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West Michigan Current Business Trends

By Brian G. Long, Ph.D., C.P.M.
Dir. Supply Management Research
Grand Valley State University
(269) 870-0428

Dan Giedeman, Ph.D.
Chair, Economics Department
Grand Valley State University
(616) 331-7488

Christopher Cruz, Ph.D.
Associate Professor, Economics
Grand Valley State University
(616) 331-7122

Joshua York, Ph.D.
Assistant Professor, Economics
Grand Valley State University
(616) 331-7194

Statistics Jump to a Five-Year High

Key Take-Aways from June 2026 Statistics:

- **NEW ORDERS Index bounced to a five year high of +48, up from +15. PRODUCTION Index rose to +35 from +14.**
- **Other June PMI surveys remain modestly positive, but most eased slightly from May.**
- **Local optimism upticks, but national and international mood remains gloomy.**

	June	May
NEW ORDERS Index (business improvement)	+48	+15
PRODUCTION Index (aka "output")	+35	+14
EMPLOYMENT Index	+25	- 4
LEAD TIMES Index	+27	+22

Key Participant Comments for June

"We are ending the second quarter extremely strong; well ahead of our forecast. This is a combination of new business and a sharp uptick in our current customer's orders."

"We've had a slight uptick in business. Nothing amazing, but still a win. We are hoping that the next six months will be strong."

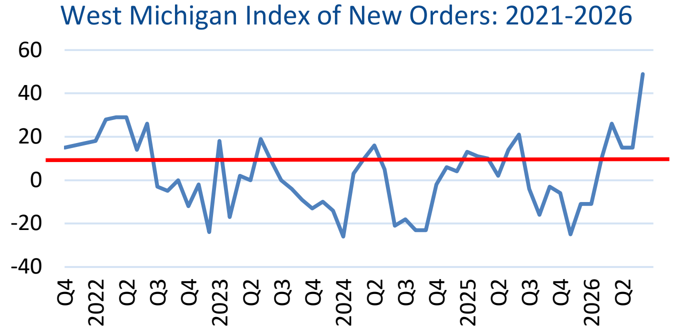
"Business is still half of what it was two years ago."

"Price increase requests continue to come fast and furious! We cannot keep up, and there is not much willingness to negotiate from the suppliers. We are doing the best we can to mitigate the impact to our business."

"The war has ended (for good we hope). This should bring stability, lower costs, and some normalcy back to manufacturing."

The Local Economy. The PMI Survey data points to solid growth of the West Michigan industrial economy in June 2026. NEW ORDERS, our index of business improvement, recorded its strongest expansion in 64 months, reaching +49 in June from +15 in May. Similarly, the June PRODUCTION Index, or "OUTPUT," posted a sharp increase to reach +35 from +14 in the previous month., This is the highest level the index has reached since August 2021. Survey respondents noted of stable or higher-than-expected sales this month. While some expressed optimism about the potential resolution in the Iran war, many remain wary about higher prices of raw materials and supply chain issues.

West Michigan Index of New Orders: 2021-2026



The U.S. Economy. For the 20th successive month, the national industrial economy has remained positive, according to the national monthly survey compiled by the Institute for Supply Management (ISM). For June, ISM's index of NEW ORDERS remained positive at +9, although this is an easing from +17 in May. The PRODUCTION Index likewise weakened to +6 from +11 in the previous month, diverging somewhat from the trend seen in West Michigan. Looking at international trade, ISM's index of IMPORTS posted a slight decrease from +6 to +5 while the EXPORT Index returned to negative territory, settling at -3 from +1. In June, ISM's ORDER BACKLOG Index remained positive at +1, a further decline from previous month's +4. ISM's index of INVENTORIES fell slightly to +1.2 from +1.6 in the prior month. ISM's Composite Index, a compilation of all of these individual indices, stood at 53.3% in June, down slightly from 54.0% in May. Although ISM data indicate that the overall economy remained in expansion mode for the 20th month in a row, overall business sentiment remained subdued in June, with concerns over geopolitical conflict, tariffs, and price volatility outweighing positive sentiment among survey respondents.

