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Michigan Economic Snapshot, August 2022

Comerica Michigan Index

3-month % change, annual rate

Year-over-year % change

Aug-22	Jul-22	Jun-22	May-22	Apr-22
2.2	2.2	9.9	7.2	7.6
4.0	2.7	3.3	2.7	3.8

Real GDP (Quarterly)

Quarterly change, annual rate

Year-over-year % change

Jun-22	Mar-22
-1.7	2.5
0.7	4.5

Unemployment Rate, %

Percent

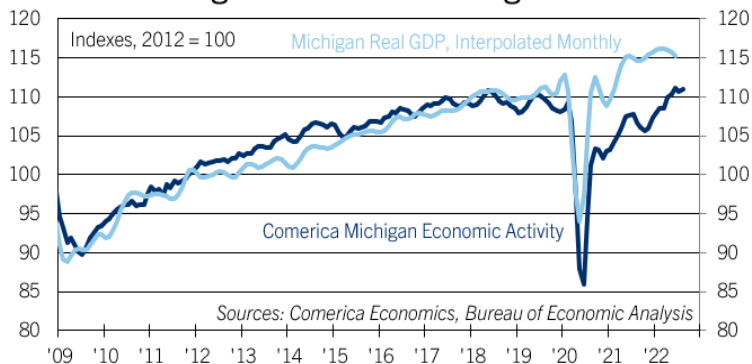
Aug-22	Jul-22	Jun-22	May-22	Apr-22
4.1	4.2	4.3	4.3	4.3

Michigan Index Rose Through August

The Comerica Michigan Economic Activity Index rose at a 2.2% annualized pace in the three months through August. The Index has slowed in the past two months, after posting stronger gains in the first half of the year. Even so, the Index was up a solid 4.0% from the same month of last year. Five of the Index's nine components improved in August. Employment rose in the month, and continuing claims for unemployment insurance fell, demonstrating the state's job market's continued recovery toward pre-pandemic levels.

Auto production rose to an annualized pace of 10.33 million units in August, the highest since November 2020. Auto production has moved back above the 10 million annualized rate in four of the past five months. As supply chains further improve, additional gains are likely. Electricity consumption by the state's industrial sector rose, another sign of the resurgence of Michigan's industrial activity. However, house prices declined for a third consecutive month in August. While housing starts rose on the month, they are likely to weaken in the near-term as high house

Michigan Index and Michigan Real GDP



prices and soaring mortgage rates weigh on the housing market and blow a strong headwind against the state's positive momentum.

More broadly, Michigan's economy will likely slow along with the national economy into 2023. Rising interest rates will slow credit-intensive sectors, such as housing and commercial real estate investment. The auto industry will likely outperform other types of durable consumer goods manufacturing as car dealers restock inventories, but even it could face a lower speed limit on its rebound from higher interest rates.

The Comerica Michigan Economic Activity Index is a monthly composite indicator of state economic activity. The Index provides a wholistic advance view of the state of Michigan's economy, using economic data that are available about one quarter earlier than real GDP is released.

The index is comprised of nine components: Nonfarm payroll employment, continuing claims for unemployment insurance, housing starts, house prices, industrial electricity sales, auto and light truck production, foreign trade, hotel occupancy, and sales tax revenue. All data are seasonally adjusted with nominal values converted to constant dollar values as appropriate. To filter out month-to-month volatility in the index components, the index is calculated from the three-month moving averages of its components. Values for a minority of components are projected from the prior months' release due to the timing of data releases.

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