



# MICHIGAN ECONOMIC UPDATE

Office of Revenue and Tax Analysis  
Michigan Department of Treasury

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

## November 2007 Summary

**U.S. Economy:** November U.S. economic indicators were mostly negative. The ISM manufacturing was up slightly from last year while the non-manufacturing index was down 4.2 points from a year ago. The index of leading economic indicators fell sharply for the third month out of the last four; the six-month annualized growth rate, often used as a rule of thumb for recession, fell to -2.3 percent, the lowest reading since April 2001. Consumer sentiment was down sharply from a year ago (-16.0 points) to 76.1, its second lowest reading since the early 1990's. Housing starts were down 24.2 percent from a year ago. Existing home sales fell 20.0 percent with the median home price falling 3.3 percent. Excluding vehicles and gasoline, retail sales rose 4.5 percent compared to a year ago (three-month average). The three-month average of new durable goods orders, excluding defense and aircraft, declined 3.0 percent compared to a year ago, marking the tenth straight month of decline -- the longest such streak since 2003. The third quarter real GDP growth estimate was unchanged at 4.9 percent, the fastest growth rate in four years.

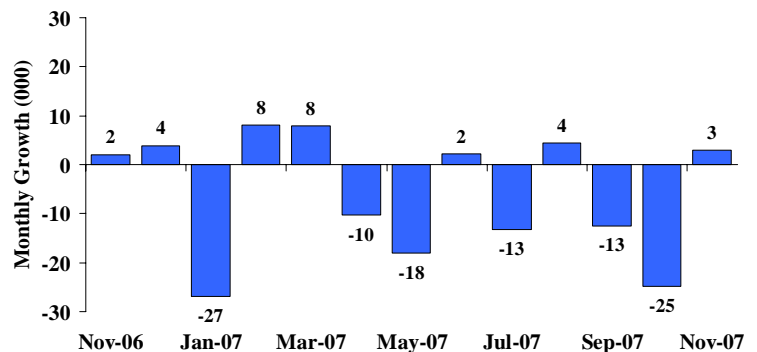
**Employment:** In November, Michigan's payroll employment rose by 3,000 jobs. The State unemployment rate fell to 7.4 percent. Nationally, employment rose by 94,000 jobs.

**Auto Industry:** November light vehicle sales rose to a 16.2 million unit annual rate. Compared to a year ago, the three-month average of State vehicle production rose 9.8 percent compared with a 2.3 percent decline nationally.

**Inflation:** Compared to a year ago, the U.S. consumer price index (CPI) rose 4.3 percent; the core CPI (excluding energy and food) increased only 2.3 percent. Overall producer prices rose 7.2 percent, but core producer prices rose only 2.0 percent.

**Michigan Metro Areas:** From a year ago, November 2007 unemployment rates rose in 16 of the State's 17 major labor market areas. Employment fell in 16 labor market areas with a median decline of 1.5 percent. November 2007 unemployment rates ranged between 4.7 percent (Ann Arbor MSA) and 9.5 percent (Northeast Lower Michigan).

