Michigan Department of Labor & Economic Growth

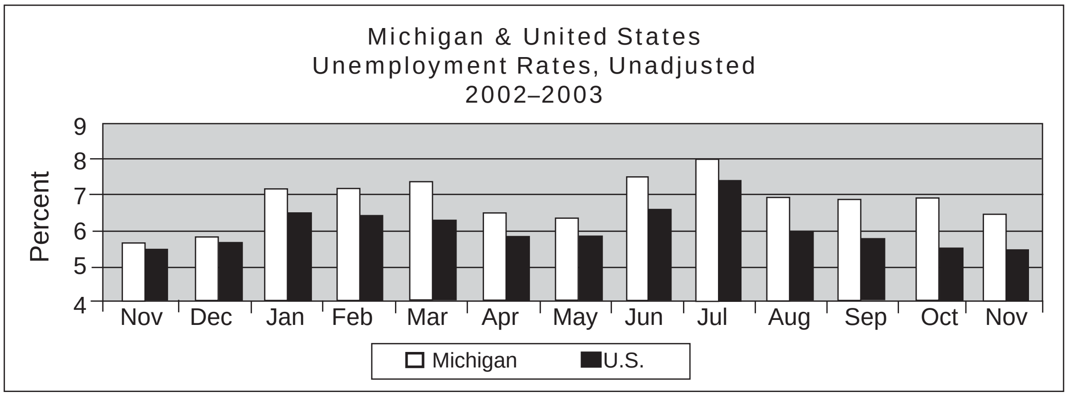
Michigan's Labor Market News

January 2004 Vol. 59, Issue No. 11

Michigan's November Unemployment Rate Down to 6.5 Percent

Michigan's unemployment rate decreased by 0.4 percentage points during the month, as the unadjusted jobless rate moved down from 6.9 to 6.5 percent in the month of November. The unemployment rate decline represents 22,000 fewer individuals out of work, as unemployment fell to 333,000. The state's civilian labor force contracted by 34,000 during the month to 5,109,000, while employment decreased by 11,000 to 4,776,000. The decline in the jobless rate was primarily due to labor force withdrawal. Many individuals without a job left the workforce, while employment totals continued to decline. The uncertainty concerning the speed of the economic recovery continues to have an impact on Michigan's labor market. November retail trade employment, often used as an indicator of business expectations for holiday sales, increased by only 10,000 jobs. It was 7,000 less than the same period last year. The nation's jobless rate (unadjusted) remained unchanged during November at 5.6 percent.

Compared to a year ago, November's labor force increased by 131,000, employment advanced by 78,000, and unemployment climbed by 53,000. This has resulted in an over-the-year hike of 0.9 percentage points in the state's jobless rate.



Seasonal Drop in Michigan's Nonfarm Employment

Michigan's nonfarm employment declined during the month of November, as industry jobs fell to 4,444,000. Employment opportunities fell by 17,000 jobs, with losses recorded in both the goods-producing and service-providing sectors of the economy. Goods-producing employment contracted by 9,000 during the month, mostly due to seasonal reductions in the construction industry. Losses were also recorded in manufacturing, both in the durable goods and nondurable goods industries. The service-providing sector fell by 8,000 jobs, as seasonal gains in retail trade (general merchandise stores) and government (local educational facilities) were not enough to make up for losses in the professional and business services (administrative support services and services to buildings and dwellings), and the leisure and hospitality services (arts, entertainment, and recreation; amusement and gambling; and accommodation and food services).

In November, the average weekly hours in Michigan's manufacturing industries decreased to 41.9 hours from 42.7 hours in the previous month, while average hourly earnings moved down by 71 cents to $20.81. As a result, average weekly earnings in manufacturing contracted to $871.94, a loss of $46.96 from the previous month's total.

