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West Michigan Current Business Trends

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Economy Improves, Despite Rising Prices and Tariff Chaos

Key Take-Aways from May 2025 Statistics:

- **NEW ORDERS Index for May Bounces to +14 from +2.**
- **Short and Long-Term Business Confidence Rebound.**
- **Tariffs Raise Prices and Continue Confusing Business Planners.**

	May	Apr.
NEW ORDERS Index (business improvement)	+14	+ 2
PRODUCTION Index (aka "output")	+ 14	+10
EMPLOYMENT Index	+ 0	+ 2
LEAD TIMES Index	+18	+ 6

Key Participant Comments for May

"We are doing our best to push back on supplier charges for tariffs. It is a day by day, sometimes hour by hour, challenge to understand how the tariff's will affect our business."

"Orders have increased. Not a huge increase, but a nice bump which is encouraging."

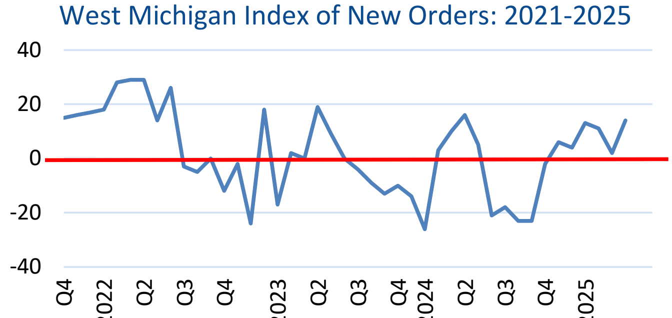
"Sales have slowed slightly but are expected to remain stable.

"Like many, we are navigating the challenges with tariffs from China as well as tariffs on products shipping into Canada. We're also dealing with delays at customs with clearing shipments."

"We're in a very uncertain environment with 'on again, off again' tariffs."

The Local Economy. The Local Economy. The current news is full red and yellow flags, but the West Michigan economy appears to be gaining strength. According to the data collected in the last two weeks of May, the index of NEW ORDERS, one of our best barometers of future business conditions, rose to +14 from April's +2. In confirmation, the PRODUCTION Index, a.k.a. "output," edged up to +14 from +10. The perplexing future path of the economy has put decision making on hold for many projects, resulting in the index of PURCHASES marginally recovering to +2 from -5. Given the on-again/off-again tariffs, a few spot shortages have appeared. Furthermore, any threat to the supply chain fosters hording, and hording fosters shortages, and shortages allow suppliers NOT subject to tariffs to raise prices. Industrial inflation, which HAD been under control for the past two years, has returned with a vengeance. However, the strength of our local industrial economy, albeit marginal, has still resulted in business planners continuing to march ahead in hopes that most tariff problems will soon be resolved. Although some tariff problems could be resolved over the next few months, the exception may be China, wherein one survey respondent expressed their belief that we will end up with a fairly firm 30 percent reciprocal tariff for the foreseeable future. This will be a burden to both national economies.

West Michigan Index of New Orders: 2021-2025



The U.S. Economy. The U.S. economy continued to backtrack in May, but remained close to break-even. In the June 1 report from the Institute for Supply Management (ISM), the index of NEW ORDERS edged lower to -2 from April's +1. The May PRODUCTION Index remained modestly negative at -6, down from -4. ISM's INVENTORIES Index turned negative at -6, down from April's +1. The ORDER BACKLOG Index for May remained negative but improved to -6 from -13. Similar to last month, ISM's index of NEW EXPORT ORDERS continued falling, and eased to -20 from -14. After statistical adjustments, ISM's Composite Index, a compilation of all the aforementioned statistics, remained below the break-even point of 50.0 and posted at 48.5, modestly lower than April's 48.7.

