

NW Ottawa Economy

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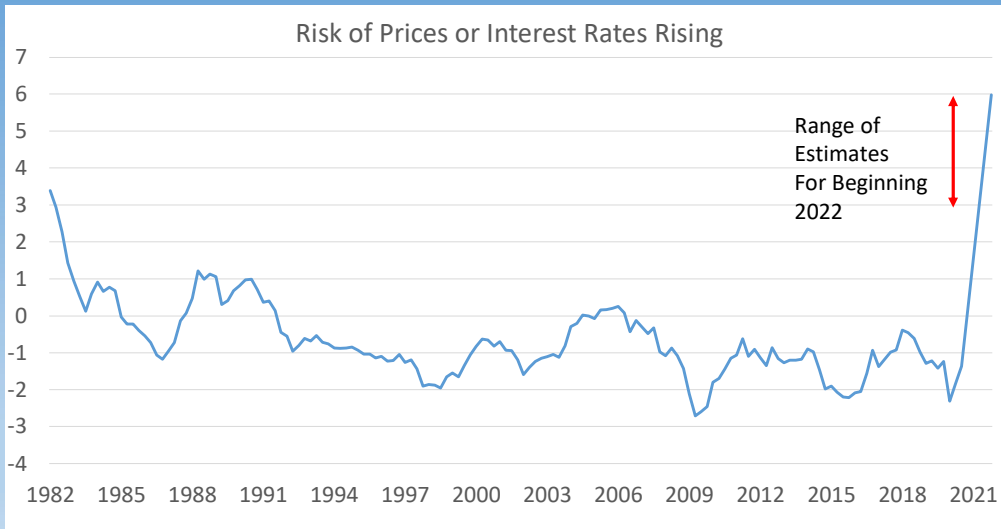
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How accurate have we been?



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How Did I Do Last Year - Inflation?



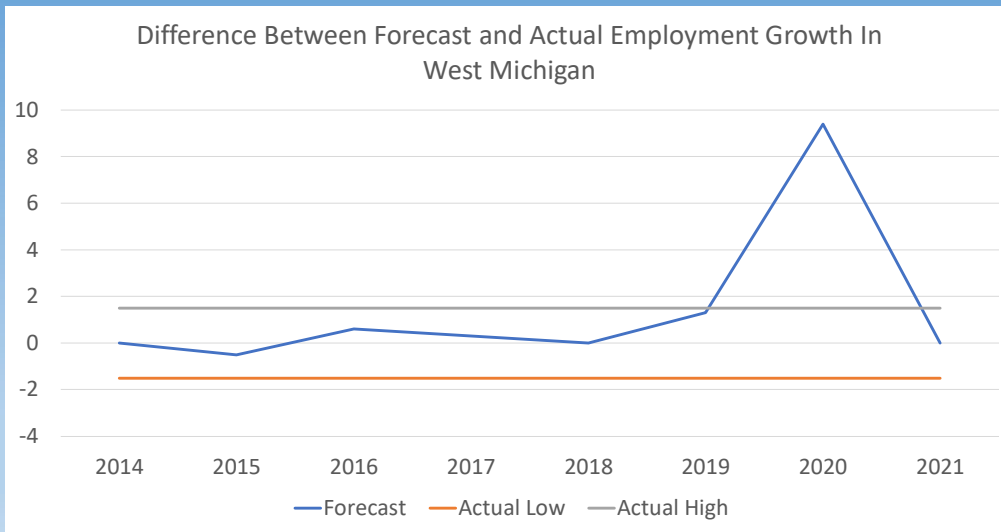
Actual:
PCE Inflation 5-6%
CPI Inflation 6-7%

Source: Isely Calculation



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How Did We Do Last Year - Employment



Source: BLS and Isely calculations



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The Economy Accelerated Out Of The
Deep Hole It Fell Into During 2021

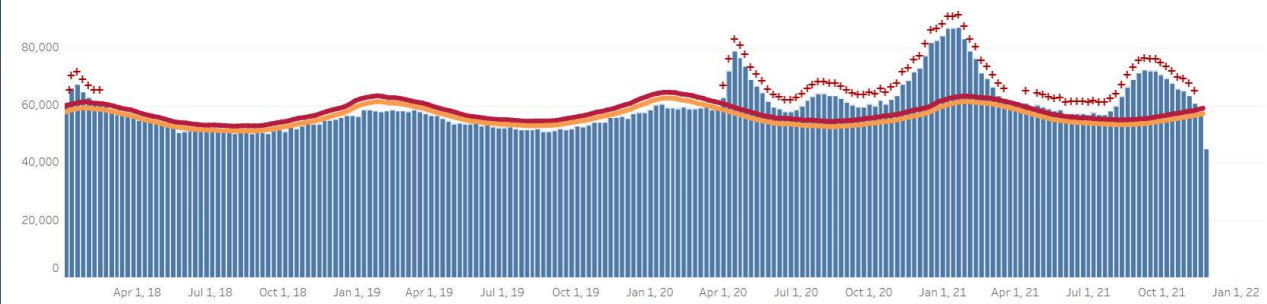
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Still A Virus and Public Health
Response Not a Broken Economy

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The Pandemic

Weekly number of deaths (from all causes)



