

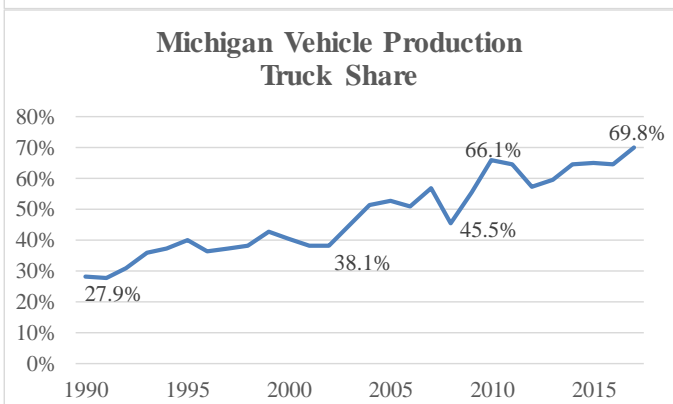
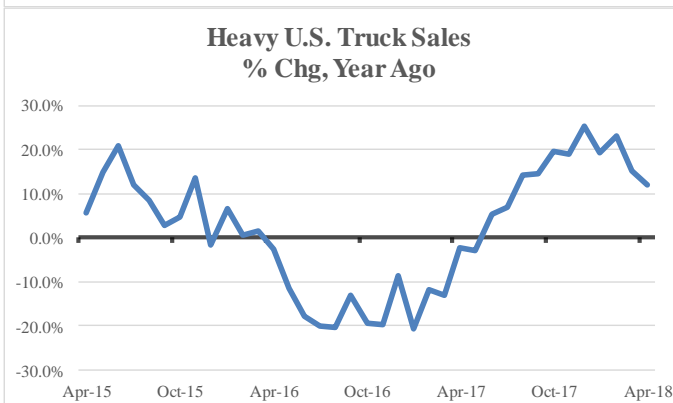
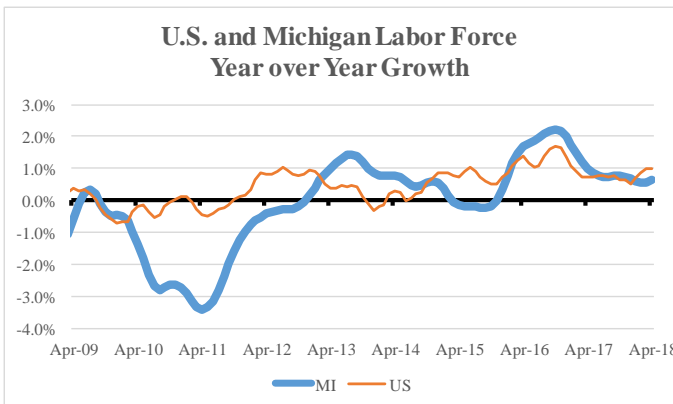


MICHIGAN ECONOMIC UPDATE

Office of Revenue and Tax Analysis
Michigan Department of Treasury

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

April 2018 Summary



Michigan Labor Market

- In April 2018, Michigan's unemployment rate remained unchanged at 4.7 percent. However, Michigan's April 2018 rate was 0.3 of a percentage point higher than last April.
- April 2018 State labor force was up a 0.7 percent from a year ago. Household employment rose 0.5 percent compared to April 2017.
- In April 2018, Michigan's wage and salary employment fell by 10,100 jobs from a month ago.
- April 2018 Michigan wage and salary employment was up by 45,600 jobs (1.0 percent) from a year ago.

Vehicle Sales

- April 2018 annualized light vehicle sales were up 0.6 percent from last April. April marked the seventh out of the last eight months in which annualized sales exceeded 17.0 million units.
- Light vehicles are divided into cars and light trucks, which include SUVs. April 2018 auto sales were down 16.6 percent from a year ago while light truck sales were up 10.6 percent.
- Domestic light vehicle sales were down 0.9 percent from a year ago while foreign sales rose 5.9 percent. As a result, the foreign share of U.S. light vehicle sales increased from 22.4 percent last year to 23.5 percent.

