The Current Economic Conditions

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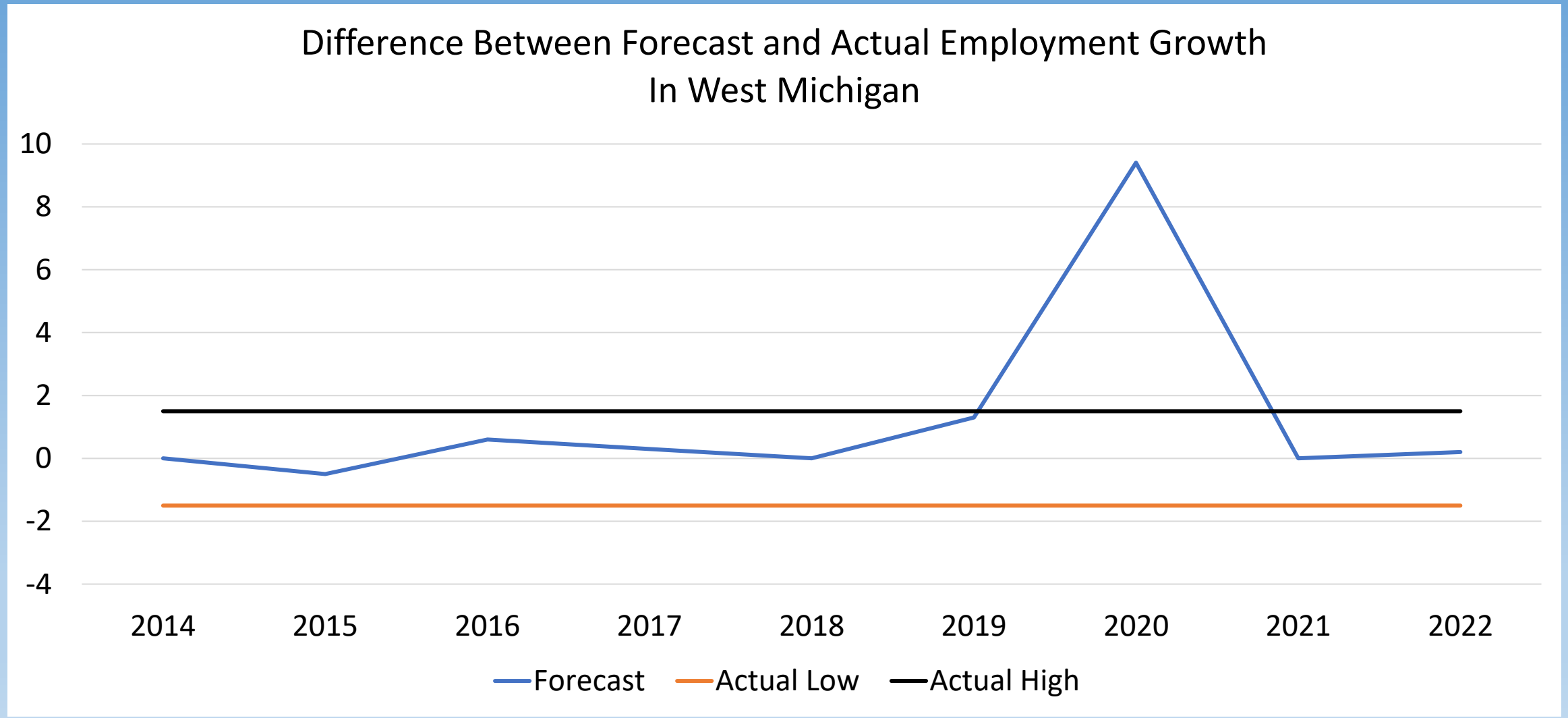
How We Did Last Year - Employment



Source: BLS and Isely calculations

Pandemic Stimulus Fading Will Place a Drag on the Economy

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The Drag on the Economy is Beginning

