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# Metro Milwaukee Business Outlook Survey First-Quarter, 2012

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## Metro Milwaukee Business Outlook Survey, First-Quarter, 2012

**Milwaukee area businesses see continued growth in 2012, according to a Business Outlook Survey conducted by the Metropolitan Milwaukee Association of Commerce (MMAC). Seventy-three percent of businesses surveyed see sales increases in 2012, 68% forecast profit gains and over half expect job growth in the calendar year.**

**“Milwaukee’s economy posted solid gains in 2011 across a number of local indicators in its first full year of economic recovery from the Great Recession,” said Bret Mayborne, MMAC’s economic research director. “The results from this survey suggest that metro area businesses see more of the same in 2012. The key to success for the new year will be whether this growth can be sustained at a pace that will substantially cut into the unemployment rate.”**

Optimism toward 2012 closely matches expectations expressed one year ago toward calendar year 2011. Nearly three-quarters (73%) of businesses surveyed forecast higher real sales levels in 2012 – only slightly lower than the 76% who predicted annual gains at the beginning of 2011. Currently only 9% of those surveyed predict 2012 sales declines while 18% see no change.

Manufacturers are more likely to see 2012 sales gains than non-manufacturers. Eighty-three percent of manufacturers see sales increases for the New Year, while only 2% see decreased sales levels. Conversely, two-thirds (66%) of non-manufacturers predict sales gains while 14% expect declines. Expectations were more balanced by firm size. Seventy-four percent of small employers (less than 100 employees) see 2012 sales gains vs. 72% among large employers.

A healthy profit picture is also forecast by metro area businesses. Sixty-eight percent of all employers surveyed see profit level increases in 2012. Thirteen percent see profit declines for the year and 19% expect no change. Those expecting profit growth in 2012 closely match the 67% who forecast 2011 profit gains one year ago.

Regarding capital spending plans, 44% of companies surveyed forecast a rise in capital expenditures for the year. Seventeen percent see capital spending declines and 39% expect no change. The percentage currently predicting increases is down modestly from the 46% who opened 2011 expecting capital spending gains.

Consistent job gains were re-established in 2011 in the metro area, with employment rising vs. year-ago levels for 17 consecutive months through November, 2011 (latest available). Over the past twelve months the metro area has posted a net addition of 5,500 jobs. Survey results suggest that increases are likely to continue into 2012. Fifty-four percent of all businesses surveyed expect job gains in their local workforces in 2012, outnumbering those predicting declines (10%) by over a five-to-one margin. Thirty-six percent see no change.

The trend within the manufacturing sector was particularly strong. Seventy-four percent of manufacturers predict job growth in calendar year 2012. Remarkably, none (0%) of the manufacturers surveyed see employment decreases in the coming year. For non-manufacturers, 41% predict job growth while 16% see declines.

Despite the healthy job forecast, wage and salary increases are expected to remain moderate. Presently the average change in per person employee wages and salaries is forecast to rise 2.2% over the next 12 months, down from the 2.4% annualized increase predicted three months ago but matching the rise forecast at the beginning of 2011.

Inflationary pressures will largely be held in check for 2012. Thirty-five percent of companies surveyed see inflation falling in the 0% to 2% range while the largest percentage (61%) expect price increases of 3% to 5%. Only 4% see price gains of 6% or higher.

#### First Quarter, 2012 Expectations

Sales expectations for 2012's first quarter rebounded from 2011's final quarter. Seventy-two percent of those surveyed expect first-quarter sales gains (vs. 2011's first quarter), 13% see sales declines, and 16% expect no change. The current percentage predicting a quarterly sales increase is up from the 64% who forecast fourth-quarter, 2011 sales gains (vs. 2010's fourth quarter) three months ago.

Profit optimism rose modestly in 2012's first quarter. Sixty-three percent of Milwaukee area businesses see higher profits for the quarter (vs. year-ago levels), up from the 59% who forecast fourth-quarter, 2011 profit gains. Currently only 16% predict profit declines while 22% see no change.

Quarterly employment expectations have slipped slightly in each of the past two quarters. Forty-nine percent of all businesses surveyed predict first-quarter, 2012 job gains for their local operations (vs. 2011's first quarter), down from the 57% and 53% of companies which forecast year-over-year gains in 2011's third and fourth quarters respectively. Nonetheless companies are still over four times more likely to forecast employment gains for 2012's first quarter than declines (12%). Thirty-nine percent see no change.

Manufacturers expressed the greatest likelihood of expanding job levels. Sixty-seven percent of manufacturers surveyed expect higher employment totals in 2012's first quarter (vs. one-year ago), higher than the 38% of non-manufacturers who expect such gains.

