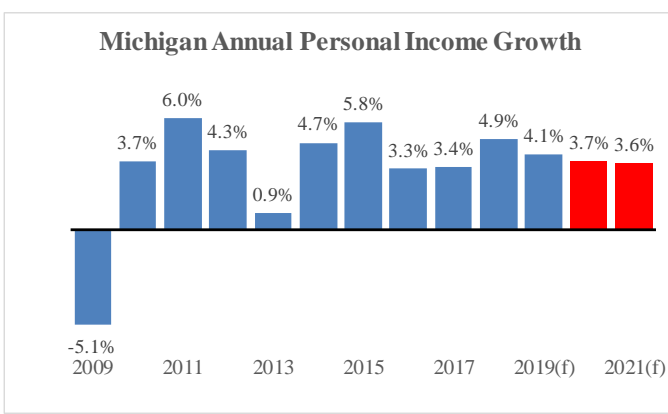
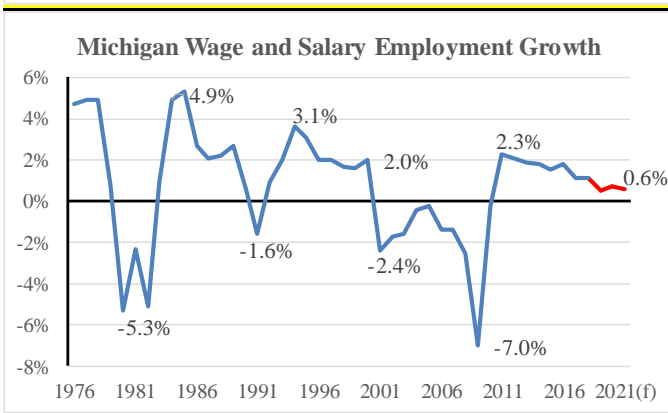
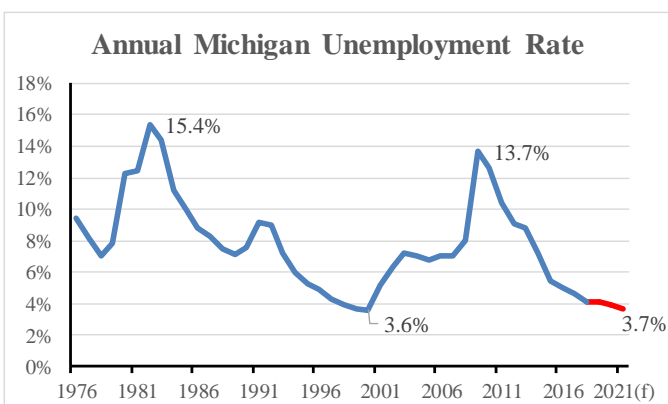




# MICHIGAN ECONOMIC UPDATE

Office of Revenue and Tax Analysis  
Michigan Department of Treasury  
<http://www.michigan.gov/treasury>  
Summarizing Economic Data for Oct 2019 (published 12/04/2019)

## University of Michigan, Research Seminar in Quantitative Economics (RSQE) November 2019 Michigan Economic Forecast <sup>(n)</sup>



### Michigan Household Employment

- At its 67<sup>th</sup> Annual Economic Outlook Conference, RSQE forecasted that Michigan household employment will increase 1.0 percent in 2019, 0.6 percent in 2020 and 0.4 percent in 2021.
- After holding at 4.1 percent in 2019, Michigan's unemployment rate is forecast to fall to 3.9 percent in 2020 and 3.7 percent in 2021.
- Michigan's forecasted 2021 unemployment rate would be the State's lowest jobless rate since 2000 and the State's second lowest annual unemployment rate since at least 1976.

