

MICHIGAN ECONOMICS 2010-2011

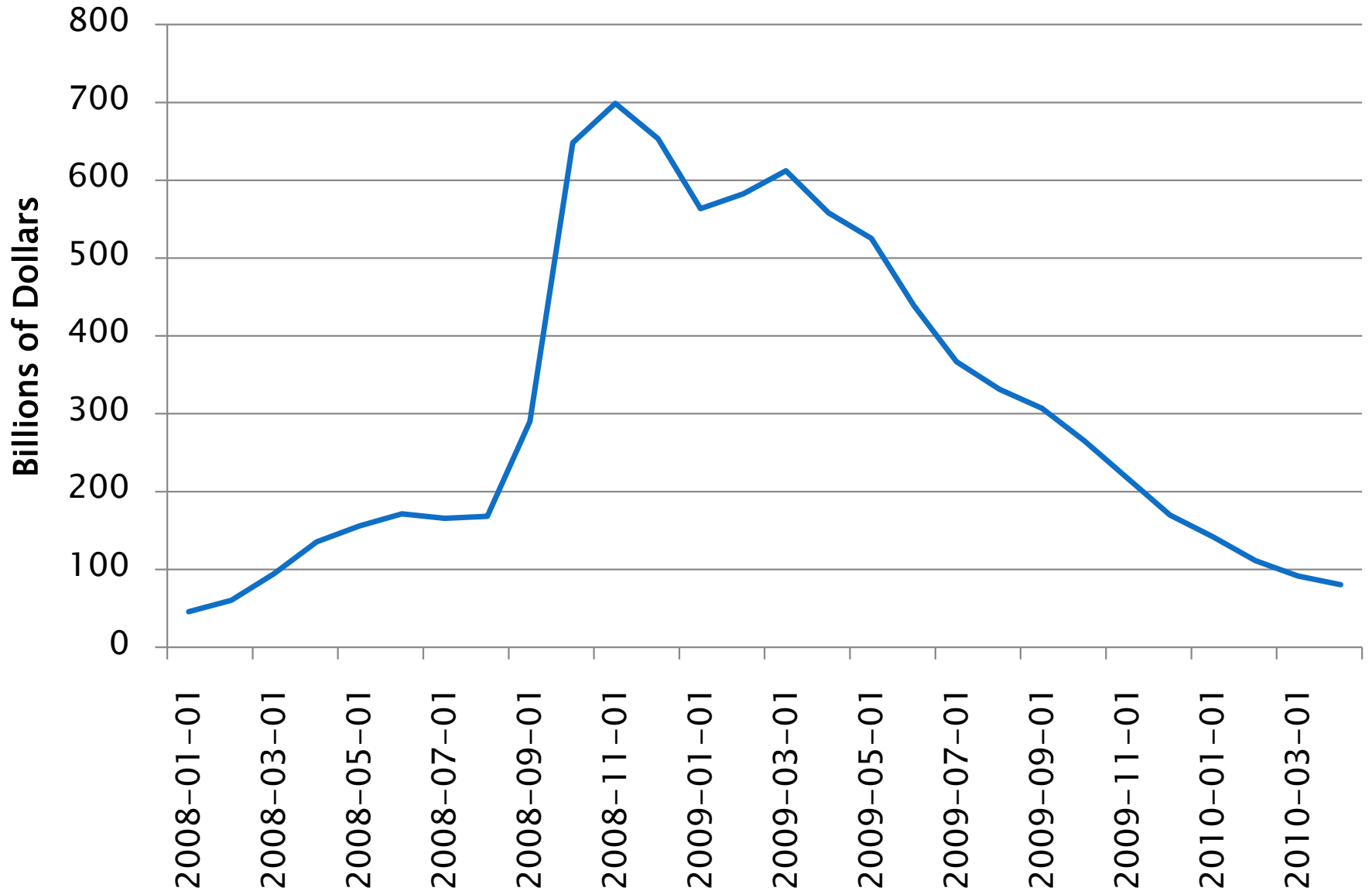
Dr. Paul Isely
Seidman College of Business
Grand Valley State University

CURRENT CONDITION US

- ◉ Unemployment – 9.0 in April (down from 10.2% in October 2009)
- ◉ 2011 1st Quarter GDP +1.8%
- ◉ Inflation –– CPI 0.5% annual rate in March (excluding food and energy)

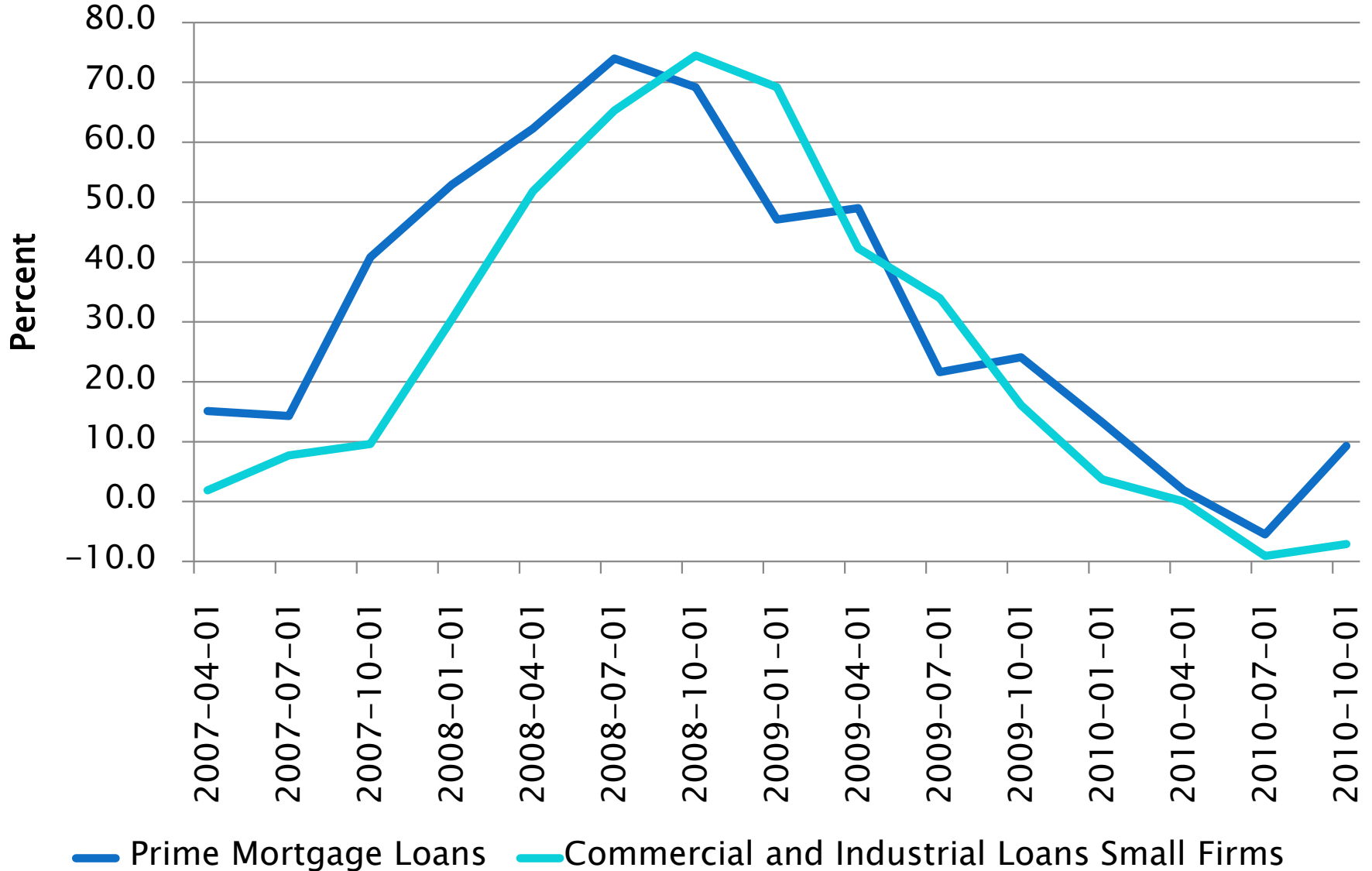
IS THE US READY TO
GROW?

