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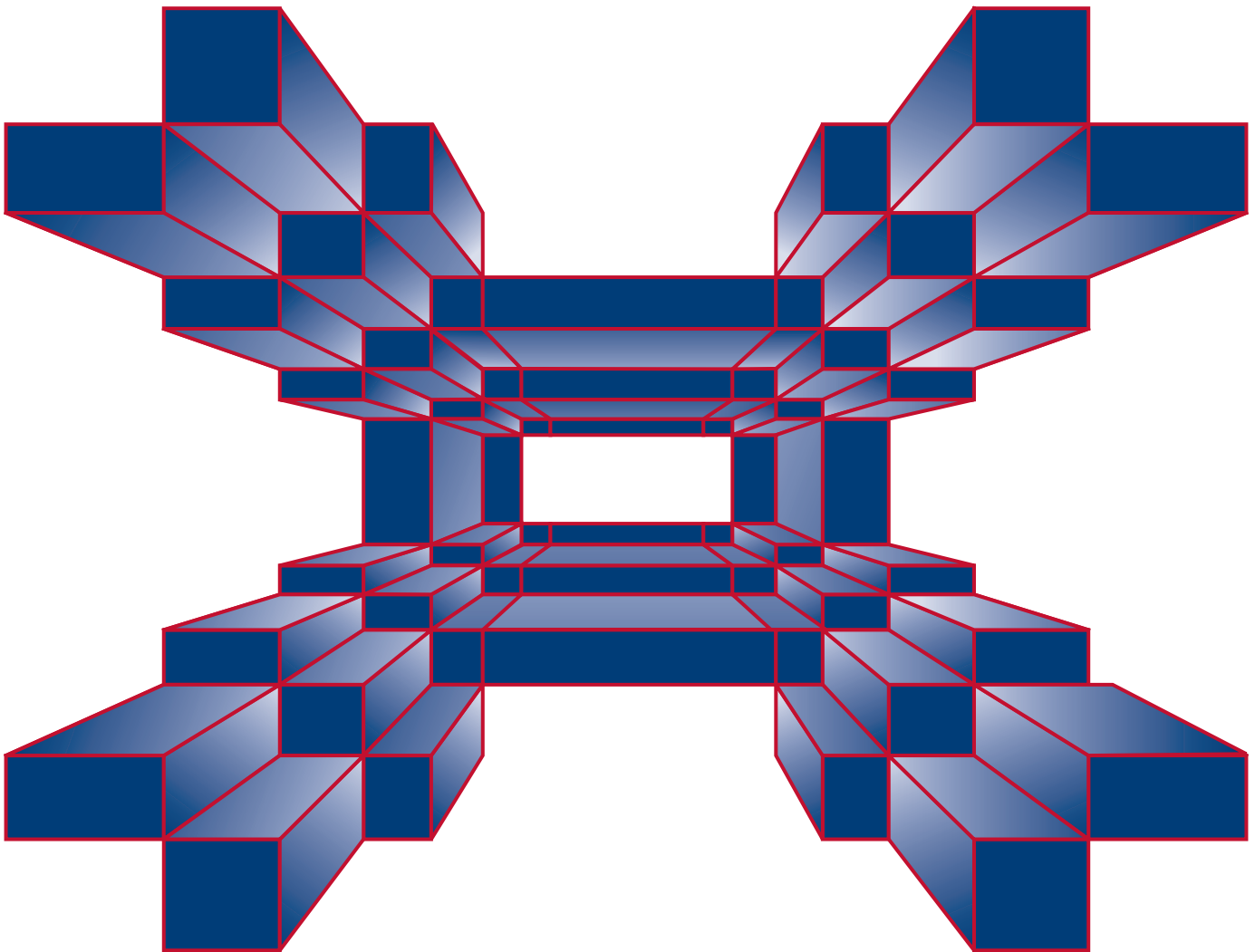
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BUSINESS OUTLOOK

for West Michigan



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BUSINESS OUTLOOK

for West Michigan

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WEST MICHIGAN VIEWPOINT

Technological Change and Economic Indicators

It is becoming increasingly unclear whether tracking the number of help-wanted ads monitors local hiring conditions or simply the decline of local newspapers. Disruptive technological change in communication technology is threatening the very existence of daily newspapers across the country, from the now-defunct Ann Arbor News to the shaky San Francisco Chronicle. As more and more of us are getting our news about local and worldwide events through Internet news sources, it is uncertain how many newspapers will survive.

Traditionally in local labor markets, the newspaper played a key role in connecting job seekers and employers. For decades, the help-wanted section of the local paper was a major source for information on the availability of local employment opportunities, and thus it served as an excellent indicator of the health of the local labor market. An increase in the number of help-wanted ads in the local paper was a clear indication that employers were hiring. However, over the past decade more and more businesses have begun posting their job openings electronically. For economic researchers this is a major headache because there hasn't been an easy way—or any way at all—to keep track of the weekly number of electronic job postings being made by local employers.

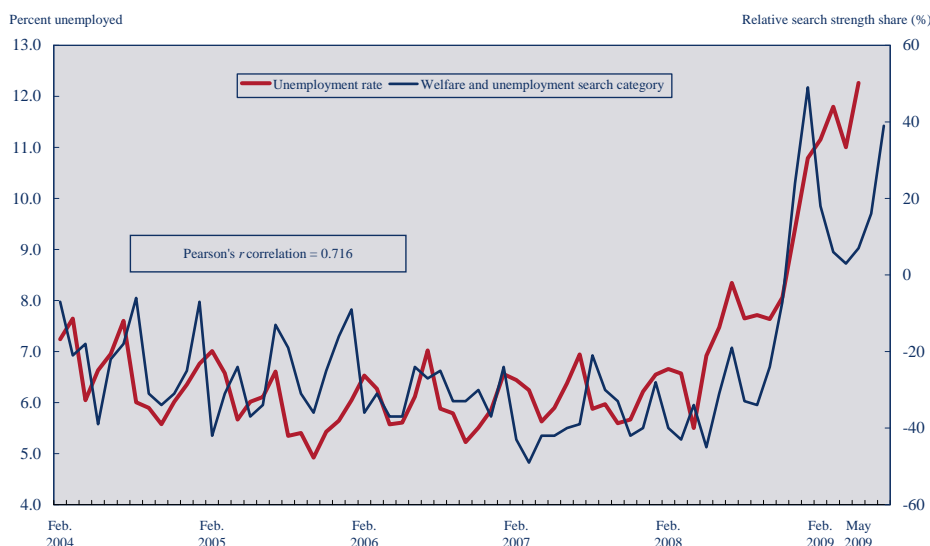
Fortunately, a new source is now becoming available to track changes in Internet search activity. Recently, the well-known search-engine company Google began offering a new service called Google Insight, which provides regular data on relative changes in the number of users seeking information on a variety of topics—including employment services. The data are updated on a weekly basis and can be narrowed down to relatively small geographies, such as the west Michigan media market. However, the data set is not without its problems:

- The data do not track individual users; therefore, we cannot control for multiple searches by the same users.
- Google currently controls 65 percent of the search engine market, and it remains unclear whether its users provide a representative sample of all Internet search activity.
- Detail on individual metropolitan areas is not readily available; we must be content with an indicator for the overall region.

The chart below compares change in the west Michigan unemployment rate and change in the Google search strength for a category of search topics related to employment assistance. The relative strength of a search topic category is normalized to the overall volume of search activity in the region; therefore, changes in the search strength line reflect changes in the relative popularity of the topic and not the absolute volume. Our analysis suggests that search volume and the region's unemployment rate have a positive relationship: as unemployment increases, people are more likely to search the Internet for employment-related assistance, and vice versa. Despite a divergence in the two values between March and May, the unemployment rate and relative search volume are strongly correlated, having a Pearson's Coefficient of 0.716 (1.0 being an exact fit). Overall, preliminary statistical analysis suggests that the change in search volume provided by Google Insight has characteristics of a leading indicator.

In the next issue of *Business Outlook* we plan to welcome this indicator to our limited number of local economic indicators for west Michigan. An early test will be to see if the decline in search volume during the spring will have accurately predicted a decline in unemployment later this year.

West Michigan Unemployment and Related Google Search Strength



NOTE: West Michigan unemployment rate is the monthly, not seasonally, adjusted weighted average of the six metro areas.

SOURCE: Google Insights and BLS.

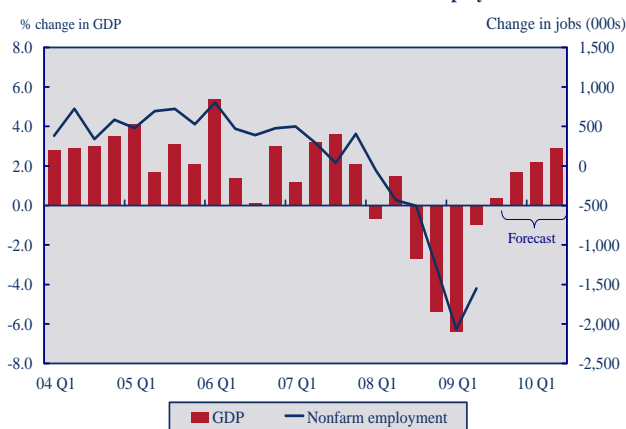
NATIONAL ECONOMY

Turning the Corner

Things are not great when the good news is that the bad news was not as bad as people thought it would be. Be that as it may, this “not-as-bad bad news” is a telltale sign that the economy is turning the corner. Moreover, there are more positive signs that the economy is on the mend than just the fact that the pace of the nation’s decline has slowed.

Beating expectations, the nation’s Gross Domestic Product (GDP) declined at only a 1.0 percent annualized rate during the second quarter, after falling at a more severe 6.4 percent rate during the first three months of the year.

Gross Domestic Product and Nonfarm Employment



Businesses pilfered their warehoused goods to keep up with domestic demand during the quarter. In fact, during the first six months of the year, businesses depleted their inventories at a record rate. Real final sales of domestic product, which is GDP minus change in private inventories, rose during the quarter, increasing at a 0.4 percent annualized rate. The need for businesses to rebuild these inventories, alone, promises that GDP will be positive during the current third quarter. Nevertheless, the staying power of the expected upturn rests, once again, on the shoulders of the weary consumer, and here the news is not good.

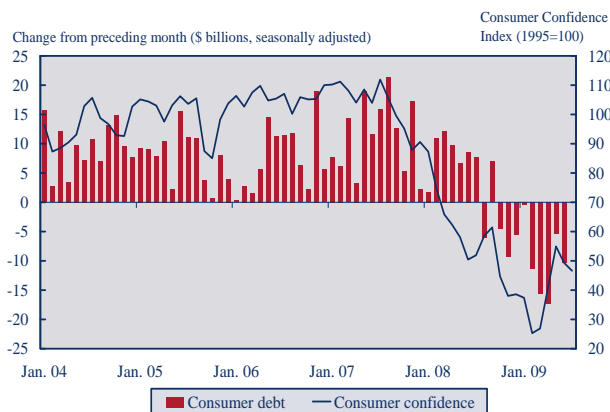
Consumers without Clunkers Continue to Hunker Down

Consumers continue to stash away as much as they can, and as a result consumer spending fell at a 1.0 percent annualized rate during the second quarter. Savings as a percentage of real disposable income increased to 5.0 percent during the second quarter, topping their already-high level of 4.0 percent recorded during the first quarter. Moreover, households continue to lower their debt burden.

Retail sales declined by 0.1 percent in July, after climbing by 0.8 percent in June. If the Cash for Clunkers—driven auto industry is removed from the equation, sales fell by 0.6 percent. Auto sales increased by 2.4 percent during July as car sales hit an 11.2 million unit pace for the month, the industry’s best month since last September. However, away from the auto showrooms, the news was not good.

Two interrelated factors contributed to the quarter’s lackluster consumer expenditures. First, the government reported that both personal income and disposable personal income fell by 1.3 percent in June.

Consumer Confidence and Consumer Debt



The decline in personal income was due, in large part, to the second factor, which is the continued loss of jobs. While July’s job report was better than expected and the best since August 2008, employers still eliminated 247,000 jobs during the month. The nation’s unemployment rate inched down to 9.4 percent, but for the wrong reasons: the number of frustrated job seekers leaving the labor market surpassed the number of jobs being cut by employers. Despite both of these factors, consumer confidence rose in August. The Conference Board reported that its Consumer Confidence Index increased from 47.4 in July to 54.1 in August.

Business Conditions Are Improving

Besides raiding their warehouses, there are some additional signs that the nation’s businesses are stirring. The Institute for Supply Management (ISM) reported that its manufacturing index reached 48.9 in July, its highest level since August 2008. Although the reading remains below the 50 mark—the dividing line between a growing and a shrinking factory sector—it is still positive news. It also agrees with the Federal Reserve’s finding that U.S. industrial production rose by 0.5 percent in July, pushed by a jump in auto production. In addition, the nation’s factory capacity utilization rate inched up to 68.5 percent during the quarter.

The slight improvement in business conditions is also seen in a slowing of the rate of decline in business investment. Business spending on structures fell at an 15.1 percent annualized rate during the second quarter, and spending on equipment and software fell at a 8.4 percent rate. During the first quarter, spending on structures tumbled at a 43.6 percent rate, and purchases of equipment and software dropped at a 36.4 percent rate.

There Are Signs of Improving Housing Conditions

The housing industry has been contracting for 14 straight quarters. In the second quarter, residential investment spending fell at a 22.8 percent annualized rate. However, there are some modest signs that some of the nation's housing markets are turning around.

The Case-Shiller Home Price Index, which tracks housing prices in 20 major metropolitan areas, increased for the first time in 37 months, rising by 0.8 percent in June. The index is a better measure of actual housing market conditions than the National Association of Realtors' (NAR) highly reported national median home price because it reflects same-house sales. The nation's median home price, which fell by 15.6 percent in the second quarter, is being pushed down by foreclosures and short sales. According to the NAR, these distressed sales accounted for 36 percent of transactions in the second quarter. The NAR also reports that inventories of unsold homes have shrunk from 4.5 million one year ago to 3.8 million as of June. Plus, existing-home sales increased by 3.8 percent in the second quarter.

