



MICHIGAN ECONOMIC UPDATE

Office of Revenue and Tax Analysis
Michigan Department of Treasury

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

November 2010 Summary

U.S. Economy: The ISM manufacturing index increased 2.9 points from a year ago while the ISM non-manufacturing composite index rose 6.6 points. Both ISM indexes have signaled expansion since January 2010. Consumer sentiment rose 3.9 points from October and was up 4.2 points from last year. Both industrial production and capacity utilization (three-month averages) rose for the 17th straight month. Overall retail sales were up 7.7 percent from last year. November housing starts were down 5.8 percent from last year while existing home sales were off 27.9 percent.

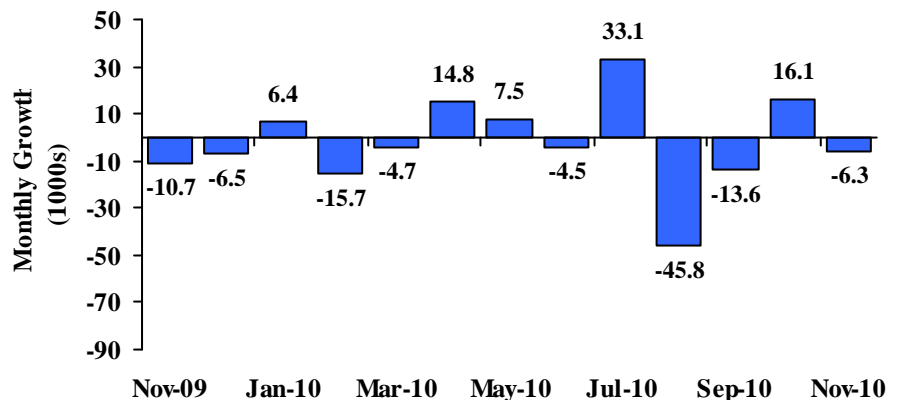
Employment: In November, Michigan employment fell by 6,300 jobs from last month and was down 19,200 jobs from a year ago. National employment increased by 39,000 jobs from October. Falling by 0.4 of a percentage point to 12.4 percent, the November 2010 Michigan unemployment rate represented the state's lowest rate since February 2009. The U.S. rate rose from 9.6 percent to 9.8 percent.

Auto Industry: In November, the light vehicle sales rate was unchanged from October at a 12.2 million unit annual rate. Light vehicle sales were up 12.8 percent compared to a year ago. Vehicle inventories were up 22.0 percent from a year ago but days supply was up by only five days. In November 2010, Michigan vehicle production (three-month average) rose 6.5 percent compared to a year ago; the national vehicle production average increased 6.9 percent.

Inflation: Compared to a year ago, the U.S. consumer price index (CPI) was up 1.1 percent. The core U.S. CPI (excluding food and energy) rose 0.8 percent. The overall producer price index rose 3.5 percent but the core producer price index increased only 1.3 percent. At \$84.14 per barrel, oil prices were up \$6.06 a barrel from November 2009.

Michigan Metro Areas: Unemployment rates fell in all 17 Michigan major labor markets in November compared with year ago levels. All areas saw at least a 1.5 percentage point rate decline. Employment rose in eight labor market areas, fell in eight areas and remained unchanged in one area.