Source: CDC

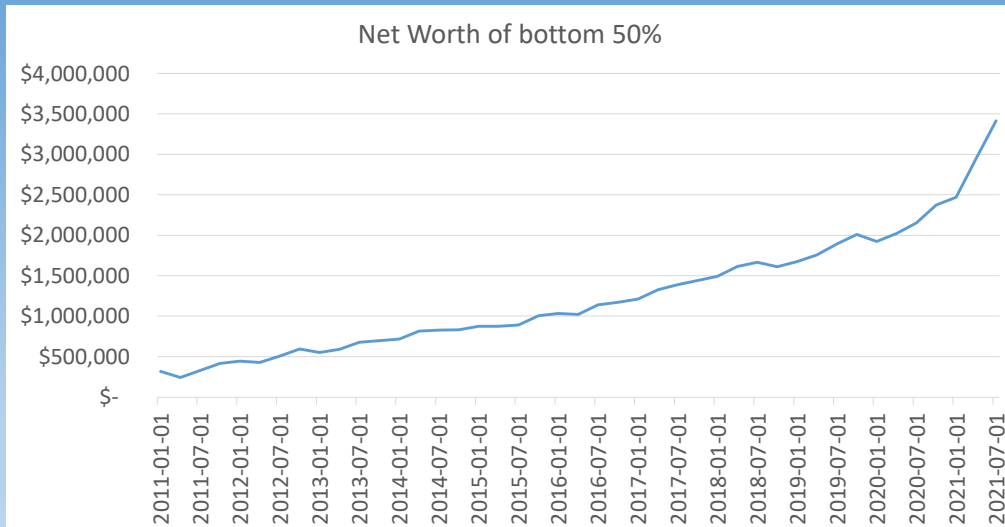


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Massive Government Stimulus

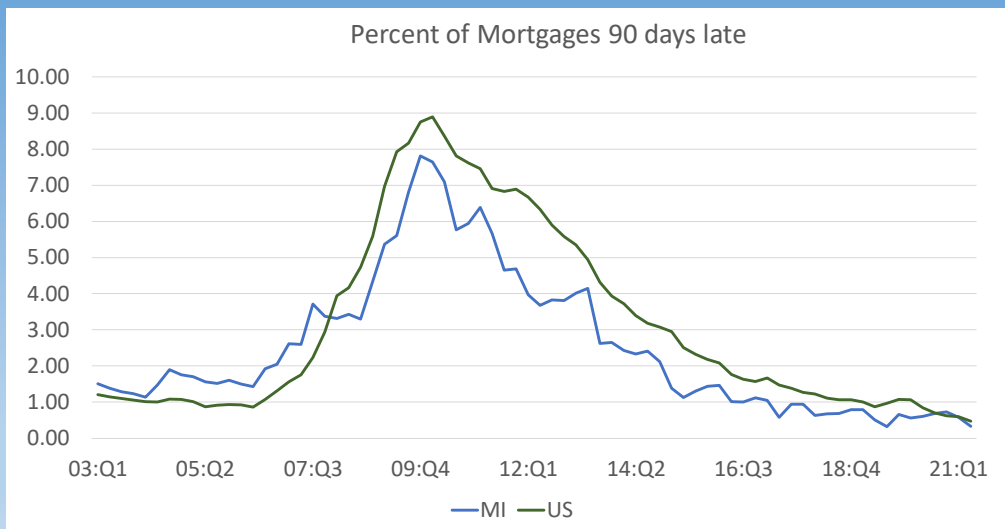
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Even Those With Less Have More



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Not 2008



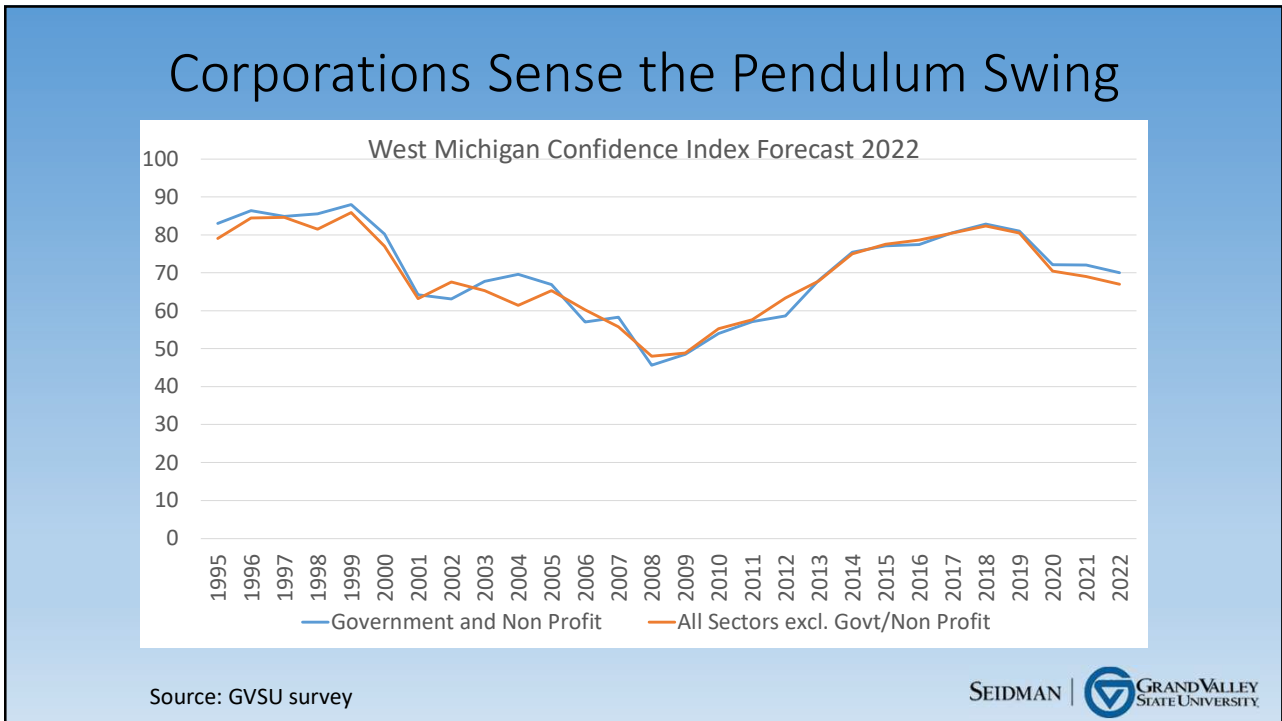
Source: Consumer Credit Panel

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But.....



