



MICHIGAN ECONOMIC UPDATE

Office of Revenue and Tax Analysis
Michigan Department of Treasury

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

November 2015 Summary

U.S. Economy: The Institute for Supply Management (ISM) reported the current expansion has now lasted 78 months; however, the ISM Production Management Index dropped 9.0 points from last November. Further, at 48.6, the November 2015 PMI signaled a contracting manufacturing sector. The ISM non-manufacturing index (NMI) signaled service sector expansion for the 70th straight month. However, the NMI was down 2.9 points from last November. Declining 1.3 percent from last November, industrial production experienced its largest year-over-year percent decline since January 2010. Similarly, the capacity utilization rate fell 2.2 points from November 2014 -- its largest year-over-year point drop since December 2009. New durable goods orders rose 1.2 percent from last November. Consumer sentiment rose 2.5 percentage points from November 2014. Retail sales rose 1.6 percent from last November. Housing starts were up a sharp 16.5 percent from last November, but existing home sales decreased 3.8 percent.

Employment: In November 2015, the Michigan unemployment rate rose 0.1 percentage point to 5.1 percent – 0.1 percentage point above the U.S. unemployment rate of 5.0 percent. The U.S. rate was unchanged from last month and 0.8 of a point below a year ago. The November 2015 Michigan unemployment rate was down 1.4 percentage points from November 2014. Between November 2014 and November 2015, Michigan payroll employment gained a net 71,900 jobs (1.7 percent). Michigan payroll employment in November was up 1,400 jobs compared to October 2015. Over the last year, U.S. payroll employment increased 2.7 million jobs (1.9 percent).

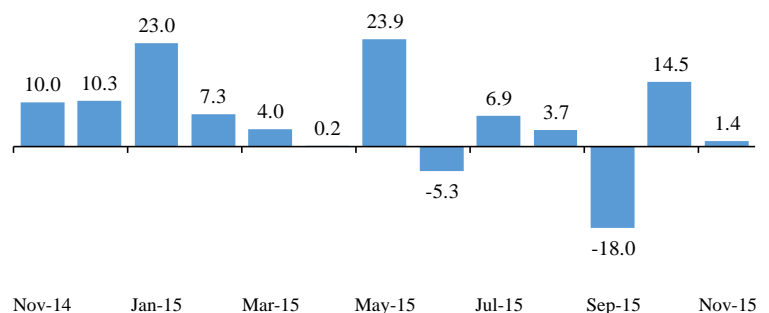
Auto Industry: In November 2015, the U.S. light vehicle annual sales rate rose 6.1 percent from last November to 18.1 million units. Between November 2014 and November 2015, Michigan vehicle production rose 11.2 percent while national vehicle production was up 3.8 percent. Compared to a year ago, Michigan's share of national vehicle production increased 1.3 percentage points to 19.5 percent.

Inflation: In November 2015, the overall U.S. consumer price index (CPI) rose 0.5 percent from a year ago. The core U.S. CPI rose 2.0 percent. The U.S. producer price index fell 1.1 percent from last year. The price of oil per barrel fell \$33.35 (44.0 percent) from last year to \$42.44.

Michigan Metro Areas: Compared to a year ago, November 2015 unemployment rates fell in all of Michigan's 17 major labor markets and in 82 of the State's 83 counties. Household employment rose in all 17 Michigan major labor market areas.

