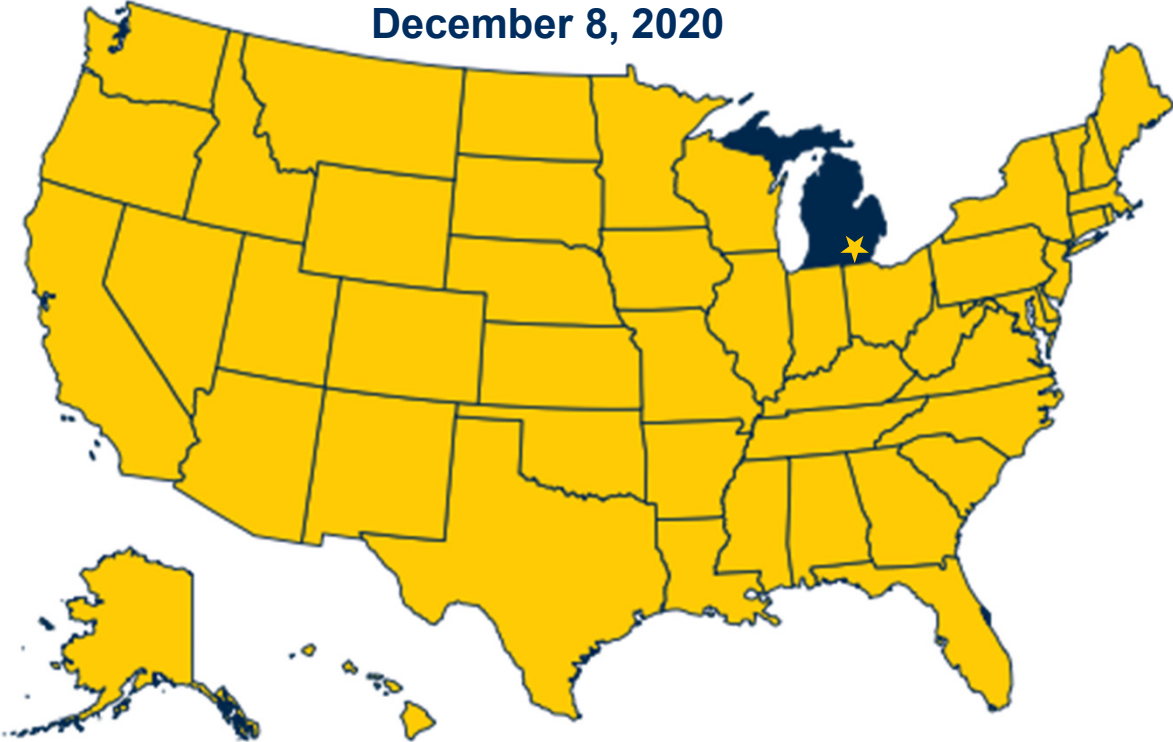


# The U.S. and Michigan Outlook for 2020–2022

Presented to the Michigan State University  
Legislative Leadership Program

December 8, 2020

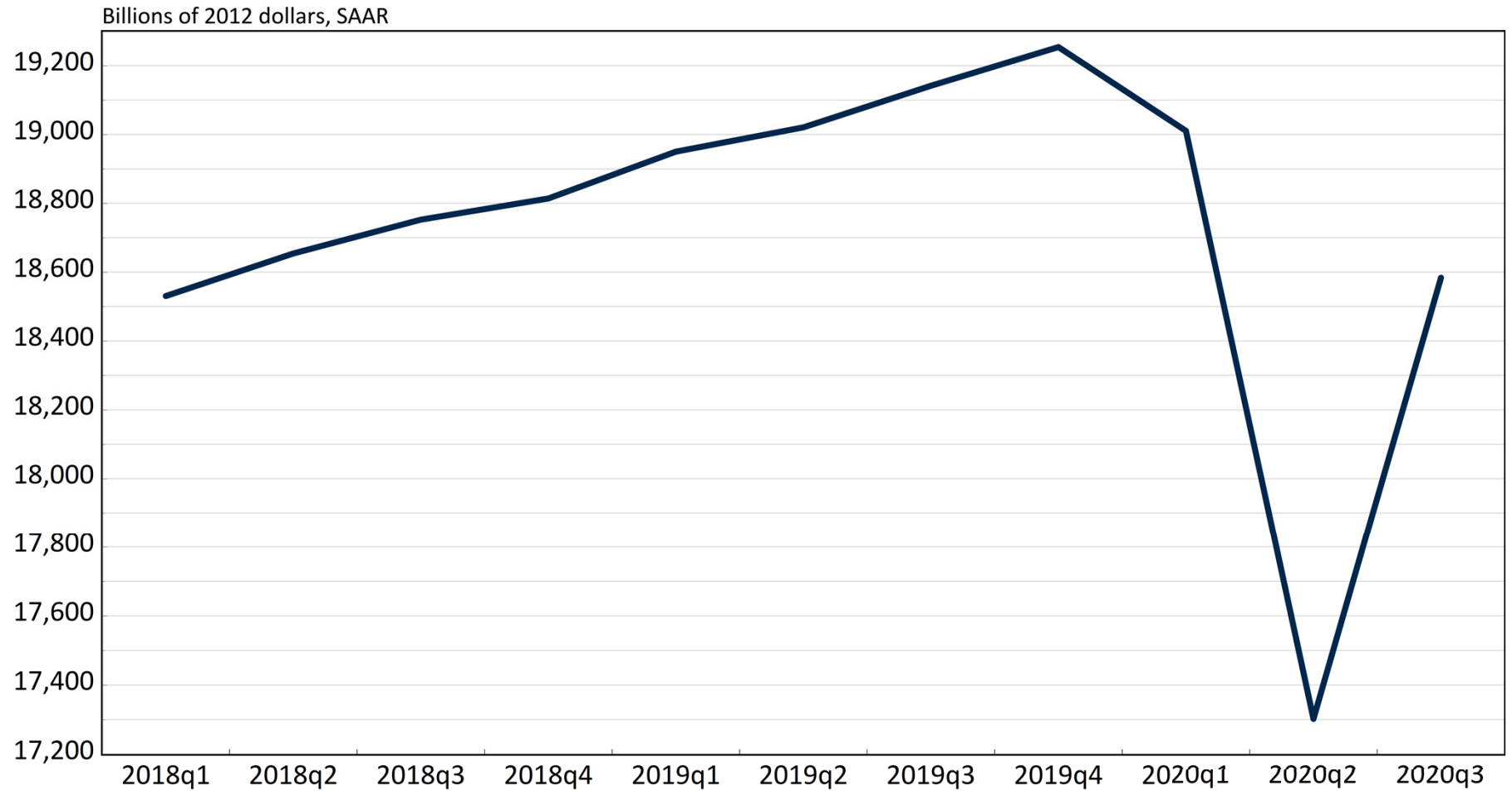


