Michigan Department of Labor & Economic Growth

Michigan's Labor Market News

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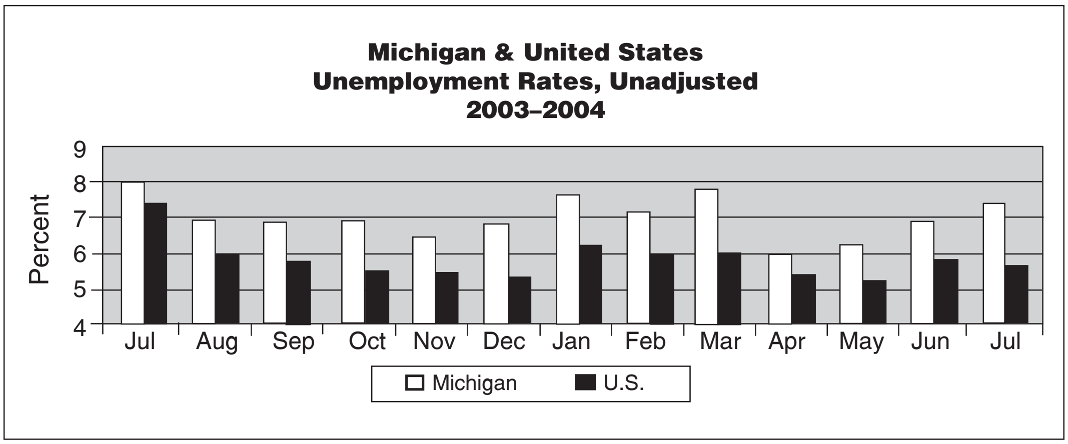
Michigan's July Jobless Rate Increases Seasonally

Temporary layoffs among workers in the automotive sector and auto-related suppliers caused Michigan's jobless level to increase in July. During the month, the state's unemployment rate (unadjusted) advanced to 7.5 percent, up from 6.8 percent in June. The increase in the jobless rate represents 34,000 additional individuals out of work, as unemployment expanded to 383,000. The state's civilian labor force dipped by 6,000 during the month to 5,133,000, while employment declined by 40,000 to 4,750,000. Typically, manufacturing employment tends to drop in the month of July due to model changeover and retooling activities in the automotive industry. However, although the employment changes among most industries followed seasonal patterns, the temporary job cuts were a bit higher than usual in manufacturing. The nation's unemployment rate (unadjusted) decreased during the month of July, moving down by 0.1 percentage point to 5.7 percent.

Compared to a year ago, July's labor force decreased by 8,000, employment moved up by 29,000 and unemployment fell by 37,000. This has resulted in an over-the-year decline of 0.7 percentage points in the state's jobless rate.



Nonfarm Jobs Drop Seasonally in Education and Manufacturing

Michigan's nonfarm employment contracted during the month of July, with industry jobs moving down to 4,308,000. Employment opportunities decreased by 115,000 jobs, with losses recorded in both the goods-producing and service-providing sectors of the economy. Goods-producing jobs declined by 25,000 during the month, as the durable goods sector (transportation equipment) experienced short-term layoffs caused by model changeovers in the automotive industry. Small reductions were also observed in the nondurable goods sector, mainly in food manufacturing. Service-providing employment declined by 98,000 jobs during the month, mostly due to seasonal payroll reductions in state and local educational facilities. Small seasonal losses were also observed in private education and health services, wholesale trade (merchant wholesalers), and professional and business services (mostly in administrative and support services).

In July, the average workweek in Michigan's manufacturing industries decreased to 40.2 hours from 42.6 hours in the previous month, while average hourly earnings moved down by 71 cents to $20.76. As a result, average weekly earnings in manufacturing contracted to $834.55, a loss of $80.07 from the previous month's total.

