



MICHIGAN ECONOMIC UPDATE

Office of Revenue and Tax Analysis

Michigan Department of Treasury

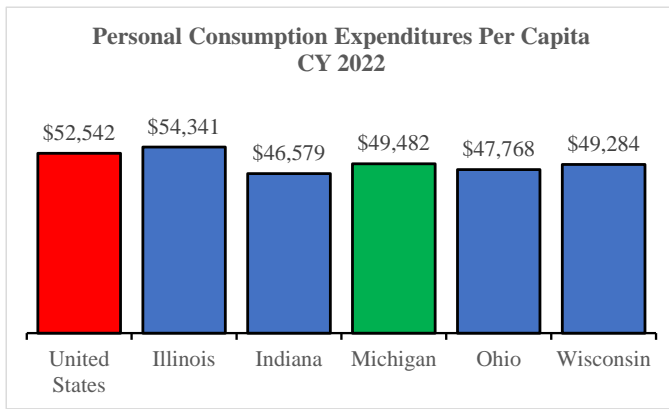
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Summarizing Economic Data for September 2023

(Published 10/27/2023)

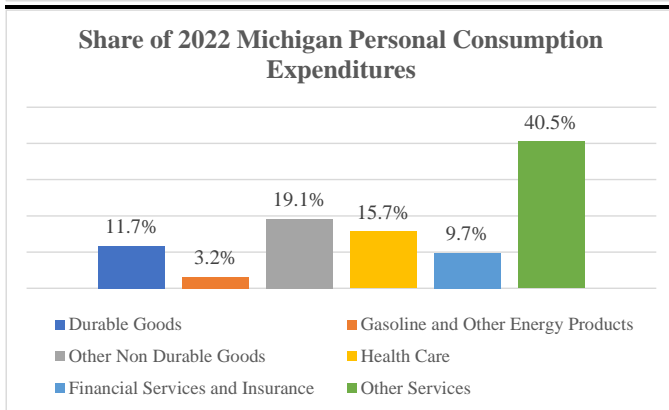
2022 State Personal Consumption Expenditures

On October 04, 2023, the Bureau of Economic Analysis released initial estimates for 2022 state personal consumption expenditures. Below are highlights from the release. ^(c):



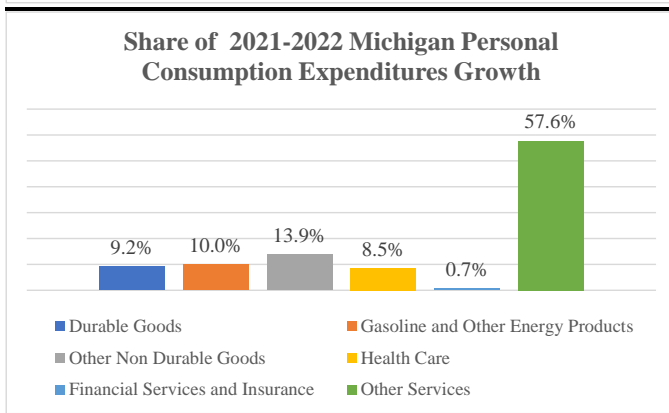
Per Capita Personal Consumption

- In 2022, Michigan personal consumption expenditures per capita equaled \$49,482.
- Among U.S. states, Michigan's 2022 per capita consumption expenditures ranked 28th highest.
- Among Great Lakes States, personal consumption expenditures per capita ranged from \$46,579 (Indiana) to \$54,341 (Illinois).



Major Personal Consumption Components

- Durable goods accounted for 11.7 percent of Michigan's 2022 personal consumption expenditures while energy comprised 3.2 percent of State consumption expenditures.
- Health care comprised 15.7 percent of total consumption expenditures while financial services and insurance accounted for 9.7 percent.
- Expenditures on other services comprised 40.5 percent of total expenditures.



