



MICHIGAN ECONOMIC UPDATE

Office of Revenue and Tax Analysis
Michigan Department of Treasury

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

November 2014 Summary

U.S. Economy: After increasing at a 4.6 percent annual rate in 2014Q2, the U.S. economy grew at an even stronger 5.0 percent annual rate in 2014Q3. Consumer sentiment and business executive confidence were up sharply from a year ago with consumer sentiment up 13.7 points from last November. According to the Institute for Supply Management (ISM) indices, November marked the 19th straight month of manufacturing sector growth, the 59th straight month of non-manufacturing sector growth and the 67th consecutive month of growth in the overall U.S. economy. Industrial production grew 5.2 percent between November 2013 and November 2014. Retail sales were up 5.1 percent from November 2013. Housing starts were down 7.0 percent from a year ago, while existing home sales rose 2.1 percent from last November.

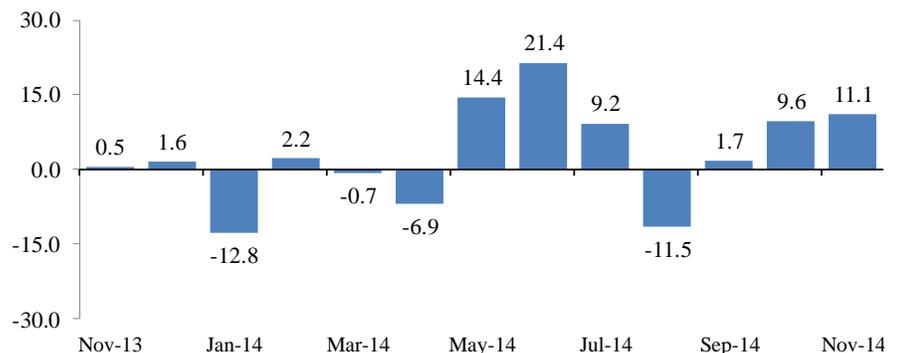
Employment: Between November 2013 and November 2014, Michigan employment gained a net 39,300 jobs. Compared to October 2014, Michigan employment in November was up 11,100 jobs. At 6.7 percent, Michigan's unemployment rate in November 2014 was down 0.4 of a percentage point from October 2014 and was down 1.8 percentage points from November 2013. At 5.8 percent, the U.S. unemployment rate was down 1.2 percentage points from November 2013. National wage and salary employment was up 321,000 jobs in November 2014 from October 2014. Over the last year, U.S. employment increased 2.7 million jobs (2.0 percent).

Auto Industry: The November 2014 U.S. light vehicle annual sales rate of 17.1 million units was up 5.60 percent from a year ago. Between November 2013 and November 2014, Michigan vehicle production fell 20.9 percent while national vehicle production was down 0.4 percent. Compared to a year ago, Michigan's share of national vehicle production decreased 4.7 percentage points to 18.2 percent.

Inflation: In November 2014, the overall U.S. consumer price index (CPI) rose 1.3 percent compared to a year ago. The U.S. producer price index also increased 1.1 percent from last year. At \$75.79 per barrel, the price of oil was down \$18.07 from November 2013.

Michigan Metro Areas: November unemployment rates fell in all of Michigan's 17 major labor markets compared to year-ago levels. Employment rose in 16 major labor market areas. All of Michigan's 83 counties saw a year-over-year unemployment rate decrease.

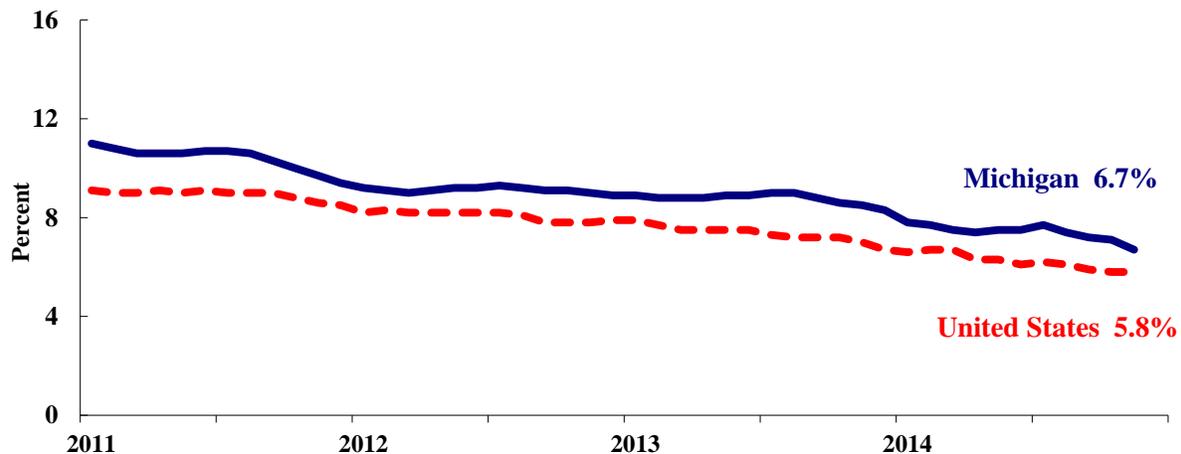
Michigan Wage and Salary Employment Rises in November
(Seasonally Adjusted) ^(a)



