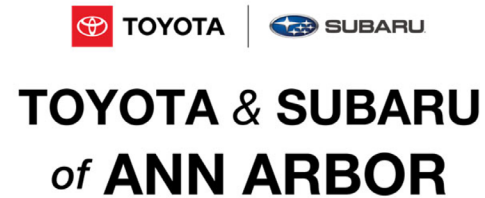


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The Michigan Economic Outlook for 2023–2025



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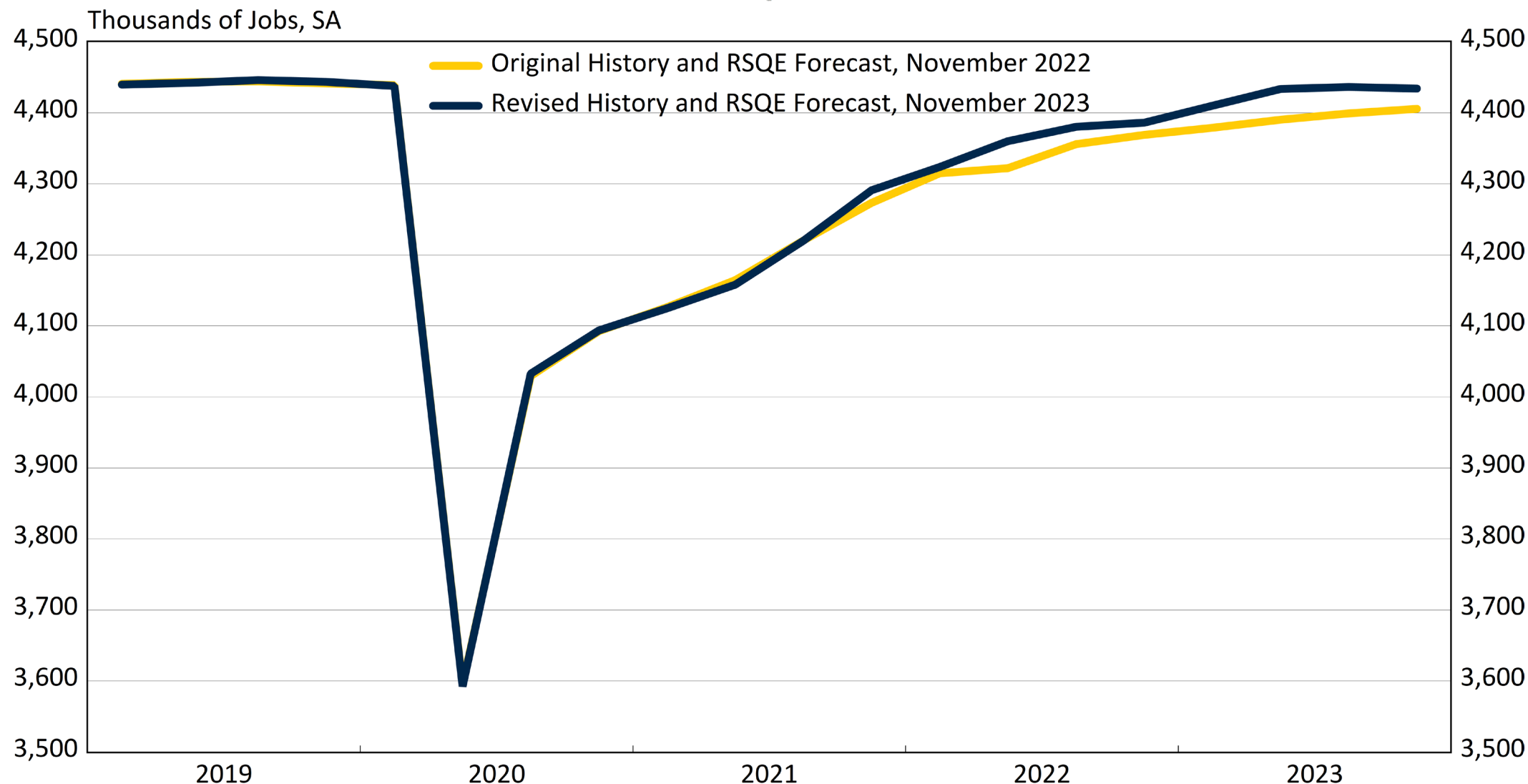
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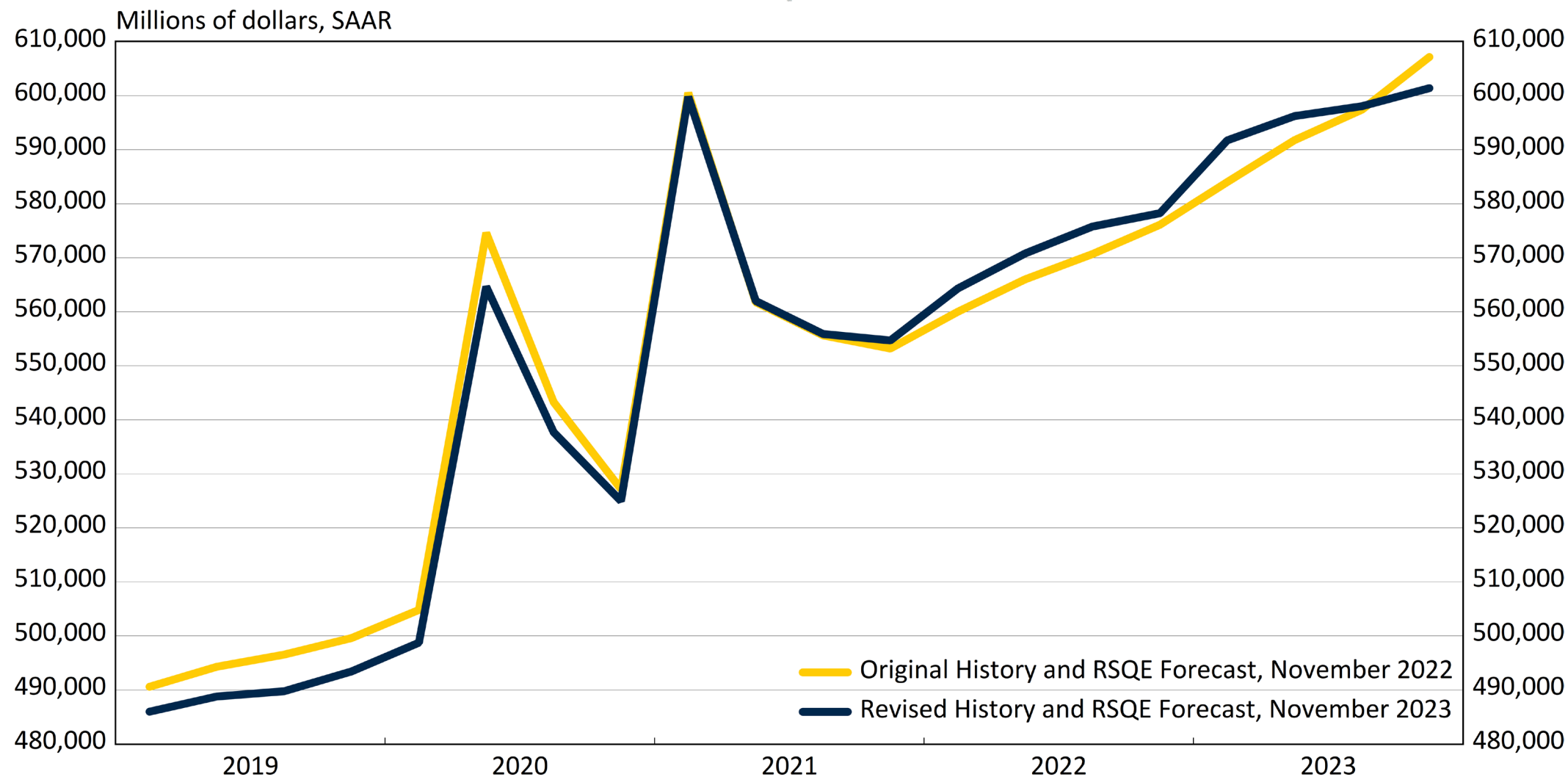


