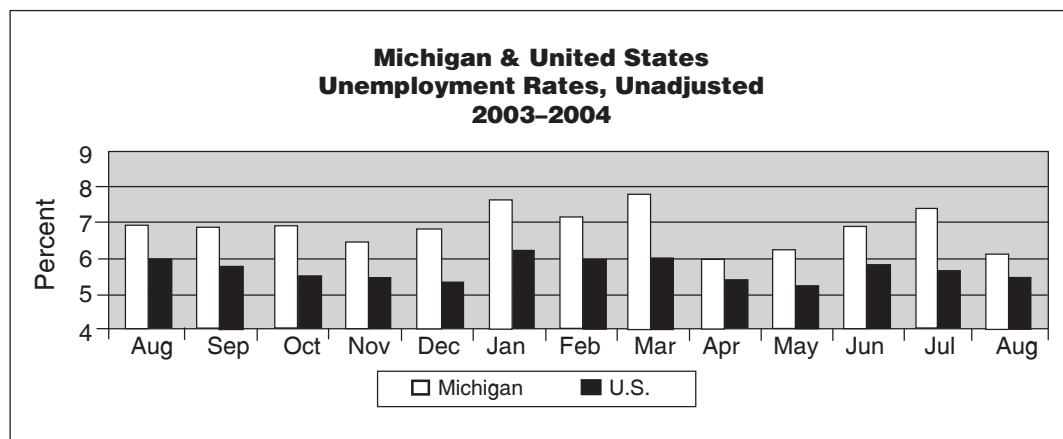


Michigan's August Jobless Rate Declines to 6.2 Percent

Michigan's unemployment rate decreased by 1.3 percentage points during the month of August, bringing the state's unadjusted jobless rate to 6.2 percent, down from 7.5 percent in July. The drop in the jobless rate represents 71,000 fewer individuals out of work, as unemployment declined to 313,000. The state's civilian labor force also fell during the month, contracting by 51,000 to 5,083,000, while employment increased by 21,000 to 4,771,000. The decline in the unemployment rate during the month of August was primarily credited to local auto plants completing their annual model changeover activities and recalling workers

who were on temporary layoffs. Additionally, there was a seasonal drop in the state's labor force, as many temporary, seasonal and summer workers, most notably college and high school students, left the summer job market. The nation's jobless rate (unadjusted) also fell during August, moving down by 0.3 percentage points to 5.4 percent.

Compared to a year ago, August's labor force increased by 2,000, employment moved up by 45,000 and unemployment dropped by 42,000. This has resulted in an over-the-year decrease of 0.8 percentage points in the state's jobless rate.



As Model Changeover Ends, Auto Workers Return to Work

Michigan's nonfarm employment increased slightly during the month of August, as industry jobs advanced to 4,330,000. Employment opportunities expanded by 23,000 jobs, with gains recorded in the goods-producing sector of the economy. Goods-producing employment increased by 29,000 during the month, mostly in the durable goods sector, following worker recalls from the annual model changeover layoffs in the automotive and auto-supplier industries. Nondurable goods also moved up during August adding 2,000 jobs, mainly in food manufacturing. Service-providing employment fell by 6,000 positions with seasonal reductions in state and local government, as educational facilities temporarily reduced staff with the end of classes offered in the summer semester. Small losses were also recorded in the retail trade sector, somewhat offsetting seasonal gains in administrative and support services (mainly employment placement agencies).

In August, average weekly hours in Michigan's manufacturing industries increased to 41.8 hours from 39.8 hours in the previous month, while average hourly earnings moved up by 91 cents to \$21.70. As a result, average weekly earnings in manufacturing expanded to \$907.06, a gain of \$79.62 from the previous month's total.

	Average Hourly Earnings		Average Weekly Hours	
	2004 August	2004 July	2004 August	2004 June
Manufacturing	\$21.70	\$20.79	41.8	39.8
Durables	23.15	22.14	42.7	40.3
Transport Equipment	28.52	27.57	44.4	40.3
Nondurables	15.18	15.41	38.1	38.0

August 2004 Consumer Price Index (CPI) Increased for Detroit CMSA* and for Nation

The Detroit Consumer Price Index CPI-U (for **All Urban Consumers**) increased by 0.5 percent from June 2004** and by 1.7 since August 2003. Among the eight major consumer categories, six showed an increase for the two-month period. The sharpest gains were recorded by the **Apparel** component, up by 5.6 percent, followed by **Other Goods and Services** with a gain of 5.1 percent. Other sectors to show increases for the period were **Medical Care** (1.7 percent), **Housing** (0.6 percent), **Education and Communication** (0.3 percent) and **Food and Beverages** (0.2 percent).

