



MICHIGAN ECONOMIC UPDATE

Office of Revenue and Tax Analysis

Michigan Department of Treasury

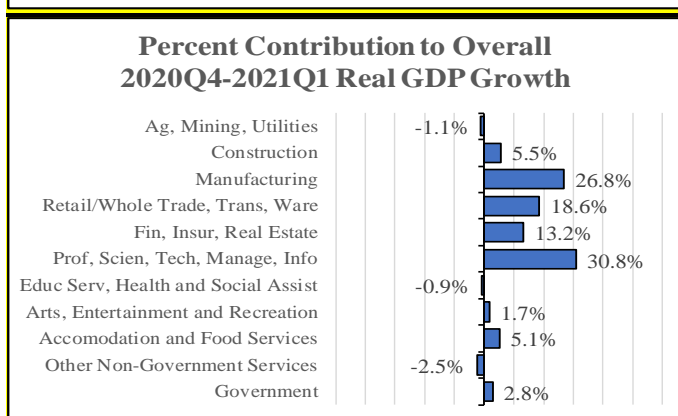
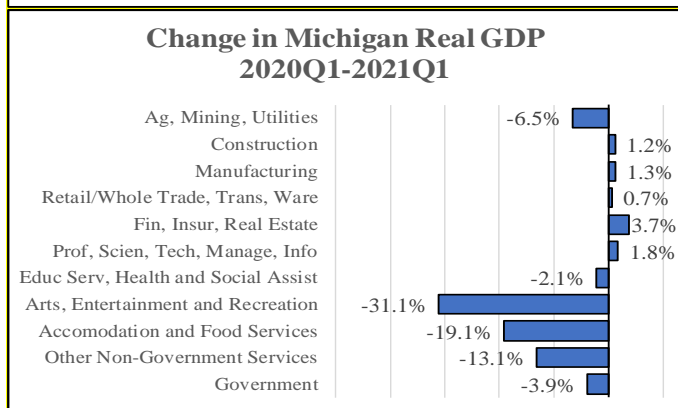
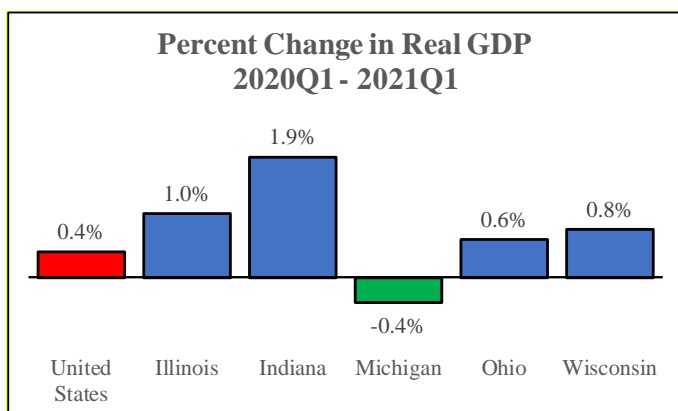
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Summarizing Economic Data for July 2021

(Published 08/30/2021)

State Gross Domestic Product Release

On June 25, 2021, the Bureau of Economic Analysis released 2021Q1 state gross domestic product (GDP) data. Below are some highlights of that release ^(c):



Interstate Comparisons, Y-O-Y Changes

- Michigan real (inflation adjusted) total GDP decreased 0.4 percent over the past year.
- Michigan y-o-y percent change in total GDP ranked 40th among all states.
- State y-o-y real GDP changes ranged from -5.2 percent (Hawaii) to +5.1 percent (Utah).
- Among Great Lakes states, y-o-y percent changes ranged from -0.4 percent (Michigan) to +1.9 percent (Indiana).

Sectoral Michigan Real GDP Y-O-Y Change

- Among broad industry groupings in Michigan, y-o-y changes in real GDP varied widely.
- Real GDP rose 3.7 in the finance, insurance and real estate industry. Other industries reporting y-o-y increases included construction, manufacturing, retail/wholesale/transportation/warehousing and the professional, scientific, technical, management and information sector
- The arts, entertainment and recreation sector (-31.1 percent) and accommodation and food services (-19.1 percent) reported the largest broad industry declines.

