INDIANA UPDATE

INDIANA BUSINESS REVIEW

A MONTHLY OVERVIEW OF ECONOMIC TRENDS

INDIANA BUSINESS RESEARCH CENTER
INDIANA UNIVERSITY
KELLEY SCHOOL OF BUSINESS

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EMPLOYMENT CONTINUES TO RISE

The feel good headline above is true: employment in Indiana is up 22,600 compared to the same month a year ago. Employment in the Hoosier state has exceeded its 1998 levels throughout this year (see figure 1). If we went back in time, we would probably find that August of 1999 was the highest employment level of any August in Hoosier history. But is that the story? In February and March, Hoosier employment was running more than 60,000 jobs ahead of year earlier levels. Not only has the absolute advantage of our performance fallen, we are no longer tracking with the nation in employment growth (see figure 2).

While the nation has grown in the narrow band between 2.1% and 2.4% (compared to the same month last year), Indiana has fallen into a zone of 1.5% growth or lower. Hence our headline could have been "Hoosier job growth lags behind nation" and that too would have been true.

At the level of specific industries, Indiana's jobs have grown in nine of the ten major non-farm categories used for labor statistics. This happy finding is based on the average monthly difference between employment in 1998 and 1999. Services showed the greatest advance – more than 17,300 jobs – with 41% of the nearly 42,000 jobs added in Indiana (see figure 3). Construction alone showed a decline over the two year period through August.

Yet, if we look at how Indiana measures up to the nation at the same level of detail, we get a less favorable view. In figure 4, the job growth rate of the nation is compared with the rate in Indiana; the points of comparison are from August 1998 to August 1999.

Indiana is out performing the nation in the rate of job growth in finance, insurance, and real estate (2.2% vs. 1.8%). In three other sectors where the nation is advancing (services, retail and wholesale trade), Indiana lags the U.S. growth rate. Where employment is growing nationally in government, transportation and public utilities, as well as construction, Indiana has lost jobs compared to the same month a year ago. Finally, in three industries (durable and non-durable manufacturing, plus mining) where Indiana had its smallest job growth (see again figure 3), our advances were contrary to the nation's experience. *(continued on page 4)*

Figure 1. Total Non-Farm Employment in Indiana

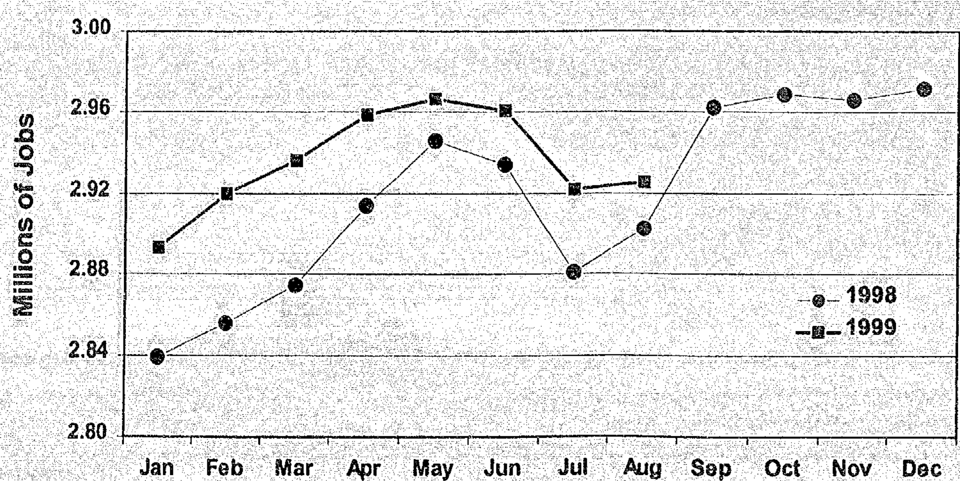
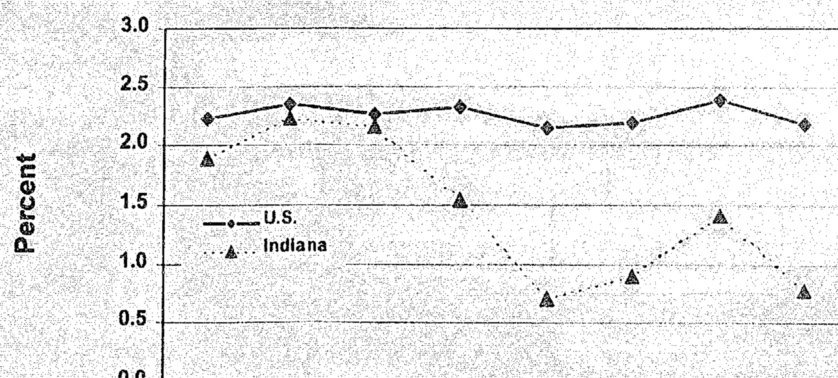


