



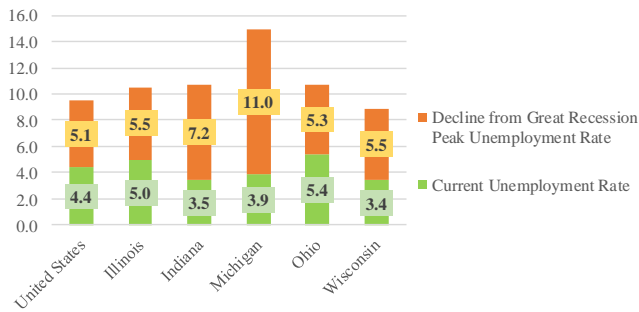
MICHIGAN ECONOMIC UPDATE

Office of Revenue and Tax Analysis
Michigan Department of Treasury

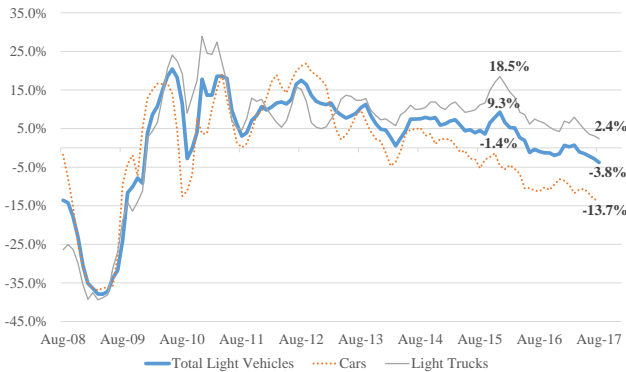
<http://www.michigan.gov/treasury>

August 2017 Summary

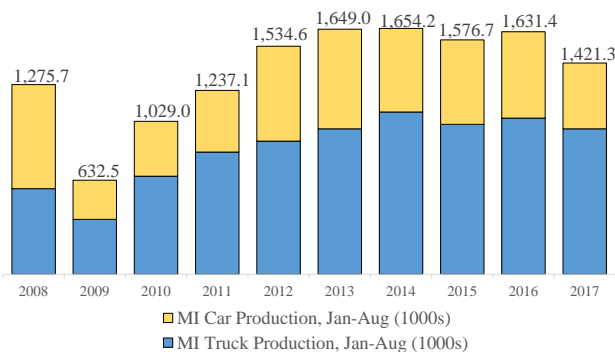
**U.S. and Great Lakes States
August 2017 Unemployment Rates**



**Light Vehicle Sales Trend Downward as
Car Sales Decline; Light Truck Sales Growth Slows**
(Year-over-Year Percent Change; 3-month averages)



**Year-to-Date Michigan Vehicle Production
Down from Recent Years**



Michigan Labor Market

- In August 2017, Michigan's unemployment rate rose 0.2 of a percentage point from July. Compared to a year ago, the State's jobless rate was down 1.0 percentage point.
- August 2017 State labor force was unchanged from a year ago. Household employment was up 1.0 percent compared to August 2016.
- Year-to-date, Michigan's average wage and salary employment was at a 12-year high.
- In August 2017, Michigan wage and salary employment rose by 1,500 jobs. Over the last year, the State's employment rose by a net 60,300 jobs (1.4 percent).

Vehicle Sales

- August 2017 annualized light vehicle sales were down 4.0 percent from last month and off 6.4 percent from last August.
- August 2017 auto sales were down sharply (13.2 percent) from a year ago while light truck sales were down modestly (2.1 percent).
- Year-to-date, light vehicle sales were down 3.0 percent with autos were off 12.2 percent but light truck sales were up 3.1 percent.

