



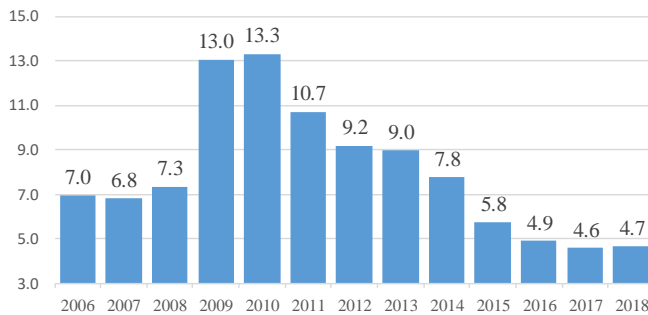
MICHIGAN ECONOMIC UPDATE

Office of Revenue and Tax Analysis
Michigan Department of Treasury

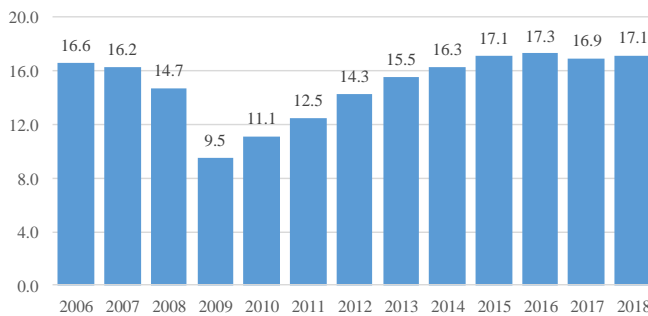
<http://www.michigan.gov/treasury>

June 2018 Summary

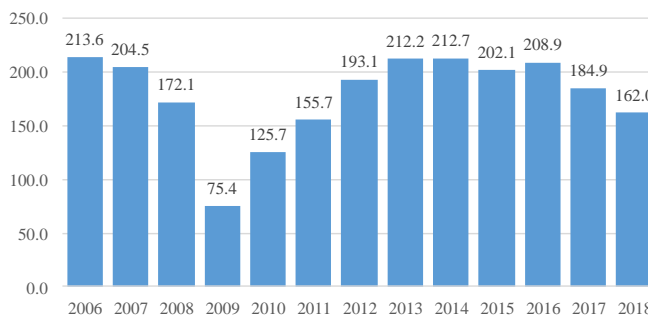
**Michigan's Average Unemployment Rate
January-June Average Rate**



**U.S. Light Vehicle Sales Annual Rate
January-June Average Rate (millions)**



**Michigan Vehicle Production
January-June Monthly Average (thousands)**



Michigan Labor Market

- In June 2018, Michigan's unemployment rate fell 0.1 of a percentage point to 4.5 percent. However, Michigan's June 2018 rate was 0.1 of a percentage point higher than last June.
- June 2018 State labor force was up 0.8 percent from a year ago. Household employment rose 0.7 percent compared to June 2017.
- In June 2018, Michigan's wage and salary employment rose by 5,400 jobs from a month ago.
- June 2018 Michigan wage and salary employment was up by 51,600 jobs (1.2 percent) from a year ago.

Vehicle Sales

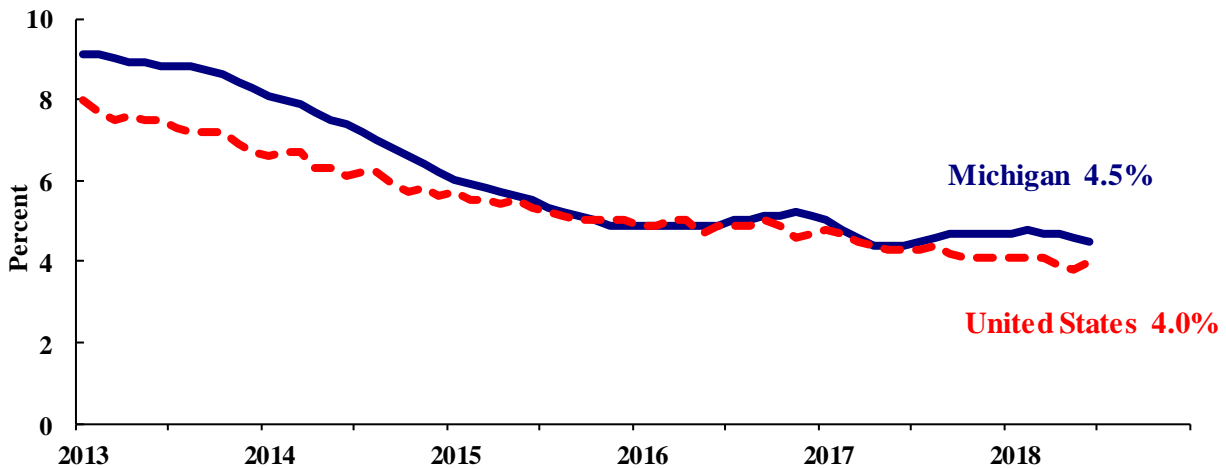
- June 2018 annualized light vehicle sales were up 4.7 percent from last June.
- Light vehicles are divided into cars and light trucks, which include SUVs. June 2018 auto sales were down 9.0 percent from a year ago while light truck sales were up 11.9 percent.
- Domestic light vehicle sales were up 3.0 percent from a year ago while foreign sales rose 10.6 percent. As a result, the foreign share of U.S. light vehicle sales increased from 22.2 percent last June to 23.4 percent.

