

Monthly Economic Update

FEBRUARY 2022, FEATURING JANUARY NEWS RELEASES
WISCONSIN DEPARTMENT OF REVENUE

Based in part on information and commentary supplied by Federal
and State government statistical agencies.

Wisconsin Updates

Employment

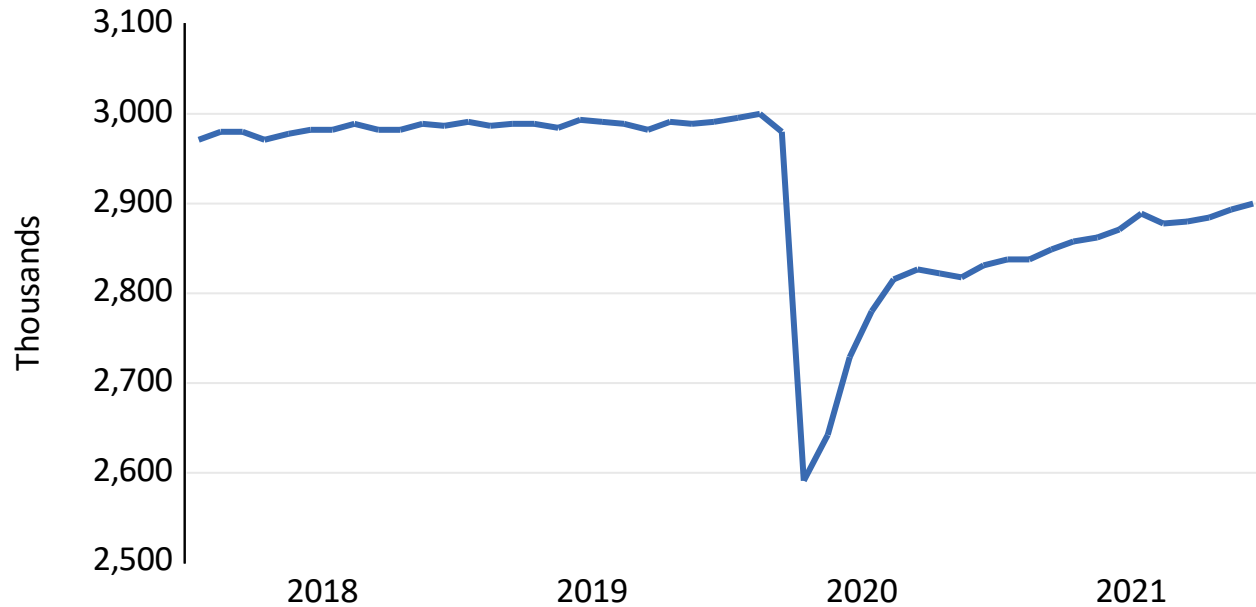
- Industry Detail

FY22 Q2 Tax Revenues

Farm Prices

Wisconsin Added 6,300 Jobs in December

Wisconsin Employment



Combined with the gains from October and November, Wisconsin added 20,500 jobs in the past three months. Over the past year, Wisconsin has added 67,200 jobs.

Employment at the end of December remained 99,500 jobs below the pre-pandemic level of February 2020, a decline of 3.3%.

Among the sectors adding jobs in December, the manufacturing sector added 4,800 jobs, 3,500 of which were in durable goods manufacturing. Wholesale trade added 1,900 jobs.

The private sector added 5,300 jobs total and government added 1,000 new jobs.

