

Looks like it was a good bet!

Thoughts on the economic outlook and the impact of the Firekeepers Casino

George Erickcek

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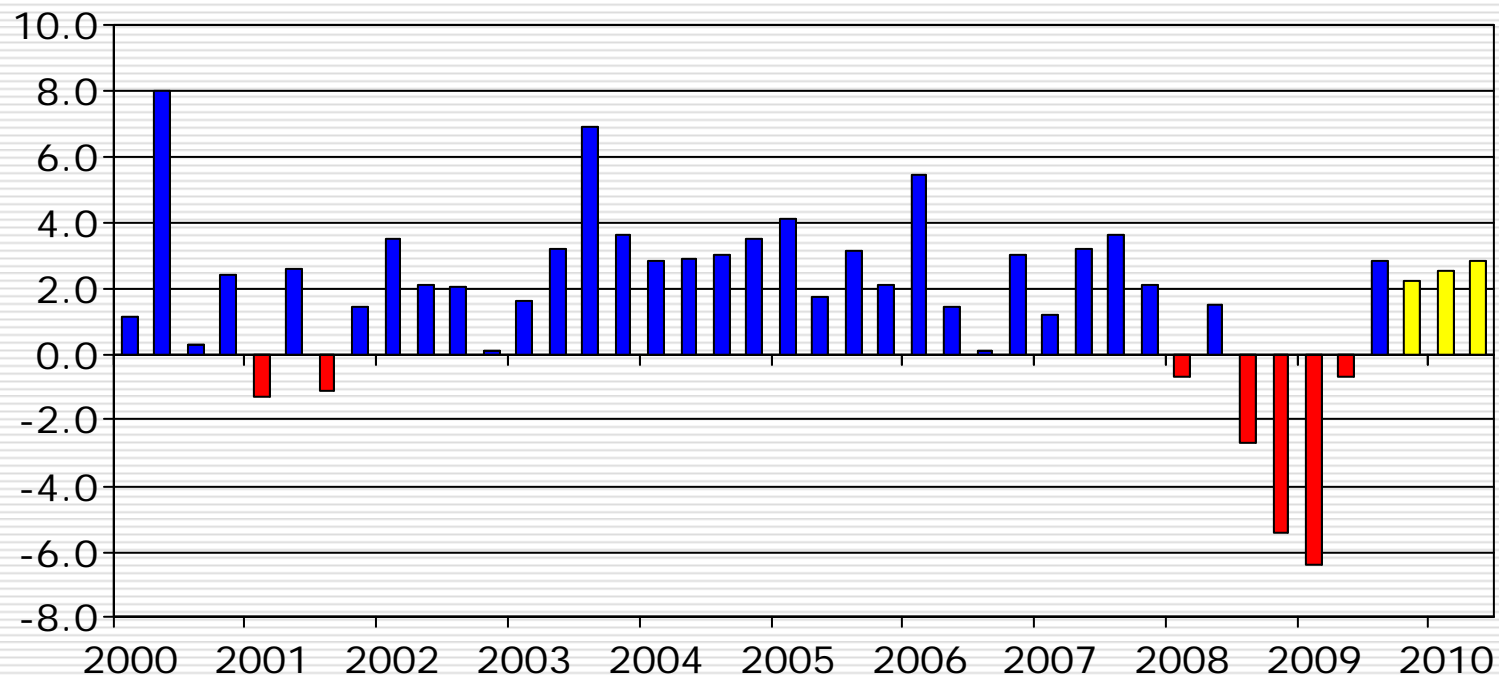
November 30, 2009

Outline

- ❑ The national economy appears to be turning around *but slowly*.
- ❑ What can I say about the state's economy that you do not know?
- ❑ Battle Creek—*Black Jack!*

Nationwide, GDP increased by 2.8 percent in the third quarter.

