



# MICHIGAN ECONOMIC UPDATE

Office of Revenue and Tax Analysis  
Michigan Department of Treasury

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

## January 2015 Summary

**U.S. Economy:** U.S. economic growth for 2014Q4 was revised downward slightly from a 2.6 percent annual rate to a 2.2 percent rate. Consumer sentiment was up sharply from a year ago with sentiment up 16.9 points from last January. According to the Institute for Supply Management (ISM) indices, January marked the 25<sup>th</sup> straight month of manufacturing sector growth, the 60<sup>th</sup> straight month of non-manufacturing sector growth and the 68<sup>th</sup> consecutive month of growth in the overall U.S. economy. Industrial production grew 4.8 percent between January 2014 and January 2015. Retail sales were up 3.6 percent from January 2014. Housing starts were up 20.5 percent from a year ago, while existing home sales rose 3.2 percent from last January.

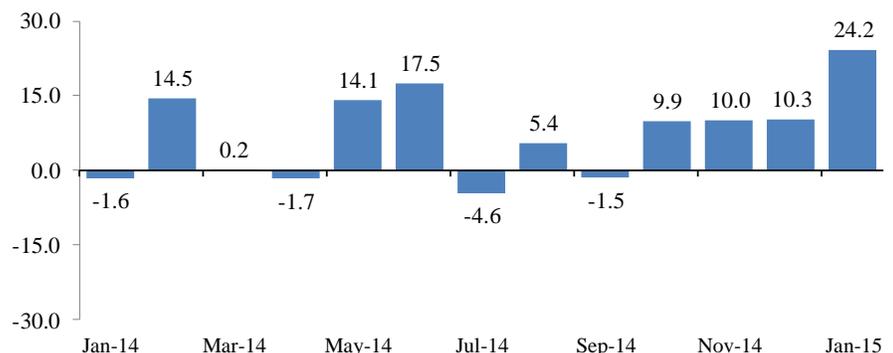
**Employment:** Between January 2014 and January 2015, Michigan payroll employment gained a net 98,300 jobs. Compared to December 2014, Michigan payroll employment in January was up 24,200 jobs. At 6.3 percent, Michigan's unemployment rate in January 2015 was down 0.1 of a percentage point from December 2014 and was down 1.6 percentage points from January 2014. At 5.7 percent, the U.S. unemployment rate was down 0.9 percentage point from January 2014. National payroll employment was up 239,000 jobs in January 2015 from December 2014. Over the last year, U.S. employment increased 3.2 million jobs (2.3 percent).

**Auto Industry:** The January 2015 U.S. light vehicle annual sales rate of 16.6 million units was up 9.0 percent from a year ago. Between January 2014 and January 2015, Michigan vehicle production fell 17.9 percent while national vehicle production was down 8.1 percent. Compared to a year ago, Michigan's share of national vehicle production decreased 2.3 percentage points to 19.1 percent.

**Inflation:** In January 2015, the overall U.S. consumer price index (CPI) fell 0.1 percent from January 2014. The U.S. producer price index decreased 3.1 percent from last year. The core U.S. CPI (excluding food and energy) rose 1.6 percent. The price of oil fell \$47.40 per barrel to \$47.22 per barrel, oil's lowest price since February 2009.

**Michigan Metro Areas:** January unemployment rates fell in all of Michigan's 17 major labor markets compared to year-ago levels. Employment rose in all major labor market areas. All of Michigan's 83 counties saw a year-over-year unemployment rate decrease.

