

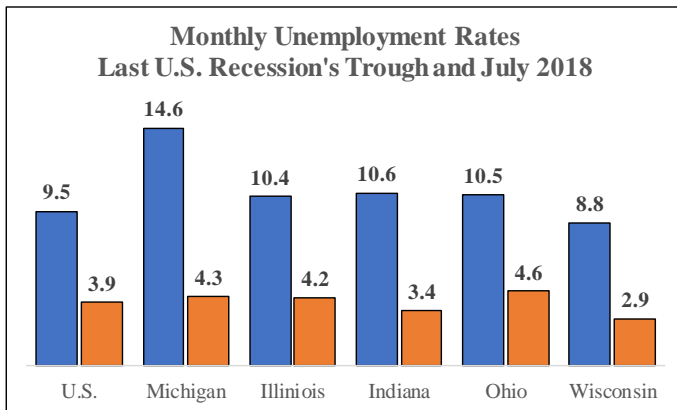


MICHIGAN ECONOMIC UPDATE

Office of Revenue and Tax Analysis
Michigan Department of Treasury

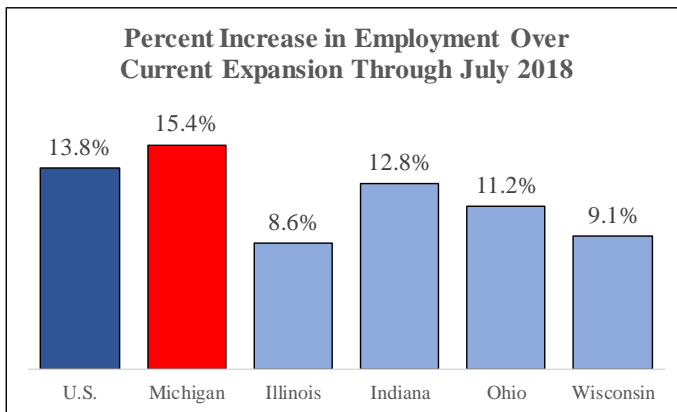
<http://www.michigan.gov/treasury>

July 2018 Summary



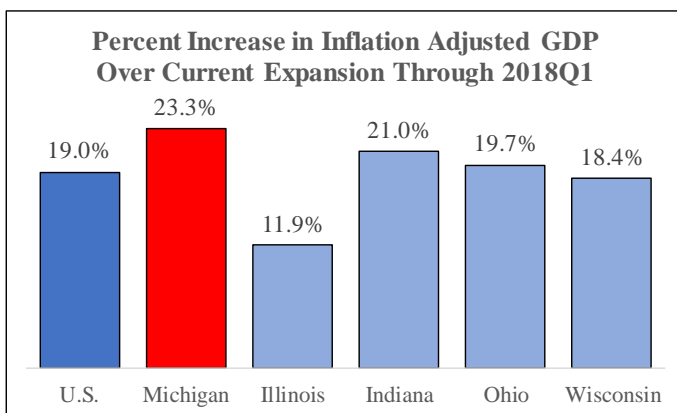
Michigan Labor Market: July 2018

- In July 2018, Michigan's unemployment rate fell 0.1 of a percentage point to 4.3 percent. Michigan's July 2018 rate was 0.2 of a percentage point lower than last July.
- July 2018 State labor force was up 0.6 percent from a year ago. Household employment rose 0.7 percent compared to July 2017.
- In July 2018, Michigan's wage and salary employment rose by 900 jobs from a month ago.
- July 2018 Michigan wage and salary employment was up by 66,300 jobs (1.5 percent) from a year ago.



Michigan Labor Market: Current Expansion

- Thus far, the current U.S. economic expansion has spanned from July 2009 through July 2018.
- Over the nine years, Michigan employment has increased 15.4 percent – the 16th largest percent gain among U.S. states.
- The manufacturing supersector accounted for the largest share of Michigan's total employment gain over the past nine years (32.2 percent).
- Professional and business services' employment gain comprised 27.0 percent of the State's overall nine-year employment gain.