Michigan Hours and Earnings
July & June, 2004

	Average Hourly Earnings		Average Weekly Hours	
	2004		2004	
	July	June	July	June
Manufacturing	$20.76	$21.47	40.2	42.6
Durables	22.04	22.86	40.7	43.5
Transport Equipment	27.45	28.18	40.6	45.3
Nondurables	15.48	15.14	38.1	38.6

Wage and Salary (W&S) Employment in Michigan, Mid-Year Report, 2004

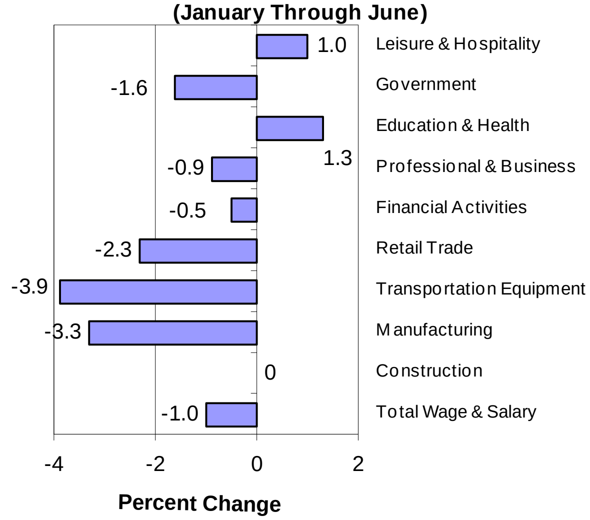
Michigan's total nonfarm employment changes during the first half of 2004 continued to reflect the economic slowdown experienced for the fourth consecutive year in the state. Although Michigan's employers supplied a monthly average of almost 4.4 million jobs during the first six months of 2004, it was a decrease of 42,000, or a drop of 1.0 percent from the same period in 2003. Employment opportunities fell throughout the state's economy, with the exception of the education and health sector and the leisure and hospitality sector.

During the first six months of 2004, jobs in Michigan's service-providing industries fell by 18,000 or 0.5 percent. Retail trade and professional and business services, two of the largest sectors in Michigan's economy, recorded job cuts of 8,000 (2.3 percent) and 5,000 (0.9 percent), respectively. Conversely, education and health services increased employment by 7,000 or 1.3 percent, and leisure and hospitality services moved up by 4,000 jobs or 1.0 percent.

Among the goods-producing industries, the construction industry remained unchanged at 179,000, while manufacturing decreased by 24,000 or 3.3 percent. Most of the employment losses came from the durable goods sector, as transportation equipment (down by 11,000, or 3.9 percent) and its related industries registered most of the downward adjustments. Government employment fell by 11,000 jobs or 1.6 percent over the period.

Source: DLEG, Bureau of Labor Market Information & Strategic Initiatives, August 2004.

Percent Changes In Selected Industries
Michigan, 2003 - 2004 Mid-Year Report
(January Through June)



Michigan

(Data In Thousands)

	Jul 2004	Jun 2004	Jul 2003
Place of Residence			
Labor Force	5,133	5,139	5,141
Employment	4,750	4,790	4,721
Unemployment	383	349	420
Rate (Percent)	7.5	6.8	8.2
Industry Jobs (Place of Work)			
Total Nonfarm	4,308	4,423	4,362
Goods-Producing	896	921	926
Nat Resources & Mining	8	8	8
Construction	212	204	208
Manufacturing	676	709	710
Durable Goods	529	559	558
Fabricated Metals	82	83	81
Machinery Manufact.	77	77	76
Transportation Equip.	237	264	265
Nondurable Goods	147	150	152
Service-Providing	3,412	3,501	3,436
Trade, Transport & Util.	809	808	817
Wholesale Trade	176	174	174
Retail Trade	507	508	517
Motor Vehicle Dealers	64	63	63
Food & Beverage Stores	91	91	90
General Merchandise	114	114	117
Transp, Warehousing & Util	126	127	126
Information	68	69	71
Financial Activities	218	219	223
Finance & Insurance	158	160	165
Real Estate & Rental	59	59	58
Prof & Business Services	591	601	593
Prof, Scientific & Technical	247	251	247
Management Scientific Services	20	21	20
Administrative Support	265	270	266
Education & Health Services	536	543	534
Education Services	66	68	66
Health Care & Social Asst	470	475	468
Leisure & Hospitality	430	426	425
Arts, Entertainment & Rec	71	70	73
Accommodation & Food	359	356	352
Other Services	173	176	172
Government	587	660	603
Federal	56	56	56
State	153	154	152
Local	379	451	394

