

Economic Update

DISCUSSION WITH FINANCE COMMITTEE

JUNE 22, 2020

Core (sustained) Unemployment Rising

Core Unemployment Rose in May

The core unemployment rate shows that a rising number of people are tipping into **sustained** unemployment.

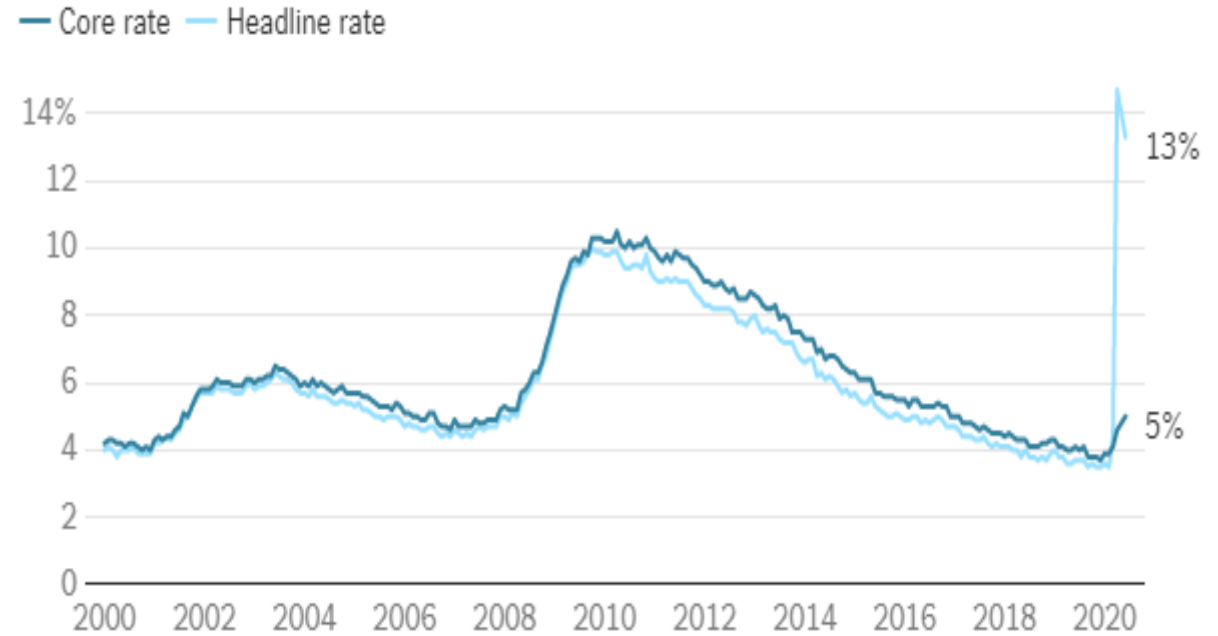


U-5 minus temporary unemployment. Core rate is unemployed (excluding temporary) plus marginally attached, divided by labor force plus marginally attached

Source: Bureau of Labor Statistics • By The New York Times

Core vs. Headline Unemployment

The headline unemployment rate is now falling from the highest level since the Great Depression. Core unemployment is relatively low but climbing.



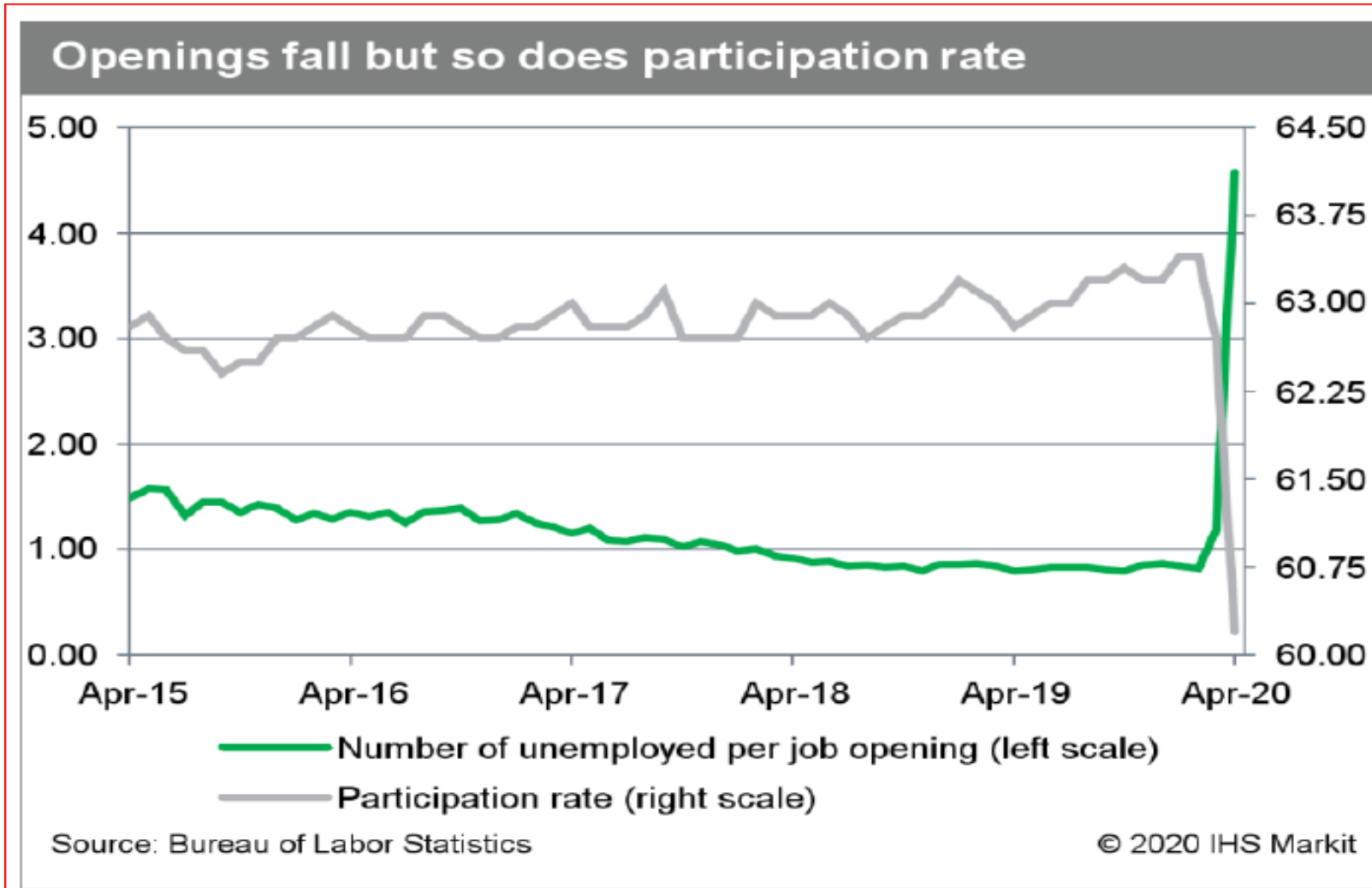
Core rate = U-5 minus temporary unemployment. Headline rate = U-3.

