

# Metro jobless rate falls; state drops to 6.9 percent

Unemployment rates in 10 of Michigan's 12 major labor market areas declined in October as seasonal workers left the labor force, Richard Simmons Jr., director of the Michigan Employment Security Commission (MESC), reported today.

In metropolitan Detroit, unemployment figures were:

- October — 154,000, or 7 percent.
- September — 166,000, or 7.5 percent.

October 1986 — 169,000, or 7.8 percent.

The metro area includes Wayne, Oakland, Macomb, Monroe, Livingston, Lapeer and St. Clair counties.

FLINT WAS the only major area in the state where unemployment increased in October. Its rate rose to 12.2 percent from 11.4 percent in September.

Simmons attributed the increase to a layoff of some 2,400 employees

at a local automotive plant. Flint also was the only area where unemployment was higher this year than in October a year ago.

The Upper Peninsula showed no change in its jobless rate from September to October, holding steady at 7.3 percent.

Unemployment rates in the remaining areas all followed the statewide trend for the month and dropped.

MESC reported in early November that Michigan's October seasonally unadjusted jobless rate had fallen to 6.9 percent from 7.3 percent in September.

The number of jobless workers across the state fell by 23,000 to 310,000 during October.

MOST AREAS reported declines in both their labor force and employment levels, Simmons said.

The drops occurred as summer workers and job seekers began leaving the labor force. In most cases, they were students who returned to school with the resumption of fall classes.

Normally, these seasonal drops appear in the September estimates, Simmons said. This year, however, with the lateness of Labor Day, the seasonal labor force changes appeared in the October estimates.

The Ann Arbor area had the lowest unemployment rate in October at 3.5 percent. The Lansing area had the largest decline as its rate dropped to 5.6 percent from 6.4 percent in September.

The Saginaw area also reported employment gains in October largely because of hiring at area food processing facilities.

# Housing sales hold fairly firm

Michigan's housing industry was little affected by the stock market plunge, according to the Michigan Association of Realtors.

October housing sales were down 6.6 percent from a year ago, while September figures showed a 5.7 percent decrease.

The Western Wayne-Oakland Board of Realtors reported 15,062 for the first 10 months of 1987, compared to 16,665 in the same period of 1986.

"Uncertain market conditions may have a positive effect on the real estate industry," said Elizabeth Wright, president of the 21,000-member Michigan Association of Realtors.

For example, a temporary drop in

mortgage interest rates appears to have resulted from more investment money going into the bond market instead of stocks. This has made housing more affordable.

"Because of the slightly decreasing interest rate, even though it may be short term, a window of opportunity is opening for people who may have previously been priced out of the market earlier," Wright said.

Realtors are waiting to see if a temporary drop in the interest rate may provide a stimulus to Michigan's housing market, which throughout this year has been experiencing a leveling-off period after a fast-paced buying spree over the past two years.

# Economy gaining — purchasers

A psychological hit but no local economic damage resulted from the stock market plunge that began Oct. 19, according to a survey of the Purchasing Management Association of Detroit.

Instead, October's survey showed an incremental gain in local business conditions, said David L. Littmann, vice president and senior economist with Manufacturers National Bank of Detroit. He tallies the association's monthly survey responses.

**LITTMANN NOTED:**

- October marked the sixth consecutive monthly rise in PMAD's composite index, as it rose to 61.0 vs. 59.8 in September. Readings above 50 signify economic expansion.
- Commodity prices continue rising.
- The list of items in short supply is growing longer.

But Littmann urged caution because of other information.

For example, PMAD members continue to express apprehension over slowdown in the automotive sector and cost pressures stemming from commodity price increases and supply interruptions.

**PRINCIPAL REASON** for October's gain was an increase in reported inventories.

"Unless higher inventories are vindicated by higher sales and new order activity in November and December, the PMAD Composite Index could quickly retrain," Littmann said.

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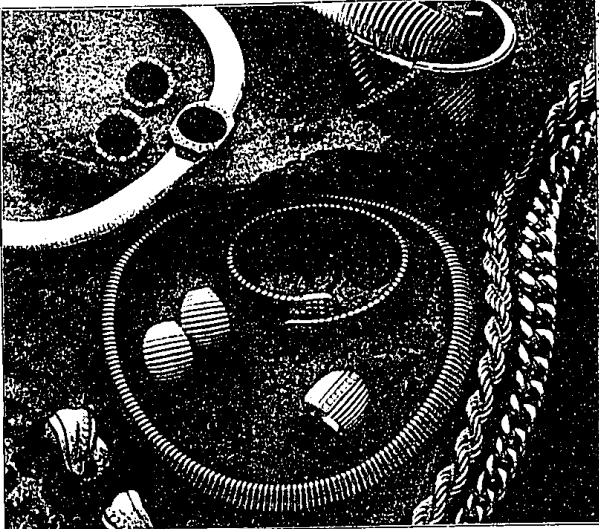
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