

Second Quarter 2014

Moderate Expansion in 2014 for SE MI Economy

Moderate growth for SE MI in 2014 is the median forecast from the 7 members of the GoldStar panel of expert economists. Population will expand (0.1%), per-capita personal income will grow 3.0% and will exceed inflation (2.0%) resulting in 1% real income growth, private employment will grow moderately (1.5%), housing prices will continue their gains (growing by 8.0%), the unemployment rate will continue to fall (8.5%) although remain above the U.S. rate as it has since the early 1970s, and U.S. Light Vehicle Sales will be at the 16.3 million rate in 2014.

Compared to previous forecasts for 2014, population has vacillated between 0.1% and 0.2%, anemic growth given a birthrate considerable above this. Housing price forecast dropped slightly but is more positive than 2 quarters ago. The private employment forecast has risen, but is down from 2 quarters ago. Real per-capita income growth (forecasted per-capita income minus forecasted inflation) has been reduced from 2.5%, to 2% to 1% over the last 2 quarters. Light vehicle sales projections have increase slightly and the forecasted unemployment rate has dropped over the last two quarters. Finally, forecasted inflation has fallen.

2014 FORECAST							
EXPERT & AFFILIATION	POPULATION	CASE-SHILLER HOUSING PRICE	PRIVATE EMPLOYMENT	PER-CAPITA PERSONAL INCOME	U.S. LIGHT VEHICLE SALES (millions)	UNEMPLOYMENT RATE	INFLATION RATE
Charles Ballard Michigan State University	0.4%	7.0%	1.5%	4.5% ^H	16.3M	8.5%	2.0%
Charles Chesbrough IHS Automotive	0.1%	13.0% ^H	1.5%	4.5% ^H	16.5M ^H	9.0%	1.5% ^L
Christopher Douglas UM-Flint	0.1% ^L	8.0%	1.5%	3.0%	15.5M	8.5%	1.5% ^L
Sean McAlinden Center for Automotive Research	0.1% ^L	8.0%	1.0% ^L	2.0%	16.2M	8.5%	2.0%
Robert J. Rossana Wayne State University	1.0% ^H	6.0%	2.0% ^H	2.2%	16.5M ^H	9.9% ^H	1.5% ^L
Ron Tracy Oakland University	0.2%	8.0%	2.0% ^H	4.0%	16.5M ^H	8.0% ^L	3.0% ^H
Stephen Woodbury W.E. Upjohn Institute	0.1% ^L	5.0% ^L	1.0% ^L	1.0% ^L	14.0M ^L	9.0%	2.0%
CONSENSUS Median	0.1%	8.0%	1.5%	3.0%	16.3M	8.5%	2.0%
Range	0.9%	8.0%	1.0%	3.5%	2.5M	1.9%	1.5%
Last Quarters Consensus	0.2%	8.5%	1.0%	3.0%	16.0M	8.5%	2.4%
2 Quarters Ago Consensus	0.1%	6.0%	2.5%	5.0%	16.0M	8.9%	2.5%

Expansion Continues in 2015 for SE Michigan

The 7 reporting members of the GoldStar panel of expert economists expect the expansion to continue in 2015. The unemployment rate is expected to drop another 0.5% to 8.0%, private employment will grow 1.5%, population will grow 0.1%, and US Light Vehicle Sales will be at 2014 level of 16.3 million units. They expect personal income to grow 3.0%, 1% more than local inflation (2.0%) leading to continued growth in real income. They also expect housing prices to continue to increase but at a slower rate (5.0% rather than 8%).

Compared to the previous quarter's forecast for 2015 per-capita income dropped by 0.25%, but real per-capita income increase by 0.25% because the inflation forecast dropped by 0.5%. The forecast for light vehicle sales increase by .1 million. All other forecasts remained unchanged. Compared to the 2014 forecast, the panel sees housing prices rising by 5% rather than 8% and the unemployment rate dropping 0.5% to 8%. All other values were forecasted to grow at their 2014 rate.

About the Forecast

Population, Case-Shiller Housing Price Index, Private Employment, Per-capita Personal Income and the Inflation Rate are annual percent change from the previous year for the SE MI region. The Unemployment Rate is the yearly average of the non-seasonally adjusted rates reported by the Dept. of Labor for SE MI. U.S. Light Vehicle Sales is the annual total in millions of units.

2015 FORECAST							
EXPERT & AFFILIATION	POPULATION	CASE-SHILLER HOUSING PRICE	PRIVATE EMPLOYMENT	PER-CAPITA PERSONAL INCOME	U.S. LIGHT VEHICLE SALES (millions)	UNEMPLOYMENT RATE	INFLATION RATE
Charles Ballard Michigan State University	0.5%	3.0%	2.0%	3.0%	16.3M	7.9%	2.0%
Charles Chesbrough IHS Automotive	0.1% ^L	10.0 ^H	1.3%	4.0% ^H	17.0M	8.5%	2.0%
Christopher Douglas UM-Flint	0.1% ^L	5.0%	1.5%	3.0%	16.0M	8.0%	1.5% ^L
Sean McAlinden Center for Automotive Research	0.1% ^L	5.0%	1.0% ^L	2.0% ^L	16.3M	8.0%	2.0%
Robert J. Rossana Wayne State University	1.2% ^H	7.0%	2.1% ^H	2.0% ^L	17.0M ^H	9.2% ^H	2.0%
Ron Tracy Oakland University	0.2%	5.0%	2.0%	4.0% ^H	16.8M	7.2% ^L	3.0% ^H
Stephen Woodbury W.E. Upjohn Institute	0.1% ^L	2.5% ^L	1.0% ^L	2.5%	13.0M ^L	9.0%	2.5%
CONSENSUS							
Median	0.1%	5.0%	1.5%	3.0%	16.3M	8.0%	2.0%
Range	1.1%	7.5%	1.1%	2.0%	4.0M	2.0%	1.5%
Last Quarters Consensus	0.1%	5.0%	1.5%	3.25%	16.2M	8.0%	2.5%