



MICHIGAN ECONOMIC UPDATE

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Michigan Department of Treasury
<http://www.michigan.gov/treasury>

April 2006 Summary

U.S. Economy: April U.S. economic indicators were generally solid. Excluding vehicles and gasoline, retail sales were up 7.4 percent compared to a year ago. New durable goods orders, excluding defense and aircraft, rose sharply (9.2 percent) compared to a year ago. Both the manufacturing and the non-manufacturing ISM index rose from last month as well as compared to a year ago. The index of leading economic indicators was essentially flat after rising in March. Consumer sentiment was roughly unchanged compared to a year ago and down from March. The housing sector showed signs of weakening with both housing starts and existing home sales down substantially from April 2005. First quarter real GDP growth was revised up from 4.8 percent to 5.3 percent.

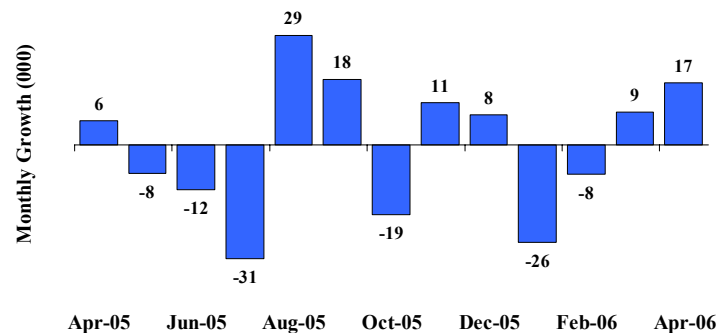
Employment: State payroll employment rose by 16,600 jobs, marking the second straight monthly increase. Michigan's unemployment rate rose to 7.2 percent. Nationally, payroll employment rose by 138,000 jobs. The U.S. unemployment rate was unchanged at 4.7 percent.

Auto Industry: April light vehicle sales rose to a 16.7 million unit annual rate. Compared to a year ago, the three-month average of State vehicle production fell 9.9 percent compared with a 3.9 percent decline nationally. Light vehicle inventories fell 4.5 percent while days supply was down 3 days at 68 days.

Inflation: Compared to a year ago, the U.S. consumer price index (CPI) rose 3.5 percent. Excluding food and energy, the core U.S. CPI was up 2.3 percent. While overall producer prices climbed 4.0 percent, core producer prices increased by only 1.5 percent. The Detroit CPI was up 3.9 percent. (BLS does not produce a core Detroit CPI.)

Michigan Metro Areas: Compared to a year ago, April 2006 employment rose in 14 major labor market areas, with a median increase of 1.5 percent. With rising labor forces outpacing employment increases, the unemployment rate rose in 15 major labor markets. Unemployment rates ranged between 4.2 percent (Ann Arbor MSA) and 9.9 percent (Northeast Lower Michigan).

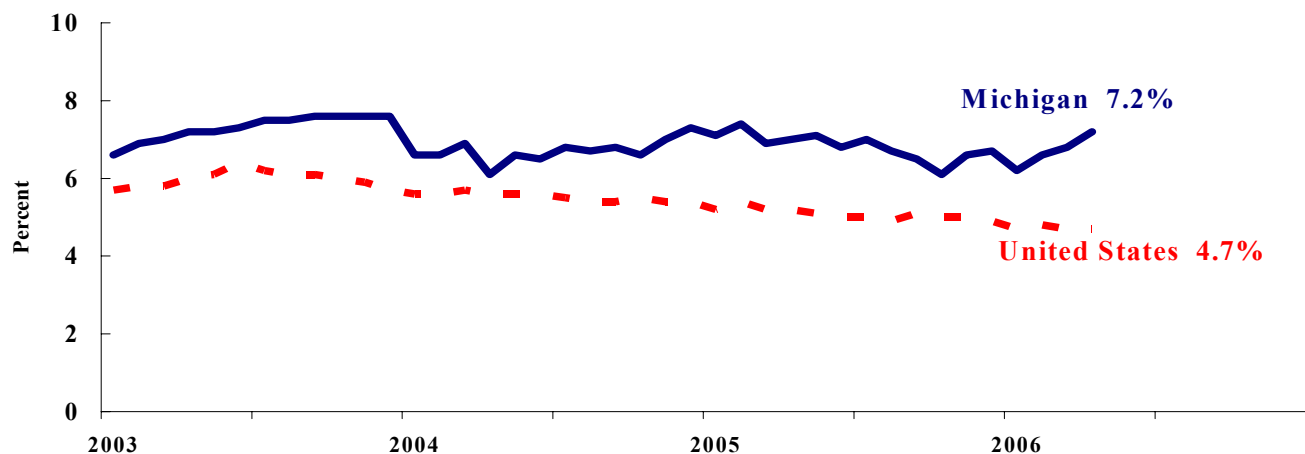
Michigan Employment Increases for Second Straight Month^(a)



