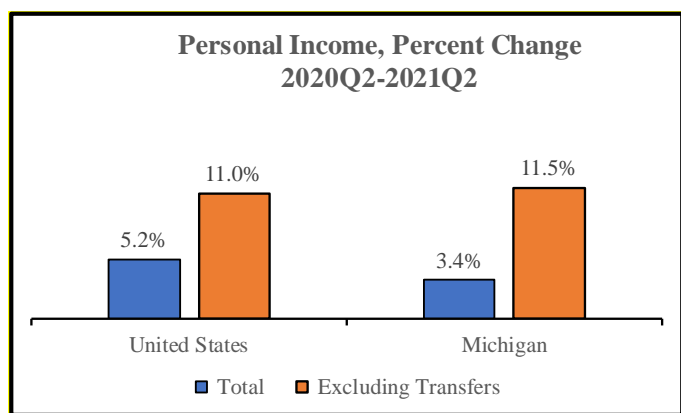


MICHIGAN ECONOMIC UPDATE

Office of Revenue and Tax Analysis
Michigan Department of Treasury
<http://www.michigan.gov/treasury>
Summarizing Economic Data for November 2021
(Published 01/03/2022)

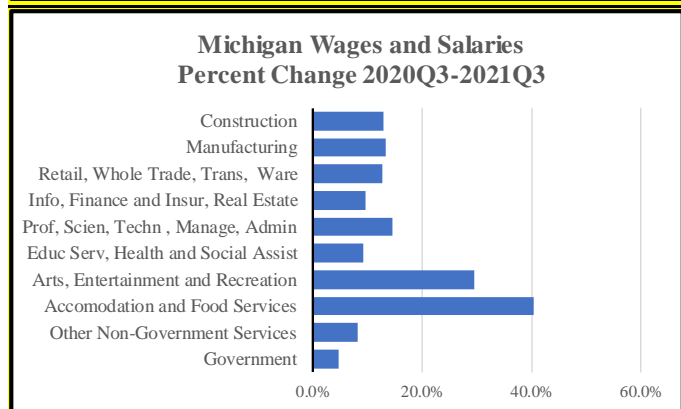
State Personal Income Data Release

On December 17, 2021, the Bureau of Economic Analysis released 2021Q3 state personal income data and revised earlier 2021 quarterly state income data. Below are some highlights of that release ^(c):



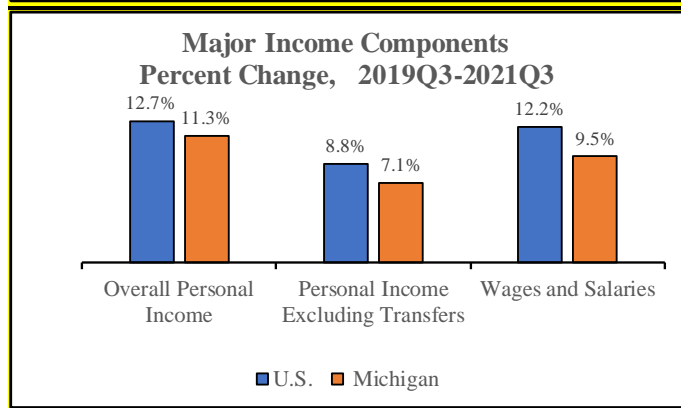
Total Personal Income

- A year ago, the Michigan and national economies declined dramatically shortly after the onset of the pandemic but the federal government was infusing substantial assistance. A year later in 2021Q3, the economy was staging a strong recovery but federal assistance was down from last year.
- As a result, while total Michigan personal income, which includes transfers, rose only 3.4 percent from a year ago, Michigan personal income excluding transfers rose 11.5 percent.



Total Wage and Salary Payments

- Compared to a year ago, total Michigan wage and salary payments were up overall and across sectors. Overall, total Michigan wages and salary payments were up 11.8 percent – slightly faster than 11.2 percent growth nationally.
- The industries hardest hit by the pandemic (Accommodation and food services, and Arts, entertainment and recreation) saw the sharpest recovery from 2020Q3. Total Michigan wage and salary payments in the two broad industries grew 40.4 percent and 29.4 percent year-over-year, respectively.



