



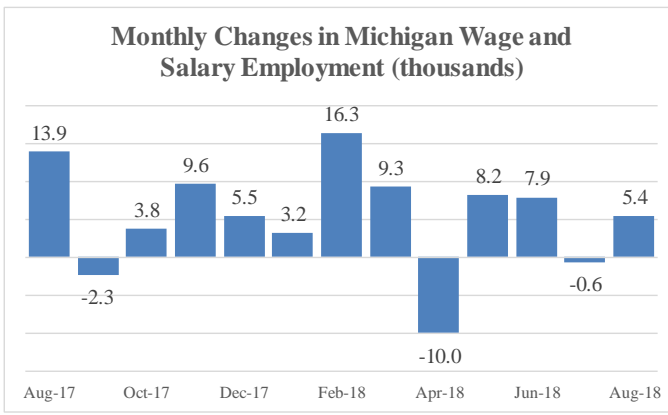
MICHIGAN ECONOMIC UPDATE

Office of Revenue and Tax Analysis
Michigan Department of Treasury

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

August 2018 Summary

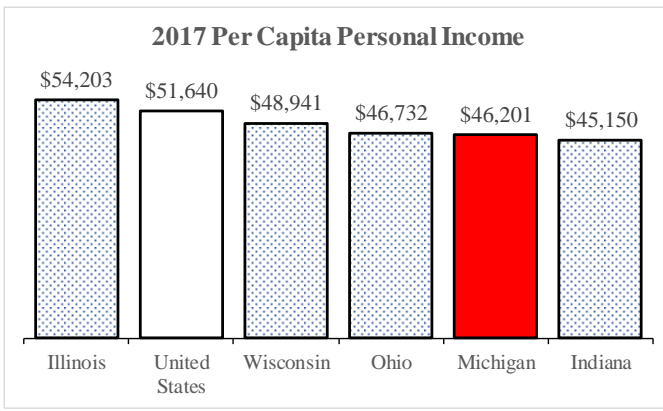
Monthly Changes in Michigan Wage and Salary Employment (thousands)



Michigan Labor Market: August 2018

- In August 2018, Michigan’s unemployment rate fell 0.2 of a percentage point to 4.1 percent. Michigan’s August 2018 rate was 0.5 of a percentage point lower than last August.
- August 2018 State labor force was up 0.2 percent from a year ago. Household employment rose 0.7 percent compared to August 2017.
- In August 2018, Michigan’s wage and salary employment rose by 5,400 jobs from a month ago.
- August 2018 Michigan wage and salary employment was up by 56,300 jobs (1.3 percent) from a year ago.

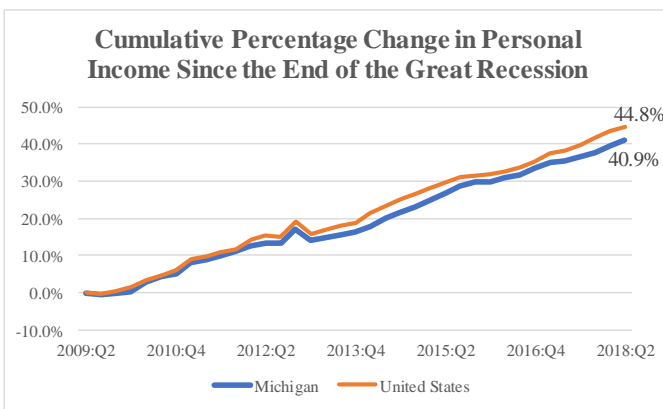
2017 Per Capita Personal Income



Annual Personal Income: 2017

- In 2017, Michigan personal income rose 3.5 percent –the eighth straight annual income increase.
- Michigan personal income rose 3.5 percent in 2017 –ranking 35th among the U.S. states.
- Between 2009 and 2017, Michigan personal income has increased 37.0 percent – ranking 19th.
- In 2017, Michigan per capita personal income equaled \$46,201 – ranking 31st among U.S. states.
- Over the past eight years, Michigan per capita income has increased 36.1 percent – ranking sixth among U.S. states.

