

2020 Economic Outlook?

Thoughts and Observations

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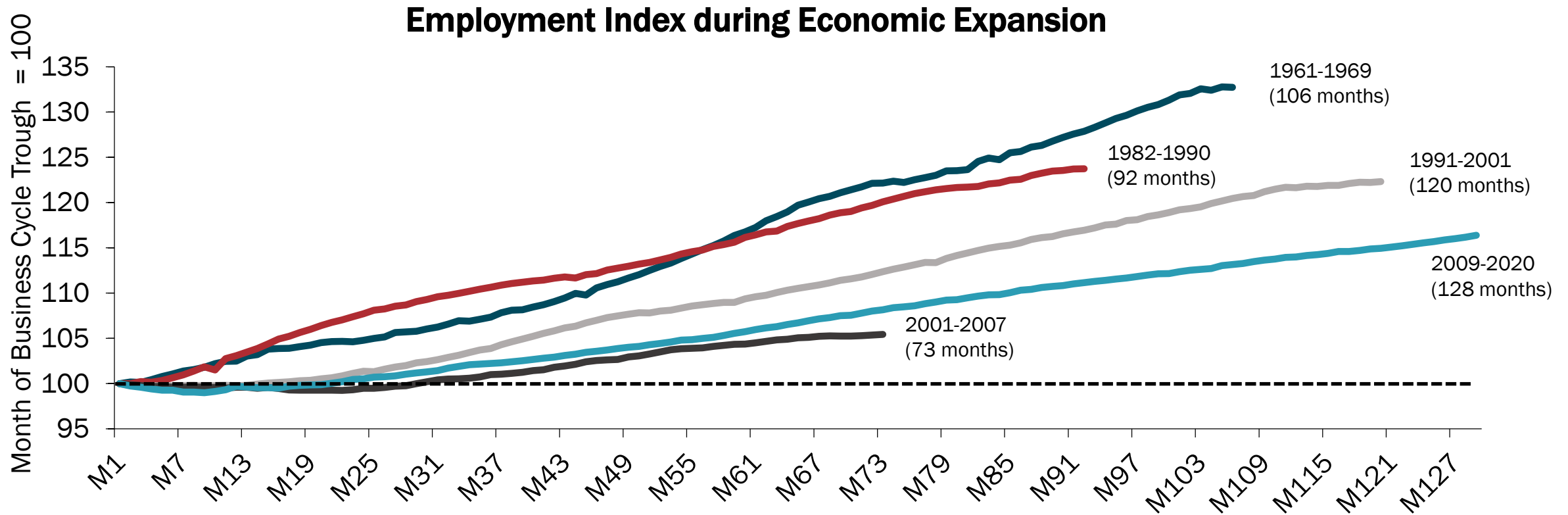
W.E. Upjohn Institute for Employment Research

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We are at the end of the longest economic expansion since WWII.



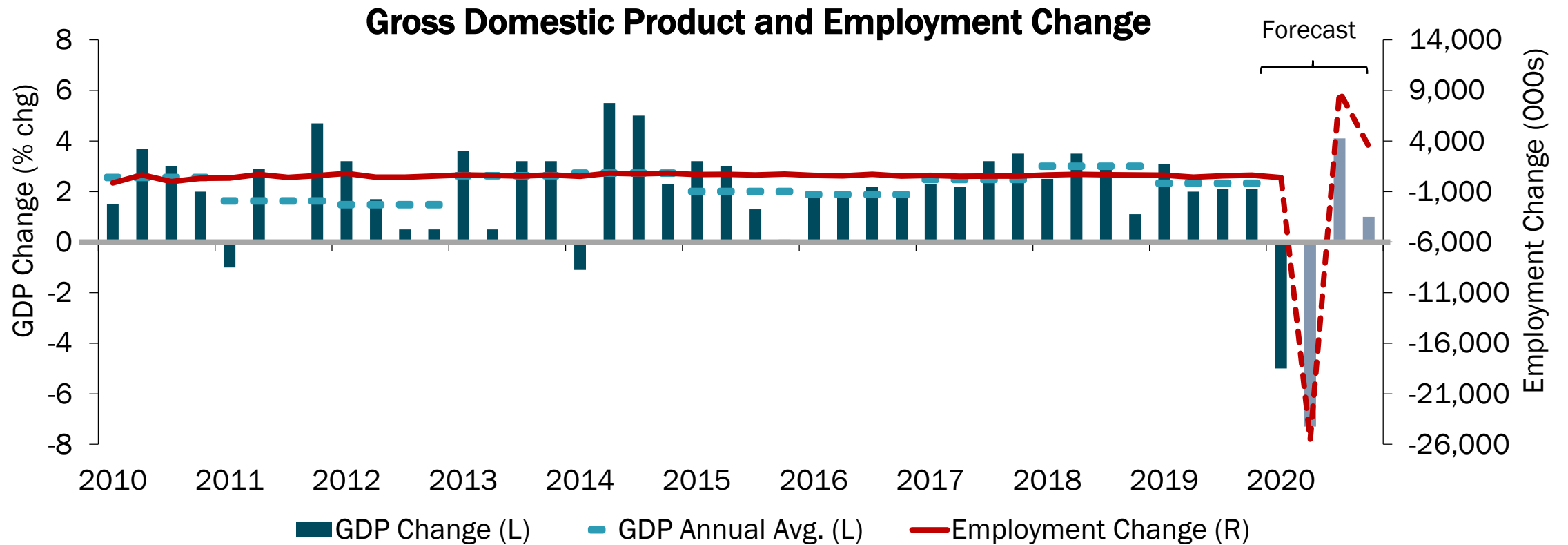
We're at the end of the longest business cycle (contraction and expansion) and the longest expansion, while experiencing the longest recession since measurement began

