



# MICHIGAN ECONOMIC UPDATE

Office of Revenue and Tax Analysis  
Michigan Department of Treasury

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

## March 2015 Summary

**U.S. Economy:** Real GDP grew at only a 0.2 percent annual rate in the first quarter of 2015. Recent broad U.S. economic indicators point to continued, but modest, national economic growth. Consumer sentiment fell 2.4 points from February but was up 13.0 points from last March. The Institute for Supply Management (ISM) reported that March 2015 marked the 70<sup>th</sup> consecutive month of growth in the overall U.S. economy. Industrial production grew only 2.0 percent between March 2014 and March 2015. Capacity utilization was off 0.7 percentage point from March 2014. Retail sales were up only 1.3 percent from March 2014. Housing starts were down 2.5 percent from a year ago, but existing home sales rose 10.4 percent from last March.

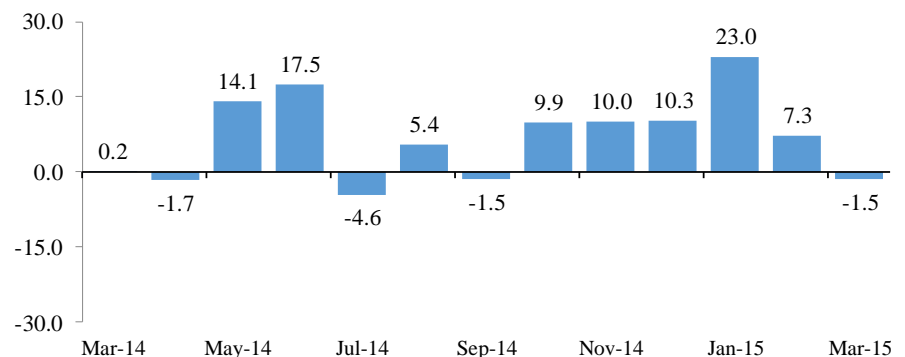
**Employment:** Between March 2014 and March 2015, Michigan payroll employment gained a net 88,200 jobs. Compared to February 2015, Michigan payroll employment in March was down 1,500 jobs. At 5.6 percent, Michigan's March 2015 unemployment rate represented the State's lowest unemployment rate since August 2001. The March 2015 Michigan unemployment rate was down 0.3 of a percentage point from February and was down 2.0 percentage points from March 2014. At 5.5 percent, the U.S. unemployment rate was down 1.1 percentage points from March 2014. National payroll employment was up 126,000 jobs in March 2015 from February 2015. Over the last year, U.S. employment increased 3.1 million jobs (2.3 percent).

**Auto Industry:** The March 2015 U.S. light vehicle annual sales rate of 17.1 million units was up 3.8 percent from a year ago. Between March 2014 and March 2015, Michigan vehicle production rose 3.5 percent while national vehicle production was up 0.4 percent. Compared to a year ago, Michigan's share of national vehicle production increased 0.7 percentage point to 21.3 percent.

**Inflation:** In March 2015, the overall U.S. consumer price index (CPI) was down 0.1 percent from March 2014. The U.S. producer price index decreased 3.3 percent from last year. The core U.S. CPI rose 1.8 percent. The price of oil in March fell \$52.98 per barrel from last year to \$47.82 per barrel.

**Michigan Metro Areas:** Compared to a year-ago, March 2015 unemployment rates fell in all of Michigan's 17 major labor markets and in all the State's 83 counties. Employment rose in all Michigan major labor market areas.

