

Monthly Economic Update

**JUNE 2022, FEATURING MAY NEWS RELEASES
WISCONSIN DEPARTMENT OF REVENUE**

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

Wisconsin Updates

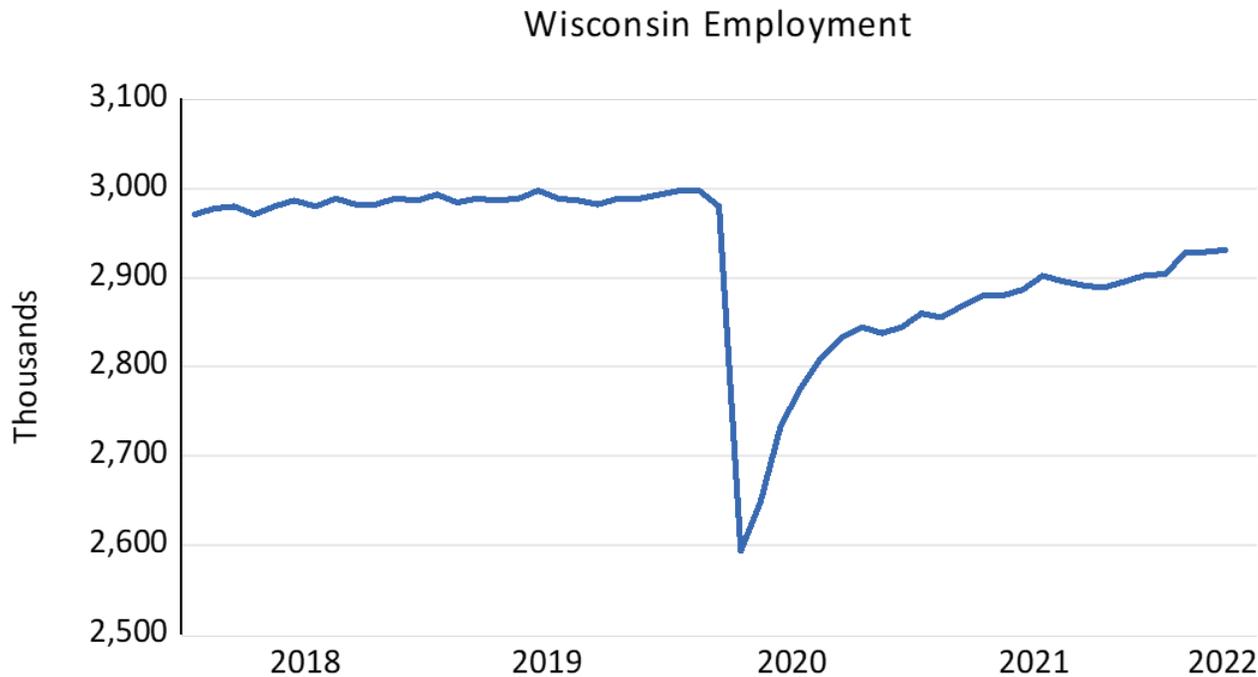
Employment

- By Sector

Housing Permits

Exports

Wisconsin Employment Up 2,700 Jobs in April



Source: US Bureau of Labor Statistics, Current Employment Statistics

Wisconsin added 2,700 jobs in April. Private Employment increased by 3,100 while government employment lost 400 jobs.

Compared to the prior year, total employment in Wisconsin increased 1.8% while private employment increased 2.1%. This is well below the national growth of 4.6% for total employment and 5.2% for private employment.

