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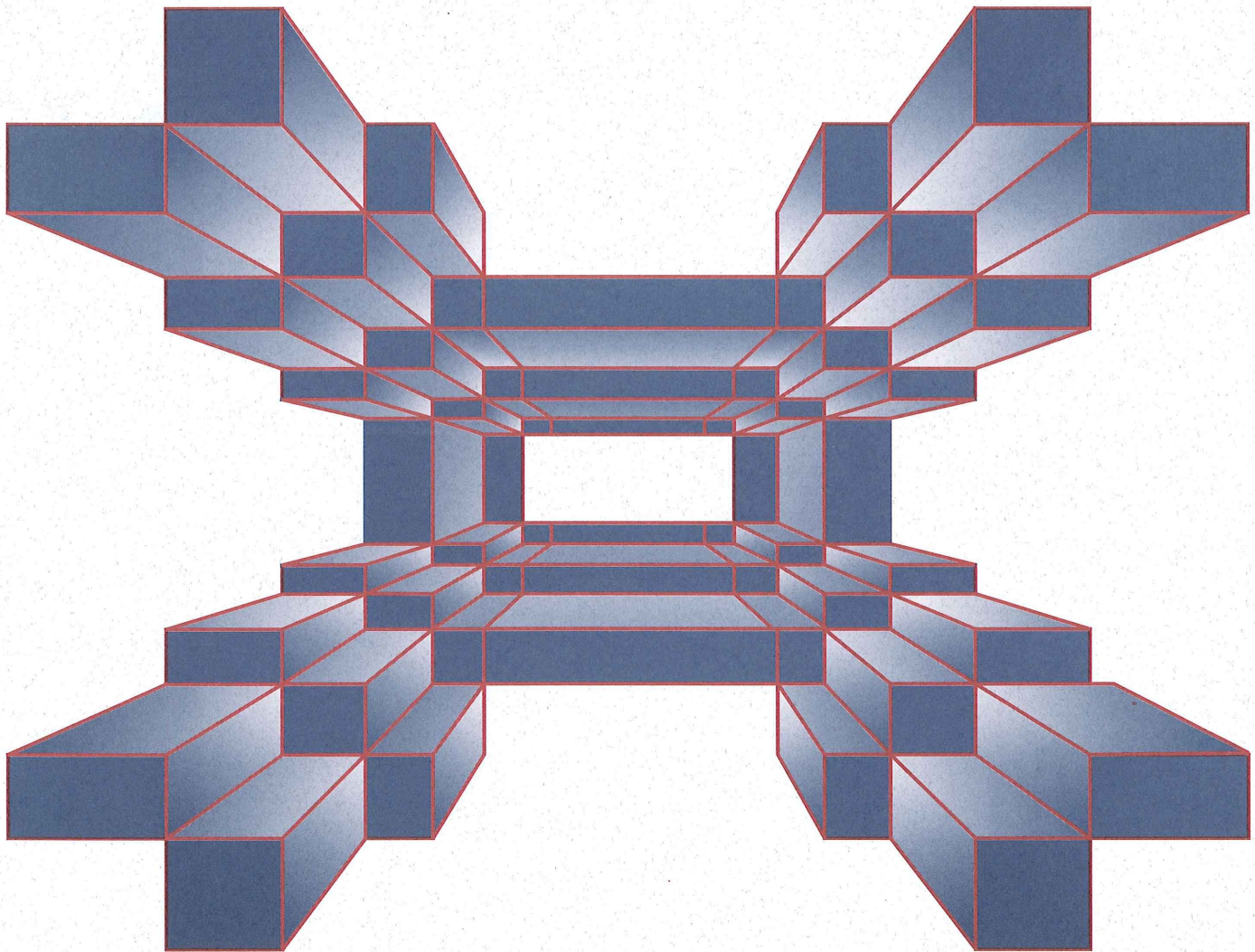
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BUSINESS OUTLOOK

for West Michigan



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BUSINESS OUTLOOK

for West Michigan

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In addition, our website provides up-to-date economic statistics on west Michigan.

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WEST MICHIGAN VIEWPOINT

2003 and 2004 Employment Forecast for West Michigan

Though 2002 was not a good year for the three metropolitan areas in west Michigan, it could have been worse. Total employment fell a slight 0.1 percent in the three metropolitan areas of Benton Harbor, Grand Rapids-Muskegon-Holland, and Kalamazoo-Battle Creek during 2002, a loss of 700 jobs. However, if the three metro areas had followed national trends, they would have lost nearly 7,600 jobs this past year.

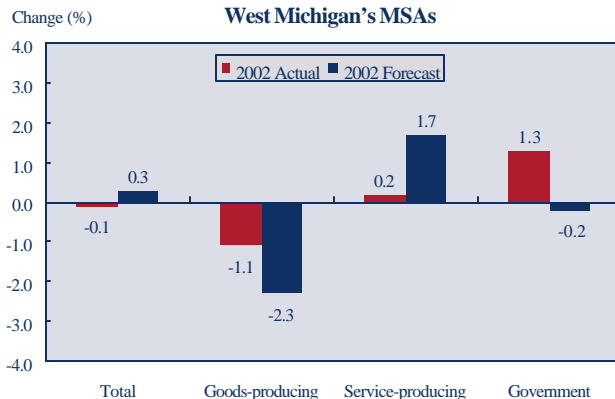
Similarly, while the areas' manufacturers had to lay off workers in 2002, they fared far better than their national counterparts. Last year, manufacturing employment in the three metro areas fell by 1.7 percent, compared to a 5.5 percent drop nationwide. In terms of jobs, the areas' manufacturers were forced to trim 3,800 workers from their payrolls in 2002, but had they followed the national trend, they would have cut more than 12,100 jobs. West Michigan outperformed the nation again.

that employment would drop by 2.3 percent when it fell by only 1.1 percent. As highlighted above, the west Michigan manufacturing sectors not only outperformed their national counterparts, but their resiliency surprised us as well.

Our errors did not stop there. We were too optimistic regarding the region's service-producing sector, predicting that it would climb 1.7 percent when it rose only 0.2 percent. The error suggests that the region's service sectors are not as independent of the area's manufacturing base as we believed. Finally, we thought government employment would be hindered by the growing budget woes at the state level; however, government employment grew by 1.3 percent instead of our predicted 0.2 percent decline.

Our forecasts for the individual MSAs were also wide of the mark, except for the Kalamazoo-Battle Creek MSA (Table 1).

Chart 1
Review of Last Year's Forecast
West Michigan's MSAs



Review of Last Year's Forecast

Overall, our forecast last year was very close to the mark; we forecasted a slight 0.3 percent increase for the three metropolitan areas of west Michigan, while current employment estimates show that employment fell by 0.1 percent. Unfortunately, the reason for the closeness of our overall forecast was due to major offsetting errors in our employment forecasts for the major components of the region's economy.

As can be seen in Chart 1, we were too pessimistic regarding the region's goods-producing sector, predicting

Table 1
Review of Last Year's Employment Forecast

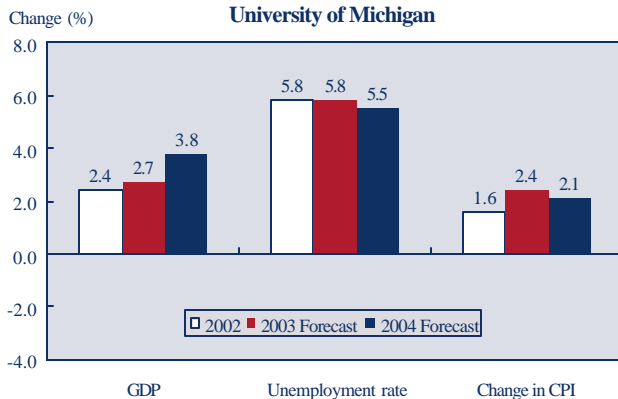
	% Change		
	2002 Actual	2002 Forecast	Error
Benton Harbor MSA			
Total	0.4	-0.1	0.5
Goods-producing	0.0	-2.8	2.8
Service-producing	0.2	1.1	-0.9
Government	2.2	-0.3	2.5
Grand Rapids-Muskegon-Holland MSA			
Total	-0.4	0.4	-0.8
Goods-producing	-1.9	-2.3	0.4
Service-producing	-0.1	1.8	-1.9
Government	2.4	-0.4	2.8
Kalamazoo-Battle Creek MSA			
Total	0.6	0.5	0.1
Goods-producing	1.0	-2.1	3.1
Service-producing	0.8	1.5	-0.7
Government	-0.8	0.3	-1.1
West Michigan			
Total	-0.1	0.3	-0.4
Goods-producing	-1.1	-2.3	1.2
Service-producing	0.2	1.7	-1.5
Government	1.3	-0.2	1.5

National Forecast Calls for Continued Moderate Growth

Turning our sights to 2003, a pall of uncertainty reigns both nationally and locally. On the national level, the key question is whether the business community will grab the economic baton from the tiring consumer. Consumer spending rose at an annualized rate of only 1.5 percent in the fourth quarter, its slowest pace in more than a year. The nation's lackluster employment conditions are finally taking their toll on both consumer confidence and spending.

Meanwhile, low interest rates and improving profits may be enticing businesses to start investing again in brick, mortar, and software. In fact, nonresidential investment spending rose at a 2.5 percent annualized rate in the fourth quarter, the first positive reading in two years. As in a

Chart 2
Short-Term U.S. Baseline Forecast
University of Michigan



track relay, baton passes are risky, and hopefully business investment spending will pick up steam and carry the economy forward. Unfortunately, it does not help that the baton is being passed in an environment of growing international tension due to a possible war with Iraq and the developing situation in North Korea.

Most economic forecasters believe that the economy will continue to grow in 2003, but at a sub-par rate. Most forecasts of this year's GDP growth center around 2.7 percent, as does the most recent University of Michigan forecast which is presented in Chart 2. The year's expected output growth would be sufficient to keep the nation's unemployment rate at 5.8 percent for all of 2003. Consumer prices are expected to rise by only 2.4 percent during the year. If this consensus forecast becomes a reality, it would mean that output growth in 2003 would be only slightly better than last year's 2.4 percent gain.

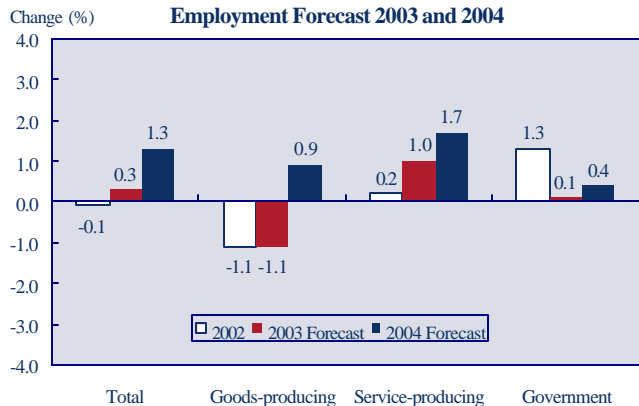
Productivity improvements will be capable of handling most of the year's expected growth, meaning that employment conditions will not rebound in 2003. The national economy is expected to accelerate in the final quarters of 2003 and achieve a 3.8 percent rate of expansion in 2004, according to the University of Michigan.

West Michigan Forecast: A Modest Improvement

Looking ahead, the west Michigan economy also faces several major risks. Hopefully, we will finally see a turnaround this year for the area's office furniture industry. The industry's trade group, BIFMA, is forecasting a 5.6 percent increase in industry shipments in 2003; however, this is down from its previously released forecast of nearly 8 percent. Also, 2003 is expected to be a moderately good year for auto and light truck manufacturers, with anticipated sales of 16.1 to 16.5 million units. Still, most forecasters are calling for 2003 sales to be below the volumes reported in the past three years, suggesting that the area's auto suppliers may see a reduction in orders. Finally, Pfizer may reveal its future plans for the former Pharmacia facilities in Kalamazoo County.

As shown in the accompanying charts, we are forecasting a 0.3 percent increase in employment in the three metro areas in 2003, improving to 1.3 percent in 2004. Employment in the Kalamazoo-Battle Creek MSA is expected to rise by 0.8 percent, while employment in the Benton Harbor MSA (Berrien County) is forecasted to

Chart 3
West Michigan
Employment Forecast 2003 and 2004



increase by 0.5 percent. However, employment in the four-county Grand Rapids-Muskegon-Holland MSA is expected to increase by only 0.1 percent in light of the recent announcement that Bosch is closing its Kentwood plant. Indeed, we are forecasting a 1.1 percent reduction in goods-producing employment (manufacturing and construction) in west Michigan during 2003.

Bosch's recent announcement that it is closing its powertrain and fuel injection component plant in Kentwood will push goods-producing employment in the Grand Rapids-Muskegon-Holland area deeper into negative territory. With the loss of the plant's 1,200 workers, in addition to continued lackluster conditions in the area's struggling office furniture industry, we are forecasting employment in the goods-producing sector to decline by 1.5 percent in 2003, before rebounding by 0.8 percent in 2004. Goods-producing employment in the Kalamazoo-Battle Creek area is forecasted to drop by only 0.1 percent; however, this forecast does not account for any potential employment changes at Pharmacia during 2003 or 2004.