Civilian Labor Force and Wage & Salary Estimates

	Ann Arbor			Benton Harbor			Detroit (Data in Thousands)		
	Jul 2004	**Jun** 2004	**Jul** 2003	**Jul** 2004	**Jun** 2004	**Jul** 2003	**Jul** 2004	**Jun** 2004	**Jul** 2003
Place of Residence									
Labor Force	318,000	322,100	312,800	82,900	83,800	82,300	2,268	2,285	2,283
Employment	342,200	309,100	297,800	77,000	78,100	75,500	2,082	2,118	2,090
Unemployment	13,800	12,900	15,000	6,000	5,700	6,800	186	166	193
Rate (Percent)	4.3	4.0	4.8	7.2	6.8	8.3	8.2	7.3	8.4
Place of Work									
Total Nonfarm Jobs	280,900	290,600	281,700	67,400	69,800	68,100	1,994	2,058	2,039
Nat Resources & Construction	12,100	11,400	12,400	2,600	2,500	2,600	89	87	90
Manufacturing	36,400	39,800	40,800	16,000	16,700	16,000	282	306	309
Trade, Transport & Utilities	42,200	42,800	42,600	12,900	13,000	13,000	382	382	387
Wholesale Trade	7,700	7,600	7,500	2,700	2,600	2,600	96	96	97
Retail Trade	29,900	30,500	30,400	7,800	8,000	8,100	219	219	224
Information	5,100	5,100	5,300	900	900	900	36	36	38
Financial Activities	11,300	11,700	11,600	2,300	2,300	2,300	118	118	120
Professional & Business Services	40,200	39,900	37,400	5,600	5,600	5,700	368	374	366
Educational & Health Services	29,000	29,900	28,900	9,600	9,800	9,500	247	250	250
Leisure & Hospitality	24,700	24,600	23,200	7,000	7,100	7,200	189	191	188
Other Services	8,700	8,700	8,600	3,400	3,500	3,500	78	79	77
Government	71,200	76,700	70,900	7,100	8,400	7,400	205	237	214