### Michigan Wage and Salary Employment

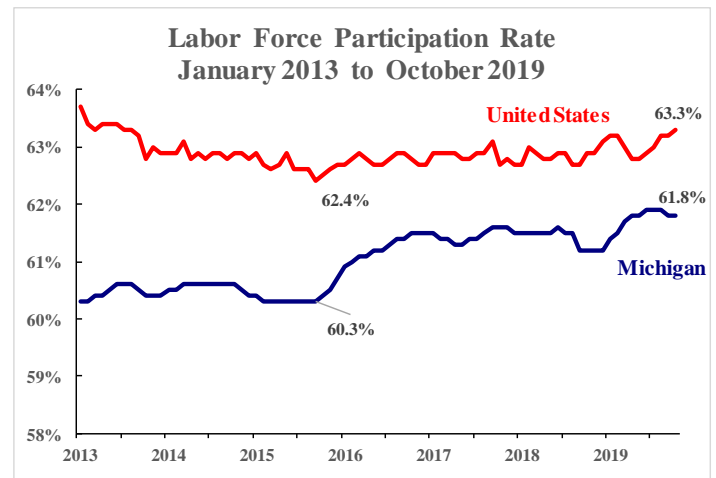
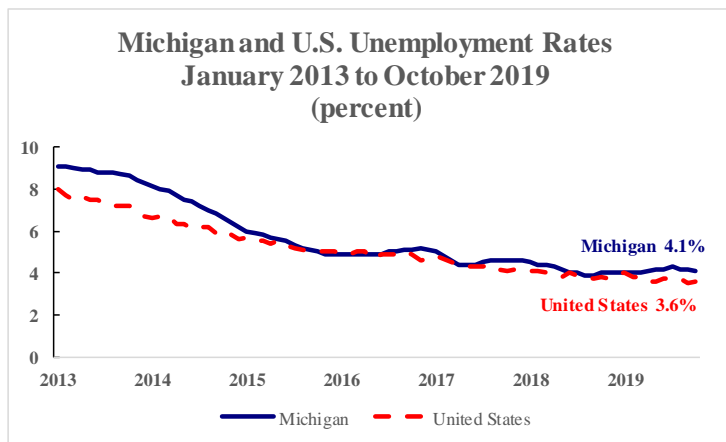
- Michigan wage and salary employment is forecast to rise 0.5 percent in 2019, 0.7 percent in 2020 and 0.6 percent in 2021.
- 2021 would be the 11<sup>th</sup> straight Michigan annual jobs increase. However, 2019-2021 would represent the three slowest jobs growth rates over the 11 years.
- By 2021Q4, the forecast projects that the Michigan's economy will have regained 676,300 jobs (78.7 percent) of the jobs the State lost between 2000Q2 and 2009Q3.

### Michigan Personal Income

- Michigan personal income is forecast to rise 4.1 percent in 2019, 3.7 percent in 2020 and 3.6 percent in 2021.
- 2021 would mark the 12<sup>th</sup> straight annual increase in Michigan's personal income.
- Real (inflation-adjusted) disposable (after tax) income is forecast to increase 2.8 percent in 2019, 1.9 percent in 2020 and 1.8 percent in 2021.

# Household Unemployment and Employment

- In October 2019, the Michigan unemployment rate fell 0.1 of a percentage point to 4.1 percent. In October 2019, the national unemployment rate rose 0.1 of a percentage point to 3.6 percent.
- Compared to a year ago, Michigan’s unemployment rate rose 0.1 of a percentage point. Over the past year, Michigan household employment rose by 49,000 persons. However, since last October, the State’s labor force participation rate (the share of the working-age population who are either working or looking for work) rose 0.6 of a percentage point. With the higher participation rate, Michigan’s labor force rose by 58,000 persons. Thus, the number of Michigan’s unemployed increased by 9,000 and the State’s unemployment rate rose by 0.1 of a percentage point.
- The October 2019 U.S. unemployment rate decreased 0.2 of a percentage point from a year ago. Monthly unemployment rates fluctuate in part due to statistical sampling errors and data revisions.
- In October, the total number of people employed in Michigan rose 2,000 persons to 4,755,000 persons. The State labor force was down 3,000 persons. The statewide total number of unemployed workers fell 6,000 persons.
- United States employment totaled 158.5 million persons in October 2019. The labor force totaled 164.4 million and there were 5.9 million unemployed in October.



