



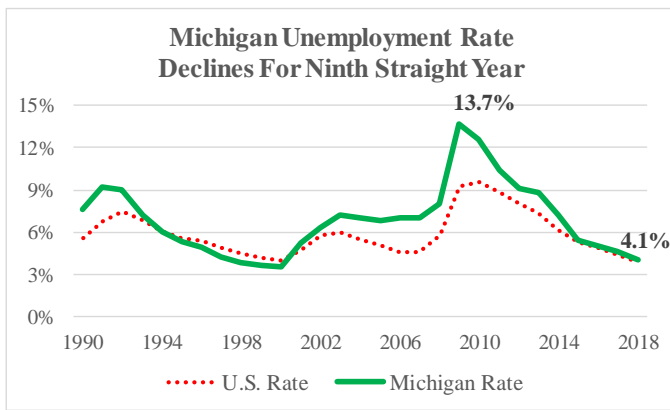
MICHIGAN ECONOMIC UPDATE

Office of Revenue and Tax Analysis
Michigan Department of Treasury

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

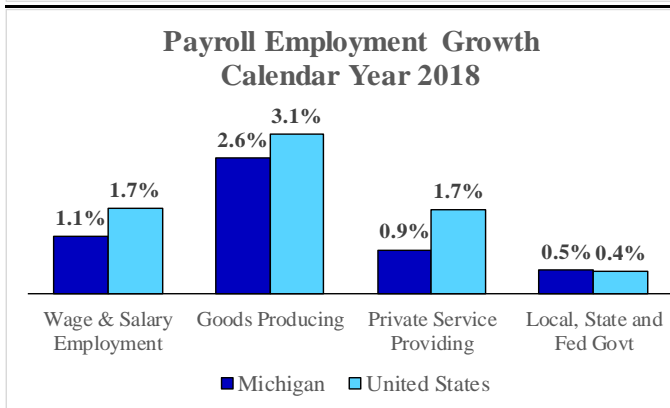
January 2019 Summary

In mid-March 2019, the Bureau of Labor Statistics released calendar year 2018 unemployment and employment data. Below are highlights from that release:



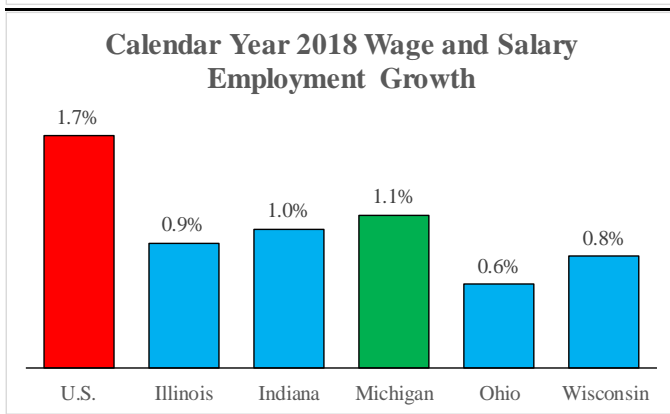
Unemployment Rate

- Michigan’s unemployment rate fell from 4.6 percent in 2017 to 4.1 percent in 2018. Nationally, the unemployment rate dropped from 4.4 percent to 3.9 percent.
- In the last nine years, the Michigan unemployment rate has fallen by 9.6 percentage points.
- Michigan’s 2018 unemployment rate represented the the state’s lowest annual jobless rate since 2000. The 2018 national unemployment rate was the lowest annual U.S. jobless rate since 1969.



Wage and Salary Employment

- In 2018, overall Michigan wage and salary employment rose 1.1 percent. Nationally, employment rose 1.7 percent.
- In the goods-producing sector, Michigan employment rose 2.6 percent in 2018. The State’s service providing employment increased 0.9 percent and government employment increased 0.5 percent.
- 2018 marked Michigan employment’s eighth straight annual increase.