Michigan Hours and Earnings
November & October 2003

	Average Hourly Earnings		Average Weekly Hours	
	2003 Nov.	2003 Oct.	2003 Nov.	2003 Oct.
Manufacturing	$20.81	$21.52	41.9	42.7
Durables	22.12	23.02	42.8	43.6
Transport Equipment	26.80	28.23	43.7	45.2
Nondurables	14.77	14.60	38.4	38.8

Report on Quality Changes for Domestic 2004 Model Vehicles

According to estimates released by the Bureau of Labor statistics (BLS) of the U.S. Department of Labor, the value of quality changes for a sample of 15 2004-model-year **domestic passenger** cars that were included in the Producer Price Index (PPI) averaged $75.86. This change represents 18.7 percent of the average $405.31 increase in manufacturers' invoice prices for this year's models as compared with last year's models.

The **retail** equivalent value of these quality changes averaged $82.96, representing 17.8 percent of the average $467.28 over-the-year increase in manufacturers' suggested list prices.

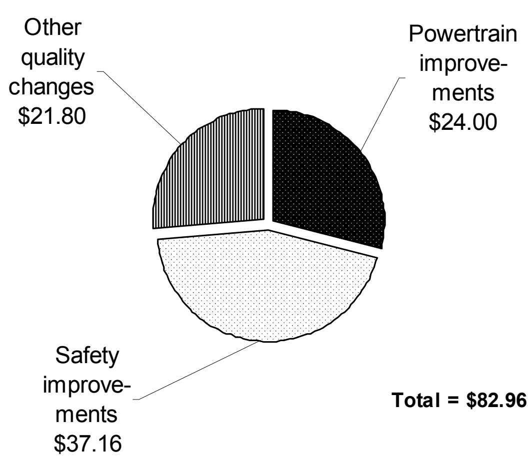
The $82.96 estimated retail value of quality changes breaks down as follows:

- $24.00 for powertrain improvements;
- $37.16 for federally mandated and non-mandated safety improvements such as changes to brake and airbags systems;
- $21.80 for other quality changes such as emission improvements, theft protection, changes in the audio system, and changes in levels of standard or optional equipment.

The **retail** equivalent value of quality changes for domestic **light trucks** averaged $145.05, representing 24.8 percent of the average $585.91 over-the-year increase in manufacturers' suggested list prices.

Source: U.S. Department of Labor, Bureau of Labor Statistics. November 2003.

Average Retail Equivalent Value Of Quality Changes, 2004 Model Cars



Michigan

(Data In Thousands)

	Nov 2003	Oct 2003	Nov 2002
Place of Residence			
Labor Force	5,109	5,143	4,978
Employment	4,776	4,787	4,698
Unemployment	333	355	280
Rate (Percent)	6.5	6.9	5.6
Industry Jobs (Place of Work)			
Total Nonfarm	4,444	4,461	4,523
Goods-Producing	933	942	971
Nat Resources & Mining	8	8	9
Construction	203	209	205
Manufacturing	721	725	757
Durable Goods	570	572	598
Fabricated Metals	80	80	82
Machinery Manufact.	77	77	78
Transportation Equipment	273	274	290
Nondurable Goods	151	154	158
Service-Providing	3,511	3,519	3,552
Trade, Transport & Utilities	852	842	858
Wholesale Trade	177	177	173
Retail Trade	549	539	552
Motor Vehicle Dealers	62	62	63
Food & Beverage Stores	90	90	90
General Merchandise	133	125	139
Transp, Warehousing & Utilities	126	127	133
Information	74	74	75
Financial Activities	218	218	216
Finance & Insurance	166	166	163
Real Estate & Rental	53	52	52
Prof & Business Services	572	582	592
Prof, Scientific & Technical	253	252	257
Management Scientific Services	24	25	25
Administrative Support	242	250	251
Education & Health Services	551	549	540
Education Services	83	82	78
Health Care & Social Asst	468	468	463
Leisure & Hospitality	373	385	377
Arts, Entertainment & Rec	56	63	54
Accommodation & Food	317	321	323
Other Services	171	172	177
Government	700	698	719
Federal	56	57	58
State	172	173	178
Local	471	468	483

