



# MICHIGAN ECONOMIC UPDATE

Office of Revenue and Tax Analysis  
Michigan Department of Treasury

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

## June 2015 Summary

**U.S. Economy:** Real GDP accelerated from a 0.6 percent annual rate of growth in the first quarter of 2015 to 2.3 percent in the second quarter. The capacity utilization rate fell 0.8 percentage points between June 2014 and June 2015 and new durable goods orders dropped 2.8 percent from last June. The Institute for Supply Management (ISM) reported the current expansion has now lasted a 73 months; however, the ISM Production Management Index dropped 2.2 points from last June. Industrial production rose 1.5 percent from last year and retail sales were up 1.4 percent between June 2014 and June 2015. Housing starts were up sharply (26.6 percent) from last June and existing home sales increased 9.6 percent. In addition, the consumer sentiment index rose substantially from last year with a 13.6 percentage point increase from June 2014.

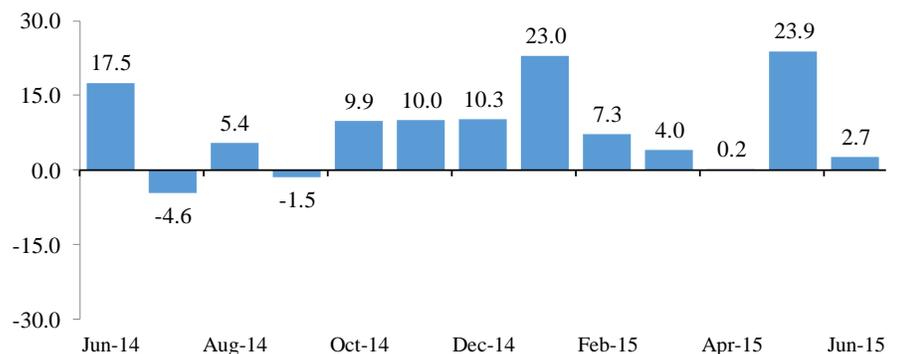
**Employment:** Between June 2014 and June 2015, Michigan payroll employment gained a net 90,600 jobs. Michigan payroll employment in June was up 2,700 jobs compared to May 2015. In June 2015, the Michigan unemployment rate was unchanged from May at 5.5 percent. The United States unemployment rate fell 0.2 percentage point from May 2015 to 5.3 percent. The June 2015 Michigan unemployment rate was down 1.6 percentage points from June 2014. The U.S. unemployment rate was down 0.8 percentage points from June 2014. Over the last year, U.S. payroll employment increased 2.9 million jobs (2.1 percent).

**Auto Industry:** The June 2015 U.S. light vehicle annual sales rate of 17.1 million units was up 1.5 percent from a year ago. Between June 2014 and June 2015, Michigan vehicle production fell 7.8 percent while national vehicle production was up 5.2 percent. Compared to a year ago, Michigan's share of national vehicle production decreased 2.7 percentage points to 18.9 percent.

**Inflation:** In June 2015, the overall U.S. consumer price index (CPI) was up just 0.1 percent from June 2014 and the overall Detroit CPI was *down* 2.4 percent. The core U.S. CPI rose 1.8 percent. The U.S. producer price index decreased 0.7 percent from last year. The price of oil in June was \$59.82 per barrel, which was down \$45.97 per barrel (-43.5 percent) from the year-ago level.

**Michigan Metro Areas:** Compared to a year ago, June 2015 unemployment rates fell in all of Michigan's 17 major labor markets and in 82 of the State's 83 counties. Employment rose in 16 of Michigan's 17 major labor market areas.