Labor Market Statistics

- Michigan's November unemployment rate decreased 0.4 percentage point from last month to 6.7 percent – the State's lowest monthly unemployment rate since April 2006. The November 2014 unemployment rate was down 1.8 percentage points from a year ago. The November U.S. unemployment rate remained unchanged from October at 5.8 percent and was down 1.2 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 January 2011 to November 2014



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

- In November, the number of people employed in Michigan increased 13,000 from last month to 4,416,000, persons while the labor force fell by 3,000 persons. The statewide total number of unemployed declined 15,000 to 319,000.
- United States household employment totaled 147.3 million persons in November. The labor force totaled 156.4 million and there were 9.1 million unemployed in November 2014.

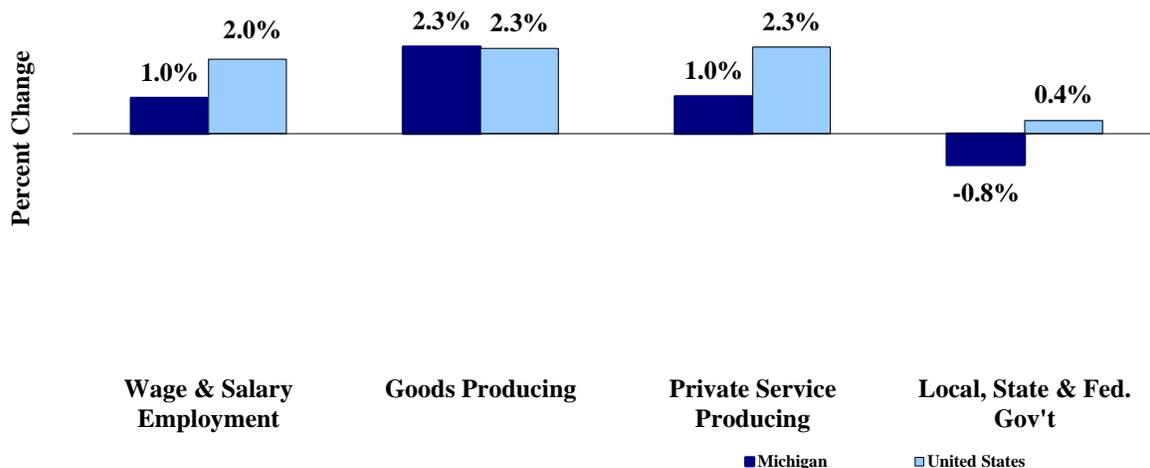
Employment by Place of Residence (in thousands)^(a)

	2013 Average	Sep 2014	Oct 2014	Nov 2014	Change From			
					Prior Month Level	%	Last Year Level	%
Michigan								
Labor Force	4,657	4,733	4,738	4,735	-3	-0.1%	43	0.9%
Employed	4,232	4,390	4,403	4,416	13	0.3%	120	2.8%
Unemployed	426	343	334.7	319.4	-15	-4.6%	-77	-19.5%
Unemployment Rate	9.1%	7.2%	7.1%	6.7%	n.a.	-0.4% pts	n.a.	-1.8% pts
United States								
Labor Force	154,975	155,862	156,278	156,397	119	0.1%	1,113	0.7%
Employed	142,469	146,600	147,283	147,287	4	0.0%	2,844	2.0%
Unemployed	12,506	9,262	8,995	9,110	115	1.3%	-1,731	-16.0%
Unemployment Rate	8.1%	5.9%	5.8%	5.8%	n.a.	0.0% pts	n.a.	-1.2% pts

Employment by Place of Work

- From November 2013 to November 2014, Michigan wage and salary employment increased 39,300 (1.0 percent). State wage and salary employment increased by 11,100 jobs in November from October. Nationally, November 2014 wage and salary employment rose 2,734,000 (2.0 percent) from a year ago and was up 321,000 from last month.

