

2021 Economic Outlook: Cadillac/Wexford County

A presentation to
Cadillac Area Chamber of Commerce

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W.E. Upjohn Institute for Employment Research

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REMI Forecasts

National Economy

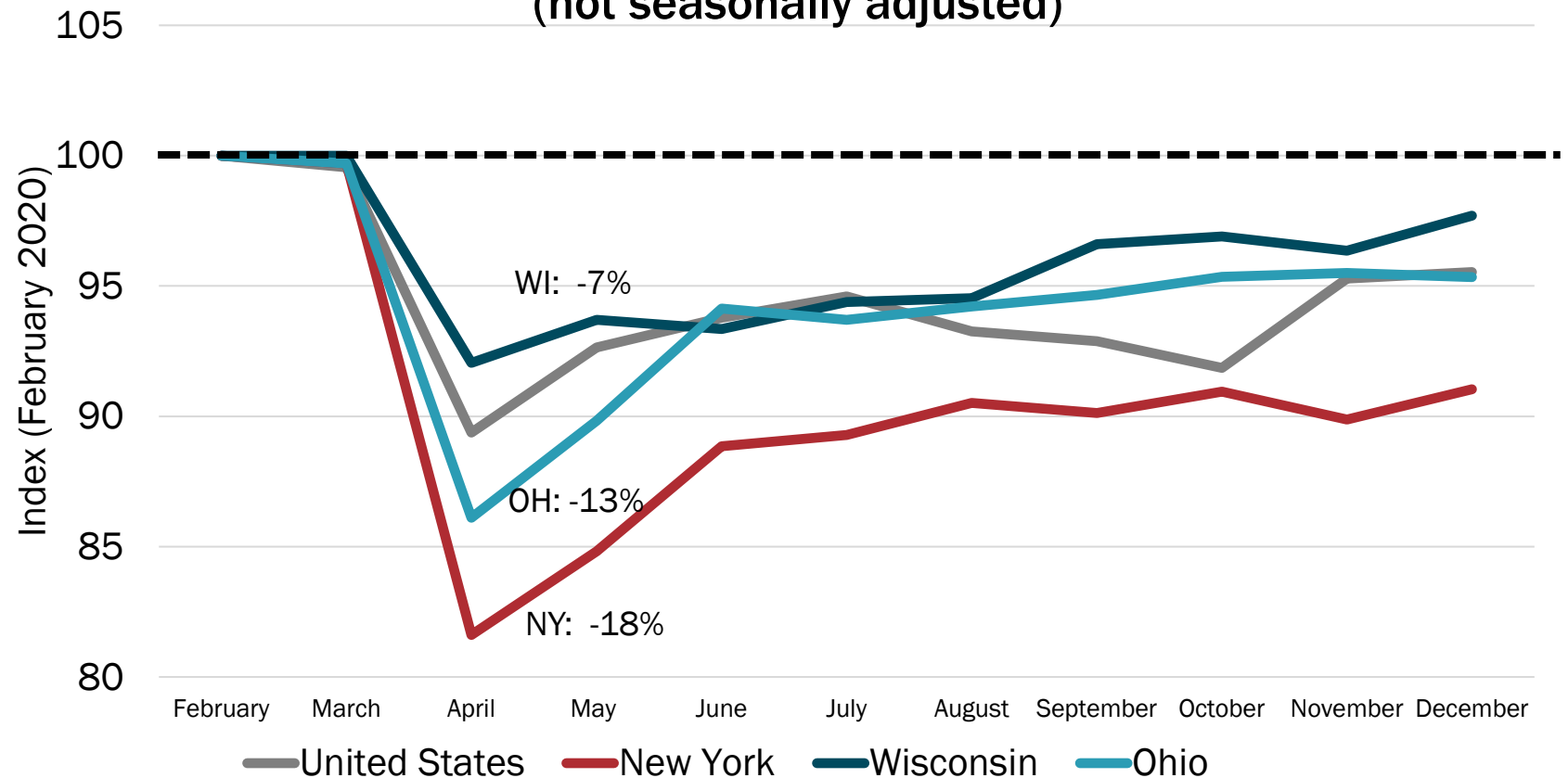
The COVID-19 pandemic has hit the economy similarly to the Spanish Flu of 1918

Manufacturing Employment during Spanish Flu Pandemic

Wisconsin: - 7%
Ohio: -11%
New York: -15%

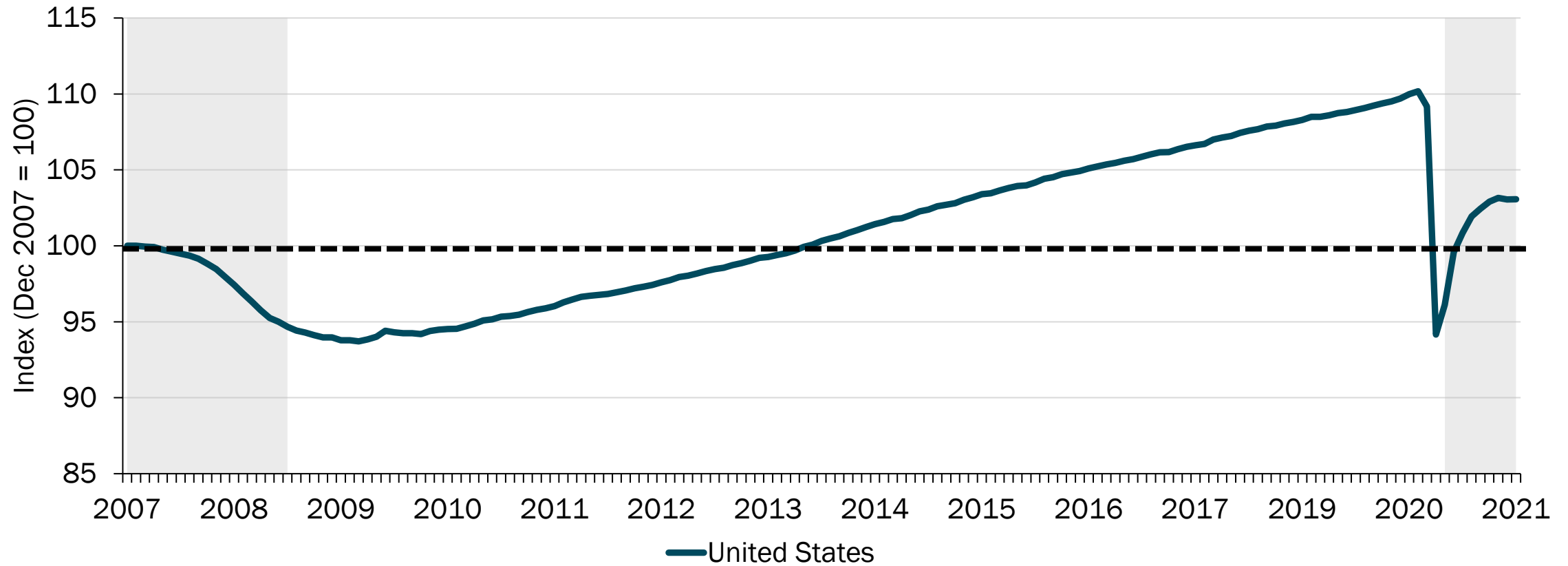
Velde, F. R. (2020). What happened to the US economy during the 1918 influenza pandemic? A view through high-frequency data.

Manufacturing Employment in Selected States in 2020
(not seasonally adjusted)

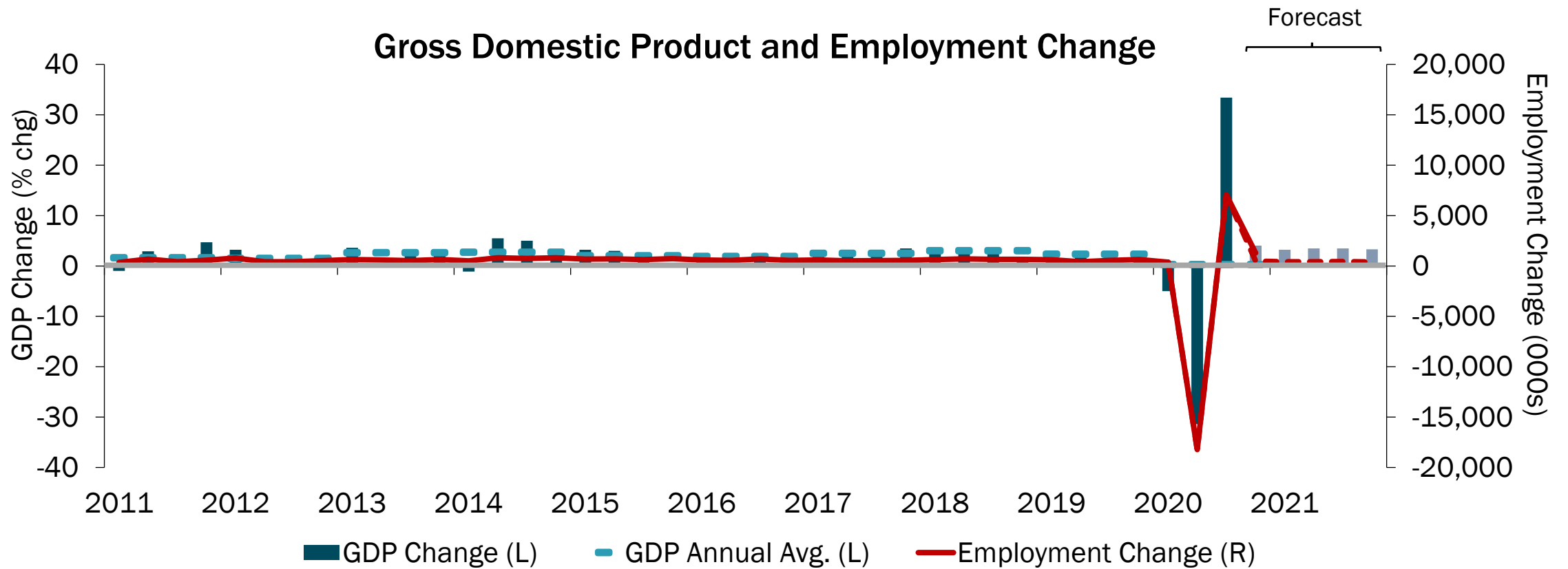


Employment is higher than December 2007, but not fully recovered

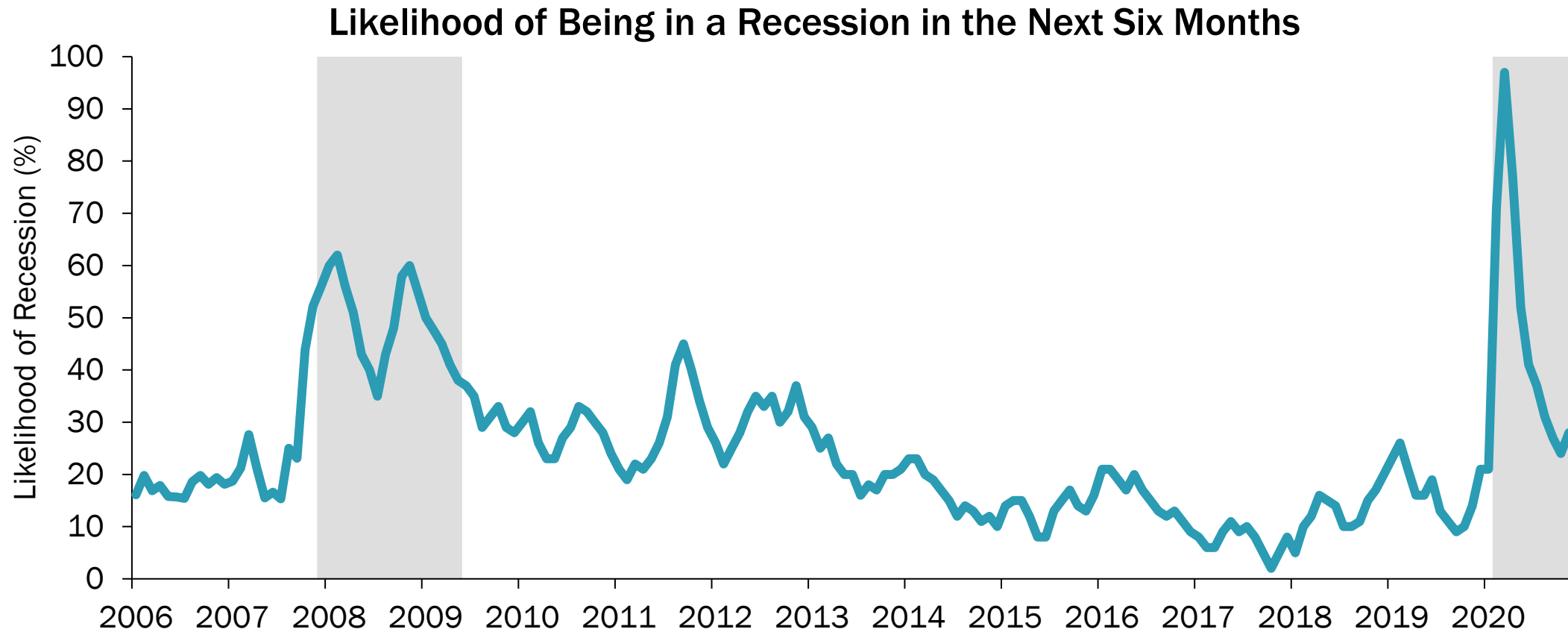
Nonfarm Employment Index



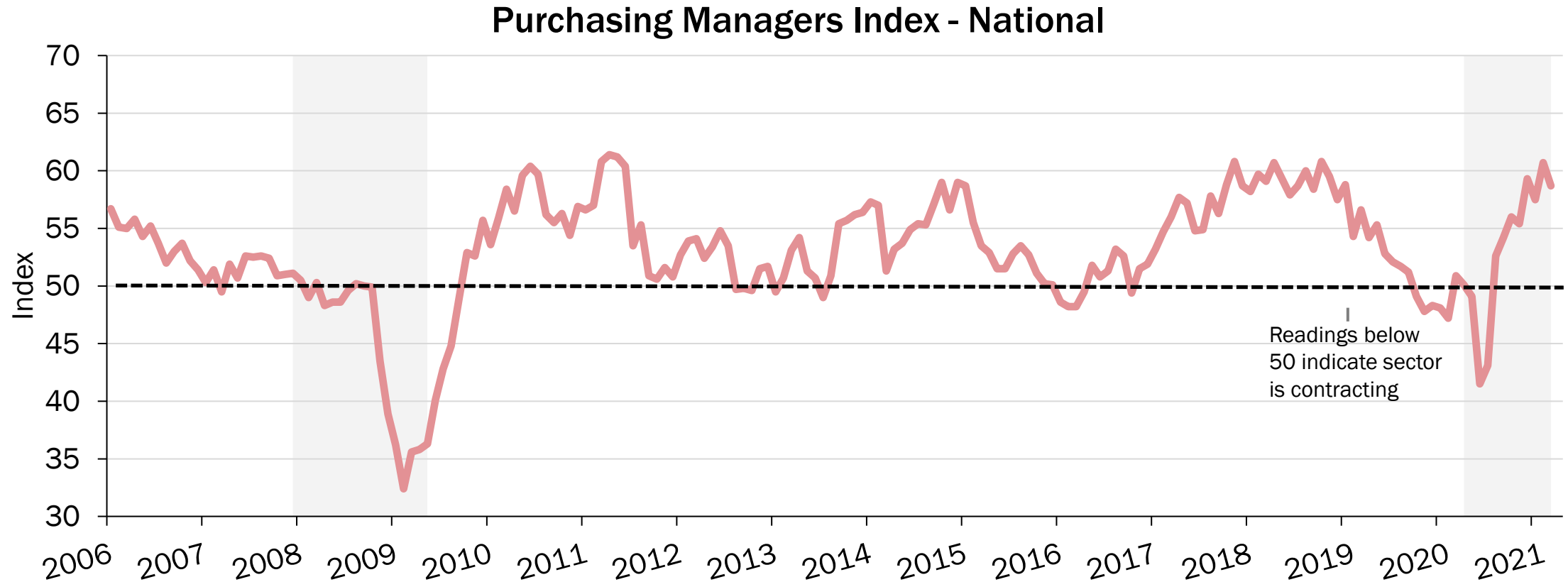
GDP growth is projected to remain solid, although employment growth is forecast to be slowing



