



MICHIGAN ECONOMIC UPDATE

Office of Revenue and Tax Analysis
Michigan Department of Treasury

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

November 2011 Summary

U.S. Economy: Third quarter U.S. economic growth was revised down 0.2 percentage point to a 1.8 percent annual rate, but remained above the rate of growth realized during the first half of 2011. In November, industrial production was up 3.7 percent from a year ago and capacity utilization increased 2.0 percentage points. November housing starts were up 24.3 percent from a year ago and existing home sales rose 12.2 percent. Retail sales were up 6.7 percent from last November and new durable goods orders increased 12.1 percent. At 64.1, consumer sentiment was down 7.5 points from a year ago but was up 8.4 points from August (2011 trough). Compared to a year ago, the ISM manufacturing index was down 5.5 points and the ISM non-manufacturing index fell 4.0 points.

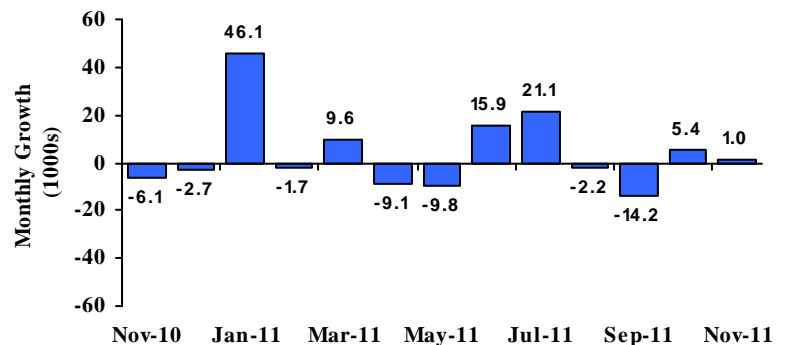
Employment: In November, Michigan employment rose by 1,000 jobs. Compared to a year ago, Michigan employment was up 1.5 percent. Nationally, employment increased 1.2 percent. The Michigan unemployment rate fell 0.8 percentage point from October to 9.8 percent. In November, U.S. employment rose by 120,000 jobs – marking the 14th straight monthly increase. At 8.6 percent, the U.S. unemployment rate was down 0.4 percentage point from October and was down 1.2 percentage points from a year ago.

Auto Industry: In November, the light vehicle annual sales rate (13.6 million units) rose 2.9 percent from October and was up 11.1 percent from a year ago. Compared to a year ago, Michigan vehicle production rose 39.0 percent. Nationally, production increased 21.1 percent.

Inflation: Compared to a year ago, the U.S. consumer price index (CPI) was up 3.4 percent – the 8th straight increase over 3.0 percent. The core U.S. CPI (excluding food and energy) rose 2.2 percent. The overall producer price index rose 5.7 percent. At \$97.21 per barrel, oil prices were up \$13.07 from November 2010.

Michigan Metro Areas: Unemployment rates fell in all 17 major Michigan labor markets in November compared with year-ago levels. Employment rose in 12 of Michigan's 17 areas with a median increase of 1.2 percent. Labor force fell in 16 labor market areas with a median drop of 2.4 percent.

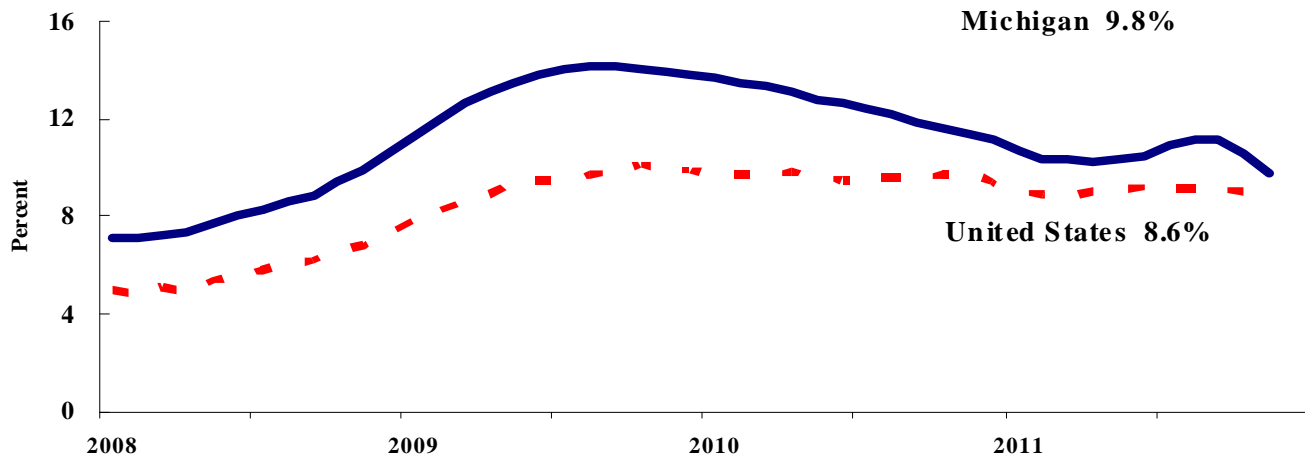
Michigan Employment Increases Slightly in November^(a)