Research Seminar in Quantitative Economics



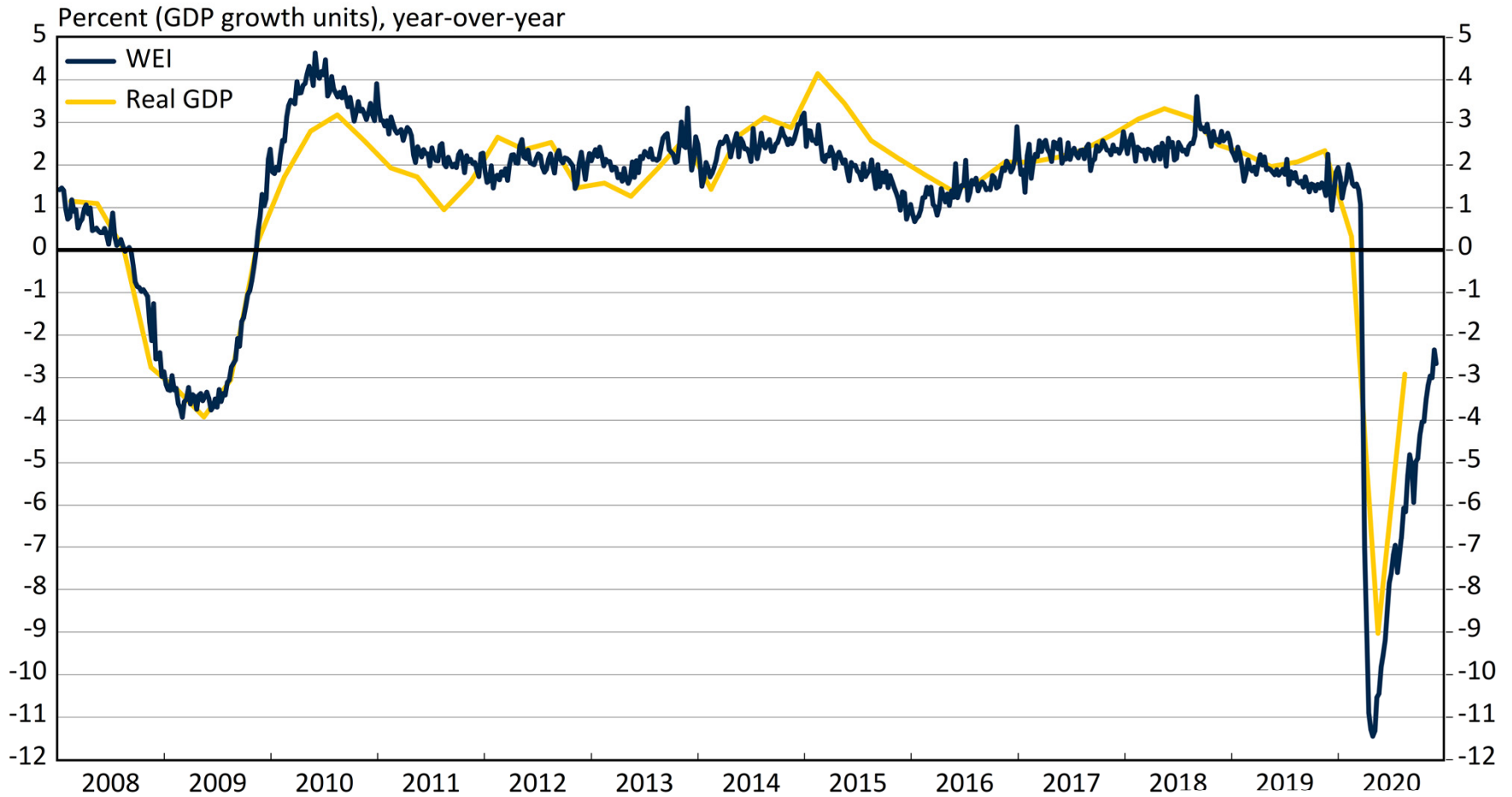
# Current State of the Economy

# Quarterly U.S. Real GDP

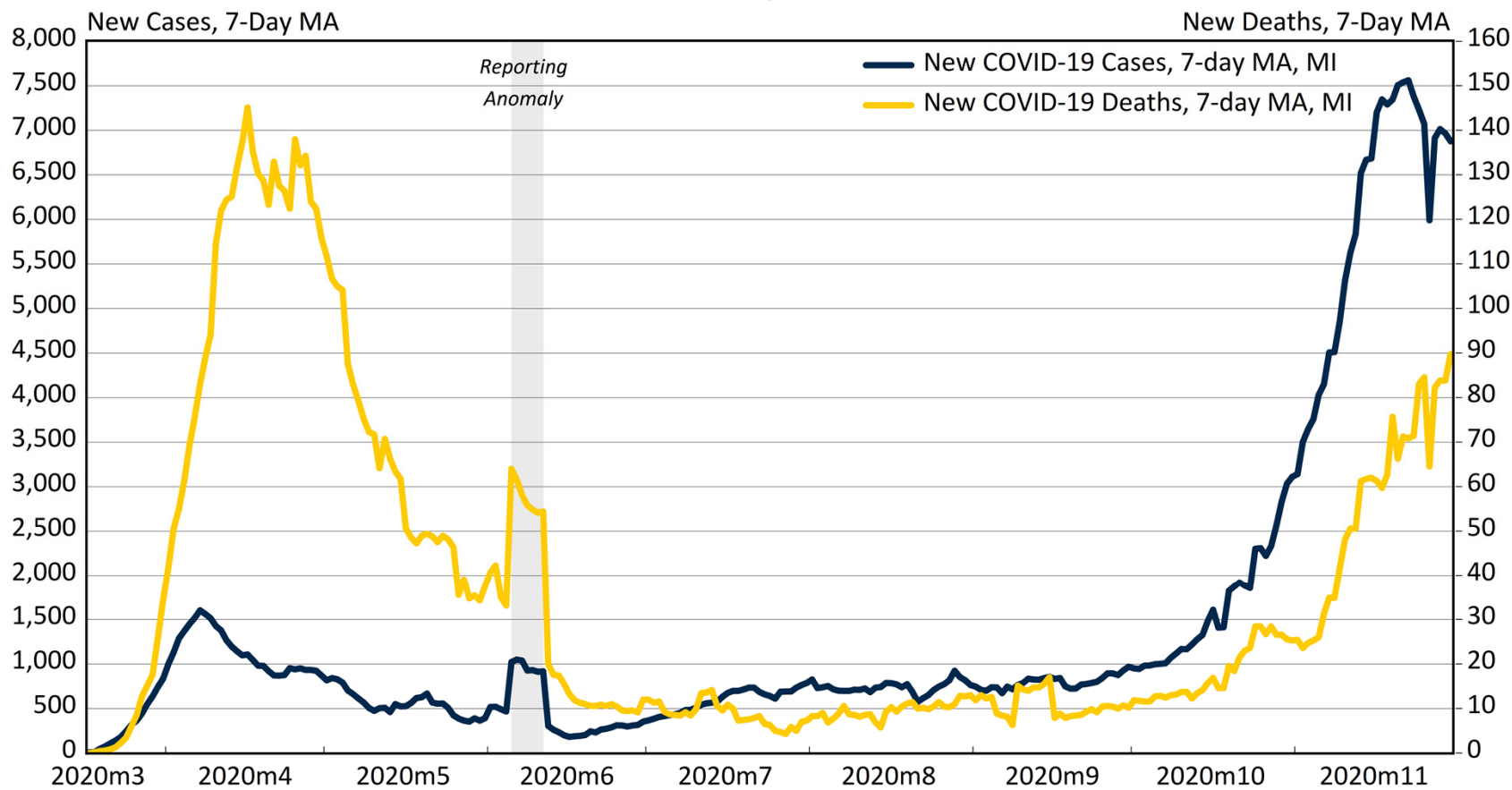


RSQE: December 2020

# Weekly Economic Index (Lewis-Mertens-Stock)



