



Michigan Department of Labor & Economic Growth

# Michigan's Labor Market News

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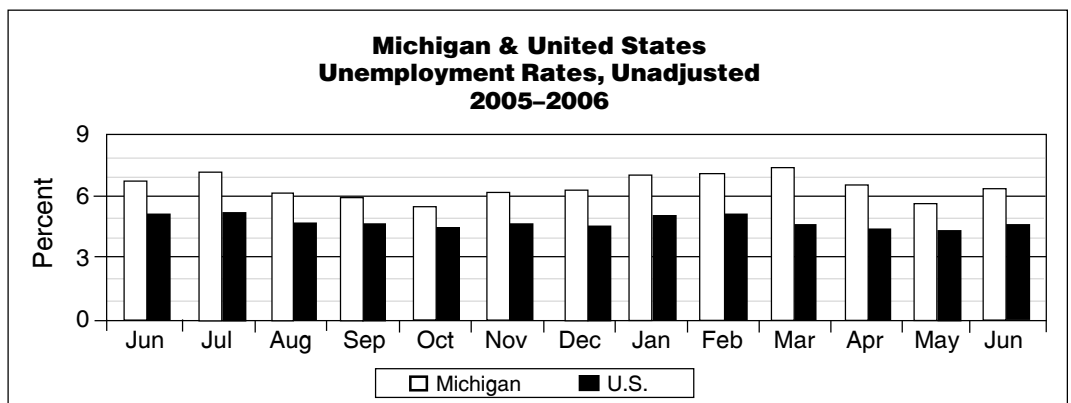
August 2006

## Michigan's June Jobless Rate Increases Seasonally

Michigan's unadjusted unemployment rate moved up by seven tenths of a percentage point during the month of June, bringing the state's rate up to 6.5 percent. The increase in the unemployment rate represents 39,000 additional individuals out of work, as unemployment expanded to 334,000. The state's civilian labor force jumped by 91,000 during the month, to 5,180,000, while employment increased by 52,000 to 4,846,000. The growth in the unemployment rate during June was primarily the result of seasonal expansion in the state's labor force. Students and seasonal workers entered the state's labor market in

June, with some finding jobs in industries such as leisure and hospitality, and others remaining unemployed and seeking work. The nation's jobless rate (unadjusted) also increased during June, moving up by 0.4 percentage points to 4.8 percent.

Compared to a year ago, June's labor force increased by 36,000, employment expanded by 55,000, while unemployment moved down by 18,000. This has resulted in an over-the-year drop of 0.3 percentage points in the state's jobless rate.



## Michigan Nonfarm Jobs Remain Stable During June

Michigan's nonfarm employment moved up slightly during the month of June, as industry jobs edged up to 4,428,000. Employment opportunities advanced by 3,000, with gains recorded in the goods-producing sectors of the economy. Goods-producing employment expanded by 12,000 jobs during the month, mainly due to seasonal increases in the construction industry, up by 8,000 (specialty trade contractors and construction of buildings). Manufacturing employment remained basically flat, showing minor upward adjustments in the durable goods (motor vehicle parts manufacturing), and the nondurable goods sectors. Service-providing employment dipped by 9,000 during the month of June. Seasonal increases occurred in the leisure and hospitality sector, up by 12,000 (arts, entertainment, amusement and gambling, as well as accommodation and food services), along with gains in professional and business services (up by 9,000), and financial activities (up by 2,000). These were not enough to offset seasonal losses in government (down by

28,000), as state and local educational facilities released staff for summer vacation.

In June, average weekly hours in Michigan's manufacturing industries increased to 43.5 hours from 42.9 hours in the previous month, while average hourly earnings moved up by 18 cents to \$22.07. As a result, average weekly earnings in manufacturing expanded to \$960.05, a gain of \$20.97 from the previous month's total.

