

MICHIGAN ECONOMIC INDICATORS

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

ECONOMIC HIGHLIGHTS



United States

- **Motor vehicle sales** rose 2.3% between July and August, for a seasonally adjusted annual rate of 17.95 million units. While total motor vehicle sales were up only 0.2% from August 1999, sales of imports were up 13.9%. August sales of imported automobiles were up 15.3% from a year ago, while imported light trucks were 10.7% higher. Heavy truck sales were 10.4% below year-ago levels and sales of domestic automobiles were 7.3% lower.
- The **trade (current-account) deficit** widened to \$106.1 billion in the second quarter of 2000, up 4.5% from the first quarter and 34.3% above the level in the second quarter of 1999. Almost all of the quarterly increase in the trade deficit was attributable to the goods portion of the account, where imports of capital goods, especially computers and telecommunications equipment, and consumer goods increased significantly. Compared with the second quarter of 1999, the increased value of oil imports accounted for about one-half of the rise in the trade deficit, while the significant appreciation of the dollar against foreign currencies, particularly the euro, accounted for most of the remaining increase.
- The **Consumer Price Index (CPI)**, adjusted for seasonal variations, remained flat in August. Slight increases in other goods and services, which include tobacco products and personal services such as haircuts, were offset by declines in energy services, petroleum-based energy, and other related areas. The index for apparel rose 0.2% in August, the first monthly increase in that portion of the CPI since March. Price increases associated with the introduction of fall-winter wear more than offset price declines on spring-summer clothing.
- **Housing starts** fell again in August, and were 8.0% below a year ago. August marked the fourth month in a row of declining housing starts, although August's decline from July was negligible. Housing starts remain more than 16.3% below the February 2000 peak.

