



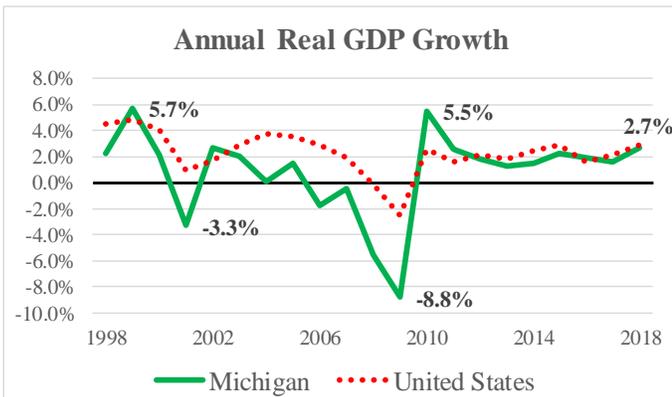
MICHIGAN ECONOMIC UPDATE

Office of Revenue and Tax Analysis
Michigan Department of Treasury

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

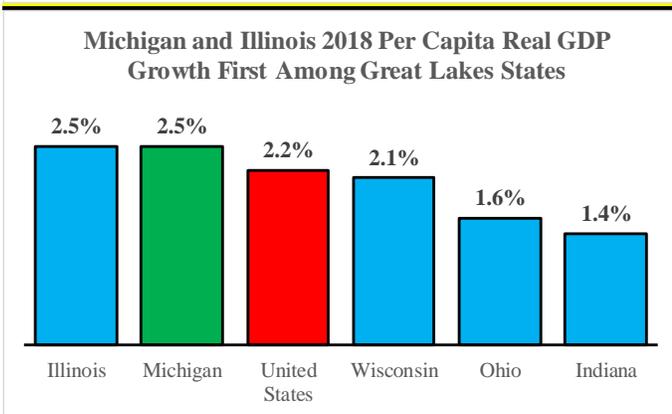
March 2019 Summary

On May 1, 2019, the Bureau of Economic Analysis released initial calendar year (CY) 2018 state gross domestic product (GDP) data along with revised annual state GDP data for CY 2015-2017. Below are highlights from that release:



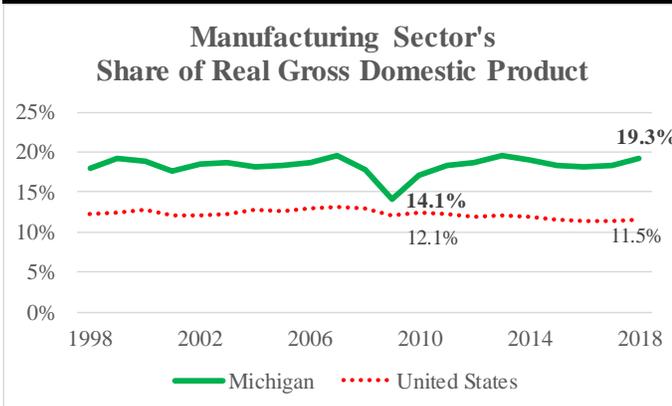
Gross Domestic Product

- In 2018, Michigan's nominal gross domestic product totaled \$528.0 billion. Michigan's 2018 GDP ranked 14th among U.S. states and accounted for 2.6 percent of U.S. GDP.
- Michigan's 2018 real (inflation adjusted) GDP growth rate (2.7%) ranked 14th among all U.S. states and first among Great Lakes states.
- Between 2009 (the year in which the Great Recession ended) and 2018, Michigan's real GDP grew at a 2.3 percent annual rate, ranking 8th.



Per Capita Real Gross Domestic Product

- In 2018, Michigan's per capita real GDP equaled \$46,858. Michigan's 2018 per capita real GDP equaled 82.6 percent of national per capita real GDP (\$56,749) and ranked 37th among U.S. states.
- In 2018, Michigan's per capita real GDP grew 2.5 percent, tying Illinois and ranking fourth among all U.S. states.
- Between 2009 and 2018, Michigan per capita real GDP grew at a 2.2 percent annual rate, ranking third among U.S. states.