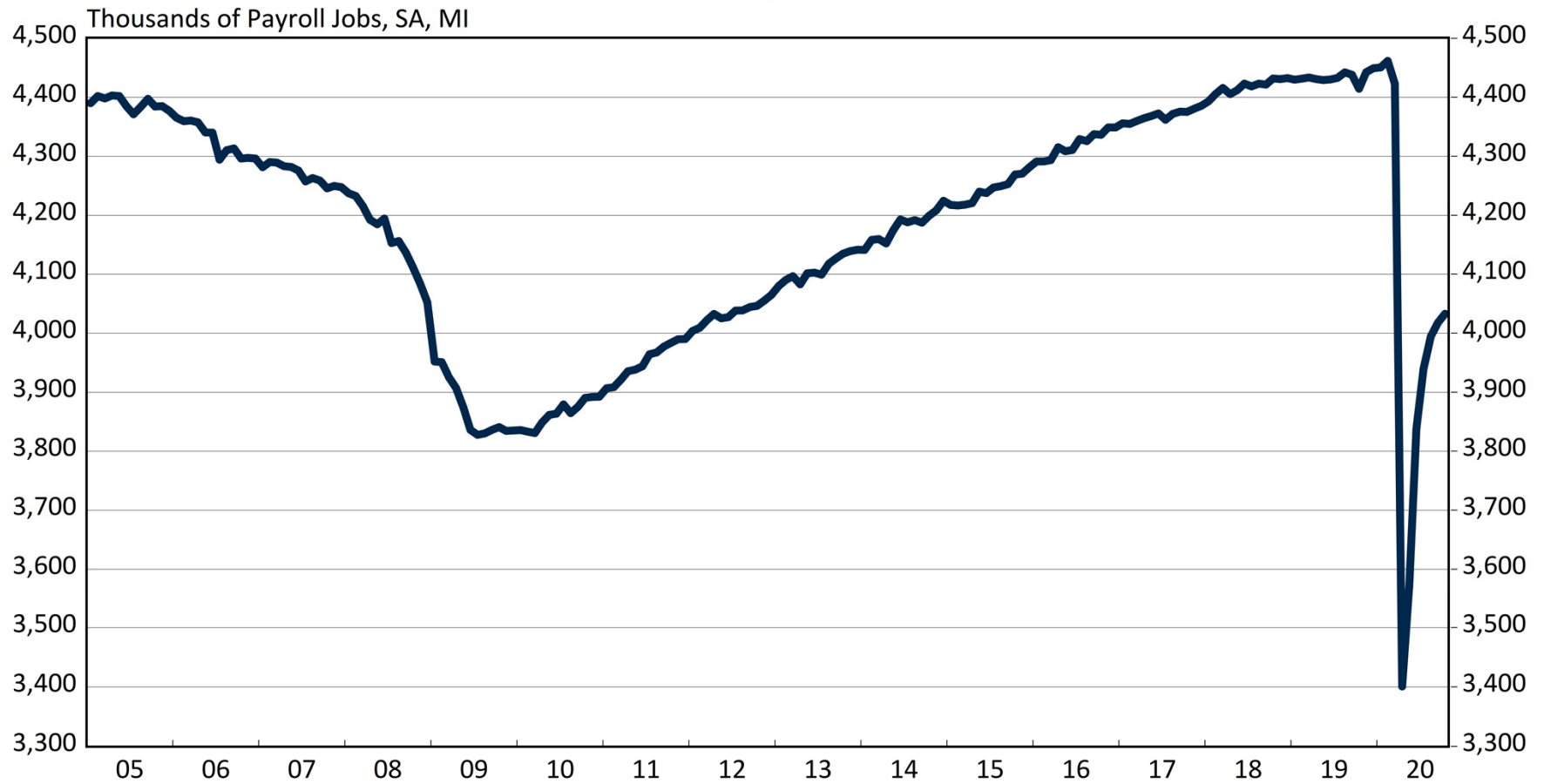
# The Second Wave is Here in Michigan



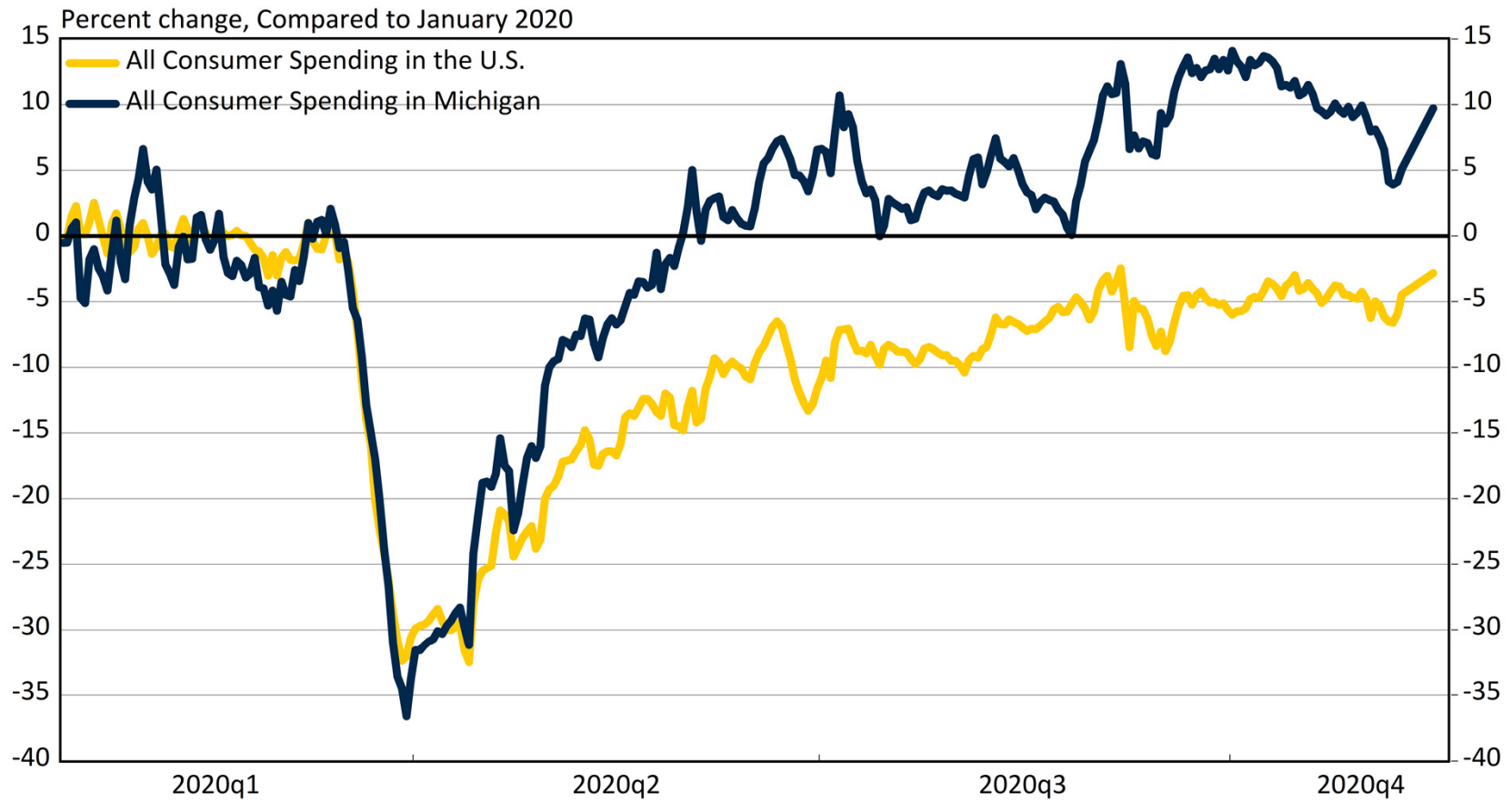
Source: New York Times

RSQE: December 2020

# Climbing Out of a Deep Jobs Hole in Michigan



# Consumer Spending Strong