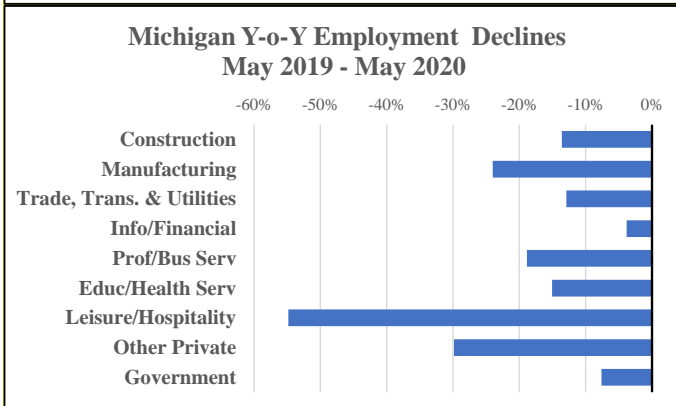
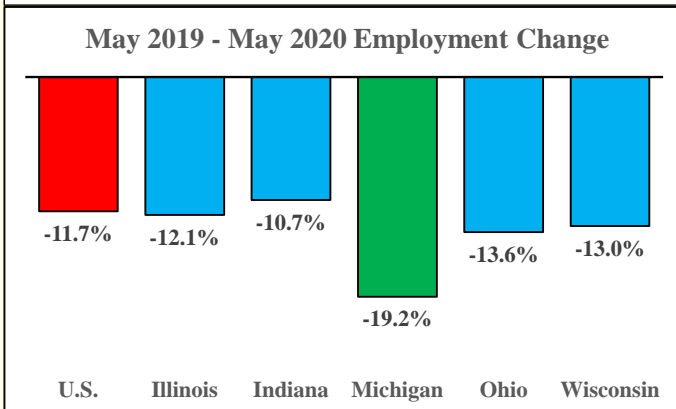
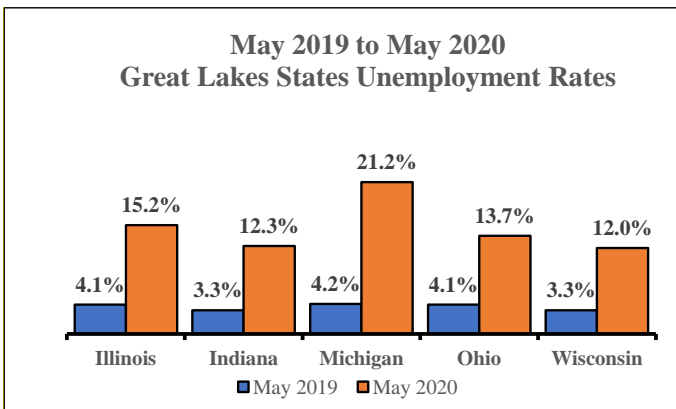


COVID-19 Impact on State Unemployment and Employment

The following provides some statistics of the impact of COVID-19 impact on Michigan’s unemployment rate and wage and salary employment ^(k):



Unemployment Rate

- Michigan’s May 2020 unemployment rate (21.2 percent) was down 2.8 percentage points from its record high 24.0 percent rate in April 2020.
- However, Michigan’s May 2020 unemployment rate was up 17.0 percentage points from its year-ago rate and up 17.6 percentage points from February 2020 (prior to the COVID pandemic).
- Among all U.S. states, Michigan recorded the third highest May 2020 unemployment rate, below Nevada (25.3 percent) and Hawaii (22.6 percent).

Wage and Salary Employment

- Michigan wage and salary employment fell 19.2 percent from a year ago.
- Among all U.S. states, Michigan reported the second largest percentage decline from a year ago, behind Hawaii (-20.1 percent).
- All five Great Lakes state recorded double-digit employment percentage declines from last May. Nationally, 28 states reported double-digit declines.

