



September 7, 2026

West Michigan Current Business Trends

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

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

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

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

Industrial Activity Holds Steady in August

Key Take-Aways from August 2026 Statistics:

- **NEW ORDERS** Index was steady at +30 in August while **PRODUCTION** Index inched up to +21 from July's +19.
- Because of headwinds from tariffs, price increases, and wars, the U.S. economy expansion modestly slowed in August.
- Projections coming from the Fed's FOMC meeting on September 16 are critical.

	Aug.	Jul.
NEW ORDERS Index (business improvement)	+30	+30
PRODUCTION Index (aka "output")	+21	+19
EMPLOYMENT Index	+11	+6
LEAD TIMES Index	+36	+28

Key Participant Comments for August

"We continue to feel the pain of the Iran war and the uneasiness in the market place that it has generated. There are just too many variables in the global markets right now for anyone to be comfortable."

"Business is good. Not great, but holding steady, and orders are coming in."

"Between fuel surcharges and market conditions, we are continuing to see ongoing price increase. Utilities are the latest area where a significant increase is noted."

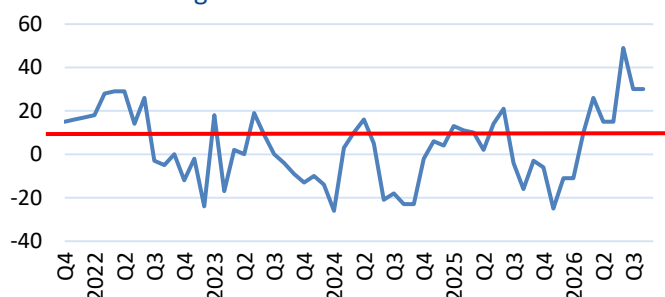
"The entire auto industry, including the OEMs, are now feeling the pain of steel increases and amplifying pressure on the supply base for cost reductions."

"Steel remains challenging as the mills are running at high utilization. This is now starting to impact the quality of the steel as well."

"We are starting to see order softness, but it's too soon to tell if it's a blip or if it's a trend."

The Local Economy. The West Michigan industrial economy continues to exhibit a positive business environment for the seventh consecutive month. Based on the West Michigan PMI Survey data, NEW ORDERS, our index of business improvement, was unchanged at +30 in August compared to the previous month's level. The August PRODUCTION Index, or "OUTPUT," edged up to +21 from +19 in July. While some respondents reported strong or steady business, some note of the impacts of economic headwinds related to tariffs and fuel-related price pressures.

West Michigan Index of New Orders: 2021-2026



The U.S. Economy. The national industrial economy also continued to be in expansion territory for the 22nd consecutive month in August, according to the national monthly survey compiled by the Institute for Supply Management (ISM). The ISM's index of NEW ORDERS remained positive at +3.4 in August, though this was a decline from the previous month's +11.4. The PRODUCTION Index likewise fell slightly to +13.1 from +14.7 posted in July, diverging somewhat from the trend seen in West Michigan. Looking at international trade, ISM's index of EXPORTS inched up from +6.0 in July to +6.4 in August. Meanwhile, the IMPORTS index slipped from +11.4 to +4.9. The ISM's ORDER BACKLOG Index also declined from +9.9 to +3.6 in August. Meanwhile, the ISM's index of INVENTORIES inched up to +3.0 from +0.5 in the prior month. ISM's Composite Index, a compilation of all of these individual indices, decreased marginally to 54.6 in August from July's 55.6, which was the highest reading since May 2022.

Meanwhile, the competing survey of the U.S. industrial market produced by the British-based S&P Global indicates that the expansion in US manufacturing remained solid in August. However, it highlights the slowdown in demand and output growth emanating from supply-related issues being masked by the topline PMI number. The expansion in OUTPUT volumes in August was, in fact, the slowest since February 2026. Meanwhile, the rate of increase of NEW ORDERS was unchanged from July, but the growth was driven mainly by domestic demand as EXPORTS continue to tumble for the 14th consecutive month. Overall sentiment improved in August due in part to hopes that the war in

the Middle East would end. Usamah Bhatti, Economist at S&P Global Market, noted:

