

# 2021 Economic Outlook: Ionia County

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A presentation to  
The Ionia County Economic Development  
Alliance

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W.E. Upjohn Institute for Employment Research

March 11, 2021

# W.E. Upjohn Institute for Employment Research

The Institute is an activity of the W.E. Upjohn Unemployment Trustee Corporation, which was established in 1932 to administer a fund set aside by Dr. W.E. Upjohn, founder of the Upjohn Company.

## MISSION:

The W.E. Upjohn Institute for Employment Research is a private, nonprofit, nonpartisan, independent research organization devoted to investigating the causes and effects of unemployment, to identifying feasible methods of insuring against unemployment, and to devising ways and means of alleviating the distress and hardship caused by unemployment.

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# National Economy

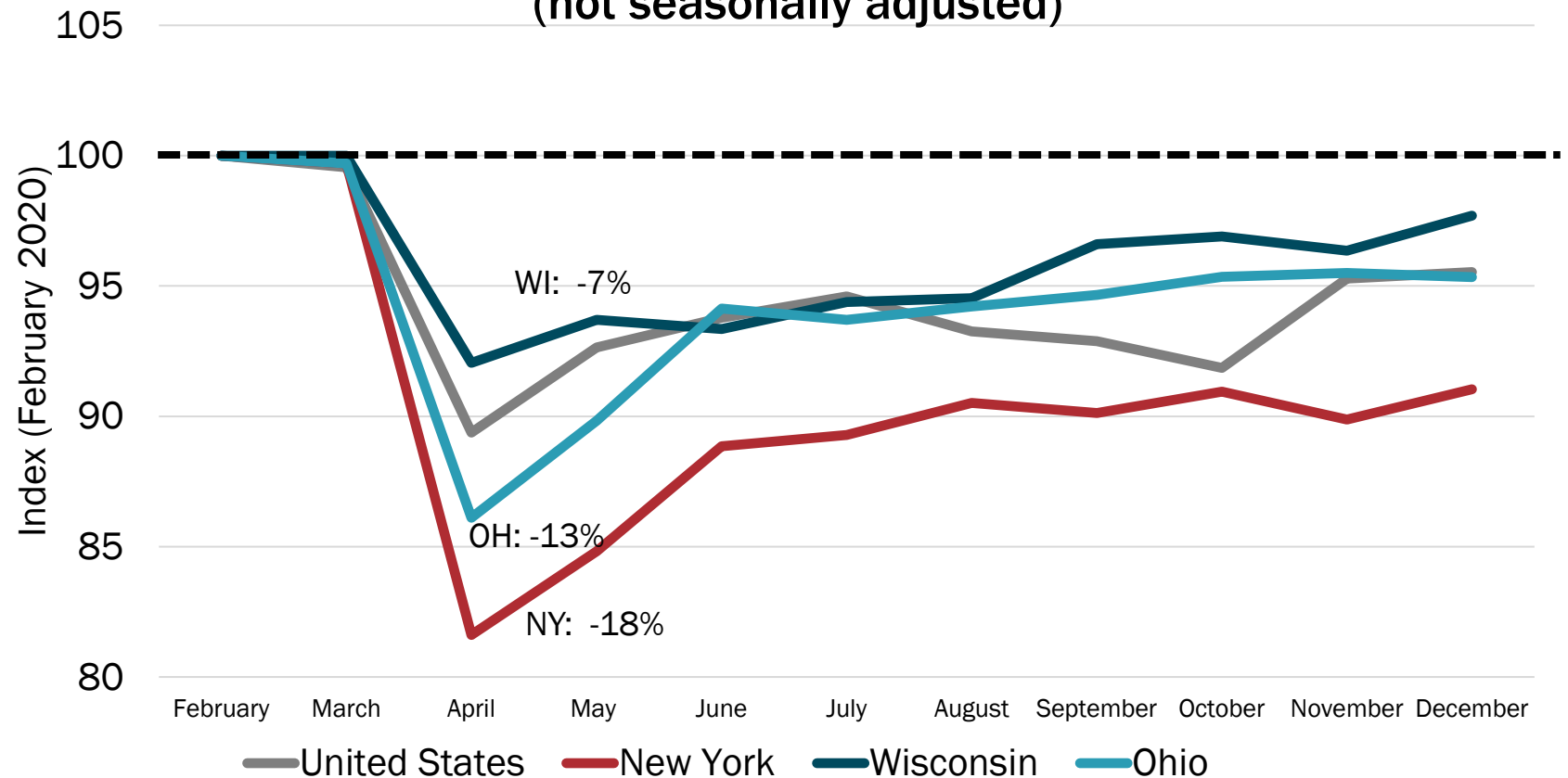
# The COVID-19 pandemic has hit the economy similarly to the Spanish Flu of 1918

## Manufacturing Employment during Spanish Flu Pandemic

Wisconsin: - 7%  
Ohio: -11%  
New York: -15%

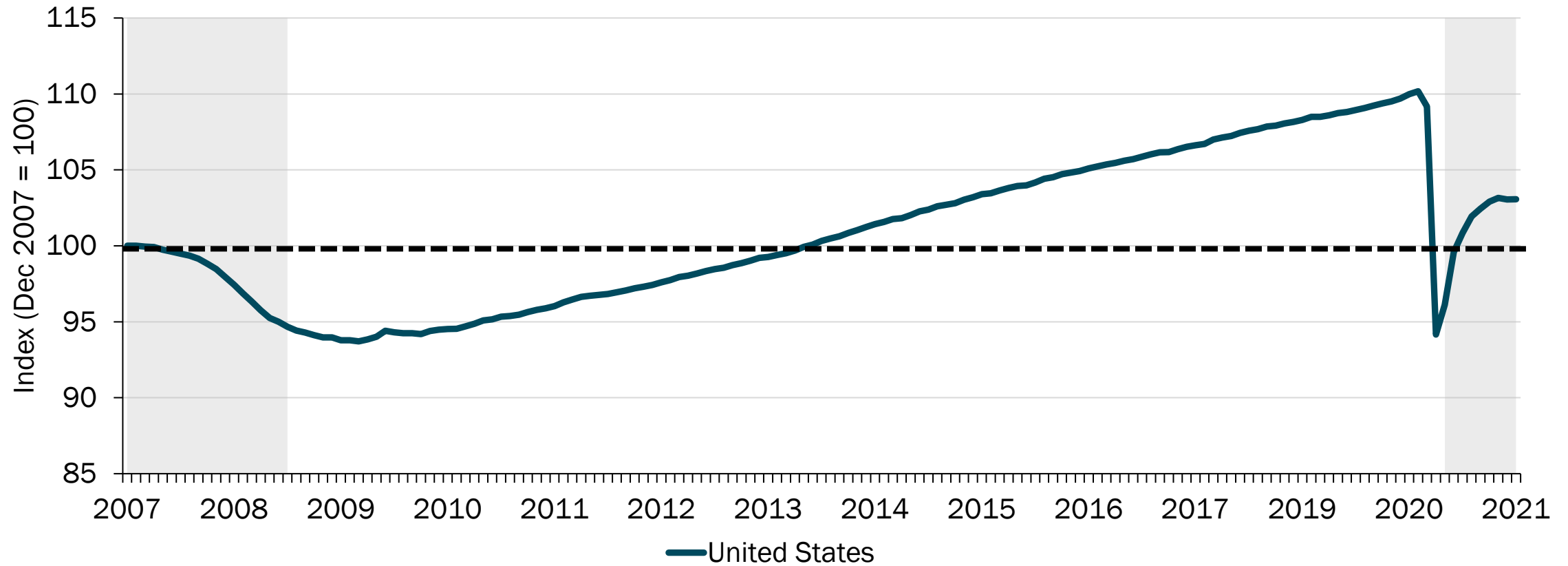
Velde, F. R. (2020). What happened to the US economy during the 1918 influenza pandemic? A view through high-frequency data.

Manufacturing Employment in Selected States in 2020  
(not seasonally adjusted)

