



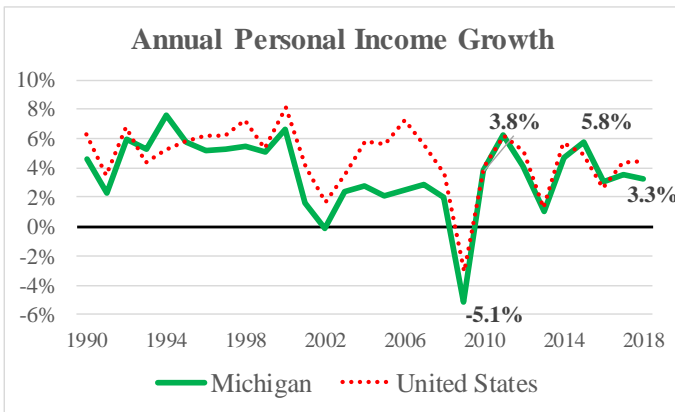
MICHIGAN ECONOMIC UPDATE

Office of Revenue and Tax Analysis
Michigan Department of Treasury

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

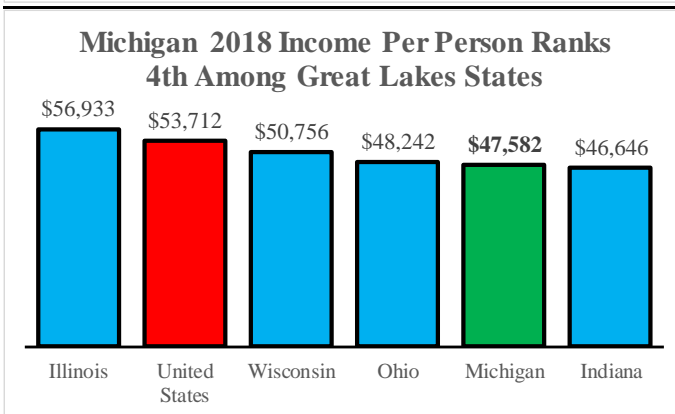
February 2019 Summary

On March 26, 2019, the Bureau of Economic Analysis released initial calendar year (CY) 2018 state personal income data along with revised annual state personal income data for CY 2010-2017. Below are highlights from that release:



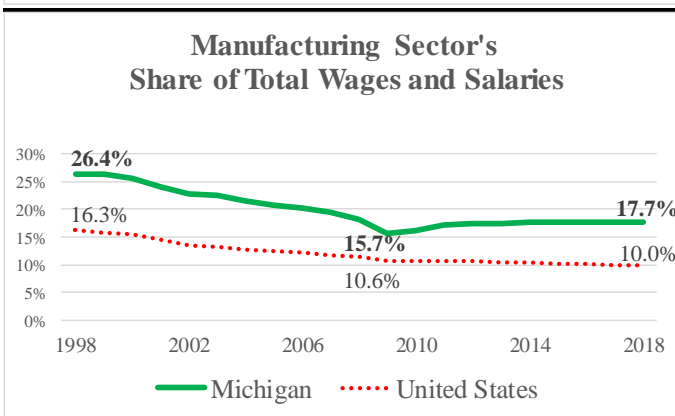
Personal Income

- In 2018, Michigan personal income rose 3.3 percent. Nationally, personal income grew 4.5 percent. 2018 marked the ninth straight year of Michigan as well as national income growth.
- Real (inflation adjusted) Michigan personal income rose 1.0 percent in 2018 compared with 2.0 percent growth nationally.
- In 2018, Michigan's total personal income (\$475.6 billion) ranked 13th among U.S. states. Michigan's 2018 personal income growth ranked 43rd.



Per Capita Income

- In 2018, Michigan's per capita income (\$47,582) ranked 32nd among U.S. states. 2018 Michigan per capita income equaled 88.6 percent of national per capita income (\$53,712).
- In 2018, Michigan per capita income grew 3.1 percent, compared with 3.8 percent growth nationally. 2018 Michigan per capita income growth ranked 41st among U.S. states.
- Real per capita income grew 0.8 percent in Michigan in 2018. Nationally, real per capita income rose 1.4 percent.