Wage and Salary Employment Growth November 2013 to November 2014



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

- In the goods-producing sector, Michigan employment increased 2.3 percent in November from a year ago while employment in the private service-producing sector increased 1.0 percent. From a year ago, November national employment rose 2.3 percent in the goods-producing sector and increased 2.3 percent in the private service-producing sector.
- Manufacturing weekly hours in Michigan decreased by 0.8 hour in November compared to last year.

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

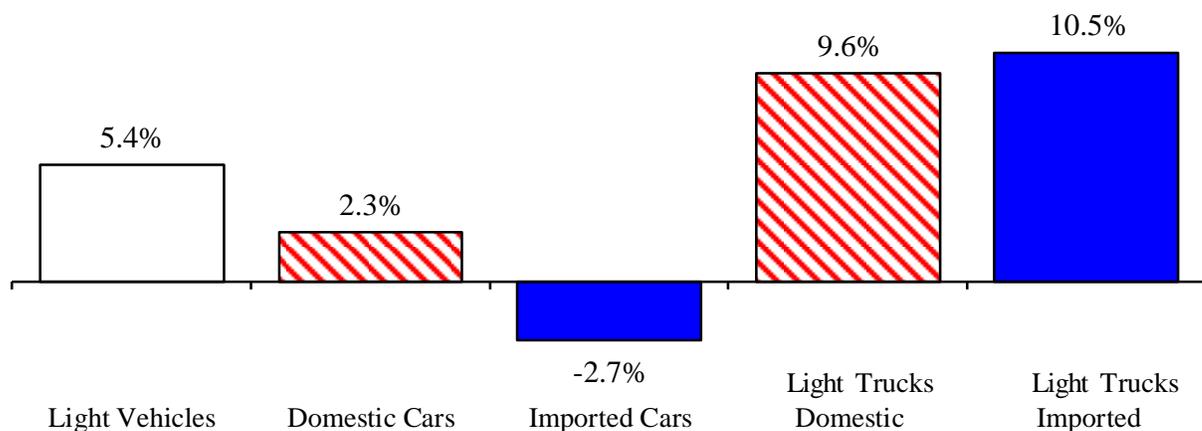
	Michigan				United States			
	2013 Average	Nov 2013	Nov 2014	Percent Change	2013 Average	Nov 2013	Nov 2014	Percent Change
Wage & Salary Employment	4,104.5	4,124.4	4,163.7	1.0%	136,368	137,311	140,045	2.0%
Goods Producing	695.4	704.0	720.3	2.3%	18,700	18,824	19,252	2.3%
Manufacturing	555.1	564.1	573.7	1.7%	12,006	12,046	12,217	1.4%
Private Service Producing	2,809.5	2,820.9	2,848.9	1.0%	95,804	96,631	98,860	2.3%
Trade, Trans. & Utilities	743.8	748.2	759.1	1.5%	25,870	26,090	26,633	2.1%
Services	1,808.4	1,815.4	1,835.9	1.1%	59,368	59,953	61,523	2.6%
Local, State & Fed. Gov't	599.6	599.5	594.5	-0.8%	21,864	21,856	21,933	0.4%
Manufacturing Weekly Hours	42.0	43.8	43.0	-0.8 hrs	41.8	41.0	41.1	0.1 hrs

Motor Vehicle Industry Sales

- November 2014 U.S. light vehicle sales were up 4.6 percent from October. At 17.1 million units, November 2014 U.S. light vehicle sales were up 5.6 percent from November 2013.
- November 2014 marks the seventh straight month that the light vehicle sales rate has exceeded 16.0 million units. The light vehicle sales rate has exceeded 15.0 million units in each of the past 25 months.
- U.S. sales of domestic light vehicles increased 9.4 percent between November 2013 and November 2014, while foreign sales were down 8.0 percent over the same period. Consequently, the foreign share of U.S. light vehicle sales fell 2.8 percentage points to 19.3 percent between November 2013 and November 2014.
- Auto sales increased 0.8 percent compared to last November, while light truck sales were up 10.1 percent from October 2013. Year-over-year, heavy truck sales rose 13.2 percent.

