



MICHIGAN ECONOMIC UPDATE

Office of Revenue and Tax Analysis
Michigan Department of Treasury

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

November 2012 Summary

U.S. Economy: Economic growth for 2012Q3 was revised upward from 2.67 percent to 3.11 percent. In November, the ISM manufacturing index dropped slightly below 50.0 (the expansion threshold) to 49.5. The ISM non-manufacturing index signaled expansion for the 35th consecutive month. In November, the Consumer Sentiment Index rose 19.0 points from a year ago to 82.7 – 62-month high. New durable goods orders were up 0.8 percent from November 2011. November 2012 year-over-year (y-o-y) industrial production grew 2.5 percent. Capacity utilization was up 0.7 percentage point from last November. Existing home sales increased 14.5 percent to a 5.04 million unit annual sales rate – a three-year high. Housing starts rose 21.6 percent to an annualized 861,000 units in November.

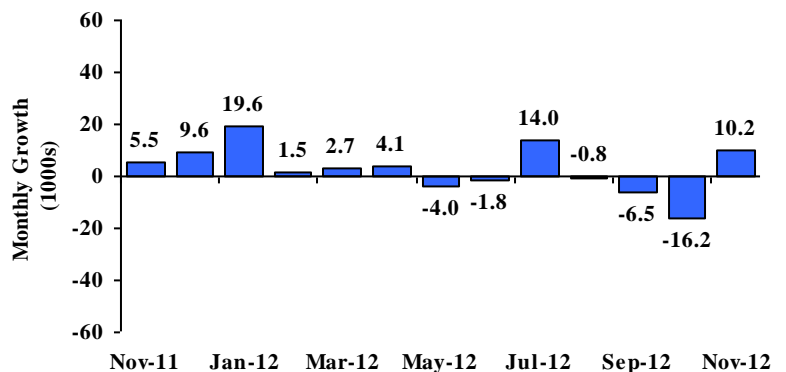
Employment: In November 2012, Michigan wage and salary employment was up 10,200 jobs (0.3 percent) compared to a month ago, and up 0.8 percent from a year ago. Nationally, wage and salary employment rose by 146,000 jobs between October and November. Between November 2011 and November 2012, U.S. employment increased 1.4 percent. Michigan's unemployment rate fell 0.2 percentage point in November from October to 8.9 percent. The State's November 2012 unemployment rate was 0.7 percentage point lower than a year earlier. The November 2012 U.S. unemployment rate (7.7 percent) was down 1.0 percentage point from a year ago.

Auto Industry: In November 2012, the U.S. light vehicle annual sales rate (15.5 million units) was up 14.6 percent from a year ago. The November 2012 sales rate represented the highest rate since January 2008. Michigan vehicle production rose 5.1 percent compared to last November's production; U.S. vehicle production was up 13.9 percent.

Inflation: In November, the overall U.S. consumer price index (CPI) rose 1.8 percent compared to a year ago. At \$86.66 per barrel, oil prices were up \$10.55 from November 2011.

Michigan Metro Areas: Unemployment rates fell in 16 major Michigan labor markets in November compared with each labor market's year-ago rate. Employment rose in 11 areas, fell in five areas and was unchanged in one area. Seventy-nine of Michigan's 83 counties saw a year-over-year unemployment rate drop.

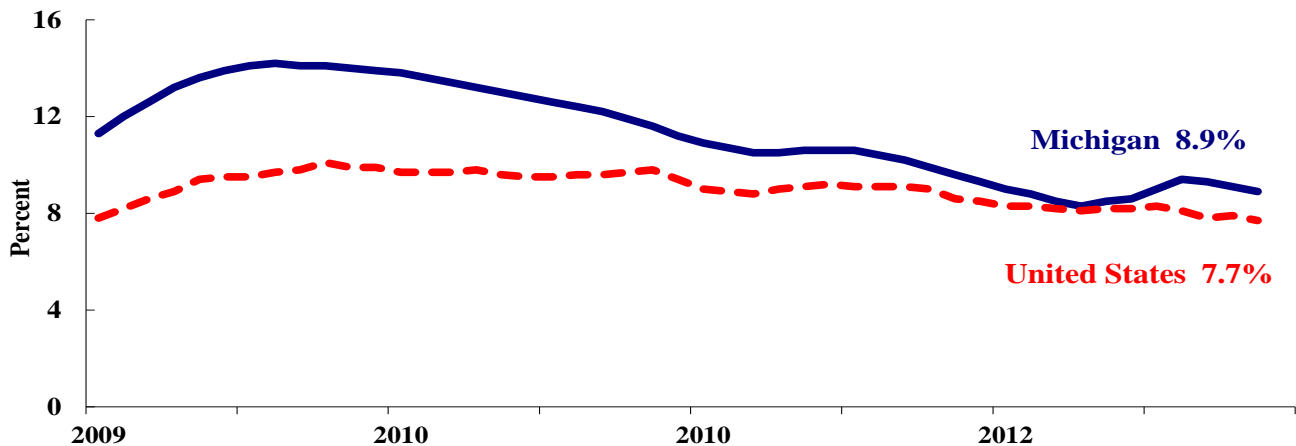
Michigan Employment
Increases in November 2012^(a)



