

Michigan Economy

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The economy fell into a deep hole at unprecedented speed in late March 2020

What Caused the Fall?

- Vast Majority of states instituted some restrictions on gatherings, restaurants, and bars around mid-March
- This advanced to some level of stay-at-home order with varying degrees of what is “essential” – for instance, only 20% of states effectively listed construction as “non-essential” during April
- Almost every country that has gotten it under control has had a second jump in cases – often starting in nightclubs and bars

Source 1: Journal of Light Construction

Source 2: Executive Orders accessed on litter.com

Different Executive Orders (May 11th)

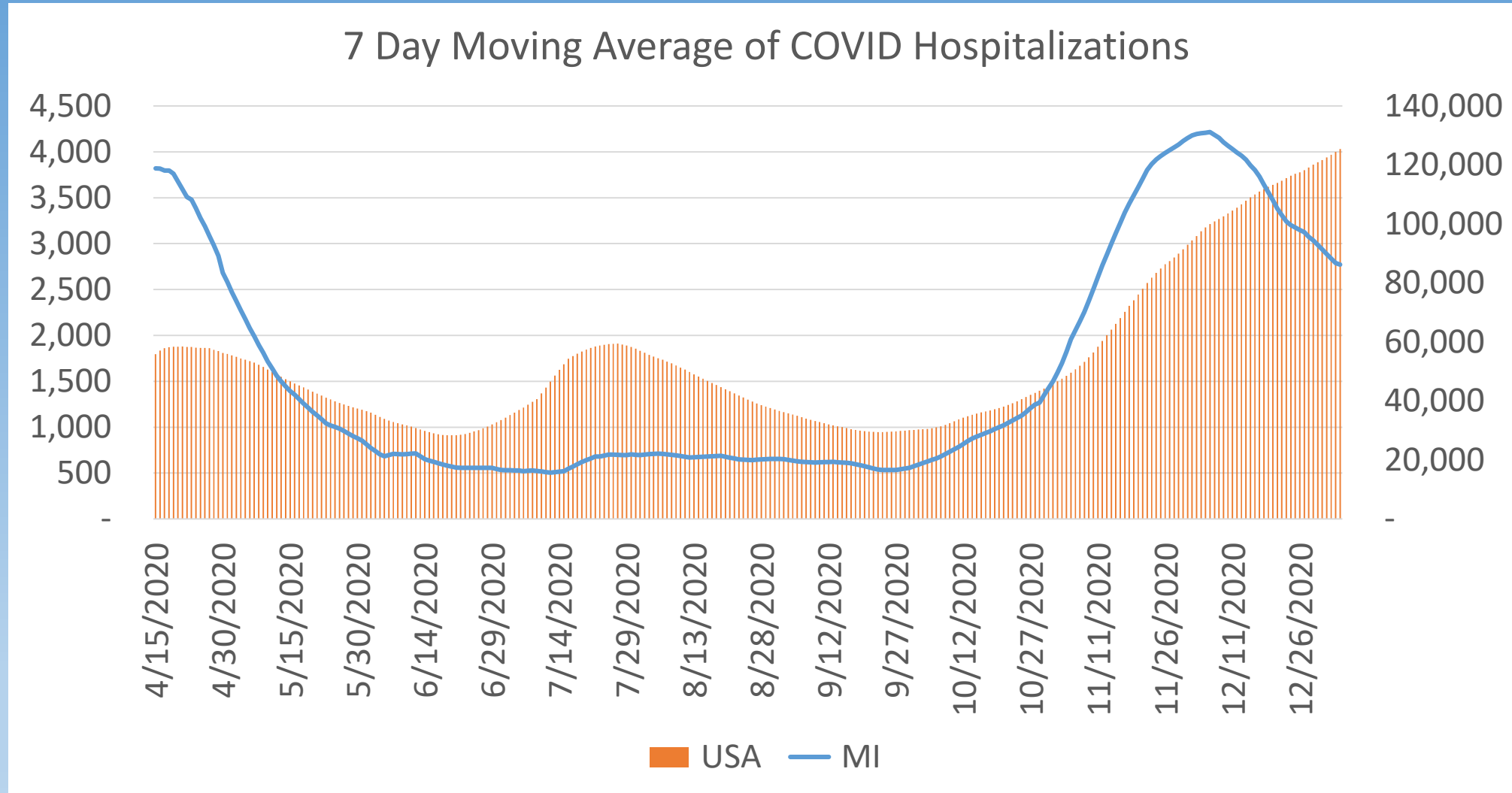
State	Michigan	Indiana
Insured Unemployment Rate (April 25 th)	23.1%	8.9%
Reduction in ICU Cases 4/15-5/13	-55%	-41%

NOTE: Michigan COVID cases in early April risked overloading the Medical System requiring bigger response

Source 1: Covid Tracking Project
 Source 2: Grand Rapids Chamber Of Commerce COVID dashboard

	MICHIGAN	INDIANA	OHIO
Restaurants			
Retail			
Office Settings		Remote work recommended	Remote work recommended
Manufacturing			
Construction			
Religious Services			
Social Gatherings		25 people or fewer	10 people or fewer
Secretary of State / BMV			
Travel			
Gyms			
Bars, Clubs, Entertainment			
Facial Coverings	Required in enclosed public spaces	Recommended	Recommended

