

# Detroit Economic Indicators Report

Q3 2023 Release

This project is part of the City of Detroit University Economic Analysis Partnership between the City of Detroit Economics team, Wayne State University, Michigan State University, and the University of Michigan. The goal of this report is to summarize the most recent Detroit and Michigan employment statistics as well as current topics surrounding the field of Economics. Each quarter's report includes a recent topic of interest (housing, inflation, GDP, etc.). It also includes notice of relevant upcoming data releases.

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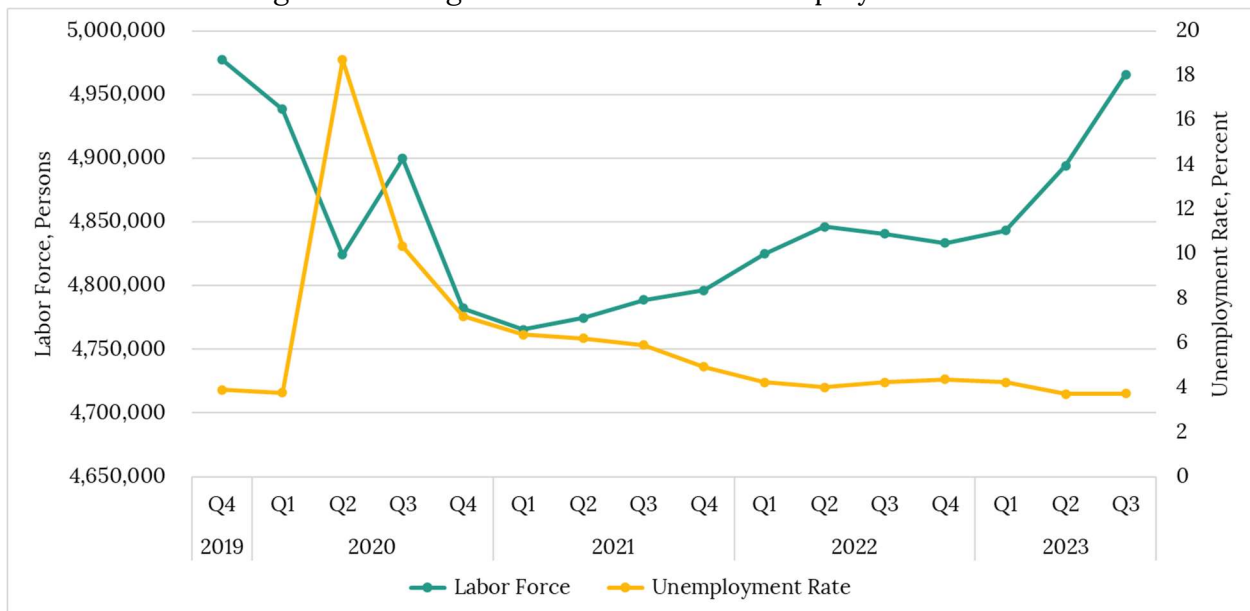
## Executive Summary

- In the third quarter of 2023, Michigan's labor force and household employment exceeded their pre-pandemic level for the first time in the quarterly data.
- Household employment in Detroit has climbed to a post-pandemic high of 237,000 residents in September 2023.
- The strikes against the Detroit Three automakers, MotorCity Casino in Detroit, and Hollywood Casino at Greektown have concluded with ratified contracts. However, strikes persist at MGM Grand Detroit Casino and Blue Cross Blue Shield of Michigan, as labor discussions remain ongoing.
- In the third quarter of 2023, Detroit's core CPI inflation hovered around 7.7% year-over-year, while the city's all items CPI experienced a slight uptick from 5.7% in the second quarter to 5.9% in the third quarter.

## Employment - Michigan and Detroit

Figure 1 below shows that Michigan's unemployment rate hovered around 3.7% during the second and third quarter of 2023. The state has consistently showcased a strong labor market performance, with an average of 15,000 Michiganders entering the workforce each month over the past year. In fact, in the third quarter of 2023, Michigan's labor force and household employment exceeded their pre-pandemic level for the first time in the quarterly data, signaling a full recovery from the COVID-19 pandemic.

