

## ECONOMIC HIGHLIGHTS



The **interest rate on 30-year fixed rate mortgages** averaged 4.63% in September 2018, the highest average since May 2011. Other interest rates have followed the same pattern, with short-term interest rates, such as the rate on three-month Treasury bills, reaching 2.17%, the highest rate since February 2008, and longer-term rates, such as the rate on 10-year Treasury bonds, rising to 3.15%, the highest rate since May 2011.

**Gross domestic product (GDP)**, adjusted for inflation, increased at a 3.5% annual rate in the third quarter of 2018, compared to 4.2% growth in the second quarter of 2018. The third quarter increase in real GDP reflected a 4.0% increase in consumer spending, which added 2.7 percentage points to the growth rate. However, that increase was largely offset by a 3.5% decline in exports and a 9.1% increase in imports, which combined to lower growth 1.8 percentage points. As a result, net growth was dominated by an increase in inventories, which added 2.1 percentage points to growth. Government spending also increased, adding 0.6 percentage points to the growth rate.



Compared to September 2017, **average weekly hours** in September 2018 were down in many sectors, including construction, durable goods manufacturing, retail trade, information, and leisure/hospitality. The decline in the durable goods sector came despite a 2.9% increase in average weekly hours in the transportation equipment manufacturing sector. Despite the decline in hours, average weekly earnings were up in all sectors other than retail trade, where earnings fell 0.1%.

Michigan's seasonally-adjusted **labor force** declined by 6,000 people in September 2018 from the August 2018 level, to the lowest level since August 2017. September marked the third consecutive month the Michigan labor force has shrunk. Despite the declines, the labor force in September 2018 was still larger than in every month from September 2009 through August 2017. However, compared to the April 2000 peak, the labor force in September 2018 was smaller by approximately 279,000 people, or 5.4%.

U.S. & MICHIGAN LABOR MARKET NEWS (Seasonally adjusted, thousands)							
U.S.	Sep 2018	Aug 2018	Sep 2017	Change from Aug		Change from Year Ago	
				Number	Percent	Number	Percent
Labor Force	161,926	161,776	161,082	150	0.1%	844	0.5%
Employment	155,962	155,542	154,324	420	0.3	1,638	1.1
Unemployment	5,964	6,234	6,758	(270)	(4.3)	(794)	(11.7)
Unemployment Rate	3.7%	3.9%	4.2%	--	--	--	--
Michigan	Sep 2018	Aug 2018	Sep 2017	Change from Aug		Change from Year Ago	
				Number	Percent	Number	Percent
Labor Force	4,892	4,898	4,898	(6)	(0.1%)	(6)	(0.1%)
Employment	4,698	4,697	4,668	2	0.0	30	0.6
Unemployment	193	201	230	(8)	(4.0)	(36)	(15.7)
Unemployment Rate	4.0%	4.1%	4.7%	--	--	--	--

**Source:** Bureau of Labor Statistics, U.S. Department of Labor (Household Data)



MICHIGAN WAGE AND SALARY EMPLOYMENT (Seasonally adjusted, thousands)							
	Sep 2018	Aug 2018	Sep 2017	Change from Aug		Change from Yr Ago	
				Number	Percent	Number	Percent
<b>Total Non-Agricultural Jobs</b>	4,439	4,437	4,376	2	0.0%	63	1.4%
<b>Goods Producing Industries</b>	807	808	785	(2)	(0.2)	22	2.8
Mining and Logging	7	7	7	(0)	(2.7)	0	0.0
Construction	175	177	164	(2)	(1.2)	11	6.8
Manufacturing	624	623	613	1	0.1	11	1.8
Transportation Equipment	192	191	186	1	0.3	6	3.1
<b>Service Producing Industries</b>	3,633	3,629	3,591	4	0.1	41	1.1
Trade, Transportation & Utilities	790	792	791	(2)	(0.3)	(1)	(0.1)
Wholesale Trade	174	175	174	(1)	(0.5)	1	0.3
Retail Trade	470	471	474	(1)	(0.2)	(4)	(0.8)
Transportation & Utilities	145	146	143	(0)	(0.2)	2	1.5
Information	55	55	56	(0)	(0.2)	(1)	(2.1)
Financial Activities	221	220	218	1	0.5	3	1.3
Professional & Business Services	661	660	647	1	0.2	14	2.1
Education & Health Services	680	679	672	1	0.2	8	1.1
Leisure & Hospitality Services	443	443	433	(0)	(0.0)	10	2.4
Other Services	172	174	168	(2)	(1.3)	5	2.7
Government	611	606	607	5	0.8	4	0.7

