



MICHIGAN ECONOMIC UPDATE

Office of Revenue and Tax Analysis
Michigan Department of Treasury

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

June 2013 Summary

U.S. Economy: In June 2013, the Consumer Sentiment Index fell 0.4 of a point from last month's 70-month high, but the index was still up 10.9 points from a year ago. The 2013Q2 Business Executive's Confidence Index was up 15.0 points from 2012Q2. Compared to a year ago, existing home sales rose 15.2 percent while housing starts increased 10.4 percent. New durable goods orders were up 11.0 percent from June 2012 -- the fastest year-over-year increase since February 2012. In 2013Q2, real GDP grew at a 1.7 percent annual rate -- faster than 0.1 percent growth in 2012Q4 and 1.1 percent growth in 2013Q1. In June 2013, the ISM manufacturing index rose of a 0.7 point from last June while the ISM non-manufacturing index dropped 0.5 of a point from a year ago. Retail sales increased 5.7 percent from last year. In June 2013, industrial production grew 2.0 percent from a year earlier. Capacity utilization was up 0.1 of a point from last June.

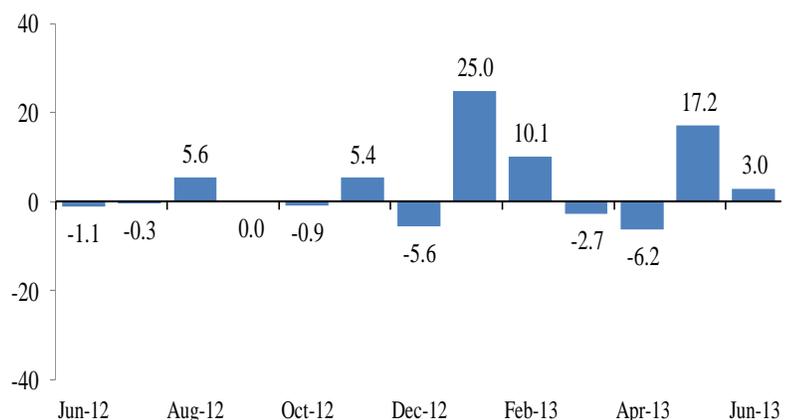
Employment: In June 2013, Michigan wage and salary employment was up 51,000 jobs (1.2 percent) from a year ago. Nationally, wage and salary employment rose 1.7 percent between June 2012 and June 2013. At 8.7 percent, Michigan's unemployment rate was up 0.3 percentage point from May, but was 0.6 percentage point lower than June 2012. The June 2013 U.S. unemployment rate (7.6 percent) was unchanged from the prior month, but was down 0.6 percentage point from a year ago.

Auto Industry: In June 2013, the U.S. light vehicle annual sales rate rose to 15.9 million units -- the highest sales rate since November 2007. Michigan vehicle production rose 11.0 percent compared to last June's production; U.S. vehicle production was up 3.5 percent. Compared to a year ago, Michigan's share of national vehicle production increased 1.53 percentage points from 21.24 percent to 22.77 percent.

Inflation: In June, the overall U.S. consumer price index (CPI) rose 1.8 percent compared to a year ago. The core CPI (excluding food and energy) increased 1.6 percent. Between June 2012 and June 2013, the Detroit CPI increased 3.3 percent. The producer price index rose 2.5 percent from last year. At \$93.80 per barrel, oil prices were up \$11.39 from a year ago.

Michigan Metro Areas: In June, unemployment rates rose in 10 of Michigan's 17 major labor markets, fell in five areas and were unchanged in two areas. Employment rose in 16 areas and fell slightly in one area. Fifty-three of Michigan's 83 counties saw a year-over-year unemployment rate increase while 20 counties recorded a rate decrease and 10 counties saw no change.