in Michigan



Source: Affinity Solutions via Opportunity Insights

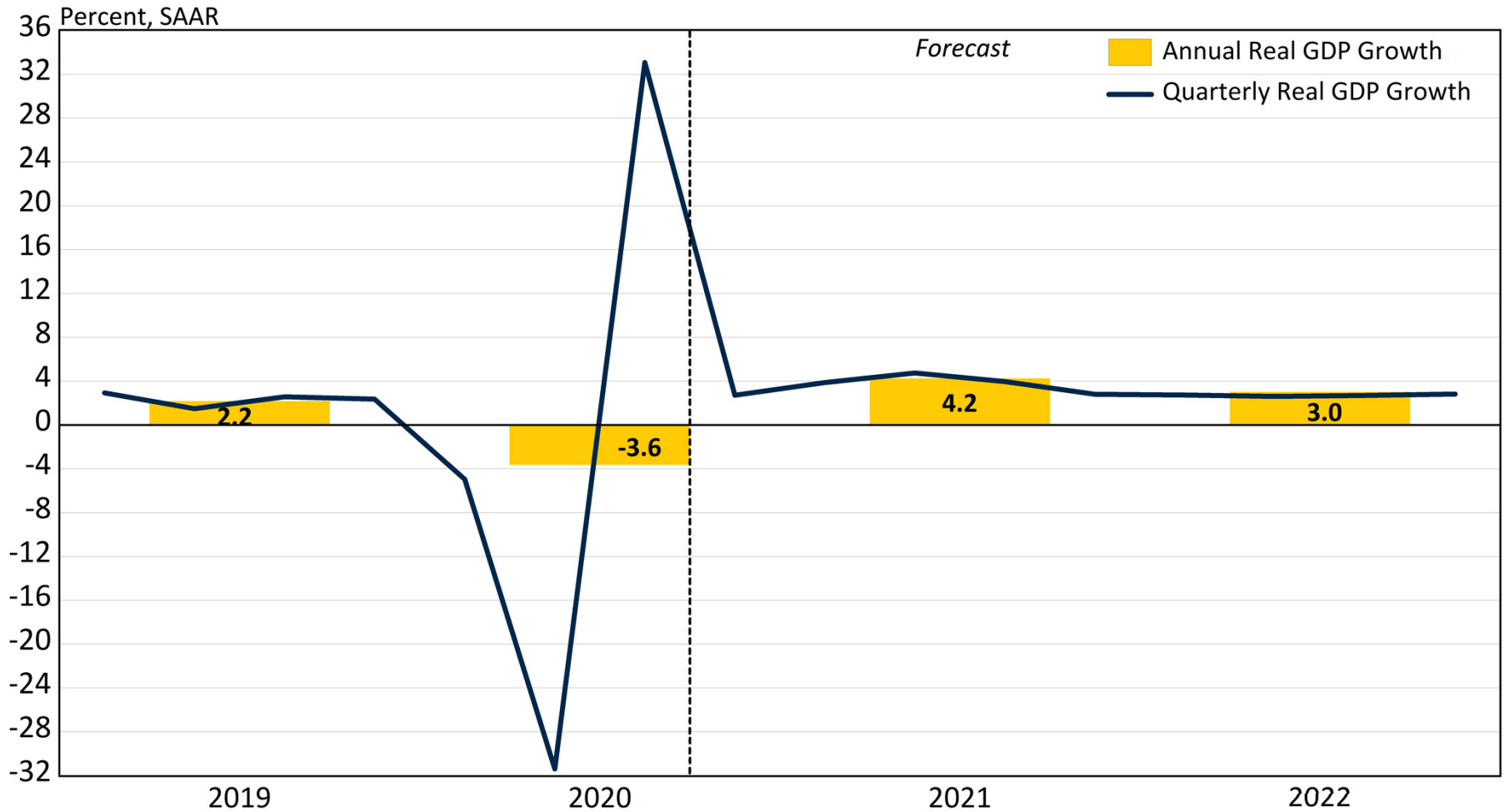
# The Economic Outlook



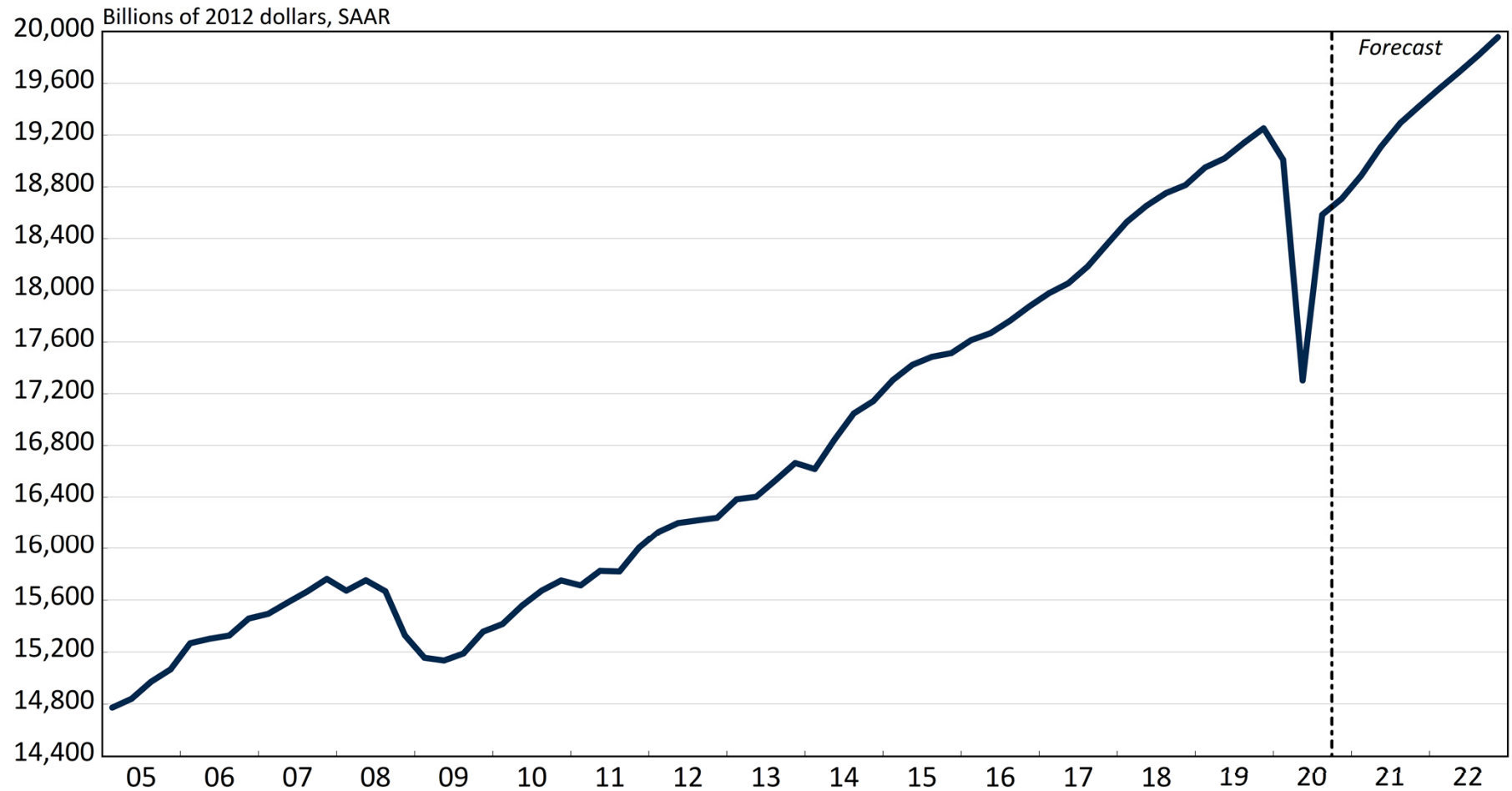
## Fiscal Policy

- 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