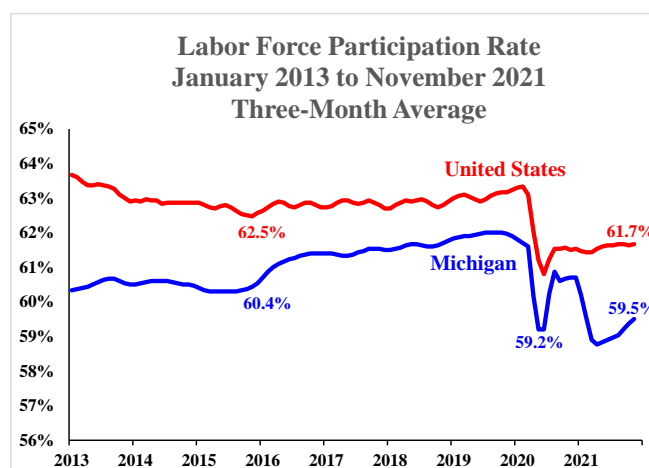
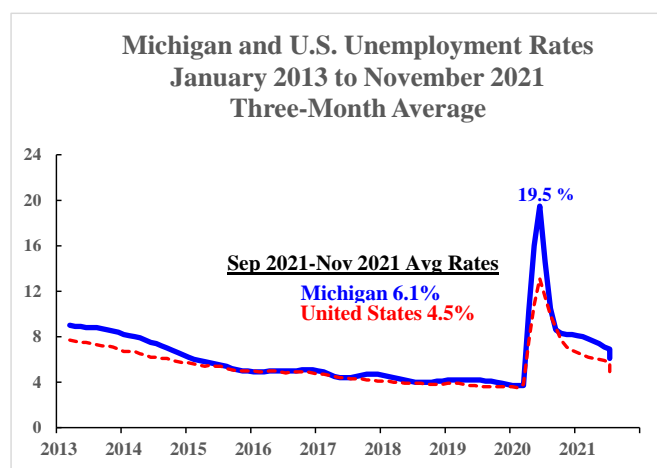
Pre-Pandemic Comparisons

- Between 2019Q3 and 2021Q3, overall Michigan personal income was up 11.3 percent while Michigan personal income excluding transfers rose 7.1 percent. Nationally, overall personal income was up 12.7 percent and personal income excluding transfers rose 8.8 percent.
- Total Michigan wage and salary payments were up 9.5 percent between 2019Q3 and 2021Q3 compared with 12.2 percent nationally.

November 2021 Summary

Unemployment Rate Estimates

- The monthly Michigan unemployment rate estimate fell to 5.9 percent in November. The three-month average of the Michigan unemployment rate is 6.1 percent in November. Compared to last November, the three-month average is down 2.1 percentage points. Compared to pre-pandemic February 2020 rate, the current average is up 2.4 percentage points.
- The average number of people employed in Michigan between September 2021-November 2021 was 274,600 lower than the number employed in February 2020. Compared to the three-month average of people employed between September 2020-November 2020, the current three-month average is up 11,600 people. The September 2021-November 2021 average of people unemployed is 105,200 people higher than the number of unemployed in February 2020.
- The U.S. unemployment rate fell 0.4 of a percentage point to 4.2 percent in November. November's national jobless rate is 2.5 percentage points lower than the November 2020 rate (6.7 percent), but 0.7 of a percentage point 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.

