



# MICHIGAN ECONOMIC UPDATE

Office of Revenue and Tax Analysis  
Michigan Department of Treasury

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

## January 2013 Summary

**U.S. Economy:** The U.S. economy's 2012Q4 growth rate was revised upward slightly from a slight decline (-0.14 percent annual growth rate) to a slight increase (0.13 percent). In January 2013, both the ISM manufacturing index and ISM non-manufacturing index were down slightly from last January -- decreasing 0.6 percentage point and 0.8 percentage point, respectively. In January 2013, the Consumer Sentiment Index rose 0.9 percentage point from last month but fell 1.2 points from a year ago. New durable goods orders were down 0.8 percent from January 2012. In January 2013, year-over-year industrial production grew 2.3 percent. Capacity utilization was up 0.5 percentage point from last January. Existing home sales were up 6.7 percent from a year ago. Housing starts fell 7.3 percent from last month's 54-month high, but were still up 26.4 percent from January 2012.

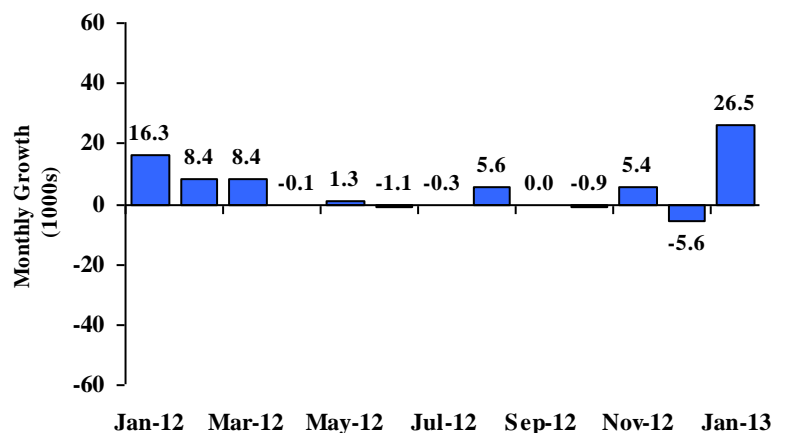
**Employment:** In January 2013, Michigan wage and salary employment was up 48,000 jobs (1.2 percent) from a year ago. Nationally, wage and salary employment rose 1.5 percent between January 2012 and January 2013. At 8.9 percent, Michigan's unemployment rate was unchanged from December. The State's January 2013 unemployment rate was 0.3 percentage point lower than a year earlier. The January 2013 U.S. unemployment rate (7.9 percent) was down 0.4 percentage point from a year ago.

**Auto Industry:** In January 2013, the U.S. light vehicle annual sales rate (15.2 million units) was up 9.3 percent from a year ago. Michigan vehicle production rose 16.2 percent compared to last January's production; U.S. vehicle production was up 7.8 percent.

**Inflation:** In January, the overall U.S. consumer price index (CPI) rose 1.6 percent compared to a year ago. The core U.S. CPI (excluding food and energy) increased 1.9 percent from a year ago. At \$94.69 per barrel, oil prices were up \$6.44 from a month ago, but were down \$5.55 from a year ago.

**Michigan Metro Areas:** Unemployment rates fell in 16 of Michigan's 17 major labor markets in January compared with each labor market's year-ago rate. Employment fell in 10 areas, rose in six areas and was unchanged in one area. Sixty-nine of Michigan's 83 counties saw a year-over-year unemployment rate decrease.