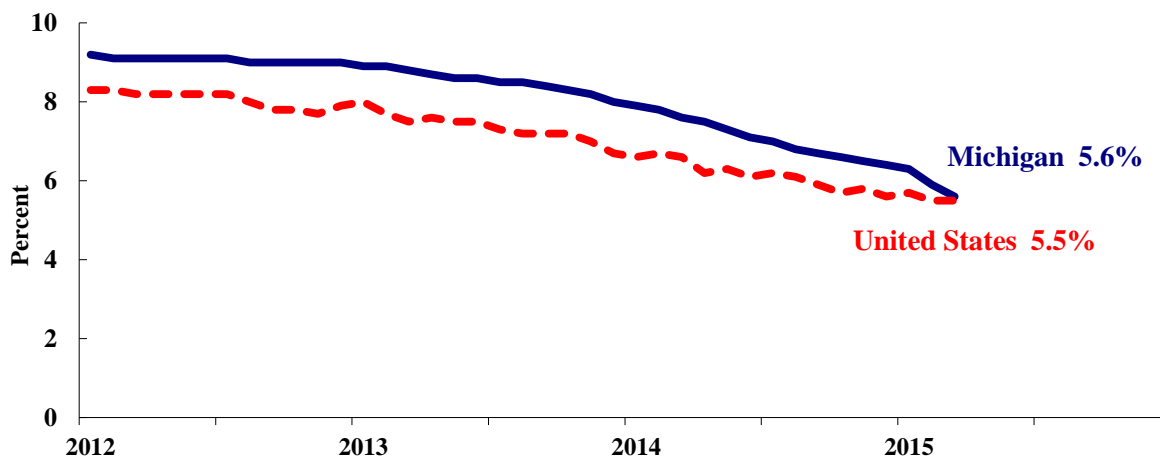
**Michigan Payroll Employment Declines Slightly in March**  
(Seasonally Adjusted) <sup>(a)</sup>



### Labor Market Statistics

- Michigan’s March unemployment rate decreased 0.3 percentage point from last month to 5.6 percent – the State’s lowest monthly unemployment rate since August 2001. The March 2015 Michigan unemployment rate was down 2.0 percentage points from a year ago. The March U.S. unemployment rate was unchanged from February at 5.5 percent and was down 1.1 percentage points from a year ago. Thus, in March 2015, the Michigan unemployment rate was only 0.1 percentage point higher than the U.S. rate. Monthly unemployment rates fluctuate in part due to statistical sampling errors and data revisions.

**Michigan and U.S. Monthly Unemployment Rates  
March 2012 to March 2015**



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

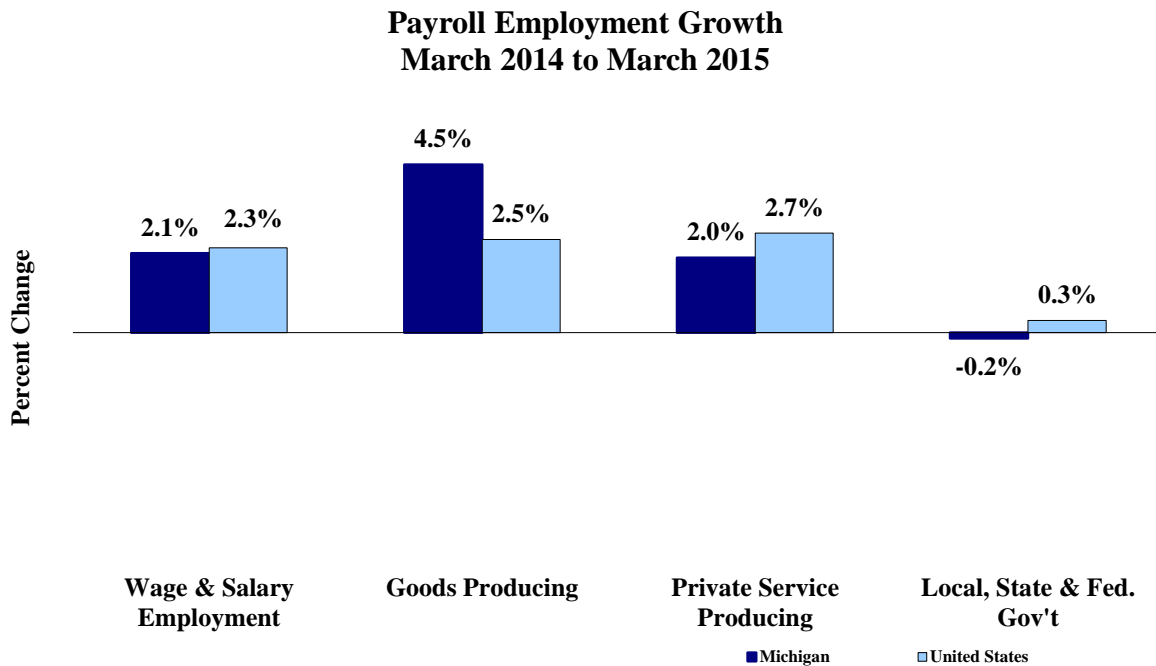
- In March, the total number of people employed in Michigan increased 2,000 from last month to 4,479,000 persons, while the labor force fell by 12,000 persons. The statewide total number of unemployed declined 15,000 to 267,000.
- United States employment totaled 148.3 million persons in March. The labor force totaled 156.9 million and there were 8.6 million unemployed in March 2015.

