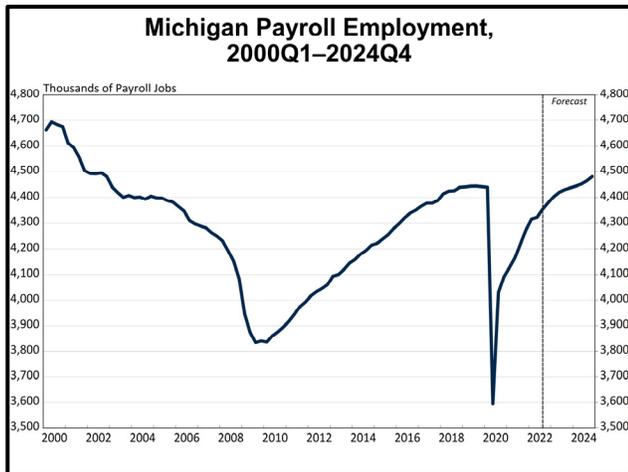


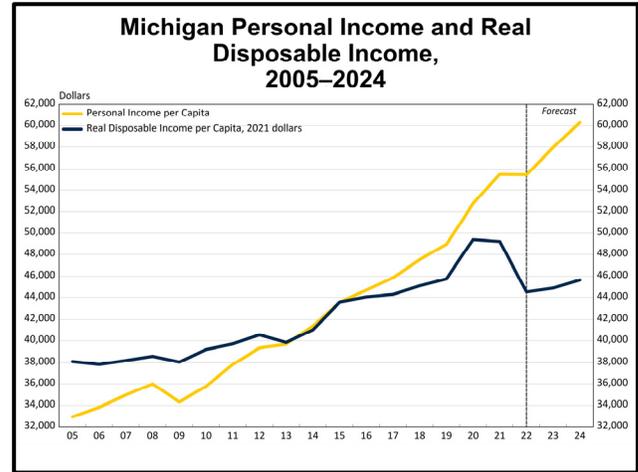
Some highlights from RSQE's most recent Michigan forecast, released on November 17, 2022:



Michigan added a healthy 34,000 jobs in the third quarter, but that welcome performance was still a deceleration from the 2021 pace. We project job gains to slow down from here, downshifting to an average pace of 9,200 per quarter in 2023 amid a mild national recession. The pace of job gains then picks up to an average of 11,000 per quarter in 2024 as we exit the national recession. We project Michigan to recover to its pre-pandemic employment level in the second half of 2024.

Our forecast calls for continued growth in Michigan's blue-collar industries, which have now recovered to their pre-pandemic employment level. The state's construction and non-automotive manufacturing industries face a challenging environment with rising interest rates, a strong dollar, and weak national growth. We are hoping that continued strength in the automotive sector will shield Michigan from the brunt of the recession.

We forecast Michigan's unemployment rate to hold steady at 4.1 percent through the middle of next year before rising to a cyclical peak of 4.7 percent by early 2024. It begins declining again in late 2024 as the national economy improves.



Personal income per capita in Michigan increased from 49,300 dollars in 2019 to 56,500 dollars in 2021 owing to federal stimulus. We expect that personal income per capita will largely tread water in 2022 as stimulus wanes but labor income grows. Personal income per capita returns to growth in 2023–24, though, averaging 4.3 percent per year. That would leave Michigan's personal income per capita at 61,500 dollars in 2024, or almost 25 percent higher than in 2019.

Unfortunately, we expect taxes and inflation to eat away nearly all of those gains. We project local inflation will average 8.2 percent this year before moderating to 4.5 percent in 2023 and 2.5 percent in 2024.

Michigan's real disposable income per capita skyrocketed by 8.3 percent in 2020 and dipped only slightly in 2021. We forecast real disposable income per capita in the state to decline by 10 percent in 2022, amid rising inflation and stagnant nominal income. Real disposable income per capita increases by 1.6 percent in 2023 and 1.7 percent in 2024, bringing its level in 2024 roughly in line with 2019's.