Cumulative Percentage Change in Personal Income Since the End of the Great Recession

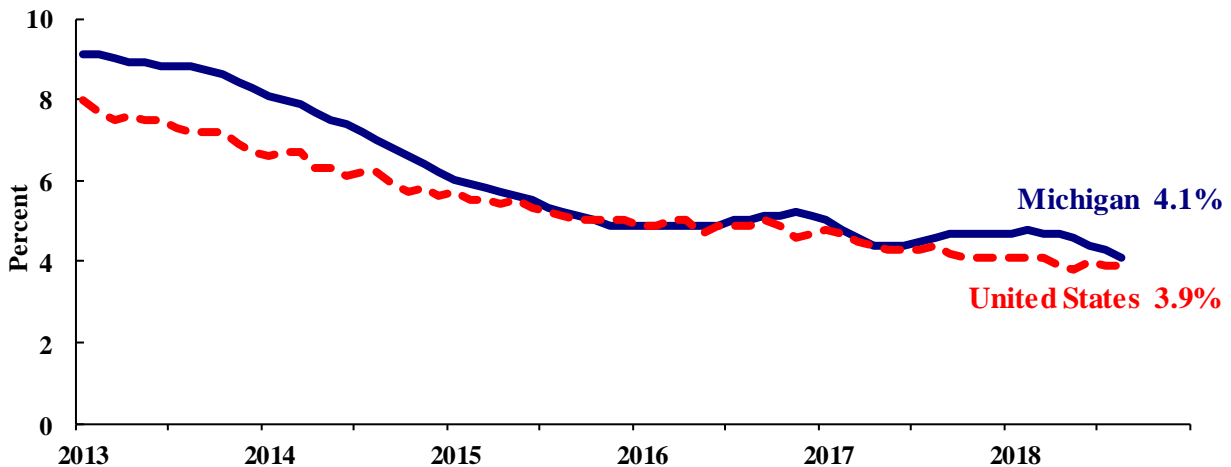


Quarterly Personal Income: 2018Q2

- Between 2010Q1 and 2018Q2, Michigan personal income has risen from a year ago in all but one quarter.
- In 2018Q2, Michigan personal income rose 4.0 percent -- ranking 29th among U.S. states.
- Between 2009Q2 (the end of the Great Recession) and 2018Q2, Michigan personal income has risen 40.9 percent – ranking 22nd among U.S. states.
- Between 2010Q1 (the first quarter for which BEA reports state per capita income) and 2018Q2, Michigan per capita personal income has risen 39.3 percent – ranking fifth among U.S. states.

- In August 2018, the Michigan unemployment rate fell 0.2 of a percentage point from last month to 4.1 percent. In August 2018, the national unemployment rate remained unchanged at 3.9 percent.
- In August 2018, Michigan’s unemployment rate was down 0.5 of a percentage point from a year ago. The August U.S. unemployment rate also 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 2018



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 1,000 to 4,697,000 persons while the labor force fell by 12,000. The statewide total number of unemployed workers fell by 11,000 to 201,000.
- United States employment totaled 156.0 million persons in August 2018. The labor force totaled 161.8 million and there were 6.2 million unemployed in August.

