

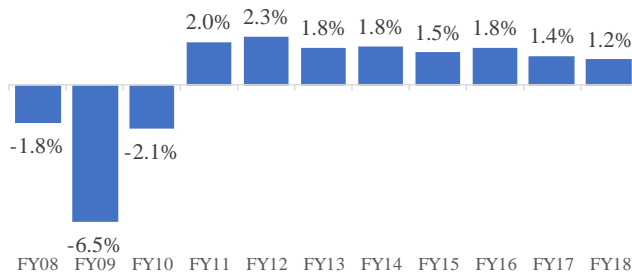
MICHIGAN ECONOMIC UPDATE

Office of Revenue and Tax Analysis
Michigan Department of Treasury

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

September 2018 Summary

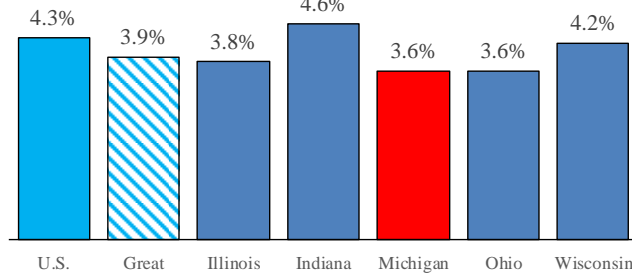
Michigan Fiscal Year (FY) Employment Growth Slows in FY 2018



Michigan Labor Market: Sept 2018 and FY 18

- In September 2018, Michigan's unemployment rate fell to 4.0 percent -- 0.7 of a percentage point lower than last September.
- In September 2018, Michigan's wage and salary rose by 2,200 jobs from a month ago.
- Michigan's average unemployment rate fell from 4.7 percent in fiscal year (FY) 2017 to 4.5 percent in FY 2018.
- In FY 2018, Michigan's average wage and salary employment rose 1.2 percent -- marking the 8th straight FY increase.

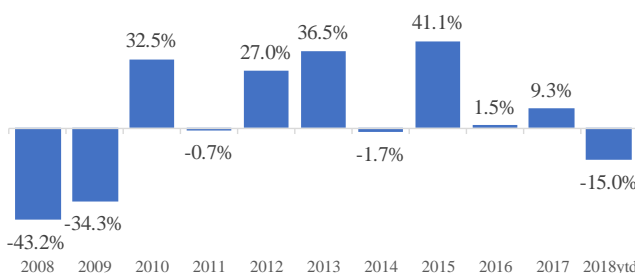
Total Personal Consumption Expenditures 2017 Growth



Personal Consumption Expenditures: CY 17

- In 2017, nominal Michigan personal consumption expenditures totaled \$390.9 billion – ranking ninth among U.S. states
- Michigan personal consumption expenditures grew 3.6 percent in 2017 – ranking 34th. Nationally, personal consumption expenditures rose 4.3 percent in 2017.
Michigan total 2017 personal consumption expenditures per person equaled \$39,237 -- ranking 30th.

