

MICHIGAN ECONOMIC INDICATORS

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

ECONOMIC HIGHLIGHTS



- The **U.S. Consumer Price Index (CPI)** for November was 1.1% above the level one year ago. November marked the sixth consecutive month that year-over-year inflation was 1.2% or less, the longest such period since 1959, excluding the deflationary period between March and October 2009. Excluding energy and food prices, which tend to be very volatile, the CPI was only 0.8% above the year-ago level. Compared with one year ago, energy prices were 3.9% higher in November and medical care services were 3.4% higher.
- **Retail sales** in November were 7.8% above the year-ago. All sectors exhibited gains, with the smallest in furniture (0.6%) and electronics/appliance stores (0.9%). Nonstore retailers exhibited the strongest growth (14.2%), followed by motor vehicle/parts (12.5%), building materials (12.3%), and sporting goods/hobby/book/music stores (12.3%).
- **Nonfarm business sector labor productivity** increased at a 3.6% annual rate during 2010, the most rapid since 2003 and the fourth-strongest annual growth in the last 40 years. Output per hour rose 8.2% in the durable goods manufacturing sector, the fastest rate in the 23 years of modern records (which start in 1987). **Unit labor costs** fell 1.5% during 2010, after falling 1.6% during 2009, the two largest annual declines since the series began in 1948 and the first time since 1963 that costs have fallen in two consecutive years. Unit labor costs in 2010 were approximately the same as during 2006, while the **CPI** is approximately 8.2% higher.
- The **U.S. current account balance**, the combined balances on trade in goods and services, income and financial transfers, decreased to -\$127.2 billion in the third quarter of 2010, the largest deficit since the fourth quarter of 2008 and a 50.7% increase since the recent low exhibited in the second quarter of 2009.



- November **local area unemployment rates** were below year-ago levels in all areas, with an average decline of 2.0 percentage points. However, in all areas the size of the labor force fell, and accounted for most of the declines in local area unemployment rates. Only half of the local areas exhibited year-over-year increases in employment, with Detroit exhibiting the largest increase, at 2.7%.
- As has occurred for more than a year, most **private-sector average weekly earnings** exhibited strong year-over-year growth in November. Sectors exhibiting the strongest gains included wholesale trade (8.3%), transportation equipment manufacturing (7.7%), construction (7.2%), and nondurable goods manufacturing (6.9%). For five consecutive months, the weakest wage growth was in the information sector (-1.9%) and financial activities sector (-3.9%).
- **Michigan wage and salary employment** remained unchanged in November from the October level, but was down 13,000 jobs from one year ago. Compared with November 2009, government employment was down by 18,000 jobs, while manufacturing employment was up 11,000 jobs.