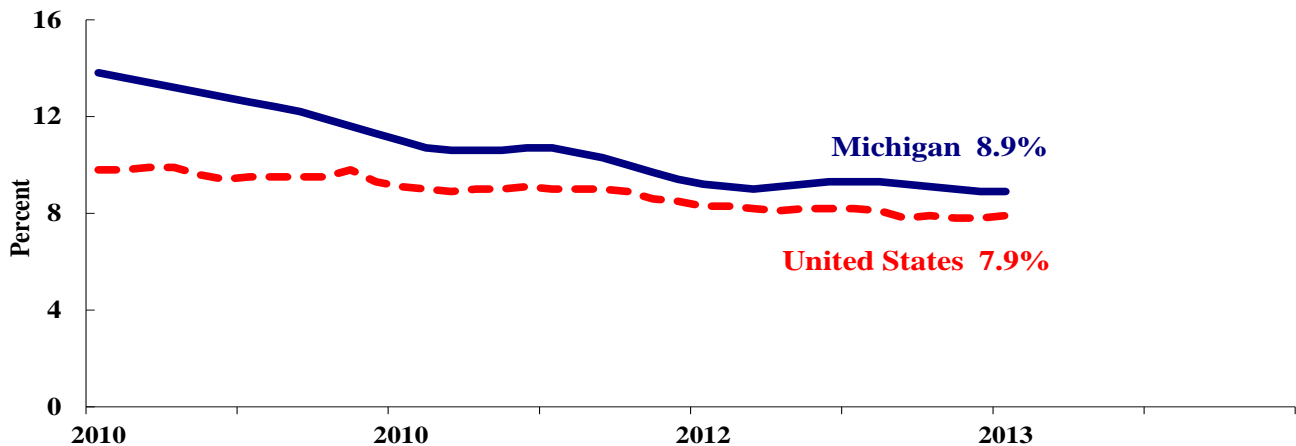
**Michigan Employment  
Increases in January 2013<sup>(a)</sup>**



## Labor Market Statistics

- Michigan's January unemployment rate remained unchanged from last month at 8.9 percent, and was down 0.3 of a percentage point from a year ago. The January U.S. unemployment rate increased 0.1 of a percentage point from December to 7.9 percent and was down 0.4 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 January, the number of people employed in Michigan was 4,231,000, up 4,000 from last month, while the labor force also increased by 4,000. The statewide total number of unemployed remained unchanged at 414,000.
- United States household employment totaled 143.3 million persons in January. The labor force totaled 155.7 million and there were 12.3 million unemployed in January 2013.

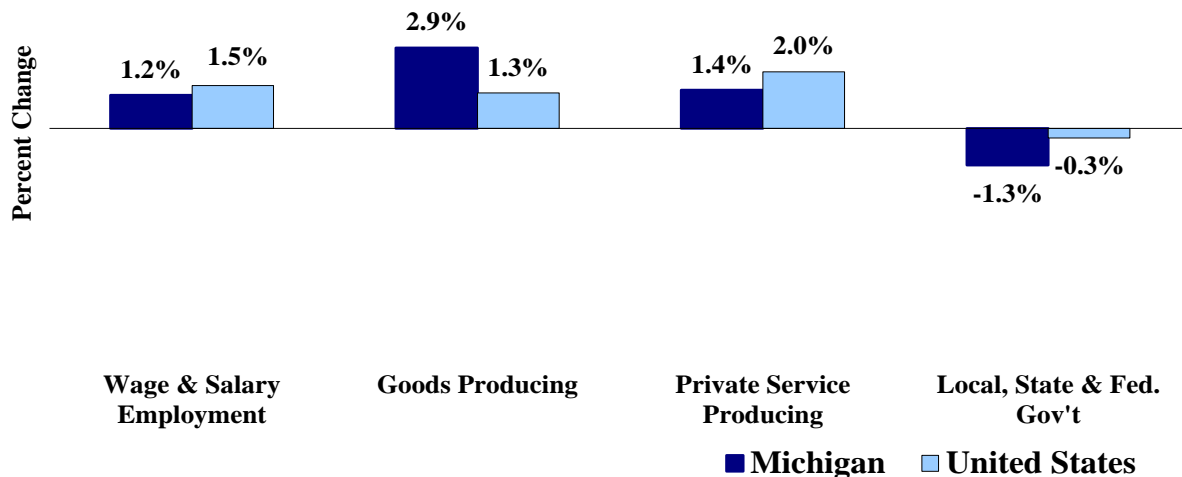
### Employment by Place of Residence (in thousands)<sup>(a)</sup>