S&P Global, the British-based economic consulting firm which also surveys U.S. purchasing managers, posted a slightly more optimistic outlook. S&P's "headline" index rose to 52.0 from April's 50.2. However, the survey author cautions that least part of the stronger numbers can be attributed to rising input inventories caused by fears of higher tariffs, higher prices, and other supply chain worries. The S&P New Orders Index improved, but the Production or "Output" Index marginally declined for the third successive month. Business confidence improved for the third month, probably because of survey respondents' anecdotal anticipation that the business environment will again be stable about a year from now. Chris Williamson, Chief Business Economist at S&P, further noted:

> "The rise in the PMI during May masks worrying developments under the hood of the U.S. manufacturing economy. While growth of new orders picked up and suppliers were reportedly

busier as companies built up their inventory levels at an unprecedented rate, the common theme was a temporary surge in demand as manufacturers and their customers worry about supply issues and rising prices. These concerns were not without basis: supplier delays have risen to the highest since October 2022, and incidences of price hikes are at their highest since November 2022, blamed in most cases on tariffs. Smaller firms, and those in consumer facing markets, appear worst hit so far by the impact of tariffs on supply and prices. Encouragingly, manufacturers regained some optimism in May after sentiment had been hit hard by tariff announcements in April, partly reflecting the pauses on new levies. However, uncertainty clearly remains elevated amid the fluid tariff environment, and factories have so far shown a reluctance to expand headcounts in the face of such volatility."

The World Economy. The Global Manufacturing PMI, compiled monthly by J.P. Morgan (JPM), combines the surveys from purchasing managers for most of the industrial countries of the world. Last month, the JPM composite index slipped below the 50.0 break-even point to close at 49.8. For May, the index eased to a five-month low of 49.6. New Orders fell for the second successive month to 49.1 from 49.7. The Production Index, which had remined marginally positive, fell to a negative reading of 49.1 from 50.5. Among the major economies, India posted the strongest report, largely driven by an influx of firms in both Europe and the U.S. moving production out of China to friendlier tariff venues. In addition to the U.S., positive PMIs from Greece, Ireland, Spain, and Australia helped lift the survey. Negative PMIs were posted by Mexico, Canada, China, Germany, Japan, and the U.K. For our major trading partners, the PMIs fell sharply for Canada, Mexico, and China. Maia Crook, Global Economist at JPM, commented:

"The J.P. Morgan global manufacturing output PMI continued its recent downward trend in May, falling back 1.4-pt. At 49.1, the index sits at a level consistent with stagnation in global factory output, reinforcing that the recent front-loaded boom in global manufacturing is set to unwind. The move was more mixed beneath the surface however, as a sharp drop in China's output PMI contrasted with a broad move sideways in much of the DM. Global new orders also fell back 0.6-pt. As we have expected, manufacturing confidence as measured by the future output PMI rebounded 3.1-pts amidst the recent US-China tariff compromise. Trade tensions remain a material drag however, and where activity eventually settles after the front-loading unwinds in 2H25 is a key uncertainty for the outlook."

The eurozone PMI, compiled by the Hamburg Commercial Bank, which had been sharpy negative only a few months ago, remained modestly negative but rose to a 33-month high of 49.4. Positive PMIs were again reported by Greece and Ireland, but the PMIs for Germany, Italy, and the Netherlands remained modestly negative. Some of the eurozone's recovery can be traced to increases in defense spending by several NATO countries in the zone. Dr. Cyrus de la Rubia, Chief Economist at HCB, further noted:

"The upward trend in the headline PMI is still continuing, pointing towards a recovery that is progressing. That is backed up by the rise in production we have seen since March. What is especially encouraging is that production has picked up across all four major eurozone economies, which really highlights how broad-based this recovery is. With output rising for three months in a row, historical patterns suggest there is a 72% chance we will see another increase in the next month. Of course, one big risk on the horizon is the possibility of the U.S. significantly hiking tariffs on EU imports. That could definitely cast a shadow over the outlook. Still, companies are noticeably more upbeat than they were last month about producing more a year from now, which shows a certain resilience, even in the face of potential protectionist moves from across the Atlantic. In May, Europe's industrial engines seemed to be running in sync. Production rose in Germany, France, Italy, and Spain, suggesting that shared factors are driving the upswing. Among them is the U.S. tariffs, which likely prompted U.S. buyers to place orders early. That said, France has not benefited from this trend as much as its peers. Meanwhile, lower interest rates and falling oil and gas prices are giving the entire sector some breathing room."