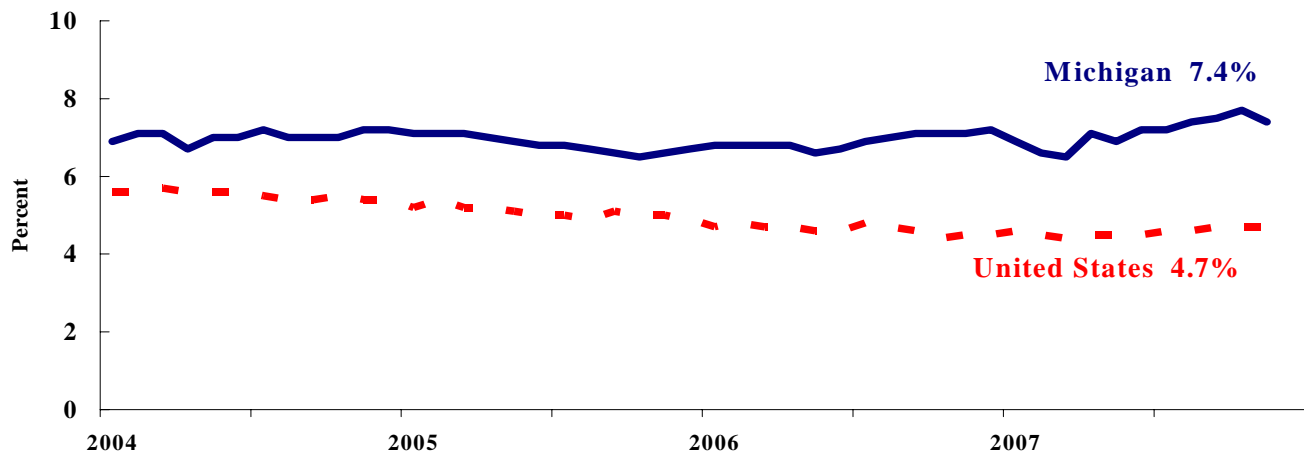
**Michigan Employment  
Rises Slightly in November (a)**



## Labor Market Statistics

- Michigan's November monthly unemployment rate decreased 0.3 percentage points to 7.4 percent from last month while the current Michigan jobless rate is 0.3 percentage points above a year ago. The November U.S. unemployment rate remained unchanged at 4.7 percent and was also unchanged compared to a year ago. Monthly unemployment rates fluctuate due to statistical sampling errors and data revisions.

### Michigan and U.S. Monthly Unemployment Rates 2004 to 2007



Source: Michigan Dept. of Labor and Economic Growth and Bureau of Labor Statistics, U.S. Dept. of Labor

- In November, the number of people employed in Michigan was 4,650,000, up 25,000 from last month, while the labor force increased by 8,000. The statewide total number of unemployed decreased by 17,000 to 370,000.
- United States household employment totaled 146.7 million persons in November, up 696,000 from October. The labor force rose by 617,000 from last month, which meant that there were 78,000 less unemployed people nationally, compared to October.

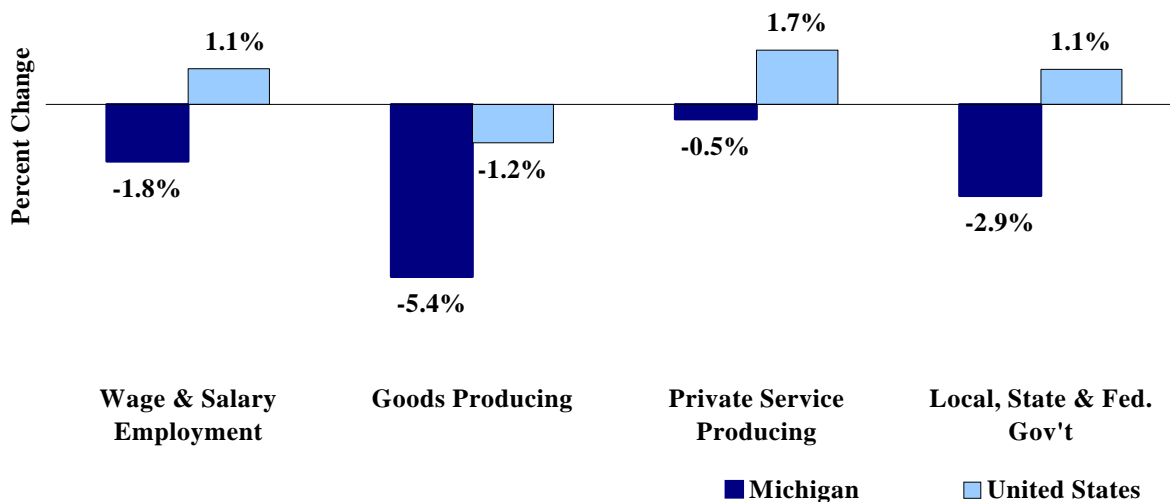
### Employment by Place of Residence (in thousands)<sup>(a)</sup>

