



*September 2016 Summary*

**U.S. Economy:** The annual rate of real GDP growth in 2016Q3 was up 2.9 percent -- substantially faster than in recent quarters. New durable goods orders rose 1.6 percent from last September. Consumer sentiment was up 4.0 points from September 2015 and rose 1.4 points from a month ago. Retail sales increased 2.7 percent from last September. The Institute for Supply Management (ISM) reported the current expansion has now lasted 88 months. The ISM Production Management Index (PMI) rose 1.5 points from last September. At 51.5, the September 2016 PMI signaled an expanding manufacturing sector for the sixth month out of the last seven months. The ISM non-manufacturing index (NMI) signaled service sector expansion for the 80<sup>th</sup> straight month and the pace of growth was up slightly (0.4 of a point) from last September. In September 2016, industrial production declined 1.0 percent from the year-ago level -- the 13<sup>th</sup> straight monthly y-o-y decline. The capacity utilization rate fell 1.1 points from September 2015 -- the 19<sup>th</sup> consecutive y-o-y rate drop. Housing starts were down sharply (-11.9 percent) from last September and existing home sales were up slightly (0.6 percent),

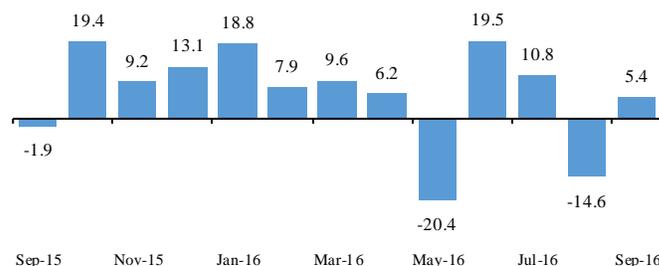
**Employment:** In September 2016, the Michigan unemployment rate rose 0.1 of a percentage point from August to 4.6 percent. The September 2016 Michigan rate was down 0.5 of a percentage point from September 2015. The U.S. rate was up 0.1 of a percentage point from August at 5.0 percent. Between September 2015 and September 2016, Michigan payroll employment gained a net 84,900 jobs (2.0 percent). Michigan payroll employment in September 2016 rose 5,400 jobs compared to August 2016. U.S. payroll employment was up 2.5 million jobs (1.7 percent) in September 2016 compared to a year ago. National payroll employment was up by 156,000 jobs from August to September.

**Auto Industry:** In September 2016, U.S. light vehicle sales fell 1.8 percent from last September but totaled a very strong annualized 17.7 million units. Between September 2015 and September 2016, the three-month average of Michigan vehicle production rose 2.4 percent while the three-month U.S. average was up 0.7 percent. Between September 2015 and September 2016, Michigan's share of U.S. vehicle production fell 0.8 of a percentage point to 19.1 percent.

**Inflation:** In September 2016, the overall U.S. consumer price index (CPI) rose 1.5 percent from a year ago. The core U.S. CPI (excluding food and energy) was up 2.2 percent from last September. The U.S. producer price index was up 0.5 percent from last year. At \$45.18, the September 2016 price of oil per barrel was down a very slight \$0.30 (0.7 percent) from September 2015.

**Michigan Metro Areas:** Compared to a year ago, September 2016 unemployment rates fell in 14 of Michigan's 17 major labor markets and in 66 of the State's 83 counties. Household employment rose in 15 of Michigan's 17 major labor market areas.

