



MICHIGAN ECONOMIC UPDATE

Office of Revenue and Tax Analysis

Michigan Department of Treasury

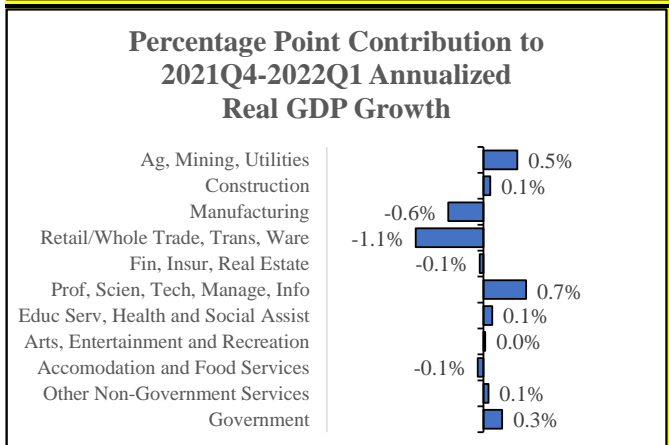
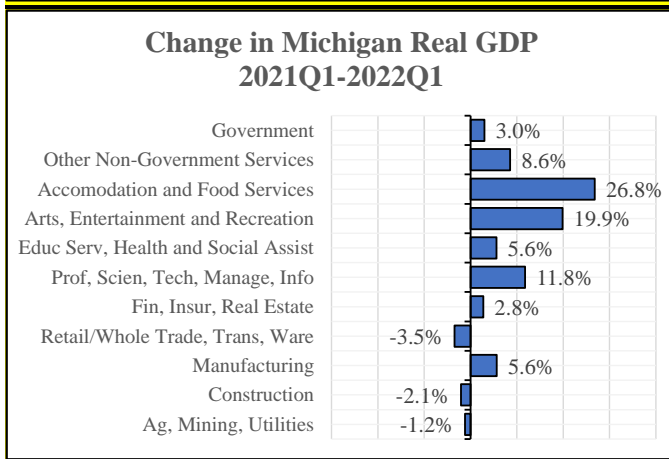
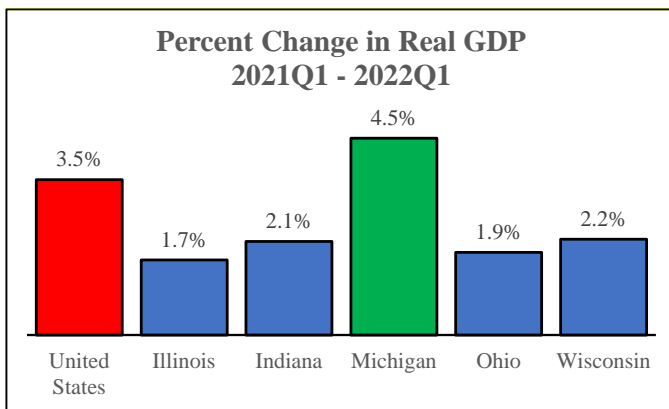
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Summarizing Economic Data for July 2022

(Published 08/31/2022)

State Gross Domestic Product Release

On June 30, 2022, the Bureau of Economic Analysis released 2022Q1 state gross domestic product (GDP) data. Below are some highlights of that release ^(c):



Interstate Comparisons, Year-Ago Change

- Michigan real (inflation adjusted) total GDP increased 4.5 percent over the past year.
- Michigan year-over-year (y-o-y) percent change in total GDP ranked 9th among all states.
- State y-o-y real GDP changes ranged from -1.7 percent (Nebraska) to +6.6 percent (Hawaii).
- Among Great Lakes states, y-o-y percent changes ranged from +1.7 percent (Illinois) to +4.5 percent (Michigan).

Sectoral Michigan Real GDP Y-O-Y Change

- Among broad industry groupings in Michigan, y-o-y changes in real GDP varied widely.
- Real GDP rose 26.8 percent in the accommodation and food services industry and increased 19.9 percent in the arts, entertainment and recreation industry. Real GDP increased 11.8 percent in the professional, scientific, technical and management information industry.
- Combined retail/wholesale trade, transportation and warehousing industry real GDP fell 3.5 percent.

