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INDIANA BUSINESS REVIEW UPDATE

A MONTHLY OVERVIEW OF ECONOMIC TRENDS

INDIANA BUSINESS RESEARCH CENTER
INDIANA UNIVERSITY SCHOOL OF BUSINESS

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THE VALUE OF A DOLLAR

What is the dollar worth today? We all know that a greenback will not buy what it used to buy. But how much will it buy?

To find out the value of a dollar today compared to what it would buy in the past, we use the Consumer Price Index issued monthly by the U.S. Bureau of Labor Statistics. The latest series sets the years 1982 to 1984 equal to 100. The average value for 1997 was 160.5 which means that to buy the same basket of goods you bought for $100 in the mid-'80s took $160.50 in 1997. (Column 2 in figure 1, see back page.)

Alternatively, if you spend $100 today, what would it have cost to buy the same goods and services in 1940? The answer is shown in Column 4 as $8.72. If you gave a couple $100 as a wedding present in 1960, how much would you have to give their daughter at her wedding in 1997? Column 5 tells us the amount would be $542.23 if you wanted her to have the same buying power as her parents enjoyed from your gift for their wedding.

How to use the CPI in time travel: A dollar in 1997 would buy what 6 cents would have bought in 1913. To find what a dollar in 1997 would buy in 1913, divide the CPI for 1913 (in Column 2) by the CPI for 1997. Test: what would a dollar in 1950 have bought in 1940? Answer: ¢85 worth of goods and services

In 1997 you would need $11.38 to buy what a dollar would have bought in 1938. To find how much a dollar from 1938 would buy in 1997, divide the CPI for 1997 by the CPI for 1938. Test: how much did you have to earn in 1990 to match the buying power of $10,000 in 1970? Answer: $33,589.95

Figure 2. Inflation Rate, 1914 to 1997
(Percent Change in Consumer Price Index)

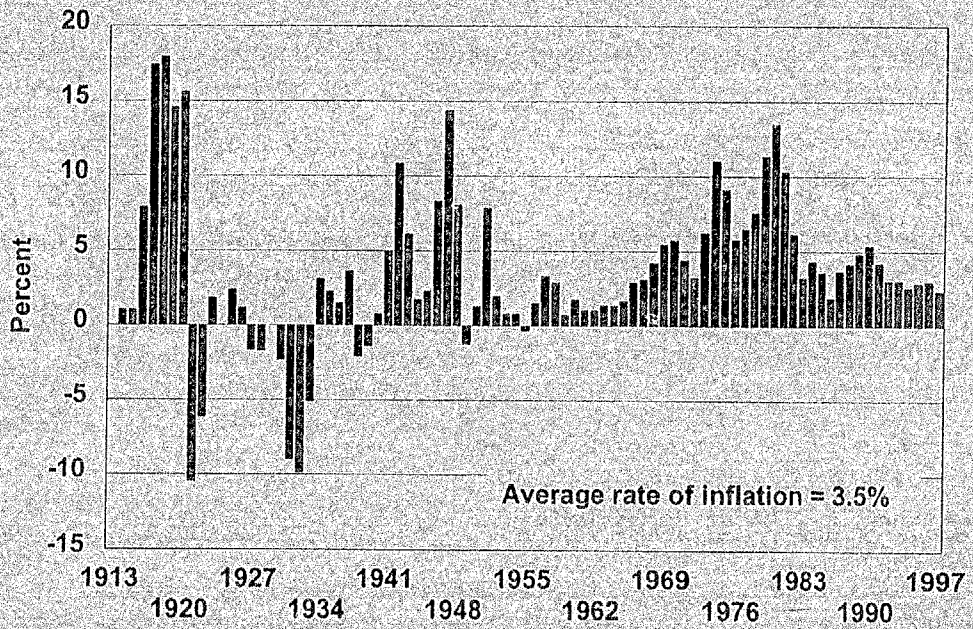
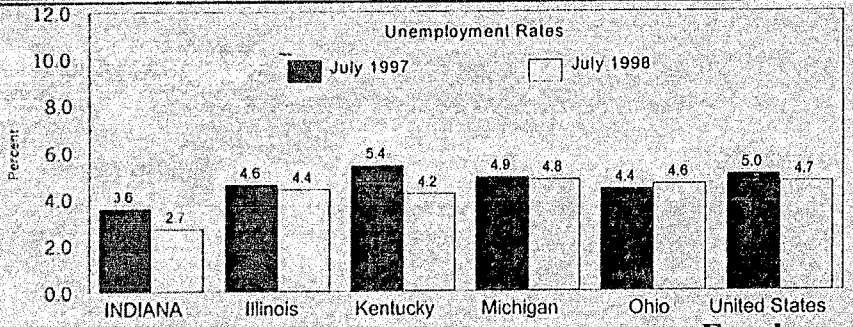


Figure 2 shows the rate of inflation in each year from 1914 to 1997. Here the inflation of WWI and the deflation of the Great Depression are very evident. In the 84 years shown here, there were 14 years with falling prices and 24 with price increases of 2.5% or less. In 10 of those 84 years, the nation experienced inflation rates over 10%.