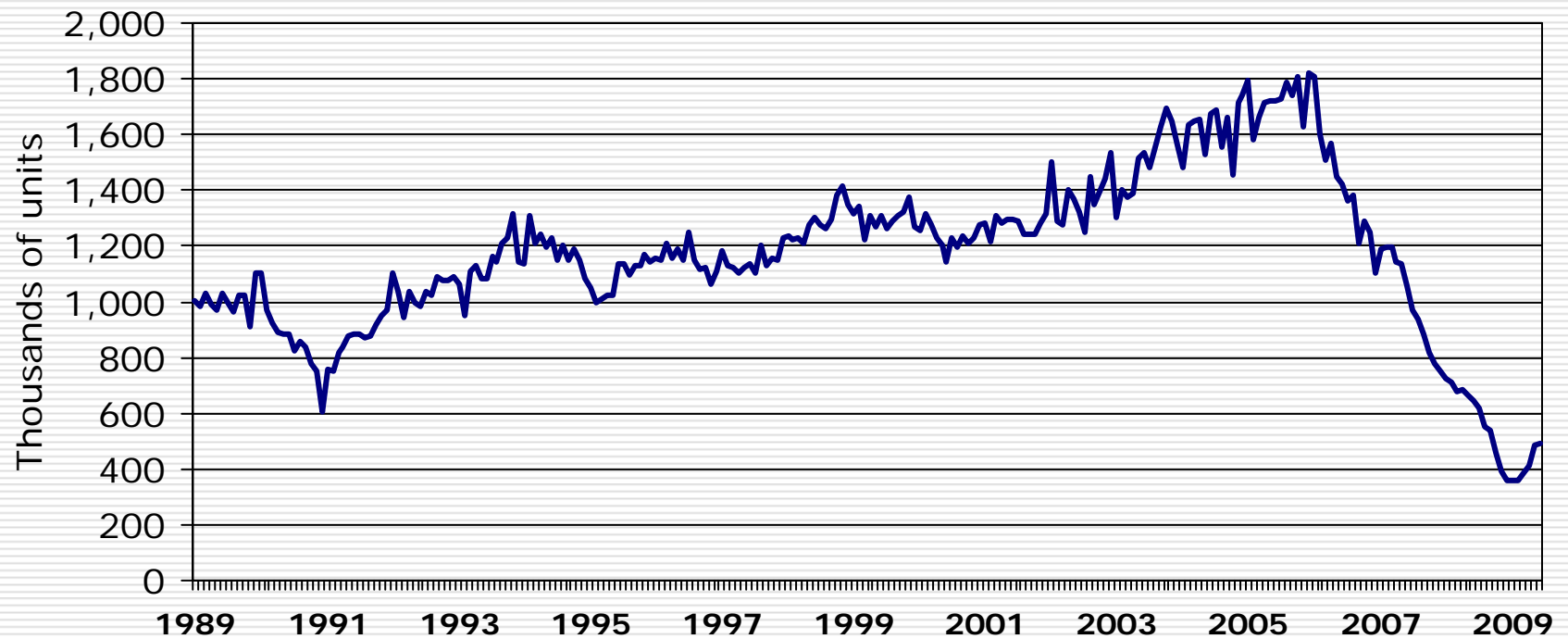
Annualized Percent Change in GDP



Source: BEA, Philadelphia Federal Reserve Survey of Professional Forecasters.

Single-Family Housing Starts—*We appear to be turning around.*

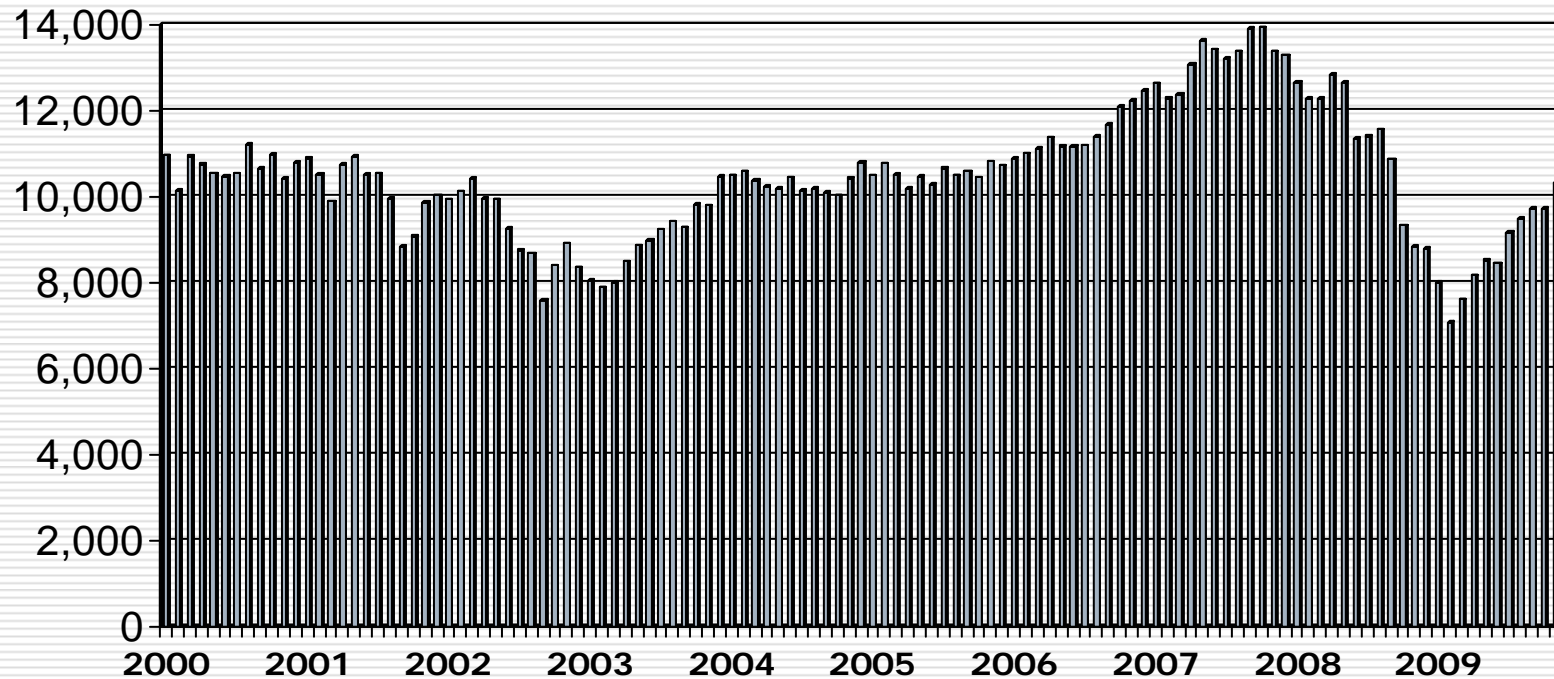
Seasonally Adjusted Annual Rates



U.S. Census

The stock market has enjoyed a nine-month run.

