



MICHIGAN ECONOMIC UPDATE

Office of Revenue and Tax Analysis

Michigan Department of Treasury

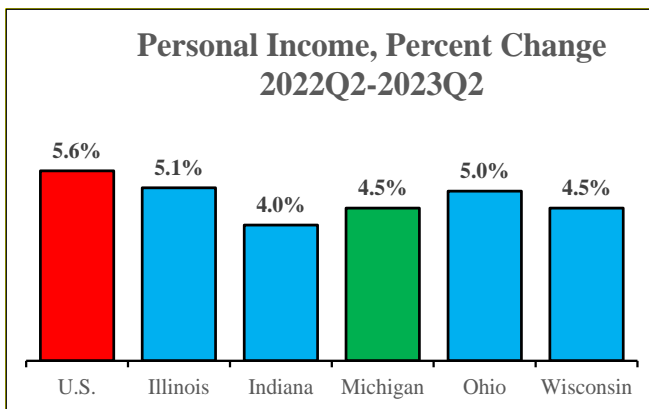
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Summarizing Economic Data for August 2023

(Published 09/29/2023)

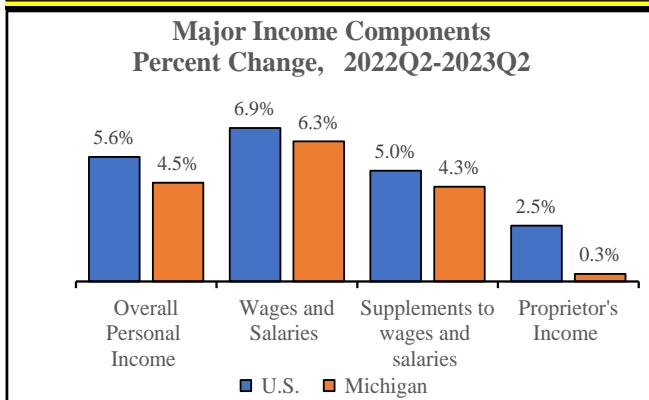
2022Q2-2023Q2 State Personal Income Growth

On September 29, 2023, the Bureau of Economic Analysis released initial estimates for 2023Q2 state personal income data and revised state personal income data for 2022Q1-2023Q1 ^(c):



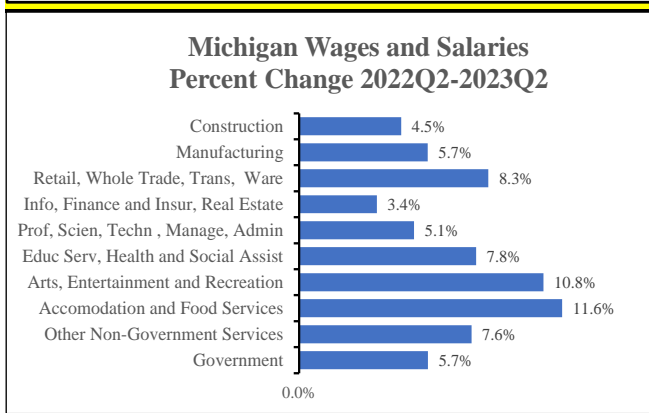
Year-over-Year Percentage Changes

- Overall personal income rose 4.5 percent from 2022Q2 to 2023Q2 in Michigan compared to 5.6 percent nationally.
- Among U.S. states, Michigan's year-over-year income growth ranked 40th highest.
- Among Great Lakes States, personal income growth ranged between 5.1 percent (Illinois) and 4.0 percent (Indiana).



Major Income Components

- In Michigan, wages and salaries grew 6.3 percent compared to 6.9 percent growth nationally between 2022Q2 and 2023Q2. Among U.S. states, Michigan ranked 34th in wage and salary growth.
- Supplements to wage and salaries rose 4.3 percent in Michigan while increasing 5.0 percent nationally
- Proprietor's income grew 0.3 percent in Michigan compared with 2.5 percent growth nationally. Among U.S. states, Michigan proprietor's income growth ranked 32nd.



