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MARCH 2026

MICHIGAN ECONOMY CATCHING UP

After a bumpy 2025, Michigan labor's stats are starting to outpace the national rate.

Michigan's economy is sending the kind of signal that defines this phase of the cycle. The hiring engine is still running, but it is no longer roaring. Inflation looks cooler in the rearview mirror, while a new energy shock threatens to push costs back up.

Start with labor demand. The Michigan Center for Data and Analytics says employers posted just over 1.04 million online job ads in 2025, up 13.6 percent from 2024, with more than 940,000 of them new listings. What we see here at WSI are employers still searching for workers, even as growth slows and cost discipline tightens.

Manufacturing remains central, accounting for roughly 9.5 percent of statewide postings. Health care, retail, and logistics generated more total volume, while transportation and warehousing jumped more than 40 percent year over year. The appetite to hire is broad, but not evenly distributed. The unemployment map tells the same story. Michigan held at 5.0 percent in November and December 2025, above the national rate. Battle Creek and Detroit continue to lag, while Grand Rapids and Kalamazoo remain closer to the U.S. pace. The entire state has **seen employment growth** over the last four months.

National labor data adds an important wrinkle. Earlier reports suggested stabilization, but February's jobs data points to a more uneven path. The U.S. economy **lost 92,000 nonfarm payrolls** during the month, the third decline in five months, while the unemployment rate edged up to 4.4 percent. Weather disruptions and a large health care strike played a role, yet the sector breakdown still signals caution. Manufacturing shed another 12,000 jobs and transportation and warehousing declined by 11,000. Wage growth, however, remained firm, with average hourly earnings rising 0.4 percent in the month and 3.8 percent year over year.

That combination is important for employers to watch. Payroll declines suggest slower momentum in hiring, but steady wage growth indicates labor competition has not disappeared.

Unemployment	Nov 25	Dec 25
Battle Creek	5.1	5.1
Detroit	6.2	5.6
Grand Rapids	4.0	4.0
Kalamazoo	4.2	4.2
Michigan	5.0	5.0
National Rate	4.3 (Jan 26')	4.4 (Feb 26')

Inflation tells a similar two track story. January CPI rose 0.2 percent from December and 2.4 percent from a year earlier, down from 2.7 percent in December. Falling gasoline and fuel oil helped cool the headline. But everyday categories such as utility gas, electricity, restaurant meals, and shelter continued to climb.

The larger lesson is plain. This is not a stalled economy. It is a selective one, with uneven hiring, sticky living costs, and a fresh geopolitical risk hanging over the outlook.

GLOBAL CONFLICT LOCAL COSTS

The costs on the economy from the War In Iran

The recent military strike by the United States and Israel in Iran has sent shockwaves through global energy markets, raising the risk of rising costs for Michigan manufacturers and consumers in the months ahead.

Crude oil and natural gas prices **surged** immediately following the coordinated attacks and retaliatory strikes. Brent crude climbed more than 6% to $83 a barrel, its highest level since mid 2024. European natural gas futures spiked 42% after QatarEnergy halted production due to attacks on its facilities. Domestically, economists warn gasoline prices could approach $3.50 a gallon, up from a recent national average below $3. For businesses that rely on tight margins and predictable input costs, that kind of swing matters.

For Michigan's manufacturing sector, the escalating conflict threatens to strain supply chains and inflate operational expenses. Roughly 25% of the world's oil and 20% of its natural gas flow through the Strait of Hormuz, where **tanker traffic** has been effectively shut down. Surging energy prices are expected to **ripple through the cost** of component parts, plastics, metals processing, and other petroleum based inputs. Shipping costs are also poised to rise, creating logistical hurdles for manufacturers that depend on steady flows of raw materials and finished goods.

Higher manufacturing and logistics expenses rarely stay confined to the factory floor. Increased fuel and freight costs are expected to push up prices for groceries, airfares, and everyday essentials. If the conflict drags on, the added uncertainty could undermine corporate confidence, prompting companies to delay investments and scale back hiring plans. That combination of caution and higher costs has the potential to cool consumer demand and slow overall economic growth.