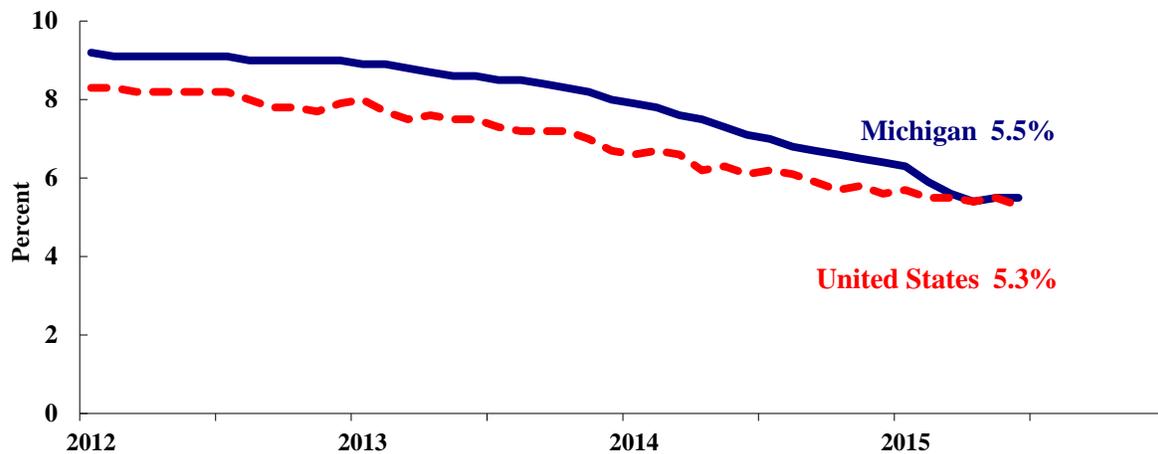
**Michigan Payroll Employment Rises Slightly  
Marking 9<sup>th</sup> Straight Monthly Increase  
(Seasonally Adjusted) <sup>(a)</sup>**



## Labor Market Statistics

- Michigan's June unemployment rate remained unchanged from last month at 5.5 percent. The June 2015 Michigan unemployment rate was down 1.6 percentage points from a year ago. The June U.S. unemployment rate decreased 0.2 percentage point from May to 5.3 percent and was down 0.8 percentage point 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 June 2012 to June 2015



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

- In June, the total number of people employed in Michigan decreased 7,000 from last month to 4,480,000 persons, while the labor force fell by 10,000 persons. The statewide total number of unemployed fell 3,000 to 261,000.
- United States employment totaled 148.7 million persons in June. The labor force totaled 157.0 million and there were 8.3 million unemployed in June 2015.

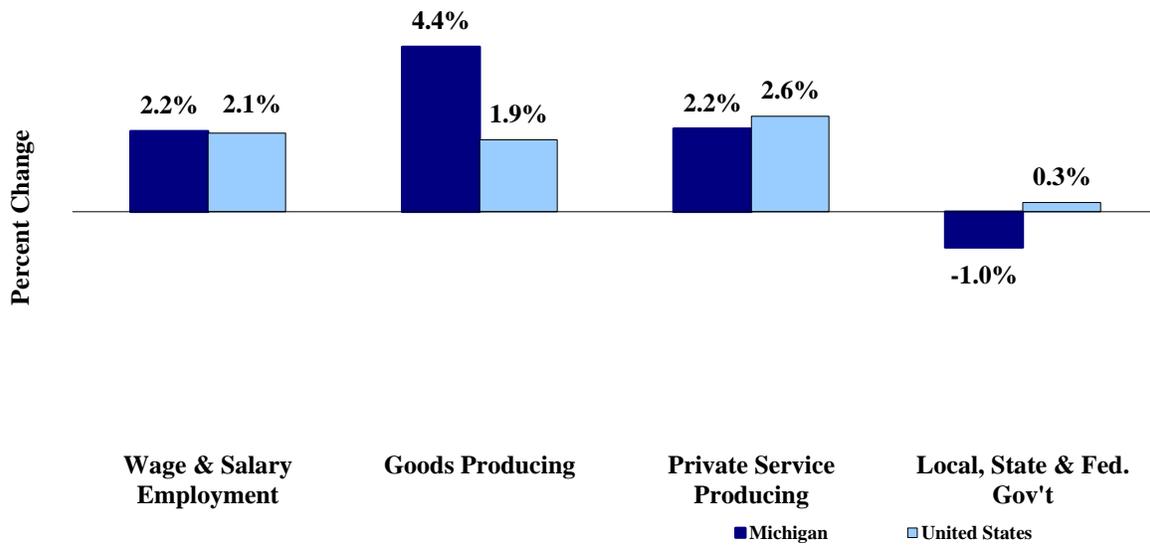
### Employment by Place of Residence (in thousands)<sup>(a)</sup>