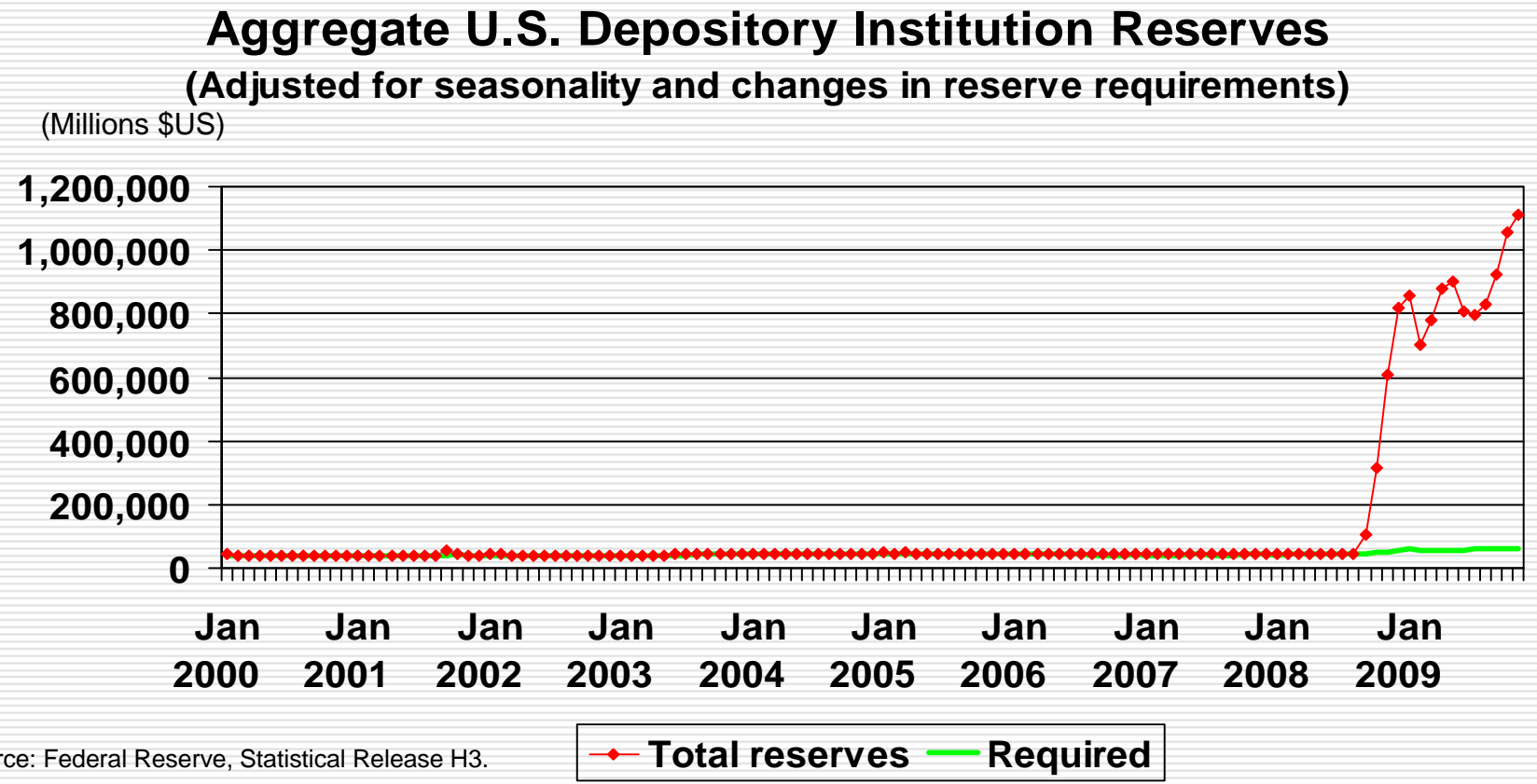
Dow Jones Index



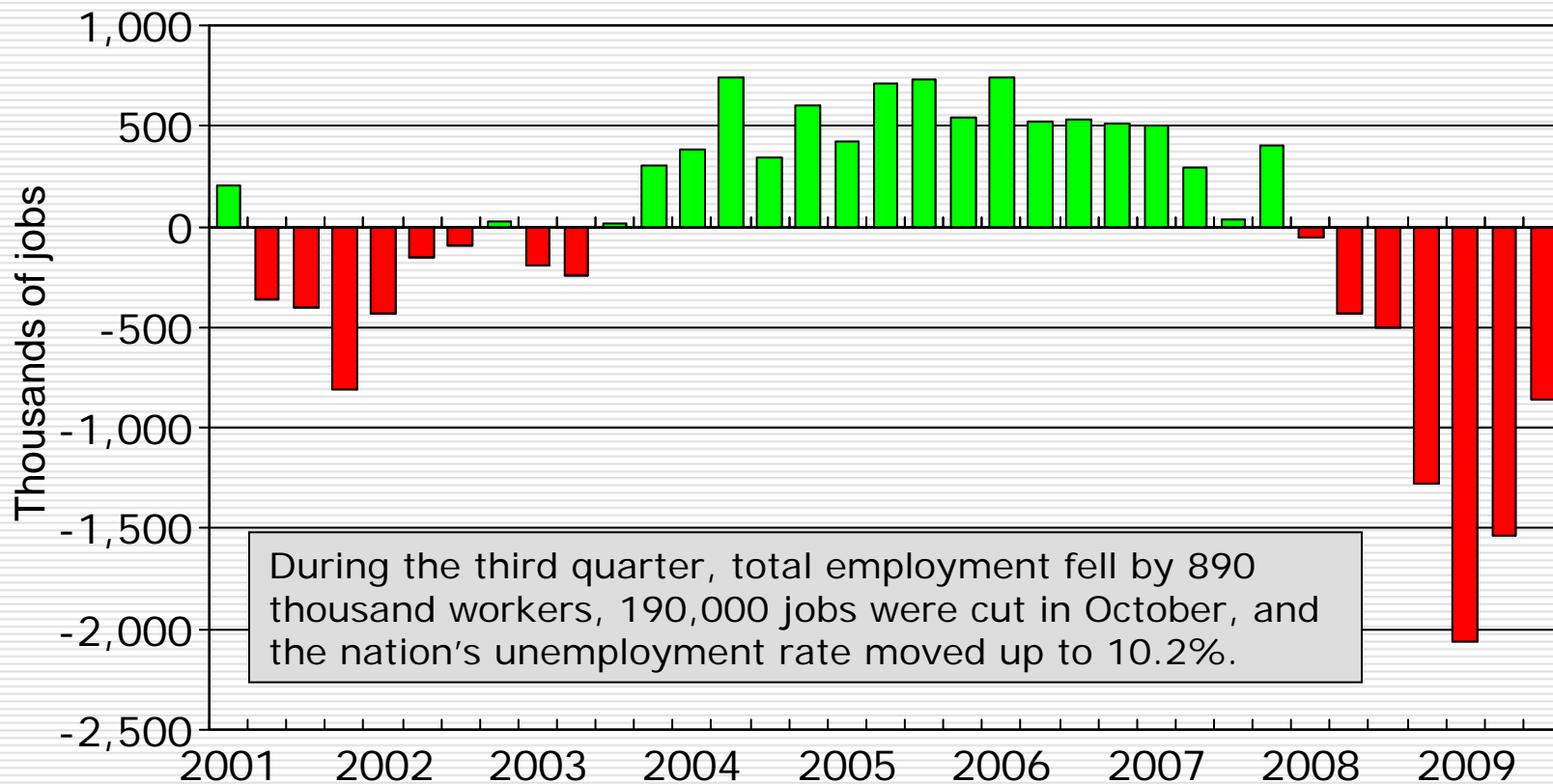
Ok, where is the bad news?

- ❑ Banking system—*The banks have a lot of money to lend.*
- ❑ Employment outlook—*The rate of decline is slowing.*
- ❑ Consumer confidence— *It is not dismal.*