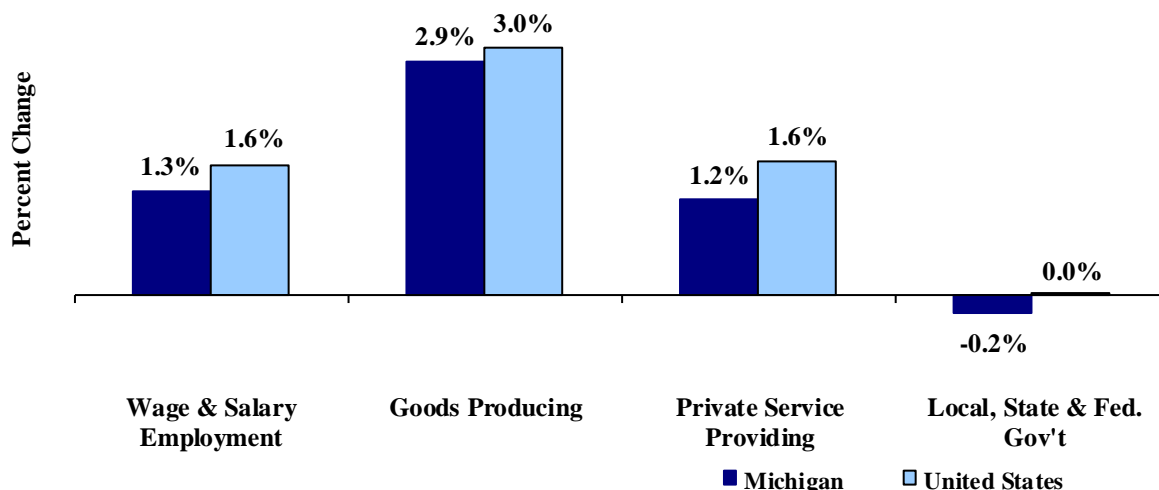
Employment by Place of Residence (in thousands)^(a)

	<u>2017</u> <u>Average</u>	<u>Jun</u> <u>2018</u>	<u>Jul</u> <u>2018</u>	<u>Aug</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	4,884	4,911	4,910	4,898	-12	-0.2%	8	0.2%	4,906
Employed	4,657	4,692	4,698	4,697	-1	0.0%	31	0.7%	4,696
Unemployed	227	219	212	201	-11	-5.0%	-23	-10.2%	211
Unemployment Rate	4.6%	4.4%	4.3%	4.1%	n.a.	-0.2% pts	n.a.	-0.5% pts	4.3%
United States									
Labor Force	160,320	162,140	162,245	161,776	-469	-0.3%	1,178	0.7%	162,054
Employed	153,337	155,576	155,965	155,542	-423	-0.3%	2,071	1.3%	155,694
Unemployed	6,982	6,564	6,280	6,234	-46	-0.7%	-893	-12.5%	6,359
Unemployment Rate	4.4%	4.0%	3.9%	3.9%	n.a.	0.0% pts	n.a.	-0.5% pts	3.9%

Employment by Place of Work (Payroll)

- From August 2017 to August 2018, Michigan payroll employment increased 56,300 jobs (1.3 percent). State payroll employment rose by 5,400 jobs in August from July. Nationally, August 2018 payroll employment rose 2,300,000 (1.6 percent) from a year ago. National employment rose 201,000 jobs in August.

**Payroll Employment Growth
August 2017 to August 2018**



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

- In the goods-producing sector, Michigan payroll employment increased 2.9 percent in August from a year ago; employment in the private service-providing sector rose 1.2 percent. From a year ago, August national payroll employment rose 3.0 percent in the goods-producing sector and increased 1.6 percent in the private service-providing sector.
- At 42.8 hours, manufacturing weekly hours in Michigan were down 0.3 of an hour from last year.

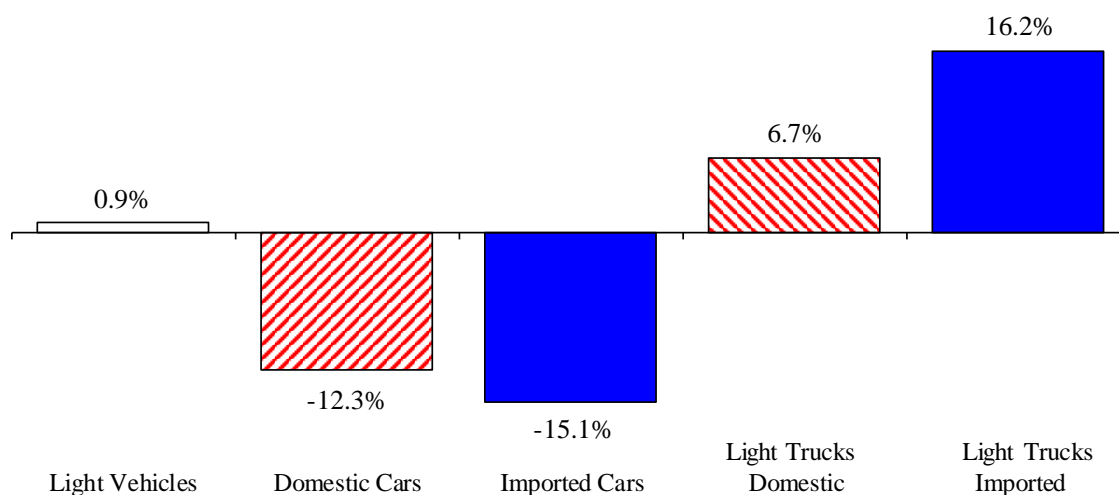
Wage and Salary (Payroll) Employment (in thousands)^(b)

