



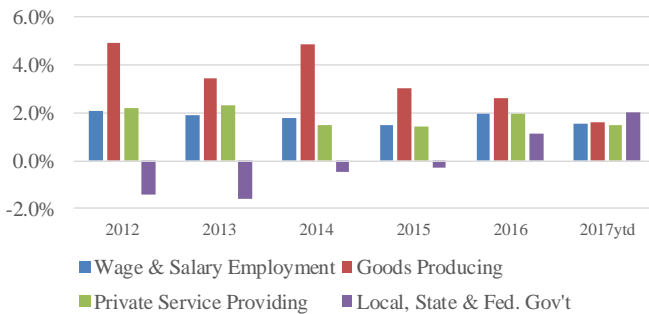
MICHIGAN ECONOMIC UPDATE

Office of Revenue and Tax Analysis
Michigan Department of Treasury

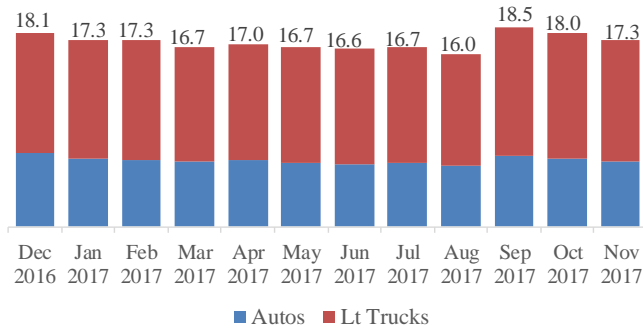
<http://www.michigan.gov/treasury>

November 2017 Summary

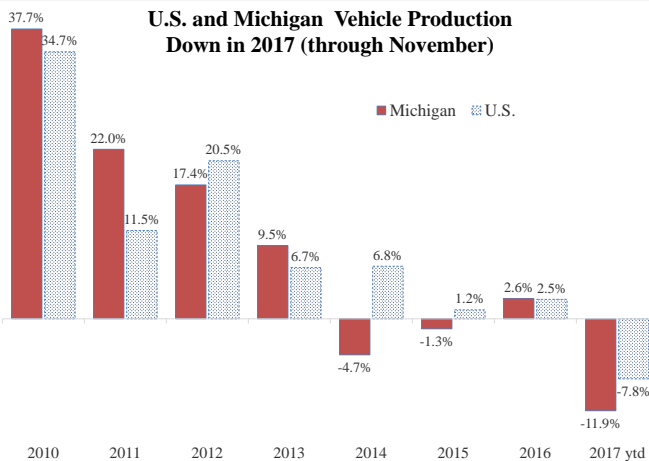
Michigan Payroll Employment
(Annual Percent Change)



Annualized Monthly Light Vehicle Sales



U.S. and Michigan Vehicle Production
Down in 2017 (through November)



Michigan Labor Market

- In November 2017, Michigan's unemployment rate rose for the fourth straight month. However, Michigan's November 2017 rate was 0.5 of a percentage point lower than last November.
- November 2017 State labor force was up a 0.3 percent from a year ago. Household employment rose 0.8 percent compared to November 2016.
- Year-to-date through November, Michigan's average wage and salary employment rose to a 13-year high and was up 1.6 percent from last year.
- In November 2017, Michigan wage and salary employment was up 1.1 percent.

Vehicle Sales

- November 2017 annualized light vehicle sales fell 3.7 percent from October and were down 1.2 percent from last November. However, light vehicle sales remained at historic high levels.
- Light vehicles are divided into cars and light trucks (which include SUVs). November 2017 auto sales were down 10.7 percent from a year ago while light truck sales were up 4.7 percent.
- Year-to-date, light vehicle sales were down 1.7 percent with autos off 11.0 percent but light truck sales up 4.3 percent.