**Source:** Bureau of Labor Statistics, U.S. Department of Labor (Establishment Data) \*Preliminary

MICHIGAN AVERAGE WEEKLY HOURS AND EARNINGS (Not seasonally adjusted)						
Industry	Average Weekly Hours			Average Weekly Earnings		
	Sep 2018	Year Ago	Percent Change	Sep 2018	Year Ago	Percent Change
Construction	41.2	43.3	(4.8)	1,119.40	1,073.41	4.3
Manufacturing	43.7	43.4	0.7	938.68	903.59	3.9
Durable Goods	44.3	44.5	(0.4)	988.78	965.21	2.4
Transportation Equipment Mfg.	49.2	47.8	2.9	1,250.66	1,127.12	11.0
Motor Vehicle Parts Mfg.	49.1	45.9	7.0	1,088.06	1,003.83	8.4
Nondurable Goods	42.0	40.2	4.5	789.60	719.58	9.7
Wholesale Trade	39.4	39.3	0.3	1,033.46	989.57	4.4
Retail Trade	30.3	30.7	(1.3)	446.93	447.30	(0.1)
Information	33.8	34.8	(2.9)	948.09	927.77	2.2
Financial Activities	36.0	35.2	2.3	869.40	817.70	6.3
Professional & Business Services	35.2	34.8	1.1	869.79	814.67	6.8
Health Care & Social Assistance	32.7	32.6	0.3	727.90	664.06	9.6
Leisure & Hospitality	23.5	23.7	(0.8)	292.58	288.19	1.5
Accommodation & Food Services	23.6	23.5	0.4	287.45	274.72	4.6

**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)				
	Sep 2018	Aug 2018	July 2018	Sep 2017
<b>Metropolitan Statistical Areas</b>				
Ann Arbor	2.8%	3.0%	4.0%	3.9%
Battle Creek	3.6	3.8	4.8	4.8
Bay City	3.7	4.0	5.4	4.9
Detroit-Warren-Dearborn	3.7	4.2	5.0	4.6
Flint	4.1	4.3	6.2	5.4
Grand Rapids-Wyoming	2.6	2.7	3.6	3.5
Jackson	3.4	3.6	4.7	4.4
Kalamazoo-Portage	3.2	3.3	4.4	4.3
Lansing-East Lansing	2.9	3.1	4.5	4.2
Midland	3.2	3.4	4.4	4.3
Monroe	3.6	4.5	4.9	5.5
Muskegon	3.9	4.1	5.4	5.2
Niles-Benton Harbor	3.6	3.8	4.8	4.5
Saginaw	3.9	4.2	5.8	5.1
<b>Multi-County Areas</b>				
Northeast Lower Michigan	4.4	4.7	6.0	5.7
Northwest Lower Michigan	3.3	3.4	4.3	4.4
Upper Peninsula	3.7	4.1	5.3	5.0
<b>Michigan Statewide Average</b> (unadjusted - comparable to figures shown above)				
	3.5	3.8	4.8	4.5
<b>Source:</b> Michigan Department of Technology, Management, and Budget				