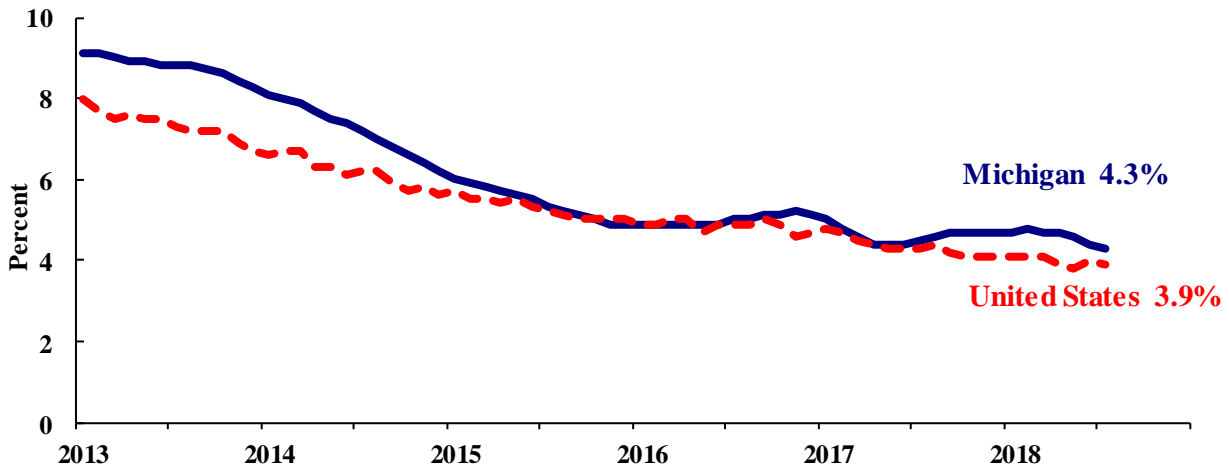
Michigan Gross Domestic Product

- Through 2018Q1, Michigan's real (inflation adjusted) gross domestic product has risen 23.3 percent over the current U.S. economic expansion – ranking ninth among U.S. states.
- The manufacturing supersector comprised 44.8 percent of Michigan's overall nine-year real GDP gain.
- The professional and business services supersector accounted for the 20.6 percent of the State's overall real GDP increase.
- The trade, transportation and utilities supersector accounted for 16.6 percent of Michigan's overall real GDP increase.

Household Unemployment and Employment

- In July 2018, the Michigan unemployment rate fell 0.1 of a percentage point to 4.3 percent. The national unemployment rate fell to 3.9 percent.
- In July 2018, Michigan’s unemployment rate was down 0.2 of a percentage point from a year ago. The July U.S. unemployment rate decreased 0.4 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 July 2013 to July 2018



