



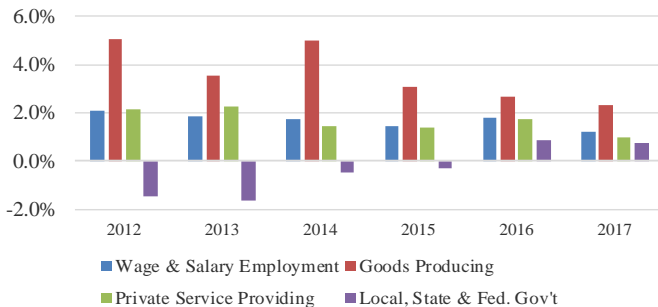
MICHIGAN ECONOMIC UPDATE

Office of Revenue and Tax Analysis
Michigan Department of Treasury

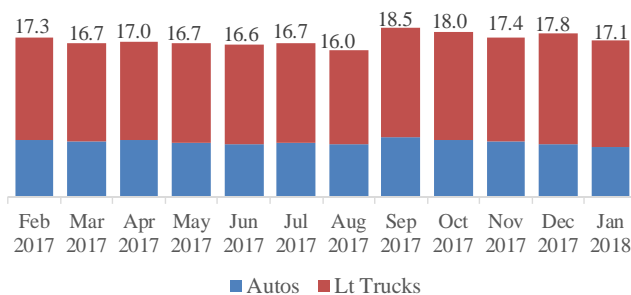
<http://www.michigan.gov/treasury>

January 2018 Summary

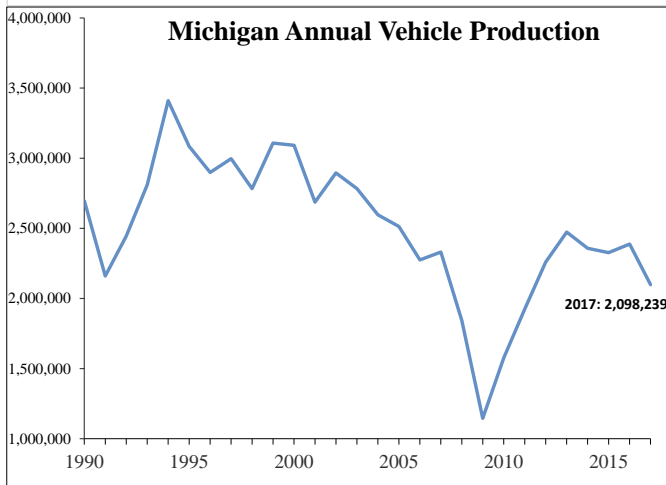
**Michigan Payroll Employment
(Annual Percent Change)**



**Annualized Monthly Light Vehicle Sales
(millions)**



Michigan Annual Vehicle Production



Michigan Labor Market

- In January 2018, Michigan's unemployment rate remained unchanged for the fourth straight month. However, Michigan's January 2018 rate was 0.3 of a percentage point lower than last January.
- January 2018 State labor force was up a 0.5 percent from a year ago. Household employment rose 0.8 percent compared to January 2017.
- In January 2018, Michigan's wage and salary employment rose by 5,500 jobs from a month ago.
- January 2018 Michigan wage and salary employment was up by 45,200 jobs (1.0 percent) from a year ago.

Vehicle Sales

- January 2018 annualized light vehicle sales fell 3.9 percent from December and were down 1.6 percent from last January. However, light vehicle sales remained at historic high levels.
- Light vehicles are divided into cars and light trucks, which include SUVs. January 2018 auto sales were down 13.0 percent from a year ago while light truck sales were up 5.0 percent.
- Domestic light vehicle sales were down 2.1 percent from a year ago while foreign sales rose 0.3 percent. As a result, the foreign share of U.S. light vehicle sales increased from 23.0 percent last year to 23.4 percent.