Source: Bureau of Labor Statistics • By The New York Times

Job Separations Remain Elevated in April

Job openings decreased to 5 year low of 5.0 million

Hires declined to all-time low of 3.5 million

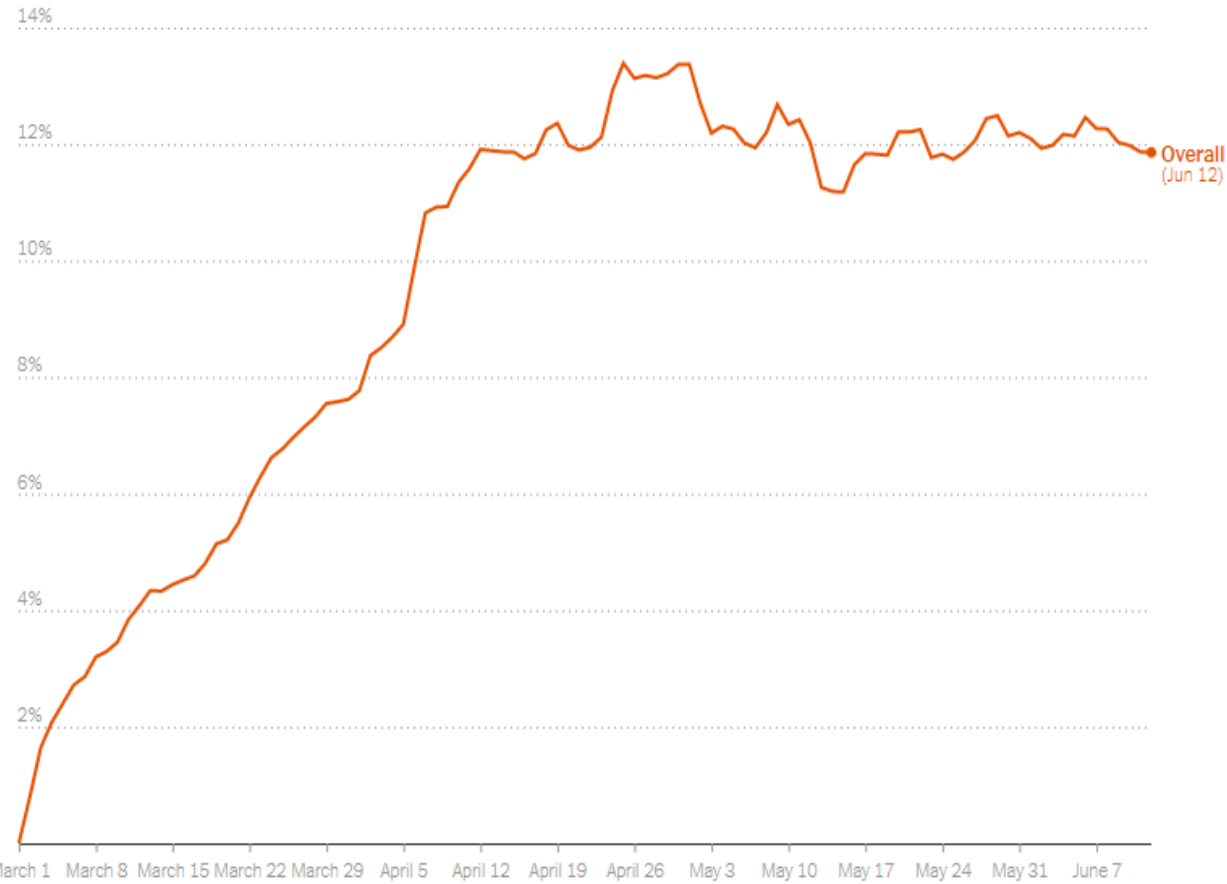


Job Losses have Levelled Off for All Workers

Has Increased significantly among Black Workers

Job losses in May and June continue to be flat

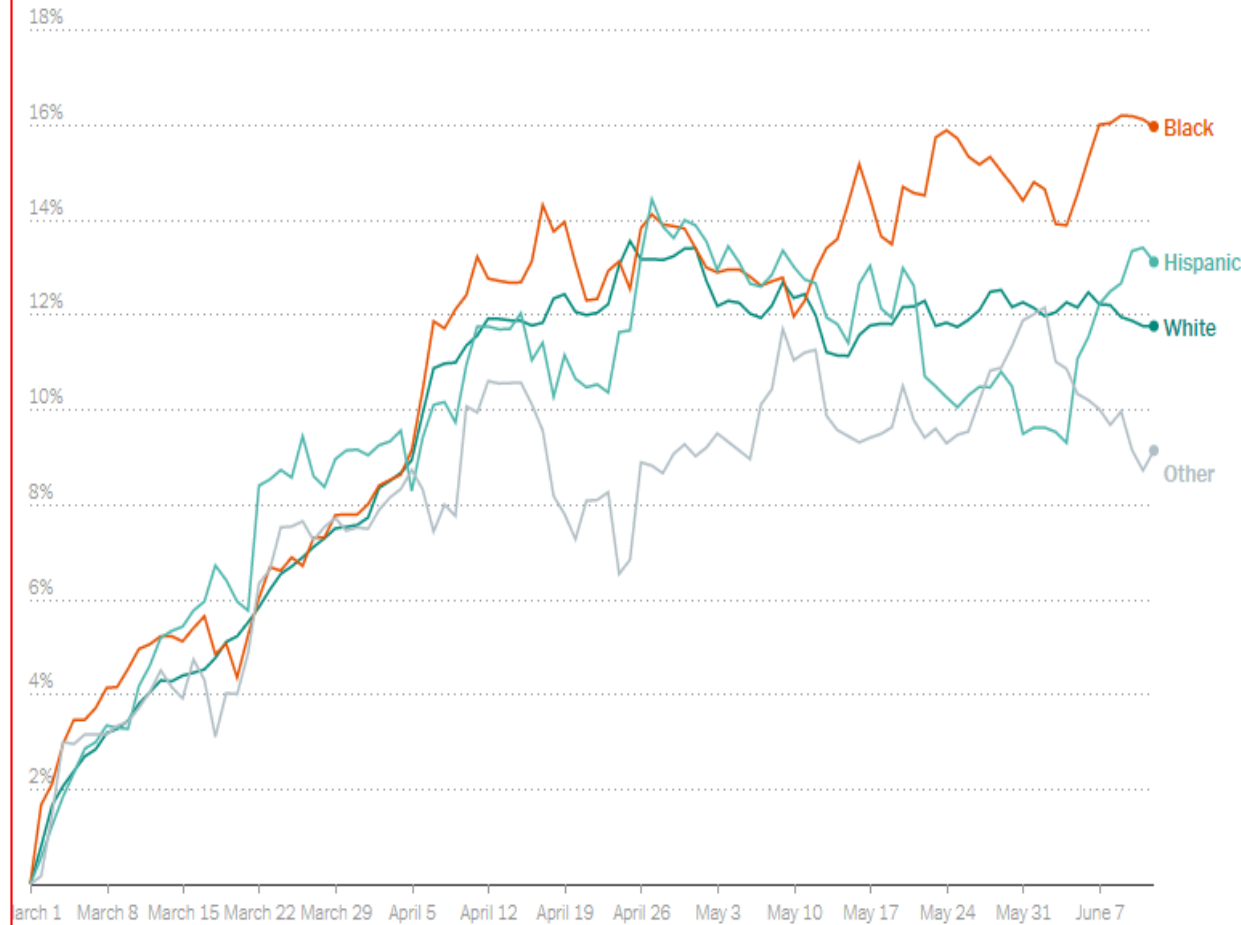
Percent of workers newly nonemployed since March 1, 14-day rolling average



Note: Excludes workers age 65 and older

Job loss has picked up significantly among black workers

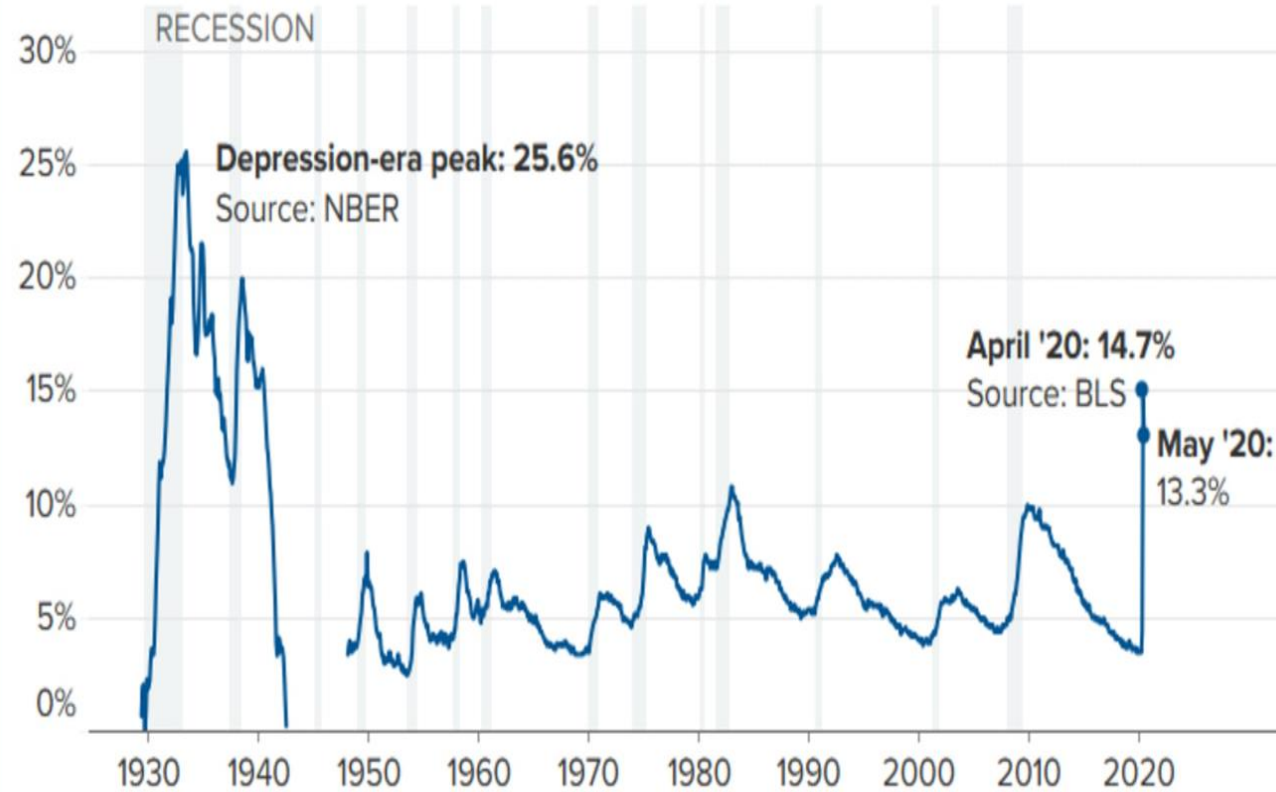
Percent of workers newly nonemployed since March 1, 14-day rolling average



Jobless Rate – Half US Population is Jobless

Jobless rate compared to Great Depression-era levels

Monthly unemployment rate from the National Bureau of Economic Research (1929-1942) and Bureau of Labor Statistics (1948-present)