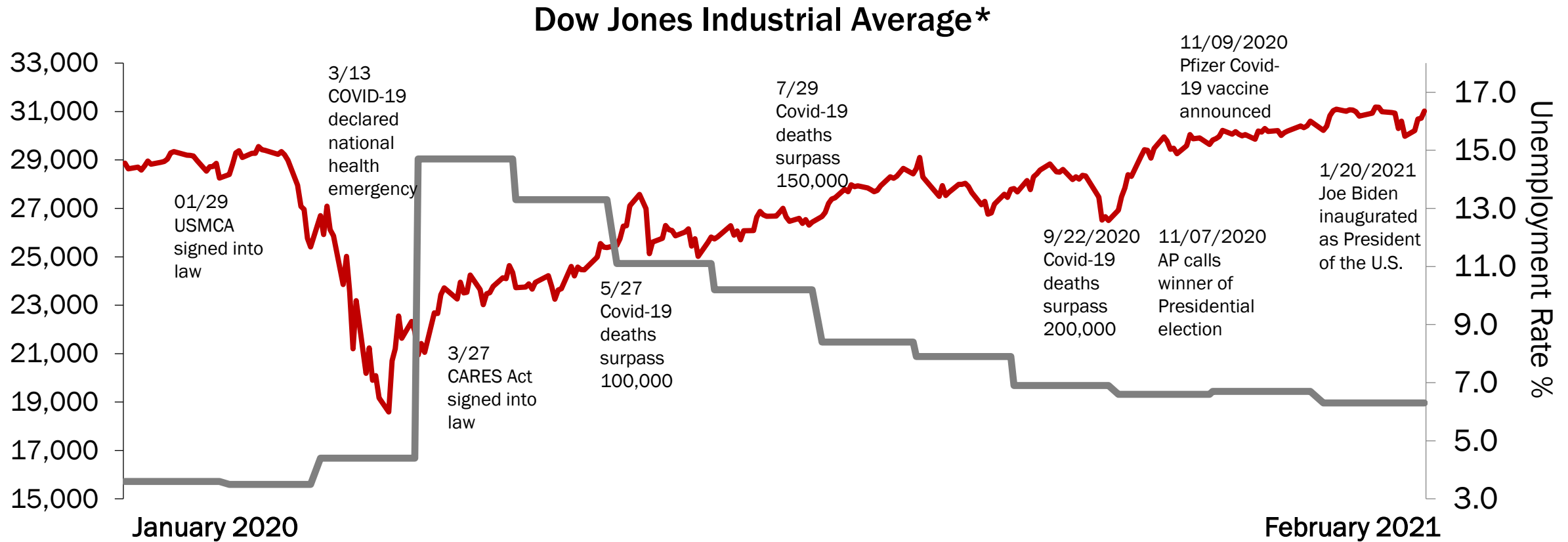
Moody's predictions of a recession are trending downward: 28% in December



National PMI stood at 58.7 in February, indicating that the manufacturing sector is expanding

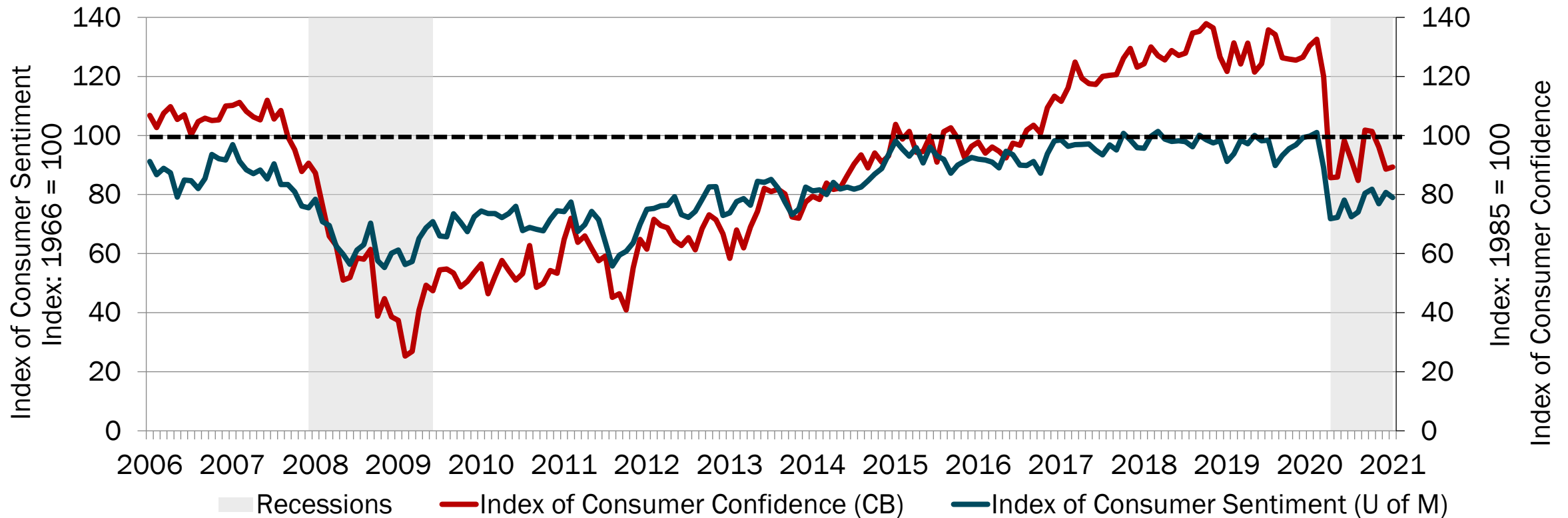


The stock market has reacted to various events this year, and the recent ride has been surprisingly good



Consumer confidence and sentiment are bouncing around after falling precipitously between February and April

Consumer Confidence



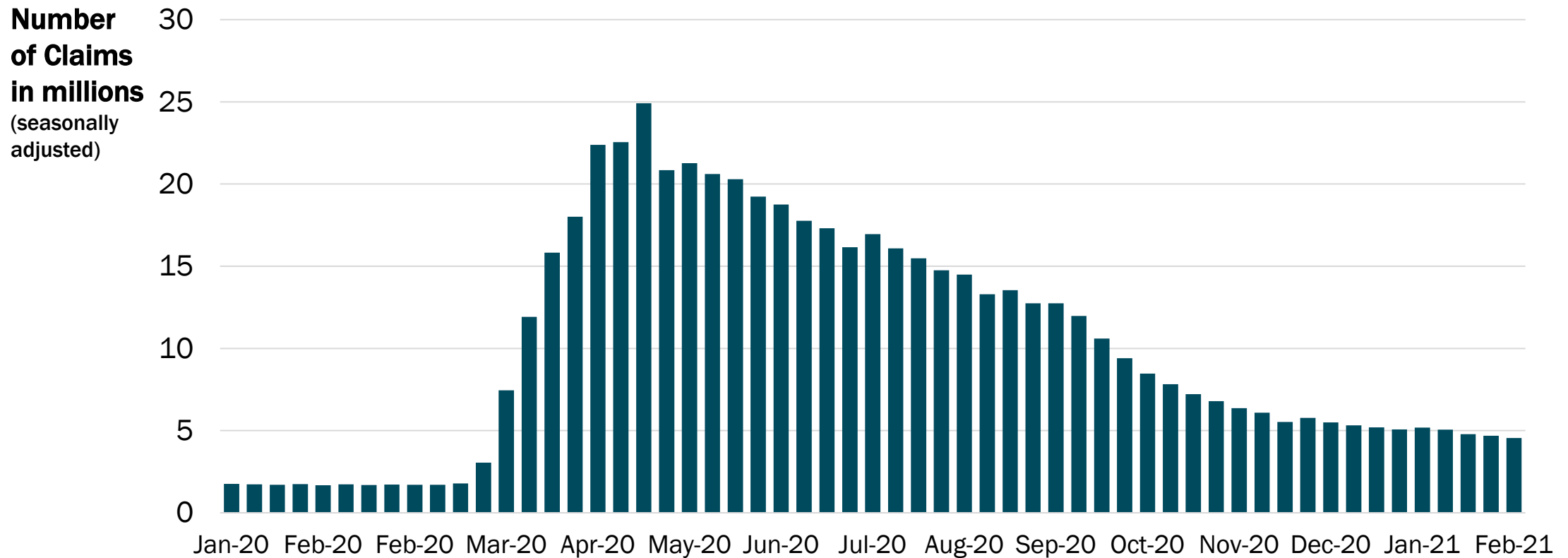
University of Michigan/RSQE November* national forecast:

Note that these estimates are annualized

	2019	2020 (Forecast)	2021 (Forecast)	2022 (Forecast)
GDP	2.2%	-3.6%	4.2%	3.0%
Employment	1.3%	-5.7%	2.7%	2.6%
Light Vehicle Sales (Millions)	17.0	14.5	16.3	16.7
Unemployment Rate	3.7%	8.1%	5.9%	5.3%
Housing Starts (Millions)	1.30	1.34	1.39	1.42
CPI/Inflation	1.8%	1.2%	2.0%	2.1%

The number of traditional continuing claims are trending downward

Weekly continuing claims for unemployment insurance



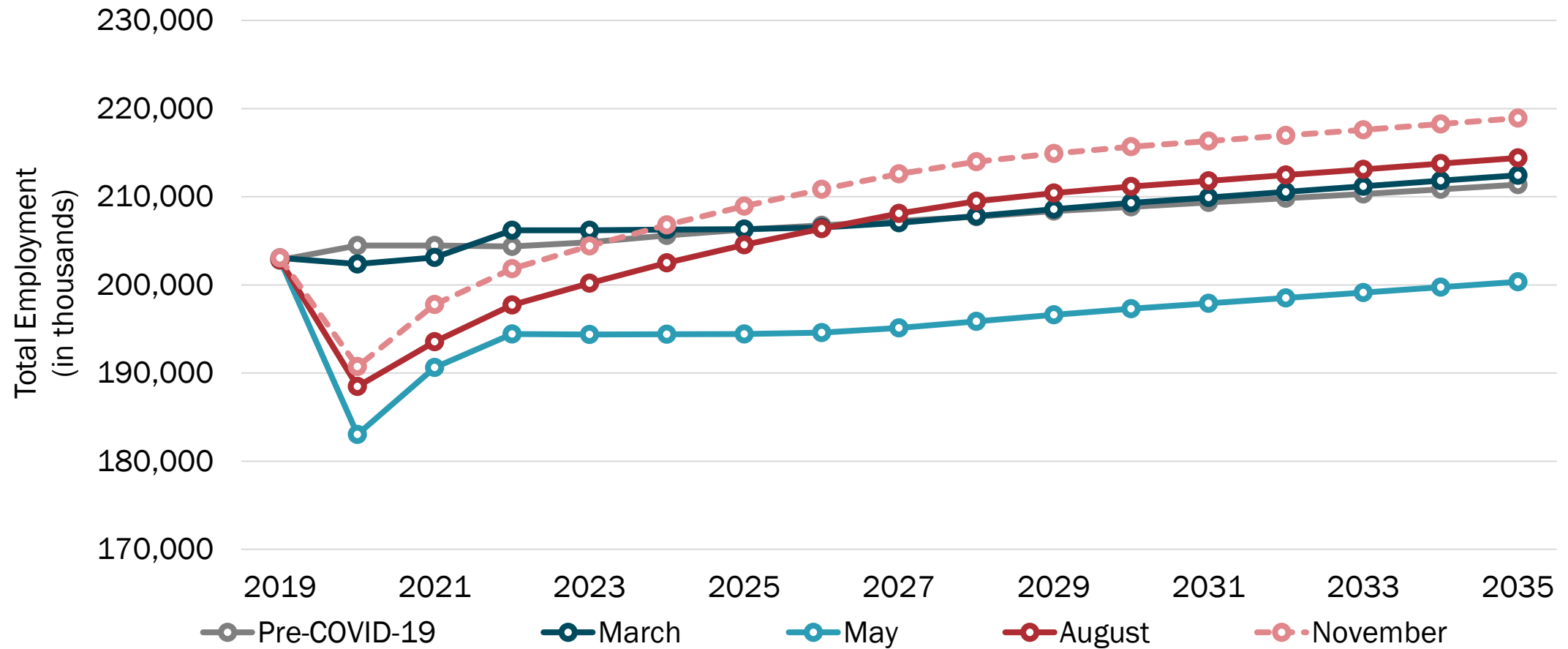
REMI Forecasts

National Economic Forecast

Methodology

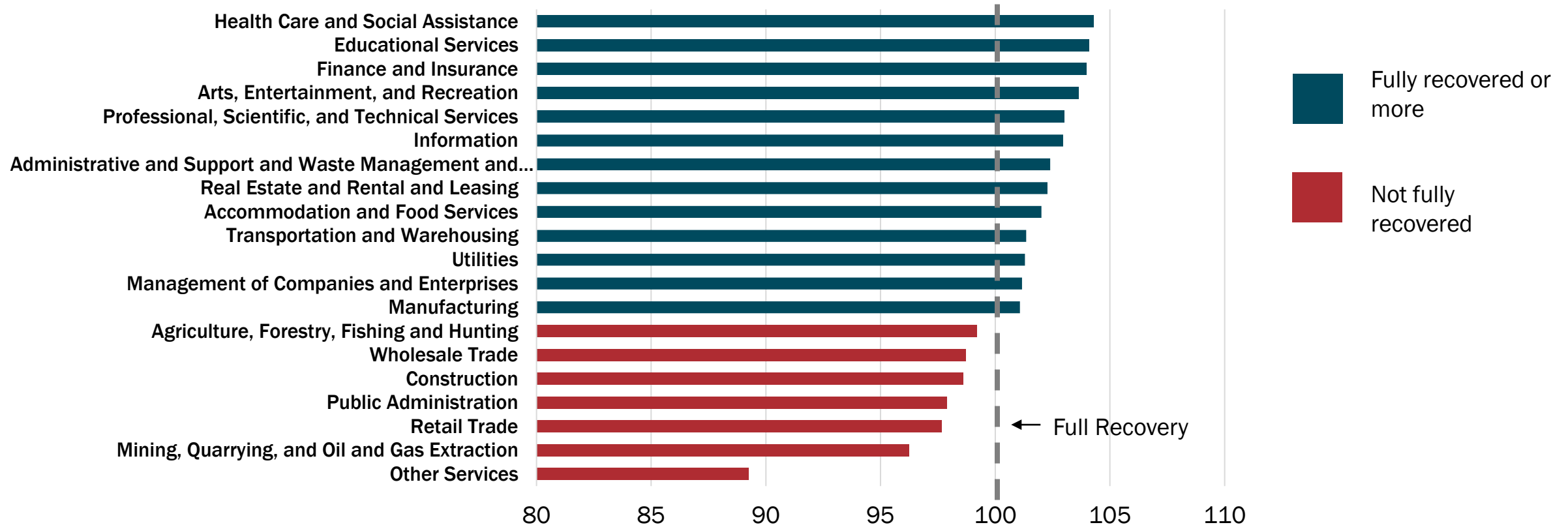
- Upjohn uses a REMI model (www.REMI.com)
 - To estimate economic impacts from projects and events
 - Forecast national and regional changes in trends
- As new forecasts were produced the latest REMI model was updated
 - National forecast is updated
 - Regional forecasts are updated
 - Forecasts come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

