

# INDIANA BUSINESS REVIEW UPDATE



A MONTHLY OVERVIEW  
OF ECONOMIC TRENDS

INDIANA BUSINESS RESEARCH CENTER  
INDIANA UNIVERSITY SCHOOL OF BUSINESS

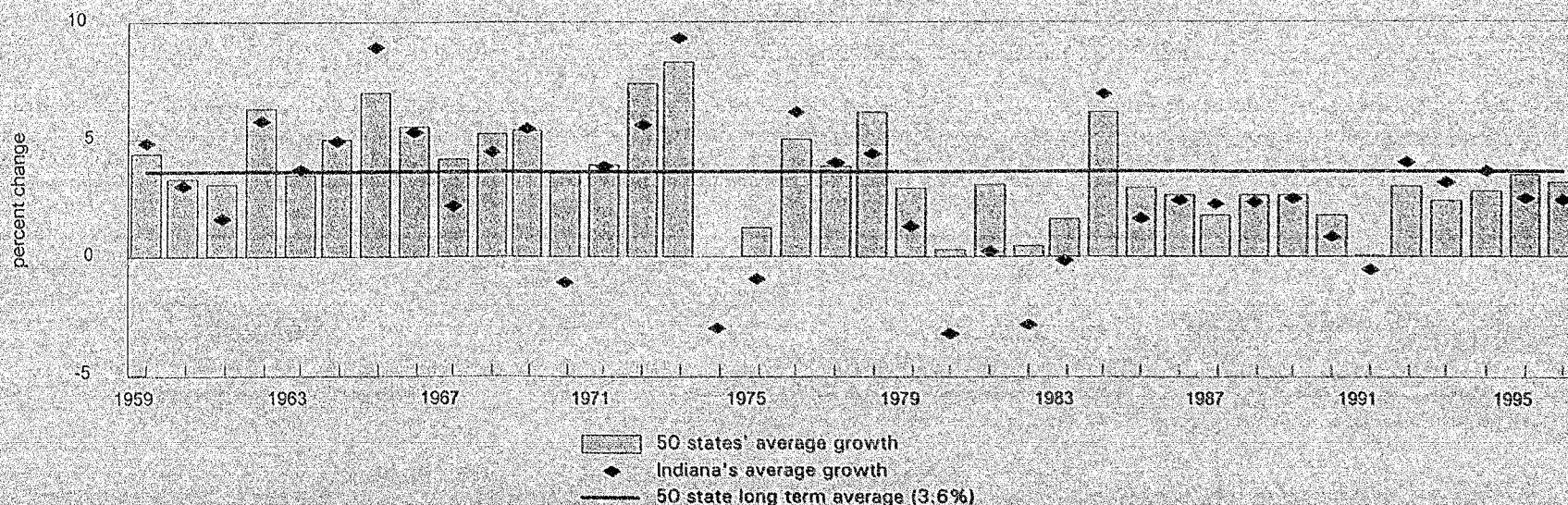
## INCOME GROWTH PATTERNS

States seek high growth rates in personal income. At the same time, they may find it advantageous to have stable rather than volatile growth. Recently revised personal income data from the U.S. Bureau of Economic Analysis provide up-to-date data to assess the performance of Indiana and other states.

Figure 1 shows the personal income growth rates (adjusted for inflation) for the nation and Indiana over the period 1959 to 1996. The bars represent the average growth each year for the 50 states, while the diamond shapes indicate Indiana's growth rates. The horizontal line shows the long-term average growth rate for the 50 states (3.6%). A close examination reveals three distinct periods:

- 1) 1959 to 1973 — growth mainly above the long-term average
- 2) 1974 to 1984 — highly variable growth
- 3) 1985 to 1996 — fairly stable growth below the long-term average

**Figure 1. Growth of Real Total Personal Income**  
(percent change 1959 to 1996)



## NOVEMBER 1997, VOLUME 72, NUMBER 11

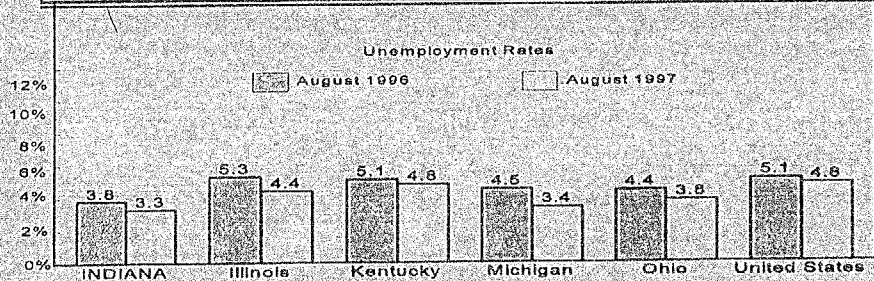
In the first period, Indiana ranked 37th among the states in stability and 32nd in growth. The state's position worsened in the second period, when it fell to 41st in stability and 46 in growth. But in the most recent period, Indiana jumped to 8th in stability and 29th in growth.