Labor Market Statistics

- Michigan's November unemployment rate decreased 0.8 percentage point from last month to 9.8 percent, and the current Michigan jobless rate is down 1.6 percentage points from a year ago. The November U.S. unemployment rate decreased 0.4 percentage point from October to 8.6 percent and was down 1.2 percentage points from a year ago. Monthly unemployment rates fluctuate in part due to statistical sampling errors and data revisions.

Michigan and U.S. Monthly Unemployment Rates 2008 to 2011



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

- In November, the number of people employed in Michigan was 4,201,000, up 21,000 from last month, while the labor force decreased by 19,000. The statewide total number of unemployed decreased by 39,000 to 457,000.
- United States household employment totaled 140.6 million persons in November, up 278,000 from October. The labor force fell by 315,000 from last month, which meant there were 594,000 less unemployed people nationally, compared to October.

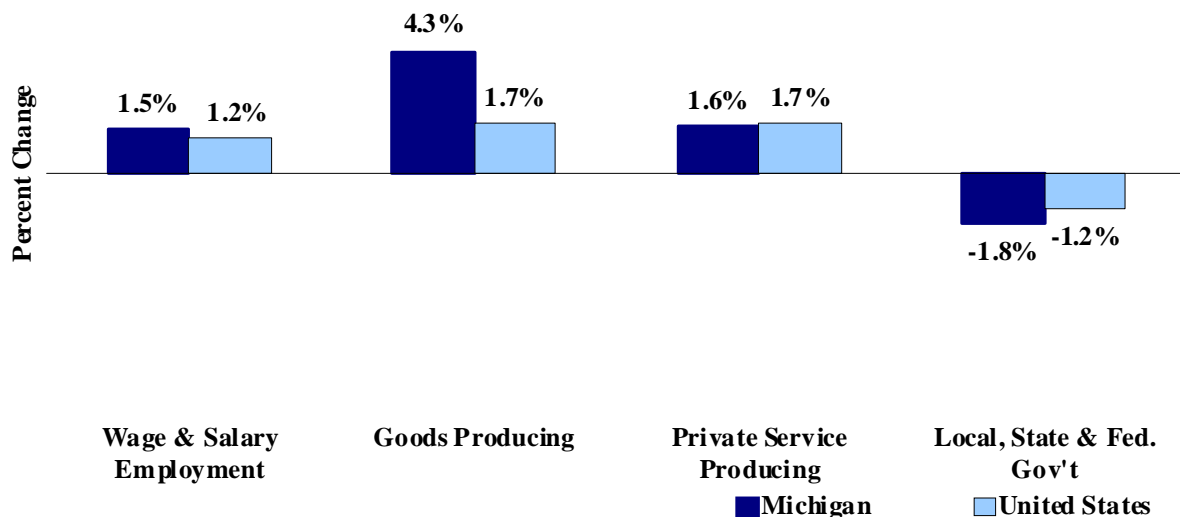
Employment by Place of Residence (in thousands)^(a)

	2010 Average	Sep 2011	Oct 2011	Nov 2011	Change From			
					Prior Month		Last Year	
					Level	%	Level	%
Michigan								
Labor Force	4,790	4,692	4,676	4,657	-19	-0.4%	-96	-2.0%
Employed	4,193	4,171	4,180	4,201	21	0.5%	-12	-0.3%
Unemployed	597	520	496	457	-39	-7.9%	-84	-15.5%
Unemployment Rate	12.5%	11.1%	10.6%	9.8%	n. a.	-0.8% pts	n. a.	-1.6%
United States								
Labor Force	153,889	154,017	154,198	153,883	-315	-0.2%	-67	0.0%
Employed	139,064	140,025	140,302	140,580	278	0.2%	1,671	1.2%
Unemployed	14,825	13,992	13,897	13,303	-594	-4.3%	-1,738	-11.6%
Unemployment Rate	9.6%	9.1%	9.0%	8.6%	n. a.	-0.4% pts	n. a.	-1.2%

Employment by Place of Work

- From November 2010 to November 2011, Michigan wage and salary employment increased 59,000 (1.5 percent). State wage and salary employment increased 1,000 from October. Nationally, November 2011 wage and salary employment rose 1,600,000 (1.2 percent) from a year ago and was up 120,000 from last month.