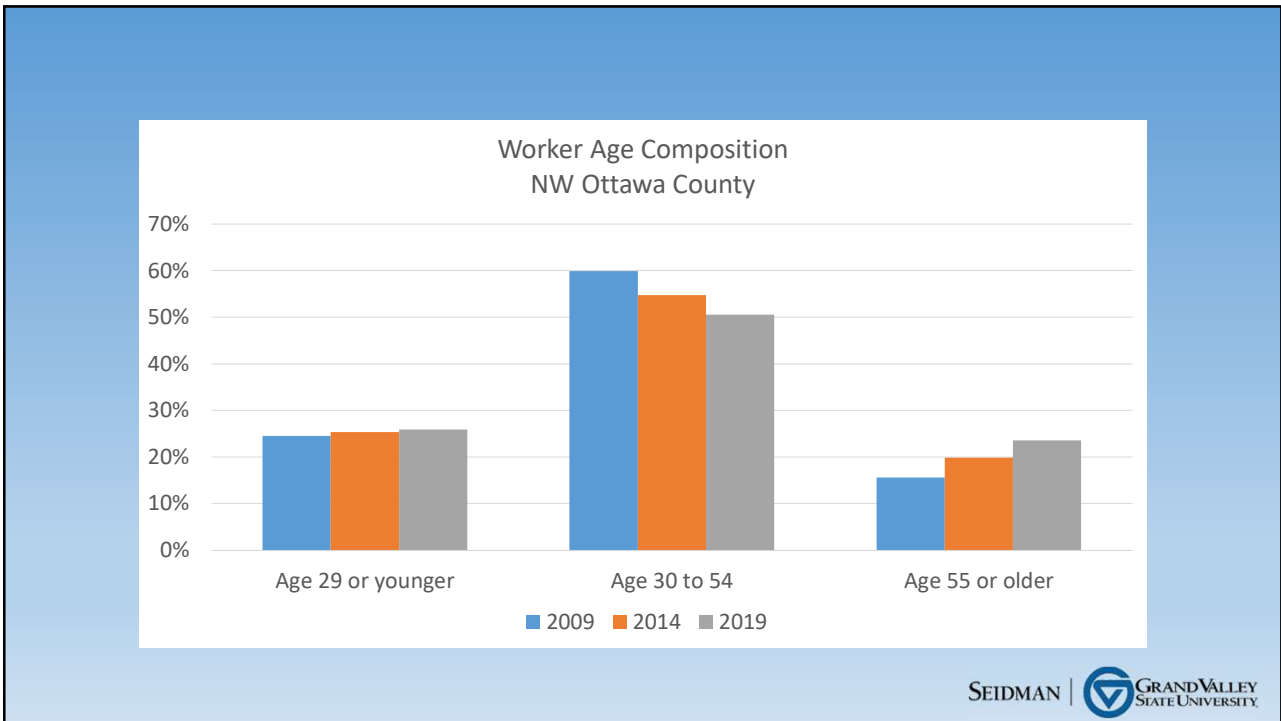
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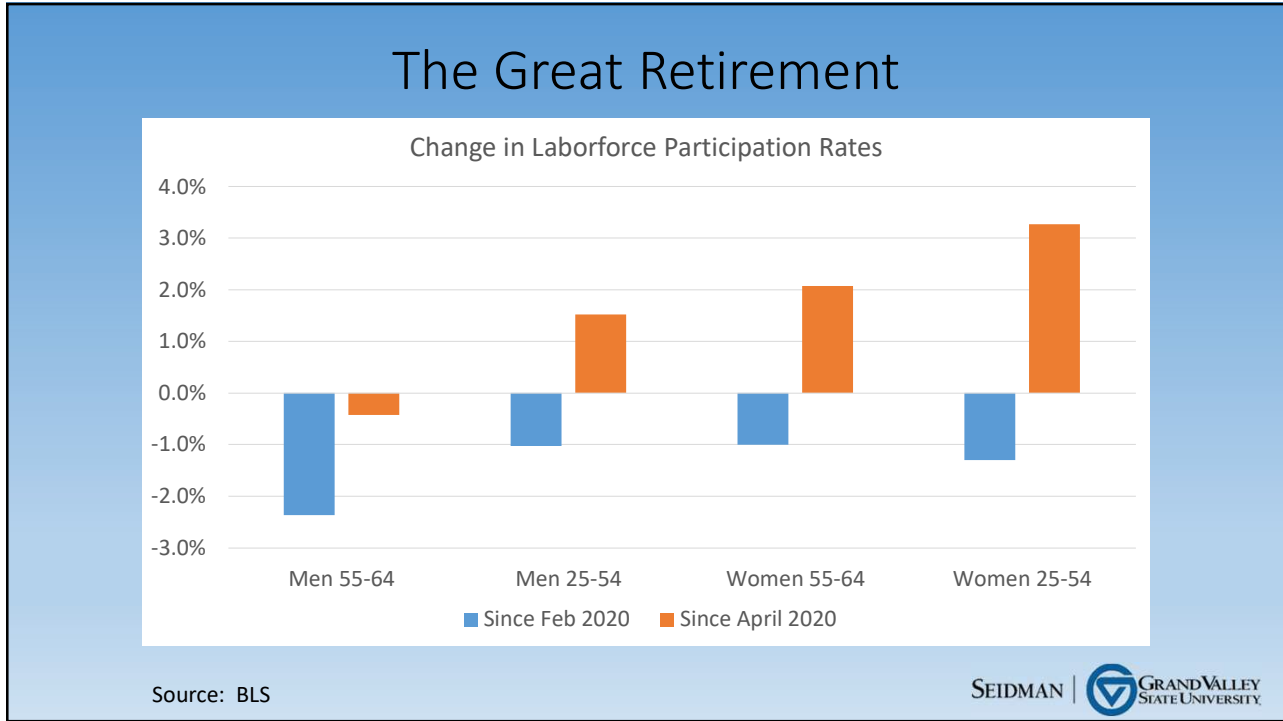
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Employment