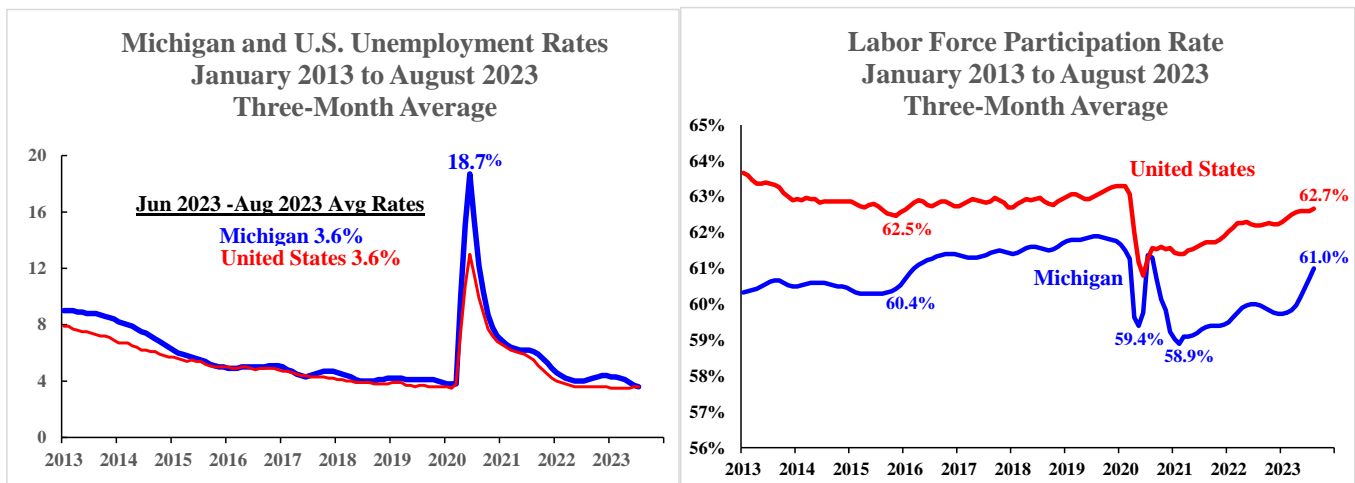
Michigan Industry Wage Growth Comparison

- Between 2022Q2 and 2023Q2 among major industry classifications, accommodations and food services saw the fastest wage growth (11.6 percent) followed by arts, entertainment and recreation (10.8 percent).
- The retail, wholesale, trucking, transportation and warehousing industry recorded the third fastest was growth (8.3 percent) followed by education, health and social assistance (7.8 percent).
- The information, finance and real estate industry saw the slowest growth (3.4 percent).

August 2023 Summary

Unemployment Rate Estimates

- The monthly Michigan unemployment rate rose 0.1 of a percentage point to 3.7 percent in August. The three-month average of the Michigan unemployment rate was 3.6 percent for August. Compared to last August, the three-month average was down 0.5 of a percentage point. Compared to the pre-pandemic February 2020 rate, the current average is down 0.2 of a percentage point.
- The average number of people employed in Michigan between June 2023-August 2023 was 9,900 higher than the number employed in February 2020. Compared to the three-month average of people employed between June 2022-August 2022, the current three-month average is up 118,800 people. The June 2023-August 2023 average of people unemployed is 8,600 people lower than the number of unemployed in February 2020.
- The U.S. unemployment rate rose to 3.8 percent in June. August's national jobless rate is 0.1 of a percentage point above the August 2022 rate (3.7 percent) and 0.3 of a percentage point above the February 2020 rate (3.5 percent).
- Both the Michigan and U.S. labor force participation rates, while rising from earlier troughs, remain below their pre-pandemic participation rates.