National forecast for total employment

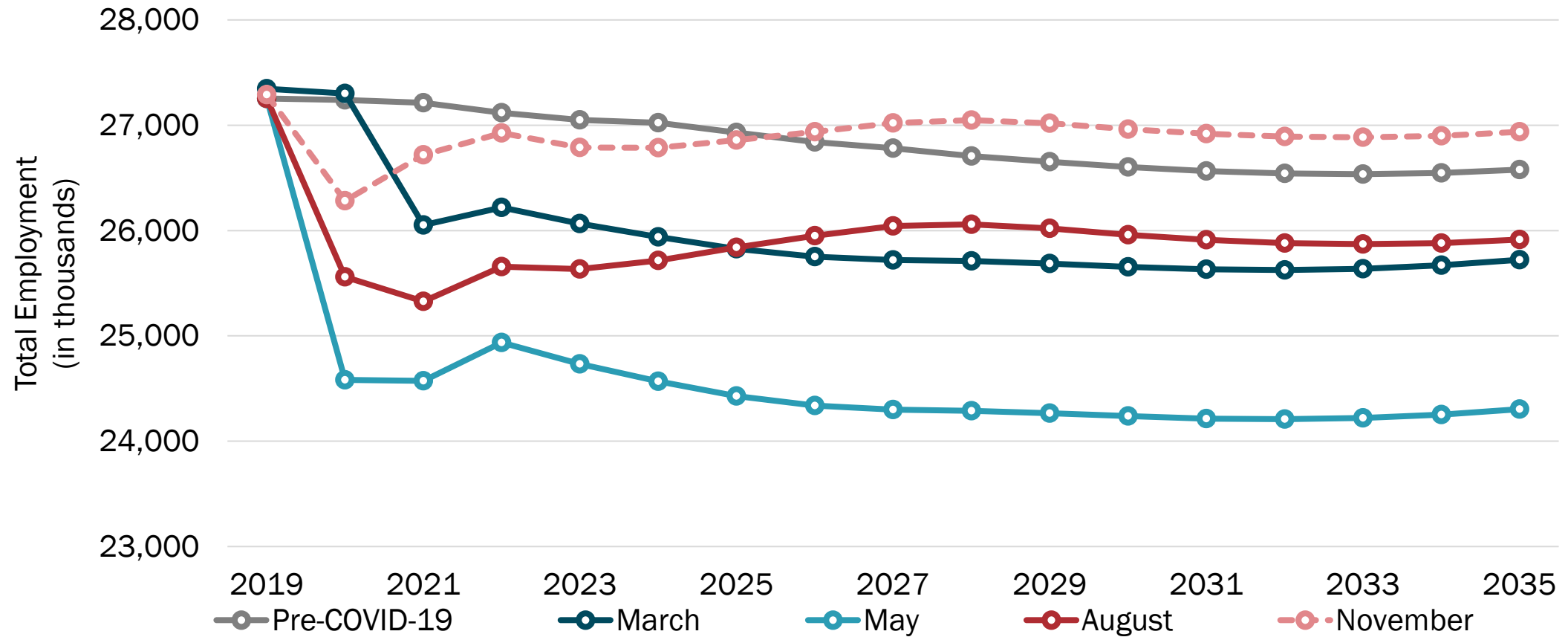


Industry recovery forecast

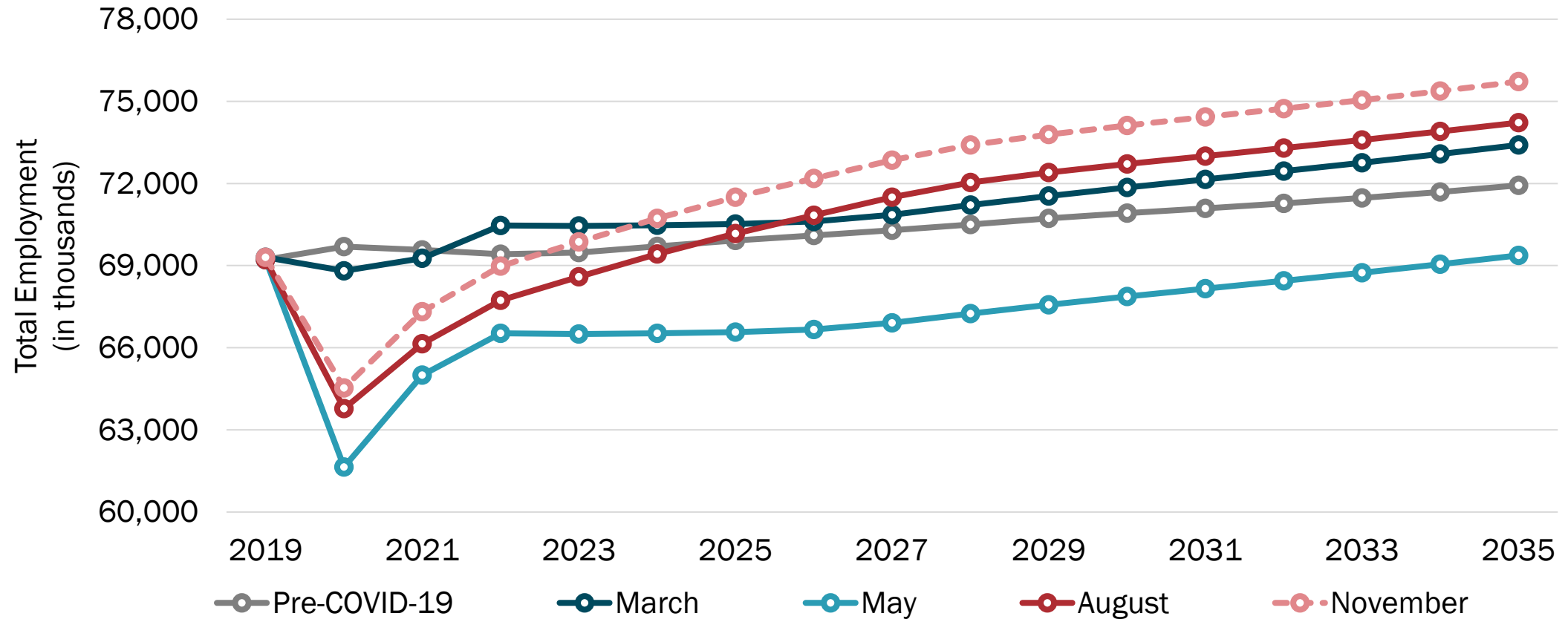
Projected Recovery of Industry Sectors Nationally by 2025



National forecast for goods producing employment

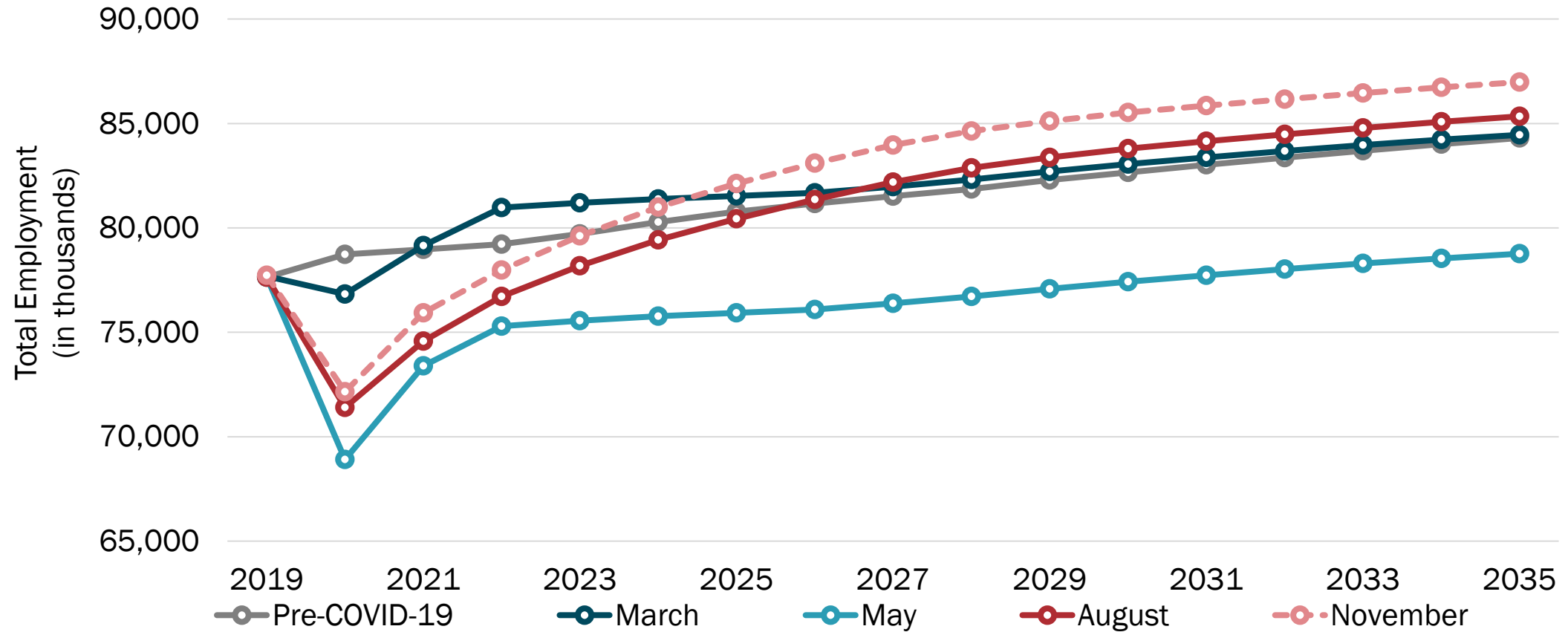


National forecast for business service sector* employment



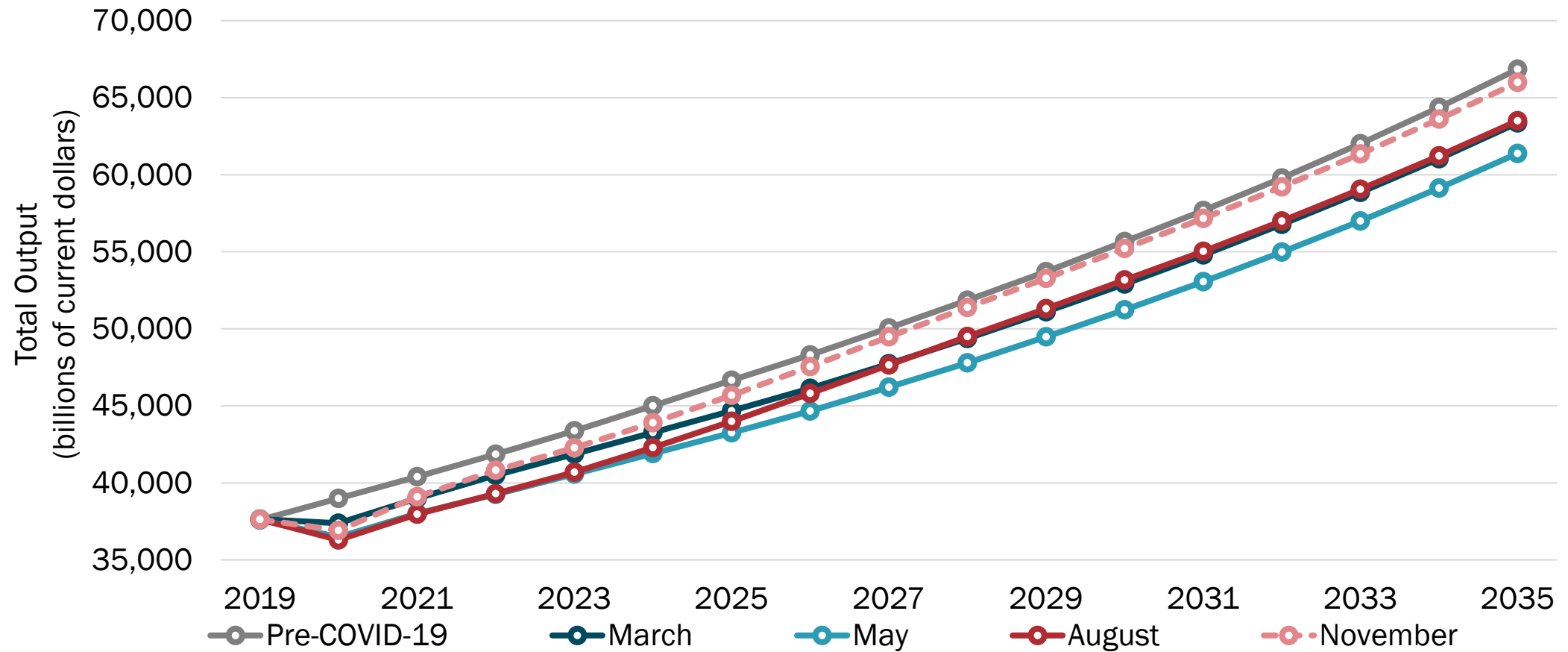
*Includes: Wholesale Trade; Transportation & Warehousing; Information, Finance, & Real Estate; Professional, Scientific, & Business Services; Management of Companies & Enterprises; Administrative, Support, Waste Management & Remediation Services

National forecast for personal service sector* employment



*Includes: Retail Trade, Education & Health Services, Leisure & Hospitality, Other Services (excluding Public Administration).