Forecast Review for 2023

Forecast Review for Michigan Payroll Employment



Forecast Review for Michigan Personal Income



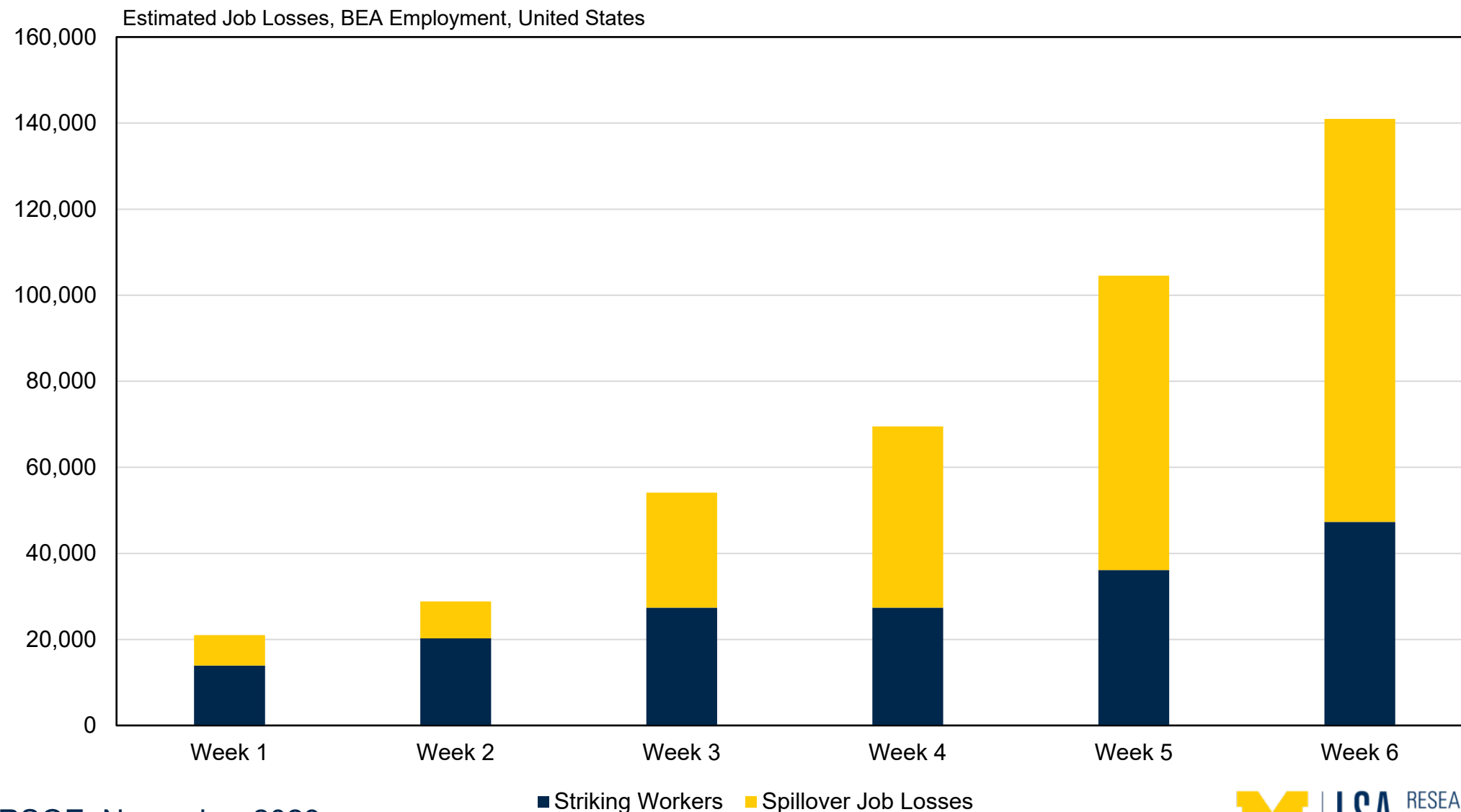
The “Stand Up Strike” Revisited

Timeline of the 2023 UAW Strike

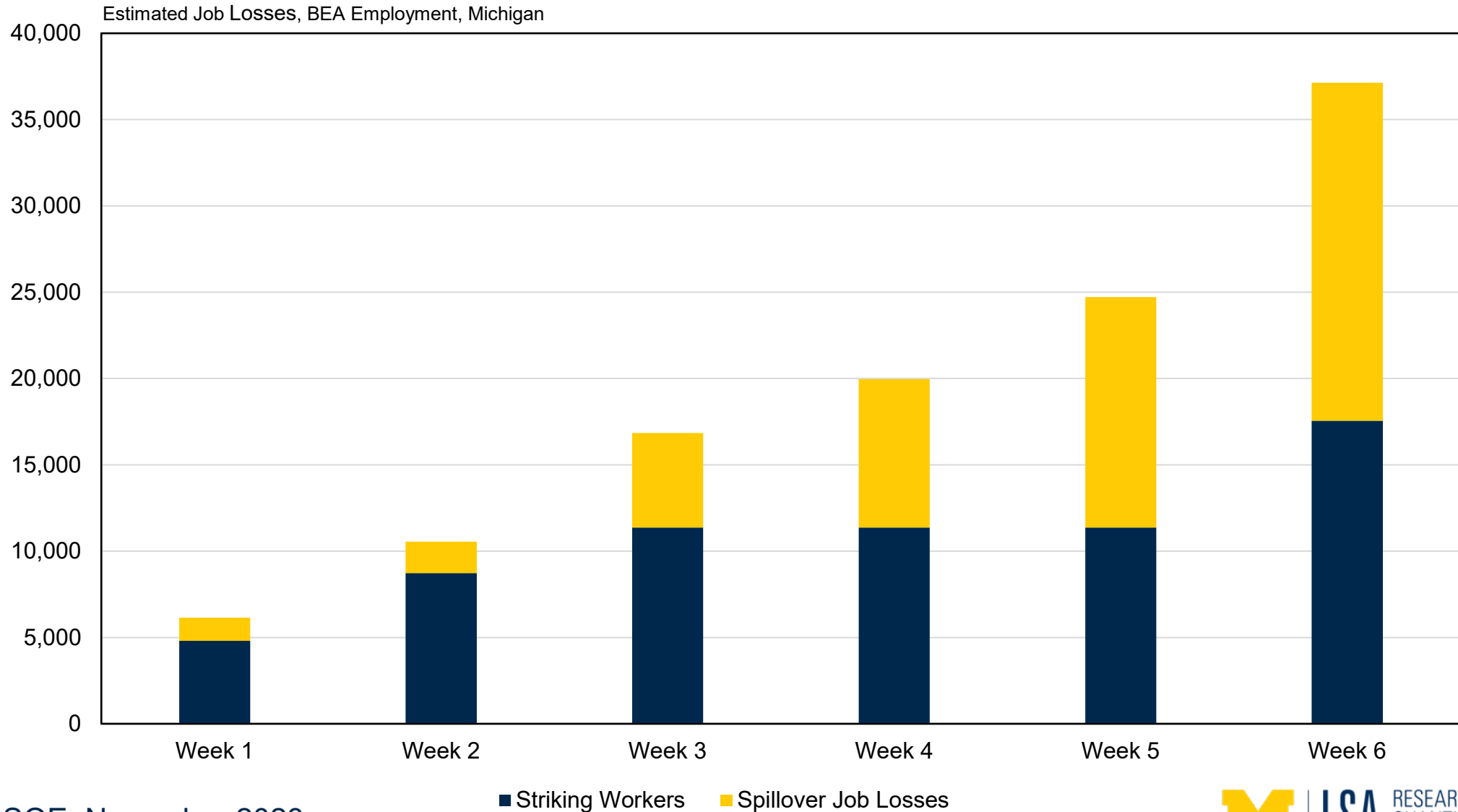
Date	Company	Plant	State	Striking Workers	Products
9/15/2023	Ford	Michigan Assembly	MI	4,800	Ford Ranger and Bronco
9/15/2023	GM	Wentzville Assembly	MO	3,900	Chevrolet Colorado and Express; GMC Canyon and Savana
9/15/2023	Stellantis	Toledo Assembly	OH	5,300	Jeep Gladiator, Wrangler, and Wrangler 4xe
9/22/2023	GM and Stellantis		MI	3,900	Warehousing/shipping of parts for customer repairs to dealerships and other retailers
	Part Distribution Centers		Rest of U.S.	2,400	
9/29/2023	Ford	Chicago Assembly	IL	4,500	Ford Explorer; Police Interceptor Utility; Lincoln Aviator
9/29/2023	GM	Lansing Delta	MI	2,600	Buick Enclave; Chevy Traverse
10/11/2023	Ford	Kentucky Truck	KY	8,700	Ford F-250–F-550, Expedition; Lincoln Navigator
10/23/2023	Stellantis	Sterling Heights Assembly	MI	6,200	Ram 1500
10/24/2023	GM	Arlington Assembly	TX	5,000	Tahoe/Suburban; Yukon/Yukon XL; Escalade/Escalade-V
10/28/2023	GM	Spring Hill Assembly	TN	3,600	Cadillac XT5, XT6, Lyriq; GMC Acadia