Labor Market Statistics

- Michigan's November unemployment rate decreased 0.2 of a percentage point from last month to 8.9 percent, and was down 0.7 of a percentage point from a year ago. The November U.S. unemployment rate decreased 0.2 of a percentage point from October to 7.7 percent and was down 1.0 percentage point 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 2009 to 2012



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 4,238,000, down 9,000 from last month, while the labor force decreased by 24,000. The statewide total number of unemployed decreased by 15,000 to 412,000.
- United States household employment totaled 143.3 million persons in November. The labor force totaled 155.3 million and there were 12.0 million unemployed in November 2012.

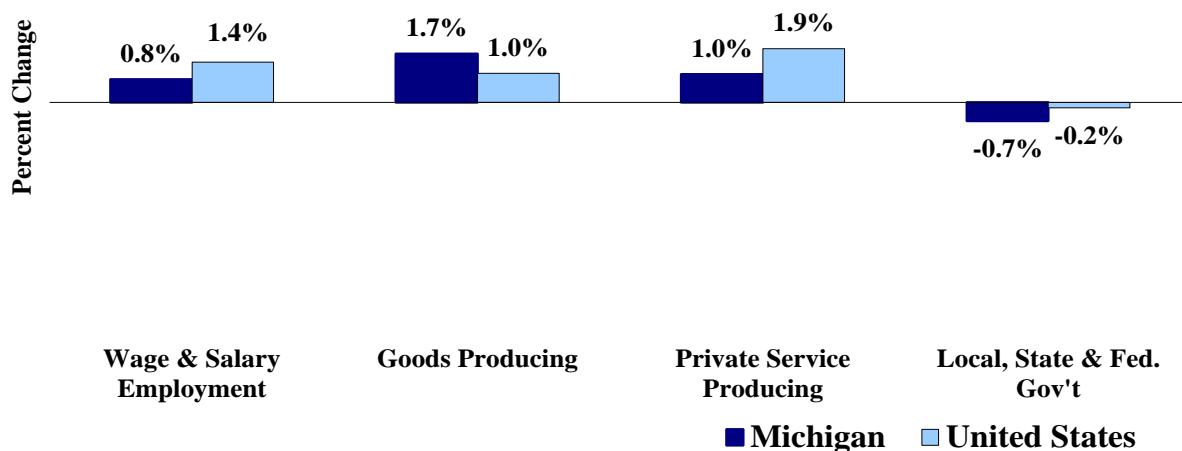
Employment by Place of Residence (in thousands)^(a)

	2011 Average	Sep 2012	Oct 2012	Nov 2012	Change From		Change From		
					Prior Month Level	%	Last Year Level	%	
Michigan									
Labor Force	4,658	4,667	4,674	4,650	-24	-0.5%	14	0.3%	
Employed	4,178	4,234	4,247	4,238	-9	-0.2%	46	1.1%	
Unemployed	480	432	427	412	-15	-3.5%	-32	-7.2%	
Unemployment Rate	10.3%	9.3%	9.1%	8.9%	n.a.	-0.2% pts	n.a.	-0.7%	
United States									
Labor Force	153,617	155,063	155,641	155,291	-350	-0.2%	1,354	0.9%	
Employed	139,869	142,974	143,384	143,262	-122	-0.1%	2,648	1.9%	
Unemployed	13,747	12,088	12,258	12,029	-229	-1.9%	-1,294	-9.7%	
Unemployment Rate	8.9%	7.8%	7.9%	7.7%	n.a.	-0.2% pts	n.a.	-1.0%	

Employment by Place of Work

- From November 2011 to November 2012, Michigan wage and salary employment increased 32,000 (0.8 percent). State wage and salary employment increased 10,000 from October. Nationally, November 2012 wage and salary employment rose 1,889,000 (1.4 percent) from a year ago and was up 146,000 from last month.

