

# U.S., Michigan, and regional economic update

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Presentation to the Michigan Works! Southwest  
Workforce Development Board

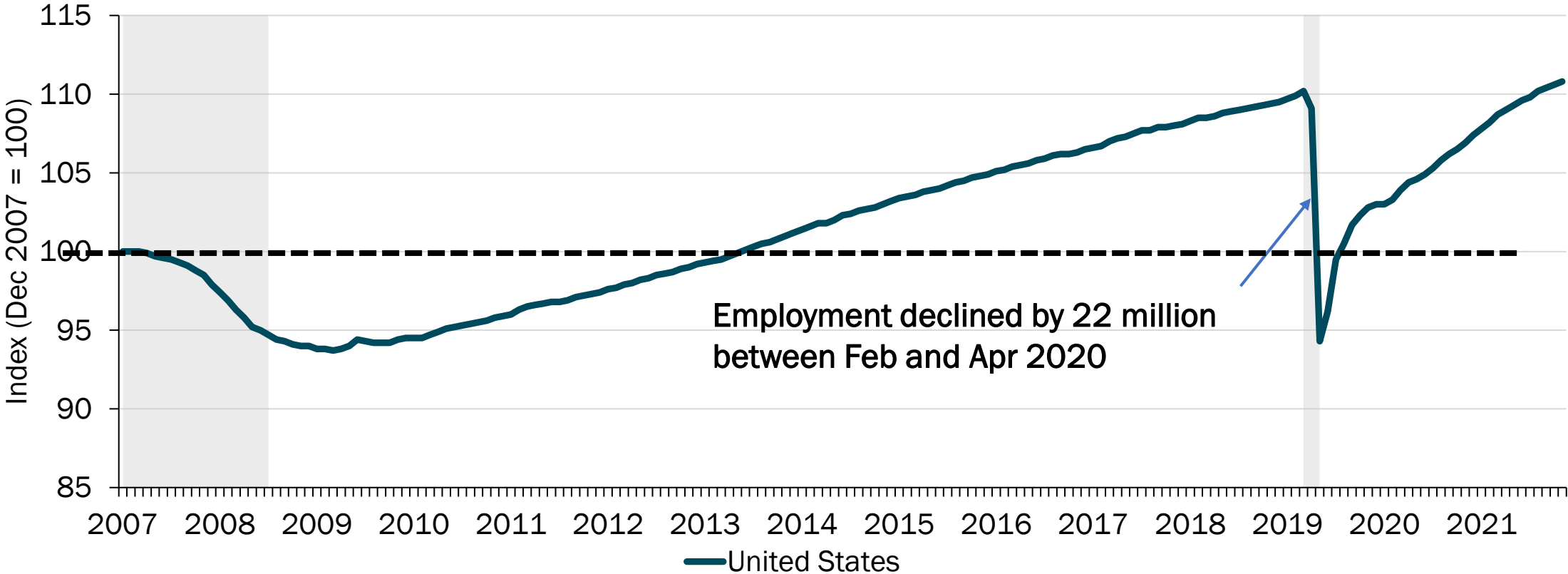
Mike Horrigan, President  
November 17, 2022

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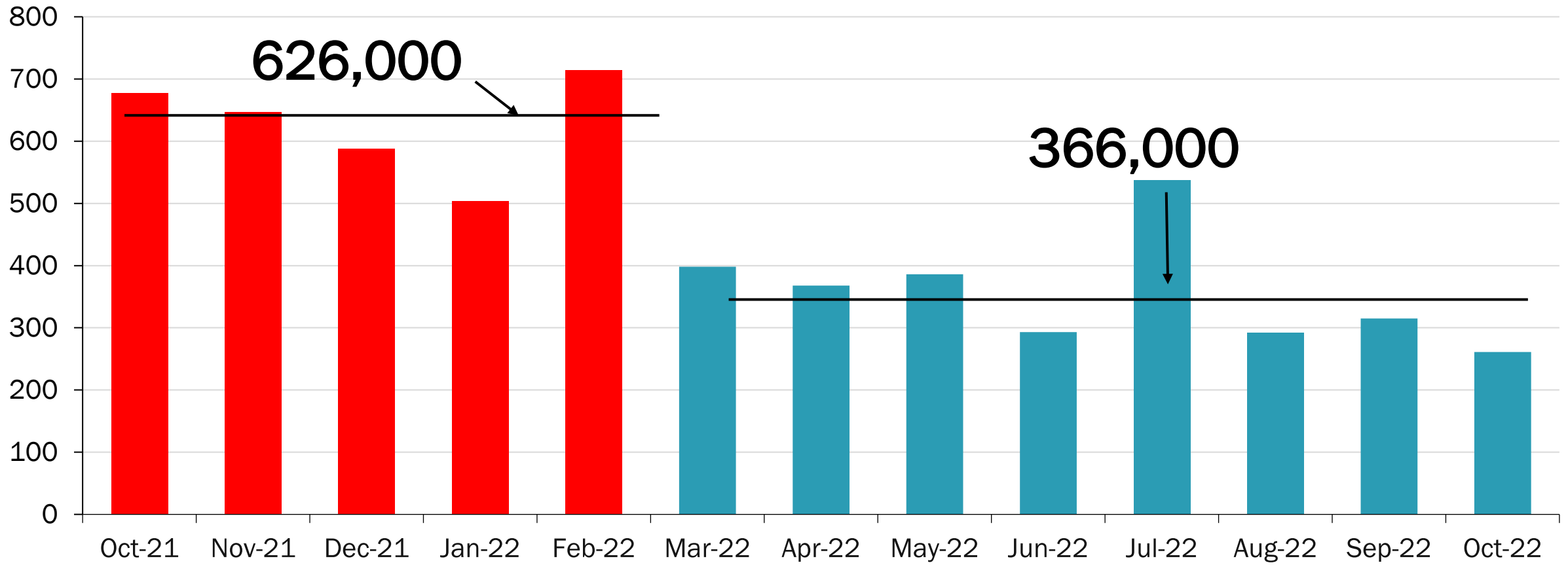
# Recent payroll employment trends

# With October's gain of 261,000 jobs, employment exceeds the Feb 2020 peak by 804,000

### Nonfarm Employment Index



# Monthly payroll changes have eased since March 2022



## Leisure and Hospitality

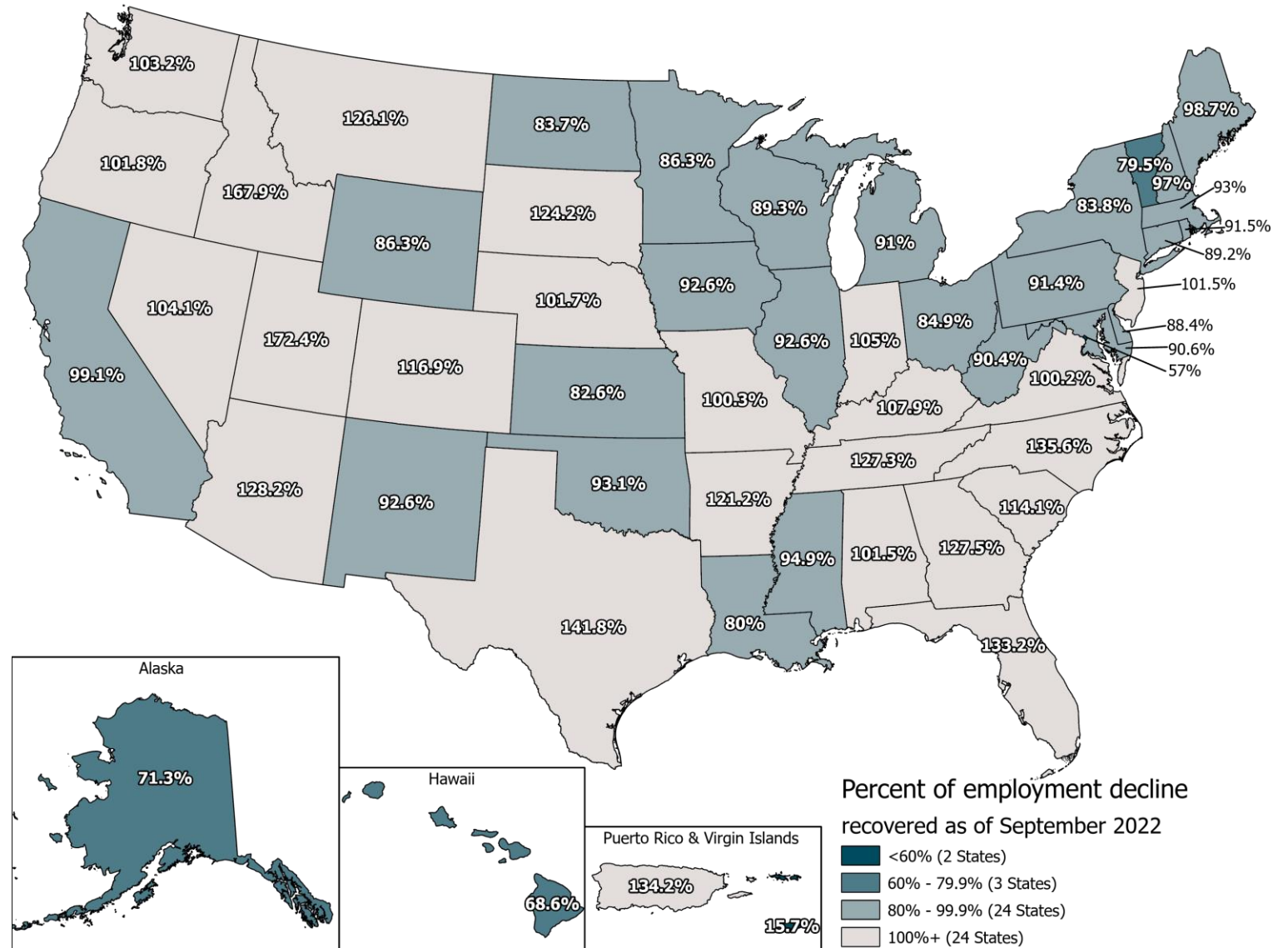
Between Feb and Apr 2020, employment fell from 17 million to 8.8 million, a loss of 48.3%, and a decline of 8.2 million jobs!



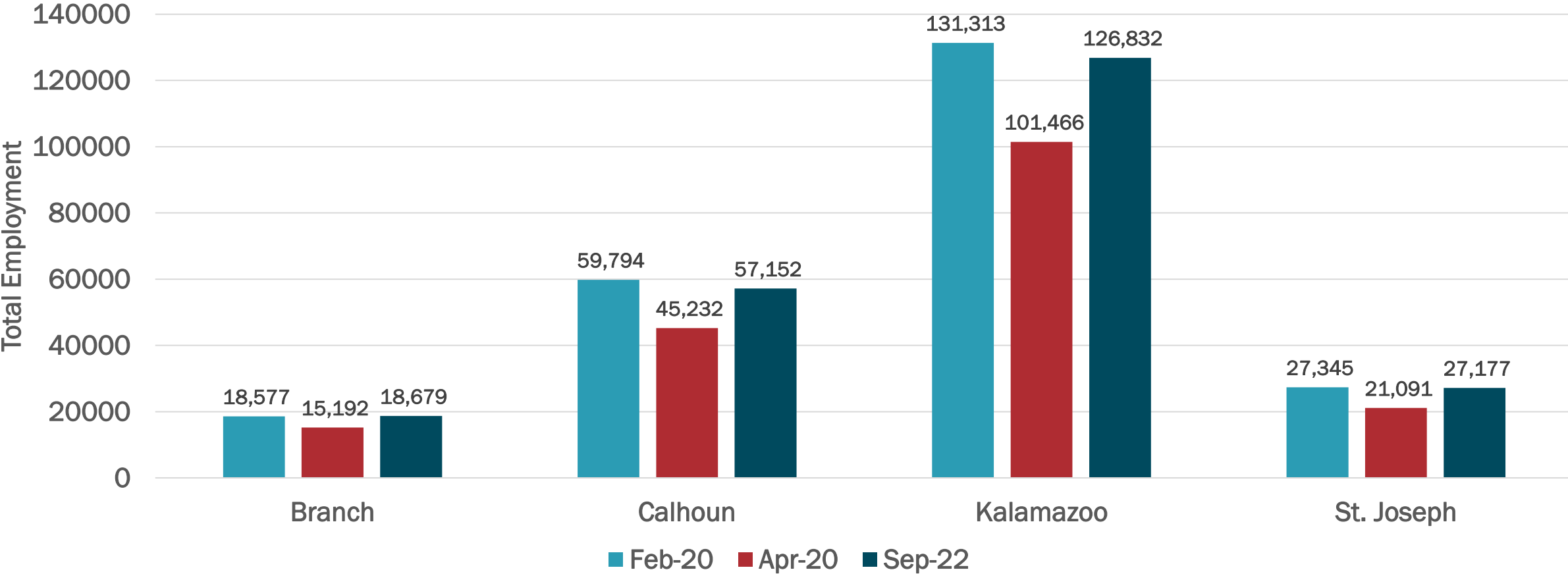
7.1 million jobs have been regained by Oct 2022

The industry has 1.1 million jobs left to reach pre-pandemic levels

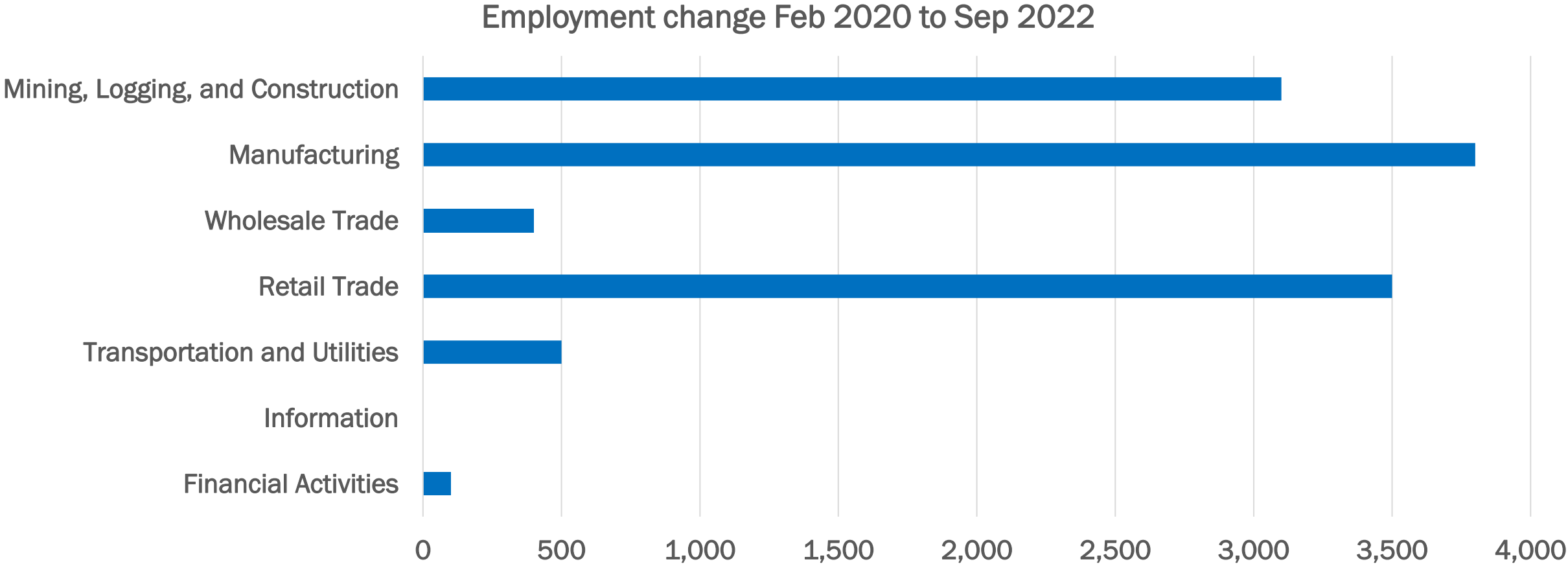
As of Sep 22,  
Michigan had  
regained  
959,000 or 91%  
of the over 1  
million job losses  
experienced early  
in the pandemic.