	Average Hourly Earnings		Average Weekly Hours	
	2006 June	2006 May	2006 June	2006 May
Manufacturing	\$22.07	\$21.89	43.5	42.9
Durables	23.84	23.66	44.4	43.8
Transport Equipment	29.45	29.51	44.9	44.4
Nondurables	15.51	15.24	40.6	40.0

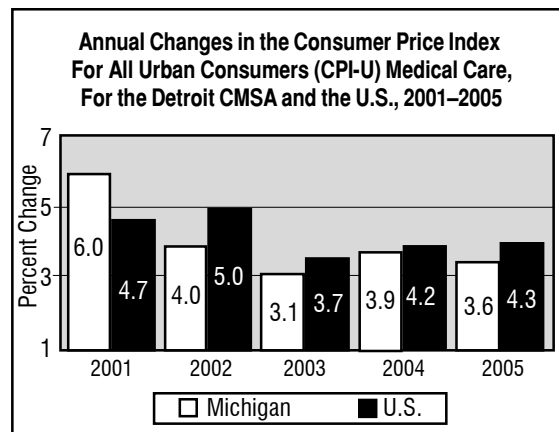
## Michigan's Medical Care Price Index Decreases During 2005

Medical care is one of the major item groups within the Consumer Price Index (CPI). This group consists of medical care commodities and medical care services. Medical care services are organized into three expenditure categories: professional services, hospital and related services, and health insurance. Medical care commodities are comprised of prescription drugs and medical supplies, and nonprescription drugs and medical supplies.

The CPI measures inflation at the retail level and reflects the average price change over time for a constant quality and constant quantity market basket of goods and services. In most cases it approximates what households spend out-of-pocket on goods and services used for day-to-day living. Therefore, medical care indexes are limited to items with an out-of-pocket expenditure. However in the case of medical care the term out-of-pocket includes any health insurance premium amounts that are deducted from employee paychecks.

The rate of *medical care inflation* in the Detroit CMSA (Consolidated Metropolitan Statistical Area), including the Detroit-Warren-Livonia, Ann Arbor and Flint MSAs) stood at 3.6 percent during 2005, a drop of 0.3 percent from the previous year's increase of 3.9 percent. This was the fourth consecutive year that Michigan's health price index remained below the national rate. In 2005, the nation's medical care price index moved up slightly over the previous year's total, increasing to 4.3 percent. During the year, price increases in most medical categories in the nation showed little change when compared to 2004.

Source: U.S. Department of Labor, Bureau of Labor Statistics, June 2006.



## Michigan

(Data In Thousands)

Jun 2006    May 2006    Jun 2005

### Place of Residence

Labor Force	5,180	5,089	5,144
Employment	4,846	4,794	4,791
Unemployment Rate (Percent)	334	295	352
	6.5	5.8	6.8

### Industry Jobs (Place of Work)

Total Nonfarm	4,428	4,425	4,435
Goods-Producing	879	867	895
Nat Resources & Mining	9	9	9
Construction	205	197	203
Manufacturing	665	662	683
Durable Goods	516	514	532
Fabricated Metals	85	85	85
Machinery Manufact.	75	74	75
Transportation Equip.	230	230	239
Nondurable Goods	149	148	151
Service-Providing	3,549	3,558	3,540
Trade, Transport & Util.	800	798	812
Wholesale Trade	172	172	172
Retail Trade	496	496	510
Motor Vehicle Dealers	61	61	63
Food & Beverage Stores	85	85	87
General Merchandise	108	108	112
Transp, Warehousing & Util	131	130	130
Information	67	67	68
Financial Activities	223	221	221
Finance & Insurance	165	165	163
Real Estate & Rental	58	56	58
Prof & Business Services	611	602	598
Prof, Scientific & Technical	250	248	245
Management Scientific Services	20	20	19
Administrative Support	285	278	276
Education & Health Services	571	578	567
Educational Services	73	81	72
Health Care & Social Asst	499	498	495
Leisure & Hospitality	434	422	430
Arts, Entertainment & Rec	75	70	74
Accommodation & Food	360	352	357
Other Services	181	180	182
Government	662	690	663
Federal	55	55	55
State	155	162	156
Local	452	473	452

## Civilian Labor Force and Wage & Salary Estimates

	Ann Arbor			Battle Creek			Bay City		
	Jun 2006	May 2006	Jun 2005	Jun 2006	May 2006	Jun 2005	Jun 2006	May 2006	Jun 2005
<b>Place of Residence</b>									
Labor Force	195,100	191,400	191,300	75,100	74,200	73,900	57,600	56,600	56,900
Employment	186,600	183,700	182,800	70,300	69,800	69,000	53,800	53,000	53,000
Unemployment	8,500	7,700	8,500	4,800	4,400	4,900	3,700	3,600	3,900
Rate (Percent)	4.4	4.0	4.4	6.4	6.0	6.6	6.5	6.3	6.9