Similarly, the competing survey of the U.S. industrial market produced by the British-based S&P Global indicates that U.S. manufacturing conditions remained firmly in expansion territory in June, although growth moderated slightly from May's four-year high. Business activity continued to be supported by increases in production and new orders, but both grew at a slower pace compared with the previous month. Inventory levels improved and returned to expansion territory., Additionally, while employment conditions strengthened further, suggesting manufacturers remain cautiously optimistic despite an increasingly challenging operating environment.

Business sentiment remained notably cautious. Chris Williamson, Chief Business Economist at S&P Global Market Intelligence, noted:

"US manufacturers reported a further marked improvement in growth of output and order books in June, according to S&P Global's PMI data, extending the growth spurt that has been reported since the outbreak of the war in the Middle East. Employment was nevertheless cut sharply as firms often sought to offset the rising cost of energy and raw materials. Supply chain delays and upward price pressures continued to be widely reported, albeit moderating thanks to recent news of an improving situation in the Middle East. However, despite the recent drop in energy prices and brighter outlook for shipping, business confidence has fallen sharply, in part reflecting concerns that an end to war-related inventory building could start to act as a drag on sales."

The World Economy. J.P. Morgan's Global Manufacturing PMI for June slightly retreated to 52.2 from the 4+ year high of 52.7 posted in May. Of the five components of the index, output, new orders, stocks of purchases, and vendor delivery times all were consistent with improved conditions. One the other hand, employment decreased for the third time in the past four months exhibiting its poorest performance in eleven months. Business sentiment also reached an eight-month low. With respect to individual economies, the Netherlands, Taiwan, Ireland, Japan, and India had the highest PMIs, while major economies with PMIs of lower than 50 included Poland, Indonesia, Turkey, Romania, and Spain. Maia Crook, Global Economist at J.P. Morgan, noted the following:

"The J.P. Morgan global manufacturing output PMI fell back 0.5-point last month, a modest decline that nevertheless leaves the PMI near its highest level in five years. At 53.0, the index suggests continued manufacturing strength through June. Forward-looking signals are mixed; the new orders index remains elevated near a four-year peak, but another fall in the future output PMI takes it to its lowest level in eight months. On the pricing side, input and output price PMIs both dropped amidst the recent slide in energy prices, but both remain well above their pre-conflict level."

The S&P Global Eurozone Manufacturing PMI, ticked down again from 51.6 in May to 51.4 in June. This matches the long-run average of this index. The largest gain again came from the Netherlands whose PMI index remained above 55. Ireland and Greece also had strong readings, and France recovered from its previous sub-50 score. Germany continued to stay just above 50 while Spain fell below 50. Business confidence, though still below its long-run average, increased for the second month in a row, and the rate of input cost inflation eased. The conflict in the Middle East continued to affect supply chains although businesses were able to mitigate some of the problems by using materials on hand. Factory employment continued its decline, albeit at a slower rate. Chris Williamson, Chief Business Economist at S&P Global Market Intelligence commented:

"A further rise in manufacturing output in June adds to signs of encouraging resilience in the eurozone economy. June's expansion in fact rounds off the strongest calendar quarter for euro area manufacturing production since the opening months of 2022, and will offset the recent decline that's been recorded in the services economy. This sustained growth was accompanied by a welcome cooling of cost pressures, largely reflecting the sharp drop in oil prices seen during the month, alongside an easing of supply worries. However, whether the better news out of the Middle East leads to a further improvement in the near-term performance of the manufacturing economy is not clear cut. On one hand, lower energy prices and improved supply conditions are very positive, not only reducing firms costs and alleviating potential supply disruptions but also helping boost consumer demand via lower inflation. On the other hand, producers have benefitted in recent months from precautionary stockpiling, which is already starting to fade and could start to act as a drag on growth in the coming months."

Automotive. According to the Bureau of Economic Analysis (BEA), total vehicle sales rose in June by 2.7% after minor month-over-month declines in April and May. Excluding the sale of light and heavy trucks, domestic auto sales (includes all vehicles assembled in the U.S., Canada, and Mexico) rose by 1.7% in June after a dip of -1.8% in May. Relative to June of last year, total vehicle sales are up by 4.1%, while domestic auto sales increased 2.4%. Sales of foreign autos also rose in June, increasing by 1.6% month-over-month while still remaining below their June 2025 sales level.