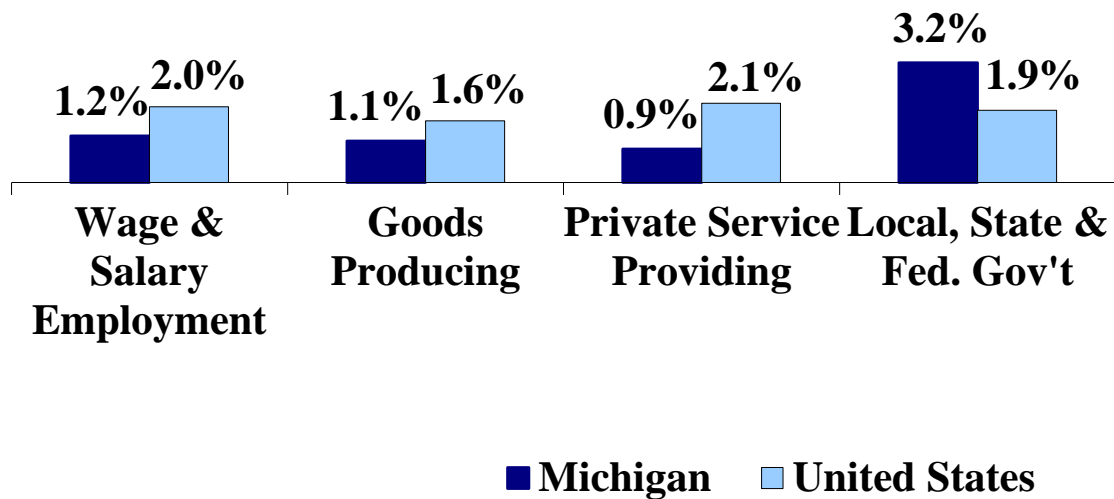


Employment by Place of Residence (in Thousands)^(a)

	<u>Annual</u> <u>2022</u>	<u>Jun</u> <u>2023</u>	<u>Jul</u> <u>2023</u>	<u>Aug</u> <u>2023</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	4,836	4,918	4,941	4,966	25	0.5%	126	2.6%	4,942
Employed	4,633	4,742	4,764	4,783	19	0.4%	149	3.2%	4,763
Unemployed	203	176	177	183	6	3.4%	-23	-11.2%	179
Unemployment Rate	4.2%	3.6%	3.6%	3.7%	n.a.	0.1% pts	n.a.	-0.6% pts	3.6%
United States									
Labor Force	164,287	166,951	167,103	167,839	736	0.4%	3,125	1.9%	167,298
Employed	164,287	160,994	161,262	161,484	222	0.1%	2,790	1.8%	161,247
Unemployed	5,996	5,957	5,841	6,355	514	8.8%	334	5.5%	6,051
Unemployment Rate	3.6%	3.6%	3.5%	3.8%	n.a.	0.3% pts	n.a.	0.1% pts	3.6%

- Compared to August 2022, Michigan payroll employment was up by 54,400 jobs (1.2 percent). State payroll employment rose by 4,900 jobs in August 2023 from July 2023. Nationally, August 2023 payroll employment was up by 3.1 million jobs (2.0 percent) from a year ago. National employment rose 187,000 jobs in August.

Payroll Employment Growth



- In the goods-producing sector, Michigan payroll employment increased 1.1 percent in August from a year ago; employment in the private service-providing sector rose 0.9 percent. From a year ago, August national payroll employment rose 1.6 percent in the goods-producing sector and increased 2.1 percent in the private service-providing sector.
- At 41.2 hours, manufacturing weekly hours in Michigan were down 0.9 of an hour from last year.