Wage and Salary Employment Growth November 2010 to November 2011



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

- In the goods-producing sector, Michigan employment increased 4.3 percent from a year ago while private service-producing sector employment increased 1.6 percent compared to last year. From a year ago, November national employment in the goods-producing sector rose 1.7 percent and increased 1.7 percent in the private service-producing sector.
- Manufacturing weekly hours in Michigan remained unchanged in November compared to last year.

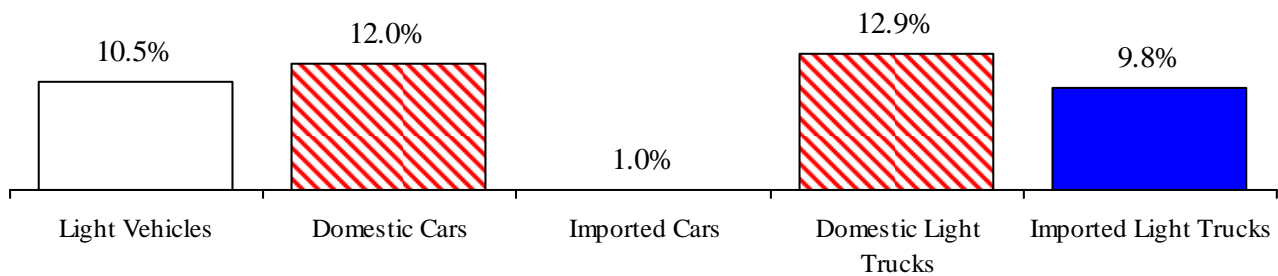
Establishment Employment (in thousands)^(b)

	Michigan				United States			
	2010 Average	Nov 2010	Nov 2011	Percent Change	2010 Average	Nov 2010	Nov 2011	Percent Change
Wage & Salary Employment	3,861	3,871	3,930	1.5%	129,818	130,108	131,708	1.2%
Goods Producing	603	609	635	4.3%	17,755	17,793	18,101	1.7%
Manufacturing	474	479	500	4.4%	11,524	11,554	11,764	1.8%
Private Service Producing	2,623	2,637	2,680	1.6%	89,582	90,048	91,618	1.7%
Trade, Trans. & Utilities	709	709	718	1.3%	24,605	24,684	25,065	1.5%
Services	1,672	1,686	1,720	2.0%	54,636	55,049	56,282	2.2%
Local, State & Fed. Gov't	636	626	615	-1.8%	22,482	22,267	21,989	-1.2%
Manufacturing Weekly Hours	40.9	44.3	44.3	0.0 hrs	40.2	40.4	40.3	-0.1 hrs

Motor Vehicle Industry Sales

- At a 13.6 million unit rate, November 2011 light vehicle sales rose 2.9 percent from October 2011. November 2011 light vehicle sales were up 11.1 percent from a year ago.
- Compared to October 2011, November 2011 domestic sales increased 2.8 percent while foreign sales rose 3.4 percent. Domestic sales rose 15.1 percent compared to a year ago while foreign sales decreased 1.2 percent. Consequently, the foreign share of U.S. light vehicle sales decreased 2.7 percentage points from a year ago to 21.6 percent.
- Auto sales rose 3.9 percent in November 2011 compared to October and increased 12.3 percent compared to a year ago. Light truck sales increased 2.0 percent from October but rose 10.1 percent from November 2010. Heavy truck sales stood at a 322,000 annual rate – up 43.8 percent from last year.
- In October 2011, motor vehicle and parts dealers' retail inventories rose 0.2 percent from September and were up 2.0 percent from a year ago. The inventory to sales ratio for dealers was down 0.11 to 1.89 -- well below the 2.50+ ratios seen at the depths of the Great Recession.