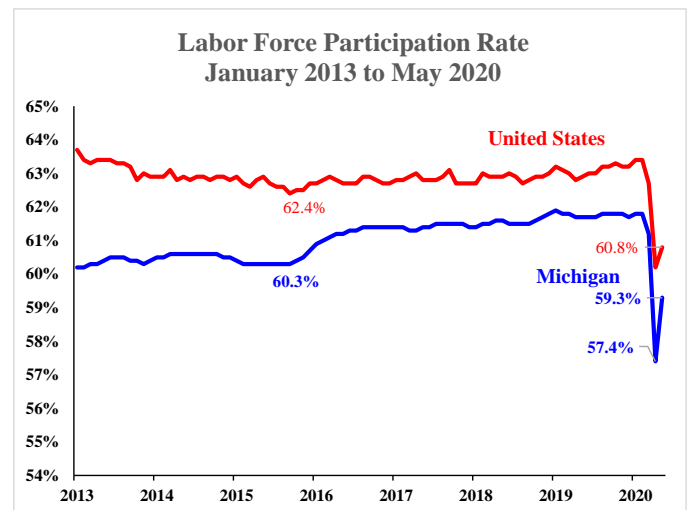
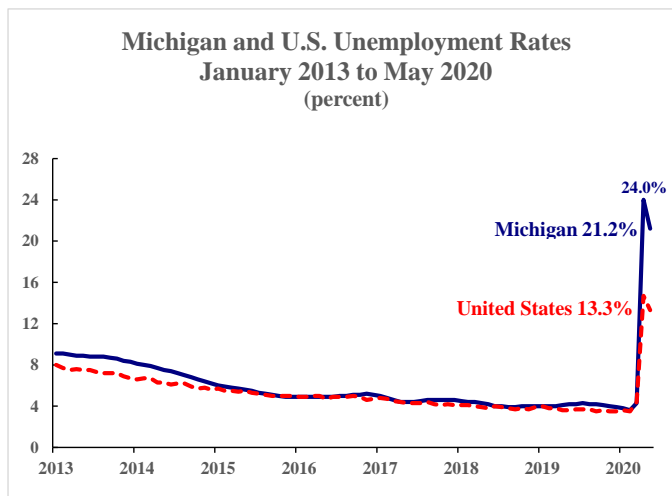
Employment Declines by Major Industry

- Among the major industry groups, leisure and hospitality reported the largest percentage employment decline from last May (-54.8 percent). Mining and logging employment fell 26.0 percent; manufacturing employment dropped 24.0 percent.
- While comprising 9.8 percent of May 2019 employment, leisure and hospitality accounted for 28.0 percent of Michigan’s overall employment drop from last year.
- Manufacturing accounted for 14.2 percent of last May’s employment but 17.7 percent of the employment decline from last year

May 2020 Summary

Unemployment Rates Retreat Slightly from Record High Page 2

- The ongoing COVID-19 pandemic continued to weigh heavily on Michigan’s labor market. The Michigan unemployment rate fell slightly from last month’s record high 24.0 percent rate to 21.2 percent. However, compared to a year ago, Michigan’s May 2020 unemployment rate was up 17.0 percentage points.
- Between May 2019 and May 2020, Michigan household employment fell by 976,00 persons. Despite rising 1.9 percentage points from last month’s record low 57.4 percent, the May labor force participation rate was down 2.4 percentage points from last May. The number of Michigan’s unemployed increased by 797,000 and the State’s unemployment rate rose by 17.0 percentage points.
- In May 2020, the U.S. unemployment rate also fell slightly from last month’s record high 14.7 percent to 13.3 percent. From last month, the number of employed persons rose by 3.8 million; the labor force increased by 1.7 million persons and the number of persons unemployed fell by 2.1 million.