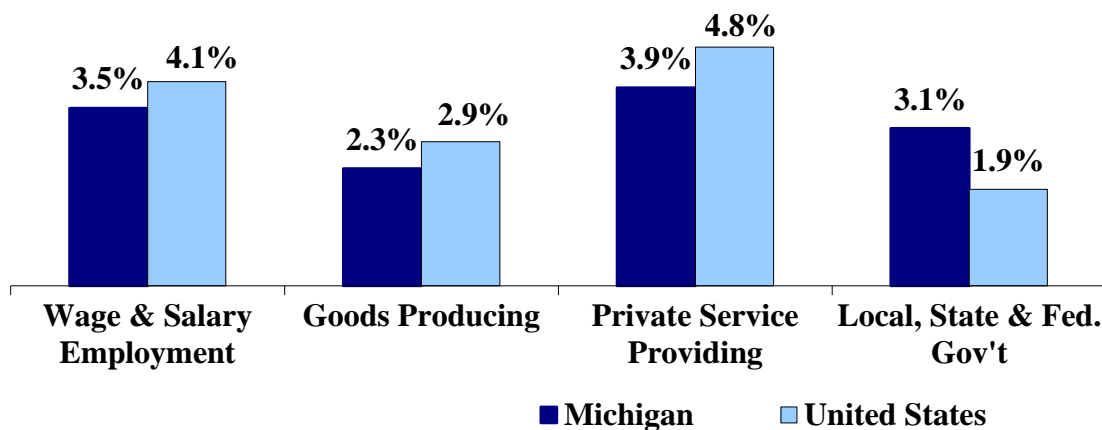


Employment by Place of Residence (in Thousands)^(a)

	Annual <u>2020</u>	Sep <u>2021</u>	Oct <u>2021</u>	Nov <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 Average
Michigan									
Labor Force	4,841	4,759	4,758	4,759	1	0.0%	-97	-2.0%	4,759
Employed	4,363	4,461	4,467	4,478	11	0.2%	19	0.4%	4,469
Unemployed	478	298	291	280	-11	-3.8%	-116	-29.4%	290
Unemployment Rate	9.9%	6.3%	6.1%	5.9%	n.a.	-0.2% pts	n.a.	-2.3% pts	6.1%
United States									
Labor Force	160,742	161,354	161,458	162,052	594	0.4%	1,516	0.9%	161,621
Employed	147,795	153,680	154,039	155,175	1,136	0.7%	5,366	3.6%	154,298
Unemployed	12,947	7,674	7,419	6,877	-542	-7.3%	-3,851	-35.9%	7,323
Unemployment Rate	8.1%	4.8%	4.6%	4.2%	n.a.	-0.4% pts	n.a.	-2.5% pts	4.5%

- Compared to November 2020, Michigan payroll employment was up by 144,800 jobs (3.5 percent). State payroll employment rose by 17,300 jobs in November 2021 from October 2021. Nationally, November 2021 payroll employment was up by 5.8 million jobs (4.1 percent) from a year ago. National employment rose 210,000 jobs in November.

Payroll Employment Growth November 2020 to November 2021



- In the goods-producing sector, Michigan payroll employment increased 2.3 percent in November from a year ago; employment in the private service-providing sector rose 3.9 percent. From a year ago, November national payroll employment rose 2.9 percent in the goods-producing sector and increased 4.8 percent in the private service-providing sector.
- At 41.6 hours, manufacturing weekly hours in Michigan were up 1.1 hours from last year.

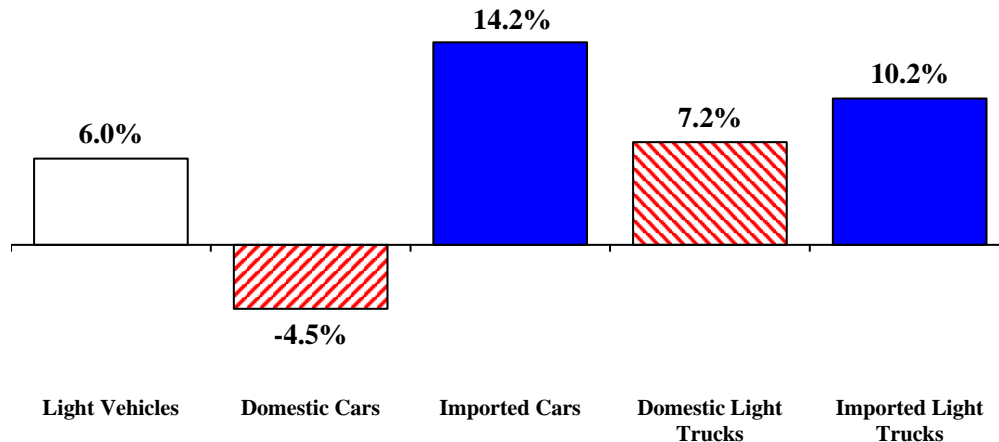
Wage and Salary (Payroll) Employment (in thousands)^(b)