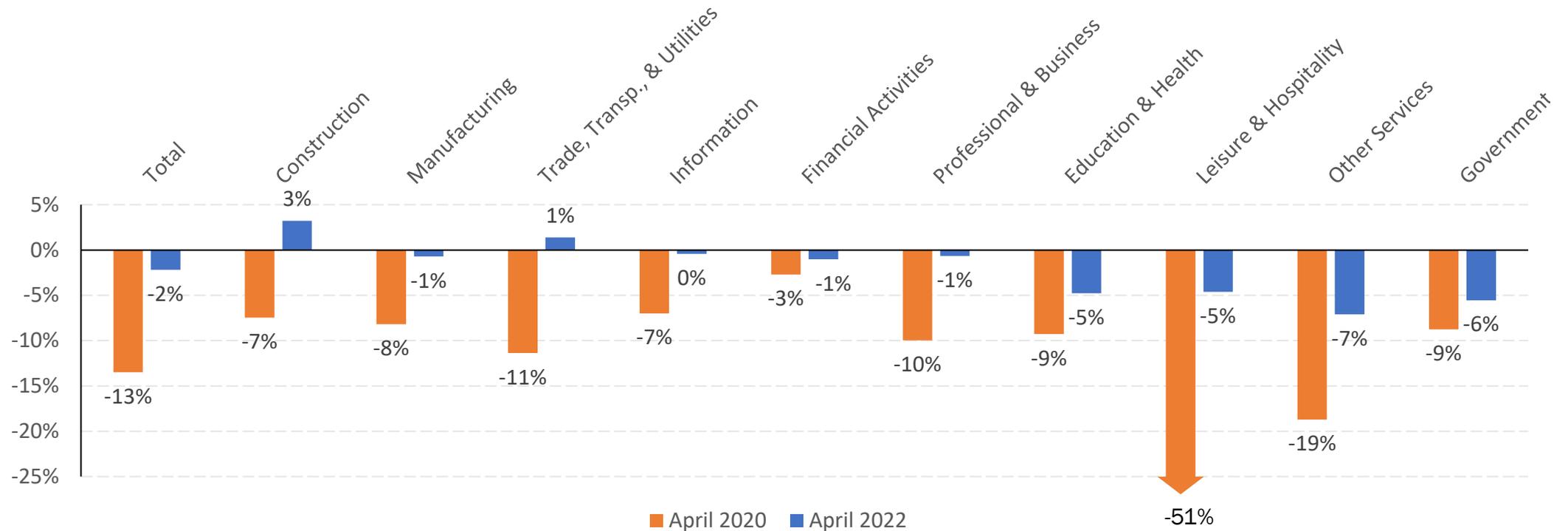
Wisconsin employment is 52,600 above this time last year but 65,500, or 2%, below its pre-pandemic value.

The majority of employment sectors are above or within one percent of their pre-pandemic level. However, four sectors remain more than four percent below that benchmark: education & health, leisure & hospitality, other services, and government. More detail is found on the next slide.

The unemployment rate remains at historical lows of 2.8%, and the labor force participation rate showed no change at 66.5%.

More Wisconsin Employment Sectors Near or Above Recovery Level

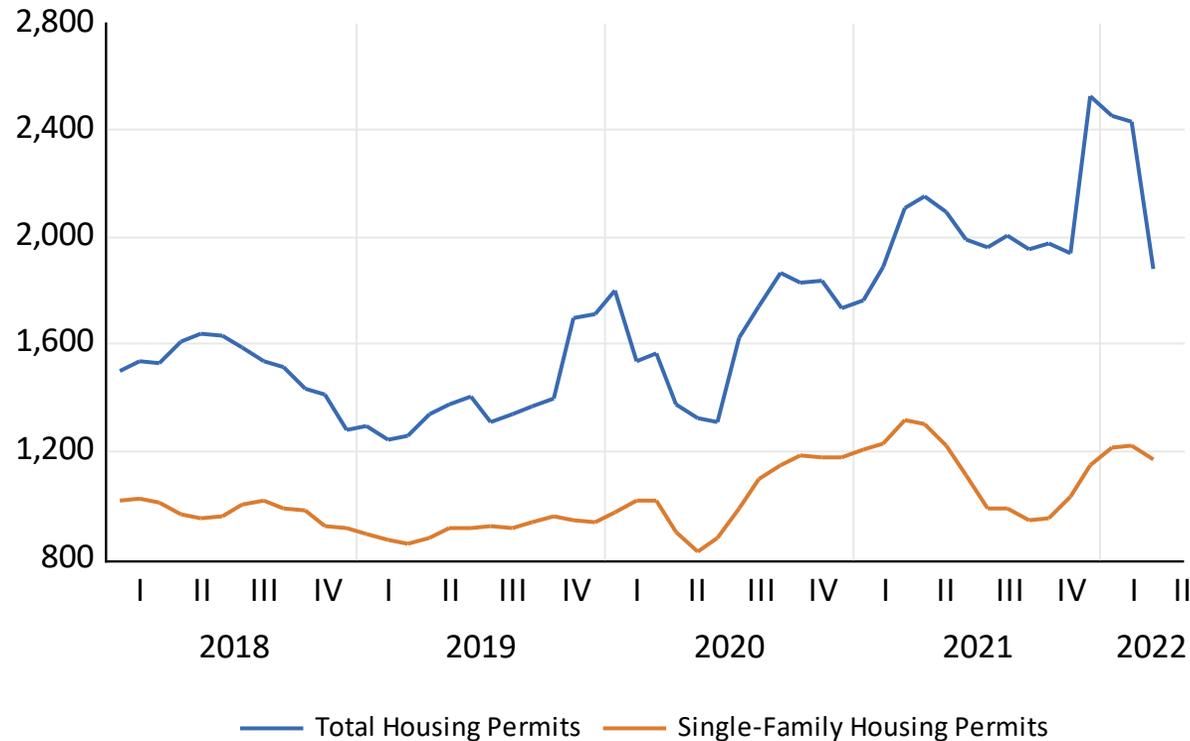
Percent Change in Wisconsin Employment Since February 2020