# Employment is nearly recovered in all four area counties



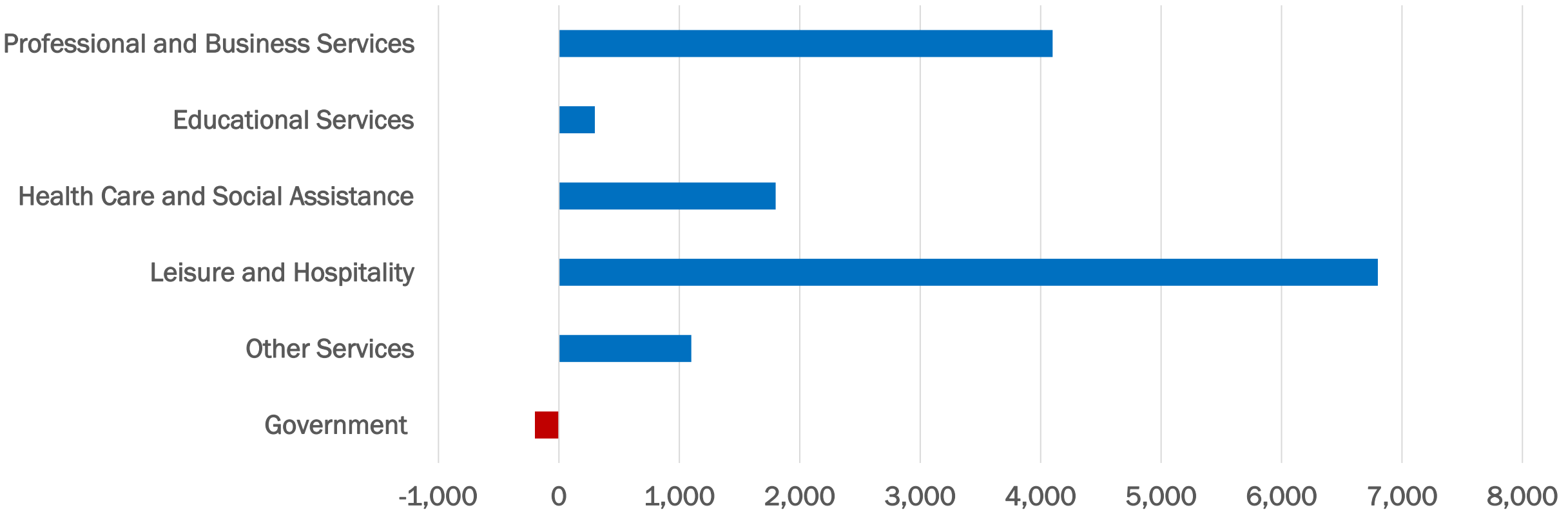
# In Kalamazoo-Portage, Many industries now exceed pre-pandemic peak employment levels



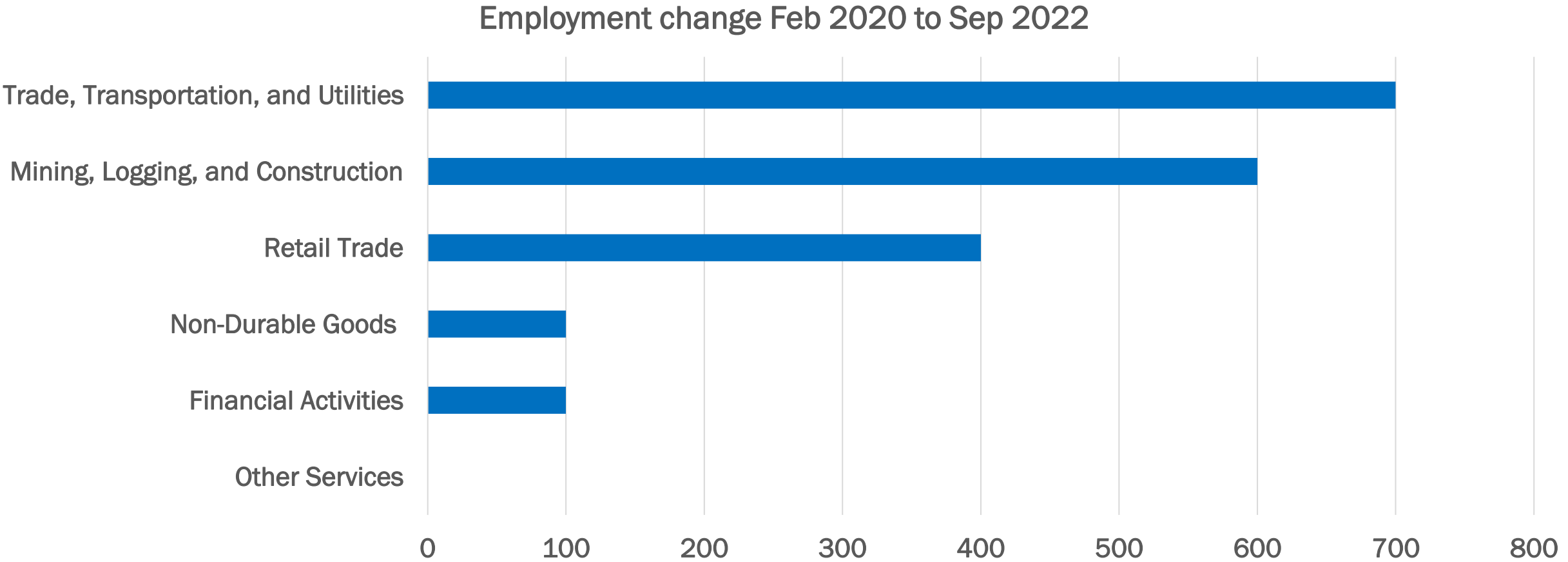


# In Kalamazoo-Portage, employment in Government remains below pre-pandemic levels

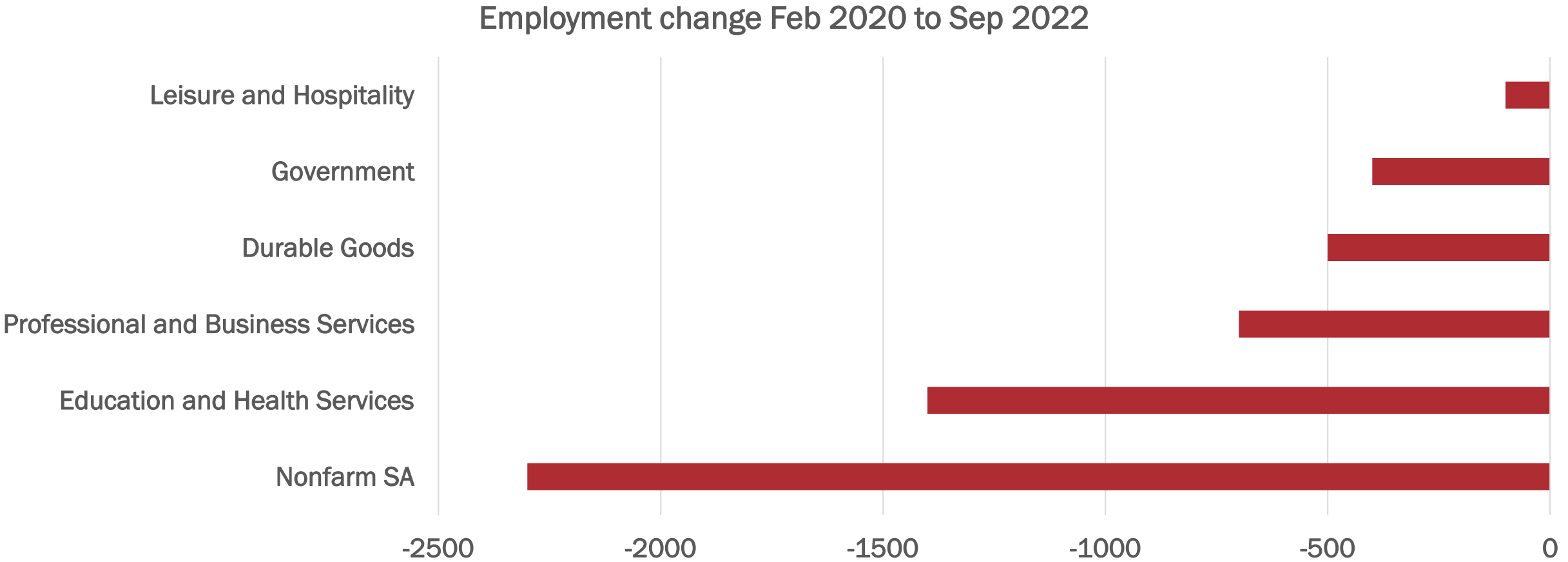
Employment change Feb 2020 to Sep 2022



# In Battle Creek, Trade, Transportation and Utilities, Construction, and Retail trade now exceed pre-pandemic peak employment levels



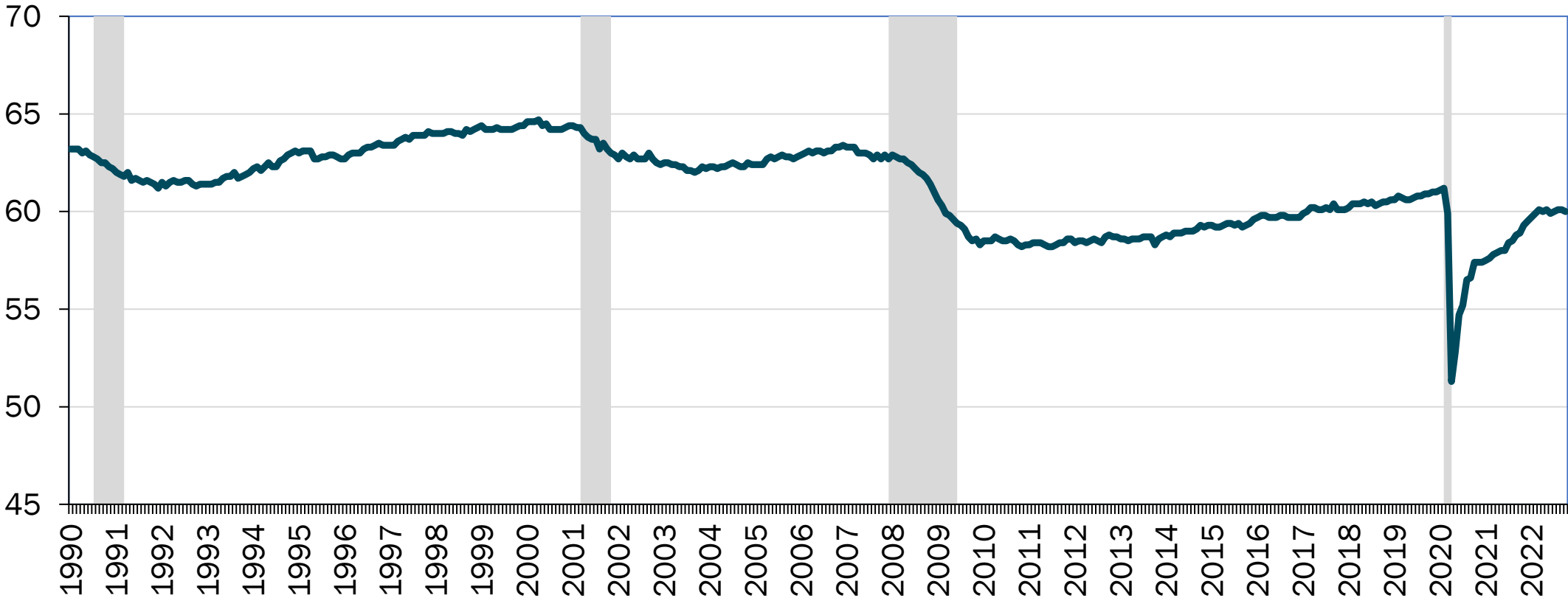
# In Battle Creek, Education and Health Services are well below pre-pandemic peak employment levels



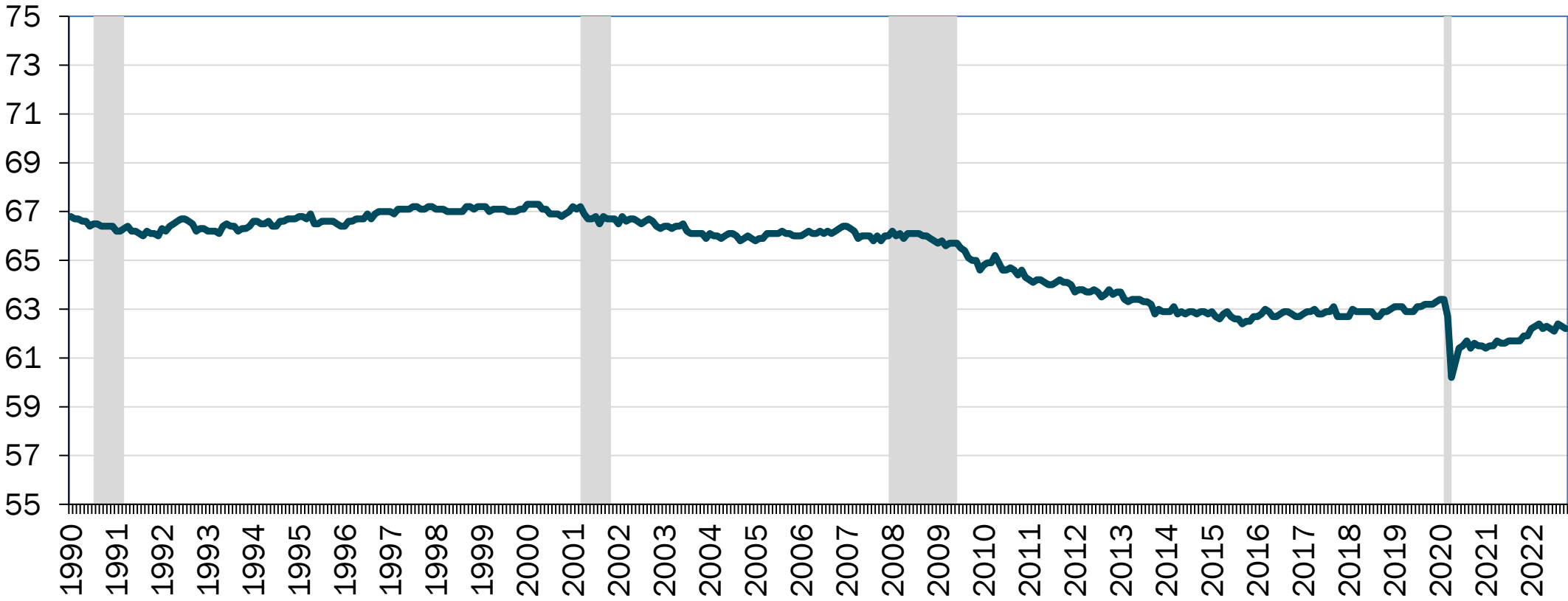
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# **Trends in Employment/Population Ratios and Labor Force Participation Rates**