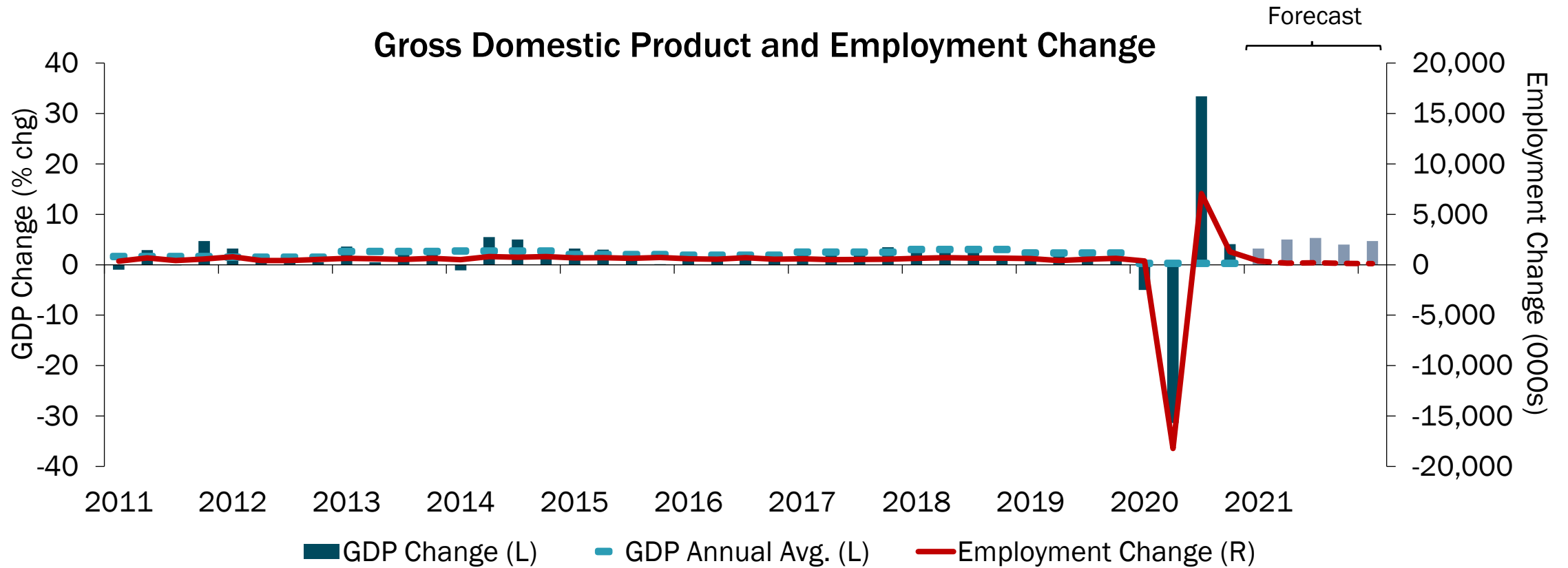


# Employment is higher than December 2007, but not fully recovered

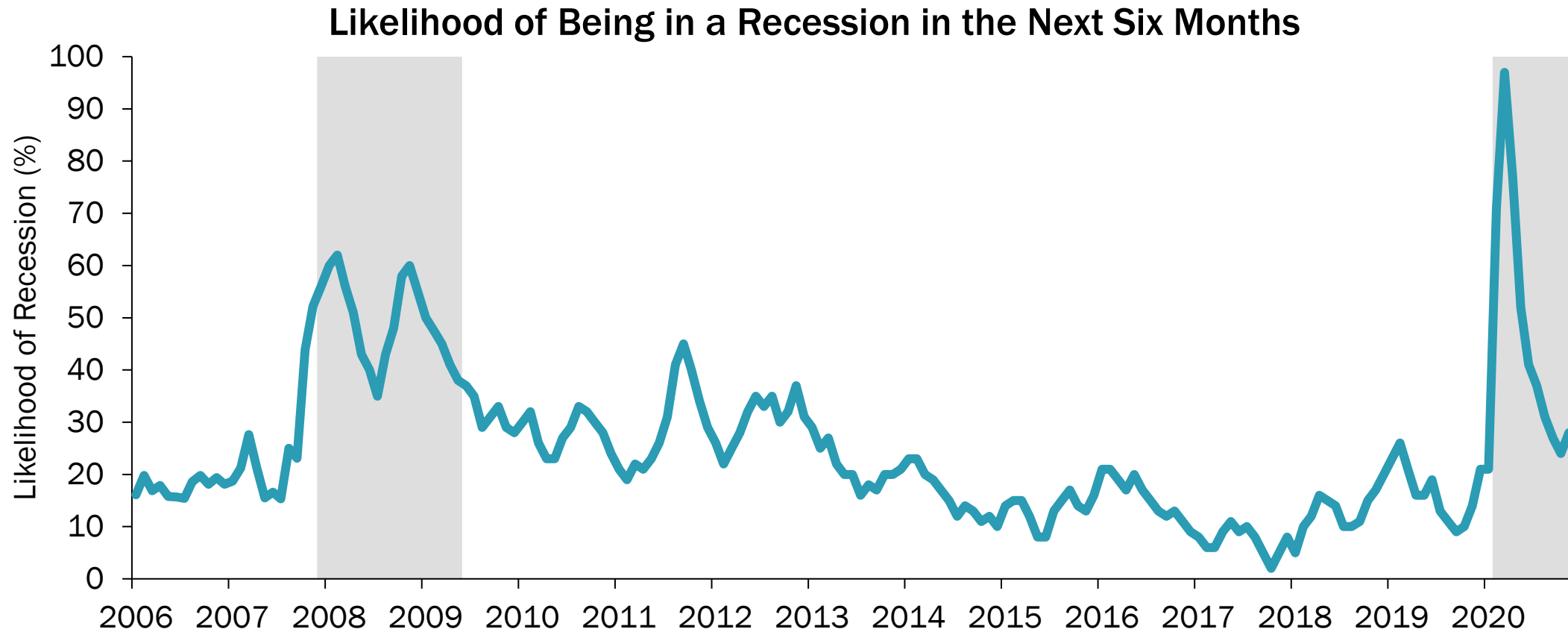
## Nonfarm Employment Index



# GDP growth is projected to remain solid, although employment growth is forecast to be slowing

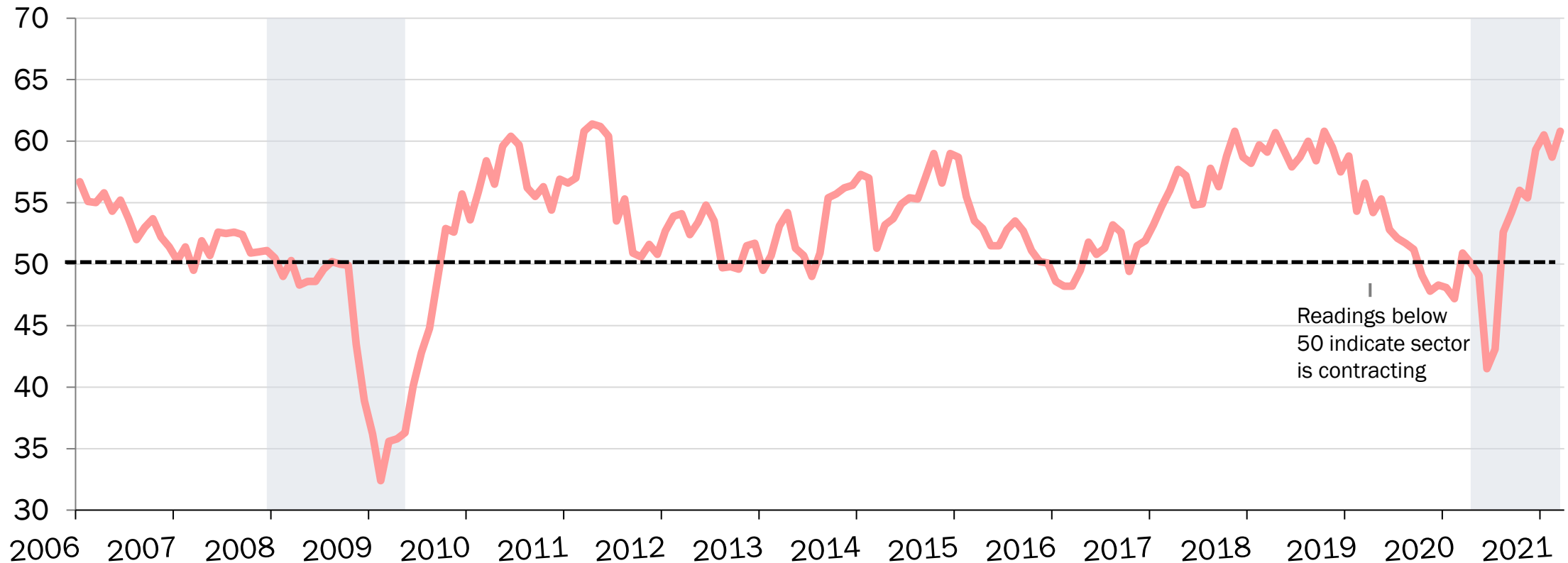


# Moody's predictions of a recession are trending downward: 28% in December



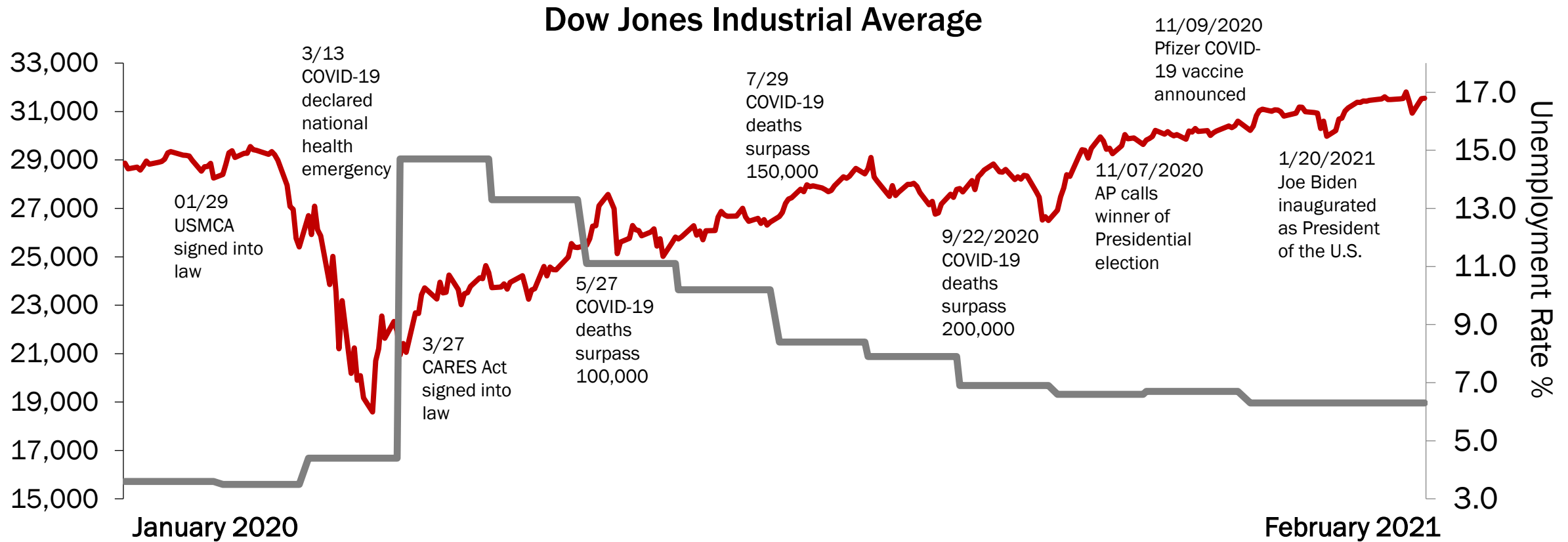
# National PMI stood at 60.8% in February, indicating that the manufacturing sector is expanding

## Purchasing Managers Index - National



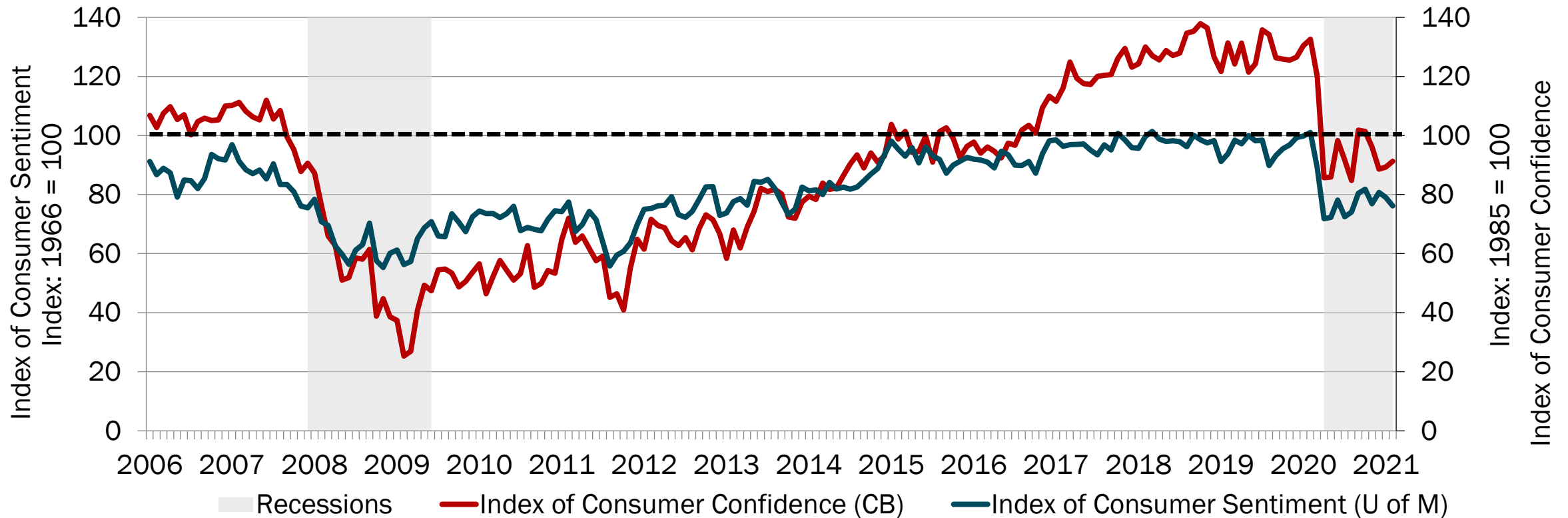


# The stock market has reacted to various events this year, and the recent ride has been surprisingly good



# Consumer confidence and sentiment are bouncing around after falling precipitously between February and April

## Consumer Confidence



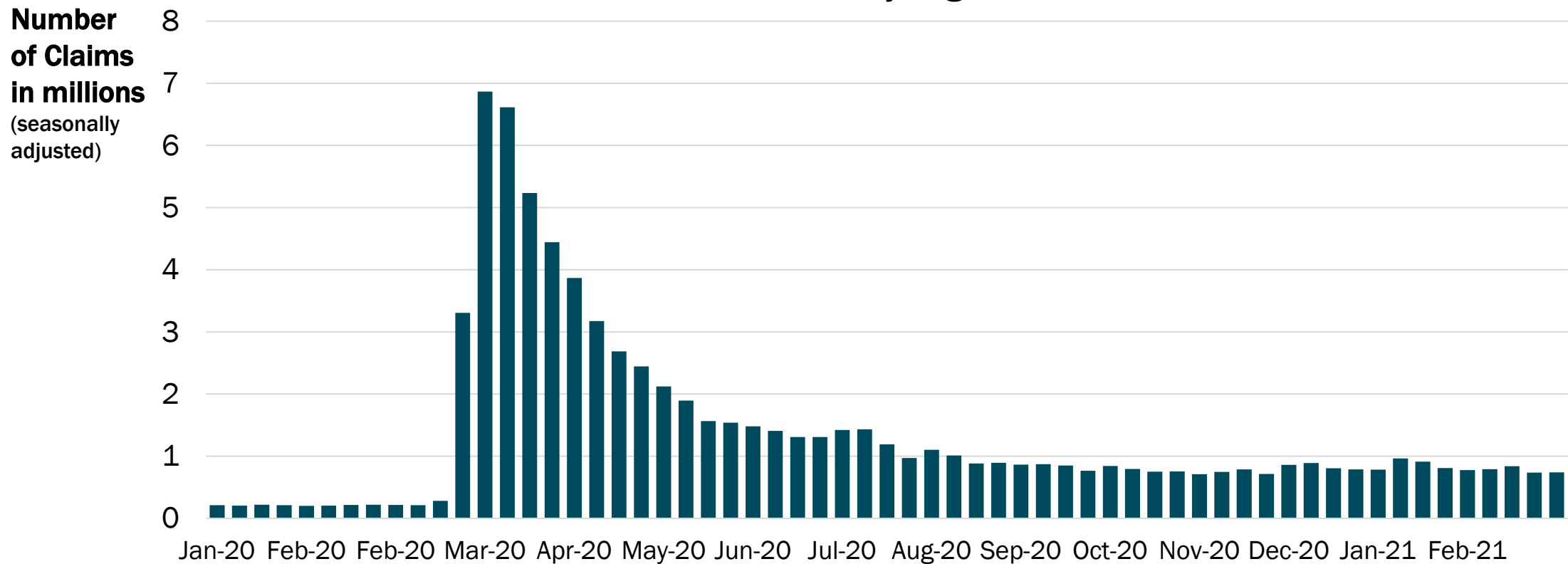
# University of Michigan/RSQE February\* national forecast:

**Note that these estimates are annualized**

	2020	2021 (Forecast)	2022 (Forecast)
GDP	-3.5%	7.1%	6.1%
Employment	-5.9%	2.4%	3.6%
Light Vehicle Sales (Millions)	14.4	16.5	16.8
Unemployment Rate	8.1%	5.8%	4.8%
Housing Starts (Millions)	1.40	1.61	1.66
CPI/Inflation	1.2%	2.3%	2.1%

# The number of UI filings have stabilized

## Weekly Initial Claim Filings for Unemployment Insurance are Slowing but Remain at Historically High Levels





REMI Forecasts

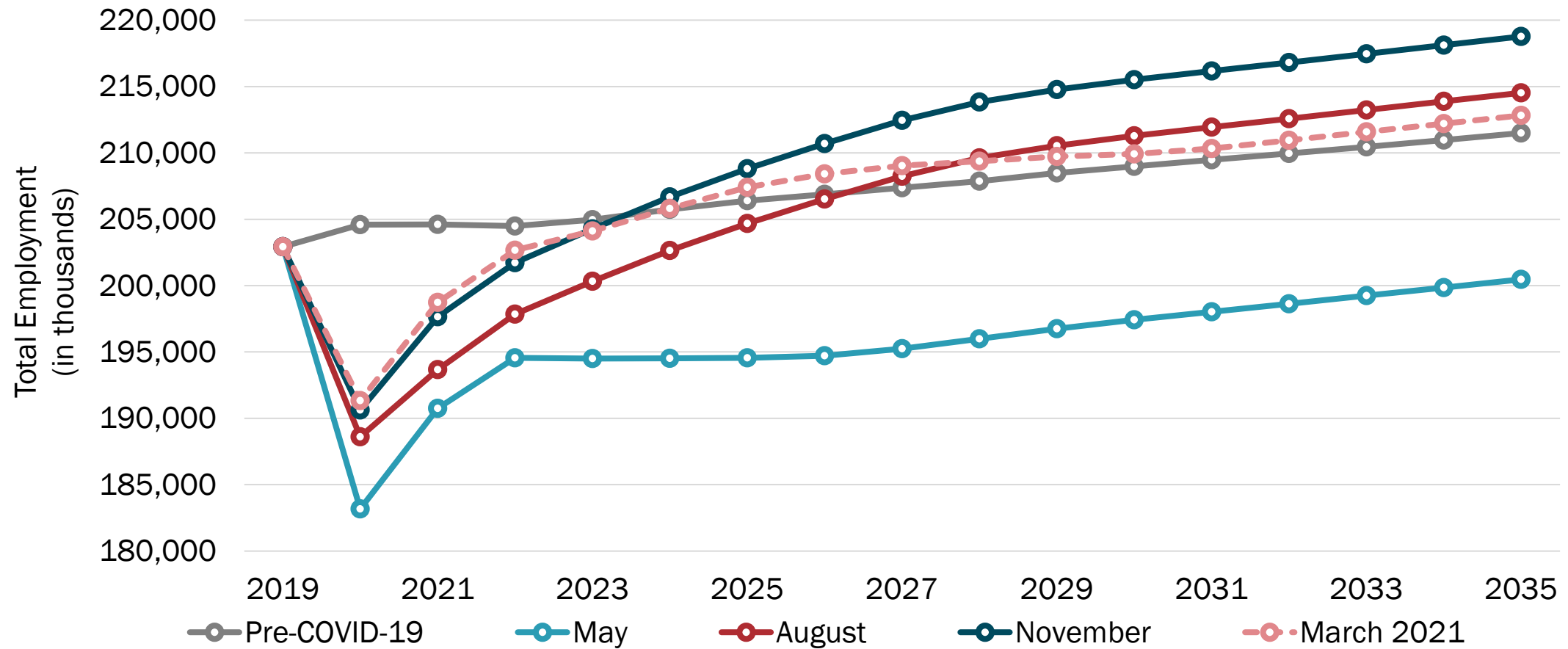
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# National Economic Forecast

