

MICHIGAN ECONOMIC INDICATORS

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

ECONOMIC HIGHLIGHTS



United States

- **Motor vehicle sales** fell 12.4% between August and September but were still 0.7% above the year-ago level. September sales of domestic automobiles were down 15.6% from August and 4.9% below the September 2001 level. Imported automobile sales rose 9.7% in September and were 18.5% above the level one year ago. September light truck sales declined for both domestic and foreign models, at 17.3% and 1.8%, respectively, and were essentially unchanged from the level last year. Heavy truck sales were 8.1% above the year-ago level.
- **Retail sales** fell 1.2% in September but were still 5.7% above the level one year ago. Almost all of the decline was in the motor vehicles and parts category, although almost every major category posted at least a small decline from August. Only building materials; health and personal care; and sporting goods, hobby, book and music stores showed increases in September.
- The **unemployment rate** remained at 5.7% in September and was above the 5.0% year-ago rate. Employment increased by 711,000 jobs in September, after rising by 429,000 jobs in August. As a result, employment was 181,000 jobs higher than one year ago. The unemployment rate remained steady despite the new jobs and a 50,000-person decline in the ranks of the unemployed, primarily because 239,000 individuals left the labor force.
- **Housing starts** rose 13.3% between August and September and were 16.5% above the year-ago level. The growth occurred in all regions of the country, and with the exception of the Northeast region, primarily reflected starts of single-family homes.



Michigan

- **Average weekly earnings** in Michigan rose in most sectors during September, with earnings in the motor vehicle and equipment manufacturing sector rising the most with a 13.4% increase from the year-ago level. The only sectors showing declines in average weekly earnings were the mining, business services, food stores, and nondurable goods manufacturing sectors. Generally, higher average weekly hours drove up average weekly earnings, with average weekly hours in the motor vehicle and equipment manufacturing sector up 8.0% from the year-ago level.
- Michigan **motor vehicle production** remained essentially flat in September, falling only 0.7% from August, and was 22.9% above the year-ago level. Nationally, motor vehicle production fell 6.8% between August and September and was only 7.6% above September 2001. Production of automobiles in Michigan fell 7.2% in September, compared with the August production level, which was up 8.7%. Compared with one year ago, Michigan automobile production was 12.7% higher and truck production 38.4% higher.
- **Wage and salary employment** in Michigan rose by approximately 8,000 jobs in September, the largest seasonally adjusted increase in a single month since February 2001 and only the fourth increase since October 2000. However, wage and salary employment was still 27,000 jobs below the year-ago level and was 154,000 jobs below the June 2000 peak. Nearly all of the gains in September's employment figures were in the services sector.

