

# MICHIGAN ECONOMIC UPDATE

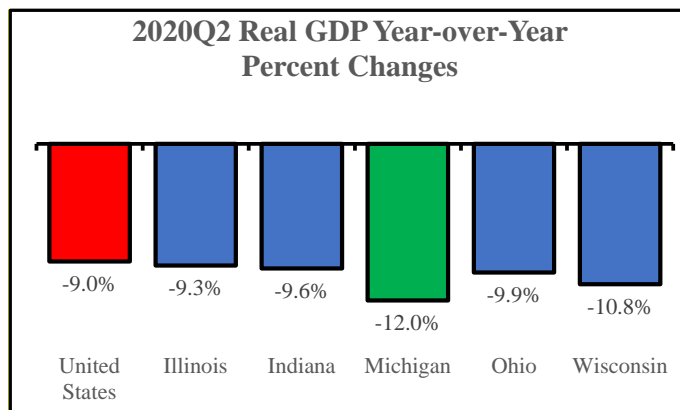
Office of Revenue and Tax Analysis  
Michigan Department of Treasury

<https://www.michigan.gov/treasury>

**Summarizing Economic Data for September 2020**  
(Published 10/30/2020)

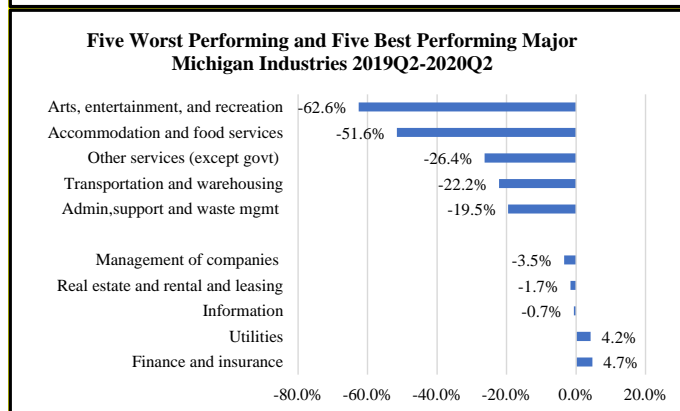
## *State Gross Domestic Product Data Release*

On October 2, 2020, the Bureau of Economic Analysis released 2020Q2 state gross domestic product data. Below are some highlights of that release <sup>(c)</sup>:



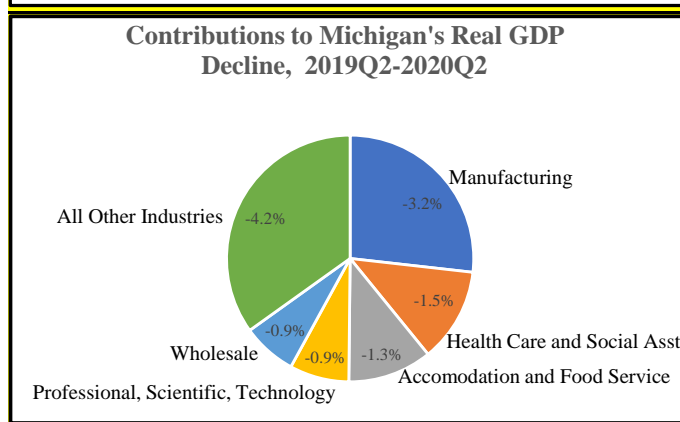
### Real Gross Domestic Product

- Compared to a year ago, 2020Q2 total Michigan real gross domestic product was down 12.0 percent and 2020Q2 total U.S. real gross domestic product was down 9.0 percent.
- Michigan's 12.0 percent year-over-year real GDP 2020Q2 decline represented the 5<sup>th</sup> largest decline among all U.S. states.
- In 2020Q2, Real GDP declined from a year ago in all 50 states. Hawaii saw the largest y-o-y real GDP decline (-13.9 percent) while Utah experienced the smallest decline (-4.6 percent).



