



## Wisconsin's economy: September 2021<sup>†</sup>

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September 16, 2021

### Executive summary

This brief reviews several indicators of the Wisconsin economy.

**Employment:** The labor market is stable. Initial unemployment claims have remained mostly unchanged since last month and stand about 82 percent above their 2019 levels for the first week of September. August's payroll employment is 110,600 workers below its August, 2019 level, which is a small deterioration from July. The August, 2021 state unemployment rate stands at 3.9 percent (compared to 3.9 percent in July). In the July data, Wisconsin has the 14th-lowest unemployment rate among U.S. states. Among Wisconsin metropolitan areas, La Crosse has the lowest unemployment rate (3.0 percent) and Racine the highest (5.2 percent).

**Retail trade:** Total retail trade growth in Wisconsin has returned to pre-pandemic levels. The strong growth in the gasoline and building supply retail sectors has subsided in May.

**Inflation:** Midwest-region inflation rates have declined from their highs in June, but remain elevated at 6.4 percent (year over year) in August, 2021. Inflation is positive in all sectors of the economy, at levels similar to those in early 2020. Transportation prices, which include motor fuel, are the outlier, having risen sharply in 2021, but inflation in the sector is beginning to ease.

**Share prices:** The index of publicly-traded firms headquartered in Wisconsin had caught up to the S&P 500 in early 2021, after lagging the major index for all of 2020. Beginning in May 2021, the Wisconsin index has fallen behind the S&P 500 and remains below the benchmark index.

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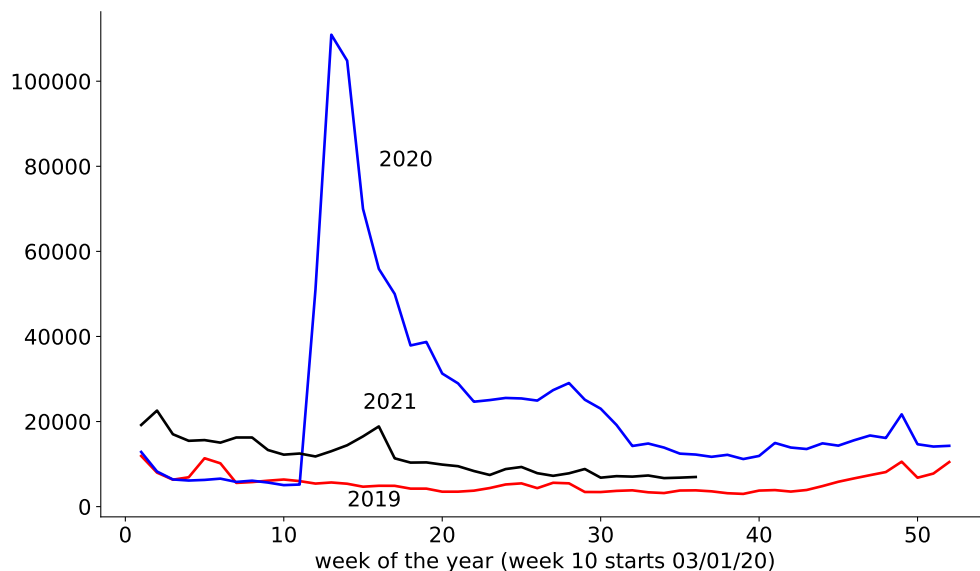
<sup>†</sup> Data briefs are short, timely reports that use data to highlight economic issues of importance to policy makers, business leaders, and the public. This brief, and the data and code that underlie it, are available at [crowe.wisc.edu](http://crowe.wisc.edu). The views expressed herein are those of the authors and not necessarily those of the Center for Research on the Wisconsin Economy, the Department of Economics, or the University of Wisconsin.

## The labor market

In figure 1, we plot Wisconsin's initial unemployment claims by week. *Initial unemployment claims* are applications for benefits from workers who were not currently receiving benefits. Unemployment claims data are released on a weekly basis. Up through the week ending March 7, initial claims in 2020 were below their levels in 2019. The week ending March 14, 2020 saw a small uptick in claims, and in the week ending March 21, 2020, initial claims exploded.