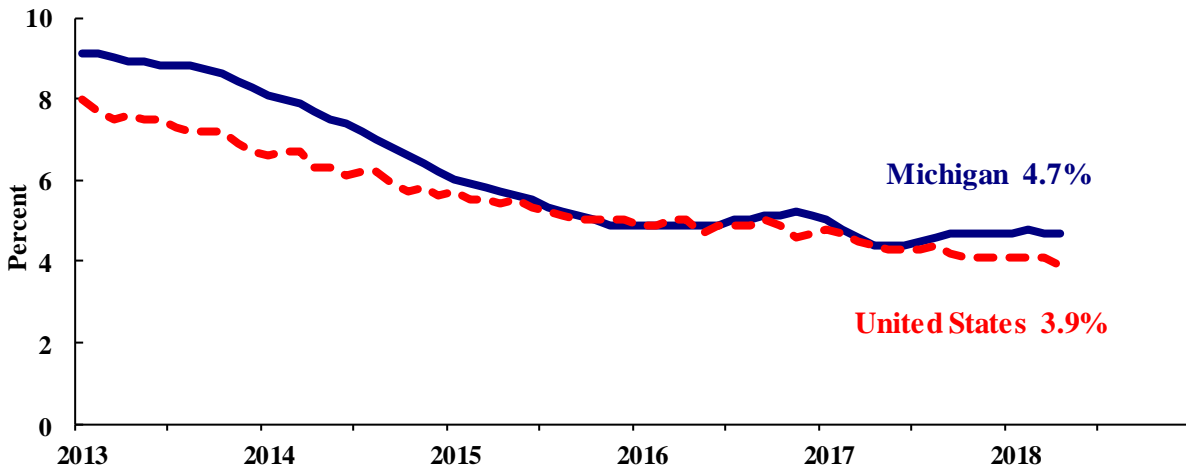
Vehicle Production

- April 2018 Michigan vehicle production was up 4.6 percent from a year ago, compared with a 5.3 percent increase nationally.
- In April 2018, Michigan auto production was up by 100 units (0.2 percent) from last April while State truck production rose by 7,600 units (6.8 percent).
- In April 2018, Michigan's share of national vehicle production was down by 0.1 of a percentage point compared to last year to 18.4 percent.

Household Unemployment and Employment

- In April 2018, the Michigan unemployment rate remained unchanged at 4.7 percent. The national unemployment rate fell to 3.9 percent.
- In April 2018, Michigan’s unemployment rate was up 0.3 of a percentage point from a year ago. The April 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 April 2013 to April 2018



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

- In April, the total number of people employed in Michigan increased 6,000 to 4,674,000 persons while the labor force rose by 4,000. The statewide total number of unemployed workers fell by 2,000 to 228,000.
- United States employment totaled 155.2 million persons in April 2018. The labor force totaled 161.5 million and there were 6.3 million unemployed in April.

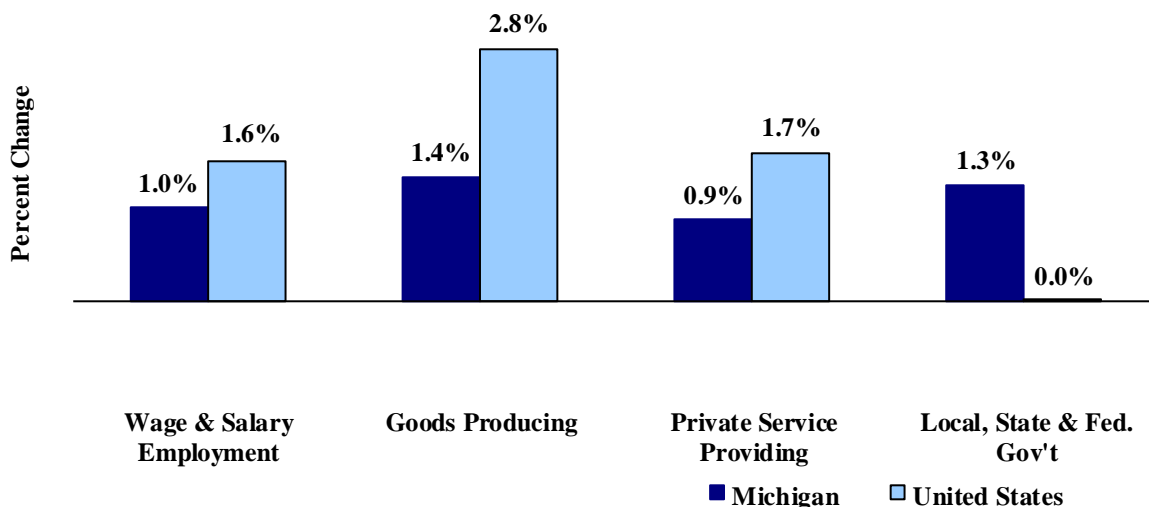
Employment by Place of Residence (in thousands)^(a)