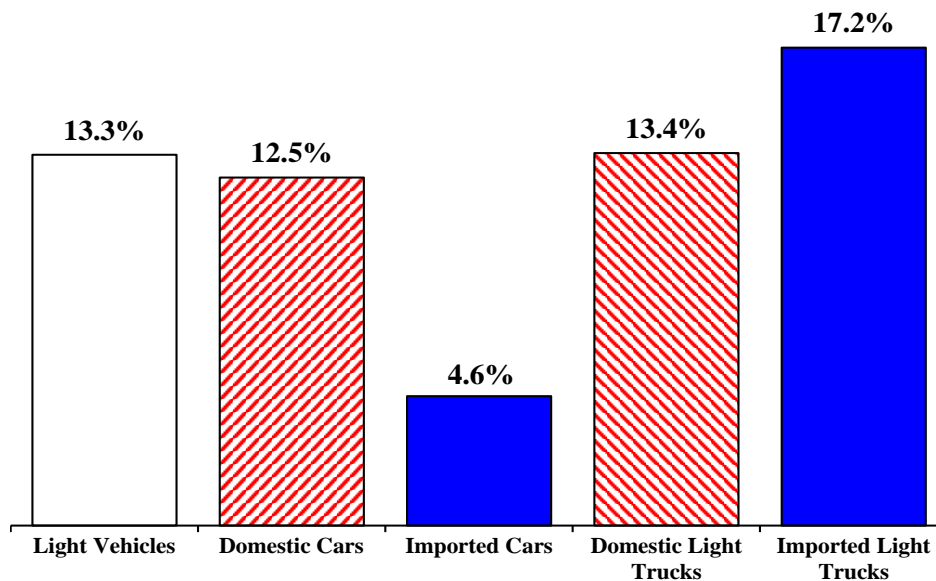
Wage and Salary (Payroll) Employment (in thousands) ^(b)

	MI				US			
	2022 <u>Annual</u>	MI Aug <u>2022</u>	MI Aug <u>2023</u>	Percent <u>Change</u>	2022 <u>Annual</u>	US Aug <u>2022</u>	US Aug <u>2023</u>	Percent <u>Change</u>
Wage & Salary Employment	4,362.2	4,384.5	4,438.9	1.2%	152,575	153,332	156,419	2.0%
Goods Producing	794.3	799.0	807.8	1.1%	21,178	21,283	21,632	1.6%
Manufacturing	603.2	607.6	608.2	0.1%	12,825	12,891	12,997	0.8%
Private Service Providing	2,978.2	2,988.6	3,015.2	0.9%	109,226	109,818	112,129	2.1%
Trade, Trans. & Utilities	804.0	807.0	810.3	0.4%	28,643	28,777	28,848	0.2%
Services	1,885.8	1,893.1	1,919.9	1.4%	68,465	68,865	71,072	3.2%
Local, State & Fed. Gov't	589.8	596.9	615.9	3.2%	22,171	22,231	22,658	1.9%
Manufacturing Weekly Hours	42.1	42.1	41.2	-0.9 hrs	41.0	41.0	40.8	-0.2 hrs

Motor Vehicle Sales Up from Last Year

- The U.S. light vehicle annualized sales rate fell to 15.0 million units between July and August. Compared to a year ago, August 2023 sales were up 13.6 percent.
- U.S. sales of domestic light vehicles rose 12.5 percent from last August while foreign sales increased 17.7 percent. In August 2023, at 22.7 percent, the foreign share of U.S. light vehicle sales was up 0.8 of a percentage point from a year earlier.
- Auto sales were up 9.3 percent from last August, while light truck sales increased 14.8 percent from August 2022. Year-over-year, heavy truck sales were up 1.6 percent from last August.
- Motor vehicle and parts dealer inventories were up 22.3 percent from last June.

Year-to-Date Vehicle Sales Up from A Year Ago



Motor Vehicle Sales Statistics

(Millions, Seasonally Adjusted Rates, unless otherwise specified)