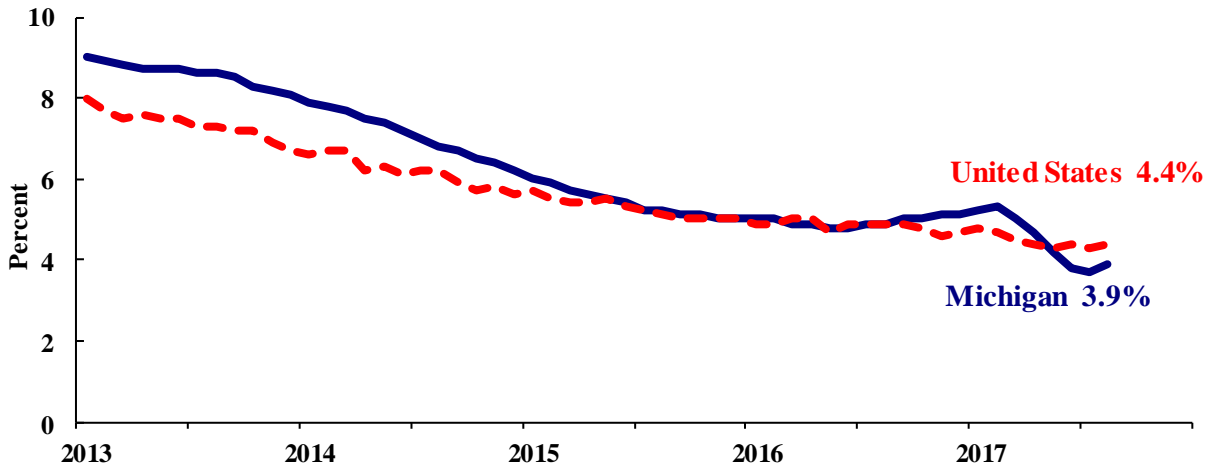
Vehicle Production

- August 2017 Michigan vehicle production was down 11.4 percent from a year ago, compared with an 11.7 percent decline nationally.
- Year-to-date, Michigan auto production was down by 137,900 units (23.7 percent) while State truck production was off by 72,200 units (6.9 percent). Overall year-to-date Michigan vehicle production was down by 210,000 units (12.9 percent) from 2016.
- Through August, Michigan's share of national vehicle production was down by 1.1 percentage points to 18.7 percent compared to last year.

Household Unemployment and Employment

- In August 2017, the Michigan unemployment rate increased 0.2 of a percentage point to 3.9 percent. The national unemployment rate increased 0.1 of a percentage point from July to August to 4.4 percent.
- In August 2017, Michigan's unemployment rate was down 1.0 percentage point from a year ago. The August U.S. unemployment rate decreased 0.5 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 August 2013 to August 2017



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

- In August, the total number of people employed in Michigan decreased 16,000 to 4,643,000 persons while the labor force fell by 6,000. The statewide total number of unemployed workers rose by 10,000 to 190,000.
- United States employment totaled 153.4 million persons in August 2017. The labor force totaled 160.6 million and there were 7.1 million unemployed in August.

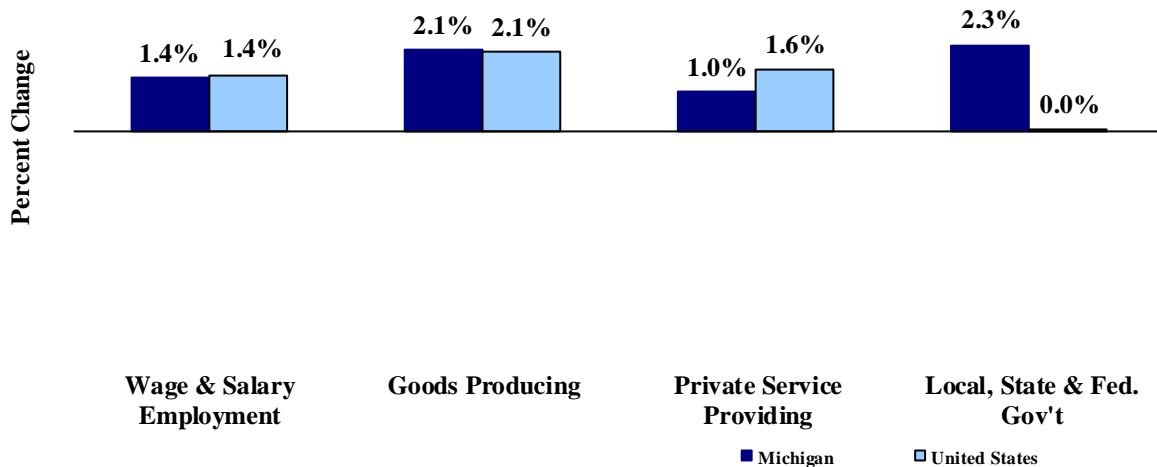
Employment by Place of Residence (in thousands)^(a)