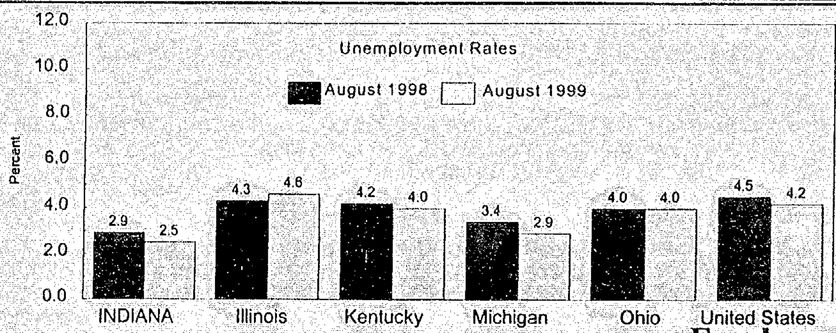
Figure 2. Percent Change in Total Non-Farm Employment (from the same month a year earlier)



	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
U.S.	2.2	2.3	2.3	2.3	2.1	2.2	2.4	2.2
Indiana	1.9	2.2	2.2	1.5	0.7	0.9	1.4	0.8

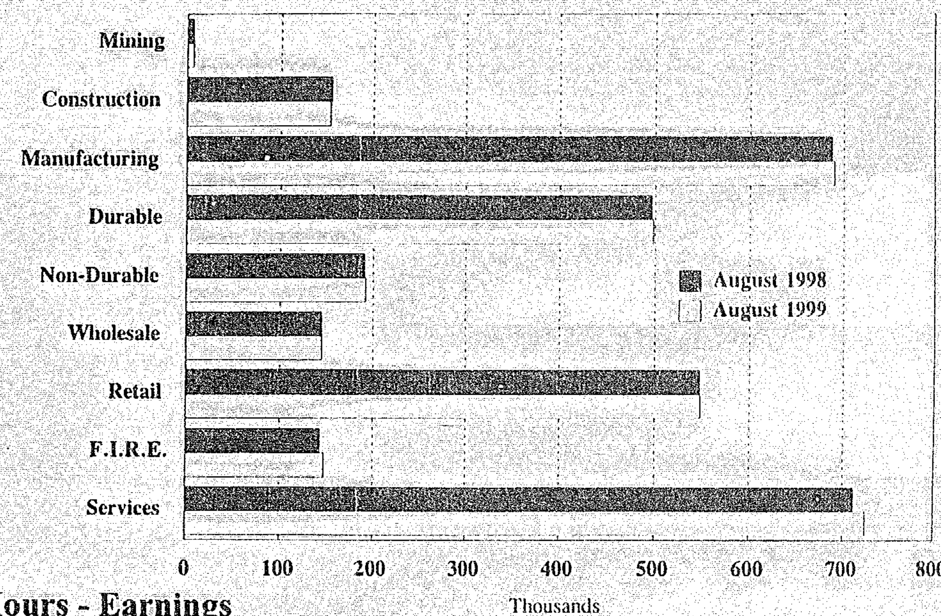
The Regional Employment Situation

Total Persons Employed	August 1998	August 1999	Number Change	% Change	Rank in US
INDIANA	**3,004,324**	**3,022,569**	**18,245**	**0.6%**	**42**
Illinois	5,990,241	6,103,518	113,277	1.9%	23
Kentucky	1,856,881	1,891,790	34,909	1.9%	25
Michigan	4,908,190	4,977,102	68,912	1.4%	32
Ohio	5,526,928	5,681,123	154,195	2.8%	13
United States	132,206,000	134,264,000	2,058,000	1.6%	N/A



Indiana's Non-Ag Employment

Total Non-Ag Employment in August 1999 was 2,930,100, up 0.9% from the same month a year ago.



Employment - Hours - Earnings

(Not seasonally adjusted)