Vehicle Production

- June 2018 Michigan vehicle production was down 14.9 percent from a year ago, compared with a 7.3 percent decline nationally.
- In June 2018, Michigan auto production was down by 22,300 units (-41.5 percent) from last June while State truck production fell by 4,900 units (-3.8 percent). Vehicle maker retooling and the transition from auto to truck production largely explain the sharp decline in production.
- In June 2018, Michigan's share of national vehicle production was down by 0.1 of a percentage point compared to last year to 18.3 percent.

- In June 2018, the Michigan unemployment rate fell 0.1 of a percentage point to 4.5 percent. The national unemployment rate rose to 4.0 percent.
- In June 2018, Michigan’s unemployment rate was up 0.1 of a percentage point from a year ago. The June U.S. unemployment rate decreased 0.3 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 June 2013 to June 2018



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

- In June, the total number of people employed in Michigan increased 8,000 to 4,692,000 persons while the labor force rose by 3,000. The statewide total number of unemployed workers fell by 5,000 to 219,000.
- United States employment totaled 155.6 million persons in June 2018. The labor force totaled 162.1 million and there were 6.6 million unemployed in June.

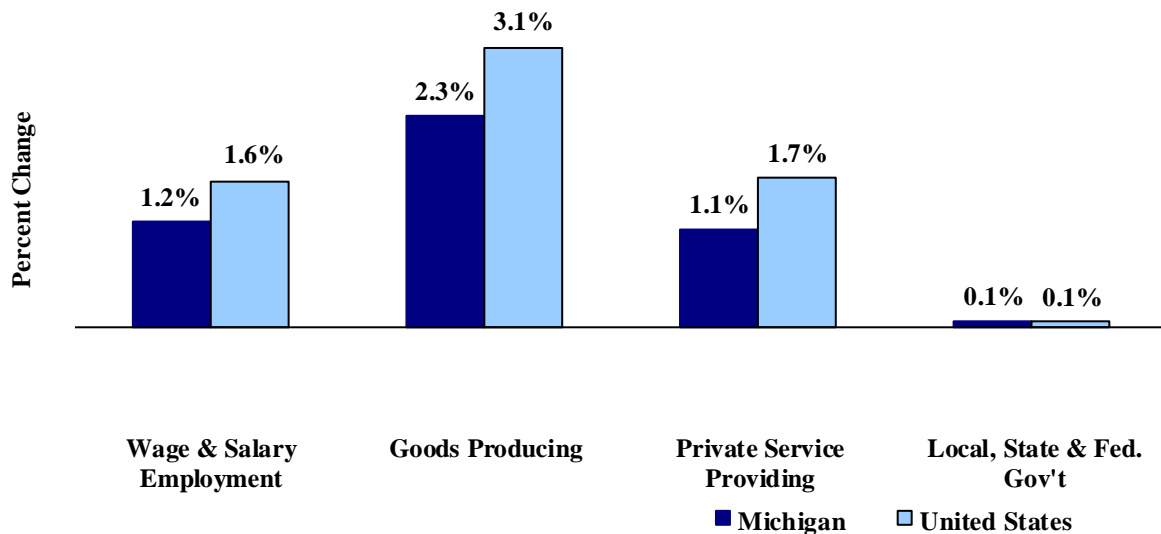
Employment by Place of Residence (in thousands)^(a)