Employment in west Michigan's service-producing sector is expected to rebound in 2003 by 1.0 percent. The lack of substantial employment growth in the region's service sector during 2002—only a 0.2 percent increase—was surprising and suggests that the ties between the

region's service and manufacturing sectors may be stronger than previously believed. Although the area's goods-producing sector is still expected to decline by an identical 1.1 percent in 2003, we expect that pent-up demand from 2002 for consumer and business services will generate job growth in 2003. Lastly, the state's budget crisis is expected to keep government employment flat for the next two years.

I have always believed that forecasting is a dangerous sport, and that it should be avoided when possible because the unknowns can be overwhelming. While our employment forecasts do not call for a return of the robust growth enjoyed in the 1990s, it is comforting to know that west Michigan outperformed the nation in 2002 and that we will most likely do it again in 2003.

Chart 4
Benton Harbor MSA
2003-2004 Employment Forecast

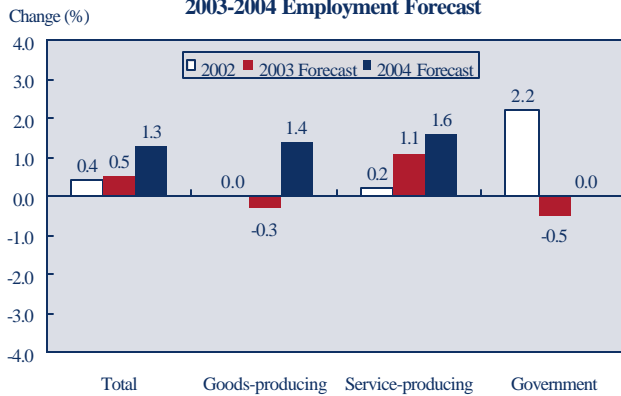


Chart 5
Grand Rapids-Muskegon-Holland MSA
2003-2004 Employment Forecast

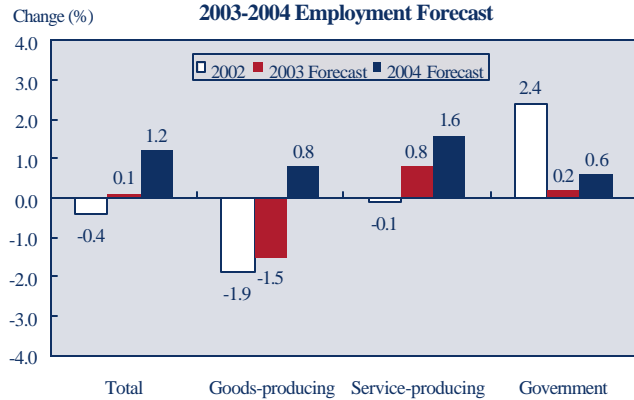
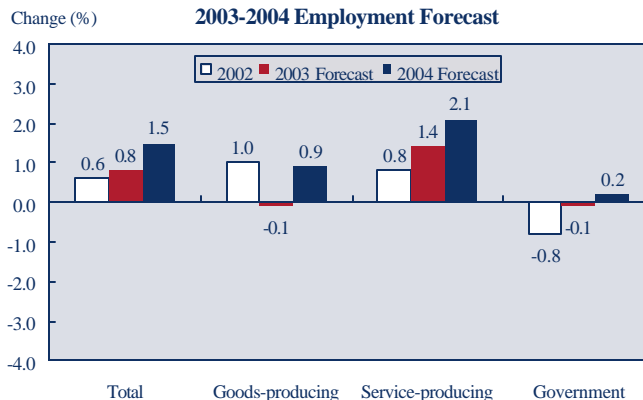


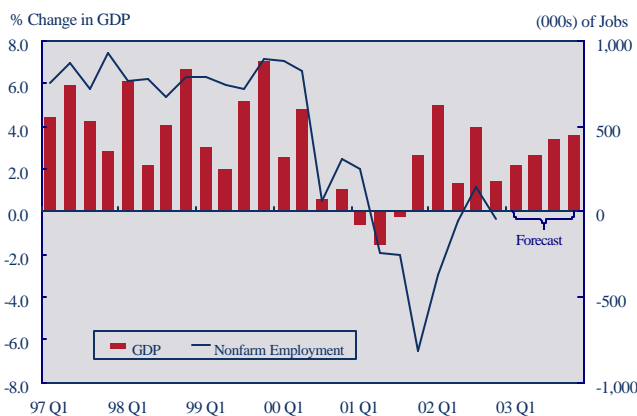
Chart 6
Kalamazoo-Battle Creek MSA
2003-2004 Employment Forecast



NATIONAL ECONOMY

The national economy slowed in the final quarter of 2002, as the economy grew at a 1.4 percent annualized rate. For the year, the nation's economy grew 2.4 percent, which was above the paltry 0.3 percent showing in 2001. Still, the rate of growth for the year was well below the nation's sustainable rate of non-inflationary growth which is closer to a 3.5 to 3.8 percent annual rate. Fortunately, the quarter's statistics provided evidence that the year-long recovery will likely continue as the business sector made a welcome return just in time to bolster the tiring consumer.

Gross Domestic Product and Nonfarm Employment



Consumers' Health Questioned

The health of the consumer is being seriously examined as consumer spending slowed to a 1.5 percent annualized rate in the quarter, its lowest quarterly rate during the past year. The December rush to the auto showroom to grab the latest round of incentives pushed car and light truck sales up to a 18.3 million unit pace, but it was not enough to keep spending for all durable goods from dropping at a 8.5 percent annualized rate during the quarter. Spending on non-durable items and services remained positive for the quarter.

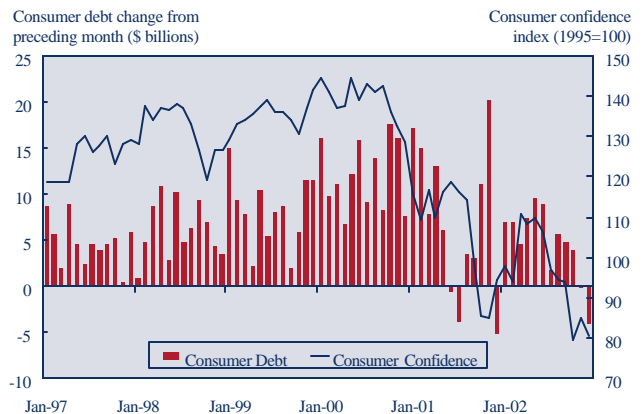
Facing a lackluster labor market and growing tension in the international arena, it is not surprising that consumers became more cautious in their spending. Employers cut 52,000 jobs from their payrolls in the fourth quarter, pushing the nation's unemployment rate slightly upward to 5.9 percent. The nation's manufacturing sector continues to suffer due to both the lack of business orders for machinery and equipment, and strong competition from foreign producers. As of January, manufacturing employment has declined for 30 consecutive months. However, employment losses were not confined to the goods-producing sectors; retail and wholesale employment also lost jobs in the fourth quarter, reflecting consumers' weariness. Temporary employment

services, which are often considered a leading indicator, lost ground as well during the quarter.

In February, consumer confidence dropped by nearly 15 points to its lowest level since October 1993, according to the survey released by the Conference Board. The index has fallen in seven of the last nine months.

Not surprising given their growing anxiety, evidence suggests consumers are saving more and managing their debt burden more prudently. Credit card debt fell by \$8.4 billion in December, which was the largest decline ever, according to the Federal Reserve. Last year, credit card debt increased only 1.6 percent, compared to 5 percent in 2001 and a much larger 11.5 percent jump in 2000. Freddie Mac reports that many households continue to restructure their debt through home equity loans in order to achieve lower

Consumer Confidence and Consumer Debt



monthly service fees. Still, personal bankruptcies continue to climb. In the twelve-month period ending in September, 1.5 million individuals filed for bankruptcy protection, an increase from 1.4 million in the previous year.

Fortunately, recently released employment and income statistics point to improving economic conditions for consumers. Employers hired 143,000 workers in January, and the nation's unemployment rate dropped to 5.7 percent from 6.0 percent in December. In addition, personal income rose by 0.4 percent in December from November's increase of 0.3 percent. For all of 2002, real disposable personal income (after tax) increased 4.5 percent compared to only a 1.8 percent increase a year before. Still, the U.S. Commerce Department reports that, after adjusting for inflation, disposable income rose at a 2.5 percent annual growth rate in the fourth quarter, which was down from the 3.1 percent and 3.9 percent annualized pace in the past two quarters.

Business Spending May Be Back

With the consumer sector sidelined for the moment, the business sector stepped in with a moderate 2.5 percent annualized increase in nonresidential investment spending during the fourth quarter. It was the first time in two years that nonresidential investment climbed into positive territory. For the past three quarters, businesses have been taking advantage of historically low interest rates and buying equipment, machinery, and software, but cutting orders for new structures. Finally, in the fourth quarter their durable goods and software purchases surpassed the ongoing decline in nonresidential construction.

During the quarter, business spending on equipment and software rose at a 6.6 percent annualized rate, which more than offset its 9.8 percent annualized decline in spending on structures. Several analysts have warned, however, that much of the quarter's gain in investment spending could be attributed to end-of-the-year fleet sales and that it will not be until the first quarter numbers are in that we can be sure that business investment has indeed returned.

The Federal Reserve has created an attractive environment for investment spending by keeping short-term interest rates very low. Its target for the federal funds rate, which is the interest rate banks charge each other for overnight loans, remains at 1.25 percent. Longer term rates also remain low, and the spread between long-term and short-term rates remains positive, suggesting continued growth. Still, the January survey of senior loan officers conducted by the Federal Reserve Board found that domestic and foreign banks, on average, continue to tighten their lending standards for commercial and industrial loans. The report concluded that business loan activity was "reportedly weaker on balance." The only good news that can be teased out of the survey is that the percentage of banks reporting weaker demand was "significantly lower" than in previous surveys.



The return of business investment—if it holds—is certainly welcomed by the nation's manufacturing sector. While the nation's factories continue to cut workers, the latest reports from the Institute for Supply Management (formerly NAPM) are promising. The ISM manufacturing index, while slipping to 53.9 in January from a revised 55.2 in December, is still above the 50 mark, which historically indicates a growth manufacturing base. The index is further supported by the U.S. Commerce Department's report that factory orders rose in December by 0.4 percent.

While business investment may be returning, residential investment never left. Residential investment spending rose at a 6.6 percent annual rate in the fourth quarter and has recorded positive quarterly growth for the past four quarters. New home sales rose by 3.5 percent in December to a seasonally adjusted annual rate of 1.08 million, while new home sales reached 976,000—a new record—in 2002. However, in January the U.S. Commerce Department reported that new home sales fell.

International Markets Are Still Lackluster

The nation's trade deficit continued to expand in the fourth quarter, with the nation's exports falling at a 4.4 percent annualized rate. Meanwhile, imports grew at a modest 7.2 percent annualized rate. The dollar has declined relative to the currencies of our major trading partners. While a weaker dollar should give our exports a boost, it cannot make up for the lackluster economic conditions in the international marketplace. The unemployment rate in the Euro-zone is stubbornly staying at 8.5 percent, and as of the third quarter of 2002, output growth was up only 0.3 percent. Another major point of concern is Japan, where evidence suggests that the economy is slipping downward again.

Outlook Remains Positive

While calling for positive growth in 2003, forecasters expect it to be modest, at best. The consensus forecast of professional forecasters tallied by the Philadelphia Federal Reserve calls for the nation's GDP to grow by 2.5 percent in 2003. This is very similar to the University of Michigan forecast, which predicts that output will increase by 2.7 percent this year.

Of course, all current short-term forecasts rest on differing assumptions in regards to the possible war with Iraq. The current military buildup has generated a short-term boost to the economy; national defense spending rose at an 11.4 percent annualized rate in the fourth quarter. However, the medium- and long-term effects of the crisis on international markets, business, and consumer confidence may be far more important to the national economy in 2003.

THE REGIONAL ECONOMY

The Economy of the Great Lakes States Remains Soft

Employers in the Great Lakes states cut nearly 140,000 workers from their payrolls during the twelve-month period ending in December. This 0.6 percent decline compared unfavorably with the nation as a whole, where employment fell a smaller 0.2 percent during the same period. The region's manufacturers suffered substantial employment losses in the twelve-month period. Representing only 18 percent of the region's total employed workforce, manufacturing still bore 47.5 percent of the jobs lost. Still, despite losing 66,200 jobs (a 1.6 percent decline during the period) manufacturers in the five states did not do as poorly as their national counterparts. Employment at U.S. manufacturers located outside of the five states fell by a greater 4.1 percent during the period.

In December, production workers in Illinois, Indiana, and Michigan worked longer hours than a year ago, which can be a precursor to additional hiring. However, hours were reduced in Ohio and Wisconsin. The January polling of Chicago local purchasing managers indicated that economic conditions facing the area's manufacturers are still soft. While the area's purchasing manager index (PMI) fell from 56.0 to 54.9, however, most analysts expected worse. The latest polling of the region's employers by researchers at the

Chicago Federal Reserve also shows that the regional economy remains in the doldrums.