**National rankings.** Is there a relationship between a state's rate of growth and the stability of that rate? For example, Nevada ranked 1st or 2nd in each of the three periods, but came in 44th, 43rd, and 24th in stability. Pennsylvania was the most stable state (1st for the period '59 to '96), but 47th in growth. These findings suggest that growth and stability work in opposite directions.

However, Indiana was 36th in stability for the full period and 37th in growth. North Dakota was the least stable (50th) and one of slowest growing states (40th). A statistical analysis of the data found no relationship (either positive or

### The Regional Employment Situation

Total Persons Employed	August 1996	August 1997	Number Change	% Change	Rank in US
INDIANA	2,952,500	3,023,500	71,000	2.4%	20
Illinois	5,824,600	5,912,700	88,100	1.5%	31
Kentucky	1,786,000	1,843,200	57,200	3.2%	14
Michigan	4,657,000	4,742,000	85,000	1.8%	26
Ohio	5,472,400	5,598,200	125,800	2.3%	21
United States	128,143,000	130,865,000	2,722,000	2.1%	N/A



### Employment - Hours - Earnings by Industry

INDIANA	Establishment Related Employment		Average Weekly Hours		Average Weekly (Real) Earnings	
	August 1997	% Chg. 96/97	August 1997	% Chg. 96/97	August 1997	% Chg. 97/97
Total Non-Ag	2,826,900	1.1%	NA	NA	NA	NA
Mining	6,700	1.5%	46.9	6.3%	\$798.71	3.3%
Construction	145,300	1.4%	40.4	-3.3%	\$692.05	-7.6%
Manufacturing	676,400	0.0%	43.1	1.2%	\$629.69	0.8%
Durable	486,100	0.1%	43.9	1.4%	\$654.99	0.1%
Non-durable	190,300	-0.2%	41.0	0.5%	\$561.29	2.9%
Wholesale	140,500	0.4%	37.4	1.9%	\$461.14	1.0%
Retail	549,500	0.8%	29.4	-1.3%	\$229.32	-2.9%
Finance, Insurance & Real Estate	140,300	2.6%	35.5	-1.7%	\$420.68	7.2%
Services <sup>1</sup>	675,500	2.7%	32.8	-1.2%	\$358.18	4.0%

### Employment - Hours - Earnings

(Not seasonally adjusted)

#### Metropolitan Statistical Areas (MSAs) in Indiana

NON-AG WAGE & SALARIED EMPLOYMENT	August 1996	August 1997	Change	
			Number	Percent
Bloomington MSA	60,900	61,000	100	0.2%
Elkhart-Goshen MSA	116,500	116,400	-100	-0.1%
Evansville MSA	150,900	151,200	300	0.2%
Fort Wayne MSA	262,900	265,400	2,500	1.0%
Gary MSA	255,800	259,700	3,900	1.5%
Indianapolis MSA	808,500	822,900	14,400	1.8%
Kokomo MSA	52,300	51,800	-500	-1.0%
Lafayette MSA	84,100	86,200	2,100	2.5%
Muncie MSA	55,700	56,400	700	1.3%
New Albany Area*	81,800	84,900	3,100	3.8%
South Bend MSA	131,600	135,800	4,200	3.2%
Terre Haute MSA	67,000	67,100	100	0.1%

MANUFACTURING	August 1997	Employment	Average Weekly Hours	Average Hourly Earnings	Average Weekly Earnings
Elkhart-Goshen MSA	59,000	39.7	\$12.24	\$485.93	
Evansville MSA	31,000	43.7	\$15.09	\$659.43	
Fort Wayne MSA	74,000	41.1	\$14.48	\$595.13	
Gary MSA	50,200	42.1	\$18.35	\$772.54	
Indianapolis MSA	126,000	44.1	\$15.76	\$695.02	
Kokomo MSA	20,300	49.8	\$19.81	\$986.54	
Lafayette MSA	22,300	42.5	\$15.81	\$671.93	
Muncie MSA	10,600	43.5	\$14.54	\$632.49	
New Albany Area*	20,000	42.7	\$12.27	\$523.93	
South Bend MSA	23,200	40.7	\$12.95	\$527.07	
Terre Haute MSA	11,600	43.3	\$14.82	\$641.71	

