

NEWS RELEASE

*For further information contact
Economic Research Director Bret Mayborne, 414-287-4122*

December Economic Trends

February 5, 2004 – For the fourth time in the past five months, a majority of business activity indicators for the metro Milwaukee area pointed upward. In December, 14 of 23 available indicators improved vs. year ago levels, according to a monthly report by the Metropolitan Milwaukee Association of Commerce (MMAC), down from November’s 15 positive indicators.

“The trend in nonfarm jobs has lacked the momentum that other indicators have shown in recent months,” said Bret Mayborne, the MMAC’s economic research director. “But declines in both the number of unemployed and new unemployment compensation claims in back-to-back months could be forbearers of an improving job picture.”

Highlights of the report include:

- Nonfarm job levels in the metro area fell for the 33rd consecutive month on a year-over-year basis. Metro area employment levels fell 1.3% from one year ago, matching the 1.3% decrease registered in November (vs. November, 2002).
- Among 10 major industry sectors in the metro area, four posted December year-over-year job gains, while six posted declines. The educational & health services sector (up 4.3% over year-ago levels) posted the largest percentage gain. Conversely, a 10.4% job decline in the construction, mining & natural resources sector was the largest such decrease registered.
- Hours and earnings indicators for manufacturing production workers pointed upward in December. A production worker’s average workweek length rose for the third consecutive month (vs. year-ago levels) while their average weekly earnings and average hourly earnings both outpaced consumer price inflation.

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www.mmac.org

756 North Milwaukee Street, Milwaukee, Wisconsin 53202

Phone 414-287-4100 Fax 414-271-7753

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The trend among area unemployment indicators was generally positive in December. The number of unemployed fell 8.7% (vs. one year ago) – its second consecutive monthly decline – while December new unemployment compensation claims fell 11%. December's seasonally adjusted jobless rate of 6% is higher than November's 5.6% rate but lower than the 6.7% rate posted one year ago. Currently, the metro area's jobless rate ranks higher than both the state's 5.2% and the nation's 5.7% rate.

Indicators: December, 2003 vs. December, 2002

Nonfarm employment in the metro area totaled 830,800 in December, a 1.3% decline from one year ago. December's decrease matches November's year-over-year decline and is only modestly higher than the 1.2% average fall posted over 2003's twelve months.

Four of ten major industry sectors recorded job increases in December. Employment in the educational & health services sector grew at a 4.3% pace in December (to 134,000), the month's largest year-over-year gain among major industry sectors. The leisure & hospitality (up 2.6%), financial activity (up 2.4%) and information (up 2.1%) sectors also reported December job gains.

Among major industries with job declines, the construction, mining & natural resources sector posted a 10.4% loss in December (to 30,000), steeper than the 2.5% average job decrease registered over 2003's twelve months. While manufacturing jobs fell 3.6% in December, this marked manufacturing's slowest decline in five months. Job decreases were also posted in the government (down 4%), trade, transportation & utilities (down 2.8%), professional & business services (down 2.6%) and the other service (down 1.2%) sectors.

Hours and earnings indicators in the manufacturing sector posted solid December gains. The length of a manufacturing production worker's average workweek rose for the third consecutive month. The workweek length averaged 42.6 hours in December, up 2.9% from one year ago. A production worker's average weekly earnings increased 5.3% to \$742, its strongest increase of the year. Average hourly earnings for such workers reached \$17.42, up 2.3%. Both earnings increases surpassed the 1.9% rise in consumer prices nationally over the same time period.

Milwaukee area housing and real estate indicators posted mixed results. Home sales activity rebounded from weak November numbers. Existing home sales in the metro area rose at a 7.6% pace in December, to 1,132, reversing direction from November's 6.1% decline (vs. November,

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2002). Mortgages recorded in Milwaukee County fell for the first time in over one year (since August 2002), down 14.8% in December, to 6,851.

The number of air passengers using Mitchell International Airport totaled 549,785 in December, up 12.5% from one year ago. December's gain marks the fourth consecutive double-digit monthly increase in passenger usage and the seventh consecutive monthly gain overall.

Conversely, new car registrations in the metro area fell for the tenth consecutive month, down 30.6% in December to 2,328.

Other Indicators (latest available)

The value of signed construction contracts, as reported by F.W. Dodge for November, was \$139.4 million, down 2.9% from November, 2002. Consumer prices nationally, as measured by the Consumer Price Index for Urban Consumers (CPI-U), rose 1.9% in December (vs.

December, 2002) to 184.3 (1982-84 = 100). The Milwaukee area CPI-U reached 178.1 for the first half of 2003, a 3% increase from 2002's first half.

