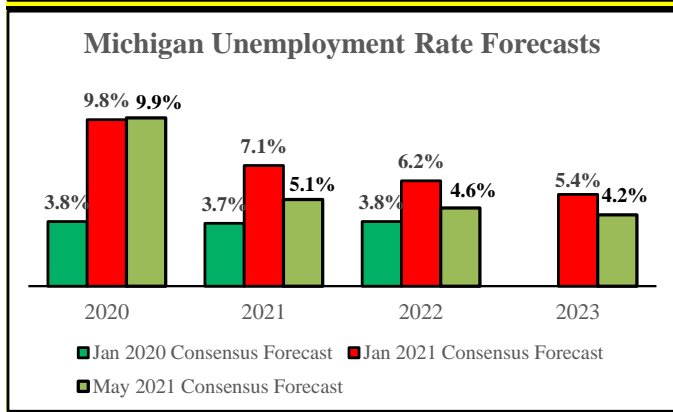
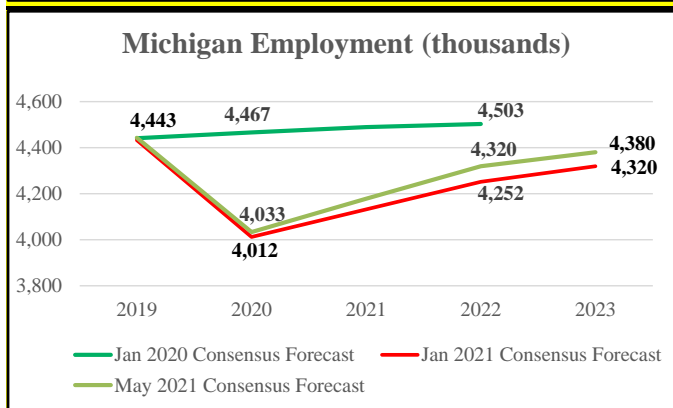
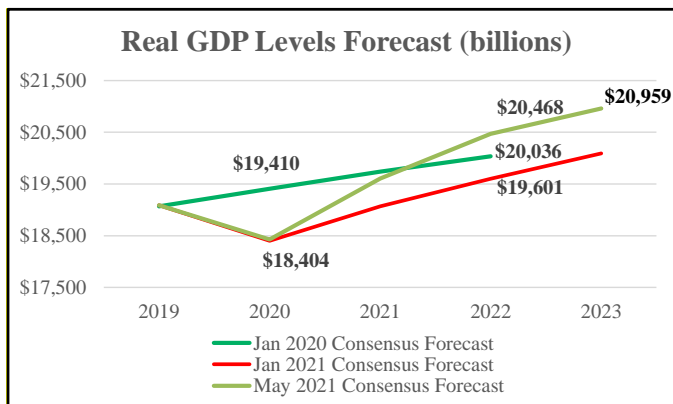


May 2021 Consensus Conference Economic Forecast

On May 21, 2021, the Administration, House Fiscal Agency and Senate Fiscal Agency met and agreed to a revised consensus economic forecast for calendar year (CY) 2021, 2022 and 2023. Below are highlights of that consensus agreement ⁽ⁿ⁾:



U.S. Economy

- After falling 3.5 percent in 2020, real GDP growth is forecast to rise 6.4 percent. Real GDP then grows a projected 4.4 percent in 2022 and 2.4 percent in 2023.
- After jumping to an estimated 8.1 percent in 2020, the U.S. unemployment rate is forecast to fall to 5.6 percent in 2021, 4.4 percent in 2022 and 4.1 percent in 2023.
- After dropping to 14.5 million units in 2020, light vehicle sales are forecast to total 16.9 million in 2021, 17.0 million in 2022 and 16.9 million in 2023.

Michigan Employment

- Michigan wage and salary employment plummeted 9.2 percent in 2020 -- the largest annual Michigan employment decline since 1958 when State employment fell 9.8 percent.
- Michigan employment is forecast to increase 3.6 percent in 2021, 3.4 percent in 2022 and 1.4 percent in 2023. Projected 2023 Michigan employment would be 1.4 percent lower than actual 2019 Michigan employment.