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

|                      | 2014<br>Average | Jan<br>2015 | Feb<br>2015 | Mar<br>2015 | Change From |           |           |           |
|----------------------|-----------------|-------------|-------------|-------------|-------------|-----------|-----------|-----------|
|                      |                 |             |             |             | Prior Month |           | Last Year |           |
|                      |                 |             |             |             | Level       | %         | Level     | %         |
| <b>Michigan</b>      |                 |             |             |             |             |           |           |           |
| Labor Force          | 4,750           | 4,763       | 4,758       | 4,746       | -12         | -0.3%     | -5        | -0.1%     |
| Employed             | 4,402           | 4,464       | 4,477       | 4,479       | 2           | 0.1%      | 90        | 2.1%      |
| Unemployed           | 348             | 299         | 281         | 267         | -15         | -5.2%     | -96       | -26.4%    |
| Unemployment Rate    | 7.3%            | 6.3%        | 5.9%        | 5.6%        | n.a.        | -0.3% pts | n.a.      | -2.0% pts |
| <b>United States</b> |                 |             |             |             |             |           |           |           |
| Labor Force          | 155,922         | 157,180     | 157,002     | 156,906     | -96         | -0.1%     | 726       | 0.5%      |
| Employed             | 146,305         | 148,201     | 148,297     | 148,331     | 34          | 0.0%      | 2,535     | 1.7%      |
| Unemployed           | 9,617           | 8,979       | 8,705       | 8,575       | -130        | -1.5%     | -1,809    | -17.4%    |
| Unemployment Rate    | 6.2%            | 5.7%        | 5.5%        | 5.5%        | n.a.        | 0.0% pts  | n.a.      | -1.1% pts |

## Employment by Place of Work (Payroll)

- From March 2014 to March 2015, Michigan payroll employment increased 88,200 (2.1 percent). State payroll employment decreased by 1,500 jobs in March from February. Nationally, March 2015 payroll employment rose 3,128,000 (2.3 percent) from a year ago and was up 126,000 from last month.



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

- In the goods-producing sector, Michigan payroll employment increased 4.5 percent in March from a year ago while employment in the private service-producing sector increased 2.0 percent. From a year ago, March national payroll employment rose 2.5 percent in the goods-producing sector and increased 2.7 percent in the private service-producing sector.
- Manufacturing weekly hours in Michigan increased by 0.2 hour in March compared to last year.