Total Borrowing From Federal Reserve



Source: Federal Reserve

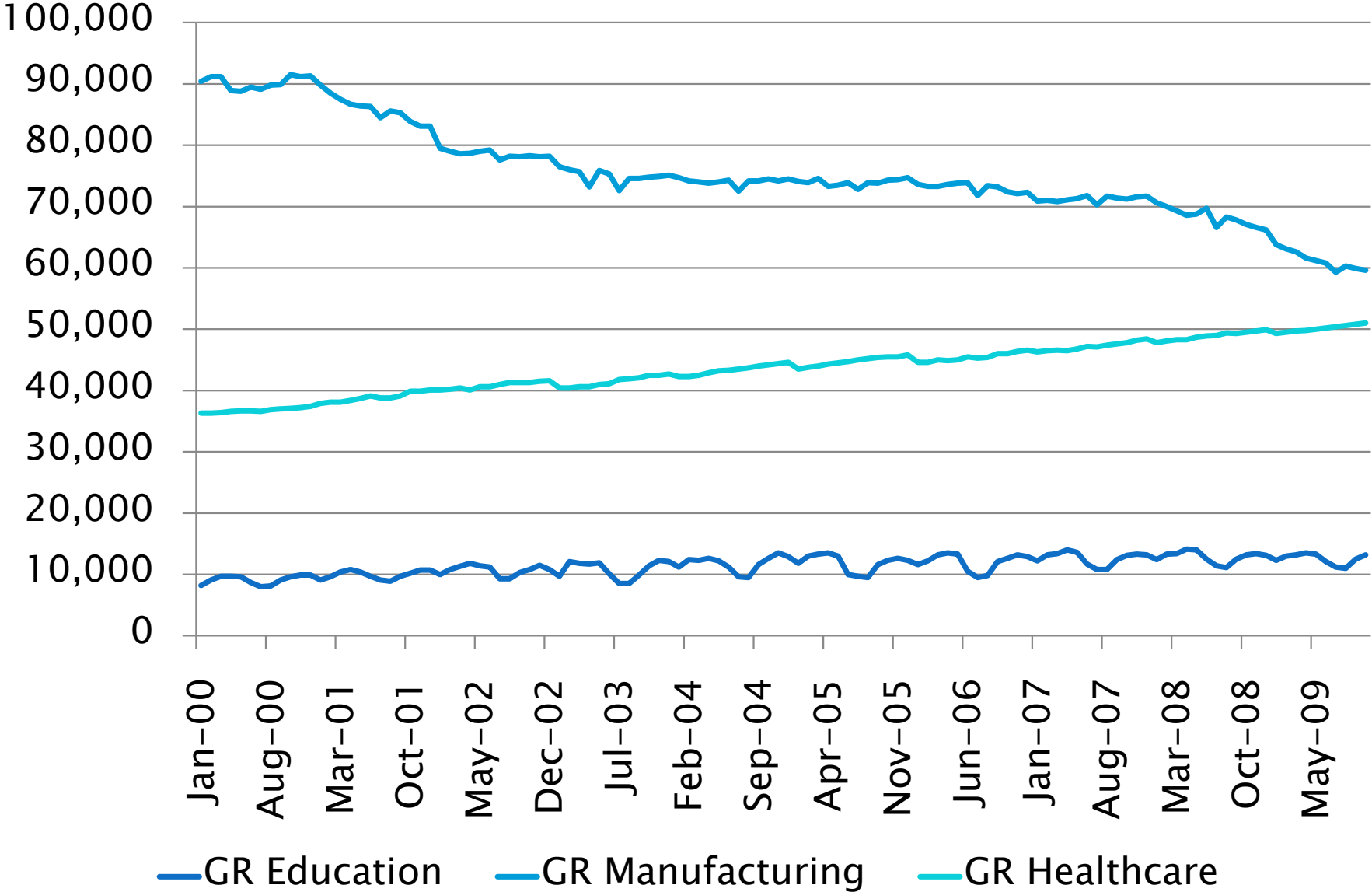
Net Percentage Tightening Loan Standards



Source: Federal Reserve

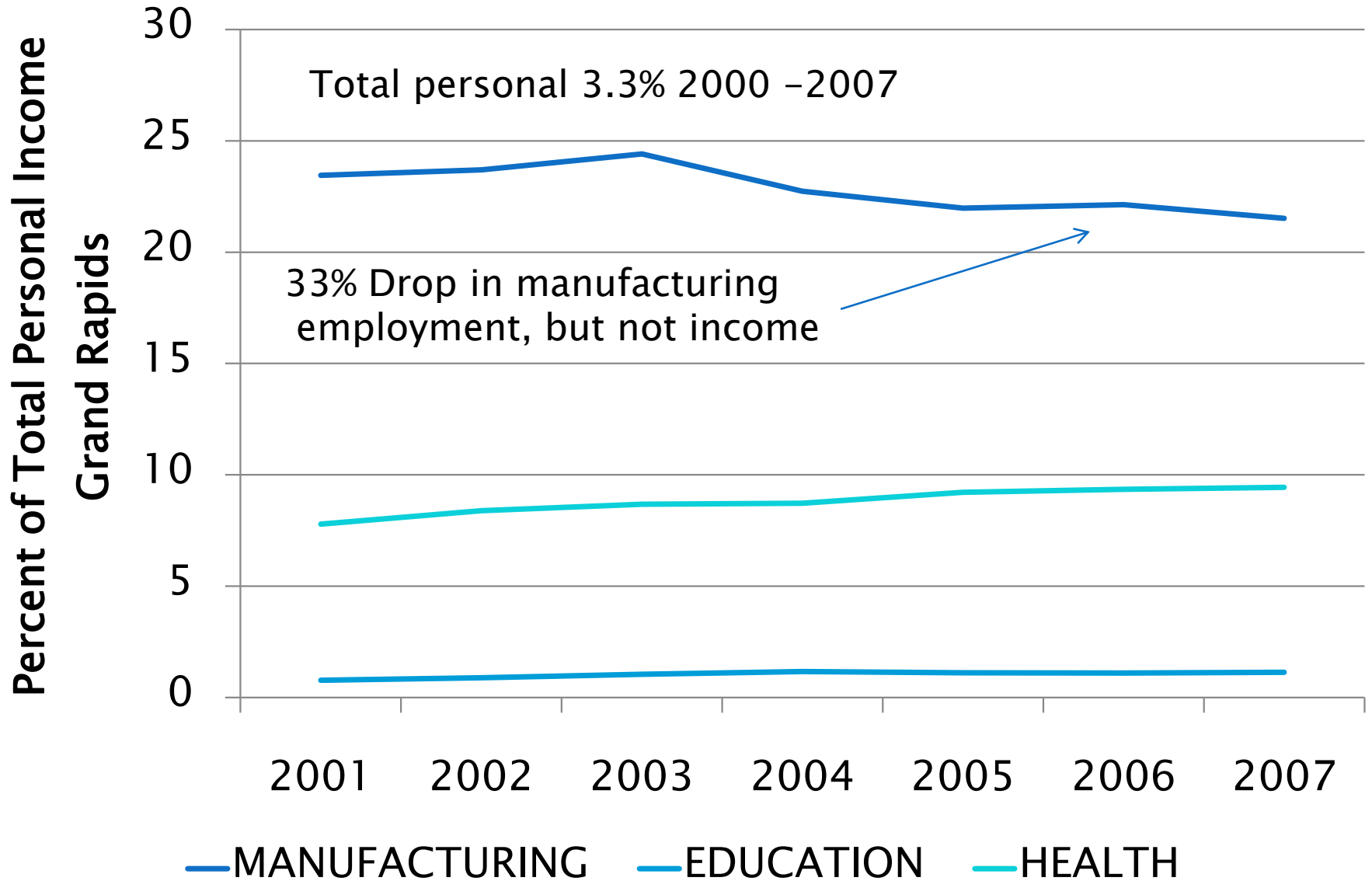
MICHIGAN MANUFACTURING?

