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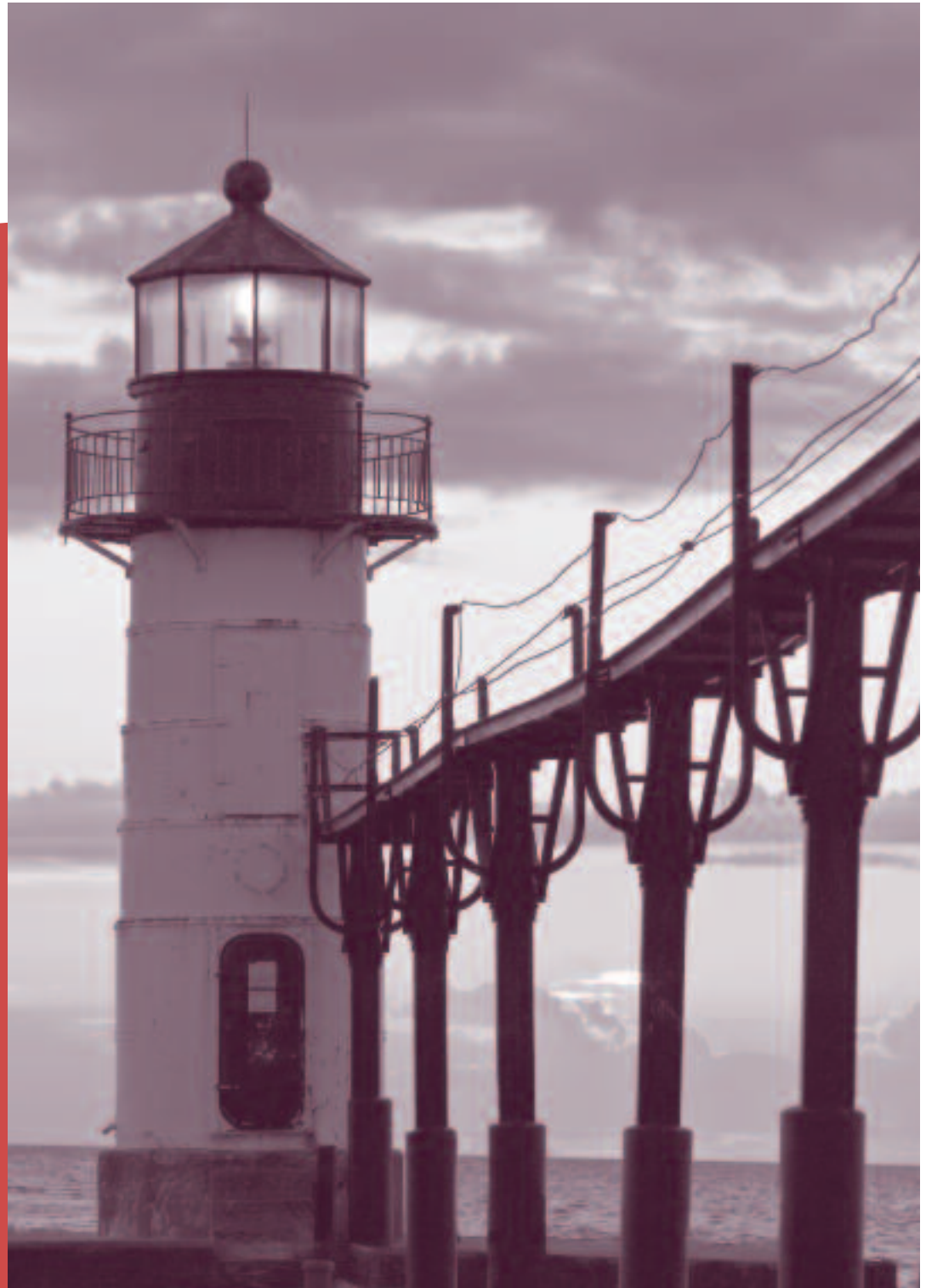
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BUSINESS OUTLOOK

for West Michigan



W.E. Upjohn Institute for Employment Research
Vol. XXVI, No. 3 September 2010

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EMPLOYERS ASSOCIATION OF WEST MICHIGAN



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BUSINESS OUTLOOK

for West Michigan

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WEST MICHIGAN VIEWPOINT

Turnaround Is Slowly Taking Place

During the first six months of 2010, employment in the six west Michigan metropolitan areas grew either by a modest 0.3 percent or by a more impressive 1.9 percent, depending on how you count the numbers. If you count employment at the workplace and exclude the self-employed, you get the smaller percentage change, which is the definition most commonly used. If instead you count employment as the number of residents employed, regardless of where they work, and add in the self-employed, you get the higher percentage change.

The key point is that employment grew during the first half of the year in west Michigan, and the number of persons unemployed fell. While the number of employed residents increased in all six metro areas during the first six months, employment by place of work grew only in the Grand Rapids–Wyoming, the Muskegon–Norton Shores, and the Niles–Benton Harbor metro areas.

Nationwide, by place of work, employment increased by 0.6 percent during the first six months of the year, and statewide it grew by 0.8 percent.

Not only did the six metro areas not keep up with either the state or the nation in terms of employment gains, but employment in west Michigan’s manufacturing sector continued to lose ground, falling by 0.3 percent, whereas nationwide it was up by 1.3 percent and statewide it rose by a robust 7.5 percent.

After what the economy has gone through, any employment gain is welcome; however, we still have a long ways to go before we recapture what we lost in terms of employment. From January 2008 to June 2010, employment fell by 8.4 percent, or 70,000 jobs, in the six metropolitan areas. So far we have made up only 2.3 percent of the region’s total losses during the recession, or 1,660 jobs.

The National Bureau of Economic Research’s Business Cycle Dating Committee has not yet identified the trough of this past recession. Therefore, it is not possible for us to determine whether this recovery is on par with past turnarounds. November 2001 was the trough of the previous recession, and employment in west Michigan did not turn around until May of 2002. In the recession before that one, March 1991 was the trough, and employment did not turn positive until August.

What history does tell us, unfortunately, is that it is possible that the region will not get all of its jobs back. While it took less than a year and a half for the region to recover all the jobs it lost in the 1991 recession, the region never fully recovered from the 2001 downturn. March 2000, when the region’s employment stood at 875,000, is still the month to beat. As of June 2010, the region’s employment was 769,960.

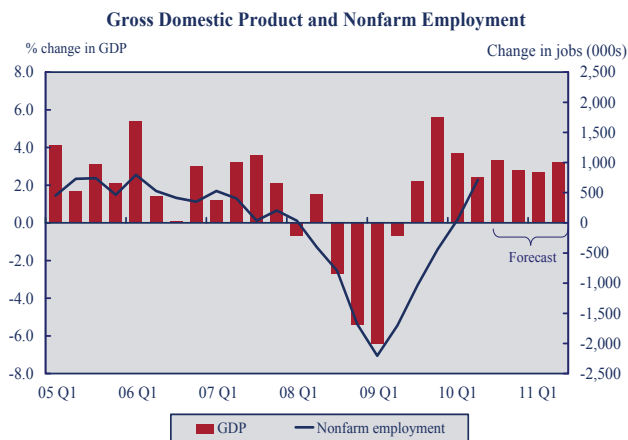
Employment Change, December 2009 to June 2010 (seasonally adjusted)

MSA	Employment by place of residence	Number of self-employed	Employment by Place of Work				
			Total	Goods producing	Manufacturing	Private service providing	Government
Battle Creek	750	-1,280	-310	-70	-70	-350	110
Grand Rapids–Wyoming	7,840	-7,550	2,520	-380	-130	2,180	720
Holland–Grand Haven	1,390	-3,110	-1,170	-400	-150	10	-780
Kalamazoo–Portage	2,220	-2,670	-20	-220	-140	650	-450
Muskegon–Norton Shores	1,480	-2,930	450	240	190	-240	450
Niles–Benton Harbor	1,360	-1,390	190	-130	-70	-60	380
Total	15,050	-18,940	1,660	-970	-360	2,180	420
Percentage	1.9	-15.5	0.3	-0.6	-0.3	0.4	0.4

NATIONAL ECONOMY

The Economy Decelerates in the Second Quarter

Growth in the nation's Gross Domestic Product (GDP) slowed to a modest 1.6 percent annualized rate in the second quarter—down from a 3.7 percent annualized rate posted in the first quarter. Despite the quarter's modest growth, the recession officially ended in June 2009. Consumers are troubled by the nation's disappointing employment situation: total employment fell by 54,000 in August,



duplicating the job loss recorded in July. The release of temporary workers by the Census Bureau contributed to the decline in both months. The private sector, however, picked up 174,000 workers during the two months.

The quarter's overall lackluster performance hides a sizable increase in private business investment and an increase in government spending, however. While overall consumer expenditures grew at a marginal 2.0 percent annualized rate during the quarter, consumer spending on durable goods rose at a 6.9 annualized rate. The quarter's strong increase in consumer expenditures on durable goods pushed imported goods up at a robust 39.3 percent annualized rate. In fact, real gross domestic purchases—the amount of domestic purchases of goods and services regardless of where they are produced—rose at a 4.9 percent annualized rate.

The economy is expected to remain above water for the remainder of the year; however, its expected rate of growth may be insufficient to generate significant employment growth.

Employment Situation Remains Soft

The nation's unemployment rate rose slightly to 9.6 percent in August. If one adds in the number of persons who are currently not looking but want to work, plus workers who are involuntarily employed part time for economic reasons, the nation's unemployment rate increases to 16.7 percent.

The average length of unemployment now stands at 33.6 weeks, and 42 percent of those who are unemployed have been out of work for more than 27 weeks.

Businesses have now added 95,000 jobs, on average, every month so far this year, for a total of 763,000 positions. However, there needs to be an overall gain of about 140,000 jobs per month just to keep pace with population growth. Moreover, employment in temporary help services accounted for 27 percent of the year's job gains, suggesting that many employers are still hesitant to hire permanent workers.

Finally, although they trimmed 27,000 employees from their payrolls in August, the nation's manufacturers have still added a net 145,000 workers during the first eight months of the year.

Little Faith in Employment Prospects and an Anemic Housing Market Keep Consumer Confidence Low

According to the Conference Board, consumer confidence rose slightly in August after falling in June and July. The Confidence Index now stands at 53.5, which is well below 90, the reading commonly associated with a healthy economy. Only 14.6 percent of polled consumers believe that employment conditions will improve in the coming months. Therefore, it is not surprising that many households are holding back on spending. During the second quarter, personal savings reached 6.1 percent of after-tax income, which is well above the 2.1 percent savings rate recorded in 2007, before the downturn.

In addition to the lackluster employment market, recent housing reports suggest that the nation's real estate market is still in crisis. In July, existing home sales fell by 27.2 percent from June, according to the National Association of Realtors (NAR), and sales are 25.5 percent below last year's level.

