



**WISCONSIN**



**DWD**

Department of Workforce Development

# PIECING TOGETHER OUR PUZZLING ECONOMY

## First Friday Forum



**Dennis K. Winters**  
Chief, Office of Economic Advisors  
Wisconsin Department of Workforce Development

**November 1, 2013**



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Our  
Puzzling  
Economy



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## **SOME PEOPLE KNOW HOW TO BRING CLARITY TO A SITUATION**

**“If you don’t read the newspapers,  
you are uninformed.**

**If you read the newspapers, you  
are misinformed.”**

**– Mark Twain**

## **CONFUSED? NO WONDER WHO DO YOU BELIEVE**

- **G.D.P. Grows at Tepid 1.9% Pace Despite Stimulus**  
*The New York Times, July 31, 2008*
- **U.S. Economy Grows at Solid Pace in 2nd Quarter**  
*Washington Post, July 31, 2008*
- **Yes, Virginia, It is a Recession**  
*Business Week, July 31, 2008*
- **Still on the right road – The American economy has often defied predictions of its demise. It has done so again.**  
*The Economist, July 31, 2008*



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## CONFUSED? NO WONDER WHAT DO YOU BELIEVE

### INDUSTRIAL PRODUCTION RISES FOR FOURTH MONTH

- Industrial production in the U.S. unexpectedly rose in August, signally manufacturing will support the world's largest economy.

***Bloomberg, September 14, 2011***

*<http://www.bloomberg.com/news/economy/>*

### U.S. JOBLESS CLAIMS ROSE TO HIGHEST SINCE JUNE

- Applications for U.S. unemployment benefits unexpectedly rose last week to the highest level since the end of June, underscoring the risk of further weakness in the labor market.

***Bloomberg, September 14, 2011***

*<http://www.bloomberg.com/news/economy/>*



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## **CONFUSED? NO WONDER THEY DON'T EVEN GIVE YOU A CHANCE**

**Home Prices in 20 U.S. Cities Unexpectedly Climb 0.3%, Case-Shiller Says** Home prices in 20 U.S. cities unexpectedly rose in January, indicating the housing market is stabilizing as the economy expands. Bloomberg, March 30, 2010

### **Home price dip extends to 4th month**

**9:20am:** Case-Shiller index declines 0.4% in January as market recovery appears to have stalled. CNN March 30, 2010

### **Oil hits \$115, highest since May, on supply concern;**

Reuters, Alex Lawler, London, Mon, Aug 13, 2012, 11:01 am EDT

### **Oil falls on new signs of slowing global economy**

By The Associated Press, Aug. 13, 2012 11:10 AM ET

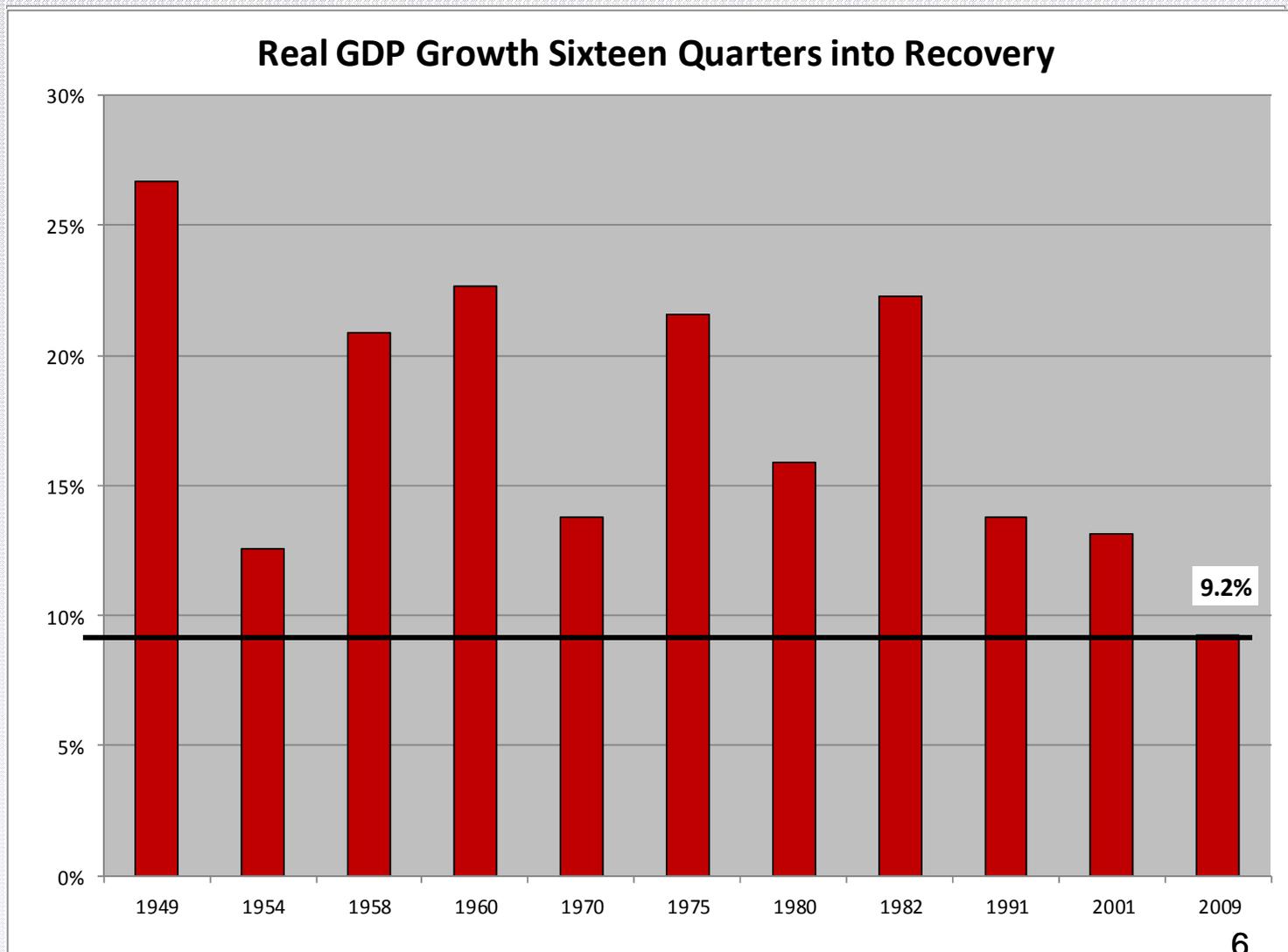
# ECONOMIC RECOVERY

## HOW IS THIS ONE NOT LIKE THE OTHER ONES

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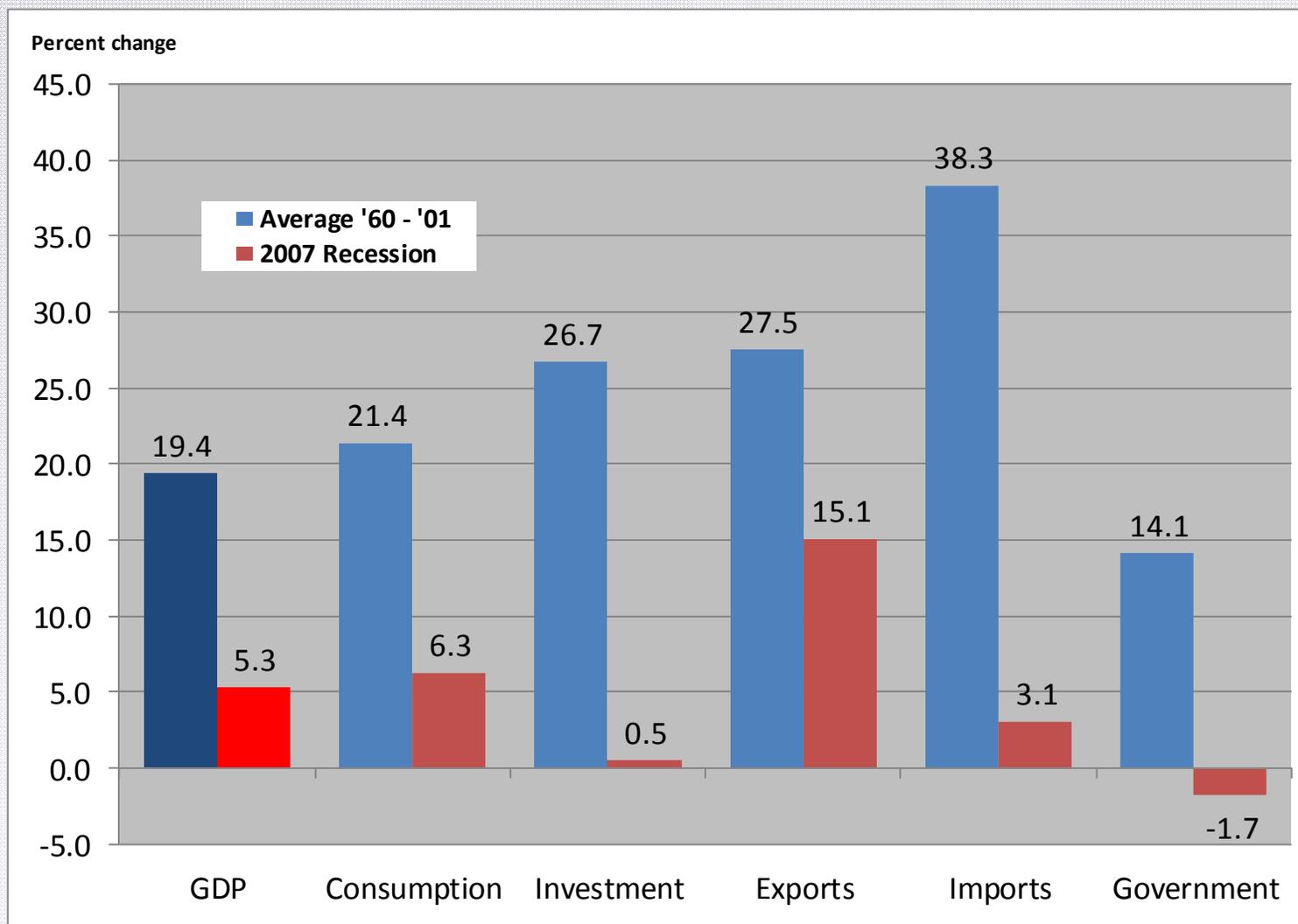


