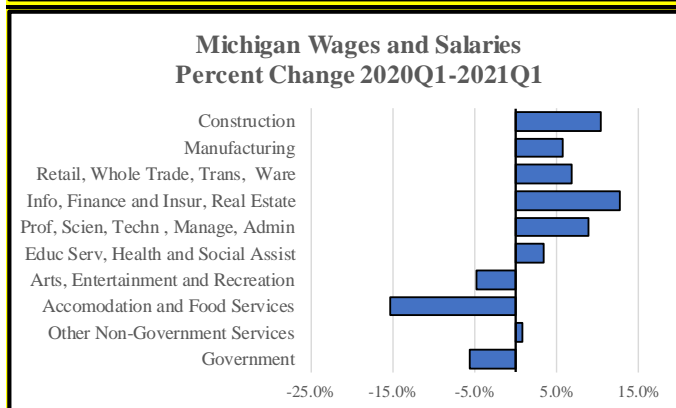
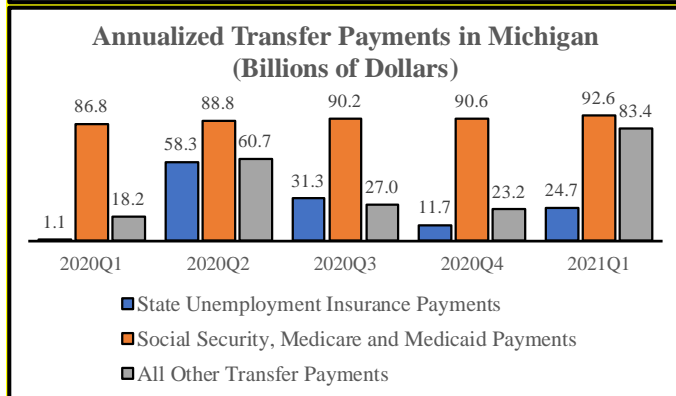
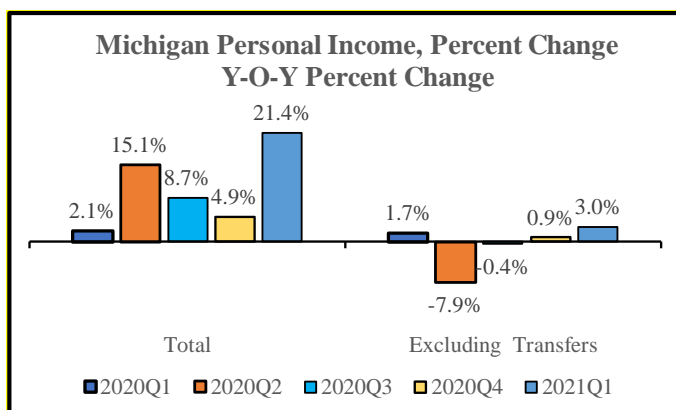


# MICHIGAN ECONOMIC UPDATE

Office of Revenue and Tax Analysis  
Michigan Department of Treasury  
<http://www.michigan.gov/treasury>  
Summarizing Economic Data for May 2021  
(Published 06/30/2021)

## State Personal Income Data Release

On June 22, 2021, the Bureau of Economic Analysis released 2021Q1 state personal income data. Below are some highlights of that release <sup>(c)</sup>:



### Total Personal Income

Between 2020Q1 and 2021Q1:

- Michigan personal income increased 21.4 percent while national personal income rose 16.6 percent
- Annualized Michigan personal income rose from \$497.3 billion to \$603.7 billion -- a \$106.4 billion increase.
- Annualized U.S. personal income increased from \$18,940.5 billion to \$22,079.6 billion – a \$3,139.1 billion increase.
- Total personal income excluding transfer payments rose only 3.0 percent in Michigan and increased just 2.1 percent nationally

### Michigan Transfer Payments

- Annualized state unemployment insurance payments in Michigan rose from \$1.1 billion to \$24.7 billion between 2020Q1 and 2021Q1 – a \$23.6 billion increase.
- Combined Social Security, Medicaid, and Medicare payments in Michigan rose \$5.8 billion. However, “all other transfer payments” jumped from \$18.2 billion to \$83.4 billion – a \$65.2 billion increase.
- Overall, the increase in transfer payments accounted for 88.9 percent of the overall increase in total Michigan personal income. (Nationally, the increase in transfer payments accounted for 89.6 percent).