Note: Estimates of the number of striking workers are calculated from information on the automaker websites.

The Strike's Impact on National Employment Grew over Time



Impact on Michigan Was over One-Quarter of Total



Income and Fiscal Impacts of the Strike

	Week 1	Week 2	Week 3	Week 4	Week 5	Week 6
United States						
Total Employment Loss (BEA Measure)	21,000	28,900	54,100	69,500	104,600	141,000
Striking UAW Workers	13,900	20,300	27,400	27,400	36,100	47,300
Cumulative Personal Income Loss (\$ millions)	\$20	\$43	\$101	\$182	\$312	\$485
Michigan						
Total Employment Loss (BEA Measure)	6,100	10,600	16,800	20,000	24,700	37,100
Striking UAW Workers	4,800	8,700	11,400	11,400	11,400	17,600
Cumulative Personal Income Loss (\$ millions)	\$5	\$12	\$27	\$46	\$73	\$114
Cumulative Non-Business Tax Revenue Loss (\$ millions)	\$0.4	\$0.8	\$1.8	\$3.0	\$4.7	\$7.2

Notes: Simulated employment results and the number of striking workers are rounded to the nearest 100 workers.

Estimates of the number of striking workers are calculated from information on the automaker websites.

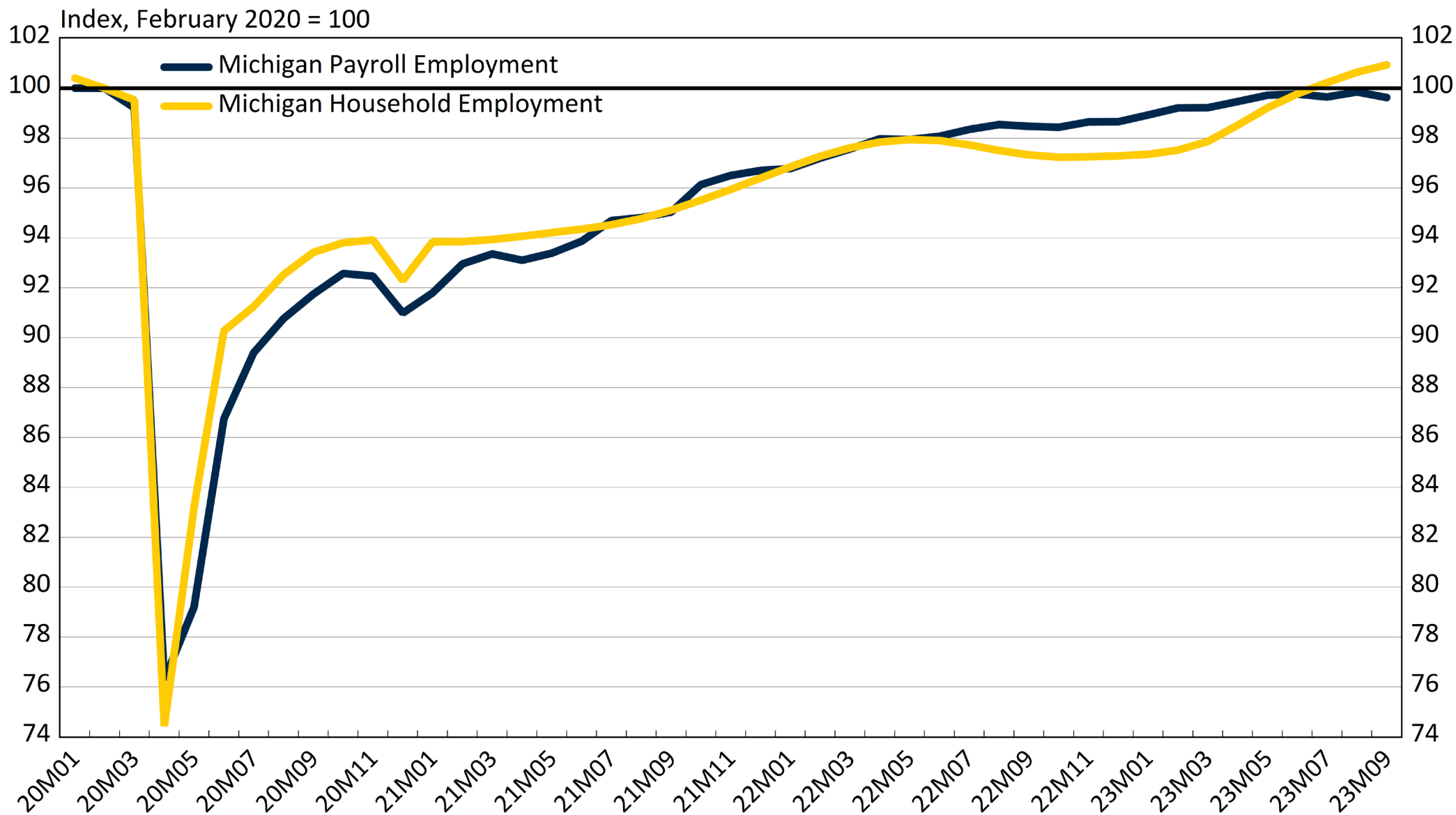
Impacts estimated by RSQE using the REMI PI+ model

