

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 2.5% annual rate in the third quarter of 2011, compared with 1.3% growth during the second quarter. Increases in personal consumption spending and nonresidential fixed investment fueled the improvement in economic growth, more than offsetting slower growth due to declining inventory accumulation and a fifth consecutive quarter of reduced state and local government spending. However, both output and spending grew more than five times as fast as the increase in personal income.
- **Retail sales** in September were 8.1% above the level one year ago. All sectors other than electronics and appliance stores (which were flat) exhibited gains, with gasoline stations (20.3%), nonstore retailers (10.1%), and motor vehicle dealers (8.8%) exhibiting the largest increases. Compared with August, sales at motor vehicle dealers increased the most, rising 4.0%, followed by gasoline stores and food services/drinking places, which both increased 1.2%.
- **Housing starts** increased 15.0% in September from the August level and were 10.2% above the year-ago level. Although the September improvement in starts was the strongest growth since January, the increase was only the first since June and on a year-to-date basis, housing starts were still 1.7% below the 2010 level.
- Seasonally adjusted **light vehicle sales** rose to a 13.1 million unit annual rate in September, up 7.9% from August and 10.8% above the year-ago level. The increases primarily reflected growth in sales of domestic vehicles, particularly automobiles. Sales of domestic automobiles and light trucks were 9.3% and 19.7% above September 2010, respectively, while sales of imported automobiles and light trucks were down 9.2% and up 12.3%, respectively.



- **Michigan wage and salary employment** decreased by 14,000 jobs in September from the August level, but was 65,000 jobs above the level one year ago. Compared with September 2010, employment in leisure/hospitality services was down 9,000 jobs, and government employment was down 6,000 jobs, while manufacturing employment was up 18,000 jobs and education/health services employment was up 25,000 jobs.
- **Personal income** increased 4.2% in the Niles/Benton Harbor area between 2009 and 2010, the strongest growth among Michigan's 14 largest metropolitan areas. In Detroit, which ranked 13th, personal income increased 2.2%. In addition to Niles/Benton Harbor, only Muskegon/Norton Shores (3.4%), Battle Creek (3.4%), and Lansing/East Lansing (3.4%) grew more rapidly than the statewide average of 3.3%.
- After a 5.0% decline between 2008 and 2009 that ranked 49th out of the 50 states and the District of Columbia, **inflation-adjusted State Gross Domestic Product** in Michigan increased 2.9% between 2009 and 2010. Michigan's growth in 2010 ranked 16th, and exceeded the national average increase of 2.6%.