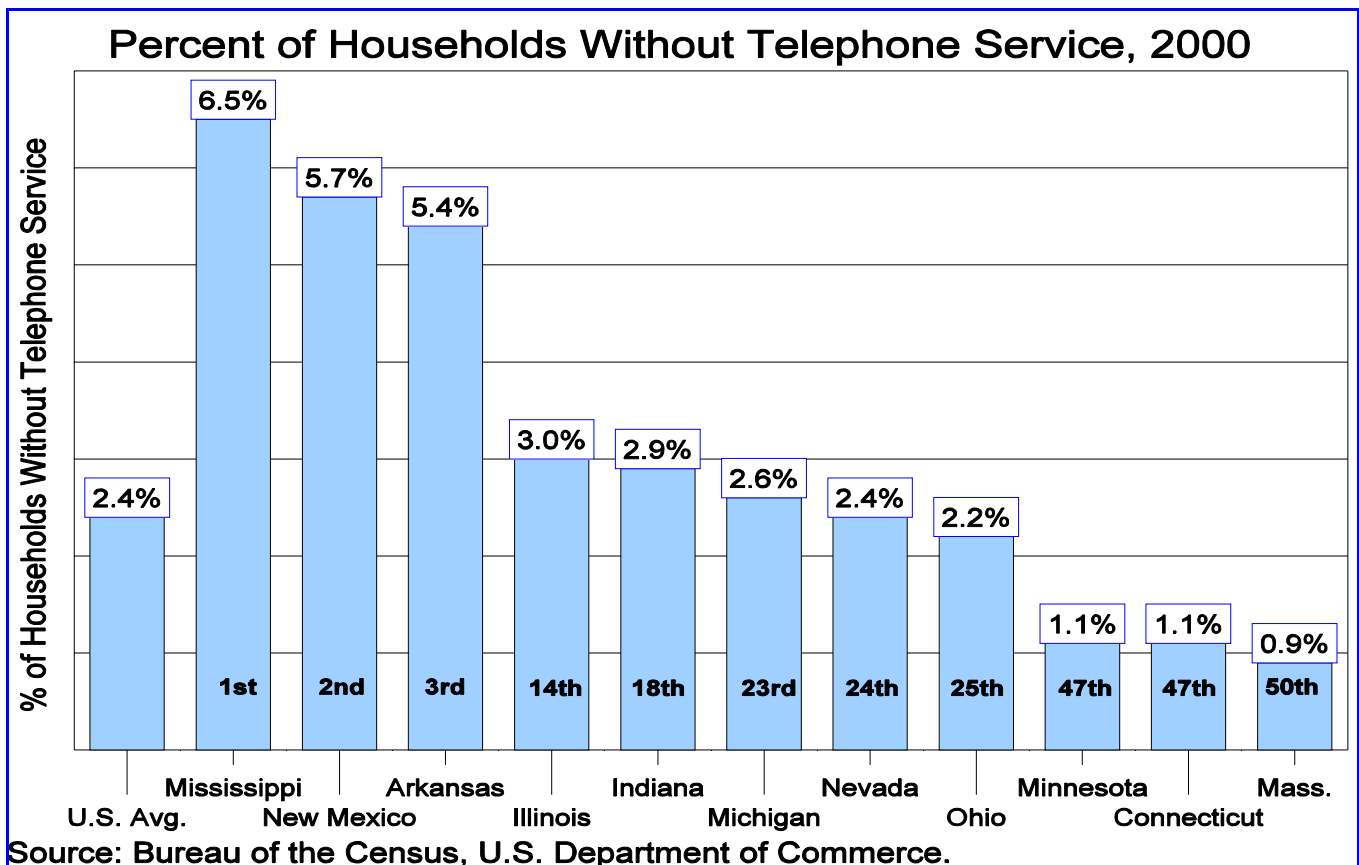


SEPTEMBER 2002

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U.S. & MICHIGAN LABOR MARKET NEWS (Seasonally Adjusted, Thousands)							
U.S.	Sept. 2002	Aug. 2002	Sept. 2001	<u>Change From Aug.</u>		<u>Change From Year Ago</u>	
				Number	Percent	Number	Percent
Labor Force	142,377	142,616	142,068	(239)	(0.2)%	309	0.2%
Employment	135,185	134,474	135,004	711	0.5	181	0.1
Unemployment	8,092	8,142	7,064	(50)	(0.6)	1,028	14.6
Unemployment Rate	5.7%	5.7%	5.0%	---	---	---	---
Michigan	Sept. 2002	Aug. 2002	Sept. 2001	<u>Change From Aug.</u>		<u>Change From Year Ago</u>	
				Number	Percent	Number	Percent
Labor Force	5,144	5,155	5,166	(11)	(0.2)%	(22)	(0.4)%
Employment	4,846	4,833	4,880	13	0.3	(34)	(0.7)
Unemployment	298	322	286	(24)	(7.5)	12	4.3
Unemployment Rate	5.8%	6.2%	5.5%	---	---	---	---

