



Wisconsin's economy: March 2022[†]

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Executive summary

By many indicators, the Wisconsin economy has recovered to pre-pandemic levels or beyond, while inflation has run high both in absolute terms and relative to the rest of the United States.

Employment: Most indicators point to a tight labor market. Initial unemployment claims have returned to their 2019 levels. The December 2021 state unemployment rate stands at 3.1 percent. In the December data, Wisconsin has the 10th-lowest unemployment rate among U.S. states. Among Wisconsin metropolitan areas, Madison has the lowest unemployment rate (1.4 percent, not seasonally adjusted) and Racine the highest (2.4 percent, not seasonally adjusted).

Retail trade: Total retail trade growth in Wisconsin has returned to pre-pandemic levels. We continue to see strong growth in the sporting goods and hobby, building materials, and gasoline retail sectors.

Inflation: Midwest-region inflation rates remain elevated at 6.9 percent (year over year) in January 2022. Inflation is positive in all sectors of the economy, with transportation inflation at 22 percent in December. Food prices continue to rise and the food-and-beverage sector inflation rate is currently 7.5 percent.

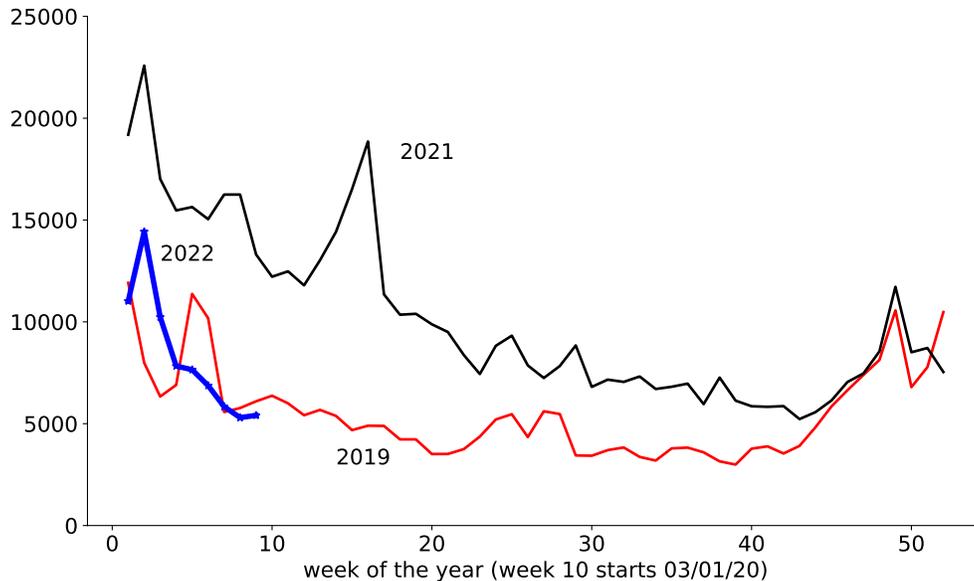
Share prices: The index of publicly-traded firms headquartered in Wisconsin had caught up to the S&P 500 in early 2021, after lagging the major index for all of 2020. Beginning in May 2021, the Wisconsin index has fallen behind the S&P 500 and remains below the benchmark index.

[†] 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. 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. At the onset of the pandemic, initial unemployment claims in March 2020 exceeded 110,000 per week. In 2021, initial claims drifted downward, and by the end of the year were on par with their levels in 2019. This trend continues in 2022; average weekly initial claims for the year-to-date 2022 are the same as they were in 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.