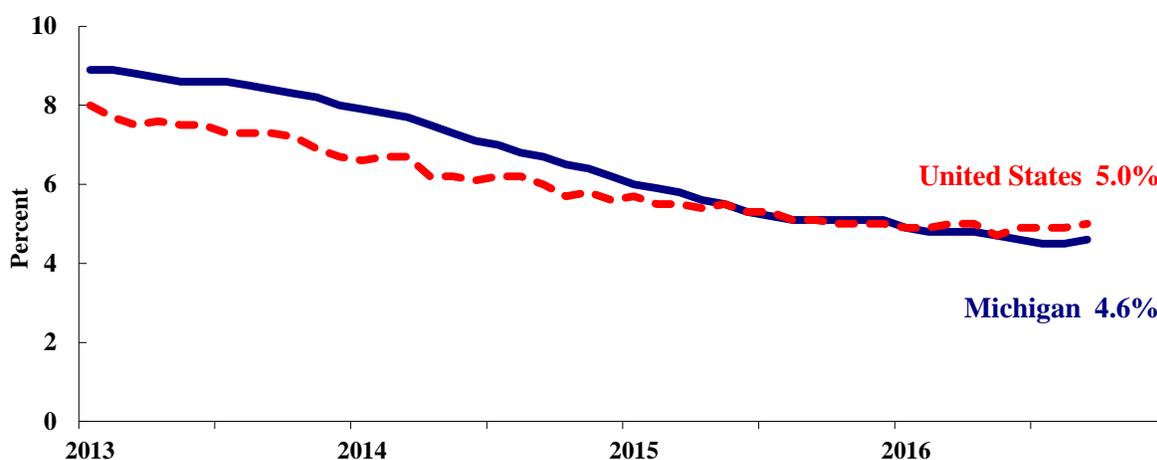
**Michigan Payroll Employment Up Modestly in September**  
(change from previous month, thousands of jobs) <sup>(a)</sup>



## Labor Market Statistics

- In September 2016, the Michigan unemployment rate increased 0.1 percent to 4.6 percent. The national unemployment rate increased 0.1 percent from August to September to 5.0 percent. This is the third month in a row that Michigan's unemployment rate has been 0.4 of a percentage point below the national average, which is the largest amount Michigan's rate has been below the U.S. rate since June 2000.
- In September 2016, Michigan's unemployment rate was down 0.5 of a percentage point from a year ago. The September U.S. unemployment rate decreased 0.1 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 January 2013 to September 2016



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

- In September, the total number of people employed in Michigan increased 11,000 to 4,599,000 persons while the labor force rose 14,000. The statewide total number of unemployed workers rose 4,000 to 220,000.
- United States employment totaled 152.0 million persons in September. The labor force totaled 159.9 million and there were 7.9 million unemployed in September 2016.

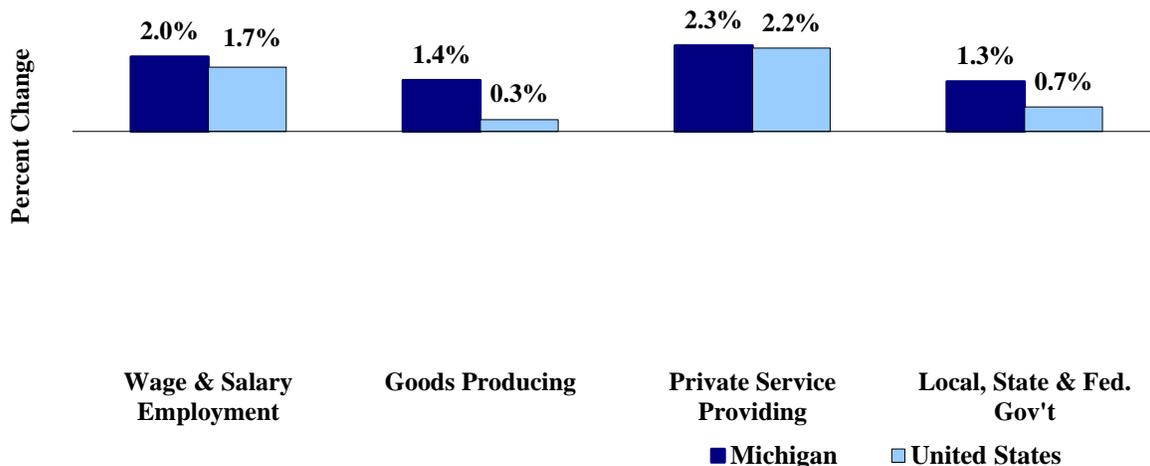
### Employment by Place of Residence (in thousands)<sup>(a)</sup>

