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Bloomfield**
C H A M B E R

**Economic Forecast Breakfast
February 16, 2022**

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Jeffrey T. Hewlett



Paul Traub

Economic Update

Birmingham Bloomfield Chamber

Paul Traub
Chief Economist
ACT Research Company

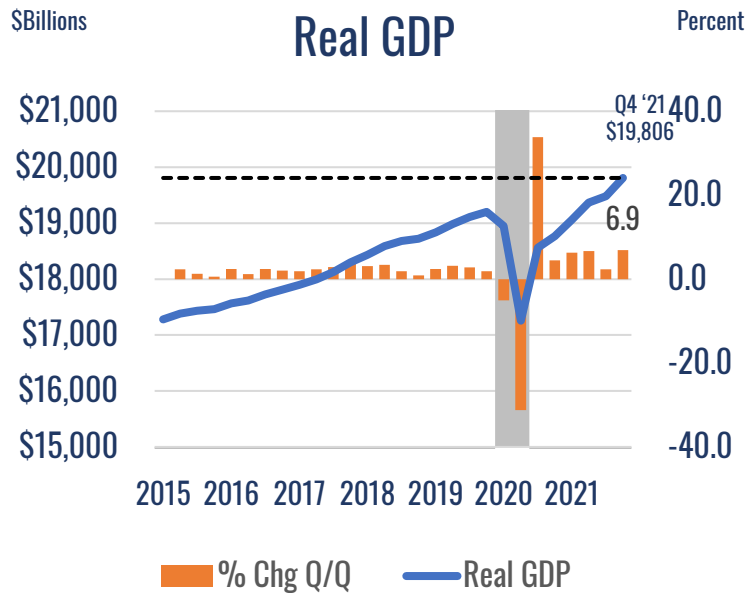
February 16, 2022

Overview

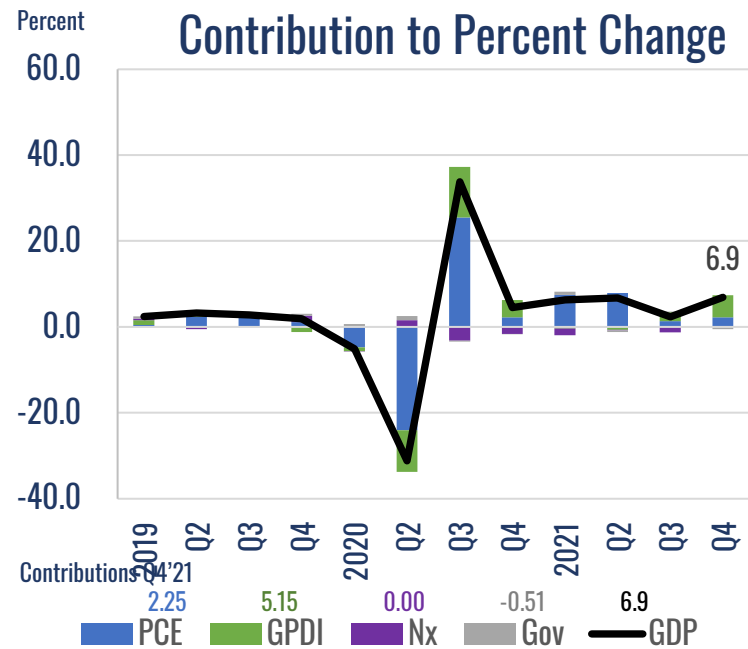
- U.S. Gross Domestic Product as defined by Consumption, Private Investment, Government Spending and Investment, and Net Exports
- Employment Conditions
- Consumer Ability and Willingness Indicators
- Business Conditions and Activity Indicators
- Summary

U.S. Real Gross Domestic Product

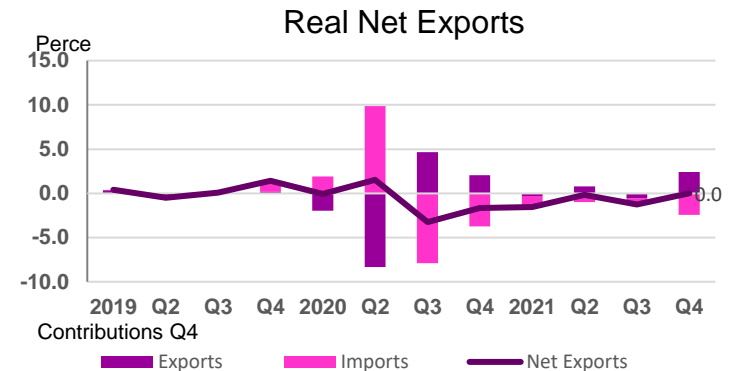
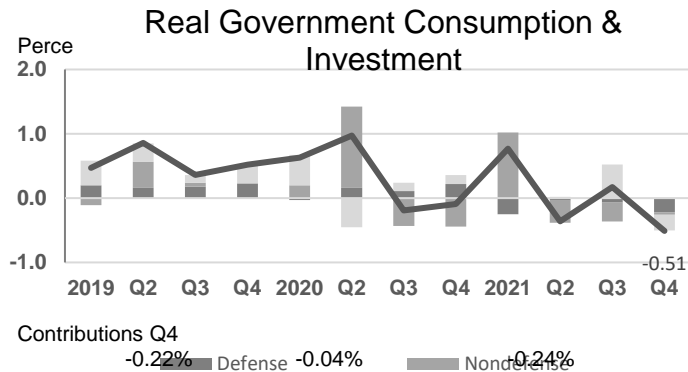
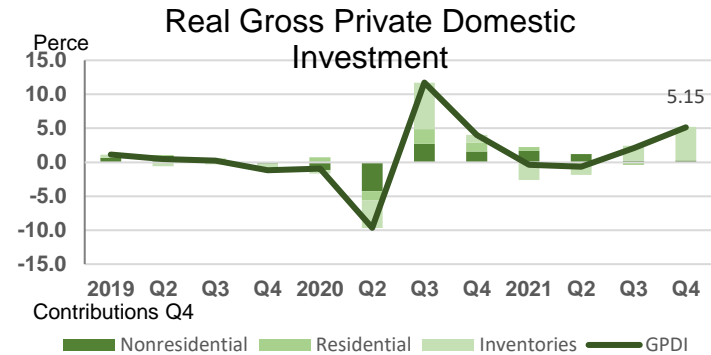
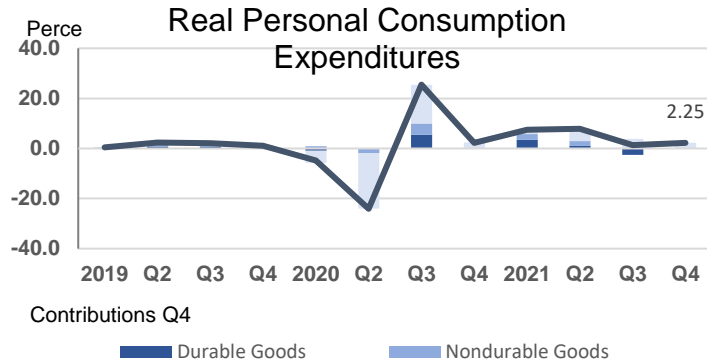
In Billions of \$2012 and Percent Change Q/Q - SAAR



Note: Totals may not sum due to rounding.
Source: BEA, ACT Research Co: Copyright 2022



Contribution to GDP by Sector – Q/Q SAAR

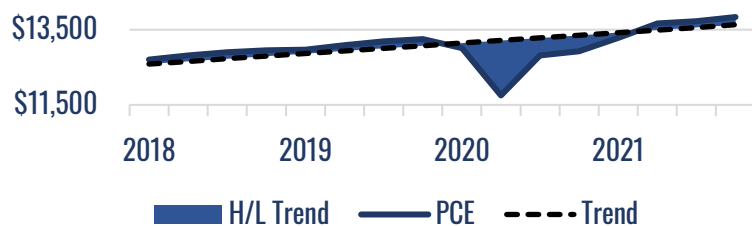


Source: BEA, ACT Research Co: Copyright 2022

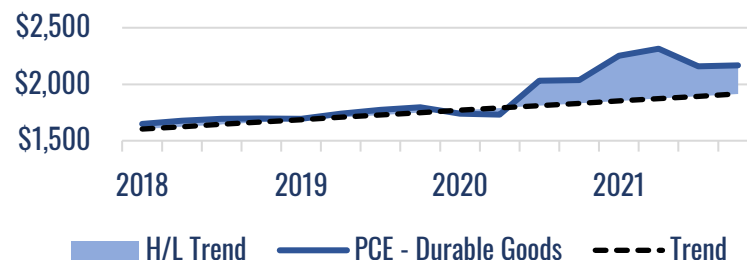
U.S. Real Personal Consumption Expenditures

