

Michigan Economic Indicators

JULY 2018



ECONOMIC HIGHLIGHTS



Light vehicle sales fell to a 16.7 million unit annual rate in July 2018, a 3.1% decline from the level in June 2018, but essentially unchanged from July 2017. Continuing the trend of sales shifting from automobiles to light trucks, compared to July 2017, automobiles sales in July 2018 were 13.8% lower, while sales of light trucks were up 7.6%. Automobile sales in July 2018 were at their lowest annual rate since February 2010.

The **GDP Deflator**, a measure of inflation used to calculate inflation-adjusted Gross Domestic Product, increased 3.0% in the second quarter of 2018 compared to the first quarter of 2018. The increase was the most rapid gain in the price level since the third quarter of 2008 and only the ninth quarter to rise 3.0% or more in the 106 quarters since the first quarter of 1992.



Michigan **motor vehicle production** declined 1.5% between June 2018 and July 2018, and was down 4.9% from July 2017. The decline was driven by the continuing shift from automobile manufacturing to truck manufacturing. Compared to July 2017, automobile production in July 2018 was down 45.0%, to the lowest level since February 2009, and the third lowest level since at least January 1982, while truck production increased 13.6%. In July 2018, Michigan's share of total U.S. vehicle production was 17.2%, compared to 19.4% in July 2017.

Seasonally-adjusted **building permits** for private housing units increased 4.6% in July 2018, from the June 2018 level, but were down 18.9% from July 2017. With the exception of June 2018, July 2018 permits were at the lowest level since March 2015. The decline in permits has been rapid, with the average number of authorizations during the May to July 2018 period down 29.9% from the October to December 2017 average.

U.S. & MICHIGAN LABOR MARKET NEWS (Seasonally adjusted, thousands)							
U.S.	July 2018	June 2018	July 2017	Change from June		Change from Year Ago	
				Number	Percent	Number	Percent
Labor Force	162,245	162,140	160,467	105	0.1%	1,778	1.1%
Employment	155,965	155,576	153,511	389	0.3	2,454	1.6
Unemployment	6,280	6,564	6,956	(284)	(4.3)	(676)	(9.7)
Unemployment Rate	3.9%	4.0%	4.3%	--	--	--	--
Michigan	July 2018	June 2018	July 2017	Change from June		Change from Year Ago	
				Number	Percent	Number	Percent
Labor Force	4,910	4,911	4,881	(1)	(0.0%)	29	0.6%
Employment	4,698	4,692	4,663	5	0.1	35	0.7
Unemployment	212	219	218	(7)	(3.0)	(6)	(2.6)
Unemployment Rate	4.3%	4.4%	4.5%	--	--	--	--

Source: Bureau of Labor Statistics, U.S. Department of Labor (Household Data)



MICHIGAN WAGE AND SALARY EMPLOYMENT (Seasonally adjusted, thousands)							
	July 2018	June 2018	July 2017	Change from June		Change from Yr Ago	
				Number	Percent	Number	Percent
Total Non-Agricultural Jobs	4,429	4,430	4,364	(1)	(0.0%)	65	1.5%
Goods Producing Industries	808	805	778	3	0.4	30	3.8
Mining and Logging	7	7	7	0	0.0	0	1.4
Construction	178	176	164	2	0.9	14	8.7
Manufacturing	623	621	607	1	0.2	16	2.6
Transportation Equipment	189	188	185	1	0.6	4	2.3
Service Producing Industries	3,621	3,625	3,586	(4)	(0.1)	35	1.0
Trade, Transportation & Utilities	791	793	788	(2)	(0.2)	3	0.4
Wholesale Trade	175	176	173	(1)	(0.5)	2	0.9
Retail Trade	471	473	474	(2)	(0.4)	(3)	(0.6)
Transportation & Utilities	146	145	142	1	0.5	4	3.0
Information	55	55	56	0	0.7	(1)	(1.8)
Financial Activities	220	221	218	(1)	(0.6)	2	0.8
Professional & Business Services	658	659	648	(1)	(0.1)	10	1.5
Education & Health Services	676	679	673	(4)	(0.5)	3	0.4
Leisure & Hospitality Services	442	441	433	2	0.4	10	2.3
Other Services	176	174	168	2	0.9	8	4.9
Government	604	604	603	(0)	(0.0)	0	0.0