NOVEMBER 2010

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

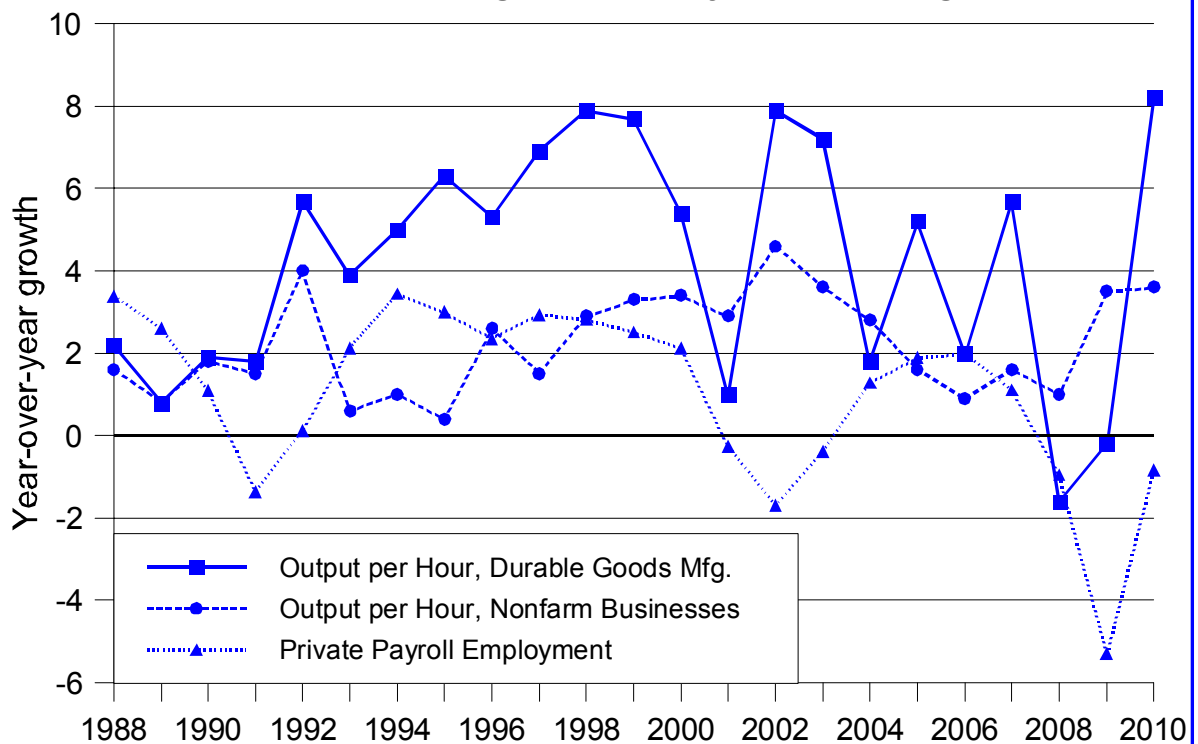
U.S.	Nov. 2010	Oct. 2010	Nov. 2009	<u>Change from Oct.</u>		<u>Change from Year Ago</u>	
				Number	Percent	Number	Percent
Labor Force	153,950	153,960	153,795	(10)	(0.0)%	155	0.1%
Employment	138,909	139,084	138,590	(175)	(0.1)	319	0.2
Unemployment	15,041	14,876	15,205	165	1.1	(164)	(1.1)
Unemployment Rate	9.8%	9.7%	9.9%	---	---	---	---

Michigan	Nov. 2010	Oct. 2010	Nov. 2009	<u>Change from Oct.</u>		<u>Change from Year Ago</u>	
				Number	Percent	Number	Percent
Labor Force	4,800	4,818	4,845	(18)	(0.4)%	(45)	(0.9)%
Employment	4,203	4,200	4,145	4	0.1	58	1.4
Unemployment	597	619	700	(22)	(3.5)	(103)	(14.7)
Unemployment Rate	12.4%	12.8%	14.4%	---	---	---	---

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

Productivity Gains Keeping Labor Demand Low

Durable Goods Mfg. Productivity at Record High



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

MICHIGAN WAGE AND SALARY EMPLOYMENT (Seasonally adjusted, thousands)							
	Nov. 2010*	Oct. 2010	Nov. 2009	<u>Change from Oct.</u>		<u>Change from Yr Ago</u>	
				Number	Percent	Number	Percent
Total Non-Agricultural Jobs	3,838	3,838	3,851	0	0.0%	(13)	(0.3)%
Goods Producing Industries	587	590	581	(3)	(0.4)	7	1.1
Mining and Logging	7	7	7	0	0.0	1	7.2
Construction	116	116	121	1	0.5	(5)	(4.0)
Manufacturing	463	467	453	(3)	(0.7)	11	2.4
Transportation Equipment	128	130	126	(2)	(1.4)	2	1.8
Service Producing Industries	3,251	3,249	3,270	3	0.1	(19)	(0.6)
Trade, Transportation & Utilities	708	711	708	(3)	(0.4)	0	0.0
Wholesale Trade	154	154	151	(0)	(0.1)	3	1.9
Retail Trade	446	449	447	(3)	(0.6)	(1)	(0.2)
Transportation & Utilities	109	109	111	(0)	(0.2)	(2)	(1.8)
Information	50	51	53	(1)	(1.2)	(3)	(5.6)
Financial Activities	183	183	189	(0)	(0.2)	(6)	(3.2)
Professional & Business Services	520	518	516	2	0.5	4	0.8
Education & Health Services	627	625	619	2	0.3	7	1.2
Leisure & Hospitality Services	371	368	377	3	0.8	(6)	(1.5)
Other Services	168	167	165	1	0.3	2	1.4
Government	624	625	643	(1)	(0.1)	(18)	(2.9)