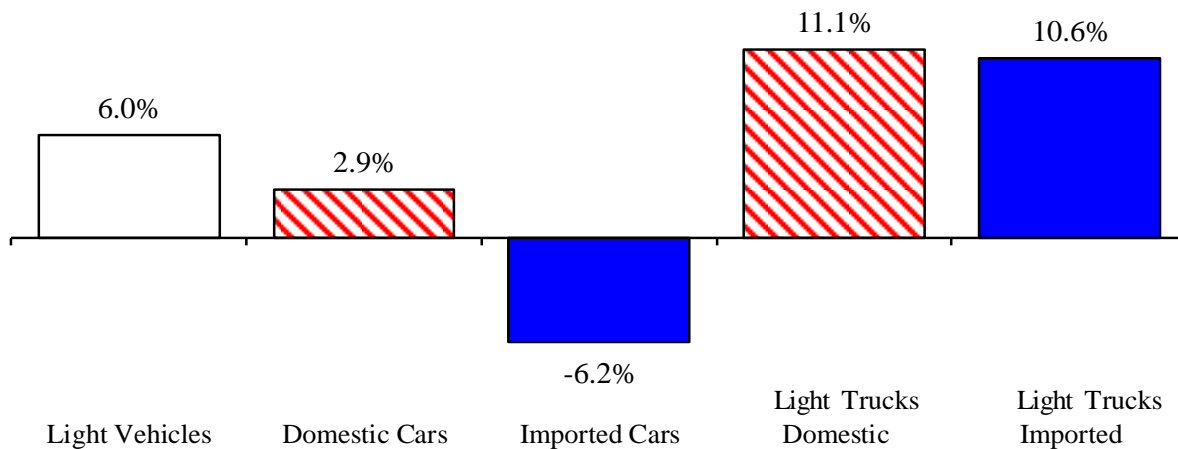
### Wage and Salary (Payroll) Employment (in thousands)<sup>(b)</sup>

|                            | Michigan        |             |             |                   | United States   |             |             |                   |
|----------------------------|-----------------|-------------|-------------|-------------------|-----------------|-------------|-------------|-------------------|
|                            | 2014<br>Average | Mar<br>2014 | Mar<br>2015 | Percent<br>Change | 2014<br>Average | Mar<br>2014 | Mar<br>2015 | Percent<br>Change |
| Wage & Salary Employment   | 4,179.7         | 4,158.2     | 4,246.4     | 2.1%              | 139,042         | 138,055     | 141,183     | 2.3%              |
| Goods Producing            | 725.6           | 719.5       | 751.8       | 4.5%              | 19,223          | 19,073      | 19,547      | 2.5%              |
| Manufacturing              | 575.9           | 573.0       | 590.7       | 3.1%              | 12,188          | 12,131      | 12,319      | 1.5%              |
| Private Service Producing  | 2,858.8         | 2,842.9     | 2,899.7     | 2.0%              | 97,957          | 97,156      | 99,738      | 2.7%              |
| Trade, Trans. & Utilities  | 757.3           | 753.8       | 764.0       | 1.4%              | 26,384          | 26,190      | 26,797      | 2.3%              |
| Services                   | 1,839.7         | 1,828.7     | 1,872.4     | 2.4%              | 60,854          | 60,310      | 62,076      | 2.9%              |
| Local, State & Fed. Gov't  | 595.4           | 595.8       | 594.9       | -0.2%             | 21,863          | 21,826      | 21,898      | 0.3%              |
| Manufacturing Weekly Hours | 43.9            | 43.9        | 44.1        | 0.2 hrs           | 42.0            | 42.0        | 41.8        | -0.2 hrs          |

## Motor Vehicle Industry Sales

- March 2015 U.S. light vehicle sales were up 5.5 percent from February. At 17.1 million units, March 2015 U.S. light vehicle sales were up 3.8 percent from March 2014.
- March 2015 marks the 11<sup>th</sup> 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 29 months.
- U.S. sales of domestic light vehicles increased 4.5 percent between March 2014 and March 2015, while foreign sales were up 1.4 percent over the same period. Consequently, the foreign share of U.S. light vehicle sales fell 0.5 percentage point to 21.7 percent between March 2014 and March 2015.
- Auto sales decreased 1.0 percent compared to last March, while light truck sales were up 8.0 percent from March 2014. Year-over-year, heavy truck sales rose 15.1 percent.