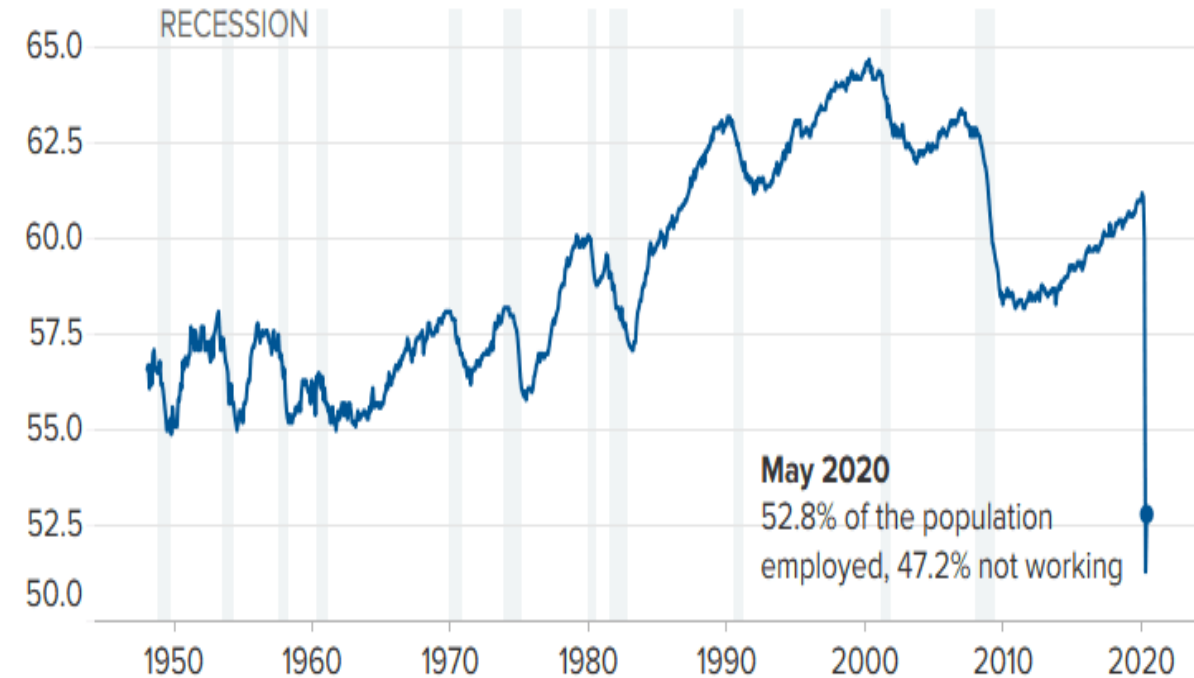


SOURCE: National Bureau of Economic Research, retrieved from FRED (data from 4/1/1929-6/1/1942), Bureau of Labor Statistics (data from 1/1/1948-present). Data for both the NBER and BLS series is seasonally adjusted.



About half of U.S. population is jobless

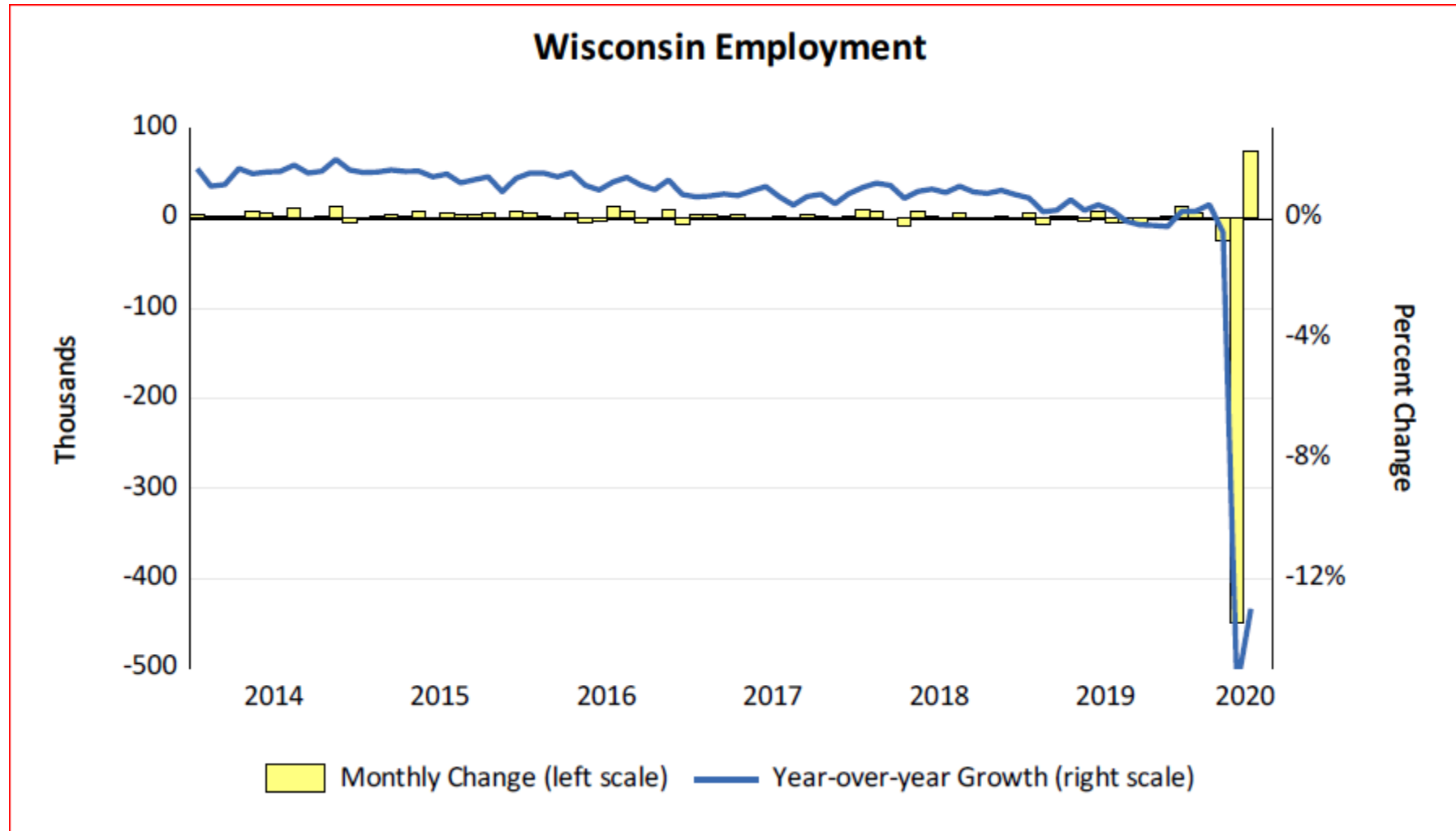
Employment-population ratio since 1948. While the unemployment rate (13.3% in May) measures those who are actively looking for and available to work, this metric measures employment of the entire adult population.



SOURCE: U.S. Bureau of Labor Statistics, Employment-Population Ratio, retrieved from FRED, Federal Reserve Bank of St. Louis. Data is seasonally adjusted. Adult population includes those 16+.