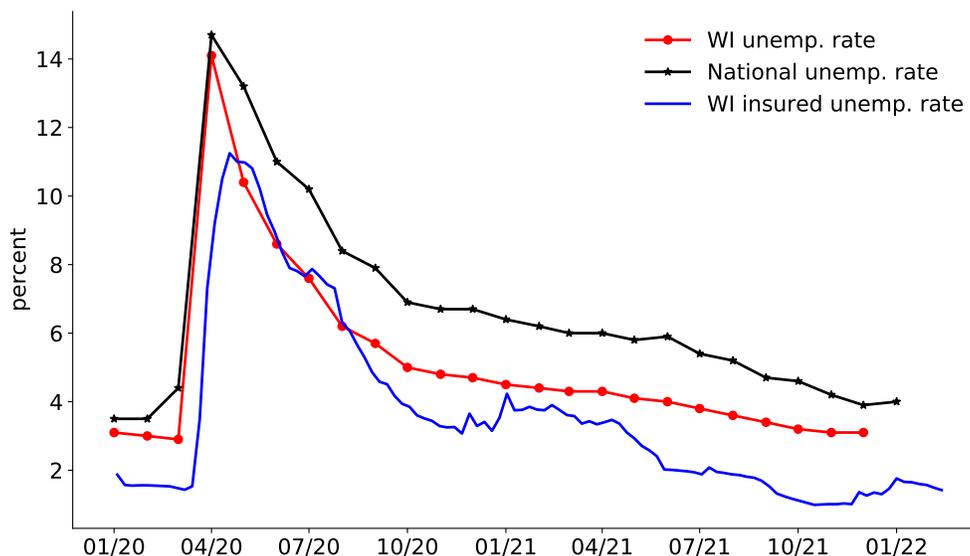
We plot the official unemployment rate for Wisconsin in figure 2. It tops out in April 2020 at 14.8 percent.¹ During the last recession, the unemployment rate topped out at 10.4 percent in February 2010. The most recent data are for December 2021, where the unemployment rate is 3.1 percent, down 11.7 percentage points from the April 2020 (14.8 percent) peak. Wisconsin has the 10th-lowest unemployment rate among U.S. states in December. We also plot the national unemployment rate in figure 2. In January 2022, the national unemployment rate is 4.0 percent, up slightly from 3.9 percent in December.²

¹The 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.

²The national rate is released with a shorter lag than the state rate.

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.³ The insured unemployment rate has been trending downward since the end of March 2021 and fell sharply through May 2021. The ratio of the unemployment rate to the insured unemployment rate for June 2021 returned to its pre-pandemic average of two.

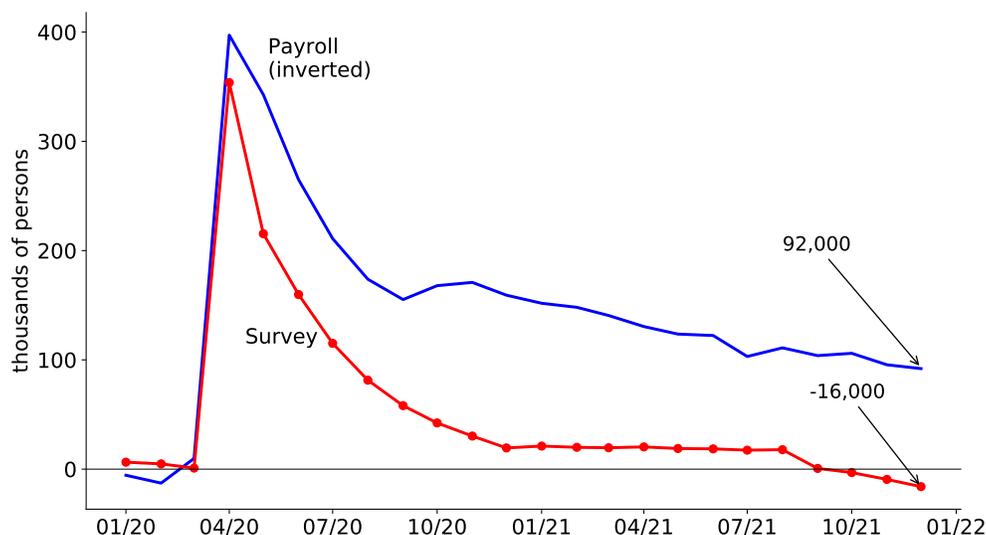
A related labor-market indicator is the change in the number of people on nonfarm payrolls. These data are collected from a different survey than the one used for the unemployment rate. This survey is designed for industry and geographic detail, whereas the CPS is designed for demographic detail. The 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 than people, so it will overcount multiple-job holders.⁴

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

³<https://nyti.ms/2X9vXdR>

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

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



in 2019.⁵ 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 December 2021, Wisconsin’s payroll employment had 92,000 fewer people than it had in December 2019. In the same period, the number of unemployed in the CPS is 16,000 people lower than it was in 2019. While measured unemployment has fallen below its 2019 value, payrolls have not returned to their pre-pandemic levels.

The divergence in the two measures after April 2020 is difficult to precisely determine, but a likely factor is the change in the labor force participation rate. The survey data will only count a person as unemployed if they meet the conditions (e.g., are searching for work; are available for work) to be a part of the labor force. The national labor force participation rate has fallen by almost one percentage point. To the extent that those who left the labor force may have been unemployed, the survey reflects a changing sample.

