

INDIANA BUSINESS REVIEW UPDATE



A MONTHLY OVERVIEW
OF ECONOMIC TRENDS

INDIANA BUSINESS RESEARCH CENTER
INDIANA UNIVERSITY
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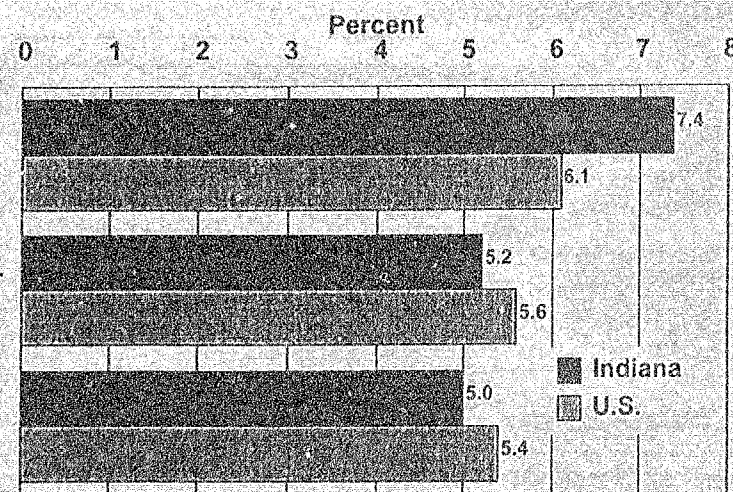
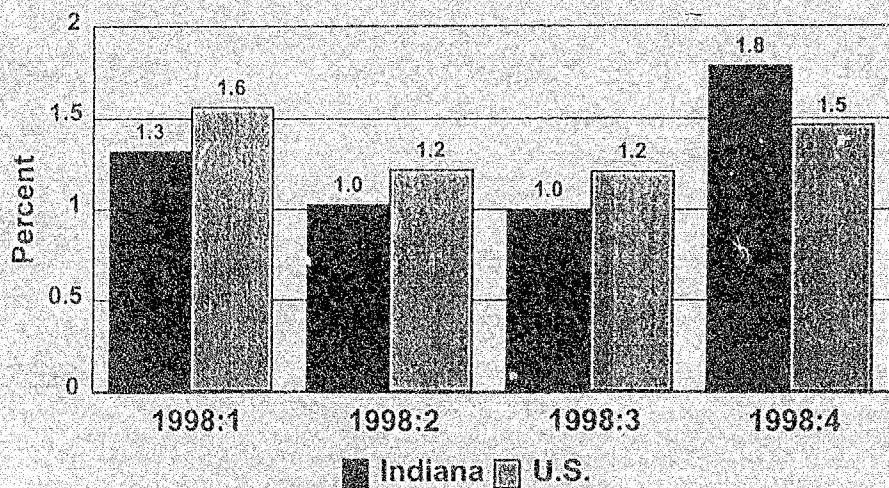
HOW FAST ARE WE GROWING?

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The latest data on personal income suggest that Indiana's economy is one of the nation's leading economies. After trailing the nation all during 1998, in the fourth quarter total personal income of Hoosiers rose by 1.8% while the nation's increase was at 1.5% (see figure 1).

Figure 2. Alternative Views of Growth In Personal Income

Figure 1. Quarterly Growth Rates in Personal Income



Rank in nation is shown in parentheses

Ultimately, when we look back, it will be the *annual* data that receives attention. Here Indiana ranked 29th with a 5.0% growth in personal income compared to the U.S. figure of 5.4%.

This surge in personal income put Indiana in 12th place among the 50 states for growth in the fourth quarter. *Annualized*, our growth in the fourth quarter was a rousing 7.4% compared to the healthy national rate of 6.1%.

What Happened in the 4th Quarter?