### Year-to-Date March 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    | Jan   | Feb   | Mar   | 3 Month | Change from Year Ago |       |
|------------------------------------|---------|-------|-------|-------|---------|----------------------|-------|
|                                    | Average | 2015  | 2015  | 2015  | Average | Level                | %     |
| Autos                              | 7.7     | 7.3   | 7.0   | 7.5   | 7.3     | 0.4                  | 5.1%  |
| Domestics                          | 5.6     | 5.4   | 5.1   | 5.4   | 5.3     | 0.3                  | 5.9%  |
| Imports                            | 2.1     | 1.9   | 1.9   | 2.1   | 2.0     | 0.1                  | 3.4%  |
| Import Share                       | 27.2%   | 26.0% | 26.7% | 28.2% | 27.0%   | -0.5% pts            |       |
| Light Trucks                       | 8.7     | 9.2   | 9.1   | 9.6   | 9.3     | 1.4                  | 16.5% |
| Domestics                          | 7.4     | 7.9   | 7.7   | 8.0   | 7.8     | 1.1                  | 15.8% |
| Imports                            | 1.4     | 1.3   | 1.5   | 1.6   | 1.5     | 0.3                  | 20.2% |
| Import Share                       | 15.5%   | 14.6% | 15.9% | 16.6% | 15.7%   | 0.5% pts             |       |
| Total Light Vehicles               | 16.4    | 16.6  | 16.2  | 17.1  | 16.6    | 1.7                  | 11.2% |
| Heavy Trucks                       | 0.4     | 0.4   | 0.4   | 0.4   | 0.4     | 0.1                  | 17.2% |
| Total Vehicles                     | 16.8    | 17.0  | 16.6  | 17.5  | 17.0    | 1.8                  | 11.3% |

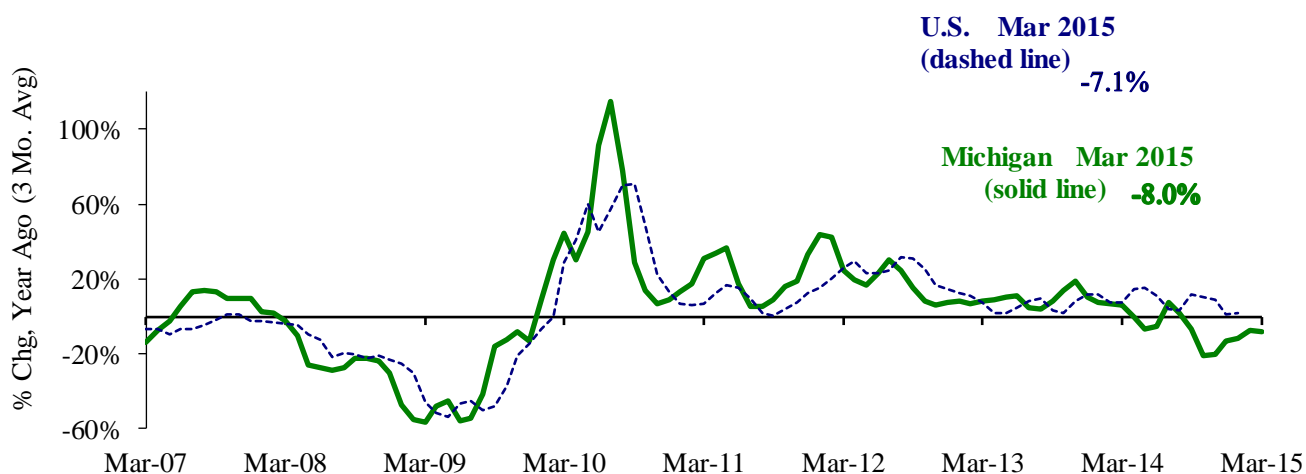
### Retail Inventories, Motor Vehicle and Parts Dealers<sup>(d)</sup> (billions of dollars)

|                       | 2014    | Dec-14  | Jan-15  | Feb-15  | 3 Month | Change from Year Ago |      |
|-----------------------|---------|---------|---------|---------|---------|----------------------|------|
|                       | Average |         |         |         | Average | Level                | %    |
| Inventories           | \$184.4 | \$187.2 | \$180.6 | \$187.4 | \$185.1 | \$7.6                | 4.2% |
| Inventory/Sales Ratio | 2.09    | 2.07    | 2.05    | 2.10    | 2.07    | -0.04                |      |

### Motor Vehicle Industry Production

- At 224,937 units, March 2015 Michigan motor vehicle production was 3.5 percent higher than March 2014. National production increased 0.4 percent from last March. The three-month average of vehicle production (January 2015-March 2015) was down 8.0 percent in Michigan and down 7.1 percent nationally, compared to a year ago.
- In March 2015, Michigan car production was up 21.5 percent from a year ago while State truck production fell 5.1 percent. Nationally, car production increased 3.5 percent while U.S. truck production decreased 1.4 percent.
- Michigan’s share of national vehicle production rose 0.7 percentage point to 21.3 percent in March 2015 from the year-ago level. Michigan’s share of U.S. car production was up 3.3 percentage points to 22.0 percent. Michigan’s share of U.S truck production fell 0.8 percentage point to 20.9 percent.

