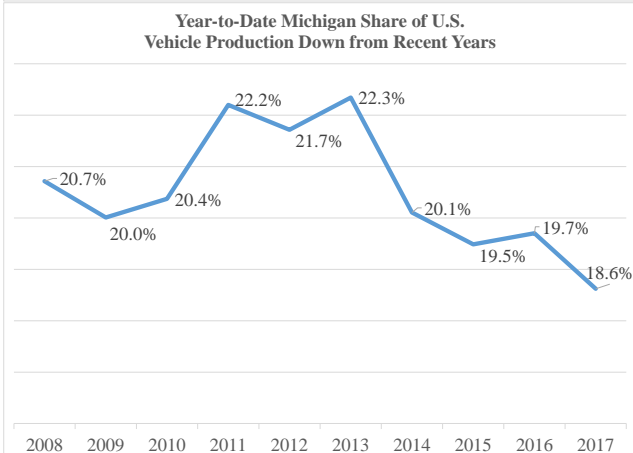
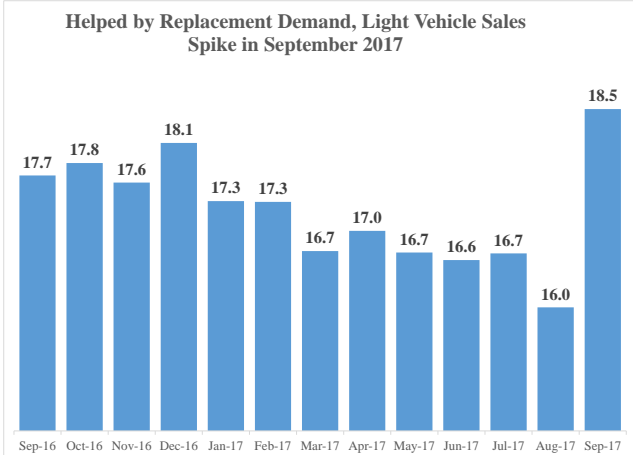
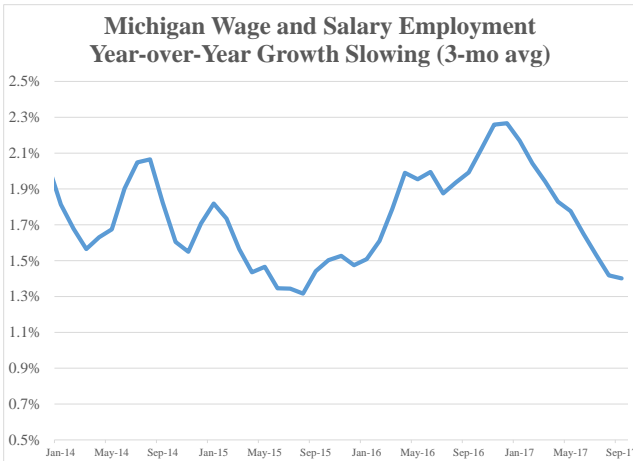


# MICHIGAN ECONOMIC UPDATE

Office of Revenue and Tax Analysis  
Michigan Department of Treasury

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

## September 2017 Summary



### Michigan Labor Market

- In September 2017, Michigan's unemployment rate rose 0.4 of a percentage point from August. Compared to a year ago, the State's jobless rate was down 0.7 of a percentage point.
- September 2017 State labor force was up a slight 0.1 percent from a year ago. Household employment rose 0.9 percent compared to September 2016.
- Year-to-date, Michigan's average wage and salary employment was at a 12-year high.
- In September 2017, Michigan wage and salary employment rose by 9,900 jobs. Over the last year, the State's employment rose by a net 62,000 jobs (1.4 percent).

### Vehicle Sales

- September 2017 annualized light vehicle sales rose 15.3 percent from last month and were up 4.6 percent from last September.
- Light vehicles are divided into cars and light trucks (which include SUVs). September 2017 auto sales were down 5.8 percent from a year ago while light truck sales were up sharply (11.4 percent).
- Year-to-date, light vehicle sales were down 2.1 percent with autos off 11.5 percent but light truck sales up 4.1 percent.

