Wisconsin Economic Outlook, from WI Department of Revenue

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BizStarts Resource Center – yes, this is centered on Milwaukee, but the resources are applicable across the state.

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Want to bring REAL (Rural Entrepreneurship through Action Learning) training to young people in your community? Visit NCREAL's website for info on upcoming trainings.

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USDA announced publication of **Federal Resources for Sustainable Rural Communities**, a guide to federal funding to help rural communities promote economic development and enhance quality of life.

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Focused on regional innovation? Check out the new resource from USDA - **Promoting Regional Innovation in Rural Communities**.

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NADO Research Foundation has released a new report, **Collaborative Leadership: Partnerships between Regional Development Organizations and Community Foundations**.

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SBA's **Small Business Advocate August-September 2012** features some updated numbers on small business that might be useful in your work.

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Montana State University's Local Government Center has launched a webinar series focusing on transfer of wealth and sustaining communities through philanthropy.

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"Tech and Biotech: PerBlue named to young entrepreneurs list," Wisconsin State Journal, Sept. 14.

Madison mobile game developer PerBlue has been named one of the 2012 Empact100, the only Wisconsin company to make the list, which honors outstanding entrepreneurs under age 30. Co-founded in 2008 by Dane County native and UW-Madison graduate Justin Beck -- who turned 25 in April -- PerBlue has 40 employees...

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"CVTC at 100: Still working to train skilled workers," Eau Claire Leader-Telegram, Sept. 16.
...To break into careers in burgeoning industries or new businesses, they needed more training than traditional schooling could offer. This need prompted the state government in 1911 to create what eventually became the Wisconsin Technical College System, including Chippewa Valley Technical College...

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"Employers say filling positions means finding right fit," Gannett Wisconsin, Sept. 16.
...Though statewide unemployment rates have dropped along with the improving economy, Fox Cities employers say the market still is filled with a mix of out of work executives, recent college graduates looking for their first job and those with minimal or basic skills, applying for any available position...David Walsh, vice president of leadership and organizational development for Miron Construction in the Town of Menasha, said when his company has positions to fill, particularly those that require a college degree or other specialized training, turning to colleges and asking employees for referrals has been effective...

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"Cornell severs business ties with Adidas ," Inside Higher Ed, Sept. 17.
Cornell University announced Friday that it is severing business ties with Adidas, finding that the company does not live up to what the university considers minimal acceptable standards for treating its workers...

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"Forgoing college to pursue dreams," New York Times, Sept. 15.
...At a time when the value of a college degree is being called into question, and when job prospects for many new graduates are grimmer than they've been in years, perhaps it's no surprise to see a not-back-to-school movement spring up. What is surprising is where it's springing up, and who's behind it. The push, which is luring a handful of select students away from the likes of Princeton, Harvard and M.I.T., is the brainchild of Peter H. Thiel, 44, a billionaire and freethinker with a remarkable record in Silicon Valley...Since 2010, he has been bankrolling people under the age of 20 who want to find the next big thing -- provided that they don't look for it in a college classroom...

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"Career and technical education, a key to good jobs, needs help, report says," Chronicle of Higher Education, Sept. 17.
American higher education essentially offers two paths toward employment: a high-school diploma or a bachelor's degree. But there is a third underutilized system -- career and technical education -- that holds the promise of well-paying middle-class jobs...

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"Center for Dairy Research receives $1 million grant," Milwaukee Journal Sentinel, Sept. 24.

The Center for Dairy Research at University of Wisconsin-Madison has been awarded one of seven $1 million grants from the U.S. Department of Commerce to support commercializing research ideas that will have a positive effect on economic development...

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An on-line tool, created with funding from the US EDA, can help optimize investments for economic, environmental, and social impact - the triple bottom line. Beta version of the ***TBL Tool*** can be accessed **here**.

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Obama administration announces $40 million initiative to challenge businesses to 'make it in America'

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"Report says 'skills gap' leaves some jobs unfilled," Wisconsin Public Radio, Sept. 26.

A report four years in the making was presented at a manufacturing conference in Green Bay today. The report addresses the so-called "skills gap," where jobs go unfilled because there aren't enough qualified applicants...Sullivan's report says Wisconsin public education system needs revamping. He says not enough attention is paid to career, technical education...

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"Manufacturing expo focus on skilled worker shortage," Green Bay Press-Gazette, Sept. 26.

...Jim Morgan, vice president of Wisconsin Manufacturers and Commerce, said one of the keys to addressing the shortage is exposing students, parents and teachers to the realities of manufacturing in the 21st century..