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## RECESSION COMPARISONS LAGGING ACROSS ALL INDICATORS

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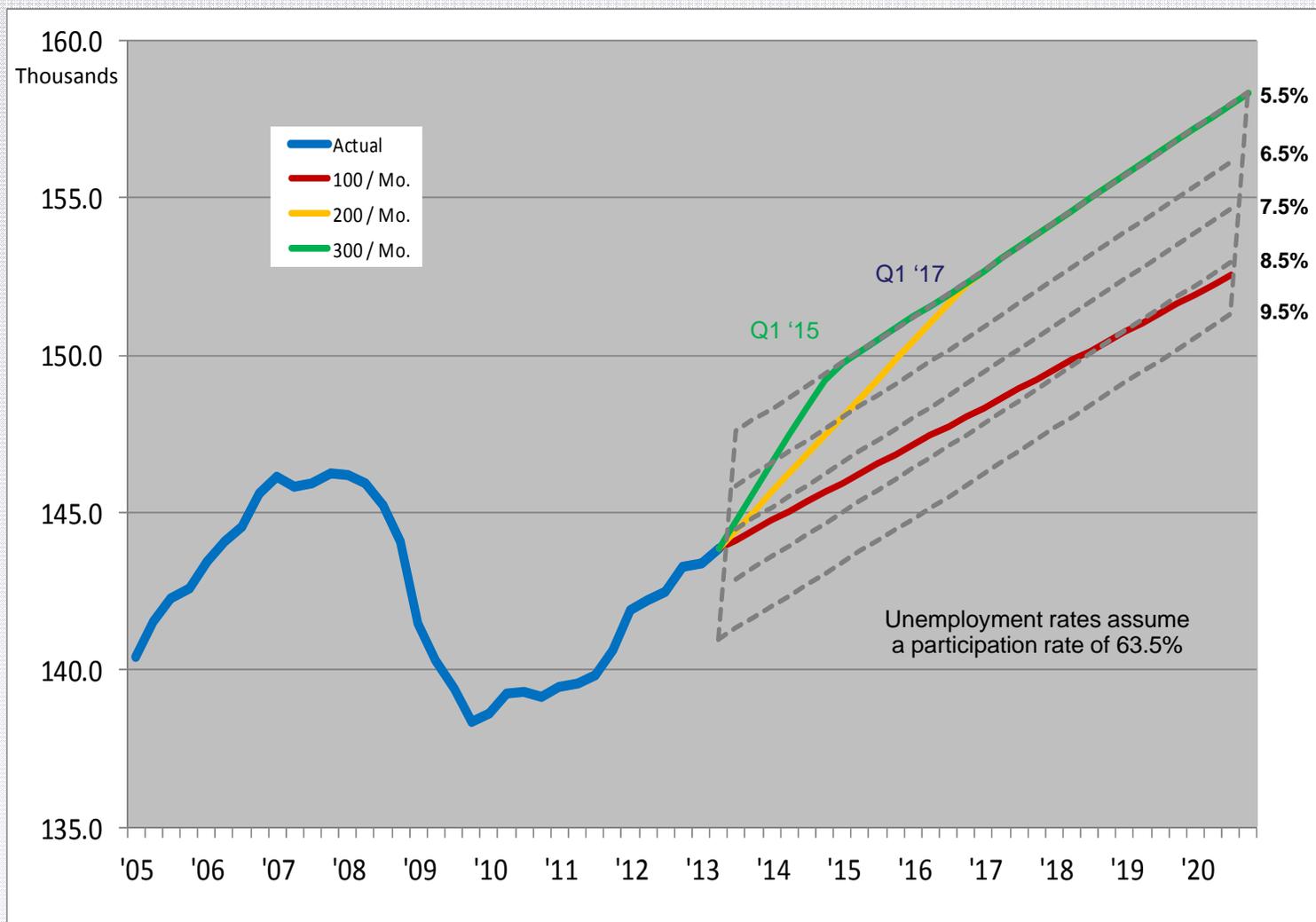
Source: William Testa, Federal Reserve Bank of Chicago

# JOBS GROWTH SCENARIOS CONSTRAINTS ON ECONOMY

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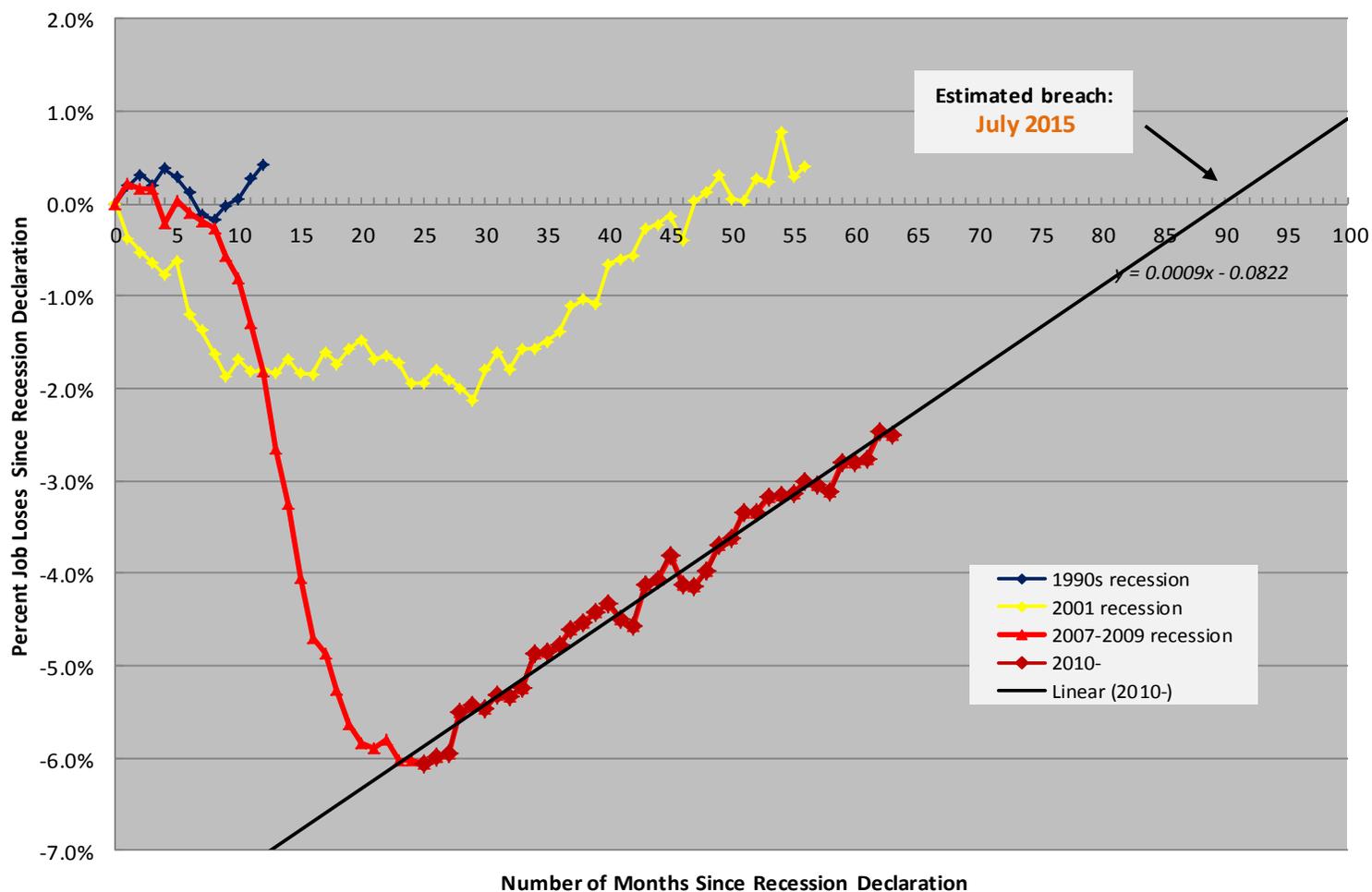


Source: William Testa, Federal Reserve Bank of Chicago

# WISCONSIN JOBS RECOVERY VERSUS PREVIOUS CYCLES

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**Wisconsin: QCEW Total Employment Change in the Last Three Recessions**  
(QCEW data seasonally adjusted using the U.S. Census X12 program)