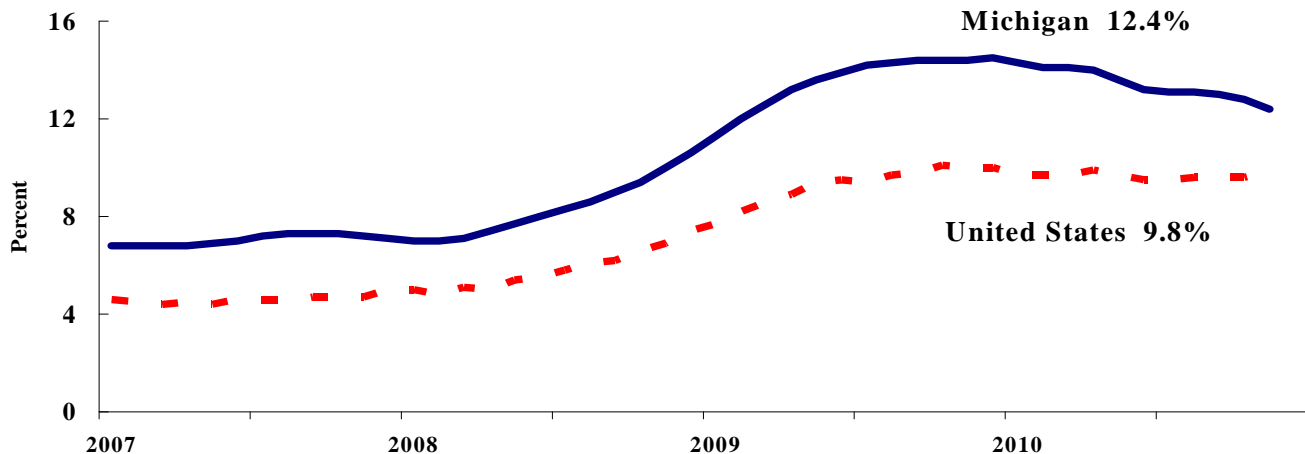
Michigan Employment Falls in November (a)



Labor Market Statistics

- Michigan's November unemployment rate decreased 0.4 percentage points from last month to 12.4 percent, and the current Michigan jobless rate is down 2.0 percentage points from a year ago. The November U.S. unemployment rate increased 0.2 percentage points from October to 9.8 percent and was down 0.2 percentage points 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 2007 to 2010



Source: Michigan Dept. of Labor and Economic Growth and Bureau of Labor Statistics, U.S. Dept. of Labor

- In November, the number of people employed in Michigan was 4,202,000, up 2,000 from last month, while the labor force decreased by 19,000. The statewide total number of unemployed decreased by 22,000 to 597,000.
- United States household employment totaled 138.9 million persons in November, down 173,000 from October. The labor force rose by 103,000 from last month, which meant there were 276,000 more unemployed people nationally, compared to October.

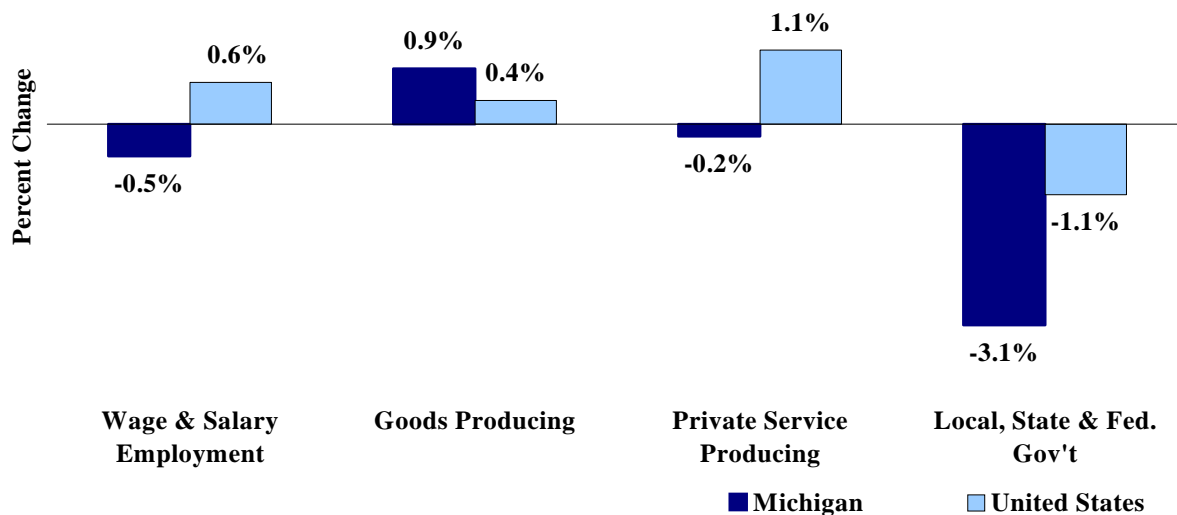
Employment by Place of Residence (in thousands)^(a)