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"Report: Wisconsin's cuts to K-12 school aid fourth-largest in nation," Capital Times, Sept. 10.

Most states have slashed funding for their K-12 school systems since the Great Recession, which hit in late 2007 and caused a collapse in tax collections. But a report released last week indicates Wisconsin has made deeper cuts than most...

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Economic Week in Review: Confidence climbs but growth slows

September 28, 2012

U.S. economic growth slowed in the second quarter and, so far, growth in the third quarter appears uneven. Manufacturing has lost some of its momentum and employment remains a challenge. Yet consumer confidence is at its highest in months, and there are more signs of revival in the housing market. For the week ended September 28, the S&P 500 Index fell 1.3% to about 1,441 (for a year-to-date total return—including price change plus dividends—of about 16.4%). The yield on the 10-year U.S. Treasury note slid 12 basis points to 1.65% (for a year-to-date decline of 24 basis points).

Unexpected bump in consumer confidence

Consumer confidence in September advanced to its highest level in seven months, according to The Conference Board. The Consumer Confidence Index rose 9 points to 70.3, higher than the modest increase to 63.0 expected by analysts.

"Despite continuing economic uncertainty, consumers are slightly more optimistic than they have been in several months," Lynn Franco, director of economic indicators at The Conference Board, said in a statement.

The index benefited from improvements in consumers' outlook for the job market and their personal income. Some economists attribute the rise to several factors including a rally in the stock markets in recent months and a turnaround in the weak housing market. However, it's not clear if this confidence level will continue given the still-high jobless rate and extended rise in gasoline prices, which can curtail consumer purchasing power.

Encouraging signs for new homes

Although new-home sales dipped between July and August, year-over-year home sales are up almost 28% and inventory levels appear to have stabilized in the past couple of months. The median sales price for new homes in August was $256,900, up 17% from a year ago—its highest level since December 2004. The improvement in pricing is partly because of a tighter supply. More expensive homes also accounted for a larger share of the homes sold in August.

Durable-goods orders plummet

New orders for durable goods, products expected to last at least three years, plunged 13.2% in August to their lowest level in three years. Excluding the volatile transportation component, new orders fell 1.6%. Shipments overall fell by 3.0% and inventories rose 0.6%. The sharp decline in factory orders last month resulted largely from a significant decline in nondefense aircraft orders. Vehicles and parts orders and shipments also suffered in part, as many automakers had summer shutdowns and retooling scheduled in July and August. There was weakness across the manufacturing sector with the exception of electrical equipment, which experienced a slight rebound. Still, core capital goods orders, which signal business investment plans, rose 1.1% in August, a slight improvement after two consecutive months of decline.

Second-quarter GDP revised downward

The U.S. gross domestic product (GDP), the value of goods and services produced, grew at an annual rate of 1.3% for the second quarter compared with 2.0% in the first quarter, according to the Commerce Department's final revision. The revised second-quarter figure is down from the previously reported estimate of 1.7%, reflecting the slowdown in durable-goods consumption and fixed investment.

"Both durable goods and business capital are the types of spending that require some mid- to long-term planning by consumers and businesses, respectively," said Roger Aliaga-Díaz, senior economist at Vanguard. "Given the uncertainty about the fiscal cliff, it's not surprising that these two were the components that underperformed the most relative to the initial estimate."

Other factors that contributed to the downward revision include a decline in farm inventories, which were lowered by severe drought in the Midwest, and declines in personal consumption expenditures and exports. Corporate profits rose about 1.1% after falling 2.7% in the first quarter. Gross domestic income increased 0.2%, but came in far below the 3.8% from the previous quarter.

Consumers spending more, saving less

Consumers' income ticked up 0.1% in August, unchanged from a month earlier. Wage income also rose 0.1% for the second consecutive month. Meanwhile, consumer spending in August increased 0.5%, its biggest jump since February. Consumers spent much of their money at the gas pump, as they contended with higher prices for energy goods and services, which were up 5.8%. Excluding food and energy, prices were up 0.1%. The savings rate dropped to 3.7% in August from 4.1% a month earlier. Economists still consider inflation levels relatively low.