In Billions of \$2012 - SAAR

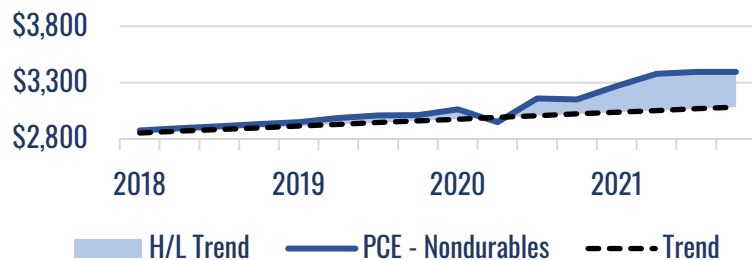
Personal Consumption Expenditures



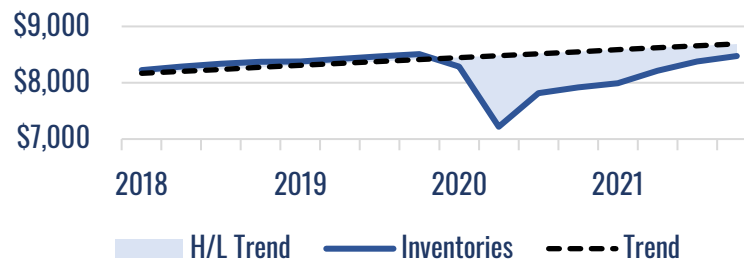
PCE – Durable Goods



PCE - Nondurables



PCE - Services

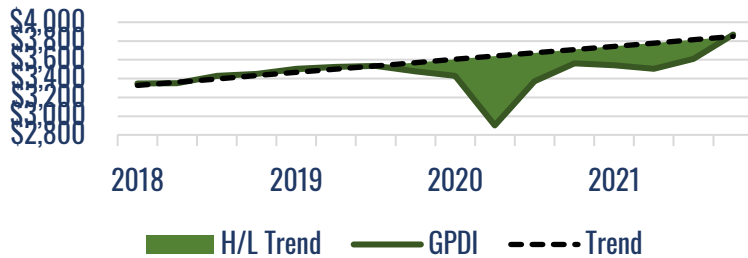


Source: BEA, ACT Research Co: Copyright 2022

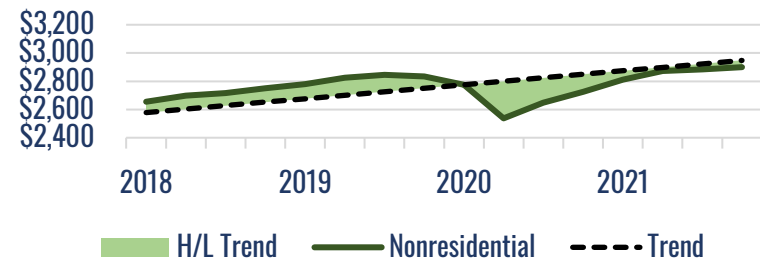
U.S. Real Gross Domestic Investment

In Billions of \$2012 - SAAR

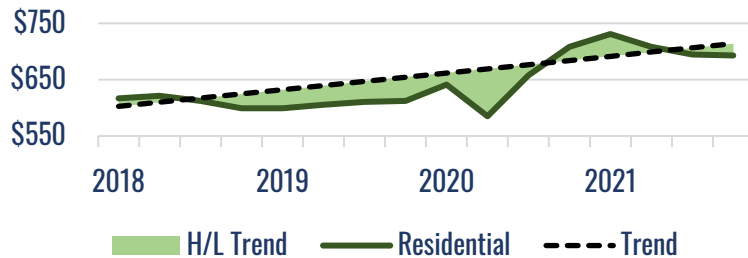
Gross Private Domestic Investment



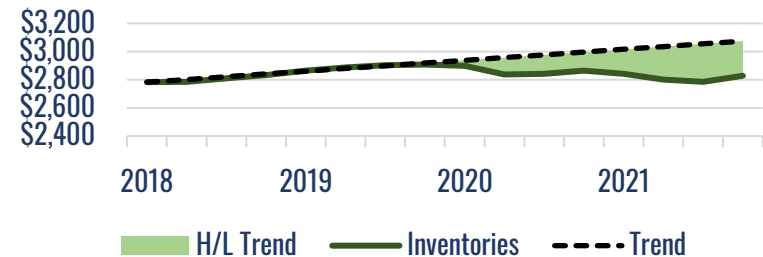
Nonresidential Investment



Residential Investment



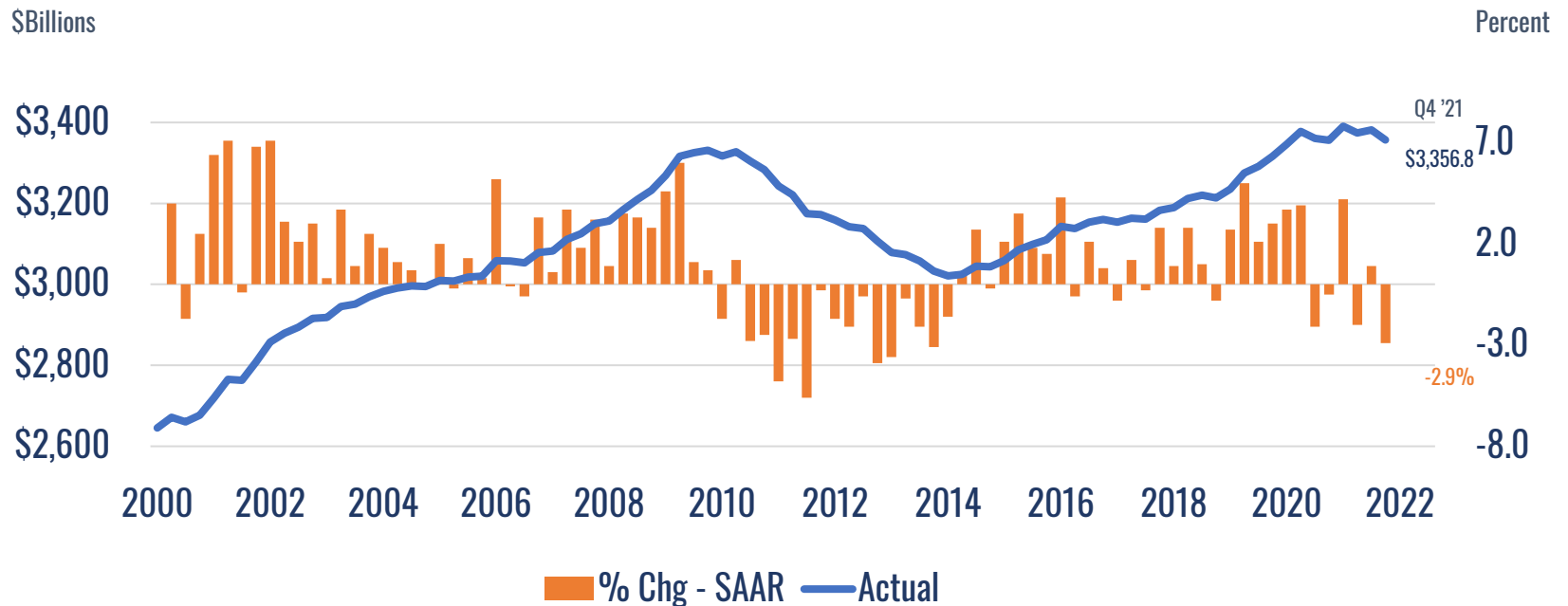
Inventories



Source: BEA, ACT Research Co: Copyright 2022

U.S. Real Government Consumption & Investment

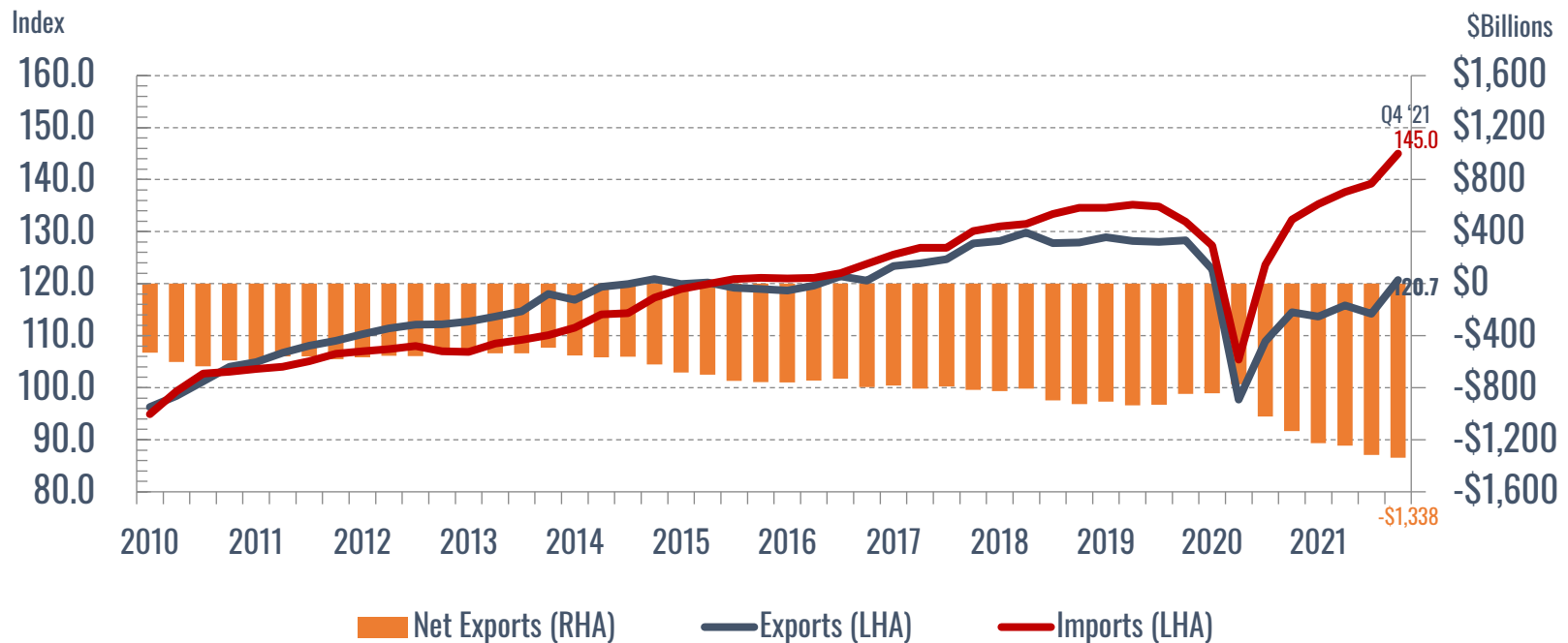
In Billions of Chained \$2012 and Percent Change – SAAR



Source: Bureau of Economic Analysis, ACT Research Company Copyright 2022

Real U.S. Imports and Exports

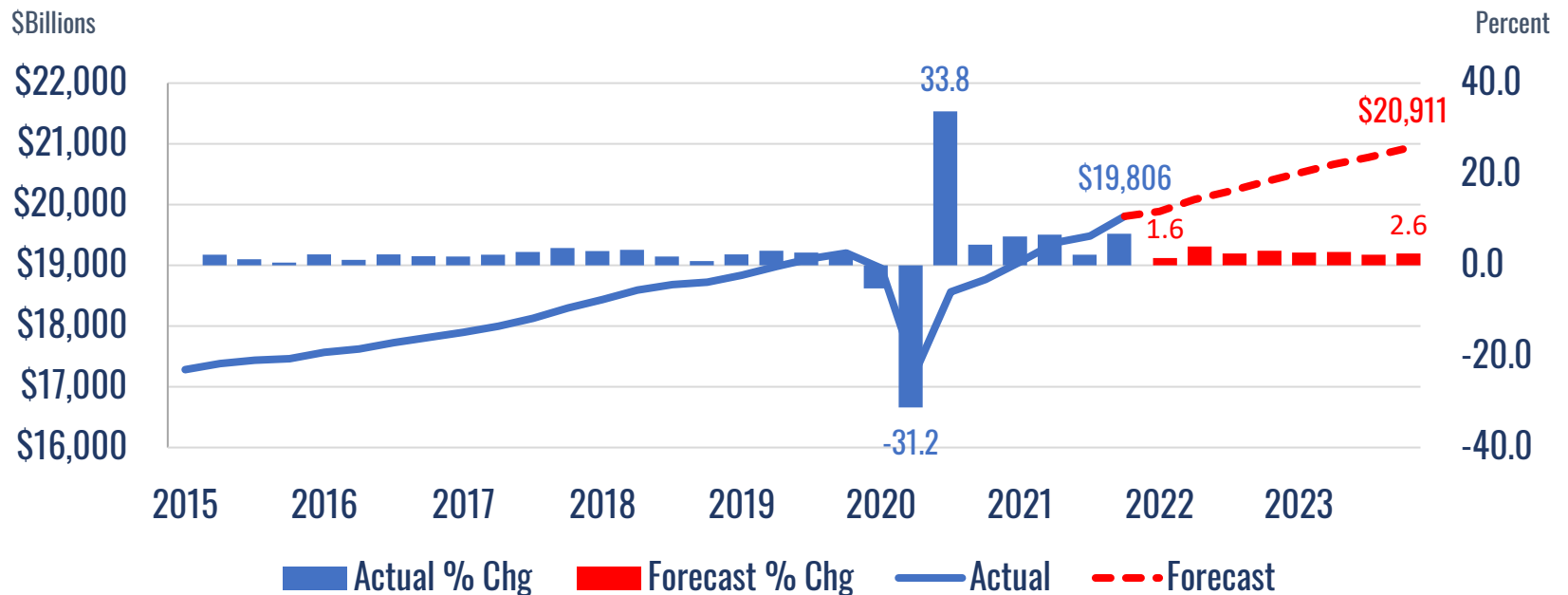
Billions Chained \$2012, Index – 2010 = 100



Source: U.S. Bureau of Economic Analysis

U.S. Real GDP Forecast

In Billions of Chained \$2012 and Percent Change – SAAR



Source: Bureau of Economic Analysis, Author's Forecast, ACT Research Company Copyright 2022

Establishment and Household Employment

In Thousands of Workers and Percent

	Establishment Survey				Household Survey			
	Change in Nonfarm Employment	Change in Goods-Producing Employment	Change in Service-Providing Employment	Change in Government Employment	Change in Household Employment	Change in Labor Force	Labor Force Participation Rate	Unemployment Rate
Jan '21	520	-11	434	97	121	132	61.4	6.4
Feb '21	710	-18	711	17	363	-487	61.5	6.2
Mar '21	704	155	495	54	573	175	61.5	6.0
Apr '21	263	-40	252	51	319	272	61.7	6.0
May '21	447	22	359	66	291	347	61.6	5.8
Jun '21	557	23	485	49	62	-177	61.6	5.9
Jul '21	689	82	556	51	1,092	313	61.7	5.4
Aug '21	517	48	449	20	463	261	61.7	5.2
Sep '21	424	54	355	15	639	130	61.7	4.7
Oct '21	677	83	611	-17	428	-34	61.7	4.6
Nov '21	647	99	528	20	1,090	139	61.9	4.2
Dec '21	510	62	441	7	651	516	61.9	3.9
Jan '22	467	4	440	23	1,199	168	62.2	4.0
Higher / Lower than Previous Peak							Percentage Points	
Workers	-2,875	-431	-1,709	-735	-1,692	-896	--	--
Percent	-1.9	-2	-1.6	-3.2	-1.1	-0.5	-1.2	0.5

Source: Bureau of Labor Statistics, Act Research Co: Copyright 2022

Leading Indicators - Consumer

Consumer Ability

Disposable Income
Household Debt
Inflation
Yield Curve
Composite

Jan '22

Yellow
Green
Red
Green
Yellow

Jan '21

Yellow
Green
Green
Green
Green

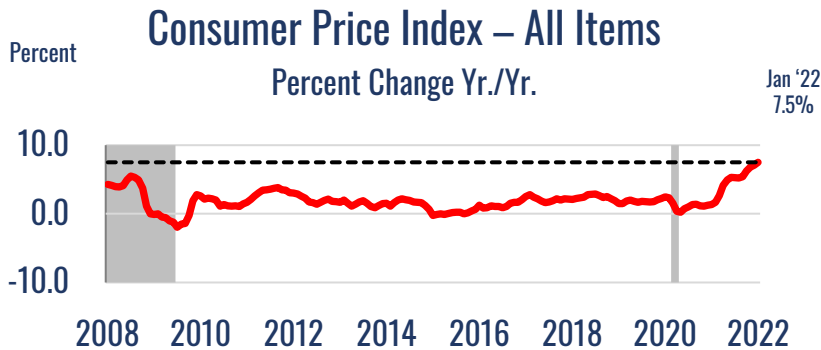
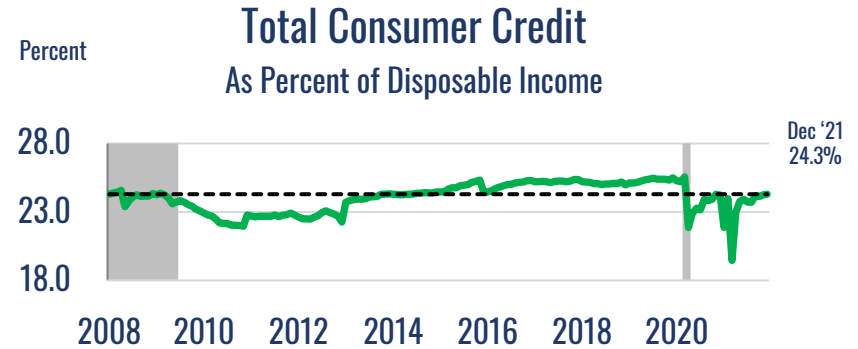
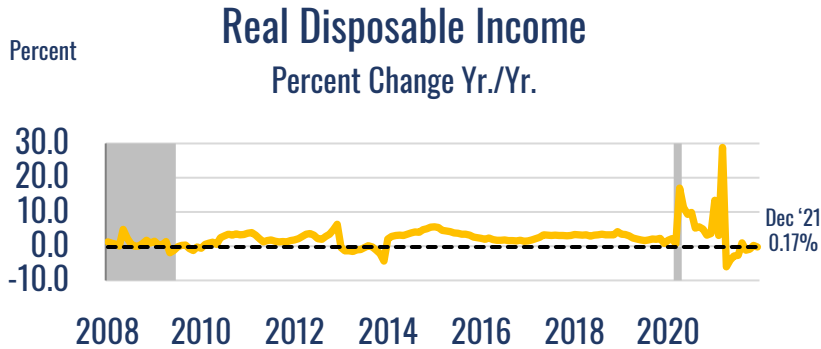
Consumer Willingness

Consumer Attitudes
Unemployment Claims
Workweek
Stock Market
Composite

Red
Green
Yellow
Green
Yellow

Yellow
Red
Yellow
Green
Yellow

Leading Indicators – Consumer Ability

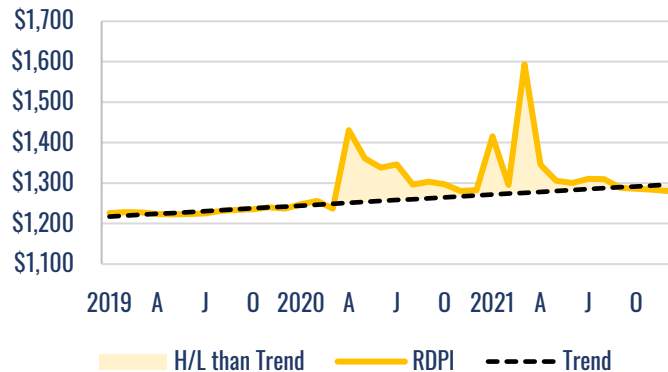


Source: BEA, Federal Reserve Bank, and BLS.