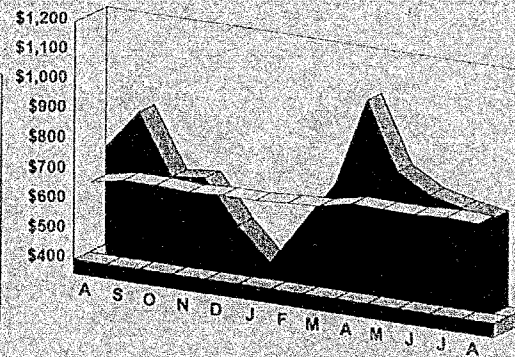
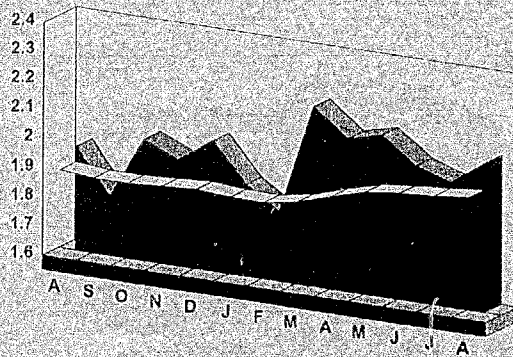
<sup>1</sup>Employment includes schools; Hours and Earnings excludes schools. \*The New Albany Area (Clark, Floyd, Harrison, Scott counties) is part of the larger Louisville MSA. (Real) indicates dollars adjusted for changes in consumer prices to 1997 levels. Employment and earnings data based on preliminary and revised series provided by the Indiana Department of Workforce Development.

# CURRENT TRENDS IN INDIANA'S ECONOMY

## August 1996—August 1997

### Raw Steel Production

American Iron and Steel Institute  
 Year to date: 16.5 million net tons  
 12-month total: 24.3 million net tons  
 Peak month: March 1997

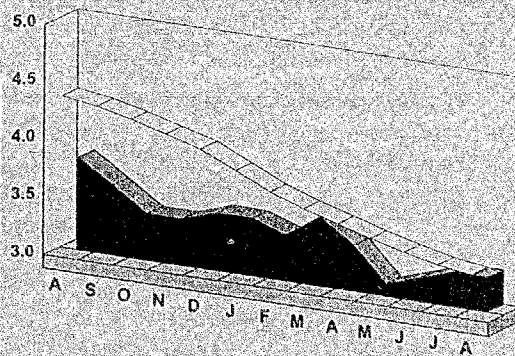
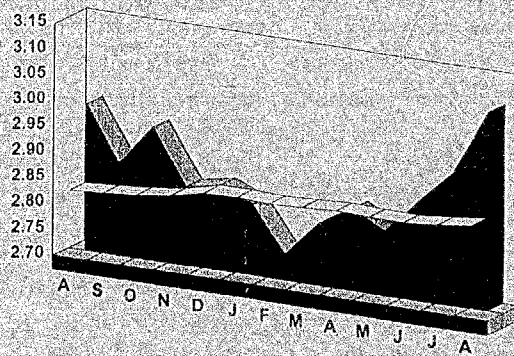


### Total Construction Activity (\$MIL)

F.W. Dodge Construction Potentials Bulletin  
 Year to date: \$5,922.0 million  
 12-month total: \$8,780.6 million  
 Peak month: April 1997

### Industrial Electricity Sales (Billions)

The 5 Investor owned utilities  
 Year to date: 23.0 billion kwh  
 12-month total: 34.6 billion kwh  
 Peak month: August 1997

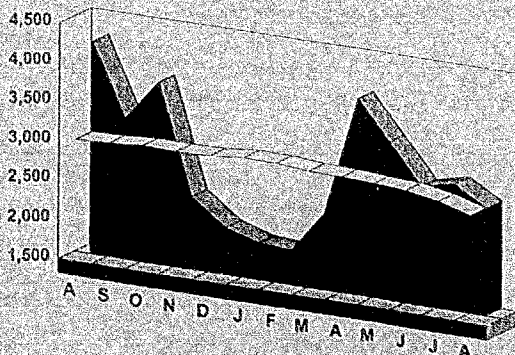
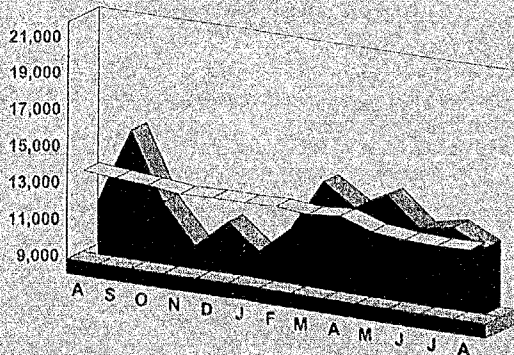


