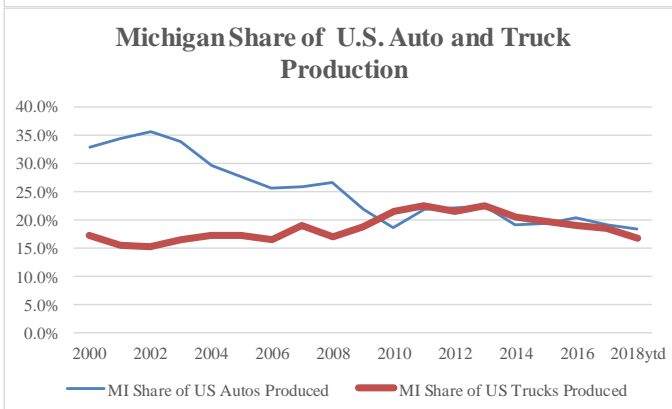
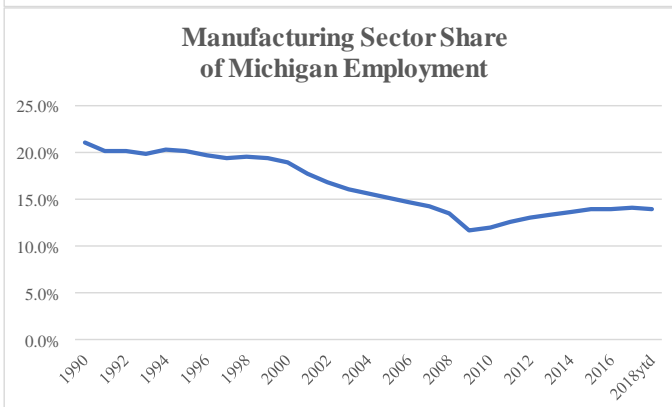
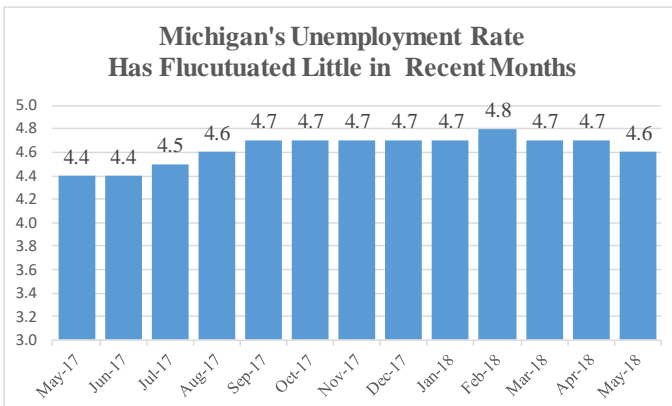


MICHIGAN ECONOMIC UPDATE

Office of Revenue and Tax Analysis
Michigan Department of Treasury

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

May 2018 Summary



Michigan Labor Market

- In May 2018, Michigan's unemployment rate fell 0.1 of a percentage point to 4.6 percent. However, Michigan's May 2018 rate was 0.2 of a percentage point higher than last May.
- May 2018 State labor force was up a 0.8 percent from a year ago. Household employment rose 0.6 percent compared to May 2017.
- In May 2018, Michigan's wage and salary employment rose by 11,800 jobs from a month ago.
- May 2018 Michigan wage and salary employment was up by 57,800 jobs (1.3 percent) from a year ago.

