

Economic Development Resources from November 2012

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[2013 WEDA Governor's Conference on Economic Development Information.](#) **February 6 - 8, 2013.**

The Wisconsin Economic Development Association (WEDA) in partnership with Wisconsin Economic Development Corporation (WEDC) is pleased to offer four training opportunities from the International Economic Development Council (IEDC) and two from the National Development Council (NDC) in the state of Wisconsin over the next nine months:

- December 3-7, 2012 - NDC's Economic Development Finance 101
- March 21-22, 2013 - IEDC's Business Retention and Expansion
- April 2013 (exact dates TBD) - NDC's Economic Development Finance 201
- May 16-17, 2013 - IEDC's Real Estate Development & Reuse
- July 18-19, 2013 - IEDC's Workforce Development
- August 15-16, 2013 - IEDC's Economic Development Strategic Planning

['Money's Not Everything: Surprise City Poll Results'](#). To draw both investment and talented individuals — demonstrably the base of strong economies in today's globalizing world — cities might focus more intensely on the qualities that most prominently build residents' attachment to their communities. That's the key finding emerging from three successive years of polling in which the Gallup organization has queried close to 43,000 people on commission from the John S. and James L. Knight Foundation (available at www.soulofthecommunity.org).

Notably, the usual suspects — jobs, the economy, safety — don't register as the top drivers of higher attachment. Rather, the surveys indicated that loyalty to and passion for cities is most powerfully formed by "soft" factors. But the significant "takeaway" of the survey is "to design interventions to increase residents' attachment to the place

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they live" — regardless of the city's size or current complexion — notes Paula Ellis, the Knight Foundation's vice president for strategic initiatives.

"Walker outlines plan to create jobs, strengthen economy," Marshfield News-Herald, Nov. 29. Walker said his priorities for the next budget include job creation, workforce development, transforming education, reforming government and investing in infrastructure...

Wisconsin exports on pace to break state record

"UW-Milwaukee is first campus with flexible degree programs," Associated Press, Nov. 28. The Milwaukee campus will become the first school in the UW System to offer a so-called flexible degree, in which students will be able to earn college credit for knowledge already gained through work or life experience...

"More visas for entrepreneurs," Editorial, Wisconsin State Journal, Nov. 28. America needs more workers with expertise in science and math. America needs more entrepreneurs with innovative ideas to start businesses and create jobs here.

"Five southeastern Wisconsin universities partner to support startups," Business Journal of Milwaukee, Nov. 27. Five area universities have been awarded a federal grant to form a statewide university center to support entrepreneurs and startup businesses, helping commercialize their ideas and products.

"UW-Whitewater chamber hopes to encourage business growth," Walworth County Today, Nov. 20. The chamber is a collaboration between the university's Collegiate Entrepreneurs' Organization (CEO) and Whitewater Student Government. It will work to encourage students to start their own businesses while creating a campuswide culture where students are encouraged to take business risks...

Early stage program helps 50 companies leverage \$44 million investment - Wisconsin - Wisconsin's Qualified New Business Venture (QNBV) program helped 50 early-stage companies leverage more than \$44 million in outside investment in 2011, according to a report released by the Wisconsin Economic Development Corporation (WEDC).

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State gets SBA export grant - Wisconsin - 11/15/2012. The Wisconsin Economic Development Corp. has been awarded a \$661,087... to help state companies find customers in developing markets like China, India, South America and the Middle East.

Growth or Equality: Two Competing Visions for America's Future. [Closing the wealth gap](#) could open the way to a fairer, more prosperous economy.

"UW-Madison invites public to Green Lake panel on poverty," Oshkosh Northwestern, Nov. 7. The Wisconsin Idea Scholars Program is hosting a panel discussion in Green Lake about poverty in Wisconsin...

Economic Week in Review: Growth revives, but will it last?

November 30, 2012

The long-struggling U.S. economy appears to be strengthening as new third-quarter data indicated that growth reached its fastest pace in nearly a year. Despite the encouraging news, unemployment remains above historical norms. Economists speculate that the impact of Hurricane Sandy coupled with uncertainty over the "fiscal cliff" could restrain growth in the fourth quarter.