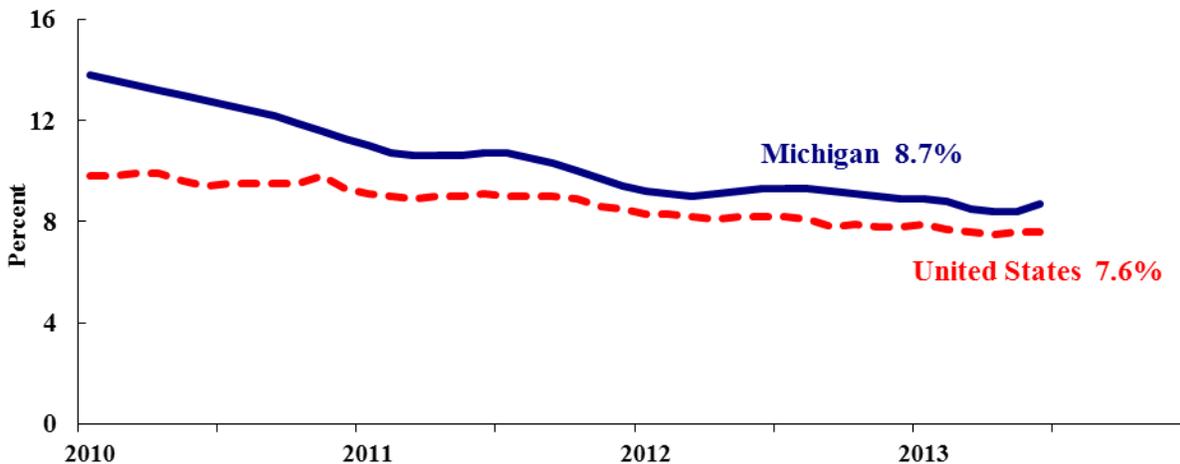
Michigan Employment Rises Slightly in June 2013
(Change from Prior Month, Thousands of Jobs) ^(a)



Labor Market Statistics

- Michigan's June unemployment rate increased 0.3 of a percentage point from last month to 8.7 percent, and was down 0.6 of a percentage point from a year ago. The June U.S. unemployment remained unchanged from May at 7.6 percent and was down 0.6 of a percentage point from a year ago. Monthly unemployment rates fluctuate in part due to statistical sampling errors and data revisions.

Michigan and U.S. Monthly Unemployment Rates 2010 to 2013



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

- In June, the number of people employed in Michigan was 4,311,000, up 9,000 from last month, while the labor force increased 21,000. The statewide total number of unemployed rose 13,000 to 408,000.
- United States household employment totaled 144.1 million persons in June. The labor force totaled 155.8 million and there were 11.8 million unemployed in June 2013.

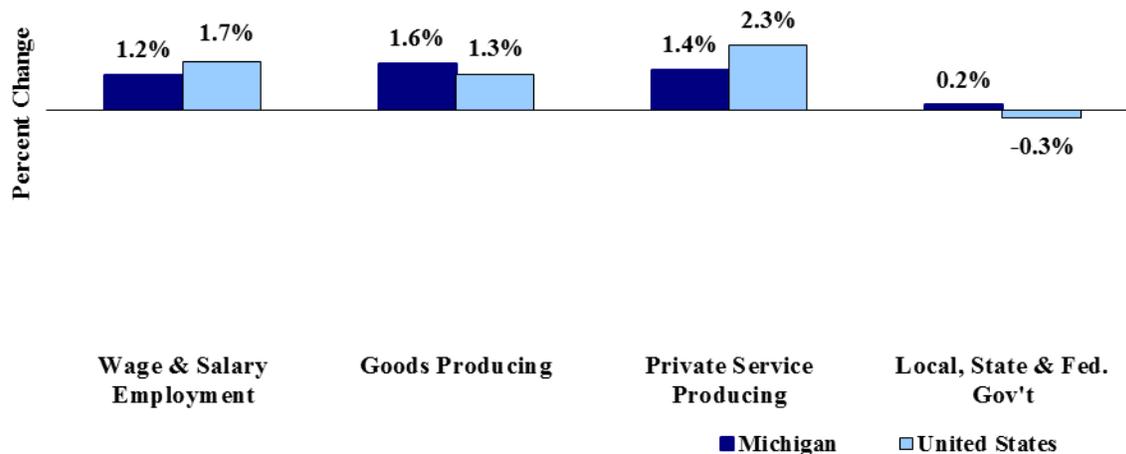
Employment by Place of Residence (in thousands)^(a)