A notable development among the changes in the Detroit Price Index during August was a decrease in gasoline prices of 4.1 percent, while overall energy prices moved up by 1.0 percent for the two-month period. The major consumer categories to show a decline in August were **Recreation and Transportation**, falling by 1.5 and 1.1 percent, respectively.

The U.S. Consumer Price Index CPI-U moved up only 0.1 percentage points during August 2004, and rose by 2.7 percent since August 2003. The largest gains in the nation's commodities and services basket for the month were recorded by **Education and Communication** and **Apparel**, up by 0.7 and 0.5 percent, respectively.

* The Detroit CMSA (Consolidated Metropolitan Statistical Area) includes the metro areas of Ann Arbor, Flint and Detroit.

** The Detroit Consumer Price Index is published only for even-numbered months. The next CPI for the Detroit MSA will be published for the month of October 2004.

Source: U.S. Department of Labor, Bureau of Labor Statistics. September 2004.

Consumer Price Index (CPI) All Urban Consumers August 2004			
		Percent Changes From	
	Index Number	Last Period	Last Year
Detroit (CMSA)	186.8	0.5	1.7
U.S.	189.5	0.1	2.7

Michigan			
(Data In Thousands)			
	Aug 2004	Jul 2004	Aug 2003
Place of Residence			
Labor Force	5,083	5,134	5,081
Employment	4,771	4,750	4,726
Unemployment Rate (Percent)	313	384	355
	6.2	7.5	7.0
Industry Jobs (Place of Work)			
Total Nonfarm	4,330	4,307	4,374
Goods-Producing	924	895	943
Nat Resources & Mining	8	8	8
Construction	206	211	207
Manufacturing	710	676	728
Durable Goods	559	527	574
Fabricated Metals	83	82	82
Machinery Manufact.	76	76	75
Transportation Equip.	268	237	281
Nondurable Goods	151	149	154
Service-Providing	3,406	3,412	3,431
Trade, Transport & Util.	801	808	819
Wholesale Trade	175	176	175
Retail Trade	502	506	519
Motor Vehicle Dealers	64	64	63
Food & Beverage Stores	90	91	91
General Merchandise	112	114	118
Transp, Warehousing & Util	125	126	126
Information	67	68	70
Financial Activities	218	217	224
Finance & Insurance	157	158	165
Real Estate & Rental	61	59	59
Prof & Business Services	598	590	593
Prof, Scientific & Technical	247	247	247
Management Scientific Services	20	20	20
Administrative Support	271	263	265
Education & Health Services	538	536	532
Education Services	64	66	64
Health Care & Social Asst	474	470	468
Leisure & Hospitality	430	429	424
Arts, Entertainment & Rec	70	71	74
Accommodation & Food	359	358	350
Other Services	173	175	171
Government	581	590	597
Federal	56	56	56
State	151	153	151
Local	375	381	390

Civilian Labor Force and Wage & Salary Estimates

Ann Arbor

Benton Harbor

Detroit

(Data in Thousands)

	Aug 2004	Jul 2004	Aug 2003	Aug 2004	Jul 2004	Aug 2003	Aug 2004	Jul 2004	Aug 2003
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Place of Residence

Labor Force	320,500	318,400	310,400	83,800	83,400	81,900	2,248	2,267	2,252
Employment	309,000	304,500	297,800	78,500	77,400	75,900	2,100	2,080	2,090
Unemployment	11,500	13,900	12,600	5,400	6,000	6,000	148	187	162
Rate (Percent)	3.6	4.4	4.1	6.4	7.2	7.3	6.6	8.2	7.2

