BUSINESS OUTLOOK
for West Michigan

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Vol. XX, No. 1
March 2004

W.E. UPJOHN INSTITUTE for Employment Research

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BUSINESS OUTLOOK for West Michigan is published four times a year by The W.E. Upjohn Institute for Employment Research. The Institute, a nonprofit research organization, is an activity of the W.E. Upjohn Unemployment Trustee Corporation, which was formed in 1932 for the purpose of conducting research into the causes and effects of unemployment and measures for the alleviation of unemployment.

ISSN 0748-4216

Note to Our Readers

With this issue, we introduce a new methodology to estimate place-of-work employment statistics for the sub-metropolitan areas of Battle Creek (Calhoun County), Grand Rapids (Kent County), Kalamazoo (Kalamazoo County), Holland (Allegan and Ottawa counties), and Muskegon (Muskegon County). The former methodology used employment estimates generated by our Regional Economic Models Incorporated (REMI) models for each of these four areas. Unfortunately, due to the changeover from the Standard Industrial Classification (SIC) system to the current North American Industrial Classification System (NAICS), the last year of historical data contained in the REMI models is for 2000. Basing current employment estimates on three-year-old statistics is clearly questionable. Our new approach incorporates aggregated, quarterly ES-202 employment statistics for each of the counties. The ES-202 database prepared by the Michigan Department of Labor and Economic Growth offers approximately the same level of industrial detail as is available in the REMI models on a quarterly basis, and the statistics are much more timely. The ES-202 employment statistics have only a six- to nine-month lag time. Unfortunately, the ES-202 data are only available for private-sector employment, so we must, once again, use the BEA's 2001 data as the historical base for our government estimates. In addition, the ES-202 database is plagued by undisclosed data cells and cannot be seasonally adjusted due to the lack of sufficient historical data. Given the limitations of the new database, more careful readers may notice changes in the employment levels for each of the metro areas.

Finally, since the ES-202 employment data are quarterly, we are now able to provide historical trend data for the five sub-metropolitan areas shown in Appendix Table A-6.

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WEST MICHIGAN VIEWPOINT

The 2004 and 2005 Employment Forecast for West Michigan

Forecasting is difficult, especially if it is the future
—An unknown economist

2003: A Year to Forget

2003 was a disappointing year, to say the least. Although the national recession ended in November 2001, the subsequent recovery, now two years old, totally sidestepped the nation's labor market. From November 2001 to January of this year, employers nationwide cut 716,000 jobs from their payrolls. The nation's manufacturers eliminated 1.5 million jobs during the same period, and the number of workers in manufacturing, 14.3 million, has dropped well below the average for the 1950s, 15.3 million workers. Impressive productivity gains which have postponed the need to hire more workers, coupled with the movement of jobs to other countries, have truly made this a job-lost recovery.

West Michigan employers cut 10,800 workers from their payrolls in 2003, a 1.3 percent decline from 2002. The region's manufacturers eliminated 6,300 jobs, a 3.3 percent decline. In comparison, employers nationwide cut only 0.3 percent of their workforce; however, the nation's beleaguered manufacturers cut 4.8 percent of workers from their payrolls.

All three of the region's metropolitan areas suffered major layoff announcements during the year. In Grand Rapids, the Bosch Corporation closed its Kentwood plant, laying off 1,200 workers. In addition, the area's struggling office furniture industry cut another 2,100 workers—10 percent of its workforce—during the year. In Kalamazoo, Pfizer eliminated more than 1,100 jobs and has transferred much of its research and discovery activities elsewhere. Fortunately, the move was buffered somewhat by the expansion of its animal health research activities in the county. In Calhoun County, State Farm Insurance, a longtime neighbor in Marshall, announced that it was closing its regional office. Finally, in Benton Harbor, Pemco released 230 workers when it shut down in September.

The year also ended on an awful note in the city of Greenville, just north of Grand Rapids, where Electrolux announced that, despite having been offered substantial incentives by the state, it would be moving much of its refrigerator assembly operations to Mexico, eliminating 2,700 jobs. In short, it was a disappointing year.

National Outlook Is Robust

Economic forecasters agree that 2004 and 2005 will be solid growth years for the national economy. Low inflation will allow the Federal Reserve Board to keep interest rates at historically low levels, which should continue to fuel house sales and construction. Renewed business investment spending is expected to give a long awaited boost to the nation's manufacturing sector. Finally, consumer confidence is trending upward, despite lackluster employment conditions. Most analysts predict car sales will stay above 16.5 million units for each of the next two years.

The Philadelphia Federal Reserve Bank's fourth-quarter survey of professional forecasters reported an average prediction that the nation's Gross Domestic Product (GDP) would grow by 4.3 percent, which would push the unemployment rate down to 5.8 percent. The University of Michigan, which offers one of the few national forecasts for 2005, predicts the nation's GDP will expand by another 3.8 percent in 2005 and that the unemployment rate could drop down to 4.9 percent by the end of next year.

Review of Last Year's Forecast

Last year we thought the recovery would be in full swing by now. We were wrong, as shown in Chart 1 and Table 1. We were expecting a modest 0.3 percent growth in employment for west Michigan's three metropolitan areas for 2003; instead, employment declined by 1.3 percent. There were two major reasons for our error. First, manufacturers were not persuaded by low interest rates to invest in new equipment and furniture. The resulting 3.3 percent drop in goods-producing employment in the region was much deeper than our estimated 1.1 percent decline. Second, the state's budgetary problems caused more severe employment cuts in government than expected. Because we missed both of these events, our predicted 1.0 percent increase in private service-providing employment also was overly optimistic.

Chart 1
Review of Last Year's Forecast
West Michigan's MSAs

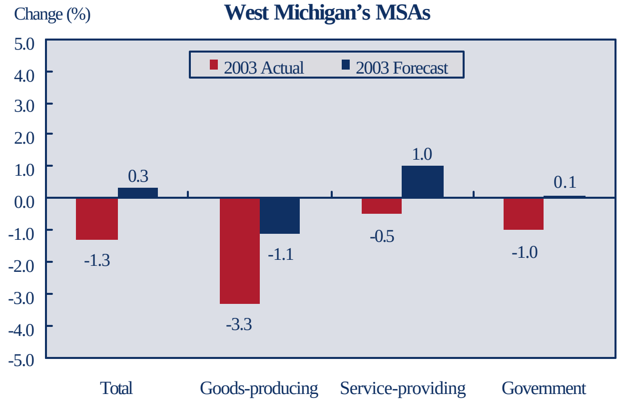


Table 1
Review of Last Year's Employment Forecast

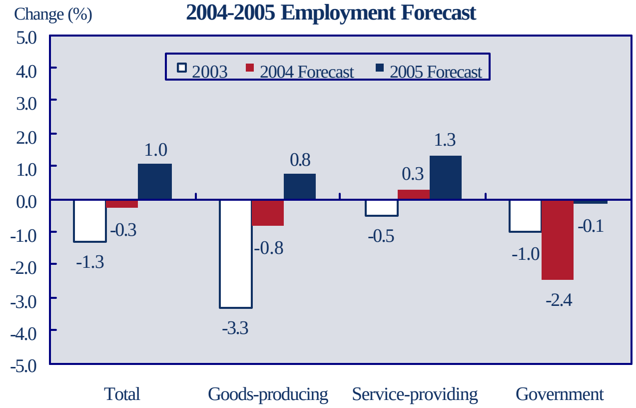
	% Change		
	2003 Actual	**2003 Forecast**	**Error**
Benton Harbor MSA			
Total	-1.2	0.5	-1.7
Goods-producing	-1.1	-0.3	-0.8
Service-providing	-1.2	1.1	-2.3
Government	0.0	-0.5	0.5
Grand Rapids-Muskegon-Holland MSA			
Total	-1.0	0.1	-1.1
Goods-producing	-3.8	-1.5	-2.3
Service-providing	0.1	0.8	-0.7
Government	2.0	0.2	1.8
Kalamazoo-Battle Creek MSA			
Total	-2.0	0.8	-2.8
Goods-producing	-2.4	-0.1	-2.3
Service-providing	-1.9	1.4	-3.3
Government	-6.3	-0.1	-6.2
West Michigan			
Total	-1.3	0.3	-1.6
Goods-producing	-3.3	-1.1	-2.2
Service-providing	-0.5	1.0	-1.5
Government	-1.0	0.1	-1.1

Employment Forecast for 2004 and 2005

We believe that 2004 will be a growth year for west Michigan metropolitan areas; however, much of the growth will not be reflected in the areas' employment forecasts. First, just like the rest of the nation, productivity gains will account for a large share of the expected output growth from the areas' manufacturers and service providers. Second, both the Grand Rapids-Muskegon-Holland and the Kalamazoo-Battle Creek MSAs must first dig themselves out of the economic hole that 2003 left them in. The employment losses at Bosch in Grand Rapids and Pfizer in Kalamazoo occurred in the latter half of 2003; therefore, they will be partially reflected in 2004's average annual numbers. So even though we believe employment will expand this year, the average annual change will be down by 0.3 percent. In addition, the ongoing budget crunch in Lansing is expected to force the region's state universities and colleges as well as its local governments to decrease their workforce by 2.4 percent during the year.

In 2005, the region's economy will finally post positive numbers, as total employment is expected to increase by 1.0 percent, pushed upward by a 0.8 percent employment increase in its goods-producing sector and a 1.3 percent rise in its service-providing sector. Government employment will remain flat, however.

Chart 2
West Michigan
2004-2005 Employment Forecast



Next, we present our employment forecasts for each of the three west Michigan metropolitan areas (page 3). All three will have a similar recovery path. Their manufacturing sectors will expand at an accelerating rate as the year proceeds; however, they will still post slightly negative numbers. The other drag on the regional economy will be government employment, which is fully expected to experience further declines due to the state budget problems in Lansing.

All three of the metropolitan areas are expected to experience a modest employment decline in 2004. However, again that is because all three suffered major employment reductions in their manufacturing sectors during the latter half of 2003, which will be partially reflected in their 2004 statistics. The areas' performance will be better than what the statistics suggest. Still, growth in all three will be dampened by expected employment reduction from state and local government.

In preparing this forecast we factored in announced expansions at Denso in Battle Creek, Stryker in Kalamazoo, Gentex in Zeeland, and Herman Miller in Spring Lake, as well as expected gains in State Farm employment in Kalamazoo. On the downside we included the expected loss of State Farm in Marshall. The negative consequence of Electrolux closing its Greenville plant in 2005 was not included because it is outside of the geographic scope of our model.

Concluding Remarks

Forecasting is a risky business, especially when it requires calling a "turning point" in the regional economy. Clearly, we did not fully appreciate the severity of the economic downturn in the nation's manufacturing base last year, which caused our forecast to be overly optimistic. This year we may be guilty of the opposite error: not appreciating the ability of the region's employers to bounce back. Nevertheless, we are confident that the worst is behind us.

Chart 3
Benton Harbor MSA
2004-2005 Employment Forecast

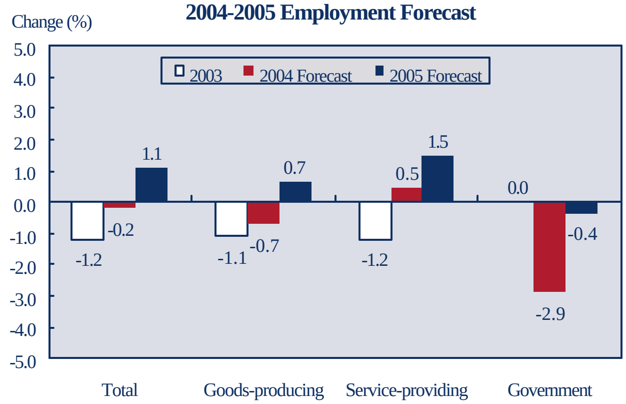


Chart 4
Grand Rapids-Muskegon-Holland MSA
2004-2005 Employment Forecast

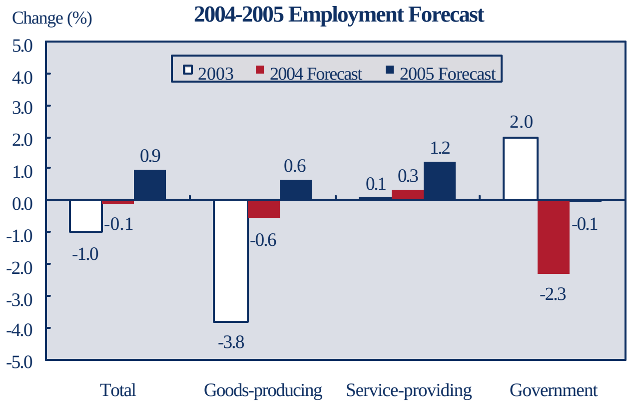
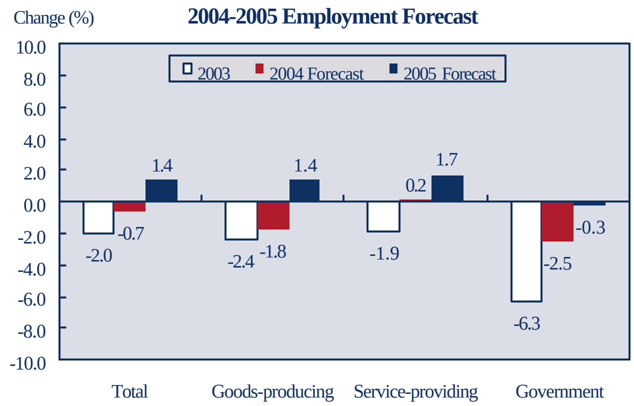


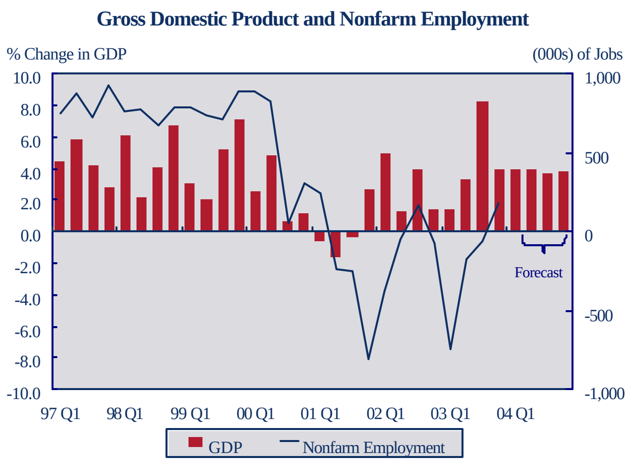
Chart 5
Kalamazoo-Battle Creek MSA
2004-2005 Employment Forecast



NATIONAL ECONOMY

A Good Output Quarter

The nation's economy returned to a more sustainable rate of growth during the final quarter of last year. After racing at an 8.2 percent annualized rate during the third quarter, the nation's Gross Domestic Product (GDP) downshifted to a 4.1 percent pace of growth in the fourth quarter. As in the previous quarter, all of the economy's major sectors contributed to its advancement. Significantly, business investment spending is still on the rise, and January business reports suggest that the nation's businesses could remain at the investment table for at least the first half of the year.



Consumer expenditures rose at a 2.7 percent annual rate and contributed 1.93 percentage points to the fourth quarter's annualized 4.1 percent advance. Consumer expenditures on durable goods fell at a slight 0.1 percent annualized rate in the fourth quarter. Still, car sales raced at an unsustainable 17.7 million unit annualized rate in December after turning in a respectable 16.7 million unit pace in November, driven by an increase in fleet orders. Consumer spending on furniture and household appliances was also positive during the fourth quarter.