Outline of the Tentative Agreements

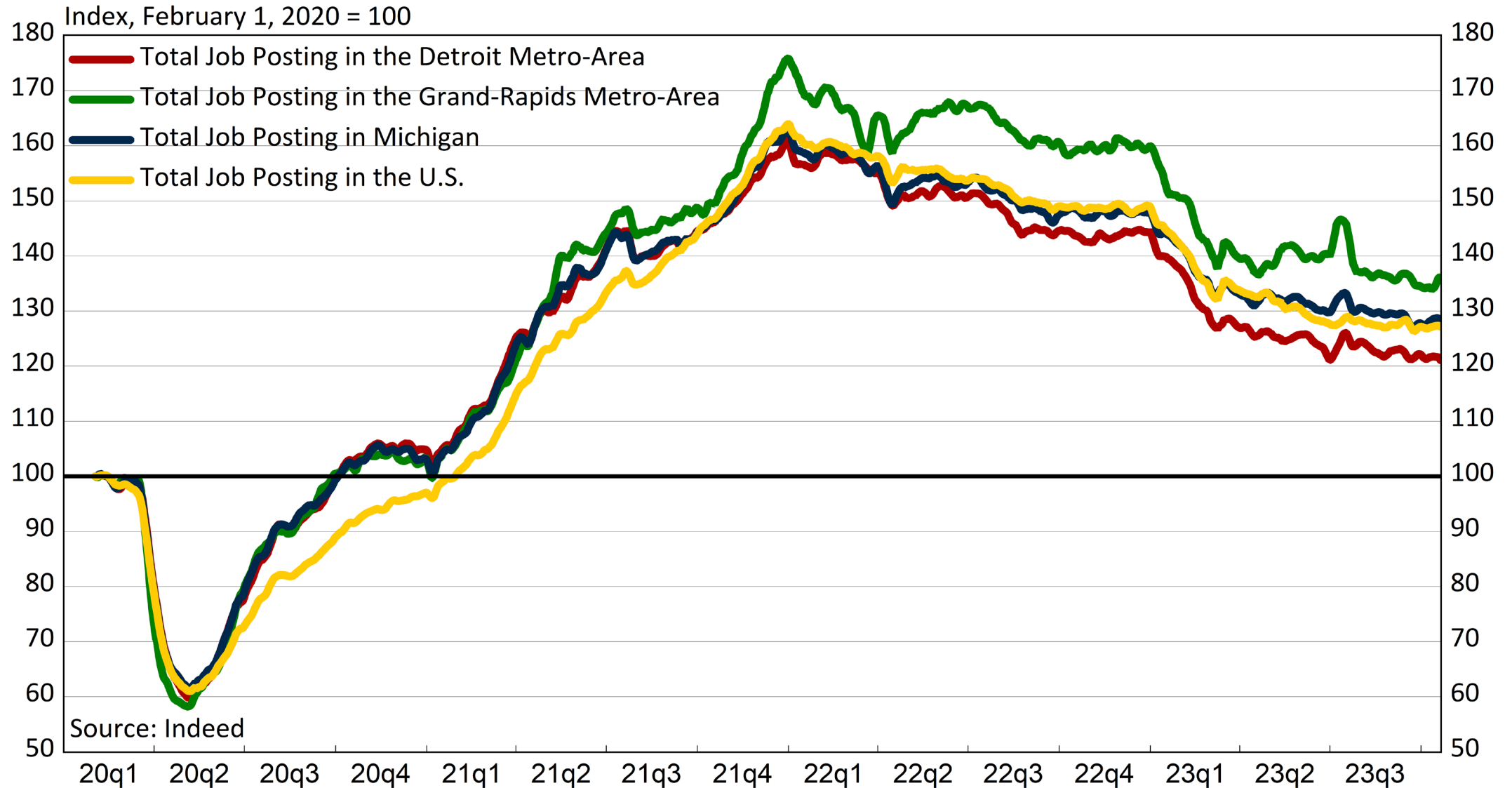
- The companies agreed to general wage increases of 25 percent over the course of the contract
- Cost of Living Allowances were reinstated
- Reduced timeline for newer hires to achieve the full pay rate
- Quicker path for temp workers to transition to permanent jobs
- Improved profit-sharing
- Many lump-sum bonuses were reduced during this round of negotiating in favor of larger general wage increases

Current State of the Michigan Economy

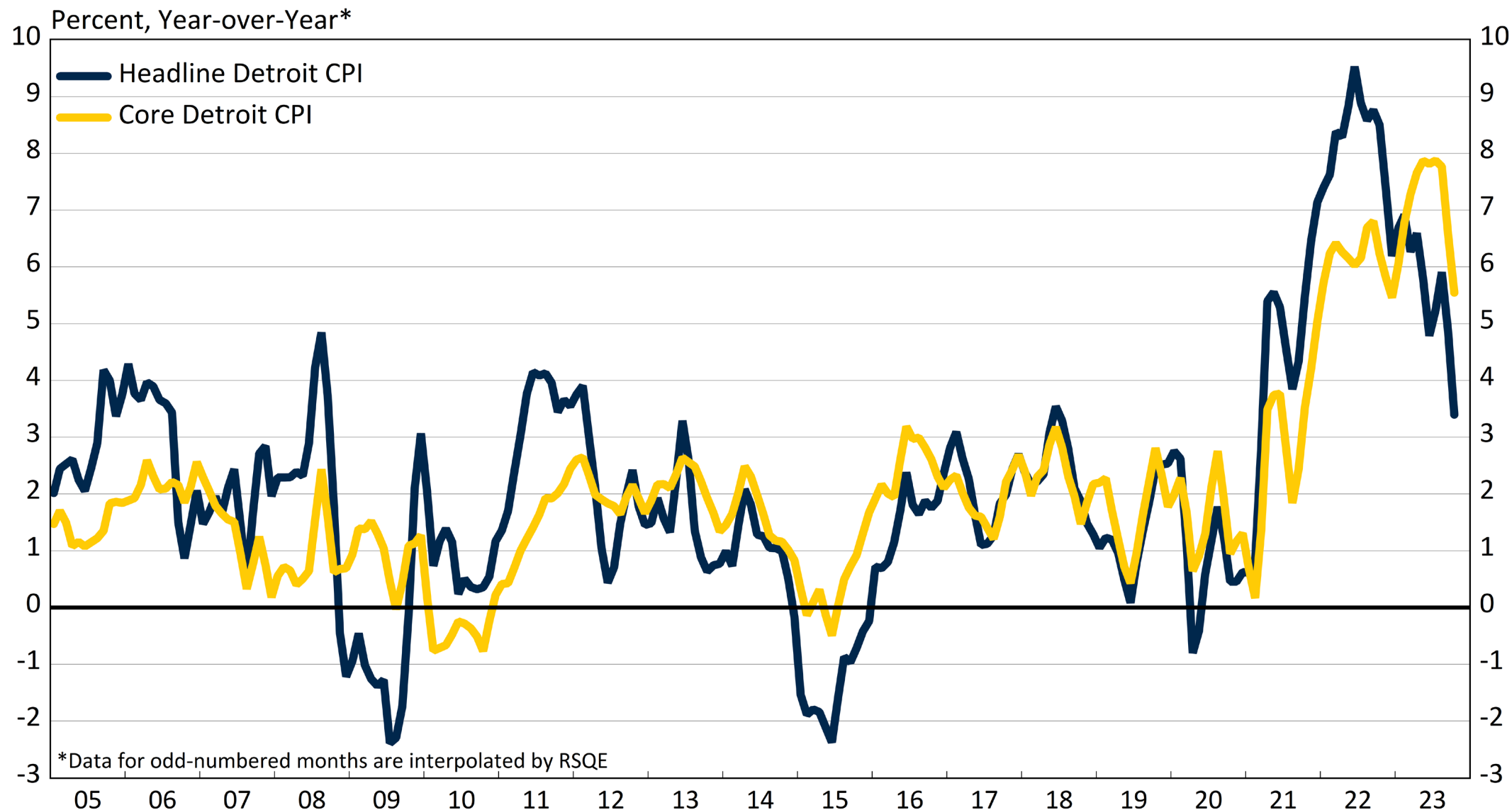
Michigan Household Employment Back Above Pre-Pandemic Level



