

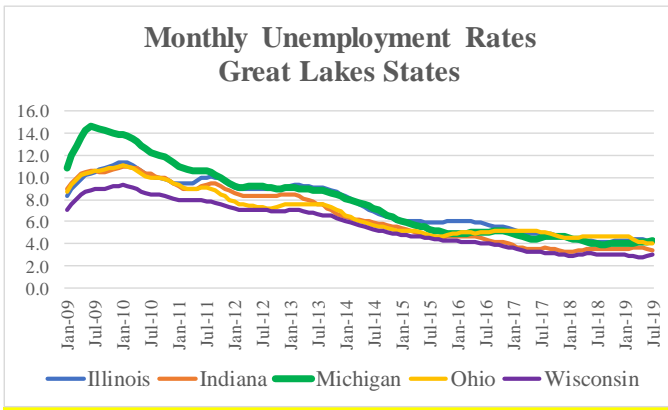
MICHIGAN ECONOMIC UPDATE

Office of Revenue and Tax Analysis
Michigan Department of Treasury

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

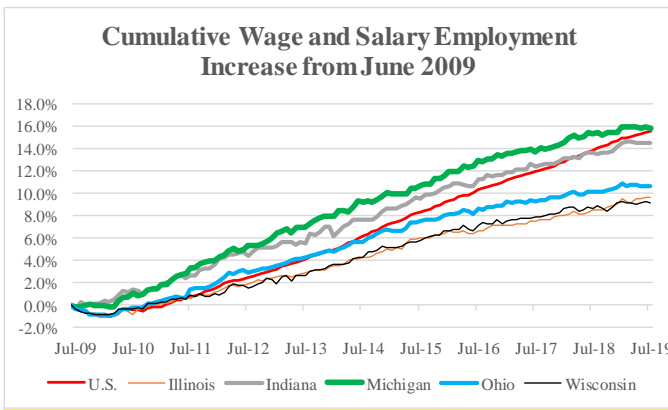
Summarizing Economic Data for July 2019 (published 08/29/2019)

Interstate Labor Market Comparisons ^(a)



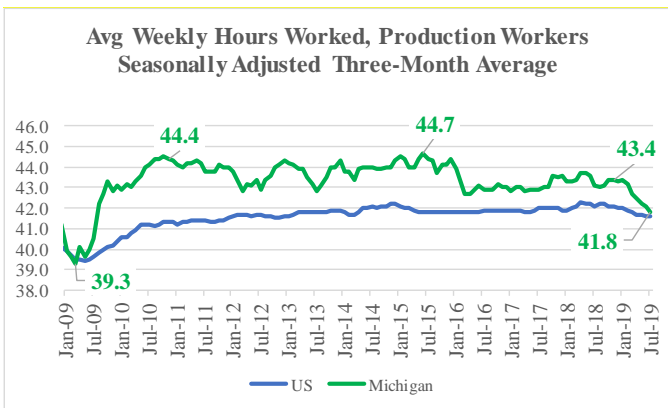
Household Employment

- Through the first seven months of 2019, Michigan's unemployment rate averaged 4.1 percent – 0.2 of a percentage point lower than the State's average rate through the first seven months of 2018.
- Michigan's Jan-Jul 2019 average unemployment rate ranked 12th highest among U.S. states. Average state unemployment rates through July 2019 ranged from 2.2 percent (Vermont) to 6.4 percent (Alaska).
- Michigan's monthly unemployment rate rose from 4.0 percent in January 2019 to 4.3 percent in July 2019.



Wage and Salary Employment

- Average Michigan wage and salary employment through July 2019 was up 0.7 percent compared to the average Jan-Jul 2018 Michigan employment.
- Michigan's 0.7 percent growth in average overall employment ranked 38th among U.S. states.
- Growth in average wage and salary employment by state from Jan-Jul 2018 to Jan-Jul 2019 ranged between 0.1 percent (Louisiana) and 3.6 percent (Nevada).
- Year-over-year monthly employment growth in Michigan has slowed from 1.1 percent in January 2019 to 0.4 percent in July 2019.