	2016 Average	Jun 2017	Jul 2017	Aug 2017	Chg Fr Mo Ago Level	Chg Fr Mo Ago %	Yr Ago Level	Yr Ago %	Three Month Average
Michigan									
Labor Force	4,837	4,865	4,840	4,833	-6	-0.1%	0	0.0%	4,846
Employed	4,599	4,678	4,660	4,643	-16	-0.4%	47	1.0%	4,660
Unemployed	238	187	180	190	10	5.5%	-48	-20.1%	186
Unemployment Rate	4.9%	3.8%	3.7%	3.9%	n.a.	0.2% pts	n.a.	-1.0% pts	3.8%
United States									
Labor Force	159,187	160,145	160,494	160,571	77	0.0%	1,063	0.7%	160,403
Employed	151,436	153,168	153,513	153,439	-74	0.0%	1,784	1.2%	153,373
Unemployed	7,751	6,977	6,981	7,132	151	2.2%	-721	-9.2%	7,030
Unemployment Rate	4.9%	4.4%	4.3%	4.4%	n.a.	0.1% pts	n.a.	-0.5% pts	4.4%

Employment by Place of Work (Payroll)

- From August 2016 to August 2017, Michigan payroll employment increased 60,300 jobs (1.4 percent). State payroll employment rose by 1,500 jobs in August from July. Nationally, August 2017 payroll employment rose 2,097,000 (1.4 percent) from a year ago and was up 156,000 from July.

Payroll Employment Growth August 2016 to August 2017



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

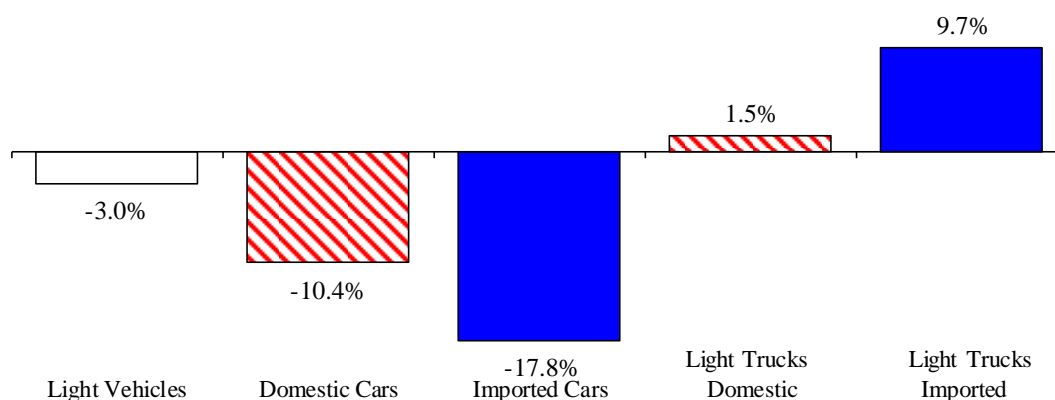
- In the goods-producing sector, Michigan payroll employment increased 2.1 percent in August from a year ago; employment in the private service-providing sector increased 1.0 percent. From a year ago, August national payroll employment rose 2.1 percent in the goods-producing sector and increased 1.6 percent in the private service-providing sector. Government employment was up 2.3 percent from a year ago in Michigan. Nationwide, government employment was essentially unchanged.
- At 42.9 hours, manufacturing weekly hours in Michigan were up 0.3 of an hour compared to last year.