Civilian Labor Force and Wage & Salary Estimates

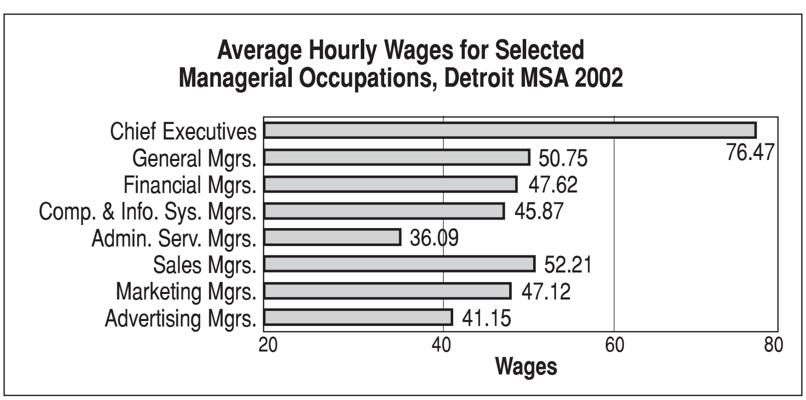
	Ann Arbor			Benton Harbor			Detroit (Data in Thousands)		
	Nov 2003	Oct 2003	Nov 2002	Nov 2003	Oct 2003	Nov 2002	Nov 2003	Oct 2003	Nov 2002
Place of Residence									
Labor Force	321,400	322,100	316,200	81,600	82,000	78,700	2,258	2,271	2,196
Employment	309,900	309,700	306,500	76,000	76,300	74,500	2,110	2,111	2,072
Unemployment	11,500	12,400	9,700	5,700	5,700	4,200	148	160	124
Rate (Percent)	3.6	3.9	3.1	6.9	7.0	3.3	6.5	7.1	5.6
Place of Work									
Total Nonfarm Jobs	294,300	294,400	300,100	68,900	69,200	69,700	2,067	2,071	2,091
Nat Resources & Construction	12,500	12,900	12,500	2,300	2,300	2,400	93	94	91
Manufacturing	39,900	40,000	43,200	15,100	15,500	16,300	326	326	335
Trade, Transport & Utilities	46,100	45,100	46,300	13,200	13,200	13,300	399	394	405
Wholesale Trade	7,500	7,500	7,400	2,300	2,300	2,300	99	98	99
Retail Trade	33,600	32,500	33,400	8,500	8,500	8,500	237	233	239
Information	5,900	5,900	5,700	1,000	1,000	1,000	39	40	39
Financial Activities	10,300	10,100	11,400	2,300	2,300	2,300	114	114	112
Professional & Business Services	37,800	37,400	36,300	6,200	6,000	5,900	359	364	364
Educational & Health Services	30,500	30,200	32,100	11,100	11,100	10,400	248	249	247
Leisure & Hospitality	21,400	22,500	19,500	5,500	5,700	5,600	171	174	173
Other Services	8,100	8,100	8,300	3,100	3,100	3,200	77	78	78
Government	81,800	82,200	84,800	9,100	9,000	9,300	242	241	248