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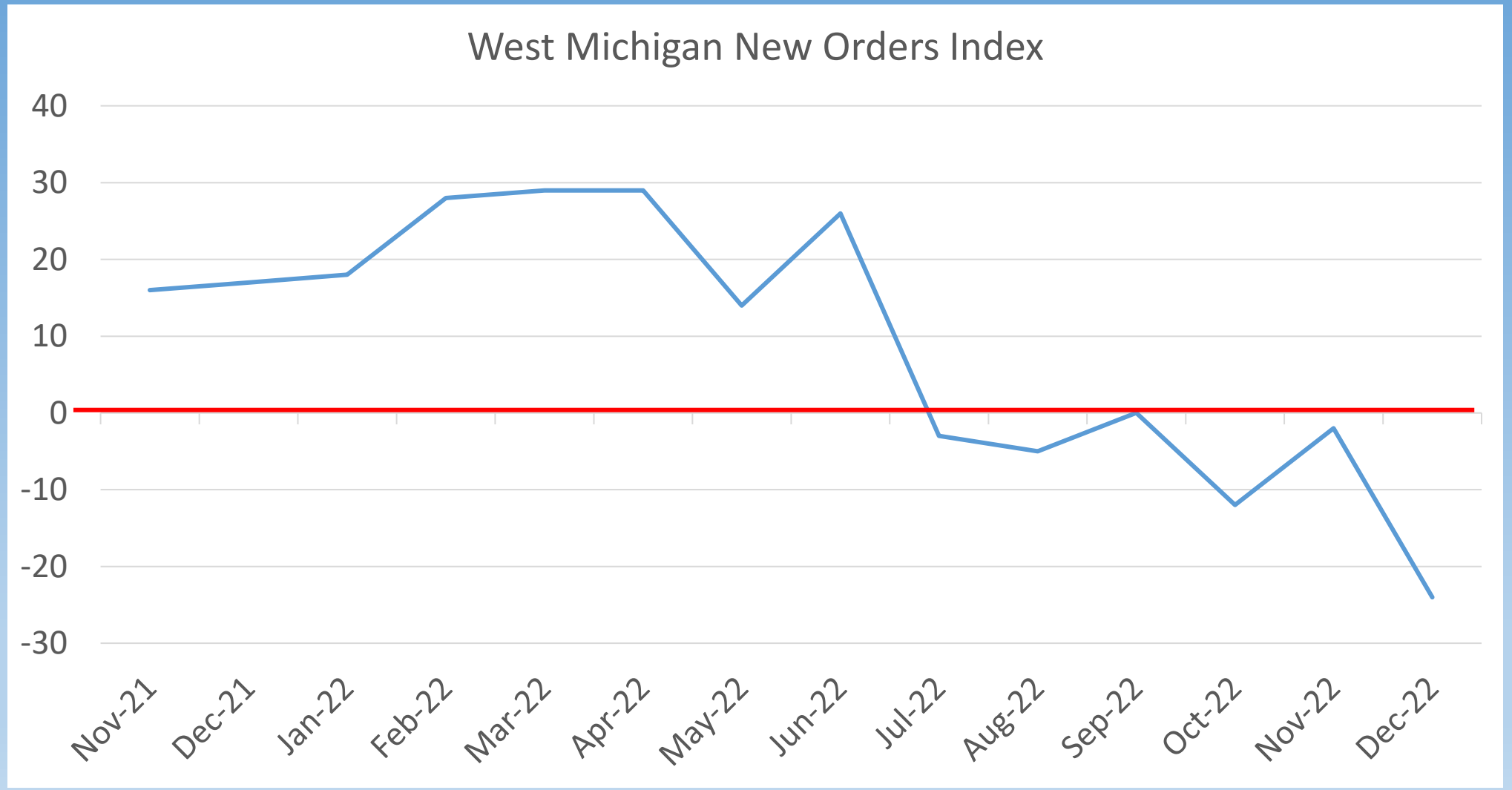
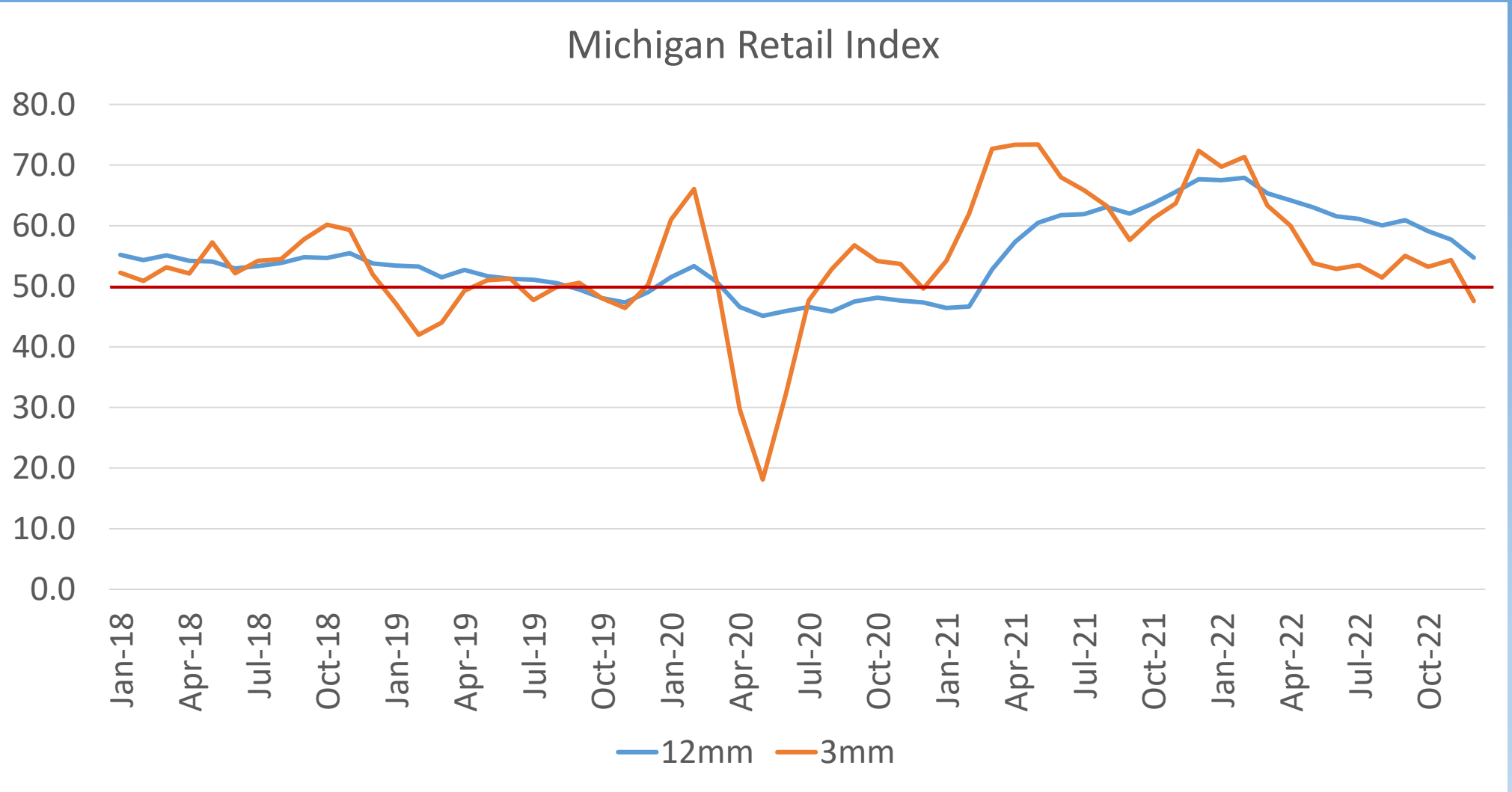
Started to Affect Manufacturing in July



Source: GVSU

Started to Affect Retail in December



Source: Chicago Federal Reserve

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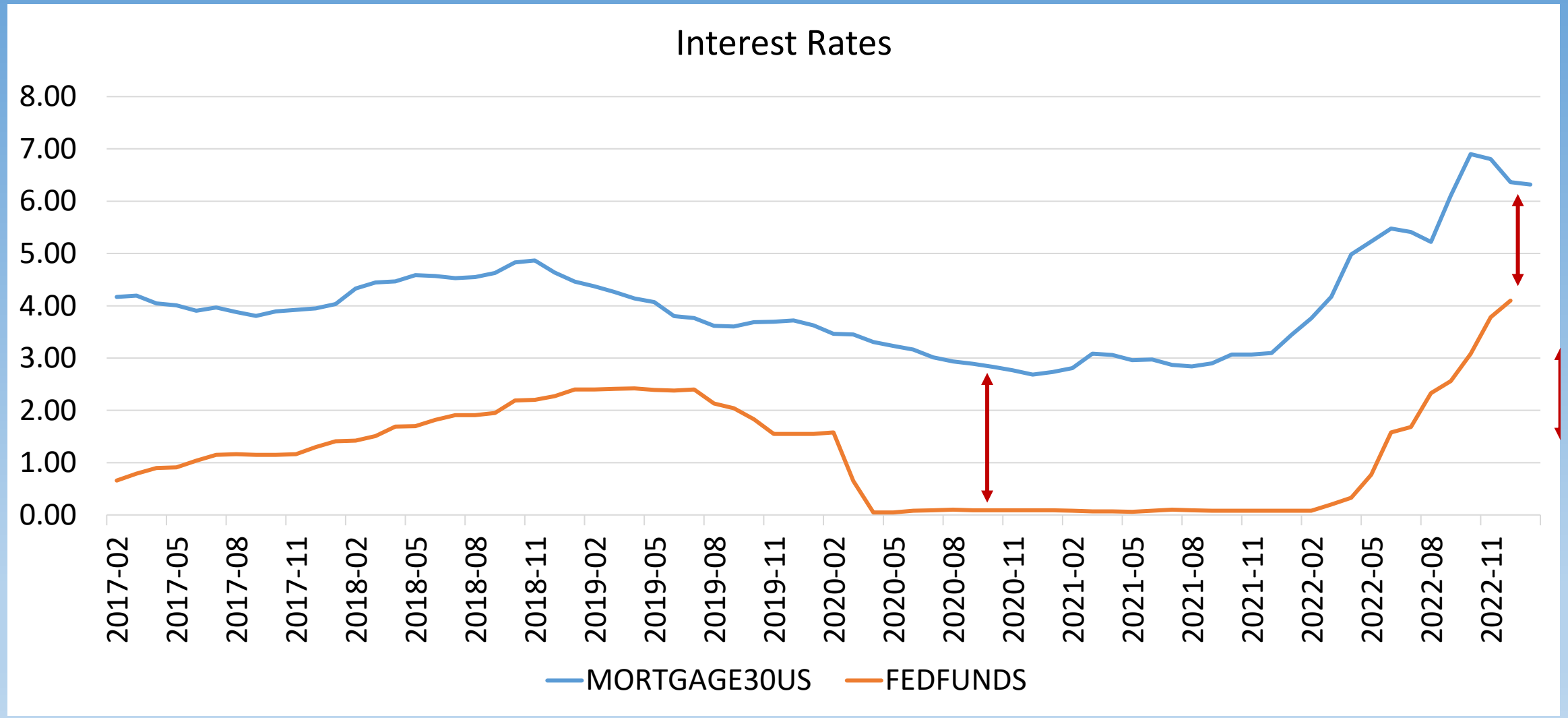
Monetary Policy