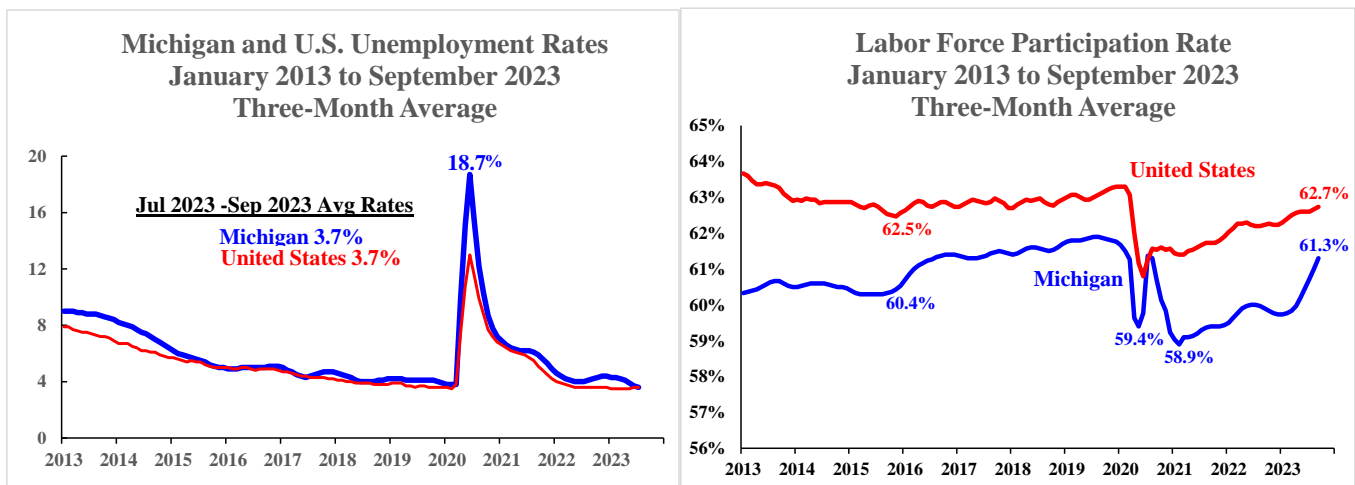
Consumption Growth Components

- Durable goods accounted for 9.2 percent of Michigan's total 2021-2022 increase in personal consumption expenditures. Energy products comprised an outsized 10.0 percent of the annual increase.
- Health care, and financial services and insurance accounted for shares of the annual increase that were less than their shares of total expenditures – 8.5 percent and 0.7 percent respectively.
- Other services accounted for an outsized 57.6 percent of the 2021-2022 increase in Michigan personal consumption expenditures.

September 2023 Summary

Unemployment Rate Estimates

- The monthly Michigan unemployment rate rose 0.2 of a percentage point to 3.9 percent in September. The three-month average of the Michigan unemployment rate was 3.7 percent for September. Compared to last September, 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 0.1 of a percentage point.
- The average number of people employed in Michigan between July 2023-September 2023 was 28,500 higher than the number employed in February 2020. Compared to the three-month average of people employed between July 2022-September 2022, the current three-month average is up 146,400 people. The July 2023-September 2023 average of people unemployed is 3,100 people lower than the number of unemployed in February 2020.
- The U.S. unemployment rate remained unchanged at 3.8 percent in September. September's national jobless rate is 0.3 of a percentage point above the September 2022 rate (3.5 percent) and also 0.3 of a percentage point above the February 2020 rate.
- Both the Michigan and U.S. labor force participation rates continued rising from earlier troughs. The September 2023 three-month average Michigan labor force participation rate matched the pre-pandemic February 2020 rate.

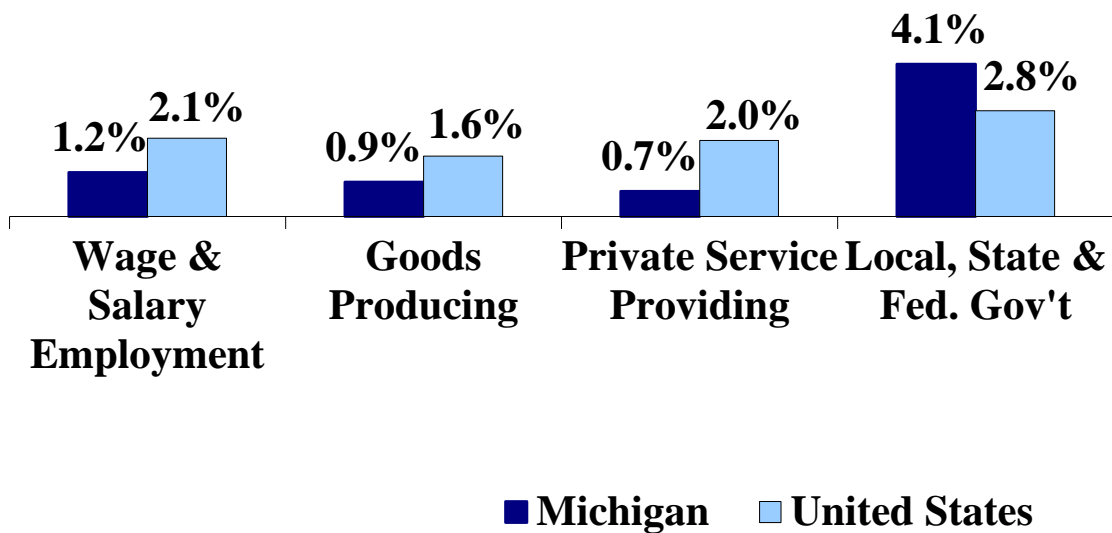


Employment by Place of Residence (in Thousands)^(a)