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

*Preliminary

MICHIGAN AVERAGE WEEKLY HOURS AND EARNINGS						
Industry	<u>Average Weekly Hours</u>			<u>Average Weekly Earnings</u>		
	Nov. 2010	Year Ago	Percent Change	Nov. 2010	Year Ago	Percent Change
Construction	40.2	38.4	4.7%	\$903.70	\$842.88	7.2%
Manufacturing	44.0	42.0	4.8	953.92	905.10	5.4
Durable Goods	45.1	43.1	4.6	1,055.79	1,010.26	4.5
Transportation Equipment Mfg.	45.4	43.1	5.3	1,301.16	1,208.52	7.7
Motor Vehicle Parts Mfg.	45.6	44.0	3.6	1,161.43	1,123.76	3.4
Nondurable Goods	40.9	39.0	4.9	659.31	616.98	6.9
Wholesale Trade	38.0	37.8	0.5	766.84	708.37	8.3
Retail Trade	29.4	28.9	1.7	374.56	365.87	2.4
Information	32.1	32.5	(1.2)	800.90	816.40	(1.9)
Financial Activities	36.1	36.3	(0.6)	736.44	765.93	(3.9)
Professional & Business Services	34.2	33.6	1.8	716.49	671.66	6.7
Health Care & Social Assistance	31.6	31.2	1.3	591.24	574.08	3.0
Leisure & Hospitality	22.3	22.8	(2.2)	220.32	218.42	0.9
Accommodation & Food Services	22.3	23.1	(3.5)	214.30	215.99	(0.8)

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

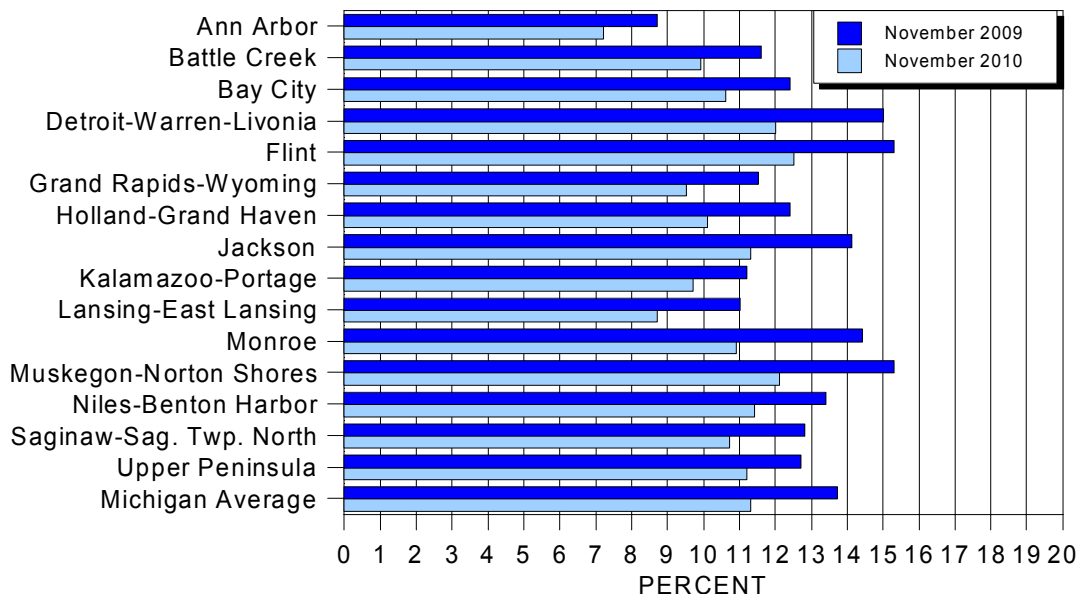
**MICHIGAN UNEMPLOYMENT RATES
BY SELECTED METROPOLITAN AREAS AND MULTI-COUNTY AREAS
(Not Adjusted for Seasonal Variations)**