	2014 Average	Apr 2015	May 2015	Jun 2015	Change From				
					Prior Month		Last Year		
					Level	%	Level	%	
<b>Michigan</b>									
Labor Force	4,750	4,740	4,750	4,740	-10	-0.2%	-7	-0.1%	
Employed	4,402	4,483	4,487	4,480	-7	-0.2%	71	1.6%	
Unemployed	348	257	264	261	-3	-1.1%	-77	-22.9%	
Unemployment Rate	7.3%	5.4%	5.5%	5.5%	n.a.	0.0% pts	n.a.	-1.6% pts	
<b>United States</b>									
Labor Force	155,922	157,072	157,469	157,037	-432	-0.3%	1,337	0.9%	
Employed	146,305	148,523	148,795	148,739	-56	0.0%	2,492	1.7%	
Unemployed	9,617	8,549	8,674	8,299	-375	-4.3%	-1,154	-12.2%	
Unemployment Rate	6.2%	5.4%	5.5%	5.3%	n.a.	-0.2% pts	n.a.	-0.8% pts	

## Employment by Place of Work (Payroll)

- From June 2014 to June 2015, Michigan payroll employment increased 90,600 (2.2 percent). State payroll employment increased by 2,700 jobs in June from May. Nationally, June 2015 payroll employment rose 2,935,000 (2.1 percent) from a year ago and was up 223,000 from last month.

### Payroll Employment Growth June 2014 to June 2015



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

- In the goods-producing sector, Michigan payroll employment increased 4.4 percent in June from a year ago while employment in the private service-producing sector increased 2.2 percent. From a year ago, June national payroll employment rose 1.9 percent in the goods-producing sector and increased 2.6 percent in the private service-producing sector.
- Manufacturing weekly hours in Michigan increased by 0.8 hour in June compared to last year.

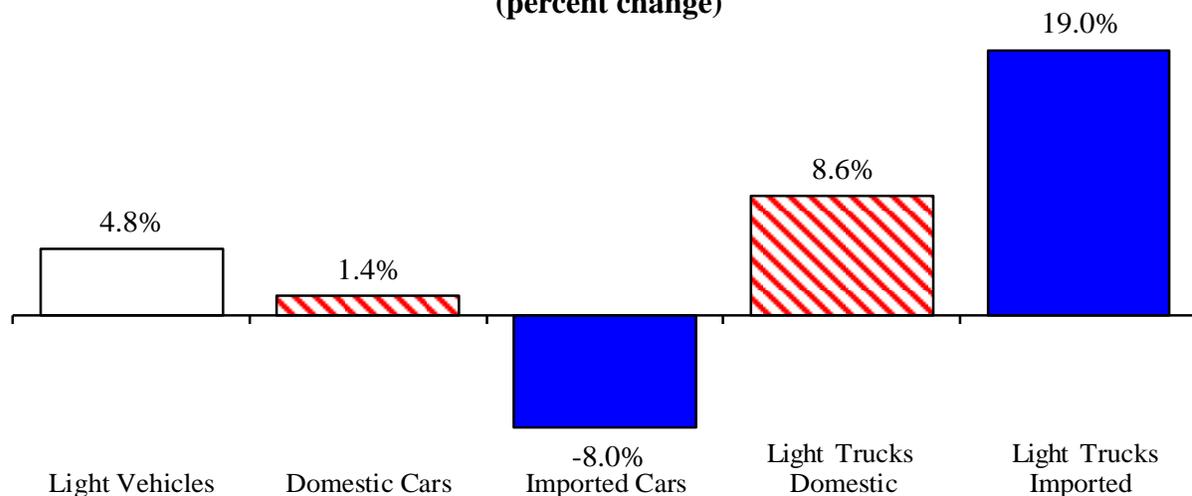
### Wage and Salary (Payroll) Employment (in thousands)<sup>(b)</sup>