### Michigan and U.S. Motor Vehicle Production’s Trend Rate of Growth Remains Negative <sup>(e,f)</sup>



### Motor Vehicle Production Statistics

(Thousands, unless otherwise specified)

|   | 2014            |          |          |          |                 | Change from Year Ago for the Month |       |
|---|-----------------|----------|----------|----------|-----------------|------------------------------------|-------|
|   | Monthly Average | Jan 2015 | Feb 2015 | Mar 2015 | 3 Month Average | Level                              | %     |
| <b>U.S. Production <sup>(e)</sup></b>     |                 |          |          |          |                 |                                    |       |
| Autos                                     | 369.1           | 346.6    | 366.9    | 391.2    | 368.2           | 13.2                               | 3.5%  |
| Trucks                                    | 619.3           | 568.9    | 610.4    | 663.5    | 614.3           | (9.1)                              | -1.4% |
| Total                                     | 988.4           | 915.6    | 977.3    | 1,054.7  | 982.5           | 4.0                                | 0.4%  |
| <b>Michigan Production <sup>(f)</sup></b> |                 |          |          |          |                 |                                    |       |
| Autos                                     | 69.9            | 68.5     | 75.7     | 86.0     | 76.7            | 15.2                               | 21.5% |
| Trucks                                    | 126.5           | 106.7    | 122.5    | 138.9    | 122.7           | (7.5)                              | -5.1% |
| Total                                     | 196.5           | 175.2    | 198.1    | 224.9    | 199.4           | 7.7                                | 3.5%  |
| Michigan as % of U.S.                     | 19.9%           | 19.1%    | 20.3%    | 21.3%    | 20.3%           | 0.7% pts                           |       |

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

March 2015 local area unemployment rates ranged from a low of 3.5 percent in the Ann Arbor Metropolitan Statistical Area (MSA) to a high of 10.0 percent in Northeast Lower Michigan. The median March 2015 unemployment rate was 5.5 percent, which is down sharply from last March’s 8.2 percent median rate.

Compared to a year ago, the March unemployment rate fell in all of Michigan’s 17 labor market areas. Northeast Lower Michigan reported the largest rate decrease of 3.8 percentage points, followed by the Detroit-Warren-Livonia MSA with a reported decline of 3.4 percentage points. The Ann Arbor MSA saw the smallest rate decline (1.7 percentage points).