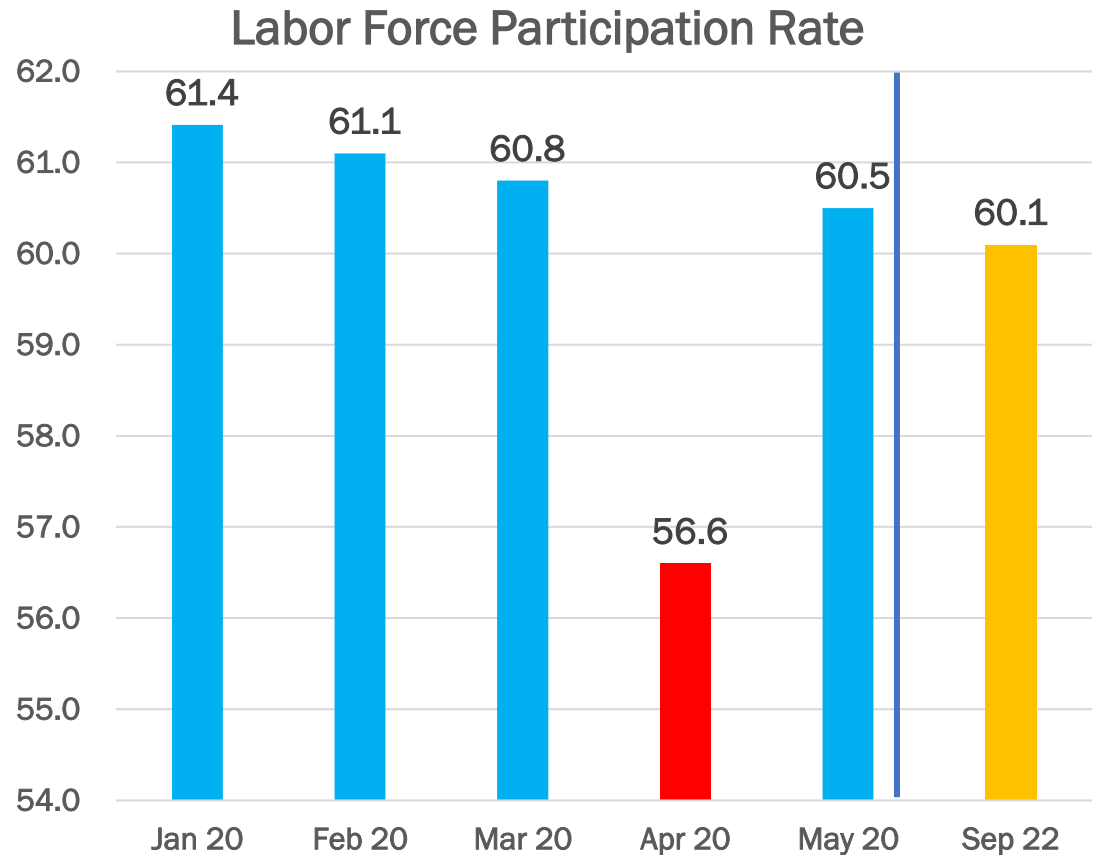
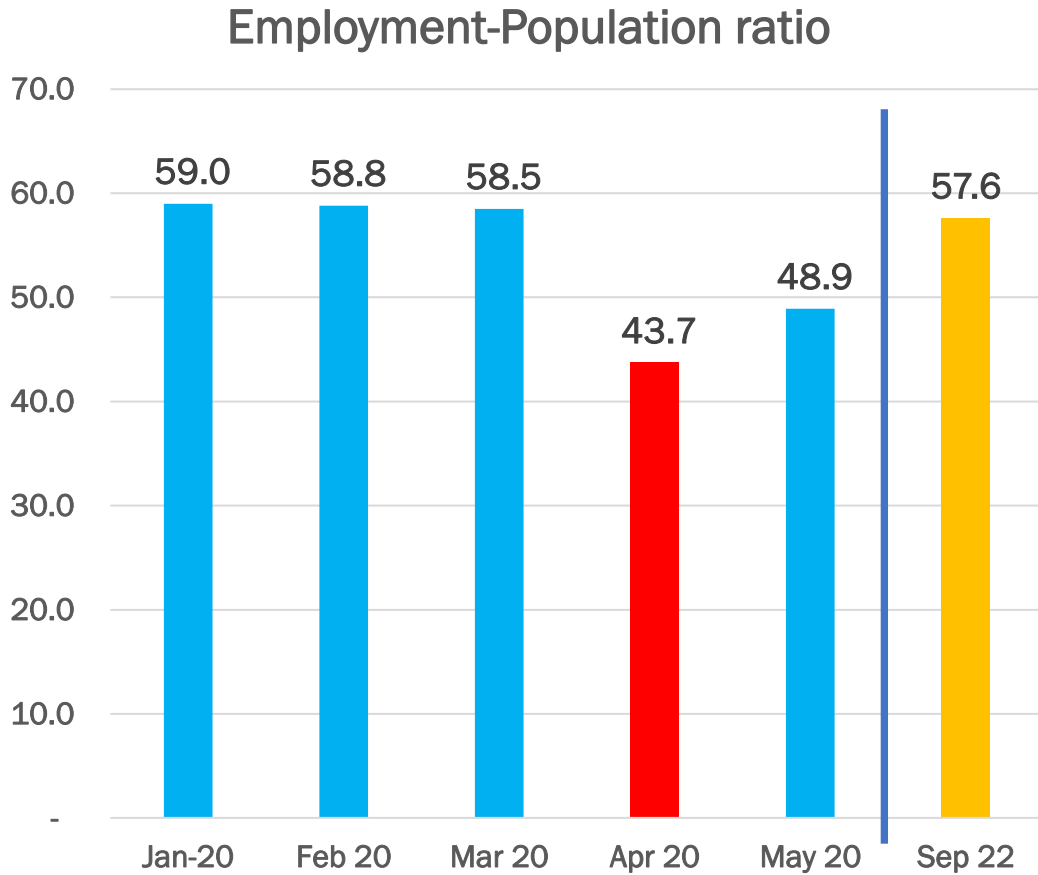
# At 60 percent in Oct 2022, the U.S. employment-population ratio is still below the pre-pandemic rate of 61.2 in Feb 2020



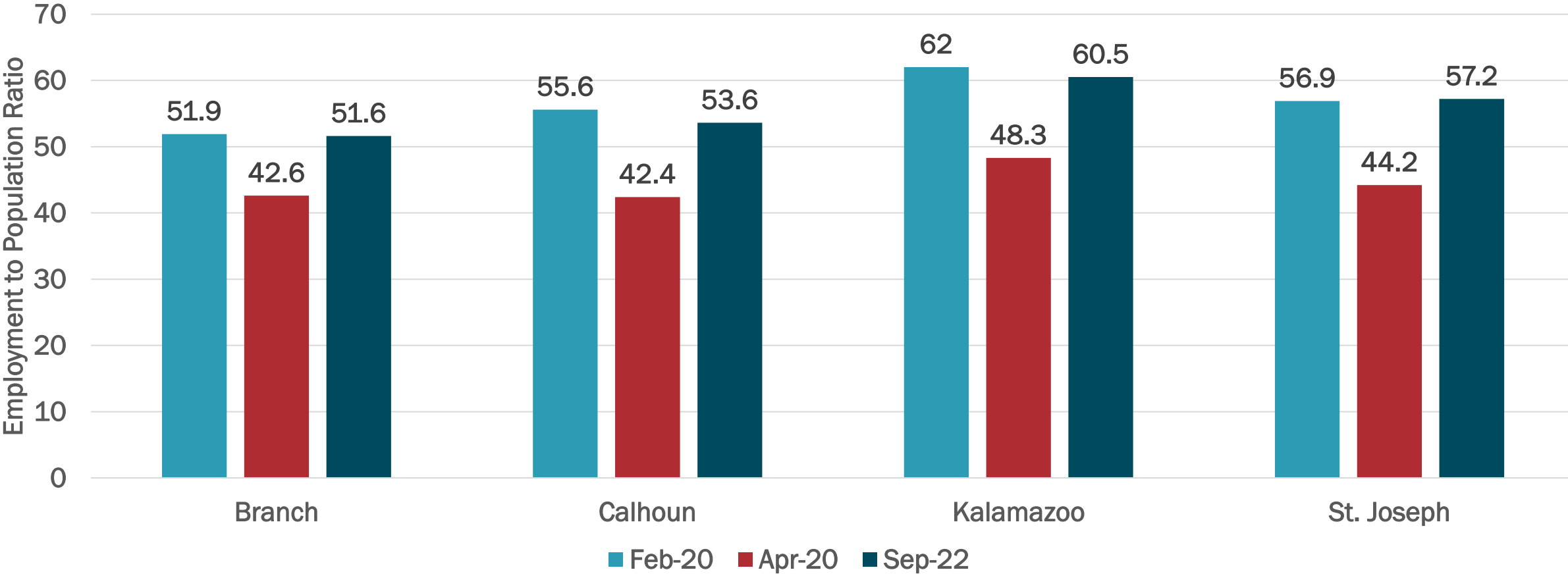
At 62.2 percent in Oct 2022, the U.S. labor force participation rate is still below the pre-pandemic rate of 63.4 in Feb 2020



# Both the Employment-Population ratio and the Labor Force Participation rate for Michigan have partially recovered from their declines in 2020

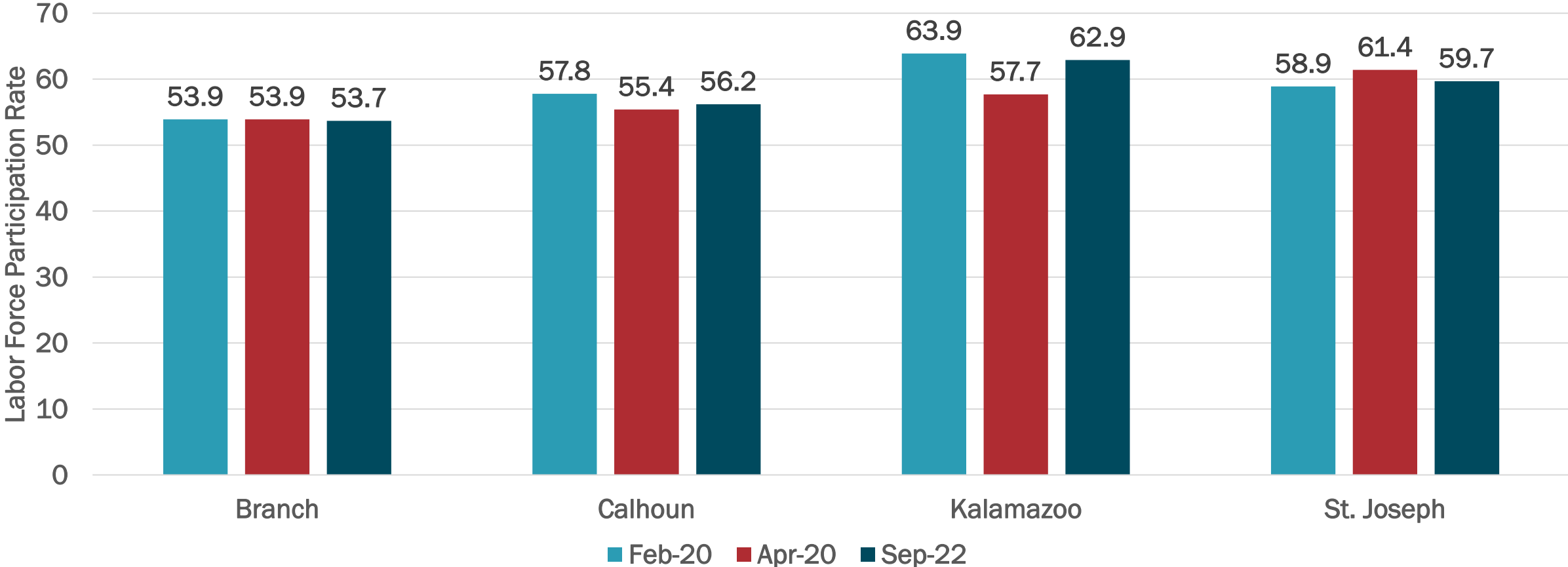


# Regional employment-to-population ratios fell below 50% across the region during the depths of the pandemic





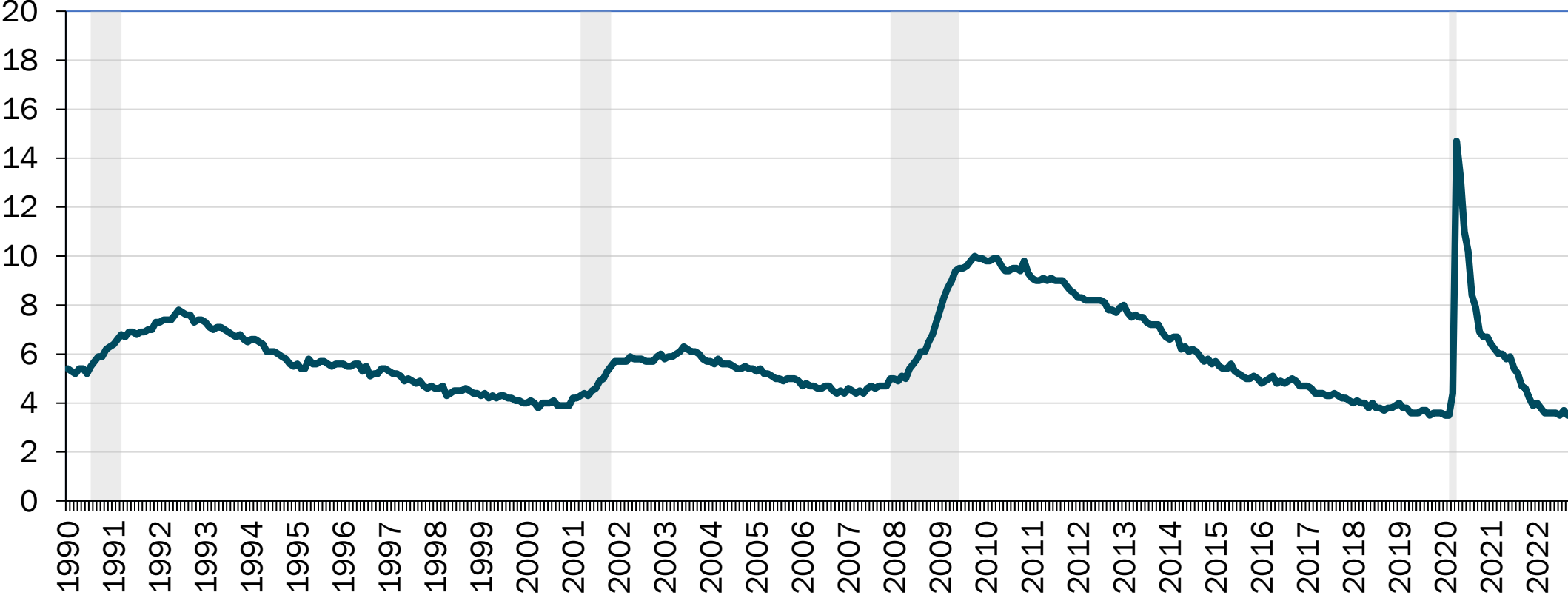
# Labor force participation rates have nearly recovered in all four area counties