The lack of activity in the nation's auto dealerships pushed overall retail sales for January into negative territory, as sales declined by 0.3 percent. The lack of new incentives and frigid temperatures during most of the month pushed car sales down to a 16.1 million unit annualized rate. However, outside of car and light truck sales, retail sales rose a healthy 0.9 percent during the month.

Employment Growth Remains Modest

Although employment is on the rise, its ascent is not robust and has consistently fallen below expectations. During the fourth quarter, employers created 207,000 jobs, and the nation's unemployment rate dropped from 6.0 to 5.8 percent. However, analysts were expecting stronger gains, and much of the drop in the quarter's unemployment rate could be attributed to people leaving the workforce. In January, employers added another 112,000 jobs, which was again below expectations. Analysts expected a larger gain due to seasonal adjustment factors. Employers hiring was well below trend in December, so analysts anticipated that seasonal adjustment factors would push January well above trend. It did not happen.

Worse for the Great Lakes states, with their strong concentration in manufacturing, January was the forty-second consecutive month of employment declines in manufacturing. Manufacturers have eliminated 2.6 million jobs since the peak of the expansion, March 2001. More troubling is that 46 percent, or 1.2 million, of these job losses occurred after the recession officially ended in November 2001. Impressive productivity gains and some activity being moved to low-wage countries are the primary causes cited for this historical decline in manufacturing. In addition, consumer demand for manufactured products is in decline relative to the demand for consumer services.

Business Spending Continues to Rebound

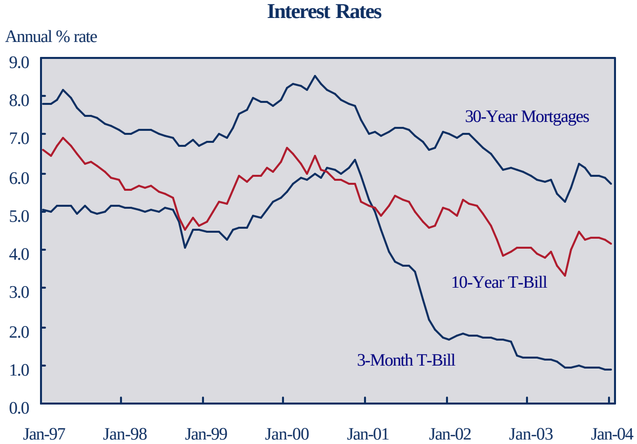
Analysts generally agree that as long as the nation's labor markets lag behind expectations, the Federal Reserve Board will keep short-term interest rates low. Moreover, consumer prices continue to stay quiet, except for slightly rising energy prices. On the wholesale level, prices are also holding fairly stable except for rising prices reported on some steel products.

Keeping the lid on short-term interest rates will only encourage further investment spending by the reawakening business sector. Business investment spending accounted for 0.85 percentage points of the rise in GDP during the fourth quarter. Business investment spending fell at a 7.1 percent annualized rate; however, businesses continued to buy equipment and software. Spending on software and information equipment rose at a 17.1 percent annual rate during the quarter. Unfortunately, for the Great Lakes states expenditures on the more traditional production machinery and equipment were not as robust. In fact, expenditures for industrial equipment fell at a 1.0 percent annualized pace for the quarter, while spending on transportation equipment rose at a more robust 23.7 percent annualized rate. As discussed later, researchers at the Federal Reserve Bank of Chicago found that surveyed firms in the Great Lakes region are apparently only replacing worn-out existing equipment and not adding new capacity.

Still, the Federal Reserve Board's January survey of bank lending officers revealed that commercial and industrial loan activity has rebounded. Eighteen percent of the surveyed banks reported that they have eased their lending criteria for loans to large- and middle-sized firms in the past three months, and 11 percent said that they have eased standards on loans for small firms as well. Such moves have not been seen since 1993, according the Federal Reserve Board. In addition, for the first time since 2000, survey respondents indicated a strengthening in the demand for commercial and industrial loans.

The Federal Reserve Board (Fed) did cause a modest disturbance as it changed its "official" stance from one where it expected a "considerable period" to pass before it would consider increasing short-term rates to one where it gives a commitment to remain "patient" about current interest levels. While the bond market was distressed by the slight change in wording, it appears clear to most that the Fed will likely maintain its easy-money bias until rising prices or perhaps a significant change in the value of the dollar require a policy shift.

Interest Rates



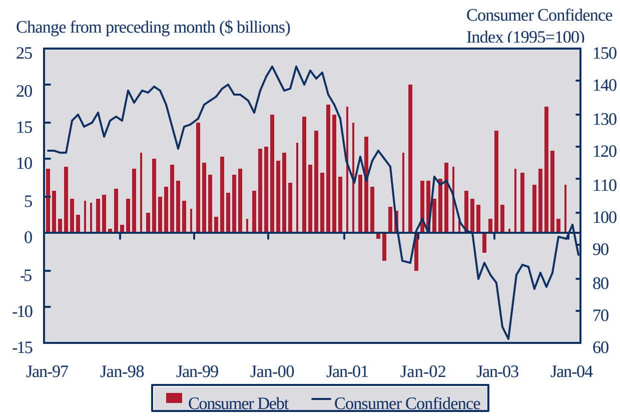
The Falling Value of the Dollar — Too Much of a Good Thing?

The value of the dollar has declined by 5.5 percent relative to other major currencies since August. For the nation's manufacturing sector the relative decline of the U.S. dollar is a welcome development, as it effectively lowers the prices of its exports and increases the domestic prices of competing imports. For consumers the relative decline may cause rising prices on imported items, as well as force some to reconsider planned trips abroad. Not surprisingly, exports increased at a 21 percent annualized rate during the fourth quarter. Still, imports rose at a still strong 16.4 percent annualized rate despite the falling dollar.

Outlook Is Promising

The nation's disappointing employment trends may be negatively affecting consumer confidence. While the Michigan Index of Consumer Sentiment reached its highest level in three years in January, the Conference Board's January reading of consumer confidence fell by 9.4 percent. In addition, recent reports indicate that the nation's housing market may be turning less bullish. While residential investment rose at a 10.6 annualized rate in the fourth quarter, housing starts fell 7.9 percent and building permits also declined in January. In addition, according to the Federal Reserve Board's survey of bank lending officers, the demand for household credit has weakened during the past three months. Demand for residential mortgage loans has fallen "significantly" since the October survey, according to the Fed's report. Overall, one has to go back to the fourth quarter of 2001 to see a similar three-month decline in demand by households for all types of consumer loans.

Consumer Confidence and Consumer Debt



Nevertheless, the Conference Board's Index of Leading Indicators rose 0.5 percent in January, on top of a 0.2 percent rise in December. More encouraging for the Great Lakes states is that the Institute for Supply Management's (ISM) Purchasing Managers' Index climbed to 63.6 in January—the eighth straight month the index has been above 50, which historically is the level associated with an expanding manufacturing sector.

The latest polling of professional forecasters by the Philadelphia Federal Reserve yields a consensus forecast for GDP of 4.6 percent for 2004, with the nation's unemployment rate dropping from 5.8 percent to 5.6 percent. The February update of the University of Michigan's forecast is even more bullish, calling for the nation's GDP to grow by 4.9 percent in 2004, with unemployment dropping to 5.4 percent.

Signs of a Turnaround

Business conditions continue to improve in the Great Lakes states, albeit at a modest pace, according to economists at the Federal Reserve Bank of Chicago. The January edition of the Bank's *Beige Book* reports that manufacturing activity is steadily improving across a large array of industrial sectors. Demand is on the rise, and inventories are staying lean. The bank's business contacts expressed confidence that the current strong level of demand should hold throughout the year. Finally, business usage of temporary workers, often a precursor to permanent hiring, was stronger in the last part of the year than it had been in the previous two years. Still, most of the reported business investment during the closing months of the year was for the repair and maintenance of existing machinery and equipment and not for the purchase of new equipment, at least not yet.

The region's employment situation is still lackluster, however. During the 12-month period ending in December 2003, total employment in the states of Illinois, Indiana, Michigan, Ohio, and Wisconsin fell by 0.9 percent, and manufacturing employment dropped by 3.2 percent. In comparison, national employment outside of the five-state region rose 0.1 percent during the same period, and manufacturing employment fell by a larger 4.1 percent.

Manufacturers in all five states reduced their employment levels. Indiana experienced the smallest decline, 2.0 percent, while Michigan suffered the largest, 4.0 percent. Still, even Michigan's struggling manufacturing base did better than the rest of the nation. Wisconsin appears to be turning the corner as its total employment level stayed flat for the year. However, total employment in Michigan fell by 1.8 percent.

Car Sales Are Still Strong

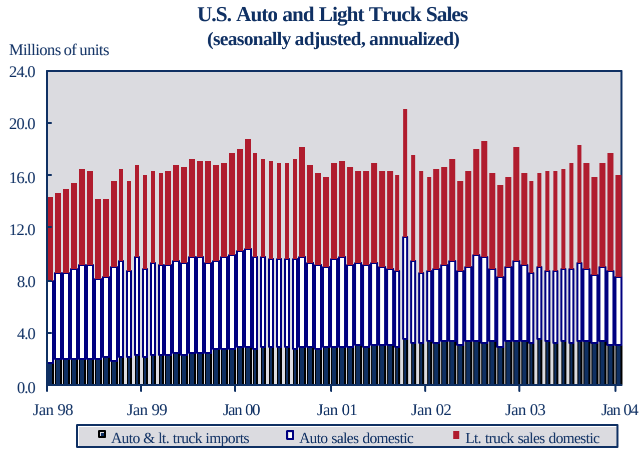
Car and light truck sales reached 16.7 million units in 2003. Car and light truck sales have remained above 16.5 million units for the past four years, a period that spanned the 2001 recession: not bad for an industry known for its large cyclical swings. Last year ended in a frenzy, as December sales soared to a 17.7 million unit pace. In January, car sales fell back to earth at a sluggish 16.1 million unit annual rate. Economists at Bank One believe sales should increase to 16.6 million units in February. March sales may climb above trend due to the expected continuation of incentives and to the arrival in consumers' mailboxes of larger-than-usual federal tax refunds resulting from the tax cuts passed in 2003.

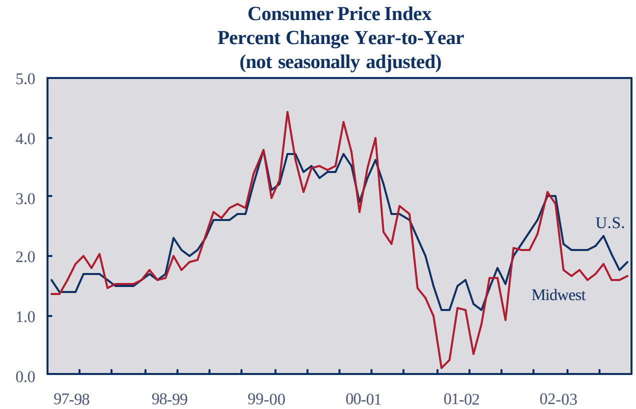
In 2003, the Big Three—Ford, General Motors, and the Chrysler Group—continued to lose market share to Asian manufacturers. From January 2003 to January 2004, sales for the eleven Asian car manufacturers rose

Employment and Earnings
(seasonally adjusted)

Great Lakes Region	December 2003	December 2002	Change (%)	Great Lakes Region	December 2003	December 2002	Change (%)
Illinois				**Ohio**			
Total employment	5,881,300	5,919,400	-0.6	Total employment	5,341,500	5,408,400	-1.2
Mfg. employment	725,900	747,600	-2.9	Mfg. employment	838,400	872,200	-3.9
Avg. weekly hours	42.3	42.1	0.5	Avg. weekly hours	40.7	41.7	-2.4
Avg. hourly earnings	$15.57	$15.17	2.6	Avg. hourly earnings	$17.96	$18.07	-0.6
Indiana				**Wisconsin**			
Total employment	2,872,200	2,880,400	-0.3	Total employment	2,763,600	2,764,200	0.0
Mfg. employment	574,800	586,500	-2.0	Mfg. employment	508,800	522,400	-2.6
Avg. weekly hours	41.9	43.0	-2.6	Avg. weekly hours	41.4	40.8	1.5
Avg. hourly earnings	$17.37	$17.17	1.2	Avg. hourly earnings	$16.40	$16.12	1.7
Michigan				**United States**			
Total employment	4,372,300	4,451,100	-1.8	Total employment (000)	130,043	130,096	0.0
Mfg. employment	722,300	752,600	-4.0	Mfg. employment (000)	14,317	14,899	-3.9
Avg. weekly hours	44.3	44.0	0.7	Avg. weekly hours	40.6	40.5	0.2
Avg. hourly earnings	$21.64	$21.29	1.6	Avg. hourly earnings	$15.94	$15.54	2.6

Note: December 2003 lists preliminary numbers.





NOTE: The Midwest states include Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, North Dakota, South Dakota, and Wisconsin.

by 9.1 percent, compared to a modest 1.5 percent increase for the Big Three and a dismal 13.9 percent decline for European companies, according to Ward's AutoInfoBank. General Motors' share of the market held steady, dropping modestly from 26.7 percent to 26.4 percent during the 12-month period. Ford's slice fell from 22.0 to 20.2 percent, while the Chrysler Group's share climbed from 11.9 percent to 13.1 percent. Among the eleven Asian producers, Toyota's market share continued to expand, from 11.0 percent to 12.8 percent.

The key issues facing the industry remain stagnant pricing and excess capacity. According to Bank One, new vehicle prices held steady in December for the second straight month; however, new car and light truck prices are still nearly 2 percent lower than they were a year ago. Meanwhile, the Big Three are still sitting on too much capacity, which only drives them to increase production volumes to spread the fixed costs over as many units as possible.

The industry is also becoming a victim of its own success, as its strong sale volumes have generated a glut of high-quality trade-ins. Used-vehicle prices have dropped nearly 12 percent in the past twelve months. In 2003, the sales of almost all small car models, from the Honda Civic to the Pontiac Vibe, declined. Only the Toyota Corolla and Matrix and the Chevrolet Cavalier achieved positive sales for the year, according to Autodata. The question facing prospective buyers may be whether to buy a new small car or a two-year-old medium-sized vehicle for roughly the same price.

Consumer Prices Are Holding Steady

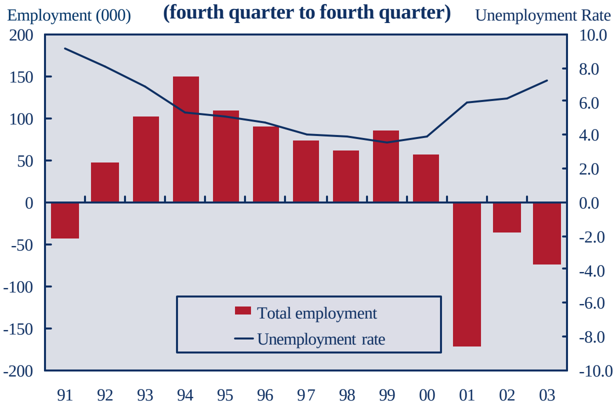
Given that the Midwest region is lagging slightly behind the nation in terms of job growth, it is not surprising that its price increases are also more modest. During the 12-month period ending in December, prices in the Midwest rose by 1.7 percent, compared to 1.9 percent for the nation.

The State Of Michigan

Total employment fell by 0.3 percent in the fourth quarter of 2004. The state's economy remains unable to break free from its economic doldrums. During the quarter, employment declines were reported across almost all of the state's major sectors, from goods production to leisure and hospitality. Surprisingly, the state's unemployment rate for the quarter inched down to 7.3 percent despite the loss of jobs. All of the state's economic indicators are slightly positive, suggesting that modest economic gains may occur in the coming months.