At the same time, housing prices remained flat. The national median home price for existing homes is just 0.7 percent above its level a year ago, according to the NAR, and distressed sales account for 32 percent of all sales. The Federal Housing Finance Agency reports that housing prices, once the calculations have controlled for the type of house being sold, have dropped by 1.6 percent in the second quarter from the same quarter last year.

For nearly a year and a half, the monthly number of foreclosure filings has exceeded 300,000, according to RealtyTrac. In July there were 325,000 filings, and lenders repossessed nearly 93,000 homes during the same month. Moreover, according to the Mortgage Bankers Association, the

percentage of mortgage owners who are 30 days late on their loan payments was up slightly in the second quarter, from 3.3 percent in the previous quarter to 3.5 percent. Hopefully, the current low mortgage rates will help to move the market upwards. Thirty-year fixed mortgage rates were down to 4.4 percent during August.

Businesses Provide the Only Bright Note in the Quarter

Although the nation's manufacturing cut 27,000 workers from its payrolls in August, the sector continues to expand. According to the Institute of Supply Management (ISM), manufacturing is in its thirteenth straight month of expansion. The ISM manufacturing index rose to 56.3 in August. Any reading above 50 signals an economic expansion.

Business investment grew at an annual rate of 17.6 percent for the quarter. Business spending on machines, equipment, and software rose at a strong 24.9 annualized rate, and spending on structures was up slightly at a 0.4 percent annualized rate. Still, it was the first quarter in the past two years that business spending on structures was positive.

Given all of its industry's woes, residential construction still rose at a promising 27.9 percent annualized rate during the quarter. However, this is from a very small base, and other housing statistics, cited above, suggest that the industry is still struggling.

Government Has Few Tools Left in Its Toolbox

Fiscal stimulus programs are coming to an end, although nondefense federal spending rose at a 12.9 percent annualized rate during the quarter and state and local governmental expenditures were up by a modest 1.2 percent annualized rate. Some analysts fear that growing worries about the increasing national debt could curtail additional stimulus spending. This was already seen in July as the administration had difficulty in getting Congress to extend unemployment insurance and to pass a bill sending federal monies to struggling state and local governments.

The growing deficit has not affected long-term interest rates, however. If investors were seriously worried about the nation's debt level, long-term interest rates on government bonds would be expected to increase, as a hedge against the possibility of a decline in the value of the dollar relative to other foreign currencies, or as a future increase against inflation. At this time, the dollar is holding steady relative to other major foreign currencies, and inflation is remaining quiet.

Currently the rate on 10-year Treasury bonds is below 2.75 percent, which suggests that investors have minimal concerns about future inflation. In July, the consumer price index was only 1.2 percent above its level from the same

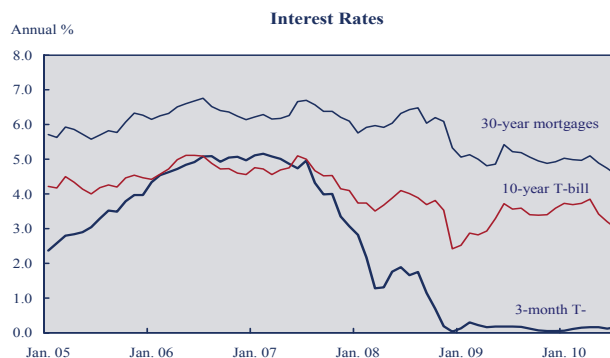
month last year, and just 0.9 percent when food and energy costs were extracted from the index. In fact, some worry that prices may deflate, which could cause severe economic difficulties, as businesses and consumers would curtail current expenditures in hopes of buying at lower prices in the future.

In short, by their actions investors are showing that they continue to view government bonds as a secure and safe option in these uncertain times, regardless of the growing deficit. Part of the uncertainty is due to the slowdown in the world economy and the call for reduced stimulus spending in the United Kingdom and other European countries in reaction to the financial crisis in Greece.

The Federal Reserve Bank (the Fed) is clearly indicating that it will keep its short-term, overnight federal funds rate between zero and 0.25 percent for the foreseeable future. Historically, this short-term rate has been the primary tool for the Fed; however, it is possible that the Fed will do more. In the last two years the Fed has taken the unusual action of buying up mortgage-backed securities, as well as other financial assets, to bolster the economy. The Fed is expected to buy back long-term Treasuries and thus keep long-term rates low for borrowers. Moreover, Chairman Ben Bernanke has announced that the Fed is willing to carry out "unconventional measures" if the economy slows further.

The Federal Reserve's July polling of banks' senior loan officers shows that they have eased their lending standards and most terms on commercial and industrial loans to firms regardless of the size of those firms. However, the survey also found that the demand for business loans was still low. Options for the Fed include buying non-Treasury long-term securities, lowering the interest it pays on bank reserves, and announcing that it will hold low-term interest rates constant longer than the market expects.

Economic forecasters polled by the Philadelphia Federal Reserve have revised their forecast downward. The current forecast calls for the nation's GDP to grow at only a 2.3 percent annualized rate in the third quarter, which is down from their May prediction of 3.3 percent. The consensus forecast for the final quarter remained unchanged.



REGIONAL ECONOMY

In July, economic analysts at the Federal Reserve Bank of Chicago interviewed a wide array of industry representatives and found that the Great Lakes region's economy, like the nation's, continues to improve, but at a slower rate. In the region's large manufacturing sector, production has slowed; however, employment and hours continue to grow. Steel and industrial metals production declined as steel service centers saw slower orders. On the other hand, a representative of the household appliance industry said his firm needed to rebuild inventories by ramping up production. Moreover, the region's auto industry and heavy equipment manufacturers reported greater levels of activity.

On the consumer side, retailers interviewed were keeping inventories low in expectations of a lackluster back-to-school season. Auto sales have held pretty steady; however, tourism activity has dwindled. The lack of growth in the region's retail sector was likely affected by a reported decrease in hiring activity, including the hiring of temporary workers.

The analysts found that credit conditions are improving and that the rate of business spending on equipment continued to steadily grow. Still, residential construction remains soft, and high vacancy rates have curtailed nonresidential construction. Finally, public construction was more active, due in part to the federal stimulus expenditures.

Employment conditions in the Great Lakes states are slowly turning around, due to improving conditions in its manufacturing sector. Employment in the five Great Lakes states fell by less than 1.0 percent during the 12-month period ending in June; however, employment in the region's manufacturing sector was up by 0.4 percent. Indiana and Michigan reported overall employment gains for the period, and their manufacturing sector led the way. Manufacturers also picked up workers in Ohio; however, employment losses in the state's nonmanufacturing sector kept Ohio's total employment in negative territory. The turnaround in the region's manufacturing sector is not shared by the nation as a whole, as manufacturing employment in the rest of the country fell by 1.3 percent during the period.

Not surprisingly, the Chicago Fed's Midwest Manufacturing Index rose by 2.2 percent in July and was 13.1 percent above last year's level. This was due, in large part, to the region's automakers. The auto sector posted the region's strongest growth, increasing by 7.2 percent in the month; it was up by 27 percent above last year's levels. The region's steel sector was up by 2.2 percent during the month and by 24.7 percent for the year, and its machinery sector was up by 0.9 percent for the month and 9.6 percent for the year. However, the region's resource sector, which includes food, wood, paper, chemical, and nonmetallic production, was off by 0.1 percent during the month.

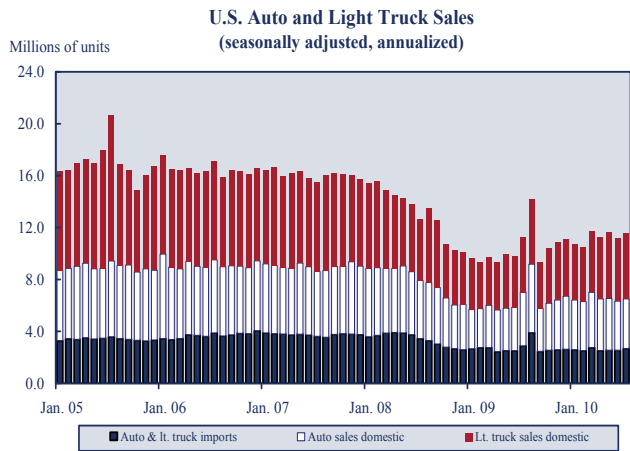
Employment and Earnings^a

Great Lakes region	June 2010	June 2009	Percent change	Great Lakes region	June 2010	June 2009	Percent change
Illinois				Ohio			
Total employment	5,677,500	5,700,200	-0.4	Total employment	5,083,100	5,092,400	-0.2
Mfg. employment	564,000	572,700	-1.5	Mfg. employment	627,700	616,600	1.8
Avg. weekly hours	39.7	39.9	-0.5	Avg. weekly hours	40.1	39.2	2.3
Avg. hourly earnings	\$16.73	\$16.54	1.1	Avg. hourly earnings	\$18.50	\$18.73	-1.2
Indiana				Wisconsin			
Total employment	2,806,100	2,790,000	0.6	Total employment	2,766,400	2,787,300	-0.7
Mfg. employment	444,600	430,100	3.4	Mfg. employment	416,500	434,200	-4.1
Avg. weekly hours	41.4	39.1	5.9	Avg. weekly hours	40.2	38.6	4.1
Avg. hourly earnings	\$18.51	\$19.03	-2.7	Avg. hourly earnings	\$18.00	\$18.01	-0.1
Michigan				United States			
Total employment	3,903,700	3,886,100	0.5	Total employment (000)	130,649	130,640	0.0
Mfg. employment	454,300	443,800	2.4	Mfg. employment (000)	11,672	11,782	-0.9
Avg. weekly hours	44.4	41.5	7.0	Avg. weekly hours	41.0	39.5	3.8
Avg. hourly earnings	\$21.83	\$20.99	4.0	Avg. hourly earnings	\$18.54	\$18.17	2.0

NOTE: June 2010 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.

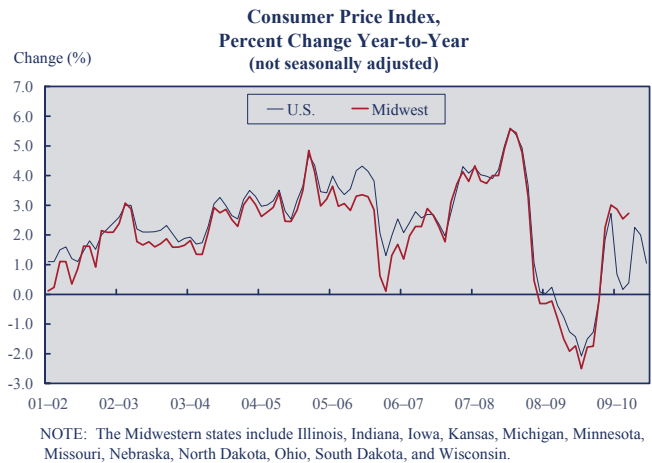
SOURCE: U.S. Bureau of Labor Statistics (BLS).