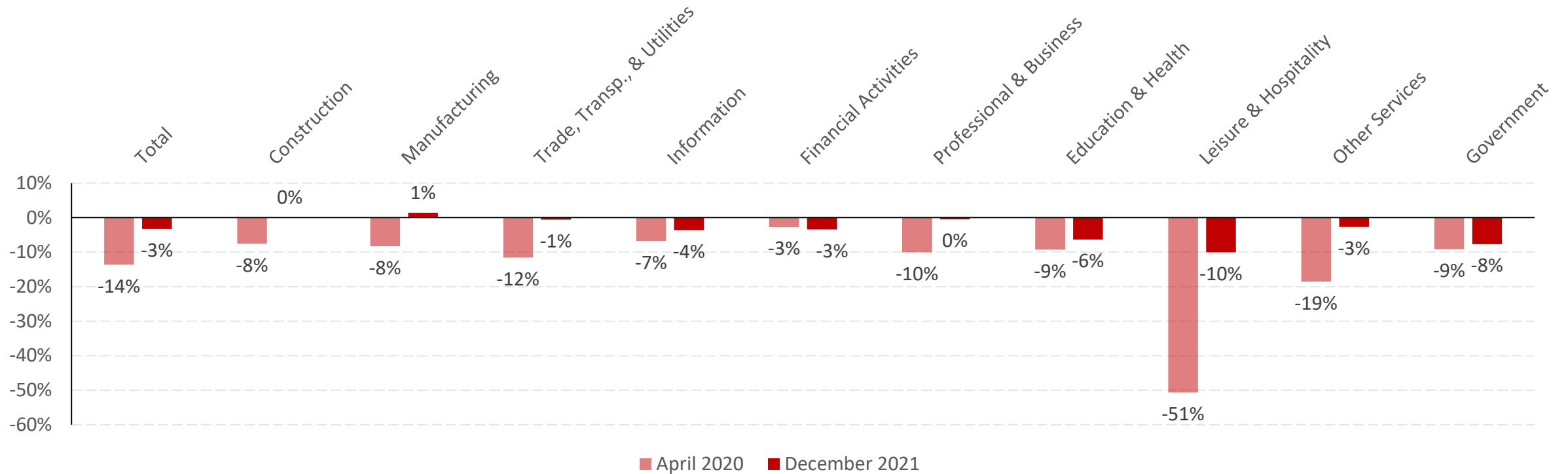
The unemployment rate declined to 2.8% and the labor force participation rate remained at 66.4%.

Further detail can be found in the Wisconsin Department of Workforce Development's release: [Wisconsin Labor Force Summary December 2021](#).

Source: US Bureau of Labor Statistics, Current Employment Statistics Program.

Employment Detail: Employment in the Construction and Manufacturing Sectors Have Recovered

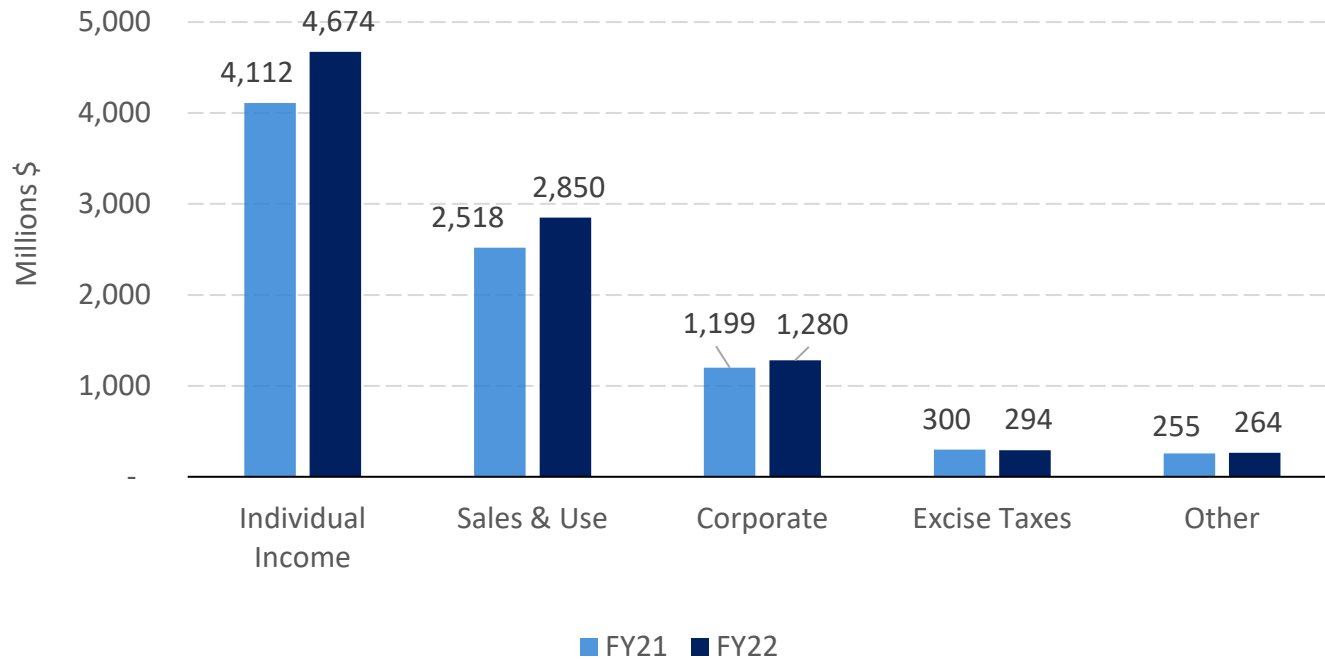
Percent Change in Employment Since February 2020



Source: US Bureau of Labor Statistics, Current Employment Statistics Program.

