

Michigan Economy

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The economy fell into a deep hole at unprecedented speed in late March 2020

Introduction

A Virus and Public Health
Response Not a Broken Economy

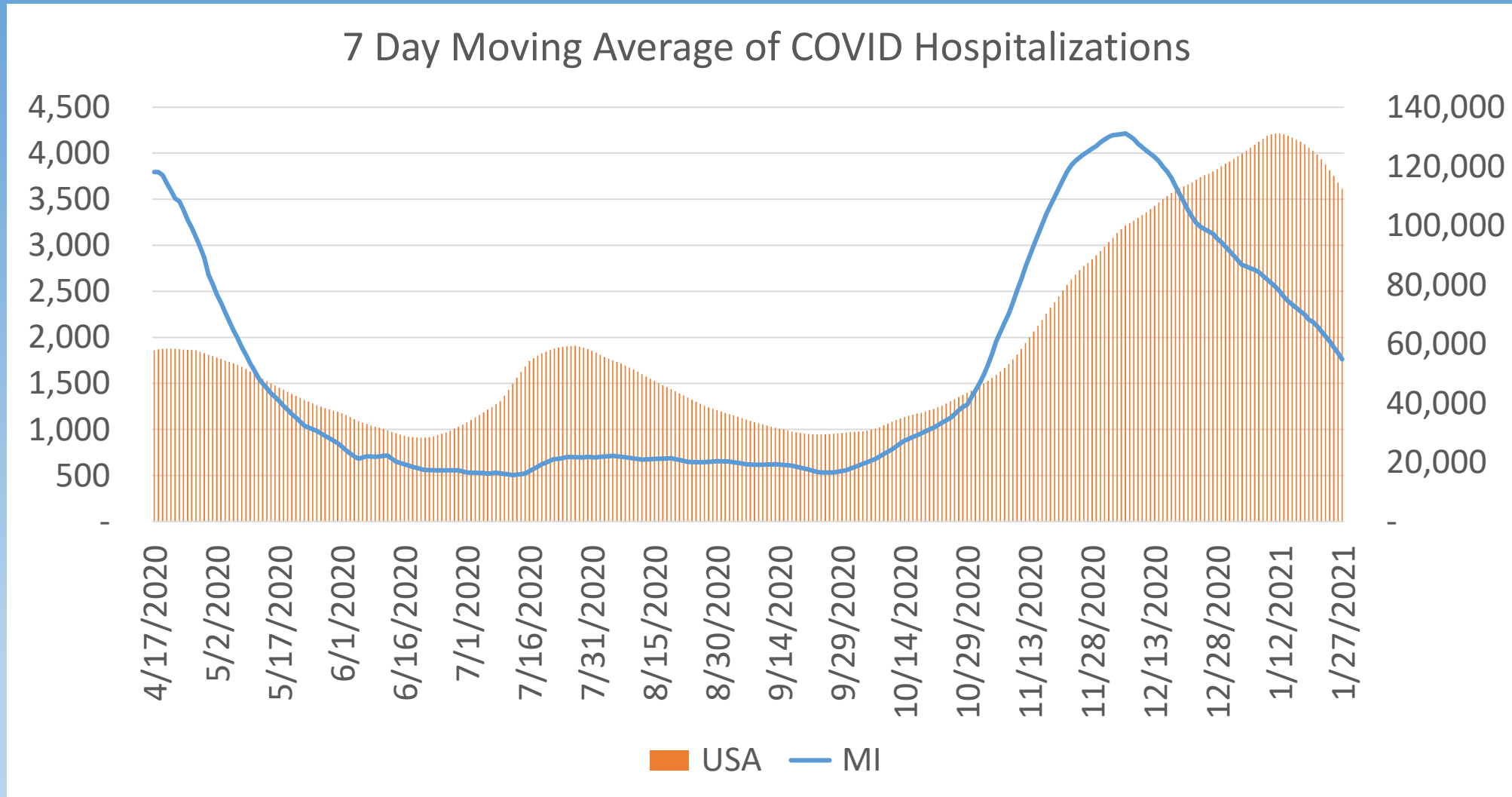
What Caused the Fall?

- Vast Majority of states instituted some restrictions on gatherings, restaurants, and bars around mid-March
- This advanced to some level of stay-at-home order with varying degrees of what is “essential” – for instance, only 20% of states effectively listed construction as “non-essential” during April
- Almost every country that has gotten it under control has had a second jump in cases – often starting in nightclubs and bars

Source 1: Journal of Light Construction

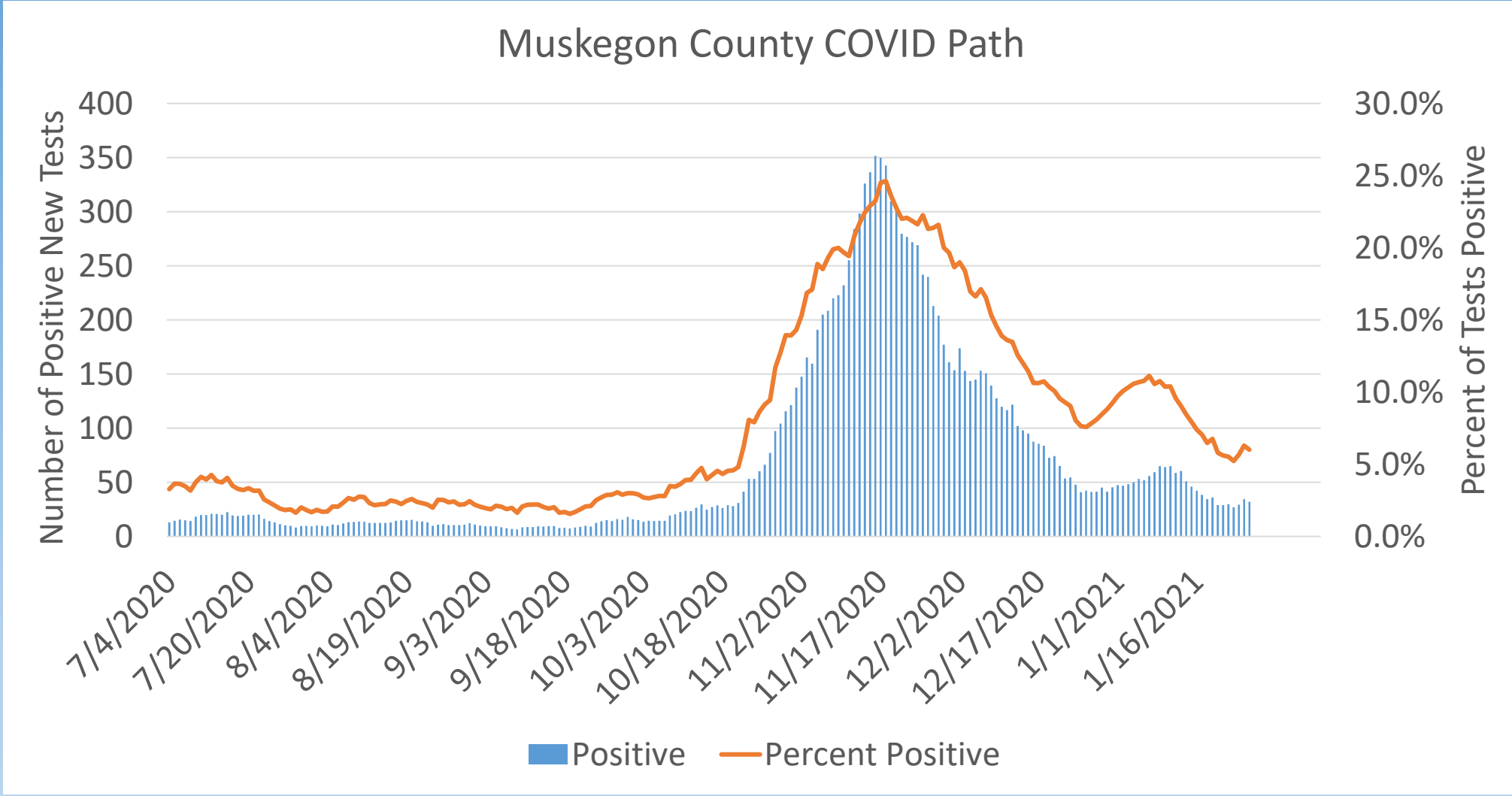
Source 2: Executive Orders accessed on litter.com