	MI				US			
	2020 <u>Annual</u>	MI Nov <u>2020</u>	MI Nov <u>2021</u>	Percent Change	2020 <u>Annual</u>	US Nov <u>2020</u>	US Nov <u>2021</u>	Percent Change
Wage & Salary Employment	4,032.5	4,095.7	4,240.5	3.5%	142,185	142,809	148,611	4.1%
Goods Producing	728.5	753.3	770.9	2.3%	20,068	20,146	20,724	2.9%
Manufacturing	557.1	571.9	584.4	2.2%	12,179	12,196	12,546	2.9%
Private Service Providing	2,722.5	2,774.3	2,883.7	3.9%	100,209	101,175	105,987	4.8%
Trade, Trans. & Utilities	746.5	765.5	792.0	3.5%	26,590	26,983	27,751	2.8%
Services	1,702.4	1,735.2	1,814.9	4.6%	62,202	62,786	66,540	6.0%
Local, State & Fed. Gov't	581.5	568.1	585.9	3.1%	21,909	21,488	21,900	1.9%
Manufacturing Weekly Hours	40.7	40.5	41.6	1.1 hrs	40.7	41.3	41.3	0.0 hrs

Motor Vehicle Sales Remain Historically Low

- The U.S. light vehicle sales rate, still constrained by supply chain shortages, fell slightly to 12.9 million units – remaining historically low. Compared to last November, sales were down substantially (-19.0 percent).
- U.S. sales of domestic light vehicles fell 15.5 percent from last November while foreign sales declined 30.8 percent. In November 2021, at 19.5 percent, the foreign share of U.S. light vehicle sales was down 3.3 percentage points from a year earlier.
- Auto sales decreased 31.0 percent compared to last November, while light truck sales declined 15.2 percent from November 2020. Year-over-year (y-o-y), heavy truck sales rose 3.2 percent from last November.
- In October 2021 (the most recent month for which inventory data are available), retail vehicle inventories were down 22.8 percent from last October – the 19th straight year-over-year drop.

Year-to-Date Light Vehicle Sales Still Up from Last Year



Motor Vehicle Sales Statistics

(Millions, Seasonally Adjusted Rates, unless otherwise specified)

