



MICHIGAN ECONOMIC UPDATE

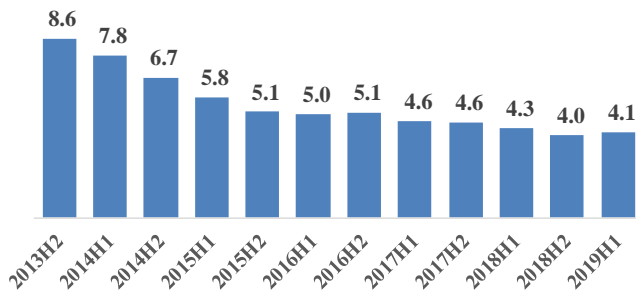
Office of Revenue and Tax Analysis
Michigan Department of Treasury

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

Summarizing Economic Data for June 2019 (published 08/07/2019)

Mid-Year 2019 Review

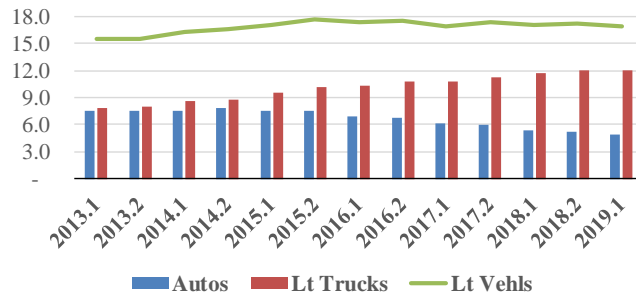
Average Michigan Unemployment Rate
2013H2 - 2019H1



Michigan Labor Market

- In the first half of 2019 (2019H1), Michigan's average unemployment rate rose 0.1 of a percentage point from 2018H2 to 4.1 percent. Compared to a year ago, Michigan's 2019H1 unemployment rate was down 0.2 of a percentage point.
- Compared with 2018H1, Michigan's 2019H1 labor force was up 0.7 percent and household employment was up 1.0 percent.
- In 2019H1, Michigan's average wage and salary employment rose a net 32,600 jobs from a year ago. Manufacturing employment rose 8,500 jobs while leisure and hospitality jobs increased 7,400.

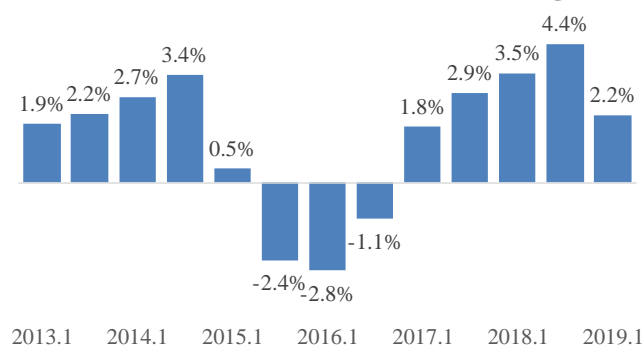
U.S. Light Vehicle Annualized Sales Rate
(millions of units)



Vehicle Sales and Production

- Averaging a 16.9 million unit rate, 2019H1 U.S. light vehicle sales were down 310,000 units from 2018H2 and down 240,000 units from 2018H1.
- Over the past year, the auto sales rate fell 450,000 units while the light truck sales rate rose 210,000.
- Between 2018H1 and 2019H1, total Michigan auto production fell 123,108 units (-45.5 percent) and State truck production was up 153,380 units (21.9 percent).
- In 2019H1, Michigan's share of national vehicle production (18.0 percent) was up by 0.8 of a percentage point compared to 2018H1.

