

WEST MICHIGAN ECONOMIC OUTLOOK 2014

PAUL ISELY

Truth and Disclosure: National Economy Projections

- **Track record for national GDP:**
- Forecast for 2013 was **2% to 3% GDP**.
- Final average for 2013 estimated **2.7% GDP**.

- **Track record for national Employment**
- Forecast for 2013 was about **2 million** additional jobs
- Final estimate **2.2 million** additional jobs

Truth and Disclosure: Regional Employment Projections

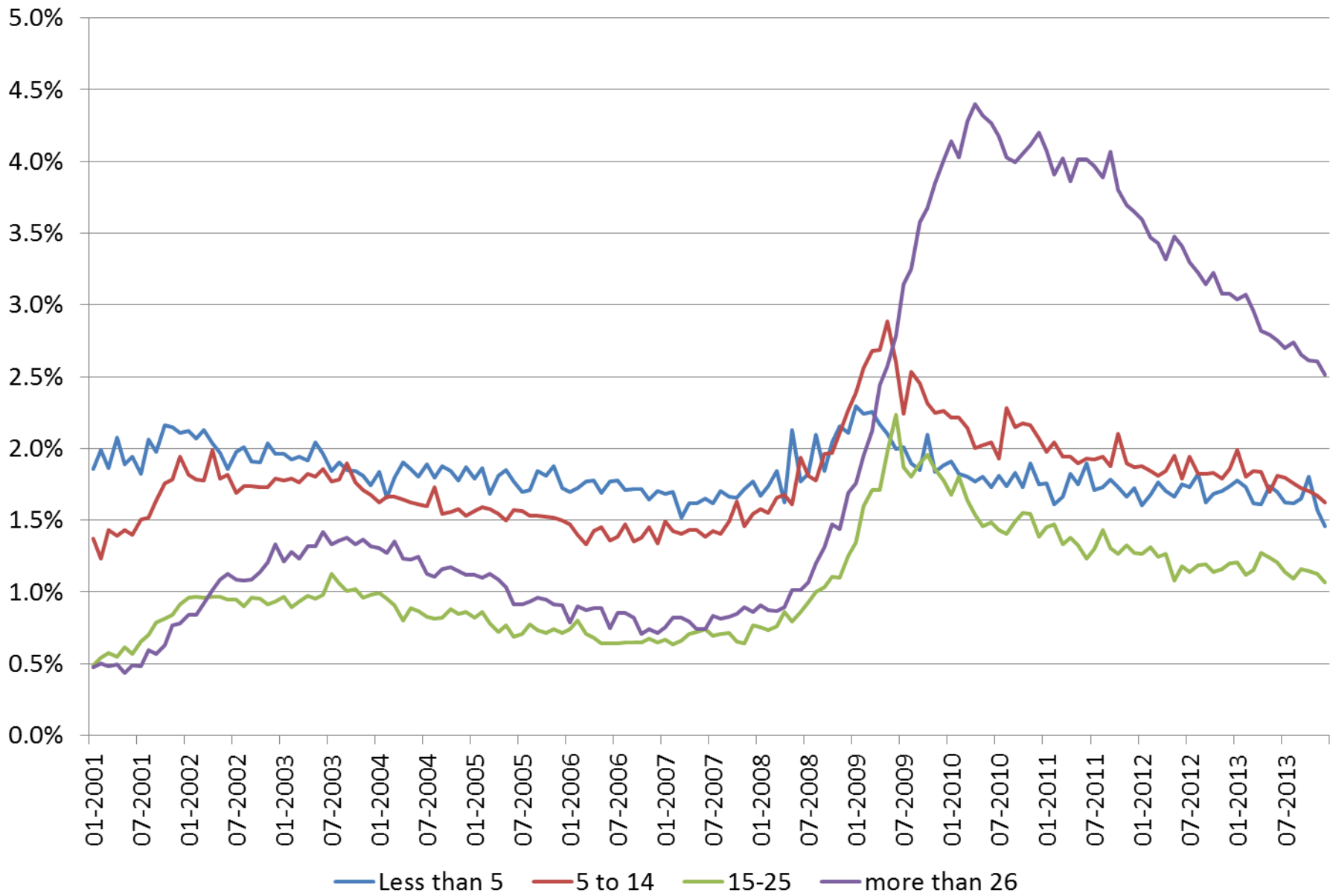
- **Track record for KOMA Employment**
- Forecast private employment growth 2013 was **1.7% - 2.3%**.
- Final average for Oct 2012 to Oct 2013 **2.3%**
- Preliminary average for Nov 2012 to Nov 2013: **2.6%**