Vehicle Sales

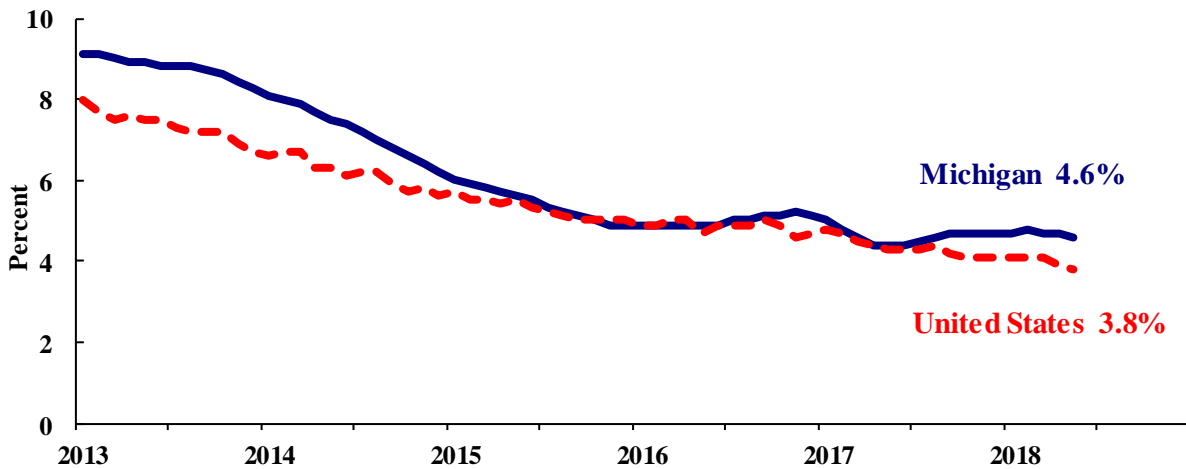
- May 2018 annualized light vehicle sales were up 0.6 percent from last May.
- Light vehicles are divided into cars and light trucks, which include SUVs. May 2018 auto sales were down 13.2 percent from a year ago while light truck sales were up 8.3 percent.
- Domestic light vehicle sales were down 1.0 percent from a year ago while foreign sales rose 6.1 percent. As a result, the foreign share of U.S. light vehicle sales increased from 22.8 percent last May to 24.1 percent.

Vehicle Production

- May 2018 Michigan vehicle production was down 15.2 percent from a year ago, compared with a 10.0 percent decline nationally.
- In May 2018, Michigan auto production was down by 27,600 units (-42.0 percent) from last May while State truck production fell by 1,100 units (-0.9 percent).
- In May 2018, Michigan's share of national vehicle production was down by 1.1 percentage points compared to last year to 17.5 percent.

- In May 2018, the Michigan unemployment rate fell 0.1 of a percentage point to 4.6 percent. The national unemployment rate fell to 3.8 percent.
- In May 2018, Michigan’s unemployment rate was up 0.2 of a percentage point from a year ago. The May U.S. unemployment rate 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 May 2013 to May 2018



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

- In May, the total number of people employed in Michigan increased 10,000 to 4,684,000 persons while the labor force rose by 5,000. The statewide total number of unemployed workers fell by 5,000 to 223,000.
- United States employment totaled 155.5 million persons in May 2018. The labor force totaled 161.5 million and there were 6.1 million unemployed in May.