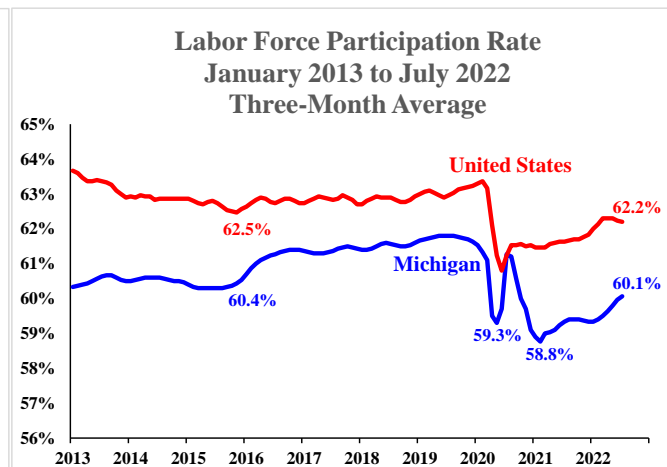
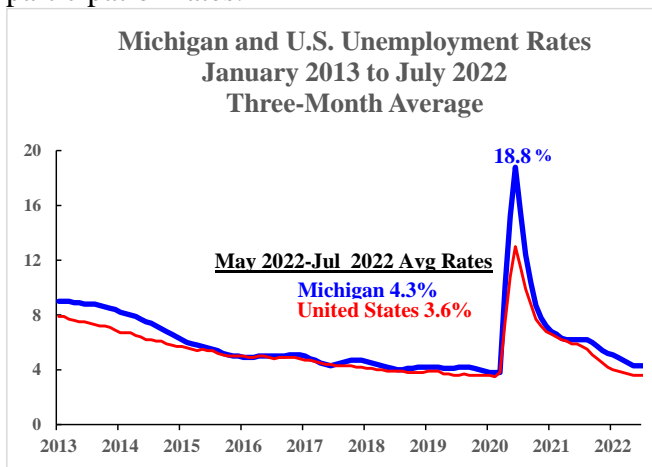
Sectoral Michigan Real GDP 2022Q1 Change

- In 2022Q1, overall real Michigan GDP growth was essentially unchanged – growing at a 0.1 percent annualized rate.
- The retail/ wholesale trade, transportation/ warehousing sector subtracted 1.1 percentage points from annualized growth while the manufacturing sector subtracted 0.6 of a percentage point from annualized growth.
- The professional, scientific technical, management information sector added 0.7 of a percentage point to annualized growth while the agricultural, mining, utilities sector added 0.5 of a percentage point.

July 2022 Summary

Unemployment Rate Estimates

- The monthly Michigan unemployment rate estimate fell slightly to 4.2 percent in July. The three-month average of the Michigan unemployment rate is 4.3 percent for July. Compared to last July, the three-month average is down 1.9 percentage points. Compared to the pre-pandemic February 2020 rate, the current average is up 0.5 of a percentage point.
- The average number of people employed in Michigan between May 2022-July 2022 was 89,500 lower than the number employed in February 2020. Compared to the three-month average of people employed between May 2021-July 2021, the current three-month average is up 166,900 people. The May 2022-July 2022 average of people unemployed is 18,000 people higher than the number of unemployed in February 2020.
- The U.S. unemployment rate fell slightly to 3.5 percent in July. July's national jobless rate is 1.9 percentage points lower than the July 2021 rate (5.4 percent), and equal to 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.