Nationwide, there are clear signs that manufacturing is coming back. Still, employment in the state's goods-producing sector fell by 0.9 percent, a loss of 8,500 jobs, during the fourth quarter as both the state's construction firms and its manufacturers cut workers from their payrolls. From the fourth quarter of 2002 to the fourth quarter of 2003, state manufacturers eliminated more than 30,000 jobs, a 4.0 percent drop. Employment declines occurred in every one of the state's major manufacturing industries.

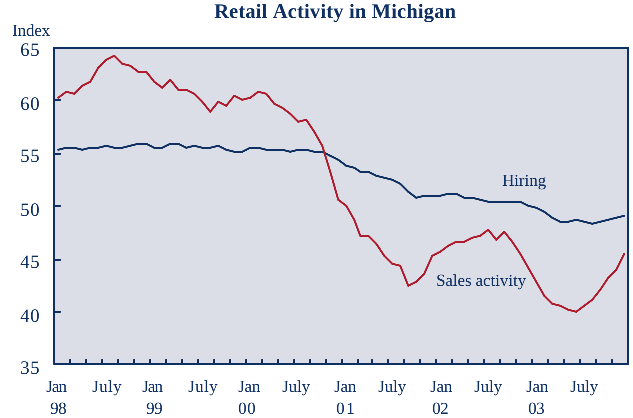
Michigan Employment Change and Unemployment Rate (fourth quarter to fourth quarter)



Employment in the state's service-providing sector declined by 0.7 percent during the quarter. The state's retailers, information technology companies, transportation and utilities, financial services, professional and business services, and leisure and hospitality providers all cut workers from their payrolls. Wholesale trade and private education and health services were the only service-providing sectors reporting employment gains during the quarter.

The loss of nearly 1,000 retail jobs during the quarter is not consistent with the recent trends coming out of the monthly surveys of the state's retailers conducted by the Federal Reserve Bank of Chicago in association with the

Retail Activity in Michigan

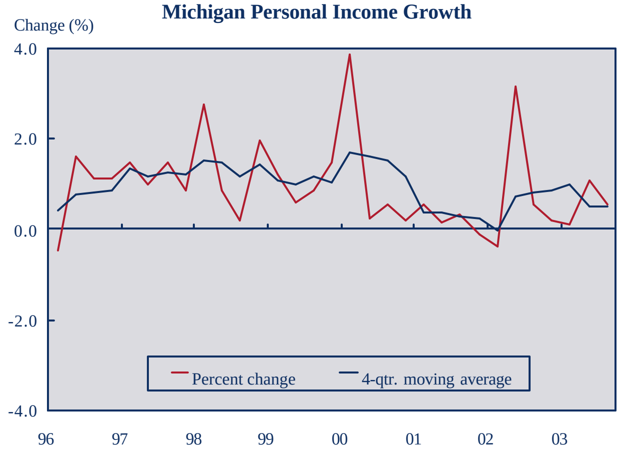


NOTE: Index = percent reporting an increase in sales + [0.5 x (% reporting no change)].

Michigan Association of Retailers. According to the surveys, retail sales have been on the rise since July 2003; furthermore, the employment situation has been modestly improving since September.

The most surprising statistic reported during the quarter was an unexplained 1.7 percent jump in government employment. The gains in employment occurred primarily in state and local education. Given the major budget problems facing state and local governments in the coming year, it is likely that state and local government employment levels will retreat in the near future.

Michigan Personal Income Growth



Michigan's state government is facing a $1.3 billion deficit in FY 2004–05. Nearly $400 million of the deficit is due to projected state revenues being insufficient to fund expected appropriations. A larger $916 million shortfall is due, in large part, to changes in federal funding policies and guidelines. In particular, new restrictions in Medicaid funding will cost the state an estimated $447 million. The governor's budget proposal calls for $640 million in spending cuts and reductions, with only the state's Department of Corrections earmarked for a significant increase in revenues—6.8 percent. The governor proposes to raise cigarette and liquor taxes and to have the due date for the state's education property tax moved up from December to July.

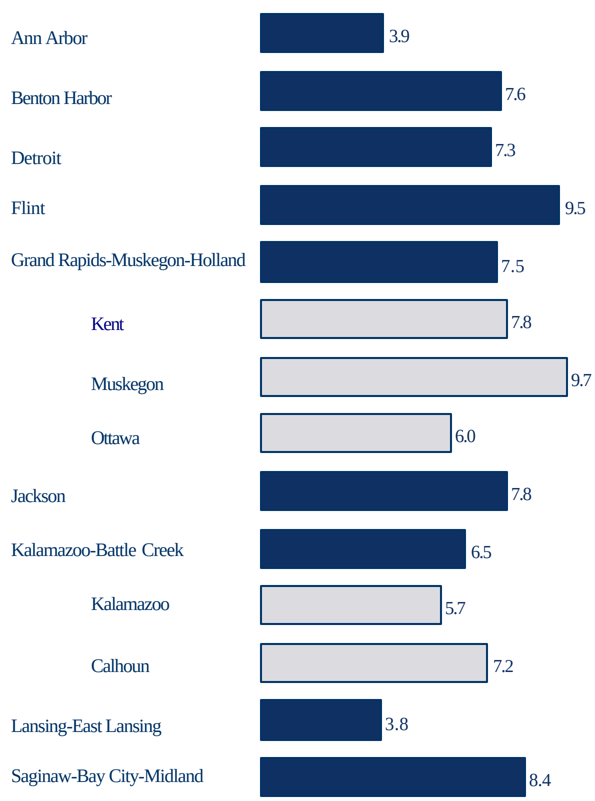
The state's economic indicators were somewhat improved during the quarter, suggesting that employment conditions may improve slightly in the next several months. The Detroit Help-Wanted Index rose by 2.2 percent during the quarter. Moreover, the state's Index of Leading Indicators, which tracks its goods-producing sector, rose by 4.4 percent in the quarter. The state-level components of the Index were mixed during the quarter, however.

West Michigan Metro Areas Fare No Better Than Those in Other Areas of the State

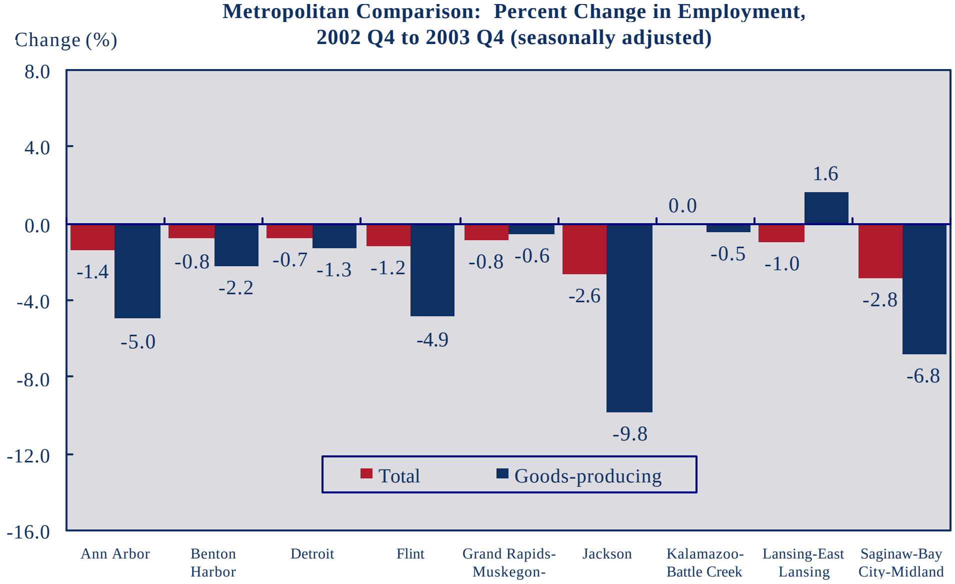
None of the state's nine metropolitan areas posted positive employment gains during the past four quarters. Total employment in the Kalamazoo-Battle Creek MSA remained unchanged, making it the best performing metro area in the state. Except for a surprising 1.6 percent increase in goods-producing employment in the Lansing-East Lansing MSA, all of the metro areas suffered employment declines in their goods-producing sector, with the Jackson MSA losing nearly 10 percent.

Remarkably, the unemployment rates in the Lansing and Ann Arbor metro areas remained below 4 percent in the fourth quarter, despite both areas losing employment during the past four quarters. The unemployment rates for the seven remaining metro areas ranged from 6.5 percent in the Kalamazoo-Battle Creek MSA to 9.5 percent in the Flint MSA.

Michigan Metropolitan Areas
Fourth Quarter Unemployment Rates
(%, seasonally adjusted)



Metropolitan Comparison: Percent Change in Employment, 2002 Q4 to 2003 Q4 (seasonally adjusted)



WEST MICHIGAN ECONOMY

Total employment in the three metropolitan areas of West Michigan rose 0.6 percent in the final quarter of 2004. The employment gains in the quarter were concentrated in the region's private service-providing sector, and all three areas reported net employment gains during the quarter. Still, the region's manufacturers continued to shed workers during the quarter, while budget constraints in state and local governments put a lid on government employment. The overall increase in hiring pushed the region's unemployment rate down to 7.3 percent for the quarter. Moreover, fourth-quarter readings of the composite economic indicators for the three metropolitan areas were positive, suggesting that moderate employment gains may occur in the coming months.

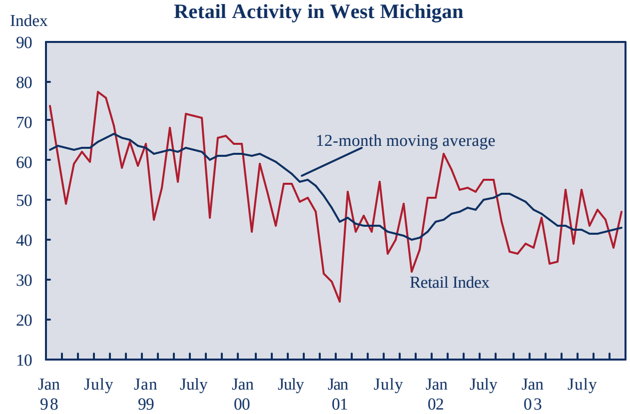
Employment in the region's goods-producing sector fell by 0.7 percent in the fourth quarter, a loss of nearly 1,500 jobs. Construction employment was off by just 0.1 percent. Residential construction activity, as measured by the number of new dwelling units put under contract for construction, remained positive during the quarter. However, there were very few announcements for the construction or expansion of manufacturing facilities. In fact, according to Business Direct Weekly, which tallied tax abatements given to industry by local government units, 2003 was a very sluggish investment year. The amount of industrial investment that received local tax abatements was 23 percent below the region's five-year average.

The region's manufacturers cut 0.8 percent of their workforce during the quarter, affecting both durable and nondurable sectors. For the past four quarters, manufacturers eliminated nearly 6,000 jobs, a decline of 3.1 percent. As reported in the following metropolitan reports, all three of the region's metropolitan areas suffered employment declines across a wide selection of industries.

These statistics do not include the more rural counties of the west Michigan region which were hit hard by recent plant closing announcements. The most alarming event occurred in Greenville (Montcalm County) where Electrolux shunned substantial incentive offers by the state of Michigan and the city of Greenville and announced that it would be closing its mammoth refrigerator plant in 2005. The plant currently employs 2,700 workers. The Swedish company will be moving most of the plant's production activity to Mexico, where the average wage is $1.57 per hour. In addition, the small community was hit by Federal-Mogul's demands that its 310 Greenville workers give back $7 million in wage concessions or $3.20 per hour over four years. Worse, the firm also announced it would lay off 90 of the 310.

Employment in the three areas' private service-providing sector rose by 1.3 percent, an increase of more than 6,500 jobs. Employment in the areas' private education and health services sector rose by a robust 5.1 percent during the quarter, an increase of 5,400 employees. Employment in wholesale trade rose by 2.4 percent, and employment in professional and business services was up by 2.0 percent. Retail employment in the three metropolitan areas fell by 0.5 percent in the fourth quarter, which is consistent with the monthly survey of the region's retailers by the Federal Reserve Bank of Chicago and the Michigan Retailers Association. Finally, government employment was flat during the quarter.

Retail Activity in West Michigan



NOTE: Index = percent reporting an increase in sales + [0.5 x (% reporting no change)].

Employment gains in the three metropolitan areas pushed their composite unemployment rate down to 7.3 percent during the quarter from 7.4 the quarter before.

The fourth-quarter reading of the areas' economic indicators clearly points to improving employment conditions for the coming months. The composite Index of Help-Wanted Advertising rose by 2.2 percent, suggesting that the employment situation in the areas' already expanding private service-providing sector will only improve. In addition, the region's Index of Leading Indicators, which monitors employment conditions in the areas' goods-producing sector, rose by 4.1 percent, with all three local components of the index improving in the quarter.

West Michigan (3 MSAs) Statistics

(seasonally adjusted)

Measure	2003 Q4	2003 Q3	Percent change Q3 to Q4	2002 Q4	Percent change Q4 to Q4
Employment (by place of work)					
Total non-farm employment	842,300	837,130	0.6	853,850	-1.4
Goods-producing	224,290	225,770	-0.7	231,390	-3.1
Construction & mining	38,670	38,690	-0.1	39,790	-2.8
Manufacturing	185,620	187,080	-0.8	191,600	-3.1
Durable goods (2 MSAs)[a]	116,250	116,660	-0.4	120,360	-3.4
Nondurable goods (2 MSAs)[a]	54,060	54,600	-1.0	54,860	-1.5
Private service-providing	517,580	511,040	1.3	519,540	-0.4
Transportation and utilities	21,780	21,870	-0.4	22,710	-4.1
Wholesale trade	39,650	38,710	2.4	38,100	4.1
Retail trade	102,680	103,180	-0.5	101,900	0.8
Information	11,480	11,410	0.6	11,840	-3.0
Financial activities	34,870	35,810	-2.6	36,690	-5.0
Professional and business services	90,720	88,900	2.0	91,090	-0.4
Education and health services	111,410	106,010	5.1	108,390	2.8
Leisure and hospitality	68,760	68,750	0.0	71,410	-3.7
Other services	36,240	36,410	-0.5	37,400	-3.1
Government	100,430	100,310	0.1	102,910	-2.4
Unemployment					
Number unemployed	68,320	68,610	-0.4	56,330	21.3
Unemployment rate	7.3	7.4		6.2	
Local indexes					
Help-wanted ads (2 MSAs)(1996=100)[a]	46	45	2.2	56	-18.7
Leading indicators (1996=100)	104	100	4.1	101	3.1
Average weekly hours	40.2	40.0	0.5	40.5	-0.7
UI initial claims	3,204	3,232	-0.9	2,894	10.7
New dwelling units[b]	8,407	8,080	4.0	8,365	0.5

SOURCE: W.E. Upjohn Institute for Employment Research. Based on dwelling data from F. W. Dodge Division, McGraw Information Systems Company, ad count from four major daily newspapers, and employment data from the Michigan Department of Labor and Economic Growth.

NOTE: Categories may not sum to total due to rounding.

[a] Grand Rapids-Muskegon-Holland MSA and Kalamazoo-Battle Creek MSA.

[b] Seasonally-adjusted annual rates; Allegan County and Van Buren County are not included.