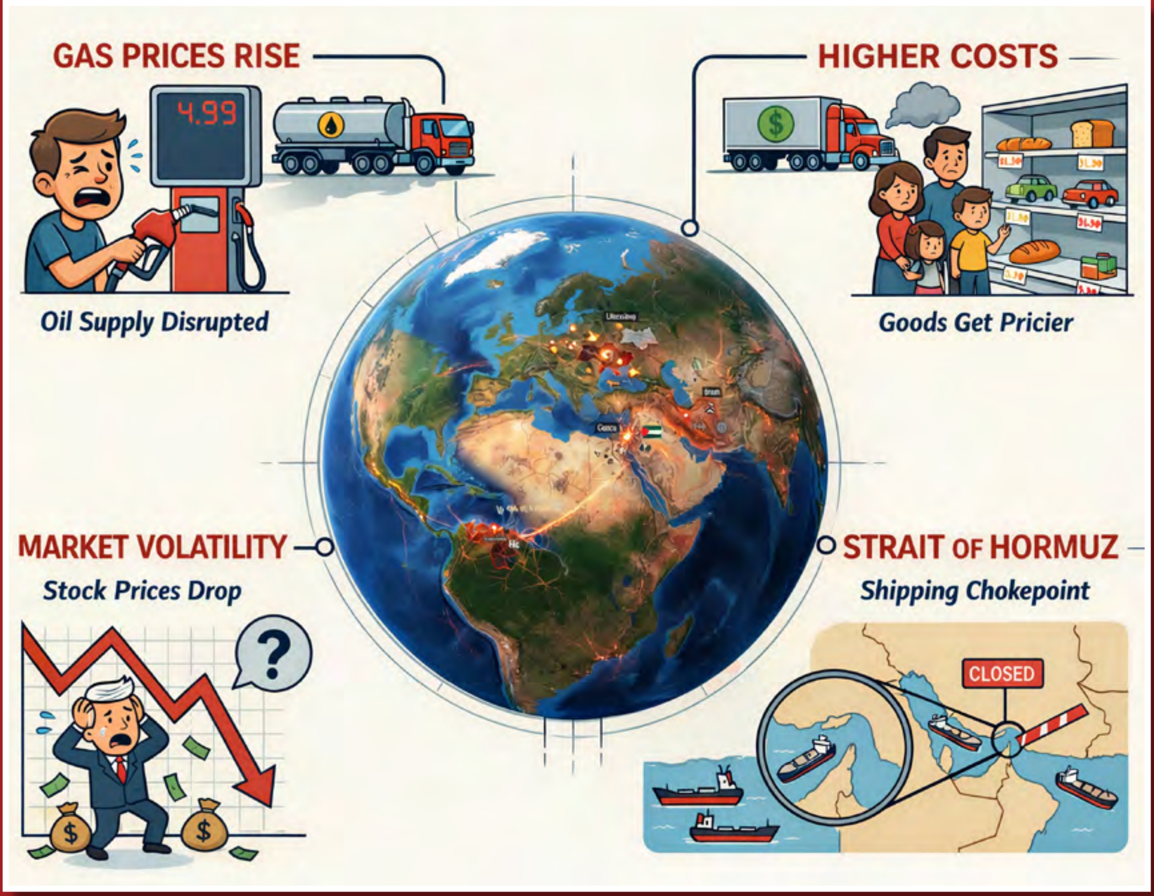
Several industries are already feeling the strain. Travel and leisure stocks took **immediate hits**, with cruise operators Carnival and Norwegian falling more than 10% in early trading. The global luxury goods sector is also under pressure as airlines cancel flights and Middle Eastern sales soften. By contrast, energy producers such as Exxon Mobil and Chevron have moved higher, reflecting expectations of stronger margins in a higher price environment.

Economists caution that if the conflict proves short lived, the broader economic effects may be limited and temporary. However, a prolonged engagement could disrupt global trade volumes at a sensitive moment for the U.S. economy, which is still navigating the aftereffects of inflation and recent tariff shocks. For Michigan, an extended period of elevated energy prices and supply chain friction could tighten corporate margins and household budgets alike.

HOW WILL THIS AFFECT INFLATION?

The Federal Reserve's preferred measure of inflation has hovered near 3% for roughly a year, remaining above the central bank's 2% target. That level has persisted even as gasoline prices declined through much of 2025, underscoring how broad based price pressures have become. This backdrop already includes lingering inflationary forces tied to tariff adjustments and uneven hiring.