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

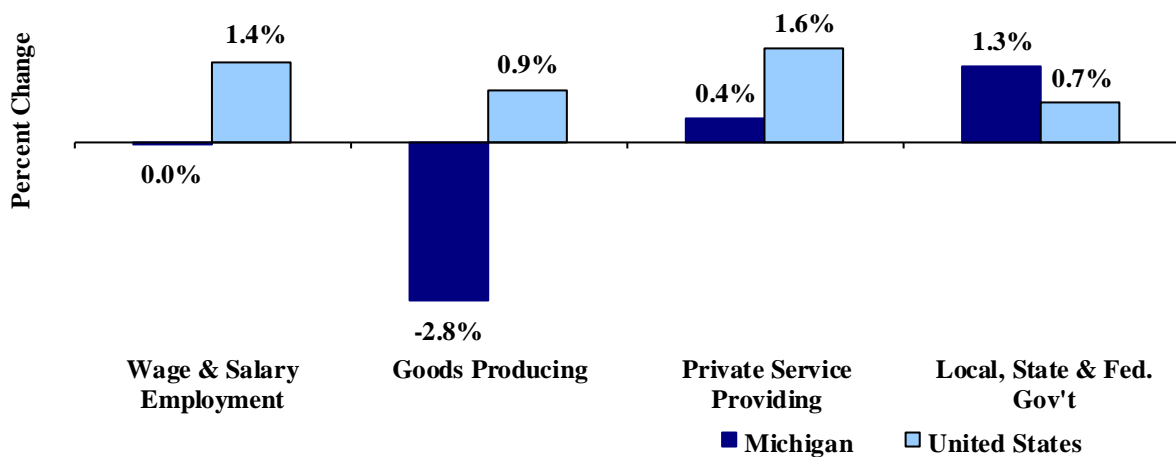
## Employment by Place of Residence (in thousands)<sup>(a)</sup>

	<u>Annual 2018</u>	<u>Aug 2019</u>	<u>Sep 2019</u>	<u>Oct 2019</u>	<u>Chg Fr Mo Ago Level</u>	<u>Chg Fr Mo Ago %</u>	<u>Chg Fr Yr Ago Level</u>	<u>Chg Fr Yr Ago %</u>	<u>Three Month Average</u>
<b>Michigan</b>									
Labor Force	4,902	4,963	4,961	4,958	-3	-0.1%	58	1.2%	4,961
Employed	4,699	4,753	4,753	4,755	2	0.0%	49	1.0%	4,754
Unemployed	203	211	208	202	-6	-2.9%	9	4.3%	207
Unemployment Rate	4.1%	4.2%	4.2%	4.1%	n.a.	-0.1% pts	n.a.	0.1% pts	4.2%
<b>United States</b>									
Labor Force	162,075	163,922	164,039	164,364	325	0.2%	1,670	1.0%	164,108
Employed	155,761	157,878	158,269	158,510	241	0.2%	1,928	1.2%	158,219
Unemployed	6,314	6,044	5,769	5,855	86	1.5%	-257	-4.2%	5,889
Unemployment Rate	3.9%	3.7%	3.5%	3.6%	n.a.	0.1% pts	n.a.	-0.2% pts	3.6%

# Employment by Place of Work (Payroll)

- From October 2018 to October 2019, Michigan payroll employment increased by 2,200 jobs (-0.05 percent). State payroll employment fell by 21,800 jobs in October from September. The recent vehicle industry strike largely accounts for the sharp employment drop. (Unlike the household survey, the payroll survey does not count workers on strike as employed). Nationally, October 2019 payroll employment rose 2,093,000 (1.4 percent) from a year ago. National employment rose 128,000 jobs in October.

## Payroll Employment Growth October 2018 to October 2019



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

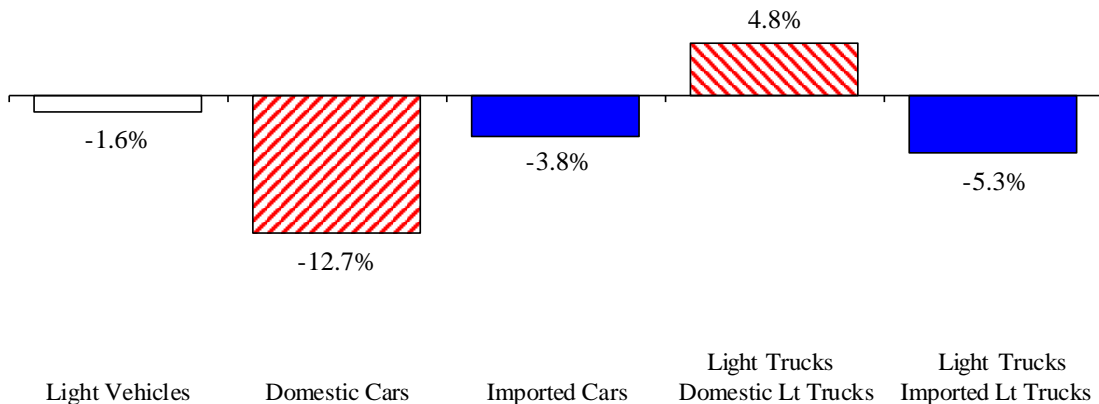
- In the goods-producing sector, Michigan payroll employment decreased 2.8 percent in October from a year ago; employment in the private service-providing sector rose 0.4 percent. From a year ago, October national payroll employment rose 0.9 percent in the goods-producing sector and increased 1.6 percent in the private service-providing sector.
- At 42.1 hours, manufacturing weekly hours in Michigan were down 0.8 hours from last year.