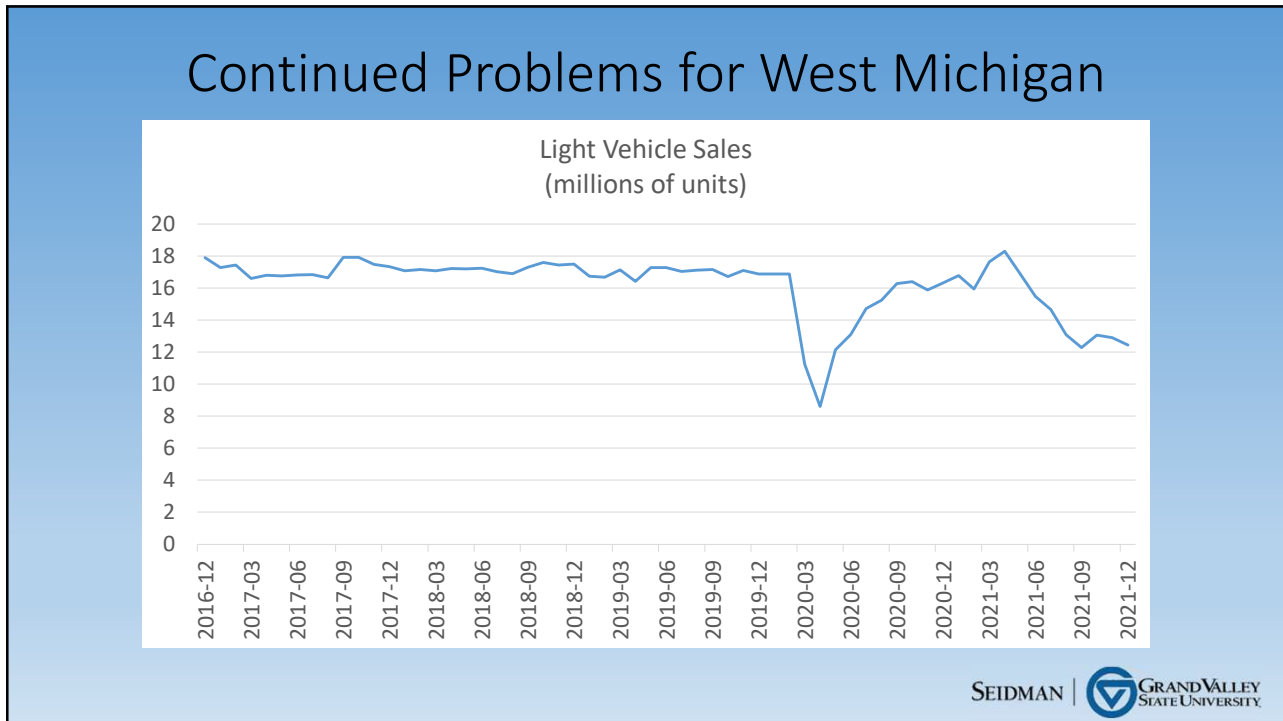
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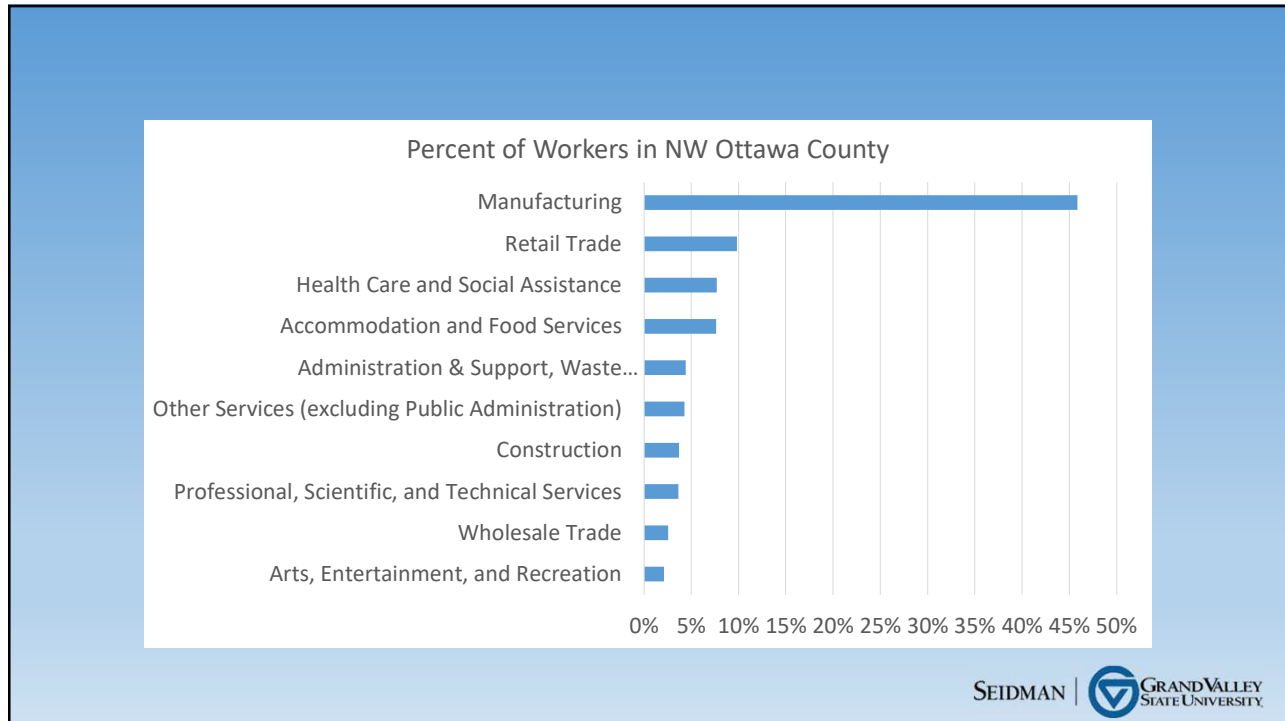
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