In 2021, initial claims drifted downward, but increased in the last week of March and the first three weeks of April. Since then, initial claims have continued to fall. In the first week of September, 2021, initial claims (6,967) were 82 percent larger than they were in the same week of 2019. In the same week in September, 2020, initial claims were 220 percent larger than they were in the same week of 2019.

Figure 1: Weekly initial unemployment claims in Wisconsin



The initial claims data allow us to see the number of people applying for benefits. They are less informative about the number of people who are currently unemployed. The well-known unemployment rate calculated by the Bureau of Labor Statistics is derived from the Current Population Survey (CPS). In this survey, a person is counted as *unemployed* if they did not work for pay during the survey reference week, were available for work, and actively searched for a job in the previous four weeks. Note that this definition of unemployment is not contingent on applying for benefits. A person is counted as employed if they worked for pay during the reference week. The *unemployment rate* is the number of unemployed persons divided by the sum of the number of employed and unemployed persons.

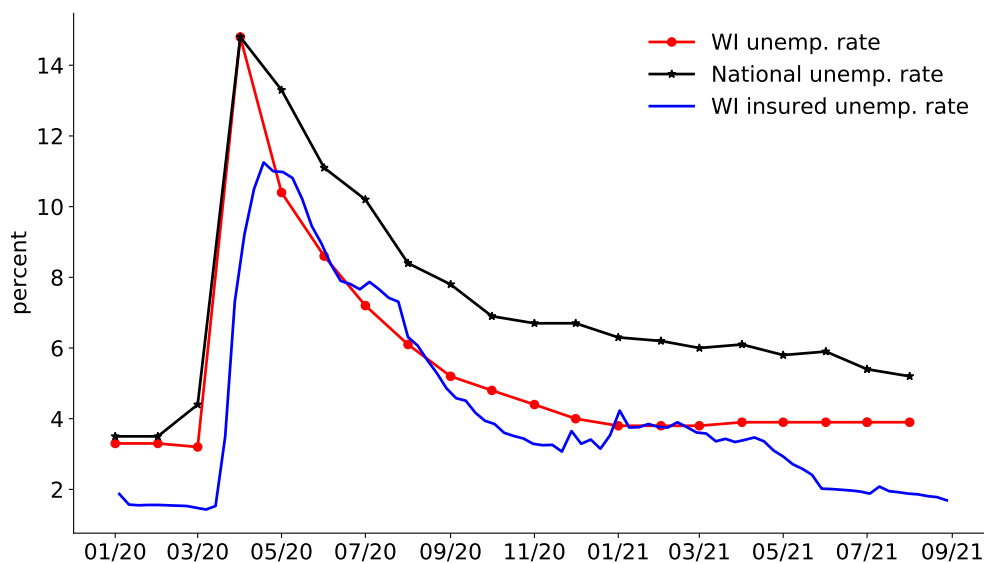
We plot the official unemployment rate for Wisconsin in figure 2. It tops out in April, 2020 at 14.8 percent.<sup>1</sup> During the last recession, the unemployment rate topped out at 10.4 percent in February, 2010. The most recent data are for August, 2021, where the unemployment rate is 3.9 percent — where it has sat since April — down 10.9 percent from the April, 2020 (14.8 percent)

<sup>1</sup>The data underwent a revision at the Bureau of Labor Statistics on March 3, 2021. In the prior data, the April, 2020 unemployment rate was 13.6 percent.

peak. Wisconsin has the 14th-lowest unemployment rate among U.S. states in July. We also plot the national unemployment rate in figure 2. In August 2021, the national unemployment rate is 5.2 percent, down from 5.4 percent in July.<sup>2</sup>

The official unemployment rate is released monthly. The insured unemployment rate, however, is available weekly, making it a useful higher-frequency indicator of unemployment. The *insured unemployment rate* is the number of people receiving unemployment benefits divided by the number of people eligible for unemployment benefits. Most employees are eligible for unemployment benefits (should they lose their job) and most self-employed people are not.