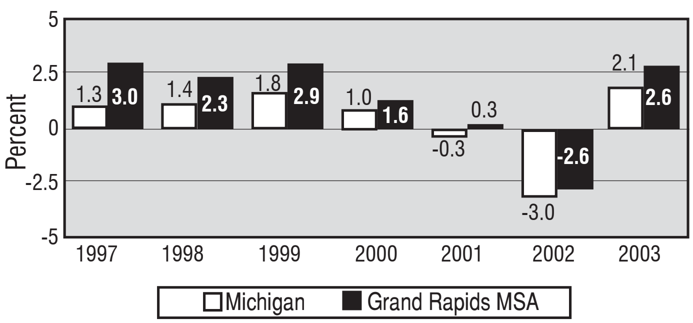
	Kalamazoo-Battle Creek			Lansing			Saginaw-Bay-Midland		
	Jul 2004	**Jun** 2004	**Jul** 2003	**Jul** 2004	**Jun** 2004	**Jul** 2003	**Jul** 2004	**Jun** 2004	**Jul** 2003
Place of Residence									
Labor Force	235,500	235,800	234,000	247,700	247,400	250,900	197,900	196,000	201,400
Employment	220,400	221,400	217,200	233,000	235,000	236,900	181,900	180,500	183,300
Unemployment	15,100	14,400	16,800	14,700	12,400	14,000	16,000	15,500	18,200
Rate (Percent)	6.4	6.1	7.2	5.9	5.0	5.6	8.1	7.9	9.0
Place of Work									
Total Nonfarm Jobs	203,400	208,300	206,100	225,200	231,400	234,800	166,600	168,300	172,100
Nat Resources & Construction	10,900	10,700	10,700	10,800	10,200	10,300	7,400	7,000	9,200
Manufacturing	38,300	39,400	40,500	20,800	21,400	24,000	21,900	21,700	23,400
Trade, Transport & Utilities	36,200	35,700	36,300	37,000	37,400	38,500	31,000	31,000	33,300
Wholesale Trade	6,100	6,100	5,500	6,300	6,000	6,100	4,400	4,400	4,500
Retail Trade	25,000	24,500	25,900	24,800	25,300	26,100	22,100	22,100	24,500
Information	2,000	2,000	2,100	3,400	3,400	3,500	2,800	2,800	2,900
Financial Activities	9,500	9,600	9,200	16,400	16,800	16,500	7,400	7,300	7,300
Professional & Business Serv	20,400	20,400	19,900	19,400	20,400	21,200	22,000	22,300	23,400
Educational & Health Serv	26,800	27,800	26,800	22,800	23,100	24,600	27,100	26,900	25,700
Leisure & Hospitality	20,300	20,300	21,200	20,300	20,200	19,800	17,900	17,800	17,600
Other Services	9,400	9,400	9,400	11,000	11,000	11,000	7,800	7,900	7,800
Government	29,600	33,000	30,000	63,300	67,500	65,400	21,300	23,600	21,500

Civilian Labor Force and Wage & Salary Estimates

	Flint			Grand Rapids-Holland Muskegon			Jackson		
	Jul 2004	**Jun** 2004	**Jul** 2003	**Jul** 2004	**Jun** 2004	**Jul** 2003	**Jul** 2004	**Jun** 2004	**Jul** 2003
Place of Residence									
Labor Force	188,600	186,600	189,800	622,700	619,200	622,400	79,700	79,600	80,900
Employment	169,300	170,700	166,800	579,300	577,900	568,400	74,000	74,200	73,800
Unemployment	19,200	15,900	23,000	43,400	41,200	54,000	5,700	5,400	7,100
Rate (Percent)	10.2	8.5	12.1	7.0	6.7	8.7	7.1	6.8	8.8
Place of Work									
Total Nonfarm Jobs	155,700	159,600	156,500	556,800	564,400	557,900	60,300	61,700	61,600
Nat Resources & Construction	8,400	7,900	8,300	28,800	27,900	29,300	2,800	2,700	2,700
Manufacturing	22,400	22,400	23,700	126,800	128,300	127,100	10,000	10,200	10,000
Trade, Transport & Utilities	30,700	31,300	31,200	109,000	109,800	109,700	12,300	12,600	12,900
Wholesale Trade	6,600	6,600	6,500	29,900	29,700	29,700	1,700	1,700	1,700
Retail Trade	20,600	21,200	21,300	64,600	65,400	65,800	7,900	8,200	8,100
Information	2,100	2,100	2,200	7,900	8,000	7,800	500	500	500
Financial Activities	6,900	6,900	6,800	23,300	23,200	25,100	2,500	2,500	2,500
Professional & Business Service	18,100	18,200	18,700	66,400	66,700	65,300	4,500	4,500	4,600
Educational & Health Services	23,700	24,200	23,100	72,800	72,600	70,500	9,500	9,500	9,400
Leisure & Hospitality	16,300	15,900	15,200	50,800	50,400	49,600	5,300	5,600	5,800
Other Services	6,800	6,800	6,500	22,700	22,400	23,600	2,700	2,700	2,700
Government	20,300	23,900	20,800	48,300	55,100	49,900	10,200	10,900	10,500