Automotive. The "pre-tariff stampede," which artificially boosted auto sales for April was apparently extended into May. According to the June 3 report from Automotive News, numerous nameplates reported double digit increases over May 2024. For the automakers who still report monthly, the average gain was 7.7 percent. This month's sales leader was Ford, with a 16.4 percent year-over-year gain largely driven by an "employee pricing for all" promotion. Sales for Toyota were up 10.9 percent, followed by Hyundai-Kia, up 6.7 percent, and American Honda posting a 6.5 percent increase. On the losing side, Subaru sales fell 10.4 percent, and sales for Mazda tumbled 18.6 percent. The May SAAR (Seasonally Adjusted Annualized Rate) was estimated to be 15.6 to 16.0 million units by Cox Automotive, down considerably from 17.8 million units estimated last month by Motor Intelligence. Thomas King, president of the data and analytics division at J.D. Power, further commented:

"Automakers' pricing responses are likely to evolve gradually in the coming months, with each automaker facing unique circumstances in cost and competitive positioning. In general, prices are expected to rise, but by an amount significantly below that which is implied by the tariffs — and not at all on some models. Some pricing actions are anticipated to occur in June and July, but it is likely that it will be year-end before go-forward pricing fully materializes."

Consumer Confidence. The wave of optimism following the November election peaked in December when the Conference Board's Consumer Confidence Index rose to 109.5. When rumors of a possible trade war emerged, the index fell steadily to last month's reading of 85.7. For May, the index rose 12.3 points to 98.0 (1985=100), perhaps marking a reversal in the current slide. According to Stephanie Guichard, a senior economist at the Conference Board, "Consumer confidence improved in May after five consecutive months of decline. The rebound was already visible before the May 12 U.S.-China trade deal but gained momentum afterwards. The monthly improvement was largely driven by consumer expectations as all three components of the Expectations Index—business conditions, employment prospects, and future income—rose from their April lows." By contrast, the University of Michigan Consumer Sentiment Index, which had declined for the previous four months, posted unchanged from April at 52.2, and still 32.4 percent lower than a year ago. The survey author further noted that many consumers are worried about the future, especially about rising prices resulting from the new tariffs. For better or for worse, the tax cuts promised by president's "big beautiful bill'' appear to be having little impact on consumer sentiment, especially given that no legislation has so far been passed.

Business Confidence. Since any index of confidence is primarily driven by the news cycle, it is not a total surprise that the April survey we reported last month took a significant hit because of the unprecedented confusion caused by the tariffs. Fortunately, the May survey reversed the trend and recovered most of the loss. The SHORT-TERM BUSINESS OUTLOOK Index which asks West Michigan firms about their business perceptions for the next three to six months bounced upward to +28 from -16. The LONG-TERM BUSINESS OUTLOOK Index which queries the perceptions for the next three to five years climbed to +42 from +20. Whereas +42 is still below the near-record February reading of +58, business planners are now optimistic that the economy will somehow readjust to the new environment, barring any other economic surprises.

At the national level, small businesses remain less certain about the future. The Small Business Optimism Index reported on May 13 from the National Federation of Independent Business fell by 1.6 points in April to 95.8, the second consecutive month below the 51-year average of 98. The Uncertainty Index decreased four points from March to 92 but remained far above the historical average of 68. Commenting on the most recent survey results, NFIB Chief Economist Bill Dunkelberg noted that, "…uncertainty continues to be a major impediment for small business owners in operating their business in April, affecting everything from hiring plans to investment decisions."