	2006 Average	Sep 2007	Oct 2007	Nov 2007	Change From			
					Prior Month		Last Year	
					Level	%	Level	%
<b>Michigan</b>								
Labor Force	5,081	5,046	5,012	5,020	8	0.2%	-60	-1.2%
Employed	4,730	4,668	4,625	4,650	25	0.5%	-71	-1.5%
Unemployed	351	378	387	370	-17	-4.4%	10	2.8%
Unemployment Rate	6.9%	7.5%	7.7%	7.4%	n.a.	-0.3% pts	n.a.	0.3%
<b>United States</b>								
Labor Force	151,428	153,464	153,253	153,870	617	0.4%	2,172	1.4%
Employed	144,427	146,257	146,007	146,703	696	0.5%	2,124	1.5%
Unemployed	7,001	7,207	7,245	7,167	-78	-1.1%	48	0.7%
Unemployment Rate	4.6%	4.7%	4.7%	4.7%	n.a.	0.0% pts	n.a.	0.0%

## Employment by Place of Work

- From November 2006 to November 2007, Michigan wage and salary employment decreased 77,000 (1.8 percent). State wage and salary employment increased 3,000 from October. Nationally, November 2007 wage and salary employment rose 1,526,000 (1.1 percent) from a year ago and was up 94,000 from last month.

### Wage and Salary Employment Growth November 2006 to November 2007



Source: Bureau of Labor Statistics, Michigan Department of Labor and Economic Growth

- In the goods-producing sector, Michigan employment fell 5.4 percent from a year ago while private service-producing sector employment decreased 0.5 percent compared to last year. From a year ago, November national employment in the goods-producing sector fell 1.2 percent and increased 1.7 percent in the private service-producing sector.
- Manufacturing weekly hours increased 0.7 hours in Michigan compared to last year.

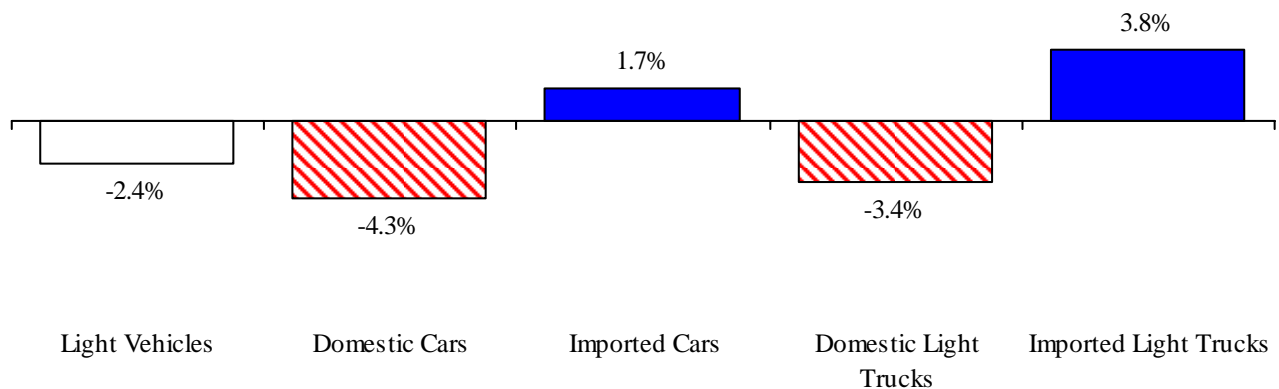
### Establishment Employment (in thousands)<sup>(b)</sup>