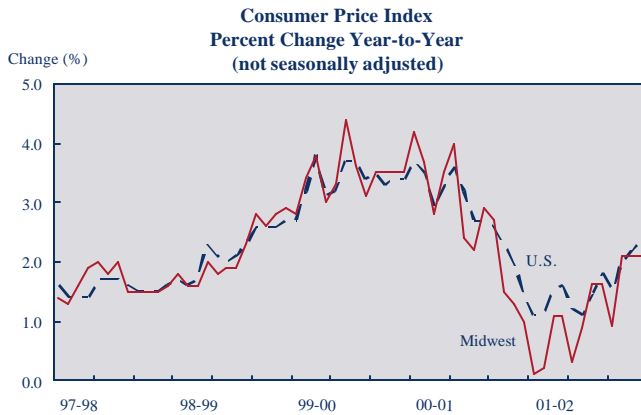
Consumer spending during the holiday season was disappointing to many retailers. Still, consumers continue to refinance their homes, suggesting that they may be restructuring their debt (as is being seen nationwide). Businesses are holding back on their capital expenditure plans for the year. Very attractive interest rates are being ignored, as many businesses take a wait-and-see attitude as national and international events unfold. Still, while planned capital investment expenditures for 2003 are modest, the researchers reported that several of their business contacts believe that companies are ready to revise upward their investment plans if economic activity accelerates. The only bright point in the report is that the pace of the region's residential housing market remains brisk.

With the sole exception of health care costs, the Federal Reserve researchers found little pressure on prices. This is supported by the latest reading of the Midwest consumer price index, which has been running a little below the national CPI. While the national CPI-U increased by 2.4 percent in the twelve-month period ending in December, the Midwest index rose just 2.1 percent. Still, the latest jump in the nation's producer prices due to rising oil prices may cause prices in the region to move upward.

Employment and Earnings (not seasonally adjusted)

Great Lakes Region	December 2002	December 2001	Change (%)	Great Lakes Region	December 2002	December 2001	Change (%)
Illinois				Ohio			
Total employment	5,924,000	5,989,700	-1.1	Total employment	5,558,500	5,600,100	-0.7
Mfg. employment	870,700	893,700	-2.6	Mfg. employment	996,000	1,010,100	-1.4
Avg. weekly hours	41.1	40.7	1.0	Avg. weekly hours	42.0	42.6	-1.4
Avg. hourly earnings	\$14.68	\$14.70	-0.1	Avg. hourly earnings	\$17.43	\$17.57	-0.8
Indiana				Wisconsin			
Total employment	2,926,700	2,937,600	-0.4	Total employment	2,856,000	2,836,000	0.7
Mfg. employment	615,200	623,200	-1.3	Mfg. employment	564,900	574,900	-1.7
Avg. weekly hours	41.7	41.3	1.0	Avg. weekly hours	41.5	41.8	-0.7
Avg. hourly earnings	\$17.12	\$16.56	3.4	Avg. hourly earnings	\$15.97	\$15.57	2.6
Michigan				United States			
Total employment	4,565,900	4,607,200	-0.9	Total employment (000)	131,504	131,703	-0.2
Mfg. employment	907,300	918,400	-1.2	Mfg. employment (000)	16,487	17,087	-3.5
Avg. weekly hours	43.2	42.4	1.9	Avg. weekly hours	41.5	41.2	0.7
Avg. hourly earnings	\$20.81	\$20.35	2.3	Avg. hourly earnings	\$15.59	\$15.17	2.8

Note: December 2002 lists preliminary numbers.



Car Sales Remain Strong

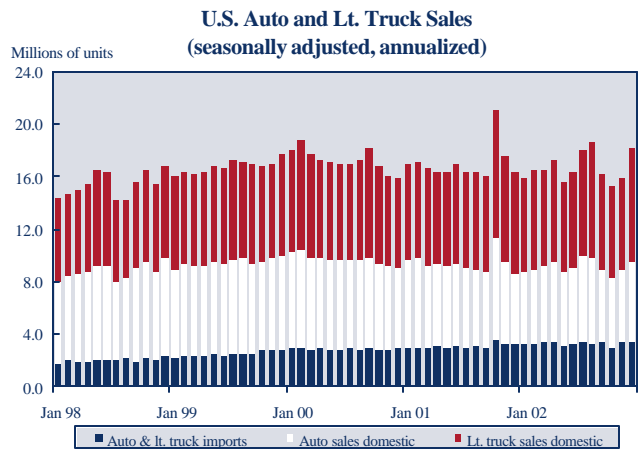
Last year proved to be the fourth best auto year in history, with 16.7 million light trucks and cars being sold. In January, the nation's car and light truck sales remained strong, achieving a respectful annualized rate of 16.1 million. January's sales numbers were particularly strong in fact, as they came after December's end-of-the-year blowout sales. In December, car and light truck sales soared at an unsustainable 18.2 million unit annual pace as consumers grabbed end-of-the-year incentives.

During the past four years, which encompassed the 2001 recession, annual car and light truck sales did not dip below 16.5 million units. Thus, the auto companies expect 2003 to be another 16 million-plus year, as does the University of Michigan, which is now forecasting 16.4 million sales in 2003, followed by 16.5 million in 2004.

Domestic production in the first quarter is expected to be strong, as inventories took a big hit in December. Bank One estimates that production will increase at a 12 million unit average annual rate during the first quarter.

The industry faces several challenges, however, in achieving another solid sales year. First, after four great

sales years, it is questionable whether the buying public can still absorb another 16 million cars and light trucks. With consumer confidence in a long-term decline and used car prices at rock bottom levels due to high trade-in activity, it may be too tempting to buy a quality two-year-old used vehicle and save some cash. In addition, although banks are still reporting brisk refinancing activity, house refinancing cannot be expected to fuel future sales as it did during the past.

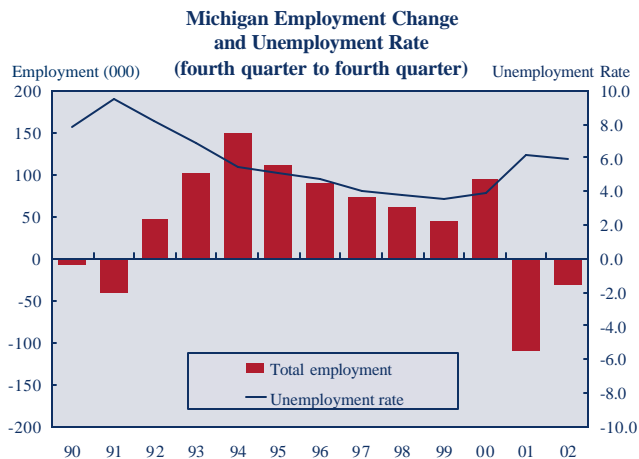


Still, the industry is turning out more models and options than ever before, which is attracting a lot of attention. In addition, new car prices continue to drop. Bank One now estimates that, once you factor in quality improvements, new car prices are as low as they were in 1995. Finally, given that many buyers trade in their vehicles after only two or three years, the industry can count on a sizable replacement business in the coming year.

Low prices may persist, as Ford and General Motors continue to offer attractive incentives. For example, Ford recently added a \$500 direct-to-consumer rebate on their SUVs, boosting cash discounts to \$2,500 on the Explorer. Ford's rebate appears to be a response to GM's similar move on their SUVs.

THE STATE OF MICHIGAN

Statewide, total employment inched down by 0.1 percent in the final quarter of 2002. Despite the state's stagnant employment conditions, its unemployment rate fell to 5.9 percent during the quarter, with the number of unemployed persons declining by 5.6 percent. The fourth-quarter reading of the state's economic indicators—while mixed—offers a glimmer of hope that its goods-producing sector may finally be turning around.

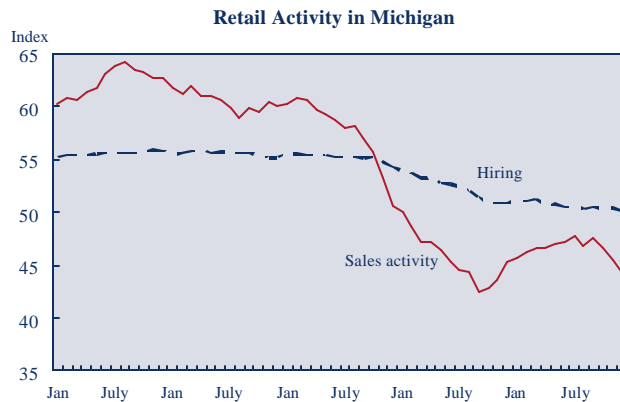


Employment in the state's goods-producing sector was off by a scant 0.1 percent during the fourth quarter (see page 25). Manufacturers cut their workforce by 0.2 percent, a loss of 1,450 jobs, while employment in construction held steady. Employment declines occurred in both the state's durable and nondurable goods-producing sectors.

Manufacturing employment fell by 0.8 percent during the past four quarters statewide. Losses were concentrated in five industries: furniture, industrial machinery, electronic equipment, transportation equipment, and paper. The state's plastics, and surprisingly, apparel industries both picked up more than 1,000 workers during the year.

Employment in the state's service-producing sector was flat during the quarter. Retailers cut nearly 5,000 jobs (seasonally adjusted) during the quarter, which adds only further support that the holiday season was below retailers' expectations. However, according to a statewide survey of retailers conducted by the Federal Reserve Bank of Chicago in cooperation with the Michigan Retail Association, the current decline in retail activity started five months earlier.

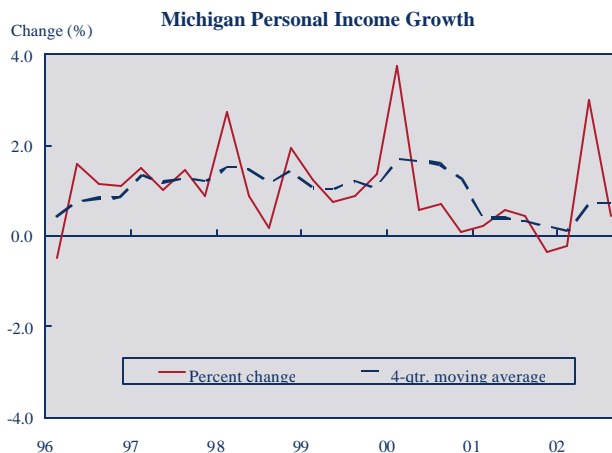
The reported decline in retail activity statewide is not supported by the latest statistics on the state's personal income growth, however. While very volatile, with a large



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

increase reported in the second quarter of last year, the four-quarter moving average indicates fairly stable conditions.

Employment in wholesale and transportation and public utilities was also down during the quarter. Employment in the remaining sectors was up, with employment in finance, insurance, and real estate increasing by 0.4 percent (850 jobs) and service employment rising by 0.5 percent (more than 6,500 jobs).



Government employment was down by 0.3 percent during the quarter. State and local governments are facing severe budget constraints, which will likely produce employment cuts in the coming months.

The latest Michigan revenue estimates for fiscal year 2002–03, which started in November of 2002, show that as of January, income tax revenues are down by 1.6 percent from the same period a year ago, and revenues from sales and use taxes are off by 4.4 percent.

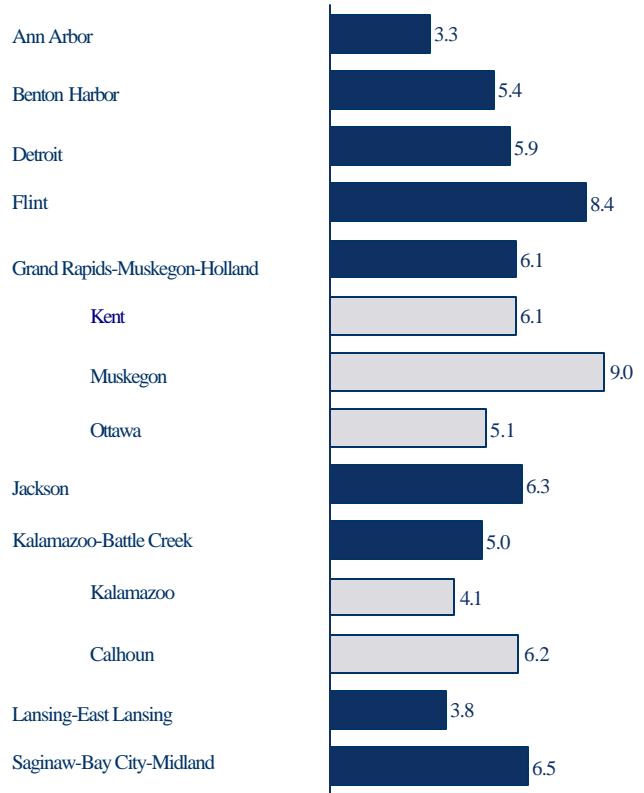
The state's economic indicators were mixed in the fourth quarter. Both the Detroit and West Michigan Help-Wanted Advertising Indexes were down in the quarter, indicating that hiring may remain modest in the coming months. The Detroit Index fell by 6.9 percent, while the composite West Michigan Index dropped by 5.4 percent. On the other hand, the state's Index of Leading Indicators, which monitors activity levels in its goods-producing sector, was up 0.9 percent with all three of the statewide components showing improvement. While it is too early to say that the state's manufacturing sector is starting to turn around, the quarter's index readings are promising, nevertheless.