West Michigan Unemployment. As interest rates began to tighten many months ago, we expected our local index of EMPLOYMENT to flatten. The office furniture industry continues to redefine itself to match the post-pandemic market, and our local auto part producers also faced a different market as sales for fully electric vehicles faded from earlier projections. Hence, the EMPLOYMENT Index turned modestly negative for most of last summer. There were no major layoffs, and workforce reduction was largely accomplished by attrition. However, even in the current market there are still numerous unfilled jobs, although not nearly as many as a year ago. For May, our index of EMPLOYMENT flattened to +0 from +2, confirming that there is still some stability in West Michigan employment. However, the aforementioned attrition has finally begun to be reflected in the unemployment numbers posted by Lansing's Department of Technology, Management, and Budget (DTMB). According to DTMB's April data (latest month available), the unemployment rate for Ottawa County posted at 4.0 percent, up from 3.2 percent a year earlier. Kent County unemployment reported a slightly higher uptick to 4.4 percent from 3.4 percent. Unfortunately, the unemployment rates for most local cities grew faster than their respective counties. The April unemployment for the City of Grand Rapids rose to 5.3 percent, up 1.2 percent since April 2024, Plainfield Township unemployment climbed to 4.3 percent from 3.3 percent, and the City of Kalamazoo reported 5.5 percent unemployment, up sharply from 3.3 percent in April 2024. The lowest April unemployment in the state now comes from counties in the Detroit area, with Livingston County at 2.7 percent and Oakland County at 3.7 percent. At the national industrial level, the May index of EMPLOYMENT reported by ISM remained negative and edged slightly lower to -4 from -3, marking seven straight months of contraction. ISM's EMPLOYMENT Index has now been below break-even for 30 of the past 37 months. At the international level, the JPM index of EMPLOYMENT continued to post slightly below the 50.0 break-even point but edged higher to 49.3 from 49.0.

Industrial Inflation. As a result of globalization, industrial inflation and consumer inflation have long since been decoupled. Hence, the current round of industrial inflation is seriously stressing the industrial market, even though consumer inflation continues to edge lower. At the national level, ISM's May index of PRICES posted at +39, little changed from +40 in April. The survey author cites both steel and aluminum as major drivers of the higher prices. At the local level, our West Michigan index of PRICES came in at +42, up from April's reading of +37, but ominously higher than the December 2024 index of +0. By contrast, Morgan International's survey reported the World Price Index falling to 53.8 from 55.0 in April. Additionally, S&P Global, which tracks both worldwide price pressures and supply pressures, reported that global prices softened in May. The S&P Price Pressure Index for May dipped to 0.6 from 1.2, the lowest level in 2025 so far. S&P's May Supply Shortage Index ticked down to 0.6 from 0.7. Despite new tariffs, shortages, and supply disruptions reflected in our local index of PRICES, the current trade war seems to have resulted in worldwide prices falling rather than rising. Usamah Bhatti, Economist at S&P Global Market Intelligence, further commented:

> "Price and supply pressures were muted at the midpoint of the second quarter of 2025, with both running below their respective long-run averages of 1.0. In fact, reported price pressures fell below the long-run trend for the first time since January and were at the lowest level in the year to date. Price reductions were largely centred on fuel markets, with manufacturers reporting lower prices for Oil, Polyethylene and Polypropylene during May. Oil prices fell on the back of higher global trade tensions triggered by U.S. tariffs. On the supply front, only three of the 20 monitored items signalled above-average reports of supply shortfalls in May: Aluminium, Textiles and Stainless Steel. In fact, reported shortages of Aluminium were the highest for two-and-a-half years. Despite this, reported price pressures for the metal were at their lowest since March 2024."

Consumer Inflation. We had expected consumer inflation to continue to fall at a slow but steady rate, and the May 15 inflation index from the Bureau of Labor Statistics (BLS) reported that the "headline" CPI-U inflation rate fell to 2.3 percent from 2.4 percent. The CPI "core" sub-index, which excludes food and energy, remained unchanged at 2.8 percent. Another less-reported statistic is the CPI-W, which primarily encompasses only wage earners and clerical workers, registered an overall inflation rate of 2.1 percent and a core rate of 2.7. For senior citizens, the CPI-W is used for the annual adjustment for Social Security. Perhaps for political reasons, the CPI-E, which measures inflation for citizens over 62 years old, is NOT widely publicized. Because seniors tend to spend more money on housing (shelter) and medical care, both of which have been rising faster than other inflation components, the April Index posted at a 2.5 percent, quite obviously higher than the 2.3 percent "headline" rate. For the "Fed preferred" index compiled by the Bureau of Economic Research (BEA), the Personal Consumption Expenditures Index or PCE edged lower to 2.1 percent from 2.3 percent. The core PCE sub-index which excludes food and energy also ticked lower to 2.5 percent from 2.7 percent. Although tariffs are clearly raising the cost of many noticeable consumer items, the impact on both the CPI and the PCE is still SO FAR not being felt. Furthermore, unlike the economy of John Maynard Keynes, industrial inflation no longer spills over into consumer inflation at the rate that it once did.