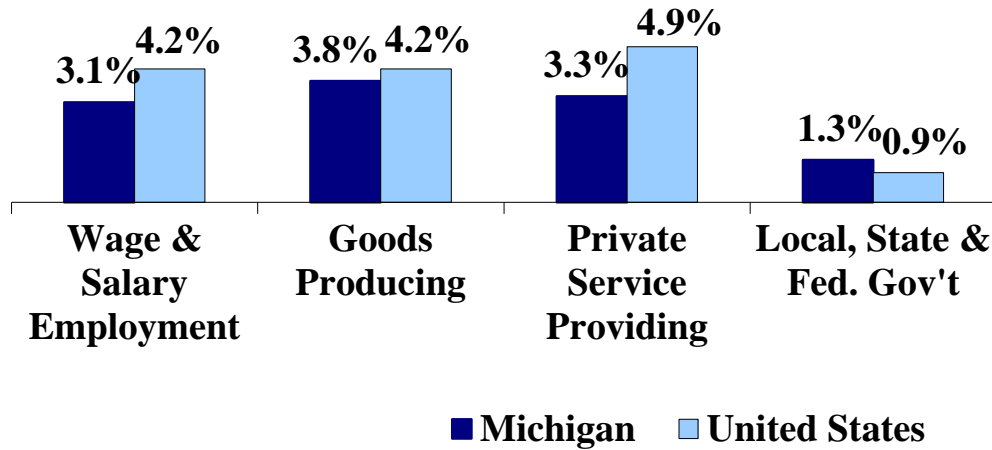
Employment by Place of Residence (in Thousands)^(a)

	<u>Annual</u> <u>2021</u>	<u>May</u> <u>2022</u>	<u>Jun</u> <u>2022</u>	<u>Jul</u> <u>2022</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	4,776	4,850	4,856	4,859	3	0.1%	68	1.4%	4,855
Employed	4,496	4,642	4,649	4,657	8	0.2%	165	3.7%	4,649
Unemployed	280	207	207	202	-5	-2.4%	-97	-32.4%	205
Unemployment Rate	5.9%	4.3%	4.3%	4.2%	n.a.	-0.1% pts	n.a.	-2.0% pts	4.3%
United States									
Labor Force	161,204	164,376	164,023	163,960	-63	0.0%	2,585	1.6%	164,120
Employed	152,581	158,426	158,111	158,290	179	0.1%	5,586	3.7%	158,276
Unemployed	8,623	5,950	5,912	5,670	-242	-4.1%	-3,001	-34.6%	5,844
Unemployment Rate	5.3%	3.6%	3.6%	3.5%	n.a.	-0.1% pts	n.a.	-1.9% pts	3.6%

Employment by Place of Work (Payroll)

- Compared to July 2021, Michigan payroll employment was up by 132,800 jobs (3.1 percent). State payroll employment rose by 25,600 jobs in July 2022 from June 2022. Nationally, July 2022 payroll employment was up by 6.1 million jobs (4.2 percent) from a year ago. National employment rose 528,000 jobs in July.

Payroll Employment Growth



- In the goods-producing sector, Michigan payroll employment increased 3.8 percent in July from a year ago; employment in the private service-providing sector rose 3.3 percent. From a year ago, July national payroll employment rose 4.2 percent in the goods-producing sector and increased 4.9 percent in the private service-providing sector.
- At 43.5 hours, manufacturing weekly hours in Michigan were up 2.1 hours from last year.

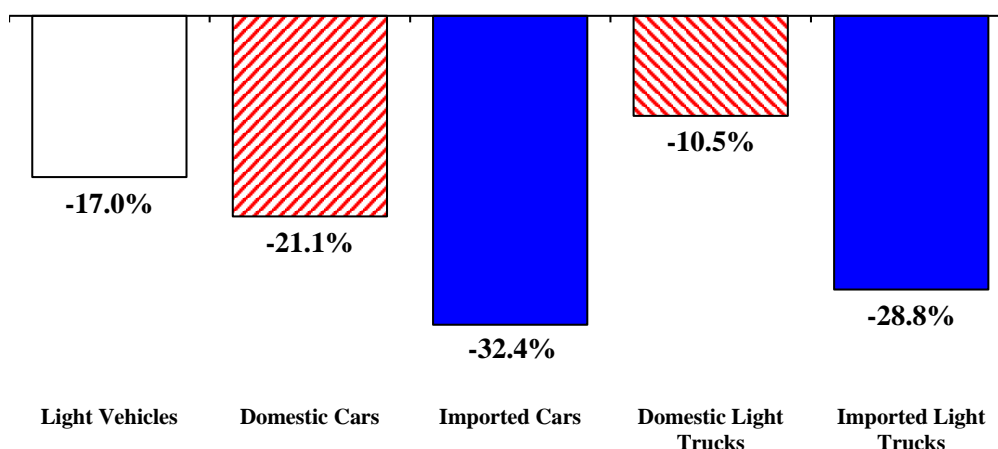
Wage and Salary (Payroll) Employment (in thousands)^(b)

