

2020 Economic Outlook?

Thoughts and Observations

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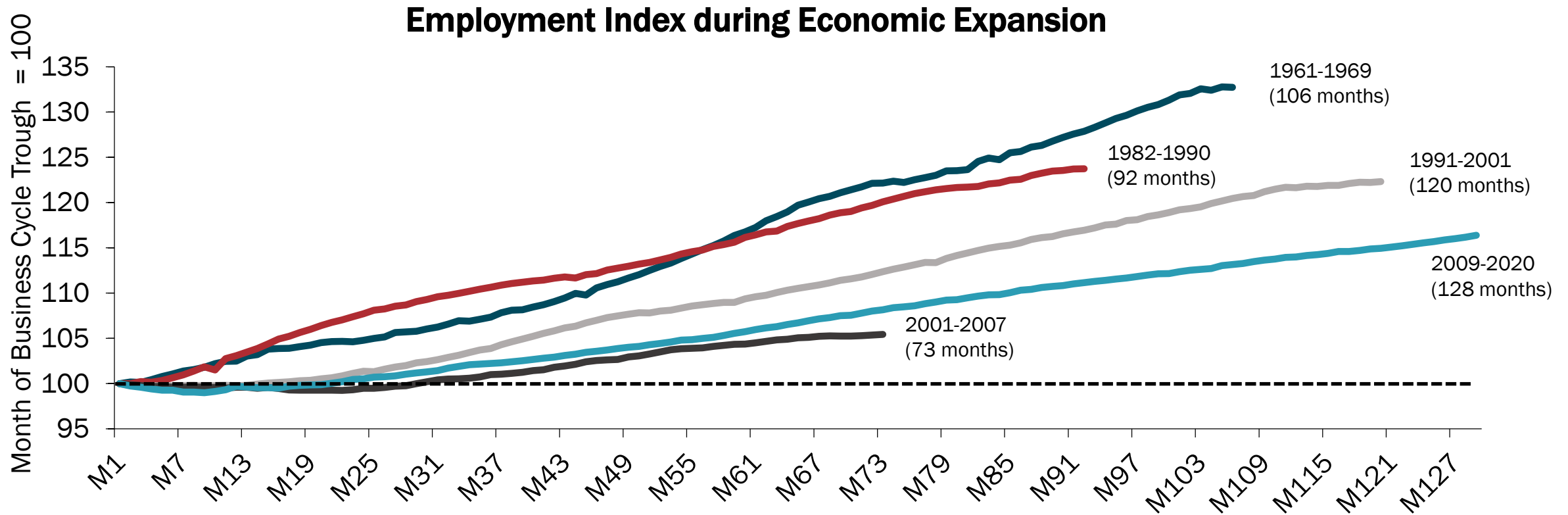
W.E. Upjohn Institute for Employment Research

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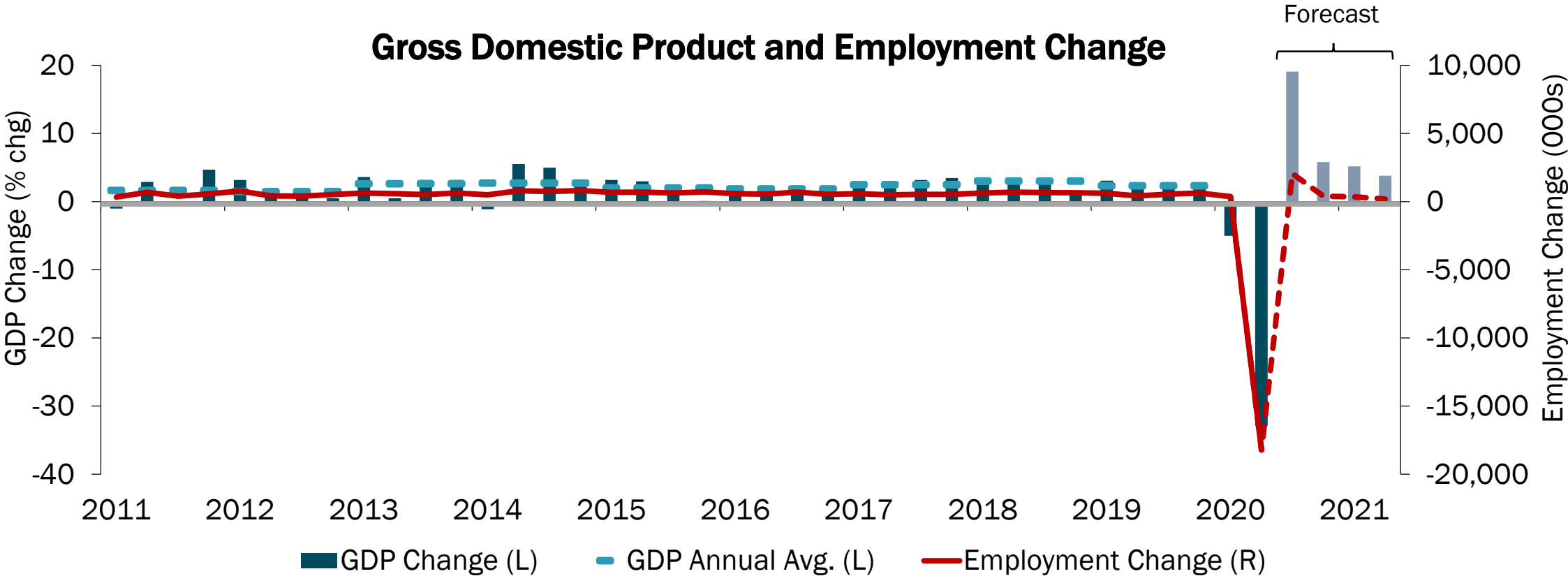
We are at the end of the longest economic expansion since WWII