The Pandemic

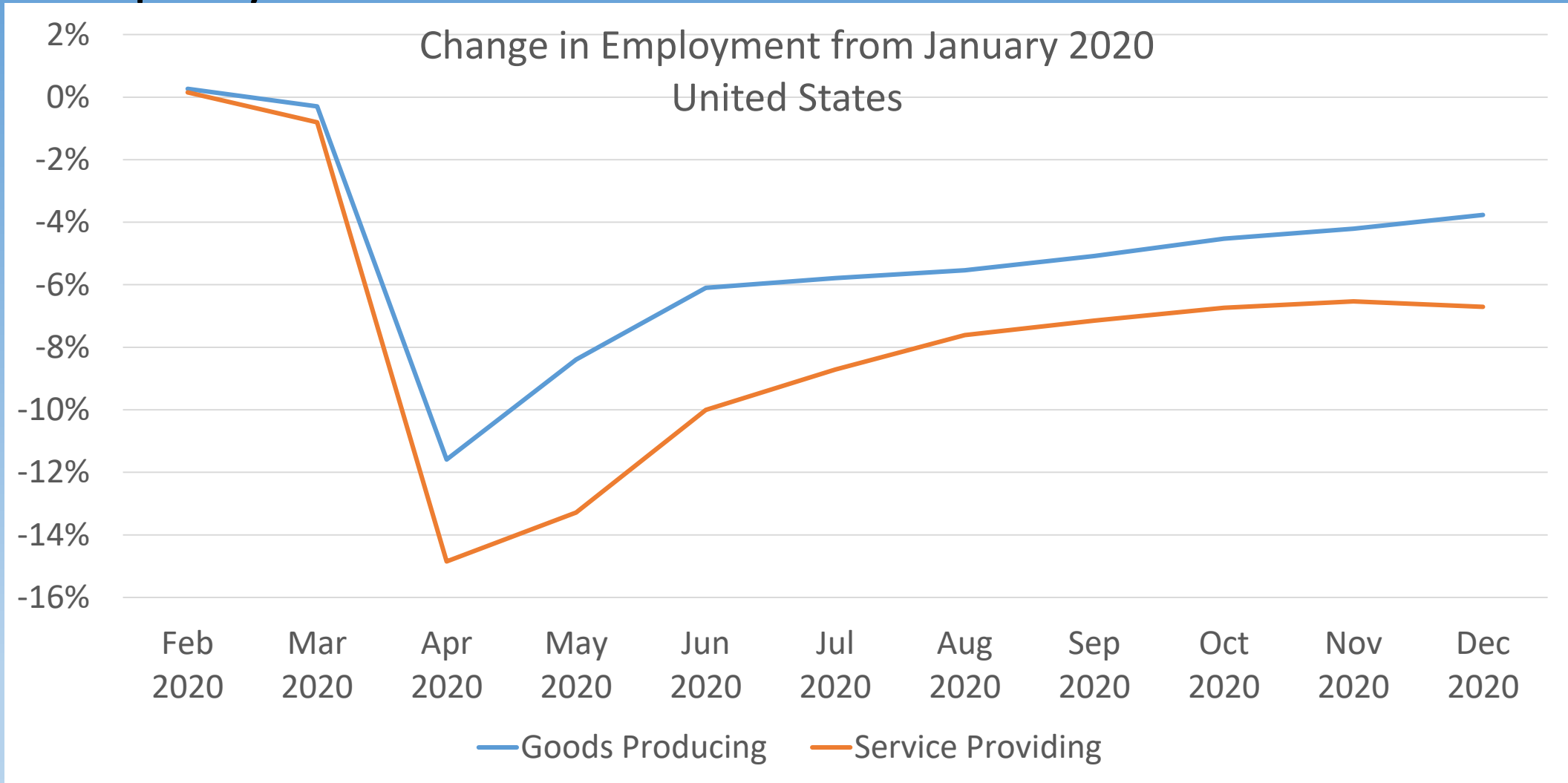


Source: Covid Tracking Project

Muskegon County

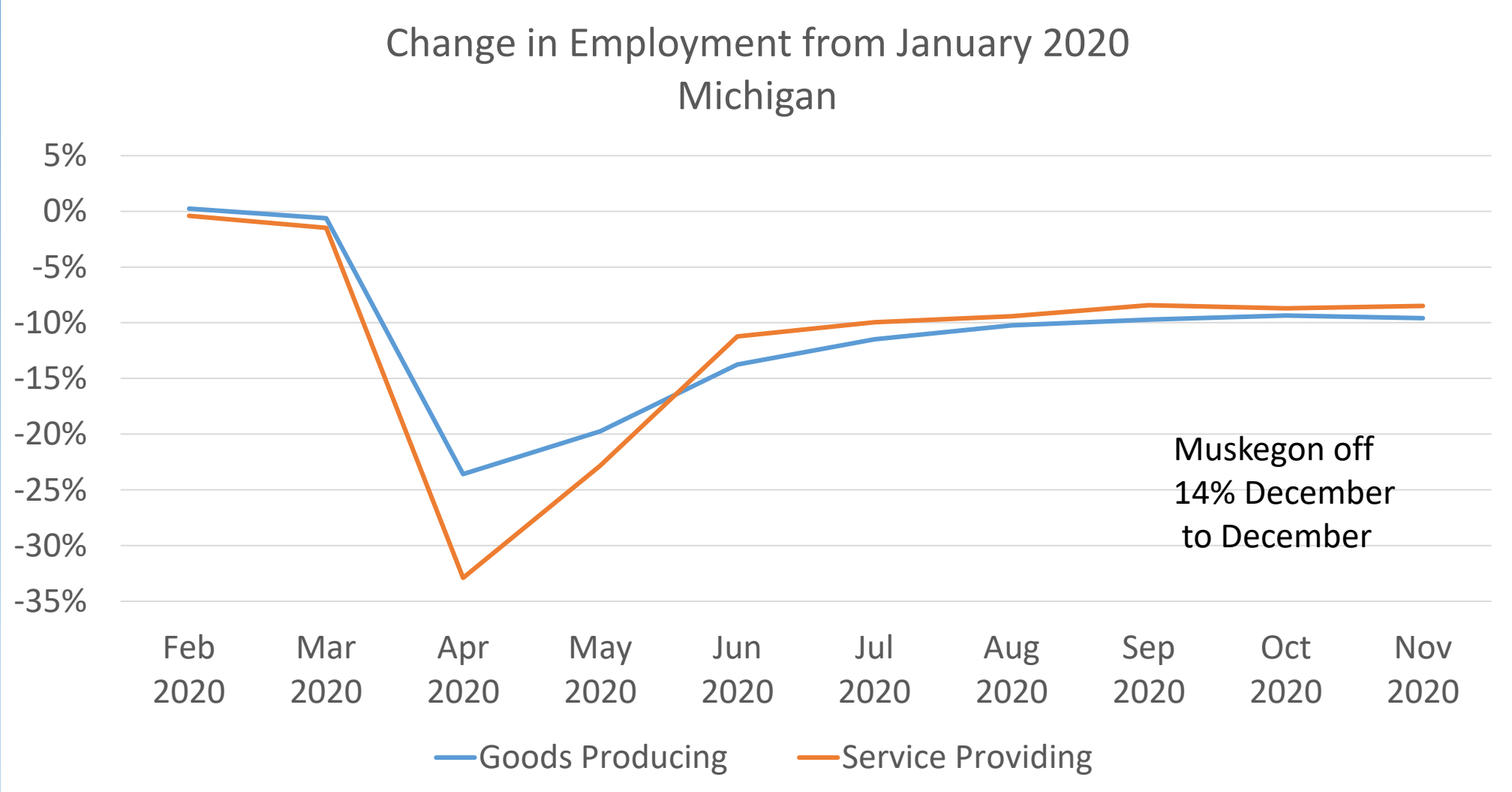


Employment



Source: BLS

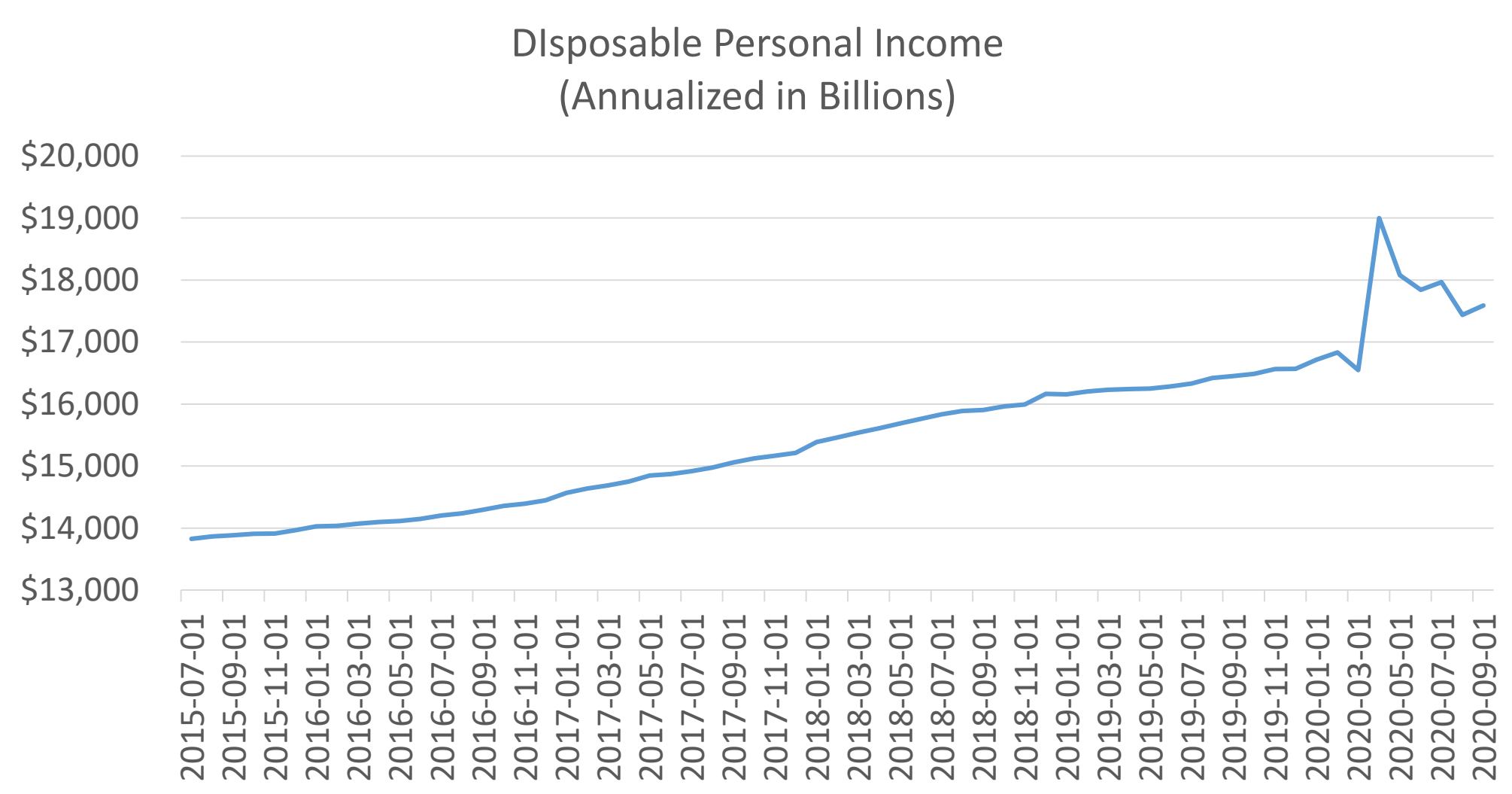
Employment Michigan



Source: BLS