Finally, financial conditions are good, mortgage rates are low—approximately 5.5 percent for a 30-year fixed mortgage—and first-time buyers can benefit from a federal tax credit. In short, while construction activity may still wane, the housing market could improve during the next several months.

A Little Help from Our Friends

Except for China and India, economic conditions among our major trading partners continue to be poor. GDP in the

European Union fell at a 9.8 percent annualized rate during the first quarter, and Japan's economy fell at a 14.2 percent rate. Still, both France and Germany report that GDP rose at a modest 0.3 percent annualized rate in the second quarter, and Japan posted a 0.9 percent increase in GDP during that quarter. To our north, the Canadian economy fell at 5.4 percent rate, and to our south the Mexican economy plunged at a 21.5 percent rate during the first quarter.

Not surprisingly, our exports of goods and services fell at a 5.0 percent annualized rate in the quarter, while the decline in consumer spending pushed our imports down at a steeper 15.1 percent annualized rate.

Stable Prices Continue to Give the Fed a Green Light

Consumer prices, as measured by the Consumer Price Index (CPI), have fallen by 2.1 percent during the 12-month period ending July because of sharp reductions in energy prices. The core CPI, which removes energy and food prices from the mix, increased by a modest 1.5 percent during the period. Stable prices allow the Federal Reserve to continue its "easy money" policies, meant to encourage growth in the economy. In its latest meeting, in July, the Bank decided to keep its Federal Funds target at rock bottom, 0 to 0.25 percent. In its press release on the meetings, the central bank said that the near-zero overnight interest rate for banks, which was set in December, could stay there "for an extended period."

On the fiscal side, government spending increased at a 6.4 percent annualized rate in the second quarter, and this was before the federal government's stimulus package had kicked in. To pay for its stimulus package, the government has been selling record volumes of government bonds. Demand for government securities remains strong, due in part to recent volatility in the U.S. stock market.

Brighter Days Are Expected

The consensus forecast of the 34 professional forecasters polled by the Federal Reserve Bank of Philadelphia was revised upward for the current third quarter and the following fourth quarter. The consensus forecast is now calling for GDP to grow at a 2.4 percent annualized rate in the current third quarter and at 2.2 percent in the fourth quarter. During the first two quarters of 2010, the consensus forecast calls for GDP to grow at 2.5 percent and 2.8 percent, respectively. The forecasters also predict that if these output forecasts hold true, employment growth could return in the first quarter of next year. Prices are expected to hold stable during the forecast period.



REGIONAL ECONOMY

Economists at the Federal Reserve Bank of Chicago reported in their latest Beige Book entry that economic conditions in the Great Lakes region continued to be “weak” in June and early July. However, as is true with the nation, the rate of decline appears to be slowing. Their polling of manufacturers found that medium and heavy truck assemblers continue to face poor market conditions and that the region’s auto suppliers were hit hard by the shutdown of auto assembly plants by Chrysler and General Motors. Still, there is an upside: contacted pharmaceutical firms report strong conditions, and steel production is on the rise as service centers are starting to restock depleted inventories.

The bank’s researchers also found consumer spending to be lackluster, with contacted retailers predicting poor back-to-school sales. Outside of healthcare and education, hiring activity remained flat. Finally, many of the region’s businesses report that they are delaying investment expenditures until there are stronger signs of a turnaround.

Multistate residential construction remained flat in the multistate region; however, the researchers found modest increases in the sales of new single-family homes. This is in part due to the fire sale of foreclosed homes, which is continuing to dampen home prices.

Not surprisingly, the researchers found that credit remains tight for both residential and commercial developers. In

addition, high vacancy rates are putting a lid on new nonresidential construction. Still, the researchers found some evidence that credit conditions are improving “moderately,” although demand for business loans is low and banking standards remain tight.

Total employment in the five Great Lakes states of Illinois, Indiana, Michigan, Ohio, and Wisconsin fell by 5.5 percent, and manufacturing employment plunged by 17.3 percent during the 12-month period ending in June. Outside the region, total employment fell by 3.9 percent, and manufacturing employment sank by 10.8 percent. Wisconsin suffered the least decline in employment, while Michigan endured the largest employment declines. One out every four manufacturing workers in Michigan lost his or her job during the period.

Got a Clunker?

In July, car sales rose to an 11.2 million annualized rate. The Cash for Clunkers program guarantees that August numbers will be even better. In fact, Ford announced that it is increasing production over the rest of the year because of the federal incentive program. Its announced third-quarter product schedule calls for the assembly of nearly 500,000 automobiles, 18 percent more than last year. In addition, it set a fourth-quarter production target of 570,000 vehicles, which is up 33 percent from the same quarter last year.

Employment and Earnings^a

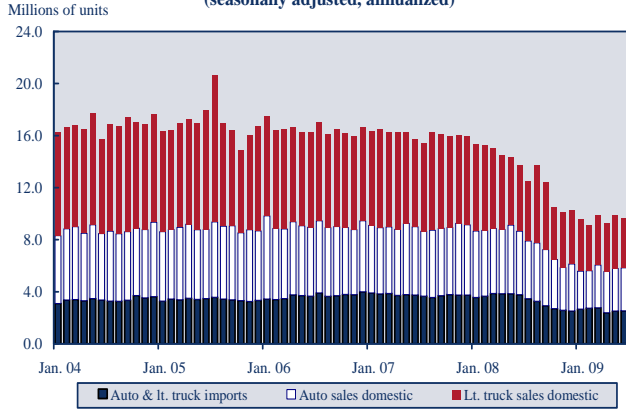
Great Lakes region	June 2009	June 2008	Percent change	Great Lakes region	June 2009	June 2008	Percent change
Illinois				Ohio			
Total employment	5,744,100	6,023,000	-4.6	Total employment	5,148,700	5,431,800	-5.2
Mfg. employment	584,500	666,100	-12.3	Mfg. employment	613,900	750,400	-18.2
Avg. weekly hours	40.0	41.2	-2.9	Avg. weekly hours	39.1	41.3	-5.3
Avg. hourly earnings	\$16.52	\$16.37	0.9	Avg. hourly earnings	\$18.38	\$19.93	-7.8
Indiana				Wisconsin			
Total employment	2,817,300	2,978,700	-5.4	Total employment	2,800,200	2,923,200	-4.2
Mfg. employment	434,700	533,700	-18.5	Mfg. employment	447,600	501,800	-10.8
Avg. weekly hours	38.9	42.0	-7.4	Avg. weekly hours	38.6	39.6	-2.5
Avg. hourly earnings	\$18.94	\$18.45	2.7	Avg. hourly earnings	\$17.96	\$18.11	-0.8
Michigan				United States			
Total employment	3,903,100	4,242,300	-8.0	Total employment (000)	131,692	137,356	-4.1
Mfg. employment	441,700	596,900	-26.0	Mfg. employment (000)	11,854	13,505	-12.2
Avg. weekly hours	40.9	43.3	-5.5	Avg. weekly hours	39.5	40.9	-3.4
Avg. hourly earnings	\$20.97	\$22.57	-7.1	Avg. hourly earnings	\$18.10	\$17.73	2.1

NOTE: June 2009 numbers are preliminary.

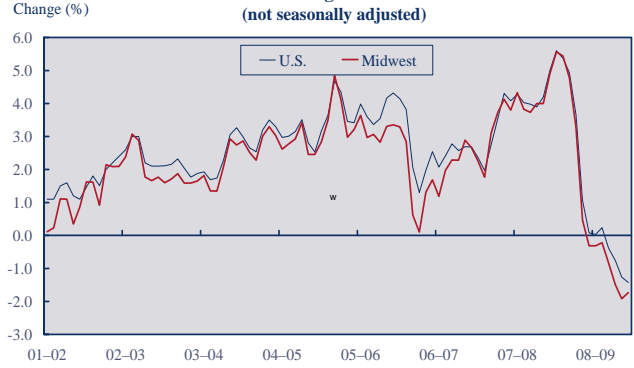
^aEmployment numbers are seasonally adjusted for both the nation and the states. Average weekly hours and earnings are seasonally adjusted for the nation only.

SOURCE: U.S. Bureau of Labor Statistics (BLS).

U.S. Auto and Light Truck Sales
(seasonally adjusted, annualized)



Consumer Price Index, Percent Change Year-to-Year
(not seasonally adjusted)



NOTE: The Midwestern states include Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, South Dakota, and Wisconsin.

Still, the industry is in the midst of a major slowdown. During the first seven months of the year, North American production of cars and light trucks was down 47.8 percent. Production at the Detroit Three was down by 52.9 percent, while production at the North American plants of Honda, Nissan, and Toyota was down 40.4 percent.

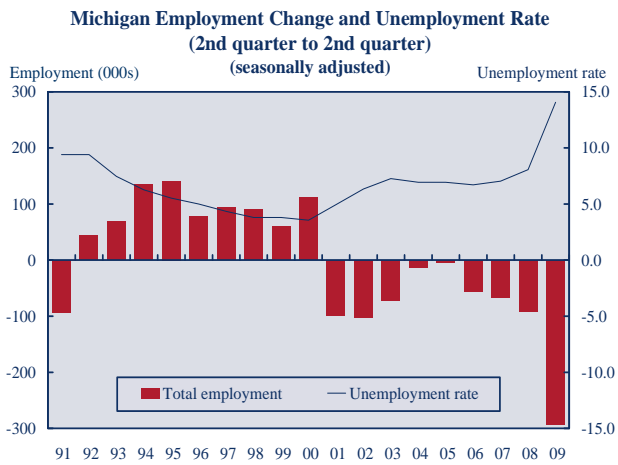
Sales for the Detroit Three during the first seven months of this year were down 35.7 percent compared to same period last year. Toyota and Honda experienced similar declines of 34.2 percent and 31.1 percent, respectively. Overall, sales of cars and light trucks were down by 32 percent during the seven-month period.

Prices Remain Flat

Because of a sharp decline in energy prices, overall prices in the 12-state Midwest region and the United States have fallen during the past 12 months by 1.7 and 1.4 percent, respectively. Researchers at the Chicago Federal Reserve did find that steel and plywood prices were slightly up in July. Finally, according to the businesses contacted by the researchers, because of the soft economy the increase in the national minimum wage did not cause an increase in prices; however, it did lead to a cutback in hours for some firms.

STATE OF MICHIGAN ECONOMY

Employment fell by more than 84,000 workers during the second quarter; a 2.1 percent decline, bringing the total loss of jobs in the state to more than 300,000 for the past four quarters. All of the major private sectors of the state's economy, including its educational and health services sector, lost jobs during the quarter. The state's unemployment rate climbed to 14.1 percent. Unfortunately, the state's economic indicators suggest that further employment declines are expected in the near term.



Employment in the state's goods-producing sector fell by 8.2 percent during the second quarter. During the past four quarters, goods producers in the state eliminated one out of every five jobs. Construction employment fell by 10.4 percent during the quarter, despite a 10.7 percent increase in the number of new dwelling units put under contract for construction. The state's manufacturers cut more than 37,000 jobs, a reduction of 7.6 percent during the quarter. The seemingly successful Cash for Clunkers program may enable automakers and their suppliers to call back at least some of their workers in the coming months.

In 2008, the state's food processors were the only major manufacturers to report an increase in employment. The state's large auto industry and its primary metals and plastics producers all reported double-digit percentage drops in employment.

Employment in the state's private service-providing sector fell by 1.3 percent during the quarter, a loss of 33,570 jobs. All of the major private services sectors reported employment losses for the quarter. Professional and business services, a sector that includes temporary employment agencies, suffered the largest decline, losing more than 11,000 workers.

Even employers in the state's more robust service sectors, the educational and health services sector and the leisure and hos-

pitality sector, reported employment declines during the quarter.

Retail employment fell by 1.3 percent during the quarter—not surprising given the long-term decline in retail activity in the state as reported by the Federal Reserve Bank of Chicago, which in partnership with the Michigan Retailers Association conducts a monthly survey of state retailers.

Surprisingly, government was the sole sector reporting employment gains in the state for the quarter.

Nearly all of the statewide economic indicators turned negative during the quarter. The Detroit and west Michigan help-wanted advertising indices fell, and the number of new claims for unemployment insurance rose by 12.6 percent.

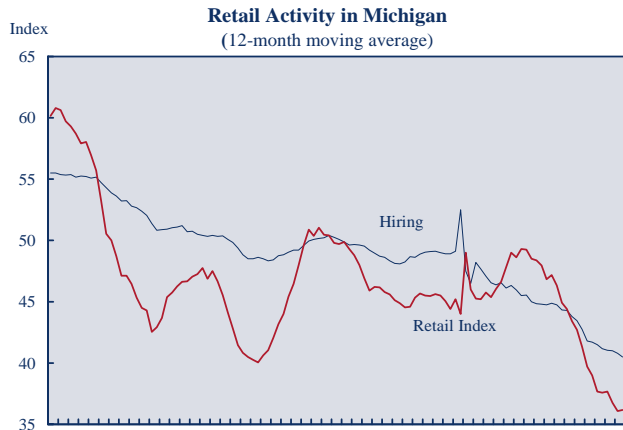
Comerica Bank's Michigan Economic Activity Index moved up slightly in June, reaching 73, but it is still 13 points behind last year's mark. In addition, according to the Associated Press's Economic Stress Index, Michigan ranks behind only California as the most economically distressed state in the nation. The county-level index is based on the following three indicators: 1) unemployment, 2) foreclosures, and 3) bankruptcies. Only three of Michigan's 83 counties had scores that stayed below the "economic stress" level of the index.