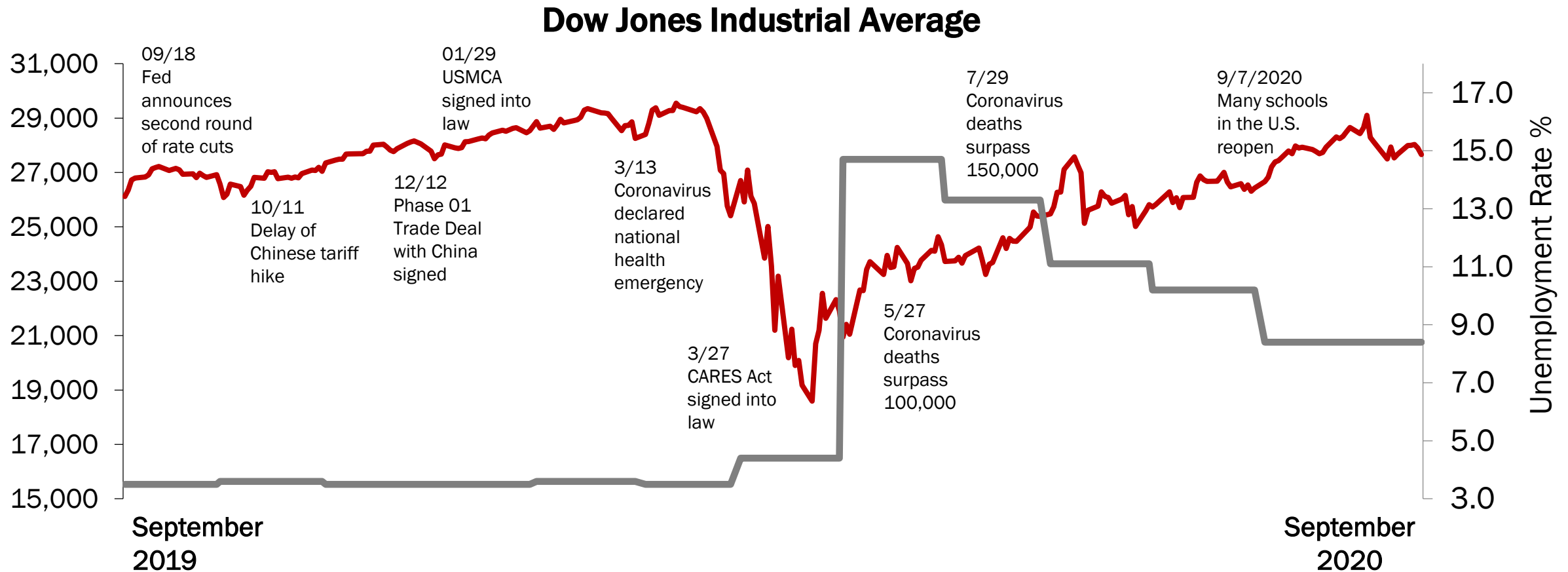
Moody's predictions of a recession are trending downward: 52% in June



GDP growth was initially projected to remain solid, although employment growth is slowing

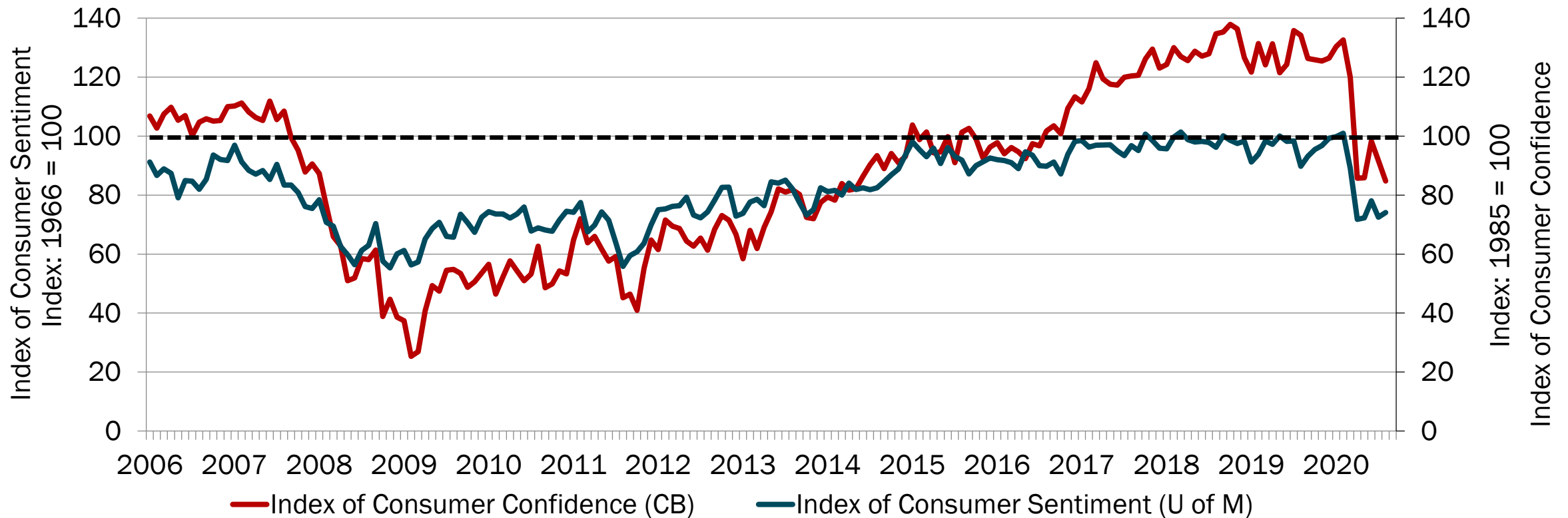


The stock market has reacted to various events this year, and the recent ride has been surprisingly good