### Real GDP by Industry Percent Declines

- Two major industry groupings saw dramatically larger y-o-y percent declines in 2020Q2: Arts, Entertainment and Recreation (-62.6 percent) and Accommodation and Food Services (-51.6 percent). Other Services saw the third largest percent decline (-26.4 percent), followed by Transportation and Warehousing (-22.2 percent)
- Only two major industries saw y-o-y increases: Finance and Insurance (4.7 percent) and Utilities (4.2 percent)



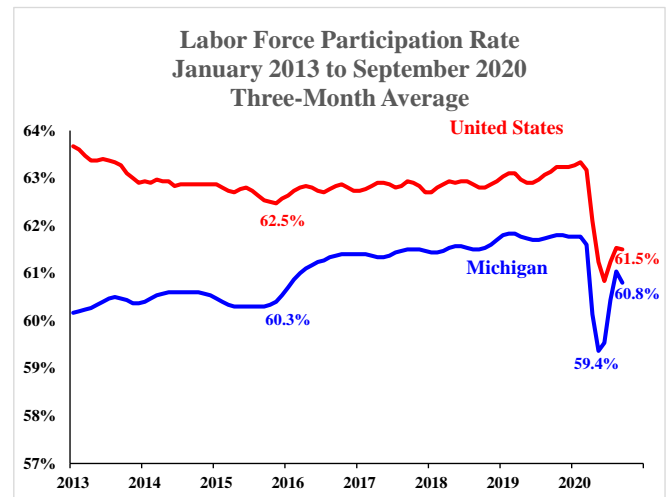
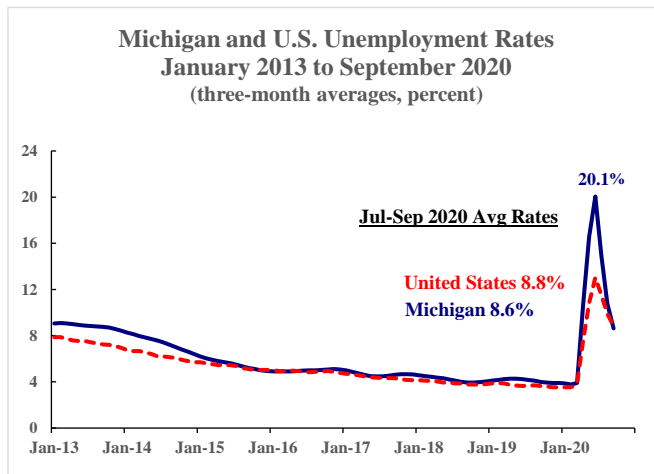
### Shares of Overall Percent Decline

- Among major industries, Manufacturing accounted for the largest share (3.2 percentage points) of Michigan's overall 2020Q2 12.0 percentage point y-o-y decline.
- Health Care and Social Assistance accounted for the second largest share of the overall decline (1.5 percentage points) followed by Accommodation and Food Services (1.3 percentage points) and Professional, Scientific & Technology and Wholesale (0.9 of percentage point each).
- Together, these five major industries accounted for 7.8 percentage points of the overall 12.0 percentage point y-o-y decline in real GDP in 2020Q2.

# September 2020 Summary

## Unemployment Rates Trend Down But Remain High

- The monthly Michigan unemployment rate estimate declined to 8.5 percent in September. As a result, the three-month average of the Michigan unemployment rate trended downward from 10.8 percent to 8.6 percent in September, but remains 4.6 percentage points higher than a year ago.
- The average number of people employed in Michigan between July, August and September was 317,100 lower than in February. Compared to the three-month average of people employed between July-September 2019, the current average is down 286,400 people. The July-September 2020 three-month average of people unemployed is 223,100 people higher than the number of unemployed in February.
- The U.S. unemployment rate declined to 7.9 percent in September. September's national jobless rate is 6.8 percentage points lower than April's peak rate (14.7 percent), but 4.4 percentage points higher than February's and last September's rate (3.5 percent).



