



NEWS RELEASE

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MMAC Business Outlook Survey Third Quarter, 2021

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MILWAUKEE – Milwaukee area employers expressed increasing confidence in future growth prospects for the metro area economy, according to a new business outlook survey conducted by the Metropolitan Milwaukee Association of Commerce (MMAC.) The survey of Milwaukee-area businesses show strong and improving expectations toward third-quarter sales, profit and employment levels.

“Growth expectations continue to build among metro area businesses as Milwaukee pushes toward a fuller recovery from the COVID-19 recession,” said Bret Mayborne, the MMAC’s economic research director. “From a historical perspective businesses have a high degree of confidence in future sales, profit and jobs gains. In addition, employer optimism has been building momentum over the course of 2021’s first three quarters.”

Quarterly sales expectations continued upward for 2021’s third quarter. Eighty-one percent of businesses surveyed expect real sales increases in 2021’s third quarter (vs. year-ago levels) up from the 40% and 76% who predicted year-over-year gains in the first and second quarters respectively. Currently only 3% see sales declines while 16% see no change.

Profit expectations were similarly optimistic. Among surveyed companies, 79% expect third-quarter profit increases vs. year-ago levels compared to the 70% who forecast profit gains in the

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MMAC/Business Outlook Survey – Page 2

year's second quarter. Currently only 3% of companies see third-quarter profit decreases (vs. 2021's third quarter) while 18% see no change.

The current employment picture reflects a recovery in progress. Jobs continue to be added at a steady but modest rate. Over 2021 first six months job increases have ranged from 1,000 to 2,600 per month. In total the metro area has recovered 66,200 jobs since the initial COVID-19 loss of 112,400, or 59%.

The positive job trend will likely continue into the third quarter. Sixty-eight percent of businesses surveyed project third-quarter job increases while only 6% forecast declines. Twenty-six percent see no change. Survey results mark an upward shift from earlier expectations. In the second quarter of 2021, 55% of those surveyed expected employment increases.

Differences between manufacturers and non-manufacturers on third-quarter job prospects were small. By size, large (100 or more employees) employers were significantly more likely to see third-quarter job increases than small employers (87% see increases for large employers vs. 58% for small employers.)

Employers see upward pressure on future wage and salary levels. Per-employee wages and salaries are expected to increase at an average rate of 4.3% over the next twelve months, up from the 2.9% annual increase forecast six months ago.

Calendar Year 2021 Expectations

Sales expectations for 2021 as a whole closely match those for the third-quarter. The largest percentage of companies (88%) project calendar year real sales increases in 2021 (vs. 2020 levels) while 4% expect sales declines. The percentage seeing increases is up from the 70% who started 2021 expecting annual sales gains.

Profit level expectations also bumped upward. With six months under their belts, 82% of businesses currently predict profit increases in 2021. This compares to the 63% who opened 2021 with such expectations. Currently only 4% see profit declines for the year while the remaining 13% predict no change.

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MMAC/Business Outlook Survey – Page 3

Regarding jobs, 68% of those surveyed see employment increases in their local operations for 2021 as a whole. Conversely, only 4% forecast an annual job decrease. The remaining 28% see no change in 2021 job levels (over 2020). The year opened with a majority of businesses (51%) seeing job growth for the full year.

Capital spending plans pointed upward. Companies seeing capital spending increases (67%) in 2021 outnumber those predicting decreases (6%) by over a ten to one margin. Twenty-eight percent see no change in capital spending plans. Those currently expecting 2021 increases rank significantly higher than the percentage who forecast such gains at the beginning of 2021 when 36% saw gains.

The national consumer price index (CPI-U) has risen over 2020's first half, going from 1.4% in January to June's 5.4%. Milwaukee area businesses see higher price inflation continuing for 2021 as a whole. Currently, a majority of those surveyed (51%) expect annual inflation of 3% to 5% while an additional 19% see increases of 6% or higher. At 2021's start a majority of businesses surveyed (52%) saw inflation in the 2% or less range.

COVID-19 related questions

Over the past three months it appears progress has been made in the vaccination levels of employees. Currently 39% of businesses estimated that more than 75% of their employees had been vaccinated. Additionally, 17% of those surveyed saw rates between 51% and 75%. This compares to the 20% and 20% of employers that reported such rates three months ago. On the lower end of the scale presently only 4% of companies see vaccination rates among employees at 25% or lower. This compares to the 19% of employers who saw low rates three months ago. One caveat on these percentages – one quarter of businesses surveyed for the third quarter were unsure of employee vaccination status due to personal privacy concerns.

Among reasons expressed by businesses on why employees say they are not getting vaccinated, the safety or potential side effects of the vaccine were mentioned most often, followed by seeing a low risk of getting COVID-19 overall or low for their age category.