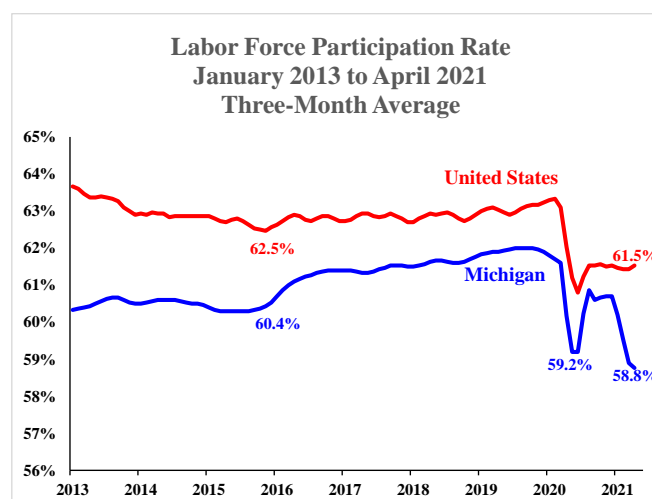
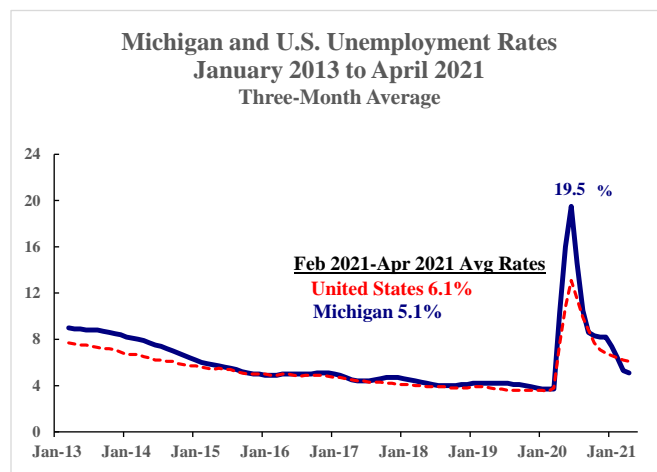
Michigan Unemployment Rate

- After soaring to 9.9 percent in 2020, Michigan's average annual unemployment rate is forecast fall over the forecast horizon.
- Michigan's unemployment rate is projected to decline to 5.1 percent in 2021, 4.6 percent in 2022 and 4.2 percent in 2023.
- The January 2020 Consensus forecast Michigan's unemployment rate would remain below 4.0 percent at least through 2022.

April 2021 Summary

Household Unemployment and Employment

- The monthly Michigan unemployment rate estimate fell to 4.9 percent in April. The three-month average of the Michigan unemployment rate trended downward from 5.3 percent to 5.1 percent in April. Compared to last April, when the pandemic began to take hold, the three-month average is down 5.2 percentage points. Compared to pre-pandemic February 2020 average, the current average is up 1.4 percentage points.
- The average number of people employed in Michigan between February 2021-April 2021 was 246,100 lower than in February 2020. Compared to the three-month average of people employed between February 2020-April 2020, the current three-month average is up 135,200 people. The February 2021-April 2021 average of people unemployed is 53,300 people higher than the number of unemployed in February 2020.
- The U.S. unemployment rate rose 0.1 of a percentage point to 6.1 percent in April. April's national jobless rate is 8.7 percentage points lower than the April 2020 peak rate (14.8 percent), but 2.6 percentage points higher than its February 2020 rate (3.5 percent).



