



NEWS RELEASE

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MMAC Business Outlook Survey First-Quarter, 2024

Jan. 31, 2024 – A slow start for 2024 is indicated by survey results from the Metropolitan Milwaukee Association of Commerce’s (MMAC) first-quarter business outlook survey, matching the slow pace of growth in 2023’s final quarter. Expectations across metrics are generally lower than those expressed 12 months ago at 2023’s opening. Currently, 61% of local businesses see real sales increases in 2024, 61% forecast profit gains and 44% expect job growth in the new calendar year.

“In percentage terms, expectations are tepid for 2024’s first quarter but optimism polled higher for the year as a whole,” said Bret Mayborne, the MMAC Vice President - Economic Research. “That optimism provides hope for better growth dynamics as the year moves forward.”

Sales optimism among area businesses opens 2024 at a notably lower level than that expressed at this time last year. Sixty-one percent of businesses surveyed forecast higher real sales levels in 2024 versus the 70% who predicted annual gains at the beginning of 2023. Currently 7% of those surveyed predict 2024 sales declines while 31% see no change.

Manufacturers are more likely to see 2024 sales gains than non-manufacturers. Seventy-one percent of manufacturers see sales increases for the new year, while 13% see decreased sales levels. Conversely, slightly more than half (54%) of non-manufacturers predict sales gains while

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3% expect declines. By firm size, 75% of large employers (100 or more employees) see 2024 sales gains versus 47% among small employers.

The profit forecast by metro area businesses matched that for sales. Sixty-one percent of all employers surveyed see profit level increases in 2024. Ten percent see profit declines for the year and 29% expect no change. Those expecting profit growth in 2024 fell only marginally below the 63% who forecast 2023 profit gains one year ago.

Regarding capital spending plans, 43% of companies surveyed forecast a rise in capital expenditures for the year. Seventeen percent see capital spending declines and 40% expect no change. The percentage currently predicting increases is up from the 37% who opened 2023 expecting capital spending gains.

Slow growth marked much of 2023's job picture. Early estimates indicate employment rose 0.4% in 2023, down from the 2.2% gain posted in 2022. Survey results suggest mixed employment prospects for 2024. On the one hand, the largest percentage of those surveyed (47%) see no change in 2024 job levels. At the same time, businesses expecting job gains in their local workforces in 2024 outnumber those predicted declines by nearly a five-to-one margin (44% see increases versus 9% expecting declines). Optimism is down from levels expressed at the beginning of 2023 when over half (53%) of all surveyed saw employment gains for the year.

Manufacturers expressed a greater level of optimism than non-manufacturers on future job levels. Among manufacturers, over half (52%) see 2024 job gains, while only 3% expect declines and 45% see no change. For non-manufacturers, those seeing 2024 job gains (38%) rank higher than those expecting declines (13%) while nearly half of those surveyed expect no change (49%).

Slow job growth has taken the pressure off future wage and salary increases. At present the average change in per-person employee wages and salaries is forecast to rise 3.6% over the next 12 months, down from the 4.2% annualized increase predicted three months ago.

Inflationary pressures will largely be held in check for 2024. Twenty-one percent of companies surveyed see inflation falling in the 0% to 2% range while the largest percentage (69%) expect price increases of 3% to 5%. Only 9% predict price gains of 6% or higher.

First Quarter, 2024 Expectations

Survey results suggest a slow start to 2024. For 2024's first quarter, less than half (49%) of those surveyed expect first-quarter real sales gains (versus year-ago levels), 19% see sales declines, and 32% expect no change. Nonetheless, the current percentage predicting a quarterly sales increase is up marginally from the 47% who predicted fourth-quarter increases (vs. year-ago levels).

A quarter-to-quarter improvement was also expressed in profit expectations. Fifty-two percent of Milwaukee area businesses see higher profits for the first quarter (vs. year-ago levels), up from the 43% who forecast fourth-quarter, 2023 profit gains. Currently 25% predict profit declines while 23% see no change.

Quarterly employment expectations slipped from 2023's fourth quarter. Thirty-five percent of all businesses surveyed predict first-quarter, 2024 job gains for their local operations (versus 2023's first quarter), down from the 45% of companies which forecast year-over-year gains in 2023's fourth quarter. Nonetheless companies are still over twice as likely to forecast employment gains for 2024's first quarter as declines (16%). The largest percentage (49%) sees no change.

By firm size, large employers are more likely to see first-quarter job gains than small employers. Forty-three percent of companies with 100 or more employees see first-quarter job gains versus 26% for small employers. Manufacturers and non-manufacturers have similar first-quarter job expectations (with 35% and 34% seeing job gains respectively).