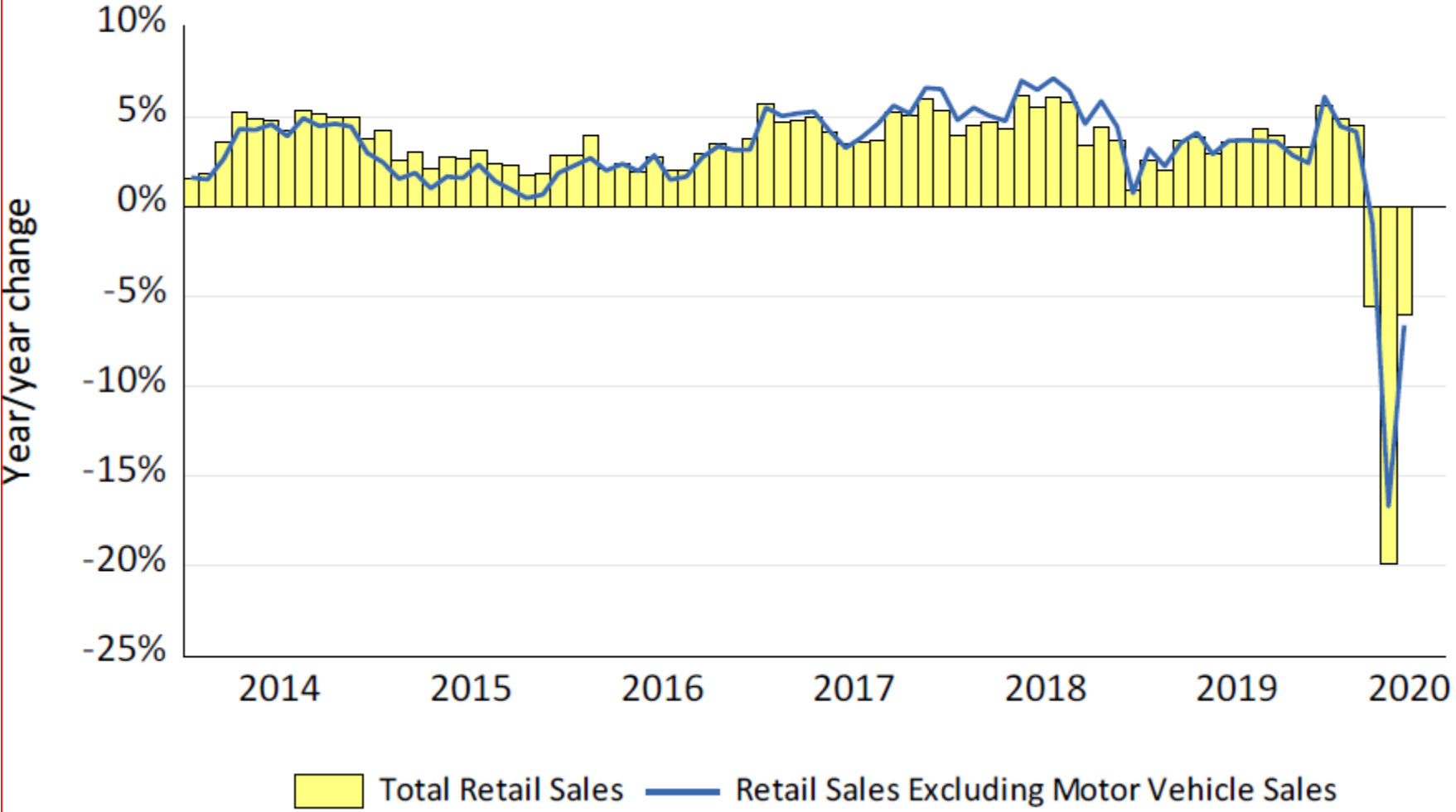


Wisconsin added 74,900 jobs in May



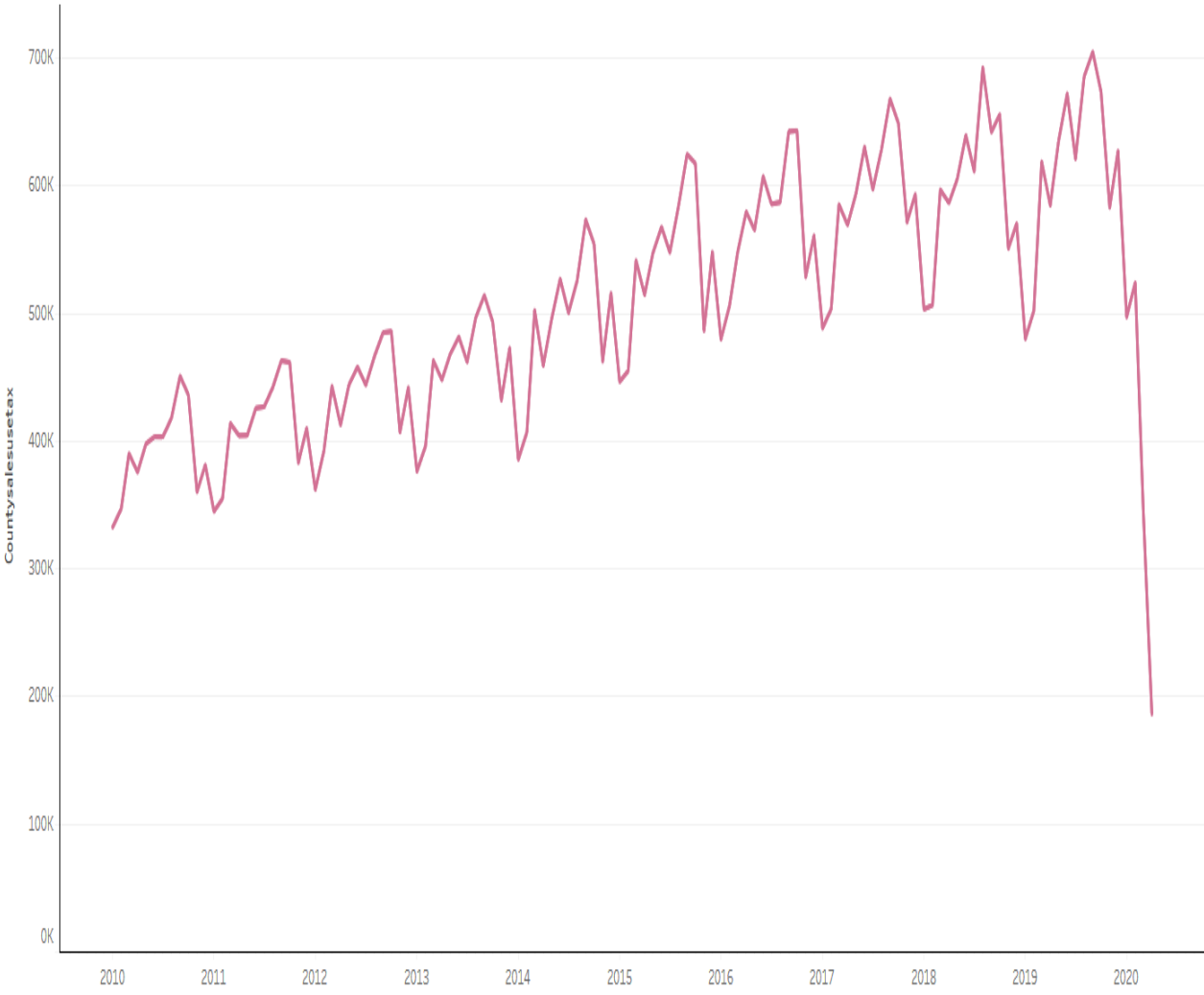
Retail Sales rebound in May

U.S. Retail Sales

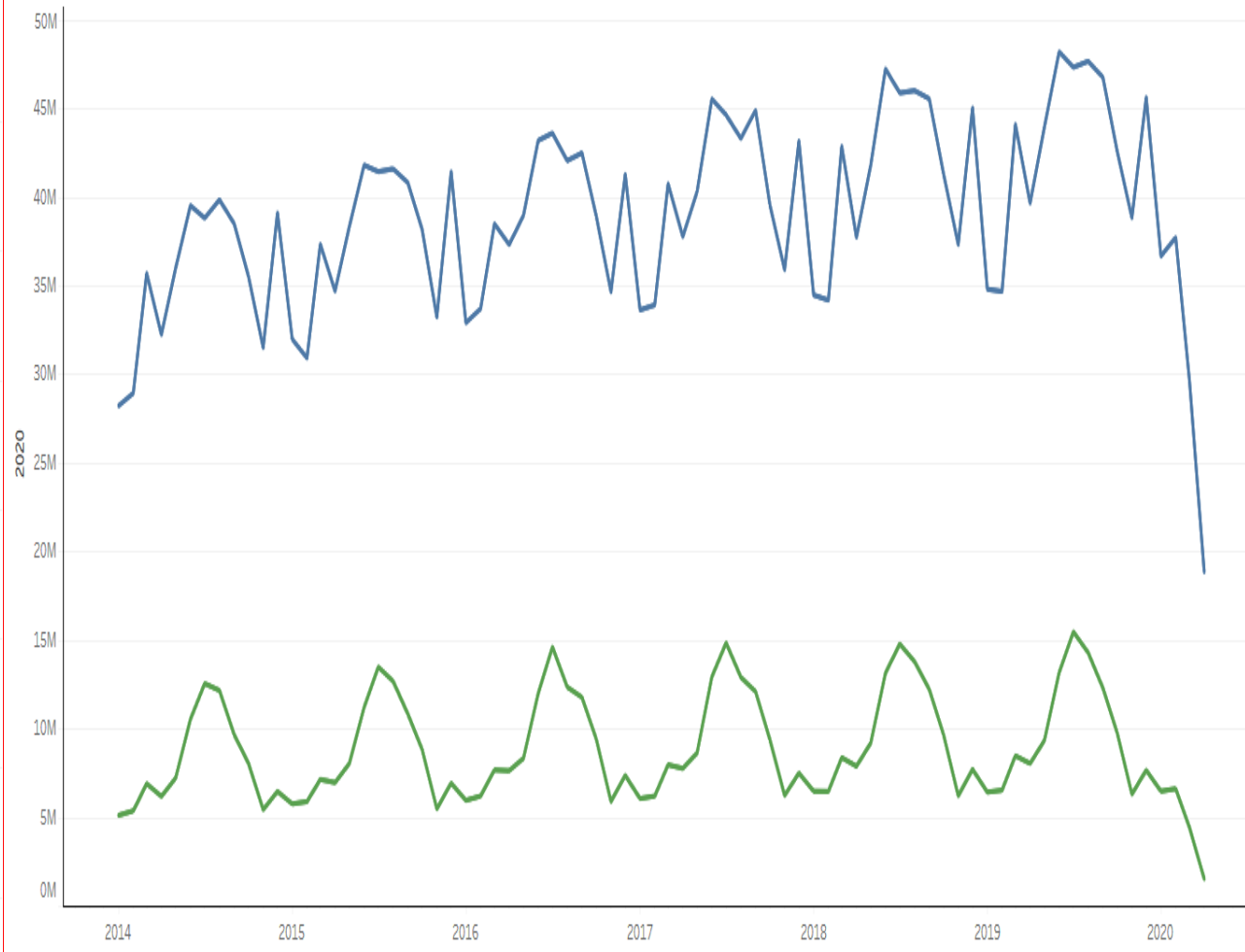


Accommodation and Food Service Sales Tax Collections – Dane County and State (through April)

