

The Impact of Covid-19 on our Economy

Primary Causes for Economic Slowdown

- Vast Majority of states instituted some restrictions on gatherings, restaurants and bars around mid-March
- This advanced to some level of stay-at-home order with varying degrees of what is “essential” – for instance only 20% of states effectively list construction as “non-essential”
- The most common end date for stay-at-home orders is April 30th with a few states later in May and one state ending on June 20th - we anticipate further extensions
- Based on Europe as orders end there will be gradual and phased loosening

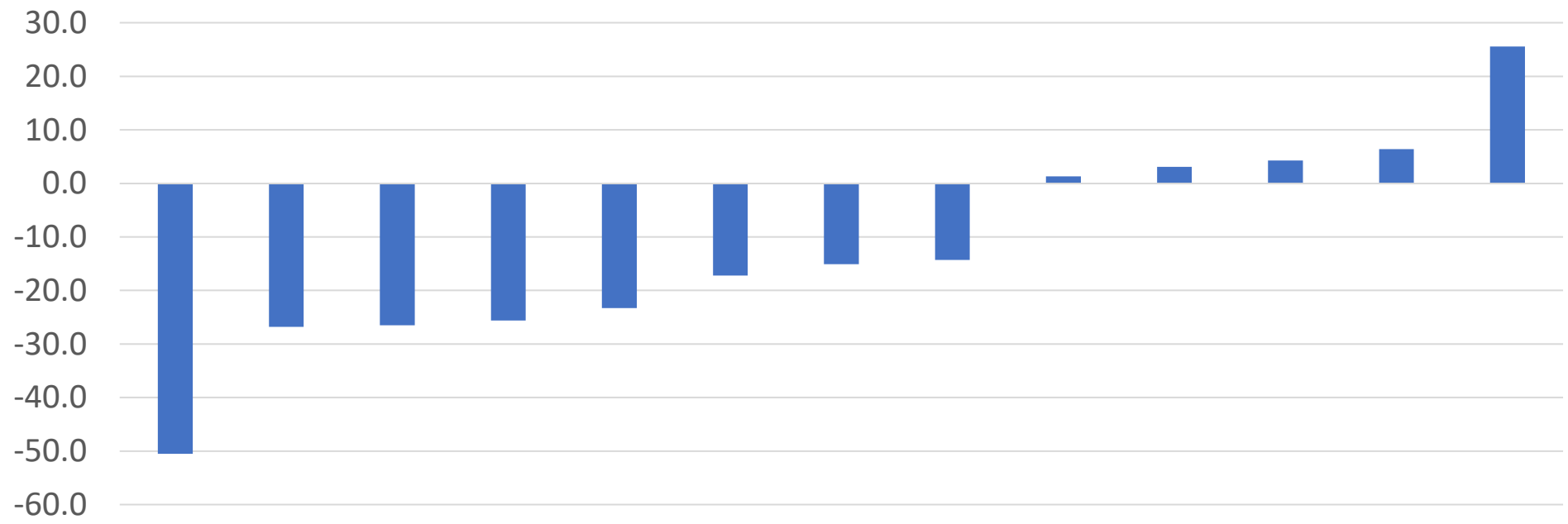
Source 1: Journal of Light Construction

Source 2: Executive Orders accessed on [litter.com](https://www.litter.com)

