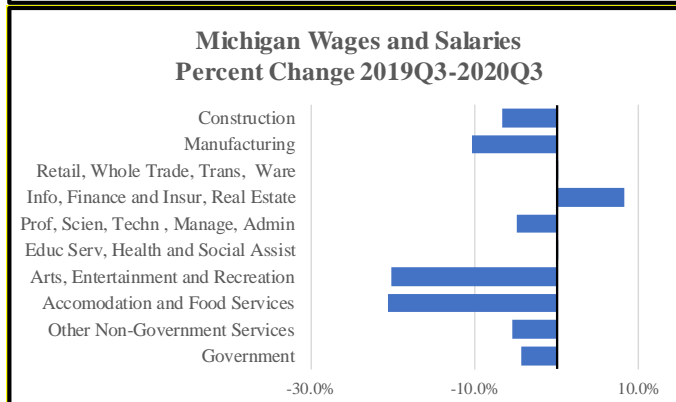
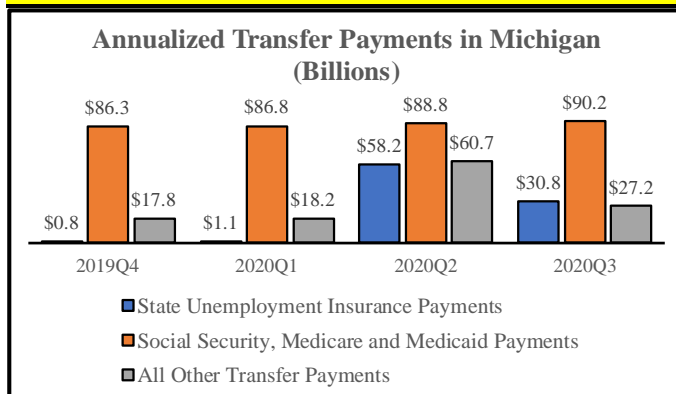
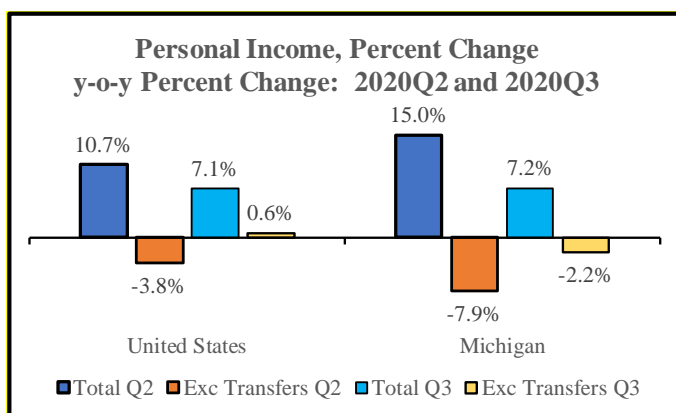


# MICHIGAN ECONOMIC UPDATE

Office of Revenue and Tax Analysis  
Michigan Department of Treasury  
<https://www.michigan.gov/treasury>  
Summarizing Economic Data for November 2020  
(Includes Data Released through December 31, 2020)

## State Personal Income Data Release

On December 17, 2020, the Bureau of Economic Analysis released 2020Q3 state personal income data. Below are some highlights of that release <sup>(c)</sup>:



### Total Personal Income

- Compared to a year ago, 2020Q3 total personal income in Michigan was up 7.2 percent – just slightly faster than national growth of 7.1 percent.
- In 2020Q2, State personal income had risen 15.0 percent; U.S. personal income grew 10.7 percent.
- In 2020Q3, total Michigan personal income excluding transfer payments *fell* 2.2 percent – slowing from a 7.9 percent decline in 2020Q2.
- In 2020Q3, total U.S. personal income excluding transfers rose 0.6 percent year-over-year (y-o-y) – following a 3.8 percent y-o-y decline in 2020Q2.

### Michigan Transfer Payments (2020Q3)

- Annualized state unemployment insurance payments in Michigan fell from a record high \$58.2 billion in 2020Q2 to \$30.8 billion in 2020Q3. However, the \$30.8 billion was still well above the pre-2020Q2 record high of \$7.3 billion and tremendously higher than in 2019Q3 (\$0.8 billion).
- Other transfer payments (excluding unemployment, Social Security, Medicare and Medicaid) fell from \$60.7 billion in 2020Q2 to \$27.2 billion in 2020Q3, but were up from \$17.8 billion a year earlier.