	2015 Average	Jul 2016	Aug 2016	Sep 2016	Change From			
					Prior Month Level	%	Last Year Level	%
<b>Michigan</b>								
Labor Force	4,751	4,809	4,805	4,819	14	0.3%	71	1.5%
Employed	4,493	4,595	4,588	4,599	11	0.2%	93	2.1%
Unemployed	258	214	216	220	4	1.9%	-22	-9.1%
Unemployment Rate	5.4%	4.5%	4.5%	4.6%	n.a.	0.1% pts	n.a.	-0.5% pts
<b>United States</b>								
Labor Force	157,130	159,287	159,463	159,907	444	0.3%	3,040	1.9%
Employed	148,834	151,517	151,614	151,968	354	0.2%	3,026	2.0%
Unemployed	8,296	7,770	7,849	7,939	90	1.1%	14	0.2%
Unemployment Rate	5.3%	4.9%	4.9%	5.0%	n.a.	0.1% pts	n.a.	-0.1% pts

## Employment by Place of Work (Payroll)

- From September 2015 to September 2016, Michigan payroll employment increased 84,900 jobs (2.0 percent). State payroll employment rose by 5,400 jobs in September from August. Nationally, September 2016 payroll employment rose 2,447,000 (1.7 percent) from a year ago and was up 156,000 from August.

### Payroll Employment Growth September 2015 to September 2016



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

- In the goods-producing sector, Michigan payroll employment increased 1.4 percent in September from a year ago while employment in the private service-providing sector increased 2.3 percent. From a year ago, September national payroll employment rose 0.3 percent in the goods-producing sector and increased 2.2 percent in the private service-providing sector. Government employment was up 1.3 percent from a year ago in Michigan. Nationwide, government employment was up 0.7 percent.
- Manufacturing weekly hours in Michigan were down 0.3 hours in September compared to last year.

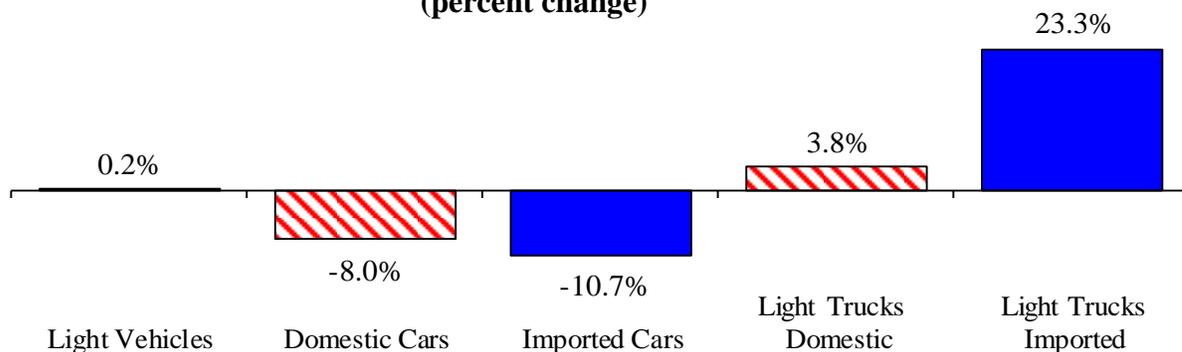
### Wage and Salary (Payroll) Employment (in thousands)<sup>(b)</sup>

	Michigan				United States			
	2015 Average	Sep 2015	Sep 2016	Percent Change	2015 Average	Sep 2015	Sep 2016	Percent Change
Wage & Salary Employment	4,243.7	4,246.9	4,331.8	2.0%	141,865	142,300	144,747	1.7%
Goods Producing	742.9	744.9	755.1	1.4%	19,584	19,550	19,612	0.3%
Manufacturing	587.3	590.3	598.0	1.3%	12,318	12,309	12,262	-0.4%
Private Service Providing	2,906.5	2,911.0	2,977.8	2.3%	100,275	100,714	102,954	2.2%
Trade, Trans. & Utilities	770.7	773.4	772.5	-0.1%	26,920	26,987	27,407	1.6%
Services	1,872.0	1,873.2	1,931.4	3.1%	62,480	62,808	64,454	2.6%
Local, State & Fed. Gov't	594.3	591.0	598.9	1.3%	22,007	22,036	22,181	0.7%
Manufacturing Weekly Hours	44.2	43.2	42.9	-0.3 hrs	41.8	40.6	40.7	0.1 hrs