	MI				US			
	2017 Average	MI Aug 2017	MI Aug 2018	Percent Change	2017 Average	US Aug 2017	US Aug 2018	Percent Change
Wage & Salary Employment	4,371.3	4,378.2	4,434.5	1.3%	144,352	146,949	149,279	1.6%
Goods Producing	784.6	786.9	809.4	2.9%	19,750	20,115	20,722	3.0%
Manufacturing	614.7	615.3	623.0	1.3%	12,354	12,463	12,717	2.0%
Private Service Providing	2,982.7	2,987.2	3,022.3	1.2%	102,379	104,495	106,217	1.6%
Trade, Trans. & Utilities	788.1	789.7	792.7	0.4%	27,257	27,490	27,820	1.2%
Services	1,920.1	1,923.7	1,954.5	1.6%	64,042	65,736	67,047	2.0%
Local, State & Fed. Gov't	604.0	604.1	602.8	-0.2%	22,224	22,339	22,340	0.0%
Manufacturing Weekly Hours	43.1	43.1	42.8	-0.3 hrs	41.9	42.0	42.2	0.2 hrs

Motor Vehicle Sales

- August 2018 U.S. light vehicle sales fell 0.6 percent from July 2018 but were up 0.9 percent from August 2017. August 2018 marked the 54th straight month that the light vehicle annualized sales rate exceeded 16.0 million units. In August 2018, the annualized sales rate equaled 16.6 million units.
- U.S. sales of domestic light vehicles increased 1.5 percent between August 2017 and August 2018. Foreign sales were down 1.2 percent over the same period. As a result, the foreign share of U.S. light vehicle sales fell 0.5 of a percentage point to 22.1 percent in August 2018.
- Auto sales decreased 16.7 percent compared to last August, while light truck sales were up 10.6 percent from August 2017. As a result, August 2018 marked the 29th straight month in which the light truck share of total sales exceeded 60.0 percent. Year-over-year, heavy truck sales rose 3.6 percent in August 2018 -- marking the 15th consecutive month in which heavy truck sales were up from a year ago.