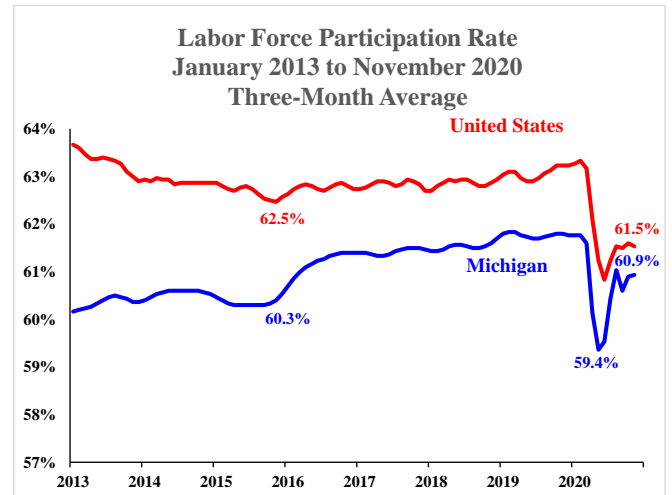
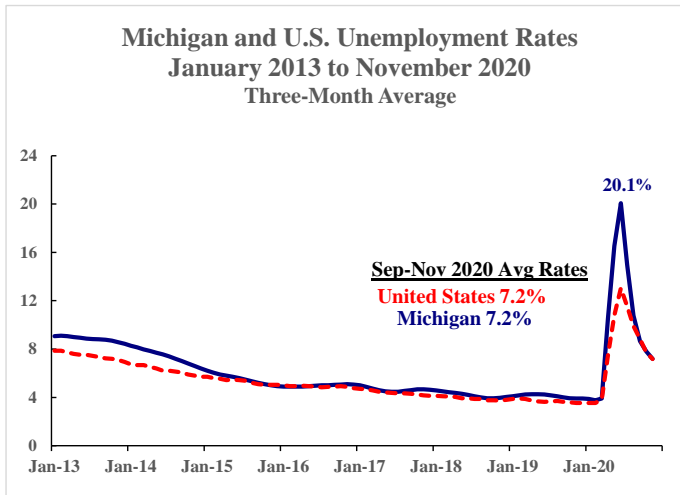
### Wages and Salaries

- Between 2019Q3 and 2020Q3, total wages and salaries fell 3.8 percent in Michigan and rose 1.0 percent nationally.
- The following major industries saw the largest percentage declines in Michigan: mining and oil/gas extraction (-22.3 percent in Michigan; -20.2 percent, nationally), accommodation and food services (-20.6 percent in Michigan; -19.9 percent, nationally); arts, entertainment and recreation (-20.2 percent in Michigan; -21.2 percent nationally); manufacturing (-10.4 percent in Michigan; +3.7 percent nationally) and construction (-6.6 percent MI, -2.4 percent US).

# November 2020 Summary

## Unemployment Rates Trend Down But Remain High

- The monthly Michigan unemployment rate estimate rose to 6.9 percent in November. The three-month average of the Michigan unemployment rate trended downward from 7.8 percent to 7.2 percent in November, but remains 3.3 percentage points higher than a year ago.
- The average number of people employed in Michigan between September, October and November was 236,000 lower than in February. Compared to the three-month average of people employed between September-November 2019, the current average is down 215,600 people. The September-November 2020 three-month average of people unemployed is 171,500 people higher than the number of unemployed in February.
- The U.S. unemployment rate declined to 6.7 percent in November. November's national jobless rate is 8.0 percentage points lower than April's peak rate (14.7 percent), but 3.2 percentage points higher than February's rate and the year-ago rate (both 3.5 percent).



