



# MICHIGAN ECONOMIC UPDATE

Office of Revenue and Tax Analysis  
Michigan Department of Treasury

<http://www.michigan.gov/treasury>

## February 2013 Summary

**U.S. Economy:** The U.S. economy's 2012Q4 growth rate was revised upward from a 0.13 percent annual growth rate to a 0.38 percent increase. In February 2013, the ISM manufacturing index rose 2.3 points from last February while the ISM non-manufacturing index was essentially unchanged from a year ago (-0.1 point). In February 2013, the Consumer Sentiment Index rose 2.3 percentage points from a year ago. Retail sales increased 4.4 percent from last year. New durable goods orders were up 3.9 percent from February 2012. In February 2013, industrial production grew 2.5 percent from a year earlier. Capacity utilization was up 0.4 percentage point from last February. Existing home sales were essentially unchanged from last month, but were up 8.7 percent from a year ago. Housing starts were up 27.7 percent from last year.

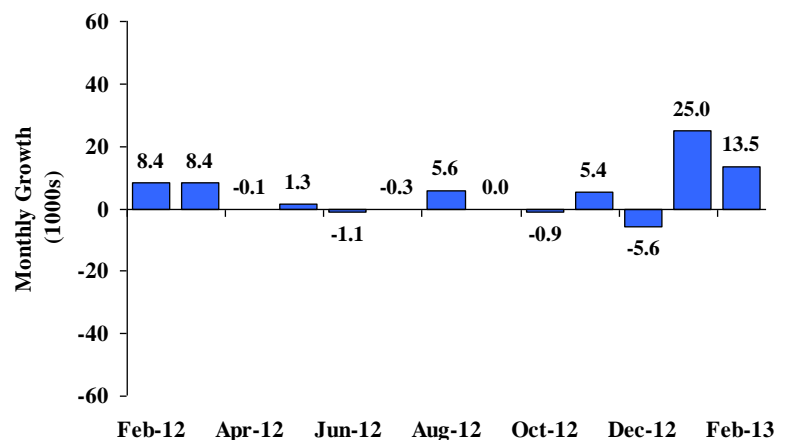
**Employment:** In February 2013, Michigan wage and salary employment was up 51,200 jobs (1.3 percent) from a year ago. Nationally, wage and salary employment rose 1.5 percent between February 2012 and February 2013. At 8.8 percent, Michigan's unemployment rate was down 0.1 percentage point from January. The State's February 2013 unemployment rate was 0.3 percentage point lower than a year earlier. The February 2013 U.S. unemployment rate (7.7 percent) was down 0.6 percentage point from a year ago.

**Auto Industry:** In February 2013, the U.S. light vehicle annual sales rate (15.3 million units) was up 6.2 percent from a year ago. Michigan vehicle production rose 2.1 percent compared to last February's production; U.S. vehicle production was down 2.5 percent. Compared to a year ago, Michigan's share of national vehicle production increased by 1.0 percentage point from 20.67 percent to 21.64 percent.

**Inflation:** In February, the overall U.S. consumer price index (CPI) rose 2.0 percent compared to a year ago. The core U.S. CPI (excluding food and energy) also increased 2.0 percent from a year ago. The producer price index (PPI) rose 1.7 percent from last year. At \$95.31 per barrel, oil prices were up \$0.55 from a month ago, but were down \$6.89 from a year ago.

**Michigan Metro Areas:** Unemployment rates fell in all of Michigan's 17 major labor markets in February compared with each labor market's year-ago rate. Employment rose in nine areas and fell in eight areas. Seventy of Michigan's 83 counties saw a year-over-year unemployment rate decrease.