	2012 Average	Nov 2012	Dec 2012	Jan 2013	Change From				
					Prior Month Level	%	Last Year Level	%	
<b>Michigan</b>									
Labor Force	4,657	4,643	4,640	4,644	4	0.1%	-22	-0.5%	
Employed	4,232	4,225	4,227	4,231	4	0.1%	-7	-0.2%	
Unemployed	426	417	414	414	0	0.0%	-15	-3.5%	
Unemployment Rate	9.1%	9.0%	8.9%	8.9%	n.a.	0.0% pts	n.a.	-0.3%	
<b>United States</b>									
Labor Force	154,975	155,319	155,511	155,654	143	0.1%	1,298	0.8%	
Employed	142,469	143,277	143,305	143,322	17	0.0%	1,714	1.2%	
Unemployed	12,506	12,042	12,206	12,332	126	1.0%	-416	-3.3%	
Unemployment Rate	8.1%	7.8%	7.8%	7.9%	n.a.	0.1% pts	n.a.	-0.4%	

## Employment by Place of Work

- From January 2012 to January 2013, Michigan wage and salary employment increased 48,000 (1.2 percent). State wage and salary employment increased 27,000 from December. Nationally, January 2013 wage and salary employment rose 2,016,000 (1.5 percent) from a year ago and was up 157,000 from last month.

### Wage and Salary Employment Growth January 2012 to January 2013



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

- In the goods-producing sector, Michigan employment increased 2.9 percent from a year ago while private service-producing sector employment increased 1.4 percent compared to last year. From a year ago, January national employment in the goods-producing sector rose 1.3 percent and increased 2.0 percent in the private service-producing sector.
- Manufacturing weekly hours in Michigan increased 0.9 hours in January compared to last year.

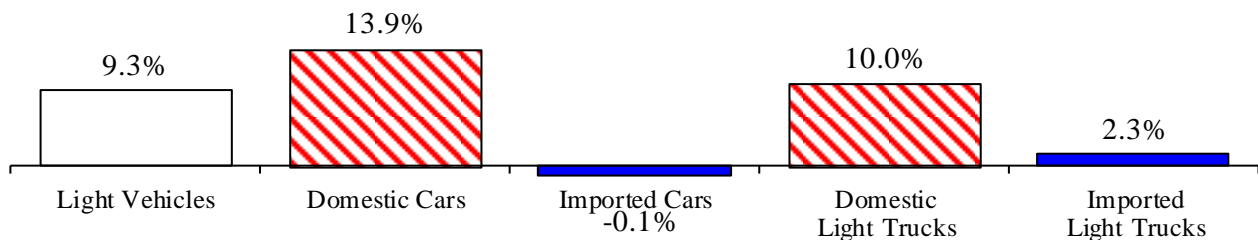
### Wage and Salary (Payroll) Employment (in thousands)<sup>(b)</sup>

	Michigan				United States			
	2012 Average	Jan 2012	Jan 2013	Percent Change	2012 Average	Jan 2012	Jan 2013	Percent Change
Wage & Salary Employment	4,024	4,008	4,055	1.2%	133,739	132,809	134,825	1.5%
Goods Producing	672	666	685	2.9%	18,410	18,314	18,544	1.3%
Manufacturing	537	529	549	3.8%	11,919	11,841	11,950	0.9%
Private Service Producing	2,742	2,728	2,765	1.4%	93,411	92,557	94,417	2.0%
Trade, Trans. & Utilities	729	728	738	1.4%	25,516	25,372	25,815	1.7%
Services	1,764	1,753	1,742	-0.6%	57,432	56,785	58,074	2.3%
Local, State & Fed. Gov't	610	615	607	-1.3%	21,917	21,938	21,864	-0.3%
Manufacturing Weekly Hours	41.3	43.5	44.4	0.9 hrs	40.7	40.9	40.6	-0.3 hrs

## Motor Vehicle Industry Sales

- January 2013 U.S. light vehicle sales totaled 15.2 million units, at a seasonally adjusted annual rate, which was down 0.7 percent from December 2012, but up 9.3 percent from a year ago. The light vehicle sales rate has exceeded 14.0 million units in 12 of the past 13 months.
- U.S. sales of domestic light vehicles increased 11.8 percent between January 2012 and January 2013, while foreign sales rose only 0.7 percent over the same period. Consequently, the foreign share of U.S. light vehicle sales decreased 1.8 percentage points from January 2012 to 21.0 percent.
- Auto sales increased 9.7 percent compared to last January, while light truck sales were up 8.8 percent from January 2012. Year-over-year, heavy truck sales fell 2.7 percent.