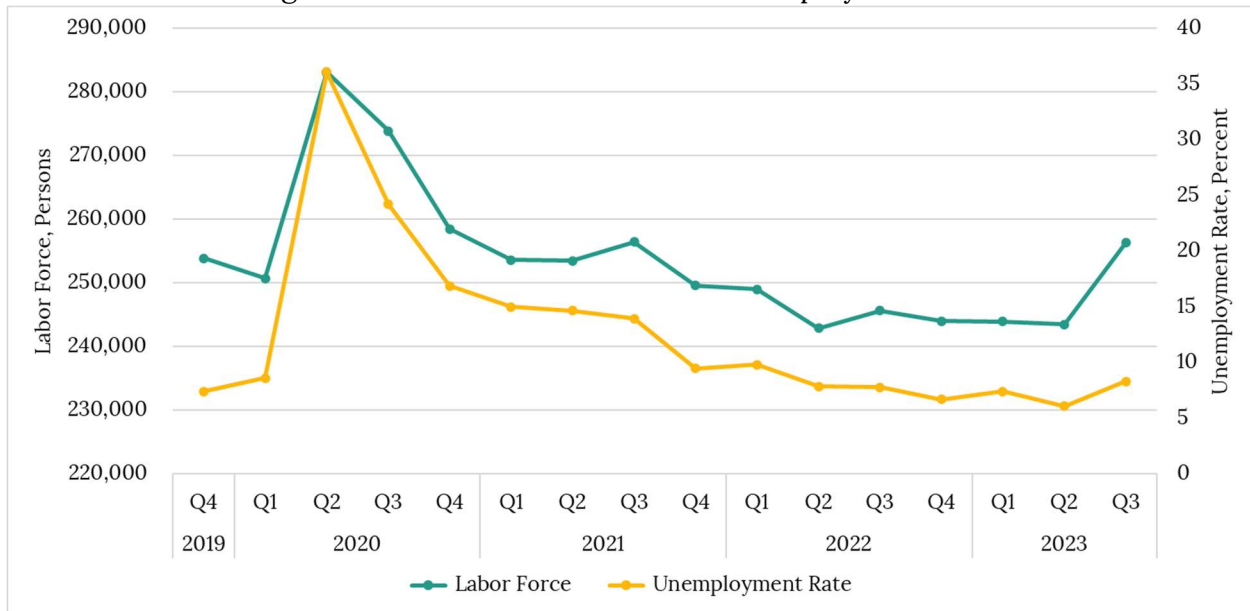
Figure 1: Michigan Labor Force and Unemployment Rate



Source: Michigan Labor Market Information, seasonally adjusted

Figure 2 below shows that Detroit's unemployment rate increased to 8.3% in the third quarter of 2023, which is roughly one-half of a percentage point higher than one year ago. Most of this increase came from the labor force increasing more quickly than employment. From the third quarter of 2022 to the third quarter of 2023, there was a 4.3% increase in Detroit's labor force, whereas household employment only increased by 3.7% during that time. However, as of September, employment gains have finally outpaced labor force gains, causing the unemployment rate to decrease to 7.9%. Household employment in Detroit has even climbed to a post-pandemic high of 237,000 residents in September.

Figure 2: Detroit Labor Force and Unemployment Rate<sup>1</sup>



Source: Michigan Labor Market Information, not seasonally adjusted

### Detroit Payroll Employment Data - Q1 2023

Table 1 below shows that Detroit's three largest industries, Health Care and Social Assistance, Manufacturing, and Educational services, experienced hardly any change in employment during the first quarter of 2023, with each of these industries posting only modest job losses. In Q1 2023, employment in Manufacturing was roughly 6% below its level from one-year ago, but it is still 12% above its 2019 level.