	Michigan				United States			
	2014 Average	June 2014	June 2015	Percent Change	2014 Average	June 2014	June 2015	Percent Change
Wage & Salary Employment	4,179.7	4,188.1	4,278.7	2.2%	139,042	138,907	141,842	2.1%
Goods Producing	725.6	728.9	761.2	4.4%	19,223	19,190	19,561	1.9%
Manufacturing	575.9	578.3	596.7	3.2%	12,188	12,177	12,338	1.3%
Private Service Producing	2,858.8	2,863.2	2,927.2	2.2%	97,957	97,862	100,371	2.6%
Trade, Trans. & Utilities	757.3	758.4	766.6	1.1%	26,384	26,362	26,901	2.0%
Services	1,839.7	1,843.0	1,895.4	2.8%	60,854	60,797	62,549	2.9%
Local, State & Fed. Gov't	595.4	596.0	590.3	-1.0%	21,863	21,855	21,910	0.3%
Manufacturing Weekly Hours	43.9	44.3	45.1	0.8 hrs	42.0	42.1	41.8	-0.3 hrs

## Motor Vehicle Industry Sales

- June 2015 U.S. light vehicle sales were down 3.4 percent from May. At 17.1 million units, the June 2015 U.S. light vehicle annualized sales rate was up 1.5 percent from June 2014.
- June 2015 marks the 14<sup>th</sup> straight month that the light vehicle annualized sales rate has exceeded 16.0 million units and the third out of the last four months with a sales rate over 17.0 million units.
- U.S. sales of domestic light vehicles increased 1.1 percent between June 2014 and June 2015, while foreign sales were up 3.3 percent over the same period. Consequently, the foreign share of U.S. light vehicle sales rose 0.3 percentage point to 22.0 percent between June 2014 and June 2015.
- Auto sales decreased 6.1 percent compared to last June, while light truck sales were up 8.5 percent from June 2014. Year-over-year, heavy truck sales rose 14.7 percent.

### Year-to-Date (Jan-Jun 2015) Light Truck Sales Up Sharply From A Year Ago (Jan-Jun 2014) (percent change)



## Motor Vehicle Sales Statistics

(Millions, unless otherwise specified)

Motor Vehicle Sales <sup>(c)</sup>	2014	Apr	May	Jun	3 Month	Change from	
	Average	2015	2015	2015	Average	Level	%
Autos	7.7	7.2	7.9	7.6	7.5	(0.5)	-6.1%
Domestics	5.6	5.2	5.8	5.6	5.5	(0.2)	-4.1%
Imports	2.1	1.9	2.1	2.0	2.0	(0.3)	-11.2%
Import Share	27.2%	27.2%	26.3%	26.5%	26.6%	-1.5% pts	
Light Trucks	8.7	9.3	9.8	9.5	9.5	0.7	8.5%
Domestics	7.4	7.6	8.1	7.8	7.8	0.4	5.1%
Imports	1.4	1.7	1.7	1.8	1.7	0.4	26.8%
Import Share	15.5%	17.8%	17.5%	18.5%	17.9%	2.7% pts	
Total Light Vehicles	16.4	16.5	17.7	17.1	17.1	0.3	1.5%
Heavy Trucks	0.4	0.4	0.4	0.4	0.4	0.1	14.7%
Total Vehicles	16.8	16.9	18.1	17.6	17.5	0.3	1.8%

