

# Michigan Economic Activity Index

Comerica Bank

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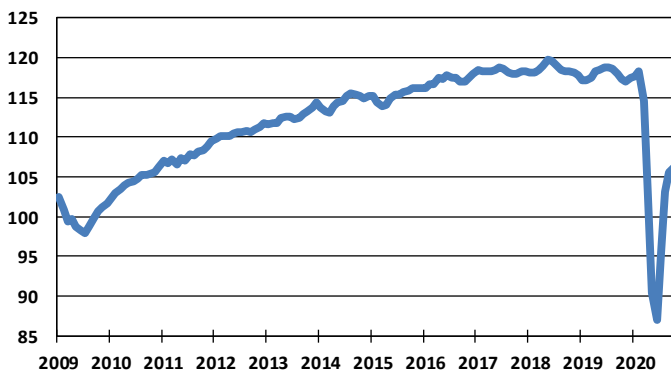
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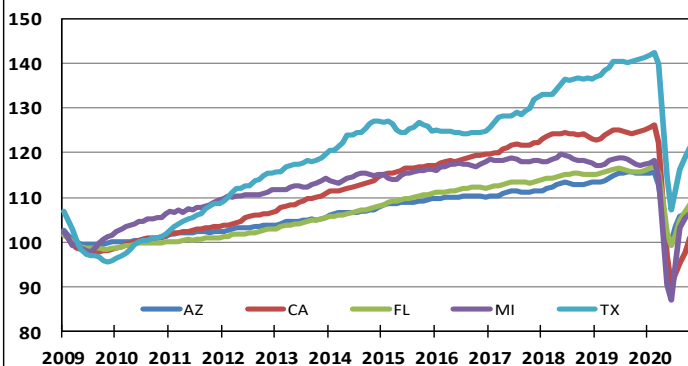
|                | Value | % Change |
|----------------|-------|----------|
| October 2020   | 106.2 | 0.6      |
| September 2020 | 105.6 | 2.4      |

*\*All data has been adjusted for seasonality and changes in price.*

Michigan Index Historical Values



5 State Index Historical Values



## Comerica Bank's Michigan Index Inched Higher

Comerica Bank's Michigan Economic Activity Index increased in October to a level of 106.2. October's reading was 22 percent higher than the historical low. The index averaged 117.9 points for all of 2019, 0.6 points below the index average for 2018. September's index reading was 105.6.

Our Michigan economic activity index increased for the fourth consecutive month in October, reflecting improving economic conditions prior to the current surge in coronavirus cases. Ominously, the rate of improvement in the Michigan Index has declined for each of the last three months. We expect to see our state indexes cooling more in late 2020 and early 2021 as states and cities respond to critically limited hospital capacity by tightening and extending social mitigation policies. In October, we saw mixed results for Michigan. Four out of nine index components were positive including nonfarm employment, unemployment insurance claims (inverted), housing starts and house prices. The five negative components were industrial electricity demand, light vehicle production, total state trade, hotel occupancy, and sales tax revenue. While overall manufacturing conditions are improving globally, in the U.S. and in Michigan, the critical auto industry looks vulnerable to weaker sales this winter. Light vehicle production increased in November to an 11.0 million unit annual rate as sales slipped to a 15.9 million unit rate nationwide, down from 16.3 million in September and October. Surging coronavirus cases, combined with declining consumer confidence in December, may result in weaker auto sales and production this winter. Further drag may come from weaker U.S. personal income in December.

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| Indicator                                                   | Oct-19  | Jun-20  | Jul-20  | Aug-20  | Sep-20  | Oct-20  |
|-------------------------------------------------------------|---------|---------|---------|---------|---------|---------|
| <b>Nonfarm Payroll Employment (Thousands)</b>               | 4,432   | 3,604   | 3,783   | 3,924   | 3,984   | 4,016   |
| <b>Percent Change</b>                                       |         | -5.1%   | 5.0%    | 3.7%    | 1.5%    | 0.8%    |
| <b>Continuing UI Claims (Weekly Average)</b>                | 56,007  | 973,623 | 892,575 | 690,391 | 604,885 | 509,817 |
| <b>Percent Change</b>                                       |         | 34.5%   | -8.3%   | -22.7%  | -12.4%  | -15.7%  |
| <b>Housing Starts (Annualized Rate)</b>                     | 19,386  | 12,946  | 15,936  | 19,497  | 18,962  | 19,714  |
| <b>Percent Change</b>                                       |         | 7.2%    | 23.1%   | 22.3%   | -2.7%   | 4.0%    |
| <b>House Price Index (Jan 2000=100)</b>                     | 115.7   | 118.4   | 118.6   | 119.3   | 120.4   | 121.8   |
| <b>Percent Change</b>                                       |         | 0.1%    | 0.2%    | 0.6%    | 0.9%    | 1.2%    |
| <b>Industrial Electricity Sales (Millions, KwHr)</b>        | 2,434   | 1,699   | 1,914   | 2,087   | 2,145   | 2,141   |
| <b>Percent Change</b>                                       |         | -5.5%   | 12.6%   | 9.0%    | 2.8%    | -0.2%   |
| <b>Auto Assemblies (Millions of Units, Annualized Rate)</b> | 10.0    | 3.5     | 7.5     | 10.4    | 11.2    | 10.5    |
| <b>Percent Change</b>                                       |         | 13.6%   | 113.6%  | 39.9%   | 6.8%    | -5.7%   |
| <b>Total Trade (Millions, 2012 USD, Annualized Rate)</b>    | 177,970 | 86,568  | 118,959 | 153,615 | 167,893 | 166,169 |
| <b>Percent Change</b>                                       |         | -5.7%   | 37.4%   | 29.1%   | 9.3%    | -1.0%   |
| <b>Hotel Occupancy Index (2009=100)</b>                     | 125.2   | 66.4    | 82.8    | 92.2    | 96.2    | 94.2    |
| <b>Percent Change</b>                                       |         | 2.1%    | 24.8%   | 11.4%   | 4.3%    | -2.1%   |
| <b>Sales Tax Revenue (Millions, 2012 USD)</b>               | 650.9   | 507.5   | 600.7   | 657.0   | 673.4   | 659.7   |
| <b>Percent Change</b>                                       |         | -1.8%   | 18.4%   | 9.4%    | 2.5%    | -2.0%   |
| <b>Total Index</b>                                          | 117.3   | 87.0    | 95.4    | 103.1   | 105.6   | 106.2   |
| <b>Percent Change</b>                                       |         | -3.8%   | 9.7%    | 8.1%    | 2.4%    | 0.6%    |
| <b>(Seasonally Adjusted, 3-Month Moving Average)</b>        |         |         |         |         |         |         |

## Explanatory Note:

The Michigan Economic Activity Index consists of nine variables, as follows: nonfarm payroll employment, continuing claims for unemployment insurance, housing starts, house price index, industrial electricity sales, auto assemblies, total trade, hotel occupancy and sales tax revenue. All data are seasonally adjusted. Nominal values have been converted to constant dollar values. Index levels are expressed in terms of three-month moving averages.

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