	2021 <u>Annual</u>	MI July <u>2021</u>	MI July <u>2022</u>	Percent <u>Change</u>	2021 <u>Annual</u>	US July <u>2021</u>	US July <u>2022</u>	Percent <u>Change</u>
Wage & Salary Employment	4,193.5	4,216.6	4,349.4	3.1%	141,308	146,387	152,536	4.2%
Goods Producing	766.8	762.1	791.2	3.8%	19,397	20,314	21,167	4.2%
Manufacturing	583.7	577.8	605.7	4.8%	12,294	12,350	12,826	3.9%
Private Service Providing	2,853.2	2,876.6	2,972.6	3.3%	99,604	103,997	109,087	4.9%
Trade, Trans. & Utilities	777.3	778.2	803.0	3.2%	27,319	27,735	28,759	3.7%
Services	1,791.6	1,813.2	1,876.6	3.5%	61,491	64,649	68,343	5.7%
Local, State & Fed. Gov't	573.5	577.9	585.6	1.3%	22,307	22,076	22,282	0.9%
Manufacturing Weekly Hours	40.8	41.4	43.5	2.1 hrs	42.7	41.5	41.1	-0.4 hrs

Motor Vehicle Sales Down From Last Year

- The U.S. light vehicle sales rate, constrained by supply chain shortages and higher interest rates, rose slightly to 13.3 million units in July. Compared to last July, sales were down 9.0 percent.
- U.S. sales of domestic light vehicles fell 2.9 percent from last July while foreign sales declined 27.4 percent. In July 2022, at 19.9 percent, the foreign share of U.S. light vehicle sales was down 5.1 percentage points from a year earlier.
- Auto sales decreased 20.2 percent compared to last July, while light truck sales declined 5.5 percent from July 2021. Year-over-year (y-o-y), heavy truck sales were up 8.5 percent from last July.
- In June 2022 (the most recent month for which inventory data are available), retail vehicle inventories were up 14.5 percent from last June –the third straight percentage year-over-year increase following 24 months of year-over-year declines.

Year-to-Date 2022 Vehicle Sales Down From Year Ago



Motor Vehicle Sales Statistics

(Millions, Seasonally Adjusted Rates, unless otherwise specified)