### Wage and Salary (Payroll) Employment (in thousands)<sup>(b)</sup>

	MI				US			
	2018 <u>Annual</u>	MI Oct <u>2018</u>	MI Oct <u>2019</u>	Percent <u>Change</u>	2018 <u>Annual</u>	US Oct <u>2018</u>	US Oct <u>2019</u>	Percent <u>Change</u>
Wage & Salary Employment	4,418.6	4,426.7	4,424.5	0.0%	149,074	149,852	151,945	1.4%
Goods Producing	806.2	810.7	787.9	-2.8%	20,710	20,892	21,085	0.9%
Manufacturing	629.8	633.4	606.6	-4.2%	12,689	12,762	12,811	0.4%
Private Service Providing	3,006.0	3,010.7	3,023.2	0.4%	105,916	106,474	108,221	1.6%
Trade, Trans. & Utilities	791.4	794.8	796.4	0.2%	27,659	27,715	27,854	0.5%
Services	1,939.8	1,941.3	1,944.8	0.2%	66,859	67,316	68,826	2.2%
Local, State & Fed. Gov't	606.5	605.3	613.4	1.3%	22,449	22,486	22,639	0.7%
Manufacturing Weekly Hours	43.4	42.9	42.1	-0.8 hrs	42.2	42.1	41.4	-0.7 hrs

- October 2019 U.S. light vehicle sales fell 3.4 percent from September 2019 and were down 5.3 percent from October 2018. October 2019 marked the 68<sup>th</sup> straight month that the light vehicle annualized sales rate exceeded 16.0 million units. In October 2019, the sales rate equaled 16.5 million units.
- U.S. sales of domestic light vehicles were down 6.4 percent between October 2018 and October 2019. Foreign sales fell 1.7 percent over the same period. As a result, the foreign share of U.S. light vehicle sales increased 0.9 of a percentage point to 23.2 percent in October 2019.
- Auto sales decreased 20.5 percent compared to last October, while light truck sales were up 1.6 percent from October 2018. As a result, October 2019 marked the 9<sup>th</sup> straight month in which the light truck share of total sales exceeded 70.0 percent. Year-over-year (y-o-y), heavy truck sales rose 2.9 percent from last October – marking the 29<sup>th</sup> straight y-o-y increase in heavy truck sales.

## October 2019 Year-to-Date Light Vehicle Sales Down from Last Year



## Motor Vehicle Sales Statistics

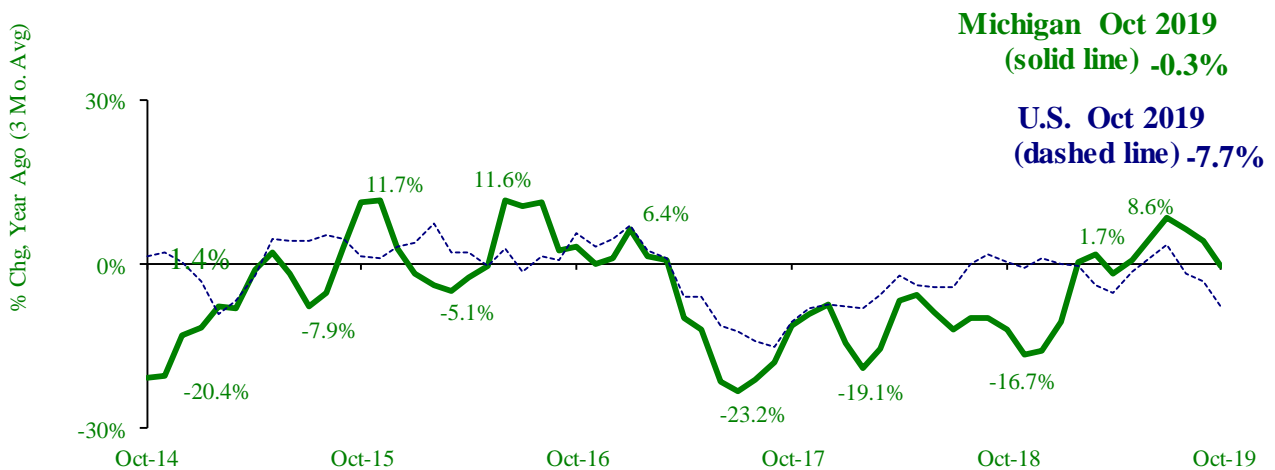
(Millions, Seasonally Adjusted Rates, unless otherwise specified)