West Michigan Industry Employment Change by Place of Work
Fourth Quarter to Fourth Quarter

(not seasonally adjusted)

Industry	2003 Q4	2002 Q4	Percent change	Industry	2003 Q4	2002 Q4	Percent change
Goods-producing	225,830	232,630	-2.9	Admin. and support svcs.*	48,500	48,030	1.0
Transportation equipment*	35,970	37,230	-3.4	Health and social assistance*	76,070	75,600	0.6
Motor vehicle parts*	29,900	31,630	-5.5	Food svcs. and drinking places*	54,070	54,800	-1.3
Food*	14,530	14,470	0.4				
Paper*	6,330	6,530	-3.1	**Government**	104,870	107,430	-2.4
Private service-providing	520,030	522,200	-0.4	Federal	9,470	9,670	-2.1
General merchandise stores*	24,970	27,230	-8.3	State	14,030	13,970	0.4
Finance and insurance*	24,970	26,370	-5.3	Local	81,370	83,800	-2.9

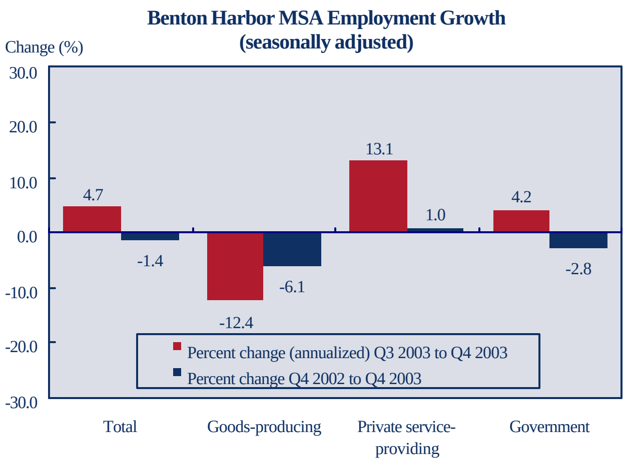
SOURCE: Michigan Department of Labor and Economic Growth.

*Combined data for Grand Rapids-Muskegon-Holland MSA and Kalamazoo-Battle Creek MSA; Benton Harbor MSA data not available.

BENTON HARBOR MSA

Total employment rose 1.2 percent during the final quarter of 2003 in the Benton Harbor MSA (Berrien County). Employment gains in the county's service-providing and government sectors erased losses in its struggling goods-producing sector during the quarter. Despite the healthy overall employment increase, the area's unemployment rate stayed at 7.6 percent for the quarter. The area's economic indicators suggest that further employment gains are possible in the coming months and that the area's goods-producing sector may rebound.

Employment in the area's goods-producing sector fell by 3.3 percent in the fourth quarter as employers cut nearly 600 workers from their payrolls. All of the employment declines occurred in the manufacturing sector, which fell by 3.7 percent. During the past four quarters, manufacturing employment has dropped 6.5 percent, representing a loss of more than 1,000 jobs. Job losses were reported in both the area's durable goods and nondurable goods producers. The closings of Pemco Die Casting and Collins & Aikman contributed to the area's decline in manufacturing employment.



Fortunately, recent business reports are more upbeat. For instance, Premier Tool & Die Cast Corporation, an aluminum and zinc die caster, announced that it is expanding its operations and opening a second plant in the county which will employ approximately 25 new workers. Still, the economics of globalization is being felt in the county as Whirlpool announced that 33 jobs in its global information systems department were being outsourced to an IBM facility in Brazil.

Construction employment was flat during the quarter, despite a 25.8 percent jump in the number of dwelling units put under contract for construction. Low interest rates contributed to the area's residential construction having a strong year in 2004; new housing starts have risen 37.6 percent during the past four quarters. Still, lackluster conditions in non-residential construction kept overall employment in the sector down during the year.

Employment in the county's service-providing sector rose a healthy 3.1 percent during the quarter due to strong gains in the area's private education, health, retail, leisure and hospitality sectors. The area's private education and health sector created 660 jobs. During the same period, the firms in the area's professional and business services sector hired an additional 300 workers, and firms in the area's leisure and hospitality and retail sectors took on another 280 workers in total during the quarter. Employment in the area's other service-providing sectors was relatively unchanged during the quarter.

Thwarted by its inability to lease a vessel last year, Fast-Kat Ferry Services now plans to start running high-speed passenger service from Chicago to St. Joseph starting in May and running through October.

Despite state cutbacks in jobs and local revenue sharing, government employment in the county rose by 1.0 percent during the fourth quarter. However, for the year government employment declined by 250 jobs—2.8 percent—and further declines can be expected in the coming months as the state continues to face large budget deficits.

Although the county's employers created nearly 800 jobs in the quarter, Berrien County's unemployment rate did not budge, staying at 7.6 percent. In fact, the number of unemployed workers in the county rose by 1.0 percent. Unemployment often lags behind employment growth because increased hiring can entice discouraged workers back into the workforce to seek employment.

The area's Index of Leading Indicators increased a sharp 6.9 percent during the quarter, suggesting that employment conditions, especially in its struggling manufacturing sector, could improve in the coming months. The sharp jump in the local indicator was driven in part by the index's four national components. Still, the county's production workers logged longer hours, and, as previously mentioned, housing starts were up during the quarter. On the other hand, the number of new claims for unemployment insurance rose as well.

Benton Harbor MSA
(seasonally adjusted)

Measure	2003 Q4	2003 Q3	Percent change Q3 to Q4	2002 Q4	Percent change Q4 to Q4
Employment (by place of work)					
Total non-farm employment	68,560	67,770	1.2	69,540	-1.4
Goods-producing	17,500	18,090	-3.3	18,630	-6.1
Construction & mining	2,250	2,250	0.0	2,310	-2.6
Manufacturing	15,260	15,840	-3.7	16,320	-6.5
Durable goods (see Industry Employment Change table below)					
Nondurable goods (see Industry Employment Change table below)					
Private service-providing	42,290	41,010	3.1	41,890	1.0
Transportation and utilities	2,400	2,400	0.0	2,460	-2.4
Wholesale trade	2,280	2,250	1.3	2,380	-4.2
Retail trade	8,390	8,250	1.7	8,260	1.6
Information	1,000	1,000	0.0	970	3.1
Financial activities	2,270	2,280	-0.4	2,270	0.0
Professional and business services	5,920	5,610	5.5	6,130	-3.4
Education and health services	11,100	10,440	6.3	10,340	7.4
Leisure and hospitality	5,810	5,670	2.5	5,860	-0.9
Other services	3,130	3,120	0.3	3,230	-3.1
Government	8,770	8,680	1.0	9,020	-2.8
Unemployment					
Number unemployed	6,220	6,160	1.0	4,600	35.2
Unemployment rate (%)	7.6	7.6		5.8	
Local indexes					
Leading indicators (1996=100)	108	101	6.9	103	4.9
Average weekly hours	43.2	42.0	2.9	44.5	-2.9
UI initial claims	321	305	5.2	275	16.7
New dwelling units[a]	648	515	25.8	471	37.6

SOURCE: W.E. Upjohn Institute for Employment Research. Based on dwelling data from F.W. Dodge Division, McGraw-Hill Information Systems Company, and employment data from Michigan Department of Labor and Economic Growth.

NOTE: Categories may not sum to total due to rounding.

[a] Seasonally adjusted annual rates.

Benton Harbor MSA
Industry Employment Change by Place of Work, Fourth Quarter to Fourth Quarter
(not seasonally adjusted)

Industry	2003 Q4	2002 Q4	Percent change	Industry	2003 Q4	2002 Q4	Percent change
Goods-producing	17,570	18,730	-6.2	**Government**	9,070	9,330	-2.8
Durable goods	12,300	13,270	-7.3	Federal	400	400	0.0
Nondurable goods	3,000	3,130	-4.2	State	400	430	-7.0
				Local	8,270	8,500	-2.7
Private service-providing	42,300	41,930	0.9	Local (education)	5,630	5,770	-2.4
Accommodations & food svcs.	4,770	4,800	-0.6				

SOURCE: Michigan Department of Labor and Economic Development.

GRAND RAPIDS-MUSKEGON-HOLLAND MSA

Total employment rose by 0.6 percent in the final quarter of last year in the four-county area. The area's struggling goods-producing sector continued to lose jobs during the quarter. The gain in employment in the quarter pushed the area's unemployment rate down slightly to 7.5 percent. The fourth-quarter reading of the area's economic indicators was positive, which suggests that employment conditions will continue to improve in coming months.

Employment in the area's goods-producing sector fell by 0.5 percent in the fourth quarter due to a 1.2 percent decline in construction employment and a 0.4 percent drop in manufacturing employment. The area's manufacturing sector has lost more than 3,500 jobs over the past four quarters. During this period, the area's auto suppliers eliminated 11.5 percent of their workforce, a loss of 2,500 jobs. This large drop in employment includes the 1,200 jobs lost due to the closing of Bosch. Still, the loss of 1,300 jobs on top of Bosch clearly reflects the harsh competitive environment facing the area's auto parts suppliers. These losses seem incongruous given sales of 16.7 million cars and light trucks last year. With car prices falling, auto companies must demand price concessions and productivity improvements from their suppliers, both of which dampen employment growth.

The most welcome news released during the fourth quarter was that employment in the area's furniture industry rose by 1.4 percent during the past four quarters. Indeed, the latest business reports from the long-suffering sector are more positive than they have been for quite some time. The Business and Institutional Furniture Manufacturer's Association (BIFMA), the industry's trade association, is now forecasting that, despite a flat fourth quarter, industry sales will increase by 5.6 percent in 2004, after three years of decline.

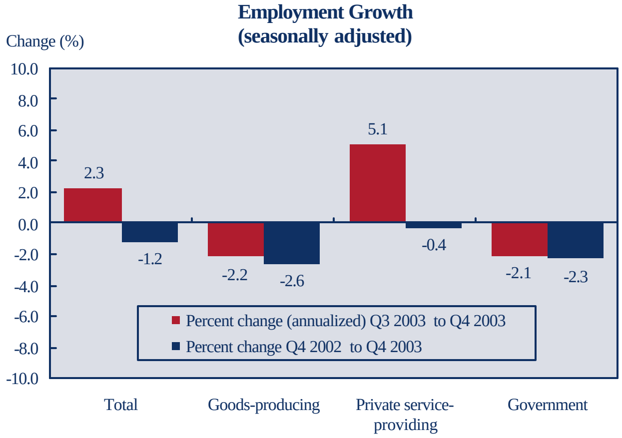
Moreover, several of the area's major companies have moved or are moving production back to west Michigan. Herman Miller started the trend last summer when it announced that it was moving production from the state of Georgia to Ottawa County. Haworth recently announced that it is moving work from North Carolina to Allegan County. Finally, Steelcase, in a major restructuring move, announced that it is eliminating 770 positions in its North American operations, including up to 100 administrative positions in Grand Rapids. Nevertheless, it is also moving work and 150 production jobs into Grand Rapids from North Carolina and Indiana.

Employment in the area's service-providing sector rose by 1.3 percent during the fourth quarter. The job gains were concentrated in the area's educational and health services sector, where more than 4,000 jobs were created. Another 1,600 jobs were created in the area's professional and business services sector. On the other hand, the area's financial services, retail trade, and leisure and hospitality sectors retrenched during the quarter. Government employment declined by 0.5 percent, and further employment reduction can be expected due to the ongoing budget crisis at the state and local levels.

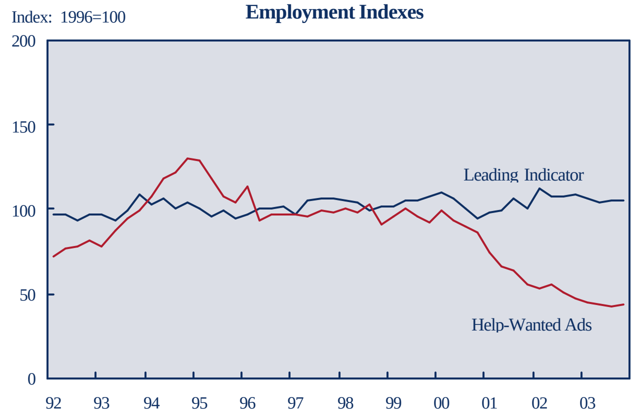
With area employers creating 3,100 jobs during the quarter, it is not surprising that the number of people unemployed declined by 1.2 percent, which pushed the area's unemployment rate down to 7.5 percent.

Both of the area's economic indexes improved during the quarter, suggesting that the area's economy is finally turning around. Its Index of Help-Wanted Advertising rose by 2.9 percent, and its Index of Leading Indicators, which monitors conditions in the area's goods-producing sector, rose by 4.2 percent. Hari Singh of the economics department of the Seidman School of Business, in his annual survey of area CEOs, also predicts that business confidence, employment and sales will modestly increase in west Michigan this year.

Grand Rapids-Muskegon-Holland MSA
Employment Growth
(seasonally adjusted)



Grand Rapids-Muskegon-Holland MSA
Employment Indexes



Grand Rapids-Muskegon-Holland MSA
(seasonally adjusted)

Measure	2003 Q4	2003 Q3	Percent change Q3 to Q4	2002 Q4	Percent change Q4 to Q4
Employment (by place of work)					
Total non-farm employment	567,860	564,700	0.6	574,760	-1.2
Goods-producing	157,580	158,450	-0.5	161,860	-2.6
Construction and mining	27,000	27,320	-1.2	27,770	-2.8
Manufacturing	130,580	131,140	-0.4	134,090	-2.6
Durable goods	93,310	93,760	-0.5	97,390	-4.2
Nondurable goods	37,270	37,380	-0.3	36,700	1.6
Private service-providing	351,020	346,680	1.3	352,260	-0.4
Transportation and utilities	14,330	14,270	0.4	15,060	-4.8
Wholesale trade	31,070	30,720	1.1	30,020	3.5
Retail trade	66,790	67,170	-0.6	66,680	0.2
Information	8,070	8,010	0.7	8,580	-5.9
Financial activities	22,590	23,500	-3.9	23,900	-5.5
Professional and business services	66,100	64,510	2.5	65,400	1.1
Educational and health services	75,310	71,290	5.6	72,700	3.6
Leisure and hospitality	42,590	42,880	-0.7	44,850	-5.0
Other services	24,180	24,320	-0.6	25,080	-3.6
Government	59,260	59,570	-0.5	60,650	-2.3
Unemployment					
Number unemployed	46,780	47,350	-1.2	39,510	18.4
Unemployment rate (%)	7.5	7.6		6.5	
Local indexes					
Help-wanted ads (1996=100)	43	42	2.9	47	-6.9
Leading indicators (1996=100)	105	101	4.2	102	2.5
Average weekly hours	39.9	39.8	0.3	39.7	0.5
UI initial claims	2,429	2,512	-3.3	2,220	9.4
New dwelling units[a]	6,464	6,248	3.5	7,265	-11.0

SOURCE: W.E. Upjohn Institute for Employment Research. Based on dwelling data from F.W. Dodge Division, McGraw Hill Information Systems Company, and employment data from the Michigan Department of Labor and Economic Growth.
NOTE: Categories may not sum to total due to rounding.
[a] Seasonally adjusted annual rates; does not include Allegan County.