Industrial Production Growth from Year Ago



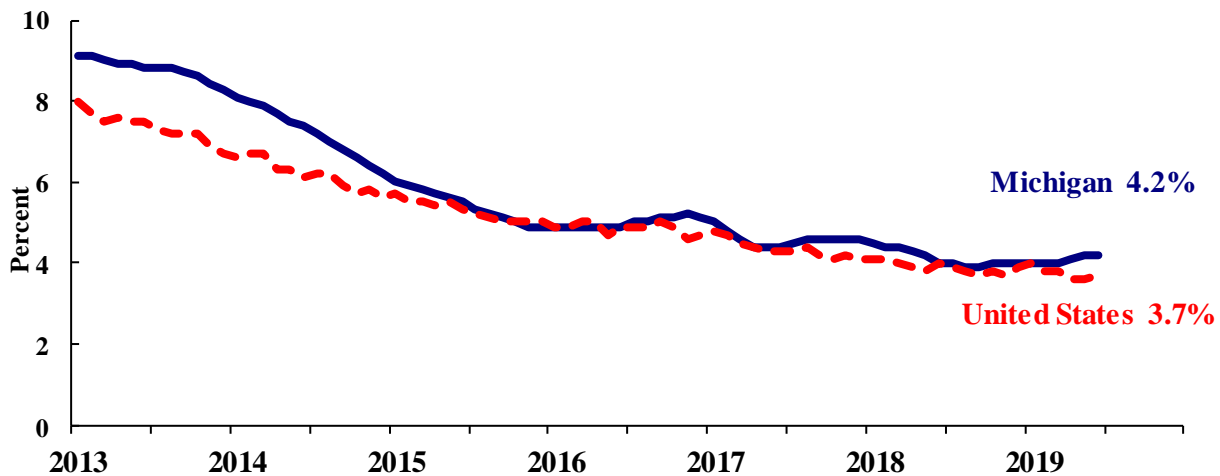
U.S. Major Economic Indicators

- Between 2018H1 and 2019H1, average real GDP rose 2.5 percent.
- Compared to a year earlier, average consumer and producer indices fell in 2019H1.
 - The average consumer sentiment index was down 2.2 points, but remained historically high.
 - Both the average ISM manufacturing index and the ISM non-manufacturing index fell from a year ago, but both indices' 2019H1 averages signaled continued sector and economy growth.
- Average industrial production rose a modest 2.2 percent between 2018H1 and 2019H1 with the average capacity utilization rate rising a slight 0.1 point. Average 2019H1 retail sales were up 3.1 percent from a year earlier.

Household Unemployment and Employment

- In June 2019, the Michigan unemployment rate remained unchanged at 4.2 percent. In June 2019, the national unemployment rate rose 0.1 of a percentage point to 3.7 percent.
- In June 2019, Michigan's unemployment rate rose 0.2 of a percentage point from a year ago. The June 2019 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 2019



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

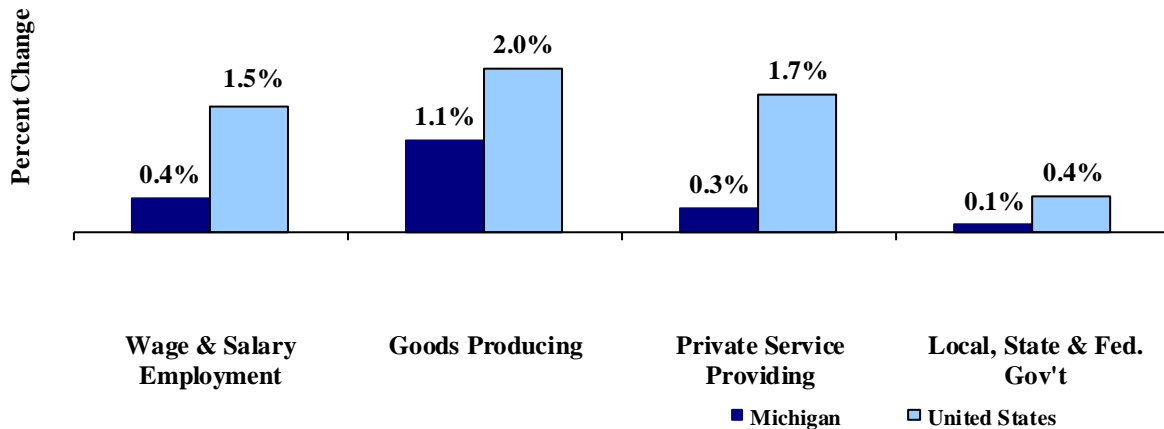
- In June, the total number of people employed in Michigan rose 2,000 persons to 4,748,000 persons. The State labor force was up 4,000 persons. The statewide total number of unemployed workers rose 3,000 persons.
- United States employment totaled 157.0 million persons in June 2019. The labor force totaled 163.0 million and there were 6.0 million unemployed in June.

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

	<u>Annual</u> <u>2018</u>	<u>Apr</u> <u>2019</u>	<u>May</u> <u>2019</u>	<u>Jun</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	4,902	4,947	4,953	4,957	4	0.1%	58	1.2%	4,952
Employed	4,699	4,746	4,746	4,748	2	0.0%	46	1.0%	4,747
Unemployed	203	202	207	210	3	1.4%	12	6.1%	206
Unemployment Rate	4.1%	4.1%	4.2%	4.2%	n.a.	0.0% pts	n.a.	0.2% pts	4.2%
United States									
Labor Force	162,075	162,470	162,646	162,981	335	0.2%	852	0.5%	162,699
Employed	155,761	156,645	156,758	157,005	247	0.2%	1,413	0.9%	156,803
Unemployed	6,314	5,824	5,888	5,975	87	1.5%	-562	-8.6%	5,896
Unemployment Rate	3.9%	3.6%	3.6%	3.7%	n.a.	0.1% pts	n.a.	-0.3% pts	3.6%

- From June 2018 to June 2019, Michigan payroll employment increased by 18,700 jobs (0.4 percent). State payroll employment rose by 5,400 jobs in June from May. Nationally, June 2019 payroll employment rose 2,301,000 (1.5 percent) from a year ago. National employment rose 224,000 jobs in June.

