

Michigan State University's Center for Economic Analysis has updated its annual forecast for Michigan and the Lansing-East Lansing Metropolitan Statistical Area (MSA). The full forecast details can be obtained at <https://www.msu.edu/~mill1707/Nov2014.htm>. We summarize the findings here.

Michigan Forecast

Employment in Michigan is expected to end 2014 with a modest gain of 0.7% over 2013. Greatest jobs gains are expected in goods producing sectors, including mining and logging; construction; and durable goods manufacturing. While service sector growth remains flat in aggregate, transportation and warehousing, and some business service sectors are expected to end 2014 with strong growth. Expect employment growth to strengthen only modestly in 2015. Sectors that showed strength in 2014 are expected to pull back on growth in 2015. While construction is expected to remain strong, employment growth in durable goods manufacturing; and mining and logging is expected to moderate. Government sectors, largely exhibiting contraction in employment since 2011, are expected to continue to shrink through 2015. The state's employment gains will continue to contribute to the slow decline in Michigan unemployment rate from its recessionary high of 13.5% in 2009. Relatively strong wage growth with moderate employment growth is expected to boost Michigan personal income by 4.1% in 2014 and 3.8% in 2015.

Michigan Employment	2013	2014	2015
Total Nonfarm (000s)	4,104.48	4,131.82	4,176.63
	1.8%	0.7%	1.1%
Total Private (000s)	3,504.97	3,535.32	3,580.82
	2.3%	0.9%	1.3%
Goods Producing (000s)	695.46	710.54	721.37
	3.2%	2.2%	1.5%
Service-Providing (000s)	3,409.15	3,421.15	3,455.26
	1.5%	0.4%	1.0%
Unemployment (000s)	412.90	349.76	330.82
Unemployment Rate (%)	8.8	7.4	6.9
Income by place of residence	2013	2014	2015
Personal income (\$000s)	386,471,200	402,204,600	417,595,400
	1.4%	4.1%	3.8%
Population (persons)	9,895,622	9,900,980	9,906,978
	0.1%	0.1%	0.1%
Per capita personal income (\$)	39,055	40,623	42,152
	1.2%	4.0%	3.8%

Lansing– East Lansing Forecast

The Lansing-East Lansing Metropolitan Statistical Area (MSA) is made up of Clinton, Eaton and Ingham Counties in Michigan and houses the state capital. While the Lansing MSA experienced lower employment declines than the state following the 2008 recession, the state has mostly outpaced it in employment growth since 2012. We anticipate Lansing employment growth to temporarily exceed the state in 2014 and to mostly meet state growth in 2015. Manufacturing looks to be strong in 2014 but weakening in 2015. In addition, educational services and financial activities appear to exhibit strength in 2015. The unemployment rate is expected to remain below the state average. Despite relative strength in employment growth, we anticipate personal income growth to lag the state in 2014 and maintain pace in 2015.

Lansing-East Lansing MSA Employment	2013	2014	2015
Total Nonfarm (000s)	220.04	222.93	225.04
	1.4%	1.3%	0.9%
Total Private (000s)	158.15	160.83	163.16
	1.8%	1.7%	1.5%
Goods Producing (000s)	24.63	25.80	26.32
	3.7%	4.7%	2.0%
Service-Providing (000s)	195.40	197.14	198.73
	1.1%	0.9%	0.8%
Unemployment (000s)	17.29	14.36	13.61
Unemployment Rate (%)	7.4	6.0	5.6
Income by place of residence <td>2013</td> <td>2014</td> <td>2015</td>	2013	2014	2015
Personal income (\$000s)	16,830,360	17,377,300	18,072,670
	1.9%	3.2%	4.0%
Population (persons)	467,985	469,912	471,875
	0.5%	0.4%	0.4%
Per capita personal income (\$)	35,964	36,980	38,300
	1.4%	2.8%	3.6%

Several factors may impact 2015, including passage of new legislation for increasing Michigan road infrastructure. Additional factors that may have an impact on 2015 include an increasingly strong dollar and weak European economy that may result in decreasing demand for Michigan export goods. Finally, low energy prices are not expected to remain in the long term. If they persist into 2015, mining employment may see further pull-back. For the complete report visit <https://www.msu.edu/~mill1707/Nov2014.htm>