Auto Sales Have Improved

Although auto sales are still well below the sales volumes of just two years ago, they have slowly improved. During the summer, cars and light trucks sold at an 11.4-million-unit annualized rate. More importantly for Michigan, the Detroit Three have gained market share during the past year. Their share of the market during the first eight months of the year increased to 45 percent, compared to 43.8 percent during the same period last year. Both Toyota and Honda lost share during the first eight months.

The industry's improved conditions can best be seen in the sharp improvement in its production and capacity utilization rates. Production volumes of the Detroit Three have increased by 81.7 percent during the first seven months of 2010 from the same period last year, according to Ward's Automotive Group. Chrysler made the most dramatic improvement, as its production volume increased by 134.5 percent; General Motors was second with a healthy 97.0 percent jump in production, followed by Ford's 45.8 percent increase. For the industry as a whole, production volumes were up by 66.3 percent.



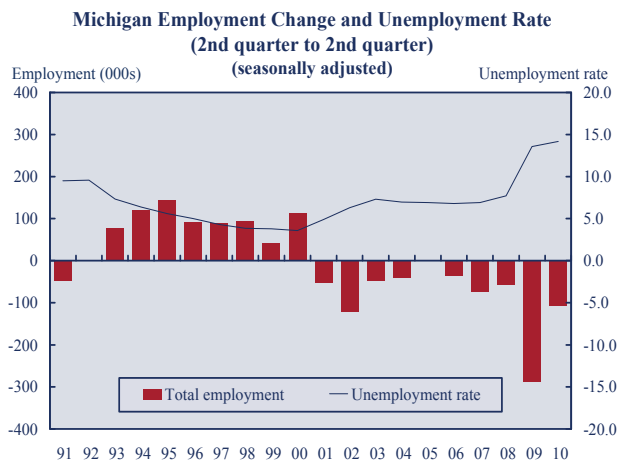
Again according to Ward's Automotive Group, the industry's overall capacity utilization rate for the first nine months of the year stood at 66.9 percent, compared to 42.5 percent last year. And again, Chrysler has made strong gains in its capacity utilization, growing from 29.7 percent last year to 66.3 percent this year. General Motors has also made strong gains, moving up from 39.7 percent last year to 72.2 percent this year.

Prices Are Holding Steady

Consumer prices in the Midwestern states are experiencing the same slowdown as in the rest of the nation: prices increased by only 1.2 percent for the 12-month period ending in July. Economic analysts at the Chicago Federal Reserve found little price and wage pressure in the first half of the summer. While price increases were reported in energy, paper, plastics, and resins, price reductions were also reported in steel and other metals. Wages increased only slightly.

STATE OF MICHIGAN ECONOMY

Total employment increased by 0.3 percent during the second quarter in the state because of across-the-board employment gains. The employment gains helped push the state's unemployment rate down to 13.6 percent for the quarter. Indicators are mixed, however, suggesting that future employment gains may be modest.



Employment in the state's goods-producing sector rose by 0.4 percent during the quarter (see top table, page 23) because of a 1.1 percent increase in its transportation-dominated, durable-goods manufacturing sector. Seasonally unadjusted employment in the state's auto industry, which includes auto assembly and major suppliers, increased by more than 2.0 percent during the second quarter.

Employment in the state's construction sector was off by 0.4 percent, and future employment conditions in the troubled sector may remain soft as the number of residential units put under contract for construction fell at a 15.9 percent annualized rate during the quarter. Still, it remained above last year's level.

Employment in the state's private service-providing sector was up by a modest 0.2 percent for the quarter. Professional and business services witnessed the biggest gains, as they increased by more than 4,000 workers, or 0.8 percent. The sector's increase was likely driven by heavier use of temporary help agencies; temporary employment rose by 10 percent during the quarter (not seasonally adjusted).

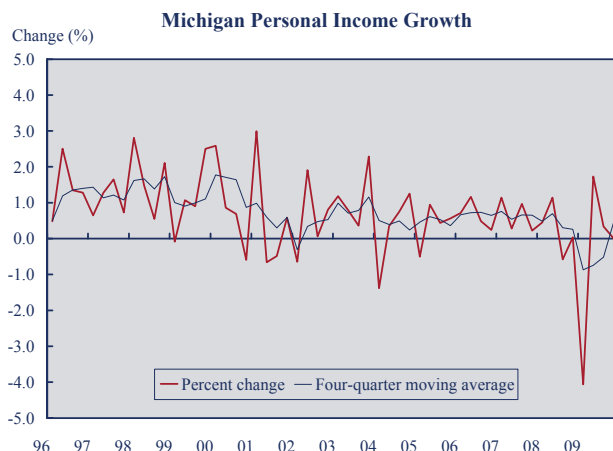
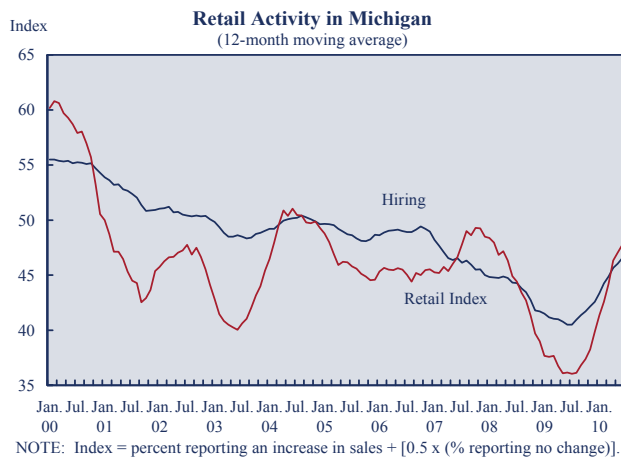
Employment gains were also reported in the state's education and health care sectors. Retail employment grew by 0.3 percent during the quarter, despite a 0.5 percent decline in leisure and hospitality employment and sluggish personal income growth. As of the fourth quarter of last year, personal income had remained unchanged from four quarters ago.

However, retail's employment increase is in line with the findings of the monthly survey of retailers conducted by the Federal Reserve Bank of Chicago in cooperation with the Michigan Retailers Association. Both the survey-based retail activity index and the hiring index have been on the rise since July of last year.

Surprisingly, government employment was also up. It rose by 0.8 percent for the year, despite the ongoing budget problems at the state and local level.

The state's economic indicators are mixed. Comerica Bank's Michigan Economic Activity Index, which is based on nine coincident indicators, increased in July and now stands at 87, which is 16 points above its level of a year ago. In addition, new claims for unemployment insurance fell by 8.8 percent during the quarter. On the other hand, the Southeast Michigan Purchasing Managers Index, which was released recently by Wayne State University, slipped nearly 10 points in July, to 56.7. Still, any reading above 50 is associated with a growing manufacturing base. Finally, the state's Help-Wanted Advertising Index continues to decline and, as mentioned above, new housing starts are down from the previous quarter.

The decline in the state's unemployment rate, which fell to 13.6 percent, was due to 25,000 individuals leaving the ranks of the unemployed. Unfortunately, this number is double the number of jobs created during the quarter, suggesting that many unemployed individuals gave up their job search and dropped out of the labor force or moved elsewhere.



Change in Average Weekly Wage for Manufacturing Workers
Fourth Quarter 2008-2009
(not seasonally adjusted)

Labor market area	Weekly wage	% change 2008-09	Labor market area	Weekly wage	% change 2008-09
Ann Arbor	1,383	-1.4	Jackson	1,090	6.2
Battle Creek	1,165	3.0	Kalamazoo-Portage	1,212	-3.7
Bay City	976	-1.5	Lansing-East Lansing	1,130	-4.9
Detroit-Warren-Livonia	1,383	0.9	Monroe	1,310	-0.4
Flint	1,359	5.5	Muskegon-Norton Shores	1,049	5.3
Grand Rapids-Wyoming	1,094	3.9	Niles-Benton Harbor	1,251	9.4
Holland-Grand Haven	1,051	-0.5	Saginaw-Saginaw Township North	1,282	2.6

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

Labor market area	Total nonfarm	% change, 2009-2010	Goods-producing	% change, 2009-2010	Private service-providing	% change, 2009-2010	Unemployment rate June 2009	Unemployment rate June 2010
United States	1,306,400	3303.4	1,853,000	-2.8	89,702,000	0.1	9.5	9.5
Michigan	3,848,000	0.4	588,300	4.1	2,622,500	0.1	13.9	13.2
West Michigan MSAs:								
Battle Creek	55,630	0.7	11,760	-4.7	32,990	-0.3	11.9	11.1
Grand Rapids-Wyoming	12,460	-5.3	37,490	-0.6	1,570	-10.6	12.6	12.7
Holland-Grand Haven	99,320	-2.0	30,740	-3.4	55,500	2.9	12.3	11.3
Kalamazoo-Portage	136,010	-1.5	21,850	-7.1	91,690	0.3	10.5	10.7
Muskegon-Norton Shores	58,480	-1.3	10,870	-2.6	38,410	-1.8	14.9	13.5
Niles-Benton Harbor	59,100	-1.7	12,460	-5.3	37,490	-0.6	12.6	12.7
Other labor market areas:								
Ann Arbor	190,740	1.1	15,390	-3.2	102,960	-0.6	8.9	8.3
Bay City	—	—	—	—	—	—	12.4	11.7
Detroit-Warren-Livonia	1,698,660	-1.1	224,250	1.6	1,264,990	-1.2	15.6	13.7
Flint	134,390	1.8	13,950	21.2	97,470	0.0	15.8	14.0
Jackson	53,220	-2.4	8,430	-9.5	35,330	-1.7	13.6	12.6
Lansing-East Lansing	215,380	1.1	23,420	11.6	127,160	-0.4	10.8	9.9
Monroe	—	—	—	—	—	—	15.5	12.5
Saginaw-Saginaw Township North	83,770	2.7	12,000	5.1	59,940	2.9	13.2	12.0

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

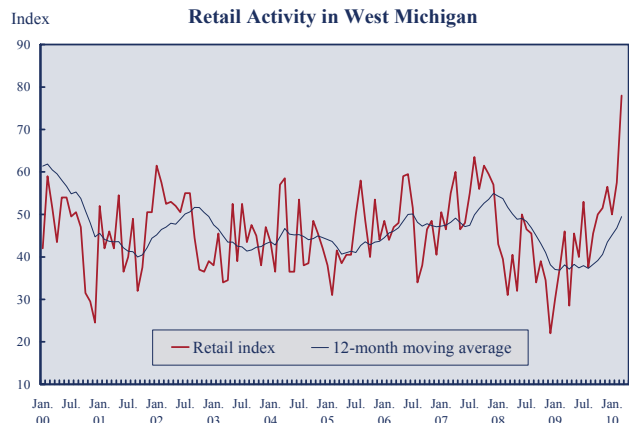
Employment in west Michigan rose by 0.4 percent during the second quarter. Economic conditions were mixed across the six metropolitan areas in west Michigan: four areas reported employment increases, while two declined. The biggest news came from the goods-producing sector, which produced its first job gains in years, while employment in both the government sector and the service-producing sector also increased. Not surprisingly, the job gains contributed to a reduction in joblessness; however, at 13 percent, the region's unemployment rate remained high by historical standards. Additionally, a mixed reading from the region's economic indicators leaves a dark cloud lingering over the near-term employment outlook.