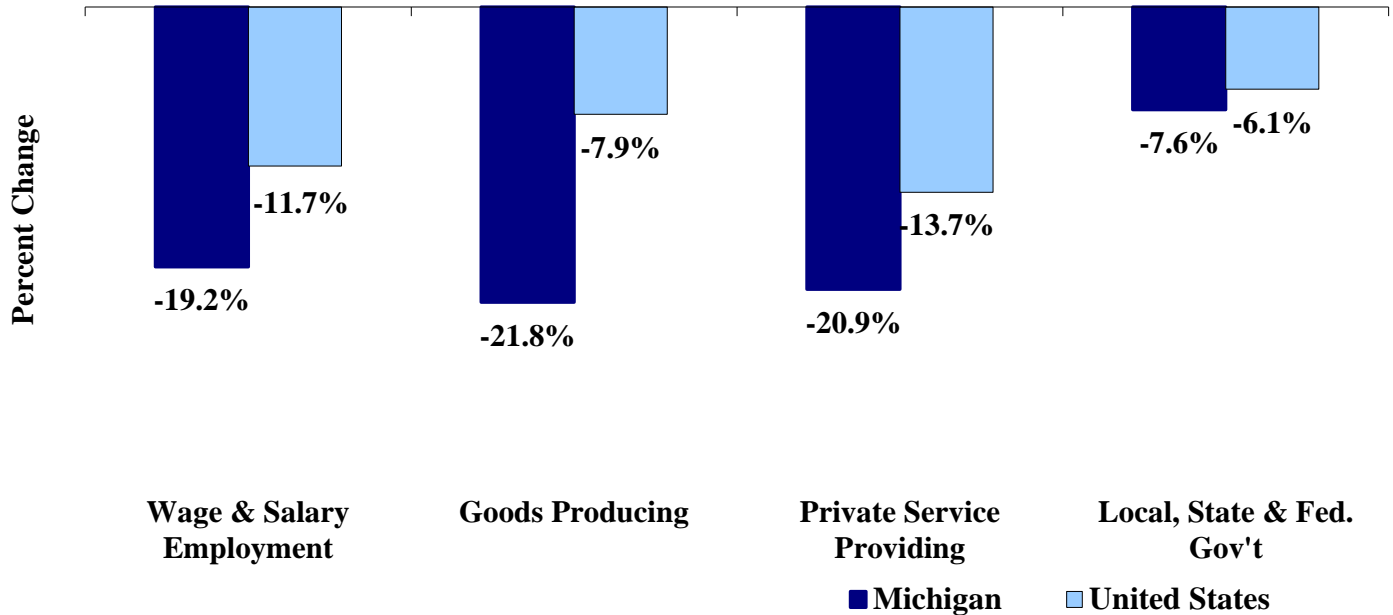
Employment by Place of Residence (in thousands)^(a)

| | <u>Annual</u> <u>2019</u> | <u>Mar</u> <u>2019</u> | <u>Apr</u> <u>2019</u> | <u>May</u> <u>2020</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 | 4,903 | 4,592 | 4,751 | 159 | 3.5% | -179 | -3.6% | 4,749 |
| Employed | 4,699 | 4,694 | 3,489 | 3,745 | 256 | 7.3% | -976 | -20.7% | 3,976 |
| Unemployed | 203 | 209 | 1,103 | 1,006 | -97 | -8.8% | 797 | 380.5% | 773 |
| Unemployment Rate | 4.1% | 4.3% | 24.0% | 21.2% | n.a. | -2.8% pts | n.a. | 17.0% pts | 16.5% |
| United States | | | | | | | | | |
| Labor Force | 162,075 | 162,913 | 156,481 | 158,227 | 1,746 | 1.1% | -4,555 | -2.8% | 159,207 |
| Employed | 155,761 | 155,772 | 133,403 | 137,242 | 3,839 | 2.9% | -19,602 | -12.5% | 142,139 |
| Unemployed | 6,314 | 7,140 | 23,078 | 20,985 | -2,093 | -9.1% | 15,047 | 253.4% | 17,068 |
| Unemployment Rate | 3.9% | 4.4% | 14.7% | 13.3% | n.a. | -1.4% pts | n.a. | 9.7% pts | 10.8% |

Employment by Place of Work (Payroll)

- While regaining a net 178,200 jobs from April's record 1.0 million jobs monthly loss from the ongoing pandemic, Michigan payroll employment in May 2020 was 1.0 million jobs below its May 2019 level. Nationally, May 2020 payroll employment was down 17.7 million (-11.7 percent) from a year ago. The national economy regained 2.5 million jobs in May after losing a record 20.7 million jobs in April.