	2017 Average	Feb 2018	Mar 2018	Apr 2018	Chg Fr Mo Ago Level	Chg Fr Mo Ago %	Chg Fr Yr Ago Level	Chg Fr Yr Ago %	Three Month Average
Michigan									
Labor Force	4,884	4,897	4,898	4,902	4	0.1%	36	0.7%	4,899
Employed	4,657	4,665	4,668	4,674	6	0.1%	23	0.5%	4,669
Unemployed	227	233	230	228	-2	-0.8%	13	5.8%	230
Unemployment Rate	4.6%	4.8%	4.7%	4.7%	n.a.	0.0% pts	n.a.	0.3% pts	4.7%
United States									
Labor Force	160,320	161,921	161,763	161,527	-236	-0.1%	1,346	0.8%	161,737
Employed	153,337	155,215	155,178	155,181	3	0.0%	2,020	1.3%	155,191
Unemployed	6,982	6,706	6,585	6,346	-239	-3.6%	-675	-9.6%	6,546
Unemployment Rate	4.4%	4.1%	4.1%	3.9%	n.a.	-0.2% pts	n.a.	-0.5% pts	4.0%

Employment by Place of Work (Payroll)

- From April 2017 to April 2018, Michigan payroll employment increased 45,600 jobs (1.0 percent). State payroll employment fell by 10,100 jobs in April from March. Nationally, April 2018 payroll employment rose 2,280,000 (1.6 percent) from a year ago. National employment rose 164,000 jobs in April.

**Payroll Employment Growth
April 2017 to April 2018**



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

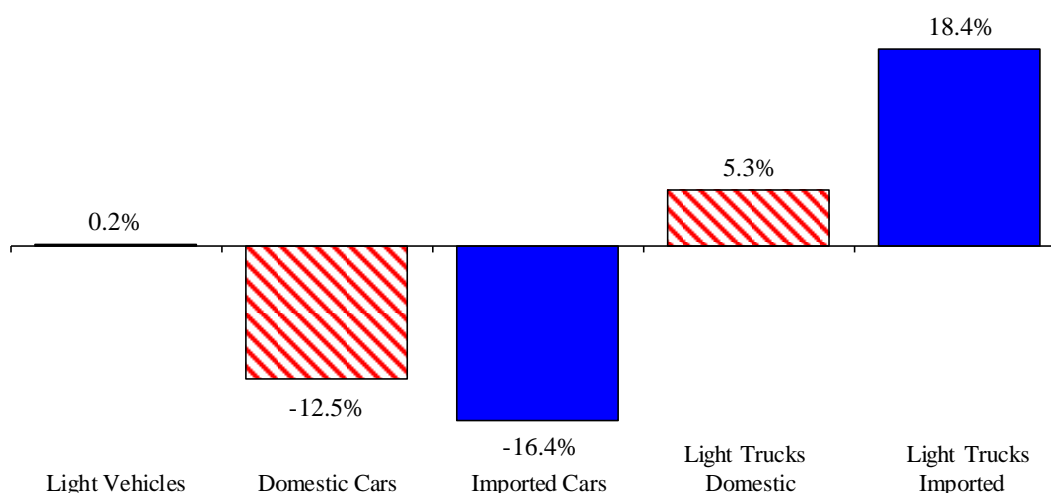
- In the goods-producing sector, Michigan payroll employment increased 1.4 percent in April from a year ago; employment in the private service-providing sector rose 0.9 percent. From a year ago, April national payroll employment rose 2.8 percent in the goods-producing sector and increased 1.7 percent in the private service-providing sector.
- At 44.2 hours, manufacturing weekly hours in Michigan were up 1.9 hours from last year.