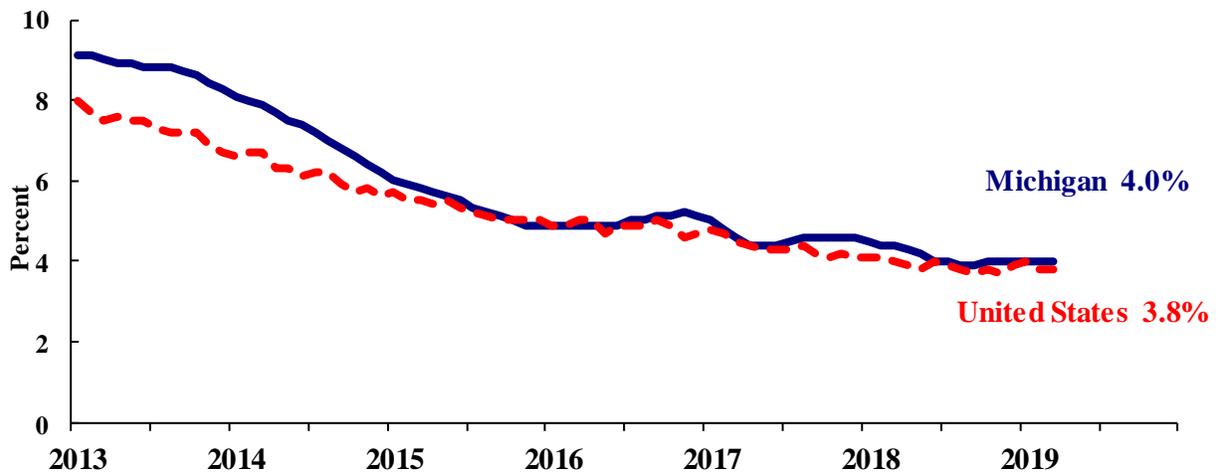


Composition of Real GDP and Growth

- The manufacturing sector accounted for the largest share of 2018 Michigan real GDP (19.3%) among major sectors, followed by government (10.1%) and health care and social assistance (8.7%). Nationally, the real estate, rental and leasing sector comprised the largest share (12.6%) of real GDP, followed by the manufacturing sector (11.5%).
- The manufacturing sector accounted for the largest share of 2018 Michigan real GDP growth (53.3%). While the manufacturing sector comprised the largest share of 2018 U.S. real GDP growth, its share (17.2%) was substantially smaller than for Michigan.

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



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

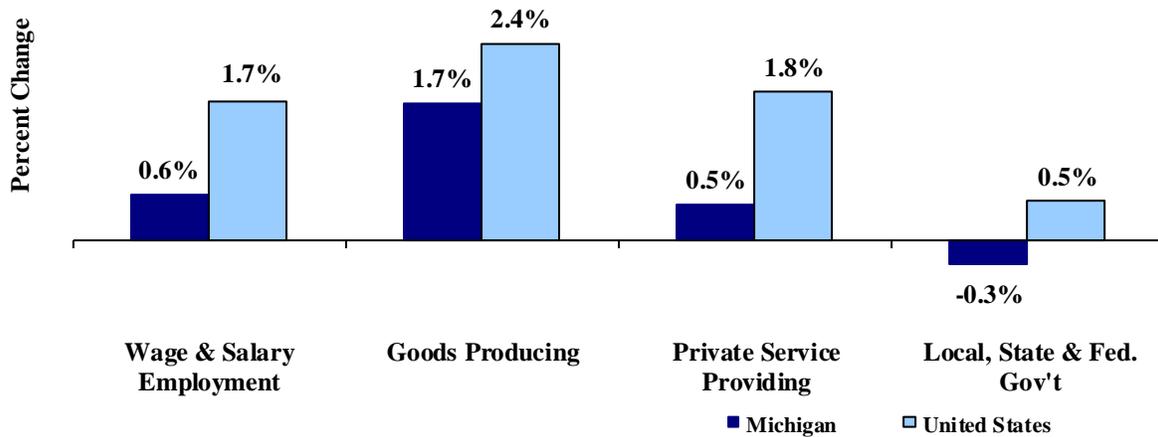
- In March, the total number of people employed in Michigan rose 7,000 persons to 4,738,000 persons. The labor force was up 11,000 persons. The statewide total number of unemployed workers rose 3,000 persons.
- United States employment totaled 156.7 million persons in March 2019. The labor force totaled 163.0 million and there were 6.2 million unemployed in March.