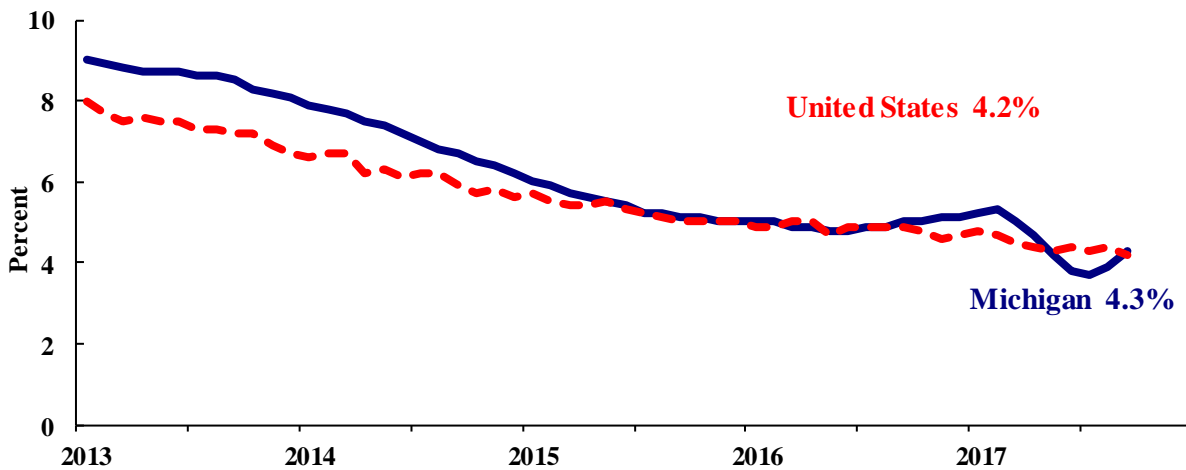
### Vehicle Production

- September 2017 Michigan vehicle production was down 18.6 percent from a year ago, compared with a 15.0 percent decline nationally.
- Year-to-date, Michigan auto production was down by 163,700 units (25.2 percent) while State truck production was off by 85,300 units (7.2 percent). Overall year-to-date Michigan vehicle production was down by 248,900 units (13.5 percent) from 2016.
- Through September, Michigan's share of national vehicle production was down by 1.1 percentage points to 18.6 percent compared to last year.

# Household Unemployment and Employment

- In September 2017, the Michigan unemployment rate increased 0.4 of a percentage point to 4.3 percent. The national unemployment rate decreased 0.2 of a percentage point from August to September to 4.2 percent.
- In September 2017, Michigan's unemployment rate was down 0.7 of a percentage point from a year ago. The September U.S. unemployment rate also 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 September 2013 to September 2017



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

- In September, the total number of people employed in Michigan decreased 1,000 to 4,642,000 persons while the labor force rose by 17,000. The statewide total number of unemployed workers rose by 19,000 to 209,000.
- United States employment totaled 154.3 million persons in September 2017. The labor force totaled 161.1 million and there were 6.8 million unemployed in September.

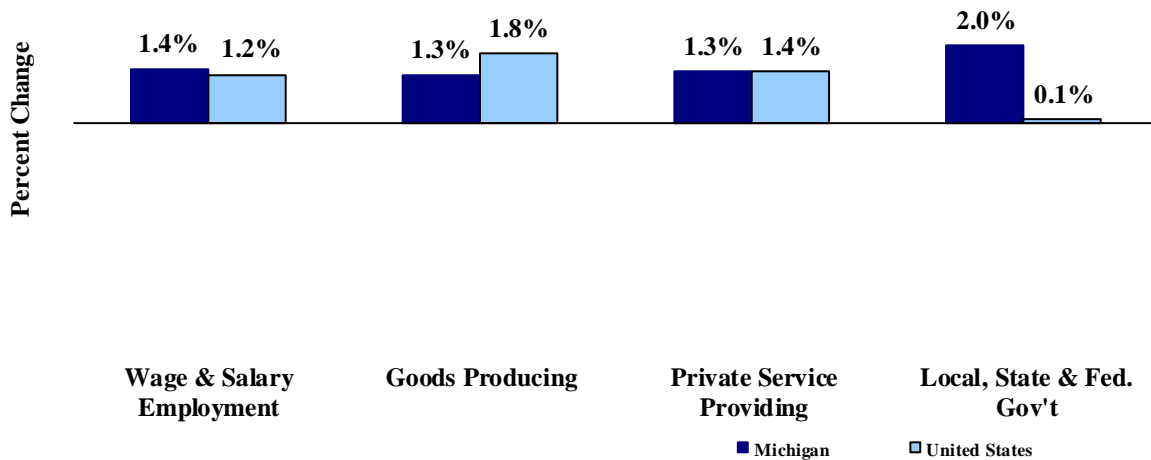
### Employment by Place of Residence (in thousands)<sup>(a)</sup>