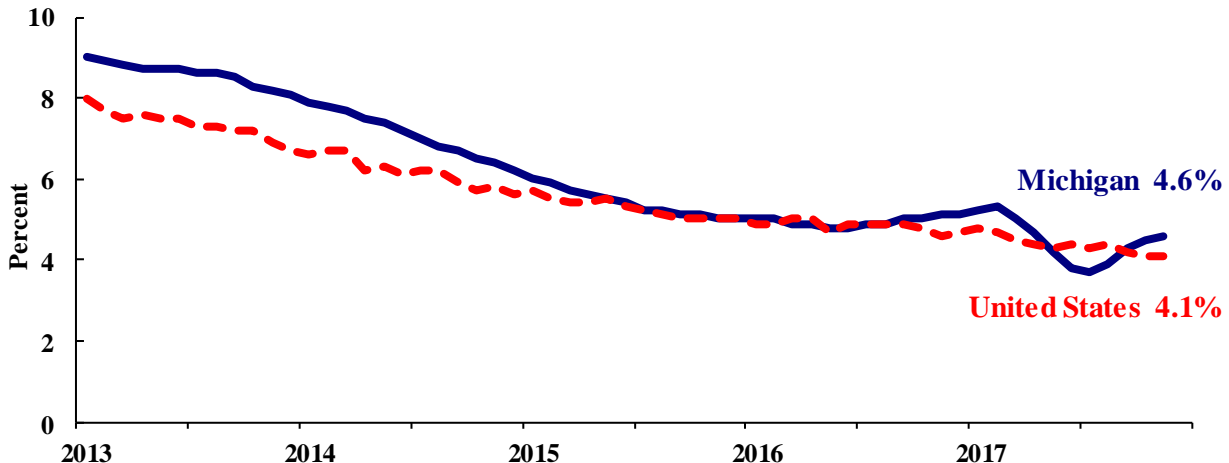
Vehicle Production

- November 2017 Michigan vehicle production was down 4.8 percent from a year ago, compared with a 4.6 percent decline nationally.
- Year-to-date, Michigan auto production was down by 193,000 units (24.5 percent) while State truck production was off by 72,500 units (5.1 percent). Overall year-to-date Michigan vehicle production was down by 265,500 units (11.9 percent) from 2016.
- Through November, Michigan's share of national vehicle production was down by 0.9 of a percentage point to 18.6 percent compared to last year.

Household Unemployment and Employment

- In November 2017, the Michigan unemployment rate increased 0.1 of a percentage point to 4.6 percent. The national unemployment rate remained unchanged at 4.1 percent.
- In November 2017, Michigan’s unemployment rate was down 0.5 of a percentage point from a year ago. The November 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 November 2013 to November 2017



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 increased 10,000 to 4,651,000 persons while the labor force rose by 16,000. The statewide total number of unemployed workers rose by 6,000 to 224,000.
- United States employment totaled 160.5 million persons in November 2017. The labor force totaled 160.5 million and there were 6.6 million unemployed in November.

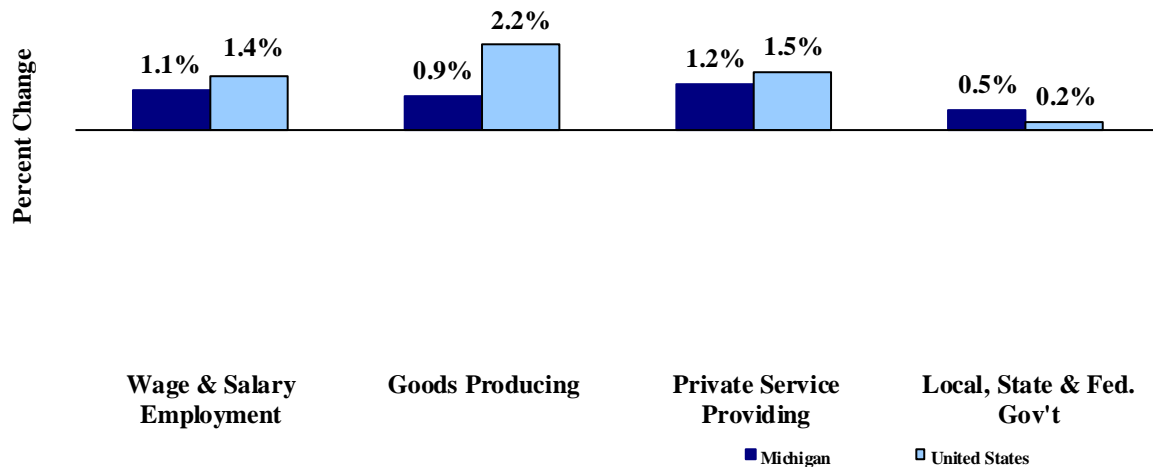
Employment by Place of Residence (in thousands)^(a)

	<u>2016</u> <u>Average</u>	<u>Sep</u> <u>2017</u>	<u>Oct</u> <u>2017</u>	<u>Nov</u> <u>2017</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	4,851	4,858	4,875	16	0.3%	17	0.3%	4,861
Employed	4,599	4,643	4,640	4,651	10	0.2%	38	0.8%	4,645
Unemployed	238	209	218	224	6	2.7%	-22	-8.8%	217
Unemployment Rate	4.9%	4.3%	4.5%	4.6%	n.a.	0.1% pts	n.a.	-0.5% pts	4.5%
United States									
Labor Force	159,187	161,082	160,371	160,533	162	0.1%	989	0.6%	160,662
Employed	151,436	154,324	153,846	153,917	71	0.0%	1,791	1.2%	154,029
Unemployed	7,751	6,759	6,524	6,616	92	1.4%	-803	-10.8%	6,633
Unemployment Rate	4.9%	4.2%	4.1%	4.1%	n.a.	0.0% pts	n.a.	-0.5% pts	4.1%