**Michigan Employment  
Increases in February 2013<sup>(a)</sup>**



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Senior Economist

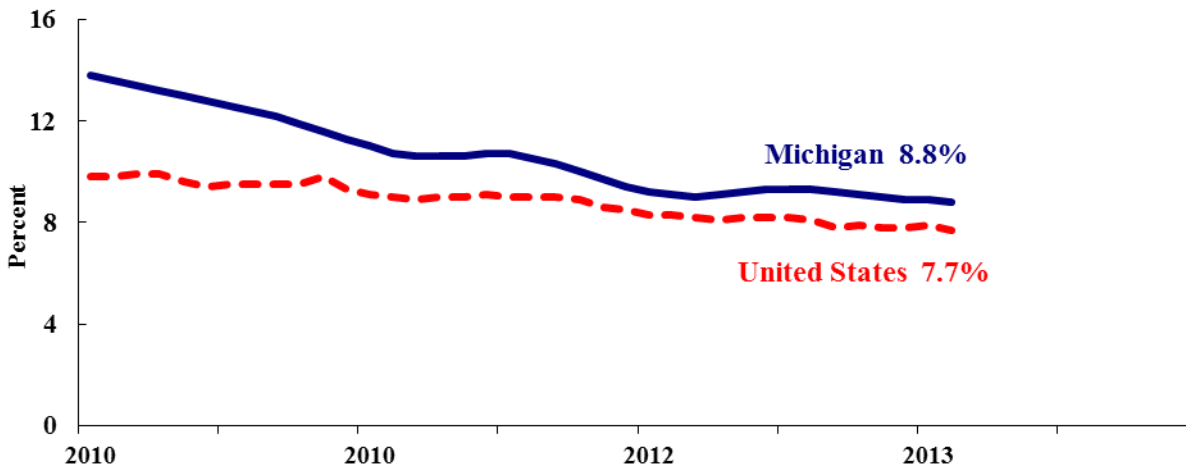
Andrew Lockwood  
Senior Economist

Mary Pasch  
Executive Secretary

## Labor Market Statistics

- Michigan's February unemployment rate decreased 0.1 percentage point from last month to 8.8 percent, and was down 0.3 of a percentage point from a year ago. The February U.S. unemployment rate decreased 0.2 of a percentage point from January to 7.7 percent and was down 0.6 of a percentage point from a year ago. Monthly unemployment rates fluctuate in part due to statistical sampling errors and data revisions.

### Michigan and U.S. Monthly Unemployment Rates 2010 to 2013



Source: Michigan Dept. of Technology, Management & Budget and Bureau of Labor Statistics, U.S. Dept. of Labor

- In February, the number of people employed in Michigan was 4,245,000, up 15,000 from last month, while the labor force increased 11,000. The statewide total number of unemployed decreased 3,000 to 411,000.
- United States household employment totaled 143.5 million persons in February. The labor force totaled 155.5 million and there were 12.0 million unemployed in February 2013.

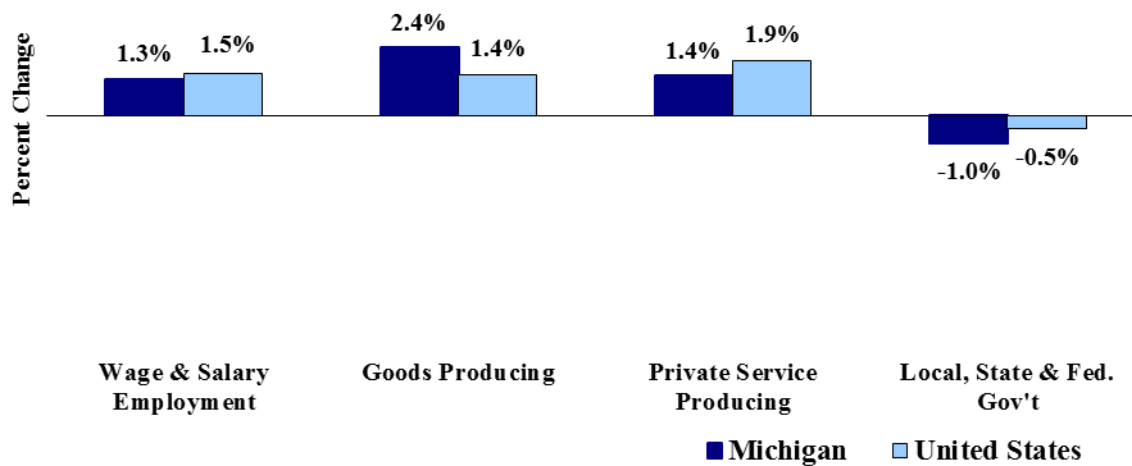
### Employment by Place of Residence (in thousands)<sup>(a)</sup>