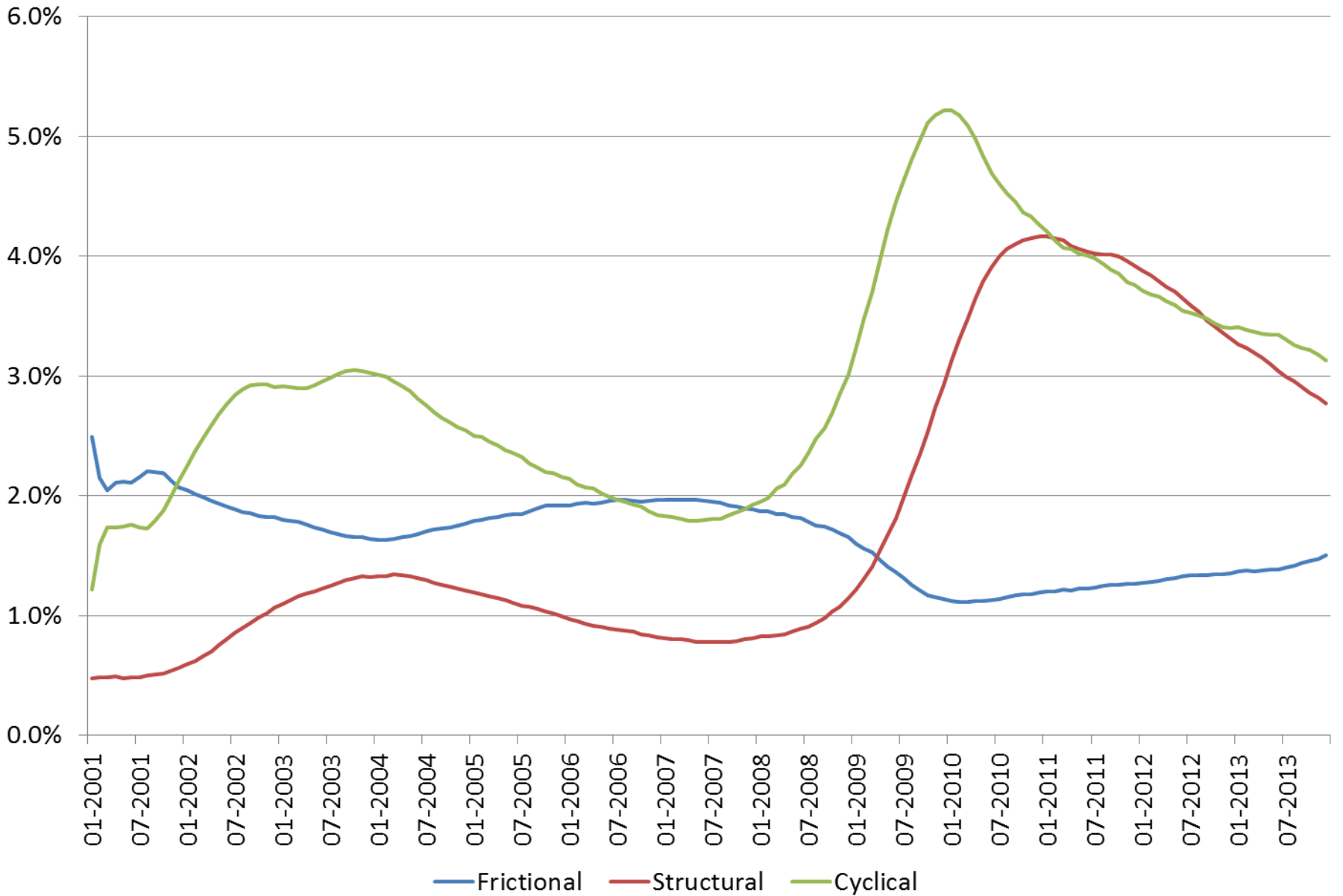
Factors Affecting Growth 2014

Tail of Two Recoveries

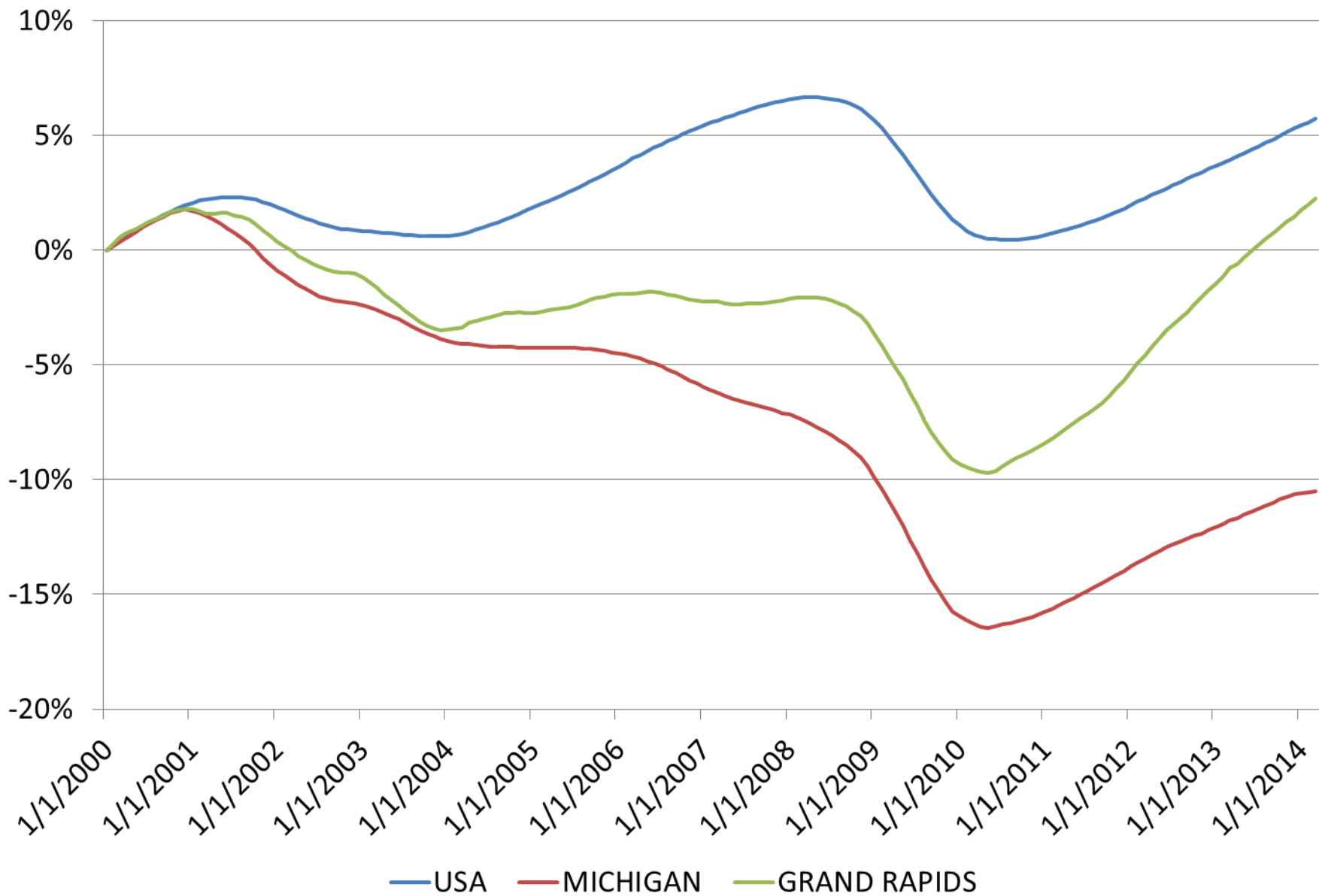
Unemployment by Duration



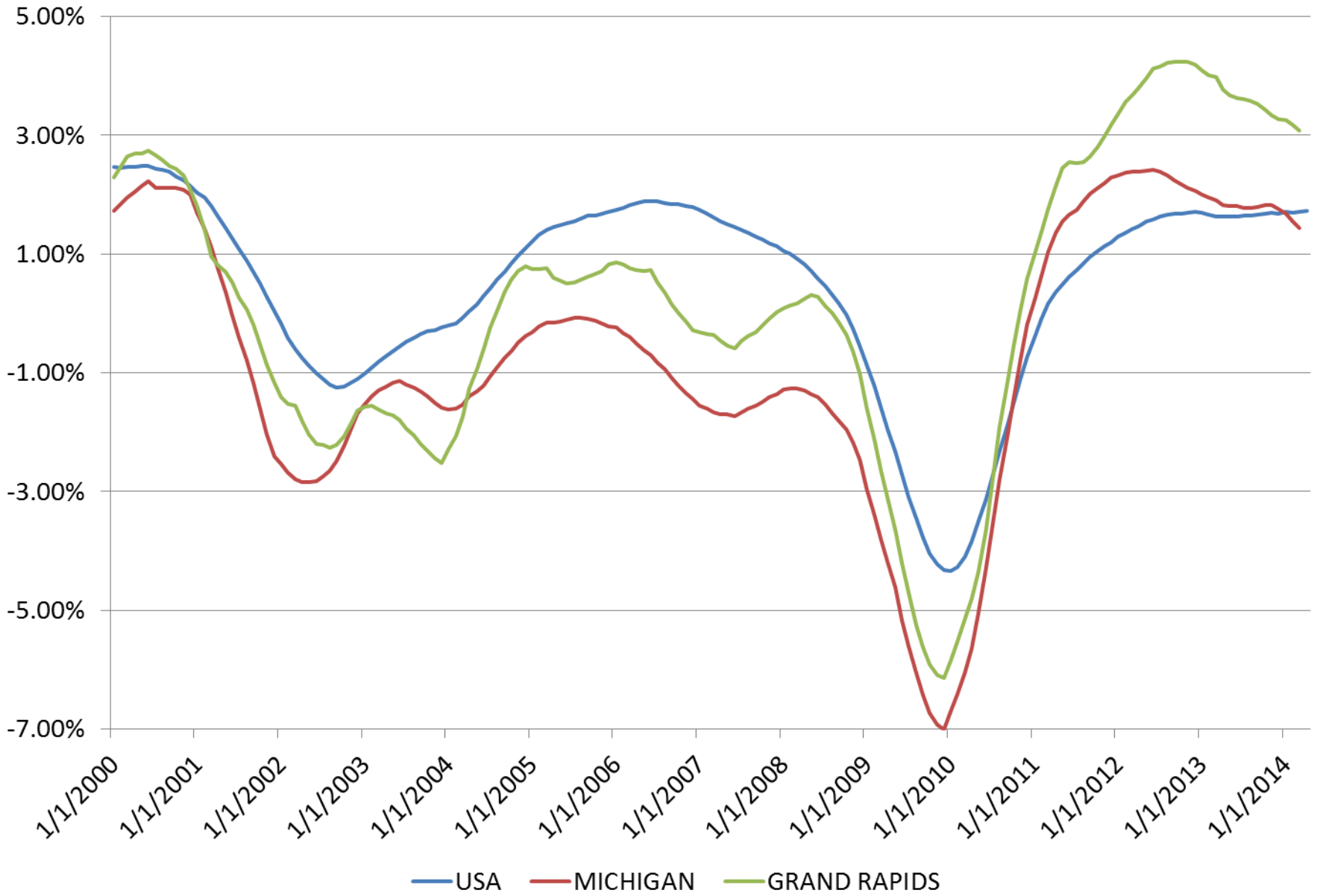
Unemployment Broken Down



Percent of 2000 Employment Average

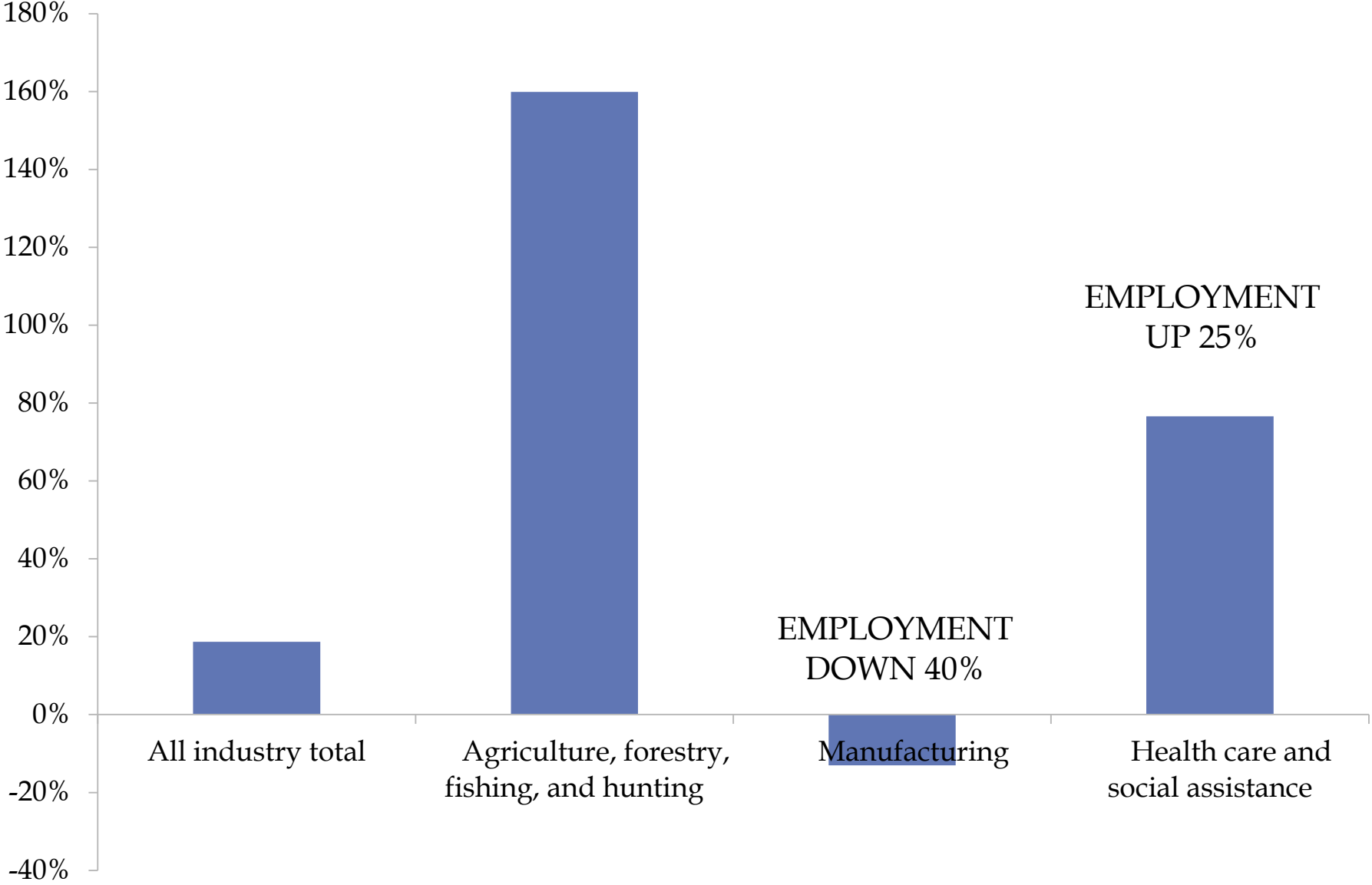


