

A view of the Economic Road Ahead - 2018

Dr. Paul Isely

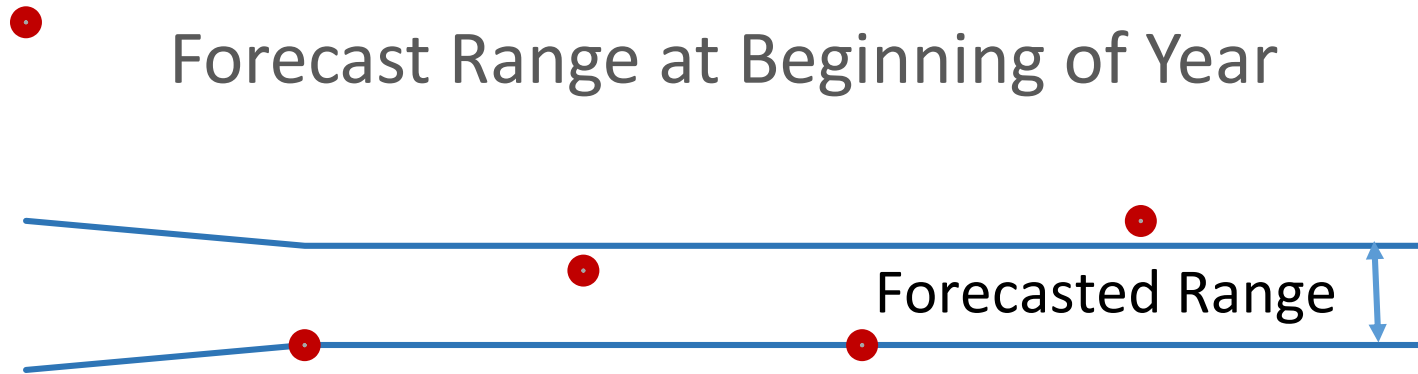


My Accuracy in Past Journeys

Annual Employment Growth West Michigan

VS

Forecast Range at Beginning of Year



2013

2014

2015
Actual...

2016

2017

2018

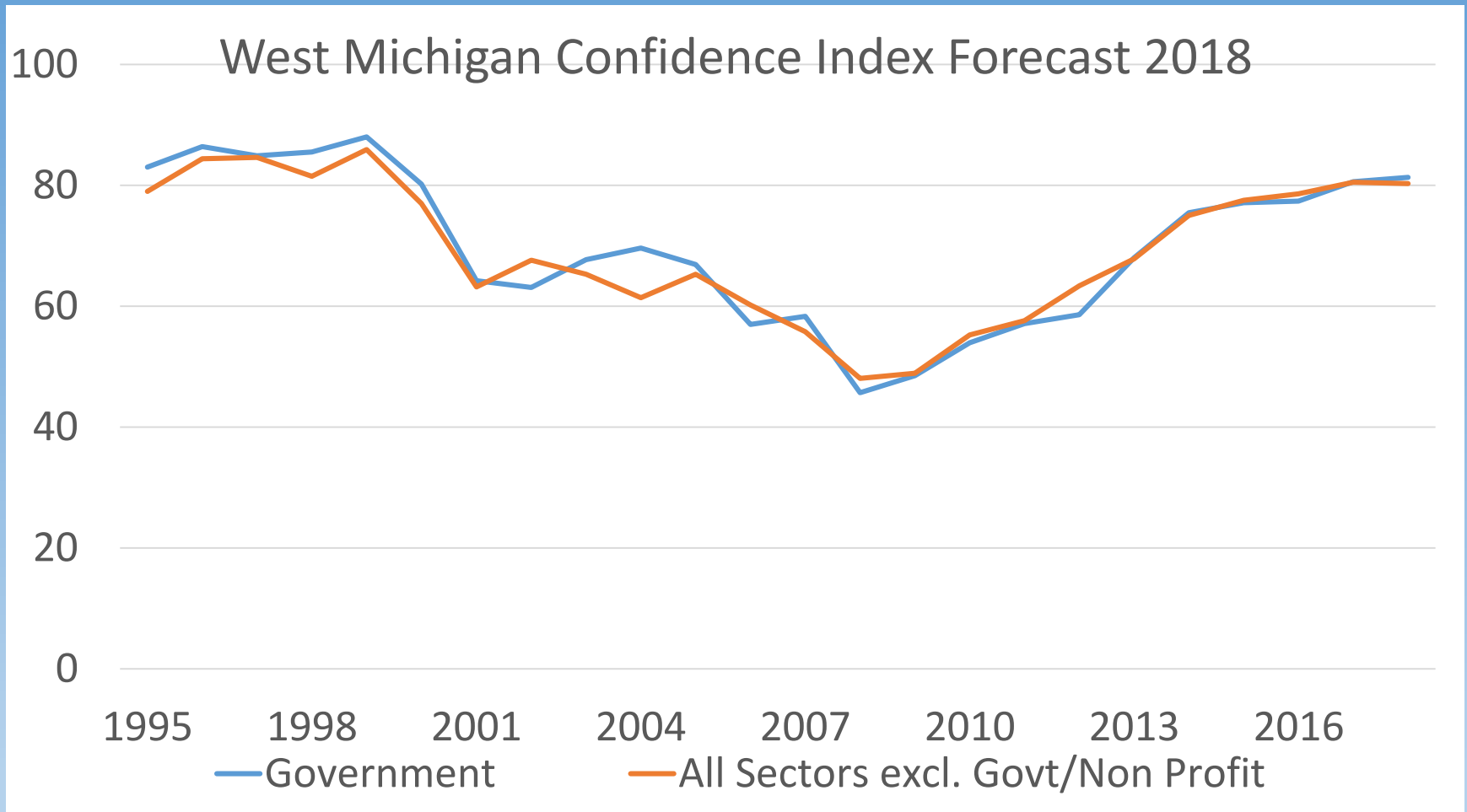
2017 YOY November

The smooth roads we'll enjoy in
2018 will become bumpy,
leading to new opportunities.



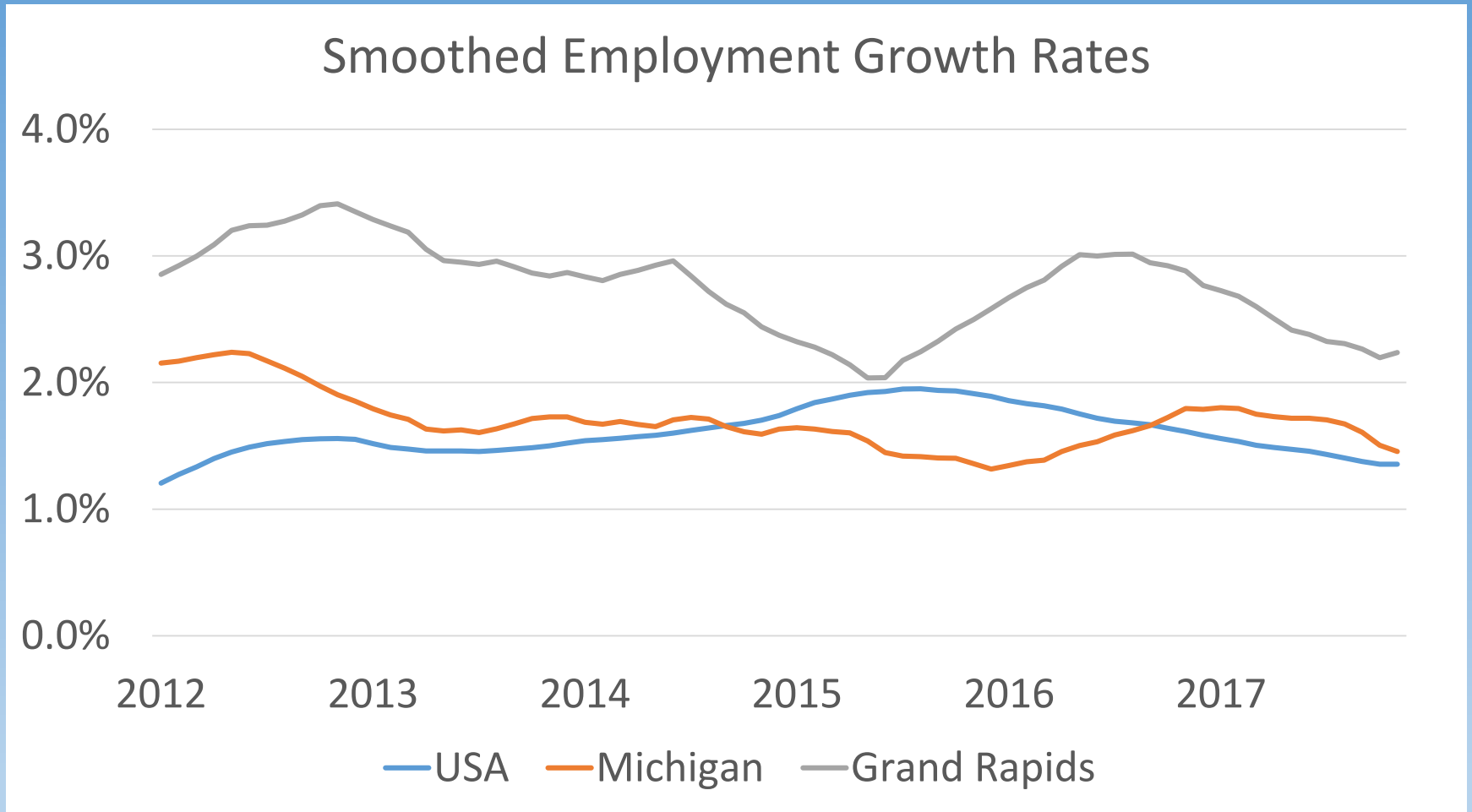
What are the indicators that show a smooth road in 2018?