National forecast for total output



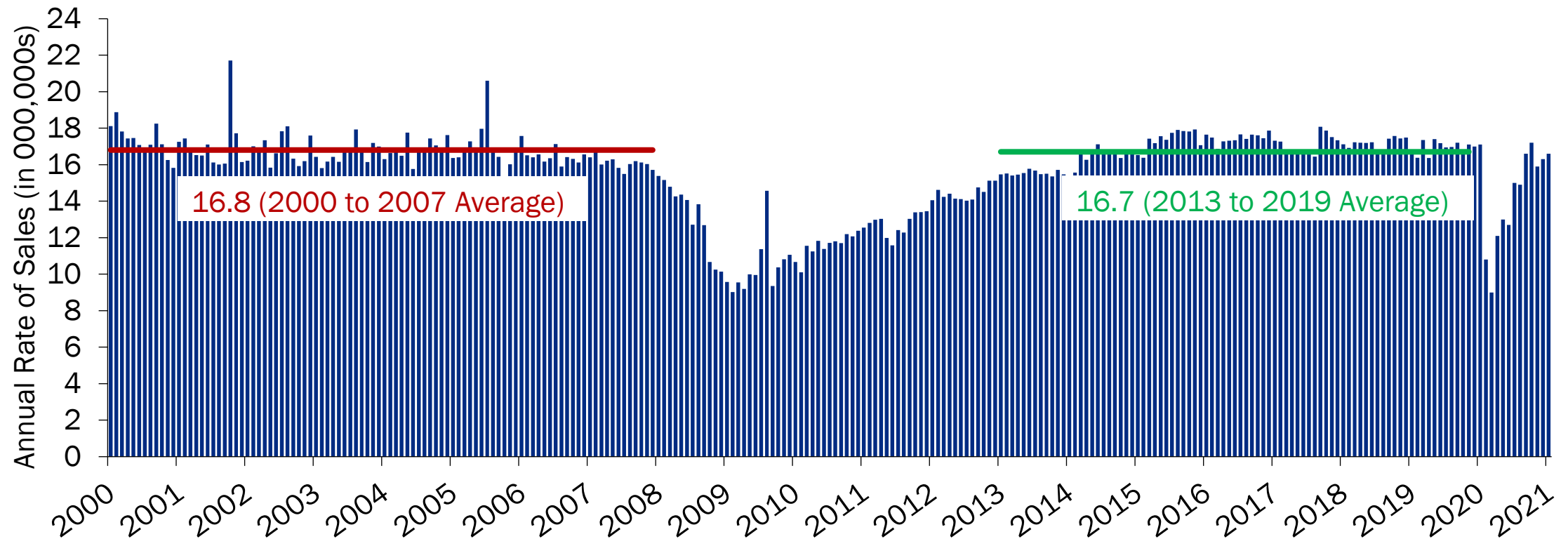
Michigan Economy

University of Michigan RSQE current* state forecast

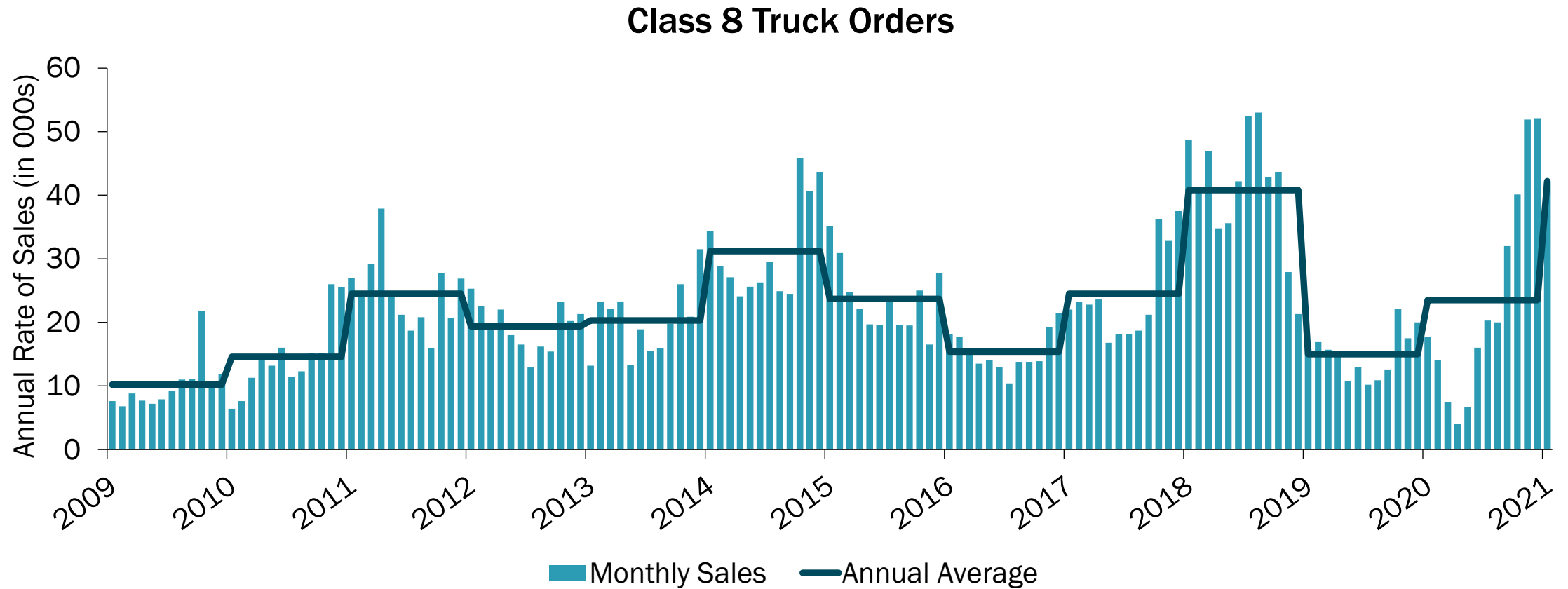
	2019	2020 (Forecast)	2021 (Forecast)
Employment Change (thousands)	36.7 (+.08%)	-352.1 (-7.4%)	176.6 (+4.0%)
Manufacturing Employment Change (thousands)	-2.1 (-.03%)	-64.4 (-10.3%)	31.5 (+5.6)
Unemployment Rate	4.1%	10.1%	7.1%
Labor Force Participation Rate	61.8%	61.0%	61.2%

Light vehicle sales are doing relatively well, but will supply chain issues and affordability affect supply and demand?

Annualized Rate of U.S. Light Vehicle Sales (In Millions)

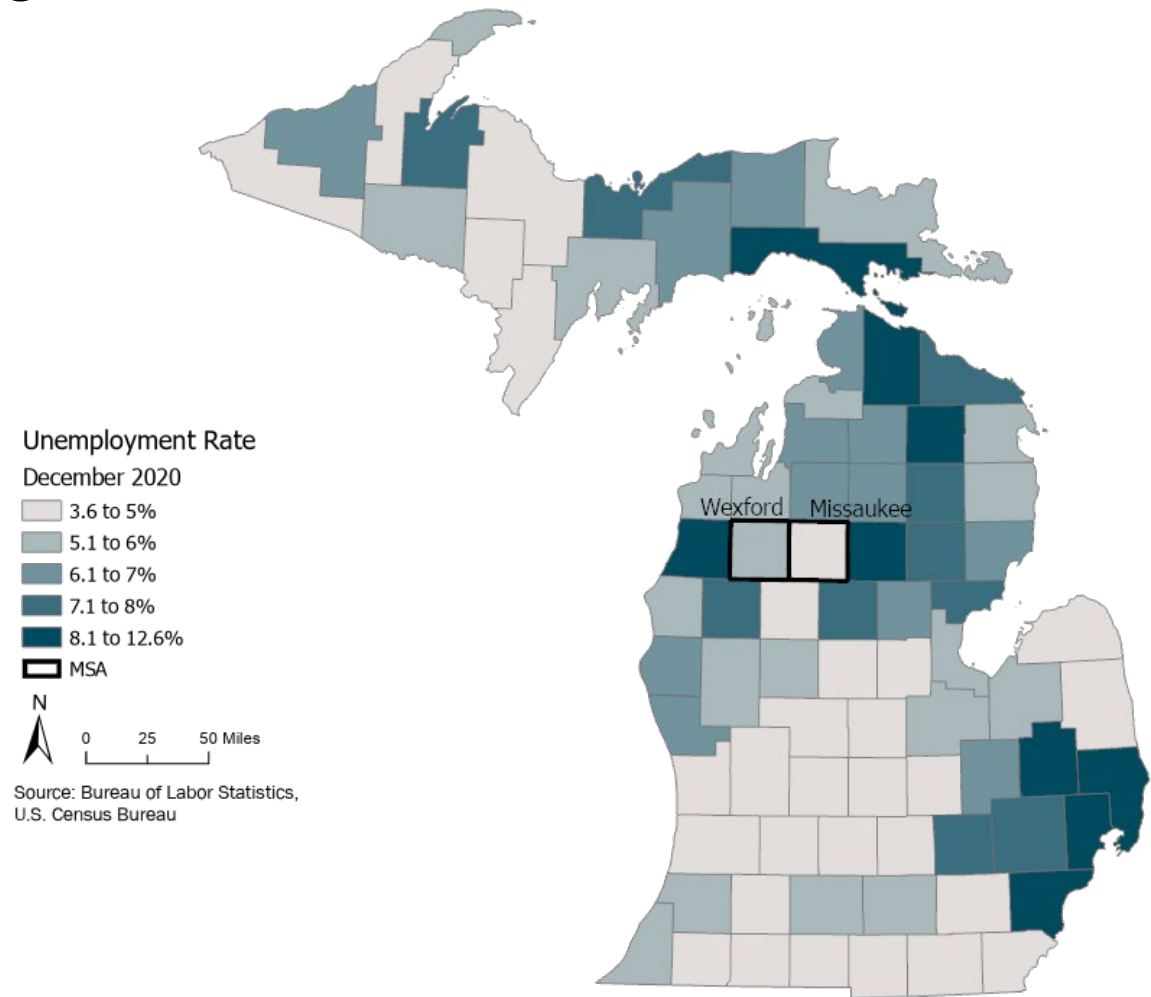


Class 8 Truck Orders reach highest level since 2019



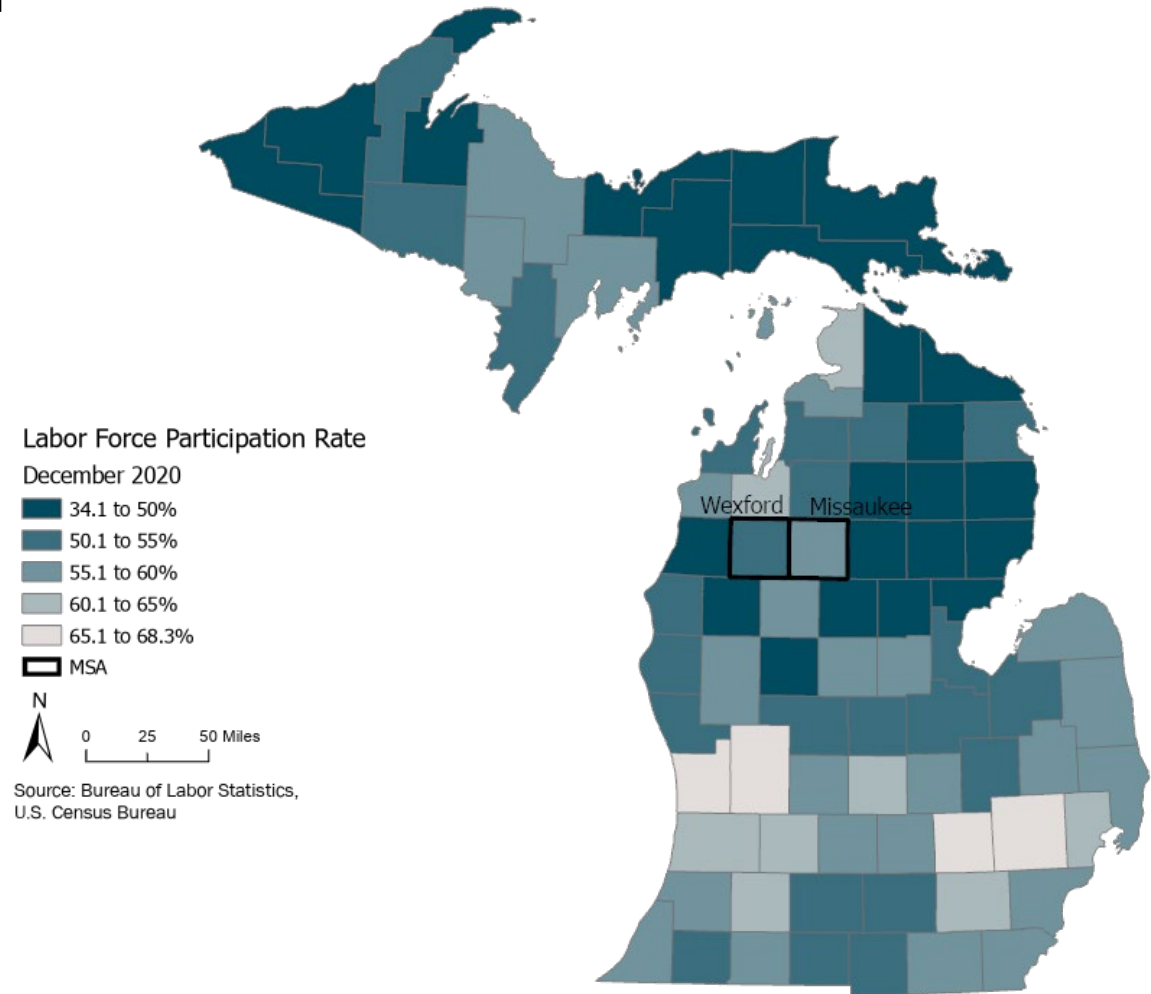
Michigan unemployment rate

- In December 2020, Michigan's unemployment rate was at 7.5% and the United States was at 6.7%.