	2012 Average	Apr 2013	May 2013	Jun 2013	Change From			
					Prior Month Level	%	Last Year Level	%
Michigan								
Labor Force	4,657	4,670	4,698	4,719	21	0.4%	58	1.2%
Employed	4,232	4,279	4,302	4,311	9	0.2%	82	1.9%
Unemployed	426	391	395	408	13	3.3%	-24	-5.6%
Unemployment Rate	9.1%	8.4%	8.4%	8.7%	n.a.	0.3% pts	n.a.	-0.6%
United States								
Labor Force	154,975	155,238	155,658	155,835	177	0.1%	686	0.4%
Employed	142,469	143,579	143,898	144,058	160	0.1%	1,610	1.1%
Unemployed	12,506	11,659	11,760	11,777	17	0.1%	-924	-7.3%
Unemployment Rate	8.1%	7.5%	7.6%	7.6%	n.a.	0.0% pts	n.a.	-0.6%

Employment by Place of Work

- From June 2012 to June 2013, Michigan wage and salary employment increased 51,000 (1.2 percent). State wage and salary employment increased 3,000 from May. Nationally, June 2013 wage and salary employment rose 2,293,000 (1.7 percent) from a year ago and was up 195,000 from last month.

Wage and Salary Employment Growth June 2012 to June 2013



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

- In the goods-producing sector, Michigan employment increased 1.6 percent from a year ago while private service-producing sector employment increased 1.4 percent. From a year ago, June national employment rose 1.3 percent in the goods-producing sector and increased 2.3 percent in the private service-producing sector.
- Manufacturing weekly hours in Michigan decreased 0.4 of an hour in June compared to last year.

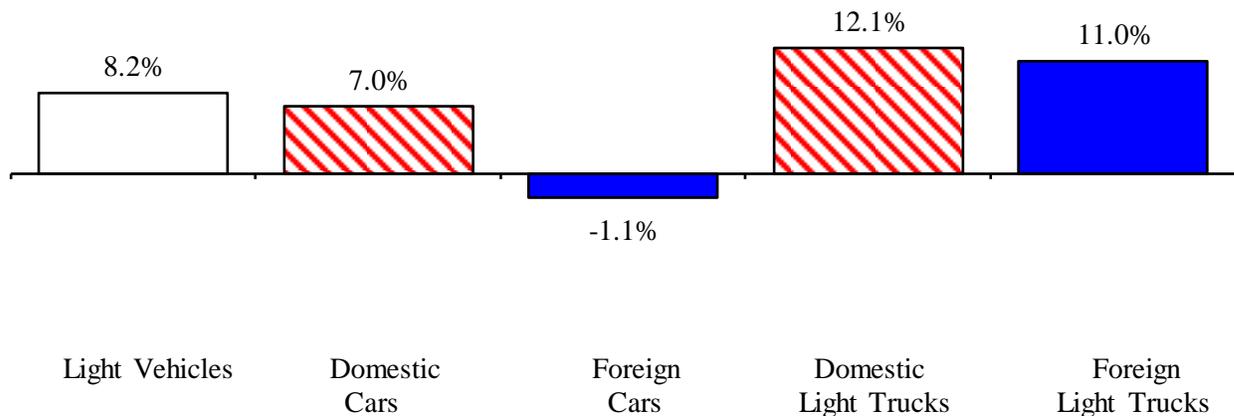
Wage and Salary (Payroll) Employment (in thousands)^(b)