THE CHAIN REACTION OF CONFLICT



Even though the U.S.A. is one of the largest oil producers in the world, instability in the Middle East will affect prices everywhere in the global economy.

A short conflict would likely be absorbed, but a prolonged conflict could have disasterous results for the business and consumer economy.

The military conflict involving the U.S., Israel, and Iran risks amplifying those baseline pressures. Natural gas prices, which have **already risen about 10%** over the past year in part due to energy intensive AI data centers, could climb further.

WHAT WOULD NEW IRAN MEAN FOR THE GLOBAL ECONOMY?

A free Iran would likely transition into a secular, democratic, and globally integrated nation, reversing decades of ideological, economic, and social oppression. A more cooperative or non hostile Iranian government could provide a **meaningful lift** to the global economy by opening a large, largely untapped market to the U.S. and its allies. With a population approaching 100 million, a reintegrated Iran would present significant consumer and commercial opportunities.

Following de escalation, a shift in governance could pave the way for new energy, trade, and strategic agreements that benefit global markets. Stability means Russia losing its greatest ally, and Europe and China gain a stable energy producer, which they desire, easing further global tensions. This greater stability would drastically reduce the geopolitical risk premium embedded in oil and gas prices.

Securing shipping routes such as the Strait of Hormuz, which handles roughly 20% to 25% of global oil and natural gas flows, would help stabilize energy markets and ease inflationary pressures that now weigh on supply chains and transportation networks. Reduced uncertainty would likely support business investment and improve long term planning for manufacturers worldwide.

Financial analysts suggest that as geopolitical anxiety subsides and a more stable government takes hold, global economic prospects could strengthen. If temporary disruptions give way to durable trade relationships and steadier energy flows, equity markets may respond positively in 2026, reflecting renewed confidence in global growth.

TARIFF TAKEDOWN

WHAT COMES NEXT AFTER HISTORIC RULING?

The U.S. Supreme Court struck down President Donald Trump's sweeping emergency tariffs on February 20th, in a **6-3 ruling**, declaring he exceeded his authority under the International Emergency Economic Powers Act. For Michigan manufacturers, who have weathered disrupted supply chains and soaring raw material costs, the historic decision opens a chaotic path to massive refunds.

However, the relief was immediately short-lived. Calling the ruling a "disgrace," Trump swiftly **executed** a backup plan. Within hours, the president invoked Section 122 of the Trade Act of 1974 to impose a 10 percent blanket tariff on all imports, threatening to raise it to 15 percent. This legal maneuver keeps levies active but is legally capped at 150 days. Moving forward, the administration is preparing to weaponize alternative trade laws, like Section 232 for national security or Section 301, to bypass the expiration and maintain protectionist policies long-term.