### Place of Work

Total Nonfarm Jobs	202,200	201,900	202,200	63,200	63,600	63,100	39,700	39,700	39,800
Nat Resources & Construction	7,100	6,900	7,100	2,500	2,400	2,500	1,700	1,600	1,700
Manufacturing	20,700	20,500	22,000	14,000	13,900	14,100	4,200	4,200	4,300
Trade, Transport & Utilities	27,200	26,900	27,200	10,000	10,000	10,100	8,900	8,900	9,000
Wholesale Trade	5,400	5,300	5,400	1,500	1,500	1,400	1,400	1,400	1,300
Retail Trade	18,000	17,900	18,100	6,800	6,800	7,000	6,200	6,200	6,400
Information	3,600	3,700	3,700	*	*	*	500	500	500
Financial Activities	5,900	5,900	5,900	1,600	1,600	1,600	1,500	1,500	1,600
Professional & Business Services	28,600	28,200	28,200	5,600	5,500	5,700	3,600	3,600	3,600
Educational & Health Services	24,100	24,100	23,000	9,800	10,300	9,500	6,000	5,900	5,800
Leisure & Hospitality	15,200	15,000	15,500	6,400	6,300	6,100	4,800	4,700	4,800
Other Services	6,300	6,200	6,200	2,300	2,300	2,300	2,400	2,300	2,300
Government	63,400	64,500	63,400	10,400	10,700	10,300	6,100	6,500	6,200

### Detroit-Warren-Livonia (Data in Thousands)

### Flint

### Grand Rapids-Wyoming

	Jun 2006	May 2006	Jun 2005	Jun 2006	May 2006	Jun 2005	Jun 2006	May 2006	Jun 2005
	<b>Place of Residence</b>								
Labor Force	2,192	2,158	2,211	220,200	216,300	216,400	425,200	417,600	416,100
Employment	2,041	2,033	2,046	203,300	200,500	199,600	401,100	396,000	390,900
Unemployment	151	125	165	16,900	15,800	16,800	24,000	21,600	25,100
Rate (Percent)	6.9	5.8	7.5	7.7	7.3	7.8	5.7	5.2	6.0

### Place of Work

Total Nonfarm Jobs	2,064	2,058	2,077	156,100	156,100	156,400	399,000	400,300	398,000
Nat Resources & Construction	90	86	90	7,300	6,800	7,000	19,700	19,300	19,400
Manufacturing	276	277	289	20,800	20,200	21,800	73,600	73,200	74,100
Trade, Transport & Utilities	377	378	383	31,500	31,600	31,500	76,900	76,800	76,100
Wholesale Trade	93	93	93	6,500	6,500	6,500	23,100	22,900	22,400
Retail Trade	220	220	223	21,500	21,600	21,500	43,100	43,200	43,100
Information	35	35	36	2,400	2,400	2,400	5,500	5,600	5,700
Financial Activities	120	119	120	6,600	6,500	6,500	22,100	21,900	22,000
Professional & Business Services	380	375	375	15,500	15,200	15,200	55,400	55,100	54,900
Educational & Health Services	268	270	263	24,700	24,800	24,700	56,700	56,900	55,900
Leisure & Hospitality	192	189	191	16,200	16,100	16,200	33,300	33,200	33,700
Other Services	91	90	93	7,000	6,900	7,000	18,100	17,900	18,100
Government	235	239	239	24,100	25,600	24,100	37,700	40,400	38,100

\* Data Not Available

## Civilian Labor Force and Wage & Salary Estimates

	Holland-Grand Haven			Jackson			Kalamazoo-Portage		
	Jun	May	Jun	Jun	May	Jun	Jun	May	Jun
	2006	2006	2005	2006	2006	2005	2006	2006	2005
<b>Place of Residence</b>									
Labor Force	142,600	140,300	138,100	80,600	79,600	80,200	177,200	175,400	174,600
Employment	135,500	133,900	131,000	75,200	74,700	74,800	167,500	166,700	164,500
Unemployment	7,100	6,400	7,200	5,400	4,900	5,300	9,700	8,700	10,000
Rate (Percent)	5.0	4.5	5.2	6.7	6.1	6.7	5.5	4.9	5.7