	<u>2017</u> <u>Average</u>	<u>Apr</u> <u>2018</u>	<u>May</u> <u>2018</u>	<u>Jun</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	4,903	4,908	4,911	3	0.1%	38	0.8%	4,907
Employed	4,657	4,674	4,684	4,692	8	0.2%	32	0.7%	4,684
Unemployed	227	228	223	219	-5	-2.2%	6	2.7%	223
Unemployment Rate	4.6%	4.7%	4.6%	4.5%	n.a.	-0.1% pts	n.a.	0.1% pts	4.6%
United States									
Labor Force	160,320	161,527	161,539	162,140	601	0.4%	1,926	1.2%	161,735
Employed	153,337	155,181	155,474	155,576	102	0.1%	2,326	1.5%	155,410
Unemployed	6,982	6,346	6,065	6,564	499	8.2%	-400	-5.7%	6,325
Unemployment Rate	4.4%	3.9%	3.8%	4.0%	n.a.	0.2% pts	n.a.	-0.3% pts	3.9%

Employment by Place of Work (Payroll)

- From June 2017 to June 2018, Michigan payroll employment increased 51,600 jobs (1.2 percent). State payroll employment rose by 5,400 jobs in June from May. Nationally, June 2018 payroll employment rose 2,374,000 (1.6 percent) from a year ago. National employment rose 213,000 jobs in June.

**Payroll Employment Growth
June 2017 to June 2018**



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

- In the goods-producing sector, Michigan payroll employment increased 2.3 percent in June from a year ago; employment in the private service-providing sector rose 1.1 percent. From a year ago, June national payroll employment rose 3.1 percent in the goods-producing sector and increased 1.7 percent in the private service-providing sector.
- At 42.8 hours, manufacturing weekly hours in Michigan were down 0.2 of an hour from last year.

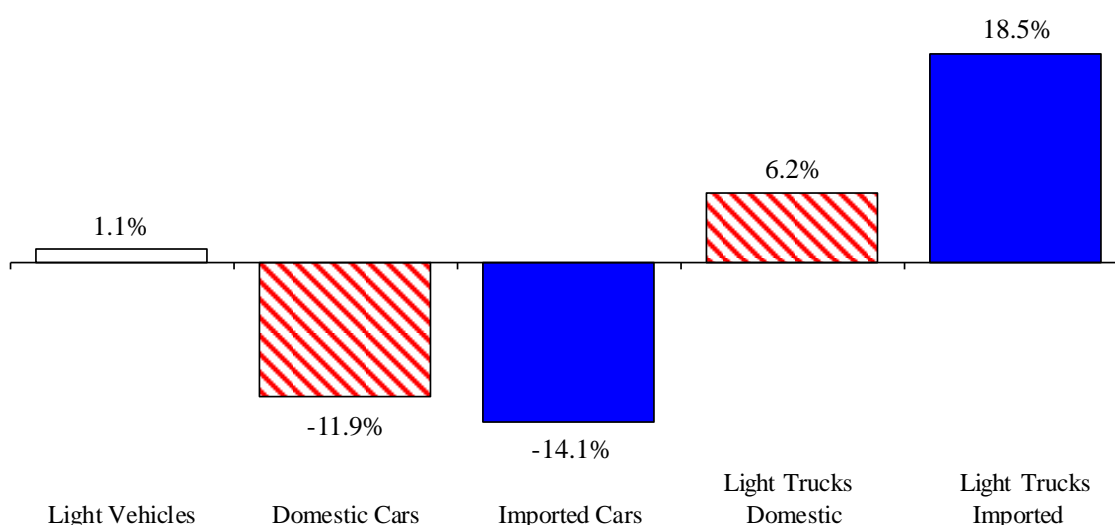
Wage and Salary (Payroll) Employment (in thousands)^(b)

	MI				US			
	2017 Average	MI June 2017	MI June 2018	Percent Change	2017 Average	US June 2017	US June 2018	Percent Change
Wage & Salary Employment	4,371.3	4,375.6	4,427.2	1.2%	144,352	146,538	148,912	1.6%
Goods Producing	784.6	785.4	803.8	2.3%	19,750	20,048	20,672	3.1%
Manufacturing	614.7	615.5	620.6	0.8%	12,354	12,428	12,713	2.3%
Private Service Providing	2,982.7	2,987.0	3,019.7	1.1%	102,379	104,166	105,899	1.7%
Trade, Trans. & Utilities	788.1	789.0	793.5	0.6%	27,257	27,462	27,770	1.1%
Services	1,920.1	1,923.0	1,950.6	1.4%	64,042	65,459	66,785	2.0%
Local, State & Fed. Gov't	604.0	603.2	603.7	0.1%	22,224	22,324	22,341	0.1%
Manufacturing Weekly Hours	43.1	43.0	42.8	-0.2 hrs	41.9	42.0	42.1	0.1 hrs