	Nov. 2010	Oct. 2010	Sept. 2010	Nov. 2009
Metropolitan Statistical Areas				
Ann Arbor	7.2%	7.8%	8.4%	8.7%
Battle Creek	9.9	10.5	11.1	11.6
Bay City	10.6	10.9	11.5	12.4
Detroit-Warren-Livonia	12.0	13.3	13.4	15.0
Flint	12.5	13.0	13.8	15.3
Grand Rapids-Wyoming	9.5	10.0	10.5	11.5
Holland-Grand Haven	10.1	10.6	11.1	12.4
Jackson	11.3	11.9	12.5	14.1
Kalamazoo-Portage	9.7	10.0	10.7	11.2
Lansing-East Lansing	8.7	9.2	9.9	11.0
Monroe	10.9	11.5	12.4	14.4
Muskegon-Norton Shores	12.1	12.8	13.2	15.3
Niles-Benton Harbor	11.4	11.8	12.3	13.4
Saginaw-Saginaw Twp North	10.7	11.1	11.6	12.8
Multi-County Areas				
Northeast Lower Michigan	14.6	13.5	13.4	16.5
Northwest Lower Michigan	13.0	12.3	12.4	14.7
Upper Peninsula	11.2	10.7	11.1	12.7
Michigan Statewide Average				
-- Unadjusted (comparable to figures shown above)	11.3	12.0	12.3	13.7

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

Michigan Regional Unemployment Rates

November 2010 and November 2009

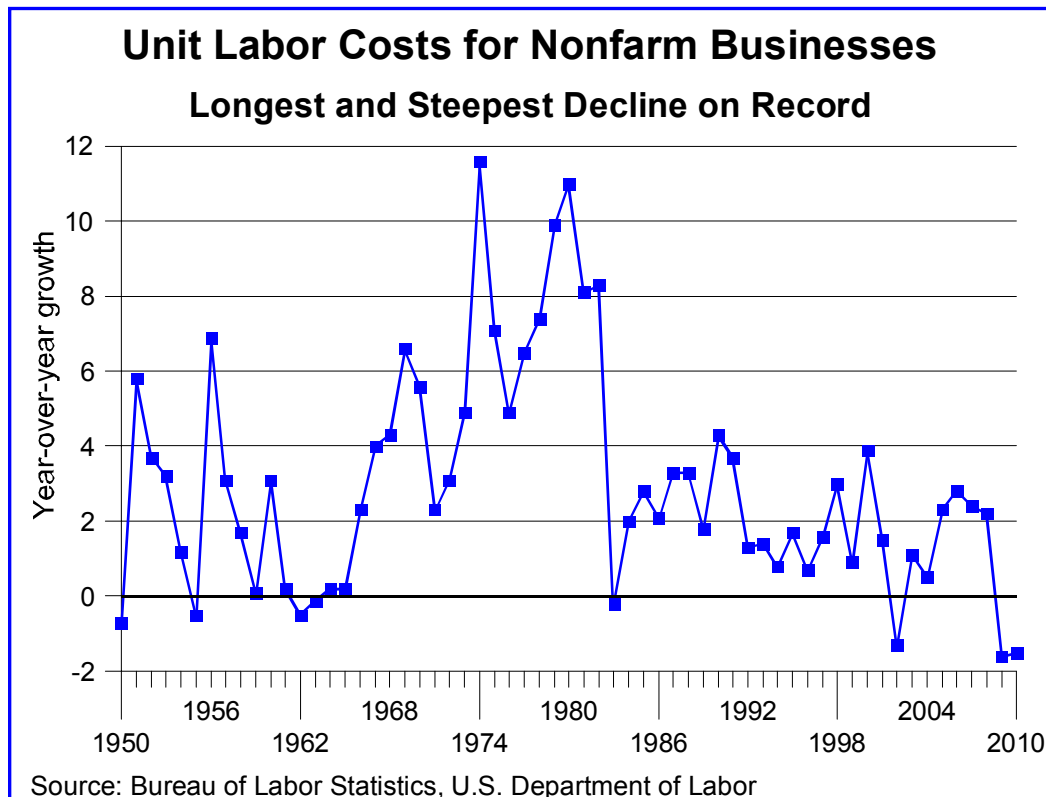


Source: Michigan Department of Energy, Labor, and Economic Growth

MOTOR VEHICLE SALES AND PRODUCTION STATISTICS
(Thousands of Units)

