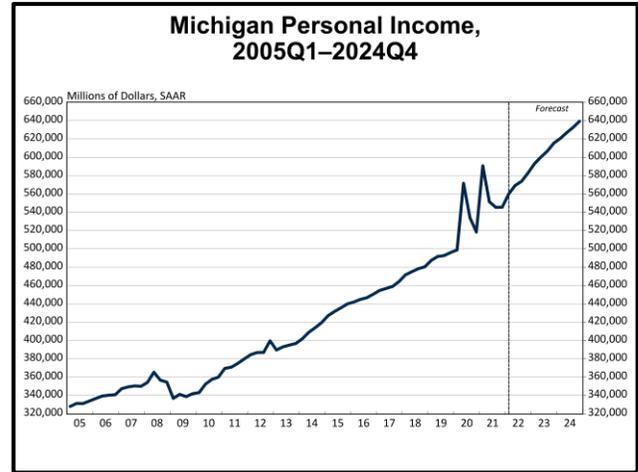
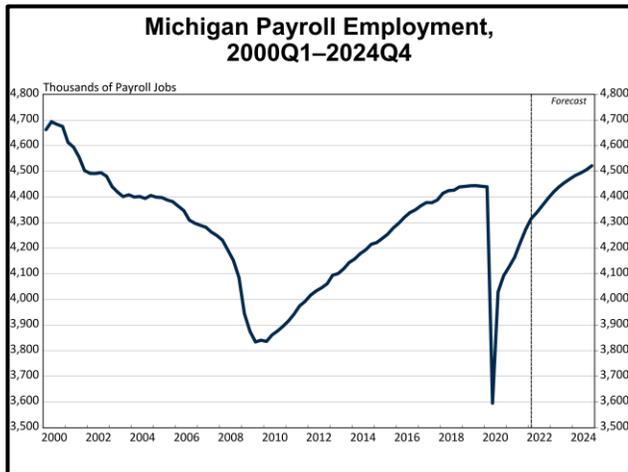


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Some highlights from RSQE's most recent Michigan forecast, released on May 27, 2022:



Michigan added 41,700 jobs in the first quarter of the year, a slight slowdown from the 53,000 job additions in the previous quarter. We are forecasting growth to moderate further from here, with an average of 25,800 job gains per quarter over the final three quarters of the year. The quarterly pace of job gains then dips to an average of 19,300 in 2023 and 13,000 in 2024.

Our forecast brings Michigan's payroll job count back to its pre-pandemic level by the middle of next year, and to 82,300 jobs higher, or 1.9 percent, by the end of 2024. Even so, we expect Michigan's employment at the end of 2024 to remain nearly 4 percent lower than its all-time employment peak in the second quarter of 2000.

Michigan's blue-collar industries lead the recovery, as backlogs of demand in manufacturing and construction help them withstand the Fed's tightening cycle. Higher-education services industries perform respectably, but their growth is restrained by healthcare and government. Lower-education services industries are still climbing out of a deep jobs hole. They do not quite recover to their pre-pandemic level by the end of 2024.

The phase-out of federal support over the course of 2021 led to a decline in state personal incomes, which fell 7.6 percent from the first to the fourth quarters. We forecast personal income to grow briskly from here, though, with growth of 6.9 percent during 2022, 5.6 percent during 2023, and 3.9 percent during 2024, respectively. Altogether, we forecast state personal income to total \$138 billion, or 28 percent, higher in 2024 than its level in 2019.

Unfortunately, prices are rising rapidly as well. We expect local inflation to register 7.7 percent this year, which would be the fastest since 1981. We expect the Fed to succeed in taming inflation eventually: local inflation cools off to 3.8 percent next year and 2.6 percent in 2024.

We project that real disposable income will mostly tread water during 2022, as rising prices outstrip incomes and taxes grow at a brisk rate. On a fourth-quarter-to-fourth-quarter basis, real disposable income growth picks up from 0.3 percent in 2022 to 2.7 percent in 2023 and 1.5 percent in 2024. Michigan's real disposable income in 2024 is 5.3 percent higher than it was in 2019.