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

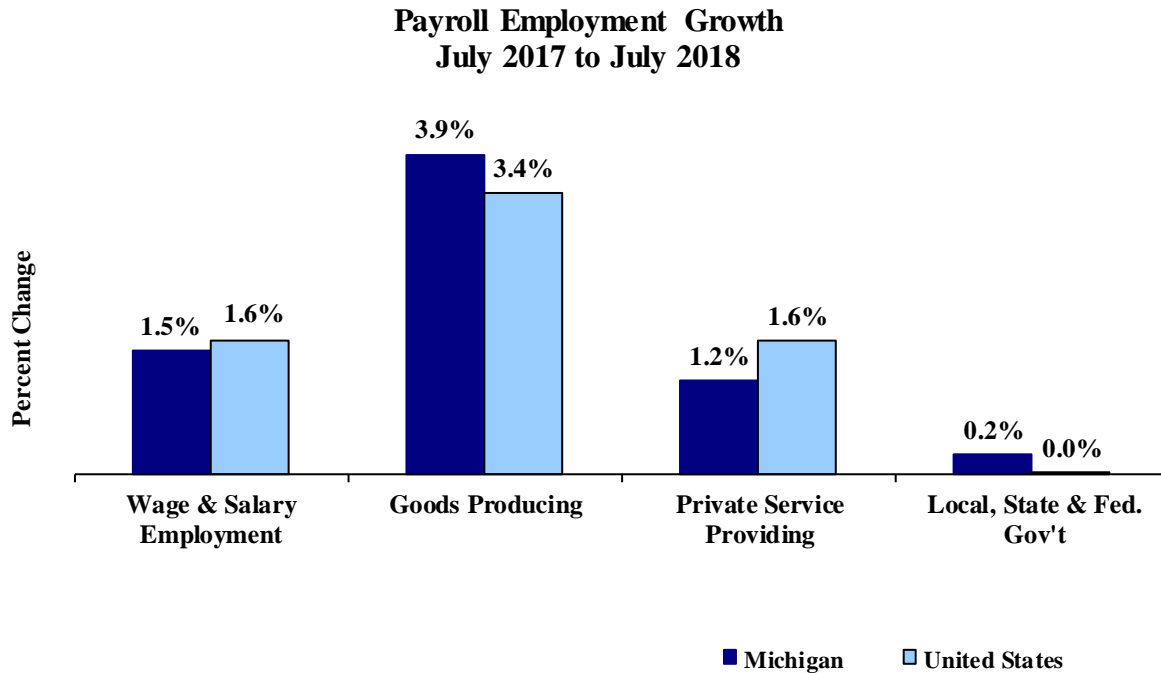
- In July, the total number of people employed in Michigan increased 5,500 to 4,698,000 persons while the labor force fell by 1,000. The statewide total number of unemployed workers fell by 6,500 to 212,000.
- United States employment totaled 156.0 million persons in July 2018. The labor force totaled 162.2 million and there were 6.3 million unemployed in July.

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

	2017 Average	May 2018	Jun 2018	Jul 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	4,908	4,911	4,910	-1	0.0%	29	0.6%	4,910
Employed	4,657	4,684	4,692	4,698	5	0.1%	35	0.7%	4,692
Unemployed	227	223	219	212	-7	-3.0%	-6	-2.6%	218
Unemployment Rate	4.6%	4.3%	4.3%	4.3%	n.a.	0.0% pts	n.a.	0.0% pts	4.3%
United States									
Labor Force	160,320	161,539	162,140	162,245	105	0.1%	1,778	1.1%	161,975
Employed	153,337	155,474	155,576	155,965	389	0.3%	2,454	1.6%	155,672
Unemployed	6,982	6,065	6,564	6,280	-284	-4.3%	-676	-9.7%	6,303
Unemployment Rate	4.4%	3.8%	4.0%	3.9%	n.a.	-0.1% pts	n.a.	-0.4% pts	3.9%

Employment by Place of Work (Payroll)

- From July 2017 to July 2018, Michigan payroll employment increased 66,300 jobs (1.5 percent). State payroll employment rose by 900 jobs in July from June. Nationally, July 2018 payroll employment rose 2,400,000 (1.6 percent) from a year ago. National employment rose 157,000 jobs in July.



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

- In the goods-producing sector, Michigan payroll employment increased 3.9 percent in July from a year ago; employment in the private service-providing sector rose 1.2 percent. From a year ago, July national payroll employment rose 3.4 percent in the goods-producing sector and increased 1.6 percent in the private service-providing sector.
- At 43.2 hours, manufacturing weekly hours in Michigan were up 0.2 of an hour from last year.