FY22 General Purpose Revenues Up \$978 Million Through Second Quarter

Second Quarter General Purpose Revenues (GPR)



General Purpose Revenues (GPR) through the second quarter of fiscal year 2022 (FY22) increased \$978 million over the same period in FY21, an increase of 11.7%.

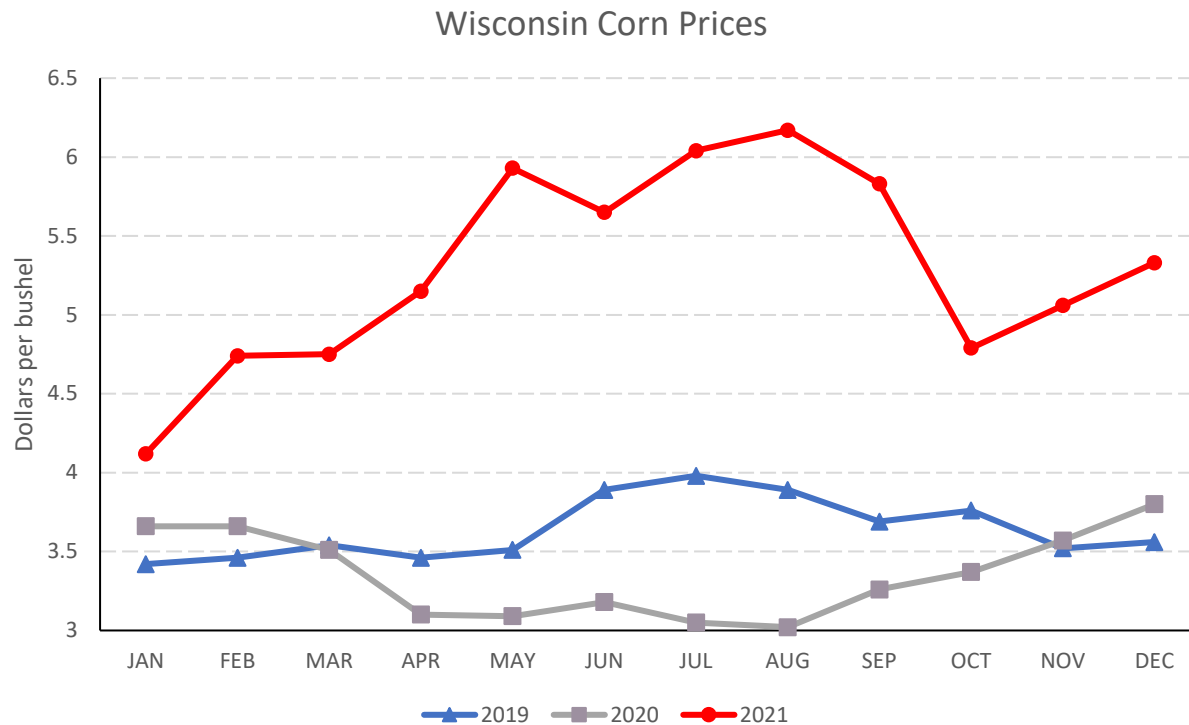
Individual income tax revenues increased \$562m (13.7%) while sales tax revenues increased \$332m (13.2%).

The Legislative Fiscal Bureau increased the revenue forecast by \$1,082 million in FY22.

The largest forecast revision was to corporate tax revenues, which was revised up by \$510m. Individual income tax revenues were revised up by \$249.3m in the current fiscal year, while the forecast for sales tax revenues was revised up \$285.4m.

Source: Wisconsin Department of Revenue. For more details, see [Department of Revenue Collections, December FY2022 \(wi.gov\)](https://www.wisconsin.gov/revenue/collections).