	2016 Average	Jul 2017	Aug 2017	Sep 2017	Chg Fr Mo Ago Level	Chg Fr Mo Ago %	Yr Ago Level	Yr Ago %	Three Month Average
<b>Michigan</b>									
Labor Force	4,837	4,840	4,833	4,850	17	0.4%	7	0.1%	4,841
Employed	4,599	4,660	4,643	4,642	-1	0.0%	39	0.9%	4,648
Unemployed	238	180	190	209	19	9.8%	-32	-13.4%	193
Unemployment Rate	4.9%	3.7%	3.9%	4.3%	n.a.	0.4% pts	n.a.	-0.7% pts	4.0%
<b>United States</b>									
Labor Force	159,187	160,494	160,571	161,146	575	0.4%	1,316	0.8%	160,737
Employed	151,436	153,513	153,439	154,345	906	0.6%	2,419	1.6%	153,766
Unemployed	7,751	6,981	7,132	6,801	-331	-4.6%	-1,103	-14.0%	6,971
Unemployment Rate	4.9%	4.3%	4.4%	4.2%	n.a.	-0.2% pts	n.a.	-0.7% pts	4.3%

# Employment by Place of Work (Payroll)

- From September 2016 to September 2017, Michigan payroll employment increased 62,000 jobs (1.4 percent). State payroll employment rose by 9,900 jobs in September from August. Nationally, September 2017 payroll employment rose 1,777,000 (1.2 percent) from a year ago. However, under the weight of severe weather, national employment fell 33,000 from August – the first monthly decline in seven years.

## Payroll Employment Growth September 2016 to September 2017



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

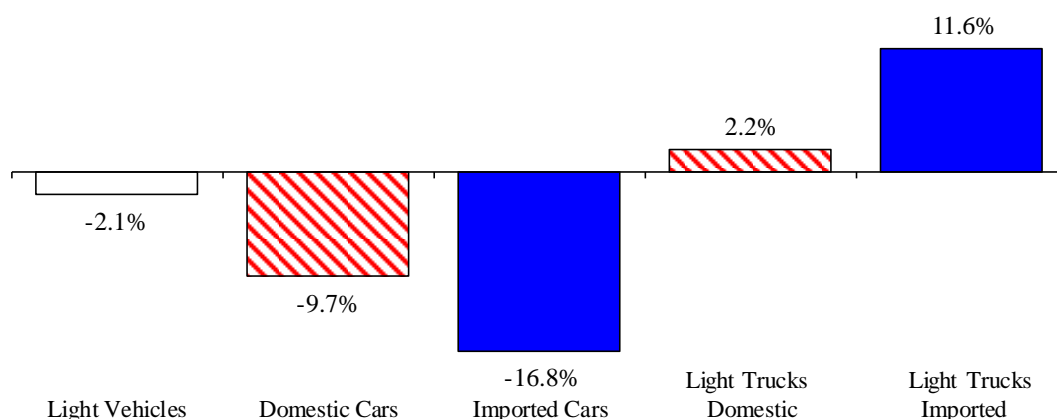
- In the goods-producing sector, Michigan payroll employment increased 1.3 percent in September from a year ago; employment in the private service-providing sector also rose 1.3 percent. From a year ago, September national payroll employment rose 1.8 percent in the goods-producing sector and increased 1.4 percent in the private service-providing sector. Government employment was up 2.0 percent from a year ago in Michigan. Nationwide, government employment rose 0.1 percent.
- At 43.1 hours, manufacturing weekly hours in Michigan were up 0.1 of an hour compared to last year.