Personal Income And Savings

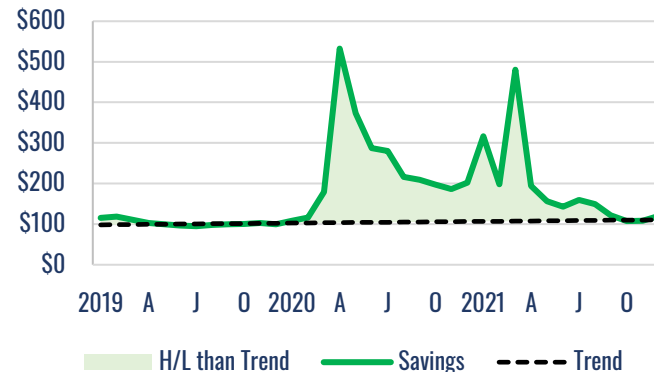
Real Disposable Personal Income

In Billions of \$2012 - SA



Real Personal Savings

In Billions of \$2012 - SA



Total Excess – January 2020 through December 2021:

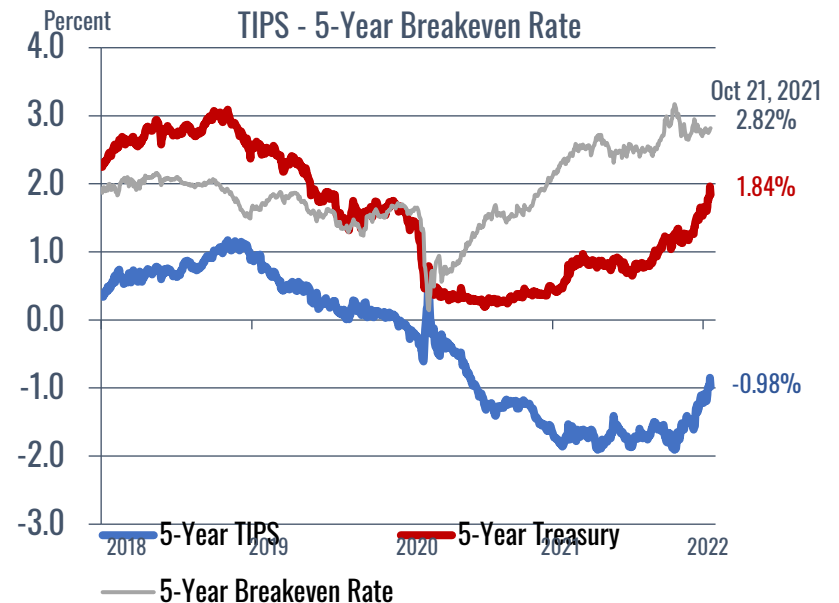
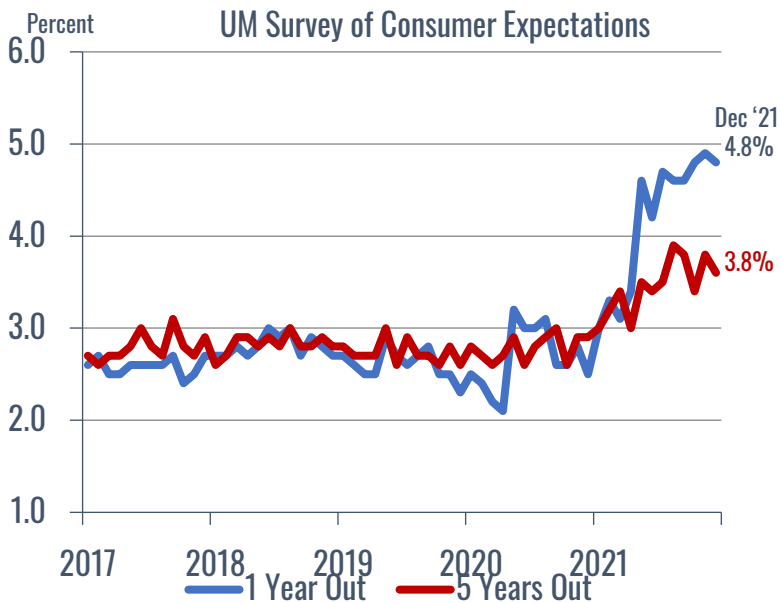
Real Disposable Income
\$1.2 Trillion

Real Personal Savings
\$2.5 Trillion

Source: Author's calculations using Bureau of Economic Analysis and Energy Information Administration data, ACT Research Company, Copyright 2022

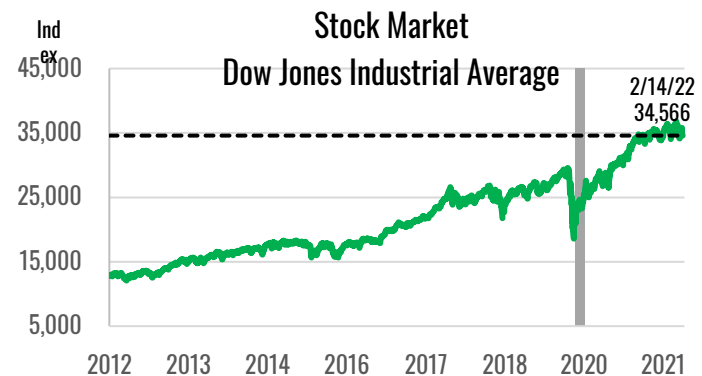
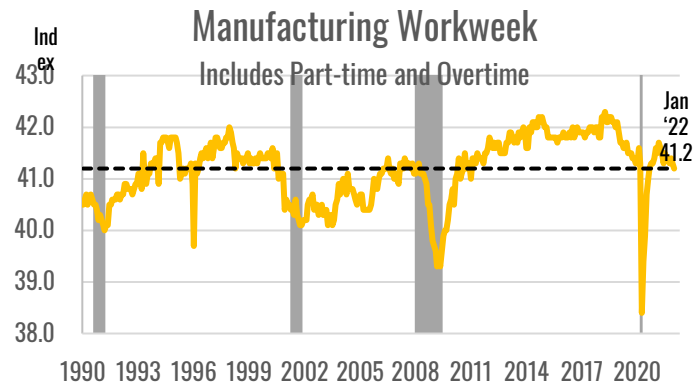
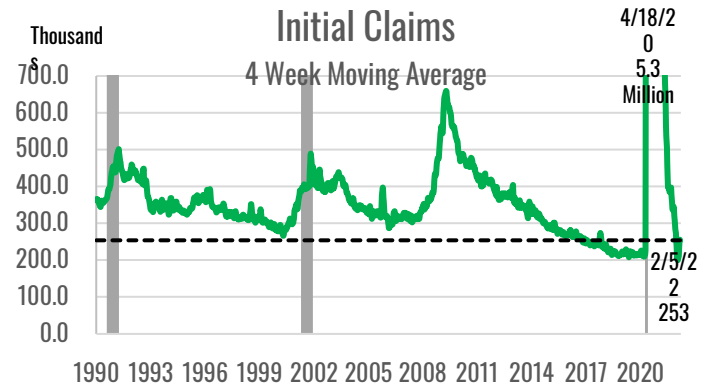
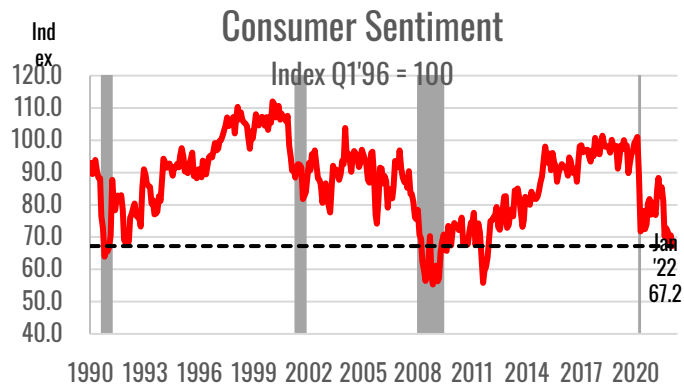
Inflation Expectations

Percent Change Yr./Yr.



Source: University of Michigan Survey of Consumer, New York Federal Reserve Survey of Consumers Expectations and Federal Reserve Board of Governors

Leading Indicators – Consumer Willingness



Source: Institute for Supply Management, U.S. Employment and Training Administration, S&P Dow Jones, University of Michigan, and OEDC.

University of Michigan – Consumer Sentiment

- University of Michigan's survey of consumers declined 4.8% in January to 67.2, its lowest level since November 2001
- The index has fallen 23.9% since its previous peak of 88.3 in April 2021.
- While the January surge in COVID cases was a major contributor to the index's decline, there are several other contributing factors:
 - Rising inflation is the top concern with 75% of the respondents point to it over concerns about unemployment.
 - Confidence in government economic policies is at its lowest level since 2014.
 - Concerns over geopolitical risks have added to pandemic concerns.
 - Consumers see the national economy in a weakened state with half of all households reporting that the economy has worsened.
 - The Fed's announcement of expected Federal Funds Rate increases in 2022 is a risk, especially if consumers misread the Fed's policy moves as part of the problem rather than the cure.

Business Conditions & Activity

Business Conditions

Corporate Profits
Corporate Debt
Risk Premium
Producer Prices
Composite

Jan '22

Green
Green
Green
Red
Yellow

Jan '21

Green
Green
Yellow
Green
Green

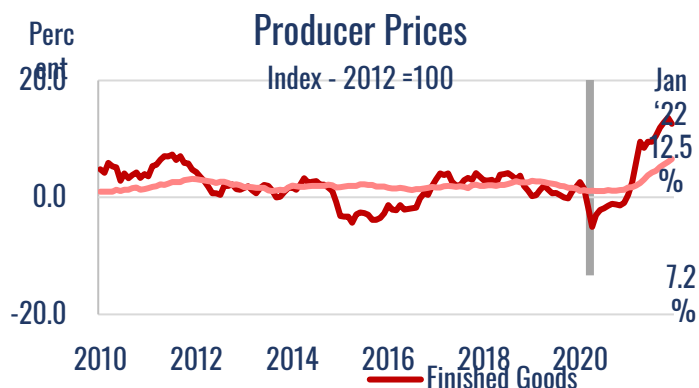
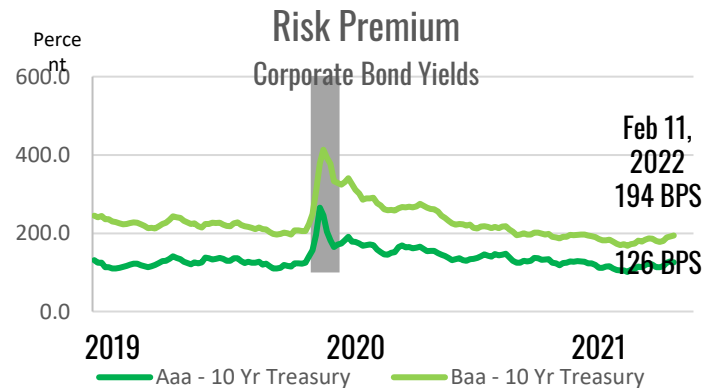
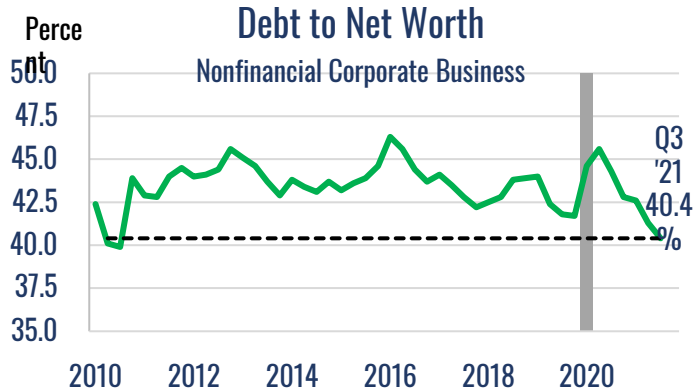
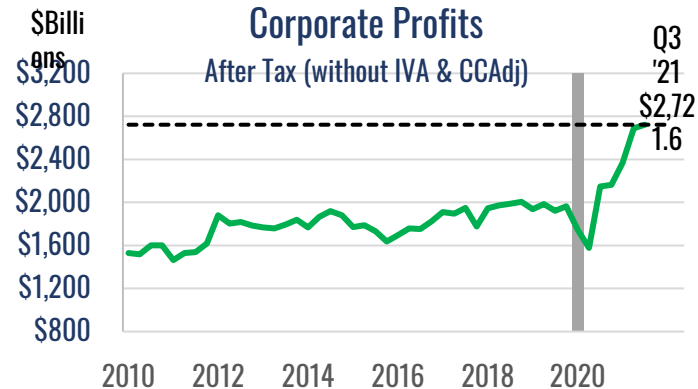
Business Activity

Purchasing Managers Index
Industrial Production
New Orders
Capacity Utilization
Composite

Green
Green
Green
Green
Green

Green
Yellow
Red
Red
Yellow

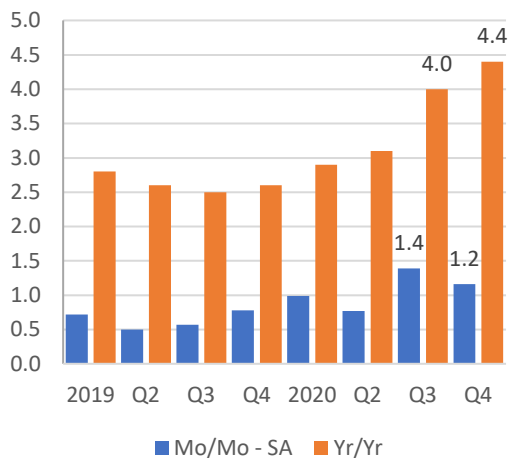
Business Conditions



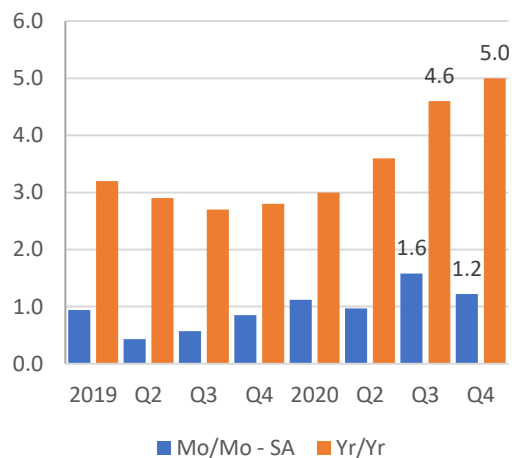
Source: BEA, Federal Reserve Bank, and BLS.