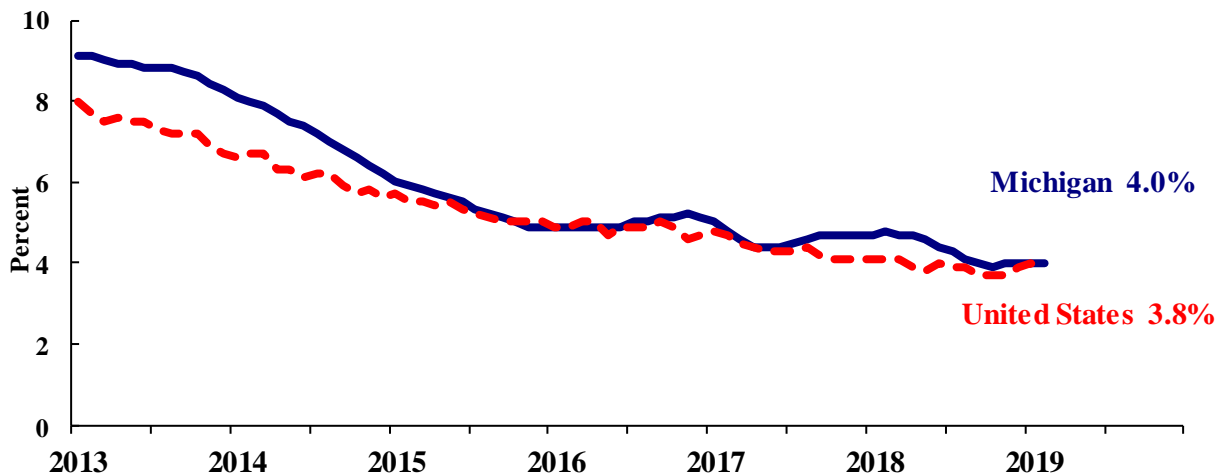


Wages and Salaries

- At 3.3 percent, 2018 Michigan wages and salaries growth matched overall Michigan income growth.
- In 2018, wages and salaries comprised 50.4 percent of Michigan personal income.
- Manufacturing sector wages and salaries comprised the largest share of 2018 total Michigan wages and salaries among the 20 major industry sectors (17.7 percent), followed by government (13.1 percent), health care and social assistance (12.8 percent) and professional, scientific, and technical services (11.0 percent).

- In February 2019, the Michigan unemployment rate remained unchanged from last month at 4.0 percent. In February 2019, the national unemployment rate was down 0.2 of a percentage point to 3.8 percent.
- In February 2019, Michigan’s unemployment rate was down 0.4 of a percentage point from a year ago. The February U.S. unemployment rate decreased 0.3 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 February 2013 to February 2019



