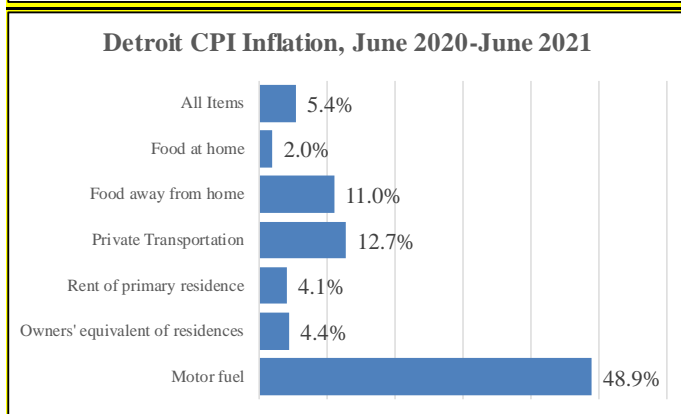
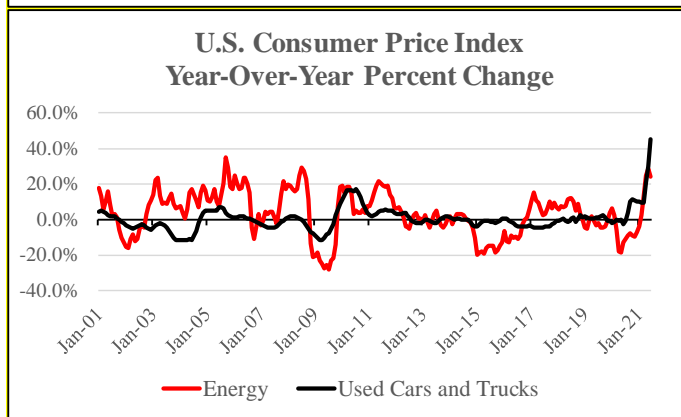
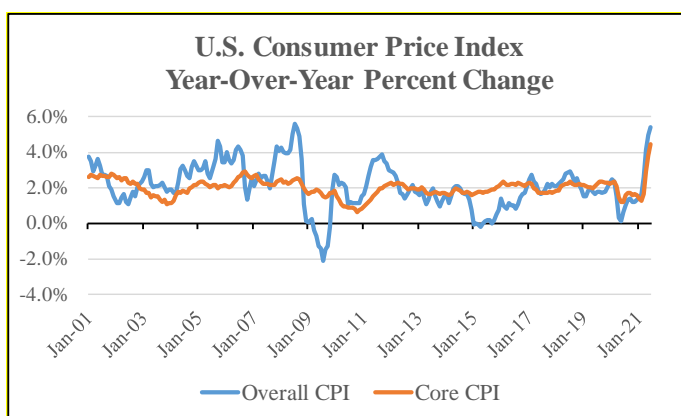


MICHIGAN ECONOMIC UPDATE

Office of Revenue and Tax Analysis
Michigan Department of Treasury
<http://www.michigan.gov/treasury>
Summarizing Economic Data for June 2021
(Published 07/30/2021)

Consumer Price Index Release for June 2021

On July 13, 2021, the U.S. Bureau of Labor Statistics released consumer price index information for June 2021. Below are some highlights from that release. ^(k):



Broad U.S. Consumer Price Indexes

- The overall U.S. consumer price index (CPI) rose 5.4 percent between June 2020 and June 2021 – the U.S. CPI’s largest year-over-year (y-o-y) percent change since July 2008.
- The core (excluding food and energy) U.S. consumer price index rose 4.5 percent over the past year -- the index’s largest year-over-year percent change since August 1991.

Key Contributors to U.S. CPI Increase

- Two categories of consumption accounted for nearly half (48.6 percent) of the 5.4 percentage point increase in the overall consumer price index: energy and used cars and trucks.
- Energy prices were up 24.5 percent from last June’s pandemic lows. Similarly, used car and trucks recorded their largest y-o-y percent recorded increase -- 45.2 percent from their pandemic lows.
- The sharp increase in energy prices resulted from oil supply shortages. The record rise in used car and truck prices resulted from vehicle owners holding onto their vehicles longer – largely the result of new vehicle shortages stemming from a shortage of vehicle semiconductors. When supply chain issues are resolved in the coming months, energy and used car prices will likely decline.