# Methodology

- Upjohn uses a REMI model ([www.REMI.com](http://www.REMI.com))
  - To estimate economic impacts from projects and events
  - Forecast national and regional changes in trends
- As new forecasts were produced the latest REMI model was updated
  - National forecast is updated
  - Regional forecasts are updated
  - Forecasts come from:
    - Research Seminar in Quantitative Economics at U of M
    - Congressional Budget Office (CBO)

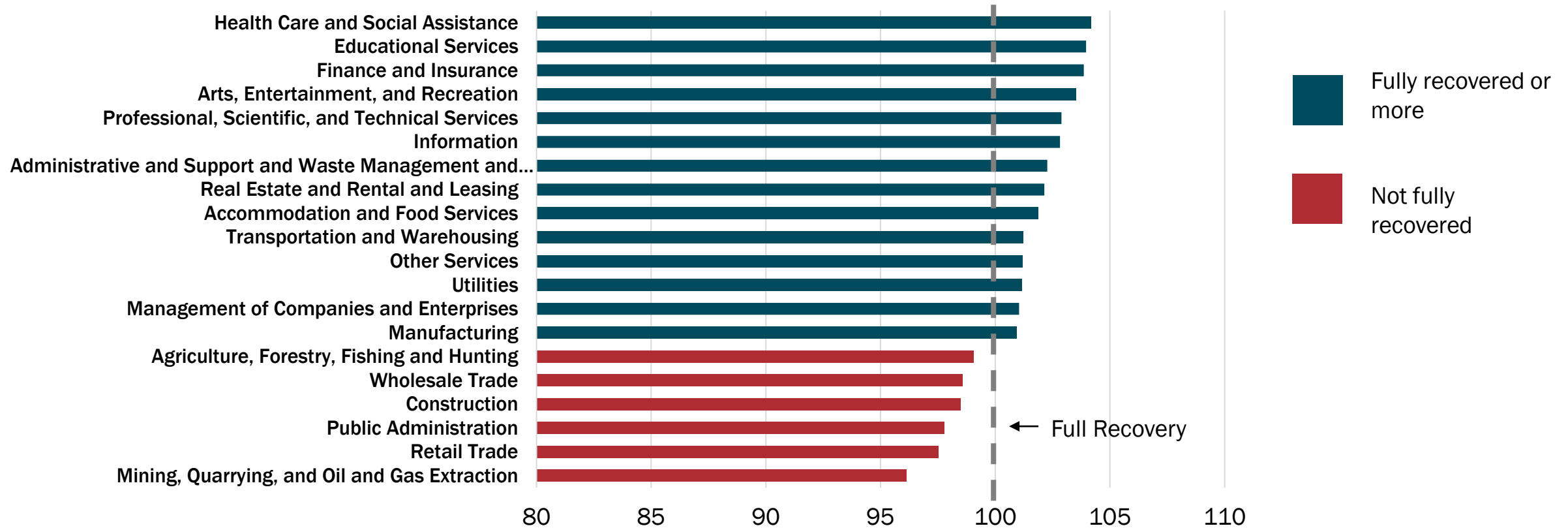
# National forecast for total employment



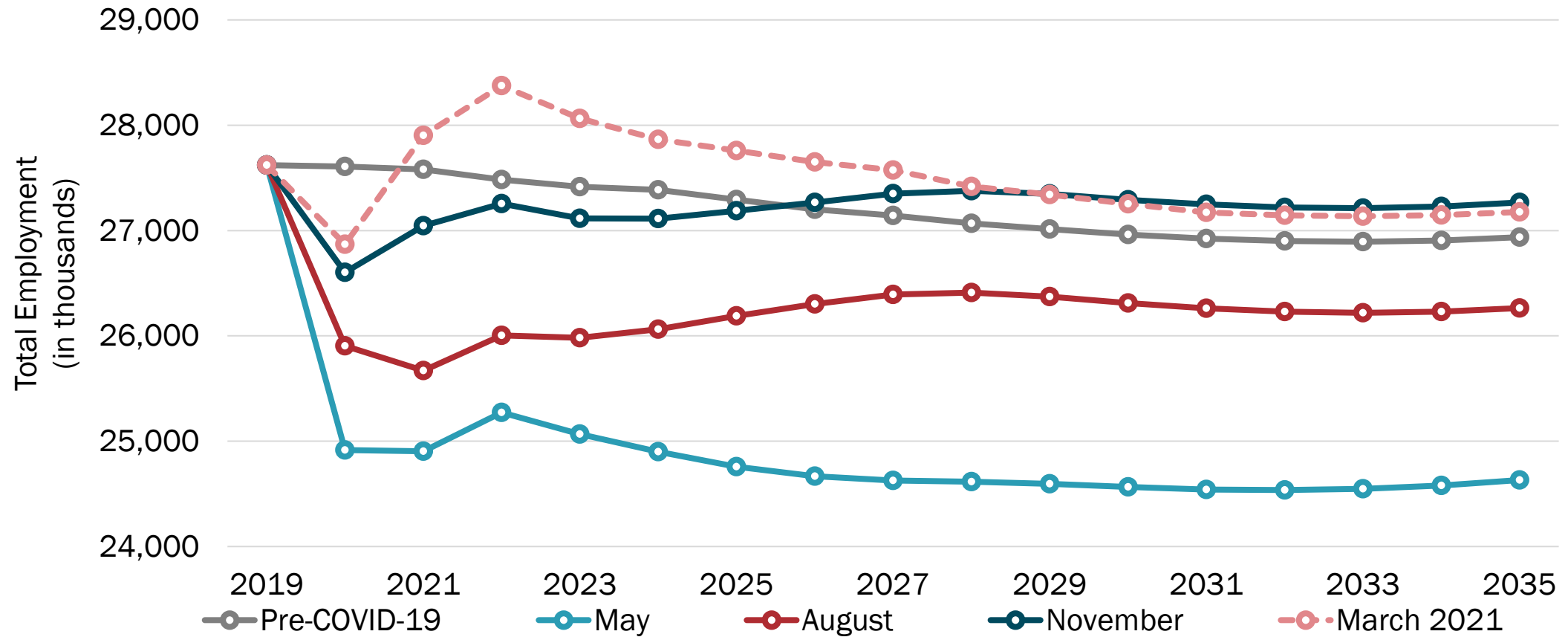


# Industry recovery forecast

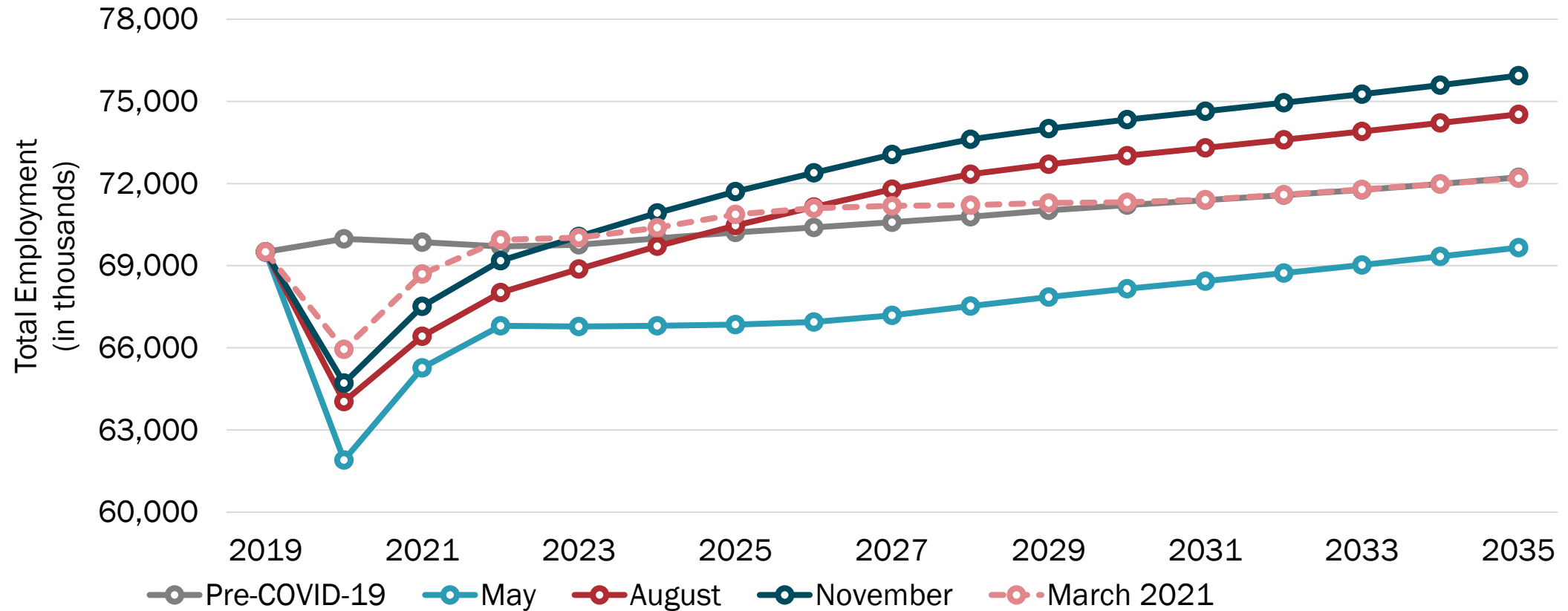
## Projected Recovery of Industry Sectors Nationally by 2025



# National forecast for goods producing employment

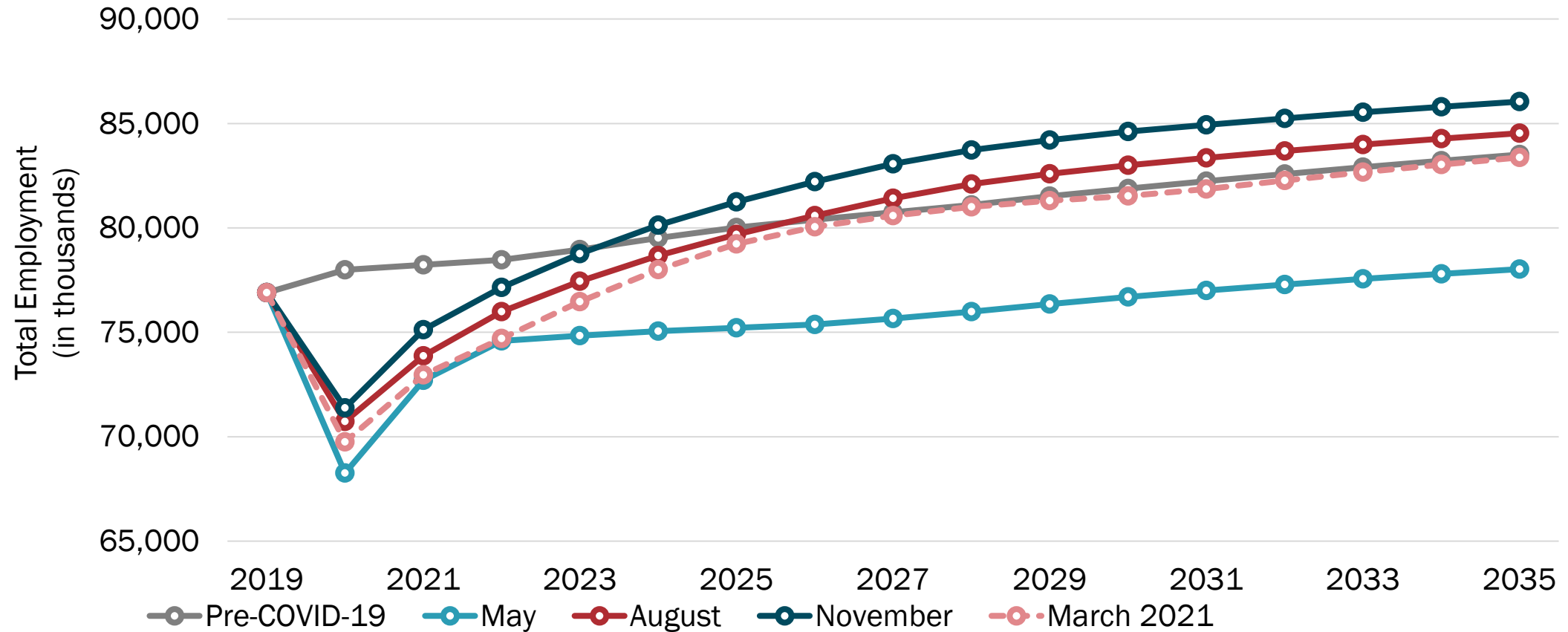


# National forecast for business service sector\* employment



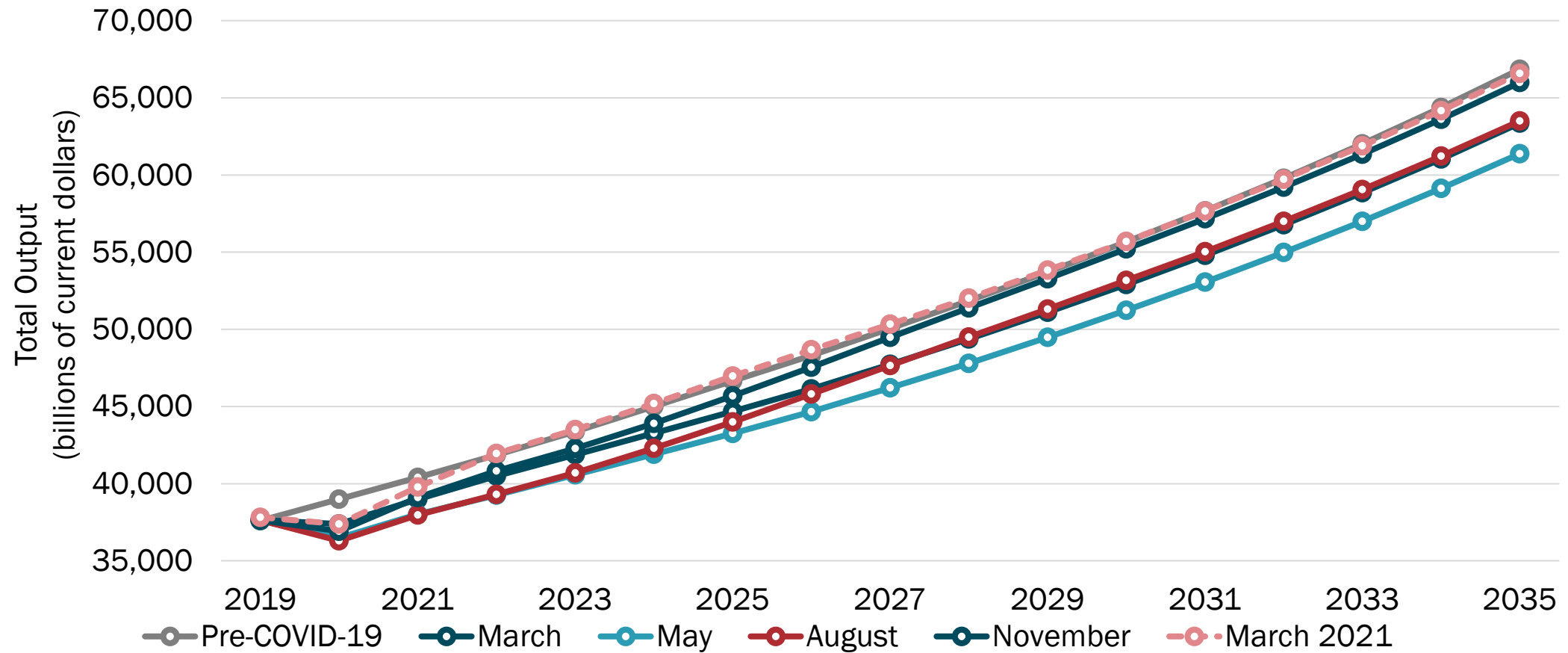
\*Includes: Wholesale Trade; Transportation & Warehousing; Information, Finance, & Real Estate; Professional, Scientific, & Business Services; Management of Companies & Enterprises; Administrative, Support, Waste Management & Remediation Services