## Motor Vehicle Industry Sales

- September 2016 U.S. light vehicle sales were up 4.4 percent from August and were down 1.8 percent from September 2015. At 17.7 million units, September 2016 marks the 31<sup>st</sup> straight month that the light vehicle annualized sales rate exceeded 16.0 million units and the 15<sup>th</sup> month out of the most recent 19 months that the sales rate exceeded 17.0 million units.
- U.S. sales of domestic light vehicles decreased 2.7 percent between September 2015 and September 2016. Foreign sales were up 1.7 percent over the same period. As a result, the foreign share of U.S. light vehicle sales rose 0.7 of a percentage point to 21.4 percent in September 2016.
- Auto sales decreased 8.4 percent compared to last September, while light truck sales were up 3.0 percent from September 2015. As a result, September 2016 marked the sixth straight month in which the light truck share of total sales exceeded 60.0 percent. Prior to the last six months, the light truck sales share exceeded 60.0 percent only once (July 2005). After four straight double-digit declines, the year-over-year heavy truck sales decline slowed to a 5.8 percent drop in September 2016.

### Year-to-Date Total Light Vehicle Sales (Jan-Sep 2016) Up Only Slightly from Year Ago (Jan-Sep 2015) (percent change)



## Motor Vehicle Sales Statistics

(Millions, unless otherwise specified)

Motor Vehicle Sales <sup>(c)</sup>	2015 Total	Jul 2016	Aug 2016	Sep 2016	3 Month Average	Change from Year Ago	
						Level	%
Autos	7.5	6.9	6.5	7.0	6.8	(0.6)	-8.4%
Domestics	5.6	5.1	4.9	5.3	5.1	(0.4)	-7.6%
Imports	1.9	1.7	1.7	1.7	1.7	(0.2)	-11.1%
Import Share	25.6%	25.3%	25.3%	24.3%	25.0%	-0.7%	pts
Light Trucks	9.9	10.9	10.4	10.7	10.7	0.3	3.0%
Domestics	8.1	8.7	8.2	8.6	8.5	0.0	0.5%
Imports	1.8	2.2	2.2	2.1	2.2	0.3	15.1%
Import Share	18.0%	20.2%	20.8%	19.5%	20.2%	2.0%	pts
Total Light Vehicles	17.4	17.8	16.9	17.7	17.5	(0.3)	-1.8%
Heavy Trucks	0.4	0.4	0.4	0.4	0.4	(0.0)	-5.8%
Total Vehicles	17.8	18.2	17.3	18.1	17.8	(0.4)	-1.9%

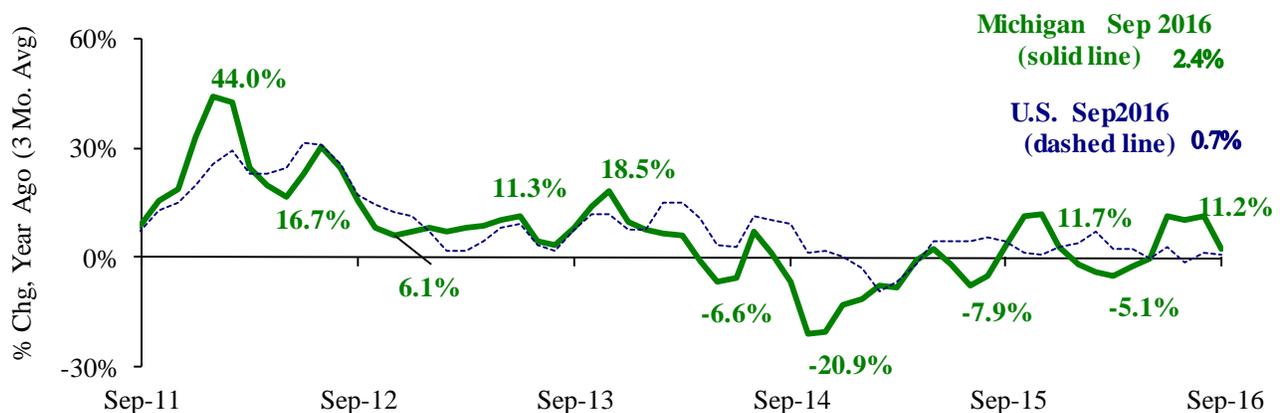
### Retail Inventories, Motor Vehicle and Parts Dealers<sup>(d)</sup> (billions of dollars)

