



# MICHIGAN ECONOMIC UPDATE

Office of Revenue and Tax Analysis  
Michigan Department of Treasury

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

## February 2012 Summary

**U.S. Economy:** In February, industrial production was up 4.2 percent from a year ago and capacity utilization increased 2.4 percentage points. February housing starts were up 34.7 percent from a year ago and existing home sales rose 8.8 percent. Retail sales were up 6.5 percent from last February and new durable goods orders increased 12.6 percent. At 75.3, consumer sentiment was down 2.2 points from a year ago; business confidence dropped 4.0 points from 2010Q1. Compared to a year ago, the ISM manufacturing index was down 7.4 points and the ISM non-manufacturing index was off 1.7 points. However, both ISM indices have indicated expansion each month over the past two years.

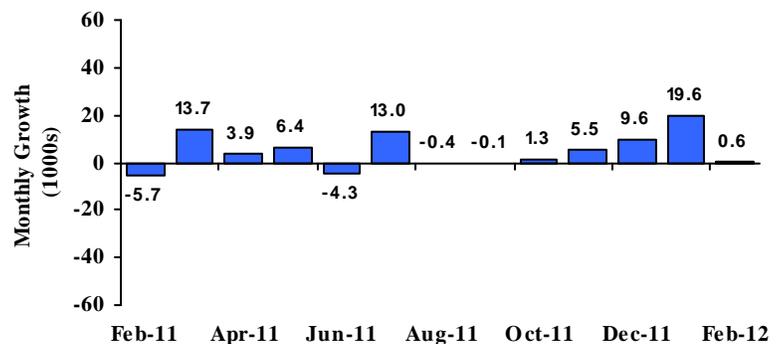
**Employment:** In February, Michigan employment was up 1.8 percent from the year-ago level. Nationally, employment increased 1.5 percent from last February. The Michigan unemployment rate dropped 1.8 percentage points from a year ago to 8.8 percent – Michigan’s lowest unemployment rate since August 2008. At 8.3 percent, the U.S. unemployment rate was down 0.7 percentage point from a year ago.

**Auto Industry:** In February, the light vehicle annual sales rate was up 13.6 percent to 15.0 million units – the highest rate in four years. Both Michigan vehicle production and U.S. vehicle production rose sharply from last February (Michigan up 55.7 percent and U.S. up 57.2 percent).

**Inflation:** Compared to a year ago, the U.S. consumer price index (CPI) was up 2.9 percent. The core U.S. CPI (excluding food and energy) rose 2.2 percent. The Detroit CPI was up 3.9 percent from last February. The overall producer price index (PPI) rose 3.3 percent. At \$100.25 per barrel, oil prices were up \$12.67 from February 2011.

**Michigan Metro Areas:** Unemployment rates fell in all 17 major Michigan labor markets in February compared with year-ago levels. Employment rose in 15 of Michigan’s 17 areas. All of Michigan’s 83 counties saw a year-over-year unemployment rate drop.

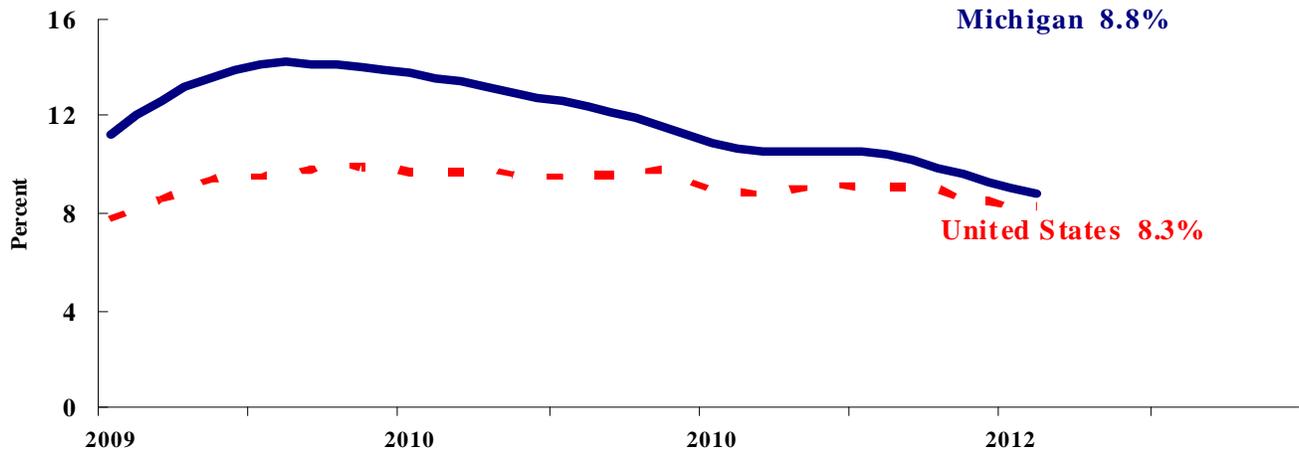
## Michigan Employment Rises Very Slightly in February<sup>(a)</sup>