NAICS 72 Accommodation and Food Services
Dane Counties

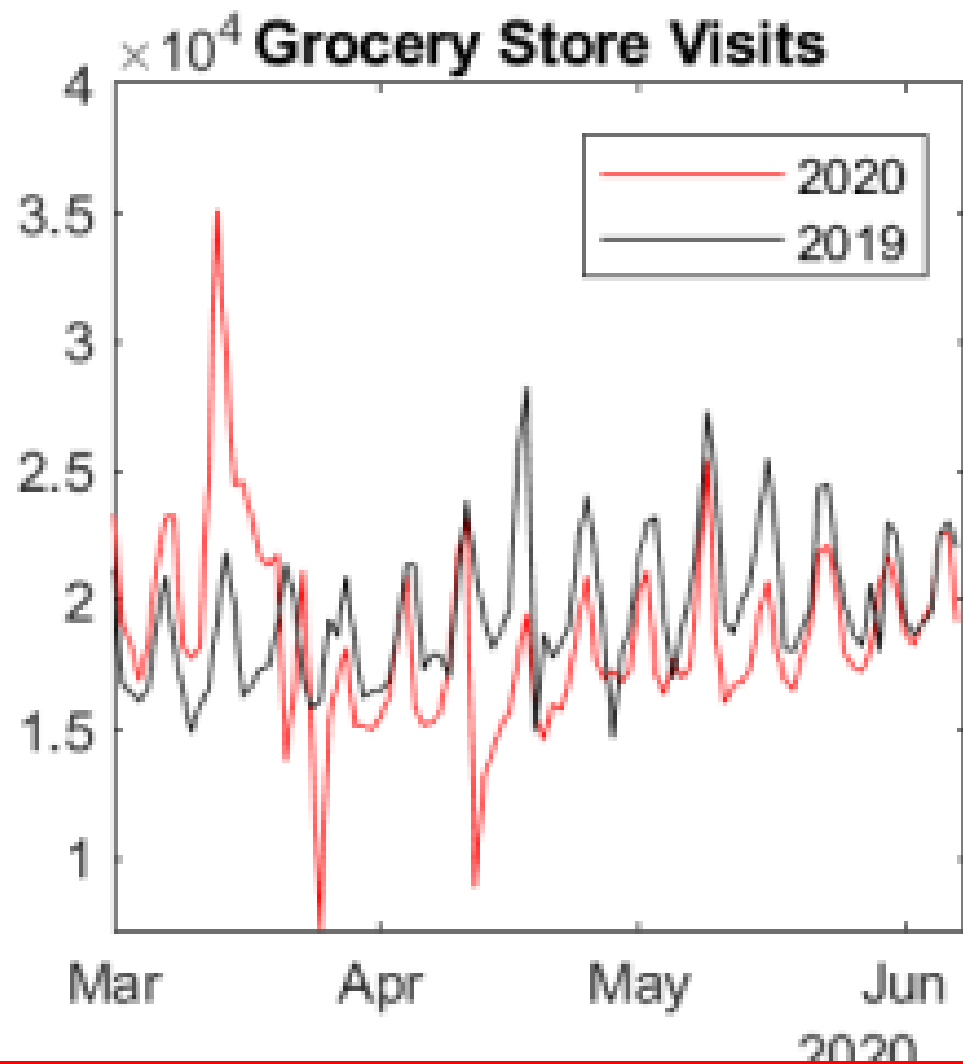
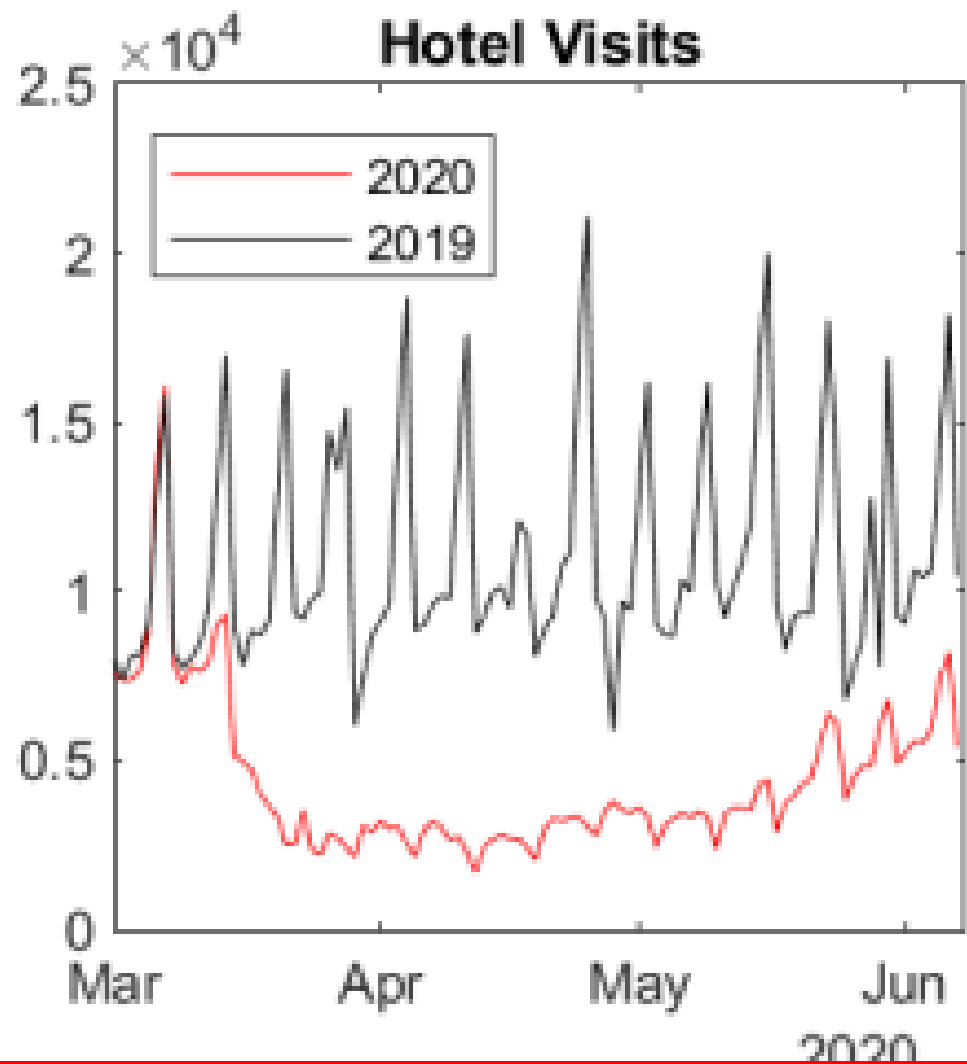