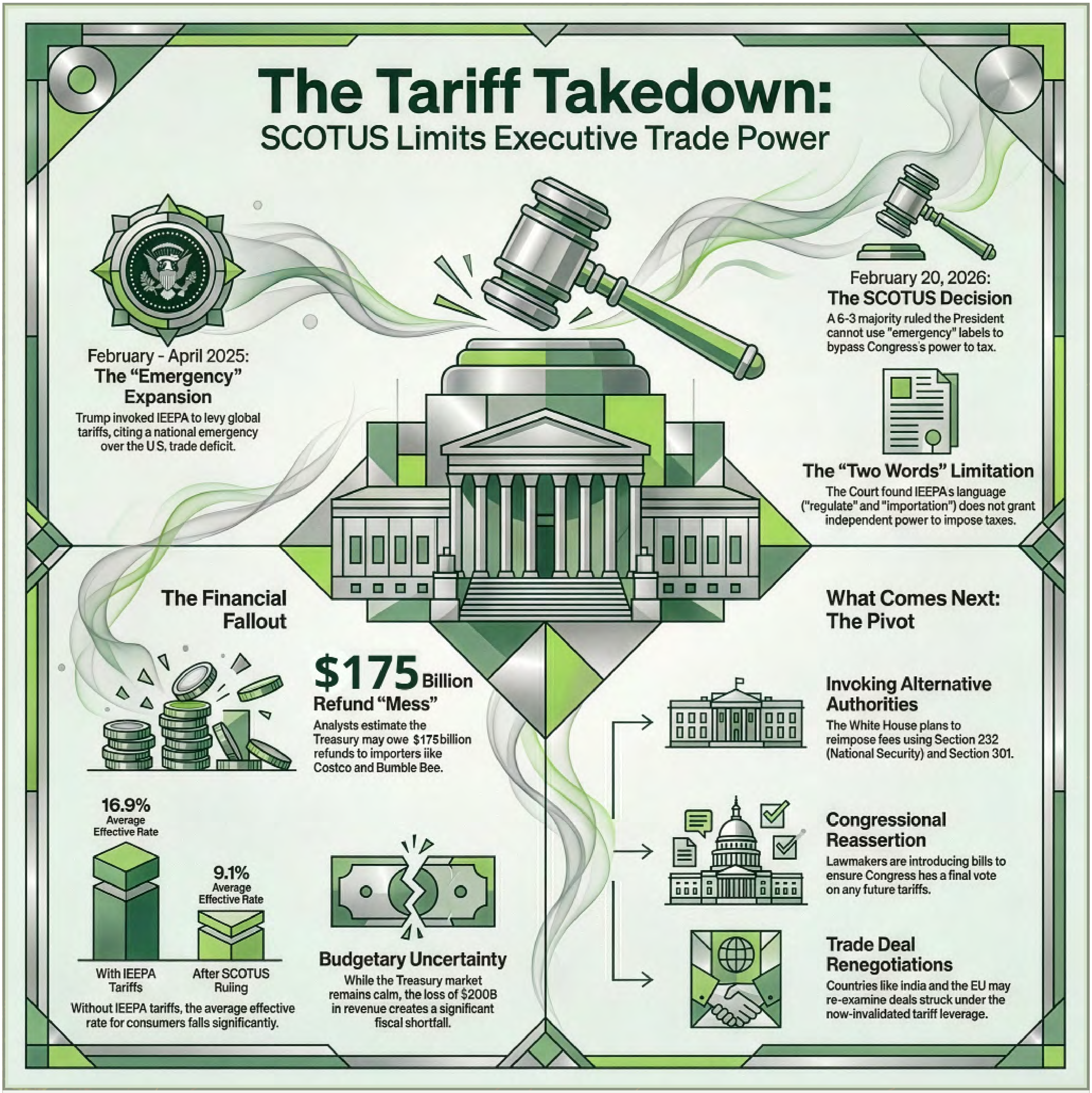
For Michigan's industrial base, the next steps are highly complex. Manufacturers and businesses serving as "importers of record" possess the legal standing to claim a share of the estimated $175 billion in collected duties. Trade experts advise companies to immediately file formal customs protests right now to secure these refunds. Simultaneously, vital supply chain managers must prepare for shifting duty rates and increased compliance costs as the White House transitions from a universal tariff approach to targeted, sector-based investigations today.

While the ruling paves the way for $175 billion to $200 billion in corporate refunds—a sum exceeding the annual budgets of the Transportation and Justice departments combined—financial strategists warn this massive payout could create a significant U.S. budget shortfall.

For businesses, the refund process is a "major compliance cost," with companies scrambling to hire thousands of accountants to navigate shifting rules. Trade experts note that trade lawyers are poised to be the ultimate winners.

Meanwhile, consumers who bore the brunt of inflated prices will see nothing. Despite demands from Democratic governors to issue $1,700 rebate checks to households, regular Americans lack the legal standing to claim refunds, resulting in a direct wealth transfer to large corporations.

The trade war's collateral damage also continues to mount globally. The dispute has bred fierce hostility overseas, devastating sectors like the **American wine industry.** Retaliatory actions have caused countries like Canada to virtually halt imports of American alcoholic beverages, wiping out 30% of export sales for some producers.



DO I GET A TARIFF REFUND?

American households will not receive tariff refunds, despite bearing the economic burden when up to 63% of tariff costs were passed on through higher grocery and product prices. Consumers lack the legal standing and direct receipts required to claim this money.