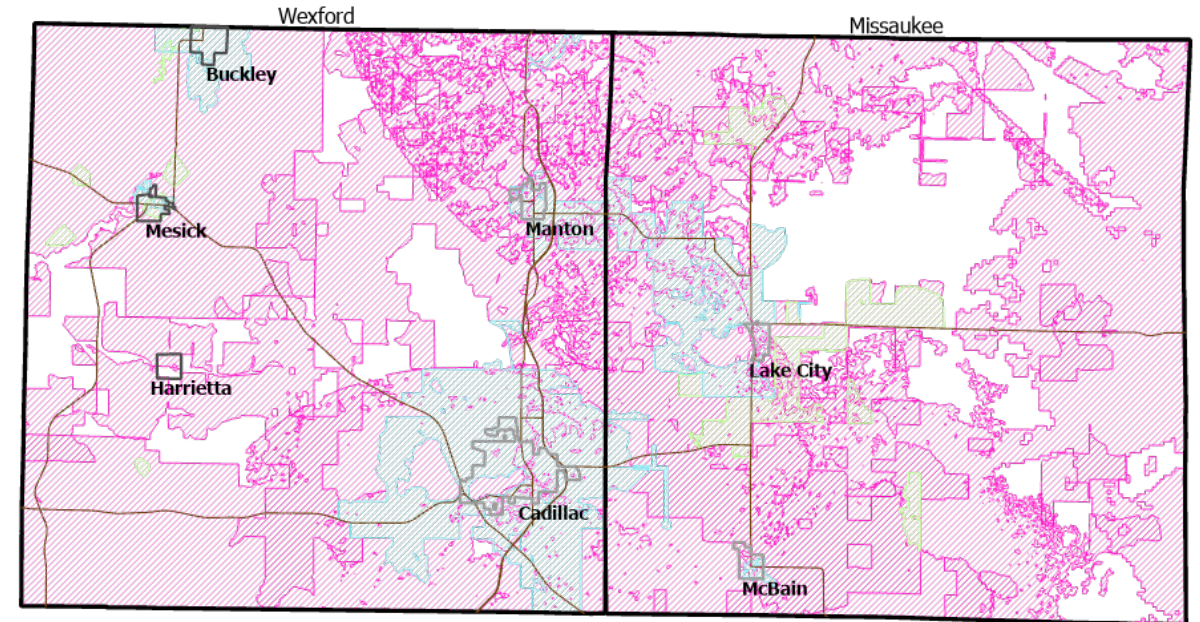
Michigan labor force participation rate

- In December 2020, Michigan's labor force participation rate was at 59.9% and the United States was at 61.5%.

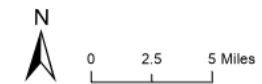
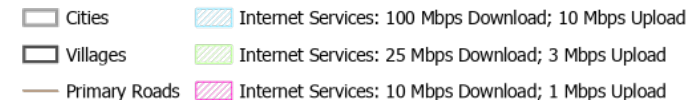


Cadillac area internet coverage

- Internet Services in Wexford and Missaukee Counties max out at 100 Mbps Download; 10 Mbps Upload.
- While 1 Gbps Download speeds are sparse across Michigan, Wexford and Missaukee Counties lack any such services.
- All cities and villages in Wexford and Missaukee Counties have at least partial 100 Mbps Download speeds, except for the Village of Harrietta.



Wexford and Missaukee Internet Services



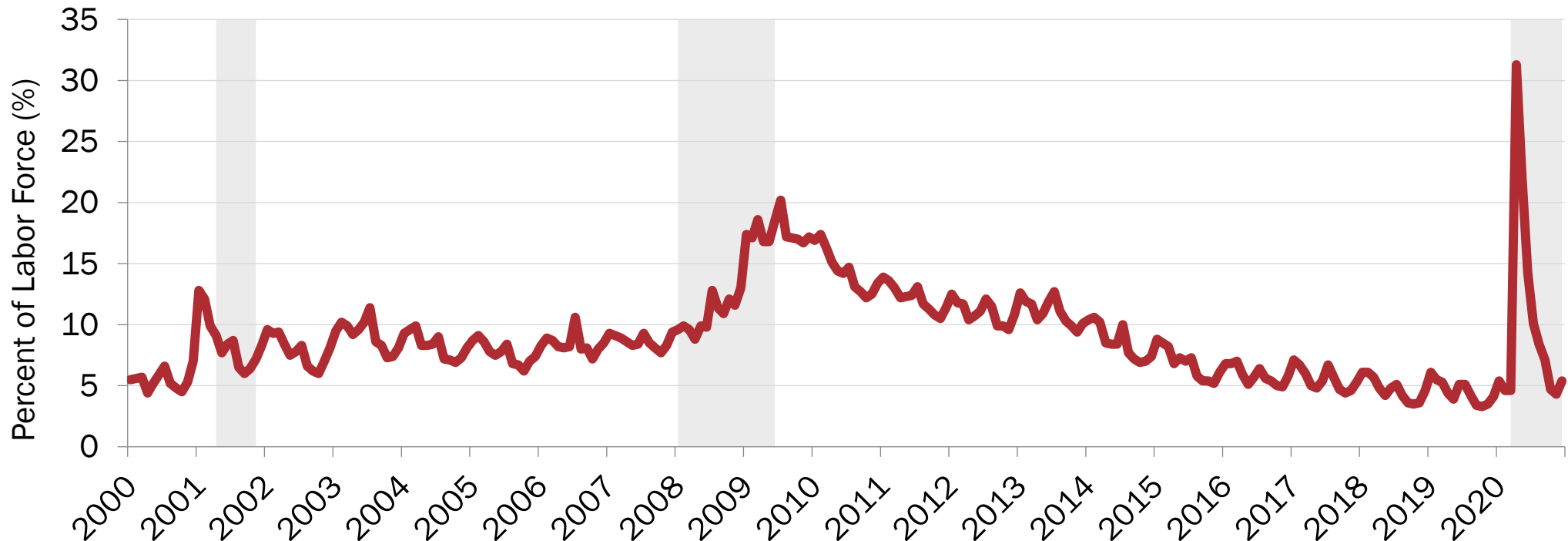
Source: Connected Nation

Current Conditions

Cadillac/Wexford County Economy

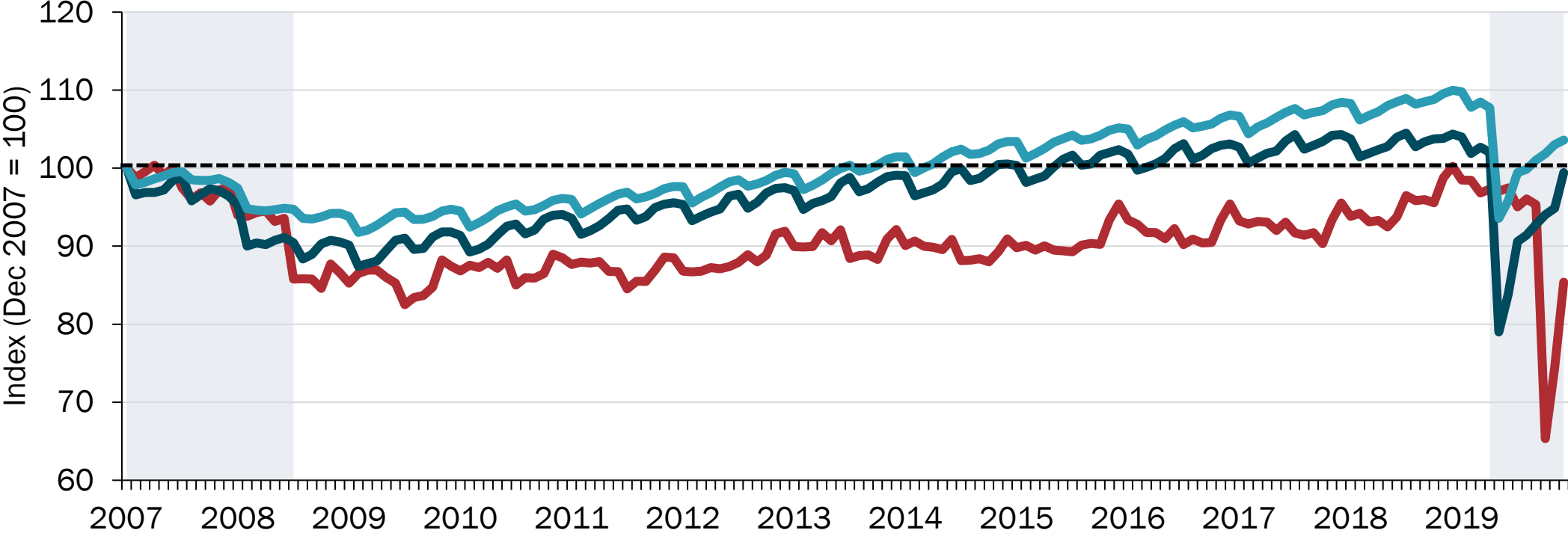
Based on the latest data, the current unemployment rate for Wexford County was 5.4% in December

Unemployment Rate for Wexford County



Wexford County has started to recover jobs that were displaced in the COVID-19 Recession

Total Employment Index

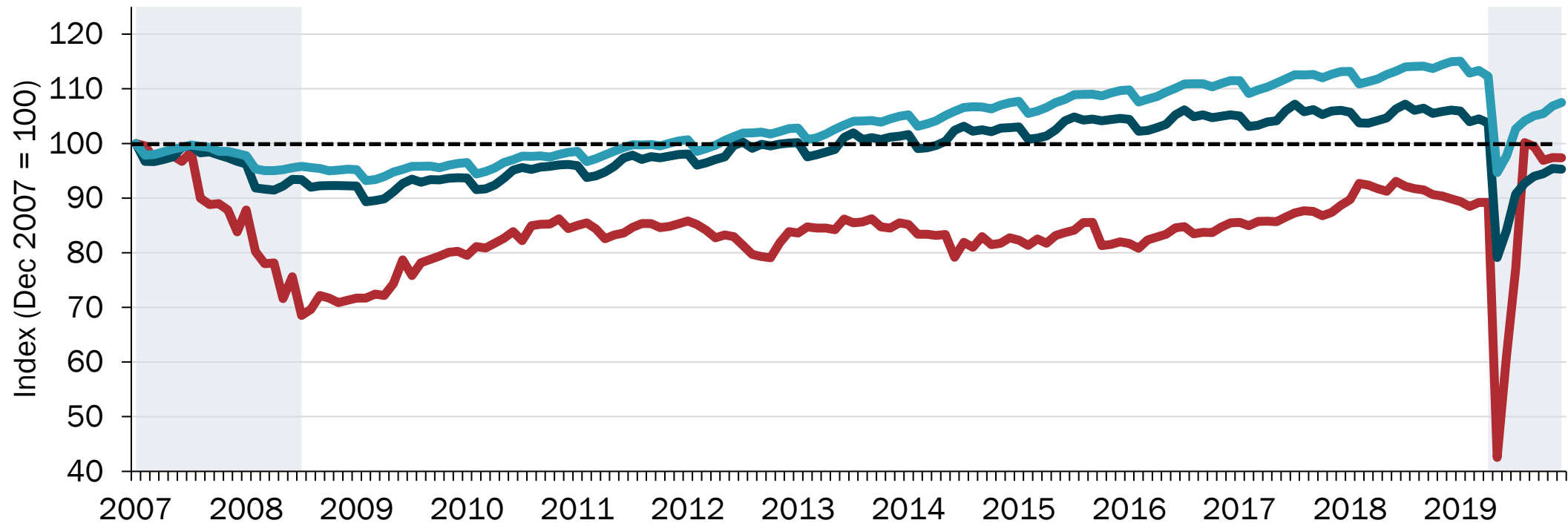


Note: Latest data are from June 2020

Recessions Wexford County Michigan United States

Manufacturing employment took a large hit during the lockdowns but has rebounded faster than the nation or state