Michigan CY Housing Authorizations Percent Change from Year Prior



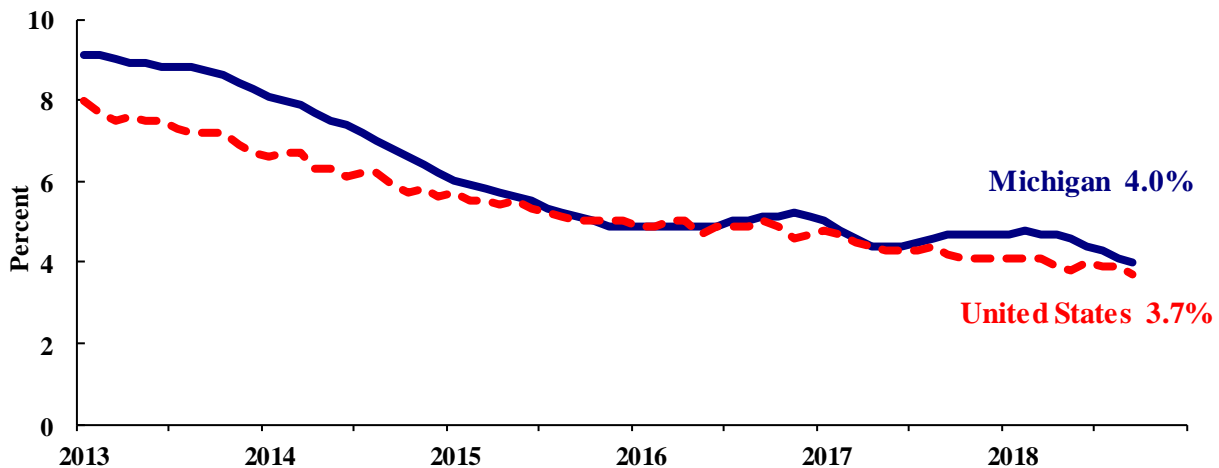
Housing Authorizations

- Between 2009 and 2017, Michigan housing authorizations rose 251.1 percent -- ranking second largest among U.S. states behind Colorado.
- In 2017, Michigan housing authorizations grew 9.3 percent – the 16th fastest growth among U.S. states.
- However, through September, 2018, Michigan housing authorizations are down 15.0 percent from the year prior -- the third largest percentage drop among U.S. states.

Household Unemployment and Employment

- In September 2018, the Michigan unemployment rate fell 0.1 of a percentage point from last month to 4.0 percent – the lowest monthly Michigan unemployment rate since October 2000. In September 2018, the national unemployment rate fell 0.2 of a percentage point to 3.7 percent – the lowest monthly U.S. unemployment rate since December 1969.
- In September 2018, Michigan’s unemployment rate was down 0.7 of a percentage point from a year ago. The September 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
September 2013 to September 2018**



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

- In September, the total number of people employed in Michigan increased 2,000 to 4,698,000 persons while the labor force fell by 6,000. The statewide total number of unemployed workers fell by 8,000 to 193,000.
- United States employment totaled 156.0 million persons in September 2018. The labor force totaled 161.9 million and there were 6.0 million unemployed in September.

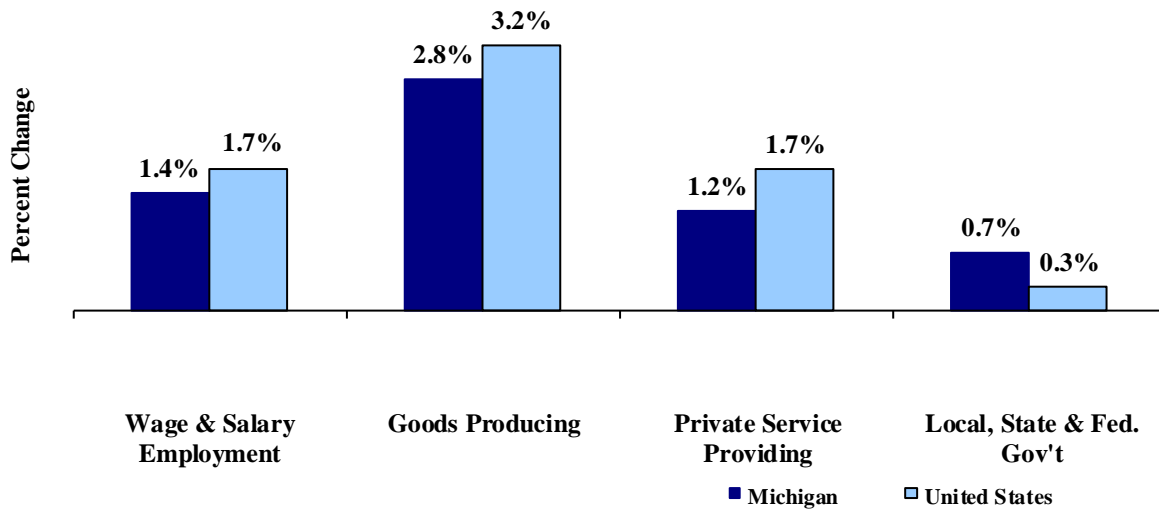
Employment by Place of Residence (in thousands)^(a)

	<u>2017</u> <u>Average</u>	<u>Jul</u> <u>2018</u>	<u>Aug</u> <u>2018</u>	<u>Sep</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	4,910	4,898	4,892	-6	-0.1%	-6	-0.1%	4,900
Employed	4,657	4,698	4,697	4,698	2	0.0%	30	0.6%	4,698
Unemployed	227	212	201	193	-8	-4.0%	-36	-15.7%	202
Unemployment Rate	4.6%	4.3%	4.1%	4.0%	n.a.	-0.1% pts	n.a.	-0.7% pts	4.1%
United States									
Labor Force	160,320	162,245	161,776	161,926	150	0.1%	844	0.5%	161,982
Employed	153,337	155,965	155,542	155,962	420	0.3%	1,638	1.1%	155,823
Unemployed	6,982	6,280	6,234	5,964	-270	-4.3%	-795	-11.8%	6,159
Unemployment Rate	4.4%	3.9%	3.9%	3.7%	n.a.	-0.2% pts	n.a.	-0.5% pts	3.8%

Employment by Place of Work (Payroll)

- From September 2017 to September 2018, Michigan payroll employment increased 63,300 jobs (1.4 percent). State payroll employment rose by 2,200 jobs in September from August. Nationally, September 2018 payroll employment rose 2,500,000 (1.7 percent) from a year ago. National employment rose 134,000 jobs in September.