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

	MI				US			
	2016 Average	MI August 2016	MI August 2017	Percent Change	2016 Average	US Aug 2016	US Aug 2017	Percent Change
Wage & Salary Employment	4,325.6	4,332.3	4,392.6	1.4%	144,306	144,633	146,730	1.4%
Goods Producing	762.9	760.8	777.1	2.1%	19,736	19,707	20,117	2.1%
Manufacturing	600.2	598.8	608.5	1.6%	12,348	12,342	12,480	1.1%
Private Service Providing	2,962.0	2,969.6	2,999.9	1.0%	102,346	102,636	104,315	1.6%
Trade, Trans. & Utilities	781.6	785.5	784.8	-0.1%	27,233	27,282	27,390	0.4%
Services	1,910.1	1,913.4	1,938.7	1.3%	64,057	64,261	65,750	2.3%
Local, State & Fed. Gov't	600.7	601.9	615.6	2.3%	22,223	22,290	22,298	0.0%
Manufacturing Weekly Hours	42.9	42.6	42.9	0.3 hrs	41.9	41.8	42.1	0.3 hrs

- August 2017 U.S. light vehicle sales fell 4.0 percent from July 2017 and were down 6.4 percent from August 2016. August 2017 marked the 42nd straight month that the light vehicle annualized sales rate equaled or exceeded 16.0 million units. However, at 16.0 million units, August 2017 marked the sixth straight month that annualized sales were below 17.0 million units and represented the lowest sales rate since February 2014.
- U.S. sales of domestic light vehicles decreased 6.2 percent between August 2016 and August 2017. Foreign sales were down 7.1 percent over the same period. As a result, the foreign share of U.S. light vehicle sales fell 0.2 of a percentage point to 22.2 percent in August 2017.
- Auto sales decreased 13.2 percent compared to last August, while light truck sales were down 2.1 percent from August 2016. As a result, August 2017 marked the 17th straight month in which the light truck share of total sales exceeded 60.0 percent. Prior to the last 17 months, the light truck sales share exceeded 60.0 percent only once (July 2005). Year-over-year, heavy truck sales rose 7.5 percent in August 2017 -- marking the third month in which heavy truck sales were up from a year ago following 14 straight months of year-over-year declines.

Year-to-Date Light Vehicle Sales (Jan-Aug 2017) Down From Year-Ago (Jan-Aug 2016)



Motor Vehicle Sales Statistics

(Millions, Seasonally Adjusted Rates, unless otherwise specified)