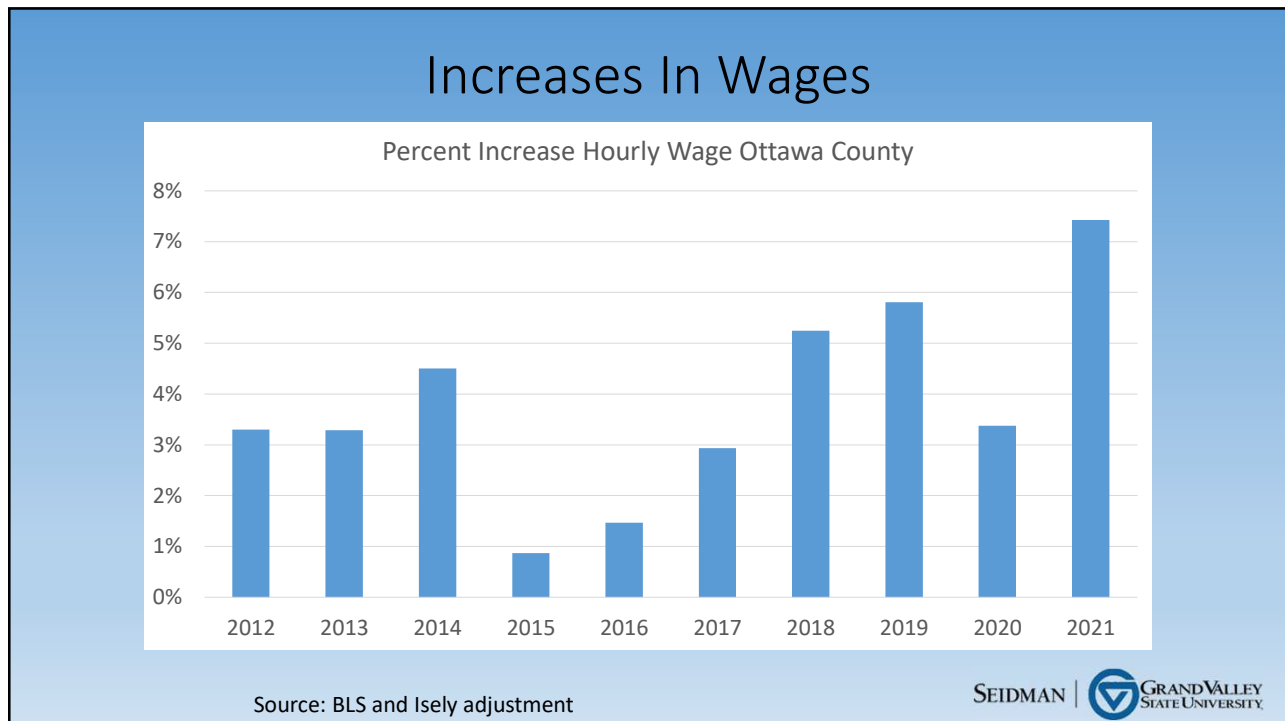
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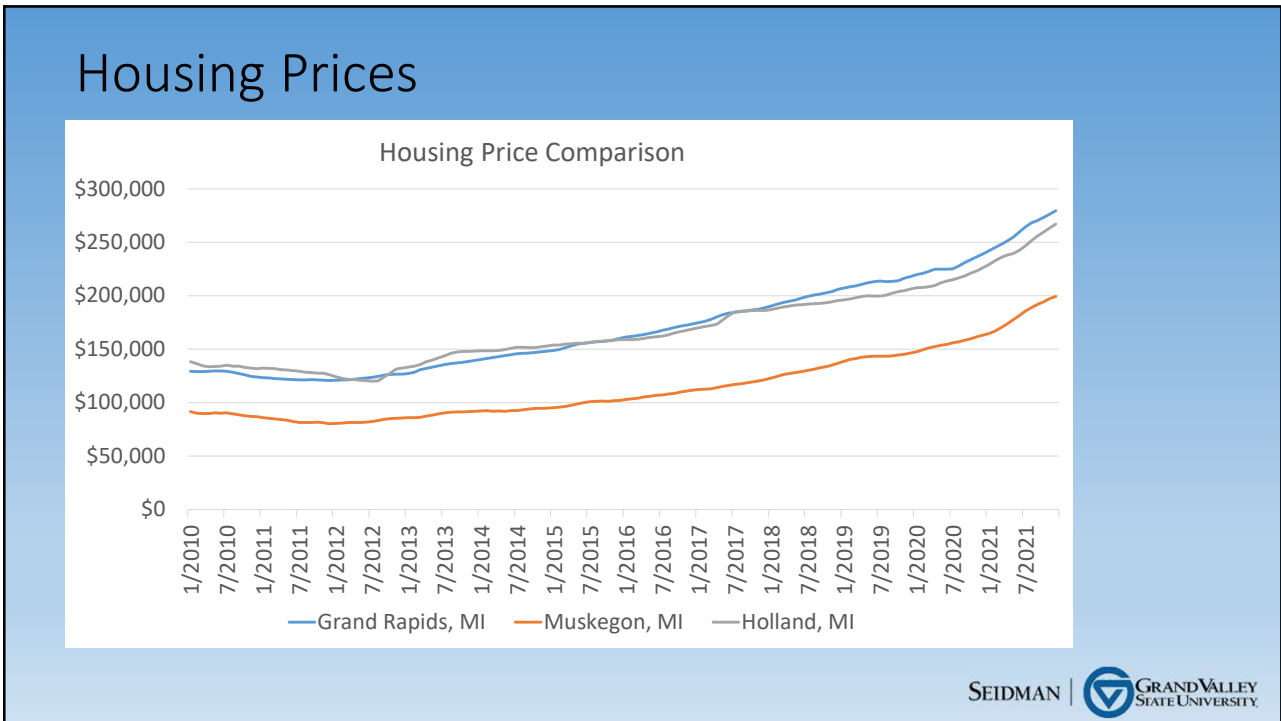