The goods-producing sector was the biggest surprise of the second quarter: employment in the sector rose by 0.4 percent as a result of growth in both manufacturing and the construction sector. Of course, construction and mining employment has a long way to go to recover from the 9.8 percent reduction that sector experienced over the past year; still, the sector's addition of 340 jobs over the past three months was a nice improvement. Unfortunately, a recent decline in new dwelling units suggests that any recovery in the housing market may be short-lived.

Manufacturing employment in west Michigan rose by 0.3 percent last quarter. Although modest, the 330-job increase represents the first net gain the region has experienced in several years. Not every metropolitan area in west Michigan saw manufacturing payrolls expand during the period, however; most of the increase occurred in the Muskegon–Norton Shores and Grand Rapids–Wyoming metro areas. Additionally, strength was not evident across all manufacturing industries but was concentrated among durable goods producers, which showed greater strength than nondurable goods producers in the regions where data were available. This may reflect a recovery in two of west Michigan's dominant industries: automotive parts and office furniture. Nationwide, automobile sales are up slightly this year, and news reports indicate that both General Motors and Ford have recovered some market share. Also, in August the Business and Institutional Furniture Manufacturer's Association indicated that office furniture sales were expected to nudge upward by 1.5 percent in 2010 before taking off at an 8.7 percent rate in 2011.

Private service-providing employment increased by 0.2 percent during the second quarter. Most of the increase occurred in the professional and business services sector, which added more than 1,000 jobs, and in the educational and health services sector, which grew by 760 positions. Unfortunately, service industries connected to local resident spending did not fare as well. Trade, transportation, and

utilities firms shed 240 jobs; the financial activities sector lost 160 workers; and the leisure and hospitality sector shrank by 120 jobs. Additionally, the region's small information sector eliminated 50 jobs.



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

Despite the lingering employment weakness in sectors tied to consumer spending, the outlook for retail actually improved over the past few months. According to the Michigan Retailers Association, the index of retail activity in west Michigan was somewhat volatile during the second quarter; however, both the April and June index readings were well above 50, which indicates that the majority of retailers in the region were seeing steady or improving sales. Although the index's plunge during May illustrated the continued moodiness of the local consumer, retail activity overall appears to have begun returning to the levels merchants experienced before the downturn.

Total government employment grew by 0.8 percent last quarter. Some of the growth could be the result of the ongoing expansion of casinos in the region, since workers at facilities operated by Native American tribes are classified as government employees by record keepers. Still, several west Michigan metropolitan areas that do not have casinos, such as Grand Rapids–Wyoming, Kalamazoo–Portage, and Muskegon–Norton Shores, also posted growth in overall government employment levels, which suggests that conditions have improved for municipal offices, public education facilities, and other state and federal agencies.

In general, economic conditions have improved; however, mixed local economic indicators suggest that the pace of economic recovery is unlikely to quicken. The only clearly positive indicator during the period was initial claims for unemployment insurance benefits, which fell by 7.9 percent—an indicator that layoff activity has abated.

West Michigan (6 MSAs) Statistics

(seasonally adjusted)

Measure	2010 Q2	2010 Q1	% change, Q1 to Q2	2009 Q2	% change, Q2 to Q2
Employment (by place of work)					
Total nonfarm employment	767,510	764,820	0.4	778,700	-1.4
Goods-producing	156,420	155,760	0.4	164,390	-4.8
Construction and mining	25,630	25,290	1.3	28,400	-9.8
Manufacturing	130,780	130,450	0.3	136,000	-3.8
Private service-providing	511,110	509,850	0.2	512,380	-0.2
Trade, transportation, and utilities	138,860	139,100	-0.2	141,570	-1.9
Retail trade	84,440	84,490	-0.1	85,670	-1.4
Information (5 MSAs) ^a	7,670	7,720	-0.6	8,200	-6.5
Financial activities	34,970	35,130	-0.5	35,820	-2.4
Professional and business services	94,530	93,450	1.2	93,130	1.5
Educational and health services	126,240	125,480	0.6	125,300	0.8
Leisure and hospitality	71,490	71,610	-0.2	71,550	-0.1
Other services	37,370	37,350	0.1	36,820	1.5
Government	99,990	99,230	0.8	101,920	-1.9
Unemployment					
Number unemployed	102,510	107,500	-4.6	100,930	1.6
Unemployment rate (%)	13.0	13.7		12.6	
Local indexes					
UI initial claims	2,571	2,792	-7.9	4,803	-46.5
New dwelling units ^b	1,893	2,033	-6.9	1,935	-2.2

NOTE: Categories may not sum to total because of rounding. The index for help-wanted ads, which has until this issue been found under "Local indexes," is no longer available because of the declining number of employment want ads in newspapers.

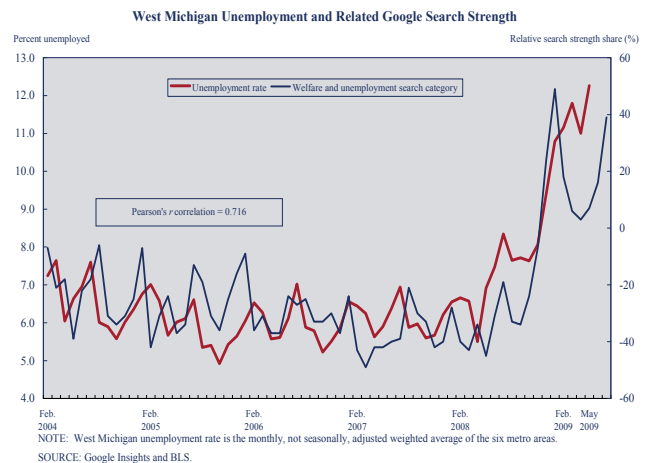
^a Information employment data is not available for Battle Creek MSA.

^b 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.

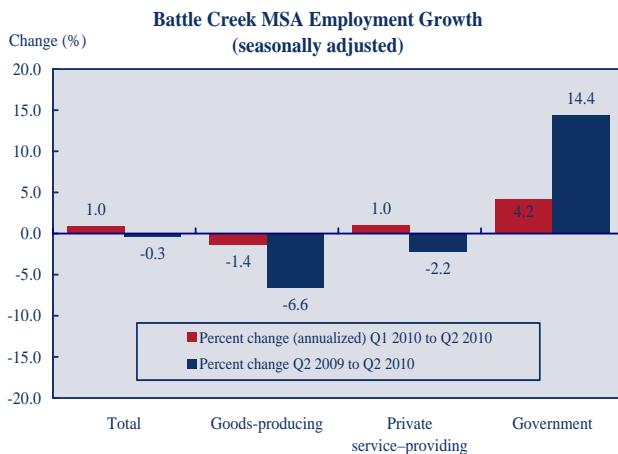
Indicators of future job market conditions paint a mixed picture. The Manpower Employment Outlook Survey, which was conducted only in the Grand Rapids–Wyoming metro area, indicated that the portion of local firms that plan to hire additional workers over the next few months has shrunk, but that it still remains larger than the share of employers who anticipate layoffs. The latest figures from Google Insights for Search show that interest in the “welfare and unemployment” search category jumped in June and July before retreating somewhat in August. In the past, growing interest in this search category has preceded increases in unemployment.

Finally, the number of new dwelling unit contracts declined by 6.9 percent last quarter. Although the number was up slightly compared to last year, the market for residential housing remains weak in the region.



BATTLE CREEK MSA

Calhoun County employment rose by 0.2 percent during the second quarter on the strength of both the private service-providing and government sectors. Although the overall gain was modest, it was a noteworthy improvement over the substantial 1.3 percent loss the region experienced during the first three months of the year. There was also plenty of good news for workers, as the number of unemployed workers shrank and the unemployment rate fell to 11.6 percent. Additionally, local economic indicators point in a positive direction and suggest that conditions will continue to improve.



Employment in the goods-producing sector (see top table, opposite page) fell by 0.3 percent, which was the only significant source of bad news during an otherwise decent quarter. Construction and mining firms reduced employment by 1.1 percent, most likely as a result of a housing market that remains very weak. Although new housing starts did increase slightly between the first and second quarters, the annualized new-dwelling-unit rate of only 16 units was still extremely low by historical standards.

Local manufacturers fared slightly better last quarter, although the manufacturing sector still posted a 0.2 percent loss as a result of workforce reductions in nondurable goods. On the plus side, employment in durable goods was flat, and overall manufacturing reductions were extremely small compared to the losses seen during the past several years. Additionally, in June, Clyde Union Pumps announced a major expansion in Battle Creek that will help the company increase its employment by 190 workers over the next five years.

Private service-providing companies were the source of most job gains last quarter—overall the sector grew by 0.2 percent, an 80-job gain. The largest growth occurred in professional and business services, which took on 110 additional workers for a 2.0 percent gain. The trade, transportation, and utilities sector also posted a nice 100-job bump during the period, al-

though employment in the large retail subsector contributed only 20 of those jobs. Unfortunately, however, these relatively healthy growth numbers were somewhat offset by weakness in other service-providing industries. The “other services” category declined by 2.1 percent, while both the financial sector and the educational and health services sector shrank by 0.7 percent. Leisure and hospitality employment also contracted, but only by 10 workers—a 0.2 percent decline.

Government employment rose by 1.0 percent last quarter, an increase of 110 jobs. There has been a general increase in workers classified as working in the public sector over the past year as a result of the opening of the Firekeepers Casino in August 2009. Workers at the casino are classified in the data as government sector employees because of the facility’s unique tribal ownership status. However, data for the yearlong period that ended in the fourth quarter of 2009 also suggest that government employment growth may be more widespread: both state and local public offices increased employment during the period, while federal government agencies shed only 10 jobs.

The outlook for the Battle Creek metropolitan area improved during the second quarter. Although the area’s economic indicators are limited to two, both of these turned and now point in a positive direction. Initial claims for unemployment insurance fell by 9.7 percent over the three-month period and indicated that layoffs were occurring at roughly half the rate seen at this time last year, during the worst of the recession. Additionally, new-dwelling-unit contracts also increased slightly, although the overall rate remains very low in historical terms. Still, the slowing of layoffs and the increase in construction activity should help boost the region’s economic health during the next quarter.