	2009 Average	Sep 2010	Oct 2010	Nov 2010	Change From				
					Prior Month		Last Year		
					Level	%	Level	%	
Michigan									
Labor Force	4,889	4,826	4,818	4,799	-19	-0.4%	-46	-0.9%	
Employed	4,224	4,201	4,200	4,202	2	0.0%	57	1.4%	
Unemployed	665	625	619	597	-22	-3.6%	-103	-14.7%	
Unemployment Rate	13.6%	13.0%	12.8%	12.4%	n.a.	-0.4% pts	n.a.	-2.0%	
United States									
Labor Force	154,142	154,158	153,904	154,007	103	0.1%	287	0.2%	
Employed	139,877	139,391	139,061	138,888	-173	-0.1%	507	0.4%	
Unemployed	14,265	14,767	14,843	15,119	276	1.9%	-221	-1.4%	
Unemployment Rate	9.3%	9.6%	9.6%	9.8%	n.a.	0.2% pts	n.a.	-0.2%	

Employment by Place of Work

- From November 2009 to November 2010, Michigan wage and salary employment decreased 19,000 (0.5 percent). State wage and salary employment decreased 6,000 from October. Nationally, November 2010 wage and salary employment rose 842,000 (0.6 percent) from a year ago and was up 39,000 from last month.

Wage and Salary Employment Growth November 2009 to November 2010



Source: Bureau of Labor Statistics, Michigan Department of Labor and Economic Growth

- In the goods-producing sector, Michigan employment increased 0.9 percent from a year ago while private service-producing sector employment decreased 0.2 percent compared to last year. From a year ago, November national employment in the goods-producing sector rose 0.4 percent and increased 1.1 percent in the private service-producing sector.
- Manufacturing weekly hours increased 0.3 hours in Michigan compared to last year.

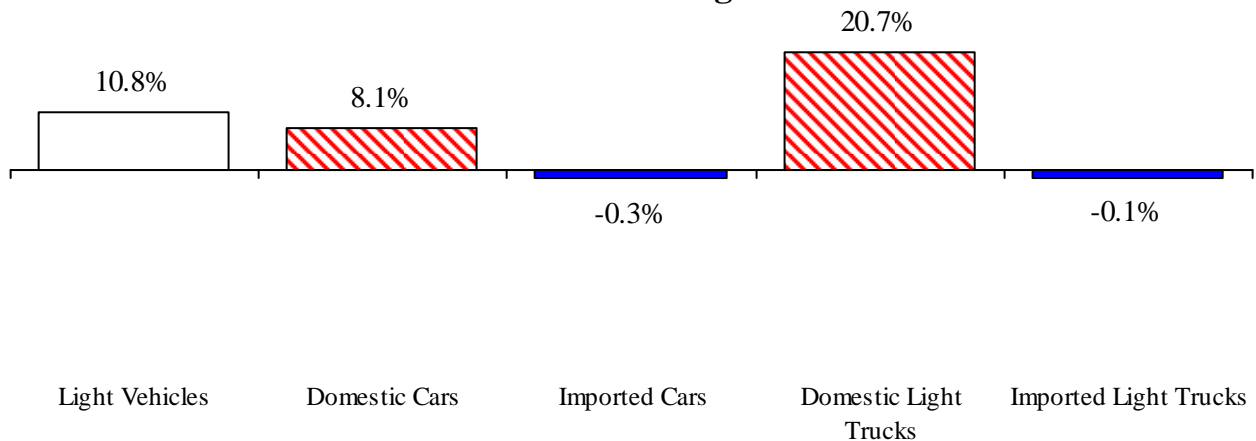
Establishment Employment (in thousands)^(b)