Place of Work

Total Nonfarm Jobs	285,800	281,200	282,500	69,100	68,100	68,500	2,016	1,993	2,046
Nat Resources & Construction	12,100	12,100	12,600	2,500	2,600	2,600	87	89	89
Manufacturing	39,900	36,300	41,500	17,200	16,100	16,100	310	283	319
Trade, Transport & Utilities	42,400	42,200	43,000	13,100	13,200	13,400	378	381	388
Wholesale Trade	7,700	7,700	7,600	2,600	2,700	2,600	95	96	98
Retail Trade	30,200	29,900	30,600	8,200	8,100	8,500	217	219	224
Information	5,000	5,100	5,200	900	900	900	35	36	37
Financial Activities	10,900	11,300	11,800	2,300	2,300	2,300	117	118	121
Professional & Business Services	40,900	40,200	37,800	5,600	5,600	5,700	372	366	368
Educational & Health Services	29,800	29,000	29,300	9,800	9,700	9,500	249	247	249
Leisure & Hospitality	25,300	24,700	22,900	7,100	7,000	7,200	190	189	188
Other Services	8,600	8,700	8,600	3,400	3,500	3,500	77	78	78
Government	70,900	71,600	69,800	7,200	7,200	7,300	202	205	209

Kalamazoo-Battle Creek

Lansing

Saginaw-Bay-Midland

	Aug 2004	Jul 2004	Aug 2003	Aug 2004	Jul 2004	Aug 2003	Aug 2004	Jul 2004	Aug 2003
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Place of Residence

Labor Force	233,800	235,700	232,700	246,100	250,500	248,600	192,700	197,500	199,500
Employment	220,700	220,500	218,000	234,300	235,700	237,100	178,900	181,500	183,300
Unemployment	13,000	15,200	14,700	11,800	14,800	11,500	13,800	16,000	16,100
Rate (Percent)	5.6	6.4	6.3	4.8	5.9	4.6	7.2	8.1	8.1

Place of Work

Total Nonfarm Jobs	203,200	203,400	205,400	227,100	227,800	235,500	164,300	166,200	172,600
Nat Resources & Construction	10,500	10,900	10,300	10,800	10,800	10,400	7,000	7,400	9,300
Manufacturing	38,700	38,400	40,300	20,900	20,900	24,800	21,600	21,700	24,100
Trade, Transport & Utilities	36,100	36,100	36,200	36,300	36,800	38,600	30,800	31,000	33,500
Wholesale Trade	6,100	6,100	5,500	6,000	6,200	6,100	4,400	4,400	4,500
Retail Trade	25,000	24,900	25,700	24,400	24,700	26,300	22,000	22,100	24,700
Information	2,000	2,000	2,100	3,300	3,400	3,500	2,700	2,800	2,900
Financial Activities	9,400	9,500	9,200	17,200	17,200	17,200	7,400	7,400	7,300
Professional & Business Services	20,800	20,100	20,400	19,700	19,600	21,400	21,300	22,000	23,200
Educational & Health Services	27,300	26,900	26,700	22,900	22,700	24,900	27,100	27,000	25,800
Leisure & Hospitality	19,400	20,200	20,200	20,900	20,300	20,300	17,800	17,900	17,500
Other Services	9,300	9,400	9,300	10,900	11,000	10,900	7,800	7,800	7,800
Government	29,700	29,900	30,800	64,200	65,100	63,500	20,800	21,200	21,200

Civilian Labor Force and Wage & Salary Estimates

	Flint			Grand Rapids-Holland Muskegon			Jackson		
	Aug 2004	Jul 2004	Aug 2003	Aug 2004	Jul 2004	Aug 2003	Aug 2004	Jul 2004	Aug 2003
Place of Residence									
Labor Force	182,400	188,600	186,000	613,200	621,200	611,600	79,000	79,800	80,700
Employment	167,300	169,300	168,000	576,600	577,700	565,600	73,900	74,100	74,200
Unemployment	15,100	19,300	18,000	36,600	43,500	45,900	5,100	5,700	6,400
Rate (Percent)	8.3	10.2	9.7	6.0	7.0	7.5	6.4	7.2	8.0