CONFIDENCE



Source:
Seidman

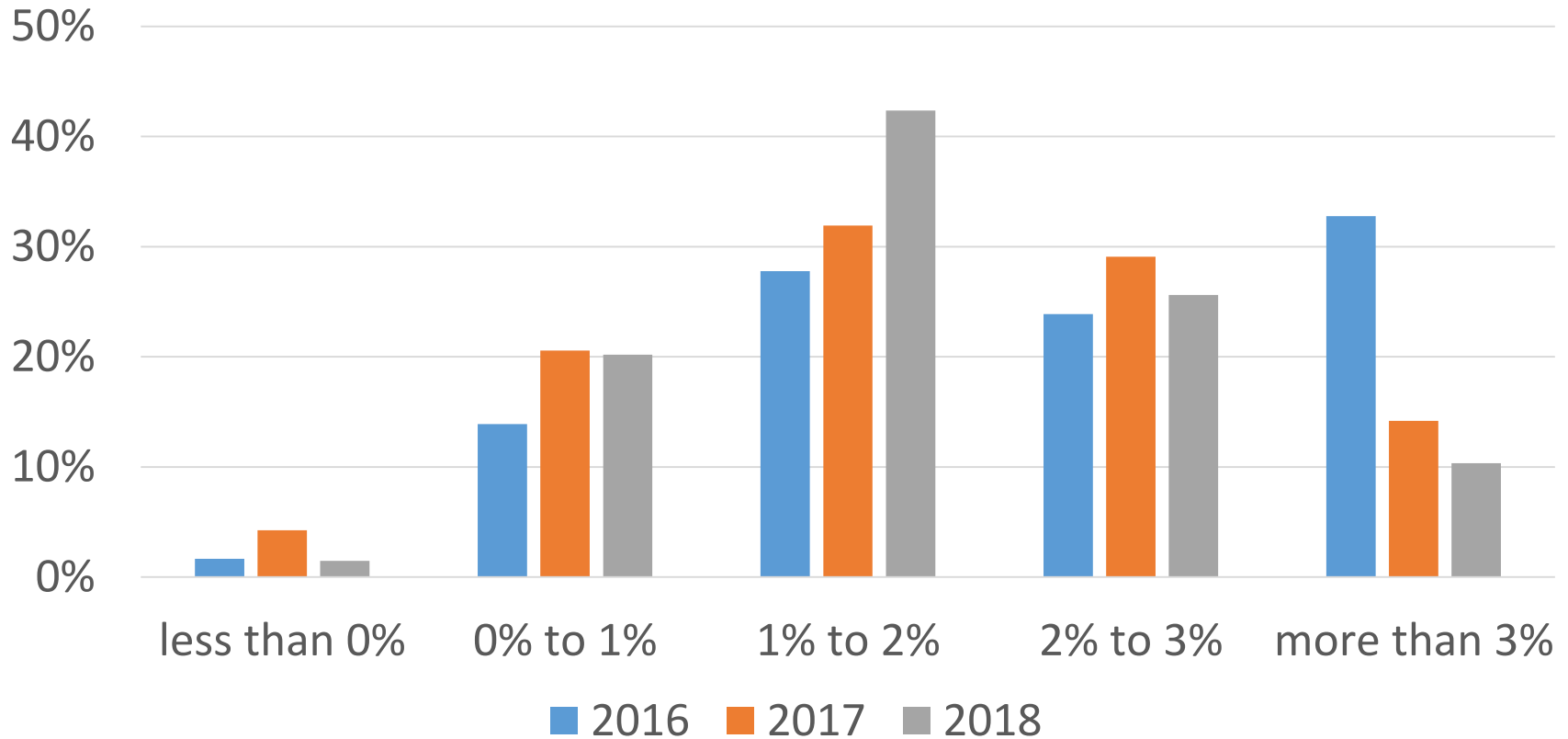
EMPLOYMENT GROWTH



Source:
BLS and Isely

EMPLOYMENT CHANGE

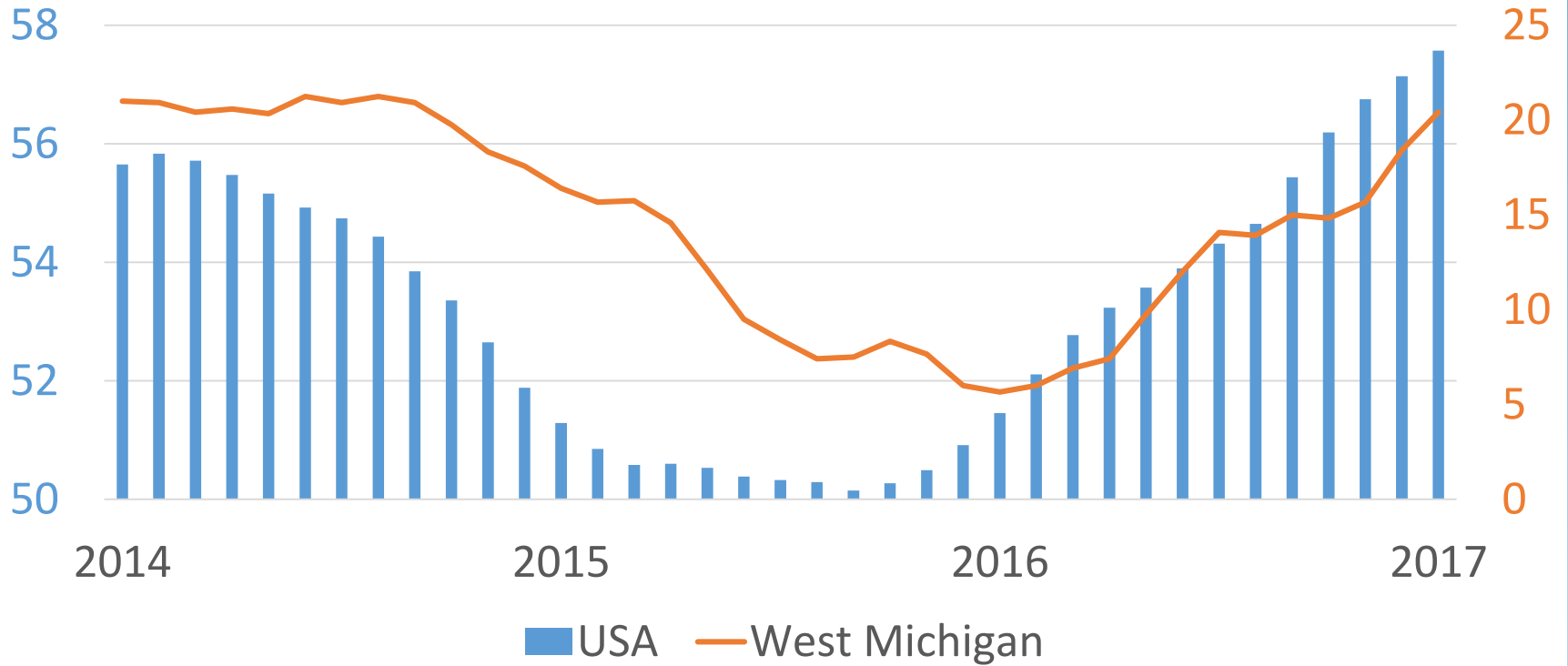
Respondents' Anticipated Change in Employment