"Growth in the US manufacturing economy remained welcome, but the August data point to some cracks in the sector's health. Data covering most of the second quarter and the period to August indicated that stock building was a key driver of sustained growth in manufacturing output and demand. Moreover, both output and new order growth slowed in August amid concerns that further price rises and material shortages would weigh on the sector. Indeed, although purchasing activity and preproduction inventories increased further, manufacturers continued to report difficulties sourcing and receiving raw materials because of supply delays and price rises. These pressures were commonly linked to the war in the Middle East, which has exacerbated existing supply and inflationary pressures from tariffs. There were, however, areas of encouragement for US goods producers. Business expectations for output over the year ahead improved from July to a three-month high, partly reflecting hopes for an end to the war and a smoother domestic policy path. Firms also noted that greater stability in conditions were likely to support business expansion and customer retention plans. In response, businesses raised employment at the strongest rate seen so far this year."

The World Economy. J.P. Morgan's Global Manufacturing PMI increased in August for the first time in three months to 52.3. All five sub-components of the Index (expansion of output, new orders, employment, stocks of purchases, and suppliers' delivery times) were at levels consistent with improving conditions. Of particular note is that employment rose at the quickest rate in three years. Ireland, the Philippines, Japan, and Taiwan had the highest PMIs of individual countries while economies with PMIs lower than 50.0 included Spain, Russia, Poland, Turkey, and Brazil. Maia Crook, Global Economist at J.P. Morgan, provided this commentary:

"The J.P. Morgan global manufacturing output PMI rose 0.3 of a point in August, recovering to a level that suggests ongoing strength in global industry. Forward-looking indexes were similarly constructive. New orders moved back up to approach its recent high, suggesting an ongoing lift in demand, and the future output PMI rebounded to its May level. Price indexes continue to moderate even as petro-based product prices remain elevated, with purchase price inflation easing to a six-month low."

The S&P Global Eurozone Manufacturing PMI increased again in August to reach 52.7, its highest level since late spring of 2022. Ireland, Austria, Greece, and Germany all posted Manufacturing PMIs above 54, while Spain and Italy fell below 50. For the fourth month in a row, business optimism increased and it is now above its long-run average. New export business increased for only the second time in more than four years while total sales volume increased at its highest rate in more than 4.5 years. Joe Hayes, Senior Principal Economist at S&P Global Market Intelligence, noted:

"The August PMI report provided the clearest signs yet that the eurozone's industrial economy has so far shaken off both the oil price shock and supply-related disruptions caused by the Middle East war. Stronger order book growth, in part owing to a recovery in export demand, should give this expansion legs. Breaking the PMI data down by the three main industrial groupings revealed the intermediate goods sub-sector as the main contributor of manufacturing growth. This includes critical industries such as chemicals and metals, as well as electrical equipment and electronic components, suggesting the euro area can also be a beneficiary from the tech supercycle, even if it's arriving late to the party. A further softening of producer price increases, even in the midst of sustained oil market volatility, helps to alleviate broader inflation worries. That said, the pace of disinflation is starting to level off and the PMI's price metrics remain well above their pre-war levels, which may just embolden a cautious stance by eurozone monetary policymakers."

Automotive. According to the Bureau of Economic Analysis (BEA), total vehicle sales rose in August by 2.6% relative to July, after experiencing a month-over-month decline in July. Excluding

the sale of light and heavy trucks, domestic auto sales (includes all vehicles assembled in the U.S., Canada, and Mexico) declined for the second consecutive month, falling by -0.5% in August. Relative to August of last year, total vehicle sales were up 1.7% in August, while domestic auto sales were up by 1.1% over the same period. Light truck sales were also up in August, both month-over-month (3.0%) and year-over-year (1.6%), after experiencing declines along both margins in July.

Consumer Confidence. Consumer confidence worsened noticeably in August, moving nearer to historical lows observed over the last 6 months. According to the University of Michigan's Consumer Sentiment Index, Confidence fell by -6.3% from July (55.2) to August (51.7), which is a reversion of the increases observed in both June and July. The constituent components of the index, namely the Current Conditions Index and the Expected Condition Index, both exhibited notable month-over-month declines, indicating worsened perceptions on the part of consumers about the current and future state of the U.S. economy. Relative to July, the Current Conditions Index fell by -5.3% while the Expected Conditions Index fell by -7.0%.