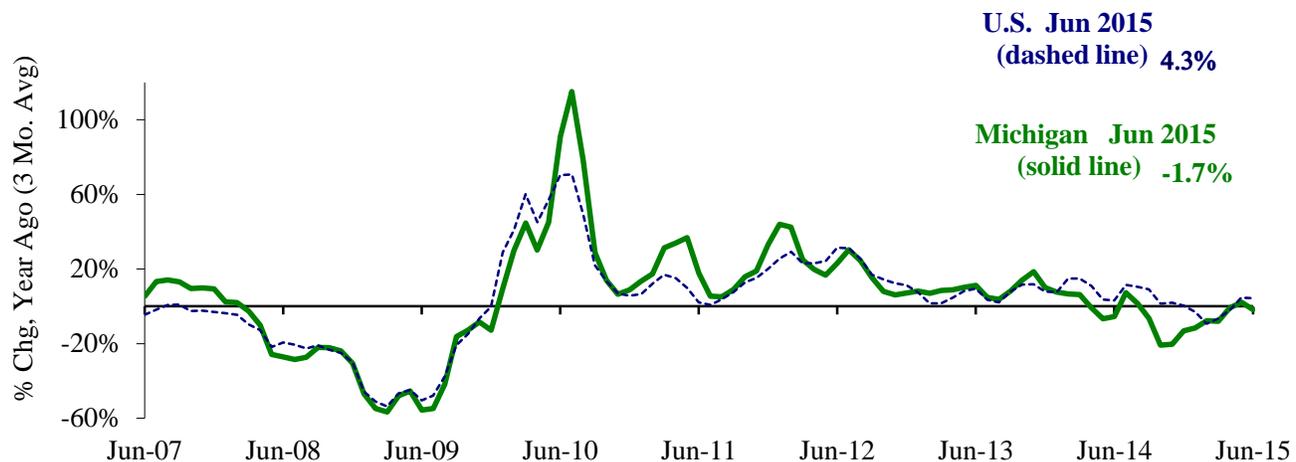
### Retail Inventories, Motor Vehicle and Parts Dealers<sup>(d)</sup> (billions of dollars)

	2014	Mar-15	Apr-15	May-15	3 Month	Change from	
	Average	Mar-15	Apr-15	May-15	Average	Level	%
Inventories	\$182.5	\$186.3	\$188.1	\$187.6	\$187.3	\$8.7	4.9%
Inventory/Sales Ratio	2.09	2.06	2.06	2.02	2.05	-0.06	

## Motor Vehicle Industry Production

- At 200,586 units, May 2015 Michigan motor vehicle production was down 7.8 percent from June 2014. National production increased 5.2 percent from last June. The three-month average of vehicle production (April 2015-June 2015) was down 1.7 percent in Michigan and up 4.3 percent nationally, compared to a year ago.
- In June 2015, Michigan car production was down 17.1 percent from a year ago while State truck production fell 2.3 percent. Nationally, car production increased 5.0 percent while U.S. truck production increased 5.3 percent.
- Michigan's share of national vehicle production fell 2.7 percentage point to 18.9 percent in June 2015 from the year-ago level. Michigan's share of U.S. car production was down 4.7 percentage points to 17.7 percent. Michigan's share of U.S. truck production fell 1.5 percentage points to 19.6 percent.

### Michigan Motor Vehicle Production's Growth Rate Down in June<sup>(e,f)</sup>



### Motor Vehicle Production Statistics

(Thousands, unless otherwise specified)

	2014					Change from Year Ago for the Month	
	Monthly Average	Apr 2015	May 2015	Jun 2015	3 Month Average	Level	%
<b>U.S. Production <sup>(e)</sup></b>							
Autos	369.1	391.7	388.1	384.4	388.1	18.3	5.0%
Trucks	619.3	681.4	654.7	676.0	670.7	33.8	5.3%
Total	988.4	1,073.1	1,042.8	1,060.4	1,058.8	52.1	5.2%
<b>Michigan Production <sup>(f)</sup></b>							
Autos	69.9	71.9	81.0	68.0	73.6	(14.0)	-17.1%
Trucks	126.5	132.2	128.9	132.6	131.2	(3.1)	-2.3%
Total	196.5	204.0	209.9	200.6	204.8	(17.1)	-7.8%
Michigan as % of U.S.	19.9%	19.0%	20.1%	18.9%	19.3%	-2.7% pts	

## Local Area Unemployment Rates Decline in All of Michigan's 17 Local Areas (Not Seasonally Adjusted)

June 2015 local area unemployment rates ranged from a low of 4.2 percent in the Grand Rapids-Wyoming MSA to a high of 7.0 percent in the Northeast Lower Michigan region. The June 2015 median unemployment rate was 5.6 percent, which is down substantially from last June's 7.0 percent median rate.

Compared to a year ago, the June unemployment rate fell in all of Michigan's 17 labor market areas. The Detroit-Warren-Livonia MSA reported the largest rate decrease of 2.3 percentage points, followed by the Saginaw-Saginaw Township MSA and the Northeast Lower Michigan region, each with a reported rate decline of 1.8 percentage points. The Holland-Grand Haven MSA and the Lansing-East Lansing MSA saw the smallest rate decline (1.1 percentage point).