	2018	Aug	Sep	Oct	3 Month	Oct	Oct
Motor Vehicle Sales <sup>(c)</sup>	Total	2019	2019	2019	Average	Chg fr Yr Ago Level	Chg fr Yr Ago %
Autos	5.3	4.6	4.6	4.4	4.5	(1.1)	-20.5%
Domestics	4.1	3.4	3.5	3.2	3.4	(1.1)	-25.1%
Imports	1.2	1.2	1.1	1.1	1.1	(0.0)	-3.8%
Import Share	22.9%	26.2%	23.7%	26.3%	25.4%	4.6% pts	
Light Trucks	11.9	12.4	12.5	12.2	12.4	0.2	1.6%
Domestics	9.2	9.8	9.9	9.5	9.7	0.2	2.3%
Imports	2.8	2.6	2.6	2.7	2.7	(0.0)	-0.8%
Import Share	23.1%	21.3%	21.1%	22.1%	21.5%	-0.5% pts	
Total Light Vehicles	17.2	17.0	17.1	16.5	16.9	(0.9)	-5.3%
Heavy Trucks	0.5	0.5	0.6	0.5	0.5	0.0	2.9%
Total Vehicles	17.7	17.5	17.7	17.1	17.4	(0.9)	-5.1%

Retail Inventories, Motor Vehicle and Parts Dealers (billions of dollars) <sup>(d)</sup>	2018	Jul-19	Aug-19	Sep-19	3 Month	Chg fr	Chg fr
	Average	Jul-19	Aug-19	Sep-19	Average	Year Ago Level	Year Ago %
Inventories	\$229.7	\$243.0	\$246.2	\$245.9	\$245.1	\$12.0	5.1%
Inventory/Sales Ratio	2.29	2.33	2.36	2.31	2.33	-0.03	

- In October, Michigan motor vehicle production rose 7.4 percent from September while national production increased 9.9 percent. At 154,753 units, October 2019 Michigan motor vehicle production was down 7.7 percent from a year ago. National production was down 11.5 percent from last October. The three-month average of vehicle production (August 2019-October 2019) was down 0.3 percent in Michigan and down 7.7 percent nationally, compared to a year ago.
- In October 2019, Michigan car production was down 57.6 percent from a year ago while State truck production increased 2.4 percent. Nationally, October car production decreased 19.0 percent while U.S. truck production was down 8.8 percent.
- Michigan's share of national vehicle production rose 0.7 of a percentage point in October 2019 from its year-ago level to 16.5 percent. Michigan's share of car production decreased 4.7 percentage points while the State's share of truck production was up 2.2 percentage points.

## Michigan Three-Month Average Vehicle Production Down Slightly from Last Year



## Motor Vehicle Production Statistics

(Thousands, unless otherwise specified)

	2018 Monthly Average	Aug 2019	Sep 2019	Oct 2019	3 Month Average	Oct Level fr Yr Ago	Oct % Chg fr Yr Ago
<b>U.S. Production <sup>(e)</sup></b>							
Autos	246.2	227.0	208.3	228.7	221.3	(53.8)	-19.0%
Trucks	675.6	744.2	644.5	708.2	699.0	(67.9)	-8.8%
Total	921.8	971.2	852.9	936.9	920.3	(121.7)	-11.5%
<b>Michigan Production <sup>(f)</sup></b>							
Autos	34.8	20.8	13.3	11.9	15.3	(16.2)	-57.6%
Trucks	117.9	162.4	130.9	142.8	145.4	3.3	2.4%
Total	152.7	183.2	144.1	154.8	160.7	(12.9)	-7.7%
Michigan as % of U.S.	16.6%	18.9%	16.9%	16.5%	17.5%	0.7% pts	