MOTOR VEHICLE SALES AND PRODUCTION STATISTICS (Thousands of Units, Seasonally Adjusted Annual Rates)							
	Sep 2018	Aug 2018	July 2018	June 2018	Year Ago Sep	Percent Change From:	
						Sep/Aug	Sep 2018/ Sep 2017
<b>Motor Vehicle Sales<sup>1)</sup></b>							
Autos	5,206	4,912	5,126	5,241	6,412	6.0%	(18.8%)
Domestics	3,939	3,761	3,983	3,998	4,883	4.7	(19.3)
Imports	1,267	1,151	1,143	1,243	1,529	10.1	(17.1)
Import Share	24.3%	23.4%	22.3%	23.7%	23.8%	----	----
Light Trucks	12,158	11,708	11,591	11,984	11,677	3.8	4.1
Domestics	9,389	9,207	9,006	9,151	9,073	2.0	3.5
Imports	2,769	2,501	2,585	2,833	2,604	10.7	6.3
Import Share	22.8%	21.4%	22.3%	23.6%	22.3%	----	----
Subtotal: Light Vehicle Sales	17,364	16,620	16,717	17,225	18,089	4.5	(4.0)
Heavy Trucks	539	510	494	485	439	5.7	22.8
Total Vehicle Sales	17,903	17,130	17,211	17,710	18,528	4.5	(3.4)
<b>U.S. Motor Vehicle Production<sup>1)</sup></b>							
Autos	2,778	2,508	2,402	2,627	2,706	10.8	2.7
<b>Michigan Motor Vehicle Production<sup>2)</sup></b>							
Autos	292	359	306	344	523	(18.7)	(44.2)
Trucks	1,394	1,629	1,368	1,355	1,475	(14.4)	(5.5)
Total	1,686	1,988	1,674	1,699	1,998	(15.2)	(15.6)
Michigan Production as % of U.S.	17.8%	16.6%	17.2%	17.0%	18.7%	----	----
<b>U.S. Motor Vehicle Inventories<sup>3)</sup></b>							
Total Car	1,023	1,081	1,101	1,181	1,364	(5.4)	(25.0)
Days Supply	59	67	64	66	66	(11.9)	(10.6)
Total Truck	2,727	2,728	2,650	2,803	2,445	(0.0)	11.5
Days Supply	68	70	67	71	64	(2.9)	6.3
<b>Sources:</b> 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, not seasonally adjusted).							



OTHER KEY ECONOMIC INDICATORS						
Variable	Latest Period	Actual Data			Percent Chng From	
		Latest Period	Previous Period	Year Ago	Previous Period <sup>9)</sup>	Year Ago
<b>Index of Consumer Sentiment</b> , monthly <sup>1)</sup> (1996 Q1=100)	Sep	100.1	96.2	95.1	4.1%	5.3%
<b>Oil Prices</b> <sup>2)</sup> (\$ per barrel, West Texas Intermediate Crude)	Sep	\$70.23	\$68.06	\$49.82	3.2	41.0
<b>Housing Starts, U.S.</b> <sup>3)</sup> (thousands of units, SAAR)	Sep	1,201	1,268	1,158	(5.3)	3.7
<b>Retail Sales, U.S.</b> <sup>3)</sup> (billions, seasonally adjusted)	Sep	\$448.5	\$446.8	\$429.6	0.4	4.4
<b>Industrial Production Index</b> <sup>4)</sup> (2007=100, seasonally adjusted)	Sep	108.5	108.2	103.2	0.3	5.1
<b>Capacity Utilization</b> <sup>4)</sup> (% of total capacity, seasonally adjusted)	Sep	78.1	78.1	75.7	0.1	3.2
<b>Consumer Price Index</b> <sup>5)</sup> (1982-84=100)						
U.S. (seasonally adjusted)	Sep	252.0	251.8	246.4	0.7	2.3
Detroit (not seasonally adjusted)	Aug	233.2	234.7	226.8	(3.7)	2.8
<b>Interest Rates</b>						
3-month Treasury Bill <sup>4)</sup>	Sep	2.17%	2.07%	1.05%	--	--
30-year Conventional Mortgage <sup>6)</sup>	Sep	4.63%	4.55%	3.81%	--	--
<b>Real Gross Domestic Product</b> <sup>7)</sup> (billions of 2009 \$, SAAR, Chain-Weighted)	2018 3rd Quarter	\$18,671.5	\$18,511.6	\$18,120.8	3.5	3.0
<b>Michigan Tax Collections</b> <sup>8)</sup> (12 major taxes, millions)	Sep	\$2,671.8	\$2,269.2	\$2,607.1	NM	2.5

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) University of Michigan Surveys of Consumers. 2) U.S. Energy Information Administration/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. The U.S. CPI is released monthly, while the Detroit CPI is released every two months, beginning in Feb. of each year. 6) Freddie Mac, Primary Mortgage Market Survey. 7) U.S. Department of Commerce, Bureau of Economic Analysis. 8) Michigan Department of Treasury and the Senate Fiscal Agency. 9) Percent changes from previous period for CPI and GDP at annual rate.