The Business Outlook Survey, conducted by the MMAC, contains responses from 134 Milwaukee area firms, both large and small, employing more than 58,800 people.

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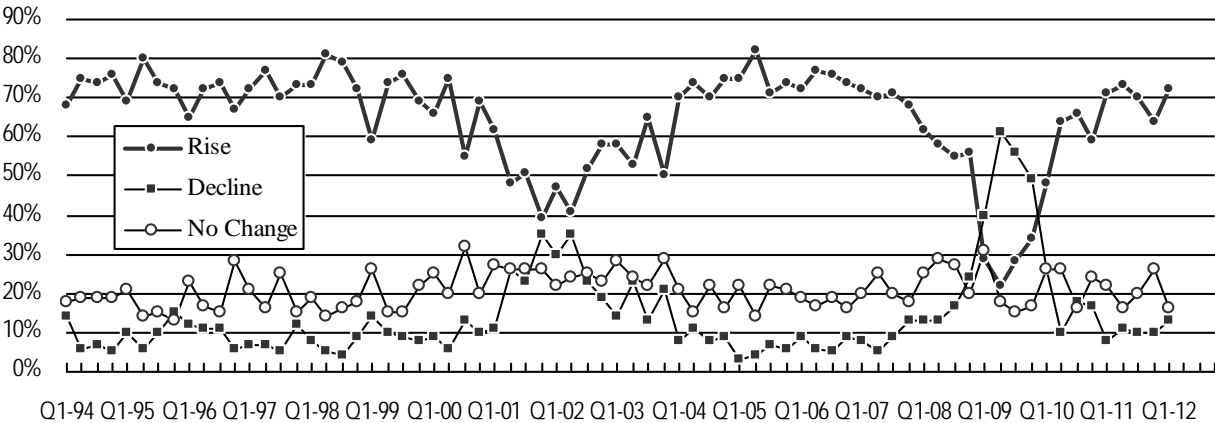
## MMAC's First-Quarter 2012 Business Outlook Survey\*

	Firms Expecting a:	Employers by Size		Employers by Industry		TOTAL
		Large	Small (1)	Manuf.	Non-Manuf.	
<b>2012 Forecast</b>						
Change in the dollar volume of <b>Sales</b> (net of inflationary effects) expected by 134 Milwaukee area firms for the entire year of 2012 vs. the entire year of 2011	RISE :	44 (72%)	54 (74%)	45 (83%)	53 (66%)	98 (73%)
	DECLINE :	6 (10%)	6 (8%)	1 (2%)	11 (14%)	12 (9%)
	NO CHANGE :	11 (18%)	13 (18%)	8 (15%)	16 (20%)	24 (18%)
Change in dollar volume of <b>Profits</b> expected by 134 Milwaukee area firms for the entire year of 2012 vs. the entire year of 2011:	RISE :	41 (67%)	50 (68%)	39 (72%)	52 (65%)	91 (68%)
	DECLINE :	8 (13%)	9 (12%)	4 (7%)	13 (16%)	17 (13%)
	NO CHANGE :	12 (20%)	14 (19%)	11 (20%)	15 (19%)	26 (19%)
Change in the dollar volume of <b>Capital Expenditures</b> expected by 133 Milwaukee area firms for the entire year of 2012 vs. the entire year of 2011:	RISE :	26 (43%)	33 (45%)	26 (48%)	33 (42%)	59 (44%)
	DECLINE :	9 (15%)	13 (18%)	7 (13%)	15 (19%)	22 (17%)
	NO CHANGE :	25 (42%)	27 (37%)	21 (39%)	31 (39%)	52 (39%)
Rate of <b>Inflation</b> expected to affect 132 Milwaukee area operations for the entire year of 2012:	0-2% INFLATION :	20 (33%)	26 (37%)	17 (32%)	29 (37%)	46 (35%)
	3-5% INFLATION :	40 (66%)	41 (58%)	35 (66%)	46 (58%)	81 (61%)
	6-9% INFLATION :	1 (2%)	2 (3%)	0 (0%)	3 (4%)	3 (2%)
	10% or more :	0 (0%)	2 (3%)	1 (2%)	1 (1%)	2 (2%)
Change in the level of <b>Total Employment</b> expected by 134 Milwaukee area firms for the entire year of 2012 vs. 2011:	RISE :	33 (54%)	40 (55%)	40 (74%)	33 (41%)	73 (54%)
	DECLINE :	9 (15%)	4 (5%)	0 (0%)	13 (16%)	13 (10%)
	NO CHANGE :	19 (31%)	29 (40%)	14 (26%)	34 (43%)	48 (36%)
<b>2012 First Quarter (Compared to Previous Quarter)</b>						
Change in dollar volume of <b>Sales</b> (net of inflationary effects) expected by 134 Milwaukee area firms for 1st quarter 2012 vs. 4th quarter 2011:	RISE :	30 (49%)	36 (49%)	32 (59%)	34 (43%)	66 (49%)
	DECLINE :	11 (18%)	14 (19%)	7 (13%)	18 (23%)	25 (19%)
	NO CHANGE :	20 (33%)	23 (32%)	15 (28%)	28 (35%)	43 (32%)
<b>2012 First Quarter (Compared to Same Quarter One Year Ago)</b>						
Change in dollar volume of <b>Sales</b> (net of inflationary effects) expected by 134 Milwaukee area firms for the 1st quarter 2012 vs. 1st quarter 2011:	RISE :	39 (64%)	57 (78%)	44 (81%)	52 (65%)	96 (72%)
	DECLINE :	8 (13%)	9 (12%)	4 (7%)	13 (16%)	17 (13%)
	NO CHANGE :	14 (23%)	7 (10%)	6 (11%)	15 (19%)	21 (16%)
Change in the dollar volume of <b>Profits</b> expected by 134 Milwaukee area firms for the 1st quarter 2012 vs. 1st quarter of 2011:	RISE :	32 (52%)	52 (71%)	38 (70%)	46 (58%)	84 (63%)
	DECLINE :	14 (23%)	7 (10%)	8 (15%)	13 (16%)	21 (16%)
	NO CHANGE :	15 (25%)	14 (19%)	8 (15%)	21 (26%)	29 (22%)
Change in the level of <b>Total Employment</b> expected by 134 Milwaukee area firms for the 1st quarter 2012 vs. 1st quarter 2011:	RISE :	28 (46%)	38 (52%)	36 (67%)	30 (38%)	66 (49%)
	DECLINE :	10 (16%)	6 (8%)	2 (4%)	14 (18%)	16 (12%)
	NO CHANGE :	23 (38%)	29 (40%)	16 (30%)	36 (45%)	52 (39%)
Average change in the per person, employee <b>Wages &amp; Salaries</b> expected in the next 12 months:	AVERAGE :	2.1%	2.3%	2.6%	1.9%	2.2%