Source: US Bureau of Labor Statistics, Current Employment Statistics

Wisconsin Housing Permits Down in First Quarter

Wisconsin Housing Permits, 3-month Moving Average



Source: US Census Bureau

After ending 2021 at elevated levels, Wisconsin housing permits fell in the first quarter of 2022.

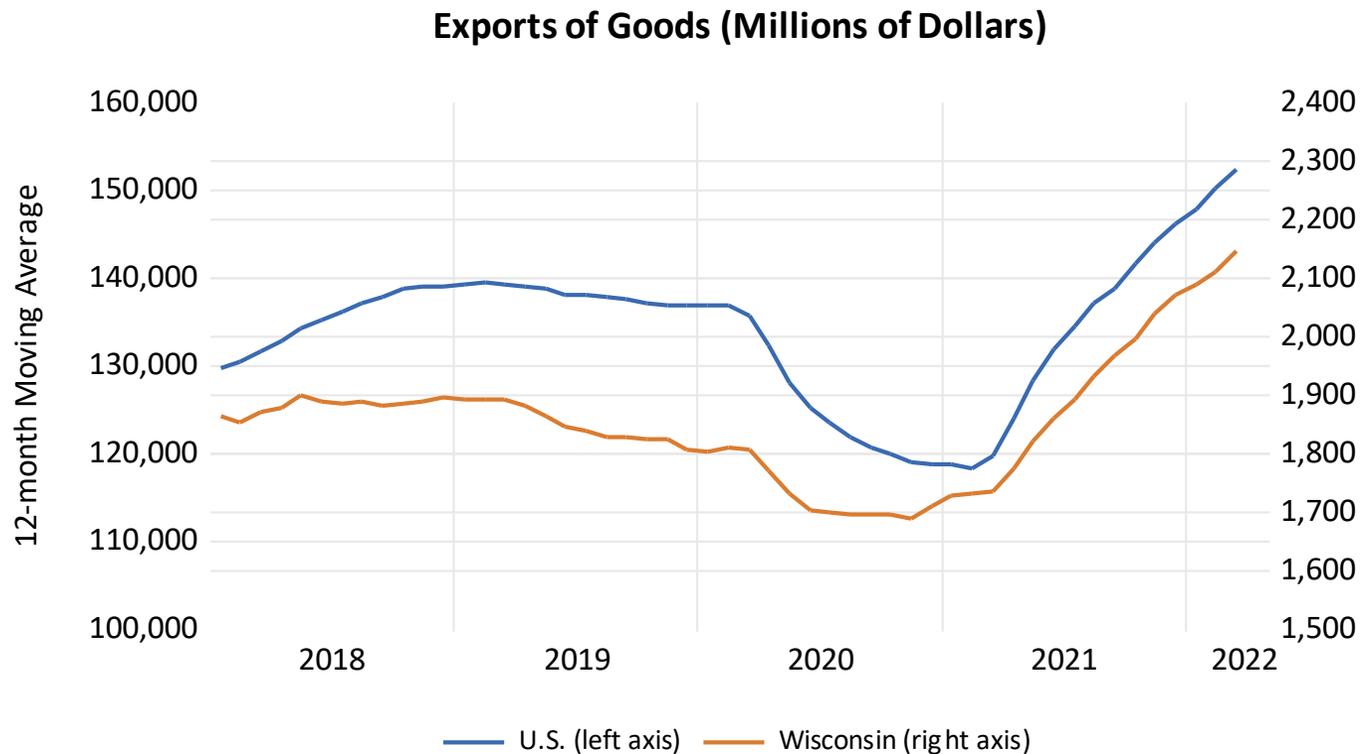
Total housing permits declined from an average of 2,107 in the first quarter of 2021 to 1,883 this year, a 10.6% decline.