Length of:	1945-1948	1949-1953	1954-1957	1958-1960	1961-1969	1970-1973	1975-1980	1980-1981	1982-1990	1991-2001	2002-2007	2007-2020	2020-?
Contraction	8	11	10	8	10	11	16	6	16	8	8	18	4
Expansion	37	45	39	24	106	36	58	12	92	120	73	128	
Business Cycle	45	56	49	32	116	47	74	18	108	128	81	146	

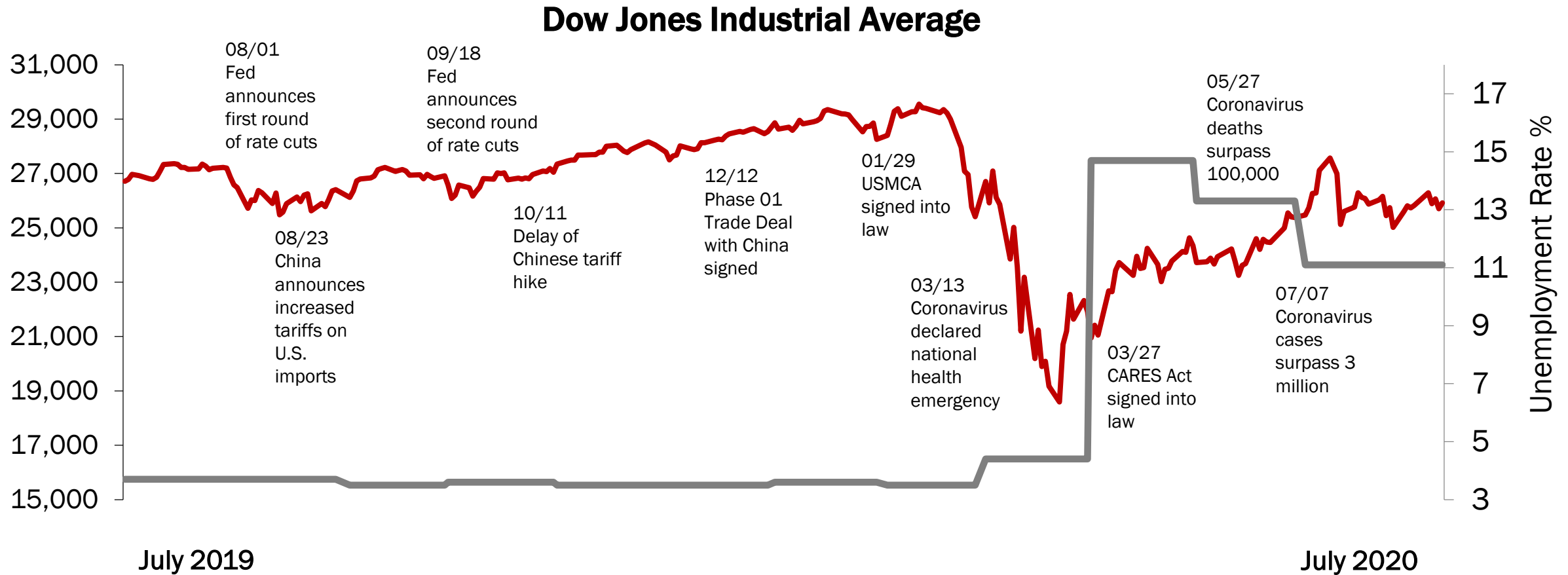
Moody's predictions of a recession are nearly universal: 97% in April



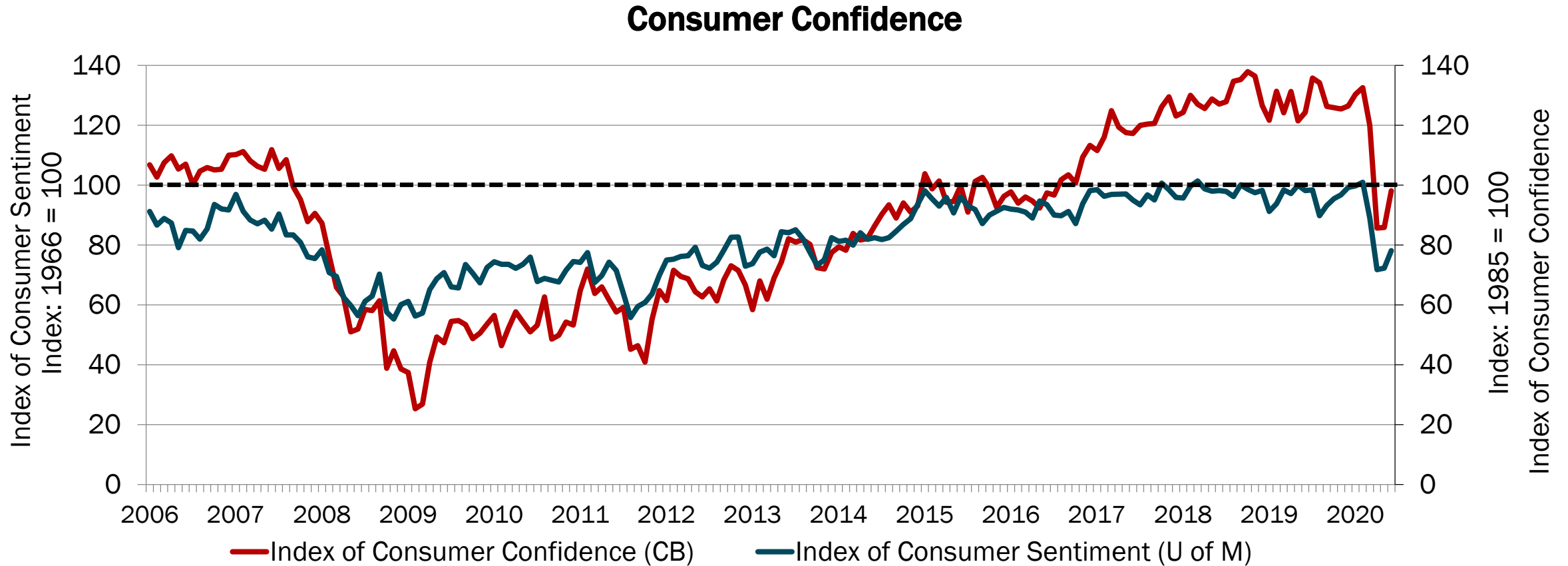
GDP growth was initially projected to remain solid, although employment growth is slowing, with the forecast pre-COVID