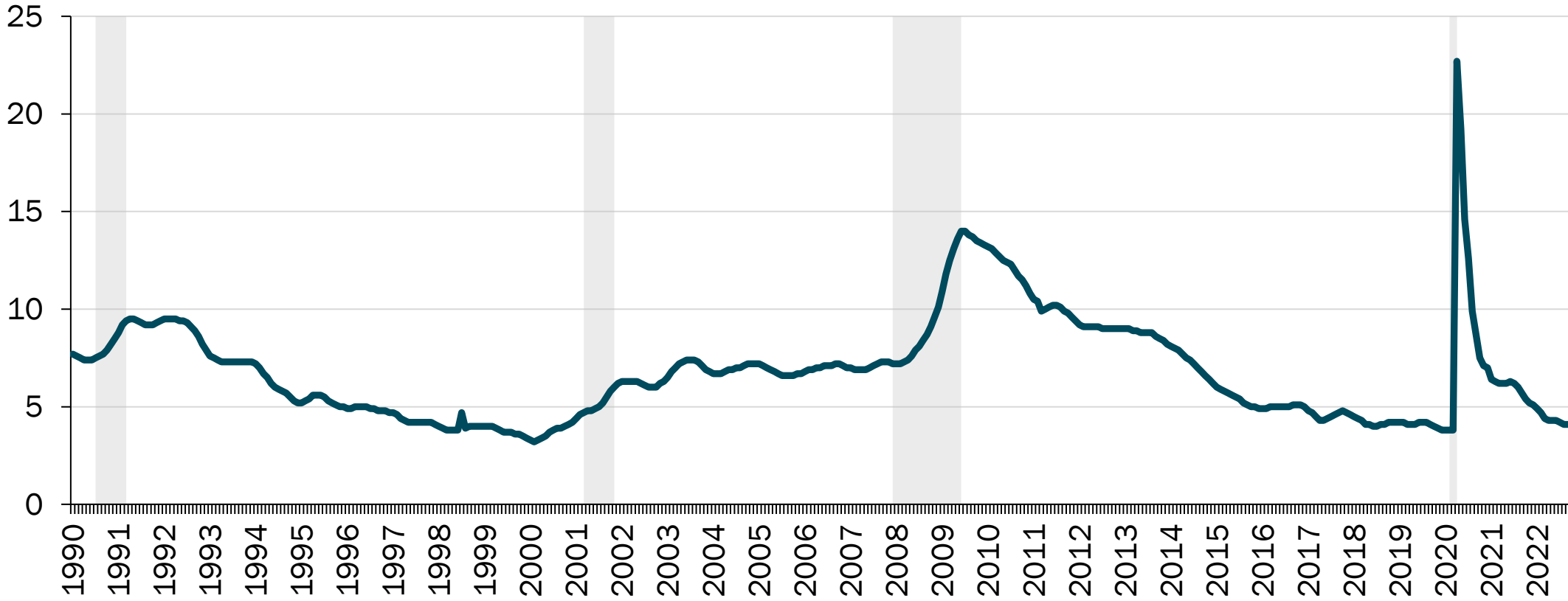
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# Unemployment trends

After rising to 14.8 percent in April 2020, the civilian unemployment rate fell to 5.9 percent in June 2021 and now stands at 3.5 percent in September 2022

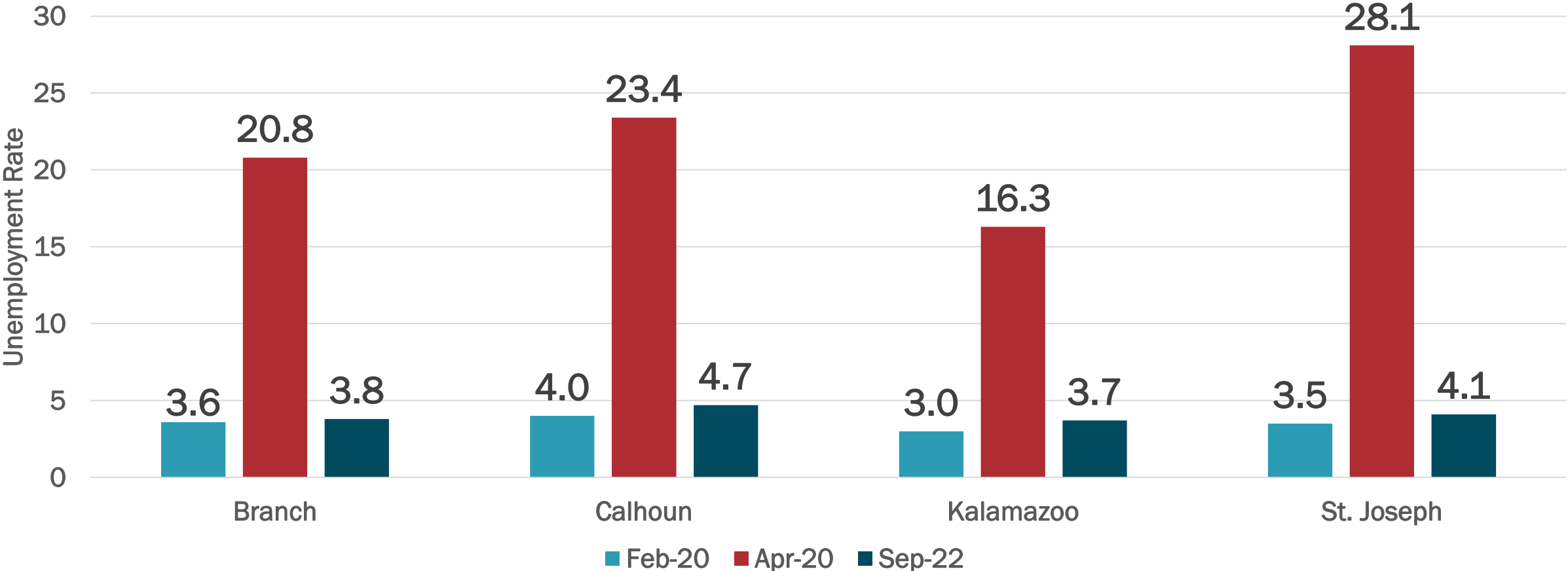


# After rising to 22.7 percent in April 2020, the unemployment rate in Michigan has fallen to 4.1 percent as of September 2022



Source: Local Area Unemployment Statistics, Bureau of Labor Statistics, seasonally adjusted data

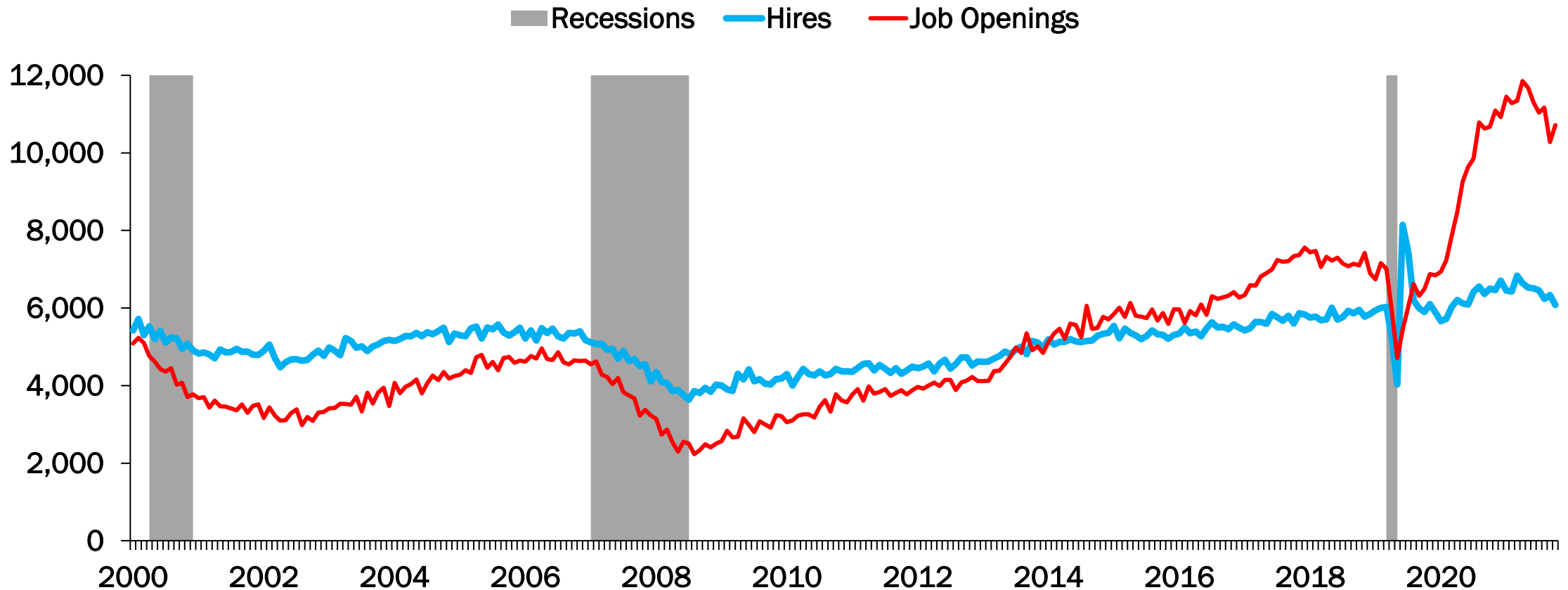
# In our area, unemployment rates have fallen from pandemic peaks, but remain above February 2020



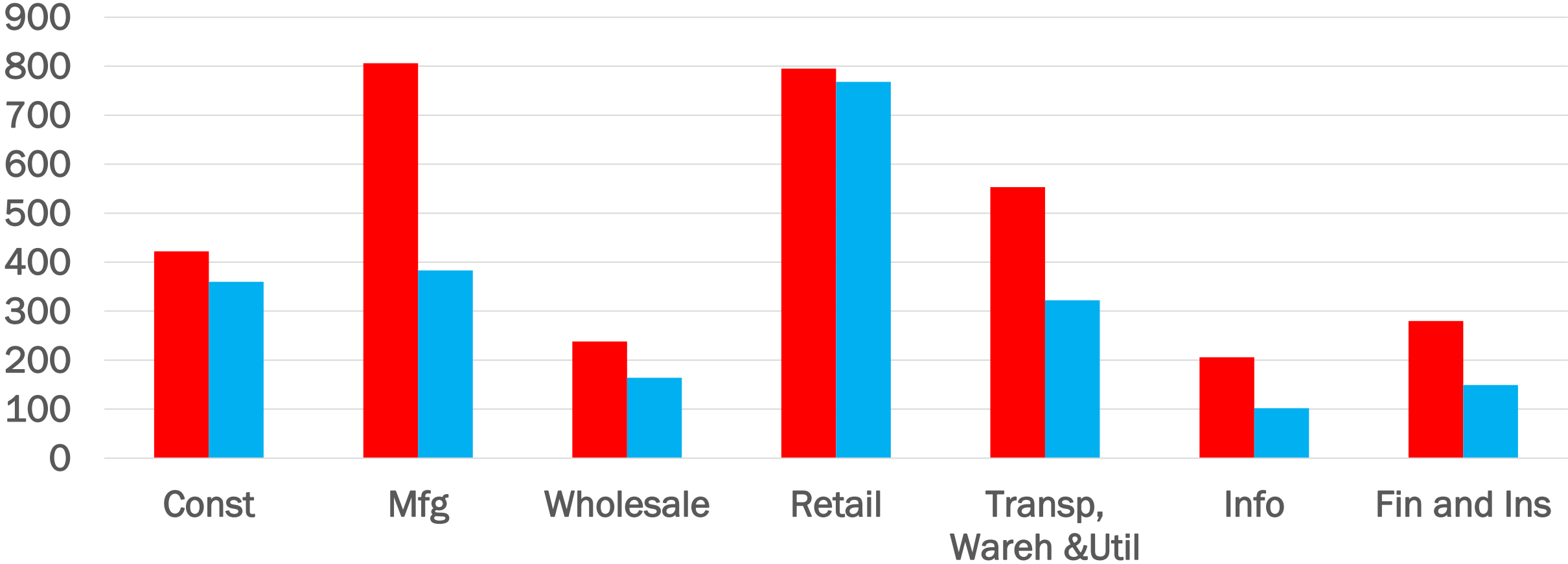
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**Labor Shortages – are they easing?**