Place of Work

Total Nonfarm Jobs	154,000	155,700	158,000	556,300	555,300	556,800	60,300	60,500	62,100
Nat Resources & Construction	7,800	8,400	8,000	29,100	28,900	29,900	2,700	2,800	2,700
Manufacturing	22,400	22,400	25,000	127,900	125,900	127,800	10,100	10,000	10,100
Trade, Transport & Utilities	30,500	30,700	31,400	108,100	109,000	109,900	12,200	12,400	13,000
Wholesale Trade	6,600	6,600	6,600	29,800	29,900	29,700	1,700	1,700	1,700
Retail Trade	20,500	20,600	21,400	63,600	64,600	65,700	7,800	8,000	8,300
Information	2,100	2,100	2,200	7,800	7,900	7,900	500	500	500
Financial Activities	6,900	6,900	6,900	23,700	23,300	24,300	2,500	2,500	2,500
Professional & Business Services	18,000	18,100	18,900	67,800	66,000	64,200	4,500	4,500	4,600
Educational & Health Services	23,900	23,700	23,500	70,600	72,700	70,200	9,500	9,500	9,400
Leisure & Hospitality	16,200	16,100	15,300	50,500	51,000	49,800	5,200	5,300	5,900
Other Services	6,800	6,900	6,400	22,100	22,600	22,900	2,700	2,700	2,700
Government	19,400	20,400	20,400	48,700	48,000	49,900	10,400	10,300	10,700

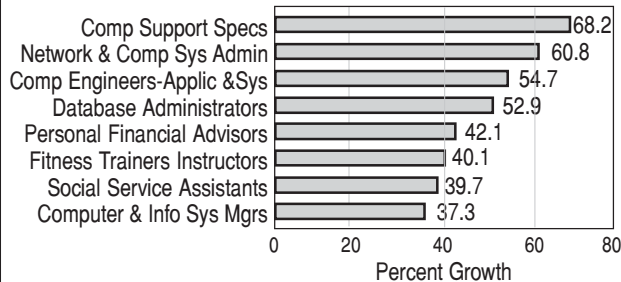
Upper Peninsula

Northeast Lower Michigan

Northwest Lower Michigan

	Upper Peninsula			Northeast Lower Michigan			Northwest Lower Michigan		
	Aug 2004	Jul 2004	Aug 2003	Aug 2004	Jul 2004	Aug 2003	Aug 2004	Jul 2004	Aug 2003
Place of Residence									
Labor Force	159,700	161,000	157,700	97,500	98,400	96,700	162,400	164,900	159,600
Employment	151,400	152,300	148,100	91,400	91,400	89,400	153,600	155,100	149,500
Unemployment	8,300	8,700	9,700	6,100	6,900	7,300	8,800	9,800	10,100
Rate (Percent)	5.2	5.4	6.1	6.3	7.0	7.6	5.4	6.0	6.3

Selected Occupations With the Highest Projected Growth Lansing MSA, 2000-2010



Regional Focus

Fastest-Growing Occupations Lansing MSA, 2000-2010

The fastest-growing occupation projected in the Lansing MSA between 2000 and 2010 is computer support specialists (up by 68.2 percent), followed by network and computer systems administrators (up by 60.8 percent). Five out of the eight occupations projected to grow the fastest are in the computer industry. Five of the eight occupations listed require at least a bachelor's degree. One requires an associate degree, one post-secondary vocational training, and one on-the-job training (OJT).

Jobless Rates Fall in All of Michigan's Major Areas During August

August unemployment rates (unadjusted) declined in all of Michigan's 12 major labor market areas. Employment and labor force levels also decreased in the majority of the regions over the month. The drop in the unemployment rates in August reflect typical seasonal labor market patterns, brought about by two main factors. First, the number of the unemployed fell in most areas with the recall of auto-related workers on temporary layoffs due to model changeover activities in July. Second, many jobseekers, particularly college and high school students, began leaving the job market either returning to school or giving up the search for summer employment, causing labor force as well as unemployment to drop. The jobless rate declines

over the month ranged from 0.2 percentage points to almost two full percentage points, with most regions displaying significant drops. The four largest reductions were registered in the Flint, Detroit, Grand Rapids and Lansing Metropolitan Statistical Areas (MSAs). Michigan's three northernmost labor market areas reported the smallest rate declines.

Among Michigan's major labor markets, the Ann Arbor area had the lowest unemployment rate at 3.6 percent, followed by Lansing with 4.8 percent and the Upper Peninsula with 5.2 percent. The highest jobless rate in the month of August was recorded by the Flint area at 8.3 percent, followed by the Saginaw-Bay-Midland MSA with 7.2 percent.