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

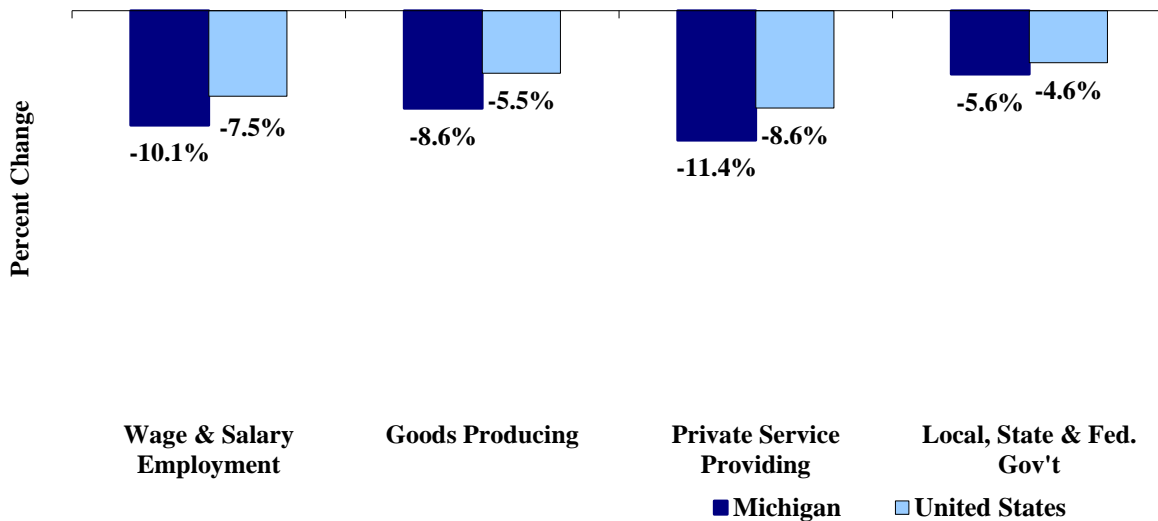
	<u>Annual</u>	<u>Jul</u>	<u>Aug</u>	<u>Sep</u>	<u>Chg Fr</u>	<u>Chg Fr</u>	<u>Chg Fr</u>	<u>Chg Fr</u>	<u>Three</u>
	<u>2019</u>	<u>2020</u>	<u>2020</u>	<u>2020</u>	<u>Mo Ago</u>	<u>Mo Ago</u>	<u>Yr Ago</u>	<u>Yr Ago</u>	<u>Month</u>
					<u>Level</u>	<u>%</u>	<u>Level</u>	<u>%</u>	<u>Average</u>
<b>Michigan</b>									
Labor Force	4,902	4,817	4,914	4,891	-23	-0.5%	-49	-1.0%	4,874
Employed	4,699	4,395	4,489	4,474	-15	-0.3%	-272	-5.7%	4,453
Unemployed	203	421	425	417	-8	-1.9%	223	115.6%	421
Unemployment Rate	4.1%	8.7%	8.7%	8.5%	n.a.	-0.2% pts	n.a.	4.6% pts	8.6%
<b>United States</b>									
Labor Force	162,075	159,870	160,838	160,143	-695	-0.4%	-3,908	-2.4%	160,284
Employed	155,761	143,532	147,288	147,563	275	0.2%	-10,735	-6.8%	146,128
Unemployed	6,314	16,338	13,550	12,580	-970	-7.2%	6,827	118.7%	14,156
Unemployment Rate	3.9%	10.2%	8.4%	7.9%	n.a.	-0.5% pts	n.a.	4.4% pts	8.8%

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

# Employment by Place of Work (Payroll)

- Michigan regained a net 18,400 jobs in September and a cumulative 612,000 jobs over the past five months after losing a record 1.0 million jobs in April from the ongoing pandemic. However, Michigan payroll employment in September 2020 was 425,000 jobs (-9.6 percent) below its September 2019 level. Nationally, September 2020 payroll employment was down 9.6 million (-6.4 percent) from a year ago. The national economy has regained a cumulative 11.4 million jobs over the last five 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 8.6 percent in September from a year ago; employment in the private service-providing sector declined 11.4 percent. From a year ago, September national payroll employment fell 5.5 percent in the goods-producing sector and decreased 8.6 percent in the private service-providing sector.
- At 39.6 hours, manufacturing weekly hours in Michigan were down 3.1 hours from last year.