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

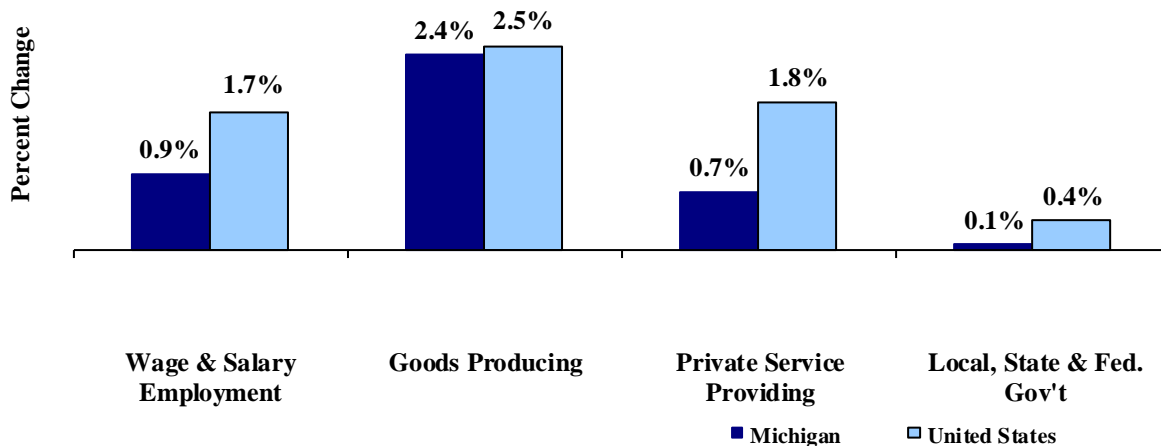
- In February, the total number of people employed in Michigan rose 13,000 persons to 4,731,000 persons. The labor force was up 10,000 persons. The statewide total number of unemployed workers fell 3,000 persons.
- United States employment totaled 156.9 million persons in February 2019. The labor force totaled 163.2 million and there were 6.2 million unemployed in February.

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

	<u>2018</u> <u>Average</u>	<u>Dec</u> <u>2018</u>	<u>Jan</u> <u>2018</u>	<u>Feb</u> <u>2019</u>	<u>Chg Fr</u> <u>Mo Ago</u> <u>Level</u>	<u>Chg Fr</u> <u>Mo Ago</u> <u>%</u>	<u>Chg Fr</u> <u>Yr Ago</u> <u>Level</u>	<u>Chg Fr</u> <u>Yr Ago</u> <u>%</u>	<u>Three</u> <u>Month</u> <u>Average</u>
Michigan									
Labor Force	4,884	4,903	4,916	4,926	10	0.2%	24	0.5%	4,915
Employed	4,657	4,707	4,718	4,731	13	0.3%	47	1.0%	4,719
Unemployed	227	196	198	195	-3	-1.5%	-22	-10.5%	196
Unemployment Rate	4.6%	4.0%	4.0%	4.0%	n.a.	0.0% pts	n.a.	-0.4% pts	4.0%
United States									
Labor Force	160,320	163,240	163,229	163,184	-45	0.0%	1,284	0.8%	163,218
Employed	153,337	156,945	156,694	156,949	255	0.2%	1,736	1.1%	156,863
Unemployed	6,982	6,294	6,535	6,235	-300	-4.6%	-452	-6.8%	6,355
Unemployment Rate	4.4%	3.9%	4.0%	3.8%	n.a.	-0.2% pts	n.a.	-0.3% pts	3.9%

- From February 2018 to February 2019, Michigan payroll employment increased by 41,200 jobs (0.9 percent). State payroll employment rose by 3,600 jobs in February from January. Nationally, February 2019 payroll employment rose 2,500,000 (1.7 percent) from a year ago. National employment rose 20,000 jobs in February.

Payroll Employment Growth February 2018 to February 2019



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

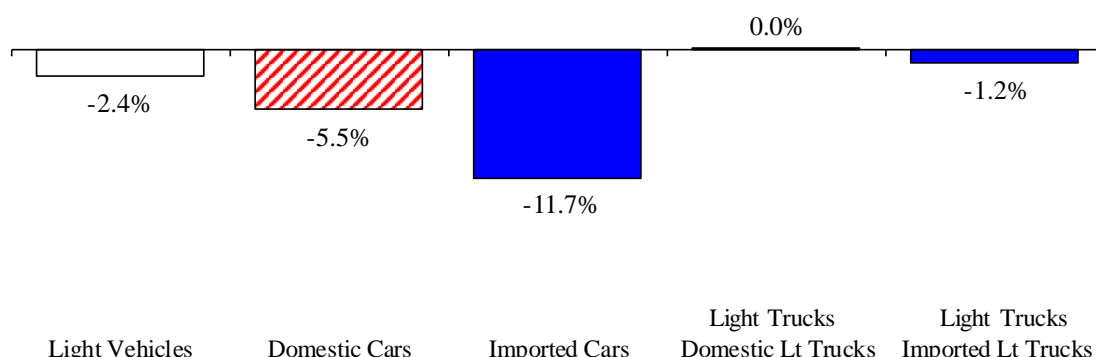
- In the goods-producing sector, Michigan payroll employment increased 2.4 percent in February from a year ago; employment in the private service-providing sector rose 0.7 percent. From a year ago, February national payroll employment rose 2.5 percent in the goods-producing sector and increased 1.8 percent in the private service-providing sector.
- At 42.7 hours, manufacturing weekly hours in Michigan were down 1.0 hour from last year.