- ❑ The auto industry—*2010 is expected to be better than the latter half of 2009.*
- ❑ The entire state of Michigan— *2010 is expected to not be as bad as 2009.*

Banks have a trillion dollars to lend out but they are not.



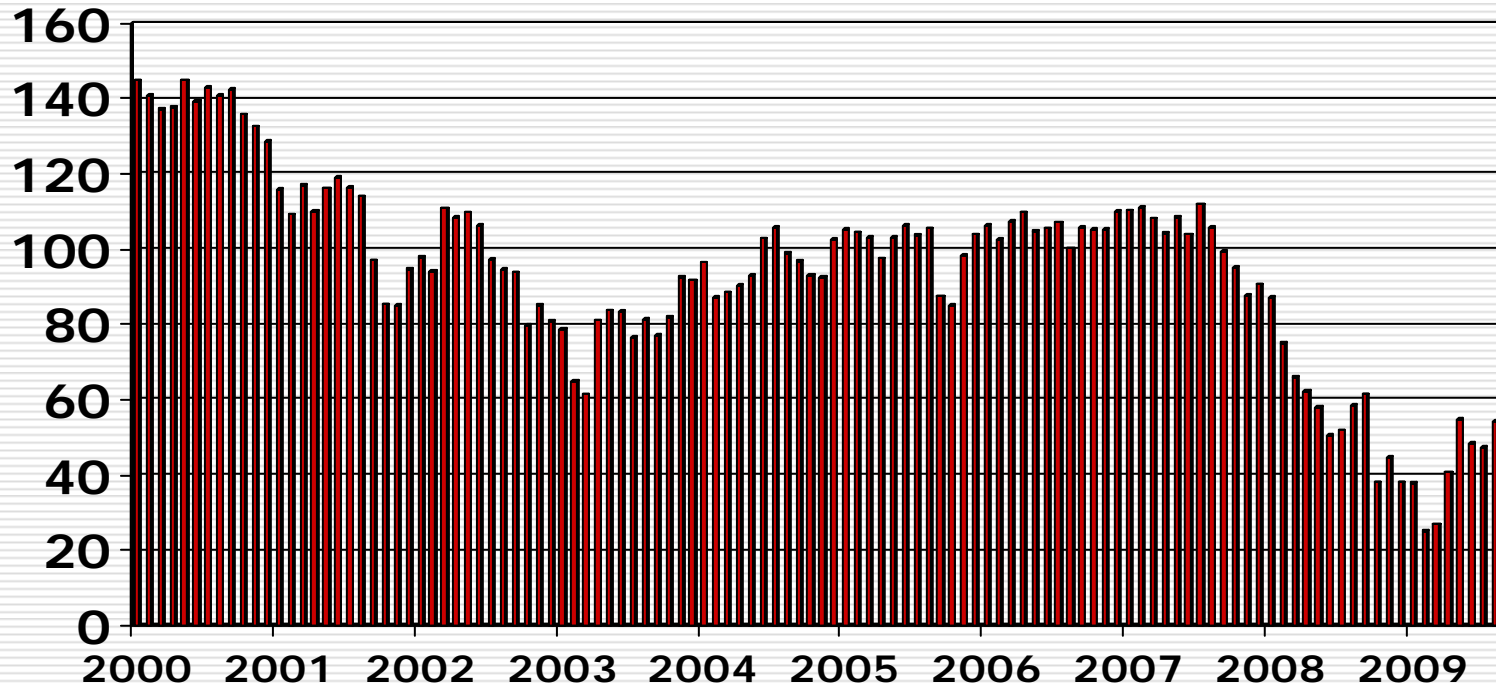
Nationwide, employers are still cutting payrolls.



