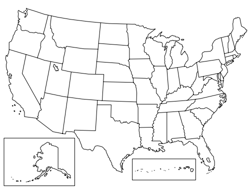
MICHIGAN ECONOMIC INDICATORS

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

ECONOMIC HIGHLIGHTS



- The advance estimate for **inflation-adjusted Gross Domestic Product (GDP)** indicated the economy grew at a 2.0% annual rate in the third quarter of 2010, slightly faster than the 1.7% growth during the second quarter. Residential investment, which contracted at a 29.1% annual rate, and state/local government expenditures, which contracted at an 0.8% rate, partially offset growth in personal consumption spending, nonresidential fixed investment, and Federal expenditures. Over the last four quarters, growth in inventories has represented more than 55% of the growth in the economy, and accounted for 72% of net growth during the third quarter.

- **Retail sales** rose 7.7% in September from the level one year ago. Gains were consistent across sectors, with only department stores exhibiting a decrease (an 0.8% decline). Vehicle sales exhibited the strongest growth (19.0%), followed by nonstore retailers (14.4%).

- Seasonally-adjusted **light vehicle sales** rose to an 11.7 million unit annual rate in September, up 2.4% from August and 25.3% above the year-ago level. Light vehicle sales were at their highest level in September since August 2009. Sales of automobiles were 15.9% above September 2009, while light truck sales were up 36.2%.

- The **value of the dollar** fell for a fourth consecutive month against major currencies, dropping 2.6% in October from the September level. The value of the dollar has fallen 8.4% since June 2010, but is down only 0.6% from October 2009 and is still 2.9% above the modern record low set in March 2008.

- As has occurred for more than a year, **private-sector average weekly earnings** exhibited strong year-over-year growth in August, although most sectors are no longer averaging double-digit year-over-year growth rates. Sectors exhibiting the strongest gains included wholesale trade (11.5%), construction (9.5%), and transportation equipment manufacturing (8.7%). As has been the case for four consecutive months, the weakest wage growth was in the information sector (-4.6%) and financial activities sector (-0.5%).

- **Michigan's unemployment rate** decreased from 13.1% in August to 13.0% in September; the ninth consecutive monthly decline, and down from 14.4% one year ago. Unlike the declines between January and May, when both employment and the size of the labor force increased, the decline over the last four months has been characterized by people leaving the labor force by larger magnitudes than the changes in employment. Compared with one year ago, employment has risen by 34,000 jobs, but 40,000 persons have left the labor force.

- **Building permits in Michigan** through September have almost surpassed the levels exhibited during all of 2009, with permits for all housing units up 30.0% from the January-September 2009 period. However, despite the gains, while 2010 permits are on track to exceed last year's levels, the level would still be the second-lowest level on record and at least 36.0% below any year between 1960 and 2005.

