

HIRING SLOWDOWN SPARKS WORRIES ABOUT THE ECONOMIC OUTLOOK

Michigan's Unemployment Slips Slightly in June, but Battle Creek's Jobless Rate Soars to 6.7 Percent

July's national jobs report exposed pronounced weakness in the U.S. labor market. Employers added just 73,000 positions last month—well below the 110,000 expected—dragging the threemonth hiring average down to a modest 35,000 per month. Meanwhile, May and June nonfarm payrolls were revised lower by a combined 258,000 jobs, marking the largest non-pandemic downward adjustment since 1983 due to seasonal-adjustment issues and incomplete survey responses. The unemployment rate edged up to 4.2 percent in July from 4.1 percent in June, signaling further softening in labor conditions.

In Michigan, June's not-seasonally-adjusted unemployment rates rose in 14 of the state's 18 labor market areas, with a median increase of 0.3 percentage points. The Battle Creek metropolitan statistical area recorded the steepest jump, climbing by half a percentage point. On a county level, 46 Michigan counties saw monthly jobless-rate increases, and since June 2024, 74 counties have registered higher unemployment. Despite these headwinds, Michigan employers reported a seasonal payroll gain of 15,000 jobs in June, led by leisure and hospitality (+18,000) and construction (+5,000), while government payrolls contracted by 14,000.

Hours after the Bureau of Labor Statistics released these revised figures, President Trump abruptly dismissed BLS Commissioner Erika McEntarfer. Appointed in 2023 with bipartisan Senate backing, McEntarfer oversaw the agency's data collection and methodology. Critics—including former BLS officials and economic experts—warn that removing the bureau's nonpartisan leader threatens to politicize statistics and erode confidence in vital economic indicators.

Adding to uncertainty, tariff-driven cost pressures are beginning to ripple through supply chains. Duties on household appliances, apparel and other imports implemented earlier this summer are lifting

UNEMPLOYMENT

| | APR | MAY | JUN |
|-----------------|-----|-----|-----|
| Battle Creek | 5.7 | 6.2 | 6.7 |
| Grand Rapids | 4.0 | 5.0 | 5.3 |
| Detroit (metro) | 4.5 | 5.6 | 5.3 |
| Kalamazoo | 4.5 | 5.3 | 5.7 |
| Michigan | 5.5 | 5.4 | 5.3 |
| USA | 4.2 | 4.1 | 4.2 |

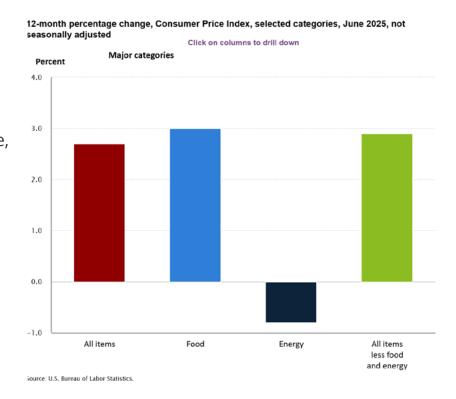
input expenses. Manufacturers across WSI branch regions—including Grand Rapids, Holland, Sturgis, Kalamazoo and Battle Creek—face the dual challenges of muted hiring momentum and tighter margins as they absorb higher material costs.

Battle Creek's metro area lagged Michigan in May and June 2025 with jobless rates near 6.4 percent, the highest among state metros. Flint followed at 6.9 percent in May. Detroit (5.0 percent) and Grand Rapids (6.0 percent rising to 6.3 percent) fared better.

Against this backdrop of data revisions, regional jobless-rate gains and emerging inflationary trends, the Federal Reserve is widely expected to hold its benchmark rate steady at its upcoming meeting. Market participants will watch forthcoming labor reports closely to determine whether July's softness represents a temporary anomaly or the start of a more sustained slowdown in economic momentum.