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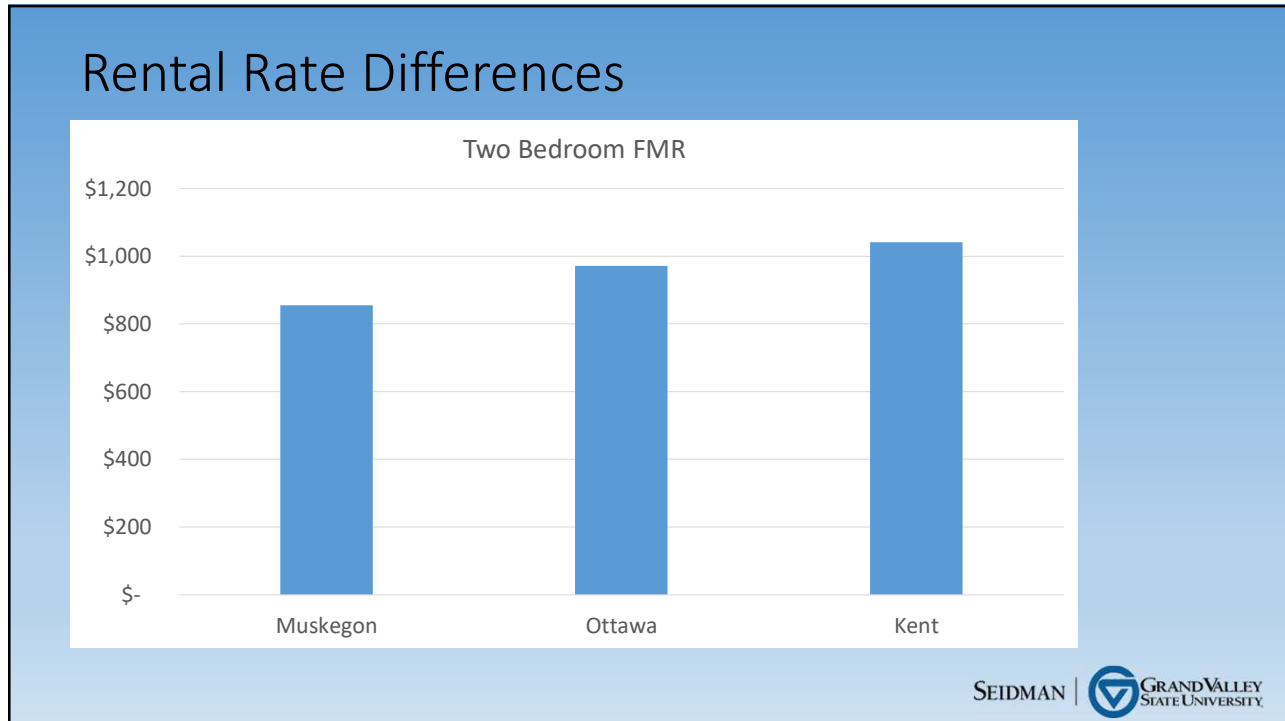
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Residential Real Estate?