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 2.0 percent for December 2021. In each MSA, unemployment rates are not only lower than they were in 2020 but they are lower than they were in 2019. The Madison MSA has the lowest unemployment rate (1.4 percent) and the Racine MSA has the highest unemployment rate (2.4 percent). The U.S. unadjusted unemployment rate was 3.7 percent in December 2021—higher than in any Wisconsin MSA.

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

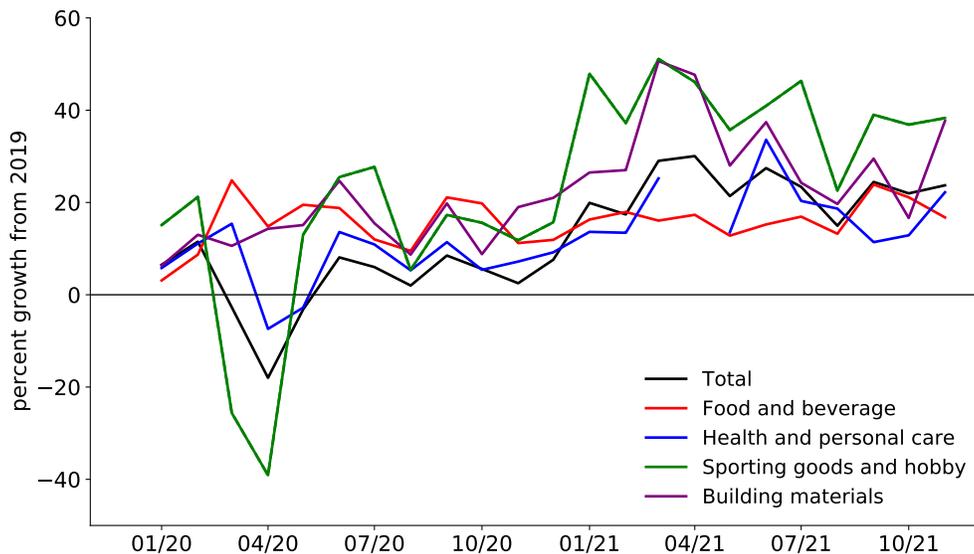
Table 1: Unemployment rates (not seasonally adjusted)

	December 2021	December 2020	December 2019
Appleton	1.6	3.2	2.5
Eau Claire	1.9	3.9	3.2
Fond du Lac	1.5	3.4	2.5
Green Bay	1.8	3.6	2.8
Janesville	2.3	4.1	3.3
La Crosse	1.6	3.3	2.6
Madison	1.4	3.1	2.1
Milwaukee, Waukesha, W. Allis	2.2	4.6	2.9
Oshkosh, Neenah	1.6	3.3	2.6
Racine	2.4	4.9	3.5
Sheboygan	1.5	3.2	2.5
Wausau	1.5	3.1	2.6

Retail trade

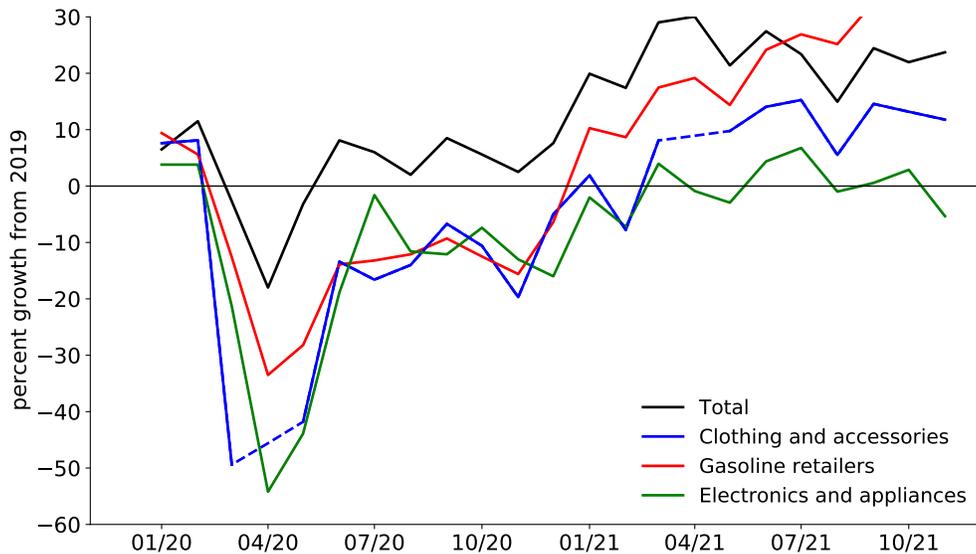
The U.S. Census Bureau has developed a measure of state-level, monthly retail trade. The data measure the monthly growth in sales relative to the same month in 2019. In figure 4, we observe a decline in total retail sales of about 15 percent at the onset of the pandemic. In the second half of 2020, total 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 November 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 building-materials growth has slowed since May 2021. In figure 5, we observe that the electronic retailing sector has recovered to about its pre-pandemic level. Gasoline retail continues to grow at rates that are higher than their pre-pandemic values.