Changing in Grand Rapids Employment

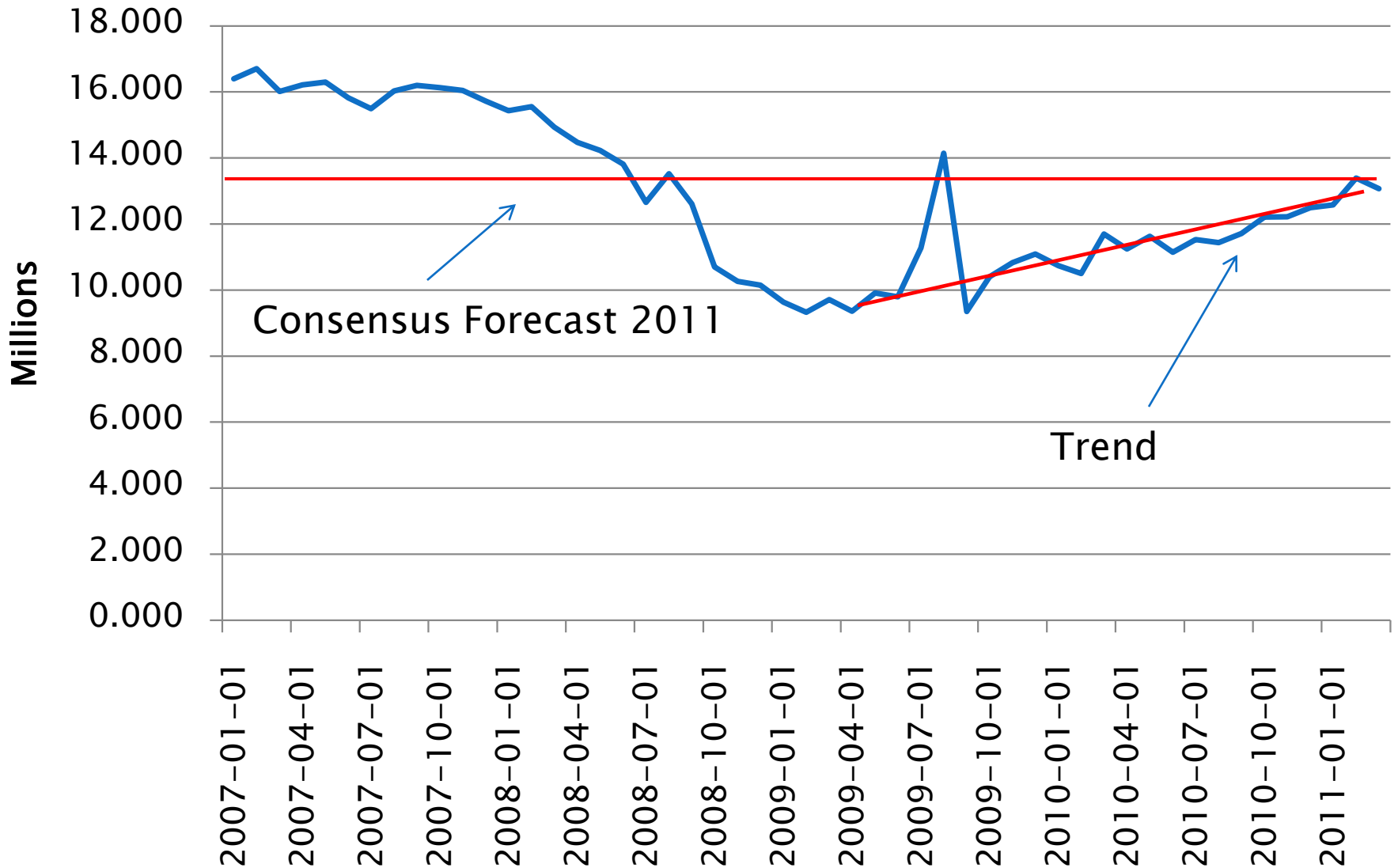


Source: BLS

..... But Not Income Diversification

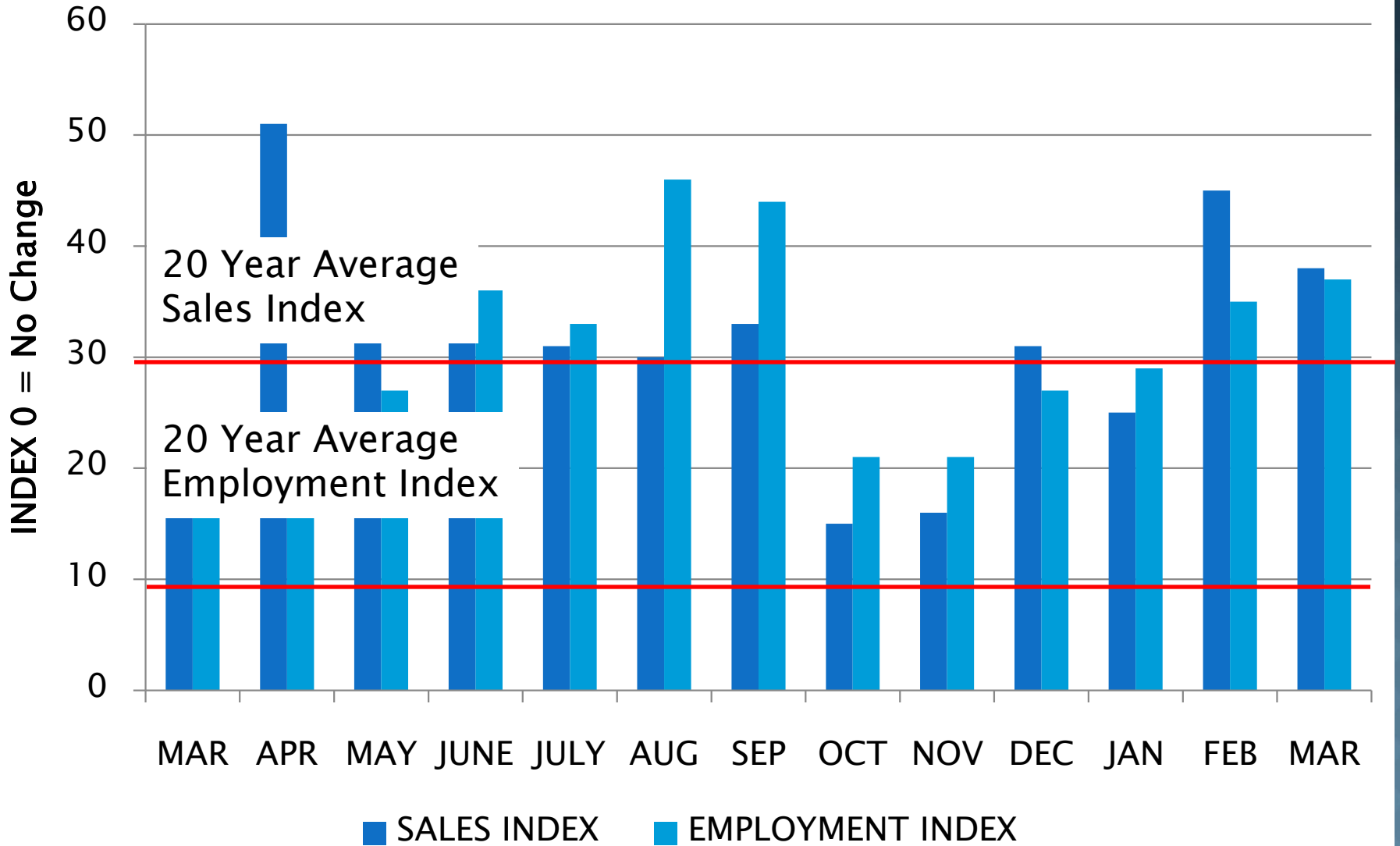


Millions of Light Vehicle Sales (Annualized)