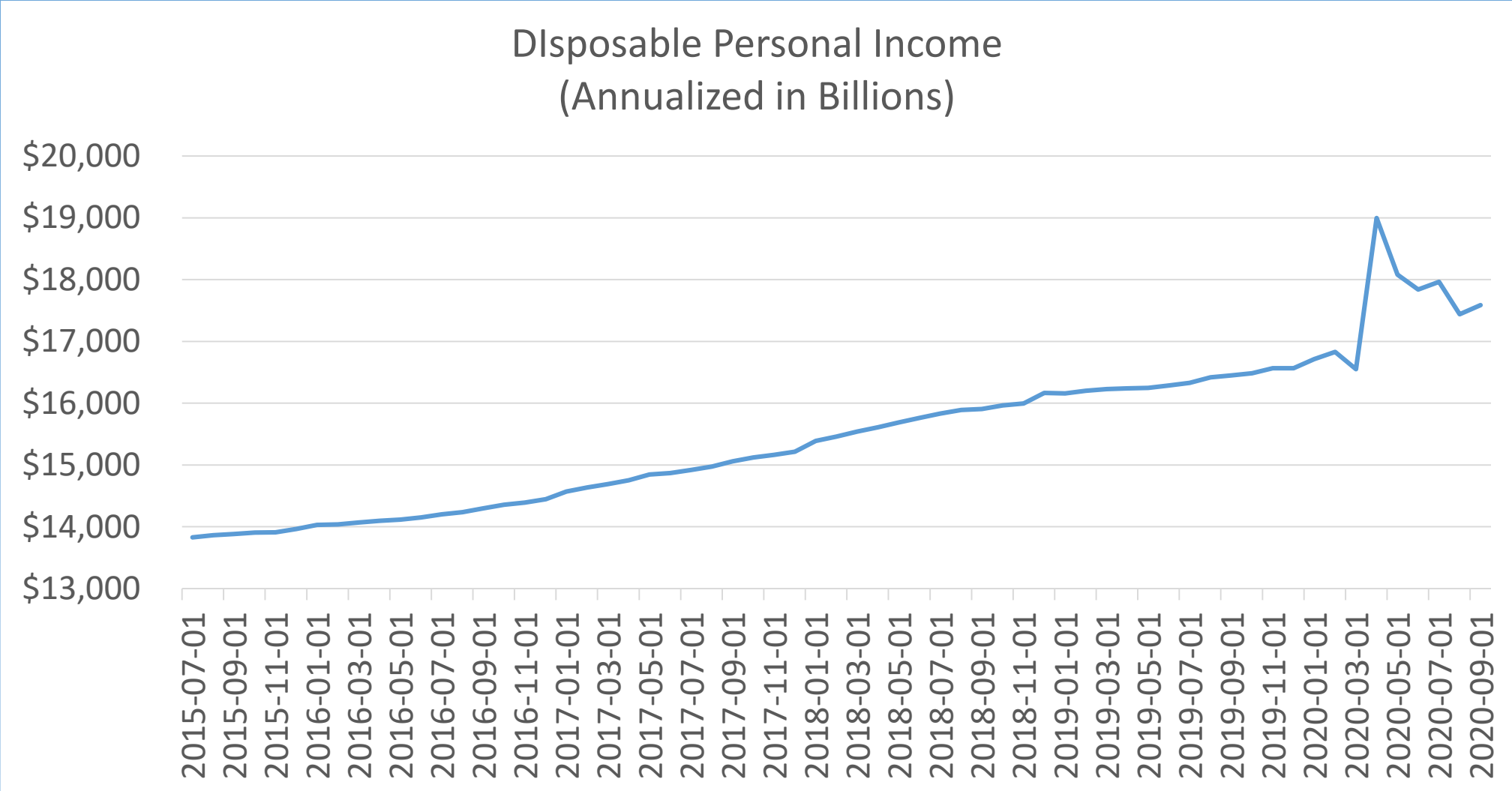
The Pandemic



Source:
Covid Tracking
Project

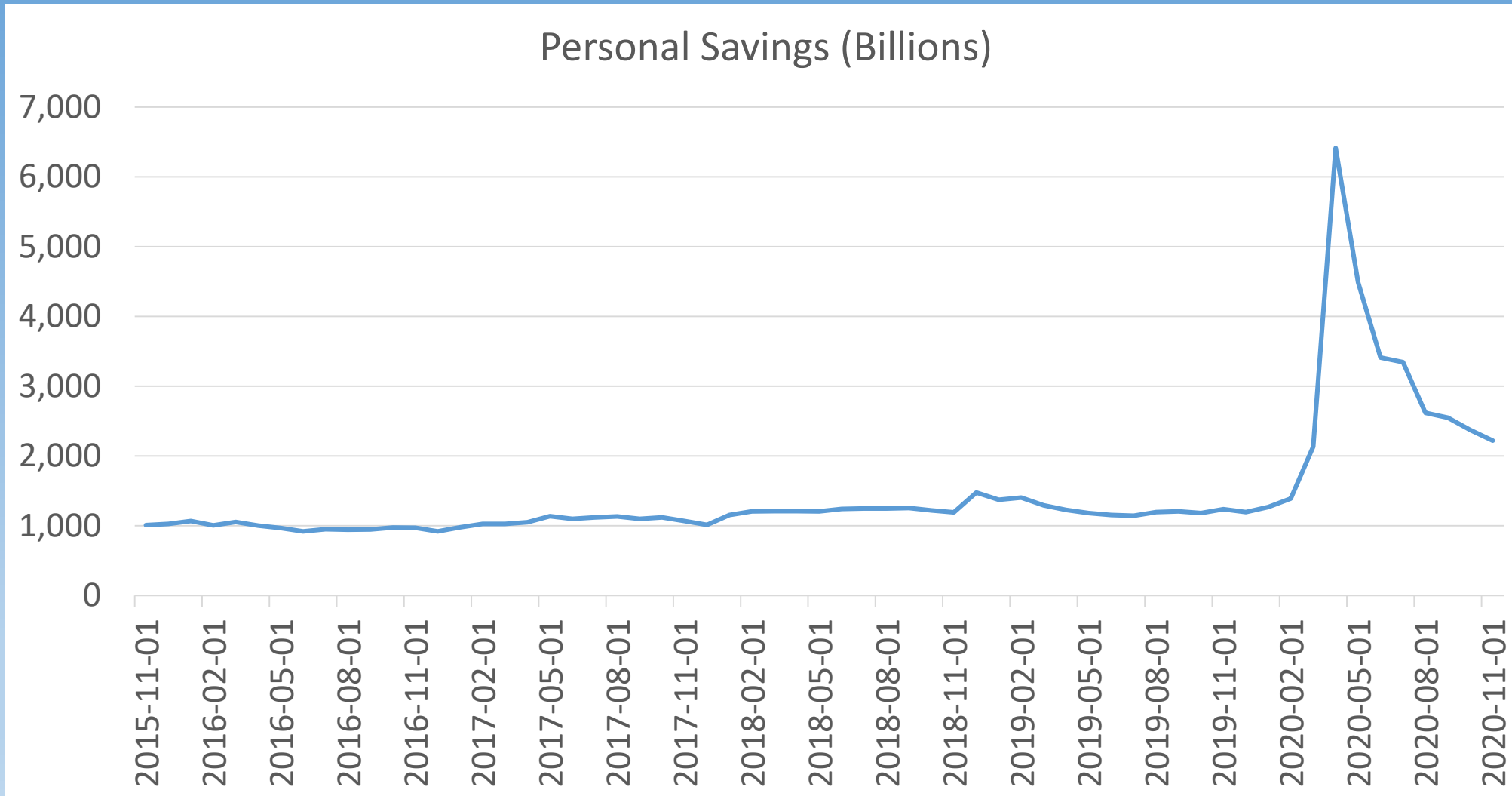
How Fast Will We Climb Out of
the Hole?