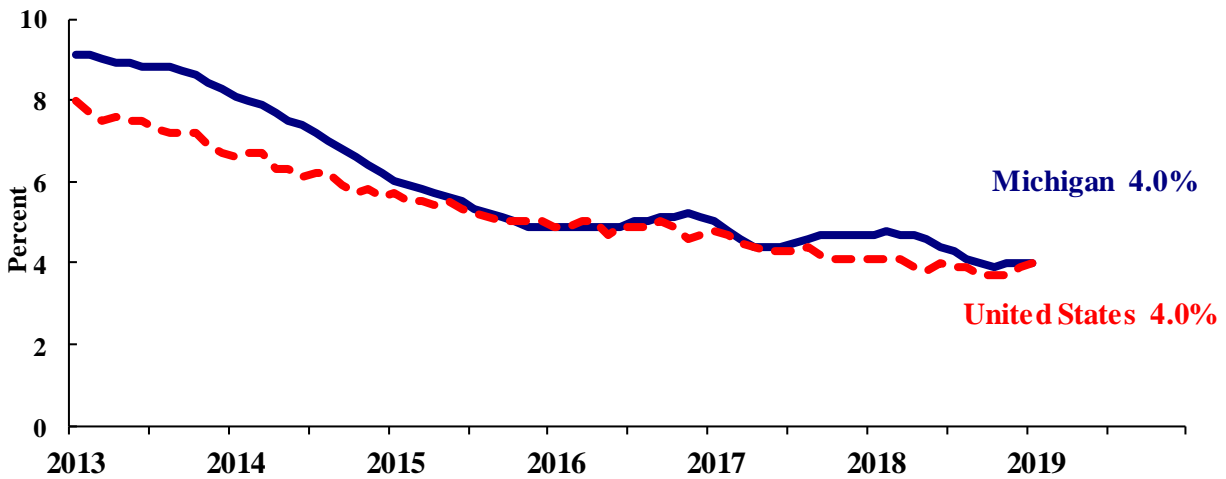
Interstate Comparisons

- In 2018, Michigan recorded the 15th highest annual unemployment rate among the 50 states. Among the five Great Lakes states, Michigan’s 2018 unemployment rate ranked third.
- Michigan’s 2018 wage and salary employment increase ranked 19th fastest among U.S. states. In 2018, Michigan recorded the fastest employment increase among the Great Lakes states.
- At 43.4 hours, Michigan recorded the fourth longest average workweek for manufacturing production workers.

Household Unemployment and Employment

- In January 2019, the Michigan unemployment rate remained unchanged from last month at 4.0 percent. In January 2019, the national unemployment rate was up 0.1 of a percentage point to 4.0 percent.
- In January 2019, Michigan's unemployment rate was down 0.5 of a percentage point from a year ago. The January U.S. unemployment rate decreased 0.1 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 2019



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

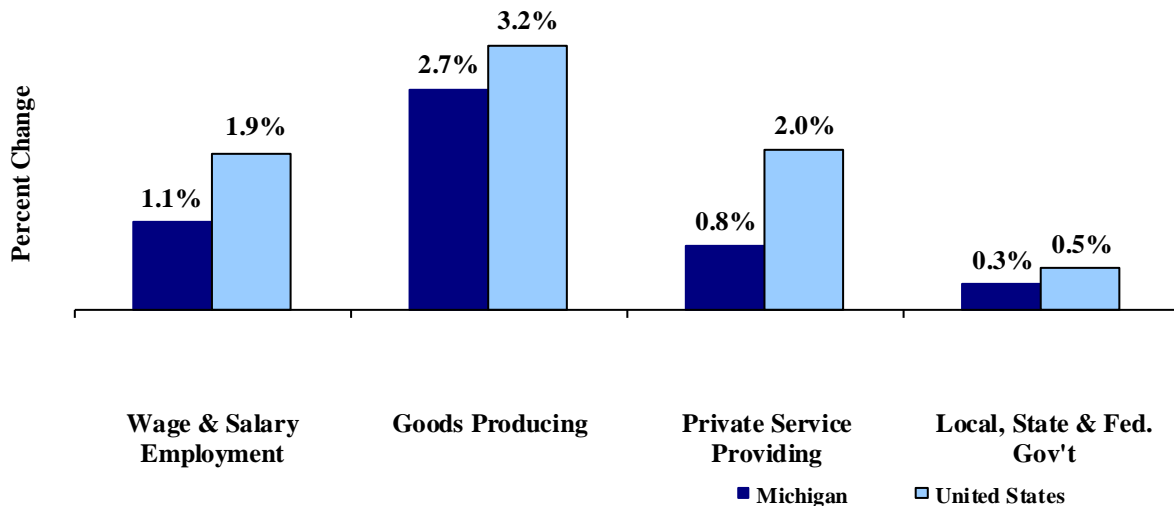
- In January, the total number of people employed in Michigan rose 11,000 persons to 4,718,000 persons. The labor force was up 12,000 persons. The statewide total number of unemployed workers rose 2,000 persons.
- United States employment totaled 156.7 million persons in January 2019. The labor force totaled 163.2 million and there were 6.5 million unemployed in January.