Labor Market Statistics

- Michigan's April monthly unemployment rate increased 0.4 percentage points to 7.2 percent from March and the current Michigan jobless rate is 0.3 percentage points above a year ago. The April U.S. unemployment rate remained unchanged at 4.7 percent and was 0.5 percentage points lower compared to a year ago. Monthly unemployment rates fluctuate due to statistical sampling errors and data revisions.

Michigan and U.S. Monthly Unemployment Rates 2003 to 2006



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

- In April, the number of people employed in Michigan was 4,788,000, up 6,000 from last month, while the labor force increased by 27,000. The statewide total number of unemployed increased by 20,000 to 369,000.
- United States household employment totaled 143.7 million persons in April, up 47,000 from March. The labor force rose by 159,000 from last month, which meant that there were 112,000 more unemployed people nationally, compared to March.

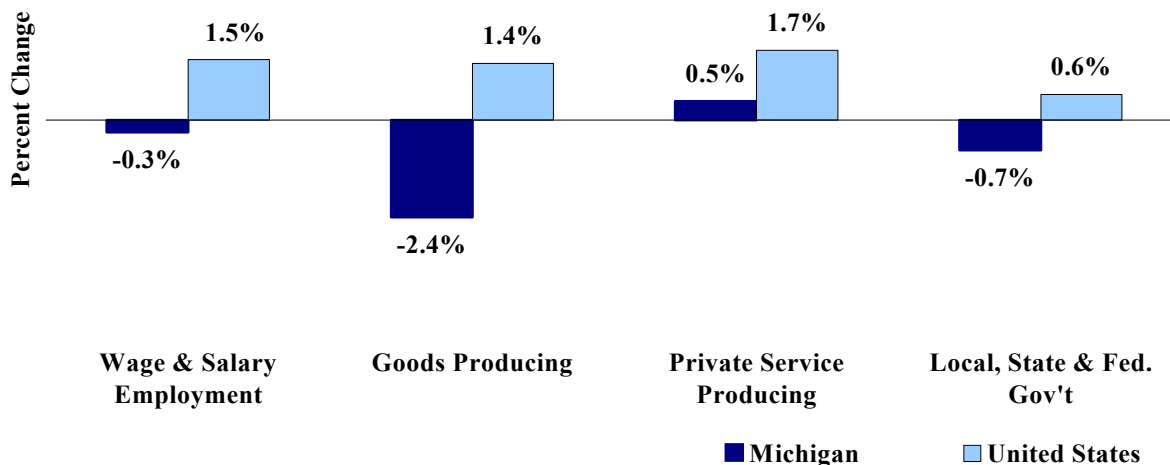
Employment by Place of Residence (in thousands)^(a)

	2005 Average	Feb 2006	Mar 2006	Apr 2006	Change From			
					Prior Month		Last Year	
					Level	%	Level	%
Michigan								
Labor Force	5,097	5,114	5,131	5,158	27	0.5%	52	1.0%
Employed	4,754	4,776	4,782	4,788	6	0.1%	33	0.7%
Unemployed	344	338	349	369	20	5.7%	18	5.1%
Unemployment Rate	6.7%	6.6%	6.8%	7.2%	n.a.	0.4% pts	n.a.	0.3%
United States								
Labor Force	149,320	150,449	150,652	150,811	159	0.1%	2,049	1.4%
Employed	141,730	143,257	143,641	143,688	47	0.0%	2,589	1.8%
Unemployed	7,591	7,193	7,011	7,123	112	1.6%	-540	-7.0%
Unemployment Rate	5.1%	4.8%	4.7%	4.7%	n.a.	0.0% pts	n.a.	-0.5%

Employment by Place of Work

- From April 2005 to April 2006, Michigan wage and salary employment declined 13,000 (0.3 percent). State wage and salary employment increased 17,000 from March. Nationally, April 2006 wage and salary employment rose 1,964,000 (1.5 percent) from a year ago and was up 138,000 from last month.