	Michigan				United States			
	2006 Average	Nov 2006	Nov 2007	Percent Change	2006 Average	Nov 2006	Nov 2007	Percent Change
Wage & Salary Employment	4,341	4,322	4,245	-1.8%	136,174	136,941	138,467	1.1%
Goods Producing	837	819	775	-5.4%	22,570	22,525	22,254	-1.2%
Manufacturing	648	635	607	-4.4%	14,197	14,143	13,960	-1.3%
Private Service Producing	2,835	2,837	2,824	-0.5%	91,615	92,310	93,865	1.7%
Trade, Trans. & Utilities	795	792	780	-1.5%	26,231	26,320	26,555	0.9%
Services	1,757	1,763	1,768	0.3%	53,965	54,511	55,808	2.4%
Local, State & Fed. Gov't	670	666	647	-2.9%	21,990	22,106	22,348	1.1%
Manufacturing Weekly Hours	42.2	41.5	42.2	0.7 hrs	41.1	41.0	41.3	0.3 hrs

## Motor Vehicle Industry Sales

- At a 16.2 million unit annual rate, November 2007 light vehicle sales were up 1.0 percent compared to October and rose 0.4 percent compared to a year ago. Compared to a month ago, domestic light vehicle sales were up 1.8 percent and foreign light vehicle sales decreased 1.3 percent.
- Compared to a year ago, November 2007 domestic sales were up 0.8 percent while foreign sales declined 0.7 percent. As a result, the foreign share of U.S. vehicle sales decreased by 0.3 of a percentage point to 23.3 percent. Overall auto sales were up 7.1 percent; light truck sales declined 1.3 percent.
- Year to date domestic auto sales declined 4.3 percent from a year ago while foreign car sales rose 1.7 percent. Foreign light truck sales increased 3.8 percent. At the same time, domestic light truck sales fell 3.4 percent. Heavy truck sales were down 30.7 percent. November light vehicle inventories fell 1.4 percent from a year ago; days supply remained unchanged.

### November 2007 Light Vehicle Sales Declined Year to Date, Compared to a Year Ago



### Motor Vehicle Sales Statistics

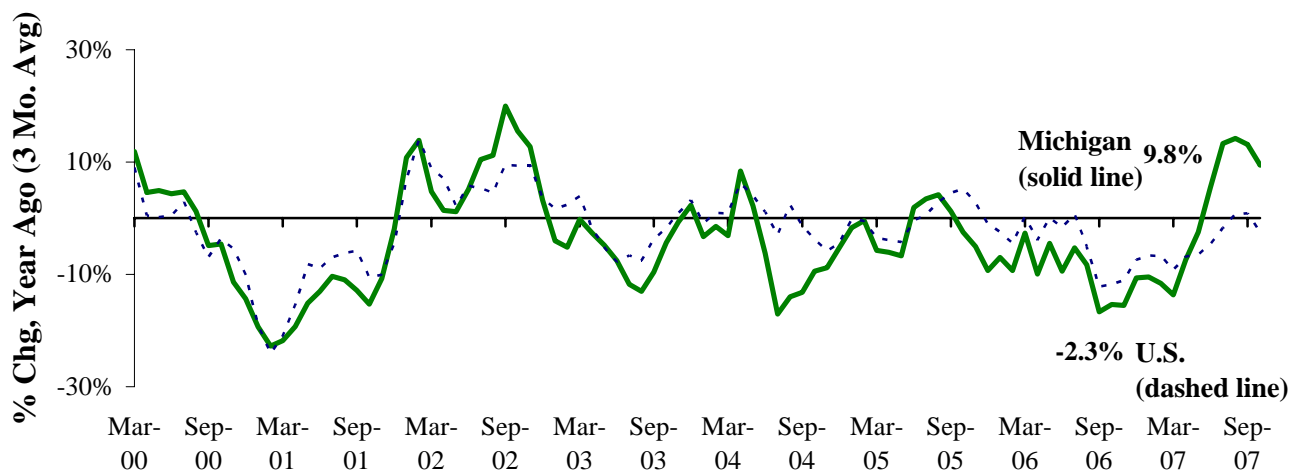
(Millions, unless otherwise specified)