## Labor Market Statistics

- Michigan's February unemployment rate decreased 0.2 of a percentage point from last month to 8.8 percent, and the current Michigan jobless rate is down 1.9 percentage points from a year ago. The February U.S. unemployment rate remained unchanged from January at 8.3 percent and was down 0.7 percentage points 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 2009 to 2012



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

- In February, the number of people employed in Michigan was 4,238,000, up 22,000 from last month, while the labor force increased by 14,000. The statewide total number of unemployed decreased by 8,000 to 409,000.
- United States household employment totaled 142.1 million persons in February. The labor force totaled 154.9 million and there were 12.8 million unemployed in February 2012.

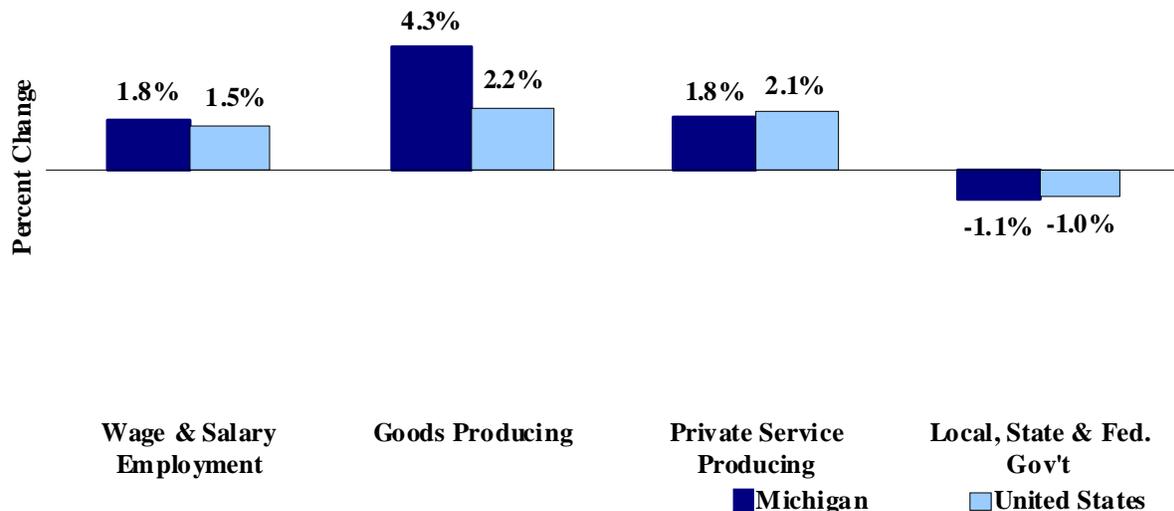
### Employment by Place of Residence (in thousands)<sup>(a)</sup>

	2011 Average	Dec 2012	Jan 2012	Feb 2012	Change From			
					Prior Month Level	%	Last Year Level	%
<b>Michigan</b>								
Labor Force	4,658	4,630	4,633	4,647	14	0.3%	-28	-0.6%
Employed	4,178	4,199	4,216	4,238	22	0.5%	62	1.5%
Unemployed	480	431	417	409	-8	-1.9%	-90	-18.0%
Unemployment Rate	10.3%	9.3%	9.0%	8.8%	n.a.	-0.2% pts	n.a.	-1.9%
<b>United States</b>								
Labor Force	153,617	153,887	154,395	154,871	476	0.3%	1,569	1.0%
Employed	139,869	140,790	141,637	142,065	428	0.3%	2,514	1.8%
Unemployed	13,747	13,097	12,758	12,806	48	0.4%	-945	-6.9%
Unemployment Rate	8.9%	8.5%	8.3%	8.3%	n.a.	0.0% pts	n.a.	-0.7%

## Employment by Place of Work

- From February 2011 to February 2012, Michigan wage and salary employment increased 69,000 (1.8 percent). State wage and salary employment increased 1,000 from January. Nationally, February 2012 wage and salary employment rose 2,021,000 (1.5 percent) from a year ago and was up 227,000 from last month.