Employment by Place of Work (Payroll)

- From November 2016 to November 2017, Michigan payroll employment increased 46,300 jobs (1.1 percent). State payroll employment rose by 8,200 jobs in November from October. Nationally, November 2017 payroll employment rose 2,062,000 (1.4 percent) from a year ago. National employment rose substantially (252,000 jobs) in November.

Payroll Employment Growth November 2016 to November 2017



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

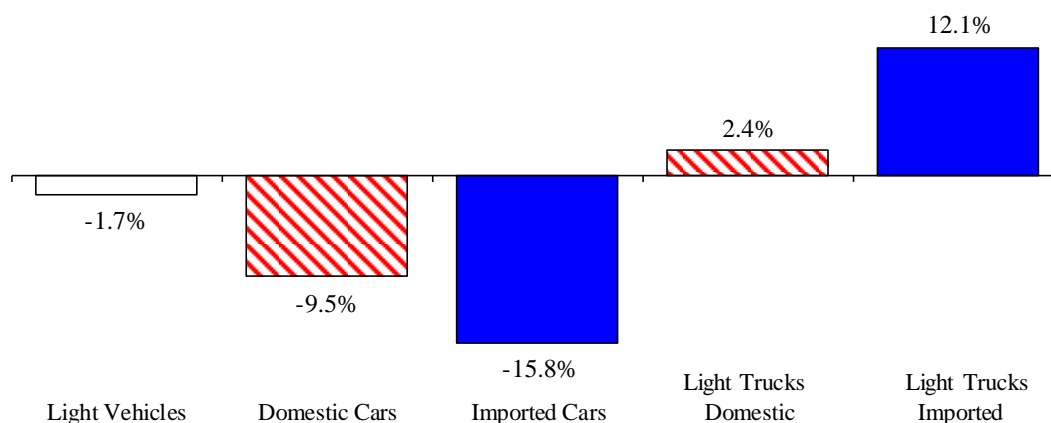
- In the goods-producing sector, Michigan payroll employment increased 0.9 percent in November from a year ago; employment in the private service-providing sector rose 1.2 percent. From a year ago, November national payroll employment rose 2.2 percent in the goods-producing sector and increased 1.5 percent in the private service-providing sector. Government employment was up 0.5 percent from a year ago in Michigan. Nationwide, government employment rose 0.2 percent.
- At 43.3 hours, manufacturing weekly hours in Michigan were up 0.9 of an hour compared to last year.

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

	MI				US			
	2016 Average	MI Nov 2016	MI Nov 2017	Percent Change	2016 Average	US Nov 2016	US Nov 2017	Percent Change
Wage & Salary Employment	4,325.6	4,368.0	4,414.3	1.1%	144,306	145,170	147,232	1.4%
Goods Producing	762.9	767.8	774.7	0.9%	19,736	19,762	20,204	2.2%
Manufacturing	600.2	601.2	603.9	0.4%	12,348	12,325	12,514	1.5%
Private Service Providing	2,962.0	2,991.0	3,027.2	1.2%	102,346	103,114	104,689	1.5%
Trade, Trans. & Utilities	781.6	783.3	784.0	0.1%	27,233	27,346	27,458	0.4%
Services	1,910.1	1,934.6	1,966.7	1.7%	64,057	64,658	66,024	2.1%
Local, State & Fed. Gov't	600.7	609.2	612.4	0.5%	22,223	22,294	22,339	0.2%
Manufacturing Weekly Hours	42.9	42.4	43.3	0.9 hrs	41.9	41.8	42.0	0.2 hrs