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

	<u>2018</u> <u>Average</u>	<u>Nov</u> <u>2018</u>	<u>Dec</u> <u>2018</u>	<u>Jan</u> <u>2019</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	4,902	4,903	4,915	12	0.2%	16	0.3%	4,907
Employed	4,657	4,707	4,707	4,718	11	0.2%	39	0.8%	4,711
Unemployed	227	196	196	198	2	1.0%	-23	-10.3%	197
Unemployment Rate	4.6%	4.0%	4.0%	4.0%	n.a.	0.0% pts	n.a.	-0.5% pts	4.0%
United States									
Labor Force	160,320	162,821	163,240	163,229	-11	0.0%	2,106	1.3%	163,097
Employed	153,337	156,803	156,945	156,694	-251	-0.2%	2,212	1.4%	156,814
Unemployed	6,982	6,018	6,294	6,535	241	3.8%	-106	-1.6%	6,282
Unemployment Rate	4.4%	3.7%	3.9%	4.0%	n.a.	0.1% pts	n.a.	-0.1% pts	3.9%

- From January 2018 to January 2019, Michigan payroll employment increased by 47,000 jobs (1.1 percent). State payroll employment rose by 9,800 jobs in January from December. Nationally, January 2019 payroll employment rose 2,800,000 (1.9 percent) from a year ago. National employment rose 311,000 jobs in January.

Payroll Employment Growth January 2018 to January 2019



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

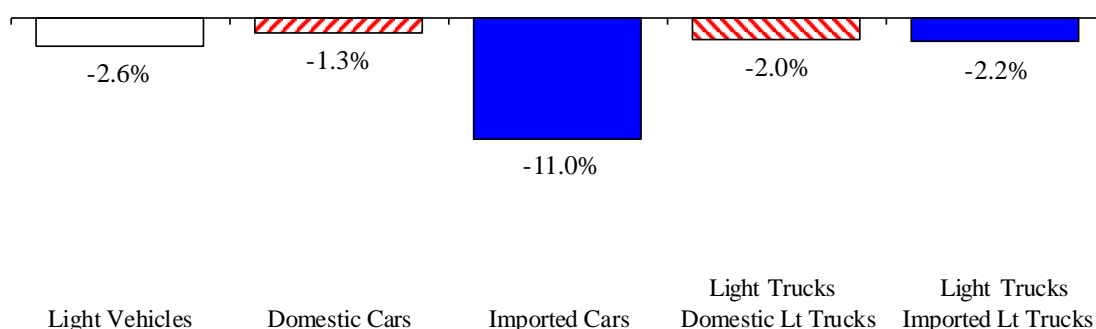
- In the goods-producing sector, Michigan payroll employment increased 2.7 percent in January from a year ago; employment in the private service-providing sector rose 0.8 percent. From a year ago, January national payroll employment rose 3.2 percent in the goods-producing sector and increased 2.0 percent in the private service-providing sector.
- At 43.2 hours, manufacturing weekly hours in Michigan were down 0.2 of an hour from last year.

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

	MI				US			
	2018 Average	MI Jan 2018	MI Jan 2019	Percent Change	2018 Average	US Jan 2018	US Jan 2019	Percent Change
Wage & Salary Employment	4,418.6	4,395.0	4,442.0	1.1%	144,352	147,767	150,586	1.9%
Goods Producing	806.2	793.9	815.3	2.7%	19,750	20,386	21,042	3.2%
Manufacturing	629.8	622.1	631.5	1.5%	12,354	12,561	12,830	2.1%
Private Service Providing	3,006.0	2,997.4	3,021.1	0.8%	102,379	105,007	107,056	2.0%
Trade, Trans. & Utilities	791.4	788.8	798.8	1.3%	27,257	27,502	27,842	1.2%
Services	1,939.8	1,934.7	1,945.1	0.5%	64,042	66,191	67,775	2.4%
Local, State & Fed. Gov't	606.5	603.7	605.6	0.3%	22,224	22,374	22,488	0.5%
Manufacturing Weekly Hours	43.4	43.4	43.2	-0.2 hrs	41.9	41.9	42.0	0.1 hrs

- January 2019 U.S. light vehicle sales fell 4.7 percent from December 2018 and were down 2.6 percent from January 2018. January 2019 marked the 59th straight month that the light vehicle annualized sales rate exceeded 16.0 million units. In January 2019, the sales rate equaled 16.7 million units.
- U.S. sales of domestic light vehicles were down 1.8 percent between January 2018 and January 2019. Foreign sales fell 5.1 percent over the same period. As a result, the foreign share of U.S. light vehicle sales fell 0.6 of a percentage point to 22.6 percent in January 2019.
- Auto sales decreased 3.6 percent compared to last January, while light truck sales were down 2.1 percent from January 2018. As a result, January 2019 marked the 16th straight month in which the light truck share of total sales exceeded 65.0 percent. Year-over-year, heavy truck sales rose 24.9 percent in January 2019 -- the 17th double-digit heavy truck y-o-y percent increase in the past 18 months.