Year-to-Date Light Vehicle Sales Up Significantly from Year Ago



Motor Vehicle Sales Statistics

(Millions, unless otherwise specified)

Motor Vehicle Sales ^(c)	2010 Average	Sep 2011	Oct 2011	Nov 2011	3 Month Average	Change from Year Ago	
						Level	%
Autos	5.7	6.0	6.4	6.6	6.3	0.7	12.3%
Domestics	3.9	4.2	4.5	4.7	4.5	0.7	19.0%
Imports	1.8	1.8	1.8	2.0	1.9	(0.0)	-1.2%
Import Share	32.3%	29.4%	29.0%	29.5%	29.3%	-4.0% pts	
Light Trucks	5.8	7.0	6.8	7.0	7.0	0.6	10.1%
Domestics	4.9	6.0	5.8	6.0	5.9	0.7	12.3%
Imports	0.9	1.1	1.0	1.0	1.0	(0.0)	-1.4%
Import Share	15.4%	15.1%	14.6%	14.2%	14.7%	-1.7% pts	
Total Light Vehicles	11.6	13.1	13.2	13.6	13.3	1.4	11.1%
Heavy Trucks	0.2	0.3	0.3	0.3	0.3	0.1	43.8%
Total Vehicles	11.8	13.4	13.6	13.9	13.6	1.5	11.7%

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

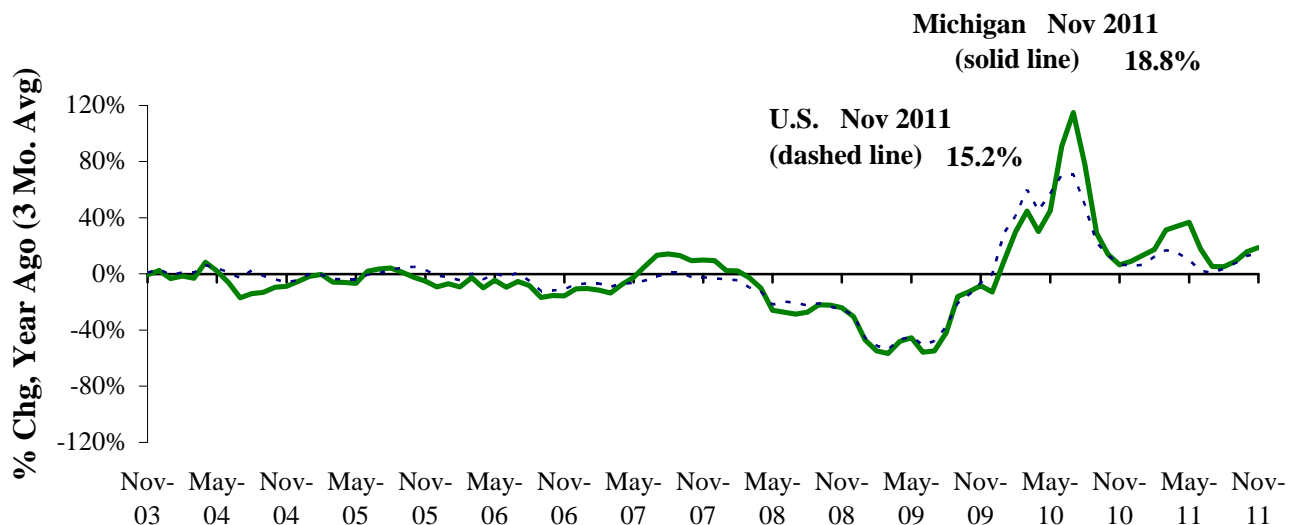
(billions of dollars)

	2010 Average	Aug-11	Sep-11	Oct-11	3 Month Average	Change from Year Ago	
						Level	%
Inventories	123.3	133.1	131.8	132.1	132.3	2.54	2.0%
Inventory/Sales Ratio	1.99	2.01	1.90	1.89	1.93	-0.11	

Motor Vehicle Industry Production

- At 169,503 units, November 2011 Michigan motor vehicle production rose 39.0 percent from last November. National production increased 21.1 percent from November 2010. Compared to October 2011, Michigan production fell 8.7 percent while national production decreased 8.2 percent.
- In November 2011, Michigan car production was up 80.2 percent from a year ago while State truck production increased 20.8 percent. Nationally, car production rose 30.0 percent while truck production increased 15.9 percent.
- From a year ago, Michigan's share of national production rose 2.9 percentage points to 22.2 percent.

