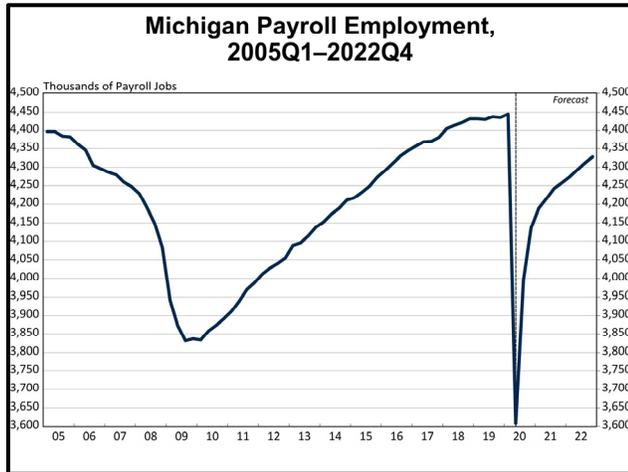


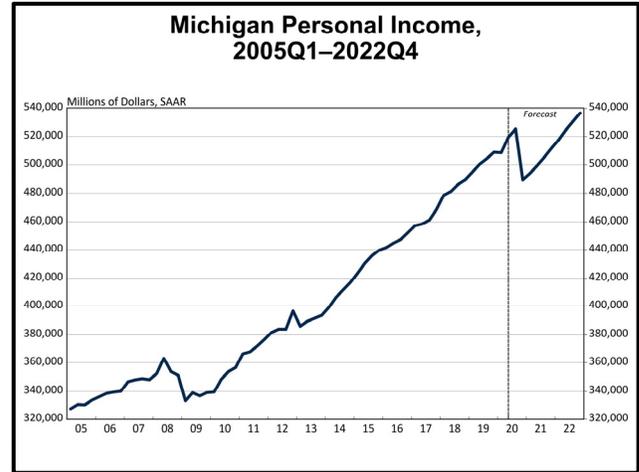
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Some highlights from the most recent RSQE Michigan forecast, released on September 2, 2020:



Payroll employment in Michigan fell by 1,047,700 jobs from February to April; from then through July, the state has recovered 527,600 jobs, or just over half of the initial losses. We expect job gains to slow down going forward, to a pace a bit below 90,000 per month over the rest of the year. That rate of recovery would leave the state's job count nearly 7 percent below the pre-pandemic level in the fourth quarter of 2020. We are forecasting further gains of 120,700 jobs during 2021 and 70,400 during 2022. The state's payroll job count ends our forecast period 116,800 jobs, or 2.6 percent, lower than its pre-pandemic level from the first quarter of this year.

Underlying that aggregate forecast is a two-track recovery. While the leisure and hospitality, retail trade, and other services industries will recover very slowly from the pandemic, the remainder of the state's private industries, taken as a whole, will fully recover by the end of 2022. The outlook for the state's government sector depends on whether federal support for state and local government is forthcoming. We remain hopeful that Uncle Sam will provide enough help to avoid most of the potential job losses in government.



We estimate that state personal income actually rose by 2.2 percent in the second quarter due to the various forms of assistance contained in the CARES Act. We have penciled in a deal for additional support this fall, which leads to continued personal income growth of 1.1 percent in the third quarter. Personal income then plunges 6.8 percent in the fourth quarter as the stimulus begins to fade. The profile of personal income will depend heavily on the details of any additional federal assistance, however.

We forecast a faster rebound in personal income than in the jobs count because of the two-track recovery we expect. Jobs in industries we forecast to recover slowly paid an average of \$27,800 in 2019, while jobs in the remaining private industries paid an average of \$65,000. That disparity will increase the economic hardship from COVID-19, but it should also speed up the recovery.

We forecast personal income in Michigan to return to its pre-pandemic level by the end of 2021 and to finish our forecast period at the end of 2022 a bit more than 5 percent higher than its pre-pandemic level.