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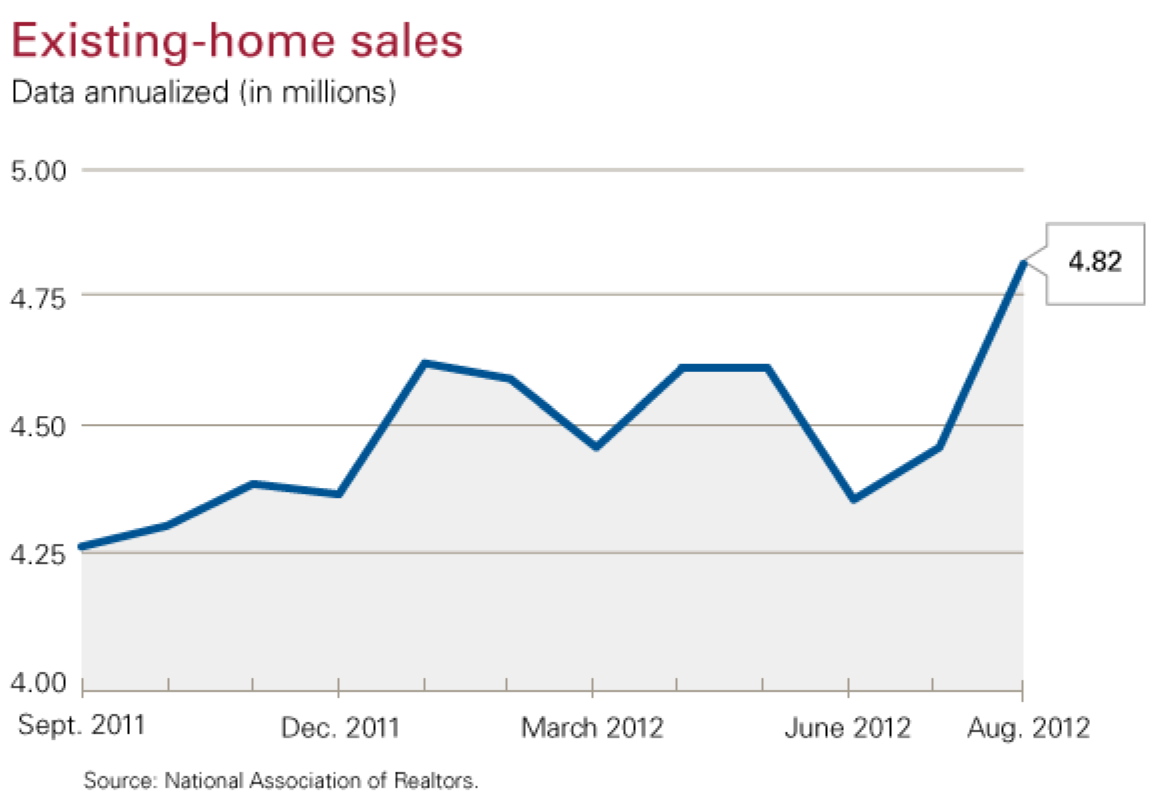
Economic Week in Review: Real estate rebound may be for real

September 21, 2012

In a light week for economic news, positive developments on the real estate front dominated the headlines. Numbers were up for existing-home sales and new-home construction. In the only other report issued this week, The Conference Board's index of leading indicators fell slightly. For the week ended September 21, the S&P 500 Index decreased 0.4% to 1,460 (for a year-to-date total return—including price change plus dividends—of about 18%). The yield on the 10-year U.S. Treasury note fell 11 basis points to 1.77% (for a year-to-date decline of 12 basis points).

Existing-home sales show improvement

Sales of previously owned homes jumped 7.8% to an annual rate of 4.82 million, an indication the housing market's long-awaited rebound may be under way. Lawrence Yun, National Association of Realtors chief economist, said buyers are reacting to better conditions. The national median existing-home price rose to $187,400 in August, the first time prices climbed six straight months since December 2005 to May 2006. Sales were up in all four of the nation's regions. Single-family home sales advanced 8%, while condominium and co-op sales increased 6.1%. Housing inventory grew 2.9% in August, but the number of months it would take to sell the entire inventory of homes at the current sales pace fell to 6.1 months from 6.4 months.



Housing starts resume rise

Construction of new residential homes climbed 2.3% to an annual rate of 750,000 in August, although the dip in July's numbers was revised downward by almost 2% more. Housing starts are 29% higher compared with a year ago, but they are still well below levels seen before the downturn.

"Housing starts reflect both the deep adjustments the housing market has gone through and how much progress has been made since the crash," said Roger Aliaga-Díaz, Vanguard senior economist. "The growth in housing starts since last year is great news, but at 750,000 we're still only half of the way to the normal pace of housing construction."