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



Motor Vehicle Sales Statistics

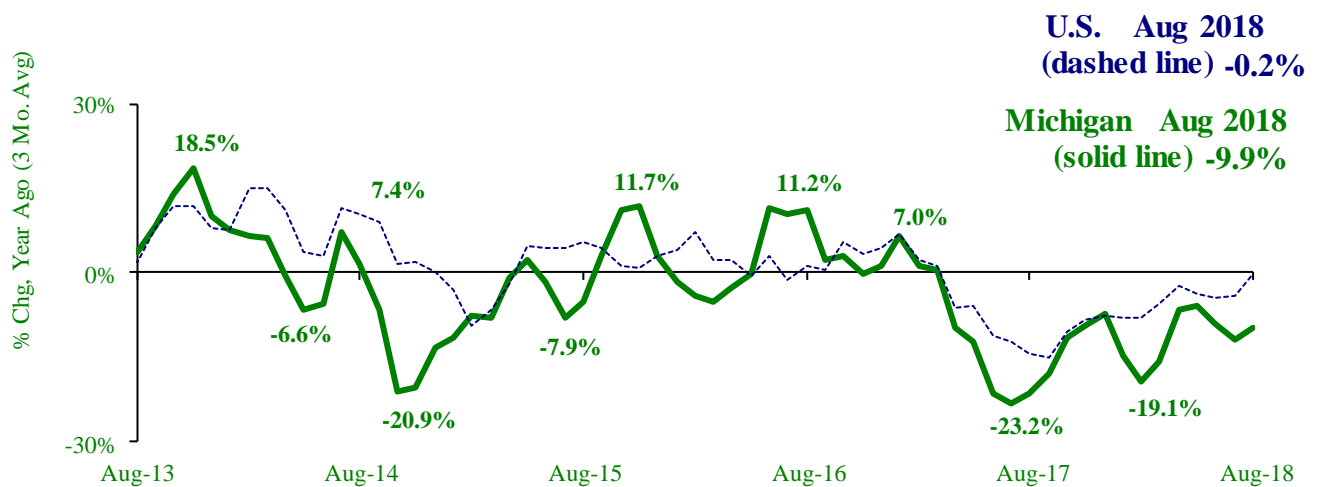
(Millions, Seasonally Adjusted Rates, unless otherwise specified)

Motor Vehicle Sales ^(c)	2017	Jun	Jul	Aug	3 Month	Aug	Aug
	Total	2018	2018	2018	Average	Chg fr Yr Ago Level	Chg fr Yr Ago %
Autos	6.1	5.2	5.1	4.9	5.1	(1.0)	-16.7%
Domestics	4.6	4.0	4.0	3.7	3.9	(0.7)	-16.3%
Imports	1.5	1.2	1.1	1.2	1.2	(0.3)	-18.2%
Import Share	24.2%	23.7%	22.4%	23.9%	23.3%	-0.4%	pts
Light Trucks	11.1	12.0	11.6	11.7	11.8	1.1	10.6%
Domestics	8.7	9.2	9.0	9.2	9.1	0.9	11.0%
Imports	2.4	2.8	2.6	2.5	2.6	0.2	9.4%
Import Share	21.7%	23.6%	22.3%	21.3%	22.4%	-0.2%	pts
Total Light Vehicles	17.1	17.2	16.7	16.6	16.8	0.1	0.9%
Heavy Trucks	0.4	0.5	0.5	0.4	0.5	0.0	3.6%
Total Vehicles	17.6	17.7	17.2	17.0	17.3	0.2	0.9%

Retail Inventories, Motor Vehicle and Parts Dealers (billions of dollars) ^(d)	2017	May-18	Jun-18	Jul-18	3 Month	Chg fr	Chg fr
	Average	May-18	Jun-18	Jul-18	Average	Year Ago Level	Year Ago %
Inventories	\$221.5	\$226.6	\$226.5	\$229.2	\$227.5	\$6.2	1.2%
Inventory/Sales Ratio	2.22	2.21	2.21	2.23	2.22	-0.01	

- At 170,591 units, August 2018 Michigan motor vehicle production was down 9.7 percent from August 2017. National production increased 0.4 percent from last August. The three-month average of vehicle production (June 2018-August 2018) was down 9.9 percent in Michigan and down 0.2 percent nationally, compared to a year ago.
- In August 2018, Michigan car production was down 39.0 percent from a year ago while State truck production increased 0.9 percent. As reported by *Automotive News*, Ford Motor Company has idled its Michigan Assembly Plant through late October to retool the plant from auto production to light truck production. The retooling largely explains the sharp drop in Michigan auto production. Nationally, car production decreased 15.8 percent while U.S. truck production was up 7.3 percent.
- Michigan's share of national vehicle production fell 1.9 percentage points in August 2018 from its year-ago level to 16.6 percent. Michigan's share of car production decreased 4.5 percentage points while the State's share of truck production was down 1.2 percentage points.