Grand Rapids-Muskegon-Holland MSA
Industry Employment Change by Place of Work, Fourth Quarter to Fourth Quarter
(not seasonally adjusted)

Industry	2003 Q4	2002 Q4	Percent change	Industry	2003 Q4	2002 Q4	Percent change
Goods-producing	158,230	162,670	-2.7	Finance and insurance	16,830	17,630	-4.5
Fabricated metals	15,100	15,400	-1.9	Admin. and support svcs.	37,800	36,830	2.6
Machinery	14,130	14,370	-1.7	Temporary help services	12,700	13,230	-4.0
Transportation equipment	24,370	26,430	-7.8	Educational services	21,700	19,600	10.7
Motor vehicle parts	19,500	22,030	-11.5	Health and social assistance	54,030	53,370	1.2
Furniture and related products	19,570	19,300	1.4	Food svcs. and drinking places	37,670	38,030	-0.9
Food	10,270	10,500	-2.2				
Paper	3,767	3,800	-0.9	**Government**	61,730	63,200	-2.3
Plastics & rubber	8,500	8,370	1.6	Federal government	4,300	4,367	-1.5
Private service-providing	352,770	354,100	-0.4	State government	8,070	7,830	3.1
Food and beverage stores	8,300	9,170	-9.5	Local government	49,370	51,000	-3.2
General merchandise stores	16,730	18,300	-8.6	Local govt. educ. svcs.	33,170	34,270	-3.2

Source: Michigan Department of Labor and Economic Growth.

Grand Rapids Area
(Kent County)

Total employment measured by either place of work or place of residence rose an estimated 0.5 percent in Kent County during the final quarter of 2004. Employment gains in the county's service-providing sector more than offset declines in its struggling goods-producing sector and its government sector. Despite employment gains, the county's unemployment rate climbed to 7.8 percent during the quarter. The number of unemployed workers rose by 2.9 percent, or 750 individuals. The county's limited set of economic indicators were slightly up, suggesting that its employment situation will improve moderately in the coming months.

Employment in the county's goods-producing sector fell by an estimated 1.4 percent during the fourth quarter. The latest business reports are still mixed. In addition to winning a $16.7 million military contract, Smiths Aerospace was also awarded a contract by Boeing to produce the "common core system" for the airplane manufacturer's new 7E7 airplane. The contract is reportedly worth more than $1 billion over its lifetime and could lead to the hiring of 60 additional engineers. Other major employers also announced modest employment gains, including Delphi in Coopersville and Rowe International in Grand Rapids.

However, other companies are still finding it necessary to shed workers. Midway Die & Engineering, a sheet metal company, closed, eliminating 40 jobs. Keeler Die Cast, a supplier to the furniture industry, is closing its 52-year-old Grand Rapids zinc die–casting plant in the spring, eliminating 120 jobs. Venture Industries, a plastics auto–parts supplier that has filed for Chapter 11 bankruptcy, has told its workers that it is reducing employment at its plant in the coming months.

Employment in the county's service-providing sector rose by an estimated 1.3 percent during the quarter. Retail employment may be a drag on the county's economy in the coming months, as the region adjusts to the recent openings of several Wal-Mart stores. Meijer is cutting approximately 1,900 workers from its multi-state 158-store chain. Parker Motor Freight blamed the slow recovery in its decision to close, a move that eliminated 75 jobs in the area.

Office employment appears to be on the rise, as office vacancy rates are tightening. According to the Building Owners and Managers Association, downtown office market occupancy rose from 83.8 to 85.1 percent in 2003. In the suburbs, the occupancy rate increased from 82.3 to 83.6 percent. Finally, government employment fell by 0.5 percent during the quarter, and further cuts can only be expected as state and local government continue to be plagued by budget deficits.

The county's economic indicators were mixed during the quarter. Its Index of Help-Wanted Advertising was up 2.3 percent; housing starts were up as well. Moreover, the results of the January polling of the county's purchasing managers suggest that "moderate growth continues." However, the number of new claims for unemployment rose by 1.6 percent. Finally, the findings of the latest Manpower survey are not encouraging; 23 percent of participating companies are expecting to cut employment during the first quarter of the year, compared to only 20 percent who may hire during that period.

Grand Rapids Area (Kent County)

(seasonally adjusted)

Measure	2003 Q4	2003 Q3	Percent change Q3 to Q4	2002 Q4	Percent change Q4 to Q4
Total employment (by place of work)	350,880	349,170	0.5	357,180	-1.8
Goods-producing	82,450	83,610	-1.4	85,970	-4.1
Service-providing	238,960	235,940	1.3	241,050	-0.9
Government	29,470	29,630	-0.5	30,160	-2.3
Employment (by place of residence)	311,010	309,590	0.5	305,440	1.8
Unemployment	26,240	25,490	2.9	20,660	27.0
Unemployment rate (%)	7.8	7.6		6.3	
Indicators					
Help-wanted ads (1996=100)	44	43	2.3	48	-8.2
UI claims	1,558	1,533	1.6	1,220	27.7
New dwelling units[a]	3,264	3,036	7.5	3,377	-3.3

[a]Seasonally adjusted annual rates.

Muskegon Area
(Muskegon County)

Total employment by place of work rose an estimated 0.8 percent during the fourth quarter in Muskegon County. Employment gains were estimated in both the county's goods-producing and private service-providing sectors during the quarter. In addition, the number of employed residents increased by 0.6 percent. The employment gains in the quarter were enough to push the county's unemployment rate down from 10.6 percent to 9.7 percent. Moreover, the county's economic indicators improved modestly in the quarter, suggesting that further employment gains could occur in the coming months.

Employment in the county's goods-producing sector increased by an estimated 0.3 percent during the fourth quarter. In addition, recent business reports are positive. Hilite, an auto supplier in Whitehall, announced that it would be expanding, adding $3.5 million in equipment, which could result in modest increases in its workforce as well. Port City Racing Enterprises, another auto parts supplier, is also expanding. In addition, Re-Source Industries, a small machining operation, is also hiring.

Employment in the county's service-providing sector was up an estimated 1.4 percent during the quarter. However, employment in the county's government sector declined by 0.5 percent due to local and state budget problems.

The 0.6 percent increase in employment by place of residence helped push the county's unemployment rate down to 9.7 percent during the quarter. However, the decline in the number of unemployed workers, 760 individuals, was larger than both the estimated 540 new jobs created by county employers, and the 430 residents who found employment during the quarter. Unfortunately, this suggests that part of the reason why the area's unemployment rate fell sharply during the quarter was that people were dropping out of the labor market or moving out of the county.

The county's economic indicators were mostly positive during the quarter. Its Help-Wanted Advertising Index rose a sharp 9.1 percent, indicating that employment conditions in the area's service-providing sector will likely continue to improve. In keeping with this, the number of new claims for unemployment insurance inched down 0.8 percent. However, the number of new dwelling units put under contract for construction in the county fell by 31.1 percent during the quarter.

Muskegon Area (Muskegon County)

(seasonally adjusted)

Measure	2003 Q4	2003 Q3	Percent change Q3 to Q4	2002 Q4	Percent change Q4 to Q4
Total employment (by place of work)	66,840	66,300	0.8	66,690	0.2
Goods-producing	15,610	15,570	0.3	15,630	-0.1
Service-providing	40,970	40,410	1.4	40,560	1.0
Government	10,260	10,320	-0.6	10,500	-2.3
Employment (by place of residence)	76,340	75,910	0.6	74,960	1.8
Unemployment	8,230	8,990	-8.5	8,110	1.5
Unemployment rate (%)	9.7	10.6		9.7	
Indicators					
Help-wanted ads (1996=100)	42	38	9.1	41	3.2
UI claims	476	480	-0.8	511	-6.8
New dwelling units[a]	1,036	1,504	-31.1	1,034	0.2

[a]Seasonally adjusted annual rates.

Holland Area
(Allegan and Ottawa Counties)

Employment by place of work rose by an estimated 0.6 percent, and employment by place of residence increased by 0.5 percent during the fourth quarter of 2004 in Ottawa and Allegan Counties. The area's employment gains pushed the county's unemployment down to 6.0 percent in the quarter. The area's limited number of economic indicators were positive for the quarter, suggesting employment conditions may improve further during the next several months.

Employment in the area's goods-producing sector increased an estimated 0.4 percent in the quarter. However, the area was hit by the loss of Baker Furniture, one of the area's last high-quality, high-end residential furniture makers. The company announced that it would be closing its Holland facility this year, eliminating 166 jobs. In addition, Johnson Controls Inc. announced that it is eliminating 150 workers in its Holland and Plymouth research and development facilities by the end of March. The exact breakdown of the layoffs between the two plants was not given by the company. Finally, Magna Donnelly announced that it is reducing wages at its Holland auto parts facility.

The area's construction sector will get a boost in the spring, when work begins on the new, $36 million Zeeland Community Hospital. The 14,000-square-foot facility is scheduled to open in 2006. On the residential side, employment conditions look promising as well, as the number of new dwelling units put under contract for construction rose by nearly 15 percent in the fourth quarter.

Employment in the area's service-providing sector rose by an estimated 0.4 percent in the quarter.; however, government employment fell by 0.5 percent. Unfortunately, North Ottawa Community Hospital announced that due to budgetary shortfalls, it is eliminating 42 positions.

The unemployment rate for the area fell to 6.0 percent in the quarter as the number of unemployed residents dropped by more than 5.0 percent.

The area's two economic indicators were very positive in the fourth quarter. The number of initial claims for unemployment insurance dropped by nearly 18 percent and, as mentioned above, housing starts rose by nearly 15 percent. However, the latest Manpower survey of area employers found more stable conditions, with 83 percent of the 30 companies surveyed expecting no change in their employment levels during the current first quarter.

Holland Area (Allegan and Ottawa Counties)

(seasonally adjusted)

Measure	2003 Q4	2003 Q3	Percent change Q3 to Q4	2002 Q4	Percent change Q4 to Q4
Total employment (by place of work)	150,130	149,240	0.6	150,890	-0.5
Goods-producing	59,520	59,280	0.4	60,260	-1.2
Service-providing	71,090	70,320	1.1	70,650	0.6
Government	19,530	19,630	-0.5	19,980	-2.3
Employment (by place of residence)	189,380	188,520	0.5	186,000	1.8
Unemployment	12,200	12,870	-5.2	10,620	14.9
Unemployment rate (%)	6.0	6.4		5.4	
Indicators					
Help-wanted ads (1996=100)	na	na	na	na	na
UI claims	395	481	-17.9	475	-16.8
New dwelling units[a]	1,957	1,704	14.9	2,597	-24.6

[a]Seasonally adjusted annual rates.

Purchasing Managers' Index and Major Economic Developments

Despite high expectations for a return to sustained positive economic growth in early 2004, the monthly survey of purchasing managers continues to provide a mixed view of the west Michigan economy. In the Grand Rapids area "moderate growth continues," while conditions in the Kalamazoo area have once again fizzled out and are now "back to flat." This is according to an article written by author Brian Long in the February edition of Current Business Trends, a newsletter that focuses on the outlook of members of the National Association of Purchasing Managers.

Certainly the best news comes out of the Grand Rapids area. As can be seen in the chart below, the area's Purchasing Managers' Index reflects an overall positive growth trend for all of 2003 and into 2004. Although slight ups and downs have occurred, the 12-month moving average suggests that most movement was seasonal, with the exception of a brief flat period in April and May of 2003. Since then growth has been steady, however, and as winter begins to wane, the rate of growth is following suit and slowing to a more modest pace. In another economic climate this would not be cause for concern, but given the sluggish employment situation, it is reasonable to believe that most firms will continue to hold out for better conditions before a significant hiring boom occurs.

In the Kalamazoo area, conditions are even less encouraging. Although the chart below illustrates several very encouraging leaps in the Purchasing Managers' Index during 2003, the area has been unable to sustain a positive trend for more than a few months at a time. Now, with February's return to flat economic conditions, it is difficult to predict whether the next batch of news from the area's industrial firms will be positive, negative, or more of the same. For now, it would seem that the only certainty in the Kalamazoo area is that a true economic recovery has yet to arrive.

Grand Rapids Area
Purchasing Managers' Index

Kalamazoo Area
Purchasing Managers' Index

Major Economic Developments

Battle Creek

State Farm announced the closure of its Marshall offices. A total of 539 jobs will be phased out or relocated to other facilities over the next two years. Approximately 170 jobs are slated to be moved 30 miles west to the company's Portage city offices.

Eaton announced in February that 185 employees of the Marshall power train facility will lose their jobs by the end of the year.

Denso is completing a 92,000-square-foot expansion which will house 300 new jobs.

Benton Harbor

Whirlpool announced the elimination of the Global Information Systems Department from its Benton Harbor headquarters. A total of 33 area workers will be affected.

Grand Rapids

Electrolux has decided to close its Greenville refrigerator factory, despite a combined incentive package from the union, the state of Michigan, and the city of Greenville. Over 2,700 workers will lose their jobs when production is moved to Mexico in 2005.

Venture Industries filed for Chapter 11 Bankruptcy in January and is expected to lay off some of its 75 Grand Rapids employees over the next few months.

Holland

Baker Furniture will close one of the area's last residential furniture factories before the end of the year. Production is being shifted to North Carolina, eliminating 166 jobs in Holland.

Johnson Controls Inc. is eliminating 150 workers at its Holland and Plymouth facilities.

Kalamazoo

Burroughs Corporation is eliminating 40 jobs in Kalamazoo following the sale of its retail checkout systems division.

Muskegon

Port City Racing is expected to add 12 more employees following the construction of a new production facility in Fruitport.

KALAMAZOO-BATTLE CREEK MSA

Total employment in the three-county area rose by 0.7 percent during the final quarter of 2004. Employment in the area's goods-producing sector was flat for the quarter; however, both private service-providing employers and, surprisingly, the area's government sector added employment. Although area employers added more than 1,470 workers to their payrolls, the unemployment rate stubbornly remained at 6.5 percent. The area's economic indicators were mixed in the quarter, suggesting that there will be little change in the area's employment situation in coming months.

Employment in the area's goods-producing sector remained unchanged in the final quarter of 2004 as a large 3.4 percent increase in construction employment erased a 0.8 percent decline in the area's manufacturing sector. Area manufacturers cut 340 positions in the closing three months of the year. All of the job losses occurred among the area's nondurable goods manufacturers, while durable goods manufacturers, which are concentrated in the auto parts industry, picked up 150 workers

Indeed, the same pattern occurred during the past four quarters. The area's manufacturers eliminated 1,430 workers from their payrolls during that period. However, most of these job losses can be accounted for by Pfizer, which has eliminated over 1,000 jobs in the Kalamazoo County as it restructures its local activities and functions. In addition, 160 jobs have been lost in the area's struggling paper industry, which is also concentrated in Kalamazoo County. But at the same time, the area's auto suppliers, led by Denso in Battle Creek, have hired 800 additional workers during the past year. In fact, Denso is just completing its 92,000-square-foot expansion, which will house 300 new jobs.

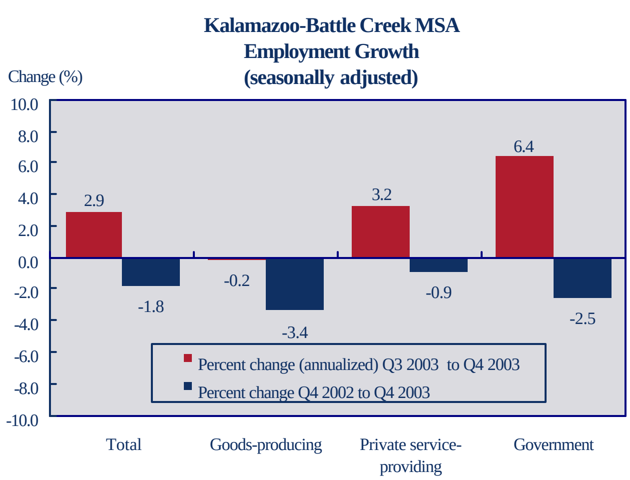
Employment in the area's private service-providing sector rose by 0.8 percent during the fourth quarter, an increase of nearly 1,000 jobs. Employment gains were reported in the area's education and health services sector, leisure and hospitality sector, and in wholesale trade. Retail, financial, and transportation and utilities sectors experienced slight employment declines during the quarter.