12 Month Moving Average Employment

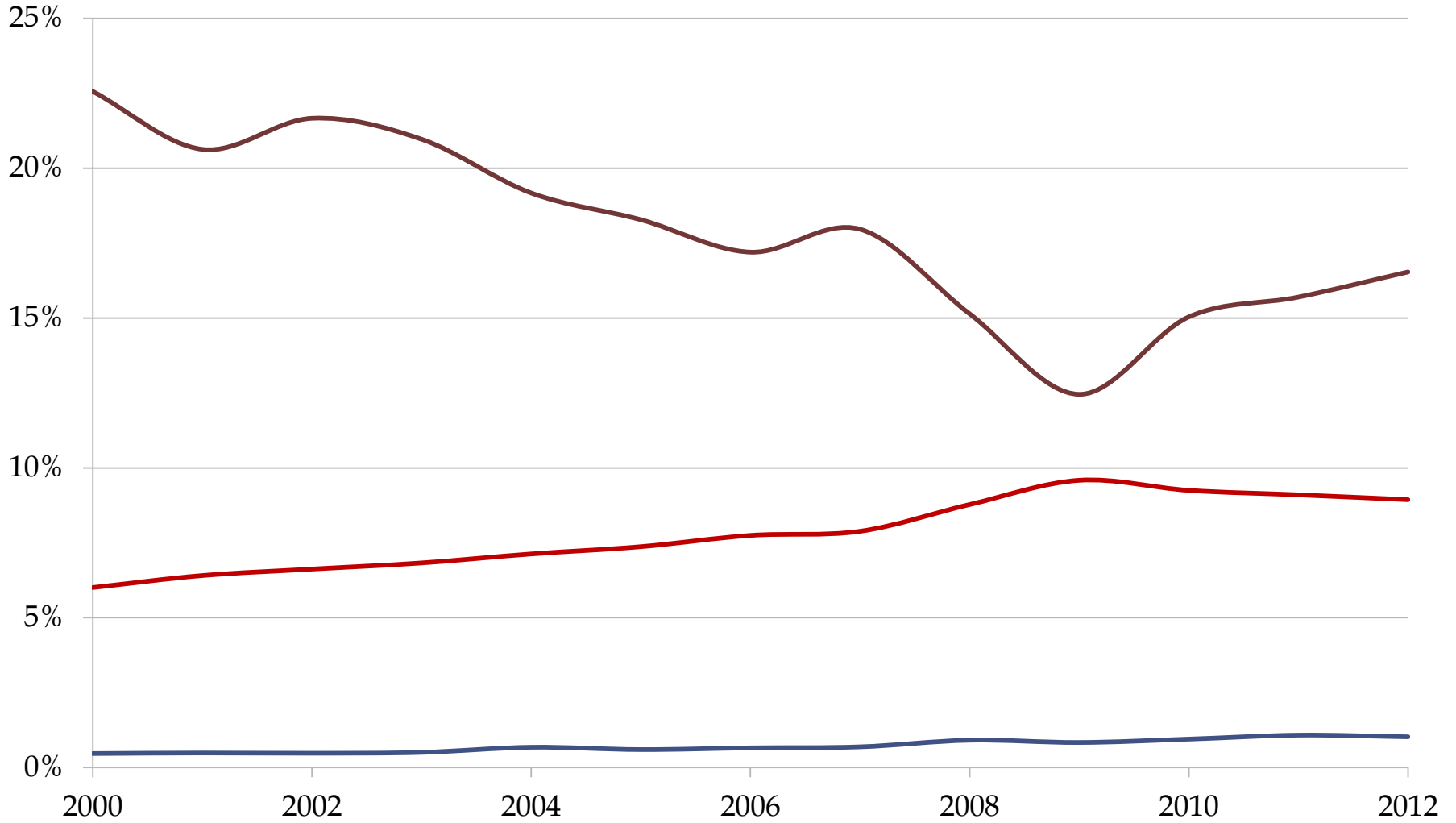


MICHIGAN

Output Change 2000-2012 MICHIGAN

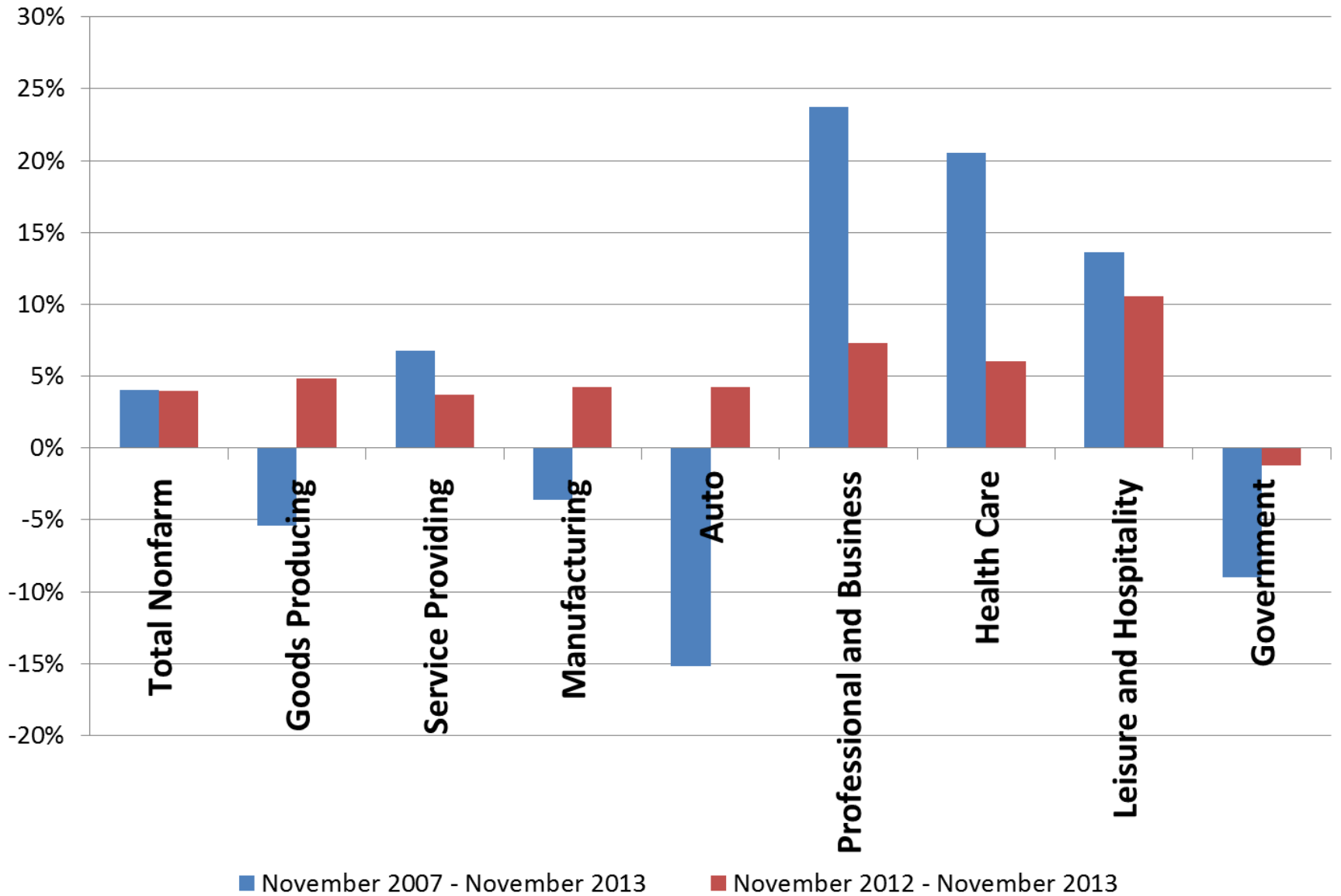


Output as percent of Total MICHIGAN



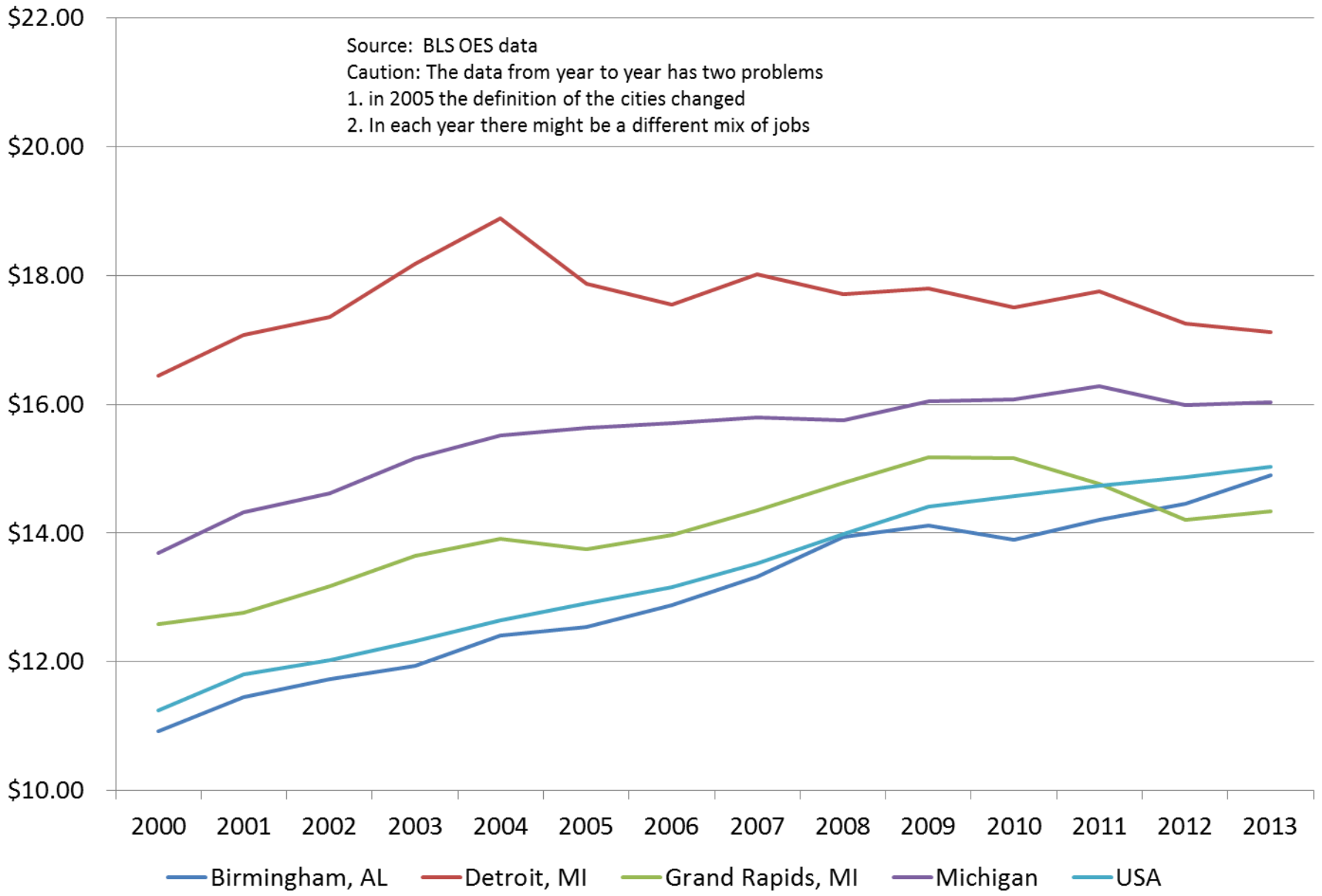
— Agriculture, forestry, fishing, and hunting — Manufacturing
— Health care and social assistance