Metropolitan Areas' Performance Reveals Some Surprises

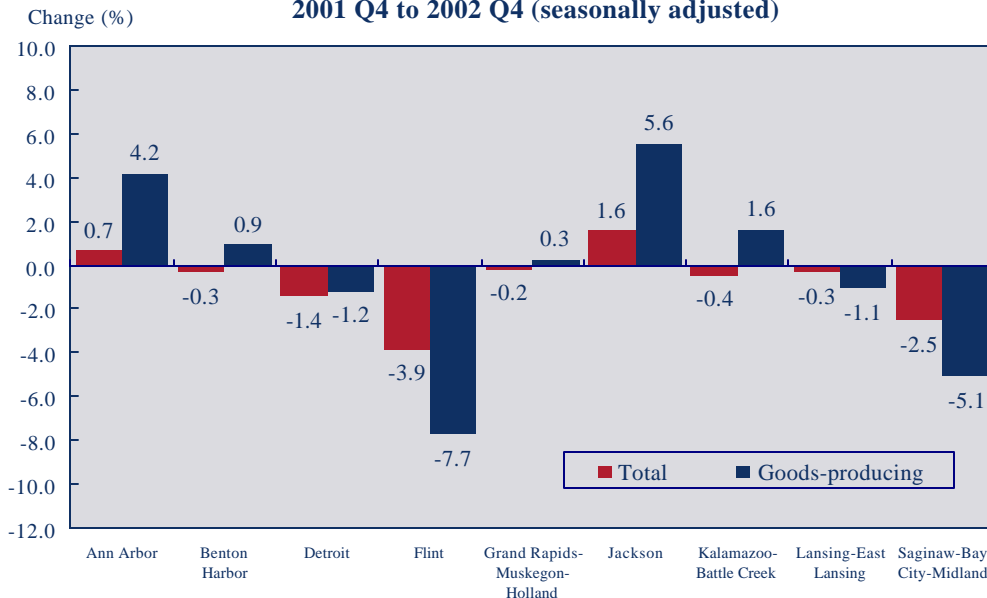
Employment in the Jackson MSA rose by a healthy 1.6 percent during the four-quarter period ending in the fourth quarter of 2002. There are signs that the state's goods-producing sector may be coming back, as strong gains were reported in Ann Arbor, Jackson, and the Kalamazoo-Battle Creek MSAs.

Several of the state's metropolitan areas are also reporting very low unemployment rates. The unemployment rates in the Ann Arbor and Lansing-East Lansing MSAs continue to be below 4.0 percent, while unemployment rates in the Benton Harbor, Detroit, and Kalamazoo-Battle Creek MSAs remain below the national rate.

**Michigan Metropolitan Areas
Fourth Quarter Unemployment Rates
(%, seasonally adjusted)**



**Metropolitan Comparison: Percent Change in Employment,
2001 Q4 to 2002 Q4 (seasonally adjusted)**



WEST MICHIGAN ECONOMY

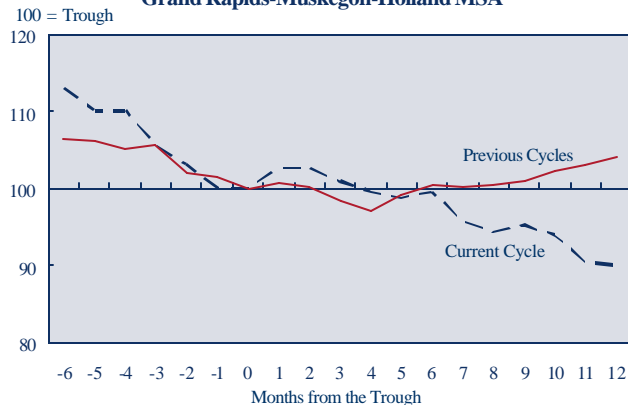
Total employment inched up 0.1 percent in the three metropolitan areas of west Michigan during the fourth quarter of 2002. Despite the lack of significant employment gains in any of the region's major sectors, its composite unemployment rate fell to 5.8 percent. While the region's economic indicators suggest that sluggish employment conditions may hold in the coming months, they also reveal a sign that the area's goods-producing sector may be stabilizing.

Employment in the region's goods-producing sector remained unchanged in the fourth quarter. A large 2.3 percent jump in construction employment was completely offset by a 0.4 percent decline in its larger manufacturing sector. Sluggish sales continued to trigger employment reductions in the region's manufacturing sector. Indeed, the recent announced closing of Bosch's Grand Rapids area plant, which employed more than 1,200 workers, was attributed to the depressed heavy truck market.

Moreover, it is becoming painfully clear that the area's struggling furniture industry is experiencing recessionary conditions that are far worse than it suffered in previous downturns. In the chart below, the industry's local employment trends are indexed to 100 at the trough of the last four recessions. For the purpose of this analysis, it is assumed that the 2001 recession ended in December of that year. The top line is the industry's average employment trends for the three earlier recessions, and shows that the industry traditionally bottoms out approximately four months after the national trough. This time, however, even after 12 months since the end of the 2001 recession, the industry's employment is still falling.

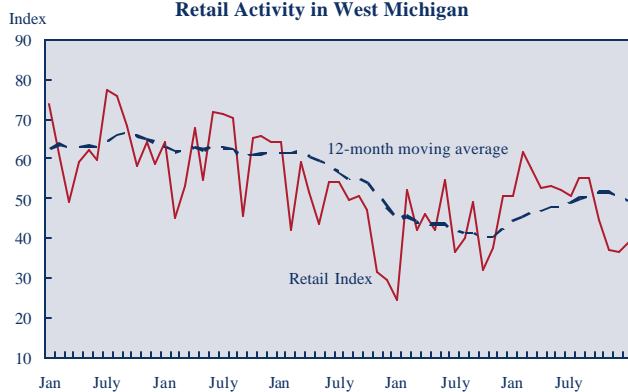
BIFMA, the office furniture trade association, still expects the industry to turn around in 2003, but recent negative statistics have forced it to revise downward its forecast. The revised forecast calls for industry shipments to climb 5.6 percent, down from 8.0 percent posted in August. If this lower forecast were to become a reality, shipments would still reach \$9.4 billion for 2003, as compared to \$8.9 billion in 2002. However, industry leaders are not as positive about the future as BIFMA, nor have they seen any signs of a rebound. BIFMA believes that 2004 will be an even better year with shipments expected to top \$10.5 billion. Even the 2004 projection is substantially below the industry's 2000 high of \$12.29 billion in sales, however. The trade association fears that it will take years before the industry climbs to the level it enjoyed in 2000.

Furniture Employment Trends
Grand Rapids-Muskegon-Holland MSA



Employment in the region's private service-producing sector was up only 0.1 percent in the fourth quarter, as gains in services just offset declines in retail, finance, and transportation and public utilities. The latest reading of the survey of retailers conducted by the Federal Reserve Bank of Chicago, in association with the Michigan's Retailers Association, shows that retail sales in the region started to soften at the end of last summer.

Retail Activity in West Michigan



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

The region's economic indices are mixed. The composite Help-Wanted Advertising Index fell by 5.4 percent, suggesting that overall employment gains may be small at best in the coming months. However, its Index of Leading Indicators, which tracks employment conditions in the region's goods-producing sector, rose 1.0 percent. All three of the region's components of the index improved during the quarter. Production workers were logging longer hours, unemployment claims fell, and construction starts rose modestly upward. Still, the January polling of the area's purchasing managers is not as promising (see page 19).

West Michigan (3 MSAs) Statistics

(seasonally adjusted)

Measure	2002 Q4	2002 Q3	Percent change		
			Q3 to Q4	2001 Q4	Percent change Q4 to Q4
Employment (by place of work)					
Total employment	871,660	871,020	0.1	873,950	-0.3
Goods-producing	259,620	259,540	0.0	258,010	0.6
Construction & mining	42,670	41,730	2.3	40,850	4.5
Manufacturing	216,950	217,810	-0.4	217,170	-0.1
Durable goods	138,800	139,030	-0.2	139,860	-0.8
Nondurable goods	78,160	78,770	-0.8	77,310	1.1
Private service-producing	508,850	508,280	0.1	512,510	-0.7
Transportation & public utilities	33,210	33,330	-0.4	33,130	0.2
Wholesale trade	46,240	45,910	0.7	47,850	-3.4
Retail trade	163,170	163,610	-0.3	163,980	-0.5
Finance insurance and real estate	34,970	35,170	-0.6	35,910	-2.6
Services	231,260	230,260	0.4	231,640	-0.2
Government	103,200	103,210	0.0	103,420	-0.2
Unemployment					
Number unemployed	54,860	58,250	-5.8	57,120	-4.0
Unemployment rate	5.8	6.1	-4.9	6.0	-3.3
Local indexes					
Help-wanted ads (2 MSAs) ^a	70	74	-5.4	81	-13.6
Leading indicators	105	104	1.0	95	10.5
Average weekly hours	40.5	40.3	0.5	40.0	1.3
UI initial claims	3,039	3,209	-5.3	3,779	-19.6
New dwelling units ^b	8,832	8,687	1.7	8,743	1.0

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 Career Development.

NOTE: Categories may not sum to total due to rounding.

^aGrand Rapids-Muskegon-Holland MSA and Kalamazoo-Battle Creek MSA.

^bSeasonally-adjusted annual rates; does not include Allegan County or Van Buren County.

West Michigan (3 MSAs) Industry Employment Change by Place of Work

Fourth Quarter to Fourth Quarter

(not seasonally adjusted)

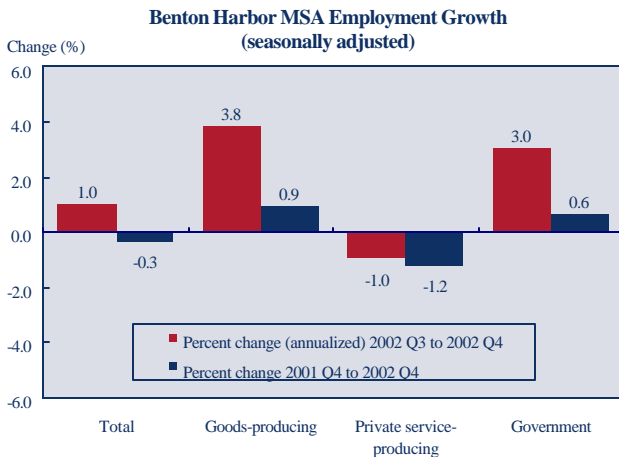
Industry	2002	2001	Percent change	Industry	2002	2001	Percent change
	Q4	Q4			Q4	Q4	
Goods-producing	259,970	258,470	0.6	Private service-producing	513,000	516,870	-0.7
Primary metals	10,470	9,630	8.7	Health services	65,900	64,770	1.7
Fabricated metals	26,530	26,070	1.8	Government	107,570	107,830	-0.2
Industrial machinery	30,800	30,900	-0.3	Federal	9,870	9,500	3.9
Food & kindred products	15,670	15,870	-1.3	State	17,500	17,970	-2.6
Printing & publishing	10,600	10,530	0.7	Local	80,200	80,370	-0.2
Plastics & rubber	12,730	12,430	2.4				

SOURCE: Michigan Department of Career Development.

BENTON HARBOR MSA

Total employment rose just 0.2 percent during the final quarter of 2002 in the Benton Harbor MSA. The modest employment gain was enough to push the area's unemployment rate down to 5.4 percent, while the number of employed persons declined by 10.5 percent. All of the area's economic indicators advanced during the quarter, suggesting that employment conditions may modestly improve during the coming months.

Employment in the area's goods-producing sector rose by 0.9 percent in the fourth quarter due to a large 5.3 percent jump in construction employment. Manufacturing employment also rose by 0.4 percent, as employment gains in its durable goods sector more than erased reported declines in its nondurable goods sector. Unfortunately, recent announcements suggest that further declines in the area's nondurable goods sector are likely.



Menasha Corporation announced that it is closing its box plant in Coloma due to a combination of sluggish sales and overcapacity. The factory, Coloma's biggest employer, employed 115 workers. Dean Foods also announced that it is eliminating 40 jobs at its Benton Harbor plant due to lackluster sales, and it is curtailing two product lines at the plant. The announced downsizing at Dean Foods may have con-

tributed to the APL Logistics decision to lay off up to 60 workers at its county distribution center. The center currently employs approximately 160 workers, and had labeled and boxed the canned goods being discontinued at the Dean Foods plant. Finally, employment reductions were also reported at Michigan Tube in Eau Clair, a supplier to the office furniture industry as well as other markets.