Consumer confidence is trending downward after rebounding slightly

Consumer Confidence

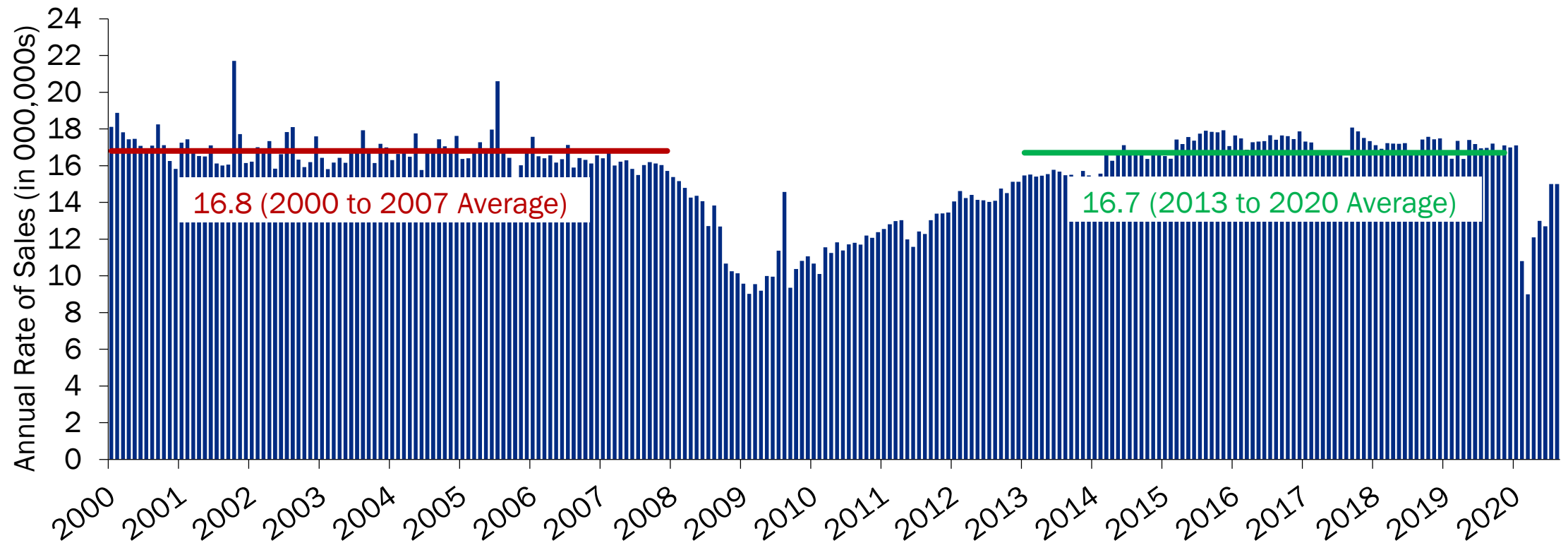


University of Michigan RSQE interim national forecast: note that these estimates are annualized

	2019	2020 (Forecast)	2021 (Forecast)
GDP	2.3%	-4.9%	3.6%
Employment	1.3%	-5.8%	2.1%
Light Vehicle Sales (Millions)	16.9	13.8	15.0
Unemployment Rate	3.7%	9.2%	8.1%
Housing Starts (Millions)	1.30	1.18	1.08
CPI/Inflation	1.8%	0.68%	1.16%

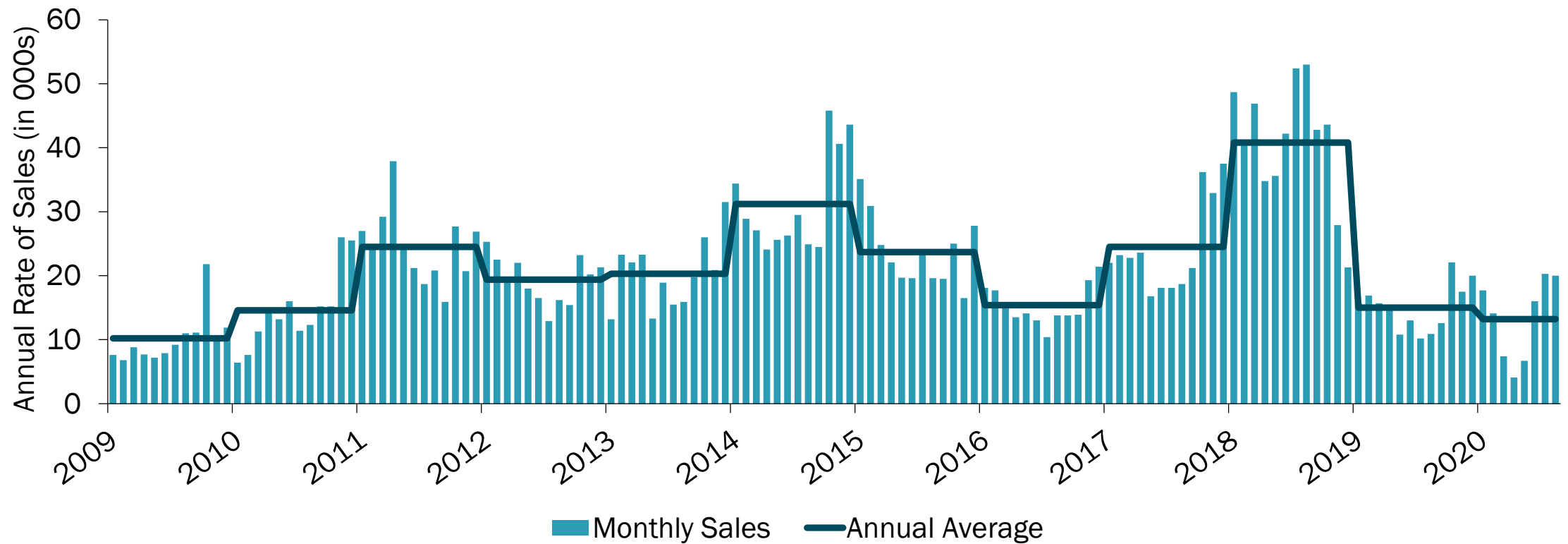
Light vehicle sales are starting to rise; will work from home change consumption patterns?