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

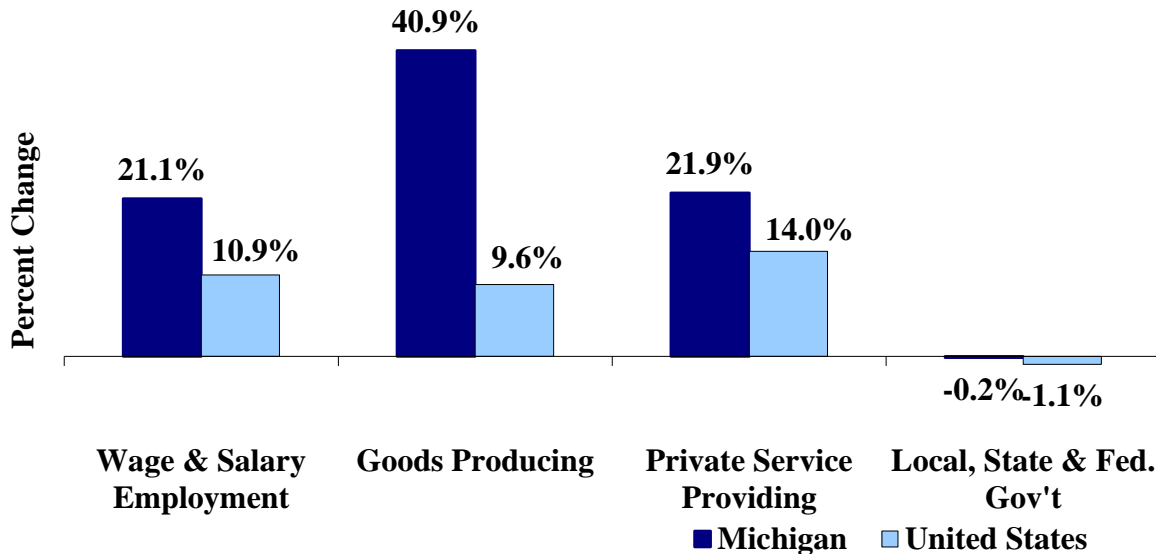
	<u>Annual</u> <u>2020</u>	<u>Feb</u> <u>2020</u>	<u>Mar</u> <u>2020</u>	<u>Apr</u> <u>2021</u>	<u>Chg Fr</u> <u>Mo Ago</u> <u>Level</u>	<u>Chg Fr</u> <u>Mo Ago</u> <u>%</u>	<u>Chg Fr</u> <u>Yr Ago</u> <u>Level</u>	<u>Chg Fr</u> <u>Yr Ago</u> <u>%</u>	<u>Three</u> <u>Month</u> <u>Average</u>
Michigan									
Labor Force	4,841	4,695	4,703	4,701	-2	0.0%	115	2.5%	4,700
Employed	4,363	4,452	4,464	4,470	6	0.1%	968	27.6%	4,462
Unemployed	478	243	239	231	-8	-3.3%	-853	-78.7%	238
Unemployment Rate	9.9%	5.2%	5.1%	4.9%	n.a.	-0.2% pts	n.a.	-18.7% pts	5.1%
United States									
Labor Force	160,742	160,211	160,558	160,988	430	0.3%	4,510	2.9%	160,586
Employed	147,795	150,239	150,848	151,176	328	0.2%	17,806	13.4%	150,754
Unemployed	12,947	9,972	9,710	9,812	102	1.1%	-13,297	-57.5%	9,831
Unemployment Rate	8.1%	6.2%	6.0%	6.1%	n.a.	0.1% pts	n.a.	-8.7% pts	6.1%

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

Employment by Place of Work (Payroll)

- Compared to April 2020, when employment plummeted to its pandemic low, Michigan payroll employment was up by 716,800 jobs (21.1 percent). State payroll employment fell by 19,200 jobs in April 2021 from March 2021. Nationally, April 2021 payroll employment was up by 14.1 million jobs (10.9 percent) from a year ago. National employment rose 266,000 jobs in April.

Payroll Employment Growth April 2020 to April 2021



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

- In the goods-producing sector, Michigan payroll employment increased 40.9 percent in April from a year ago; employment in the private service-providing sector rose 21.9 percent. From a year ago, April national payroll employment rose 9.6 percent in the goods-producing sector and increased 14.0 percent in the private service-providing sector.
- At 39.6 hours, manufacturing weekly hours in Michigan were up 3.0 hours from last year.