# National forecast for personal service sector\* employment



\*Includes: Retail Trade, Education & Health Services, Leisure & Hospitality, Other Services (excluding Public Administration).

# National forecast for total output



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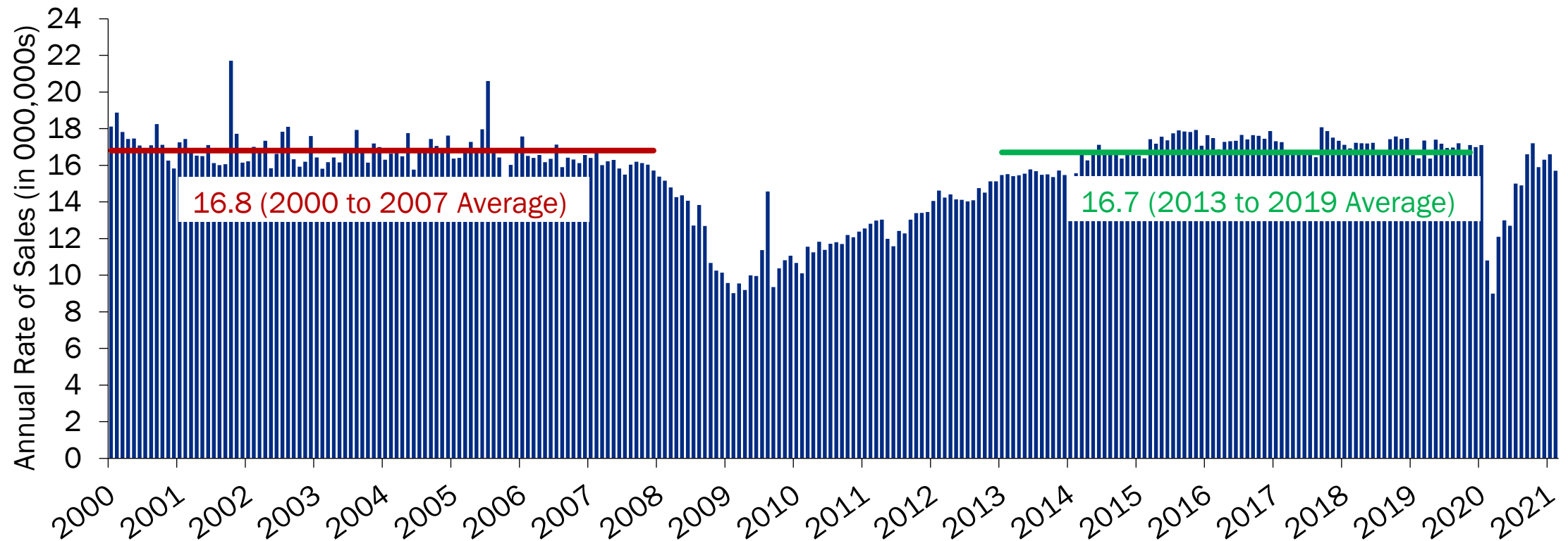
# Michigan Economy

# University of Michigan RSQE current\* state forecast

	2020	2021 (Forecast)	2022 (Forecast)
Employment Change (thousands)	-350.75 (-7.4%)	172.6 (+3.9%)	88.3 (+1.94%)
Manufacturing Employment Change (thousands)	-67.0 (-10.7%)	23.74 (+4.2%)	19.49 (+3.34%)
Unemployment Rate	9.8%	6.8%	5.2%
Labor Force Participation Rate	60.3%	61.2%	60.6%

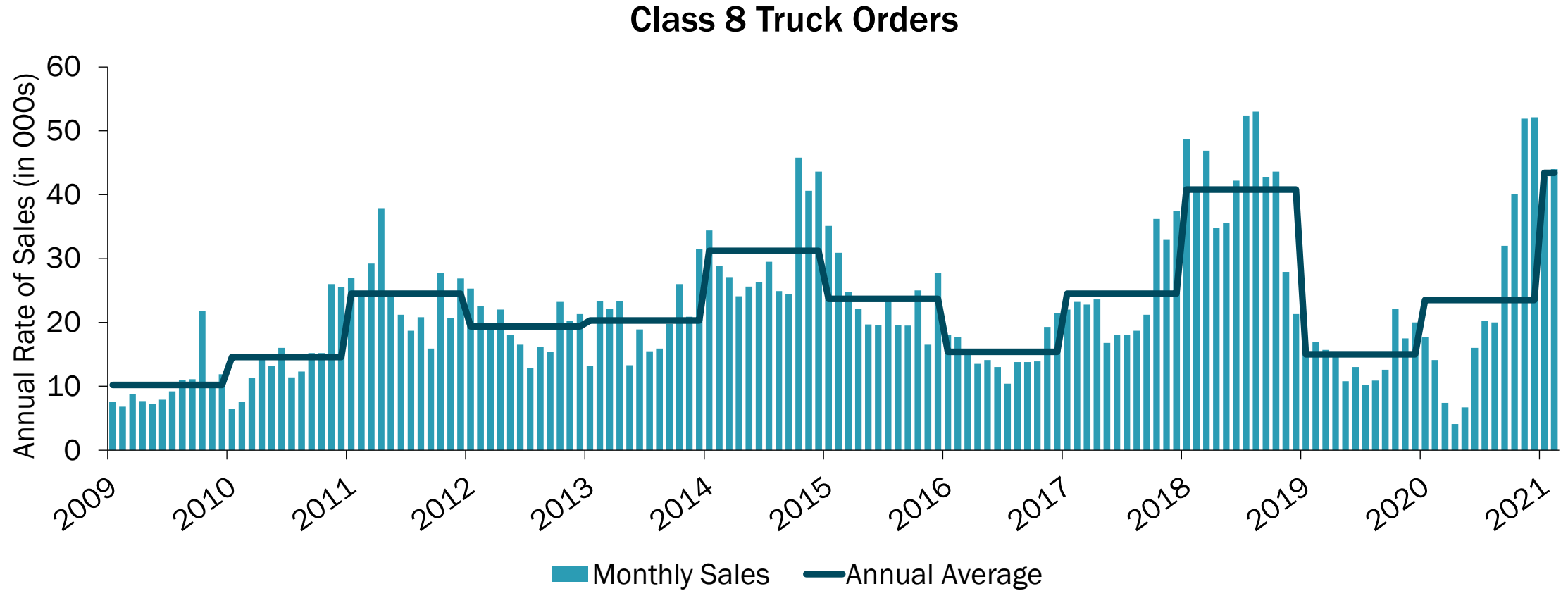
# Light vehicle sales are doing relatively well, but will supply chain issues and affordability affect supply and demand?

Annualized Rate of U.S. Light Vehicle Sales (In Millions)





# Class 8 Truck Orders reach highest level since 2019



# Michigan unemployment rate

- In December 2020, Michigan's unemployment rate was at 7.5% and the United States was at 6.7%.

## Unemployment Rate

December 2020

3.6 to 5%

5.1 to 6%

6.1 to 7%

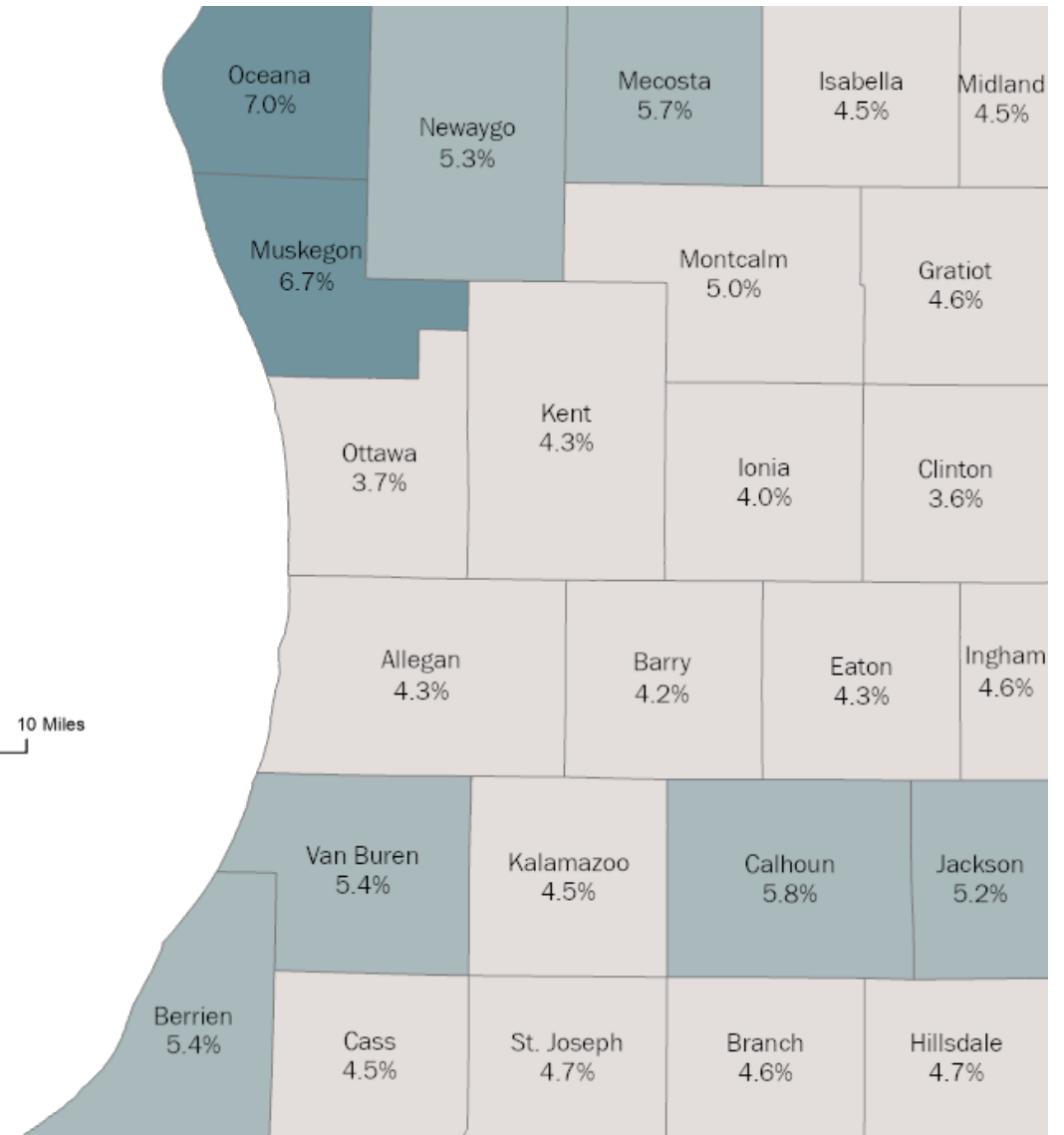
7.1 to 8%

8.1 to 12.6%



0 5 10 Miles

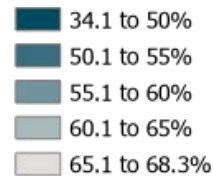
Source: Bureau of Labor Statistics,  
U.S. Census Bureau