Employment Conditions Are Tough All Over

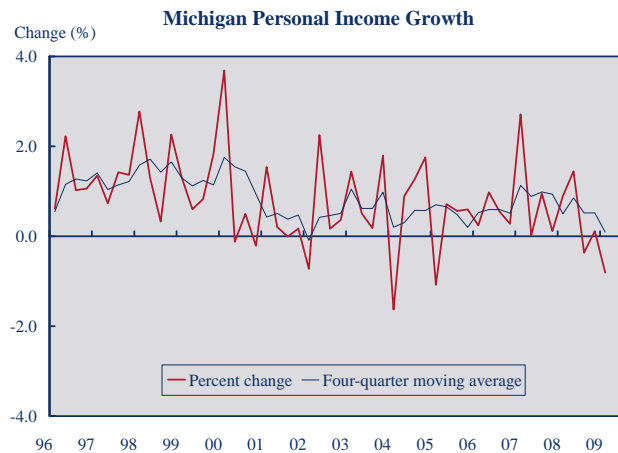
All of the state's metropolitan areas suffered employment declines during the 12-month period ending in June. The Holland-Grand Haven MSA, which is experiencing employment decline in two of its largest industry sectors, office furniture makers and auto suppliers, posted the deepest percentage change in employment, a decline of 9.1 percent. Moreover, except for Ann Arbor, the unemployment rates in all of the state metro areas topped 10 percent. Flint faced the highest jobless rate, 17.1 percent.

Economic Outlook Is Not Promising

In July, the University of Michigan released its latest economic forecast for the state. On a fourth-quarter to fourth-quarter basis, researchers at the university's Research Seminar in Quantitative Economics are forecasting employment to fall by slightly more than 310,000 workers during 2009. Personal income is expected to decline by 0.5 percent. In 2010, employment is expected to fall by an additional 36,000 jobs, but personal income is predicted to be positive, rising by 0.8 percent.



NOTE: Index = percent reporting an increase in sales + [0.5 x (% reporting no change)].



Change in Average Weekly Wage for Manufacturing Workers
Fourth Quarter 2007-2008
(not seasonally adjusted)

Labor market area	Weekly wage	% change 2007-08	Labor market area	Weekly wage	% change 2007-08
Ann Arbor	\$1,403	-4.0	Jackson	\$1,026	1.8
Battle Creek	1,131	4.3	Kalamazoo-Portage	1,259	7.5
Bay City	991	-7.6	Lansing-East Lansing	1,188	-1.3
Detroit-Warren-Livonia	1,370	2.9	Monroe	1,315	0.0
Flint	1,288	-13.3	Muskegon-Norton Shores	996	5.5
Grand Rapids-Wyoming	1,053	3.4	Niles-Benton Harbor	1,144	-0.3
Holland-Grand Haven	1,056	7.2	Saginaw-Saginaw Township North	1,249	3.7

SOURCE: Michigan Department of Labor and Economic Development, ES202 data.

Employment by Place of Work and Civilian Labor Force Unemployment Rates
June
(seasonally adjusted)

Labor market area	Total nonfarm	% change, 2008-2009	Goods-producing	% change, 2008-2009	Private service-providing	% change, 2008-2009	Unemployment rate June 2008	Unemployment rate June 2009
United States	131,692,000	-4.1	18,815,000	-12.5	90,323,000	-3.2	5.5	9.5
Michigan	3,845,800	-8.1	568,700	-24.2	2,628,700	-5.6	8.1	15.2
West Michigan MSAs:								
Battle Creek	54,600	-6.9	13,610	-10.9	31,700	-5.6	7.4	13.0
Grand Rapids-Wyoming	365,360	-5.5	75,350	-12.6	254,450	-3.9	6.9	12.2
Holland-Grand Haven	101,910	-9.1	34,100	-13.3	53,240	-7.1	6.8	13.3
Kalamazoo-Portage	137,500	-4.8	25,000	-12.0	89,900	-4.6	7.1	12.2
Muskegon-Norton Shores	59,850	-7.0	12,450	-14.3	38,230	-6.7	8.3	16.3
Niles-Benton Harbor	60,800	-7.1	14,060	-12.8	37,090	-6.9	7.8	13.5
Other labor market areas:								
Ann Arbor	187,320	-4.6	15,850	-23.3	101,280	-5.5	5.6	9.5
Bay City	—	—	—	—	—	—	7.7	13.4
Detroit-Warren-Livonia	1,740,640	-9.0	233,010	-24.4	1,294,730	-6.7	8.5	16.1
Flint	131,780	-8.4	11,540	-41.2	96,300	-4.0	9.5	17.1
Jackson	54,070	-6.2	9,420	-12.7	35,020	-6.6	8.2	14.9
Lansing-East Lansing	217,200	-4.2	21,090	-24.1	129,130	-3.6	6.7	11.5
Monroe	—	—	—	—	—	—	8.2	16.9
Saginaw-Saginaw Township North	81,830	-5.8	11,900	-19.1	57,720	-3.3	8.2	14.2

NOTE: — = data not available.

SOURCE: U.S. Department of Labor and the Michigan Department of Labor and Economic Growth (most recent benchmark).

WEST MICHIGAN ECONOMY

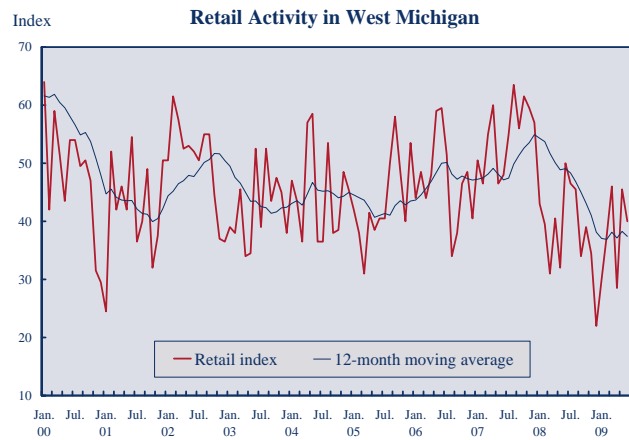
Total employment in west Michigan declined by 1.4 percent last quarter as none of the six areas that make up the region were able to post an improvement. Workforce reductions were widespread across multiple industries: both the goods-producing and private service-providing sectors shed a substantial number of workers, while government employment fell at a more modest rate. Not surprisingly, unemployment shot up as well, pushing the region's overall rate to 12.8 percent. Fortunately, however, regional economic indicators suggest that conditions are beginning to stabilize in at least some parts of west Michigan. Although it seems unlikely that employment will grow substantially during the third period, at least it now seems possible that the worst of the downturn may be over.

The goods-producing sector experienced yet another sizable loss during the second quarter, as it saw a 3.0 percent decline in employment. Both manufacturing and the construction and mining sector posted substantial losses—2.8 percent and 3.0 percent, respectively. Over the past year, construction and mining employment has suffered the most in terms of percentage with a 13.5 percent loss, which is largely the result of a severe downturn in the market for new homes. Fortunately, there are signs in several west Michigan metropolitan areas that the market may have bottomed out; however, the fact that the regionwide total of dwelling-unit contracts declined during the second quarter suggests that a broad pattern of recovery is still not in place.

In the manufacturing sector, the 3.0 percent drop in employment last quarter was largely the result of payroll cuts at nondurable goods firms. Many companies in west Michigan are direct or indirect suppliers to the struggling furniture and automotive industries. According to the Business and Institutional Furniture Manufacturer's Association (BIFMA), a trade organization for the office furniture industry, U.S. production of office furniture is expected to fall by 28.6 percent this year—a trend that has certainly affected west Michigan companies, especially in the Holland and Grand Rapids metro areas. Additionally, the plight of the automotive industry in the ongoing recession is well known, as is its effect on west Michigan parts suppliers; however, the apparent success of the Cash for Clunkers program in July and August should help boost new car sales during the third quarter. Even if the increase is temporary, it could help improve the overall manufacturing outlook for the region through the last few months of the year.

Employment in the private service-providing sector shrank by 1.0 percent during the last quarter. Weak employment conditions remain widespread across all service industries, although the educational and health services sector was able to return to positive growth with a modest 0.3 percent bump in

its workforce. The worst performance occurred in professional and business services; that sector lost over 2,000 workers last quarter, far more than any other service-providing industry. Over the past year, one-tenth of all professional and business service jobs in west Michigan, which include jobs through temporary employment agencies, have disappeared, a rate of loss similar to that of the manufacturing sector.



NOTE: Index = percent reporting an increase in sales + [0.5 x (% reporting no change)].

Not surprisingly, employment has also fallen substantially in sectors that are dependent on consumer expenditures. Across west Michigan, leisure and hospitality employment declined at a comparatively modest 0.9 percent pace last quarter; however, this hides the fact that the sector plunged in the lakeshore communities: Holland–Grand Haven, Muskegon–Norton Shores, and Niles–Benton Harbor. The steep drop in these communities suggests that the tourism season may have gotten off to a slow start. Conditions are also difficult in west Michigan's retail sector, which shed 1,100 jobs last quarter. Unfortunately, the situation does not appear to be improving for the region's retailers, as the level of activity reported by the Michigan Retailers Association remains weak.

Government employment declined at a relatively modest 0.8 percent rate last quarter and is down by only 0.3 percent over the past year. These figures should be taken with a grain of salt, however, since hiring at Berrien County's Four Winds Casino Resort and the new Firekeepers Casino in Calhoun County has almost certainly diluted the magnitude of employment reductions that have been occurring at state and local governmental agencies. (Although casinos do not provide public services, they are classified by record keepers as government entities because of their independent tribal ownership status.) This situation will continue to obscure the ongoing budget woes and employment cuts facing state and local government activities throughout Michigan.

West Michigan (6 MSAs) Statistics

(seasonally adjusted)

Measure	2009 Q2	2009 Q1	% change, Q1 to Q2	2008 Q2	% change, Q2 to Q2
Employment (by place of work)					
Total nonfarm employment	782,390	793,620	-1.4	831,770	-5.9
Goods-producing	176,240	181,670	-3.0	198,940	-11.4
Construction and mining	29,360	30,220	-2.8	33,930	-13.5
Manufacturing	146,880	151,460	-3.0	165,000	-11.0
Private service-providing	505,100	510,100	-1.0	531,510	-5.0
Trade, transportation, and utilities	141,610	143,380	-1.2	150,130	-5.7
Retail trade	85,070	86,170	-1.3	90,190	-5.7
Information (5 MSAs) ^a	8,080	8,380	-3.6	8,870	-8.9
Financial activities	35,470	35,940	-1.3	37,410	-5.2
Professional and business services	88,420	90,480	-2.3	99,060	-10.7
Educational and health services	126,120	125,770	0.3	125,500	0.5
Leisure and hospitality	70,690	71,330	-0.9	74,910	-5.6
Other services	34,710	34,800	-0.3	35,610	-2.5
Government	101,050	101,850	-0.8	101,320	-0.3
Unemployment					
Number unemployed	113,070	98,290	15.0	63,560	77.9
Unemployment rate (%)	12.8	10.6		6.6	
Local indexes					
Help-wanted ads (4 MSAs) (1996=100) ^b	13	18	-27.8	27	-51.9
UI initial claims	4,063	4,672	-13.0	2,548	59.5
New dwelling units ^c	1,882	2,124	-11.4	2,392	-21.3

NOTE: Categories may not sum to total because of rounding.

^a Information employment data is not available for Battle Creek MSA.

^b Niles-Benton Harbor MSA and Holland-Grand Haven MSA help-wanted data are not available.

^c Seasonally adjusted annual rates. Van Buren County is not included.

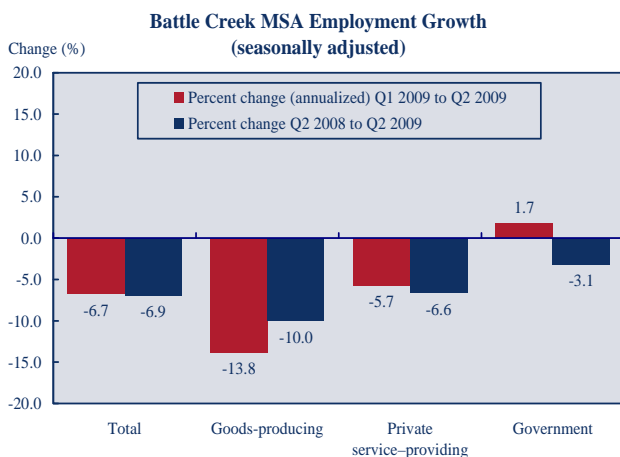
SOURCE: W.E. Upjohn Institute for Employment Research. Based on dwelling data from F.W. Dodge Division, McGraw Information Systems Company; ad count from four major daily newspapers; and employment data from the Michigan Department of Labor and Economic Growth.

Despite a dismal performance in the second quarter, there are incipient signs of hope for improvement in the economy during the second half of the year. In addition to emerging reports suggesting that the worst of the national downturn is over, west Michigan's local economic indicators have improved slightly. The most important positive sign comes from the reduction in initial claims for unemployment insurance, which suggests that layoffs may finally be slowing. Additionally, there are reports of improvement in the employment outlook survey from Manpower, particularly in the Kalamazoo region. Of course, these are only the first signs of improvement; other

indicators suggest that improvement is still needed before a recovery can take root. In the residential housing market, contracts for new dwelling units continue to be down—a sign that demand has still not yet recovered. Finally, the help-wanted ads index fell again last quarter, and its reading remains historically low. Even as many job-hunting activities have shifted toward online services, some improvement in the newspaper-based index of help-wanted advertising should occur during an economic recovery, since many entry-level and service positions still rely on local classified advertisements.

BATTLE CREEK MSA

Total employment in Calhoun County shrank by 1.7 percent during the second quarter. Job cuts occurred across most private-sector industries; however, government employment managed to eke out a small increase. Not surprisingly, the number of unemployed residents swelled over the three-month period and pushed the unemployment rate up nearly two points, to 12.5 percent. The only silver lining to this cloud may be that the local economic indicators turned from negative to mixed, which suggests the region may be nearing bottom. Still, it is far too early to begin forecasting a recovery.



