

MICHIGAN ECONOMIC INDICATORS

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

ECONOMIC HIGHLIGHTS



United States

- The preliminary estimate of **inflation-adjusted Gross Domestic Product** lowered growth in the 1st quarter of 2001 from 2.0% to 1.3%. Despite the revision, the growth rate was still above the 1.0% rate during the 4th quarter of 2000. The revision in the growth rate primarily reflected slower growth in consumer spending and a greater level of imports than originally expected. Inventories, which declined for the third consecutive quarter, also declined by more than originally estimated.
- **Motor vehicle sales** fell 2.9% between March and April and were 7.6% below the level a year ago. Sales of light and heavy trucks showed the most significant declines. Light truck sales fell 7.2% in April while heavy truck sales declined 12.4%. Sales of automobiles showed a slight increase of 0.2%, but this figure masks the changing composition of auto sales. Sales of imported autos rose 11.3% in April and were 5.5% above the level a year ago, while domestic auto sales were down 0.9% in April and were 10.7% below the year-ago level.
- The **unemployment rate** rose again in April, to 4.5%, compared with 4.3% in March and 4.0% a year ago. Employment declined 0.3% between March and April, causing the unemployment rate to increase even though more than 111,000 people left the labor force.
- **Capacity utilization** fell in April to 78.5%, the lowest level since April 1991. While capacity utilization levels in most durable goods sectors were at or near 10-year lows, capacity utilization in the motor vehicle sector was much higher than during the 1990-91 recession. In contrast, capacity utilization in nondurable manufacturing industries during March and April was at its lowest level since November 1982.