Figure 2: Unemployment rates in Wisconsin



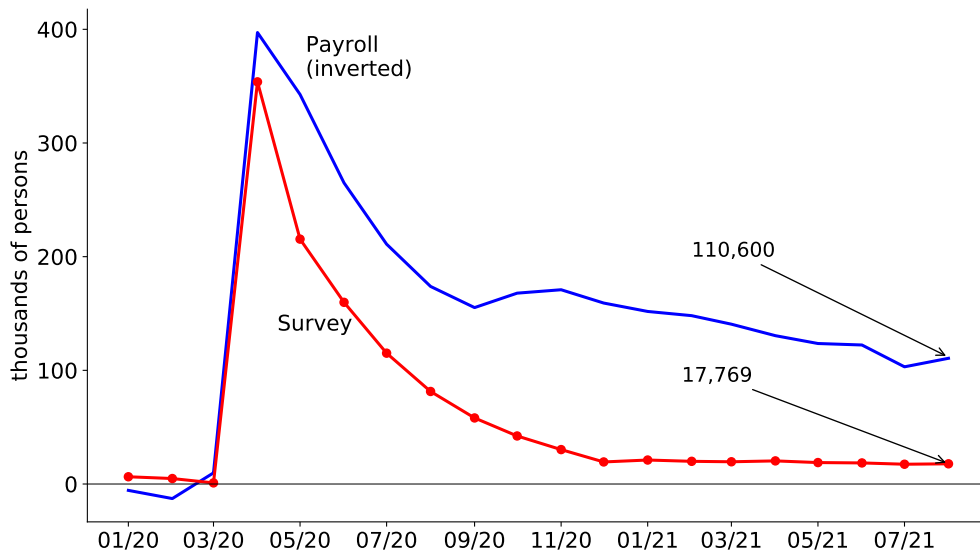
We plot the insured unemployment rate in figure 2. For the first three months of 2020, the official rate was about twice the insured rate. This is the typical pattern found in earlier years. The pattern breaks down in April, 2020. The surge in the insured unemployment rate is matched almost one-for-one in the official rate. By May, 2020, the two measures are roughly equal. This suggests that more people who are unemployed in the official rate are collecting benefits, but it is also suggestive of an undercount of unemployment in the official survey. It is well-known that the CPS becomes noisier at the state-level because there are relatively few data points. This same issue also arose during the recovery from the last recession.<sup>3</sup> The insured unemployment rate has been trending downward since the end of March, 2021 and has fallen sharply throughout May, 2021. The ratio of the unemployment rate to the insured unemployment rate for June, 2021 has returned to its pre-pandemic average of two.

A related labor-market indicator is the change in the number of people on nonfarm payrolls. These data are collected from a different survey than the one used for the unemployment rate. This survey is designed for industry and geographic detail, whereas the CPS is designed for demographic detail. The definition of employment in the payroll measure is stricter than in the CPS. In the payroll data, an *employed* person had to be paid in the reference week, while in the CPS, someone on leave without pay would still be counted as employed. The payroll number also counts jobs rather

<sup>2</sup>The national rate is released with a shorter lag than the state rate.

<sup>3</sup><https://nyti.ms/2X9vXdR>

Figure 3: Measures of job loss in Wisconsin (relative to 2019)



than people, so it will overcount multiple-job holders.<sup>4</sup>

In figure 3, we plot the change in the number of unemployed people from the CPS and the negative of the change in payroll employment. These are expressed as differences from the same month in 2019.<sup>5</sup> Prior to April, 2020, the two measures are close, but they begin to diverge in April. The difference between the two measures of unemployment has remained roughly constant, with an increase in the fall of 2020. In August, 2021, Wisconsin’s payroll employment had 110,600 fewer people than it had in March, 2019. In the same period, the number of unemployed in the CPS is 17,769 higher than it was in 2019. While neither measure is perfect, the decline in payroll that is not reflected in an increase in unemployment suggests that there may be more slack in the labor market than evident in the unemployment rate.