-mjm

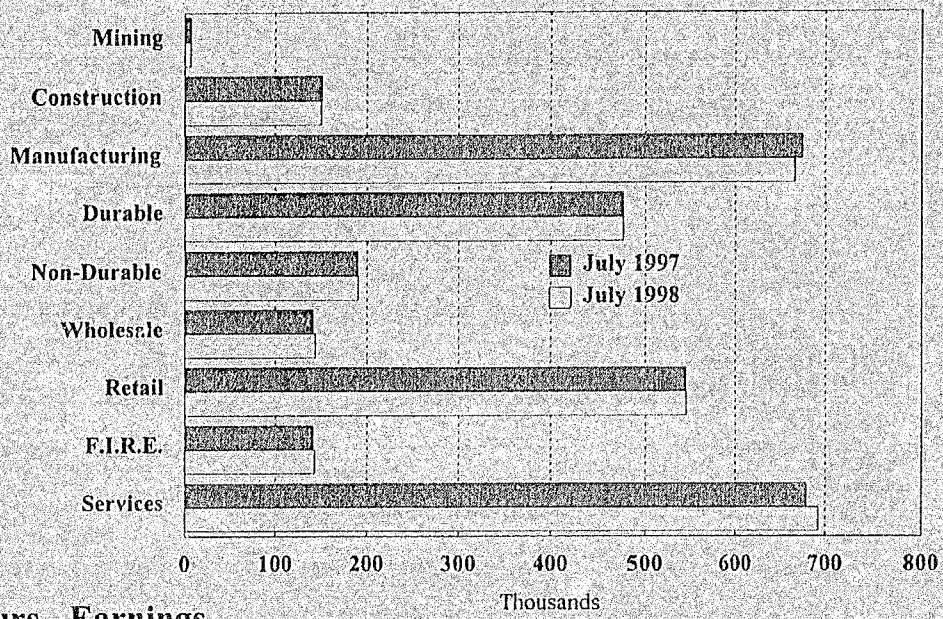
The Regional Employment Situation

TOTAL PERSONS EMPLOYED	JULY 1997	JULY 1998	NUMBER CHANGE	% CHANGE	RANK IN US
INDIANA	3,039,800	3,045,500	5,700	0.2%	44
Illinois	5,932,700	5,983,200	50,500	0.9%	35
Kentucky	1,868,600	1,893,700	25,100	1.3%	28
Michigan	4,822,400	4,854,600	32,200	0.7%	36
Ohio	5,545,600	5,639,600	94,000	1.7%	27
United States	131,350,000	132,769,000	1,419,000	1.1%	N/A



Indiana's Non-Ag Employment

Total Non-Ag Employment in July 1998 was 2,840,100, up 0.2% since the same month a year ago.



Employment - Hours - Earnings

(Not seasonally adjusted)

Metropolitan Statistical Areas (MSAs) in Indiana

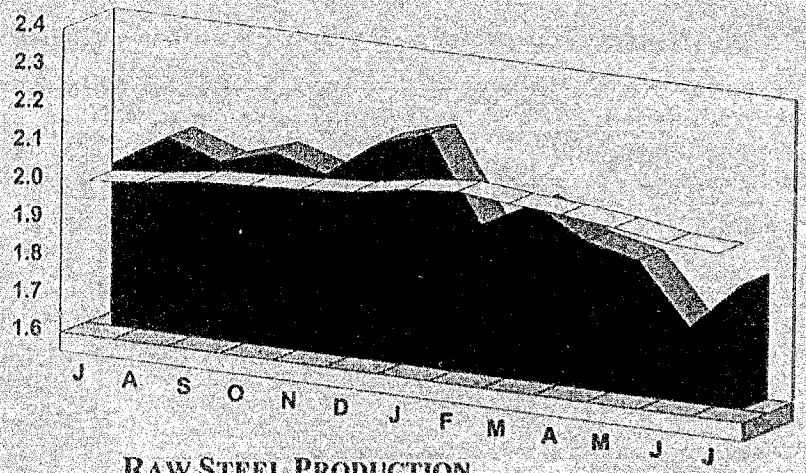
NON-AG WAGE & SALARIED EMPLOYMENT	JULY 1997	JULY 1998	CHANGE NUMBER	CHANGE PERCENT
Bloomington MSA	60,800	59,800	-1,000	-1.6%
Elkhart-Goshen MSA	116,200	116,900	700	0.6%
Evansville MSA	153,100	152,600	-500	-0.3%
Fort Wayne MSA	267,100	266,800	-300	-0.1%
Gary MSA	262,600	263,700	1,100	0.4%
Indianapolis MSA	824,900	836,000	11,100	1.3%
Kokomo MSA	50,700	50,800	100	0.2%
Lafayette MSA	87,500	90,500	3,000	3.4%
Muncie MSA	55,700	56,200	500	0.9%
New Albany Area*	85,200	87,100	1,900	2.2%
South Bend MSA	134,000	135,000	1,000	0.7%
Terre Haute MSA	65,700	65,400	-300	-0.5%