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

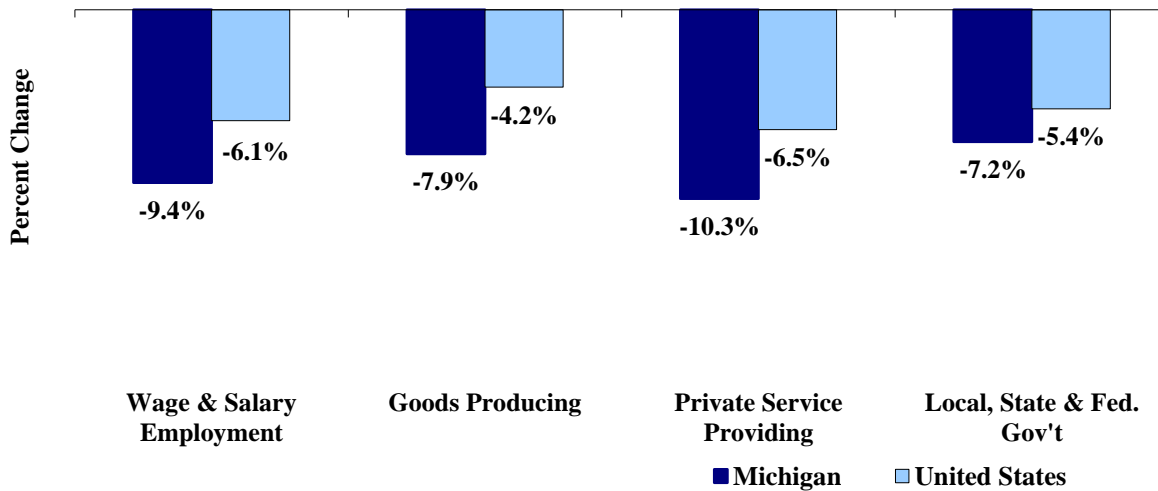
	<u>Annual</u> <u>2019</u>	<u>Sep</u> <u>2020</u>	<u>Oct</u> <u>2020</u>	<u>Nov</u> <u>2020</u>	<u>Chg Fr</u> <u>Mo Ago</u> <u>Level</u>	<u>Chg Fr</u> <u>Mo Ago</u> <u>%</u>	<u>Chg Fr</u> <u>Yr Ago</u> <u>Level</u>	<u>Chg Fr</u> <u>Yr Ago</u> <u>%</u>	<u>Three</u> <u>Month</u> <u>Average</u>
<b>Michigan</b>									
Labor Force	4,902	4,841	4,893	4,923	30	0.6%	-19	-0.4%	4,886
Employed	4,699	4,426	4,595	4,581	-14	-0.3%	-170	-3.6%	4,534
Unemployed	203	415	299	342	43	14.4%	151	79.7%	352
Unemployment Rate	4.1%	8.6%	6.1%	6.9%	n.a.	0.8% pts	n.a.	3.0% pts	7.2%
<b>United States</b>									
Labor Force	162,075	160,143	160,867	160,467	-400	-0.2%	-3,880	-2.4%	160,492
Employed	155,761	147,563	149,806	149,732	-74	0.0%	-8,804	-5.6%	149,034
Unemployed	6,314	12,580	11,061	10,735	-326	-2.9%	4,924	84.7%	11,459
Unemployment Rate	3.9%	7.9%	6.9%	6.7%	n.a.	-0.2% pts	n.a.	3.2% pts	7.2%

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

# Employment by Place of Work (Payroll)

- Michigan lost a net 10,700 jobs in November but has gained, on net, a cumulative 633,400 jobs over the past seven months after losing a record 1.0 million jobs in April from the ongoing pandemic. However, Michigan payroll employment in November 2020 was 418,800 jobs (-9.4 percent) below its November 2019 level. Nationally, November 2020 payroll employment was down 9.2 million (-6.1 percent) from a year ago. The national economy has regained a cumulative 12.3 million jobs over the last seven months after losing a record 20.8 million jobs in April.

## Payroll Employment Growth



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

- In the goods-producing sector, Michigan payroll employment dropped 7.9 percent in November from a year ago; employment in the private service-providing sector declined 10.3 percent. From a year ago, November national payroll employment fell 4.2 percent in the goods-producing sector and decreased 6.5 percent in the private service-providing sector. Government employment dropped 7.2 percent in Michigan and fell 5.4 percent nationally.
- At 40.7 hours, average manufacturing weekly hours in Michigan were down 1.6 hours from last year.