# U.S. Economic Conditions

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	<u>Jul-19</u>	<u>Aug-19</u>	<u>Sep-19</u>	<u>Oct-19</u>	<b>Change from Year Ago</b>
<b>KEY ECONOMIC INDICATORS</b>					
Consumer Sentiment <sup>(h)</sup>	98.4	89.8	93.2	95.5	-3.1 points
ISM Manufacturing Index <sup>(i)</sup>	51.2	49.1	47.8	48.3	-9.2 points
ISM Non Manufacturing Index <sup>(i)</sup>	53.7	56.4	52.6	54.7	-5.3 points
	<b><u>2018.4</u></b>	<b><u>2019.1</u></b>	<b><u>2019.2</u></b>	<b><u>2019.3</u></b>	
Business Executives' Confidence <sup>(i)</sup>	42.0	43.0	43.0	34.0	-21.0 points
<b>INFLATION <sup>(k)</sup></b>					
<b>1982-84 = 100 (CPI)</b>	<b><u>Jul-19</u></b>	<b><u>Aug-19</u></b>	<b><u>Sep-19</u></b>	<b><u>Oct-19</u></b>	<b>Change from Year Ago</b>
<b>Nov 2009 = 100 (PPI)</b>					
U.S. Consumer Price Index	256.6	256.6	256.8	257.3	1.8%
Detroit CPI	NA	236.4	NA	238.8	2.4%
U.S. Producer Price Index	118.8	118.7	118.2	118.9	1.1%
<b>INTEREST RATES</b>					
90 Day T-Bill <sup>(l)</sup>	2.10%	1.95%	1.89%	1.65%	-0.60% points
10 Year Treasury Securities <sup>(l)</sup>	2.06%	1.63%	1.70%	1.71%	-1.44% points
<b>INDUSTRIAL PRODUCTION <sup>(l)</sup></b>					
	109.1	109.9	109.6	108.7	-1.1%
<b>CAPACITY UTILIZATION <sup>(l)</sup></b>					
	77.4%	77.9%	77.5%	76.7%	-2.6% points
<b>RETAIL SALES <sup>(d)</sup></b>					
	\$523.9	\$526.9	\$525.2	\$526.5	3.1%
<b>HOUSING STARTS and SALES</b>					
(Millions Annual Rate)	<b><u>Jul-19</u></b>	<b><u>Aug-19</u></b>	<b><u>Sep-19</u></b>	<b><u>Oct-19</u></b>	<b>% Change From Year Ago</b>
Housing Starts <sup>(d)</sup>	1.204	1.375	1.266	1.314	8.5%
Existing Home Sales <sup>(m)</sup>	5.420	5.500	5.360	5.460	4.6%
<b>DURABLE GOODS ORDERS <sup>(d)</sup></b>					
	\$250.3	\$250.7	\$247.3	\$248.7	-0.7%
<b>PERSONAL INCOME <sup>(c)</sup></b>					
(Billions, Seasonally Adj & Annualized)	<b><u>2018.3</u></b>	<b><u>2018.4</u></b>	<b><u>2019.1</u></b>	<b><u>2019.2</u></b>	<b>% Change From Year Ago</b>
Michigan	\$486.5	\$489.6	\$494.9	\$501.1	4.1%
U.S.	\$17,918.9	\$18,077.7	\$18,352.7	\$18,596.2	4.9%
<b>GROSS DOMESTIC PRODUCT <sup>(c)</sup></b>					
(Billions of Chained 2012 Dollars, Seasonally Adj & Annualized)	<b><u>2018.4</u></b>	<b><u>2019.1</u></b>	<b><u>2019.2</u></b>	<b><u>2019.3</u></b>	<b>Annualized % Chg From Last Qtr</b>
	\$18,783.5	\$18,927.3	\$19,021.9	\$19,122.1	2.1%

## **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) Bureau of Economic Analysis, U.S. Department of Commerce.
- (d) Bureau of the Census, U.S. Department of Commerce. Seasonally adjusted.
- (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.
- (n) University of Michigan, Research Seminar in Quantitative Economics, 67<sup>th</sup> Economic Outlook Conference, November 21-22, 2019.