SEPTEMBER 2011

Prepared by:
David Zin
Chief Economist

This publication is available on the SFA Website @ www.senate.michigan.gov/sfa

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

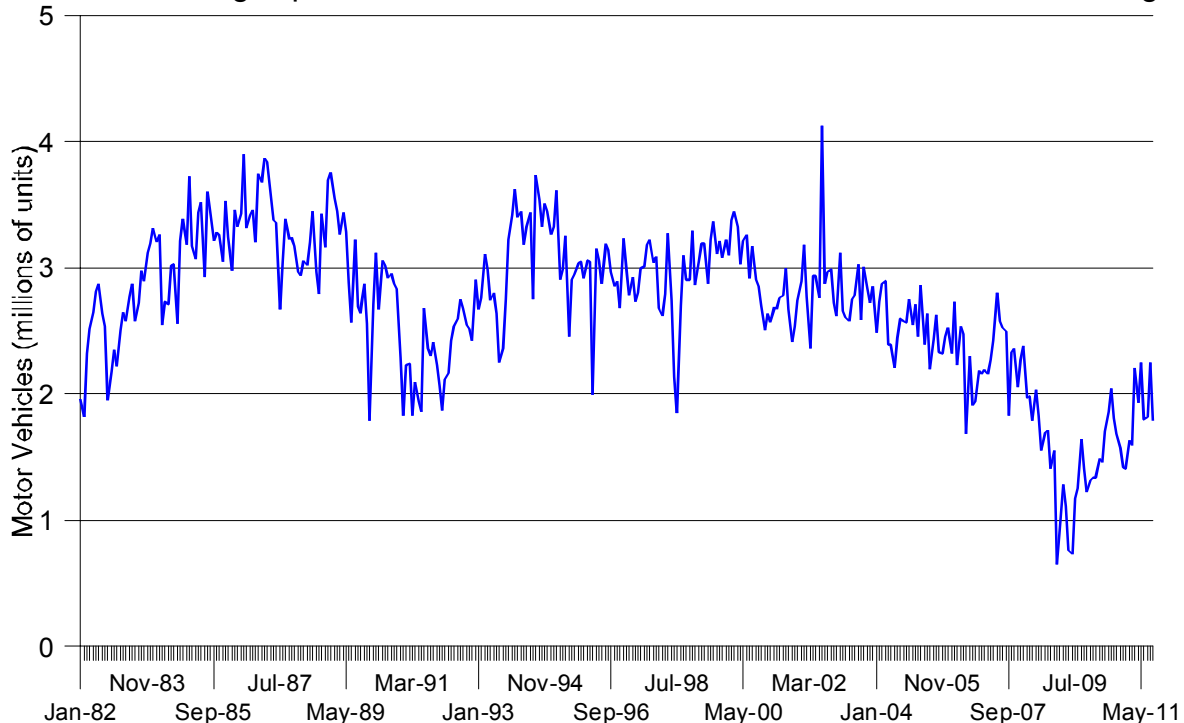
U.S.	Sept. 2011	Aug. 2011	Sept. 2010	<u>Change from Aug.</u>		<u>Change from Year Ago</u>	
				Number	Percent	Number	Percent
Labor Force	154,017	153,594	154,124	423	0.3%	(107)	(0.1%)
Employment	140,025	139,627	139,378	398	0.3	647	0.5
Unemployment	13,992	13,967	14,746	25	0.2	(754)	(5.1)
Unemployment Rate	9.1%	9.1%	9.6%	---	---	---	---

Michigan	Sept. 2011	Aug. 2011	Sept. 2010	<u>Change from Aug.</u>		<u>Change from Year Ago</u>	
				Number	Percent	Number	Percent
Labor Force	4,692	4,694	4,770	(2)	(0.0%)	(78)	(1.6%)
Employment	4,172	4,168	4,202	3	0.1	(30)	(0.7)
Unemployment	520	526	568	(6)	(1.1)	(48)	(8.4)
Unemployment Rate	11.1%	11.2%	11.9%	---	---	---	---

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

Michigan Motor Vehicle Production

YTD 2011 Avg. Up 195% From Recession Low, But Still 20% Below 1982 Avg.



Source: Senate Fiscal Agency and Office of Revenue & Tax Analysis, Michigan Dept. of Treasury

MICHIGAN WAGE AND SALARY EMPLOYMENT (Seasonally adjusted, thousands)							
	Sept. 2011*	Aug. 2011	Sept. 2010	<u>Change from Aug.</u>		<u>Change from Yr Ago</u>	
				Number	Percent	Number	Percent
Total Non-Agricultural Jobs	3,924	3,938	3,859	(14)	(0.4%)	65	1.7%
Goods Producing Industries	634	639	607	(5)	(0.8)	27	4.5
Mining and Logging	8	8	7	0	0.0	1	8.6
Construction	130	132	121	(3)	(2.0)	9	7.5
Manufacturing	497	499	479	(2)	(0.5)	18	3.7
Transportation Equipment	133	137	128	(4)	(3.1)	5	3.8
Service Producing Industries	3,290	3,299	3,252	(9)	(0.3)	38	1.2
Trade, Transportation & Utilities	714	714	708	1	0.1	6	0.9
Wholesale Trade	154	154	151	(0)	(0.3)	3	2.1
Retail Trade	445	444	444	1	0.3	1	0.3
Transportation & Utilities	115	116	114	(0)	(0.3)	2	1.6
Information	54	54	57	(0)	(0.2)	(3)	(5.6)
Financial Activities	188	187	186	1	0.5	3	1.4
Professional & Business Services	542	538	523	4	0.7	19	3.5
Education & Health Services	641	634	615	6	1.0	25	4.1
Leisure & Hospitality Services	365	371	373	(6)	(1.7)	(9)	(2.3)
Other Services	169	171	166	(2)	(1.2)	3	1.9
Government	618	630	624	(12)	(2.0)	(6)	(0.9)
Source: Bureau of Labor Statistics, U.S. Department of Labor *Preliminary							