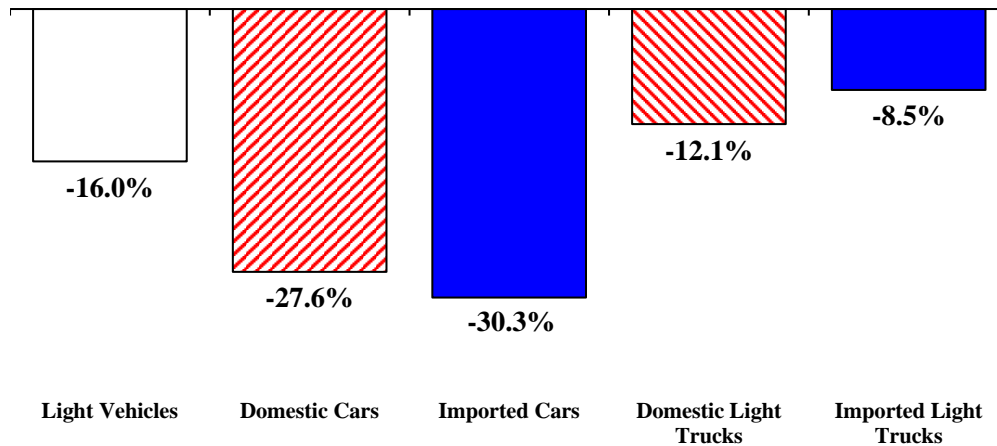
### Wage and Salary (Payroll) Employment (in thousands)<sup>(b)</sup>

	MI				US			
	2019 <u>Annual</u>	MI Nov <u>2019</u>	MI Nov <u>2020</u>	Percent <u>Change</u>	2019 <u>Annual</u>	US Nov <u>2019</u>	US Nov <u>2020</u>	Percent <u>Change</u>
Wage & Salary Employment	4,432.6	4,442.6	4,023.8	-9.4%	148,908	151,814	142,629	-6.1%
Goods Producing	808.0	811.1	747.4	-7.9%	20,704	21,131	20,237	-4.2%
Manufacturing	627.2	627.2	564.6	-10.0%	12,688	12,868	12,253	-4.8%
Private Service Providing	3,011.4	3,017.7	2,706.8	-10.3%	105,750	108,024	100,960	-6.5%
Trade, Trans. & Utilities	795.9	798.9	765.9	-4.1%	27,607	27,762	26,870	-3.2%
Services	1,935.8	1,937.0	1,669.1	-13.8%	66,714	68,584	62,746	-8.5%
Local, State & Fed. Gov't	613.3	613.8	569.6	-7.2%	22,455	22,659	21,432	-5.4%
Manufacturing Weekly Hours	43.3	42.3	40.7	-1.6 hrs	42.2	41.4	41.2	-0.2 hrs

# Motor Vehicle Sales Decline Modestly in November

- After dropping to a near 50-year low in April 2020 because of COVID-19, U.S. light vehicle sales partially recovered each month from May through September. Light vehicle sales, which declined very slightly in October, decreased modestly in November and were 8.4 percent below year-ago sales. In November 2020, the annualized sales rate equaled 15.6 million units.
- U.S. sales of domestic light vehicles dropped 9.1 percent from last November while foreign sales declined 5.9 percent. Compared to last November, the foreign share of U.S. light vehicle sales increased 0.6 percentage points to 22.9 percent in November 2020.
- Auto sales decreased 14.5 percent compared to last November, while light truck sales were down 6.2 percent from November 2019. Year-over-year (y-o-y), heavy truck sales dropped 11.1 percent.
- Year-to-date light vehicle sales through the first 11 months of the year were down 16.0 percent.

## Year-to-Date Light Vehicle Sales Down Sharply from Last Year



## Motor Vehicle Sales Statistics

(Millions, Seasonally Adjusted Rates, unless otherwise specified)