**Payroll Employment Growth
September 2017 to September 2018**



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

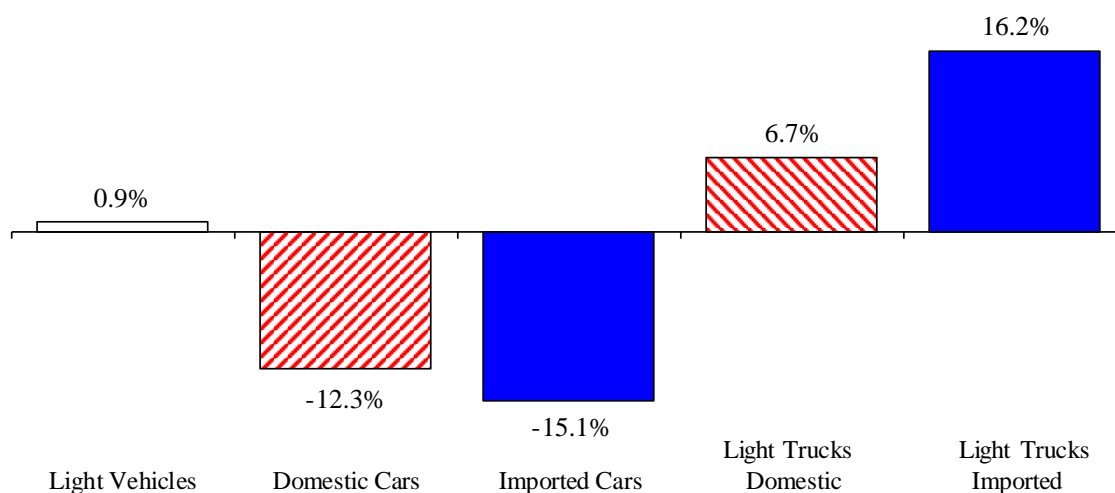
- In the goods-producing sector, Michigan payroll employment increased 2.8 percent in September from a year ago; employment in the private service-providing sector rose 1.2 percent. From a year ago, September national payroll employment rose 3.2 percent in the goods-producing sector and increased 1.7 percent in the private service-providing sector.
- At 43.3 hours, manufacturing weekly hours in Michigan were up 0.3 of an hour from last year.

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

	MI				US			
	2017 Average	MI Sep 2017	MI Sep 2018	Percent Change	2017 Average	US Sep 2017	US Sep 2018	Percent Change
Wage & Salary Employment	4,371.3	4,375.9	4,439.2	1.4%	144,352	146,963	149,500	1.7%
Goods Producing	784.6	784.5	806.7	2.8%	19,750	20,130	20,784	3.2%
Manufacturing	614.7	613.2	624.2	1.8%	12,354	12,469	12,747	2.2%
Private Service Providing	2,982.7	2,984.5	3,021.2	1.2%	102,379	104,496	106,310	1.7%
Trade, Trans. & Utilities	788.1	790.6	789.6	-0.1%	27,257	27,525	27,845	1.2%
Services	1,920.1	1,919.4	1,955.4	1.9%	64,042	65,702	67,095	2.1%
Local, State & Fed. Gov't	604.0	606.9	611.3	0.7%	22,224	22,337	22,406	0.3%
Manufacturing Weekly Hours	43.1	43.0	43.3	0.3 hrs	41.9	41.8	42.1	0.3 hrs

- September 2018 U.S. light vehicle sales rose 4.5 percent from August 2018 but were down 4.0 percent from September 2017. September 2018 marked the 55th straight month that the light vehicle annualized sales rate exceeded 16.0 million units. In September 2018, the annualized sales rate equaled 17.4 million units.
- U.S. sales of domestic light vehicles decreased 0.5 percent between September 2017 and September 2018. Foreign sales were up 3.3 percent over the same period. As a result, the foreign share of U.S. light vehicle sales rose 0.5 of a percentage point to 23.3 percent in September 2018.
- Auto sales decreased 18.8 percent compared to last September, while light truck sales were up 4.1 percent from September 2017. As a result, September 2018 marked the 30th straight month in which the light truck share of total sales exceeded 60.0 percent. Year-over-year, heavy truck sales rose 21.6 percent in September 2018 -- the 16th consecutive month in which heavy truck sales were up.

