

## 2020 Economic Forecast Breakfast Recap

Presented by Dr. Paul Isley, Associate Dean of the Seidman College of Business at GVSU

Each February, The Chamber hosts an Economic Forecast Breakfast featuring Dr. Paul Isely from GVSU. Dr. Isely focused on what's been going on in Northwest Ottawa County, and shared what we should expect going into 2020. Dr. Isely shared his expectations in an easy to follow format, followed by a question and answer period.

To summarize what has occurred during 2019, we saw a limited recession which affected primarily manufacturing and transportation. In addition to doing regional research, Dr. Isely also met with two focus groups here at The Chamber to dive a little deeper into our economy here. He met with a group of customer facing businesses, as well as a group of manufacturers. These interactions helped reinforce the unique economy here.

West Michigan has been seeing several trends indicating that a mild recession was upon us. The PMI has decreased fairly steadily over the past year, hours worked in manufacturing has slowed as well (down 5% in Michigan). This means less over time and less disposable income for consumers. We saw the growth in wages crest, while sales expectations are weakening. Fewer workers are needed, and we saw a slow in corporate profits. West Michigan confidence has crested. West Michigan is still happy, just not as happy.

On the other hand, trade expectations are increasing, and larger firms are growing faster than smaller ones. Northwest Ottawa County relies on older and larger firms. But growth is heavily dependent upon the availability of workers and there are too few workers to support strong growth. In Ottawa County, our workforce size has decreased due to retirement. However, in Northwest Ottawa County we import many of our manufacturing and agricultural workers, while we export many of our retail and healthcare workers to other communities.

Bottom line is that during 2020, we could continue to see the same slowdown trend that we saw in 2019. Not to worry though, the slowdown should not be anything like we saw in 2008-2009. Advice for transaction workers (non-customer facing): look at increasing your skill base as technology advances to avoid job loss. Companies will need to do more with less, and that means adding additional technology to do transactional functions.

To view Dr. Isely's presentation go to: <https://vimeo.com/391032898>