Source:
Seidman

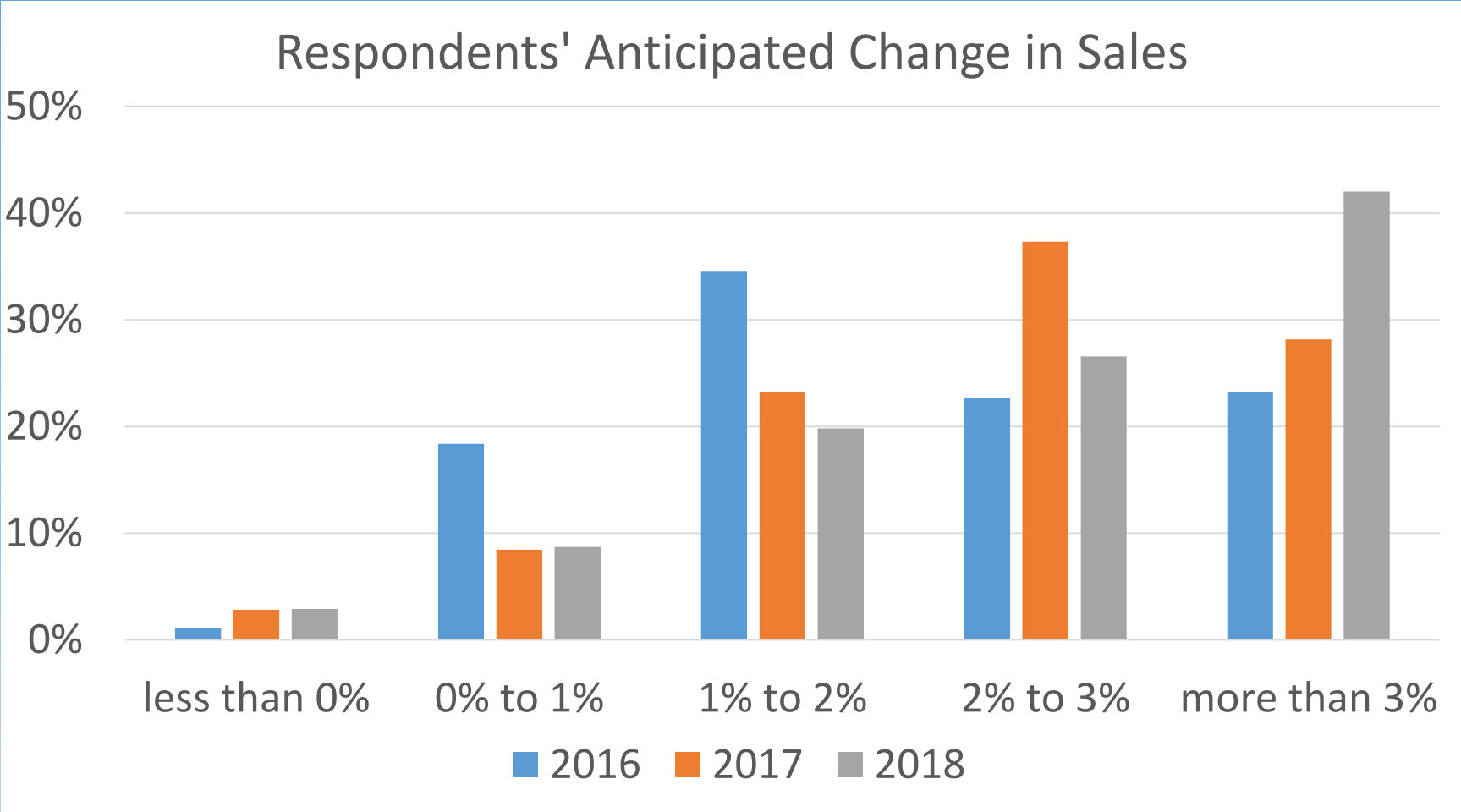
SALES GROWTH

PMI INDEX
New Orders



Source:
Seidman and ISM

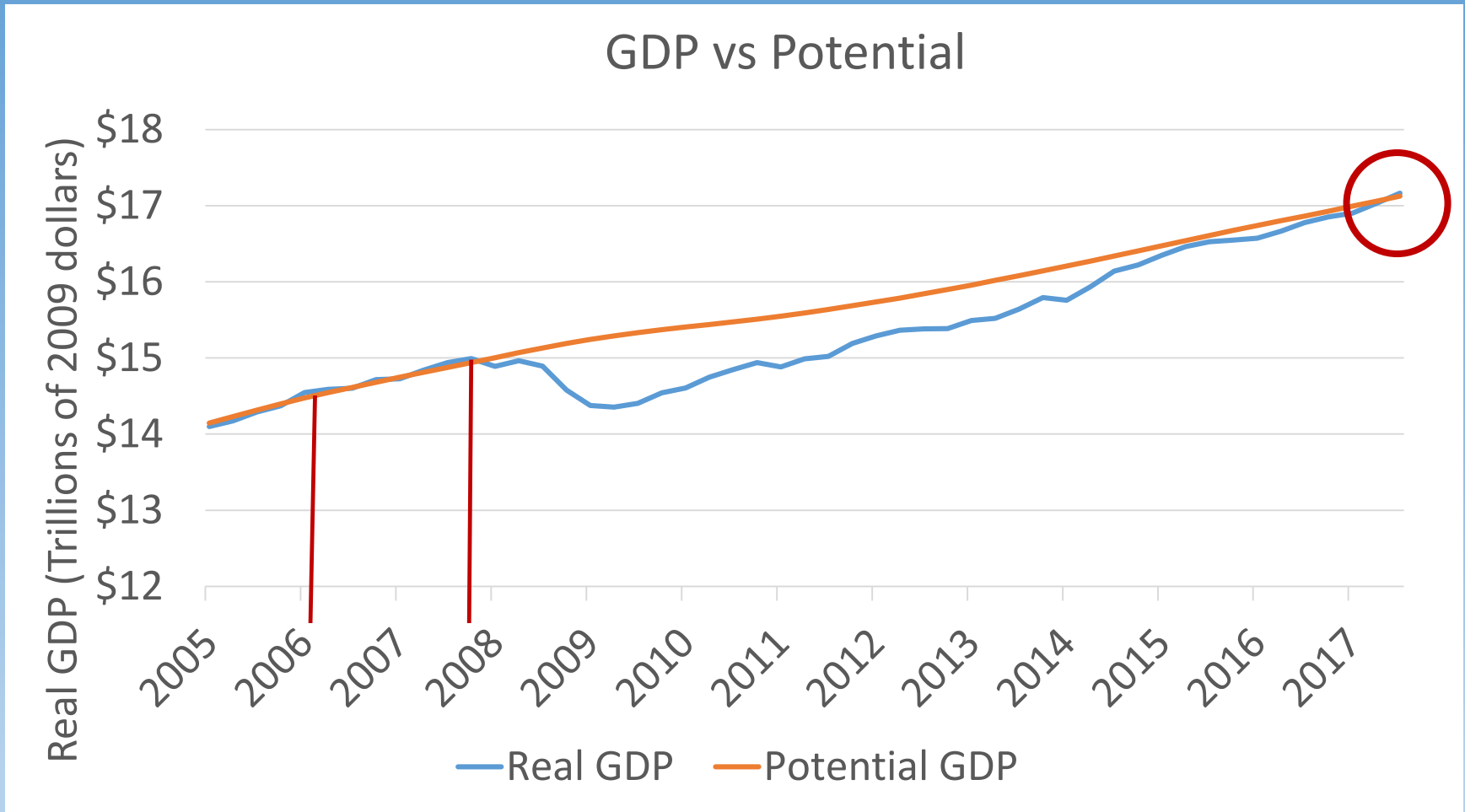
SALES CHANGE



Source:
Seidman

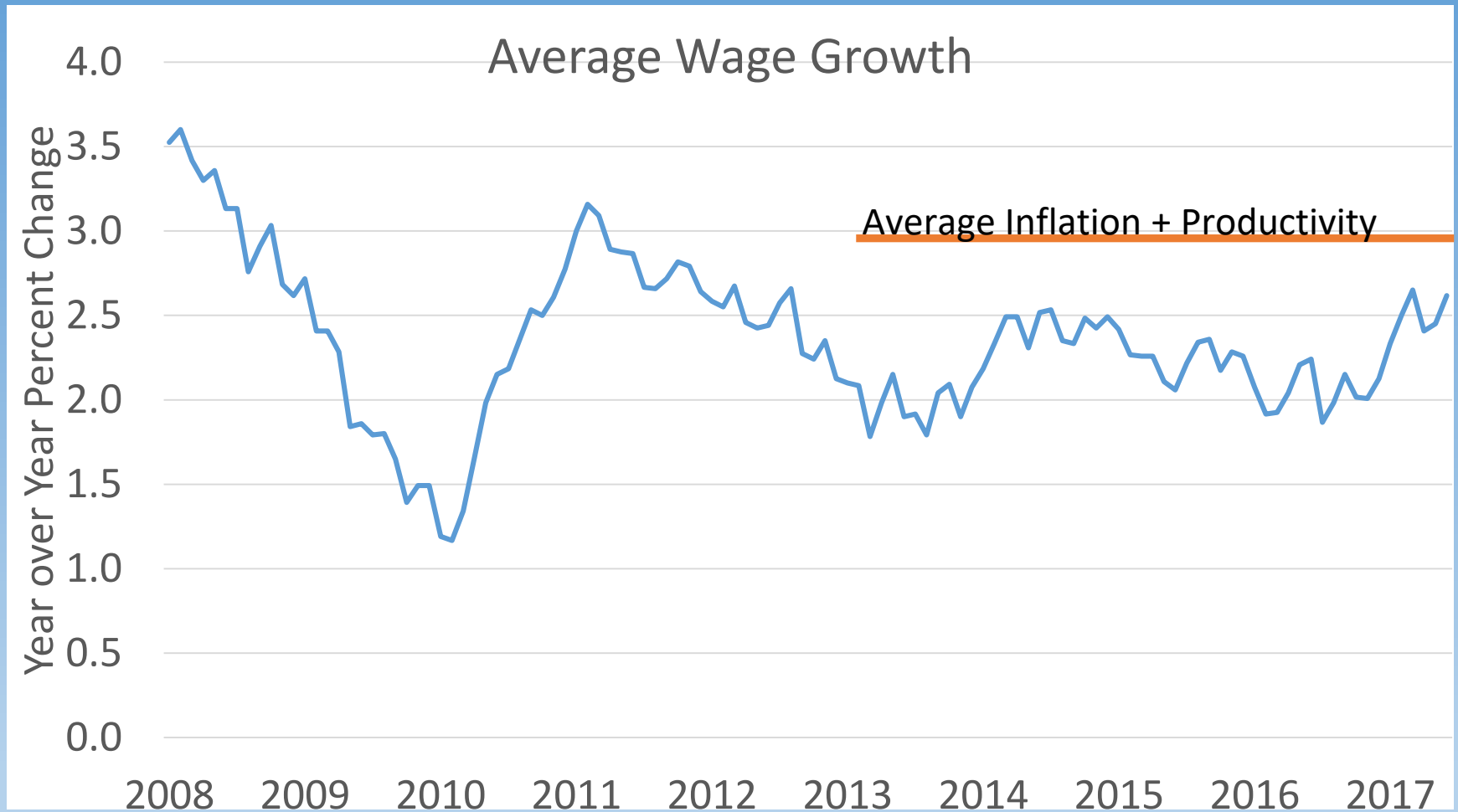
What are the signs that the smooth road is ending?

