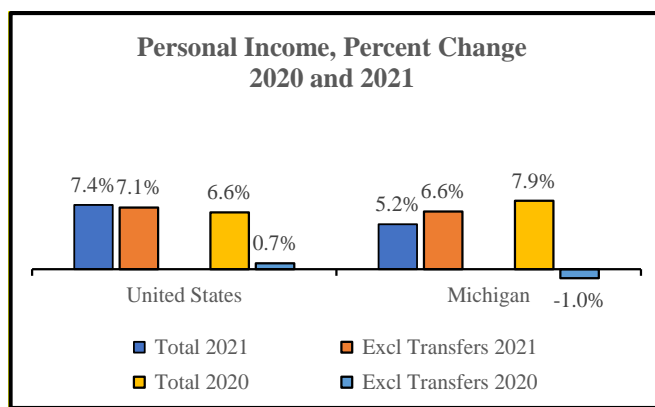


MICHIGAN ECONOMIC UPDATE

Office of Revenue and Tax Analysis
Michigan Department of Treasury
<http://www.michigan.gov/treasury>
Summarizing Economic Data for February 2022
(Published 03/30/2022)

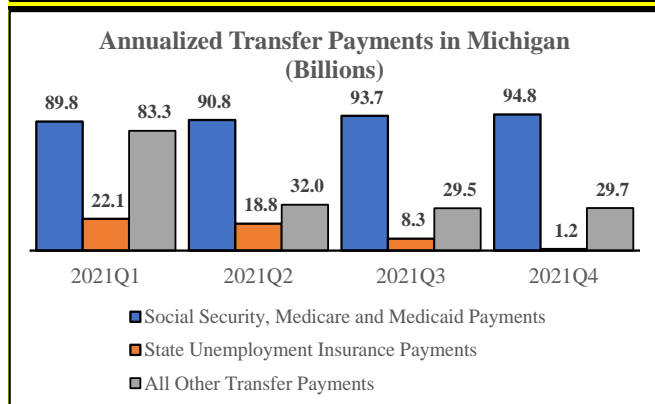
Calendar Year 2021 Personal Income Data Release

On March 23, 2022, the Bureau of Labor Statistics released calendar year 2021 state personal income data. Below are highlights from that data release:



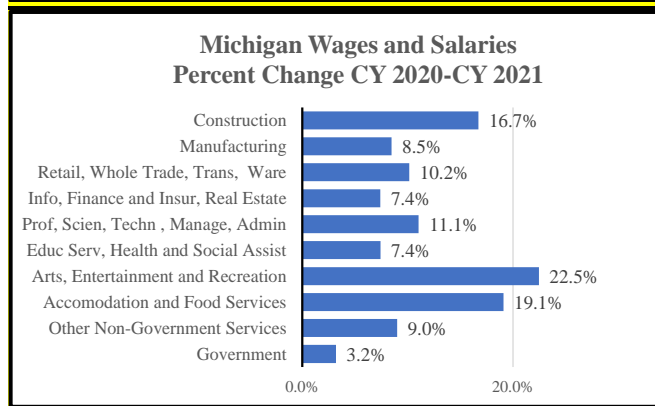
Total Personal Income

- Between 2020 and 2021, total Michigan personal income rose 5.2 percent and total U.S. personal income increased 7.4 percent. – compared to a 7.9 percent Michigan increase and a 6.6 percent U.S. rise between 2019 and 2020.
- Excluding transfer payments, 2021 Michigan personal income rose 6.6 percent and 2021 U.S. personal income increased 7.1 percent – compared to a 1.0 percent Michigan decline and a 0.7 percent U.S. increase in 2020.



Annualized Michigan Transfer Payments

- Annualized state unemployment insurance payments fell from \$22.1 billion in 2021Q1 to \$1.2 billion in 2021Q4.
- Combined annualized Social Security, Medicare and Medicaid payment increased slightly over 2021. All other transfer payments (annualized) rose sharply to \$83.3 billion in 2021Q1, fell sharply in 2021Q2 but remained above pre-pandemic levels.