	2015 Average	Jun-16	Jul-16	Aug-16	3 Month Average	Change from Year Ago	
						Level	%
Inventories	\$190.4	\$209.7	\$209.9	\$212.4	\$210.7	\$19.7	10.2%
Inventory/Sales Ratio	2.10	2.28	2.23	2.27	2.26	0.16	

## Motor Vehicle Industry Production

- At 208,976 units, September 2016 Michigan motor vehicle production was essentially unchanged from September 2015. National production increased 4.1 percent from last September. The three-month average of vehicle production (July 2016-September 2016) was up 2.4 percent in Michigan and up 0.7 percent nationally, compared to a year ago.
- In September 2016, Michigan car production was down 3.5 percent from a year ago while State truck production rose 1.9 percent. Nationally, car production increased 0.7 percent while U.S. truck production was up 5.9 percent.
- Michigan's share of national vehicle production fell 0.8 of a percentage point from the year-ago level to 19.1 percent in September 2016. Michigan's share of U.S. car production was down 0.8 of a percentage point at 19.3 percent. Michigan's share of U.S. truck production decreased 0.7 of a percentage point to 19.1 percent.

### Michigan Motor Vehicle Production Trend Growth Slows <sup>(e,f)</sup>



### Motor Vehicle Production Statistics

(Thousands, unless otherwise specified)

	2015					Change from Year Ago for the Month	
	Monthly Average	Jul 2016	Aug 2016	Sep 2016	3 Month Average	Level	%
<b>U.S. Production <sup>(e)</sup></b>							
Autos	355.8	269.4	386.3	360.8	338.8	2.5	0.7%
Trucks	644.1	525.5	770.8	730.7	675.7	40.6	5.9%
Total	1,000.0	794.9	1,157.1	1,091.5	1,014.5	43.1	4.1%
<b>Michigan Production <sup>(f)</sup></b>							
Autos	68.3	57.5	71.2	69.5	66.1	(2.5)	-3.5%
Trucks	125.6	107.2	142.0	139.4	129.5	2.6	1.9%
Total	193.9	164.7	213.2	209.0	195.6	0.1	0.0%
Michigan as % of U.S.	19.4%	20.7%	18.4%	19.1%	19.3%	-0.8% pts	

## Local Area Unemployment Rates Decline in 14 of Michigan's 17 Local Areas (Not Seasonally Adjusted)

In September 2016, the unemployment rates in Michigan's 17 labor market areas ranged from a low of 2.9 percent in the Grand Rapids-Wyoming Metropolitan Statistical Area (MSA) to a high of 5.4 percent in the Detroit-Warren-Dearborn MSA. The September 2016 median unemployment rate was 4.0 percent, which is down slightly (0.1 of a percentage point) from last September's 4.1 percent median rate.

Compared to a year ago, the September 2016 unemployment rate fell in 14 of Michigan's 17 labor market areas. The median rate decline was a slight 0.2 of a percentage point. The Muskegon MSA, Saginaw MSA and the Upper Peninsula region each reported the largest rate decrease of 0.3 of a percentage point. One labor market area reported an increase in its unemployment rate from last year (Monroe MSA, which reported a 0.2 of a percentage point rise). Two areas (Ann Arbor MSA and Northeast Lower Michigan region) reported no change in their unemployment rates compared with a year ago.