### Wage and Salary Employment Growth February 2011 to February 2012



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

- In the goods-producing sector, Michigan employment increased 4.3 percent from a year ago while private service-producing sector employment increased 1.8 percent compared to last year. From a year ago, February national employment in the goods-producing sector rose 2.2 percent and increased 2.1 percent in the private service-producing sector.
- Manufacturing weekly hours in Michigan decreased 1.6 hours in February compared to last year.

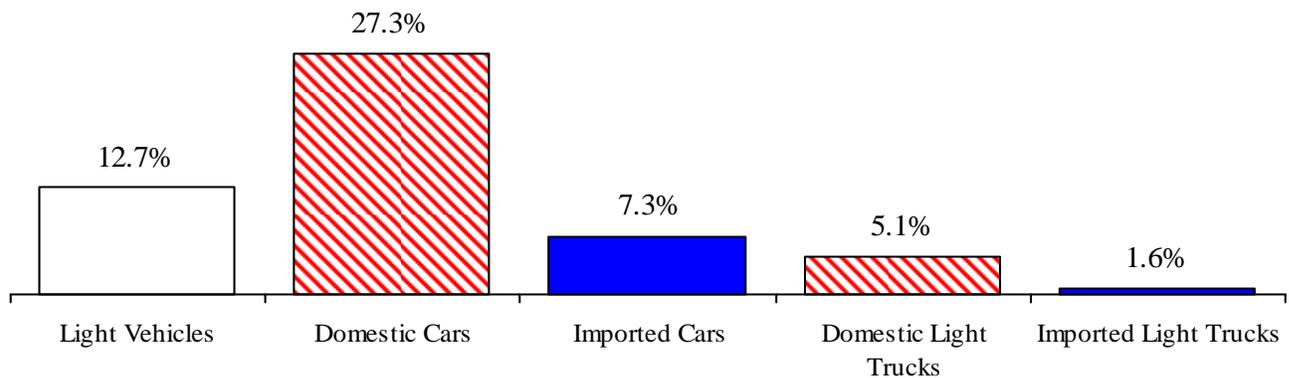
### Establishment Employment (in thousands)<sup>(b)</sup>

	Michigan				United States			
	2011 Average	Feb 2011	Feb 2012	Percent Change	2011 Average	Feb 2011	Feb 2012	Percent Change
Wage & Salary Employment	3,936	3,912	3,981	1.8%	131,359	130,676	132,697	1.5%
Goods Producing	638	626	653	4.3%	18,021	17,894	18,283	2.2%
Manufacturing	506	494	522	5.7%	11,733	11,664	11,891	1.9%
Private Service Producing	2,679	2,666	2,715	1.8%	91,234	90,570	92,428	2.1%
Trade, Trans. & Utilities	720	717	723	0.8%	25,019	24,866	25,251	1.5%
Services	1,713	1,702	1,743	2.4%	55,877	55,361	56,852	2.7%
Local, State & Fed. Gov't	619	620	613	-1.1%	22,104	22,212	21,986	-1.0%
Manufacturing Weekly Hours	41.4	44.7	43.1	-1.6 hrs	40.5	40.5	41.0	0.5 hrs

## Motor Vehicle Industry Sales

- February 2012 light vehicle sales rose 6.4 percent from January 2012. February 2012 light vehicle sales were up 13.6 percent from a year ago. At a 15.0 million unit annual rate, light vehicle sales increased to their highest rate in four years.
- Compared to January 2012, February 2012 domestic sales increased 5.8 percent while foreign sales rose 8.4 percent. Domestic sales rose 15.5 percent compared to a year ago while foreign sales increased 7.2 percent. Consequently, the foreign share of U.S. light vehicle sales decreased 1.3 percentage points from a year ago to 22.2 percent.
- Auto sales increased 21.6 percent compared to a year ago, while light truck sales were up 5.4 percent from February 2011.