Michigan Payroll Employment Rises Slightly in November

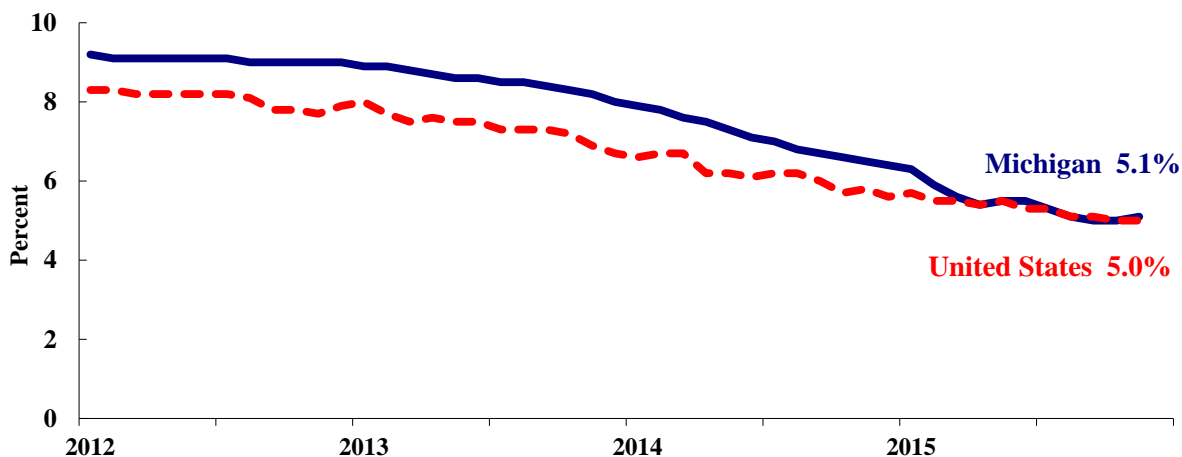
(Seasonally Adjusted) ^(a)



Labor Market Statistics

- In November 2015, the Michigan unemployment rate rose 0.1 percentage point from last month to 5.1 percent. The national unemployment rate remained unchanged at 5.0 percent in November from October. As a result, November 2015 marked the eighth out of the last nine months that the U.S. and Michigan unemployment rates were within 0.1 percentage point or less of one another.
- The November 2015 Michigan unemployment rate was down 1.4 percentage points from a year ago. The November U.S. unemployment rate decreased 0.8 of a 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 November 2012 to November 2015



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

- In November, the total number of people employed in Michigan rose 15,000 to 4,520,000 persons while the labor force rose 21,000. The statewide total number of unemployed rose 6,000 to 244,000.
- United States employment totaled 149.4 million persons in November. The labor force totaled 157.4 million and there were 7.9 million unemployed in November 2015.

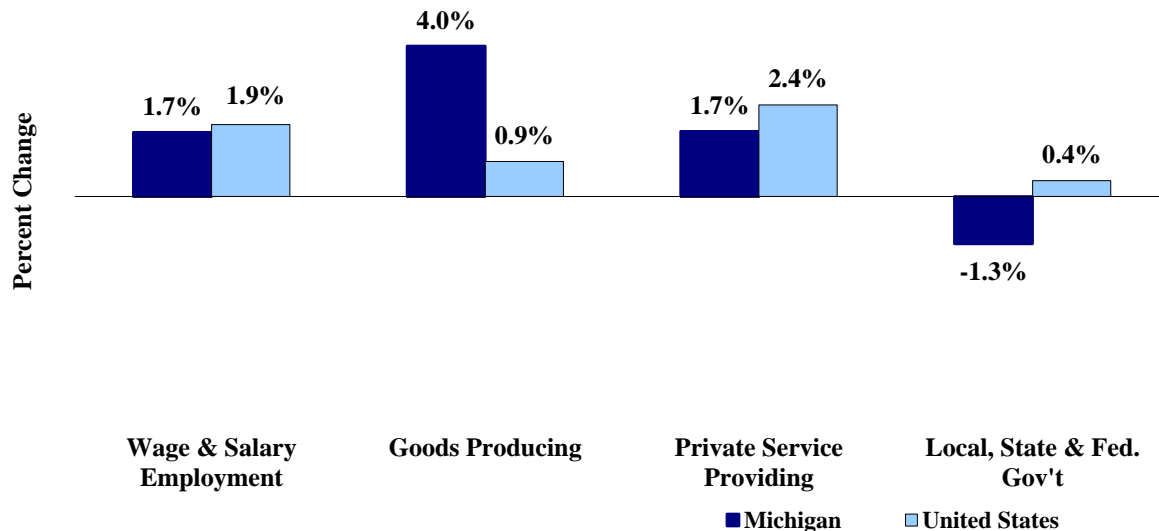
Employment by Place of Residence (in thousands)^(a)