Motor Vehicle Sales <sup>(c)</sup>	2006 Average	Sep 2007	Oct 2007	Nov 2007	3 Month Average	Change from Year Ago	
						Level	%
Autos	7.8	7.5	7.5	8.0	7.6	0.5	7.1%
Domestics	5.4	5.2	5.1	5.6	5.3	0.5	10.6%
Imports	2.3	2.3	2.3	2.4	2.3	(0.0)	-0.3%
Import Share	30.0%	30.6%	31.4%	29.4%	30.4%	-2.2% pts	
Light Trucks	8.7	8.7	8.5	8.2	8.5	(0.5)	-5.4%
Domestics	7.4	7.3	7.1	6.8	7.0	(0.4)	-6.2%
Imports	1.3	1.4	1.5	1.4	1.4	(0.0)	-1.3%
Import Share	15.5%	16.2%	17.2%	17.2%	16.8%	0.7% pts	
Total Light Vehicles	16.5	16.2	16.0	16.2	16.1	0.1	0.4%
Heavy Trucks	0.5	0.3	0.3	0.3	0.3	(0.2)	-39.9%
Total Vehicles	17.0	16.5	16.3	16.5	16.4	(0.1)	-0.9%
<b>U.S. Light Vehicle Inventories<sup>(d)</sup></b>		<b>Sep-07</b>	<b>Oct-07</b>	<b>Nov-07</b>	<b>3 Month</b>	<b>Change</b>	
Total Car	1.325	1.203	1.332	1.405	1.314	-0.025	
Days Supply	53	49	61	62	57	-4 days	
Total Truck	2.222	1.864	1.944	2.028	1.945	-0.023	
Days Supply	79	67	76	84	76	6 days	

## Motor Vehicle Industry Production

- At 202,115 units, November 2007 Michigan motor vehicle production rose 10.0 percent from a year ago, compared with a 2.2 percent increase nationally. As a result, Michigan's share of national production rose 1.6 percentage points to 22.5 percent.
- Compared with a year ago, state car production was essentially flat while state truck production rose 19.0 percent. Nationally, car production was down 2.4 percent while truck production increased by 5.0 percent.
- Michigan's three-month average of vehicle production was up 9.8 percent from a year ago; national production fell 2.3 percent.

### Michigan Vehicle Production Up Substantially National Production Down Slightly<sup>(e,f)</sup>



### Motor Vehicle Production Statistics

(Thousands, unless otherwise specified)

	2006 Average	Sep 2007	Oct 2007	Nov 2007	3 Month Average	Change from Year Ago for the Month	
						Level	%
<b>U.S. Production<sup>(e)</sup></b>							
Autos	364.3	291.9	364.2	328.6	328.2	(8.0)	-2.4%
Trucks	584.1	552.0	629.4	570.9	584.1	27.2	5.0%
Total	948.4	843.8	993.6	899.5	912.3	19.2	2.2%
<b>Michigan Production<sup>(f)</sup></b>							
Autos	93.0	65.0	102.0	87.8	84.9	0.1	0.1%
Trucks	96.6	102.3	127.9	114.3	114.8	18.2	19.0%
Total	189.6	167.2	230.0	202.1	199.8	18.3	10.0%
Michigan as % of U.S.	20.0%	19.8%	23.1%	22.5%	21.9%	1.6% pts	

## November 2007 Unemployment Rates Rose in Sixteen Major Michigan Labor Market Areas (Not Seasonally Adjusted)

From November 2006 to November 2007, unemployment rates rose in 16 major labor market areas and remained unchanged in one area. The median unemployment rate increase was 0.6 of a percentage point.

Compared to a year ago, employment fell in 16 major labor market areas. The median employment decrease was 1.5 percent. Employment declined by more than 1.0 percent in 13 areas. Five areas saw employment declines exceeding 2.0 percent. Three areas experienced declines exceeding 3.0 percent: Bay City (-4.4 percent), Saginaw-Saginaw Township (-3.9 percent) and Flint (-3.7 percent). Fifteen areas saw a labor force decline with a median decline of 1.0 percent. Two areas realized greater than a 3.0 percent labor force decline.