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



Class 8 Truck Orders continue to rebound as freight volumes recover

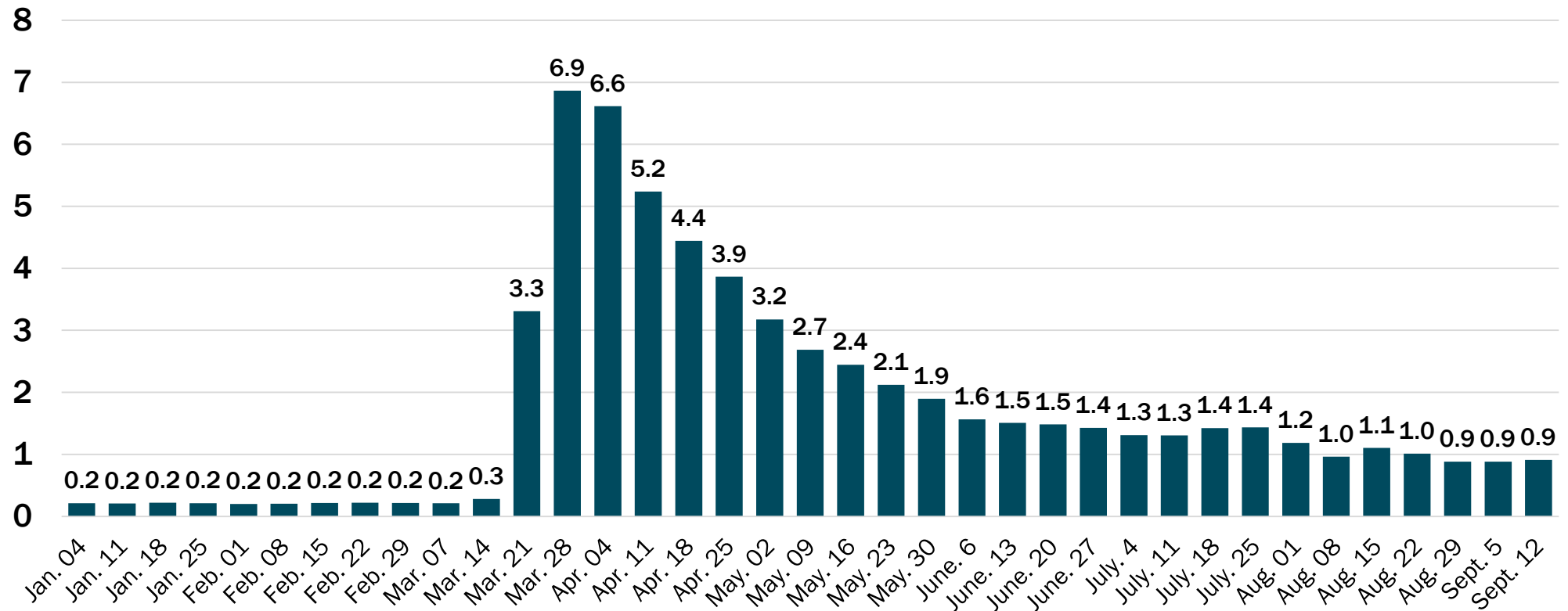
Class 8 Truck Orders



The number of UI filings have stabilized after trending downward

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

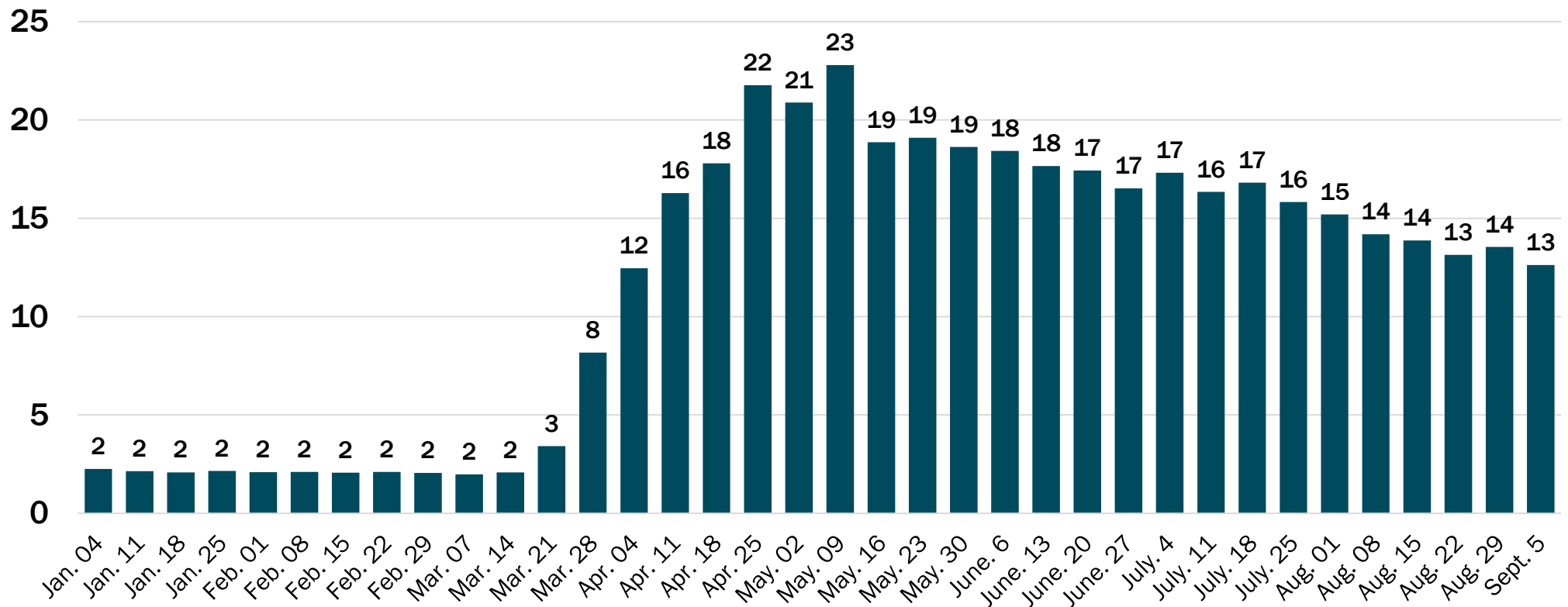
Number of Claims in millions (seasonally adjusted)



The number of continuing claims are trending downward

Weekly continuing claims for unemployment insurance

Number of Claims in millions (seasonally adjusted)