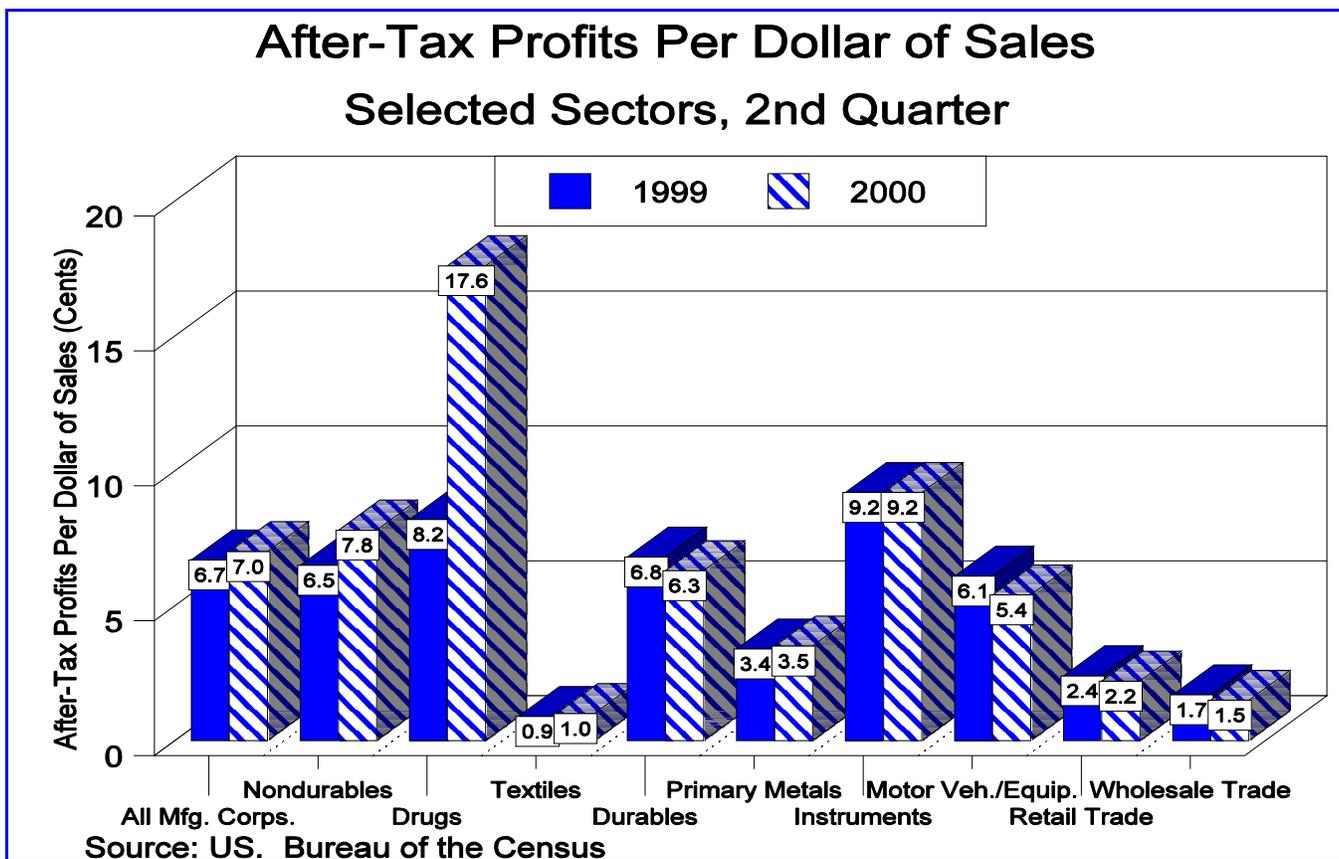


Michigan

- The **unemployment rate** was 3.6% in July, up from 3.3% in June, but below the 3.7% rate one year ago. Compared with June, the size of the labor force increased by 12,000 people, while the number of people employed decreased by 3,000, and the number unemployed increased by 16,000.
- **Average weekly hours** in July remained flat or fell in most industries compared with one year ago, after doing the same in June. The most substantial declines occurred in motor vehicle and equipment manufacturing and food stores. Engineering and management services industries again posted the largest gain in weekly hours, growing 3.1%. Despite the decline in hours, **average weekly earnings** in most industries were above levels from a year ago. Industries posting declines in average weekly earnings were mining, motor vehicle and equipment manufacturing, auto dealers and service stations, and health services.
- The **Detroit Consumer Price Index (DCPI)** fell 0.5% in August, the first decrease since December 1999, but was still 3.6% above the level a year ago. Declining prices for petroleum and petroleum-intensive goods and services more than offset price increases for other components of the index.

U.S. & MICHIGAN LABOR MARKET NEWS (Seasonally Adjusted, Thousands)							
U.S.	Aug.	July	Aug.	Change From July		Change From Year Ago	
	2000	2000	1999	Number	Percent	Number	Percent
Labor Force	140,742	140,399	139,372	343	0.2%	1,370	1.0%
Employment	134,912	134,749	133,530	163	0.1	1,382	1.0
Unemployment	5,829	5,650	5,842	179	3.2	(13)	(0.2)
Unemployment Rate	4.1%	4.0%	4.2%	—	—	—	—
Michigan	July	June	July	Change From June		Change From Year Ago	
	2000	2000	1999	Number	Percent	Number	Percent
Labor Force	5,160	5,147	5,164	12	0.2%	(5)	(0.1)%
Employment	4,974	4,977	4,972	(3)	(0.1)	1	0.0
Unemployment	186	170	192	16	9.3	(6)	(3.1)
Unemployment Rate	3.6%	3.3%	3.7%	—	—	—	—