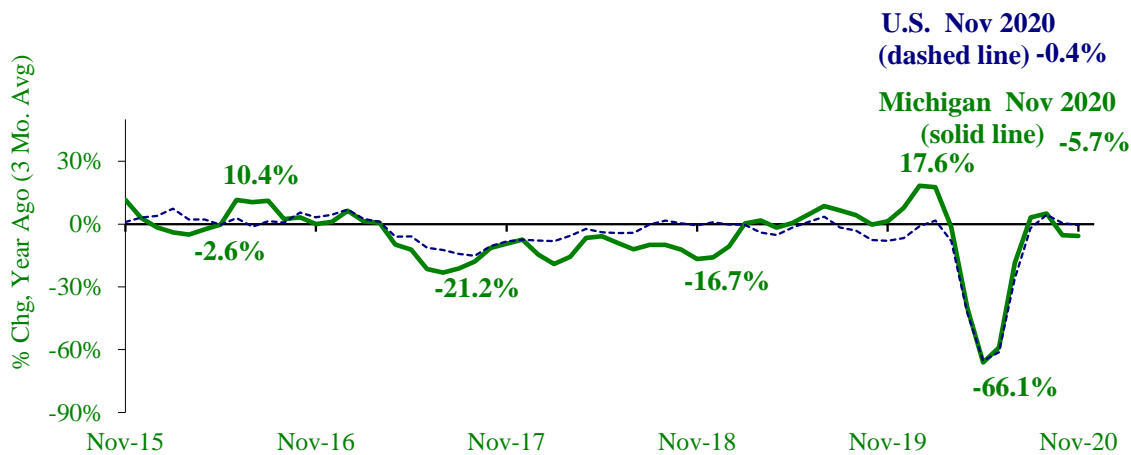
Motor Vehicle Sales <sup>(c)</sup>	2019	Sep	Oct	Nov	3 Month	Nov	Nov
	<u>Total</u>	<u>2020</u>	<u>2020</u>	<u>2020</u>	<u>Average</u>	<u>Chg fr Yr Ago Level</u>	<u>Chg fr Yr Ago %</u>
Autos	4.7	3.7	3.9	3.8	3.8	(0.6)	-14.5%
Domestics	3.5	2.9	3.0	2.9	2.9	(0.4)	-12.7%
Imports	1.2	0.9	0.9	0.9	0.9	(0.2)	-19.8%
Import Share	24.8%	23.3%	23.4%	23.2%	23.3%	-1.5% pts	
Light Trucks	12.2	12.6	12.4	11.8	12.3	(0.8)	-6.2%
Domestics	9.6	9.9	9.8	9.1	9.6	(0.8)	-7.8%
Imports	2.6	2.6	2.6	2.7	2.6	(0.0)	-0.3%
Import Share	21.4%	21.0%	21.0%	22.8%	21.6%	1.3% pts	
Total Light Vehicles	17.0	16.3	16.3	15.6	16.0	(1.4)	-8.4%
Heavy Trucks	0.5	0.4	0.5	0.4	0.4	(0.1)	-11.1%
Total Vehicles	17.5	16.7	16.7	16.0	16.5	(1.5)	-8.4%

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

	2019	Sep-20	Oct-20	Nov-20	3 Month	Chg fr	Chg fr
	<u>Average</u>	<u>Sep-20</u>	<u>Oct-20</u>	<u>Nov-20</u>	<u>Average</u>	<u>Year Ago Level</u>	<u>Year Ago %</u>
Inventories	\$236.3	\$184.8	\$186.9	\$190.4	\$187.3	-\$42.6	-18.3%
Inventory/Sales Ratio	2.29	1.61	1.63	1.68	1.64	-0.51	

- Michigan vehicle production fell from 154,133 units in October to 130,516 units in November. Compared to last November, State production is down 15.7 percent and U.S. production is down 8.3 percent.
- In April, Michigan motor vehicle production came to a standstill because of the ongoing pandemic. Motor vehicle production partially restarted in May, picked up significantly in June and rose further in July but has declined in three of the past four months, including November.
- In November 2020, Michigan car production was down 30.1 percent from last year and Michigan truck production, which accounts for the vast majority of Michigan's overall vehicle production, was down 13.8 percent. Nationally, car production was down 11.7 percent and truck production was down 7.3 percent compared to last November.
- With November's monthly decrease, the three-month average of Michigan vehicle production trended downward. The three-month average of Michigan vehicle production in November was down 5.7 percent from a year ago; nationally, the average was down 0.4 percent.