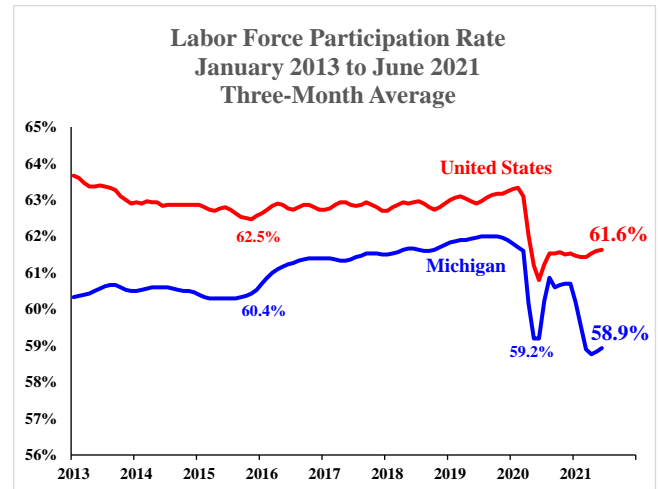
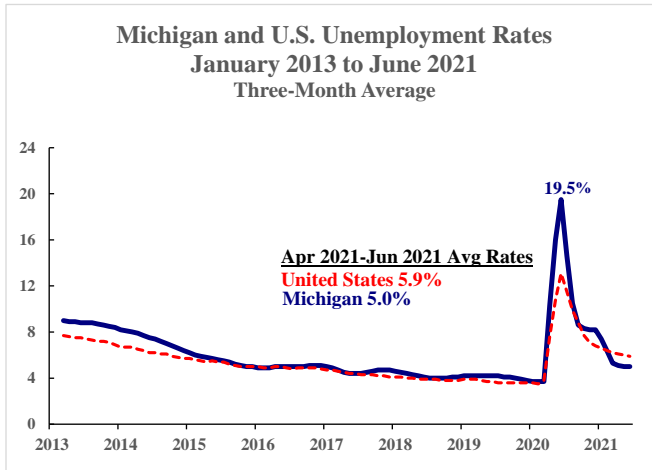
Detroit Consumer Price Index

- The Detroit-Warren-Dearborn metropolitan area’s overall CPI increased 5.4 percent over the past year – tying April 2021 for the area’s largest y-o-y percent increase in over 30 years. The core Detroit CPI increased 3.8 percent – the area’s largest core CPI increase since 2002.
- The area’s motor fuel prices were up 48.9 percent from last June. Private transportation prices in the area rose 12.7 percent over the past year compared with a 21.9 percent increase nationally.

June 2021 Summary

Household Unemployment and Employment

- The monthly Michigan unemployment rate estimate remained 5.0 percent in June. The three-month average of the Michigan unemployment rate remained at 5.0 percent in June. Compared to last June, early in the pandemic, the three-month average is down 14.5 percentage points. Compared to pre-pandemic February 2020 average, the current average is up 1.3 percentage points.
- The average number of people employed in Michigan between April 2021-June 2021 was 266,300 lower than in February 2020. Compared to the three-month average of people employed between April 2020-June 2020, the current three-month average is up 662,900 people. The March 2021-May 2021 average of people unemployed is 49,200 people higher than the number of unemployed in February 2020.
- The U.S. unemployment rate rose 0.1 of a percentage point to 5.9 percent in June. June's national jobless rate is 5.2 percentage points lower than the June 2020 rate (11.1 percent), but 2.4 percentage points higher than its February 2020 rate (3.5 percent).