Figure 5: Retail sales in Wisconsin

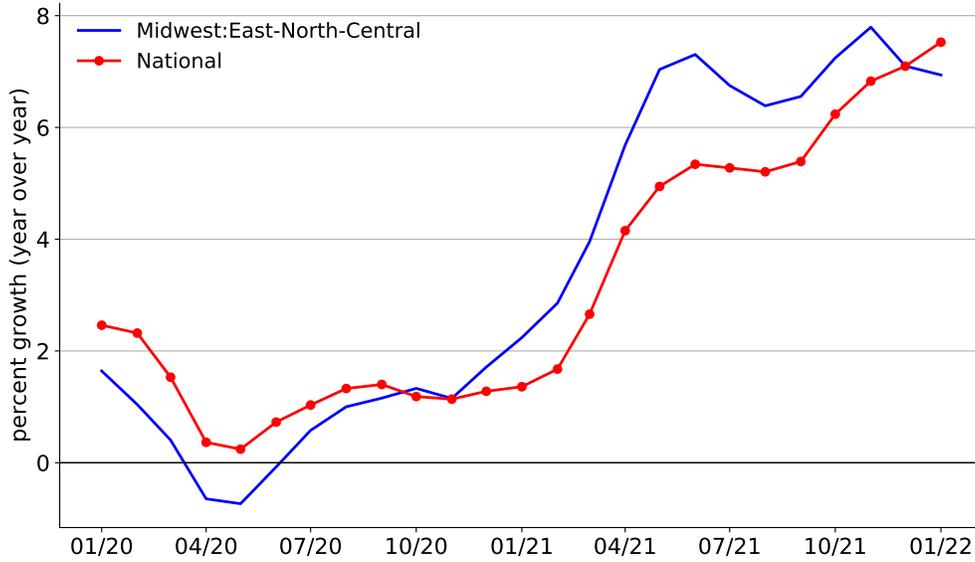


Inflation

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 nation overall, but has plateaued, while the national inflation rate continues to rise. The year-over-year inflation rate for January 2022 in the East-North-Central region is 6.9 percent compared with 7.5 percent nationally.

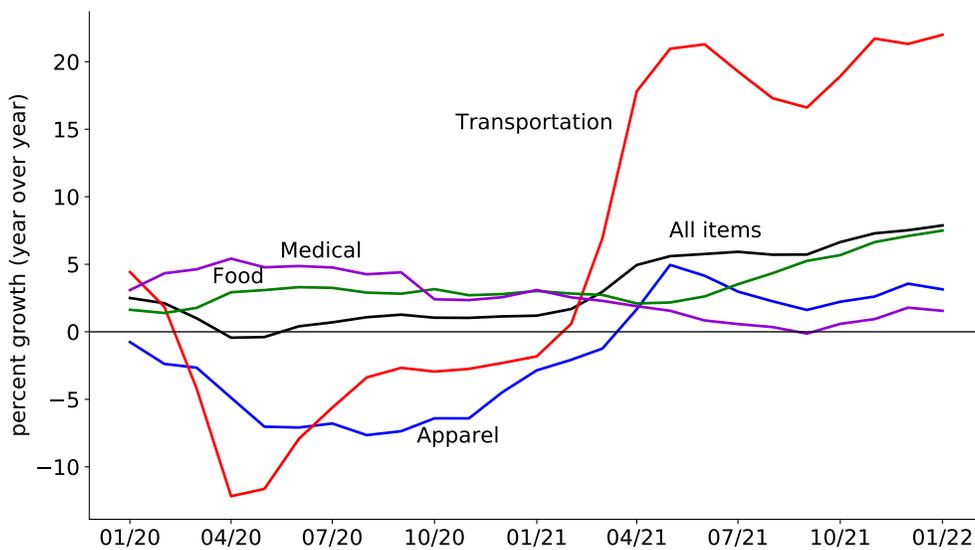
In figure 7, we plot the inflation rates of select components of the CPI. We are experiencing inflation in all of the sub-sectors of economy. Transportation prices, which includes motor fuel, fell sharply at the onset of the pandemic but recovered quickly. The transportation inflation rate turned positive for the first time in February 2021 and stands at 22 percent in December 2021. Food and beverage inflation has steadily increased since mid 2021 and is 7.5 percent in December 2021.