### Local labor markets

In table 1, we report unemployment rates for Wisconsin’s metropolitan statistical areas (MSA). These unemployment rates are not seasonally adjusted. For reference, the state-wide not-seasonally-adjusted unemployment rate is 4.1 percent for July, 2021. In each MSA, unemployment rates are lower than they were in 2020 but higher than they were in 2019 (except in La Crosse). The La Crosse MSA has the lowest unemployment rate (3.0 percent) and the Racine MSA has the highest unemployment rate (5.2 percent). The U.S. unadjusted unemployment rate was 5.7 percent in July, 2021—higher than in any Wisconsin MSA.

<sup>4</sup>For more on the difference between the CPS and the payroll survey, see <https://bit.ly/3hyYCAu>.

<sup>5</sup>Earlier versions of this report expressed year-over-year changes. The large increases in unemployment beginning in April, 2020 distort year-over-year measures.

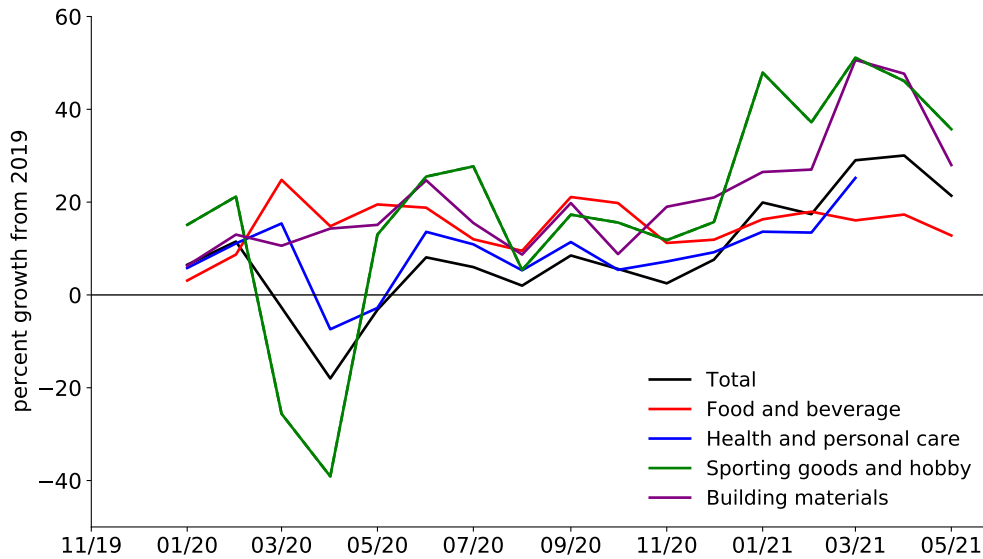
Table 1: Unemployment rates (not seasonally adjusted)

	July 2021	July 2020	July 2019
Appleton	3.3	6.0	3.2
Eau Claire	3.5	6.8	3.4
Fond du Lac	3.5	6.2	3.3
Green Bay	3.6	6.8	3.5
Janesville	4.9	8.4	3.9
La Crosse	3.0	6.0	3.1
Madison	3.1	5.9	2.7
Milwaukee, Waukesha, W. Allis	5.0	8.8	4.0
Oshkosh, Neenah	3.5	6.2	3.3
Racine	5.2	8.2	4.5
Sheboygan	3.3	6.3	2.9
Wausau	3.3	5.7	3.1