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

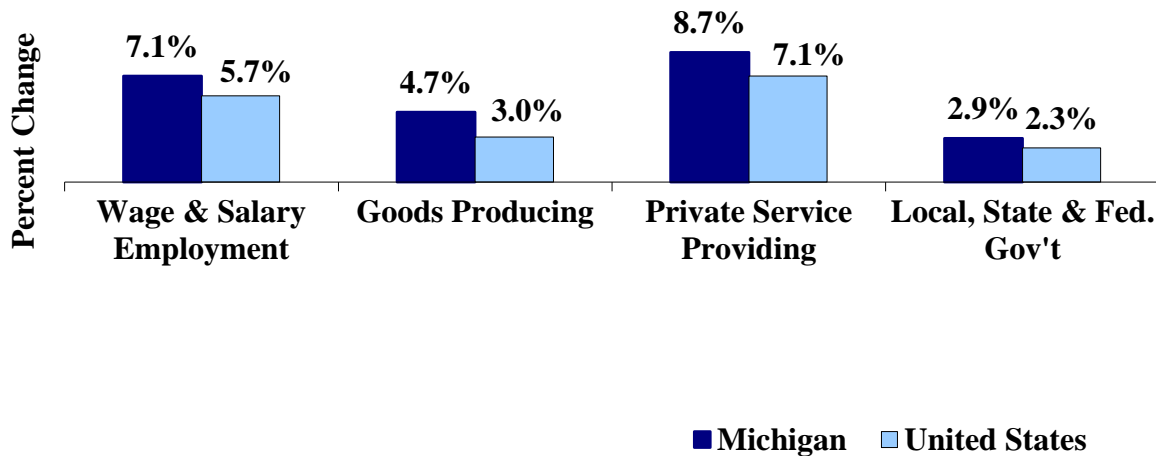
	Annual 2020	Apr 2020	May 2020	Jun 2021	Chg Fr Mo Ago Level	Chg Fr Mo Ago %	Chg Fr Yr Ago Level	Chg Fr Yr Ago %	Three Month Average
Michigan									
Labor Force	4,841	4,701	4,711	4,720	9	0.2%	-197	-4.0%	4,711
Employed	4,363	4,470	4,476	4,485	9	0.2%	263	6.2%	4,477
Unemployed	478	232	235	235	0	0.0%	-460	-66.2%	234
Unemployment Rate	9.9%	4.9%	5.0%	5.0%	n.a.	0.0% pts	n.a.	-9.1% pts	5.0%
United States									
Labor Force	160,742	160,988	160,935	161,086	151	0.1%	1,289	0.8%	161,003
Employed	147,795	151,176	151,620	151,602	-18	0.0%	9,502	6.7%	151,466
Unemployed	12,947	9,812	9,316	9,484	168	1.8%	-8,213	-46.4%	9,537
Unemployment Rate	8.1%	6.1%	5.8%	5.9%	n.a.	0.1% pts	n.a.	-5.2% pts	5.9%

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

Employment by Place of Work (Payroll)

- Compared to June 2020, Michigan payroll employment was up by 273,000 jobs (7.1 percent). State payroll employment rose by 13,900 jobs in June 2021 from May 2021. Nationally, June 2021 payroll employment was up by 7.9 million jobs (5.7 percent) from a year ago. National employment rose 850,000 jobs in June.

Payroll Employment Growth June 2020 to June 2021



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

- In the goods-producing sector, Michigan payroll employment increased 4.7 percent in June from a year ago; employment in the private service-providing sector rose 8.7 percent. From a year ago, June national payroll employment rose 3.0 percent in the goods-producing sector and increased 7.1 percent in the private service-providing sector.
- At 40.5 hours, manufacturing weekly hours in Michigan were up 1.1 hours from last year.

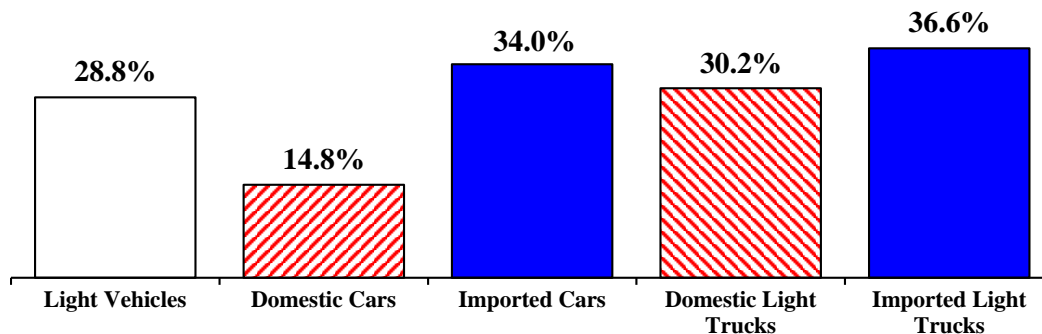
Wage and Salary (Payroll) Employment (in Thousands)^(b)

	MI				US			
	2020 <u>Annual</u>	MI June <u>2020</u>	MI June <u>2021</u>	Percent <u>Change</u>	2020 <u>Annual</u>	US June <u>2020</u>	US June <u>2021</u>	Percent <u>Change</u>
Wage & Salary Employment	4,032.5	3,858.3	4,131.3	7.1%	142,185	137,840	145,759	5.7%
Goods Producing	728.5	719.6	753.1	4.7%	20,068	19,767	20,358	3.0%
Manufacturing	557.1	550.9	569.9	3.4%	12,179	11,999	12,318	2.7%
Private Service Providing	2,722.5	2,574.3	2,797.3	8.7%	100,209	96,720	103,561	7.1%
Trade, Trans. & Utilities	746.5	718.1	772.5	7.6%	26,590	25,934	27,278	5.2%
Services	1,702.4	1,589.2	1,749.3	10.1%	62,202	59,550	64,747	8.7%
Local, State & Fed. Gov't	581.5	564.4	580.9	2.9%	21,909	21,353	21,840	2.3%
Manufacturing Weekly Hours	40.7	39.4	40.5	1.1 hrs	40.7	39.9	41.3	1.4 hrs