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



Motor Vehicle Sales Statistics

(Millions, Seasonally Adjusted Rates, unless otherwise specified)

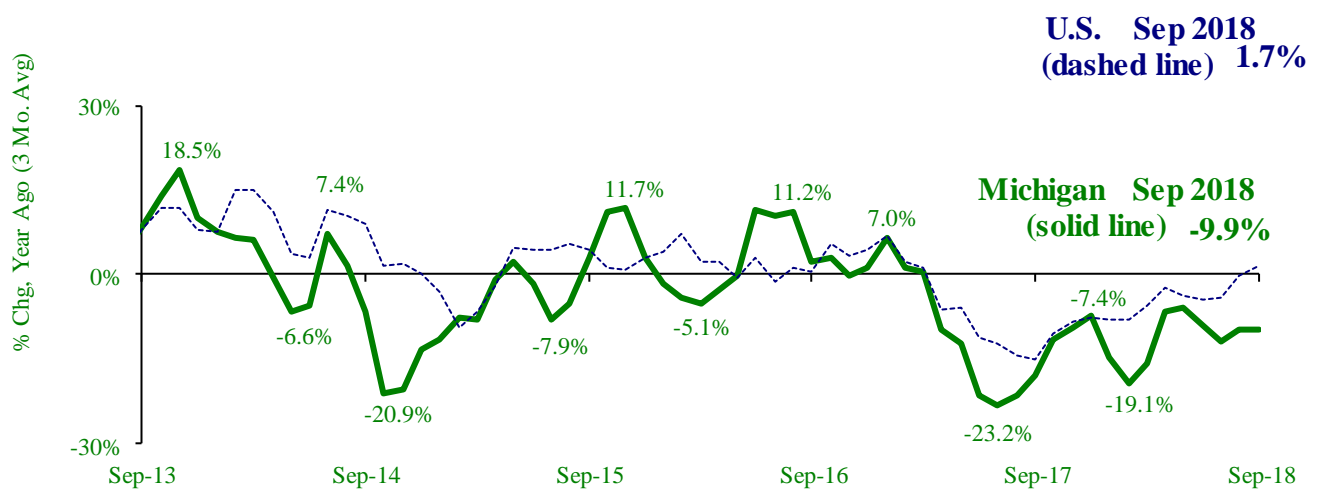
Motor Vehicle Sales ^(c)	2017	Jul	Aug	Sep	3 Month	Sep	Sep
	Total	2018	2018	2018	Average	Chg fr Yr Ago Level	Chg fr Yr Ago %
Autos	6.1	5.1	4.9	5.2	5.1	(1.2)	-18.8%
Domestics	4.6	4.0	3.8	3.9	3.9	(1.0)	-19.8%
Imports	1.5	1.1	1.2	1.3	1.2	(0.2)	-15.8%
Import Share	24.2%	22.3%	23.4%	24.7%	23.5%	0.9% pts	
Light Trucks	11.1	11.6	11.7	12.2	11.8	0.5	4.1%
Domestics	8.7	9.0	9.2	9.4	9.2	0.3	3.6%
Imports	2.4	2.6	2.5	2.8	2.6	0.2	6.1%
Import Share	21.7%	22.3%	21.4%	22.7%	22.1%	0.4% pts	
Total Light Vehicles	17.1	16.7	16.6	17.4	16.9	(0.7)	-4.0%
Heavy Trucks	0.4	0.5	0.5	0.5	0.5	0.1	21.6%
Total Vehicles	17.6	17.2	17.1	17.9	17.4	(0.6)	-3.4%

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

	2017	Jun-18	Jul-18	Aug-18	3 Month	Chg fr	Chg fr
	Average	Jun-18	Jul-18	Aug-18	Average	Year Ago Level	Year Ago %
Inventories	\$221.5	\$226.5	\$229.7	\$233.9	\$230.0	\$7.2	3.2%
Inventory/Sales Ratio	2.22	2.21	2.24	2.29	2.25	-0.03	

- At 144,098 units, September 2018 Michigan motor vehicle production was down 15.3 percent from September 2017. National production decreased 2.4 percent from last September. The three-month average of vehicle production (September 2018-September 2018) was down 9.9 percent in Michigan but up 1.7 percent nationally, compared to a year ago.
- In September 2018, Michigan car production was down 44.3 percent from a year ago while State truck production decreased 5.2 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 decreased 7.0 percent while U.S. truck production was down 0.6 percent.
- Michigan's share of national vehicle production fell 2.4 percentage points in September 2018 from its year-ago level to 15.9 percent. Michigan's share of car production decreased 7.0 percentage points while the State's share of truck production was down 0.9 of a percentage point.