Closely related to consumer confidence are their inflation expectations. According to the aforementioned survey, consumer "one year ahead" inflation expectations ticked down in August to 4.0%, the third consecutive month where they have done so. Their one year ahead inflation expectations are slightly above where they started in 2026 but are notable lower than their peak of 4.8% in May. Over a longer horizon, their "five year ahead" inflation expectations remained flat for the third consecutive month at 3.3%. Although steady, these longer-term inflation expectations remain notably above the U.S. Federal Reserve's goal of around 2%.

An alternative measure of consumer confidence, elicited from a survey conducted by the Conference Board, suggests a more mixed bag perspective on the part of U.S. consumers. Their Present Situation Index – based on consumers' assessment of current business and labor market conditions – rose by 6.8 points after experiencing three consecutive months of declines. Their Expectations Index – based on consumers' short-term outlook for income, business, and labor market conditions – fell by 5.8 points. Chief Economist at the Conference Board, Dana Peterson, noted that:

"Consumer confidence moderated slightly in August for a second consecutive month. The Expectations Index slipped further into negative territory, which was offset by a moderate rise in the Present Situation Index after declining in the past three months. Consumer appraisals of current business conditions were mildly positive. Perceptions of the current labor market improved, reversing three months of moderate decline. Looking ahead, consumers were more pessimistic about business conditions and the labor market over the next six months. Expectations for household incomes moderated but remained optimistic overall."

Business Confidence. According to the monthly West Michigan survey, business confidence in our economy remained steady in August, relative to July. The SHORT-TERM BUSINESS OUTLOOK index, asking West Michigan firms about their business perceptions for the next 3 to 6 months, rose slightly to +19 in August relative to +17 in July. Considering the next 3 to 5 years, the LONG-TERM BUSINESS OUTLOOK index declined further to +34 in August, down from +42 in July and +54 in June. Considering small businesses across the country, the National Federation of Independent Business (NFIB) Chief Economist Bill Dunkelberg commented on the most recent data for July stating:

"Small businesses are slowing down their hiring efforts as the summer comes to an end, with fewer owners reporting job openings or plans to create new positions. The pressure to offer competitive wages is still high, but it's no longer a top challenge for most Main Street employers."

Industrial Inflation. Industrial inflation in West Michigan ticked down in August after experiencing an increase in July. In August, the PRICES index fell to +47, down from +55 (July), +51 (June), and +62 (May). The 25-year average is +19. From ISM, raw material prices increased for the 23rd consecutive month, although the growth rate of prices has slowed noticeably over the past couple

of months. In August, the ISM PRICES index reading was +42.2, nearly flat relative to the July reading of +42.1, and down from June (+45.9) and May (+64.1). On the global level, the S&P Global PMI report indicates global manufacturing production and new orders rise at notably faster rates in August. In their commentary on the latest report, Mia Crook, Global Economist at J.P. Morgan, said:

"The J.P. Morgan global manufacturing output PMI rose 0.3 points in August, recovering to a level that suggests ongoing strength in global industry. Forward-looking indexes were similarly constructive. New orders moved back up to approach its recent high, suggesting an ongoing lift in demand, and the future output PMI rebounded to its May level. Price indexes continue to moderate even as petro-based product prices remain elevated, with purchase price inflation easing to a six-month low."

Consumer Inflation. The most recent reading of consumer inflation, released by the Bureau of Labor Statistics (BLS) on August 12, 2026, reported a slight month-over-month increase in consumer prices of 0.1% from June to July to 3.4. This follows the month-over-month decline in consumer prices of -0.4% in June, which was the largest one-month decline since April 2020. Relative to July of 2025, consumers prices were up in July by 3.3%.

The sub-index for consumer energy prices fell by -1.5% from June to July, the second consecutive month of declining consumer energy prices after also declining by -5.7% from May to June. While this is certainly welcomed, relative to July of last year consumer energy prices remain markedly elevated at 14.4%. Core CPI, which excludes food and energy prices due to their historical volatility, rose slightly month-over-month by 0.2%, essentially remaining flat relative to May. Over the last 12 months, Core CPI suggests prices have risen by 2.5%, slightly above the growth rate experienced in January/February this year.

