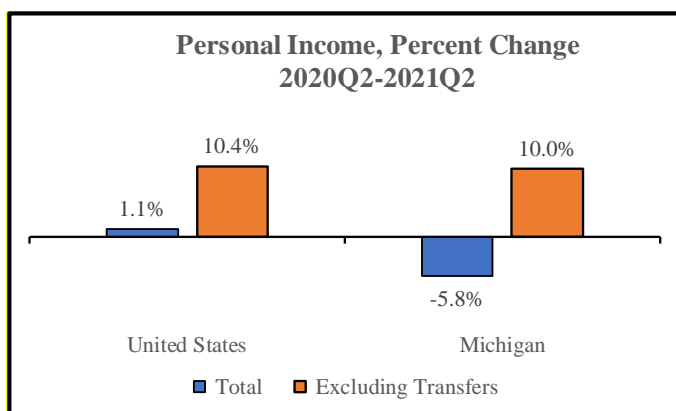


# MICHIGAN ECONOMIC UPDATE

Office of Revenue and Tax Analysis  
Michigan Department of Treasury  
<http://www.michigan.gov/treasury>  
Summarizing Economic Data for August 2021  
(Published 09/30/2021)

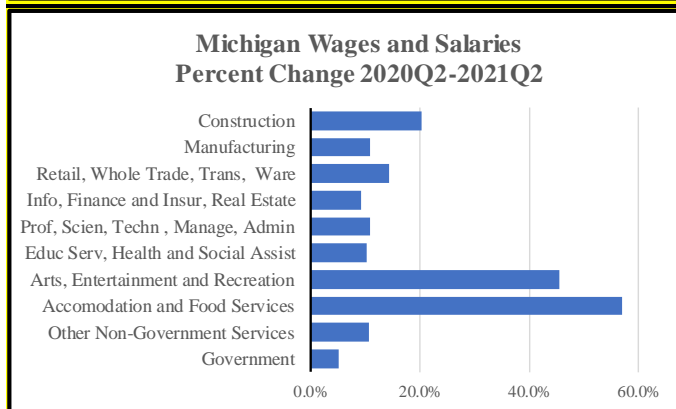
## *State Personal Income Data Release*

On September 23, 2021, the Bureau of Economic Analysis released 2021Q2 state personal income data and revised income data back to 1998. Below are some highlights of that release <sup>(c)</sup>:



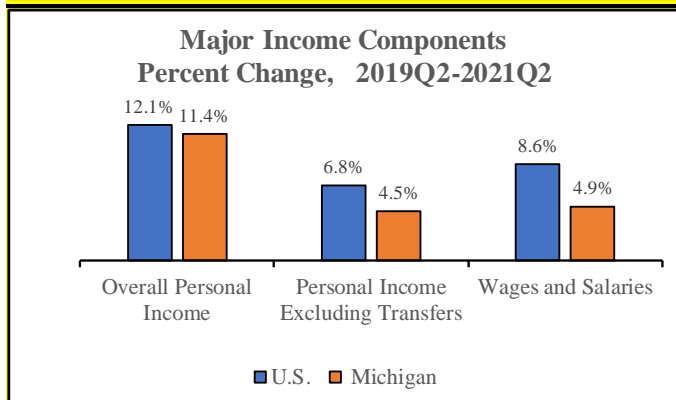
### Total Personal Income

- A year ago, the Michigan and national economies declined dramatically with the onset of the pandemic but the federal government infused billions of dollars in assistance. A year later in 2021Q2, the economy was staging a strong recovery but federal assistance was down sharply from last year.
- As a result, while total Michigan personal income, which includes transfers, fell 5.8 percent from a year ago, Michigan personal income excluding transfers rose 10.0 percent.



### Total Wage and Salary Payments

- Compared to a year ago, total Michigan wage and salary payments were up sharply overall and across sectors. Overall, total Michigan wages and salary payments were up 11.8 percent – slightly faster than 10.1 percent growth nationally.
- The industries hardest hit by the pandemic (Arts, entertainment and recreation, and Accommodation and food services) saw the sharpest recovery from 2020Q2. Total Michigan wage and salary payments in the two broad industries grew 45.5 percent and 56.9 percent year-over-year, respectively.