Wisconsin Corn Prices Remain Elevated in the Fourth Quarter of 2021



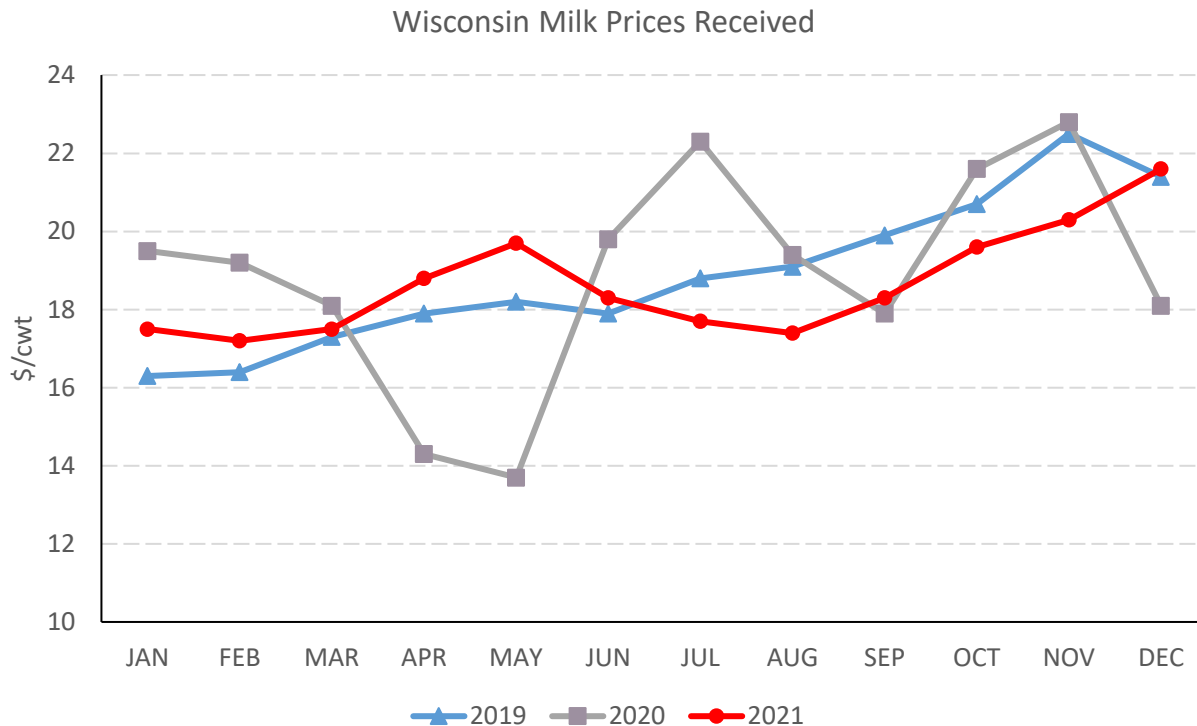
Wisconsin corn prices dipped in October to less than \$5 per bushel before recovering to \$5.33 in December.

The December 2021 price was 27 cents above the November 2021 price and \$1.53 above December 2020.

Corn prices in 2021 were above the two prior years in every month.

Source: US Department of Agriculture, National Agricultural Statistics Service

Wisconsin Milk Prices Continued Rising in December



Wisconsin milk prices received by farmers rose each of the past four months. Milk prices were \$21.60 per hundredweight (cwt) in December 2021.

The December price was \$1.30 above the November price and \$3.50 above the price received last December.

The US milk price was \$21.80 per cwt in December 2021, 20 cents above the Wisconsin price and \$1.00 above the US price of milk in November. All major milk producing states in the US had a higher price than in November.