Conversely, corporations will get refunds because they are the "importers of record" who legally paid the government. Furthermore, giant retailers can use their massive market leverage and contractual agreements to extract these payouts from their wholesale suppliers.

HAS THE HOUSING CRISIS TURNED A CORNER?

Affordability remains a factor, but housing starts are up while mortgage rates are down.

Key Mortgage Rates (March 2026):
30-Year Fixed: ~6.07% (Avg)
15-Year Fixed: ~5.47% (Avg)

After several years defined by tight inventory, soaring prices, and bidding wars, new data suggests the U.S. housing market may be showing early signs of recalibration. Whether that translates into meaningful relief for buyers remains uncertain.

Recent figures indicate sellers now outnumber buyers by roughly 600,000 nationwide, according to Redfin. That represents one of the widest gaps recorded since 2013 and marks a clear shift from the pandemic-era frenzy when buyers routinely outnumbered available homes. With more listings competing for fewer active buyers, homes are beginning to sit on the market longer and price reductions are becoming more common in some areas.

The imbalance, however, is not being driven by a surge in housing supply. Instead, buyer demand has cooled sharply as affordability pressures intensify. Home prices remain near record levels while mortgage rates, even after easing slightly, are still far above the ultra-low levels seen earlier in the decade. As a result, monthly payments for a typical home remain significantly higher than they were just a few years ago, placing ownership out of reach for many households.

There Are 44% More Home Sellers Than Buyers

% more sellers than buyers actively in the market

Source: Redfin data, MLS data • Created with Datawrapper

The National Association of Home Builders **reports** that tariff-related increases in the price of a new home total approximately $10,900.

Another factor limiting buyer activity is the so-called mortgage rate lock-in effect. Millions of homeowners secured mortgages between 2.5 and 3.5 percent during the pandemic and are reluctant to sell their homes only to purchase another property at rates closer to six percent. That hesitation reduces the number of move-up buyers entering the market and slows overall transaction activity.

There are modest signs of improvement on the supply side. U.S. single-family housing starts rose 4.1 percent in December to a seasonally adjusted annual rate of 981,000 units, according to the Commerce Department. However, permits for future construction slipped 1.7 percent as builders remain cautious about material costs, labor shortages, and uncertainty surrounding demand.

Financing conditions have improved somewhat. Freddie Mac reports the average 30-year fixed mortgage rate has fallen to about 6 percent, its lowest level since late 2022. Lower borrowing costs have already supported refinancing activity and could bring some buyers back into the market as the spring homebuying season approaches.

Longer term, economists say sustained declines in mortgage rates combined with steady increases in housing construction will be necessary to meaningfully address the nation’s housing shortage. While the market appears to be moving toward a more balanced footing, affordability remains the central obstacle. For now, the housing market may be stabilizing, but it is too early to declare the crisis fully resolved.