Source: Michigan Department of Career Development - Employment Service Agency



MICHIGAN WAGE AND SALARY EMPLOYMENT (Seasonally Adjusted, Thousands)							
	July	June	July	Change from June		Change from Yr Ago	
	2000*	1999	1999	Number	Percent	Number	Percent
Wage and Salary Employment	4,585.5	4,578.2	4,541.6	7	0.2%	44	1.0%
Goods Producing Industries	1,182.1	1,172.3	1,179.9	10	0.8	2	0.2
Mining	7.0	6.3	6.9	1	11.1	0	1.4
Construction	194.0	193.3	191.5	1	0.4	3	1.3
Manufacturing	981.1	972.7	981.5	8	0.9	(0)	(0.0)
Durable Goods	745.5	737.7	742.9	8	1.1	3	0.3
Motor Vehicles & Equipment	289.1	286.6	285.0	3	0.9	4	1.4
Nondurable Goods	235.6	235.0	238.6	1	0.3	(3)	(1.3)
Service Producing Industries	3,403.4	3,405.9	3,361.7	(3)	(0.1)	42	1.2
Trans., Comm. & Utilities	178.6	178.2	176.5	0	0.2	2	1.2
Wholesale Trade	237.0	235.7	233.2	1	0.6	4	1.6
Retail Trade	837.8	841.5	831.7	(4)	(0.4)	6	0.7
Finance, Insurance & Real Estate	205.2	205.2	208.0	0	0.0	(3)	(1.3)
Services	1,262.3	1,262.3	1,244.2	0	0.0	18	1.5
Government	682.5	683.0	668.1	(1)	(0.1)	14	2.2

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 2000	Year Ago	Percent Change	July 2000	Year Ago	Percent Change
Mining	46.5	48.5	(4.1)%	\$784.92	\$791.04	(0.8)%
Construction	41.8	42.3	(1.2)	910.40	890.42	2.2
Manufacturing	41.4	42.2	(1.9)	763.00	753.27	1.3
Durable Goods	41.6	42.8	(2.8)	815.36	812.34	0.4
Motor Vehicles & Equipment	41.0	43.6	(6.0)	1,019.67	1,030.27	(1.0)
Nondurable Goods	40.9	40.4	1.2	600.41	570.85	5.2
Wholesale Trade	39.4	39.0	1.0	693.83	672.36	3.2
Selected Retail Trade:						
General Merchandise Stores	28.2	29.2	(3.4)	291.02	280.03	3.9
Department Stores	27.7	28.7	(3.5)	288.63	276.38	4.4
Food Stores	26.8	28.1	(4.6)	228.60	225.08	1.6
Auto Dealers & Service Stations	34.9	35.6	(2.0)	430.32	465.29	(7.5)
Selected Services:						
Depository Institutions	36.2	35.6	1.7	393.49	386.62	1.8
Business Services	33.6	34.6	(2.9)	502.66	467.45	7.5
Health Services	32.2	32.2	0.0	521.96	532.27	(1.9)
Engineering & Management	39.3	38.1	3.1	726.26	685.80	5.9