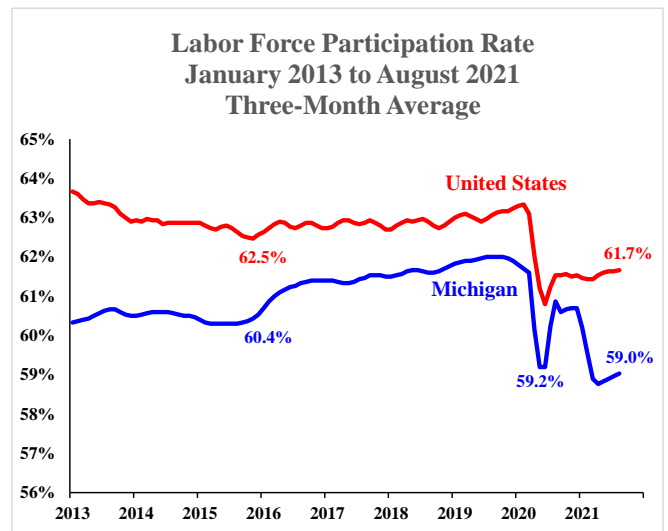
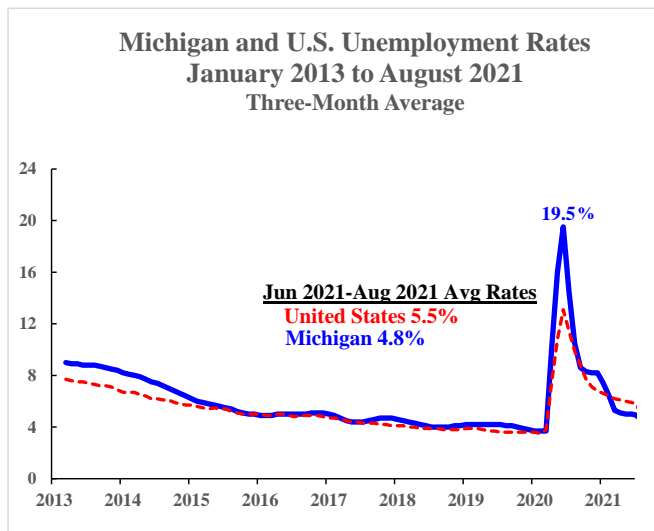
### Pre-Pandemic Comparisons

- Between 2019Q2 and 2021Q2, overall Michigan personal income was up 11.4 percent while Michigan personal income excluding transfers rose 4.5 percent. Nationally, overall personal income was up 12.1 percent and personal income excluding transfers rose 6.8 percent.
- Total Michigan wage and salary payments were up 4.9 percent between 2019Q2 and 2021Q2 compared with 8.6 percent nationally.

# August 2021 Summary

## Household Unemployment and Employment

- The monthly Michigan unemployment rate estimate fell to 4.7 percent in August. The three-month average of the Michigan unemployment rate dropped to 4.8 percent in August. Compared to last August, the three-month average is down 5.7 percentage points. Compared to pre-pandemic February 2020 average, the current average is up 1.1 percentage points.
- The average number of people employed in Michigan between June 2021-August 2021 was 260,700 lower than in February 2020. Compared to the three-month average of people employed between May 2020-July 2020, the current three-month average is up 369,400 people. The May 2021-July 2021 average of people unemployed is 47,800 people higher than the number of unemployed in February 2020.
- The U.S. unemployment rate fell 0.5 of a percentage point to 5.4 percent in June. July's national jobless rate is 4.8 percentage points lower than the July 2020 rate (10.2 percent), but 1.9 percentage points higher than its February 2020 rate (3.5 percent).
- Both the Michigan and U.S. labor force participation rates remain significantly lower than their pre-pandemic participation rates.