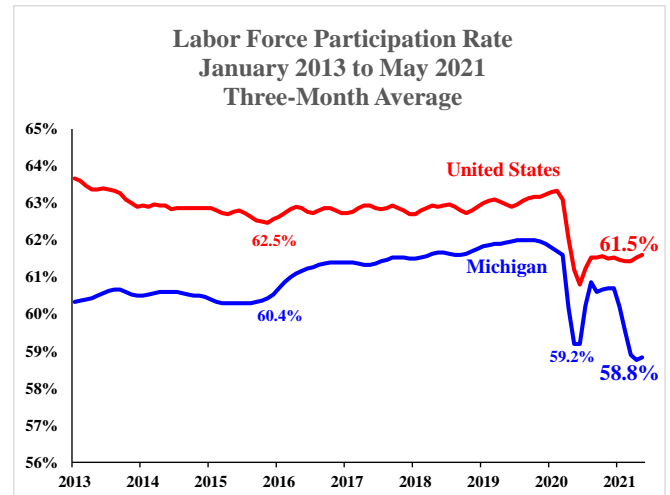
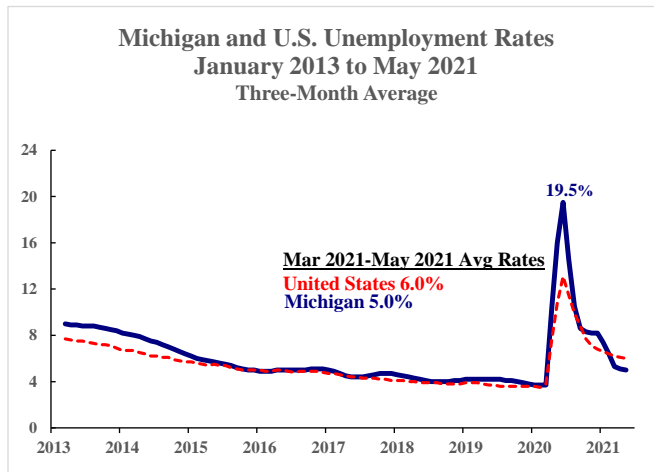
### Wages and Salaries

- Between 2020Q1 and 2021Q1, total wages and salaries rose 4.5 percent in Michigan and increased 4.0 percent nationally.
- The combined information/finance, insurance, real estate saw the largest sector increase (12.7 percent), followed by construction (10.3 percent).
- Accommodation and food service sector experienced the largest major sector decline (-15.3 percent), followed by government (-5.6 percent).

# May 2021 Summary

## Household Unemployment and Employment

- The monthly Michigan unemployment rate estimate rose to 5.0 percent in May. The three-month average of the Michigan unemployment rate trended downward from 5.1 percent to 5.0 percent in April. Compared to last May, early on in the pandemic, the three-month average is down 11.0 percentage points. Compared to pre-pandemic February 2020 average, the current average is up 1.3 percentage points.
- The average number of people employed in Michigan between March 2021-May 2021 was 273,500 lower than in February 2020. Compared to the three-month average of people employed between March 2020-May 2020, the current three-month average is up 484,400 people. The March 2021-May 2021 average of people unemployed is 50,500 people higher than the number of unemployed in February 2020.
- The U.S. unemployment rate fell 0.3 of a percentage point to 5.8 percent in May. May's national jobless rate is 7.5 percentage points lower than the May 2020 rate (13.3 percent), but 2.3 percentage points higher than its February 2020 rate (3.5 percent).