SENATE FISCAL AGENCY

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SENATE FISCAL AGENCY

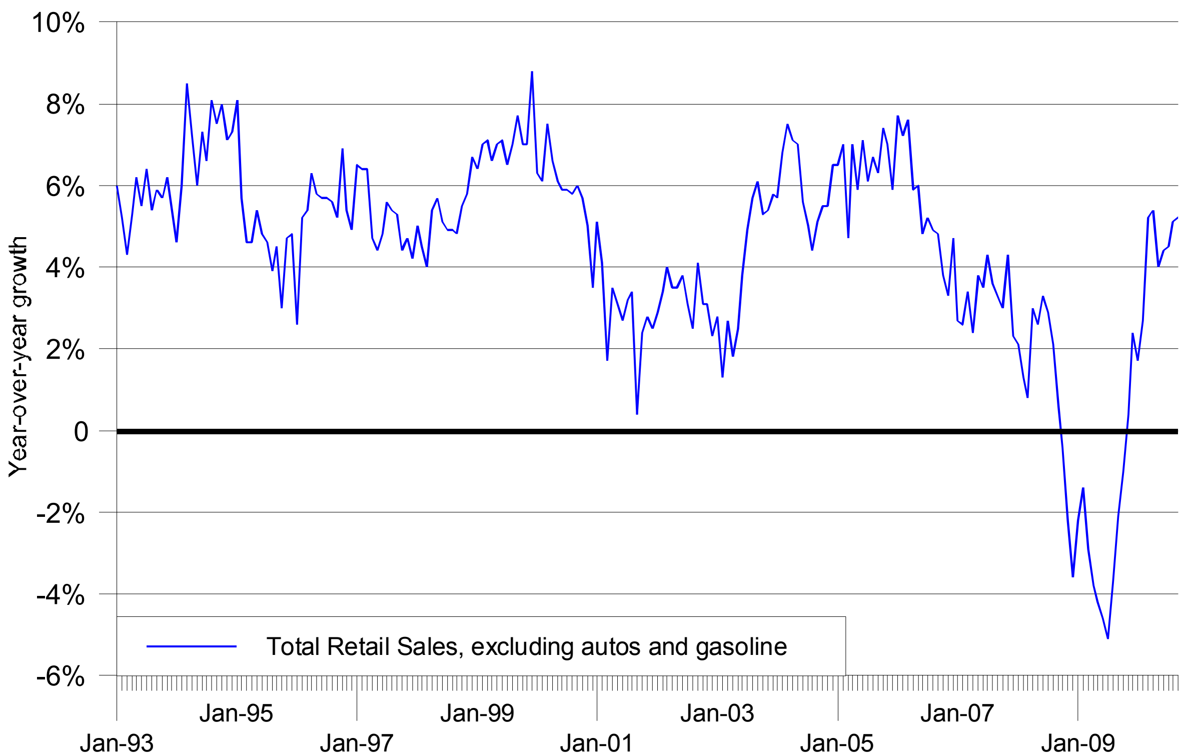
U.S. & MICHIGAN LABOR MARKET NEWS
(Seasonally adjusted, thousands)

U.S.	Sept. 2010	Aug. 2010	Sept. 2009	Change from August: Number	Change from August: Percent	Change from Year Ago: Number	Change from Year Ago: Percent
Labor Force	154,158	154,110	153,927	48	0.0%	231	0.2%
Employment	139,391	139,250	138,768	141	0.1	623	0.4
Unemployment	14,767	14,860	15,159	(93)	(0.6)	(392)	(2.6)
Unemployment Rate	9.6%	9.6%	9.8%	---	---	---	---

Michigan	Sept. 2010	Aug. 2010	Sept. 2009	Change from August: Number	Change from August: Percent	Change from Year Ago: Number	Change from Year Ago: Percent
Labor Force	4,827	4,831	4,866	(4)	(0.1)%	(40)	(0.8)%
Employment	4,201	4,197	4,167	4	0.1	34	0.8
Unemployment	625	634	699	(9)	(1.4)	(74)	(10.6)
Unemployment Rate	13.0%	13.1%	14.4%	---	---	---	---

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

Retail Sales Growth Has Improved
But Is Still Below Historical Recovery Levels



Source: Bureau of the Census, U.S. Dept. of Commerce

MICHIGAN WAGE AND SALARY EMPLOYMENT
(Seasonally adjusted, thousands)

	Sept. 2010*	Aug. 2010	Sept. 2009	Change from August Number	Change from August Percent	Change from Yr Ago Number	Change from Yr Ago Percent
Total Non-Agricultural Jobs	3,823	3,836	3,830	(13)	(0.3)%	(7)	(0.2)%
Goods Producing Industries	585	584	582	1	0.2	3	0.6
Mining and Logging	7	7	7	0	0.0	0	5.8
Construction	113	115	119	(2)	(1.3)	(6)	(4.6)
Manufacturing	464	461	456	3	0.6	8	1.8
Transportation Equipment	128	123	131	5	4.0	(3)	(2.2)
Service Producing Industries	3,238	3,252	3,248	(14)	(0.4)	(10)	(0.3)
Trade, Transportation & Utilities	708	708	709	(0)	(0.0)	(1)	(0.2)
Wholesale Trade	152	154	150	(2)	(1.0)	3	1.7
Retail Trade	447	446	447	0	0.0	(1)	(0.2)
Transportation & Utilities	109	108	112	1	1.0	(3)	(2.6)
Information	53	53	55	(1)	(1.5)	(2)	(4.2)
Financial Activities	181	181	189	(0)	(0.1)	(8)	(4.4)
Professional & Business Services	514	512	500	2	0.4	14	2.7
Education & Health Services	615	622	610	(6)	(1.0)	5	0.9
Leisure & Hospitality Services	374	377	377	(3)	(0.9)	(4)	(1.0)
Other Services	164	166	167	(1)	(0.7)	(3)	(1.7)
Government	630	634	641	(4)	(0.7)	(11)	(1.7)