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

	MI				US			
	2018 Average	MI Feb 2018	MI Feb 2019	Percent Change	2018 Average	US Feb 2018	US Feb 2019	Percent Change
Wage & Salary Employment	4,418.6	4,406.3	4,447.5	0.9%	144,352	148,097	150,606	1.7%
Goods Producing	806.2	798.9	818.0	2.4%	19,750	20,497	21,010	2.5%
Manufacturing	629.8	625.1	638.4	2.1%	12,354	12,592	12,834	1.9%
Private Service Providing	3,006.0	3,001.1	3,022.7	0.7%	102,379	105,200	107,113	1.8%
Trade, Trans. & Utilities	791.4	789.8	798.1	1.1%	27,257	27,560	27,844	1.0%
Services	1,939.8	1,937.1	1,946.2	0.5%	64,042	66,300	67,824	2.3%
Local, State & Fed. Gov't	606.5	606.3	606.8	0.1%	22,224	22,400	22,483	0.4%
Manufacturing Weekly Hours	43.4	43.7	42.7	-1.0 hrs	41.9	42.2	41.8	-0.4 hrs

- February 2019 U.S. light vehicle sales fell 0.9 percent from January 2019 and were down 2.3 percent from February 2018. February 2019 marked the 60th straight month that the light vehicle annualized sales rate exceeded 16.0 million units. In February 2019, the sales rate equaled 16.5 million units.
- U.S. sales of domestic light vehicles were down 1.7 percent between February 2018 and February 2019. Foreign sales fell 4.2 percent over the same period. As a result, the foreign share of U.S. light vehicle sales fell 0.5 of a percentage point to 23.4 percent in February 2019.
- Auto sales decreased 10.4 percent compared to last February, while light truck sales were up 1.5 percent from February 2018. As a result, February 2019 marked the 17th straight month in which the light truck share of total sales exceeded 65.0 percent. Year-over-year, heavy truck sales rose 18.5 percent in February 2019 -- the 18th double-digit heavy truck y-o-y percent increase in the past 19 months.