On the positive side, modest employment gains were reported at Modern Plastics. Moreover, it is reported that the company will be a major supplier to Colortek, an auto supplier, which announced that it is locating its new plant in Baroda and plans to employ 60 workers within two years.

Employment in the area's service-producing sector fell by 0.2 percent, despite a 2.2 percent jump in retail employment that countered statewide trends for the sector. Unfortunately, as the area retailers added 290 workers to their payrolls, the area's service companies (which range from health and legal services to business and consumer services) eliminated 320 jobs, a decline of 1.6 percent. Employment in all levels of government rose by 0.8 percent. However, with the state facing serious budget problems, future government employment trends will most likely be neutral, if not negative, in the coming year.

The county may see a substantial boost in tourism activity this summer due to the planned spring opening of a high-speed ferry from St. Joseph to Chicago. The ferry will carry up to 300 passengers and make the run in less than two hours.

The area's Index of Leading Indicators rose by 1.0 percent, suggesting that further modest employment gains may be expected in the coming months. All three of the local components of the index improved during the quarter. Production workers logged in longer hours, new claims for unemployment insurance fell by nearly 10 percent, and the number of new dwelling units put under contract for construction rose by 9.7 percent.

Benton Harbor MSA

(seasonally adjusted)

Measure	2002 Q4	2002 Q3	Percent change		
			Q3 to Q4	2001 Q4	Q4 to Q4
Employment (by place of work)					
Total employment	72,260	72,080	0.2	72,500	-0.3
Goods-producing	21,430	21,230	0.9	21,230	0.9
Construction & mining	2,770	2,630	5.3	2,560	8.2
Manufacturing	18,660	18,590	0.4	18,680	-0.1
Durable goods	14,710	14,530	1.2	14,560	1.0
Nondurable goods	3,960	4,060	-2.5	4,120	-3.9
Private service-producing	41,440	41,540	-0.2	41,940	-1.2
Transportation & public utilities	3,520	3,530	-0.3	3,490	0.9
Wholesale trade	2,490	2,540	-2.0	2,660	-6.4
Retail trade	13,630	13,340	2.2	13,830	-1.4
Finance, insurance, & real estate	2,380	2,390	-0.4	2,450	-2.9
Services	19,420	19,740	-1.6	19,510	-0.5
Government	9,390	9,320	0.8	9,330	0.6
Unemployment					
Number unemployed	4,520	5,050	-10.5	5,460	-17.2
Unemployment rate (%)	5.4	6.0	-10.0	6.4	-15.6
Local indexes					
Leading indicators	101	100	1.0	85	18.8
Average weekly hours	39.3	38.9	1.0	38.2	2.9
UI initial claims	276	305	-9.5	406	-32.0
New dwelling units ^a	496	452	9.7	418	18.7

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 Michigan Department of Career Development.

NOTE: Categories may not sum to total due to rounding.

^a Seasonally adjusted annual rates.

Benton Harbor MSA

Industry Employment Change by Place of Work, Fourth Quarter to Fourth Quarter

(not seasonally adjusted)

Industry	2002	2001	Percent change	Industry	2002	2001	Percent change
	Q4	Q4			Q4	Q4	
Goods-producing	21,700	21,500	0.9	Private service-producing	41,700	42,230	-1.3
Primary metals	2,400	2,270	5.7	Business services	4,000	3,930	1.8
Fabricated metals	1,500	1,430	4.9	Health services	6,300	6,170	2.1
Industrial machinery	3,900	3,770	3.4				
Food & kindred products	700	600	16.7	Government	9,770	9,700	0.7
Printing & publishing	1,430	1,530	-6.5	Federal	500	500	0.0
Plastics & rubber	1,230	1,430	-14.0	State	430	500	-14.0
				Local	8,830	8,700	1.5
				Local (education)	6,000	5,970	0.5

SOURCE: Michigan Department of Career Development.

GRAND RAPIDS-MUSKEGON-HOLLAND MSA

Total employment in the four-county MSA rose by a modest 0.2 percent in the fourth quarter, due to healthy employment growth in its service-producing and government sectors. The slight employment increase helped push the area's unemployment rate down to 6.1 percent. The area's economic indicators remain modestly negative during the quarter, suggesting that little change can be expected in the area's employment situation in the coming months.

Employment in the area's goods-producing sector fell by 0.3 percent, despite a 1.9 percent increase in construction employment. Area employment in manufacturing fell by 0.7 percent, which was sufficient to pull the sector's total employment into negative territory. Moreover, the recently announced closing of Bosch's plant in the Grand Rapids area and the seemingly continuous stream of layoff notifications by office furniture companies in both Grand Rapids and Holland may keep the area's manufacturing employment levels stagnant, at best, during most of the coming year.

During the past four quarters, the area's manufacturing base has shown remarkable resiliency. Employment in the area's struggling office furniture industry fell by 10.8 percent during the past four quarters (a loss of 2,500 jobs) and yet total manufacturing employment was off by only 0.3 percent (a loss of only 450 jobs). Metal product producers, food processors, printers and publishers, and plastic makers all added workers to their payrolls during the past four quarters. In short, the area's manufacturing diversity cushioned what—for most other communities—would have been a harsh blow.

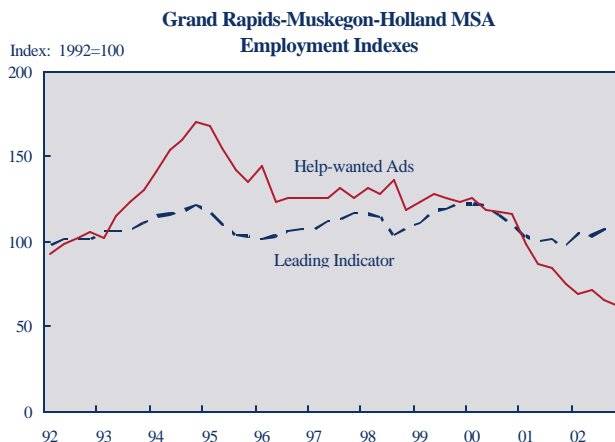
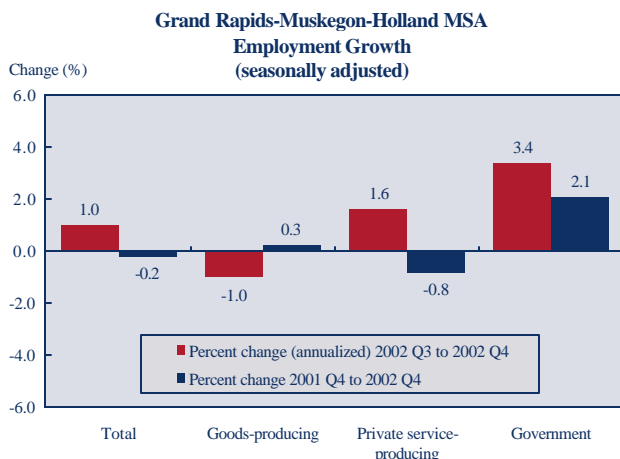
As mentioned, the current downturn is much more severe for the area's office furniture manufacturers than in previous recessions. BIFMA, the industry's trade association, is forecasting the industry to turn around in 2003, with industry shipments climbing 5.6 percent.

Employment in the area's service-producing sector rose a moderate 0.4 percent during the fourth quarter. A 1.2 percent jump in services employment more than erased declines in transportation and public utilities, retail, and finance during the quarter. During the past four quarters, however, employment in the private service-producing sector fell by 0.8 percent, a loss of more than 2,700 jobs. Business services and food stores took the biggest hits. At the same time, employment increased in private education services, health care, and restaurants.

Finally, government employment rose by 0.8 percent during the quarter due to large reported employment increases in local public education. It is highly unlikely that the area will see similar job gains in the coming quarters, as the state's budget woes have already spilled over to local governments and schools.

The area's short-term economic indicators are not promising. Its Help-Wanted Advertising Index fell by 4.6 percent during the fourth quarter, suggesting that general employment conditions could stay stagnant for the next several months. In addition, the area's Index of Leading Indicators did not budge during the quarter.

As we pointed out in the Viewpoint article, employment is expected to increase by just 0.1 percent in the four-county area during 2003. Hari Singh and Nancy Boese of the Seidman School of Business at Grand Valley State University are more optimistic. Their West Michigan Confidence Index suggests that the area could experience more moderate growth in 2003. The confidence index, which is based on 100 returned surveys from business executives in Kent, Muskegon, and Ottawa Counties, increased from 63 percent in November 2001 to 68 percent in November 2002. Surveyed executives believe that total employment could climb by 0.9 percent, and that sales could increase by 1.8 percent during 2003.



Grand Rapids-Muskegon-Holland MSA
(seasonally adjusted)

Measure	2002 Q4	2002 Q3	Percent change		
			Q3 to Q4	2001 Q4 to Q4	
Employment (by place of work)					
Total employment	583,410	581,980	0.2	584,480	-0.2
Goods-producing	180,010	180,470	-0.3	179,530	0.3
Construction & mining	29,450	28,890	1.9	28,520	3.3
Manufacturing	150,560	151,590	-0.7	151,010	-0.3
Durable goods	98,830	99,350	-0.5	100,530	-1.7
Nondurable goods	51,730	52,230	-1.0	50,480	2.5
Private service-producing	343,810	342,410	0.4	346,580	-0.8
Transportation & public utilities	22,000	22,150	-0.7	21,990	0.0
Wholesale trade	37,320	36,970	0.9	38,690	-3.5
Retail trade	107,500	107,820	-0.3	107,450	0.0
Finance, insurance, & real estate	22,870	23,110	-1.0	23,710	-3.5
Services	154,120	152,360	1.2	154,740	-0.4
Government	59,600	59,100	0.8	58,360	2.1
Unemployment					
Number unemployed	38,370	40,410	-5.0	38,960	-1.5
Unemployment rate (%)	6.1	6.4	-4.9	6.2	-1.1
Local indexes					
Help-wanted ads	62	65	-4.6	74	-16.2
Leading indicators	107	107	0.0	97	10.3
Average weekly hours	40.2	39.8	1.0	39.0	3.1
UI initial claims	2,119	2,145	-1.2	2,507	-15.5
New dwelling units ^a	7,054	7,074	-0.3	6,980	1.1

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 Career Development.

NOTE: Categories may not sum to total due to rounding.

^a Seasonally adjusted annual rates; does not include Allegan County.

Grand Rapids-Muskegon-Holland MSA
Industry Employment Change by Place of Work, Fourth Quarter to Fourth Quarter
(not seasonally adjusted)

Industry	2002	2001	Percent change	Industry	2002	2001	Percent change
	Q4	Q4			Q4	Q4	
Goods-producing	179,930	179,570	0.2	Auto dealers & service	10,870	11,000	-1.2
Furniture & fixtures	20,630	23,130	-10.8	Eating & drinking places	37,630	37,200	1.2
Primary metals	5,970	5,470	9.1	Depository institutions	7,530	7,770	-3.1
Fabricated metals	20,330	20,200	0.6	Business services	35,530	37,400	-5.0
Industrial machinery	22,670	22,800	-0.6	Health services	42,170	41,300	2.1
Transportation equipment	10,730	10,800	-0.6	Educational services	12,300	11,400	7.9
Food & kindred products	10,230	9,730	5.1	Social services	10,530	10,470	0.6
Printing & publishing	6,530	6,430	1.6	Government	61,970	60,670	2.1
Plastics & rubber	11,500	11,000	4.5	Federal	4,400	4,170	5.5
Private service-producing	346,400	349,270	-0.8	State	7,970	7,770	2.6
General merchandise stores	21,530	21,130	1.9	Local	49,600	48,730	1.8
Food stores	10,670	11,670	-8.6	Local (education)	33,470	33,130	1.0

SOURCE: Michigan Department of Career Development.

Grand Rapids Area (Kent County)

Total employment rose an estimated 0.3 percent in Kent County during the final quarter of 2002. Employment by place of residence increased by a modest 0.2 percent during the quarter, which helped push the county's unemployment rate down slightly to 6.1 percent. Unfortunately, all of the county's economic indices turned negative during the quarter, suggesting that employment conditions may get worse before they finally turn around.

Employment in the county's goods-producing sector fell an estimated 0.2 percent in the fourth quarter. Unfortunately, recent announcements point to further reductions in the coming months. In December, Steelcase continued to send layoff warnings to its workers, including 40 of its approximately 300 skilled-trades workers. In mid-December, it added 377 workers to the potential layoff list, which at that time totaled to 550 workers. Local employment at the office furniture leader is down by more than 40 percent since December of 2000, from a high of 10,800 to 6,100 workers today. Finally, the company announced that it is instituting a four-day workweek for hourly employees at all of its local steel furniture manufacturing and distribution facilities. The declining sales in office furniture are spilling over to its suppliers, as well. Profits at Knape & Vogt, a maker of drawer slides for furniture, fell almost 43 percent to \$400,000.