### Place of Work

Total Nonfarm Jobs	118,600	118,800	116,700	60,500	61,300	61,900	144,700	146,300	145,200
Nat Resources & Construction	7,000	6,800	6,900	2,300	2,300	2,600	6,900	6,600	7,000
Manufacturing	38,200	38,000	37,700	10,000	10,100	10,500	23,500	23,600	24,400
Trade, Transport & Utilities	18,800	18,800	18,400	12,500	12,600	12,800	25,300	25,200	25,100
Wholesale Trade	5,000	4,900	4,800	1,600	1,600	1,700	4,500	4,500	4,400
Retail Trade	11,000	11,100	10,800	7,900	8,000	8,000	16,700	16,600	16,600
Information	900	900	900	500	500	500	1,500	1,500	1,600
Financial Activities	3,200	3,100	3,300	2,300	2,300	2,400	7,600	7,700	7,600
Professional & Business Services	11,800	11,500	11,600	4,800	4,700	4,700	14,900	15,600	14,600
Educational & Health Services	10,200	10,300	10,100	9,600	9,700	9,800	20,200	20,400	20,300
Leisure & Hospitality	8,600	8,400	8,900	6,000	5,900	5,900	15,900	15,800	15,900
Other Services	4,500	4,500	4,500	2,900	2,900	3,000	6,600	6,600	6,700
Government	15,400	16,500	14,400	9,600	10,300	9,700	22,300	23,300	22,000

	Lansing-East Lansing			Monroe			Muskegon-Norton Shores		
	Jun	May	Jun	Jun	May	Jun	Jun	May	Jun
	2006	2006	2005	2006	2006	2005	2006	2006	2005
<b>Place of Residence</b>									
Labor Force	254,300	251,200	247,700	81,100	79,100	79,100	94,300	92,400	92,700
Employment	239,800	237,800	231,800	76,200	74,800	74,400	88,100	86,800	86,300
Unemployment	14,500	13,400	15,900	4,800	4,300	4,800	6,200	5,600	6,300
Rate (Percent)	5.7	5.3	6.4	5.9	5.4	6.0	6.5	6.0	6.8

### Place of Work

Total Nonfarm Jobs	225,800	227,200	222,500	44,800	44,300	44,600	67,900	67,600	68,300
Nat Resources & Construction	9,200	8,900	9,200	2,600	2,500	2,400	2,700	2,600	2,700
Manufacturing	21,900	21,700	19,400	7,900	7,800	8,400	13,500	13,500	13,700
Trade, Transport & Utilities	36,200	36,300	36,300	9,700	9,700	9,700	13,900	14,000	14,000
Wholesale Trade	5,800	5,800	5,700	1,200	1,100	1,100	1,500	1,500	1,400
Retail Trade	24,200	24,400	24,400	5,500	5,600	5,600	11,100	11,200	11,300
Information	3,100	3,100	3,100	*	*	*	900	1,000	1,000
Financial Activities	15,900	15,700	15,700	1,600	1,500	1,600	2,000	1,900	2,000
Professional & Business Services	20,600	20,400	20,600	4,000	3,900	3,700	4,300	4,200	4,000
Educational & Health Services	26,800	27,200	26,600	4,900	4,800	4,700	10,300	10,400	10,300
Leisure & Hospitality	19,900	19,900	19,700	4,800	4,700	5,200	8,300	7,600	8,200
Other Services	11,100	11,000	11,200	2,000	1,900	2,000	2,800	2,700	2,900
Government	61,100	63,000	60,700	6,900	7,100	6,500	9,200	9,700	9,500

\* Data Not Available

## Civilian Labor Force and Wage & Salary Estimates

### Niles-Benton Harbor

### Saginaw-Sag. Township North

	Jun 2006	May 2006	Jun 2005	Jun 2006	May 2006	Jun 2005
<b>Place of Residence</b>						
Labor Force	82,300	80,600	81,400	102,700	99,900	101,300
Employment	76,700	75,600	75,800	95,200	93,100	93,200
Unemployment	5,600	5,000	5,600	7,400	6,800	8,000
Rate (Percent)	6.8	6.2	6.9	7.2	6.8	7.9