FULL POTENTIAL



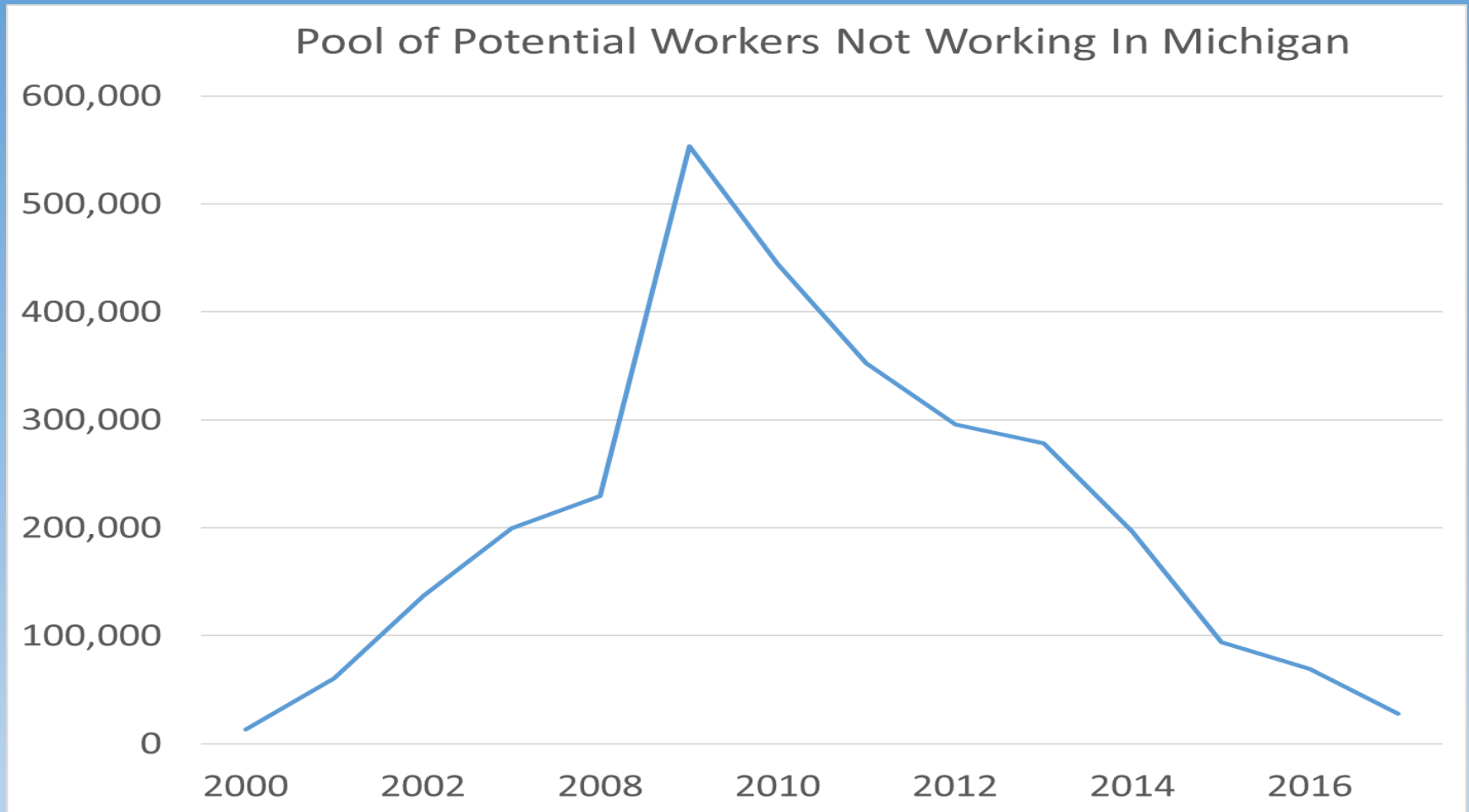
Source:
BEA, CBO, and Isely

WAGE GROWTH



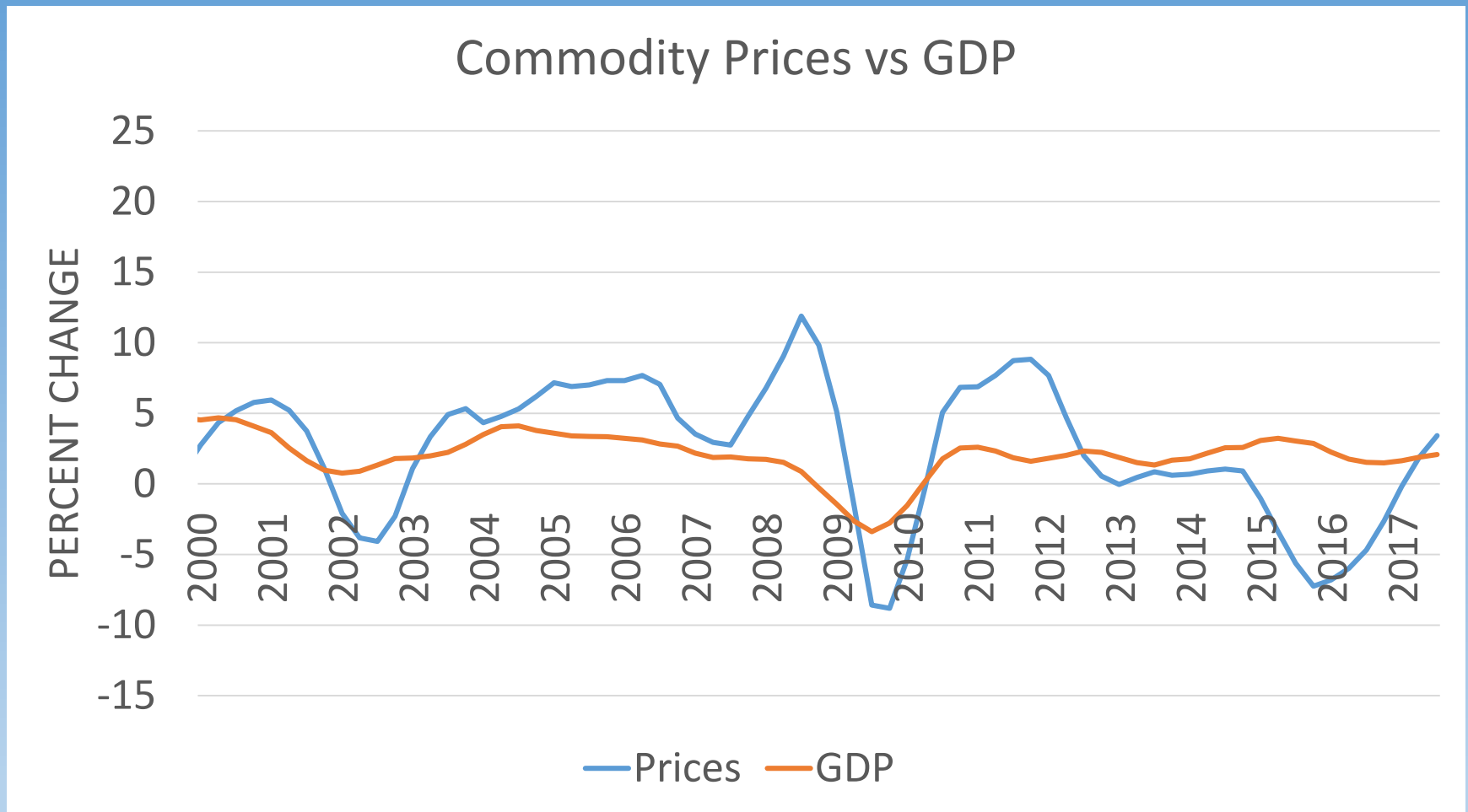
Source:
BLS and Isely

AVAILABLE LABOR



Source:
BEA, BLS, and Isely

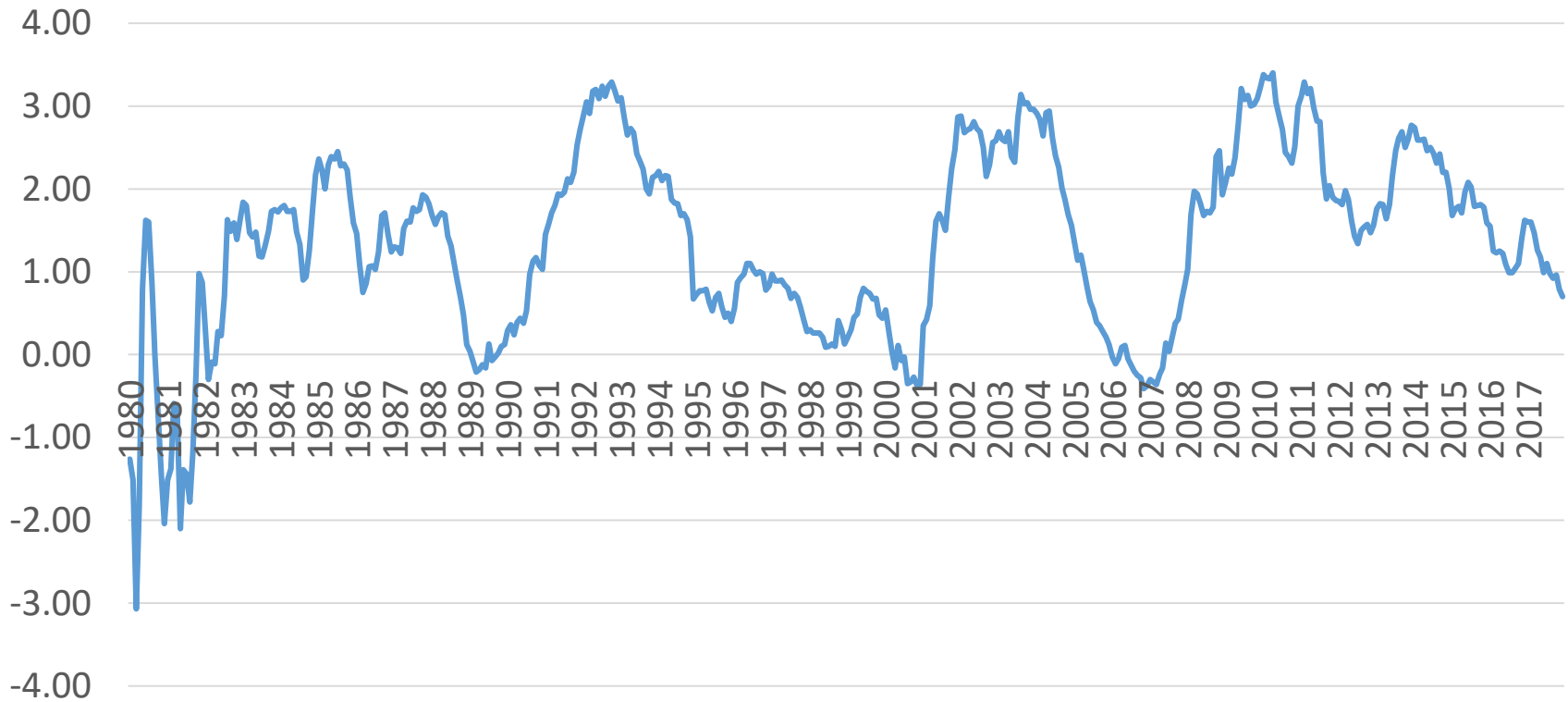
RISING COMMODITY PRICES



Source:
BEA, BLS, and Isely

FLATTENING YIELD CURVE

TEN Year vs ONE Year Treasury Rates (Yield Curve)