The Fed's preferred measure of inflation, Personal Consumption Expenditures (PCE) from the BEA, generally echoed most of the readings of the CPI numbers. Although methodological differences exist between the two, from June to July PCE inflation was up 0.2%, while relative to the same time last year, PCE inflation was up 3.7%. Month-over-month, Core PCE inflation rose 0.1% while year-over-year the reading was 3.3% higher.

West Michigan Unemployment. According to the Michigan Department of Technology, Management, and Budget (DTMB), the July unemployment rate dipped slightly to 4.9%, which it has hovered near since September of last year. This is slightly above the national unemployment rate of 4.2%. According to DTMB's most recent report, most West Michigan counties are reporting notable increases in their unemployment in July. From June to July, Kent County unemployment rate rose from 4.8% to 5.7%. For Barry County, the unemployment rate rose from 5.4% to 6.8%. Calhoun County unemployment rate rose from 5.4% to 7.1%. Kalamazoo County unemployment rate rose from 4.5% to 5.0%, and the Ottawa County unemployment rate rose from 4.7% to 5.2%.

GDP. On August 26, the BEA released their second estimate of GDP for Q2 2026. Although there were upward revisions to both consumer spending and imports since their advanced release in July, these factors partly offset each other so the estimate remained at 1.5%. As such, this revised estimate remains below expectations. Updated on September 3, the Atlanta Fed's GDPNow forecast for Q3 2026 sits at 4.7%. This estimate has declined noticeably over the past month, sitting at 5.9% at the time of our last reports release. The consensus estimate for growth in Q3 2026 from professional forecasters interviewed by the Philadelphia Fed sits at 2.5%, which is much more aligned with the New York Fed's forecast of 2.2%.

Looking Forward. Aside from changes to the military situation in the middle east, the most influential near-term factor for the state of the macroeconomy is the Fed's FOMC meeting scheduled for September 16. Retrospective analysis during the next quarter or early next year may well paint this meeting as having been particularly important, and we hold this perspective for a couple of reasons.

First, the upcoming meeting is slated to include a new set of economic projections, which provide tremendous insight into how monetary policymakers view the current state of the economy, and arguably more important, their view on how things will shake out in the foreseeable future. The last set of these projections by the FOMC accompanied their meeting in June, a meeting where they took no interest rate action. Since then, they will have observed a minor decline in the unemployment rate, lower than expected real GDP growth for Q2, and markedly elevated inflation readings according to their preferred PCE measure. This suggests that it is possible that the FOMC will hike interest rates, with current market odds suggesting a 50.2% to 49.8% split between hike/no change.

Second, this meeting will be a vital lesson for financial market participants in forming their expectations about the relatively new Fed Chair, Kevin Warsh. During his confirmation process in the spring, there was much public debate about the stance Warsh would take on tightening monetary policy in an environment where it would be politically disadvantageous for the President if he did so. At his first FOMC meeting in June, the vote was unanimous amongst the FOMC to keep interest rates unchanged. However, given the aforementioned readings on the state of the macroeconomy, this meeting might be the first clear signal as to which side of the fence Warsh chooses to stand. While recent public comments on this part certainly suggest he may choose to prioritize the state of the economy in his decision-making process, it is certainly reasonable at this time to question how committed he is in achieving progress towards the Fed's dual mandate.

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

August 2026 Survey Statistics

	UP	SAME	DOWN	N/A	Aug. Index	Jul. Index	Jun. Index	25 Year Average
Sales (New Orders)	45%	40%	15%	0%	+30	+30	+49	+11
Production (Gross Output)	34%	40%	13%	13%	+21	+19	+35	+11
Employment	30%	49%	19%	2%	+11	+6	+25	+8
Purchases	36%	49%	13%	2%	+23	+17	+34	+6
Prices Paid (major commodities)	47%	49%	0%	4%	+47	+55	+51	+19
Lead Times (from suppliers)	36%	60%	0%	4%	+36	+28	+27	+15
Purchased Materials Inv. (Raw materials & suppliers)	28%	55%	2%	15%	+26	+17	+32	+3
Finished Goods Inventory	17%	57%	15%	11%	+2	-19	0	-4
Short Term Outlook (Next 3-6 months)	32%	55%	13%	0%	+19	+17	+33	-
Long Term Outlook (Next 3-5 years)	40%	51%	6%	2%	+34	+42	+54	-

Items in short supply:

Oil, gas, fuel, butyls, plastic resins, coolants, aluminum coils, steel, some specialty steels, HRPO steel coils, hardware from overseas, quality gravel, overseas freight services, RAM chips, discrete IC chips, certain personnel, i.e., entry level material handlers, assembly team members, electrical engineers, mechanical engineers, machine builders.