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

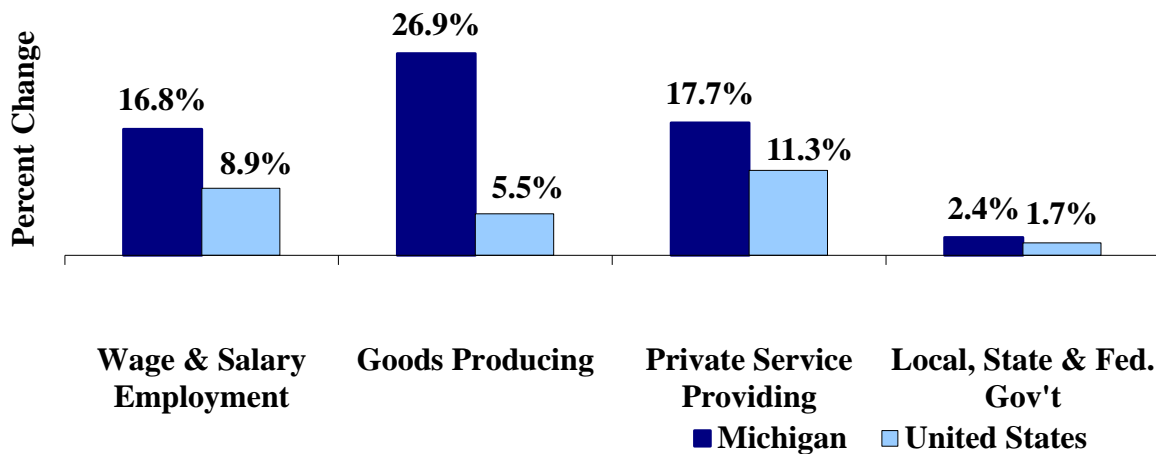
	<b>Annual 2020</b>	<b>Mar 2020</b>	<b>Apr 2020</b>	<b>May 2021</b>	<b>Chg Fr Mo Ago Level</b>	<b>Chg Fr Mo Ago %</b>	<b>Chg Fr Yr Ago Level</b>	<b>Chg Fr Yr Ago %</b>	<b>Three Month Average</b>
<b>Michigan</b>									
Labor Force	4,841	4,703	4,701	4,710	9	0.2%	15	0.3%	4,705
Employed	4,363	4,464	4,470	4,476	6	0.1%	757	20.4%	4,470
Unemployed	478	239	232	235	3	1.3%	-742	-75.9%	235
Unemployment Rate	9.9%	5.1%	4.9%	5.0%	n.a.	0.1% pts	n.a.	-15.8% pts	5.0%
<b>United States</b>									
Labor Force	160,742	160,558	160,988	160,935	-53	0.0%	2,735	1.7%	160,827
Employed	147,795	150,848	151,176	151,620	444	0.3%	14,396	10.5%	151,215
Unemployed	12,947	9,710	9,812	9,316	-496	-5.1%	-11,659	-55.6%	9,613
Unemployment Rate	8.1%	6.0%	6.1%	5.8%	n.a.	-0.3% pts	n.a.	-7.5% pts	6.0%

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 May 2020, Michigan payroll employment was up by 592,500 jobs (16.8 percent). State payroll employment fell by 2,200 jobs in May 2021 from April 2021. Nationally, May 2021 payroll employment was up by 11.9 million jobs (8.9 percent) from a year ago. National employment rose 559,000 jobs in May.

### Payroll Employment Growth May 2020 to May 2021



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

- In the goods-producing sector, Michigan payroll employment increased 26.9 percent in May from a year ago; employment in the private service-providing sector rose 17.7 percent. From a year ago, May national payroll employment rose 5.5 percent in the goods-producing sector and increased 11.3 percent in the private service-providing sector.
- At 40.0 hours, manufacturing weekly hours in Michigan were up 1.5 hours from last year.