The goods-producing sector continues to bear the brunt of job losses in the current economic downturn. During the second quarter, 520 jobs were lost as a result of employment cuts in construction and mining, as well as in both durable and non-durable goods manufacturing. Among major local manufacturing industries, only food producers have reported recent growth, having added 150 workers between the fourth quarter of 2007 and the fourth quarter of 2008. During the same period, the dominant manufacturing industry, transportation equipment—which is composed primarily of automotive suppliers—shrank by 5.4 percent, a loss of 260 jobs.

Unfortunately, local manufacturing employment levels may fall even further with the closing of Yorozu, a parts supplier for General Motors, Honda, Subaru, and Mitsubishi. The company, which currently employs more than 140 workers in the Fort Custer Industrial Park, is expected to cease operations in November. However, in the long run this may be balanced out by growth at Autovan, a firm that customizes vans and other vehicles to be wheelchair accessible. The company recently announced plans to add as many as 140 skilled workers to its current workforce of 24.

Construction and mining employment continues to experience a far greater rate of decline than any other industry in the re-

gion. Following continual job losses over the course of the previous four quarters, the sector shed another 210 jobs during the second quarter of 2009, a 10.9 percent decline. A major cause of construction employment weakness is the residential housing market. Although the number of new dwelling units under contract increased slightly last quarter to 25 units, the rate remains at a historically low level.

Of course, job losses are no longer confined only to the goods-producing sector. Employment in the private service-providing sector fell by 1.4 percent last quarter, a loss of 460 jobs. The only bright spots for employment over the three-month period were the financial activities sector and the educational and health services sector. Although neither posted growth, in the current environment it is notable that both were able to hold employment steady.

The largest service-providing job losses occurred in the leisure and hospitality sector and the professional and business services sector: both reduced employment by 3.4 percent last quarter. Unfortunately, two of the region's key professional-sector employers also announced staff reductions during the spring months: the Kellogg Company's research and development facilities announced an undisclosed number of layoffs in June, while the nonprofit Kellogg Foundation announced in July that it is attempting to reduce employment through early retirement incentives, as well as through the closure of offices in Mississippi, Africa, and South America.

Government employment increased by 40 jobs in the second quarter, a modest 0.4 percent increase. This feat can be attributed to preparations for the August opening of the Firekeepers Casino in Emmett Township. Because the facility is operated by a federally recognized independent Native American tribe, the facility's workers are classified by record keepers as public employees. Entities more traditionally associated with government employment have generally been reducing their workforce levels over the past year.

In a quarter of economic doom and gloom, the only bright spot for the region may be the forward-looking economic indicators, which turned mixed for the first time after a year of consistently negative readings. A decline in initial claims for unemployment insurance and a slight increase in the rate of new dwelling unit construction are both positive signs. The only negative reading came from the index of help-wanted advertising, which slipped lower during the quarter.

Battle Creek MSA
(seasonally adjusted)

Measure	2009 Q2	2009 Q1	% change, Q1 to Q2	2008 Q2	% change, Q2 to Q2
Employment (by place of work)					
Total nonfarm employment	54,260	55,210	-1.7	58,290	-6.9
Goods-producing	13,740	14,260	-3.6	15,260	-10.0
Construction and mining	1,710	1,920	-10.9	2,060	-17.0
Manufacturing	12,030	12,340	-2.5	13,190	-8.8
Durable goods	7,310	7,560	-3.3	8,180	-10.6
Nondurable goods	4,720	4,790	-1.5	5,020	-6.0
Private service-providing ^a	31,280	31,740	-1.4	33,480	-6.6
Trade, transportation, and utilities	8,890	9,020	-1.4	9,590	-7.3
Retail trade	5,790	5,820	-0.5	6,250	-7.4
Financial activities	1,400	1,400	0.0	1,500	-6.7
Professional and business services	4,290	4,440	-3.4	5,190	-17.3
Educational and health services	9,790	9,790	0.0	9,860	-0.7
Leisure and hospitality	4,520	4,680	-3.4	4,960	-8.9
Other services	2,390	2,400	-0.4	2,390	0.0
Government	9,250	9,210	0.4	9,550	-3.1
Unemployment					
Number unemployed	8,350	7,160	16.6	4,830	72.9
Unemployment rate (%)	12.5	10.7		7.0	
Local indexes					
Help-wanted ads (1996=100)	6	7	-14.3	17	-64.7
UI initial claims	470	490	-4.0	274	71.6
New dwelling units ^b	25	21	20.8	49	-48.8

NOTE: Categories may not sum to total because of rounding.

^a Data for information services is included in the "other services" sector.

^b Seasonally adjusted annual rates.

SOURCE: W.E. Upjohn Institute for Employment Research. Based on dwelling data from F.W. Dodge Division, McGraw-Hill Information Systems Company; and employment data from the Michigan Department of Labor and Economic Growth.

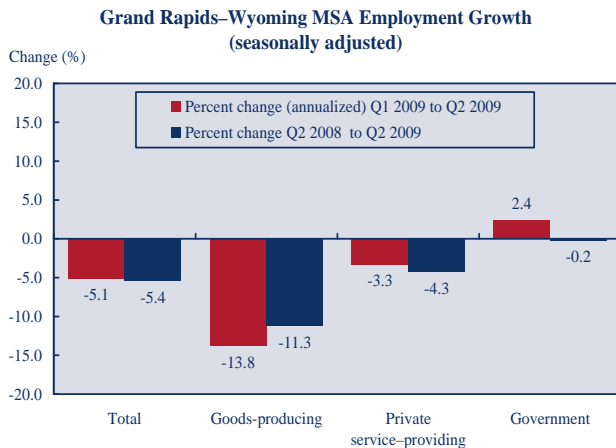
Battle Creek MSA
Industry Employment Change by Place of Work, Fourth Quarter to Fourth Quarter
(not seasonally adjusted)

Industry	2008 Q4	2007 Q4	Percent change	Industry	2008 Q4	2007 Q4	Percent change
Goods-producing				Ambulatory health care services	2,750	2,680	2.6
Food manufacturing	3,620	3,470	4.3	Hospitals	2,430	2,580	-5.8
Fabricated metal products mfg.	1,540	1,670	-7.8	Arts, entertainment, and recreation	650	760	-14.5
Transportation equipment mfg.	4,540	4,800	-5.4	Accommodation and food services	3,880	4,150	-6.5
Private service-providing				Food services and drinking places	3,720	3,920	-5.1
Professional and technical services	930	970	-4.1	Government			
Administrative and support services	2,910	3,010	-3.3	Federal Government	3,090	3,180	-2.8
Educational services	1,430	880	62.5	State Government	400	390	2.6
Health care and social assistance	7,930	7,920	0.1	Local Government	5,920	6,020	-1.7

SOURCE: Michigan Department of Labor and Economic Development, ES202 data.

GRAND RAPIDS–WYOMING MSA

The Grand Rapids metropolitan area lost 4,800 jobs last quarter, a 1.3 percent decline. Goods-producing employment continued to shrink at a discouraging rate; however, private service-providing sector losses moderated slightly, and government employment actually increased. Although the rate of workforce contraction has slowed, the region's unemployment rate soared from 10.1 to 11.7 percent over the three-month period, as both unemployed workers and residents entering the workforce struggled to find jobs. On the plus side, regional economic indicators are at last showing small signs of improvement, which suggests that local economic conditions may finally begin to level out during the third quarter.



Goods-producing firms were the dominant source of job reductions last quarter. Durable goods manufacturers, whose ranks include automotive suppliers and furniture companies, shrank the most, experiencing a 4.7 percent decline—equal to nearly 2,000 jobs lost. Nondurable goods producers fared slightly better, as they saw employment fall by only 1.0 percent. This is most likely the result of the continued success of the region's food processing and manufacturing industry, which was still reporting healthy growth as recently as the fourth quarter of 2008.

Unfortunately, construction and mining employment continues to bear the brunt of the home-building slowdown. Last quarter the sector shed 680 jobs, a 4.3 percent decline. Luckily, the market may be showing signs of recovery. New dwelling unit contracts posted their second consecutive quarterly increase during the period—a 10 percent bump. Additionally, the rate of new dwelling unit construction is also up over the same time last year.

In a nice change, several major positive business reports were released last quarter. The most surprising news may be the return of General Motors to the region. Although the company

recently closed its metal stamping plant in Wyoming, in late May the company announced plans to reacquire its former valve part manufacturing facility from the bankrupt Delphi Corporation. More positive news came from Foremost Insurance, which revealed plans to add 1,600 workers to its existing facility in Caledonia. Finally, Roskam Baking announced that it will take over a former Steelcase plant in Kentwood and staff the revamped facility with 1,500 new workers.

Private service-providing employment fell by 0.8 percent during the second quarter—a slightly slower rate of decline than during the first three months of the year. Still, this large sector is the source of the majority of the region's employment reductions over the past year, accounting for more than 11,000 jobs lost. Among service providers, only the educational and health services sector managed to post noteworthy growth during the quarter, adding 420 jobs. During the same period, the information sector suffered the greatest rate of decline, 3.6 percent, while the larger professional and business services sector lost the most jobs overall, 1,120.

The government sector posted a surprising 0.6 percent bump during the second quarter for a net gain of 210 jobs. Still, overall public sector employment is down by a slight 0.2 percent over the past year.

Despite a quarter dominated by bad news, a few positive signs managed to emerge during the second quarter. For the first time in nearly two years the number of initial claims for unemployment insurance benefits actually fell, which suggests a slowdown in the pace of layoffs and plant closings. According to the latest Manpower employment survey results, local firms may even begin hiring at a “moderate pace” during the third quarter of 2009. The staffing agency indicated that signs of worker demand have increased locally, even in hard-hit industries such as durable goods production and professional and business services. Additionally, new home construction also appears to be regaining some strength following an increase in new dwelling unit contracts during the second quarter. The only persistently negative indicator during the period was the index of help-wanted advertising, which fell by 23.1 percent. This suggests that hiring opportunities may still be scarce in the region, particularly for entry-level and service-sector job openings, which are typically advertised in local newspapers.

Grand Rapids–Wyoming MSA
(seasonally adjusted)

Measure	2009 Q2	2009 Q1	% change, Q1 to Q2	2008 Q2	% change, Q2 to Q2
Employment (by place of work)					
Total nonfarm employment	366,160	370,980	-1.3	387,250	-5.4
Goods-producing	76,210	79,090	-3.6	85,890	-11.3
Construction and mining	14,970	15,650	-4.3	16,770	-10.7
Manufacturing	61,240	63,440	-3.5	69,120	-11.4
Durable goods	40,450	42,430	-4.7	47,020	-14.0
Nondurable goods	20,790	21,000	-1.0	22,100	-5.9
Private service–providing	254,690	256,850	-0.8	266,020	-4.3
Trade, transportation, and utilities	69,080	69,940	-1.2	73,020	-5.4
Transportation and utilities	9,640	9,760	-1.2	10,570	-8.8
Wholesale trade	21,680	21,840	-0.7	22,400	-3.2
Retail trade	37,760	38,320	-1.5	40,040	-5.7
Information	4,490	4,660	-3.6	4,850	-7.4
Financial activities	19,130	19,390	-1.3	20,200	-5.3
Professional and business services	52,860	53,980	-2.1	57,810	-8.6
Educational and health services	62,570	62,150	0.7	61,760	1.3
Leisure and hospitality	30,770	30,950	-0.6	32,170	-4.4
Other services	15,800	15,770	0.2	16,210	-2.5
Government	35,260	35,050	0.6	35,340	-0.2
Unemployment					
Number unemployed	45,890	39,480	16.2	26,530	73.0
Unemployment rate (%)	11.7	10.1		6.5	
Local indexes					
Help-wanted ads (1996=100)	10	13	-23.1	26	-61.5
UI initial claims	1,687	1,733	-2.7	1,002	68.3
New dwelling units ^a	1,033	939	10.0	1,002	3.1

NOTE: Categories may not sum to total because of rounding.

^a Seasonally adjusted annual rates.

SOURCE: W.E. Upjohn Institute for Employment Research. Based on dwelling data from F.W. Dodge Division, McGraw-Hill Information Systems Company; and employment data from the Michigan Department of Labor and Economic Growth.

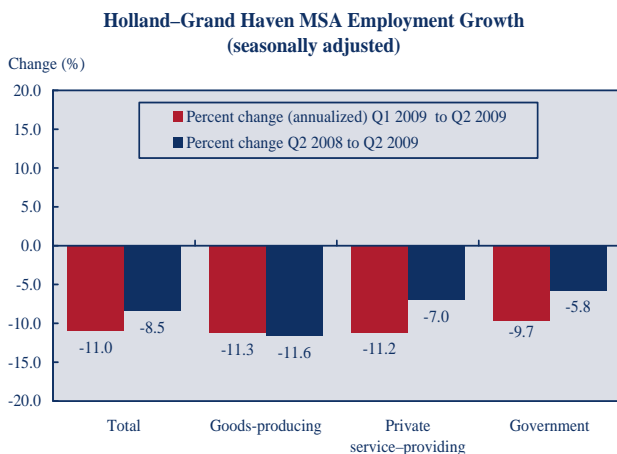
Grand Rapids–Wyoming MSA
Industry Employment Change by Place of Work, Fourth Quarter to Fourth Quarter
(not seasonally adjusted)

Industry	2008 Q4	2007 Q4	Percent change	Industry	2008 Q4	2007 Q4	Percent change
Goods-producing				Health care and social assistance	48,870	47,570	2.7
Food manufacturing	6,300	6,150	2.4	Ambulatory health care services	14,490	14,280	1.5
Chemical manufacturing	4,020	4,230	-5.0	Hospitals	20,080	19,320	3.9
Plastics and rubber products mfg.	6,140	6,640	-7.5	Arts, entertainment, and recreation	3,800	3,970	-4.3
Fabricated metal products mfg.	6,610	7,080	-6.6	Accommodation and food services	26,870	27,950	-3.9
Machinery manufacturing	7,520	8,200	-8.3	Food services and drinking places	24,630	25,460	-3.3
Transportation equipment mfg.	11,680	14,360	-18.7	Government			
Furniture and related products mfg.	6,660	6,600	0.9	Federal Government	3,320	3,380	-1.8
Private service–providing				State Government	3,510	3,430	2.3
Professional and technical services	15,110	14,310	5.6	Local Government	28,570	28,620	-0.2
Administrative and support services	33,080	36,860	-10.3				
Educational services	11,010	10,400	5.9				

SOURCE: Michigan Department of Labor and Economic Growth ES202 data.