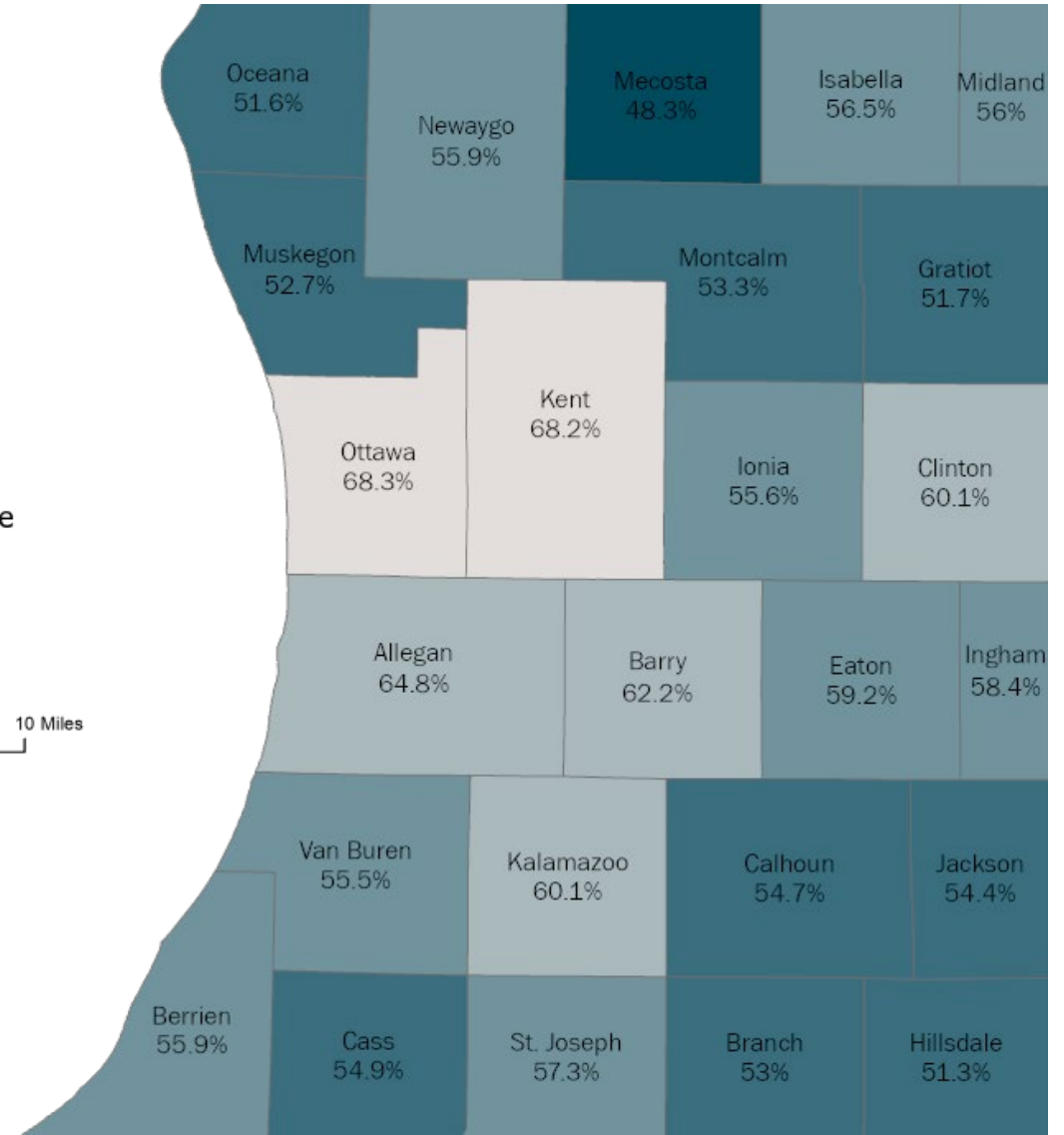
# Michigan labor force participation rate

- In December 2020, Michigan's labor force participation rate was at 59.9% and the United States was at 61.5%.

Labor Force Participation Rate  
December 2020



Source: Bureau of Labor Statistics,  
U.S. Census Bureau



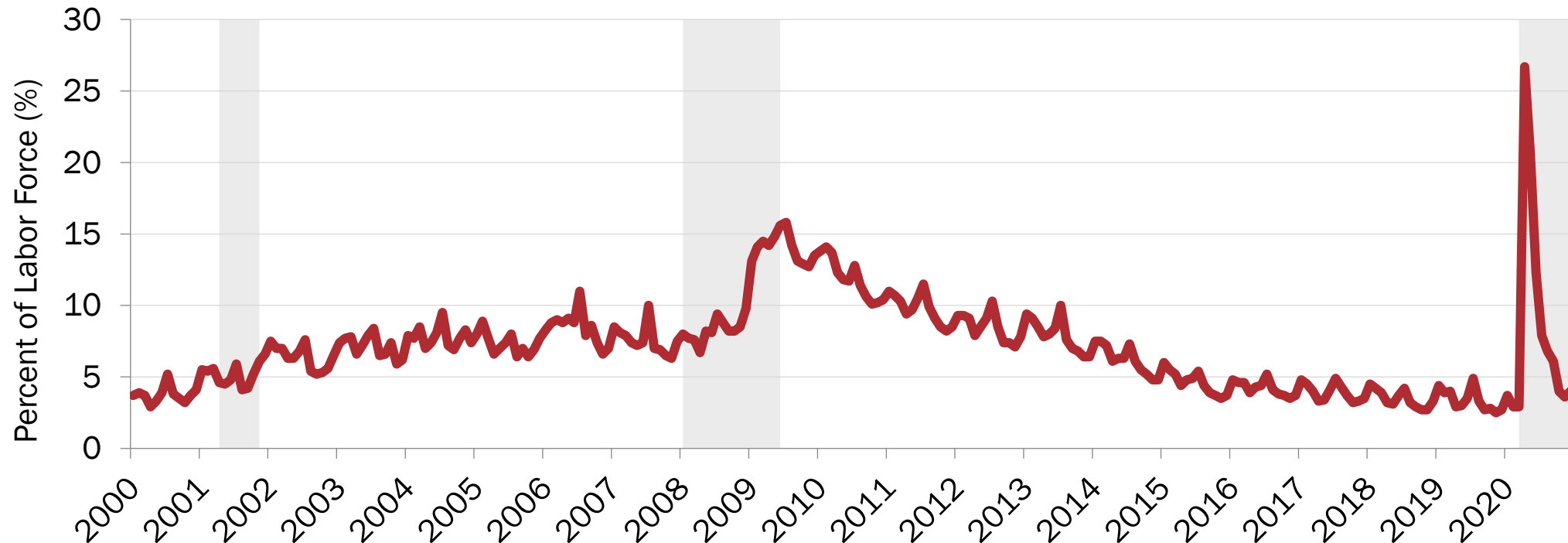
Current Conditions

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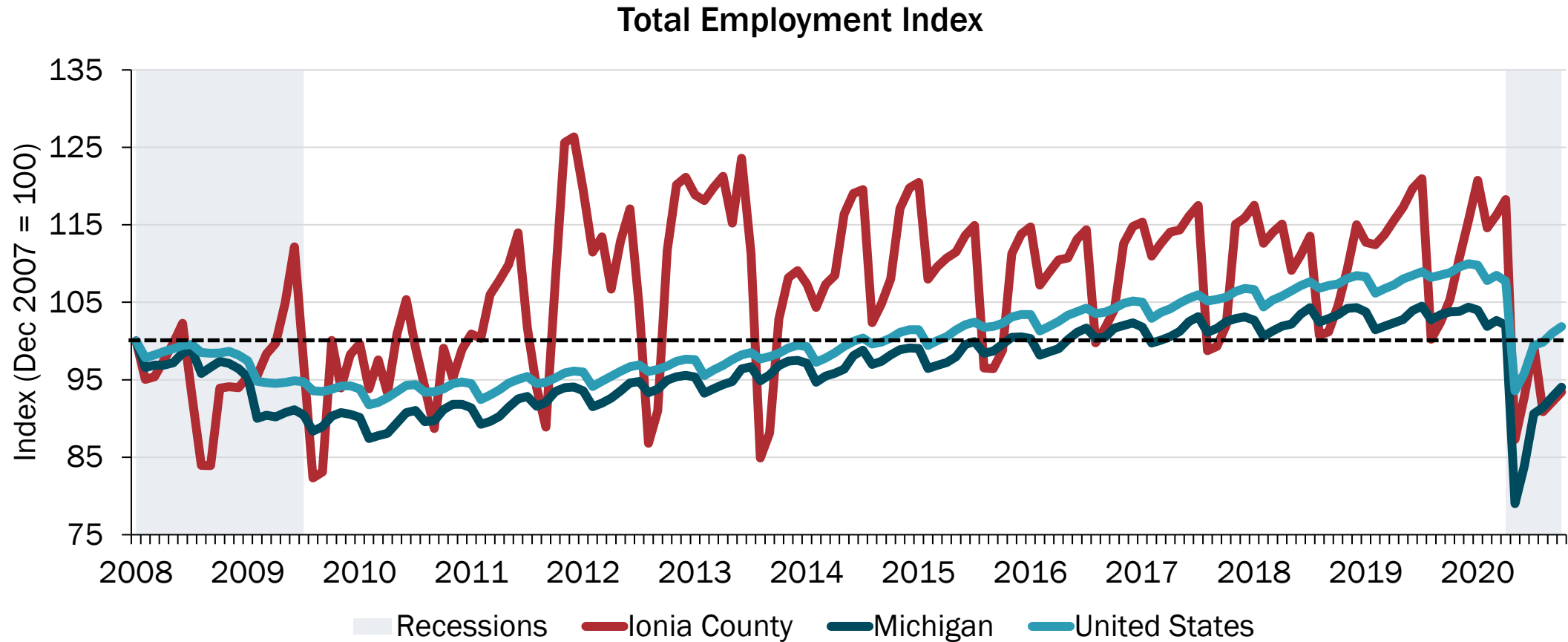
# Ionia County Economy

# Based on the latest data, the current unemployment rate for Ionia County was 4.0% in December

## Unemployment Rate for Ionia County

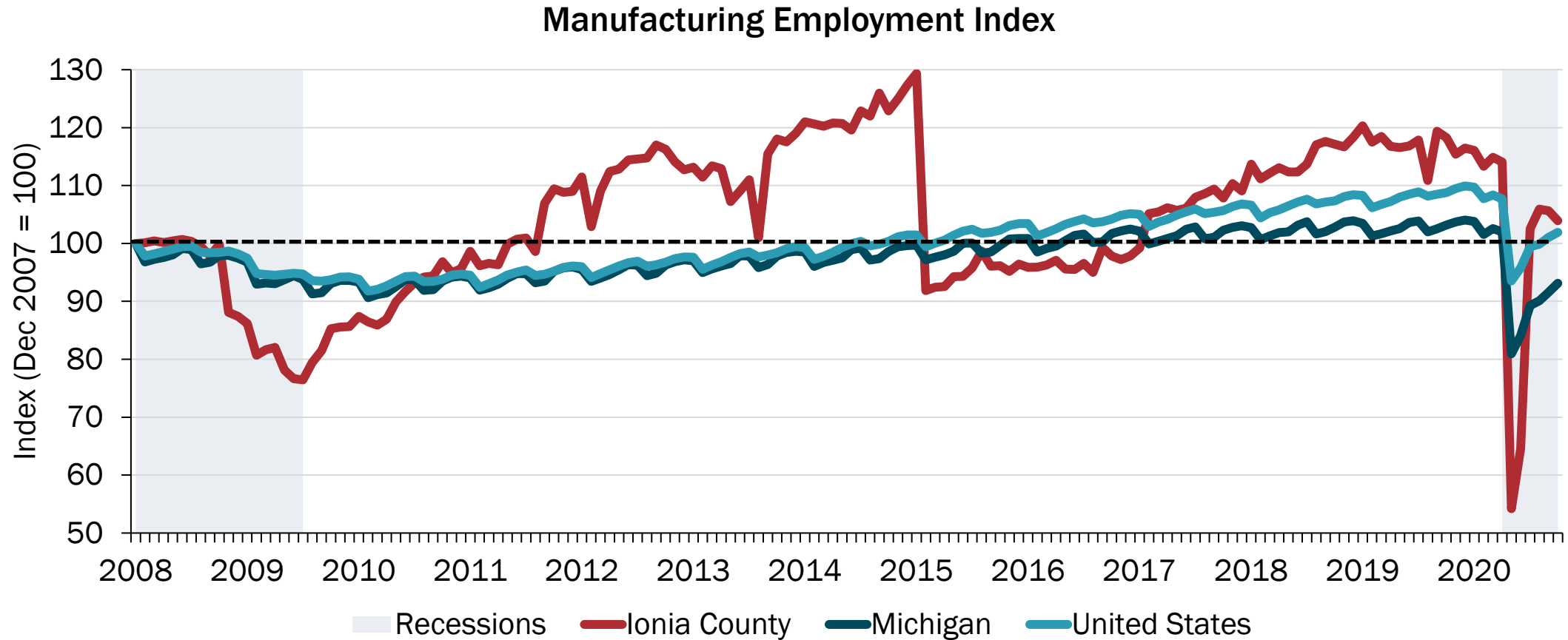


# Ionia County continues to recover



Note: Data reported through September 2020

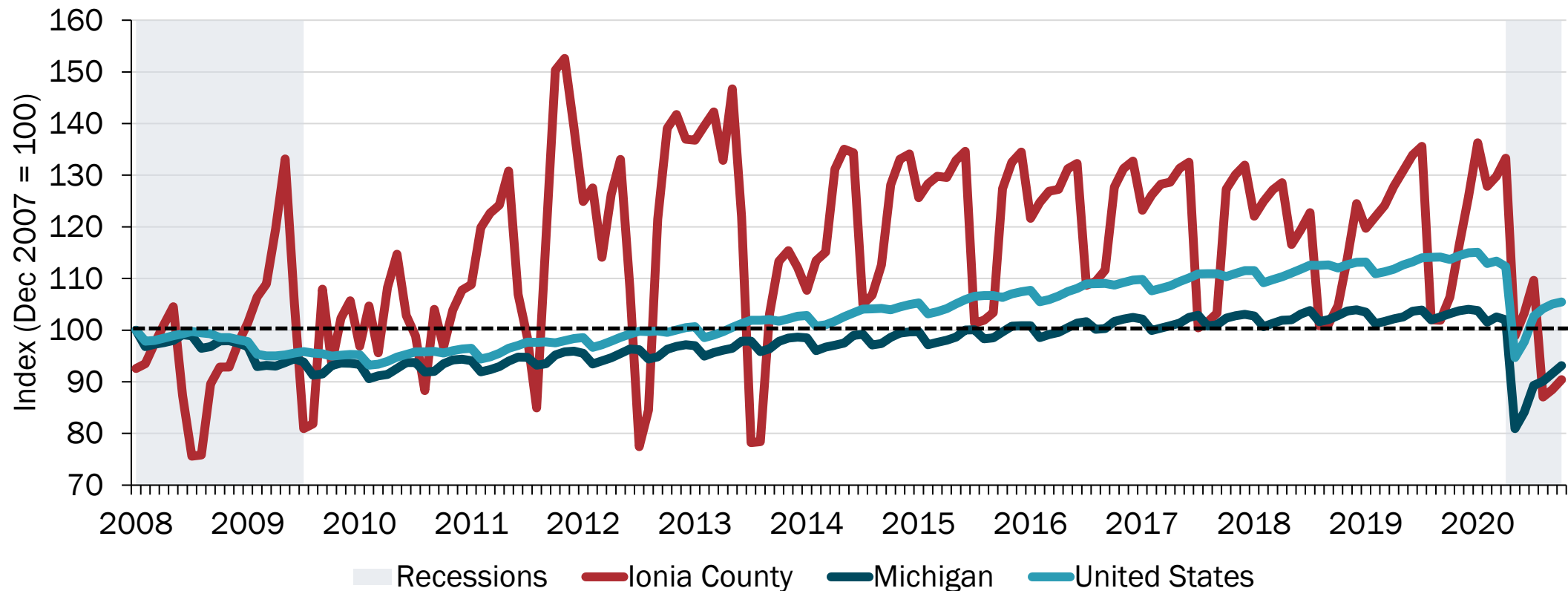
# Manufacturing employment has not fully rebounded