Federal Stimulus



Source: BEA

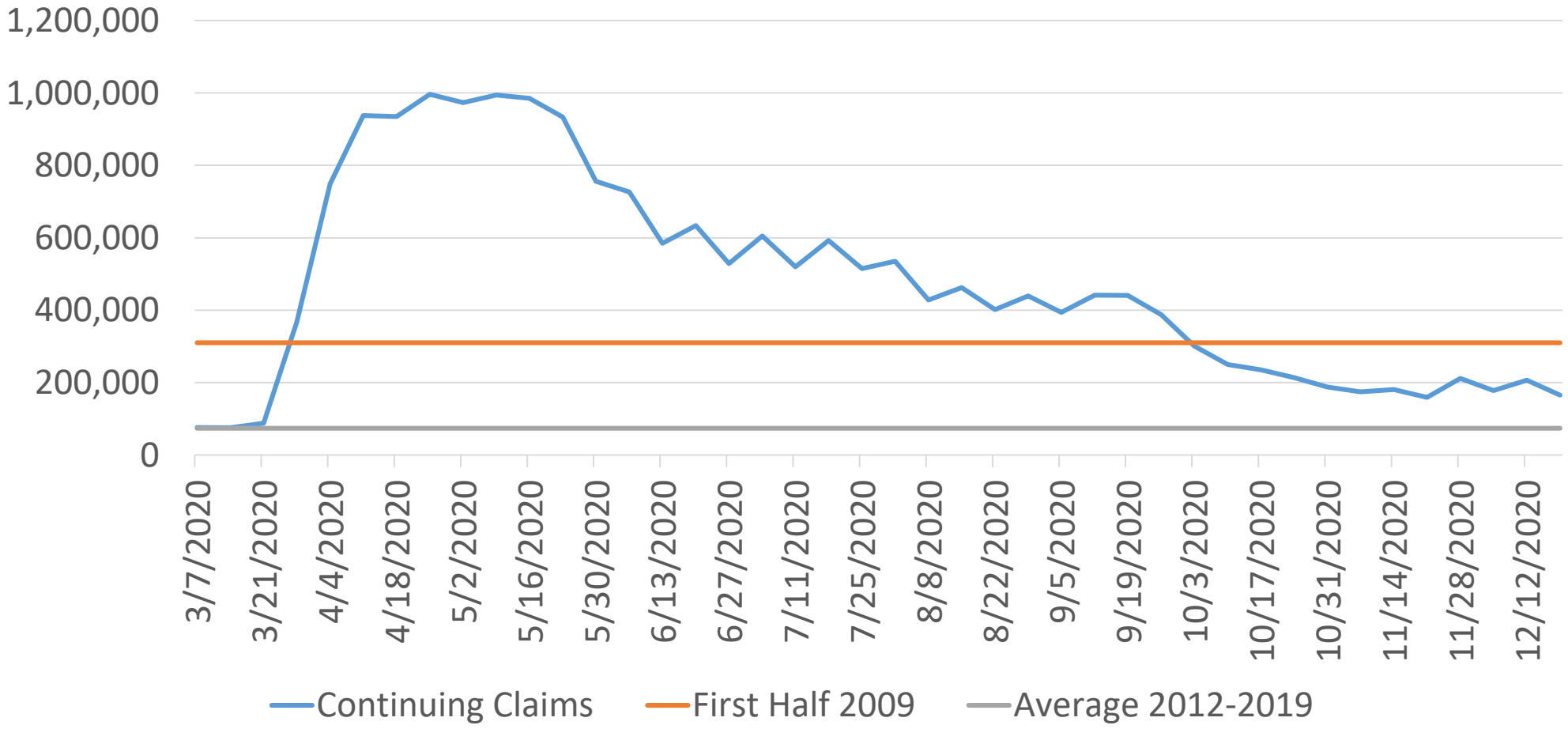
Consumer Potential



Source: BEA

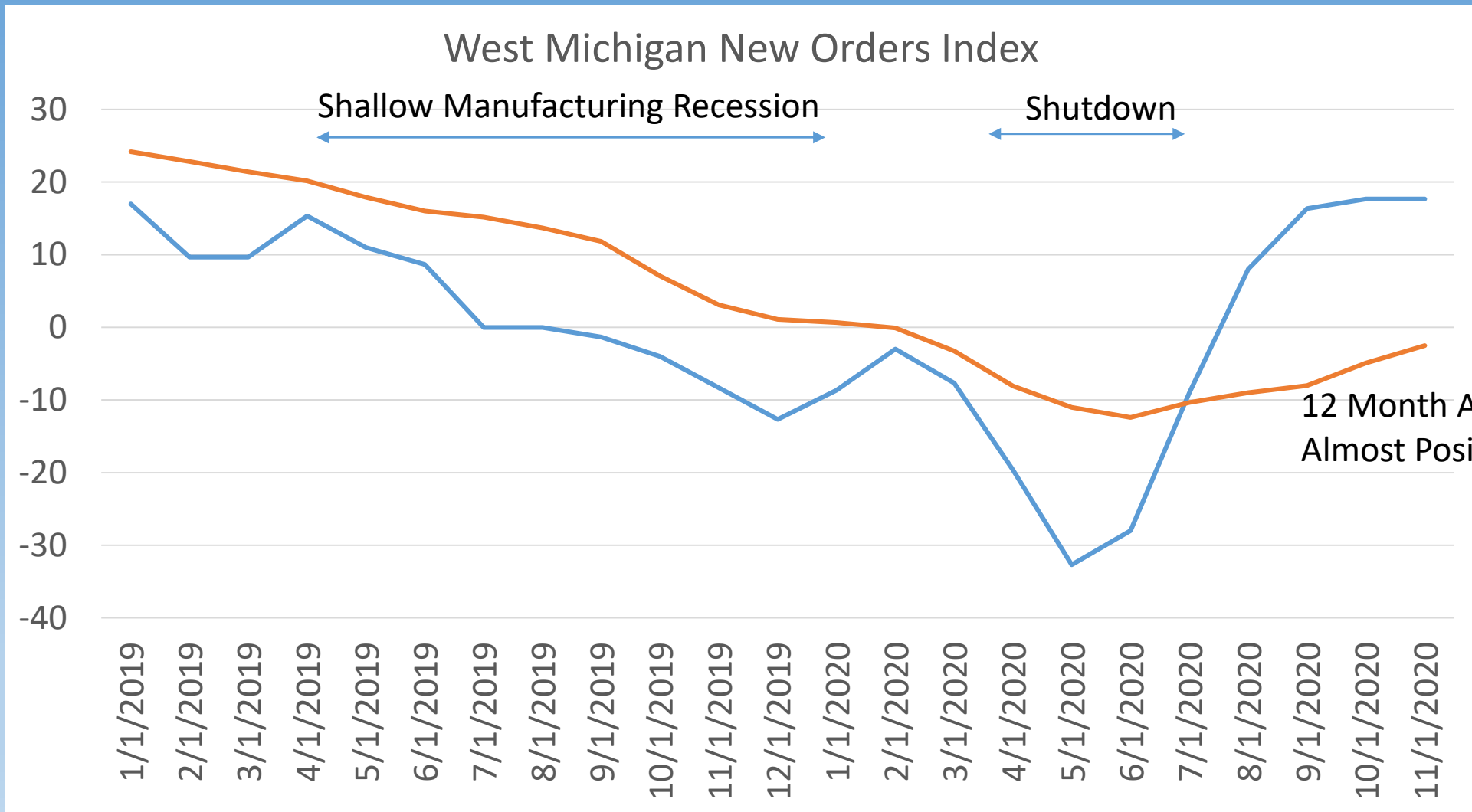
Unemployment Claims

Continuing Unemployment Claims - Michigan



Source:
Department of
Labor

Manufacturing

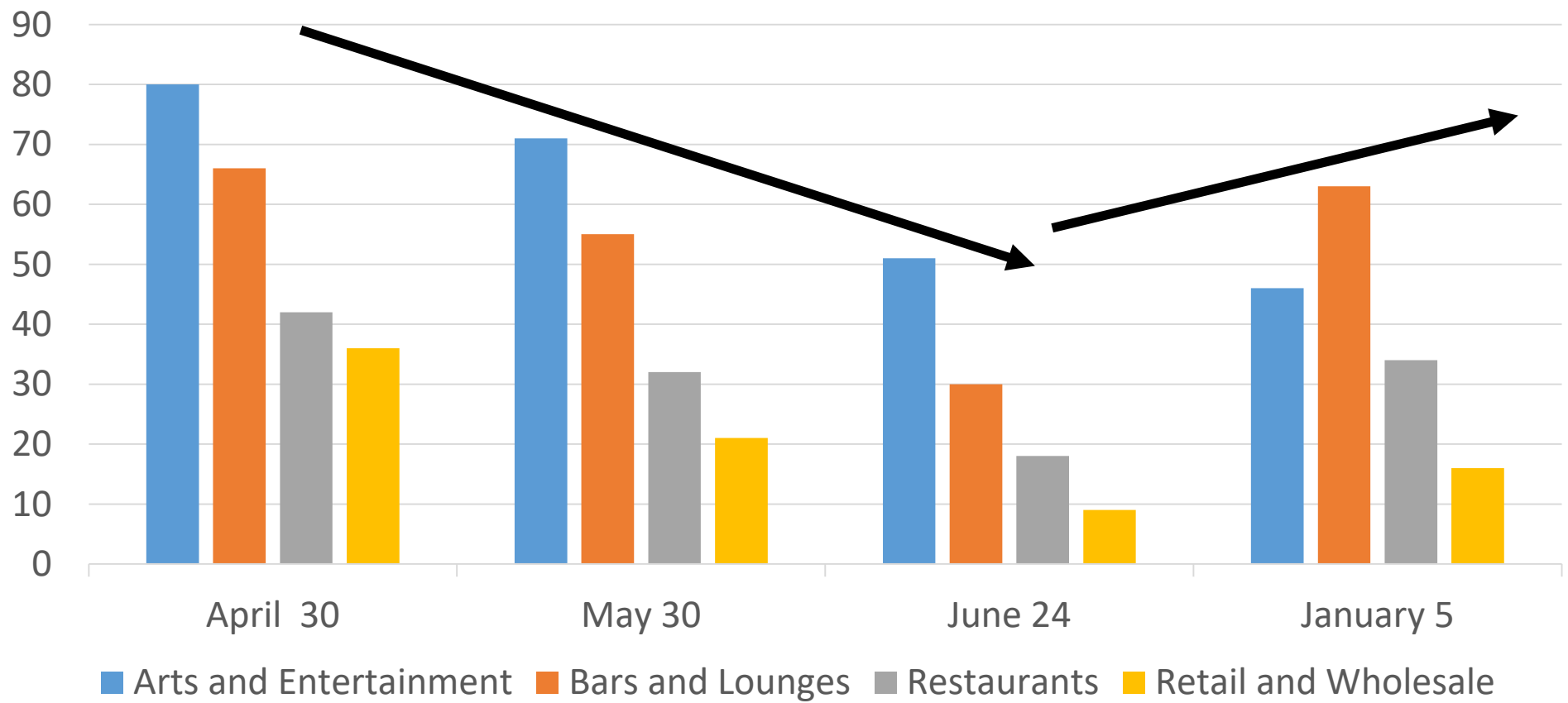


Source:
GVSU Supply Chain and