All of August's gains came from single-family housing starts, which rose 5.5%, while multi-family starts declined 4.9%. The Midwest led the gains on a regional basis, with starts also up in the South but down in the Northeast and the West. Housing permits, an indicator of the pace of future construction, fell 1% from July but are ahead nearly 25% from a year ago. Completions increased 0.7% from July and 11.7% from a year ago.

Leading economic indicators dip

The Conference Board's index of leading indicators retreated 0.1% in August, its third decline in the last six months after a revised 0.5% bump in July. Despite an uneven path over the past six months, the index is still up 1.5% compared with a year ago. Five of the index's ten components fell, with worsening consumer expectations for business conditions and a shorter workweek leading the decline. On the positive side, new orders and interest rate spread helped the index the most.

"The economy continues to be buffeted by strong headwinds domestically and internationally," Conference Board economist Ken Goldstein said in a statement. "As a result, the pace of growth is unlikely to change much in the coming months. Weak domestic demand continues to be a major drag on the economy."

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Economic Week in Review: The Fed steps in once again

September 14, 2012

Will it be "third time's the charm" ... or "three strikes and you're out"?

The Federal Reserve this week announced plans to intervene yet again in support of the fragile economic recovery, but warned that its aggressive campaign to keep interest rates low cannot single-handedly restore the nation to prosperity.

For the week ended September 14, the S&P 500 Index rose 1.9% to 1,466 (for a year-to-date total return—including price change plus dividends—of about 18.4%). The yield on the 10-year U.S. Treasury note rose 21 basis points to 1.88% (for a year-to-date decline of 1 basis point).

Bernanke: QE3 is a go

"This may provide a modest boost to the economy, but we cannot forget that the Federal Reserve's powers are limited."

Roger Aliaga-Díaz
Vanguard senior economist

In a widely anticipated move, Fed Chairman Ben Bernanke on Thursday unveiled what's been nicknamed "QE3"—the third round of so-called quantitative easing, under which the central bank will attempt to encourage borrowing by consumers and institutions by purchasing $40 billion worth of mortgage-backed securities each month, beginning Friday and continuing for an unspecified period.

In addition, Mr. Bernanke said, the Fed will hold its target for short-term interest rates at "exceptionally low levels"—almost 0%—through at least the middle of 2015. He held the door open for interest rate targets to remain low even if economic growth picks up.

"While the economy appears to be on a path of moderate recovery, it isn't growing fast enough to make significant progress reducing the unemployment rate," Mr. Bernanke told reporters. "Fewer than half of the 8 million jobs lost in the recession have been restored. And at 8.1%, the unemployment rate is nearly unchanged since the beginning of the year.

"We're just trying to get the economy moving in the right direction," he said. "We're not going to be premature in removing policy accommodation—even after the economy starts to recover more quickly, even after the unemployment rate begins to move down more decisively. We're not going to rush to begin to tighten policy. We're going to give it some time, to make sure the recovery is well established."

Even so, Mr. Bernanke cautioned, "Monetary policy, particularly in the current circumstances, cannot cure all economic ills."

According to Vanguard senior economist Roger Aliaga-Díaz, this combination of open-ended quantitative easing and aggressive suppression of interest rates—even in the event of a stronger recovery—is farther than the Fed has previously been willing to go.

"This may provide a modest boost to the economy, but we cannot forget that the Federal Reserve's powers are limited," Mr. Aliaga-Díaz said.

"This announcement should help provide some added economic momentum, coming on the heels of a similar move by the European Central Bank last week," he said. "However, as Chairman Bernanke noted, quantitative easing is only one component of economic policy. Consumers and businesses are waiting for affirmative signals from elected officials, but it's unlikely that we will see anything concrete until after the November election."

Robert Auwaerter, head of Vanguard Fixed Income Group, told Bloomberg TV that QE3 could have more impact on the economy through the so-called wealth effect—increased consumer spending resulting from a perceived boost in financial security—than from any direct improvement to economic measures such as housing or jobs.

"We expect QE3 to have a marginally positive impact on the housing market given that the obstacles to people refinancing are more non-monetary than rate driven," Mr. Auwaerter said. "The biggest potential impact of the Fed's move is that it could encourage more risk taking, raising financial asset prices, which in turn we hope will increase economic activity through the wealth effect."