Motor Vehicle Sales

- June 2018 U.S. light vehicle sales rose 3.2 percent from May 2018 and were up 4.7 percent from June 2017. June 2018 marked the 52nd straight month that the light vehicle annualized sales rate equaled or exceeded 16.0 million units. In June 2018, the annualized sales rate equaled 17.4 million units.
- U.S. sales of domestic light vehicles increased 3.0 percent between June 2017 and June 2018. However, foreign sales were up 10.6 percent over the same period. As a result, the foreign share of U.S. light vehicle sales rose 1.3 percentage points to 23.4 percent in June 2018.
- Auto sales decreased 9.0 percent compared to last June, while light truck sales were up 11.9 percent from June 2017. As a result, June 2018 marked the 27th straight month in which the light truck share of total sales exceeded 60.0 percent. Year-over-year, heavy truck sales rose 14.1 percent in June 2018 -- marking the 13th consecutive month in which heavy truck sales were up from a year ago.

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



Motor Vehicle Sales Statistics

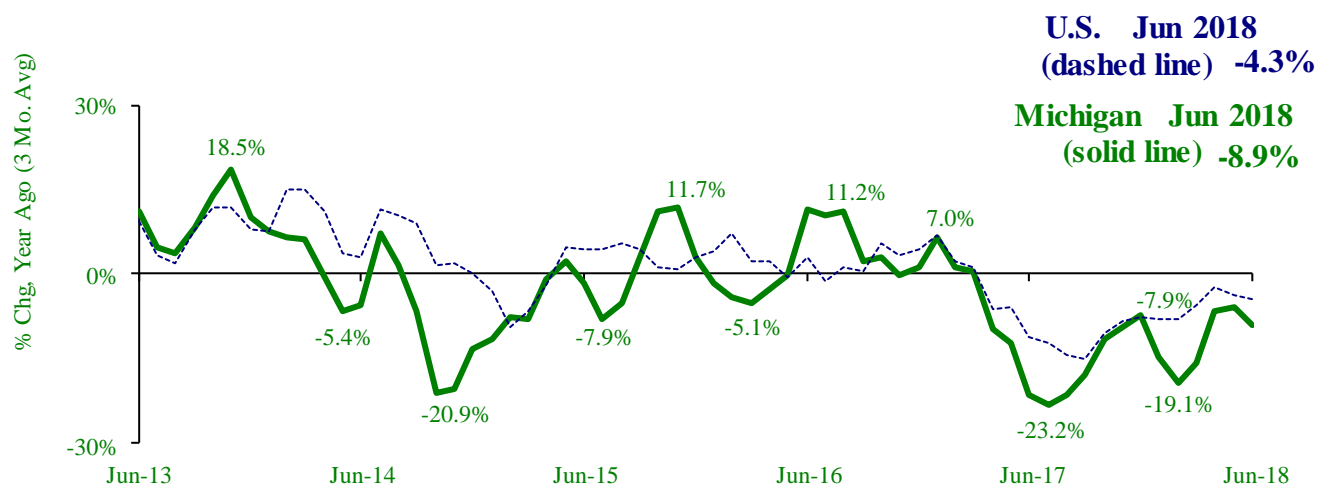
(Millions, Seasonally Adjusted Rates, unless otherwise specified)

Motor Vehicle Sales ^(c)	2017	Apr	May	Jun	3 Month	May	May
	Total	2018	2018	2018	Average	Chg fr Yr Ago Level	Chg fr Yr Ago %
Autos	6.1	5.3	5.2	5.2	5.3	(0.5)	-9.0%
Domestics	4.6	4.0	4.0	4.0	4.0	(0.4)	-9.3%
Imports	1.5	1.3	1.3	1.2	1.3	(0.1)	-8.0%
Import Share	24.2%	23.8%	24.3%	23.7%	23.9%	0.3% pts	
Light Trucks	11.1	11.9	11.6	12.1	11.9	1.3	11.9%
Domestics	8.7	9.1	8.8	9.3	9.1	0.8	9.3%
Imports	2.4	2.8	2.8	2.8	2.8	0.5	21.4%
Import Share	21.7%	23.3%	23.9%	23.3%	23.5%	1.8% pts	
Total Light Vehicles	17.1	17.2	16.8	17.4	17.1	0.8	4.7%
Heavy Trucks	0.4	0.5	0.5	0.5	0.5	0.1	14.1%
Total Vehicles	17.6	17.6	17.3	17.9	17.6	0.8	4.9%