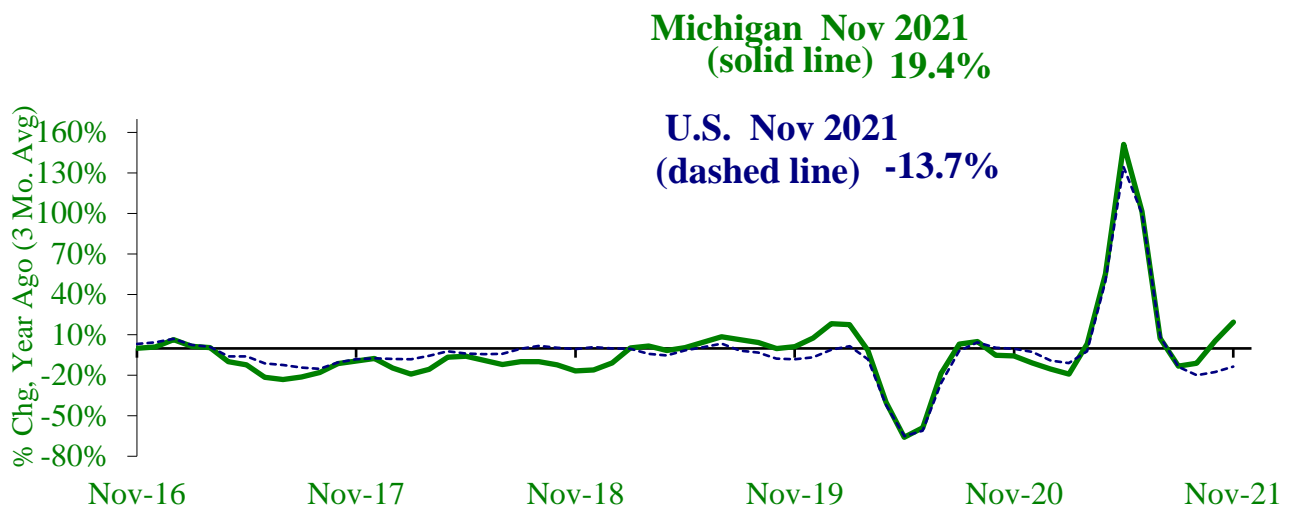
Motor Vehicle Sales ^(c)	2020	Sep	Oct	Nov	3 Month	Nov	Nov
	<u>Total</u>	<u>2021</u>	<u>2021</u>	<u>2021</u>	<u>Average</u>	<u>Chg fr</u> <u>Yr Ago</u> <u>Level</u>	<u>Chg fr</u> <u>Yr Ago</u> <u>%</u>
Autos	3.4	2.7	2.6	2.6	2.6	(1.2)	-31.0%
Domestics	2.6	1.9	1.9	2.0	1.9	(0.9)	-31.6%
Imports	0.8	0.8	0.6	0.6	0.7	(0.3)	-29.2%
Import Share	24.3%	30.2%	25.1%	24.1%	26.6%	0.6% pts	
Light Trucks	11.1	9.5	10.4	10.3	10.1	(1.8)	-15.2%
Domestics	8.6	7.3	8.3	8.4	8.0	(1.0)	-10.5%
Imports	2.4	2.2	2.1	1.9	2.1	(0.9)	-31.3%
Import Share	22.1%	23.4%	20.6%	18.4%	20.7%	-4.3% pts	
Total Light Vehicles	14.5	12.3	13.0	12.9	12.7	(3.0)	-19.0%
Heavy Trucks	0.4	0.4	0.4	0.5	0.4	0.0	3.2%
Total Vehicles	14.9	12.7	13.4	13.3	13.1	(3.0)	-18.3%

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

	2020	Aug-21	Sep-21	Oct-21	3 Month	Chg fr	Chg fr
	<u>Average</u>	<u>Aug-21</u>	<u>Sep-21</u>	<u>Oct-21</u>	<u>Average</u>	<u>Year Ago</u> <u>Level</u>	<u>Year Ago</u> <u>%</u>
Inventories	\$200.9	\$151.4	\$146.9	\$145.4	\$147.9	-\$43.1	-22.8%
Inventory/Sales Ratio	2.01	1.23	1.18	1.15	1.19	-0.50	

- Michigan vehicle production rose 39.8 percent from November 2020 while national vehicle production rose 1.4 percent from last November. In November 2021, Michigan vehicle production totaled 182,513 units.
- The impact of the semi-conductor shortage continues to be evident in the three-month average year-over-year national comparison.
- Comparing the three-month average of vehicle production in September-November 2021 to production in September-November 2020, Michigan's average production was up 19.4 percent but average production was down 13.7 percent nationally.