Prices on the UP side:

Printing services, contracted labor, paper goods, steel, material from Canada, copper, aluminum products, all metals, plastic resins, polypropylene, polycarbonate, PA6, fuel surcharges, freight, pipe fittings, valves, paper, coarse and fine aggregates, rubber, corrugated, commercial insurance, health insurance, all commodities and products that are hit with 301 and 232 tariffs.

Prices on the DOWN side:

Polypropylene*, polyethylene, ABS plastic, aluminum*.

*Item reported as both up AND down in price.

Latest Unemployment Reports:

These data are NOT seasonally adjusted, except as noted.

	Jul. 2026	Jul. 2025	Aug. 2009*	25-Year Low
State of Michigan (Jul.)	5.4%	5.7%	14.6%	3.2%
Kent County	4.3%	5.0%	11.9%	2.1%
Kalamazoo County	4.6%	5.4%	11.1%	2.1%
Calhoun County	5.8%	6.7%	12.8%	2.7%
Ottawa County	4.1%	4.8%	13.3%	1.8%
Barry County	4.8%	5.4%	10.9%	2.2%
Muskegon County	5.2%	6.3%	15.9%	3.4%
St. Joseph County	5.5%	6.3%	15.9%	3.4%
Van Buren County	5.2%	6.7%	12.7%	3.0%
Otsego County	4.5%	5.8%	14.1%	3.6%
Muskegon SMSA**	4.9%	5.6%	16.0%	3.9%
Kalamazoo-Portage**	4.6%	5.4%	15.2%	3.2%
Grand Rapids-Wyoming**	4.3%	5.0%	16.1%	3.0%
Battle Creek**	5.8%	6.7%	10.7%	1.4%
U.S. Official Rate (Aug.)	4.1%	4.3%	9.6%	3.5%
U.S. U-6 Rate (Aug.)***	7.8%	7.7%	22.9%	6.7%

* August 2009 = Approximate Great Recession Peak

** Denotes SMSA (Standard Metropolitan Statistical Area)

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

AUGUST COMMENTS FROM SURVEY PARTICIPANTS

“We are anticipating less wage pressure as we head into 2027 for budgeting purposes.”

“Between fuel surcharges and market conditions, we are continuing to see ongoing price increase. Utilities are the latest area where a significant increase is noted.”

“Tariffs are disrupting markets along with Straits of Hormuz disruptions.”

“We are expecting an extremely strong finish to our third and fourth quarters. Our updated year-end forecast is expected to roughly double the growth we had anticipated at the beginning of the year.”

“We are watching container shipping rates and transit times. The prediction of a strong El Nino is likely to cause disruptions. Just this month we saw port closures/evacuations in China due to a Typhoon. Some are predicting that the Panama Canal could see reduced traffic volumes due to lower water levels.”

“We continue to feel the pain of the Iran war and the uneasiness in the market place that it has generated. There are just too many variables in the global markets right now for anyone to be comfortable.”

“We are starting to see order softness, but it’s too soon to tell if it’s a blip or if it’s a trend.”

“Sales and production continue to be stronger than expected due primarily to demand from data centers.”

“Business levels remain flat.”

“New orders and demand continue to be strong. Downstream, we are seeing multiple push-outs as delays in construction are delaying the installation of our items.”

“We continue to struggle to get material from the steel and aluminum mills on time.”

“The ongoing fuel price issues are affecting overall inflation and are impacting the reduction in interest rates. Higher rates are continuing to slow construction starts.”

“We expected to be in a better position by this time in 2026.”

“Overall, business is going very well.”

“Our small retail store cannot stay open. We project it to be closed by November. All of our resources have been exhausted. Eight years of success and new laws and the economy have made it very difficult to stay open.”

“Our third quarter is expected to be down, but the plan is for the fourth quarter to be back on pace.”