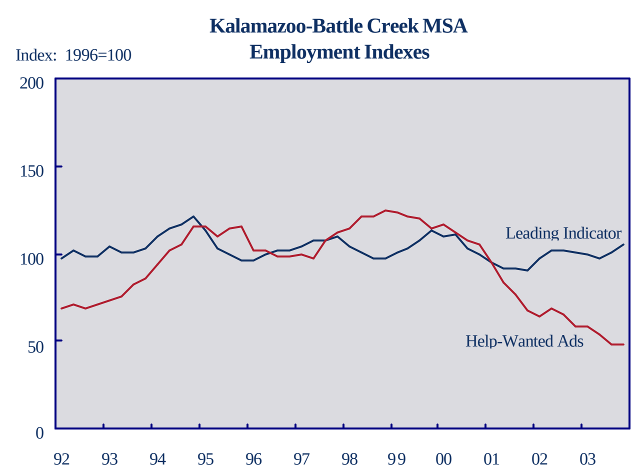
State Farm Insurance announced in December that it was moving its regional office out of Marshall. The work of the facility's 539 employees will be allocated to three other operations centers, including one in Kalamazoo County. Approximately 170 of the affected workers may be transferred to the Kalamazoo County center, which currently employs 550 workers.

The most surprising development of the fourth quarter was a 1.6 percent jump in government employment. Most of the job gains occurred in state and local education. Given the budget problems facing the state during the coming months, it is unlikely that additional employment gains will emerge in the sector. In fact, it is more likely that some retrenchment will occur during the year.

Despite area employers adding nearly 1,500 jobs during the quarter, the number of unemployed workers residing in the three-county area did not budge, and the area's unemployment rate remained at 6.5 percent. Unemployment is often a lagging indicator, as improving employment conditions can entice discouraged workers back into the labor markets.

The area's economic indicators were mixed during the quarter. The area's Index of Help-Wanted Advertising, which tracks employment conditions in the service-providing sector, fell a slight 0.9 percent. At the same time, its Index of Leading Indicators, which monitors employment conditions in the area's goods-producing sector, rose a healthy 4.4 percent. The local components of the index were mixed: production workers logged longer hours, and residential construction activity grew; however, the number of new claims for unemployment insurance also increased. In short, it is likely that this area will see little change in its labor market conditions during the coming months.





Kalamazoo-Battle Creek MSA
(seasonally adjusted)

Measure	2003 Q4	2003 Q3	Percent change Q3 to Q4	2002 Q4	Percent change Q4 to Q4
Employment (by place of work)					
Total non-farm employment	206,000	204,530	0.7	209,720	-1.8
Goods-producing	49,180	49,200	0.0	50,910	-3.4
Construction & mining	9,440	9,130	3.4	9,730	-3.0
Manufacturing	39,740	40,080	-0.8	41,170	-3.5
Durable goods	22,980	22,830	0.7	23,010	-0.1
Nondurable goods	16,760	17,250	-2.8	18,160	-7.7
Private service-providing	124,370	123,380	0.8	125,530	-0.9
Transportation and utilities	5,090	5,160	-1.4	5,220	-2.5
Wholesale trade	6,270	5,750	9.0	5,680	10.4
Retail trade	27,570	27,800	-0.8	27,040	2.0
Information	2,410	2,400	0.4	2,300	4.8
Financial activities	9,950	10,020	-0.7	10,480	-5.1
Professional and business services	18,610	18,630	-0.1	19,480	-4.5
Educational and health services	24,990	24,490	2.0	25,340	-1.4
Leisure and hospitality	20,530	20,130	2.0	20,860	-1.6
Other services	8,950	8,990	-0.4	9,120	-1.9
Government	32,450	31,950	1.6	33,290	-2.5
Unemployment					
Number unemployed	15,070	14,990	0.5	12,080	24.8
Unemployment rate (%)	6.5	6.5		5.3	
Local indexes					
Help-wanted ads (1996=100)	48	48	-0.9	59	-18.2
Leading indicators (1996=100)	105	101	4.4	100	5.0
Average weekly hours	40.0	39.7	0.7	41.6	-3.9
UI initial claims	686	643	6.7	637	7.8
New dwelling units[a]	1,982	1,848	7.2	1,237	60.2

SOURCE: W.E. Upjohn Institute for Employment Research. Based on dwelling data from F.W. Dodge Division, McGraw Hill Information Systems Company, and employment data from the Michigan Department of Labor and Economic Growth.

NOTE: Categories may not sum to total due to rounding.

[a]Seasonally adjusted annual rates; does not include Van Buren County.

Kalamazoo-Battle Creek MSA
Industry Employment Change by Place of Work, Fourth Quarter to Fourth Quarter
(not seasonally adjusted)

Industry	2003 Q4	2002 Q4	Percent change	Industry	2003 Q4	2002 Q4	Percent change
Goods-producing	50,030	51,230	-2.3	Admin. and support svcs.	10,700	11,200	-4.5
Transportation equipment	11,600	10,800	7.4	Health care and social asst.	22,030	22,230	-0.9
Motor vehicle parts	10,400	9,600	8.3	Food svcs. and drinking places	16,400	16,770	-2.2
Food	4,270	3,970	7.6				
Paper	2,570	2,730	-5.9	**Government**	34,070	34,900	-2.4
Private service-providing	124,970	126,170	-1.0	Federal	4,770	4,900	-2.7
General merchandise stores	8,230	8,930	-7.8	State	5,570	5,700	-2.3
Finance and insurance	8,130	8,730	-6.9	Local	23,730	24,300	-2.3

SOURCE: Michigan Department of Labor and Economic Growth.

Kalamazoo Area
(Kalamazoo County)

Total employment by place of work rose by an estimated 0.6 percent in Kalamazoo County during the final quarter of 2004. The employment gains in the county's private service-providing sector and a surprising jump in government employment offset declines in its goods-producing sector. The number of employed residents increased by 0.8 percent during the quarter. Despite the estimated gain in employment, the area's unemployment rate crept up to 5.7 percent. The area's limited set of economic indicators suggests little change in the local market in the coming months.

Employment in the county's goods-producing sector fell by an estimated 0.8 percent during the final quarter of last year due in large part to the restructuring of Pfizer's activities in the county. In December, Pfizer presented an update of the employment impact of its restructuring after the purchase of Pharmacia. The number of individuals laid off due to the buyout now stands at 1,174. Still, the pharmaceutical giant remains the county's largest employer by far, employing 5,700 people.

The loss of the research and discovery function at Pfizer has spurred several former Pfizer researchers to start their own businesses. Among the several start-up companies created by former Pfizer employees are CeeTox, ADMETRx, Proteos, Kalexsyn, and PharmOptima. Many are incubating in the Southwest Michigan Innovation Center (SMIC) at WMU's Business Technology & Research (BTR) Park.

Stryker, which reported that its earnings were up 26 percent for the quarter ending in December 2003, announced that it is expanding its operations in the county. The medical products maker plans to build two manufacturing facilities and create approximately 175 new jobs. Other business reports in the county were negative, however. Borroughs Corporation, a maker of storage and material-handling products, will lay off 40 employees as it discontinues its retail checkout line of products, and Michigan Caterpillar closed its facility, laying off 30 workers.

Employment in the county's service-providing sector rose by an estimated 0.9 percent in the quarter, and employment in government increased by a surprising 1.6 percent in the quarter. Ongoing budget constraints at the state and local level make similar jumps in the future highly unlikely.

The improving employment conditions in the county persuaded previously discouraged workers to get back into the workforce. The number of jobseekers rose by 1.9 percent, pushing the county's unemployment rate up slightly to 5.7 percent.

The county's limited number of economic indicators were mixed and lackluster. Its Index of Help-Wanted Advertising did not budge in the quarter, the number of new claims for unemployment insurance was flat, and housing starts increased moderately by 6.3 percent. In addition the latest reading of the area's Purchasing Managers' Index indicated that the county's goods-producing sector was "back to flat."

Kalamazoo Area (Kalamazoo County)
(seasonally adjusted)

Measure	2003 Q4	2003 Q3	Percent change Q3 to Q4	2002 Q4	Percent change Q4 to Q4
Total employment (by place of work)	122,290	121,590	0.6	123,880	-1.3
Goods-producing	27,340	27,570	-0.8	28,360	-3.6
Service-providing	77,470	76,810	0.9	77,590	-0.2
Government	17,480	17,210	1.6	17,930	-2.5
Employment (by place of residence)	122,080	121,080	0.8	120,150	1.6
Unemployment	7,360	7,220	1.9	5,410	36.0
Unemployment rate	5.7	5.6		4.3	
Indicators					
Help-wanted ads (1996=100)	50	50	0.0	61	-17.8
UI claims	416	415	0.2	372	11.8
New dwelling units[a]	1,663	1,564	6.3	932	78.4

[a]Seasonally adjusted annual rates.

Battle Creek Area
(Calhoun County)

Total employment by place of work rose an estimated 1.0 percent during the final quarter of 2004 due to strong employment gains in the area's rebounding goods-producing sector. Employment by place of residence increased by 0.9 percent; however, the county's unemployment rate increased to 7.2 percent as the number of jobseekers also increased. The county's limited set of economic indicators suggest the area's employment growth may slow in the coming months.

Employment in the county's goods-producing sector rose by an estimated 1.2 percent in the fourth quarter. A 3.4 percent jump in construction employment was supported by a 15.1 percent increase in the number of new dwelling units put under construction. In addition, manufacturing employment is estimated to increase by 1.2 percent in the quarter, driven by an increase in hiring by the county's auto suppliers.

Unfortunately, recent business reports are not positive. In addition to losing its State Farm regional offices, the city of Marshall has been hit by another layoff announcement. Eaton Corporation announced that it was eliminating 185 jobs out of 295 at its power–train division facility. Eaton said 100 employees would be retained in the division as the company refines its focus on gear production and specialized clutch assembly. Union Pump, located in Battle Creek, announced that it was cutting 24 jobs as it restructured its entire North American operation. Fortunately, the county was only modestly affected by a major restructuring at Kraft Foods.

Employment in the county's service-providing sector rose by an estimated 0.8 percent during the quarter, and government employment was estimated to increase by a surprising 1.5 percent. Further employment gains in the county's government sector are highly unlikely given the budget crisis state officials face in Lansing.

Recent announcements are also not positive for the county's service-providing sector. Battle Creek Health System announced it is eliminating 45 jobs with the closing of two behavioral health service units. The Battle Creek hospital is one of the largest employers in the area, employing 1,600. Finally, Meijer is laying off workers at its area store.

With employment expanding by place of work and by place of residence, it is disappointing that the county's unemployment rate continued to inch up—by 0.1 percent—for the latest quarter. The increase in employment opportunities in the county attracted previously discouraged workers back into the workforce, driving up the number of jobseekers.

The county's economic indicators were mixed in the quarter. Housing starts were up, but the county's Index of Help-Wanted Advertising declined slightly. Moreover, the number of new claims for unemployment insurance jumped by 14.6 percent. Combine these readings with recent press announcements, and it is easy to conclude that employment growth in the county may slow in coming months.

Battle Creek Area (Calhoun County)
(seasonally adjusted)

Measure	2003 Q4	2003 Q3	Percent change Q3 to Q4	2002 Q4	Percent change Q4 to Q4
Total employment (by place of work)	62,170	61,540	1.0	64,270	-3.3
Goods-producing	16,910	16,710	1.2	17,430	-3.0
Service-providing	35,080	34,800	0.8	36,390	-3.6
Government	10,180	10,030	1.5	10,440	-2.5
Employment (by place of residence)	61,210	60,680	0.9	60,240	1.6
Unemployment	4,720	4,660	1.3	4,490	5.1
Unemployment rate	7.2	7.1		6.9	
Indicators					
Help-wanted ads (1996=100)	41	41	-0.5	52	-20.2
UI claims	266	232	14.6	261	1.7
New dwelling units[a]	320	278	15.1	289	10.8

[a]Seasonally adjusted annual rates.

Appendix Tables

Table A-1
Selected Labor Market Indicators
(not seasonally adjusted)

Labor market area	Average for manufacturing production workers[a] December 2003						Civilian labor force unemployment rate[b]	
	Weekly hours	Percent change 2002-2003	Hourly earnings	Percent change 2002-2003	Weekly earnings	Percent change 2002-2003	October 2003	December 2003
United States	41.3	0.5	$16.06	2.6	$663.28	3.1	6.0	5.7
Michigan	44.3	0.7	21.64	2.1	958.65	2.3	6.9	6.7
West Michigan MSAs								
Benton Harbor	43.8	-3.5	15.29	10.3	669.70	6.4	7.0	7.2
Grand Rapids-Muskegon-Holland	40.9	-0.5	16.69	0.4	682.62	-0.1	7.2	6.7
Kalamazoo-Battle Creek	41.9	-3.2	15.91	1.2	666.63	3.4	6.1	6.1
Other labor market areas								
Ann Arbor	46.7	5.7	23.83	1.7	1,112.86	7.5	3.9	3.8
Detroit	46.0	0.7	24.64	0.2	1,133.44	0.8	7.1	6.7
Flint	48.3	3.0	30.80	0.5	1,487.64	3.5	9.1	8.6
Jackson	na	0.0	na	0.0	na	0.0	7.7	7.3
Lansing-E. Lansing	42.5	-1.2	25.12	1.0	1,067.60	-0.2	6.5	4.6
Saginaw-Bay City-Midland	47.1	0.9	25.42	0.0	1,197.28	0.9	7.7	7.6

SOURCE: U.S. Department of Labor and the Michigan Department of Labor and Economic Growth (most recent benchmark).
[a]Preliminary. Earnings include overtime and part-time wages.
[b]Seasonally adjusted rate for U.S. was 5.6 percent in October 2003 and 5.4 percent in December 2003. Seasonally adjusted rate for Michigan was 7.6 percent in October 2003 and 7.6 in December 2003.

Table A-2
Michigan Statistics
(seasonally adjusted)

Measure	2003 Q4	2003 Q3	Percent change Q3 to Q4	2002 Q4	Percent change Q4 to Q4
Employment (by place of work)					
Total non-farm employment	4,395,630	4,411,030	-0.3	4,478,770	-1.9
Goods-producing	929,170	937,670	-0.9	961,300	-3.3
Natural resources and mining	7,830	8,100	-3.3	8,700	-10.0
Construction	197,800	200,370	-1.3	198,700	-0.5
Manufacturing	723,530	729,200	-0.8	753,900	-4.0
Durable goods	572,340	576,910	-0.8	595,930	-4.0
Nondurable goods	151,190	152,290	-0.7	157,970	-4.3
Private service-providing	2,792,400	2,810,800	-0.7	2,815,700	-0.8
Transportation and utilities	125,180	126,670	-1.2	131,630	-4.9
Wholesale trade	176,620	174,530	1.2	173,680	1.7
Retail trade	530,960	531,100	0.0	533,890	-0.5
Information	73,570	74,000	-0.6	73,800	-0.3
Financial activities	218,170	220,370	-1.0	215,700	1.1
Professional and business services	571,730	582,570	-1.9	590,130	-3.1
Educational and health services	544,530	537,500	1.3	535,030	1.8
Leisure and hospitality	380,830	389,530	-2.2	384,730	-1.0
Other services	170,800	174,530	-2.1	177,100	-3.6
Government	674,070	662,570	1.7	692,130	-2.6
Unemployment					
Number unemployed	373,020	379,820	-1.8	305,530	22.1
Unemployment rate (%)	7.3	7.4		6.1	
State indexes					
Help-wanted ads					
Detroit	47	46	2.2	54	-13.0
West Michigan (2 MSAs) (1996=100)	46	45	2.2	56	-18.7
Leading Indicators (1996=100)	106	101	4.4	103	3.0
Local components					
Average weekly hours	42.7	41.2	3.6	42.7	0.0
UI initial claims	20,477	19,627	4.3	16,825	21.7
New dwelling units[a]	47,510	47,770	-0.5	47,081	0.9

Employment numbers for durable goods, nondurable goods, transportation & utiltiies, wholesale trade, and retail trade are seasonally adjusted by the W.E. Upjohn Institute. All other employment numbers are seasonally adjusted by the Bureau of Labor Statistics.