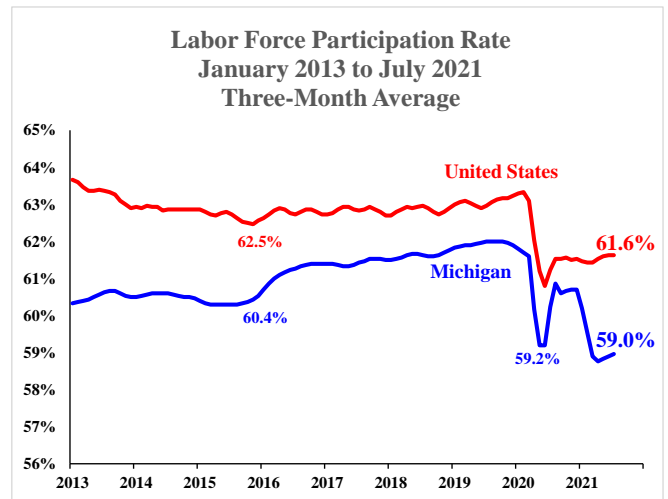
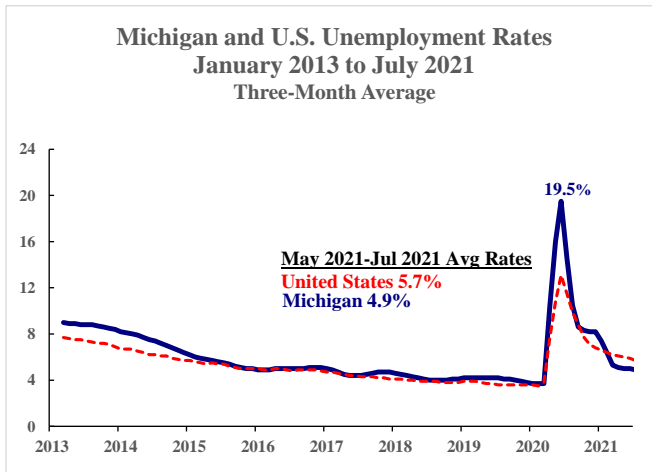
Sectoral Michigan Real GDP 2021Q1 Change

- In 2021Q1, real Michigan GDP grew at a 7.6 percent annual rate.
- The manufacturing sector accounted for 26.8 percent of the overall 2021 real Michigan GDP increase. The combined professional, scientific, technical, management and information sectors comprised 30.8 percent of the overall increase.
- Other sectors responsible for large shares of the overall 2021Q1 increase included the retail/wholesale/transportation/warehousing sectors and finance, insurance and real estate.

July 2021 Summary

Household Unemployment and Employment

- The monthly Michigan unemployment rate estimate fell to 4.8 percent in July. The three-month average of the Michigan unemployment rate dropped to 4.9 percent in July. Compared to last July, early in the pandemic, the three-month average is down 9.7 percentage points. Compared to pre-pandemic February 2020 average, the current average is up 1.2 percentage points.
- The average number of people employed in Michigan between May 2021-July 2021 was 260,700 lower than in February 2020. Compared to the three-month average of people employed between May 2020-July 2020, the current three-month average is up 369,400 people. The May 2021-July 2021 average of people unemployed is 47,800 people higher than the number of unemployed in February 2020.
- The U.S. unemployment rate fell 0.5 of a percentage point to 5.4 percent in June. July's national jobless rate is 4.8 percentage points lower than the July 2020 rate (10.2 percent), but 1.9 percentage points higher than its February 2020 rate (3.5 percent).
- Both the Michigan and U.S. labor force participation rates remain significantly lower than their pre-pandemic participation rates.