# Job openings have greatly exceeded hires since late 2020, although the gap has closed somewhat in recent months

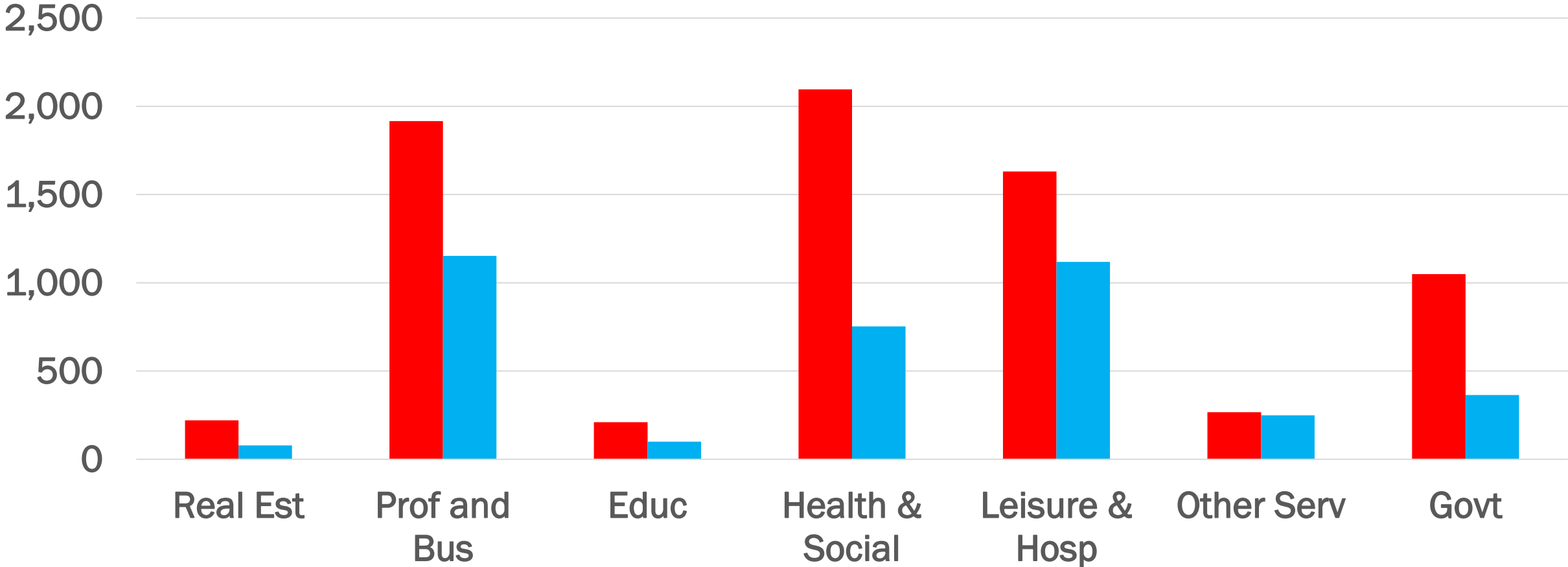


# Job openings and hires by industry in September 2022

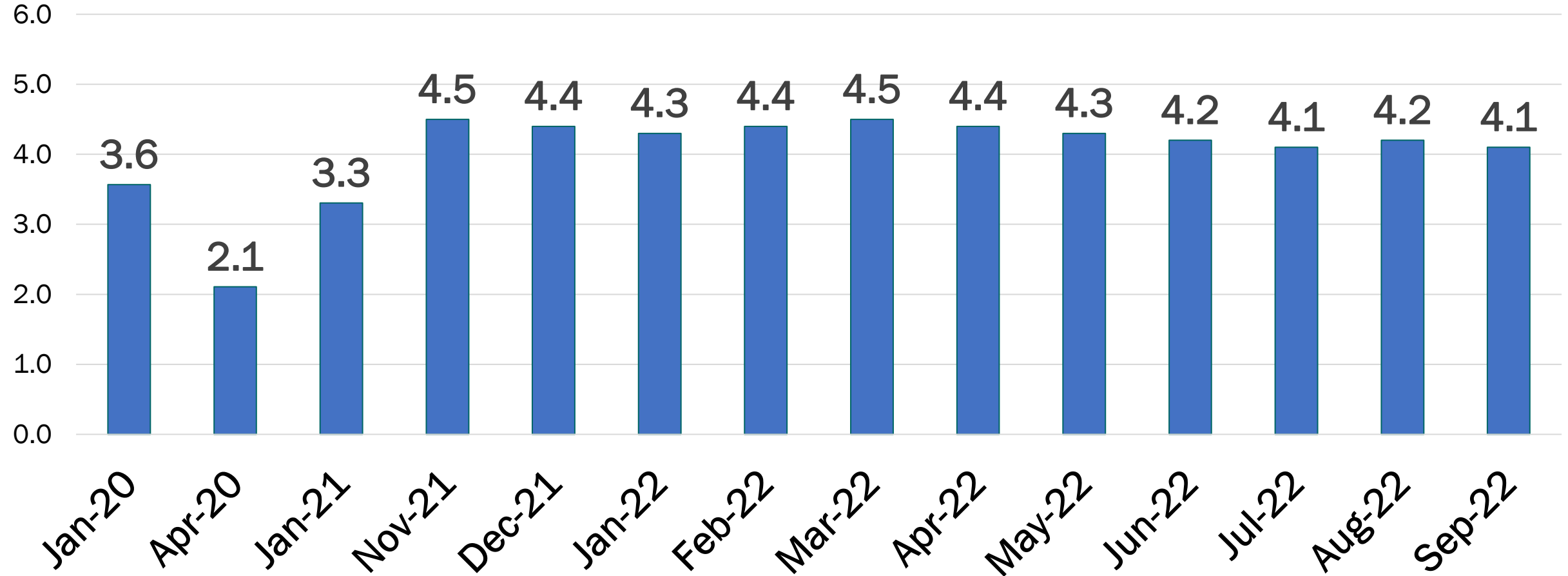




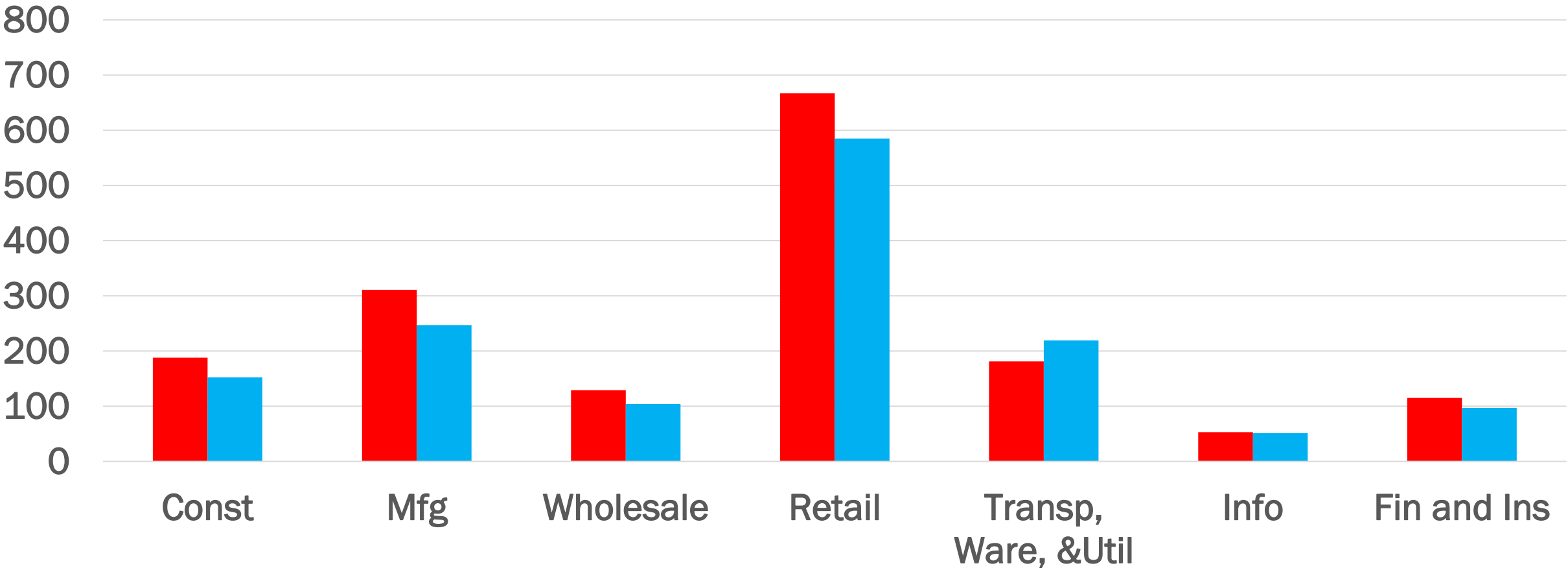
# Job openings and hires by industry in September 2022



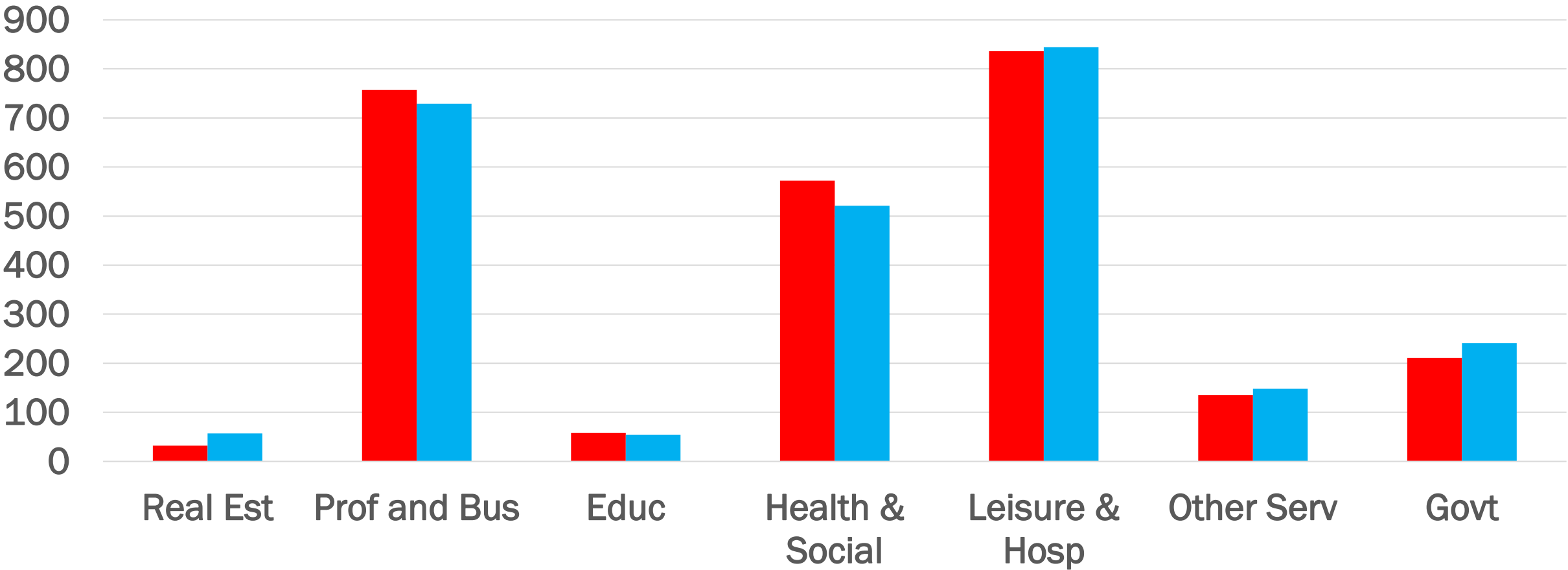
The number of workers quitting their jobs each month was at 4.1 million in September 2022, slightly lower than the 4.5 million in November 2021, the highest level ever recorded



# Changes in quit levels from Sep-21 to Sep-22 by industry



# Changes in quit levels from **Sep-21** to **Sep-22** by industry



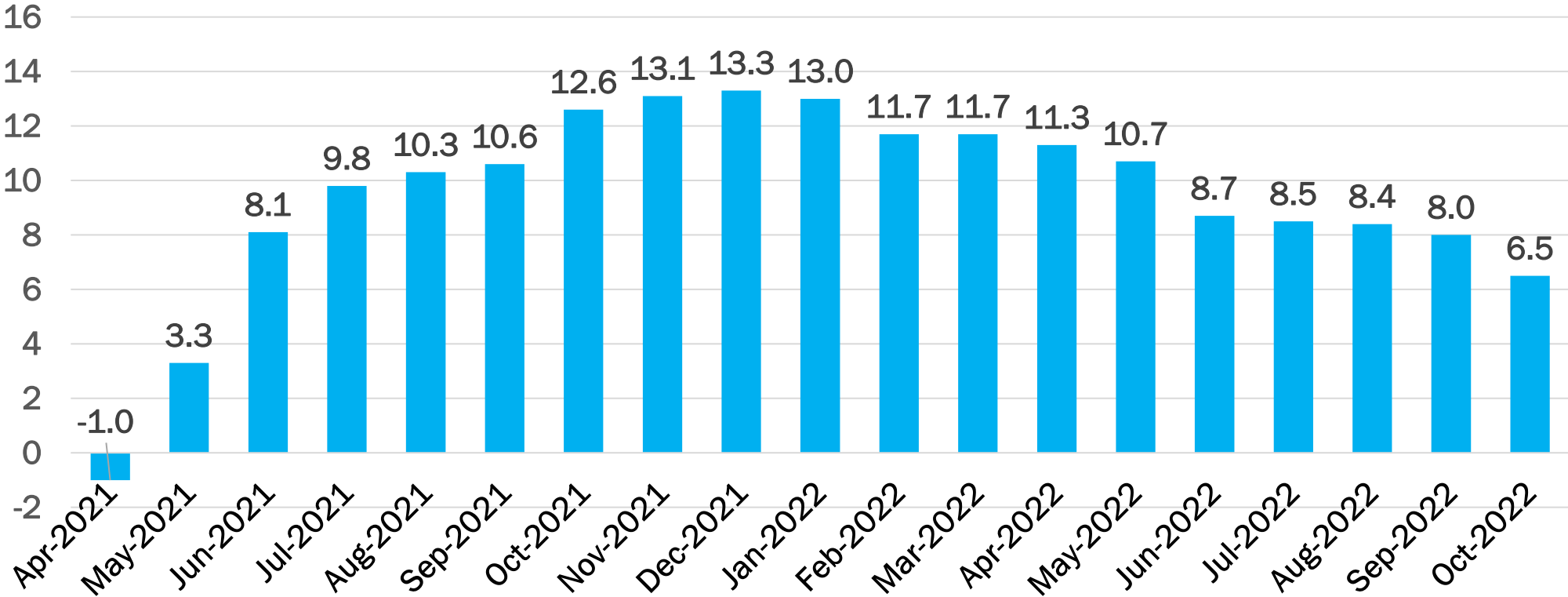
# After sharp swings related to the pandemic, average hourly earnings remain elevated relative to historical trends

Percent change from 12 months ago



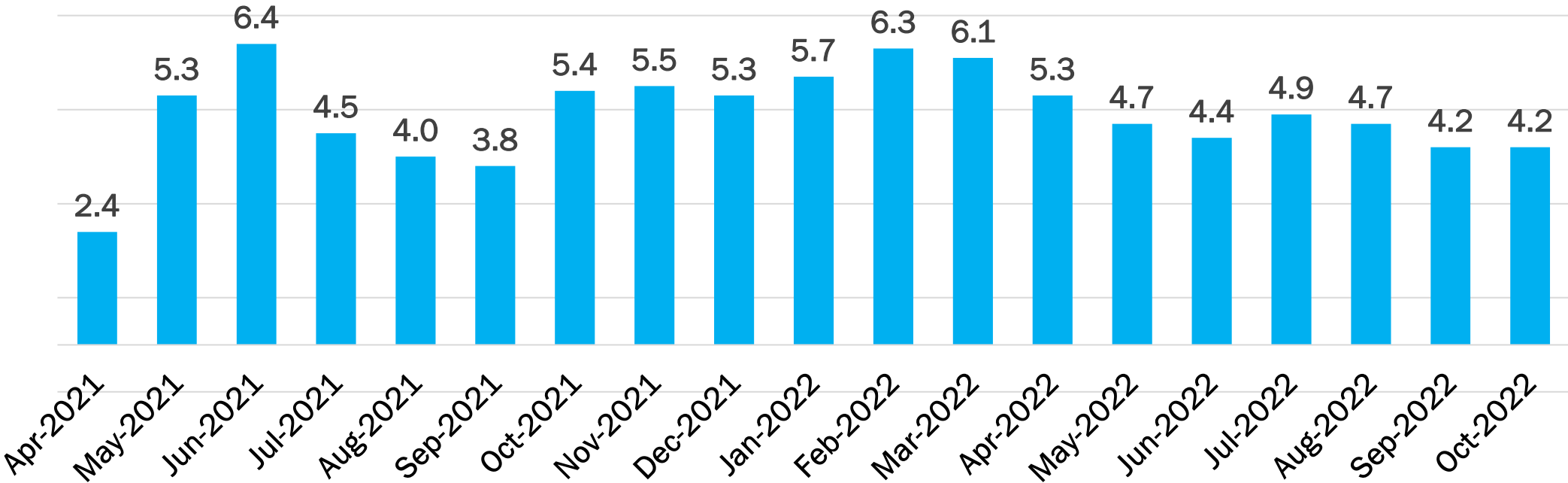
# Changes in Average Hourly Earnings in the Leisure and Hospitality industry