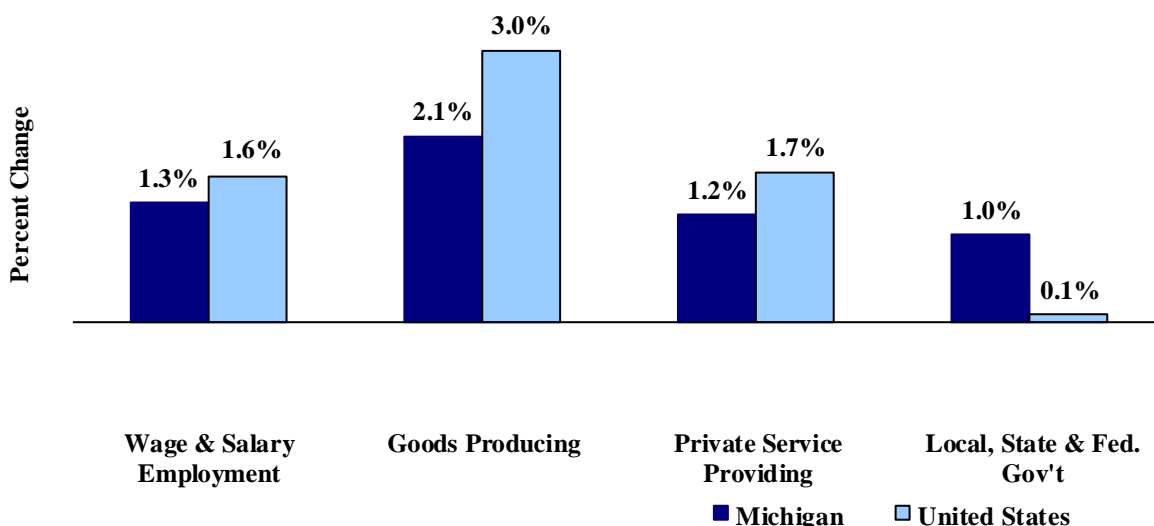
Employment by Place of Residence (in thousands)^(a)

	<u>2017</u> <u>Average</u>	<u>Mar</u> <u>2018</u>	<u>Apr</u> <u>2018</u>	<u>May</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	4,898	4,903	4,908	5	0.1%	40	0.8%	4,903
Employed	4,657	4,668	4,674	4,684	10	0.2%	28	0.6%	4,676
Unemployed	227	230	228	223	-5	-2.1%	11	5.4%	227
Unemployment Rate	4.6%	4.7%	4.7%	4.6%	n.a.	-0.1% pts	n.a.	0.2% pts	4.7%
United States									
Labor Force	160,320	161,763	161,527	161,539	12	0.0%	1,810	1.1%	161,610
Employed	153,337	155,178	155,181	155,474	293	0.2%	2,582	1.7%	155,278
Unemployed	6,982	6,585	6,346	6,065	-281	-4.4%	-772	-11.3%	6,332
Unemployment Rate	4.4%	4.1%	3.9%	3.8%	n.a.	-0.1% pts	n.a.	-0.5% pts	3.9%

Employment by Place of Work (Payroll)

- From May 2017 to May 2018, Michigan payroll employment increased 57,800 jobs (1.3 percent). State payroll employment rose by 11,800 jobs in May from April. Nationally, May 2018 payroll employment rose 2,363,000 (1.6 percent) from a year ago. National employment rose 223,000 jobs in May.

