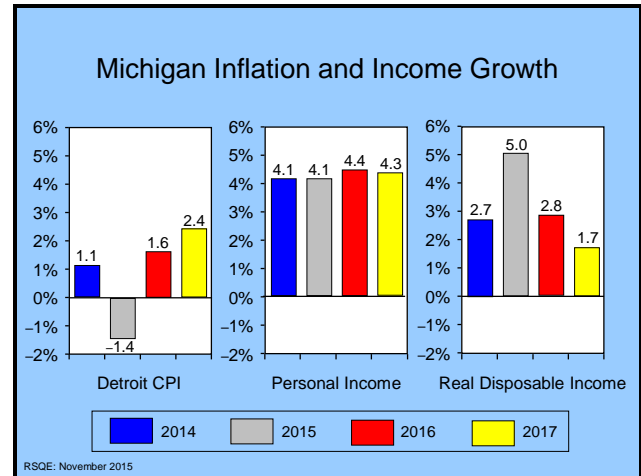
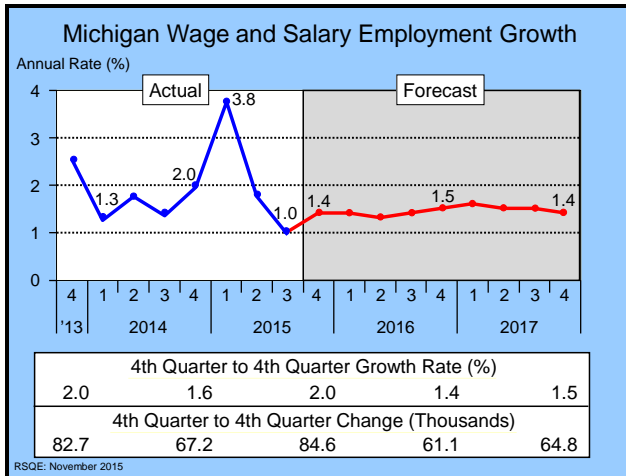


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Some highlights from the most recent RSQE Michigan forecast, released on November 20, 2015:



Michigan recently finished its sixth year of economic recovery since the previous recession's low point in the summer of 2009, and we are forecasting at least two more years of growth. Job growth surged in the first quarter of 2015 to an annual rate of 3.8 percent before averaging 1.4 percent over the next two quarters.

We see job growth maintaining an average rate of 1.4 percent through the third quarter of 2016. Job growth then accelerates slightly, rising to 1.5 percent by the end of 2016 and averaging 1.6 percent during the first half of 2017, before nudging down to 1.4 percent again by yearend 2017. The growth we foresee moving forward translates into gains of 84,600 jobs during 2015, 61,100 during 2016, and 64,800 during 2017.

After being the engine of growth during the early years of the recovery, manufacturing contributes only one in 12 jobs created in Michigan over the next two years. Professional and business services generate a quarter of the jobs, nearly 60 percent of them in the professional, scientific, and technical subgroup. The construction industry contributes a sixth of job additions in that time as residential building picks up. Our outlook sees the job count returning by the end of 2017 to its level in the spring of 2003.

Local inflation is measured by the growth rate of the Detroit CPI. The local price index is forecast to decline by 1.4 percent in calendar-year 2015, reflecting the steep drop in energy prices that began late last year coupled with little to no increase in "core" prices (excluding food and energy). Core inflation picks up again next year, but remains moderate. Energy prices rise modestly throughout 2016 and 2017. Local inflation increases to 1.6 percent in 2016 and to 2.4 percent in 2017.

Personal income growth rises from 4.1 percent in 2015 to 4.4 percent in 2016 on the back of increasing strength in wages and salaries and proprietors' income in 2016. Income growth then ticks down to 4.3 percent in 2017 in a fairly stable economic environment.

Real disposable income (personal income adjusted for taxes and inflation) spikes to a growth rate of 5.0 percent in 2015, reflecting the decline in local prices. Real disposable income growth falls back in 2016 to 2.8 percent with the return to modest inflation, and slows further to 1.7 percent in 2017 with the acceleration in inflation, slightly weaker nominal income growth, and a larger increase in federal personal taxes.