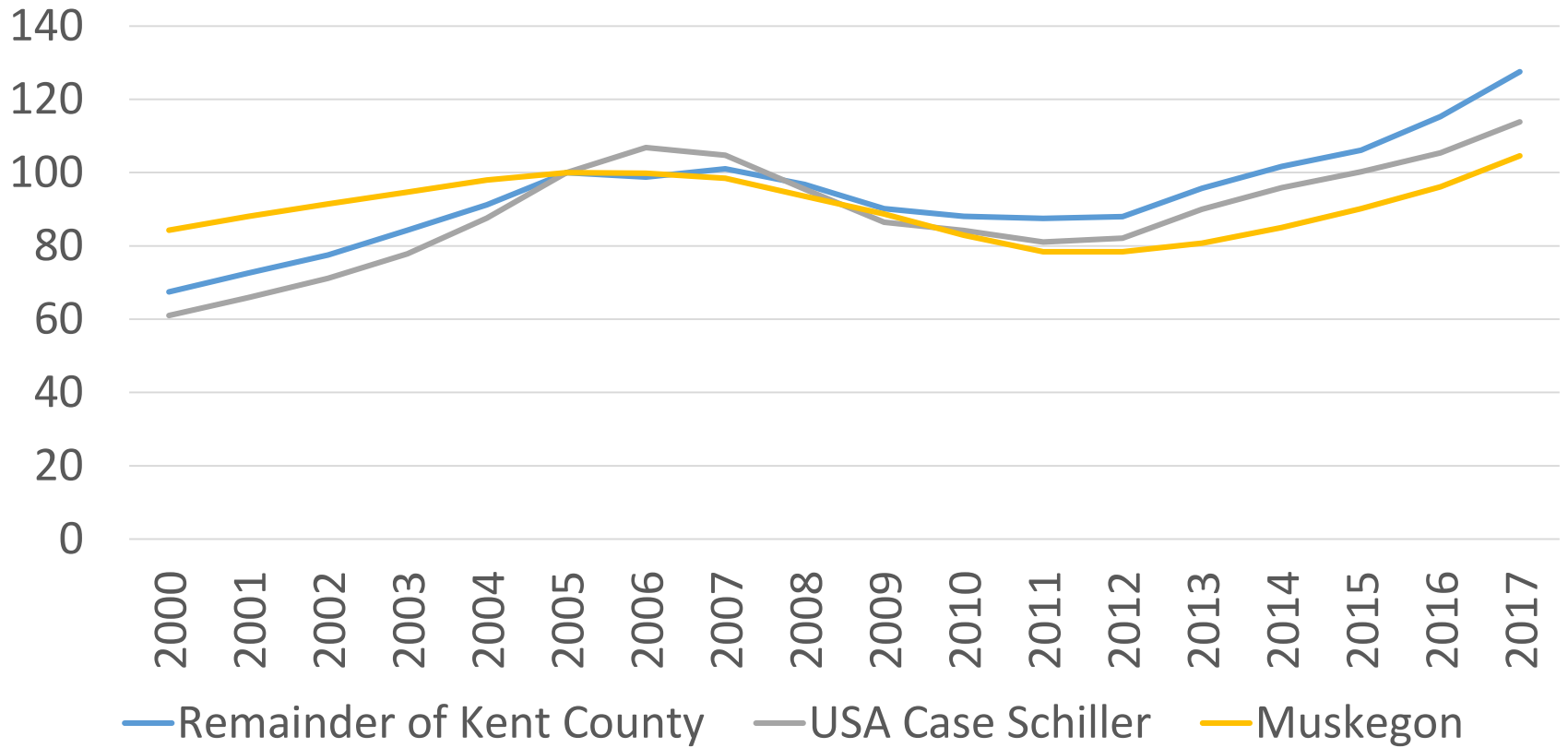


Source:
Federal Reserve

How is the Housing Journey Unique?