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

MICHIGAN AVERAGE WEEKLY HOURS AND EARNINGS

Industry	Average Weekly Hours Sept. 2010	Average Weekly Hours Year Ago	Average Weekly Hours Percent Change	Average Weekly Earnings Sept. 2010	Average Weekly Earnings Year Ago	Average Weekly Earnings Percent Change
Construction	38.9	36.5	6.6%	$872.53	$796.80	9.5%
Manufacturing	44.6	43.1	3.5	993.69	935.70	6.2
Durable Goods	45.7	44.4	2.9	1,110.05	1,054.50	5.3
Transportation Equipment Mfg.	46.1	43.8	5.3	1,339.67	1,232.97	8.7
Motor Vehicle Parts Mfg.	45.7	43.7	4.6	1,178.60	1,130.08	4.3
Nondurable Goods	41.3	39.7	4.0	659.56	617.34	6.8
Wholesale Trade	37.9	36.4	4.1	752.69	674.86	11.5
Retail Trade	29.3	29.6	(1.0)	382.95	380.66	0.6
Information	33.0	32.3	2.2	795.30	833.66	(4.6)
Financial Activities	36.4	35.5	2.5	740.74	744.79	(0.5)
Professional & Business Services	33.1	33.1	0.0	672.92	656.37	2.5
Health Care & Social Assistance	31.3	31.5	(0.6)	589.07	581.49	1.3
Leisure & Hospitality	22.9	23.2	(1.3)	227.17	218.31	4.1
Accommodation & Food Services	22.9	23.4	(2.1)	220.30	215.05	2.4

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

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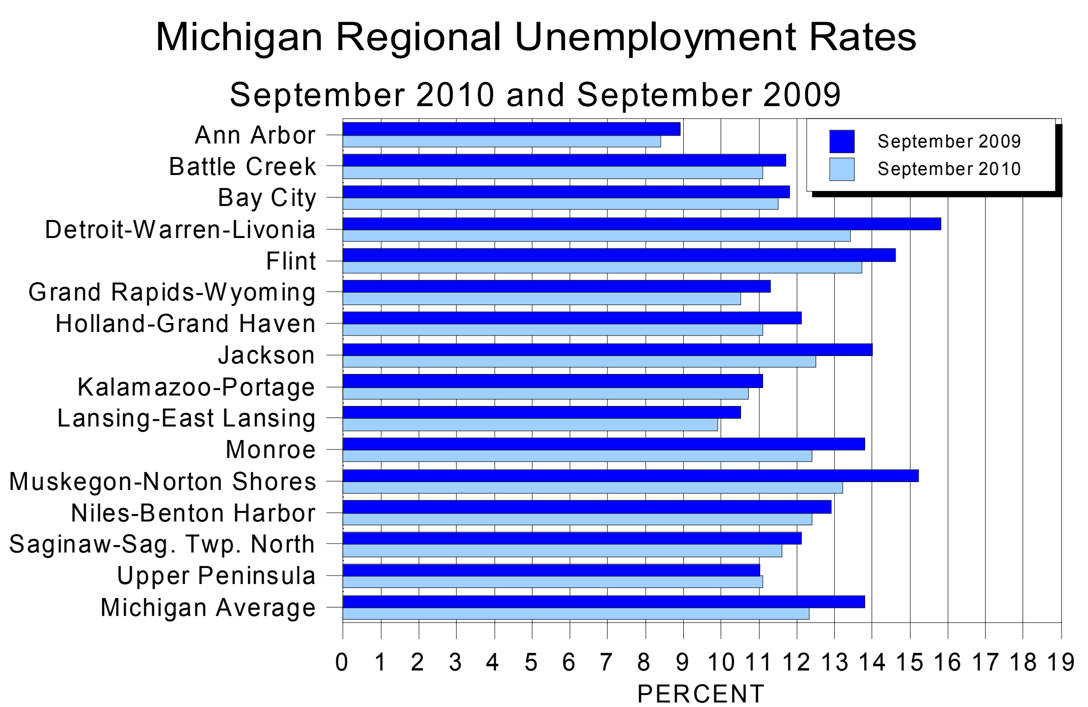
MICHIGAN UNEMPLOYMENT RATES
BY SELECTED METROPOLITAN AREAS AND MULTI-COUNTY AREAS
(Not Adjusted for Seasonal Variations)