Manufacturing Employment Index

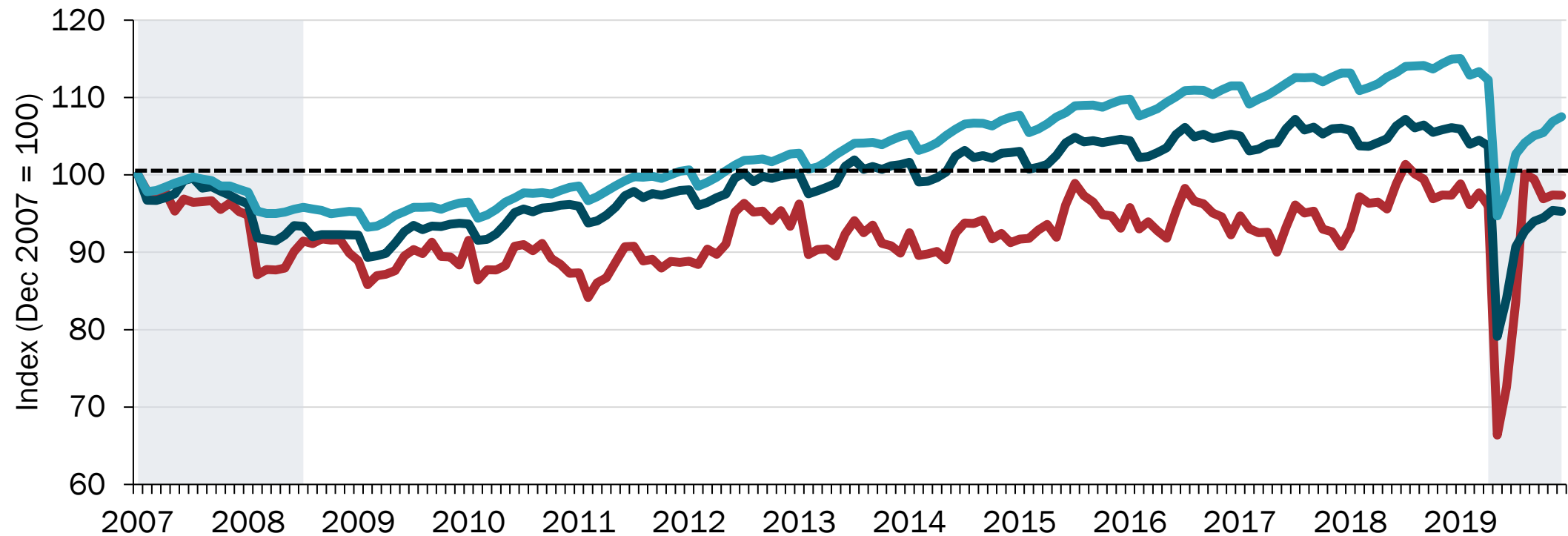


Note: Latest data are from June 2020

Recessions Wexford County Michigan United States

The service sector employment rebound is slightly faster than the state

Service Providing Employment Index

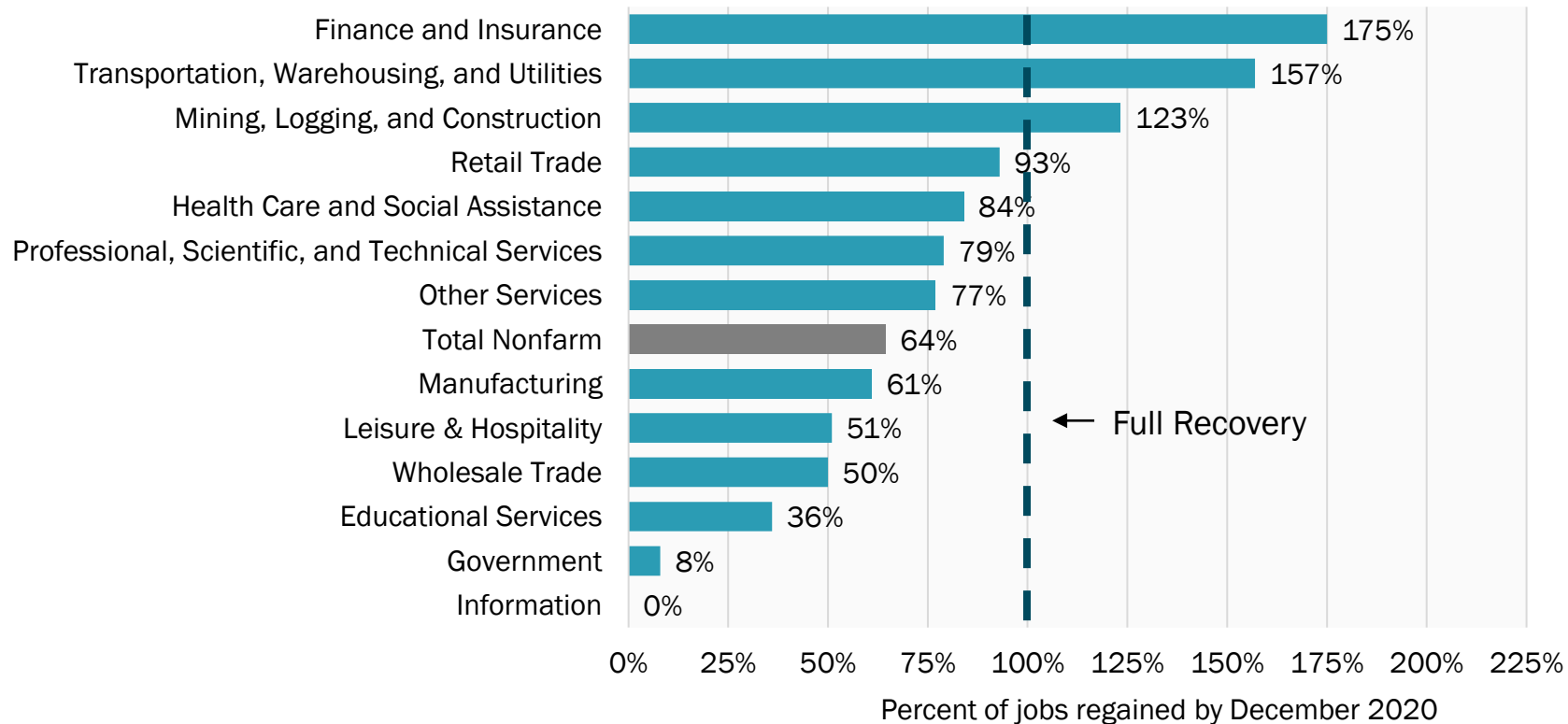


Note: Latest data are from June 2020

Recessions Calhoun County Michigan United States

Employment recovery

Percent of Jobs Regained* by December 2020 Following Employment Declines Beginning in March in West Michigan by Major Sector

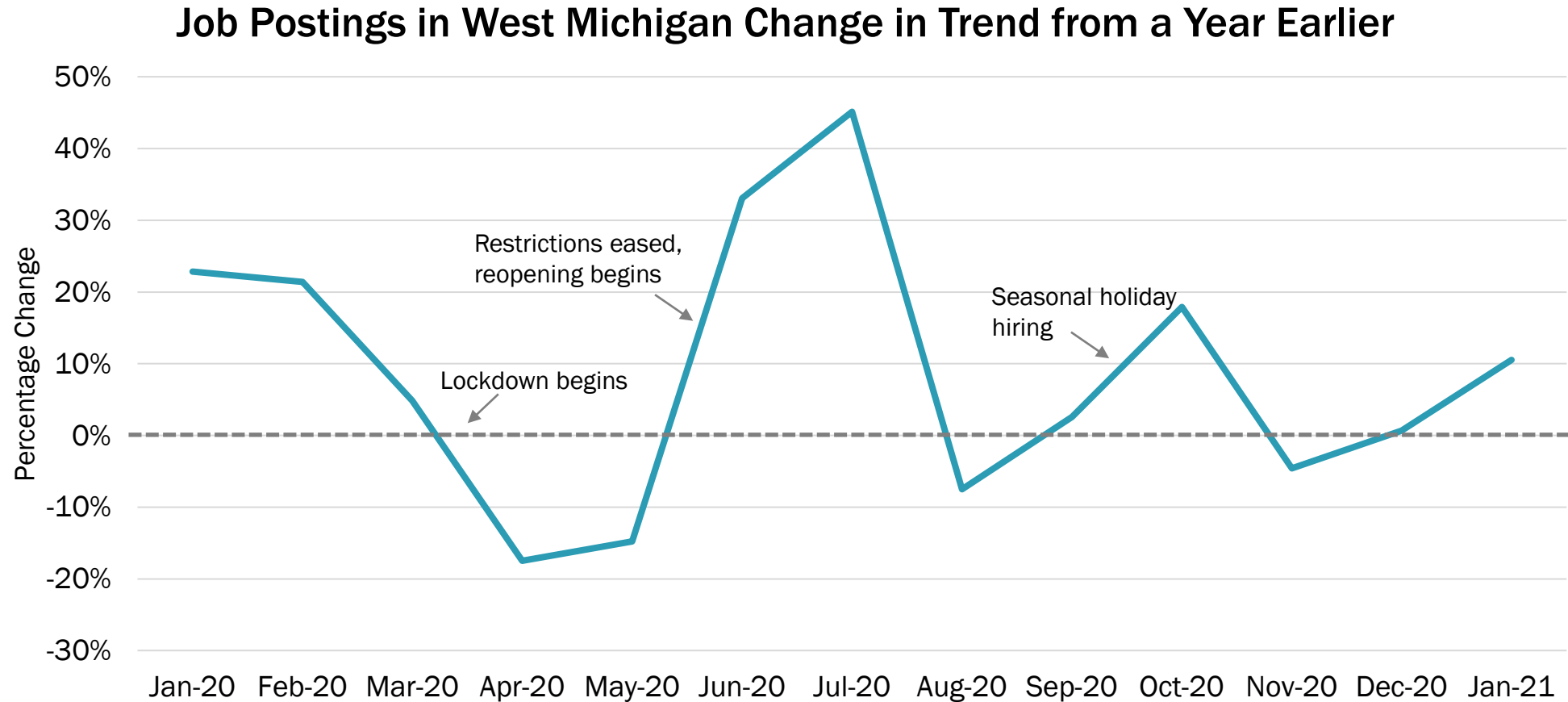


*Data not seasonally adjusted

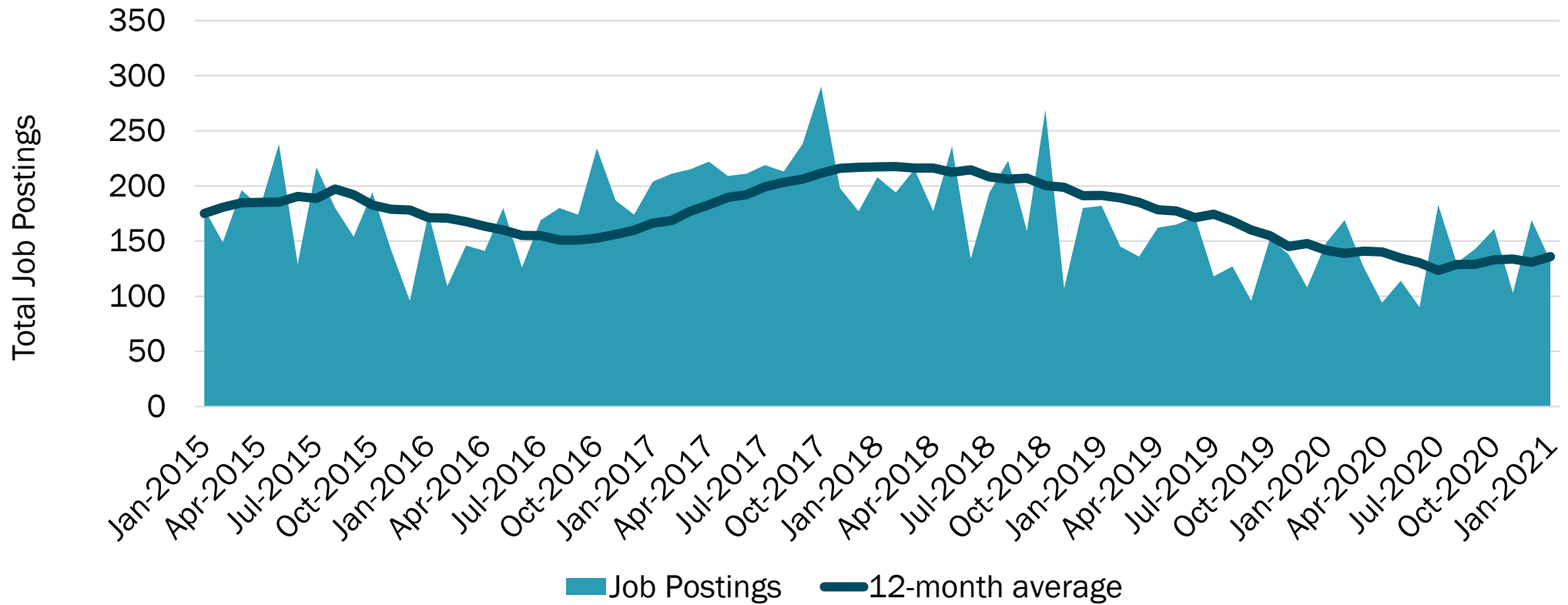
Job Postings

**Cadillac/Wexford County
Job Postings**

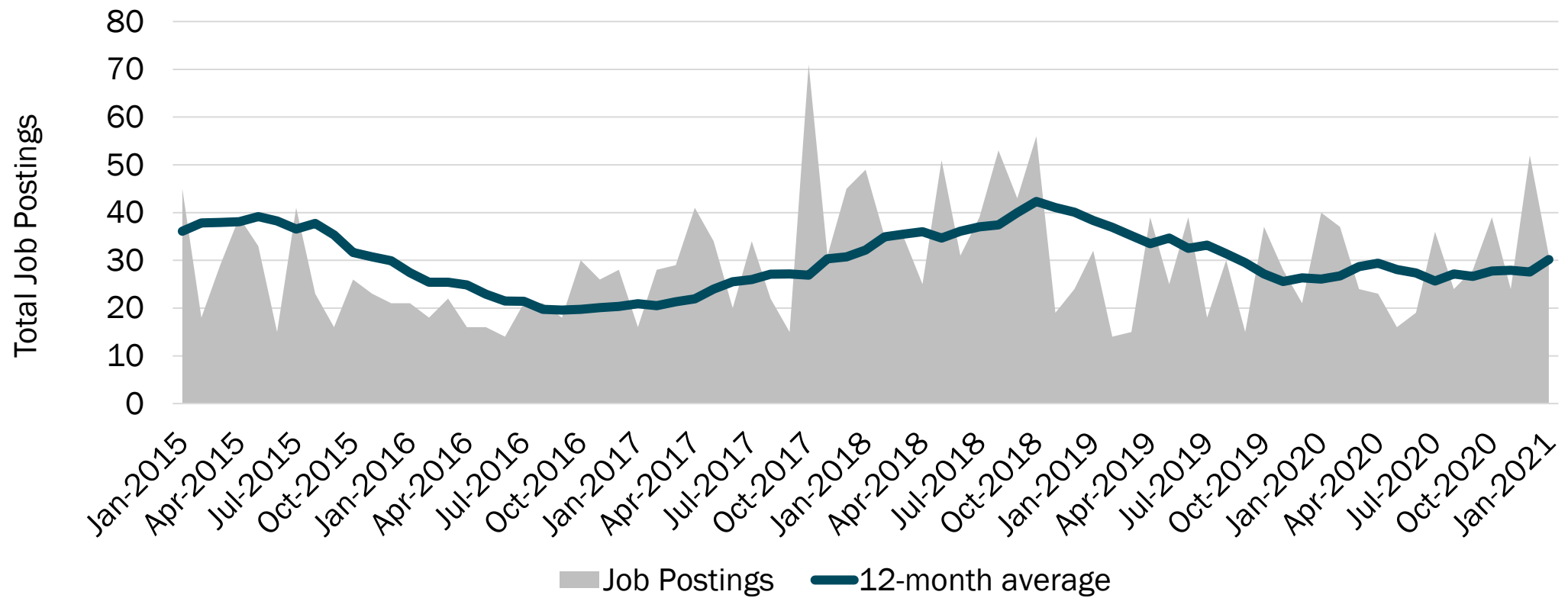
Job postings in West Michigan in December 2020 were about where they were in December of 2019