	Annual <u>2022</u>	Jul <u>2023</u>	Aug <u>2023</u>	Sep <u>2023</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	4,836	4,941	4,967	4,990	23	0.5%	153	3.2%	4,966
Employed	4,633	4,764	4,784	4,797	13	0.3%	171	3.7%	4,782
Unemployed	203	177	183	192	9	4.9%	-18	-8.7%	184
Unemployment Rate	4.2%	3.6%	3.7%	3.9%	n.a.	0.2% pts	n.a.	-0.4% pts	3.7%
United States									
Labor Force	164,287	167,103	167,839	167,929	90	0.1%	3,310	2.0%	167,624
Employed	158,291	161,262	161,484	161,570	86	0.1%	2,720	1.7%	161,439
Unemployed	5,996	5,841	6,355	6,360	5	0.1%	590	10.2%	6,185
Unemployment Rate	3.6%	3.5%	3.8%	3.8%	n.a.	0.0% pts	n.a.	0.3% pts	3.7%

- Compared to September 2022, Michigan payroll employment was up by 51,400 jobs (1.2 percent). State payroll employment fell by 10,000 jobs in September 2023 from August 2023. Nationally, September 2023 payroll employment was up by 3.2 million jobs (2.1 percent) from a year ago. National employment rose 336,000 jobs in September.

Payroll Employment Growth



- In the goods-producing sector, Michigan payroll employment increased 0.9 percent in September from a year ago; employment in the private service-providing sector rose 0.7 percent. From a year ago, September national payroll employment rose 1.6 percent in the goods-producing sector and increased 2.0 percent in the private service-providing sector.
- At 40.2 hours, manufacturing weekly hours in Michigan were down 2.0 hours from last year.

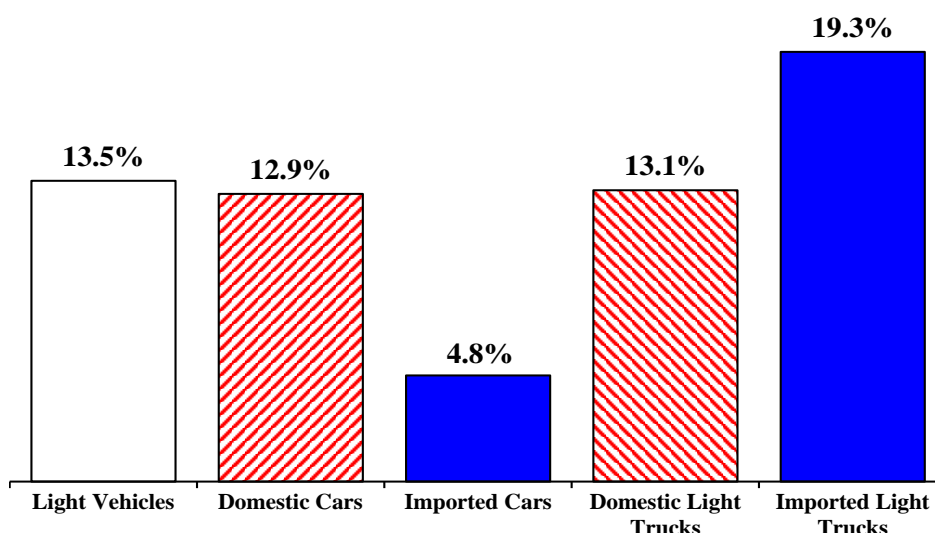
Wage and Salary (Payroll) Employment (in thousands) ^(b)