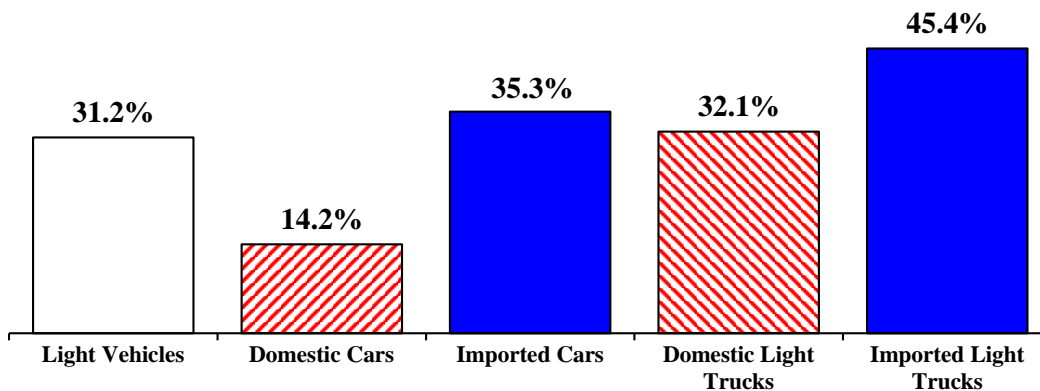
### Wage and Salary (Payroll) Employment (in Thousands)<sup>(b)</sup>

	MI				US			
	2020 <u>Annual</u>	MI May <u>2020</u>	MI May <u>2021</u>	Percent <u>Change</u>	2020 <u>Annual</u>	US May <u>2020</u>	US May <u>2021</u>	Percent <u>Change</u>
Wage & Salary Employment	4,032.5	3,520.8	4,113.3	16.8%	142,185	132,994	144,894	8.9%
Goods Producing	728.5	594.1	754.1	26.9%	20,068	19,262	20,327	5.5%
Manufacturing	557.1	441.8	570.3	29.1%	12,179	11,657	12,290	5.4%
Private Service Providing	2,722.5	2,369.0	2,788.1	17.7%	100,209	92,418	102,899	11.3%
Trade, Trans. & Utilities	746.5	668.1	767.7	14.9%	26,590	24,934	27,146	8.9%
Services	1,702.4	1,437.1	1,744.5	21.4%	62,202	56,277	64,230	14.1%
Local, State & Fed. Gov't	581.5	557.7	571.1	2.4%	21,909	21,314	21,668	1.7%
Manufacturing Weekly Hours	40.7	38.5	40.0	1.5 hrs	40.7	39.4	41.6	2.2 hrs

# Motor Vehicle Sales

- May 2021 the U.S. light vehicle sales rate was up 40.3 percent from a year ago. Year-to-date, U.S. light vehicle sales are up 31.2 percent. In May 2021, the annualized sales rate equaled 17.0 million.
- U.S. sales of domestic light vehicles rose 41.0 percent from last May while foreign sales rose 38.2 percent. The foreign share of U.S. light vehicle sales fell to 25.7 percent in May 2021 – down 0.4 of a percentage point.
- Auto sales increased 47.7 percent compared to last May, while light truck sales were up 38.1 percent from May 2020. Year-over-year (y-o-y), heavy truck sales rose 84.8 percent from last May.

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



## Motor Vehicle Sales Statistics

(Millions, Seasonally Adjusted Rates, unless otherwise specified)

