The U.S. and Michigan Outlook for 2020–2022
Presented to the Michigan State University Legislative Leadership Program
December 8, 2020

Research Seminar in Quantitative Economics
Current State of the Economy
Quarterly U.S. Real GDP

Billions of 2012 dollars, SAAR

RSQE: December 2020
Weekly Economic Index (Lewis-Mertens-Stock)

Percent (GDP growth units), year-over-year

WEI
Real GDP

RSQE: December 2020
The Second Wave is Here in Michigan

New Cases, 7-Day MA

New Deaths, 7-Day MA

Reporting Anomaly

New COVID-19 Cases, 7-day MA, MI
New COVID-19 Deaths, 7-day MA, MI

Source: New York Times

RSQE: December 2020
Climbing Out of a Deep Jobs Hole in Michigan
Consumer Spending Strong in Michigan

Percent change, Compared to January 2020

- All Consumer Spending in the U.S.
- All Consumer Spending in Michigan

Source: Affinity Solutions via Opportunity Insights
The Economic Outlook
Fiscal Policy

- Divided government likely continues: limited further stimulus
- About $200 billion during the lame-duck session
  - Re-authorize leftover PPP funds
  - Extend broadened availability of unemployment benefits
- About $700 billion in 2021Q1
  - Temporary UI benefit boost of $200/week in Q1, $100/week in Q2
  - About $600/person tax rebate checks
  - Combined $275 billion for state and local governments, hospitals, schools
  - New PPP/Re-employment tax credit for about $125 billion
Quarterly Michigan Payroll Employment: Recovery Continues at a Slower Pace
Initial estimate for October was 5.5%, but the data collection environment is very challenging.
Quarterly Michigan Personal Income: Stimulus Cushioned Income Losses

RSQE: December 2020
Michigan Employment by Industry Wage Level: Inequality on the Rise

Index, 2020Q1=100

Forecast

- Lower-Wage Industry Employment
- Middle-Wage Industry Employment
- Higher-Wage Industry Employment

RSQE: December 2020