	Michigan				United States			
	2009 Average	Nov 2009	Nov 2010	Percent Change	2009 Average	Nov 2009	Nov 2010	Percent Change
Wage & Salary Employment	3,876	3,851	3,832	-0.5%	130,912	129,697	130,539	0.6%
Goods Producing	597	581	586	0.9%	18,620	17,960	18,026	0.4%
Manufacturing	462	453	463	2.2%	11,883	11,552	11,648	0.8%
Private Service Producing	2,633	2,627	2,622	-0.2%	89,749	89,230	90,252	1.1%
Trade, Trans. & Utilities	717	708	706	-0.3%	24,947	24,678	24,806	0.5%
Services	1,670	1,677	1,683	0.4%	54,236	54,124	55,156	1.9%
Local, State & Fed. Gov't	647	643	623	-3.1%	22,544	22,507	22,261	-1.1%
Manufacturing Weekly Hours	39.3	43.9	44.2	0.3 hrs	39.3	39.6	40.3	0.7 hrs

Motor Vehicle Industry Sales

- At a 12.2 million unit rate, November 2010 light vehicle sales were unchanged from October 2010. November 2010 light vehicle sales were up 12.8 percent from a year ago.
- Compared to October 2010, November 2010 domestic sales increased 0.2 percent while foreign sales fell 0.4 percent. Domestic sales rose 11.6 percent compared to a year ago while foreign sales increased 16.7 percent. Consequently, the foreign share of U.S. light vehicle sales increased 0.8 percentage points from a year ago to 24.7 percent.
- Auto sales rose 0.7 percent compared to October 2010 and increased 4.3 percent compared to a year ago. Light truck sales decreased 0.6 percent from October and jumped 21.9 percent from November 2009. Heavy truck sales were up 0.9 percent compared to a year ago.
- In November 2010, light vehicle inventories rose 3.4 percent from October and were up 22.0 percent from a year ago. Days supply was down 1 day from October and was up 5 days from a year ago.

2010 Year-to-Date Domestic Vehicle Sales Up Significantly from Year Ago



Motor Vehicle Sales Statistics

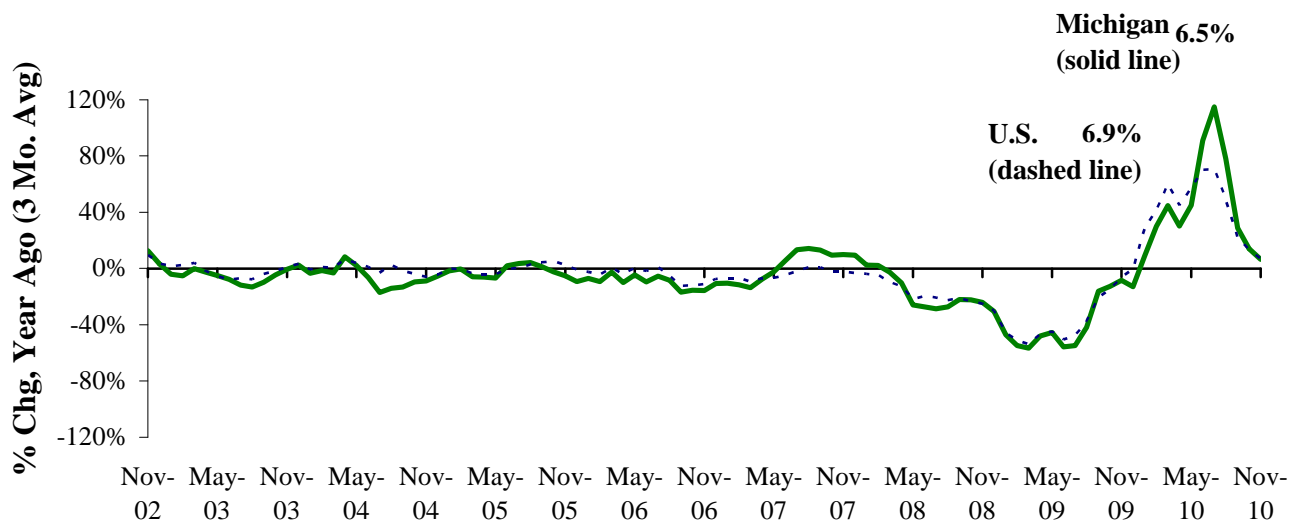
(Millions, unless otherwise specified)