Employment Cost Index - Percent Change

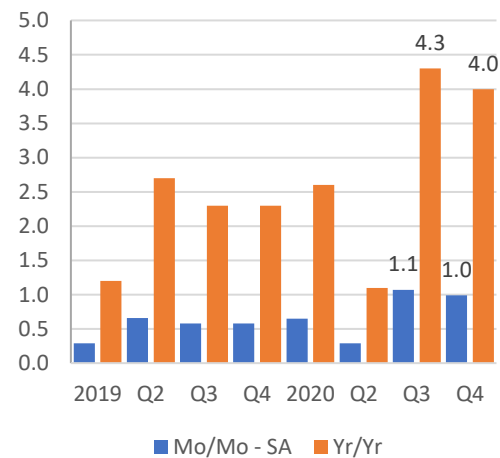
Percent Total Compensation



Percent Wages & Salaries

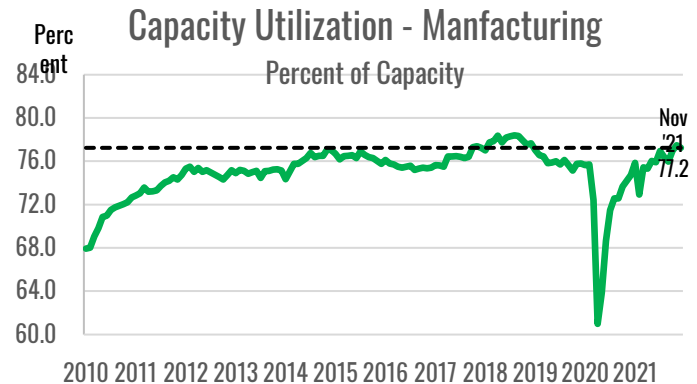
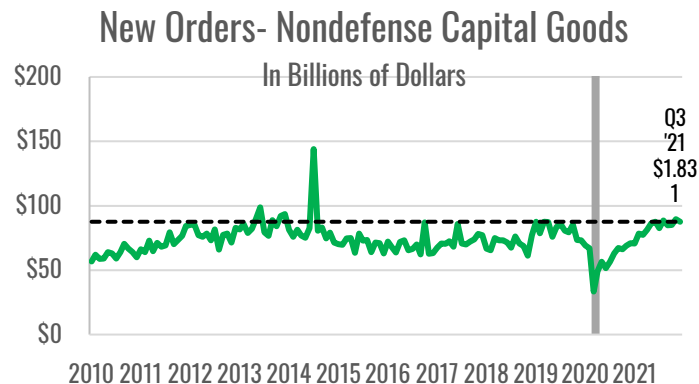
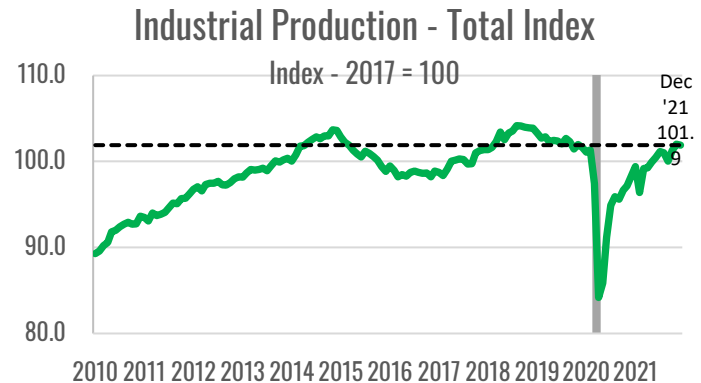
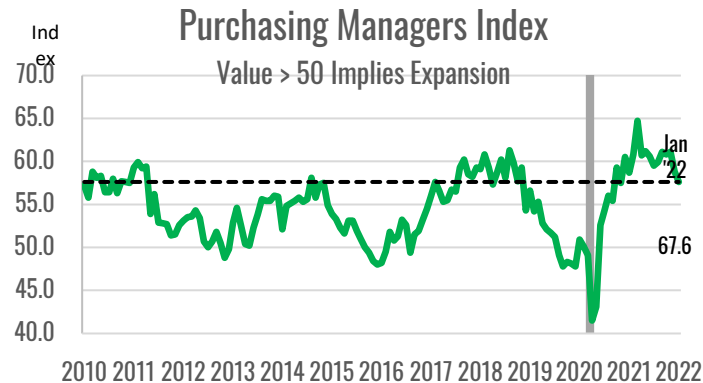


Percent Total Benefits



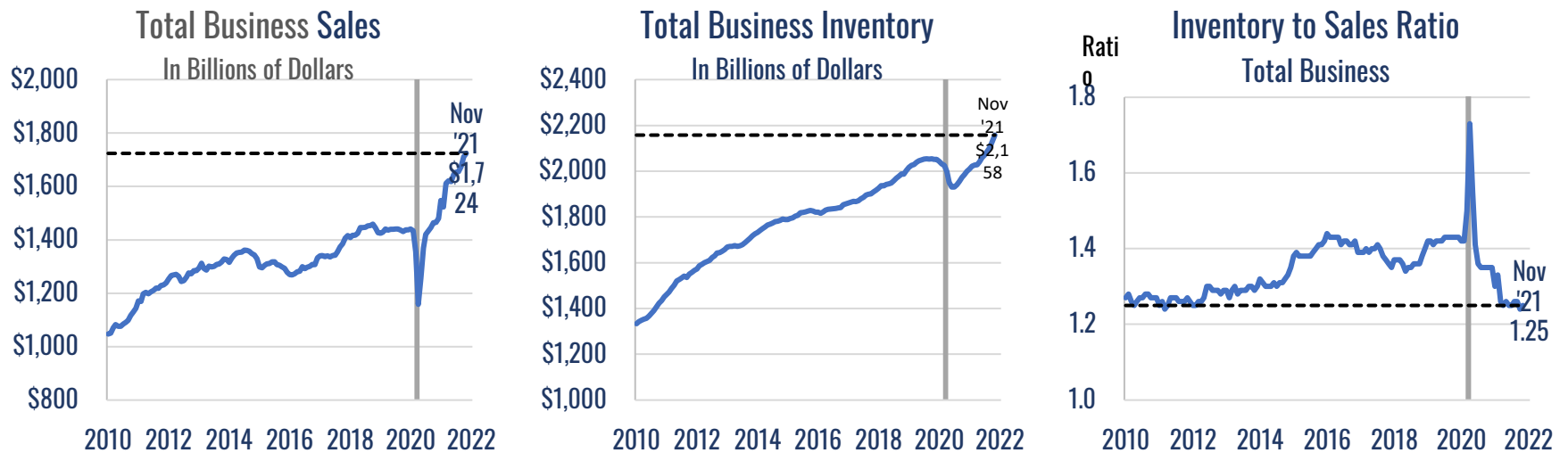
Source: Author's calculations using BLS data, ACT Research Company, Copyright 2022

Business Activity



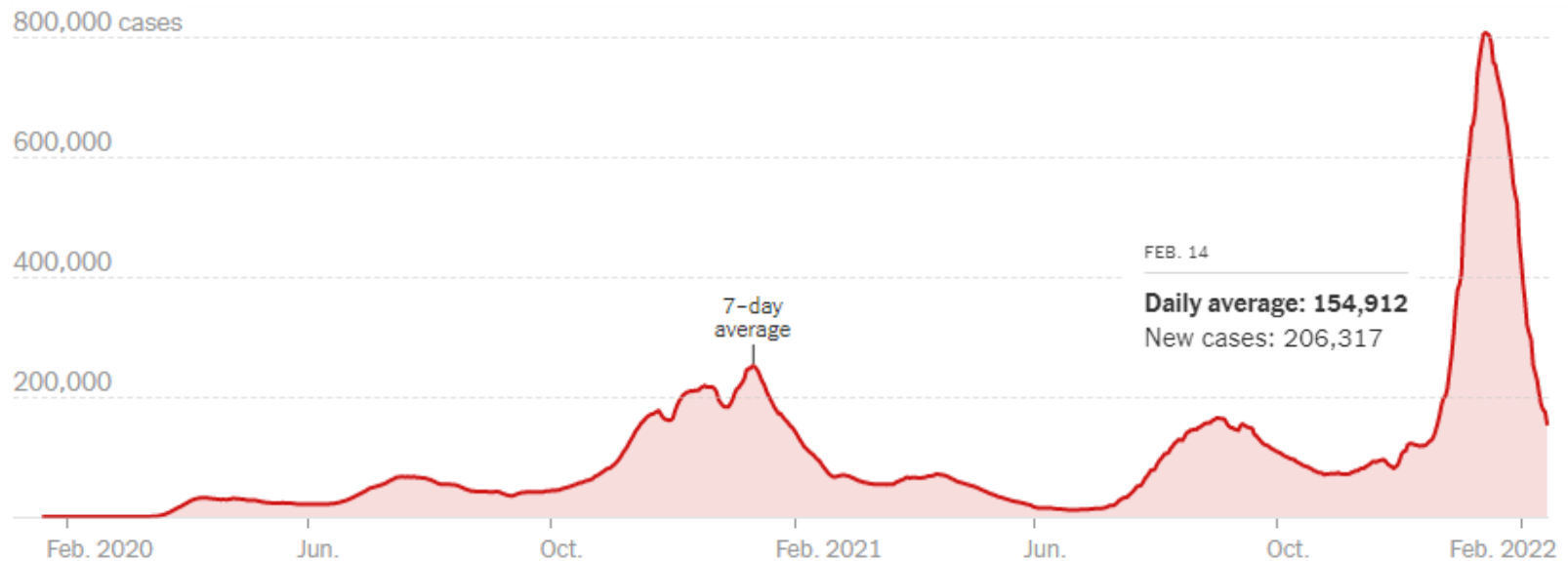
Source: ISM, U.S. Census, Federal Reserve Bank, and BLS.

Inventory and Sales – Total Business



Source: Author's calculations using Census Bureau data, ACT Research Company, Copyright 2022

U.S. COVID Cases – 7-Day Moving Average



Source: New York Times

Summary

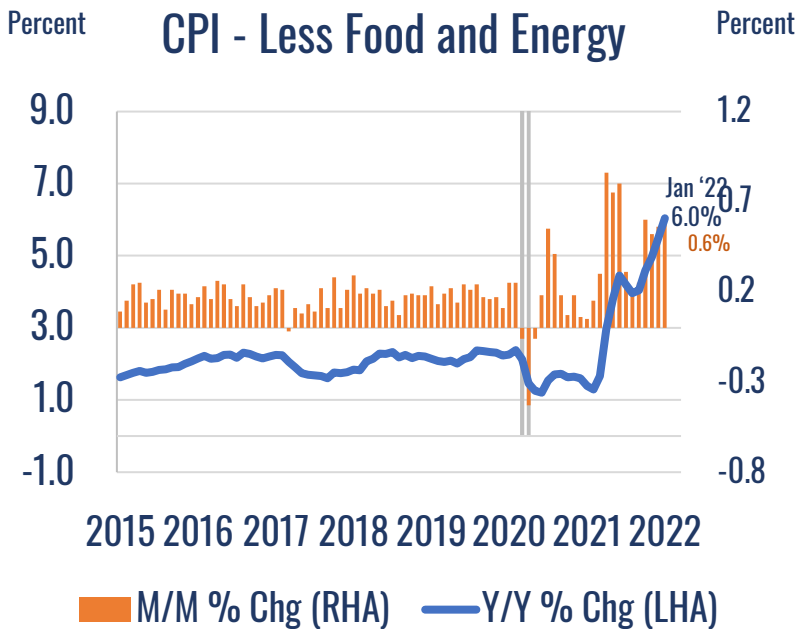
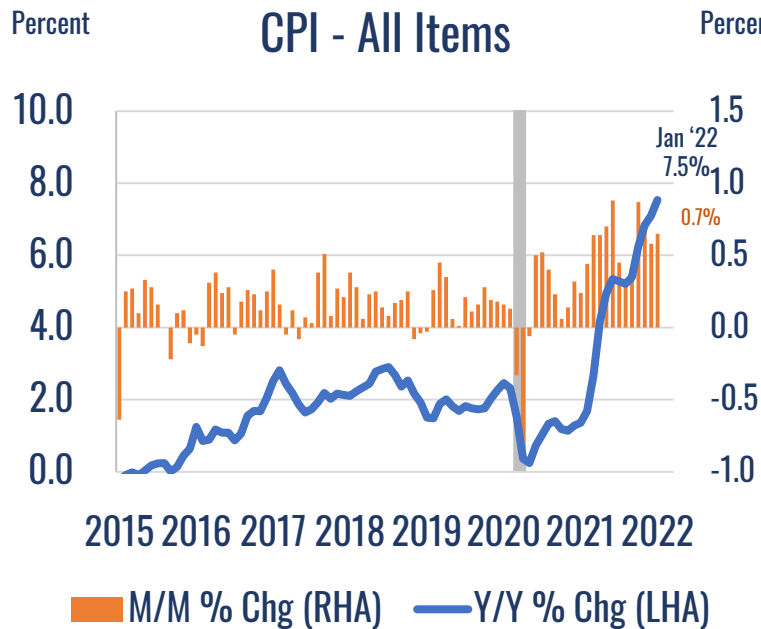
- The U.S. Economy grew at 6.9% on a SAAR basis in Q4'21 and 5.7% on an average Yr./Yr. basis, the highest Yr./Yr. growth since 1984.
- The consumers Ability and Willingness indicators are both on yellow due to higher inflation and declining consumer sentiment.
- The Current Risks to Economic Expansion are
 - While showing some signs of decline, CVOVID uncertainty remains high
 - Higher inflation and slower growth in real personal income
 - Increasing geopolitical risk
- GDP growth is expected to remain above trend, but expectations for Q1'22 quarter have declined slightly.
- Business activity is on yellow and the outlook for transportation and freight activity remains positive

Thank You

Appendix

Consumers Price Index

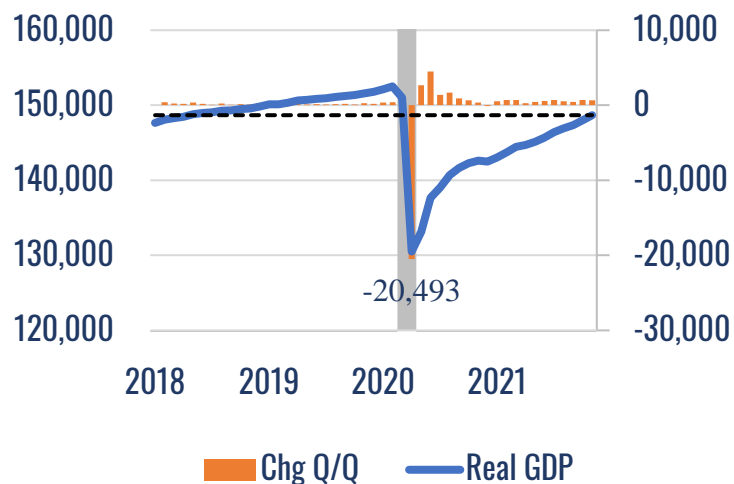
Percent Change Yr./Yr. and Mo./Mo.