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

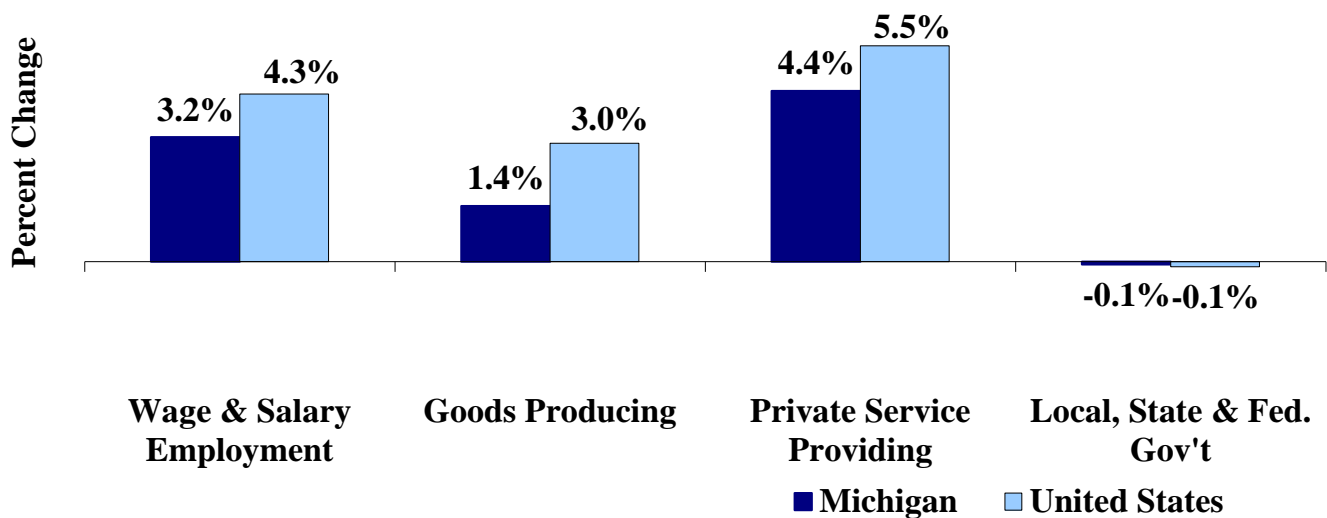
|                      | <u>Annual</u><br><u>2020</u> | <u>Jun</u><br><u>2020</u> | <u>Jul</u><br><u>2020</u> | <u>Aug</u><br><u>2021</u> | <u>Chg Fr</u><br><u>Mo Ago</u><br><u>Level</u> | <u>Chg Fr</u><br><u>Mo Ago</u><br><u>%</u> | <u>Chg Fr</u><br><u>Yr Ago</u><br><u>Level</u> | <u>Chg Fr</u><br><u>Yr Ago</u><br><u>%</u> | <u>Three</u><br><u>Month</u><br><u>Average</u> |
|----------------------|------------------------------|---------------------------|---------------------------|---------------------------|--|--|--|--|--|
| <b>Michigan</b>      |                              |                           |                           |                           |  |  |  |  |  |
| Labor Force          | 4,841                        | 4,719                     | 4,715                     | 4,726                     | 11   | 0.2%                                       | -116   | -2.4%                                      | 4,720  |
| Employed             | 4,363                        | 4,484                     | 4,488                     | 4,502                     | 14   | 0.3%                                       | 73   | 1.7%                                       | 4,491  |
| Unemployed           | 478                          | 235                       | 227                       | 224                       | -3   | -1.3%                                      | -189   | -45.7%                                     | 229  |
| Unemployment Rate    | 9.9%                         | 5.0%                      | 4.8%                      | 4.7%                      | n.a.   | -0.1% pts                                  | n.a.   | -3.8% pts                                  | 4.8%   |
| <b>United States</b> |                              |                           |                           |                           |  |  |  |  |  |
| Labor Force          | 160,742                      | 161,086                   | 161,347                   | 161,537                   | 190  | 0.1%                                       | 719  | 0.4%                                       | 161,323  |
| Employed             | 147,795                      | 151,602                   | 152,645                   | 153,154                   | 509  | 0.3%                                       | 5,878  | 4.0%                                       | 152,467  |
| Unemployed           | 12,947                       | 9,484                     | 8,702                     | 8,384                     | -318   | -3.7%                                      | -5,158   | -38.1%                                     | 8,857  |
| Unemployment Rate    | 8.1%                         | 5.9%                      | 5.4%                      | 5.2%                      | n.a.   | -0.2% pts                                  | n.a.   | -3.2% pts                                  | 5.5%   |

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

## Employment by Place of Work (Payroll)

- Compared to August 2020, Michigan payroll employment was up by 128,500 jobs (3.2 percent). State payroll employment rose by 4,700 jobs in August 2021 from July 2021. Nationally, August 2021 payroll employment was up by 6.0 million jobs (4.3 percent) from a year ago. National employment rose 235,000 jobs in August.