	Kalamazoo-Battle Creek			Lansing			Saginaw-Bay-Midland		
	Nov 2003	Oct 2003	Nov 2002	Nov 2003	Oct 2003	Nov 2002	Nov 2003	Oct 2003	Nov 2002
Place of Residence									
Labor Force	235,500	234,700	227,400	254,800	257,800	249,100	201,600	204,400	199,200
Employment	221,900	220,400	216,200	243,900	241,100	240,200	186,500	188,700	187,400
Unemployment	13,700	14,300	11,200	10,900	16,700	8,900	15,100	15,700	11,800
Rate (Percent)	5.8	6.1	4.9	4.3	6.5	3.6	7.5	7.7	5.9
Place of Work									
Total Nonfarm Jobs	211,300	210,000	211,300	243,000	240,400	246,600	175,800	178,100	182,000
Nat Resources & Construction	10,500	10,200	10,100	12,900	13,200	10,400	8,400	8,500	10,000
Manufacturing	40,000	39,800	41,600	23,500	19,700	23,900	23,900	24,900	25,200
Trade, Transport & Utilities	39,800	39,700	38,400	39,400	38,200	41,100	34,100	33,100	35,700
Wholesale Trade	6,300	6,300	5,600	6,200	5,900	6,100	4,400	4,400	4,500
Retail Trade	28,400	28,300	27,600	27,100	26,000	28,500	25,400	24,300	26,700
Information	2,400	2,400	2,300	3,900	3,900	3,800	3,100	3,100	3,000
Financial Activities	10,000	9,600	10,800	16,500	16,500	15,400	7,500	7,400	8,100
Professional & Business Services	19,000	19,200	19,200	19,900	21,300	22,400	22,600	22,600	23,200
Educational & Health Services	26,000	25,400	25,400	25,700	25,600	25,100	27,300	27,900	27,100
Leisure & Hospitality	20,500	20,500	20,200	16,100	17,300	17,000	14,900	16,700	15,600
Other Services	8,900	9,000	9,100	11,200	11,200	11,400	8,400	8,500	8,500
Government	34,200	34,200	35,200	73,900	73,500	76,100	25,600	25,400	25,600

Civilian Labor Force and Wage & Salary Estimates

	Flint			Grand Rapids-Holland Muskegon			Jackson		
	Nov 2003	**Oct** 2003	**Nov** 2002	**Nov** 2003	**Oct** 2003	**Nov** 2002	**Nov** 2003	**Oct** 2003	**Nov** 2002
Place of Residence									
Labor Force	189,400	189,900	184,400	621,600	625,900	608,100	80,700	80,900	79,600
Employment	173,200	172,600	170,300	579,200	580,800	571,600	75,100	74,700	74,800
Unemployment	16,200	17,300	14,000	42,500	45,000	36,500	5,600	6,200	4,800
Rate (Percent)	8.5	9.1	7.6	6.8	7.2	6.0	7.0	7.7	6.0
Place of Work									
Total Nonfarm Jobs	163,200	162,600	164,900	571,600	573,800	581,400	62,900	62,700	64,700
Nat Resources & Construction	7,100	7,200	7,300	26,700	28,400	27,500	2,700	2,800	2,800
Manufacturing	24,400	24,700	25,500	130,200	131,300	134,600	9,500	9,400	10,800
Trade, Transport & Utilities	32,600	32,500	33,000	115,000	113,600	114,900	14,200	13,800	14,200
Wholesale Trade	6,400	6,600	6,700	30,900	31,600	30,400	1,600	1,600	1,700
Retail Trade	22,200	21,900	22,400	69,000	67,700	69,200	9,400	9,000	9,200
Information	2,500	2,500	2,400	8,300	8,200	8,600	600	600	600
Financial Activities	5,800	5,700	5,700	22,400	23,100	24,000	2,600	2,600	2,600
Professional & Business Service	18,400	18,000	18,500	65,600	66,100	65,800	4,500	4,600	4,800
Educational & Health Services	23,500	23,300	23,500	76,100	75,500	73,200	8,700	8,700	8,700
Leisure & Hospitality	16,200	16,000	16,100	41,700	42,300	43,800	5,500	5,400	5,500
Other Services	6,500	6,600	6,800	23,900	23,700	23,800	2,800	2,900	2,900
Government	26,200	26,100	26,100	61,700	61,600	63,700	11,800	11,900	11,800

	Upper Peninsula			Northeast Lower Michigan			Northwest Lower Michigan		
	Nov 2003	**Oct** 2003	**Nov** 2002	**Nov** 2003	**Oct** 2003	**Nov** 2002	**Nov** 2003	**Oct** 2003	**Nov** 2002
Place of Residence									
Labor Force	155,500	157,600	149,800	94,200	95,400	91,800	152,100	153,700	145,900
Employment	144,600	148,400	140,400	85,300	88,000	83,900	140,800	143,600	136,600
Unemployment	10,900	9,100	9,400	8,900	7,400	7,800	11,300	10,100	9,400
Rate (Percent)	7.0	5.8	6.2	9.5	7.8	8.5	7.4	6.6	6.0