	2014 Average	Sep 2015	Oct 2015	Nov 2015	Change From			
					Prior Month		Last Year	
					Level	%	Level	%
Michigan								
Labor Force	4,750	4,730	4,743	4,764	21	0.4%	16	0.3%
Employed	4,402	4,496	4,505	4,520	15	0.3%	81	1.8%
Unemployed	348	235	238	244	6	2.5%	-65	-21.1%
Unemployment Rate	7.3%	5.0%	5.0%	5.1%	n.a.	0.1% pts	n.a.	-1.4% pts
United States								
Labor Force	155,922	156,867	157,096	157,367	271	0.2%	925	0.6%
Employed	146,305	148,942	149,197	149,444	247	0.2%	2,055	1.4%
Unemployed	9,617	7,925	7,899	7,924	25	0.3%	-1,129	-12.5%
Unemployment Rate	6.2%	5.1%	5.0%	5.0%	n.a.	0.0% pts	n.a.	-0.8% pts

Employment by Place of Work (Payroll)

- From November 2014 to November 2015, Michigan payroll employment increased 71,900 (1.7 percent). State payroll employment rose by 1,400 jobs in November from October. Nationally, November 2015 payroll employment rose 2,687,000 (1.9 percent) from a year ago and was up 252,000 from last month.

Payroll Employment Growth November 2014 to November 2015



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

- In the goods-producing sector, Michigan payroll employment increased 4.0 percent in November from a year ago while employment in the private service-providing sector increased 1.7 percent. From a year ago, November national payroll employment rose 0.9 percent in the goods-producing sector and increased 2.4 percent in the private service-providing sector. Government employment was down 1.3 percent from a year ago in Michigan. Nationwide, government employment was up 0.4 percent.
- Manufacturing weekly hours in Michigan were up 0.6 hour in November compared to last year.

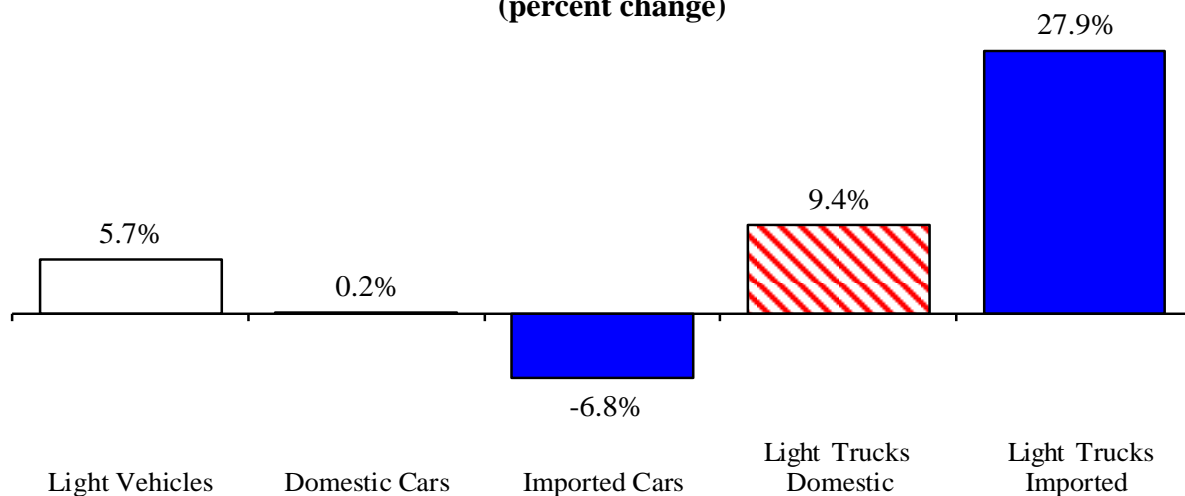
Wage and Salary (Payroll) Employment (in thousands)^(b)