Single-family permits declined 11.5% from a first-quarter average of 1,319 in 2021 to 1,168 in 2022.

Multi-family permits were also down, having declined 9.2% from 788 in the first quarter of 2021 to 716 in the first quarter of 2022.

Single family permits have been down year-over-year for three quarters in a row, while multi-family permits pulled the total permit numbers higher in the second half of 2021.

Wisconsin's Goods Exports Rose in First Quarter



Goods exports from the U.S. and Wisconsin continue to rise at double-digit rates.

Total goods exports from the U.S. were up 18.4% in the first quarter of 2022, relative to the same period in 2021.

Wisconsin's goods exports also increased, up 16.3% y/y in the first quarter of 2021.

This growth is a continuation of 2021 growth rates, when goods exports from the U.S. grew 23.1% and goods exports from Wisconsin increased 21.1% from depressed 2020 levels.

Source: US Census Bureau

U.S. Updates

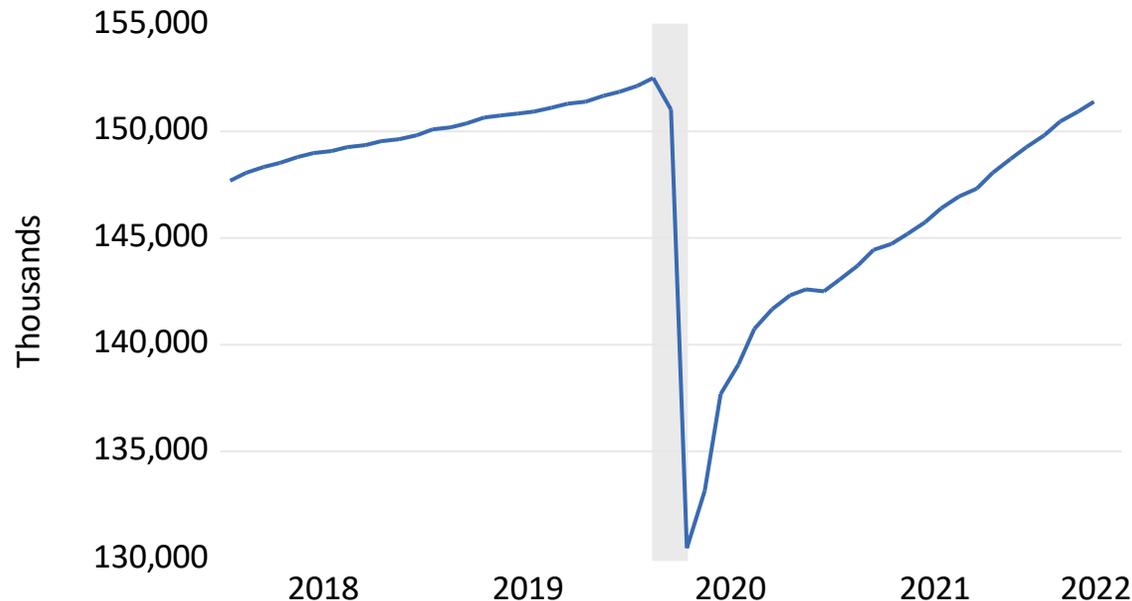
Employment

Inflation (CPI)

Consumer Sentiment

U.S. Adds 428,000 Jobs in April

U.S. Total Nonfarm Employment



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

U.S. nonfarm payroll employment rose 428,000 in April. The unemployment rate was unchanged at 3.6%, and average hourly earnings rose 0.3%.