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

	MI				US			
	2016 Average	MI Sept 2016	MI Sept 2017	Percent Change	2016 Average	US Sept 2016	US Sept 2017	Percent Change
Wage & Salary Employment	4,325.6	4,340.8	4,402.8	1.4%	144,306	144,882	146,659	1.2%
Goods Producing	762.9	763.1	772.8	1.3%	19,736	19,718	20,079	1.8%
Manufacturing	600.2	600.6	602.4	0.3%	12,348	12,330	12,447	0.9%
Private Service Providing	2,962.0	2,974.4	3,014.4	1.3%	102,346	102,848	104,243	1.4%
Trade, Trans. & Utilities	781.6	787.4	782.5	-0.6%	27,233	27,322	27,405	0.3%
Services	1,910.1	1,916.4	1,955.3	2.0%	64,057	64,416	65,658	1.9%
Local, State & Fed. Gov't	600.7	603.3	615.6	2.0%	22,223	22,316	22,337	0.1%
Manufacturing Weekly Hours	42.9	43.0	43.1	0.1 hrs	41.9	41.8	41.8	0.0 hrs

- September 2017 U.S. light vehicle sales rose 15.3 percent from August 2017 and were up 4.6 percent from September 2016. September 2017 marked the 43<sup>rd</sup> straight month that the light vehicle annualized sales rate equaled or exceeded 16.0 million units. In September 2017, the annualized sales rate rose sharply to 18.5 million units – the highest light vehicle sales rate since July 2005.
- U.S. sales of domestic light vehicles increased 3.6 percent between September 2016 and September 2017. Foreign sales were up 8.5 percent over the same period. As a result, the foreign share of U.S. light vehicle sales rose 0.8 of a percentage point to 22.4 percent in September 2017.
- Auto sales decreased 5.8 percent compared to last September, while light truck sales were up 11.4 percent from September 2016. As a result, September 2017 marked the 18<sup>th</sup> straight month in which the light truck share of total sales exceeded 60.0 percent. Prior to the last 18 months, the light truck sales share exceeded 60.0 percent only once (July 2005). Year-over-year, heavy truck sales rose 14.2 percent in September 2017 -- marking the fourth 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-Sep 2017) Down From Year-Ago (Jan-Sep 2016)



## Motor Vehicle Sales Statistics

(Millions, Seasonally Adjusted Rates, unless otherwise specified)