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

	MI				US			
	2017 Average	MI Apr 2017	MI Apr 2018	Percent Change	2017 Average	US Apr 2017	US Apr 2018	Percent Change
Wage & Salary Employment	4,371.3	4,367.9	4,413.5	1.0%	144,352	146,144	148,424	1.6%
Goods Producing	784.6	784.5	795.3	1.4%	19,750	19,998	20,559	2.8%
Manufacturing	614.7	616.2	617.1	0.1%	12,354	12,410	12,655	2.0%
Private Service Providing	2,982.7	2,982.0	3,009.0	0.9%	102,379	103,831	105,547	1.7%
Trade, Trans. & Utilities	788.1	790.3	794.3	0.5%	27,257	27,431	27,720	1.1%
Services	1,920.1	1,917.1	1,940.3	1.2%	64,042	65,179	66,506	2.0%
Local, State & Fed. Gov't	604.0	601.4	609.2	1.3%	22,224	22,315	22,318	0.0%
Manufacturing Weekly Hours	43.1	42.3	44.2	1.9 hrs	41.9	41.9	42.4	0.5 hrs

- April 2018 U.S. light vehicle sales fell 1.7 percent from March 2018 but were up 0.6 percent from April 2017. April 2018 marked the 50th straight month that the light vehicle annualized sales rate equaled or exceeded 16.0 million units. In April 2018, the annualized sales rate equaled 17.1 million units.
- U.S. sales of domestic light vehicles decreased 0.9 percent between April 2017 and April 2018. Foreign sales were up 5.9 percent over the same period. As a result, the foreign share of U.S. light vehicle sales rose 1.2 percentage points to 23.5 percent in April 2018.
- Auto sales decreased 16.6 percent compared to last April, while light truck sales were up 8.1 percent from April 2017. As a result, April 2018 marked the 25th straight month in which the light truck share of total sales exceeded 60.0 percent. Year-over-year, heavy truck sales rose 11.9 percent in April 2018 -- marking the 11th consecutive month in which heavy truck sales were up from a year ago.

Year-to-Date April 2018 Light Vehicle Sales Up Slightly from Year Ago



Motor Vehicle Sales Statistics

(Millions, Seasonally Adjusted Rates, unless otherwise specified)

Motor Vehicle Sales ^(c)	2016	Feb	Mar	Apr	3 Month	Apr	Apr
	Total	2018	2018	2018	Average	Chg fr Yr Ago Level	Chg fr Yr Ago %
Autos	6.9	5.5	5.4	5.2	5.4	(1.0)	-16.6%
Domestics	5.2	4.2	4.1	4.0	4.1	(0.8)	-17.5%
Imports	1.7	1.3	1.3	1.3	1.3	(0.2)	-13.6%
Import Share	24.8%	23.9%	23.3%	24.3%	23.8%	0.8% pts	
Light Trucks	10.6	11.5	12.0	11.9	11.8	1.1	10.6%
Domestics	8.5	8.7	9.2	9.1	9.0	0.7	8.5%
Imports	2.1	2.8	2.7	2.8	2.8	0.4	18.2%
Import Share	20.1%	24.2%	22.8%	23.2%	23.4%	1.5% pts	
Total Light Vehicles	17.5	17.0	17.4	17.1	17.1	0.1	0.6%
Heavy Trucks	0.4	0.5	0.4	0.5	0.5	0.0	11.9%
Total Vehicles	17.9	17.4	17.8	17.5	17.6	0.1	0.9%