The area's tool and die makers, like their counterparts across the Midwest, are facing severe economic conditions due to increased global competition and the sluggish

economy. JL French, a Wisconsin die cast company, announced that it is closing its Grandville plant, eliminating 120 jobs within the year.

Finally, Robert Bosch GmbH announced that it will close its large auto and marine power train fuel injection plant, eliminating 1,266 jobs by end of the year. The company will continue its engineering activities in the area, which employ about 90 engineers. It is expected that work at the Kentwood plant will be moved to Bosch's other plants in Michigan and South Carolina.

Employment in the county's service-producing sector rose an estimated 0.3 percent in the quarter. Unfortunately, the county's layoff announcements have not been limited to its struggling manufacturing sector. Assurant, a financial services firm, closed its Kentwood call center in November, eliminating nearly 160 jobs. Finally, government employment in the county rose by an estimated 1.4 percent and was concentrated in the area's local education sector.

In addition to the host of negative business announcements, the county's economic indicators deteriorated in the fourth quarter. Its Help-Wanted Advertising Index fell 3.0 percent, new unemployment insurance claims shot up by 10.7 percent, and the number of new dwelling units put under contract for construction fell by 16.6 percent. Finally, the latest polling of the area's purchasing managers suggests that the economy is "still in a slight decline" (see page 19).

Grand Rapids Area (Kent County)
(seasonally adjusted)

Measure	2002 Q4	2002 Q3	Percent change Q3 to Q4	2001 Q4	Percent change Q4 to Q4
Total employment (by place of work)	345,290	344,330	0.3	345,800	-0.1
Goods-producing	95,050	95,210	-0.2	93,900	1.2
Service-producing	220,640	219,920	0.3	222,880	-1.0
Government	29,600	29,200	1.4	29,020	2.0
Employment (by place of residence)	316,200	315,630	0.2	317,260	-0.3
Unemployment	20,320	20,980	-3.1	20,990	-3.2
Unemployment rate (%)	6.1	6.2	-1.6	6.2	-1.6
Indicators					
Help-wanted ads	64	66	-3.0	74	-13.5
UI claims	1,162	1,050	10.7	1,246	-6.7
New dwelling units ^a	3,465	4,155	-16.6	3,703	-6.4

^aSeasonally adjusted annual rates.

Muskegon Area (Muskegon County)

Total employment increased by an estimated 0.5 percent during the fourth quarter in Muskegon County. The number of employed county residents also rose, but by a smaller 0.2 percent during the quarter. The employment gains helped decrease the county's unemployment rate, but it still stood at a high 9.0 percent. The area's economic indicators were mixed during the quarter, suggesting that the current conditions could hold for the coming months.

Employment in the county's goods-producing sector rose an estimated 0.5 percent in the final quarter of 2002. Current reports received from Muskegon Area First, the county's economic development organization, are positive. Hayes Lemmerz announced that it is planning a \$21.4 million investment in 2003, which could mean up to 50 more jobs. Howmet, which had to cut more than 600 workers in 2002 due to sluggish market conditions, has recalled up to 150 workers due, in part, to new military spending.

In addition, two of the major manufacturers in the county are making military-related equipment and components, and may witness increased work and employment gains as a result of the crisis in Iraq. General Dynamics' land systems division manufactures light armored vehicles and weapon systems, and Johnson Technology is an aerospace component maker.

Meanwhile, Sappi Fine Paper announced that it is laying off 20 hourly production workers. The company

cited poor market conditions coupled with global price pressures as reasons for the layoff.

Employment in the county's service-producing sector increased an estimated 0.4 percent during the quarter. The Civic Development Group announced that employment at its call center could increase from the currently planned level of 75 workers to 200, due to an increase in business orders. Finally, employment in government rose an estimated 1.1 percent due to an unexpected increase in employment in local education throughout the four-county MSA.

The county's unemployment rate inched down to 9.0 percent in the fourth quarter. Unfortunately, the county's unemployment is among the highest in the state. However, the county's unemployment rate may reflect, in part, the economic conditions not in Muskegon County, but in its neighboring counties. A recent study prepared by Wayne State University found that a quarter of Muskegon County workers commute to another county for employment, according to the 2000 census. This compares to 17.6 percent in the 1990 census.

The area's economic indicators were mixed during the fourth quarter. Its Index of Help-Wanted Advertising fell by 9.7 percent during the quarter, and the number of dwelling units put under contract for construction fell by 4.7 percent. On the other hand, the number of initial claims for unemployment insurance fell by 6.7 percent.

Muskegon Area (Muskegon County)
(seasonally adjusted)

Measure	2002 Q4	2002 Q3	Percent change Q3 to Q4	2001 Q4	Percent change Q4 to Q4
Total employment (by place of work)	69,600	69,220	0.5	69,460	0.2
Goods-producing	18,200	18,110	0.5	18,070	0.7
Service-producing	40,850	40,670	0.4	41,050	-0.5
Government	10,550	10,440	1.1	10,340	2.0
Employment (by place of residence)	80,310	80,150	0.2	80,570	-0.3
Unemployment	7,800	8,140	-4.2	6,860	13.7
Unemployment rate (%)	9.0	9.2	-2.2	7.9	13.9
Indicators					
Help-wanted ads	56	62	-9.7	74	-24.3
UI claims	501	537	-6.7	626	-20.0
New dwelling units ^a	911	956	-4.7	1,628	-44.0

^aSeasonally adjusted annual rates.

Holland Area (Allegan and Ottawa Counties)

Total employment rose by an estimated 0.1 percent in Allegan and Ottawa counties in the fourth quarter, while employment by place of residency increased by 0.2 percent. The modest employment gains aided in lowering the area's unemployment rate to 5.1 percent in the quarter. The area's economic indicators were very strong during the quarter, suggesting that employment conditions may improve in the coming months.

Employment in the area's goods-producing sector fell an estimated 0.6 percent during the fourth quarter. In February, the area was hit with yet another round of layoffs in its struggling furniture industry. Haworth, which suffered a 23 percent drop in sales in 2002, announced that it had to lay off an additional 255 workers in Allegan and Ottawa counties due to the lack of orders. The company had tried to make the necessary workforce adjustments through a voluntary program which offered severance packages, but not enough workers signed up.

Business reports outside of the furniture industry were much more positive. Only a couple of weeks after Gentex announced its plans to build a manufacturing plant in the area that could employ 625 workers, Royal Plastics, Inc. announced that it will build a 200,000 square foot, \$5 million production facility in Ottawa County. The injection-

molding company, which currently employs 700 workers, could create 357 new jobs over the next two years, and potentially, a total of 830 new jobs in the next five years. The company is a parts producer for the automotive, office furniture, and consumer goods markets. The company also molds pumps for sprayer bottles and plastic parts for refrigerator interiors.

Employment in the area's service-producing sector rose an estimated 0.6 percent, while government employment was estimated to increase by 0.5 percent.

Although it is estimated that employers in the two-county area added fewer than 200 workers to their payrolls during the quarter, the number of unemployed workers in the area fell by more than 1,000 workers. These estimates suggest that many of the unemployed workers may have found jobs in Kent, Muskegon, and other nearby counties.

The area's limited number of economic indicators proved very robust during the fourth quarter. The number of new claims for unemployment insurance fell by 18.3 percent in the fourth quarter, and the number of new dwelling units put under contract for construction jumped by 36.4 percent. Both factors suggest that employment conditions could improve in the coming months.

Holland Area (Allegan and Ottawa Counties)

(seasonally adjusted)

Measure	2002 Q4	2002 Q3	Percent change Q3 to Q4	2001 Q4	Percent change Q4 to Q4
Total employment (by place of work)	168,510	168,340	0.1	169,220	-0.4
Goods-producing	66,740	67,160	-0.6	67,560	-1.2
Service-producing	82,320	81,820	0.6	82,650	-0.4
Government	19,450	19,360	0.5	19,010	2.3
Employment (by place of residence)	192,580	192,230	0.2	193,240	-0.3
Unemployment	10,250	11,290	-9.2	11,110	-7.7
Unemployment rate (%)	5.1	5.5	-7.3	5.4	-5.6
Indicators					
Help-wanted ads	na	na	na	na	na
UI claims	456	558	-18.3	635	-28.2
New dwelling units ^a	2,677	1,963	36.4	1,649	62.4

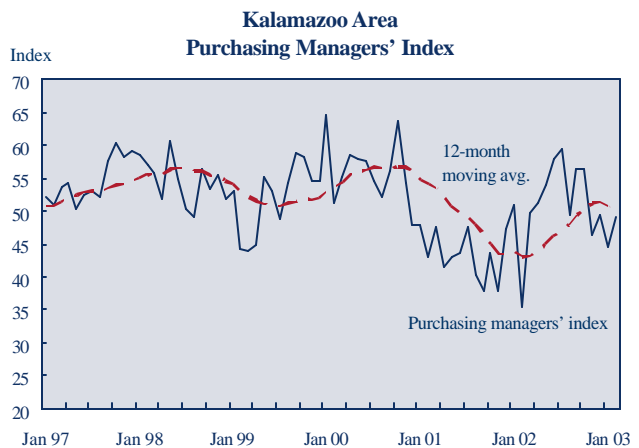
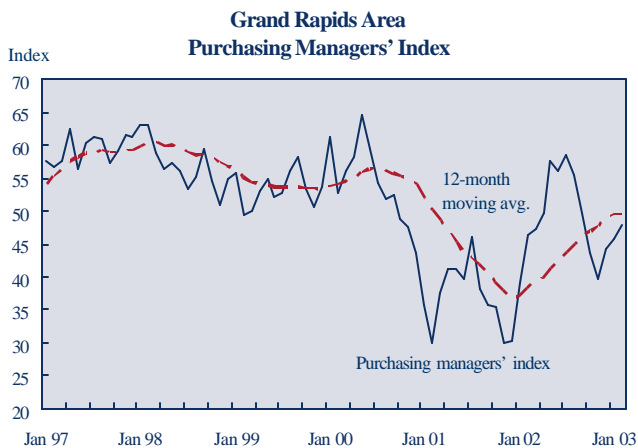
^aSeasonally adjusted annual rates.

Purchasing Managers' Index and Major Economic Developments

The results of the January survey of purchasing managers in the Grand Rapids and Kalamazoo areas were mixed. Brian Long, the author of both reports for the local chapters of the Institute of Supply Management (formerly NAPM), concluded that in Kalamazoo, the economic activity was “modestly positive,” while in the Grand Rapids area, it was “in a slight decline.”

The survey asks area purchasing managers about their view on current trends in sales, production, employment, and purchases. The charts show both a weighted Purchasing Managers' Index, based on the answers to these four questions, as well as a 12-month moving average.

Both charts indicate significant volatility after the 2001 slowdown. This can be seen clearly in the Grand Rapids chart, which shows remarkable stability until the 2001 slowdown. Volatility can only be expected at the start of the recovery, as orders start coming in. For the Kalamazoo area, the composite index suggests that the area is following a seasonally downward trend; however, the county is starting this year's cycle at a higher level than last year, and may have started its rebound in January. For Grand Rapids, although the report cited a slight decline in activity, the January reading of the composite index was slightly positive, and the index is showing a positive trend.



Major Economic Developments

Battle Creek

Lam-Fab is closing due to the severe downturn of the region's office furniture industry. The company formerly employed 65 workers.

Benton Harbor

Menasha Corporation announced that it is closing its box plant in Coloma, eliminating 115 jobs.

Dean Foods is eliminating 40 jobs from its Benton Harbor production plant.

Colortek, an auto supplier, announced that will open a plant in Baroda and employ 60 workers within two years.

APL Logistics announced that it will eliminate up to 60 jobs at its county's distribution center.

Grand Rapids

Robert Bosch GmbH, a German company, announced that it will close its Kentwood auto and marine powertrain fuel injection plant, eliminating 1,266 jobs.

JL French, a Wisconsin-based diecaster, announced that it is closing its plant, eliminating 120 jobs within the year.

Assurant, a financial services firm, closed its Kentwood call center in November, eliminating nearly 160 jobs.

Kalamazoo

After six months of being locked out, the 385 workers at the area's Graphic Packaging International Corp. paper plant returned to their jobs after accepting the company's offer.

Holland

Haworth announced that it is cutting 255 jobs at its Holland, Douglas, and Allegan plants due to slow sales.

Royal Plastics, Inc. announced that it will build a new production facility in Ottawa County, which will employ up to 830 workers during a five-year period.

Muskegon

Hayes Lemmerz is expanding and could employ up to 50 additional workers.

Howmet, which had to cut more than 600 workers in 2002 due to sluggish market conditions, has recalled up to 150 workers.

Civic Development Group announced that employment at its local call center could increase to 200 workers.

KALAMAZOO-BATTLE CREEK MSA

Total employment fell by 0.4 percent in the final quarter of 2002, a loss of nearly 1,000 jobs. Despite the loss, the area's unemployment rate fell to 5.0 percent during the quarter, and the number of unemployed individuals declined by 7.0 percent. The area's economic indicators were mixed during the quarter, suggesting that the area's current lack-luster economic conditions may hold in the coming months.