Source: Bureau of Labor Statistics, U.S. Department of Labor (Establishment Data) *Preliminary

MICHIGAN AVERAGE WEEKLY HOURS AND EARNINGS (Not seasonally adjusted)						
Industry	Average Weekly Hours			Average Weekly Earnings		
	July 2018	Year Ago	Percent Change	July 2018	Year Ago	Percent Change
Construction	42.2	41.5	1.7%	1,144.89	987.70	15.9%
Manufacturing	42.3	42.1	0.5	892.11	862.63	3.4
Durable Goods	42.8	43.1	(0.7)	935.18	914.15	2.3
Transportation Equipment Mfg.	46.0	45.5	1.1	1,129.30	1,058.33	6.7
Motor Vehicle Parts Mfg.	46.5	44.6	4.3	1,006.26	950.43	5.9
Nondurable Goods	40.9	39.4	3.8	764.42	718.26	6.4
Wholesale Trade	39.8	39.9	(0.3)	1,051.91	995.11	5.7
Retail Trade	31.1	30.8	1.0	450.02	444.14	1.3
Information	34.5	35.7	(3.4)	936.33	950.33	(1.5)
Financial Activities	35.7	35.8	(0.3)	857.51	815.88	5.1
Professional & Business Services	35.0	34.8	0.6	846.65	807.01	4.9
Health Care & Social Assistance	32.2	32.2	0.0	710.98	656.88	8.2
Leisure & Hospitality	24.7	24.7	0.0	305.79	296.40	3.2
Accommodation & Food Services	24.6	24.3	1.2	297.91	277.51	7.4

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



MICHIGAN UNEMPLOYMENT RATES BY SELECTED METROPOLITAN AREAS AND MULTI-COUNTY AREAS (Not Adjusted for Seasonal Variations)				
	July 2018	June 2018	May 2018	July 2017
Metropolitan Statistical Areas				
Ann Arbor	4.0%	3.6%	3.1%	5.0%
Battle Creek	4.8	4.5	4.1	6.1
Bay City	5.4	5.1	4.7	6.5
Detroit-Warren-Dearborn	5.0	4.4	3.7	5.0
Flint	6.2	5.1	4.7	7.0
Grand Rapids-Wyoming	3.6	3.3	2.9	4.6
Jackson	4.7	4.4	3.9	5.8
Kalamazoo-Portage	4.4	4.1	3.6	5.4
Lansing-East Lansing	4.5	3.9	3.3	5.6
Midland	4.4	4.2	3.9	5.4
Monroe	4.9	4.4	4.0	6.4
Muskegon	5.4	5.1	4.5	6.6
Niles-Benton Harbor	4.8	4.7	4.2	5.7
Saginaw	5.8	5.0	4.6	6.5
Multi-County Areas				
Northeast Lower Michigan	6.0	5.9	5.9	7.2
Northwest Lower Michigan	4.3	4.4	4.5	5.4
Upper Peninsula	5.3	5.5	5.5	6.5
Michigan Statewide Average (unadjusted - comparable to figures shown above)				
	4.8	4.3	3.8	5.4
Source: Michigan Department of Technology, Management, and Budget				