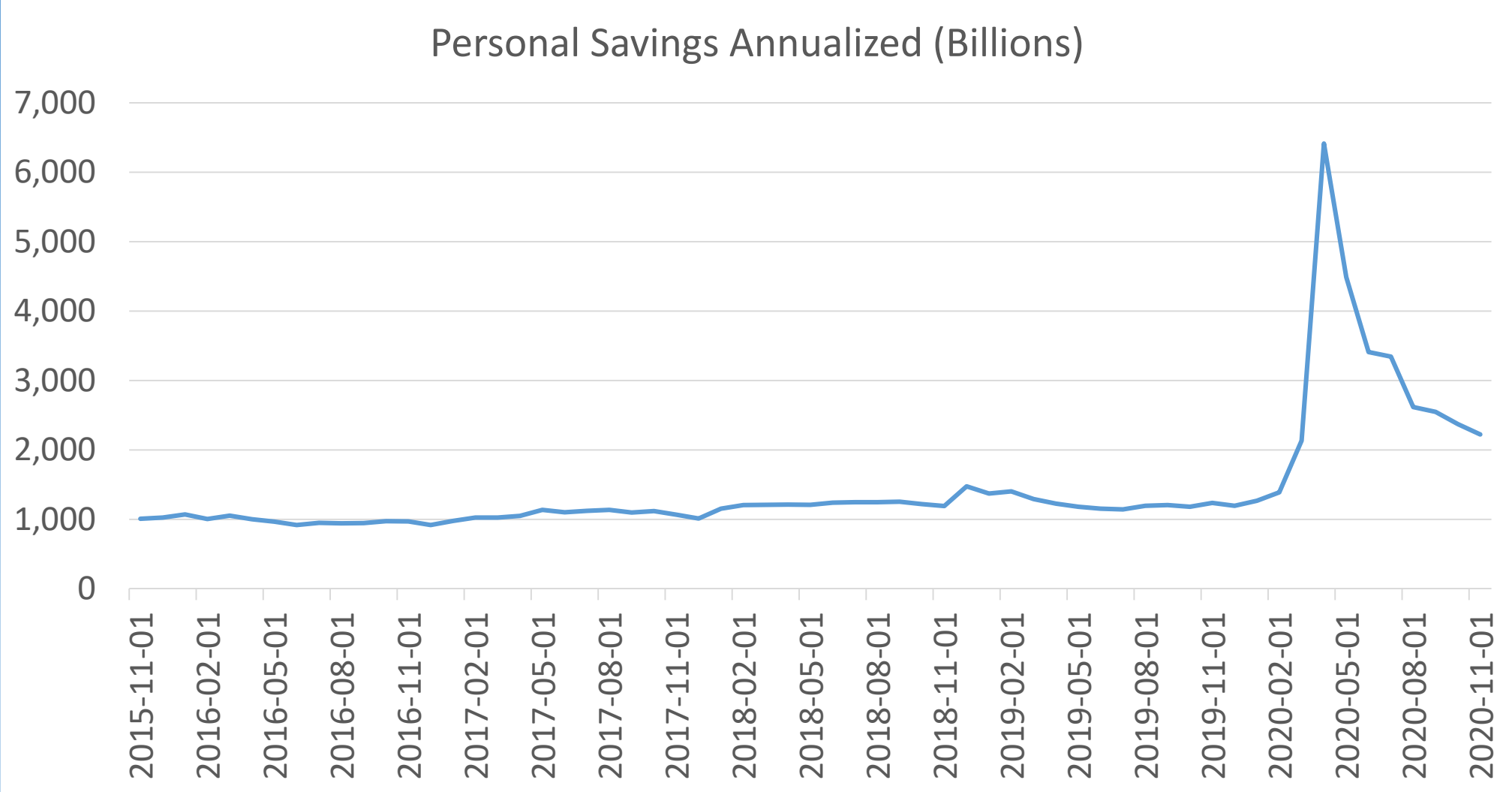
Massive Government Stimulus

Federal Stimulus



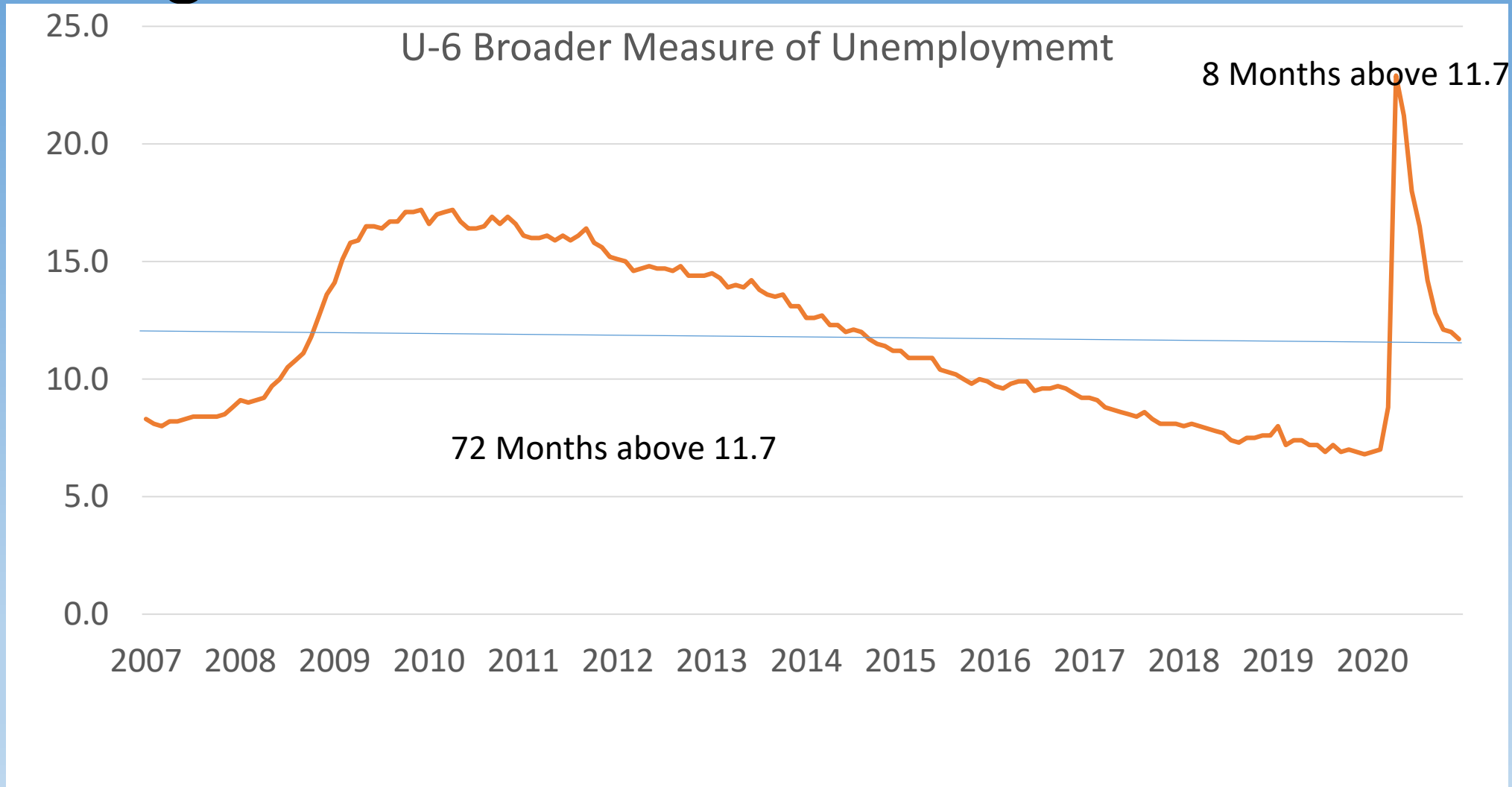
Source: BEA

Consumer Potential



Source: BEA

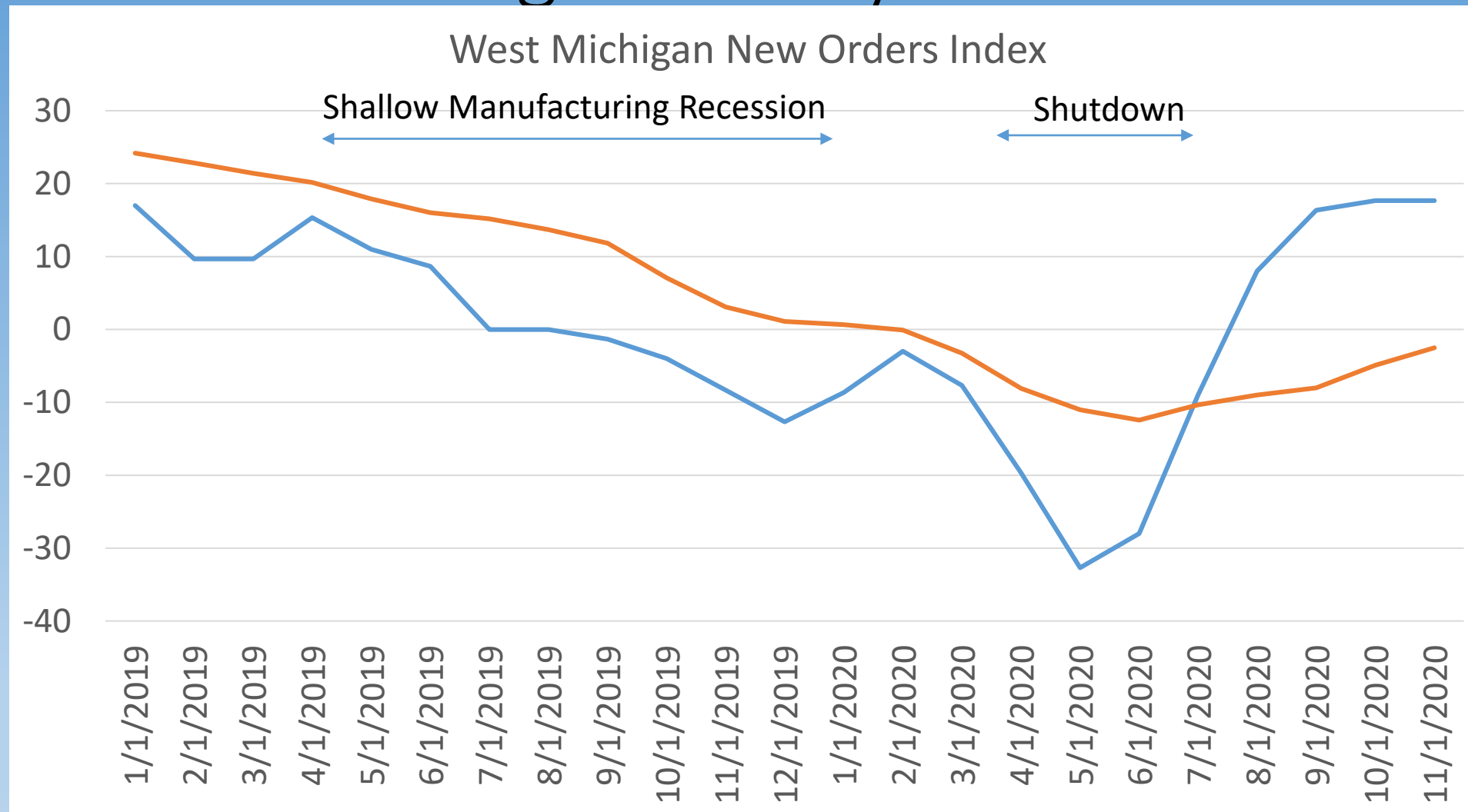
Nothing Like the Last Recession



Source: BLS