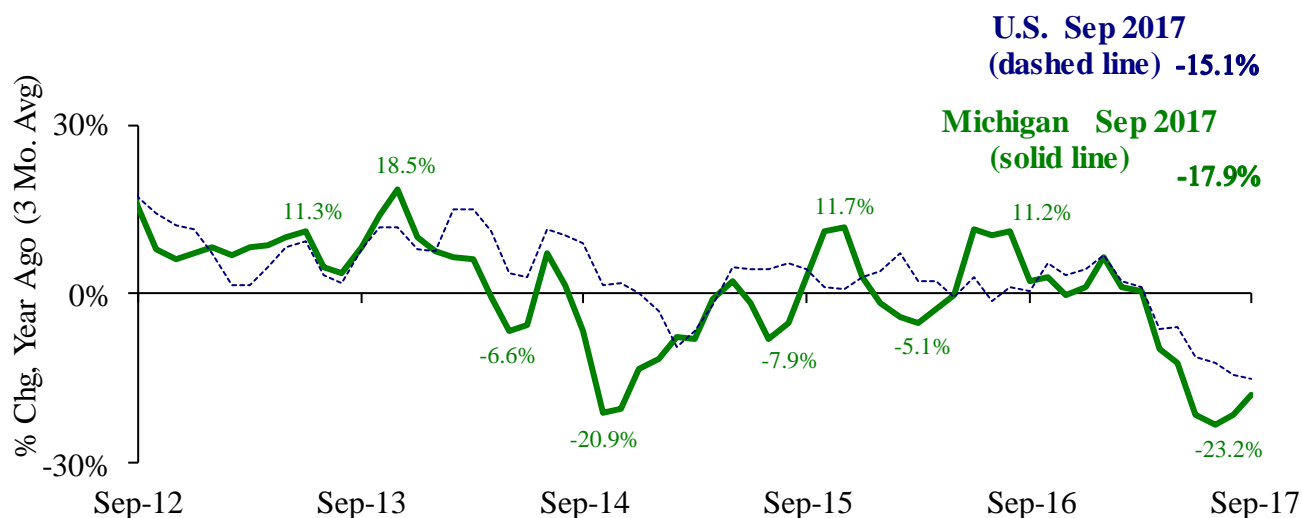
Motor Vehicle Sales <sup>(c)</sup>	2016	Jul	Aug	Sep	3 Month	Sep	Sep
	Total	2017	2017	2017	Average	Chg fr Yr Ago Level	Chg fr Yr Ago %
Autos	6.9	5.9	5.7	6.5	6.1	(0.4)	-5.8%
Domestics	5.2	4.6	4.4	5.0	4.6	(0.3)	-4.7%
Imports	1.7	1.4	1.4	1.5	1.4	(0.1)	-8.9%
Import Share	24.8%	23.4%	23.7%	23.2%	23.5%	-0.8%	pts
Light Trucks	10.6	10.7	10.3	11.9	11.0	1.2	11.4%
Domestics	8.5	8.4	8.1	9.3	8.6	0.7	8.7%
Imports	2.1	2.4	2.2	2.6	2.4	0.5	22.0%
Import Share	20.1%	22.0%	21.7%	22.0%	21.9%	1.9%	pts
Total Light Vehicles	17.5	16.7	16.0	18.5	17.1	0.8	4.6%
Heavy Trucks	0.4	0.4	0.4	0.4	0.4	0.1	14.2%
Total Vehicles	17.9	17.1	16.5	18.9	17.5	0.9	4.8%

## Retail Inventories, Motor Vehicle and Parts Dealers (billions of dollars) <sup>(d)</sup>

	2016	Jun-17	Jul-17	Aug-17	3 Month	Chg fr	Chg fr
	Average	Jun-17	Jul-17	Aug-17	Average	Year Ago Level	Year Ago %
Inventories	\$206.3	\$222.2	\$222.7	\$225.6	\$223.5	\$16.2	7.7%
Inventory/Sales Ratio	2.18	2.26	2.26	2.34	2.29	0.13	

- At 170,084 units, September 2017 Michigan motor vehicle production was down 18.6 percent from September 2016. National production decreased 15.0 percent from last September. The three-month average of vehicle production (July 2017-September 2017) was down 17.9 percent in Michigan and down 15.1 percent nationally, compared to a year ago.
- In September 2017, Michigan car production was down 37.1 percent from a year ago while State truck production dropped 9.4 percent. Nationally, car production decreased 30.6 percent while U.S. truck production was down 7.3 percent.
- Michigan's share of national vehicle production fell 0.8 of a percentage point in September 2017 from its year-ago level to 18.3 percent. Michigan's share of car production fell 1.8 percentage points while the State's share of truck production was down 0.4 of a percentage point.

## Michigan and National Vehicle Production Down Sharply from Last Year



## Motor Vehicle Production Statistics

(Thousands, unless otherwise specified)