Year-to-Date Light Truck Sales Up Substantially From Last Year

(millions)



Motor Vehicle Sales Statistics

(Millions, unless otherwise specified)

Motor Vehicle Sales ^(c)	2013 Average	Sep 2014	Oct 2014	Nov 2014	3 Month Average	Change from Year Ago	
						Level	%
Autos	7.6	7.5	7.7	7.9	7.7	0.1	0.8%
Domestics	5.4	5.6	5.8	6.0	5.8	0.4	6.8%
Imports	2.2	2.0	1.9	1.9	1.9	(0.3)	-14.2%
Import Share	28.9%	26.1%	25.0%	24.5%	25.2%	-4.3% pts	
Light Trucks	7.9	8.8	8.6	9.2	8.9	0.8	10.1%
Domestics	6.7	7.4	7.3	7.8	7.5	0.8	11.5%
Imports	1.2	1.4	1.3	1.4	1.4	0.0	2.5%
Import Share	15.7%	16.3%	15.4%	14.8%	15.5%	-1.1% pts	
Total Light Vehicles	15.5	16.3	16.3	17.1	16.6	0.9	5.6%
Heavy Trucks	0.3	0.4	0.4	0.4	0.4	0.0	13.2%
Total Vehicles	15.8	16.8	16.8	17.5	17.0	1.0	5.8%

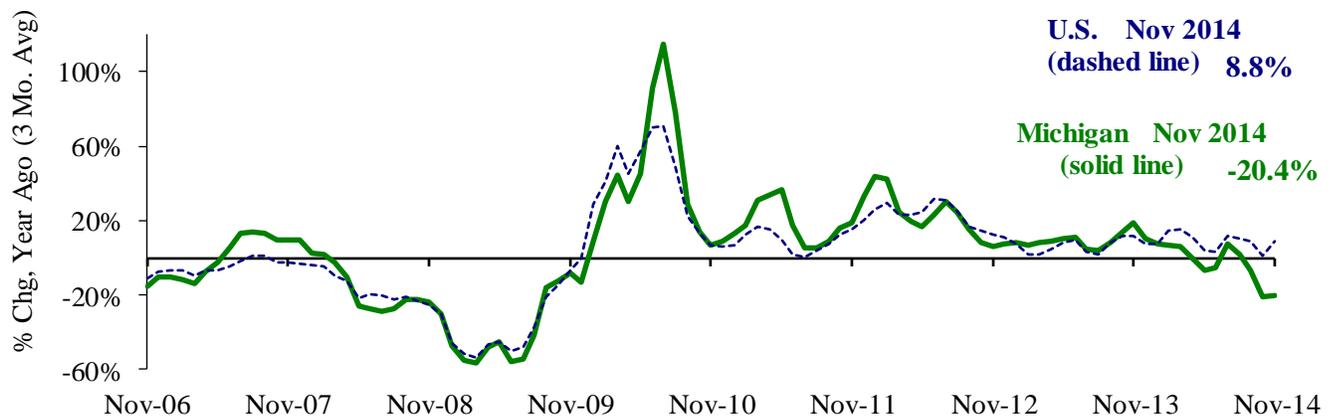
Retail Inventories, Motor Vehicle and Parts Dealers^(d) (billions of dollars)

	2013 Average	Aug-14	Sep-14	Oct-14	3 Month Average	Change from Year Ago	
						Level	%
Inventories	\$167.8	\$187.1	\$187.6	\$187.5	\$187.4	\$11.9	6.8%
Inventory/Sales Ratio	2.06	2.07	2.09	2.08	2.08	-0.04	

Motor Vehicle Industry Production

- At 163,399 units, November 2014 Michigan motor vehicle production was 20.9 percent lower than November 2013. National production decreased 0.4 percent from last November. The three-month average of vehicle production (September 2014-November 2014) was down 20.4 percent in Michigan and up 8.8 percent nationally, compared to a year ago.
- In November 2014, Michigan car production was down 17.2 percent from a year ago while State truck production fell 23.3 percent. Nationally, car production decreased 5.0 percent while U.S. truck production increased 2.6 percent.
- Michigan's share of national vehicle production fell 4.7 percentage points to 18.2 percent in November 2014 from the year-ago level. Michigan's share of U.S. car production was down 3.0 percentage points to 20.0 percent. Michigan's share of U.S. truck production fell 5.8 percentage points to 17.1 percent.