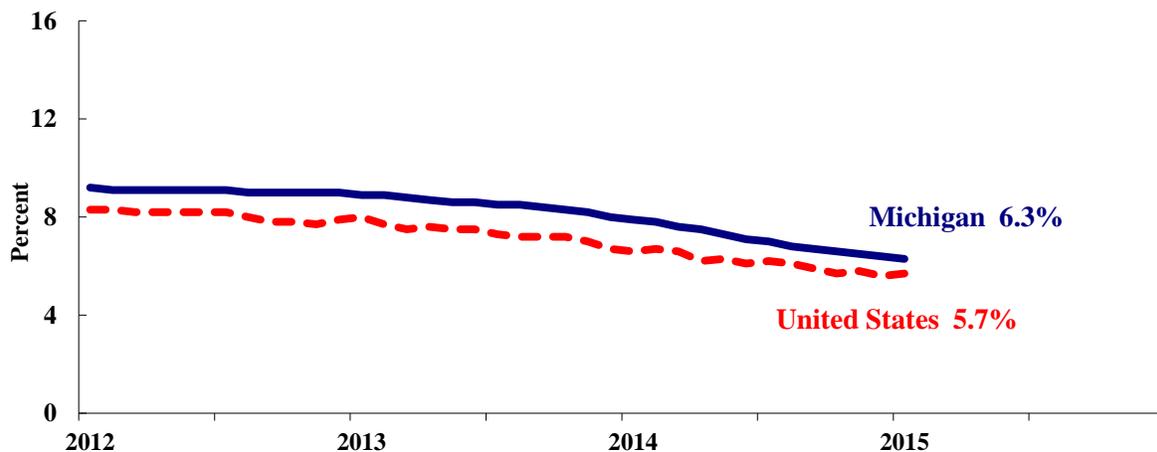
**Michigan Payroll Employment  
Rises Sharply in January**  
(Seasonally Adjusted) <sup>(a)</sup>



## Labor Market Statistics

- Michigan's January unemployment rate decreased 0.1 percentage point from last month to 6.3 percent – the State's lowest monthly unemployment rate since October 2002. The January 2014 unemployment rate was down 1.6 percentage points from a year ago. The January U.S. unemployment rate increased 0.1 percentage point from December to 5.7 percent but was down 0.9 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 January 2012 to January 2015



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

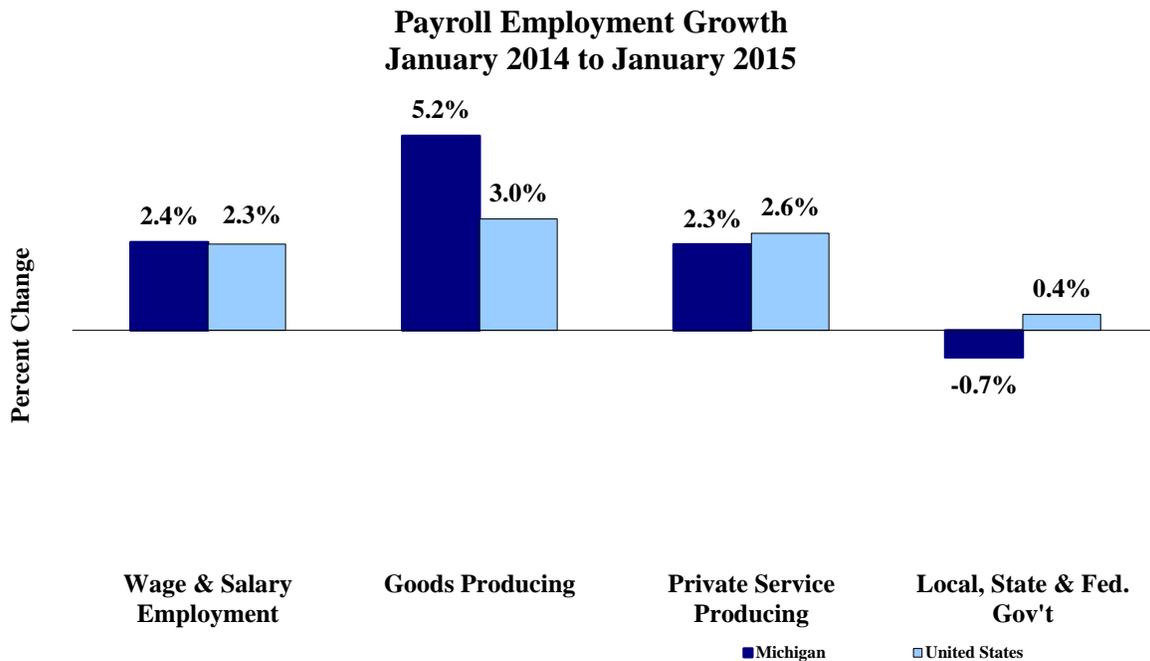
- In January, the total number of people employed in Michigan increased 22,000 from last month to 4,464,000 persons, while the labor force rose by 15,000 persons. The statewide total number of unemployed declined 7,000 to 298,000.
- United States employment totaled 148.2 million persons in January. The labor force totaled 157.2 million and there were 9.0 million unemployed in January 2015.