MOTOR VEHICLE SALES AND PRODUCTION STATISTICS (Thousands of Units, Seasonally Adjusted Annual Rates)							
	July 2018	June 2018	May 2018	April 2018	Year Ago July	Percent Change From:	
						July/June	July 2018/ July 2017
Motor Vehicle Sales¹⁾							
Autos	5,108	5,241	5,390	5,318	5,927	(2.5%)	(13.8%)
Domestics	3,965	3,998	4,062	4,072	4,508	(0.8)	(12.0)
Imports	1,143	1,243	1,328	1,246	1,419	(8.0)	(19.5)
Import Share	22.4%	23.7%	24.6%	23.4%	23.9%	----	----
Light Trucks	11,588	11,984	11,805	11,882	10,773	(3.3)	7.6
Domestics	9,003	9,151	8,997	9,114	8,427	(1.6)	6.8
Imports	2,585	2,833	2,808	2,768	2,346	(8.8)	10.2
Import Share	22.3%	23.6%	23.8%	23.3%	21.8%	----	----
Subtotal: Light Vehicle Sales	16,696	17,225	17,195	17,200	16,700	(3.1)	(0.0)
Heavy Trucks	494	485	461	447	409	1.9	20.8
Total Vehicle Sales	17,190	17,710	17,656	17,647	17,109	(2.9)	0.5
U.S. Motor Vehicle Production¹⁾							
Autos	2,563	2,650	2,719	3,001	2,611	(3.3)	(1.8)
Michigan Motor Vehicle Production²⁾							
Autos	306	344	390	647	557	(11.1)	(45.0)
Trucks	1,368	1,355	1,324	1,405	1,204	0.9	13.6
Total	1,674	1,699	1,714	2,052	1,760	(1.5)	(4.9)
Michigan Production as % of U.S.	17.2%	17.0%	17.5%	18.4%	19.4%	----	----
U.S. Motor Vehicle Inventories³⁾							
Total Car	1,101	1,181	1,216	1,267	1,445	(6.7)	(23.8)
Days Supply	64	66	63	71	71	(3.0)	(9.9)
Total Truck	2,650	2,803	2,746	2,835	2,455	(5.4)	8.0
Days Supply	67	71	66	73	67	(5.6)	0.0
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, not seasonally adjusted).							



OTHER KEY ECONOMIC INDICATORS						
Variable	Latest Period	Actual Data			Percent Chng From	
		Latest Period	Previous Period	Year Ago	Previous Period ⁹⁾	Year Ago
Index of Consumer Sentiment , monthly ¹⁾ (1996 Q1=100)	July	97.9	98.2	93.4	(0.3%)	4.8%
Oil Prices ²⁾ (\$ per barrel, West Texas Intermediate Crude)	July	\$70.98	\$67.87	\$46.63	4.6	52.2
Housing Starts, U.S. ³⁾ (thousands of units, SAAR)	July	1,174	1,177	1,185	(0.3)	(0.9)
Retail Sales, U.S. ³⁾ (billions, seasonally adjusted)	July	\$446.8	\$444.4	\$420.6	0.5	6.2
Industrial Production Index ⁴⁾ (2007=100, seasonally adjusted)	July	107.8	107.4	103.6	0.4	4.0
Capacity Utilization ⁴⁾ (% of total capacity, seasonally adjusted)	July	77.9	77.8	76.1	0.2	2.4
Consumer Price Index ⁵⁾ (1982-84=100)						
U.S. (seasonally adjusted)	July	251.3	250.9	244.2	2.1	2.9
Detroit (not seasonally adjusted)	June	234.7	231.8	226.5	7.8	3.6
Interest Rates						
3-month Treasury Bill ⁴⁾	July	1.99%	1.94%	1.09%	--	--
30-year Conventional Mortgage ⁶⁾	July	4.53%	4.57%	3.97%	--	--
Real Gross Domestic Product ⁷⁾ (billions of 2009 \$, SAAR, Chain-Weighted)	2018 2nd Quarter	\$18,514.6	\$18,324.0	\$17,995.2	4.2	2.9
Michigan Tax Collections ⁸⁾ (12 major taxes, millions)	July	\$2,156.0	\$2,200.1	\$2,044.2	NM	5.5

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) University of Michigan Surveys of Consumers. 2) U.S. Energy Information Administration/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. The U.S. CPI is released monthly, while the Detroit CPI is released every two months, beginning in Feb. of each year. 6) Freddie Mac, Primary Mortgage Market Survey. 7) U.S. Department of Commerce, Bureau of Economic Analysis. 8) Michigan Department of Treasury and the Senate Fiscal Agency. 9) Percent changes from previous period for CPI and GDP at annual rate.