Percent Change Employment - Grand Rapids

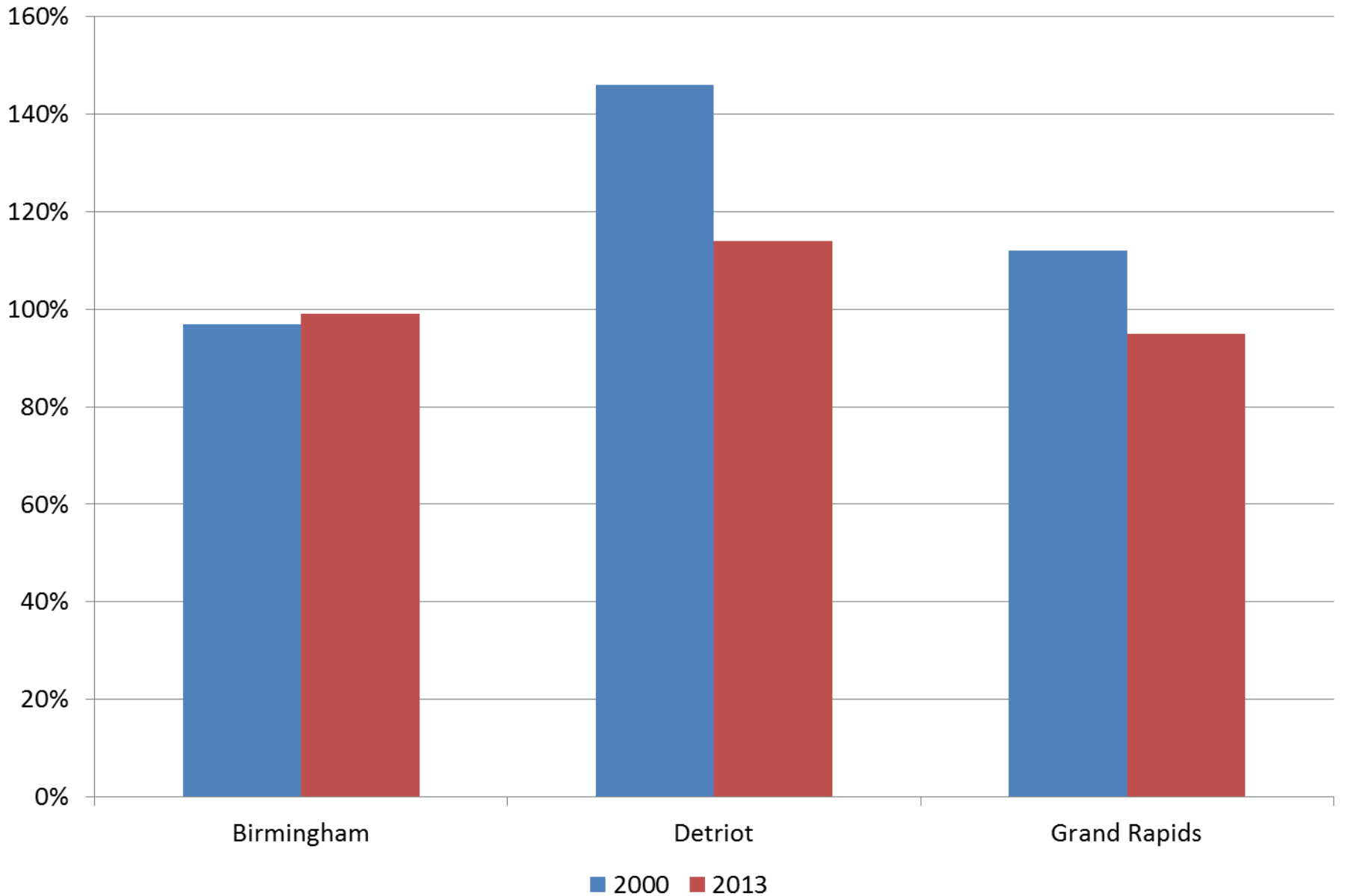


Median Wage of Production Workers

Source: BLS OES data
Caution: The data from year to year has two problems
1. in 2005 the definition of the cities changed
2. In each year there might be a different mix of jobs