Michigan and U.S. Motor Vehicle Production Accelerates Slightly ^(e,f)



Motor Vehicle Production Statistics

(Thousands, unless otherwise specified)

	2010 Monthly Average	Sep 2011	Oct 2011	Nov 2011	3 Month Average	Change from Year Ago for the Month	
						Level	%
U.S. Production ^(e)							
Autos	241.7	280.8	322.1	298.9	300.6	68.9	30.0%
Trucks	404.0	489.6	509.3	464.2	487.7	63.8	15.9%
Total	645.7	770.5	831.4	763.1	788.3	132.7	21.1%
Michigan Production ^(f)							
Autos	44.6	61.8	73.5	67.2	67.5	29.9	80.2%
Trucks	86.8	112.0	112.0	102.3	108.8	17.7	20.8%
Total	131.4	173.8	185.6	169.5	176.3	47.6	39.0%
Michigan as % of U.S.	20.4%	22.6%	22.3%	22.2%	22.4%	2.9% pts	

Local Area Unemployment Rate Falls In All Seventeen Local Areas (Not Seasonally Adjusted)

November 2011 local area unemployment rates ranged between 5.2 percent (Ann Arbor MSA) and 10.6 percent (Northeast Lower Michigan). The median November 2011 unemployment rate was 7.7 percent.

Compared to a year ago, the November unemployment rate fell in all 17 major Michigan labor market areas. The Ann Arbor MSA saw the smallest decline (-1.7 percentage points). The Flint MSA saw the largest rate decline (-3.3 percentage points) followed by the Muskegon-Norton Shores MSA and Northeast Lower Michigan (-3.1 percentage points).

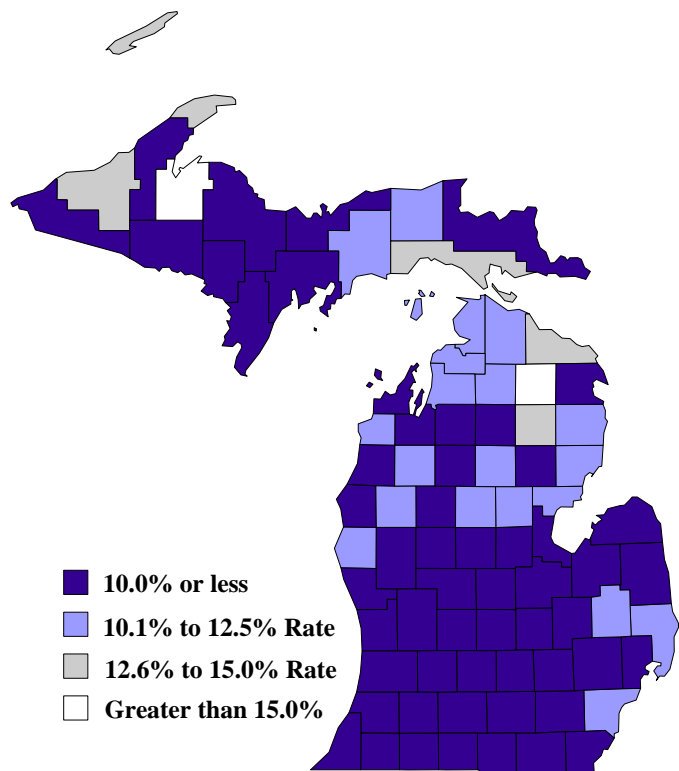
Between November 2010 and November 2011, 12 labor market areas saw an employment increase, three saw a decrease and two areas saw no change. The median employment increase was 1.2 percent. The Bay City MSA experienced the largest employment increase (3.4 percent), followed by the Holland-Grand Haven MSA (2.4 percent). The Battle Creek MSA saw the largest employment decrease (-1.5 percent), followed by Northeast Lower Michigan (-0.9 percent). Compared to a year ago, the labor force fell in 16 of the State's 17 areas with Northeast Lower Michigan experiencing the largest decline (-4.3 percent), followed by the Battle Creek MSA (-4.0 percent). The median labor force drop was 2.4 percent.

Between November 2010 and November 2011, the unemployment rate fell in all 83 Michigan counties with a median rate decrease of 2.7 percentage points. Baraga County posted the largest decline (-4.7 percentage points) followed by Montmorency County (-4.4 percentage points). Fifty-four counties saw a November 2011 unemployment rate below 10.0 percent. Two counties reported a rate higher than 15.0 percent.