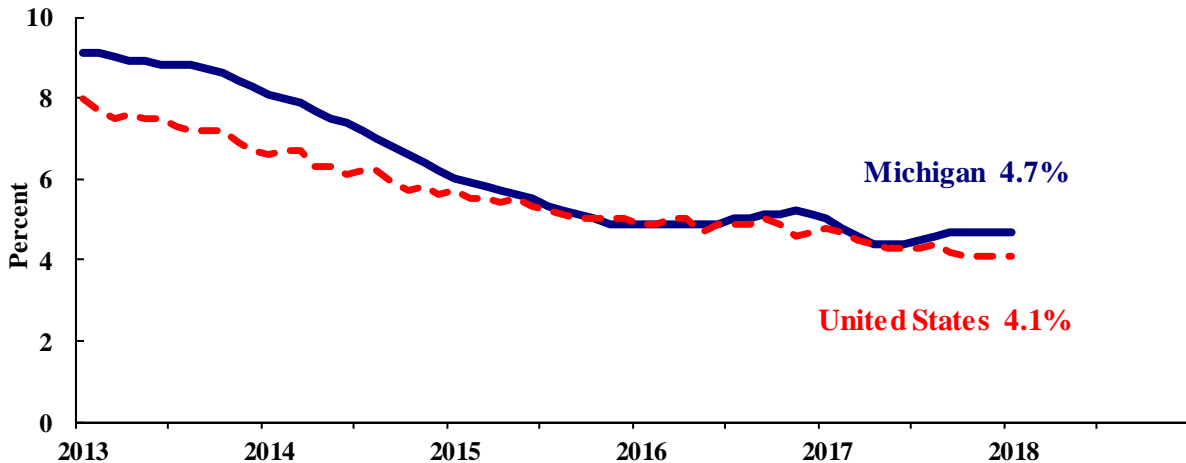
Vehicle Production

- January 2018 Michigan vehicle production was down 24.0 percent from a year ago, compared with a 5.7 percent decline nationally.
- In January 2018, Michigan auto production was down by 24,800 units (38.1 percent) while State truck production was off by 20,100 units (16.5 percent).
- In January 2018, Michigan's share of national vehicle production was down by 3.8 percentage points compared to last year to 15.8 percent.

Household Unemployment and Employment

- In January 2018, the Michigan unemployment rate remained unchanged at 4.7 percent. The national unemployment rate remained unchanged at 4.1 percent.
- In January 2018, Michigan's unemployment rate was down 0.3 of a percentage point from a year ago. The January U.S. unemployment rate decreased 0.7 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 January 2013 to January 2018



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

- In January, the total number of people employed in Michigan decreased 4,000 to 4,666,000 persons while the labor force fell by 3,000. The statewide total number of unemployed workers rose by 1,000 to 232,000.
- United States employment totaled 154.4 million persons in January 2017. The labor force totaled 161.1 million and there were 6.7 million unemployed in January.

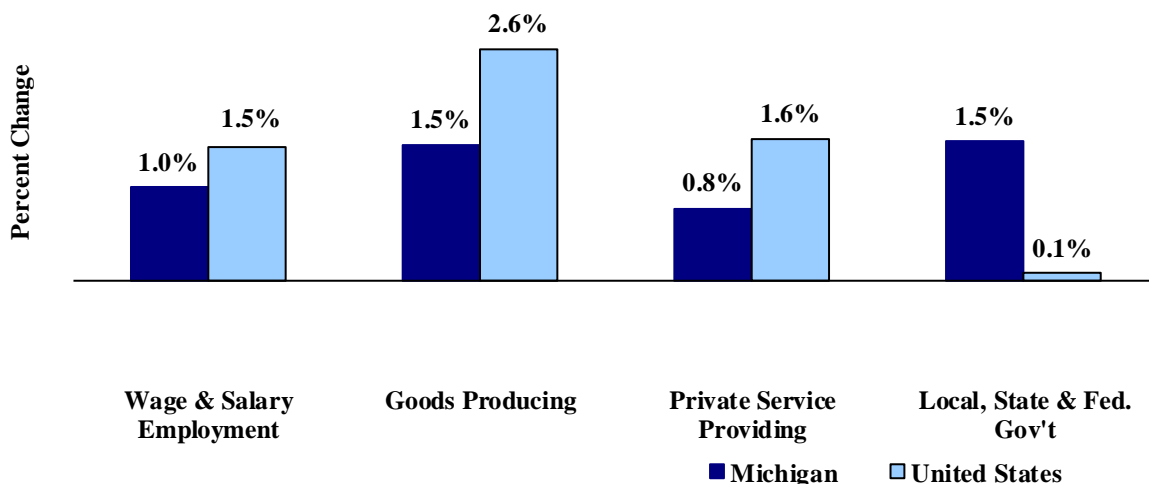
Employment by Place of Residence (in thousands)^(a)