	Michigan				United States			
	2012 Average	June 2012	June 2013	Percent Change	2012 Average	June 2012	June 2013	Percent Change
Wage & Salary Employment	4,024	4,025	4,075	1.2%	133,739	133,609	135,902	1.7%
Goods Producing	672	673	684	1.6%	18,410	18,410	18,643	1.3%
Manufacturing	537	538	551	2.4%	11,919	11,935	11,964	0.2%
Private Service Producing	2,742	2,744	2,783	1.4%	93,411	93,284	95,408	2.3%
Trade, Trans. & Utilities	729	729	737	1.1%	25,516	25,467	25,913	1.8%
Services	1,764	1,765	1,796	1.8%	57,432	57,354	58,911	2.7%
Local, State & Fed. Gov't	610	608	609	0.2%	21,917	21,915	21,851	-0.3%
Manufacturing Weekly Hours	41.3	43.1	42.7	-0.4 hrs	40.7	40.6	40.9	0.3 hrs

Motor Vehicle Industry Sales

- June 2013 U.S. light vehicle sales totaled 15.9 million units, at a seasonally adjusted annual rate -- the highest sales rate since November 2007. The light vehicle sales rate was up 4.3 percent from May 2013 and up 10.9 percent from June 2012. The light vehicle sales rate has exceeded 15.0 million units in seven of the past eight months and has exceeded 14.0 million units in each of the past 13 months.
- U.S. sales of domestic light vehicles increased 10.5 percent between June 2012 and June 2013, while foreign sales were up 12.0 percent over the same period. Consequently, the foreign share of U.S. light vehicle sales increased from 21.6 percent in June 2012 to 21.8 percent in June 2013.
- Auto sales increased 9.2 percent compared to last June, while light truck sales were up 12.5 percent from June 2012. Year-over-year, heavy truck sales rose 0.6 percent.

Year-to-date 2013 Light Truck Sales Up Substantially from Year Ago



Motor Vehicle Sales Statistics

(Millions, unless otherwise specified)

Motor Vehicle Sales ^(c)	2012 Average	Apr 2013	May 2013	Jun 2013	3 Month Average	Change from Year Ago	
						Level	%
Autos	7.4	7.1	7.3	7.9	7.4	0.7	9.2%
Domestics	5.2	5.1	5.3	5.7	5.4	0.5	10.4%
Imports	2.1	2.0	2.1	2.1	2.1	0.1	6.2%
Import Share	28.9%	27.9%	28.0%	27.3%	27.7%	-0.8% pts	
Light Trucks	7.1	7.7	7.9	8.0	7.9	0.9	12.5%
Domestics	6.0	6.6	6.7	6.7	6.7	0.6	10.7%
Imports	1.1	1.1	1.2	1.3	1.2	0.2	22.7%
Import Share	15.0%	14.7%	15.6%	16.5%	15.6%	1.4% pts	
Total Light Vehicles	14.4	14.9	15.2	15.9	15.3	1.6	10.9%
Heavy Trucks	0.3	0.4	0.4	0.3	0.4	0.0	0.6%
Total Vehicles	14.8	15.2	15.6	16.2	15.7	1.6	10.6%