Metropolitan Statistical Areas (MSAs) in Indiana

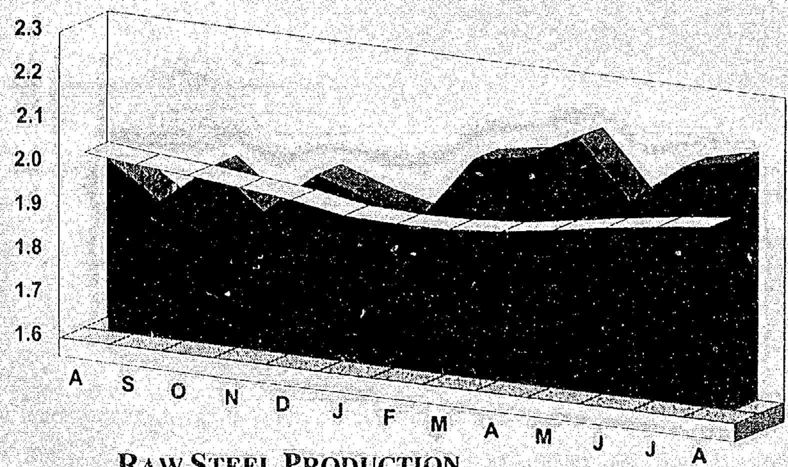
Non-Ag Wage & Salaried Employment	August 1998	August 1999	Change: Number	Change: Percent
Bloomington MSA	60,000	60,400	400	0.67%
Elkhart-Goshen MSA	121,700	124,500	2,800	2.30%
Evansville MSA	155,800	160,200	4,400	2.82%
Fort Wayne MSA	270,800	269,900	-900	-0.33%
Gary MSA	269,400	267,100	-2,300	-0.85%
Indianapolis MSA	855,200	866,700	11,500	1.34%
Kokomo MSA	52,200	53,700	1,500	2.87%
Lafayette MSA	90,100	92,100	2,000	2.22%
Muncie MSA	54,600	58,100	3,500	6.41%
New Albany Area*	90,200	88,300	-1,900	-2.11%
South Bend MSA	135,900	136,200	300	0.22%
Terre Haute MSA	65,400	65,800	400	0.61%

Manufacturing August 1999	Employment	Average Weekly Hours	Average Hourly Earnings	Average Weekly Earnings
Bloomington MSA	9,300	40.4	$13.35	$539.34
Elkhart-Goshen MSA	64,100	40.4	$13.32	$538.13
Evansville MSA	33,800	44.3	$15.19	$672.92
Fort Wayne MSA	75,100	40.8	$15.84	$646.27
Gary MSA	49,500	42.8	$20.27	$867.56
Indianapolis MSA	131,300	44.2	$15.53	$686.43
Kokomo MSA	21,400	48.6	$22.77	$1,106.62
Lafayette MSA	22,500	42.4	$16.48	$698.75
Muncie MSA	10,500	45.5	$14.97	$681.14
New Albany Area*	19,300	42.7	$13.16	$561.93
South Bend MSA	21,900	41.1	$12.65	$519.92
Terre Haute MSA	11,800	45.0	$13.89	$625.05

*The New Albany Area (Clark, Floyd, Harrison, Scott counties) is part of the larger Louisville MSA. Employment and earnings data based on preliminary and revised series provided by the Indiana Department of Workforce Development.

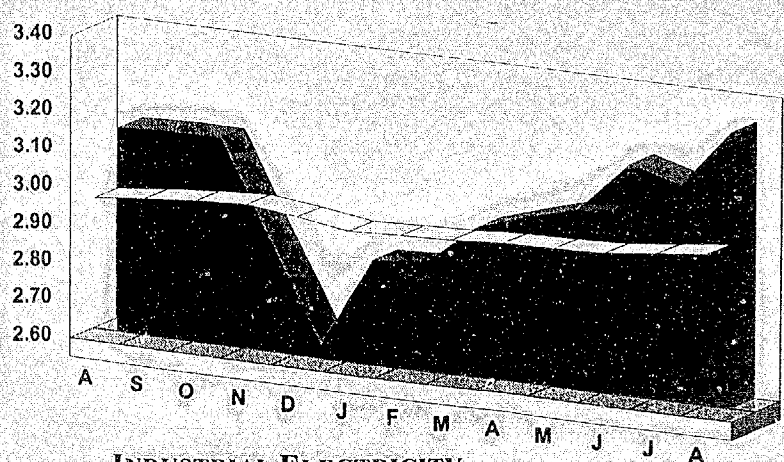
Current Trends in Indiana's Economy

August 1998 – August 1999

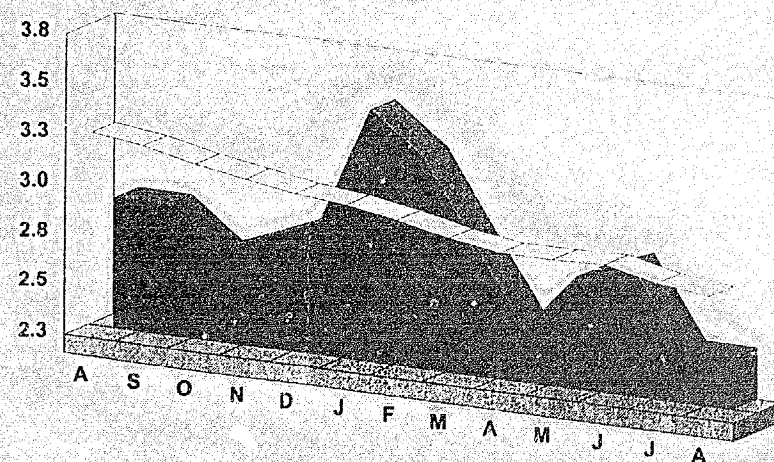


RAW STEEL PRODUCTION
American Iron and Steel Institute
Year to date: 16.7 million net tons
12-month total: 24.5 million net tons
Peak month: January 1998