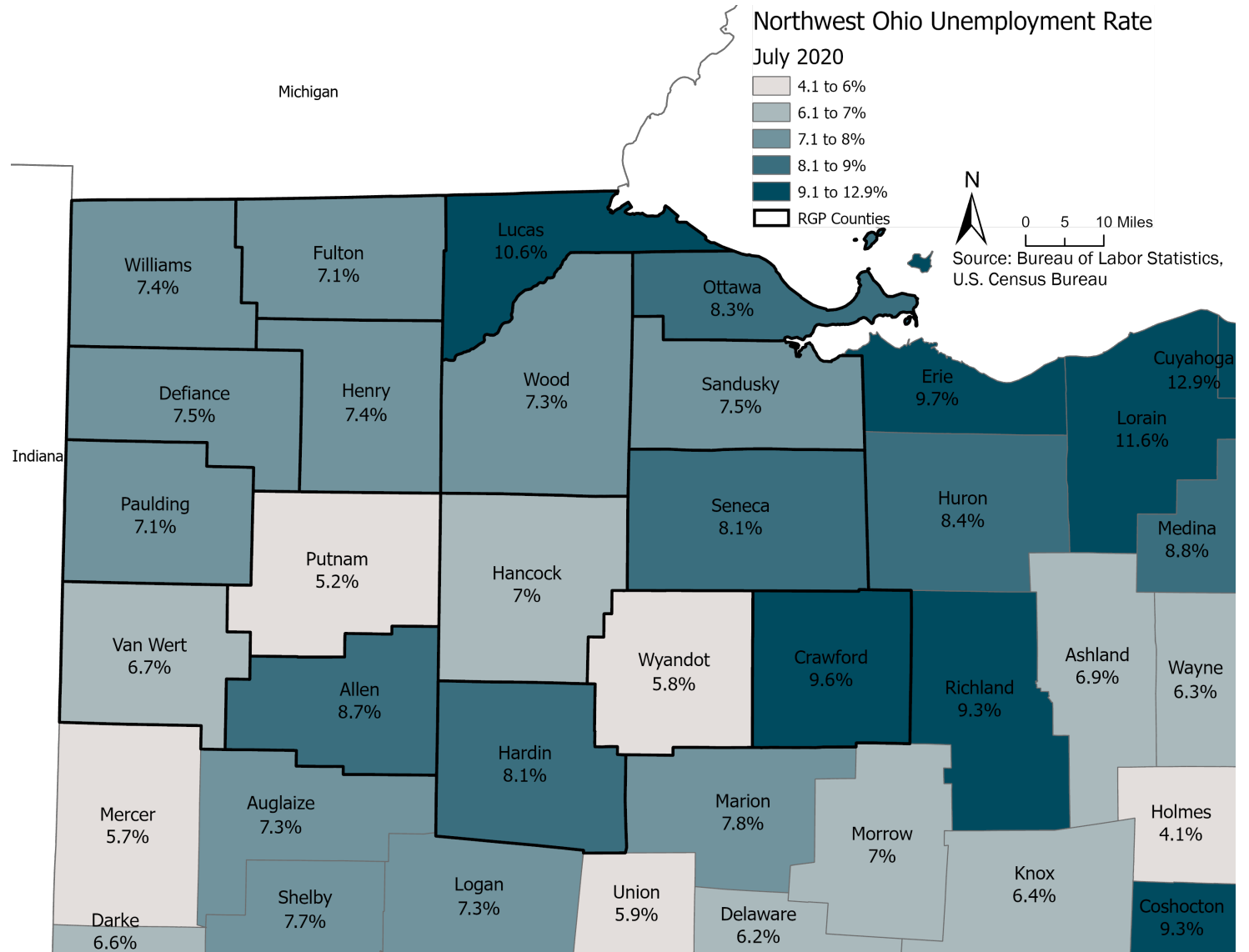


Regional Conditions

Northwest Ohio

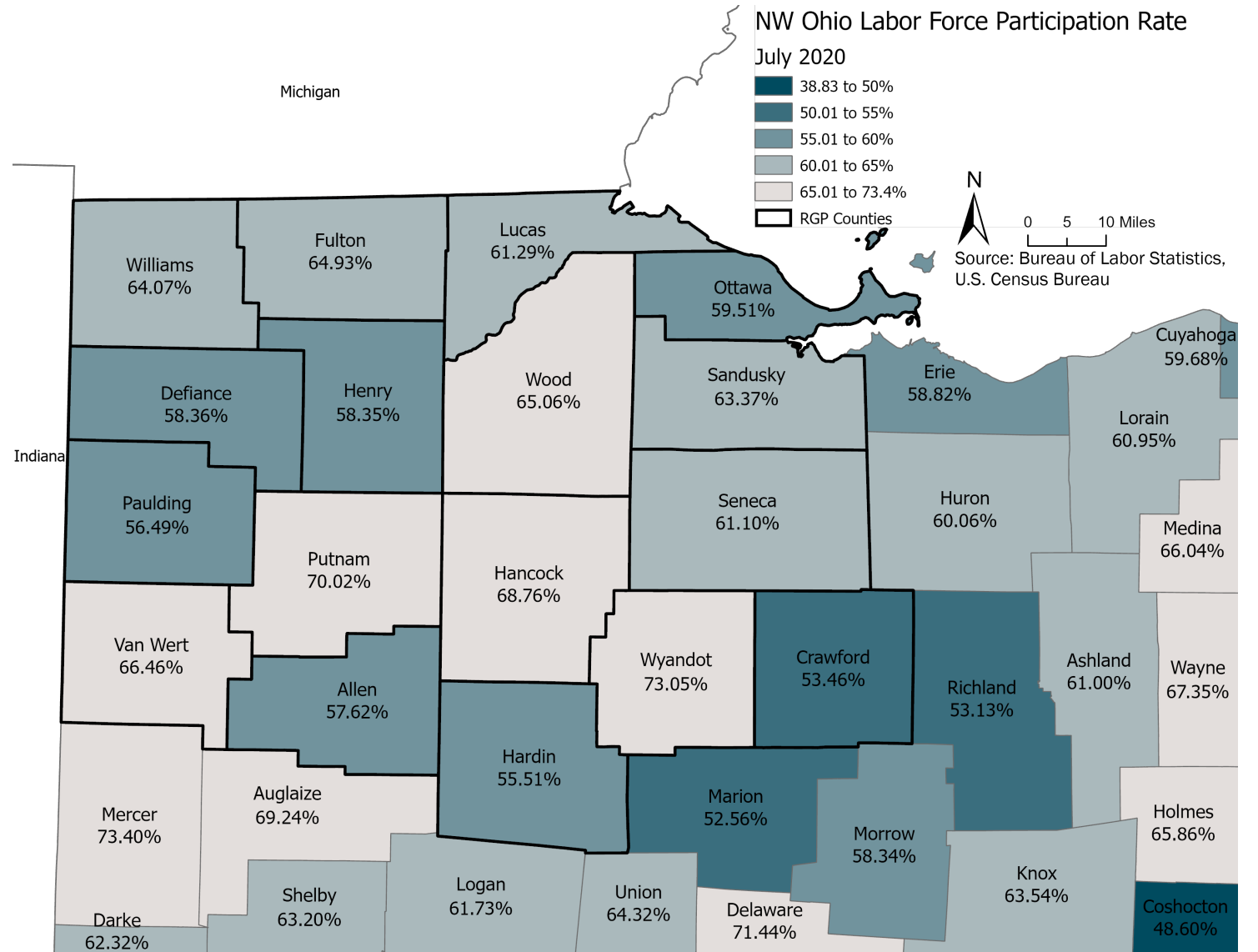
Unemployment rates are between 5% and 10% for most counties in NW Ohio.