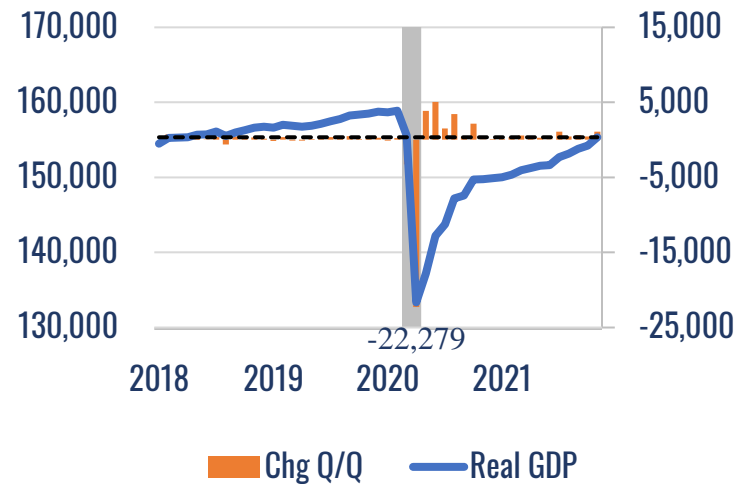
Employment Data

In Thousands of Workers

Nonfarm Payroll Employment

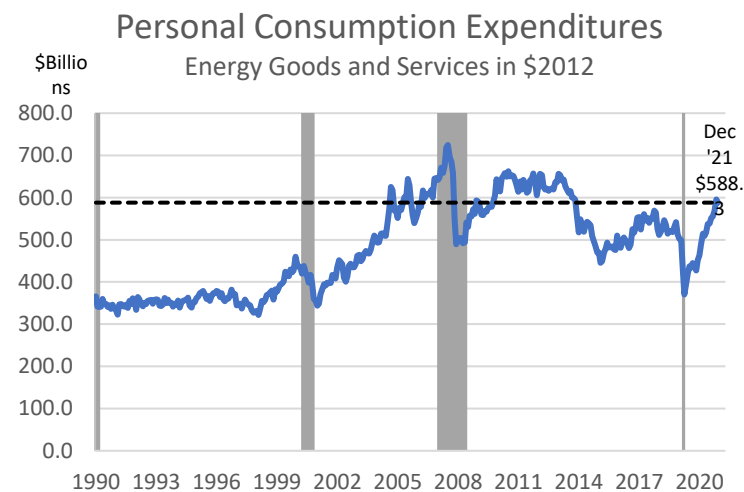
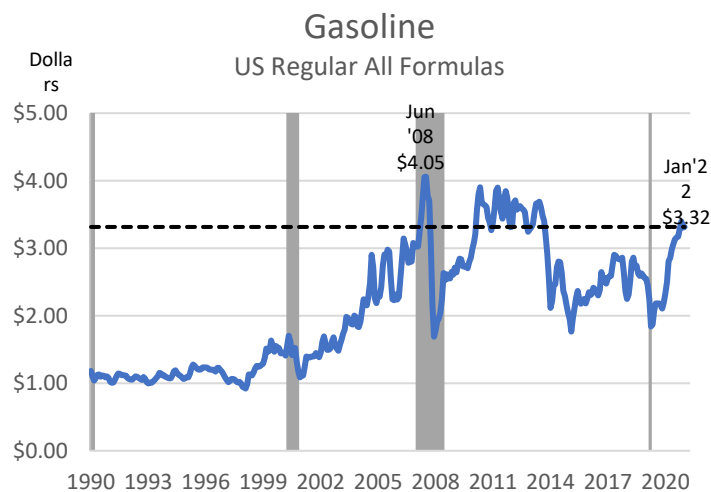


Household Employment



Source: Bureau of Labor Statistics, Act Research Co: Copyright 2022

Real PCE Inflation - Energy

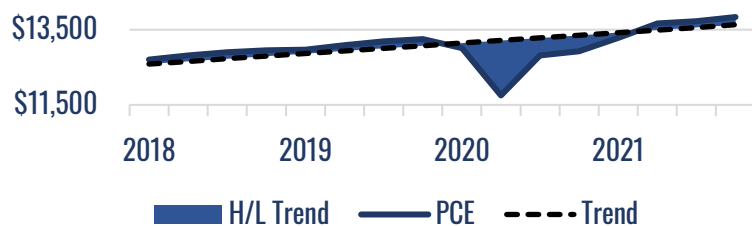


Source: Author's calculations using Bureau of Economic Analysis and Energy Information Administration data, ACT Research Company, Copyright 2022

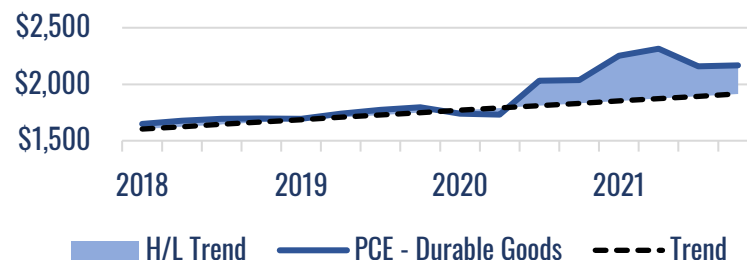
U.S. Real Personal Consumption Expenditures

In Billions of \$2012 – SAAR – *Sum of Trends*

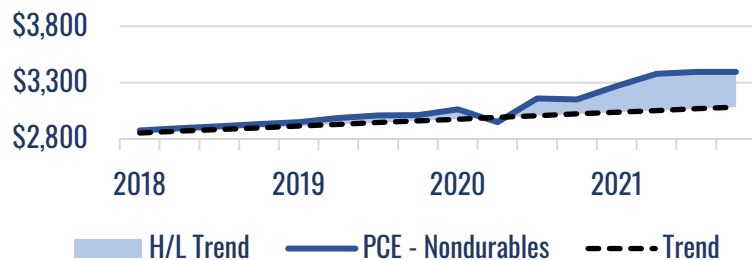
Personal Consumption Expenditures



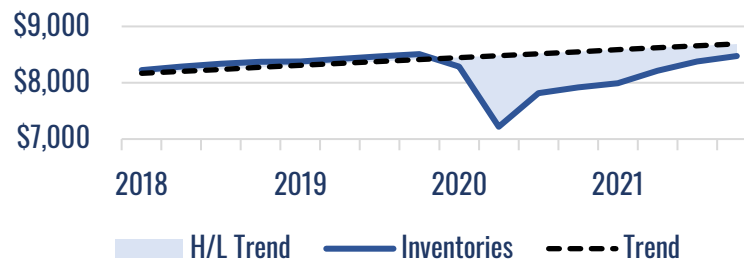
PCE – Durable Goods



PCE - Nondurables

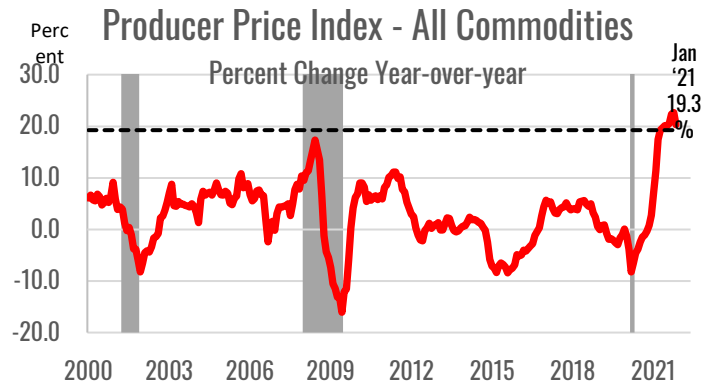
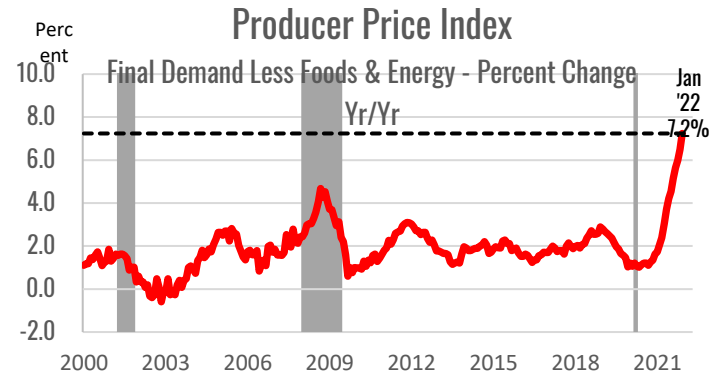
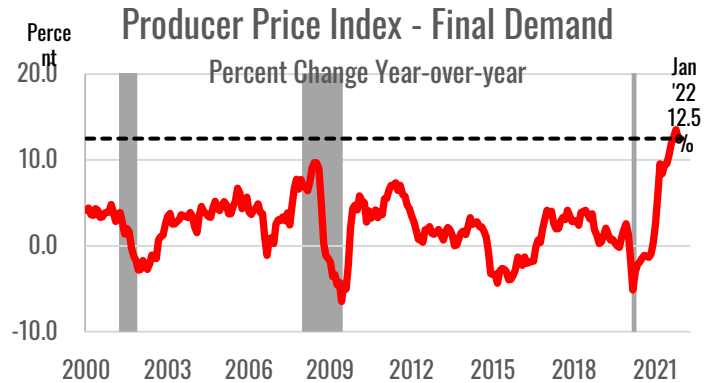


PCE - Services

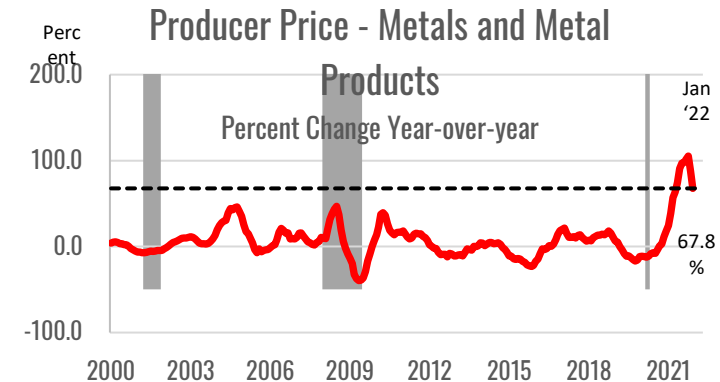


Source: BEA, ACT Research Co: Copyright 2022

Producer Price Indexes



Source: Board of Governors - Federal Reserve, ACT Research LLC





Ingrid Tighe



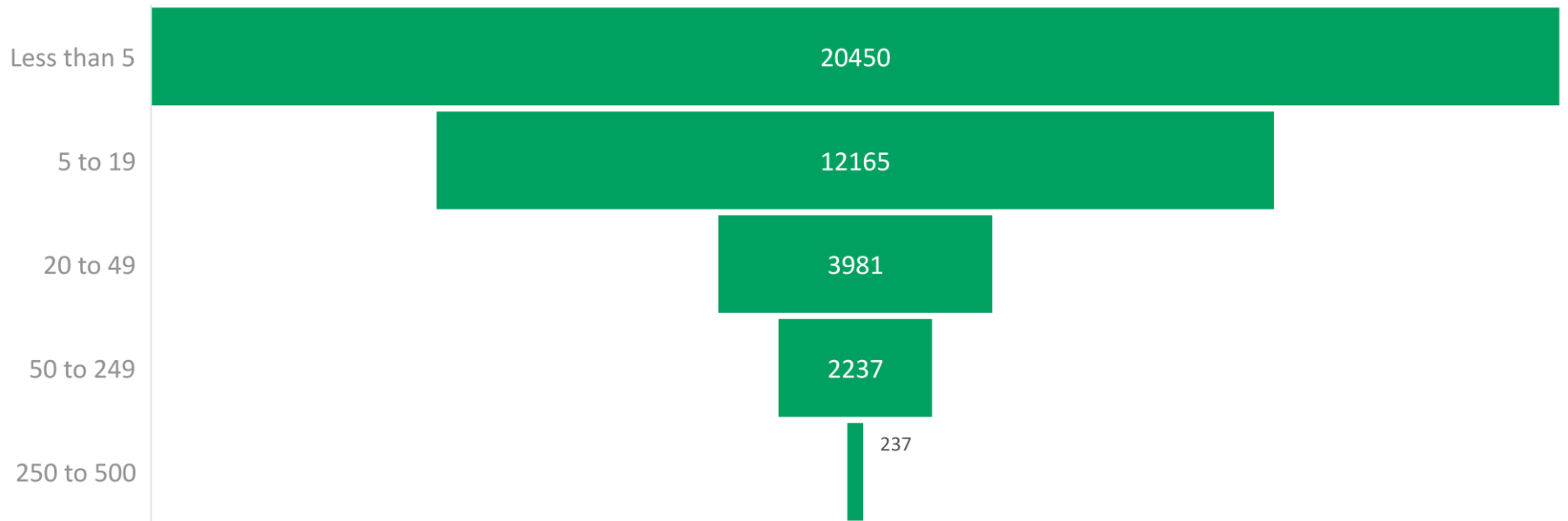
Oakland County

Economic Forecast

A large, stylized tree silhouette on the right side of the slide. The tree is composed of numerous small, colorful icons representing various economic and technological concepts, such as buildings, cars, people, charts, and symbols. At the base of the tree, there is a small illustration of a forklift carrying a box with a star on it. The entire graphic is set against a light blue background with a subtle grid pattern.