SOURCE: W.E. Upjohn Institute for Employment Research. Based on dwelling data from F. W. Dodge Division, McGraw-Hill Information Systems Company. Detroit Help-Wanted Index from The Conference Board, and employment data from Michigan Department of Labor and Economic Growth.

NOTE: Categories may not sum to total due to rounding.

[a]Seasonally adjusted annual rates.

Michigan Industry Employment Change by Place of Work
Fourth Quarter to Fourth Quarter
(not seasonally adjusted)

Industry	2003 Q4	2002 Q4	Percent change	Industry	2003 Q4	2002 Q4	Percent change
Goods-Producing	936,830	968,970	-3.3	Automobile dealers	40,930	42,700	-4.1
Primary metals	28,500	29,000	-1.7	Gasoline stations	26,230	27,700	-5.3
Fabricated metal products	80,070	82,700	-3.2	Clothing & accessories stores	41,330	39,800	3.8
Machinery	76,730	78,100	-1.8	Furniture & home furnishing stores	20,970	20,770	1.0
Transportation equipment	276,430	289,530	-4.5	Food services & drinking places	290,930	297,300	-2.1
Motor vehicle parts	178,570	188,730	-5.4	Professional, scientific, tech. svcs.	253,600	257,300	-1.4
Furniture and related products	28,100	29,830	-5.8	Ambulatory health care svcs.	154,830	152,230	1.7
Food	34,170	34,800	-1.8	Education services	81,730	76,870	6.3
Paper	15,500	16,070	-3.5	Social assistance	44,770	46,530	-3.8
Printing and related support	19,400	19,770	-1.9	**Government**	695,400	713,470	-2.5
Chemical manufacturing	29,570	31,170	-5.1	Federal	57,030	58,000	-1.7
Plastics and rubber products	41,700	44,230	-5.7	State	170,000	176,530	-3.7
Private service-providing	2,812,970	2,836,100	-0.8	Local	468,370	478,930	-2.2
General merchandise stores	128,530	135,400	-5.1	Local govt. education	287,400	292,730	-1.8
Food & beverage stores	90,630	89,900	0.8	Local govt. hospitals	13,270	13,470	-1.5

SOURCE: Michigan Department of Labor and Economic Growth.

Table A-3
Personal Income and Earnings by Industry (current dollars)

Area	Income distribution	2001*	2000	1999	1998	1997	1996	1991
Benton Harbor MSA	Total personal income ($000)	4,184,534	4,218,884	4,041,188	3,852,776	3,755,061	3,521,496	2,738,289
(Berrien County)	Per capita personal income ($)	25,826	25,942	24,941	23,776	23,121	20,986	21,621
	Earnings per worker ($)	31,559	32,002	31,158	28,724	28,745	27,317	22,911
	Manufacturing	50,231	51,103	49,659	46,713	45,975	42,683	32,539
	Private nonmanufacturing	25,311	25,379	24,556	22,022	21,996	20,838	17,878
Grand Rapids-	Total personal income ($000)	31,461,903	30,746,776	28,992,947	27,695,041	26,027,622	24,492,629	17,987,116
Holland-Muskegon MSA	Per capita personal income ($)	28,471	28,145	26,909	26,095	24,845	23,732	18,769
	Earnings per worker ($)	35,438	34,613	33,640	32,541	30,754	30,012	24,972
	Manufacturing	49,487	48,533	47,094	45,789	44,650	43,310	35,787
	Private nonmanufacturing	30,156	29,045	28,083	26,891	24,797	24,255	20,069
Kent County	Total personal income ($000)	17,613,522	17,157,141	16,174,144	15,544,862	14,546,586	13,757,510	10,245,445
	Per capita personal income ($)	30,238	29,770	28,439	27,699	26,192	25,079	20,026
	Earnings per worker ($)	37,512	36,277	35,368	34,175	31,923	31,273	25,897
	Manufacturing	52,957	50,710	49,803	48,327	47,138	45,381	37,317
	Private nonmanufacturing	32,877	31,551	30,604	29,326	26,661	26,361	21,587
Muskegon County	Total personal income ($000)	3,964,442	3,917,268	3,703,123	3,521,282	3,363,339	3,148,681	2,486,620
	Per capita personal income ($)	23,161	22,972	21,869	20,942	20,130	18,995	15,456
	Earnings per worker ($)	31,300	31,051	30,128	29,642	28,704	27,692	23,888
	Manufacturing	47,904	48,982	47,414	46,308	44,859	43,435	36,479
	Private nonmanufacturing	25,440	24,506	23,409	22,810	21,896	21,027	17,651
Ottawa County	Total personal income ($000)	6,846,445	6,771,218	6,420,652	6,119,590	5,752,256	5,389,121	3,710,819
	Per capita personal income ($)	28,114	28,273	27,332	26,676	25,689	24,702	19,144
	Earnings per worker ($)	33,822	33,526	32,506	30,992	29,596	28,633	23,277
	Manufacturing	45,918	46,409	44,824	43,484	42,221	41,417	33,025
	Private nonmanufacturing	26,514	25,845	24,927	23,469	22,193	20,836	17,464
Allegan County	Total personal income ($000)	3,037,494	2,901,149	2,695,028	2,509,307	2,365,441	2,197,317	1,544,232
	Per capita personal income ($)	28,157	27,340	25,796	24,471	23,365	22,070	16,781
	Earnings per worker ($)	29,785	29,915	28,640	28,229	27,596	27,117	23,309
	Manufacturing	43,299	43,079	40,147	39,586	38,855	38,161	32,964
	Private nonmanufacturing	21,671	20,971	19,833	18,440	17,614	17,503	14,799
Kalamazoo-Battle Creek MSA	Total personal income ($000)	11,911,911	11,814,602	11,314,018	11,108,334	10,684,995	10,223,408	8,075,247
	Per capita personal income ($)	26,207	26,063	25,051	24,700	23,890	22,939	18,650
	Earnings per worker ($)	34,260	34,096	33,233	32,331	30,768	30,248	25,992
	Manufacturing	53,934	56,799	54,391	54,918	53,148	52,134	43,393
	Private nonmanufacturing	27,618	26,190	25,585	24,683	22,915	22,169	18,870
Kalamazoo County	Total personal income ($000)	6,808,183	6,721,365	6,420,054	6,343,637	6,045,460	5,872,621	4,578,596
	Per capita personal income ($)	28,412	28,137	27,023	26,844	25,716	25,105	20,348
	Earnings per worker ($)	33,937	33,525	32,797	32,334	30,868	30,636	26,297
	Manufacturing	59,216	59,067	56,592	58,926	56,033	56,162	46,444
	Private nonmanufacturing	27,164	26,462	25,849	25,098	23,488	22,765	19,072
Calhoun County	Total personal income ($000)	3,505,110	3,504,955	3,363,813	3,310,604	3,222,119	3,016,817	2,433,064
	Per capita personal income ($)	25,367	25,383	24,372	24,028	23,548	22,080	17,784
	Earnings per worker ($)	36,314	36,706	35,262	34,130	32,339	31,438	27,238
	Manufacturing	50,365	58,662	56,084	54,226	53,773	51,037	42,135
	Private nonmanufacturing	29,153	25,921	25,079	24,776	22,554	21,727	19,295
Van Buren County	Total personal income ($000)	1,598,618	1,588,282	1,530,151	1,454,093	1,417,416	1,333,970	1,063,587
	Per capita personal income ($)	20,834	20,801	20,121	19,225	18,815	17,755	14,949
	Earnings per worker ($)	30,415	30,196	29,964	27,114	25,614	24,627	20,471
	Manufacturing	38,556	40,720	38,424	37,527	35,923	33,919	28,164
	Private nonmanufacturing	26,247	25,175	25,285	21,765	20,444	19,729	16,348

SOURCE: Bureau of Economic Analysis.

*2001 statistics are based on NAICS.

Table A-4
Consumer Price Index[a]
U.S. city average (1982-84=100)

Year	Annual Avg.	Jan.	Feb.	March	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
CPI for All Urban Consumers (CPI-U)													
1987	113.6	111.2	111.6	112.1	112.7	113.1	113.5	113.8	114.4	115.0	115.3	115.4	115.4
1988	118.3	115.7	116.0	116.5	117.1	117.5	118.0	118.5	119.0	119.8	120.2	120.3	120.5
1989	124.0	121.1	121.6	122.3	123.1	123.8	124.1	124.4	124.6	125.0	125.6	125.9	126.1
1990	130.7	127.4	128.0	128.7	128.9	129.2	129.9	130.4	131.6	132.7	133.5	133.8	133.8
1991	136.2	134.6	134.8	135.0	135.2	135.6	136.0	136.2	136.6	137.2	137.4	137.8	137.9
1992	140.3	138.1	138.6	139.3	139.5	139.7	140.2	140.5	140.9	141.3	141.8	142.0	141.9
1993	144.5	142.6	143.1	143.6	144.0	144.2	144.4	144.4	144.8	145.1	145.7	145.8	145.8
1994	148.2	146.2	146.7	147.2	147.4	147.5	148.0	148.4	149.0	149.4	149.5	149.7	149.7
1995	152.4	150.3	150.9	151.4	151.9	152.2	152.5	152.5	152.9	153.2	153.7	153.6	153.5
1996	156.9	154.4	154.9	155.7	156.3	156.6	156.7	157.0	157.3	157.8	158.3	158.6	158.6
1997	160.5	159.1	159.6	160.0	160.2	160.1	160.3	160.5	160.8	161.2	161.6	161.5	161.3
1998	163.0	161.6	161.9	162.2	162.5	162.8	163.0	163.2	163.4	163.6	164.0	164.0	163.9
1999	166.6	164.3	164.5	165.0	166.2	166.2	166.2	166.7	167.1	167.9	168.2	168.3	168.3
2000	172.2	168.8	169.8	171.2	171.3	171.5	172.4	172.8	172.8	173.7	174.0	174.1	174.0
2001	177.1	175.1	175.8	176.2	176.9	177.7	178.0	177.5	177.5	178.3	177.7	177.4	176.7
2002	179.9	177.1	177.8	178.8	179.8	179.8	179.9	180.1	180.7	181.0	181.3	181.3	180.9
2003	184.0	181.7	183.1	184.2	183.8	183.5	183.7	183.9	184.6	185.2	185.0	184.5	184.3
2004	185.2	185.2											
CPI for Urban Wage Earners and Clerical Workers (CPI-W)													
1987	112.5	110.0	110.5	111.0	111.6	111.9	112.4	112.7	113.3	113.8	114.1	114.3	114.2
1988	117.0	114.5	114.7	115.2	115.7	116.2	116.7	117.2	117.7	118.5	118.9	119.0	119.2
1989	122.6	119.7	120.2	120.8	121.8	122.5	122.8	123.2	123.2	123.6	124.2	124.4	124.6
1990	129.0	125.9	126.4	127.1	127.3	127.5	128.3	128.7	129.9	131.1	131.9	132.2	132.2
1991	134.3	132.8	132.8	133.0	133.3	133.8	134.1	134.3	134.6	135.2	135.4	135.8	135.9
1992	138.2	136.0	136.4	137.0	137.3	137.6	138.1	138.4	138.8	139.1	139.6	139.8	139.8
1993	142.1	140.3	140.7	141.1	141.6	141.9	142.0	142.1	142.4	142.6	143.3	143.4	143.3
1994	145.6	143.6	144.0	144.4	144.7	144.9	145.4	145.8	146.5	146.9	147.0	147.3	147.2
1995	149.8	147.8	148.3	148.7	149.3	149.6	149.9	149.9	150.2	150.6	151.0	150.9	150.9
1996	154.1	151.7	152.2	152.9	153.6	154.0	154.1	154.3	154.5	155.1	155.5	155.9	155.9
1997	157.6	156.3	156.8	157.0	157.2	157.2	157.4	157.5	157.8	158.3	158.5	158.5	158.2
1998	159.7	158.4	158.5	158.7	159.1	159.5	159.7	159.8	160.0	160.2	160.6	160.7	160.7
1999	163.2	161.0	161.1	161.4	162.7	162.8	162.8	163.3	163.8	164.7	165.0	165.1	165.1
2000	168.9	165.6	166.5	167.9	168.0	168.2	169.2	169.4	169.3	170.4	170.6	170.9	170.7
2001	173.5	171.7	172.4	172.6	173.5	174.4	174.6	173.8	173.8	174.8	174.0	173.7	172.9
2002	175.9	173.2	173.7	174.7	175.8	175.8	175.9	176.1	176.6	177.0	177.3	177.4	177.0
2003	179.8	177.7	179.2	180.3	179.8	179.4	179.6	179.6	180.3	181.0	180.7	180.2	179.9
2004	180.9	180.9											

SOURCE: Bureau of Labor Statistics, U.S. Department of Labor.

[a] Monthly data shown above are not adjusted for seasonal variations. CPI data that are not seasonally adjusted are used extensively for escalation purposes. Although CPI is often called the "Cost of Living Index," it measures only price change, which is just one of several important factors affecting living costs. All CPI series are linked historically to the original CPI Index for Urban Wage Earners and Clerical Workers. These series contain no revision but are reprinted for the convenience of the user.