Between June 2014 and June 2015, employment rose in 16 of Michigan's 17 labor market areas. The median employment increase was 1.6 percent. The Grand Rapids-Wyoming MSA reported the largest year-over-year employment increase at 3.9 percent, followed by the Battle Creek MSA and Monroe MSA, each with a 2.0 percent increase. The Holland-Grand Haven MSA reported the only year-over-year employment decrease (-0.7 percent). The labor force fell in 11 labor market areas, rose in five areas and was unchanged in one area. The Grand Rapids-Wyoming MSA reported the largest percent increase in labor force (2.6 percent), followed by the Battle Creek MSA (0.6 percent). The Holland-Grand Haven MSA saw the largest labor force decline (-2.0 percent), followed by the Bay City MSA (-1.3 percent).

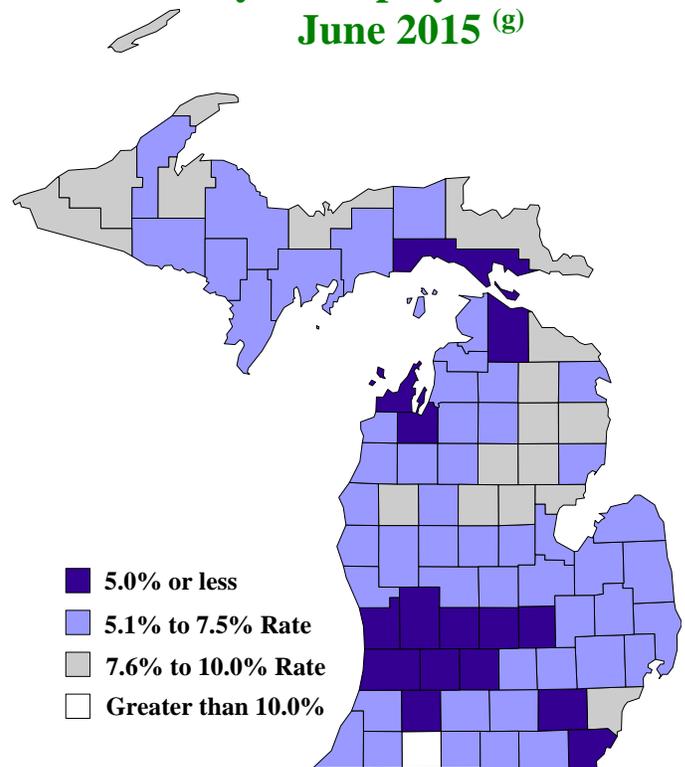
Between June 2014 and June 2015, the unemployment rate fell in 82 of Michigan's 83 counties. The median June 2015 rate decline was 1.6 percentage points. Montmorency County and Saint Clair County each posted the largest rate decrease at 2.9 percentage points, followed by Oscoda and Wayne counties at 2.8 percentage points. Schoolcraft County reported a 1.3 percentage point increase in its unemployment rate from last June.

In June 2015, the unemployment rate was below 10.0 percent in 82 of Michigan's 83 counties. In June 2014, 70 counties had an unemployment rate below 10.0 percent.

### Local Area Unemployment Rates<sup>(g)</sup>

<u>Local Area</u>	<u>Jun 2014 Rate</u>	<u>May 2015 Rate</u>	<u>Jun 2015 Rate</u>
Michigan	7.7%	5.9%	5.8%
Ann Arbor	5.5%	4.2%	4.3%
Battle Creek	6.6%	5.4%	5.4%
Bay City	7.4%	6.1%	5.9%
Detroit-Warren-Livonia	8.9%	6.6%	6.6%
Flint	8.0%	6.4%	6.3%
Grand Rapids-Wyoming	5.4%	4.2%	4.2%
Holland-Grand Haven	6.9%	5.7%	5.8%
Jackson	6.5%	5.2%	5.1%
Kalamazoo-Portage	6.2%	4.8%	5.0%
Lansing-East Lansing	6.3%	5.2%	5.2%
Monroe	6.2%	4.9%	4.8%
Muskegon-Norton Shores	7.7%	6.1%	6.1%
Niles-Benton Harbor	7.0%	5.6%	5.5%
Saginaw-Saginaw Township	7.8%	6.1%	6.0%
Upper Peninsula	8.2%	7.0%	6.7%
Northeast Lower Mich	8.8%	7.4%	7.0%
Northwest Lower Mich.	7.2%	6.2%	5.6%