Payroll Employment Growth



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

- In the goods-producing sector, Michigan payroll employment dropped 21.8 percent in May from a year ago; employment in the private service-providing sector declined 20.9 percent. From a year ago, May national payroll employment fell 7.9 percent in the goods-producing sector and decreased 13.7 percent in the private service-providing sector.
- At 38.3 hours, manufacturing weekly hours in Michigan were down sharply (-3.8 hours) from last year.

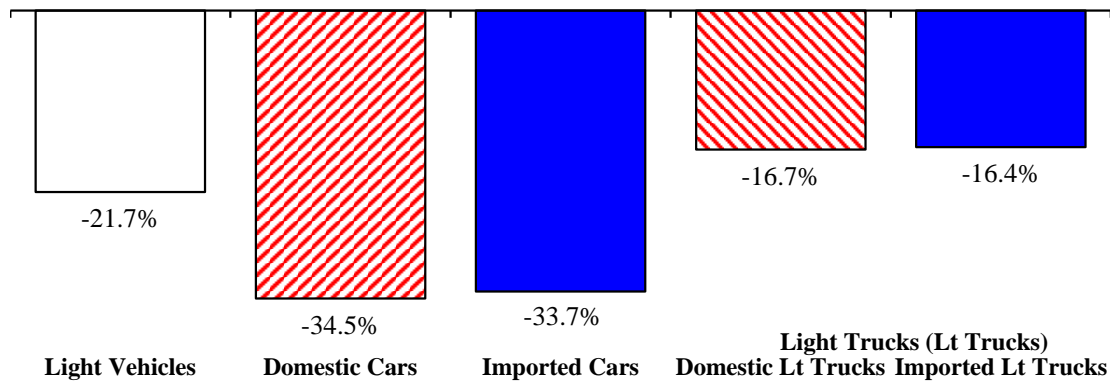
Wage and Salary (Payroll) Employment (in thousands)^(b)

| | MI | | | | US | | | |
|----------------------------|-------------|-------------|-------------|----------------|-------------|-------------|-------------|----------------|
| | 2019 Annual | MI May 2019 | MI May 2020 | Percent Change | 2019 Annual | US May 2019 | US May 2020 | Percent Change |
| Wage & Salary Employment | 4,432.6 | 4,429.3 | 3,579.3 | -19.2% | 148,908 | 150,577 | 132,912 | -11.7% |
| Goods Producing | 808.0 | 806.6 | 630.7 | -21.8% | 20,704 | 21,050 | 19,382 | -7.9% |
| Manufacturing | 627.2 | 627.2 | 476.6 | -24.0% | 12,688 | 12,829 | 11,707 | -8.7% |
| Private Service Providing | 3,011.4 | 3,009.3 | 2,381.8 | -20.9% | 105,750 | 106,976 | 92,350 | -13.7% |
| Trade, Trans. & Utilities | 795.9 | 794.4 | 691.8 | -12.9% | 27,607 | 27,667 | 24,866 | -10.1% |
| Services | 1,935.8 | 1,936.4 | 1,422.1 | -26.6% | 66,714 | 67,729 | 56,310 | -16.9% |
| Local, State & Fed. Gov't | 613.3 | 613.4 | 566.8 | -7.6% | 22,455 | 22,551 | 21,180 | -6.1% |
| Manufacturing Weekly Hours | 43.3 | 42.1 | 38.3 | -3.8 hrs | 42.2 | 41.5 | 39.4 | -2.1 hrs |