Note: Data reported through September 2020

# The service sector employment rebound is faster than the state

## Service Providing Employment Index



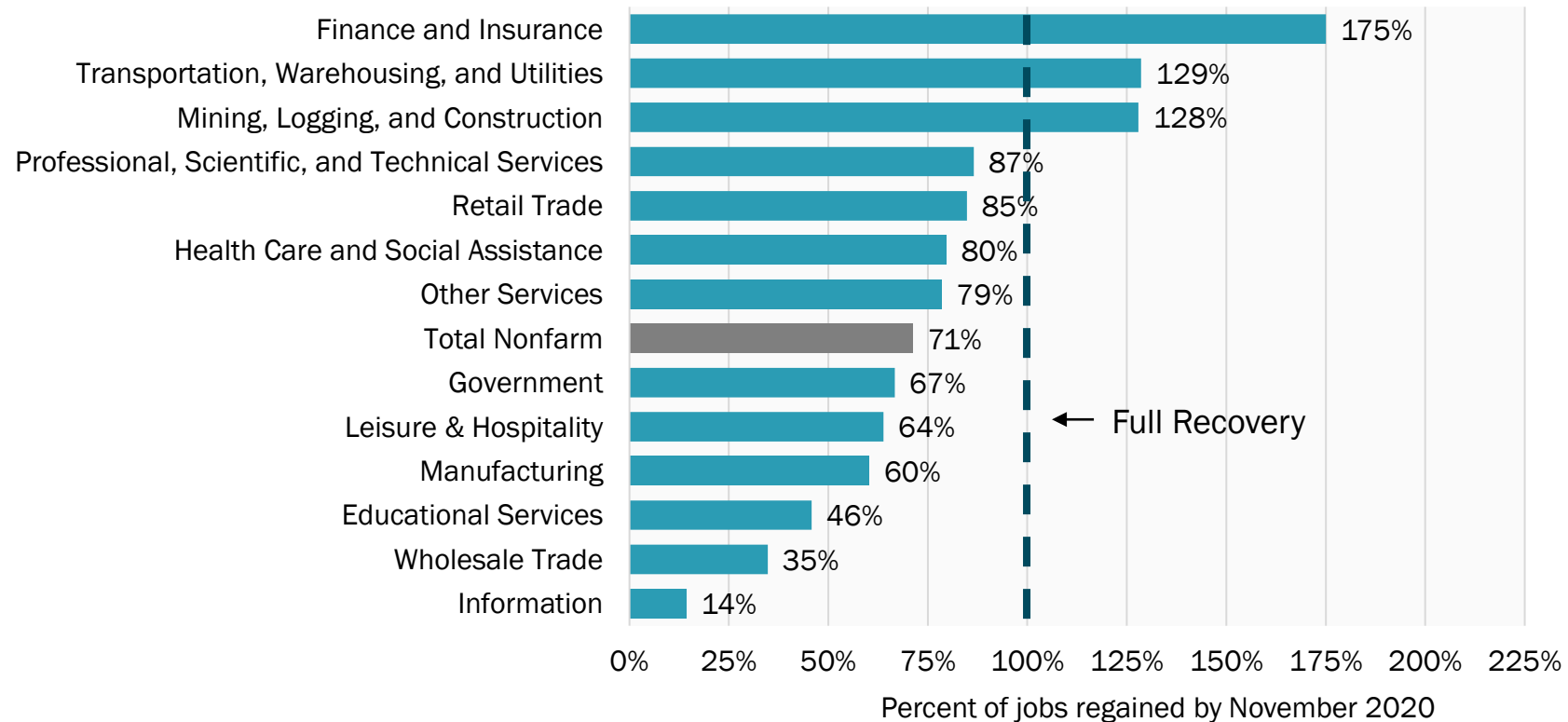
Recessions Ionia County Michigan United States

Note: Data reported through September 2020



# Employment recovery forecast

## Percent of Jobs Regained\* by November 2020 Following Employment Declines Beginning in March in Ionia County by Major Sector



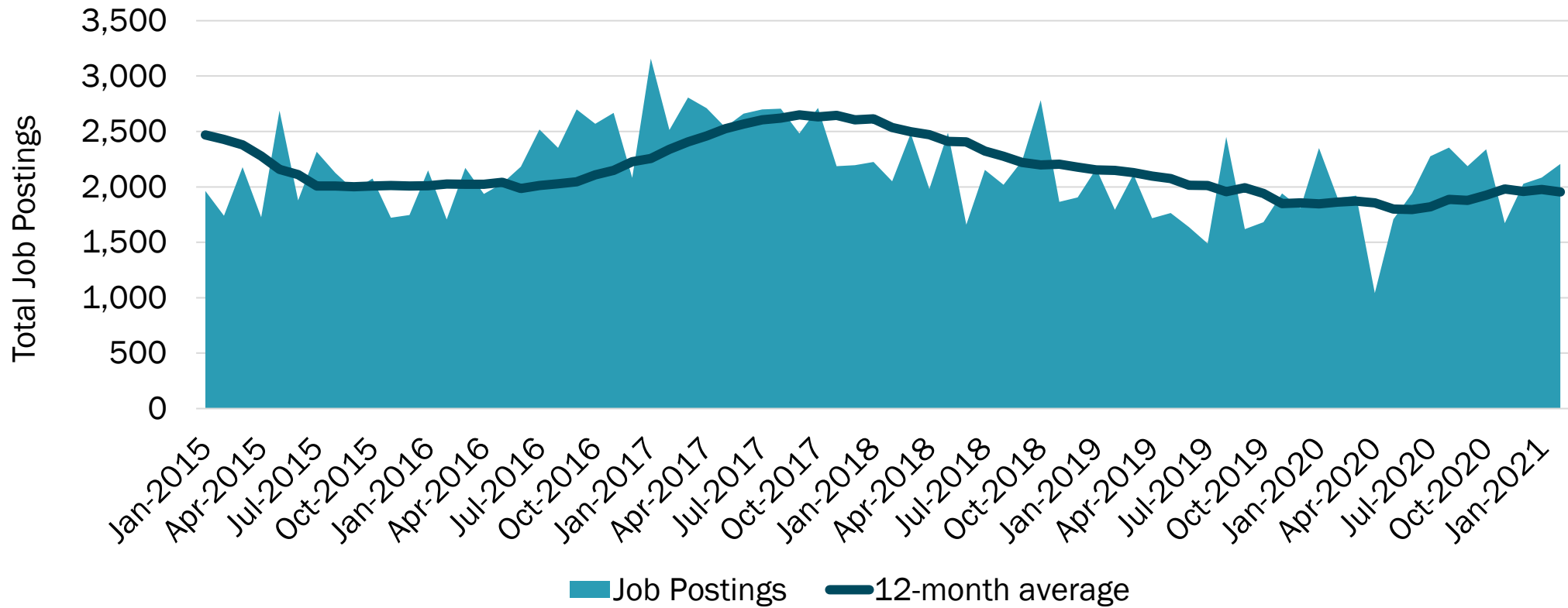
\*Data not seasonally adjusted

Job Postings

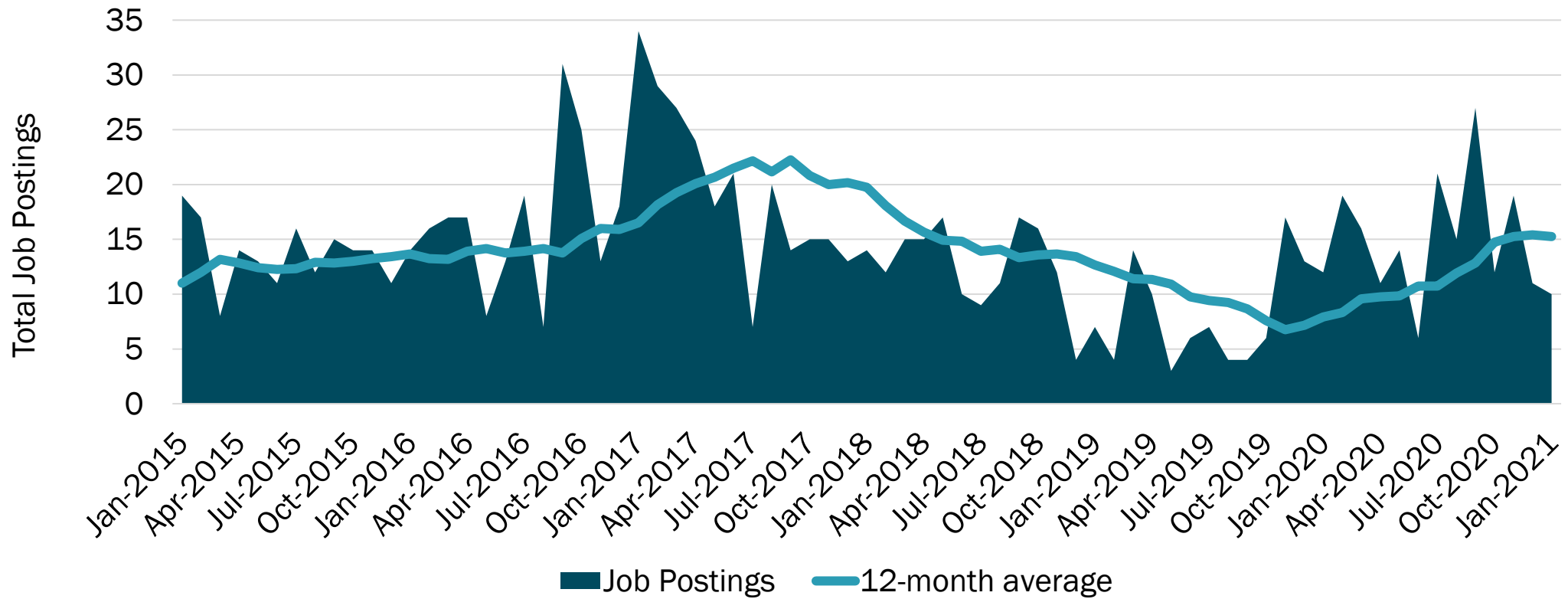
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**Ionia County**

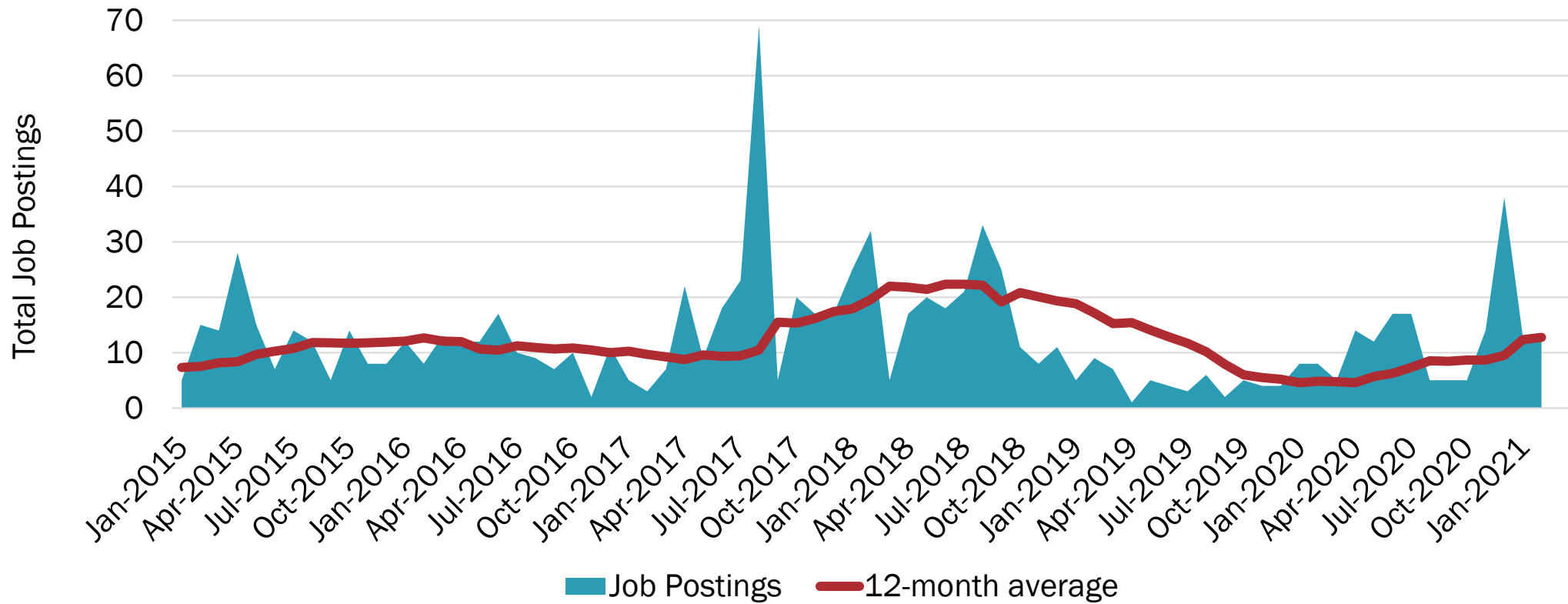
# Total job postings in Ionia County



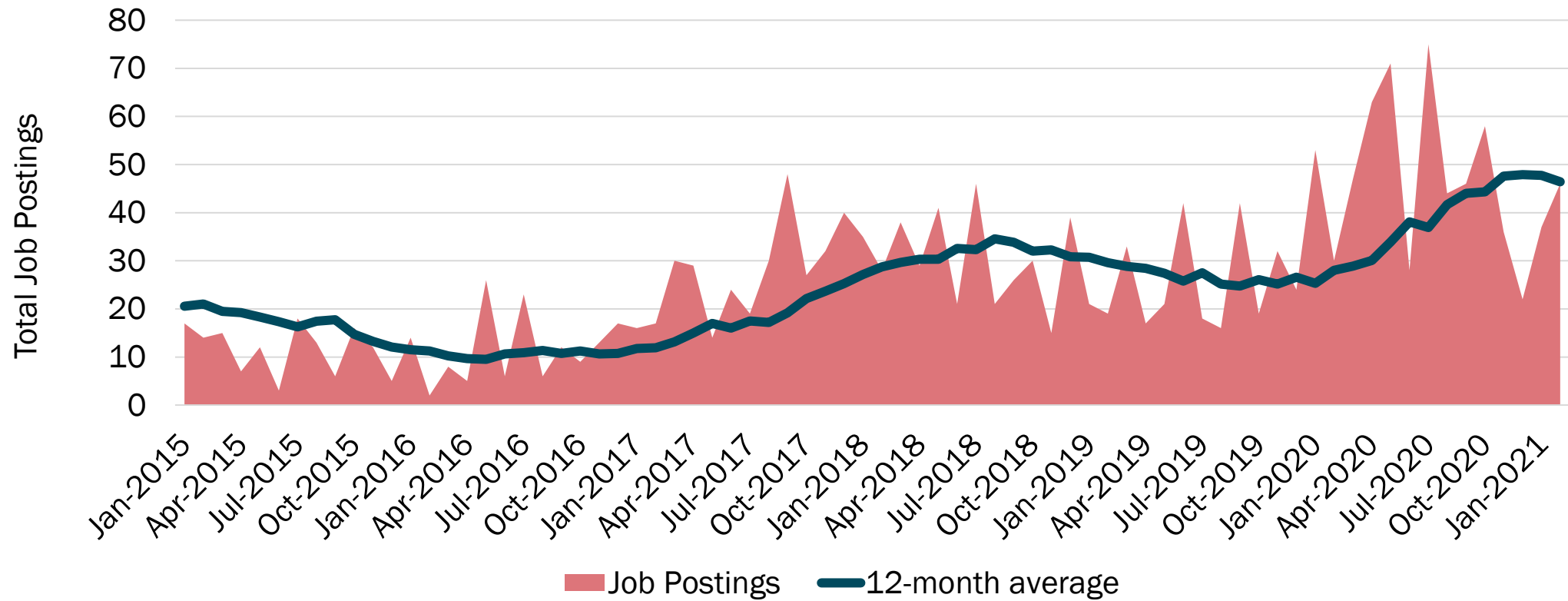
# Total job postings for manufacturing in Ionia County