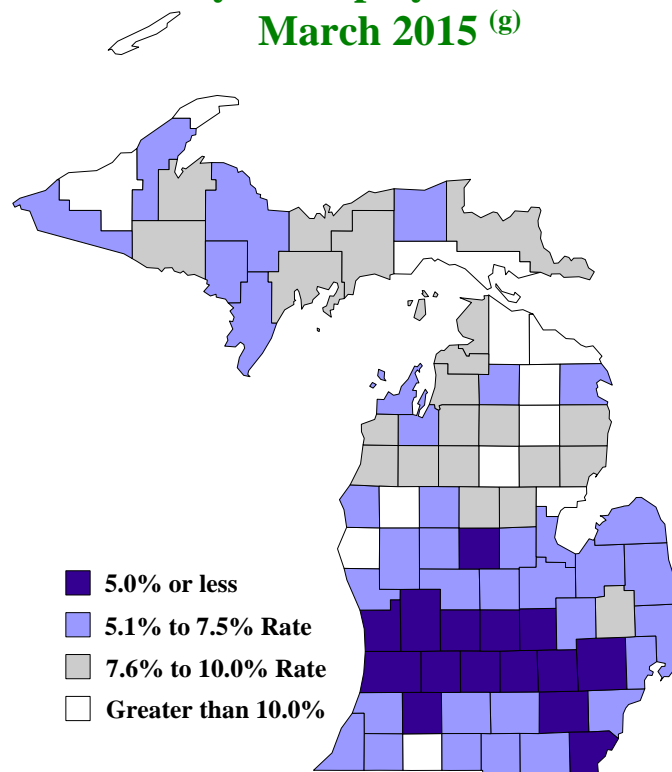
Between March 2014 and March 2015, employment rose in all of Michigan’s 17 labor market areas. The median employment increase was 2.2 percent. The Grand Rapids-Wyoming MSA reported the largest year-over-year employment increase (3.8 percent), followed by the Battle-Creek MSA with a 3.5 percent increase. The Detroit-Warren-Livonia MSA reported the smallest year-over-year increase (0.5 percent). The labor force fell in 11 labor market areas, rose in five areas and was unchanged in one area. The Grand Rapids-Wyoming MSA reported the largest percent increase in labor force (1.7 percent), followed by the Battle Creek MSA (1.4 percent). The Detroit-Warren-Livonia MSA saw the largest labor force decline (-3.1 percent), followed by Northeast Lower Michigan (-2.1 percent).

Between March 2014 and March 2015, the unemployment rate fell in all of Michigan’s 83 counties. The median March 2015 rate decline was 2.9 percentage points. Alcona County posted the largest rate decrease at 5.1 percentage points, followed by Oscoda County and Mackinac County (4.6 percentage points each). In March 2015, the unemployment rate was below 10.0 percent in 71 of Michigan’s 83 counties. In March 2014, 43 counties had an unemployment rate below 10.0 percent.

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

| <u>Local Area</u>        | <u>Mar 2014 Rate</u> | <u>Feb 2015 Rate</u> | <u>Mar 2015 Rate</u> |
|--------------------------|----------------------|----------------------|----------------------|
| Michigan                 | 8.5%                 | 5.8%                 | 5.7%                 |
| Ann Arbor                | 5.2%                 | 3.4%                 | 3.5%                 |
| Battle Creek             | 7.3%                 | 5.2%                 | 5.2%                 |
| Bay City                 | 8.9%                 | 6.4%                 | 6.3%                 |
| Detroit-Warren-Livonia   | 9.4%                 | 6.3%                 | 6.0%                 |
| Flint                    | 9.1%                 | 6.2%                 | 6.3%                 |
| Grand Rapids-Wyoming     | 5.9%                 | 3.9%                 | 3.9%                 |
| Holland-Grand Haven      | 7.8%                 | 5.6%                 | 5.5%                 |
| Jackson                  | 7.2%                 | 5.0%                 | 4.9%                 |
| Kalamazoo-Portage        | 6.3%                 | 4.6%                 | 4.5%                 |
| Lansing-East Lansing     | 7.5%                 | 5.3%                 | 5.4%                 |
| Monroe                   | 6.8%                 | 4.7%                 | 4.7%                 |
| Muskegon-Norton Shores   | 8.7%                 | 6.0%                 | 5.9%                 |
| Niles-Benton Harbor      | 8.2%                 | 5.6%                 | 5.4%                 |
| Saginaw-Saginaw Township | 8.9%                 | 6.1%                 | 6.1%                 |
| Upper Peninsula          | 10.5%                | 7.7%                 | 7.8%                 |
| Northeast Lower Mich     | 13.8%                | 10.3%                | 10.0%                |
| Northwest Lower Mich.    | 10.3%                | 7.5%                 | 7.4%                 |