**Payroll Employment Growth
May 2017 to May 2018**



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

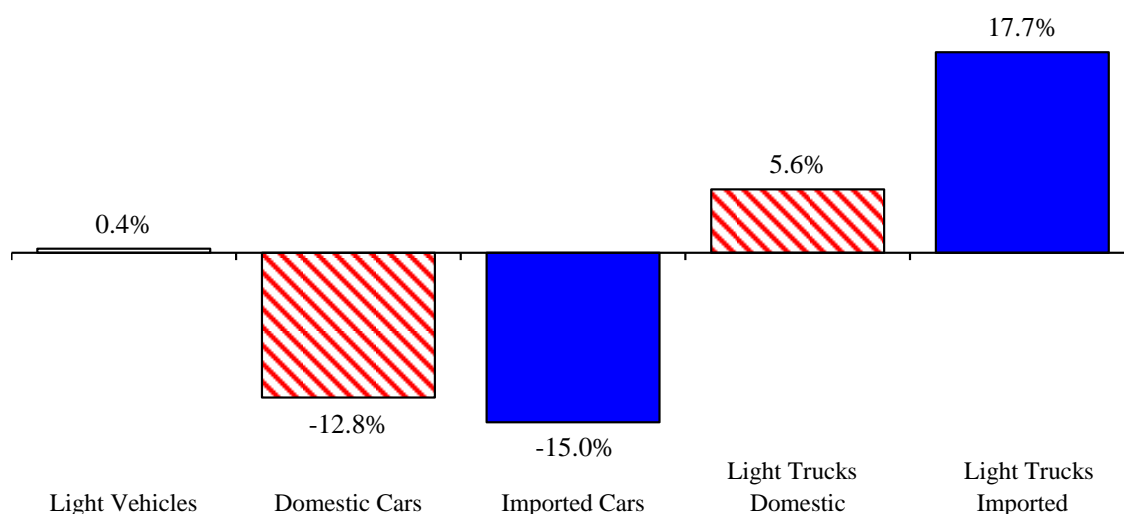
- In the goods-producing sector, Michigan payroll employment increased 2.1 percent in May from a year ago; employment in the private service-providing sector rose 1.2 percent. From a year ago, May national payroll employment rose 3.0 percent in the goods-producing sector and increased 1.7 percent in the private service-providing sector.
- At 43.5 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 May 2017	MI May 2018	Percent Change	2017 Average	US May 2017	US May 2018	Percent Change
Wage & Salary Employment	4,371.3	4,367.9	4,413.6	1.0%	144,352	146,144	148,439	1.6%
Goods Producing	784.6	784.5	796.7	1.6%	19,750	19,998	20,569	2.9%
Manufacturing	614.7	616.2	617.8	0.3%	12,354	12,410	12,655	2.0%
Private Service Providing	2,982.7	2,982.0	3,009.4	0.9%	102,379	103,831	105,549	1.7%
Trade, Trans. & Utilities	788.1	790.3	794.5	0.5%	27,257	27,431	27,736	1.1%
Services	1,920.1	1,917.1	1,940.1	1.2%	64,042	65,179	66,493	2.0%
Local, State & Fed. Gov't	604.0	601.4	607.5	1.0%	22,224	22,315	22,321	0.0%
Manufacturing Weekly Hours	43.1	43.3	43.5	0.2 hrs	41.9	41.9	42.2	0.3 hrs

- May 2018 U.S. light vehicle sales fell 1.8 percent from April 2018 but were up 0.6 percent from May 2017. May 2018 marked the 51st straight month that the light vehicle annualized sales rate equaled or exceeded 16.0 million units. In May 2018, the annualized sales rate equaled 16.8 million units.
- U.S. sales of domestic light vehicles decreased 1.0 percent between May 2017 and May 2018. Foreign sales were up 6.1 percent over the same period. As a result, the foreign share of U.S. light vehicle sales rose 1.2 percentage points to 24.1 percent in May 2018.
- Auto sales decreased 13.2 percent compared to last May, while light truck sales were up 8.3 percent from May 2017. As a result, May 2018 marked the 26th straight month in which the light truck share of total sales exceeded 60.0 percent. Year-over-year, heavy truck sales rose 17.4 percent in May 2018 -- marking the 12th consecutive month in which heavy truck sales were up from a year ago.

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



Motor Vehicle Sales Statistics

(Millions, Seasonally Adjusted Rates, unless otherwise specified)