Labor Demand Continues to Soften but Remains High

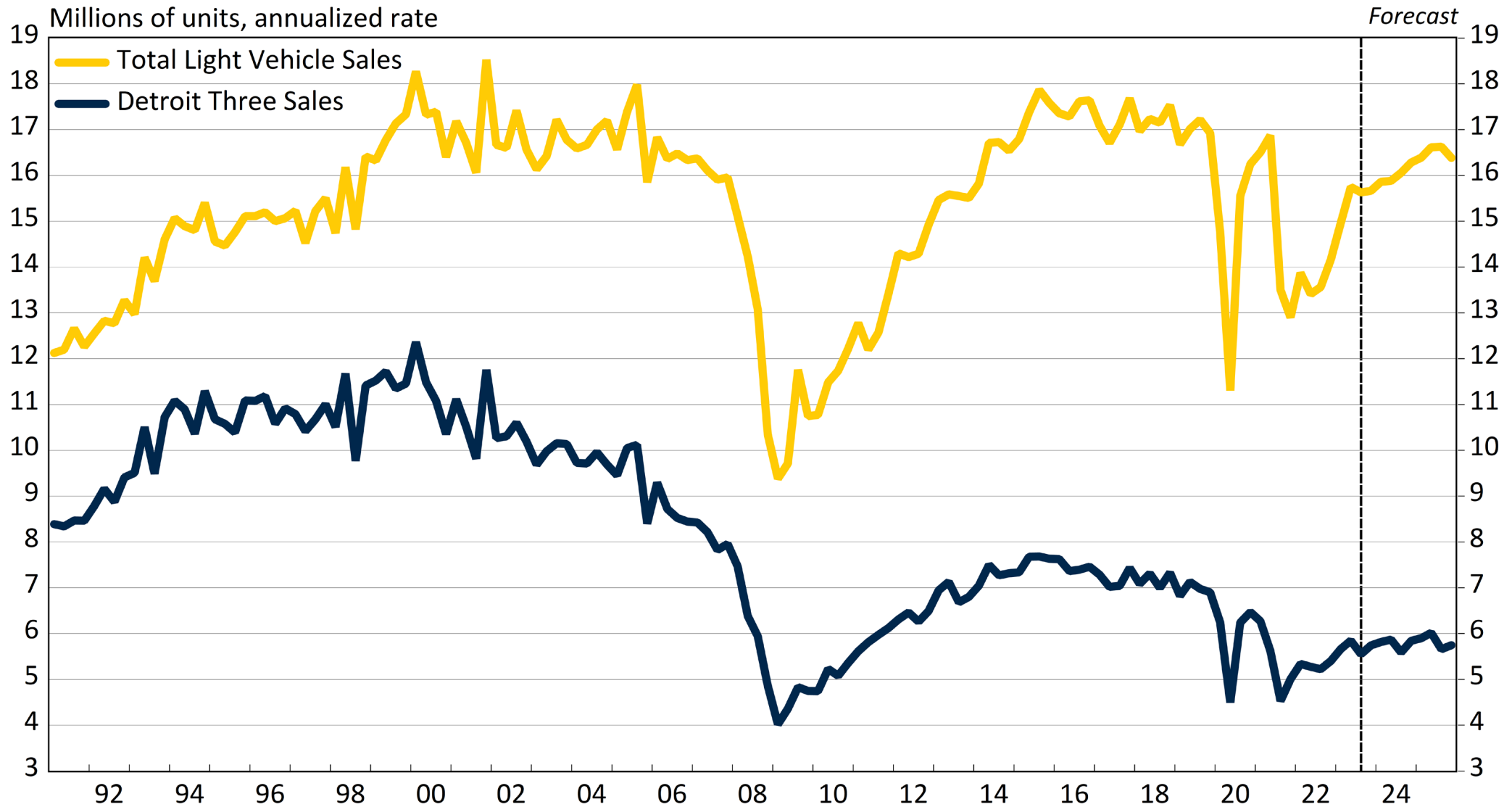


Local Inflation Finally Cooling Off

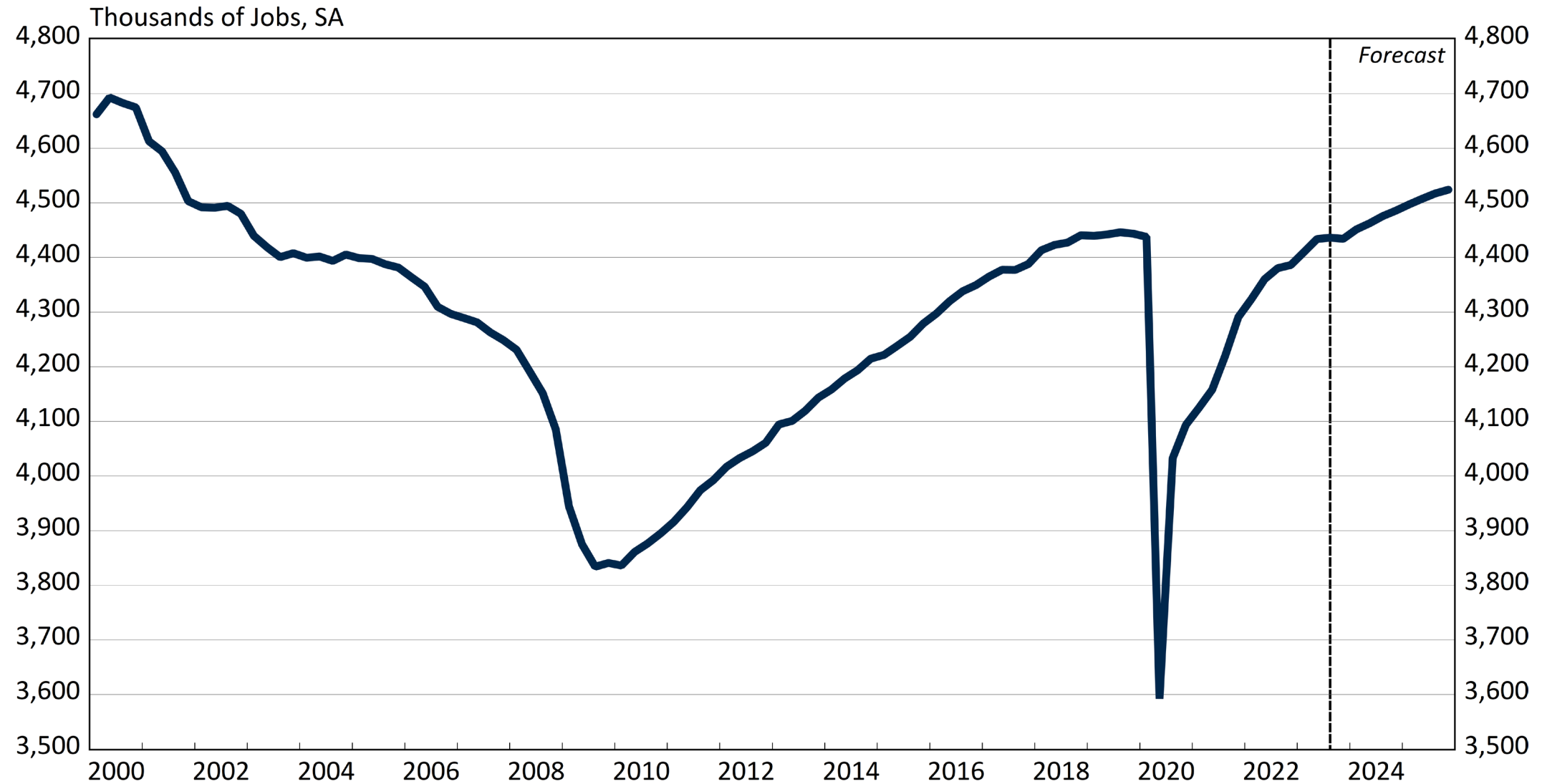


Michigan Economic Outlook

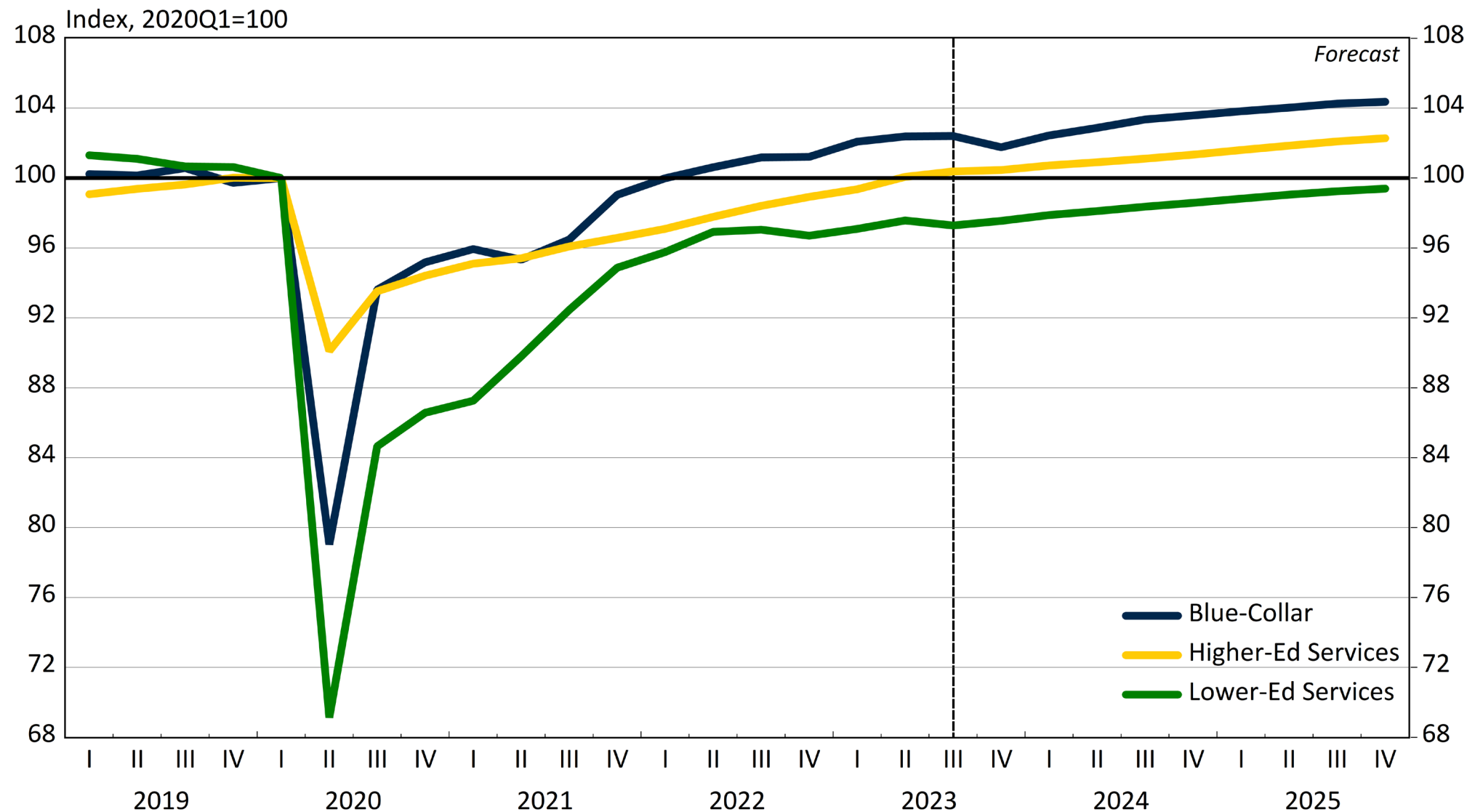
Light Vehicle Sales Rise Slowly from Here