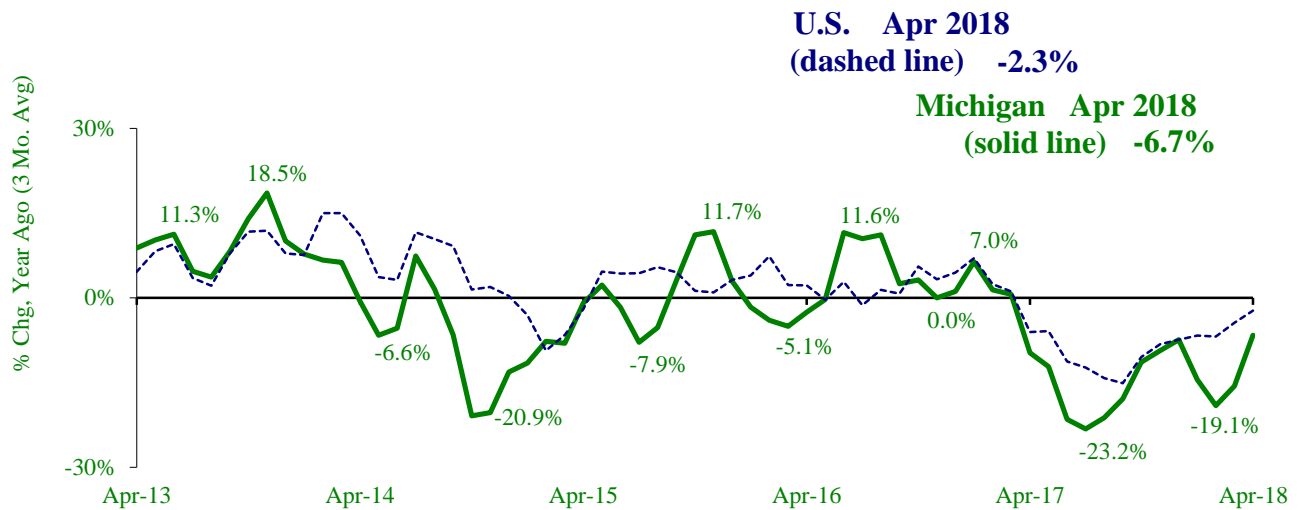
Retail Inventories, Motor Vehicle and Parts Dealers (billions of dollars)^(d)

	2018	Jan-18	Feb-18	Mar-18	3 Month	Chg fr	Chg fr
	Average	Jan-18	Feb-18	Mar-18	Average	Year Ago Level	Year Ago %
Inventories	\$219.5	\$220.7	\$222.5	\$219.9	\$221.0	\$0.6	0.3%
Inventory/Sales Ratio	2.22	2.19	2.24	2.17	2.20	-0.10	

Motor Vehicle Production

- At 174,508 units, April 2018 Michigan motor vehicle production was up 4.6 percent from April 2017. National production increased 5.3 percent from last April. The three-month average of vehicle production (February 2018-April 2018) was down 6.7 percent in Michigan and down 2.3 percent nationally, compared to a year ago.
- In April 2018, Michigan car production was up 0.2 percent from a year ago while State truck production increased 6.8 percent. Nationally, car production decreased 5.3 percent while U.S. truck production was up 10.2 percent.
- Michigan's share of national vehicle production fell 0.1 of a percentage points in April 2018 from its year-ago level to 18.4 percent. Michigan's share of car production increased 1.1 percentage points while the State's share of truck production was down 0.6 of a percentage point.