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

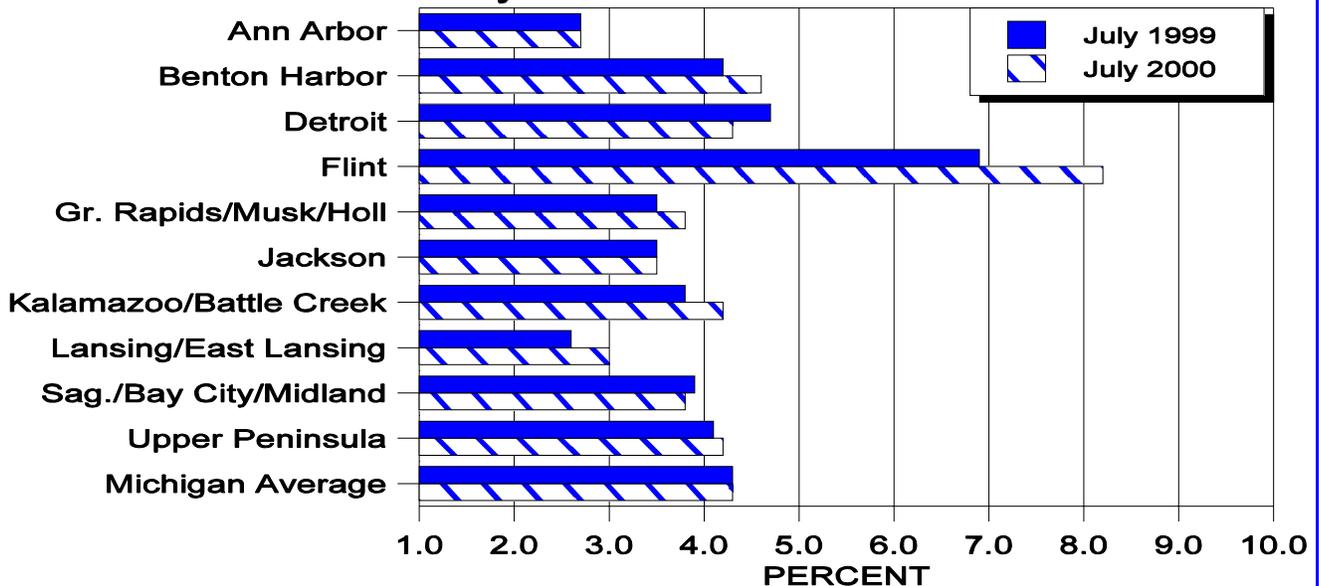
**MICHIGAN UNEMPLOYMENT RATES
 BY SELECTED METROPOLITAN AREAS AND MULTI-COUNTY AREAS
 (Not Adjusted for Seasonal Variations)**

	July 2000*	June 2000	May 2000	July 1999
Metropolitan Statistical Areas				
Ann Arbor	2.7%	2.0%	1.7%	2.7%
Benton Harbor	4.6	3.8	3.0	4.2
Detroit	4.3	3.2	2.7	4.7
Flint	8.2	5.2	4.5	6.9
Grand Rapids	3.8	3.4	2.6	3.5
Jackson	3.5	3.2	2.5	3.5
Kalamazoo-Battle Creek	4.2	3.5	2.9	3.8
Lansing-East Lansing	3.0	2.5	1.9	2.6
Saginaw-Bay City-Midland	3.8	4.0	3.4	3.9
Multi-County Areas				
Alcona-Iosco	7.0	6.0	5.1	8.1
Grand Traverse-Leelanau	2.7	3.4	3.0	2.9
Houghton-Keweenaw	3.2	4.5	4.0	3.1
Missaukee-Wexford	6.2	6.4	4.9	5.8
Upper Peninsula	4.2	5.3	4.5	4.1
Michigan Statewide Average				
--Unadjusted (comparable to figures shown above)	4.3	3.5	2.9	4.3