HOLLAND-GRAND HAVEN MSA

For the second straight quarter, employment in the Holland-Grand Haven metropolitan area fell by 2.9 percent, a loss of more than 3,000 jobs. In percentage terms, employers in Ottawa County have been shedding workers at a faster pace than in any other part of west Michigan. Not surprisingly, the losses last quarter were felt across every sector of the economy. As a result, the number of unemployed residents has nearly doubled over the past year; and the unemployment rate has now grown to 12.9 percent. Unfortunately, a near-term improvement in regional economic conditions seems unlikely: although local economic indicators have improved slightly to a mixed reading, the measures are not strong enough to suggest a return to expansionary conditions during the third quarter.



The goods-producing sector lost 1,050 jobs last quarter, as both manufacturing and the construction and mining sector reported similar rates of workforce contraction. On the plus side, the residential housing market showed signs of improvement during the quarter, which suggests that construction-related employment could begin to stabilize in the near future.

Manufacturing workers in the region have been heavily affected by cuts in the dominant transportation equipment (automotive) and furniture sectors, as well as by weakness in smaller industries such as machinery and fabricated metals. Between the fourth quarter of 2007 and the fourth quarter of 2008, every major manufacturing industry in the region shrank except for food manufacturing, which was able to eke out a small 20-job increase. During the first half of the year, numerous additional layoffs have been announced, the most recent of which was the July closure of BBi Enterprises Group, an automotive supplier that employed 116 hourly workers.

Fortunately, several recent business expansion announcements suggest that the situation may improve in the near future. In June, two companies, Energetx Composites, which makes wind turbine parts, and Integrated Fabric Resource, which produces flexi-tanks to ship bulk liquids in, announced expansions that are expected to create 1,338 new jobs. Also, in August Johnson Controls and the French battery producer Saft Advanced Power Solutions were awarded a federal grant to support the opening of a new lithium battery production facility in Holland. Eventually, the plant is expected to employ 550 workers. Finally, Haworth is consolidating its Canadian manufacturing operations in Holland, a move that will increase the company's local employment by 500 workers.

Employment in the private service-providing sector fell by 2.9 percent last quarter, a loss of 1,610 jobs. Unfortunately, the pain was widespread; even the educational and health services sector—a reliable source of employment stability in other parts of west Michigan—cut 90 jobs, a 0.8 percent decrease. In general, the service sectors that shed the most jobs were those that depend on consumer spending: retail trade as well as leisure and hospitality. Unfortunately, professional and business services also experienced significant job cuts; the sector lost 390 jobs last quarter, and its employment has fallen by 14.2 percent over the past year.

Government employment fell by 2.5 percent last quarter, a loss of 380 jobs. Overall, the region's public sector workforce, which includes entities such as K-12 schools, municipal offices, and Grand Valley State University, declined by 5.8 percent over the past year. The source of the recent losses is unknown; during 2008, federal government employment posted only a modest decline, while state and local government employment levels actually increased.

The region's limited economic indicators were mixed last quarter, which paints a murky picture of economic conditions over the next few months. On the plus side, the number of new dwelling units placed under contract improved by a substantial 74.2 percent, which suggests a comeback for the residential housing market. Also, the number of initial claims for unemployment insurance fell by more than one-third during the period—a clear sign that layoffs and plant closures are finally slowing. Unfortunately, however, the regional Manpower employment survey results are not so optimistic; over the next three months the share of employers anticipating labor force reductions is larger than the share that expects to hire additional workers. The staffing agency describes the expected level of hiring activity in the region as being “reserved,” a level of activity that appears unlikely to alleviate the current dismal employment conditions.

Holland–Grand Haven MSA
(seasonally adjusted)

Measure	2009 Q2	2009 Q1	% change, Q1to Q2	2008 Q2	% change, Q2 to Q2
Employment (by place of work)					
Total nonfarm employment	102,800	105,830	-2.9	112,290	-8.5
Goods-producing	34,570	35,620	-2.9	39,120	-11.6
Construction and mining	4,420	4,560	-3.1	5,100	-13.3
Manufacturing	30,150	31,070	-3.0	34,020	-11.4
Private service-providing	53,540	55,150	-2.9	57,590	-7.0
Trade, transportation, and utilities	16,310	16,810	-3.0	17,590	-7.3
Retail trade	9,400	9,760	-3.7	10,130	-7.2
Information	690	760	-9.2	790	-12.7
Financial activities	3,070	3,150	-2.5	3,270	-6.1
Professional and business services	9,810	10,200	-3.8	11,440	-14.2
Educational and health services	10,720	10,810	-0.8	10,840	-1.1
Leisure and hospitality	7,910	8,370	-5.5	8,560	-7.6
Other services	5,030	5,050	-0.4	5,090	-1.2
Government	14,680	15,060	-2.5	15,580	-5.8
Unemployment					
Number unemployed	16,750	14,450	15.9	8,700	92.5
Unemployment rate (%)	12.9	11.0		6.4	
Local indexes					
UI initial claims	573	872	-34.3	418	37.1
New dwelling units ^a	308	176	74.2	430	-28.5

NOTE: Categories may not sum to total because of rounding.

^a Seasonally adjusted annual rates.

SOURCE: W.E. Upjohn Institute for Employment Research. Based on dwelling data from F.W. Dodge Division, McGraw-Hill Information Systems Company; and employment data from the Michigan Department of Labor and Economic Growth.

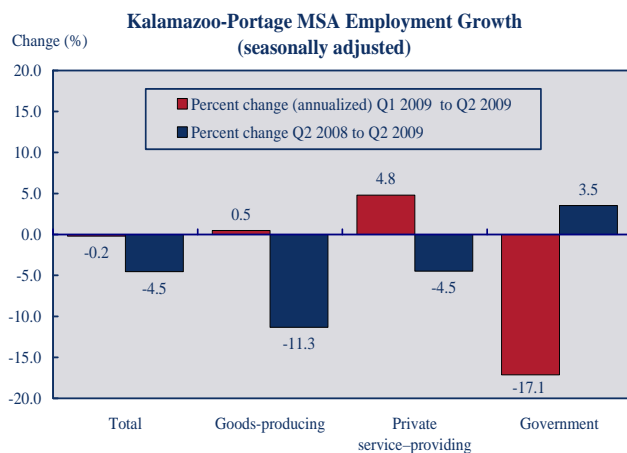
Holland–Grand Haven MSA
Industry Employment Change by Place of Work, Fourth Quarter to Fourth Quarter
(not seasonally adjusted)

Industry	2008 Q4	2007 Q4	Percent change	Industry	2008 Q4	2007 Q4	Percent change
Goods-producing				Health care and social assistance	8,070	7,610	6.0
Food manufacturing	3,100	3,080	0.6	Ambulatory health care services	3,730	3,520	6.0
Fabricated metal products mfg.	4,560	4,800	-5.0	Arts, entertainment, and recreation	910	1,030	-11.7
Machinery manufacturing	2,140	2,300	-7.0	Accommodation and food services	6,990	7,020	-0.4
Transportation equipment mfg.	4,610	5,230	-11.9	Food services and drinking places	6,550	6,580	-0.5
Furniture and related products mfg.	5,890	6,210	-5.2	Government			
Private service-providing				Federal Government	450	470	-4.3
Professional and technical services	3,170	3,120	1.6	State Government	2,320	2,090	11.0
Administrative and support services	6,380	7,400	-13.8	Local Government	10,720	10,570	1.4
Educational services	2,020	2,010	0.5				

SOURCE: Michigan Department of Labor and Economic Development ES202 data.

KALAMAZOO-PORTAGE MSA

The Kalamazoo-Portage metropolitan area boasted the healthiest economy in west Michigan during the second quarter, with its private sector posting a 0.9 percent gain in employment. Still, total nonfarm employment remained flat during the period, dropping an inconsequential 0.1 percent. The quarter's solid jump in private sector employment was canceled out by a sizable drop in government employment. Unfortunately, the unemployment rate still rose to 10.9 percent, as the economy has not been able to absorb a growing number of job seekers. One can hope conditions will only improve over the next few months, since the area's economic indicators have turned mostly positive.



Goods-producing employment rose by 0.1 percent during the second quarter as the result of a nice 330-job jump in construction and mining employment. Unfortunately, overall manufacturing employment declined, although the nondurable goods sector stabilized and was able to hold its workforce steady. The growth in construction and mining sector employment may be tied to an increase in new residential dwelling unit construction as well as to commercial and road construction projects, such as the expansion of I-94.

One of the reasons for the Kalamazoo-Portage metro area's relatively healthy employment conditions may be the slowing of business closures and layoffs in the region. Business reports were mostly quiet during the second quarter, and there were only two major closures—both of which had been long anticipated. In June, Checker Motors Corporation, which employed about 250 workers when it filed for Chapter 11 bankruptcy in January, finally ceased operations. Also, in July automotive parts manufacturer Noble International closed, a move that eliminated all 350 jobs at its last South Haven plant.

Private service-providing employment experienced a promising 1.2 percent increase. Although overall employment in the

sector is still down by 4.5 percent over the past year, the addition of more than 1,000 jobs during the second quarter is a promising sign. Strong growth occurred in the leisure and hospitality sector, which added 800 workers. Retail trade also posted a healthy 170-job gain, which suggests that consumers in the region may be increasing their discretionary spending. Educational and health services industry employment grew by 0.5 percent, which represents a quick return to growth for that sector after its having posted small job losses during the first quarter of 2009. Unfortunately, the professional and business services sector is still weak: employment fell slightly during the quarter and remains down by 12.8 percent from the same time last year. Similar modest losses also occurred in wholesale trade and the financial activities sector.

A large decline in government employment was enough to offset the positive trends seen in the private sector during the second quarter. Public employment plunged by 4.6 percent during the period, a loss of 1,130 jobs. The magnitude of the reduction was unexpected, and the source of the cuts remains unknown. Detailed figures for the yearlong period that ended in the fourth quarter of 2008 show only a comparatively modest decline in local and federal agency employment, along with a small bump in state agency jobs. It is possible that one of the region's major public entities, such as Western Michigan University, reduced employment more than usual for the summer season. If this is the case, government employment could stabilize during the latter half of the year.

In addition to indicating an unexpectedly robust performance during the second quarter, the Kalamazoo region's economic indicators suggest that conditions could improve over the next few months. Initial claims for unemployment insurance fell by 14.2 percent, and the recent Manpower employment survey report states that "employers are expected to hire at a steady pace" over the next few months. This would suggest that layoffs are declining and hiring is picking up—a good sign for local workers. Additionally, a solid 15.3 percent bump in new dwelling units suggests that the residential housing market may have finally reached bottom. Now the only dark cloud lingering is the perpetually declining index of help-wanted ads.

Kalamazoo-Portage MSA
(seasonally adjusted)

Measure	2009 Q2	2009 Q1	% change, Q1 to Q2	2008 Q2	% change, Q2 to Q2
Employment (by place of work)					
Total nonfarm employment	137,900	137,970	-0.1	144,470	-4.5
Goods-producing	24,830	24,800	0.1	28,000	-11.3
Construction and mining	5,000	4,670	7.1	5,930	-15.7
Manufacturing	19,830	20,130	-1.5	22,070	-10.1
Durable goods	11,000	11,300	-2.7	12,270	-10.4
Nondurable goods	8,830	8,830	0.0	9,800	-9.9
Private service-providing	89,570	88,530	1.2	93,770	-4.5
Trade, transportation, and utilities	23,230	23,030	0.9	24,630	-5.7
Transportation and utilities	3,670	3,600	1.9	3,970	-7.6
Wholesale trade	5,000	5,030	-0.6	5,270	-5.1
Retail trade	14,570	14,400	1.2	15,400	-5.4
Information	1,400	1,400	0.0	1,530	-8.5
Financial activities	7,800	7,830	-0.4	8,070	-3.3
Professional and business services	13,370	13,400	-0.2	15,330	-12.8
Educational and health services	22,170	22,070	0.5	22,030	0.6
Leisure and hospitality	15,600	14,800	5.4	15,970	-2.3
Other services	6,000	6,000	0.0	6,200	-3.2
Government	23,500	24,630	-4.6	22,700	3.5
Unemployment					
Number unemployed	18,310	16,860	8.6	10,700	71.1
Unemployment rate (%)	10.9	10.0		6.1	
Local indexes					
Help-wanted ads (1996=100)	10	13	-23.1	26	-61.5
UI initial claims	462	538	-14.2	242	90.8
New dwelling units ^a	272	236	15.3	484	-43.8

NOTE: Categories may not sum to total because of rounding.

^a Seasonally adjusted annual rates; does not include Van Buren County dwelling permit data.

SOURCE: W.E. Upjohn Institute for Employment Research. Based on dwelling data from F.W. Dodge Division, McGraw-Hill Information Systems Company; and employment data from the Michigan Department of Labor and Economic Growth.