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

	2014 Average	Nov 2014	Dec 2014	Jan 2015	Change From				
					Prior Month		Last Year		
					Level	%	Level	%	
<b>Michigan</b>									
Labor Force	4,750	4,748	4,748	4,763	15	0.3%	15	0.3%	
Employed	4,402	4,439	4,442	4,464	22	0.5%	91	2.1%	
Unemployed	348	309	306	298	-7	-2.3%	-77	-20.4%	
Unemployment Rate	7.3%	6.5%	6.4%	6.3%	n.a.	-0.1% pts	n.a.	-1.6% pts	
<b>United States</b>									
Labor Force	155,922	156,402	156,129	157,180	1,051	0.7%	1,694	1.1%	
Employed	146,305	147,331	147,442	148,201	759	0.5%	2,995	2.1%	
Unemployed	9,617	9,071	8,688	8,979	291	3.3%	-1,301	-12.7%	
Unemployment Rate	6.2%	5.8%	5.6%	5.7%	n.a.	0.1% pts	n.a.	-0.9% pts	

## Employment by Place of Work (Payroll)

- From January 2014 to January 2015, Michigan payroll employment increased 98,300 (2.4 percent). State payroll employment increased by 24,200 jobs in January from December. Nationally, January 2014 payroll employment rose 3,189,000 (2.3 percent) from a year ago and was up 239,000 from last month.



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

- In the goods-producing sector, Michigan payroll employment increased 5.2 percent in January from a year ago while employment in the private service-producing sector increased 2.3 percent. From a year ago, January national payroll employment rose 3.0 percent in the goods-producing sector and increased 2.6 percent in the private service-producing sector.
- Manufacturing weekly hours in Michigan increased by 2.0 hours in January compared to last year.

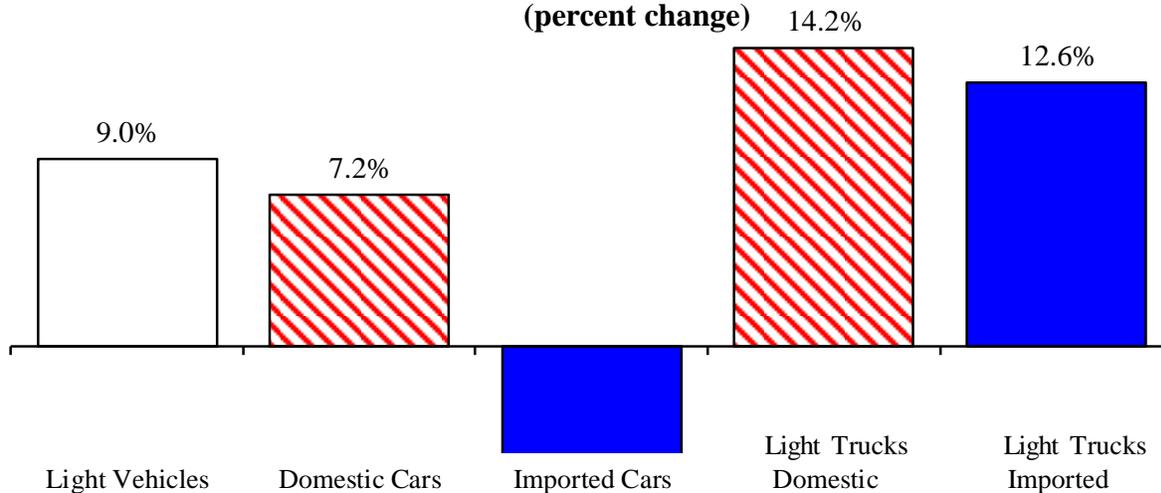
### Wage and Salary (Payroll) Employment (in thousands)<sup>(b)</sup>