Consumer Confidence. Consumer confidence remained near historical lows in June. According to the University of Michigan's Consumer Sentiment Index, confidence rose 10% from May (44.8) to June (49.5), with May marking the lowest level recorded in the survey's nearly 70-year history. Consumer confidence in June essentially returned to the level observed in April. The constituent components of the index, namely the Current Conditions Index and the Expected Condition Index, noted upticks in consumers perceptions about the current and future states of the economy after reaching their lowest recorded levels in May. Relative to May, the Current Conditions Index rose by 4.1%, while the Expected Conditions Index rose by 15%.

On a related note, the consumer "one year ahead" inflation expectation slightly decreased from May to June, falling from 4.8% to 4.6%, respectively. More notably, their "five year ahead" expectation decreased from 3.9% in May to 3.3% in June, which is a return to their January/February levels earlier this year.

An alternative measure of consumer confidence, elicited from a survey conducted by the Conference Board, also suggests a negative perspective on the current state of the economy by consumers. Their Present Situation Index fell by -3.0 between May and June, a 2.5% decline. In contrast, the Expectations Index, offering a better outlook on the economy going forward, showed an increase of +3.0 (4.2%). Chief Economist at the Conference Board, Dana Peterson, noted that:

"Consumer confidence inched up in June as falling oil prices in recent weeks provided some relief to consumer inflation fears. Consumer appraisals of current business conditions were slightly more positive compared to last month. However, perceptions of the current labor market softened measurably as the percentage of consumers saying jobs were 'hard to get' rose to 22.5%, the highest level since January 2021 (22.8%). Moreover, consumers anticipate little change in the labor market six months from now. This was

offset by improving expectations for business conditions and incomes."

Similar to last month, consumer inflation expectations, according to survey participants, slightly declined between May and June, but remained notably above their expectations at the end of 2025. Additionally, most participants expected higher interest rates over the next 12 months.

Business Confidence. According to the monthly West Michigan survey, business confidence in our economy experienced a marked increase in June. The SHORT-TERM BUSINESS OUTLOOK Index, asking West Michigan firms about their business perceptions for the next 3 to 6 months, more than doubled to +33 in June relative to +14 in May. This is the third consecutive month of increasing short-term business expectations. Considering the next 3 to 5 years, the LONG-TERM BUSINESS OUTLOOK Index also more than doubled to +54 in June, compared to +26 in May. This increase essentially negates the decline seen from April to May.

Considering small businesses across the country, the most recent data from the National Federation of Independent Business (NFIB), the Small Business Employment Index showed almost no change from May to June remaining below its 2025 average. Although Michigan specific data is unavailable, the state director of NFIB Amanda Fisher stated:

"As we approach this holiday weekend celebrating 250 years of America's independence, Michigan's small business community continues to demonstrate the best of our country. Despite ongoing hiring challenges, small employers remain committed to filling their open positions and creating new jobs in their communities."

Industrial Inflation. While industrial inflation in West Michigan remains well above historical averages, June marked a reduction in the rate of increase. In June, the PRICES Index fell to +51, down from +62 (May) and +52 (April). The 25-year average is +19. From ISM, raw material prices increased for the 21st consecutive month; however, this increase marked the largest decrease in the growth rate of raw material prices since July 2022, indicated by the PRICES Index falling from +64.1 to +45.9. On a global level, the S&P Global PMI report [JY4.1] indicates that Q2 2026 was the strongest quarter for global manufacturing since 2021, despite persistent concerns about the future. In his commentary on the latest report, Chris Williamson [JY5.1], Chief Business Economist at S&P Global Market Intelligence, noted that:

"Worryingly, despite the June data collection period spanning a period in which oil prices fell broadly back to pre-war levels as the news flow out of the Middle East improved, business expectations about future output deteriorated in June, slipping to its lowest since October of last year and descending further below its long-run average."