Source: Michigan Department of Career Development - Employment Service Agency

* Preliminary

**Michigan Regional Unemployment Rates
 July 1999 and 2000**



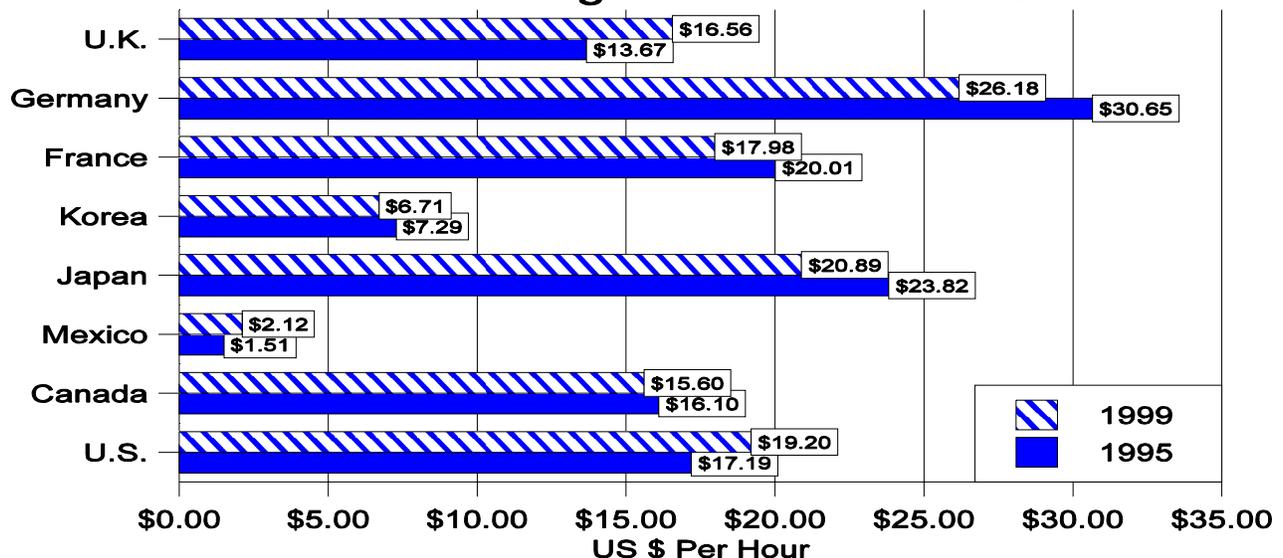
Source: Michigan Department of Career Development - Employment Service Agency

MOTOR VEHICLE SALES AND PRODUCTION STATISTICS
(Thousands of Units)

	Aug. 2000	July 2000	June 2000	May 2000	Year Ago July	Percent Change From:	
						Aug./July	Aug. 2000/ Aug. 1999
Motor Vehicle Sales^{1,2)}							
Autos	8,755	8,791	8,823	8,814	9,034	(0.4)%	(3.1)%
Domestics	6,806	6,797	6,826	6,815	7,343	0.1	(7.3)
Imports	1,949	1,994	1,997	1,999	1,691	(2.3)	15.3
Import Share	22.3%	22.7%	22.6%	22.7%	18.7%	—	—
Light Trucks	8,627	8,194	8,177	8,189	8,241	5.3	4.7
Domestics	7,832	7,363	7,285	7,354	7,523	6.4	4.1
Imports	795	831	892	835	718	(4.3)	10.7
Import Share	9.2%	10.1%	10.9%	10.2%	8.7%	—	—
Heavy Trucks	570	560	654	605	636	1.8	(10.4)
Total	17,952	17,545	17,654	17,608	17,911	2.3	0.2
U.S. Motor Vehicle Production^{1,2)}							
Autos	5,680	6,185	5,806	5,557	5,786	(8.2)	(1.8)
Michigan Motor Vehicle Production^{2,3)}							
Autos	2,050	1,835	2,068	1,966	1,730	11.7	18.5
Trucks	1,315	1,147	1,621	1,355	1,543	14.6	(14.8)
Total	3,365	2,982	3,689	3,322	3,273	12.8	2.8
Michigan Production as % of U.S.	24.8%	21.3%	23.8%	24.9%	22.3%	—	—
U.S. Motor Vehicle Inventories⁴⁾							
Total Car	1,500	1,546	1,713	1,720	1,334	(3.0)	12.5
Days Supply	49	51	52	53	43	(3.9)	14.0
Total Truck	1,894	1,892	2,110	2,044	1,590	0.1	19.1
Days Supply	71	70	71	68	61	1.4	16.4

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)

