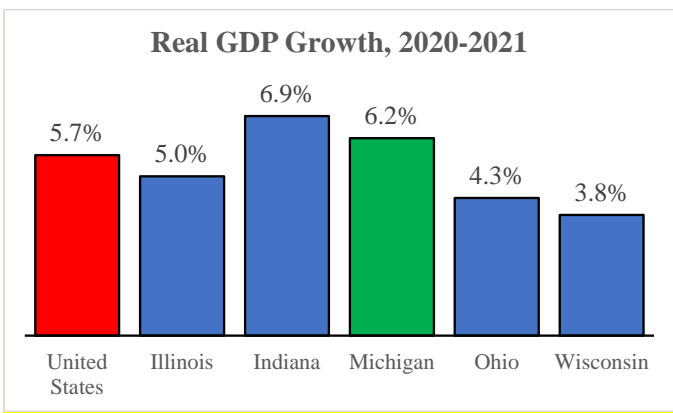


MICHIGAN ECONOMIC UPDATE

Office of Revenue and Tax Analysis
Michigan Department of Treasury
<http://www.michigan.gov/treasury>
Summarizing Economic Data for March 2022
(Published 04/30/2022)

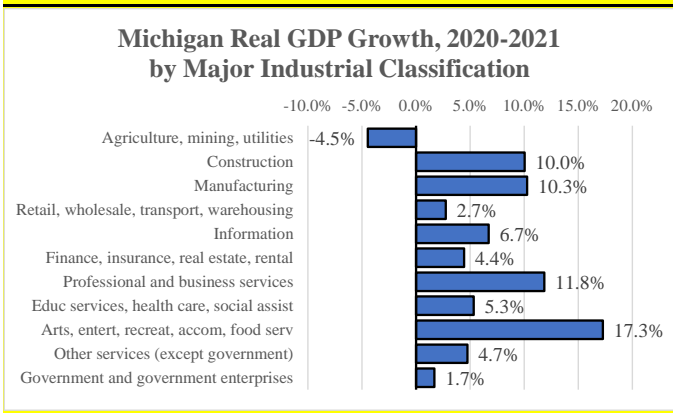
Calendar Year 2021 Gross Domestic Product Data Release

On March 31, 2022, the Bureau of Labor Statistics released calendar year 2021 state gross domestic product data. Below are highlights from that data release:



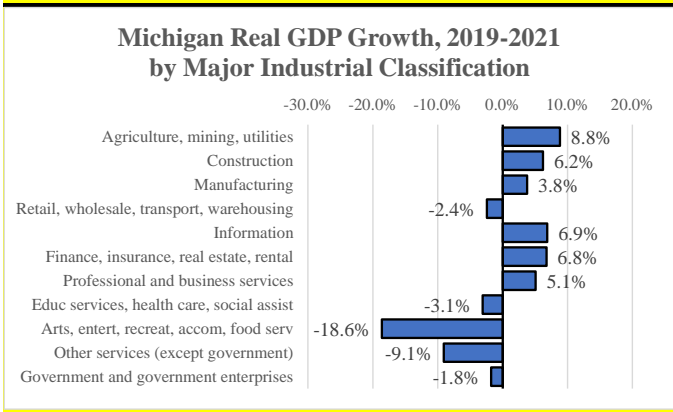
Total Real Gross Domestic Product

- Between 2020 and 2021, total Michigan real (inflation-adjusted) gross domestic product rose 6.2 percent and total U.S. real GDP increased 5.7 percent.
- Between 2020 and 2021, total Michigan real GDP growth ranked second among Great Lakes states behind Indiana and ranked 13th nationwide.
- Between 2019 and 2021, total Michigan real GDP grew 1.3 percent – ranking 29th among all states.



Real GDP Growth by Industry, 2020-2021

- In 2021, the arts, entertainment, recreation, accommodations and food services industry group saw the largest real GDP growth (17.3 percent) followed by professional and business services (11.8 percent), manufacturing (10.3 percent) and construction (10.0 percent)
- Only one major industry group reported declining real GDP growth in Michigan (agriculture, mining and utilities) in 2021.