### January 2013 Domestic Light Vehicle Sales Up Substantially from Year Ago



## Motor Vehicle Sales Statistics

(Millions, unless otherwise specified)

Motor Vehicle Sales <sup>(c)</sup>	2012 Average	Nov 2012	Dec 2012	Jan 2013	3 Month Average	Change from Year Ago	
						Level	%
Autos	7.4	8.0	7.8	7.8	7.9	0.7	9.7%
Domestics	5.2	5.7	5.6	5.7	5.7	0.7	13.9%
Imports	2.1	2.3	2.2	2.1	2.2	(0.0)	-0.1%
Import Share	28.9%	28.9%	27.9%	27.1%	28.0%	-2.7% pts	
Light Trucks	7.1	7.5	7.5	7.4	7.5	0.6	8.8%
Domestics	6.0	6.4	6.4	6.4	6.4	0.6	10.0%
Imports	1.1	1.1	1.1	1.1	1.1	0.0	2.3%
Import Share	15.0%	15.0%	15.0%	14.5%	14.8%	-0.9% pts	
Total Light Vehicles	14.4	15.5	15.3	15.2	15.3	1.3	9.3%
Heavy Trucks	0.3	0.3	0.3	0.3	0.3	(0.0)	-2.7%
Total Vehicles	14.8	15.8	15.7	15.5	15.7	1.3	9.0%

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

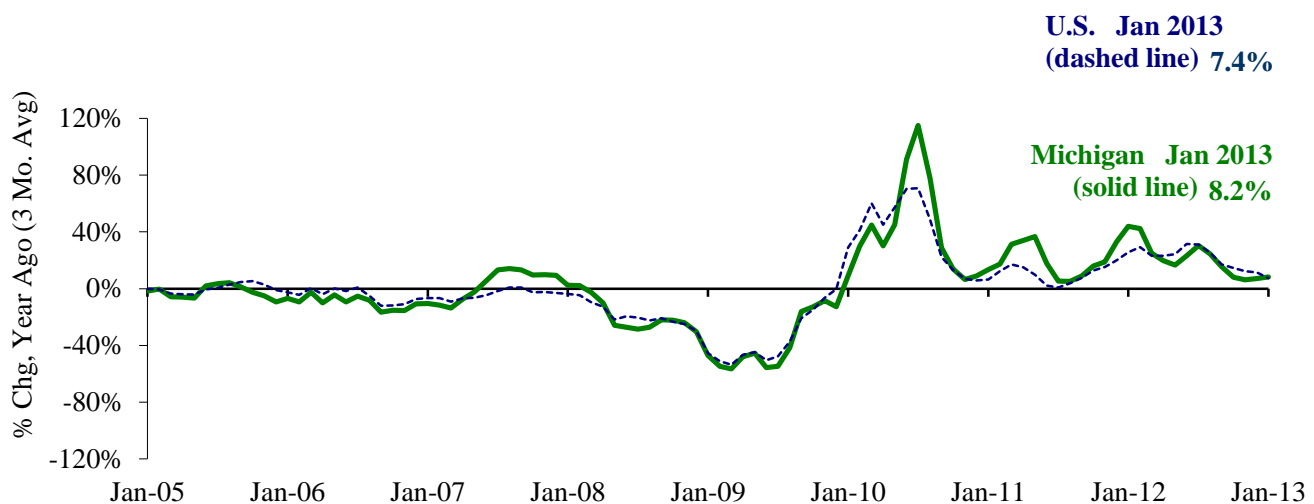
(billions of dollars)

	2012 Average	Nov-12	Dec-12	Jan-13	3 Month Average	Change from Year Ago	
						Level	%
Inventories	\$149.3	\$158.7	\$160.4	\$163.4	\$160.8	\$27.31	20.1%
Inventory/Sales Ratio	2.01	2.07	2.06	2.11	2.08	0.22	

## Motor Vehicle Industry Production

- At 197,150 units, January 2013 Michigan motor vehicle production was 16.2 percent higher than January 2012. National production increased 7.8 percent from last January. Compared to a year ago, the three-month average of vehicle production (November 2012-January 2013) was up 8.2 percent in Michigan and up 7.4 percent nationally.
- In January 2013, Michigan car production was up 34.8 percent from a year ago while State truck production rose 5.2 percent. Nationally, car production rose 13.2 percent while U.S. truck production increased 4.1 percent.
- From a year ago, Michigan's January share of national production rose 1.6 percentage points to 21.9 percent. Michigan's share of U.S. car production increased 3.5 percentage points while Michigan's share of U.S. truck production rose 0.2 percentage point.