	Sept. 2010	Aug. 2010	July 2010	Sept. 2009
Metropolitan Statistical Areas				
Ann Arbor	8.4%	8.8%	10.0%	8.9%
Battle Creek	11.1	11.3	13.0	11.7
Bay City	11.5	11.5	12.7	11.8
Detroit-Warren-Livonia	13.4	14.4	15.2	15.8
Flint	13.7	13.9	15.4	14.6
Grand Rapids-Wyoming	10.5	10.7	11.9	11.3
Holland-Grand Haven	11.1	11.3	12.6	12.1
Jackson	12.5	12.7	14.3	14.0
Kalamazoo-Portage	10.7	10.9	12.2	11.1
Lansing-East Lansing	9.9	10.1	11.3	10.5
Monroe	12.4	13.0	14.4	13.8
Muskegon-Norton Shores	13.2	13.4	14.9	15.2
Niles-Benton Harbor	12.4	12.5	14.0	12.9
Saginaw-Saginaw Twp North	11.6	11.8	13.1	12.1
Multi-County Areas				
Northeast Lower Michigan	13.4	13.5	15.0	13.7
Northwest Lower Michigan	12.4	12.2	13.2	12.5
Upper Peninsula	11.1	11.3	12.5	11.0
Michigan Statewide Average				
-- Unadjusted (comparable to figures shown above)	12.3	12.9	14.0	13.8

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



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

MOTOR VEHICLE SALES AND PRODUCTION STATISTICS
(Thousands of Units)

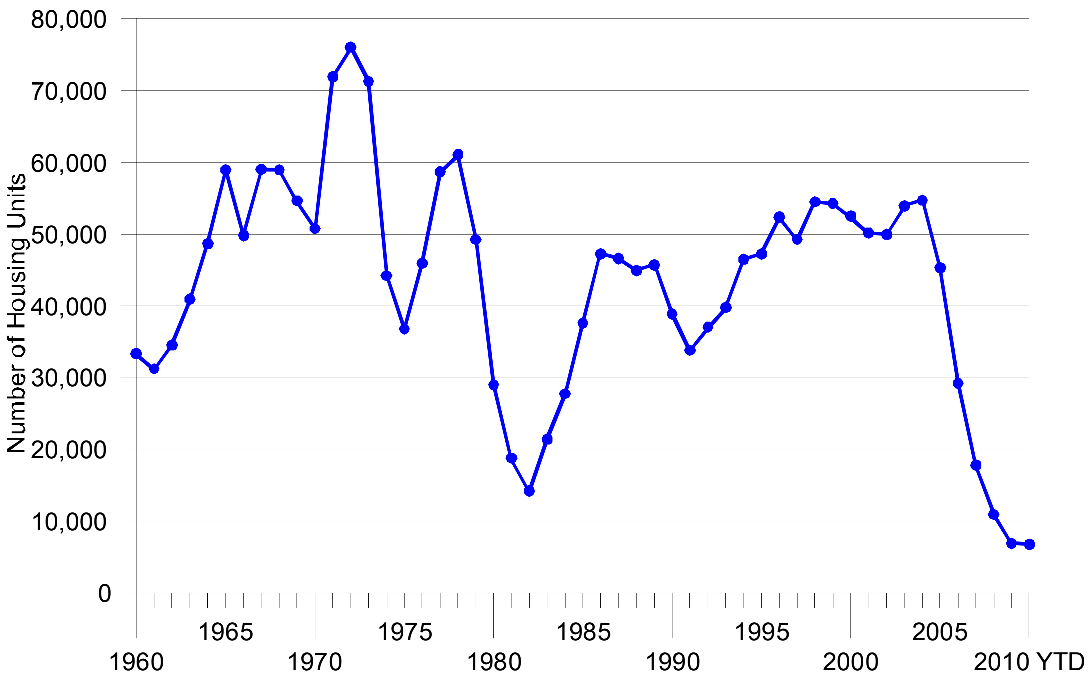
						Percent Change From:	
	Sept. 2010	**Aug. 2010**	**July 2010**	**June 2009**	**Year Ago Sept.**	**Sept./Aug.**	**Sept. 2010/ Sept. 2009**
Motor Vehicle Sales[1] **(thousands of units, SAAR)**							
Autos	5,829	5,648	5,610	5,488	5,028	3.2%	15.9%
Domestics	3,790	3,714	3,829	3,778	3,319	2.0	14.2
Imports	2,039	1,934	1,781	1,710	1,709	5.4	19.3
Import Share	35.0%	34.2%	31.7%	31.2%	34.0%	---	---
Light Trucks	5,885	5,787	5,917	5,652	4,320	1.7	36.2
Domestics	4,938	4,846	5,019	4,809	3,562	1.9	38.6
Imports	947	941	898	843	758	0.6	24.9
Import Share	16.1%	16.3%	15.2%	14.9%	17.5%	---	---
Subtotal: Light Vehicle Sales	11,714	11,435	11,527	11,140	9,348	2.4	25.3
Heavy Trucks	230	218	238	211	191	5.5	20.4
Total Vehicle Sales	11,944	11,653	11,765	11,351	9,539	2.5	25.2
U.S. Motor Vehicle Production[1] **(millions of units, SAAR)**							
Autos	2,778	2,869	2,846	2,959	2,878	(3.2)	(3.5)
Michigan Motor Vehicle Production[2] **(thousands of units, SAAR)**							
Autos	590	524	754	731	887	12.6	(33.5)
Trucks	1,186	1,265	1,634	1,096	848	(6.3)	39.8
Total	1,775	1,789	2,389	1,827	1,735	(0.8)	2.3
Michigan Production as % of U.S.	22.8%	22.0%	22.4%	21.9%	24.3%	---	---
U.S. Motor Vehicle Inventories[3]							
Total Car	1,100	1,054	1,047	1,095	826	4.3	33.2
Days Supply	56	50	51	53	50	12.0	12.0
Total Truck	1,103	1,011	970	1,034	769	9.1	43.5
Days Supply	59	53	52	56	58	11.3	1.7