	Michigan				United States			
	2014 Average	Nov 2014	Nov 2015	Percent Change	2014 Average	Nov 2014	Nov 2015	Percent Change
Wage & Salary Employment	4,179.7	4,207.3	4,279.2	1.7%	139,042	140,263	142,950	1.9%
Goods Producing	725.6	735.9	765.4	4.0%	19,223	19,425	19,606	0.9%
Manufacturing	575.9	584.8	604.5	3.4%	12,188	12,282	12,323	0.3%
Private Service Providing	2,858.8	2,876.8	2,926.7	1.7%	97,957	98,946	101,360	2.4%
Trade, Trans. & Utilities	757.3	761.6	765.4	0.5%	26,384	26,615	27,083	1.8%
Services	1,839.7	1,853.7	1,894.8	2.2%	60,854	61,528	63,291	2.9%
Local, State & Fed. Gov't	595.4	594.6	587.1	-1.3%	21,863	21,892	21,984	0.4%
Manufacturing Weekly Hours	43.9	43.9	44.5	0.6 hrs	42.0	42.2	41.7	-0.5 hrs

Motor Vehicle Industry Sales

- November 2015 U.S. light vehicle sales were down slightly (0.4 percent) from October but were up 6.1 percent from November 2014. November 2015 marks the 21st straight month that the light vehicle annualized sales rate has exceeded 16.0 million units, the fifth straight month with a sales rate over 17.0 million units and the third consecutive month with a sales rate exceeding 18.0 million units.
- U.S. sales of domestic light vehicles increased 2.4 percent between November 2014 and November 2015, while foreign sales were up 21.3 percent over the same period. As a result, the foreign share of U.S. light vehicle sales rose 2.8 percentage points to 22.5 percent between November 2014 and November 2015.
- Auto sales decreased 4.2 percent compared to last November, while light truck sales were up 14.9 percent from November 2014. Year-over-year, heavy truck sales rose 17.6 percent to an annual rate of 492,000 units.

Year-to-Date (Jan-Nov 2015) Light Truck Sales Up Sharply From A Year Ago (Jan-Nov 2014) (percent change)



Motor Vehicle Sales Statistics

(Millions, unless otherwise specified)

Motor Vehicle Sales ^(c)	2014 Average	Sep 2015	Oct 2015	Nov 2015	3 Month Average	Change from Year Ago	
						Level	%
Autos	7.7	7.7	7.8	7.5	7.7	(0.3)	-4.2%
Domestics	5.6	5.7	5.8	5.6	5.7	(0.3)	-5.3%
Imports	2.1	1.9	1.9	2.0	1.9	(0.0)	-0.7%
Import Share	27.2%	25.1%	24.9%	26.0%	25.3%	0.9% pts	
Light Trucks	8.7	10.4	10.4	10.5	10.4	1.4	14.9%
Domestics	7.4	8.6	8.3	8.4	8.4	0.6	8.2%
Imports	1.4	1.8	2.1	2.1	2.0	0.7	52.9%
Import Share	15.5%	17.2%	19.9%	20.0%	19.0%	5.0% pts	
Total Light Vehicles	16.4	18.1	18.1	18.1	18.1	1.0	6.1%
Heavy Trucks	0.4	0.4	0.4	0.5	0.5	0.1	17.6%
Total Vehicles	16.8	18.5	18.6	18.5	18.5	1.1	6.4%