### February 2012 Year-to-Date Domestic Car Sales Up Sharply from Year Ago



## Motor Vehicle Sales Statistics

(Millions, unless otherwise specified)

Motor Vehicle Sales <sup>(c)</sup>	2011 Average	Dec 2011	Jan 2012	Feb 2012	3 Month Average	Change from Year Ago	
						Level	%
Autos	6.2	6.5	7.4	8.1	7.3	1.4	21.6%
Domestics	4.3	4.5	5.3	5.8	5.2	1.2	26.2%
Imports	1.8	2.0	2.0	2.3	2.1	0.2	11.2%
Import Share	29.9%	30.5%	27.6%	28.2%	28.7%	-2.6%	pts
Light Trucks	6.5	7.0	6.8	6.9	6.9	0.4	5.4%
Domestics	5.6	6.0	5.7	5.9	5.9	0.4	6.6%
Imports	1.0	1.0	1.0	1.0	1.0	(0.0)	-0.7%
Import Share	15.0%	14.5%	15.4%	15.1%	15.0%	-0.9%	pts
Total Light Vehicles	12.7	13.5	14.1	15.0	14.2	1.8	13.6%
Heavy Trucks	0.3	0.3	0.3	0.3	0.3	0.1	29.1%
Total Vehicles	13.0	13.8	14.5	15.4	14.6	1.9	13.9%

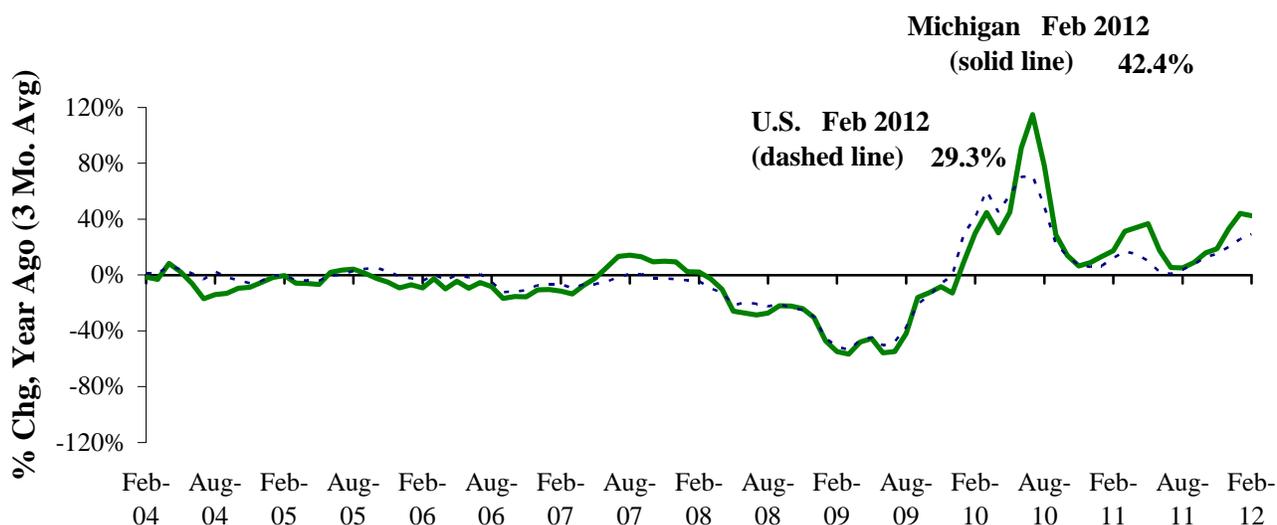
### Retail Inventories, Motor Vehicle and Parts Dealers<sup>(d)</sup>

(billions of dollars)	2011				3 Month Average		
	Average	Nov-11	Dec-11	Jan-12			
Inventories	\$131.0	\$133.2	\$134.0	\$137.5	\$134.9	\$8.64	6.7%
Inventory/Sales Ratio	1.92	1.89	1.88	1.93	1.90	0.02	

### Motor Vehicle Industry Production

- At 191,506 units, February 2012 Michigan motor vehicle production rose 35.7 percent from last February. National production increased 31.3 percent from February 2011. Compared to January 2012, Michigan production rose 12.9 percent while national production increased 10.8 percent.
- In February 2012, Michigan car production was up 90.2 percent from a year ago while State truck production increased 13.6 percent. Nationally, car production rose 57.2 percent while truck production increased 17.4 percent.
- From a year ago, Michigan’s share of national production rose 0.7 of a percentage point to 20.7 percent.