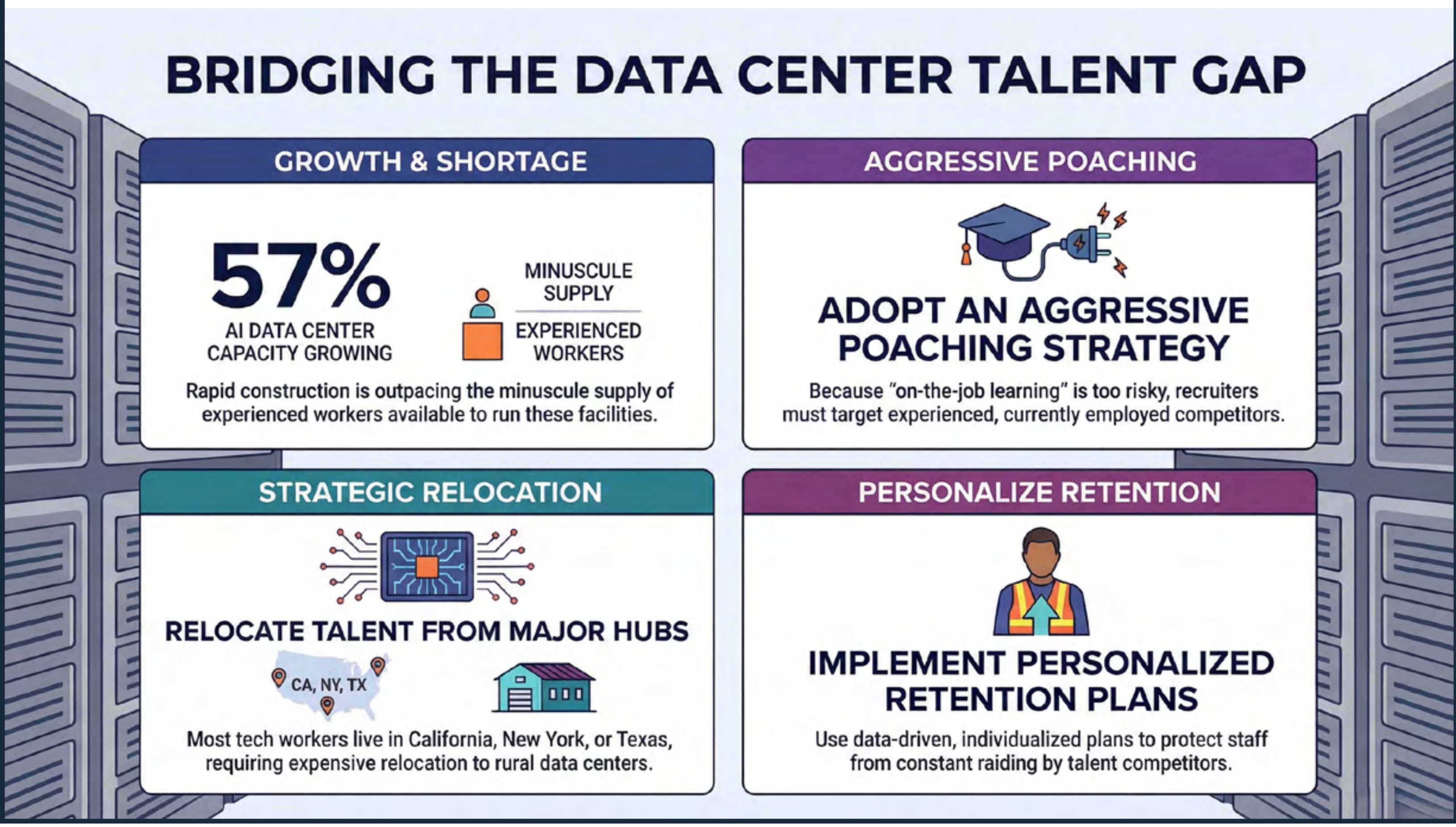
EMPTY PIPELINES

BOTTLENECK OF TALENT TO BUILD AND RUN A.I. DATA CENTERS IS MAKING EXPANSION DIFFICULT.

While the world marvels at the breakneck speed of artificial intelligence and cloud computing, a critical component is struggling to keep pace: the human beings who build and run the data centers. This growing shortage of skilled labor, from electricians to operational engineers, now poses a greater threat to scaling digital infrastructure than power constraints or semiconductor supply chains.

With the number of operational AI data centers expected to undergo a massive construction boom and increase by 57%, billions in investments risk being wasted if these facilities cannot maintain continuous operations.

The crisis is multifaceted. The rapid digitization of every industry has created an unprecedented construction cycle, demanding specialized mechanical, electrical, and plumbing skills that are already in extremely high demand. Meanwhile, the operational side faces a "silver tsunami" as nearly one-third of the existing technical workforce nears retirement age. A cultural shift has also contributed, with vocational trades often undervalued, shrinking the pipeline of young talent.



Furthermore, because these high-performance facilities demand flawless execution, companies cannot simply rely on "learning on the job". Relying on recent graduates is largely unviable because few universities offer specific data center degrees, meaning **recruiters desperately need candidates** with proven, recent experience. Compounding the issue, most new facilities are built in rural areas seeking affordable land and power, meaning companies must provide expensive, comprehensive relocation packages to secure top talent.

Fixing this bottleneck requires a unified, multi-pronged effort. In the immediate term, industry leaders must collaborate with recruiters to adopt aggressive "poaching" strategies targeting employed workers at rival companies, while simultaneously implementing data-driven, personalized retention programs to protect their own staff from competitors.