For both the BLS and the BEA, the current cost of housing or "shelter "continues to be a sticking point. The latest Shelter CPI reported by the BLS remained unchanged at 4.0 percent. According to "Apartment List" website, prices are still modestly rising, but the national median rent grew by just 0.4 percent in May compared to 0.5 percent in April and 0.6 percent in March. The latest Case-Shiller U.S. National Home Price NSA Index, released on May 27, shows that "benchmark" national index fell for the first time since January 2023 by 0.3 percent month-over-month, but still increased by 3.4% year-over-year. According to a May 23 podcast, Danielle Hale, Chief Economist at Realtor.com posted the following comments on the current housing market:

> "'Months' Supply' is a good indicator of whether buyers or sellers are calling the shots. The jump in homes for sale coupled with a slower pace of sales in April pushed this marker solidly into 'balanced market' territory–something anticipated in our 2025 housing forecast. However, 'New Home Sales' moved in a different direction, climbing from last month and a year ago in April, suggesting that builder incentives do make a difference for some shoppers. Furthermore, a survey of home shoppers revealed that recessions concerns rose in the first quarter of 2025, but have not topped levels seen in 2022 when the Fed raised rates."

GDP. As of May 29, the BEA's revised estimate for the decline in GDP for the first quarter of 2025 improved modestly to -0.2 percent to -0.3 percent. The press release correctly notes that the turmoil caused by the tariffs resulted in an unprecedented surge in imports which is a GDP subtraction. This single factor resulted in a huge distortion from the economic norm. Forecasters are now focusing on GDP growth estimates for the 2025 second quarter. As of June 6, the Atlanta Fed's GDPNow model, which has chaotically bounced around in recent months, now predicts a growth rate of 4.6 percent for the second quarter. However, the report further states that the 4.6 percent is a computer-generated number based on a mathematical model with NO subjective input. Hence, the number is probably not correct. A more modest projection of 1.1 percent growth comes from the Blue Chip forecast based on a monthly survey of 50 economists. According to another 36 economists surveyed by the Federal Reserve Bank of Philadelphia, the forecasters predict the economy will grow at an annual rate of 1.5 percent for the current quarter.

Looking Forward. Not unlike last month, we are still in a state of confusion. Aluminum shortages are at a 30-month high, but the price for aluminum is falling. According to Economics 101, this doesn't make sense. However, with numerous economic measures changing on a daily basis, accurate forecasting has become a major challenge. As noted last month, an enforceable peace treaty in Ukraine would be a plus for economic stability, but an escalation of the war in Gaza would be a minus. Unfortunately, the last 30 days have yielded little progress toward a Ukrainian peace and a marginal escalation of the war in Gaza. The president keeps hinting that a major trade agreement may be announced "fairly soon." Although such announcements would likely boost our economic morale, it is the agreement with China that will be of greatest importance going forward. Hence, as we slide toward the second half of 2025, the outlook continues to be perplexing.

May 2025 Survey Statistics

	UP	SAME	DOWN	N/A	May Index	Apr. Index	Mar. Index	25 Year Average
Sales (New Orders)	36%	42%	22%	0%	+14	+ 2	+10	+14
Production (Gross Output)	30%	48%	16%	6%	+14	+10	+13	+14
Employment	20%	60%	20%	0%	+ 0	+ 2	- 2	+ 8
Purchases	18%	62%	22%	0%	+ 2	- 5	+ 4	+ 7
Prices Paid (major commodities)	44%	54%	2%	0%	+42	+37	+30	+15
Lead Times (from suppliers)	24%	68%	6%	2%	+18	+ 6	+ 0	+11
Purchased Materials Inv. (Raw materials & supplies)	16%	60%	22%	13%	+ 4	- 5	+ 6	- 4
Finished Goods Inventory	24%	54%	12%	10%	+12	+ 9	- 3	- 2
Short Term Business Outlook (Next 3-6 months)	36%	36%	8%	0%	+28	-16	- 5	-
Long Term Business Outlook (Next 3-5 years)	50%	40%	8%	2%	+42	+20	+43	-

Items in short supply:

Electrical components, high intensity sweetener, some aluminum items, deep draw metal stampings, hemp, mechanical engineers, electrical engineers, some steel, anything from China.