Ohio's rate was 8.9%

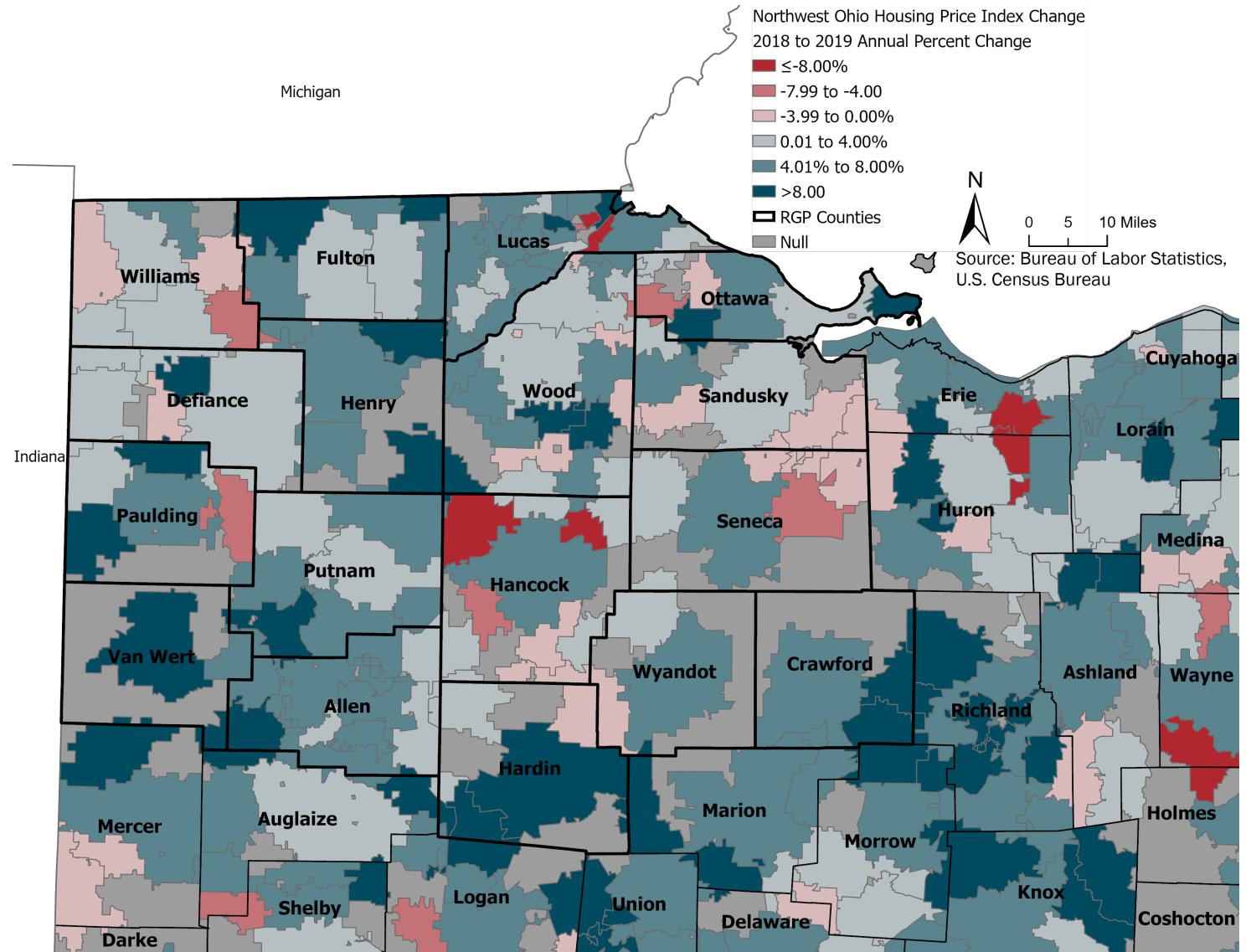


Labor force participation rates are less varied in NW Ohio, remain high relative to the State

Ohio's rate was 63.2%

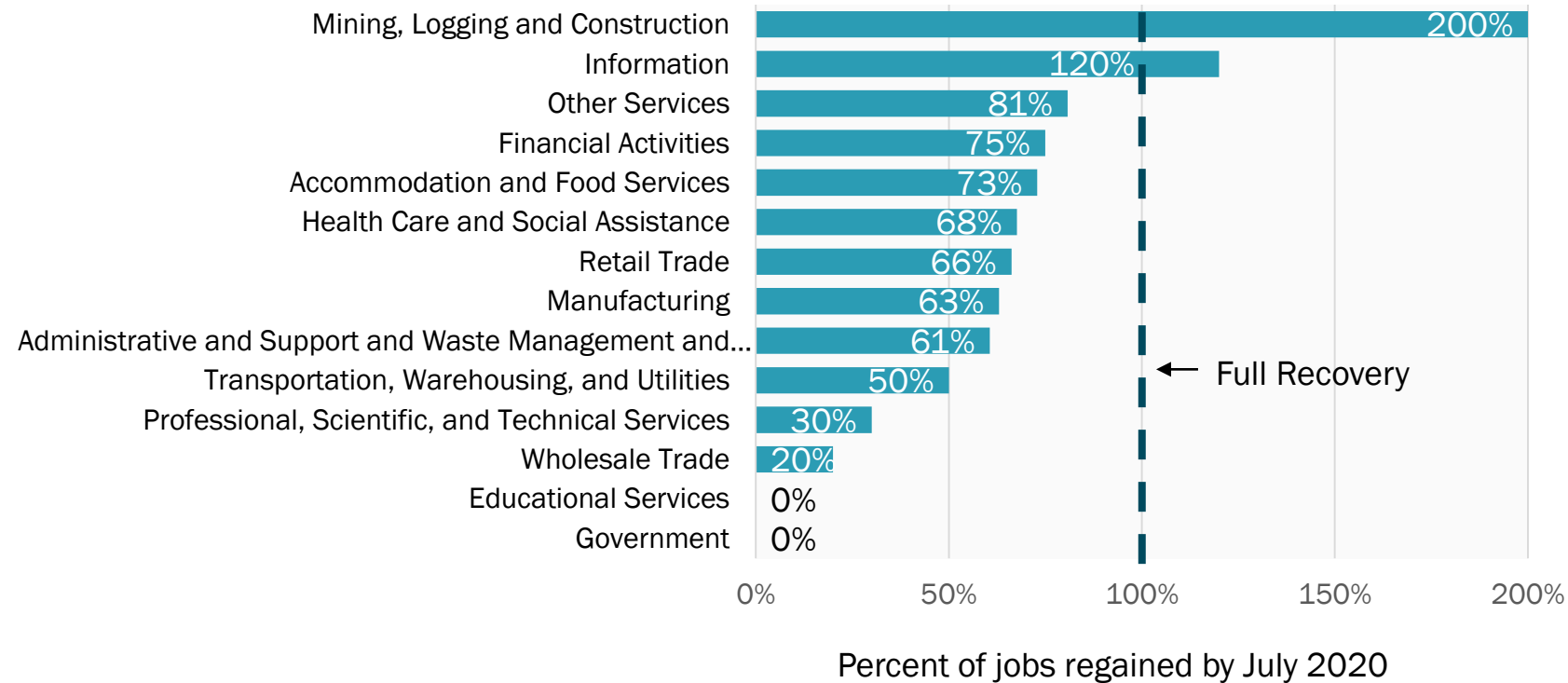


Housing values continue to rise, but the pace continues to decelerate nationally



Many industries have yet to fully recover their employment losses

Percent of jobs regained by July 2020 following employment losses beginning in March in Northwest Ohio by major industry