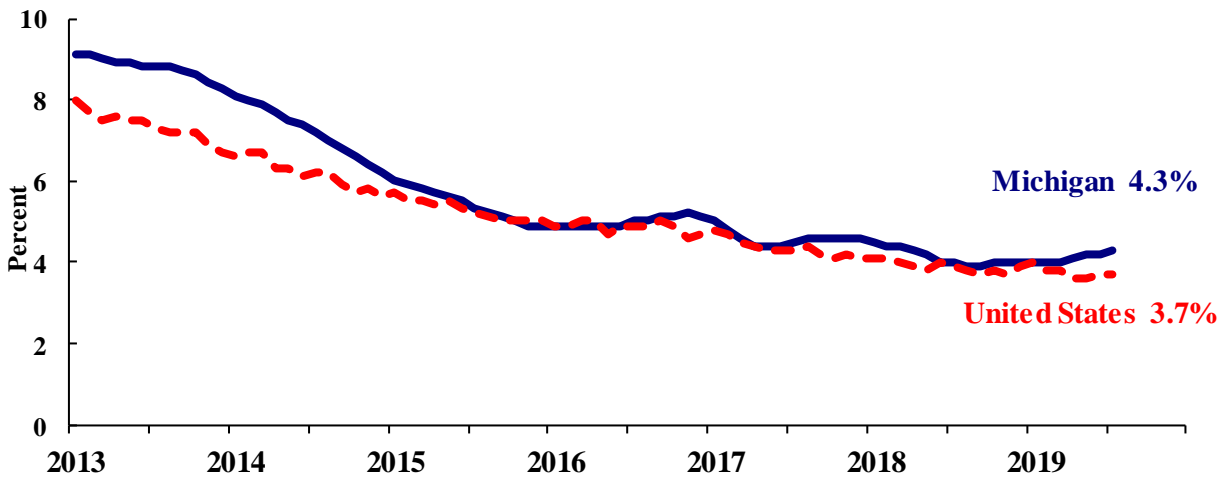
Manufacturing Employment

- In the first seven months of 2019, the manufacturing sector accounted for 14.3 percent of Michigan jobs. Michigan's 14.3 percent manufacturing sector share ranked fourth largest among U.S. states.
- The manufacturing sector's share of overall state Jan-Jul 2019 employment ranged between 2.1 percent (Hawaii) and 17.1 percent (Indiana).
- The manufacturing sector accounted for 26.6 percent of Michigan's increase in overall average employment between Jan-Jul 2018 and Jan-Jul 2019 – the 9th largest state manufacturing share.

Household Unemployment and Employment

- In July 2019, the Michigan unemployment rate rose 0.1 of a percentage point to 4.3 percent. In July 2019, the national unemployment remained unchanged at 3.7 percent.
- In July 2019, Michigan’s unemployment rate rose 0.3 of a percentage point from a year ago. The July 2019 U.S. unemployment rate decreased 0.2 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
July 2013 to July 2019**