Michigan and National Vehicle Production Declines Slowing



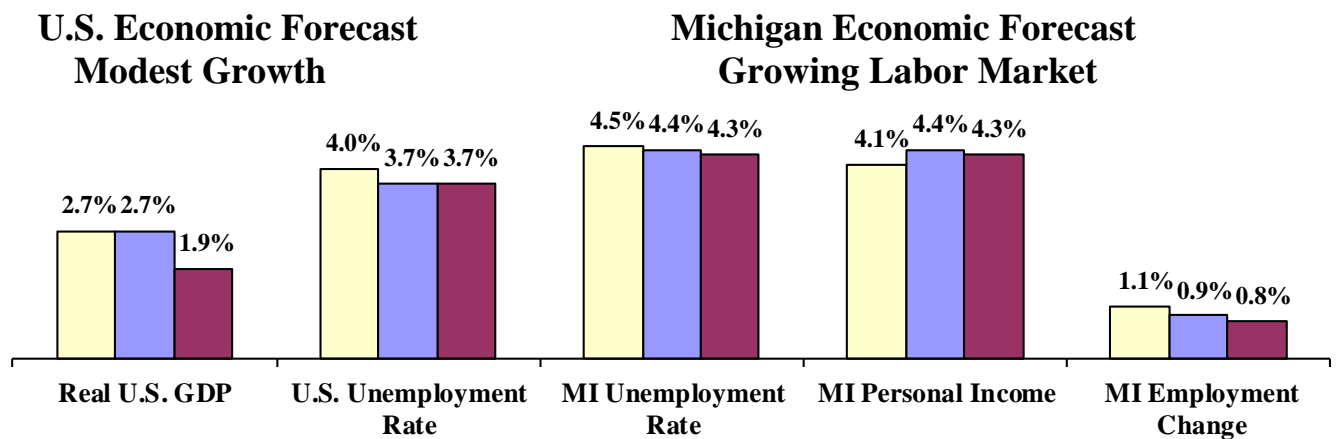
Motor Vehicle Production Statistics

(Thousands, unless otherwise specified)

	2017 Monthly Average	Feb 2018	Mar 2018	Apr 2018	3 Month Average	Apr Level Chg fr Yr Ago	Apr % Chg fr Yr Ago
U.S. Production ^(e)							
Autos	346.4	256.4	279.1	269.7	268.4	(15.0)	-5.3%
Trucks	678.9	678.3	768.2	677.4	708.0	62.8	10.2%
Total	1,025.3	934.7	1,047.3	947.0	976.4	47.8	5.3%
Michigan Production ^(f)							
Autos	70.3	49.2	57.0	54.6	53.6	0.1	0.2%
Trucks	128.7	98.7	135.1	119.9	117.9	7.6	6.8%
Total	199.0	147.9	192.1	174.5	171.5	7.7	4.6%
Michigan as % of U.S.	19.4%	15.8%	18.3%	18.4%	17.6%	-0.2% pts	

On May 16, 2018, the Administration, House Fiscal Agency and Senate Fiscal Agency met and agreed to a consensus economic forecast for 2018, 2019 and 2020. Below are highlights of that consensus agreement:

- Real GDP is forecast to increase 2.7 percent in 2018 and in 2019. Real GDP growth is expected to slow to 1.9 percent in 2020. The May 2018 Conference’s projected growth rate for 2018 is up 0.2 of a percentage point from the January 2018 Conference. Projected growth in 2019 is up 0.6 of a percentage point from January projections. The growth forecast for 2020 is unchanged at 1.9 percent.
- In 2018, the U.S. unemployment rate is forecast to fall to 4.0 percent. In 2019, the national unemployment rate is projected to decline to 3.7 percent, where the rate is expected to remain unchanged in 2020. Compared with the January 2018 Conference forecast, the May 2018 Consensus forecast of the U.S. unemployment rate is down 0.2 percentage point for 2018, down 0.4 point in 2019 and down 0.3 percentage point in 2020.
- The May 2018 Consensus forecasts light vehicle sales to total 16.9 million units in 2018, 16.8 million units in 2019 and 16.7 million units in 2020. The May 2018 light vehicle forecast for 2018, 2019 and 2020 is unchanged from January.
- The May 2018 Consensus projects that Michigan wage and salary employment will rise 1.1 percent in 2018 – 0.2 percentage point faster than the January 2018 forecast of 0.9 percent growth. The May 2018 forecast of 0.9 percent growth in 2019 is unchanged from the January 2018 forecast. The May 2018 Consensus projects a 0.8 percent employment increase in 2020 – down 0.3 percentage point from the January 2018 Consensus projection.
- According to the May 2018 Consensus, the Michigan unemployment rate will measure 4.5 percent in 2018, 4.4 percent in 2019 and 4.3 percent in 2020. Compared to the January 2018 Consensus forecast, the May 2018 Consensus Michigan jobless rate forecast is up 0.2 percentage point for 2018, and up 0.1 point for both 2019 and 2020.
- Michigan personal income is projected to rise 4.1 percent in 2018, increase 4.4 percent in 2019 and rise 4.3 percent in 2020. Wages and salaries are expected to increase 4.5 percent in 2018, rise 4.4 percent in 2019 and increase 4.2 percent in 2020.