Source: BLS.

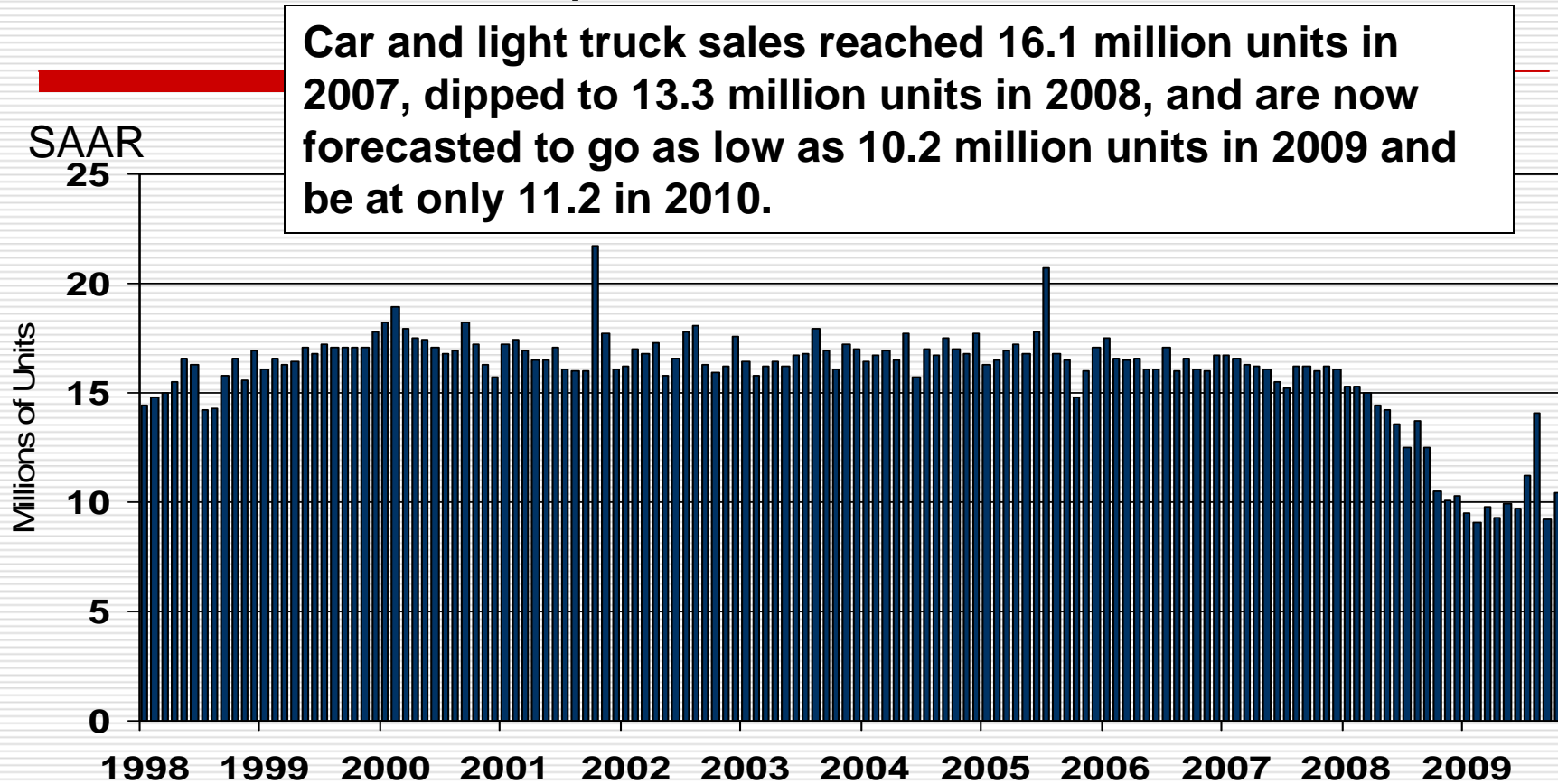
Consumers' confidence is still low but improving.