“The entire auto industry, including the OEMs, are now feeling the pain of steel increases and amplifying pressure on the supply base for cost reductions.”

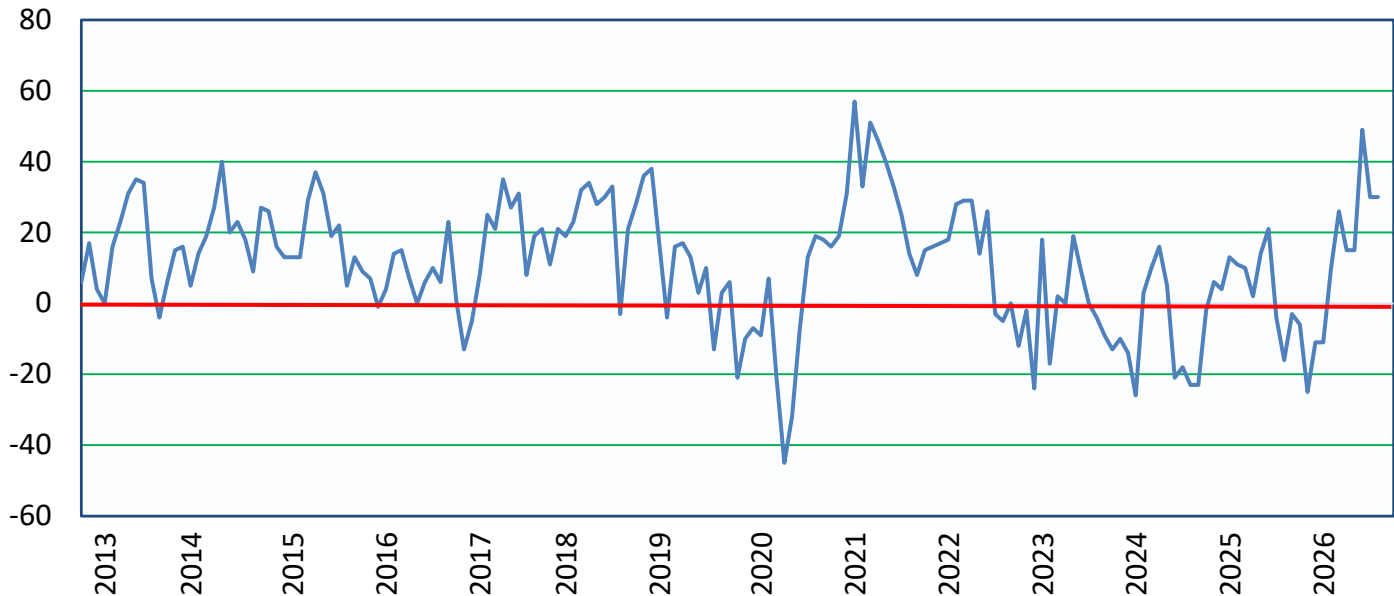
“Business is good. Not great, but holding steady, and orders are coming in.”

“We’re not getting too many price increases right now. I’m sure another wave is coming with the tariff changes.”

“Steel remains challenging as the mills are running at high utilization. This is now starting to impact the quality of the steel as well.”