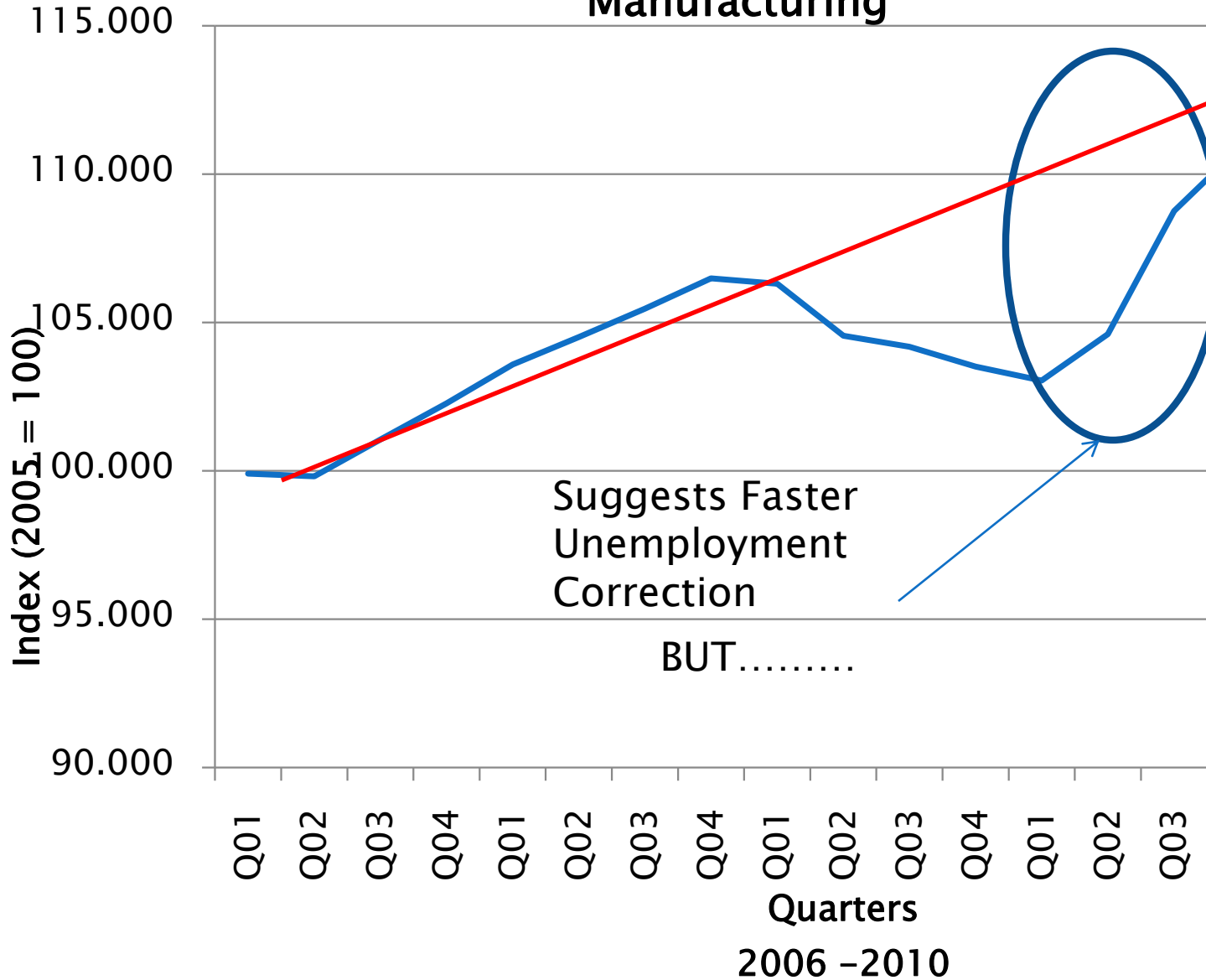
WEST MICHIGAN ISM INDEX

2010 - 2011



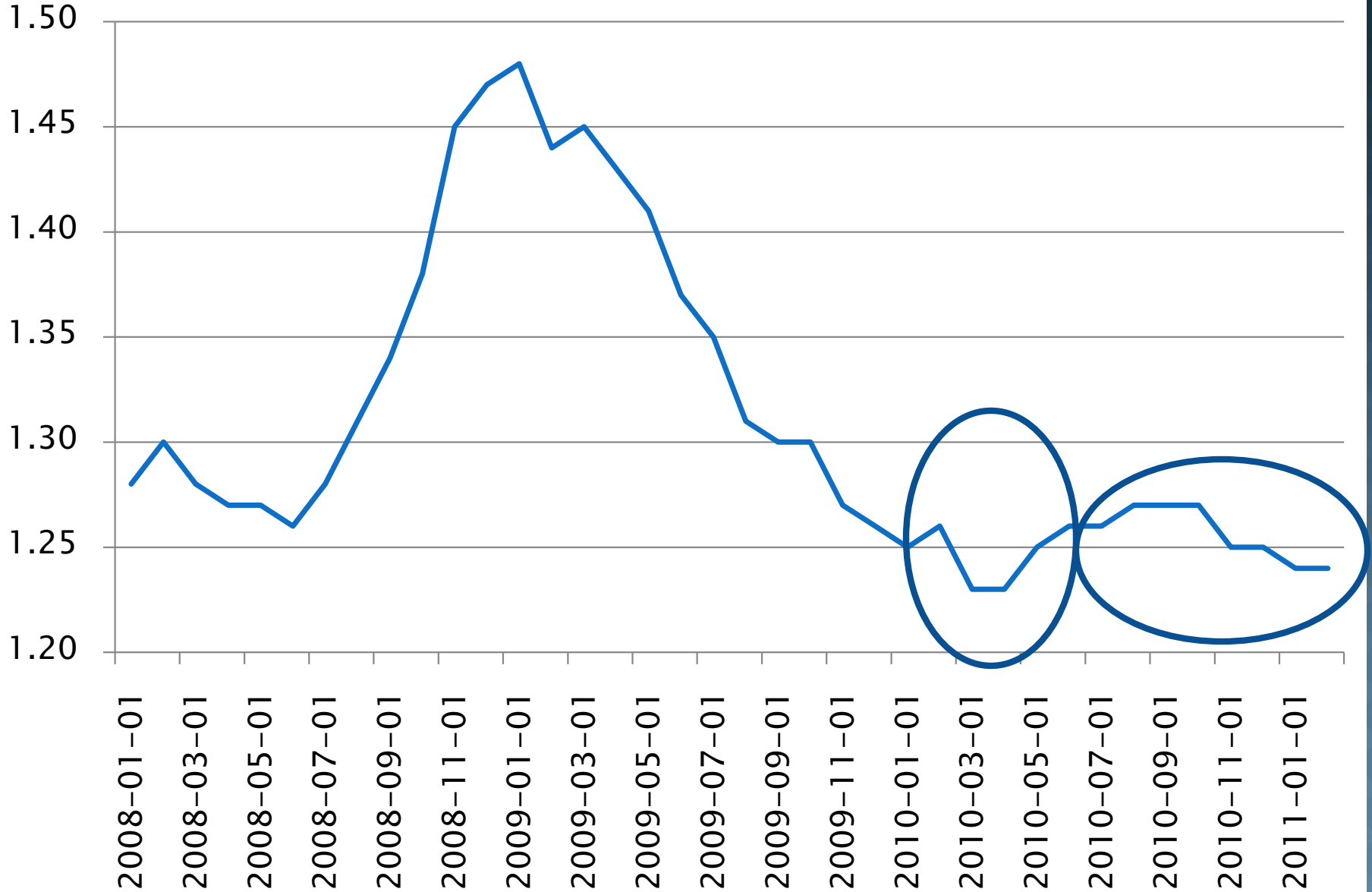
Source: West Michigan ISM housed at GVSU