	2022	MI	MI	Percent	2022	US	US	Percent
	<u>Annual</u>	<u>Sep 2022</u>	<u>Sep 2023</u>	<u>Change</u>	<u>Annual</u>	<u>Sep 2022</u>	<u>Sep 2023</u>	<u>Change</u>
Wage & Salary Employment	4,362.2	4,381.4	4,432.8	1.2%	152,575	153,682	156,874	2.1%
Goods Producing	794.3	797.6	804.9	0.9%	21,178	21,327	21,670	1.6%
Manufacturing	603.2	605.4	605.1	0.0%	12,825	12,917	13,011	0.7%
Private Service Providing	2,978.2	2,991.6	3,011.7	0.7%	109,226	110,118	112,342	2.0%
Trade, Trans. & Utilities	804.0	808.6	815.0	0.8%	28,643	28,784	28,898	0.4%
Services	1,885.8	1,893.9	1,911.1	0.9%	68,465	69,153	71,251	3.0%
Local, State & Fed. Gov't	589.8	592.2	616.2	4.1%	22,171	22,237	22,862	2.8%
Manufacturing Weekly Hours	42.1	42.2	40.2	-2.0 hrs	41.0	41.1	40.7	-0.4 hrs

Motor Vehicle Sales Up from Last Year

- The U.S. light vehicle annualized sales rate rose to 15.7 million units between August and September. Compared to a year ago, September 2023 sales were up 14.3 percent.
- U.S. sales of domestic light vehicles rose 11.6 percent from last September while foreign sales increased 24.4 percent. In September 2023, at 23.2 percent, the foreign share of U.S. light vehicle sales was up 1.9 percentage points from a year earlier.
- Auto sales were up 11.7 percent from last September, while light truck sales increased 15.0 percent from September 2022. Year-over-year, heavy truck sales were up 4.6 percent from last September.
- Motor vehicle and parts dealer inventories were up 22.0 percent from last August.

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>Jul</u> <u>2023</u>	<u>Aug</u> <u>2023</u>	<u>Sep</u> <u>2023</u>	<u>3 Month</u> <u>Average</u>	<u>Sep</u> <u>Chg fr</u> <u>Yr Ago</u> <u>Level</u>	<u>Sep</u> <u>Chg fr</u> <u>Yr Ago</u> <u>%</u>
Autos	2.9	3.2	3.1	3.2	3.2	0.3	11.7%
Domestics	2.0	2.4	2.3	2.3	2.3	0.3	14.0%
Imports	0.8	0.8	0.8	0.9	0.9	0.1	6.2%
Import Share	28.5%	26.1%	26.6%	27.6%	26.8%	-1.4%	pts
Light Trucks	10.9	12.7	12.2	12.5	12.5	1.6	15.0%
Domestics	8.8	10.1	9.7	9.7	9.8	1.0	11.1%
Imports	2.1	2.7	2.5	2.7	2.6	0.7	31.8%
Import Share	19.1%	21.0%	20.7%	22.0%	21.2%	2.8%	pts
Total Light Vehicles	13.8	15.9	15.3	15.7	15.6	2.0	14.3%
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>4.6%</u>
Total Vehicles	14.2	16.4	15.9	16.2	16.2	2.0	14.0%

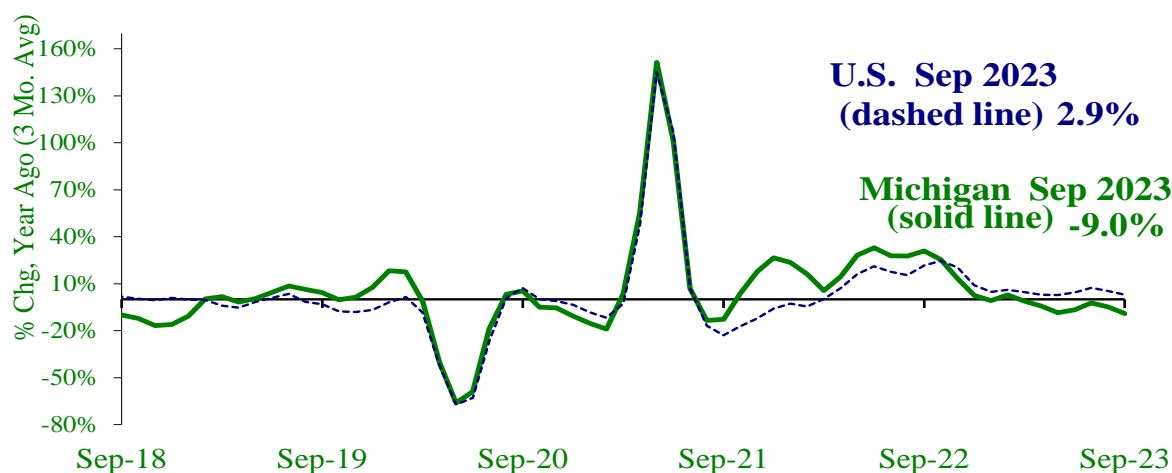
Retail Inventories, Motor Vehicle and Parts Dealers (billions of dollars) ^(d)