Battle Creek MSA
(seasonally adjusted)

Measure	2010 Q2	2010 Q1	% change, Q1to Q2	2009 Q2	% change, Q2 to Q2
Employment (by place of work)					
Total nonfarm employment	54,990	54,860	0.2	55,180	-0.3
Goods-producing	11,740	11,780	-0.3	12,570	-6.6
Construction and mining	1,800	1,820	-1.1	1,900	-5.3
Manufacturing	9,940	9,960	-0.2	10,670	-6.8
Durable goods	6,500	6,500	0.0	7,030	-7.5
Nondurable goods	3,440	3,450	-0.3	3,640	-5.5
Private service-providing ^a	32,390	32,310	0.2	33,110	-2.2
Trade, transportation, and utilities	9,120	9,020	1.1	9,190	-0.8
Retail trade	5,780	5,770	0.2	5,910	-2.2
Financial activities	1,400	1,410	-0.7	1,400	0.0
Professional and business services	5,580	5,470	2.0	5,720	-2.4
Educational and health services	9,340	9,410	-0.7	9,640	-3.1
Leisure and hospitality	4,580	4,590	-0.2	4,700	-2.6
Other services	2,370	2,420	-2.1	2,470	-4.0
Government	10,870	10,760	1.0	9,500	14.4
Unemployment					
Number unemployed	7,920	8,300	-4.6	8,030	-1.4
Unemployment rate (%)	11.6	12.2		11.7	
Local indexes					
UI initial claims	240	266	-9.7	470	-48.8
New dwelling units ^b	16	4	305.7	25	-35.1

NOTES: Categories may not sum to total because of rounding. The index for help-wanted ads, which has until this issue been found under "Local indexes," is no longer available because of the declining number of employment want ads in newspapers.

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

^bSeasonally 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)

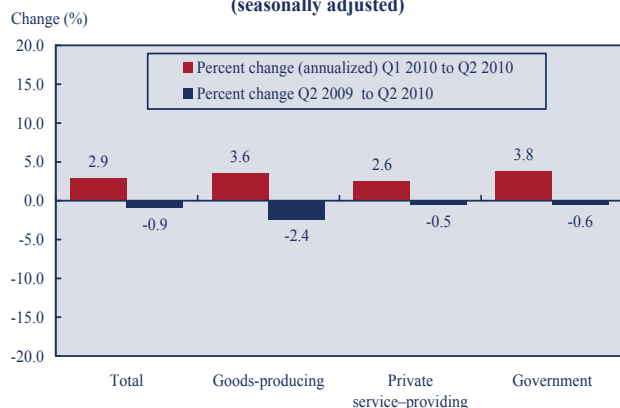
Industry	2009 Q4	2008 Q4	Percent change	Industry	2009 Q4	2008 Q4	Percent change
Goods-producing				Ambulatory health care services	2,900	2,750	5.5
Food manufacturing	2,230	3,620	-38.4	Hospitals	2,250	2,430	-7.4
Fabricated metal products mfg.	1,360	1,540	-11.7	Arts, entertainment, and recreation	640	650	-1.5
Transportation equipment mfg.	3,690	4,540	-18.7	Accommodation and food services	3,770	3,880	-2.8
Private service-providing				Food services and drinking places	3,840	3,720	3.2
Professional and technical services	2,180	930	134.4	Government			
Administrative and support services	2,670	2,910	-8.2	Federal Government	3,080	3,090	-0.3
Educational services	1,360	1,430	-4.9	State Government	420	400	5.0
Health care and social assistance	8,000	7,930	0.9	Local Government	6,970	5,920	17.7

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

GRAND RAPIDS–WYOMING MSA

The Grand Rapids–Wyoming MSA gained 2,570 workers during the quarter; an increase of 0.7 percent. Growth was widespread across all major sectors during the quarter, although most payrolls still remained down compared to the same time last year. The hiring also helped push the region’s unemployment rate down to 11.2 percent, which was a lower rate than any other metro area in west Michigan. The question remains, however, as to whether the region’s economic growth will continue or sputter out; regional indicators were mixed, which suggests that the employment trend could swing in either direction over the next few months.

Grand Rapids–Wyoming MSA Employment Growth (seasonally adjusted)



Perhaps the most surprising news to report from the second quarter was the widespread growth of employment in the goods-producing sector (see top table, opposite page). The most robust increase occurred in construction and mining, which grew by 2.5 percent with the addition of 310 jobs. However, although this represents a healthy rebound, total construction and mining employment remains down by 7.7 percent over the past year as a result of prolonged weakness in both residential and commercial construction. Unfortunately, the housing market did not rebound during the second quarter; instead, new-dwelling-unit contracts actually declined by 14.7 percent, which suggests that the construction and mining sector may shed jobs again later this year.

Manufacturing employment grew by 0.5 percent last quarter, solely on the strength of the region’s durable goods producers, which added 300 workers. Employment in the nondurable goods sector was flat during the same period. At least two local manufacturing companies have also recently announced major expansions, which should help support the manufacturing sector’s growth in the future. Dematic Corporation, a manufacturer of conveyor systems, has plans to hire approximately 100 more engineers and skilled trade workers for its Grand Rapids facility. Also, in June, Borisch

Manufacturing Company purchased a new building on East Paris Avenue in Kentwood to accommodate a new machine shop and new production space. The company, which already employs 600 workers in the region, plans to invest \$7 million and hire 150 new workers over the next two years.

The private service–providing sector grew by 0.6 percent during the second quarter, primarily as a result of growth in two sectors: 1) professional and business services, which added 1,070 jobs, and 2) educational and health services, which added 670 jobs. The “other services” category also added 150 workers, while leisure and hospitality employment was essentially flat. All other service industries lost jobs over the three-month period; however, their declines were comparatively minor. The largest decline occurred in trade, transportation, and utilities, which shed 210 workers. Information sector employment fell by only 30, and financial services posted a small, 10-worker decline.

Government agencies added 330 workers over the past three months for a 0.9 percent gain; however, employment in the sector still remains down compared to a year ago. In general, public employment trends have been volatile and mostly negative in recent quarters. Between the fourth quarter of 2008 and the fourth quarter of 2009, regional workforce levels declined at all three types of government agencies: federal, state, and local.

Overall, the Grand Rapids–Wyoming metro area experienced a relatively strong second quarter; however, the region’s economic indicators have turned mixed, which suggests that the recovery may not remain strong during the upcoming months. On the plus side, new claims for unemployment insurance have continued to decline, which is a sign of slowing layoff activity. Initial UI claims dipped by 7.4 percent during the second quarter and were down 44.1 percent compared to the same time last year. Unfortunately, the market for new homes contracted again last quarter, which indicates that consumer confidence remains weak despite the allure of record-low mortgage rates.

Finally, the most recent Manpower Employment Outlook Survey finds that area firms are only “conservatively optimistic” about the hiring outlook heading into the fall. Although the percentage of survey respondents that intends to hire new workers still exceeds the share that indicated layoffs were imminent, the gap between the two groups was smaller compared to the previous quarter—meaning that the number of firms planning to hire has decreased slightly while the number planning to lay off workers has increased slightly.

Grand Rapids–Wyoming MSA
(seasonally adjusted)

Measure	2010 Q2	2010 Q1	% change, Q1 to Q2	2009 Q2	% change, Q2 to Q2
Employment (by place of work)					
Total nonfarm employment	360,010	357,440	0.7	363,320	-0.9
Goods-producing	69,020	68,420	0.9	70,750	-2.4
Construction and mining	12,760	12,450	2.5	13,820	-7.7
Manufacturing	56,260	55,960	0.5	56,940	-1.2
Durable goods	36,630	36,330	0.8	37,100	-1.3
Nondurable goods	19,630	19,630	0.0	19,840	-1.1
Private service–providing	255,690	254,060	0.6	257,070	-0.5
Trade, transportation, and utilities	66,470	66,680	-0.3	68,610	-3.1
Transportation and utilities	9,360	9,450	-1.0	9,930	-5.7
Wholesale trade	20,010	20,090	-0.4	20,640	-3.1
Retail trade	37,090	37,150	-0.2	38,030	-2.5
Information	4,280	4,310	-0.7	4,580	-6.6
Financial activities	18,660	18,670	-0.1	19,390	-3.8
Professional and business services	54,560	53,490	2.0	55,030	-0.9
Educational and health services	62,640	61,970	1.1	61,370	2.1
Leisure and hospitality	31,340	31,330	0.0	30,750	1.9
Other services	17,750	17,600	0.9	17,330	2.4
Government	35,300	34,970	0.9	35,500	-0.6
Unemployment					
Number unemployed	44,020	46,710	-5.8	44,300	-0.6
Unemployment rate (%)	11.2	11.9		11.2	
Local indexes					
UI initial claims	962	1,039	-7.4	1,722	-44.1
New dwelling units ^a	777	910	-14.7	1,096	-29.2

NOTE: Categories may not sum to total because of rounding. The index for help-wanted ads, which has until this issue been found under "Local indexes," is no longer available because of the declining number of employment want ads in newspapers.

^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)

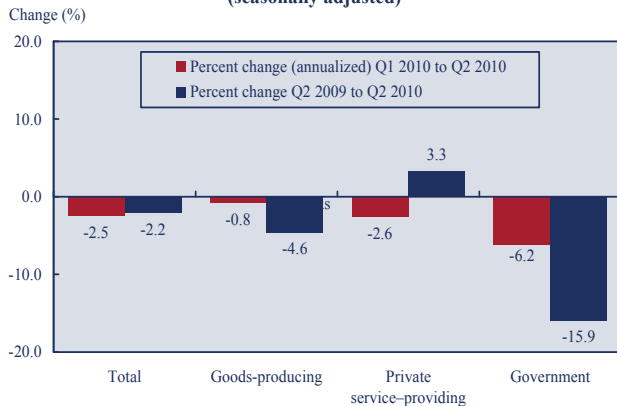
Industry	2009 Q4	2008 Q4	Percent change	Industry	2009 Q4	2008 Q4	Percent change
Goods-producing				Health care and social assistance	49,630	48,870	1.6
Food manufacturing	6,450	6,300	2.4	Ambulatory health care services	14,800	14,490	2.1
Chemical manufacturing	3,820	4,020	-5.0	Hospitals	20,350	20,080	1.3
Plastics and rubber products mfg.	5,310	6,140	-13.5	Arts, entertainment, and recreation	3,610	3,800	-5.0
Fabricated metal products mfg.	5,410	6,610	-18.2	Accommodation and food services	26,370	26,870	-1.9
Machinery manufacturing	6,620	7,520	-12.0	Food services and drinking places	24,190	24,630	-1.8
Transportation equipment mfg.	8,750	11,680	-25.1	Government			
Furniture and related products mfg.	5,820	6,660	-12.6	Federal Government	3,310	3,320	-0.3
Private service–providing				State Government	3,230	3,510	-8.0
Professional and technical services	14,390	15,110	-4.8	Local Government	27,960	28,570	-2.1
Administrative and support services	29,870	33,080	-9.7				
Educational services	9,920	11,010	-9.9				

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

HOLLAND-GRAND HAVEN MSA

Total employment fell by 0.6 percent last quarter in Ottawa County, which was the largest decline reported among the six metropolitan areas that make up west Michigan. Job reductions were deepest in the government sector, although the private sector also suffered from widespread employment weakness. Surprisingly, the region's unemployment rate actually improved, dropping from 12.7 to 12.1 percent during the second quarter, which suggests that local residents have either been leaving the workforce or finding employment outside the county. Fortunately, the region's limited economic indicators turned positive, which suggests that local conditions should begin improving soon.