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



MICHIGAN WAGE AND SALARY EMPLOYMENT (Seasonally Adjusted, Thousands)							
	Sept. 2002*	Aug. 2002	Sept. 2001	Change from Aug.		Change from Yr Ago	
				Number	Percent	Number	Percent
Wage and Salary Employment	4,545	4,537	4,572	8	0%	(27)	(1)%
Goods-Producing Industries	1,113	1,112	1,125	1	0	(12)	(1)
Mining	8	8	8	0	0	0	0
Construction	199	199	200	0	0	(1)	(1)
Manufacturing	906	905	917	1	0	(11)	(1)
Durable Goods	685	685	696	0	0	(11)	(2)
Motor Vehicles & Equipment	267	266	258	1	0	9	3
Nondurable Goods	221	221	220	0	0	1	0
Service-Producing Industries	3,432	3,425	3,447	7	0	(15)	(0)
Trans., Comm. & Utilities	178	179	181	(1)	(1)	(3)	(2)
Wholesale Trade	216	216	219	0	0	(3)	(1)
Retail Trade	831	833	851	(2)	(0)	(20)	(2)
Finance, Insurance & Real Estate	212	211	210	1	0	2	1
Services	1,295	1,288	1,298	7	1	(3)	(0)
Government	700	697	688	3	0	12	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		
	Sept. 2002	Year Ago	Percent Change	Sept. 2002	Year Ago	Percent Change
Mining	44.7	46.0	(2.8)%	\$770.63	\$799.02	(3.6)%
Construction	40.0	39.4	1.5	885.20	867.59	2.0
Manufacturing	43.3	42.0	3.1	886.35	835.80	6.0
Durable Goods	44.2	42.3	4.5	965.33	895.91	7.7
Motor Vehicles & Equipment	47.2	43.7	8.0	1,331.51	1,174.66	13.4
Nondurable Goods	40.3	41.0	(1.7)	624.25	634.27	(1.6)
Wholesale Trade	38.6	38.7	(0.3)	661.60	654.42	1.1
Selected Retail Trade:						
General Merchandise Stores	29.6	27.9	6.1	309.02	290.44	6.4
Department Stores	29.2	27.2	7.4	305.14	283.42	7.7
Food Stores	26.3	27.4	(4.0)	244.59	255.64	(4.3)
Auto Dealers & Service Stations	34.4	33.9	1.5	460.96	428.16	7.7
Selected Services:						
Depository Institutions	35.2	35.2	0.0	425.57	414.30	2.7
Business Services	34.5	34.0	1.5	554.07	562.36	(1.5)
Health Services	32.5	31.7	2.5	547.30	518.30	5.6
Engineering & Management	37.6	38.6	(2.6)	787.34	768.53	2.4

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

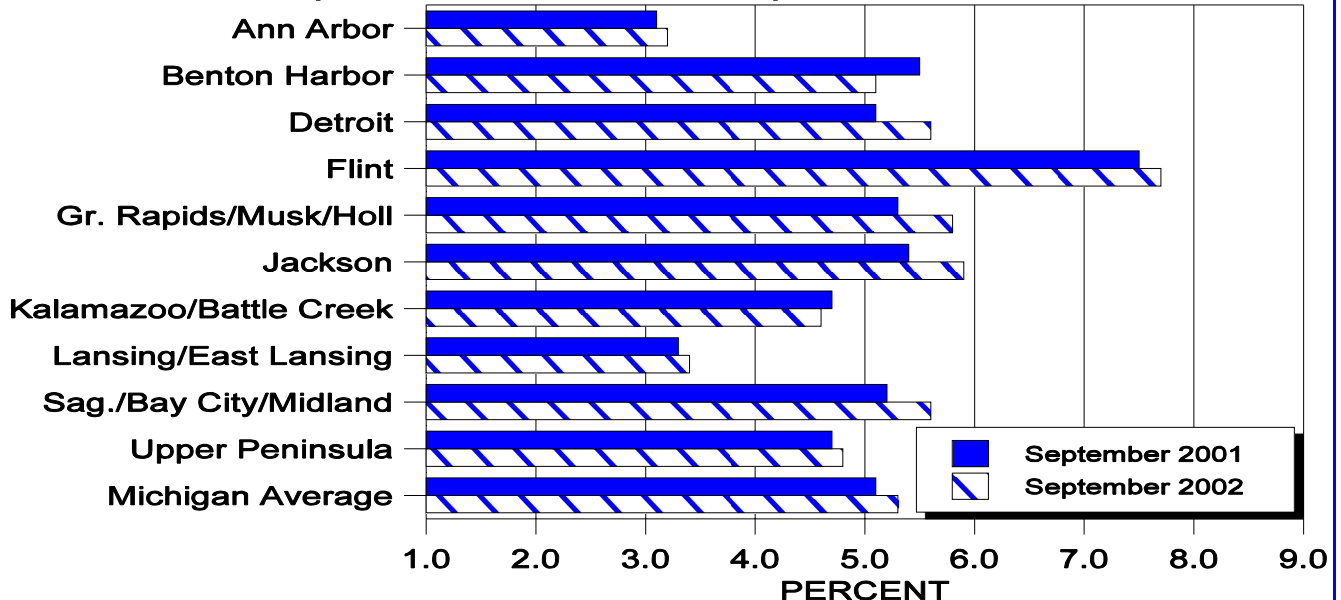
**MICHIGAN UNEMPLOYMENT RATES
BY SELECTED METROPOLITAN AREAS AND MULTI-COUNTY AREAS
(Not Adjusted for Seasonal Variations)**