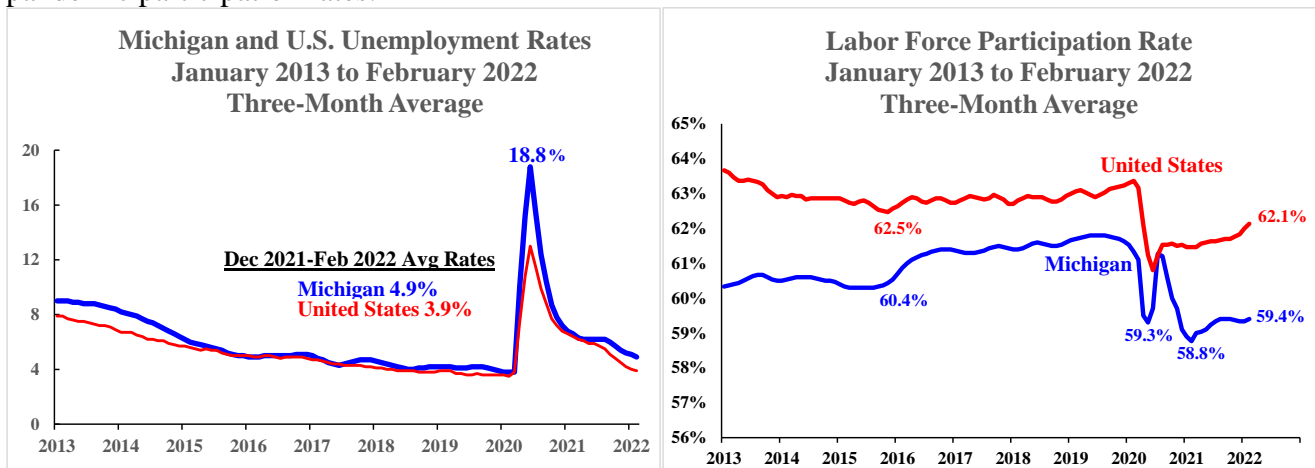
Wages and Salaries

- In 2021, overall Michigan wages and salaries rose 9.0 percent and increased 9.4 percent nationally.
- Wages and salaries rose in all major industries in Michigan. The following major industries saw the largest increases: arts, entertainment and recreation (22.5 percent); accomodation and food services (19.1 percent); and construction (16.7 percent).
- The three major industries seeing the fastest 2021 national wage and salaries increases were: accomodation and food services (22.9 percent); arts, entertainment and recreation (20.6 percent) and trade, transporation and warehousing (11.4 percent).

February 2022 Summary

Unemployment Rate Estimates

- The monthly Michigan unemployment rate estimate fell to 4.7 percent in February. The three-month average of the Michigan unemployment rate is 4.9 percent for February. Compared to last February, the three-month average is down 1.7 percentage points. Compared to the pre-pandemic February 2020 rate, the current average is up 1.1 percentage points.
- The average number of people employed in Michigan between December 2021-February 2022 was 178,800 lower than the number employed in February 2020. Compared to the three-month average of people employed between December 2020-February 2021, the current three-month average is up 136,600 people. The December 2021-February 2022 average of people unemployed is 48,200 people higher than the number of unemployed in February 2020.
- The U.S. unemployment rate fell 0.2 of a percentage point to 3.8 percent in February. February's national jobless rate is 2.4 percentage points lower than the February 2021 rate (6.2 percent), and just 0.3 of a percentage point higher than its February 2020 rate (3.5 percent).
- Both the Michigan and U.S. labor force participation rates remain significantly lower than their pre-pandemic participation rates.