	Michigan				United States			
	2014 Average	Jan 2014	Jan 2015	Percent Change	2014 Average	Jan 2014	Jan 2015	Percent Change
Wage & Salary Employment	4,179.7	4,143.5	4,241.8	2.4%	139,042	137,642	140,831	2.3%
Goods Producing	725.6	711.8	749.0	5.2%	19,223	18,984	19,553	3.0%
Manufacturing	575.9	566.2	589.8	4.2%	12,188	12,102	12,322	1.8%
Private Service Producing	2,858.8	2,836.2	2,901.6	2.3%	97,957	96,847	99,374	2.6%
Trade, Trans. & Utilities	757.3	751.8	765.2	1.8%	26,384	26,155	26,713	2.1%
Services	1,839.7	1,823.9	1,872.4	2.7%	60,854	60,050	61,818	2.9%
Local, State & Fed. Gov't	595.4	595.5	591.2	-0.7%	21,863	21,811	21,904	0.4%
Manufacturing Weekly Hours	42.1	42.7	44.7	2.0 hrs	41.0	40.7	41.0	0.3 hrs

## Motor Vehicle Industry Sales

- January 2015 U.S. light vehicle sales were down 1.4 percent from December. At 16.6 million units, January 2015 U.S. light vehicle sales were up 9.0 percent from January 2014.
- January 2015 marks the ninth straight month that the light vehicle annualized sales rate has exceeded 16.0 million units. The rate has exceeded 15.0 million units in each of the past 27 months.
- U.S. sales of domestic light vehicles increased 11.3 percent between January 2014 and January 2015, while foreign sales were up only 0.3 percent over the same period. Consequently, the foreign share of U.S. light vehicle sales fell 1.7 percentage points to 19.6 percent between January 2014 and January 2015.
- Auto sales increased 3.2 percent compared to last January, while light truck sales were up 14.0 percent from January 2014. Year-over-year, heavy truck sales rose 31.2 percent.

### January 2015 Light Truck Sales Up Sharply From A Year Ago (percent change)



## Motor Vehicle Sales Statistics

(Millions, unless otherwise specified)

Motor Vehicle Sales <sup>(c)</sup>	2014 Average	Nov 2014	Dec 2014	Jan 2015	3 Month Average	Change from Year Ago	
						Level	%
Autos	7.7	7.9	7.9	7.3	7.7	0.2	3.2%
Domestics	5.6	6.0	5.8	5.4	5.7	0.4	7.2%
Imports	2.1	1.9	2.1	1.9	2.0	(0.1)	-6.8%
Import Share	27.2%	24.3%	26.4%	26.0%	25.6%	-2.8% pts	
Light Trucks	8.7	9.2	8.9	9.2	9.1	1.1	14.0%
Domestics	7.4	7.8	7.6	7.9	7.8	1.0	14.2%
Imports	1.4	1.4	1.3	1.3	1.3	0.1	12.6%
Import Share	15.5%	14.8%	14.4%	14.5%	14.6%	-0.2% pts	
Total Light Vehicles	16.4	17.1	16.8	16.6	16.8	1.4	9.0%
Heavy Trucks	0.4	0.4	0.4	0.5	0.4	0.1	31.2%
Total Vehicles	16.8	17.5	17.2	17.0	17.3	1.5	9.5%