Holland-Grand Haven MSA Employment Growth (seasonally adjusted)



In a surprise turn, the region's goods-producing sector was not a major source of job reductions during the second quarter (see top table, opposite page). The construction and mining sector, which has been hard hit by the downturn in residential building activity during the recession, shed only 10 jobs, a 0.3 percent loss. Compared to the reductions that have occurred over the past several quarters, the last three months were stable for workers in the sector. Additionally, the number of new-dwelling-unit contracts has been increasing in the region, which should help spur business for local construction contractors.

Manufacturing employers shed 50 jobs during the period, which was minor compared to previous quarters. Although the slowdown in job reductions was encouraging, there were few signs that a recovery was imminent. Business news reports were mostly quiet, though there were two bright spots for the region. First, Trans-Matic, a company that makes steel stampings, announced that it has been hiring and expects to bring on 25 new workers over the next two years. Second, a proposed battery factory in Holland appeared to finally be getting underway. In July a groundbreaking ceremony was held at the site where LG Chemicals intends to build a 70,000-

square-foot facility to produce lithium-ion batteries for the automotive industry. The plant was expected to open by 2012 and eventually employ 400 workers.

The private service-providing sector fell by 0.7 percent, a 370-job loss. Small cuts were widespread across most types of service providers during the quarter. The biggest losses occurred in the trade, transportation, and utilities sector, which lost 100 jobs, and in the financial services sector, which shed 70 positions. The professional and business services sector was the only service sector able to post a small gain: 30 additional jobs. On the plus side, most of the service sector categories posted job numbers that were still up compared to what they were one year ago, during the depths of the recession. In terms of employment change between the second quarter of 2009 and the second quarter of 2010, the only service sector to post a loss was financial activities, which was down by 1.0 percent.

Employment in the government sector fell by 1.6 percent during the second quarter and remained down substantially compared to the same time last year. It is likely that cuts in local government—a sector that includes public K-12 schools and municipal offices—were a major source of job losses. Between the fourth quarter of 2008 and the fourth quarter of 2009, local government agencies shed 160 jobs, while state government agencies expanded, and federal government employment fell by only 10 jobs.

The region's pool of economic indicators became even smaller during the second quarter, when Manpower's Employment Outlook Survey discontinued its coverage of the Holland-Grand Haven metropolitan area. Fortunately, the two remaining indicators—initial unemployment insurance claims and new-dwelling-unit contracts—both moved in positive directions. A 8.1 percent reduction in first-time UI claims suggests that layoff activity has slowed and employers are hanging onto workers as orders increase. The residential housing market also showed signs of life with a 5.7 percent bump in new-dwelling-unit contracts during the quarter. Overall, the number of new dwelling units demanded was up by 28.1 percent compared to the same time last year.

Holland–Grand Haven MSA
(seasonally adjusted)

Measure	2010 Q2	2010 Q1	% change, Q1 to Q2	2009 Q2	% change, Q2 to Q2
Employment (by place of work)					
Total nonfarm employment	99,430	100,060	-0.6	101,620	-2.2
Goods-producing	30,670	30,730	-0.2	32,160	-4.6
Construction and mining	3,850	3,860	-0.3	4,340	-11.3
Manufacturing	26,820	26,870	-0.2	27,820	-3.6
Private service-providing	55,670	56,040	-0.7	53,890	3.3
Trade, transportation, and utilities	16,370	16,470	-0.6	16,270	0.6
Retail trade	9,430	9,480	-0.5	9,360	0.7
Information	690	700	-1.4	690	0.0
Financial activities	2,880	2,950	-2.4	2,910	-1.0
Professional and business services	11,580	11,550	0.3	10,010	15.7
Educational and health services	11,120	11,150	-0.3	11,110	0.1
Leisure and hospitality	8,060	8,230	-2.1	8,020	0.5
Other services	4,980	4,990	-0.2	4,880	2.0
Government	13,090	13,300	-1.6	15,570	-15.9
Unemployment					
Number unemployed	15,570	16,450	-5.3	16,160	-3.7
Unemployment rate (%)	12.1	12.7		12.3	
Local indexes					
UI initial claims	419	456	-8.1	936	-55.2
New dwelling units ^a	424	401	5.7	331	28.1

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.

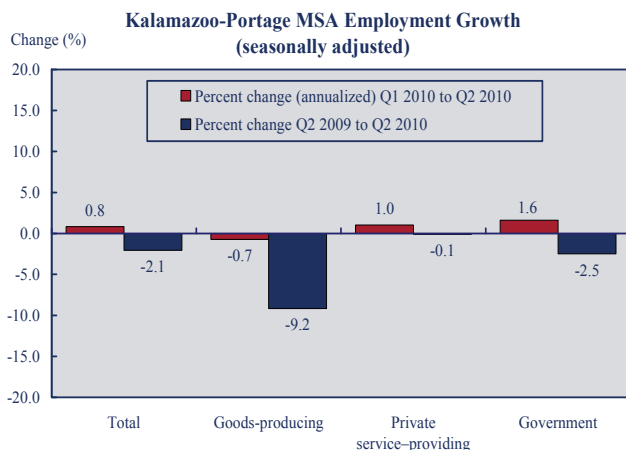
Holland–Grand Haven MSA
Industry Employment Change by Place of Work, Fourth Quarter to Fourth Quarter
(not seasonally adjusted)

Industry	2009 Q4	2008 Q4	Percent change	Industry	2009 Q4	2008 Q4	Percent change
Goods-producing				Health care and social assistance	8,210	8,070	1.7
Food manufacturing	3,120	3,100	0.6	Ambulatory health care services	3,720	3,730	-0.3
Fabricated metal products mfg.	3,490	4,560	-23.5	Arts, entertainment, and recreation	740	910	-18.7
Machinery manufacturing	1,890	2,140	-11.7	Accommodation and food services	6,840	6,990	-2.1
Transportation equipment mfg.	3,980	4,610	-13.7	Food services and drinking places	6,340	6,550	-3.2
Furniture and related products mfg.	4,930	5,890	-16.3	Government			
Private service-providing				Federal Government	440	450	-2.2
Professional and technical services	2,890	3,170	-8.8	State Government	2,520	2,320	8.6
Administrative and support services	7,330	6,380	14.9	Local Government	10,560	10,720	-1.5
Educational services	2,120	2,020	5.0				

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

KALAMAZOO-PORTAGE MSA

Employment rose by 0.2 percent in the Kalamazoo-Portage metropolitan area last quarter, a gain of 280 jobs. The goods-producing sector continued to shed jobs; however, the pace was modest enough to be offset by employment growth in both the private service-providing and government sectors. Not surprisingly, conditions for job seekers improved as a result and helped push the region's unemployment rate down by 0.3 points to a level of 11.5 percent. Local economic indicators for the period were mixed.



Although the region's goods-producing employment shrank by 0.2 percent, there was still some good news for the sector during the second quarter (see top table, opposite page). Although workforce reductions did occur in the nondurable goods manufacturing industry, which shed 80 jobs, employment actually did surprisingly well in the other goods-producing industries. For one thing, the construction and mining sector, which has been especially hard hit by the downturn in the housing market, was able to hold its workforce steady for the period. For another, durable goods manufacturers increased employment by 0.4 percent: a 40-job gain and the first increase seen in many years.

Recent business news reports have been mostly positive as well. For example, it was recently reported that Stryker, a large medical instruments company, has been hiring entry-level production workers as well as skilled workers and engineers. Also, International Automotive Components unveiled plans to add an additional assembly line at its facility in Mendon, which will result in 75 new jobs. Finally, it should be noted that the region's largest manufacturing employer, Pfizer, chose not to make any reductions to the firm's Portage facility during a recent review of its global production capacity—a move that helped maintain employment opportunities for the drugmaker's 2,900 local workers.

The private service-providing sector expanded by 0.3 percent during the second quarter; however, individual service indus-

tries posted mixed results. The largest increase was reported by the leisure and hospitality industry, which added 270 jobs. Healthy growth was also reported by educational and health services, transportation and utilities, retail trade, and in the "other services" category. On the downside, professional and business services posted a 90-job loss, and employment in the small information sector fell by 1.4 percent, a 20-job reduction. The wholesale trade and financial sectors both shed 40 jobs during the period.

Government agencies added 90 jobs last quarter, a 0.4 percent increase. Despite the growth, overall employment in the region's large public sector was down by 2.5 percent compared to the same time last year.

Unfortunately, the region's economic indicators do not paint a particularly clear picture of the region's future direction. One reason for this cloudiness was Manpower's discontinuation of coverage of the region in its quarterly Employment Outlook Survey. Although the survey will continue in some regions, Manpower has limited its coverage to the 100 largest metro areas in the country—a standard that excludes the Kalamazoo-Portage metropolitan region.

The remaining local economic indicators were mixed. Initial claims for unemployment insurance benefits dropped by 4.5 percent, which shows that layoffs have abated somewhat. New-dwelling-unit contracts, a regional measurement of the residential housing market, were flat during the quarter. Overall, new home construction remained slow by long-term historical standards.

Kalamazoo-Portage MSA
(seasonally adjusted)

Measure	2010 Q2	2010 Q1	% change, Q1 to Q2	2009 Q2	% change, Q2 to Q2
Employment (by place of work)					
Total nonfarm employment	135,730	135,450	0.2	138,590	-2.1
Goods-producing	21,720	21,760	-0.2	23,910	-9.2
Construction and mining	4,180	4,180	0.0	4,910	-14.9
Manufacturing	17,530	17,570	-0.2	19,000	-7.7
Durable goods	9,550	9,510	0.4	10,390	-8.1
Nondurable goods	7,980	8,060	-1.0	8,610	-7.3
Private service-providing	91,300	91,070	0.3	91,390	-0.1
Trade, transportation, and utilities	23,000	22,980	0.1	23,500	-2.1
Transportation and utilities	3,400	3,360	1.2	3,600	-5.6
Wholesale trade	5,010	5,050	-0.8	5,110	-2.0
Retail trade	14,590	14,560	0.2	14,790	-1.4
Information	1,390	1,410	-1.4	1,490	-6.7
Financial activities	7,910	7,950	-0.5	8,050	-1.7
Professional and business services	14,620	14,710	-0.6	14,010	4.4
Educational and health services	22,200	22,150	0.2	22,270	-0.3
Leisure and hospitality	15,290	15,020	1.8	15,390	-0.6
Other services	6,880	6,850	0.4	6,680	3.0
Government	22,710	22,620	0.4	23,290	-2.5
Unemployment					
Number unemployed	19,660	20,120	-2.3	17,920	9.7
Unemployment rate (%)	11.5	11.8		10.3	
Local indexes					
UI initial claims	359	376	-4.5	587	-38.8
New dwelling units ^a	431	431	-0.1	237	81.8

NOTE: Categories may not sum to total because of rounding. The index for help-wanted ads, which has until this issue been found under "Local indexes," is no longer available because of the declining number of employment want ads in newspapers.