### Payroll Employment Growth August 2020 to August 2021



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

- In the goods-producing sector, Michigan payroll employment increased 1.4 percent in August from a year ago; employment in the private service-providing sector rose 4.4 percent. From a year ago, August national payroll employment rose 3.0 percent in the goods-producing sector and increased 5.5 percent in the private service-providing sector.
- At 41.1 hours, manufacturing weekly hours in Michigan were up 0.7 of an hour from last year.

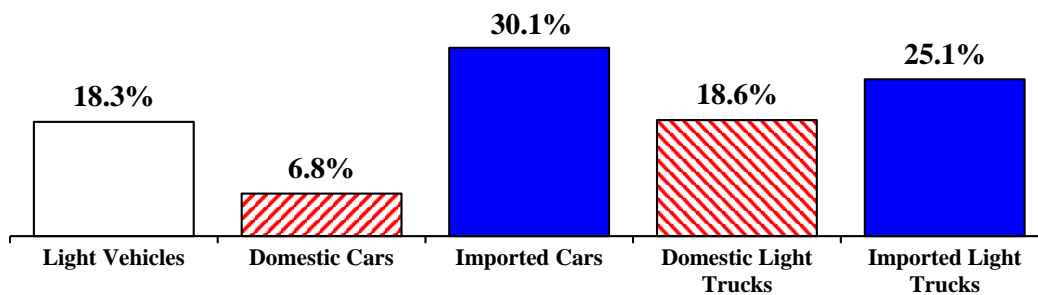
### Wage and Salary (Payroll) Employment (in Thousands)<sup>(b)</sup>

|                            | MI             |                   |                   |                   | US             |                   |                   |                   |
|----------------------------|----------------|-------------------|-------------------|-------------------|----------------|-------------------|-------------------|-------------------|
|                            | 2020<br>Annual | MI<br>Aug<br>2020 | MI<br>Aug<br>2021 | Percent<br>Change | 2020<br>Annual | US<br>Aug<br>2020 | US<br>Aug<br>2021 | Percent<br>Change |
| Wage & Salary Employment   | 4,032.5        | 4,043.5           | 4,172.0           | 3.2%              | 142,185        | 141,149           | 147,190           | 4.3%              |
| Goods Producing            | 728.5          | 745.1             | 755.7             | 1.4%              | 20,068         | 19,880            | 20,481            | 3.0%              |
| Manufacturing              | 557.1          | 568.2             | 572.6             | 0.8%              | 12,179         | 12,068            | 12,421            | 2.9%              |
| Private Service Providing  | 2,722.5        | 2,713.0           | 2,831.3           | 4.4%              | 100,209        | 99,196            | 104,664           | 5.5%              |
| Trade, Trans. & Utilities  | 746.5          | 752.3             | 778.6             | 3.5%              | 26,590         | 26,553            | 27,429            | 3.3%              |
| Services                   | 1,702.4        | 1,689.0           | 1,778.8           | 5.3%              | 62,202         | 61,352            | 65,625            | 7.0%              |
| Local, State & Fed. Gov't  | 581.5          | 585.4             | 585.0             | -0.1%             | 21,909         | 22,073            | 22,045            | -0.1%             |
| Manufacturing Weekly Hours | 40.7           | 40.4              | 41.1              | 0.7 hrs           | 40.7           | 41.1              | 41.5              | 0.4 hrs           |

# Motor Vehicle Sales

- After peaking at 18.3 million units in April, the U.S. light vehicle sales rate, constrained by supply chain shortages, fell for the fourth straight month in August to 13.1 million units. Compared to last August, sales were down substantially (-14.4 percent).
- U.S. sales of domestic light vehicles fell 18.0 percent from last August while foreign sales declined 1.2 percent. The foreign share of U.S. light vehicle sales rose to 25.1 percent in August 2021 – up 3.3 percentage points.
- Auto sales decreased 13.1 percent compared to last August, while light truck sales declined 14.7 percent from August 2020. Year-over-year (y-o-y), heavy truck sales fell 0.2 percent from last August.
- In July 2021 (the most recent month for which inventory data are available), retail vehicle inventories were down 14.4 percent from last July – the 16<sup>th</sup> straight year-over-year drop.