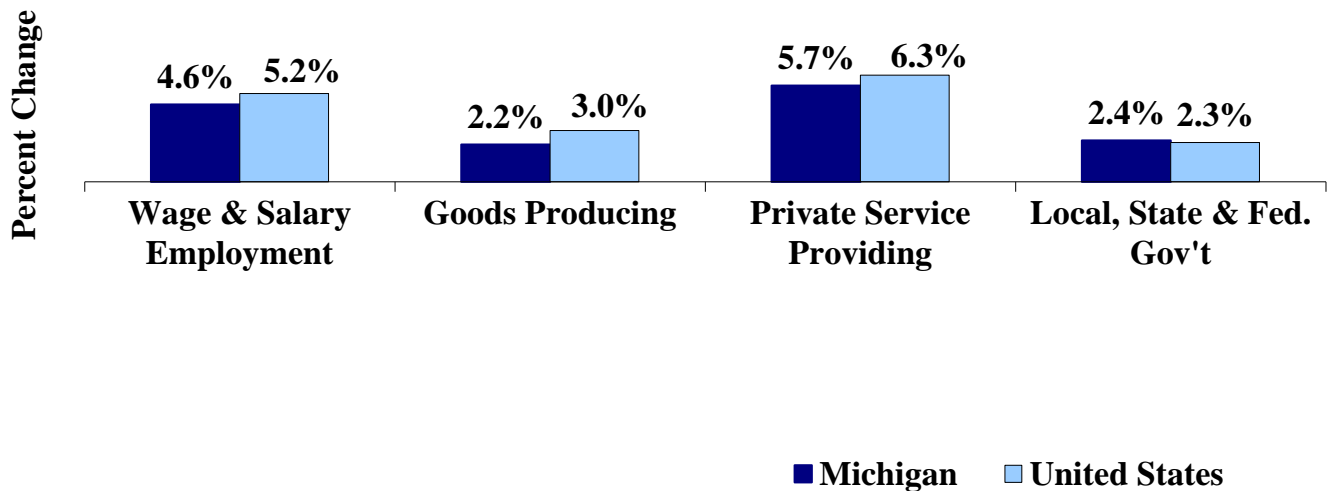
Employment by Place of Residence (in Thousands)^(a)

	Annual <u>2020</u>	May <u>2020</u>	Jun <u>2020</u>	Jul <u>2021</u>	Chg Fr Mo Ago <u>Level</u>	Chg Fr Mo Ago <u>%</u>	Chg Fr Yr Ago <u>Level</u>	Chg Fr Yr Ago <u>%</u>	Three Month <u>Average</u>
Michigan									
Labor Force	4,841	4,711	4,719	4,715	-4	-0.1%	-120	-2.5%	4,715
Employed	4,363	4,476	4,484	4,488	4	0.1%	88	2.0%	4,483
Unemployed	478	235	235	227	-8	-3.4%	-208	-47.9%	232
Unemployment Rate	9.9%	5.0%	5.0%	4.8%	n.a.	-0.2% pts	n.a.	-4.2% pts	4.9%
United States									
Labor Force	160,742	160,935	161,086	161,347	261	0.2%	1,262	0.8%	161,123
Employed	147,795	151,620	151,602	152,645	1,043	0.7%	8,868	6.2%	151,956
Unemployed	12,947	9,316	9,484	8,702	-782	-8.2%	-7,606	-46.6%	9,167
Unemployment Rate	8.1%	5.8%	5.9%	5.4%	n.a.	-0.5% pts	n.a.	-4.8% pts	5.7%

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

- Compared to July 2020, Michigan payroll employment was up by 181,500 jobs (4.6 percent). State payroll employment rose by 31,300 jobs in July 2021 from June 2021. Nationally, July 2021 payroll employment was up by 7.3 million jobs (5.2 percent) from a year ago. National employment rose 943,000 jobs in July.

Payroll Employment Growth July 2020 to July 2021



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

- In the goods-producing sector, Michigan payroll employment increased 2.2 percent in July from a year ago; employment in the private service-providing sector rose 5.7 percent. From a year ago, July national payroll employment rose 3.0 percent in the goods-producing sector and increased 6.3 percent in the private service-providing sector.
- At 42.3 hours, manufacturing weekly hours in Michigan were up 1.2 hours from last year.