	<u>2016</u> <u>Average</u>	<u>Nov</u> <u>2017</u>	<u>Dec</u> <u>2017</u>	<u>Jan</u> <u>2018</u>	<u>Chg Fr</u> <u>Mo Ago</u> <u>Level</u>	<u>Chg Fr</u> <u>Mo Ago</u> <u>%</u>	<u>Chg Fr</u> <u>Yr Ago</u> <u>Level</u>	<u>Chg Fr</u> <u>Yr Ago</u> <u>%</u>	<u>Three</u> <u>Month</u> <u>Average</u>
Michigan									
Labor Force	4,837	4,902	4,900	4,897	-3	-0.1%	25	0.5%	4,900
Employed	4,599	4,670	4,669	4,666	-4	-0.1%	36	0.8%	4,668
Unemployed	238	232	231	232	1	0.3%	-11	-4.6%	231
Unemployment Rate	4.9%	4.7%	4.7%	4.7%	n.a.	0.0% pts	n.a.	-0.3% pts	4.7%
United States									
Labor Force	159,187	160,533	160,597	161,115	518	0.3%	1,397	0.9%	160,748
Employed	151,436	153,917	154,021	154,430	409	0.3%	2,354	1.5%	154,123
Unemployed	7,751	6,616	6,576	6,684	108	1.6%	-958	-12.5%	6,625
Unemployment Rate	4.9%	4.1%	4.1%	4.1%	n.a.	0.0% pts	n.a.	-0.7% pts	4.1%

Employment by Place of Work (Payroll)

- From January 2017 to January 2018, Michigan payroll employment increased 45,200 jobs (1.0 percent). State payroll employment rose by 5,500 jobs in January from December. Nationally, January 2018 payroll employment rose 2,168,000 (1.5 percent) from a year ago. National employment rose 239,000 jobs in January.

Payroll Employment Growth January 2017 to January 2018



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

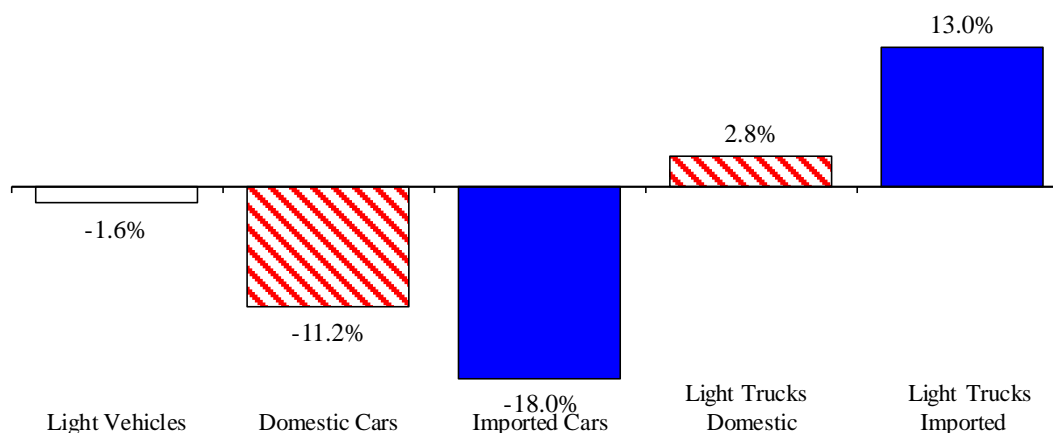
- In the goods-producing sector, Michigan payroll employment increased 1.5 percent in January from a year ago; employment in the private service-providing sector rose 0.8 percent. From a year ago, January national payroll employment rose 2.6 percent in the goods-producing sector and increased 1.6 percent in the private service-providing sector.
- At 41.9 hours, manufacturing weekly hours in Michigan were up 0.1 of an hour from last year.