Employment in the area's goods-producing sector rose by a healthy 0.6 percent during the final quarter of 2002. Construction employment increased by 2.4 percent which partially reflects the quarter's 10.4 percent increase in the number of new dwelling units put under contract for construction. Manufacturing employment increased by 0.2 percent during the quarter, due to the area's durable goods producers hiring approximately 100 workers in the quarter.

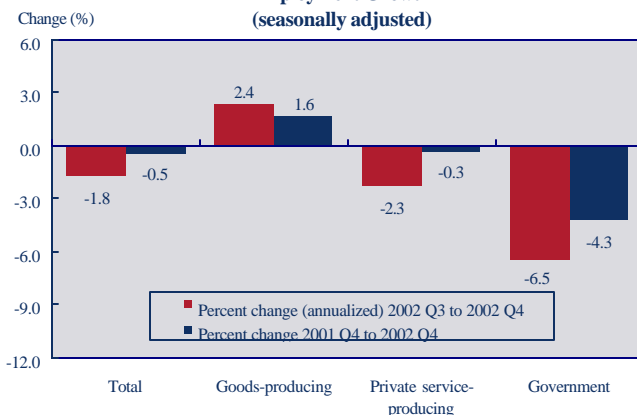
During the past four quarters, employment in the area's manufacturing sector rose by 0.5 percent, with gains reported in its metal products, transportation equipment, and printing industries. Employment declines occurred in industrial machinery, food, and paper products. It should be cautioned that apparently these statistics still do not reflect the loss of 500 jobs due to the closure of Harvard Industries' Albion-Hayes plant in Calhoun County.

The area is still awaiting word from Pfizer regarding the future role its Pharmacia facilities—which employ approximately 6,300 workers—will have in the larger pharmaceutical company.

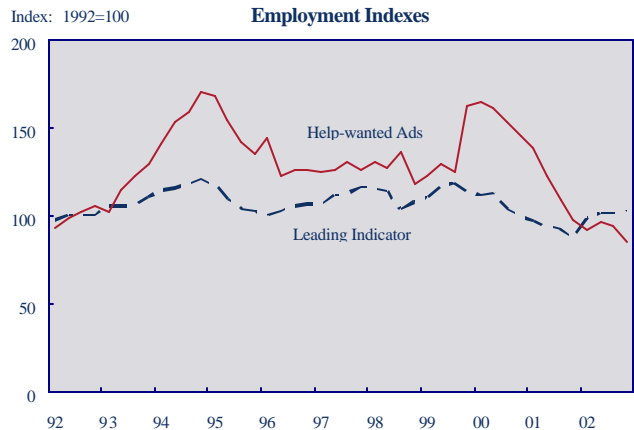
Employment in the area's private service-producing sector fell by 0.6 percent during the quarter due to employment reductions in its service and retail trade sectors. More than 400 jobs were eliminated in each sector. Finally, government employment fell by 1.7 percent.

The fourth-quarter economic indicators were mixed. The area's composite Help-Wanted Advertising Index fell by 8.6 percent, indicating that employment opportunities may be lean in the coming months. At the same time, the area's Index of Leading Indicators, which tracks conditions in the area's goods-producing sector, was up 1.0 percent during the quarter. The number of new claims for unemployment insurance fell by 15.2 percent in the quarter, and as mentioned earlier, housing starts were up. On the downside, production workers logged in fewer hours than in the third quarter.

**Kalamazoo-Battle Creek MSA
Employment Growth
(seasonally adjusted)**



**Kalamazoo-Battle Creek MSA
Employment Indexes**



Kalamazoo-Battle Creek MSA
(seasonally adjusted)

Measure	Percent change			Percent change	
	2002 Q4	2002 Q3	Q3 to Q4	2001 Q4	Q4 to Q4
Employment (by place of work)					
Total employment	215,990	216,960	-0.4	216,970	-0.5
Goods-producing	58,180	57,840	0.6	57,250	1.6
Construction & mining	10,450	10,210	2.4	9,770	7.0
Manufacturing	47,730	47,630	0.2	47,480	0.5
Durable goods	25,260	25,150	0.4	24,770	2.0
Nondurable goods	22,470	22,480	0.0	22,710	-1.1
Private service-producing	123,600	124,330	-0.6	123,990	-0.3
Transportation & public utilities	7,690	7,650	0.5	7,650	0.5
Wholesale trade	6,430	6,400	0.5	6,500	-1.1
Retail trade	42,040	42,450	-1.0	42,700	-1.5
Finance, insurance, & real estate	9,720	9,670	0.5	9,750	-0.3
Services	57,720	58,160	-0.8	57,390	0.6
Government	34,210	34,790	-1.7	35,730	-4.3
Unemployment					
Number unemployed	11,880	12,780	-7.0	12,650	-6.1
Unemployment rate (%)	5.0	5.3	-5.7	5.3	-5.7
Local indexes					
Help-wanted ads	85	93	-8.6	97	-12.4
Leading indicators	103	102	1.0	93	10.8
Average weekly hours	41.9	42.4	-1.2	43.8	-4.3
UI initial claims	644	759	-15.2	866	-25.6
New dwelling units ^a	1,282	1,161	10.4	1,346	-4.7

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 Career Development.

NOTE: Categories may not sum to total due to rounding.

^aSeasonally adjusted annual rates; does not include Van Buren County.

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

Industry	2002	2001	Percent change	Industry	2002	2001	Percent change
	Q4	Q4			Q4	Q4	
Goods-producing	58,330	57,400	1.6	Private service-producing	124,900	125,370	-0.4
Primary metals	2,100	1,900	10.5	General merchandise stores	8,300	8,030	3.4
Fabricated metals	4,700	4,430	6.1	Auto dealers & service	4,270	4,500	-5.1
Transportation equipment	9,330	9,130	2.2	Eating & drinking places	15,630	16,070	-2.7
Industrial machinery	4,230	4,330	-2.3	Health services	17,430	17,300	0.8
Food & kindred products	4,730	5,530	-14.5	Government	35,830	37,470	-4.4
Paper & allied products	3,430	3,730	-8.0	Federal	4,970	4,830	2.9
Printing & publishing	2,630	2,570	2.3	State	9,100	9,700	-6.2
				Local	21,770	22,930	-5.1

SOURCE: Michigan Department of Career Development.

Kalamazoo Area (Kalamazoo County)

Total employment by place of work fell an estimated 0.4 percent during the fourth quarter in Kalamazoo County, while employment by place of residence was off by 0.2 percent. The county's unemployment rate fell to a very low 4.1 percent in the quarter, despite the lack of employment growth. Economic indicators were mixed in the quarter, suggesting that current economic conditions may not change during the first quarter of 2003.

Goods-producing employment rose an estimated 0.8 percent in the final quarter of 2002 in the county, countering national trends. Employment statistics may continue to be positive in the current quarter, as they will include the return to work of 385 workers who had been locked out of the Graphic Packaging International Corporation paper plant for the past six months.

Two major construction announcements were made in the Kalamazoo area in March. First, plans were announced for the construction of a new three-story office building in Portage where Plante and Moran plan to house their current Kalamazoo and Battle Creek staff operations. Second, Hackman Capital Partners, the owners of the former GM stamping plant, have resolved legal problems that stalled their redevelopment plans for the plant. The development company is now investing a reported \$8 million into the renovation of the 2.2 million square-foot plant.

In addition, by late spring as many as 13 companies, seven coming from out of the state, will be operating in the Western Michigan University Business and Technology Park, employing more than 250 persons.

Employment in the county's service-producing sector fell an estimated 0.6 percent during the fourth quarter, and government employment dropped by an estimated 1.7 percent.

Despite the loss of an estimated 500 jobs in the fourth quarter, the county's unemployment rate fell to 4.1 percent. The number of unemployed persons dropped by 7.7 percent.

The county's economic indicators were mixed during the fourth quarter. Its Index of Help-Wanted Advertising fell by 6.2 percent, suggesting that employers may have scaled back their hiring plans. The January polling of the area's purchasing managers revealed that a majority are seeing sales and employment levels staying flat or moving in a negative direction. On a positive note, the number of new claims for unemployment insurance dropped by 15.2 percent, and the number of new dwelling units put under contract for construction rose 6.9 percent.

Kalamazoo Area (Kalamazoo County)
(seasonally adjusted)

Measure	2002 Q4	2002 Q3	Percent change Q3 to Q4	2001 Q4	Percent change Q4 to Q4
Total employment (by place of work)	123,400	123,910	-0.4	124,450	-0.8
Goods-producing	31,030	30,780	0.8	30,530	1.6
Service-producing	73,680	74,110	-0.6	74,350	-0.9
Government	18,690	19,020	-1.7	19,570	-4.5
Employment (by place of residence)	124,470	124,690	-0.2	125,190	-0.6
Unemployment	5,370	5,820	-7.7	6,020	-10.8
Unemployment rate (%)	4.1	4.5	-8.9	4.6	-10.9
Indicators					
Help-wanted ads	91	97	-6.2	103	-11.7
UI claims	374	441	-15.2	495	-24.4
New dwelling units ^a	951	890	6.9	872	9.2

^aSeasonally adjusted annual rates.

Battle Creek Area (Calhoun County)

Total employment fell by an estimated 0.5 percent in Calhoun County during the final quarter of 2002. The number of employed county residents also declined, but by a smaller 0.2 percent in the quarter. Despite the drop in employment, the county's unemployment rate inched down slightly to 6.2 percent. The area's economic indicators were mixed during the quarter, suggesting that current lackluster employment conditions could hold firm for the coming months.

Employment in the county's goods-producing sector rose by an estimated 0.5 percent in the fourth quarter, and current business reports are mixed. Pyper Products Corp. is more than tripling its size and will add between 5 to 10 additional workers. Stelmi America, Inc. recently formed in Marshall and could generate up to 35 jobs in the next two years. The company will produce chrome-plated tubing for the hydraulics industry. On a negative note, Lam-Fab is closing, a casualty of the severe downturn in the region's office furniture industry. At its peak in 2001, the company employed 65 workers. Finally, Prairie Farms, Inc. purchased the Kellogg Co. former research and development building in the Fort Custer Industrial Park area and is planning to relocate its Galesburg operation and 65 workers to the new location.

Employment in the area's service-producing sector fell an estimated 0.7 percent in the quarter, and employment in government declined by 1.7 percent.

In their ongoing efforts to improve the attractiveness of Battle Creek's downtown area, Battle Creek Unlimited announced two new programs. The first, Business Recruitment Incentive Program, allocates grant funds to downtown building owners and brokers for the attraction of new businesses; the program has a special focus on companies with a "technology focus." Battle Creek Unlimited's second incentive, Facade Improvement Program, provides assistance in rehabilitating facades of existing commercial buildings in the downtown area.

The county's economic indicators were mixed in the fourth quarter. The Index of Help-Wanted Advertising dropped by 15 percent, suggesting that new hiring in the next several months may be limited. On the positive side, the number of new claims for unemployment insurance fell by 15.6 percent, and the number of new dwelling units put under contract for construction rose by 7.3 percent.

Battle Creek Area (Calhoun County)
(seasonally adjusted)

Measure	2002 Q4	2002 Q3	Percent change Q3 to Q4	2001 Q4	Percent change Q4 to Q4
Total employment (by place of work)	69,930	70,280	-0.5	69,580	0.5
Goods-producing	20,360	20,260	0.5	19,950	2.1
Service-producing	37,900	38,150	-0.7	37,690	0.6
Government	11,670	11,870	-1.7	11,940	-2.3
Employment (by place of residence)	66,440	66,570	-0.2	66,810	-0.6
Unemployment	4,360	4,450	-2.0	4,180	4.3
Unemployment rate (%)	6.2	6.3	-1.6	5.9	5.1
Indicators					
Help-wanted ads	68	80	-15.0	80	-15.0
UI claims	271	321	-15.6	372	-27.2
New dwelling units ^a	310	289	7.3	446	-30.5

^aSeasonally adjusted annual rates.

Appendix Tables

Table A-1
Selected Labor Market Indicators
(not seasonally adjusted)

Labor market area	Average for manufacturing production workers ^a						Civilian labor force unemployment rate ^b	
	December 2002						October 2002	December 2002
	Weekly hours	Percent change 2001-2002	Hourly earnings	Percent change 2001-2002	Weekly earnings	Percent change 2001-2002		
United States	41.5	0.7	\$15.59	2.8	\$646.99	3.5	5.3	5.7
Michigan	43.2	1.9	20.81	2.3	898.99	4.2	5.1	5.6
West Michigan MSAs								
Benton Harbor	39.7	7.6	12.99	-2.6	515.70	4.8	4.8	5.2
Grand Rapids-Muskegon-Holland	41.3	2.0	16.41	1.0	677.73	3.0	5.5	5.9
Kalamazoo-Battle Creek	43.3	-4.6	15.50	2.2	671.15	-2.6	4.4	4.9
Other labor market areas								
Ann Arbor	44.6	2.1	23.60	7.9	1,052.56	10.1	2.9	3.1
Detroit	43.8	-0.5	22.32	-0.1	977.62	-0.6	5.3	5.4
Flint	44.5	5.0	28.35	6.6	1,261.58	11.9	7.3	7.7
Jackson	41.4	4.0	15.04	2.9	622.66	7.1	5.6	6.2
Lansing-E.Lansing	40.6	-1.2	22.90	0.8	929.74	-0.4	3.2	3.8
Saginaw-Bay City-Midland	43.1	0.7	22.41	3.5	965.87	4.2	5.3	6.2

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

^a Preliminary. Earnings include overtime and part-time wages.