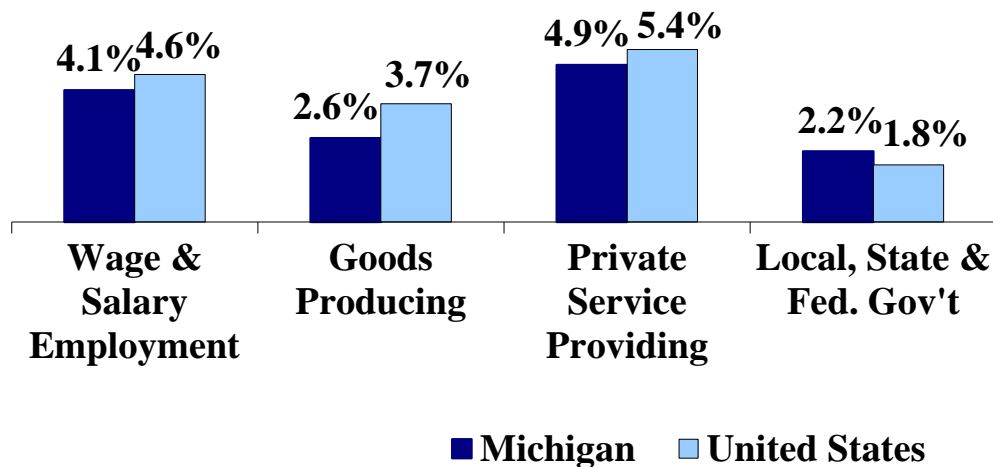
Employment by Place of Residence (in Thousands)^(a)

	Annual <u>2021</u>	Dec <u>2021</u>	Jan <u>2021</u>	Feb <u>2022</u>	Chg Fr Mo Ago <u>Level</u>	Chg Fr Mo Ago <u>%</u>	Chg Fr Yr Ago <u>Level</u>	Chg Fr Yr Ago <u>%</u>	Three Month Average
Michigan									
Labor Force	4,776	4,788	4,795	4,804	9	0.2%	53	1.1%	4,796
Employed	4,496	4,543	4,562	4,576	14	0.3%	124	2.8%	4,560
Unemployed	280	245	234	228	-6	-2.6%	-72	-23.9%	236
Unemployment Rate	5.9%	5.1%	4.9%	4.7%	n.a.	-0.2% pts	n.a.	-1.6% pts	4.9%
United States									
Labor Force	161,204	162,294	163,687	163,991	304	0.2%	3,632	2.3%	163,324
Employed	152,581	155,975	157,174	157,722	548	0.3%	7,355	4.9%	156,957
Unemployed	8,623	6,319	6,513	6,270	-243	-3.7%	-3,722	-37.2%	6,367
Unemployment Rate	5.3%	3.9%	4.0%	3.8%	n.a.	-0.2% pts	n.a.	-2.4% pts	3.9%

Employment by Place of Work (Payroll)

- Compared to February 2021, Michigan payroll employment was up by 171,700 jobs (4.1 percent). State payroll employment rose by 9,200 jobs in February 2022 from January 2022. Nationally, February 2022 payroll employment was up by 6.7 million jobs (4.6 percent) from a year ago. National employment rose 678,000 jobs in February.

Payroll Employment Growth



- In the goods-producing sector, Michigan payroll employment increased 2.6 percent in February from a year ago; employment in the private service-providing sector rose 4.9 percent. From a year ago, February national payroll employment rose 3.7 percent in the goods-producing sector and increased 5.4 percent in the private service-providing sector.
- At 41.6 hours, manufacturing weekly hours in Michigan were up 1.3 hours from last year.

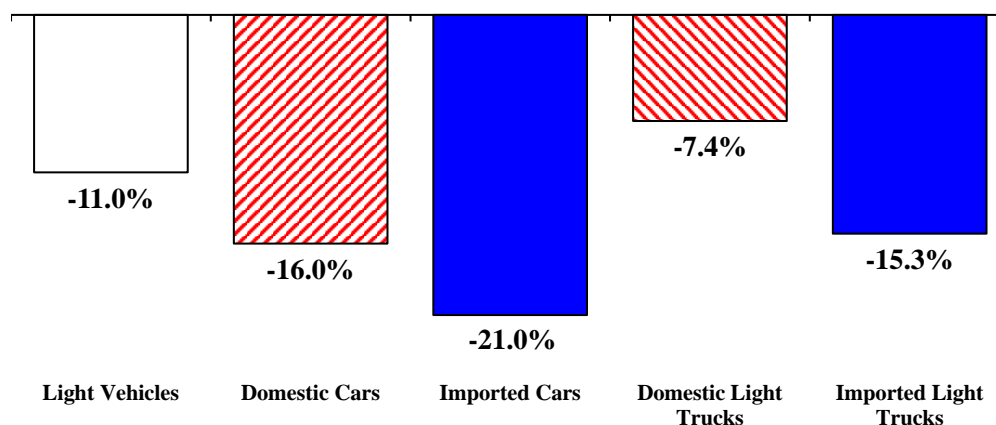
Wage and Salary (Payroll) Employment (in thousands)^(b)