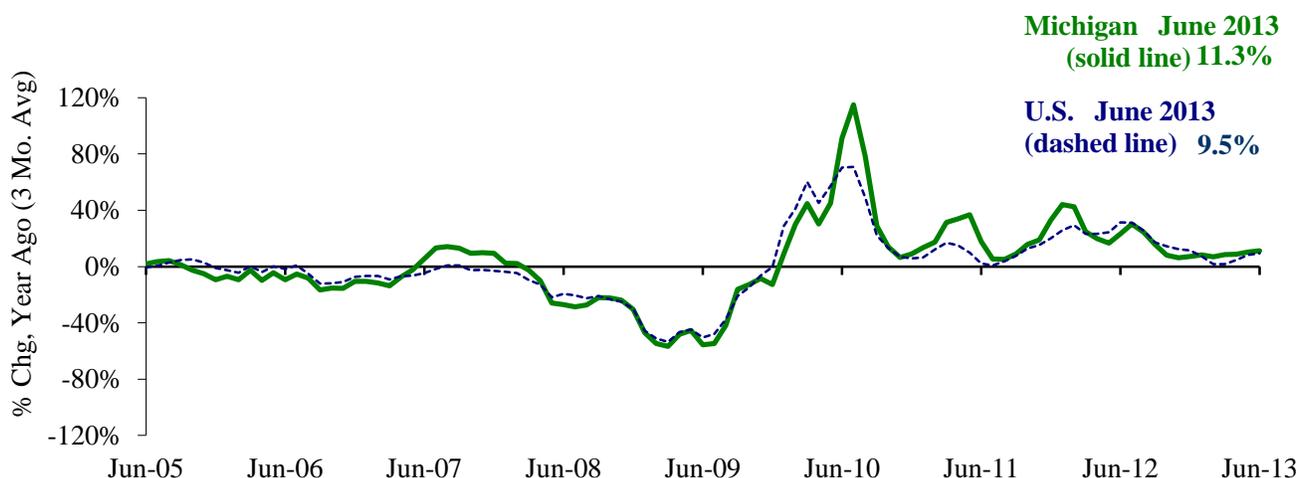
Retail Inventories, Motor Vehicle and Parts Dealers^(d) (billions of dollars)

	2012 Average	Mar-13	Apr-13	May-13	3 Month Average		
Inventories	\$149.3	\$145.7	\$163.1	\$164.4	\$157.7	\$20.8	14.3%
Inventory/Sales Ratio	2.01	2.11	2.11	2.11	2.11	0.13	

Motor Vehicle Industry Production

- At 211,183 units, June 2013 Michigan motor vehicle production was 11.0 percent higher than June 2012. National production increased 3.5 percent from last June. Compared to a year ago, the three-month average of vehicle production (April 2013-June 2013) was up 11.3 percent in Michigan and rose 9.5 percent nationally.
- In June 2013, Michigan car production was up 11.8 percent from a year ago while State truck production rose 10.4 percent. Nationally, car production increased 2.6 percent while U.S. truck production increased 4.2 percent.
- From a year ago, Michigan’s June share of national vehicle production rose 1.5 percentage points to 22.8 percent. Michigan’s share of U.S. car production increased 1.9 percentage points to 23.4 percent. Michigan’s share of U.S truck production rose 1.3 percentage points to 22.3 percent.

Michigan and U.S. Motor Vehicle Production Increases from Year-Ago Levels Slowing ^(e,f)



Motor Vehicle Production Statistics

(Thousands, unless otherwise specified)

	2012 Monthly Average	Apr 2013	May 2013	Jun 2013	3 Month Average	Change from Year Ago for the Month	
						Level	%
U.S. Production ^(e)							
Autos	364.5	419.2	411.7	378.0	403.0	9.5	2.6%
Trucks	503.0	592.5	602.0	549.5	581.3	22.1	4.2%
Total	867.5	1,011.7	1,013.7	927.5	984.3	31.5	3.5%
Michigan Production ^(f)							
Autos	80.5	90.8	95.5	88.4	91.6	9.3	11.8%
Trucks	107.8	131.5	132.1	122.8	128.8	11.5	10.4%
Total	188.2	222.3	227.6	211.2	220.3	20.8	11.0%
Michigan as % of U.S.	21.7%	22.0%	22.5%	22.8%	22.4%	1.5% pts	

Local Area Unemployment Rates Rose in Ten Michigan Local Areas

(Not Seasonally Adjusted)

June 2013 local area unemployment rates ranged between 6.8 percent (Ann Arbor metropolitan statistical area (MSA)) and 11.0 percent (Northeast Lower Michigan). The median June 2013 unemployment rate was 9.3 percent – this compares to a 9.1 percent median rate last June.

Compared to a year ago, the June unemployment rate rose in ten Michigan labor market areas, fell in five State labor market areas and was unchanged in two areas. The Northeast Lower Michigan area reported the greatest year-over-year (y-o-y) rate increase (0.6 percentage point), followed by the Bay City MSA (0.5 percentage point) and then then the Saginaw-Saginaw Township MSA with a 0.4 percentage point increase. The Detroit-Warren-Livonia MSA reported the largest rate drop (0.7 percentage point), significantly larger than the Grand Rapids-Wyoming MSA which reported the second largest rate decrease (0.3 percentage point).