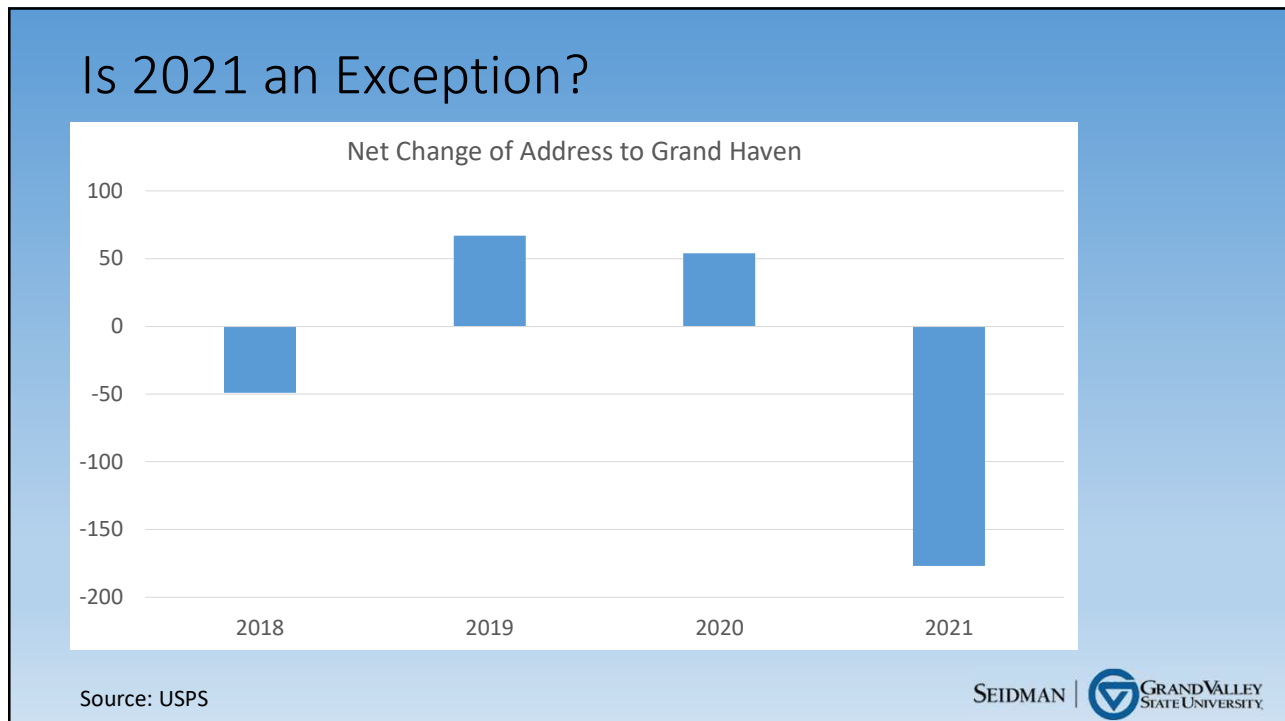
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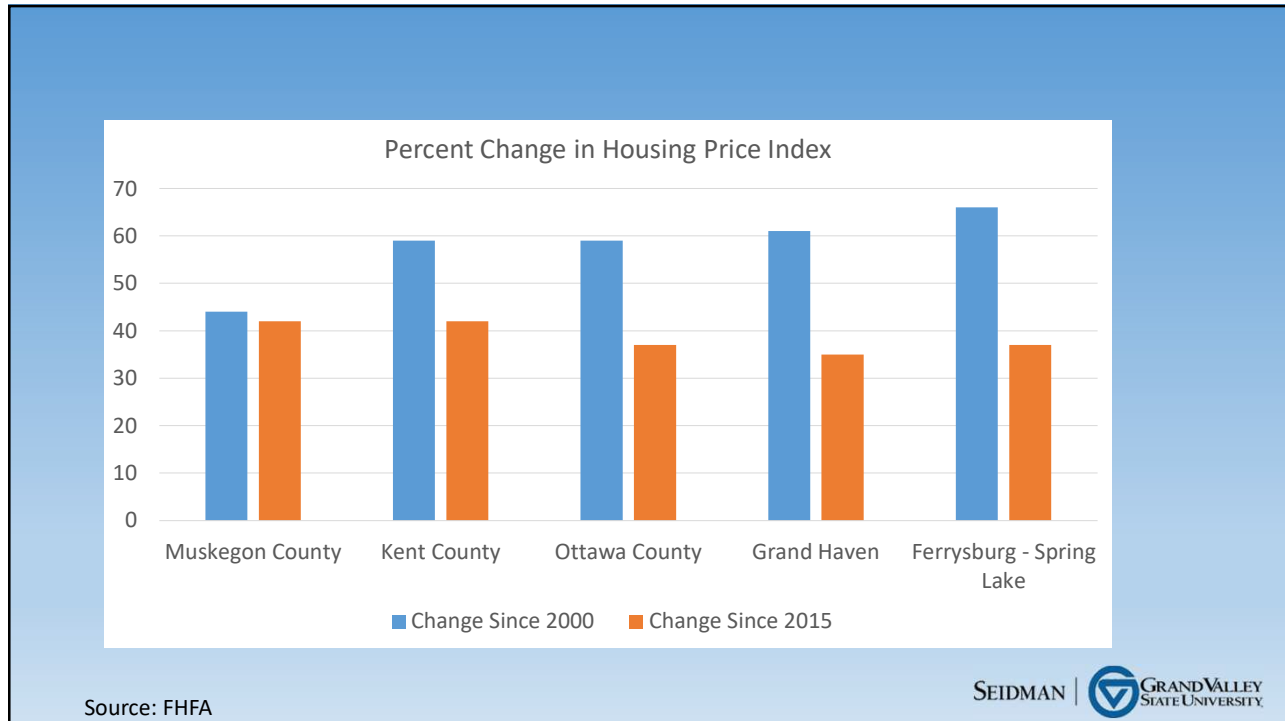
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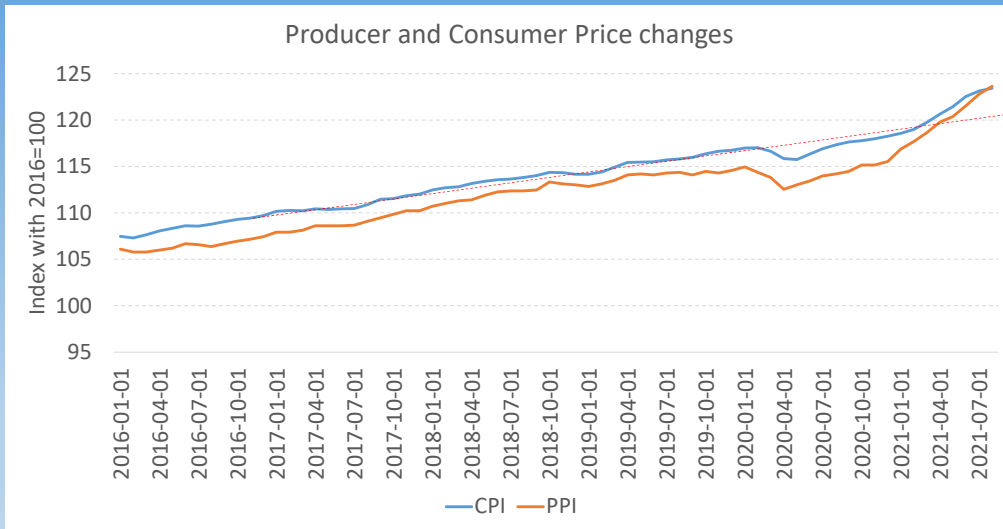
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Inflation?