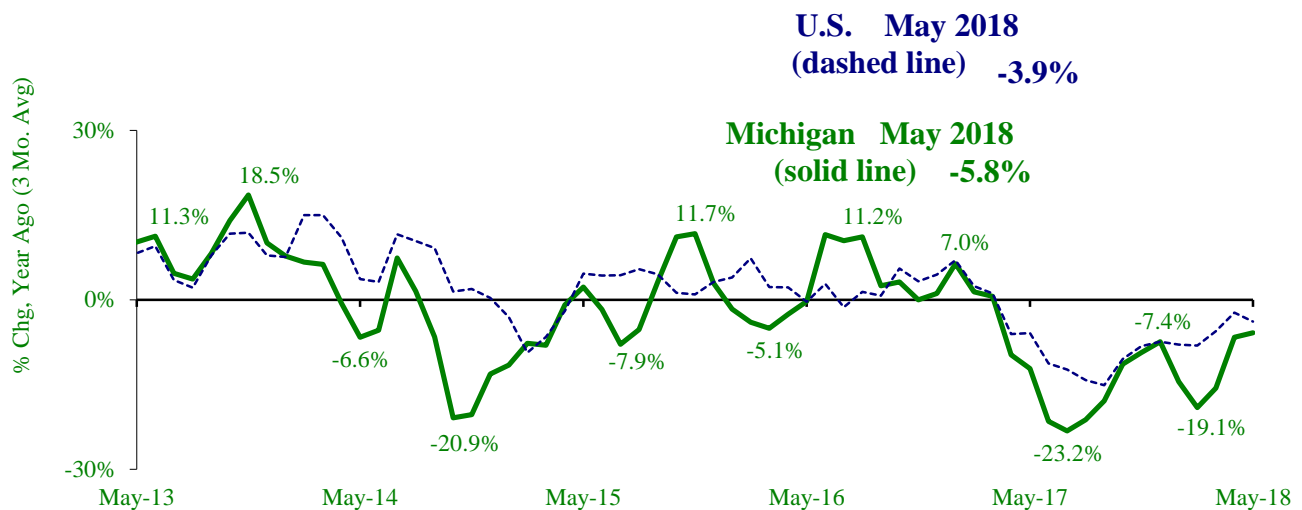
Motor Vehicle Sales ^(c)	2017	Mar	Apr	May	3 Month	May	May
	Total	2018	2018	2018	Average	Chg fr Yr Ago Level	Chg fr Yr Ago %
Autos	6.1	5.4	5.2	5.2	5.3	(0.8)	-13.2%
Domestics	4.6	4.2	4.0	3.9	4.0	(0.7)	-14.7%
Imports	1.5	1.3	1.3	1.3	1.3	(0.1)	-8.1%
Import Share	24.2%	23.2%	24.0%	24.8%	24.0%	1.4% pts	
Light Trucks	11.1	12.0	11.9	11.6	11.8	0.9	8.3%
Domestics	8.7	9.2	9.1	8.9	9.1	0.5	6.6%
Imports	2.4	2.7	2.8	2.8	2.8	0.3	14.3%
Import Share	21.7%	22.8%	23.3%	23.7%	23.3%	1.2% pts	
Total Light Vehicles	17.1	17.4	17.1	16.8	17.1	0.1	0.6%
Heavy Trucks	0.4	0.4	0.5	0.5	0.5	0.1	17.4%
Total Vehicles	17.6	17.8	17.6	17.3	17.6	0.2	1.0%

Retail Inventories, Motor Vehicle and Parts Dealers (billions of dollars)^(d)

	2017	Feb-18	Mar-18	Apr-18	3 Month	Chg fr	Chg fr
	Average	Feb-18	Mar-18	Apr-18	Average	Year Ago Level	Year Ago %
Inventories	\$221.5	\$225.0	\$222.9	\$224.4	\$224.1	\$4.2	1.9%
Inventory/Sales Ratio	2.22	2.25	2.19	2.20	2.21	-0.05	

- At 160,118 units, May 2018 Michigan motor vehicle production was down 15.2 percent from May 2017. National production decreased 10.0 percent from last May. The three-month average of vehicle production (March 2018-May 2018) was down 5.8 percent in Michigan and down 3.9 percent nationally, compared to a year ago.
- In May 2018, Michigan car production was down 42.0 percent from a year ago while State truck production decreased 0.9 percent. Nationally, car production decreased 20.2 percent while U.S. truck production was down 5.2 percent.
- Michigan's share of national vehicle production fell 1.1 of a percentage points in May 2018 from its year-ago level to 17.5 percent. Michigan's share of car production decreased 5.6 percentage points while the State's share of truck production was up 0.8 of a percentage point.