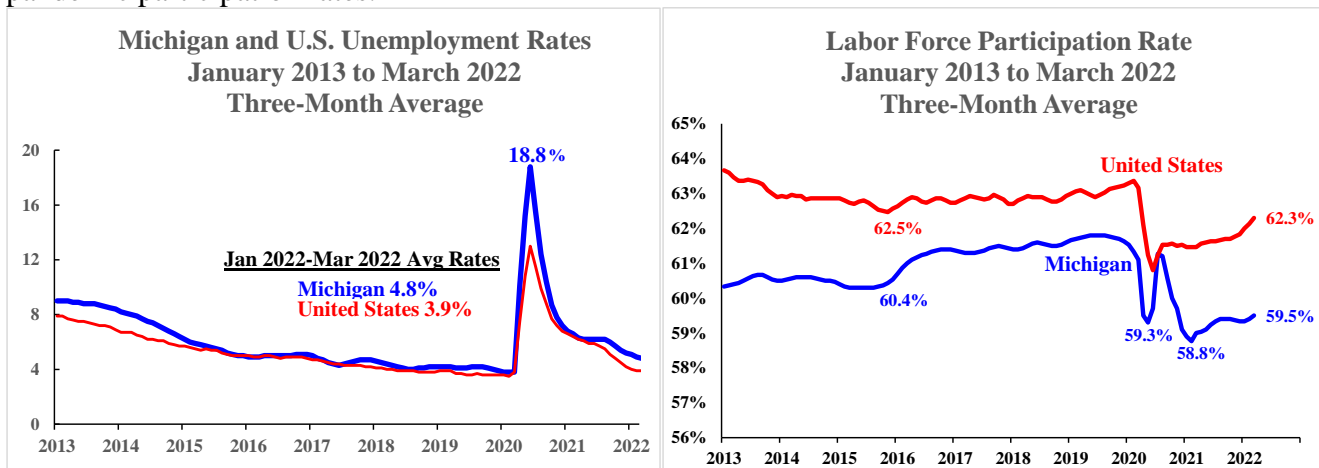
Real GDP Growth by Industry, 2019-2021

- Between 2019 and 2021, five major industry groups in Michigan reported two-year net declines.
- The arts, entertainment, recreation, accommodation and food services industry grouping reported the largest two-year real GDP decline in Michigan (-18.6 percent) followed by other services (except government) (-9.1 percent).
- The agriculture, mining and utilities industry group saw the largest two-year increase in real GDP in Michigan (8.8 percent), followed by the information industry (6.9 percent).

March 2022 Summary

Unemployment Rate Estimates

- The monthly Michigan unemployment rate estimate fell to 4.4 percent in March. The three-month average of the Michigan unemployment rate is 4.7 percent for March. Compared to last March, the three-month average is down 1.6 percentage points. Compared to the pre-pandemic February 2020 rate, the current average is up 0.9 of a percentage point.
- The average number of people employed in Michigan between January 2022-March 2022 was 158,000 lower than the number employed in February 2020. Compared to the three-month average of people employed between January 2021-March 2021, the current three-month average is up 127,900 people. The January 2022-March 2022 average of people unemployed is 37,800 people higher than the number of unemployed in February 2020.
- The U.S. unemployment rate fell 0.2 of a percentage point to 3.6 percent in March. March's national jobless rate is 2.4 percentage points lower than the March 2021 rate (6.0 percent), and just 0.1 of a percentage point 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.