As of shortly before the market close on Friday, the S&P 500 Index rose about 0.3% to 1,413. The yield on the 10-year U.S. Treasury fell 8 basis points to 1.62%. This week's final figures—including year-to-date changes—will be posted after the market closes.

Vanguard's economic outlook: Is fiscal clarity coming?

Markets are watching nervously as the "fiscal cliff" approaches, while Europe continues to grapple with massive debts. In Vanguard's latest analysis, economists Joe Davis and Roger Aliaga-Díaz discuss how to respond to fiscal challenges and economic uncertainty.

[Learn more »](#)

Third-quarter GDP numbers revised upward

Economic growth, as measured by real gross domestic product (GDP) data, improved for the third quarter as the U.S. Department of Commerce revised its estimate upward—from 2.0% to 2.7%. This was the fastest rate of growth since the fourth quarter of 2011 and the best third-quarter performance in five years. This latest figure is based on the

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availability of more complete source data than the "advance" estimate released in October.

The increase was largely attributed to an uptick in business spending—revised from 0.1% to 0.9%—and a 0.7% increase in federal, state, and local government spending. The government spending increase was the largest positive contribution in the category in three years.

"The real GDP growth revision isn't that encouraging. In short, the story behind the revision is that consumers and businesses spent less than initially estimated, subtracting about half a percentage point from the initial estimate. As a result of this slower spending, inventories of unsold goods shot up. But inventory accumulation is more an indication of lack of demand, so it's not a sustainable source of growth," said Vanguard senior economist Roger Aliaga-Díaz.

GDP: Under the hood

	2Q 2012	3Q 2012
Real GDP growth	+1.3%	+2.7%
Major components: Contributions/subtractions (percentage points)		
Consumer spending	+1.1	+1.0
Business spending and inventories	+0.1	+0.9
Trade (exports minus imports)	+0.2	+0.1
Federal, state, and local government spending	-0.1	+0.7

Annualized quarterly change, rounded.

Get a closer look at [GDP and its components](#).

Economic activity expands at a moderate pace

Economic activity grew at a modest pace nationwide, according to the latest Beige Book release from the Federal Reserve.

Consumer spending grew steadily overall, while 7 of the 12 Federal Reserve districts reported that manufacturing either slowed or declined. Most districts showed modest gains in hiring, while wage growth was limited partially as a result of an abundant labor supply, the report said. Districts representing the Northeastern U.S. reported weaker conditions, largely attributed to the impact of Hurricane Sandy.

Pace of new-home sales slows

Sales of new homes slowed marginally in October, with Hurricane Sandy impacting sales in the Northeast, according to analysts. Still, new-home sales were up 17% compared with October 2011. The median price for new homes registered at \$237,700 for October, representing an increase of 5.7% from a year ago.

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Personal income data shows little growth

Personal income increased \$400 million, or less than 0.1%, for October, while disposable personal income increased \$800 million, as reported by the U.S. Department of Commerce. Private wage and salary disbursements decreased \$17.1 billion compared with an increase of \$22.4 billion in September.

New orders for durable goods hold steady

After a 9.2% increase in September, new orders for durable goods were unchanged for October. Excluding transportation and the defense industries, orders increased 1.7% for the month. Analysts had generally anticipated a slight slowdown in growth for new orders, as businesses are proceeding with caution in the face of uncertainty around the pending fiscal cliff.

Consumer Confidence Index edges higher

The Conference Board's index of consumer confidence rose slightly in November to 73.7—from its October level of 73.1. The index has posted increases for three straight months, bringing the confidence barometer to its highest level since February 2008. The Conference Board's measurement for consumer expectations was the primary driver of the overall gain in confidence.

"Over the past few months, consumers have grown increasingly more upbeat about the current and expected state of the job market, and this turnaround in sentiment is helping to boost confidence," said Lynn Franco, director of economic indicators at The Conference Board.

Economic Week in Review: Homes cooking on Thanksgiving

November 23, 2012

While questions still hover over the economy, the real estate market is making a welcome transition from area of concern to catalyst for growth. Once again, both existing-home sales and new construction delivered strong numbers, despite some resistance from Hurricane Sandy. The Conference Board's index of leading economic indicators increased a bit, posting its second consecutive monthly rise. In other news, Federal Reserve Chairman Ben Bernanke, in a speech Tuesday, discussed the Federal Open Market Committee's role in boosting the economy.