Tariffs and Rising Labor Costs Push U.S. Inflation Higher

U.S. consumer prices rose 0.3% in June, the largest increase in five months, as tariffs on imported goods began to take hold. The Consumer Price Index climbed 2.7% year-over-year, while core inflation, excluding food and energy, rose 2.9%, according to the Labor Department. Price gains were strongest in tariff-sensitive categories like household goods, appliances, and apparel. Food prices increased 0.3%, while gasoline rebounded 1% after four months of declines.



Labor costs are also adding pressure. The Employment Cost Index reported compensation for civilian workers up 0.9% in Q2 and 3.6% over the past year. Wages and salaries rose 1.0% during the quarter and 3.6% annually, with union workers posting a 4.6% increase. Benefit costs climbed 3.5% year-over-year.

Economists expect inflation to accelerate in coming months as additional tariffs take effect August 1. Rising wages and benefit costs could further squeeze margins, especially in manufacturing and logistics. For Midwest employers, including Michigan producers, these trends may impact hiring decisions and drive interest in automation.

The Federal Reserve is expected to hold interest rates steady this month while monitoring whether inflation and wage growth persist into the third quarter.



SEMI CONDUCTOR CRASH OUT

Michigan experiences one-step forward, two-steps back in uncertain economy.

Michigan's economic landscape over the past month has been marked by both optimism and disappointment, as the state navigates a shifting national economy and evolving global markets. Key developments across technology, manufacturing, and traditional industries underscore the complexity of Michigan's growth trajectory and the adaptability required for businesses to thrive.

A Semiconductor Setback with Broader Implications

The most significant headline came with Sandisk Corporation's decision to cancel its plans for a \$55 billion semiconductor manufacturing complex near Flint. The project, slated for a 1,300-acre megasite in Genesee County, was expected to create up to 10,000 jobs and support 5,000 additional positions during peak construction. Approximately \$260 million in taxpayer funding had already been invested in site preparation, making this an especially hard blow for the region.

Governor Gretchen Whitmer attributed the withdrawal to "national economic turmoil," citing uncertainty surrounding tariff policies and other macroeconomic factors. She suggested the company's

hesitation reflected broader instability affecting large-scale domestic investments. In contrast, Republican House Speaker Matt Hall offered a more optimistic take, predicting that tariffs could spur semiconductor growth in the U.S. despite the Sandisk reversal.

The state had reportedly extended a \$6 billion incentive package that included cash grants and tax breaks. While these incentives were controversial—public opinion polls showed most respondents opposed large-scale corporate subsidies—many viewed them as necessary to compete for high-tech manufacturing jobs. Some residents, however, expressed relief at the project's demise, concerned about the potential disruption to homes and farms

in Mundy Township.



Despite this setback, local and state officials remain hopeful that the site's prime location and infrastructure will attract another major project in the future.

Apple Brings a High-Tech Boost to Detroit

In contrast to the Flint disappointment, Michigan's technology sector welcomed a major win. Apple announced the launch of the Apple Manufacturing Academy in downtown Detroit, administered by Michigan State University and scheduled to open August 19th. The academy will offer workshops on manufacturing and artificial intelligence for small and medium-sized businesses, with Apple engineers actively participating.

Later this year, the program plans to expand to consulting services and virtual courses, further extending its reach. Apple's initiative aligns with its broader U.S. investment strategy, which includes a \$500 billion commitment over five years, Al server assembly in Houston, and semiconductor procurement from Arizona-based facilities.

The Detroit academy follows the success of Apple's developer academy, also in partnership with Michigan State, reinforcing the city's growing role as a hub for both tech education and advanced manufacturing.

West Michigan: Consolidation, Closures, and Resilience

West Michigan's traditional manufacturing and furniture industries experienced significant activity in July. HNI Corporation, an Iowa-based furniture leader, announced its \$2.2 billion acquisition of Grand Rapids-based Steelcase Inc. Under the deal, HNI will hold a 64% stake and Steelcase 36%, combining complementary strengths to accelerate growth.