Manufacturing vs Services

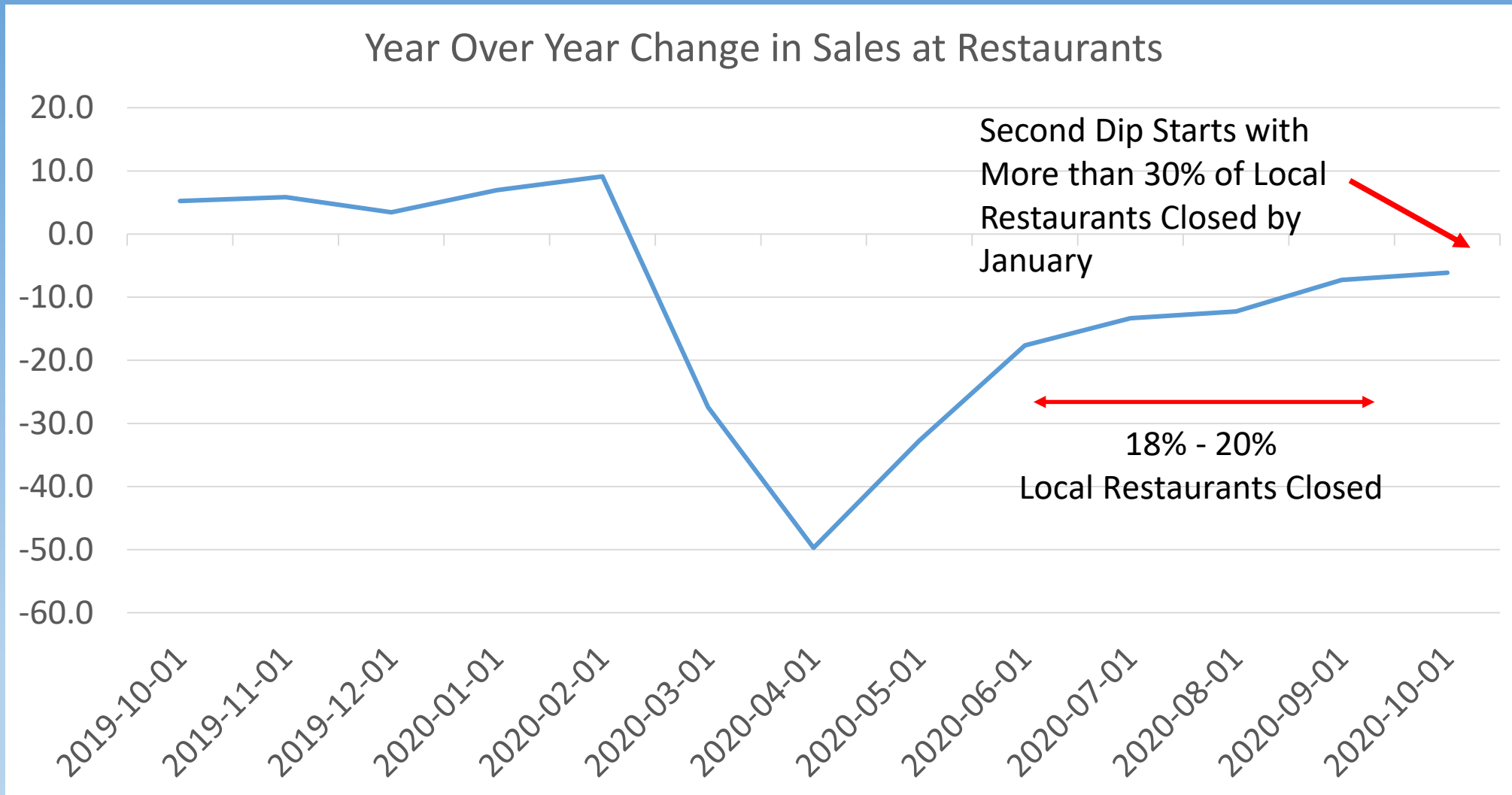
Manufacturing is Mostly Out of the Hole



Source: GVSU Supply Chain and Brian Long

12 Month Average Almost Positive

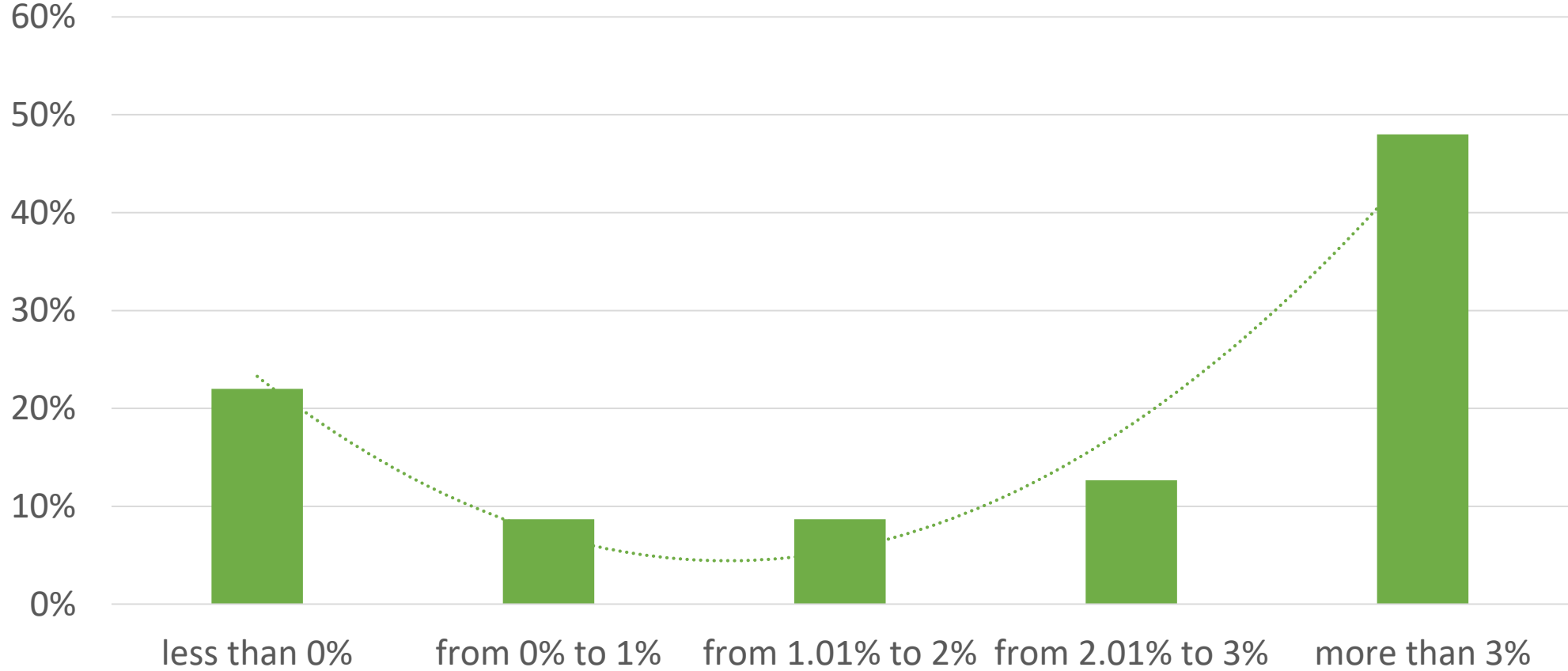
Restaurants are Still in the Hole