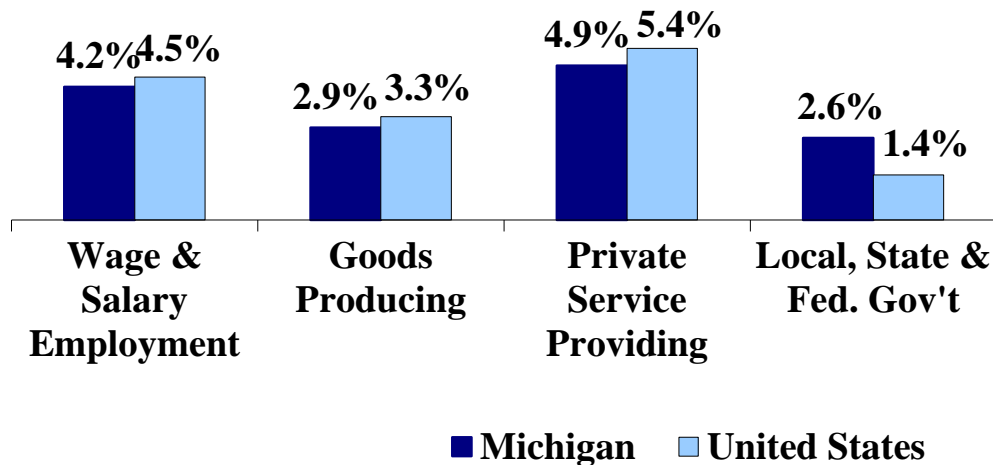
Employment by Place of Residence (in Thousands)^(a)

	Annual <u>2021</u>	Jan <u>2021</u>	Feb <u>2021</u>	Mar <u>2022</u>	Chg Fr Mo Ago <u>Level</u>	Chg Fr Mo Ago <u>%</u>	Chg Fr Yr Ago <u>Level</u>	Chg Fr Yr Ago <u>%</u>	Three Month Average
Michigan									
Labor Force	4,776	4,795	4,804	4,819	15	0.3%	65	1.4%	4,806
Employed	4,496	4,562	4,576	4,605	29	0.6%	147	3.3%	4,581
Unemployed	280	234	228	214	-14	-6.1%	-82	-27.7%	225
Unemployment Rate	5.9%	4.9%	4.7%	4.4%	n.a.	-0.3% pts	n.a.	-1.8% pts	4.7%
United States									
Labor Force	161,204	163,687	163,991	164,409	418	0.3%	3,778	2.4%	164,029
Employed	152,581	157,174	157,722	158,458	736	0.5%	7,518	5.0%	157,785
Unemployed	8,623	6,513	6,270	5,952	-318	-5.1%	-3,739	-38.6%	6,245
Unemployment Rate	5.3%	4.0%	3.8%	3.6%	n.a.	-0.2% pts	n.a.	-2.4% pts	3.8%

Employment by Place of Work (Payroll)

- Compared to March 2021, Michigan payroll employment was up by 174,100 jobs (4.2 percent). State payroll employment rose by 14,900 jobs in March 2022 from February 2022. Nationally, March 2022 payroll employment was up by 6.5 million jobs (4.5 percent) from a year ago. National employment rose 431,000 jobs in March.

Payroll Employment Growth



- In the goods-producing sector, Michigan payroll employment increased 2.9 percent in March from a year ago; employment in the private service-providing sector rose 4.9 percent. From a year ago, March national payroll employment rose 3.3 percent in the goods-producing sector and increased 5.4 percent in the private service-providing sector.
- At 42.7 hours, manufacturing weekly hours in Michigan were up 2.2 hours from last year.

