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Michigan Economic Snapshot, January 2023

	Jan-23	Dec-22	Nov-22	Oct-22	Sep-22
Comerica Michigan Index					
3-month % change, annual rate	-4.6	-3.6	-4.6	-2.9	-4.2
Year-over-year % change	-0.4	0.4	2.7	3.7	3.7
Real GDP (Quarterly)		Dec-22			Sep-22
Quarterly change, annual rate	--	0.3	--	--	1.7
Year-over-year % change	--	0.7	--	--	1.2
Unemployment Rate, %	Jan-23	Dec-22	Nov-22	Oct-22	Sep-22
Percent	4.3	4.3	4.4	4.4	4.3

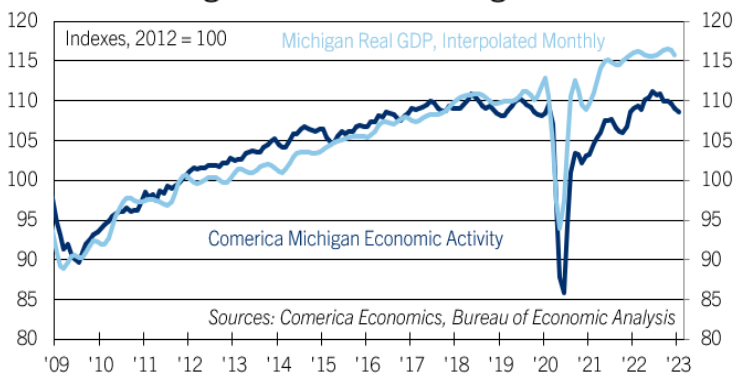
Michigan Index Fell Sharply Through January

The Comerica Michigan Economic Activity Index fell 4.6% annualized in the three months through January and was down 0.4% from a year ago. Only three of the index's nine components increased in January, while five fell and one was unchanged.

The labor market performed well in January: Employment rose by 12,000, increasing more than 10,000 for the first time since last July. Continuing claims for unemployment insurance fell as well.

Auto and light truck assemblies rebounded to above 10 million units at a seasonally-adjusted annualized pace in January. Auto and light truck assemblies have been around or above 10 million units in six of the last seven months, indicating supply chain issues have largely abated. Electricity consumption by the state's industrial sector rebounded in January, too, after falling in the fourth quarter from the third. But house prices moved lower in January and were 2.0% below their peak last May. Housing starts fell a sharp 7.5%

Michigan Index and Michigan Real GDP



from December and are down by nearly half over the last three months despite milder-than-usual weather in January.

Michigan's economy grew by 1.8% in 2022, slightly below the national average of 2.1%. Michigan's economy will likely slow along with the national economy in 2023. High interest rates will slow output and sales in credit-intensive sectors, such as housing and commercial real estate investment. The auto industry will likely outperform other sectors of durable consumer goods manufacturing as car dealers restock inventories, but even it is not impervious to the effects of high interest rates and inflation on consumer demand.

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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