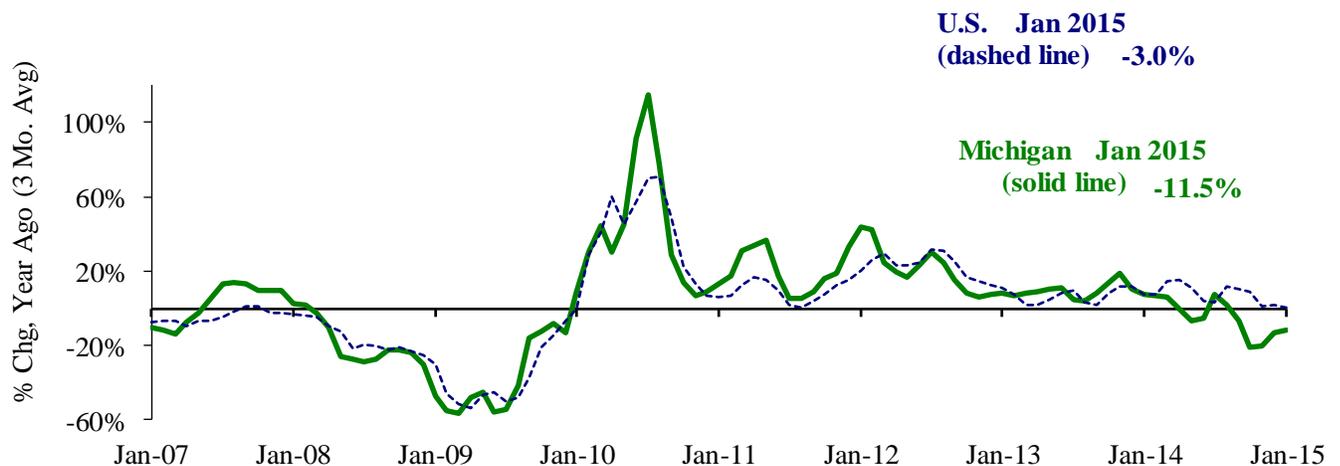
### Retail Inventories, Motor Vehicle and Parts Dealers<sup>(d)</sup> (billions of dollars)

	2013 Average	Oct-14	Nov-14	Dec-14	3 Month Average	Change from Year Ago	
						Level	%
Inventories	\$167.8	\$186.6	\$184.6	\$187.1	\$186.1	\$6.7	3.7%
Inventory/Sales Ratio	2.06	2.07	2.02	2.06	2.05	-0.09	

## Motor Vehicle Industry Production

- At 175,217 units, January 2015 Michigan motor vehicle production was 17.9 percent lower than January 2014. National production decreased 8.1 percent from last January. The three-month average of vehicle production (November 2014-January 2015) was down 11.5 percent in Michigan and down 3.0 percent nationally, compared to a year ago.
- In January 2015, Michigan car production was down 20.3 percent from a year ago while State truck production fell 16.3 percent. Nationally, car production decreased 12.1 percent while U.S. truck production decreased 5.5 percent.
- Michigan's share of national vehicle production fell 2.3 percentage points to 19.1 percent in January 2015 from the year-ago level. Michigan's share of U.S. car production was down 2.0 percentage points to 19.8 percent. Michigan's share of U.S. truck production fell 2.4 percentage points to 18.8 percent.

### Michigan Motor Vehicle Production's Trend Rate of Growth Improves in January <sup>(e,f)</sup>



### Motor Vehicle Production Statistics

(Thousands, unless otherwise specified)

	2014					Change from Year Ago for the Month	
	Monthly Average	Nov 2014	Dec 2014	Jan 2015	3 Month Average	Level	%
<b>U.S. Production <sup>(e)</sup></b>							
Autos	369.1	339.9	288.7	346.6	325.1	(47.8)	-12.1%
Trucks	619.3	561.3	455.5	568.9	528.6	(33.2)	-5.5%
Total	988.4	901.2	744.2	915.6	853.6	(81.0)	-8.1%
<b>Michigan Production <sup>(f)</sup></b>							
Autos	69.9	67.9	70.7	68.5	69.0	(17.4)	-20.3%
Trucks	126.5	96.1	103.2	106.7	102.0	(20.8)	-16.3%
Total	196.5	163.9	173.9	175.2	171.0	(38.2)	-17.9%
Michigan as % of U.S.	19.9%	18.2%	23.4%	19.1%	20.0%	-2.3% pts	

## Local Area Unemployment Rates Decline in All of Michigan’s 17 Local Areas (Not Seasonally Adjusted)

January 2015 local area unemployment rates ranged from a low of 3.9 percent in the Ann Arbor Metropolitan Statistical Area (MSA) to a high of 11.0 percent in Northeast Lower Michigan. The median January 2015 unemployment rate was 6.3 percent, which is down sharply from last January’s 8.2 percent median rate.