Michigan Plant Chage Over Pushing Michigan Vehicle Production Down



Motor Vehicle Production Statistics

(Thousands, unless otherwise specified)

	2017				3 Month Average	Sep	Sep
	Monthly Average	Jul 2018	Aug 2018	Sep 2018		Level Chg fr Yr Ago	% Chg fr Yr Ago
U.S. Production ^(e)							
Autos	275.9	183.1	255.7	233.0	223.9	(17.5)	-7.0%
Trucks	664.8	512.7	770.0	672.8	651.8	(4.4)	-0.6%
Total	940.7	695.8	1,025.7	905.8	875.8	(21.9)	-2.4%
Michigan Production ^(f)							
Autos	52.7	19.3	30.5	24.3	24.7	(19.4)	-44.3%
Trucks	122.1	100.1	140.1	119.8	120.0	(6.6)	-5.2%
Total	174.9	119.3	170.6	144.1	144.7	(26.0)	-15.3%
Michigan as % of U.S.	18.6%	17.2%	16.6%	15.9%	16.5%	-2.4% pts	

	<u>Jun-18</u>	<u>Jul-18</u>	<u>Aug-18</u>	<u>Sep-18</u>	<u>Change from Year Ago</u>
KEY ECONOMIC INDICATORS					
Consumer Sentiment ^(h)	98.2	97.9	96.2	100.1	5.0 points
ISM Manufacturing Index ⁽ⁱ⁾	60.2	58.1	61.3	59.8	-0.4 points
ISM Non Manufacturing Index ⁽ⁱ⁾	59.1	55.7	58.5	61.6	2.2 points
	<u>2017.4</u>	<u>2018.1</u>	<u>2018.2</u>	<u>2018.3</u>	
Business Executives' Confidence ^(j)	63.0	65.0	63.0	55.0	-10.0 points
INFLATION ^(k)					
1982-84 = 100 (CPI)	<u>Jun-18</u>	<u>Jul-18</u>	<u>Aug-18</u>	<u>Sep-18</u>	<u>Change from Year Ago</u>
Nov 2009 = 100 (PPI)					
U.S. Consumer Price Index	252.0	252.0	252.1	252.4	2.3%
Detroit CPI	234.7	NA	233.2	NA	2.8%
U.S. Producer Price Index	116.7	116.7	116.4	116.5	2.6%
INTEREST RATES					
90 Day T-Bill ^(l)	1.90%	1.96%	2.03%	2.13%	1.10% points
10 Year Treasury Securities ^(l)	2.91%	2.89%	2.89%	3.00%	0.80% points
INDUSTRIAL PRODUCTION ^(l)					
	107.5	107.8	108.2	108.5	5.1%
CAPACITY UTILIZATION ^(l)					
	77.8%	77.9%	78.1%	78.1%	2.5% points
RETAIL SALES ^(d)					
	\$505.2	\$508.2	\$508.5	\$509.0	4.7%
HOUSING STARTS and SALES					
(Millions Annual Rate)	<u>Jun-18</u>	<u>Jul-18</u>	<u>Aug-18</u>	<u>Sep-18</u>	<u>% Change From Year Ago</u>
Housing Starts ^(d)	1.177	1.184	1.268	1.201	3.7%
Existing Home Sales ^(m)	5.380	5.340	5.330	5.150	-4.1%
DURABLE GOODS ORDERS ^(p)					
	\$251.5	\$248.6	\$260.1	\$256.8	5.7%
PERSONAL INCOME ^(c)					
(Billions of Dollars)	<u>2017.3</u>	<u>2017.4</u>	<u>2018.1</u>	<u>2018.2</u>	<u>% Change From Year Ago</u>
Michigan	\$461.1	\$465.2	\$471.5	\$476.3	4.0%
U.S.	\$16,883.8	\$17,090.7	\$17,302.1	\$17,482.0	4.6%
GROSS DOMESTIC PRODUCT					
(Billions of Chained 2012 Dollars) ^(c)	<u>2017.4</u>	<u>2018.1</u>	<u>2018.2</u>	<u>2018.3</u>	<u>Annualized % Chg From Last Qtr</u>
	\$18,223.8	\$18,324.0	\$18,511.6	\$18,671.5	3.5%

- (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.