First Signs of the Effect -- Retail

Source: US Census

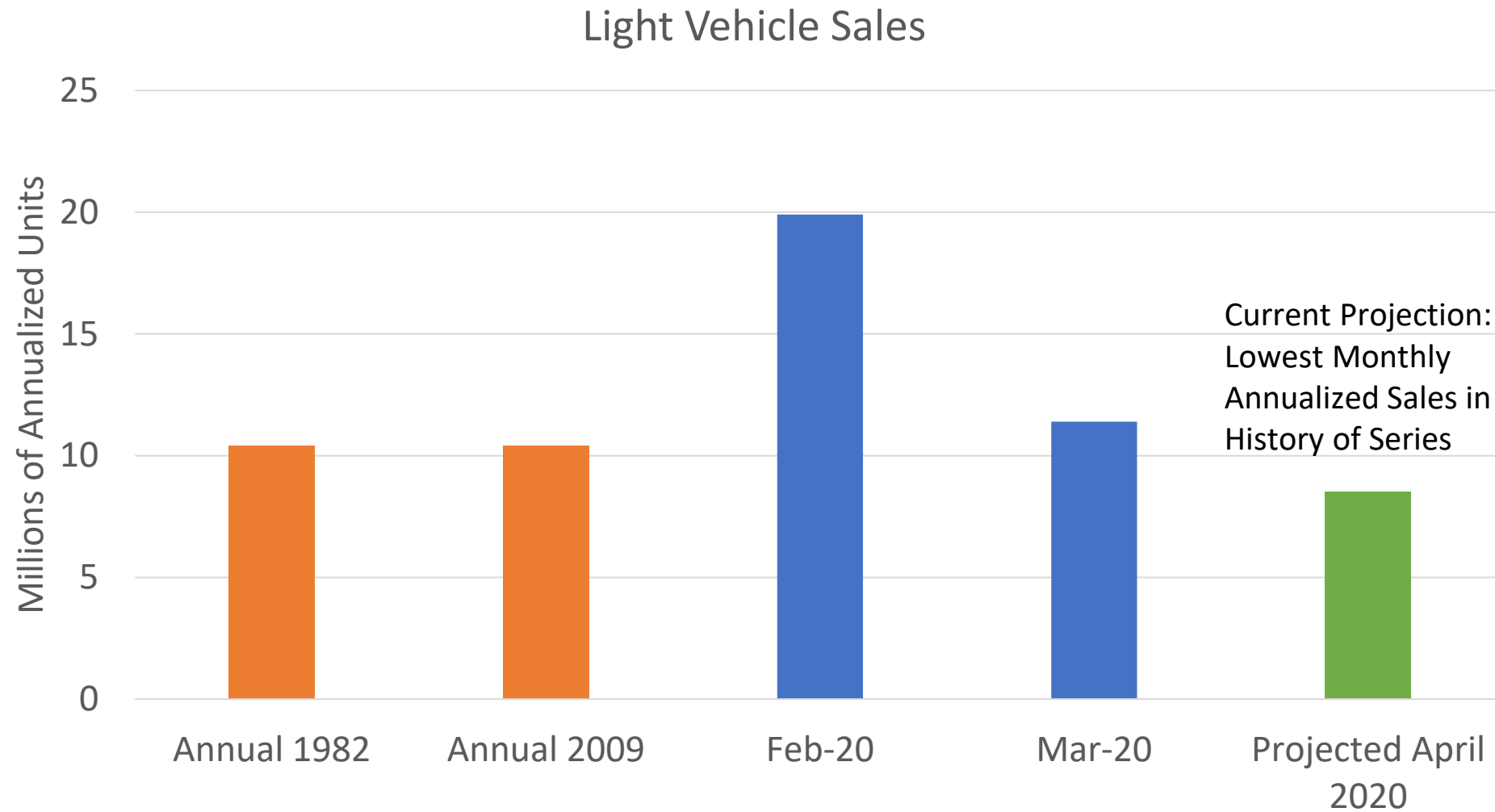
March vs February Percent Change Retail Sales



NOTE: March Year Over Year Gives Essentially the Same Chart

What If Entire Month?

SOURCE: BEA
Projects: Isely



Unemployment Claims and WARN Notices

MICHIGAN

| | INITIAL CLAIMS | CONTINUING CLAIMS |
|--|----------------|-------------------|
| Average Early March | 5,000 | |
| Average 3 weeks ending April 4 th | 272,000 | 744,654 |
| Week Ending April 11th | 219,320 | |

Michigan Unemployment Likely
Around 16% Currently

| PERIOD | WARN NOTICES | EMPLOYEES |
|----------------------------|--------------|-----------|
| 6 Weeks after Lehman Fails | 26 | 6,418 |
| 2019 | 27 | 6,914 |
| Last Two Weeks March 2020 | 34 | 6,675 |

Source: MILMI and

Current and Potential Magnitude

Source: BLS

MICHIGAN -Employment, Wages, and Establishments 2nd Quarter 2019

| Industry | Avg Employment | Avg Weekly Wage | Number of Establishments | Average Number Employees |
|------------------------|----------------|-----------------|--------------------------|--------------------------|
| Accommodation and Food | 386,001 | \$362 | 19,490 | 19.8 |
| Ambulatory Health Care | 206,495 | \$1,123 | 14,393 | 14.3 |
| Arts/Entertainment/Rec | 57,355 | \$595 | 3,766 | 15.2 |
| Construction | 174,419 | \$1,146 | 21,197 | 8.2 |
| Manufacturing | 629,792 | \$1,260 | 16,969 | 37.1 |
| Retail Trade | 462,594 | \$609 | 34,418 | 13.4 |

Is there Good News?

- In Michigan the average worker in the three most affected industries will eventually receive unemployment benefits greater than their normal income
- \$1,200 stimulus checks that have started to hit bank accounts
- Money from PPP and other business support programs is just starting to flow
- CARES act borrows \$2 Trillion to counter a drop in economic output in March through June estimated to be up to \$2.5 - \$3.0 Trillion
- CARES spending

Questions