Motor Vehicle Sales

- In June 2021 the U.S. light vehicle sales rate was up 18.0 percent from a year ago. Year-to-date, U.S. light vehicle sales are up 28.8 percent. In June 2021, the annualized sales rate equaled 15.4 million.
- U.S. sales of domestic light vehicles rose 21.5 percent from last June while foreign sales rose 8.5 percent. The foreign share of U.S. light vehicle sales fell to 24.9 percent in June 2021 – down 2.2 percentage points.
- Auto sales increased 23.2 percent compared to last June, while light truck sales were up 16.5 percent from June 2020. Year-over-year (y-o-y), heavy truck sales rose 40.1 percent from last June.
- In May 2021 (the most recent month for which inventory data are available), retail vehicle inventories were down sharply (-19.0 percent) from last May. May's decline follows even steeper year-over-year declines in March and April (-27.4 percent in March and a -26.4 percent in April).

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



Motor Vehicle Sales Statistics

(Millions, Seasonally Adjusted Rates, unless otherwise specified)

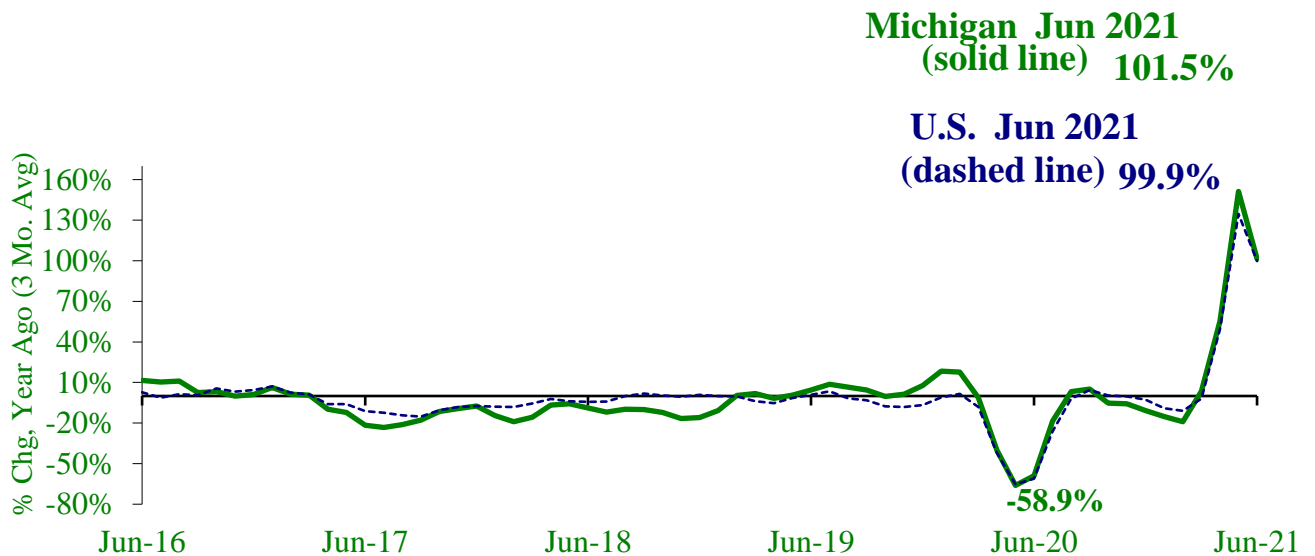
Motor Vehicle Sales ^(c)	2020 <u>Total</u>	Apr <u>2021</u>	May <u>2021</u>	Jun <u>2021</u>	3 Month <u>Average</u>	Jun Chg fr Yr Ago <u>Level</u>	Jun Chg fr Yr Ago <u>%</u>
Autos	3.4	4.2	4.0	3.6	3.9	0.7	23.2%
Domestics	2.6	3.0	2.8	2.5	2.8	0.5	22.1%
Imports	0.8	1.2	1.2	1.0	1.1	0.2	25.8%
Import Share	24.3%	28.2%	29.0%	29.4%	28.8%	0.6% pts	
Light Trucks	11.1	14.4	13.1	11.8	13.1	1.7	16.5%
Domestics	8.6	11.0	9.8	9.0	9.9	1.6	21.3%
Imports	2.4	3.5	3.2	2.8	3.2	0.1	3.2%
Import Share	22.1%	24.1%	24.8%	23.5%	24.1%	-3.0% pts	
Total Light Vehicles	14.5	18.6	17.0	15.4	17.0	2.3	18.0%
Heavy Trucks	0.4	0.5	0.5	0.5	0.5	0.1	40.1%
Total Vehicles	14.9	19.1	17.5	15.8	17.5	2.5	18.5%