Employment in the Finance and Insurance industry fell another 6% in the first quarter of 2023, as higher mortgage rates continue to hurt the local economy. After a steady two-year decline, the industry's employment level sits 34% below its Q1 2021 peak of nearly 18,000 jobs. The Administrative and Support and Waste Management and Remediation Services industry also posted a sizable decline of 8% in the first quarter of 2023. Even with this decline, this industry

<sup>1</sup> The Q3 2023 labor force and unemployment rate shown in this chart are preliminary and are subject to change.

remains more than 25% above its 2019 employment level. Nevertheless, we will continue to monitor activity in this industry because it could indicate either resizing within certain companies or serve as an early sign of economic softening.

Table 1: Detroit Industry Employment, Q4 2022 to Q1 2023

	Q4 2022 AVG Employment	Q1 2023 AVG Employment	Change over the:	
			Quarter	Year
11 Agriculture, Forestry, Fishing and Hunting	196	219	+ 23 (12%)	+ 29 (15%)
21 Mining, Quarrying, and Oil and Gas Extraction	511	437	- 74 (-14%)	+ 9 (2%)
22 Utilities	3,673	3,655	- 18 (0%)	- 17 (0%)
23 Construction	7,534	7,118	- 416 (-6%)	+ 137 (2%)
31-33 Manufacturing	23,304	23,043	- 261 (-1%)	- 1,528 (-6%)
42 Wholesale Trade	5,149	5,096	- 54 (-1%)	- 118 (-2%)
44-45 Retail Trade	12,898	13,029	+ 131 (1%)	+ 72 (1%)
48-49 Transportation and Warehousing	8,485	8,053	- 432 (-5%)	- 220 (-3%)
51 Information	2,305	2,153	- 152 (-7%)	- 178 (-8%)
52 Finance and Insurance	12,566	11,864	- 702 (-6%)	- 4,450 (-27%)
53 Real Estate and Rental and Leasing	1,919	1,903	- 17 (-1%)	- 121 (-6%)
54 Professional, Scientific, and Technical Services	14,076	14,117	+ 41 (0%)	+ 445 (3%)
55 Management of Companies and Enterprises	9,089	9,019	- 70 (-1%)	- 607 (-6%)
56 Administrative and Support and Waste Management and Remediation Services	12,856	11,828	- 1,028 (-8%)	- 168 (-1%)
61 Educational Services	21,392	20,953	- 439 (-2%)	+ 1,245 (6%)
62 Health Care and Social Assistance	45,686	45,576	- 110 (0%)	+ 310 (1%)
71 Arts, Entertainment, and Recreation	5,096	4,683	- 413 (-8%)	+ 546 (13%)
72 Accommodation and Food Services	18,634	18,946	+ 312 (2%)	+ 2,094 (12%)
81 Other Services (except Public Administration)	6,867	6,854	- 13 (0%)	+ 321 (5%)
92 Public Administration	19,374	18,421	- 953 (-5%)	- 266 (-1%)
99 Nonclassifiable Establishments	479	479	- 0 (0%)	- 28 (-5%)

Source: Michigan Center for Data Analytics

## [Strike Details and Updates](#)

### [United Auto Workers](#)

On September 15, 2023, as union contracts expired, the United Auto Workers (UAW) initiated strikes at numerous assembly plants across the country, including GM's Wentzville Assembly in Missouri, Stellantis' Toledo Assembly in Ohio, and Ford's Michigan Assembly. The strike slowly spread to additional facilities, and at its peak, roughly 47,300 workers nationwide and 17,300 workers in Michigan were participating. Table 2 shows a timeline of events.