^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	2009 Q4	2008 Q4	Percent change	Industry	2009 Q4	2008 Q4	Percent change
Goods-producing				Health care and social assistance	18,930	18,760	0.9
Food manufacturing	1,530	1,540	-0.6	Ambulatory health care services	6,400	6,490	-1.4
Paper manufacturing	1,990	1,810	9.9	Hospitals	6,630	6,590	0.6
Fabricated metal products mfg.	1,610	2,120	-24.1	Arts, entertainment, and recreation	1,730	1,830	-5.5
Machinery manufacturing	1,780	2,120	-16.0	Accommodation and food services	13,420	13,570	-1.1
Transportation equipment mfg.	2,100	3,240	-35.2	Food services and drinking places	11,860	12,000	-1.2
Private service-providing				Government			
Professional and technical services	5,310	5,670	-6.3	Federal Government	1,120	1,180	-5.1
Administrative and support services	6,570	6,870	-4.4	State Government	4,210	4,160	1.2
Educational services	2,420	2,250	7.6	Local Government	13,910	14,260	-2.5

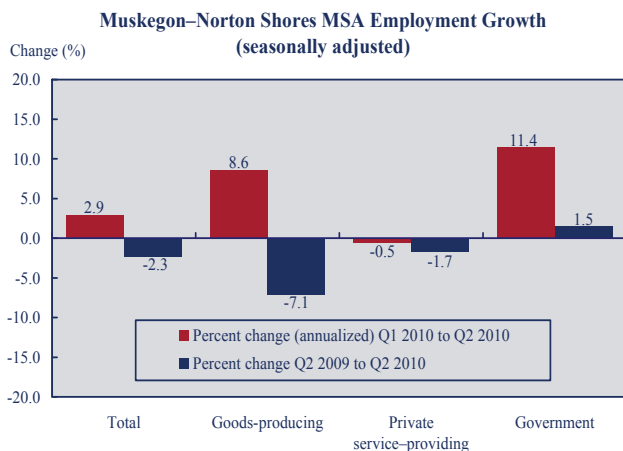
SOURCE: Michigan Department of Labor and Economic Growth ES202 data.

MUSKEGON–NORTON SHORES MSA

Muskegon County's employment rose by 0.7 percent during the second quarter. Both the goods-producing sector and the government sector experienced surprisingly robust growth, while the private service-providing sector hung on with a modest decline that was easily offset by gains in the other major sectors. The job growth contributed to a sizable reduction in unemployment, although the region's 14.4 percent rate was still high by historical standards. Additionally, the region's two economic indicators both suggest that conditions should further improve over the next few months.

information and the professional and business services industries was flat during the same period.

Government employment rose by 2.7 percent during the quarter and was up by 1.5 percent compared to the same time last year. Local government activities, such as public K–12 schools, were the most likely sources of the sector's job cuts. Between the fourth quarter of 2008 and the fourth quarter of 2009, local government employment declined by 2.2 percent, a loss of 160 workers.



According to the region's two economic indicators, the region's prospects for continued growth should be good. Initial claims for unemployment insurance fell by 14.8 percent during the quarter to a level less than half of that seen at the same time last year. This decline clearly indicates that layoff activity has slowed and that local firms are feeling more confident about keeping workers. Also, the number of new dwelling units under contract grew by 28.9 percent as buyers slowly came out of hiding and ordered new homes. Although the number of new-dwelling-unit contracts still remains flat compared to a year ago, it may simply mean that the market will be stabilizing at a new, albeit lower, level.

The region's goods-producing sector experienced its best growth in years with the addition of 220 jobs, an increase of 2.1 percent (see top table, opposite page). Manufacturers provided most of the growth as they increased their payrolls by 1.7 percent, a gain of 160 jobs. Although the region's major manufacturing industries generally declined during 2009, it is possible that improvements in both automobile sales and the office furniture industry have begun trickling down to firms in Muskegon County. The construction and mining sector also rebounded from its long slump and added 60 workers, a nice 4.2 percent bump. This positive trend could continue for construction firms if the recent increase in new-dwelling-unit contracts is indicative of a recovery in the health of the market for new home construction.

Private service-providing employment shrank by 0.1 percent last quarter and was 1.7 percent lower compared to the same quarter last year. The leisure and hospitality industry experienced the biggest drop, recording a 110-job loss; however, this was completely offset by a 110-job gain in educational and health services employment. The hardest-hit industry in percentage terms was financial activities, which fell by 2.1 percent—a 40-worker loss. Additionally, employment categorized as “other services” shrank by 60 workers during the second quarter. Employment in both the

Muskegon–Norton Shores MSA
(seasonally adjusted)

Measure	2010 Q2	2010 Q1	% change, Q1 to Q2	2009 Q2	% change, Q2 to Q2
Employment (by place of work)					
Total nonfarm employment	58,370	57,950	0.7	59,750	-2.3
Goods-producing	10,820	10,600	2.1	11,650	-7.1
Construction and mining	1,480	1,420	4.2	1,640	-9.8
Manufacturing	9,340	9,180	1.7	10,010	-6.7
Private service-providing	38,560	38,610	-0.1	39,230	-1.7
Trade, transportation, and utilities	12,870	12,810	0.5	13,070	-1.5
Retail trade	10,600	10,640	-0.4	10,770	-1.6
Information	700	700	0.0	800	-12.5
Financial activities	1,890	1,930	-2.1	1,880	0.5
Professional and business services	2,880	2,880	0.0	3,080	-6.5
Educational and health services	11,390	11,280	1.0	11,320	0.6
Leisure and hospitality	6,230	6,340	-1.7	6,580	-5.3
Other services	2,610	2,670	-2.2	2,510	4.0
Government	8,990	8,750	2.7	8,860	1.5
Unemployment					
Number unemployed	12,380	13,460	-8.0	13,050	-5.1
Unemployment rate (%)	14.4	15.6		14.7	
Local indexes					
UI initial claims	355	417	-14.8	733	-51.5
New dwelling units ^a	95	74	28.9	94	0.5

NOTE: Categories may not sum to total because of rounding. The index for help-wanted ads, which has until this issue been found under "Local indexes," is no longer available because of the declining number of employment want ads in newspapers.

^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.

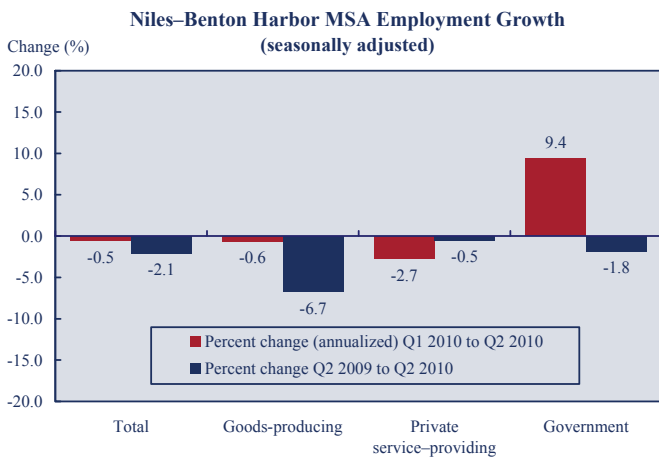
Muskegon–Norton Shores MSA
Industry Employment Change by Place of Work, Fourth Quarter to Fourth Quarter
(not seasonally adjusted)

Industry	2009 Q4	2008 Q4	Percent change	Industry	2009 Q4	2008 Q4	Percent change
Goods-producing				Health care and social assistance	9,820	9,970	-1.5
Primary metal manufacturing	2,880	3,900	-26.2	Ambulatory health care services	3,230	3,150	2.5
Fabricated metal products mfg.	2,110	2,570	-17.9	Hospitals	3,560	3,830	-7.0
Machinery manufacturing	1,500	1,850	-18.9	Arts, entertainment, and recreation	730	730	0.0
Transportation equipment mfg.	710	770	-7.8	Accommodation and food services	5,110	5,520	-7.4
Private service-producing				Food services and drinking places	4,800	5,190	-7.5
Professional and technical services	920	1,030	-10.7	Government			
Administrative and support services	1,660	1,830	-9.3	Federal Government	370	360	2.8
Educational services	970	850	14.1	State Government	1,130	1,140	-0.9
				Local Government	7,190	7,350	-2.2

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

NILES–BENTON HARBOR MSA

Berrien County employment slipped by a modest 0.1 percent last quarter as a result of cuts in both the goods-producing and service-providing sectors. The total losses for the three-month period would have been worse if not for an increase in government employment that offset most of the private-sector losses. Still, it wasn't all bad news; the region's unemployment rate fell as residents either left the workforce or found employment outside the county. Unfortunately, however, a mostly negative reading of the region's economic indicators suggests that in the near future conditions may take a turn for the worse.



Goods-producing employment declined by 0.2 percent during the second quarter, which is not bad compared to the losses the sector has experienced over the past several years (see top table, opposite page). The source of the job losses was the manufacturing sector, which shed 20 jobs. Construction and mining employment held steady, which was a noteworthy achievement for a sector that has shed 12.8 percent of its workforce during the past year. Unfortunately, the recent decline in new-dwelling-unit contracts suggests that the residential housing market remains weak, which will keep conditions difficult for the region's contractors and real estate developers.

Business news reports for the Niles–Benton Harbor region have been relatively quiet over the past few months. The only noteworthy job-related news came out of the Pilkington Group, which plans to add 45 new jobs by the end of the year. Currently, the plant employs 200 workers making automotive glass products at its facility in Niles.

Employment in the private service-providing sector last quarter fared even worse, as 260 jobs were shed, a 0.7 percent loss. Weakness was centered on the leisure and hospitality sector and the trade, transportation, and utilities sector: both eliminated 110 workers. The professional and business

services sector and the “other services” category both shed jobs as well. Among the service industries that did grow, most increases were modest: educational and health services added 30 jobs, while both the information and the financial services sector posted modest, 10-job bumps. Surprisingly, retail posted a nice 60-job gain; however, the sector's growth was overshadowed by larger declines in the other components of the trade, transportation, and utilities sector, which saw a large overall decrease in employment.

The only sector to experience significant growth during the second quarter was government, which recorded a 2.3 percent gain. Of course, it is quite possible that the source of this growth was actually the Four Winds Casino in New Buffalo, which is classified as a government employer because of its unique tribal ownership status. According to a recent article in the *Kalamazoo Gazette*, the Berrien County casino brings in more revenue per slot machine than any other gambling facility in the state and has been performing well financially. Other, traditional sources of government jobs, such as municipal offices and public K–12 schools, have not fared as well during the recession and have generally been experiencing long-term declines in employment.

Unfortunately, the region's limited economic indicators suggest that conditions could actually take a turn for the worse during the third quarter. Although initial claims for unemployment insurance did decrease last quarter, the 0.9 percent decline represents only a small improvement, especially compared to other parts of west Michigan. Moreover, the number of new-dwelling-unit contracts fell by 29.2 percent over the three-month period and was even below the level reported one year ago, during the darkest days of the recession. In addition to stunting an employment recovery in the construction and mining sector, continued weakness in the residential housing market may also reflect both the lack of confidence of local consumers and the tepid interest of out-of-town investors and second-home buyers, who make up a portion of the lakeshore real estate market.