	Sept. 2002	Aug. 2002	July 2002	Sept. 2001
Metropolitan Statistical Areas				
Ann Arbor	3.2%	3.5%	4.6%	3.1%
Benton Harbor	5.1	5.7	7.0	5.5
Detroit	5.6	6.0	7.5	5.1
Flint	7.7	8.6	10.7	7.5
Grand Rapids	5.8	6.2	7.5	5.3
Jackson	5.9	6.1	7.5	5.4
Kalamazoo-Battle Creek	4.6	5.2	6.2	4.7
Lansing-East Lansing	3.4	3.8	4.7	3.3
Saginaw-Bay City-Midland	5.6	6.1	7.3	5.2
Multi-County Areas				
Northeast Lower Michigan	6.0	6.8	8.3	6.3
Northwest Lower Michigan	5.0	5.4	6.3	5.1
Upper Peninsula	4.8	5.6	6.3	4.7
Michigan Statewide Average				
--Unadjusted (comparable to figures shown above)	5.3	5.8	7.2	5.1

Source: Michigan Department of Career Development - Employment Service Agency

* Preliminary

**Michigan Regional Unemployment Rates
September 2001 and September 2002**



Source: Michigan Department of Career Development - Employment Service Agency

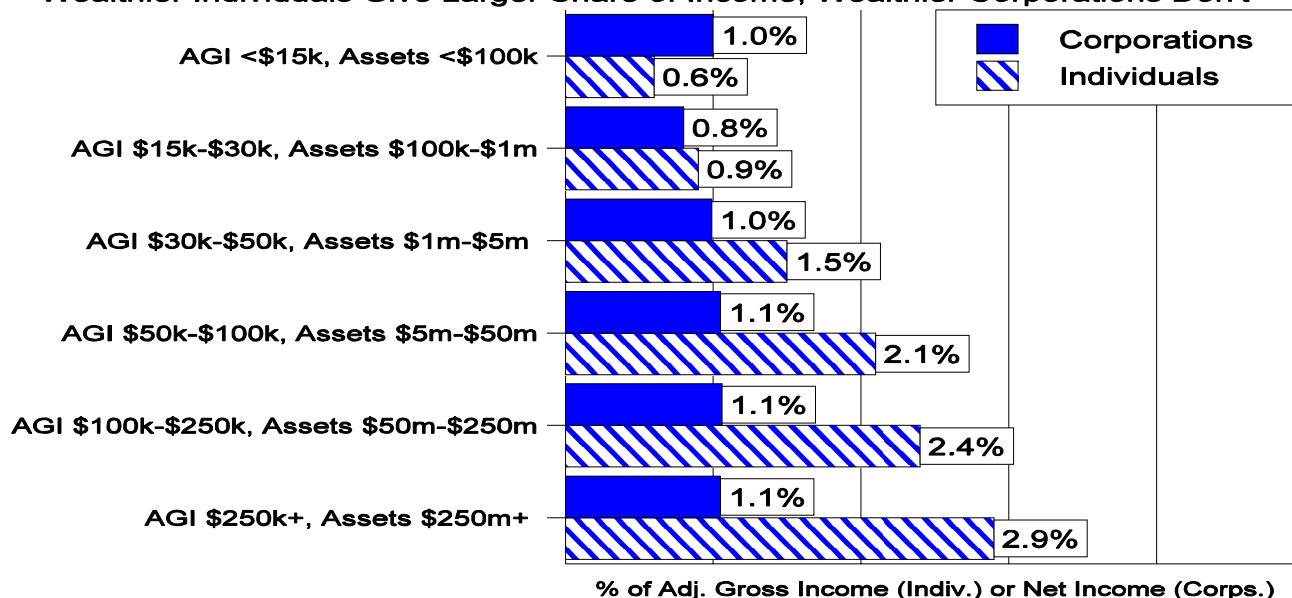
MOTOR VEHICLE SALES AND PRODUCTION STATISTICS (Thousands of Units)