Prices on the UP side:

Commodity chemicals, beef, flame retardant additives, Siloxane, aluminum, aluminum cans, glass, glue, some labels, steel, overseas freight, amide waxes, wood, steel, copper, all materials and equipment from China, Canada, and Mexico, everything based on tariffs.

Prices on the DOWN side:

Fuel, polypropylene, PA6, TPO, ferrous metal products*, some aluminum*, some steel*.

*Item reported as both up AND down in price.

Latest Unemployment Reports:

April data from Michigan DTMB, except as noted.
Except as noted, data are NOT seasonally adjusted.

	Apr. 2025	Apr. 2024	Aug. 2009*	25-Year Low
State of Michigan (Apr.)	5.5%	4.4%	14.6%	3.2%
State of Michigan (Unadj.)	4.7%	4.0%	14.1%	2.9%
Kent County	4.4%	3.4%	11.9%	2.1%
Kalamazoo County	4.5%	3.5%	11.1%	2.1%
Calhoun County	5.7%	4.5%	12.8%	2.7%
Ottawa County	4.0%	3.2%	13.3%	1.8%
Barry County	4.9%	4.0%	10.9%	2.2%
Kalamazoo City	5.5%	4.3%	15.2%	3.2%
Portage City	4.0%	3.1%	8.7%	1.3%
Grand Rapids City	5.3%	4.1%	16.1%	3.0%
Kentwood City	5.1%	3.9%	10.7%	1.4%
Plainfield Twp.	4.3%	3.3%	8.0%	1.4%
U.S. Official Rate (Apr.)	4.2%	3.9%	9.6%	3.4%
U.S. Rate (Unadjusted)	3.9%	3.5%	9.6%	3.1%
U.S. U-6 Rate Apr.)**	7.8%	7.4%	22.9%	6.7%

** August 2009 = low point of the Great Recession*

***U-6 for Michigan = 8.5% for the previous four quarters*

MAY COMMENTS FROM SURVEY PARTICIPANTS

"Like many, we are navigating the challenges with tariffs from China as well as tariffs on products shipping into Canada. We're also dealing with delays at customs with clearing shipments."

"We're in a very uncertain environment with 'on again, off again' tariffs."

"There has been a flurry of business lately, both for new and existing products. Tariffs continue to be a pain point regarding how they will impact the supply chain."

"Our current supplier moved production from China to India, and it is not going well."

"Longer lead times for some construction materials have become the new normal."

"Hemp for textiles is on the rise. Cost is still high because farms that were growing hemp in 2018 have stopped because of poor regulations. Experts are saying that the hemp industry will grow in the next 5 years to over a billion in sales."

"We're still seeing some discounting for capital equipment, but pricing is pulling back to a more normal pricing as inventories are depleted."

"Tariffs are taking a lot of time and energy. Then they change again..."

"Even if materials are not subject to a significant tariff, there is/was bulk buying occurring causing some supply shortages."

"Tariffs continue to inflate purchase prices and constrain markets, creating allocations and stressing manufacturing capacities."

"Most suppliers are adding tariff charges to invoices to help offset their additional costs."

"Prices are up for items associated with tariffs, but items that don't have tariffs are up because sellers want to take advantage of the market conditions."

"Sales have slowed slightly but are expected to remain stable. There is still a significant amount of work within our company, and with our customers focused on managing the tariff landscape. We believe the tariffs currently assessed to China (20% IEEPA + 10% Reciprocal) are the lowest they'll likely get. There appears to be a 'buy now' attitude with some of our customers in hopes of getting in front of changes that could drive Chinese tariffs higher."

"Prices have flattened in the last month. Business is still okay, but there are more concerns about lower volumes in the future. Forecasts are slowing."