MANUFACTURING JULY 1998	EMPLOYMENT	AVERAGE WEEKLY HOURS	AVERAGE HOURLY EARNINGS	AVERAGE WEEKLY EARNINGS
Bloomington MSA	10,400	40.5	$12.01	$486.41
Elkhart-Goshen MSA	59,200	39.3	$12.34	$484.96
Evansville MSA	31,600	42.7	$14.08	$601.22
Fort Wayne MSA	73,000	41.7	$14.24	$593.81
Gary MSA	49,300	42.2	$19.21	$810.66
Indianapolis MSA	126,000	43.4	$15.07	$654.04
Kokomo MSA	18,700	51.3	$20.45	$1,049.09
Lafayette MSA	22,000	44.3	$16.13	$714.56
Muncie MSA	9,100	44.6	$14.02	$625.29
New Albany Area*	19,900	42.1	$12.78	$538.04
South Bend MSA	22,900	40.3	$12.61	$508.18
Terre Haute MSA	12,100	47.0	$14.19	$666.93

*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.

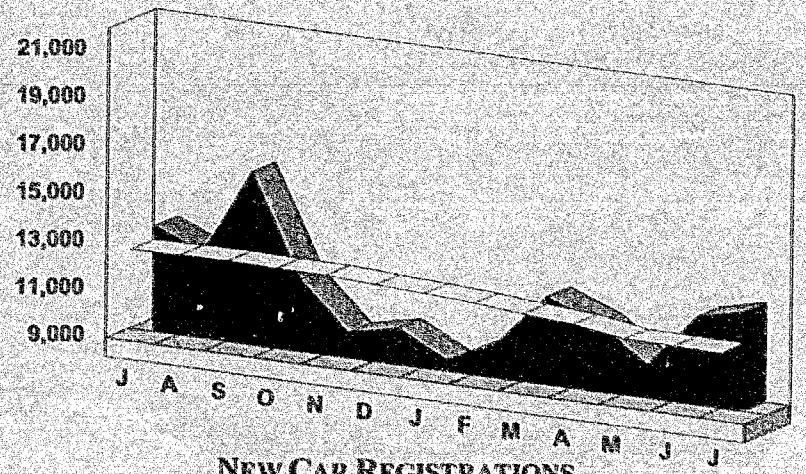
CURRENT TRENDS IN INDIANA'S ECONOMY

July 1997— July 1998



RAW STEEL PRODUCTION

American Iron and Steel Institute
Year to date: 14.0 million net tons
12-month total: 24.5 million net tons
Peak month: January 1998

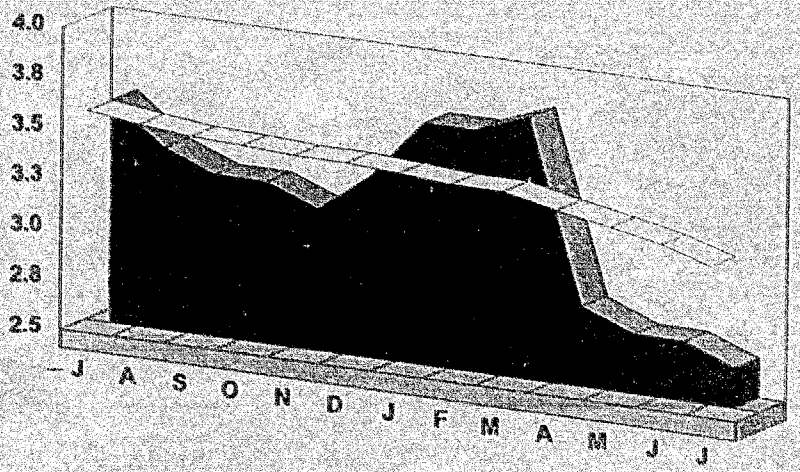


NEW CAR REGISTRATIONS

R.L. Polk and Company
Year to date: 81,050
12-month total: 142,676
Peak month: May 1996

INDUSTRIAL ELECTRICITY SALES (BILLIONS)