	Sept. 2002	Aug. 2002	July 2002	June 2002	Year Ago Sept.	<u>Percent Change From:</u>	
						Sept./Aug.	Sept. 2002/ Sept. 2001
Motor Vehicle Sales^{1,2)}							
Autos	7,911	8,725	8,803	7,969	7,825	(9.3)%	1.1%
Domestics	5,528	6,552	6,521	5,742	5,814	(15.6)	(4.9)
Imports	2,383	2,173	2,282	2,227	2,011	9.7	18.5
Import Share	30.1%	24.9%	25.9%	27.9%	25.7%	---	---
Light Trucks	8,317	9,858	9,261	8,308	8,315	(15.6)	0.0
Domestics	7,291	8,813	8,109	7,218	7,274	(17.3)	0.2
Imports	1,026	1,045	1,152	1,090	1,041	(1.8)	(1.4)
Import Share	12.3%	10.6%	12.4%	13.1%	12.5%	---	---
Heavy Trucks	441	440	399	375	408	0.2	8.1
Total	16,669	19,023	18,463	16,652	16,548	(12.4)	0.7
U.S. Motor Vehicle Production^{1,2)}							
Autos	4,932	5,290	5,711	5,128	4,584	(6.8)	7.6
Michigan Motor Vehicle Production^{2,3)}							
Autos	1,581	1,704	2,838	1,658	1,403	(7.2)	12.7
Trucks	1,291	1,187	1,601	1,118	933	8.7	38.4
Total	2,872	2,892	4,439	2,776	2,336	(0.7)	22.9
Michigan Production as % of U.S.	23.2%	23.5%	24.9%	23.9%	21.7%	---	---
U.S. Motor Vehicle Inventories⁴⁾							
Total Car	1,493	1,411	1,442	1,606	1,371	5.8	8.9
Days Supply	56	47	48	51	50	19.1	12.0
Total Truck	1,663	1,559	1,563	1,818	1,770	6.7	(6.1)
Days Supply	51	51	51	60	67	0.0	(23.9)

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)