Motor Vehicle Sales Partially Recover in May

- After dropping to a near 50-year low in April 2020 because of COVID-19, U.S. light vehicle sales partially recovered in May but were still 29.8 percent below year-ago sales. In May 2020, the annualized sales rate equaled 12.2 million units.
- U.S. sales of domestic light vehicles declined 32.9 percent from last May while foreign sales dropped 18.7 percent. The foreign share of U.S. light vehicle sales increased 3.5 percentage points to 25.5 percent in May 2020.
- Auto sales decreased 44.9 percent compared to last May, while light truck sales were down 16.6 percent from May 2019. Year-over-year (y-o-y), heavy truck sales dropped 32.8 percent from last May.
- Year-to-date light vehicle sales through first five months of the year were down 21.7 percent.

Year-to-Date Light Vehicle Sales Down Sharply from Last Year



Motor Vehicle Sales Statistics

(Millions, Seasonally Adjusted Rates, unless otherwise specified)

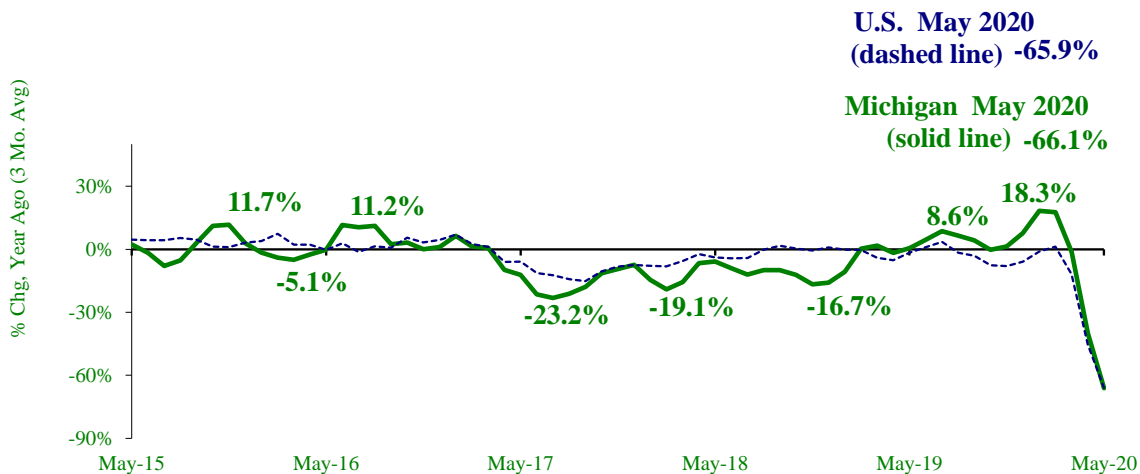
| | 2019 <u>Total</u> | Mar <u>2020</u> | Apr <u>2020</u> | May <u>2020</u> | 3 Month <u>Average</u> | May Chg fr Yr Ago <u>Level</u> | May Chg fr Yr Ago <u>%</u> |
|------------------------------------------|----------------------|--------------------|--------------------|--------------------|---------------------------|-----------------------------------------|-------------------------------------|
| Motor Vehicle Sales^(c) | | | | | | | |
| Autos | 4.7 | 2.9 | 2.0 | 2.7 | 2.5 | (2.2) | -44.9% |
| Domestics | 3.5 | 2.3 | 1.5 | 1.9 | 1.9 | (1.7) | -46.3% |
| Imports | 1.2 | 0.6 | 0.5 | 0.7 | 0.6 | (0.5) | -40.6% |
| Import Share | 24.8% | 21.4% | 23.7% | 27.7% | 24.2% | 2.0% pts | |
| Light Trucks | 12.2 | 8.5 | 6.7 | 9.6 | 8.3 | (3.0) | -24.0% |
| Domestics | 9.6 | 6.8 | 5.2 | 7.2 | 6.4 | (2.8) | -28.0% |
| Imports | 2.6 | 1.7 | 1.5 | 2.4 | 1.9 | (0.2) | -8.3% |
| Import Share | 21.4% | 20.0% | 22.3% | 24.9% | 22.5% | 4.3% pts | |
| Total Light Vehicles | 17.0 | 11.4 | 8.7 | 12.2 | 10.8 | (5.2) | -29.8% |
| Heavy Trucks | 0.5 | 0.4 | 0.3 | 0.4 | 0.4 | (0.2) | -32.8% |
| Total Vehicles | 17.5 | 11.8 | 9.1 | 12.6 | 11.1 | (5.4) | -29.8% |