Output per Hour Manufacturing



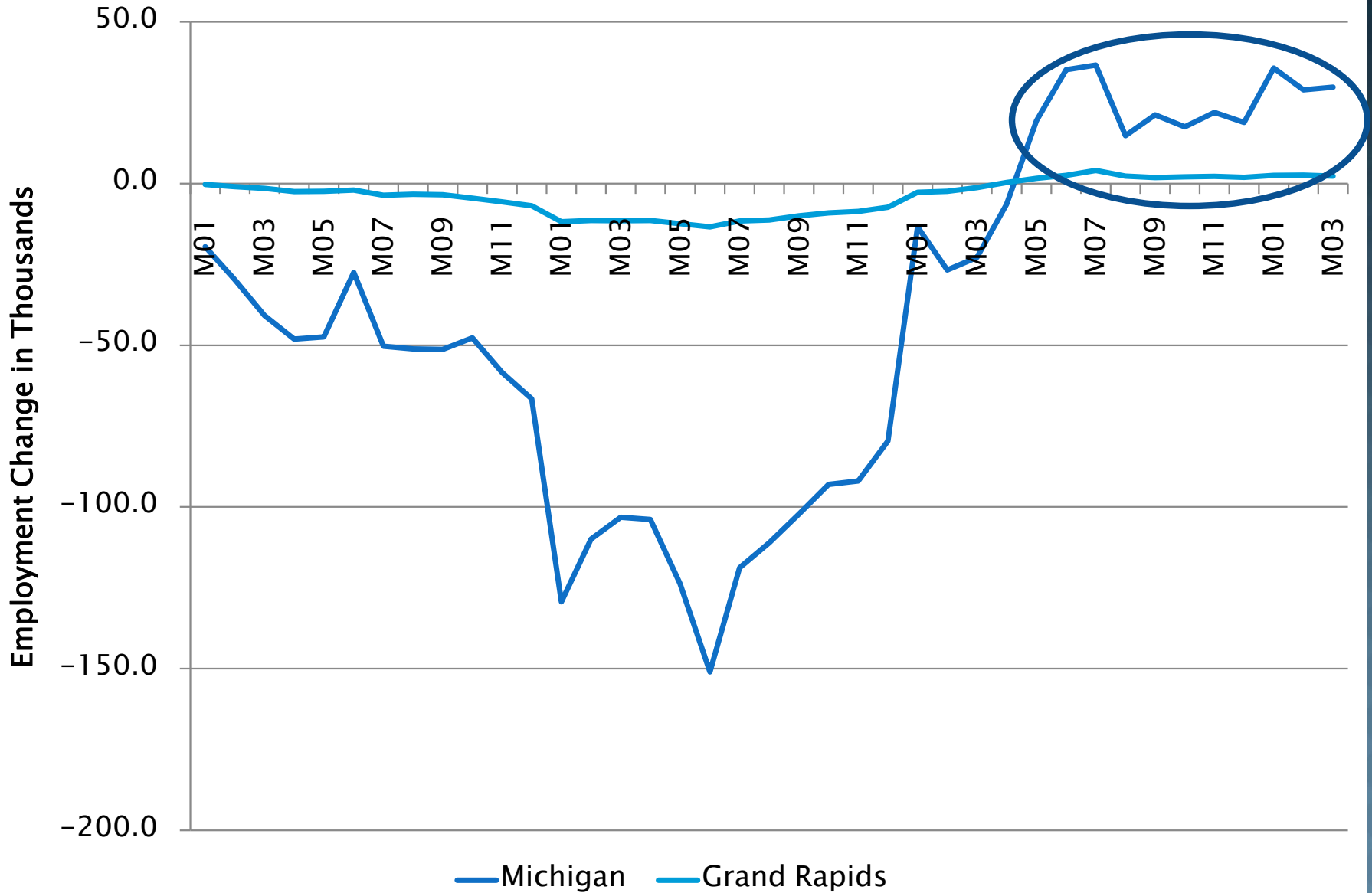
Source: BLS

Inventory to Sales Ratio



Source: Census

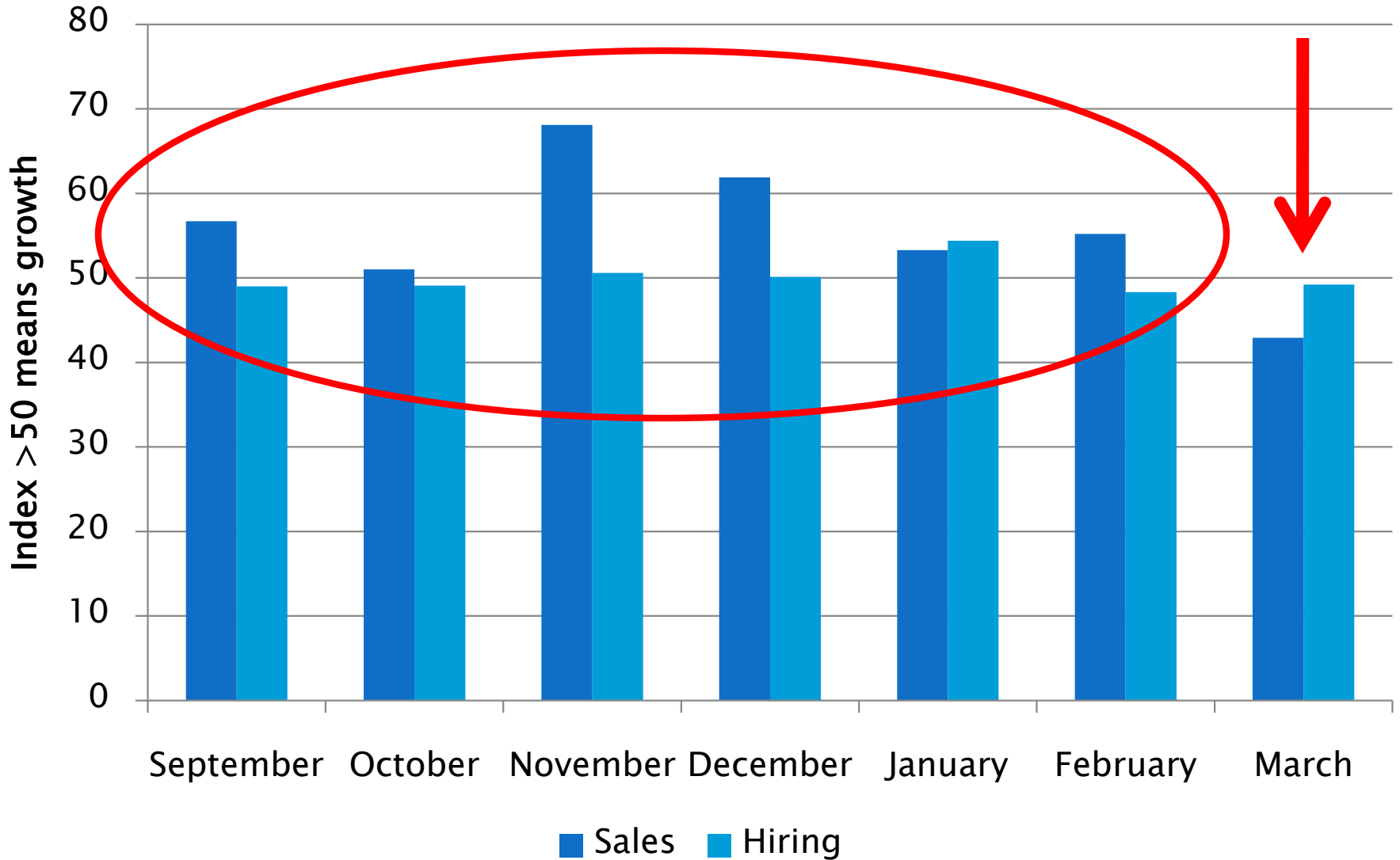
Year over Year Manufacturing Employment



Source: BLS

MICHIGAN CONSUMER

Michigan Retail Index 2010



Source: Michigan Retailers Association

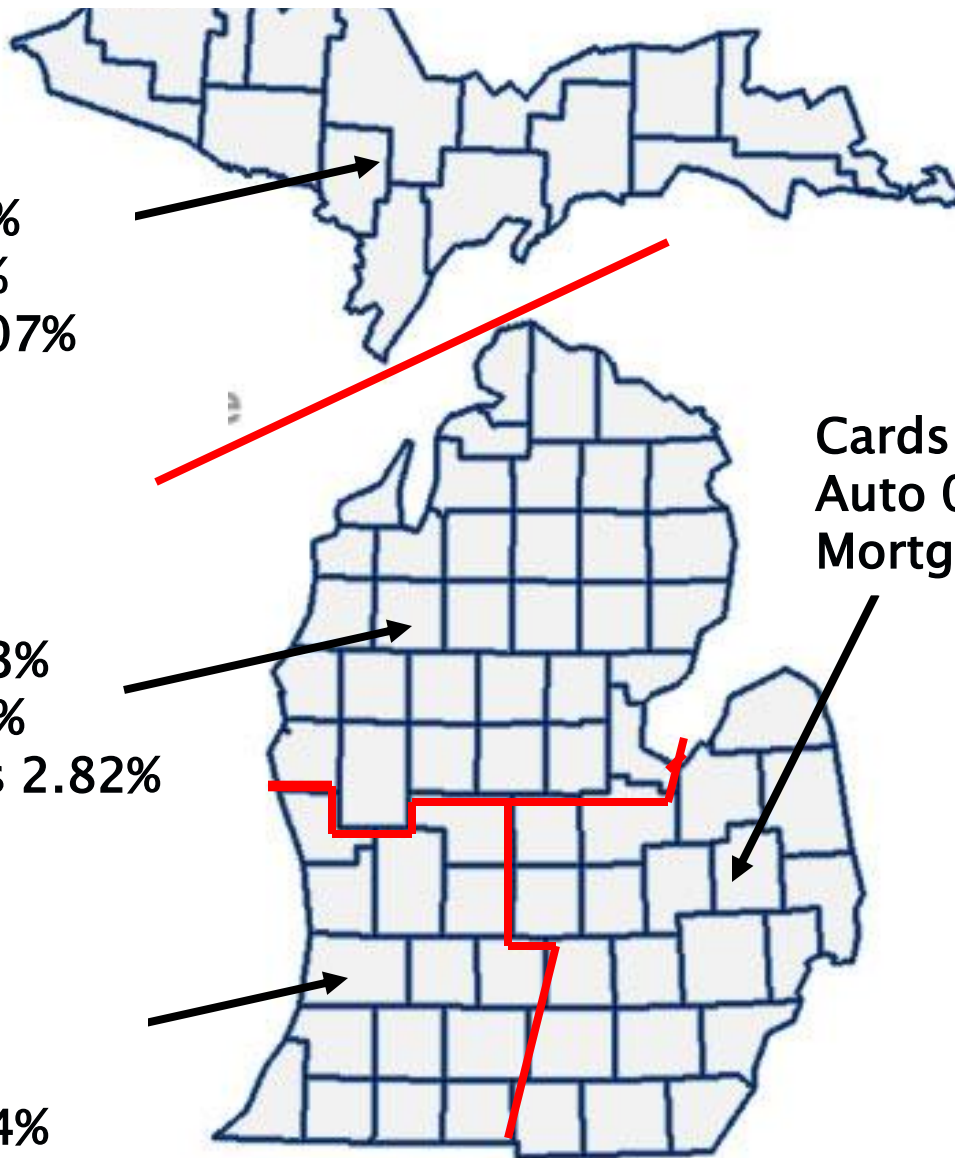
DELINQUENCY RATE OF LOANS SECOND QUARTER 2009