The stock market has reacted to various events this year, and the ride is getting bumpier



Consumer confidence is rebounding slightly

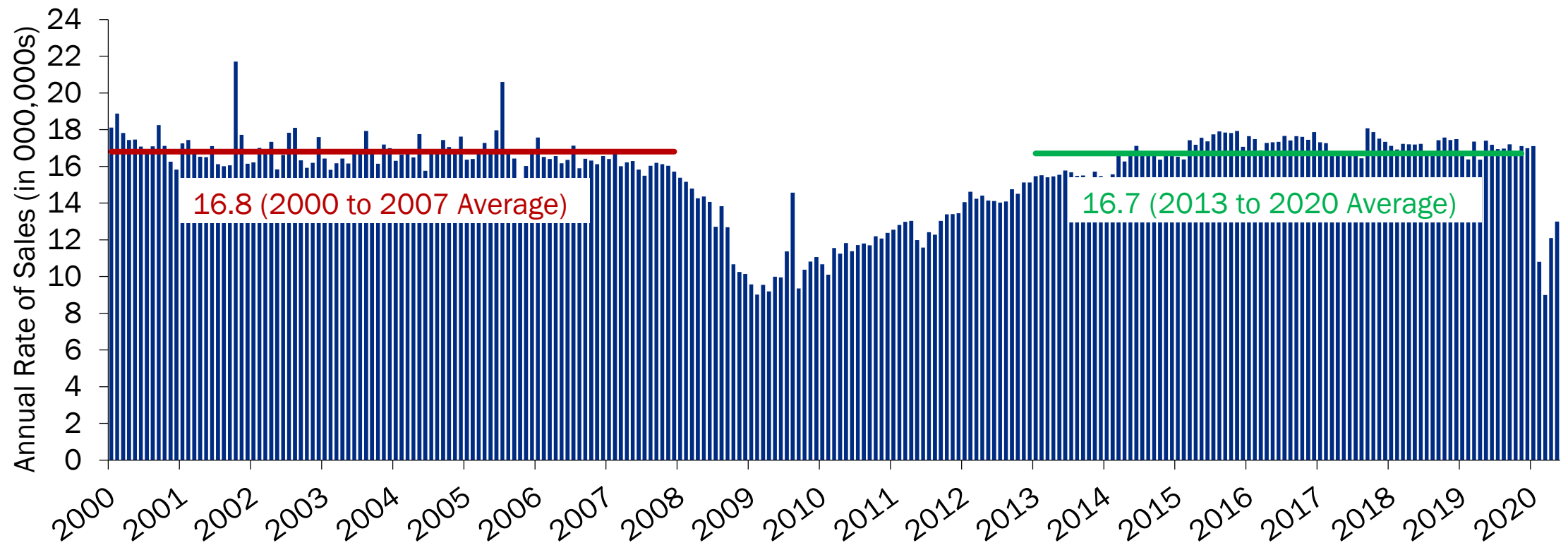


University of Michigan RSQE interim national forecast: Note these estimates are annualized

	2019	2020 (Forecast)	2021 (Forecast)
GDP	2.3%	-2.9%	3.7%
Employment	1.3%	-8.5%	3.0%
Light Vehicle Sales (Millions)	16.9	13.3	15.2
Unemployment Rate	3.7%	10.5%	7.8%
Housing Starts (Millions)	1.30	1.01	1.09
CPI/Inflation	1.8%	0.4%	1.64%