### Place of Work

Total Nonfarm Jobs	65,700	65,800	66,200	93,600	92,700	93,400
Nat Resources & Construction	2,300	2,200	2,400	4,100	4,000	4,200
Manufacturing	14,800	14,700	15,300	13,500	12,700	13,500
Trade, Transport & Utilities	12,200	12,200	12,100	17,000	16,900	17,400
Wholesale Trade	2,400	2,400	2,300	2,700	2,700	2,600
Retail Trade	7,500	7,500	7,500	11,800	11,700	12,200
Information	900	900	900	2,100	2,100	2,100
Financial Activities	2,300	2,300	2,300	5,200	5,100	5,200
Professional & Business Services	5,100	5,000	5,200	9,700	9,400	9,200
Educational & Health Services	9,800	10,100	9,600	15,600	15,600	15,400
Leisure & Hospitality	7,200	6,900	7,200	9,700	9,600	9,700
Other Services	2,900	2,900	3,000	4,200	4,200	4,200
Government	8,200	8,600	8,200	12,500	13,100	12,500

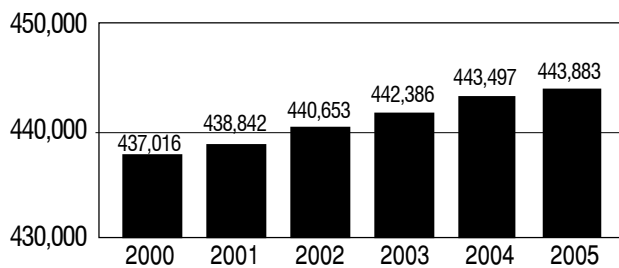
### Upper Peninsula

### Northeast Lower Michigan

### Northwest Lower Michigan

	Jun 2006	May 2006	Jun 2005	Jun 2006	May 2006	Jun 2005	Jun 2006	May 2006	Jun 2005
<b>Place of Residence</b>									
Labor Force	167,300	162,800	163,600	104,700	101,300	102,900	169,800	162,400	165,200
Employment	157,200	152,600	153,200	97,300	94,000	95,800	160,100	152,900	155,500
Unemployment	10,100	10,200	10,400	7,300	7,300	7,100	9,700	9,500	9,800
Rate (Percent)	6.0	6.3	6.4	7.0	7.2	6.9	5.7	5.9	5.9

**Population Changes in the Flint MSA  
2000-2005**



## Regional Focus

### Population Changes in the Flint MSA 2000-2005

The U.S. Census Bureau reports that on July 1, 2005, total population of the Flint MSA stood at 443,883. This was an increase of 6,867 individuals, or 1.6 percent over the population estimates recorded on July 1, 2000. In comparison, during this period Michigan's population increased by 1.7 percent. During 2004, the most recent year offering demographic data, the population distribution of the Flint MSA was estimated at 74.4 percent whites, 20.1 percent blacks, 2.4 percent Hispanics, 0.9 percent Asians, and 0.5 percent American Indians.

## June Jobless Rates Increase in Most of Michigan's Major Areas

June seasonally unadjusted unemployment rates moved up in 14 of Michigan's 17 major labor market areas. Unemployment rate advances over the month were mostly moderate, averaging one half of a percentage point. The only two areas to show noticeable divergence from the average rate increase were the Bay City Metropolitan Statistical Area (MSA), reporting the smallest jobless rate gain at 0.2 percent, while the Detroit-Warren-Livonia MSA experienced the largest rate gain at 1.1 percent. From May to June, total employment advanced in all 17 areas with an average gain of one and a half percent. Michigan's three northernmost labor market regions, the Upper Peninsula, the Northeast Lower Michigan Region and the Northwest Lower Michigan Region, experienced large seasonal employment increases during the month, mainly due to continued hiring for the summer tourism and recreational season. Combined, the three areas' total employment count expanded by 15,000 jobs over the month.

From June 2005 to June 2006, unemployment rates moved down slightly in 14 of the state's 17 major labor market areas, with a median decrease of 0.2 of a percentage point. The only noteworthy over-the-year jobless rate reductions were observed in the Saginaw-Saginaw Township North, Lansing-East Lansing, and Detroit-Warren-Livonia MSAs, each dropping by slightly more than one half of a percentage point. Since June of 2005, total employment levels advanced in 16 of the state's major labor market areas with an average increase of about two percent.