February 2019 Year-to-Date Light Vehicle Sales Down from Last Year



Motor Vehicle Sales Statistics

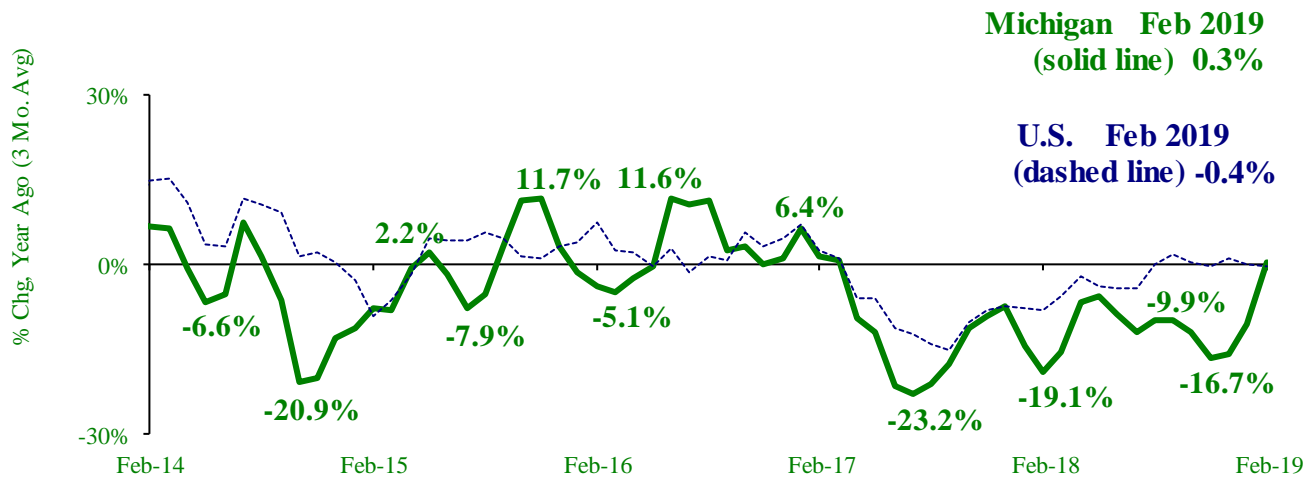
(Millions, Seasonally Adjusted Rates, unless otherwise specified)

Motor Vehicle Sales ^(c)	2018	Dec	Jan	Feb	3 Month	Feb	Feb
	Total	2018	2019	2019	Average	Chg fr Yr Ago Level	Chg fr Yr Ago %
Autos	5.3	5.2	5.3	4.9	5.1	(0.6)	-10.4%
Domestics	4.1	4.0	4.1	3.7	4.0	(0.4)	-9.8%
Imports	1.2	1.1	1.2	1.1	1.1	(0.2)	-12.5%
Import Share	22.9%	21.9%	21.9%	23.0%	22.2%	-0.6% pts	
Light Trucks	11.9	12.3	11.4	11.7	11.8	0.2	1.5%
Domestics	9.2	9.5	8.8	8.9	9.1	0.2	2.1%
Imports	2.8	2.8	2.6	2.8	2.7	(0.0)	-0.3%
Import Share	23.1%	23.0%	23.0%	23.6%	23.2%	-0.4% pts	
Total Light Vehicles	17.2	17.5	16.7	16.5	16.9	(0.4)	-2.3%
Heavy Trucks	0.5	0.5	0.5	0.6	0.5	0.1	18.5%
Total Vehicles	17.7	18.0	17.2	17.1	17.4	(0.3)	-1.7%

Retail Inventories, Motor Vehicle and Parts Dealers (billions of dollars) ^(d)	2018	Oct-18	Nov-18	Dec-18	3 Month	Chg fr	Chg fr
	Average	Oct-18	Nov-18	Dec-18	Average	Year Ago Level	Year Ago %
Inventories	\$230.4	\$237.7	\$239.1	\$240.5	\$239.1	\$20.6	9.4%
Inventory/Sales Ratio	2.25	2.30	2.30	2.31	2.30	0.15	

- At 157,466 units, February 2019 Michigan motor vehicle production was up 6.4 percent from February 2018. National production was down 3.1 percent from last February. The three-month average of vehicle production (December 2018-February 2019) was up 0.3 percent in Michigan and down 0.4 percent nationally, compared to a year ago.
- In February 2019, Michigan car production was down 48.8 percent from a year ago while State truck production increased 34.0 percent. Nationally, February car production decreased 11.7 percent while U.S. truck production was up 0.2 percent.
- Michigan's share of national vehicle production rose 1.6 percentage points in February 2019 from its year-ago level to 17.4 percent. Michigan's share of car production decreased 8.1 percentage points while the State's share of truck production was up 4.9 percentage points.