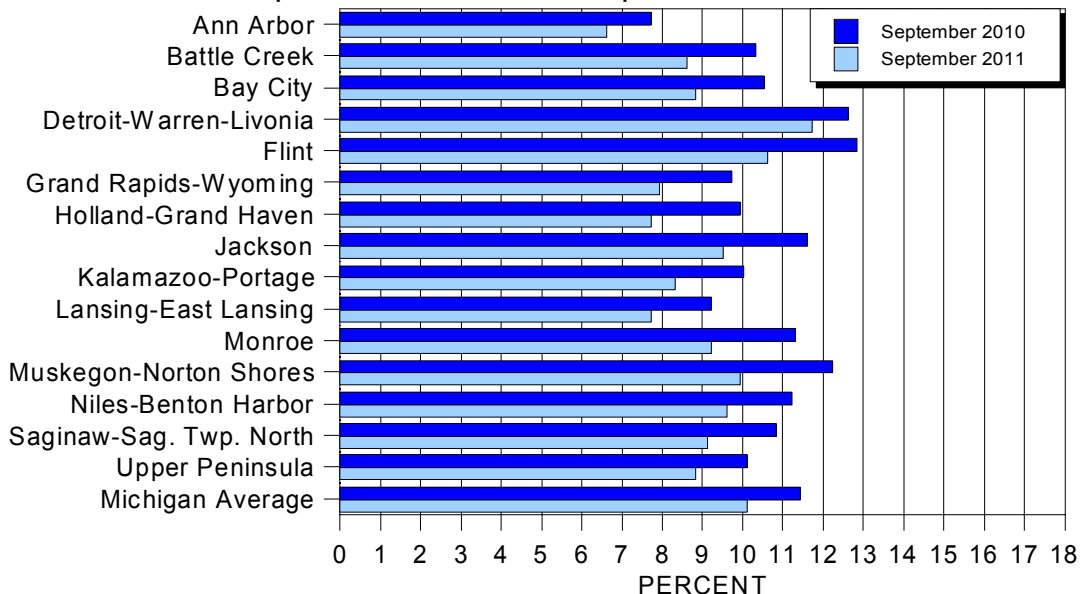
MICHIGAN AVERAGE WEEKLY HOURS AND EARNINGS						
Industry	<u>Average Weekly Hours</u>			<u>Average Weekly Earnings</u>		
	Sept. 2011	Year Ago	Percent Change	Sept. 2011	Year Ago	Percent Change
Construction	42.3	38.8	9.0%	\$1,012.24	\$866.02	16.9%
Manufacturing	44.4	44.7	(0.7)	924.41	982.95	(6.0)
Durable Goods	45.5	45.8	(0.7)	1,020.11	1,093.70	(6.7)
Transportation Equipment Mfg.	45.8	46.0	(0.4)	1,298.89	1,338.14	(2.9)
Motor Vehicle Parts Mfg.	47.3	45.8	3.3	1,240.21	1,177.98	5.3
Nondurable Goods	41.4	41.4	0.0	654.53	666.13	(1.7)
Wholesale Trade	39.1	37.9	3.2	761.67	748.53	1.8
Retail Trade	30.5	29.3	4.1	388.27	382.07	1.6
Information	34.9	33.0	5.8	855.40	801.90	6.7
Financial Activities	36.7	36.3	1.1	709.04	746.69	(5.0)
Professional & Business Services	33.5	33.2	0.9	703.17	672.63	4.5
Health Care & Social Assistance	31.3	31.3	0.0	590.01	589.07	0.2
Leisure & Hospitality	23.0	22.8	0.9	223.33	225.26	(0.9)
Accommodation & Food Services	22.7	22.8	(0.4)	212.93	219.56	(3.0)
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)**

