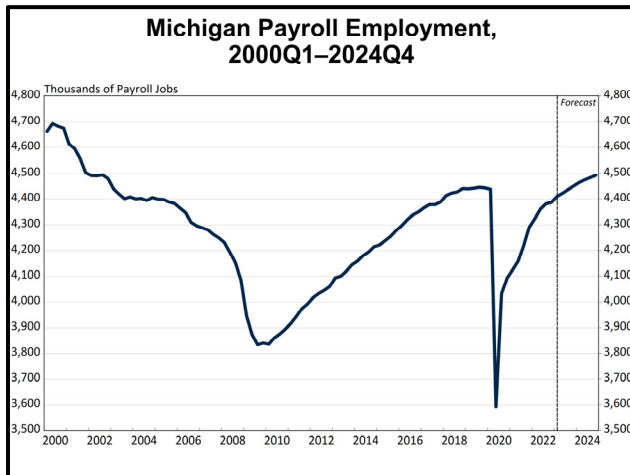


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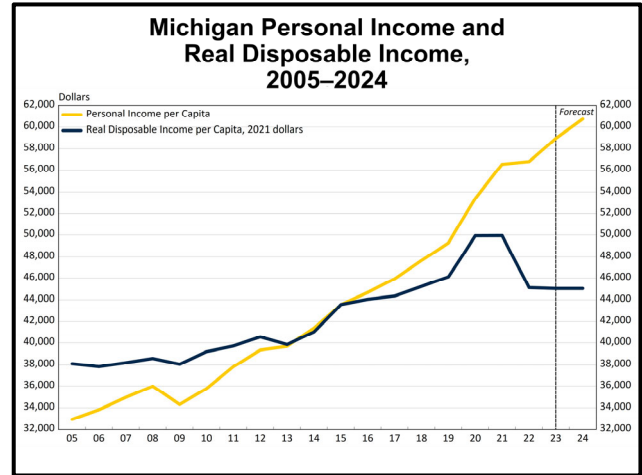
Some highlights from RSQE's most recent Michigan forecast, released on May 26, 2023:



Michigan's labor market is flashing unmistakable signs that it is nearing a full recovery from the pandemic recession. The state lost 1,056,000 payroll jobs at the start of the pandemic, but after three years of recovery, the remaining shortfall is only 30,000 jobs. If the average pace of job gains over the past six months were to continue, Michigan would recover to its pre-pandemic employment level by this September.

Longtime observers of the state economy can be forgiven for worrying that the good news means something is about to go wrong. We acknowledge the rising risks that Michigan's recovery could shift into reverse, but we forecast the state economy to keep growing through 2024. We project job gains to total 67,300 this year and 49,100 next year, even as the national economy flirts with recession. We believe Michigan's blue-collar industries will continue to lead the recovery.

Michigan's unemployment rate fell to 3.8 percent in April, in line with its pre-pandemic level. We project it to edge up toward 4.5 percent by the middle of next year as labor force growth outpaces job gains and then hover near that level.



Michigan's personal income per capita increased by nearly 15 percent between 2019 and 2021, from \$49,300 to \$56,500. It barely eked out positive growth last year, to \$56,800, as the labor market recovery continued but federal stimulus faded into the rearview mirror. We project Michigan's personal income per capita to grow by an average of 3.4 percent per year in 2023 and 2024. That trajectory would bring Michigan's personal income per capita to \$60,700 next year, or 23.3 percent higher than in 2019.

Real disposable income per capita fell by nearly 10 percent last year, as nominal income growth was hit hard by skyrocketing inflation. Unfortunately, we expect elevated inflation to continue to chip away at nominal income growth. Real disposable income per capita slips by a cumulative 0.3 percent over the next two years. Our forecast would take real disposable income per capita in 2024 to an average of \$45,000, or roughly \$1,100 less than 2019's average. Thus, we project that state residents will experience a decrease in living standards over a period of five years, from 2019 to 2024, despite the growth in nominal incomes during that time.