Percent change from 12 months ago



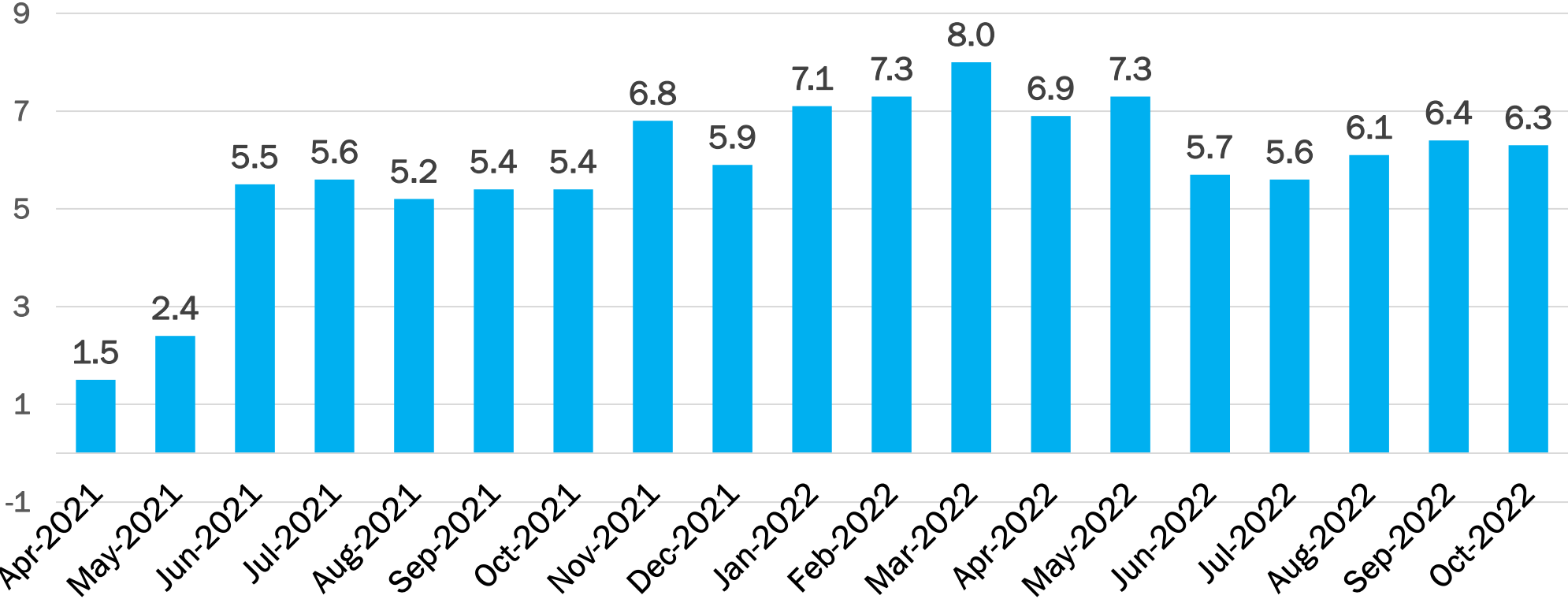
# Changes in average hourly earnings in Retail Trade

Percent change from  
12 months ago



# Changes in average hourly earnings in Transportation and Warehousing

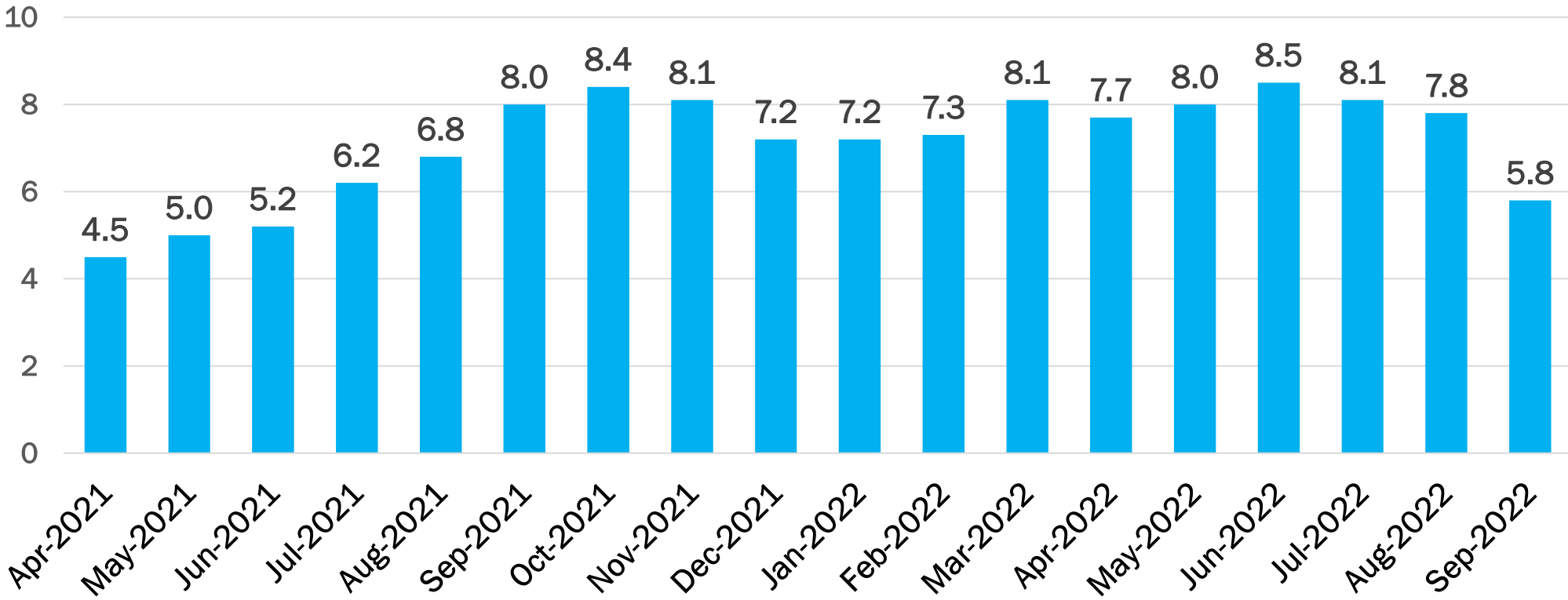
Percent change from 12 months ago



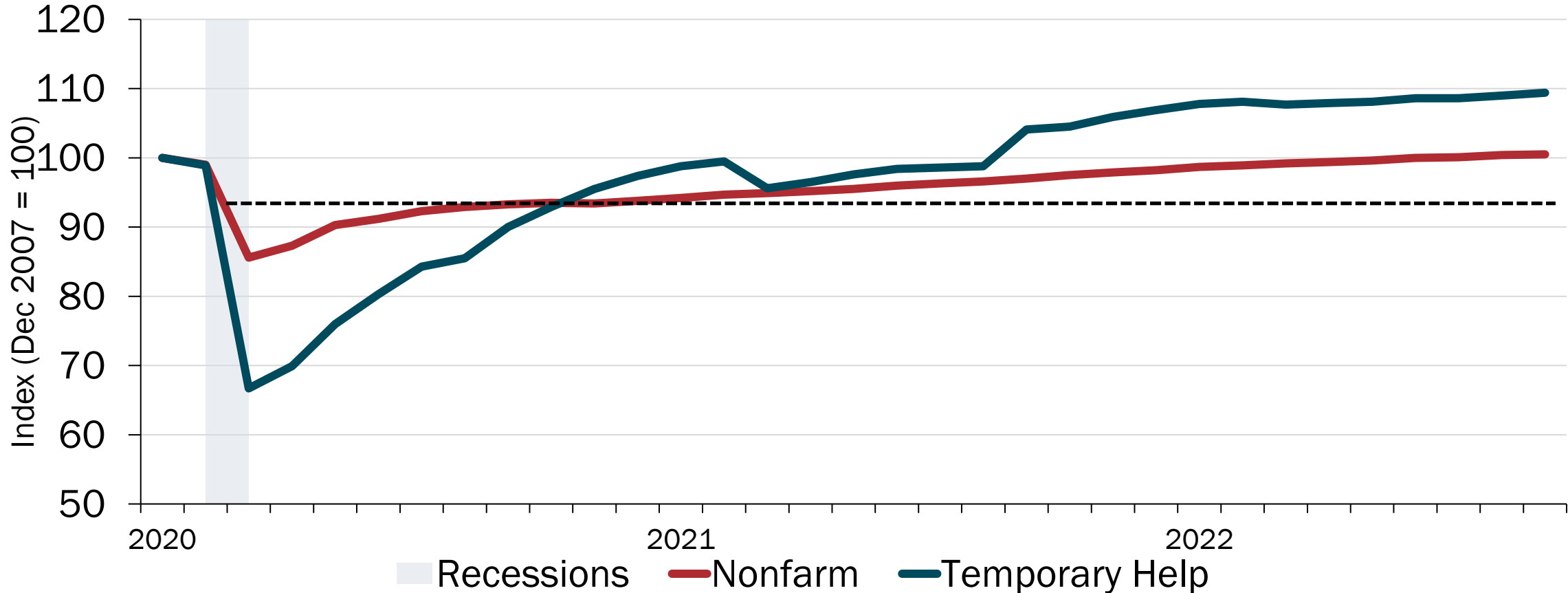


# Changes in average hourly earnings in Hospitals

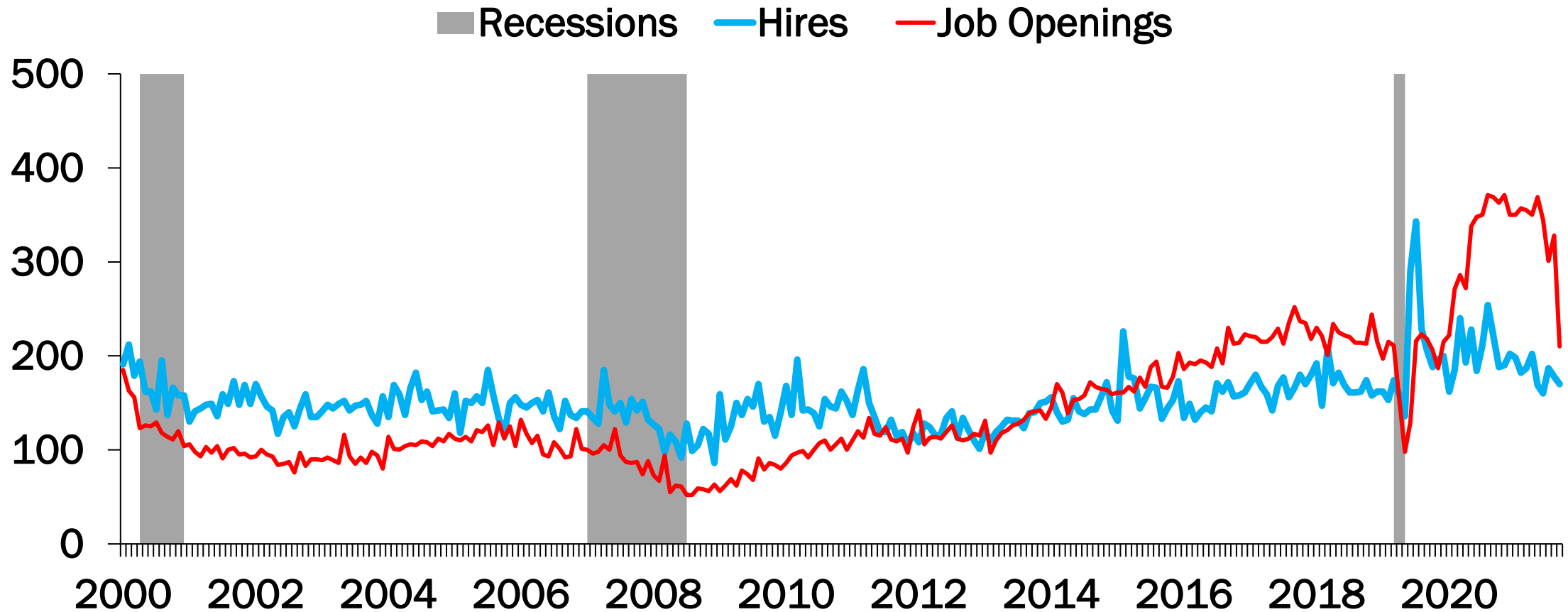
Percent change from 12 months ago



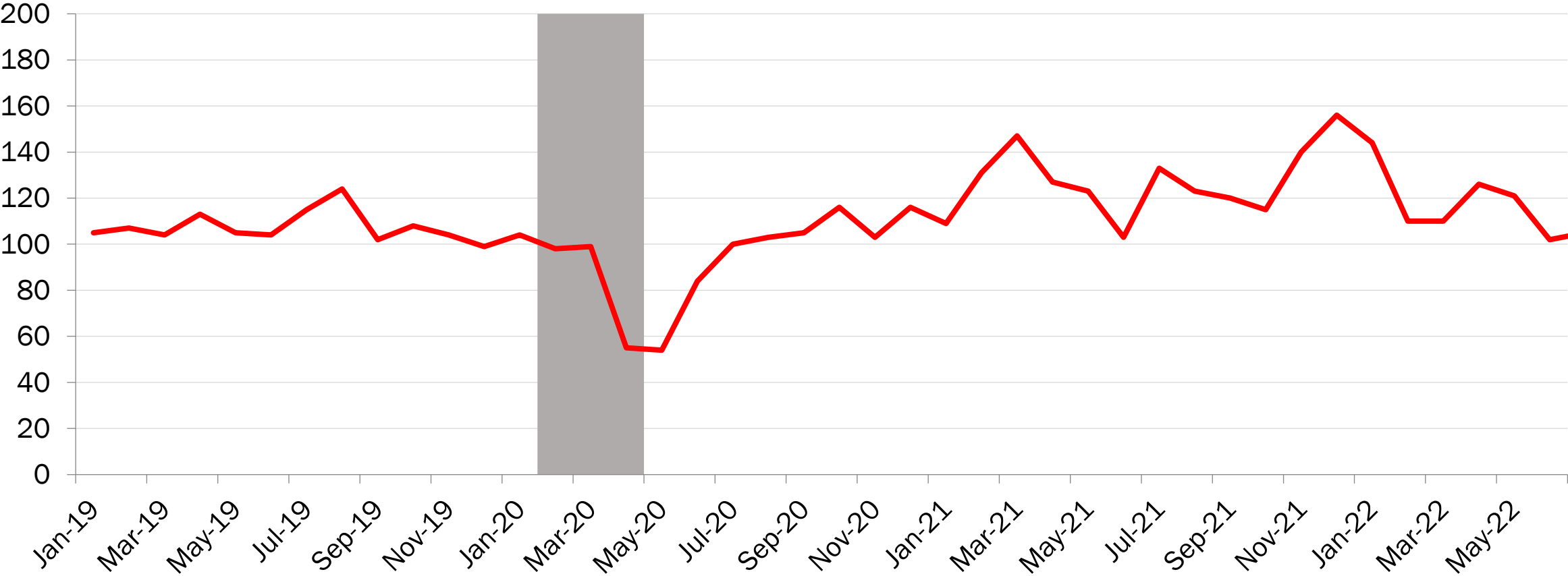
# Employment in the temporary help industry has risen sharply since the end of the 2020 recession