Wage and Salary Employment Growth April 2005 to April 2006



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

- In the goods-producing sector, Michigan employment fell 2.4 percent from a year ago while private service-producing sector employment increased 0.5 percent compared to last year. From a year ago, April national employment in the goods-producing sector rose 1.4 percent and increased 1.7 percent in the private service-producing sector.
- Manufacturing weekly hours decreased 0.8 hours in Michigan compared to last year.

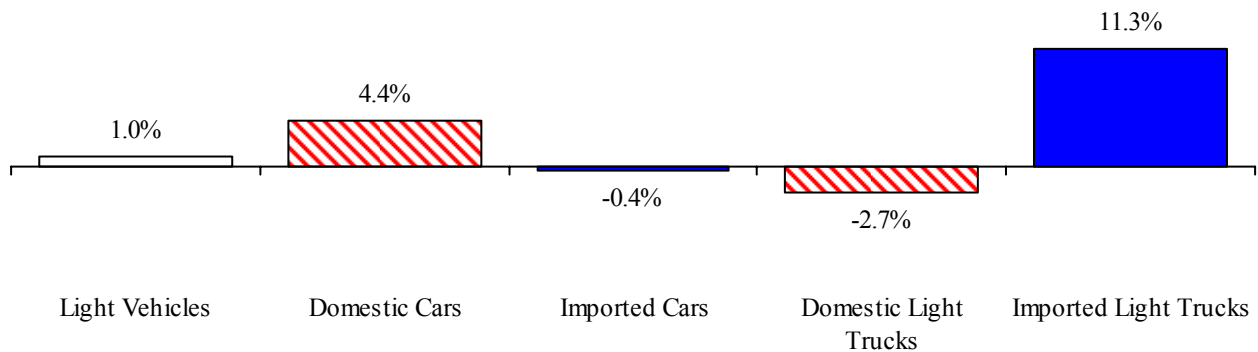
Establishment Employment (in thousands)^(b)

	Michigan				United States			
	2005 Average	Apr 2005	Apr 2006	Percent Change	2005 Average	Apr 2005	Apr 2006	Percent Change
Wage & Salary Employment	4,384	4,400	4,387	-0.3%	133,463	133,104	135,068	1.5%
Goods Producing	879	884	863	-2.4%	22,133	22,119	22,425	1.4%
Manufacturing	679	683	662	-3.1%	14,232	14,256	14,246	-0.1%
Private Service Producing	2,832	2,840	2,853	0.5%	89,527	89,217	90,739	1.7%
Trade, Trans. & Utilities	804	808	797	-1.4%	25,909	25,861	26,063	0.8%
Services	1,742	1,746	1,768	1.3%	52,412	52,184	53,292	2.1%
Local, State & Fed. Gov't	674	676	671	-0.7%	21,803	21,768	21,904	0.6%
Manufacturing Weekly Hours	41.7	41.5	40.7	-0.8 hrs	40.7	40.5	41.1	0.6 hrs

Motor Vehicle Industry Sales

- At a 16.7 million unit annual rate, April 2006 light vehicle sales were up 0.9 percent compared to last month and down 2.9 percent from April 2005.
- Compared to April 2005, domestic sales were down 5.8 percent while foreign sales were up 8.1 percent. Auto sales rose 0.7 percent while light truck sales were down 6.0 percent.
- Year-to-date, light vehicle sales were up 1.0 percent. Domestic car sales rose 4.4 percent, while foreign car sales fell 0.4 percent. Domestic light truck sales fell 2.7 percent; foreign light truck sales were up 11.3 percent. Vehicle inventories fell 4.5 percent while days supply was down 3 days at 68 days.