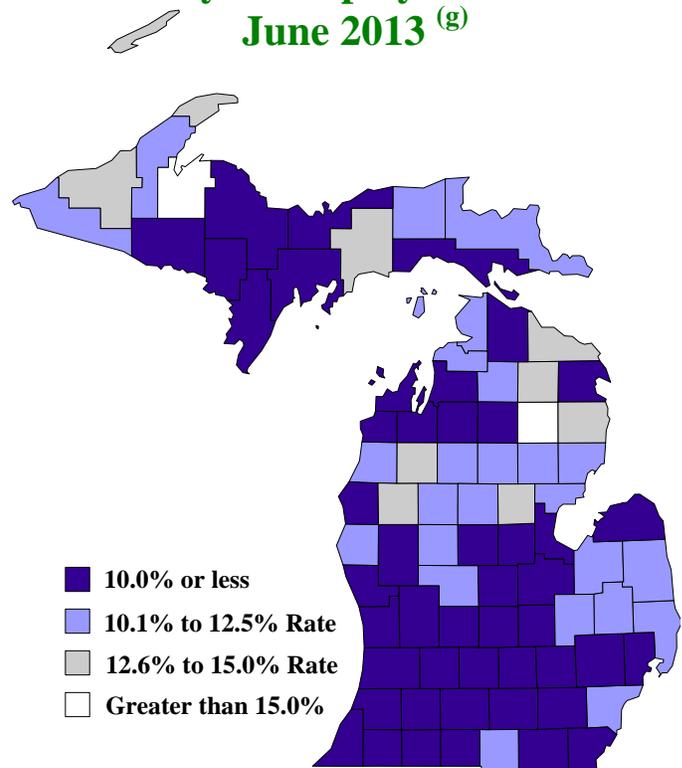
Between June 2012 and June 2013, employment rose in 16 areas and fell in one area. Three Western Lower Michigan labor market areas saw the largest y-o-y employment percent increases. The Grand Rapids-Wyoming MSA and the Muskegon-Norton Shores MSA reported the largest employment growth rate (4.5 percent) while the Holland-Grand Haven MSA saw the second largest employment increase (4.1 percent). The median employment increase among the 16 areas that saw job growth was 1.5 percent. Employment in the one area to see a decline (the Saginaw-Saginaw Township North MSA) fell only 0.1 percent. The labor force rose in all 17 labor market areas.

Between June 2012 and June 2013, the unemployment rate rose in 53 Michigan counties, fell in 20 counties and remained unchanged in 10 counties. The median June 2013 rate change was a 0.2 percentage point increase. Alcona County posted the largest increase (3.9 percentage points), while St. Clair County and Menominee County saw the largest decrease (1.1 percentage points). Forty-five Michigan counties saw a June 2013 unemployment rate below 10.0 percent. Last June, 53 counties had an unemployment rate below 10.0 percent. In June 2013, two Michigan counties reported a rate higher than 15.0 percent. Last June, one county saw an unemployment rate over 15.0 percent.

Local Area Unemployment Rates^(g)

<u>Local Area</u>	<u>June 2012 Rate</u>	<u>May 2013 Rate</u>	<u>June 2013 Rate</u>
Michigan	9.6%	8.4%	9.4%
Ann Arbor	6.5%	5.9%	6.8%
Battle Creek	8.0%	7.3%	8.0%
Bay City	8.8%	8.9%	9.3%
Detroit-Warren-Livonia	11.0%	9.0%	10.3%
Flint	9.9%	9.4%	10.1%
Grand Rapids-Wyoming	7.3%	6.5%	7.0%
Holland-Grand Haven	7.4%	6.6%	7.2%
Jackson	9.1%	8.7%	9.4%
Kalamazoo-Portage	8.2%	7.4%	8.0%
Lansing-East Lansing	8.0%	7.5%	8.1%
Monroe	8.5%	8.2%	8.8%
Muskegon-Norton Shores	9.2%	8.6%	9.2%
Niles-Benton Harbor	9.5%	8.9%	9.4%
Saginaw-Saginaw Township	9.1%	8.9%	9.5%
Upper Peninsula	9.3%	9.5%	9.6%
Northeast Lower Mich	10.4%	10.8%	11.0%
Northwest Lower Mich.	9.1%	9.3%	9.4%