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

	2019 <u>Average</u>	<u>Mar-21</u>	<u>Apr-21</u>	<u>May-21</u>	3 Month <u>Average</u>	Chg fr Year Ago <u>Level</u>	Chg fr Year Ago <u>%</u>
Inventories	\$200.9	\$175.6	\$162.4	\$153.5	\$163.8	-\$35.9	-19.0%
Inventory/Sales Ratio	2.01	1.30	1.15	1.14	1.20	-0.74	

- Constrained by semi-conductor shortages, June 2021 vehicle production was modestly below June 2020 production with June 2021. Michigan vehicle production down 6.8 percent from June 2020 and national vehicle production off 4.6 percent from last June.
- In June 2020, U.S. and Michigan motor vehicle production was recovering from April's standstill. As a result, year-over-year percentage changes in three-month production averages trended down from May but remained substantial (See graph below).
- Comparing the three-month average of vehicle production in April-June 2021 to production in April-June 2020, Michigan's average production was up 101.5 percent while average production was up 99.9 percent nationally.

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



Motor Vehicle Production Statistics

(Thousands, unless otherwise specified)

	2020 Monthly Average	Apr 2021	May 2021	Jun 2021	3 Month Average	Jun Level Chg fr Yr Ago	Jun % Chg fr Yr Ago
U.S. Production ^(e)							
Autos	161.9	142.5	144.9	139.0	142.1	(13.4)	-8.8%
Trucks	571.7	568.3	575.8	600.7	581.6	(22.7)	-3.6%
Total	733.6	710.7	720.6	739.8	723.7	(36.1)	-4.6%
Michigan Production ^(f)							
Autos	14.0	6.0	5.2	5.6	5.6	(7.9)	-58.5%
Trucks	189.8	125.4	136.3	139.4	133.7	(2.7)	-1.9%
Total	203.8	131.4	141.6	144.9	139.3	(10.6)	-6.8%
Michigan as % of U.S.	27.8%	18.5%	19.6%	19.6%	19.2%	-0.4% pts	

U.S. Economic Conditions

	<u>Mar-21</u>	<u>Apr-21</u>	<u>May-21</u>	<u>Jun-21</u>	<u>Change from Year Ago</u>
KEY ECONOMIC INDICATORS					
Consumer Sentiment ^(h)	84.9	88.3	82.9	85.5	7.4 points
ISM Manufacturing Index ⁽ⁱ⁾	64.7	60.7	61.2	60.6	8.4 points
ISM Non Manufacturing Index ⁽ⁱ⁾	63.7	62.7	64.0	60.1	3.6 points
INFLATION ^(k)					
1982-84 = 100 (CPI)	<u>Mar-21</u>	<u>Apr-21</u>	<u>May-21</u>	<u>Jun-21</u>	<u>Change from Year Ago</u>
Nov 2009 = 100 (PPI)					
U.S. Consumer Price Index	264.9	267.1	269.2	271.7	5.4%
Detroit CPI	NA	244.7	NA	248.9	5.4%
U.S. Producer Price Index	123.1	123.9	125.0	126.3	7.3%
INTEREST RATES					
90 Day T-Bill ^(l)	0.03%	0.02%	0.02%	0.04%	-0.12% points
10 Year Treasury Securities ^(l)	1.61%	1.64%	1.62%	1.52%	0.79% points
INDUSTRIAL PRODUCTION ^(l)	98.9	99.0	99.7	100.1	9.8%
CAPACITY UTILIZATION ^(l)	74.6%	74.6%	75.1%	75.4%	6.7% points
RETAIL SALES ^(d)	\$623.1	\$628.8	\$617.9	\$621.3	18.0%
HOUSING STARTS and SALES					
(Millions Annual Rate)	<u>Mar-21</u>	<u>Apr-21</u>	<u>May-21</u>	<u>Jun-21</u>	<u>% Change From Year Ago</u>
Housing Starts ^(d)	1.725	1.517	1.546	1.643	29.1%
Existing Home Sales ^(m)	6.010	5.850	5.780	5.860	22.9%
DURABLE GOODS ORDERS ^(d)	\$249.5	\$247.6	\$255.5	\$257.6	29.3%
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	\$19,358.2	6.5%

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.