2	0.2
Capacity Utilization ³⁾ (% of total capacity, seasonally adjusted)	July	76.1	76.1	76.7	0.1	(0.8)
Consumer Price Index ⁴⁾ (1982-84 = 100) U.S. (seasonally adjusted)	July	179.9	179.7	177.8	1.3	1.5
Detroit (not seasonally adjusted)	July	179.0	179.0	175.8	0.0	1.8
Interest Rates						
3-month Treasury Bill ³⁾	July	1.68%	1.71%	3.54%	---	---
Corporate Aaa Bonds ³⁾	July	6.53%	6.63%	7.13%	---	---
Real Gross Domestic Product ⁵⁾ (billions of 1996 \$, SAAR, chain-weighted)	2002 2nd Qtr.	\$9,389.6	\$9,363.2	\$9,193.1	1.1	2.1
Michigan Tax Collections ⁶⁾ (12 major taxes, millions)	July 2002	\$1,733.9	\$1,467.1	\$1,673.9	NM	3.6

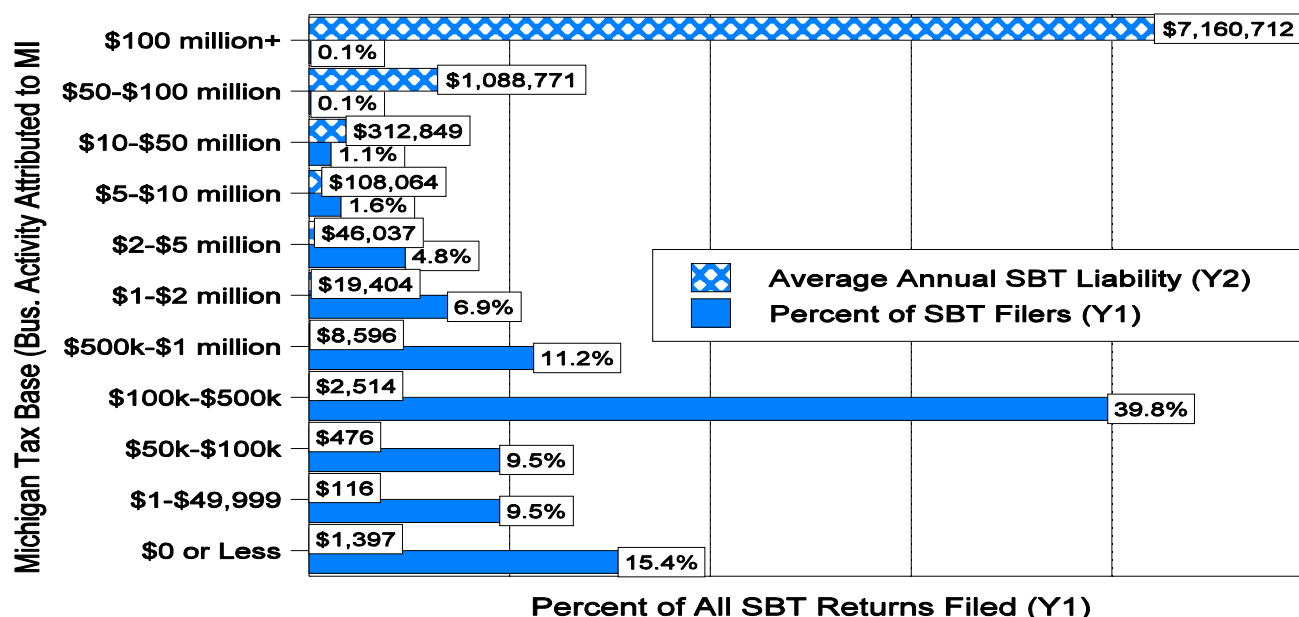
SAAR = Seasonally Adjusted at Annual Rates. NM = Not Meaningful.

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.

Three-Fourths of SBT Filers Pay Less than \$210 per Month in SBT Average Annual SBT Liability, 1998-99 (Y2)



Source: Office of Revenue and Tax Analysis, Michigan Department of Treasury