Retail Inventories, Motor Vehicle and Parts Dealers (billions of dollars) ^(d)

| | 2019 <u>Average</u> | Feb-20 <u>Feb-20</u> | Mar-20 <u>Mar-20</u> | Apr-20 <u>Apr-20</u> | 3 Month <u>Average</u> | Chg fr Year Ago <u>Level</u> | Chg fr Year Ago <u>%</u> |
|-----------------------|------------------------|-------------------------|-------------------------|-------------------------|---------------------------|------------------------------------|--------------------------------|
| Inventories | \$243.1 | \$228.9 | \$239.9 | \$219.7 | \$229.5 | -\$22.9 | -9.4% |
| Inventory/Sales Ratio | 2.33 | 2.18 | 3.08 | 3.21 | 2.82 | 0.86 | |

- After coming to a standstill in April because of the ongoing pandemic, motor vehicle production partially restarted in May with 54,703 vehicles produced in Michigan and 307,608 vehicles produced nationally. In contrast, however, last May, Michigan vehicle production totaled 181,198 and national production equaled 994,179.
- In May 2020, car production totaled 3,729 and truck production equaled 50,974 compared with last May when Michigan produced 24,616 cars and 156,582 trucks. Nationally, 69,912 cars and 237,696 trucks were produced this May – compared with last May’s U.S. car production of 245,112 and last May’s national truck production of 749,607.
- With weak production in March, little to no production in April and poor production levels in May, the three-month average of vehicle production fell severely with Michigan’s three-month average production down 66.1 percent from last year and U.S. three-month average production off 65.9 percent from last year.

Michigan Three-Month Average Vehicle Production Plummets from Last Year



Motor Vehicle Production Statistics

(Thousands, unless otherwise specified)

| | 2019 Monthly Average | Mar 2020 | Apr 2020 | May 2020 | 3 Month Average | May Level Chg fr Yr Ago | May % Chg fr Yr Ago |
|-------------------------------------------|----------------------------|-------------|-------------|-------------|--------------------|-------------------------------|---------------------------|
| U.S. Production ^(e) | | | | | | | |
| Autos | 214.8 | 154.0 | 0.7 | 69.9 | 74.9 | (175.2) | -71.5% |
| Trucks | 677.1 | 530.7 | 0.4 | 237.7 | 256.3 | (511.4) | -68.3% |
| Total | 891.9 | 684.6 | 1.1 | 307.6 | 331.1 | (686.6) | -69.1% |
| Michigan Production ^(f) | | | | | | | |
| Autos | 20.2 | 13.1 | - | 3.7 | 5.6 | (20.9) | -84.9% |
| Trucks | 139.3 | 111.7 | 0.0 | 51.0 | 54.2 | (105.6) | -67.4% |
| Total | 159.5 | 124.9 | 0.0 | 54.7 | 59.9 | (126.5) | -69.8% |
| Michigan as % of U.S. | 17.9% | 18.2% | 0.1% | 17.8% | 18.1% | -0.4% pts | |