Brian Long

Will Different Industries Climb
Out of the Hole Differently

Businesses Failing

Estimated Percent of Businesses Closed in Michigan



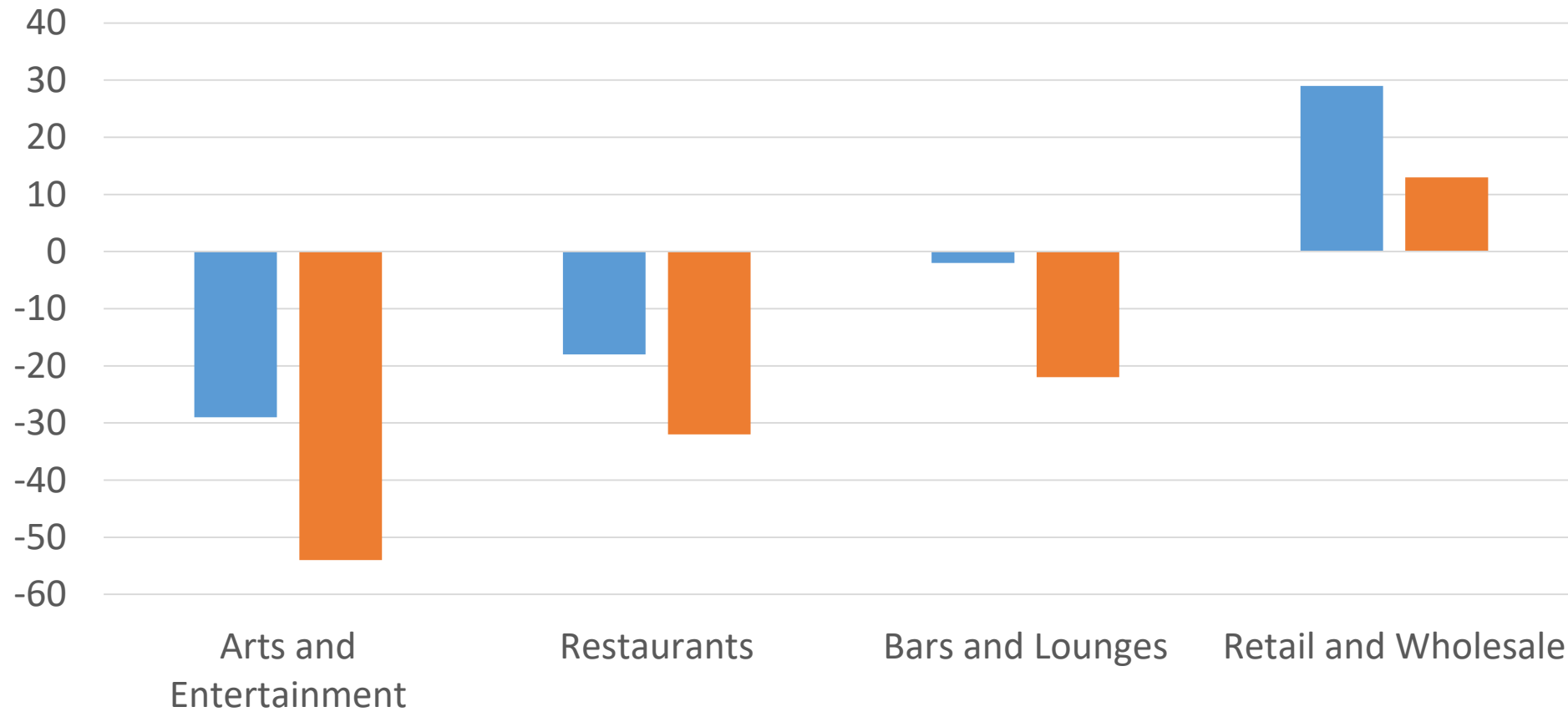
Source: Womply

Many of the Transactional Jobs Will Never Come Back

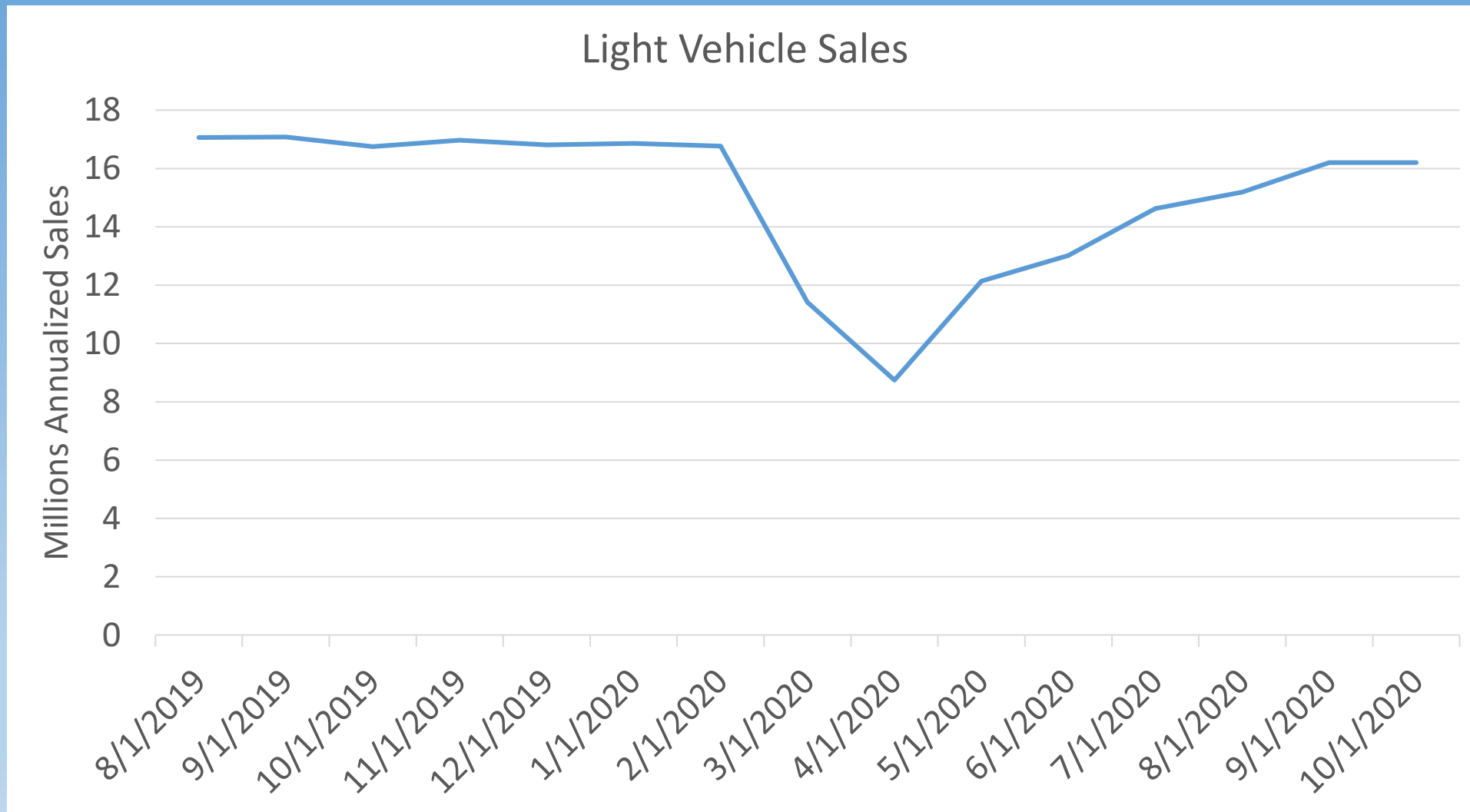
Winners and Losers