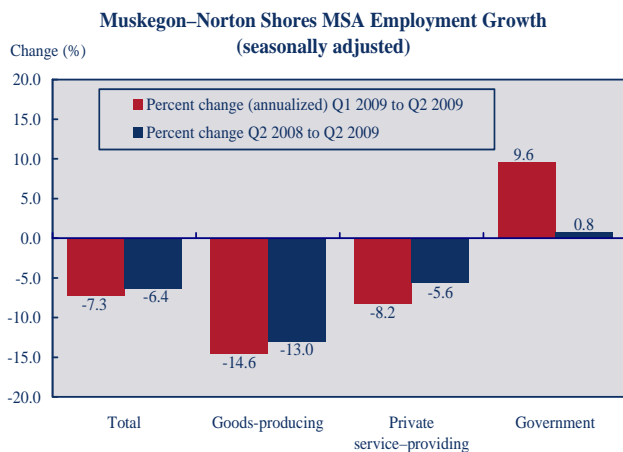
Kalamazoo-Portage MSA
Industry Employment Change by Place of Work, Fourth Quarter to Fourth Quarter
(not seasonally adjusted)

Industry	2008 Q4	2007 Q4	Percent change	Industry	2008 Q4	2007 Q4	Percent change
Goods-producing				Health care and social assistance	18,760	18,820	-0.3
Food manufacturing	1,540	1,600	-3.8	Ambulatory health care services	6,490	6,770	-4.1
Paper manufacturing	1,810	1,940	-6.7	Hospitals	6,590	6,560	0.5
Fabricated metal products mfg.	2,120	2,310	-8.2	Arts, entertainment, and recreation	1,830	1,700	7.6
Machinery manufacturing	2,120	2,080	1.9	Accommodation and food services	13,570	14,060	-3.5
Transportation equipment mfg.	3,240	4,070	-20.4	Food services and drinking places	12,000	11,940	0.5
Private service-providing				Government			
Professional and technical services	5,670	5,460	3.8	Federal Government	1,180	1,220	-3.3
Administrative and support services	6,870	7,810	-12.0	State Government	4,160	4,120	1.0
Educational services	2,250	2,270	-0.9	Local Government	14,260	14,370	-0.8

SOURCE: Michigan Department of Labor and Economic Growth ES202 data.

MUSKEGON–NORTON SHORES MSA

Muskegon County employment declined by 1.9 percent during the second quarter; a loss of 1,150 jobs. Reductions were widespread and deep across most of the private sector; however, government employment posted an unexpected 200-worker gain, which helped offset some of the cuts at local firms. Compounding the bad news is the fact that area residents now face 15.6 percent unemployment, the highest rate in west Michigan. On the plus side, local economic indicators turned mixed last quarter, which hints that economic conditions may be stabilizing.



The region's goods-producing sector shed 510 jobs last quarter, a 3.9 percent decline. Manufacturing, which declined by 4.1 percent, was responsible for the bulk of the job cuts, although the construction and mining sector also continued to struggle. Over the past year, roughly one out of every five positions in Muskegon County's construction and mining sector has disappeared—a far greater relative rate of job destruction than has occurred in other sectors. Unfortunately, the prospect of a construction and housing market recovery is unclear. Although much of the second-quarter drop in new dwelling unit contracts can be explained by the impact of a large multiunit project that was begun during the first quarter of 2009, the absolute level of new dwelling units in the region remains at a historically low level.

In the manufacturing sector, job losses have been significant in the region's dominant metals industries. Between the fourth quarter of 2007 and the fourth quarter of 2008, primary metals employment plunged by 10.6 percent and fabricated metals employment dropped by 5.9 percent. Surprisingly, the region's transportation equipment manufacturing sector, which has been the source of major workforce reductions in other parts of west Michigan, actually increased employment substantially during the same period. More recently, local business reports have chronicled the expansion or contraction of firms that manufacture products outside these industries. In

June, Johnson Technologies announced the addition of 74 workers to produce parts for the new Boeing 787 aircraft. Another unique firm, WindTronics, has requested tax breaks for a new wind turbine manufacturing facility that may eventually employ 219 workers in the Muskegon Industrial Park. On the downside, Lift-Tech, a hoist manufacturer, announced that 200 jobs will be lost when its Muskegon Heights plant closes later this year. Finally, Sappi announced that it is permanently closing its long-standing paper mill in Muskegon, which employed 190 workers.

Private service-providing sector employment shrank by 840 workers last quarter, a 2.1 percent decline. Job reductions were widespread, and even educational and health services employment turned negative. Leisure and hospitality firms shed the greatest number of workers, 290, while professional and business services suffered the sharpest rate of decline, with a substantial 4.9 percent loss. Retail trade was also hard-hit: sector employment fell by 230 workers or 2.1 percent during the period.

Government employment increased by 2.3 percent last quarter, an unexpected addition of 200 workers. The growth may have occurred at the region's state-run agencies, which collectively boosted payrolls by 3.6 percent between the fourth quarter of 2007 and the fourth quarter of 2008. Unfortunately, for area workers, public sector employment is likely to decrease when the Muskegon Correctional Facility shuts down. The medium-security facility currently employs 264 and is scheduled to close by November because of state budget cuts.

Economic indicators for the Muskegon area improved slightly last quarter and now give a mixed reading on how local economic conditions are likely to change over the next few months. On the upside, initial unemployment insurance claims dropped by 22.6 percent, which is a sign that layoffs and plant closures are slowing. On the downside, new dwelling unit contracts plunged by 83.2 percent last quarter; however, it is important to note that at least part of this decline can be attributed to the start of the large, multiunit housing project, which boosted the number of units measured during the first three months of 2009. Still, as noted above, in absolute terms the level of residential home construction is low by historical standards, which indicates that the housing market is not yet improving. Finally, the unchanged index of help-wanted ads, while better than other areas, offers little insight beyond suggesting that availability of entry-level and service-sector job openings remains limited.

Muskegon–Norton Shores MSA
(seasonally adjusted)

Measure	2009 Q2	2009 Q1	% change, Q1 to Q2	2008 Q2	% change, Q2 to Q2
Employment (by place of work)					
Total nonfarm employment	60,180	61,330	-1.9	64,290	-6.4
Goods-producing	12,660	13,170	-3.9	14,550	-13.0
Construction and mining	1,540	1,570	-1.9	1,930	-20.2
Manufacturing	11,120	11,600	-4.1	12,620	-11.9
Private service-providing	38,670	39,510	-2.1	40,960	-5.6
Trade, transportation, and utilities	13,150	13,380	-1.7	13,750	-4.4
Retail trade	10,710	10,940	-2.1	11,170	-4.1
Information	890	900	-1.1	990	-10.1
Financial activities	1,880	1,940	-3.1	2,080	-9.6
Professional and business services	2,890	3,040	-4.9	3,390	-14.7
Educational and health services	11,290	11,360	-0.6	11,260	0.3
Leisure and hospitality	6,250	6,540	-4.4	7,110	-12.1
Other services	2,310	2,350	-1.7	2,370	-2.5
Government	8,850	8,650	2.3	8,780	0.8
Unemployment					
Number unemployed	13,700	11,800	16.1	6,980	96.3
Unemployment rate (%)	15.6	13.4		7.8	
Local indexes					
Help-wanted ads (1996=100)	23	23	0.0	32	-28.1
UI initial claims	529	683	-22.6	385	37.4
New dwelling units ^a	94	558	-83.2	195	-51.7

NOTE: Categories may not sum to total because of rounding.

^a Seasonally adjusted annual rates.

SOURCE: W.E. Upjohn Institute for Employment Research. Based on dwelling data from F.W. Dodge Division, McGraw-Hill Information Systems Company; and employment data from the Michigan Department of Labor and Economic Growth.

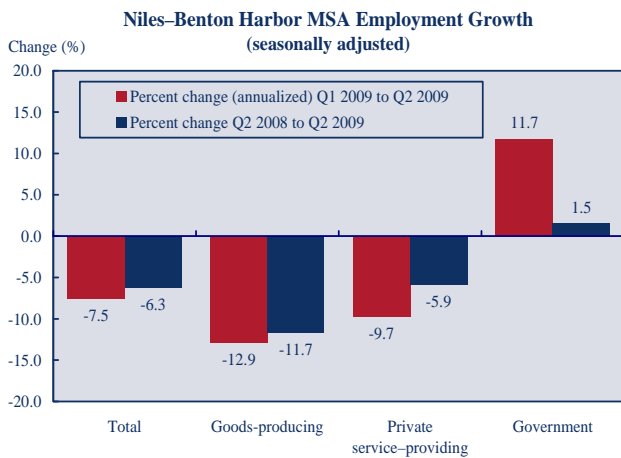
Muskegon–Norton Shores MSA
Industry Employment Change by Place of Work, Fourth Quarter to Fourth Quarter
(not seasonally adjusted)

Industry	2008 Q4	2007 Q4	Percent change	Industry	2008 Q4	2007 Q4	Percent change
Goods-producing				Health care and social assistance	9,970	9,790	1.8
Primary metal manufacturing	3,900	4,360	-10.6	Ambulatory health care services	3,150	3,330	-5.4
Fabricated metal products mfg.	2,570	2,730	-5.9	Hospitals	3,830	3,660	4.6
Machinery manufacturing	1,850	1,860	-0.5	Arts, entertainment, and recreation	730	770	-5.2
Transportation equipment mfg.	770	560	37.5	Accommodation and food services	5,520	5,920	-6.8
Private service-producing				Food services and drinking places	5,190	5,520	-6.0
Professional and technical services	1,030	1,050	-1.9	Government			
Administrative and support services	1,830	2,170	-15.7	Federal Government	360	360	0.0
Educational services	850	860	-1.2	State Government	1,140	1,100	3.6
				Local Government	7,350	7,520	-2.3

SOURCE: Michigan Department of Labor and Economic Development ES202 data.

NILES—BENTON HARBOR MSA

Total employment in Berrien County fell by 1.9 percent during the second quarter as local payrolls shed more than 1,200 workers. Most job cuts occurred in the private service-providing sector; although goods-producing employment declined at a faster rate. Fortunately, modest growth in the government sector offset a portion of the private sector job losses. Not surprisingly, the unemployment rate continued its steep ascent during the three-month period and reached 12.9 percent. Economic indicators for the region are extremely limited and, at best, paint a mixed picture for economic conditions over the coming months.



Goods-producing employment fell by 3.4 percent during the second quarter, as the result of continued weakness in both manufacturing and the construction and mining sector. Although cuts at area manufacturing firms were responsible for the bulk of the 500 goods-producing jobs lost over the three-month period, in percentage terms the construction and mining sector was much harder hit, suffering a 7.0 percent employment decline. The weakness of the market for construction-related workers was even more apparent over the past year, a period during which one out of every five jobs in the sector was eliminated. Unfortunately, it seems unlikely that residential housing will contribute to any renewed hiring in the construction trades this summer, since the number of new dwelling unit contracts fell by 22.2 percent last quarter.

Manufacturing sector job losses have occurred across multiple industries in Berrien County. Between the fourth quarter of 2007 and the fourth quarter of 2008, the region's transportation equipment manufacturers, primary metals producers, and machinery manufacturing companies shed a combined total of 370 workers. Although more current data are not available, the worsening of the recession during the first quarter of 2009, makes it likely that similar reductions in these industries continued through the first half of 2009. However, second-quarter business reports were mostly silent

for the region, with the exception of some positive news from auto supplier Modineer, which announced plans to add an undisclosed number of workers to its current operations in Niles.

In the private service-providing sector, employment shrank by 970 last quarter, a 2.5 percent decline. The largest loss occurred in the leisure and hospitality sector, which shed 350 workers—possibly an indication of a weak start to the summer tourism season. Professional and business services also struggled during the quarter as that sector's payroll fell by 220 persons, while the small information sector experienced the largest relative rate of decline, 7.6 percent. The only bright spot was the educational and health services sector, which was able to hold employment relatively steady and post only a small, 0.1 percent loss. However, this represents a significant slowdown from earlier periods, when both private educational services and the health care and social assistance industry were sources of sizable employment growth.

The only positive employment news comes from the government sector, which grew by 2.8 percent last quarter. It is possible that this increase was driven by hiring at the Four Winds Casino Resort near New Buffalo, which is classified as a public employer because of its tribal ownership status. For traditional governmental entities, such as municipal operations, K-12 schools, and federal or state offices, employment trends have generally been flat or negative. During the year-long period that ended in the fourth quarter of 2008, local government employment fell substantially, while employment at the federal and state levels remained essentially unchanged.

Currently, there are only two economic indicators available to shed light on possible short-term economic trends in Berrien County. Unfortunately, during the second quarter the indicators were pointing in opposite directions, a situation that suggests economic recovery is not imminent. On the plus side, the number of initial claims for unemployment insurance declined by 3.7 percent, a sign of slightly fewer layoffs. On the minus side, the substantial decline in new dwelling units indicates that the housing market, a key factor in the current national recession, is still struggling in the region.

Niles–Benton Harbor MSA
(seasonally adjusted)

Measure	2009 Q2	2009 Q1	% change, Q1 to Q2	2008 Q2	% change, Q2 to Q2
Employment (by place of work)					
Total nonfarm employment	61,090	62,300	-1.9	65,180	-6.3
Goods-producing	14,230	14,730	-3.4	16,120	-11.7
Construction and mining	1,720	1,850	-7.0	2,140	-19.6
Manufacturing	12,510	12,880	-2.9	13,980	-10.5
Private service-providing	37,350	38,320	-2.5	39,690	-5.9
Trade, transportation, and utilities	10,950	11,200	-2.2	11,550	-5.2
Retail trade	6,840	6,930	-1.3	7,200	-5.0
Information	610	660	-7.6	710	-14.1
Financial activities	2,190	2,230	-1.8	2,290	-4.4
Professional and business services	5,200	5,420	-4.1	5,900	-11.9
Educational and health services	9,580	9,590	-0.1	9,750	-1.7
Leisure and hospitality	5,640	5,990	-5.8	6,140	-8.1
Other services	3,180	3,230	-1.5	3,350	-5.1
Government	9,510	9,250	2.8	9,370	1.5
Unemployment					
Number unemployed	10,060	8,540	17.8	5,820	72.9
Unemployment rate (%)	12.9	11.0		7.2	
Local indexes					
UI initial claims	342	356	-3.7	227	50.9
New dwelling units ^a	150	193	-22.2	233	-35.4

NOTE: Categories may not sum to total because of rounding.