Cards 1.24%
Auto 1.18%
Mortgages 2.07%

Cards 1.43%
Auto 0.96%
Mortgages 2.82%

Cards 1.74%
Auto 1.25%
Mortgages 3.24%

Cards 1.63%
Auto 0.96%
Mortgages 3.63%



DELINQUENCY RATE OF LOANS THIRD QUARTER 2010

Cards 1.18%
Auto 0.84%
Mortgages 1.77%

Kent County
Cards 0.9%
Auto 0.7%
Mortgages 3.6%

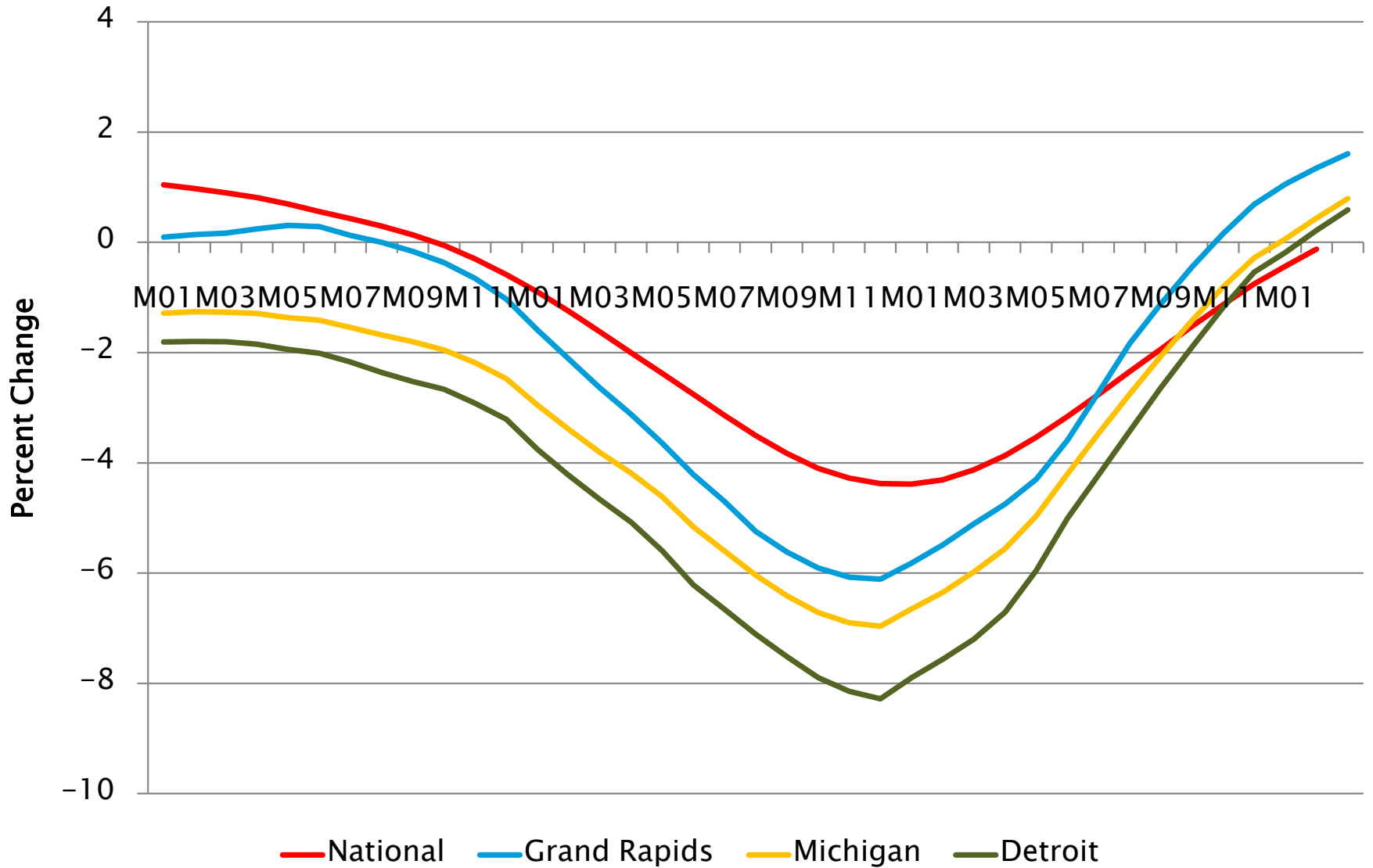
Cards 1.14%
Auto 0.982%
Mortgages 3.25%

Cards 1.21%
Auto 0.88%
Mortgages 4.17%

Cards 1.16%
Auto 1.07%
Mortgages 3.59%

EMPLOYMENT

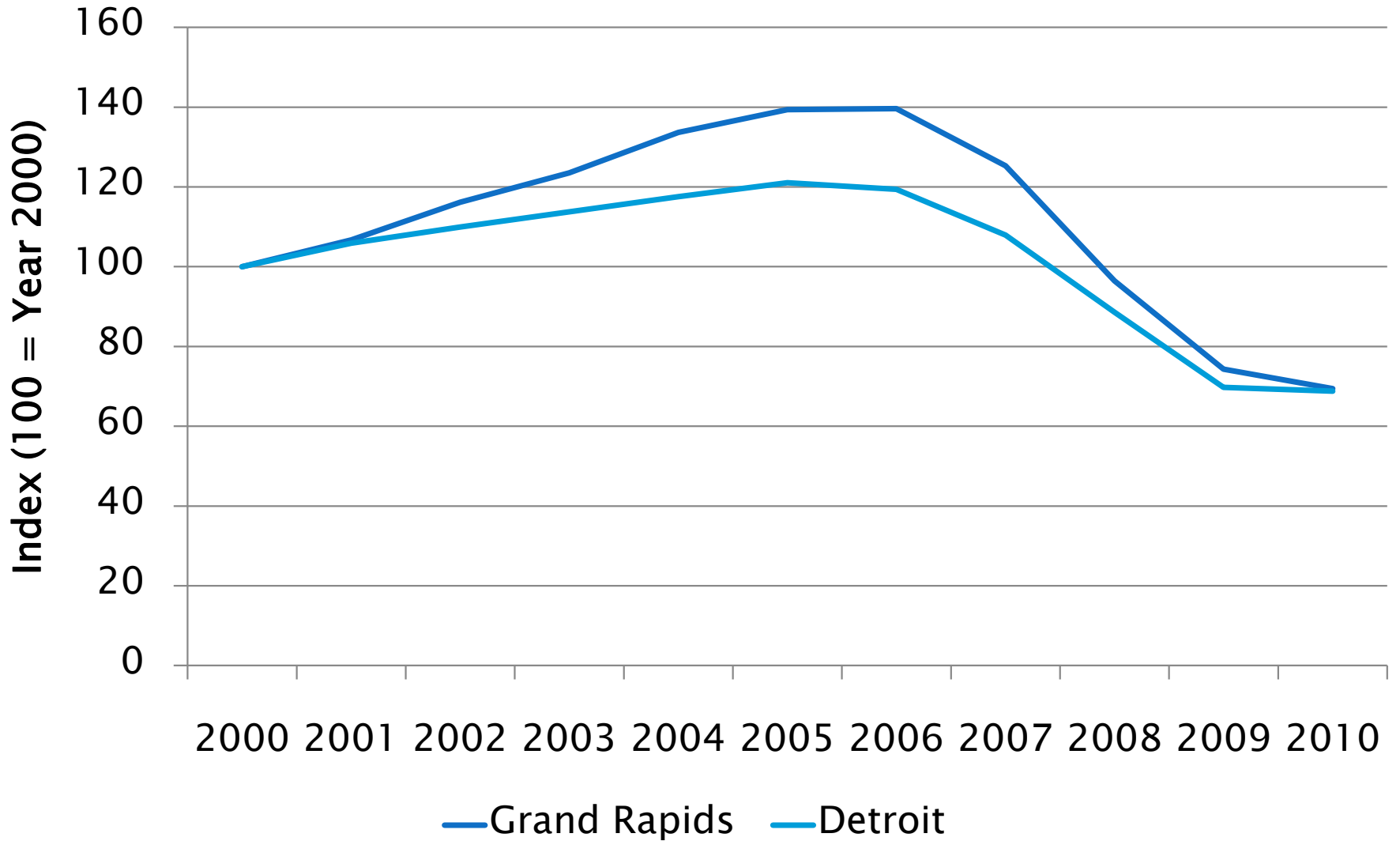
Employment Percent Change in 12 Moving Average