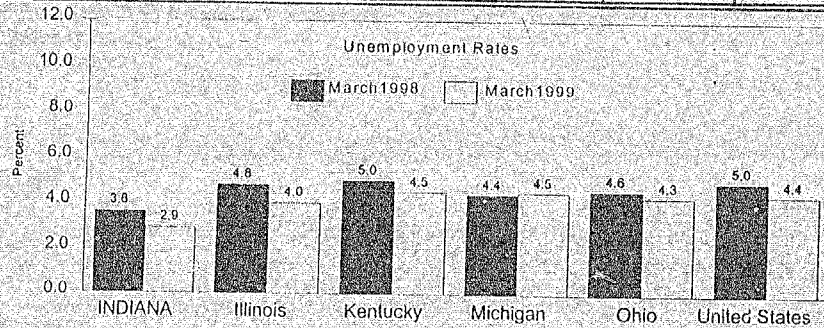
But if we take a longer look, from the fourth quarter of 1997 to the same quarter in 1998, Indiana's growth was less impressive. *Year-over-year for the same quarter*, Indiana grew by 5.2% while the nation advanced by 5.6%. In this measure we fell to 26th place in the nation (see figure 2).

Indiana's strong growth in the 4th quarter of 1998 can be attributed mostly to durable goods manufacturing (31% of the net growth). With 21% of total earnings in the 3rd quarter of 1998, durable goods had a disproportionate increase of \$780 million dollars, a 3.4% growth for the 4th quarter. Total earnings rose only 2.4% (see figure 3 on page 4).

(continued on page 4)

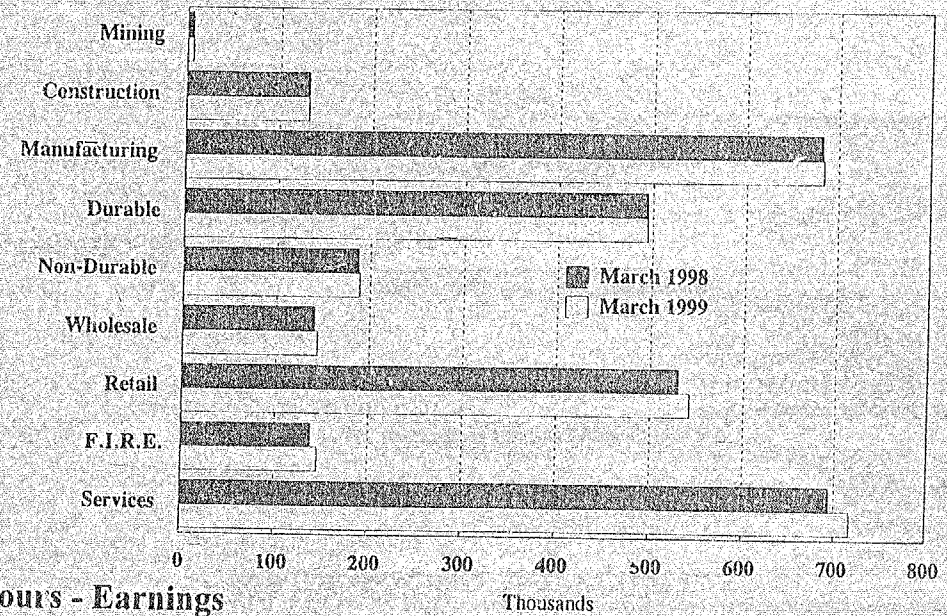
The Regional Employment Situation

TOTAL PERSONS EMPLOYED	MARCH 1998	MARCH 1999	NUMBER CHANGE	% CHANGE	RANK IN US
INDIANA	2,940,192	3,013,101	72,909	2.5%	22
Illinois	5,868,788	5,997,487	128,699	2.2%	28
Kentucky	1,798,160	1,834,180	36,020	2.0%	32
Michigan	4,760,950	4,812,400	51,450	1.1%	41
Ohio	5,307,356	5,491,823	184,467	3.5%	15
United States	130,150,000	132,229,000	2,079,000	1.6%	N/A



Indiana's Non-Ag Employment

Total Non-Ag Employment in March 1999 was 2,936,200, up 2.2% from the same month a year ago.