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

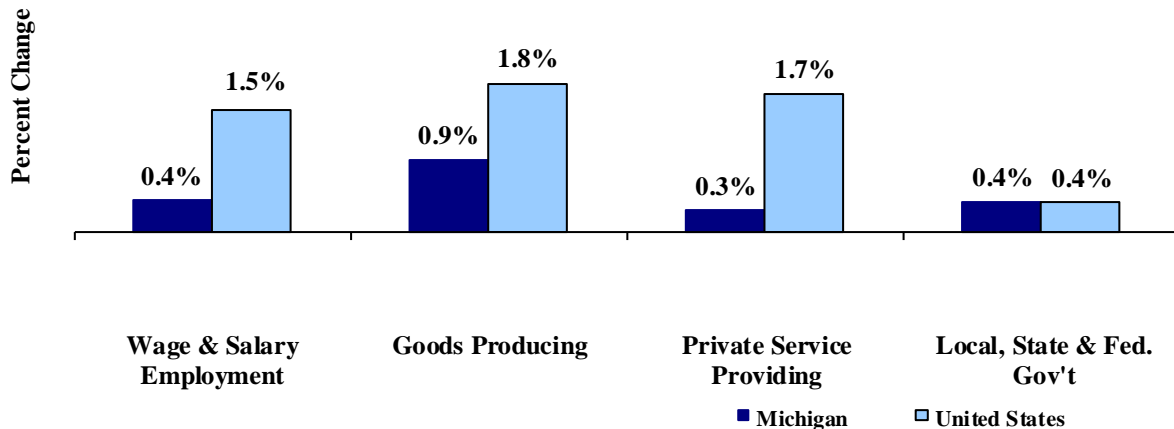
- In July, the total number of people employed in Michigan rose 1,000 persons to 4,749,000 persons. The State labor force was up 3,000 persons. The statewide total number of unemployed workers rose 2,000 persons.
- United States employment totaled 157.3 million persons in July 2019. The labor force totaled 163.4 million and there were 6.1 million unemployed in July.

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

	<u>Annual</u> <u>2018</u>	<u>May</u> <u>2019</u>	<u>Jun</u> <u>2019</u>	<u>Jul</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	4,902	4,953	4,958	4,961	3	0.1%	65	1.3%	4,957
Employed	4,699	4,746	4,748	4,749	1	0.0%	47	1.0%	4,748
Unemployed	203	207	210	212	2	1.0%	19	9.6%	210
Unemployment Rate	4.1%	4.2%	4.2%	4.3%	n.a.	0.1% pts	n.a.	0.3% pts	4.2%
United States									
Labor Force	162,075	162,646	162,981	163,351	370	0.2%	1,142	0.7%	162,993
Employed	155,761	156,758	157,005	157,288	283	0.2%	1,324	0.8%	157,017
Unemployed	6,314	5,888	5,975	6,063	88	1.5%	-182	-2.9%	5,975
Unemployment Rate	3.9%	3.6%	3.7%	3.7%	n.a.	0.0% pts	n.a.	-0.2% pts	3.7%

- From July 2018 to July 2019, Michigan payroll employment increased by 17,600 jobs (0.4 percent). State payroll employment fell by 5,800 jobs in July from June. Nationally, July 2019 payroll employment rose 2,246,000 (1.5 percent) from a year ago. National employment rose 164,000 jobs in July.

Payroll Employment Growth July 2018 to July 2019



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

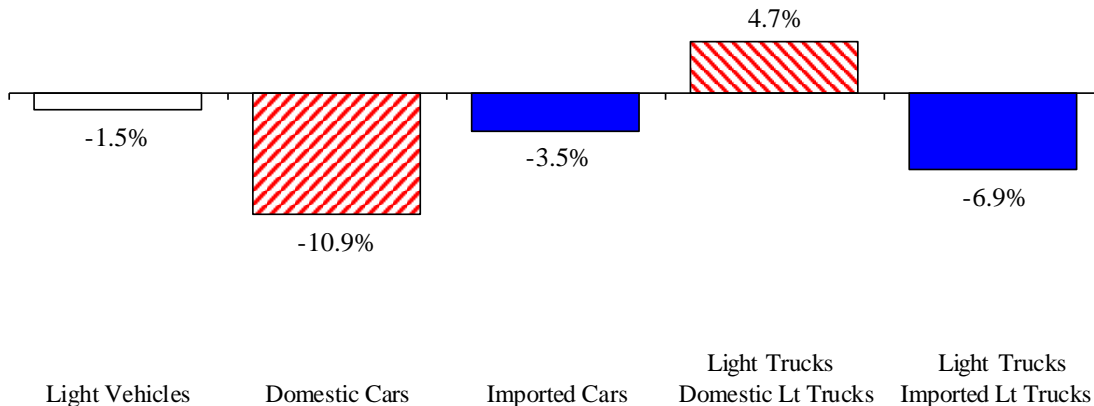
- In the goods-producing sector, Michigan payroll employment increased 0.9 percent in July from a year ago; employment in the private service-providing sector rose 0.3 percent. From a year ago, July national payroll employment rose 1.8 percent in the goods-producing sector and increased 1.7 percent in the private service-providing sector.
- At 41.6 hours, manufacturing weekly hours in Michigan were down 1.6 hours from last year.