# In Michigan, like the nation, job openings greatly exceed hires, with the gap closing somewhat in recent months



# Quits in Michigan have levelled off in recent months





UNITED STATES

FEDERAL RESERVE NOTE



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禁止流通  
PRIVATE

SERIES  
2006

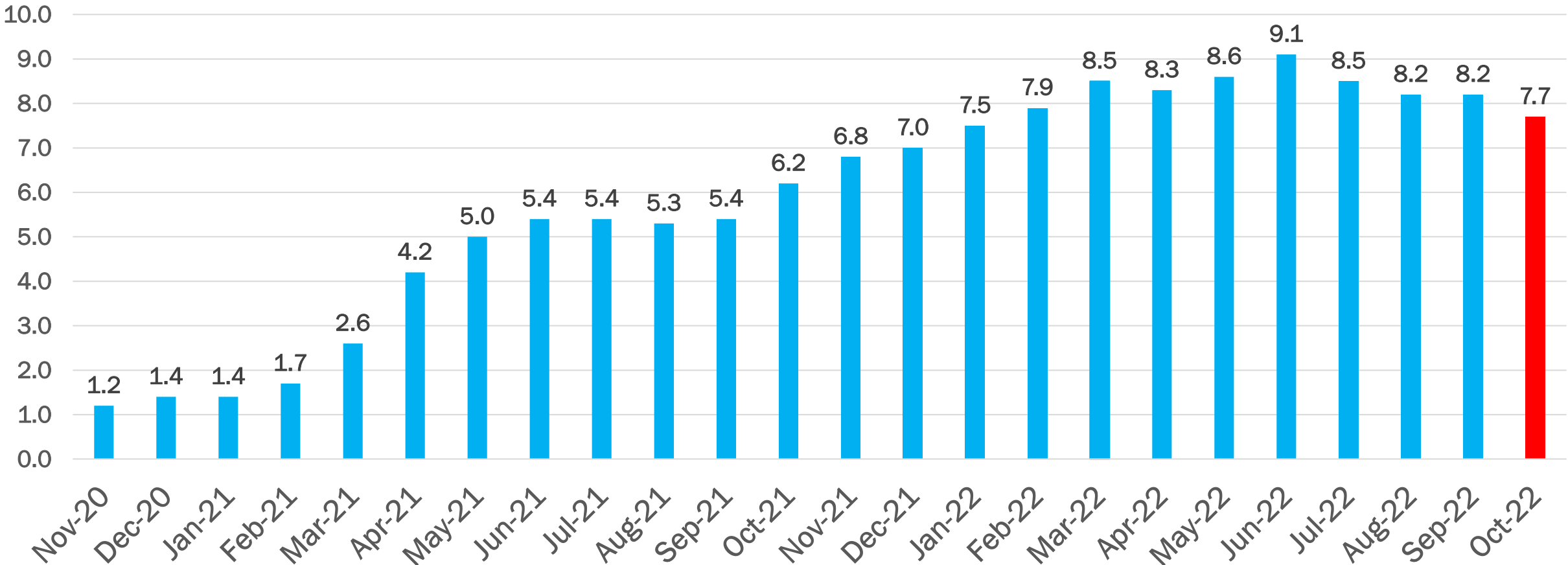
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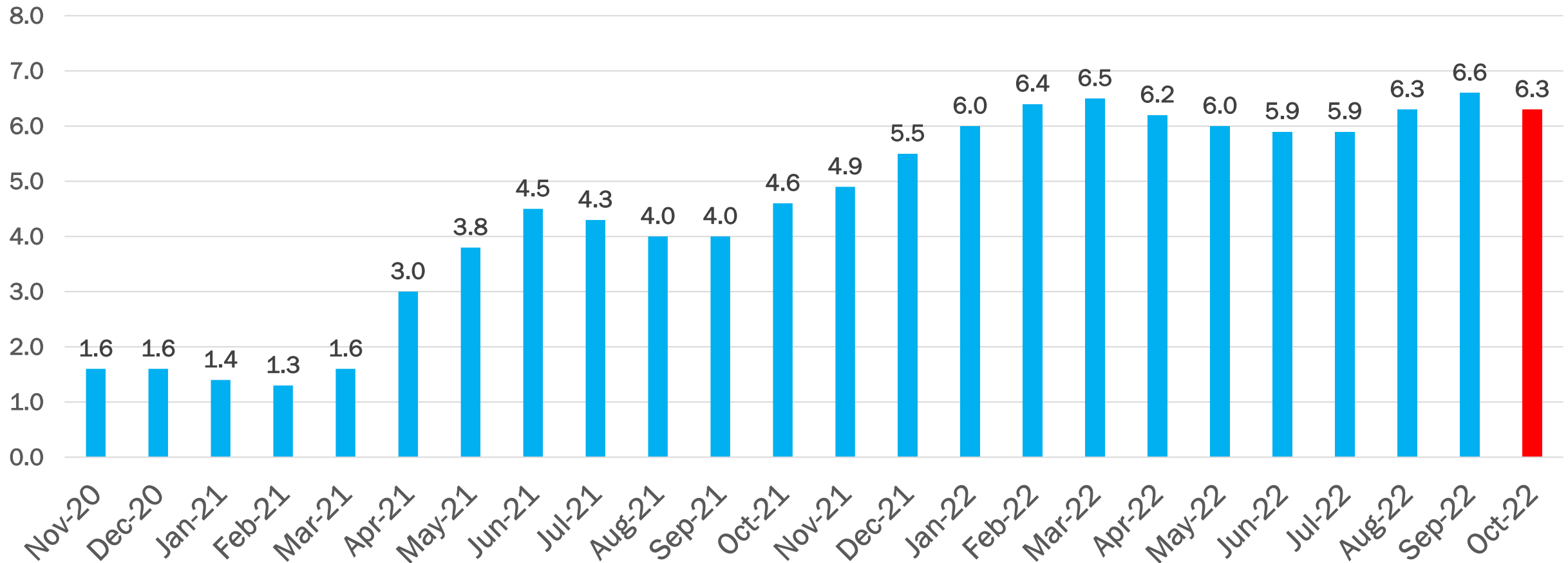
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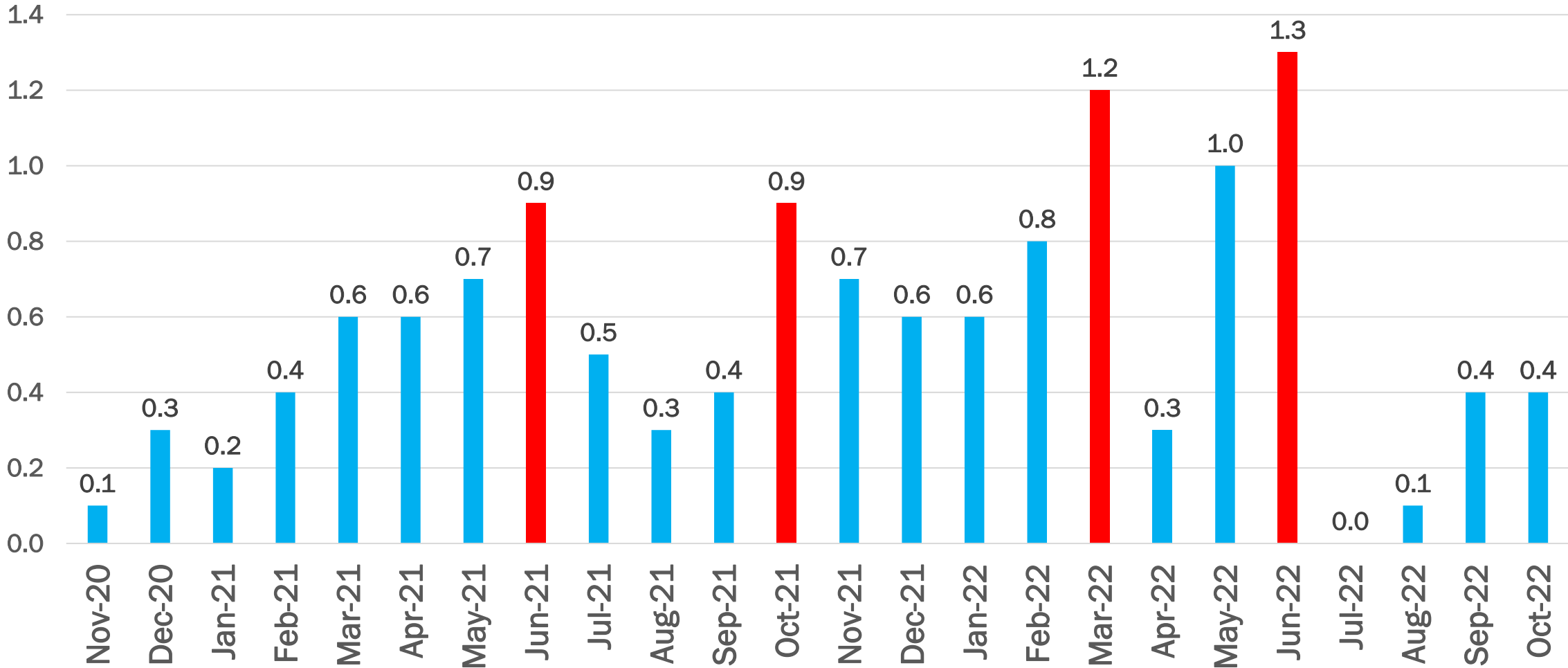
# The percentage changes in overall prices from 12-months earlier fell to 7.7 percent in October



# At 6.3 percent, the 12-month percent change in core inflation in October fell from 6.6 percent the previous month

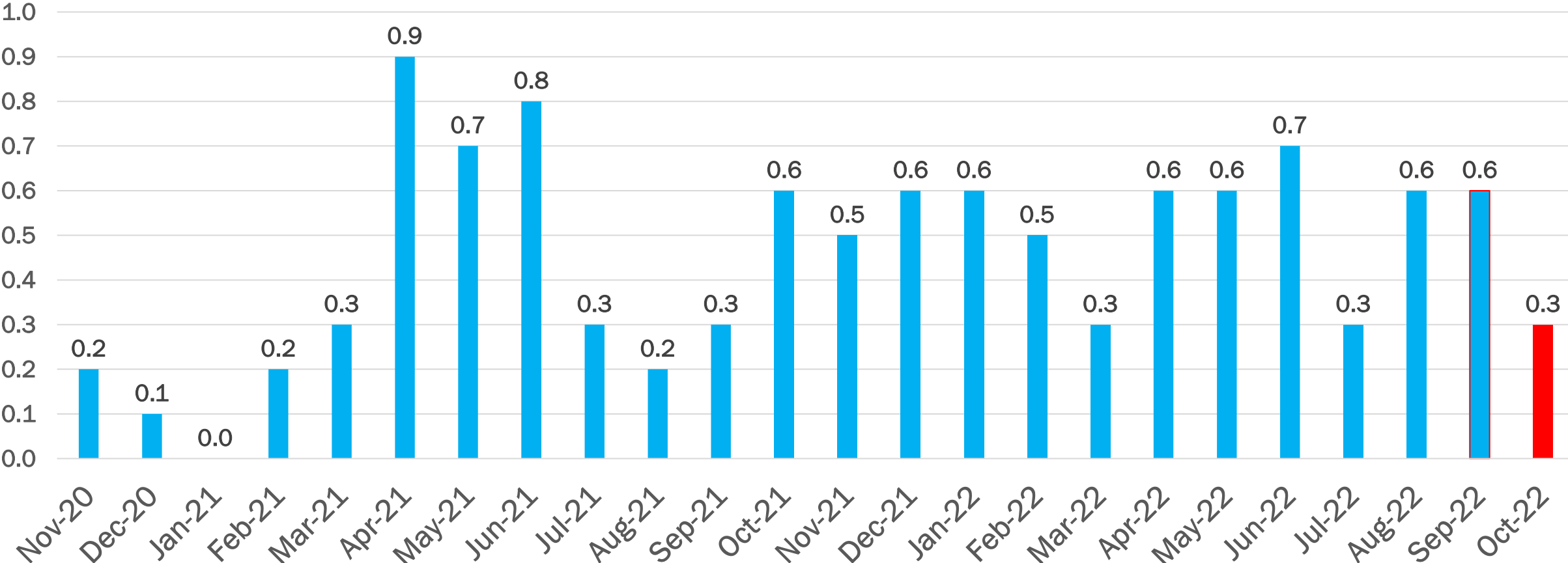


# The Consumer Price Index for All Urban Consumers increased by 0.4 percent in October, the same increase as the previous month