Compared to a year ago, the January unemployment rate fell in all of Michigan’s 17 labor market areas. The Flint MSA reported the greatest rate decrease of 2.8 percentage points, followed by Northwest Lower Michigan with a reported decline of 2.6 percentage points. The Kalamazoo-Portage MSA saw the smallest rate decline (0.7 percentage point).

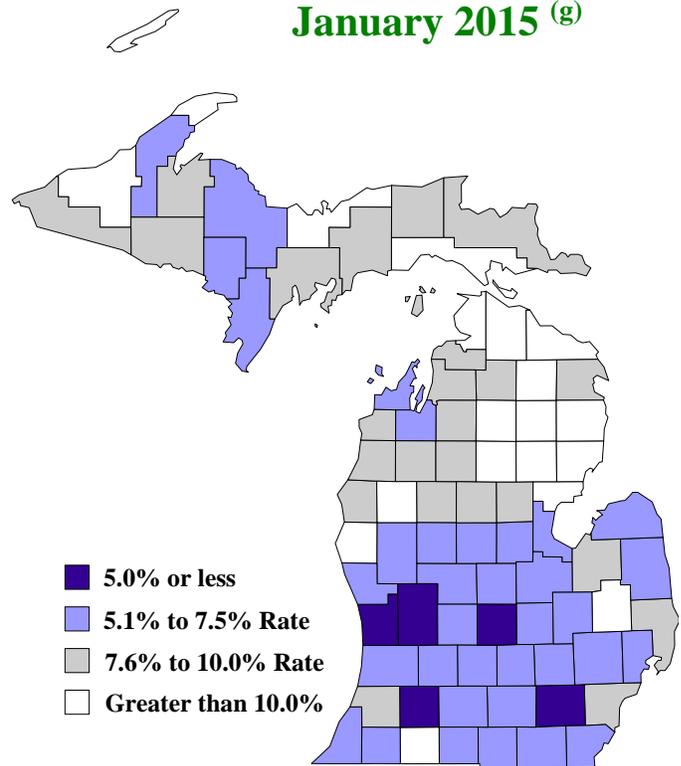
Between January 2014 and January 2015, employment rose in all of Michigan’s 17 labor market areas. The median employment increase was 3.2 percent. The Flint MSA reported the largest year-over-year employment increase (4.9 percent), followed by the Muskegon-Norton Shores MSA with a 4.4 percent increase. The labor force rose in 16 labor market areas and fell in one area. The Grand Rapids-Wyoming MSA reported the largest percent increase in labor force (3.0 percent), followed by the Battle Creek MSA (2.1 percent). Labor force fell in the Northeast Lower Michigan (-0.4 percent).

Between January 2014 and January 2015, the unemployment rate fell in all of Michigan’s 83 counties. The median January 2015 rate decline was 2.0 percentage points. Montmorency County posted the largest rate decrease at 4.3 percentage points. In January 2015, the unemployment rate was below 10.0 percent in 64 of Michigan’s 83 counties. In January 2014, 41 counties had an unemployment rate below 10.0 percent.

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

<u>Local Area</u>	<u>Jan 2014 Rate</u>	<u>Dec 2014 Rate</u>	<u>Jan 2015 Rate</u>
Michigan	8.4%	5.6%	6.6%
Ann Arbor	5.0%	3.3%	3.9%
Battle Creek	7.2%	4.8%	5.9%
Bay City	8.9%	5.6%	7.0%
Detroit-Warren-Livonia	9.3%	6.5%	7.4%
Flint	9.9%	5.8%	7.1%
Grand Rapids-Wyoming	5.7%	3.7%	4.5%
Holland-Grand Haven	7.7%	5.1%	6.2%
Jackson	7.0%	4.7%	5.6%
Kalamazoo-Portage	6.1%	4.2%	5.4%
Lansing-East Lansing	7.3%	4.6%	5.7%
Monroe	7.5%	4.3%	5.3%
Muskegon-Norton Shores	8.9%	5.7%	6.5%
Niles-Benton Harbor	8.2%	5.2%	6.3%
Saginaw-Saginaw Township	8.8%	5.5%	6.8%
Upper Peninsula	10.0%	6.8%	8.2%
Northeast Lower Mich	13.6%	8.5%	11.0%
Northwest Lower Mich.	10.1%	6.4%	8.0%