Michigan Plant Chage Over Pushing Michigan Vehicle Production Down



Motor Vehicle Production Statistics

(Thousands, unless otherwise specified)

	2017 Monthly Average	April 2018	Jul 2018	Aug 2018	3 Month Average	Aug Level Chg fr Yr Ago	Aug % Chg fr Yr Ago
U.S. Production ^(e)							
Autos	346.4	233.0	183.1	255.7	224.0	(48.1)	-15.8%
Trucks	678.9	678.5	512.7	770.0	653.7	52.1	7.3%
Total	1,025.3	911.5	695.8	1,025.7	877.7	4.0	0.4%
Michigan Production ^(f)							
Autos	70.3	31.4	19.3	30.5	27.0	(19.5)	-39.0%
Trucks	128.7	124.0	100.1	140.1	121.4	1.2	0.9%
Total	199.0	155.4	119.3	170.6	148.4	(18.3)	-9.7%
Michigan as % of U.S.	19.4%	17.0%	17.2%	16.6%	16.9%	-1.9% pts	

U.S. Economic Conditions

Page 6

	<u>May-18</u>	<u>Jun-18</u>	<u>Jul-18</u>	<u>Aug-18</u>	<u>Change from Year Ago</u>
KEY ECONOMIC INDICATORS					
Consumer Sentiment ^(h)	98.0	98.2	97.9	96.2	-0.6 points
ISM Manufacturing Index ⁽ⁱ⁾	58.7	60.2	58.1	61.3	2.0 points
ISM Non Manufacturing Index ⁽ⁱ⁾	58.6	59.1	55.7	58.5	3.3 points
	<u>2017.3</u>	<u>2017.4</u>	<u>2018.1</u>	<u>2018.2</u>	
Business Executives' Confidence ^(j)	59.0	63.0	65.0	63.0	-2.0 points
INFLATION ^(k)					
1982-84 = 100 (CPI)	<u>May-18</u>	<u>Jun-18</u>	<u>Jul-18</u>	<u>Aug-18</u>	<u>Change from Year Ago</u>
Nov 2009 = 100 (PPI)					
U.S. Consumer Price Index	251.6	252.0	252.0	252.1	2.7%
Detroit CPI	NA	234.7	NA	233.2	2.8%
U.S. Producer Price Index	116.2	116.7	116.7	116.4	2.8%
INTEREST RATES					
90 Day T-Bill ^(l)	1.86%	1.90%	1.96%	2.03%	1.02% points
10 Year Treasury Securities ^(l)	2.98%	2.91%	2.89%	2.89%	0.68% points
INDUSTRIAL PRODUCTION ^(l)					
	106.7	107.4	107.8	108.2	4.9%
CAPACITY UTILIZATION ^(l)					
	77.4%	77.8%	77.9%	78.1%	2.3% points
RETAIL SALES ^(d)					
	\$504.0	\$505.2	\$508.6	\$509.0	6.6%
HOUSING STARTS and SALES					
(Millions Annual Rate)	<u>May-18</u>	<u>Jun-18</u>	<u>Jul-18</u>	<u>Aug-18</u>	<u>% Change From Year Ago</u>
Housing Starts ^(d)	1.329	1.177	1.174	1.282	9.4%
Existing Home Sales ^(m)	5.410	5.380	5.340	5.340	-1.5%
DURABLE GOODS ORDERS ^(p)					
	\$249.4	\$251.5	\$248.5	\$259.6	11.8%
PERSONAL INCOME ^(c)					
(Billions of Dollars)	<u>2017.3</u>	<u>2017.4</u>	<u>2018.1</u>	<u>2018.2</u>	<u>% Change From Year Ago</u>
Michigan	\$461.1	\$465.2	\$471.5	\$476.3	4.0%
U.S.	\$16,883.8	\$17,090.7	\$17,302.1	\$17,482.0	4.6%
GROSS DOMESTIC PRODUCT					
(Billions of Chained 2012 Dollars) ^(c)	<u>2017.3</u>	<u>2017.4</u>	<u>2018.1</u>	<u>2018.2</u>	<u>Annualized % Chg From Last Qtr</u>
	\$18,120.8	\$18,223.8	\$18,324.0	\$18,511.6	4.2%

- (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.