# Real GDP Growth

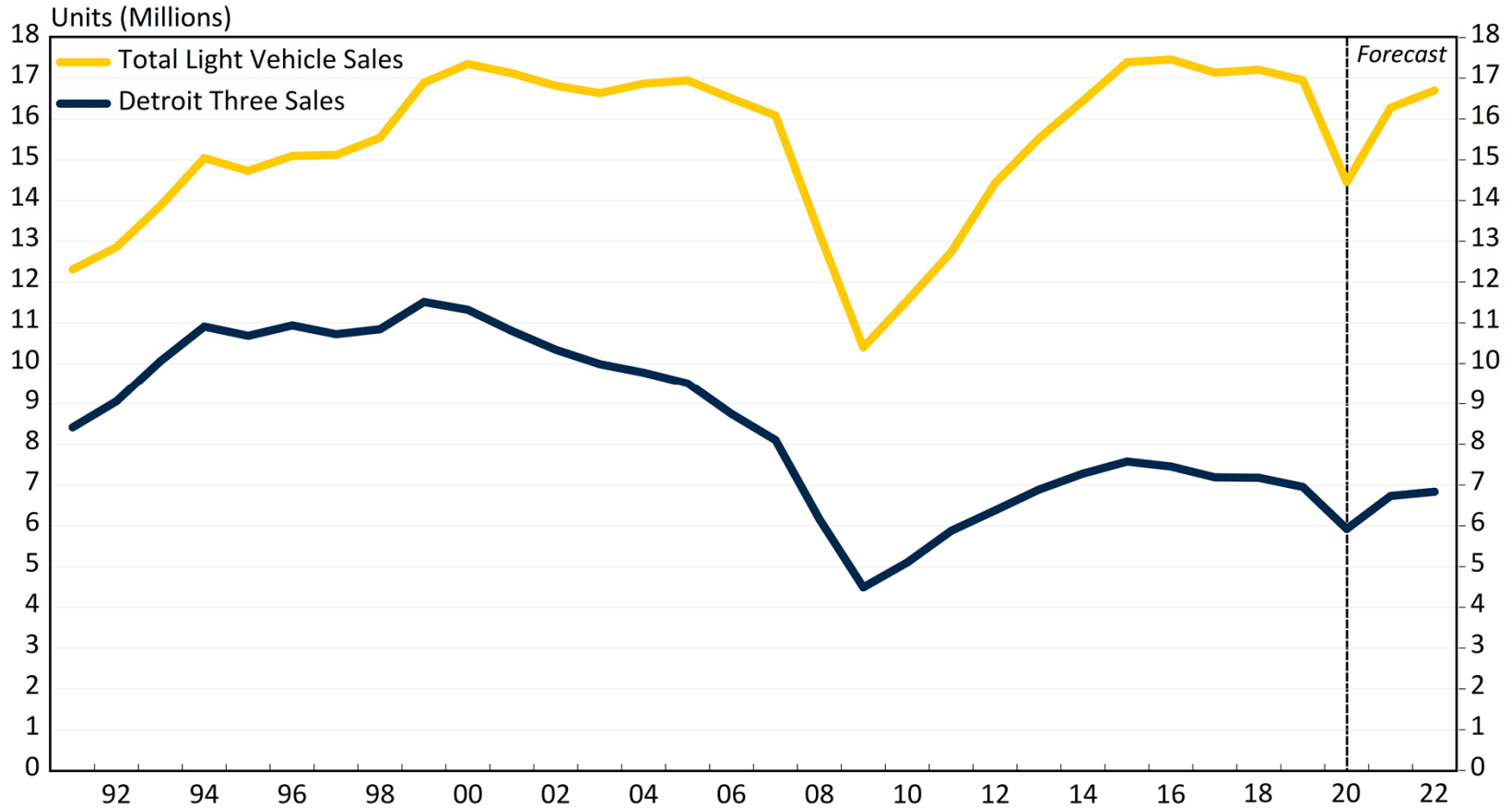


# Quarterly U.S. Real GDP



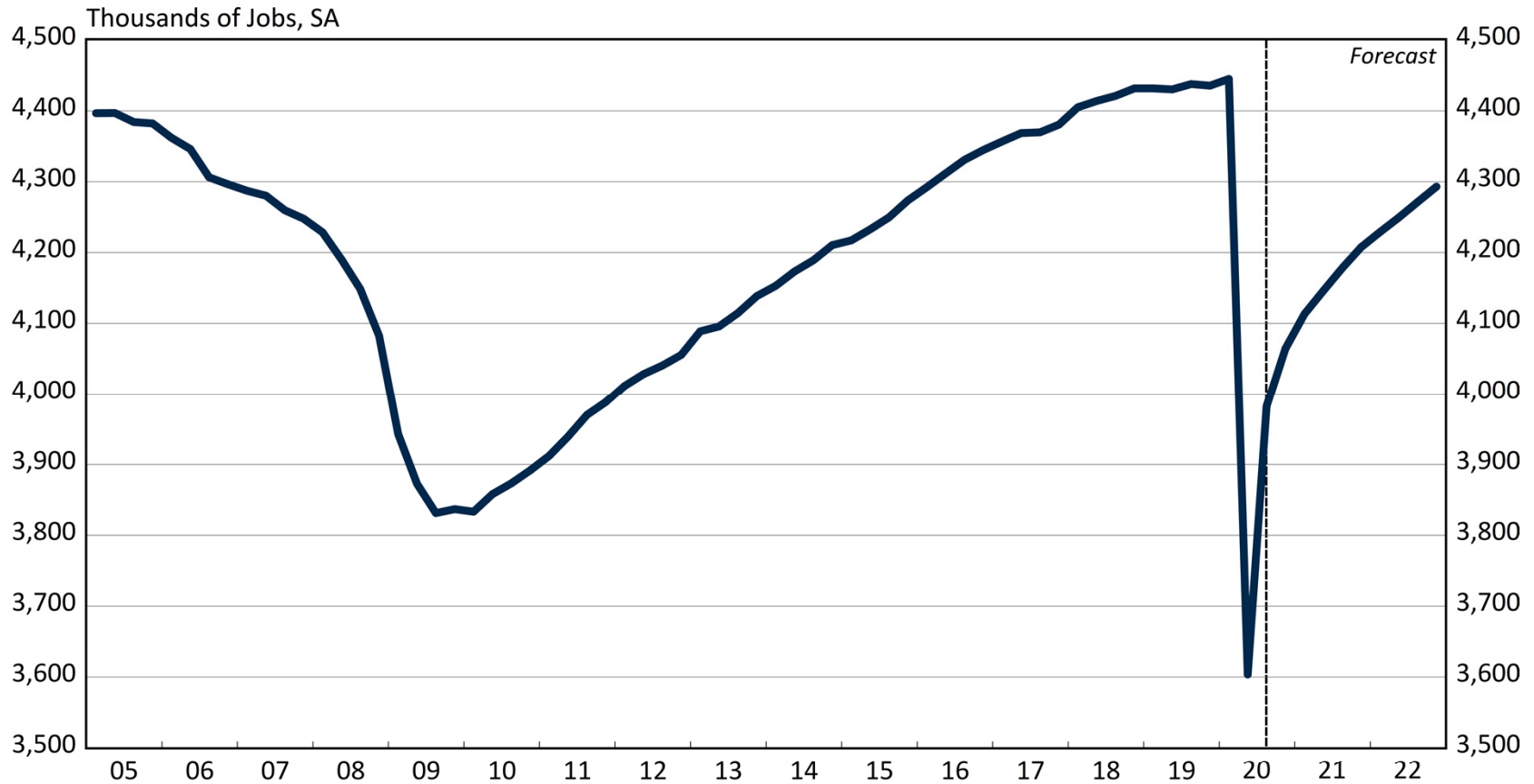
RSQE: December 2020

# Annual Light Vehicle Sales: Not the Great Recession



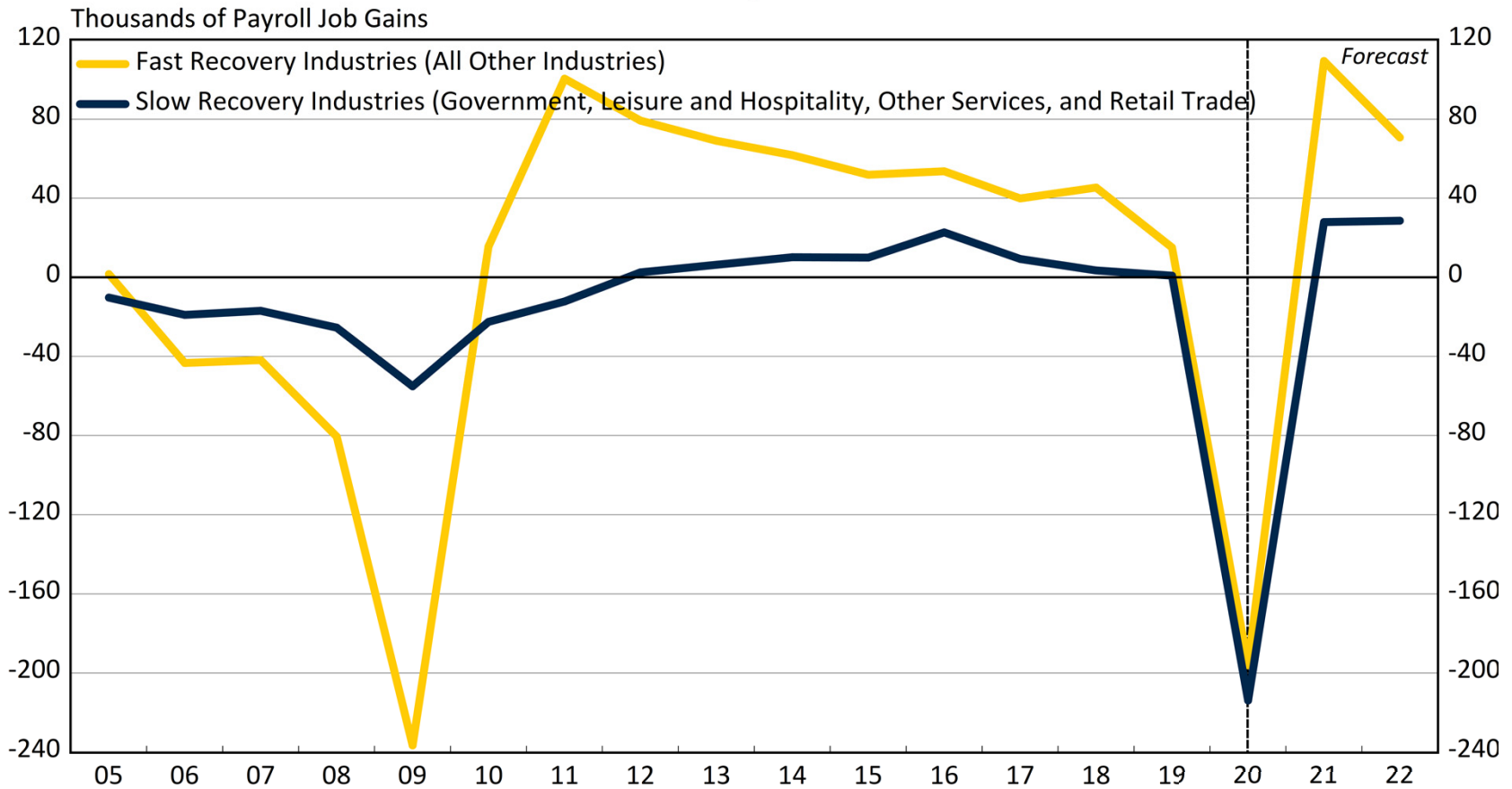