* The number of new dwelling unit permits issued in the Milwaukee area was unavailable in a comparable form at the time of this release.

Metropolitan Milwaukee Business Indicators December, 2003

	Month	Current month	Previous month	Year ago	% chg. from yr. ago	% chg. prev. month	% chg. year to date (1)
ESTABLISHMENT DATA							
Total nonfarm payroll employment (000)	Dec-03	830.8	831.7	841.8	-1.3%	-0.1%	-1.2%
Construction, mining & natural resources (000)	Dec-03	30.0	33.1	33.5	-10.4%	-9.4%	-2.5%
Manufacturing (000)	Dec-03	135.6	136.1	140.6	-3.6%	-0.4%	-3.9%
Trade, transportation, & utilities (000)	Dec-03	152.0	151.0	156.3	-2.8%	0.7%	-2.1%
Information (000)	Dec-03	19.8	19.6	19.4	2.1%	1.0%	0.7%
Financial activities (000)	Dec-03	60.4	60.0	59.0	2.4%	0.7%	3.0%
Professional & business services (000)	Dec-03	99.4	100.5	102.1	-2.6%	-1.1%	-3.2%
Educational & health services (000)	Dec-03	134.0	134.1	128.5	4.3%	-0.1%	2.4%
Leisure & hospitality (000)	Dec-03	63.5	62.0	61.9	2.6%	2.4%	-0.5%
Other service, exc. public (000)	Dec-03	41.7	41.8	42.2	-1.2%	-0.2%	0.7%
Government (000)	Dec-03	94.4	93.5	98.3	-4.0%	1.0%	-2.0%
LABOR FORCE DATA							
Civilian labor force (000)	Dec-03	811.7	813.1	806.7	0.6%	-0.2%	0.8%
Employed (000)	Dec-03	770.7	771.1	761.8	1.2%	-0.1%	0.8%
Unemployed (000)	Dec-03	41.0	42.1	44.9	-8.7%	-2.6%	1.1%
Unemployment rate (SA)							
Metro Milwaukee (SA)	Dec-03	6.0%	5.6%	6.7%	-0.7(4)	0.4(4)	0.0(4)
Wisconsin (SA)	Dec-03	5.2%	5.0%	5.7%	-0.5(4)	0.2(4)	-0.1(4)
United States (SA)	Dec-03	5.7%	5.9%	6.0%	-0.3(4)	-0.2(4)	0.2(4)
New unemployment compensation claims	Dec-03	9,450	6,303	10,621	-11.0%	49.9%	-3.0%
HOURS & EARNINGS (mfg. production workers)							
Avg. weekly hours (manuf.)	Dec-03	42.6	41.8	41.4	2.9%	1.9%	1.4%
Avg. weekly earnings (2)	Dec-03	\$742.09	\$718.54	\$705.04	5.3%	3.3%	1.7%
Avg. hourly earnings (2)	Dec-03	\$17.42	\$17.19	\$17.03	2.3%	1.3%	0.4%
HOUSING & REAL ESTATE							
Dwelling unit permits	Dec-03	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Existing homes sold	Dec-03	1,132	1,021	1,052	7.6%	10.9%	4.9%
Mortgages (number) (3)	Dec-03	6,851	7,662	8,042	-14.8%	-10.6%	32.0%
TRANSPORTATION							
Airport passengers	Dec-03	549,785	523,309	488,568	12.5%	5.1%	9.9%
New-car registrations	Dec-03	2,328	3,389	3,354	-30.6%	-31.3%	-11.3%
OTHER INDICATORS (latest available)							
Construction contracts (\$000) (2)	Nov-03	139,422	224,891	143,522	-2.9%	-38.0%	0.7%
Consumer price index (1982-84=100)							
Milwaukee (CPI-U)	1st H-03	178.1	175.2	172.9	3.0%	1.7%	3.0%
United States (CPI-U)	Dec-03	184.3	184.5	180.9	1.9%	-0.1%	2.3%

Notes: (1) The average or cumulative figure year to date vs. the same total one year ago. (2) Not adjusted for inflation. (3) Milwaukee County only. (4) Percentage point change.

Figures are not seasonally adjusted except where indicated (SA).

Metro area includes Milwaukee, Ozaukee, Washington & Waukesha counties except where indicated.

Sources: Wisconsin Dept. of Workforce Development, Multiple Listing Service, Milwaukee County Register of Deeds Office, Mitchell International Airport, Wisconsin Dept. of Transportation, F. W. Dodge, and U.S. Dept. of Labor.