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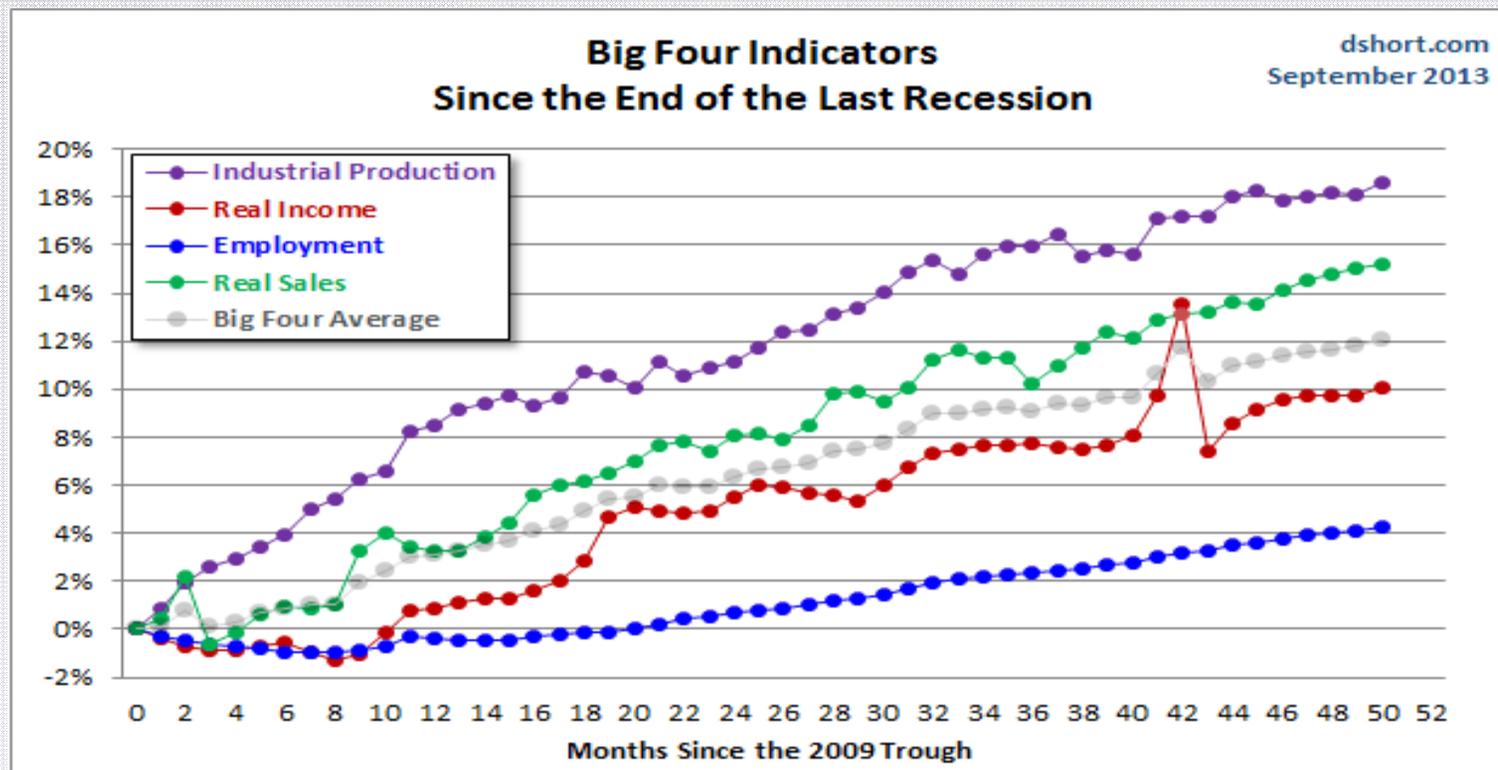
**He said,  
She said.**



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# HE SAID, HEY BABE, LOOK THE ECONOMY IS GROWING NICELY

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Big Four Indicators Month-over-Month												
Indicator	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
Industrial Production	0.2%	-0.1%	1.3%	0.0%	0.0%	0.7%	0.3%	-0.3%	0.1%	0.1%	0.0%	0.4%
Real Income	0.2%	0.3%	1.5%	3.5%	-5.4%	1.1%	0.5%	0.4%	0.2%	-0.1%	0.0%	0.3%
Employment	0.1%	0.1%	0.2%	0.2%	0.1%	0.2%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%
Real Sales	0.6%	-0.2%	0.6%	0.3%	0.1%	0.4%	-0.1%	0.5%	0.3%	0.2%	0.3%	0.1%
Big Four Average*	0.3%	0.0%	0.9%	1.0%	-1.3%	0.6%	0.2%	0.2%	0.2%	0.1%	0.1%	0.2%

Employment is released the first week of the month, Income the last week, Industrial Production and Sales mid-month.

\*The Big Four Average is based on four data points, the most recent in each series.