Source: BLS

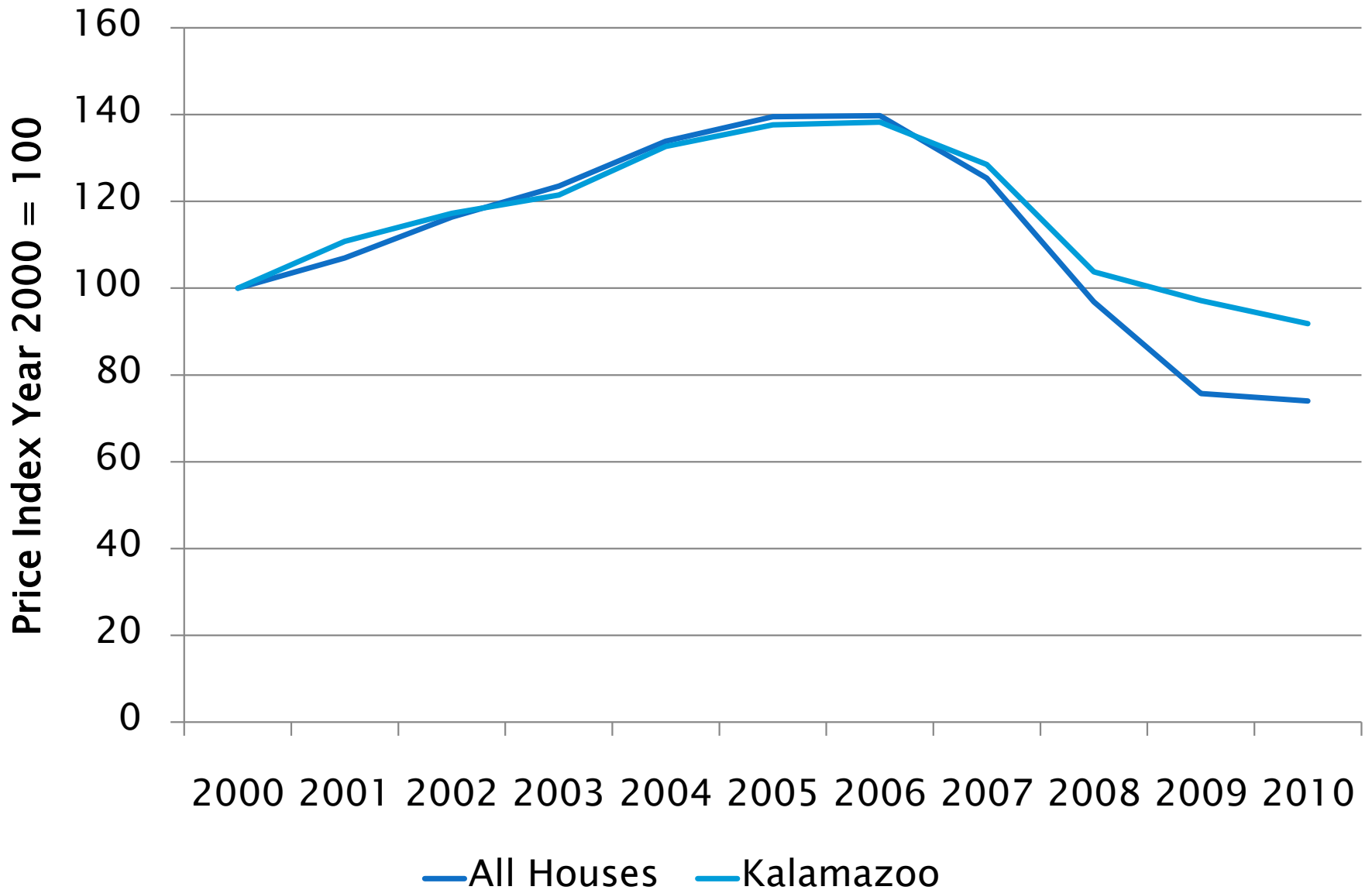
RESIDENTIAL REAL ESTATE

Detroit and Grand Rapids Residential Housing Price

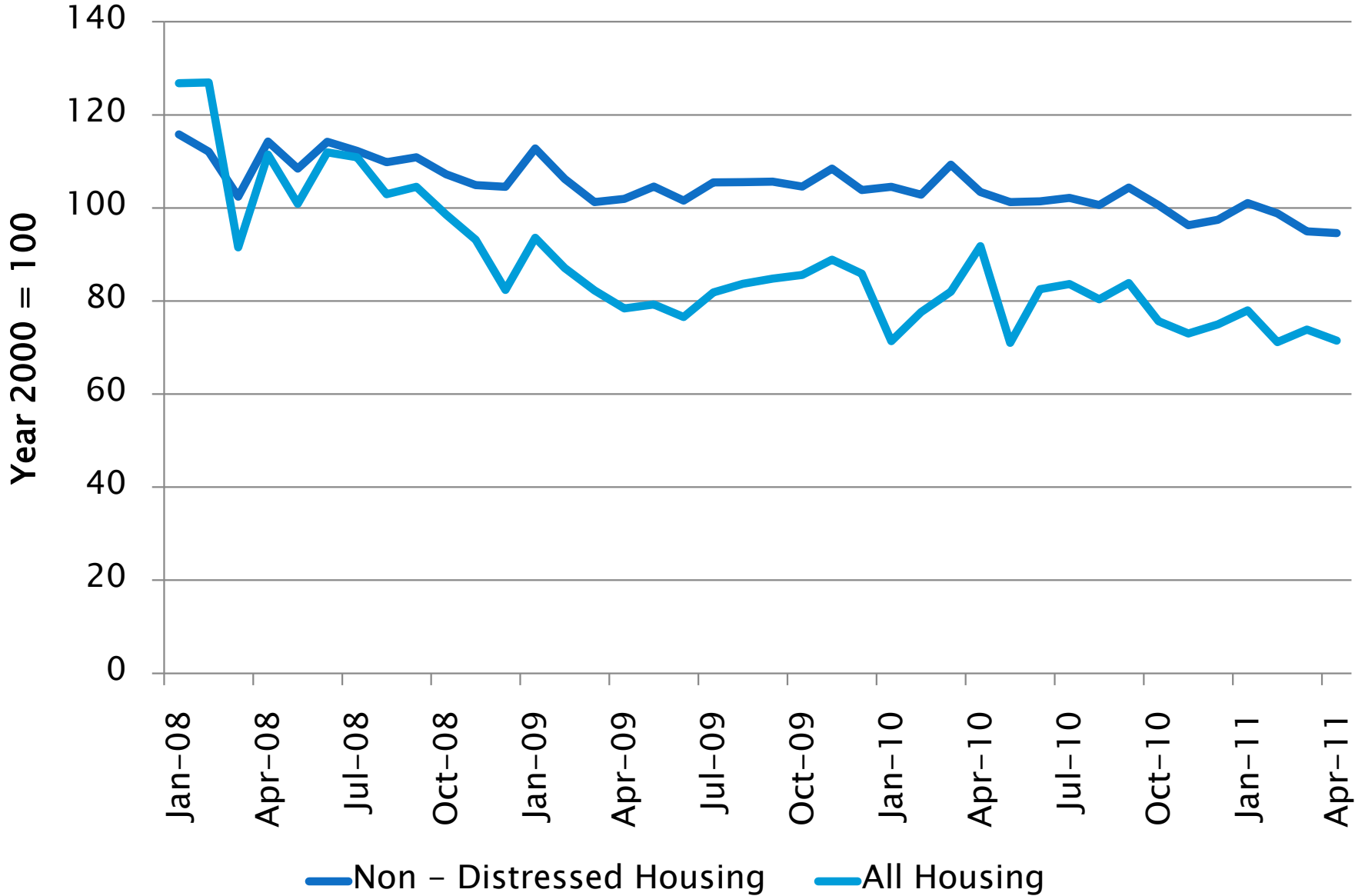


Source: Isely and Case-Schiller

Grand Rapids and Kalamazoo Housing Price Index

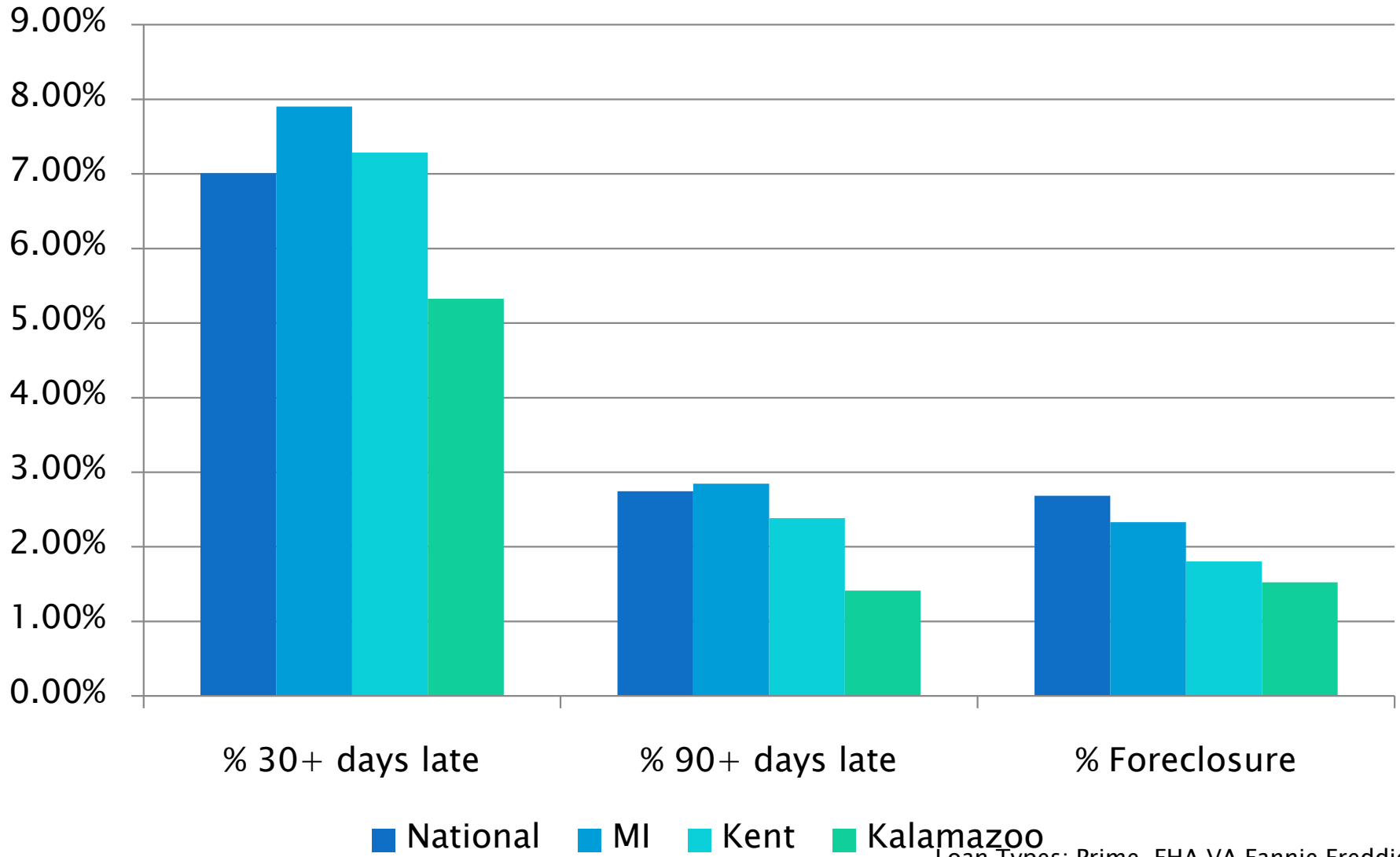


Grand Rapids Housing Price Index



Source: Paul Isely Note: April is Preliminary

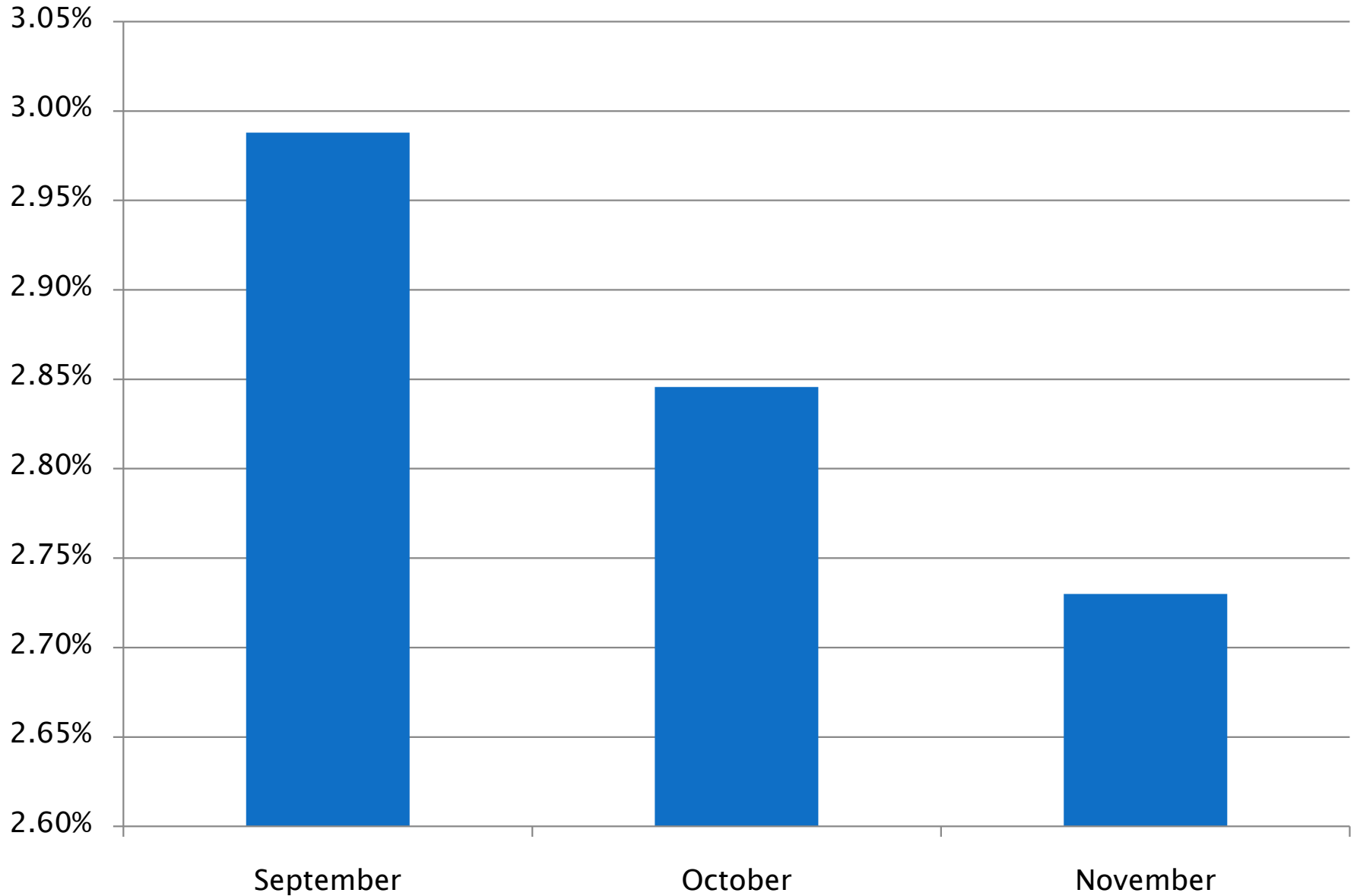
Percentage of Mortgages in Trouble October 2010*



Loan Types: Prime, FHA,VA,Fannie,Freddie

Source: New York Federal Reserve

Percent of Mortgages 90+ Days Late in MICHIGAN



Source: New York Federal Reserve

Loan Types: Prime, FHA,VA,Fannie,Freddie

HOUSING PRICES 2011

- ⦿ Employment – Increase
- ⦿ Foreclosures – Decrease