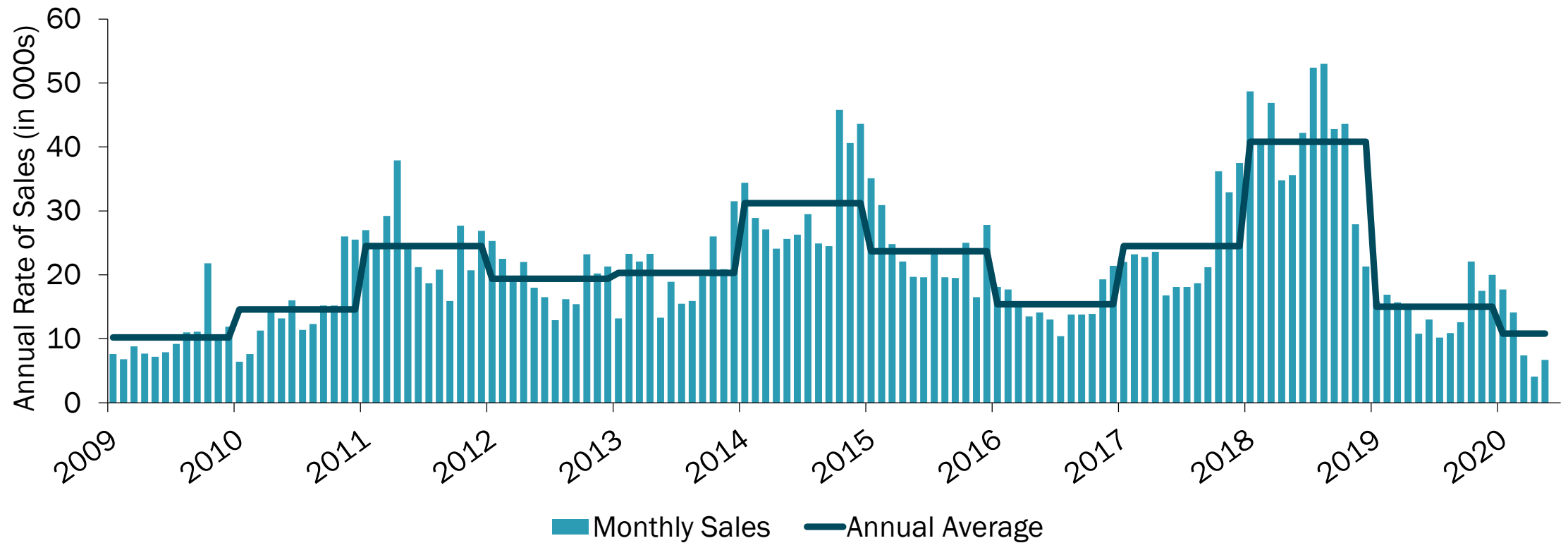
Light vehicle sales have dropped; will work from home change consumption patterns?

Annualized Rate of U.S. Light Vehicle Sales (in millions)



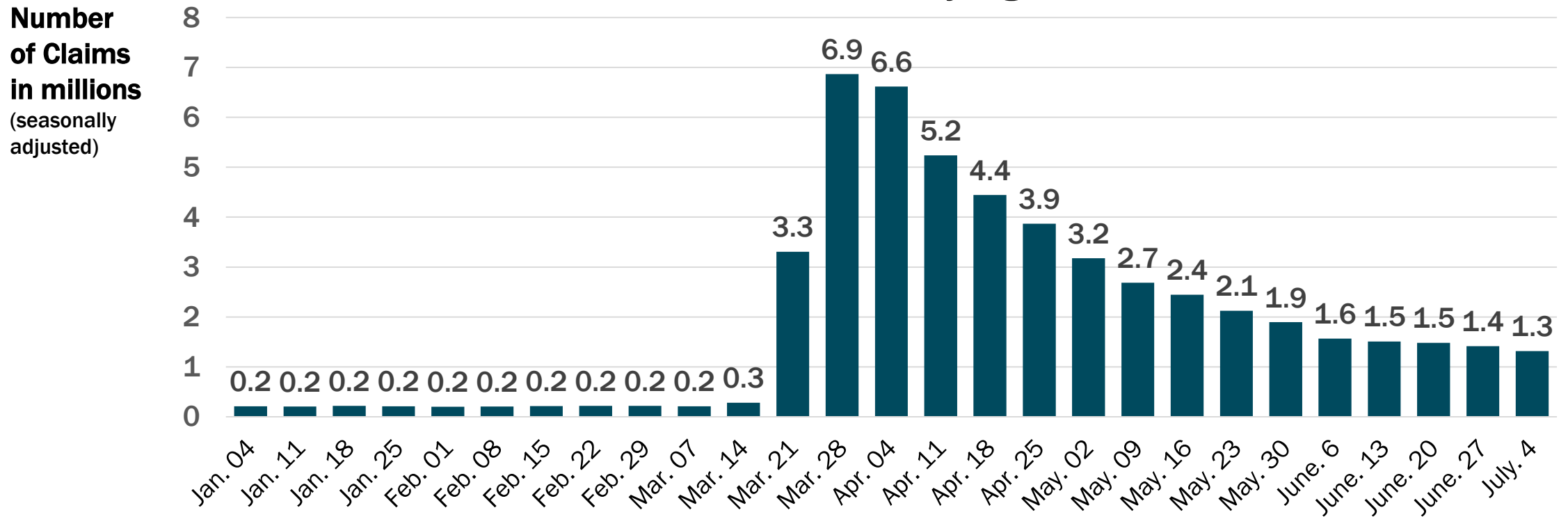
In April 2020, Class 8 Truck orders reached their lowest level in 25 Years

Class 8 Truck Orders



Declining number of UI filings since week ending March 28th

Weekly initial claim filings for unemployment insurance are slowing, but remain at historically high levels