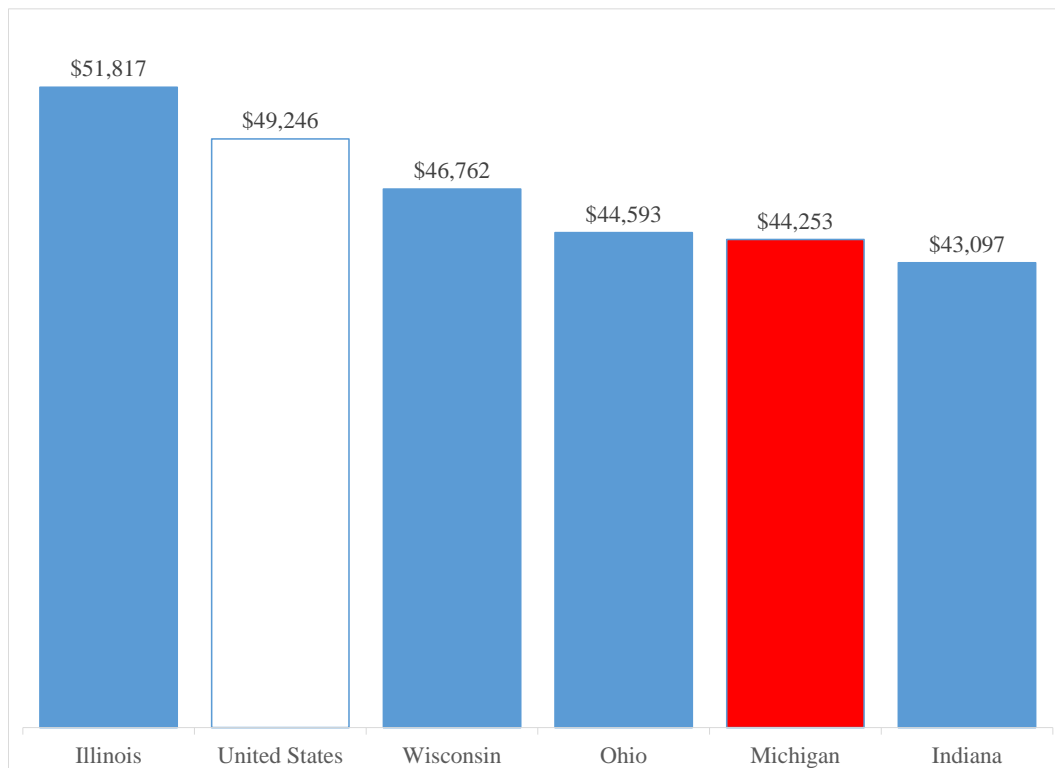
	2016 Monthly Average	Jul 2017	Aug 2017	Sep 2017	3 Month Average	Aug Level Chg fr Yr Ago	Aug % Chg fr Yr Ago
<b>U.S. Production <sup>(e)</sup></b>							
Autos	346.4	161.8	303.8	250.4	238.7	(110.3)	-30.6%
Trucks	678.9	471.8	717.9	677.2	622.3	(53.5)	-7.3%
Total	1,025.3	633.7	1,021.7	927.6	861.0	(163.9)	-15.0%
<b>Michigan Production <sup>(f)</sup></b>							
Autos	70.3	34.8	50.0	43.7	42.8	(25.8)	-37.1%
Trucks	128.7	88.0	138.9	126.4	117.7	(13.1)	-9.4%
Total	199.0	122.8	188.9	170.1	160.6	(38.9)	-18.6%
Michigan as % of U.S.	19.4%	19.4%	18.5%	18.3%	18.7%	-0.8% pts	

# Michigan Personal Income Grows for the Seventh Straight Year

On September 26, 2017, the Bureau of Economic Analysis released revised annual state personal income estimates for 2016. Below are highlights from the release:

- In 2016, nominal Michigan personal income rose 2.8 percent – marking the seventh straight year that the State’s personal income grew. Michigan’s 2016 personal income growth slowed from the State’s income growth of 5.5 percent in 2015. Nationally, U.S. personal income rose 2.3 percent in 2016 – down from 5.0 percent national personal income growth in 2015.
- With the Detroit CPI rising 1.6 percent in 2016, real (inflation adjusted) Michigan personal income rose 1.2 percent in 2016 after rising 7.0 percent in 2015. Nationally, real personal income grew 1.1 percent in 2016 after rising 4.8 percent in 2015.
- Between 2015 and 2016, Michigan income per person grew 2.7 percent – the 10<sup>th</sup> fastest 2015-2016 income per person growth among all states. Nationally, income per person rose 1.6 percent in 2015. With the Detroit CPI rising 1.6 percent, real Michigan income per person increased 1.1 percent in 2015. Nationally, real income per person rose 0.4 percent.
- Among the five Great Lakes states, Michigan income per person (\$44,253) ranked fourth in 2016, ahead of Indiana. Michigan has ranked fourth in the Great Lakes region in nine of the past 11 years. The State ranked fifth in the region in 2009 and 2012. Michigan’s 2016 income per person placed 30<sup>th</sup> among the 50 states – Michigan highest rank since 2005 when the State placed 26<sup>th</sup>.
- In 2016, Michigan’s per person income as a percent of the national average rose slightly to 89.9 percent, the State’s highest percent of national income since 2005. Compared to ten years ago, 2016 Michigan per person income as a percent of the national average was up 1.7 percentage points.