Source: US Department of Agriculture, National Agricultural Statistics Service

US Updates

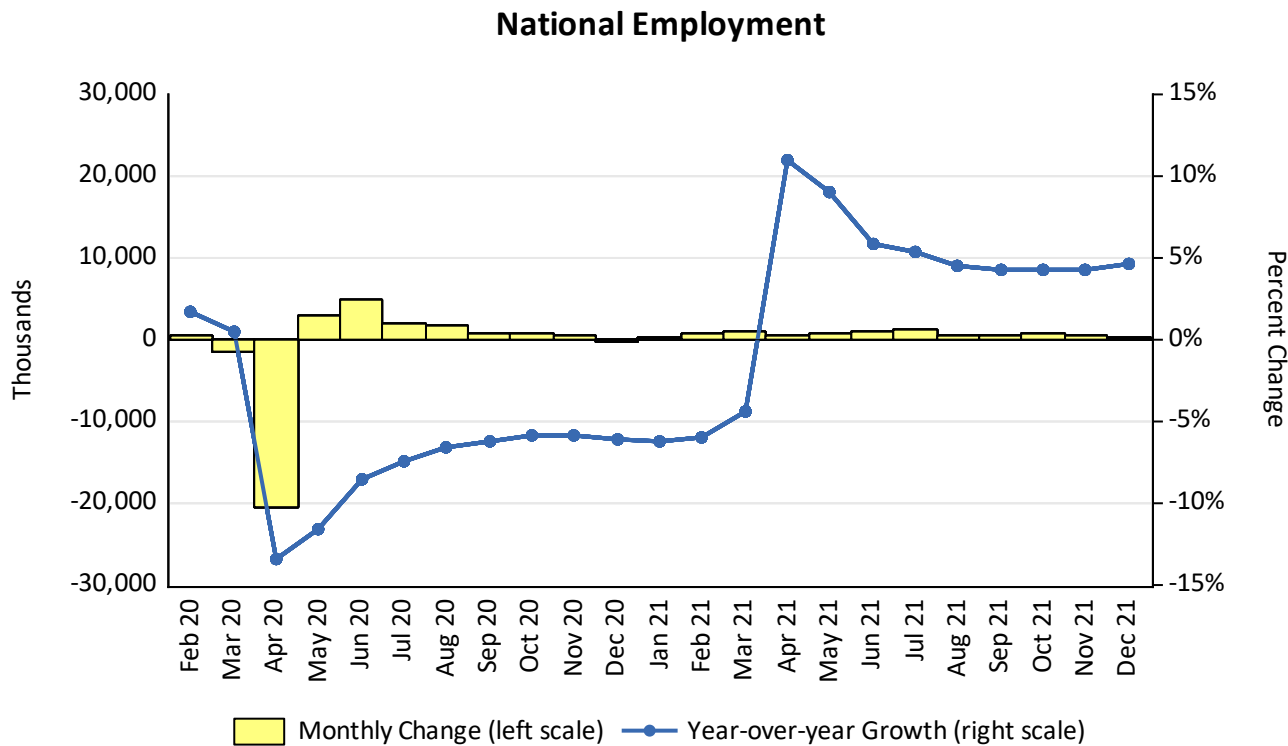
Employment

State Coincident Indexes

Inflation (CPI)

Consumer Sentiment

US Added 199,000 Jobs in December



Nonfarm payroll employment rose 199,000 in December. Employment in October and November were revised up a combined 141,000 jobs.

Job growth averaged 537,000 per month in 2021. Nonfarm employment has increased by 18.8 million since April 2020 but is down by 3.6 million, or 2.3%, from its pre-pandemic level in February 2020.

In December, employment continued to trend up in leisure and hospitality, in professional and business services, in manufacturing, in construction, and in transportation and warehousing.

The unemployment rate declined 0.3 percentage point to 3.9%.