Niles–Benton Harbor MSA
(seasonally adjusted)

Measure	2010 Q2	2010 Q1	% change, Q1 to Q2	2009 Q2	% change, Q2 to Q2
Employment (by place of work)					
Total nonfarm employment	58,980	59,060	-0.1	60,240	-2.1
Goods-producing	12,450	12,470	-0.2	13,350	-6.7
Construction and mining	1,560	1,560	0.0	1,790	-12.8
Manufacturing	10,890	10,910	-0.2	11,560	-5.8
Private service-providing	37,500	37,760	-0.7	37,690	-0.5
Trade, transportation, and utilities	11,030	11,140	-1.0	10,930	0.9
Retail trade	6,950	6,890	0.9	6,810	2.1
Information	610	600	1.7	640	-4.7
Financial activities	2,230	2,220	0.5	2,190	1.8
Professional and business services	5,310	5,350	-0.7	5,280	0.6
Educational and health services	9,550	9,520	0.3	9,590	-0.4
Leisure and hospitality	5,990	6,100	-1.8	6,110	-2.0
Other services	2,780	2,820	-1.4	2,950	-5.8
Government	9,030	8,830	2.3	9,200	-1.8
Unemployment					
Number unemployed	10,300	10,590	-2.7	9,680	6.4
Unemployment rate (%)	13.3	13.7		12.4	
Local indexes					
UI initial claims	235	237	-0.9	354	-33.7
New dwelling units ^a	151	213	-29.2	151	-0.3

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	2009 Q4	2008 Q4	Percent change	Industry	2009 Q4	2008 Q4	Percent change
Goods-producing				Health care and social assistance	7,570	7,790	-2.8
Primary metal manufacturing	860	1,140	-24.6	Ambulatory health care services	2,380	2,290	3.9
Fabricated metal products mfg.	1,290	1,830	-29.5	Arts, entertainment, and recreation	880	900	-2.2
Machinery manufacturing	1,600	2,310	-30.7	Accommodation and food services	5,700	5,830	-2.2
Transportation equipment mfg.	740	990	-25.3	Food services and drinking places	5,050	5,200	-2.9
Private service-providing				Government			
Professional and technical services	1,360	1,390	-2.2	Federal Government	350	370	-5.4
Administrative and support services	3,080	3,950	-22.0	State Government	440	450	-2.2
Educational services	1,160	1,210	-4.1	Local Government	7,430	7,680	-3.3

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

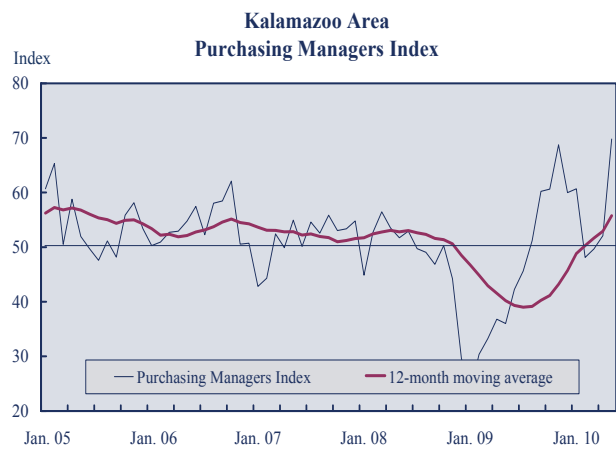
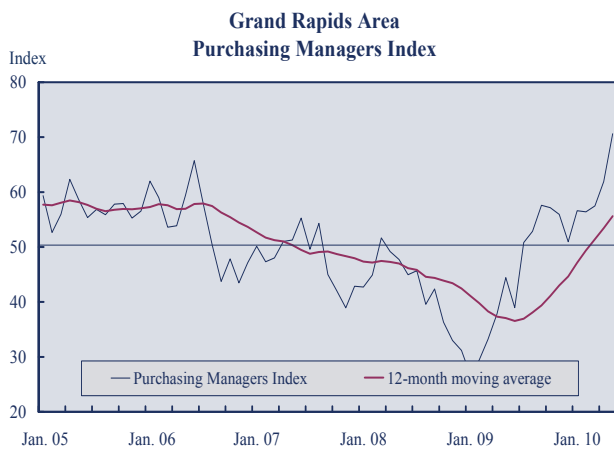
Purchasing Managers Index and Major Economic Developments

Economic conditions are “very good, but still moderating” in the Grand Rapids region, while in the Kalamazoo region conditions are “still strong.” That is the view according to Brian Long, the author of *Current Business Trends*, a monthly publication that surveys purchasing managers in west Michigan.

The composite purchasing managers index for the Grand Rapids area was down slightly compared to last quarter; however, the index remains high overall—an indication that business activity is still expanding at a healthy pace. In July, fully 55 percent of surveyed firms reported increasing sales, which have finally begun to translate into the optimism boost firms needed to resume both hiring and capital expenditures. According to the August issue, 43 percent of surveyed firms

were actively increasing their employment levels and 41 percent were upping their purchases.

The Kalamazoo area composite purchasing managers index has been relatively volatile in 2010, although growth was strong during the summer months. In August, the strongest contributors to the index’s high reading were sales and production; fully half of survey respondents reported that both sales and production were up. Thankfully, as a result of this strong sales demand, businesses have once again begun hiring: 38 percent of respondents indicated that their employment levels were up in July, compared to only 4 percent who reported employment reductions.



Major Economic Developments

Battle Creek MSA

Clyde Union Pumps announced a major expansion in Battle Creek that will help the company increase its employment by 190 workers over the next five years.

Grand Rapids–Wyoming MSA

Borisch Manufacturing Company purchased a new building in Kentwood to accommodate a new machine shop and new production space. The company, which already employs 600 workers in the region, plans to invest \$7 million and hire 150 new workers over the next two years.

Dematic Corporation, a manufacturer of conveyor systems, has plans to hire approximately 100 more engineers and skilled trade workers for its Grand Rapids facility.

Holland–Grand Haven MSA

In July a groundbreaking ceremony was held at the site where LG Chemicals intends to build a 70,000-square-foot facility to produce lithium-ion batteries for the automotive industry. The plant is expected to open by 2012 and to eventually employ 400 workers.

Kalamazoo–Portage MSA

It was recently reported that Stryker, a large medical instruments company, has been hiring entry-level production workers as well as skilled workers and engineers.

International Automotive Components unveiled plans to add an additional assembly line at its facility in Mendon, which will result in 75 new jobs.

Pfizer chose not to make any reductions to the firm’s Portage facility during a recent review of its global production capacity—a move that helped maintain employment opportunities for the drugmaker’s 2,900 local workers.

Muskegon–Norton Shores MSA

Nothing to report at this time.

Niles–Benton Harbor MSA

Pilkington Group plans to add 45 new jobs by the end of the year. Currently, the firm employs 200 workers making automotive glass products at its facility in Niles.

Appendix Tables

Michigan Statistics (seasonally adjusted)

Measure	2010 Q2	2010 Q1	% change, Q1 to Q2	2009 Q2	% change, Q2 to Q2
Employment (by place of work)					
Total nonfarm employment	3,851,100	3,838,770	0.3	3,871,930	-0.5
Goods-producing	586,470	584,070	0.4	589,700	-0.5
Natural resources and mining	7,100	7,300	-2.7	6,730	5.5
Construction	119,170	119,670	-0.4	128,330	-7.1
Manufacturing	460,200	457,100	0.7	454,630	1.2
Durable goods	340,620	337,020	1.1	334,060	2.0
Nondurable goods	119,580	120,080	-0.4	120,570	-0.8
Private service-providing	2,622,430	2,617,530	0.2	2,633,100	-0.4
Trade, transportation, and utilities	707,600	705,200	0.3	720,170	-1.7
Transportation and utilities	108,070	108,450	-0.4	112,290	-3.8
Wholesale trade	150,130	148,570	1.1	153,700	-2.3
Retail trade	449,400	448,180	0.3	454,180	-1.1
Information	52,000	51,870	0.3	56,430	-7.9
Financial activities	182,530	184,970	-1.3	191,770	-4.8
Professional and business services	521,270	517,200	0.8	504,330	3.4
Educational and health services	623,230	621,100	0.3	610,770	2.0
Leisure and hospitality	370,400	372,200	-0.5	380,400	-2.6
Other services	165,400	165,000	0.2	169,230	-2.3
Government	642,200	637,170	0.8	649,130	-1.1
Unemployment					
Number unemployed	661,300	686,390	-3.7	666,400	-0.8
Unemployment rate (%)	13.6	14.2		13.6	
State indexes (1996=100)					
Help-wanted ads					
Detroit	5	6	-16.7	7	-28.6
Local components					
UI initial claims	18,265	20,022	-8.8	36,730	-50.3
New dwelling units ^a	7,865	9,350	-15.9	6,101	28.9

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.

The index for Help-wanted ads for West Michigan is no longer available due to the declining number of employment print ads in newspapers.

^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	2009 Q4	2008 Q4	Percent change	Industry	2009 Q4	2008 Q4	Percent change
Goods-producing				Furniture and related products mfg.	19,090	23,170	-17.6
Food manufacturing	34,310	35,530	-3.4	Office furniture and fixtures mfg.	14,310	17,290	-17.2
Paper manufacturing	11,540	13,080	-11.8	Private service-providing			
Printing and related support activities	14,210	16,020	-11.3	Professional and technical services	220,620	236,280	-6.6
Chemical manufacturing	25,360	27,490	-7.7	Administrative and support services	229,390	248,310	-7.6
Plastics and rubber products mfg.	27,870	34,270	-18.7	Educational services	64,790	63,850	1.5
Primary metal manufacturing	17,280	22,040	-21.6	Health care and social assistance	529,820	530,120	-0.1
Fabricated metal products mfg.	59,650	73,180	-18.5	Ambulatory health care services	185,760	180,960	2.7
Machinery manufacturing	54,250	65,920	-17.7	Hospitals	189,000	194,140	-2.6
Transportation equipment mfg.	128,370	163,840	-21.6	Arts, entertainment, and recreation	53,300	56,730	-6.0
Motor vehicle parts mfg.	82,360	104,300	-21.0	Accommodation and food services	314,200	326,960	-3.9
				Food services and drinking places	285,510	295,650	-3.4

SOURCE: Michigan Department of Labor and Economic Growth.

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=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	213.9	215.7	215.4	215.8	216.0	216.2	216.3	215.9	215.8	216.0	216.2	216.3	215.9
2010	217.0	216.7	216.7	217.6									
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	209.6	205.7	206.7	207.2	207.9	208.8	211.0	210.5	211.2	211.3	211.5	212.0	211.7
2010	212.9	212.6	212.5	213.5	214.0	214.1	213.8						

^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:

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

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

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

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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