State Sales and Use Tax 2014-

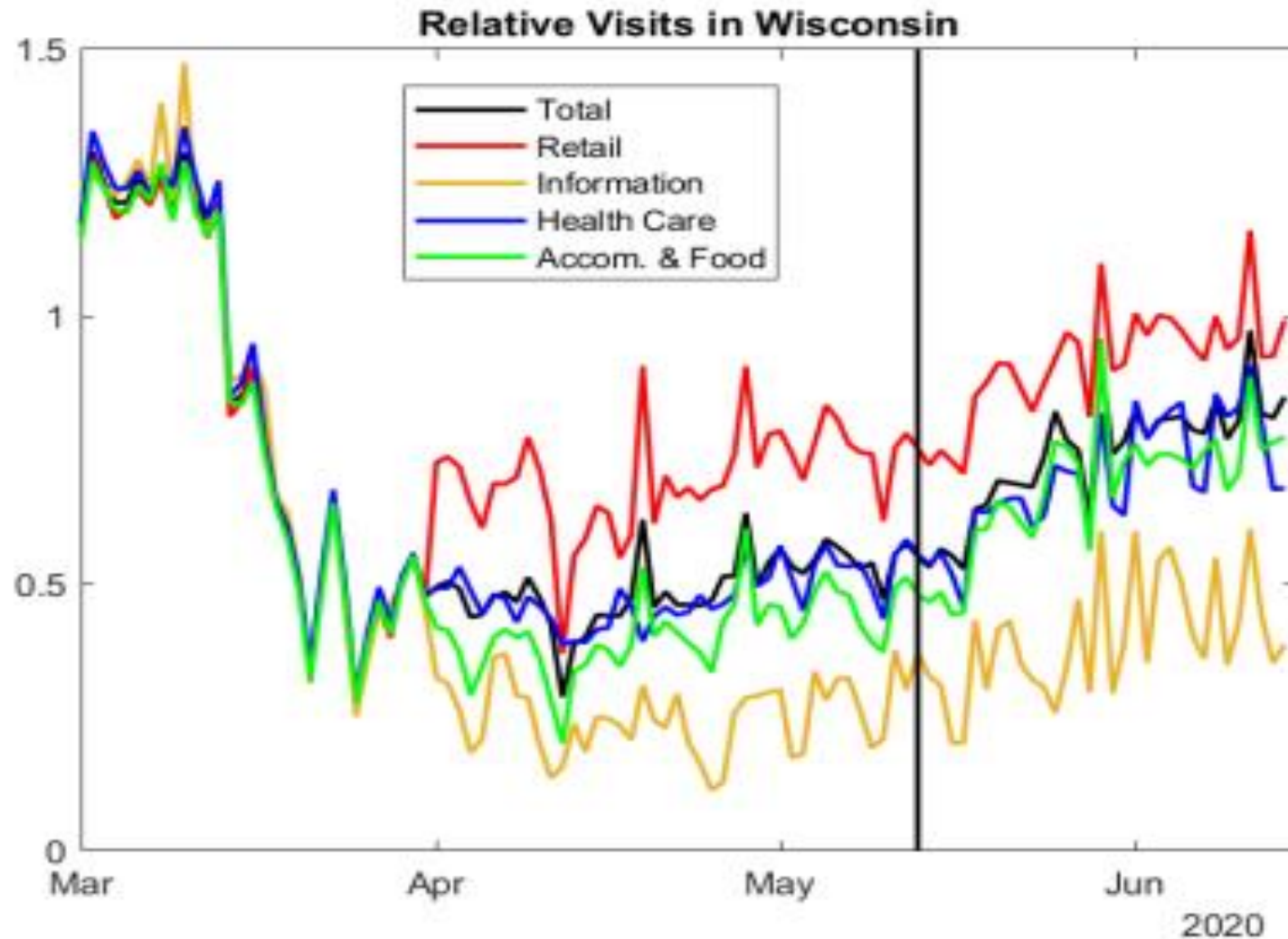


Subsectors
■ 721 Accommodation
■ 722 Food Services and Drinking Places

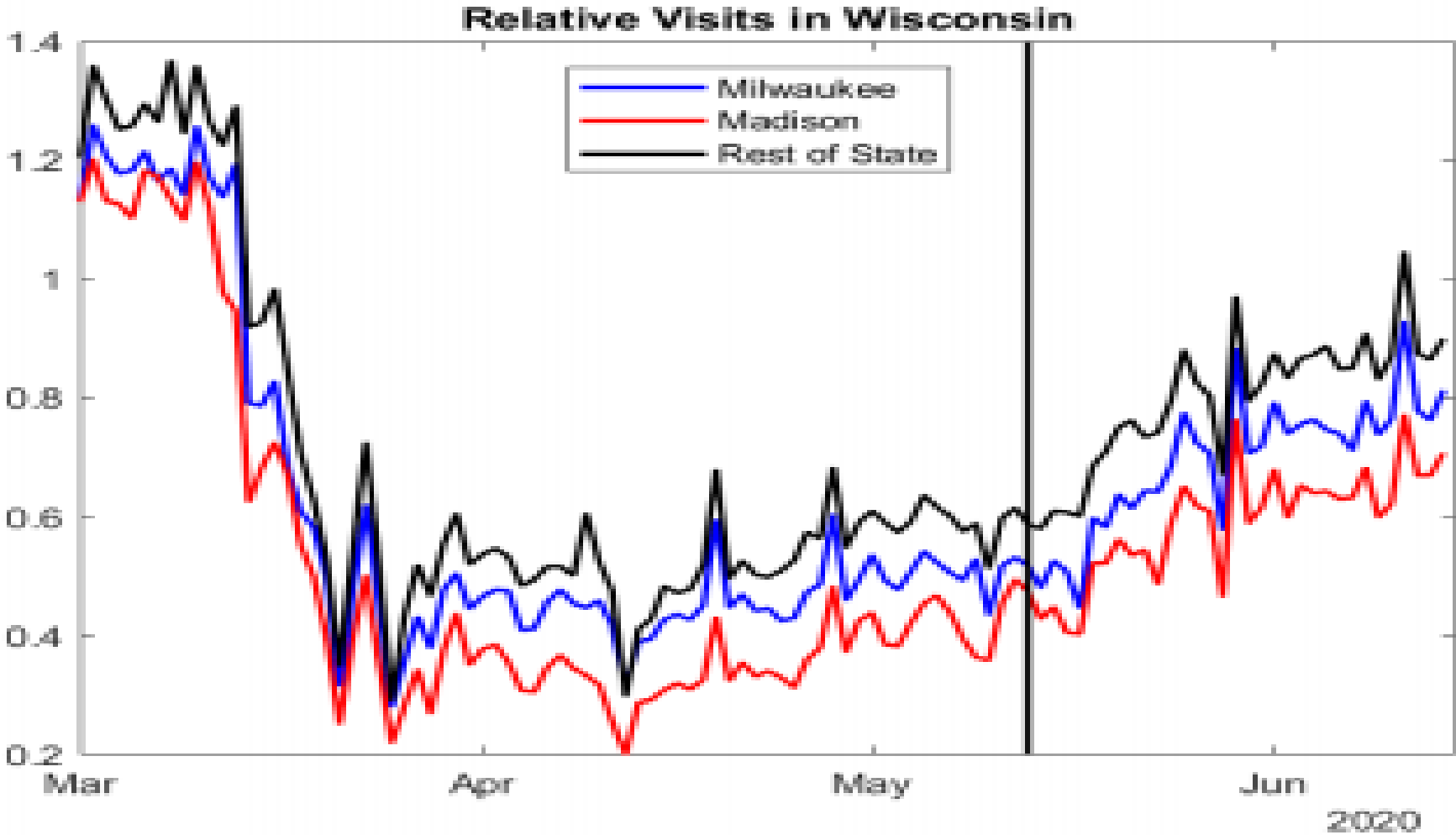
Wisconsin Hotel and Grocery Store Visits



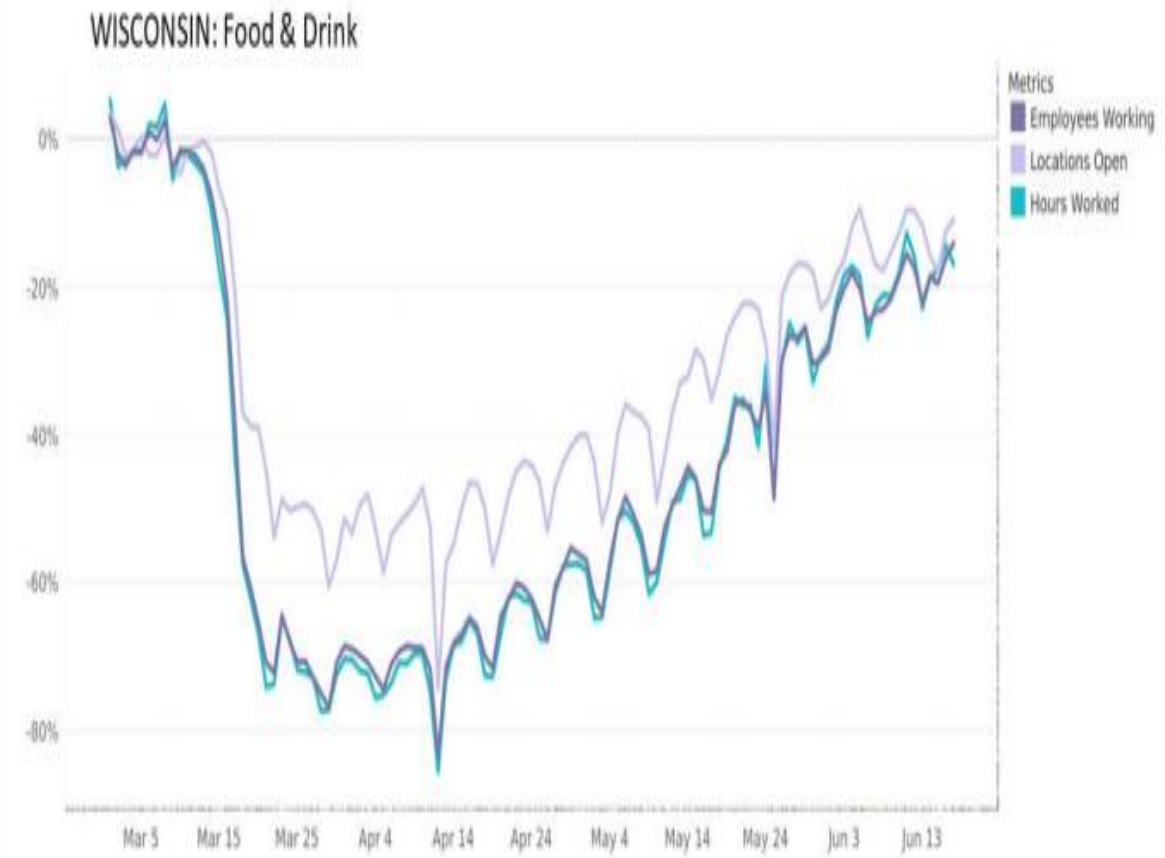
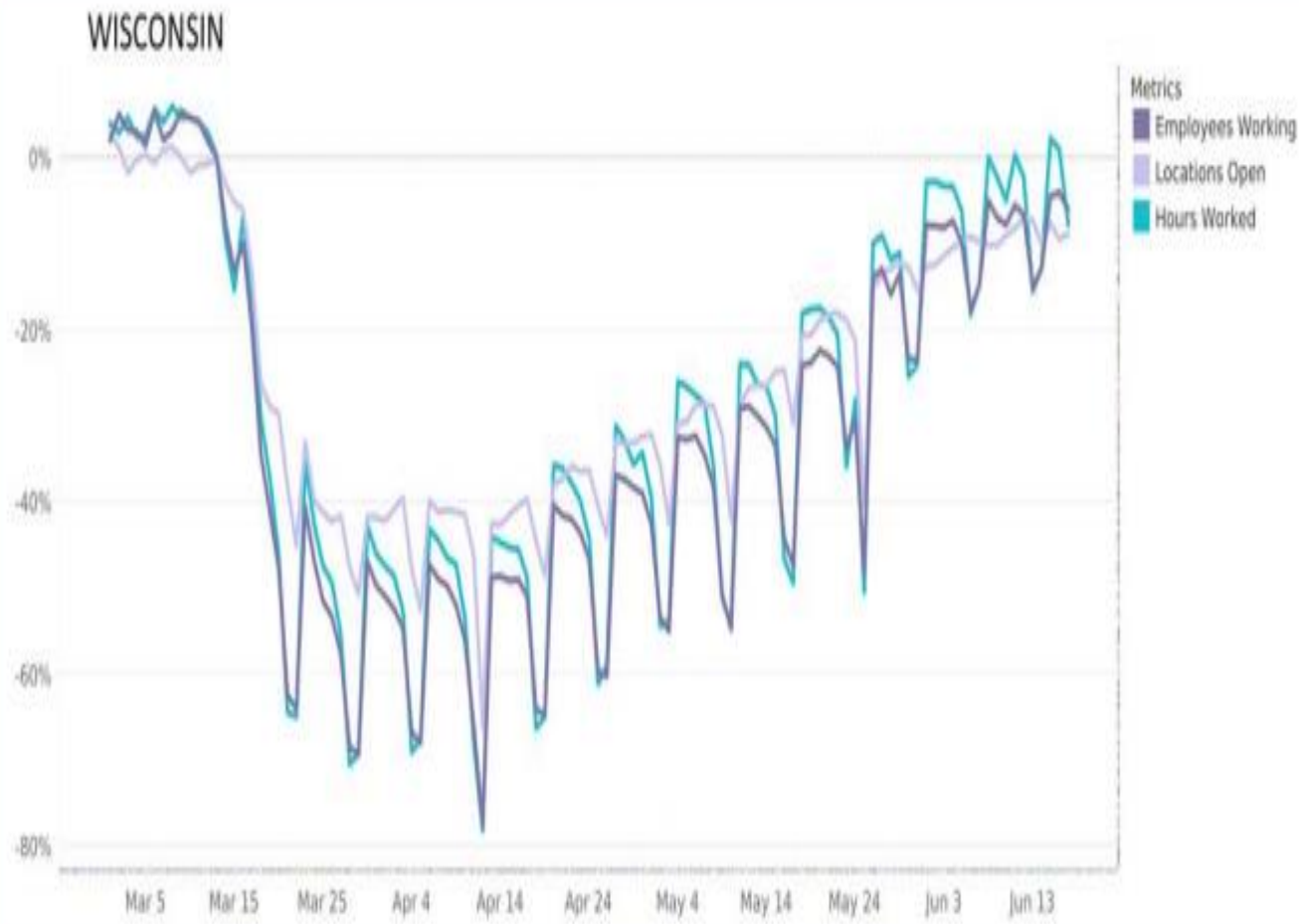
Two-thirds of the total 60% drop in activity has recovered