	MI				US			
	2021 <u>Annual</u>	MI Feb <u>2021</u>	MI Feb <u>2022</u>	Percent <u>Change</u>	2021 <u>Annual</u>	US Feb <u>2021</u>	US Feb <u>2022</u>	Percent <u>Change</u>
Wage & Salary Employment	4,193.5	4,140.5	4,312.2	4.1%	141,308	143,727	150,399	4.6%
Goods Producing	766.8	761.9	782.0	2.6%	19,397	20,072	20,820	3.7%
Manufacturing	583.7	584.9	595.5	1.8%	12,294	12,222	12,607	3.2%
Private Service Providing	2,853.2	2,810.7	2,949.7	4.9%	99,604	101,850	107,381	5.4%
Trade, Trans. & Utilities	777.3	775.0	798.9	3.1%	27,319	27,403	28,399	3.6%
Services	1,791.6	1,754.0	1,862.3	6.2%	61,491	62,965	67,158	6.7%
Local, State & Fed. Gov't	573.5	567.9	580.5	2.2%	22,307	21,805	22,198	1.8%
Manufacturing Weekly Hours	40.8	40.3	41.6	1.3 hrs	42.7	41.5	41.5	0.0 hrs

Motor Vehicle Sales Down From Last Year

- The U.S. light vehicle sales rate, still constrained by supply chain shortages, fell to 14.1 million units in February. Compared to last February, sales were down 11.7 percent.
- U.S. sales of domestic light vehicles fell 10.2 percent from last February while foreign sales declined 16.2 percent. In February 2022, at 22.8 percent, the foreign share of U.S. light vehicle sales was down 1.2 percentage points from a year earlier.
- Auto sales decreased 15.3 percent compared to last February, while light truck sales declined 10.7 percent from February 2021. Year-over-year (y-o-y), heavy truck sales were up 2.3 percent from last February.
- In January 2022 (the most recent month for which inventory data are available), retail vehicle inventories were down 13.9 percent from last January – the 22nd straight year-over-year drop.

Year-to-Date 2022 Vehicle Sales Down From Year Ago



Motor Vehicle Sales Statistics

(Millions, Seasonally Adjusted Rates, unless otherwise specified)

Motor Vehicle Sales ^(c)	2021	Dec	Jan	Feb	3 Month	Feb	Feb
	Total	2021	2022	2022	Average	Chg fr Yr Ago Level	Chg fr Yr Ago %
Autos	3.4	2.7	3.1	2.9	2.9	(0.5)	-15.3%
Domestics	2.4	2.0	2.2	2.1	2.1	(0.3)	-12.9%
Imports	1.0	0.7	0.8	0.8	0.8	(0.2)	-20.7%
Import Share	29.1%	25.2%	27.6%	28.1%	27.0%	-1.9% pts	
Light Trucks	11.6	9.9	12.0	11.1	11.0	(1.3)	-10.7%
Domestics	9.0	8.0	9.5	8.8	8.8	(0.9)	-9.6%
Imports	2.6	1.9	2.4	2.4	2.2	(0.4)	-14.6%
Import Share	22.3%	19.1%	20.4%	21.5%	20.4%	-1.0% pts	
Total Light Vehicles	14.9	12.5	15.0	14.1	13.9	(1.9)	-11.7%
Heavy Trucks	0.5	0.5	0.4	0.5	0.5	0.0	2.3%
Total Vehicles	15.4	13.0	15.5	14.5	14.3	(1.9)	-11.3%