RSQE: December 2020

# Quarterly Michigan Payroll Employment: Recovery Continues at a Slower Pace



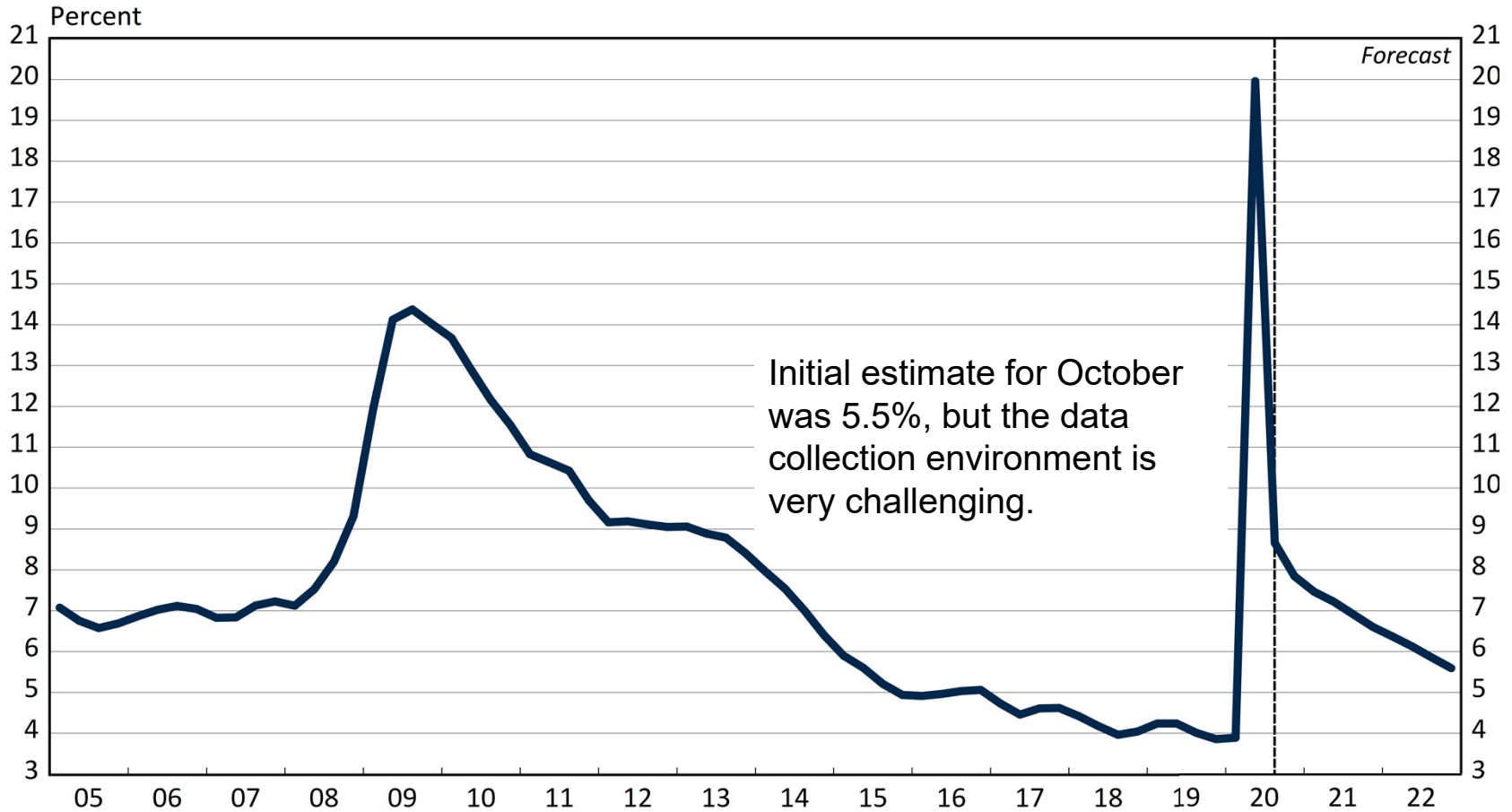
RSQE: December 2020

# Annual Job Growth in Michigan: Two-track Recovery



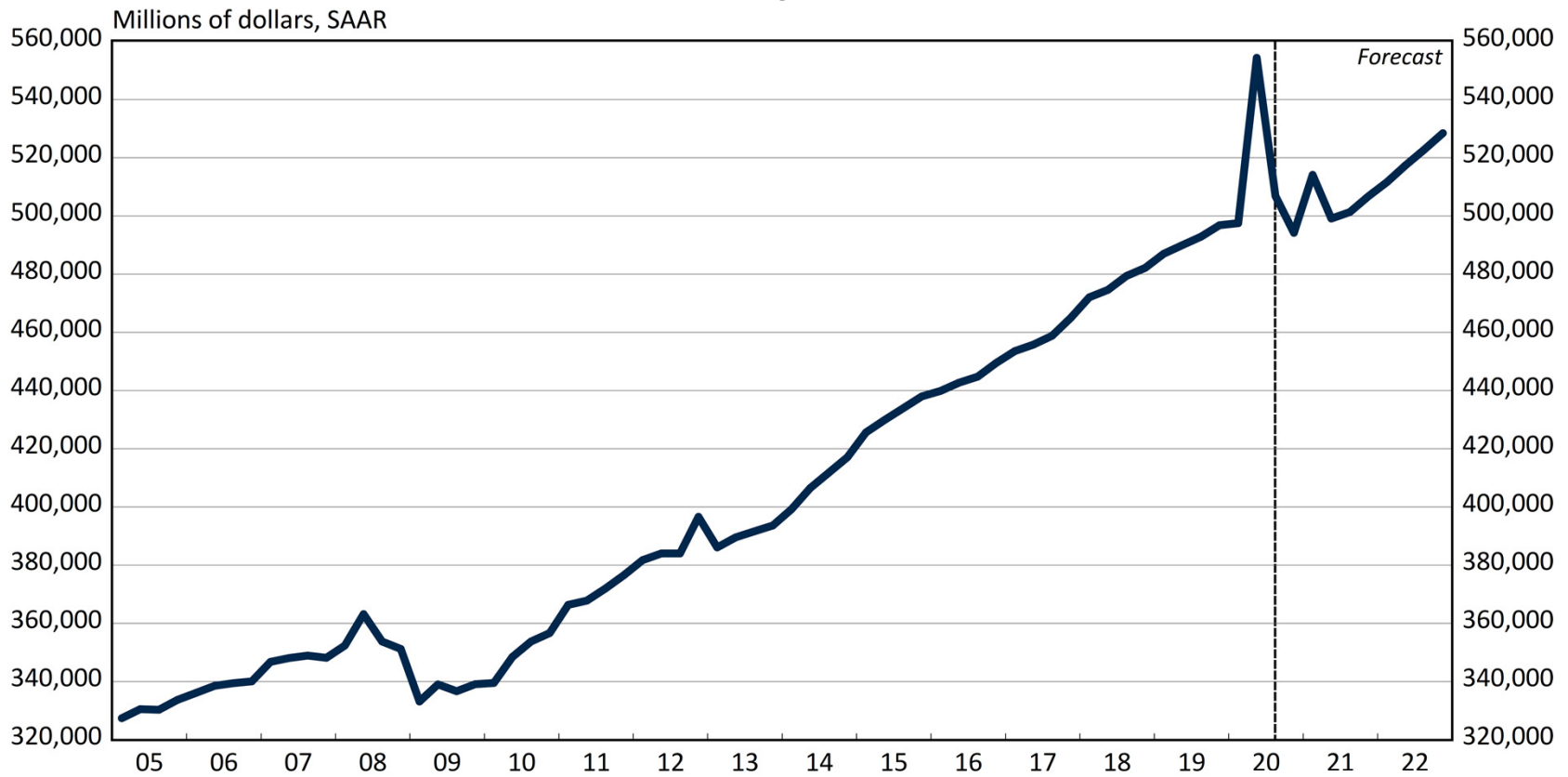