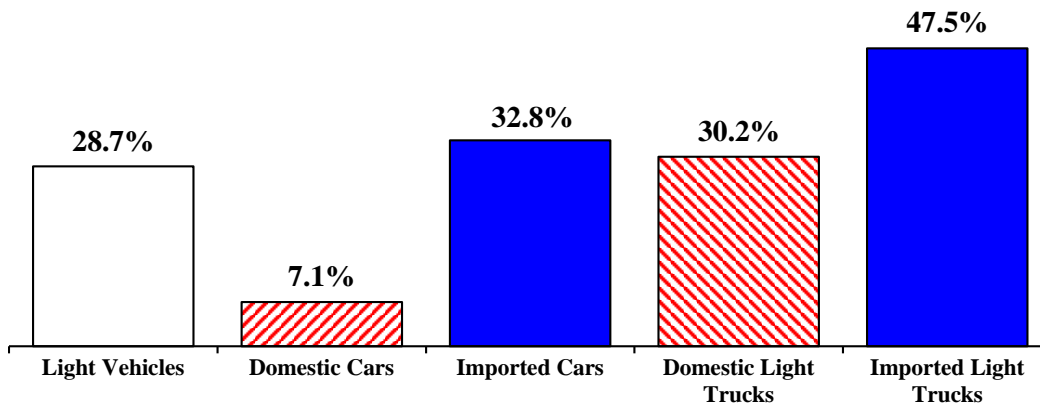
Wage and Salary (Payroll) Employment (in thousands)^(b)

	MI				US			
	2020 <u>Annual</u>	MI Apr <u>2020</u>	MI Apr <u>2021</u>	Percent <u>Change</u>	2020 <u>Annual</u>	US Apr <u>2020</u>	US Apr <u>2021</u>	Percent <u>Change</u>
Wage & Salary Employment	4,032.5	3,397.6	4,114.4	21.1%	142,185	130,161	144,308	10.9%
Goods Producing	728.5	528.3	744.2	40.9%	20,068	18,571	20,351	9.6%
Manufacturing	557.1	415.6	562.4	35.3%	12,179	11,414	12,284	7.6%
Private Service Providing	2,722.5	2,296.6	2,798.6	21.9%	100,209	89,764	102,366	14.0%
Trade, Trans. & Utilities	746.5	636.2	775.5	21.9%	26,590	24,513	27,099	10.5%
Services	1,702.4	1,395.9	1,746.5	25.1%	62,202	54,022	63,768	18.0%
Local, State & Fed. Gov't	581.5	572.7	571.6	-0.2%	21,909	21,826	21,591	-1.1%
Manufacturing Weekly Hours	40.7	36.6	39.6	3.0 hrs	40.7	38.5	41.7	3.2 hrs

Motor Vehicle Sales

- April 2021 the U.S. light vehicle sales rate was more than twice the sales rate in April 2020 when sales hit their pandemic monthly low. Year-to-date, U.S. light vehicle sales are up 28.7 percent. In April 2021, the annualized sales rate equaled 18.5 million units – the highest monthly sales rate in over 15 years.
- U.S. sales of domestic light vehicles rose 104.4 percent from last April but foreign sales rose 139.3 percent. The foreign share of U.S. light vehicle sales rose to 25.2 percent in April 2021 – up 2.8 points.
- Auto sales increased 109.4 percent compared to last April, while light truck sales were up 113.0 percent from April 2020. Year-over-year (y-o-y), heavy truck sales rose 46.3 percent from last April.

Year-to-Date April 2021 Light Vehicle Sales Up Sharply from Last Year



Motor Vehicle Sales Statistics

(Millions, Seasonally Adjusted Rates, unless otherwise specified)