August Brings a Mixed Picture in Nonfarm Employment

Total nonfarm employment moved up in four of Michigan's nine Metropolitan Statistical Areas (MSAs) during the month of August. Employment gains in most areas were concentrated in the goods-producing industries, as most automotive plants and suppliers recalled workers. The stronger gains in manufacturing were registered in the Ann Arbor and Detroit MSAs, up by 9.9 and 9.5 percent, respectively. Employment in the construction industry dipped in many areas, particularly in the specialty trade contractors sector. In the service-providing industries, the employment picture was somewhat mixed. Small payroll employment gains were registered in professional and business services, with the Kalamazoo MSA (up by 3.5 percent) and the Grand Rapids MSA (2.7 percent) leading the way. Offsetting these gains were seasonal losses in trade,

transportation and utilities, and government. Among the MSAs, the Ann Arbor MSA had the largest-percentage overall job growth for the month at 1.6 percent, followed by the Benton Harbor MSA with 1.5 percentage points.

During August, average weekly hours in manufacturing moved up in seven major areas. The gains were due to increases in overtime hours worked in the durable goods sector. Average hourly earnings expanded in eight areas during the month, with advances recorded in the durable goods industries. The total effect of these changes was that average weekly earnings increased in seven of the major areas. The largest gains in weekly earnings were reported in the Flint area, up by \$255.26, followed by the Saginaw-Bay-Midland and Ann Arbor areas with increases of \$225.36 and \$208.83, respectively.

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

Area	Average Weekly Hours		Average Hourly Earnings		Average Weekly Earnings	
	Aug	Jul	Aug	Jul	Aug	Jul
Ann Arbor	42.8	38.6	\$26.01	\$23.43	\$1,113.23	\$ 904.40
Benton Harbor	46.0	37.8	15.72	14.53	723.12	549.23
Detroit	43.1	41.3	25.20	24.24	1,086.12	1,001.11
Flint	45.4	39.9	30.96	28.83	1,405.58	1,150.32
Grand Rapids-Muskegon-Holland Jackson*	40.3	39.7	16.47	16.35	663.74	649.10
Kalamazoo-Battle Creek	41.4	42.2	15.92	15.64	659.09	660.01
Lansing	42.7	41.2	24.89	23.96	1,062.80	987.15
Saginaw-Bay-Midland	45.0	39.0	25.99	24.21	1,169.55	944.19

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

University of Michigan's Economic Outlook, Forecast Update, 2004-2006

Every year the University of Michigan's forecasting group (Research Seminar in Quantitative Economics - RSQE) prepares projections for the development of the state's economy. On September of 2004 an amendment forecast was published projecting Michigan's economic growth for 2004 through 2006. One item of interest in this article is the wage and salary employment growth rates projected for Michigan for this time period.

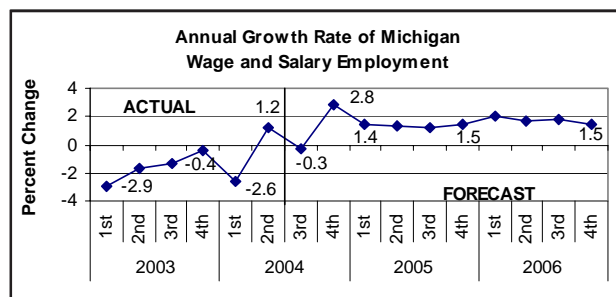
In this article the RSQE observes that after strong job growth during the March-May period, payroll employment in Michigan fell by over 39,000 jobs during the months of May through July of 2004. The article suggests that this entrenchment is a temporary setback in the state's job recovery, reflecting larger-than-normal seasonal cuts in auto-related manufacturing and temporary layoffs in government that mask growth in other sectors. The RSQE group projects employment to decline at an annual rate of three tenths of one percent in the third quarter before rebounding in the fourth quarter.

The long-term forecasting suggests that job gains will be sustained through 2006, with growth that can be described as solid, but not spectacular. Job growth will hover for most of 2005 at or a little below the trend rate of 1.4 percent, drifting up to average 1.7 percent during 2006. Job gains will total 11,100 during 2004 and

accelerate to 58,700 during 2005 and 77,400 during 2006. Most of the job gains from now to the end of 2006 will occur in the private nonmanufacturing sector. Leading industries will include leisure and hospitality services; professional and business services; and the trade, transportation, and utilities grouping.

The forecasting group also expects that personal income will pick up from 2.7 percent in 2003 to 4.3 percent in 2004 as the job market improves. The strengthening labor market and rapid growth in interest income will lift personal income growth to 6.2 percent in 2005 and will boost it again to 6.7 percent in 2006.

Source: Research Seminar in Quantitative Economics (RSQE), University of Michigan, September 2004.



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