Methodology

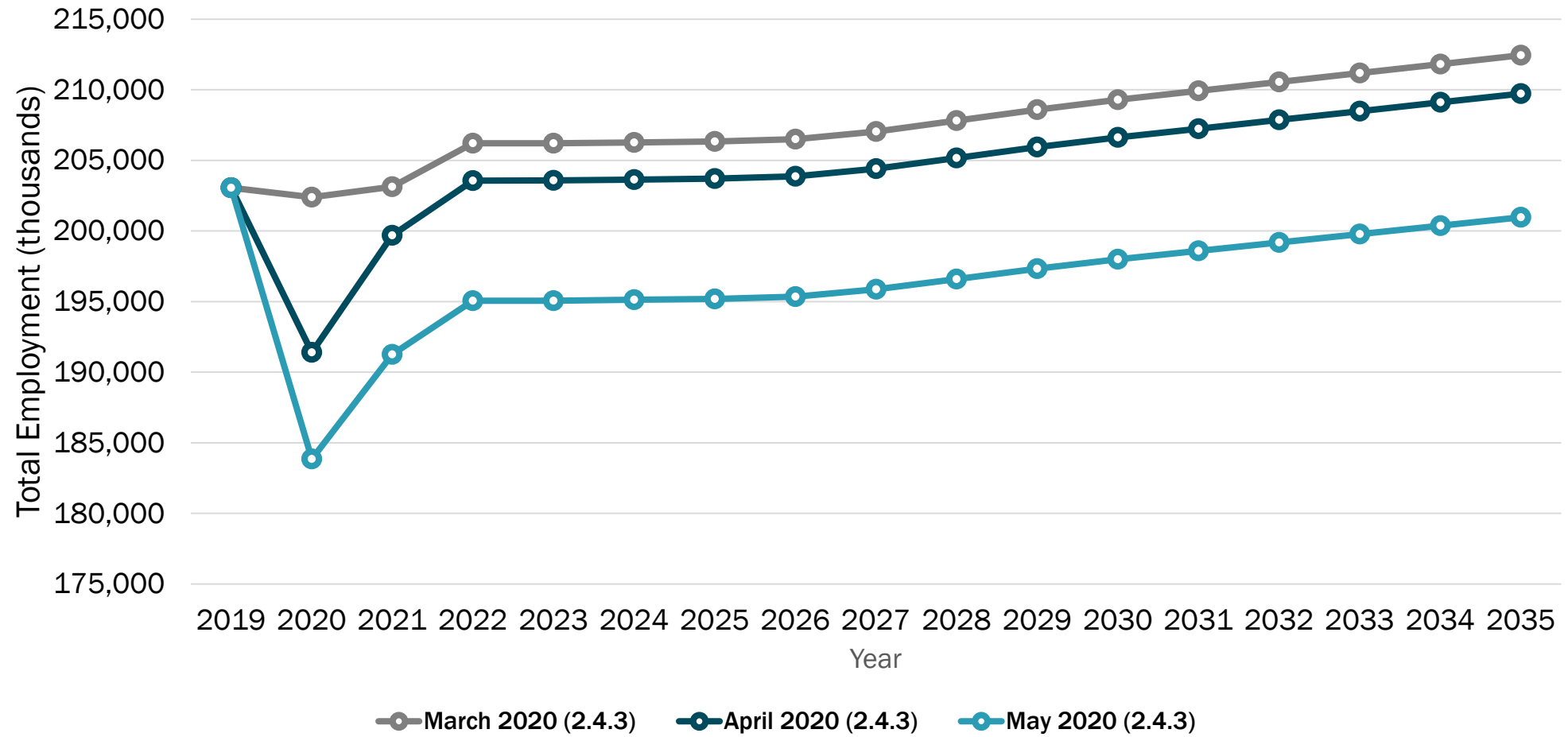
Methodology

- Upjohn uses a REMI model (www.REMI.com)
 - To estimate economic impacts from projects and events
 - Forecast regional changes in trends, including for The Right Place
- As new forecasts were produced the latest REMI model was updated
 - National forecast is updated
 - Regional forecasts are updated
 - Forecasts come from:
 - Research Seminar in Quantitative Economics at U of M
 - Congressional Budget Office