Wage and Salary Employment Growth November 2011 to November 2012



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

- In the goods-producing sector, Michigan employment increased 1.7 percent from a year ago while private service-producing sector employment increased 1.0 percent compared to last year. From a year ago, November national employment in the goods-producing sector rose 1.0 percent and increased 1.9 percent in the private service-producing sector.
- Manufacturing weekly hours in Michigan increased 0.2 hours in November compared to last year.

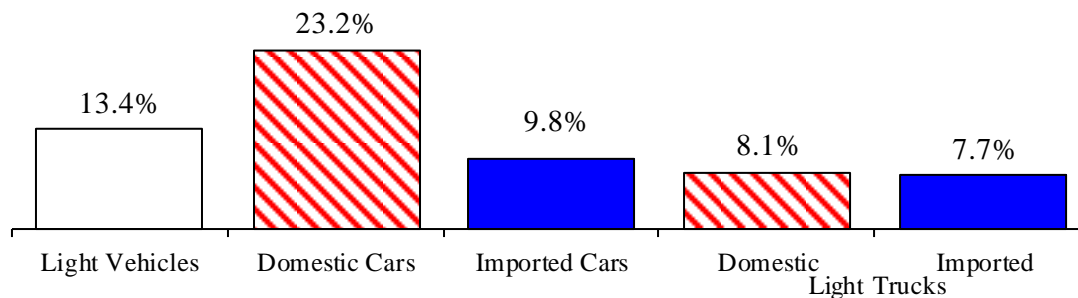
Wage and Salary (Payroll) Employment (in thousands)^(b)

	Michigan				United States			
	2011 Average	Nov 2011	Nov 2012	Percent Change	2011 Average	Nov 2011	Nov 2012	Percent Change
Wage & Salary Employment	3,936	3,951	3,983	0.8%	131,359	131,963	133,852	1.4%
Goods Producing	638	640	651	1.7%	18,021	18,114	18,301	1.0%
Manufacturing	506	508	526	3.5%	11,733	11,780	11,954	1.5%
Private Service Producing	2,679	2,698	2,725	1.0%	91,234	91,845	93,589	1.9%
Trade, Trans. & Utilities	720	724	724	0.0%	25,019	25,154	25,547	1.6%
Services	1,713	1,726	1,749	1.3%	55,877	56,086	57,644	2.8%
Local, State & Fed. Gov't	619	613	609	-0.7%	22,104	22,004	21,962	-0.2%
Manufacturing Weekly Hours	41.4	44.0	44.2	0.2 hrs	40.5	40.4	40.5	0.1 hrs

Motor Vehicle Industry Sales

- November 2012 U.S. light vehicle sales totaled 15.5 million units, at a seasonally adjusted annual rate, which was up 8.8 percent from October 2012, and up 14.6 percent from a year ago. The light vehicle sales rate has exceeded 14.0 million units in nine of the past 10 months. Year-to-date (y-t-d), light vehicle sales are up 13.4 percent from last year while y-t-d heavy truck sales are 14.7 percent higher compared to the first 11 months of 2011.
- U.S. sales of domestic light vehicles increased 8.1 percent in November 2012 compared with October, while foreign sales rose 10.4 percent. Domestic sales rose 15.2 percent compared to a year ago while foreign sales increased 12.5 percent. Consequently, the foreign share of U.S. light vehicle sales decreased 0.4 percentage point from a year ago to 22.3 percent.
- Auto sales increased 21.6 percent compared to last November, while light truck sales were up 8.0 percent from November 2011. Through November 2012, year-to-date auto sales were up 19.0 percent and y-t-d light truck sales were 8.0 percent higher.