PERCENT CHANGE: Movements of these indexes from one time period to another are usually expressed as percent changes rather than changes in index points. Index point changes are affected by the level of the index in relation to its base period, while percent changes are not. For example:

$$100 \times \left[\frac{160.5 \text{ (1997 annual avg.)} - 156.9 \text{ (1996 annual avg.)}}{156.9 \text{ (1996 annual avg.)}}\right] = 2.3\% \text{ change 1996 to 1997, CPI-U.}$$

$$100 \times \left[\frac{164.0 \text{ (November 1998)} - 161.5 \text{ (November 1997)}}{161.5 \text{ (November 1997)}}\right] = 1.5\% \text{ change November 1997 to November 1998, CPI-U.}$$

$$100 \times \left[\frac{164.0 \text{ (November 1998)} - 164.0 \text{ (October 1998)}}{164.0 \text{ (October 1998)}}\right] = \text{No change, CPI-U.}$$

Table A-5
Population Update for Selected Areas

Area	Estimate 2002	2000	1990	1980	Annual change (%) 2000-2002	1990-2000	1980-1990
Michigan	10,050,446	9,956,115	9,295,297	9,262,044	0.5	0.7	0.0
West Michigan Metropolitan Areas:							
Benton Harbor MSA (Berrien County)	162,285	162,629	161,378	171,276	-0.1	0.1	-0.6
Benton Harbor city	11,052	11,179	12,818	14,707	-0.6	-1.4	-1.4
Niles city	11,974	12,193	12,456	13,115	-0.9	-0.2	-0.5
St. Joseph city	8,660	8,785	9,214	9,622	-0.7	-0.5	-0.4
Grand Rapids-Muskegon-Holland MSA	1,114,965	1,092,458	937,891	840,824	1.0	1.5	1.1
Kent County	587,951	576,330	500,631	444,506	1.0	1.4	1.2
Grand Rapids city	196,595	197,826	189,126	181,843	-0.3	0.5	0.4
East Grand Rapids city	10,677	10,764	10,807	10,914	-0.4	0.0	-0.1
Grandville city	16,598	16,314	15,624	12,412	0.9	0.4	2.3
Kentwood city	46,317	45,420	37,826	30,438	1.0	1.8	2.2
Walker city	23,040	22,032	17,279	15,088	2.3	2.5	1.4
Wyoming city	70,328	69,526	63,891	59,616	0.6	0.8	0.7
Ottawa County	245,913	239,494	187,768	157,174	1.3	2.5	1.8
Grand Haven city	10,930	11,162	11,951	11,763	-1.0	-0.7	0.2
Holland city[a]	34,688	35,050	30,745	26,281	-0.5	1.3	1.6
Muskegon County	171,765	170,521	158,983	157,589	0.4	0.7	0.1
Muskegon city	39,431	40,065	40,283	40,823	-0.8	-0.1	-0.1
Muskegon Heights city	11,857	12,038	13,176	14,611	-0.8	-0.9	-1.0
Norton Shores city	23,084	22,591	21,755	22,025	1.1	0.4	-0.1
Allegan County	109,336	106,113	90,509	81,555	1.5	1.6	1.0
Kalamazoo-Battle Creek MSA	457,081	453,317	429,453	420,749	0.4	0.5	0.2
Kalamazoo County	241,471	238,877	223,411	212,378	0.5	0.7	0.5
Kalamazoo city	75,858	76,962	80,277	79,722	-0.7	-0.4	0.1
Portage city	45,197	44,906	41,042	38,157	0.3	0.9	0.7
Calhoun County	138,375	138,085	135,982	141,557	0.1	0.2	-0.4
Battle Creek city[b]	53,650	53,421	53,540	56,339	0.2	0.0	-0.5
Albion city	9,086	9,130	10,066	11,059	-0.2	-1.0	-0.9
Marshall city	7,315	7,446	6,891	7,201	-0.9	0.8	-0.4
Van Buren County	77,235	76,355	70,060	66,814	0.6	0.9	0.5
Total	1,734,331	1,708,404	1,528,722	1,432,849	0.8	1.1	0.6
Rural Southwest Michigan							
Barry County	57,943	56,909	50,057	45,781	0.9	1.3	0.9
Branch County	46,189	45,871	41,502	40,188	0.3	1.0	0.3
Cass County	51,284	51,161	49,477	49,499	0.1	0.3	0.0
Newaygo County	49,013	48,024	38,202	34,917	1.0	2.3	0.9
Oceana County	27,650	26,975	22,454	22,002	1.2	1.9	0.2
St. Joseph County	62,366	62,541	58,913	56,083	-0.1	0.6	0.5
Total	294,445	291,481	260,605	248,470	0.5	1.1	0.5

SOURCE: State of Michigan Department of Management and Budget and U.S. Bureau of the Census.

[a]Population for Holland city is total population of city located in Ottawa and Allegan counties .

[b]For comparison purposes, 1980 population for Battle Creek city is the combination of Battle Creek city (35,724) and Battle Creek township (20,615),

Table A-6
Employment by Area
(seasonally adjusted)

	2003				2002				2001				2000
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Grand Rapids Area													
Total Employment	350,880	349,170	352,070	356,190	357,180	355,010	354,930	354,710	357,090	356,880	361,390	362,860	364,730
Goods-producing	82,450	83,610	84,610	85,180	85,970	86,750	87,940	90,360	91,880	93,640	95,160	97,610	104,450
Construction & Natural Res.			16,230	16,710	16,990	16,970	17,530	18,100	17,600	17,700	17,390	17,550	17,280
Manufacturing			68,380	68,480	68,980	69,780	70,410	72,250	74,280	75,940	77,770	80,060	87,180
Service-Providing	238,960	235,940	237,240	241,150	241,050	238,790	238,600	235,590	236,480	234,170	237,490	236,480	231,880
Transportation and utilities			9,570	9,740	10,030	9,750	9,470	9,480	9,600	9,840	10,030	10,040	10,070
Wholesale			22,400	22,380	22,690	22,350	22,550	22,060	21,750	22,090	22,790	22,960	24,140
Retail			39,720	39,590	39,750	39,840	39,710	39,850	40,780	40,610	42,250	43,350	43,200
Information			5,540	5,960	6,070	6,100	6,020	6,420	6,210	5,810	5,910	5,600	5,820
Financial activities			17,900	17,930	18,080	18,340	18,520	18,390	18,440	17,810	18,310	18,290	19,210
Professional & business svcs.			49,520	51,150	50,540	51,140	51,320	49,460	49,510	50,010	50,120	48,660	50,980
Education and health			50,200	50,190	49,930	49,070	47,760	46,440	46,530	45,760	44,980	43,990	35,890
Leisure and hospitality			26,100	27,790	27,720	26,700	28,160	28,580	28,370	27,150	27,970	28,660	28,550
Other services			16,290	16,440	16,250	15,500	15,100	14,900	15,280	15,090	15,120	14,940	14,020
Government	29,470	29,630	30,220	29,860	30,160	29,470	28,390	28,770	28,740	29,070	28,740	28,770	28,390
Muskegon Area													
Total Employment	66,840	66,300	66,840	66,340	66,690	67,740	66,480	66,490	66,960	68,090	67,510	66,990	66,660
Goods-producing	15,610	15,570	15,590	15,580	15,630	15,850	16,080	16,600	16,670	17,140	17,290	17,690	19,000
Construction			2,380	2,470	2,640	2,540	2,610	2,720	2,910	2,870	2,920	3,150	3,350
Manufacturing			13,210	13,110	12,980	13,310	13,470	13,890	13,760	14,280	14,370	14,540	15,650
Service-Providing	40,970	40,410	40,720	40,360	40,560	41,630	40,510	39,870	40,290	40,820	40,210	39,280	37,780
Transportation and utilities			1,320	1,380	1,370	1,340	1,370	1,320	1,340	1,320	1,330	1,270	1,250
Wholesale			1,770	1,830	1,830	1,880	1,930	1,920	3,060	3,190	3,240	3,230	3,180
Retail			11,290	10,950	11,200	11,350	10,930	10,820	9,840	9,910	9,960	9,930	10,190
Information			1,050	1,130	1,130	1,160	1,160	1,260	1,210	1,160	1,240	1,210	1,130
Financial activities			1,910	1,890	2,170	2,220	2,250	2,340	2,260	2,330	2,370	2,310	2,250
Professional & business svcs.			3,630	3,880	3,610	3,630	3,550	3,790	3,630	3,660	3,640	3,720	3,840
Education and health			10,640	10,260	10,070	9,720	9,640	9,310	9,430	9,210	8,950	8,710	6,900
Leisure and hospitality			6,450	6,430	6,560	7,580	7,080	6,590	7,070	7,350	6,930	6,420	6,700
Other services			2,650	2,620	2,620	2,750	2,600	2,520	2,440	2,700	2,560	2,490	2,330
Government	10,260	10,320	10,530	10,400	10,500	10,260	9,890	10,020	10,010	10,130	10,010	10,020	9,890

(continued page 30)

Source: W.E. Upjohn Institute for Employment Research. Based on Michigan Dept. of Labor and Economic Growth ES-202 employment statistics, BLS CES state employment statistics, and BEA employment estimates for government.

Table A-6 (cont.)
Employment by Area
(seasonally adjusted)

	2003				2002				2001				2000
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Holland Area													
Total Employment	150,130	149,240	150,580	148,850	150,890	153,200	152,040	150,910	153,490	158,750	159,280	159,450	160,760
Goods-producing	59,520	59,280	59,810	59,310	60,260	61,610	62,180	61,960	63,560	66,110	68,230	68,560	71,910
Construction			8,130	7,960	8,140	8,260	8,480	8,010	8,310	8,330	8,360	8,270	8,510
Manufacturing			51,680	51,350	52,120	53,350	53,700	53,940	55,250	57,780	59,870	60,300	63,400
Service-Providing	71,090	70,320	70,750	69,750	70,650	72,070	71,050	69,890	70,880	73,370	72,010	71,820	70,030
Transportation and utilities			3,600	3,640	3,650	3,600	3,490	3,470	3,420	3,630	3,410	3,340	3,310
Wholesale			5,790	5,490	5,510	5,430	5,240	5,070	4,650	4,750	5,020	4,900	5,030
Retail			15,990	15,500	15,720	16,430	16,280	16,220	16,650	17,300	17,090	17,160	17,070
Information			1,490	1,380	1,380	1,400	1,310	1,370	1,390	1,360	1,320	1,430	1,390
Financial activities			3,610	3,550	3,650	3,770	3,860	4,080	3,850	3,940	3,930	3,790	3,490
Professional & business svcs.			11,290	11,720	11,250	11,970	11,770	11,260	11,340	12,000	11,660	12,210	12,530
Education and health			12,200	11,870	12,700	12,430	12,320	12,150	12,340	12,110	11,780	11,710	9,900
Leisure and hospitality			10,250	10,050	10,570	11,170	11,120	10,520	11,270	12,340	11,860	11,360	11,770
Other services			6,530	6,550	6,210	5,860	5,670	5,740	5,960	5,950	5,950	5,920	5,550
Government	19,530	19,630	20,030	19,780	19,980	19,530	18,820	19,060	19,040	19,270	19,040	19,060	18,820
Kalamazoo Area													
Total Employment	122,290	121,590	123,280	123,320	123,880	124,360	124,390	124,830	124,190	123,060	124,180	126,340	128,080
Goods-producing	27,340	27,570	28,240	28,440	28,360	28,800	28,830	29,010	29,170	29,290	29,640	31,070	32,960
Construction & Natural Resources			5,750	5,790	5,780	5,980	5,980	6,290	6,080	6,080	5,740	6,090	5,600
Manufacturing			22,480	22,640	22,570	22,820	22,850	22,730	23,100	23,210	23,900	24,980	27,360
Service-Providing	77,470	76,810	77,370	77,350	77,590	76,990	76,740	76,370	75,800	74,430	75,220	75,430	76,000
Transportation and utilities			3,050	2,990	3,280	3,320	3,430	3,380	3,260	2,980	3,340	3,330	3,150
Wholesale			3,910	3,880	4,100	4,180	4,140	4,120	4,010	3,940	4,050	4,050	3,860
Retail			15,870	15,810	15,380	15,280	14,890	15,130	15,100	14,890	15,260	15,220	15,520
Information			1,720	1,650	1,620	1,650	1,710	1,690	1,710	1,760	1,790	1,750	1,730
Financial activities			7,080	7,010	7,480	6,570	6,530	6,510	6,580	6,590	6,400	6,290	5,210
Professional & business svcs.			11,610	11,230	11,570	11,710	11,730	11,520	10,750	11,020	11,210	11,170	11,840
Education and health			16,200	16,380	15,970	16,130	16,510	16,400	16,340	15,570	15,480	15,560	16,600
Leisure and hospitality			12,040	12,540	12,650	12,110	11,850	11,740	11,990	11,630	11,640	11,930	12,200
Other services			5,890	5,870	6,040	6,030	5,940	5,900	6,040	6,040	6,060	6,130	5,890
Government	17,480	17,210	17,670	17,540	17,930	18,570	18,830	19,440	19,220	19,340	19,320	19,840	19,120

(continued page 31)

Source: W.E. Upjohn Institute for Employment Research. Based on Michigan Dept. of Labor and Economic Growth ES-202 employment statistics, BLS CES state employment statistics, and BEA employment estimates for government.

Table A-6 (cont.)
Employment by Area
(seasonally adjusted)

	2003				2002				2001				2000
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Battle Creek Area													
Total Employment	62,170	61,540	62,120	62,650	64,270	64,370	65,190	64,130	63,230	64,320	64,600	64,570	65,480
Goods-producing	16,910	16,710	16,720	17,200	17,430	16,990	17,060	17,260	17,200	17,610	17,750	17,920	18,870
Construction			2,720	2,910	2,830	2,550	2,480	2,220	2,460	2,400	2,460	2,300	2,420
Manufacturing			14,000	14,290	14,600	14,440	14,580	15,040	14,740	15,210	15,290	15,620	16,450
Service-Providing	35,080	34,800	35,110	35,240	36,390	36,560	37,170	35,540	34,840	35,440	35,600	35,100	35,480
Transportation and utilities			840	840	970	960	900	860	980	910	900	920	990
Wholesale			1,260	1,270	1,210	1,170	1,210	1,150	1,180	1,160	1,170	1,150	1,150
Retail			8,670	8,590	8,730	8,590	8,610	8,090	8,180	8,270	8,630	8,270	8,340
Information			540	570	560	550	560	550	560	560	590	620	610
Financial activities			1,840	1,840	1,960	1,760	1,770	1,730	1,700	1,760	1,720	1,670	1,610
Professional & business svcs.			5,750	5,820	6,250	6,460	6,470	6,030	6,310	6,460	6,180	6,320	6,010
Education and health			8,050	8,010	8,170	8,380	8,560	8,380	8,150	8,050	7,920	8,040	8,450
Leisure and hospitality			5,810	5,890	5,960	6,340	6,830	6,490	5,610	6,100	6,230	5,850	6,120
Other services			2,350	2,390	2,320	2,330	2,270	2,270	2,190	2,170	2,250	2,240	2,210
Government	10,180	10,030	10,290	10,210	10,440	10,820	10,970	11,330	11,200	11,270	11,260	11,550	11,140
Van Buren County													
Total Employment	21,540	21,410	21,580	21,130	21,580	21,980	21,580	21,380	21,330	22,170	21,710	21,420	21,830
Goods-producing	4,940	4,930	4,940	4,770	5,110	5,170	5,200	4,970	5,090	5,530	5,460	5,380	6,200
Construction			890	880	1,120	1,160	1,090	900	960	980	950	820	1,160
Manufacturing			4,040	3,890	3,990	4,000	4,110	4,060	4,120	4,550	4,510	4,560	5,030
Service-Providing	11,810	11,760	11,800	11,560	11,560	11,730	11,220	11,080	10,980	11,340	10,950	10,600	10,400
Transportation and utilities			1,260	1,300	980	950	850	870	940	830	820	840	910
Wholesale			450	380	370	420	420	440	440	470	430	360	360
Retail			3,030	2,870	2,930	3,050	3,000	2,960	2,650	2,750	2,690	2,540	2,660
Information			130	120	130	130	120	120	90	100	120	120	120
Financial activities			980	980	1,040	960	970	950	970	960	930	920	370
Professional & business svcs.			1,760	1,680	1,650	1,730	1,730	1,780	1,990	1,980	1,970	1,950	1,910
Education and health			1,140	1,170	1,200	1,250	1,230	1,200	1,230	1,250	1,210	1,250	1,310
Leisure and hospitality			2,170	2,330	2,250	2,510	2,170	2,080	2,000	2,320	2,140	2,010	2,110
Other services			870	740	760	740	730	690	670	690	630	620	660
Government	4,790	4,720	4,840	4,810	4,910	5,090	5,160	5,330	5,270	5,300	5,300	5,440	5,240

Source: W.E. Upjohn Institute for Employment Research. Based on Michigan Dept. of Labor and Economic Growth ES-202 employment statistics, BLS CES state employment statistics, and BEA employment estimates for government.

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