Source: Federal Reserve

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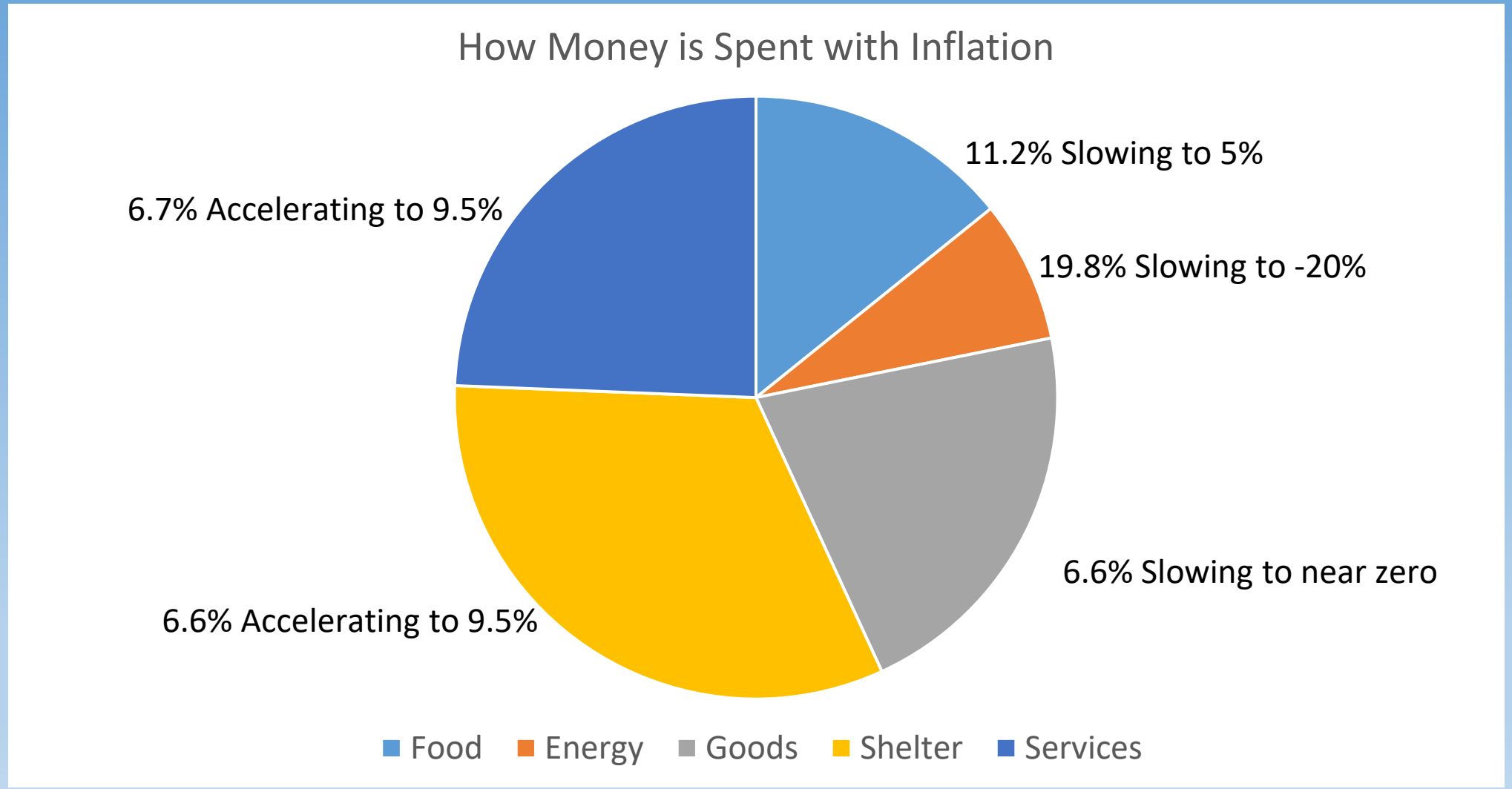
Inflation is Baked in for Next Year



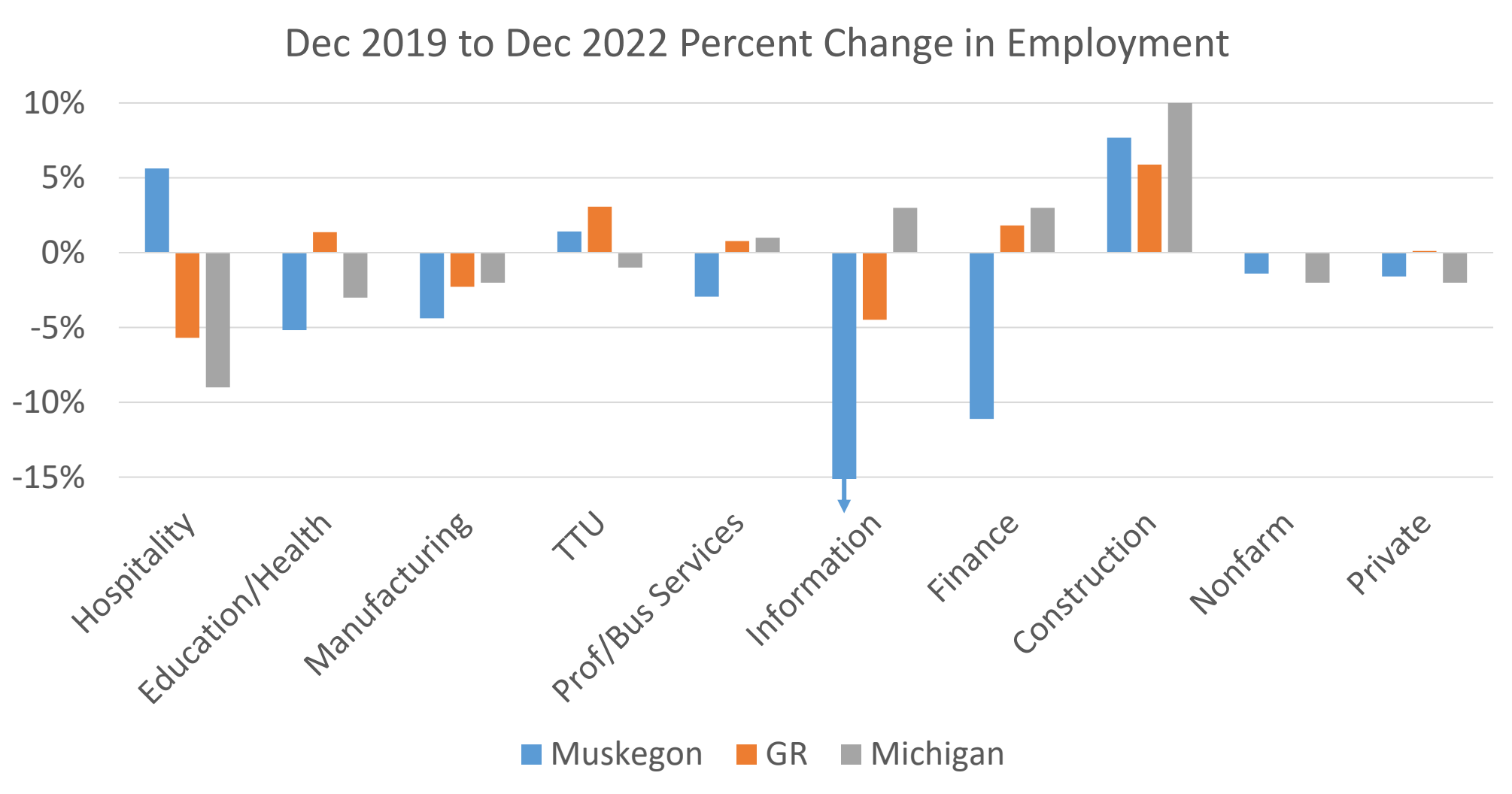
Source: BLS and Isely Calculations

Eventually the Drag on the Economy Will Win – But Muskegon County Will Outperform