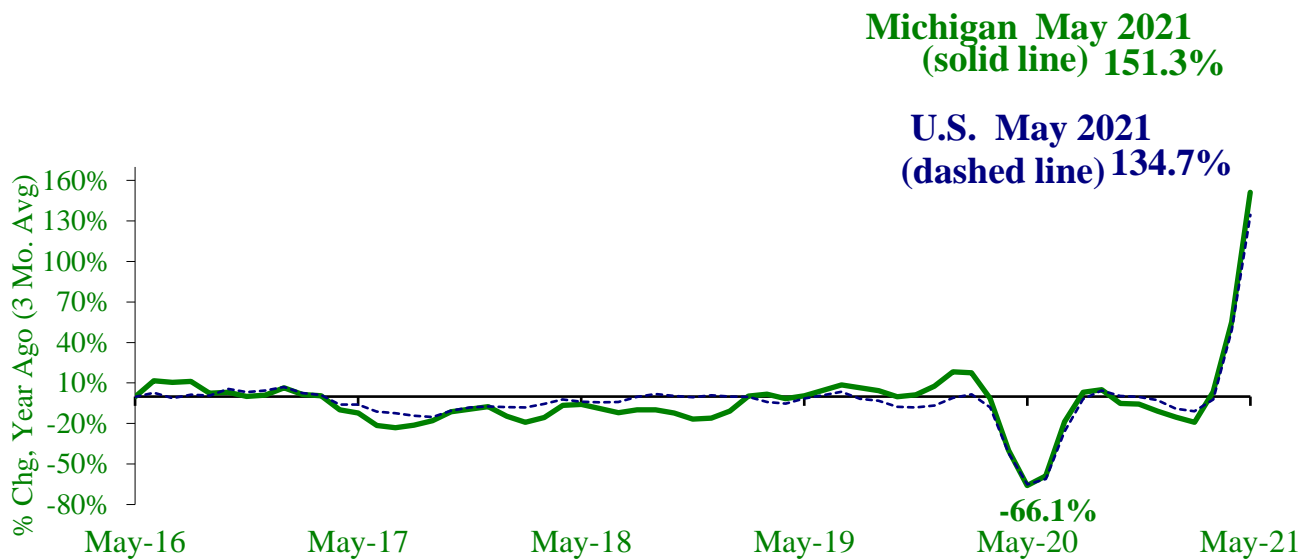
Motor Vehicle Sales <sup>(c)</sup>	2020 <u>Total</u>	Mar <u>2021</u>	Apr <u>2021</u>	May <u>2021</u>	3 Month <u>Average</u>	May Chg fr Yr Ago <u>Level</u>	May Chg fr Yr Ago <u>%</u>
Autos	3.4	3.9	4.2	4.0	4.0	1.3	47.7%
Domestics	2.6	2.8	3.0	2.8	2.9	1.0	51.8%
Imports	0.8	1.1	1.2	1.1	1.1	0.3	38.3%
Import Share	24.3%	28.2%	28.3%	28.2%	28.3%	-1.9%	pts
Light Trucks	11.1	14.0	14.6	13.0	13.9	3.6	38.1%
Domestics	8.6	10.8	11.0	9.8	10.5	2.7	38.1%
Imports	2.4	3.2	3.5	3.3	3.3	0.9	38.1%
Import Share	22.1%	23.0%	24.1%	25.0%	24.0%	0.0%	pts
Total Light Vehicles	14.5	18.0	18.8	17.0	17.9	4.9	40.3%
Heavy Trucks	0.4	0.5	0.5	0.6	0.5	0.3	84.8%
Total Vehicles	14.9	18.5	19.2	17.5	18.4	5.1	41.3%

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

	2019 <u>Average</u>	Feb-21 <u>Feb-21</u>	Mar-21 <u>Mar-21</u>	Apr-21 <u>Apr-21</u>	3 Month <u>Average</u>	Chg fr Year Ago <u>Level</u>	Chg fr Year Ago <u>%</u>
Inventories	\$199.3	\$187.3	\$175.6	\$162.4	\$175.1	-\$57.3	-26.1%
Inventory/Sales Ratio	1.99	1.62	1.30	1.15	1.36	-2.06	

- In May 2020, U.S. and Michigan motor vehicle production was coming back from the virtual standstill the month before. As a result, year-over-year percentage changes from May 2020 to May 2021 are very large. (See table below). In May 2021, Michigan plants produced 141,568 units in contrast to the 54,703 vehicles produced in Michigan last May. Nationally, vehicle production totaled 720,643 units in May 2021 compared to 260,177 units produced last May. Compared to April 2021, Michigan production rose 7.8 percent in May 2021 while national production increased 1.4 percent.
- Comparing the three-month average of vehicle production in March-May 2021 to production in March-May 2020, Michigan's average production was up 151.3 percent while average production was up 134.7 percent nationally.