Consumer Confidence (1995=100)



Source: Conference Board.

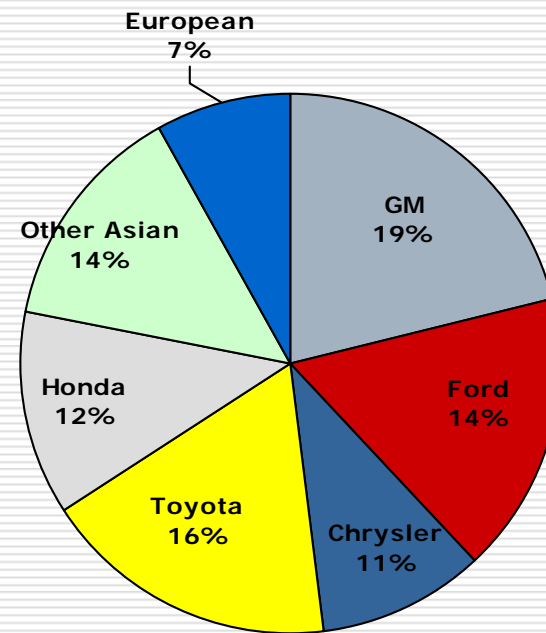
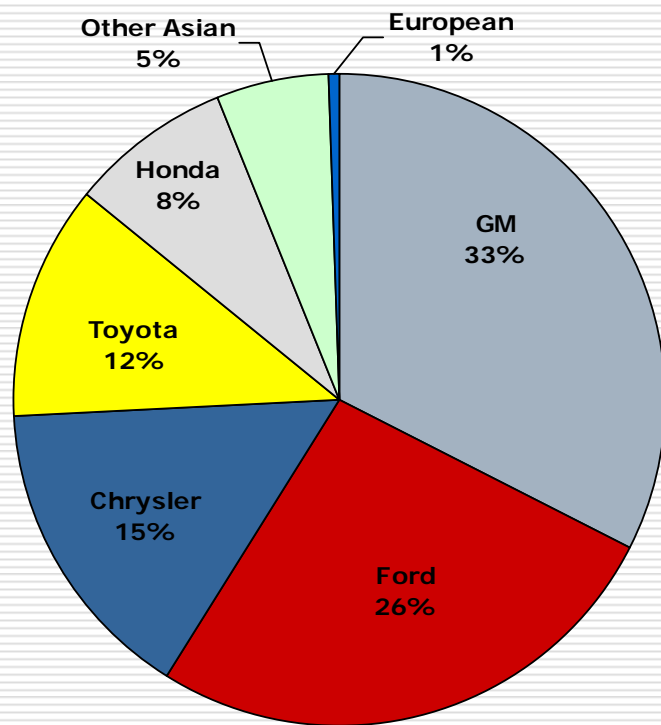
Now that clunkers are no longer gold, the showrooms are quiet.



Source: BEA.

The sales rate slowed to 9.2 million unit rate in September after posting a 14.1 million unit rate in August . Sales were up to a 10.4 pace million in October.

Loss of market share: In 2001, the Detroit Three controlled 74%; in 2009 it fell to 45%.