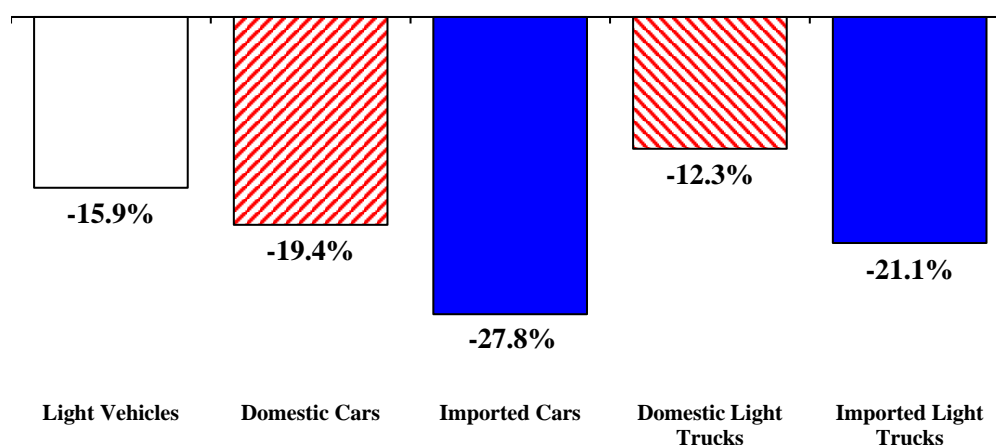
Wage and Salary (Payroll) Employment (in thousands)^(b)

	MI				US			
	2021 <u>Annual</u>	MI Mar <u>2021</u>	MI Mar <u>2022</u>	Percent <u>Change</u>	2021 <u>Annual</u>	US Mar <u>2021</u>	US Mar <u>2022</u>	Percent <u>Change</u>
Wage & Salary Employment	4,193.5	4,156.2	4,330.3	4.2%	141,308	144,431	150,925	4.5%
Goods Producing	766.8	769.0	791.4	2.9%	19,397	20,227	20,885	3.3%
Manufacturing	583.7	588.3	603.5	2.6%	12,294	12,268	12,657	3.2%
Private Service Providing	2,853.2	2,818.3	2,955.3	4.9%	99,604	102,345	107,871	5.4%
Trade, Trans. & Utilities	777.3	774.8	802.1	3.5%	27,319	27,503	28,604	4.0%
Services	1,791.6	1,761.0	1,863.4	5.8%	61,491	63,341	67,427	6.5%
Local, State & Fed. Gov't	573.5	568.9	583.6	2.6%	22,307	21,859	22,169	1.4%
Manufacturing Weekly Hours	40.8	40.5	42.7	2.2 hrs	42.7	41.7	41.7	0.0 hrs

Motor Vehicle Sales Down From Last Year

- The U.S. light vehicle sales rate, still constrained by supply chain shortages, fell to 13.3 million units in March. Compared to last March, sales were down 24.4 percent.
- U.S. sales of domestic light vehicles fell 22.1 percent from last March while foreign sales declined 31.8 percent. In March 2022, at 22.0 percent, the foreign share of U.S. light vehicle sales was down 2.4 percentage points from a year earlier.
- Auto sales decreased 21.8 percent compared to last March, while light truck sales declined 14.3 percent from March 2021. Year-over-year (y-o-y), heavy truck sales were down 23.4 percent from last March.
- In February 2022 (the most recent month for which inventory data are available), retail vehicle inventories were down 10.4 percent from last February – the 23rd straight year-over-year drop.

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



Motor Vehicle Sales Statistics

(Millions, Seasonally Adjusted Rates, unless otherwise specified)

Motor Vehicle Sales ^(c)	2021	Jan	Feb	Mar	3 Month	Mar	Mar
	Total	2022	2022	2022	Average	Chg fr Yr Ago Level	Chg fr Yr Ago %
Autos	3.4	3.1	2.9	2.7	2.9	(1.2)	-30.8%
Domestics	2.4	2.2	2.2	2.0	2.1	(0.7)	-27.4%
Imports	1.0	0.9	0.8	0.7	0.8	(0.4)	-39.2%
Import Share	29.1%	27.9%	27.0%	25.4%	26.8%	-3.5% pts	
Light Trucks	11.6	12.0	11.0	10.7	11.2	(3.1)	-22.7%
Domestics	9.0	9.5	8.7	8.4	8.9	(2.2)	-20.7%
Imports	2.6	2.4	2.3	2.3	2.3	(0.9)	-29.2%
Import Share	22.3%	20.2%	21.2%	21.1%	20.8%	-1.9% pts	
Total Light Vehicles	14.9	15.0	14.0	13.3	14.1	(4.3)	-24.4%
Heavy Trucks	0.5	0.4	0.5	0.4	0.4	(0.1)	-23.4%
Total Vehicles	15.4	15.5	14.4	13.7	14.5	(4.4)	-24.4%