Payroll Employment Growth June 2018 to June 2019



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

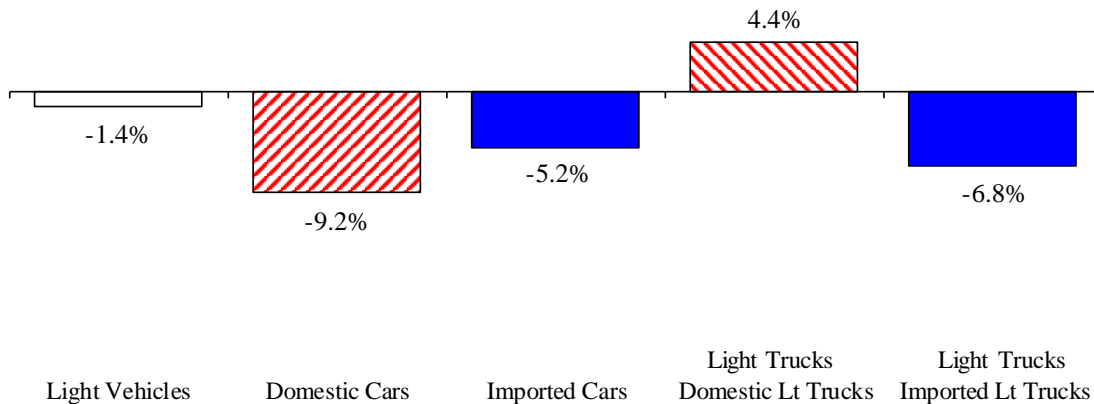
- In the goods-producing sector, Michigan payroll employment increased 1.1 percent in June from a year ago; employment in the private service-providing sector rose 0.3 percent. From a year ago, June national payroll employment rose 2.0 percent in the goods-producing sector and increased 1.7 percent in the private service-providing sector.
- At 41.7 hours, manufacturing weekly hours in Michigan were down 1.5 hours from last year.

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

	MI				US			
	2018 <u>Annual</u>	MI June <u>2018</u>	MI June <u>2019</u>	Percent Change	2018 <u>Annual</u>	US June <u>2018</u>	US June <u>2019</u>	Percent Change
Wage & Salary Employment	4,418.6	4,428.0	4,446.7	0.4%	149,074	149,007	151,308	1.5%
Goods Producing	806.2	806.2	815.3	1.1%	20,710	20,706	21,120	2.0%
Manufacturing	629.8	628.3	635.5	1.1%	12,689	12,687	12,854	1.3%
Private Service Providing	3,006.0	3,015.2	3,024.2	0.3%	105,916	105,848	107,635	1.7%
Trade, Trans. & Utilities	791.4	791.9	789.6	-0.3%	27,659	27,622	27,833	0.8%
Services	1,939.8	1,948.4	1,954.9	0.3%	66,859	66,828	68,339	2.3%
Local, State & Fed. Gov't	606.5	606.6	607.2	0.1%	22,449	22,453	22,553	0.4%
Manufacturing Weekly Hours	43.4	43.2	41.7	-1.5 hrs	42.2	42.0	41.6	-0.4 hrs

- June 2019 U.S. light vehicle sales fell 0.6 percent from May 2019 but were up 0.4 percent from June 2018. June 2019 marked the 64th straight month that the light vehicle annualized sales rate exceeded 16.0 million units. In June 2019, the sales rate equaled 17.3 million units.
- U.S. sales of domestic light vehicles were up 2.0 percent between June 2018 and June 2019. Foreign sales fell 5.0 percent over the same period. As a result, the foreign share of U.S. light vehicle sales fell 1.3 percentage points to 22.4 percent in June 2019.
- Auto sales decreased 5.4 percent compared to last June, while light truck sales were up 2.9 percent from June 2018. As a result, June 2019 marked the 5th straight month in which the light truck share of total sales exceeded 70.0 percent. Year-over-year (y-o-y), heavy truck sales rose 12.2 percent in June 2019 -- the 25th straight y-o-y increase in heavy truck sales and the 20th double-digit increase over the past 23 months.