The 5 investor owned utilities
Year to date: 21.0 billion kwh
12-month total: 35.7 billion kwh
Peak month: June 1998



UNEMPLOYMENT RATE

Indiana Department of Workforce Dev.
Peak month: February 1992

Moving Average

Peak = since 1992

Monthly

(continued from page 1)

Figure 1. The Value of a Dollar

Year	Annual Consumer Price Index 1982-84=100	Inflation Rate (%)	Amount needed in year at left to buy what $100 would buy in 1997	Amount needed in 1997 to equal buying power of $100 in year at left
1913	9.9	--	$6.17	$1,621.21
1914	10.0	1.01	6.23	1,605.00
1915	10.1	1.00	6.29	1,589.11
1916	10.9	7.92	6.79	1,472.48
1917	12.8	17.43	7.98	1,253.91
1918	15.1	17.97	9.41	1,062.91
1919	17.3	14.57	10.78	927.75
1920	20.0	15.61	12.46	802.50
1921	17.9	-10.50	11.15	896.65
1922	16.8	-6.15	10.47	955.36
1923	17.1	1.79	10.65	938.60
1924	17.1	0.00	10.65	938.60
1925	17.5	2.34	10.90	917.14
1926	17.7	1.14	11.03	906.78
1927	17.4	-1.69	10.84	922.41
1928	17.1	-1.72	10.65	938.60
1929	17.1	0.00	10.65	938.60
1930	16.7	-2.34	10.40	961.08
1931	15.2	-8.98	9.47	1,055.92
1932	13.7	-9.87	8.54	1,171.53
1933	13.0	-5.11	8.10	1,234.62
1934	13.4	3.08	8.35	1,197.76
1935	13.7	2.24	8.54	1,171.53
1936	13.9	1.46	8.66	1,154.68
1937	14.4	3.60	8.97	1,114.58
1938	14.1	-2.08	8.79	1,138.30
1939	13.9	-1.42	8.66	1,154.68
1940	14.0	0.72	8.72	1,146.43
1941	14.7	5.00	9.16	1,091.84
1942	16.3	10.88	10.16	984.66
1943	17.3	6.13	10.78	927.75
1944	17.6	1.73	10.97	911.93
1945	18.0	2.27	11.21	891.67
1946	19.5	8.33	12.15	823.08
1947	22.3	14.36	13.89	719.73
1948	24.1	8.07	15.02	665.98
1949	23.8	-1.24	14.83	674.37
1950	24.1	1.26	15.02	665.98
1951	26.0	7.88	16.20	617.31
1952	26.5	1.92	16.51	605.66
1953	26.7	0.75	16.64	601.12
1954	26.9	0.75	16.76	596.65
1955	26.8	-0.37	16.70	598.88
1956	27.2	1.49	$16.95	$590.07
1957	28.1	3.31	17.51	571.17
1958	28.9	2.85	18.01	555.36
1959	29.1	0.69	18.13	551.55
1960	29.6	1.72	18.44	542.23
1961	29.9	1.01	18.63	536.79
1962	30.2	1.00	18.82	531.46
1963	30.6	1.32	19.07	524.51
1964	31.0	1.31	19.31	517.74
1965	31.5	1.61	19.63	509.52
1966	32.4	2.86	20.19	495.37
1967	33.4	3.09	20.81	480.54
1968	34.8	4.19	21.68	461.21
1969	36.7	5.46	22.87	437.33
1970	38.8	5.72	24.17	413.68
1971	40.5	4.38	25.23	396.30
1972	41.8	3.21	26.04	383.97
1973	44.4	6.22	27.66	361.49
1974	49.3	11.04	30.72	325.56
1975	53.8	9.13	33.52	298.33
1976	56.9	5.76	35.45	282.07
1977	60.6	6.50	37.76	264.85
1978	65.2	7.59	40.62	246.17
1979	72.6	11.35	45.23	221.07
1980	82.4	13.50	51.34	194.78
1981	90.9	10.32	56.64	176.57
1982	96.5	6.16	60.12	166.32
1983	99.6	3.21	62.06	161.14
1984	103.9	4.32	64.74	154.48
1985	107.6	3.56	67.04	149.16
1986	109.6	1.86	68.29	146.44
1987	113.6	3.65	70.78	141.29
1988	118.3	4.14	73.71	135.67
1989	124.0	4.82	77.26	129.44
1990	130.7	5.40	81.43	122.80
1991	136.2	4.21	84.86	117.84
1992	140.3	3.01	87.41	114.40
1993	144.5	2.99	90.03	111.07
1994	148.2	2.56	92.34	108.30
1995	152.4	2.83	94.95	105.31
1996	156.9	2.95	97.76	102.29
1997	160.5	2.29	100.00	100.00
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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/it/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, contributor; and Bethany Sprague, graphic designer.