Source: US Census Womply
Many of the Transactional Jobs Will Never Come Back

Expectations in Hiring

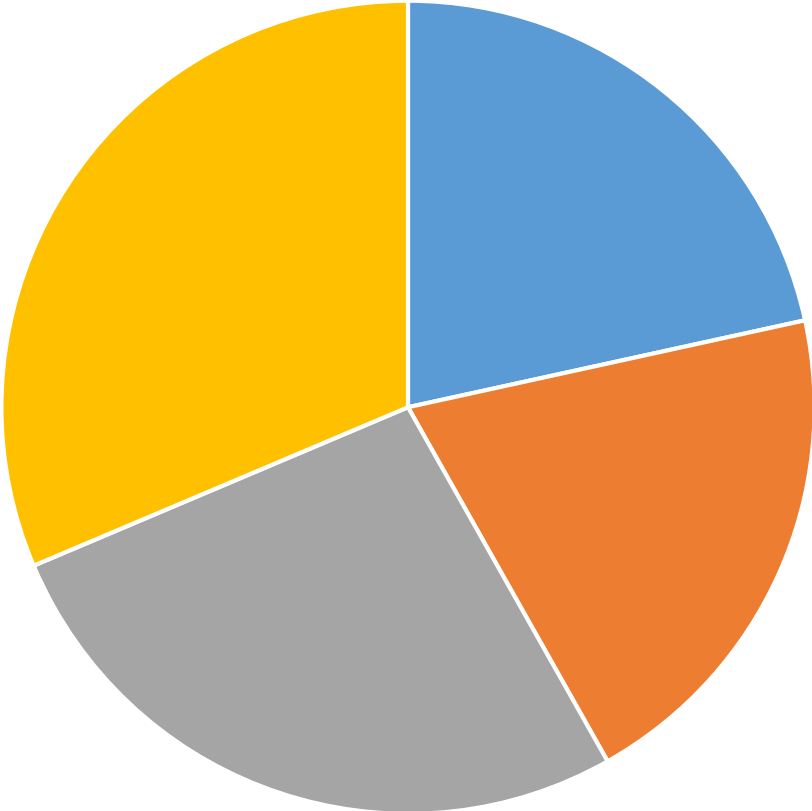
Repondents' Anticipated Change in Employment for 2021 as Compared to Expecations in 2020 and 2019