	Upper Peninsula			Northeast Lower Michigan			Northwest Lower Michigan		
	Jul 2004	**Jun** 2004	**Jul** 2003	**Jul** 2004	**Jun** 2004	**Jul** 2003	**Jul** 2004	**Jun** 2004	**Jul** 2003
Place of Residence									
Labor Force	161,000	159,100	158,600	98,400	97,800	97,800	164,900	160,900	163,200
Employment	152,300	149,800	148,600	91,500	90,800	89,600	155,100	150,800	151,500
Unemployment	8,700	9,300	10,000	6,900	7,000	8,300	9,800	10,200	11,800
Rate (Percent)	5.4	5.8	6.3	7.0	7.2	8.5	5.9	6.3	7.2

Percent Total Employment Changes, Michigan and Grand Rapids MSA, Annual Averages, 1997–2003



Regional Focus

Total Employment Changes (Percent) in the Grand Rapids MSA and Michigan, 1997–2003

Between 1997 and 2003, the Grand Rapids MSA's total employment increased from 581,200 to 622,200, a gain of 41,000 positions, or 7.1 percent. In comparison, Michigan's employment advanced from 4,961,000 to 5,107,000, up by only 2.9 percent. During this period, the Grand Rapids MSA's employment gains consistently outpaced those of the state. The only year in which the area exhibited employment reductions was 2002, down by 2.6 percent, compared to the state's decrease of 3.0 percent.

Jobless Rates Up Seasonally in Most of Michigan's Major Areas

July unemployment rates (unadjusted) moved up in nine of Michigan's 12 major labor market areas. Jobless rates declined slightly in the state's three northernmost labor market areas, the Northeast Lower Michigan Region, the Northwest Lower Michigan Region and the Upper Peninsula. Most major areas in Michigan displayed typical seasonal labor market patterns in July. Unemployment levels increased in the southern portions of the state following temporary shutdowns in the automotive industry due to retooling, while the northern regions reported typical employment gains with the arrival of the summer tourism and recreational season. Employment levels dropped in seven areas over the month, ranging from a moderate 0.3 percent drop in the Jackson Metropolitan Statistical Area (MSA) to a 1.7 percent decline in the Detroit MSA. In the remaining five areas, the Saginaw-Bay-Midland MSA, the Grand Rapids MSA, and the three northernmost areas, employment levels increased moderately, with the Northwest Lower Michigan Region leading the way with a growth rate of 2.9 percent.

Among Michigan's major labor markets, the Ann Arbor MSA had the lowest unemployment rate at 4.3 percent, followed by the Upper Peninsula with 5.4 percent and the Lansing MSA and the Northwest Lower Michigan Region both with 5.9 percent. The highest jobless rate in July was recorded by the Flint and Detroit MSAs with 10.2 and 8.2 percent, respectively.

Michigan's Major Areas Show Seasonal Declines in Nonfarm Employment

Total nonfarm employment decreased in all of Michigan's nine Metropolitan Statistical Areas (MSAs) during the month of July. Employment losses were seasonal and were recorded in both the goods-producing and service-providing industries. In the goods-producing sectors, employment fell temporarily in manufacturing, due to auto plants halting production following model changeover shutdowns. Declines in the service-providing industries were concentrated mainly in local government, as elementary and secondary educational facilities continued to reduce staff levels during the summer recess period. Among the MSAs, Benton Harbor had the largest percentage job decline at 3.4 percent (mainly due to temporary losses in education), followed by the Ann Arbor MSA with a drop of 3.3 percentage points and the Detroit MSA with 3.1 percent (both areas with noticeable losses in manufacturing as well as local government). The most modest job reductions were recorded in the Saginaw-Bay-Midland and Grand Rapids MSAs, down by 1.0 and 1.3 percentage points, respectively.