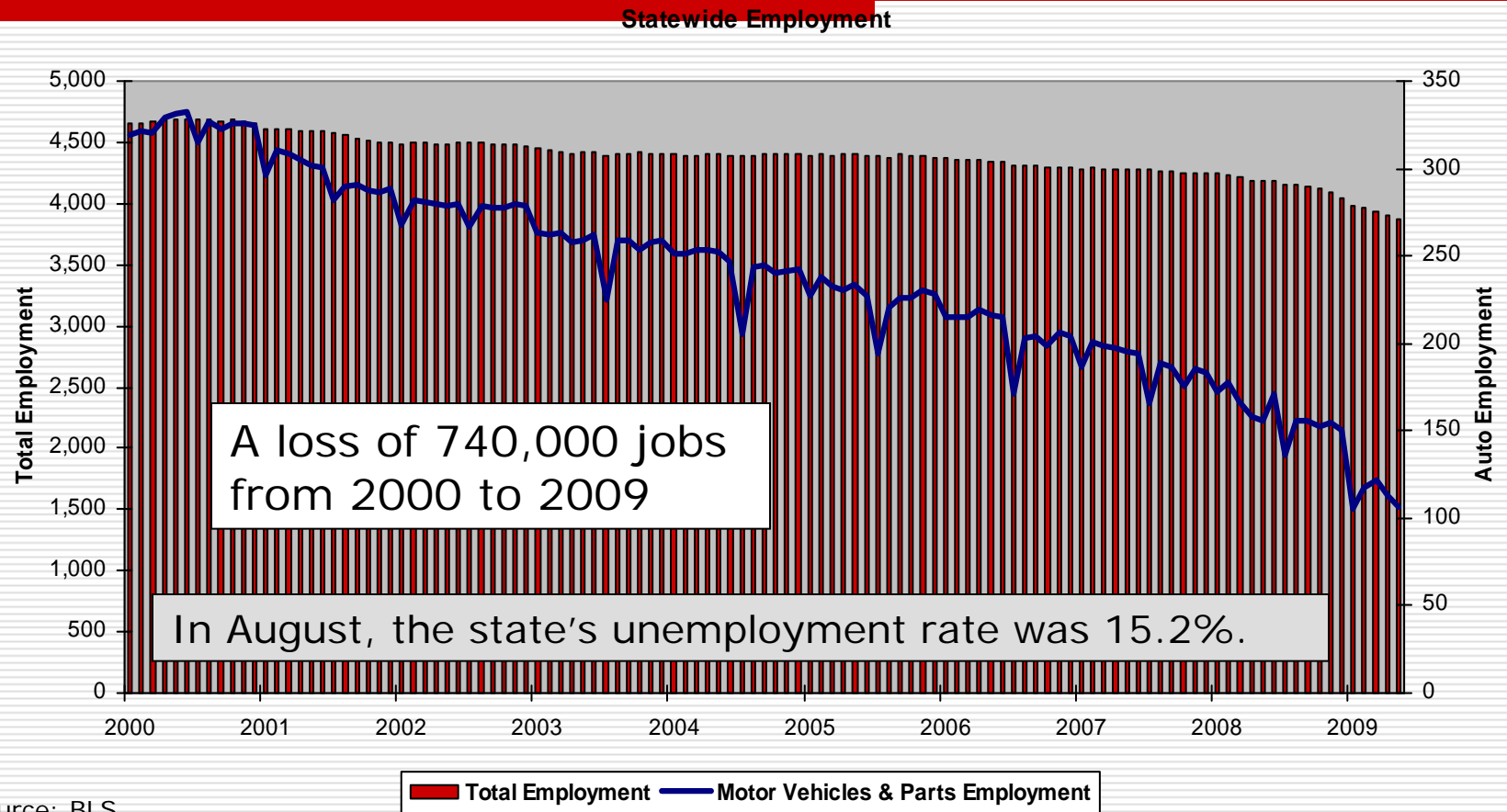


Source: *Wards AutoWorld*.

2001

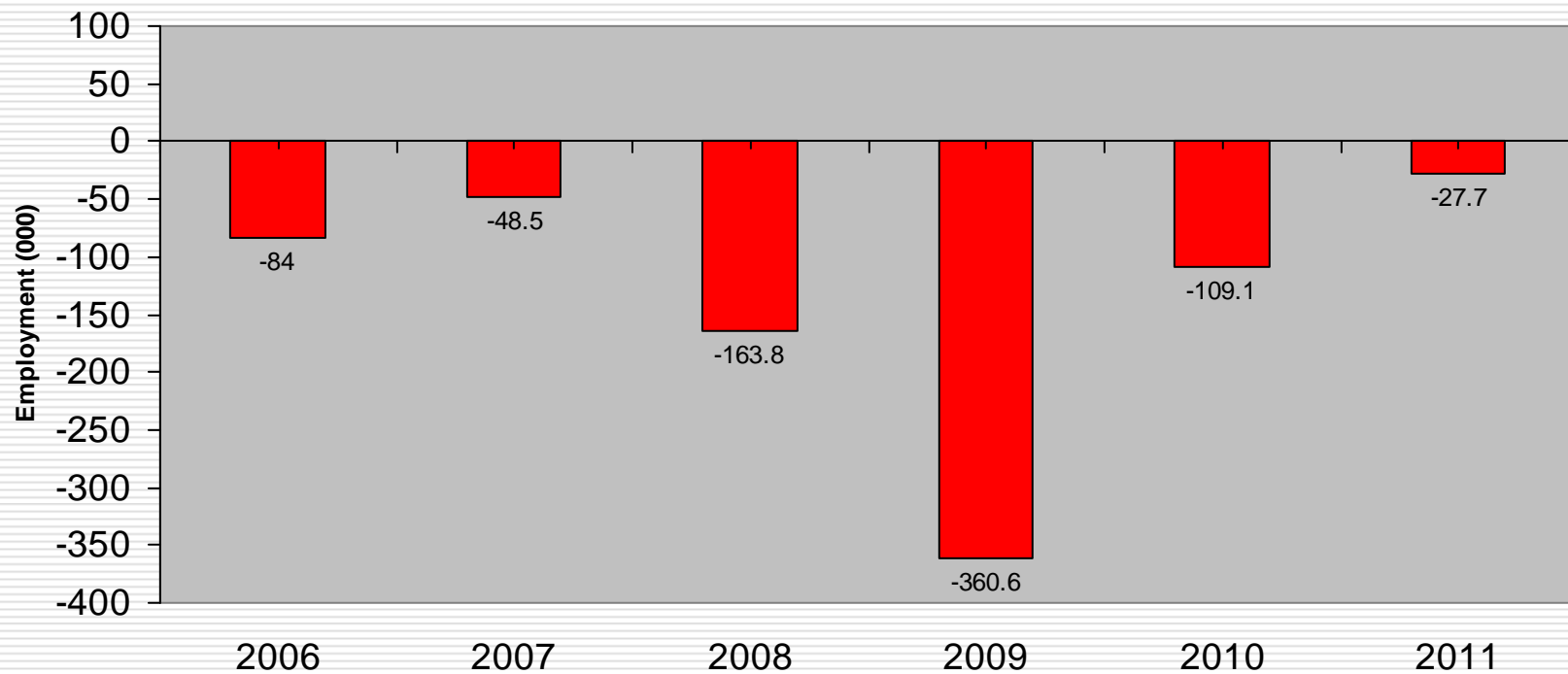
YTD 3rd Q 2009

With the national slowdown, the state's turnaround is further postponed.