November 2012 Year-to-Date Light Vehicle Sales Up Substantially from Year Ago



Motor Vehicle Sales Statistics

(Millions, unless otherwise specified)

Motor Vehicle Sales ^(c)	2011 Average	Sep 2012	Oct 2012	Nov 2012	3 Month Average	Change from Year Ago	
						Level	%
Autos	6.2	7.6	7.4	8.0	7.7	1.4	21.6%
Domestics	4.2	5.3	5.2	5.7	5.4	1.2	25.7%
Imports	1.9	2.3	2.2	2.3	2.3	0.3	12.8%
Import Share	31.4%	30.0%	29.2%	29.2%	29.5%	-2.3% pts	
Light Trucks	6.5	7.3	6.8	7.5	7.2	0.6	8.0%
Domestics	5.6	6.2	5.9	6.4	6.1	0.4	7.3%
Imports	1.0	1.1	1.0	1.1	1.1	0.1	12.0%
Import Share	15.0%	15.1%	14.0%	14.9%	14.7%	0.5% pts	
Total Light Vehicles	12.7	14.9	14.2	15.5	14.9	2.0	14.6%
Heavy Trucks	0.3	0.3	0.3	0.3	0.3	(0.0)	-3.0%
Total Vehicles	13.0	15.2	14.5	15.8	15.2	2.0	14.2%

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

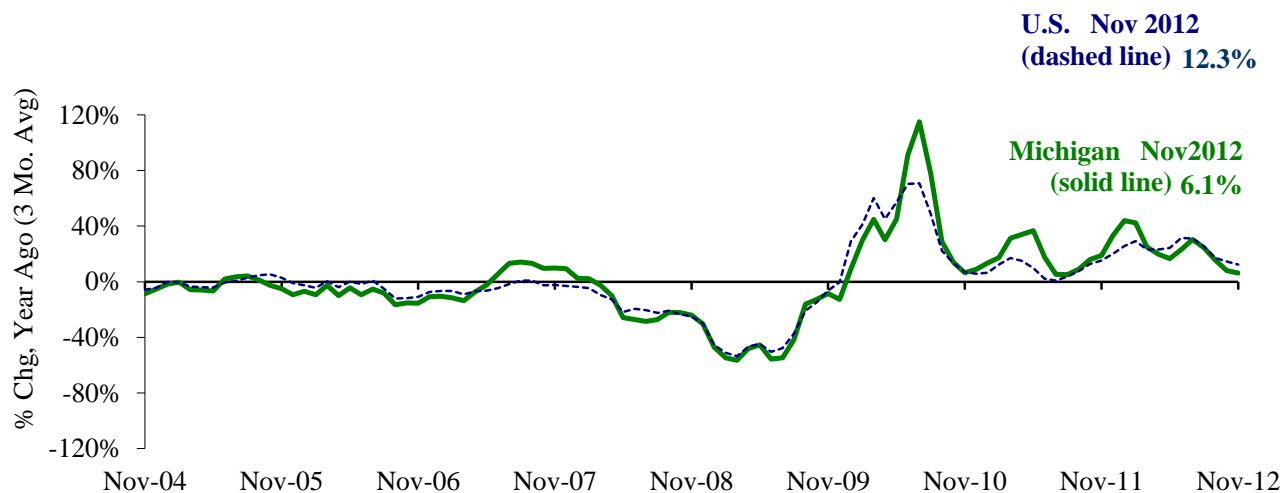
(billions of dollars)

	2011 Average	Aug-12	Sep-12	Oct-12	3 Month Average	Change from Year Ago	
						Level	%
Inventories	\$128.6	\$154.9	\$156.7	\$158.1	\$156.5	\$27.13	20.7%
Inventory/Sales Ratio	1.87	2.08	2.06	2.12	2.09	0.28	

Motor Vehicle Industry Production

- At 178,124 units, November 2012 Michigan motor vehicle production was 5.1 percent higher than November 2011. National production increased 13.9 percent from last November. The three-month average of Michigan production (September 2012-November 2012) was 6.1 percent higher than last year. Nationally, the September-November three month average was up 12.3 percent from last year.
- In November 2012, Michigan car production was up 17.5 percent from a year ago while State truck production fell 3.1 percent. Nationally, car production rose 28.1 percent while truck production increased 4.7 percent.
- From a year ago, Michigan's share of national production fell 1.7 percentage points to 20.5 percent.