^a Seasonally adjusted annual rates.

SOURCE: W.E. Upjohn Institute for Employment Research. Based on dwelling data from F.W. Dodge Division, McGraw-Hill Information Systems Company; and employment data from the Michigan Department of Labor and Economic Growth.

Niles–Benton Harbor MSA
Industry Employment Change by Place of Work, Fourth Quarter to Fourth Quarter
(not seasonally adjusted)

Industry	2008 Q4	2007 Q4	Percent change	Industry	2008 Q4	2007 Q4	Percent change
Goods-producing				Health care and social assistance	7,970	7,910	0.8
Primary metal manufacturing	1,080	1,230	-12.2	Ambulatory health care services	2,310	2,280	1.3
Fabricated metal products mfg.	1,800	1,790	0.6	Arts, entertainment, and recreation	670	720	-6.9
Machinery manufacturing	2,140	2,270	-5.7	Accommodation and food services	5,170	5,150	0.4
Transportation equipment mfg.	960	1,050	-8.6	Food services and drinking places	4,660	4,620	0.9
Private service-providing				Government			
Professional and technical services	1,420	1,430	-0.7	Federal Government	370	370	0.0
Administrative and support services	3,620	3,780	-4.2	State Government	420	410	2.4
Educational services	1,300	1,260	3.2	Local Government	8,430	8,750	-3.7

SOURCE: Michigan Department of Labor and Economic Development ES202 data.

Purchasing Managers Index and Major Economic Developments

Local purchasing managers are finally reporting signs of an improving economy in west Michigan. According to the August issue of *Current Business Trends*, conditions in the Grand Rapids area are “still positive,” while the Kalamazoo area is “still modestly improving.”

The composite purchasing managers index (PMI) for the Grand Rapids area improved dramatically during the second quarter of 2009. In July and August the region’s PMI rose above 50—the index level that denotes business expansion—for the first time since February 2008. It appears that a sudden increase in sales is fueling this renewed optimism. The underlying index of new orders rose 26 points in June and 19 points

in July, suggesting that local firms are experiencing a significant increase in customer demand.

Kalamazoo-area purchasing managers are reporting a more modest improvement in business conditions. In August the local PMI was above 50 for the first time in 10 months, following a healthy 17-point bump in the underlying index of new orders. However, it may be awhile before the positive effects of increased sales are widely felt: underlying measures of employment and purchases are still negative. In both Grand Rapids and Kalamazoo, it is likely that firms will remain wary of making substantial investments in workers or equipment until a national economic recovery is more clearly on track.

**Grand Rapids Area
Purchasing Managers Index**



**Kalamazoo Area
Purchasing Managers Index**



Major Economic Developments

Battle Creek MSA

Yorozu, an auto parts supplier, is expected to cease operations in November, eliminating 140 jobs.

Autovan, a firm that customizes vans and other vehicles to be wheelchair accessible, announced plans to add 140 workers.

Grand Rapids–Wyoming MSA

General Motors announced plans to reacquire its former valve part manufacturing facility from Delphi Corporation.

Foremost Insurance announced plans to add 1,600 workers to its Caledonia facility.

Roskam Baking will take over a former Steelcase plant in Kentwood and staff the revamped facility with 1,500 new workers.

Holland–Grand Haven MSA

Energetx Composites, a wind-turbine parts manufacturer, and Integrated Fabric Resource, a producer of flexi-tanks to ship bulk liquids in, announced expansions that are expected to create 1,338 jobs.

Johnson Controls and Saft Advanced Power Solutions plan to open a new lithium battery production facility expected to employ 550 workers.

Haworth Inc. plans to create more than 500 jobs by consolidating Canadian manufacturing operations in west Michigan.

Kalamazoo–Portage MSA

Automotive parts manufacturer Noble International closed in South Haven, eliminating 350 jobs.

In June, Checker Motors Corporation ceased operations entirely. The company employed 250 workers.

Muskegon–Norton Shores MSA

Johnson Technologies announced the addition of 74 workers to produce parts for the new Boeing 787 aircraft.

WindTronics has requested tax breaks for a new wind turbine manufacturing facility that may eventually employ 219 workers.

Lift-Tech, a hoist manufacturer, announced 200 jobs will be lost when its Muskegon Heights plant closes.

Sappi announced that it is permanently closing its paper mill, which employed 190 workers.

Niles–Benton Harbor MSA

Auto supplier Modineer announced plans to add an undisclosed number of workers to its operations in Niles.

Appendix Tables

Table A-1
Michigan Statistics
(seasonally adjusted)

Measure	2009 Q2	2009 Q1	% change, Q1 to Q2	2008 Q2	% change, Q2 to Q2
Employment (by place of work)					
Total nonfarm employment	3,874,800	3,959,000	-2.1	4,183,130	-7.4
Goods-producing	591,330	643,900	-8.2	743,930	-20.5
Natural resources and mining	7,330	7,630	-3.9	7,730	-5.2
Construction	129,830	144,930	-10.4	154,970	-16.2
Manufacturing	454,170	491,330	-7.6	581,230	-21.9
Durable goods	332,630	366,480	-9.2	440,970	-24.6
Nondurable goods	121,530	124,850	-2.7	140,270	-13.4
Private service-providing	2,639,000	2,672,570	-1.3	2,791,430	-5.5
Trade, transportation, and utilities	721,000	732,830	-1.6	775,130	-7.0
Transportation and utilities	113,710	115,040	-1.2	125,340	-9.3
Wholesale trade	149,210	153,630	-2.9	168,420	-11.4
Retail trade	458,080	464,170	-1.3	481,370	-4.8
Information	56,330	59,230	-4.9	61,830	-8.9
Financial activities	192,570	195,930	-1.7	206,030	-6.5
Professional and business services	499,870	511,200	-2.2	566,800	-11.8
Educational and health services	612,400	613,700	-0.2	607,170	0.9
Leisure and hospitality	385,770	387,530	-0.5	398,500	-3.2
Other services	171,070	172,130	-0.6	175,970	-2.8
Government	644,470	642,530	0.3	647,770	-0.5
Unemployment					
Number unemployed	682,690	585,250	16.6	401,000	70.2
Unemployment rate (%)	14.1	12.1		8.1	
State indexes (1996=100)					
Help-wanted ads					
Detroit	5	7	-28.6	13	-61.5
West Michigan (4 MSAs)	13	18	-27.8	27	-51.9
Local components					
UI initial claims	36,757	32,652	12.6	21,033	74.8
New dwelling units ^a	5,892	5,325	10.7	10,556	-44.2

NOTE: Employment numbers for durable, nondurable goods, transportation and utilities, wholesale trade, and retail trade are seasonally adjusted by the W.E. Upjohn Institute. Other numbers are seasonally adjusted by the Bureau of Labor Statistics. Categories may not sum to total due to rounding.

^a Seasonally adjusted annual rates.

SOURCE: W.E. Upjohn Institute for Employment Research. Based on dwelling data from F.W. Dodge Division, McGraw-Hill Information Systems Company; Detroit help-wanted index from the Conference Board; and employment data from Michigan Department of Labor and Economic Growth.

Michigan Industry Employment Change by Place of Work
Fourth Quarter to Fourth Quarter
(not seasonally adjusted)

Industry	2008 Q4	2007 Q4	Percent change	Industry	2008 Q4	2007 Q4	Percent change
Goods-producing				Furniture and related products mfg.	23,170	24,720	-6.3
Food manufacturing	35,530	34,210	3.9	Office furniture and fixtures mfg.	17,290	18,160	-4.8
Paper manufacturing	13,080	13,860	-5.6	Private service-providing			
Printing and related support activities	16,020	17,350	-7.7	Professional and technical services	236,280	241,430	-2.1
Chemical manufacturing	27,490	28,010	-1.9	Administrative and support services	248,310	274,130	-9.4
Plastics and rubber products mfg.	34,270	38,520	-11.0	Educational services	63,850	63,430	0.7
Primary metal manufacturing	22,040	24,630	-10.5	Health care and social assistance	530,120	522,010	1.6
Fabricated metal products mfg.	73,180	79,600	-8.1	Ambulatory health care services	180,960	178,520	1.4
Machinery manufacturing	65,920	69,860	-5.6	Hospitals	194,140	191,280	1.5
Transportation equipment mfg.	163,840	197,750	-17.1	Arts, entertainment, and recreation	56,730	58,010	-2.2
Motor vehicle parts mfg.	104,300	126,450	-17.5	Accommodation and food services	326,960	336,440	-2.8
				Food services and drinking places	295,650	304,260	-2.8

Source: Michigan Department of Labor and Economic Growth ES202 data.

Table A-2
Personal Income and Earnings by Industry (current dollars)

Area	Income distribution	2007 ^a	2006 ^a	2005 ^a	2004 ^a	2003 ^a	2002 ^a	1997
Battle Creek MSA	Total personal income (\$000)	4,075,917	3,931,003	3,873,401	3,800,925	3,720,361	3,635,112	3,201,216
	Per capita personal income (\$)	29,897	28,653	28,056	27,393	26,878	26,291	23,395
	Earnings per worker (\$)	47,725	46,331	44,813	43,898	43,468	41,901	35,086
	Manufacturing	74,332	72,818	69,607	69,921	73,536	69,061	60,260
	Private nonmanufacturing	35,647	34,449	33,420	32,593	31,816	31,259	23,979
Grand Rapids–Wyoming MSA	Total personal income (\$000)	26,230,652	25,196,859	24,312,100	23,510,709	22,522,129	21,821,228	17,513,065
	Per capita personal income (\$)	33,849	32,670	31,661	30,779	29,625	28,865	24,378
	Earnings per worker (\$)	46,434	45,259	44,004	43,333	42,662	41,332	33,289
	Manufacturing	76,554	73,926	70,158	70,076	71,811	64,043	50,413
	Private nonmanufacturing	39,313	38,386	37,583	36,783	35,643	35,450	27,337
Barry County	Total personal income (\$000)	1,835,710	1,771,503	1,735,394	1,711,980	1,675,645	1,628,108	1,336,985
	Per capita personal income (\$)	31,053	30,085	29,419	29,271	28,743	28,139	24,093
	Earnings per worker (\$)	28,163	27,806	26,947	26,827	26,297	25,674	24,555
	Manufacturing	60,721	63,329	56,905	55,372	55,184	49,141	41,275
	Private nonmanufacturing	21,041	20,418	20,210	20,269	19,581	19,547	17,817
Ionia County	Total personal income (\$000)	1,543,331	1,474,007	1,473,237	1,448,490	1,425,677	1,357,552	1,115,622
	Per capita personal income (\$)	24,099	23,004	23,063	22,682	22,547	21,576	18,075
	Earnings per worker (\$)	35,674	35,173	34,640	34,703	35,942	33,765	27,219
	Manufacturing	59,998	53,923	52,602	55,284	65,366	55,837	38,050
	Private nonmanufacturing	23,889	24,131	24,222	23,909	24,167	23,764	18,431
Kent County	Total personal income (\$000)	21,611,571	20,758,025	19,953,040	19,225,208	18,337,658	17,787,705	14,202,912
	Per capita personal income (\$)	35,859	34,643	33,497	32,459	31,097	30,329	25,573
	Earnings per worker (\$)	48,596	47,317	45,969	45,216	44,438	43,039	34,240
	Manufacturing	78,451	75,789	71,852	71,846	73,177	65,251	51,472
	Private nonmanufacturing	41,623	40,584	39,710	38,778	37,543	37,316	28,377
Newaygo County	Total personal income (\$000)	1,240,040	1,193,324	1,150,429	1,125,031	1,083,149	1,047,863	857,546
	Per capita personal income (\$)	25,256	24,300	23,310	22,863	22,093	21,515	18,722
	Earnings per worker (\$)	32,988	31,736	31,432	30,936	30,077	29,385	26,400
	Manufacturing	46,409	44,220	45,651	43,504	42,169	41,958	48,916
	Private nonmanufacturing	26,867	25,473	24,593	24,708	24,060	23,193	19,651
Holland–Grand Haven MSA	Total personal income (\$000)	8,471,660	8,108,638	7,758,822	7,425,237	7,134,942	6,868,133	5,700,349
	Per capita personal income (\$)	32,777	31,611	30,519	29,438	28,640	27,892	25,458
	Earnings per worker (\$)	42,275	42,062	40,961	41,152	39,186	37,357	30,634
	Manufacturing	62,061	61,781	59,328	62,670	56,232	50,491	44,898
	Private nonmanufacturing	32,055	31,911	31,376	30,300	29,860	29,628	21,967
Kalamazoo–Portage MSA	Total personal income (\$000)	10,542,756	9,997,254	9,649,091	9,472,476	9,223,390	8,884,029	7,450,160
	Per capita personal income (\$)	32,707	31,102	30,110	29,605	28,733	27,853	24,000
	Earnings per worker (\$)	42,863	41,504	40,712	41,108	41,132	38,967	32,044
	Manufacturing	76,845	75,128	74,452	78,544	80,827	68,410	57,058
	Private nonmanufacturing	34,643	33,253	32,469	32,230	31,537	31,419	24,487
Kalamazoo County	Total personal income (\$000)	8,443,673	8,000,029	7,705,234	7,558,267	7,370,638	7,111,167	5,955,392
	Per capita personal income (\$)	34,526	32,862	31,770	31,239	30,284	29,420	25,332
	Earnings per worker (\$)	43,618	42,326	41,549	41,818	42,092	39,815	32,947
	Manufacturing	81,312	79,514	78,730	83,175	85,376	71,906	60,455
	Private nonmanufacturing	34,902	33,565	32,874	32,391	31,777	31,799	24,996
Van Buren County	Total personal income (\$000)	2,099,083	1,997,225	1,943,857	1,914,209	1,852,752	1,772,862	1,494,768
	Per capita personal income (\$)	26,987	25,607	24,946	24,538	23,870	22,949	19,842
	Earnings per worker (\$)	38,781	37,030	36,061	37,142	35,724	34,255	27,103
	Manufacturing	53,398	51,686	51,032	53,474	53,241	48,779	39,326
	Private nonmanufacturing	33,023	31,291	29,855	31,183	29,994	29,016	21,341
Muskegon–Norton Shores MSA	Total personal income (\$000)	4,680,106	4,533,100	4,407,440	4,346,164	4,259,628	4,119,399	3,359,028
	Per capita personal income (\$)	26,880	26,046	25,341	25,114	24,697	23,977	20,105
	Earnings per worker (\$)	37,675	36,710	36,176	35,858	35,242	34,878	30,745
	Manufacturing	63,211	62,960	60,625	60,152	59,884	56,848	49,303
	Private nonmanufacturing	22,013	22,020	21,946	22,125	21,366	21,479	23,261
Niles–Benton Harbor MSA (Berrien County)	Total personal income (\$000)	5,121,395	4,821,131	4,649,777	4,594,662	4,451,397	4,346,942	3,748,082
	Per capita personal income (\$)	32,140	30,252	29,055	28,527	27,588	26,925	23,078
	Earnings per worker (\$)	41,687	40,282	38,646	38,334	37,543	36,739	30,812
	Manufacturing	76,980	72,073	67,990	67,042	66,188	61,818	50,740
	Private nonmanufacturing	31,758	31,040	29,862	29,663	28,950	29,058	23,137

^a 2002 through 2007 statistics are based on North American Industry Classification System (NAICS); 1997 is based on Standard Industrial Classification (SIC).