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

	MI				US			
	2017 Average	MI Jan 2017	MI Jan 2018	Percent Change	2017 Average	US Jan 2017	US Jan 2018	Percent Change
Wage & Salary Employment	4,371.3	4,355.1	4,400.3	1.0%	144,352	145,696	147,864	1.5%
Goods Producing	784.6	780.1	791.9	1.5%	19,750	19,888	20,400	2.6%
Manufacturing	614.7	614.4	615.8	0.2%	12,354	12,369	12,583	1.7%
Private Service Providing	2,982.7	2,974.6	2,998.7	0.8%	102,379	103,495	105,132	1.6%
Trade, Trans. & Utilities	788.1	787.7	789.1	0.2%	27,257	27,450	27,627	0.6%
Services	1,920.1	1,913.0	1,934.6	1.1%	64,042	64,838	66,226	2.1%
Local, State & Fed. Gov't	604.0	600.4	609.7	1.5%	22,224	22,313	22,332	0.1%
Manufacturing Weekly Hours	43.1	43.2	43.3	0.1 hrs	41.9	41.9	41.9	0.0 hrs

- January 2018 U.S. light vehicle sales fell 3.9 percent from December 2017 and were down 1.6 percent from January 2017. January 2018 marked the 47th straight month that the light vehicle annualized sales rate equaled or exceeded 16.0 million units. In January 2018, the annualized sales rate equaled 17.1 million units.
- U.S. sales of domestic light vehicles decreased 2.1 percent between January 2017 and January 2018. Foreign sales were up 0.3 percent over the same period. As a result, the foreign share of U.S. light vehicle sales rose 0.4 of a percentage point to 23.4 percent in January 2018.
- Auto sales decreased 13.0 percent compared to last January, while light truck sales were up 5.0 percent from January 2017. As a result, January 2018 marked the 22nd straight month in which the light truck share of total sales exceeded 60.0 percent. Year-over-year, heavy truck sales rose 19.4 percent in January 2018 -- marking the eighth consecutive month in which heavy truck sales were up from a year ago.

January 2018 Light Vehicle Sales Down Slightly from Year Ago



Motor Vehicle Sales Statistics

(Millions, Seasonally Adjusted Rates, unless otherwise specified)