Compared to a year ago, three areas had the largest unemployment rate increase (0.7 percentage points): Flint MSA, Northeast Lower Michigan and Northwest Lower Michigan. Five areas reported a 0.6 percentage point increase.

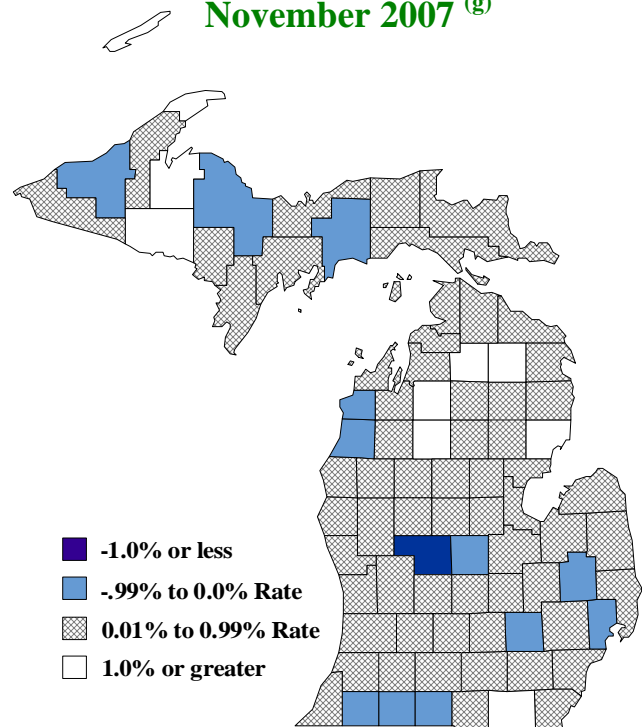
Compared to October 2007, 12 major labor market areas reported a non-seasonally adjusted unemployment rate increase with a median increase of 0.3 of a percentage point. November 2007 unemployment rates ranged between 4.7 percent (Ann Arbor MSA) and 9.5 percent (Northeast Lower Michigan).

Compared to November 2006, the unemployment rate rose in 69 counties, fell in 11 counties and remained unchanged in three counties.

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

<u>Local Area</u>	<u>Nov 2006 Rate</u>	<u>Oct 2007 Rate</u>	<u>Nov 2007 Rate</u>
Michigan	6.6%	7.0%	6.9%
Ann Arbor	4.2%	4.8%	4.7%
Battle Creek	6.3%	6.6%	6.6%
Bay City	6.2%	6.3%	6.8%
Detroit-Warren-Livonia	7.2%	7.8%	7.2%
Flint	7.6%	8.1%	8.3%
Grand Rapids-Wyoming	5.5%	5.8%	5.9%
Holland-Grand Haven	5.0%	5.5%	5.6%
Jackson	6.9%	7.3%	7.5%
Kalamazoo-Portage	5.1%	5.3%	5.5%
Lansing-East Lansing	5.2%	5.4%	5.5%
Monroe	5.9%	8.2%	6.5%
Muskegon-Norton Shores	6.6%	7.2%	7.1%
Niles-Benton Harbor	6.5%	6.3%	6.8%
Saginaw-Saginaw Township	6.5%	6.8%	7.1%
Upper Peninsula	6.9%	6.1%	7.2%
Northeast Lower Mich	8.8%	7.7%	9.5%
Northwest Lower Mich.	7.0%	6.6%	7.7%