## Retail trade

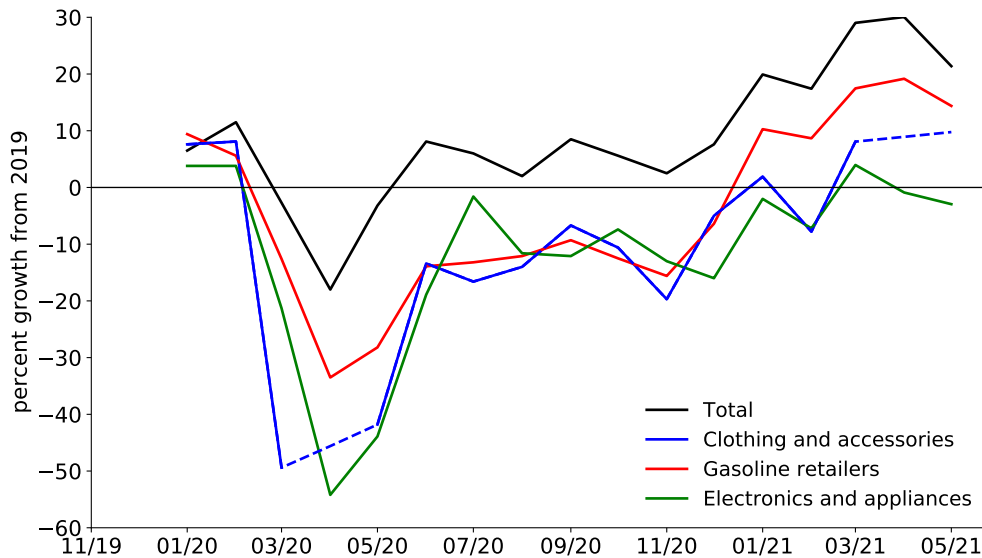
The U.S. Census Bureau has developed a measure of state-level, monthly retail trade. The data measure the monthly growth in sales relative to the same month in 2019. In figure 4, we observe a decline in total retail sales of about 15 percent at the onset of the pandemic. In the second half of 2020, total retail sales growth rebounded, with an average growth rate of 5.9 percent. In comparison, the average growth rate for the second half of 2019 was 4.7 percent.

Figure 4: Retail sales in Wisconsin



The most recent data are for May 2021. Growth in the food and beverage sector has remained steady throughout the pandemic. The sporting goods and building materials sectors have experienced strong growth, but has they slowed in May and are approaching their late-2020 levels. In figure 5, we observe that the clothing sector has recovered to about its pre-pandemic levels and electronic retailing still lags. Gasoline retail growth has leveled off, but at rates that are still higher than their pre-pandemic values.

Figure 5: Retail sales in Wisconsin

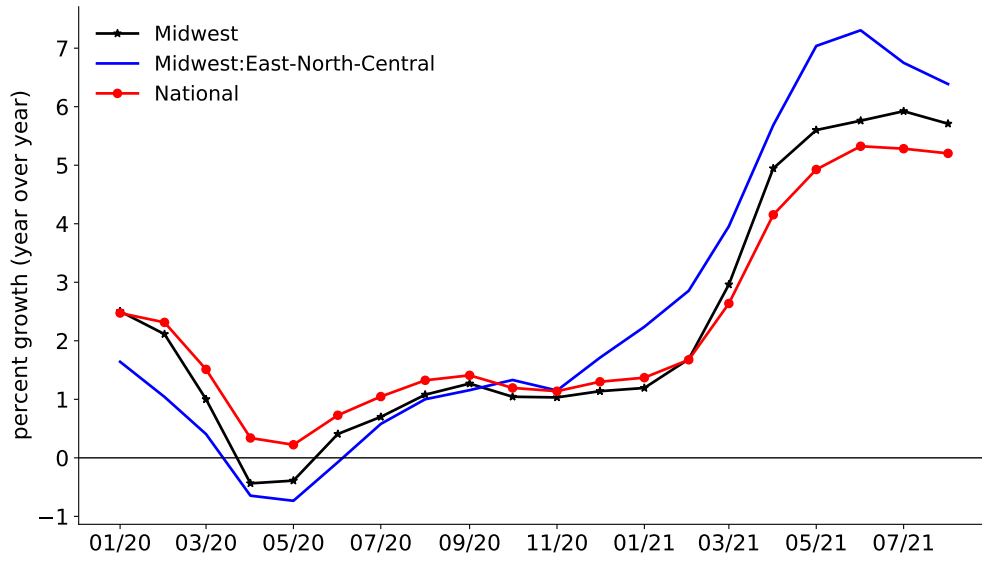


## Inflation

The U.S. Bureau of Labor Statistics collects monthly data on prices for urban consumers in the Midwest and compiles a regional Consumer Price Index (CPI). Figure 6 plots the inflation rate—the percent change in the CPI—for the Midwest region and for the East-North-Central region that is made up of Illinois, Indiana, Michigan, Ohio, and Wisconsin. The region experienced falling prices in April and May, 2020, but price growth has largely returned to pre-pandemic levels. Since December, 2020, inflation in the East-North-Central region has risen faster than in the region and the nation. The year-over-year inflation rate for August, 2021 in the East-North-Central region is 6.4 percent. The inflation rate has been drifting downward since its peak in June, 2021. The inflation rate, however, remains elevated.