	2012 Average	Dec 2012	Jan 2013	Feb 2013	Change From			
					Prior Month		Last Year	
					Level	%	Level	%
<b>Michigan</b>								
Labor Force	4,657	4,640	4,644	4,655	11	0.2%	-12	-0.3%
Employed	4,232	4,227	4,230	4,245	15	0.4%	1	0.0%
Unemployed	426	414	414	411	-3	-0.7%	-12	-2.8%
Unemployment Rate	9.1%	8.9%	8.9%	8.8%	n.a.	-0.1% pts	n.a.	-0.3%
<b>United States</b>								
Labor Force	154,975	155,511	155,654	155,524	-130	-0.1%	699	0.5%
Employed	142,469	143,305	143,322	143,492	170	0.1%	1,473	1.0%
Unemployed	12,506	12,206	12,332	12,032	-300	-2.4%	-774	-6.0%
Unemployment Rate	8.1%	7.8%	7.9%	7.7%	n.a.	-0.2% pts	n.a.	-0.6%

## Employment by Place of Work

- From February 2012 to February 2013, Michigan wage and salary employment increased 51,000 (1.3 percent). State wage and salary employment increased 14,000 from January. Nationally, February 2013 wage and salary employment rose 1,966,000 (1.5 percent) from a year ago and was up 236,000 from last month.

### Wage and Salary Employment Growth February 2012 to February 2013



Source: Bureau of Labor Statistics, Michigan Department of Technology, Management & Budget

- In the goods-producing sector, Michigan employment increased 2.4 percent from a year ago while private service-producing sector employment increased 1.4 percent compared to last year. From a year ago, February national employment in the goods-producing sector rose 1.4 percent and increased 1.9 percent in the private service-producing sector.
- Manufacturing weekly hours in Michigan increased 1.0 hours in February compared to last year.

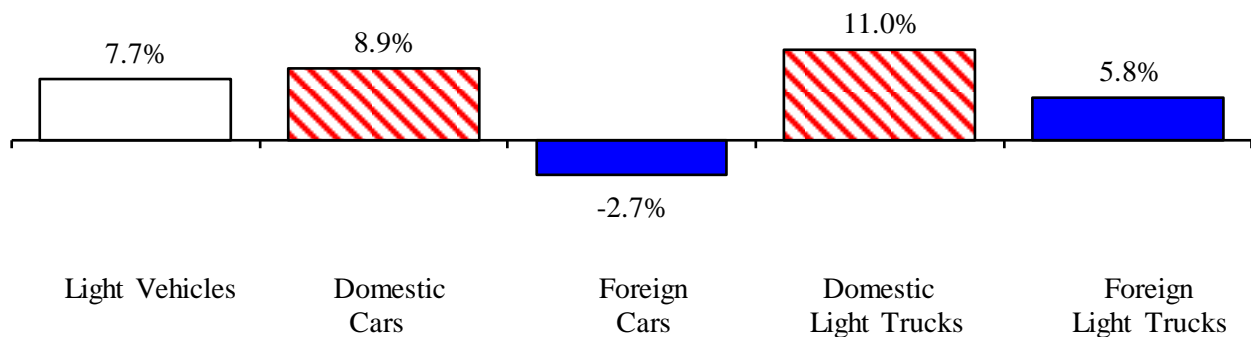
### Wage and Salary (Payroll) Employment (in thousands)<sup>(b)</sup>

	Michigan				United States			
	2012 Average	Feb 2012	Feb 2013	Percent Change	2012 Average	Feb 2012	Feb 2013	Percent Change
Wage & Salary Employment	4,024	4,016	4,067	1.3%	133,739	133,080	135,046	1.5%
Goods Producing	672	669	685	2.4%	18,410	18,365	18,630	1.4%
Manufacturing	537	531	549	3.4%	11,919	11,870	11,977	0.9%
Private Service Producing	2,742	2,737	2,775	1.4%	93,411	92,771	94,573	1.9%
Trade, Trans. & Utilities	729	729	741	1.6%	25,516	25,377	25,825	1.8%
Services	1,764	1,760	1,785	1.4%	57,432	56,973	58,207	2.2%
Local, State & Fed. Gov't	610	613	607	-1.0%	21,917	21,944	21,843	-0.5%
Manufacturing Weekly Hours	41.3	43.3	44.3	1.0 hrs	40.7	40.9	40.9	0.0 hrs