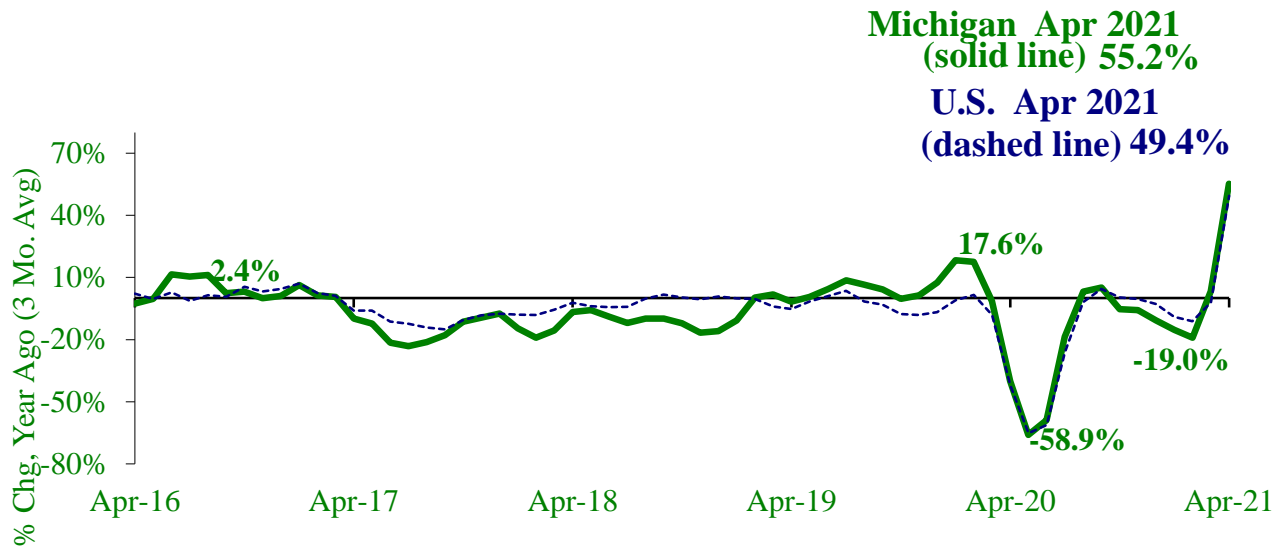
Motor Vehicle Sales ^(c)	2020 <u>Total</u>	Feb <u>2021</u>	Mar <u>2021</u>	Apr <u>2021</u>	3 Month <u>Average</u>	Apr Chg fr Yr Ago <u>Level</u>	Apr Chg fr Yr Ago <u>%</u>
Autos	3.4	3.5	3.9	4.1	3.8	2.2	109.4%
Domestics	2.6	2.4	2.8	3.0	2.8	1.5	101.8%
Imports	0.8	1.0	1.1	1.1	1.1	0.6	132.6%
Import Share	24.3%	29.7%	28.2%	27.5%	28.4%	2.7%	pts
Light Trucks	11.1	12.4	14.0	14.4	13.6	7.6	113.0%
Domestics	8.6	9.7	10.8	10.9	10.4	5.6	105.2%
Imports	2.4	2.8	3.2	3.5	3.2	2.1	141.5%
Import Share	22.1%	22.3%	23.0%	24.5%	23.3%	2.9%	pts
Total Light Vehicles	14.5	15.9	18.0	18.5	17.5	9.8	112.2%
Heavy Trucks	0.4	0.5	0.5	0.5	0.5	0.2	46.3%
Total Vehicles	14.9	16.4	18.5	19.0	17.9	9.9	109.7%

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

	2019 <u>Average</u>	Jan-21 <u>Jan-21</u>	Feb-21 <u>Feb-21</u>	Mar-21 <u>Mar-21</u>	3 Month <u>Average</u>	Chg fr Year Ago <u>Level</u>	Chg fr Year Ago <u>%</u>
Inventories	\$199.3	\$192.7	\$187.3	\$175.9	\$185.3	-\$64.0	-26.7%
Inventory/Sales Ratio	1.99	1.60	1.62	1.30	1.51	-1.78	

- In April 2020, U.S. and Michigan motor vehicle production came to a virtual standstill. As a result, year-over-year percentage changes from April 2020 to April 2021 are enormous. (See table below). In April 2021, Michigan plants produced 131,375 units in sharp contrast to the one vehicle produced in Michigan last April. Nationally, vehicle production totaled 710,724 units in April 2021 compared to 2,797 units produced last April. Compared to March 2021, Michigan production fell 26.3 percent in April 2021 while national production dropped 21.3 percent.
- Comparing the three-month average of vehicle production in February-April 2021 to production in February-April 2020, Michigan's average production was up 55.2 percent while average production was up 49.4 percent nationally.