"Tariffs are now starting to show up on invoices for anything that is imported."

"Construction is ramping up as the weather improves. Some projects still starting late. An interest rate reduction would go a long way toward improving the number of construction projects moving forward."

"The first quarter of 2025 has resulted in the worst sales we have seen in six years. "

"We're trying to pass on some of the tariff charges to customers, but they are pushing back."

"The year continues to trudge along slower than anticipated but we are just starting to see signs of things ramping up in mid-May."

"Sales are slowing down, likely due to tariff uncertainty."

"We are tracking to forecasted expectations so far."

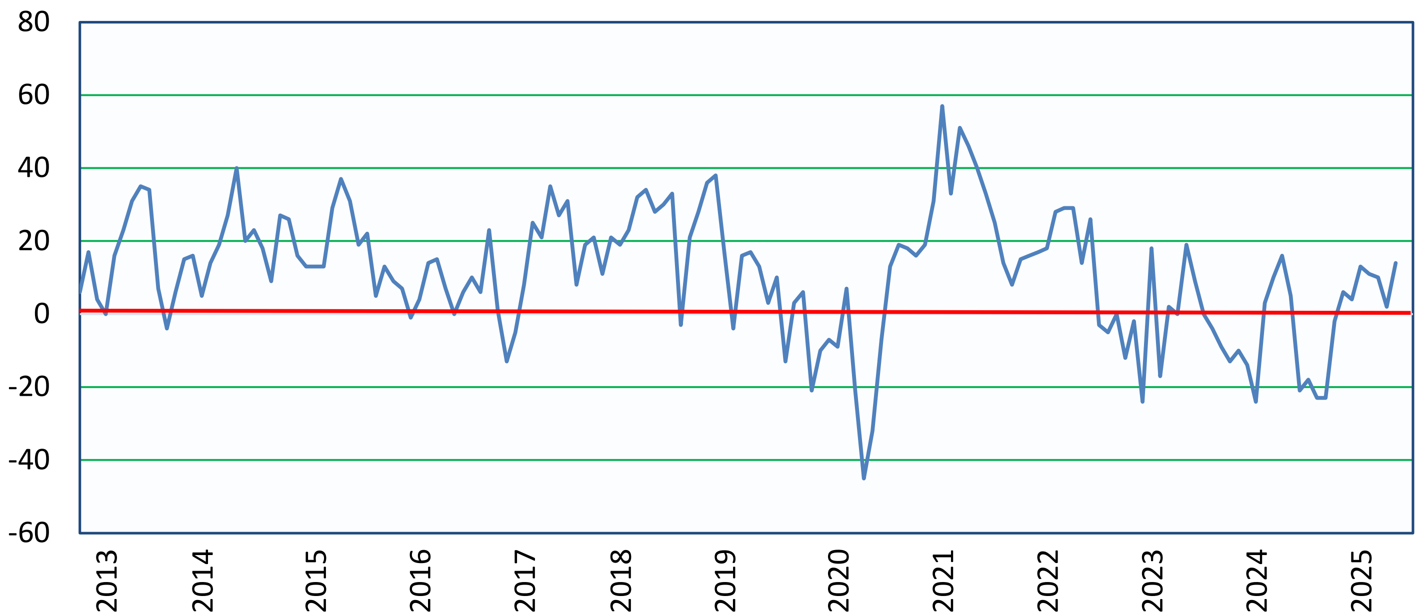
"We are doing our best to push back on supplier charges for tariffs. It is a day by day, sometimes hour by hour, challenge to understand how the tariff's will affect our business."

"Orders have increased. Not a huge increase, but a nice bump which is encouraging."

"Mid-July seems to be the target date to address production expansion decisions."