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



## U.S. Economic Conditions

|   | <u>Dec-14</u> | <u>Jan-15</u> | <u>Feb-15</u> | <u>Mar-15</u> | <u>Change from<br/>Year Ago</u>           |
|---|---------------|---------------|---------------|---------------|---|
| <b>KEY ECONOMIC INDICATORS</b>                    |               |               |               |               |   |
| Consumer Sentiment <sup>(h)</sup>                 | 93.6          | 98.1          | 95.4          | 93.0          | 13.0 points                               |
| ISM Manufacturing Index <sup>(i)</sup>            | 55.1          | 53.5          | 52.9          | 51.5          | -2.9 points                               |
| ISM Non Manufacturing Index <sup>(i)</sup>        | 56.5          | 56.7          | 56.9          | 56.5          | 2.8 points                                |
|   | <u>2014.2</u> | <u>2014.3</u> | <u>2014.4</u> | <u>2015.1</u> |   |
| Business Executives' Confidence <sup>(j)</sup>    | 62.0          | 59.0          | 60.0          | 57.0          | -3.0 points                               |
| <b>INFLATION <sup>(k)</sup></b>                   |               |               |               |               |   |
| <b>1982-84 = 100</b>                              | <u>Dec-14</u> | <u>Jan-15</u> | <u>Feb-15</u> | <u>Mar-15</u> | <u>Change from<br/>Year Ago</u>           |
| U.S. Consumer Price Index                         | 234.8         | 233.7         | 234.7         | 236.1         | -0.1%                                     |
| Detroit CPI                                       | 218.1         | NA            | 216.5         | NA            | -1.8%                                     |
| U.S. Producer Price Index                         | 195.6         | 191.9         | 192.1         | 193.7         | -3.3%                                     |
| <b>INTEREST RATES</b>                             |               |               |               |               |   |
| 90 Day T-Bill <sup>(l)</sup>                      | 0.03%         | 0.03%         | 0.02%         | 0.03%         | -0.02% points                             |
| Aaa Corporate Bonds <sup>(l)</sup>                | 3.79%         | 3.46%         | 3.61%         | 3.64%         | -0.74% points                             |
| <b>INDUSTRIAL PRODUCTION <sup>(l)</sup></b>       |               |               |               |               |   |
|   | 106.2         | 105.8         | 105.9         | 105.2         | 2.0%                                      |
| <b>CAPACITY UTILIZATION <sup>(l)</sup></b>        |               |               |               |               |   |
|   | 79.5%         | 79.1%         | 79.0%         | 78.4%         | -0.7% points                              |
| <b>RETAIL SALES <sup>(d)</sup></b>                |               |               |               |               |   |
|   | \$443.2       | \$439.6       | \$437.6       | \$441.4       | 1.3%                                      |
| <b>HOUSING STARTS and SALES</b>                   |               |               |               |               |   |
| (Millions Annual Rate)                            | <u>Dec-14</u> | <u>Jan-15</u> | <u>Feb-15</u> | <u>Mar-15</u> | <u>% Change From<br/>Year Ago</u>         |
| Housing Starts <sup>(d)</sup>                     | 1.081         | 1.072         | 0.908         | 0.926         | -2.5%                                     |
| Existing Home Sales <sup>(m)</sup>                | 5.070         | 4.820         | 4.890         | 5.190         | 10.4%                                     |
| <b>DURABLE GOODS ORDERS <sup>(p)</sup></b>        |               |               |               |               |   |
|   | \$229.8       | \$234.3       | \$230.9       | \$240.2       | 0.7%                                      |
| <b>PERSONAL INCOME <sup>(c)</sup></b>             |               |               |               |               |   |
| (Billions of Dollars)                             | <u>2014.1</u> | <u>2014.2</u> | <u>2014.3</u> | <u>2014.4</u> | <u>% Change From<br/>Year Ago</u>         |
| Michigan  | \$395.9       | \$401.2       | \$403.3       | \$407.3       | 4.7%                                      |
| U.S.  | \$14,459.9    | \$14,639.8    | \$14,792.8    | \$14,941.8    | 4.5%                                      |
| <b>GROSS DOMESTIC PRODUCT</b>                     |               |               |               |               |   |
| (Billions of Chained 2009 Dollars) <sup>(c)</sup> | <u>2014.2</u> | <u>2014.3</u> | <u>2014.4</u> | <u>2015.1</u> | <u>Annualized % Chg<br/>From Last Qtr</u> |
|   | \$16,010.4    | \$16,205.6    | \$16,294.7    | \$16,304.8    | 0.2%                                      |



**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.