Local Area Unemployment Rates^(g)

<u>Local Area</u>	<u>November</u>	<u>October</u>	<u>November</u>
	<u>2010</u>	<u>2011</u>	<u>2011</u>
	<u>Rate</u>	<u>Rate</u>	<u>Rate</u>
Michigan	10.8%	9.2%	8.4%
Ann Arbor	6.9%	5.7%	5.2%
Battle Creek	9.5%	7.6%	6.9%
Bay City	10.0%	7.9%	7.4%
Detroit-Warren-Livonia	11.6%	10.8%	9.5%
Flint	12.0%	9.4%	8.7%
Grand Rapids-Wyoming	9.0%	7.1%	6.5%
Holland-Grand Haven	9.3%	7.0%	6.5%
Jackson	10.8%	8.4%	7.8%
Kalamazoo-Portage	9.3%	7.4%	6.9%
Lansing-East Lansing	8.3%	6.7%	6.4%
Monroe	10.3%	8.1%	7.5%
Muskegon-Norton Shores	11.5%	9.0%	8.4%
Niles-Benton Harbor	10.6%	8.3%	8.2%
Saginaw-Saginaw Township	10.3%	8.1%	7.7%
Upper Peninsula	10.6%	7.9%	8.2%
Northeast Lower Mich	13.7%	10.1%	10.6%
Northwest Lower Mich.	12.4%	9.1%	9.4%

County Unemployment Rates November 2011^(g)



U.S. Economic Conditions

	<u>Aug-11</u>	<u>Sep-11</u>	<u>Oct-11</u>	<u>Nov-11</u>	<u>Change from Year Ago</u>
KEY ECONOMIC INDICATORS					
Consumer Sentiment ^(h)	55.7	59.4	60.9	64.1	-7.5 points
ISM Manufacturing Index ⁽ⁱ⁾	50.6	51.6	50.8	52.7	-5.5 points
ISM Non Manufacturing Index ⁽ⁱ⁾	53.3	53.0	52.9	52.0	-4.0 points
	<u>2011.1</u>	<u>2011.2</u>	<u>2011.3</u>	<u>2011.4</u>	
Business Executives' Confidence ^(j)	67.0	55.0	42.0	49.0	-13.0 points
INFLATION ^(k)					
1982-84 = 100	<u>Aug-11</u>	<u>Sep-11</u>	<u>Oct-11</u>	<u>Nov-11</u>	<u>Change from Year Ago</u>
U.S. Consumer Price Index	226.5	226.9	226.4	226.2	3.4%
Detroit CPI	213.9	NA	212.9	NA	3.5%
U.S. Producer Price Index	191.6	192.5	191.9	192.0	5.7%
INTEREST RATES					
90 Day T-Bill ^(l)	0.02%	0.01%	0.02%	0.01%	-0.13% points
Aaa Corporate Bonds ^(l)	4.37%	4.09%	3.98%	3.87%	-1.00% points
INDUSTRIAL PRODUCTION ^(l)					
	94.4	94.4	95.0	94.8	3.7%
CAPACITY UTILIZATION ^(l)					
	77.7%	77.6%	78.0%	77.8%	2.0% points
RETAIL SALES ^(m)					
	\$391.1	\$396.0	\$398.5	\$399.3	6.7%
HOUSING STARTS and SALES					
(Millions Annual Rate)	<u>Aug-11</u>	<u>Sep-11</u>	<u>Oct-11</u>	<u>Nov-11</u>	<u>% Change From Year Ago</u>
Housing Starts ⁽ⁿ⁾	0.585	0.646	0.627	0.685	24.3%
Existing Home Sales ^(o)	4.320	4.190	4.250	4.420	12.2%
DURABLE GOODS ORDERS ^(p)					
	\$202.2	\$199.5	\$199.6	\$207.1	12.1%
PERSONAL INCOME ^(c)					
(Billions of Dollars)	<u>2010.4</u>	<u>2011.1</u>	<u>2011.2</u>	<u>2011.3</u>	<u>% Change From Year Ago</u>
Michigan	\$349.2	\$358.3	\$358.1	\$358.7	3.7%
U.S.	\$12,564.0	\$12,825.1	\$12,934.7	\$12,953.4	4.1%
GROSS DOMESTIC PRODUCT					
(Billions of Chained 2005 Dollars) ^(c)	<u>2010.4</u>	<u>2011.1</u>	<u>2011.2</u>	<u>2011.3</u>	<u>Annualized % Chg From Last Qtr</u>
	\$13,216.1	\$13,227.9	\$13,271.8	\$13,331.6	1.81%

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) 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 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. 2007 equals 100. Treasury bill rate (secondary market).
- (m) Retail and Food Services Sales. Bureau of the Census, U.S. Department of Commerce.
- (n) Bureau of the Census, U.S. Department of Commerce.
- (o) National Association of Realtors.
- (p) Bureau of the Census, U.S. Department of Commerce.