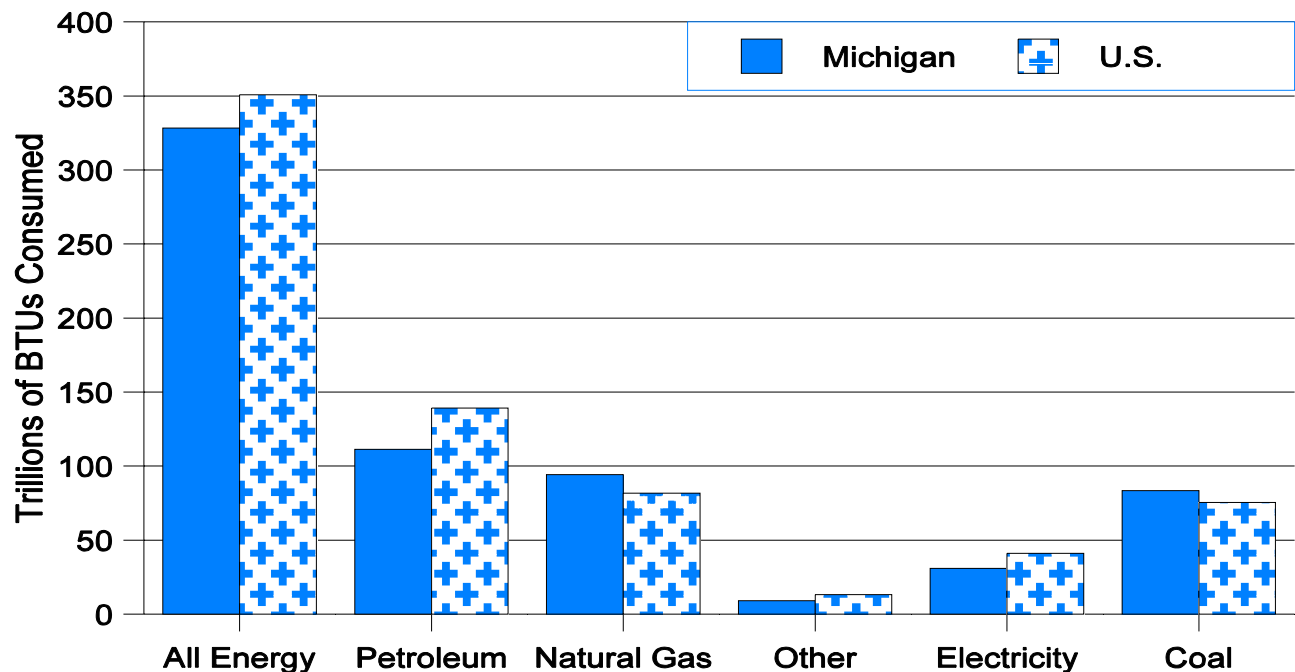
Michigan

- **Michigan's unemployment rate** declined slightly in April, to 4.6%, although both the size of the Michigan labor force and the number of people employed decreased. The labor force decreased by 10,000 persons while the number employed fell by 3,000, indicating that most of the people who left the labor force were unemployed.
- **Average weekly earnings** and **average weekly hours** were below year-ago levels in the manufacturing and construction sectors in April. Most major services sectors showed declines in hours but slight increases in weekly earnings. While hours were higher in most retail trade sectors, there was no general increase in average weekly earnings among retail businesses. Motor vehicle manufacturing employment posted the largest decline in both hours and earnings, with hours down 13.1% and earnings down 11.6% from year-ago levels. As has been true in most of the last six months, food stores posted the largest increase in both hours and earnings, with hours up 12.6% and earnings 18.5% above year-ago levels.
- **Tax revenue** from Michigan's 12 major taxes totaled \$2.42 billion in April, 14.0% above the revenues in April 2000. Despite the strong growth in April revenues relative to last year, year-to-date revenues were still 0.3% below the level in fiscal year 1999-2000. Year-to-date revenues for income tax withholding and single business taxes remained especially weak, at 3.9% and 10.6% below year-ago levels, respectively.

U.S. & MICHIGAN LABOR MARKET NEWS (Seasonally Adjusted, Thousands)							
U.S.	Apr. 2001	Mar. 2000	Apr. 2000	Change From Mar. Number Percent		Change From Year Ago Number Percent	
Labor Force	141,757	141,868	141,114	(111)	(0.1)%	643	0.5%
Employment	135,354	135,780	135,517	(426)	(0.3)	(163)	(0.1)
Unemployment	6,402	6,088	5,597	314	5.2	805	14.4
Unemployment Rate	4.5%	4.3%	4.0%	---	---	---	---
Michigan	Apr. 2001	Mar. 2001	Apr. 2000	Change From Mar. Number Percent		Change From Year Ago Number Percent	
Labor Force	5,237	5,247	5,191	(10)	(0.2)%	47	0.9%
Employment	4,997	5,000	5,014	(3)	(0.1)	(18)	(0.4)
Unemployment	241	247	177	(6)	(2.6)	64	36.4
Unemployment Rate	4.6%	4.7%	3.4%	---	---	---	---

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

Michigan Energy Consumption Below U.S. Average Per Person Energy Consumption, 1999



Source: Energy Information Administration, U.S. Department of Energy

MICHIGAN WAGE AND SALARY EMPLOYMENT (Seasonally Adjusted, Thousands)							
	Apr. 2001*	Mar. 2001	Apr. 2000	Change from Mar. Number Percent		Change from Yr Ago Number Percent	
Wage and Salary Employment	4,689	4,698	4,677	(9)	(0)%	12	0%
Goods Producing Industries	1,176	1,179	1,202	(3)	(0)	(26)	(2)
Mining	8	8	8	0	0	0	3
Construction	215	215	211	(1)	(0)	4	2
Manufacturing	953	956	983	(2)	(0)	(30)	(3)
Durable Goods	724	726	751	(2)	(0)	(27)	(4)
Motor Vehicles & Equipment	266	269	287	(3)	(1)	(20)	(7)
Nondurable Goods	230	230	232	(1)	(0)	(3)	(1)
Service Producing Industries	3,513	3,519	3,475	(7)	(0)	38	1
Trans., Comm. & Utilities	181	181	180	0	0	1	0
Wholesale Trade	244	244	240	0	0	4	2
Retail Trade	857	862	855	(5)	(1)	2	0
Finance, Insurance & Real Estate	206	207	205	(0)	(0)	1	1
Services	1,331	1,333	1,311	(2)	(0)	20	2
Government	693	693	683	0	0	10	1

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		
	Apr. 2001	Year Ago	Percent Change	Apr. 2001	Year Ago	Percent Change
Mining	46.6	46.0	1.3	\$817.83	\$742.90	10.1%
Construction	37.5	39.3	(4.6)	823.88	822.55	0.2
Manufacturing	40.3	44.4	(9.2)	778.19	843.60	(7.8)
Durable Goods	40.5	45.2	(10.4)	831.06	912.59	(8.9)
Motor Vehicles & Equipment	41.0	47.2	(13.1)	1,070.92	1,211.15	(11.6)
Nondurable Goods	39.6	41.8	(5.3)	601.92	611.95	(1.6)
Wholesale Trade	38.1	39.9	(4.5)	657.61	685.88	(4.1)
Selected Retail Trade:						
General Merchandise Stores	27.1	27.1	0.0	276.15	284.01	(2.8)
Department Stores	26.6	26.6	0.0	269.99	284.35	(5.1)
Food Stores	26.9	23.9	12.6	241.83	204.11	18.5
Auto Dealers & Service Stations	34.3	33.7	1.8	427.72	425.29	0.6
Selected Services:						
Depository Institutions	35.3	35.5	(0.6)	412.30	395.12	4.3
Business Services	32.4	34.7	(6.6)	506.09	516.68	(2.0)
Health Services	32.3	31.9	1.3	519.71	516.14	0.7
Engineering & Management	38.3	40.3	(5.0)	762.55	740.31	3.0