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Input Prices Accelerating

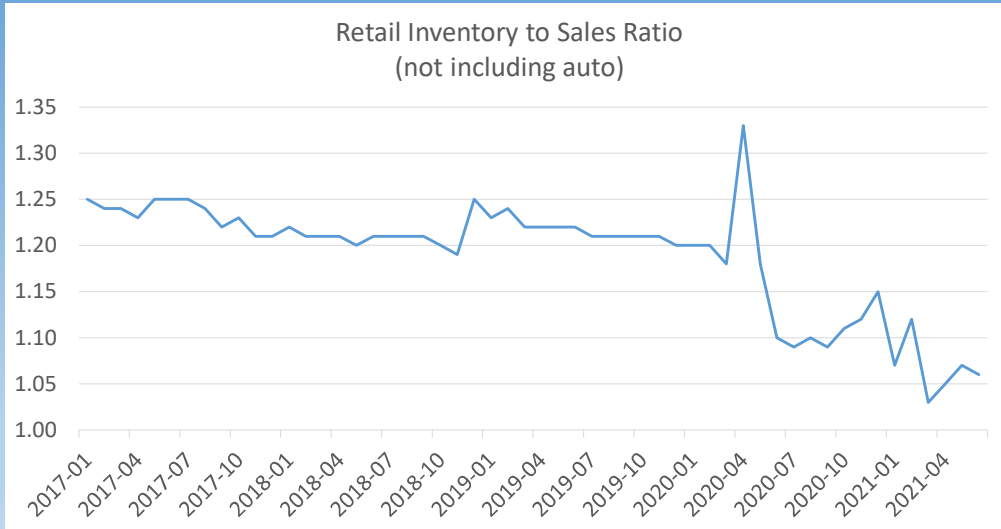


Source: BLS



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Inventory

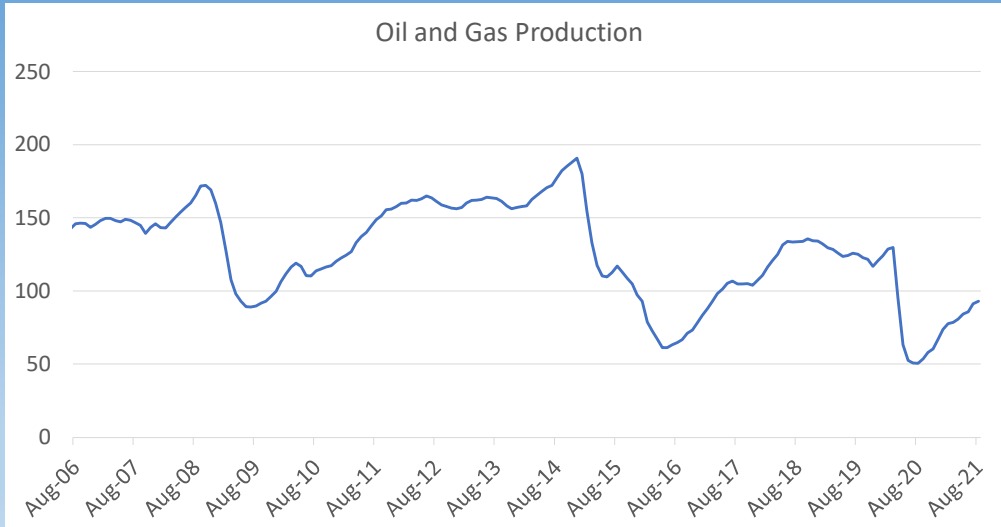


Source: Census



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Resources

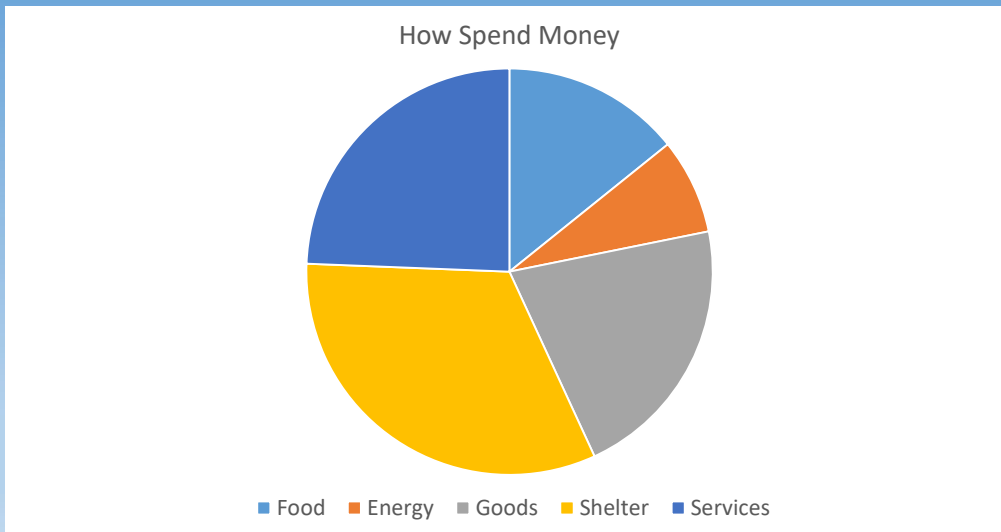


Source: Fed Board of Governors



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Inflation Is Baked in for Next Year



Source: BLS and Isely Calculations



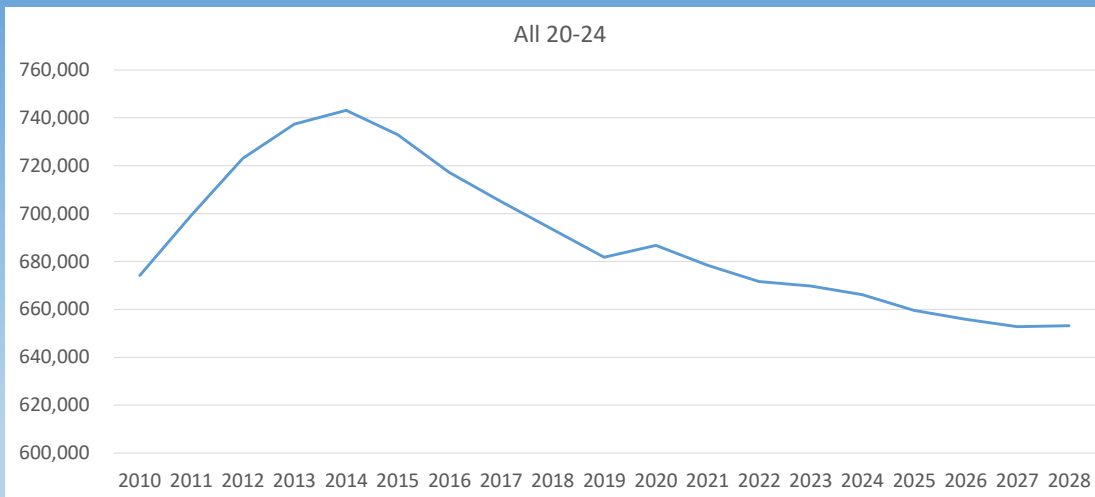
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Price Expectations

- Wages up 5- 6% for the year on continued 3% employment growth
- Prices likely up 3.5-4.5% for the year PCE
- Prices more upside risk – business owners across West Michigan suggested inflation closer to 7% again in 2022
- 75 – 125 Basis point increase in short term interest rates will slow inflation some

Future

Michigan



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What to Watch – Mostly Fear of Falling Again

- **DO NOT** watch unemployment
- **DO** watch excess deaths
- **DO** watch freight rates
- **DO** watch consumer consumption expenditures
- **DO** watch interest rates

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Still A Lot Of Pent Up Demand
For 2022 But Continued
Production Disruptions Will
Keep Prices High