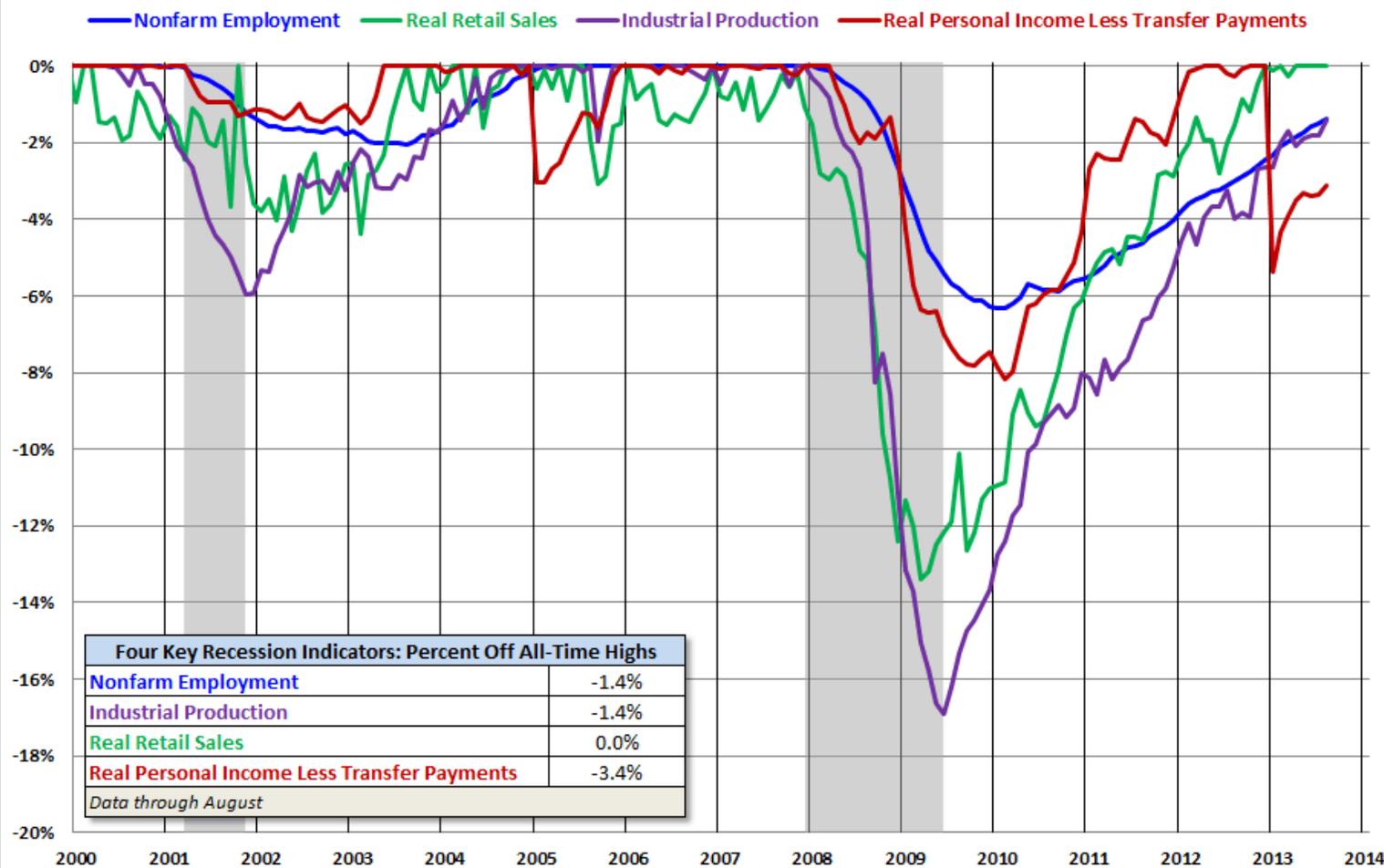


# SHE SAID, WE STILL HAVE A WAYS TO GO, DEAR

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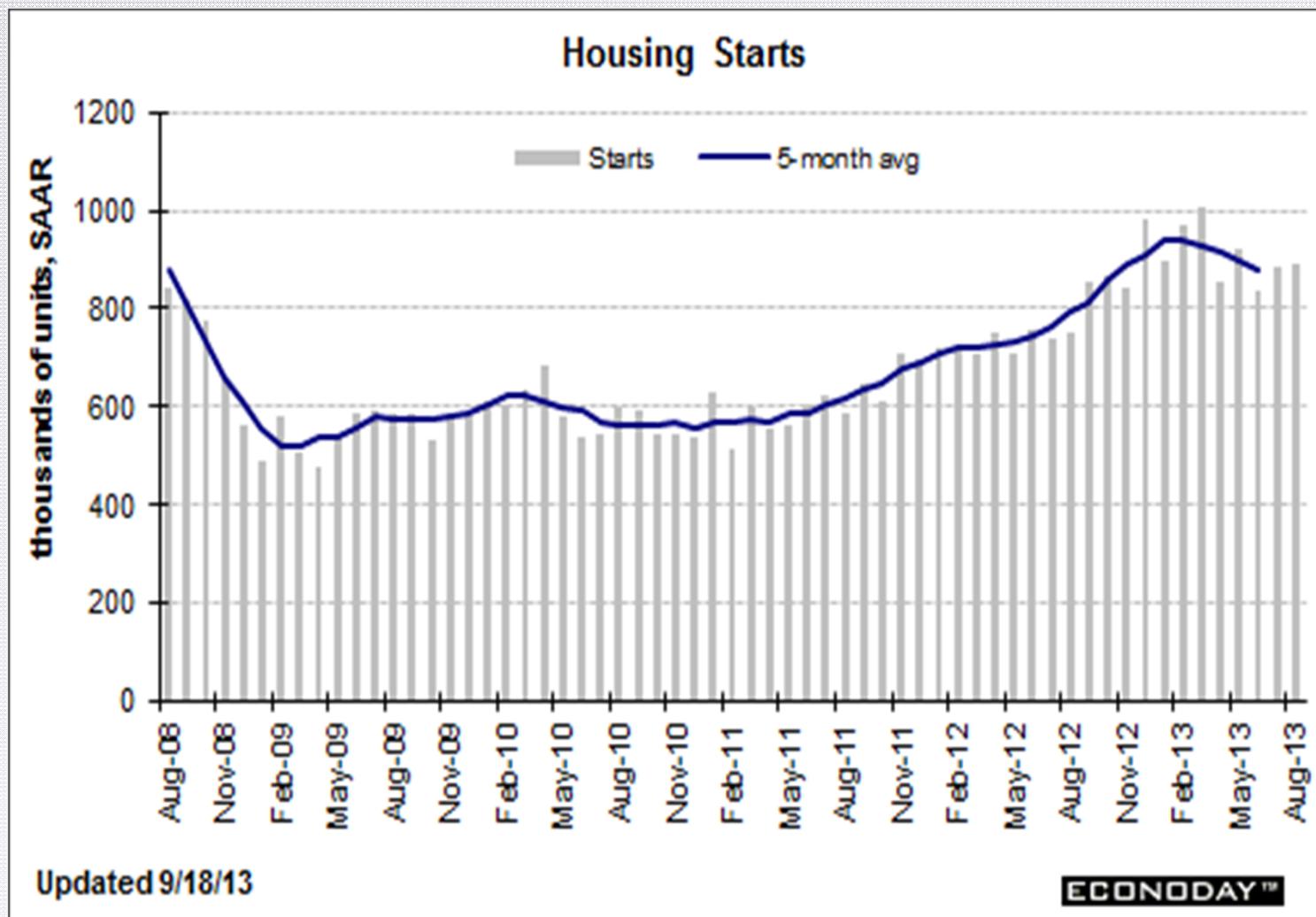
dshort.com  
September 2013

The 21st Century  
Percent Off All-Time Highs, Recession in Gray



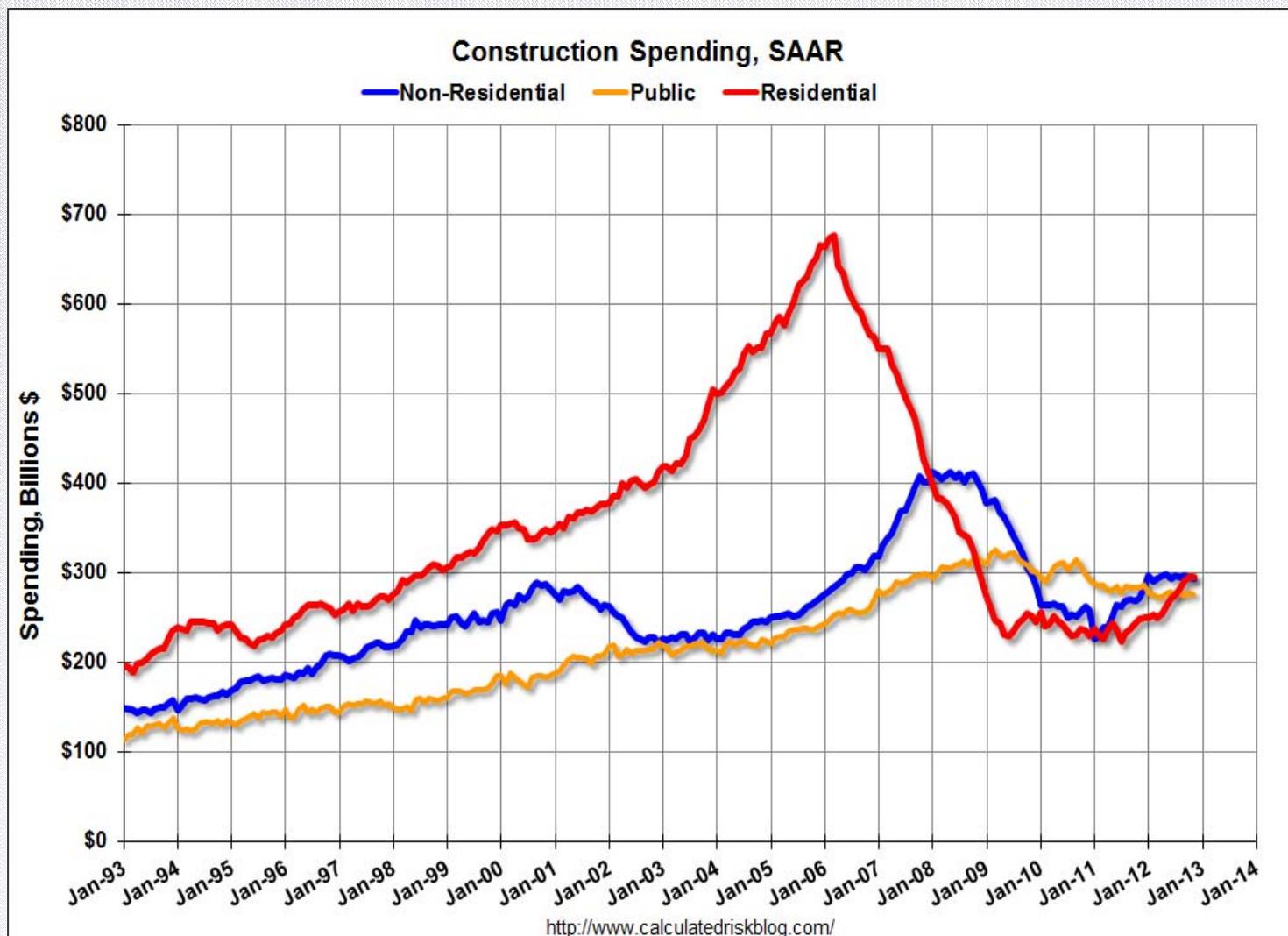
# HE SAID LOOK HONEY, HOUSING MARKET IS UP NICELY

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# SHE SAID SWEETHEART, WE'RE NEVER GETTING BACK THERE

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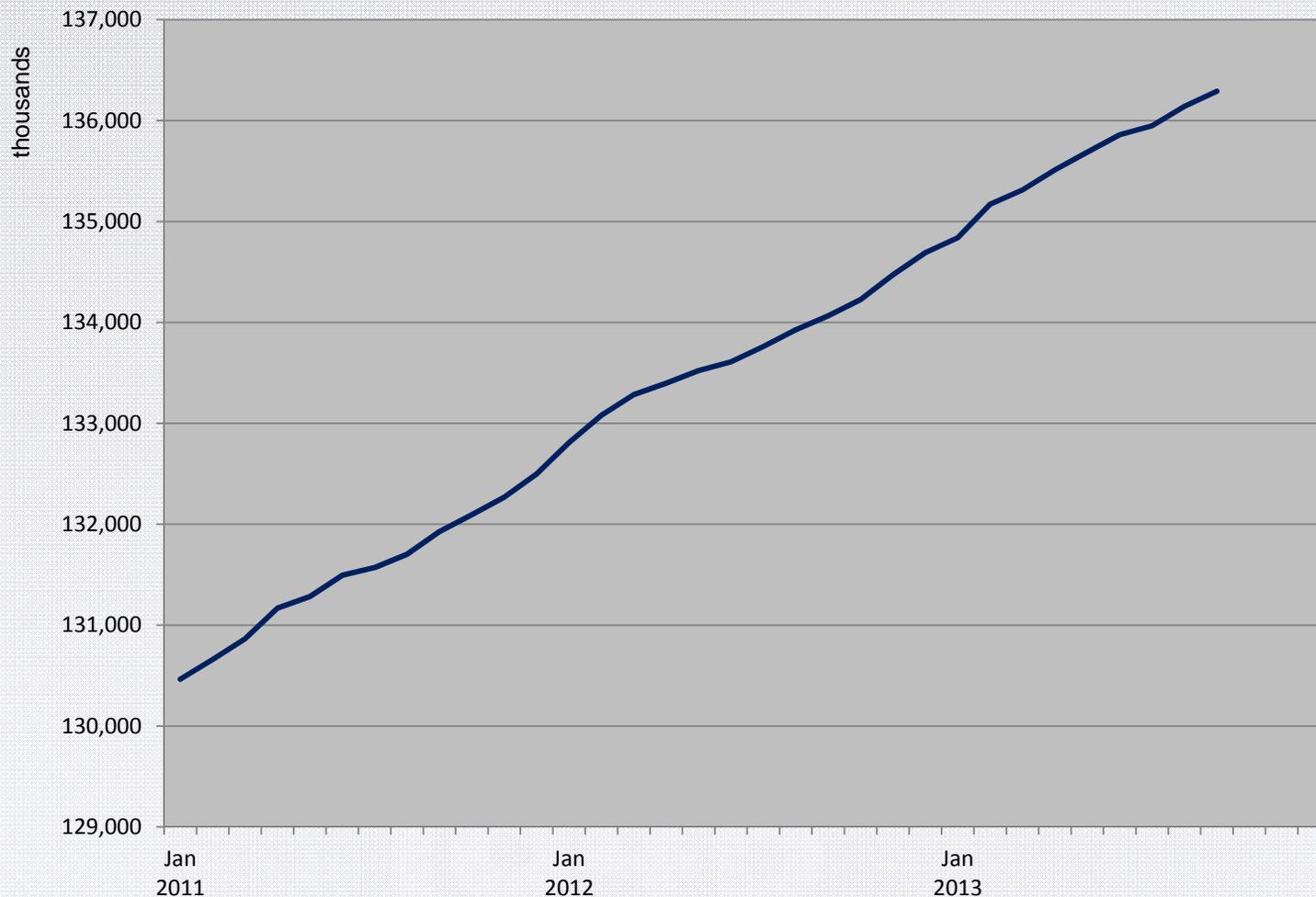