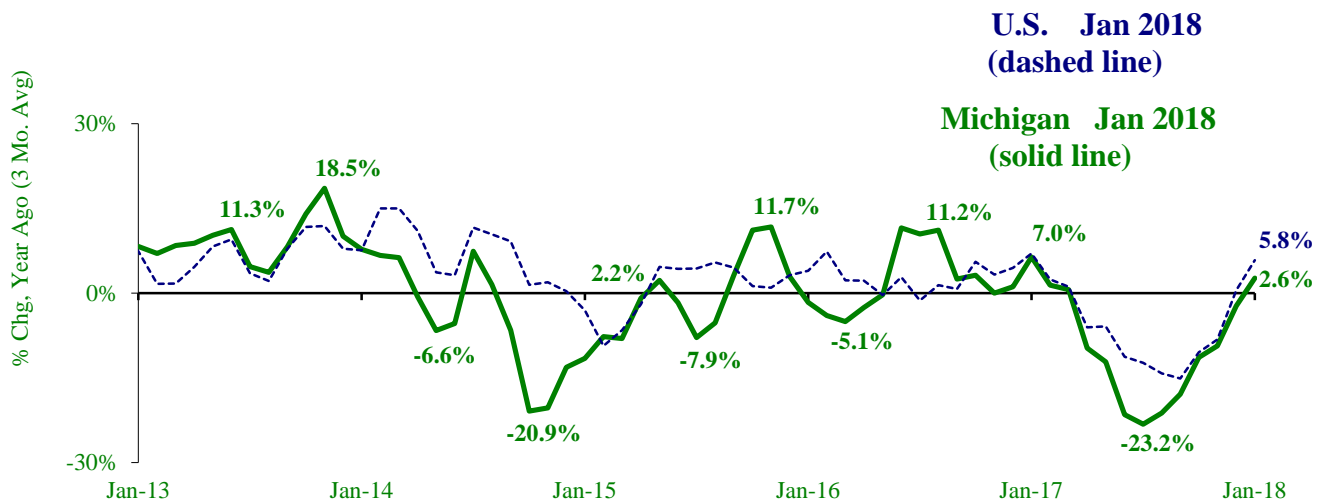
Motor Vehicle Sales ^(c)	2016	Nov	Dec	Jan	3 Month	Jan	Jan
	Total	2017	2017	2018	Average	Chg fr Yr Ago Level	Chg fr Yr Ago %
Autos	6.9	6.1	5.8	5.5	5.8	(0.8)	-13.0%
Domestics	5.2	4.6	4.3	4.2	4.4	(0.5)	-11.2%
Imports	1.7	1.5	1.5	1.3	1.4	(0.3)	-18.0%
Import Share	24.8%	24.5%	25.3%	24.3%	24.7%	-1.5% pts	
Light Trucks	10.6	11.4	11.9	11.6	11.6	0.6	5.0%
Domestics	8.5	8.8	9.3	8.9	9.0	0.2	2.8%
Imports	2.1	2.5	2.6	2.7	2.6	0.3	13.0%
Import Share	20.1%	22.4%	22.1%	23.0%	22.5%	1.6% pts	
Total Light Vehicles	17.5	17.4	17.8	17.1	17.4	(0.3)	-1.6%
Heavy Trucks	0.4	0.5	0.5	0.4	0.5	0.1	19.4%
Total Vehicles	17.9	17.9	18.2	17.5	17.9	(0.2)	-1.1%

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

	2017	Nov-17	Dec-17	Jan-18	3 Month	Chg fr	Chg fr
	Average	Nov-17	Dec-17	Jan-18	Average	Year Ago Level	Year Ago %
Inventories	\$219.5	\$217.7	\$217.0	\$220.7	\$218.5	\$4.8	2.2%
Inventory/Sales Ratio	2.22	2.14	2.14	2.19	2.16	0.00	

- At 142,208 units, January 2018 Michigan motor vehicle production was down 24.0 percent from January 2017, mainly due to retooling at plants. National production decreased 5.7 percent from last January. The three-month average of vehicle production (November 2017-January 2018) was up 2.6 percent in Michigan and up 5.8 percent nationally, compared to a year ago.
- In January 2018, Michigan car production was down 38.1 percent from a year ago while State truck production fell 16.5 percent. Nationally, car production decreased 19.9 percent while U.S. truck production was up 1.1 percent.
- Michigan's share of national vehicle production fell 3.8 percentage points in January 2018 from its year-ago level to 15.6 percent. Michigan's share of car production fell 4.8 percentage points while the State's share of truck production was down 3.2 percentage points.