### County Unemployment Rates January 2015<sup>(g)</sup>



## U.S. Economic Conditions

	<u>Oct-14</u>	<u>Nov-14</u>	<u>Dec-14</u>	<u>Jan-15</u>	<u>Change from Year Ago</u>
<b>KEY ECONOMIC INDICATORS</b>					
Consumer Sentiment <sup>(h)</sup>	86.9	88.8	93.6	98.1	16.9 points
ISM Manufacturing Index <sup>(i)</sup>	57.9	57.6	55.1	53.5	2.2 points
ISM Non Manufacturing Index <sup>(i)</sup>	56.9	58.8	56.5	56.7	2.7 points
	<u>2014.1</u>	<u>2014.2</u>	<u>2014.3</u>	<u>2014.4</u>	
Business Executives' Confidence <sup>(j)</sup>	63.0	62.0	59.0	60.0	0.0 points
<b>INFLATION <sup>(k)</sup></b>					
<b>1982-84 = 100</b>	<u>Oct-14</u>	<u>Nov-14</u>	<u>Dec-14</u>	<u>Jan-15</u>	<u>Change from Year Ago</u>
U.S. Consumer Price Index	237.4	236.2	234.8	233.7	-0.1%
Detroit CPI	222.0	NA	218.1	NA	-0.1%
U.S. Producer Price Index	200.3	198.1	195.6	191.9	-3.1%
<b>INTEREST RATES</b>					
90 Day T-Bill <sup>(l)</sup>	0.02%	0.02%	0.03%	0.03%	-0.01% points
Aaa Corporate Bonds <sup>(l)</sup>	3.92%	3.92%	3.79%	3.46%	-1.03% points
<b>INDUSTRIAL PRODUCTION <sup>(l)</sup></b>					
	105.1	106.3	106.0	106.2	4.8%
<b>CAPACITY UTILIZATION <sup>(l)</sup></b>					
	79.1%	79.8%	79.4%	79.4%	1.3% points
<b>RETAIL SALES <sup>(d)</sup></b>					
	\$445.3	\$447.1	\$443.2	\$439.6	3.6%
<b>HOUSING STARTS and SALES</b>					
(Millions Annual Rate)	<u>Oct-14</u>	<u>Nov-14</u>	<u>Dec-14</u>	<u>Jan-15</u>	<u>% Change From Year Ago</u>
Housing Starts <sup>(d)</sup>	1.092	1.015	1.081	1.081	20.5%
Existing Home Sales <sup>(m)</sup>	5.160	4.950	5.070	4.820	3.2%
<b>DURABLE GOODS ORDERS <sup>(p)</sup></b>					
	\$243.8	\$238.6	\$229.8	\$236.3	5.5%
<b>PERSONAL INCOME <sup>(c)</sup></b>					
(Billions of Dollars)	<u>2013.4</u>	<u>2014.1</u>	<u>2014.2</u>	<u>2014.3</u>	<u>% Change From Year Ago</u>
Michigan	\$389.2	\$395.6	\$401.2	\$405.2	4.5%
U.S.	\$14,293.8	\$14,466.7	\$14,647.0	\$14,789.0	3.9%
<b>GROSS DOMESTIC PRODUCT</b>					
(Billions of Chained 2009 Dollars) <sup>(c)</sup>	<u>2014.1</u>	<u>2014.2</u>	<u>2014.3</u>	<u>2014.4</u>	<u>Annualized % Chg From Last Qtr</u>
	\$15,831.7	\$16,010.4	\$16,205.6	\$16,293.7	2.19%

**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.