## Motor Vehicle Industry Sales

- February 2013 U.S. light vehicle sales totaled 15.3 million units, at a seasonally adjusted annual rate, which was up 0.7 percent from January 2013, and up 6.2 percent from a year ago. The light vehicle sales rate has exceeded 15.0 million units in each of the past five months.
- U.S. sales of domestic light vehicles increased 8.3 percent between February 2012 and February 2013, while foreign sales fell 0.6 percent over the same period. Consequently, the foreign share of U.S. light vehicle sales decreased 1.5 percentage points from February 2012 to 21.8 percent.
- Auto sales increased 1.5 percent compared to last February, while light truck sales were up 11.5 percent from February 2012. Year-over-year, heavy truck sales fell 3.4 percent.

### Year-to-date 2013 Domestic Light Vehicle Sales Up Substantially from Year Ago



## Motor Vehicle Sales Statistics

(Millions, unless otherwise specified)

Motor Vehicle Sales <sup>(c)</sup>	2012 Average	Dec 2012	Jan 2013	Feb 2013	3 Month Average	Change from Year Ago	
						Level	%
Autos	7.4	7.8	7.8	7.7	7.8	0.1	1.5%
Domestics	5.2	5.6	5.7	5.5	5.6	0.2	4.3%
Imports	2.1	2.2	2.1	2.2	2.2	(0.1)	-5.1%
Import Share	28.9%	27.9%	27.1%	28.3%	27.8%	-2.0% pts	
Light Trucks	7.1	7.5	7.4	7.6	7.5	0.8	11.5%
Domestics	6.0	6.4	6.4	6.4	6.4	0.7	11.9%
Imports	1.1	1.1	1.1	1.2	1.1	0.1	9.3%
Import Share	15.0%	15.0%	14.5%	15.2%	14.9%	-0.3% pts	
Total Light Vehicles	14.4	15.3	15.2	15.3	15.3	0.9	6.2%
Heavy Trucks	0.3	0.3	0.3	0.3	0.3	(0.0)	-3.4%
Total Vehicles	14.8	15.7	15.5	15.7	15.6	0.9	6.0%

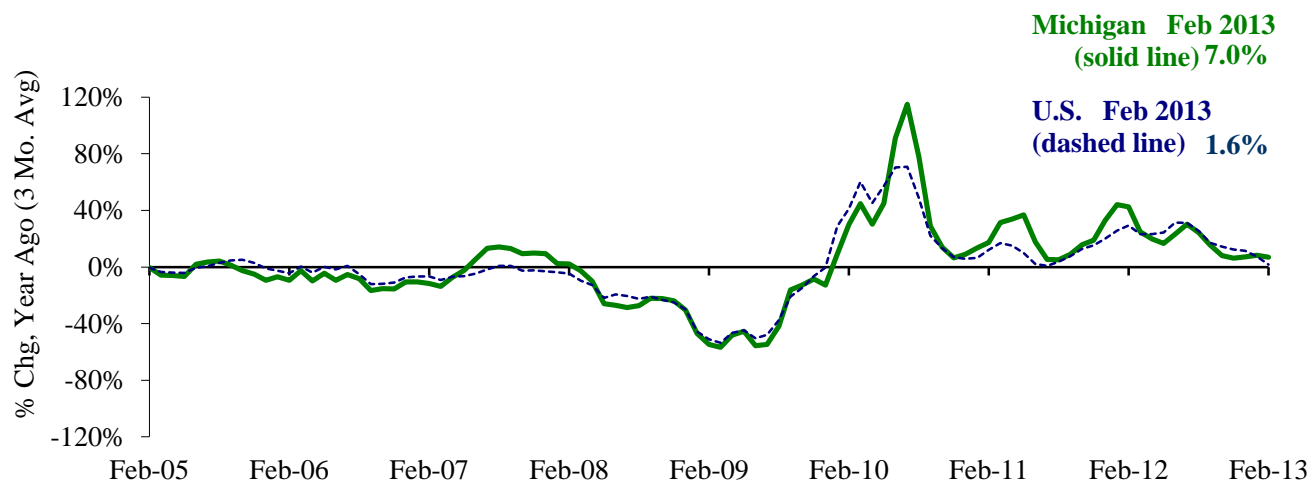
### Retail Inventories, Motor Vehicle and Parts Dealers<sup>(d)</sup> (billions of dollars)