2024 Business Concerns

Businesses were asked to rank business concerns in 2024. Among the concerns listed, continuing economic growth and recovery ranked as the most concerning. This was followed by labor shortages, price inflation and supply chain issues. Concerns across industry and business size were fairly consistent.

The Business Outlook Survey, conducted by the MMAC, contains responses from 70 Milwaukee-area firms, both large and small, employing more than 18,000 people.

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Statistical table attached

MMAC's First-Quarter 2024 Business Outlook Survey*

	Firms expecting a:	By Size		By Industry		TOTAL
		Large	Small (1)	Mfg.	Non-mfg.	
2024 Forecast						
Change in the dollar volume of Sales (net of inflationary effects) expected by 70 Milwaukee area firms for the entire year of 2024 vs. the entire year of 2023:						
	RISE :	75%	47%	71%	54%	61%
	DECLINE :	6%	9%	13%	3%	7%
	NO CHANGE :	19%	44%	16%	44%	31%
Change in dollar volume of Profits expected by 70 Milwaukee area firms for the entire year of 2024 vs. the entire year of 2023:						
	RISE :	75%	47%	68%	56%	61%
	DECLINE :	8%	12%	13%	8%	10%
	NO CHANGE :	17%	41%	19%	36%	29%
Change in the dollar volume of Capital Expenditures expected by 70 Milwaukee area firms for the entire year of 2024 vs. the entire year of 2023:						
	RISE :	50%	35%	58%	31%	43%
	DECLINE :	11%	24%	23%	13%	17%
	NO CHANGE :	39%	41%	19%	56%	40%
Rate of Inflation expected to affect 70 Milwaukee area operations for the entire year of 2024:						
	DEFLATION	0%	3%	0%	3%	1%
	0-2% INFLATION :	19%	24%	19%	23%	21%
	3-5% INFLATION :	72%	65%	74%	64%	69%
	6-9% INFLATION :	8%	9%	6%	10%	9%
	10% or more :	0%	0%	0%	0%	0%
Change in the level of Total Employment expected by 68 Milwaukee area firms for the entire year of 2024 vs. 2023:						
	RISE :	50%	38%	52%	38%	44%
	DECLINE :	9%	9%	3%	13%	9%
	NO CHANGE :	41%	53%	45%	49%	47%
2024 First Quarter (Compared to Previous Quarter)						
Change in dollar volume of Sales (net of inflationary effects) expected by 68 Milwaukee area firms for 1st quarter 2024 vs. 4th quarter 2023:						
	RISE :	46%	42%	45%	43%	44%
	DECLINE :	29%	15%	29%	16%	22%
	NO CHANGE :	26%	42%	26%	41%	34%
2024 First 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 1st quarter 2024 vs. 1st quarter 2023:						
	RISE :	51%	47%	45%	53%	49%
	DECLINE:	14%	24%	23%	16%	19%
	NO CHANGE :	34%	29%	32%	32%	32%
Change in the dollar volume of Profits expected by 69 Milwaukee firms for the 1st quarter 2024 vs. 1st quarter of 2023:						
	RISE :	60%	44%	58%	47%	52%
	DECLINE :	23%	26%	29%	21%	25%
	NO CHANGE :	17%	29%	13%	32%	23%
Change in the level of Total Employment expected by 69 Milwaukee area firms for the 1st quarter 2024 vs. 1st quarter 2023:						
	RISE :	43%	26%	35%	34%	35%
	DECLINE :	20%	12%	16%	16%	16%
	NO CHANGE :	37%	62%	48%	50%	49%
Average change in the per person, employee Wages & Salaries expected in the next 12 months:						
	AVERAGE:	3.1%	4.0%	3.4%	3.7%	3.6%

MMAC's First-Quarter 2024 Business Outlook Survey*

Firms expecting a:		By Size		By Industry		TOTAL
		Large	Small (1)	Mfg.	Non-mfg.	
Business Concerns going into 2024						
Average ranking of concern level ranked 1 to 5. 1 being ranked most concerning, 5 being lowest ranked concern.	Continuing economic growth & recovery	1.42	2.24	1.60	1.97	1.81
	Labor shortages	2.86	2.69	2.81	2.76	2.78
	Price inflation	2.71	3.29	2.73	3.21	3.00
	Supply chain issues	3.61	4.24	3.23	4.44	3.91
	Healthcare costs	4.51	3.31	4.18	3.77	3.94
	Crime	5.17	4.91	5.27	4.87	5.04

* Percentages may not sum to 100 due to rounding.

(1) Employment of less than 100 persons.