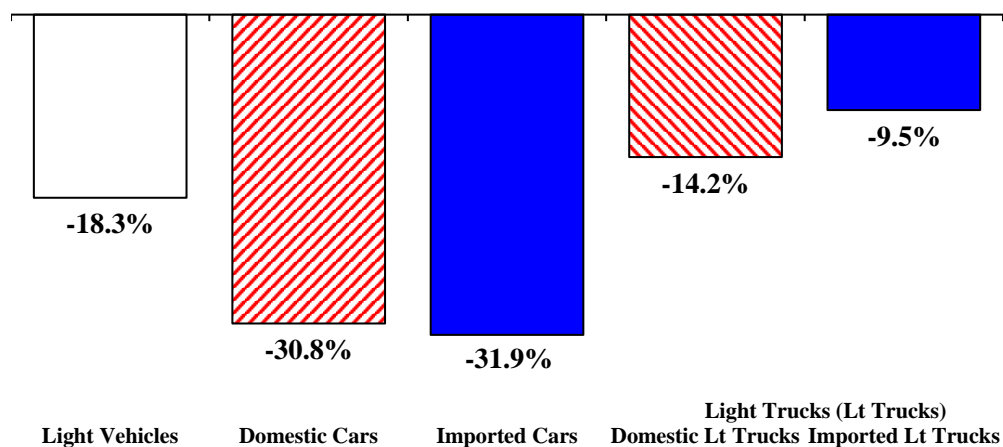
### Wage and Salary (Payroll) Employment (in thousands)<sup>(b)</sup>

	MI				US			
	2019 <u>Annual</u>	MI Sep <u>2019</u>	MI Sep <u>2020</u>	Percent <u>Change</u>	2019 <u>Annual</u>	US Sep <u>2019</u>	US Sep <u>2020</u>	Percent <u>Change</u>
Wage & Salary Employment	4,432.6	4,442.4	3,994.7	-10.1%	148,908	150,953	139,570	-7.5%
Goods Producing	808.0	809.2	739.7	-8.6%	20,704	21,085	19,925	-5.5%
Manufacturing	627.2	628.1	561.6	-10.6%	12,688	12,845	12,103	-5.8%
Private Service Providing	3,011.4	3,013.7	2,670.2	-11.4%	105,750	107,281	98,093	-8.6%
Trade, Trans. & Utilities	795.9	796.3	756.1	-5.0%	27,607	27,692	26,136	-5.6%
Services	1,935.8	1,937.7	1,643.4	-15.2%	66,714	67,974	60,772	-10.6%
Local, State & Fed. Gov't	613.3	619.5	584.8	-5.6%	22,455	22,587	21,552	-4.6%
Manufacturing Weekly Hours	43.3	42.7	39.6	-3.1 hrs	42.2	41.5	40.7	-0.8 hrs

## Motor Vehicle Sales Continue Recovery in September Page 4

- 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. In September 2020, light vehicle sales were 4.3 percent below year-ago sales. In September 2020, the annualized sales rate equaled 16.3 million units.
- U.S. sales of domestic light vehicles declined 3.9 percent from last September while foreign sales dropped 5.7 percent. Compared to last September, the foreign share of U.S. light vehicle sales decreased 0.3 of a percentage point to 21.8 percent in September 2020.
- Auto sales decreased 18.2 percent compared to last September, while light truck sales were up 0.8 percent from September 2019. Year-over-year (y-o-y), heavy truck sales dropped 26.3 percent.
- Year-to-date light vehicle sales through the first nine months of the year were down 18.3 percent.