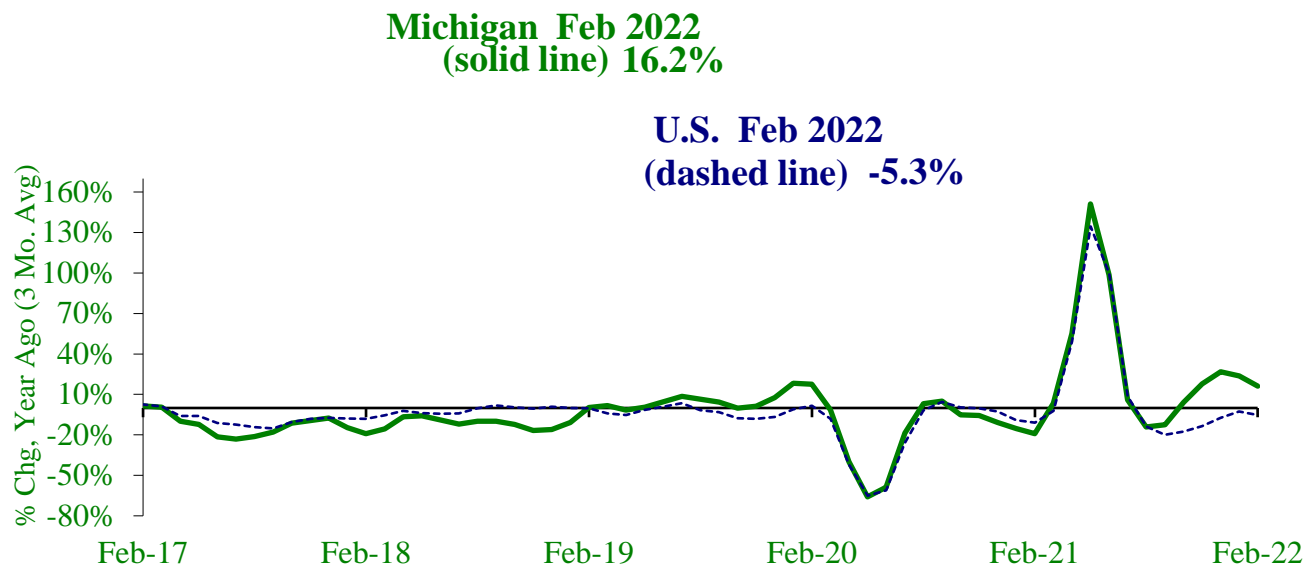
Retail Inventories, Motor Vehicle and Parts Dealers (billions of dollars)^(d)

	2021	Nov-21	Dec-21	Jan-22	3 Month	Chg fr	Chg fr
	Average	Nov-21	Dec-21	Jan-22	Average	Year Ago Level	Year Ago %
Inventories	\$161.3	\$151.6	\$162.1	\$166.0	\$159.9	-\$26.7	-13.9%
Inventory/Sales Ratio	1.27	1.19	1.29	1.24	1.24	-0.38	

Michigan Vehicle Production Up from Year Ago

- Michigan vehicle production fell 5.1 percent from February 2021 while national vehicle production declined 3.5 percent from last February. In February 2022, Michigan vehicle production totaled 153,501 units.
- In February 2022, auto production was down 32.7 percent year-over-year (y-o-y) in Michigan and down 11.5 percent nationally; truck production was off 1.9 percent in Michigan and down 1.6 percent nationally.
- Comparing the three-month average of vehicle production in December 2021-February 2022 to production in December 2020-February 2021, Michigan's average production was up 16.2 percent while average production was down 5.3 percent nationally.