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

	<u>Annual</u> <u>2018</u>	<u>Jan</u> <u>2019</u>	<u>Feb</u> <u>2019</u>	<u>Mar</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	4,916	4,926	4,937	11	0.2%	31	0.6%	4,926
Employed	4,699	4,718	4,731	4,738	7	0.1%	47	1.0%	4,729
Unemployed	203	198	195	198	3	1.5%	-16	-7.6%	197
Unemployment Rate	4.1%	4.0%	4.0%	4.0%	n.a.	0.0% pts	n.a.	-0.4% pts	4.0%
United States									
Labor Force	162,075	163,229	163,184	162,960	-224	-0.1%	1,314	0.8%	163,124
Employed	155,761	156,694	156,949	156,748	-201	-0.1%	1,588	1.0%	156,797
Unemployed	6,314	6,535	6,235	6,211	-24	-0.4%	-275	-4.2%	6,327
Unemployment Rate	3.9%	4.0%	3.8%	3.8%	n.a.	0.0% pts	n.a.	-0.2% pts	3.9%

- From March 2018 to March 2019, Michigan payroll employment increased by 25,600 jobs (0.6 percent). State payroll employment fell by 2,300 jobs in March from February. Nationally, March 2019 payroll employment rose 2,500,000 (1.7 percent) from a year ago. National employment rose 196,000 jobs in March.

Payroll Employment Growth March 2018 to March 2019



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

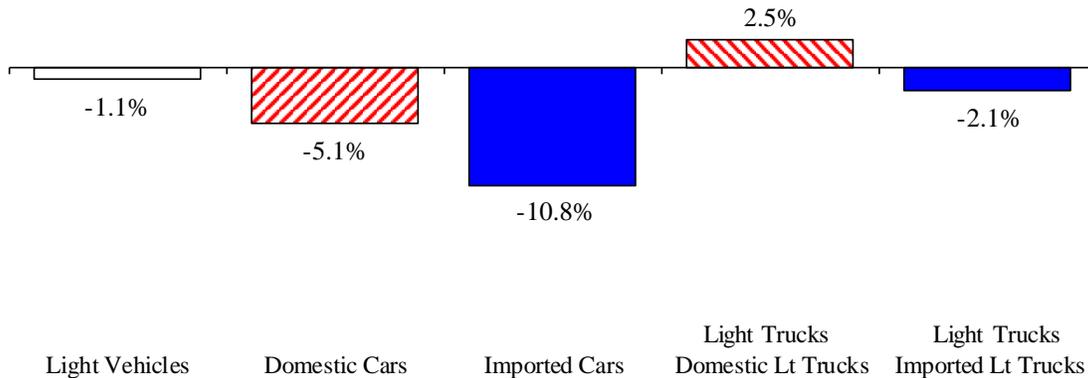
- In the goods-producing sector, Michigan payroll employment increased 1.7 percent in March from a year ago; employment in the private service-providing sector rose 0.5 percent. From a year ago, March national payroll employment rose 2.4 percent in the goods-producing sector and increased 1.8 percent in the private service-providing sector.
- At 42.4 hours, manufacturing weekly hours in Michigan were down 1.3 hours from last year.

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

	MI				US			
	2018 Annual	MI Mar 2018	MI Mar 2019	MI Percent Change	2018 Annual	US Mar 2018	US Mar 2019	US Percent Change
Wage & Salary Employment	4,418.6	4,417.5	4,443.1	0.6%	149,074	148,279	150,816	1.7%
Goods Producing	806.2	803.9	817.5	1.7%	20,710	20,527	21,025	2.4%
Manufacturing	629.8	628.6	637.9	1.5%	12,689	12,612	12,821	1.7%
Private Service Providing	3,006.0	3,006.7	3,020.4	0.5%	105,916	105,343	107,272	1.8%
Trade, Trans. & Utilities	791.4	790.1	795.8	0.7%	27,659	27,591	27,816	0.8%
Services	1,939.8	1,942.3	1,945.4	0.2%	66,859	66,391	67,997	2.4%
Local, State & Fed. Gov't	606.5	606.9	605.2	-0.3%	22,449	22,409	22,519	0.5%
Manufacturing Weekly Hours	43.4	43.7	42.4	-1.3 hrs	42.2	42.2	41.7	-0.5 hrs

- March 2019 U.S. light vehicle sales rose 5.7 percent from February 2019 and were up 1.4 percent from March 2018. March 2019 marked the 61st straight month that the light vehicle annualized sales rate exceeded 16.0 million units. In March 2019, the sales rate equaled 17.5 million units.
- U.S. sales of domestic light vehicles were up 3.2 percent between March 2018 and March 2019. Foreign sales fell 4.6 percent over the same period. As a result, the foreign share of U.S. light vehicle sales fell 1.4 percentage points to 21.9 percent in March 2019.
- Auto sales decreased 5.3 percent compared to last March, while light truck sales were up 4.4 percent from March 2018. As a result, March 2019 marked the 18th straight month in which the light truck share of total sales exceeded 65.0 percent. Year-over-year, heavy truck sales rose 11.9 percent in March 2019 -- the 18th double-digit heavy truck y-o-y percent increase in the past 20 months.