Michigan and National Vehicle Production Declines Trending Slower



Motor Vehicle Production Statistics

(Thousands, unless otherwise specified)

	<u>2017</u> <u>Monthly</u> <u>Average</u>	<u>Feb</u> <u>2018</u>	<u>Apr</u> <u>2018</u>	<u>May</u> <u>2018</u>	<u>3 Month</u> <u>Average</u>	<u>May</u> <u>Level Chg</u> <u>fr Yr Ago</u>	<u>May</u> <u>% Chg</u> <u>fr Yr Ago</u>
U.S. Production ^(e)							
Autos	346.4	279.1	269.7	255.1	268.0	(64.7)	-20.2%
Trucks	678.9	768.2	677.4	660.0	701.9	(36.5)	-5.2%
Total	1,025.3	1,047.3	947.0	915.1	969.8	(101.2)	-10.0%
Michigan Production ^(f)							
Autos	70.3	57.0	54.6	38.1	49.9	(27.6)	-42.0%
Trucks	128.7	135.1	119.9	122.0	125.7	(1.1)	-0.9%
Total	199.0	192.1	174.5	160.1	175.6	(28.7)	-15.2%
Michigan as % of U.S.	19.4%	18.3%	18.4%	17.5%	18.1%	-1.1% pts	

U.S. Economic Conditions

	<u>Feb-18</u>	<u>Mar-18</u>	<u>Apr-18</u>	<u>May-18</u>	<u>Change from Year Ago</u>
KEY ECONOMIC INDICATORS					
Consumer Sentiment ^(h)	99.7	101.4	98.8	98.0	0.9 points
ISM Manufacturing Index ⁽ⁱ⁾	60.8	59.3	57.3	58.7	3.2 points
ISM Non Manufacturing Index ⁽ⁱ⁾	59.5	58.8	56.8	58.6	1.5 points
	<u>2017.2</u>	<u>2017.3</u>	<u>2017.4</u>	<u>2018.1</u>	
Business Executives' Confidence ^(j)	61.0	59.0	63.0	65.0	0.0 points
INFLATION ^(k)					
1982-84 = 100 (CPI)	<u>Feb-18</u>	<u>Mar-18</u>	<u>Apr-18</u>	<u>May-18</u>	<u>Change from Year Ago</u>
Nov 2009 = 100 (PPI)					
U.S. Consumer Price Index	249.0	249.6	250.5	251.6	2.8%
Detroit CPI	229.7	NA	231.8	NA	2.3%
U.S. Producer Price Index	114.9	115.5	115.6	116.2	3.1%
INTEREST RATES					
90 Day T-Bill ^(l)	1.57%	1.70%	1.76%	1.86%	0.97% points
10 Year Treasury Securities ^(l)	2.86%	2.84%	2.87%	2.98%	0.68% points
INDUSTRIAL PRODUCTION ^(l)					
	105.9	106.4	107.4	107.4	3.6%
CAPACITY UTILIZATION ^(l)					
	77.2%	77.5%	78.1%	78.1%	1.8% points
RETAIL SALES ^(d)					
	\$492.5	\$496.1	\$497.9	\$502.0	5.9%
HOUSING STARTS and SALES					
(Millions Annual Rate)	<u>Feb-18</u>	<u>Mar-18</u>	<u>Apr-18</u>	<u>May-18</u>	<u>% Change From Year Ago</u>
Housing Starts ^(d)	1.290	1.327	1.286	1.350	20.3%
Existing Home Sales ^(m)	5.540	5.600	5.450	5.430	-3.0%
DURABLE GOODS ORDERS ^(p)					
	\$246.0	\$252.8	\$250.2	\$248.8	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 2009 Dollars) ^(c)	<u>2017.2</u>	<u>2017.3</u>	<u>2017.4</u>	<u>2018.1</u>	<u>Annualized % Chg From Last Qtr</u>
	\$17,031.1	\$17,163.9	\$17,286.5	\$17,371.9	2.0%

- (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.