Three-Month Average of Michigan Vehicle Production Up from Year Ago in November



Motor Vehicle Production Statistics

(Thousands, unless otherwise specified)

	2020	Sep	Oct	Nov	3 Month	Nov	Nov
	Monthly	2021	2021	2021	Average	Level Chg	% Chg
	Average					fr Yr Ago	fr Yr Ago
U.S. Production ^(e)							
Autos	161.9	97.3	133.6	143.5	124.8	(34.5)	-19.4%
Trucks	571.7	576.6	661.1	664.6	634.1	45.7	7.4%
Total	733.6	673.9	794.7	808.1	758.9	11.2	1.4%
Michigan Production ^(f)							
Autos	14.0	6.3	10.1	16.4	11.0	3.6	27.6%
Trucks	250.5	135.5	168.5	166.1	156.7	48.4	41.2%
Total	264.6	141.8	178.6	182.5	167.7	52.0	39.8%
Michigan as % of U.S.	36.1%	21.0%	22.5%	22.6%	22.1%	6.2% pts	

U.S. Economic Conditions

	<u>Aug-21</u>	<u>Sep-21</u>	<u>Oct-21</u>	<u>Nov-21</u>	<u>Change from Year Ago</u>
KEY ECONOMIC INDICATORS					
Consumer Sentiment ^(h)	70.3	72.8	71.7	67.4	-9.5 points
ISM Manufacturing Index ⁽ⁱ⁾	59.9	61.1	60.8	61.1	3.4 points
ISM Non Manufacturing Index ⁽ⁱ⁾	61.7	61.9	66.7	69.1	12.3 points
INFLATION ^(k)					
1982-84 = 100 (CPI)	<u>Aug-21</u>	<u>Sep-21</u>	<u>Oct-21</u>	<u>Nov-21</u>	<u>Change from Year Ago</u>
Nov 2009 = 100 (PPI)					
U.S. Consumer Price Index	273.6	274.3	276.6	277.9	6.8%
Detroit CPI	250.0	NA	253.1	NA	5.5%
U.S. Producer Price Index	128.5	129.1	130.1	130.8	9.6%
INTEREST RATES					
90 Day T-Bill ^(l)	0.05%	0.04%	0.05%	0.05%	-0.04% points
10 Year Treasury Securities ^(l)	1.28%	1.37%	1.58%	1.56%	0.69% points
INDUSTRIAL PRODUCTION ^(l)					
	101.1	100.1	101.8	102.3	5.3%
CAPACITY UTILIZATION ^(l)					
	76.1%	75.3%	76.5%	76.8%	3.6% points
RETAIL SALES ^(d)					
	\$622.4	\$627.0	\$638.2	\$639.8	18.2%
HOUSING STARTS and SALES					
(Millions Annual Rate)	<u>Aug-21</u>	<u>Sep-21</u>	<u>Oct-21</u>	<u>Nov-21</u>	<u>% Change From Year Ago</u>
Housing Starts ^(d)	1.573	1.550	1.502	1.679	8.3%
Existing Home Sales ^(m)	5.880	6.290	6.340	6.460	-2.0%
DURABLE GOODS ORDERS ^(d)					
	\$262.3	\$261.4	\$261.7	\$268.3	14.7%
PERSONAL INCOME ^(c)					
(Billions, Seasonally Adj & Annualized)	<u>2020.4</u>	<u>2021.1</u>	<u>2021.2</u>	<u>2021.3</u>	<u>% Change From Year Ago</u>
Michigan	\$517.8	\$590.0	\$551.2	\$548.7	3.4%
U.S.	\$19,522.9	\$21,849.0	\$20,647.7	\$20,782.8	5.2%
GROSS DOMESTIC PRODUCT ^(c)					
(Billions of Chained 2012 Dollars, Seasonally Adj & Annualized)	<u>2020.4</u>	<u>2021.1</u>	<u>2021.2</u>	<u>2021.3</u>	<u>Annualized % Chg From Last Qtr</u>
	\$18,767.8	\$19,055.7	\$19,368.3	\$19,478.9	2.3%

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). Page 2 Michigan three-month average unemployment rate graph values use interpolated monthly values for January 2021-August 2021.
- (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.