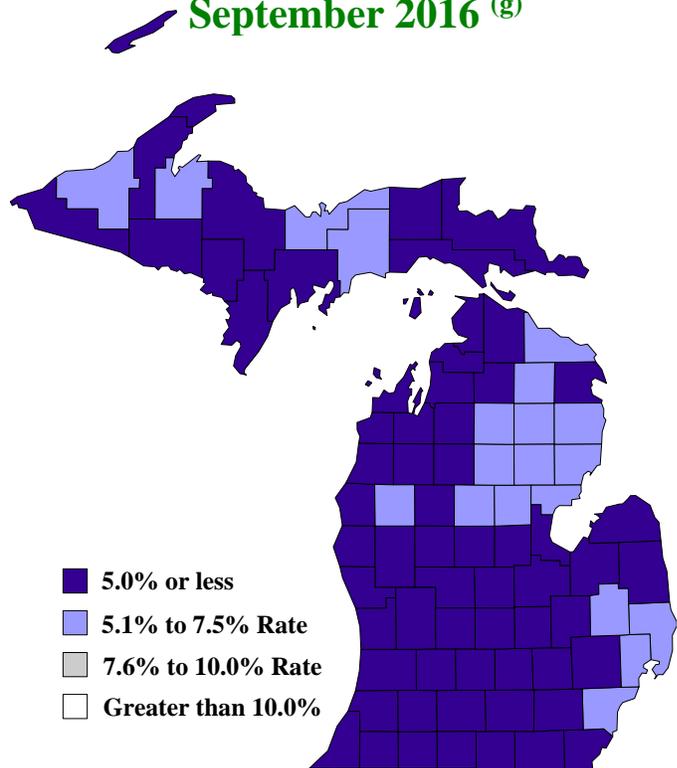
Between September 2015 and September 2016, household employment rose in 15 of Michigan's 17 labor market areas and declined in two areas. The median employment increase was 1.9 percent. The Ann Arbor MSA reported the largest year-over-year employment increase at 5.5 percent, followed by the Detroit-Warren-Dearborn MSA with a 4.8 percent increase. The Jackson MSA reported the largest year-over-year employment decrease of 1.3 percent. The labor force rose in 15 labor market areas and fell in two areas. The Ann Arbor MSA reported the largest percent increase in labor force at 5.5 percent, followed by the Detroit-Warren-Dearborn MSA at 4.6 percent. The Jackson MSA recorded the largest percent decline in labor force at 1.5 percent.

Between September 2015 and September 2016, the unemployment rate fell in 66 of Michigan's 83 counties, rose in 11 counties and was unchanged in six counties. The median September 2016 rate decline was 0.3 of a percentage point. Schoolcraft County reported the largest unemployment rate decline at 2.0 percentage points, followed by Gogebic County, Lake County and Oscoda County, each with a 0.8 of a percentage point decline. In September 2016, the unemployment rate was below 7.0 percent in 82 of Michigan's 83 counties – the same number of counties with a rate below 7.0 percent in September 2015.

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

<u>Local Area</u>	<u>Sep 2015 Rate</u>	<u>Aug 2016 Rate</u>	<u>Sep 2016 Rate</u>
Michigan	4.6%	4.9%	4.4%
Ann Arbor	3.1%	3.5%	3.1%
Battle Creek	4.0%	4.4%	3.9%
Bay City	4.3%	4.7%	4.1%
Detroit-Warren-Dearborn	5.6%	6.0%	5.4%
Flint	4.7%	5.0%	4.5%
Grand Rapids-Wyoming	3.0%	3.3%	2.9%
Jackson	4.2%	4.6%	4.1%
Kalamazoo-Portage	3.7%	3.9%	3.5%
Lansing-East Lansing	3.5%	3.8%	3.3%
Midland	3.7%	4.1%	3.6%
Monroe	3.5%	4.3%	3.7%
Muskegon	4.6%	4.8%	4.3%
Niles-Benton Harbor	4.1%	4.4%	4.0%
Saginaw	4.4%	4.6%	4.1%
Upper Peninsula	4.8%	5.2%	4.7%
Northeast Lower Mich	5.0%	5.6%	5.0%
Northwest Lower Mich.	4.1%	4.1%	3.8%