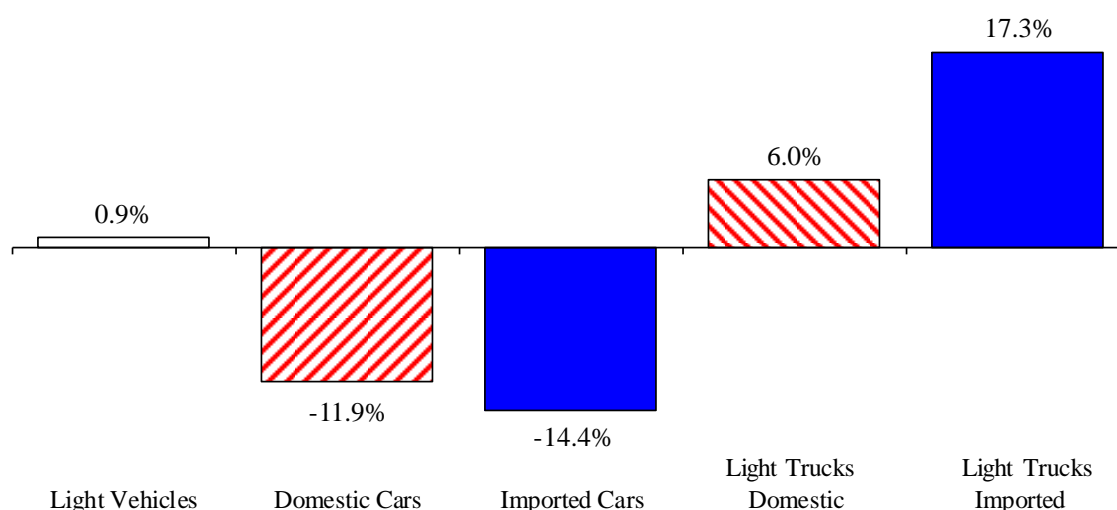
Wage and Salary (Payroll) Employment (in thousands)^(b)

	MI				US			
	2017 Average	MI July 2017	MI July 2018	Percent Change	2017 Average	US July 2017	US July 2018	Percent Change
Wage & Salary Employment	4,371.3	4,364.3	4,430.6	1.5%	144,352	146,728	149,128	1.6%
Goods Producing	784.6	777.9	808.3	3.9%	19,750	20,040	20,728	3.4%
Manufacturing	614.7	607.2	623.6	2.7%	12,354	12,424	12,751	2.6%
Private Service Providing	2,982.7	2,983.2	3,017.6	1.2%	102,379	104,362	106,066	1.6%
Trade, Trans. & Utilities	788.1	788.1	790.3	0.3%	27,257	27,470	27,801	1.2%
Services	1,920.1	1,921.0	1,952.7	1.7%	64,042	65,637	66,925	2.0%
Local, State & Fed. Gov't	604.0	603.2	604.7	0.2%	22,224	22,326	22,334	0.0%
Manufacturing Weekly Hours	43.1	43.0	43.2	0.2 hrs	41.9	42.0	42.1	0.1 hrs

Motor Vehicle Sales

- July 2018 U.S. light vehicle sales fell 3.1 percent from June 2018 and were down 0.1 percent from July 2017. July 2018 marked the 53rd straight month that the light vehicle annualized sales rate equaled or exceeded 16.0 million units. In July 2018, the annualized sales rate equaled 16.7 million units.
- U.S. sales of domestic light vehicles decreased 0.2 percent between July 2017 and July 2018. Foreign sales were up 0.2 percent over the same period. As a result, the foreign share of U.S. light vehicle sales rose 0.1 of a percentage point to 22.6 percent in July 2018.
- Auto sales decreased 13.9 percent compared to last July, while light truck sales were up 7.5 percent from July 2017. As a result, July 2018 marked the 28th straight month in which the light truck share of total sales exceeded 60.0 percent. Year-over-year, heavy truck sales rose 13.4 percent in July 2018 -- marking the 14th consecutive month in which heavy truck sales were up from a year ago.