	2012 Average	Dec-12	Jan-13	Feb-13	3 Month Average	Change from Year Ago	
						Level	%
Inventories	\$149.3	\$160.4	\$162.9	\$163.1	\$162.1	\$25.48	18.5%
Inventory/Sales Ratio	2.01	2.06	2.11	2.08	2.08	0.19	

## Motor Vehicle Industry Production

- At 195,519 units, February 2013 Michigan motor vehicle production was 2.1 percent higher than February 2012. National production decreased 2.5 percent from last February. Compared to a year ago, the three-month average of vehicle production (December 2012-February 2013) was up 7.0 percent in Michigan and up 1.6 percent nationally.
- In February 2013, Michigan car production was up 7.3 percent from a year ago while State truck production fell 1.4 percent. Nationally, car production declined 2.8 percent while U.S. truck production decreased 2.3 percent.
- From a year ago, Michigan's February share of national vehicle production rose 1.0 percentage point to 21.6 percent. Michigan's share of U.S. car production increased 2.1 percentage points while Michigan's share of U.S. truck production rose 0.2 percentage point.

### Michigan and U.S. Motor Vehicle Production Increases from Year-Ago Levels Slowing <sup>(e,f)</sup>



### Motor Vehicle Production Statistics

(Thousands, unless otherwise specified)

	2012					Change from Year Ago	
	Monthly Average	Dec 2012	Jan 2013	Feb 2013	3 Month Average	Level	%
<b>U.S. Production <sup>(e)</sup></b>							
Autos	364.5	271.8	385.9	375.5	344.4	(10.9)	-2.8%
Trucks	503.0	413.2	516.0	527.8	485.7	(12.2)	-2.3%
Total	867.5	685.0	901.9	903.4	830.1	(23.1)	-2.5%
<b>Michigan Production <sup>(f)</sup></b>							
Autos	80.5	67.9	84.7	83.1	78.6	5.6	7.3%
Trucks	107.8	95.1	112.4	112.5	106.7	(1.6)	-1.4%
Total	188.2	163.1	197.2	195.5	185.2	4.0	2.1%
Michigan as % of U.S.	21.7%	23.8%	21.9%	21.6%	22.3%	1.0% pts	

## Local Area Unemployment Rates Fall In All Michigan Local Areas

(Not Seasonally Adjusted)

February 2013 local area unemployment rates ranged between 5.3 percent (Ann Arbor MSA) and 14.1 percent (Northeast Lower Michigan). The median February 2013 unemployment rate was 9.2 percent – this contrasts with a 9.4 percent median rate last February.

Compared to a year ago, the February unemployment rate fell in all of Michigan's 17 major Michigan labor market areas. The year-over-year declines ranged between -0.1 percentage point (Bay City MSA) and -0.9 percentage point (Grand Rapids-Wyoming MSA and Holland-Grand Haven MSA). The median decline was -0.4 percentage point.

Between February 2012 and February 2013, employment rose in nine areas and fell in eight areas. Among the nine areas reporting an employment increase, increases ranged between 0.2 percent in the Lansing-East Lansing MSA and 2.2 percent in the Muskegon-Norton Shores MSA. The median employment increase was 1.0 percent. The eight employment declines ranged between -0.2 percent in the Bay City MSA and -1.9 percent in the Saginaw-Saginaw Township North MSA.