Reason #1

Industry Mix

Employment is Changing



Source: BLS and Author Calculations

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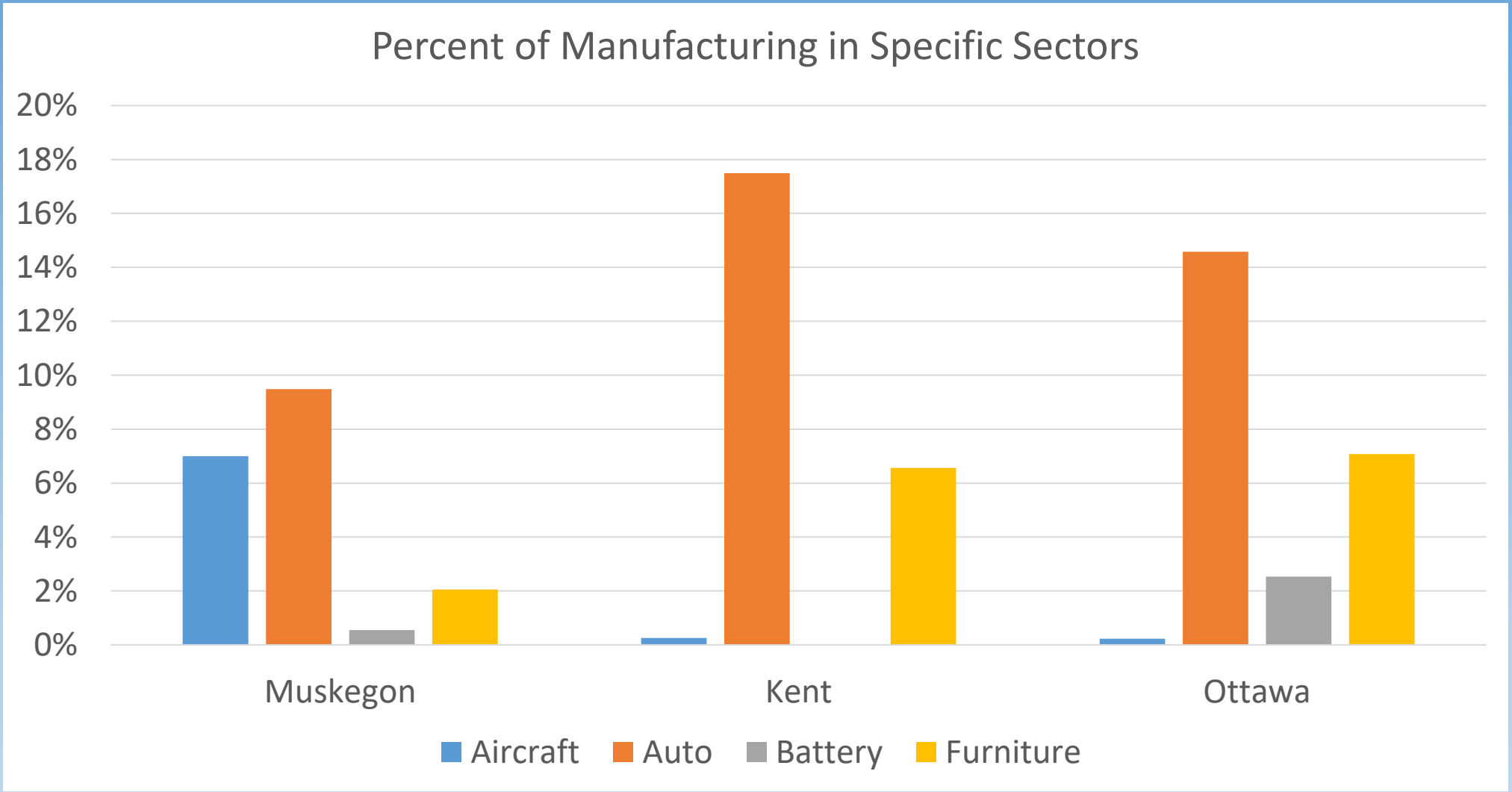
Muskegon Less Exposed to Furniture and Automotive



Source: Author Calculations with BEA and IMPLAN

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Reason #2

Muskegon's Talent

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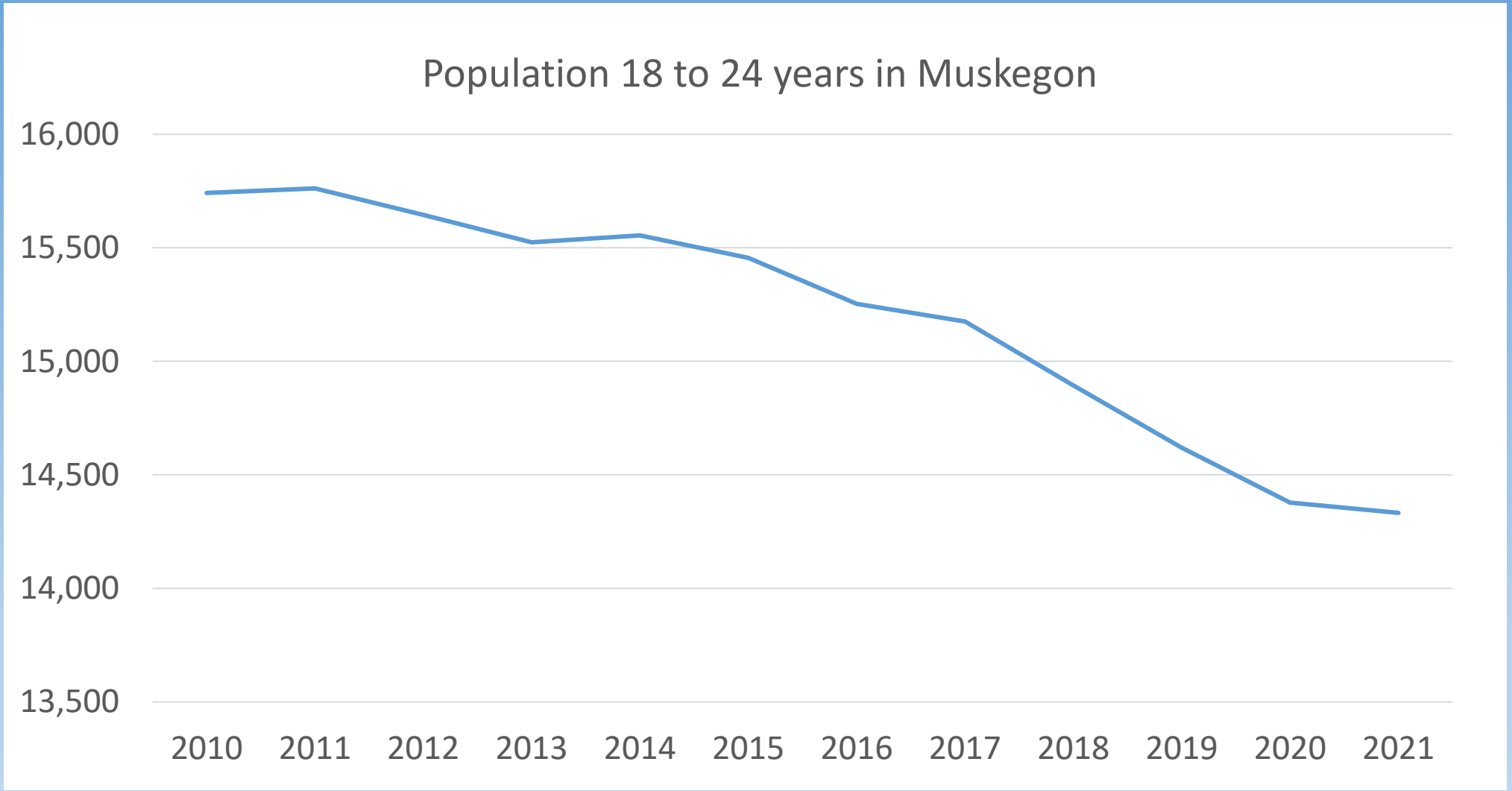
Number of Young Workers Decreasing