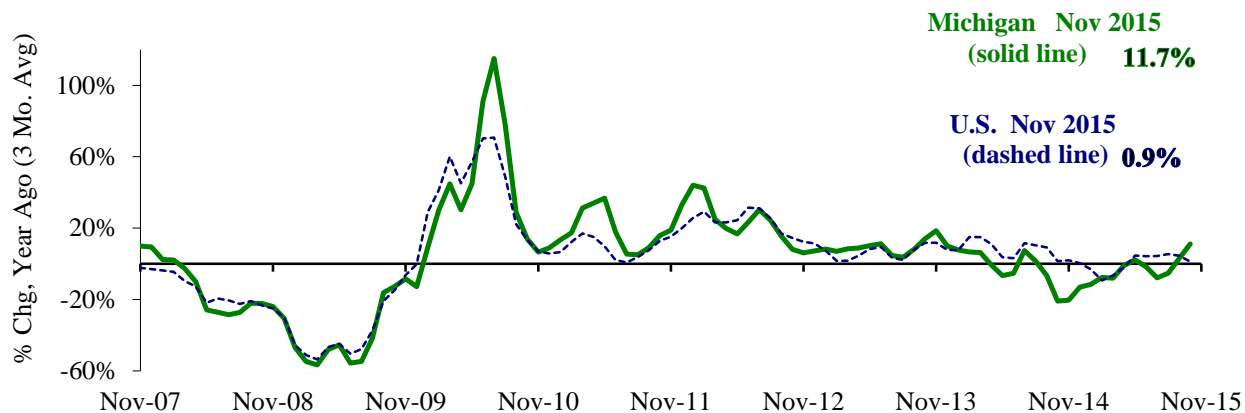
Retail Inventories, Motor Vehicle and Parts Dealers^(d) (billions of dollars)

	2014 Average	Sep-15	Oct-15	Nov-15	3 Month Average	Change from Year Ago	
						Level	%
Inventories	\$185.7	\$182.5	\$197.1	\$196.2	\$191.9	\$13.7	7.5%
Inventory/Sales Ratio	2.09	2.03	2.09	2.08	2.07	0.05	

Motor Vehicle Industry Production

- At 182,253 units, November 2015 Michigan motor vehicle production was up 11.2 percent from November 2014. National production increased 3.8 percent from last November. The three-month average of vehicle production (September 2015-November 2015) was up 11.7 percent in Michigan and up 0.9 percent nationally, compared to a year ago.
- In November 2015, Michigan car production was down 12.4 percent from a year ago while State truck production rose 27.8 percent. Nationally, car production decreased 7.3 percent while U.S. truck production increased 10.5 percent.
- Michigan's share of national vehicle production rose 1.3 percentage points to 19.5 percent in November 2015 from the year-ago level. Michigan's share of U.S. car production was down 1.1 percentage points to 18.9 percent. Michigan's share of U.S. truck production rose 2.7 percentage points to 19.8 percent.

Michigan Motor Vehicle Production's Growth Rate Up Substantially in November ^(e,f)



Motor Vehicle Production Statistics

(Thousands, unless otherwise specified)

	2014					Change from Year Ago for the Month	
	Monthly Average	Sep 2015	Oct 2015	Nov 2015	3 Month Average	Level	%
U.S. Production ^(e)							
Autos	369.1	358.3	363.5	315.1	345.6	(24.7)	-7.3%
Trucks	619.3	690.2	709.3	620.1	673.2	58.7	10.5%
Total	988.4	1,048.4	1,072.8	935.2	1,018.8	34.0	3.8%
Michigan Production ^(f)							
Autos	69.9	72.1	60.6	59.5	64.1	(8.4)	-12.4%
Trucks	126.5	136.8	140.0	122.8	133.2	26.7	27.8%
Total	196.5	208.9	200.6	182.3	197.3	18.3	11.2%
Michigan as % of U.S.	19.9%	19.9%	18.7%	19.5%	19.4%	1.3% pts	

Local Area Unemployment Rates Decline in All of Michigan's 17 Local Areas (Not Seasonally Adjusted)

November 2015 local area unemployment rates ranged from a low of 2.9 percent in the Ann Arbor Metropolitan Statistical Area (MSA) to a high of 6.6 percent in the Northeast Lower Michigan region. The November 2015 median unemployment rate was 4.2 percent, which is down 1.0 percentage point from last November's 5.2 percent median rate.