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).

Building Permits Issued in Michigan

Total Through Sept. 2010 Almost Over 2009 Total; Overall Level Still Depressed



Source: Bureau of the Census, U.S. Dept. of Commerce

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OTHER KEY ECONOMIC INDICATORS

Variable	Latest Period	Actual Data: Latest Period	Actual Data: Previous Period	Actual Data: Year Ago	Percent Chng From: Previous Period*	Percent Chng From: Year Ago
Index of Consumer Sentiment, monthly[1] (1996 Q1=100)	Sept.	68.2	68.9	70.6	(1.0)%	(3.4)%
Oil Prices[2] ($ per barrel, West Texas Intermediate Crude)	Sept.	$75.31	$76.82	$69.46	(2.0)	8.4
Housing Starts, U.S.[3] (thousands of units, SAAR)	Sept.	610	608	586	0.3	4.1
Retail Sales, U.S.[3] (billions, seasonally adjusted)	Sept.	$327.8	$325.7	$304.4	0.7	7.7
Industrial Production Index[4] (1997=100, seasonally adjusted)	Sept.	93.2	93.4	88.4	(0.2)	5.4
Capacity Utilization[4] (% of total capacity, seasonally adjusted)	Sept.	74.7	74.8	70.5	(0.2)	5.9
Consumer Price Index[5] (1982-84=100)						
U.S. (seasonally adjusted)	Sept.	218.4	218.2	215.9	1.2	1.1
Detroit (not seasonally adjusted)	Aug.	205.4	204.9	204.7	1.5	0.4
Interest Rates						
3-month Treasury Bill[4]	Sept.	0.18%	0.15%	0.13%	---	---
Corporate Aaa Bonds[4]	Sept.	4.53%	4.49%	5.13%	---	---
Real Gross Domestic Product[6] (billions of 2005 $, SAAR, Chain-Weighted)	2010 3rd Qtr.	$13,260.7	$13,194.9	$12,860.8	2.0	3.1
Michigan Tax Collections[7] (12 major taxes, millions)	Sept. 2010	$2,023.1	$1,590.1	$1,922.0	NM	5.3

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.

Average Liabilities Under Major Michigan Taxes and Michigan Personal Income

Source: SFA calculations based on data from the U.S. Census Bureau, Bureau of Economic Analysis, State of Michigan Comprehensive Annual Financial Report (various years) and May 2010 Consensus Revenue Estimates.