Estimated Percent Change in Revenue
for Business Still Open November vs January

Source: Womply

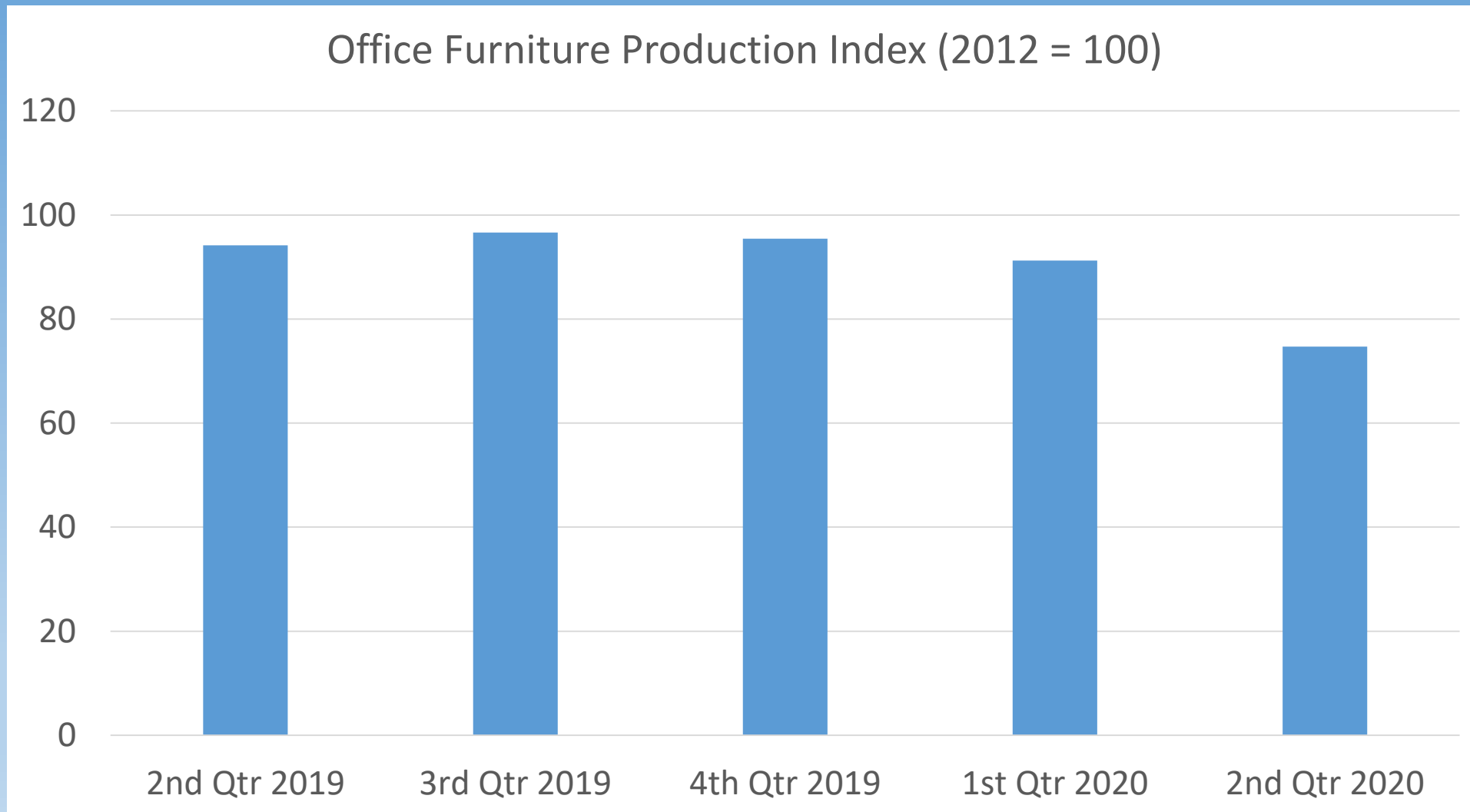


Michigan Industry



Source: BEA

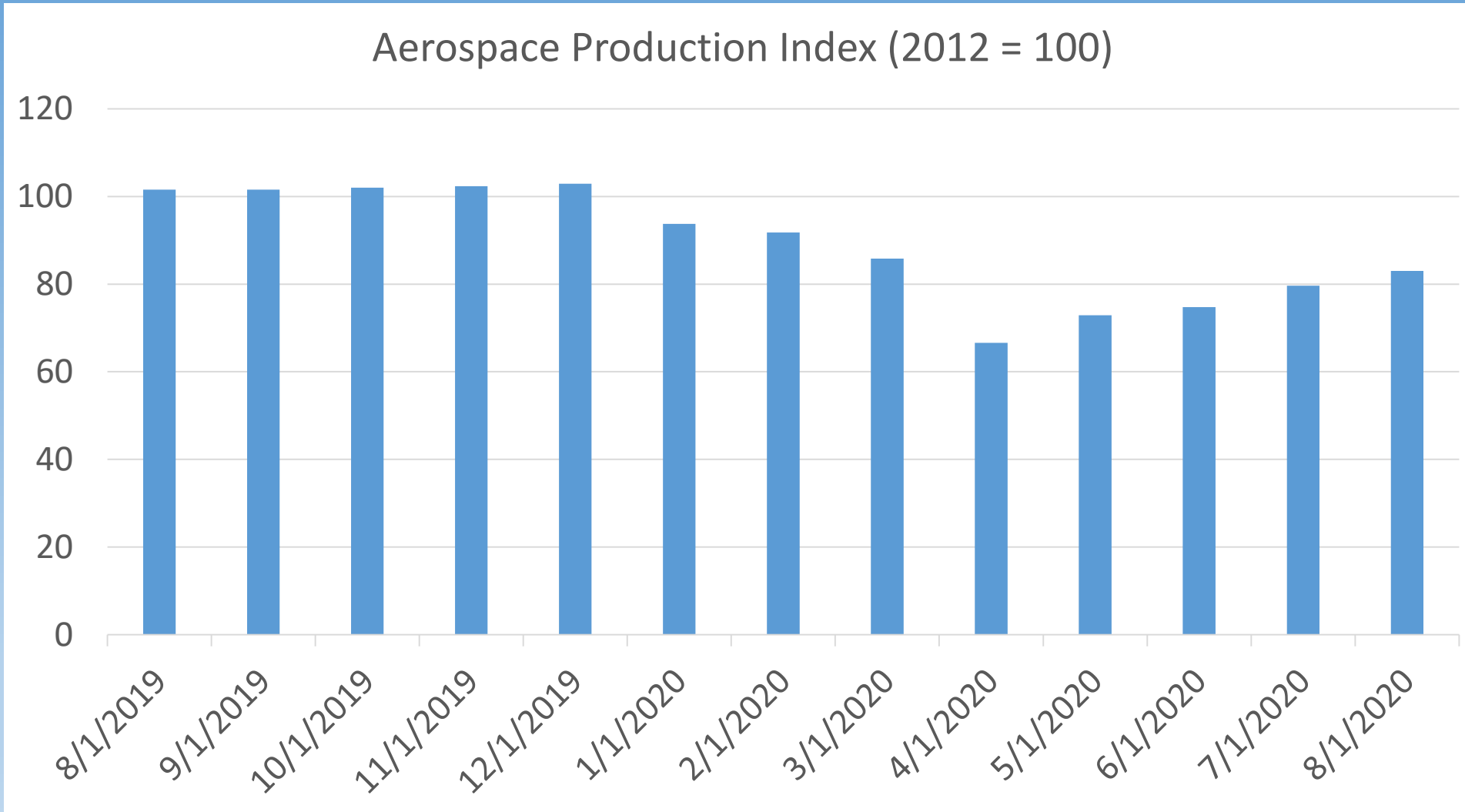
Michigan Industry



Source:
Board of Governors

This Industry Has
A Steeper Path

Michigan Industry