- ⦿ Population – Steady
- ⦿ Build Rate – Slow
- ⦿ Prices – Flat to Slowly Increase

SUMMARY

- ⦿ Employment – Increasing
- ⦿ Housing Prices – Steady to slow increase
- ⦿ Inflation – Building upside risk

RISKS TO MICHIGAN ECONOMY

⦿ Gas Prices

- Autos
- Takes about 1 percentage point out of growth for second quarter

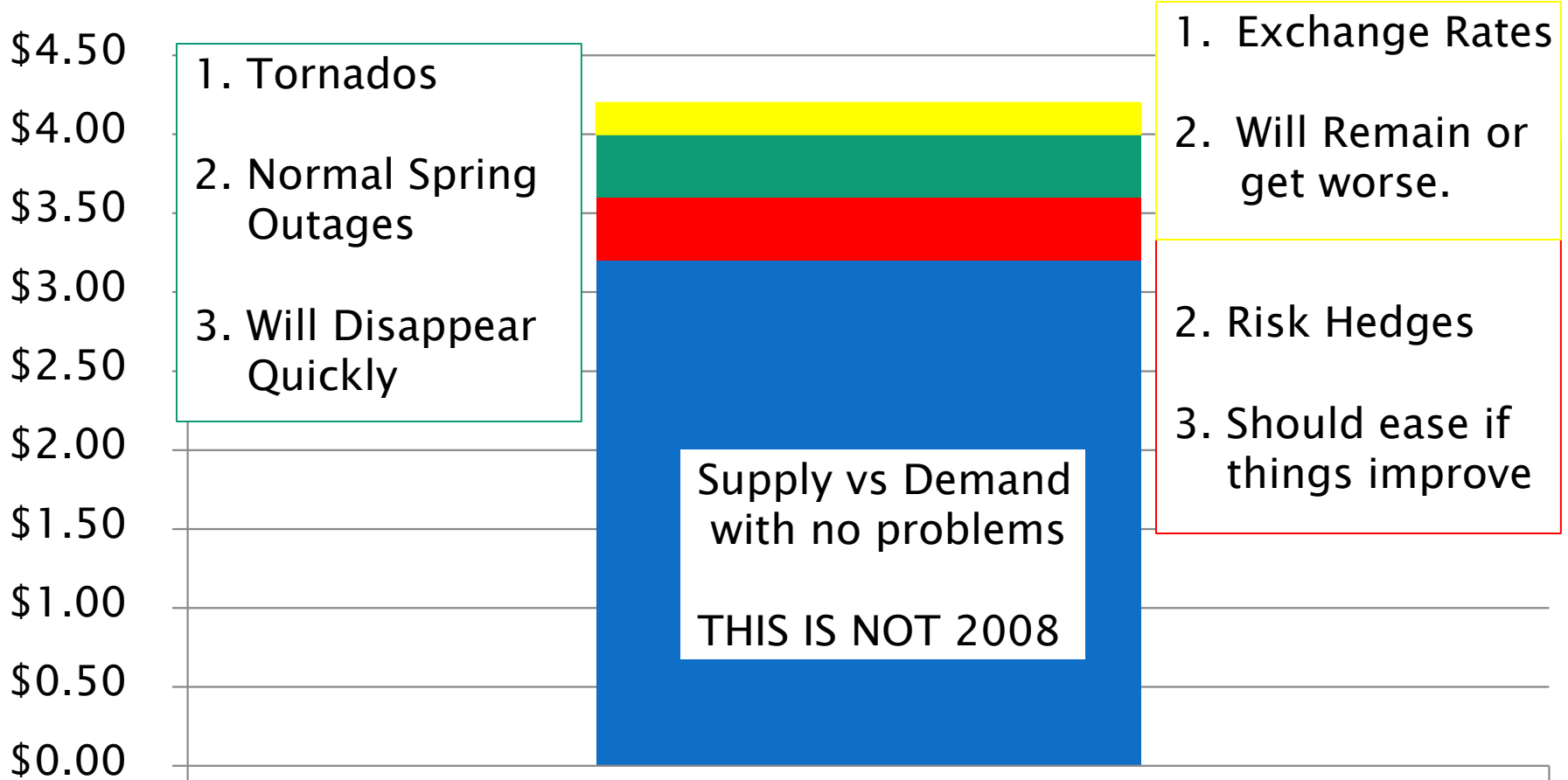
⦿ Federal Budget Problems

- Uncertainty
- Increased Borrowing Cost
- Games of Chicken Only Hurt
- Projected cuts will drop growth by 1–2% a year in short term

⦿ State Budget Problems

- Uncertainty
- Transition Costs

Gas Price in Grand Rapids May 4th



- Base Price Expectation
- Libya/Mideast Unrest
- Refinery Issues
- Exchange Rate

QUESTIONS

iselyp@gvsu.edu