## Three-Month Averages of Michigan Vehicle Production Down from Year Ago in November



## Motor Vehicle Production Statistics

(Thousands, unless otherwise specified)

	2019 Monthly Average	Sep 2020	Oct 2020	Nov 2020	3 Month Average	Nov Level Chg fr Yr Ago	Nov % Chg fr Yr Ago
<b>U.S. Production <sup>(e)</sup></b>							
Autos	214.8	204.2	214.8	172.8	197.3	(22.9)	-11.7%
Trucks	677.1	688.0	746.2	611.2	681.8	(48.4)	-7.3%
Total	891.9	892.2	961.0	784.0	879.1	(71.3)	-8.3%
<b>Michigan Production <sup>(f)</sup></b>							
Autos	20.2	18.7	17.7	12.9	16.4	(5.5)	-30.1%
Trucks	139.3	123.3	136.4	117.6	125.8	(18.8)	-13.8%
Total	159.5	142.0	154.1	130.5	142.2	(24.3)	-15.7%
Michigan as % of U.S.	17.9%	15.9%	16.0%	16.6%	16.2%	-1.5% pts	

# U.S. Economic Conditions

	<u>Aug-20</u>	<u>Sep-20</u>	<u>Oct-20</u>	<u>Nov-20</u>	<u>Change from Year Ago</u>
<b>KEY ECONOMIC INDICATORS</b>					
Consumer Sentiment <sup>(h)</sup>	74.1	80.4	81.8	76.9	-19.9 points
ISM Manufacturing Index <sup>(i)</sup>	56.0	55.4	59.3	57.5	9.4 points
ISM Non Manufacturing Index <sup>(i)</sup>	56.9	57.8	56.6	55.9	2.0 points
	<u>2019.4</u>	<u>2020.1</u>	<u>2020.2</u>	<u>2020.3</u>	
Business Executives' Confidence <sup>(i)</sup>	43.0	34.0	44.0	45.0	3.0 points
<b>INFLATION <sup>(k)</sup></b>					
<b>1982-84 = 100 (CPI)</b>	<u>Aug-20</u>	<u>Sep-20</u>	<u>Oct-20</u>	<u>Nov-20</u>	<u>Change from Year Ago</u>
<b>Nov 2009 = 100 (PPI)</b>					
U.S. Consumer Price Index	259.9	260.3	260.4	260.2	1.2%
Detroit CPI	240.6	NA	239.9	NA	0.5%
U.S. Producer Price Index	118.6	118.8	119.4	119.2	0.8%
<b>INTEREST RATES</b>					
90 Day T-Bill <sup>(l)</sup>	0.10%	0.11%	0.10%	0.09%	-1.45% points
10 Year Treasury Securities <sup>(l)</sup>	0.65%	0.68%	0.79%	0.87%	-0.94% points
<b>INDUSTRIAL PRODUCTION <sup>(l)</sup></b>	102.7	102.6	103.6	104.0	-5.5%
<b>CAPACITY UTILIZATION <sup>(l)</sup></b>	72.3%	72.3%	73.0%	73.3%	-4.3% points
<b>RETAIL SALES <sup>(d)</sup></b>	\$543.4	\$552.8	\$552.5	\$546.5	4.1%
<b>HOUSING STARTS and SALES</b>					
(Millions Annual Rate)	<u>Aug-20</u>	<u>Sep-20</u>	<u>Oct-20</u>	<u>Nov-20</u>	<u>% Change From Year Ago</u>
Housing Starts <sup>(d)</sup>	1.373	1.437	1.528	1.547	12.8%
Existing Home Sales <sup>(m)</sup>	5.980	6.570	6.860	6.690	25.8%
<b>DURABLE GOODS ORDERS <sup>(d)</sup></b>	\$232.9	\$237.8	\$242.0	\$244.2	3.8%
<b>PERSONAL INCOME <sup>(c)</sup></b>					
(Billions, Seasonally Adj & Annualized)	<u>2019.4</u>	<u>2020.1</u>	<u>2020.2</u>	<u>2020.3</u>	<u>% Change From Year Ago</u>
Michigan	\$496.8	\$497.6	\$563.6	\$528.5	7.2%
U.S.	\$18,750.9	\$18,940.5	\$20,444.6	\$19,913.4	7.1%
<b>GROSS DOMESTIC PRODUCT <sup>(c)</sup></b>					
(Billions of Chained 2012 Dollars, Seasonally Adj & Annualized)	<u>2019.4</u>	<u>2020.1</u>	<u>2020.2</u>	<u>2020.3</u>	<u>Annualized % Chg From Last Qtr</u>
	\$19,254.0	\$19,010.8	\$17,302.5	\$18,596.5	33.4%

## **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. 2012 equals 100. Treasury bill rate (secondary market).
- (m) National Association of Realtors.