### Michigan and U.S. Motor Vehicle Production Three Month Average Up from Last Year <sup>(e,f)</sup>



### Motor Vehicle Production Statistics

(Thousands, unless otherwise specified)

	2012 Monthly Average	Nov 2012	Dec 2012	Jan 2013	3 Month Average	Change from Year Ago for the Month	
						Level	%
<b>U.S. Production <sup>(e)</sup></b>							
Autos	364.5	383.0	271.8	385.9	346.9	45.0	13.2%
Trucks	503.0	485.9	413.2	516.0	471.7	20.4	4.1%
Total	867.5	868.9	685.0	901.9	818.6	65.4	7.8%
<b>Michigan Production <sup>(f)</sup></b>							
Autos	80.5	78.9	67.9	84.7	77.2	21.9	34.8%
Trucks	107.8	99.2	95.1	112.4	102.3	5.6	5.2%
Total	188.2	178.1	163.1	197.2	179.4	27.5	16.2%
Michigan as % of U.S.	21.7%	20.5%	23.8%	21.9%	21.9%	1.6% pts	

## Local Area Unemployment Rates Fall In All But One Local Area

(Not Seasonally Adjusted)

January 2013 local area unemployment rates ranged between 5.3 percent (Ann Arbor MSA) and 13.7 percent (Northeast Lower Michigan). The median January 2013 unemployment rate was 9.0 percent – this contrasts with a 9.4 percent median rate last January.

Compared to a year ago, the January unemployment rate fell in 16 of Michigan's 17 major Michigan labor market areas. The Detroit-Warren-Livonia MSA labor market area reported a 0.3 percentage point increase. The Holland-Grand Haven MSA reported the largest rate decline (-1.0 percentage point). The median rate change was a 0.6 percentage point decline.

Between January 2012 and January 2013, employment fell in 10 areas, rose in six areas and remained unchanged in one area. Among the 10 areas reporting an employment decrease, decreases ranged between -0.6 percent in the Bay City MSA and -2.1 percent in the Saginaw-Saginaw Township North MSA. The median employment decrease was -0.9 percent. The six employment increases ranged between 0.3 percent in the Battle Creek MSA and 1.6 percent in the Muskegon-Norton Shores MSA.

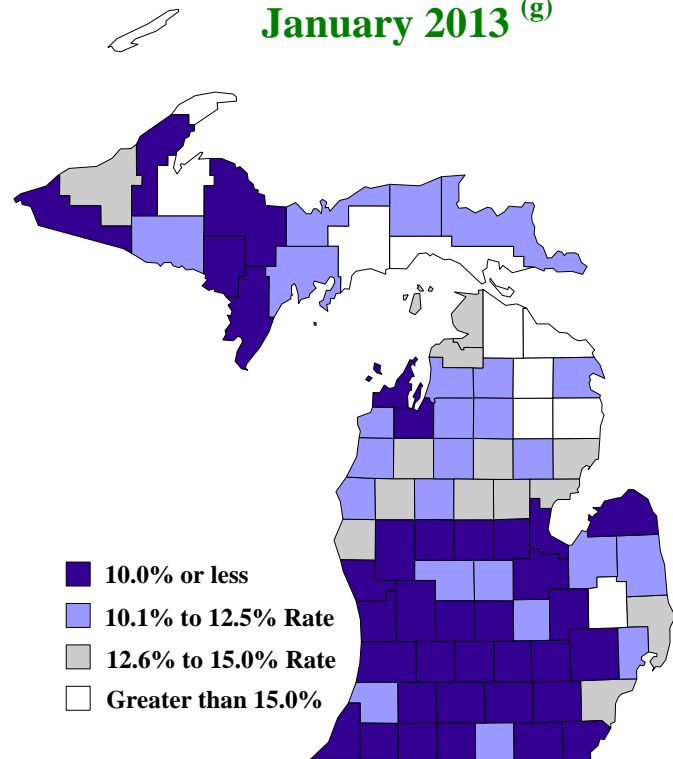
Compared to last January, the labor force fell in 13 labor market areas, rose in three areas and remained unchanged in one area. The median labor force change was a 1.0 percent decline. Labor force changes ranged between a 2.5 percent decline in the Saginaw-Saginaw Township North MSA and a 0.8 percent increase in the Detroit-Warren-Livonia MSA.