^b Seasonally adjusted rate for U.S. was 5.7 percent in October 2002 and 6.0 percent in December 2002. Seasonally adjusted rate for Michigan was 5.9 percent in October 2002 and 6.0 percent in December 2002.

Table A-2
Michigan Statistics
(seasonally adjusted)

Measure	2002 Q4	2002 Q3	Percent change Q3 to Q4	2001 Q4	Percent change Q4 to Q4
Employment (by place of work)					
Total employment	4,529,490	4,532,190	-0.1	4,561,260	-0.7
Goods-producing	1,105,190	1,106,590	-0.1	1,115,370	-0.9
Construction & mining	199,820	199,780	0.0	203,000	-1.6
Manufacturing	905,360	906,810	-0.2	912,370	-0.8
Durable goods	685,180	685,920	-0.1	692,210	-1.0
Nondurable goods	220,180	220,880	-0.3	220,160	0.0
Private service-producing	2,732,930	2,732,100	0.0	2,753,800	-0.8
Transportation & public utilities	177,520	178,730	-0.7	179,970	-1.4
Wholesale trade	216,550	216,950	-0.2	220,150	-1.6
Retail trade	827,880	832,820	-0.6	846,940	-2.3
Finance, insurance & real estate	212,570	211,720	0.4	210,000	1.2
Services	1,298,410	1,291,880	0.5	1,296,740	0.1
Government	691,370	693,510	-0.3	692,090	-0.1
Unemployment					
Number unemployed	302,670	320,620	-5.6	322,250	-6.1
Unemployment rate (%)	5.9	6.2	-4.8	6.2	-4.8
State indexes					
Help-wanted ads					
Detroit	54	58	-6.9	60	-10.0
West Michigan (2 MSAs)	70	74	-5.4	81	-13.6
Leading Indicators	109	108	0.9	96	13.5
Local components					
Average weekly hours	42.5	42.4	0.2	41.4	2.7
UI initial claims	16,847	17,479	-3.6	23,803	-29.2
New dwelling units ^a	47,844	44,906	6.5	44,346	7.9

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 Career Development. NOTE: Categories may not sum to total due to rounding.

^aSeasonally adjusted annual rates.

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

Industry	2002 Q4	2001 Q4	Percent change	Industry	2002 Q4	2001 Q4	Percent change
Goods-producing	1,118,440	1,129,000	-0.9	Auto dealers & serv. stations	84,000	85,170	-1.4
Lumber & wood products	17,170	16,670	3.0	Apparel & accessory stores	33,070	35,170	-6.0
Furniture & fixtures	39,900	41,070	-2.8	Home furn. & equip. stores	35,200	36,830	-4.4
Primary metals	35,730	35,070	1.9	Eating & drinking places	293,100	298,670	-1.9
Fabricated metals	120,570	120,070	0.4	Business services	303,900	313,000	-2.9
Industrial machinery	116,400	120,700	-3.6	Health services	368,670	367,430	0.3
Electronic equipment	32,530	34,270	-5.1	Private education services	55,930	53,130	5.3
Transportation equipment	279,430	281,670	-0.8	Social services	93,000	92,570	0.5
Food & kindred products	38,800	38,730	0.2	Government	713,930	714,800	-0.1
Apparel	18,070	17,030	6.1	Federal	56,730	56,270	0.8
Paper & allied products	17,270	18,030	-4.2	State	180,030	188,830	-4.7
Printing & publishing	39,200	39,770	-1.4	Local	477,170	469,700	1.6
Plastics & rubber	62,170	60,230	3.2	Local gov't health services	14,030	13,970	0.4
Private service-producing	2,749,230	2,770,670	-0.8	Local gov't education	295,300	288,070	2.5
General merchandise stores	142,500	145,630	-2.1				
Food stores	99,200	101,670	-2.4				

SOURCE: Michigan Department of Career Development.

Table A-3
Personal Income and Earnings by Industry (current dollars)

Area	Income distribution	2000	1999	1998	1997	1996	1995	1989
Benton Harbor MSA (Berrien County)	Total personal income (\$000)	4,171,319	4,018,181	3,852,776	3,755,061	3,521,496	3,421,153	2,567,880
	Per capita personal income (\$)	25,659	24,799	23,776	23,121	21,621	20,986	15,837
	Earnings per worker (\$)	31,645	30,849	28,724	28,745	27,317	26,954	21,547
	Manufacturing	50,519	49,457	46,713	45,975	42,683	41,053	30,316
	Services ^a	25,028	23,901	21,275	22,400	21,531	20,659	15,949
Grand Rapids- Muskegon-Holland MSA	Total personal income (\$000)	30,550,442	28,933,372	27,695,041	26,027,622	24,492,629	23,164,231	16,094,099
	Per capita personal income (\$)	27,977	26,853	26,095	24,845	23,732	22,805	17,361
	Earnings per worker (\$)	34,361	33,412	32,541	30,754	30,012	29,224	23,673
	Manufacturing	48,389	47,159	45,789	44,650	43,310	41,939	33,791
	Services ^a	27,762	26,865	25,705	23,665	23,573	23,107	19,208
Kent County	Total personal income (\$000)	17,139,610	16,138,670	15,544,862	14,546,586	13,757,510	13,078,740	9,055,189
	Per capita personal income (\$)	29,760	28,377	27,699	26,192	25,079	24,176	18,269
	Earnings per worker (\$)	36,090	35,200	34,175	31,923	31,273	30,491	24,408
	Manufacturing	50,510	49,824	48,327	47,138	45,381	44,258	35,462
	Services ^a	30,162	29,348	28,065	25,129	25,719	25,121	21,053
Muskegon County	Total personal income (\$000)	3,892,472	3,705,260	3,521,282	3,363,339	3,148,681	3,003,833	2,295,188
	Per capita personal income (\$)	22,829	21,882	20,942	20,130	18,995	18,265	14,493
	Earnings per worker (\$)	31,095	30,176	29,642	28,704	27,692	27,272	22,629
	Manufacturing	48,890	47,544	46,308	44,859	43,435	42,874	34,434
	Services ^a	24,955	23,953	23,049	22,872	21,809	21,462	17,048
Ottawa County	Total personal income (\$000)	6,713,053	6,409,685	6,119,590	5,752,256	5,389,121	5,028,361	3,359,509
	Per capita personal income (\$)	28,033	27,285	26,676	25,689	24,702	23,677	18,280
	Earnings per worker (\$)	32,862	31,894	30,992	29,596	28,633	27,568	22,582
	Manufacturing	46,296	44,907	43,484	42,221	41,417	38,931	31,120
	Services ^a	23,451	22,509	21,662	21,051	19,318	19,047	15,725
Allegan County	Total personal income (\$000)	2,805,307	2,679,757	2,509,307	2,365,441	2,197,317	2,053,297	1,384,213
	Per capita personal income (\$)	26,447	25,649	24,471	23,365	22,070	20,965	15,515
	Earnings per worker (\$)	29,736	28,492	28,229	27,596	27,117	26,383	21,879
	Manufacturing	43,045	40,268	39,586	38,855	38,161	37,120	29,999
	Services ^a	17,469	16,685	15,902	15,845	15,134	15,261	12,920
Kalamazoo-Battle Creek MSA	Total personal income (\$000)	11,759,106	11,332,725	11,108,334	10,684,995	10,223,408	9,807,763	7,372,775
	Per capita personal income (\$)	25,950	25,092	24,700	23,890	22,939	22,095	17,244
	Earnings per worker (\$)	33,945	33,097	32,331	30,768	30,248	29,187	24,546
	Manufacturing	56,496	54,535	54,918	53,148	52,134	49,446	38,132
	Services ^a	26,076	25,282	24,225	23,096	22,265	21,695	19,465
Kalamazoo County	Total personal income (\$000)	6,636,877	6,412,840	6,343,637	6,045,460	5,872,621	5,600,271	4,205,507
	Per capita personal income (\$)	27,800	26,992	26,844	25,716	25,105	24,120	18,889
	Earnings per worker (\$)	33,440	32,728	32,334	30,868	30,636	29,533	24,754
	Manufacturing	58,809	56,810	58,926	56,033	56,162	52,633	39,499
	Services ^a	26,909	26,057	24,942	24,166	23,501	22,818	21,351
Calhoun County	Total personal income (\$000)	3,533,879	3,389,920	3,310,604	3,222,119	3,016,817	2,917,535	2,199,701
	Per capita personal income (\$)	25,596	24,561	24,028	23,548	22,080	21,235	16,239
	Earnings per worker (\$)	36,983	35,554	34,130	32,339	31,438	30,239	25,818
	Manufacturing	58,208	56,124	54,226	53,773	51,037	49,101	38,790
	Services ^a	26,156	25,556	24,491	22,051	20,903	20,647	17,181
Van Buren County	Total personal income (\$000)	1,588,350	1,529,965	1,454,093	1,417,416	1,333,970	1,289,957	967,567
	Per capita personal income (\$)	20,807	20,119	19,225	18,815	17,755	17,357	13,930
	Earnings per worker (\$)	28,728	28,461	27,114	25,614	24,627	24,113	19,458
	Manufacturing	40,649	38,512	37,527	35,923	33,919	33,616	25,834
	Services ^a	19,707	18,405	17,520	18,115	16,898	15,946	12,775

SOURCE: Bureau of Economic Analysis.

^aServices do not include trades, finance, or transportation and public utilities.

Table A-4
Consumer Price Index^a
U.S. city average (1982-84=100)

Annual		Jan.	Feb.	March	April	May	June	July	Aug.	Sep.	Oct.	Nov.	Dec.
Year	Avg.												
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
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

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

^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:

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

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

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

**Table A-5
Population Update for Selected Areas**

Area	Estimate				Annual change (%)	
	2001	2000	1990	1980	1990-2000	1980-1990
Michigan	9,990,817	9,938,444	9,295,297	9,262,044	0.7	0.0
West Michigan Metropolitan Areas:						
Benton Harbor MSA (Berrien County)	161,820	162,453	161,378	171,276	0.1	-0.6
Benton Harbor City		11,182	12,818	14,707	-1.4	-1.4
Niles city		12,199	12,456	13,115	-0.2	-0.5
St. Joseph city		8,789	9,214	9,622	-0.5	-0.4
Grand Rapids-Muskegon-Holland MSA	1,103,488	1,088,514	937,891	840,824	1.5	1.1
Kent County	580,331	574,335	500,631	444,506	1.4	1.2
Grand Rapids city		197,800	189,126	181,843	0.4	0.4
Kentwood city		45,255	37,826	30,438	1.8	2.2
Walker city		21,842	17,279	15,088	2.4	1.4
Wyoming city		69,368	63,891	59,616	0.8	0.7
Ottawa County	243,571	238,314	187,768	157,174	2.4	1.8
Grand Haven city		11,168	11,951	11,763	-0.7	0.2
Holland city ^a		35,048	30,745	26,281	1.3	1.6
Muskegon County	171,361	170,200	158,983	157,589	0.7	0.1
Muskegon city		40,105	40,283	40,823	0.0	-0.1
Muskegon Heights city		17,737	13,176	14,611	3.0	-1.0
Norton Shores city		22,527	21,755	22,025	0.3	-0.1
Allegan County	108,225	105,665	90,509	81,555	1.6	1.0
Kalamazoo-Battle Creek MSA	453,455	452,851	429,453	420,749	0.5	0.2
Kalamazoo County	238,544	238,603	223,411	212,378	0.7	0.5
Kalamazoo city		77,145	80,277	79,722	-0.4	0.1
Portage city		44,897	41,042	38,157	0.9	0.7
Calhoun County	138,031	137,985	135,982	141,557	0.1	-0.4
Battle Creek city ^b		53,364	53,540	56,339	0.0	-0.5
Marshall city		7,459	6,891	7,201	0.8	-0.4
Van Buren County	76,880	76,263	70,060	66,814	0.9	0.5
Total	1,718,763	1,703,818	1,528,722	1,432,849	1.1	0.6
Rural Southwest Michigan						
Barry County	57,661	56,755	50,057	45,781	1.3	0.9
Branch County	45,726	45,787	41,502	40,188	1.0	0.3
Cass County	51,321	51,104	49,477	49,499	0.3	0.0
Newaygo County	48,875	47,874	38,202	34,917	2.3	0.9
Oceana County	27,321	26,873	22,454	22,002	1.8	0.2
St. Joseph County	62,144	62,422	58,913	56,083	0.6	0.5
Total	293,048	290,815	260,605	248,470	1.1	0.5

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

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

^bFor 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.