For the week ended November 23, the S&P 500 Index rose 3.6% to 1,409 (for a year-to-date total return—including price change plus dividends—of about 14%). The yield on the 10-year U.S. Treasury rose 12 basis points to 1.70% (for a year-to-date decline of 19 basis points).

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The market for existing homes is gaining momentum. Sales of previously owned homes climbed 2.1% in October, to an annual rate of 4.79 million. Hurricane Sandy postponed some sales at October's end as the Northeast region showed a slight decline. Sales in the nation's three other regions all increased. Compared with October 2011, sales were up 10.9%. October's national median existing-home price for all housing types was \$178,600, an 11.1% rise from October 2011. Year-over-year sales have increased eight straight months, a stretch unmatched since 2005–2006. Also, total inventory dropped 1.4% from September, to a 5.4-month supply at the current sales rate.

"Home sales continue to trend up and most October transactions were completed by the time the storm hit, but the growing demand with limited inventory is pressuring home prices in much of the country," Lawrence Yun, chief economist for the National Association of Realtors, said in a statement. "We expect an impact on Northeastern home sales in the coming months from a pause and delays in storm-impacted regions."

New residential construction remains strong

The nation's homebuilders have kept busy as starts on construction of new residential homes rose 3.6% in October, to an annual rate of 894,000. Although September's surge was revised downward by one percentage point, it still stands at an eye-catching 15.1%. October marked the third straight monthly rise for housing starts, which are now 41.9% higher than a year ago. The monthly advance was carried by a 12% increase in multifamily construction; single family construction dipped 0.2%. On a regional basis, the Midwest and West led the gains. Starts dipped in the Northeast and South, where Hurricane Sandy arrived at month's end. Permits to begin construction fell 2.7% from September but were up 29.8% from a year ago, while completions rose 14.5% from September and 33.6% from a year ago.

Leading indicators eke out gain

After six straight months of back-and-forth advances and retreats, The Conference Board's index of leading economic indicators (LEI) rose for the second month in a row. October's 0.2% bump followed September's 0.5% climb, which was revised down from 0.6%. Four of the index's ten components increased, two were flat, and four fell. The interest rate spread and the leading credit index were the largest positive contributors to the index, while building permits and average consumer expectations for business conditions subtracted the most. Manufacturing hours and manufacturers' new orders were unchanged.

"Based on current trends, the economy will continue to expand modestly through the early months of 2013," Ken Goldstein, economist at The Conference Board, said in a statement. "Hurricane Sandy, which is not fully reflected in the LEI, will likely adversely affect consumer spending and home building in the short term, but it's too soon to gauge the net impact. In addition, the outcome of the fiscal cliff debates is another fact which could alter the outlook."

Federal Reserve Chairman addresses economy

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Mr. Bernanke spoke about the nation's "disappointingly slow" economic recovery and the Federal Open Market Committee's (FOMC) actions to revive growth in a speech Tuesday at the Economic Club of New York. "Operation Twist," the Fed's program of buying long-term Treasury securities each month with the proceeds from selling short-term Treasuries, is set to expire at year-end. Mr. Bernanke did not hint at the program's future, but he reiterated that Fed policy would be "accommodative" until the economy is more stable. Mr. Bernanke also said the economy could benefit from an agreement by lawmakers on a long-term plan to reduce the budget deficit and that the fiscal cliff is a "substantial threat" to the economic recovery.

"Uncertainty about how the fiscal cliff, the raising of the debt limit and the longer-term budget situation will be addressed appears already to be affecting private spending and investment decisions, and may be contributing to an increased sense of caution in financial markets," Mr. Bernanke said.

Economic Week in Review: Mixed signals as the "fiscal cliff" looms

November 09, 2012

Economic reports issued this week showed that the U.S. trade deficit narrowed significantly, while the pace of growth in the services sector declined for the first time in four months even as hiring picked up. Meanwhile, with the elections over, focus turned to the so-called "fiscal cliff," which will require congressional action on tax policy and the national debt. For the week ended November 9, the S&P 500 Index fell 2.4% to 1,379 (for a year-to-date total return—including price change plus dividends—of about 12%). The yield on the 10-year U.S. Treasury note fell 14 basis points to 1.61%, for a year-to-date decline of 28 basis points.