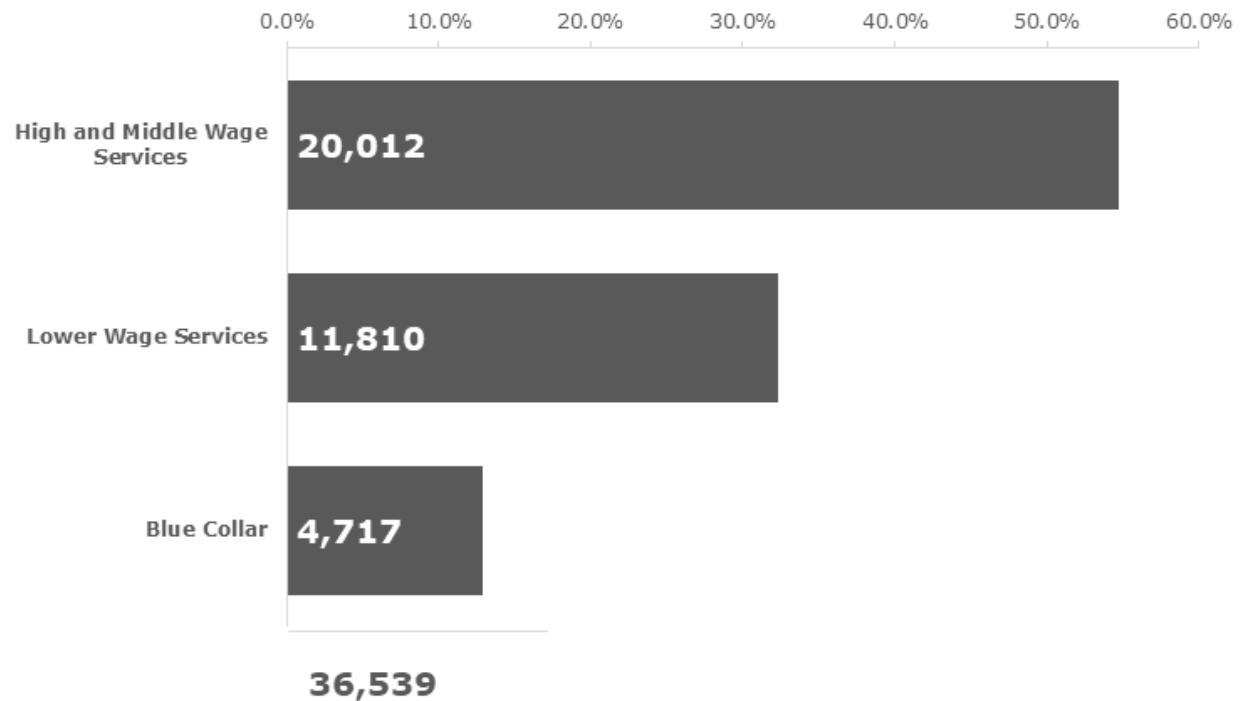
Small Business Landscape

Business size by employee number

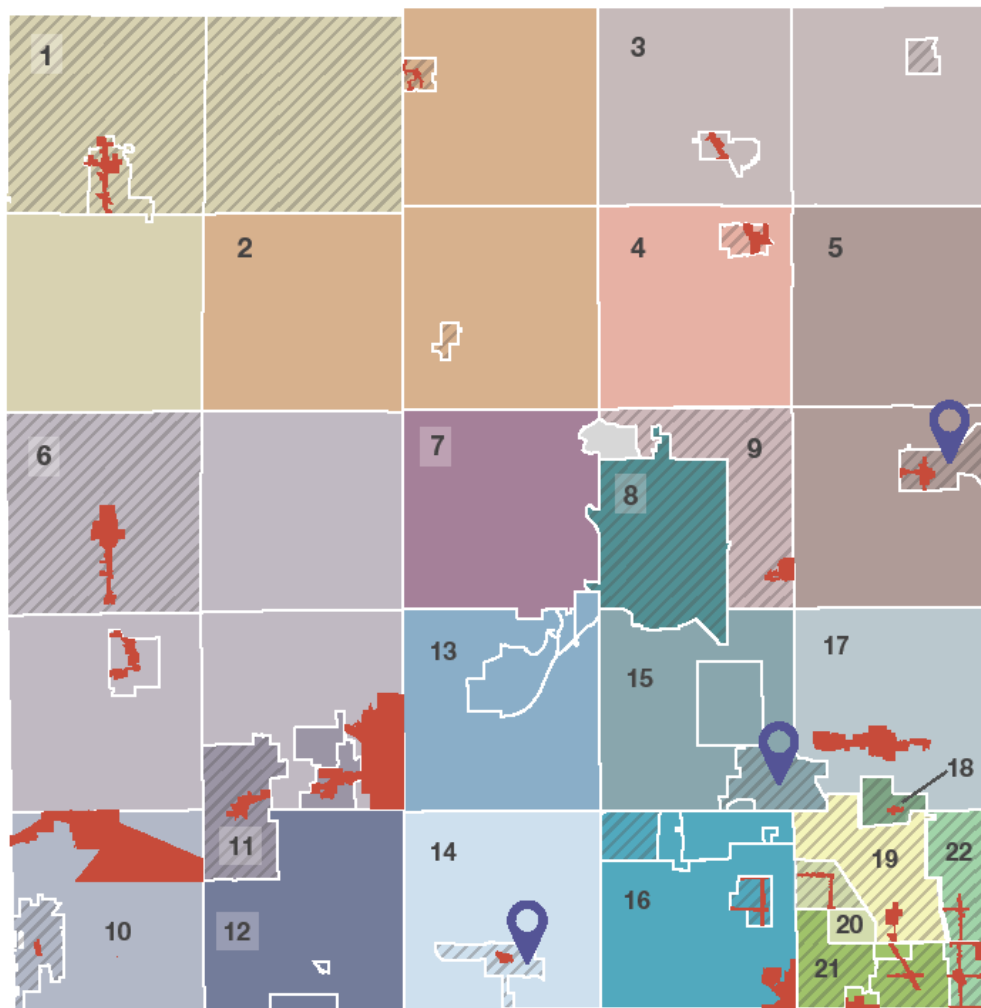




Establishments with fewer than 50 employees



Source: U.S. Census Bureau, County Business Patterns (2019)



Chambers, DDAs, PSDs & MSOC COMMUNITIES

- DDAs
- MSOC Communities
- 📍 PSDs

Chambers of Commerce

- 1 Holly Area
- 2 Clarkston Area
- 3 Oxford Area
- 4 Orion Area
- 5 Rochester Regional
- 6 Huron Valley
- 7 Waterford Area
- 8 Pontiac
- 9 Auburn Hills
- 10 Kensington Valley
- 11 Lakes Area
- 12 Novi
- 13 Greater West Bloomfield Area
- 14 Greater Farmington Area
- 15 Birmingham Bloomfield
- 16 Southfield
- 17 Troy Area
- 18 Clawson
- 19 Royal Oak
- 20 Berkley Area
- 21 South Oakland Area
- 22 Madison Heights Hazel Park

Note: This map is an approximation of chamber boundaries.

COVID's Impact on Small Businesses





\$90.3M

**Small Business
Support**



\$98.3M

**Communities &
Working Families**



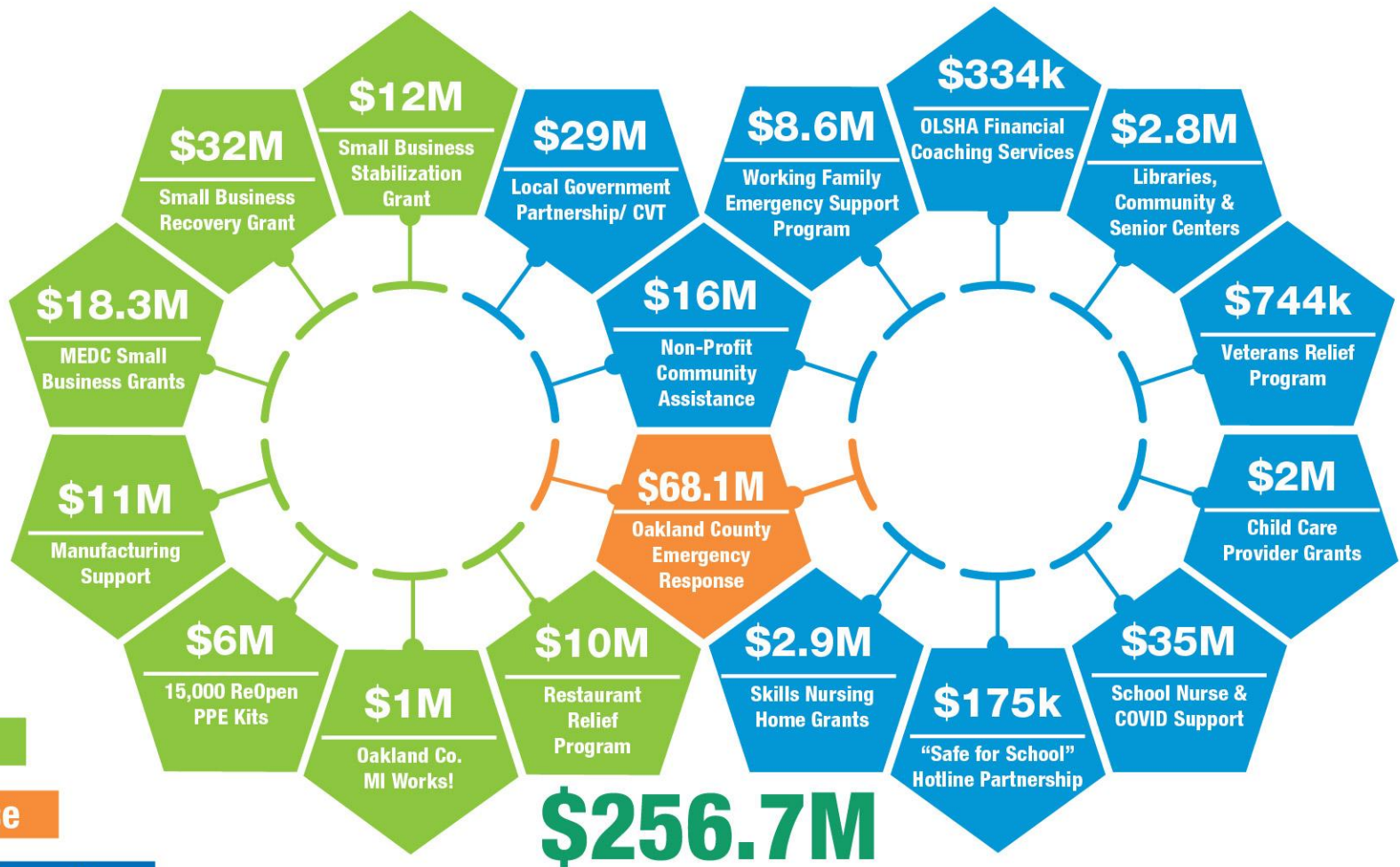
\$68.1M

**Oakland County
Emergency Response**

\$256.7M

\$219.4M CARES Act ♦ \$37.3M Michigan & Other Aid

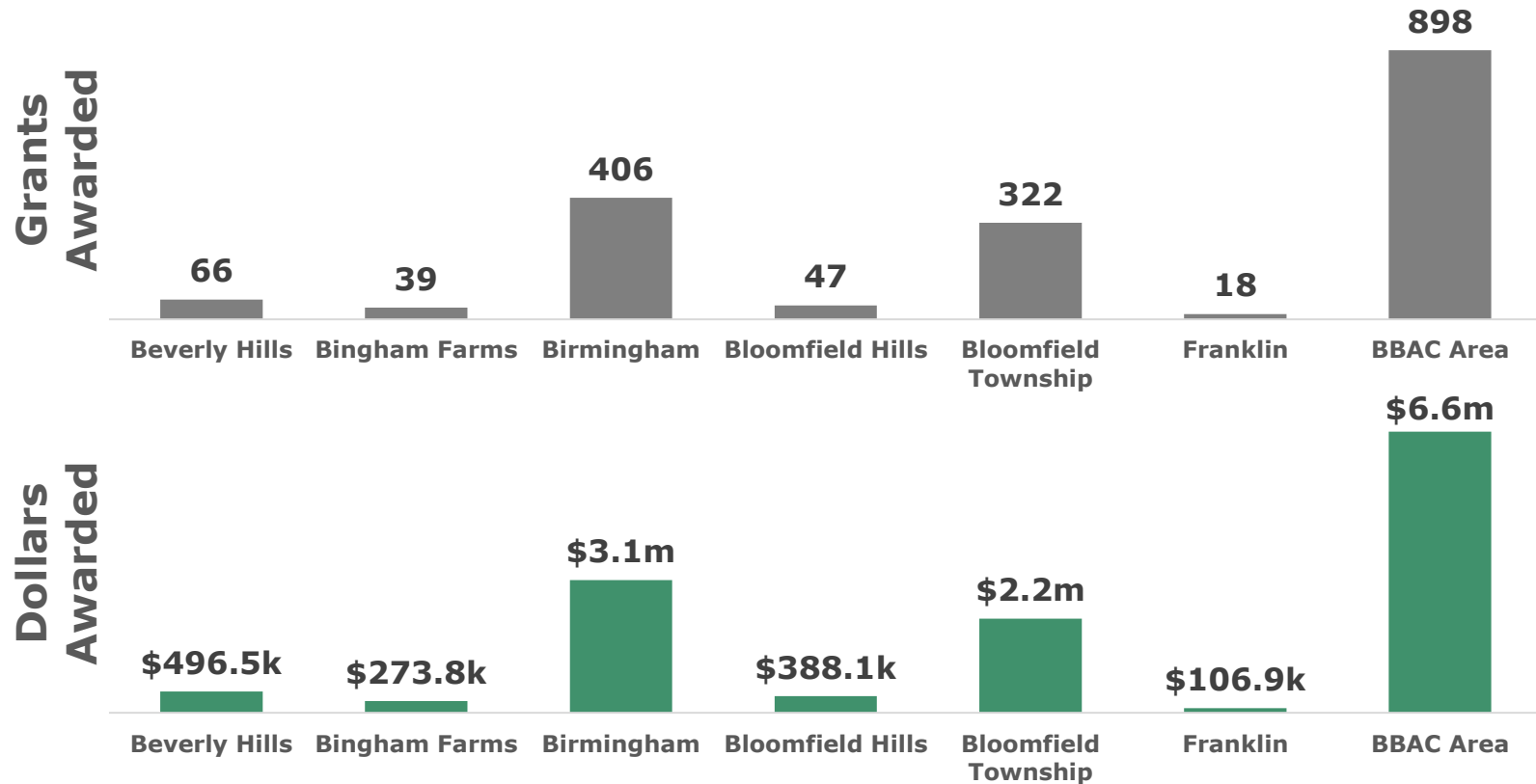




\$256.7M

\$219.4M CARES Act ♦ \$37.3M Michigan & Other Aid

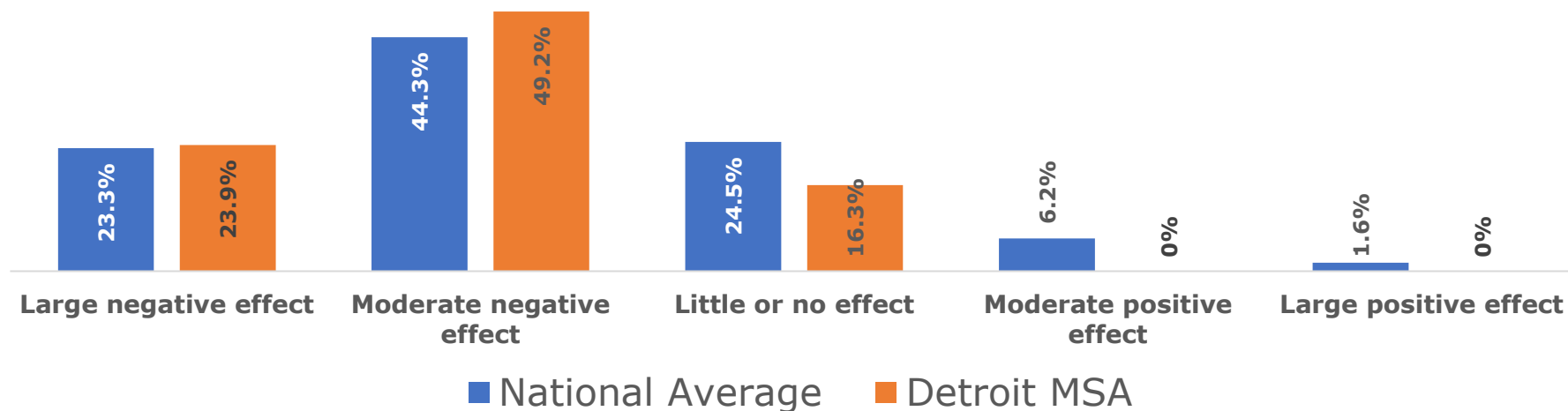
COVID Relief for Small Businesses



Small Business Pulse Survey

Overall, how has this business been affected by the Coronavirus pandemic?

