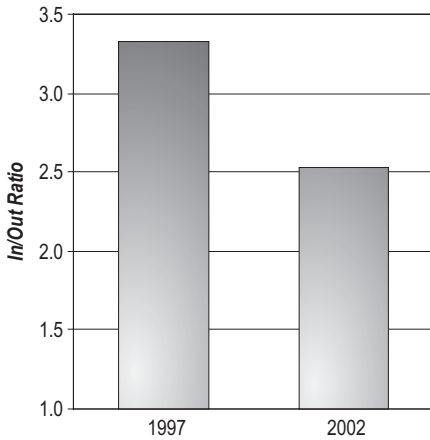


Evansville

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Figure 4
Bartholomew County Commuting Ratio



Some sectors of the Columbus area economy surely will do better than others. While real wages per job were flat countywide in the last five years, they grew by more than 30 percent in the financial services sector. And despite the recession, employment in health care jumped 10 percent from 2001 to 2004.

In general, though, don't look for 2005 to be much different from 2004. Based on forecast data from the Kelley School of Business, here's what to expect:

- ▶ **General level of business activity:** About the same as in 2004. Not much growth.
- ▶ **Wages:** Flat. Any increases will just about cover inflation.
- ▶ **Number of jobs:** Not much improvement over 2004. Countywide, an increase of perhaps 600 jobs, or about a 1.5 percent rise in payrolls.
- ▶ **Unemployment rate:** The average may be a little better than 2004. But the early months typically have the highest unemployment rate of the year. So expect the rate to approach 4 percent in the first quarter, improving to 3 percent by the fourth quarter. ◀

Sources

Indiana Business Research Center, Kelley School of Business, Indiana University; U.S. Bureau of Economic Analysis; and the U.S. Census Bureau

Our area has enjoyed economic stability over the last several years. The U.S. Bureau of Economic Analysis reports Evansville per capita income at \$29,116. This was 94 percent of the national per capita income for 2002. In 1969, per capita income in Evansville was 89 percent of the national per capita income. The number of jobs was recently measured at 162,100, which compares favorably with last year's 161,900. Unemployment in our city is 4.0 percent, compared to 4.8 percent in Indiana and 5.1 percent in the nation.

As measured by the index of economic activity maintained at the University of Evansville, the Evansville economy did not show substantial growth during 2003 (see Table 1). The index has yet to return to the peak set at the turn of the century. There was a substantial gain in both construction and finance, an insignificant decline in trade and a substantial decline in electricity sold to industrial users, the index's proxy for industrial production. The transportation component of the index, boardings at the local airport, continued to decline.

Index Defined

- ▶ Electricity sold to industrial users = industrial production
- ▶ The total value of new construction permits in Vanderburgh County = construction.
- ▶ Annual boardings at the Evansville Regional Airport = transportation
- ▶ Metropolitan area employment in wholesale and retail trade = trade
- ▶ Finance sector employment = finance

In my opinion, the expansionary effects of our nation's fiscal policy have likely run most of their course. Monetary policy is returning to neutral after a long period of expansion. Interest rates will move away from historic lows to levels near their historic averages. These increased interest rates are not likely to make doing business in the durable goods sector or the construction sector any easier. The effects of higher interest rates on the finance sector are uncertain. We can thank the employers of our area for substantial job growth in the past and hope for stability in the future. Barring any unexpected national or international developments, I expect next year to be much like this year. ◀

Table 1
Index of Economic Activity in Evansville

Year	Industrial Production	Construction	Trade	Transportation	Finance	Index	Index Growth
1995	0.316	0.040	0.273	0.047	0.240	0.917	n/a
1996	0.330	0.060	0.275	0.051	0.247	0.963	5.0%
1997	0.329	0.048	0.284	0.055	0.250	0.966	0.3%
1998	0.359	0.069	0.277	0.060	0.234	1.000	3.5%
1999	0.385	0.090	0.282	0.062	0.247	1.066	6.6%
2000	0.397	0.072	0.285	0.060	0.254	1.068	0.2%
2001	0.387	0.045	0.288	0.052	0.280	1.053	-1.4%
2002	0.401	0.064	0.284	0.052	0.254	1.054	0.1%
2003	0.385	0.071	0.283	0.050	0.260	1.049	-0.5%
Change from 2002	-3.9%	10.5%	-0.4%	-2.8%	2.6%	-0.5%	n/a