NEW CAR REGISTRATIONS
R.L. Polk and Company
Year to date: 79,815
12-month total: 113,206
Peak month: May 1996



INDUSTRIAL ELECTRICITY SALES (BILLIONS)
The 5 investor owned utilities
Year to date: 24.6 billion kwh
12-month total: 36.4 billion kwh
Peak month: August 1999



UNEMPLOYMENT RATE
Indiana Department of Workforce Dev.
Peak month: February 1994

Moving Average

Peak = since 1994

Monthly

(continued from page 1)

How should we look at employment changes? In terms of our own history (figures 1 and 3) or in terms relative to the nation (figures 2 and 4)? Should our comparisons be based on month-to-month changes, same month versus a year ago, or some long time span (a year-to-date average as in figure 3 or a 12 month moving average as in the graphs on pages 2 and 3)?

All are accurate presentations of the data, seen from different vantage points. Indiana continues to progress while it lags a faster moving nation.

Figure 3. Average Monthly Change in Number of Hoosier Jobs From 1998 to 1999 (total = 41,900)

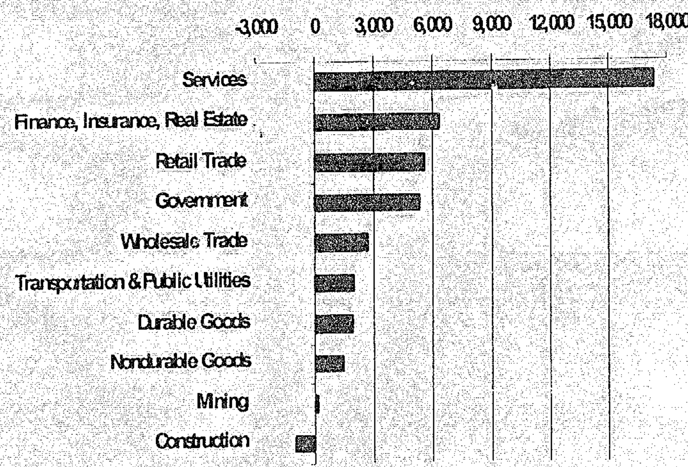
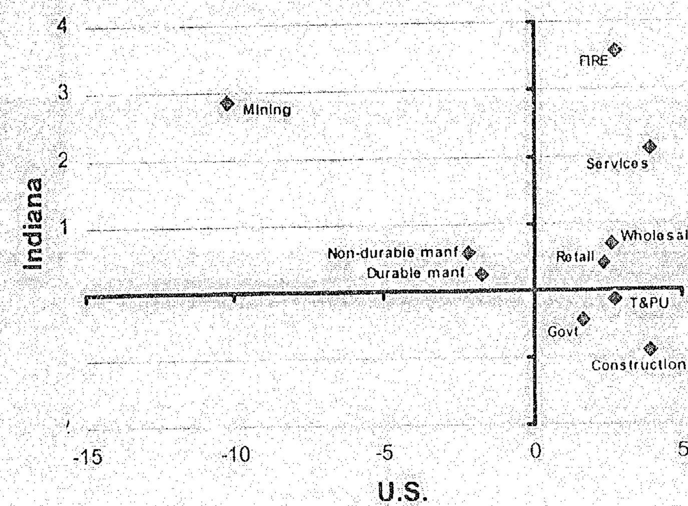


Figure 4. Percent Change in Number of Jobs, August 1998 to August 1999



Transition

Over the past 7 years the ***Update*** to the **Indiana Business Review** has explored different ways to view our state's economy. Starting in early 2000, readers will receive a new, expanded publication, developed jointly by the Kelley School of Business, the Indiana Department of Commerce and the Indiana Department of Workforce Development.. Each month it will provide more economic information about our state than previously available from any single source.

The emphasis of the ***Update*** on objectivity and clarity will be maintained. Reality, like a diamond, has many facets and is often most valuable when set appropriately and illuminated properly.

While the ***Update*** will be discontinued with this issue, the ***IBR*** will go on, as it has since 1926, offering additional information and views to the citizens of Indiana.

-mjm

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