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

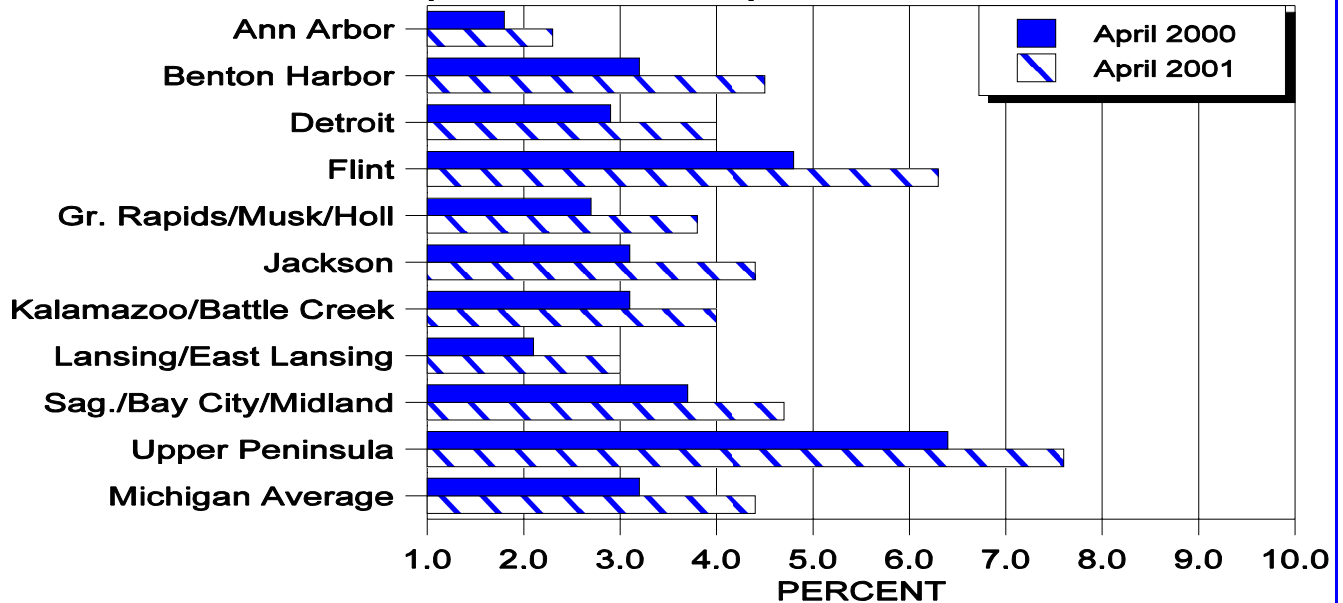
**MICHIGAN UNEMPLOYMENT RATES
BY SELECTED METROPOLITAN AREAS AND MULTI-COUNTY AREAS
(Not Adjusted for Seasonal Variations)**

	Apr. 2001*	Mar. 2001	Feb. 2001	Apr. 2000
Metropolitan Statistical Areas				
Ann Arbor	2.3%	2.8%	2.8%	1.8%
Benton Harbor	4.5	5.4	5.8	3.2
Detroit	4.0	4.6	4.6	2.9
Flint	6.3	7.1	7.2	4.8
Grand Rapids	3.8	4.5	4.5	2.7
Jackson	4.4	4.9	4.8	3.1
Kalamazoo-Battle Creek	4.0	4.7	4.9	3.1
Lansing-East Lansing	3.0	3.4	3.5	2.1
Saginaw-Bay City-Midland	4.7	6.0	5.7	3.7
Multi-County Areas				
Alcona-Iosco	11.0	12.9	12.2	6.3
Grand Traverse-Leelanau	5.5	7.0	7.3	3.9
Houghton-Keweenaw	7.6	7.8	7.4	6.3
Missaukee-Wexford	9.4	11.0	13.5	5.4
Upper Peninsula	7.6	8.5	8.5	6.4
Michigan Statewide Average				
--Unadjusted (comparable to figures shown above)	4.4	5.2	5.2	3.2