Source: Author Calculations with ACS 5 year data

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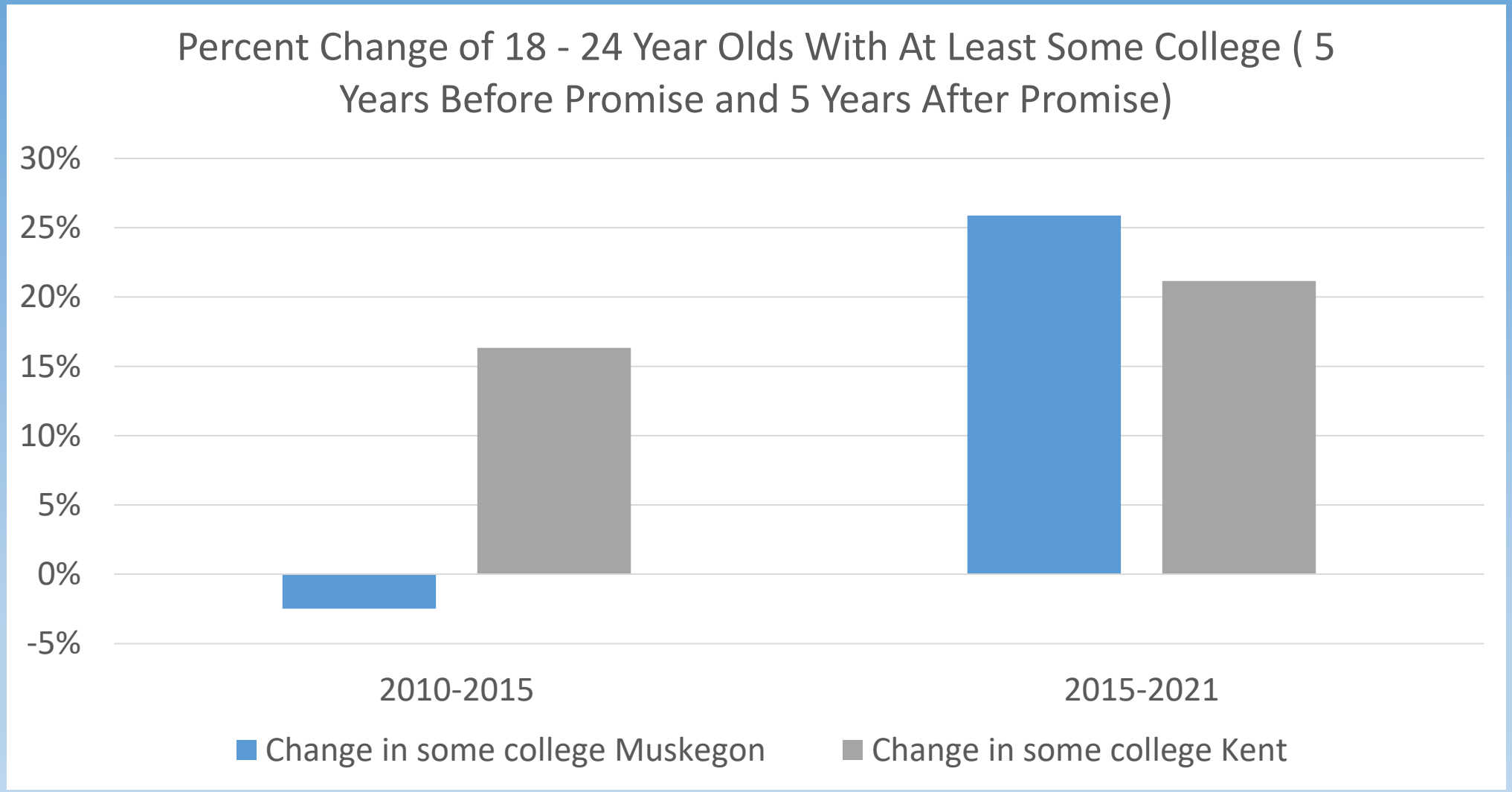
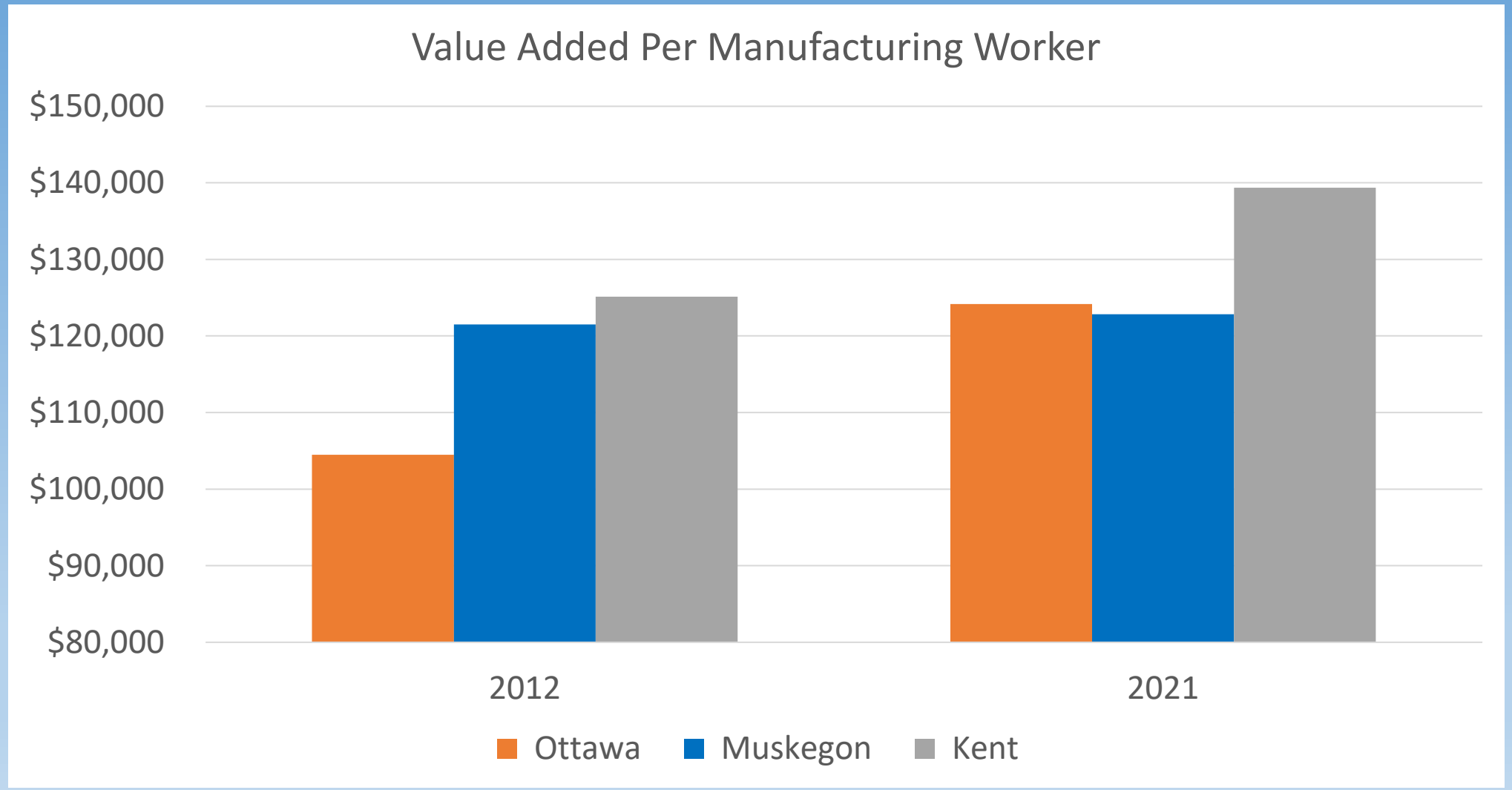
But…..