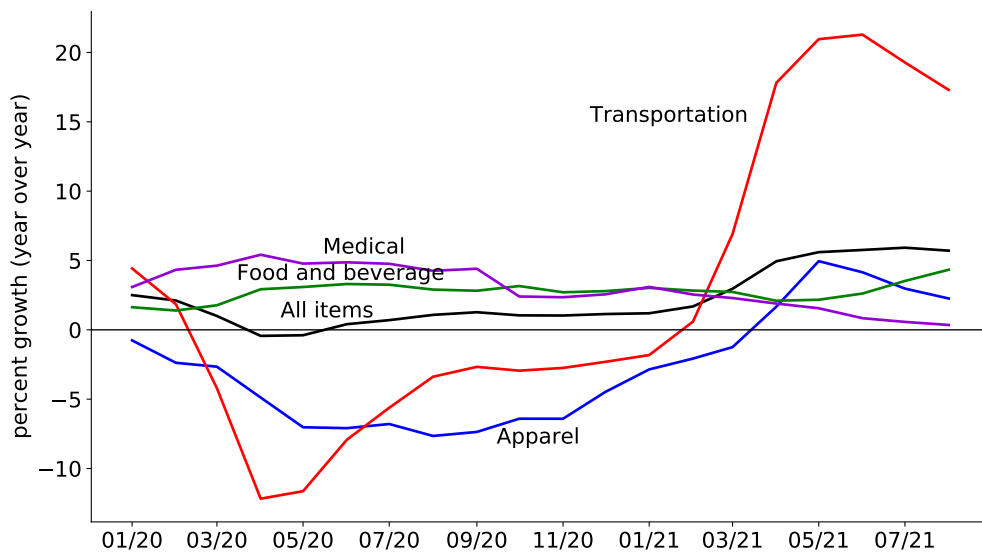
In figure 7, we plot the inflation rates of select components of the CPI. Transportation prices, which includes motor fuel, fell sharply at the onset of the pandemic but recovered quickly. The transportation inflation rate turned positive for the first time in February 2021 and stands at 17 percent in August, 2021, down from a high of 21 percent in June. We are experiencing inflation in all of the sub-sectors of economy.

Figure 6: Inflation in the Midwest



The Midwest East-North-Central region is: Illinois, Indiana, Michigan, Ohio, and Wisconsin. The Midwest region is the East-North-Central region plus: Iowa, Kansas, Minnesota, Missouri, Nebraska, North Dakota, and South Dakota.

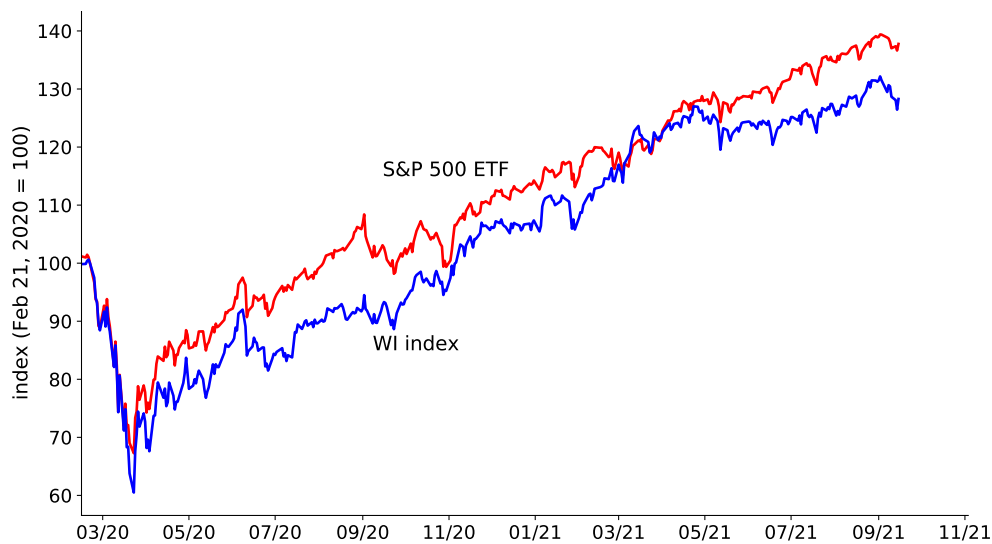
Figure 7: Components of Midwest-region inflation