Compared to a year ago, the November unemployment rate fell in all of Michigan's 17 labor market areas. The Detroit-Warren-Dearborn MSA reported the largest rate decrease of 1.7 percentage points, followed by the Northeast Lower Michigan region with a reported rate decline of 1.2 percentage points. Ann Arbor MSA and Midland MSA each experienced the smallest rate declines of 0.7 percentage point.

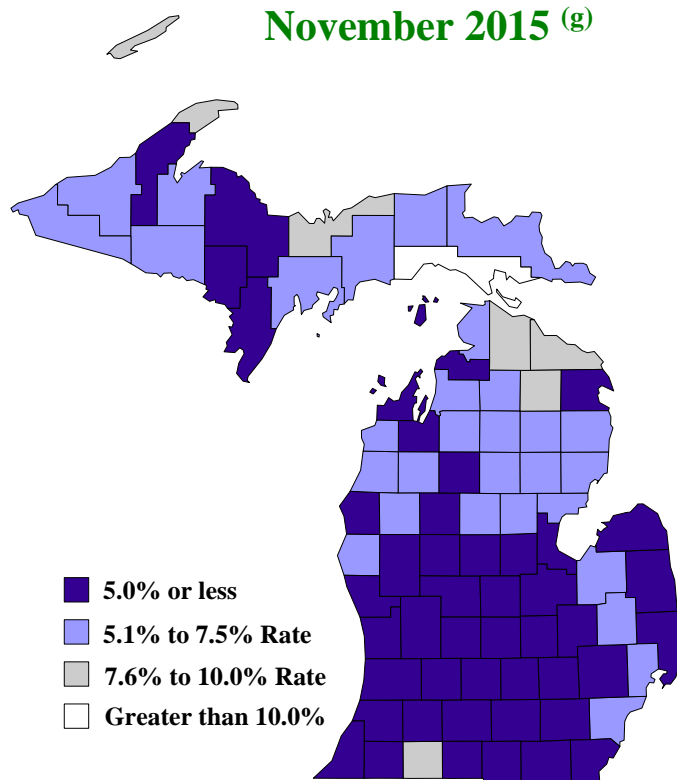
Between November 2014 and November 2015, household employment rose in all of Michigan's 17 labor market areas. The median employment increase was 1.5 percent. The Grand Rapids-Wyoming MSA reported the largest year-over-year employment increase at 3.7 percent, followed by the Niles-Benton Harbor MSA with a 2.9 percent increase. The Upper Peninsula reported the smallest year-over-year employment increase (0.6 percent). The labor force rose in 13 labor market areas, fell in three areas and was unchanged in one area. The Grand Rapids-Wyoming MSA reported the largest percent increase in labor force (2.8 percent), followed by the Niles-Benton Harbor MSA with a 1.8 percent rise. The Detroit-Warren-Dearborn MSA recorded the largest labor force drop with a 0.5 percent decline, followed by the Flint MSA and the Upper Peninsula, each with a 0.4 percent decline.

Between November 2014 and November 2015, the unemployment rate fell in 82 of Michigan's 83 counties. The median November 2015 rate decline was 1.1 percentage points. Oscoda County reported the largest unemployment rate decline at 2.6 percentage points, followed by Lake County with a decline of 2.2 percentage points. Schoolcraft County reported a 0.5 percentage point increase in its unemployment rate from last November. In November 2015, the unemployment rate was below 7.0 percent in 71 of Michigan's 83 counties. In November 2014, 54 Michigan counties had an unemployment rate below 7.0 percent.