Consumer Inflation. The next major reading of consumer inflation is set to be released by the Bureau of Labor Statistics (BLS) on July 14, 2026, covering the month of June. Given the timing of our last PMI release, discussion of those CPI numbers were included in our June report. For reference, year-over-year headline CPI was 4.2% in May, with the annualized April to May inflation rate coming in at 5.8%. As one likely expects, the major contributing factor was energy prices.

New estimates of the Fed's preferred measure of inflation, Personal Consumption Expenditures (PCE) from the BEA, were published on June 25. Relative to May of last year, year-over-year PCE inflation came in at 4.1%, with the core PCE inflation reading coming in at 3.4% over the same period. At an annualized rate, PCE inflation from April to May of this year was 5.5%, with core PCE inflation at 3.9%.

West Michigan Unemployment. According to the monthly report from the Michigan Department of Technology, Management, and Budget (DTMB), the May unemployment rate (latest month available) for Michigan now stands at 5.1%, ranking Michigan as the state with the sixth highest unemployment rate in the nation. By contrast, for our neighbors to the south, unemployment in Indiana stands at 3.3% and 3.7% in Ohio. Fortunately, unemployment for our major West Michigan counties continues to post below the state average. For Kent County, the May year-over-year unemployment rate fell to 4.4 percent from 4.5%. The unemployment rate for Ottawa County downticked to 4.2 from 4.4. Kalamazoo County unemployment fell to 4.7 from 4.9. Allegan County posted the third lowest unemployment in the state at 4.2%. Unlike previous months, the unemployment rate for most of the West Michigan counties continues to modestly improve.

GDP. On June 25, the BEA released their third estimate of growth for Q1 2026, coming in at 2.1%. This estimate is an upward revision of 0.5 percentage points relative to their second estimate published last month. This final change was mostly attributable to a downward revision in imports which is subtracted in the GDP formula. Forecasters are currently expecting growth performance in Q2 2026 to be much more negligible. The Atlanta Fed's GDPNow forecast, as of July 1st, stands at 1.2%, constituting a significant downward revision compared to their average forecast throughout June of nearly 3%. In contrast, the New York Fed's Nowcast for growth in Q2 2026 remains at 2.7% as of July 3rd, remaining steady throughout June.

Looking Forward. For June, all three of our cyclical industries, namely automotive, office furniture, and aerospace, simultaneously posted modest improvement in NEW ORDERS and PRODUCTION. It appears that many of our firms are finally adjusting to the current market. Although this month's survey has posted some very positive numbers, the West Michigan economy still has headwinds going into the summer. Energy costs remain high, resulting in higher prices for many commodities. Even though crude oil prices are dropping to pre-war levels, it will take at least a couple of months before gasoline and diesel prices at the pump return to reasonable levels.

Although the county-by-county unemployment rates in West Michigan are still running about a percentage point ahead of two years ago, it is good to see the rates now edging lower. Hence, the industrial market remains stable, and it appears to be edging slightly higher than the rest of the state. However, we are still not seeing the expansion in the industrial market that will be needed for the future.

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Note: This report is published monthly with the assistance of Roberta (Bobbie) Biby, Affiliate Faculty of Instruction, Economics Department, and Karen Ruedinger, Assistant Dean, both of the Seidman College of Business, Grand Valley State University.

June 2026 Survey Statistics

	UP	SAME	DOWN	N/A	Jun. Index	May Index	Apr. Index	25 Year Average
Sales (New Orders)	56%	38%	7%	0%	+49	+15	+15	+10
Production (Gross Output)	42%	40%	7%	11%	+35	+14	+22	+11
Employment	29%	64%	4%	2%	+25	-4	+13	+8
Purchases	36%	58%	2%	4%	+34	+11	+18	+5
Prices Paid (major commodities)	51%	47%	0%	2%	+51	+62	+52	+19
Lead Times (from suppliers)	29%	67%	2%	2%	+27	+27	+22	+14
Purchased Materials Inv. (Raw materials & suppliers)	36%	44%	4%	16%	+32	+22	+16	+3
Finished Goods Inventory	18%	53%	18%	11%	0	-11	+9	-4
Short Term Outlook (Next 3-6 months)	42%	49%	9%	0%	+33	+14	+11	-
Long Term Outlook (Next 3-5 years)	58%	36%	4%	2%	+54	+26	+44	-

Items in short supply:

Steel, electricity supply, because of data centers, polyol, textiles, colorant, paper rollstock, plastic resins, lubricants, coolants, qualified truck drivers, qualified people.