	Sept. 2011	Aug. 2011	July 2011	Sept. 2010
Metropolitan Statistical Areas				
Ann Arbor	6.6%	7.2%	7.8%	7.7%
Battle Creek	8.6	9.4	10.2	10.3
Bay City	8.8	9.6	10.0	10.5
Detroit-Warren-Livonia	11.7	12.9	14.2	12.6
Flint	10.6	11.4	12.4	12.8
Grand Rapids-Wyoming	7.9	8.6	9.1	9.7
Holland-Grand Haven	7.7	8.4	9.1	9.9
Jackson	9.5	10.3	11.0	11.6
Kalamazoo-Portage	8.3	8.9	9.5	10.0
Lansing-East Lansing	7.7	8.4	9.2	9.2
Monroe	9.2	10.2	11.1	11.3
Muskegon-Norton Shores	9.9	10.6	11.2	12.2
Niles-Benton Harbor	9.6	10.2	10.8	11.2
Saginaw-Saginaw Twp North	9.1	9.8	10.4	10.8
Multi-County Areas				
Northeast Lower Michigan	10.7	11.4	12.2	12.2
Northwest Lower Michigan	9.9	10.2	10.5	11.4
Upper Peninsula	8.8	9.5	9.9	10.1
Michigan Statewide Average				
-- Unadjusted (comparable to figures shown above)	10.1	11.0	11.9	11.4
Source: Michigan Department of Technology, Management, and Budget				

Michigan Regional Unemployment Rates

September 2011 and September 2010

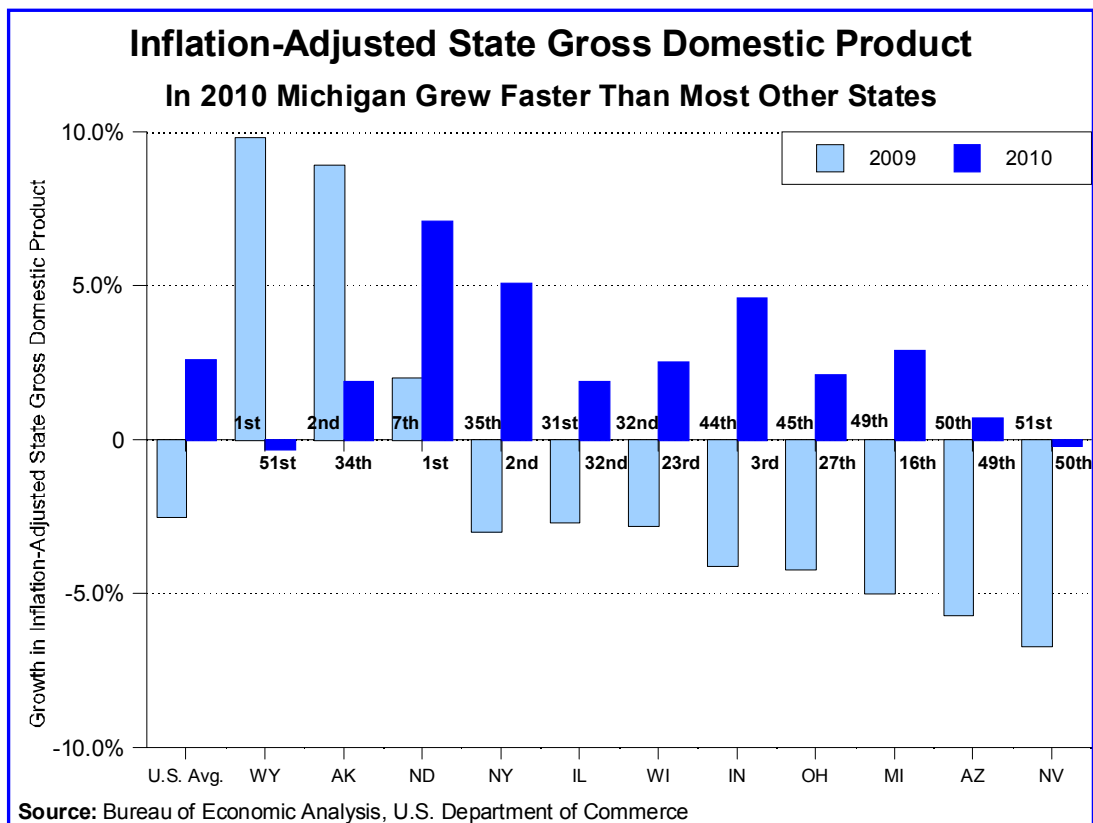


Source: Michigan Department of Technology, Management, and Budget

MOTOR VEHICLE SALES AND PRODUCTION STATISTICS
(Thousands of Units)