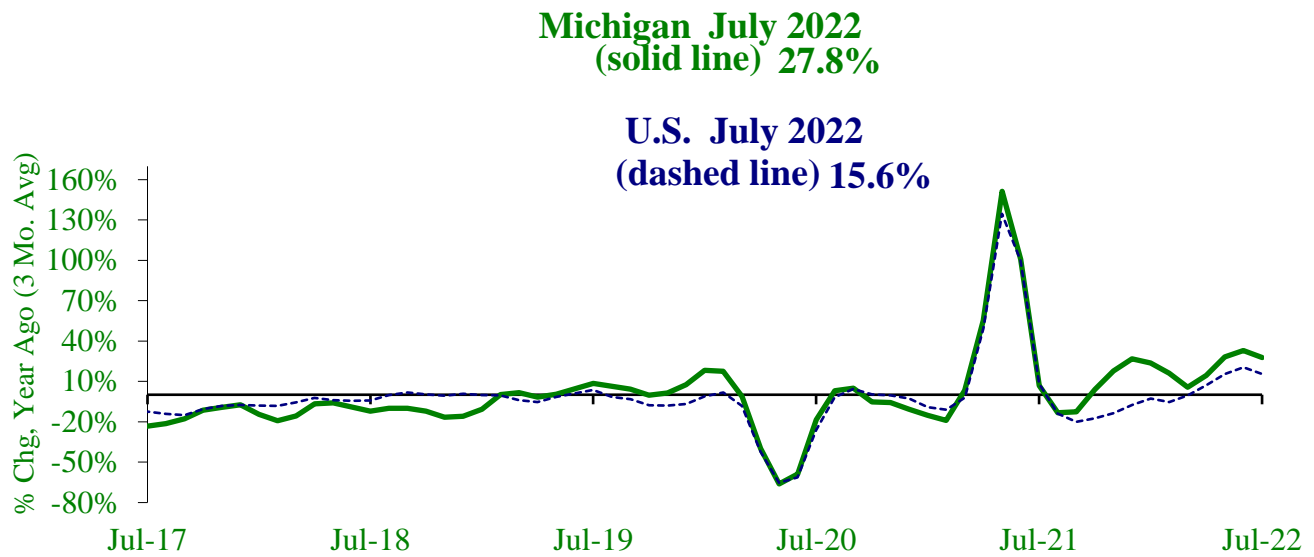
	<u>2021</u> <u>Total</u>	<u>May</u> <u>2022</u>	<u>Jun</u> <u>2022</u>	<u>Jul</u> <u>2022</u>	<u>3 Month</u> <u>Average</u>	<u>Jul</u> <u>Chg fr</u> <u>Yr Ago</u> <u>Level</u>	<u>Jul</u> <u>Chg fr</u> <u>Yr Ago</u> <u>%</u>
Autos	3.4	2.7	2.7	2.8	2.7	(0.7)	-20.2%
Domestics	2.4	1.9	2.0	2.0	2.0	(0.4)	-17.8%
Imports	1.0	0.7	0.7	0.8	0.7	(0.3)	-25.9%
Import Share	29.1%	27.8%	24.5%	28.0%	26.8%	-2.1% pts	
Light Trucks	11.6	10.1	10.3	10.6	10.3	(0.6)	-5.5%
Domestics	9.0	8.3	8.3	8.7	8.4	0.1	1.4%
Imports	2.6	1.8	2.0	1.9	1.9	(0.7)	-28.1%
Import Share	22.3%	17.9%	19.3%	17.7%	18.3%	-5.6% pts	
Total Light Vehicles	14.9	12.8	13.0	13.3	13.0	(1.3)	-9.0%
Heavy Trucks	0.5	0.5	0.5	0.5	0.5	0.0	8.5%
Total Vehicles	15.4	13.3	13.5	13.8	13.5	(1.3)	-8.5%

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

	<u>2021</u> <u>Average</u>	<u>Apr-22</u>	<u>May-22</u>	<u>Jun-22</u>	<u>3 Month</u> <u>Average</u>	<u>Chg fr</u> <u>Year Ago</u> <u>Level</u>	<u>Chg fr</u> <u>Year Ago</u> <u>%</u>
Inventories	\$162.2	\$167.1	\$171.0	\$176.7	\$171.6	\$22.4	14.5%
Inventory/Sales Ratio	1.32	1.28	1.35	1.39	1.34	0.18	

- Michigan vehicle production rose 18.6 percent from July 2021 while national vehicle production increased 5.7 percent from last July. In July 2022, Michigan vehicle production totaled 142,925 units.
- In July 2022, auto production rose 35.3 percent year-over-year (y-o-y) in Michigan and was up 2.0 percent nationally; truck production increased 17.2 percent in Michigan and was up 6.5 percent nationally.
- Comparing the three-month average of vehicle production in May 2022-July 2022 to production in May 2021-July 2021, Michigan's average production was up 27.8 percent while average production was up 15.6 percent nationally.