Source: Author Calculations with ACS 5 year data

Automation?

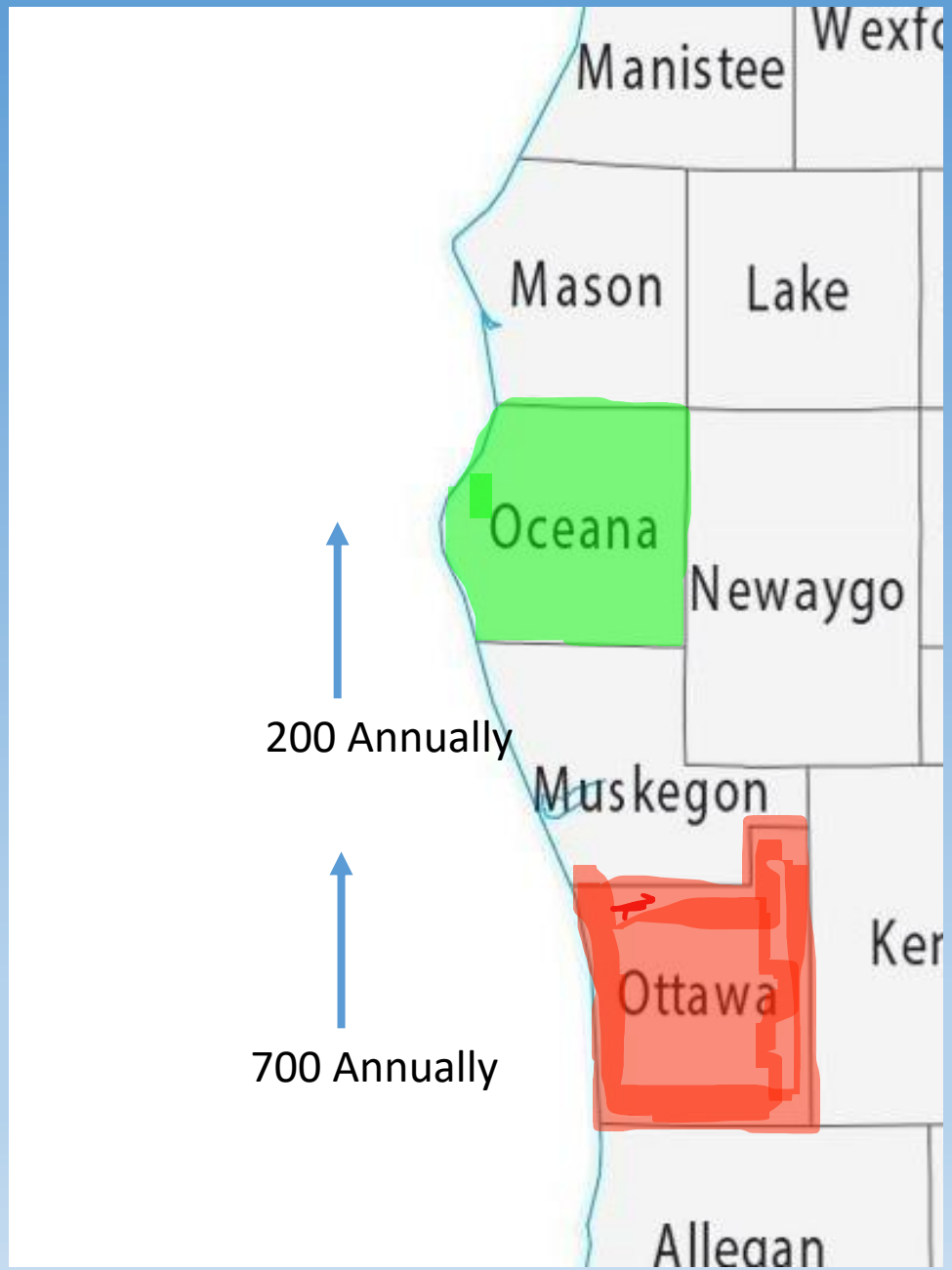


Source: Author Calculations with BEA and IMPLAN

Reason #3

Local Real Estate

People Moving Up The Lake



Source: 2016-2020 ACS