Retail Inventories, Motor Vehicle and Parts Dealers (billions of dollars) ^(d)	2017	Mar-18	Apr-18	May-18	3 Month	Chg fr	Chg fr
	Average	Mar-18	Apr-18	May-18	Average	Year Ago Level	Year Ago %
Inventories	\$221.5	\$222.9	\$224.6	\$226.7	\$224.7	\$4.3	1.9%
Inventory/Sales Ratio	2.22	2.19	2.20	2.20	2.20	-0.05	

- At 155,364 units, June 2018 Michigan motor vehicle production was down 14.9 percent from June 2017. National production decreased 7.3 percent from last June. The three-month average of vehicle production (April 2018-June 2018) was down 8.9 percent in Michigan and down 4.3 percent nationally, compared to a year ago.
- In June 2018, Michigan car production was down 41.5 percent from a year ago while State truck production decreased 3.8 percent. Continued vehicle maker retooling and the transition from auto to truck production largely explain the sharp drop in production. Nationally, car production decreased 17.2 percent while U.S. truck production was down 3.2 percent.
- Michigan's share of national vehicle production fell 1.6 percentage points in June 2018 from its year-ago level to 17.0 percent. Michigan's share of car production decreased 5.5 percentage points while the State's share of truck production was down 0.1 of a percentage point.

Michigan and National Vehicle Production Declines Trending Slightly Faster



Motor Vehicle Production Statistics

(Thousands, unless otherwise specified)

	2017 Monthly Average	April 2018	May 2018	Jun 2018	3 Month Average	Jun Level Chg fr Yr Ago	Jun % Chg fr Yr Ago
U.S. Production ^(e)							
Autos	346.4	269.7	255.1	233.0	252.6	(48.5)	-17.2%
Trucks	678.9	677.4	660.0	678.5	672.0	(22.7)	-3.2%
Total	1,025.3	947.0	915.1	911.5	924.6	(71.3)	-7.3%
Michigan Production ^(f)							
Autos	70.3	54.6	38.1	31.4	41.4	(22.3)	-41.5%
Trucks	128.7	119.9	122.0	124.0	122.0	(4.9)	-3.8%
Total	199.0	174.5	160.1	155.4	163.3	(27.1)	-14.9%
Michigan as % of U.S.	19.4%	18.4%	17.5%	17.0%	17.7%	-1.6% pts	

U.S. Economic Conditions

	<u>Mar-18</u>	<u>Apr-18</u>	<u>May-18</u>	<u>Jun-18</u>	<u>Change from Year Ago</u>
KEY ECONOMIC INDICATORS					
Consumer Sentiment ^(h)	101.4	98.8	98.0	98.2	3.2 points
ISM Manufacturing Index ⁽ⁱ⁾	59.3	57.3	58.7	60.2	3.5 points
ISM Non Manufacturing Index ⁽ⁱ⁾	58.8	56.8	58.6	59.1	1.9 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>Mar-18</u>	<u>Apr-18</u>	<u>May-18</u>	<u>Jun-18</u>	<u>Change from Year Ago</u>
Nov 2009 = 100 (PPI)					
U.S. Consumer Price Index	249.6	250.5	251.6	252.0	2.9%
Detroit CPI	NA	231.8	NA	234.7	3.6%
U.S. Producer Price Index	115.5	115.6	116.2	116.7	3.4%
INTEREST RATES					
90 Day T-Bill ^(l)	1.70%	1.76%	1.86%	1.90%	0.92% points
10 Year Treasury Securities ^(l)	2.84%	2.87%	2.98%	2.91%	0.72% points
INDUSTRIAL PRODUCTION ^(l)					
	106.4	107.6	107.6	107.6	3.7%
CAPACITY UTILIZATION ^(l)					
	77.5%	78.2%	77.7%	78.0%	1.8% points
RETAIL SALES ^(d)					
	\$496.1	\$497.8	\$504.3	\$506.8	6.6%
HOUSING STARTS and SALES					
(Millions Annual Rate)	<u>Mar-18</u>	<u>Apr-18</u>	<u>May-18</u>	<u>Jun-18</u>	<u>% Change From Year Ago</u>
Housing Starts ^(d)	1.327	1.276	1.337	1.173	-4.2%
Existing Home Sales ^(m)	5.600	5.450	5.410	5.380	-2.2%
DURABLE GOODS ORDERS ^(p)					
	\$252.8	\$250.1	\$249.4	\$251.9	3.2%
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.