Employer expectations toward third quarter remote work options is varied. The greatest number of employers (33%) see a hybrid of work at home and work in the office. Nearly an equal percentage (30%) reported that remote work options would vary by role. Twenty-nine percent

MMAC/Business Outlook Survey – Page 4

indicated that there are few or no remote work options available while 8% indicated having fully or mostly remote situations.

The Business Outlook Survey, conducted by the MMAC, contains responses from 69 Milwaukee area firms.

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Statistical table attached.

MMAC's Third-Quarter 2021 Business Outlook Survey*

	Firms Expecting a:	Employers by Size		Employers by Industry		TOTAL
		Large	Small (1)	Manuf.	Non-Manuf.	
2021 Forecast						
Change in the dollar volume of Sales (net of inflationary effects) expected by 69 Milwaukee area firms for the entire year of 2021 vs. the entire year of 2020:	RISE :	91%	87%	91%	87%	88%
	DECLINE :	4%	4%	0%	6%	4%
	NO CHANGE :	4%	9%	9%	6%	7%
Change in dollar volume of Profits expected by 67 Milwaukee area firms for the entire year of 2021 vs. the entire year of 2020:	RISE :	91%	78%	86%	80%	82%
	DECLINE :	5%	4%	5%	4%	4%
	NO CHANGE :	5%	18%	9%	16%	13%
Change in the dollar volume of Capital Expenditures expected by 69 Milwaukee area firms for the entire year of 2021 vs. the entire year of 2020:	RISE :	70%	65%	55%	72%	67%
	DECLINE :	17%	0%	14%	2%	6%
	NO CHANGE :	13%	35%	32%	26%	28%
Rate of Inflation expected to affect 69 Milwaukee area operations for the entire year of 2021:	DEFLATION	0%	0%	0%	0%	0%
	0-2% INFLATION :	39%	26%	18%	36%	30%
	3-5% INFLATION :	43%	54%	59%	47%	51%
	6-9% INFLATION :	9%	11%	9%	11%	10%
	10% or more :	9%	9%	14%	6%	9%
Change in the level of Total Employment expected by 69 Milwaukee area firms for the entire year of 2021 vs. 2020:	RISE :	83%	61%	64%	70%	68%
	DECLINE :	0%	7%	9%	2%	4%
	NO CHANGE :	17%	33%	27%	28%	28%
2021 Third Quarter (Compared to Previous Quarter)						
Change in dollar volume of Sales (net of inflationary effects) expected by 69 Milwaukee area firms for 3rd quarter 2021 vs. 2nd quarter 2021:	RISE :	87%	70%	77%	74%	75%
	DECLINE :	4%	4%	0%	6%	4%
	NO CHANGE :	9%	26%	23%	19%	20%
2021 Third Quarter (Compared to Same Quarter One Year Ago)						
Change in dollar volume of Sales (net of inflationary effects) expected by 69 Milwaukee area firms for the 3rd quarter 2021 vs. 3rd quarter 2020:	RISE :	91%	76%	82%	81%	81%
	DECLINE:	0%	4%	5%	2%	3%
	NO CHANGE :	9%	20%	14%	17%	16%
Change in the dollar volume of Profits expected by 68 Milwaukee firms for the 3rd quarter 2021 vs. 3rd quarter of 2020:	RISE :	83%	78%	82%	78%	79%
	DECLINE :	4%	2%	0%	4%	3%
	NO CHANGE :	13%	20%	18%	17%	18%
Change in the level of Total Employment expected by 68 Milwaukee area firms for the 3rd quarter 2021 vs. 3rd quarter 2020:	RISE :	87%	58%	68%	67%	68%
	DECLINE :	0%	9%	5%	7%	6%
	NO CHANGE :	13%	33%	27%	26%	26%
Change in the per person, employee Wages & Salaries expected in the next 12 months:	AVERAGE :	4.3%	4.4%	3.6%	4.7%	4.3%

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	Firms Expecting a:	Employers by Size		Employers by Industry		TOTAL
		Large	Small (1)	Manuf.	Non-Manuf.	
Additional Questions Related to the COVID-19 Crisis						
What percentage of your work force is vaccinated?	0-10%	0%	0%	0%	0%	0%
	11-25%	0%	7%	0%	6%	4%
	26-50%	26%	9%	23%	11%	14%
	51-75%	26%	13%	23%	15%	17%
	More than 75%	9%	54%	14%	51%	39%
	Unsure	39%	17%	41%	17%	25%
How would you characterize remote work options for your employees?	Few/no remote options	9%	39%	41%	23%	29%
	Remote work options vary	45%	23%	32%	30%	30%
	Hybrid office/remote work	45%	27%	27%	36%	33%
	Fully/mostly remote	0%	11%	0%	11%	8%

* Percentages may not sum to 100 due to rounding.

(1) Employment of less than 100 people.

Note: Number of businesses reporting in sub-categories is small, thus differences between categories may not be meaningful