Source: Michigan Department of Career Development - Employment Service Agency

* Preliminary

**Michigan Regional Unemployment Rates
April 2000 and April 2001**



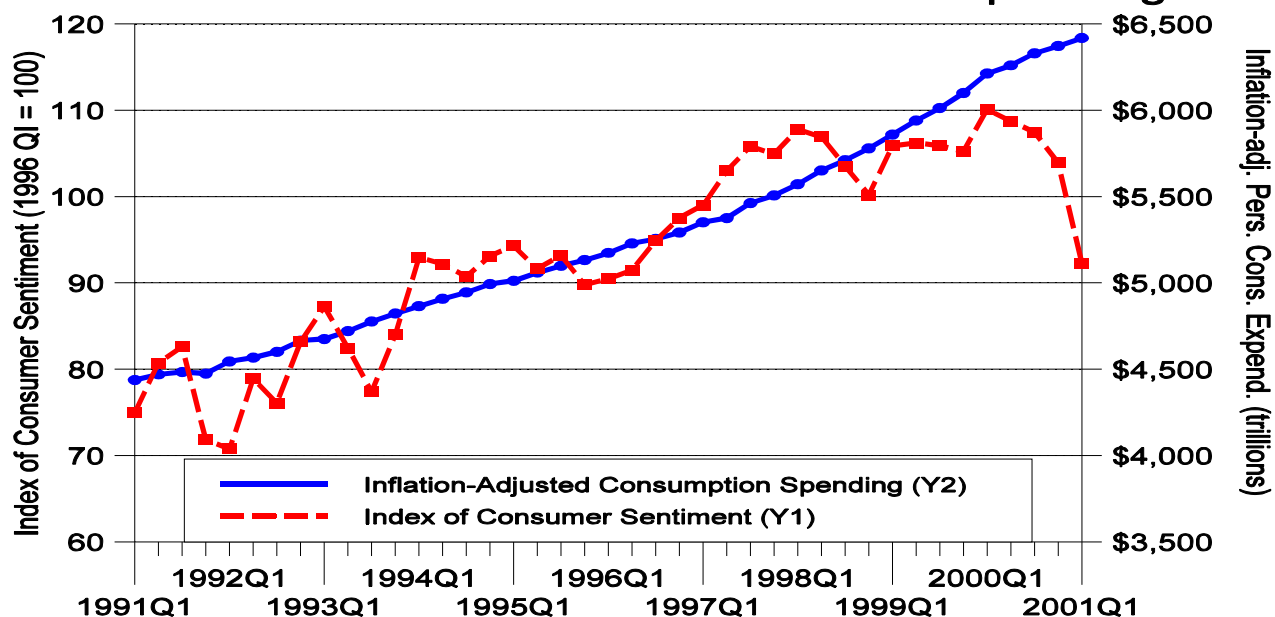
Source: Michigan Department of Career Development - Employment Service Agency

MOTOR VEHICLE SALES AND PRODUCTION STATISTICS (Thousands of Units)

	Apr. 2001	Mar. 2001	Feb. 2001	Jan. 2001	Year Ago Apr.	<u>Percent Change From:</u>	
						Apr./Mar.	Apr. 2001/ Apr. 2000
Motor Vehicle Sales^{1,2)}							
Autos	8,543	8,377	9,004	8,787	9,195	2.0%	(7.1)%
Domestics	6,370	6,425	7,002	6,713	7,136	(0.9)	(10.7)
Imports	2,173	1,952	2,002	2,074	2,059	11.3	5.5
Import Share	25.4%	23.3%	22.2%	23.6%	22.4%	---	---
Light Trucks	7,977	8,598	8,370	8,210	8,522	(7.2)	(6.4)
Domestics	7,038	7,655	7,460	7,304	7,659	(8.1)	(8.1)
Imports	939	943	910	906	863	(0.4)	8.8
Import Share	11.8%	11.0%	10.9%	11.0%	10.1%	---	---
Heavy Trucks	417	476	477	494	609	(12.4)	(31.5)
Total	16,937	17,451	17,851	17,491	18,326	(2.9)	(7.6)
U.S. Motor Vehicle Production^{1,2)}							
Autos	5,076	5,047	4,705	5,033	5,420	0.6	(6.3)
Michigan Motor Vehicle Production^{2,3)}							
Autos	1,502	1,740	1,644	1,827	1,675	(13.7)	(10.3)
Trucks	1,074	965	869	900	1,159	11.3	(7.3)
Total	2,576	2,705	2,513	2,727	2,835	(4.8)	(9.1)
Michigan Production as % of U.S.	22.2%	23.6%	26.1%	25.4%	24.1%	---	---
U.S. Motor Vehicle Inventories⁴⁾							
Total Car	1,693	1,762	1,740	1,750	1,728	(3.9)	(2.0)
Days Supply	60	59	58	74	55	1.7	9.1
Total Truck	1,992	2,190	1,984	2,009	2,032	(9.0)	(2.0)
Days Supply	77	75	75	93	71	2.7	8.5