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



### Motor Vehicle Sales Statistics

(Millions, Seasonally Adjusted Rates, unless otherwise specified)

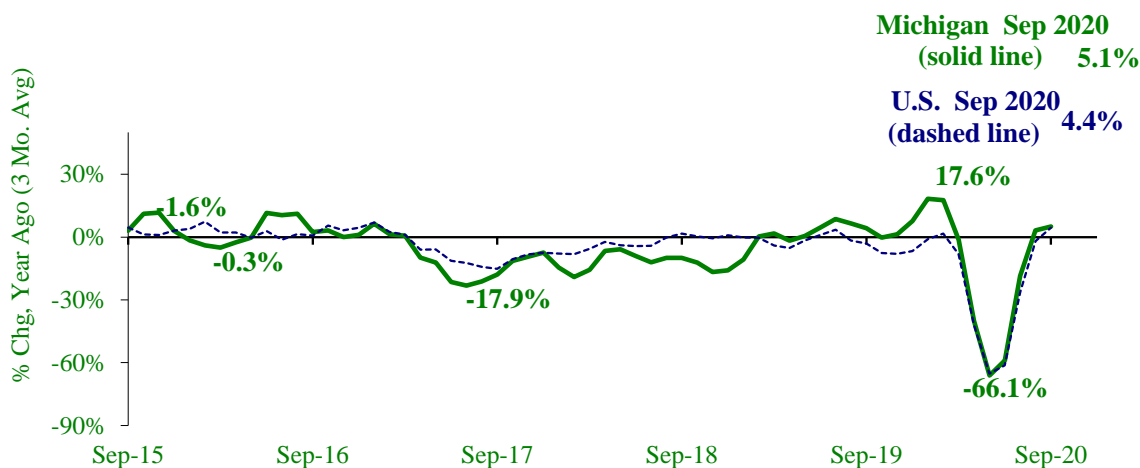
Motor Vehicle Sales <sup>(c)</sup>	2019	Jul	Aug	Sep	3 Month	Sep	Sep
	<u>Total</u>	<u>2020</u>	<u>2020</u>	<u>2020</u>	<u>Average</u>	<u>Chg fr Yr Ago Level</u>	<u>Chg fr Yr Ago %</u>
Autos	4.7	3.5	3.5	3.7	3.6	(0.8)	-18.2%
Domestics	3.5	2.7	2.7	2.9	2.8	(0.6)	-17.4%
Imports	1.2	0.8	0.8	0.9	0.8	(0.2)	-20.8%
Import Share	24.8%	23.8%	22.7%	23.6%	23.4%	-0.8% pts	
Light Trucks	12.2	11.1	11.6	12.6	11.8	0.1	0.8%
Domestics	9.6	8.5	9.2	9.9	9.2	0.1	0.8%
Imports	2.6	2.6	2.5	2.7	2.6	0.0	0.6%
Import Share	21.4%	23.3%	21.3%	21.2%	21.9%	0.0% pts	
Total Light Vehicles	17.0	14.6	15.2	16.3	15.4	(0.7)	-4.3%
Heavy Trucks	0.5	0.4	0.4	0.4	0.4	(0.1)	-26.3%
Total Vehicles	17.5	15.0	15.6	16.8	15.8	(0.9)	-5.0%

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

	2019	Jun-20	Jul-20	Aug-20	3 Month	Chg fr	Chg fr
	<u>Average</u>	<u>Jun-20</u>	<u>Jul-20</u>	<u>Aug-20</u>	<u>Average</u>	<u>Year Ago Level</u>	<u>Year Ago %</u>
Inventories	\$236.3	\$174.2	\$178.6	\$179.1	\$177.3	-\$58.6	-24.7%
Inventory/Sales Ratio	2.29	1.57	1.62	1.62	1.60	-0.64	

- Michigan vehicle production fell from 159,526 units in August to 142,017 units in September. Compared to last September, State production is down 1.5 percent but U.S. production is up 4.8 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 declined in August and September.
- In September 2020, Michigan car production was up 40.6 percent from last year but Michigan truck production, which accounts for the vast majority of Michigan's overall vehicle production, was down 5.7 percent. Nationally, car production was down 0.6 percent and truck production was up 6.4 percent compared to last August.
- Despite September's monthly decline, the three-month average of Michigan vehicle production continued to trend upward. As a result, the three-month average of Michigan vehicle production in September was up 5.1 percent from a year ago; nationally, three-month average of production was up 4.4 percent.