Following 2018 Plant Changeover Michigan Three-Month Average Vehicle Production Up Slightly from Last Year



Motor Vehicle Production Statistics

(Thousands, unless otherwise specified)

	2017 Monthly Average	Dec 2018	Jan 2019	Feb 2019	3 Month Average	Feb Level Chg fr Yr Ago	Feb % Chg fr Yr Ago
U.S. Production ^(e)							
Autos	275.9	208.7	231.9	226.3	222.3	(30.1)	-11.7%
Trucks	664.8	583.1	680.1	679.8	647.6	1.5	0.2%
Total	940.7	791.8	912.0	906.1	870.0	(28.6)	-3.1%
Michigan Production ^(f)							
Autos	52.7	21.4	22.5	25.2	23.0	(24.0)	-48.8%
Trucks	122.1	102.1	128.7	132.3	121.1	33.5	34.0%
Total	174.9	123.6	151.2	157.5	144.1	9.5	6.4%
Michigan as % of U.S.	18.6%	15.6%	16.6%	17.4%	16.6%	1.6% pts	

	<u>Nov-18</u>	<u>Dec-18</u>	<u>Jan-19</u>	<u>Feb-19</u>	<u>Change from Year Ago</u>
KEY ECONOMIC INDICATORS					
Consumer Sentiment ^(h)	97.5	98.3	91.2	93.8	-5.9 points
ISM Manufacturing Index ⁽ⁱ⁾	58.8	54.3	56.6	54.2	-6.6 points
ISM Non Manufacturing Index ⁽ⁱ⁾	60.4	58.0	56.7	59.7	0.2 points
	<u>2018.1</u>	<u>2018.2</u>	<u>2018.3</u>	<u>2018.4</u>	
Business Executives' Confidence ^(j)	65.0	63.0	55.0	42.0	-21.0 points
INFLATION ^(k)					
1982-84 = 100 (CPI)	<u>Nov-18</u>	<u>Dec-18</u>	<u>Jan-19</u>	<u>Feb-19</u>	<u>Change from Year Ago</u>
Nov 2009 = 100 (PPI)					
U.S. Consumer Price Index	252.0	251.2	251.7	252.8	1.5%
Detroit CPI	NA	231.7	NA	232.5	1.2%
U.S. Producer Price Index	117.0	116.7	116.8	117.1	1.9%
INTEREST RATES					
90 Day T-Bill ^(l)	2.33%	2.37%	2.37%	2.39%	1.07% points
10 Year Treasury Securities ^(l)	3.12%	2.83%	2.71%	2.68%	0.28% points
INDUSTRIAL PRODUCTION ^(l)					
	109.8	109.9	109.5	109.7	3.7%
CAPACITY UTILIZATION ^(l)					
	78.8%	78.7%	78.3%	78.2%	0.9% points
RETAIL SALES ^(d)					
	\$511.6	\$495.2	\$507.0	\$506.0	2.2%
HOUSING STARTS and SALES					
(Millions Annual Rate)	<u>Nov-18</u>	<u>Dec-18</u>	<u>Jan-19</u>	<u>Feb-19</u>	<u>% Change From Year Ago</u>
Housing Starts ^(d)	1.206	1.140	1.273	1.162	-4.0%
Existing Home Sales ^(m)	5.210	5.000	4.930	5.510	-0.9%
DURABLE GOODS ORDERS ^(p)					
	\$251.2	\$254.4	\$254.7	\$250.6	1.9%
PERSONAL INCOME ^(c)					
(Billions of Dollars)	<u>2018.1</u>	<u>2018.2</u>	<u>2018.3</u>	<u>2018.4</u>	<u>% Change From Year Ago</u>
Michigan	\$470.7	\$471.9	\$477.0	\$483.0	3.8%
U.S.	\$17,313.2	\$17,460.2	\$17,647.5	\$17,870.8	4.6%
GROSS DOMESTIC PRODUCT					
(Billions of Chained 2012 Dollars) ^(c)	<u>2018.1</u>	<u>2018.2</u>	<u>2018.3</u>	<u>2018.4</u>	<u>Annualized % Chg From Last Qtr</u>
	\$18,324.0	\$18,511.6	\$18,665.0	\$18,765.3	2.2%

- (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.