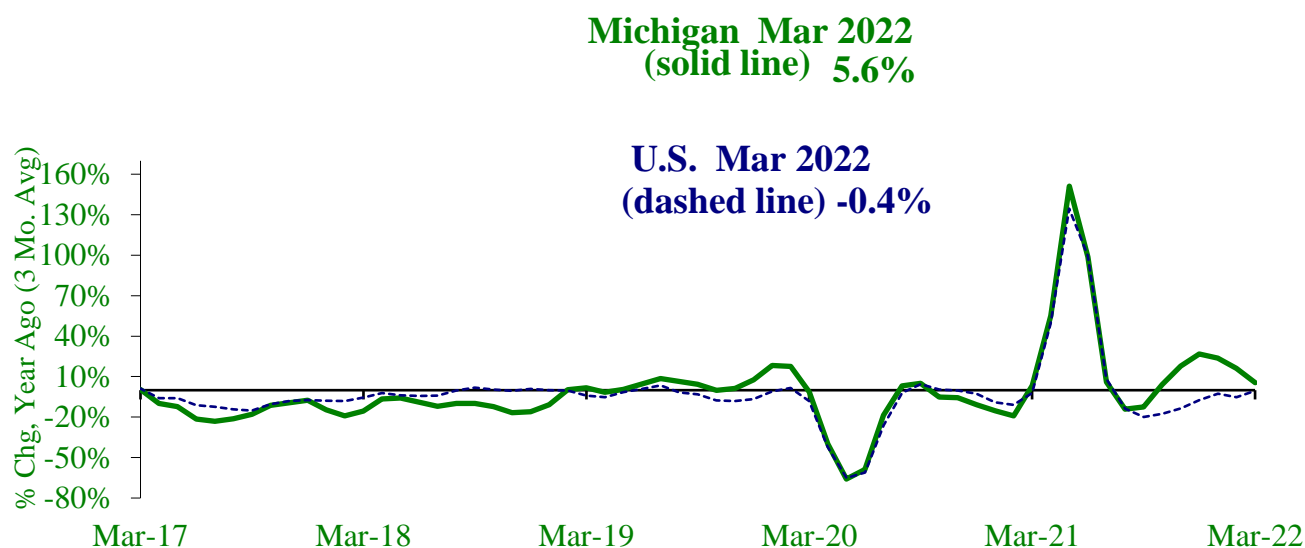
Retail Inventories, Motor Vehicle and Parts Dealers (billions of dollars)^(d)

	2021	Dec-21	Jan-22	Feb-22	3 Month	Chg fr	Chg fr
	Average	Dec-21	Jan-22	Feb-22	Average	Year Ago Level	Year Ago %
Inventories	\$161.3	\$162.1	\$166.4	\$167.9	\$165.4	-\$19.4	-10.4%
Inventory/Sales Ratio	1.27	1.29	1.24	1.23	1.25	-0.39	

Michigan Vehicle Production Up from Year Ago

- Michigan vehicle production rose 16.5 percent from March 2021 while national vehicle production increased 7.8 percent from last March. In March 2022, Michigan vehicle production totaled 207,698 units.
- In March 2022, auto production was down 3.4 percent year-over-year (y-o-y) in Michigan but up 18.7 percent nationally; truck production was up 18.5 percent in Michigan and up 5.8 percent nationally.
- Comparing the three-month average of vehicle production in January 2022-March 2022 to production in January 2021-March 2021, Michigan's average production was up 5.6 percent while average production was down 0.4 percent nationally.