Year-to-Date Vehicle Sales Increased Compared to a Year Ago ^(c)



Motor Vehicle Sales Statistics ^(c)

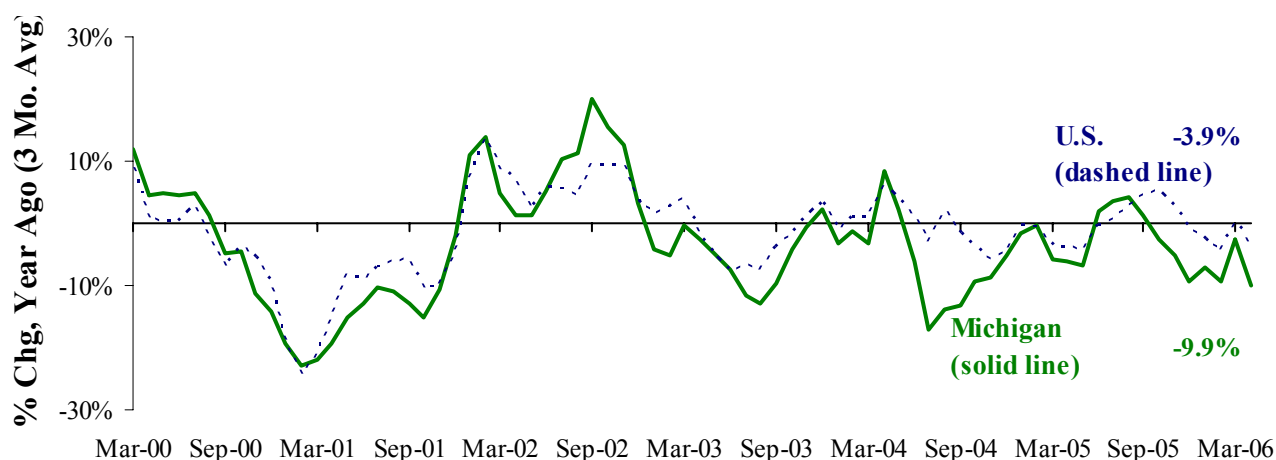
(Millions, unless otherwise specified)

Motor Vehicle Sales ^(c)	2005 Average	Feb 2006	Mar 2006	Apr 2006	3 Month Average	Change from Year Ago	
						Level	%
Autos	7.7	7.4	7.4	8.0	7.6	0.1	0.7%
Domestics	5.5	5.4	5.3	5.6	5.4	(0.1)	-0.9%
Imports	2.2	2.0	2.1	2.4	2.2	0.1	4.6%
Import Share	28.7%	27.0%	28.9%	29.9%	28.6%	1.1% pts	
Light Trucks	9.2	9.1	9.1	8.7	9.0	(0.6)	-6.0%
Domestics	8.0	7.8	7.7	7.2	7.6	(0.7)	-9.2%
Imports	1.2	1.3	1.4	1.4	1.4	0.2	14.5%
Import Share	13.2%	14.8%	15.1%	16.7%	15.5%	3.0% pts	
Total Light Vehicles	16.9	16.5	16.5	16.7	16.6	(0.5)	-2.9%
Heavy Trucks	0.5	0.6	0.6	0.5	0.5	(0.0)	7.9%
Total Vehicles	17.4	17.1	17.1	17.2	17.1	(0.5)	-2.6%
U.S. Light Vehicle Inventories ^(d)		Feb-06	Mar-06	Apr-06	3 Month	Change	
Total Car	1.284	1.369	1.461	1.402	1.411	-0.017	
Days Supply	52	58	57	51	55	-3 days	
Total Truck	2.274	2.327	2.420	2.378	2.375	-0.160	
Days Supply	78	81	78	84	81	-3 days	

Motor Vehicle Industry Production

- At 191,412 units, April 2006 Michigan light vehicle production fell 23.1 percent from a year ago, compared with a 12.5 percent decline nationally. As a result, Michigan’s share of national production fell 2.9 percentage points to 20.8 percent.
- Compared with a year ago, state car production fell 24.8 percent while state truck production declined 21.4 percent. Nationally, car production decreased 6.9 percent while truck production fell 15.7 percent.
- Production varies substantially from month to month. Therefore, a three-month average may provide a clearer indication of vehicle production patterns. The Michigan three-month average was down 9.9 percent from a year ago, compared to a 3.9 percent decrease nationally.