Source: Seidman Confidence Survey

Expectations for Return

When Will Your Business Return to Pre-COVID Levels

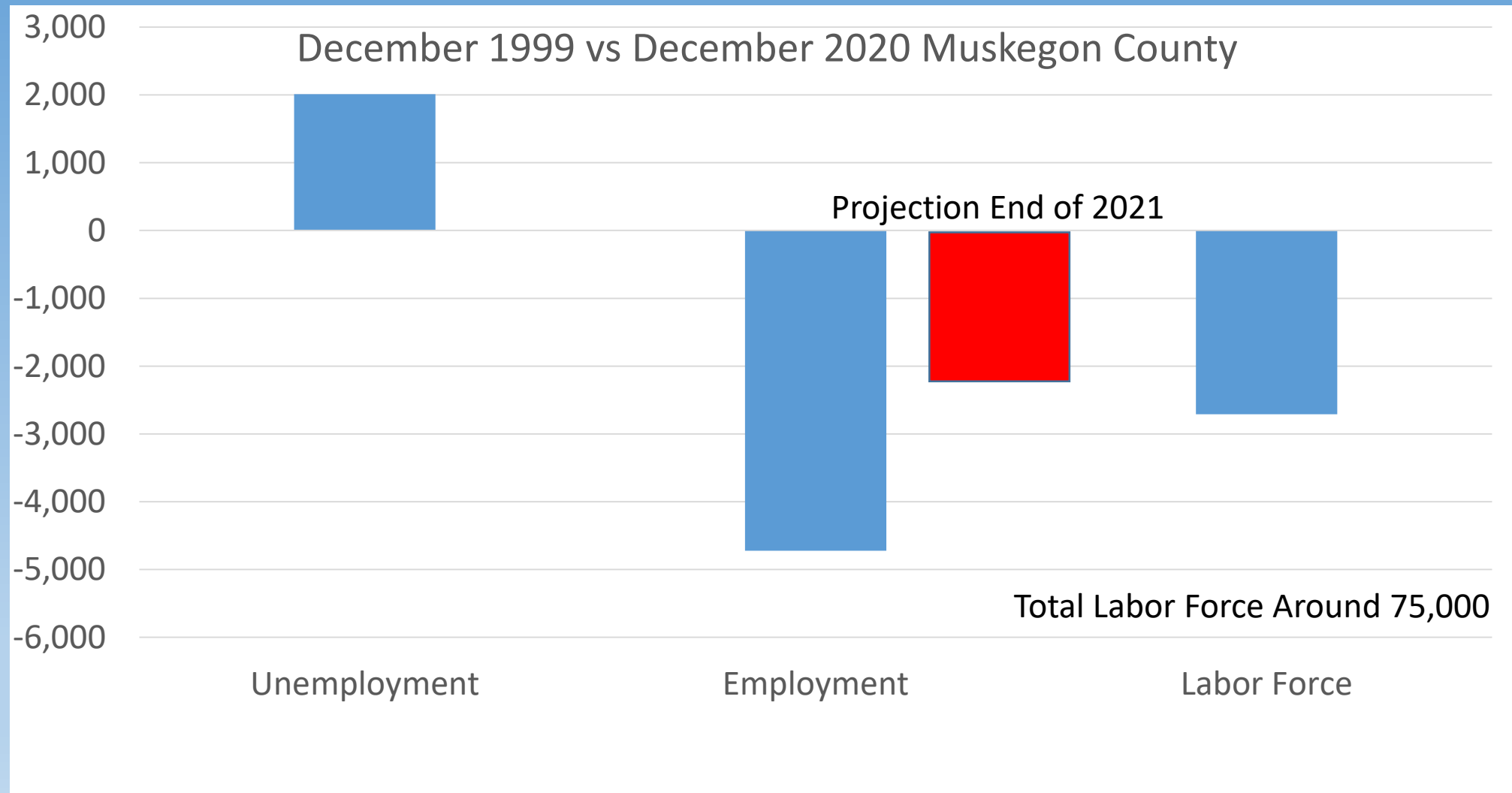


■ End of 2020 ■ July 2021 ■ December 2021 ■ 2022 or Later

Source: Seidman Confidence Survey

Muskegon County Behaving
Differently

Long Road Back



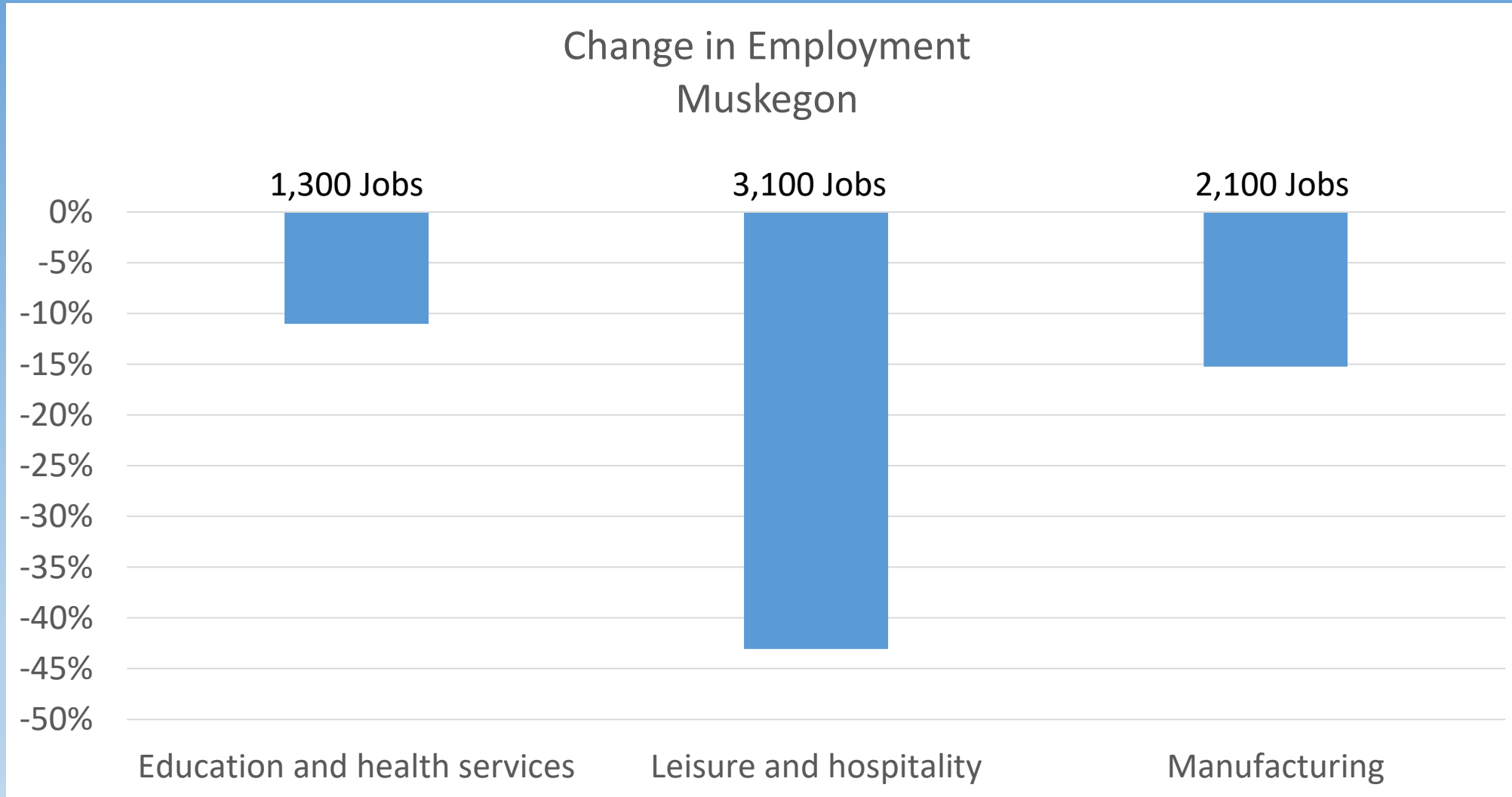
Source: BLS
LUAS

Industries Important to Muskegon

Industrial Production	Percent Change December 2019-2020
Aerospace	-9%
Automotive	-14%
Furniture	-11%