	<u>2022</u> <u>Average</u>	<u>Jun-23</u>	<u>Jul-23</u>	<u>Aug-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	\$181.9	\$187.8	\$224.4	\$224.8	\$212.4	\$41.4	22.0%
Inventory/Sales Ratio	1.43	1.47	1.68	1.68	1.61	0.24	

Michigan Vehicle Production Down from Year Ago Page 5

- Michigan vehicle production was down 15.6 percent from September 2022 while national vehicle production was down 3.1 percent from last September. In September 2023, Michigan vehicle production totaled 164,301 units.
- In September 2023, auto production rose 15.0 percent year-over-year (y-o-y) in Michigan and was up 1.7 percent nationally; truck production decreased 18.5 percent in Michigan and was down 4.2 percent nationally.
- Comparing the three-month average of vehicle production in July 2023-September 2023 to production in July 2022-September 2022, Michigan’s average production was down 9.0 percent while average production increased 2.9 percent nationally.

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



Motor Vehicle Production Statistics

(Thousands, unless otherwise specified)

	<u>2022</u> <u>Monthly</u> <u>Average</u>	<u>Jul</u> <u>2023</u>	<u>Aug</u> <u>2023</u>	<u>Sep</u> <u>2023</u>	<u>3 Month</u> <u>Average</u>	<u>Sep</u> <u>Level Chg</u> <u>fr Yr Ago</u>	<u>Sep</u> <u>% Chg</u> <u>fr Yr Ago</u>
U.S. Production ^(e)							
Autos	151.1	124.8	185.5	168.2	159.5	2.8	1.7%
Trucks	699.8	597.5	810.5	743.7	717.3	(32.3)	-4.2%
Total	850.9	722.3	996.0	912.0	876.8	(29.5)	-3.1%
Michigan Production ^(f)							
Autos	15.0	15.3	20.0	19.5	18.3	2.5	15.0%
Trucks	165.5	132.0	164.7	144.8	147.2	(33.0)	-18.5%
Total	180.6	147.3	184.7	164.3	165.4	(30.4)	-15.6%
Michigan as % of U.S.	21.2%	20.4%	18.5%	18.0%	18.9%	-2.7% pts	

U.S. Economic Conditions

	<u>Jun-23</u>	<u>Jul-23</u>	<u>Aug-23</u>	<u>Sep-23</u>	<u>Change from Year Ago</u>
KEY ECONOMIC INDICATORS					
Consumer Sentiment ^(h)	64.2	71.5	69.4	67.9	9.3 points
ISM Manufacturing Index ⁽ⁱ⁾	46.0	46.4	47.6	49.0	-2.0 points
ISM Non Manufacturing Index ⁽ⁱ⁾	53.9	52.7	54.5	53.6	-2.3 points
INFLATION ^(k)					
1982-84 = 100 (CPI)	<u>Jun-23</u>	<u>Jul-23</u>	<u>Aug-23</u>	<u>Sep-23</u>	<u>Change from Year Ago</u>
Nov 2009 = 100 (PPI)					
U.S. Consumer Price Index	305.1	305.7	307.0	307.8	3.7%
Detroit CPI	285.6	NA	287.5	NA	5.9%
U.S. Producer Price Index	141.1	141.9	142.7	143.1	2.2%
INTEREST RATES					
90 Day T-Bill ^(l)	5.16%	5.25%	5.30%	5.32%	2.19% points
10 Year Treasury Securities ^(l)	3.75%	3.90%	4.17%	4.38%	0.86% points
INDUSTRIAL PRODUCTION ^(l)	102.3	103.3	103.3	103.6	0.1%
CAPACITY UTILIZATION ^(l)	78.9%	79.6%	79.5%	79.7%	-1.2% points
RETAIL SALES ^(d)	\$690.5	\$694.4	\$699.9	\$704.9	3.8%
HOUSING STARTS and SALES					
(Millions Annual Rate)	<u>Jun-23</u>	<u>Jul-23</u>	<u>Aug-23</u>	<u>Sep-23</u>	<u>% Change From Year Ago</u>
Housing Starts ^(d)	1.418	1.451	1.269	1.358	-7.2%
Existing Home Sales ^(m)	4.160	4.070	4.040	3.960	-15.4%
DURABLE GOODS ORDERS ^(d)	\$301.3	\$284.3	\$284.0	\$297.2	7.8%
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>2022.4</u>	<u>2023.1</u>	<u>2023.2</u>	<u>2023.3</u>	<u>Annualized % Chg From Last Qtr</u>
	\$21,990.0	\$22,112.3	\$22,225.4	\$22,491.6	4.9%

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.