Among Michigan's major labor markets, the Ann Arbor area had the lowest unemployment rate at 4.4 percent, followed by the Holland-Grand Haven MSA with 5.0 percent, and the Kalamazoo-Portage MSA with 5.5 percent. The highest jobless rates in the month of June were recorded by the Flint and Saginaw-Saginaw Township North MSAs with 7.7 and 7.2 percent, respectively.

## Payroll Employment in Michigan's Major Areas Reveals a Mixed Picture in June

Total nonfarm employment contracted in seven out of Michigan's 14 MSAs during June. Payroll jobs in five areas, the Ann Arbor, Detroit-Warren-Livonia, Monroe, Muskegon-Norton Shores and Saginaw-Saginaw Township North MSAs, moved up during the month. In two areas, the Bay City and Flint MSAs it remained unchanged. Among the MSAs, the Jackson and Kalamazoo areas had the largest employment drop at 1.3 and 1.1 percent, respectively. Job losses were seasonal and were recorded mainly in the service-providing industries.

Employment totals in the service-providing industries were mixed in most major areas. Job gains occurred in leisure and hospitality services (moving up in 13 areas), led by the Muskegon MSA with an increase of 9.2 percent, or 700 jobs. Twelve regions showed job gains in professional and business services, with the Detroit MSA leading the way with an additional 5,100 jobs, or 1.4 percent. Employment advances in these industries were seasonal and typical for June. Countering these gains were seasonal reductions in local government, as many state and local educational facilities reduced staff for summer vacation. As expected, employment decreases in the government sector were recorded in all the MSAs, with Jackson showing the largest reduction at 6.8 percent, followed by Grand Rapids and Holland, both down by 6.7 percent.

In the goods-producing sector, employment increased in all but one area (Jackson), and were due to seasonal advances in the construction industry, mainly in specialty trade contractors and construction of buildings. The largest percentage gains in construction were recorded in the Flint MSA, up by 7.4 percent (500 jobs), and the Detroit MSA, up by 3.9 percent (3,400 jobs). The manufacturing sector also revealed a mixed picture during June, with nine areas reporting gains, three showing small losses, and two showing no changes. One area to show noticeable gains in manufacturing employment was the Saginaw MSA, increasing by 6.3 percent, or 800 jobs, mainly in the transportation equipment sector.

During June, average weekly hours in manufacturing dropped in three of the five major areas for which data is currently available. The losses were due to less overtime hours worked in the durable goods sector. Average hourly earnings also declined in three areas during the month, with reductions reported in the durable and nondurable goods industries. The total effect of these changes was that average weekly earnings contracted in three major areas. The largest decrease in weekly earnings was reported in the Flint MSA, down by \$35.94. In the Grand Rapids-Wyoming and the Detroit-Warren-Livonia MSAs, average weekly wages increased by \$68.84 and \$6.58, respectively.

## Manufacturing Hours and Earnings Michigan & Selected Metropolitan Areas\* June and May 2006

Area	Average Weekly Hours		Average Hourly Earnings		Average Weekly Earnings	
	June	May	June	May	June	May
<b>Michigan</b>	<b>43.5</b>	<b>42.9</b>	<b>22.07</b>	<b>21.89</b>	<b>\$960.05</b>	<b>\$939.08</b>
Detroit-Warren-Livonia	43.2	43.3	25.07	24.86	1,083.02	1,076.44
Flint	43.4	44.1	29.91	30.25	1,298.09	1,334.03
Grand Rapids-Wyoming	43.3	41.3	17.90	17.10	775.07	706.23
Kalamazoo-Portage	39.8	39.5	14.86	15.09	591.43	596.06
Lansing-East Lansing	40.6	40.9	24.15	24.19	980.49	989.37

\* Hours and earnings data for the manufacturing sector is currently available only in the above MSAs.

### CONSUMER PRICE INDEX (CPI) DETROIT METROPOLITAN AREA JUNE 2006

The Consumer Price Index (CPI) is a measure of the average change in prices over time in a fixed market basket of goods and services. The Bureau of Labor Statistics (BLS) publishes CPI's for two population groups: 1) a CPI for All Urban Consumers (CPI-U) which covers approximately 87 percent of the total population, and 2) a CPI for Urban Wage Earners and Clerical Workers (CPI-W) which covers 32 percent of the total population. The CPI-U includes, in addition to wage earners and clerical workers, groups such as professional, managerial and technical workers, the unemployed, retirees and others not in the labor force.