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



Motor Vehicle Sales Statistics

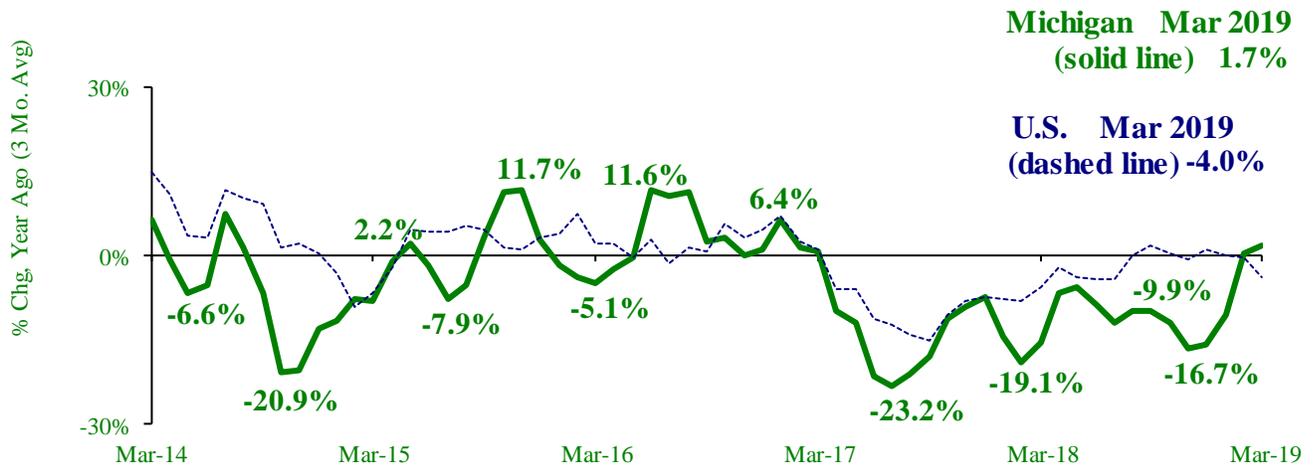
(Millions, Seasonally Adjusted Rates, unless otherwise specified)

Motor Vehicle Sales ^(c)	2018	Jan	Feb	Mar	3 Month	Mar	Mar
	Total	2019	2019	2019	Average	Chg fr Yr Ago Level	Chg fr Yr Ago %
Autos	5.3	5.3	4.9	5.1	5.1	(0.3)	-5.3%
Domestics	4.1	4.1	3.8	3.9	3.9	(0.2)	-4.5%
Imports	1.2	1.2	1.1	1.1	1.1	(0.1)	-7.7%
Import Share	22.9%	21.9%	22.7%	22.6%	22.4%	-0.6%	pts
Light Trucks	11.9	11.4	11.7	12.4	11.8	0.5	4.4%
Domestics	9.2	8.8	8.9	9.7	9.1	0.6	6.8%
Imports	2.8	2.6	2.7	2.7	2.7	(0.1)	-3.2%
Import Share	23.1%	22.9%	23.4%	21.6%	22.6%	-1.7%	pts
Total Light Vehicles	17.2	16.7	16.5	17.5	16.9	0.2	1.4%
Heavy Trucks	0.5	0.5	0.5	0.5	0.5	0.1	11.9%
Total Vehicles	17.7	17.2	17.0	18.0	17.4	0.3	1.7%

Retail Inventories, Motor Vehicle and Parts Dealers (billions of dollars) ^(d)	2018	Dec-18	Jan-19	Feb-19	3 Month	Chg fr	Chg fr
	Average	Dec-18	Jan-19	Feb-19	Average	Year Ago Level	Year Ago %
Inventories	\$230.4	\$241.2	\$243.8	\$244.5	\$243.2	\$19.3	8.6%
Inventory/Sales Ratio	2.25	2.31	2.38	2.39	2.36	0.15	