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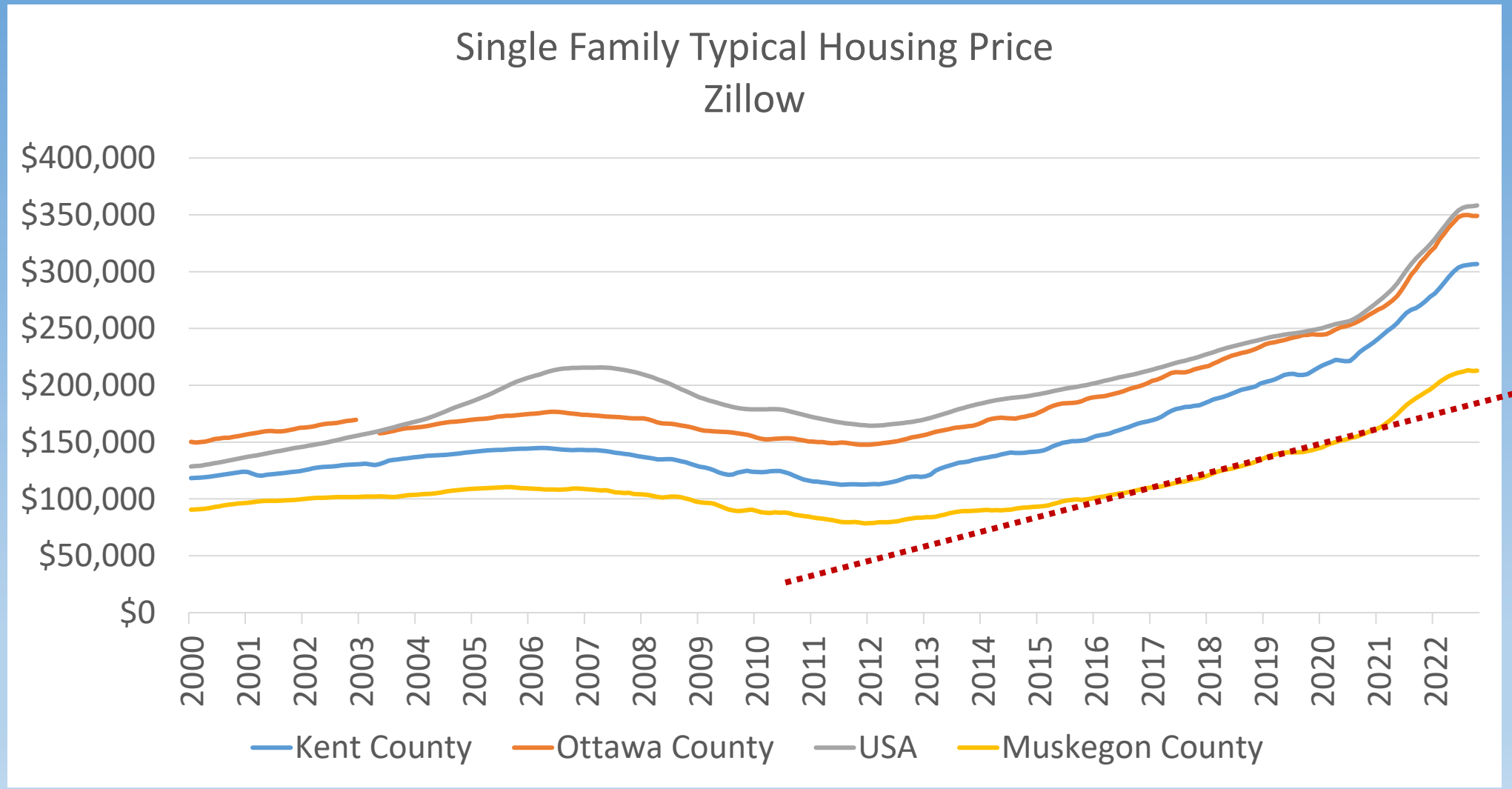
Driven By Housing Prices



Source: Zillow

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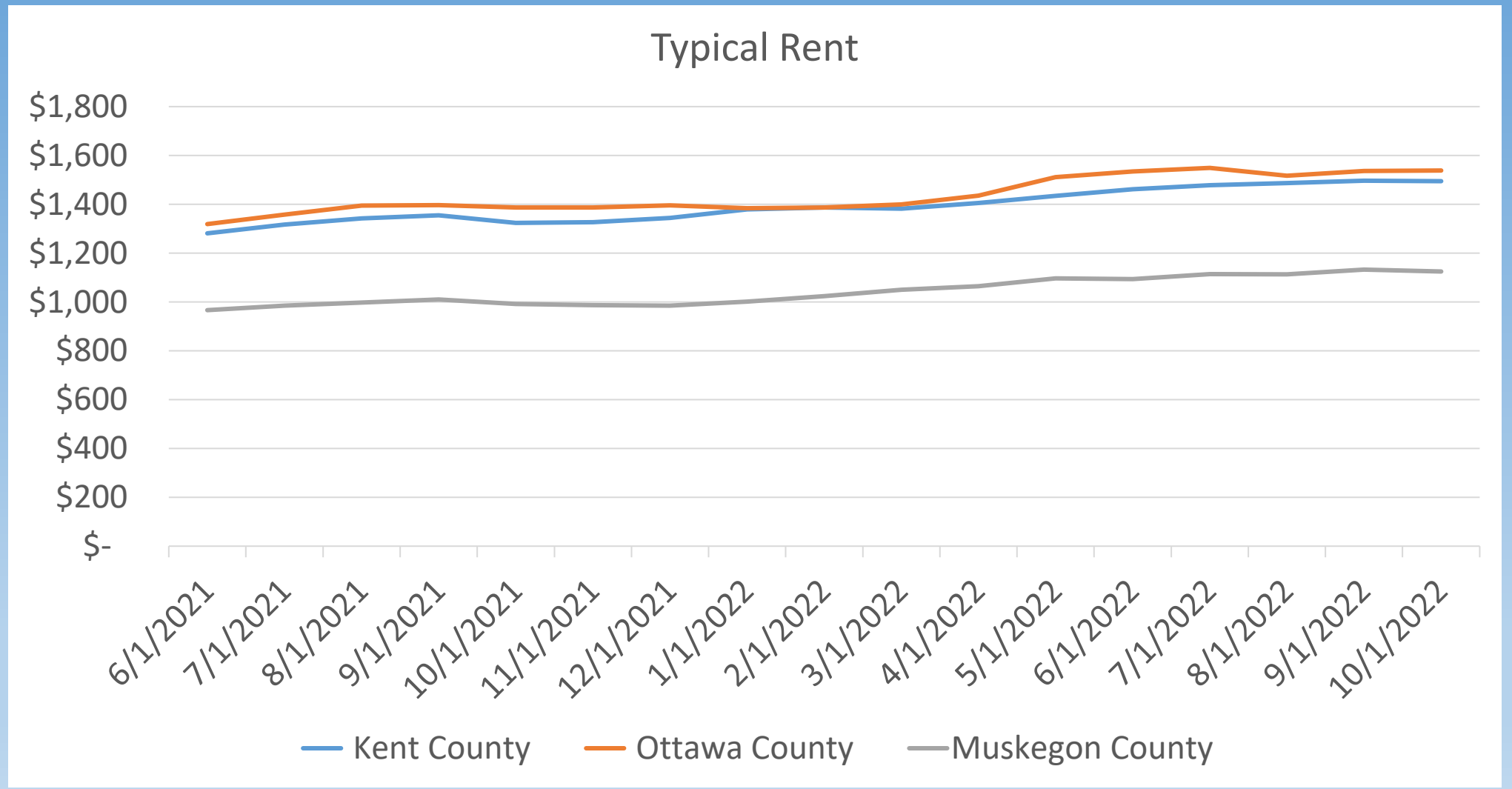
And Rents