Motor Vehicle Sales ^(c)	2009 Average	Sep 2010	Oct 2010	Nov 2010	3 Month Average	Change from Year Ago	
						Level	%
Autos	5.5	5.8	5.8	5.9	5.8	0.2	4.3%
Domestics	3.6	3.8	3.7	3.8	3.8	0.0	0.3%
Imports	1.8	2.0	2.1	2.0	2.0	0.2	13.0%
Import Share	33.7%	35.0%	35.6%	34.2%	34.9%	2.6%	pts
Light Trucks	4.9	5.9	6.4	6.4	6.2	1.1	21.9%
Domestics	4.1	4.9	5.4	5.3	5.2	0.9	21.5%
Imports	0.9	1.0	1.0	1.0	1.0	0.2	24.5%
Import Share	17.9%	16.2%	15.1%	16.0%	15.7%	0.3%	pts
Total Light Vehicles	10.4	11.7	12.2	12.2	12.0	1.4	12.8%
Heavy Trucks	0.2	0.2	0.2	0.2	0.2	0.0	0.9%
Total Vehicles	10.6	11.9	12.4	12.4	12.3	1.4	12.6%
U.S. Light Vehicle Inventories^(d)							
Total Car	1.154	1.039	1.119	1.177	1.111	0.129	
Days Supply	70	56	69	71	65	6 days	
Total Truck	1.059	1.169	1.248	1.269	1.229	0.311	
Days Supply	68	59	66	64	63	5 days	

Motor Vehicle Industry Production

- At 121,858 units, November 2010 Michigan motor vehicle production rose 10.0 percent from last November. National production rose 5.3 percent in November. Compared to October 2010, Michigan production decreased 24.3 percent while national production was down 11.4 percent.
- Michigan car production fell 16.4 percent from a year ago while State truck production increased 27.8 percent. Nationally, car production fell 4.1 percent while truck production increased 11.7 percent.
- From a year ago, Michigan's share of national production rose 0.8 percentage points to 19.3 percent.

Both Michigan and National Motor Vehicle Production Increases Slow to More Typical Rates ^(e,f)



Motor Vehicle Production Statistics

(Thousands, unless otherwise specified)

	2009					Change from Year Ago for the Month	
	Monthly Average	Sep 2010	Oct 2010	Nov 2010	3 Month Average	Level	%
U.S. Production ^(e)							
Autos	194.2	255.5	247.5	229.9	244.3	(9.9)	-4.1%
Trucks	285.2	455.2	464.0	400.4	439.9	41.9	11.7%
Total	479.5	710.7	711.6	630.4	684.2	32.0	5.3%
Michigan Production ^(f)							
Autos	42.5	54.7	49.1	37.3	47.0	(7.3)	-16.4%
Trucks	53.0	107.4	112.0	84.6	101.3	18.4	27.8%
Total	95.5	162.1	161.0	121.9	148.3	11.1	10.0%
Michigan as % of U.S.	19.9%	22.8%	22.6%	19.3%	21.7%	0.8% pts	

Local Area Unemployment Rate Falls In All Seventeen Local Areas (Not Seasonally Adjusted)

November 2010 area unemployment rates ranged between 7.2 percent (Ann Arbor MSA) and 14.6 percent (Northeast Lower Michigan). The median unemployment rate was 10.9 percent.

Compared to a year ago, the unemployment rate fell in all seventeen major Michigan labor market areas with the rate falling by at least 1.5 percentage points in each area. The median unemployment rate decline was 2.0 percentage points. The Monroe MSA saw the largest rate decline (-3.5 percentage points) followed by the Muskegon-Norton Shores MSA (-3.2 percentage points) and the Detroit-Warren-Livonia MSA (-3.0 percentage points).