June 2019 Year-to-Date Light Vehicle Sales Down from Last Year



Motor Vehicle Sales Statistics

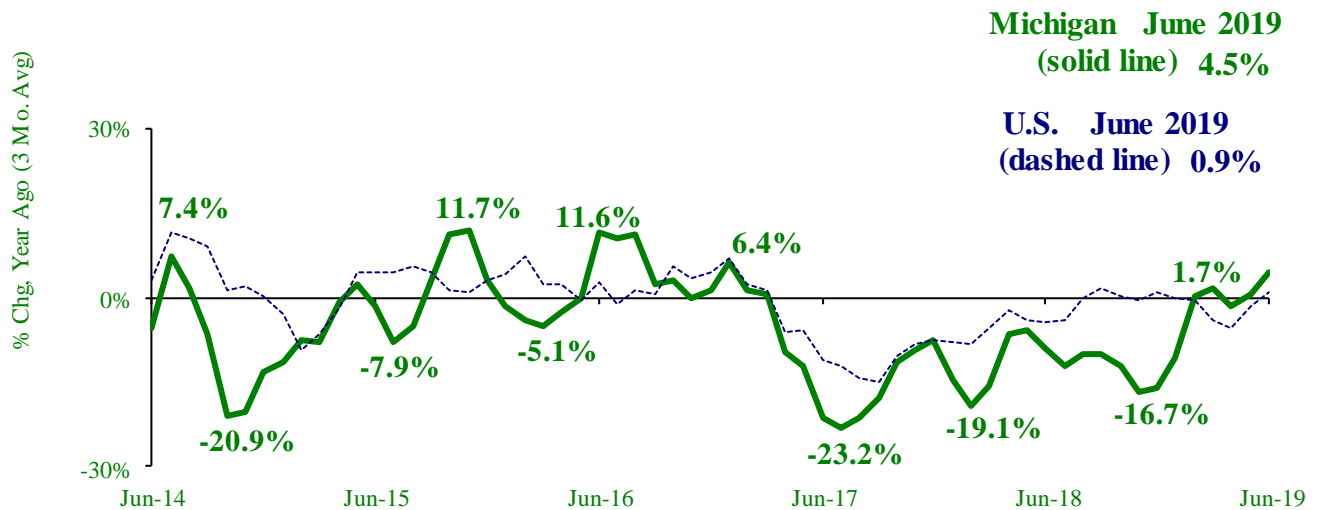
(Millions, Seasonally Adjusted Rates, unless otherwise specified)

Motor Vehicle Sales ^(c)	2018	Apr	May	Jun	3 Month	Jun	Jun
	Total	2019	2019	2019	Average	Chg fr Yr Ago Level	Chg fr Yr Ago %
Autos	5.3	4.8	4.9	5.0	4.9	(0.3)	-5.4%
Domestics	4.1	3.6	3.6	3.6	3.6	(0.4)	-9.8%
Imports	1.2	1.2	1.3	1.3	1.3	0.1	9.0%
Import Share	22.9%	25.1%	25.8%	27.0%	26.0%	3.6% pts	
Light Trucks	11.9	11.6	12.5	12.3	12.2	0.3	2.9%
Domestics	9.2	9.2	9.9	9.8	9.6	0.7	7.2%
Imports	2.8	2.4	2.6	2.5	2.5	(0.3)	-11.0%
Import Share	23.1%	20.7%	20.6%	20.5%	20.6%	-3.2% pts	
Total Light Vehicles	17.2	16.4	17.4	17.3	17.0	0.1	0.4%
Heavy Trucks	0.5	0.5	0.5	0.5	0.5	0.1	12.2%
Total Vehicles	17.7	16.9	17.9	17.8	17.6	0.1	0.7%

Retail Inventories, Motor Vehicle and Parts Dealers (billions of dollars) ^(d)	2018	Mar-19	Apr-19	May-19	3 Month	Chg fr	Chg fr
	Average	Mar-19	Apr-19	May-19	Average	Year Ago Level	Year Ago %
Inventories	\$229.7	\$242.3	\$240.6	\$242.6	\$241.8	\$18.2	8.1%
Inventory/Sales Ratio	2.29	2.42	2.32	2.35	2.36	0.10	

- At 164,274 units, June 2019 Michigan motor vehicle production was up 5.7 percent from June 2018. National production was down 1.5 percent from last June. The three-month average of vehicle production (April 2019-June 2019) was up 4.5 percent in Michigan and up 0.9 percent nationally, compared to a year ago.
- In June 2019, Michigan car production was down 34.3 percent from a year ago while State truck production increased 15.9 percent. Nationally, June car production decreased 10.4 percent while U.S. truck production was up 1.6 percent.
- Michigan's share of national vehicle production rose 1.3 percentage points in June 2019 from its year-ago level to 18.3 percent. Michigan's share of car production decreased 3.6 percentage points while the State's share of truck production was up 2.6 percentage points.