## Michigan 2016 Income Per Person Ranks 4<sup>th</sup> Among Great Lakes States



# U.S. Economic Conditions

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	<u>Jun-17</u>	<u>Jul-17</u>	<u>Aug-17</u>	<u>Sep-17</u>	<u>Change from Year Ago</u>
<b>KEY ECONOMIC INDICATORS</b>					
Consumer Sentiment <sup>(h)</sup>	95.1	93.4	96.8	95.1	3.9 points
ISM Manufacturing Index <sup>(i)</sup>	57.8	56.3	58.8	60.8	9.1 points
ISM Non Manufacturing Index <sup>(i)</sup>	57.4	53.9	55.3	59.8	3.2 points
	<b><u>2016.3</u></b>	<b><u>2016.4</u></b>	<b><u>2017.1</u></b>	<b><u>2017.2</u></b>	
Business Executives' Confidence <sup>(i)</sup>	50.0	65.0	68.0	61.0	9.0 points
<b>INFLATION <sup>(k)</sup></b>					
<b>1982-84 = 100 (CPI)</b>	<b><u>Jun-17</u></b>	<b><u>Jul-17</u></b>	<b><u>Aug-17</u></b>	<b><u>Sep-17</u></b>	<b><u>Change from Year Ago</u></b>
<b>Nov 2009 = 100 (PPI)</b>					
U.S. Consumer Price Index	245.0	244.8	245.5	246.8	2.2%
Detroit CPI	226.5	NA	226.8	NA	1.3%
U.S. Producer Price Index	113.0	112.9	113.1	113.5	2.6%
<b>INTEREST RATES</b>					
90 Day T-Bill <sup>(l)</sup>	0.98%	1.07%	1.01%	1.03%	0.74% points
10 Year Treasury Securities <sup>(l)</sup>	2.19%	2.32%	2.21%	2.20%	0.57% points
<b>INDUSTRIAL PRODUCTION <sup>(l)</sup></b>					
	105.2	105.1	104.3	104.6	1.6%
<b>CAPACITY UTILIZATION <sup>(l)</sup></b>					
	76.6%	76.5%	75.8%	76.0%	0.3% points
<b>RETAIL SALES <sup>(d)</sup></b>					
	\$474.5	\$476.8	\$476.5	\$483.9	4.4%
<b>HOUSING STARTS and SALES</b>					
(Millions Annual Rate)	<b><u>May-17</u></b>	<b><u>Jun-17</u></b>	<b><u>Jul-17</u></b>	<b><u>Aug-17</u></b>	<b><u>% Change From Year Ago</u></b>
Housing Starts <sup>(d)</sup>	1.129	1.217	1.185	1.183	1.6%
Existing Home Sales <sup>(m)</sup>	5.620	5.510	5.440	5.350	0.2%
<b>DURABLE GOODS ORDERS <sup>(p)</sup></b>					
	\$231.0	\$245.7	\$228.9	\$232.8	5.1%
<b>PERSONAL INCOME <sup>(c)</sup></b>					
(Billions of Dollars)	<b><u>2016.3</u></b>	<b><u>2016.4</u></b>	<b><u>2017.1</u></b>	<b><u>2017.2</u></b>	<b><u>% Change From Year Ago</u></b>
Michigan	\$441.9	\$443.0	\$448.2	\$451.8	3.0%
U.S.	\$16,011.2	\$16,007.4	\$16,236.2	\$16,353.2	2.9%
<b>GROSS DOMESTIC PRODUCT</b>					
(Billions of Chained 2009 Dollars) <sup>(c)</sup>	<b><u>2016.3</u></b>	<b><u>2016.4</u></b>	<b><u>2017.1</u></b>	<b><u>2017.2</u></b>	<b><u>Annualized % Chg From Last Qtr</u></b>
	\$16,778.1	\$16,851.4	\$16,903.2	\$17,031.1	3.1%

- (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.