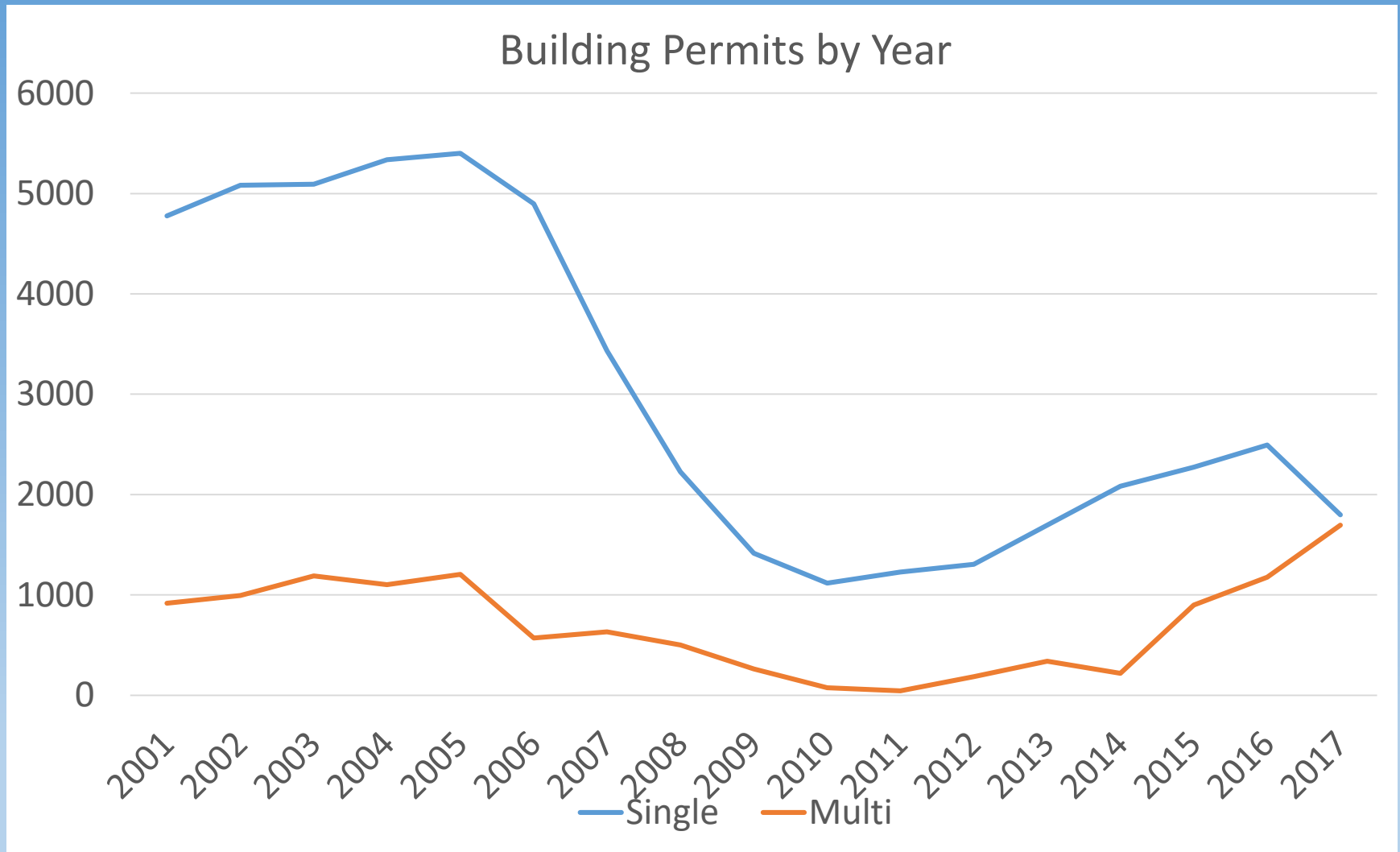
HOUSING PRICES

Housing Price Index



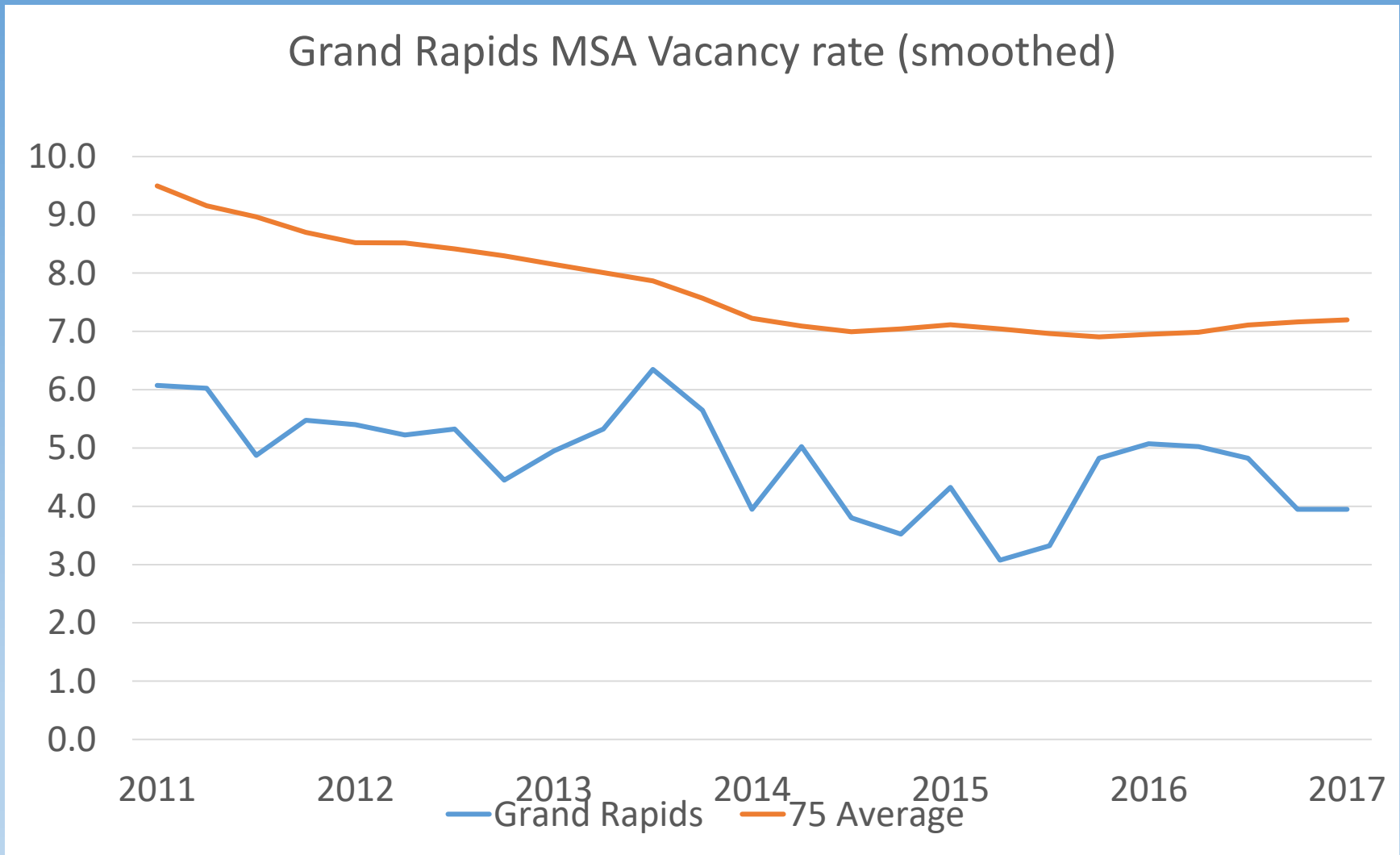
Source:
Seidman and Case
Schiller

NEW HOUSING



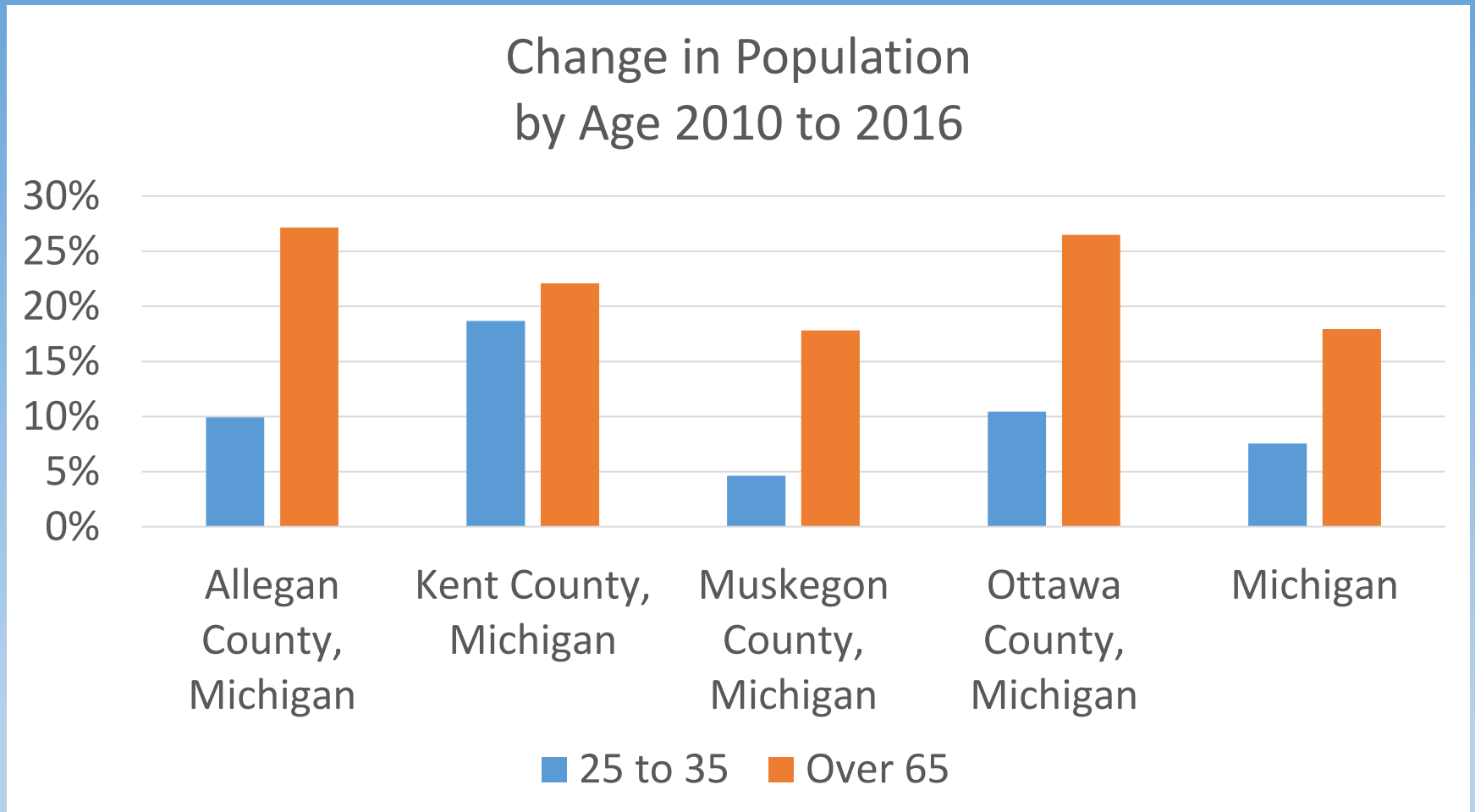
Source:
Census and Isely

VACANCY RATE