Employment - Hours - Earnings (Not seasonally adjusted)

Metropolitan Statistical Areas (MSAs) in Indiana

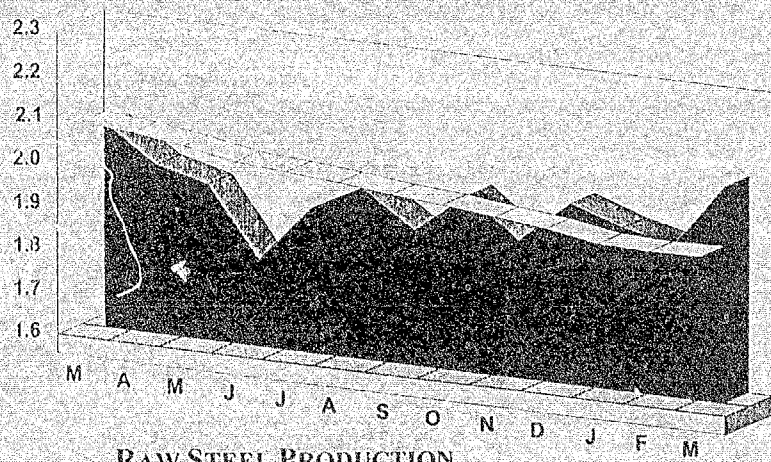
NON-AG WAGE & SALARIED EMPLOYMENT	MARCH 1998	MARCH 1999	CHANGE	
			NUMBER	PERCENT
Bloomington MSA	65,100	64,500	-600	-0.9%
Elkhart-Goshen MSA	118,300	123,700	5,400	4.6%
Evansville MSA	152,900	158,500	5,600	3.7%
Fort Wayne MSA	268,700	274,100	5,400	2.0%
Gary MSA	261,900	268,000	6,100	2.3%
Indianapolis MSA	836,500	858,000	21,500	2.6%
Kokomo MSA	51,400	52,100	700	1.4%
Lafayette MSA	93,800	96,200	2,400	2.6%
Muncie MSA	59,900	60,600	700	1.2%
New Albany Area	87,700	90,700	3,000	3.4%
South Bend MSA	133,600	136,800	3,200	2.4%
Terre Haute MSA	66,700	67,700	1,000	1.5%

MANUFACTURING MARCH 1999	EMPLOYMENT	AVERAGE WEEKLY HOURS	AVERAGE HOURLY EARNINGS	AVERAGE WEEKLY EARNINGS
Elkhart-Goshen MSA	63,200	39.8	\$12.72	\$506.26
Evansville MSA	33,600	44.3	\$14.48	\$641.46
Fort Wayne MSA	74,600	40.3	\$15.54	\$626.26
Gary MSA	49,800	44.3	\$19.34	\$856.76
Indianapolis MSA	128,900	44.3	\$15.57	\$689.75
Kokomo MSA	20,400	46.8	\$22.62	\$1,058.62
Lafayette MSA	22,300	43.5	\$15.67	\$681.65
Muncie MSA	10,700	45.6	\$15.02	\$684.91
New Albany Area	19,200	43.4	\$13.08	\$567.67
South Bend MSA	22,500	41.1	\$11.99	\$492.79
Terre Haute MSA	12,100	43.6	\$14.53	\$633.51

*The New Albany Area (Clark, Floyd, Harrison, Scott counties) is part of the larger Louisville MSA. Employment and earnings data for this area are included in the Louisville MSA data.