Three-Month Average of Michigan Vehicle Production Up from Year Ago in February



Motor Vehicle Production Statistics

(Thousands, unless otherwise specified)

	2021					Feb	Feb
	Monthly	Dec	Jan	Feb	3 Month	Level Chg	% Chg
	Average	2021	2022	2022	Average	fr Yr Ago	fr Yr Ago
U.S. Production ^(e)							
Autos	138.4	134.2	143.0	132.0	136.4	(17.2)	-11.5%
Trucks	621.5	586.1	625.0	614.6	608.6	(10.3)	-1.6%
Total	759.9	720.3	768.1	746.6	745.0	(27.4)	-3.5%
Michigan Production ^(f)							
Autos	11.1	12.9	10.4	11.2	11.5	(5.4)	-32.7%
Trucks	143.4	144.3	157.1	142.3	147.9	(2.8)	-1.9%
Total	154.4	157.2	167.5	153.5	159.4	(8.2)	-5.1%
Michigan as % of U.S.	20.3%	21.8%	21.8%	20.6%	21.4%	-0.3% pts	

U.S. Economic Conditions

	<u>Nov-21</u>	<u>Dec-21</u>	<u>Jan-22</u>	<u>Feb-22</u>	<u>Change from Year Ago</u>
KEY ECONOMIC INDICATORS					
Consumer Sentiment ^(h)	67.4	70.6	67.2	62.8	-14.0 points
ISM Manufacturing Index ⁽ⁱ⁾	60.6	58.8	57.6	58.6	-2.3 points
ISM Non Manufacturing Index ⁽ⁱ⁾	68.4	62.3	59.9	56.5	0.6 points
INFLATION ^(k)					
1982-84 = 100 (CPI)	<u>Nov-21</u>	<u>Dec-21</u>	<u>Jan-22</u>	<u>Feb-22</u>	<u>Change from Year Ago</u>
Nov 2009 = 100 (PPI)					
U.S. Consumer Price Index	277.9	278.8	281.1	283.7	7.9%
Detroit CPI	NA	255.7	NA	258.7	7.5%
U.S. Producer Price Index	131.1	131.2	133.0	134.1	10.0%
INTEREST RATES					
90 Day T-Bill ^(l)	0.05%	0.06%	0.15%	0.21%	0.17% points
10 Year Treasury Securities ^(l)	1.56%	1.47%	1.76%	1.93%	0.67% points
INDUSTRIAL PRODUCTION ^(l)	102.0	101.6	103.0	103.6	7.5%
CAPACITY UTILIZATION ^(l)	76.6%	76.3%	77.3%	77.6%	4.9% points
RETAIL SALES ^(d)	\$642.6	\$625.5	\$656.1	\$658.1	17.6%
HOUSING STARTS and SALES					
(Millions Annual Rate)	<u>Nov-21</u>	<u>Dec-21</u>	<u>Jan-22</u>	<u>Feb-22</u>	<u>% Change From Year Ago</u>
Housing Starts ^(d)	1.703	1.754	1.657	1.769	22.3%
Existing Home Sales ^(m)	6.330	6.090	6.490	6.020	-2.4%
DURABLE GOODS ORDERS ^(d)	\$270.0	\$273.3	\$277.6	\$271.5	10.3%
PERSONAL INCOME ^(c)					
(Billions, Seasonally Adj & Annualized)	<u>2021.1</u>	<u>2021.2</u>	<u>2021.3</u>	<u>2021.4</u>	<u>% Change From Year Ago</u>
Michigan	\$590.7	\$551.6	\$545.4	\$545.6	5.2%
U.S.	\$21,849.0	\$20,647.7	\$20,803.2	\$20,926.5	7.2%
GROSS DOMESTIC PRODUCT ^(c)					
(Billions of Chained 2012 Dollars, Seasonally Adj & Annualized)	<u>2021.1</u>	<u>2021.2</u>	<u>2021.3</u>	<u>2021.4</u>	<u>Annualized % Chg From Last Qtr</u>
	\$19,055.7	\$19,368.3	\$19,478.9	\$19,810.6	7.0%

SOURCES AND NOTES

- (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). Page 2 Michigan three-month average unemployment rate graph values use interpolated monthly values for January 2021-August 2021.
- (c) Bureau of Economic Analysis, U.S. Department of Commerce.
- (d) Bureau of the Census, U.S. Department of Commerce. Seasonally adjusted.
- (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. 2012 equals 100. Treasury bill rate (secondary market).
- (m) National Association of Realtors.