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.

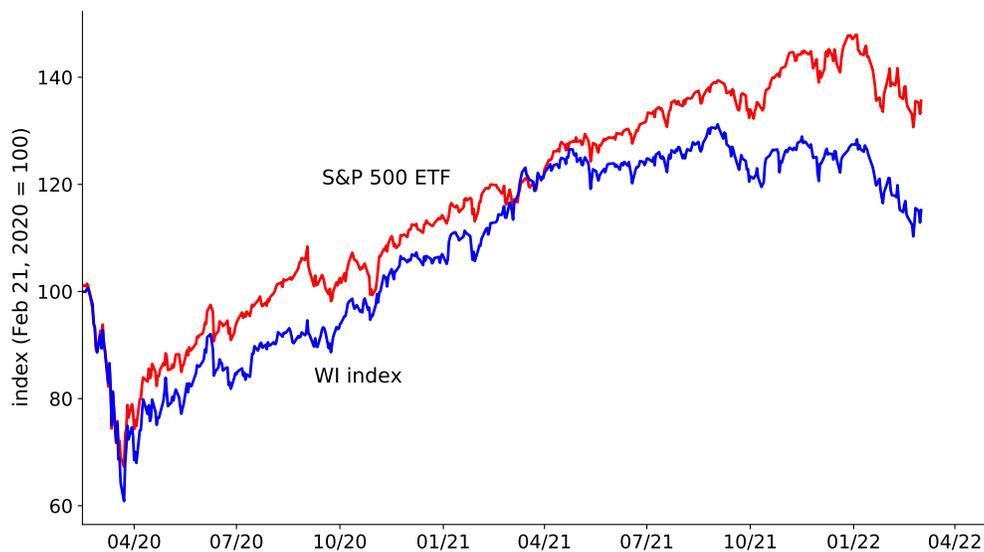
Figure 7: Components of Midwest-region inflation



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 (01/02/2020–03/02/2022)

Firm	Percent change
Koss Corp	414.6
Generac Holdings Inc	210.2
Rev Group Inc	148.1
Sonic Foundry Inc	111.5
Regal Beloit Corp	100.8
Strattec Security Corp	80.1
Johnson Controls International Plc	62.9
Badger Meter Inc	57.6
Spectrum Brands Holdings Inc	51.8
Smith A. O. Corp	51.3
Duluth Holdings Inc	47.4
Artisan Partners Asset Management Inc	46.5
1895 Bancorp Of Wisconsin Inc	40.8
Rockwell Automation Inc	35.8
Marten Transport Ltd	35.7
Schneider National Inc	35.4
Quad/Graphics Inc	34.5
First Business Financial Services Inc	32.1
Snap-On Inc	31.4
Nicolet Bankshares Inc	29.7
Sensient Technologies Corp	28.8
Kohl's Corp	27.4
Modine Manufacturing Co	26.5
Waterstone Financial Inc	24.0
Associated Banc-Corp	23.3
FFBW Inc	21.9
Oshkosh Corp	19.8
Harley Davidson Inc	15.2
Alliant Energy Corp	14.6
MGIC Investment Corp	12.8
Johnson Outdoors Inc	11.9
Lands' End Inc	10.9
Teb Bancorp Inc	10.0
Twin Disc Inc	9.2
Manpowergroup Inc	9.2
WEC Energy Group Inc	6.5
Plexus Corp	5.9
Bank First National Corp	4.6
Physicians Realty Trust	2.4
National Presto Industries Inc	0.6
Weyco Group Inc	-0.0
MGE Energy Inc	-3.8
Manitowoc Co Inc	-4.2
Orion Energy Systems Inc	-8.4
Fiserv Inc	-14.5
Brady Corp	-17.6
Exact Sciences Corp	-21.2
Douglas Dynamics Inc	-28.2
Actuant Corp	-32.6
Telkonet Inc	-38.5
Marcus Corp	-44.2
Roadrunner Transportation Systems Inc	-66.5
School Specialty Inc	-100.0