- November 2017 U.S. light vehicle sales fell 3.7 percent from October 2017 and were down slightly (1.2 percent) from November 2016. November 2017 marked the 45th straight month that the light vehicle annualized sales rate equaled or exceeded 16.0 million units. In November 2017, the annualized sales rate equaled 17.3 million units.
- U.S. sales of domestic light vehicles decreased 2.2 percent between November 2016 and November 2017. Foreign sales were up 2.0 percent over the same period. As a result, the foreign share of U.S. light vehicle sales rose 0.7 of a percentage point to 22.9 percent in November 2017.
- Auto sales decreased 10.7 percent compared to last November, while light truck sales were up 4.7 percent from November 2016. As a result, November 2017 marked the 20th straight month in which the light truck share of total sales exceeded 60.0 percent. Prior to the last 20 months, the light truck sales share exceeded 60.0 percent only once (July 2005). Year-over-year, heavy truck sales rose 15.2 percent in November 2017 -- marking the sixth consecutive 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-Nov 2017) Down Slightly From Year-Ago (Jan-Nov 2016)



Motor Vehicle Sales Statistics

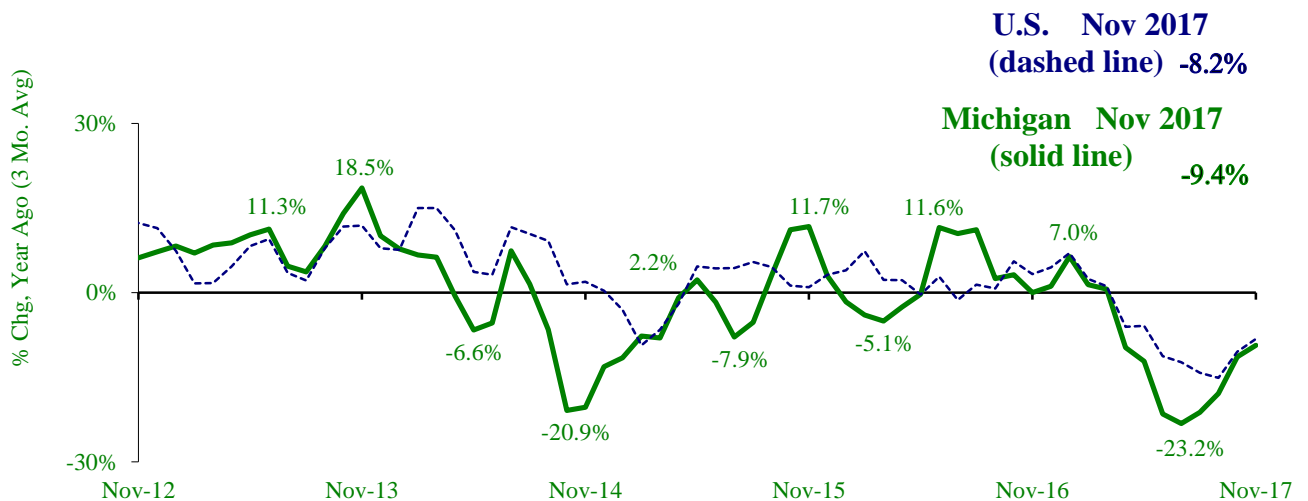
(Millions, Seasonally Adjusted Rates, unless otherwise specified)

Motor Vehicle Sales ^(c)	2016	Sep	Oct	Nov	3 Month	Nov	Nov
	Total	2017	2017	2017	Average	Chg fr Yr Ago Level	Chg fr Yr Ago %
Autos	6.9	6.5	6.3	6.0	6.3	(0.7)	-10.7%
Domestics	5.2	5.0	4.8	4.6	4.8	(0.5)	-10.3%
Imports	1.7	1.5	1.5	1.4	1.5	(0.2)	-12.1%
Import Share	24.8%	23.2%	23.8%	23.8%	23.6%	-0.4%	pts
Light Trucks	10.6	11.9	11.7	11.3	11.7	0.5	4.7%
Domestics	8.5	9.3	9.2	8.8	9.1	0.2	2.7%
Imports	2.1	2.6	2.5	2.5	2.6	0.3	12.2%
Import Share	20.1%	22.0%	21.7%	22.3%	22.0%	1.5%	pts
Total Light Vehicles	17.5	18.5	18.0	17.3	17.9	(0.2)	-1.2%
Heavy Trucks	0.4	0.4	0.4	0.4	0.4	0.1	15.2%
Total Vehicles	17.9	18.9	18.4	17.8	18.4	(0.2)	-0.9%

Retail Inventories, Motor Vehicle and Parts Dealers (billions of dollars) ^(d)	2016	Aug-17	Sep-17	Oct-17	3 Month	Chg fr	Chg fr
	Average	Aug-17	Sep-17	Oct-17	Average	Year Ago Level	Year Ago %
Inventories	\$206.3	\$225.0	\$219.6	\$218.1	\$220.9	\$9.3	4.5%
Inventory/Sales Ratio	2.18	2.33	2.17	2.13	2.21	-0.03	

- At 175,877 units, November 2017 Michigan motor vehicle production was down 4.8 percent from November 2016. National production decreased 4.6 percent from last November. The three-month average of vehicle production (September 2017-November 2017) was down 9.4 percent in Michigan and down 8.2 percent nationally, compared to a year ago.
- In November 2017, Michigan car production was down 21.2 percent from a year ago while State truck production rose 5.7 percent. Nationally, car production decreased 19.4 percent while U.S. truck production was up 3.0 percent.
- Michigan's share of national vehicle production fell 0.1 of a percentage point in November 2017 from its year-ago level to 18.7 percent. Michigan's share of car production fell 0.4 of a percentage point while the State's share of truck production was up 0.4 of a percentage point.