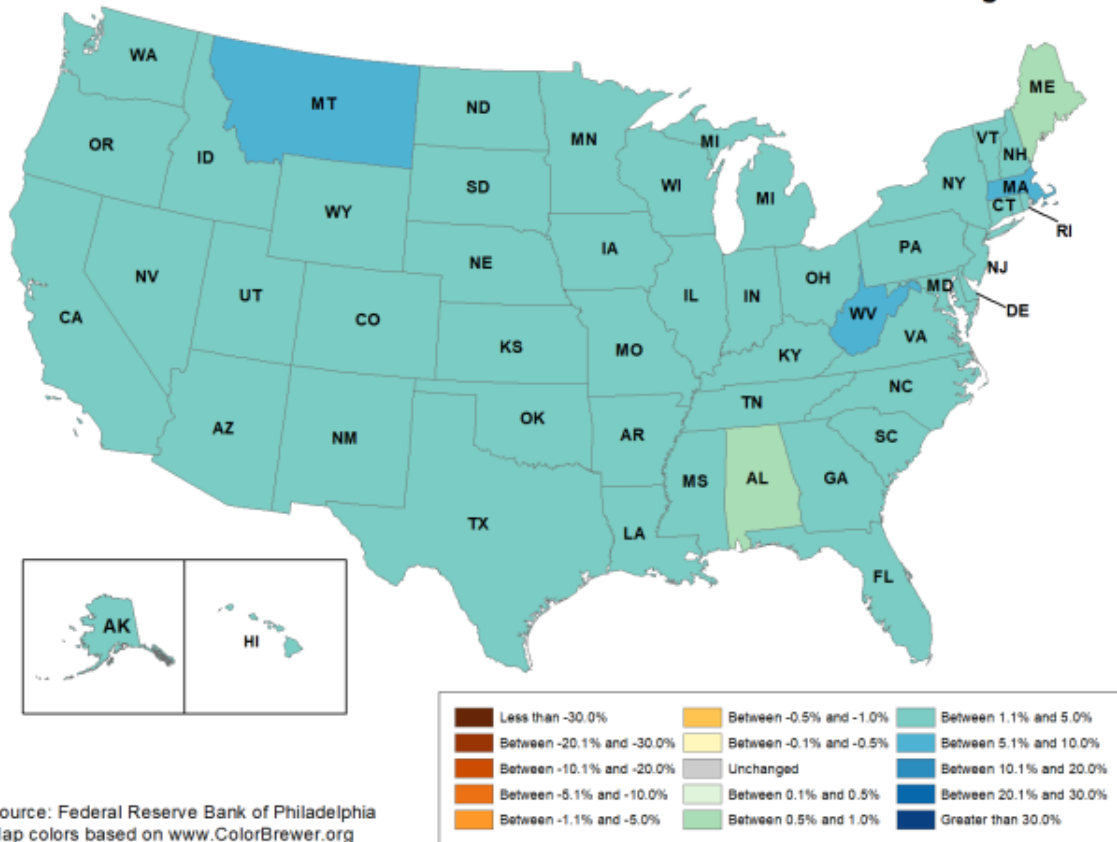
At 61.9% the participation rate remains below the February 2020 level of 63.4%.

In December, average hourly earnings for all employees on private nonfarm payrolls increased by 19 cents to \$31.31. Over the past 12 months, average hourly earnings have increased by 4.7%.

Source: US Bureau of Labor Statistics, Monthly Employment Report.

All 50 States See Expansion in December

December 2021 State Coincident Indexes: Three-Month Change



Source: Federal Reserve Bank of Philadelphia
Map colors based on www.ColorBrewer.org

The Federal Reserve Bank of Philadelphia's December 2021 coincident indexes increased in all 50 states for a three-month diffusion index of 100.

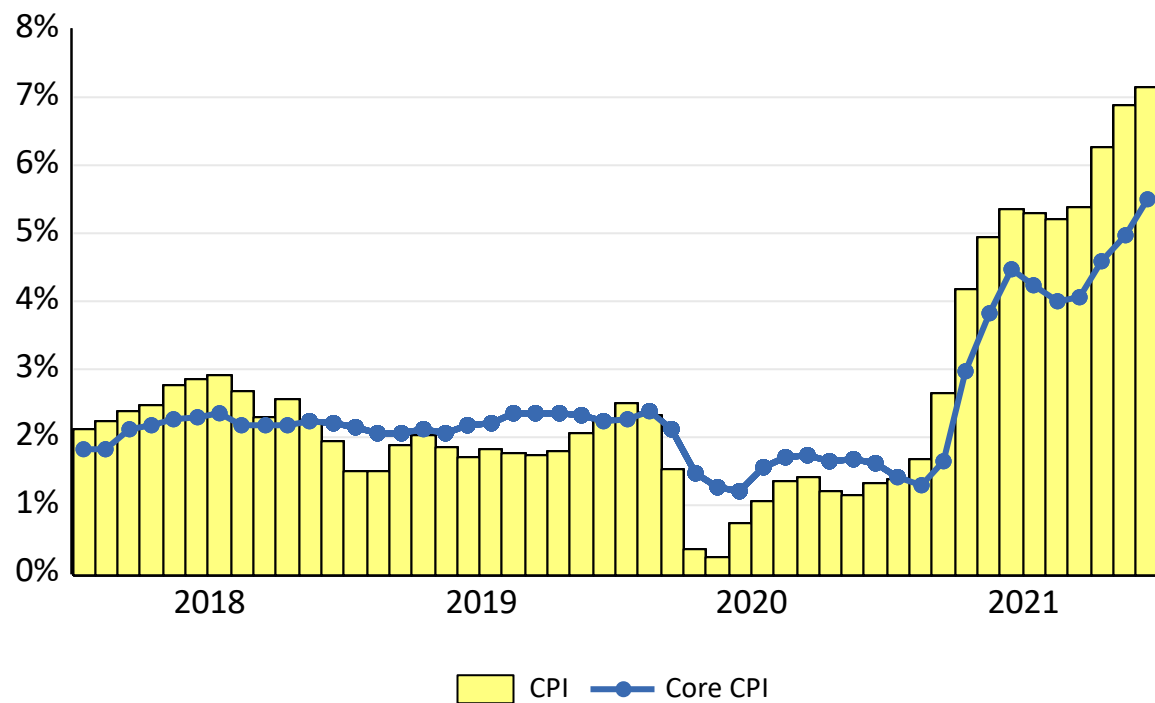
Additionally, in the past month, the indexes increased in all 50 states, for a one-month diffusion index of 100.