U.S. Economic Conditions

	<u>Jan-18</u>	<u>Feb-18</u>	<u>Mar-18</u>	<u>Apr-18</u>	<u>Change from Year Ago</u>
KEY ECONOMIC INDICATORS					
Consumer Sentiment ^(h)	95.7	99.7	101.4	98.8	1.8 points
ISM Manufacturing Index ⁽ⁱ⁾	59.1	60.8	59.3	57.3	2.0 points
ISM Non Manufacturing Index ⁽ⁱ⁾	59.9	59.5	58.8	56.8	-0.5 points
	<u>2017.2</u>	<u>2017.3</u>	<u>2017.4</u>	<u>2018.1</u>	
Business Executives' Confidence ^(j)	61.0	59.0	63.0	65.0	0.0 points
INFLATION ^(k)					
1982-84 = 100 (CPI)	<u>Jan-18</u>	<u>Feb-18</u>	<u>Mar-18</u>	<u>Apr-18</u>	<u>Change from Year Ago</u>
Nov 2009 = 100 (PPI)					
U.S. Consumer Price Index	247.9	249.0	249.6	250.5	2.5%
Detroit CPI	NA	229.7	NA	231.8	2.3%
U.S. Producer Price Index	114.6	114.9	115.5	115.6	2.6%
INTEREST RATES					
90 Day T-Bill ^(l)	1.41%	1.57%	1.70%	1.76%	0.96% points
10 Year Treasury Securities ^(l)	2.58%	2.86%	2.84%	2.87%	0.57% points
INDUSTRIAL PRODUCTION ^(l)					
	105.3	105.7	106.5	107.3	3.5%
CAPACITY UTILIZATION ^(l)					
	76.9%	77.1%	77.6%	78.0%	1.7% points
RETAIL SALES ^(d)					
	\$492.0	\$492.5	\$496.0	\$497.1	4.6%
HOUSING STARTS and SALES					
(Millions Annual Rate)	<u>Jan-18</u>	<u>Feb-18</u>	<u>Mar-18</u>	<u>Apr-18</u>	<u>% Change From Year Ago</u>
Housing Starts ^(d)	1.334	1.290	1.336	1.287	10.5%
Existing Home Sales ^(m)	5.380	5.540	5.600	5.460	-1.4%
DURABLE GOODS ORDERS ^(p)					
	\$235.5	\$246.0	\$252.7	\$248.5	7.8%
PERSONAL INCOME ^(c)					
(Billions of Dollars)	<u>2017.1</u>	<u>2017.2</u>	<u>2017.3</u>	<u>2017.4</u>	<u>% Change From Year Ago</u>
Michigan	\$448.2	\$448.3	\$451.1	\$455.7	2.9%
U.S.	\$16,232.2	\$16,326.9	\$16,453.9	\$16,641.2	4.0%
GROSS DOMESTIC PRODUCT					
(Billions of Chained 2009 Dollars) ^(c)	<u>2017.2</u>	<u>2017.3</u>	<u>2017.4</u>	<u>2018.1</u>	<u>Annualized % Chg From Last Qtr</u>
	\$17,031.1	\$17,163.9	\$17,286.5	\$17,379.7	2.2%

- (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.