Prices on the UP side:

Production space rents, labor, fuel, fright corrugated, steel, aluminum, woodcore, aggregates, all metals, freight, transportation, paper rollstock, chemicals, RAM memory, polypropylene, HDP, electronic and electrical assemblies, labor-intensive manufactured components, outside specialized processes, mechanical, electrical, pneumatic, and hydraulic component, anything petroleum based, copper, steel, aluminum.

Prices on the DOWN side:

ABS plastic, polypropylene.*

*Item reported as both up AND down in price.

Latest Unemployment Reports:

The data from the government shut-down from Michigan's DTMB have now been updated. The data are NOT seasonally adjusted, except as noted.

	May 2026	May 2025	Aug. 2009*	25-Year Low
State of Michigan (May)	5.1%	5.1%	14.6%	3.2%
State of Michigan (Unadj.)	5.2%	5.1%	14.1%	2.9%
Kent County	4.4%	4.5%	11.9%	2.1%
Kalamazoo County	4.7%	4.9%	11.1%	2.1%
Calhoun County	5.4%	5.6%	12.8%	2.7%
Ottawa County	4.2%	4.4%	13.3%	1.8%
Barry County	4.9%	5.0%	10.9%	2.2%
Kalamazoo City	5.7%	5.9%	15.2%	3.2%
Portage City	4.1%	4.3%	8.7%	1.3%
Grand Rapids City	5.3%	5.4%	16.1%	3.0%
Kentwood City	5.1%	5.2%	10.7%	1.4%
Plainfield Twp.	4.3%	4.4%	8.0%	1.4%
U.S. Official Rate (June)	4.2%	4.3%	9.6%	3.4%
U.S. Rate (Unadjusted)	4.1%	4.0%	9.6%	3.1%
U.S. U-6 Rate (June)**	7.9%	7.5%	22.9%	6.7%

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

***U-6 for Michigan = 9.2% for the previous four quarters*

JUNE COMMENTS FROM SURVEY PARTICIPANTS

"We just changed banks. Our previous bank was bought out and adopted a total bureaucratic mentality. So we shopped and found a local bank that gave us 99.5% of what we wanted. Otherwise, we are hopeful. It's been a long recession."

"Steel costs and freight costs are still climbing even though we are starting to see some relief in fuel prices."

"The data center growth continues to advance despite pushback from local municipalities and uninformed residents. Suppliers were unprepared for this rapid expansion, creating significant lag across the industry. This growth pattern mirrors the e-commerce surge during COVID-19, which strained real estate inventories. Facilities are currently in development stages that won't catch up until late 2027. As a result, occupancy costs in the logistics industry will continue rising, along with fuel expenses. We're observing increased analysis of space utilization and inventory shelf life as businesses adapt to these pressures."

"We are ending the second quarter extremely strong; well ahead of our forecast. This is a combination of new business and a sharp uptick in our current customer's orders."

"Because of being overbooked with business, sub-suppliers in the steel and resin markets are discontinuing certain grades, resulting in long lead times."

"Most of our customers have accepted our price increases, although more are needed."

"Global steel mills are shutting down for extended times periods because of lower demands for current production. This is causing some delays in our steel requirements."

"Price increase requests continue to come fast and furious! We cannot keep up, and there is not much willingness to negotiate from the suppliers. We are doing the best we can to mitigate the impact to our business."

"Orders continue to remain strong. The construction industry is up and down, mainly due to employment."

"Business volume is solid, but prices for just about all raw materials are up."

"Business is still half of what it was two years ago."

"Sales are stable with plenty of projects in the works. Rising prices continue to impact a multitude of commodities."

"We are starting to see supply chain issues with the explanation that the Middle East war has damaged production capacity and impacted global supply chain."

"Incoming sales are stronger than expected. We have one product line that is being picked up by the data centers, driving the extra sales."