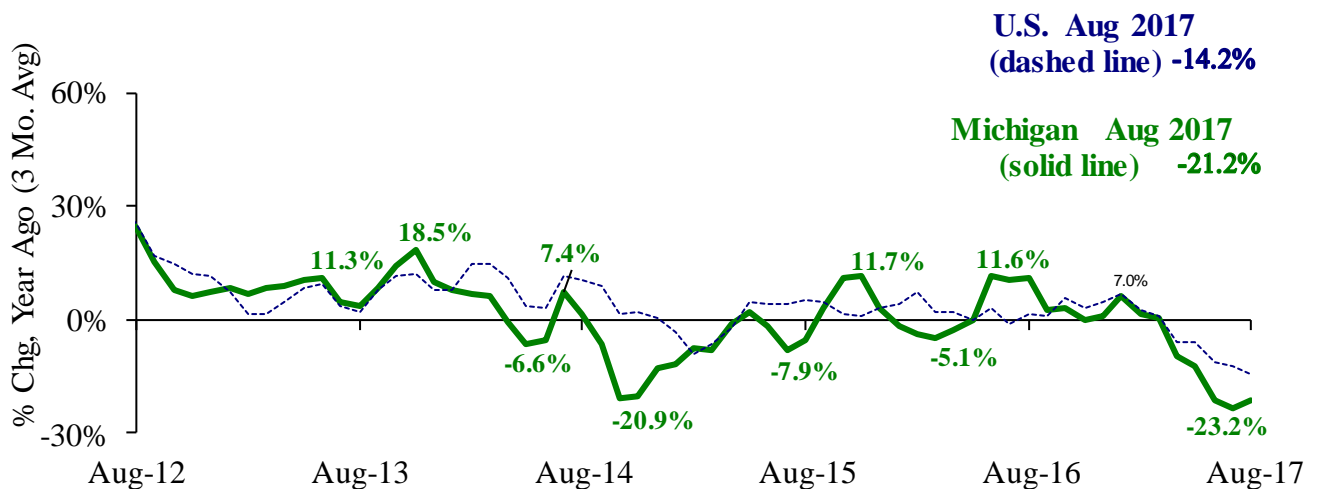
Motor Vehicle Sales ^(c)	2016 Total	Jun 2017	Jul 2017	Aug 2017	3 Month Average	Aug Chg fr Yr Ago Level	Aug Chg fr Yr Ago %
Autos	6.9	5.8	6.0	5.7	5.8	(0.9)	-13.2%
Domestics	5.2	4.4	4.6	4.4	4.5	(0.6)	-11.8%
Imports	1.7	1.3	1.4	1.4	1.4	(0.3)	-17.5%
Import Share	24.8%	23.0%	23.4%	23.7%	23.4%	-1.2% pts	
Light Trucks	10.6	10.8	10.7	10.3	10.6	(0.2)	-2.1%
Domestics	8.5	8.5	8.4	8.1	8.3	(0.2)	-2.9%
Imports	2.1	2.3	2.3	2.2	2.3	0.0	0.8%
Import Share	20.1%	21.3%	21.7%	21.3%	21.4%	0.6% pts	
Total Light Vehicles	17.5	16.6	16.7	16.0	16.4	(1.1)	-6.4%
Heavy Trucks	0.4	0.4	0.4	0.4	0.4	0.0	7.5%
Total Vehicles	17.9	17.0	17.1	16.4	16.9	(1.1)	-6.1%

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

	2016 Average	May-17	Jun-17	Jul-17	3 Month Average	Chg fr Year Ago Level	Chg fr Year Ago %
Inventories	\$206.3	\$220.8	\$222.2	\$222.1	\$221.7	\$15.4	7.4%
Inventory/Sales Ratio	2.18	2.25	2.26	2.26	2.26	0.08	

- At 188,917 units, August 2017 Michigan motor vehicle production was down 11.4 percent from August 2016. National production decreased 11.7 percent from last August. The three-month average of vehicle production (June 2017-August 2017) was down 21.2 percent in Michigan and down 14.2 percent nationally, compared to a year ago.
- In August 2017, Michigan car production was down 29.7 percent from a year ago while State truck production dropped 2.2 percent. Nationally, car production decreased 21.3 percent while U.S. truck production was down 6.9 percent.
- Michigan's share of national vehicle production rose 0.1 of a percentage point in August 2017 from its year-ago level to 18.5 percent. Michigan's share of car production fell 2.0 percentage points while the State's share of truck production was up 0.9 of a percentage point.