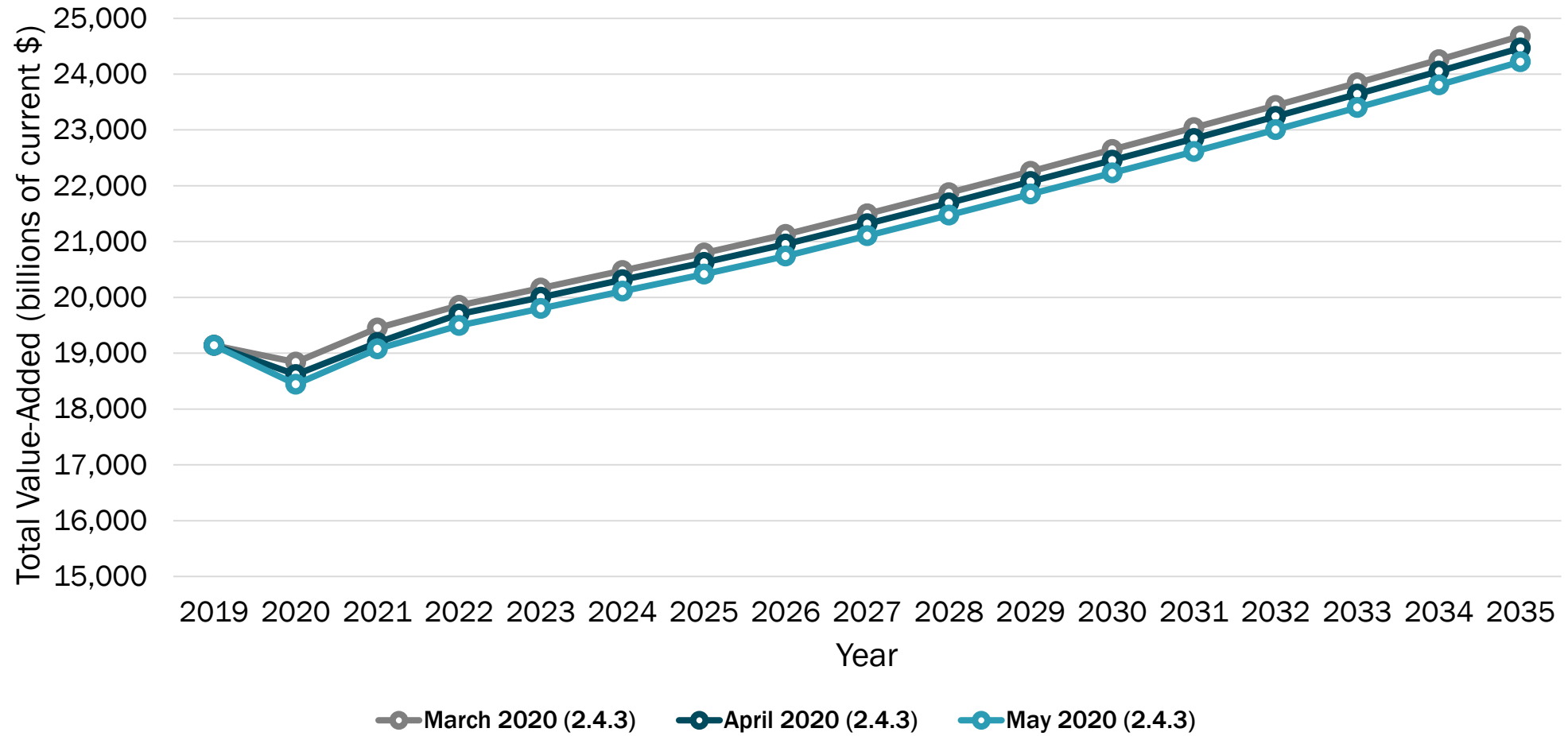


National Economy REMI Forecasts

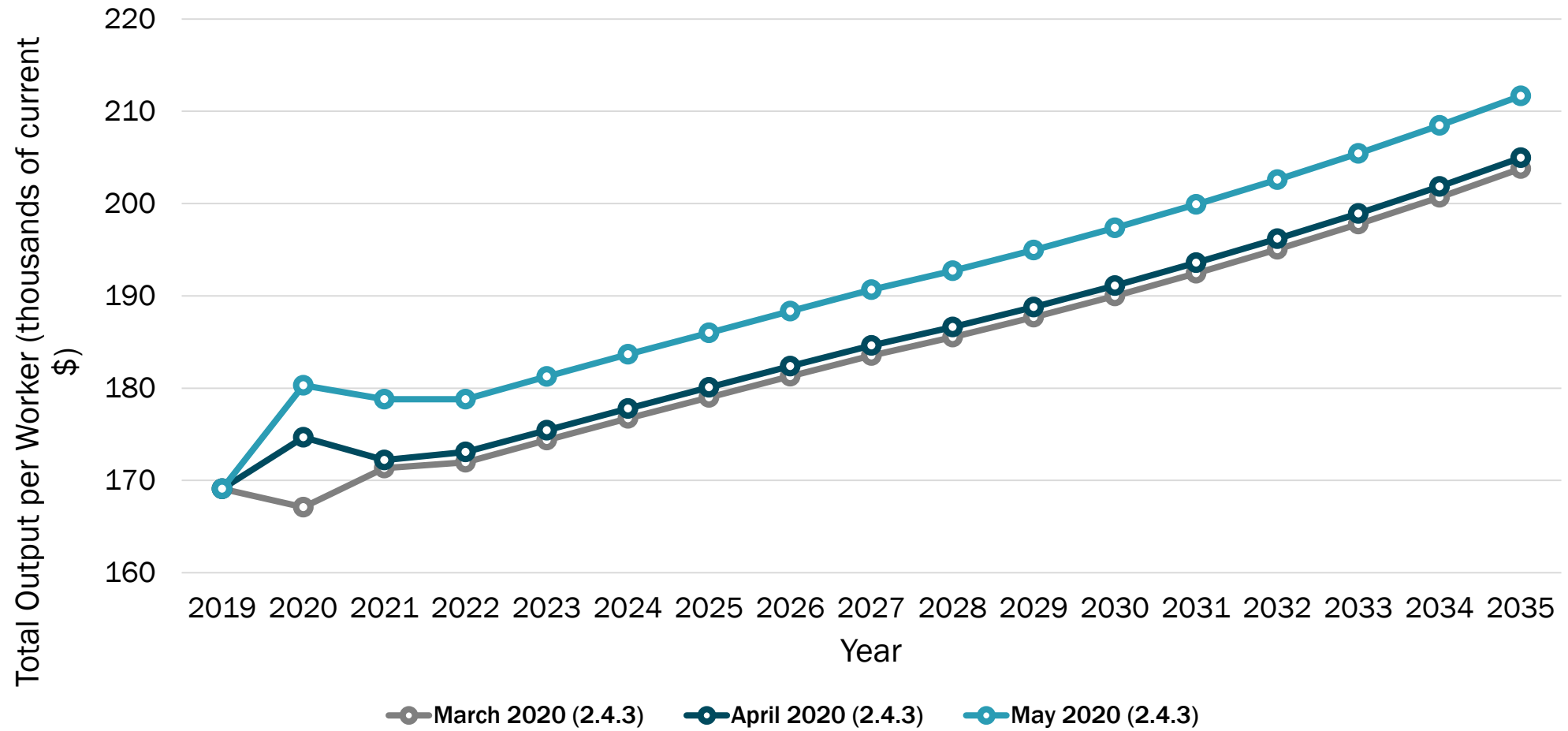
Total Projected Employment in United States