The CPI is based on prices of food, clothing, shelter and fuels, transportation fares, charges for doctors' and dentists' services, drugs, and other goods and services that people buy for day-to-day living. Prices are collected in 87 urban areas across the country, including the Detroit-Ann Arbor-Flint Consolidated Metropolitan Statistical Area (CMSA). The Detroit CPI is published every other month.

Consumer prices (CPI-U) in the Detroit CMSA, fell from an average of 197.2 index points in April 2006 to an average of 196.8 points in June 2006. The 0.2 percent decline was primarily due to lower costs for apparel. Price increases for motor fuel, and energy in general continued to show the highest gains during this period, moving up by 2.4 and 1.5 percent, respectively.

### CONSUMER PRICE INDEX (CPI) ALL URBAN CONSUMERS (CPI-U) DETROIT METROPOLITAN AREA JUNE 2006

	Index Number For June 2006	Percent Change From April To June 2006
<b>Detroit Metro All Items</b>	<b>196.8</b>	<b>-0.2</b>
Food And Beverages	181.6	+0.4
Food At Home	177.4	+0.5
Food Away From Home	186.5	+0.1
Housing	189.3	+0.4
Shelter	214.0	+0.5
Fuels & Utilities	217.6	+0.4
Apparel	98.6	-12.1
Transportation	203.8	+0.3
Motor Fuel	245.7	+2.4
Medical Care	326.2	+0.4
Education & Communicat.	122.0	-0.7
Energy	214.2	+1.5
Recreation	122.0	+0.9

## University Of Michigan's Economic Outlook, Forecast Update, 2004-2007

Periodically the University of Michigan's forecasting group, Research Seminar in Quantitative Economics, (RSQE) prepares projections for the development of the state's economy. In May 2006 an updated forecast was published projecting Michigan's economic growth for 2006 through 2007.

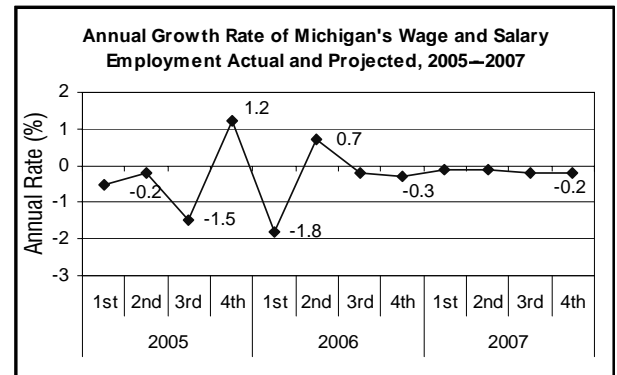
In this article the RSQE economists suggest that the impact of the automotive industry's restructuring process will continue to affect the state's economy beyond 2007. Job losses which reached a decline of 1.8 percent in the first quarter of 2006, will be corrected in the second quarter to an increase of 1.2 percent. However, these gains are not the initial stages of a positive trend in the state's economy, but a corrective response in the labor market, following unusually heavy losses at the turn of the year. Job losses will persist for the next year and a half, but at a modest pace of 0.3 percent over the second half of 2006 and 0.2 percent during 2007. The article anticipates that in 2006 there will be employment drop of 19,100 workers, and a decline of 8,700 workers in 2007, extending the duration of job losses to seven years.

The RSQE group forecasts that the manufacturing sector will continue to struggle. During 2005, manufacturing lost 15,200 jobs and is expected to lose 30,800 in 2006, before backing off slightly to 26,100 job reductions in 2007. This results in a combined loss of 56,900 workers between the end of 2005 and

the end of 2007. About 85 percent of the decline is expected to be in the automotive industry. On the other hand, the private nonmanufacturing sector will continue its moderate growth, thanks mostly to the service industries. The service sector will be led by health services and will continue to provide the fuel for sustained growth.

Consumer price increases, as measured by the growth rate of the Detroit CPI, will move down from a rate increase of 3.5 percent projected for 2006, to an increase of 2.4 percent in 2007. The reason for the considerable decrease in the inflation rate during 2007 is the expected decline in energy prices.

Source: Research Seminar in Quantitative Economics (RSQE), University of Michigan, May 2006.



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