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

	MI				US			
	2018 <u>Annual</u>	MI July <u>2018</u>	MI July <u>2019</u>	Percent Change	2018 <u>Annual</u>	US July <u>2018</u>	US July <u>2019</u>	Percent Change
Wage & Salary Employment	4,418.6	4,422.5	4,440.1	0.4%	149,074	149,185	151,431	1.5%
Goods Producing	806.2	807.2	814.4	0.9%	20,710	20,744	21,121	1.8%
Manufacturing	629.8	629.3	634.4	0.8%	12,689	12,707	12,864	1.2%
Private Service Providing	3,006.0	3,008.2	3,016.3	0.3%	105,916	105,983	107,768	1.7%
Trade, Trans. & Utilities	791.4	792.9	789.9	-0.4%	27,659	27,643	27,824	0.7%
Services	1,939.8	1,940.5	1,947.8	0.4%	66,859	66,936	68,448	2.3%
Local, State & Fed. Gov't	606.5	607.1	609.4	0.4%	22,449	22,458	22,542	0.4%
Manufacturing Weekly Hours	43.4	43.2	41.6	-1.6 hrs	42.2	42.2	41.5	-0.7 hrs

- July 2019 U.S. light vehicle sales fell 1.8 percent from June 2019 and were down 0.4 percent from July 2018. June 2019 marked the 65th straight month that the light vehicle annualized sales rate exceeded 16.0 million units. In July 2019, the sales rate equaled 16.8 million units.
- U.S. sales of domestic light vehicles were down 0.3 percent between July 2018 and July 2019. Foreign sales fell 0.9 percent over the same period. As a result, the foreign share of U.S. light vehicle sales fell 0.1 of a percentage point to 22.5 percent in July 2019.
- Auto sales decreased 10.9 percent compared to last July, while light truck sales were up 4.2 percent from July 2018. As a result, July 2019 marked the 6th straight month in which the light truck share of total sales exceeded 70.0 percent. Year-over-year (y-o-y), heavy truck sales growth slowed to 4.4 percent in July 2019 -- the 26th straight y-o-y increase in but also the slowest y-o-y increase over the past 26 months.