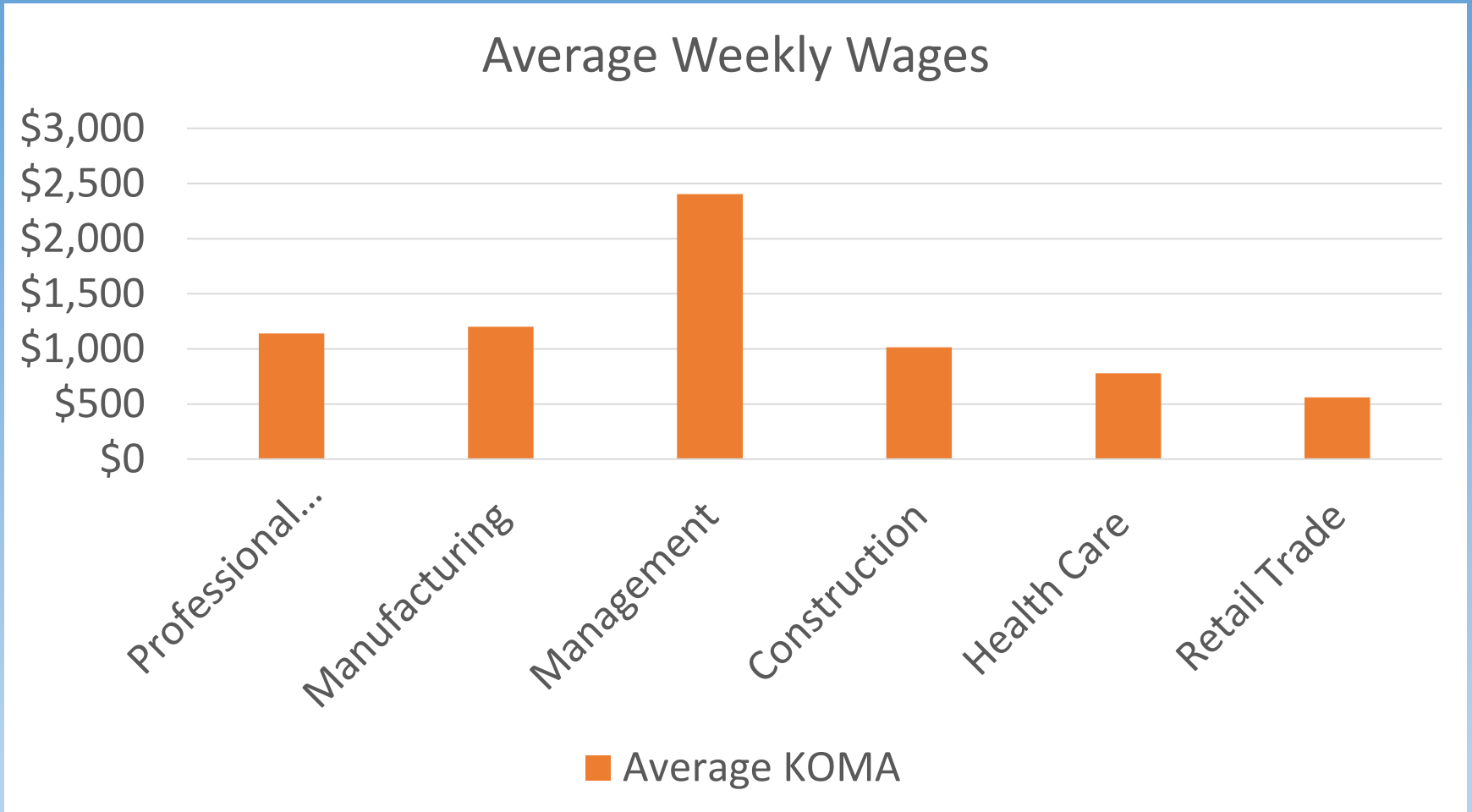
Source:
Census and Isely

Young Workers



Source: On The Map

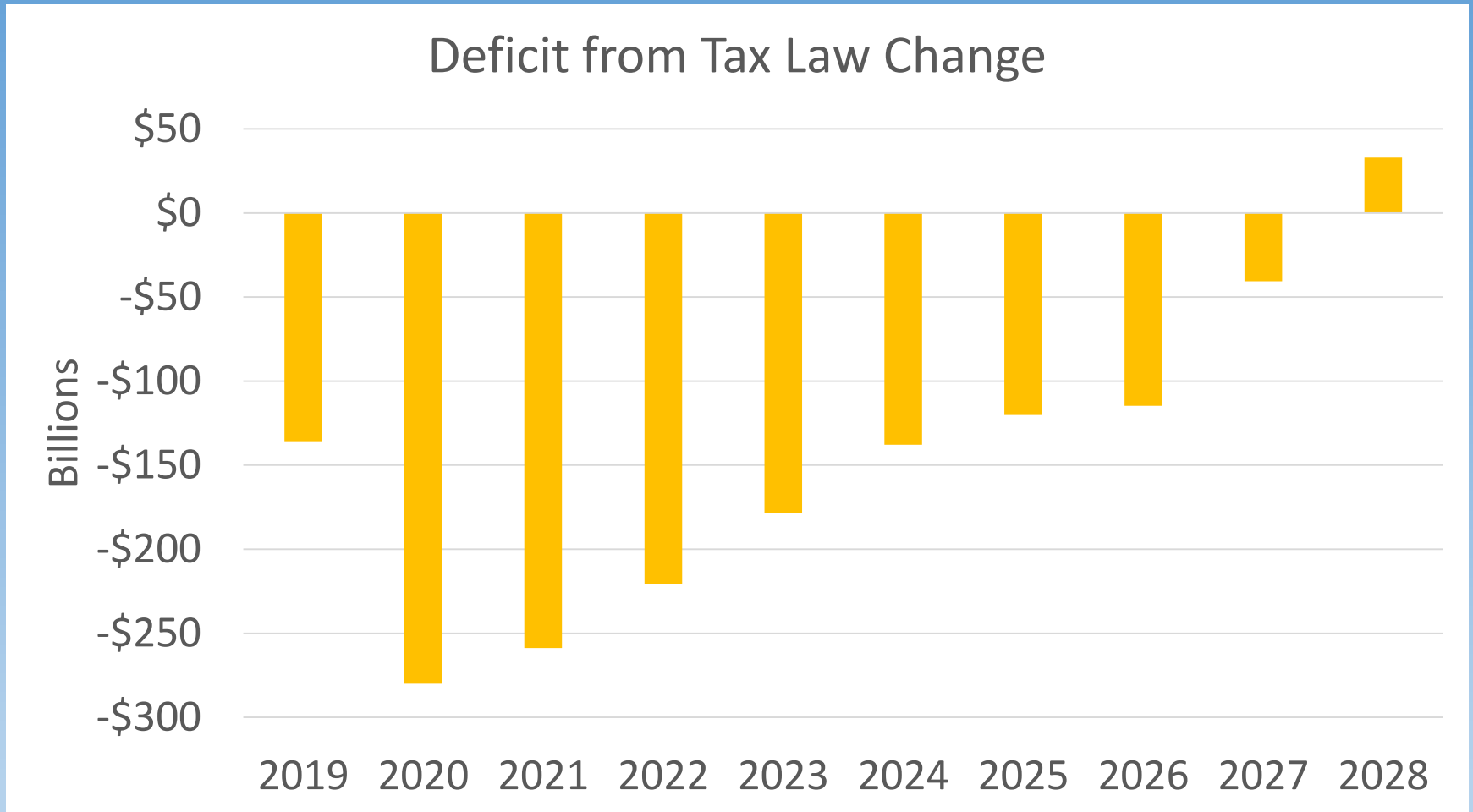
Wages



Source: BLS

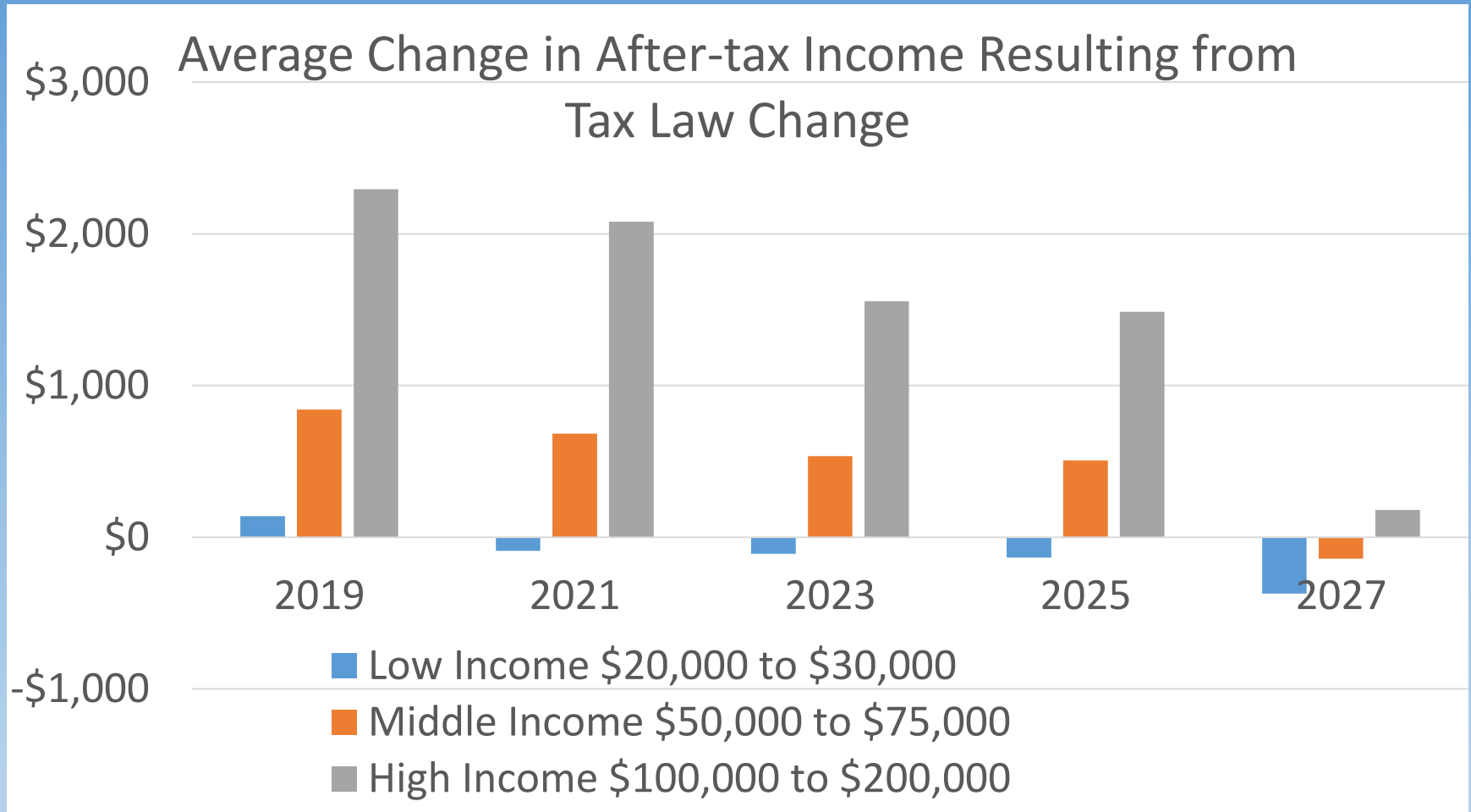
What are the important mile markers to watch?