Forecast Methodology

Methodology

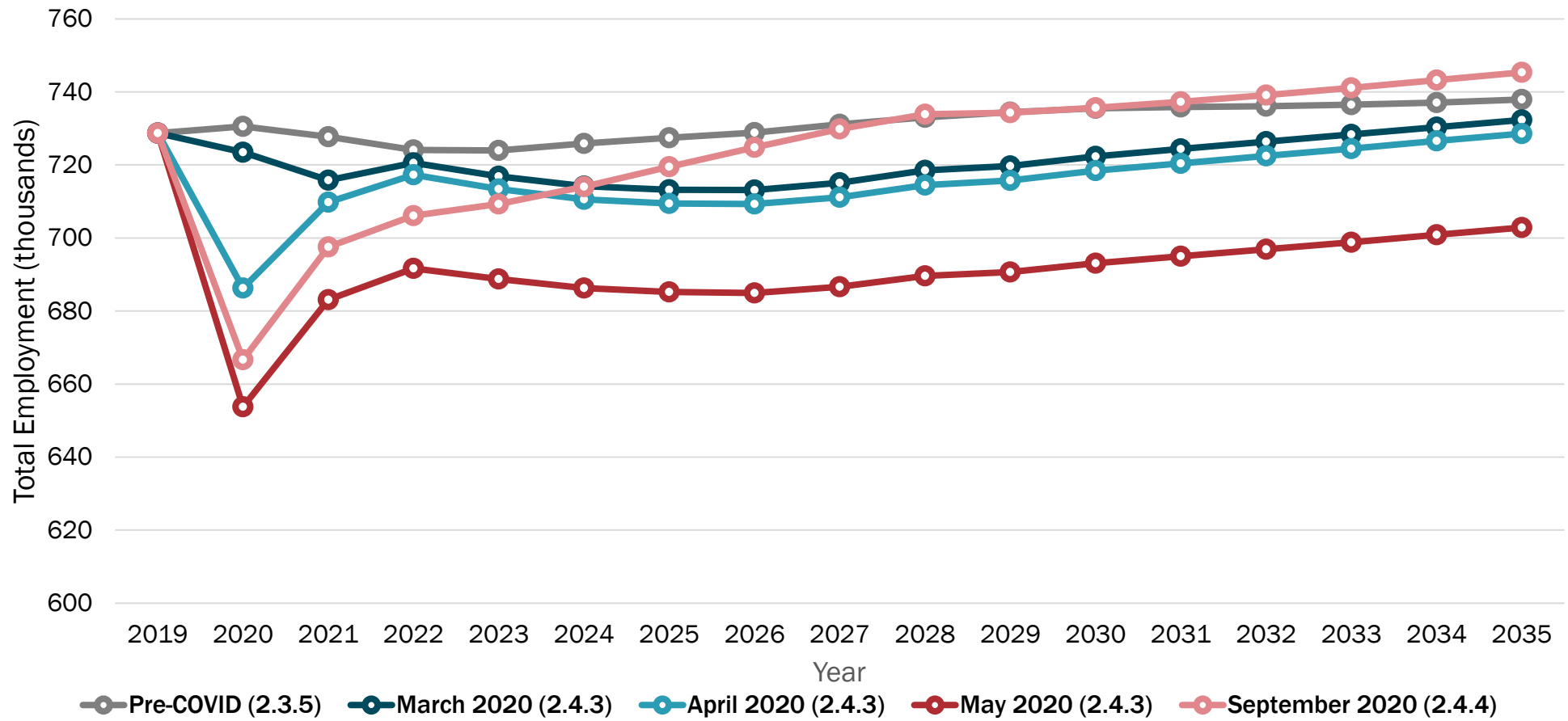
- Upjohn uses a REMI model (www.REMI.com) provided by FirstEnergy
 - To estimate economic impacts from projects and events
 - Forecast national and regional changes in trends
- As new forecasts were produced the latest REMI model was updated
 - National forecast is updated
 - Regional forecasts are updated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