\* Percentages may not sum to 100 due to rounding.  
(1) Employment of less than 100 people.

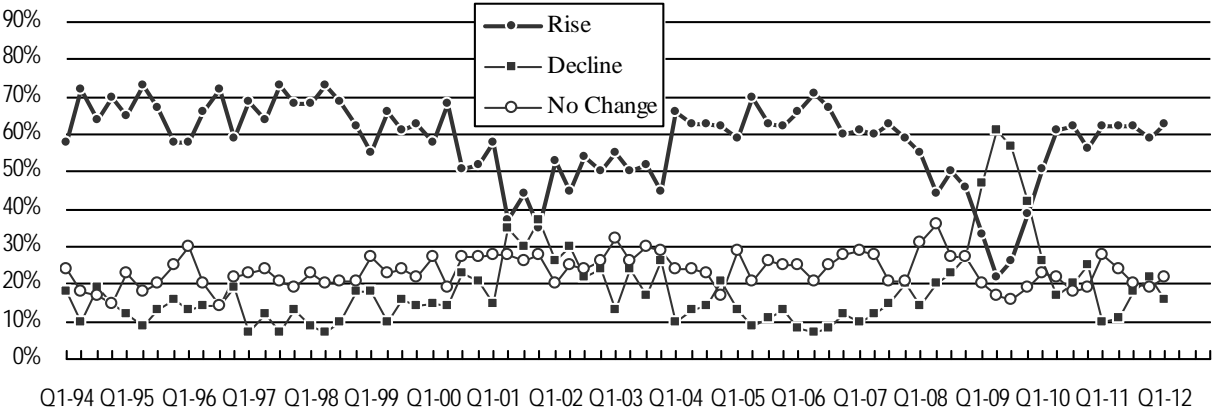
Quarterly Real Sales Expectations - Metro Milwaukee

(% of businesses expecting rise, decline or no chg. from same quarter one year ago)



Quarterly Real Profit Expectations - Metro Milwaukee

(% of businesses expecting rise, decline or no chg. from same quarter one year ago)



Quarterly Employment Expectations - Metro Milwaukee

(% of businesses expecting rise, decline or no chg. from same quarter one year ago)