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



Motor Vehicle Sales Statistics

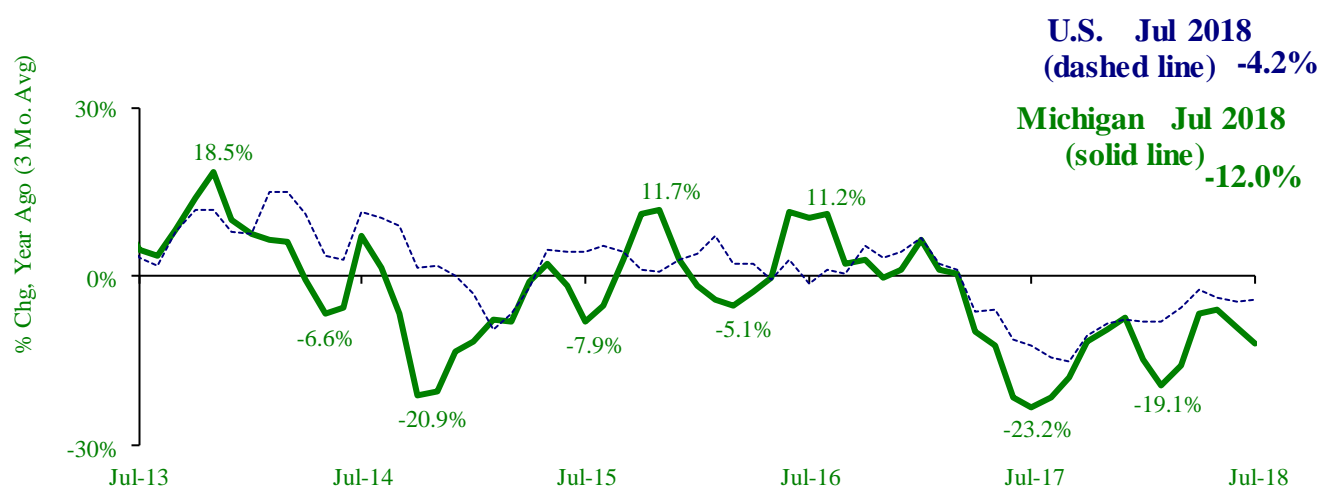
(Millions, Seasonally Adjusted Rates, unless otherwise specified)

Motor Vehicle Sales ^(c)	2017	May	Jun	Jul	3 Month	Jul	Jul
	Total	2018	2018	2018	Average	Chg fr Yr Ago Level	Chg fr Yr Ago %
Autos	6.1	5.4	5.2	5.1	5.2	(0.8)	-13.9%
Domestics	4.6	4.1	4.0	3.9	4.0	(0.6)	-12.6%
Imports	1.5	1.3	1.2	1.2	1.2	(0.3)	-18.1%
Import Share	24.2%	24.6%	23.7%	22.7%	23.7%	-1.2% pts	
Light Trucks	11.1	11.8	12.0	11.6	11.8	0.8	7.5%
Domestics	8.7	9.0	9.1	9.0	9.0	0.5	6.4%
Imports	2.4	2.8	2.8	2.6	2.8	0.3	11.2%
Import Share	21.7%	23.8%	23.7%	22.5%	23.3%	0.8% pts	
Total Light Vehicles	17.1	17.2	17.2	16.7	17.0	(0.0)	-0.1%
Heavy Trucks	0.4	0.5	0.5	0.5	0.5	0.1	13.4%
Total Vehicles	17.6	17.7	17.7	17.1	17.5	0.0	0.2%

Retail Inventories, Motor Vehicle and Parts Dealers (billions of dollars) ^(d)	2017	Apr-18	May-18	Jun-18	3 Month	Chg fr	Chg fr
	Average	Apr-18	May-18	Jun-18	Average	Year Ago Level	Year Ago %
Inventories	\$221.5	\$224.6	\$226.6	\$226.4	\$225.9	\$2.7	1.2%
Inventory/Sales Ratio	2.22	2.20	2.21	2.20	2.20	-0.05	

- At 119,333 units, July 2018 Michigan motor vehicle production was down 2.8 percent from July 2017. National production increased 9.8 percent from last July. The three-month average of vehicle production (May 2018-July 2018) was down 12.0 percent in Michigan and down 4.2 percent nationally, compared to a year ago.
- In July 2018, Michigan car production was down 44.6 percent from a year ago while State truck production increased 13.8 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 increased 13.2 percent while U.S. truck production was up 8.7 percent.
- Michigan's share of national vehicle production fell 2.2 percentage points in July 2018 from its year-ago level to 17.2 percent. Michigan's share of car production decreased 11.0 percentage points while the State's share of truck production was up 0.9 of a percentage point.