Three-Month Average of Michigan Vehicle Production Up from Year Ago in July



Motor Vehicle Production Statistics

(Thousands, unless otherwise specified)

	2021 Monthly Average	May 2022	Jun 2022	Jul 2022	3 Month Average	Jul Level Chg fr Yr Ago	Jul % Chg fr Yr Ago
U.S. Production ^(e)							
Autos	138.4	151.4	161.9	116.6	143.3	2.3	2.0%
Trucks	621.5	722.8	728.6	539.0	663.5	32.8	6.5%
Total	759.9	874.2	890.5	655.6	806.7	35.1	5.7%
Michigan Production ^(f)							
Autos	11.1	16.4	20.1	13.0	16.5	3.4	35.3%
Trucks	143.4	175.5	170.5	129.9	158.7	19.1	17.2%
Total	154.4	192.0	190.6	142.9	175.2	22.4	18.6%
Michigan as % of U.S.	20.3%	22.0%	21.4%	21.8%	21.7%	2.4% pts	

U.S. Economic Conditions

	<u>Apr-22</u>	<u>May-22</u>	<u>Jun-22</u>	<u>Jul-22</u>	<u>Change from Year Ago</u>
KEY ECONOMIC INDICATORS					
Consumer Sentiment ^(h)	65.2	58.4	50.0	51.5	-29.7 points
ISM Manufacturing Index ⁽ⁱ⁾	55.4	56.1	53.0	52.8	-7.1 points
ISM Non Manufacturing Index ⁽ⁱ⁾	57.1	55.9	55.3	56.7	-7.4 points
INFLATION ^(k)					
1982-84 = 100 (CPI)	<u>Apr-22</u>	<u>May-22</u>	<u>Jun-22</u>	<u>Jul-22</u>	<u>Change from Year Ago</u>
Nov 2009 = 100 (PPI)					
U.S. Consumer Price Index	289.1	292.3	296.3	296.3	8.5%
Detroit CPI	265.1	NA	272.9	NA	9.7%
U.S. Producer Price Index	138.2	139.4	141.0	140.3	9.8%
INTEREST RATES					
90 Day T-Bill ^(l)	0.76%	0.98%	1.49%	2.23%	2.18% points
10 Year Treasury Securities ^(l)	2.75%	2.90%	3.14%	2.90%	1.58% points
INDUSTRIAL PRODUCTION ^(l)	104.3	104.2	104.2	104.8	3.9%
CAPACITY UTILIZATION ^(l)	80.3%	80.1%	79.9%	80.3%	2.0% points
RETAIL SALES ^(d)	\$674.7	\$677.1	\$682.6	\$682.8	10.3%
HOUSING STARTS and SALES					
(Millions Annual Rate)	<u>Apr-22</u>	<u>May-22</u>	<u>Jun-22</u>	<u>Jul-22</u>	<u>% Change From Year Ago</u>
Housing Starts ^(d)	1.805	1.562	1.599	1.446	-8.1%
Existing Home Sales ^(m)	5.600	5.410	5.110	4.810	-20.2%
DURABLE GOODS ORDERS ^(d)	\$265.4	\$267.5	\$273.5	\$273.5	10.8%
PERSONAL INCOME ^(c)					
(Billions, Seasonally Adj & Annualized)	<u>2021.2</u>	<u>2021.3</u>	<u>2021.4</u>	<u>2022.1</u>	<u>% Change From Year Ago</u>
Michigan	\$552.2	\$544.9	\$542.9	\$549.6	-7.0%
U.S.	\$20,647.7	\$20,803.2	\$20,989.7	\$21,237.2	-2.8%
GROSS DOMESTIC PRODUCT ^(c)					
(Billions of Chained 2012 Dollars, Seasonally Adj & Annualized)	<u>2021.3</u>	<u>2021.4</u>	<u>2022.1</u>	<u>2022.2</u>	<u>Annualized % Chg From Last Qtr</u>
	\$19,478.9	\$19,806.3	\$19,727.9	\$19,699.5	-0.6%

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). Page 2 Michigan three-month average unemployment rate graph values use interpolated monthly values for January 2021-August 2021.
- (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.