# HE SAID, SUGAR, JOBS ARE CLIMBING

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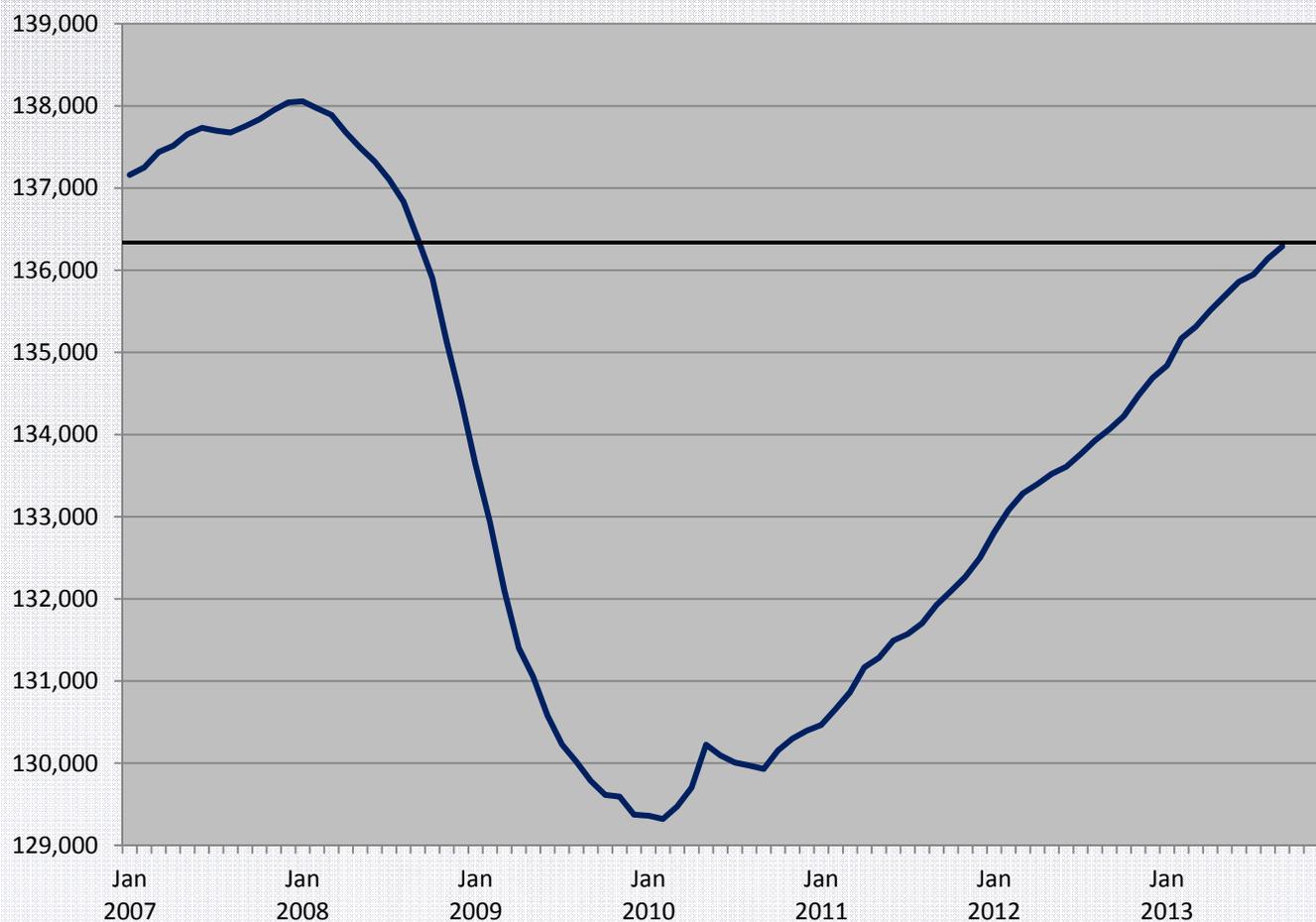
### Total Jobs



# SHE SAID, DARLING, DON'T PISS OFF YOUR BOSS

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**Total Jobs**



## HE SAID, LOVE, THEY'RE JACKING UP WAGES EVERYWHERE

- The minimum wage will increase in 10 states on January 1, 2013.
- Employers to be more generous with pay raises next year, CNNMoney.
- An improving job market is boosting wages, Herald and News.
- SHRM consensus is for an average budget increase of 3 percent.
- Hay Group says 3 percent salary increases in 2013.

# SHE SAID, JIM, GET A GRIP

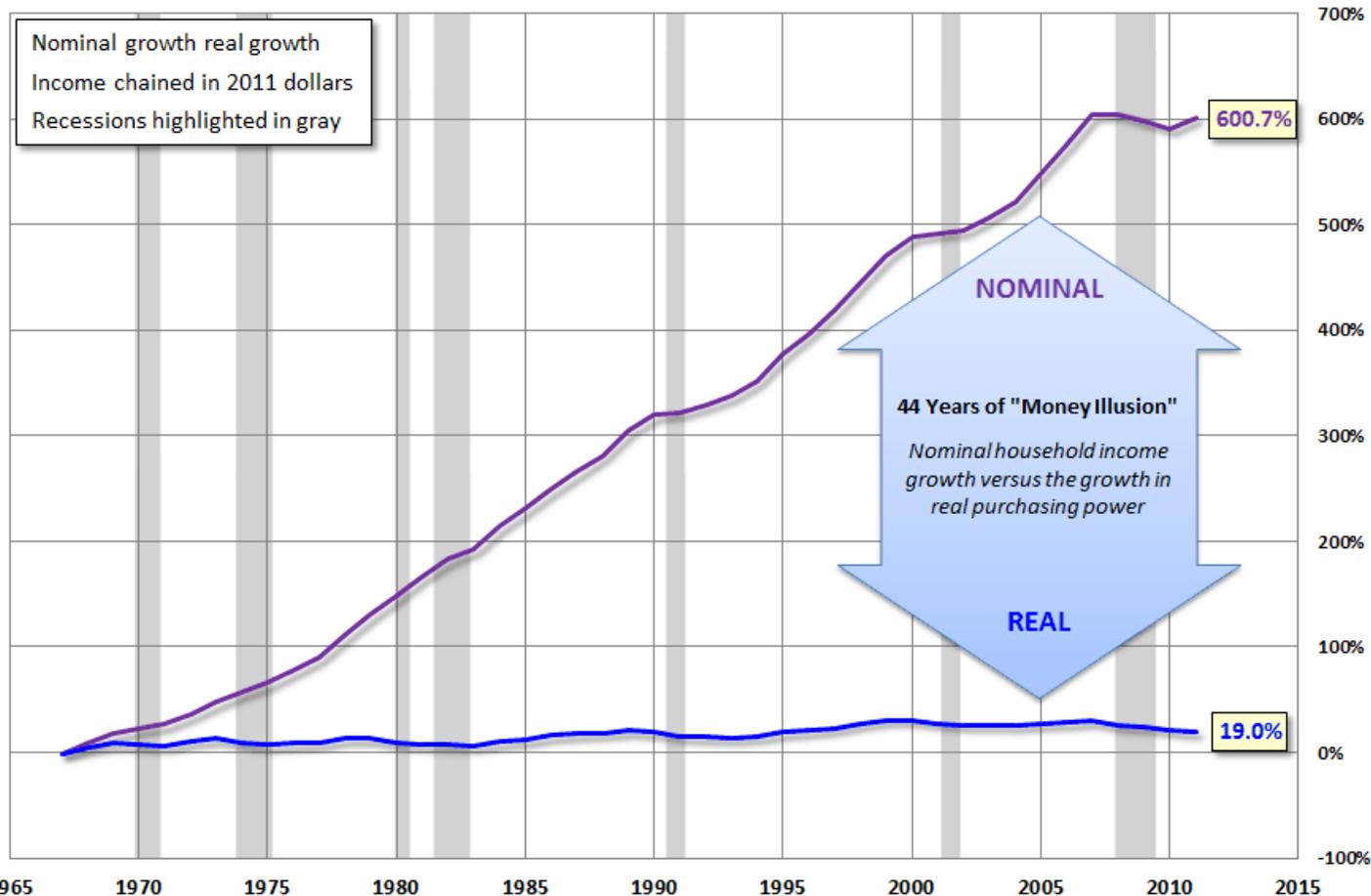
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Annual Data  
Through 2011