Both companies will maintain separate headquarters—HNI in Muscatine, Iowa, and Steelcase in Grand Rapids—while being led by HNI CEO Jeffrey Lorenger. The acquisition is expected to close by yearend and could create career advancement opportunities while delivering added value for customers.



However, not all news was positive. Zeeland-based Howard Miller, a nearly century-old clock manufacturer, announced plans to close next year, citing an unsustainable market environment driven by a soft housing market and tariff pressures. Furniture maker MillerKnoll also confirmed the closure of its Muskegon-area plant, relocating most of its 250 jobs to Spring Lake.

In Marshall, Marshall Excelsior will shut down three facilities by March, affecting 71 employees. Parent company OPW cited longterm strategic considerations as the driver behind the closures.

The food sector also made headlines, as WK Kellogg Co. is expected to be acquired by Italian chocolate maker Ferrero for approximately \$3.1 billion. Analysts note that both Howard Miller and WK Kellogg's challenges may reflect a broader struggle to innovate and adapt to shifting consumer trends.

WHAT MICHIGAN UNCERTAINTY MEANS FOR EMPLOYERS:

Be Flexible on Talent
Development: With tech-driven
programs emerging everywhere in
Michigan, consider partnerships
for upskilling.

Expect Ongoing Industry Shifts: Consolidation and closures signal a need for contingency planning.

Leverage Resilience Lessons: Firms that adapt to supply chain and tariff disruptions will be better positioned for future volatility.

Economic Indicators Signal Underlying Strength

Despite these disruptions, the West Michigan economy has demonstrated remarkable resilience. According to Brian Long, director of supply chain management at Grand Valley State University, regional metrics such as new orders and production recently reached a three-year high. Business confidence has stabilized following tariff-related uncertainty earlier this spring, suggesting local firms have learned to navigate disruptions through supply chain flexibility and operational innovation—lessons honed during the pandemic.

Looking Ahead

Michigan's economic narrative this summer underscores a dual reality: the volatility of large-scale investments in an uncertain global economy, and the steady adaptability of regional industries. While the loss of the Sandisk project represents a major setback for semiconductor ambitions, initiatives like Apple's manufacturing academy signal continued investment in advanced technology and talent development.

Meanwhile, West Michigan remains a story of transformation. Consolidations and closures are testing the resilience of legacy sectors, yet strong production metrics and persistent business confidence suggest that companies are finding ways to adapt and compete.

For employers and workforce leaders, these dynamics highlight the importance of flexibility—whether in responding to trade policy shifts, adopting new technologies, or rethinking traditional business models. Michigan's future may not be defined by a single megaproject, but rather by the cumulative impact of innovation, investment, and a resilient workforce.

WHAT CAN MICHIGAN MANUFACTURERS LEARN AT THIS APPLE-LED EVENT?

Apple and MSU Launch Detroit Smart Manufacturing Academy August 19-20th.

Apple is bringing advanced manufacturing education to Detroit with the launch of its new Manufacturing Academy on August 19–20. In partnership with Michigan State University, the two-day event, Smart Manufacturing for American Business, will provide free programming aimed at helping U.S. companies integrate cutting-edge manufacturing technologies to remain competitive in a rapidly evolving industry.

The academy builds on Apple's \$500 billion commitment to U.S. innovation and its extensive supplier network across all 50 states. "Advanced manufacturing is vital to American

innovation and leadership," said Sabih Khan, Apple's Chief Operating Officer. "With this programming, we're thrilled to help businesses implement smart manufacturing so they can unlock amazing opportunities."

Why Attend?

Manufacturers face growing pressure to boost efficiency, quality, and sustainability while navigating labor shortages and supply chain challenges. Smart manufacturing—automation, predictive maintenance, and Al-driven quality control—is now essential for competitiveness.

The event offers sessions on machine learning, IoT, lean and green manufacturing, plus one-on-one consultations with Apple engineers. Virtual programming will follow later this year.