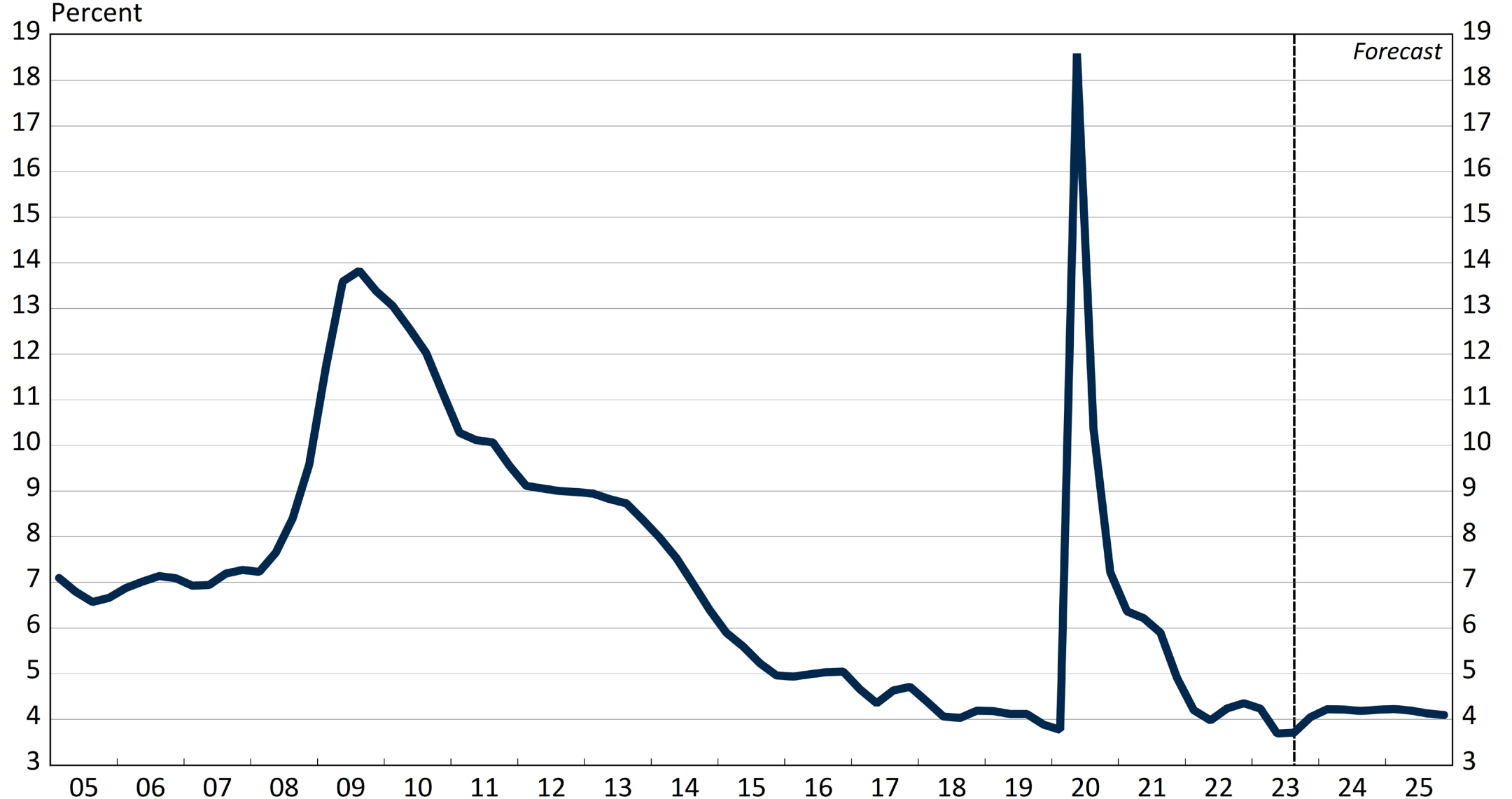
Michigan Employment Growth Continues at a Moderate Pace