February and March employment was revised down a combined 39,000.

The labor-force participation rate showed little change at 62.2% in April. This measure will resume trending higher in coming months, as those who had been on the sidelines for various reasons return to the job market.

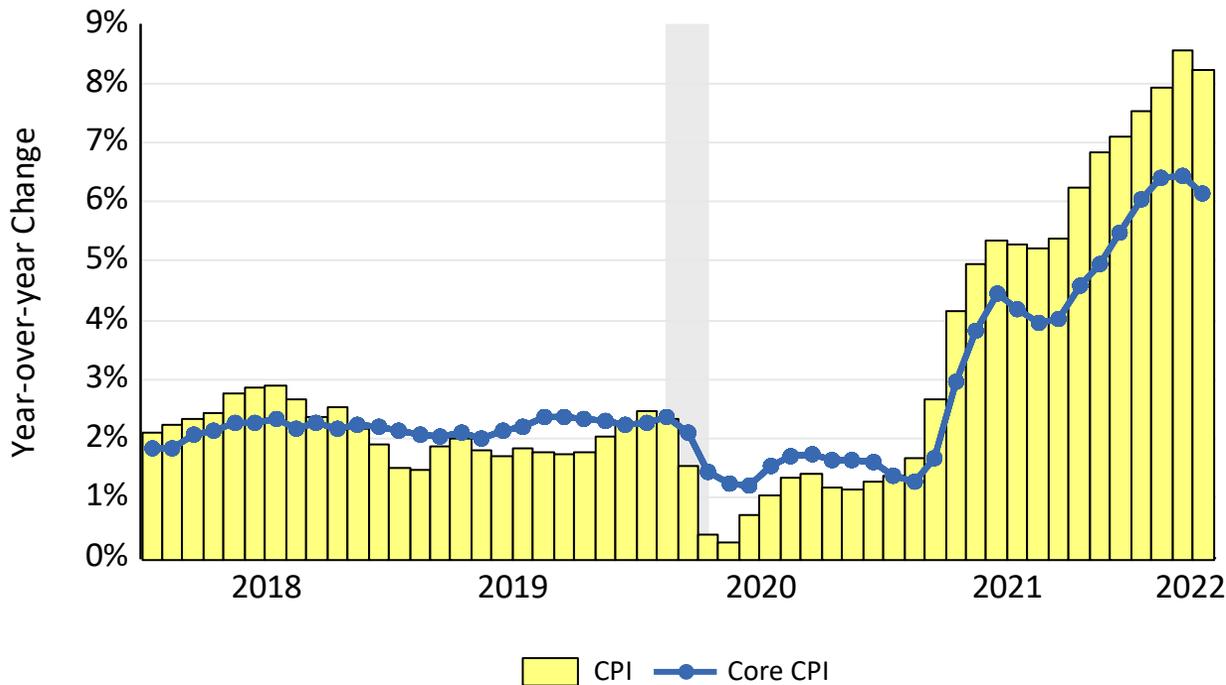
While the longer-term trend in average hourly earnings is robust, they have been decelerating of late, as the 3-month annualized increase is only 3.7%.

The recent deceleration cannot be attributed to a recovering share of lower-wage jobs, as deceleration is evident within several industries. No doubt labor markets are exceptionally tight. Still, the slowing in wage gains is welcome news to those concerned about economywide inflation.

As of April, the U.S. labor market had recovered all but 1.2 million of the 22 million jobs lost in the early months of the pandemic. Employment in the leisure and hospitality sector is 1.4 million below its February 2020 level. Government employment is still down by 0.7 million, while trade, transportation, and utilities are up from February 2020 by 0.9 million.