Michigan and National Vehicle Production Trending Upward



Motor Vehicle Production Statistics

(Thousands, unless otherwise specified)

	2016 Monthly Average	Oct 2017	Dec 2017	Jan 2018	3 Month Average	Jan fr Yr Ago	Jan % Chg fr Yr Ago
U.S. Production ^(e)							
Autos	346.4	271.3	211.3	248.7	243.7	(61.8)	-19.9%
Trucks	678.9	667.2	561.7	663.1	630.6	7.1	1.1%
Total	1,025.3	938.4	772.9	911.8	874.4	(54.8)	-5.7%
Michigan Production ^(f)							
Autos	70.3	56.8	37.2	40.2	44.7	(24.8)	-38.1%
Trucks	128.7	119.0	103.5	102.1	108.2	(20.1)	-16.5%
Total	199.0	175.9	140.8	142.2	153.0	(44.9)	-24.0%
Michigan as % of U.S.	19.4%	18.7%	18.2%	15.6%	17.5%	-3.8% pts	

U.S. Economic Conditions

	<u>Oct-17</u>	<u>Nov-17</u>	<u>Dec-17</u>	<u>Jan-18</u>	<u>Change from Year Ago</u>
KEY ECONOMIC INDICATORS					
Consumer Sentiment ^(h)	100.7	98.5	95.9	95.7	-2.5 points
ISM Manufacturing Index ⁽ⁱ⁾	58.5	58.2	59.3	59.1	4.6 points
ISM Non Manufacturing Index ⁽ⁱ⁾	59.8	57.3	56.0	59.9	3.3 points
	<u>2017.1</u>	<u>2017.2</u>	<u>2017.3</u>	<u>2017.4</u>	
Business Executives' Confidence ^(j)	68.0	61.0	59.0	63.0	-2.0 points
INFLATION ^(k)					
1982-84 = 100 (CPI)	<u>Oct-17</u>	<u>Nov-17</u>	<u>Dec-17</u>	<u>Jan-18</u>	<u>Change from Year Ago</u>
Nov 2009 = 100 (PPI)					
U.S. Consumer Price Index	246.7	246.7	246.5	247.9	2.1%
Detroit CPI	228.8	NA	229.0	NA	2.7%
U.S. Producer Price Index	114.1	114.2	113.9	114.6	2.7%
INTEREST RATES					
90 Day T-Bill ^(l)	1.07%	1.23%	1.32%	1.41%	0.90% points
10 Year Treasury Securities ^(l)	2.36%	2.35%	2.40%	2.58%	0.15% points
INDUSTRIAL PRODUCTION ^(l)	106.6	106.9	107.3	107.2	3.3%
CAPACITY UTILIZATION ^(l)	77.3%	77.5%	77.7%	77.5%	1.5% points
RETAIL SALES ^(d)	\$489.5	\$493.2	\$493.3	\$492.0	4.9%
HOUSING STARTS and SALES					
(Millions Annual Rate)	<u>Oct-17</u>	<u>Nov-17</u>	<u>Dec-17</u>	<u>Jan-18</u>	<u>% Change From Year Ago</u>
Housing Starts ^(d)	1.261	1.299	1.209	1.326	4.6%
Existing Home Sales ^(m)	5.500	5.720	5.560	5.380	-2.4%
DURABLE GOODS ORDERS ^(p)	\$238.3	\$242.5	\$248.9	\$239.7	7.2%
PERSONAL INCOME ^(c)					
(Billions of Dollars)	<u>2016.4</u>	<u>2017.1</u>	<u>2017.2</u>	<u>2017.3</u>	<u>% Change From Year Ago</u>
Michigan	\$443.0	\$448.3	\$448.2	\$451.3	2.1%
U.S.	\$16,007.4	\$16,229.6	\$16,324.3	\$16,434.3	2.6%
GROSS DOMESTIC PRODUCT					
(Billions of Chained 2009 Dollars) ^(c)	<u>2017.1</u>	<u>2017.2</u>	<u>2017.3</u>	<u>2017.4</u>	<u>Annualized % Chg From Last Qtr</u>
	\$16,903.2	\$17,031.1	\$17,163.9	\$17,271.7	2.5%

- (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.