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



Motor Vehicle Production Statistics

(Thousands, unless otherwise specified)

	2020 Monthly Average	Feb 2021	Mar 2021	Apr 2021	3 Month Average	Apr Level Chg fr Yr Ago	Apr % Chg fr Yr Ago
U.S. Production ^(e)							
Autos	161.9	151.7	144.7	142.5	146.3	140.7	8231%
Trucks	571.7	634.0	758.8	568.3	653.7	567.2	52178%
Total	733.6	785.6	903.5	710.7	800.0	707.9	25310%
Michigan Production ^(f)							
Autos	14.0	16.6	16.0	6.0	12.8	6.0	-----
Trucks	166.4	145.1	162.3	125.4	144.3	125.4	12537500%
Total	180.4	161.7	178.3	131.4	157.1	131.4	13137400%
Michigan as % of U.S.	24.6%	20.6%	19.7%	18.5%	19.6%	18.5%	pts

U.S. Economic Conditions

	<u>Jan-21</u>	<u>Feb-21</u>	<u>Mar-21</u>	<u>Apr-21</u>	<u>Change from Year Ago</u>
KEY ECONOMIC INDICATORS					
Consumer Sentiment ^(h)	79.0	76.8	84.9	88.3	16.5 points
ISM Manufacturing Index ⁽ⁱ⁾	58.7	60.8	64.7	60.7	19.0 points
ISM Non Manufacturing Index ⁽ⁱ⁾	58.7	55.3	63.7	62.7	21.1 points
INFLATION ^(k)					
1982-84 = 100 (CPI)	<u>Jan-21</u>	<u>Feb-21</u>	<u>Mar-21</u>	<u>Apr-21</u>	<u>Change from Year Ago</u>
Nov 2009 = 100 (PPI)					
U.S. Consumer Price Index	261.6	263.0	264.9	267.1	4.2%
Detroit CPI	NA	240.6	NA	244.7	5.4%
U.S. Producer Price Index	121.0	121.7	123.1	123.9	6.2%
INTEREST RATES					
90 Day T-Bill ^(l)	0.08%	0.04%	0.03%	0.02%	-0.12% points
10 Year Treasury Securities ^(l)	1.08%	1.26%	1.61%	1.64%	0.98% points
INDUSTRIAL PRODUCTION ^(l)	106.8	103.1	105.6	106.3	16.5%
CAPACITY UTILIZATION ^(l)	75.3%	72.7%	74.4%	74.9%	10.6% points
RETAIL SALES ^(d)	\$576.5	\$560.0	\$619.8	\$619.9	51.2%
HOUSING STARTS and SALES					
(Millions Annual Rate)	<u>Jan-21</u>	<u>Feb-21</u>	<u>Mar-21</u>	<u>Apr-21</u>	<u>% Change From Year Ago</u>
Housing Starts ^(d)	1.625	1.447	1.733	1.569	67.3%
Existing Home Sales ^(m)	6.660	6.240	6.010	5.850	33.9%
DURABLE GOODS ORDERS ^(d)	\$243.2	\$246.3	\$249.4	\$246.2	52.1%
PERSONAL INCOME ^(c)					
(Billions, Seasonally Adj & Annualized)	<u>2020.1</u>	<u>2020.2</u>	<u>2020.3</u>	<u>2020.4</u>	<u>% Change From Year Ago</u>
Michigan	\$497.5	\$563.7	\$535.5	\$515.6	3.8%
U.S.	\$18,940.5	\$20,444.6	\$19,839.4	\$19,494.4	4.0%
GROSS DOMESTIC PRODUCT ^(c)					
(Billions of Chained 2012 Dollars, Seasonally Adj & Annualized)	<u>2020.2</u>	<u>2020.3</u>	<u>2020.4</u>	<u>2021.1</u>	<u>Annualized % Chg From Last Qtr</u>
	\$17,302.5	\$18,596.5	\$18,794.4	\$19,088.1	6.4%

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).
- (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.
- (n) Consensus Revenue Estimating Conference Agreement Final Reports.