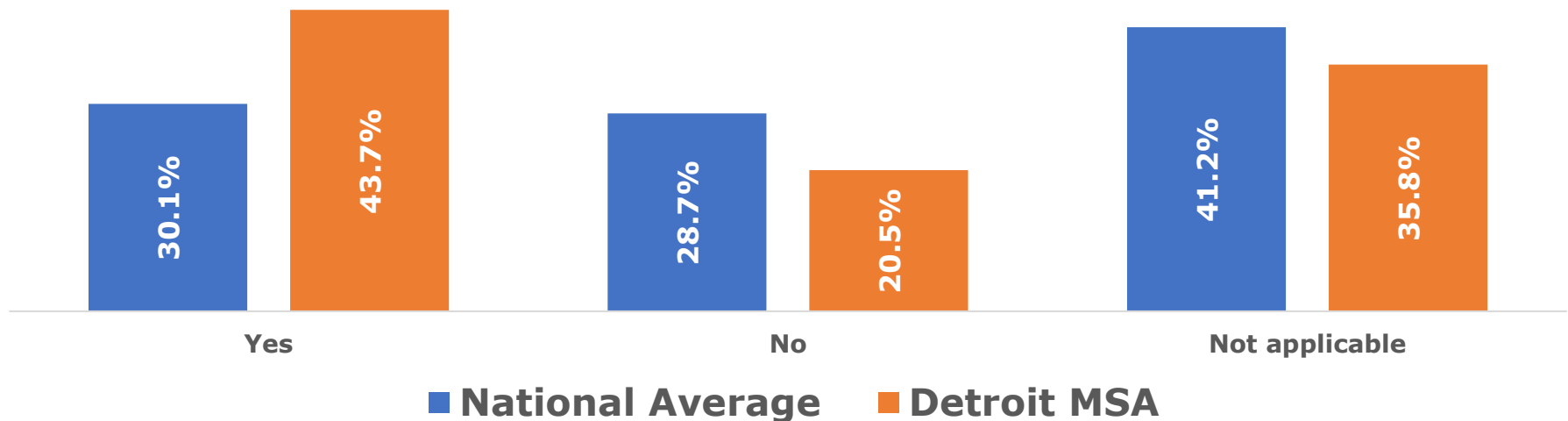
Data collected 01/10/2022 to 01/16/2022



Small Business Pulse Survey

In the last week, did this business have difficulties hiring paid employees?

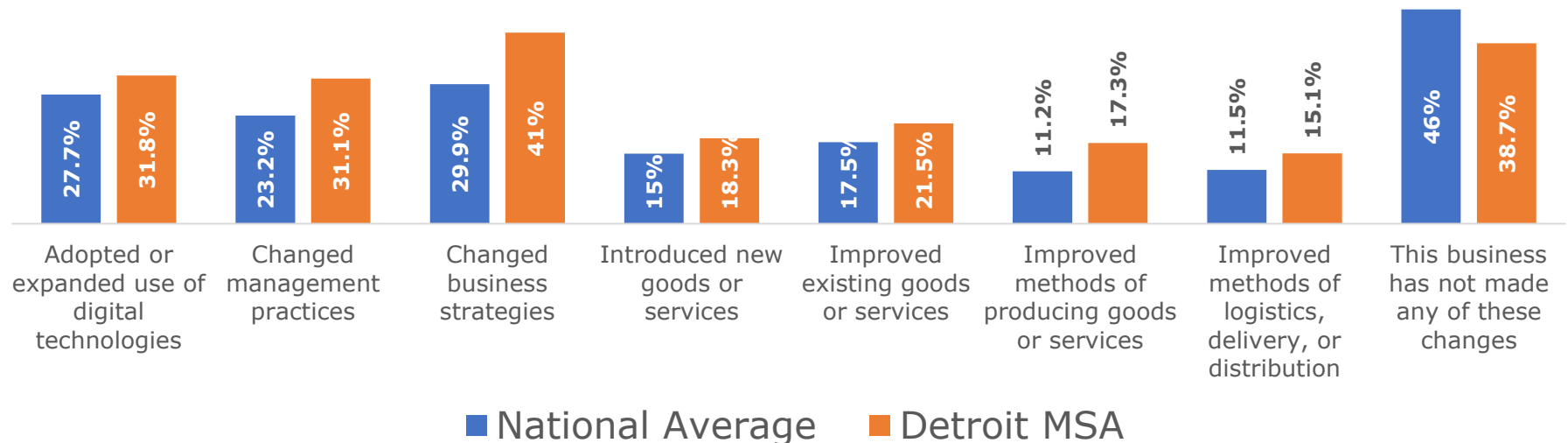
Data collected 01/10/2022 to 01/16/2022



Small Business Pulse Survey

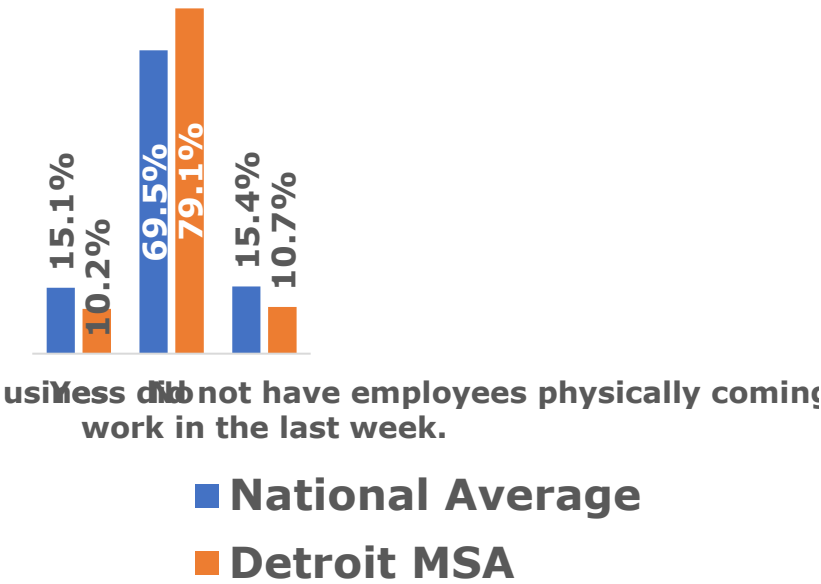
Comparing now to what was normal before March 13, 2020, has this business done any of the following?

Data collected 01/10/2022 to 01/16/2022

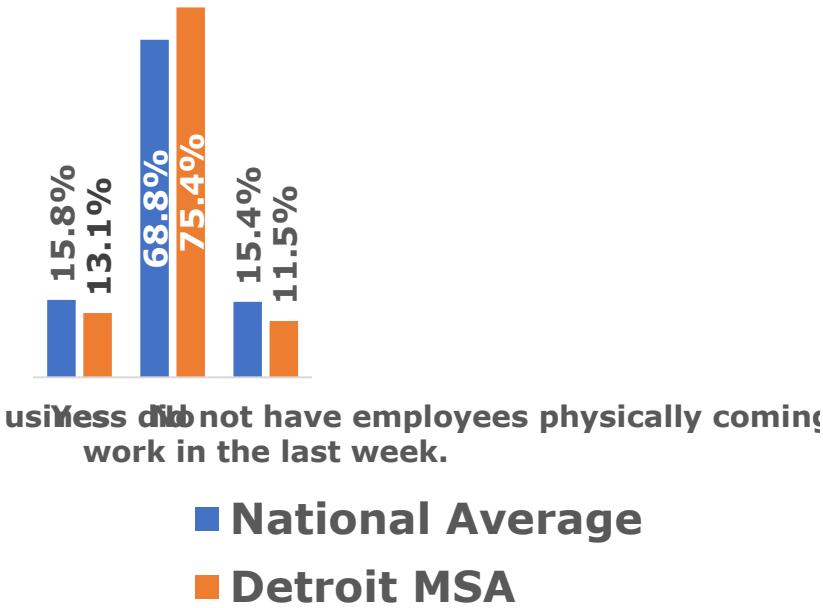


Small Business Pulse Survey

In the last week, did this business require employees to have proof of COVID-19 vaccination before physically coming to work?
Data collected 01/10/2022 to 01/16/2022



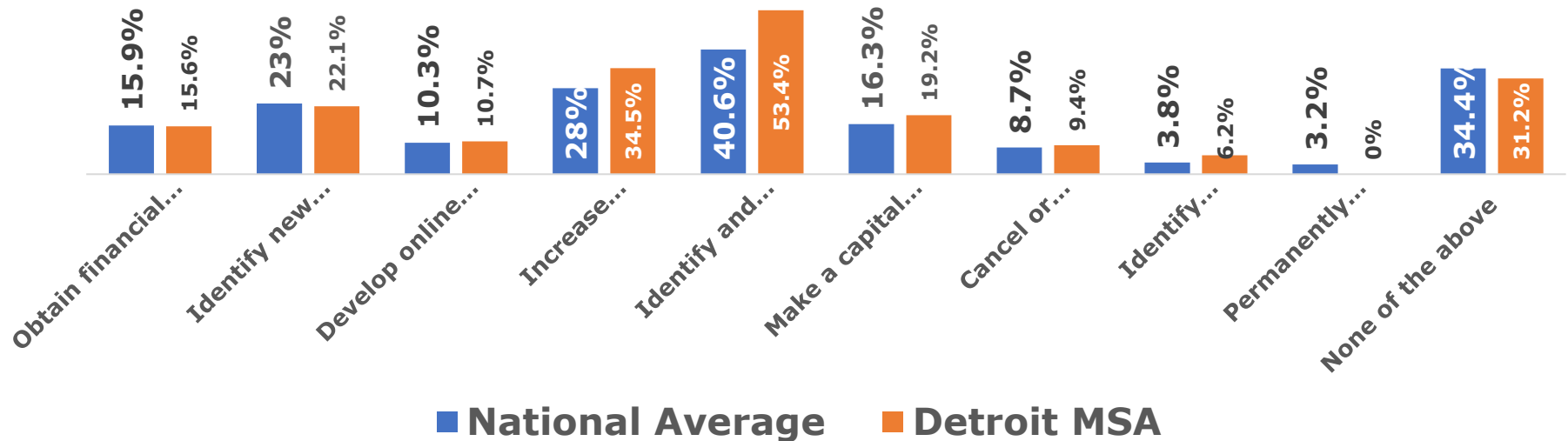
In the last week, did this business require employees to test negative for COVID-19 before physically coming to work?
Data collected 01/10/2022 to 01/16/2022



Small Business Pulse Survey

In the next 6 months, do you think this business will need to do any of the following?

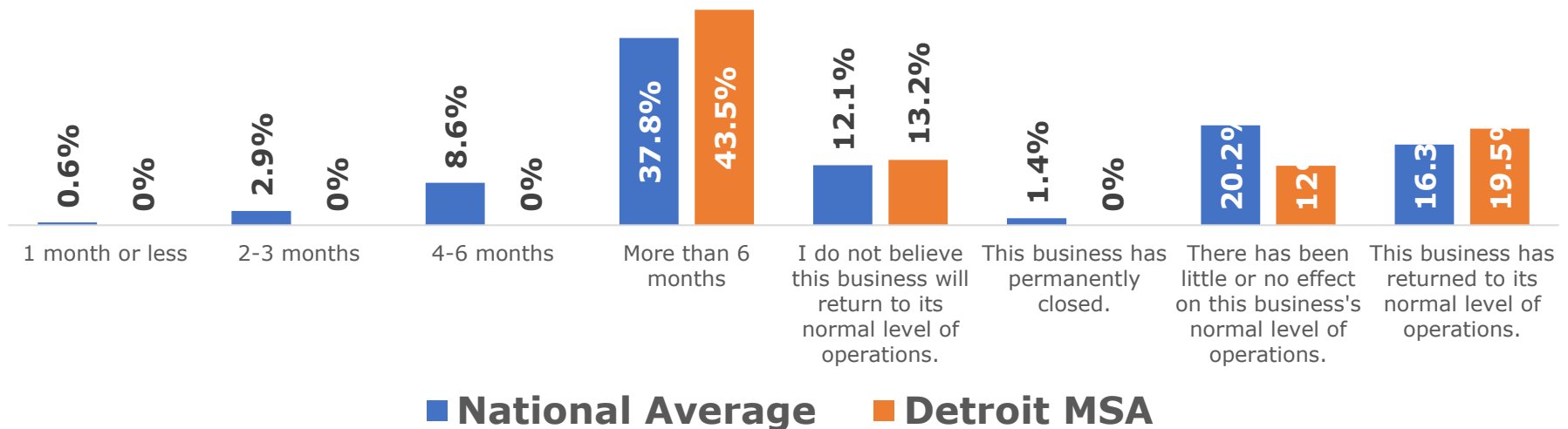
Data collected 01/10/2022 to 01/16/2022



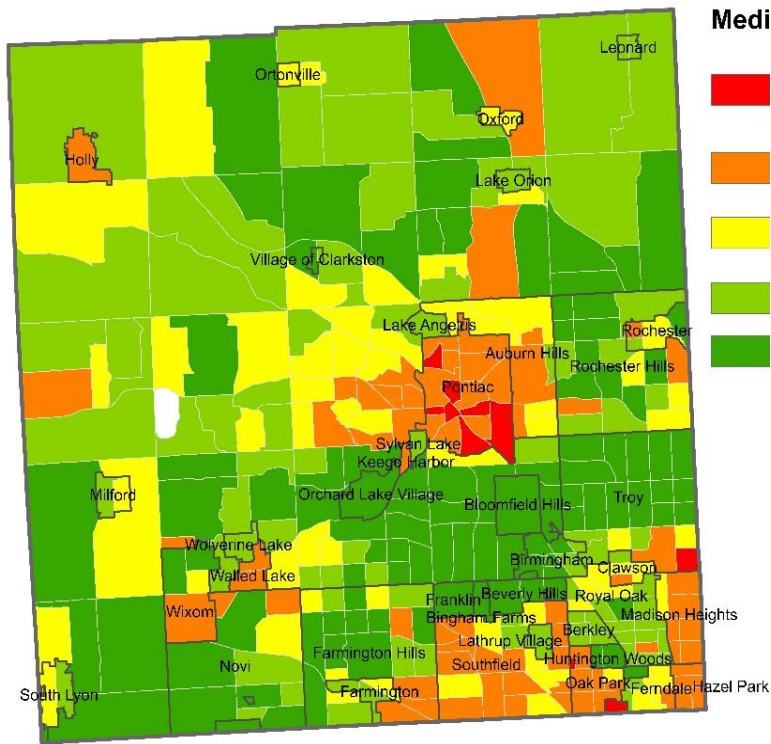
Small Business Pulse Survey

In your opinion, how much time do you think will pass before this business returns to its normal level of operations?

Data collected 01/10/2022 to 01/16/2022



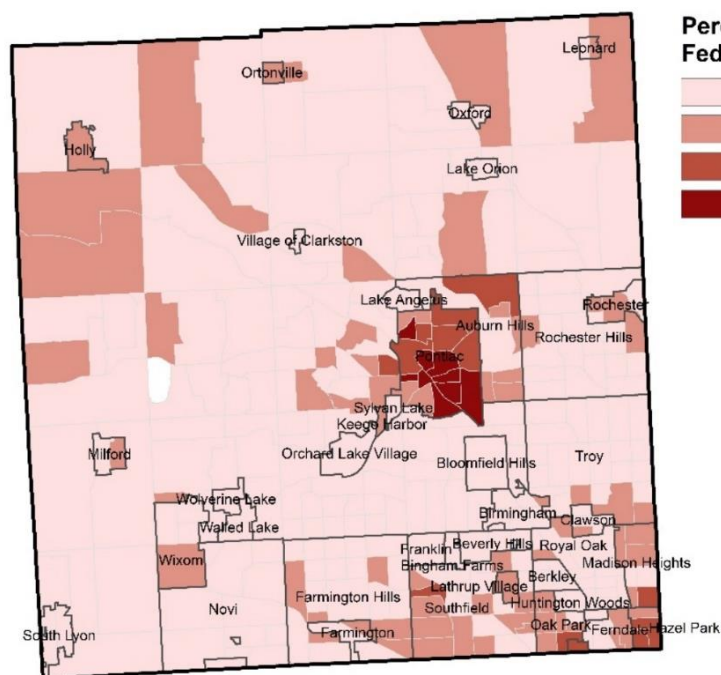
Median Income



Source: US Census ACS Five-Year Data, 2019 provided by AECOM

- Oakland County's median household income is \$79,700.
- Oakland County's median household income is \$17,000 above US average and \$22,000 above Michigan average.
- Oakland County's median income is the second highest in Michigan. Livingston County is \$84,200.
- Among 25 peer counties across the country, Oakland County ranks 15th.