The Philadelphia Fed's index for Wisconsin increased 1.4% over the past three months and 0.5% in December.

The Philadelphia Fed's U.S. index increased 1.2% over the past three months and 0.4% in December.

Consumer Prices Increased 7.0% Over Prior Year

Consumer Price Index (CPI)



Source: US Bureau of Labor Statistics, Consumer Price Index

The Consumer Price Index (CPI) rose 0.5% in December. The core CPI, which excludes the direct effects of moves in food and energy prices, rose 0.6% in December. The CPI for food rose 0.5% but the CPI for energy declined 0.4%, the first decline since April.

The 12-month change in the overall CPI climbed to 7.0%, the highest in nearly four decades. The 12-month change in the core CPI rose to 5.5%, the highest in more than 30 years.

The rise in consumer prices continued to be broad-based in December. Among notable monthly increases were those for apparel (1.7%), airline fares (2.7%), used vehicles (3.5%), and new vehicles (1.0%).

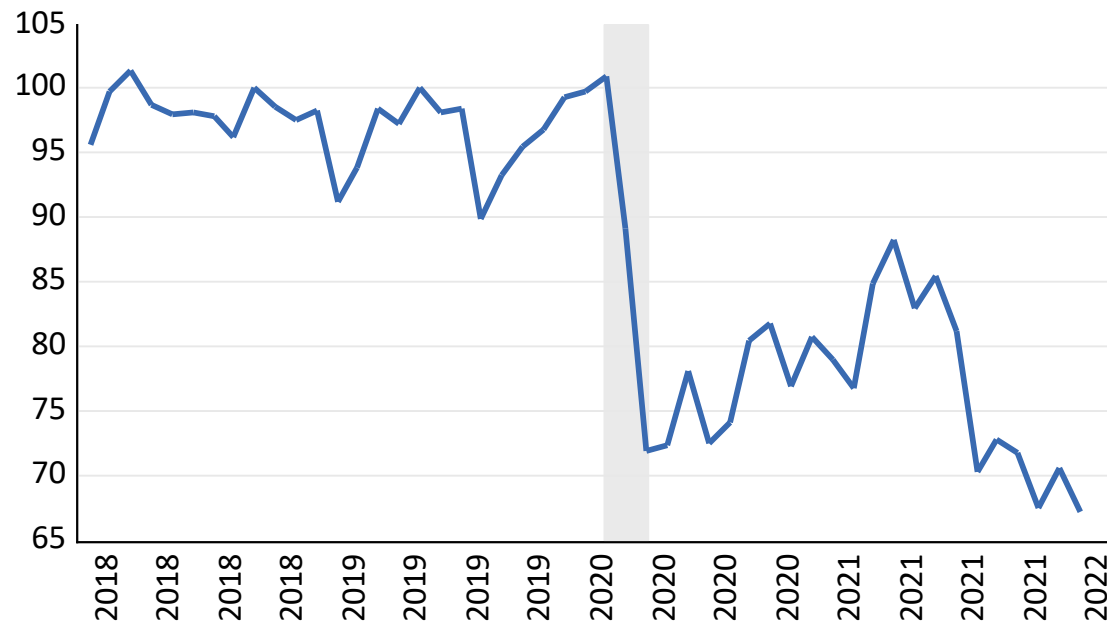
The price of new vehicles is up 12.3% since March while used-car prices are up 39.0% since March.