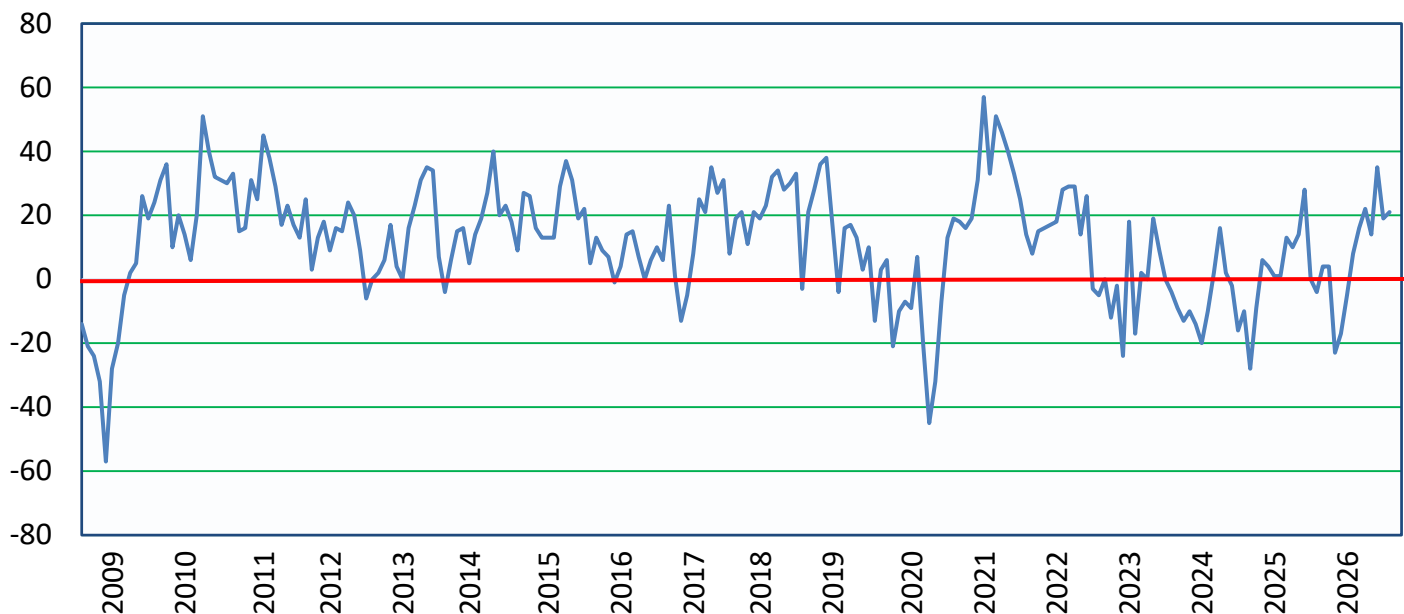
West Michigan Index of New Orders: 2013-2026

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.



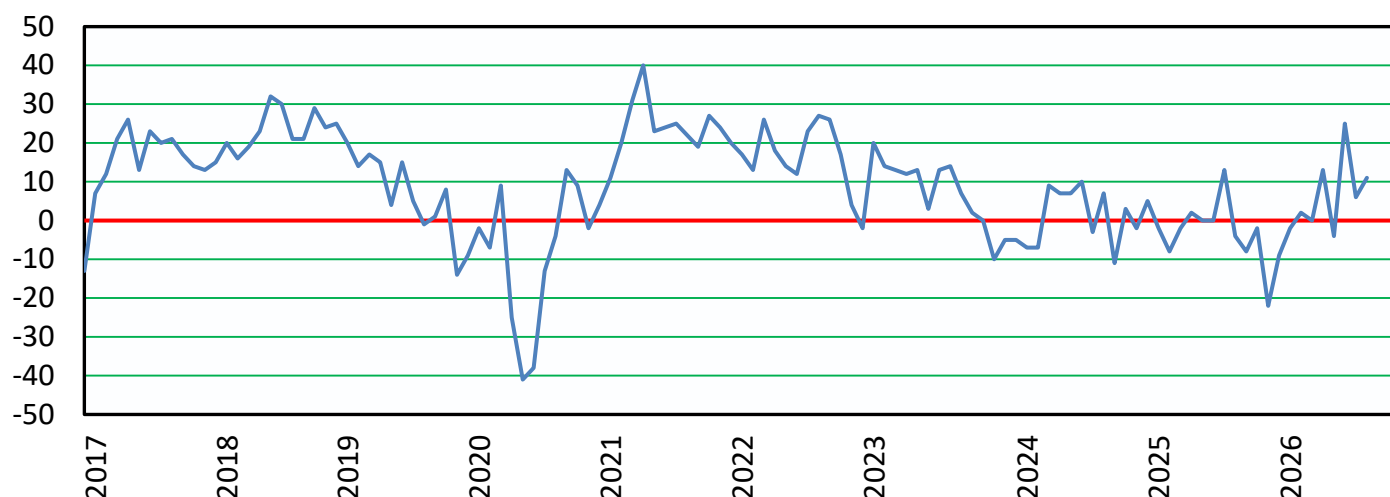
West Michigan Index of Production (Output): 2008-2026

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.

LONG TERM BUSINESS OUTLOOK (3-5 YEARS)
SHORT TERM BUSINESS OUTLOOK (3-6 MONTHS)