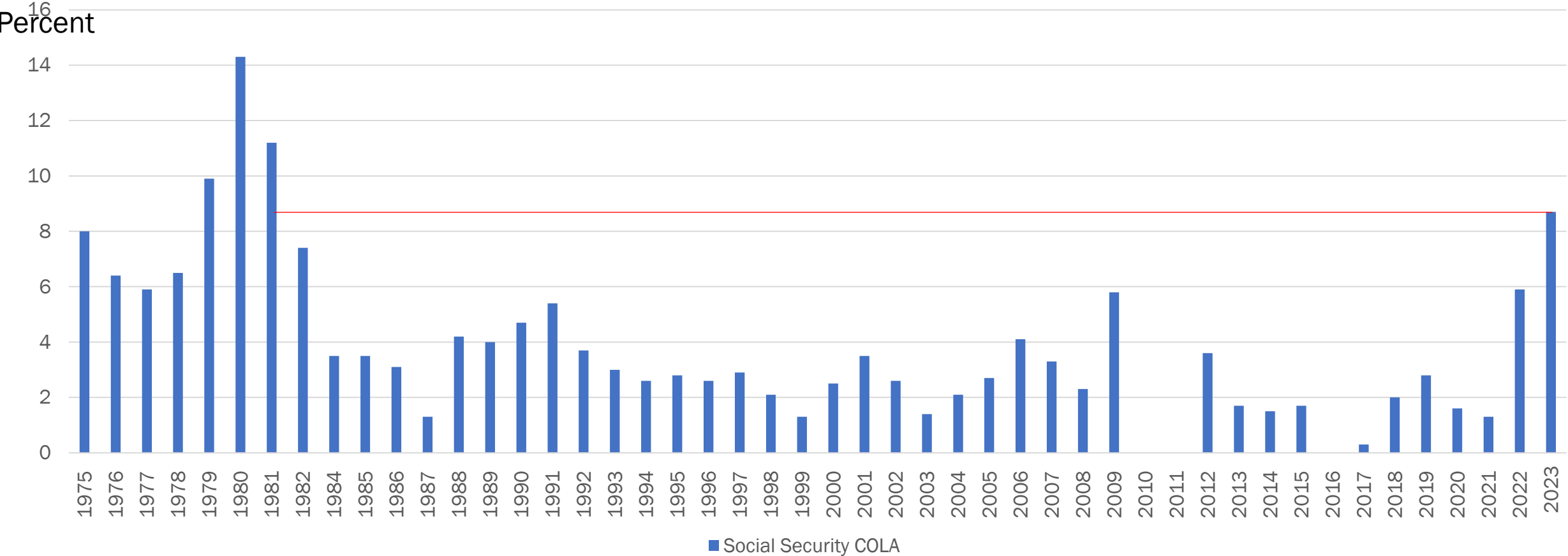




# The 1-month percent change in core CPI (CPI-U less food and energy) was 0.3 percent in October



# Anticipated future built in-contract inflation: Recent example of the Jan 2023 COLA increases of 8.7 percent just announced by Social Security – highest since 1981



70 expenditure categories in the CPI-U



Food  
Energy goods  
Household goods  
Apparel  
Transportation goods  
Medical care goods  
Recreation goods  
Education  
Other goods

Energy services  
Shelter  
Medical care services  
Transportation services  
Recreational services  
Education services  
Other personal services

Federal Reserve

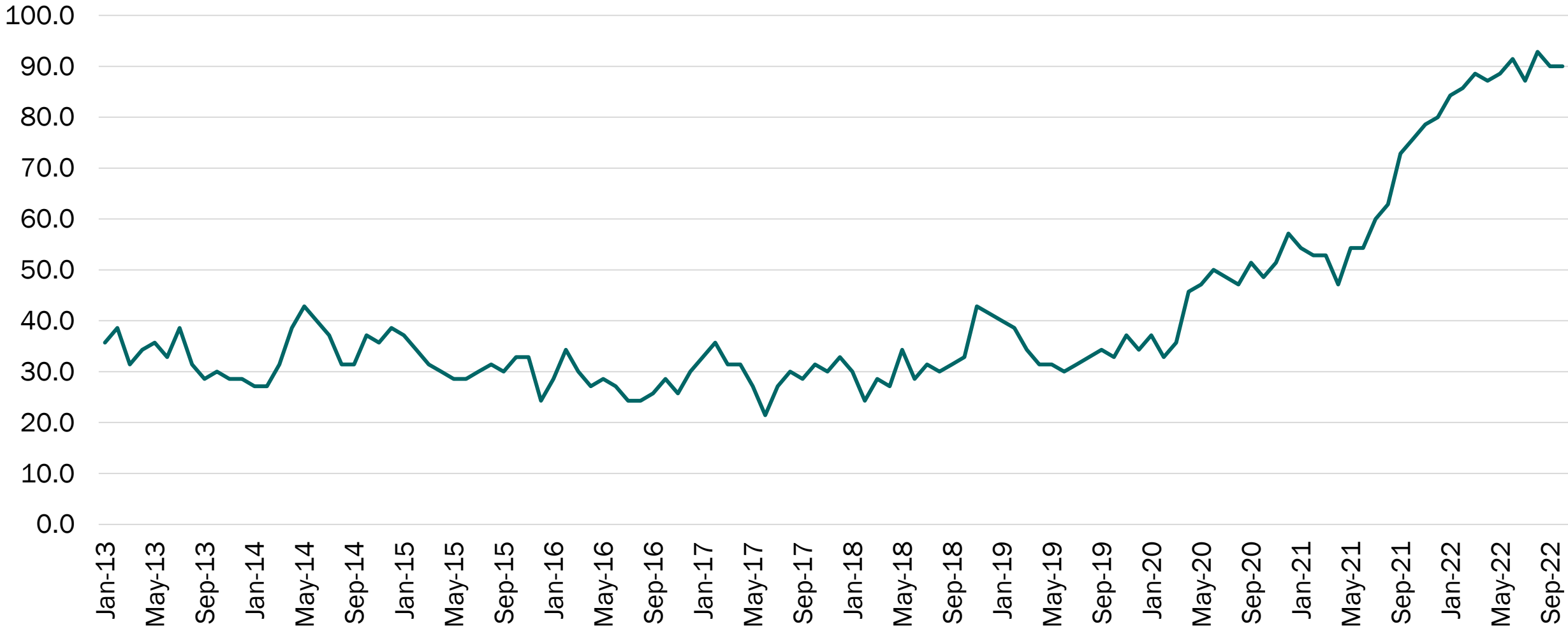
Target Inflation rate

2.1%

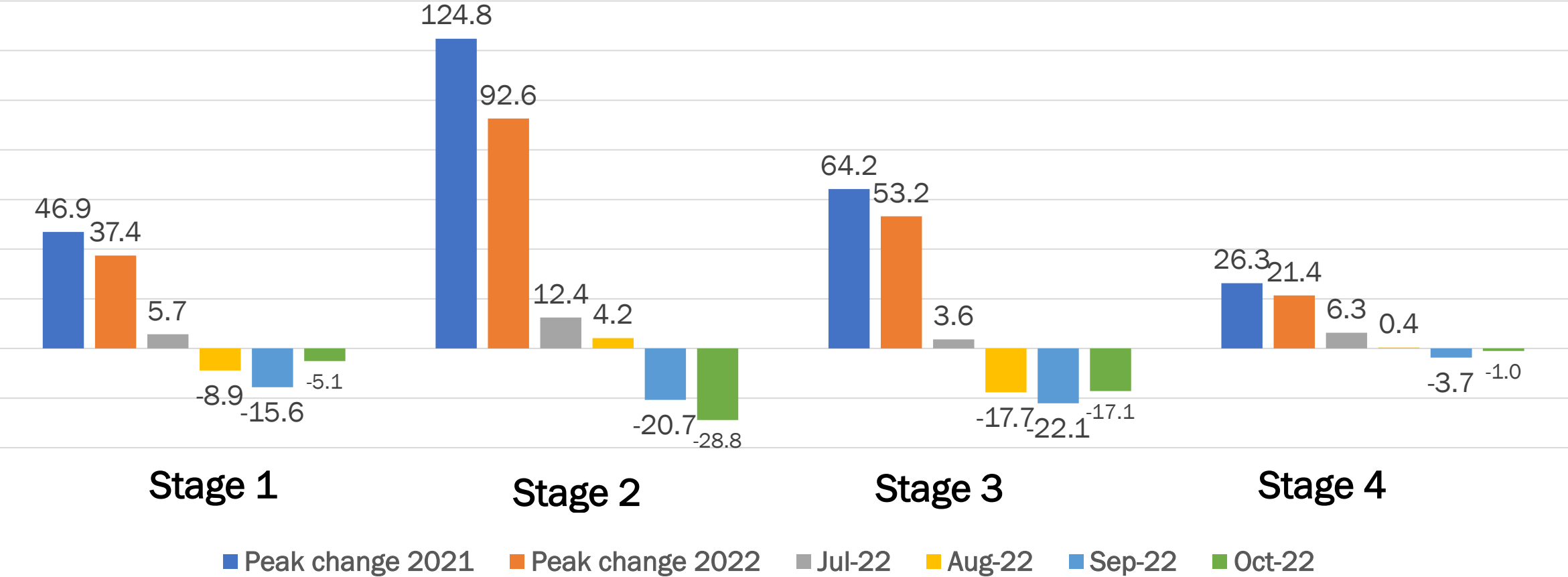


Percentage of expenditure categories with inflation rates > 2.1%

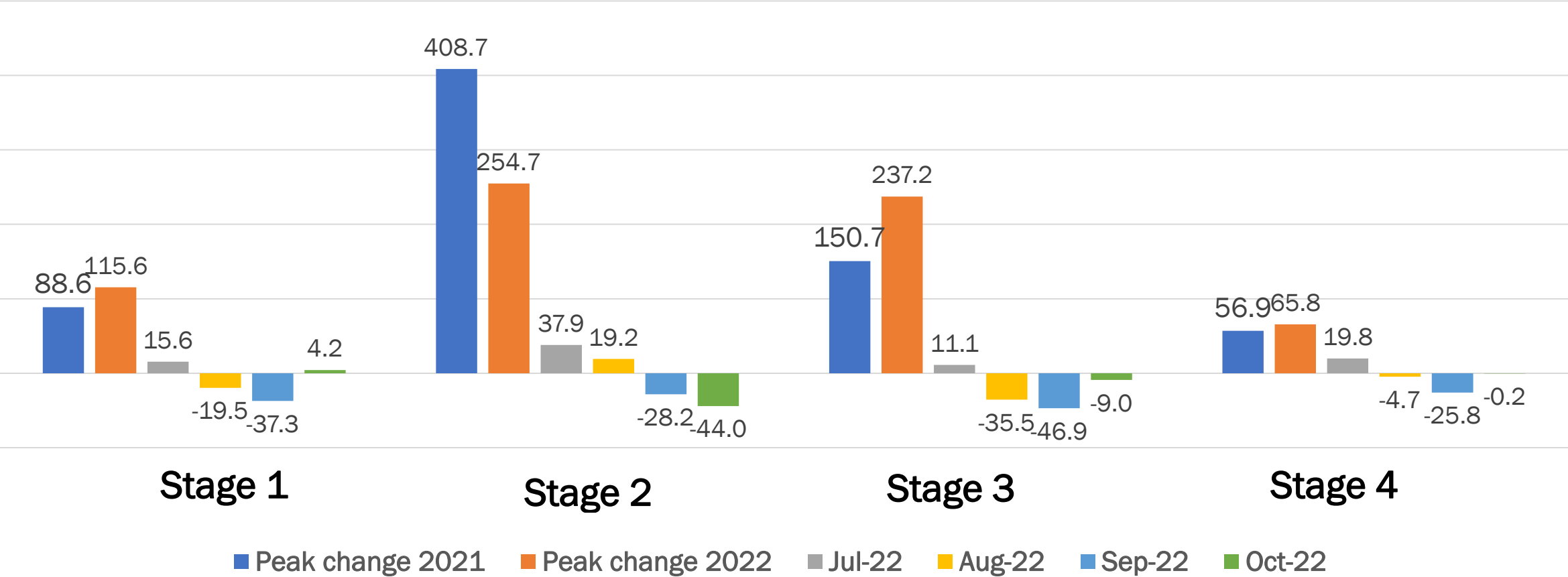
# Percentage of CPI expenditure items with inflation rates over the prior 12-months that are greater than the Federal Reserve's target of 2.1% overall inflation



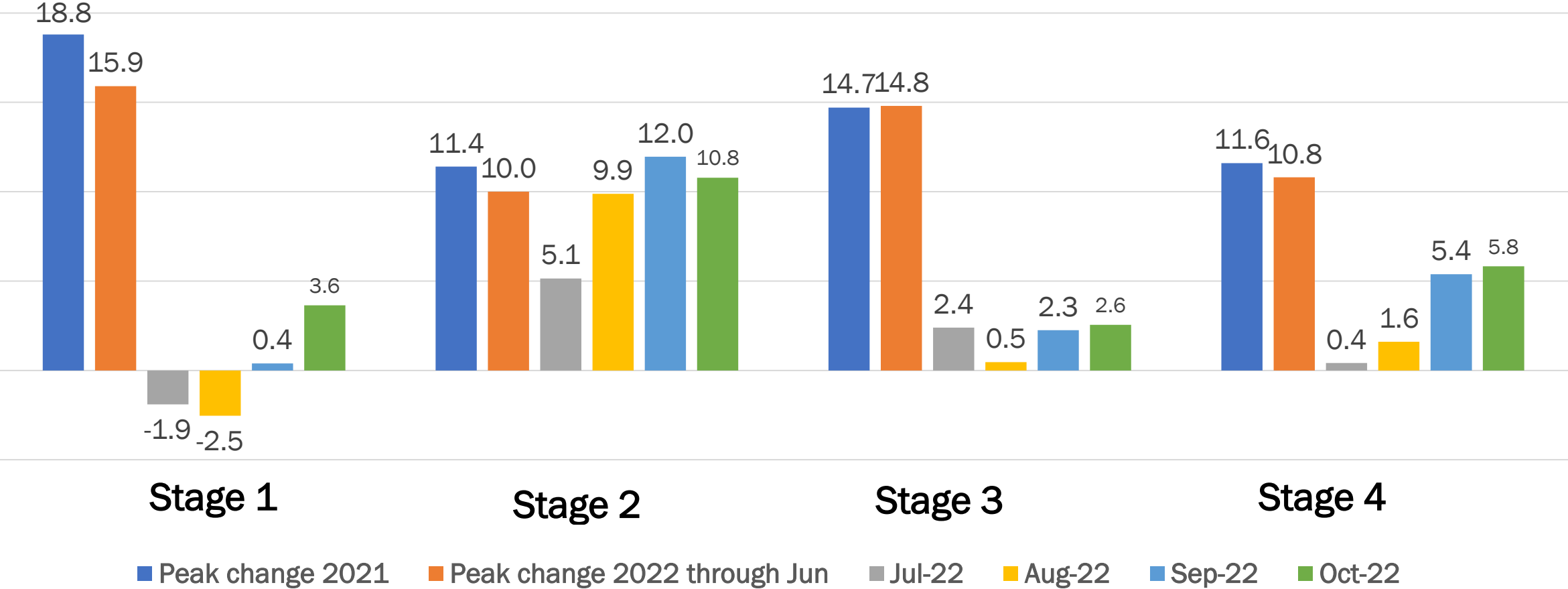
# Annualized rate of quarterly changes in producer price inflation for the costs of **goods inputs** slowed significantly in recent months for all four forward flow stages of production



# Annualized rate of quarterly changes in producer price inflation for the costs of **energy inputs** slowed significantly in recent months for all four forward flow stages of production



# Annualized rate of quarterly changes in producer price inflation for the costs of **service inputs** slowed significantly in recent months for all but one forward flow stage of production



# Annualized rate of quarterly changes in producer price inflation for the costs of **food inputs** slowed significantly in recent months for all four forward flow stages of production