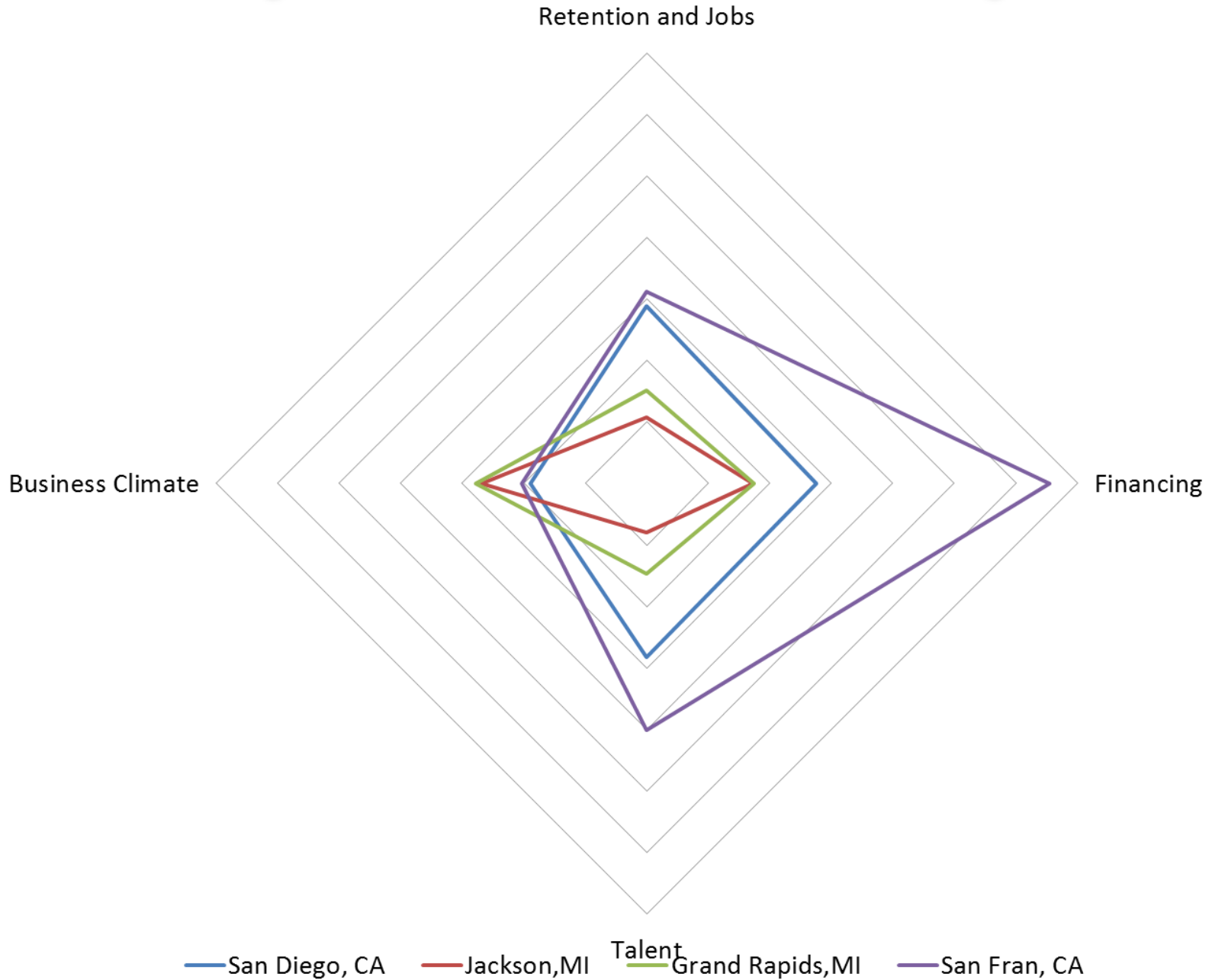


Median Michigan Production Wages As Percent of US Median

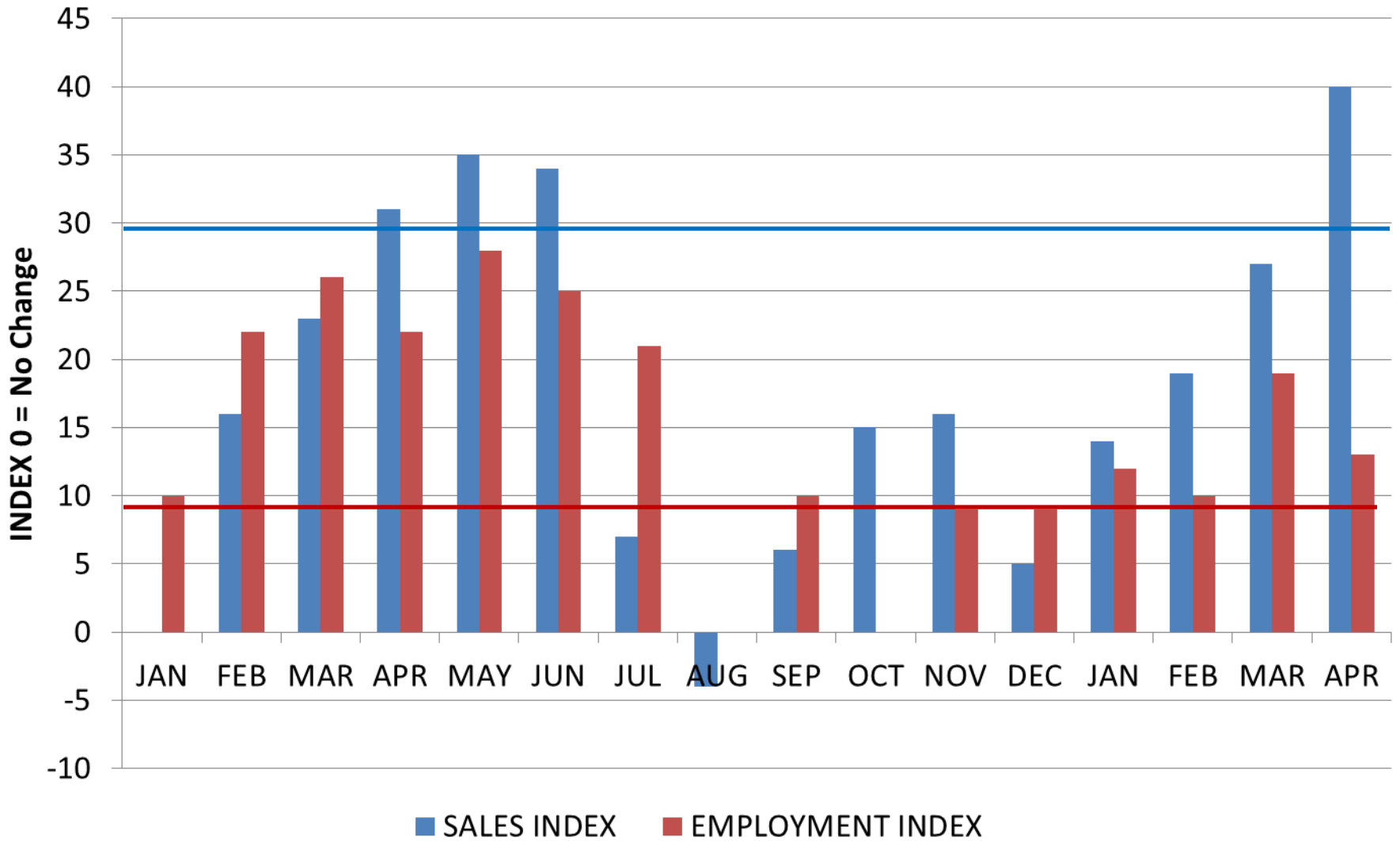


**HOW DYNAMIC IS WEST
MICHIGAN'S ECONOMY?**

Entrepreneurial Horsepower

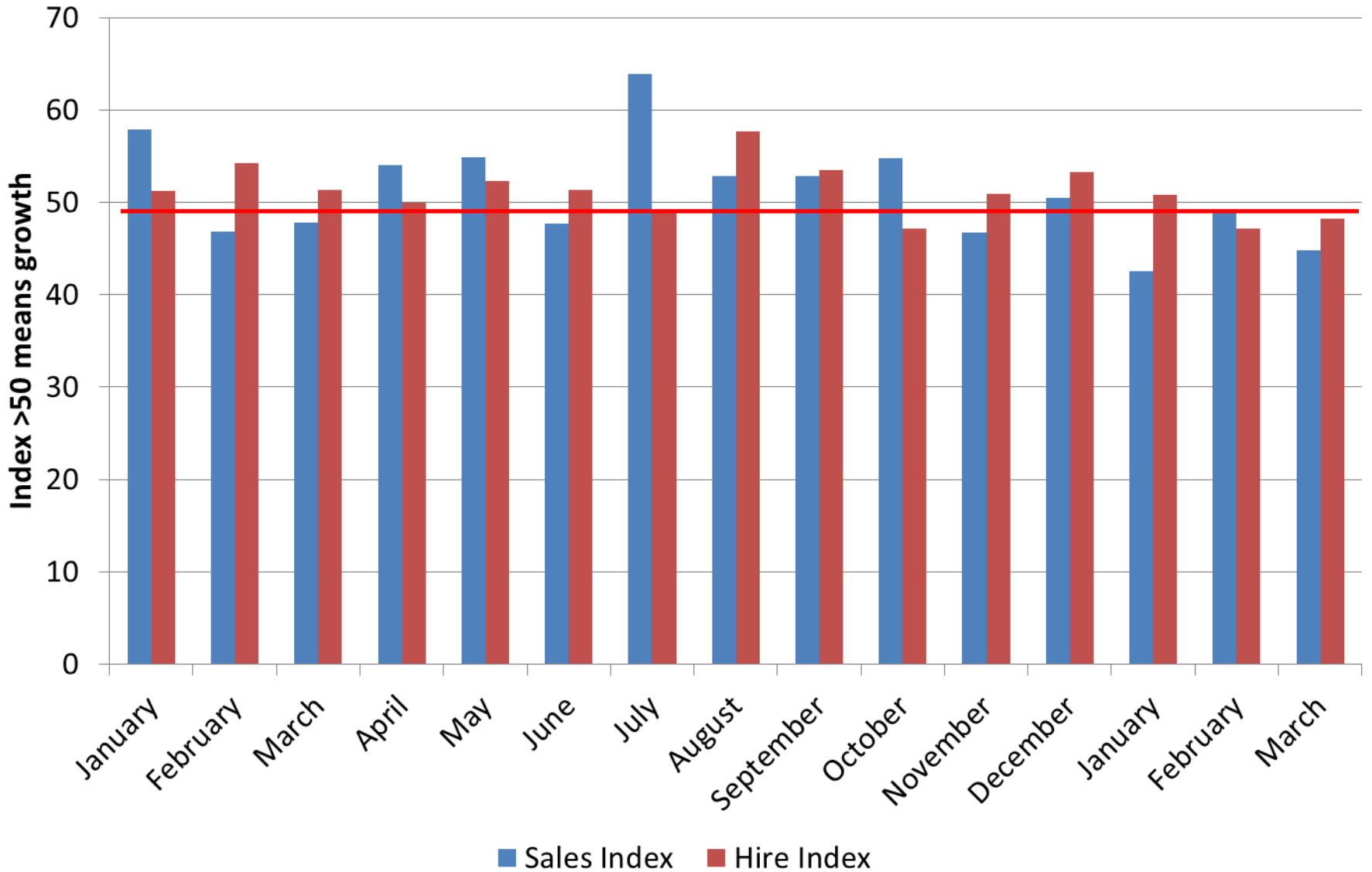


WEST MICHIGAN ISM INDEX (Was it Winter or a Slowdown?) 2013 - 2014

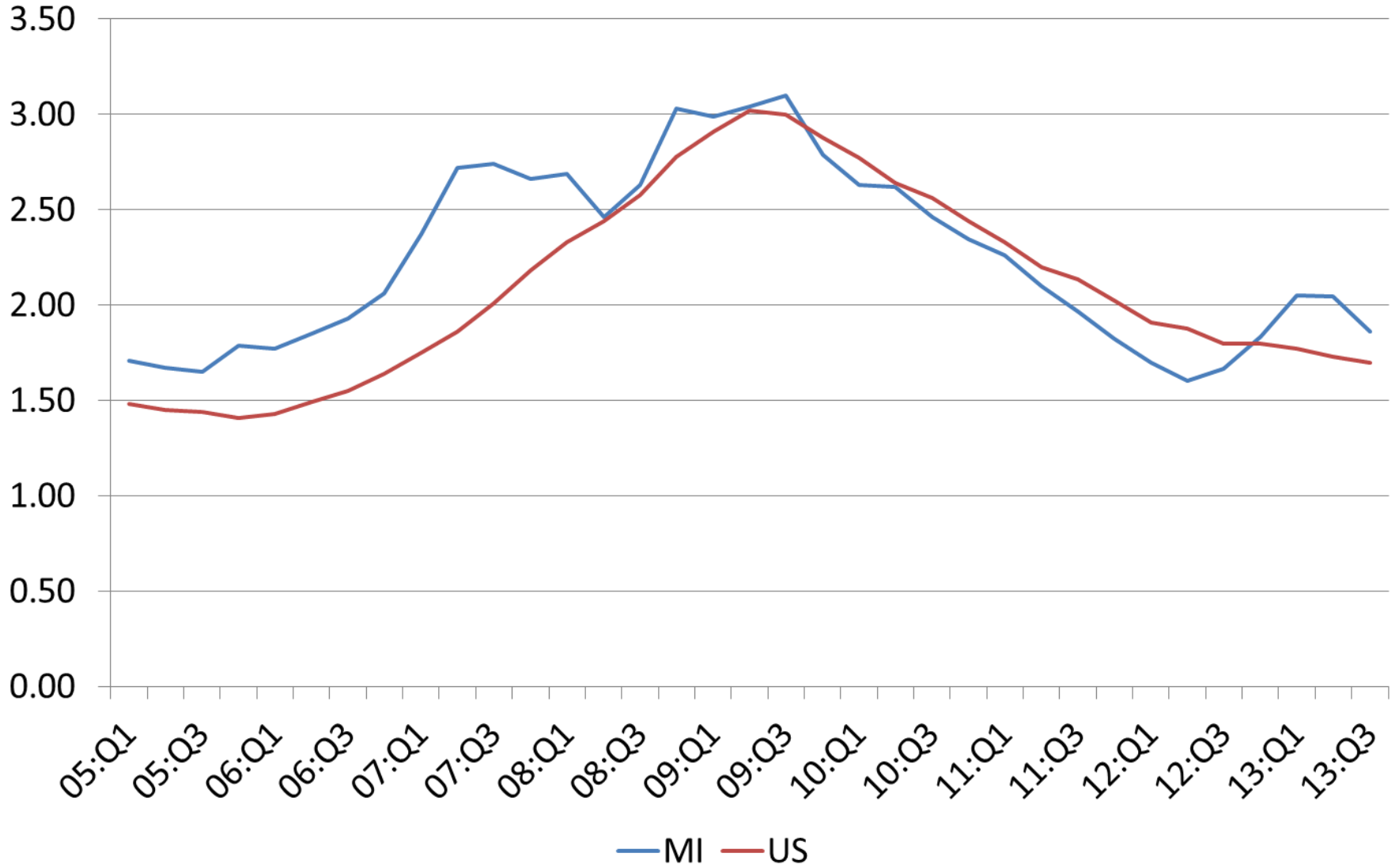


Source: ISM Survey housed at GVSU

Michigan Retail Index 2013 - 2014



Michigan Debt Transition to 30 Days Late



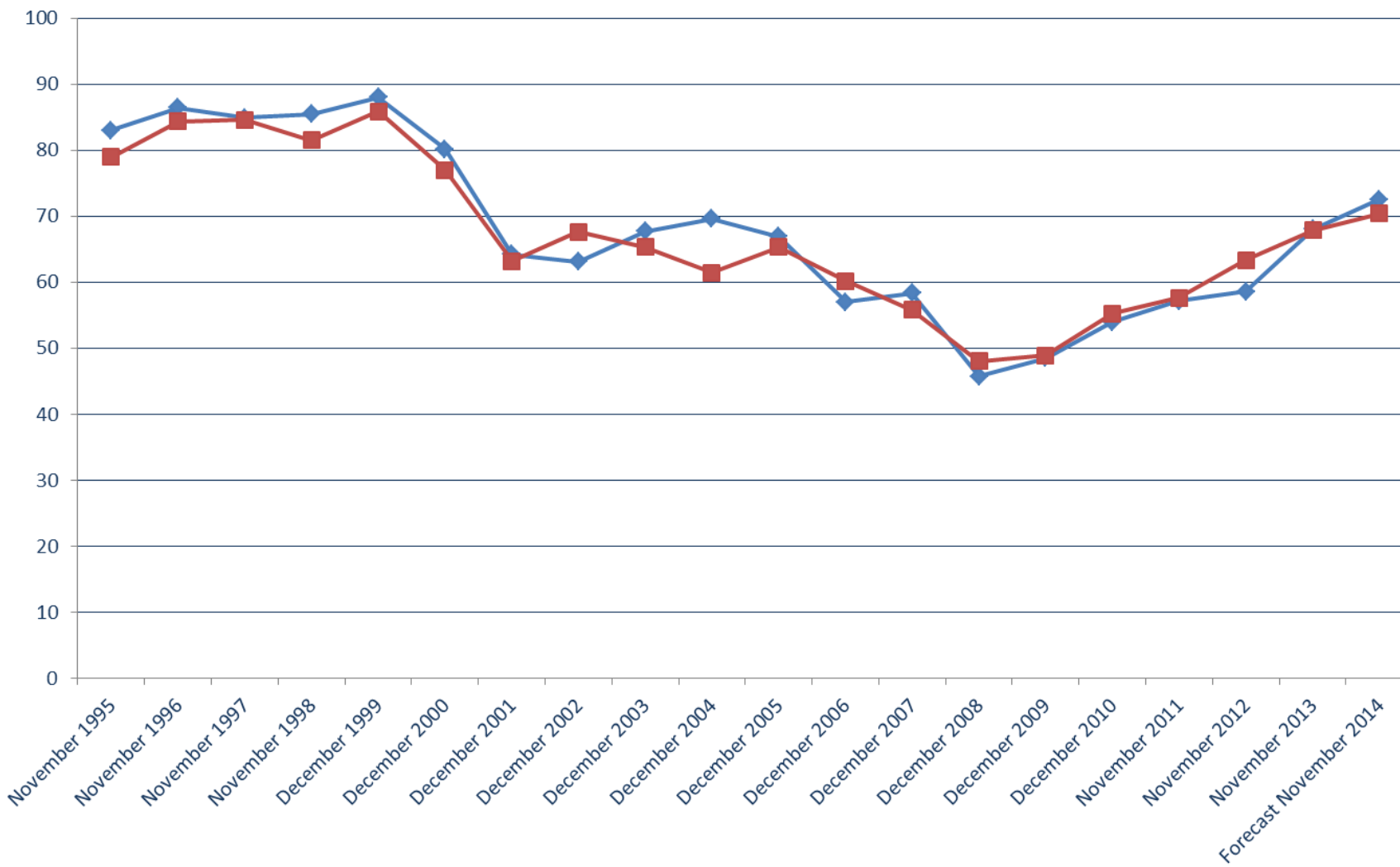
How Will the West Michigan Economy Perform in 2013?