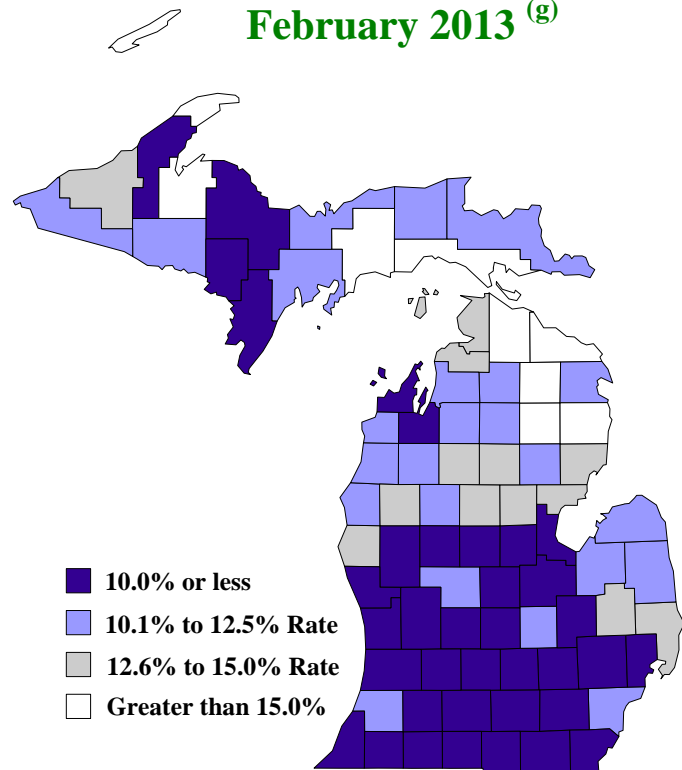
Compared to last February, the labor force fell in 10 labor market areas, rose in six areas and remained unchanged in one area. The median labor force change was a 0.4 percent decline. Labor force changes ranged between a 2.1 percent decline in the Saginaw-Saginaw Township North MSA and a 1.6 percent increase in the Muskegon-Norton Shores MSA.

Between February 2012 and February 2013, the unemployment rate fell in 70 Michigan counties, rose in nine counties and was unchanged in four counties. The median February 2013 rate decrease was -0.5 percentage point. St. Joseph County posted the largest decrease (-1.7 percentage points), followed by Benzie County (-1.4 percentage points). Thirty-five Michigan counties saw a February 2013 unemployment rate below 10.0 percent. Last February, 28 counties had an unemployment rate below 10.0 percent. In February 2013, nine Michigan counties reported a rate higher than 15.0 percent.

### Local Area Unemployment Rates<sup>(g)</sup>

<u>Local Area</u>	<u>Feb 2012 Rate</u>	<u>Jan 2013 Rate</u>	<u>Feb 2013 Rate</u>
Michigan	9.8%	9.7%	9.3%
Ann Arbor	5.7%	5.3%	5.3%
Battle Creek	8.1%	7.4%	7.3%
Bay City	9.7%	9.4%	9.6%
Detroit-Warren-Livonia	10.6%	11.3%	10.2%
Flint	10.1%	9.9%	9.8%
Grand Rapids-Wyoming	7.5%	6.6%	6.6%
Holland-Grand Haven	7.6%	6.7%	6.7%
Jackson	9.3%	8.8%	8.9%
Kalamazoo-Portage	8.3%	7.7%	7.6%
Lansing-East Lansing	7.6%	7.6%	7.4%
Monroe	8.7%	8.9%	8.2%
Muskegon-Norton Shores	9.7%	9.0%	9.2%
Niles-Benton Harbor	10.3%	9.7%	9.7%
Saginaw-Saginaw Township	9.4%	9.0%	9.2%
Upper Peninsula	10.9%	10.3%	10.5%
Northeast Lower Mich	14.3%	13.6%	14.1%
Northwest Lower Mich.	12.1%	11.2%	11.3%