Between January 2012 and January 2013, the unemployment rate fell in 69 Michigan counties, rose in 11 counties and was unchanged in three counties. The median January 2013 rate decrease was -0.7 percentage point. Benzie County posted the largest decrease (-2.1 percentage points), followed by St. Joseph County (-1.8 percentage points). Thirty-four Michigan counties saw a January 2013 unemployment rate below 10.0 percent. Last January, 29 counties had an unemployment rate below 10.0 percent. In January 2013, 10 Michigan counties reported a rate higher than 15.0 percent.

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

<u>Local Area</u>	<u>Jan 2012 Rate</u>	<u>Dec 2012 Rate</u>	<u>Jan 2013 Rate</u>
Michigan	10.0%	8.9%	9.7%
Ann Arbor	5.8%	5.2%	5.3%
Battle Creek	8.2%	7.0%	7.4%
Bay City	9.7%	8.3%	9.4%
Detroit-Warren-Livonia	11.0%	10.2%	11.3%
Flint	10.3%	9.1%	9.9%
Grand Rapids-Wyoming	7.5%	6.3%	6.6%
Holland-Grand Haven	7.7%	6.4%	6.7%
Jackson	9.4%	8.2%	8.8%
Kalamazoo-Portage	8.5%	7.3%	7.7%
Lansing-East Lansing	7.7%	6.8%	7.6%
Monroe	9.0%	7.6%	8.9%
Muskegon-Norton Shores	9.8%	8.3%	9.0%
Niles-Benton Harbor	10.4%	8.8%	9.7%
Saginaw-Saginaw Township	9.4%	8.3%	9.0%
Upper Peninsula	10.9%	9.4%	10.3%
Northeast Lower Mich	14.0%	11.9%	13.7%
Northwest Lower Mich.	12.1%	10.0%	11.2%

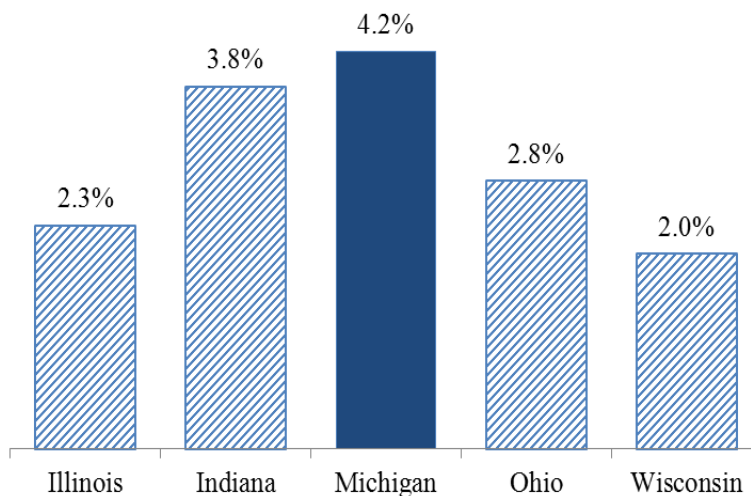
### County Unemployment Rates January 2013<sup>(g)</sup>



## Michigan Employment Reports Strong Growth for Second Straight Year

- In calendar year 2012, Michigan wage and salary employment increased for the second straight year. In CY 2012, Michigan jobs rose by 72,400 (1.8 percent) after increasing by 88,500 jobs (2.3 percent) in 2011. Between 2010 and 2012, Michigan reported the fourth fastest employment growth among all U.S. states (4.2 percent) and the fastest growth among the five Great Lakes States.
- Overall U.S. wage and salary employment rose 1.7 percent in 2012 after increasing 1.2 percent in 2011.
- Michigan manufacturing employment rose by 27,200 jobs (5.3 percent growth) in 2012, which marked the third consecutive annual increase. Consequently, the manufacturing sector accounted for 37.6 percent of Michigan's overall 2012 jobs increase. In contrast, Michigan manufacturing comprised only 12.9 percent of the total number of jobs in the State in 2011.
- In 2012, durable goods manufacturing employment accounted for 83.1 percent of the overall manufacturing jobs increase with transportation equipment comprising 40.4 percent of the overall manufacturing increase.
- In 2012, Michigan's unemployment rate fell for the third straight year with the rate falling from 13.4 percent in 2009 to 9.1 percent in 2012 – a 4.3 percentage point decline.
- The U.S. unemployment rate dropped from 8.9 percent in 2011 to 8.1 percent in 2012. Over the past three years, the gap between Michigan's unemployment rate and the national unemployment rate has shrunk 3.1 percentage points – falling from 4.1 percentage points to 1.0 percentage point.

