



MICHIGAN ECONOMIC UPDATE

Office of Revenue and Tax Analysis
Michigan Department of Treasury

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

September 2013 Summary

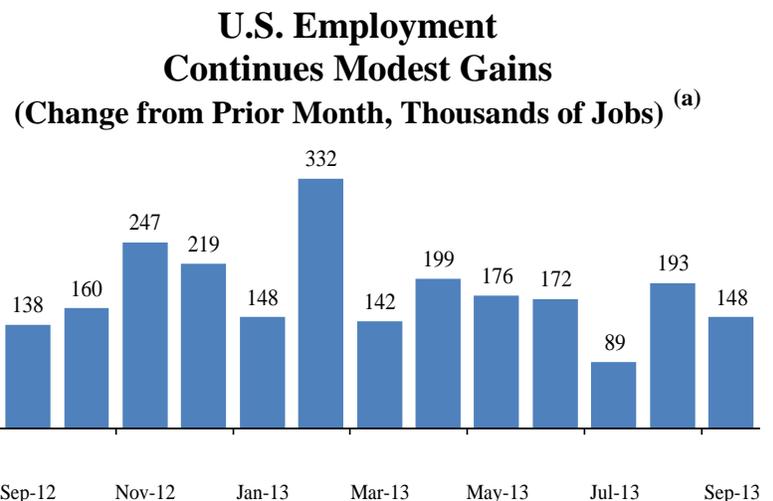
U.S. Economy: In September 2013, the Consumer Sentiment Index was down 0.8 point from a year ago to 73.2 – the index’s lowest reading this calendar year. In 2013Q3, the Business Executives’ Confidence Index fell 8.0 points from 2013Q2 to 54.0, but was up 12.0 points from last year. Existing home sales rose 10.7 percent in September compared to a year ago. In September 2013, the ISM manufacturing index rose 4.6 points from last September while the ISM non-manufacturing index decreased 0.8 point from a year ago. Retail sales increased 3.2 percent from last year. In September 2013, industrial production grew 3.2 percent from a year earlier. Capacity utilization was up 1.1 points from last September. New durable goods orders were up substantially (7.4 percent) from September 2012. Due to the federal government shutdown over the first half of October 2013, several government data releases were cancelled or postponed.

Employment: Due to the federal government shut down, the September 2013 Michigan employment report was cancelled. In September 2013, U.S. wage and salary employment was up 148,000 jobs from August. Over the last year, national employment has increased by 2.2 million jobs (1.7 percent). September Michigan employment figures will be released in the October 2013 State employment report. At 7.2 percent, the national unemployment rate was down 0.1 percentage point from August and was 0.6 percentage point lower than September 2012.

Auto Industry: In September 2013, the U.S. light vehicle annual sales rate fell 5.2 percent from last month’s 69-month high, but was up 3.3 percent from a year ago. September marked the 11th straight month that the light vehicle annual sale rate exceeded 15.0 million units and the 20th consecutive month in which the sales rate was above 14.0 million units. Both Michigan and national vehicle production rose sharply compared to a year ago with Michigan production up 25.9 percent and U.S. production rising 21.4 percent. Compared to a year ago, Michigan’s share of national vehicle production increased 0.8 percentage point to 22.6 percent.

Inflation: In September, the overall U.S. consumer price index (CPI) rose 1.2 percent compared to a year ago. The core U.S. CPI (excluding food and energy) increased 1.7 percent. The producer price index rose 0.3 percent from last year.

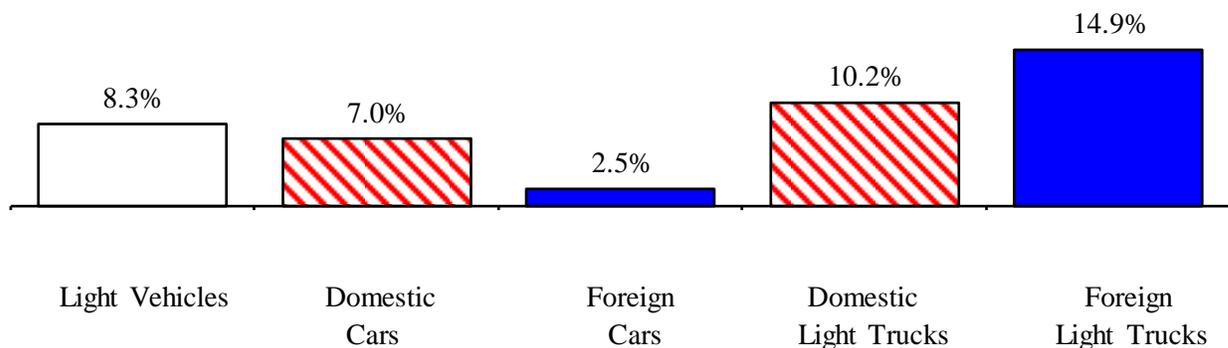
Michigan Metro Areas: The September 2013 metropolitan area/county employment report was cancelled. September figures will be reported in the October release.