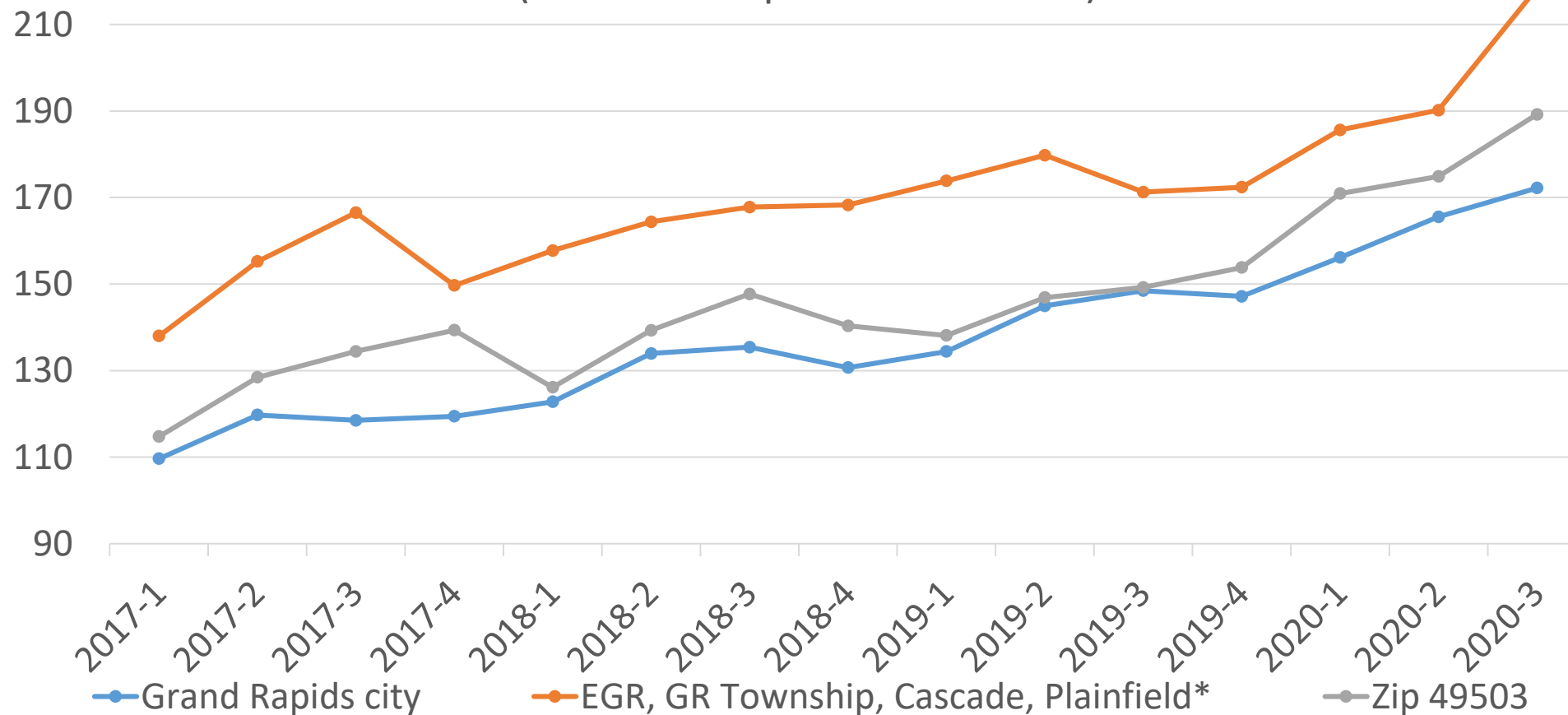


Source:
Board of Governors

Air Travel Still
Only 23% of
Recent Normal

Housing

Housing Price Index (HPI) by quarter
(HPI=100 in quarter 1 of 2006)

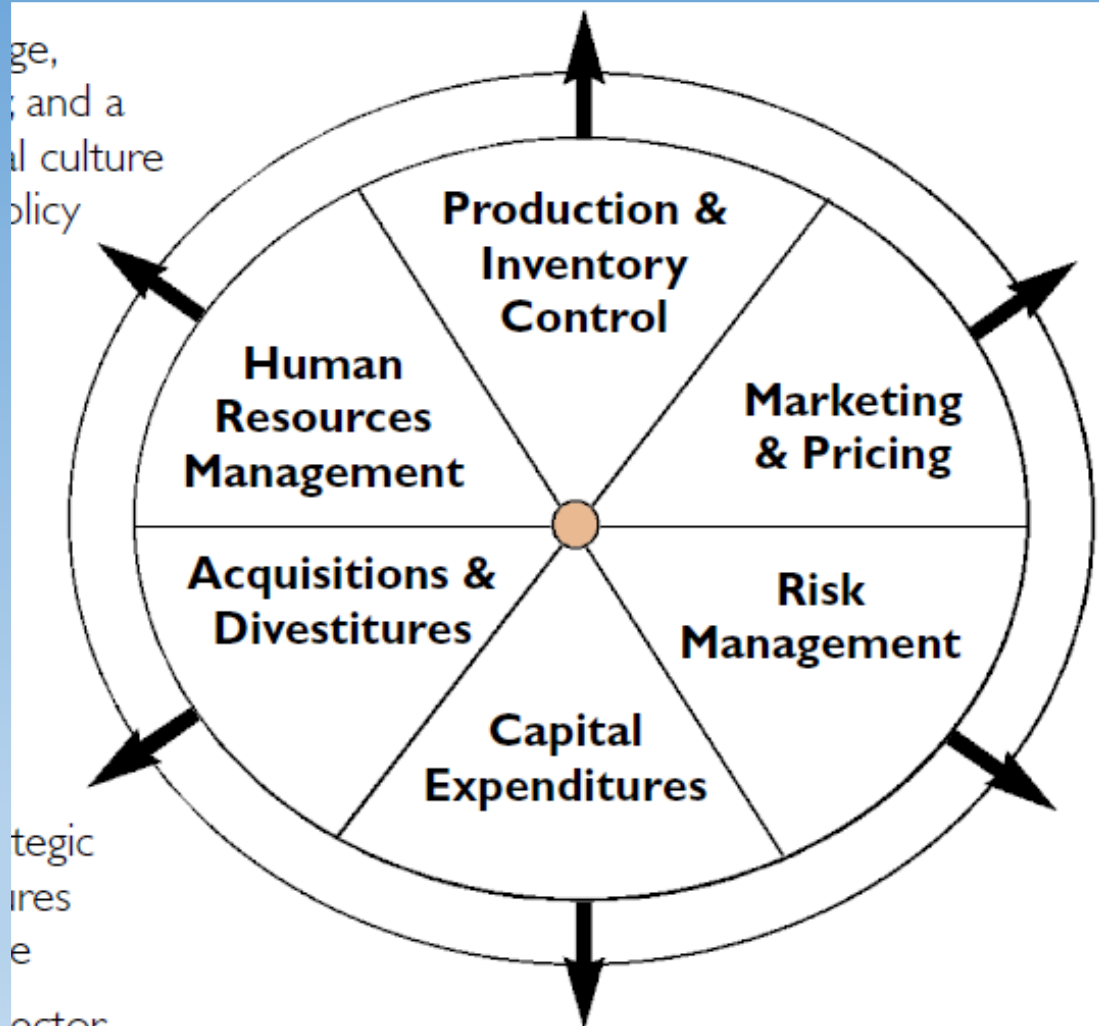


Source: Laudo Ogura

Demographics
Mean this Market
Barely Noticed the
Hole

How Can You Climb Out of the
Hole Faster?

MASTER CYCLIST MANAGEMENT WHEEL



Source: *The Well-Timed Strategy: Managing the Business Cycle*
Peter Navarro

Individually

- Think about taking advantage of low interest rates
- Retrain up the value chain if you are in a transactional job
- Swap industries if necessary

What to Watch – Mostly Fear of Falling Again

- DO NOT watch unemployment
- DO watch hospitalizations for COVID
- DO watch passenger miles
- DO watch border closures
- DO watch consumer consumption expenditures

The US and Michigan Economies have already scaled halfway out of the hole, but it will be 12-18 months before we feel like we are on solid ground again.

Questions?