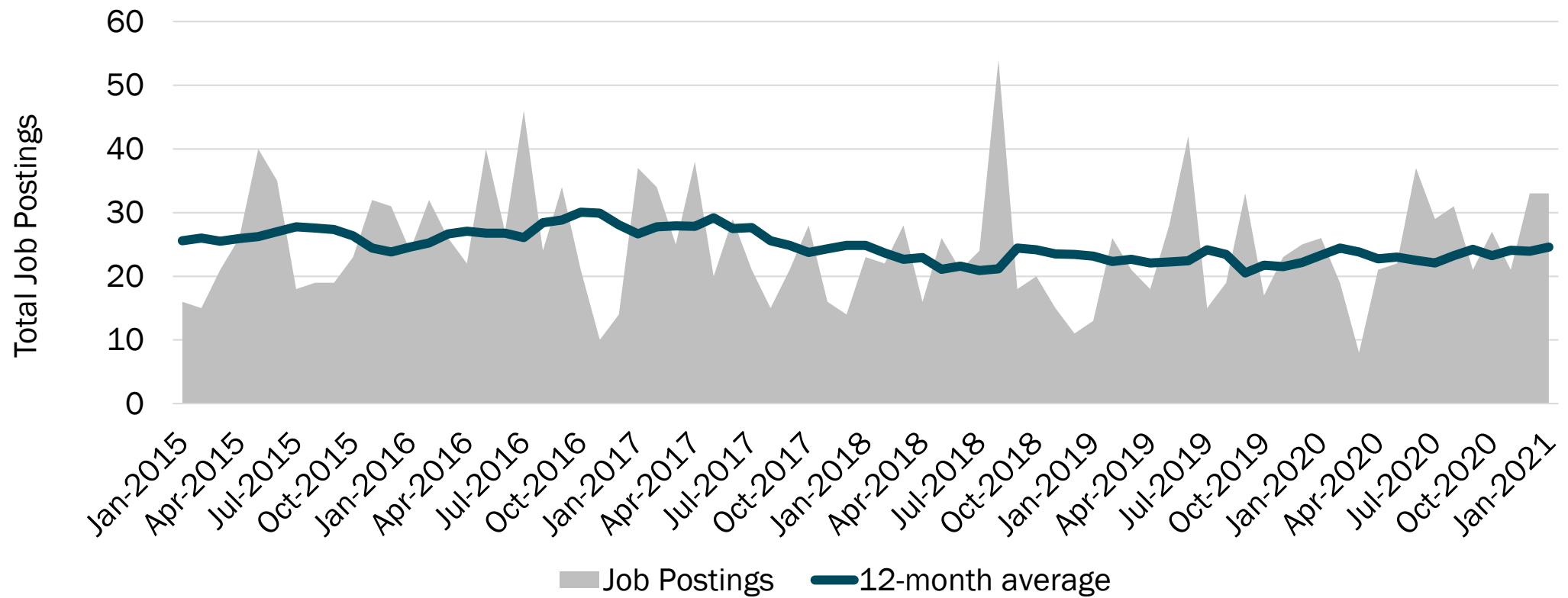
# Total job postings for transportation and warehousing in Ionia County



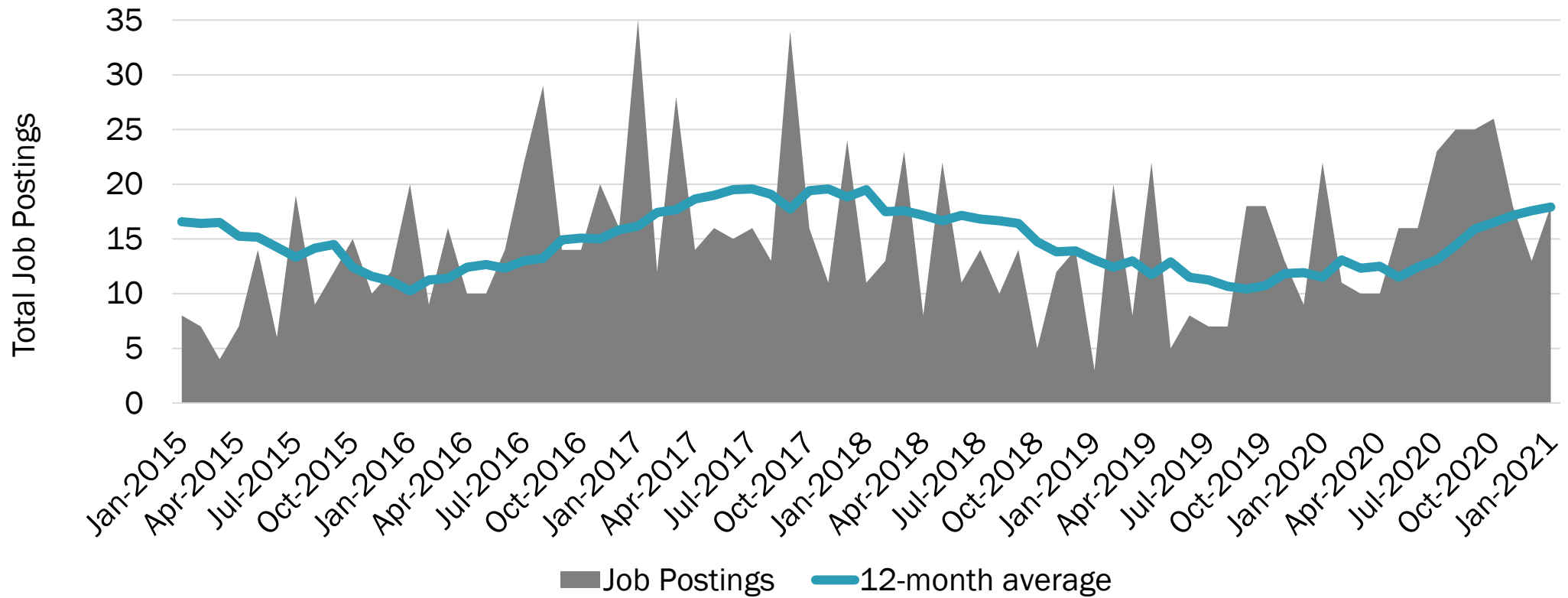
# Total job postings for retail trade in Ionia County



# Total job postings for health care and social assistance in Ionia County



# Total job postings for accommodation and food services in Ionia County



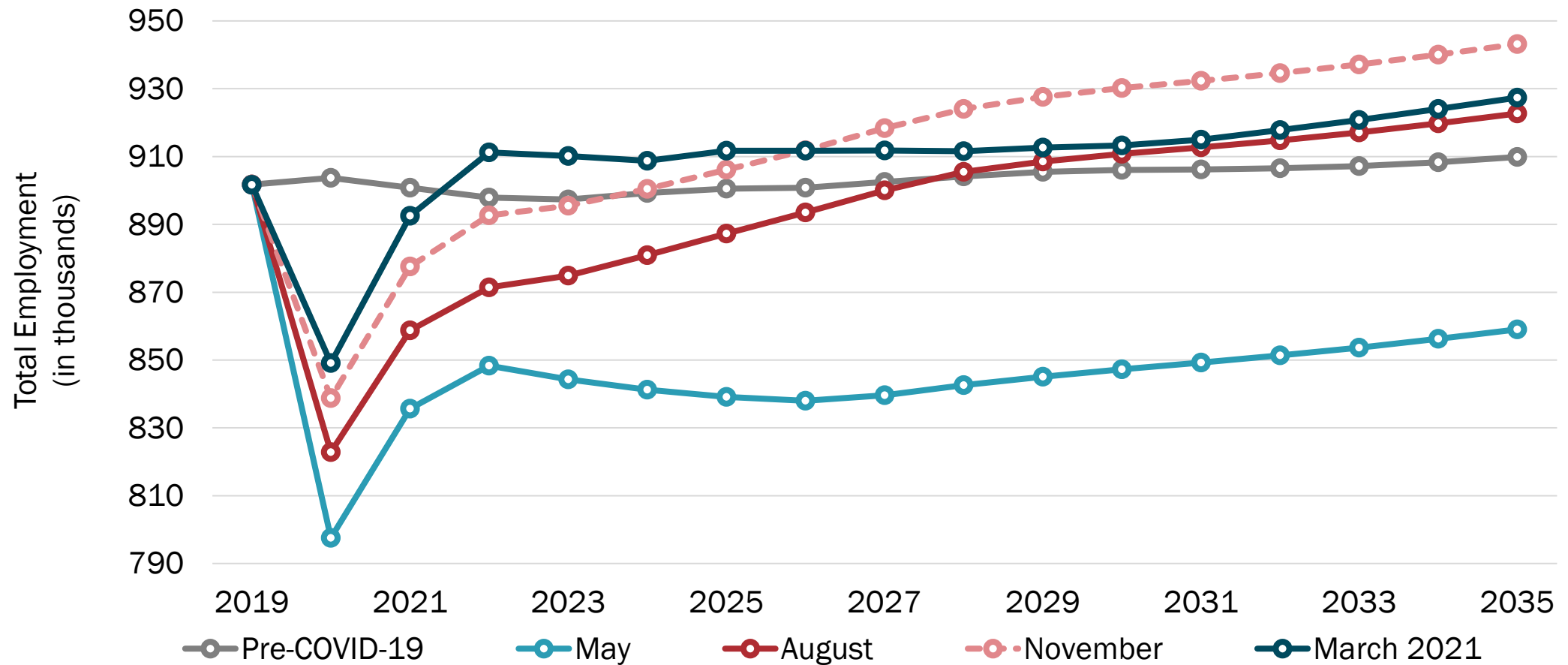


REMI Forecasts

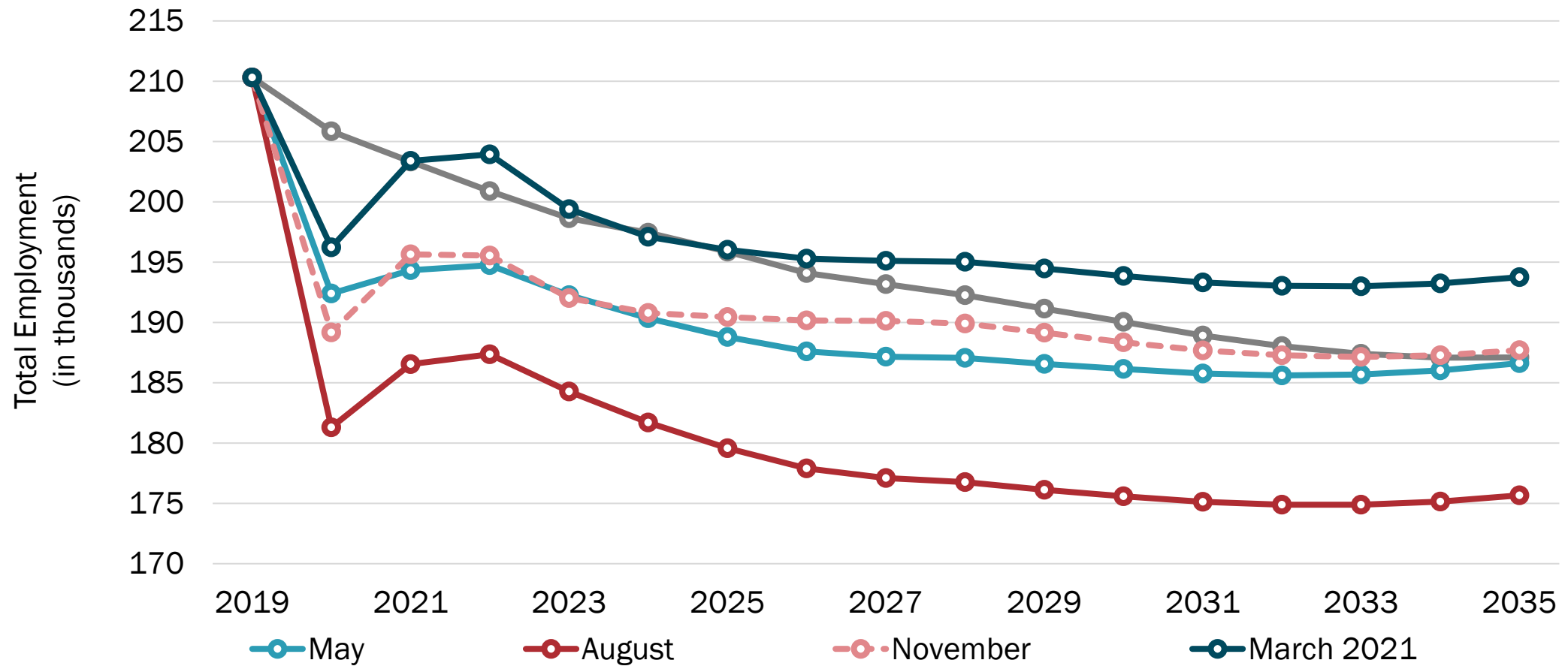
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**West Michigan Works!  
Employment**