### County Unemployment Rates September 2016<sup>(g)</sup>



## U.S. Economic Conditions

	<u>Jun-16</u>	<u>Jul-16</u>	<u>Aug-16</u>	<u>Sep-16</u>	<u>Change from Year Ago</u>
<b>KEY ECONOMIC INDICATORS</b>					
Consumer Sentiment <sup>(h)</sup>	93.5	90.0	89.8	91.2	4.0 points
ISM Manufacturing Index <sup>(i)</sup>	53.2	52.6	49.4	51.5	1.5 points
ISM Non Manufacturing Index <sup>(i)</sup>	56.5	55.5	51.4	57.1	0.4 points
	<u>2015.4</u>	<u>2016.1</u>	<u>2016.2</u>	<u>2016.3</u>	
Business Executives' Confidence <sup>(j)</sup>	45.0	47.0	52.0	50.0	2.0 points
<b>INFLATION <sup>(k)</sup></b>					
<b>1982-84 = 100 (CPI)</b>	<u>Jun-16</u>	<u>Jul-16</u>	<u>Aug-16</u>	<u>Sep-16</u>	<u>Change from Year Ago</u>
<b>Nov 2009 = 100 (PPI)</b>					
U.S. Consumer Price Index	241.0	240.6	240.8	241.4	1.5%
Detroit CPI	224.1	NA	223.9	NA	1.7%
U.S. Producer Price Index	110.2	110.9	110.6	110.5	0.5%
<b>INTEREST RATES</b>					
90 Day T-Bill <sup>(l)</sup>	0.27%	0.30%	0.30%	0.29%	0.27% points
Aaa Corporate Bonds <sup>(l)</sup>	3.50%	3.28%	3.32%	3.41%	-0.66% points
<b>INDUSTRIAL PRODUCTION <sup>(l)</sup></b>					
	104.2	104.7	104.2	104.2	-1.0%
<b>CAPACITY UTILIZATION <sup>(l)</sup></b>					
	75.4%	75.4%	75.3%	75.4%	-1.1% points
<b>RETAIL SALES <sup>(d)</sup></b>					
	\$457.4	\$457.8	\$457.0	\$459.8	2.7%
<b>HOUSING STARTS and SALES</b>					
(Millions Annual Rate)	<u>Jun-16</u>	<u>Jul-16</u>	<u>Aug-16</u>	<u>Sep-16</u>	<u>% Change From Year Ago</u>
Housing Starts <sup>(d)</sup>	1.195	1.218	1.150	1.047	-11.9%
Existing Home Sales <sup>(m)</sup>	5.570	5.380	5.300	5.470	0.6%
<b>DURABLE GOODS ORDERS <sup>(p)</sup></b>					
	\$219.1	\$226.9	\$227.6	\$227.3	1.6%
<b>PERSONAL INCOME <sup>(c)</sup></b>					
(Billions of Dollars)	<u>2015.3</u>	<u>2015.4</u>	<u>2016.1</u>	<u>2016.2</u>	<u>% Change From Year Ago</u>
Michigan	\$426.8	\$433.1	\$433.6	\$438.5	3.8%
U.S.	\$15,564.5	\$15,694.3	\$15,740.8	\$15,900.9	3.2%
<b>GROSS DOMESTIC PRODUCT</b>					
(Billions of Chained 2009 Dollars) <sup>(c)</sup>	<u>2015.4</u>	<u>2016.1</u>	<u>2016.2</u>	<u>2016.3</u>	<u>Annualized % Chg From Last Qtr</u>
	\$16,490.7	\$16,525.0	\$16,583.1	\$16,702.1	2.9%

**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.