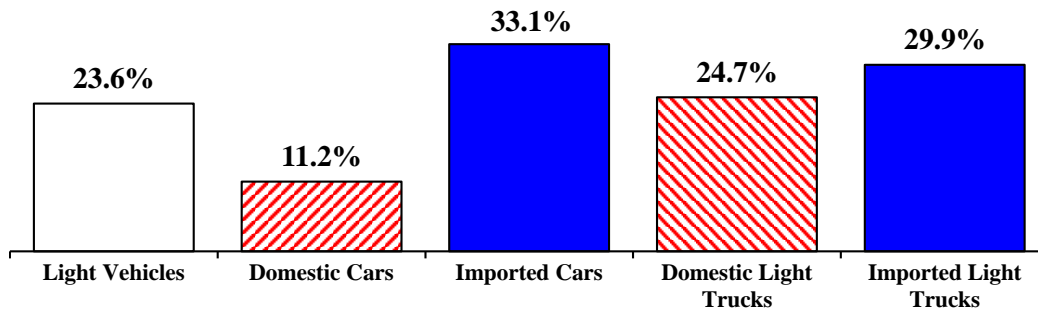
Wage and Salary (Payroll) Employment (in Thousands)^(b)

	MI				US			
	2020 <u>Annual</u>	MI July <u>2020</u>	MI July <u>2021</u>	Percent <u>Change</u>	2020 <u>Annual</u>	US July <u>2020</u>	US July <u>2021</u>	Percent <u>Change</u>
Wage & Salary Employment	4,032.5	3,984.4	4,165.9	4.6%	142,185	139,566	146,821	5.2%
Goods Producing	728.5	738.4	754.6	2.2%	20,068	19,827	20,424	3.0%
Manufacturing	557.1	565.8	570.1	0.8%	12,179	12,037	12,366	2.7%
Private Service Providing	2,722.5	2,675.6	2,827.0	5.7%	100,209	98,183	104,344	6.3%
Trade, Trans. & Utilities	746.5	744.4	779.0	4.6%	26,590	26,205	27,371	4.4%
Services	1,702.4	1,662.2	1,773.2	6.7%	62,202	60,740	65,404	7.7%
Local, State & Fed. Gov't	581.5	570.4	584.3	2.4%	21,909	21,556	22,053	2.3%
Manufacturing Weekly Hours	40.7	41.1	42.3	1.2 hrs	40.7	40.7	41.5	0.8 hrs

Motor Vehicle Sales

- After peaking at 18.3 million units in April, the U.S. light vehicle sales rate, constrained by supply chain shortages, fell for the third straight month in July to 14.8 million units. Compared to last July, sales were up slightly (0.3 percent).
- U.S. sales of domestic light vehicles fell 2.3 percent from last July while foreign sales rose 8.6 percent. The foreign share of U.S. light vehicle sales rose to 25.5 percent in July 2021 – up 1.9 percentage points.
- Auto sales decreased 0.3 percent compared to last July, while light truck sales were rose 0.5 percent from July 2020. Year-over-year (y-o-y), heavy truck sales rose 27.4 percent from last July.
- In June 2021 (the most recent month for which inventory data are available), retail vehicle inventories were down 13.0 percent from last June – the 15th straight year-over-year drop.

Year-to-Date July 2021 Light Vehicle Sales Up Sharply from Last Year



Motor Vehicle Sales Statistics

(Millions, Seasonally Adjusted Rates, unless otherwise specified)