## Year-to-Date August 2021 Light Vehicle Sales Up Sharply from Last Year



## Motor Vehicle Sales Statistics

(Millions, Seasonally Adjusted Rates, unless otherwise specified)

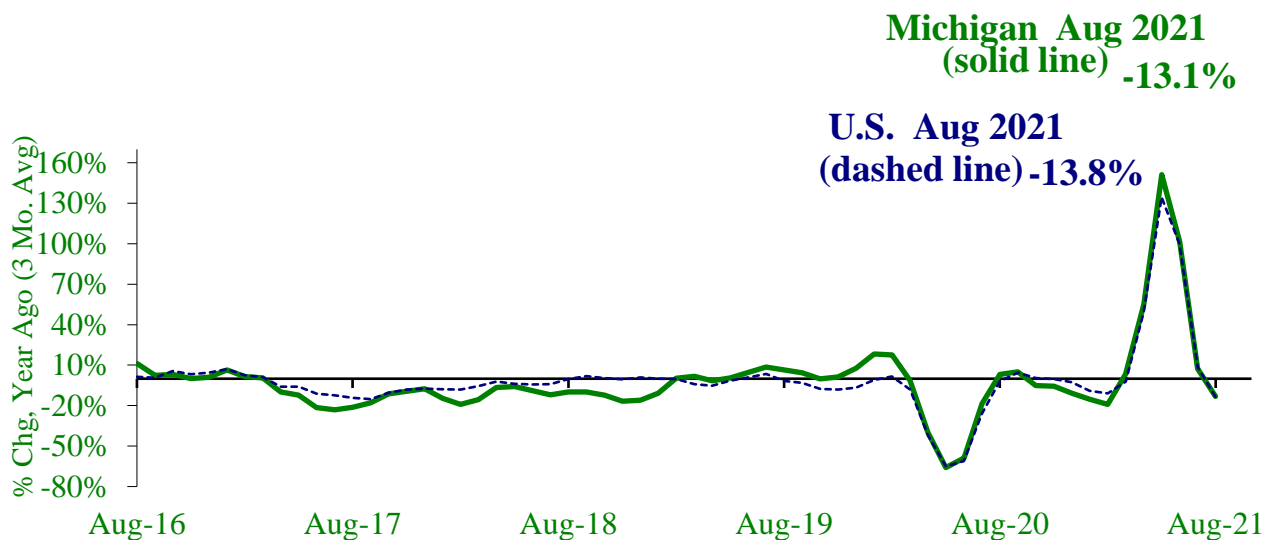
| Motor Vehicle Sales <sup>(c)</sup> | 2020<br>Total | Jun<br>2021 | Jul<br>2021 | Aug<br>2021 | 3 Month<br>Average | Aug<br>Chg fr<br>Yr Ago<br>Level | Aug<br>Chg fr<br>Yr Ago<br>% |
|------------------------------------|---------------|-------------|-------------|-------------|--------------------|----------------------------------|------------------------------|
| Autos                              | 3.4           | 3.6         | 3.4         | 3.0         | 3.4                | (0.5)                            | -13.1%                       |
| Domestics                          | 2.6           | 2.5         | 2.4         | 2.1         | 2.3                | (0.6)                            | -22.3%                       |
| Imports                            | 0.8           | 1.1         | 1.0         | 1.0         | 1.0                | 0.1                              | 16.2%                        |
| Import Share                       | 24.3%         | 29.6%       | 29.4%       | 31.9%       | 30.2%              | 8.1% pts                         |                              |
| Light Trucks                       | 11.1          | 11.9        | 11.2        | 10.0        | 11.0               | (1.7)                            | -14.7%                       |
| Domestics                          | 8.6           | 9.1         | 8.5         | 7.7         | 8.4                | (1.6)                            | -16.8%                       |
| Imports                            | 2.4           | 2.8         | 2.6         | 2.3         | 2.6                | (0.2)                            | -6.9%                        |
| Import Share                       | 22.1%         | 23.6%       | 23.7%       | 23.0%       | 23.5%              | 1.9% pts                         |                              |
| Total Light Vehicles               | 14.5          | 15.5        | 14.6        | 13.1        | 14.4               | (2.2)                            | -14.4%                       |
| Heavy Trucks                       | 0.4           | 0.5         | 0.4         | 0.4         | 0.4                | (0.0)                            | -0.2%                        |
| Total Vehicles                     | 14.9          | 16.0        | 15.1        | 13.5        | 14.8               | (2.2)                            | -14.0%                       |