### County Unemployment Rates February 2013<sup>(g)</sup>



## U.S. Economic Conditions

	<u>Nov-12</u>	<u>Dec-12</u>	<u>Jan-13</u>	<u>Feb-13</u>	<u>Change from Year Ago</u>
<b>KEY ECONOMIC INDICATORS</b>					
Consumer Sentiment <sup>(h)</sup>	82.7	72.9	73.8	77.6	2.3 points
ISM Manufacturing Index <sup>(i)</sup>	49.9	50.2	53.1	54.2	2.3 points
ISM Non Manufacturing Index <sup>(i)</sup>	54.8	55.7	55.2	56.0	-0.1 points
	<u>2012.1</u>	<u>2012.2</u>	<u>2012.3</u>	<u>2012.4</u>	
Business Executives' Confidence <sup>(j)</sup>	63.0	47.0	42.0	46.0	-3.0 points
<b>INFLATION <sup>(k)</sup></b>					
<b>1982-84 = 100</b>	<u>Nov-12</u>	<u>Dec-12</u>	<u>Jan-13</u>	<u>Feb-13</u>	<u>Change from Year Ago</u>
U.S. Consumer Price Index	230.2	229.6	230.3	232.2	2.0%
Detroit CPI	NA	216.6	NA	218.9	1.9%
U.S. Producer Price Index	194.5	193.6	194.7	196.2	1.7%
<b>INTEREST RATES</b>					
90 Day T-Bill <sup>(l)</sup>	0.09%	0.07%	0.07%	0.10%	0.01% points
Aaa Corporate Bonds <sup>(l)</sup>	3.50%	3.65%	3.80%	3.90%	0.05% points
<b>INDUSTRIAL PRODUCTION <sup>(l)</sup></b>					
	98.0	98.2	98.3	99.0	2.5%
<b>CAPACITY UTILIZATION <sup>(l)</sup></b>					
	77.8%	77.8%	77.8%	78.3%	0.4% points
<b>RETAIL SALES <sup>(d)</sup></b>					
	\$414.0	\$416.1	\$415.8	\$420.1	4.4%
<b>HOUSING STARTS and SALES</b>					
(Millions Annual Rate)	<u>Nov-12</u>	<u>Dec-12</u>	<u>Jan-13</u>	<u>Feb-13</u>	<u>% Change From Year Ago</u>
Housing Starts <sup>(d)</sup>	0.841	0.982	0.910	0.917	27.7%
Existing Home Sales <sup>(m)</sup>	4.360	4.330	4.370	4.360	8.7%
<b>DURABLE GOODS ORDERS <sup>(p)</sup></b>					
	\$220.6	\$228.4	\$219.9	\$232.2	3.9%
<b>PERSONAL INCOME <sup>(c)</sup></b>					
(Billions of Dollars)	<u>2012.1</u>	<u>2012.2</u>	<u>2012.3</u>	<u>2012.4</u>	<u>% Change From Year Ago</u>
Michigan	\$366.6	\$368.8	\$370.4	\$376.6	4.0%
U.S.	\$13,224.2	\$13,322.5	\$13,401.3	\$13,659.5	4.9%
<b>GROSS DOMESTIC PRODUCT</b>					
(Billions of Chained 2005 Dollars) <sup>(c)</sup>	<u>2012.1</u>	<u>2012.2</u>	<u>2012.3</u>	<u>2012.4</u>	<u>Annualized % Chg From Last Qtr</u>
	\$13,506.4	\$13,548.5	\$13,652.5	\$13,665.4	0.38%

**SOURCES AND NOTES:**

- (a) Seasonally adjusted. Sources: Bureau of Labor Statistics, U.S. Department of Labor and Michigan Department of Technology, Management and Budget.
- (b) Bureau of Labor Statistics, U.S. Department of Labor (BLS 790).
- (c) Seasonally adjusted annual rates. Source: Bureau of Economic Analysis, U.S. Department of Commerce.
- (d) Bureau of the Census, U.S. Department of Commerce
- (e) Automotive News.
- (f) Michigan Department of Treasury.
- (g) Michigan Department of Technology, Management and Budget.
- (h) University of Michigan Survey of Consumers.
- (i) Institute for Supply Management (ISM), formerly NAPM.
- (j) The Conference Board.
- (k) Bureau of Labor Statistics, U.S. Department of Labor.
- (l) Seasonally adjusted rates (except interest rates). Federal Reserve System Board of Governors. 2007 equals 100. Treasury bill rate (secondary market).
- (m) National Association of Realtors.