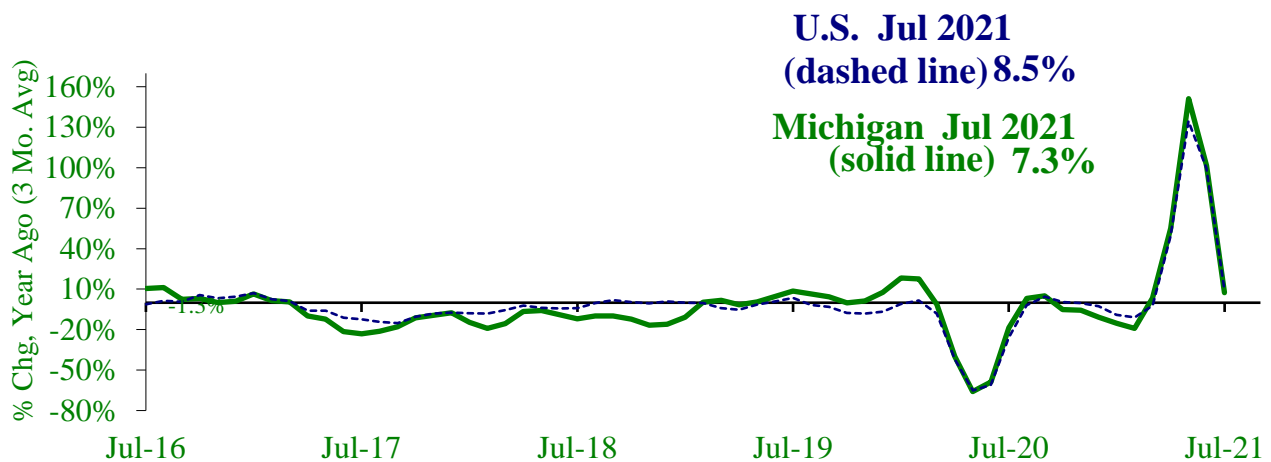
Motor Vehicle Sales ^(c)	2020 <u>Total</u>	May <u>2021</u>	Jun <u>2021</u>	Jul <u>2021</u>	3 Month <u>Average</u>	Jul Chg fr Yr Ago <u>Level</u>	Jul Chg fr Yr Ago <u>%</u>
Autos	3.4	3.9	3.6	3.5	3.7	(0.0)	-0.3%
Domestics	2.6	2.8	2.5	2.4	2.6	(0.2)	-8.3%
Imports	0.8	1.2	1.1	1.1	1.1	0.2	24.0%
Import Share	24.3%	29.3%	29.8%	30.7%	29.9%	6.0%	pts
Light Trucks	11.1	13.0	11.8	11.3	12.0	0.1	0.5%
Domestics	8.6	9.8	9.0	8.6	9.1	(0.0)	-0.4%
Imports	2.4	3.2	2.8	2.7	2.9	0.1	3.4%
Import Share	22.1%	24.4%	23.5%	23.9%	24.0%	0.7%	pts
Total Light Vehicles	14.5	16.9	15.4	14.8	15.7	0.0	0.3%
Heavy Trucks	0.4	0.5	0.5	0.5	0.5	0.1	27.4%
Total Vehicles	14.9	17.4	15.9	15.2	16.2	0.1	1.0%

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

	2019 <u>Average</u>	<u>Apr-21</u>	<u>May-21</u>	<u>Jun-21</u>	3 Month <u>Average</u>	Chg fr Year Ago <u>Level</u>	Chg fr Year Ago <u>%</u>
Inventories	\$200.9	\$162.4	\$153.3	\$152.9	\$156.2	-\$22.9	-13.0%
Inventory/Sales Ratio	2.01	1.15	1.14	1.16	1.15	-0.43	

- Constrained by semi-conductor shortages, July 2021 vehicle production was substantially below July 2020 production. Michigan vehicle production was down 30.8 percent from July 2020 and national vehicle production off 29.0 percent from last July.
- Year-over-year three-month average increases have been boosted substantially over the three prior months (April 2021, May 2021, June 2021) despite current supply constraints given that recent three-month periods were compared to three-month periods including April 2020 when production came to a virtual standstill. However, current three-month comparisons do not include April. As a result, the current (May 2021-July 2021) three-month average is up only modestly from last year.
- Comparing the three-month average of vehicle production in May-July 2021 to production in May-July 2020, Michigan's average production was up 7.3 percent while average production was up 8.5 percent nationally.