### County Unemployment Rates June 2015<sup>(g)</sup>



## U.S. Economic Conditions

	<u>Mar-15</u>	<u>Apr-15</u>	<u>May-15</u>	<u>Jun-15</u>	<u>Change from Year Ago</u>
<b>KEY ECONOMIC INDICATORS</b>					
Consumer Sentiment <sup>(h)</sup>	93.0	95.9	90.7	96.1	13.6 points
ISM Manufacturing Index <sup>(i)</sup>	51.5	51.5	52.8	53.5	-2.2 points
ISM Non Manufacturing Index <sup>(i)</sup>	56.5	57.8	55.7	56.0	-0.3 points
	<u>2014.3</u>	<u>2014.4</u>	<u>2015.1</u>	<u>2015.2</u>	
Business Executives' Confidence <sup>(j)</sup>	59.0	60.0	57.0	58.0	-2.0 points
<b>INFLATION <sup>(k)</sup></b>					
<b>1982-84 = 100 (CPI)</b>	<u>Mar-15</u>	<u>Apr-15</u>	<u>May-15</u>	<u>Jun-15</u>	<u>Change from Year Ago</u>
<b>Nov 2009 = 100 (PPI)</b>					
U.S. Consumer Price Index	236.1	236.6	237.8	238.6	0.1%
Detroit CPI	NA	219.0	NA	219.0	-2.4%
U.S. Producer Price Index	109.9	109.6	109.9	110.4	-0.7%
<b>INTEREST RATES</b>					
90 Day T-Bill <sup>(l)</sup>	0.03%	0.02%	0.02%	0.02%	-0.02% points
Aaa Corporate Bonds <sup>(l)</sup>	3.64%	3.52%	3.98%	4.19%	-0.06% points
<b>INDUSTRIAL PRODUCTION <sup>(l)</sup></b>					
	106.1	105.6	105.4	105.7	1.5%
<b>CAPACITY UTILIZATION <sup>(l)</sup></b>					
	79.0%	78.5%	78.2%	78.4%	-0.8% points
<b>RETAIL SALES <sup>(d)</sup></b>					
	\$438.6	\$438.7	\$443.2	\$442.0	1.4%
<b>HOUSING STARTS and SALES</b>					
(Millions Annual Rate)	<u>Mar-15</u>	<u>Apr-15</u>	<u>May-15</u>	<u>Jun-15</u>	<u>% Change From Year Ago</u>
Housing Starts <sup>(d)</sup>	0.954	1.190	1.069	1.174	26.6%
Existing Home Sales <sup>(m)</sup>	5.210	5.090	5.320	5.490	9.6%
<b>DURABLE GOODS ORDERS <sup>(p)</sup></b>					
	\$236.7	\$232.6	\$227.7	\$235.3	-2.8%
<b>PERSONAL INCOME <sup>(c)</sup></b>					
(Billions of Dollars)	<u>2014.2</u>	<u>2014.3</u>	<u>2014.4</u>	<u>2015.1</u>	<u>% Change From Year Ago</u>
Michigan	\$401.2	\$403.4	\$407.6	\$412.3	4.2%
U.S.	\$14,639.8	\$14,792.8	\$14,960.5	\$15,100.0	4.4%
<b>GROSS DOMESTIC PRODUCT</b>					
(Billions of Chained 2009 Dollars) <sup>(c)</sup>	<u>2014.3</u>	<u>2014.4</u>	<u>2015.1</u>	<u>2015.2</u>	<u>Annualized % Chg From Last Qtr</u>
	\$16,068.8	\$16,151.4	\$16,177.3	\$16,270.4	2.3%

**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) Seasonally adjusted annual rates. Source: Bureau of Economic Analysis, U.S. Department of Commerce.
- (d) Bureau of the Census, U.S. Department of Commerce
- (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. 2007 equals 100. Treasury bill rate (secondary market).
- (m) National Association of Realtors.