## Median Household Income Growth

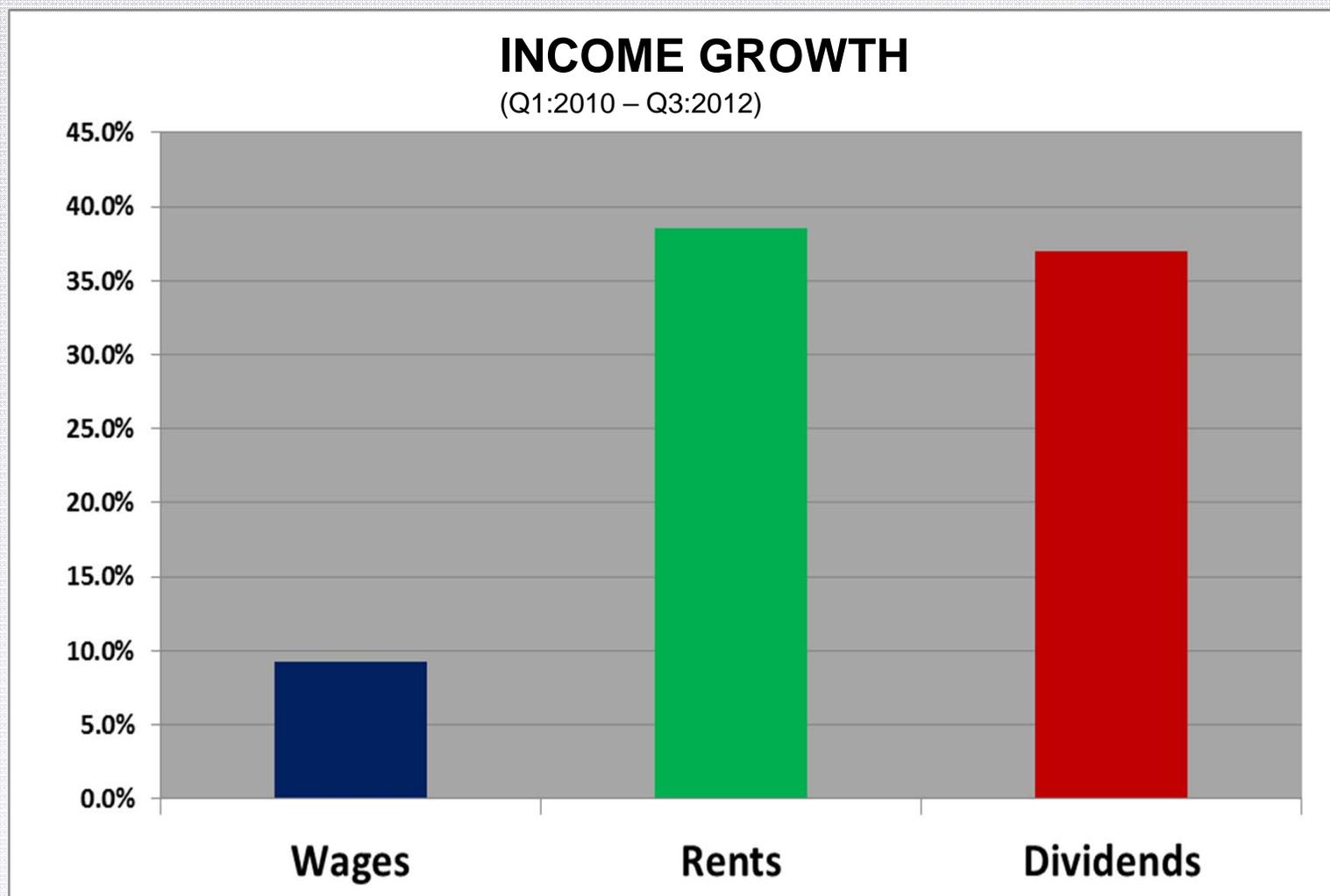
dshort.com

— Nominal Growth — CPI-U-RS Adjusted



# HE SAID, DREAMBOAT, WE'RE GONNA BE RICH

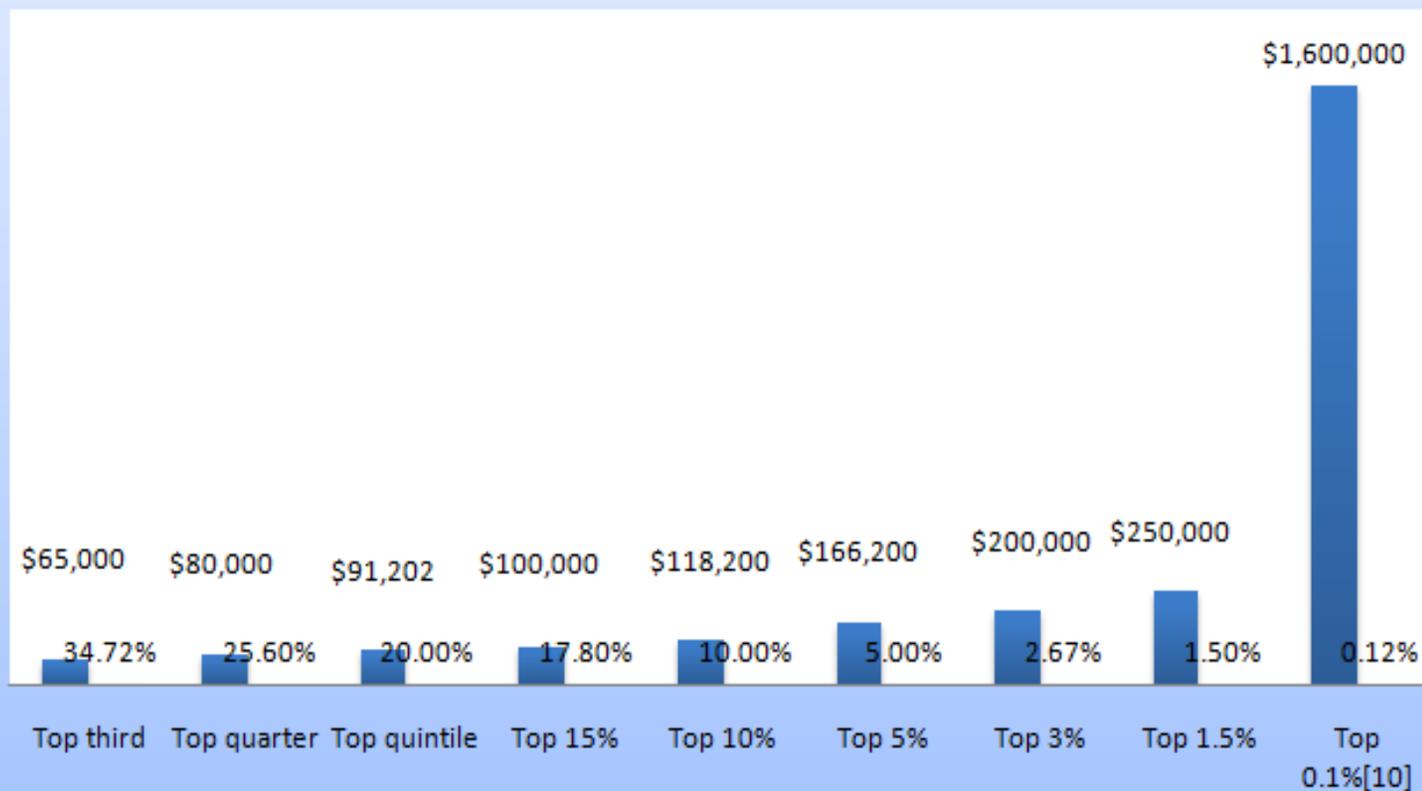
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# SHE SAID, WILL YOU WAKE UP AND SMELL THE COFFEE

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## Income Distribution [www.mybudget360.com](http://www.mybudget360.com)



# MANAGING RISK

## WHERE IS THE INCENTIVE TO EXPAND

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# Forgive me, A little economic theory