Michigan Motor Vehicle Production's Rate of Growth Slows in November ^(e,f)



Motor Vehicle Production Statistics

(Thousands, unless otherwise specified)

	2013					Change from Year Ago for the Month	
	Monthly Average	Sep 2014	Oct 2014	Nov 2014	3 Month Average	Level	%
U.S. Production ^(e)							
Autos	374.3	384.7	450.3	339.9	391.6	(17.7)	-5.0%
Trucks	551.0	637.0	654.8	561.3	617.7	14.3	2.6%
Total	925.3	1,021.8	1,105.1	901.2	1,009.4	(3.4)	-0.4%
Michigan Production ^(f)							
Autos	83.2	69.7	68.9	67.9	68.8	(14.1)	-17.2%
Trucks	123.0	108.0	119.3	96.1	107.8	(29.1)	-23.3%
Total	206.1	177.6	188.2	163.9	176.6	(43.2)	-20.9%
Michigan as % of U.S.	22.3%	17.4%	17.0%	18.2%	17.5%	-4.7% pts	

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

November 2014 local area unemployment rates ranged from a low of 3.5 percent in the Ann Arbor Metropolitan Statistical Area (MSA) to a high of 7.4 percent in Northeast Lower Peninsula. The median November 2014 unemployment rate was 5.1 percent, which is down sharply from last November's 7.7 percent median rate.

Compared to a year ago, the November unemployment rate fell in all of Michigan's 17 labor market areas. Northeast Lower Michigan reported the greatest rate decrease of 3.6 percentage points, followed by Northwest Lower Michigan with a reported decline of 3.1 percentage points. The Detroit-Warren-Livonia MSA saw the smallest rate decline (1.2 percentage point).

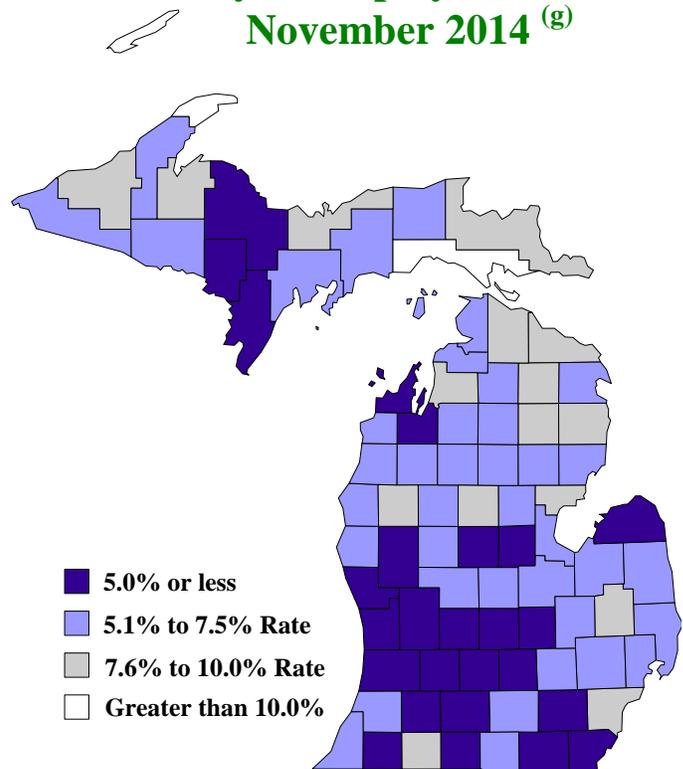
Between November 2013 and November 2014, employment rose in 16 of Michigan's 17 labor market areas. The median employment increase was 4.4 percent. The Grand Rapids-Wyoming MSA reported the largest year-over-year employment increase (7.6 percent), followed by the Holland-Grand Haven MSA with a 7.4 percent increase. The Detroit-Warren-Livonia MSA experienced the one employment decline (-0.3 percent). The labor force rose in 15 labor market areas and fell in two areas. The Grand Rapids-Wyoming MSA reported the largest percent increase in labor force (5.4 percent), followed by the Holland-Grand Haven MSA (5.3 percent). Labor force fell in the Detroit-Warren-Livonia MSA (-1.6 percent) and the Niles-Benton Harbor MSA (-0.3 percent).

Between November 2013 and November 2014, the unemployment rate fell in all of Michigan's 83 counties. The median November 2014 rate decline was 2.8 percentage points. Montmorency County posted the largest rate decrease at 5.3 percentage points. In November 2014, the unemployment rate was below 10.0 percent in 81 of Michigan's 83 counties. In November 2013, 54 counties had an unemployment rate below 10.0 percent. In November 2014, 65 counties reported an unemployment rate below 7.5 percent. In November 2013, 26 counties reported an unemployment rate less than 7.5 percent.