Table 2: Timeline of the 2023 UAW Strike

Date	Company	Plant	State	Striking Workers	Products
9/15/2023	Ford	Michigan Assembly	MI	4,800	Ford Ranger and Bronco
9/15/2023	GM	Wentzville Assembly	MO	3,900	Chevrolet Colorado and Express; GMC Canyon and Savana
9/15/2023	Stellantis	Toledo Assembly	OH	5,300	Jeep Gladiator, Wrangler, and Wrangler 4xe
9/22/2023	GM and Stellantis	Part Distribution Centers	MI	3,900	Warehousing/shipping of parts for customer repairs to dealerships and other retailers
			Rest of U.S.	2,400	
9/29/2023	Ford	Chicago Assembly	IL	4,500	Ford Explorer; Police Interceptor Utility; Lincoln Aviator
9/29/2023	GM	Lansing Delta	MI	2,600	Buick Enclave; Chevy Traverse
10/11/2023	Ford	Kentucky Truck	KY	8,700	Ford F-250–F-550, Expedition; Lincoln Navigator
10/23/2023	Stellantis	Sterling Heights Assembly	MI	6,200	Ram 1500
10/24/2023	GM	Arlington Assembly	TX	5,000	Tahoe/Suburban; Yukon/Yukon XL; Escalade/Escalade-V
10/28/2023	GM	Spring Hill Assembly	TN	3,600	Cadillac XT5, XT6, Lyriq; GMC Arcadia

Note: Estimates of the number of striking workers are calculated from information on the automaker websites.

Source: Research Seminar in Quantitative Economics, University of Michigan

On October 25, 2023, Ford and the UAW announced a tentative agreement for a new contract, which was followed by similar agreements from Stellantis on October 28 and GM on October 30. Upon each announcement, the union instructed all striking workers to resume work, where possible, as the contract ratification process took place. Although production workers returning to work may encounter delays, we believe that the last significant week of strike impacts was the week starting Monday, October 23. This implies that the majority, if not all, striking workers should have fully returned to work in time for the November jobs report. On November 20, 2023, The UAW announced that its members ratified the tentative agreements with each of the Detroit Three manufacturers.

From the UAW's perspective, the strike was largely successful. Although each manufacturer addressed wage tiers differently, each company agreed to a general wage increase of 25% throughout the life of the contract and reinstated Cost of Living Allowances (COLA). Each company also introduced a quicker timeline for newly hired employees to reach the full pay rate and designed a faster route for temporary workers to secure permanent jobs. Profit-sharing bonuses were also a part of the deal and were either improved or more widely implemented. Finally, the contracts led to a \$5,000 signing bonus for both full-time and temporary workers (with a minimum of 90 days of service) at each of the three Detroit automakers. However, other lump sum bonuses were reduced in favor of higher wage increases.

### Blue Cross Blue Shield of Michigan

On September 13, 2023, just two days before the UAW strike involving the Detroit Three automakers occurred, workers employed by Blue Cross Blue Shield of Michigan (BCBSM) went on strike. Approximately 1,100 BCBSM workers, predominantly female customer service representatives, remain on strike, maintaining their collective stance on the picket line. Their demands include higher wages, improved healthcare benefits, job security, and removal of wage tiers. However, despite extensive negotiations with BCBSM spanning into the eleventh week, the dispute remains unsolved. BCBSM tabled an improved offer providing a \$5,000 ratification bonus, an \$18 per hour minimum wage, a simplified process to reach maximum pay, and a 7% wage increase upon promotion. This proposal signifies a marked enhancement from previous

contractual conditions; however, it did not directly address the issue surrounding the reinstatement of outsourced jobs, leaving the labor dispute unresolved. We will continue to monitor the ongoing strike at BCBSM, assessing any developments that may impact the labor negotiations.