Slower Recovery in Madison due to Public Health Restrictions
Out State – 28 percentage points; Milwaukee MSA – 24; Madison -- 15



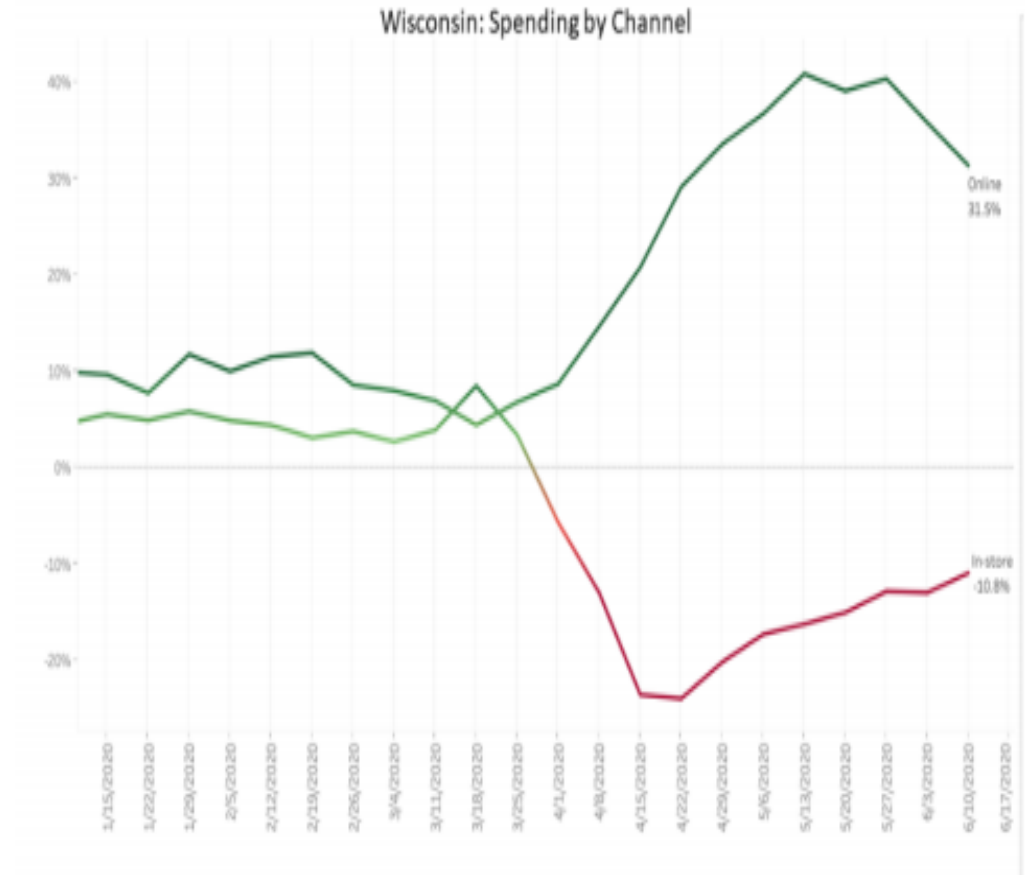
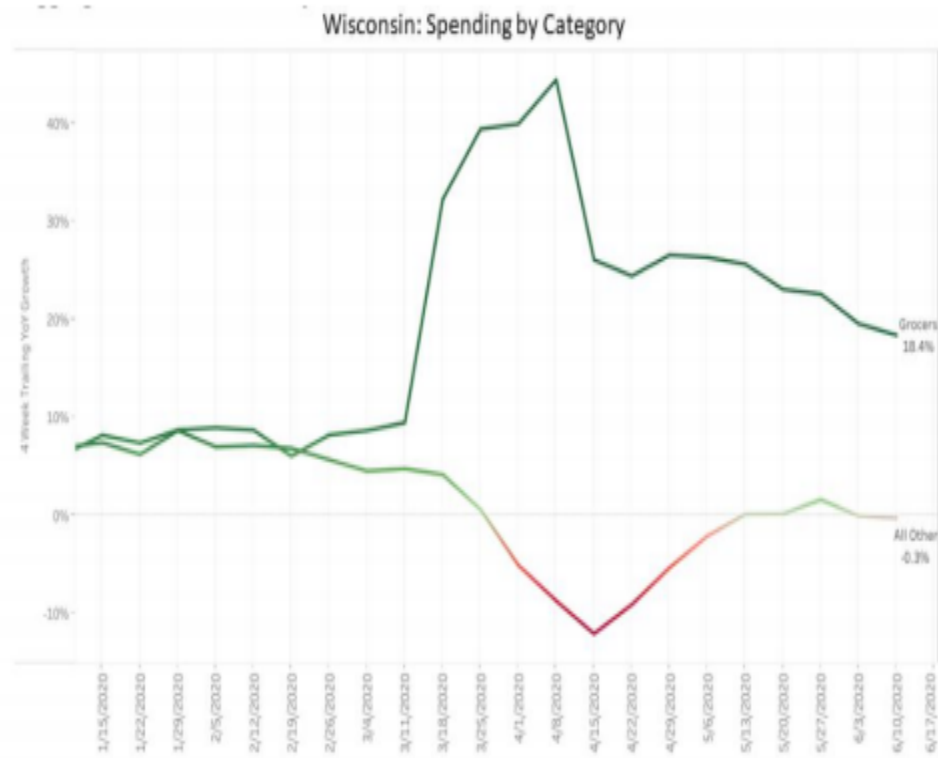
Small Businesses – Employees Working; Locations Open; Hours Worked



Wisconsin Consumer Spending

Left Graph – Grocers (top line) / All Other (bottom line)

Right Graph – On-line (top line) / In Store (bottom line)