Local Area Unemployment Rates^(g)

<u>Local Area</u>	<u>Nov 2014 Rate</u>	<u>Oct 2015 Rate</u>	<u>Nov 2015 Rate</u>
Michigan	5.8%	5.0%	4.5%
Ann Arbor	3.6%	3.4%	2.9%
Battle Creek	4.9%	4.3%	4.1%
Bay City	5.2%	4.4%	4.3%
Detroit-Warren-Dearborn	6.9%	6.3%	5.2%
Flint	5.9%	5.0%	4.8%
Grand Rapids-Wyoming	3.8%	3.1%	3.0%
Jackson	5.2%	4.5%	4.2%
Kalamazoo-Portage	4.7%	3.9%	3.7%
Lansing-East Lansing	4.3%	3.6%	3.4%
Midland	4.6%	4.0%	3.9%
Monroe	4.4%	4.1%	3.6%
Muskegon	5.7%	4.8%	4.6%
Niles-Benton Harbor	5.2%	4.3%	4.2%
Saginaw	5.5%	4.6%	4.4%
Upper Peninsula	6.4%	5.0%	5.5%
Northeast Lower Mich	7.8%	5.7%	6.6%
Northwest Lower Mich.	5.9%	4.5%	4.8%

County Unemployment Rates November 2015^(g)



U.S. Economic Conditions

	<u>Aug-15</u>	<u>Sep-15</u>	<u>Oct-15</u>	<u>Nov-15</u>	<u>Change from Year Ago</u>
KEY ECONOMIC INDICATORS					
Consumer Sentiment ^(h)	91.9	87.2	90.0	91.3	2.5 points
ISM Manufacturing Index ⁽ⁱ⁾	51.1	50.2	50.1	48.6	-9.0 points
ISM Non Manufacturing Index ⁽ⁱ⁾	59.0	56.9	59.1	55.9	-2.9 points
	<u>2015.1</u>	<u>2015.2</u>	<u>2015.3</u>	<u>2015.4</u>	
Business Executives' Confidence ^(j)	57.0	58.0	48.0	45.0	-15.0 points
INFLATION ^(k)					
1982-84 = 100 (CPI)	<u>Aug-15</u>	<u>Sep-15</u>	<u>Oct-15</u>	<u>Nov-15</u>	<u>Change from Year Ago</u>
Nov 2009 = 100 (PPI)					
U.S. Consumer Price Index	238.3	237.9	237.8	237.3	0.5%
Detroit CPI	220.2	NA	220.5	NA	-0.7%
U.S. Producer Price Index	110.5	109.9	109.6	109.6	-1.1%
INTEREST RATES					
90 Day T-Bill ^(l)	0.07%	0.02%	0.02%	0.12%	0.10% points
Aaa Corporate Bonds ^(l)	4.04%	4.07%	3.95%	4.06%	0.14% points
INDUSTRIAL PRODUCTION ^(l)					
	107.6	107.6	107.4	106.4	-1.3%
CAPACITY UTILIZATION ^(l)					
	78.0%	77.9%	77.7%	76.9%	-2.2% points
RETAIL SALES ^(d)					
	\$447.1	\$446.9	\$446.9	\$448.6	1.6%
HOUSING STARTS and SALES					
(Millions Annual Rate)	<u>Aug-15</u>	<u>Sep-15</u>	<u>Oct-15</u>	<u>Nov-15</u>	<u>% Change From Year Ago</u>
Housing Starts ^(d)	1.116	1.207	1.062	1.173	16.5%
Existing Home Sales ^(m)	5.300	5.550	5.320	4.760	-3.8%
DURABLE GOODS ORDERS ^(p)					
	\$234.0	\$232.0	\$238.7	\$238.8	1.2%
PERSONAL INCOME ^(c)					
(Billions of Dollars)	<u>2014.4</u>	<u>2015.1</u>	<u>2015.2</u>	<u>2015.3</u>	<u>% Change From Year Ago</u>
Michigan	\$409.9	\$413.1	\$418.2	\$424.0	4.6%
U.S.	\$14,945.2	\$15,057.0	\$15,254.1	\$15,449.6	4.6%
GROSS DOMESTIC PRODUCT					
(Billions of Chained 2009 Dollars) ^(c)	<u>2014.4</u>	<u>2015.1</u>	<u>2015.2</u>	<u>2015.3</u>	<u>Annualized % Chg From Last Qtr</u>
	\$16,151.4	\$16,177.3	\$16,333.6	\$16,414.0	2.0%

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.