- At 181,963 units, March 2019 Michigan motor vehicle production was down 5.3 percent from March 2018. National production was down 8.3 percent from last March. The three-month average of vehicle production (January 2019-March 2019) was up 1.7 percent in Michigan and down 4.0 percent nationally, compared to a year ago.
- In March 2019, Michigan car production was down 45.3 percent from a year ago while State truck production increased 11.6 percent. Nationally, March car production decreased 18.3 percent while U.S. truck production was down 4.6 percent.
- Michigan’s share of national vehicle production rose 0.6 of a percentage point in March 2019 from its year-ago level to 18.9 percent. Michigan’s share of car production decreased 6.7 percentage points while the State’s share of truck production was up 3.0 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)

	2018 Monthly Average	Jan 2019	Feb 2019	Mar 2019	3 Month Average	Mar Level Chg fr Yr Ago	Mar % Chg fr Yr Ago
U.S. Production ^(e)							
Autos	246.2	231.9	226.3	228.0	228.7	(51.1)	-18.3%
Trucks	675.6	680.1	679.8	732.6	697.5	(35.6)	-4.6%
Total	921.8	912.0	906.1	960.6	926.2	(86.8)	-8.3%
Michigan Production ^(f)							
Autos	34.8	22.5	25.2	31.2	26.3	(25.8)	-45.3%
Trucks	117.9	128.7	132.3	150.8	137.3	15.7	11.6%
Total	152.7	151.2	157.5	182.0	163.6	(10.1)	-5.3%
Michigan as % of U.S.	16.6%	16.6%	17.4%	18.9%	17.7%	0.6% pts	

	<u>Dec-18</u>	<u>Jan-19</u>	<u>Feb-19</u>	<u>Mar-19</u>	<u>Change from Year Ago</u>
KEY ECONOMIC INDICATORS					
Consumer Sentiment ^(h)	98.3	91.2	93.8	98.4	-3.0 points
ISM Manufacturing Index ⁽ⁱ⁾	54.3	56.6	54.2	55.3	-4.0 points
ISM Non Manufacturing Index ⁽ⁱ⁾	58.0	56.7	59.7	56.1	-2.6 points
	<u>2018.2</u>	<u>2018.3</u>	<u>2018.4</u>	<u>2019.1</u>	
Business Executives' Confidence ^(j)	63.0	55.0	42.0	43.0	-22.0 points
INFLATION ^(k)					
1982-84 = 100 (CPI)	<u>Dec-18</u>	<u>Jan-19</u>	<u>Feb-19</u>	<u>Mar-19</u>	<u>Change from Year Ago</u>
Nov 2009 = 100 (PPI)					
U.S. Consumer Price Index	251.2	251.7	252.8	254.2	1.9%
Detroit CPI	231.7	NA	232.5	NA	1.2%
U.S. Producer Price Index	116.7	116.8	117.1	117.9	2.2%
INTEREST RATES					
90 Day T-Bill ^(l)	2.37%	2.37%	2.39%	2.40%	1.08% points
10 Year Treasury Securities ^(l)	2.83%	2.71%	2.68%	2.57%	0.17% points
INDUSTRIAL PRODUCTION ^(l)	110.6	110.2	110.3	110.2	3.5%
CAPACITY UTILIZATION ^(l)	79.5%	79.1%	79.0%	78.8%	0.9% points
RETAIL SALES ^(d)	\$503.3	\$507.2	\$506.1	\$514.1	3.8%
HOUSING STARTS and SALES					
(Millions Annual Rate)	<u>Dec-18</u>	<u>Jan-19</u>	<u>Feb-19</u>	<u>Mar-19</u>	<u>% Change From Year Ago</u>
Housing Starts ^(d)	1.140	1.298	1.142	1.139	-5.9%
Existing Home Sales ^(m)	5.000	4.930	5.480	5.210	-6.3%
DURABLE GOODS ORDERS ^(p)	\$254.4	\$254.7	\$251.8	\$251.8	2.4%
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>2018.2</u>	<u>2018.3</u>	<u>2018.4</u>	<u>2019.1</u>	<u>Annualized % Chg From Last Qtr</u>
	\$18,511.6	\$18,665.0	\$18,765.3	\$18,912.3	3.2%

- (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.