

WISCONSIN
EMPLOYER SURVEY

SUMMER 2022

ECONOMY

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EXECUTIVE SUMMARY:

71% of Wisconsin Businesses Expect a Recession in Next 12 Months

A new survey of Wisconsin businesses found that economic optimism is quickly waning, driving fears of an upcoming recession. According to the *Wisconsin Employer Survey*, 71 percent of businesses believe that the state's economy will enter a recession within the next 12 months. Four in 10 of those surveyed expect a recession before the end of the year.

Wisconsin Manufacturers & Commerce (WMC) – the combined state chamber and manufacturers' association – conducted the survey over the last three weeks of June on a variety of topics. On Wednesday, WMC released data focused specifically on the economy.

"Businesses continue to be hit hard by ever-increasing costs and perpetual supply chain challenges," said WMC President & CEO Kurt R. Bauer. "These issues are driving Wisconsin employers to be deeply concerned about the prospect of a slowing economy."

When asked to rate the Wisconsin economy, 44 percent of respondents said it was strong – a 14 point drop from one year ago. Forty-seven percent rated the state's economy as moderate and nine percent said it was weak. The national economy fared even worse. Only 26 percent of employers believe the U.S. economy is strong, while half rate it as moderate and 27 percent say it is weak.

Looking forward, businesses are pessimistic about the economy. A year ago, 84 percent of Wisconsin employers said the state economy would grow. That number dropped to 65 percent in the Winter 2022 survey, and it sits at just 45 percent today. In fact, a majority – 55 percent – believe Wisconsin's economy will remain flat or decline over the next six months.

According to the survey, Wisconsin businesses are even more concerned about the national economy. Three in 10 companies believe the U.S. economy will grow over the next six months, and a plurality – 39 percent – think it will decline. Just six months ago, only 12 percent of Wisconsin employers thought the national economy would contract.

Inflation looks to be speeding up, as well, according to the *Employer Survey*. Two-thirds of Wisconsin businesses have seen their costs go up by more than 10 percent in the last six months. That is 20 points higher than just six months ago when less than half had seen double-digit price hikes.

"Unfortunately, prices are increasing faster now than they were just six months ago," added Bauer. "With businesses paying even more, consumers are next up to be hit with these higher costs."

The survey also found that roughly half of businesses have seen energy costs go up by more than 10 percent and a third have seen health care costs go up by the same amount. When asked when inflation could be back under control, six in 10 businesses said it would not be until 2024 or later. Fifty-four percent predicted it would take just as long to fix the current supply chain issues plaguing the economy.

About the Wisconsin Employer Survey

The *Wisconsin Employer Survey* is conducted twice a year by WMC. The assessment provides a snapshot of where Wisconsin's employers stand on a number of important issues and outlines their economic outlook for both Wisconsin and the United States. For the Summer 2022 edition, WMC surveyed 216 employers that make up a representative sample of its membership. Businesses of all sizes, industries and geographic locations in Wisconsin participated.

How would you rate the current Wisconsin economy?

44%
STRONG

47%
MODERATE

9%
WEAK

VERY STRONG 4%
STRONG 40%

MODERATE 47%

VERY WEAK 0%
WEAK 9%



How would you rate the current U.S. economy?

26%
STRONG

47%
MODERATE

27%
WEAK

VERY STRONG 2%
STRONG 24%

MODERATE 47%

VERY WEAK 5%
WEAK 22%

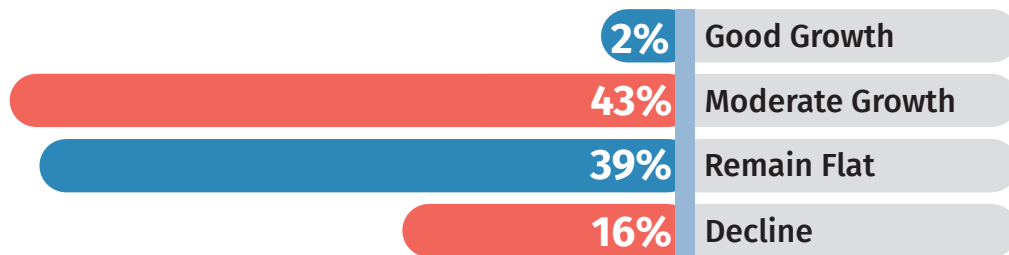
* Totals may not add up to 100% due to rounding.