This is a rare chance for Michigan manufacturers, especially small and mid-sized firms, to gain hands-on experience with advanced techniques that improve productivity and resilience. Space is limited; registration is required.







Academy

Event Details:

Dates: August 19–20 Location: Detroit, MI

Hosted by: Apple Manufacturing Academy in partnership with Michigan State University Registration: Click here for registration

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FEARING INFLATION, FED HOLDS STEAD ON RATES

The Federal Reserve kept interest rates unchanged in July, opting for patience amid a backdrop of mixed economic signals. While the decision was widely expected, it was not unanimous—two governors favored an immediate cut, underscoring a divide within the Fed.

Chair Jerome Powell emphasized that the next two months will be critical in determining whether tariffs and trade dynamics dampen growth, spur inflation, or exert minimal impact. Waiting too long, however, risks harming the labor market if conditions weaken further.

Current debate centers on two competing narratives.
One points to underlying fragility despite historically low unemployment. Analysts note that workforce participation remains uneven, wage growth is stagnant for many, and only about half of industries are adding jobs. Consumer spending in services has declined for three consecutive months—the first such trend since 2008—while housing markets remain sluggish and recent employment growth estimates have been revised sharply downward.

Conversely, a more optimistic view highlights economic resilience, fueled by artificial intelligence investment and solid household wealth. Bank of America projects a potential "outright boom," citing political support for domestic manufacturing, overseas stimulus measures, and rising global capital expenditures.

Tariffs add another layer of uncertainty. While some view their inflationary effects as temporary, others warn these shocks could persist for years. Markets are watching closely: traders now assign a 68% probability of a September rate cut. For businesses, this uncertainty reinforces the importance of strategic planning as the U.S. economy navigates an unpredictable second half of 2025.

CONSUMER CONFIDENCE EDGES UP AGAIN, BUT SENTIMENT SUGGESTS ANXIETY GROWING

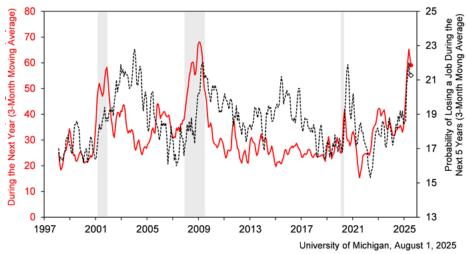
Consumer sentiment rose slightly in July, marking its second consecutive monthly gain, according to the University of Michigan's Surveys of Consumers. The Index of Consumer Sentiment increased to 61.7, up 1.6% from June but still 7.1% lower than a year ago.

Current Economic Conditions climbed 4.9% to 68.0, its highest since February, while the Index of Consumer Expectations dipped 0.7% to 57.7, reflecting ongoing uncertainty about the economic outlook.

Inflation expectations offered some relief. Year-ahead expectations dropped to 4.5%, the lowest since February, and long-run expectations fell to 3.4%, signaling a cooling trend in price pressures.

For manufacturers and employers, softer inflation expectations could ease wage pressures

Despite Recent Improvements, Consumers Still Anticipate Rising Unemployment and Elevated Risks of Personal Job Loss



and input costs in the coming months, supporting hiring plans. However, persistently low consumer sentiment suggests continued caution in consumer spending, which may impact demand for durable goods and discretionary products.

Stockholders drove most of July's sentiment gains, while non-stockholders saw declines—an indicator that higher-income households remain more optimistic than others.

DID YOU KNOW??

Michigan ranks among the top states for manufacturing's share of state GDP, tied for fourth place nationally. This means 16% of Michigan's total economic output comes from manufacturing, compared to the U.S. average of 10%.

In other words, Michigan's economy depends on manufacturing more than most states.

Michigan: 16%

U.S. Average: 10%

Top States by Manufacturing GDP Share

Indiana: 26% Louisiana: 18%

lowa: 17%

Wisconsin: 16% Michigan: 16% Kentucky: 16% Alabama: 16%

Source: U.S. Bureau of Economic Analysis, 2024