Michigan Three-Month Average Vehicle Production Up Modestly from Last Year



Motor Vehicle Production Statistics

(Thousands, unless otherwise specified)

	2020 Monthly <u>Average</u>	May <u>2021</u>	Jun <u>2021</u>	Jul <u>2021</u>	3 Month <u>Average</u>	Jul Level Chg <u>fr Yr Ago</u>	Jul % Chg <u>fr Yr Ago</u>
U.S. Production ^(e)							
Autos	161.9	144.9	139.0	123.0	135.6	(62.2)	-33.6%
Trucks	571.7	575.8	600.7	509.5	562.0	(196.4)	-27.8%
Total	733.6	720.6	739.8	632.5	697.6	(258.6)	-29.0%
Michigan Production ^(f)							
Autos	14.0	5.2	5.6	9.6	6.8	(9.5)	-49.7%
Trucks	199.1	136.3	139.4	110.9	128.9	(44.2)	-28.5%
Total	213.1	141.6	144.9	120.5	135.7	(53.7)	-30.8%
Michigan as % of U.S.	29.0%	19.6%	19.6%	19.0%	19.4%	-0.5% pts	

U.S. Economic Conditions

	<u>Apr-21</u>	<u>May-21</u>	<u>Jun-21</u>	<u>Jul-21</u>	<u>Change from Year Ago</u>
KEY ECONOMIC INDICATORS					
Consumer Sentiment ^(h)	88.3	82.9	85.5	81.2	8.7 points
ISM Manufacturing Index ⁽ⁱ⁾	60.7	61.2	60.6	59.5	5.8 points
ISM Non Manufacturing Index ⁽ⁱ⁾	62.7	64.0	60.1	64.1	7.5 points
INFLATION ^(k)					
1982-84 = 100 (CPI)	<u>Apr-21</u>	<u>May-21</u>	<u>Jun-21</u>	<u>Jul-21</u>	<u>Change from Year Ago</u>
Nov 2009 = 100 (PPI)					
U.S. Consumer Price Index	267.1	269.2	271.7	273.0	5.4%
Detroit CPI	244.7	NA	248.9	NA	5.4%
U.S. Producer Price Index	123.9	125.0	126.3	127.6	7.8%
INTEREST RATES					
90 Day T-Bill ^(l)	0.02%	0.02%	0.04%	0.05%	-0.08% points
10 Year Treasury Securities ^(l)	1.64%	1.62%	1.52%	1.32%	0.70% points
INDUSTRIAL PRODUCTION ^(l)	99.2	100.0	100.2	101.1	6.6%
CAPACITY UTILIZATION ^(l)	74.7%	75.3%	75.4%	76.1%	4.6% points
RETAIL SALES ^(d)	\$628.8	\$620.1	\$624.7	\$617.7	15.8%
HOUSING STARTS and SALES					
(Millions Annual Rate)	<u>Apr-21</u>	<u>May-21</u>	<u>Jun-21</u>	<u>Jul-21</u>	<u>% Change From Year Ago</u>
Housing Starts ^(d)	1.514	1.594	1.650	1.534	2.5%
Existing Home Sales ^(m)	5.850	5.780	5.870	5.990	1.5%
DURABLE GOODS ORDERS ^(d)	\$247.6	\$255.5	\$257.6	\$257.2	17.6%
PERSONAL INCOME ^(c)					
(Billions, Seasonally Adj & Annualized)	<u>2020.2</u>	<u>2020.3</u>	<u>2020.4</u>	<u>2021.1</u>	<u>% Change From Year Ago</u>
Michigan	\$563.8	\$535.7	\$520.9	\$603.7	21.4%
U.S.	\$20,444.6	\$19,839.4	\$19,641.7	\$22,079.6	16.6%
GROSS DOMESTIC PRODUCT ^(c)					
(Billions of Chained 2012 Dollars, Seasonally Adj & Annualized)	<u>2020.3</u>	<u>2020.4</u>	<u>2021.1</u>	<u>2021.2</u>	<u>Annualized % Chg From Last Qtr</u>
	\$18,560.8	\$18,767.8	\$19,055.7	\$19,360.6	6.6%

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) Bureau of Economic Analysis, U.S. Department of Commerce.
- (d) Bureau of the Census, U.S. Department of Commerce. Seasonally adjusted.
- (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. 2017 equals 100. Treasury bill rate (secondary market).
- (m) National Association of Realtors.