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

|                       | 2020<br>Average | May-21  | Jun-21  | Jul-21  | 3 Month<br>Average | Chg fr<br>Year Ago<br>Level | Chg fr<br>Year Ago<br>% |
|-----------------------|-----------------|---------|---------|---------|--------------------|-----------------------------|-------------------------|
| Inventories           | \$200.9         | \$153.3 | \$152.9 | \$153.3 | \$153.2            | -\$25.7                     | -14.4%                  |
| Inventory/Sales Ratio | 2.01            | 1.14    | 1.16    | 1.22    | 1.17               | -0.41                       |                         |

- Constrained by semi-conductor shortages, August 2021 vehicle production remained below August 2020 production. Michigan vehicle production was down 3.4 percent from July 2020 and national vehicle production off 13.1 percent from last August. In August 2021, Michigan vehicle production totaled 154,073 units.
- While recent year-over-year three-month comparisons had been boosted because they were compared with stagnant production levels early in the pandemic, the current three-month comparison (June, July, August) does not. As a result, the impact of the semi-conductor shortage is becoming evident in the three-month average year-over-year comparison.
- Comparing the three-month average of vehicle production in June-August 2021 to production in June-August 2020, Michigan’s average production was down 13.1 percent and average production was down 13.8 percent nationally.

## Michigan Three-Month Average Vehicle Production Down from Last Year



### Motor Vehicle Production Statistics

(Thousands, unless otherwise specified)

|   | 2020<br>Monthly<br><u>Average</u> | Jun<br><u>2021</u> | Jul<br><u>2021</u> | Aug<br><u>2021</u> | 3 Month<br><u>Average</u> | Aug<br>Level Chg<br><u>fr Yr Ago</u> | Aug<br>% Chg<br><u>fr Yr Ago</u> |
|---|-----------------------------------|--------------------|--------------------|--------------------|---------------------------|--------------------------------------|----------------------------------|
| <b>U.S. Production <sup>(e)</sup></b>     |                                   |                    |                    |                    |                           |                                      |                                  |
| Autos                                     | 161.9                             | 139.0              | 123.0              | 135.2              | 132.4                     | (64.1)                               | -32.2%                           |
| Trucks                                    | 571.7                             | 600.7              | 509.5              | 683.1              | 597.8                     | (59.4)                               | -8.0%                            |
| Total                                     | 733.6                             | 739.8              | 632.5              | 818.3              | 730.2                     | (123.4)                              | -13.1%                           |
| <b>Michigan Production <sup>(f)</sup></b> |                                   |                    |                    |                    |                           |                                      |                                  |
| Autos                                     | 14.0                              | 5.6                | 9.6                | 12.6               | 9.3                       | (4.4)                                | -26.0%                           |
| Trucks                                    | 210.8                             | 139.4              | 110.9              | 141.5              | 130.6                     | (1.0)                                | -0.7%                            |
| Total                                     | 224.9                             | 144.9              | 120.5              | 154.1              | 139.8                     | (5.5)                                | -3.4%                            |
| Michigan as % of U.S.                     | 30.7%                             | 19.6%              | 19.0%              | 18.8%              | 19.1%                     | 1.9% pts                             |                                  |