### Unemployment Rate Change From a Year Ago November 2007<sup>(g)</sup>



## U.S. Economic Conditions

	<u>Aug-07</u>	<u>Sep-07</u>	<u>Oct-07</u>	<u>Nov-07</u>	<u>Change from Year Ago</u>
<b>KEY ECONOMIC INDICATORS</b>					
Consumer Sentiment <sup>(h)</sup>	83.4	83.4	80.9	76.1	-16.0 points
ISM Manufacturing Index <sup>(i)</sup>	52.9	52.0	50.9	50.8	0.9 points
ISM Non Manufacturing Index <sup>(i)</sup>	55.8	54.8	55.8	54.1	-4.2 points
	<u>2006.4</u>	<u>2007.1</u>	<u>2007.2</u>	<u>2007.3</u>	
Business Executives' Confidence <sup>(j)</sup>	50.0	53.0	45.0	44.0	0.0 points
<b>INFLATION <sup>(k)</sup></b>					
<b>1982-84 = 100</b>	<u>Aug-07</u>	<u>Sep-07</u>	<u>Oct-07</u>	<u>Nov-07</u>	<u>Change from Year Ago</u>
U.S. Consumer Price Index	207.9	208.5	208.9	210.2	4.3%
Detroit CPI	199.7	NA	201.8	NA	2.6%
U.S. Producer Price Index	165.8	167.4	168.6	171.3	7.2%
<b>INTEREST RATES</b>					
90 Day T-Bill <sup>(l)</sup>	4.34%	4.01%	3.97%	3.49%	-1.46% points
Aaa Corporate Bonds <sup>(m)</sup>	5.79%	5.74%	5.66%	5.44%	0.11% points
<b>INDUSTRIAL PRODUCTION <sup>(m)</sup></b>					
	114.1	114.4	113.6	113.9	2.1%
<b>CAPACITY UTILIZATION <sup>(m)</sup></b>					
	82.0%	82.1%	81.4%	81.5%	0.2% points
<b>RETAIL SALES <sup>(n)</sup></b>					
	\$377.2	\$380.2	\$381.1	\$385.8	6.3%
<b>HOUSING STARTS and SALES</b>					
(Millions Annual Rate)	<u>Aug-07</u>	<u>Sep-07</u>	<u>Oct-07</u>	<u>Nov-07</u>	<u>% Change From Year Ago</u>
Housing Starts <sup>(o)</sup>	1.347	1.182	1.232	1.187	-24.2%
Existing Home Sales <sup>(p)</sup>	5.480	5.030	4.980	5.000	-20.0%
<b>DURABLE GOODS ORDERS <sup>(q)</sup></b>					
	\$218.4	\$215.3	\$214.3	\$214.1	-0.5%
<b>PERSONAL INCOME <sup>(c)</sup></b>					
(Billions of Dollars)	<u>2006.4</u>	<u>2007.1</u>	<u>2007.2</u>	<u>2007.3</u>	<u>% Change From Year Ago</u>
Michigan	\$343.3	\$349.3	\$350.6	\$354.3	3.4%
U.S.	\$11,180.6	\$11,455.1	\$11,563.2	\$11,727.1	6.5%
<b>GROSS DOMESTIC PRODUCT</b>					
(Billions of Chained 2000 Dollars) <sup>(c)</sup>	<u>2006.4</u>	<u>2007.1</u>	<u>2007.2</u>	<u>2007.3</u>	<u>Annualized % Chg From Last Qtr</u>
	\$11,395.5	\$11,412.6	\$11,520.1	\$11,658.9	4.9%

**SOURCES AND NOTES:**

- (a) Seasonally adjusted. Sources: Bureau of Labor Statistics, U.S. Department of Labor and Michigan Dept. of Labor and Economic Growth, Employment Service Agency.
- (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) Ward's Automotive Reports.
- (e) Automotive News.
- (f) Michigan Department of Treasury.
- (g) Michigan Department of Labor and Economic Growth, Employment Service Agency.
- (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) Economic Indicators, Council of Economic Advisors.
- (m) Seasonally adjusted rates (except interest rates). Federal Reserve System Board of Governors. 2002 equals 100.
- (n) Retail and Food Services Sales. Bureau of the Census, U.S. Department of Commerce.
- (o) Bureau of the Census, U.S. Department of Commerce.
- (p) National Association of Realtors.
- (q) Bureau of the Census, U.S. Department of Commerce. Figures exclude semi conductors.