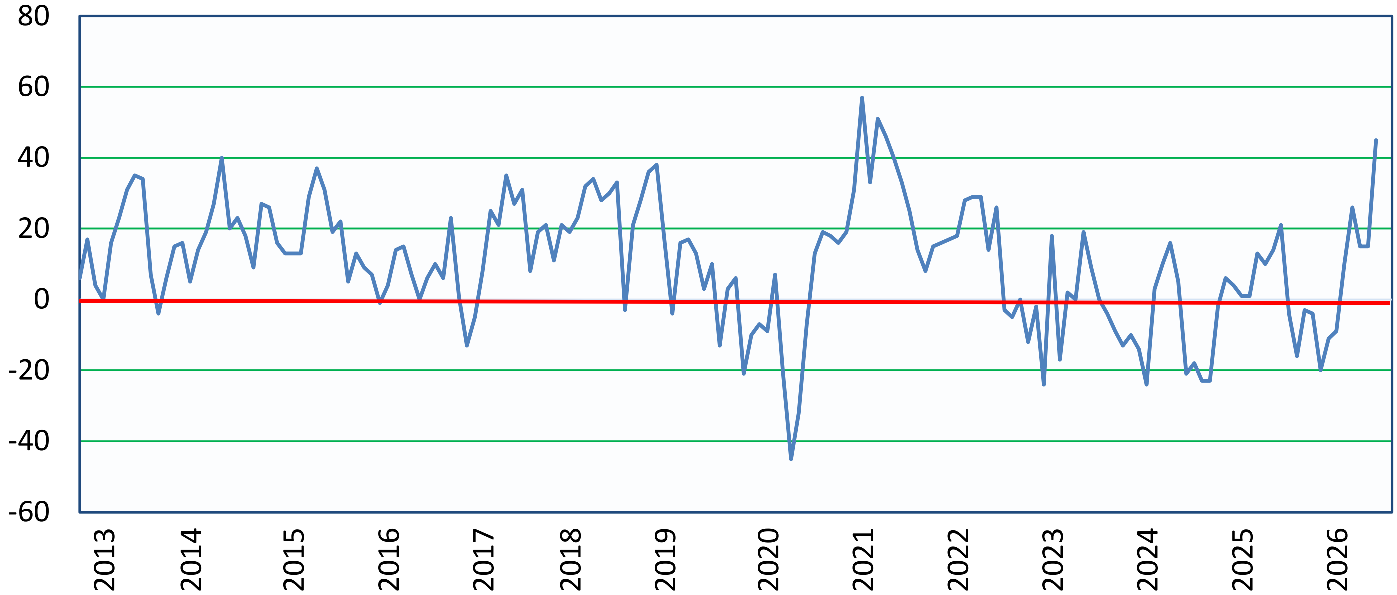
"The war has ended (for good we hope). This should bring stability, lower costs, and some normalcy back to manufacturing."

"We continue to meet sales expectations. Longer term, we have a very heavy work load in our quoting area."

"We've had a slight uptick in business. Nothing amazing, but still a win. We are hoping that the next six months will be strong."