Source: Zillow

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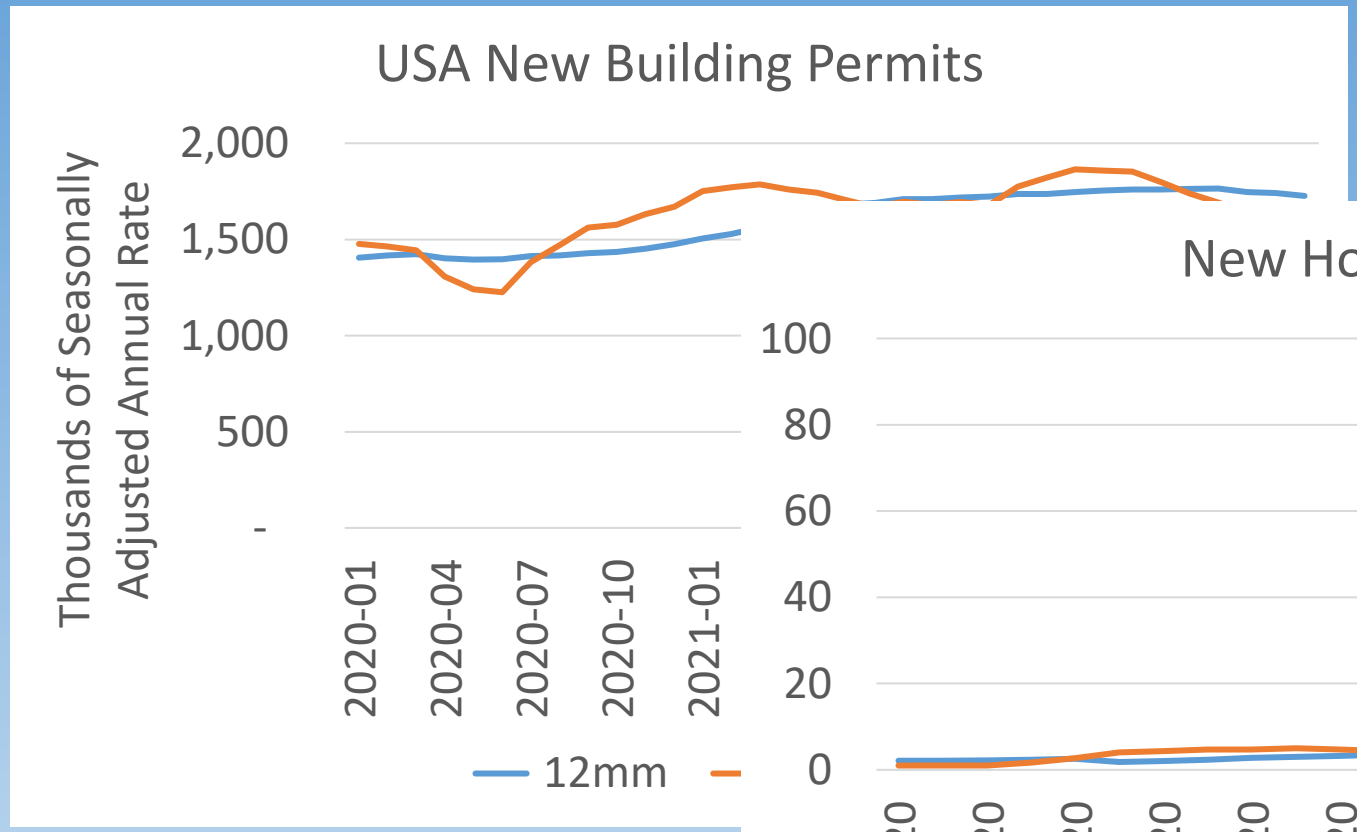
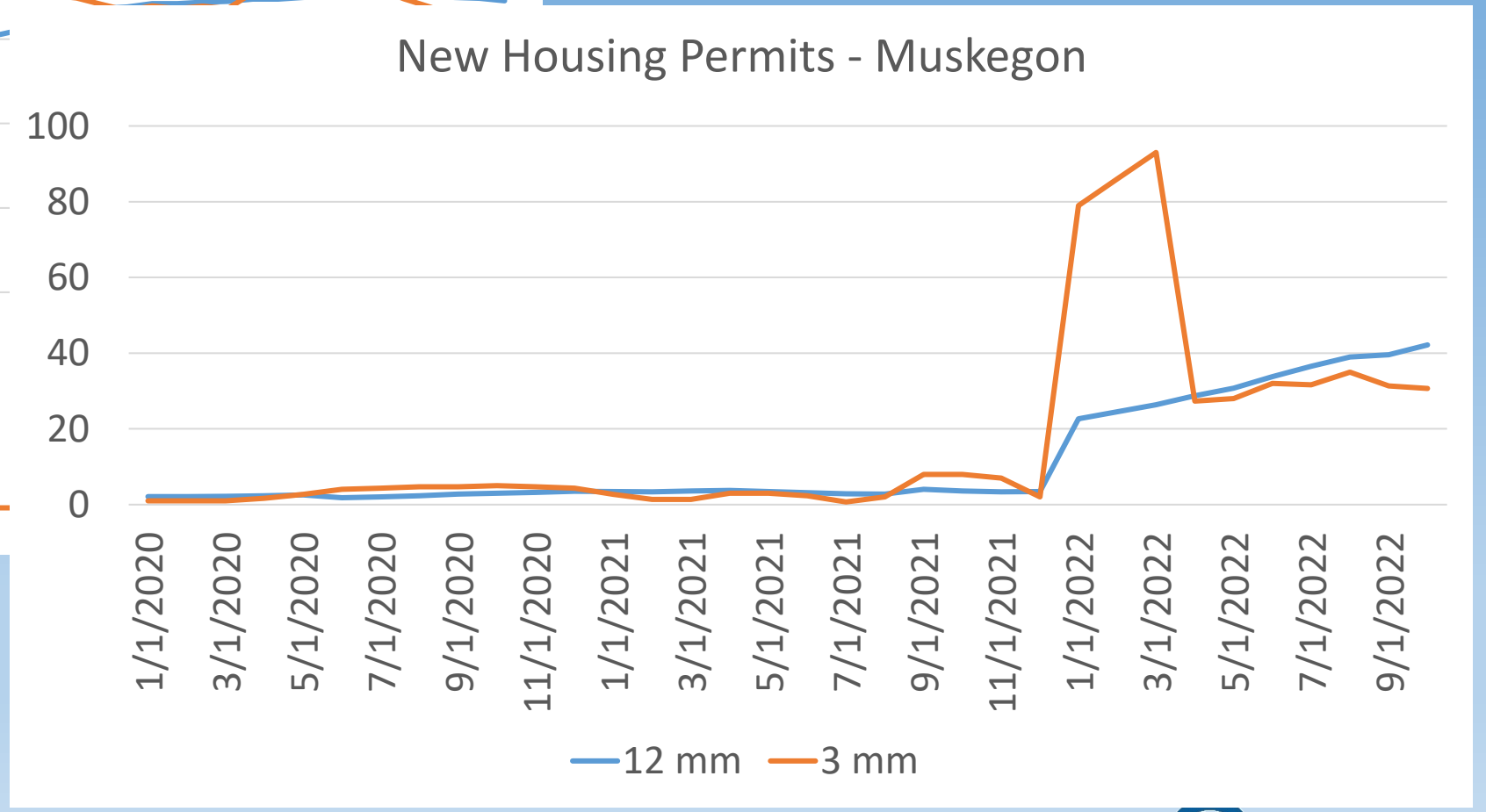
Muskegon Behaving Differently than US





Source: Census

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Outlook

	Muskegon County	West Michigan	United States
Current Confidence	76	70	
2023 Confidence	74	67	
Sales Growth	2.6%	2.3%	1.3%
Employment Growth	2.2%	1.8%	0.65%
Wage Growth	4.4%	4.1%	4.3%
Inflation Expectation	6.7%	5.6%	5.4%

Source: Isely Surveys, Philadelphia Federal Reserve, and Conference Board

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RISKS

- The Inflation Fake
  - Five Dollar Gas Comparison
  - Holiday Overstock
- Fiscal Uncertainty
  - State
  - Federal

Things to Watch

- Consumer Spending – When does wealth effect wear off?
- Federal Reserve Action -- More or less will trade off growth and price.
- Supply Disruptions – Faster resolution means faster reduction in inflation
- Inflation Expectations – If expectations have been built in, then inflation will be persistent.

Thank You

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