U.S. Economic Conditions

| | <u>Feb-20</u> | <u>Mar-20</u> | <u>Apr-20</u> | <u>May-20</u> | <u>Change from Year Ago</u> |
|--------------------------------------------------------------------|---------------|---------------|---------------|---------------|-------------------------------------------|
| KEY ECONOMIC INDICATORS | | | | | |
| Consumer Sentiment ^(h) | 101.0 | 89.1 | 71.8 | 72.3 | -27.7 points |
| ISM Manufacturing Index ⁽ⁱ⁾ | 50.1 | 49.1 | 41.5 | 43.1 | -9.2 points |
| ISM Non Manufacturing Index ⁽ⁱ⁾ | 57.3 | 52.5 | 41.8 | 45.4 | -10.9 points |
| | <u>2019.2</u> | <u>2019.3</u> | <u>2019.4</u> | <u>2020.1</u> | |
| Business Executives' Confidence ⁽ⁱ⁾ | 43.0 | 34.0 | 43.0 | 36.0 | -6.0 points |
| INFLATION ^(k) | | | | | |
| 1982-84 = 100 (CPI) | <u>Feb-20</u> | <u>Mar-20</u> | <u>Apr-20</u> | <u>May-20</u> | <u>Change from Year Ago</u> |
| Nov 2009 = 100 (PPI) | | | | | |
| U.S. Consumer Price Index | 258.7 | 258.1 | 256.4 | 256.4 | 0.1% |
| Detroit CPI | 238.6 | NA | 232.1 | NA | -0.8% |
| U.S. Producer Price Index | 118.6 | 118.5 | 117.1 | 117.6 | -0.8% |
| INTEREST RATES | | | | | |
| 90 Day T-Bill ^(l) | 1.52% | 0.29% | 0.14% | 0.13% | -2.22% points |
| 10 Year Treasury Securities ^(l) | 1.50% | 0.87% | 0.66% | 0.67% | -1.73% points |
| INDUSTRIAL PRODUCTION ^(l) | | | | | |
| | 109.4 | 104.4 | 91.3 | 92.6 | -15.3% |
| CAPACITY UTILIZATION ^(l) | | | | | |
| | 76.8% | 73.2% | 64.0% | 64.8% | -13.0% points |
| RETAIL SALES ^(d) | | | | | |
| | \$527.3 | \$483.9 | \$412.6 | \$485.5 | -6.1% |
| HOUSING STARTS and SALES | | | | | |
| (Millions Annual Rate) | <u>Feb-20</u> | <u>Mar-20</u> | <u>Apr-20</u> | <u>May-20</u> | <u>% Change From Year Ago</u> |
| Housing Starts ^(d) | 1.567 | 1.269 | 0.934 | 0.974 | -23.2% |
| Existing Home Sales ^(m) | 5.760 | 5.270 | 4.330 | 3.910 | -26.6% |
| DURABLE GOODS ORDERS ^(d) | | | | | |
| | \$246.2 | \$205.0 | \$167.8 | \$194.4 | -17.9% |
| PERSONAL INCOME ^(c) | | | | | |
| (Billions, Seasonally Adj & Annualized) | <u>2019.2</u> | <u>2019.3</u> | <u>2019.4</u> | <u>2020.1</u> | <u>% Change From Year Ago</u> |
| Michigan | \$500.5 | \$504.4 | \$508.9 | \$508.5 | 2.7% |
| U.S. | \$18,550.2 | \$18,677.2 | \$18,844.9 | \$18,953.1 | 3.3% |
| GROSS DOMESTIC PRODUCT ^(c) | | | | | |
| (Billions of Chained 2012 Dollars, Seasonally Adj & Annualized) | <u>2019.2</u> | <u>2019.3</u> | <u>2019.4</u> | <u>2020.1</u> | <u>Annualized % Chg From Last Qtr</u> |
| | \$19,021.9 | \$19,121.1 | \$19,222.0 | \$18,974.7 | -5.0% |

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) Bureau of Economic Analysis, U.S. Department of Commerce.
- (d) Bureau of the Census, U.S. Department of Commerce. Seasonally adjusted.
- (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. 2012 equals 100. Treasury bill rate (secondary market).
- (m) National Association of Realtors.