## Three-Month Averages of Vehicle Production Up from Year Ago in September



## Motor Vehicle Production Statistics

(Thousands, unless otherwise specified)

	2019 Monthly Average	Jul 2020	Aug 2020	Sep 2020	3 Month Average	Sep Level Chg fr Yr Ago	Sep % Chg fr Yr Ago
<b>U.S. Production <sup>(e)</sup></b>							
Autos	214.8	164.8	199.8	204.2	189.6	(1.2)	-0.6%
Trucks	677.1	681.0	719.6	688.0	696.2	41.6	6.4%
Total	891.9	845.8	919.3	892.2	885.8	40.5	4.8%
<b>Michigan Production <sup>(f)</sup></b>							
Autos	20.2	19.1	17.0	18.7	18.3	5.4	40.6%
Trucks	139.3	155.1	142.5	123.3	140.3	(7.5)	-5.7%
Total	159.5	174.1	159.5	142.0	158.6	(2.1)	-1.5%
Michigan as % of U.S.	17.9%	20.6%	17.4%	15.9%	17.9%	-1.0% pts	

# U.S. Economic Conditions

	<u>Jun-20</u>	<u>Jul-20</u>	<u>Aug-20</u>	<u>Sep-20</u>	<u>Change from Year Ago</u>
<b>KEY ECONOMIC INDICATORS</b>					
Consumer Sentiment <sup>(h)</sup>	78.1	72.5	74.1	80.4	-12.8 points
ISM Manufacturing Index <sup>(i)</sup>	52.6	54.2	56.0	55.4	7.2 points
ISM Non Manufacturing Index <sup>(i)</sup>	57.1	58.1	56.9	57.8	4.3 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>Jun-20</u>	<u>Jul-20</u>	<u>Aug-20</u>	<u>Sep-20</u>	<u>Change from Year Ago</u>
<b>Nov 2009 = 100 (PPI)</b>					
U.S. Consumer Price Index	257.8	259.1	259.9	260.3	1.4%
Detroit CPI	236.1	NA	240.6	NA	1.8%
U.S. Producer Price Index	117.5	118.2	118.6	118.8	0.4%
<b>INTEREST RATES</b>					
90 Day T-Bill <sup>(l)</sup>	0.16%	0.13%	0.10%	0.11%	-1.78% points
10 Year Treasury Securities <sup>(l)</sup>	0.73%	0.62%	0.65%	0.68%	-1.02% points
<b>INDUSTRIAL PRODUCTION <sup>(l)</sup></b>					
	97.6	101.7	102.2	101.5	-7.3%
<b>CAPACITY UTILIZATION <sup>(l)</sup></b>					
	68.7%	71.6%	72.0%	71.5%	-5.9% points
<b>RETAIL SALES <sup>(d)</sup></b>					
	\$530.0	\$535.9	\$539.0	\$549.3	5.4%
<b>HOUSING STARTS and SALES</b>					
(Millions Annual Rate)	<u>Jun-20</u>	<u>Jul-20</u>	<u>Aug-20</u>	<u>Sep-20</u>	<u>% Change From Year Ago</u>
Housing Starts <sup>(d)</sup>	1.265	1.487	1.388	1.415	11.1%
Existing Home Sales <sup>(m)</sup>	4.700	5.860	5.980	6.540	20.9%
<b>DURABLE GOODS ORDERS <sup>(d)</sup></b>					
	\$207.5	\$231.9	\$232.7	\$237.1	-1.9%
<b>PERSONAL INCOME <sup>(c)</sup></b>					
(Billions, Seasonally Adj & Annualized)	<u>2019.3</u>	<u>2019.4</u>	<u>2020.1</u>	<u>2020.2</u>	<u>% Change From Year Ago</u>
Michigan	\$492.8	\$496.8	\$497.5	\$554.3	13.1%
U.S.	\$18,590.2	\$18,750.9	\$18,940.5	\$20,386.8	10.4%
<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	\$18,584.0	33.1%

## **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.