### Michigan Reports Fastest 2010-2012 Great Lakes Region Employment Growth





## U.S. Economic Conditions

	<u>Oct-12</u>	<u>Nov-12</u>	<u>Dec-12</u>	<u>Jan-13</u>	<u>Change from Year Ago</u>
<b>KEY ECONOMIC INDICATORS</b>					
Consumer Sentiment <sup>(h)</sup>	82.6	82.7	72.9	73.8	-1.2 points
ISM Manufacturing Index <sup>(i)</sup>	51.7	49.9	50.2	53.1	-0.6 points
ISM Non Manufacturing Index <sup>(i)</sup>	54.8	54.8	55.7	55.2	-0.8 points
	<u>2012.1</u>	<u>2012.2</u>	<u>2012.3</u>	<u>2012.4</u>	
Business Executives' Confidence <sup>(j)</sup>	63.0	47.0	42.0	46.0	-3.0 points
<b>INFLATION <sup>(k)</sup></b>					
<b>1982-84 = 100</b>	<u>Oct-12</u>	<u>Nov-12</u>	<u>Dec-12</u>	<u>Jan-13</u>	<u>Change from Year Ago</u>
U.S. Consumer Price Index	231.3	230.2	229.6	230.3	1.6%
Detroit CPI	218.1	NA	216.6	NA	1.4%
U.S. Producer Price Index	196.3	194.5	193.6	194.7	1.4%
<b>INTEREST RATES</b>					
90 Day T-Bill <sup>(l)</sup>	0.10%	0.09%	0.07%	0.07%	0.04% points
Aaa Corporate Bonds <sup>(l)</sup>	3.47%	3.50%	3.65%	3.80%	-0.05% points
<b>INDUSTRIAL PRODUCTION <sup>(l)</sup></b>					
	97.0	98.5	98.7	98.8	2.3%
<b>CAPACITY UTILIZATION <sup>(l)</sup></b>					
	78.1%	79.2%	79.3%	79.2%	0.5% points
<b>RETAIL SALES <sup>(d)</sup></b>					
	\$412.0	\$414.0	\$416.1	\$417.0	4.2%
<b>HOUSING STARTS and SALES</b>					
(Millions Annual Rate)	<u>Oct-12</u>	<u>Nov-12</u>	<u>Dec-12</u>	<u>Jan-13</u>	<u>% Change From Year Ago</u>
Housing Starts <sup>(d)</sup>	0.889	0.841	0.982	0.910	26.4%
Existing Home Sales <sup>(m)</sup>	4.830	4.960	4.900	4.940	6.7%
<b>DURABLE GOODS ORDERS <sup>(p)</sup></b>					
	\$219.2	\$220.6	\$228.4	\$217.3	-0.8%
<b>PERSONAL INCOME <sup>(c)</sup></b>					
(Billions of Dollars)	<u>2011.4</u>	<u>2012.1</u>	<u>2012.2</u>	<u>2012.3</u>	<u>% Change From Year Ago</u>
Michigan	\$362.0	\$366.8	\$368.7	\$370.9	3.5%
U.S.	\$13,018.3	\$13,229.3	\$13,327.8	\$13,397.8	3.2%
<b>GROSS DOMESTIC PRODUCT</b>					
(Billions of Chained 2005 Dollars) <sup>(c)</sup>	<u>2012.1</u>	<u>2012.2</u>	<u>2012.3</u>	<u>2012.4</u>	<u>Annualized % Chg From Last Qtr</u>
	\$13,506.4	\$13,548.5	\$13,652.5	\$13,656.8	0.13%



**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.