	Nov. 2010	Oct. 2010	Sept. 2010	Aug. 2009	Year Ago Nov.	Percent Change From:	
						Nov./Oct.	Nov. 2010/ Nov. 2009
Motor Vehicle Sales¹⁾ (thousands of units, SAAR)							
Autos	5,850	5,810	5,828	5,648	5,607	0.7%	4.3%
Domestics	3,848	3,744	3,789	3,714	3,836	2.8	0.3
Imports	2,002	2,066	2,039	1,934	1,771	(3.1)	13.0
Import Share	34.2%	35.6%	35.0%	34.2%	31.6%	---	---
Light Trucks	6,365	6,401	5,881	5,788	5,220	(0.6)	21.9
Domestics	5,348	5,437	4,926	4,835	4,403	(1.6)	21.5
Imports	1,017	964	955	953	817	5.5	24.5
Import Share	16.0%	15.1%	16.2%	16.5%	15.7%	---	---
Subtotal: Light Vehicle Sales	12,215	12,211	11,709	11,436	10,827	0.0	12.8
Heavy Trucks	224	215	226	218	222	4.2	0.9
Total Vehicle Sales	12,439	12,426	11,935	11,654	11,049	0.1	12.6
U.S. Motor Vehicle Production¹⁾ (millions of units, SAAR)							
Autos	2,744	2,672	2,779	2,869	2,801	2.7	(2.0)
Michigan Motor Vehicle Production²⁾ (thousands of units, SAAR)							
Autos	437	455	590	524	464	(3.9)	(5.9)
Trucks	938	1,193	1,186	1,265	737	(21.4)	27.2
Total	1,375	1,648	1,775	1,789	1,202	(16.6)	14.4
Michigan Production as % of U.S.	19.3%	22.6%	22.8%	22.0%	18.5%	---	---
U.S. Motor Vehicle Inventories³⁾							
Total Car	1,221	1,156	1,100	1,054	1,095	5.6	11.5
Days Supply	70	67	56	50	65	4.5	7.7
Total Truck	1,208	1,174	1,103	1,011	921	2.9	31.2
Days Supply	64	65	59	53	59	(1.5)	8.5

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).


OTHER KEY ECONOMIC INDICATORS

Variable	Latest Period	Actual Data			Percent Chng From	
		Latest Period	Previous Period	Year Ago	Previous Period*	Year Ago
Index of Consumer Sentiment , monthly ¹⁾ (1996 Q1=100)	Nov.	71.6	67.7	67.4	5.8%	6.2%
Oil Prices ²⁾ (\$ per barrel, West Texas Intermediate Crude)	Nov.	\$84.14	\$81.90	\$78.08	2.7	7.8
Housing Starts, U.S. ³⁾ (thousands of units, SAAR)	Nov.	553	533	589	3.8	(6.1)
Retail Sales, U.S. ³⁾ (billions, seasonally adjusted)	Nov.	\$338.5	\$335.6	\$313.9	0.9	7.8
Industrial Production Index ⁴⁾ (1997=100, seasonally adjusted)	Nov.	94.1	93.8	89.1	0.3	5.6
Capacity Utilization ⁴⁾ (% of total capacity, seasonally adjusted)	Nov.	75.4	75.2	71.1	0.2	5.9
Consumer Price Index ⁵⁾ (1982-84=100)						
U.S. (seasonally adjusted)	Nov.	219.1	218.9	216.9	1.5	1.1
Detroit (not seasonally adjusted)	Oct.	208.8	205.4	205.1	10.4	1.8
Interest Rates						
3-month Treasury Bill ⁴⁾	Nov.	0.13%	0.13%	0.06%	---	---
Corporate Aaa Bonds ⁴⁾	Nov.	4.87%	4.68%	5.19%	---	---
Real Gross Domestic Product ⁶⁾ (billions of 2005 \$, SAAR, Chain-Weighted)	2010 3rd Qtr.	\$13,278.5	\$13,194.9	\$12,860.8	2.6	3.2
Michigan Tax Collections ⁷⁾ (12 major taxes, millions)	Nov. 2010	\$1,537.6	\$2,550.3	\$1,631.6	NM	(5.8)

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.