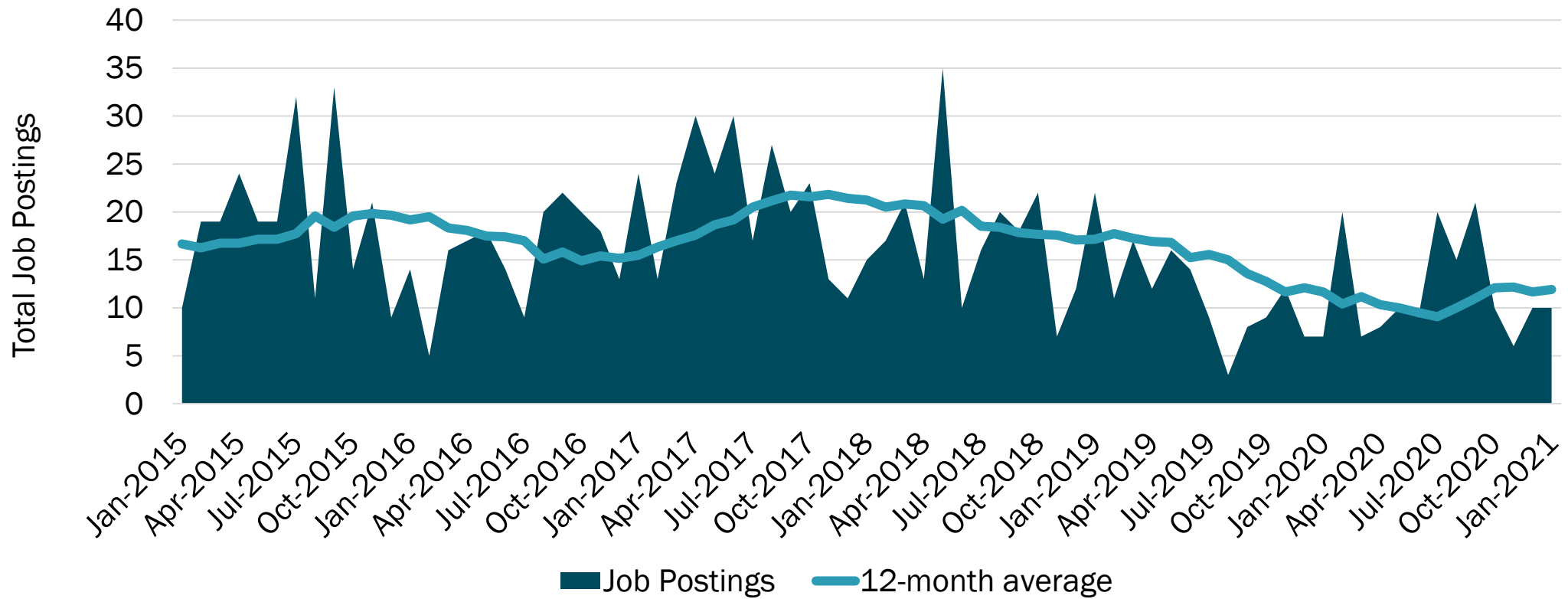
Total job postings in Wexford County



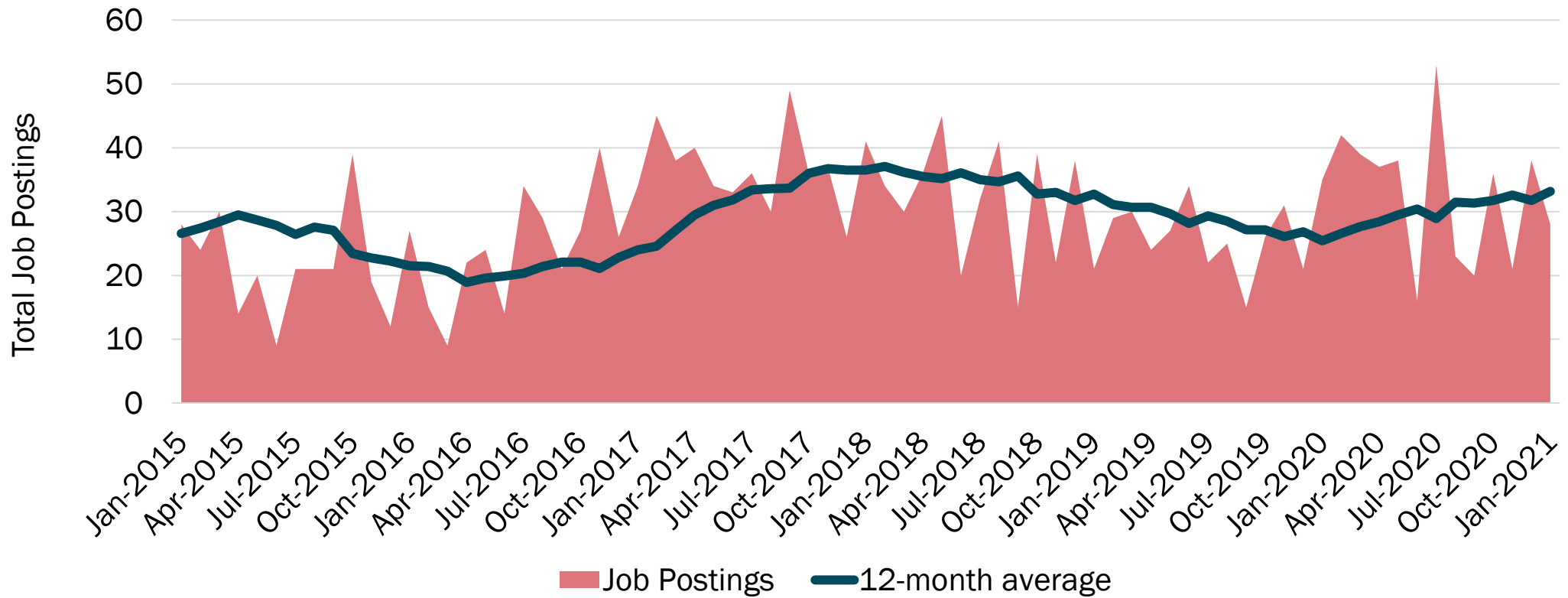
Total job postings for health care and social assistance in Wexford County



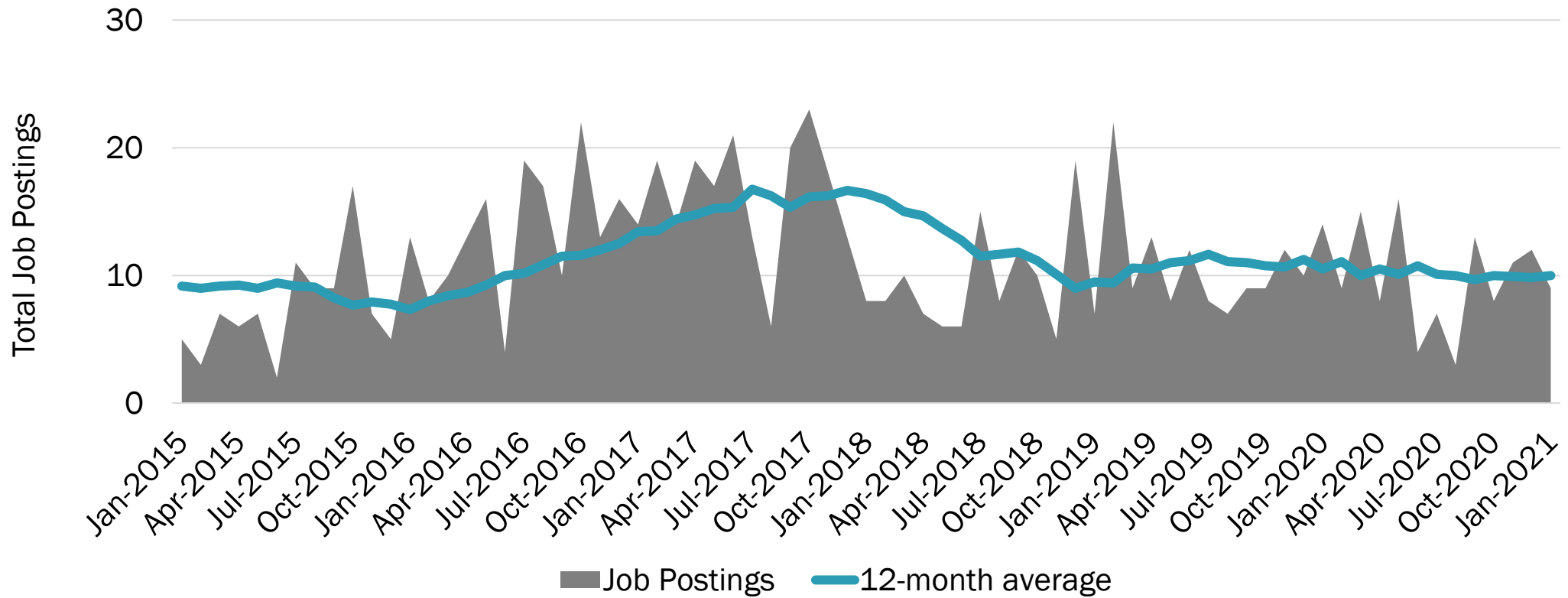
Total job postings for manufacturing in Wexford County



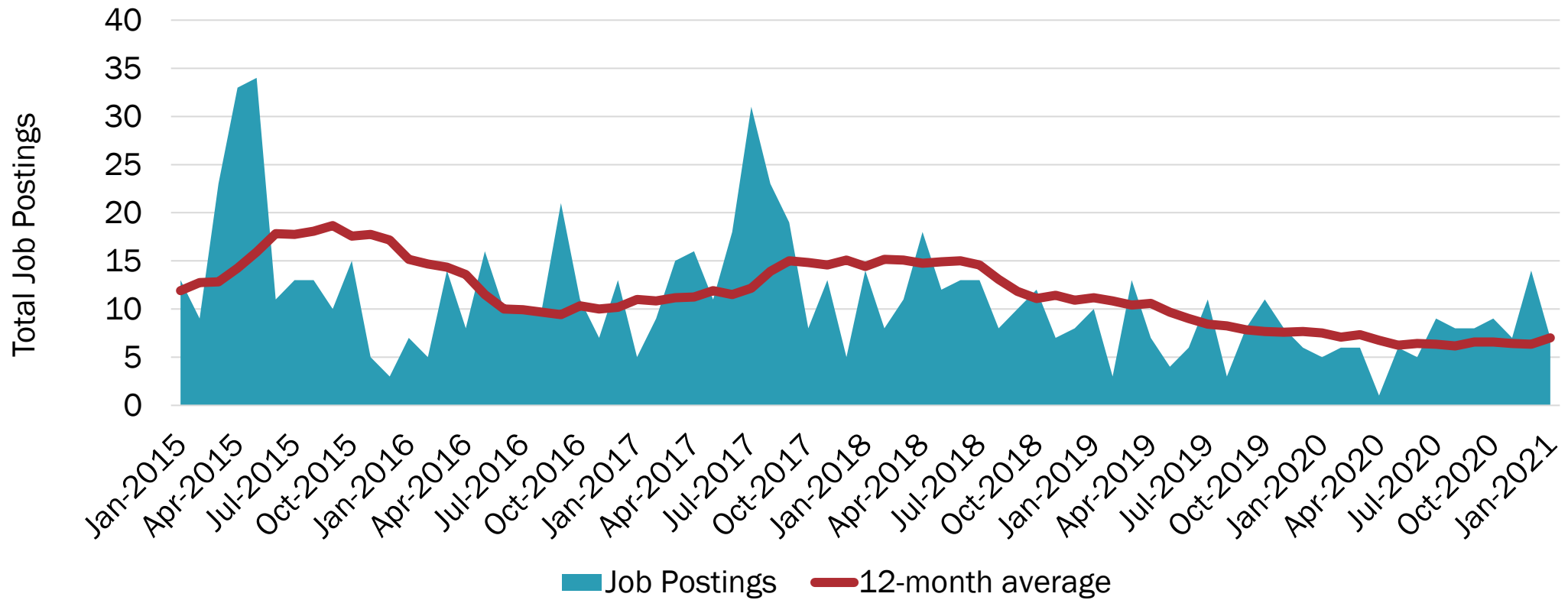
Total job postings for retail trade in Wexford County



Total job postings for accommodation and food services in Wexford County



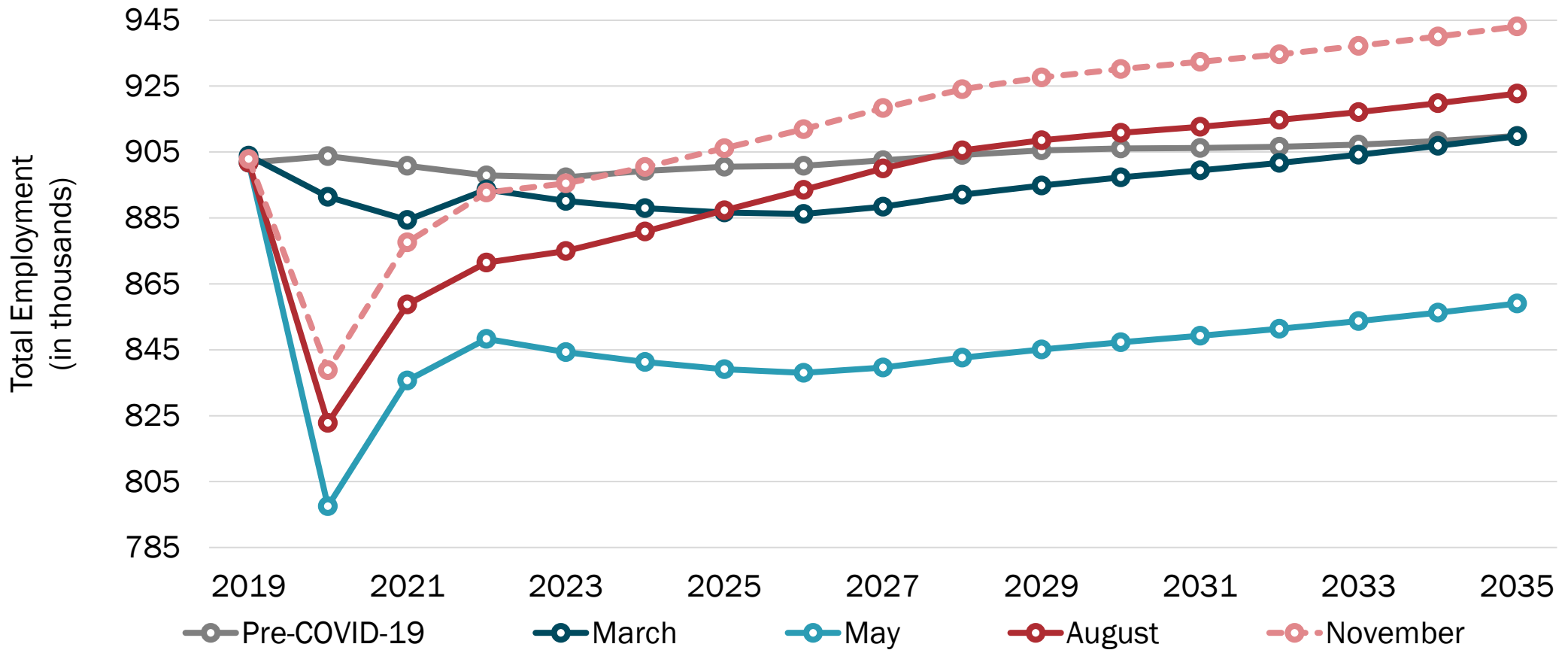
Total job postings for transportation and warehousing in Wexford County



REMI Forecasts

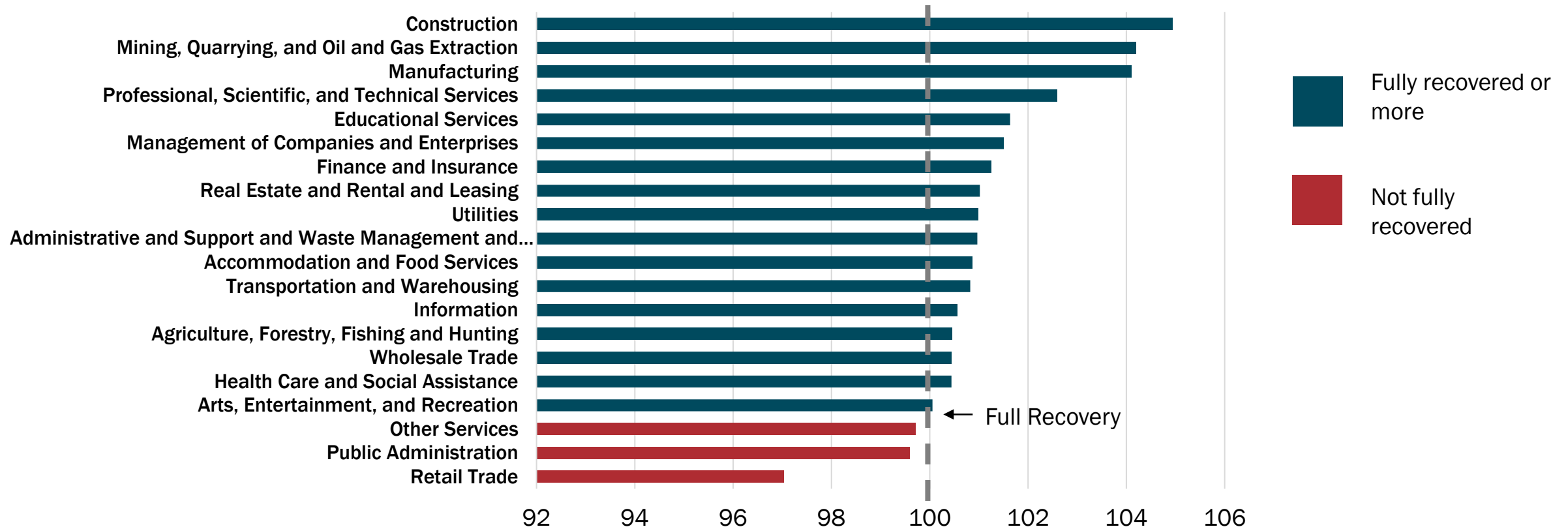
Northwest Michigan Works!
Forecast

Forecast for total employment for Northwest Michigan Works!