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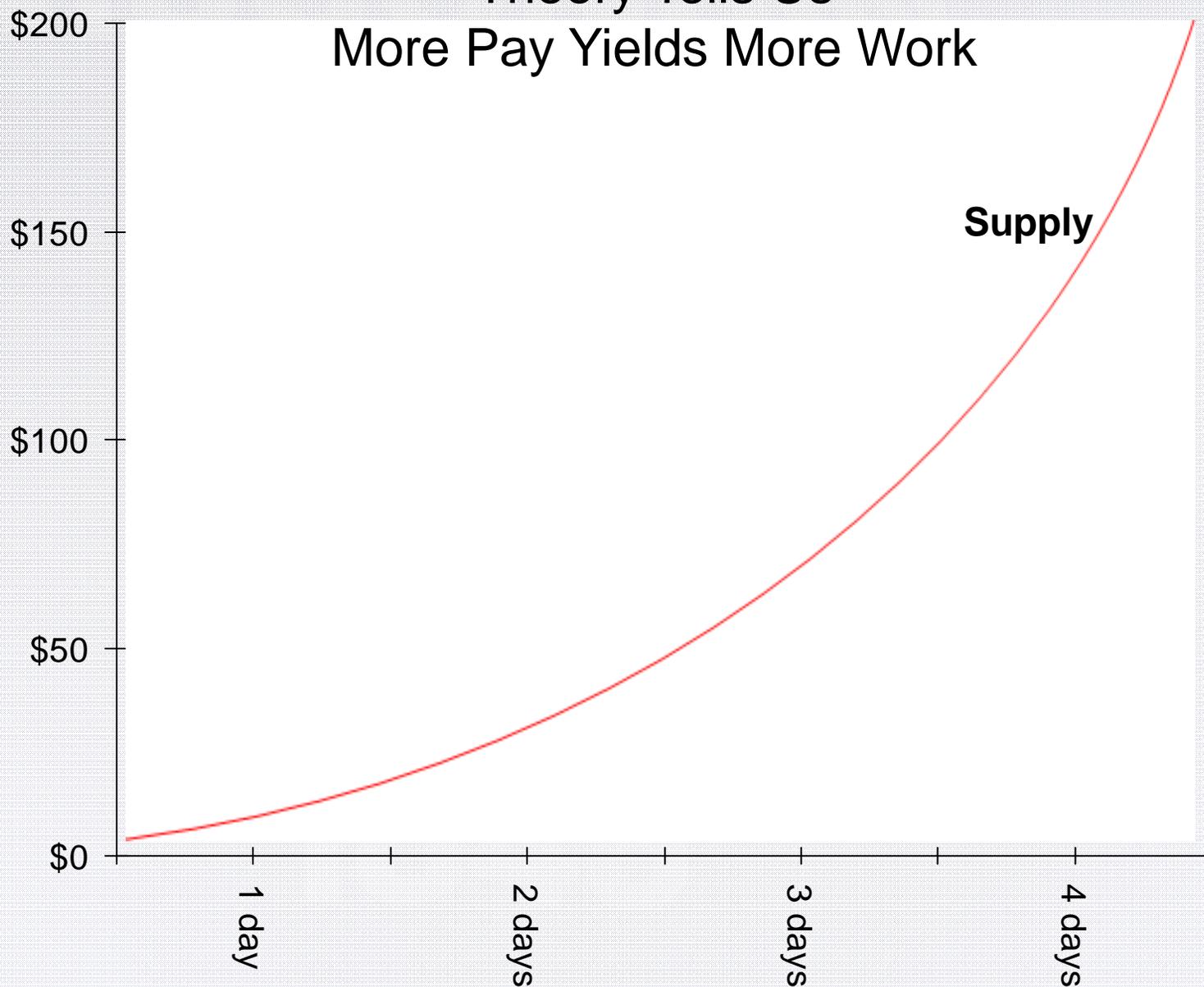


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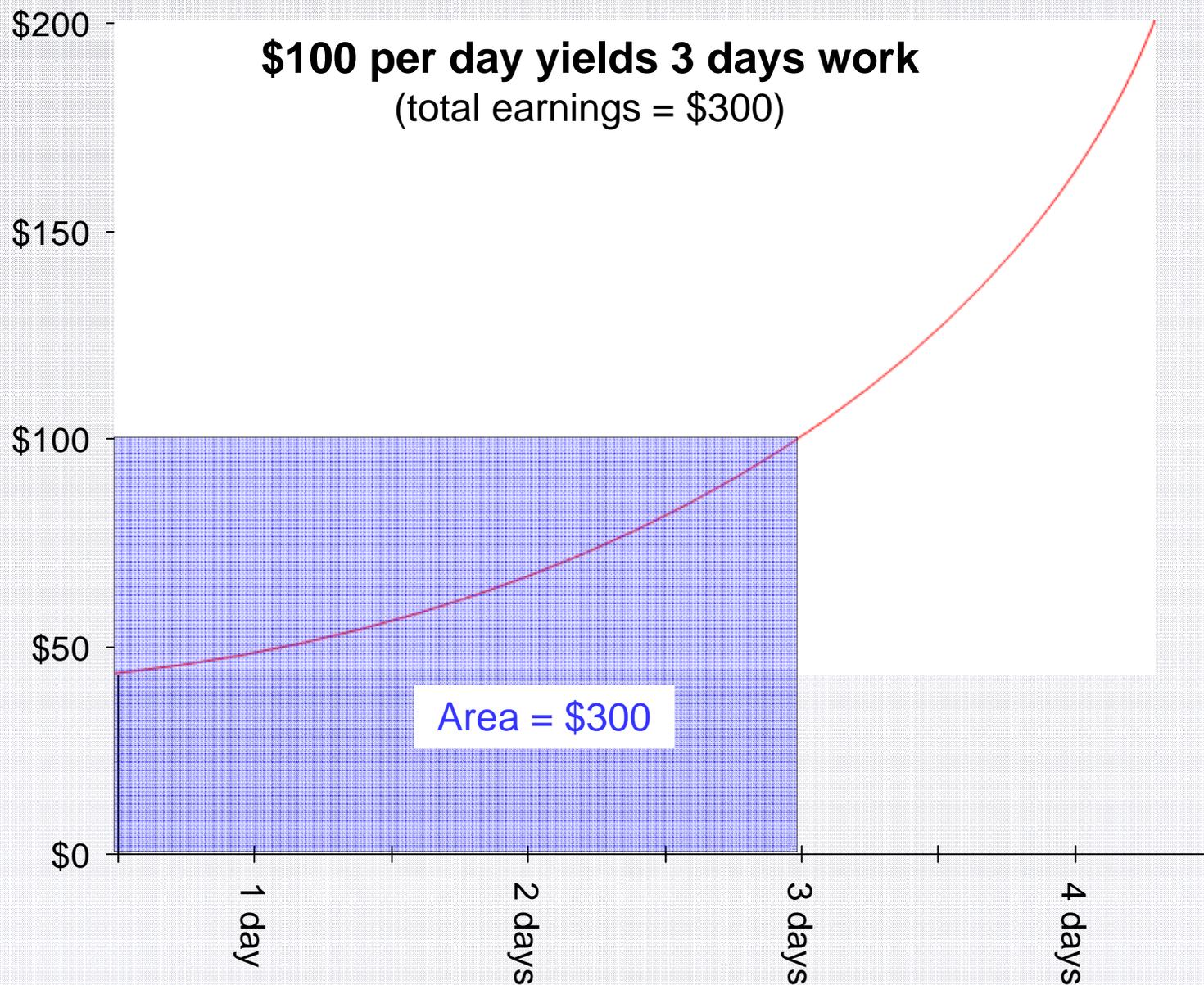
## Theory Tells Us More Pay Yields More Work



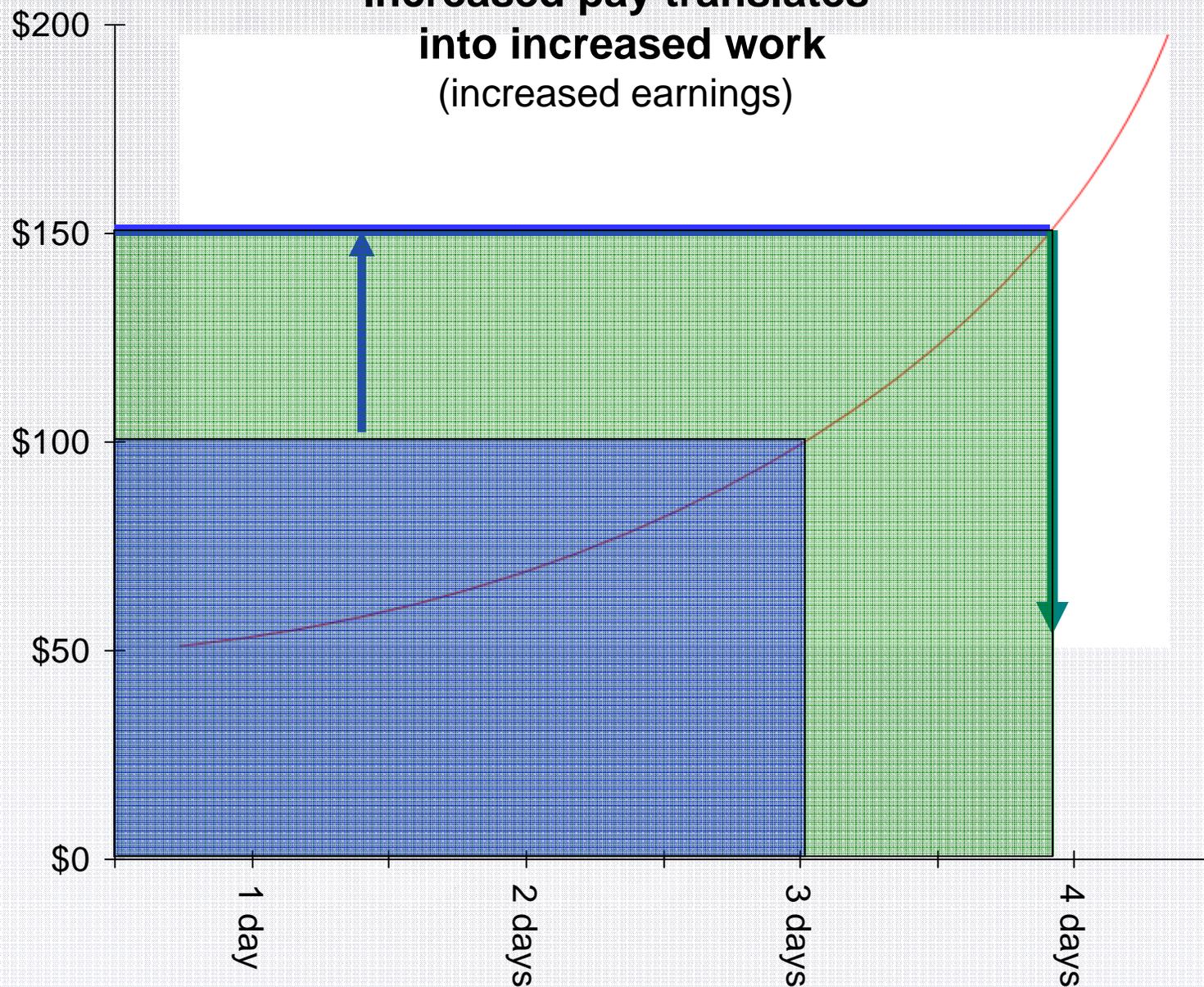
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## Increased pay translates into increased work (increased earnings)