For the long term, we must **build a resilient workforce pipeline**. This begins with standardizing a career narrative that reframes these roles as high-impact, stable, and technologically advanced. Industry leaders must deepen partnerships with academia and community colleges to co-invest in apprenticeships and coordinate curricula that align with modern data center needs.

Simultaneously, the industry can leverage technology—such as AI-driven diagnostics, prefabricated "plug-and-play" components, and connected digital design workflows—to amplify the capacity of the current workforce. By investing in people, aggressively recruiting seasoned talent, and embracing automation, we can ensure that digital growth doesn't grind to a halt.

The largest economic investment in Michigan's history is set to reshape Washtenaw County's workforce in ways the region has never seen before.

OpenAI's Stargate project, a multi billion dollar development valued at more than $7 billion, will create an **estimated 4,450 jobs** beginning in 2026 when construction starts in Saline Township.

THE WOMEN LEADERS WHO ARE RESHAPING MICHIGAN'S ECONOMY

Michelle Aristeo Barton
President
Aristeo Construction

Mary Barra
CEO
General Motors

Joi Harris
CEO
DTE Energy

Rhonda Stryker
Director / Philanthropist
Stryker

Andea Rush
CEO
Dakkota Integrated Systems

Marian Ilitch
Co-Chairwoman
Ilitch Holdings Inc

As the global community prepares to observe **International Women's Day** on March 8, Michigan's business landscape is increasingly defined by a powerful cohort of female leaders who are reshaping the state's economic engine. From the industrial corridors of Detroit to the medical tech hubs of Kalamazoo, woman-led firms are reporting a landmark year of growth and strategic evolution.

A standout in the 2025–2026 rankings is Aristeo Construction, which recently surged to the No. 2 spot on Crain's list of Michigan's largest woman-owned businesses. This climb highlights a broader boom in the state's infrastructure and industrial sectors. Meanwhile, at the helm of the state's most recognizable giants, female executives are breaking new ground in public utilities and automotive innovation. Joi Harris, who recently took over as CEO of DTE Energy, is steering the utility toward a massive grid modernization and clean energy transition, while Mary Barra continues her decade-long tenure leading General Motors through an era of unprecedented electrification.

The influence of Michigan's women extends deeply into the realms of philanthropy and investment. Rhonda Stryker, Michigan's third wealthiest person, and director of the Kalamazoo-based Stryker Corp., remains one of the world's most prominent leaders in medical technology and philanthropy. With a net worth estimated at over $8.4 billion in 2026, her contributions—alongside the enduring legacy of Marian Ilitch of the Ilitch Companies, co-founder of Little Caesar's Pizza and owner of the Detroit Tigers and Detroit Red Wings—anchor the state's healthcare and entertainment sectors.

Even as sectors like traditional manufacturing face headwinds, entrepreneurs like Andra Rush of Dakkota Integrated Systems are pivoting toward higher-margin opportunities, proving the resilience of the state's female business owners. This moment isn't about representation as much as its about results. As International Women's Day approaches, Michigan stands as a premier example of how gender equality in leadership accelerates statewide economic empowerment.

This is not an easy economy to read, and it is certainly not an easy one to run a business in.

Michigan employers are dealing with a hard combination: tariff uncertainty, sticky inflation, slow wage momentum, and higher operating costs that hit manufacturing-heavy regions like ours faster and harder than most. Decisions take longer. Hiring plans get tighter. Confidence can feel fragile from one month to the next.

But this is not a story of retreat.

Across Michigan, employers are still posting jobs, still investing, and still finding ways to move forward. The pace is more selective. The margin for error is smaller. Yet the companies gaining ground are doing the same thing well: they are staying flexible, protecting productivity, and adjusting early instead of reacting late.

That matters in a market like this. When demand shifts, trade policy changes, and costs move without much warning, rigid workforce plans become expensive. Smart employers are keeping options open. They are using flexible staffing to manage volatility, Recruitment Process Partnerships to build hiring capacity without adding permanent overhead too soon, and direct hire when the role requires precision.

Michigan may be carrying more weight than many states right now, but we are still moving. Careful navigation, employer optimism, and disciplined workforce strategy are making a difference.

Stay flexible. Stay ready. Explore workforce options with WSI for everything from staffing and RPO to direct hire and long-term talent strategy.