With election decided, what happens now?

The votes have been counted, and attention now turns to policy affecting taxes, regulations, and other factors that affect the economy and the financial markets. We asked several Vanguard experts about the outlook for the deficit, tax reform, and the economy.

[Learn more »](#)

"Government policy always matters, but I'd argue that policy has never mattered more," Vanguard chief economist Joe Davis said. "Today's uncertainty is having effects on all segments of the economy."

Service sector growth eases, but hiring improves

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The Institute for Supply Management's services index declined to 54.2 in October from 55.1 in September. The reduction was the first time since June that the index has fallen. The October number fell short of analysts' expectations but remains solidly in expansion territory. Private services hiring continued to strengthen. The employment index reflected those encouraging signs, as the index rose 3.8 points for the month, marking the largest increase so far this year.

Consumer credit climbs

Consumer credit increased \$11.4 billion in September, exceeding analysts' expectations. Borrowing for education and auto purchases led the way—with the auto sector recording its strongest sales in four years. The rise in consumer spending could be tied to steady improvement in the labor market, as more than 300,000 jobs have been created over the past two months according to federal labor statistics.

U.S. trade deficit narrows

The U.S. trade deficit narrowed to its lowest level in nearly two years—dropping to \$41.5 billion for September, down from \$43.8 billion the previous month. The deficit declined on the strength of exports, which increased 3.1%, while imports climbed 1.5%. The increase in imports was the first since March.

Economic Week in Review: A brewing fiscal tempest

November 02, 2012

Hurricane Sandy's devastation appeared unlikely to throw the economy back into recession—although analysts warned that a fiscal ill wind is stirring that could do just that. After Sandy halted stock trading for two days, a better-than-expected jobs report brightened the week and U.S. financial markets caught a wave. As of the market close on Friday, the S&P 500 Index was up 0.2% for the week to about 1,414 (for a year-to-date total return—including price change plus dividends—of about 15%). The yield on the 10-year U.S. Treasury note was down 3 basis points for the week to 1.75% (for a year-to-date decrease of 14 basis points).

Economically, Sandy is likely to be a wash. Analysts expect the hit to the overall economy to be ultimately offset by a post-storm flurry of insurance payouts, relief checks, and reconstruction contracts.

The deadly storm roared through at a time when the economy was generating fresh sparks of consumer confidence and the sunniest housing trends in years—but precious little heat. Hiring picked up—171,000 jobs were created in October, and totals for August and September were revised higher—yet unemployment remained high,

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edging up one-tenth of a percentage point to 7.9%, as more people resumed looking for work.

Potential wet blankets remain, particularly Europe's debt drama and Washington's fiscal cliff-hanger. Unease among businesses over some \$600 billion in federal tax increases and spending cuts due to take effect by the end of the year has already been blamed for much of this year's sluggishness in job creation.

Should uncertainty worsen, analysts noted that employers could sharply curtail hiring—likely deflating the consumer and housing rebounds that have helped sustain the economic recovery during manufacturing's midyear slowdown.

"The October jobs report is solid. This will consolidate the recent gains in employment," said Vanguard senior economist Roger Aliaga-Díaz. "However, after the elections, more clarity on the fiscal front will be crucial in order to keep the momentum going and eventually surpass 200,000 jobs a month or higher on a sustained basis. That will allow meaningful progress on the unemployment front."

Barring an unclear outcome of Tuesday's tight U.S. presidential election, analysts generally expect the lame-duck Congress to strike at least a temporary, eleventh-hour deal.

But if gridlock persists, the automatic tax hikes and spending cuts would plunge the U.S. economy back into recession—possibly dragging the rest of the world down with it, Mr. Aliaga-Díaz said.

Consumers carry on, for now

Cliffs and storms aside, the economic recovery remained viable but vulnerable. Household income and spending picked up in September, but forecasters were cautious. Employers have been paying their workers more, but still-high unemployment has curbed wage gains, and most of the rise in compensation has been in the form of benefits. Though wages grew faster in September than in the past several months, for the year, wages haven't been growing fast enough even to keep up with inflation.

As a result, in order to spend more, Americans have been saving less lately—a key reason analysts believe that the consumer will have staying power only once hiring picks up substantially.