Source: Federal Reserve

Sector Losses

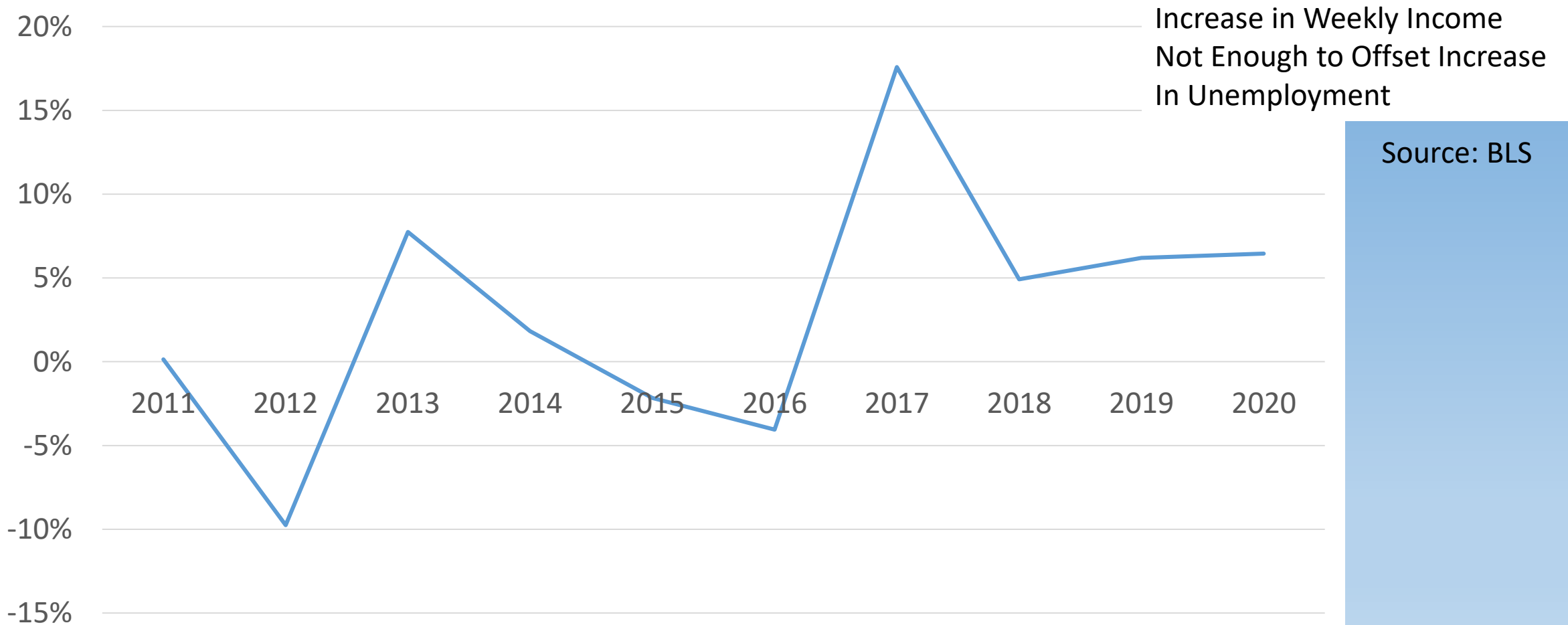


Source:
BLS

NOTE: Establishment Survey shows more than 3,000 more job losses than LUAS survey