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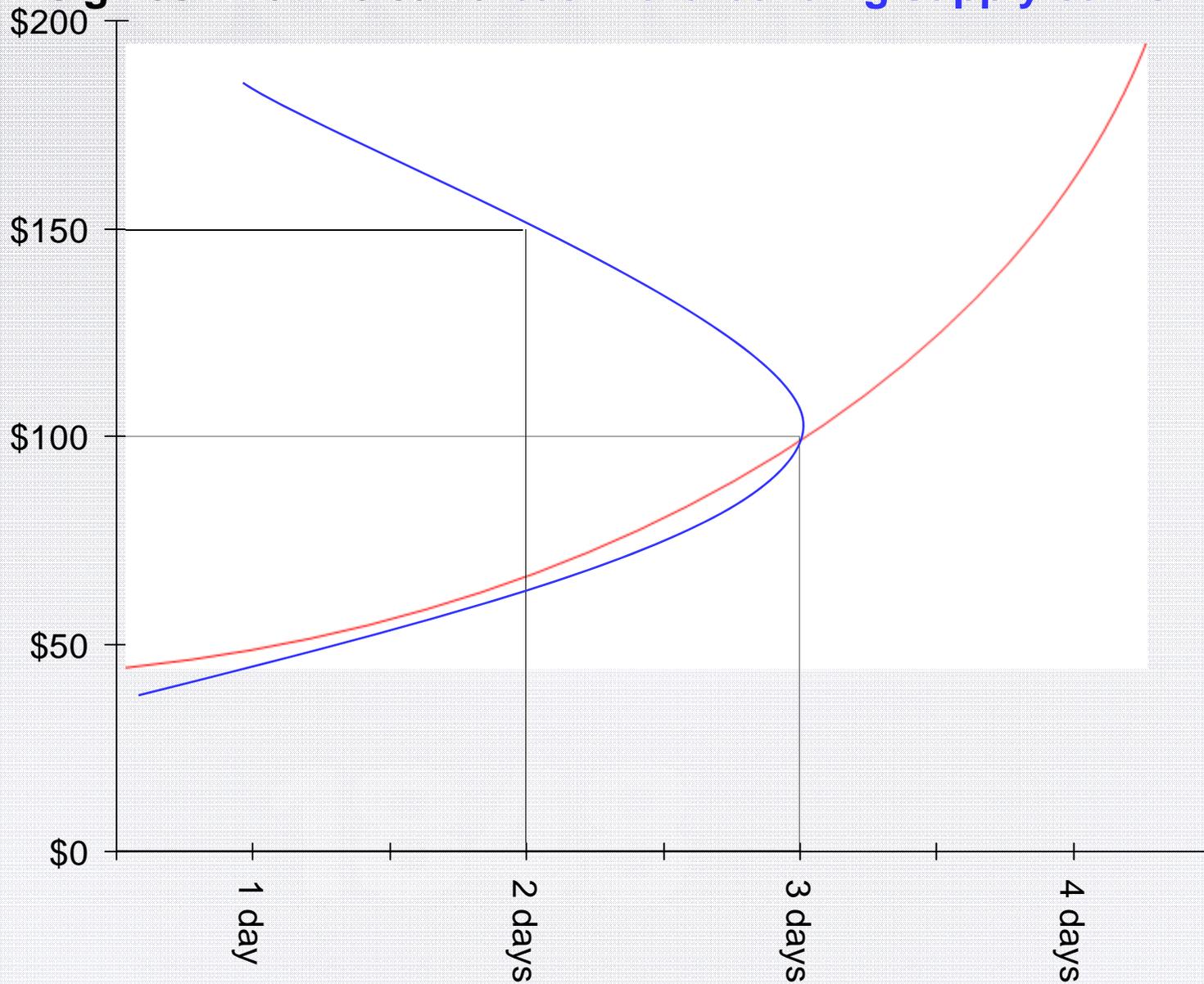


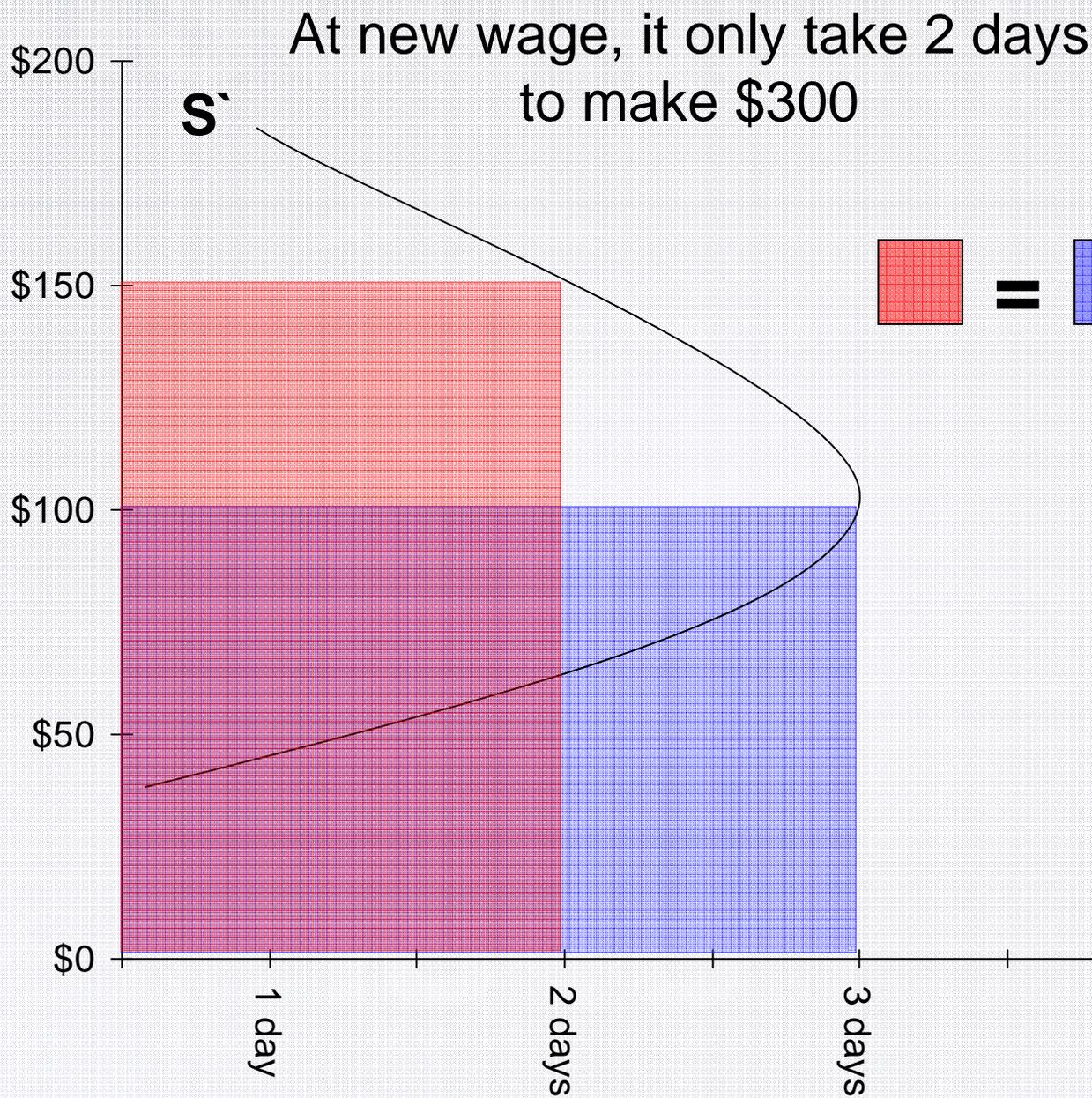
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Well, the guy only shows up for two days.  
This gives what we call a **backward-bending supply curve**.







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GOONIES.COM / HORSESHUTTER



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# CONTACT INFORMATION

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