	<u>2022</u> <u>Total</u>	<u>Jun</u> <u>2023</u>	<u>Jul</u> <u>2023</u>	<u>Aug</u> <u>2023</u>	<u>3 Month</u> <u>Average</u>	<u>Aug</u> <u>Chg fr</u> <u>Yr Ago</u> <u>Level</u>	<u>Aug</u> <u>Chg fr</u> <u>Yr Ago</u> <u>%</u>
Autos	2.9	3.1	3.1	3.0	3.1	0.3	9.3%
Domestics	2.0	2.3	2.3	2.2	2.3	0.3	13.4%
Imports	0.8	0.8	0.8	0.9	0.8	0.0	0.1%
Import Share	28.5%	24.8%	26.5%	28.5%	26.6%	-2.6%	pts
Light Trucks	10.9	12.6	12.6	12.0	12.4	1.5	14.8%
Domestics	8.8	10.1	10.0	9.4	9.8	1.0	12.3%
Imports	2.1	2.5	2.6	2.5	2.5	0.5	25.2%
Import Share	19.1%	20.0%	20.3%	21.2%	20.5%	1.8%	pts
Total Light Vehicles	13.8	15.6	15.7	15.0	15.5	1.8	13.6%
Heavy Trucks	<u>0.5</u>	<u>0.5</u>	<u>0.5</u>	<u>0.5</u>	<u>0.5</u>	<u>0.0</u>	<u>1.6%</u>
Total Vehicles	14.2	16.2	16.3	15.5	16.0	1.8	13.2%

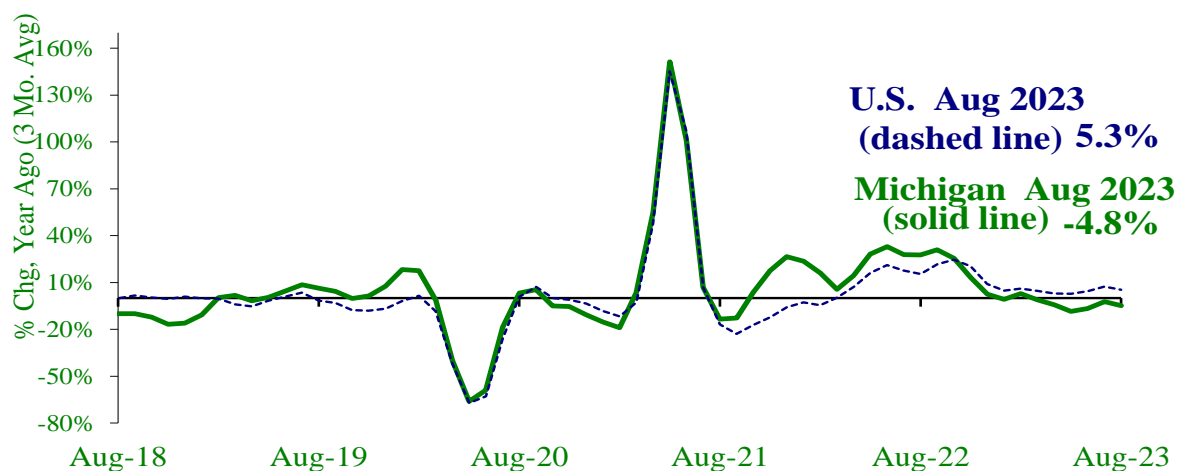
Retail Inventories, Motor Vehicle and Parts Dealers (billions of dollars) ^(d)

	<u>2022</u> <u>Average</u>	<u>May-23</u>	<u>Jun-23</u>	<u>Jul-23</u>	<u>3 Month</u> <u>Average</u>	<u>Chg fr</u> <u>Year Ago</u> <u>Level</u>	<u>Chg fr</u> <u>Year Ago</u> <u>%</u>
Inventories	\$182.0	\$182.0	\$220.7	\$220.4	\$207.7	\$40.6	22.3%
Inventory/Sales Ratio	1.43	1.46	1.65	1.65	1.59	0.21	

Michigan Vehicle Production Down from Year Ago Page 5

- Michigan vehicle production was down 11.0 percent from August 2022 while national vehicle production was little changed from last August. In August 2023, Michigan vehicle production totaled 184,704 units.
- In August 2023, auto production rose 8.8 percent year-over-year (y-o-y) in Michigan and was up 3.8 percent nationally; truck production decreased 13.0 percent in Michigan and was down 0.8 percent nationally.
- Comparing the three-month average of vehicle production in June 2023-August 2023 to production in June 2022-August 2022, Michigan’s average production was down 4.8 percent while average production increased 5.3 percent nationally.