Motor Vehicle Industry Sales

- September 2013 U.S. light vehicle sales totaled 15.2 million units, at a seasonally adjusted annual rate. The September 2013 rate was down 5.2 percent from last month, but was 3.3 percent higher than the September 2012 rate. The light vehicle sales rate has exceeded 15.0 million units in each of the past 11 months and has exceeded 14.0 million units in each of the past 20 months. Year-to-date, 2013 light vehicle sales are up 8.3 percent
- U.S. sales of domestic light vehicles increased 1.6 percent between September 2012 and September 2013, while foreign sales were up 9.5 percent over the same period. Consequently, the foreign share of U.S. light vehicle sales increased from 22.1 percent in September 2012 to 23.4 percent in September 2013.
- Auto sales increased 2.7 percent compared to last September, while light truck sales were up 4.0 percent from September 2012. Year-over-year, heavy truck sales rose 3.3 percent.

Year-to-date 2013 Light Vehicle Sales Up Significantly from Year Ago



Motor Vehicle Sales Statistics

(Millions, unless otherwise specified)

Motor Vehicle Sales ^(c)	2012	Jul	Aug	Sep	3 Month	Change from Year Ago	
	Average	2013	2013	2013	Average	Level	%
Autos	7.2	7.7	7.8	7.5	7.7	0.2	2.7%
Domestics	5.1	5.5	5.5	5.2	5.4	0.1	1.5%
Imports	2.1	2.2	2.3	2.3	2.3	0.1	5.7%
Import Share	29.3%	28.7%	29.7%	30.4%	29.6%	0.9% pts	
Light Trucks	7.2	8.0	8.2	7.7	8.0	0.3	4.0%
Domestics	6.1	6.7	6.9	6.4	6.7	0.1	1.7%
Imports	1.1	1.3	1.3	1.3	1.3	0.2	17.2%
Import Share	14.7%	16.4%	15.4%	16.6%	16.1%	1.9% pts	
Total Light Vehicles	14.4	15.7	16.0	15.2	15.7	0.5	3.3%
Heavy Trucks	0.3	0.4	0.3	0.4	0.4	0.0	4.6%
Total Vehicles	14.8	16.1	16.4	15.6	16.0	0.5	3.4%

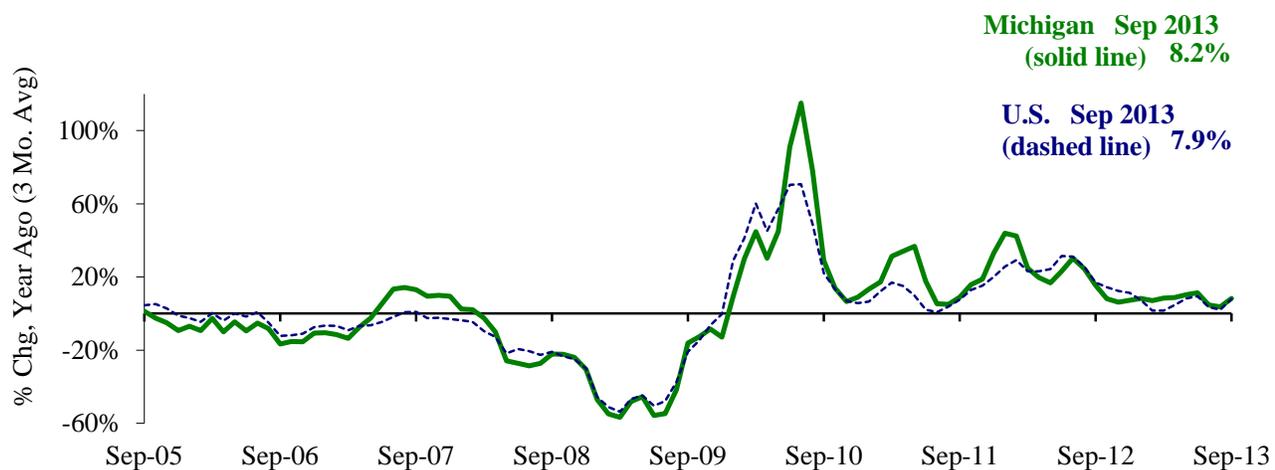
Retail Inventories, Motor Vehicle and Parts Dealers^(d) (billions of dollars)