Local Area Unemployment Rates^(g)

<u>Local Area</u>	<u>Nov 2013 Rate</u>	<u>Oct 2014 Rate</u>	<u>Nov 2014 Rate</u>
Michigan	7.6%	6.4%	5.7%
Ann Arbor	5.1%	4.1%	3.5%
Battle Creek	6.4%	5.1%	4.6%
Bay City	7.6%	5.5%	5.1%
Detroit-Warren-Livonia	8.2%	8.1%	7.0%
Flint	8.7%	6.2%	5.7%
Grand Rapids-Wyoming	5.6%	4.2%	3.7%
Holland-Grand Haven	5.7%	4.1%	3.8%
Jackson	7.7%	5.8%	5.3%
Kalamazoo-Portage	6.5%	4.9%	4.4%
Lansing-East Lansing	5.9%	5.1%	4.1%
Monroe	6.8%	5.2%	4.5%
Muskegon-Norton Shores	7.7%	5.5%	5.0%
Niles-Benton Harbor	7.8%	5.4%	5.2%
Saginaw-Saginaw Township	7.8%	5.7%	5.2%
Upper Peninsula	8.7%	5.8%	6.1%
Northeast Lower Mich	11.0%	6.6%	7.4%
Northwest Lower Mich.	8.9%	5.6%	5.8%

County Unemployment Rates November 2014^(g)



U.S. Economic Conditions

	<u>Aug-14</u>	<u>Sep-14</u>	<u>Oct-14</u>	<u>Nov-14</u>	<u>Change from Year Ago</u>
KEY ECONOMIC INDICATORS					
Consumer Sentiment ^(h)	82.5	84.6	86.9	88.8	13.7 points
ISM Manufacturing Index ⁽ⁱ⁾	59.0	56.6	59.0	58.7	1.7 points
ISM Non Manufacturing Index ⁽ⁱ⁾	59.6	58.6	57.1	59.3	5.2 points
	<u>2013.4</u>	<u>2014.1</u>	<u>2014.2</u>	<u>2014.3</u>	
Business Executives' Confidence ^(j)	60.0	63.0	62.0	59.0	13.0 points
INFLATION ^(k)					
1982-84 = 100	<u>Aug-14</u>	<u>Sep-14</u>	<u>Oct-14</u>	<u>Nov-14</u>	<u>Change from Year Ago</u>
U.S. Consumer Price Index	237.9	238.0	237.4	236.2	1.3%
Detroit CPI	222.3	NA	222.0	NA	1.0%
U.S. Producer Price Index	202.3	201.5	200.3	198.1	1.1%
INTEREST RATES					
90 Day T-Bill ^(l)	0.03%	0.02%	0.02%	0.02%	-0.05% points
Aaa Corporate Bonds ^(l)	4.08%	4.11%	3.92%	3.92%	-0.71% points
INDUSTRIAL PRODUCTION ^(l)					
	104.3	105.3	105.3	106.7	5.2%
CAPACITY UTILIZATION ^(l)					
	79.0%	79.5%	79.3%	80.1%	1.6% points
RETAIL SALES ^(d)					
	\$444.2	\$443.8	\$446.1	\$449.3	5.1%
HOUSING STARTS and SALES					
(Millions Annual Rate)	<u>Aug-14</u>	<u>Sep-14</u>	<u>Oct-14</u>	<u>Nov-14</u>	<u>% Change From Year Ago</u>
Housing Starts ^(d)	0.963	1.028	1.045	1.028	-7.0%
Existing Home Sales ^(m)	5.050	5.180	5.250	4.930	2.1%
DURABLE GOODS ORDERS ^(p)					
	\$245.0	\$243.2	\$243.9	\$242.3	0.3%
PERSONAL INCOME ^(c)					
(Billions of Dollars)	<u>2013.4</u>	<u>2014.1</u>	<u>2014.2</u>	<u>2014.3</u>	<u>% Change From Year Ago</u>
Michigan	\$389.2	\$395.6	\$401.2	\$405.2	4.5%
U.S.	\$14,293.8	\$14,466.7	\$14,647.0	\$14,789.0	3.9%
GROSS DOMESTIC PRODUCT					
(Billions of Chained 2009 Dollars) ^(c)	<u>2013.4</u>	<u>2014.1</u>	<u>2014.2</u>	<u>2014.3</u>	<u>Annualized % Chg From Last Qtr</u>
	\$15,916.2	\$15,831.7	\$16,010.4	\$16,205.6	4.97%

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.