Trend Light Vehicle Production Down in Michigan and Nationally ^(e,f)



Motor Vehicle Production Statistics ^(e,f)

(Thousands, unless otherwise specified)

	2005 <u>Average</u>	Feb <u>2006</u>	Mar <u>2006</u>	Apr <u>2006</u>	3 Month <u>Average</u>	Change from Year Ago for the Month	
						<u>Level</u>	<u>%</u>
U.S. Production ^(e)							
Autos	359.1	376.4	449.3	353.2	392.9	(26.3)	-6.9%
Trucks	639.7	603.2	723.9	568.4	631.9	(105.5)	-15.7%
Total	998.8	979.6	1,173.2	921.6	1,024.8	(131.8)	-12.5%
Michigan Production ^(f)							
Autos	98.9	104.0	127.5	91.7	107.7	(30.3)	-24.8%
Trucks	105.2	89.6	115.4	99.8	101.6	(27.2)	-21.4%
Total	204.1	193.7	242.9	191.4	209.3	(57.4)	-23.1%
Michigan as % of U.S.	20.4%	19.8%	20.7%	20.8%	20.4%	-2.9% pts	

April 2006 Employment Rose in Fourteen Labor Market Areas (Not Seasonally Adjusted)

From April 2005 to April 2006, employment increased in 14 major labor market areas with 12 of the 14 areas reporting an increase exceeding 1.0 percent. The median employment increase was 1.5 percent. Five areas reported employment increases greater than 2.0 percent. Employment was unchanged in the Monroe MSA. Employment fell 0.5 percent in the Detroit-Warren-Livonia MSA and 0.1 percent in the Jackson MSA.

Compared to a year ago, April 2006 unemployment rates rose in 15 major labor market areas as labor force increases outpaced employment increases. Four areas reported the largest increase (0.7 of a percentage point): Flint MSA, Jackson MSA, Lansing-East Lansing MSA, and Northeast Lower Michigan. The Upper Peninsula and Northwest Lower Michigan both reported a 0.6 of a percentage point increase. The Detroit-Warren-Livonia MSA recorded a 0.1 of a percentage point rate decline while the unemployment rate in the Saginaw-Saginaw Township MSA was unchanged.

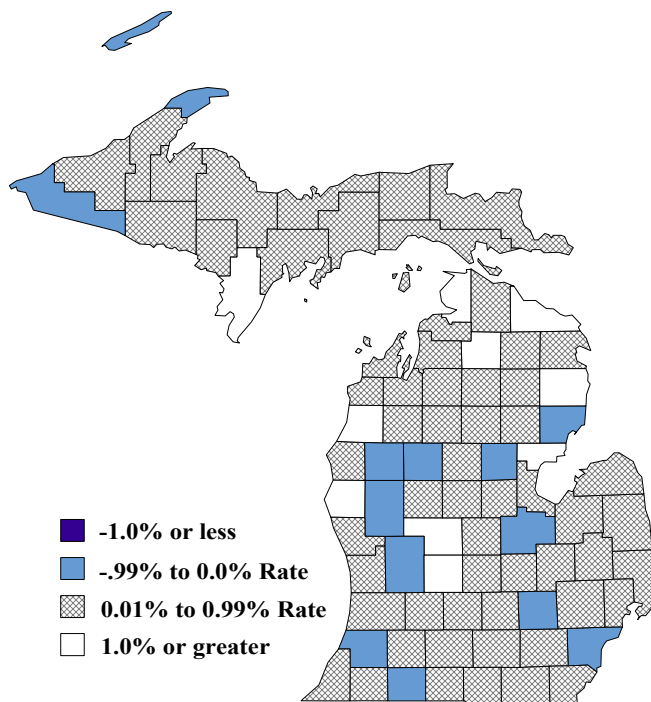
April 2006 unemployment rates ranged between 4.2 percent (Ann Arbor) and 9.9 percent (Northeast Lower Michigan). Compared to March, unemployment rates fell in all 17 major labor market areas with declines ranging between 1.8 percentage points (Northeast Lower Michigan) and 0.4 of a percentage point (Lansing-East Lansing MSA).

Compared to April 2005, unemployment rates rose in 70 counties. Unemployment rates fell in nine counties and were unchanged in four counties. The median change was a 0.5 of a percentage point increase.