January 2019 Light Vehicle Sales Sales Down from Last Year



Motor Vehicle Sales Statistics

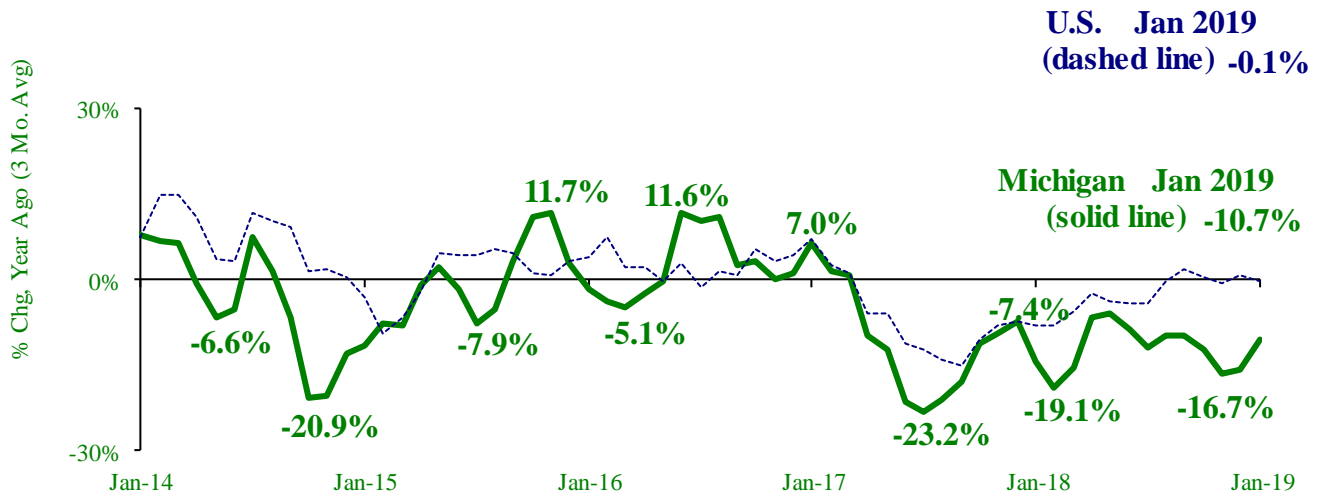
(Millions, Seasonally Adjusted Rates, unless otherwise specified)

Motor Vehicle Sales ^(c)	2018	Nov	Dec	Jan	3 Month	Jan	Jan
	Total	2018	2018	2019	Average	Chg fr Yr Ago Level	Chg fr Yr Ago %
Autos	5.3	5.2	5.2	5.3	5.2	(0.2)	-3.6%
Domestics	4.1	4.1	4.0	4.1	4.1	(0.1)	-1.3%
Imports	1.2	1.2	1.1	1.2	1.2	(0.1)	-11.0%
Import Share	22.9%	22.4%	21.9%	21.9%	22.1%	-1.8% pts	
Light Trucks	11.9	12.2	12.3	11.4	12.0	(0.2)	-2.1%
Domestics	9.2	9.4	9.5	8.8	9.2	(0.2)	-2.0%
Imports	2.8	2.8	2.8	2.6	2.7	(0.1)	-2.2%
Import Share	23.1%	22.8%	23.0%	23.0%	22.9%	0.0% pts	
Total Light Vehicles	17.2	17.4	17.5	16.7	17.2	(0.4)	-2.6%
Heavy Trucks	0.5	0.5	0.5	0.5	0.5	0.1	24.9%
Total Vehicles	17.7	17.9	18.0	17.2	17.7	(0.3)	-1.9%

Retail Inventories, Motor Vehicle and Parts Dealers (billions of dollars) ^(d)						Chg fr	Chg fr
	2018	Oct-18	Nov-18	Dec-18	3 Month	Year Ago	Year Ago
	Average	Oct-18	Nov-18	Dec-18	Average	Level	%
Inventories	\$230.4	\$237.7	\$239.1	\$240.5	\$239.1	\$20.6	9.4%
Inventory/Sales Ratio	2.25	2.30	2.30	2.31	2.30	0.15	

- At 151,222 units, January 2019 Michigan motor vehicle production was up 6.3 percent from January 2018. National production was essentially unchanged from last January. The three-month average of vehicle production (November 2018-January 2019) was down 10.7 percent in Michigan and down 0.1 percent nationally, compared to a year ago.
- In January 2019, Michigan car production was down 44.0 percent from a year ago while State truck production increased 26.1 percent. Nationally, January car production decreased 6.8 percent while U.S. truck production was up 2.6 percent.
- Michigan's share of national vehicle production rose 1.0 percentage point in January 2019 from its year-ago level to 16.6 percent. Michigan's share of car production decreased 6.4 percentage points while the State's share of truck production was up 3.5 percentage points.