Poverty



Source: US Census ACS Five-Year Data, 2019 provided by AECOM

- The County's overall poverty rate is 8.0%; down from 10% in 2019
- Oakland County's poverty rate is the 4th lowest among Michigan counties.
- Among 25 peer counties across the country, Oakland County ranks 9th.
- Oakland County's child poverty rate is 9%. 4th in the state and 7th among peer counties.
- 17.7% live below 185% of the federal poverty threshold.
- 7.4% of all Oakland County census tracts (25 tracts) are considered areas of concentrated poverty – representing about 7% of the County's total population, or 87,000 residents.
- As of 2019 the federal poverty level was approximately \$13,000 for an individual and \$20,000 for a family of three.



Oakland County Capital Programs

- **CEED/Oakland County SBA Microloan Fund**
\$5,000 - \$50,000
- **Oakland County RLF**
\$50,000 - \$200,000
- **SBA 504 Loan Program***
\$250,000-\$5M

**Also available outside of Oakland County*



State of the County – March 15

Announcing a targeted, small business program to assist entrepreneurs and stage 1 companies

Movement to Electric Vehicles and Mobility

Industry 4.0



Diversification Defense and Aerospace



Workforce

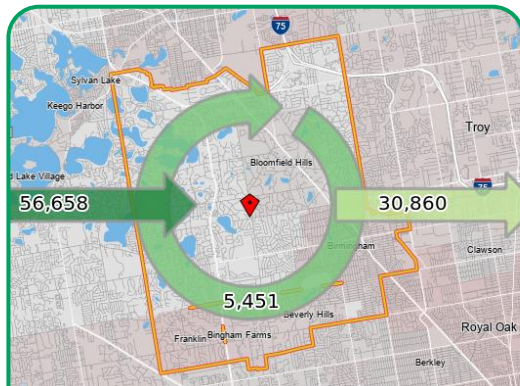


Table 3

Forecast of Jobs in Oakland County by Major Industry Division, 2020–2023

	2019	Forecast Employment				Average Annual Wage 2019 \$
		2020	2021	2022	2023	
Total Jobs (Number of jobs)	746,298	673,218	700,742	733,299	751,650	63,708
(Annual percentage change)	(1.3)	(-9.8)	(4.1)	(4.6)	(2.5)	
Total Government	45,359	43,091	42,722	44,050	44,446	55,802
Total Private	700,939	630,127	658,020	689,249	707,204	64,220
Full-Recovery Industries						
Utilities	1,527	1,523	1,508	1,537	1,559	127,103
Management of companies and enterprises	18,892	18,589	19,065	20,543	21,639	119,051
Finance and insurance	39,220	41,155	42,378	43,527	44,395	100,547
Wholesale trade	37,850	35,784	36,982	38,032	38,532	98,156
Professional, scientific, and technical services	104,560	98,658	102,449	107,061	109,644	94,245
Construction	27,204	27,441	30,415	33,122	34,448	73,176
★ Other manufacturing	47,415	43,513	44,918	47,157	48,542	71,376
Transportation and warehousing	12,919	12,563	13,258	14,201	14,896	51,311
Private education	11,453	9,852	10,305	11,084	11,479	43,067
Natural resources and mining	880	915	941	961	982	37,299
Incomplete-Recovery Industries						
★ Accommodation and food services	61,117	46,048	51,908	58,009	60,771	20,493
★ Retail trade	78,889	69,612	72,791	72,968	72,874	36,278
★ Other services	23,271	19,080	20,046	21,045	21,729	37,464
★ Arts, entertainment and recreation	11,245	6,590	6,927	8,291	8,835	41,824
Administrative support and waste management	61,735	51,645	54,308	56,799	58,090	44,942
★ Private health and social services	107,133	97,706	99,960	103,569	106,550	52,591
★ Real estate and rental and leasing	16,969	15,344	15,350	15,930	16,357	56,692
★ Information	15,097	13,295	13,072	13,456	13,694	86,299
★ Transportation equipment (Motor Vehicles & Parts) manufacturing	21,709	18,866	19,425	19,942	20,173	104,532
Unclassified	1,853	1,948	2,013	2,013	2,013	51,699
Addendum						
Unemployment Rate	3.5	9.5	3.6	2.9	2.6	

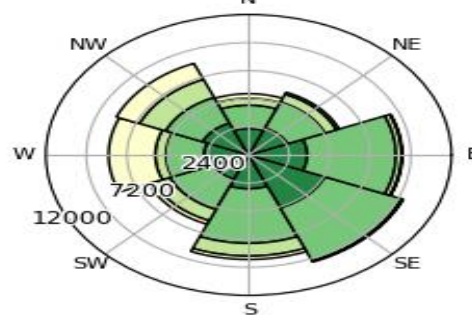
Employment in the BBCC Area



57,000 workers
commute into the
area everyday



Job Counts by Distance/Direction in 2019
All Workers



Nearly 40% live
within 10 miles of
their job



	Count	Share
Total All Jobs	62,109	100.0%
Less than 10 miles	23,879	38.4%
10 to 24 miles	26,621	42.9%
25 to 50 miles	6,052	9.7%
Greater than 50 miles	5,557	8.9%

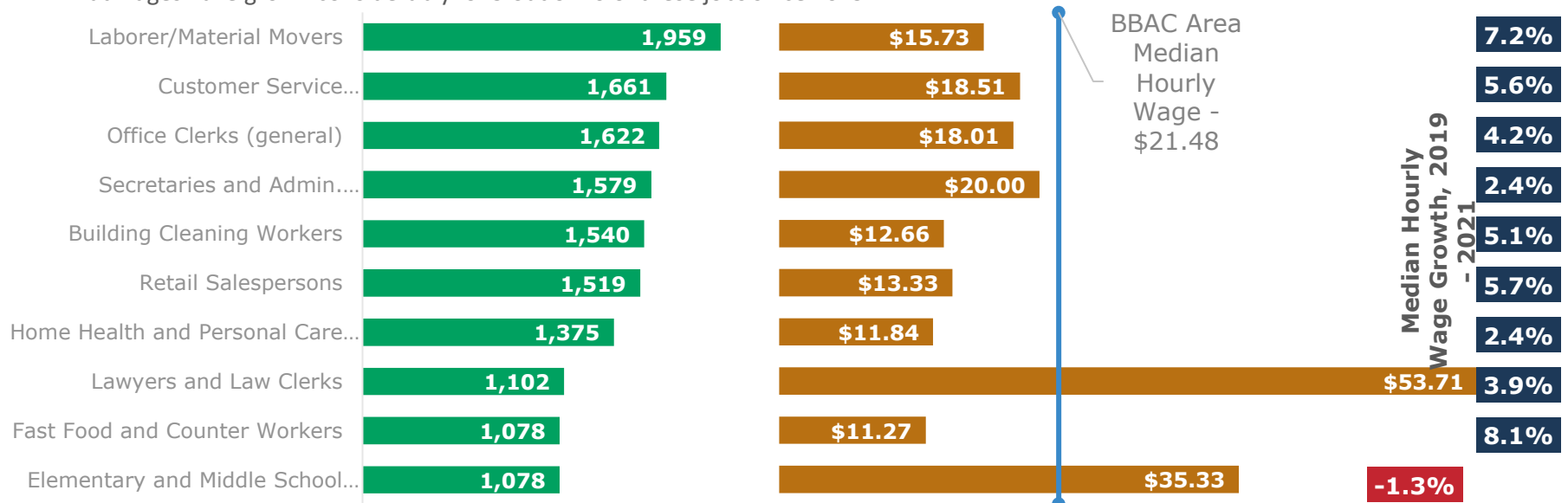
43% commute
between 10 and
24 miles



Employment in the BBCC Area

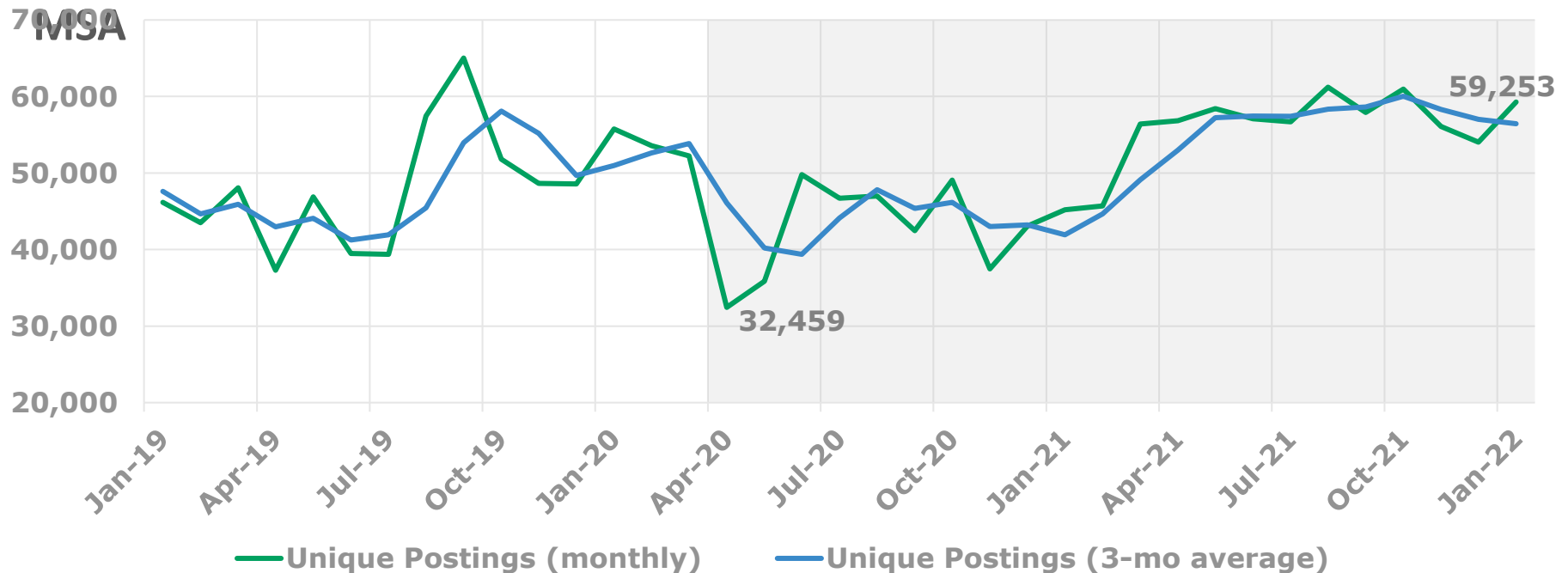
Top ten jobs, by employment in the BBCC area

- In 2021, these 10 jobs accounted for nearly a quarter of total employment in the area
- Most of these jobs pay below the area median wage
- But wages have grown considerably for 9 out of 10 of these jobs since 2019



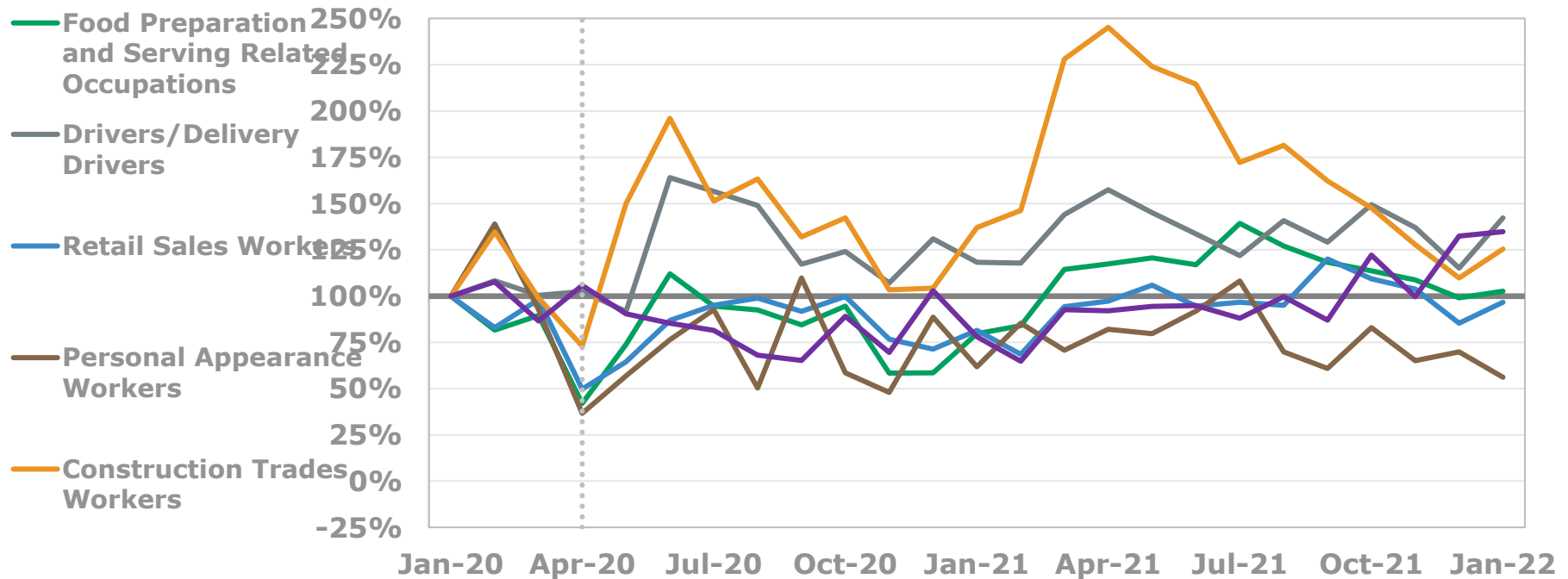
Employment in the BBCC Area – Job Postings

Overall job postings are now above pre-pandemic levels for the Detroit MSA



Employment in the BBCC Area – Job Postings

But some hiring efforts have been uneven across individual jobs





Workforce Initiatives

- Oakland 80
- Going Pro Talent Fund
- Apprenticeship Programs
- Robotics Technician Training Program
- School Districts - Internships

Q & A

Upcoming Forecast Events

March 10, 2022

Real Estate Forecast

April 20, 2022

Government Forecast

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