Total Projected Value-Added in United States

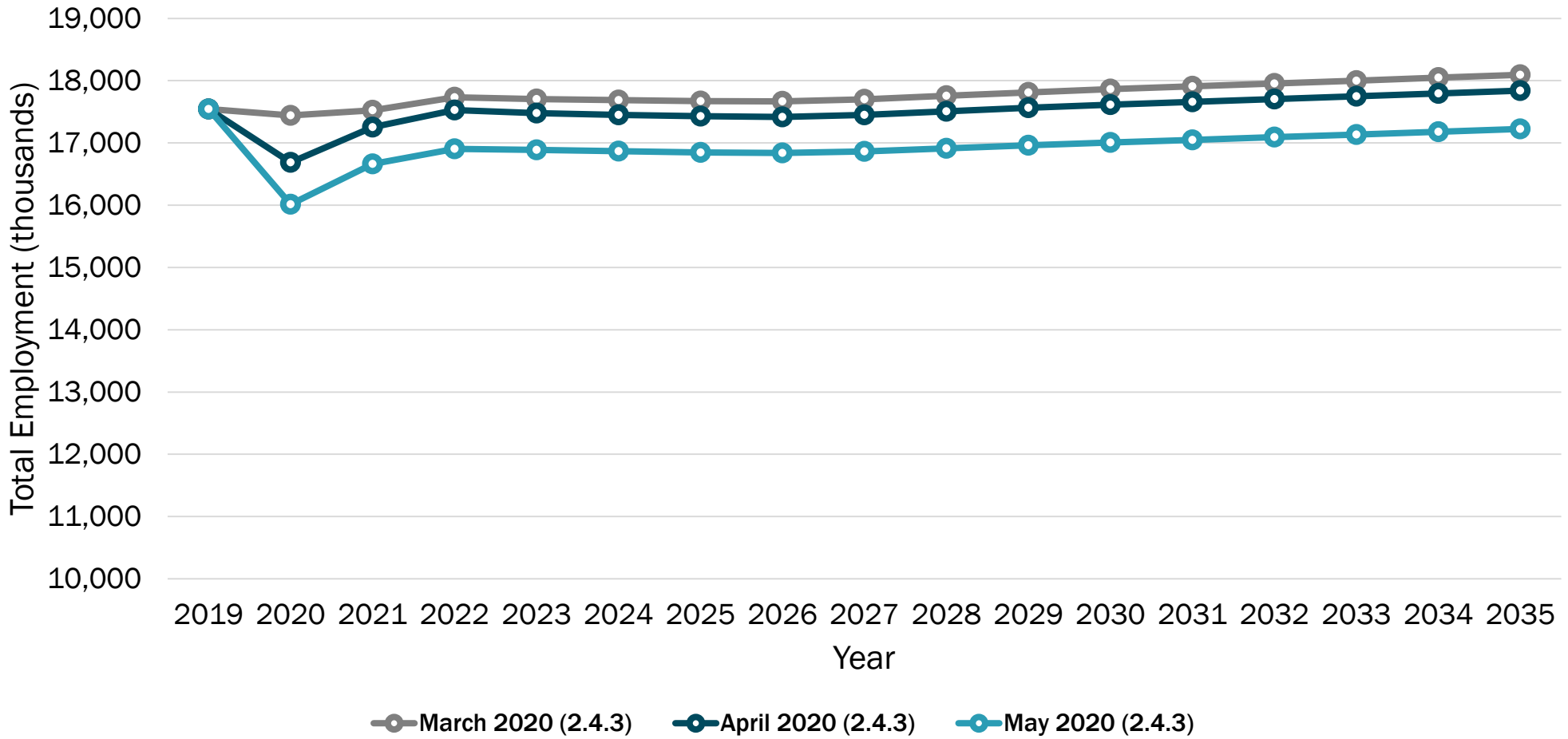


Total Projected Output per Worker in United States

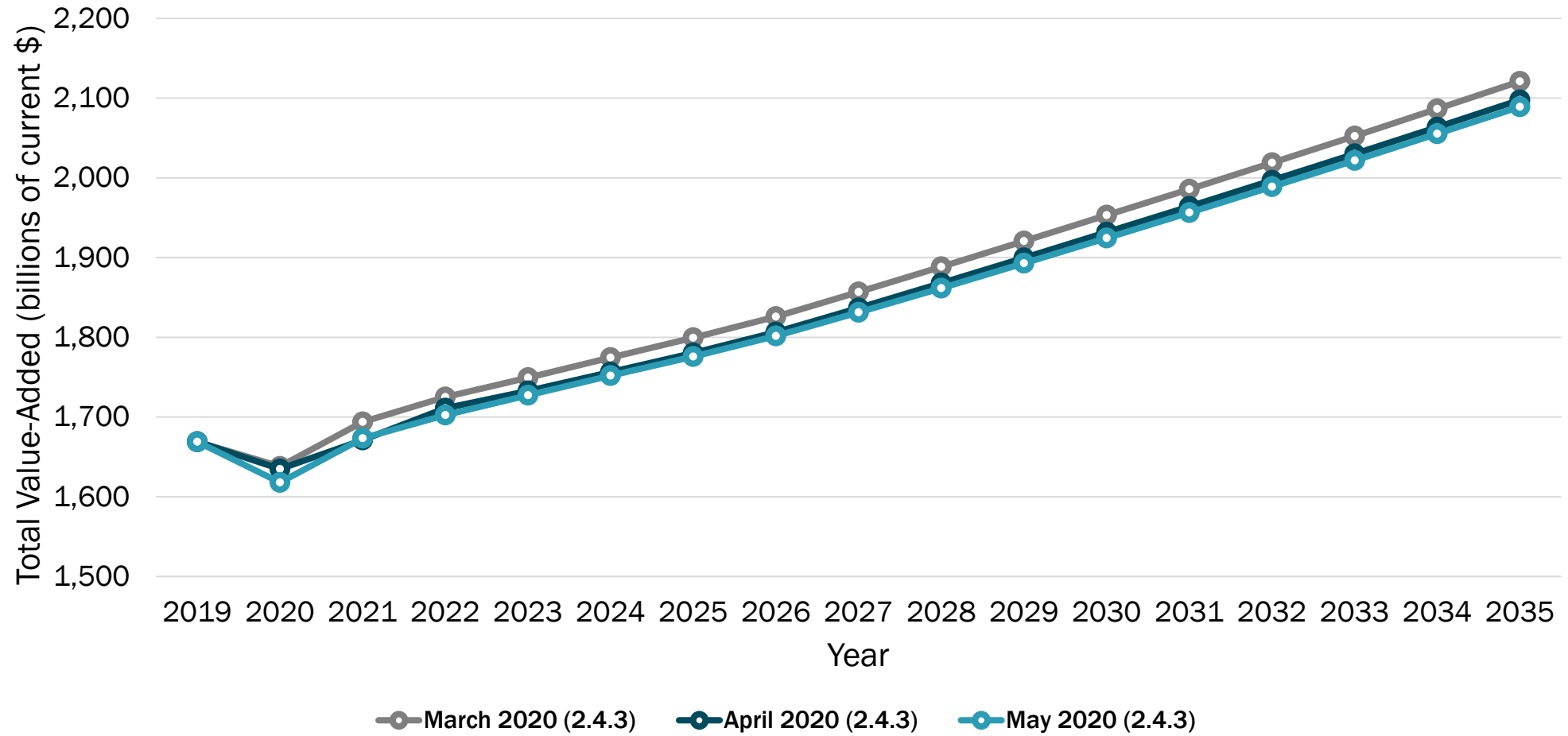


First Energy Region Economy REMI Forecasts

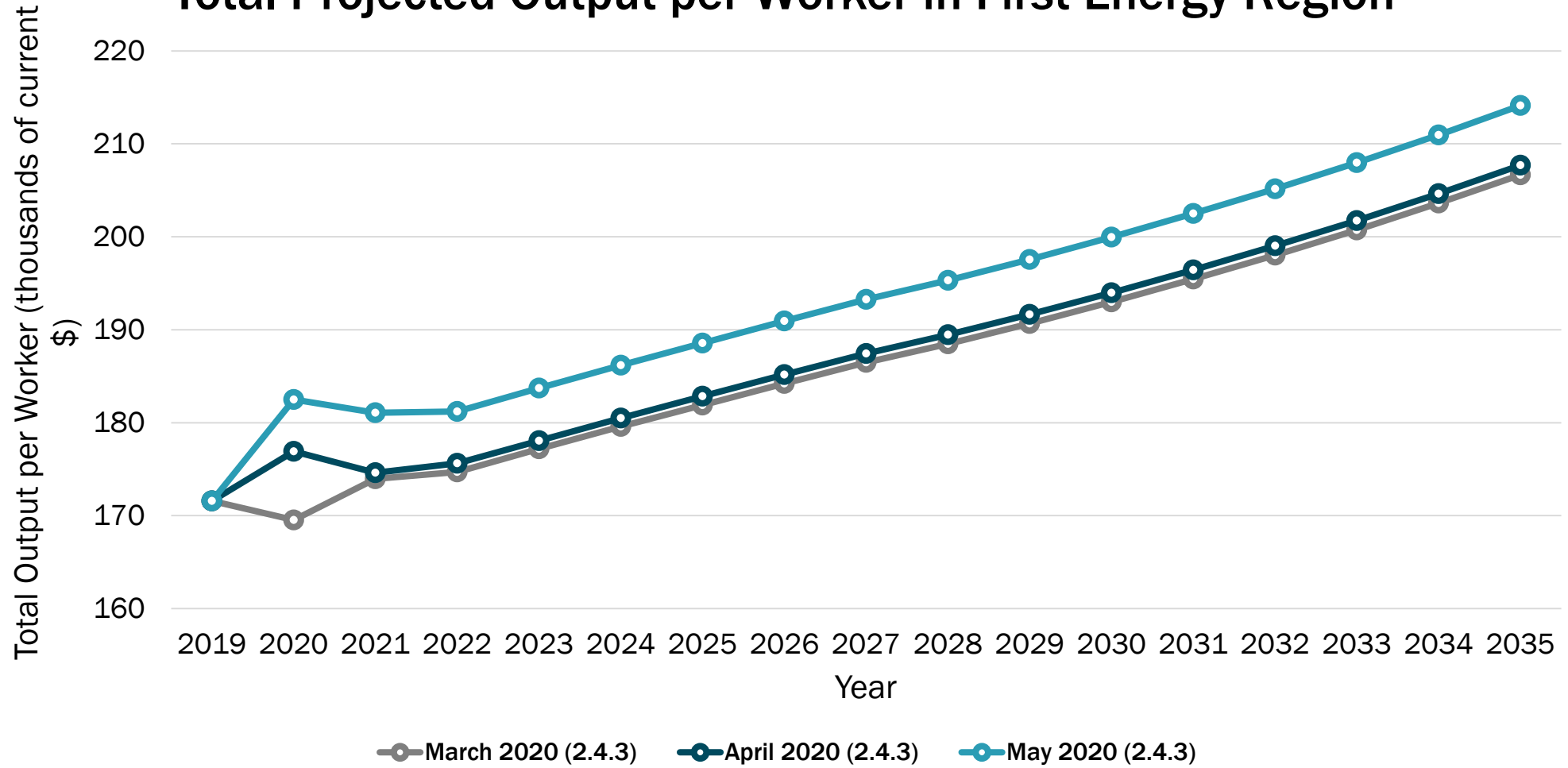
Total Projected Employment in First Energy Region



Total Projected Value-Added in First Energy Region



Total Projected Output per Worker in First Energy Region



Moving Forward

Considerations for the Future of the Economy

- The shape of the recovery curve?
- Supply versus demand?
 - SME's
 - WARN data
- What will be the impact of a second wave?
- Is re-shoring real?
 - Supply chain issues
- How will technology impact employment?
- Will people go back to work?
 - Until the end of July the additional \$600 UI benefit
 - Fear of illness
 - Barriers, notably childcare, in returning

Questions?

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