Regional Focus

Average Hourly Wages, Managerial Occupations, Detroit MSA, 2002

During 2002 there were 5,860 chief executives employed in the Detroit MSA. These executives received the highest average hourly wages at $76.47. Sales managers (4,590) and general & operations managers (17,710) were a distant second and third, with salaries averaging $52.21 and $50.75, respectively. The managerial occupation with the lowest average hourly wage for the period was administrative services managers (1,970) with $36.09.

November Jobless Rates Fell in Most of Michigan's Major Areas

November unemployment rates (unadjusted) fell in nine of Michigan's 12 major labor market areas. Most of the declines over the month were relatively moderate, with the exception of the 2.2 percentage point drop in the Lansing Metropolitan Statistical Area (MSA) as workers were called back to their jobs after short-term October layoffs in the auto industry. Three areas, the Jackson, Detroit, and Flint MSAs, had jobless rate decreases that exceeded the average 0.4 of a percentage point decline recorded by the state. Unemployment rates increased seasonally in the three northernmost areas during November. The rates in the Northeast Lower Michigan Region, the Upper Peninsula, and the Northwest Lower Michigan Region rose by 1.7, 1.2, and 0.8 percentage points respectively, due to expected seasonal declines in tourism-related employment. From October to November, employment fell in seven areas, with the three northernmost labor markets reporting declines of 2.0 percent or more. Among the five areas displaying employment gains in November, the Kalamazoo and Lansing MSAs showed the largest hikes.

Among Michigan's major labor markets, the Ann Arbor area had the lowest unemployment rate at 3.6 percent, followed by Lansing with 4.3 percent and Kalamazoo with 5.8 percent. The highest jobless rate in the month of November was recorded by the Northeast Lower Michigan area at 9.5 percent, followed by the Flint MSA with 8.5 percent.

Major Areas Show a Mixed Picture in Nonfarm Employment

Total nonfarm employment revealed a mixed picture in Michigan's nine metropolitan areas during the month of November. Four of the major areas, Flint, Jackson, Kalamazoo, and Lansing, showed employment increases ranging from 1.1 percent (Lansing MSA) to 0.3 percent (Jackson MSA). Employment in the Ann Arbor MSA remained unchanged for the month. The remaining four areas, Benton Harbor, Detroit, Grand Rapids, and Saginaw-Bay-Midland, recorded employment reductions ranging from 0.2 percent (Detroit MSA) to 1.3 percent (Saginaw-Bay-Midland MSA, partly caused by a drop of 1,000 jobs in manufacturing). Most major areas showed seasonal employment gains in retail trade. Small gains in government were also evident throughout the state, as local educational facilities continued to recall staff. These gains were countered by seasonal declines in construction, mainly among specialty trade contractors, as well as by seasonal reductions in the leisure and hospitality services as the tourism and recreational season ended.

During November, average weekly hours in manufacturing decreased in four major areas. The losses were due to reductions in overtime hours worked in the durable goods sector. Average hourly earnings moved down in five areas during the month, with declines recorded in the durable goods industries. The total effect of these changes was that average weekly earnings contracted in six of the major areas. The largest losses in weekly earnings were recorded in the Lansing area, down by $127.67, followed by the Detroit and Ann Arbor areas with decreases of $51.29 and $27.13, respectively.