SOURCE: U.S. Bureau of Economic Analysis.

Table A-3
Consumer Price Index^a
U.S. City Average (1982-84=100)

Year	Annual average	Jan.	Feb.	March	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
CPI for All Urban Consumers (CPI-U)													
1987	113.6	111.2	111.6	112.1	112.7	113.1	113.5	113.8	114.4	115.0	115.3	115.4	115.4
1988	118.3	115.7	116.0	116.5	117.1	117.5	118.0	118.5	119.0	119.8	120.2	120.3	120.5
1989	124.0	121.1	121.6	122.3	123.1	123.8	124.1	124.4	124.6	125.0	125.6	125.9	126.1
1990	130.7	127.4	128.0	128.7	128.9	129.2	129.9	130.4	131.6	132.7	133.5	133.8	133.8
1991	136.2	134.6	134.8	135.0	135.2	135.6	136.0	136.2	136.6	137.2	137.4	137.8	137.9
1992	140.3	138.1	138.6	139.3	139.5	139.7	140.2	140.5	140.9	141.3	141.8	142.0	141.9
1993	144.5	142.6	143.1	143.6	144.0	144.2	144.4	144.4	144.8	145.1	145.7	145.8	145.8
1994	148.2	146.2	146.7	147.2	147.4	147.5	148.0	148.4	149.0	149.4	149.5	149.7	149.7
1995	152.4	150.3	150.9	151.4	151.9	152.2	152.5	152.5	152.9	153.2	153.7	153.6	153.5
1996	156.9	154.4	154.9	155.7	156.3	156.6	156.7	157.0	157.3	157.8	158.3	158.6	158.6
1997	160.5	159.1	159.6	160.0	160.2	160.1	160.3	160.5	160.8	161.2	161.6	161.5	161.3
1998	163.0	161.6	161.9	162.2	162.5	162.8	163.0	163.2	163.4	163.6	164.0	164.0	163.9
1999	166.6	164.3	164.5	165.0	166.2	166.2	166.2	166.7	167.1	167.9	168.2	168.3	168.3
2000	172.2	168.8	169.8	171.2	171.3	171.5	172.4	172.8	172.8	173.7	174.0	174.1	174.0
2001	177.1	175.1	175.8	176.2	176.9	177.7	178.0	177.5	177.5	178.3	177.7	177.4	176.7
2002	179.9	177.1	177.8	178.8	179.8	179.8	179.9	180.1	180.7	181.0	181.3	181.3	180.9
2003	184.0	181.7	183.1	184.2	183.8	183.5	183.7	183.9	184.6	185.2	185.0	184.5	184.3
2004	188.9	185.2	186.2	187.4	188.0	189.1	189.7	189.4	189.5	189.9	190.9	191.0	190.3
2005	195.3	190.7	191.8	193.3	194.6	194.4	194.5	195.4	196.4	198.8	199.2	197.6	196.8
2006	201.6	198.3	198.7	199.8	201.5	202.5	202.9	203.5	203.9	202.9	201.8	201.5	201.8
2007	207.3	202.4	203.5	205.4	206.7	207.9	208.4	208.3	207.9	208.5	208.9	210.2	210.0
2008	216.0	211.1	211.7	213.5	214.8	216.6	218.8	220.0	219.1	218.8	216.6	212.4	210.2
2009	212.3	211.1	212.2	212.7	213.2	213.9	215.7						
CPI for Urban Wage Earners and Clerical Workers (CPI-W)													
1987	112.5	110.0	110.5	111.0	111.6	111.9	112.4	112.7	113.3	113.8	114.1	114.3	114.2
1988	117.0	114.5	114.7	115.2	115.7	116.2	116.7	117.2	117.7	118.5	118.9	119.0	119.2
1989	122.6	119.7	120.2	120.8	121.8	122.5	122.8	123.2	123.2	123.6	124.2	124.4	124.6
1990	129.0	125.9	126.4	127.1	127.3	127.5	128.3	128.7	129.9	131.1	131.9	132.2	132.2
1991	134.3	132.8	132.8	133.0	133.3	133.8	134.1	134.3	134.6	135.2	135.4	135.8	135.9
1992	138.2	136.0	136.4	137.0	137.3	137.6	138.1	138.4	138.8	139.1	139.6	139.8	139.8
1993	142.1	140.3	140.7	141.1	141.6	141.9	142.0	142.1	142.4	142.6	143.3	143.4	143.3
1994	145.6	143.6	144.0	144.4	144.7	144.9	145.4	145.8	146.5	146.9	147.0	147.3	147.2
1995	149.8	147.8	148.3	148.7	149.3	149.6	149.9	149.9	150.2	150.6	151.0	150.9	150.9
1996	154.1	151.7	152.2	152.9	153.6	154.0	154.1	154.3	154.5	155.1	155.5	155.9	155.9
1997	157.6	156.3	156.8	157.0	157.2	157.2	157.4	157.5	157.8	158.3	158.5	158.5	158.2
1998	159.7	158.4	158.5	158.7	159.1	159.5	159.7	159.8	160.0	160.2	160.6	160.7	160.7
1999	163.2	161.0	161.1	161.4	162.7	162.8	162.8	163.3	163.8	164.7	165.0	165.1	165.1
2000	168.9	165.6	166.5	167.9	168.0	168.2	169.2	169.4	169.3	170.4	170.6	170.9	170.7
2001	173.5	171.7	172.4	172.6	173.5	174.4	174.6	173.8	173.8	174.8	174.0	173.7	172.9
2002	175.9	173.2	173.7	174.7	175.8	175.8	175.9	176.1	176.6	177.0	177.3	177.4	177.0
2003	179.8	177.7	179.2	180.3	179.8	179.4	179.6	179.6	180.3	181.0	180.7	180.2	179.9
2004	184.5	180.9	181.9	182.9	183.5	184.7	185.3	184.9	185.0	185.4	186.5	186.8	186.0
2005	191.0	186.3	187.3	188.6	190.2	190.0	190.1	191.0	192.1	195.0	195.2	193.4	192.5
2006	197.1	194.0	194.2	195.3	197.2	198.2	198.6	199.2	199.6	198.4	197.0	196.8	197.2
2008	212.0	206.7	207.3	209.1	210.7	212.8	215.2	216.3	215.2	214.9	212.2	207.3	204.8
2009	206.9	205.7	206.7	207.2	207.9	208.8	211.0						

^a Monthly data shown above are not adjusted for seasonal variations. CPI data that are not seasonally adjusted are used extensively for escalation purposes. Although CPI is often called the "Cost of Living Index," it measures only price change, which is just one of several important factors affecting living costs. All CPI series are linked historically to the original CPI Index for Urban Wage Earners and Clerical Workers. These series contain no revision but are reprinted for the convenience of the user. PERCENT CHANGE: Movements of these indexes from one time period to another are usually expressed as percent changes rather than changes in index points. Index point changes are affected by the level of the index in relation to its base period, while percent changes are not. For example:

$$\frac{100 \times [(160.5 \text{ (1997 annual avg.)} - 156.9 \text{ (1996 annual avg.)})]}{156.9 \text{ (1996 annual avg.)}} = 2.3\% \text{ change 1996 to 1997, CPI-U.}$$

$$\frac{100 \times [(164.0 \text{ (November 1998)} - 161.5 \text{ (November 1997)})]}{161.5 \text{ (November 1997)}} = 1.5\% \text{ change November 1997 to November 1998, CPI-U.}$$

$$\frac{100 \times [(164.0 \text{ (November 1998)} - 164.0 \text{ (October 1998)})]}{164.0 \text{ (October 1998)}} = \text{No change, CPI-U.}$$

SOURCE: Bureau of Labor Statistics, U.S. Department of Labor.

Table A-4
Population Update for Selected Areas of West Michigan

Area	Estimate		U.S. Census April			Annual change (%)		
	July		2000	1990	1980	2000–	1990–	1980–
	2008					2007a	2000	1990
Michigan	10,003,422	9,938,444	9,295,297	9,262,044		0.1	0.7	0.0
West Michigan Metropolitan Areas								
Battle Creek MSA (Calhoun County)	135,861	137,985	135,982	141,557		-0.2	0.1	-0.4
Battle Creek city ^b	52,053	53,364	53,540	56,339		-0.4	0.0	-0.5
Albion city	9,103	9,144	10,066	11,059		-0.1	-1.0	-0.9
Marshall city	7,121	7,459	6,891	7,201		-0.7	0.8	-0.4
Grand Rapids–Wyoming MSA	776,833	740,482	645,914	577,019		0.6	1.4	1.1
Barry County	58,890	56,755	50,057	45,781		0.5	1.3	0.9
Ionia County	63,833	61,518	57,024	51,815		0.5	0.8	1.0
Kent County	605,213	574,335	500,631	444,506		0.7	1.4	1.2
Grand Rapids city	193,396	197,800	189,126	181,843		-0.3	0.4	0.4
East Grand Rapids city	10,467	10,764	10,807	10,914		-0.4	0.0	-0.1
Grandville city	16,718	16,263	15,624	12,412		0.4	0.4	2.3
Kentwood city	47,419	45,255	37,826	30,438		0.6	1.8	2.2
Walker city	23,722	21,842	17,279	15,088		1.1	2.4	1.4
Wyoming city	70,462	69,368	63,891	59,616		0.2	0.8	0.7
Newaygo County	48,897	47,874	38,202	34,917		0.3	2.3	0.9
Holland–Grand Haven MSA (Ottawa County)	260,364	238,314	187,768	157,174		1.2	2.4	1.8
Grand Haven city	10,608	11,168	11,951	11,763		-0.7	-0.7	0.2
Holland city ^c	34,076	35,048	30,745	26,281		-0.4	1.3	1.6
Kalamazoo–Portage MSA	323,713	314,866	293,471	279,192		0.4	0.7	0.5
Kalamazoo County	245,912	238,603	223,411	212,378		0.4	0.7	0.5
Kalamazoo city	72,179	77,145	80,277	79,722		-0.9	-0.4	0.1
Portage city	46,133	44,897	41,042	38,157		0.4	0.9	0.7
Van Buren County	77,801	76,263	70,060	66,814		0.3	0.9	0.5
Muskegon–Norton Shores MSA (Muskegon County)	174,344	170,200	158,983	157,589		0.3	0.7	0.1
Muskegon city	39,401	40,105	40,283	40,823		-0.2	0.0	-0.1
Muskegon Heights city	11,623	12,049	13,176	14,611		-0.5	-0.9	-1.0
Norton Shores city	23,307	22,527	21,755	22,025		0.4	0.3	-0.1
Niles–Benton Harbor MSA (Berrien County)	159,481	162,453	161,378	171,276		-0.3	0.1	-0.6
Benton Harbor city	10,814	11,182	12,818	14,707		-0.5	-1.4	-1.4
Niles city	11,258	12,204	12,456	13,115		-1.1	-0.2	-0.5
St. Joseph city	8,458	8,789	9,214	9,622		-0.5	-0.5	-0.4
Total West Michigan MSAs	1,830,596	1,764,300	1,583,496	1,483,807		0.5	1.1	0.7
Rural Southwest Michigan								
Allegan County	112,975	105,665	90,509	81,555		0.9	1.6	1.0
Branch County	45,726	45,787	41,502	40,188		0.0	1.0	0.3
Cass County	50,185	51,104	49,477	49,499		-0.3	0.3	0.0
Oceana County	27,598	21,645	22,454	22,002		0.3	-0.4	0.2
St. Joseph County	62,232	62,422	58,913	56,083		-0.1	0.6	0.5
Total Rural Southwest Michigan	298,716	286,623	262,855	249,327		0.3	0.9	0.5

^a 2000 to 2008 growth rate is based on July to July estimates.

^b For comparison purposes, 1980 population for Battle Creek city is the combination of Battle Creek city (35,724) and Battle Creek township (20,615), which was annexed in 1983.

^c Population for Holland city is total population of city located in Ottawa and Allegan counties.

SOURCE: State of Michigan Department of Management and Budget and U.S. Census Bureau.

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