### Michigan Motor Vehicle Production Growth Continues to Outpace Nation <sup>(e,f)</sup>



### Motor Vehicle Production Statistics

(Thousands, unless otherwise specified)

	2011					Change from Year Ago for the Month	
	Monthly Average	Dec 2011	Jan 2012	Feb 2012	3 Month Average	Level	%
<b>U.S. Production <sup>(e)</sup></b>							
Autos	241.7	270.4	340.9	386.4	332.6	140.6	57.2%
Trucks	404.0	417.3	495.5	540.0	484.3	80.2	17.4%
Total	645.7	687.7	836.5	926.5	816.9	220.7	31.3%
<b>Michigan Production <sup>(f)</sup></b>							
Autos	44.6	65.1	62.8	77.4	68.5	36.7	90.2%
Trucks	86.8	93.1	106.9	114.1	104.7	13.7	13.6%
Total	131.4	158.3	169.7	191.5	173.2	50.4	35.7%
Michigan as % of U.S.	20.4%	23.0%	20.3%	20.7%	21.2%	0.7% pts	

## Local Area Unemployment Rate Falls In All Seventeen Local Areas (Not Seasonally Adjusted)

February 2012 local area unemployment rates ranged between 5.4 percent (Ann Arbor MSA) and 14.0 percent (Northeast Lower Michigan). The median February 2012 unemployment rate was 9.3 percent.

Compared to a year ago, the February unemployment rate fell in all 17 major Michigan labor market areas. The Ann Arbor MSA saw the smallest decline (-1.1 percentage points), followed by the Saginaw-Saginaw Township MSA (-1.3 percentage points). The Jackson MSA and the Detroit-Warren-Livonia MSA saw the largest rate decline (-2.2 percentage points). The median decline was -1.7 percentage points.

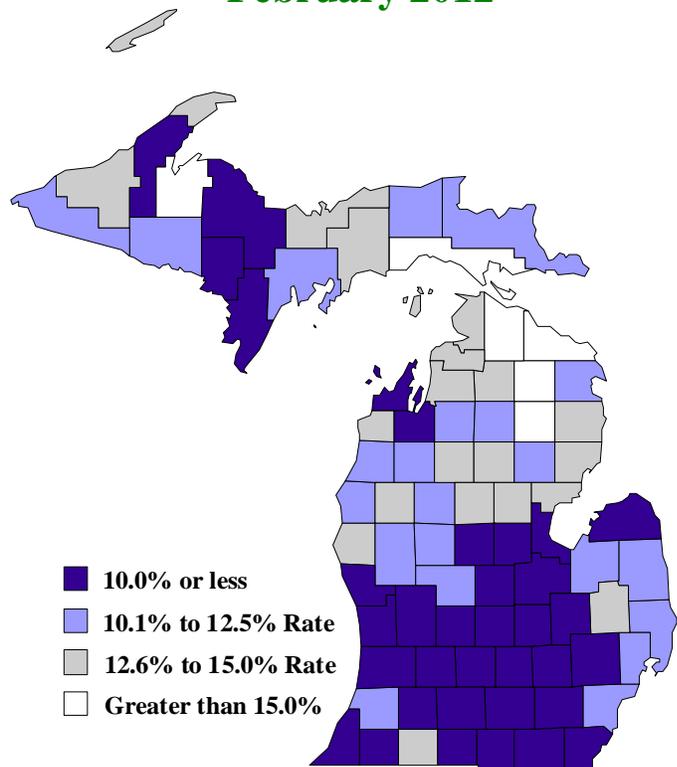
Between February 2011 and February 2012, 15 labor market areas saw an employment increase; one saw a decrease and one experienced no change. The median employment increase was 1.9 percent with increases ranging between 0.2 percent (Northwest Lower Michigan) and 6.5 percent (Holland-Grand Haven MSA). Compared to a year ago, the labor force fell in nine of the State's 17 areas while eight saw a labor force increase. The median labor force decline was 0.9 percent and the median labor force increase was 1.6 percent. The Holland-Grand Haven MSA experienced the largest labor force increase (4.0 percent); Northeast Lower Michigan saw the greatest labor force decline (-2.4 percent).