Michigan Three-Month Average Vehicle Production Up Slightly from Last Year



Motor Vehicle Production Statistics

(Thousands, unless otherwise specified)

	2018 Monthly Average	Apr 2019	May 2019	Jun 2019	3 Month Average	Jun Level Chg fr Yr Ago	Jun % Chg fr Yr Ago
U.S. Production ^(e)							
Autos	246.2	222.0	245.1	208.8	225.3	(24.2)	-10.4%
Trucks	675.6	685.8	749.1	689.1	708.0	10.6	1.6%
Total	921.8	907.9	994.2	897.9	933.3	(13.6)	-1.5%
Michigan Production ^(f)							
Autos	34.8	23.2	24.6	20.6	22.8	(10.8)	-34.3%
Trucks	117.9	143.1	156.6	143.7	147.8	19.7	15.9%
Total	152.7	166.4	181.2	164.3	170.6	8.9	5.7%
Michigan as % of U.S.	16.6%	18.3%	18.2%	18.3%	18.3%	1.3% pts	

	<u>Mar-19</u>	<u>Apr-19</u>	<u>May-19</u>	<u>Jun-19</u>	Change from Year Ago
KEY ECONOMIC INDICATORS					
Consumer Sentiment ^(h)	98.4	97.2	100.0	98.2	0.0 points
ISM Manufacturing Index ⁽ⁱ⁾	55.3	52.8	52.1	51.7	-8.3 points
ISM Non Manufacturing Index ⁽ⁱ⁾	56.1	55.5	56.9	55.1	-3.6 points
	<u>2018.3</u>	<u>2018.4</u>	<u>2019.1</u>	<u>2019.2</u>	
Business Executives' Confidence ⁽ⁱ⁾	55.0	42.0	43.0	43.0	-20.0 points
INFLATION ^(k)					
1982-84 = 100 (CPI)	<u>Mar-19</u>	<u>Apr-19</u>	<u>May-19</u>	<u>Jun-19</u>	Change from Year Ago
Nov 2009 = 100 (PPI)					
U.S. Consumer Price Index	254.2	255.5	256.1	256.1	1.6%
Detroit CPI	NA	234.0	NA	234.9	0.1%
U.S. Producer Price Index	117.9	118.2	118.3	118.6	1.7%
INTEREST RATES					
90 Day T-Bill ^(l)	2.40%	2.38%	2.35%	2.17%	0.27% points
10 Year Treasury Securities ^(l)	2.57%	2.53%	2.40%	2.07%	-0.84% points
INDUSTRIAL PRODUCTION ^(l)					
	109.7	109.2	109.6	109.6	1.3%
CAPACITY UTILIZATION ^(l)					
	78.4%	77.9%	78.1%	77.9%	-0.6% points
RETAIL SALES ^(d)					
	\$513.6	\$515.5	\$517.7	\$519.9	3.4%
HOUSING STARTS and SALES					
(Millions Annual Rate)	<u>Mar-19</u>	<u>Apr-19</u>	<u>May-19</u>	<u>Jun-19</u>	% Change From Year Ago
Housing Starts ^(d)	1.199	1.270	1.265	1.253	6.2%
Existing Home Sales ^(m)	5.210	5.210	5.360	5.270	-2.2%
DURABLE GOODS ORDERS ^(p)					
	\$249.6	\$246.6	\$241.0	\$246.0	-1.6%
PERSONAL INCOME ^(c)					
(Billions of Dollars)	<u>2018.2</u>	<u>2018.3</u>	<u>2018.4</u>	<u>2019.1</u>	% Change From Year Ago
Michigan	\$471.7	\$476.6	\$480.1	\$484.7	3.0%
U.S.	\$17,460.2	\$17,647.5	\$17,825.7	\$17,975.7	3.8%
GROSS DOMESTIC PRODUCT					
(Billions of Chained 2012 Dollars) ^(c)	<u>2018.3</u>	<u>2018.4</u>	<u>2019.1</u>	<u>2019.2</u>	Annualized % Chg From Last Qtr
	\$18,732.7	\$18,783.5	\$18,927.3	\$19,023.8	2.1%

- (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.