Annual Price Increases Eased but Remain Elevated at 8.3%

Consumer Price Index (CPI)



Source: US Bureau of Labor Statistics, Consumer Price Index

The Consumer Price Index (CPI) rose 0.3% in April. The core CPI, which excludes the direct effects of moves in food and energy prices, rose 0.6%, above consensus expectations. Prices for food increased 0.9% while energy prices declined 2.7%.

The 12-month change in the CPI decreased 0.2 percentage point to 8.3% in April, the first decline since August 2021. The 12-month change in the core CPI fell 0.3 percentage point to 6.2%, also the first decline since August 2021.

Price pressures in the used-car market appear to be easing. The CPI for used cars and trucks fell 0.4% in April, the third consecutive decline.

While prices in the used-car market are finally showing signs of coming down on a sustained basis, prices for new vehicles rose sharply in April (1.1%). Overall, motor vehicle prices have not yet turned the corner.

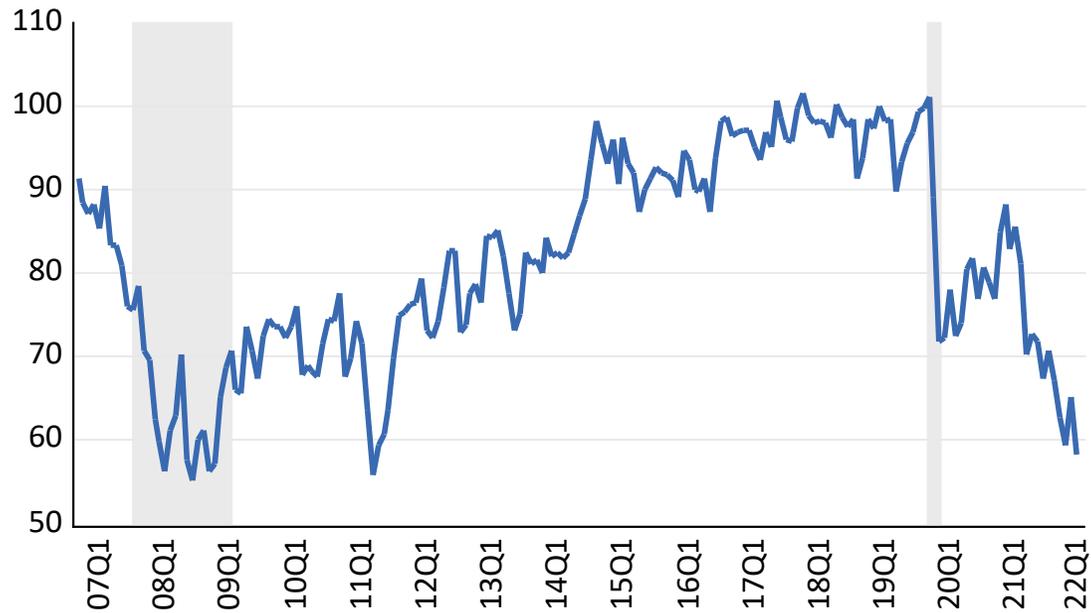
Within core inflation, goods inflation continues to outpace services inflation: 12-month inflation rates for core goods and services as of April were 9.7% and 4.9%, respectively.

Twelve-month changes in owners' equivalent rent and rent of primary residence in April were both 4.8%, up sharply from 2.0% and 1.8%, respectively, in April 2021.

With health concerns about air travel receding, airline travel has rebounded. Airline fares have jumped 31.2% over the last two months.

Consumer Sentiment Driven Lower by Higher Prices

Consumer Sentiment - Michigan Survey



Source: University of Michigan, Surveys of Consumers

The University of Michigan Consumer Sentiment Index fell 6.8 points to 58.4 in the final May reading, 10.4% below April and down almost 30% since May 2021.

The sharp decline in May was broad based. The present situation index fell 6.1 points to 63.3, while the expectations index posted a slightly larger decline of 7.3 points to 55.2.

Escalating inflation continues to be the foremost source of drag on sentiment. According to the survey, consumers' assessment of their financial situation relative to a year ago was at its lowest since 2013. The median expected one-year inflation rate was unchanged at 5.3%, its highest level since 1981.