	Sept. 2011	Aug. 2011	July 2011	June 2011	Year Ago September	Percent Change From:	
						Sept./Aug.	Sept. 2011/ Sept. 2010
Motor Vehicle Sales¹⁾ (thousands of units, SAAR)							
Autos	6,011	5,677	5,687	5,604	5,836	5.9%	3.0%
Domestics	4,206	4,057	4,037	3,971	3,848	3.7	9.3
Imports	1,805	1,620	1,650	1,633	1,988	11.4	(9.2)
Import Share	30.0%	28.5%	29.0%	29.1%	34.1%	---	---
Light Trucks	7,040	6,416	6,517	5,908	5,941	9.7	18.5
Domestics	5,975	5,465	5,592	5,019	4,993	9.3	19.7
Imports	1,065	951	925	889	948	12.0	12.3
Import Share	15.1%	14.8%	14.2%	15.0%	16.0%	---	---
Subtotal: Light Vehicle Sales	13,051	12,093	12,204	11,512	11,777	7.9	10.8
Heavy Trucks	345	336	305	307	226	2.7	52.7
Total Vehicle Sales	13,396	12,429	12,509	11,819	12,003	7.8	11.6
U.S. Motor Vehicle Production¹⁾ (millions of units, SAAR)							
Autos	3,022	3,128	2,737	2,882	2,713	(3.4)	11.4
Michigan Motor Vehicle Production²⁾ (thousands of units, SAAR)							
Autos	583	751	545	582	520	(22.4)	12.1
Trucks	1,199	1,494	1,269	1,209	1,161	(19.7)	3.3
Total	1,782	2,244	1,814	1,791	1,681	(20.6)	6.0
Michigan Production as % of U.S.	22.6%	24.4%	20.3%	21.6%	22.8%	---	---
U.S. Motor Vehicle Inventories³⁾							
Total Car	874	808	796	882	1,100	8.1	(20.6)
Days Supply	44	40	40	43	56	10.0	(21.4)
Total Truck	1,222	1,222	1,202	1,325	1,103	0.0	10.8
Days Supply	55	57	58	67	59	(3.5)	(6.8)

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)	Sept.	59.4	55.7	68.2	6.6%	(12.9%)
Oil Prices ²⁾ (\$ per barrel, West Texas Intermediate Crude)	Sept.	\$85.61	\$86.33	\$75.31	(0.8)	13.7
Housing Starts, U.S. ³⁾ (thousands of units, SAAR)	Sept.	658	572	597	15.0	10.2
Retail Sales, U.S. ³⁾ (billions, seasonally adjusted)	Sept.	\$353.8	\$349.9	\$327.4	1.1	8.1
Industrial Production Index ⁴⁾ (1997=100, seasonally adjusted)	Sept.	94.2	94.0	91.2	0.2	3.2
Capacity Utilization ⁴⁾ (% of total capacity, seasonally adjusted)	Sept.	77.4	77.3	75.7	0.1	2.2
Consumer Price Index ⁵⁾ (1982-84=100)						
U.S. (seasonally adjusted)	Sept.	227.0	226.3	218.4	3.7	3.9
Detroit (not seasonally adjusted)	Aug.	213.9	213.5	205.4	1.2	4.1
Interest Rates						
3-month Treasury Bill ⁴⁾	Sept.	0.02%	0.05%	0.15%	---	---
Corporate Aaa Bonds ⁴⁾	Sept.	4.09%	4.37%	4.53%	---	---
Real Gross Domestic Product ⁶⁾ (billions of 2005 \$, SAAR, Chain-Weighted)	2011 3rd Qtr.	\$13,352.8	\$13,271.8	\$13,139.6	2.5	1.6
Michigan Tax Collections ⁷⁾ (12 major taxes, millions)	Sept. 2011	\$2,131.3	\$1,656.4	\$2,023.1	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.