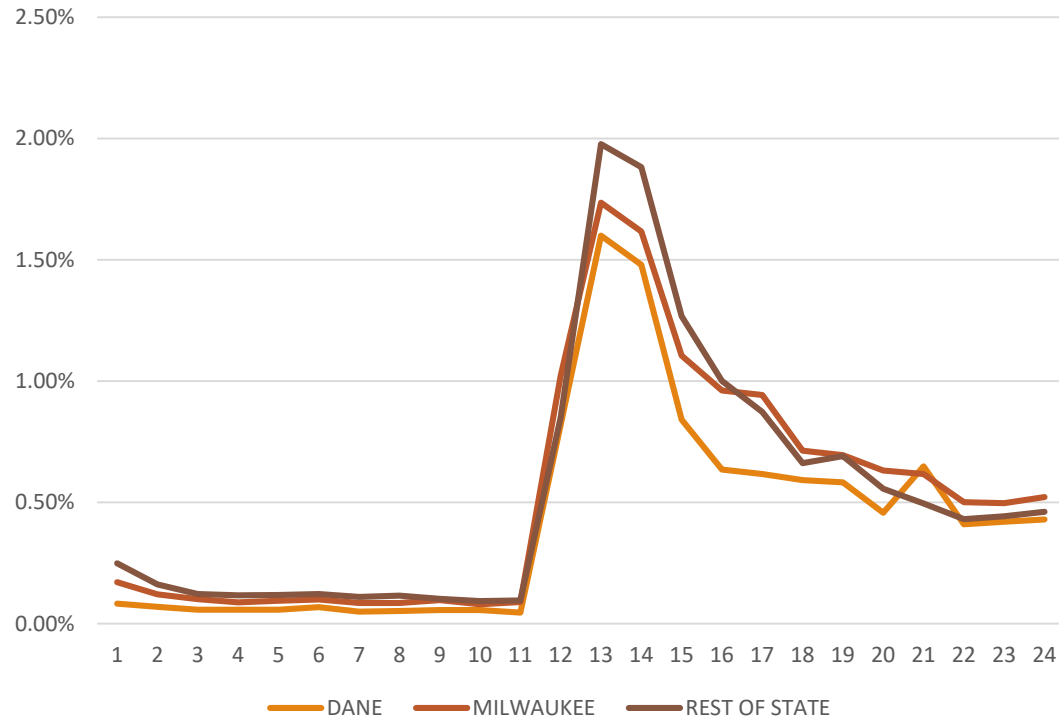


Initial and Continuing UI Claims through June 13

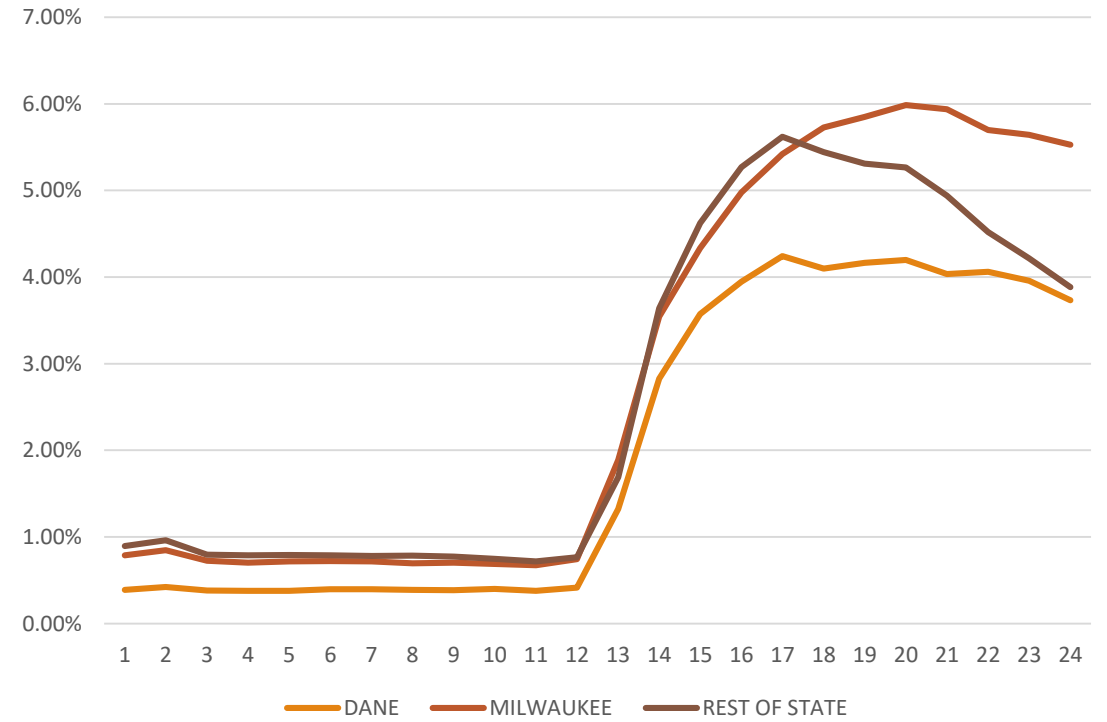
Dane County, Milwaukee County, Rest of State

Claims as Share of Population

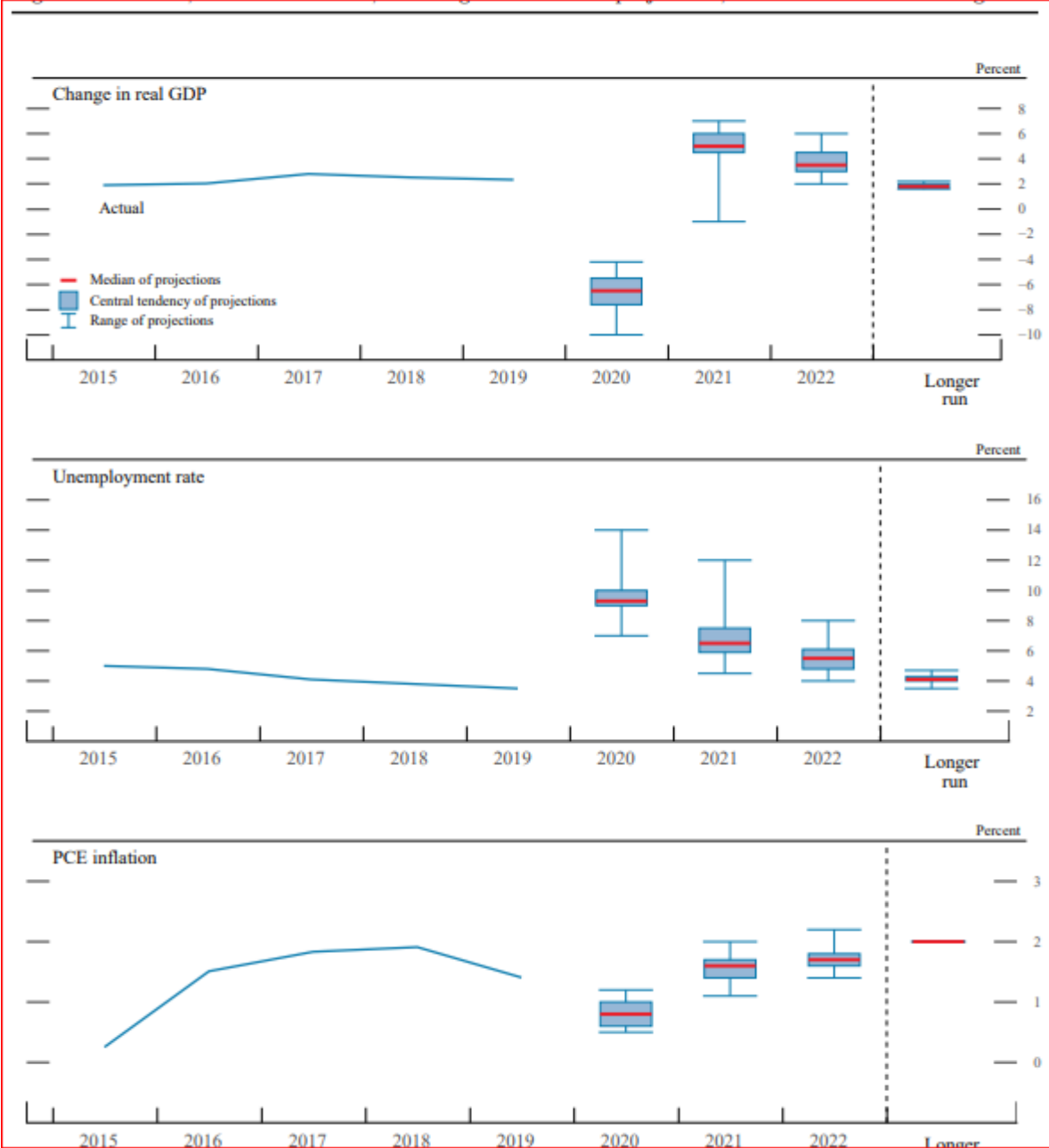
Initial Claims



Continuing Claims



Federal Reserve Open Markets Committee June 10th



GDP

2020 – minus 6.5%
 2021 – plus 5.0%
 2022 – plus 3.5%
 Longer run – 2.0%

Inflation

2020 – 0.8%
 2021 – 1.6%
 2022 – 1.7%
 Longer run – 2.0%

Unemployment Rate

2020 – 9.3%
 2021 – 6.2%
 2022 – 5.5%
 Longer run – 4.1%

Federal Funds Rate

2020 – 0.1%
 2021 – 0.1%
 2022 – 0.1%
 Longer run – 2.5%

Data Sources

New York Times

CNBC

UW Center on Research on Wisconsin Economy

DOR Economic Analysis Section

DOR Sales Tax Interactive Data

DWD Unemployment Claim Data

Federal Reserve Board