Manufacturing Hours and Earnings
Major Labor Market Areas*
November and October 2003

	Average Weekly Hours		Average Hourly Earnings		Average Weekly Earnings	
Area	**Nov.**	**Oct.**	**Nov.**	**Oct.**	**Nov.**	**Oct.**
Ann Arbor	43.9	43.2	$22.95	$23.95	$ 1,007.51	$ 1,034.64
Benton Harbor	43.2	45.1	15.01	14.58	648.43	657.56
Detroit	42.5	43.2	23.90	24.70	1,015.75	1,067.04
Flint	46.8	46.8	29.66	29.66	1,388.09	1,388.09
Grand Rapids	40.2	40.1	16.33	16.49	656.47	661.25
Jackson*						
Kalamazoo	40.5	40.8	15.56	15.76	630.18	643.01
Lansing	40.7	43.3	24.12	25.62	981.68	1,109.35
Saginaw-Bay-Midland	43.2	43.1	24.71	24.42	1,067.47	1,052.50

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

Labor Market News

University of Michigan's Econmic Outlook, Michigan 2004–2005

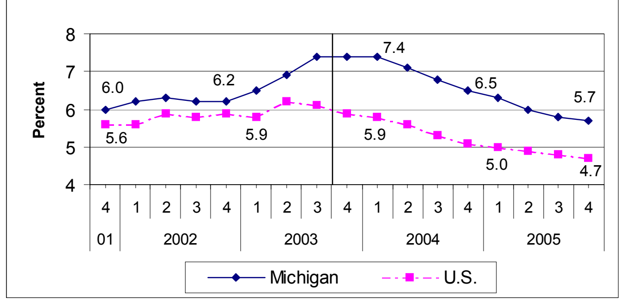
Every year the University of Michigan's forecasting group (RSQE) prepares projections for the development of the state's economy. In November of 2003 a paper was published forecasting Michigan's economic development for 2004 and 2005. One point of interest in this article is the optimistic tone taken when projecting the road that the state's economy should take in 2004 and 2005.

Following are some of the highlights of the economic developments projected for the state of Michigan:

• The ailing Michigan economy will soon be on the mend and will make a solid recovery during 2004 and 2005. Although the ongoing state budget crisis will constrain public sector hiring in the near term, job prospects in the private sector should improve steadily and be widespread. After three straight years of job losses, it is expected that Michigan will enjoy a sustained employment rebound during 2004–2005 at a pace comparable to that of the second half of the 1990s.

• Employment growth will edge up to just over a one percent pace in the first quarter of 2004 and then will accelerate through the end of 2005. Job growth will average 2.3 percent during the first half of 2005 before easing back to a 1.8 percent pace in the second half of the year. After falling by about 50,000 jobs during 2003, employment will increase by 77,600 during 2004 and 92,000 a year later. By the end of 2004, nearly all the jobs lost during the past two years would be replaced, and a year later, the job count will be more than 80,000 above the fourth quarter of 2001 level.

• The state's unemployment rate during the first quarter of 2004 will remain at 7.4 percent, but by the end of the year the rate should drop to 6.5 percent and will continue to decline to 5.7 percent by the fourth quarter of 2005.



Michigan and U.S. Unemployment Rates Seasonally Adjusted 2001/4 to 2005/4

Visit our Web site at www.michigan.gov/dleg **(Labor Market Information Quick Link)**

Michigan Department of Labor & Economic Growth

Michigan Dept. Labor & Economic Growth
Labor Market Analysis Section
Cadillac Place
3032 W. Grand Boulevard, Suite 9-100
Detroit, Michigan 48202

FIRST CLASS MAIL
POSTAGE & FEES PAID
U.S. DEPARTMENT OF LABOR
PERMIT NO. G738

Official Business
Penalty For Private Use $300

ADDRESS CHANGE:
Remove From Mailing List__ Change As Shown__
Please send this form and attached label to the Employment Service Agency;
Labor Market Analysis Section; MDCD; Cadillac Place, 3032 W. Grand Boulevard, Suite 9-100; Detroit, Michigan 48202.
For more information, please contact: Labor Market Analysis, (313) 456-3090

The Michigan Department of Labor & Economic Growth is an equal opportunity employer/program.
Auxiliary aids and services are available upon request to individuals with disabilities. 1-888-605-6722 (TTY)
State of Michigan, DLEG-ESA; Required By: Wagner-Peyser Act, Copies 28,800, Cost: $3,918.60 ($362.55 per issue of 2,400 a month) $.15 per copy 0104-765