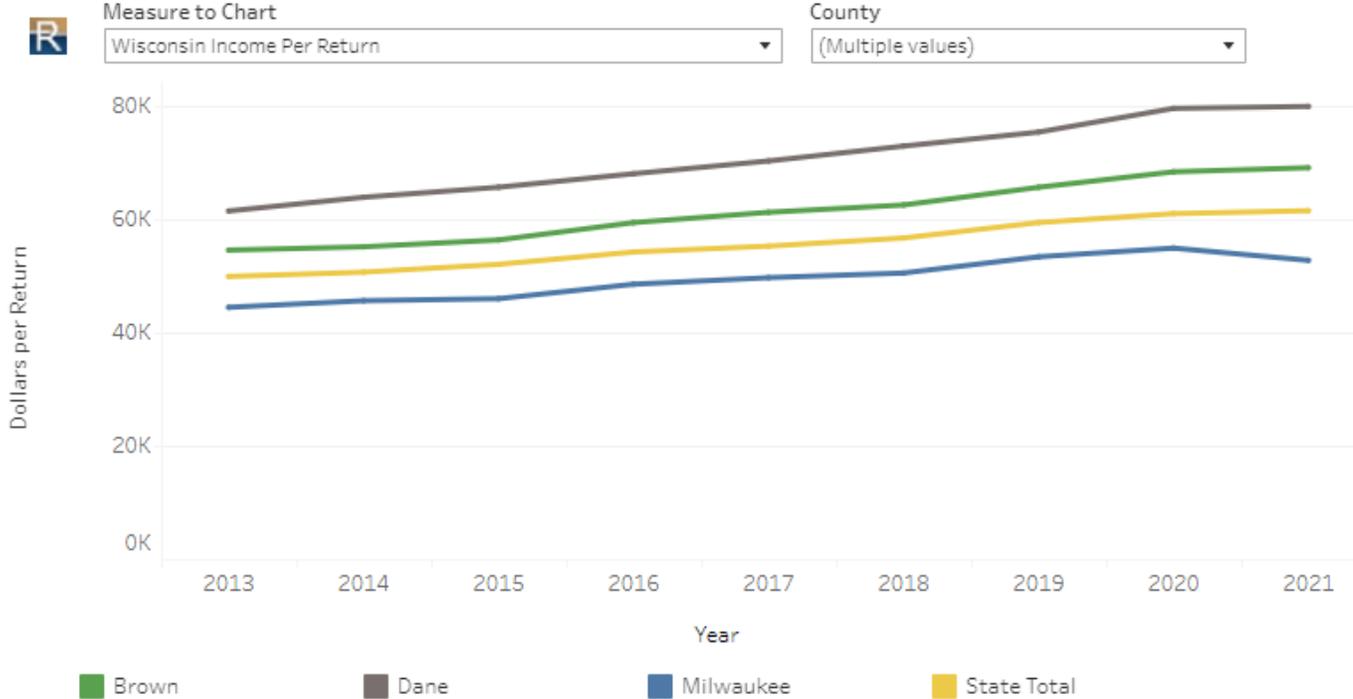
Households earning below \$100,000 per year likely are more sensitive to higher consumer prices; the index of sentiment for these households declined 9.3 points. The index for households earning over \$100,000 per year fell 5.4 points in the final reading.

The index of buying conditions for large household durable goods and homes fell by 9.0 points and 17.0 points, respectively, as high prices and limited inventories continued to be a drag on buying sentiment.

The downward trend in consumer sentiment underscores the downside risks from a prolonged period of above-trend inflation. Nevertheless, inflation risks are balanced by expectations for solid wage growth in the coming months, which should continue to support consumer spending.

Explore Our Interactive Data!

Wisconsin Income Per Return Trend for Selected Counties



DOR's Division of Research and Policy's has tax return data at the county level. This includes income per return and information on credits claimed.

To the left is one view of the data. More detail can be found at [DOR Individual Income Tax Refundable Credits \(wi.gov\)](https://www.wisconsin.gov/dor/individual-income-tax-refundable-credits).

You can check out our other visualizations on a range of Wisconsin tax and economic data at [DorViz.wi.gov](https://www.wisconsin.gov/dor/dorviz).

Questions: doreconomists@wisconsin.gov

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