
Metro Milwaukee Business Outlook Survey Fourth-Quarter, 2021

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Milwaukee area businesses remain optimistic about future business activity in the metro area according to a new Business Outlook Survey conducted by the Metropolitan Milwaukee Association of Commerce (MMAC.) While expectations toward future growth have moderated somewhat in comparison to our previous survey, expectations on fourth-quarter sales, profit and employment levels continue at healthy levels.

“Businesses remain optimistic about near-term growth, with more than three-quarters of the business leaders we surveyed expecting year-over-year real sales growth,” said Bret Mayborne, the MMAC’s economic research director. “The overall level of optimism is down somewhat from our third quarter survey, but still remain at historically healthy levels. And it’s important to note that part of the drop in expectations is likely due to the year-over-year nature of the questions we ask. Results for this edition of our survey are no longer relative to the extreme effects of the initial pandemic downturn, as they would have been in our surveys earlier this year. Positive expectations have normalized and moderated a bit.”

Fourth quarter expectations

Seventy-six percent of employers surveyed expect fourth-quarter real sales gains (vs. 2020’s fourth quarter). This percentage is down from the 81% who forecast third-quarter year-over-year growth. Nonetheless the current level of optimism ranks above the 68% of employers who on average see growth in a typical economic expansion. Currently only 10% of businesses see decreases in fourth-quarter sales levels while 14% see no change.

Profit expectations showed a similar pattern. Companies projecting fourth-quarter profit increases outnumber those projecting declines by more than a three-to-one margin (67% see increases vs. 19% declines.) Fourteen percent see no change. Current expectations rank below the 79% that expressed third-quarter profit increases.

The employment situation in metro Milwaukee has shown steady, albeit slow, employment growth throughout the year. Seasonally adjusted nonfarm employment levels have grown in each of the year’s first eight months (latest available) pushing jobs recovered since the initial COVID-19 downturn to 76,500 jobs or 68% of the initial loss (112,400 jobs). Employment in selected major industry sectors – manufacturing, trade, transportation & utilities, and business & professional services – are very near fully recovered.

Local businesses see continuing progress in future employment levels. Overall, 49% of those surveyed see job increases in the fourth quarter (vs. 2020’s fourth quarter), outnumbering those expecting declines (14%) by over a three-to-one margin. Thirty-seven percent of respondents see no change in fourth-quarter job levels. Current expectations rank below the optimism expressed toward 2021’s third quarter when 68% saw year-over-year employment gains but remain higher than historical averages.

By size and industry, job expectations are well balanced. The percentage of non-manufacturers seeing fourth-quarter job gains (vs. one year ago) rank modestly higher than for manufacturers: 50% vs. 47% respectively. Similarly small employers (less than 100 employees) see future job increases (50%) at about the same rate as large employers (48%).

Consumer price inflation nationally rose from an average of 1.9% in 2021's first quarter to 5.4% in the year's third quarter. Survey results suggest that inflation will remain a concern. Employers see payroll costs on the rise. Wages and salaries are projected to grow at an annualized pace of 5.6% in the fourth quarter up from the 4.3% forecast in 2021's third quarter.

Calendar year expectations

For the calendar year, most metro area businesses forecast real sales gains for 2021 as a whole. Seventy-six percent of those surveyed see sales increases for calendar year 2021 while only 9% expect declines. The remaining 16% project no change. Optimism grew a bit as the year moved forward. The percentage seeing gains now is higher than the 70% who predicted calendar year increases at the beginning of 2021.

COVID-19 related questions

Regarding COVID-19 vaccination policies, a strong majority of business (86%) surveyed indicated that their businesses did not require employees to be vaccinated. Thirteen percent said that they did require vaccination for their employees.

A close split was expressed towards the Biden administration's plan to require employees of larger companies (100 or more employees) to either be vaccinated or test regularly for COVID-19. Overall, 41% of those surveyed approved of the plan (24% strongly approve) while 49% disapproved (35% strongly disapprove). Ten percent expressed being neutral.

The Business Outlook Survey was conducted by the MMAC in September and contains responses from 71 Milwaukee-area firms, both large and small.

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MMAC's Fourth-Quarter 2021 Business Outlook Survey*

Firms expecting a:	By Size		By Industry		TOTAL	
	Large	Small (1)	Mfg.	Non-mfg.		
2021 Forecast						
Change in the dollar volume of Sales (net of inflationary effects) expected by 70 Milwaukee area firms for the entire year of 2021 vs. the entire year of 2020:	RISE :	71%	79%	67%	78%	76%
	DECLINE :	11%	7%	7%	9%	9%
	NO CHANGE :	18%	14%	27%	13%	16%
2021 Fourth Quarter (Compared to Previous Quarter)						
Change in dollar volume of Sales (net of inflationary effects) expected by 71 Milwaukee area firms for 4th quarter 2021 vs. 3rd quarter 2021:	RISE :	52%	60%	47%	59%	56%
	DECLINE :	10%	12%	20%	9%	11%
	NO CHANGE :	38%	29%	33%	32%	32%
2021 Fourth Quarter (Compared to Same Quarter One Year Ago)						
Change in dollar volume of Sales (net of inflationary effects) expected by 70 Milwaukee area firms for the 4th quarter 2021 vs. 4th quarter 2020:	RISE :	72%	78%	73%	76%	76%
	DECLINE:	10%	10%	13%	9%	10%
	NO CHANGE :	17%	12%	13%	15%	14%
Change in the dollar volume of Profits expected by 70 Milwaukee firms for the 4th quarter 2021 vs. 4th quarter of 2020:	RISE :	62%	71%	57%	70%	67%
	DECLINE :	31%	10%	36%	14%	19%
	NO CHANGE :	7%	20%	7%	16%	14%
Change in the level of Total Employment expected by 71 Milwaukee area firms for the 4th quarter 2021 vs. 4th quarter 2020:	RISE :	48%	50%	47%	50%	49%
	DECLINE :	24%	7%	27%	11%	14%
	NO CHANGE :	28%	43%	27%	39%	37%
Average change in the per person, employee Wages & Salaries expected in the next 12 months:	AVERAGE:	4.8%	6.2%	4.5%	5.9%	5.6%
Additional Questions Related to the COVID-19 Crisis						
Do you currently require your employees to be vaccinated for COVID-19?	Yes	3%	19%	0%	16%	13%
	No	97%	79%	93%	84%	86%
	Unsure	0%	2%	7%	0%	1%
What is your opinion of the Biden administration's plan to require businesses of more than 100 employees to require their employees to get vaccinated or tested regularly for COVID-19?	Strongly approve	14%	31%	0%	30%	24%
	Somewhat approve	17%	17%	33%	13%	17%
	Neutral	7%	12%	13%	9%	10%
	Somewhat disapprove	21%	10%	13%	14%	14%
	Strongly disapprove	41%	31%	40%	34%	35%

* 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