- All indicators point to **continued growth**.
- **Slightly stronger** expectations compared to last year on sales
- Overall growth be **slightly higher** than last year.

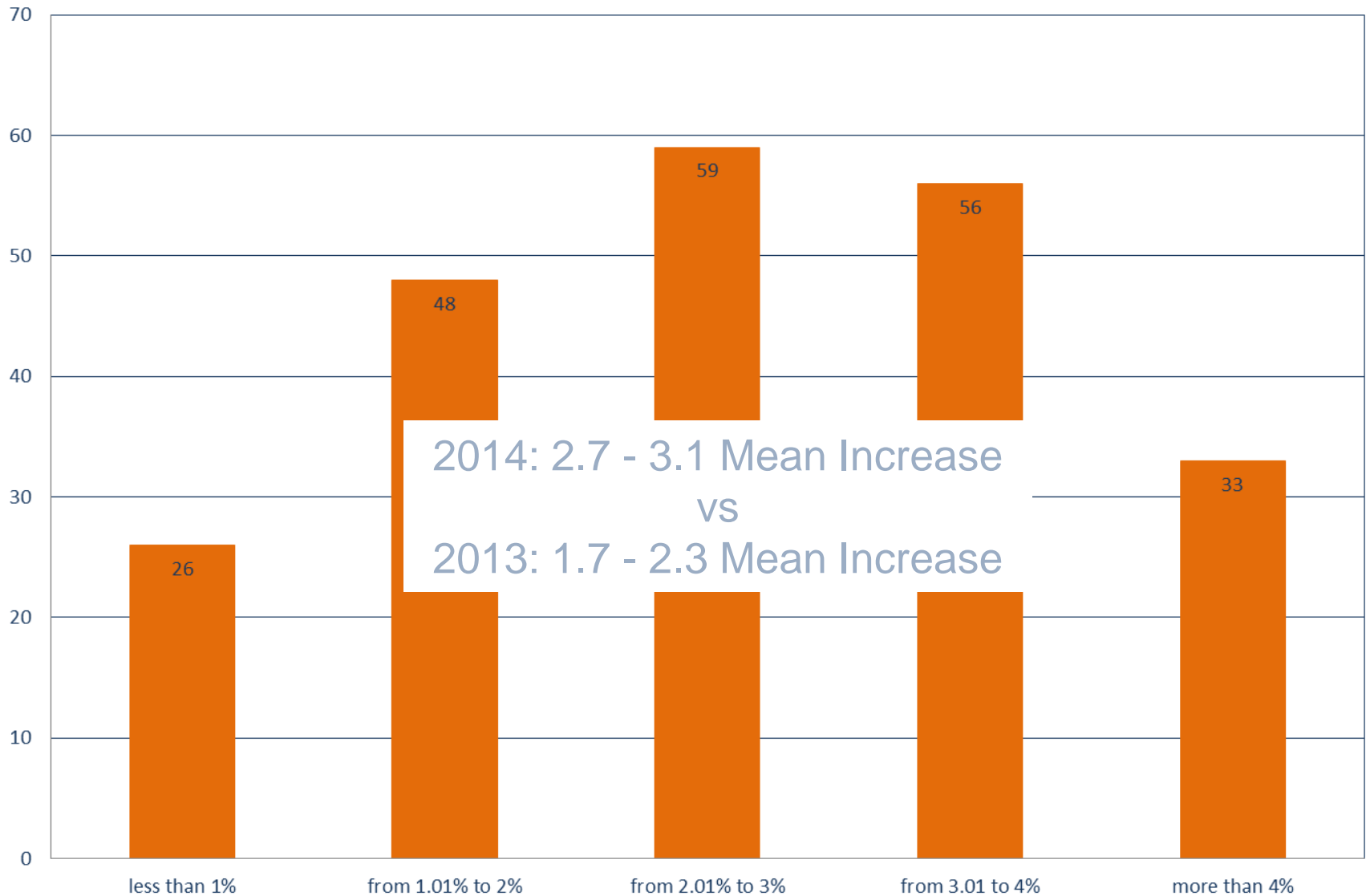
West Michigan Confidence Index 2014

Government

All Sectors excl. Govt/Non Profit



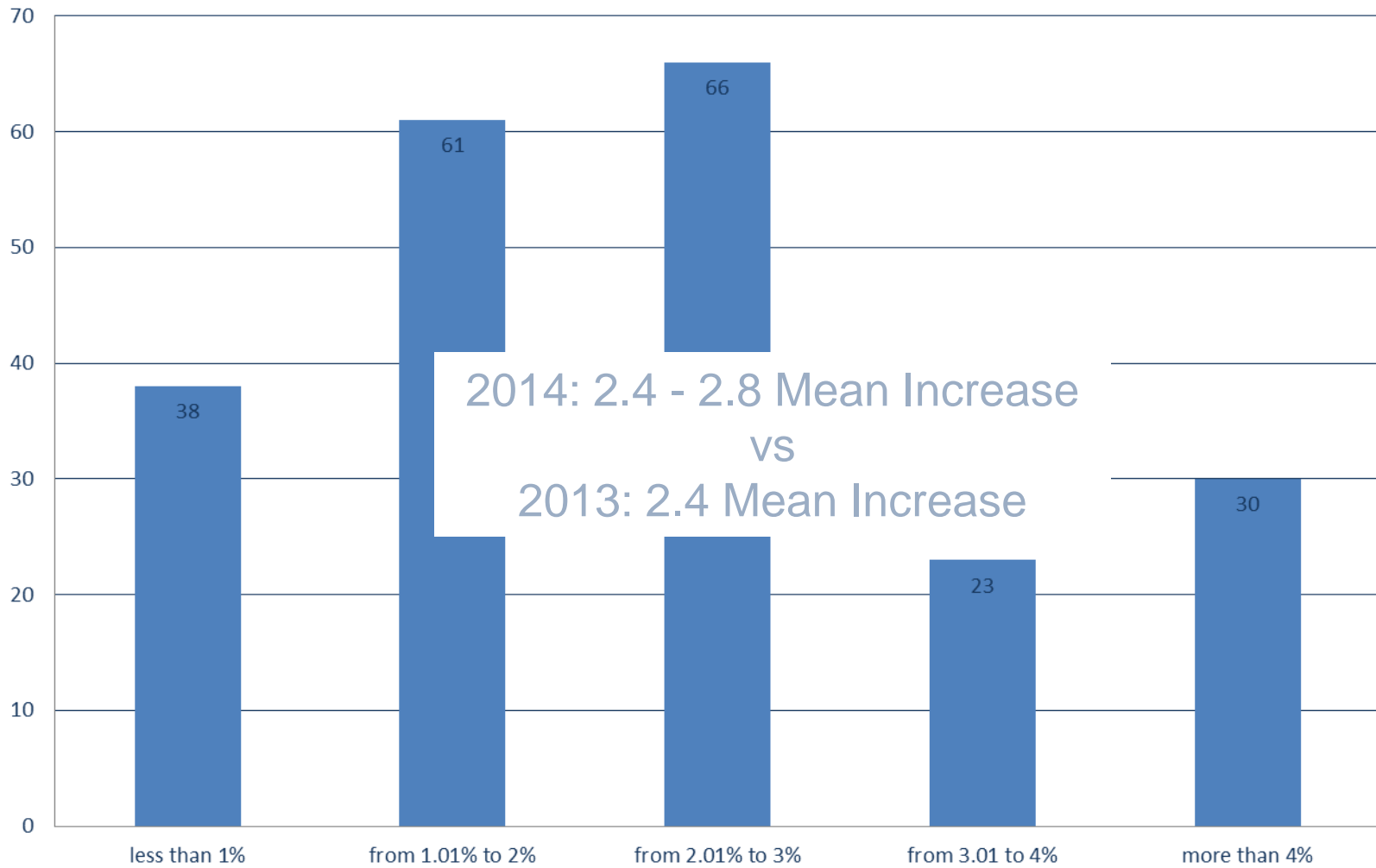
Respondents' Anticipated Change in Employment for 2014 (All Sectors)



Digging Deeper into the Employment Numbers

- More than half of the respondents (69%) expect to hire next year.
- Of the persons who are hiring, about 76% are expected to be permanent workers.
- These numbers corroborate the continued improvement in the labor market in 2014.

Respondents' Anticipated Change in Sales for 2014 (All Sectors)



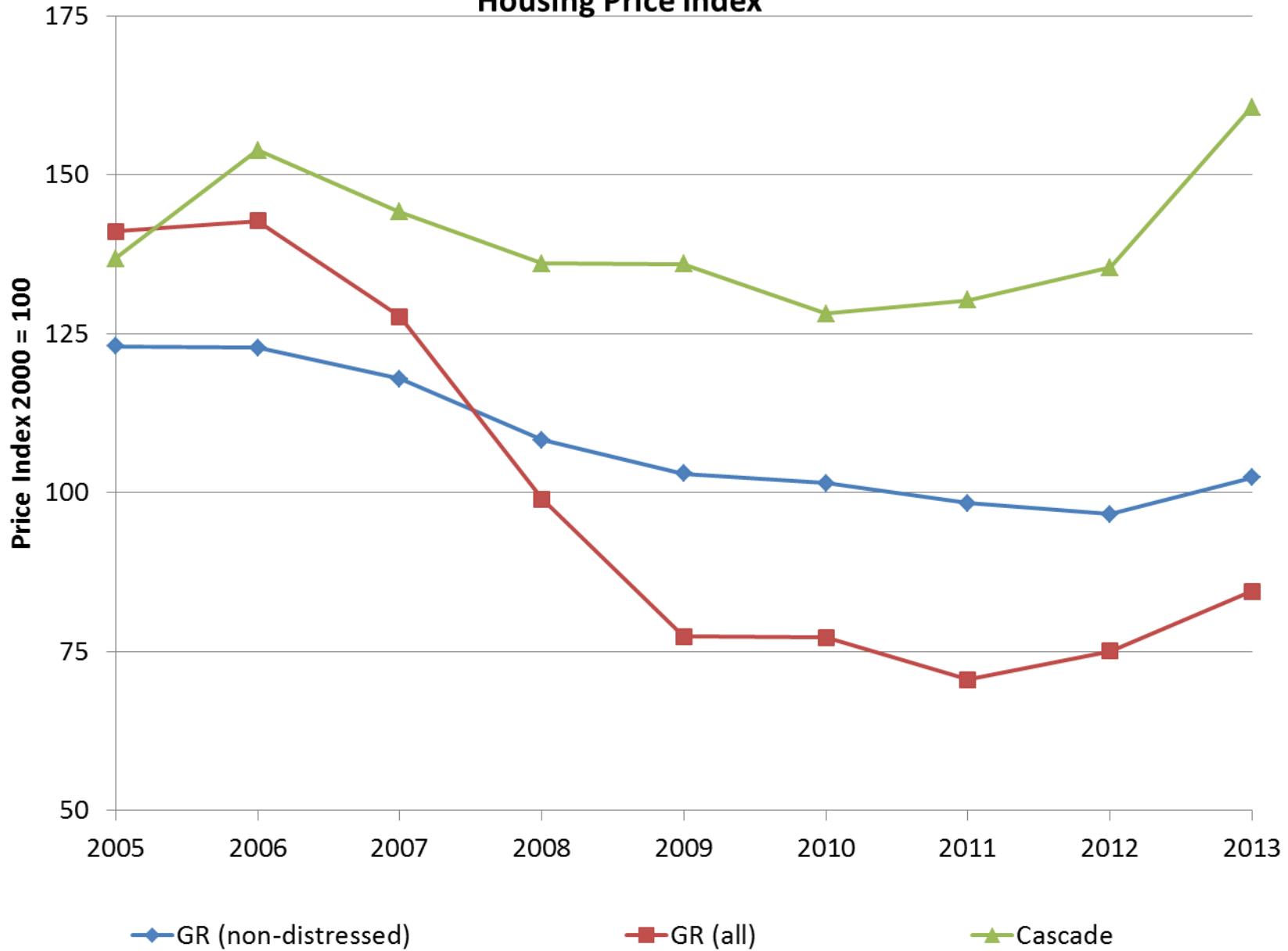
Exporting Respondents' Anticipated Change in Exports for 2014