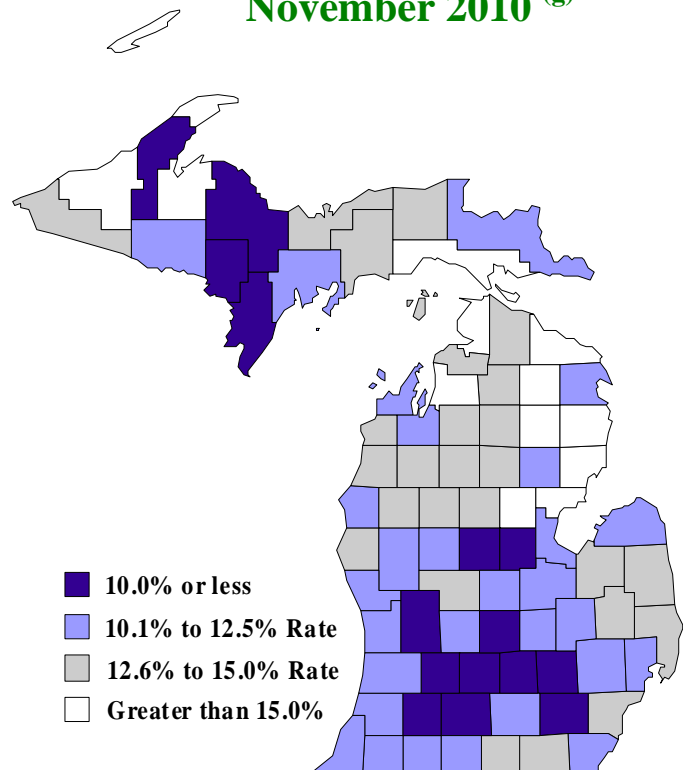
Between November 2009 and November 2010, eight labor market areas saw an employment increase; eight realized a decline and one saw no change. The Detroit-Warren-Livonia MSA experienced the largest employment increase (2.7 percent), followed by the Grand Rapids-Wyoming MSA (1.0 percent). The Bay City MSA and Northeast Lower Michigan each reported the largest year ago employment decline (-2.2 percent) followed by the Holland-Grand Haven MSA (-1.2 percent). Compared to a year ago, the labor force fell in all seventeen areas with the Monroe MSA experiencing the largest decline (-4.5 percent) followed by Northeast Lower Michigan (-4.4 percent). The median labor force decline was a 2.4 percent drop.

Between November 2009 and November 2010, the unemployment rate fell in 80 Michigan counties with a median rate decrease of 2.1 percentage points. Lapeer County posted the largest decline (-4.3 percentage points) followed by Baraga County (-3.7 percentage points). The three counties that saw rate increases reported only slight to modest increases. Fifteen counties saw a November 2010 unemployment rate below 10.0 percent. Thirteen counties reported rates higher than 15.0 percent.

Local Area Unemployment Rates^(g)

<u>Local Area</u>	<u>Nov 2009 Rate</u>	<u>Oct 2010 Rate</u>	<u>Nov 2010 Rate</u>
Michigan	13.7%	12.0%	11.3%
Ann Arbor	8.7%	7.8%	7.2%
Battle Creek	11.6%	10.5%	9.9%
Bay City	12.4%	10.9%	10.6%
Detroit-Warren-Livonia	15.0%	13.3%	12.0%
Flint	15.3%	13.0%	12.5%
Grand Rapids-Wyoming	11.5%	10.0%	9.5%
Holland-Grand Haven	12.4%	10.6%	10.1%
Jackson	14.1%	11.9%	11.3%
Kalamazoo-Portage	11.2%	10.0%	9.7%
Lansing-East Lansing	11.0%	9.2%	8.7%
Monroe	14.4%	11.5%	10.9%
Muskegon-Norton Shores	15.3%	12.8%	12.1%
Niles-Benton Harbor	13.4%	11.8%	11.4%
Saginaw-Saginaw Township	12.8%	11.1%	10.7%
Upper Peninsula	12.7%	10.7%	11.2%
Northeast Lower Mich	16.5%	13.5%	14.6%
Northwest Lower Mich.	14.7%	12.3%	13.0%

County Unemployment Rates November 2010^(g)