RSQE: December 2020

# Quarterly Michigan Unemployment Rate



Initial estimate for October was 5.5%, but the data collection environment is very challenging.

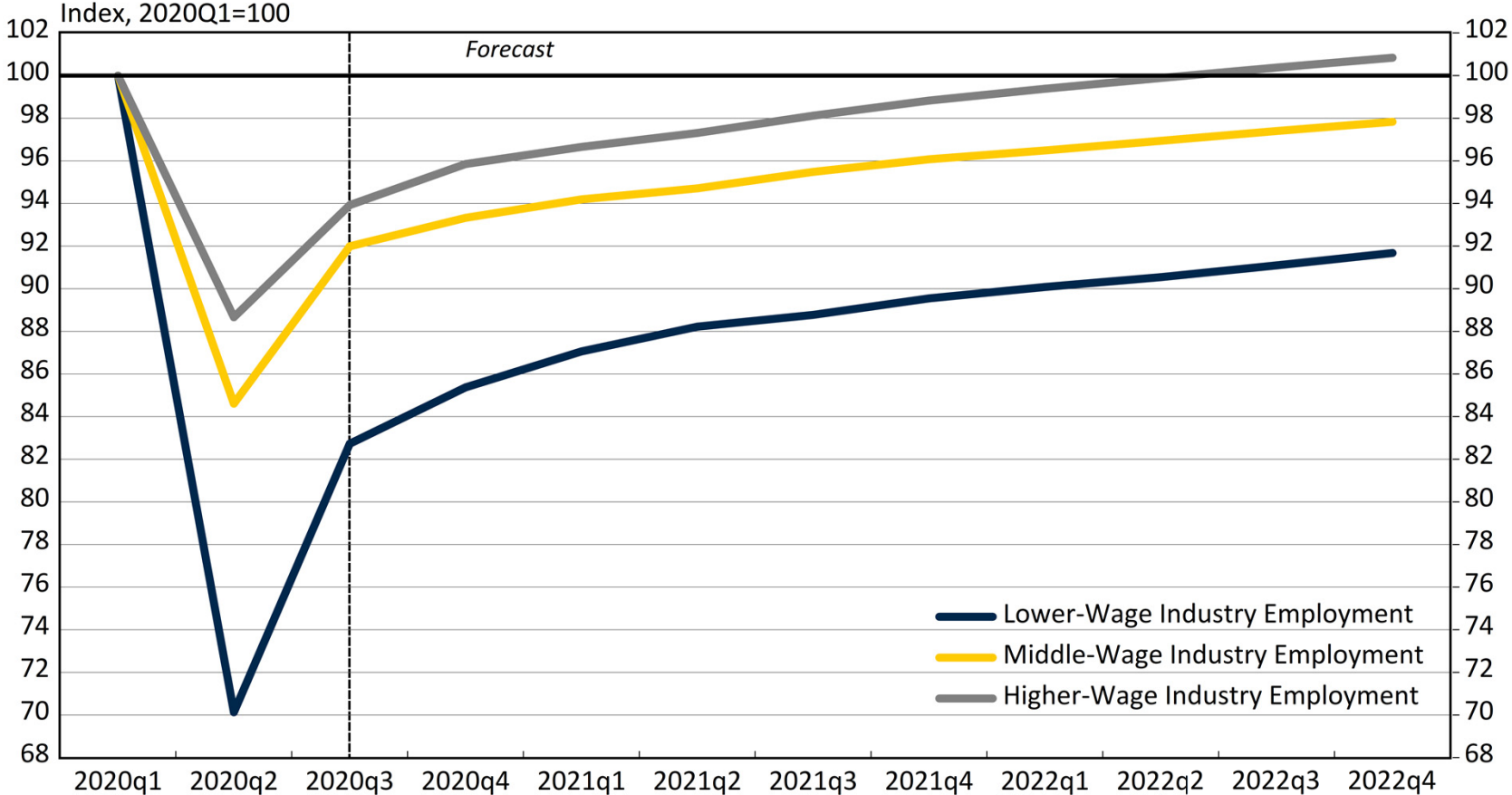
# Quarterly Michigan Personal Income: Stimulus Cushioned Income Losses



RSQE: December 2020



# Michigan Employment by Industry Wage Level: Inequality on the Rise



RSQE: December 2020



[lsa.umich.edu/econ/rsqe](https://lsa.umich.edu/econ/rsqe)