Total employment has declined for 10 straight years and is expected to decline in 2010 and 2011.

Change in Total Employment

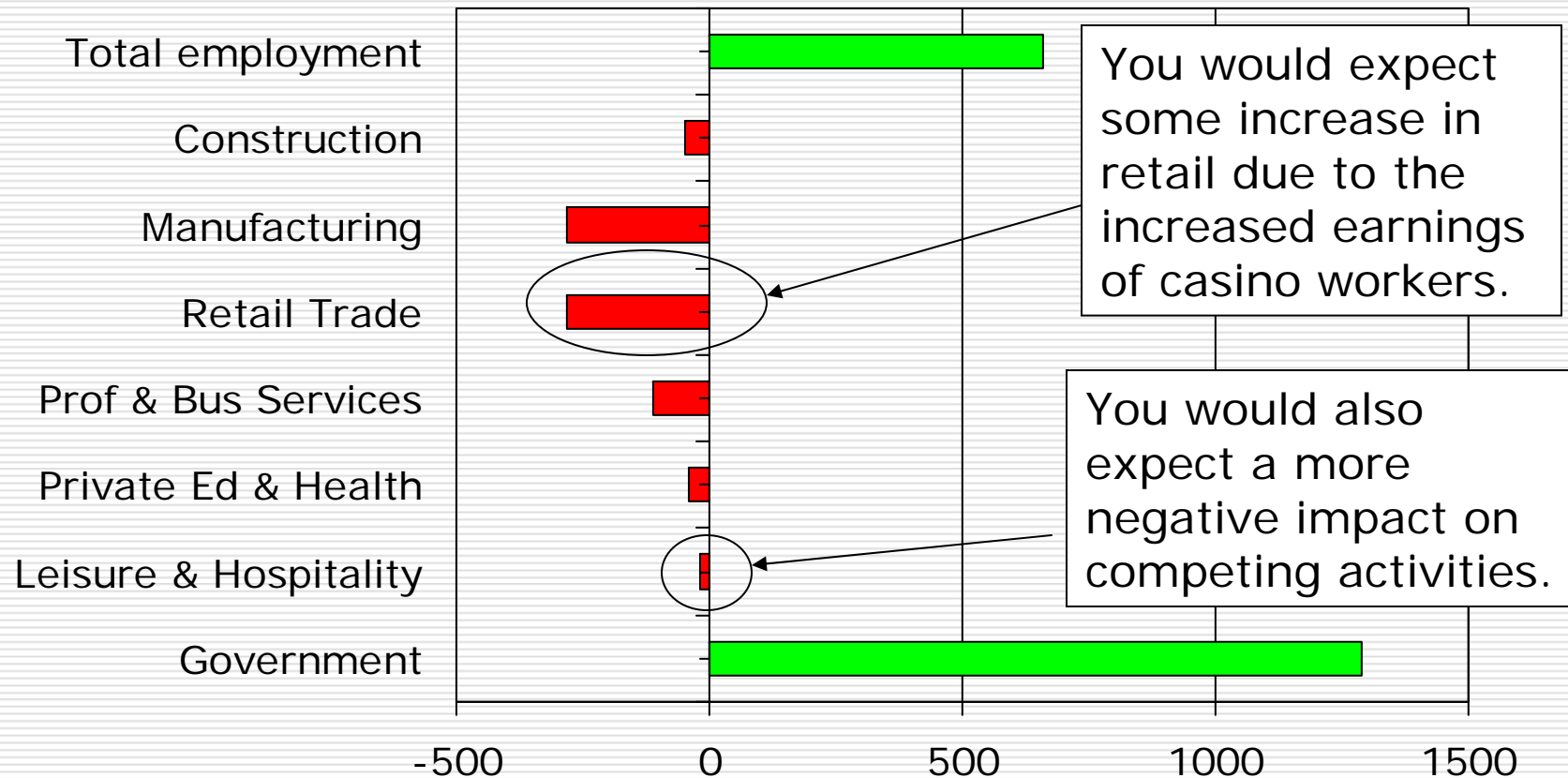


Source: University of Michigan, Nov 2009.

Calhoun County

- No matter what your thoughts are about gaming, it does create jobs for the local economy.
 - Modest evidence of crowding out.
 - Modest evidence of a substantial multiplier effect.
-

Employment Change in the Third Quarter



Looking into the Future

- ❑ There are promising signs nationwide.
 - ❑ UI claims are down, suggesting that local employment conditions are stabilizing.
 - ❑ There should be a multiplier impact of the increase in payrolls at the Firekeepers Casino in the coming months.
 - ❑ However, right now it “appears” that the people are being 1) pulled into the county by the casino or 2) kept in the county due to the casino.
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