During July, average hourly earnings in manufacturing decreased in all nine metropolitan areas. Most losses were due to reductions in hourly wages in the durable goods industries. Average weekly hours moved down in seven areas during the month, with declines recorded mostly in the durable goods industries. The total effect of these changes was that average weekly earnings contracted in eight of the major areas. The largest losses in weekly earnings were reported in the Detroit MSA, down by $268.18, followed by the Ann Arbor and Saginaw-Bay-Midland areas with decreases of $212.85 and $196.87, respectively.

Manufacturing Hours and Earnings
Major Labor Market Areas,* July and June 2004

	Average Weekly Hours		Average Hourly Earnings		Average Weekly Earnings	
Area	July	June	July	June	July	June
Ann Arbor	38.5	43.6	$23.27	$25.43	$895.90	$1,108.75
Benton Harbor	38.7	42.0	14.68	16.26	568.12	682.92
Detroit	41.5	43.8	24.24	25.59	1,005.96	1,077.04
Flint	39.9	46.1	28.83	30.77	1,150.32	1,418.50
Grand Rapids-Muskegon-Holland	40.5	40.8	16.52	16.47	669.06	671.98
Jackson*						
Kalamazoo-Battle Creek	42.1	41.9	15.71	15.73	661.39	659.09
Lansing	41.5	41.5	23.89	24.95	991.44	1,035.43
Saginaw-Bay-Midland	39.7	45.0	23.73	25.31	942.08	1,138.95

* Data are not available for the Jackson, Upper Peninsula, Northeast Lower Michigan, and Northwest Lower Michigan areas.

Sharp Increase in Energy Prices During 2003

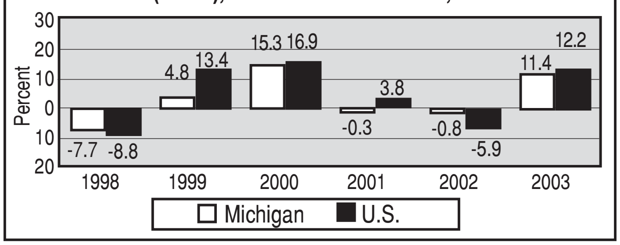
Energy is one of the major items within the consumer price index (CPI). The energy index is composed of two fairly equally weighted components, motor fuel and household fuels. The energy commodity prices, mainly gasoline and home heating oil, rose sharply in 2003, in both Michigan and the U.S. The primary reasons for the higher gasoline prices include: an increase in world demand for oil; the war in Iraq which disrupted the supply of oil from this country; the disruption of the production of Venezuelan oil following a strike; a colder than expected winter in the Northeast; and an increase in the demand for and the production of fuel oil arising from very high prices for natural gas. Additionally, prices for energy services (natural gas and electricity) rose noticeably during 2003.

The rate of energy inflation in the Detroit CMSA (Consolidated Metropolitan Statistical Area, including the Detroit, Flint and Ann Arbor MSAs, the area for which the CPI is measured in Michigan) moved up sharply in 2003, increasing by 11.4 percent for the year, a considerable change from 2001 and 2002, when energy prices showed a slight decline of 0.3 and 0.8 percent, respectively. During 2003, fuels used in housing increased by 8.4 percent, while motor fuel jumped by 15.0 percent.

Nationally, energy inflation was up by 12.2 percent, compared with a 5.9 percent decrease in 2002. Fuel oil prices jumped by 20.8 percent compared to a 10.7 percent drop in 2002, while gasoline prices rose by 16.5 percent following a 6.5 percent decrease in 2002. Another reason explaining higher gasoline prices was the unusual number of problems with refineries in 2003. Gasoline production was reduced during the third quarter of 2003 following five refinery shutdowns (two because of fires and three others, one of them in Michigan, because of the electricity outage in August of that year). Another unexpected problem was encountered in the Southwest, where gasoline supplies were disrupted in July when a gasoline pipeline in Arizona ruptured.

Source: Michigan Department of Labor & Economic Growth, Bureau of Labor Market Information & Strategic Initiatives, August 2004.

Annual Change in the Energy Price Index for All Urban Consumers (CPI-U), Detroit CMSA and U.S., 1998–2003



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