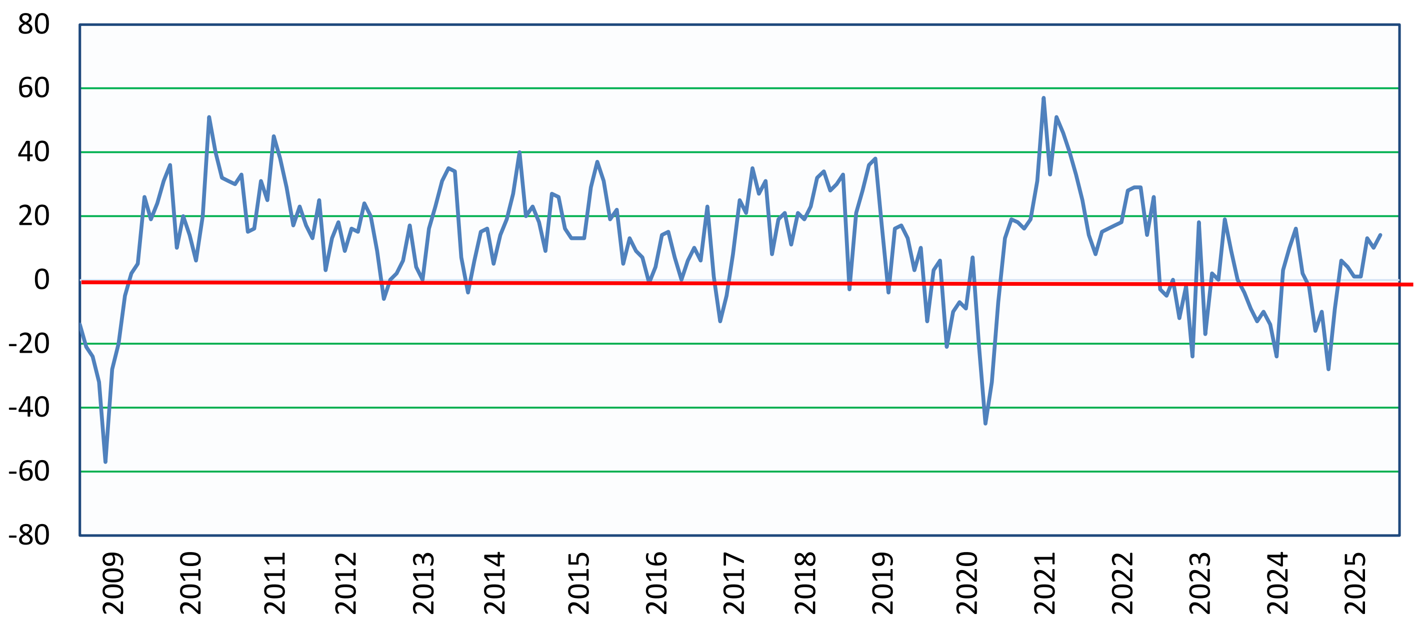
West Michigan Index of New Orders: 2013-2025

As the name implies, the NEW ORDERS index measures new business coming into the firm and signifies business improvement or business decline. When this index is positive for an extended period of time, it implies that the firm or organization will soon need to purchase more raw materials and services, hire more people, or possibly expand facilities. Since New Orders are often received weeks or even months before any money is actually paid, this index is our best view of the future.



West Michigan Index of Production (Output): 2008-2025

As new orders come in and materials arrive at the loading dock, production schedules are posted to meet the customer's needs. Although production schedules respond to demand, they also respond to seasonal factors such as holidays as well as bad weather, materials shortages, or other external influences.



West Michigan Index of Employment: 2017-2025

The index of EMPLOYMENT measures the firm's increases and decreases in staffing, including permanent workers and temps. After economic downturns, it measures new hires as well as previous workers called back to work. When this index is positive for an extended period of time, it almost always signals a reduction in industrial unemployment for West Michigan. Normally, there is about a month or two in lag time between this report and the payroll numbers being reflected by the government statistics. However, almost all employment indexes are laggards, meaning that firms often wait until upticks in orders are confirmed before adding staff, and conversely laying off staff only after a downturn in orders appears to be certain for the foreseeable future.

West Michigan Future Business Outlook: 2013-2025

The indexes of LONG-TERM BUSINESS OUTLOOK and SHORT-TERM BUSINESS OUTLOOK provide a glimpse at current and future attitudes of the business community. Traditionally, most businesses are more optimistic about the long term, although current event can result in perceptions changing very rapidly. Both short and long-term attitudes reflect current business conditions, and are usually higher when sales, production, and employment are positive.