## Michigan Three-Month Average Vehicle Production Up Tremendously from Last Year's Massive Slowdown



### Motor Vehicle Production Statistics

(Thousands, unless otherwise specified)

	2020 Monthly <u>Average</u>	Mar <u>2021</u>	Apr <u>2021</u>	May <u>2021</u>	3 Month <u>Average</u>	May Level Chg <u>fr Yr Ago</u>	May % Chg <u>fr Yr Ago</u>
<b>U.S. Production</b> <sup>(e)</sup>							
Autos	161.9	144.7	142.5	144.9	144.0	81.4	128.3%
Trucks	571.7	758.8	568.3	575.8	634.3	379.1	192.7%
Total	733.6	903.5	710.7	720.6	778.3	460.5	177.0%
<b>Michigan Production</b> <sup>(f)</sup>							
Autos	14.0	16.0	6.0	5.2	9.1	1.5	40.1%
Trucks	177.7	162.3	125.4	136.3	141.3	85.4	167.5%
Total	191.8	178.3	131.4	141.6	150.4	86.9	158.8%
Michigan as % of U.S.	26.1%	19.7%	18.5%	19.6%	19.3%	-1.4% pts	

# U.S. Economic Conditions

Page 6

	<u>Feb-21</u>	<u>Mar-21</u>	<u>Apr-21</u>	<u>May-21</u>	<u>Change from Year Ago</u>
<b>KEY ECONOMIC INDICATORS</b>					
Consumer Sentiment <sup>(h)</sup>	76.8	84.9	88.3	82.9	10.6 points
ISM Manufacturing Index <sup>(i)</sup>	60.8	64.7	60.7	61.2	18.1 points
ISM Non Manufacturing Index <sup>(i)</sup>	55.3	63.7	62.7	64.0	18.6 points
<b>INFLATION <sup>(k)</sup></b>					
<b>1982-84 = 100 (CPI)</b>	<u>Feb-21</u>	<u>Mar-21</u>	<u>Apr-21</u>	<u>May-21</u>	<u>Change from Year Ago</u>
<b>Nov 2009 = 100 (PPI)</b>					
U.S. Consumer Price Index	263.0	264.9	267.1	269.2	5.0%
Detroit CPI	240.6	NA	244.7	NA	5.4%
U.S. Producer Price Index	121.7	123.1	123.9	125.0	6.6%
<b>INTEREST RATES</b>					
90 Day T-Bill <sup>(l)</sup>	0.04%	0.03%	0.02%	0.02%	-0.11% points
10 Year Treasury Securities <sup>(l)</sup>	1.26%	1.61%	1.64%	1.62%	0.95% points
<b>INDUSTRIAL PRODUCTION <sup>(l)</sup></b>	96.4	98.9	99.0	99.9	16.3%
<b>CAPACITY UTILIZATION <sup>(l)</sup></b>	72.7%	74.6%	74.6%	75.2%	10.6% points
<b>RETAIL SALES <sup>(d)</sup></b>	\$560.0	\$623.1	\$628.7	\$620.2	28.1%
<b>HOUSING STARTS and SALES</b>					
(Millions Annual Rate)	<u>Feb-21</u>	<u>Mar-21</u>	<u>Apr-21</u>	<u>May-21</u>	<u>% Change From Year Ago</u>
Housing Starts <sup>(d)</sup>	1.447	1.725	1.517	1.572	50.3%
Existing Home Sales <sup>(m)</sup>	6.240	6.010	5.850	5.800	44.6%
<b>DURABLE GOODS ORDERS <sup>(d)</sup></b>	\$246.3	\$249.5	\$247.6	\$253.3	41.6%
<b>PERSONAL INCOME <sup>(c)</sup></b>					
(Billions, Seasonally Adj & Annualized)	<u>2020.2</u>	<u>2020.3</u>	<u>2020.4</u>	<u>2021.1</u>	<u>% Change From Year Ago</u>
Michigan	\$563.8	\$535.7	\$520.9	\$603.7	21.4%
U.S.	\$20,444.6	\$19,839.4	\$19,641.7	\$22,079.6	16.6%
<b>GROSS DOMESTIC PRODUCT <sup>(c)</sup></b>					
(Billions of Chained 2012 Dollars, Seasonally Adj & Annualized)	<u>2020.2</u>	<u>2020.3</u>	<u>2020.4</u>	<u>2021.1</u>	<u>Annualized % Chg From Last Qtr</u>
	\$17,302.5	\$18,596.5	\$18,794.4	\$19,086.4	6.4%

## **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).
- (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.