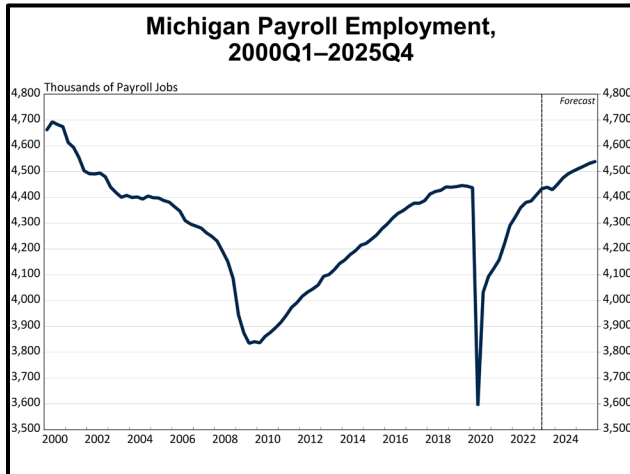


Gabriel M. Ehrlich, Director

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 Directors Emeriti

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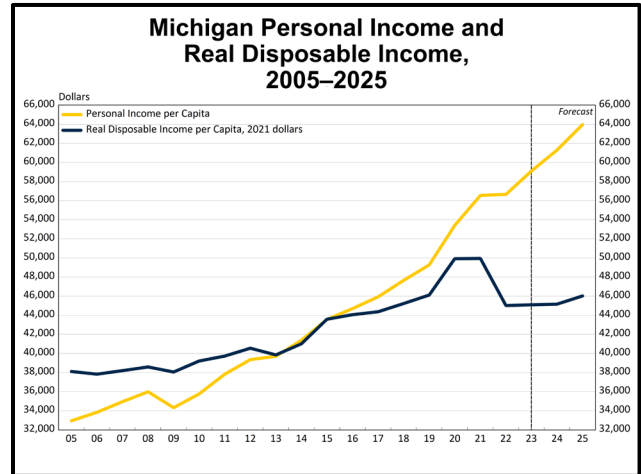
Some highlights from RSQE's most recent Michigan forecast, released on September 1, 2023:



Michigan’s labor market has now made a full recovery from the pandemic on one key metric, the count of employed residents. Payroll employment is not quite recovered, but it is also getting close.

A widely anticipated strike in the auto industry threatens to disrupt the state’s progress. We have assumed a work stoppage similar to the 2019 strike against GM, which we estimate will lead to a temporary decline in employment statewide. Growth resumes in 2024 and continues into 2025, although at a slower pace than Michigan has enjoyed recently. On a calendar year basis, Michigan adds 66,000 jobs this year, 52,000 in 2024, and 46,000 in 2025.

Michigan’s unemployment rate now stands at 3.6 percent, just below its pre-pandemic level. We project it to climb to 4.1 percent by the first half of next year following a strike in the auto industry and a period of below-trend economic growth nationally. The state’s labor force participation rate remains roughly flat at around 61 percent over our forecast horizon.



We project Michigan’s personal income per capita to grow by an average of 4.1 percent per year from 2023 to 2025 as the pandemic-era swings fade into the rearview mirror. Our forecast brings Michigan’s personal income per capita to \$64,000 in 2025, nearly 30 percent higher than in 2019.

Real disposable income per capita fell by nearly 10 percent in 2022 amid high local inflation. We expect slow but positive growth in 2023 and 2024 to give way to a healthier performance in 2025. Statewide real disposable income per capita comes to \$46,000 that year, a whisker below the 2019 average. Unfortunately, that means state residents will see zero growth in living standards over the span of six years, from 2019 to 2025.

We project Detroit CPI inflation to decline to 5.7 percent year-over-year by the end of this year, down from its recent high of 8.9 percent in the second quarter of 2022. Local inflation decelerates to 2.6 percent by the end of next year and holds around the mid-2 percent range in 2025.