Michigan and National Vehicle Production Trend Percent Declines Still Substantial But Slowing



Motor Vehicle Production Statistics

(Thousands, unless otherwise specified)

	2016 Monthly Average	Aug 2017	Oct 2017	Nov 2017	3 Month Average	Nov Level Chg fr Yr Ago	Nov % Chg fr Yr Ago
U.S. Production ^(e)							
Autos	346.4	250.4	285.7	271.3	269.1	(65.2)	-19.4%
Trucks	678.9	677.2	745.0	667.2	696.5	19.5	3.0%
Total	1,025.3	927.6	1,030.7	938.4	965.6	(45.7)	-4.6%
Michigan Production ^(f)							
Autos	70.3	43.7	51.8	56.8	50.8	(15.3)	-21.2%
Trucks	128.7	126.4	138.4	119.0	127.9	6.4	5.7%
Total	199.0	170.1	190.2	175.9	178.7	(8.9)	-4.8%
Michigan as % of U.S.	19.4%	18.3%	18.5%	18.7%	18.5%	-0.1% pts	

U.S. Economic Conditions

Page 6

	<u>Aug-17</u>	<u>Sep-17</u>	<u>Oct-17</u>	<u>Nov-17</u>	Change from Year Ago
KEY ECONOMIC INDICATORS					
Consumer Sentiment ^(h)	96.8	95.1	100.7	98.5	4.7 points
ISM Manufacturing Index ⁽ⁱ⁾	58.8	60.8	58.7	58.2	4.7 points
ISM Non Manufacturing Index ⁽ⁱ⁾	55.3	59.8	60.1	57.4	1.2 points
	<u>2016.4</u>	<u>2017.1</u>	<u>2017.2</u>	<u>2017.3</u>	
Business Executives' Confidence ⁽ⁱ⁾	65.0	68.0	61.0	59.0	9.0 points
INFLATION ^(k)					
1982-84 = 100 (CPI)	<u>Aug-17</u>	<u>Sep-17</u>	<u>Oct-17</u>	<u>Nov-17</u>	Change from Year Ago
Nov 2009 = 100 (PPI)					
U.S. Consumer Price Index	245.5	246.8	246.7	246.7	2.2%
Detroit CPI	226.8	NA	228.8	NA	2.0%
U.S. Producer Price Index	113.1	113.5	114.1	114.2	3.1%
INTEREST RATES					
90 Day T-Bill ^(l)	1.01%	1.03%	1.07%	1.23%	0.78% points
10 Year Treasury Securities ^(l)	2.21%	2.20%	2.36%	2.35%	0.21% points
INDUSTRIAL PRODUCTION ^(l)					
	104.6	104.9	106.1	106.4	3.4%
CAPACITY UTILIZATION ^(l)					
	76.1%	76.2%	77.0%	77.1%	1.6% points
RETAIL SALES ^(d)					
	\$476.5	\$486.2	\$488.9	\$492.7	5.8%
HOUSING STARTS and SALES					
(Millions Annual Rate)	<u>Aug-17</u>	<u>Sep-17</u>	<u>Oct-17</u>	<u>Nov-17</u>	% Change From Year Ago
Housing Starts ^(d)	1.172	1.159	1.256	1.297	12.9%
Existing Home Sales ^(m)	5.350	5.370	5.500	5.810	3.8%
DURABLE GOODS ORDERS ^(p)					
	\$233.7	\$239.3	\$238.3	\$241.4	8.2%
PERSONAL INCOME ^(c)					
(Billions of Dollars)	<u>2016.4</u>	<u>2017.1</u>	<u>2017.2</u>	<u>2017.3</u>	% Change From Year Ago
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>2016.4</u>	<u>2017.1</u>	<u>2017.2</u>	<u>2017.3</u>	Annualized % Chg From Last Qtr
	\$16,851.4	\$16,903.2	\$17,031.1	\$17,163.9	3.2%

- (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.