Michigan and U.S. Motor Vehicle Production Three Month Average Up from Last Year ^(e,f)



Motor Vehicle Production Statistics

(Thousands, unless otherwise specified)

	2011 Monthly Average	Sep 2012	Oct 2012	Nov 2012	3 Month Average	Change from Year Ago for the Month	
						Level	%
U.S. Production ^(e)							
Autos	260.1	355.4	432.7	383.0	390.4	84.1	28.1%
Trucks	459.7	443.5	555.6	485.9	495.0	21.7	4.7%
Total	719.8	798.9	988.3	868.9	885.4	105.9	13.9%
Michigan Production ^(f)							
Autos	56.9	83.0	96.9	78.9	86.3	11.8	17.5%
Trucks	103.5	91.0	112.2	99.2	100.8	(3.2)	-3.1%
Total	160.4	174.0	209.1	178.1	187.1	8.6	5.1%
Michigan as % of U.S.	22.3%	21.8%	21.2%	20.5%	21.1%	-1.7% pts	

Local Area Unemployment Rates Fall In All Seventeen Local Areas (Not Seasonally Adjusted)

November 2012 local area unemployment rates ranged between 4.3 percent (Ann Arbor MSA) and 9.7 percent (Detroit-Warren-Livonia MSA). The median November 2012 unemployment rate was 6.8 percent – this contrasts with an 8.0 percent median rate last November.

Compared to a year ago, the November unemployment rate fell in 16 of Michigan's 17 major Michigan labor market areas. The Detroit-Warren-Livonia MSA labor market area reported a slight increase (0.1 percentage point). Northwest Lower Michigan reported the largest rate decline (-1.5 percentage points). The median rate change was a 1.2 percentage points decline. All 16 areas reporting a decline saw at least a 0.9 percentage point rate drop.

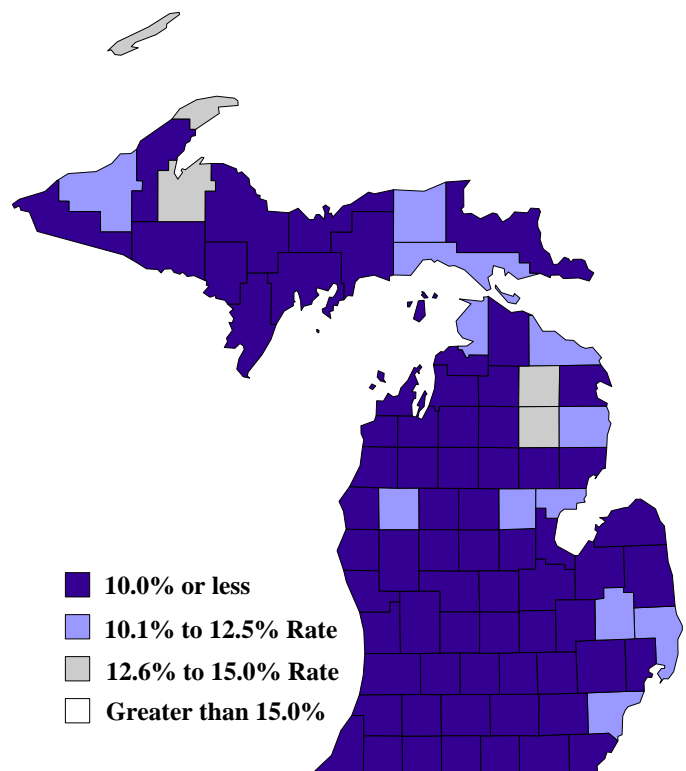
Between November 2011 and November 2012, employment rose in 11 areas, fell in five areas and remained unchanged in one area. Among the 11 areas reporting an employment increase, increases ranged between 0.2 percent in the Saginaw-Saginaw Township MSA and 2.6 percent in the Monroe MSA. The median employment increase was 1.5 percent. The five employment declines ranged between -0.4 percent in the Lansing-East Lansing MSA and -1.2 percent in the Muskegon-Norton Shores MSA.

Between November 2011 and November 2012, the unemployment rate fell in 79 Michigan counties, rose in three counties and was unchanged in Oakland County. The median November 2012 rate decline was 1.3 percentage points. Baraga County posted the largest decline (-3.0 percentage points), followed by Montmorency County (-2.7 percentage points). Sixty-seven Michigan counties saw a November 2012 unemployment rate below 10.0 percent. Last November, 51 counties had an unemployment rate below 10.0 percent. In November 2012, no Michigan county reported a rate higher than 15.0 percent.