THE NEW TAX LAW - STIMULUS



Source:
Joint Commission
on Taxation

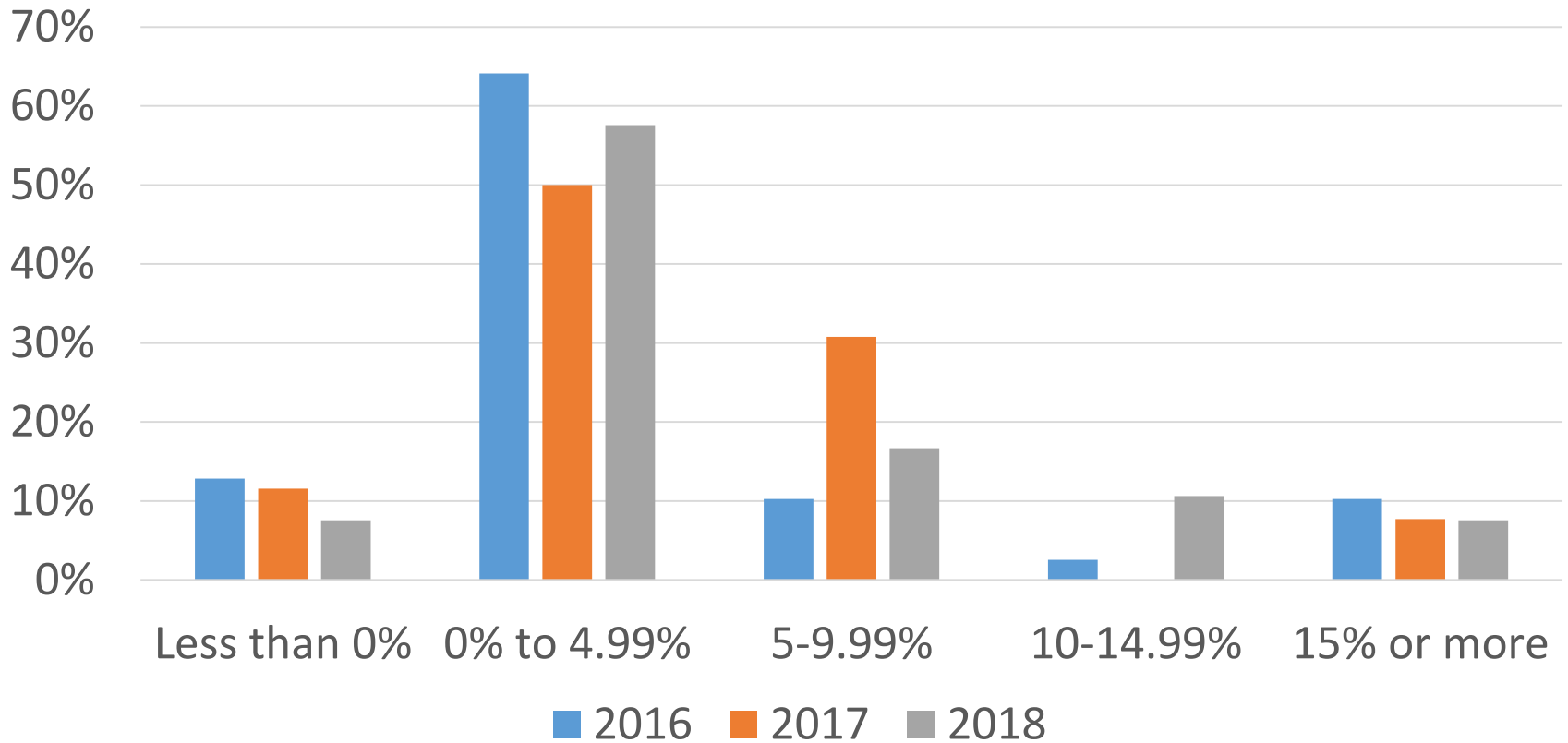
THE NEW TAX LAW - DISTRIBUTION



Source:
Joint Commission
on Taxation and
Isely

EXPORTS

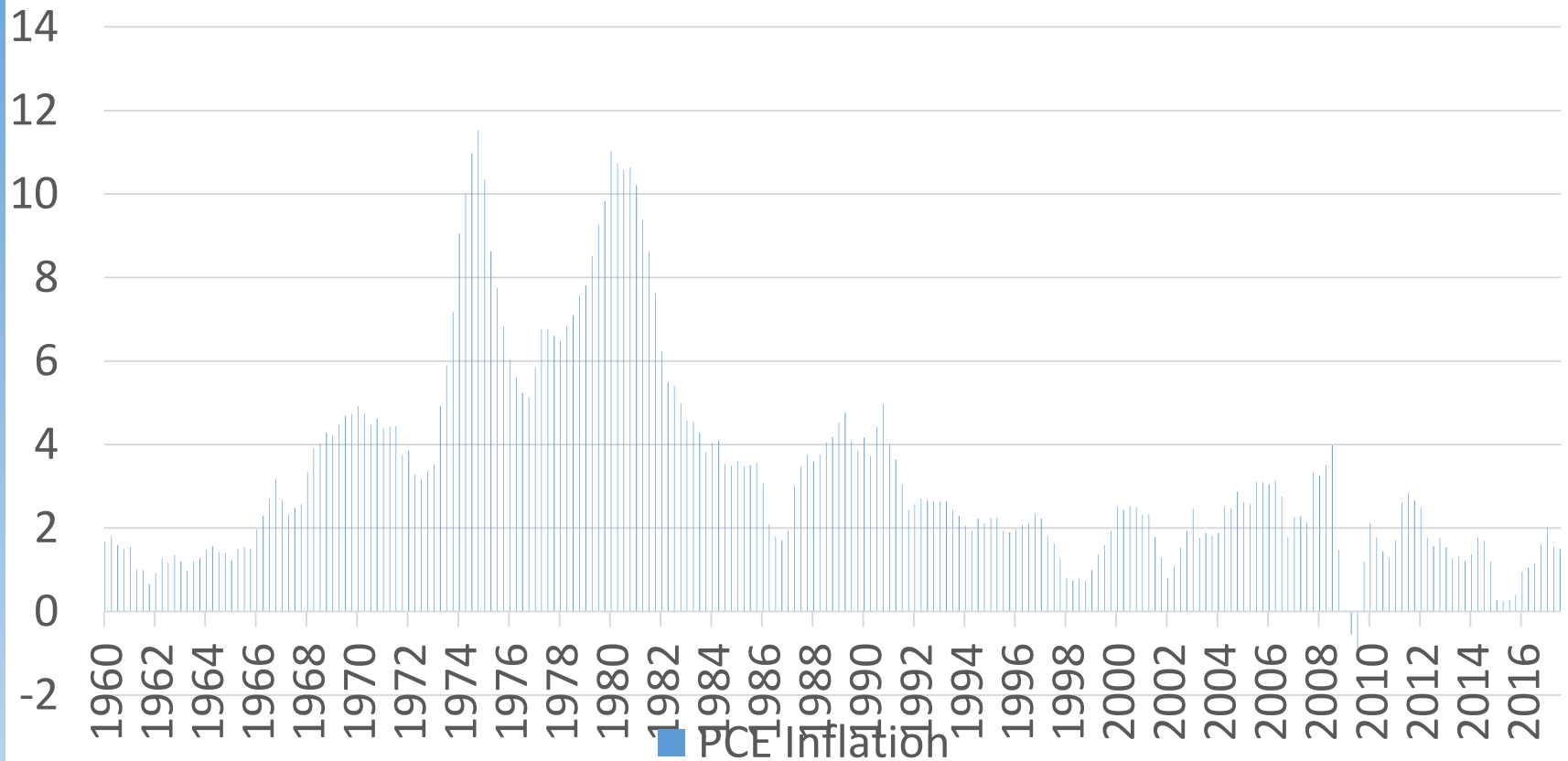
Respondents' Anticipated Change in Exports



Source:
Seidman

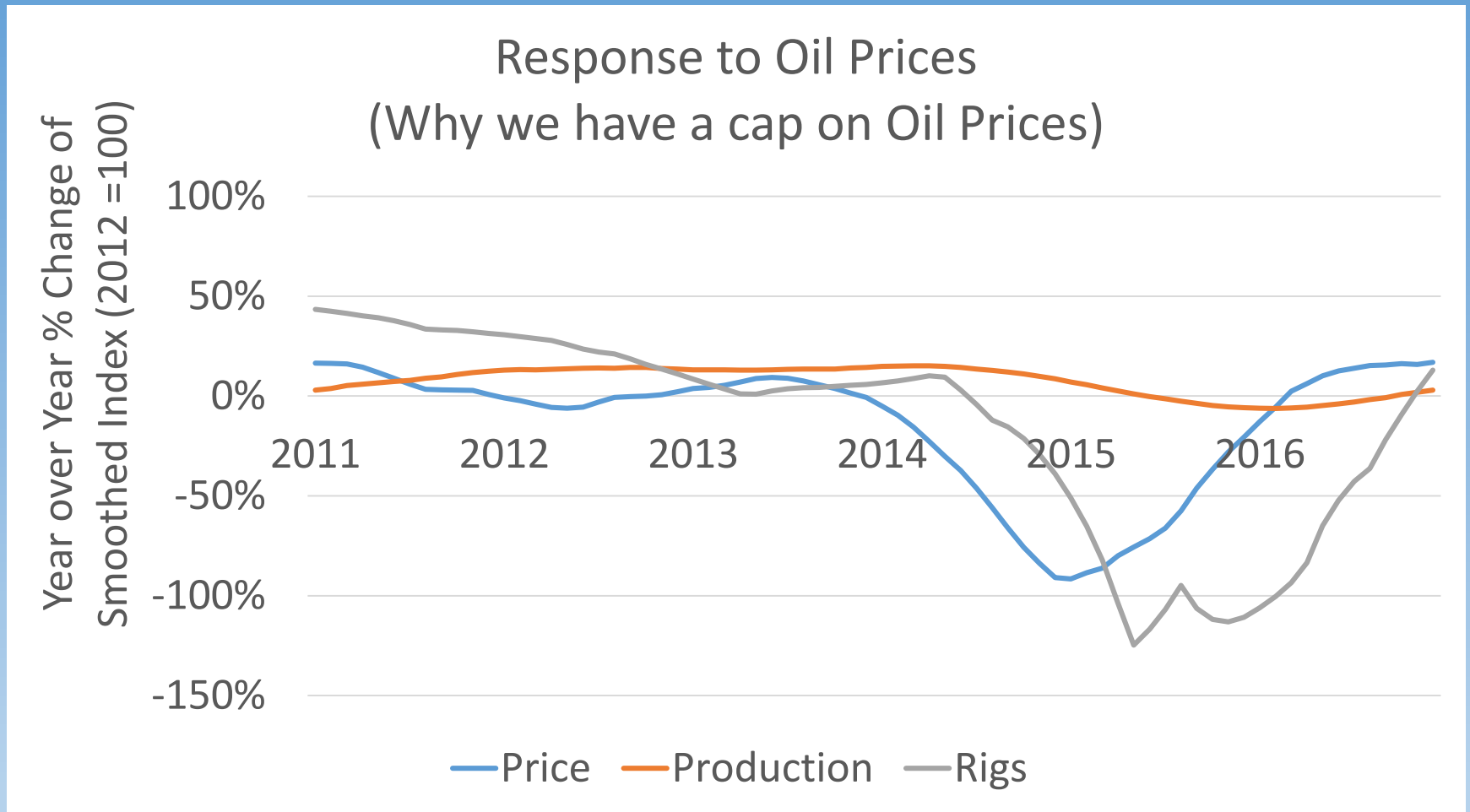
INFLATION

PCE Inflation



Source:
BEA and EIA

RESPONSES TO COMMODITY PRICES



Source:
Hughes Baker and
EIA



Preparing for the Rough Road Ahead

Prepare for:

- Tougher borrowing conditions
- Accelerating compensation
- Smaller, less qualified worker pools

Plan for

- Taking advantage of a short, shallow recession

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