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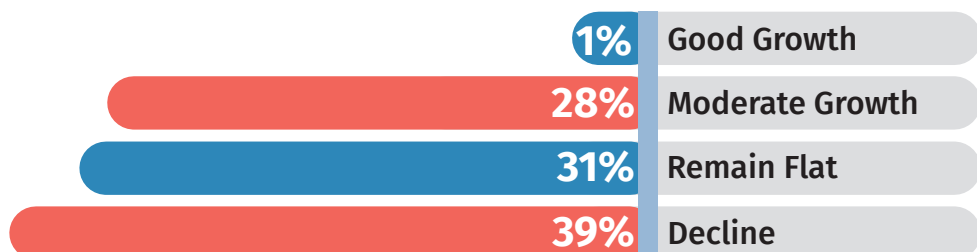
How will the **Wisconsin economy**
perform over the next 6 months?

How Will Wisconsin Economy Perform?



How will the **U.S. economy**
perform over the next 6 months?

How Will U.S. Economy Perform?



How much has **inflation increased** your costs to do business in the last year?

10% OR LESS

34%

OVER 10%

67%

NO CHANGE	0%	11 TO 20% INCREASE	42%
1 TO 5% INCREASE	4%	21 TO 30% INCREASE	17%
6 TO 10% INCREASE	30%	OVER 30% INCREASE	8%

How much have your company's **energy costs** increased in the last year?

10% OR LESS

54%

OVER 10%

46%

NO CHANGE	2%	11 TO 20% INCREASE	25%
1 TO 5% INCREASE	11%	21 TO 30% INCREASE	10%
6 TO 10% INCREASE	41%	OVER 30% INCREASE	11%

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How much have your company's **health care costs** increased in the last year?

10% OR LESS

64%

OVER 10%

35%

NO CHANGE	4%	11 TO 20% INCREASE	27%
1 TO 5% INCREASE	15%	21 TO 30% INCREASE	6%
6 TO 10% INCREASE	45%	OVER 30% INCREASE	2%

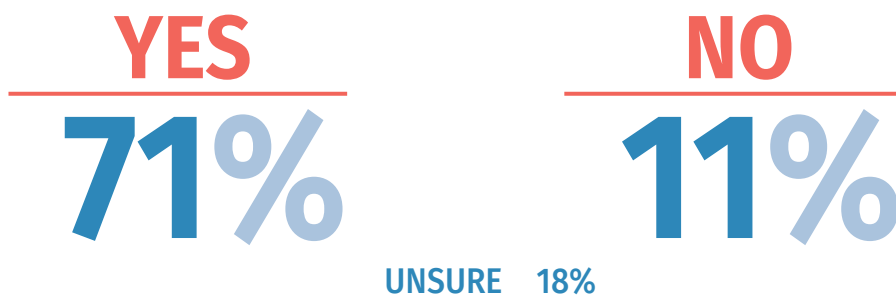
When do you expect **inflation** to return back to normal?

BY THE END OF THE YEAR	1%
FIRST HALF OF 2023	7%
SECOND HALF OF 2023	24%
2024 OR LATER	59%
UNSURE	9%

When do you expect the **supply chain** to return back to normal?

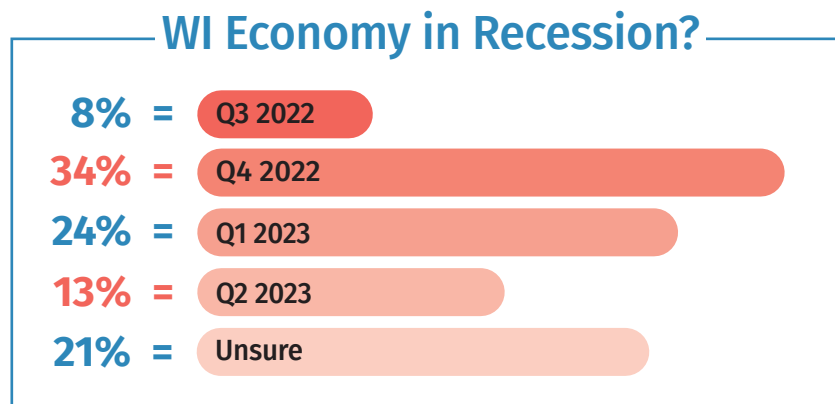
BY THE END OF THE YEAR	2%
FIRST HALF OF 2023	12%
SECOND HALF OF 2023	23%
2024 OR LATER	54%
UNSURE	9%

Do you expect the **Wisconsin economy** to enter a **recession** within the next year?



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If yes, when do you expect the
Wisconsin economy to be in a **recession?**



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