Local Area Unemployment Rates^(g)

<u>Local Area</u>	<u>Nov 2011 Rate</u>	<u>Oct 2012 Rate</u>	<u>Nov 2012 Rate</u>
Michigan	8.6%	8.3%	7.9%
Ann Arbor	5.2%	4.6%	4.3%
Battle Creek	7.1%	6.1%	5.9%
Bay City	7.8%	6.9%	6.8%
Detroit-Warren-Livonia	9.6%	10.5%	9.7%
Flint	8.9%	8.1%	7.8%
Grand Rapids-Wyoming	6.7%	5.6%	5.4%
Holland-Grand Haven	6.6%	5.5%	5.3%
Jackson	8.1%	7.0%	6.8%
Kalamazoo-Portage	7.3%	6.2%	6.0%
Lansing-East Lansing	6.7%	5.9%	5.6%
Monroe	7.8%	6.6%	6.4%
Muskegon-Norton Shores	8.5%	7.6%	7.5%
Niles-Benton Harbor	8.5%	7.3%	7.2%
Saginaw-Saginaw Township	8.0%	7.3%	7.0%
Upper Peninsula	8.6%	6.8%	7.5%
Northeast Lower Mich	10.9%	8.6%	9.6%
Northwest Lower Mich.	9.7%	7.5%	8.2%

County Unemployment Rates November 2012^(g)



U.S. Economic Conditions

	<u>Aug-12</u>	<u>Sep-12</u>	<u>Oct-12</u>	<u>Nov-12</u>	<u>Change from Year Ago</u>
KEY ECONOMIC INDICATORS					
Consumer Sentiment ^(h)	74.3	78.3	82.6	82.7	19.0 points
ISM Manufacturing Index ⁽ⁱ⁾	49.6	51.5	51.7	49.5	-2.7 points
ISM Non Manufacturing Index ⁽ⁱ⁾	53.7	55.1	54.2	54.7	2.1 points
	<u>2012.1</u>	<u>2012.2</u>	<u>2012.3</u>	<u>2012.4</u>	
Business Executives' Confidence ^(j)	63.0	47.0	42.0	46.0	-3.0 points
INFLATION ^(k)					
1982-84 = 100	<u>Aug-12</u>	<u>Sep-12</u>	<u>Oct-12</u>	<u>Nov-12</u>	<u>Change from Year Ago</u>
U.S. Consumer Price Index	230.4	231.4	231.3	230.2	1.8%
Detroit CPI	217.1	NA	218.1	NA	2.4%
U.S. Producer Price Index	195.5	196.7	196.3	194.5	1.5%
INTEREST RATES					
90 Day T-Bill ^(l)	0.10%	0.11%	0.10%	0.09%	0.08% points
Aaa Corporate Bonds ^(l)	3.48%	3.49%	3.47%	3.50%	-0.37% points
INDUSTRIAL PRODUCTION ^(l)					
	97.0	97.1	96.5	97.5	2.5%
CAPACITY UTILIZATION ^(l)					
	78.3%	78.3%	77.7%	78.4%	0.7% points
RETAIL SALES ^(d)					
	\$407.7	\$412.7	\$411.3	\$412.4	3.7%
HOUSING STARTS and SALES					
(Millions Annual Rate)	<u>Aug-12</u>	<u>Sep-12</u>	<u>Oct-12</u>	<u>Nov-12</u>	<u>% Change From Year Ago</u>
Housing Starts ^(d)	0.750	0.843	0.888	0.861	21.6%
Existing Home Sales ^(m)	4.830	4.690	4.760	5.040	14.5%
DURABLE GOODS ORDERS ^(p)					
	\$198.7	\$216.9	\$219.3	\$220.9	0.8%
PERSONAL INCOME ^(c)					
(Billions of Dollars)	<u>2011.4</u>	<u>2012.1</u>	<u>2012.2</u>	<u>2012.3</u>	<u>% Change From Year Ago</u>
Michigan	\$362.0	\$366.8	\$368.7	\$370.9	3.5%
U.S.	\$13,018.3	\$13,229.3	\$13,327.8	\$13,397.8	3.2%
GROSS DOMESTIC PRODUCT					
(Billions of Chained 2005 Dollars) ^(c)	<u>2011.4</u>	<u>2012.1</u>	<u>2012.2</u>	<u>2012.3</u>	<u>Annualized % Chg From Last Qtr</u>
	\$13,441.0	\$13,506.4	\$13,548.5	\$13,652.5	3.11%

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) Bureau of the Census, U.S. Department of Commerce
- (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) National Association of Realtors.