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



Motor Vehicle Sales Statistics

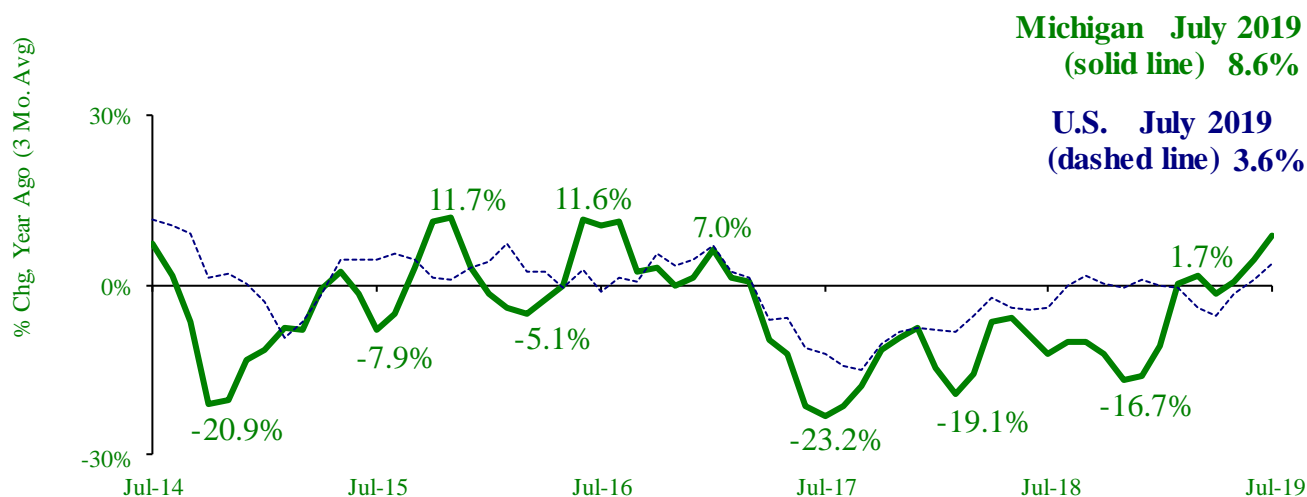
(Millions, Seasonally Adjusted Rates, unless otherwise specified)

	2018 Total	May 2019	Jun 2019	Jul 2019	3 Month Average	Jul Chg fr Yr Ago Level	Jul Chg fr Yr Ago %
Motor Vehicle Sales^(c)							
Autos	5.3	4.8	4.8	4.6	4.8	(0.6)	-10.9%
Domestics	4.1	3.6	3.5	3.4	3.5	(0.7)	-16.6%
Imports	1.2	1.2	1.3	1.3	1.3	0.1	8.9%
Import Share	22.9%	25.6%	27.4%	27.2%	26.7%	4.9% pts	
Light Trucks	11.9	12.6	12.3	12.2	12.4	0.5	4.2%
Domestics	9.2	10.0	9.8	9.7	9.8	0.6	7.0%
Imports	2.8	2.6	2.5	2.5	2.5	(0.1)	-5.2%
Import Share	23.1%	20.6%	20.0%	20.7%	20.4%	-2.0% pts	
Total Light Vehicles	17.2	17.4	17.1	16.8	17.1	(0.1)	-0.4%
Heavy Trucks	0.5	0.5	0.5	0.5	0.5	0.0	4.4%
Total Vehicles	17.7	17.9	17.7	17.3	17.6	(0.0)	-0.3%

	2018 Average	Mar-19	Apr-19	May-19	3 Month Average	Chg fr Year Ago Level	Chg fr Year Ago %
Retail Inventories, Motor Vehicle and Parts Dealers (billions of dollars)^(d)							
Inventories	\$229.7	\$242.3	\$240.6	\$242.6	\$241.8	\$18.2	8.1%
Inventory/Sales Ratio	2.29	2.42	2.32	2.35	2.36	0.10	

- At 126,549 units, July 2019 Michigan motor vehicle production was up 6.0 percent from July 2018. National production was up 3.5 percent from last July. The three-month average of vehicle production (May 2019-July 2019) was up 8.6 percent in Michigan and up 3.6 percent nationally, compared to a year ago.
- In July 2019, Michigan car production was down 41.1 percent from a year ago while State truck production increased 15.1 percent. Nationally, June car production decreased 10.3 percent while U.S. truck production was up 8.4 percent.
- Michigan's share of national vehicle production rose 0.4 of a percentage point in July 2019 from its year-ago level to 17.6 percent. Michigan's share of car production decreased 3.6 percentage points while the State's share of truck production was up 1.2 percentage points.