U.S. Economic Conditions

	<u>Aug-10</u>	<u>Sep-10</u>	<u>Oct-10</u>	<u>Nov-10</u>	<u>Change from Year Ago</u>
KEY ECONOMIC INDICATORS					
Consumer Sentiment ^(h)	68.9	68.2	67.7	71.6	4.2 points
ISM Manufacturing Index ⁽ⁱ⁾	56.3	54.4	56.9	56.6	2.9 points
ISM Non Manufacturing Index ⁽ⁱ⁾	51.5	53.2	54.3	55.0	6.6 points
	<u>2010.1</u>	<u>2010.2</u>	<u>2010.3</u>	<u>2010.4</u>	
Business Executives' Confidence ^(j)	62.0	62.0	50.0	62.0	-2.0 points
INFLATION ^(k)					
1982-84 = 100	<u>Aug-10</u>	<u>Sep-10</u>	<u>Oct-10</u>	<u>Nov-10</u>	<u>Change from Year Ago</u>
U.S. Consumer Price Index	218.3	218.4	218.7	218.8	1.1%
Detroit CPI	205.4	NA	205.8	NA	0.4%
U.S. Producer Price Index	179.6	180.2	181.2	181.9	3.5%
INTEREST RATES					
90 Day T-Bill ^(l)	0.15%	0.15%	0.13%	0.13%	0.08% points
Aaa Corporate Bonds ^(m)	4.49%	4.53%	4.68%	4.87%	-0.32% points
INDUSTRIAL PRODUCTION ^(m)	93.6	93.7	93.5	93.9	5.4%
CAPACITY UTILIZATION ^(m)	75.0%	75.1%	74.9%	75.2%	4.1% points
RETAIL SALES ⁽ⁿ⁾	\$366.0	\$369.4	\$375.6	\$378.7	7.7%
HOUSING STARTS and SALES					
(Millions Annual Rate)	<u>Aug-10</u>	<u>Sep-10</u>	<u>Oct-10</u>	<u>Nov-10</u>	<u>% Change From Year Ago</u>
Housing Starts ^(o)	0.614	0.601	0.534	0.555	-5.8%
Existing Home Sales ^(p)	4.120	4.530	4.430	4.680	-27.9%
DURABLE GOODS ORDERS ^(q)	\$193.2	\$202.6	\$196.2	\$195.7	10.5%
PERSONAL INCOME ^(c)					
(Billions of Dollars)	<u>2009.4</u>	<u>2010.1</u>	<u>2010.2</u>	<u>2010.3</u>	<u>% Change From Year Ago</u>
Michigan	\$344.7	\$345.0	\$350.9	\$352.8	3.3%
U.S.	\$12,225.8	\$12,338.2	\$12,506.6	\$12,590.7	3.6%
GROSS DOMESTIC PRODUCT					
(Billions of Chained 2005 Dollars) ^(c)	<u>2009.4</u>	<u>2010.1</u>	<u>2010.2</u>	<u>2010.3</u>	<u>Annualized % Chg From Last Qtr</u>
	\$13,019.0	\$13,138.8	\$13,194.9	\$13,278.5	2.6%

SOURCES AND NOTES:

- (a) Seasonally adjusted. Sources: Bureau of Labor Statistics, U.S. Department of Labor and Michigan Dept. of Energy, Labor and Economic Growth, Employment Service Agency.
- (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) Ward's Automotive Reports.
- (e) Automotive News.
- (f) Michigan Department of Treasury.
- (g) Michigan Department of Energy, Labor and Economic Growth, Employment Service Agency.
- (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) Economic Indicators, Council of Economic Advisors.
- (m) Seasonally adjusted rates (except interest rates). Federal Reserve System Board of Governors. 2007 equals 100.
- (n) Retail and Food Services Sales. Bureau of the Census, U.S. Department of Commerce.
- (o) Bureau of the Census, U.S. Department of Commerce.
- (p) National Association of Realtors.
- (q) Bureau of the Census, U.S. Department of Commerce. Figures exclude semi conductors.