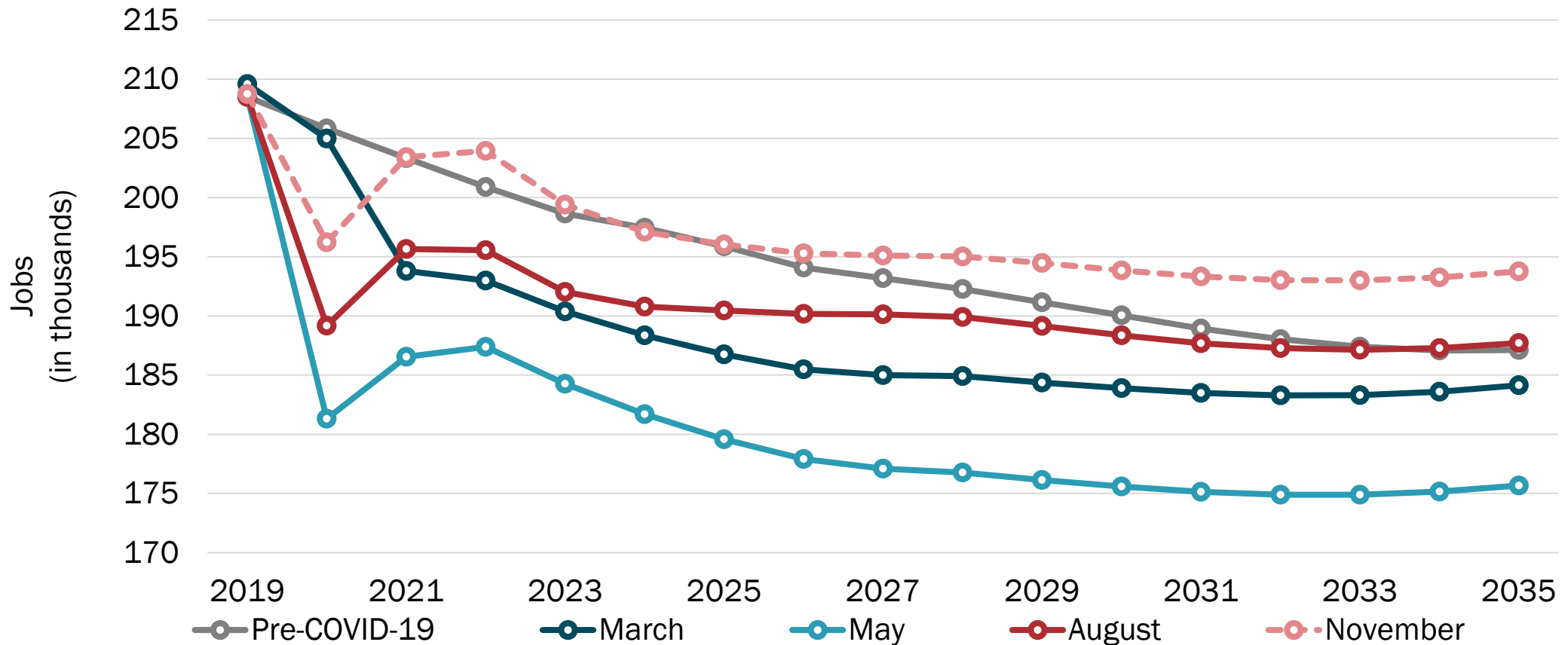


Industry recovery forecast

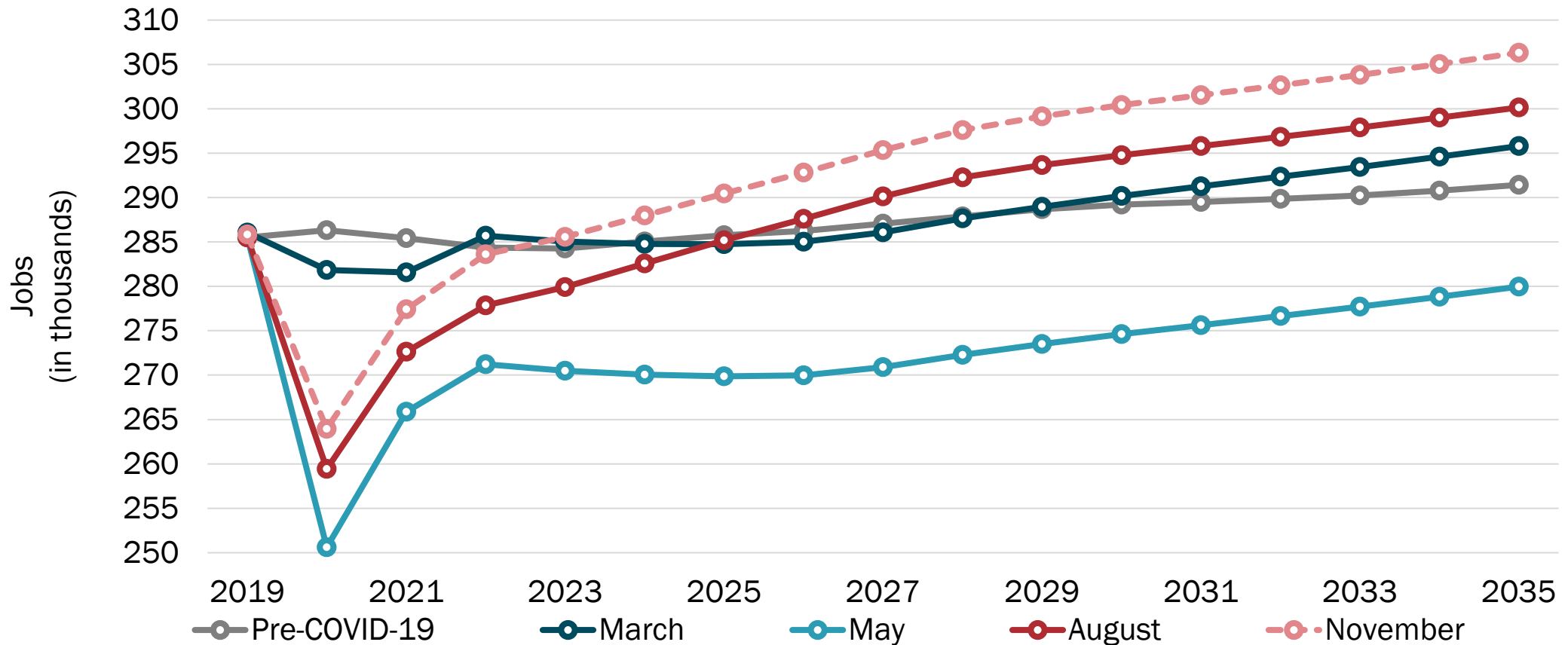
Projected Recovery of Industry Sectors in NW Michigan by 2025



Forecast for goods producing employment for Northwest Michigan Works!

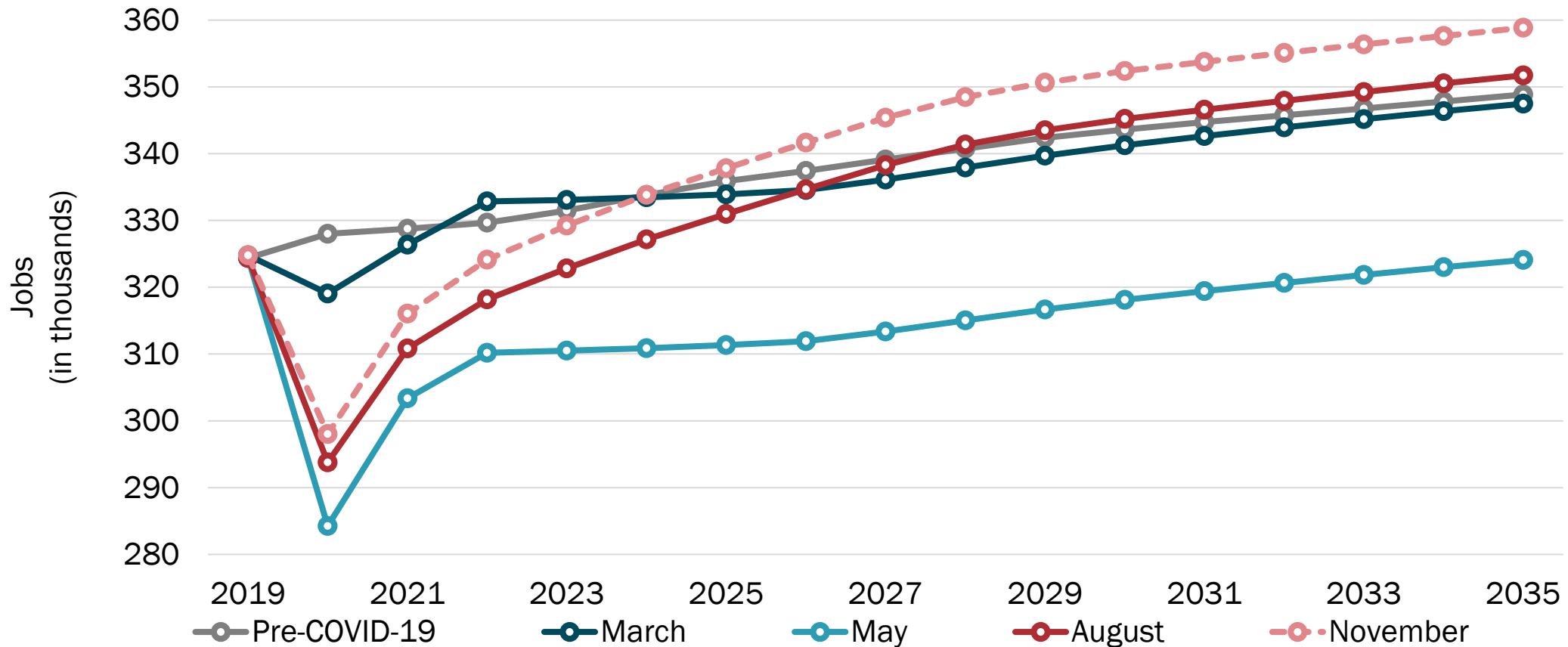


Forecast for business services* employment for Northwest Michigan Works!



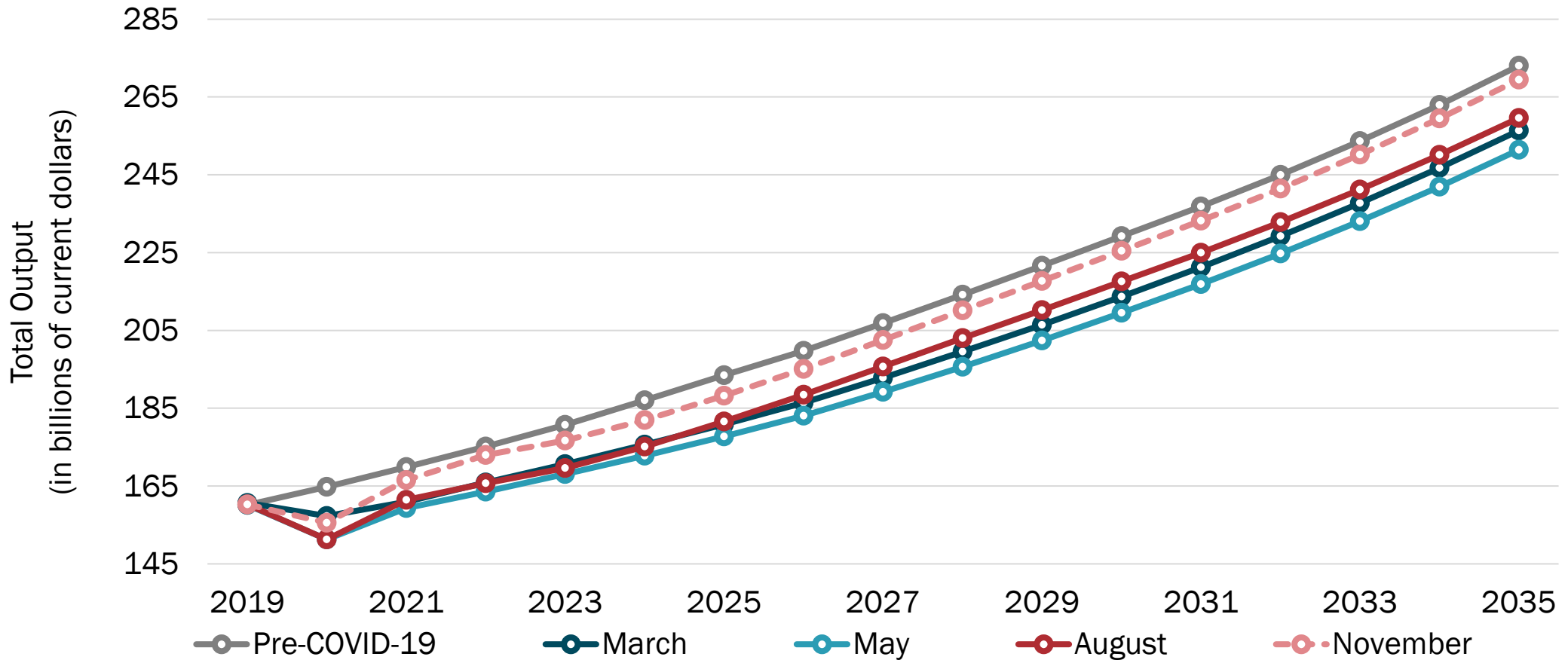
*Includes: Wholesale Trade; Transportation & Warehousing; Information, Finance, & Real Estate; Professional, Scientific, & Business Services; Management of Companies & Enterprises; Administrative, Support, Waste Management & Remediation Services

Forecast for personal services employment for Northwest Michigan Works!



*Includes: Retail Trade, Education & Health Services, Leisure & Hospitality, Other Services (excluding Public Administration).

Forecast for total output for Northwest Michigan Works!



Moving Forward

Considerations for the Future of the Economy: Macro

- The shape of the recovery curve?
- Will temporary closures become permanent?
- Supply versus demand?
 - SME's
- What will be the impact of:
 - The new strain?
 - Vaccines?
- What will be the impact from the new administration?
 - Tax policy
 - Trade policy
 - Stimulus policy

Considerations for the Future of the Economy

- Is reshoring real?
 - Supply chain issues
 - Available buildings and sites
- How will technology impact employment?
- When and will people go back to work?
 - What will the new Administration do about UI benefits?
 - Fear of contracting COVID-19?
 - Barriers, notably childcare and school openings, in returning?
- Other state and regional administrative decisions
 - Openings/closings
 - Vaccine availability and distribution

Questions?

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