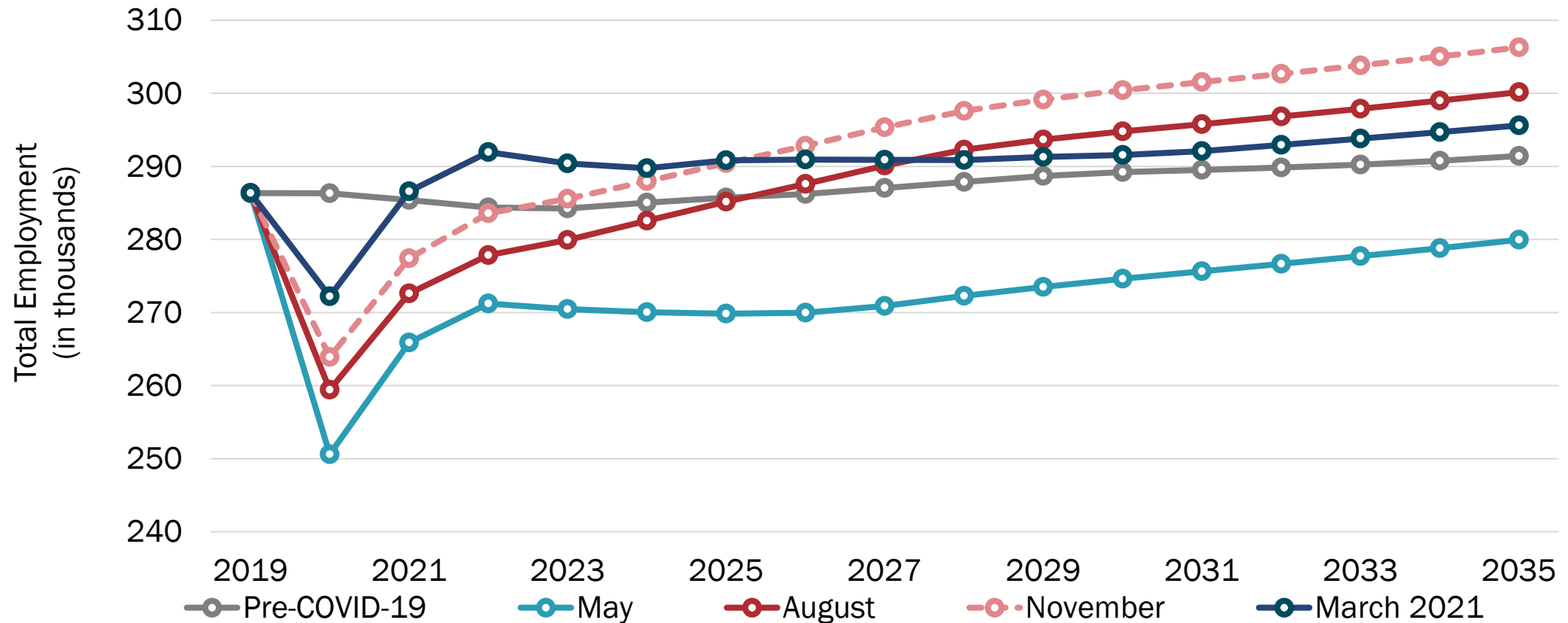
# Forecast for total employment for West Michigan Works!



# Forecast for goods producing employment for West Michigan Works!

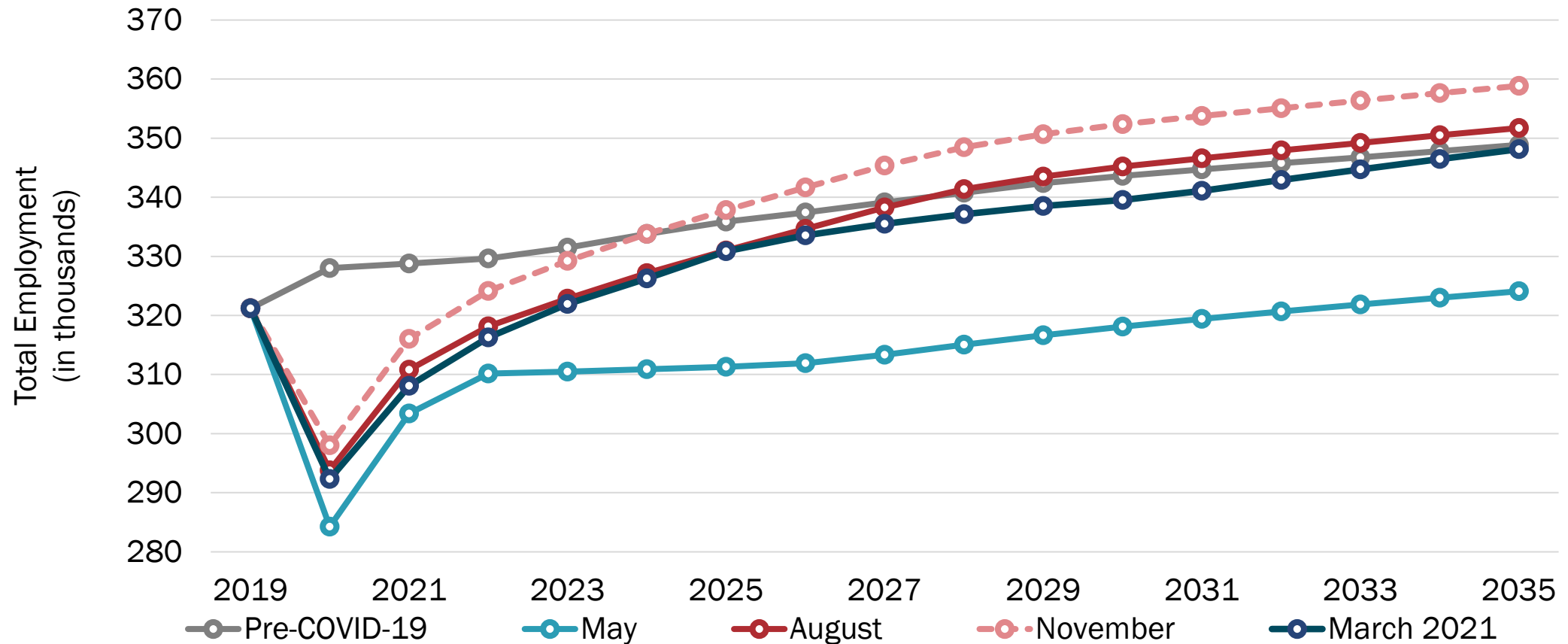


# Forecast for business service sector\* employment for West Michigan Works!



\*Includes: Wholesale Trade, Transportation & Warehousing, Information, Finance, & Real Estate, Professional, Scientific, & Business Services, Management of Companies & Enterprises, Administrative, Support, Waste Management & Remediation Services

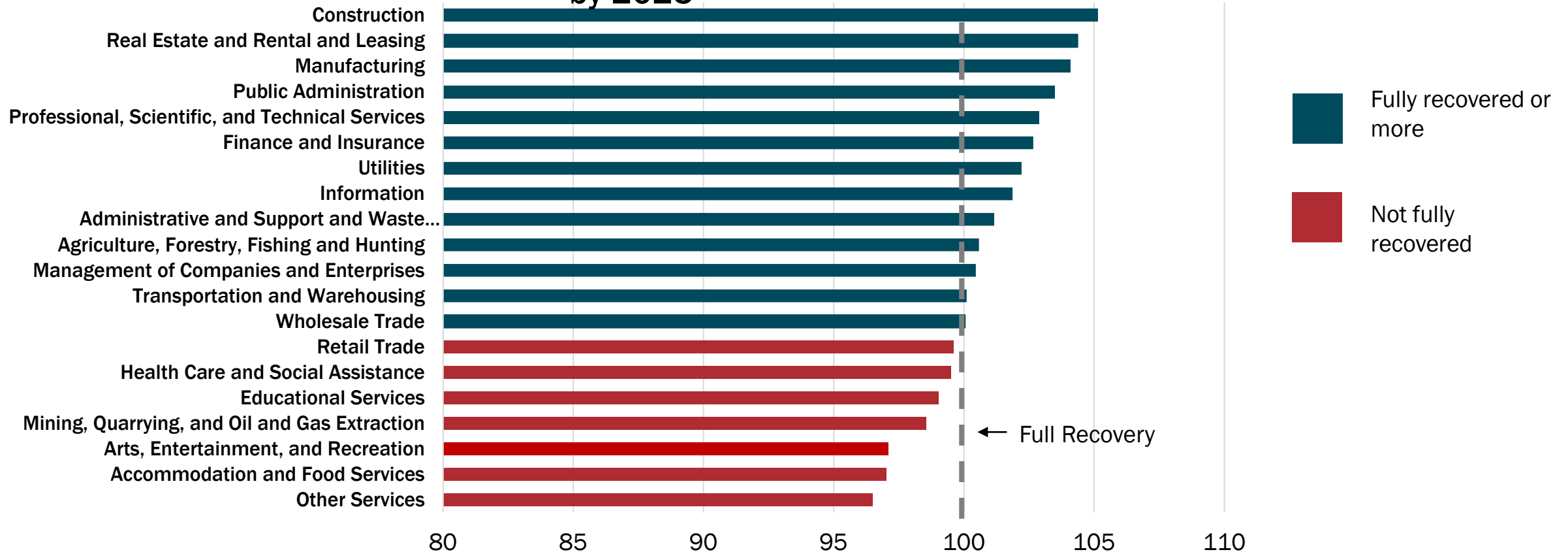
# Forecast for personal service sector\* employment for West Michigan Works!



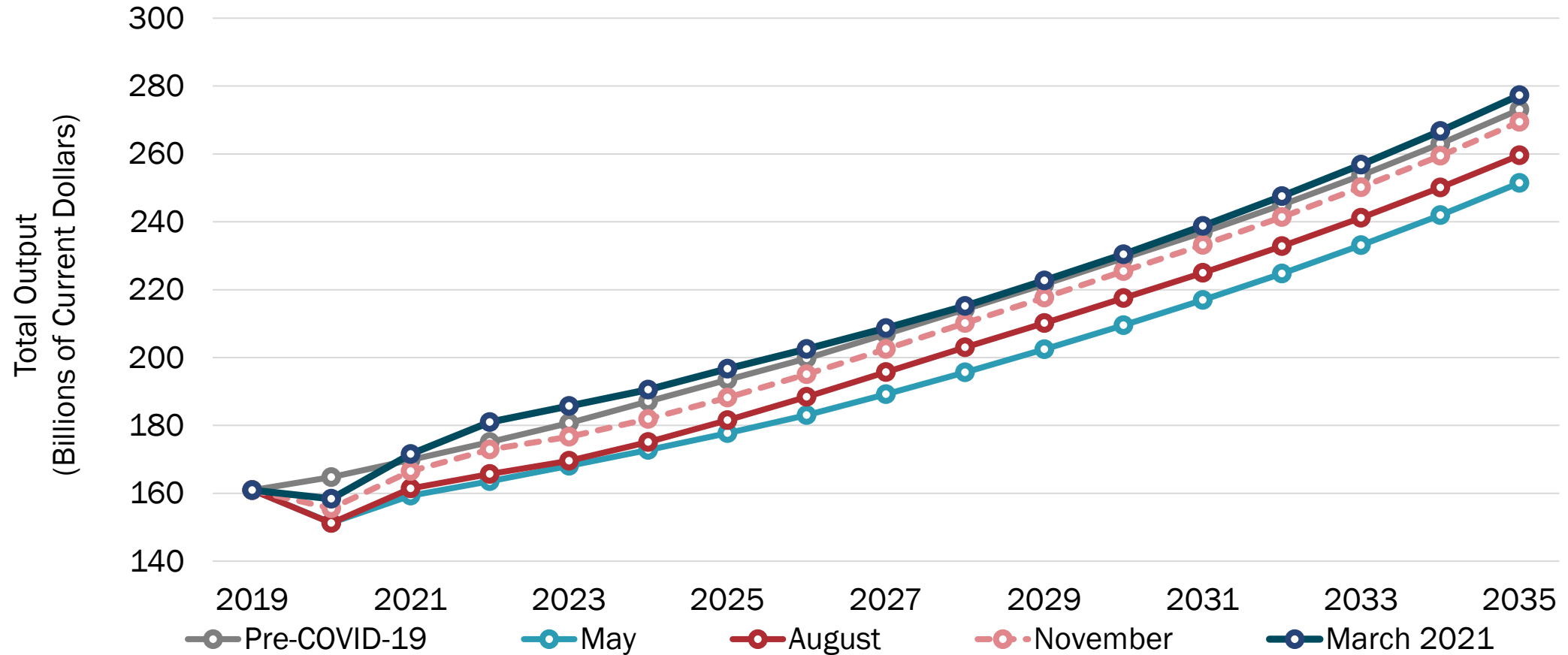
\*Includes: Retail Trade, Education & Health Services, Leisure & Hospitality, Other Services (excluding Public Administration).

# Industry recovery forecast

## Projected Recovery of Industry Sectors for West Michigan Works! by 2025



# Forecast for total output for West Michigan Works!



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**Moving Forward**



# Considerations for the Future of the Economy: Macro

- The shape of the recovery curve?
- Will temporary closures become permanent?
- Supply versus demand?
  - SME's
- What will be the impact of:
  - The new strain?
  - Vaccines?
- What will be the impact from the new administration?
  - Tax policy
  - Trade policy
  - Stimulus policy

# Considerations for the Future of the Economy: Regional

- Is reshoring real?
  - Supply chain issues
  - Available buildings and sites
- How will technology impact employment?
- When and will people go back to work?
  - What will the new Administration do about UI benefits?
  - Fear of contracting COVID-19?
  - Barriers, notably childcare and school openings, in returning?
- Other state and regional administrative decisions
  - Openings/closings
  - Vaccine availability and distribution

# Questions?

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  - Keep up to date with Regional by signing up for our email list. Send an email to [boyle@upjohn.org](mailto:boyle@upjohn.org) to register.