County Unemployment Rates June 2013^(g)



U.S. Economic Conditions

	<u>Mar-13</u>	<u>Apr-13</u>	<u>May-13</u>	<u>Jun-13</u>	<u>Change from Year Ago</u>
KEY ECONOMIC INDICATORS					
Consumer Sentiment ^(h)	78.6	76.4	84.5	84.1	10.9 points
ISM Manufacturing Index ⁽ⁱ⁾	51.3	50.7	49.0	50.9	0.7 points
ISM Non Manufacturing Index ⁽ⁱ⁾	54.4	53.1	53.7	52.2	-0.5 points
	<u>2012.3</u>	<u>2012.4</u>	<u>2013.1</u>	<u>2013.2</u>	
Business Executives' Confidence ^(j)	42.0	46.0	54.0	62.0	15.0 points
INFLATION ^(k)					
1982-84 = 100	<u>Mar-13</u>	<u>Apr-13</u>	<u>May-13</u>	<u>Jun-13</u>	<u>Change from Year Ago</u>
U.S. Consumer Price Index	232.8	232.5	232.9	233.5	1.8%
Detroit CPI	NA	218.9	NA	221.6	3.3%
U.S. Producer Price Index	196.6	196.0	197.0	197.6	2.5%
INTEREST RATES					
90 Day T-Bill ^(l)	0.09%	0.06%	0.04%	0.05%	-0.04% points
Aaa Corporate Bonds ^(l)	3.93%	3.73%	3.89%	4.27%	0.63% points
INDUSTRIAL PRODUCTION ^(l)					
	99.1	98.8	98.7	99.1	2.0%
CAPACITY UTILIZATION ^(l)					
	78.2%	77.9%	77.7%	77.8%	0.1% points
RETAIL SALES ^(d)					
	\$418.2	\$419.0	\$421.2	\$422.8	5.7%
HOUSING STARTS and SALES					
(Millions Annual Rate)	<u>Mar-13</u>	<u>Apr-13</u>	<u>May-13</u>	<u>Jun-13</u>	<u>% Change From Year Ago</u>
Housing Starts ^(d)	1.005	0.852	0.928	0.836	10.4%
Existing Home Sales ^(m)	4.940	4.970	5.140	5.080	15.2%
DURABLE GOODS ORDERS ^(p)					
	\$215.3	\$223.0	\$234.6	\$244.6	11.0%
PERSONAL INCOME ^(c)					
(Billions of Dollars)	<u>2012.2</u>	<u>2012.3</u>	<u>2012.4</u>	<u>2013.1</u>	<u>% Change From Year Ago</u>
Michigan	\$368.8	\$370.7	\$379.4	\$375.8	2.5%
U.S.	\$13,322.5	\$13,401.3	\$13,760.4	\$13,589.5	2.8%
GROSS DOMESTIC PRODUCT					
(Billions of Chained 2009 Dollars) ^(c)	<u>2012.3</u>	<u>2012.4</u>	<u>2013.1</u>	<u>2013.2</u>	<u>Annualized % Chg From Last Qtr</u>
	\$15,534.0	\$15,539.6	\$15,583.9	\$15,648.7	1.67%

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) Seasonally adjusted annual rates. Source: Bureau of Economic Analysis, U.S. Department of Commerce.
- ^(d) Bureau of the Census, U.S. Department of Commerce
- ^(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. 2007 equals 100. Treasury bill rate (secondary market).
- ^(m) National Association of Realtors.