Job Gains Are Broad-Based Across Industry Groups



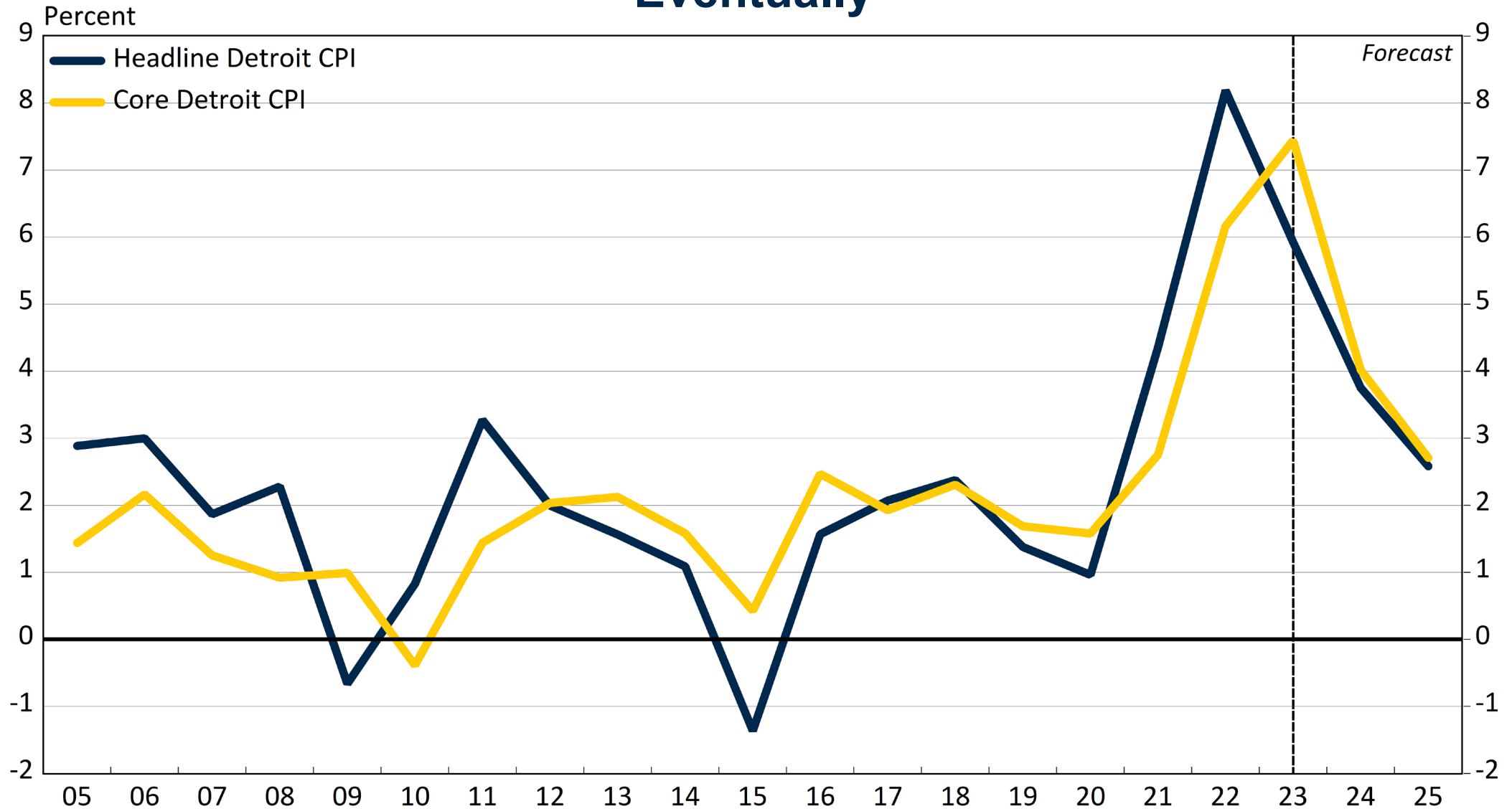
Michigan's Unemployment Rate Ticks Up



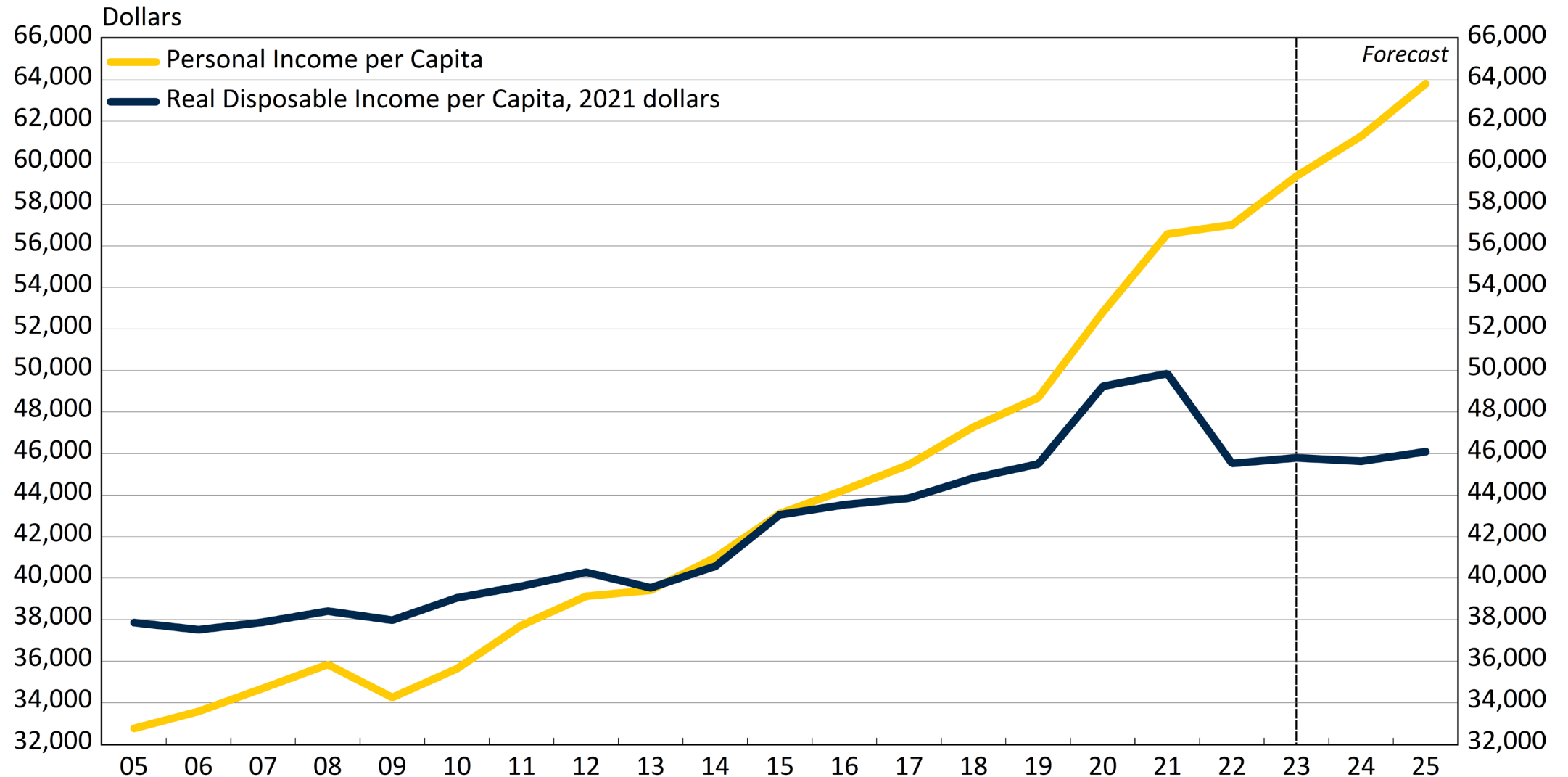
Michigan's Labor Force Participation Makes a Round Trip



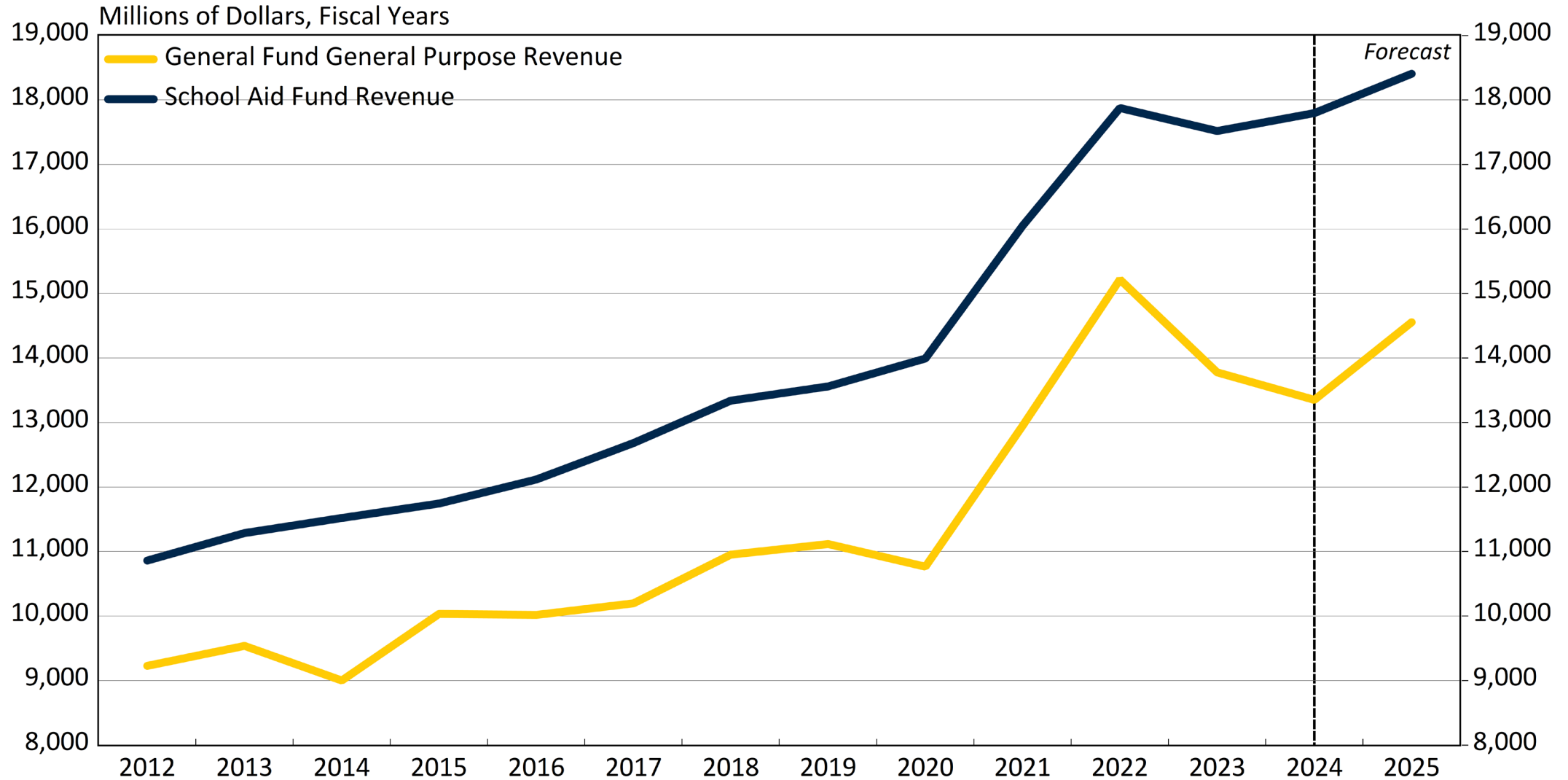
Local Inflation Will Cool Down... Eventually



Inflation Erodes Michigan Personal Income Gains



State Tax Revenues Take a Breather But Remain above Trend



Concluding Thoughts

- We are forecasting a complete recovery in payroll employment by the first half of 2024
- The unemployment rate settles in at 4.2 percent in 2024 and 2025
- Personal income per capita in 2025 is roughly 30% higher than in 2019, but inflation eats away almost all of those gains
- State tax revenue increases \$1.8 billion in fiscal 2025 after a minor decline in fiscal 2024
- Major risks include stubborn inflation, rising geopolitical tensions, and an unexpected contraction in the national economy
- Still, Michigan's economy will likely continue to grow over the next two years



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