# U.S. Economic Conditions

Page 6

|  | <u>May-21</u> | <u>Jun-21</u> | <u>Jul-21</u> | <u>Aug-21</u> | <u>Change from<br/>Year Ago</u>           |
|--|---------------|---------------|---------------|---------------|---|
| <b>KEY ECONOMIC INDICATORS</b>                                     |               |               |               |               |   |
| Consumer Sentiment <sup>(h)</sup>                                  | 82.9          | 85.5          | 81.2          | 70.3          | -3.8 points                               |
| ISM Manufacturing Index <sup>(i)</sup>                             | 61.2          | 60.6          | 59.5          | 59.9          | 4.3 points                                |
| ISM Non Manufacturing Index <sup>(i)</sup>                         | 64.0          | 60.1          | 64.1          | 61.7          | 4.5 points                                |
| <b>INFLATION <sup>(k)</sup></b>                                    |               |               |               |               |   |
| <b>1982-84 = 100 (CPI)</b>   | <u>May-21</u> | <u>Jun-21</u> | <u>Jul-21</u> | <u>Aug-21</u> | <u>Change from<br/>Year Ago</u>           |
| <b>Nov 2009 = 100 (PPI)</b>  |               |               |               |               |   |
| U.S. Consumer Price Index  | 269.2         | 271.7         | 273.0         | 273.6         | 5.3%                                      |
| Detroit CPI  | NA            | 248.9         | NA            | 250.0         | 3.9%                                      |
| U.S. Producer Price Index  | 125.0         | 126.3         | 127.6         | 128.3         | 8.3%                                      |
| <b>INTEREST RATES</b>  |               |               |               |               |   |
| 90 Day T-Bill <sup>(l)</sup>                                       | 0.02%         | 0.04%         | 0.05%         | 0.05%         | -0.05% points                             |
| 10 Year Treasury Securities <sup>(l)</sup>                         | 1.62%         | 1.52%         | 1.32%         | 1.28%         | 0.63% points                              |
| <b>INDUSTRIAL PRODUCTION <sup>(l)</sup></b>                        | 99.9          | 100.3         | 101.2         | 101.6         | 5.9%                                      |
| <b>CAPACITY UTILIZATION <sup>(l)</sup></b>                         | 75.2%         | 75.6%         | 76.2%         | 76.4%         | 4.2% points                               |
| <b>RETAIL SALES <sup>(d)</sup></b>                                 | \$620.1       | \$625.4       | \$614.3       | \$618.7       | 15.1%                                     |
| <b>HOUSING STARTS and SALES</b>                                    |               |               |               |               |   |
| (Millions Annual Rate)   | <u>May-21</u> | <u>Jun-21</u> | <u>Jul-21</u> | <u>Aug-21</u> | <u>% Change From<br/>Year Ago</u>         |
| Housing Starts <sup>(d)</sup>                                      | 1.594         | 1.657         | 1.554         | 1.615         | 17.4%                                     |
| Existing Home Sales <sup>(m)</sup>                                 | 5.780         | 5.870         | 6.000         | 5.880         | -1.5%                                     |
| <b>DURABLE GOODS ORDERS <sup>(d)</sup></b>                         | \$255.5       | \$257.7       | \$258.9       | \$263.5       | 18.1%                                     |
| <b>PERSONAL INCOME <sup>(c)</sup></b>                              |               |               |               |               |   |
| (Billions, Seasonally Adj & Annualized)                            | <u>2020.3</u> | <u>2020.4</u> | <u>2021.1</u> | <u>2021.2</u> | <u>% Change From<br/>Year Ago</u>         |
| Michigan   | \$530.8       | \$517.8       | \$590.0       | \$545.8       | -5.8%                                     |
| U.S.   | \$19,755.2    | \$19,522.9    | \$21,849.0    | \$20,548.9    | 1.1%                                      |
| <b>GROSS DOMESTIC PRODUCT <sup>(c)</sup></b>                       |               |               |               |               |   |
| (Billions of Chained 2012<br>Dollars, Seasonally Adj & Annualized) | <u>2020.3</u> | <u>2020.4</u> | <u>2021.1</u> | <u>2021.2</u> | <u>Annualized % Chg<br/>From Last Qtr</u> |
|  | \$18,560.8    | \$18,767.8    | \$19,055.7    | \$19,368.3    | 6.7%                                      |

## **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. 2017 equals 100. Treasury bill rate (secondary market).
- (m) National Association of Realtors.