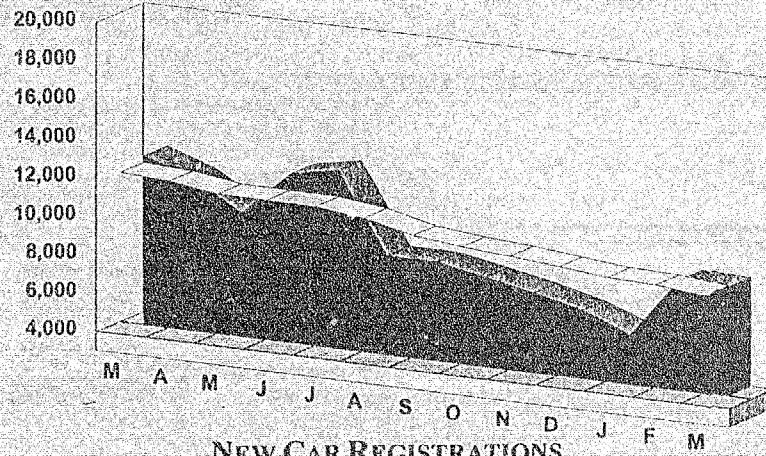
Current Trends in Indiana's Economy

March 1998 — March 1999



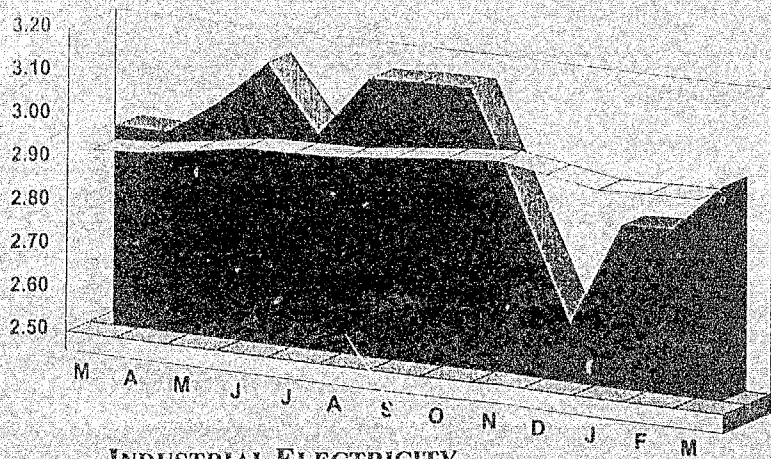
RAW STEEL PRODUCTION

American Iron and Steel Institute
 Year to date: 6.0 million net tons
 12-month total: 23.6 million net tons
 Peak month: January 1998



NEW CAR REGISTRATIONS

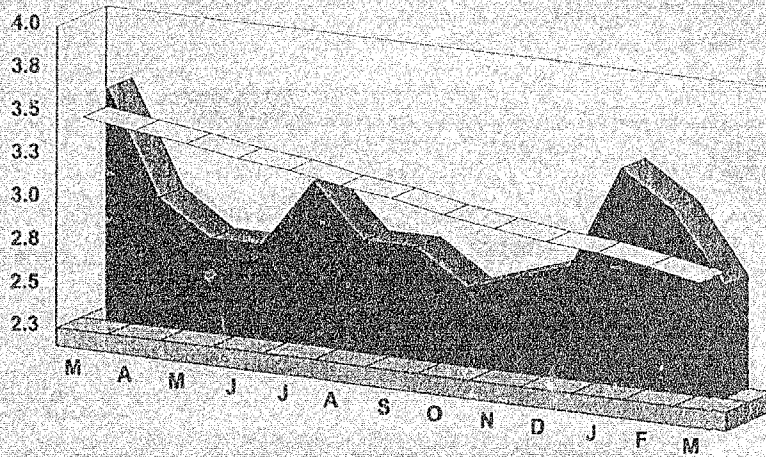
R.L. Polk and Company
 Year to date: 25,861
 12-month total: 116,669
 Peak month: May 1996



INDUSTRIAL ELECTRICITY

SALES (BILLIONS)

The 5 investor owned utilities
 Year to date: 8.7 billion kwh
 12-month total: 35.8 billion kwh
 Peak month: June 1998



UNEMPLOYMENT RATE

Indiana Department of Workforce Dev.
 Peak month: February 1994

Moving Average



Peak = since 1994

Monthly