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



Motor Vehicle Production Statistics

(Thousands, unless otherwise specified)

	2021 Monthly Average	Jan 2022	Feb 2022	Mar 2022	3 Month Average	Mar Level Chg fr Yr Ago	Mar % Chg fr Yr Ago
U.S. Production ^(e)							
Autos	138.4	143.0	132.0	168.3	147.8	26.5	18.7%
Trucks	621.5	625.0	614.6	805.4	681.7	44.2	5.8%
Total	759.9	768.1	746.6	973.8	829.5	70.8	7.8%
Michigan Production ^(f)							
Autos	11.1	10.4	11.2	15.4	12.3	(0.5)	-3.4%
Trucks	143.4	157.1	142.3	192.3	163.9	30.0	18.5%
Total	154.4	167.5	153.5	207.7	176.2	29.4	16.5%
Michigan as % of U.S.	20.3%	21.8%	20.6%	21.3%	21.2%	1.6% pts	

U.S. Economic Conditions

	<u>Dec-21</u>	<u>Jan-22</u>	<u>Feb-22</u>	<u>Mar-22</u>	<u>Change from Year Ago</u>
KEY ECONOMIC INDICATORS					
Consumer Sentiment ^(h)	70.6	67.2	62.8	59.4	-25.5 points
ISM Manufacturing Index ⁽ⁱ⁾	58.8	57.6	58.6	57.1	-6.6 points
ISM Non Manufacturing Index ⁽ⁱ⁾	62.3	59.9	56.5	58.3	-3.9 points
INFLATION ^(k)					
1982-84 = 100 (CPI)	<u>Dec-21</u>	<u>Jan-22</u>	<u>Feb-22</u>	<u>Mar-22</u>	<u>Change from Year Ago</u>
Nov 2009 = 100 (PPI)					
U.S. Consumer Price Index	278.8	281.1	283.7	287.5	8.5%
Detroit CPI	255.7	NA	258.7	NA	8.2%
U.S. Producer Price Index	131.3	133.1	134.4	136.8	11.2%
INTEREST RATES					
90 Day T-Bill ^(l)	0.06%	0.15%	0.33%	0.44%	0.41% points
10 Year Treasury Securities ^(l)	1.47%	1.76%	1.93%	2.13%	0.52% points
INDUSTRIAL PRODUCTION ^(l)	101.6	102.7	103.6	104.6	5.5%
CAPACITY UTILIZATION ^(l)	76.3%	77.0%	77.7%	78.3%	3.6% points
RETAIL SALES ^(d)	\$625.5	\$657.2	\$662.4	\$665.7	6.9%
HOUSING STARTS and SALES					
(Millions Annual Rate)	<u>Dec-21</u>	<u>Jan-22</u>	<u>Feb-22</u>	<u>Mar-22</u>	<u>% Change From Year Ago</u>
Housing Starts ^(d)	1.754	1.679	1.788	1.793	3.9%
Existing Home Sales ^(m)	6.090	6.490	5.930	5.770	-4.5%
DURABLE GOODS ORDERS ^(d)	\$273.3	\$277.5	\$272.7	\$275.0	10.2%
PERSONAL INCOME ^(c)					
(Billions, Seasonally Adj & Annualized)	<u>2021.1</u>	<u>2021.2</u>	<u>2021.3</u>	<u>2021.4</u>	<u>% Change From Year Ago</u>
Michigan	\$590.7	\$551.6	\$545.4	\$545.6	5.2%
U.S.	\$21,849.0	\$20,647.7	\$20,803.2	\$20,926.5	7.2%
GROSS DOMESTIC PRODUCT ^(c)					
(Billions of Chained 2012 Dollars, Seasonally Adj & Annualized)	<u>2021.2</u>	<u>2021.3</u>	<u>2021.4</u>	<u>2022.1</u>	<u>Annualized % Chg From Last Qtr</u>
	\$19,368.3	\$19,478.9	\$19,806.3	\$19,735.9	-1.4%

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.