Michigan Plant Chage Over Pushing Michigan Vehicle Production Down



Motor Vehicle Production Statistics

(Thousands, unless otherwise specified)

	2017 Monthly Average	April 2018	Jun 2018	Jul 2018	3 Month Average	Jul Level Chg fr Yr Ago	Jul % Chg fr Yr Ago
U.S. Production ^(e)							
Autos	346.4	255.1	233.0	183.1	223.8	21.3	13.2%
Trucks	678.9	660.0	678.5	512.7	617.1	40.8	8.7%
Total	1,025.3	915.1	911.5	695.8	840.8	62.1	9.8%
Michigan Production ^(f)							
Autos	70.3	38.1	31.4	19.3	29.6	(15.5)	-44.6%
Trucks	128.7	122.0	124.0	100.1	115.4	12.1	13.8%
Total	199.0	160.1	155.4	119.3	144.9	(3.4)	-2.8%
Michigan as % of U.S.	19.4%	17.5%	17.0%	17.2%	17.2%	-2.2% pts	

U.S. Economic Conditions

	<u>Apr-18</u>	<u>May-18</u>	<u>Jun-18</u>	<u>Jul-18</u>	<u>Change from Year Ago</u>
KEY ECONOMIC INDICATORS					
Consumer Sentiment ^(h)	98.8	98.0	98.2	97.9	4.5 points
ISM Manufacturing Index ⁽ⁱ⁾	57.3	58.7	60.2	58.1	1.6 points
ISM Non Manufacturing Index ⁽ⁱ⁾	56.8	58.6	59.1	55.7	1.4 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>Apr-18</u>	<u>May-18</u>	<u>Jun-18</u>	<u>Jul-18</u>	<u>Change from Year Ago</u>
Nov 2009 = 100 (PPI)					
U.S. Consumer Price Index	250.5	251.6	252.0	252.0	2.9%
Detroit CPI	231.8	NA	234.7	NA	3.6%
U.S. Producer Price Index	115.6	116.2	116.7	116.7	3.3%
INTEREST RATES					
90 Day T-Bill ^(l)	1.76%	1.86%	1.90%	1.96%	0.89% points
10 Year Treasury Securities ^(l)	2.87%	2.98%	2.91%	2.89%	0.57% points
INDUSTRIAL PRODUCTION ^(l)	107.7	106.8	107.9	108.0	4.2%
CAPACITY UTILIZATION ^(l)	78.3%	77.5%	78.1%	78.1%	2.0% points
RETAIL SALES ^(d)	\$497.8	\$504.0	\$504.9	\$507.5	6.4%
HOUSING STARTS and SALES					
(Millions Annual Rate)	<u>Apr-18</u>	<u>May-18</u>	<u>Jun-18</u>	<u>Jul-18</u>	<u>% Change From Year Ago</u>
Housing Starts ^(d)	1.276	1.329	1.158	1.168	-1.4%
Existing Home Sales ^(m)	5.450	5.410	5.380	5.340	-1.5%
DURABLE GOODS ORDERS ^(p)	\$250.1	\$249.4	\$251.1	\$246.9	9.2%
PERSONAL INCOME ^(c)					
(Billions of Dollars)	<u>2017.2</u>	<u>2017.3</u>	<u>2017.4</u>	<u>2018.1</u>	<u>% Change From Year Ago</u>
Michigan	\$448.2	\$451.1	\$455.9	\$461.8	3.0%
U.S.	\$16,326.9	\$16,453.9	\$16,644.9	\$16,821.4	3.6%
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	\$18,507.2	4.1%

- (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.