### Unemployment Rate

Indiana Department of Workforce Dev.  
 Peak month: February 1992

### New Car Registrations

R.L. Polk and Company  
 Year to date: 104,692  
 12-month total: 155,078  
 Peak month: May 1996



### Housing Starts

F.W. Dodge Construction Potentials Bulletin  
 Year to date: 22,764  
 12-month total: 34,345  
 Peak month: August 1996

Moving Average

Peak = since 1992

Monthly

Montana had the worst record, ranking 47th in stability and 48 in growth. Iowa was next to last with 45th place in stability and 49 in growth.

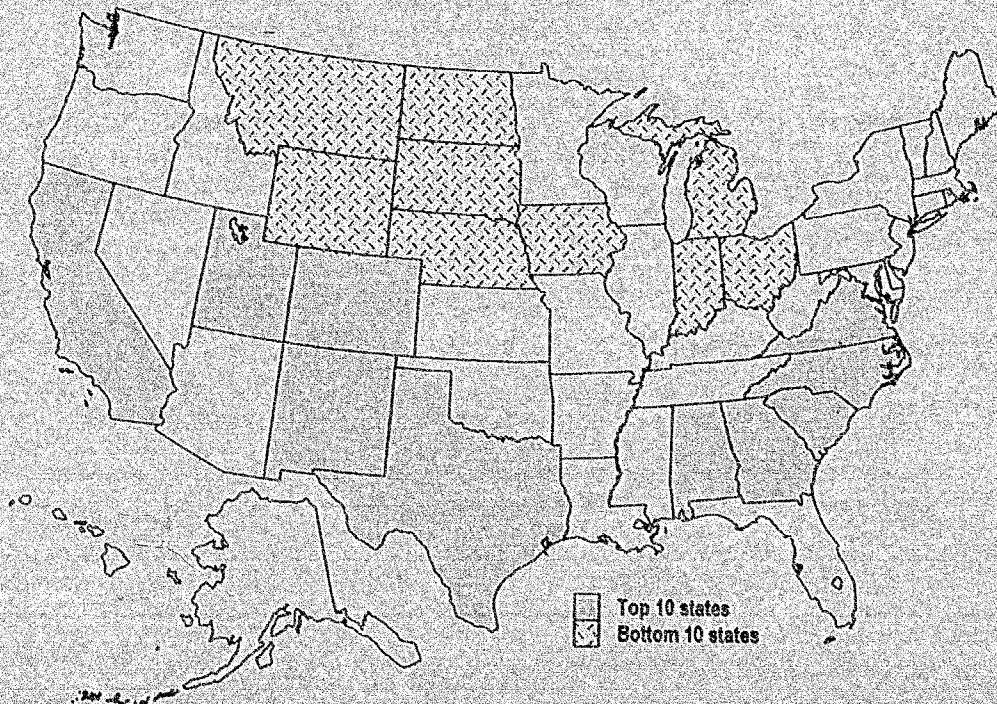
While we believe we understand the benefits of growth, it might be well to consider the benefits (if any) of stable growth. Has Utah been better off with slower, yet more stable growth than its neighbor, Nevada, which has been fast growing but highly volatile?

-mjm

negative) between the rate of growth a state enjoys and the stability of that growth rate.

Figure 2 shows the top and bottom ten states for the period 1959 to 1996, when stability and growth are considered together. Utah had the best record in the nation, ranking 3rd in stability and 9th in growth. Colorado followed with an 11th place finish in stability and a 6th place in growth.

Figure 2. Composite Ranking of States by Stability and Growth Rates for Real Total Personal Income, 1959 to 1996



Support for this publication is provided by the Indiana Department of Commerce and the State of Indiana. Data are available from the Economic Development Information Network - call (317)274-0897 for details. WEB address: <http://www.iupui.edu/ibrc>. The IBRC is a partner in the Indiana Data Center Program with the Indiana State Library, Dept. of Commerce and U.S. Census Bureau. UPDATE Staff: Terry Creeth, managing editor; Morton J. Marcus & Co. I.O. Rogers, contributors; and Bethany Sprague, graphic designer.

# Indiana Business Review Update

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