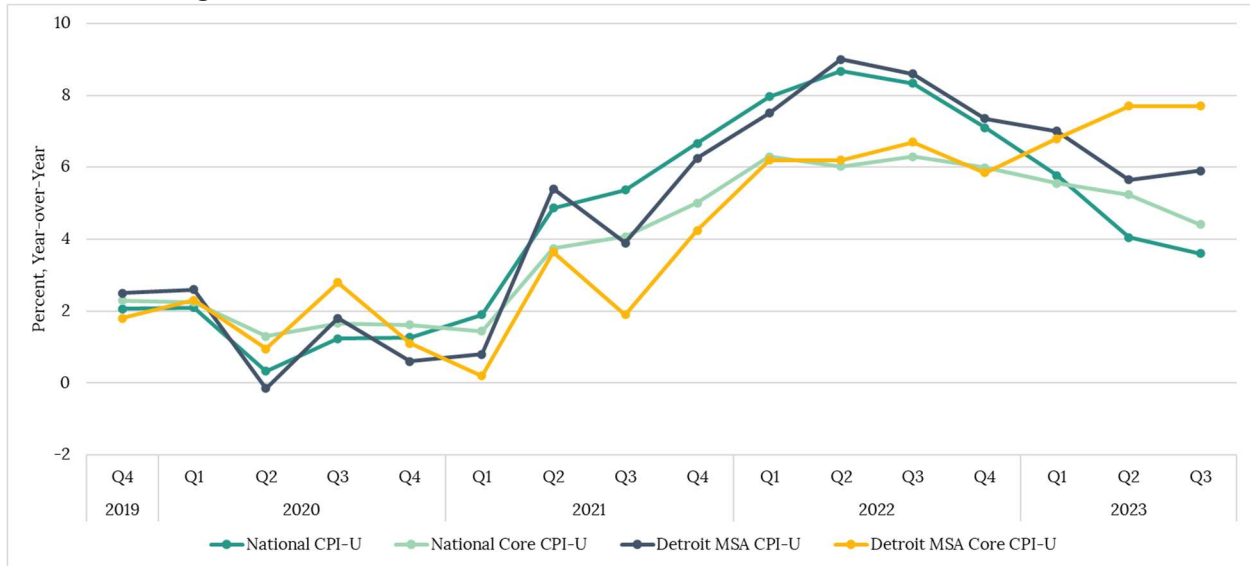
### ***Detroit's MotorCity Casino, Hollywood Casino at Greektown, and MGM Grand Casino***

Roughly 3,700 casino workers at Detroit's MotorCity Casino, Hollywood Casino at Greektown, and MGM Grand Detroit Casino went out on strike October 17, 2023 when their previous contract expired. The casinos stayed open during the strike by relying heavily on casino managers. Tentative agreements were ratified on November 19 at Detroit's MotorCity and Hollywood Casino, concluding the month-long strike. Employees at the MGM Grand Detroit rejected the proposed contract and continued their strike. Approximately 2,100 workers at MotorCity Casino and Hollywood Casino at Greektown will receive an immediate wage increase, which represents an average of 18% for workers, along with supplementary incentives such as unchanged healthcare expenses, reduced workloads, job security assurances, and provisions for prior notice and training in response to technological changes affecting job roles. Additional aspects of the contract include the incorporation of a 401k employer matching program, recognition of a paid Juneteenth holiday, and the provision of a severance package in the event of employee layoffs resulting from technological advancements. We will continue to monitor the ongoing strike at MGM Grand Detroit, assessing any developments that may impact the remaining labor negotiations.

### **Key Inflation Indicators**

Figure 3 below illustrates national and local inflation as measured by the Consumer Price Index (CPI) for all items and core which excludes food and energy. National all items and core inflation continued to slow on a year-over-year basis in the third quarter of 2023, with all item CPI registering 3.6% during that quarter. In the third quarter of 2023, Detroit's core CPI inflation remained unchanged at 7.7%, while the city's overall CPI experienced a slight uptick from 5.7% in the second quarter to 5.9% in the third quarter. The latest Michigan forecast from the Research Seminar in Quantitative Economics (RSQE) suggests that "shelter cost inflation played an important role in the ramp up of local core inflation, but it has started to recede, which should help cool off core inflation."

Figure 3: National and Detroit MSA CPI Inflation, All Items and Core



Source: Bureau of Labor Statistics

### Other Events and Data Releases

- In the most recent Federal Open Market Committee meeting, the committee decided to hold the federal funds rate steady at 5.25-5.5%.
- Real gross domestic product (GDP) increased at an annual rate of 5.2% in the third quarter of 2023, according to the “second” estimate.<sup>2</sup>

<sup>2</sup> Bureau of Economic Analysis, U.S. Department of Commerce