■ # of Respondents

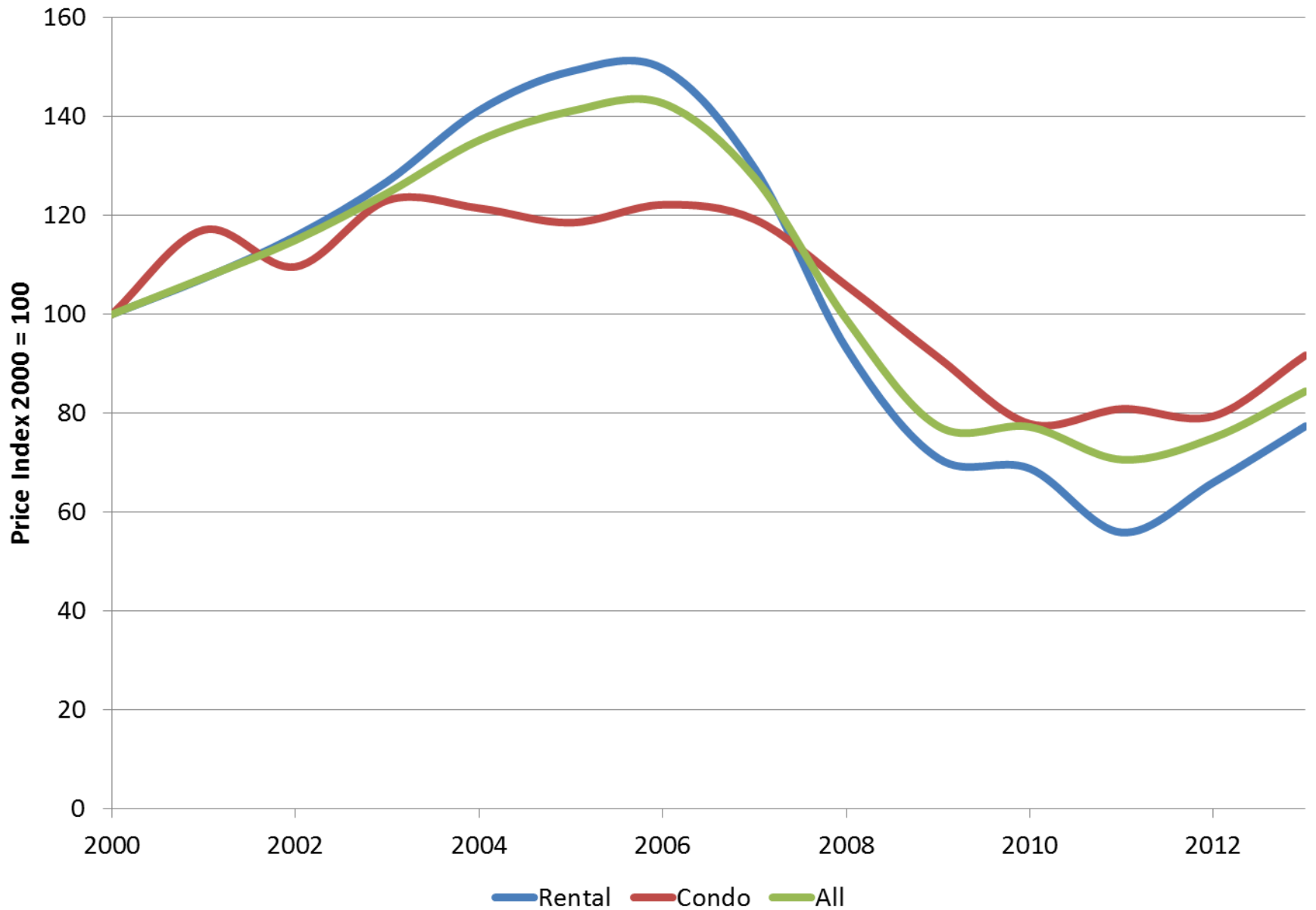


Residential Real Estate

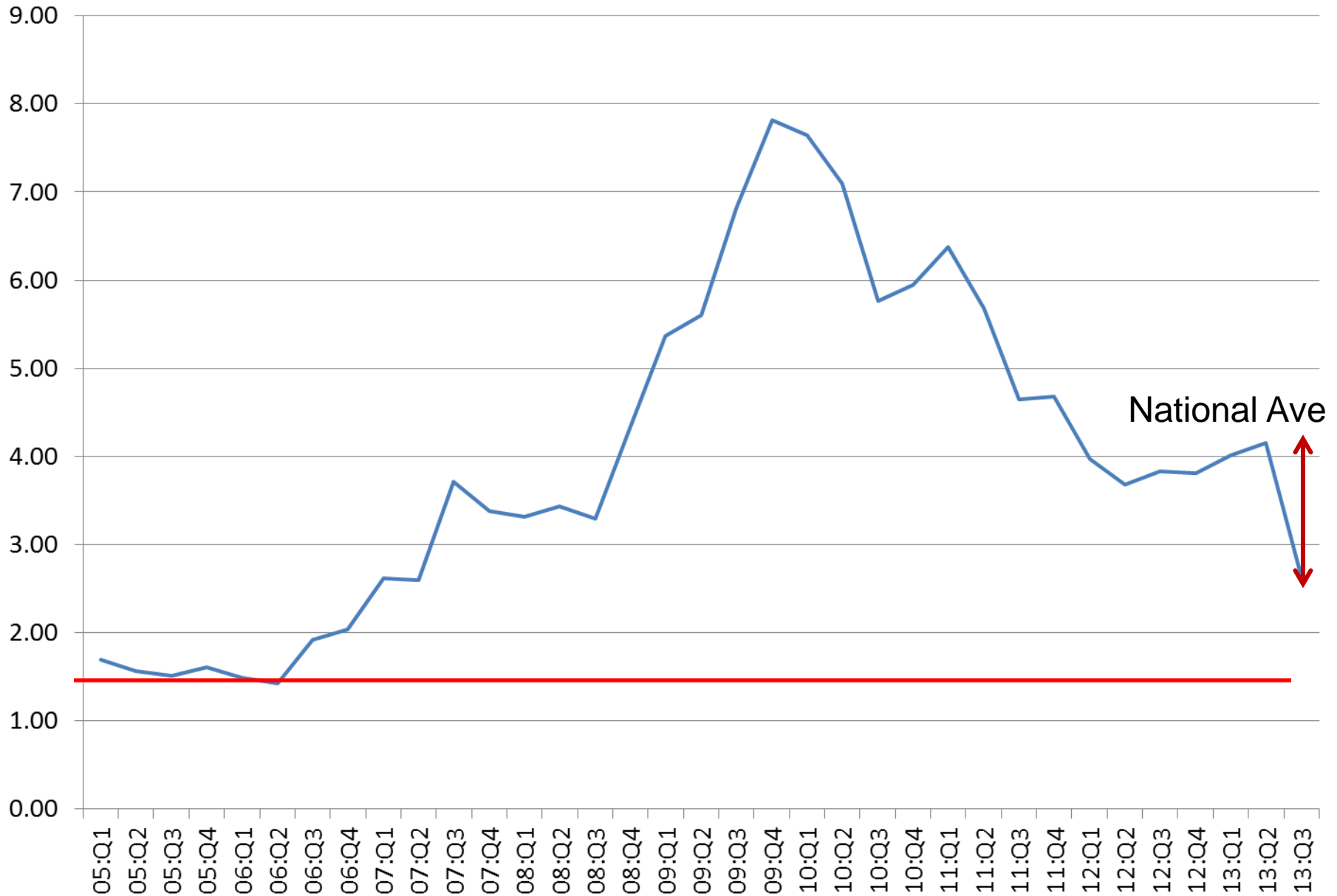
Housing Price Index



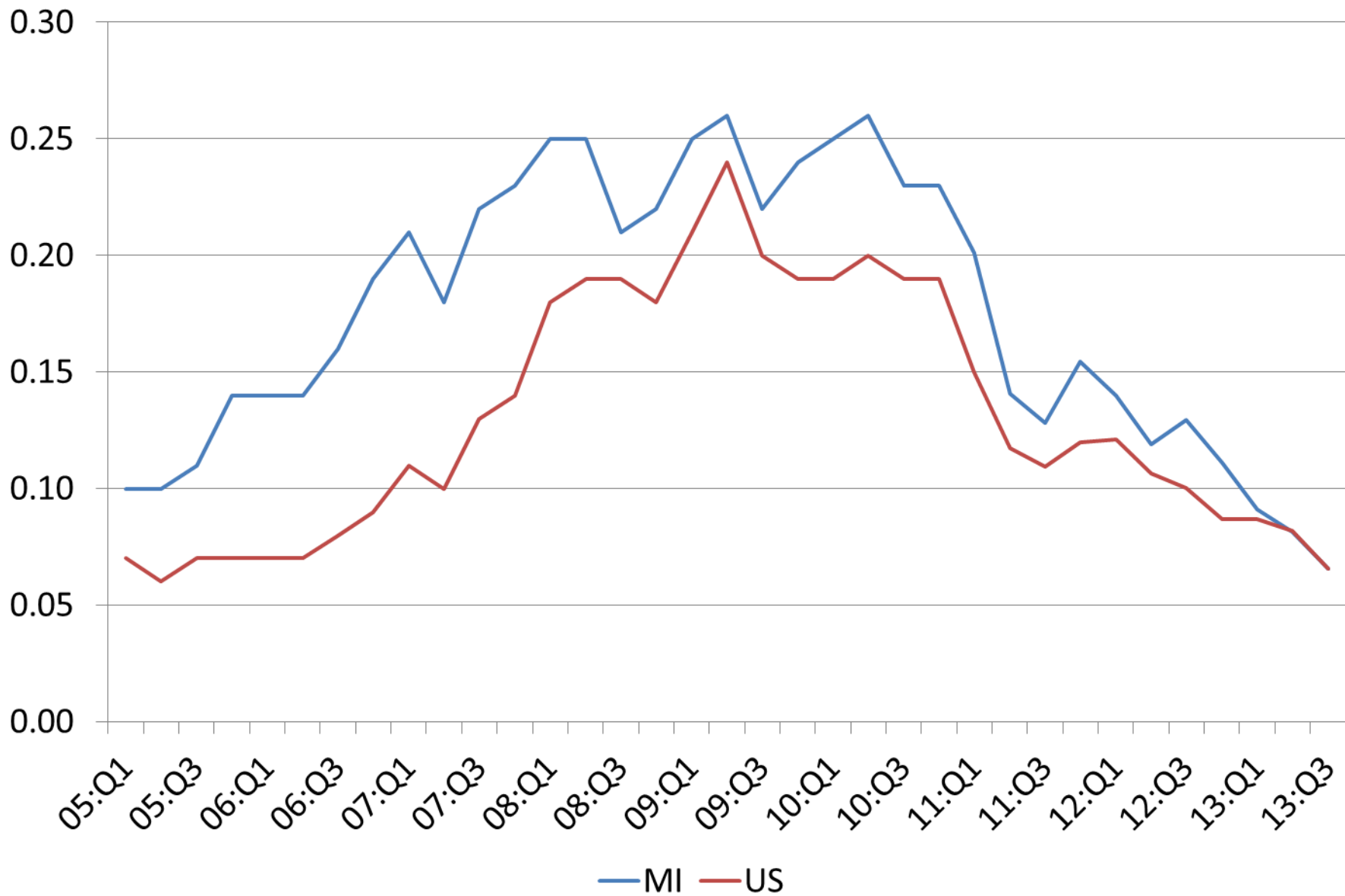
Single Family Residential Price Index Grand Rapids



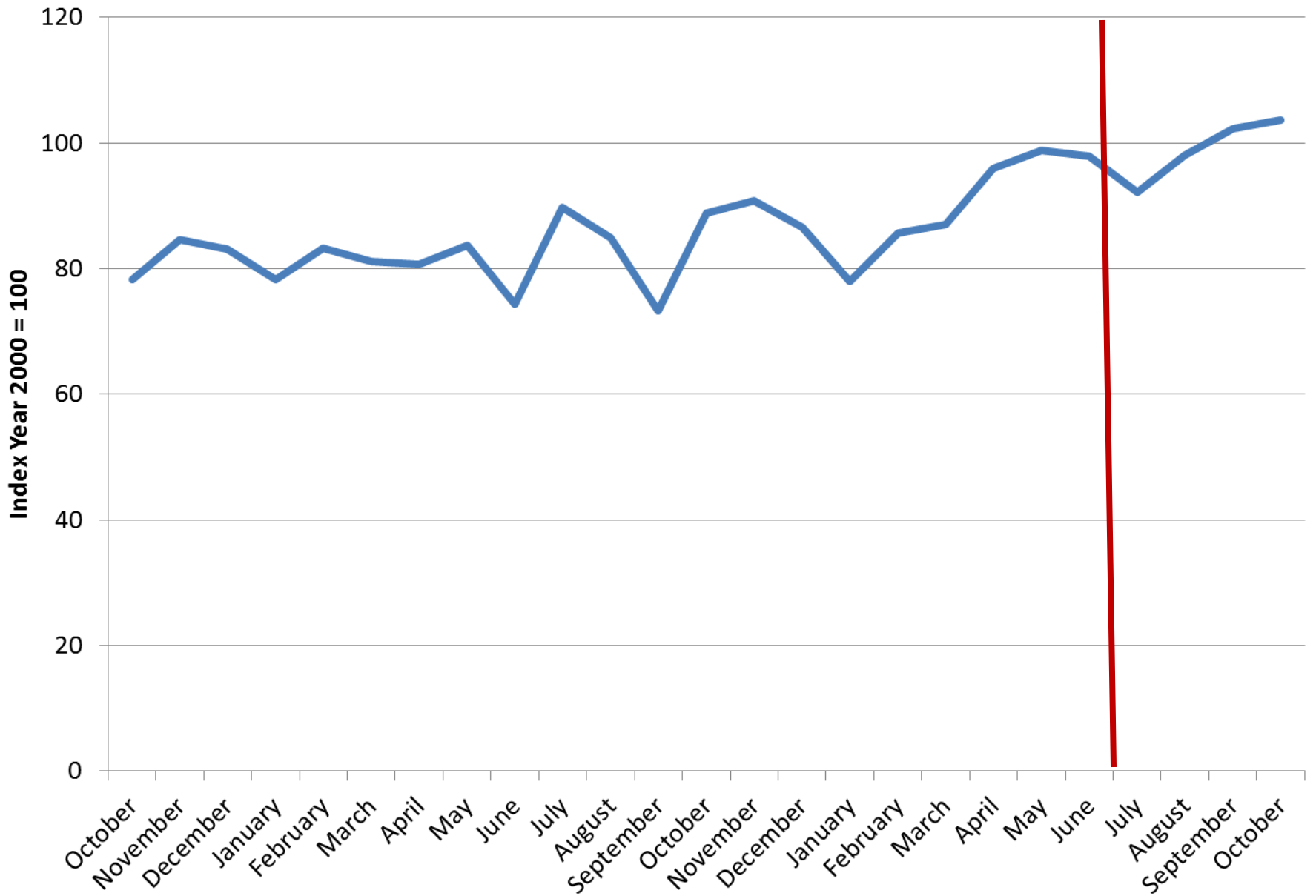
Percent of Mortgages 90+ Days Late in MICHIGAN



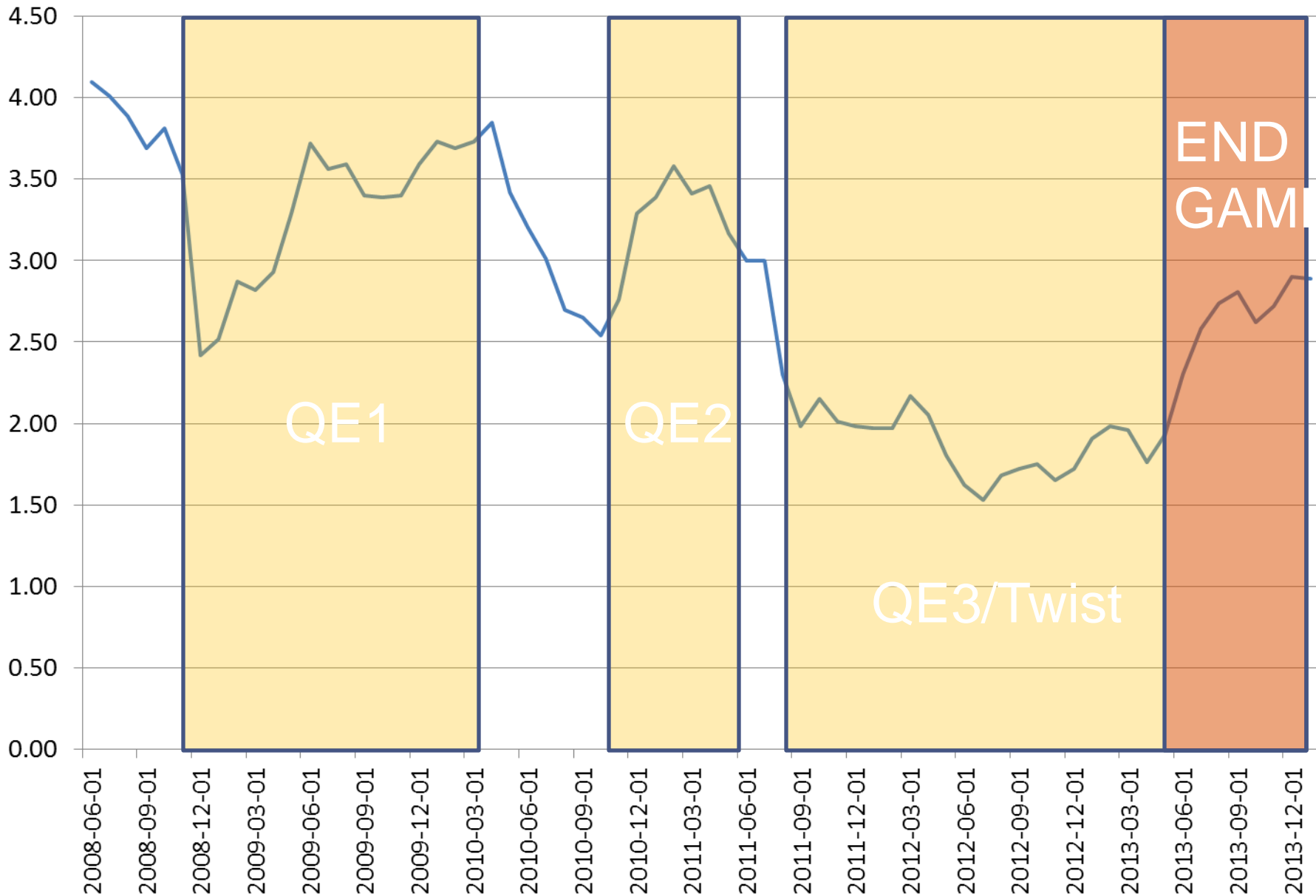
Percent of Consumers with New Forclosures



Grand Rapids Index Oct 2011 - Oct 2013



10 Year Treasury Rate



OUTLOOK SUMMARY

Prospects for West Michigan

- **Employment** increase will be **2.7% to 3.1%**.
- Expected overall **sales** growth of **2.4 to 2.8%**.
- **Exports** increase faster than last year **8.0 to 9.0%**.

The Outlook in 2013 for the National Economy?

- Overall GDP growth: 2.5% to 3.5%.
- Employment will continue to improve significantly (with ups\downs) by the end of the year.
- **Average** employment growth of 185,000 -225,000 jobs per month in 2013. (about 2.5 million jobs).
- **Caveat:** Federal Government

Outlook Continued

- ▣ Interest Rates
- ▣ Energy Costs
- ▣ Caveats

QUESTIONS

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