Between February 2011 and February 2012, the unemployment rate fell in all 83 Michigan counties. The median February 2012 rate decline was 1.7 percentage points. Ontonagon County posted the largest decline (-3.9 percentage points) and Midland County saw the smallest drop (-0.7 points). Thirty-three Michigan counties saw a February 2012 unemployment rate below 10.0 percent. Last February, only 13 counties had an unemployment rate below 10.0 percent. In February 2012, six counties reported a rate higher than 15.0 percent.

### Local Area Unemployment Rates<sup>(g)</sup>

<u>Local Area</u>	<u>Feb 2011 Rate</u>	<u>Jan 2012 Rate</u>	<u>Feb 2012 Rate</u>
Michigan	11.3%	9.7%	9.4%
Ann Arbor	6.5%	5.6%	5.4%
Battle Creek	9.6%	8.0%	7.7%
Bay City	11.0%	9.3%	9.3%
Detroit-Warren-Livonia	12.2%	10.7%	10.2%
Flint	12.0%	10.0%	9.8%
Grand Rapids-Wyoming	9.1%	7.5%	7.4%
Holland-Grand Haven	9.4%	7.4%	7.2%
Jackson	11.0%	9.1%	8.8%
Kalamazoo-Portage	9.6%	8.3%	8.0%
Lansing-East Lansing	8.6%	7.4%	7.2%
Monroe	10.7%	9.1%	8.7%
Muskegon-Norton Shores	11.3%	9.6%	9.4%
Niles-Benton Harbor	11.6%	10.1%	9.9%
Saginaw-Saginaw Township	10.6%	9.4%	9.3%
Upper Peninsula	12.0%	10.6%	10.5%
Northeast Lower Mich	15.6%	13.9%	14.0%
Northwest Lower Mich.	13.6%	11.9%	11.8%

### County Unemployment Rates February 2012<sup>(g)</sup>

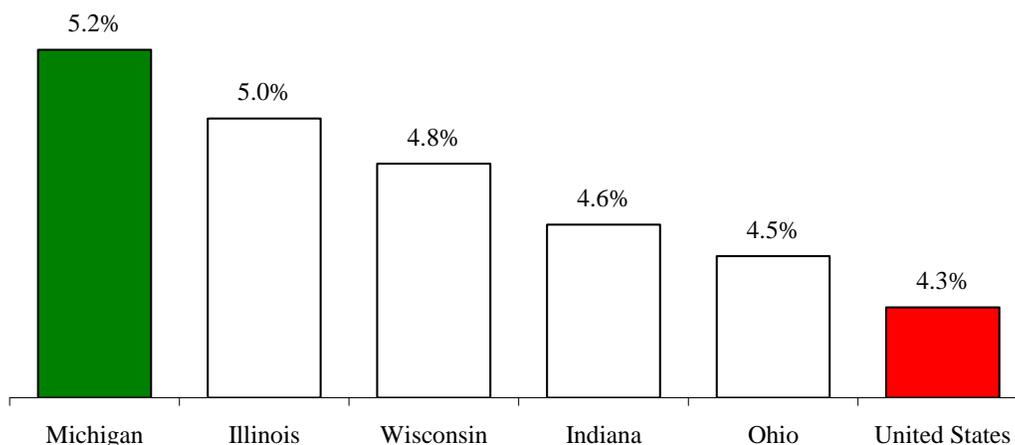


## 2011 Michigan Per Capita Income Growth Ranks Fifth Fastest Among U.S. States

On March 28, 2012, the Bureau of Economic Analysis released its first calendar year 2011 state personal income estimates and revised income estimates for earlier years. Release highlights include:

- In 2011, Michigan personal income grew 5.2 percent, compared to a 3.3 percent increase in 2010 and 5.4 percent *drop* in 2009. The 2011 percent increase represented the State's fastest personal income growth since 2000. Nationally, personal income increased 5.1 percent in 2011 compared with 3.7 percent growth in 2010 and a 4.3 percent *decline* in 2009.
- Of the \$17.9 billion Michigan personal income increase in 2011, wages and salaries accounted for \$9.0 billion (50.4 percent). Of the \$9.0 billion overall wages and salaries increase, the manufacturing sector accounted for \$2.9 billion (32.0 percent).
- Outpacing 4.3 percent growth nationally, Michigan per capita income rose 5.2 percent in 2011. Michigan's 2011 per capita income growth ranked 5<sup>th</sup> fastest among U.S. states.
- In 2011, Michigan real (inflation adjusted) per capita income rose 1.9 percent in 2011 compared with 1.1 percent growth nationally.
- In 2011, Michigan recorded a per capita income of \$36,533, ranking 36<sup>th</sup> among all 50 U.S. states. Nationally, state per capita income ranged between \$32,176 (Mississippi) and \$56,889 (Connecticut).
- Michigan's 2011 per capita income equaled 87.7 percent of 2011 national per capita income (\$41,663). Over the last seven years (2005-2011), Michigan per capita income has recorded its seven smallest shares of U.S. per capita income on record with percentages ranging between 86.2 percent (2008) and 91.4 percent (2005).

### Michigan Records Fastest 2011 Per Capita Income Growth Among Great Lakes States



## U.S. Economic Conditions

	<u>Nov-11</u>	<u>Dec-11</u>	<u>Jan-12</u>	<u>Feb-12</u>	<u>Change from Year Ago</u>
<b>KEY ECONOMIC INDICATORS</b>					
Consumer Sentiment <sup>(h)</sup>	63.7	69.9	75.0	75.3	-2.2 points
ISM Manufacturing Index <sup>(i)</sup>	52.2	53.1	54.1	52.4	-7.4 points
ISM Non Manufacturing Index <sup>(i)</sup>	52.6	53.0	56.8	57.3	-1.7 points
	<u>2011.2</u>	<u>2011.3</u>	<u>2011.4</u>	<u>2012.1</u>	
Business Executives' Confidence <sup>(j)</sup>	55.0	42.0	49.0	63.0	-4.0 points
<b>INFLATION <sup>(k)</sup></b>					
<b>1982-84 = 100</b>	<u>Nov-11</u>	<u>Dec-11</u>	<u>Jan-12</u>	<u>Feb-12</u>	<u>Change from Year Ago</u>
U.S. Consumer Price Index	226.2	225.7	226.7	227.7	2.9%
Detroit CPI	NA	213.5	NA	214.8	3.9%
U.S. Producer Price Index	192.0	191.3	191.9	192.7	3.3%
<b>INTEREST RATES</b>					
90 Day T-Bill <sup>(l)</sup>	0.01%	0.01%	0.03%	0.09%	-0.04% points
Aaa Corporate Bonds <sup>(l)</sup>	3.87%	3.93%	3.85%	3.85%	-1.37% points
<b>INDUSTRIAL PRODUCTION <sup>(l)</sup></b>					
	94.9	95.7	96.2	96.2	4.2%
<b>CAPACITY UTILIZATION <sup>(l)</sup></b>					
	77.5%	78.1%	78.4%	78.4%	2.4% points
<b>RETAIL SALES <sup>(d)</sup></b>					
	\$399.8	\$401.0	\$403.5	\$407.8	6.5%
<b>HOUSING STARTS and SALES</b>					
(Millions Annual Rate)	<u>Nov-11</u>	<u>Dec-11</u>	<u>Jan-12</u>	<u>Feb-12</u>	<u>% Change From Year Ago</u>
Housing Starts <sup>(d)</sup>	0.702	0.681	0.706	0.698	34.7%
Existing Home Sales <sup>(m)</sup>	4.400	4.380	4.630	4.590	8.8%
<b>DURABLE GOODS ORDERS <sup>(p)</sup></b>					
	\$208.0	\$215.0	\$207.5	\$212.5	12.6%
<b>PERSONAL INCOME <sup>(c)</sup></b>					
(Billions of Dollars)	<u>2011.1</u>	<u>2011.2</u>	<u>2011.3</u>	<u>2011.4</u>	<u>% Change From Year Ago</u>
Michigan	\$358.7	\$358.6	\$361.7	\$364.3	4.3%
U.S.	\$12,823.3	\$12,932.7	\$13,033.8	\$13,137.2	4.6%
<b>GROSS DOMESTIC PRODUCT</b>					
(Billions of Chained 2005 Dollars) <sup>(c)</sup>	<u>2011.1</u>	<u>2011.2</u>	<u>2011.3</u>	<u>2011.4</u>	<u>Annualized % Chg From Last Qtr</u>
	\$13,227.9	\$13,271.8	\$13,331.6	\$13,429.0	2.95%

**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.