Michigan Three-Month Average Vehicle Production Up from Last Year



Motor Vehicle Production Statistics

(Thousands, unless otherwise specified)

	2018 Monthly Average	May 2019	Jun 2019	Jul 2019	3 Month Average	Jul Level Chg fr Yr Ago	Jul % Chg fr Yr Ago
U.S. Production ^(e)							
Autos	246.2	245.1	208.8	164.3	206.1	(18.8)	-10.3%
Trucks	675.6	749.1	689.1	556.0	664.7	43.3	8.4%
Total	921.8	994.2	897.9	720.3	870.8	24.5	3.5%
Michigan Production ^(f)							
Autos	34.8	24.6	20.6	11.3	18.9	(7.9)	-41.1%
Trucks	117.9	156.6	143.7	115.2	138.5	15.1	15.1%
Total	152.7	181.2	164.3	126.5	157.3	7.2	6.0%
Michigan as % of U.S.	16.6%	18.2%	18.3%	17.6%	18.1%	0.4% pts	

	<u>Apr-19</u>	<u>May-19</u>	<u>Jun-19</u>	<u>Jul-19</u>	Change from Year Ago
KEY ECONOMIC INDICATORS					
Consumer Sentiment ^(h)	97.2	100.0	98.2	98.4	0.5 points
ISM Manufacturing Index ⁽ⁱ⁾	52.8	52.1	51.7	51.2	-7.2 points
ISM Non Manufacturing Index ⁽ⁱ⁾	55.5	56.9	55.1	53.7	-3.0 points
	<u>2018.3</u>	<u>2018.4</u>	<u>2019.1</u>	<u>2019.2</u>	
Business Executives' Confidence ⁽ⁱ⁾	55.0	42.0	43.0	43.0	-20.0 points
INFLATION ^(k)					
1982-84 = 100 (CPI)	<u>Apr-19</u>	<u>May-19</u>	<u>Jun-19</u>	<u>Jul-19</u>	Change from Year Ago
Nov 2009 = 100 (PPI)					
U.S. Consumer Price Index	255.5	256.1	256.1	256.6	1.8%
Detroit CPI	234.0	NA	234.9	NA	0.1%
U.S. Producer Price Index	118.2	118.3	118.6	118.8	1.7%
INTEREST RATES					
90 Day T-Bill ^(l)	2.38%	2.35%	2.17%	2.10%	0.14% points
10 Year Treasury Securities ^(l)	2.53%	2.40%	2.07%	2.06%	-0.83% points
INDUSTRIAL PRODUCTION ^(l)					
	109.0	109.2	109.4	109.2	0.5%
CAPACITY UTILIZATION ^(l)					
	77.7%	77.8%	77.8%	77.5%	-1.3% points
RETAIL SALES ^(d)					
	\$515.5	\$518.1	\$519.9	\$523.5	3.4%
HOUSING STARTS and SALES					
(Millions Annual Rate)	<u>Apr-19</u>	<u>May-19</u>	<u>Jun-19</u>	<u>Jul-19</u>	% Change From Year Ago
Housing Starts ^(d)	1.270	1.264	1.241	1.191	0.6%
Existing Home Sales ^(m)	5.210	5.360	5.290	5.420	0.6%
DURABLE GOODS ORDERS ^(p)					
	\$246.6	\$240.9	\$245.3	\$250.4	1.0%
PERSONAL INCOME ^(c)					
(Billions of Dollars)	<u>2018.2</u>	<u>2018.3</u>	<u>2018.4</u>	<u>2019.1</u>	% Change From Year Ago
Michigan	\$471.7	\$476.6	\$480.1	\$484.7	3.0%
U.S.	\$17,460.2	\$17,647.5	\$17,825.7	\$17,975.7	3.8%
GROSS DOMESTIC PRODUCT					
(Billions of Chained 2012 Dollars) ^(c)	<u>2018.3</u>	<u>2018.4</u>	<u>2019.1</u>	<u>2019.2</u>	Annualized % Chg From Last Qtr
	\$18,732.7	\$18,783.5	\$18,927.3	\$19,023.0	2.0%

- (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.