Reports suggest an economy that's treading water

In line with the Fed's assessment, a fresh batch of economic reports issued this week portrayed an economy struggling to find sure footing:

- The number of workers filing first-time claims for unemployment benefits in the past week was higher than expected, at 382,000.
- The Consumer Price Index rose 0.6% in August, for its largest monthly increase in three years. Rising energy costs accounted for most of the gain. The "core" CPI, which excludes energy and food prices, was up just 0.1%.
- Rising fuel prices pushed the Producer Price Index up a surprising 1.7% in August. With energy and food excluded, producer prices were up just 0.2%.
- Retail sales were up 0.9% in August, slightly better than projected, though higher gasoline costs were cited as a major contributing factor.
- Shoppers seemed uneasy about borrowing money in July, with consumer credit unexpectedly dropping $3.3 billion. Revolving credit (primarily credit cards) fell $4.8 billion, while nonrevolving debt (such as student loans) rose $1.5 billion.
- The trade deficit rose in July, to $42.0 billion, though weak demand for imports kept the increase slightly below consensus estimates.
- A steep drop in industrial activity during August disappointed analysts. Production fell 1.2%, with auto manufacturing, mining, and utilities production accounting for much of the decline.

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Economic Week in Review: Job results dash expectations

September 07, 2012

The job picture in August was weaker than expected. The glum picture, which included an apparent slowdown in manufacturing, raised expectations that the Federal Reserve (perhaps next week) might take additional actions to stimulate the economy. Also weighing on the U.S. economic outlook and the financial markets has been Europe's complex fiscal dilemma: Some relief may have come from the European Central Bank's announcement of an unprecedented bond-buying plan to backstop the euro. For the week ended September 7, the S&P 500 Index rose 2.2% to 1,438 (for a year-to-date total return—including price change plus dividends—of about 16.1%). The yield on the 10-year U.S. Treasury note rose 10 basis points to 1.67% (for a year-to-date decline of 22 basis points).

"Job growth continues in muddle-through mode, due to policy uncertainties in the United States and in Europe," said Roger Aliaga-Díaz, Vanguard senior economist. "The Fed may help at the margin, but by itself it cannot offset the effects of Europe's debt crisis and the potential 'fiscal cliff' faced by the United States."

August's payroll job growth comes up short

The economy added a weaker-than-expected 96,000 jobs in August, and included the first drop in manufacturing jobs in nearly a year. Analysts had expected job gains of 125,000. The unemployment rate fell to 8.1%, but mainly because fewer people were looking for work. Analysts observed that the disappointing job results increased the chances that the Federal Reserve might adopt new stimulative measures for the economy as early as next week's meeting of the Federal Open Market Committee. A drop in manufacturing jobs (half from automotive) by 15,000, compared with a gain of 23,000 in the prior month, was a major factor cutting into job growth in the goods-producing sector. Jobs in the service sector generally increased, although at a slower pace. Government shed jobs for the third straight month, but at a far slower pace, as growth in federal jobs countered some of the jobs cuts from fiscally stressed state and local governments.

Key indexes move in opposite directions

Gauges of economic activity published by the Institute for Supply Management (ISM) showed both growth and slowdown in August. The ISM's manufacturing index stood at 49.6—the third straight month that it's signaled contraction, which is signified by index values below 50. (A reading over 50 signals expansion.) The last three-month period for which the index showed contraction was in mid-2009, about the time the economy began pulling out of recession. Contributing to the decline was a falloff in new orders and production, while employment growth continued but at a slower pace. In contrast, the ISM's gauge of service-sector activity, which was expected to decline slightly, actually grew stronger than expected to 53.7. A surge in the index's employment component, rebounding from a month-earlier decline, more than compensated for a weakening in business activity and new orders.

An optimistic housing story is built into construction's drop

Construction spending declined in July by 0.9%, despite expectations of an increase. Each of the three broad components of construction spending—private residential, private nonresidential (such as factory and utility structures), and public—declined. Masked within the residential category, however, was growth in single- and multi-family housing; the decline in the overall private residential category was due to lower spending on home improvements.

Productivity surprises with a 2.2% gain

Productivity of nonfarm businesses rose by a better-than-expected 2.2% in the second quarter. The gain reflected the effects of higher output with only a slight increase in hours worked: a 0.1% increase in hours worked compared with 3.2% in the first quarter. Analysts noted that the higher productivity growth curtailed near-term hiring needs and allows companies to hold down labor costs until demand picks up. Compensation didn't keep pace with productivity, resulting in a slower increase in unit labor costs compared with the first quarter.

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