**Hourly Compensation Costs
for Manufacturing Production Workers**



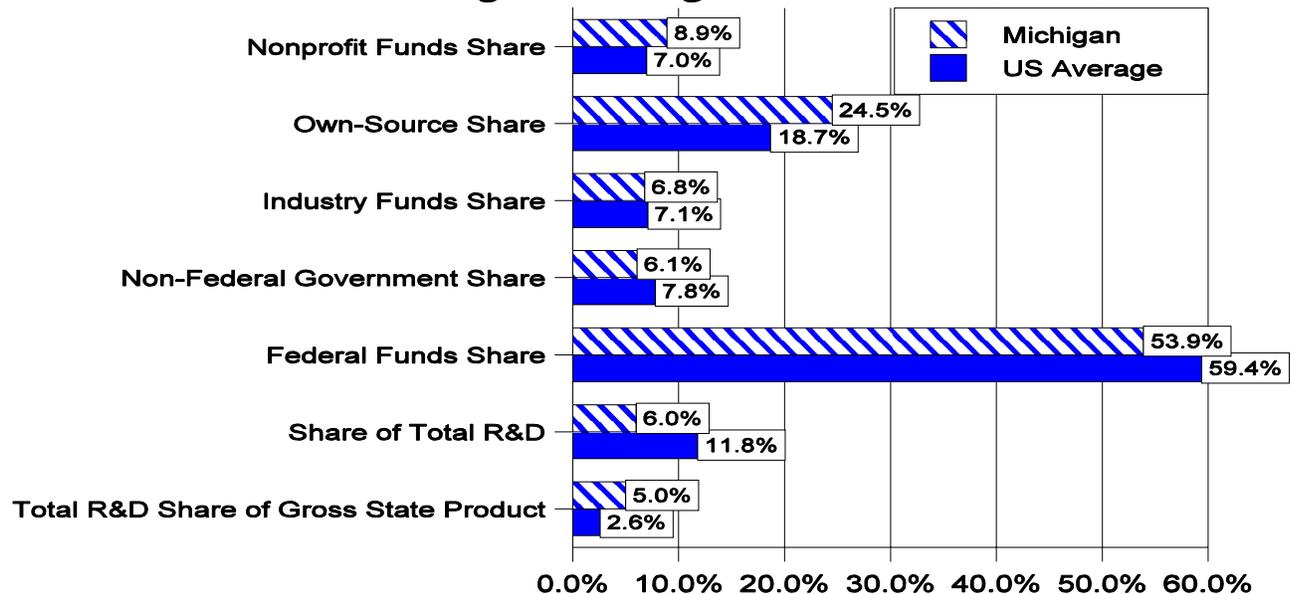
Source: Bureau of Labor Statistics, U.S. Department of Labor

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)	August	105.7	105.8	105.5	(0.1)%	0.2%
Composite Index of Coincident Indicators¹⁾ (1992=100, seasonally adjusted)	August	115.9	115.7	112.4	0.2	3.1
Housing Starts, U.S.²⁾ (thousands of units, SAAR)	August	1,525	1,527	1,657	(0.1)	(8.0)
Retail Sales, U.S.²⁾ (billions, seasonally adjusted)	August	\$270.9	\$270.6	\$253.5	0.1	6.9
Industrial Production Index³⁾ (1992=100)	August	145.6	145.0	137.7	0.4	5.7
Consumer Price Index⁴⁾ (1982-84=100)						
U.S.	August	172.8	172.8	167.1	0.0	3.4
Detroit	August	170.1	170.9	164.2	(0.5)	3.6
Interest Rates³⁾						
3-month Treasury Bill	August	6.11%	5.93%	4.76%	—	—
Corporate Aaa Bonds	August	7.55%	7.65%	7.40%	—	—
Real Gross Domestic Product⁵⁾ (billions of 1996 \$, SAAR)						
	2000	\$9,318.9	\$9,191.8	\$8,783.2	5.5	6.1
	2nd Qtr.					
Michigan Tax Collections⁶⁾ (13 major taxes, millions)	Sept. 2000	\$1,662.5	\$1,568.5	\$1,698.9	NM	(2.1)

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.

Higher Education Research & Development (R&D) Funding in Michigan - 1997



Source: National Science Foundation