	2012	May-13	Jun-13	Jul-13	3 Month		
	Average				Average		
Inventories	\$150.8	\$166.4	\$167.6	\$168.9	\$167.6	\$14.8	9.6%
Inventory/Sales Ratio	2.05	2.10	2.06	2.08	2.08	-0.04	

Motor Vehicle Industry Production

- At 219,146 units, September 2013 Michigan motor vehicle production was 25.9 percent higher than September 2012. National production increased 21.4 percent from last September. The three-month average of vehicle production (July 2013-September 2013) was up 8.2 percent in Michigan and rose 7.9 percent nationally, compared to a year ago.
- In September 2013, Michigan car production was up 7.3 percent from a year ago while State truck production rose sharply (42.9 percent). Nationally, car production increased 9.3 percent while U.S. truck production increased substantially (31.1 percent).
- From a year ago, Michigan's September share of national vehicle production rose 0.8 percentage point to 22.6 percent. Michigan's share of U.S. car production decreased 0.4 percentage point to 22.9 percent. Michigan's share of U.S. truck production rose 1.8 percentage points to 22.4 percent.

Michigan and U.S. Motor Vehicle Production Increases from Year-Ago Levels Tick Up ^(e,f)



Motor Vehicle Production Statistics

(Thousands, unless otherwise specified)

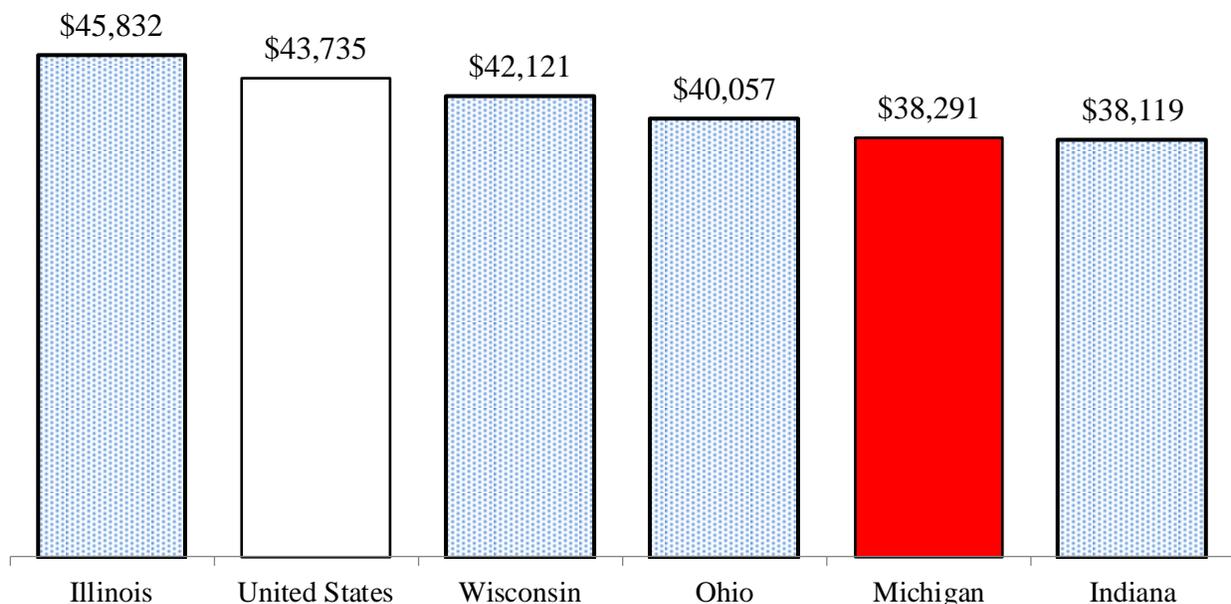
	2012					Change from Year Ago for the Month	
	Monthly Average	Jul 2013	Aug 2013	Sep 2013	3 Month Average	Level	%
U.S. Production ^(e)							
Autos	364.5	253.9	402.0	388.4	348.1	33.0	9.3%
Trucks	503.0	419.3	604.3	581.4	535.0	137.9	31.1%
Total	867.5	673.3	1,006.3	969.8	883.1	170.9	21.4%
Michigan Production ^(f)							
Autos	80.5	46.7	87.5	89.1	74.4	6.1	7.3%
Trucks	107.8	103.6	138.0	130.1	123.9	39.0	42.9%
Total	188.2	150.3	225.6	219.1	198.3	45.1	25.9%
Michigan as % of U.S.	21.7%	22.3%	22.4%	22.6%	22.5%	0.8% pts	

State Personal Income Grows for the Third Straight Year

On September 30, 2013, the Bureau of Economic Analysis released revised annual state personal income estimates for 2001 through 2012. Below are highlights from the release:

- In 2012, nominal Michigan personal income rose 3.5 percent. While Michigan's 2012 personal income growth slowed from 5.5 percent in 2011, the 2012 increase marked the third straight year of annual Michigan personal income growth. Nationally, U.S. personal income rose 4.2 percent in 2012 – down from a 6.1 percent increase in 2011.
- Real (inflation adjusted) Michigan personal income rose 1.4 percent in 2012 after increasing 2.1 percent in 2011 and rising 1.7 percent in 2010.
- Michigan income per person grew 3.4 percent between 2011 and 2012 -- matching overall U.S. income per person growth. With the Detroit CPI rising 2.0 percent, real Michigan income per person increased 1.3 percent in 2012. Nationally, real income per person rose 1.3 percent.
- Among the five Great Lakes states, Michigan income per person (\$38,291) ranked fourth in 2012, ahead of Indiana. Michigan has ranked fourth in the Great Lakes region each year since 2006. Michigan's 2012 income per person placed 36th among the 50 states. Ten years earlier, Michigan had ranked 24th in state income per person.
- In 2009, Michigan's per person income as a percent of the national average fell to 86.8 percent -- the lowest Michigan percent in the history for the data which goes back to 1929. Michigan's share rose to 87.4 percent in 2010 and to 87.6 percent in 2011, where the share remained in 2012. However, the 87.6 percent share ranked as the State's fifth lowest percent of U.S. per person income. Michigan's 2012 per person income as a percent of the national average was down 7.9 percentage points from ten years earlier.

Michigan 2012 Income Per Person Ranks 4th Among Great Lakes States



U.S. Economic Conditions

	<u>Jun-13</u>	<u>Jul-13</u>	<u>Aug-13</u>	<u>Sep-13</u>	<u>Change from Year Ago</u>
KEY ECONOMIC INDICATORS					
Consumer Sentiment ^(h)	84.1	85.1	82.1	77.5	-0.8 points
ISM Manufacturing Index ⁽ⁱ⁾	50.9	55.4	55.7	56.2	4.6 points
ISM Non Manufacturing Index ⁽ⁱ⁾	52.8	56.0	58.6	54.4	-0.8 points
	<u>2012.4</u>	<u>2013.1</u>	<u>2013.2</u>	<u>2013.3</u>	
Business Executives' Confidence ⁽ⁱ⁾	46.0	54.0	62.0	54.0	12.0 points
INFLATION ^(k)					
1982-84 = 100	<u>Jun-13</u>	<u>Jul-13</u>	<u>Aug-13</u>	<u>Sep-13</u>	<u>Change from Year Ago</u>
U.S. Consumer Price Index	233.5	233.6	233.9	234.1	1.2%
Detroit CPI	221.6	NA	220.0	NA	1.3%
U.S. Producer Price Index	197.6	197.3	198.1	197.3	0.3%
INTEREST RATES					
90 Day T-Bill ^(l)	0.05%	0.04%	0.04%	0.02%	-0.09% points
Aaa Corporate Bonds ^(l)	4.27%	4.34%	4.54%	4.64%	1.15% points
INDUSTRIAL PRODUCTION ^(l)					
	99.1	99.1	99.5	100.0	3.2%
CAPACITY UTILIZATION ^(l)					
	77.9%	77.7%	77.9%	78.3%	1.1% points
RETAIL SALES ^(d)					
	\$423.8	\$425.5	\$426.3	\$425.9	3.2%
HOUSING STARTS and SALES					
(Millions Annual Rate)	<u>Jun-13</u>	<u>Jul-13</u>	<u>Aug-13</u>	<u>Sep-13</u>	<u>% Change From Year Ago</u>
Housing Starts ^(d)	0.835	0.883	0.891	#N/A	#N/A
Existing Home Sales ^(m)	5.060	5.390	5.390	5.290	10.7%
DURABLE GOODS ORDERS ^(p)					
	\$244.4	\$224.6	\$225.2	\$233.4	7.4%
PERSONAL INCOME ^(c)					
(Billions of Dollars)	<u>2012.3</u>	<u>2012.4</u>	<u>2013.1</u>	<u>2013.2</u>	<u>% Change From Year Ago</u>
Michigan	\$376.8	\$385.7	\$384.4	\$387.8	3.1%
U.S.	\$13,683.8	\$14,055.5	\$13,872.5	\$14,006.2	2.7%
GROSS DOMESTIC PRODUCT					
(Billions of Chained 2009 Dollars) ^(c)	<u>2012.3</u>	<u>2012.4</u>	<u>2013.1</u>	<u>2013.2</u>	<u>Annualized % Chg From Last Qtr</u>
	\$15,534.0	\$15,539.6	\$15,583.9	\$15,679.7	2.48%

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.