## Public-company share prices

Lacking high-frequency data on all Wisconsin firms, we turn to its publicly traded firms, whose share prices are readily available. Many of these firms operate at the national or international scale, so their outlook depends on broader aspects of the economy. There are about 60 publicly-traded firms headquartered in Wisconsin. We were able to compute market capitalization for 56 of them. The firms included in the index are listed in the appendix. Market capitalization was about \$290 billion on February 21, 2020. By March 20, 2020, these Wisconsin businesses had lost over 100 billion dollars of value.

Figure 8: Equity prices of public firms headquartered in Wisconsin



The Wisconsin equity index remained below the S&P 500 index for 2020, but strong growth in early 2021 brought the index to about parity with the S&P 500. Beginning in May 2021, the Wisconsin index has fallen behind the S&P 500 again. The best-performing companies in the Wisconsin equity index include Koss, Sonic Foundry, Generac and the Rev Group. A complete listing of the companies in the index is reported in Table 2.



Table 2: Change in share price (01/02/2020–09/15/2021)

Firm	Percent change
Koss Corp	1066.9
Generac Holdings Inc	332.8
Rev Group Inc	258.4
Sonic Foundry Inc	200.8
Rexnord Corp	97.2
Johnson Controls International Plc	89.8
Artisan Partners Asset Management Inc	86.3
Regal Beloit Corp	76.2
Strattec Security Corp	67.7
Badger Meter Inc	64.5
Rockwell Automation Inc	59.3
Lands' End Inc	59.0
Spectrum Brands Holdings Inc	56.1
Sensient Technologies Corp	49.2
Gardner Denver Holdings Inc	49.1
Duluth Holdings Inc	48.5
Smith A. O. Corp	48.1
Modine Manufacturing Co	46.5
Johnson Outdoors Inc	43.7
County Bancorp Inc	42.7
Snap-On Inc	36.6
1895 Bancorp Of Wisconsin Inc	32.6
Manitowoc Co Inc	28.8
Manpowergroup Inc	26.3
Waterstone Financial Inc	20.9
Orion Energy Systems Inc	19.9
Oshkosh Corp	19.0
Plexus Corp	18.6
FFBW Inc	18.1
Alliant Energy Corp	16.2
Schneider National Inc	15.4
Marten Transport Ltd	14.7
Kohl's Corp	12.7
MGIC Investment Corp	10.5
Teb Bancorp Inc	9.8
Exact Sciences Corp	9.5
First Business Financial Services Inc	9.4
Physicians Realty Trust	9.0
Harley Davidson Inc	7.3
WEC Energy Group Inc	6.6
MGE Energy Inc	4.9
Twin Disc Inc	2.0
Associated Banc-Corp	1.8
National Presto Industries Inc	-0.4
Bank First National Corp	-1.5
Nicolet Bankshares Inc	-3.5
Fiserv Inc	-6.2
Weyco Group Inc	-6.7
Actuant Corp	-8.1
Brady Corp	-10.7
Quad/Graphics Inc	-16.3
Douglas Dynamics Inc	-28.3
Telkonet Inc	-47.8
Marcus Corp	-48.7
Roadrunner Transportation Systems Inc	-54.6
School Specialty Inc	-97.3