Northwest Ohio Economy: REMI Forecasts

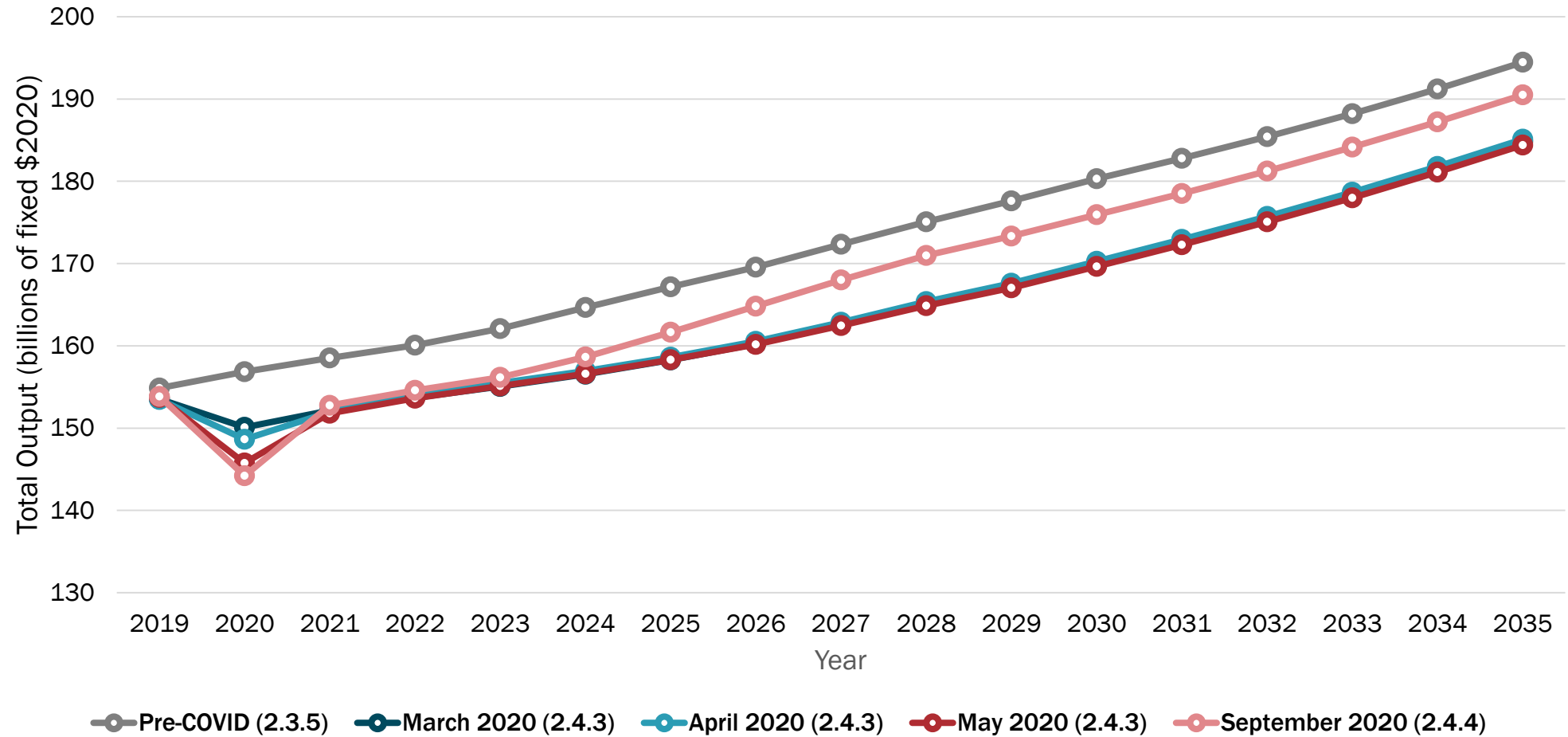
Northwest Ohio

- Summary Pre-COVID-19
 - Jobs: 731K
 - Output: \$156.8 billion
 - GRP: \$76.3 billion
 - Personal Income: \$61.8 billion
- Projected annualized loss of more than 78k (10.7%) positions
- Location Quotients
 - Motor vehicle manufacturing: 12.3
 - Glass product manufacturing: 11.0
 - Other nonmetallic mineral product manufacturing: 10.7
 - Motor vehicle parts manufacturing : 7.7

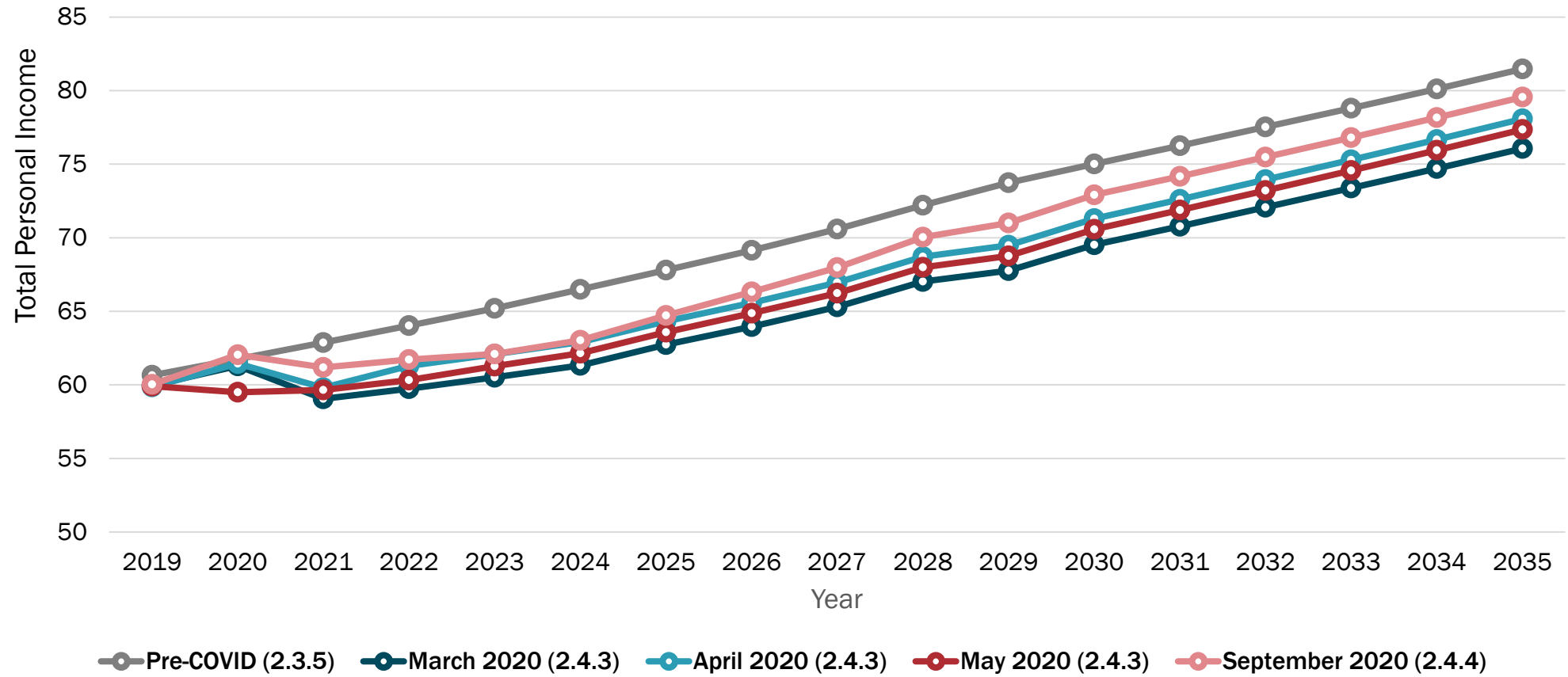
Total Projected Employment in Northwest Ohio



Total Projected Output in Northwest Ohio



Total Projected Personal Income in Northwest Ohio



Moving Forward

Considerations for the Future of the Economy

- The shape of the recovery curve?
- Will temporary become permanent?
 - Trends in MI WARN data
- Supply versus demand?
 - SME's
- What will be the impact of a second wave?
- Is reshoring real?
 - Supply chain issues
- How will technology impact employment?
- Will people go back to work?
 - What will Congress do about expiration of the additional \$600 UI benefit
 - Fear of contracting COVID-19
 - Barriers, notably childcare and school openings, in returning

Questions?

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