Michigan Plant Change Over Pushing Michigan Vehicle Production Down



Motor Vehicle Production Statistics

(Thousands, unless otherwise specified)

	2017 Monthly Average	Nov 2018	Dec 2018	Jan 2019	3 Month Average	Jan Level Chg fr Yr Ago	Jan % Chg fr Yr Ago
U.S. Production ^(e)							
Autos	275.9	249.1	208.7	231.9	229.9	(16.8)	-6.8%
Trucks	664.8	666.7	583.1	680.1	643.3	17.0	2.6%
Total	940.7	915.8	791.8	912.0	873.2	0.2	0.0%
Michigan Production ^(f)							
Autos	52.7	23.4	21.4	22.5	22.4	(17.7)	-44.0%
Trucks	122.1	111.4	102.1	128.7	114.1	26.7	26.1%
Total	174.9	134.8	123.6	151.2	136.5	9.0	6.3%
Michigan as % of U.S.	18.6%	14.7%	15.6%	16.6%	15.6%	1.0% pts	

	<u>Oct-18</u>	<u>Nov-18</u>	<u>Dec-18</u>	<u>Jan-19</u>	<u>Change from Year Ago</u>
KEY ECONOMIC INDICATORS					
Consumer Sentiment ^(h)	98.6	97.5	98.3	91.2	-4.5 points
ISM Manufacturing Index ⁽ⁱ⁾	57.5	58.8	54.3	56.6	-2.5 points
ISM Non Manufacturing Index ⁽ⁱ⁾	60.0	60.4	58.0	56.7	-3.2 points
	<u>2018.1</u>	<u>2018.2</u>	<u>2018.3</u>	<u>2018.4</u>	
Business Executives' Confidence ^(j)	65.0	63.0	55.0	42.0	-21.0 points
INFLATION ^(k)					
1982-84 = 100 (CPI)	<u>Oct-18</u>	<u>Nov-18</u>	<u>Dec-18</u>	<u>Jan-19</u>	<u>Change from Year Ago</u>
Nov 2009 = 100 (PPI)					
U.S. Consumer Price Index	252.9	252.0	251.2	251.7	1.6%
Detroit CPI	233.1	NA	231.7	NA	1.2%
U.S. Producer Price Index	117.6	117.0	116.7	116.8	2.0%
INTEREST RATES					
90 Day T-Bill ^(l)	2.25%	2.33%	2.37%	2.37%	1.05% points
10 Year Treasury Securities ^(l)	3.15%	3.12%	2.83%	2.71%	0.31% points
INDUSTRIAL PRODUCTION ^(l)					
	109.2	109.8	109.9	109.5	3.5%
CAPACITY UTILIZATION ^(l)					
	78.5%	78.8%	78.7%	78.3%	0.9% points
RETAIL SALES ^(d)					
	\$511.6	\$511.6	\$495.2	\$507.0	2.4%
HOUSING STARTS and SALES					
(Millions Annual Rate)	<u>Oct-18</u>	<u>Nov-18</u>	<u>Dec-18</u>	<u>Jan-19</u>	<u>% Change From Year Ago</u>
Housing Starts ^(d)	1.209	1.206	1.140	1.273	5.2%
Existing Home Sales ^(m)	5.220	5.210	5.000	4.930	-11.3%
DURABLE GOODS ORDERS ^(p)					
	\$248.9	\$251.2	\$254.4	\$254.7	3.6%
PERSONAL INCOME ^(c)					
(Billions of Dollars)	<u>2018.1</u>	<u>2018.2</u>	<u>2018.3</u>	<u>2018.4</u>	<u>% Change From Year Ago</u>
Michigan	\$470.7	\$471.9	\$477.0	\$483.0	3.8%
U.S.	\$17,313.2	\$17,460.2	\$17,647.5	\$17,870.8	4.6%
GROSS DOMESTIC PRODUCT					
(Billions of Chained 2012 Dollars) ^(c)	<u>2018.1</u>	<u>2018.2</u>	<u>2018.3</u>	<u>2018.4</u>	<u>Annualized % Chg From Last Qtr</u>
	\$18,324.0	\$18,511.6	\$18,665.0	\$18,765.3	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.