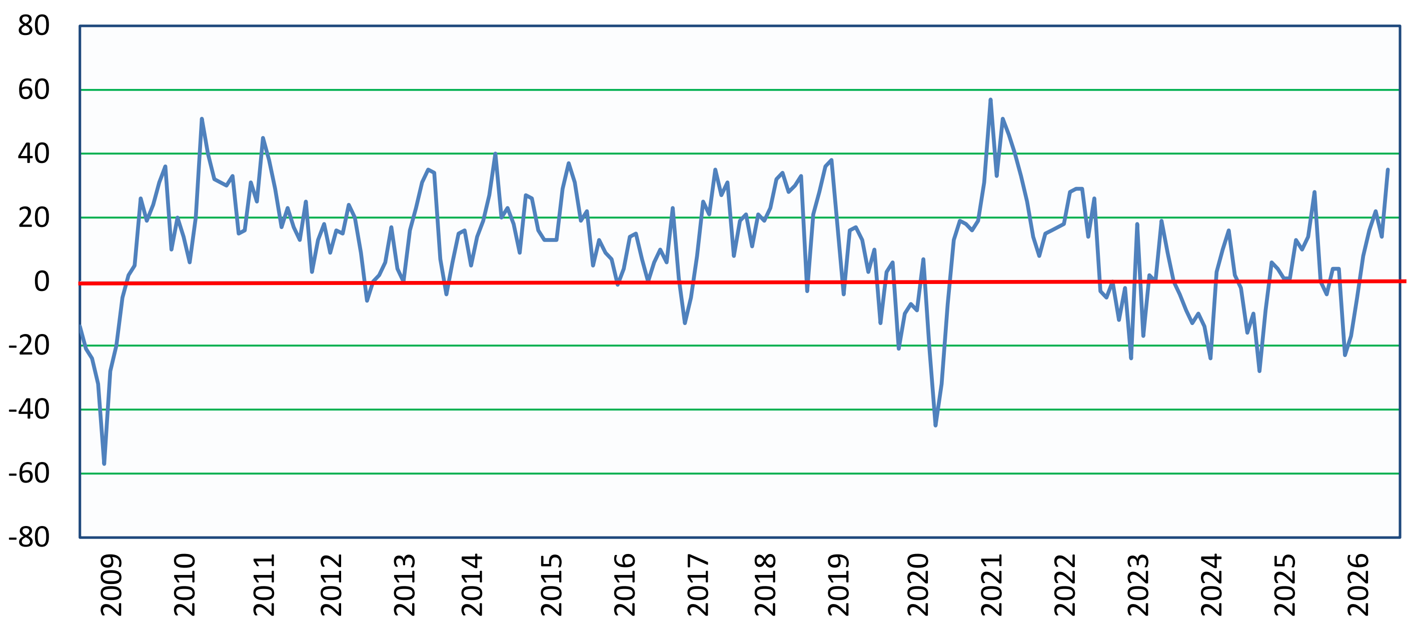
West Michigan Index of New Orders: 2013-2026

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.



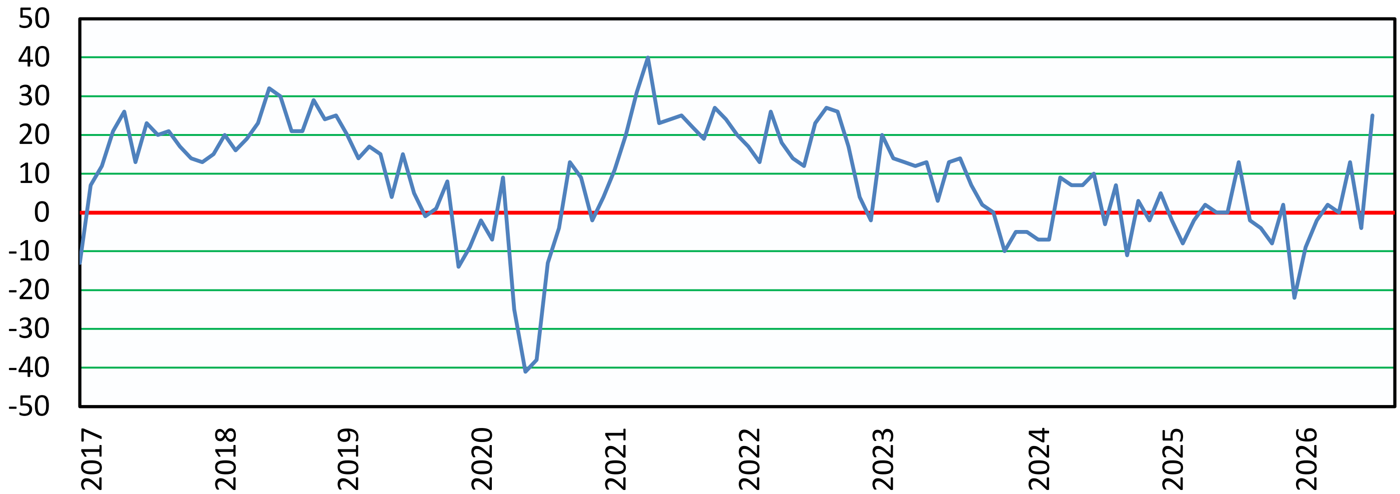
West Michigan Index of Production (Output): 2008-2026

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: 2017-2026

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: 2013-2026

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.