Local Area Unemployment Rates^(g)

<u>Local Area</u>	<u>Apr 2005 Rate</u>	<u>Mar 2006 Rate</u>	<u>Apr 2006 Rate</u>
Michigan	6.6%	7.5%	6.8%
Ann Arbor	4.1%	4.7%	4.2%
Battle Creek	6.2%	7.2%	6.7%
Bay City	7.1%	8.0%	7.4%
Detroit-Warren-Livonia	7.0%	7.6%	6.9%
Flint	7.5%	8.9%	8.2%
Grand Rapids-Wyoming	5.6%	6.4%	5.8%
Holland-Grand Haven	4.7%	5.6%	5.0%
Jackson	6.1%	7.4%	6.8%
Kalamazoo-Portage	5.2%	6.0%	5.3%
Lansing-East Lansing	5.2%	6.3%	5.9%
Monroe	5.6%	6.6%	5.9%
Muskegon-Norton Shores	6.5%	7.2%	6.7%
Niles-Benton Harbor	6.3%	7.4%	6.8%
Saginaw-Saginaw Township	7.7%	8.4%	7.7%
Upper Peninsula	7.8%	9.0%	8.4%
Northeast Lower Mich	9.2%	11.7%	9.9%
Northwest Lower Mich.	7.1%	8.8%	7.7%

Unemployment Rates April 2006^(g)



U.S. Economic Conditions

	<u>Jan-06</u>	<u>Feb-06</u>	<u>Mar-06</u>	<u>Apr-06</u>	<u>Change from Year Ago</u>
KEY ECONOMIC INDICATORS					
Consumer Sentiment ^(h)	91.2	86.7	88.9	87.4	-0.3 points
ISM Manufacturing Index ⁽ⁱ⁾	54.8	56.7	55.2	57.3	3.5 points
ISM Non Manufacturing Index ⁽ⁱ⁾	56.8	60.1	60.5	63.0	2.6 points
	<u>2005.2</u>	<u>2005.3</u>	<u>2005.4</u>	<u>2006.1</u>	
Business Executives' Confidence ^(j)	55.0	50.0	56.0	57.0	-5.0 points
INFLATION ^(k)					
1982-84 = 100	<u>Jan-06</u>	<u>Feb-06</u>	<u>Mar-06</u>	<u>Apr-06</u>	<u>Change from Year Ago</u>
U.S. Consumer Price Index	198.3	198.7	199.8	201.5	3.5%
Detroit CPI	NA	194.8	NA	197.2	3.9%
U.S. Producer Price Index	160.0	157.8	159.0	160.6	4.0%
INTEREST RATES					
90 Day T-Bill ^(l)	4.20%	4.41%	4.51%	4.59%	1.80% points
Aaa Corporate Bonds ^(m)	5.29%	5.35%	5.53%	5.84%	0.51% points
INDUSTRIAL PRODUCTION ^(m)					
	110.3	110.8	111.4	112.3	4.7%
CAPACITY UTILIZATION ^(m)					
	80.9%	81.1%	81.4%	81.9%	2.2% points
RETAIL SALES ⁽ⁿ⁾					
	\$361.7	\$358.7	\$360.9	\$362.7	6.6%
HOUSING STARTS and SALES					
(Millions Annual Rate)	<u>Jan-06</u>	<u>Feb-06</u>	<u>Mar-06</u>	<u>Apr-06</u>	<u>% Change From Year Ago</u>
Housing Starts ^(o)	2.265	2.132	1.996	1.849	-11.1%
Existing Home Sales ^(p)	6.570	6.900	6.900	6.760	-5.7%
DURABLE GOODS ORDERS ^(q)					
	\$199.8	\$207.0	\$219.5	\$209.9	11.1%
PERSONAL INCOME ^(c)					
(Billions of Dollars)	<u>2005.1</u>	<u>2005.2</u>	<u>2005.3</u>	<u>2005.4</u>	<u>% Change From Year Ago</u>
Michigan	\$330.1	\$334.1	\$335.9	\$340.6	3.3%
U.S.	\$10,076.4	\$10,187.2	\$10,252.3	\$10,490.7	4.7%
GROSS DOMESTIC PRODUCT					
(Billions of Chained 2000 Dollars) ^(c)	<u>2005.2</u>	<u>2005.3</u>	<u>2005.4</u>	<u>2006.1</u>	<u>Annualized % Chg From Last Qtr</u>
	\$11,089.2	\$11,202.3	\$11,248.3	\$11,394.7	5.3%

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) U.S. Department of Treasury. Average of weekly averages.
- (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.