Three-Month Average of Michigan Vehicle Production Down from Year Ago in August



Motor Vehicle Production Statistics

(Thousands, unless otherwise specified)

	2022					Aug	Aug
	Monthly	Jun	Jul	Aug	3 Month	Level Chg	% Chg
	Average	2023	2023	2023	Average	fr Yr Ago	fr Yr Ago
U.S. Production ^(e)							
Autos	151.1	161.6	124.8	185.5	157.3	6.8	3.8%
Trucks	699.8	757.2	597.5	810.5	721.8	(6.8)	-0.8%
Total	850.9	918.8	722.3	996.0	879.0	0.0	0.0%
Michigan Production ^(f)							
Autos	15.0	13.4	15.3	20.0	16.2	1.6	8.8%
Trucks	165.5	169.8	132.0	164.7	155.5	(24.5)	-13.0%
Total	180.6	183.1	147.3	184.7	171.7	(22.9)	-11.0%
Michigan as % of U.S.	21.2%	19.9%	20.4%	18.5%	19.5%	-2.3% pts	

U.S. Economic Conditions

	<u>May-23</u>	<u>Jun-23</u>	<u>Jul-23</u>	<u>Aug-23</u>	<u>Change from Year Ago</u>
KEY ECONOMIC INDICATORS					
Consumer Sentiment ^(h)	59.2	64.4	71.6	69.5	11.3 points
ISM Manufacturing Index ⁽ⁱ⁾	46.9	46.0	46.4	47.6	-5.3 points
ISM Non Manufacturing Index ⁽ⁱ⁾	50.3	53.9	52.7	54.5	-1.6 points
INFLATION ^(k)					
1982-84 = 100 (CPI)	<u>May-23</u>	<u>Jun-23</u>	<u>Jul-23</u>	<u>Aug-23</u>	<u>Change from Year Ago</u>
Nov 2009 = 100 (PPI)					
U.S. Consumer Price Index	304.1	305.1	305.7	307.0	3.7%
Detroit CPI	NA	285.6	NA	287.5	5.9%
U.S. Producer Price Index	140.9	140.9	141.4	142.2	1.6%
INTEREST RATES					
90 Day T-Bill ^(l)	5.14%	5.16%	5.25%	5.30%	2.67% points
10 Year Treasury Securities ^(l)	3.57%	3.75%	3.90%	4.17%	1.27% points
INDUSTRIAL PRODUCTION ^(l)	102.8	102.4	103.1	103.5	0.2%
CAPACITY UTILIZATION ^(l)	79.4%	79.0%	79.5%	79.7%	-1.0% points
RETAIL SALES ^(d)	\$689.2	\$690.5	\$693.7	\$697.6	2.5%
HOUSING STARTS and SALES					
(Millions Annual Rate)	<u>May-23</u>	<u>Jun-23</u>	<u>Jul-23</u>	<u>Aug-23</u>	<u>% Change From Year Ago</u>
Housing Starts ^(d)	1.583	1.418	1.447	1.283	-14.8%
Existing Home Sales ^(m)	4.300	4.160	4.070	4.040	-15.3%
DURABLE GOODS ORDERS ^(d)	\$288.9	\$301.3	\$284.3	\$284.7	3.5%
PERSONAL INCOME ^(c)					
(Billions, Seasonally Adj & Annualized)	<u>2022.4</u>	<u>2022.4</u>	<u>2023.1</u>	<u>2023.2</u>	<u>% Change From Year Ago</u>
Michigan	\$578.3	\$578.3	\$591.8	\$596.3	4.5%
U.S.	\$22,249.7	\$22,249.7	\$22,618.1	\$22,857.8	5.6%
GROSS DOMESTIC PRODUCT ^(c)					
(Billions of Chained 2017 Dollars, Seasonally Adj & Annualized)	<u>2022.3</u>	<u>2022.4</u>	<u>2023.1</u>	<u>2023.2</u>	<u>Annualized % Chg From Last Qtr</u>
	\$21,851.1	\$21,990.0	\$22,112.3	\$22,225.4	2.1%

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.