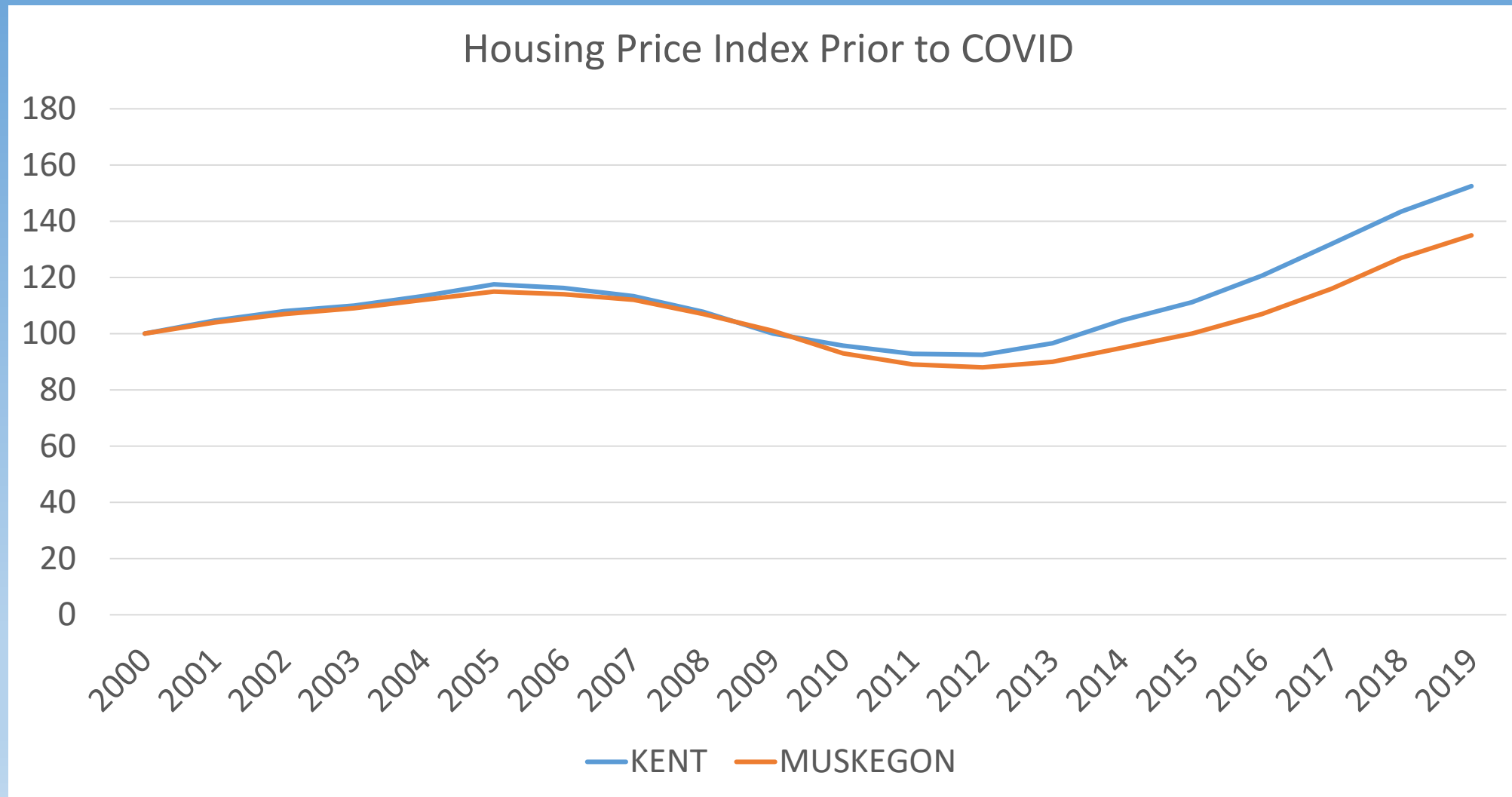
Average Worker Still Working Better Off

Year over Year Change in Average Weekly Earnings For December

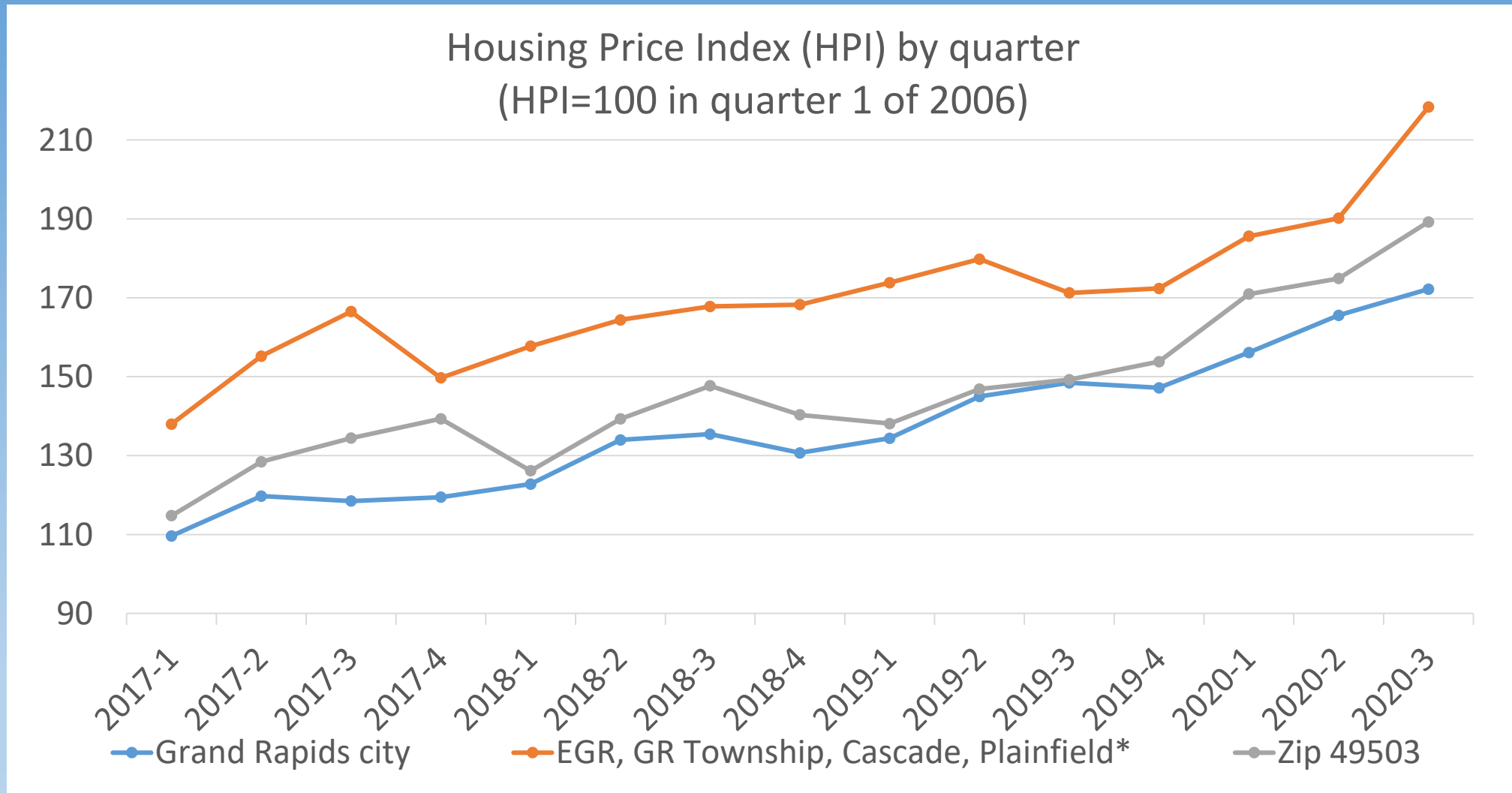


Source: BLS

Strength in Housing Market



Residential Real Estate is Out of the Hole

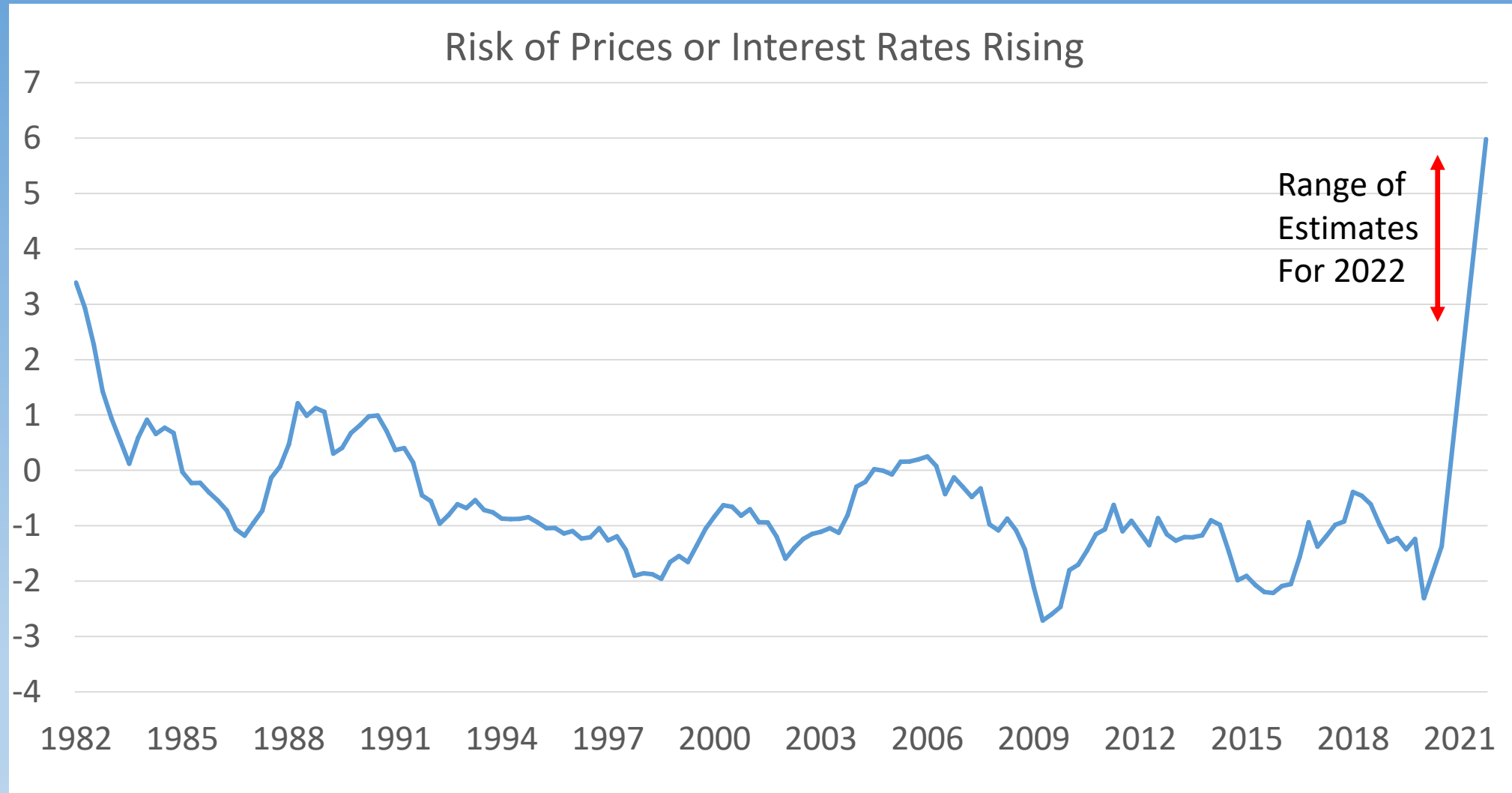


Source: Laudo Ogura

Demographics Mean this Market Barely Noticed the Hole

A Warning

Potential of Rising Prices or Rising Interest Rates



Source: Isely Calculation

What to Watch – Mostly Fear of Falling Again

- **DO NOT** watch unemployment
- **DO** watch hospitalizations for COVID
- **DO** watch passenger miles
- **DO** watch border closures
- **DO** watch consumer consumption expenditures

The US and Michigan Economies will likely reach Pre COVID levels in the second half of 2022, but Muskegon county will likely take longer to reach these levels.