Rent inflation has accelerated in response to low vacancies and surging home prices.

The combination of high inflation and tight labor markets supports the expectation that the Federal Reserve will tighten monetary policy several times over the course of 2022.

Consumer Sentiment Declined in January

Consumer Sentiment - Michigan Survey



Source: University of Michigan, Surveys of Consumers

The University of Michigan Consumer Sentiment Index fell 3.4 points to 67.2 in the final January reading—slumping to its lowest level since November 2011.

A combination of falling stock prices, low confidence in government economic policies, and heightened geopolitical risks in addition to the existing themes of the Omicron variant and rising prices has created the perfect storm for consumer sentiment—sentiment is down 23.9% since April 2021.

While there are many factors pulling down sentiment, escalating inflation appears to be the foremost source of drag. The median expected one-year inflation rate in the survey edged up 0.1 percentage point to 4.9%, its highest level since 2008.

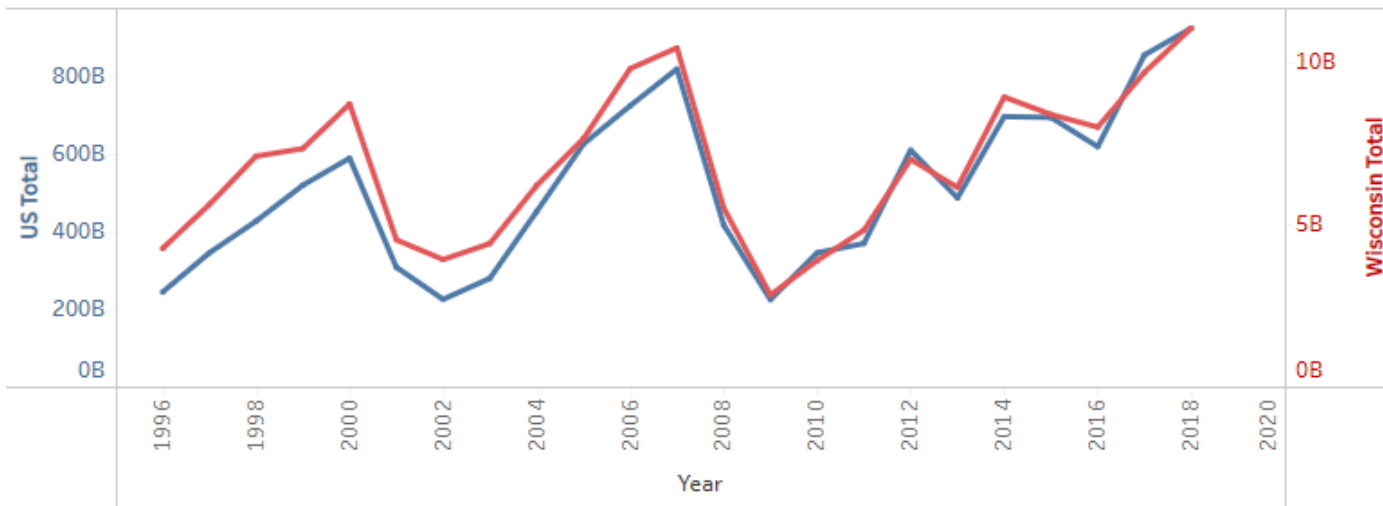
Households earning below \$100,000 per year were most affected by higher consumer prices—the index of sentiment for these households declined 7.7 points, while that for households earning over \$100,000 per year rose 1.3 points.

The index of buying conditions for automobiles fell by 12.0 points in January as high prices and limited inventories continue to be a drag on buying sentiment.

The recent trend in consumer sentiment underscores the downside risks related to a prolonged period of above-trend inflation. However, inflation risks are balanced by expectations for solid job and wage growth in the coming months, which should continue to support ongoing growth of consumer spending.

Explore Our Interactive Data!

Wisconsin and U.S. Net Capital Gains



DOR's Division of Research and Policy has a data visualization featuring Capital Gains.

To the left is one view of the data. More detail can be found at [Wisconsin Capital Gains | Tableau Public](#).

You can check out our other visualizations on a range of Wisconsin tax and economic data at [DOR Interactive Data Visualizations \(wi.gov\)](#).

Questions: doreconomists@wisconsin.gov

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