Michigan and National Vehicle Production Down Sharply from Last Year



Motor Vehicle Production Statistics

(Thousands, unless otherwise specified)

	2016 Monthly Average	Jun 2017	Jul 2017	Aug 2017	3 Month Average	Aug Level Chg fr Yr Ago	Aug % Chg fr Yr Ago
U.S. Production ^(e)							
Autos	346.4	281.6	161.8	303.8	249.1	(82.4)	-21.3%
Trucks	678.9	701.2	471.8	717.9	630.3	(52.9)	-6.9%
Total	1,025.3	982.8	633.7	1,021.7	879.4	(135.3)	-11.7%
Michigan Production ^(f)							
Autos	70.3	53.6	34.8	50.0	46.1	(21.2)	-29.7%
Trucks	128.7	128.9	88.0	138.9	118.6	(3.1)	-2.2%
Total	199.0	182.5	122.8	188.9	164.7	(24.3)	-11.4%
Michigan as % of U.S.	19.4%	18.6%	19.4%	18.5%	18.7%	0.1% pts	

U.S. Economic Conditions

	<u>May-17</u>	<u>Jun-17</u>	<u>Jul-17</u>	<u>Aug-17</u>	<u>Change from Year Ago</u>
KEY ECONOMIC INDICATORS					
Consumer Sentiment ^(h)	97.1	95.1	93.4	96.8	7.0 points
ISM Manufacturing Index ⁽ⁱ⁾	54.9	57.8	56.3	58.8	9.4 points
ISM Non Manufacturing Index ⁽ⁱ⁾	56.9	57.4	53.9	55.3	3.6 points
	<u>2016.3</u>	<u>2016.4</u>	<u>2017.1</u>	<u>2017.2</u>	
Business Executives' Confidence ^(j)	50.0	65.0	68.0	61.0	9.0 points
INFLATION ^(k)					
1982-84 = 100 (CPI)	<u>May-17</u>	<u>Jun-17</u>	<u>Jul-17</u>	<u>Aug-17</u>	<u>Change from Year Ago</u>
Nov 2009 = 100 (PPI)					
U.S. Consumer Price Index	244.7	245.0	244.8	245.5	1.9%
Detroit CPI	NA	226.5	NA	226.8	1.3%
U.S. Producer Price Index	112.8	113.0	112.9	113.1	2.4%
INTEREST RATES					
90 Day T-Bill ^(l)	0.89%	0.98%	1.07%	1.01%	0.71% points
10 Year Treasury Securities ^(l)	2.30%	2.19%	2.32%	2.21%	0.65% points
INDUSTRIAL PRODUCTION ⁽¹⁾					
	105.1	105.3	105.7	104.7	1.5%
CAPACITY UTILIZATION ⁽¹⁾					
	76.6%	76.7%	76.9%	76.1%	0.3% points
RETAIL SALES ^(d)					
	\$474.8	\$474.5	\$475.8	\$474.8	3.2%
HOUSING STARTS and SALES					
(Millions Annual Rate)	<u>Apr-17</u>	<u>May-17</u>	<u>Jun-17</u>	<u>Jul-17</u>	<u>% Change From Year Ago</u>
Housing Starts ^(d)	1.154	1.129	1.213	1.155	-5.6%
Existing Home Sales ^(m)	5.560	5.620	5.510	5.440	2.1%
DURABLE GOODS ORDERS ^(p)					
	\$231.0	\$231.0	\$245.9	\$229.2	4.1%
PERSONAL INCOME ^(c)					
(Billions of Dollars)	<u>2016.2</u>	<u>2016.3</u>	<u>2016.4</u>	<u>2017.1</u>	<u>% Change From Year Ago</u>
Michigan	\$438.2	\$442.6	\$446.0	\$451.9	4.4%
U.S.	\$15,936.3	\$16,117.1	\$16,170.6	\$16,336.6	3.7%
GROSS DOMESTIC PRODUCT					
(Billions of Chained 2009 Dollars) ^(c)	<u>2016.3</u>	<u>2016.4</u>	<u>2017.1</u>	<u>2017.2</u>	<u>Annualized % Chg From Last Qtr</u>
	\$16,778.1	\$16,851.4	\$16,903.2	\$17,010.7	2.6%

- (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.