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)

Consumer Sentiment and Consumer Spending



Source: Survey Research Center, University of Michigan and Bureau of Economic Analysis, U.S. Department of Commerce

OTHER KEY ECONOMIC INDICATORS

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)	April	108.7	108.6	110.4	0.1%	(1.5)%
Composite Index of Coincident Indicators¹⁾ (1992=100, seasonally adjusted)	April	116.5	116.5	115.4	0.0	1.0
Housing Starts, U.S.²⁾ (thousands of units, SAAR)	April	1,609	1,586	1,626	1.5	(1.0)
Retail Sales, U.S.²⁾ (billions, seasonally adjusted)	April	\$275.5	\$273.3	\$267.2	0.8	3.1
Industrial Production Index³⁾ (1992=100)	April	144.9	145.3	146.3	(0.3)	(1.0)
Capacity Utilization³⁾ (% of total capacity, seasonally adjusted)	April	78.5	78.9	82.5	(0.5)	(4.8)
Consumer Price Index⁴⁾ (1982-84=100)						
U.S.	April	176.9	176.2	171.3	0.4	3.3
Detroit	April	174.5	173.2	168.3	0.8	3.7
Interest Rates³⁾						
3-month Treasury Bill	April	3.92%	4.50%	5.67%	---	---
Corporate Aaa Bonds	April	7.20%	6.98%	7.64%	---	---
Real Gross Domestic Product⁵⁾ (billions of 1996 \$, SAAR)	2001	\$9,424.5	\$9,393.7	\$9,191.8	1.3	2.5
	1st Qtr.					
Michigan Tax Collections⁶⁾ (12 major taxes, millions)	April 2001	\$2,420.1	\$1,555.4	\$2,123.2	NM	14.0

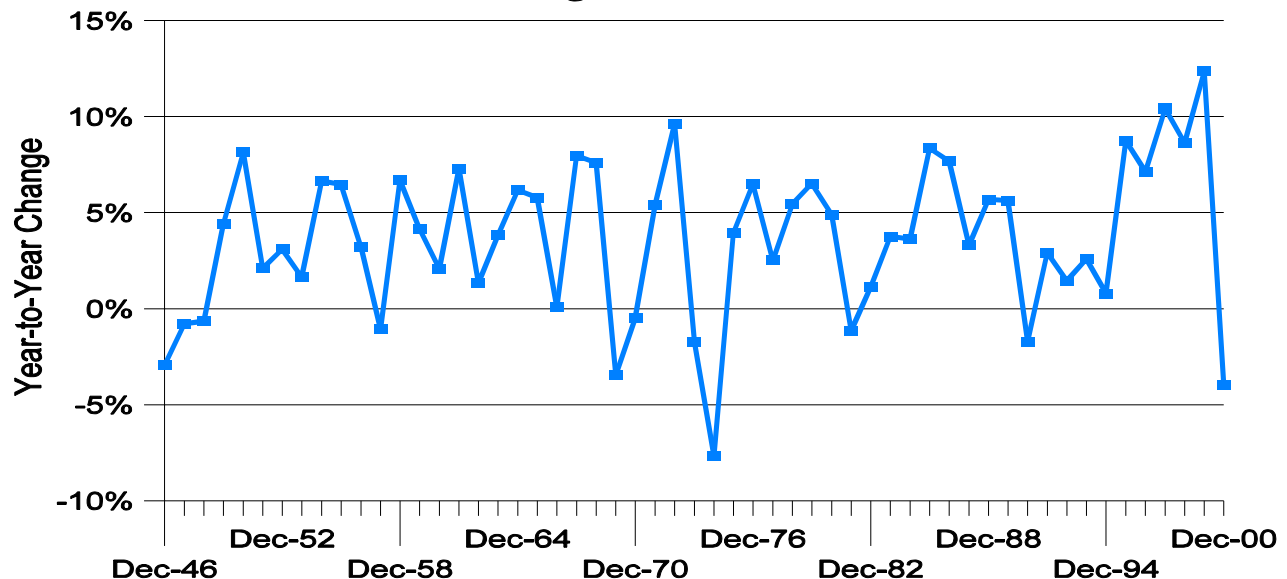
SAAR = Seasonally Adjusted at Annual Rates. NM = Not Meaningful.

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.

Change in Inflation-Adjusted Wealth, 1946-2000

2000 Loss 2nd Largest in Post-WWII Period



Source: Federal Reserve Board