Charitable Contributions

Wealthier Individuals Give Larger Share of Income, Wealthier Corporations Don't



Source: Internal Revenue Service

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)	Sept.	118.5	119.8	115.2	(1.1)%	2.9%
Coincident Index ¹⁾ (1992 = 100)	Sept.	136.4	136.3	134.2	0.1	1.6
Housing Starts, U.S. ²⁾ (thousands of units, SAAR)	Sept.	1,843	1,627	1,582	13.3	16.5
Retail Sales, U.S. ²⁾ (billions, seasonally adjusted)	Sept.	\$274.4	\$277.9	\$259.5	(1.2)	5.7
Industrial Production Index ³⁾ (1992 = 100) (seasonally adjusted)	Sept.	140.5	140.6	138.5	(0.1)	1.5
Capacity Utilization ³⁾ (% of total capacity, seasonally adjusted)	Sept.	75.9	76.0	75.5	(0.2)	0.5
Consumer Price Index ⁴⁾ (1982-84 = 100) U.S. (seasonally adjusted)	Sept.	180.8	180.5	178.1	2.0	1.5
Detroit (not seasonally adjusted)	Aug.	180.9	179.0	175.1	6.5	3.3
Interest Rates						
3-month Treasury Bill ³⁾	Sept.	1.63%	1.63%	2.87%	---	---
Corporate Aaa Bonds ³⁾	Sept.	6.15%	6.37%	7.17%	---	---
Real Gross Domestic Product ⁵⁾ (billions of 1996 \$, SAAR, chain-weighted)	2002 2nd Qtr.	\$9,392.4	\$9,363.2	\$9,193.1	1.3	2.2
Michigan Tax Collections ⁶⁾ (12 major taxes, millions)	Sept. 2002	\$1,799.2	\$1,472.9	\$1,677.0	NM	3.6

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

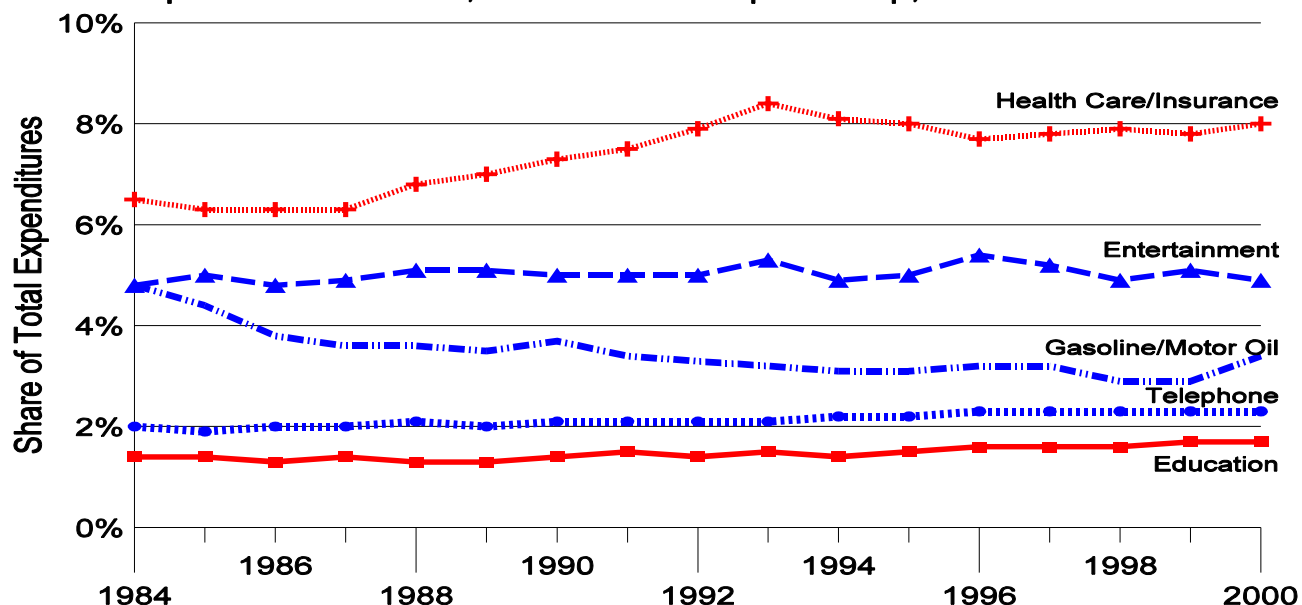
Revenue data vary greatly from month-to-month due to timing and other noneconomic factors.

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.

Selected Consumer Expenditure Trends, 1984-2000

Little Spent on Education; Health and Telephone Up; Motor Fuels Down



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