

Indiana Update

A Monthly Overview of Indiana's Economic Trends

Indiana University School of Business

Indiana Business Research Center

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Difference in Employment Numbers

Two different figures are reported every month for employment. For each state, we receive an estimate of the number of persons working. This is called the household figure because it is based on monthly data from a sample of households across the nation. On page 2 of this Update to the *Indiana Business Review*, the number of persons employed in Indiana during October of 1995 was 2,963,000.

Also found on the same page is employment in Indiana during October. This figure was 2,809,600. Here employment is reported by establishments covered by unemployment compensation laws. This second (establishment) number is generally smaller than the household number because the former excludes agricultural workers, self-employed persons, and persons working in small family businesses.

Figure 1 shows the two series for Indiana since January 1986. Three things are evident in this graph. First, employment, however measured, is rising in Indiana. Second, there is a changing gap between the household measure and the establishment measure. Third, there is a strong seasonal pattern to both series of employment statistics.

On average, the number of persons employed (the top line) has been increasing by 3,200

per month since 1986. Establishment employment has been rising at a faster pace (4,360 per month). This difference in growth rates is bringing down the ratio of the household series to the establishment series (see Figure 2). Whereas the household number averaged 15% more than the establishment figure in 1986, that difference has been less than 10% since 1990. Many factors could account for this change. Increased coverage in the unemployment compensation law might decrease the ratio. A decline in the relative importance of farm labor or self employment would have the same effect. Other changes in the methodology of constructing these estimates would also alter their relationships.

Similarly, there are significant seasonal differences in these data series (see Figure 3). The household series shows a seasonal peak, as expected, when farm labor is greatest, in the summer months. The establishment series is at its seasonal peak when retail stores are most busy in December. Both series move in tandem during the first five months of the year.

Only a detailed analysis by the Indiana Department of Workforce Development could provide a definitive explanation of the relationship between the two employment series. Casual analysts should be aware that the relationship is not stable.

-mjm

Fig. 1. Indiana Employment
(Monthly Data Not Seasonally Adjusted)

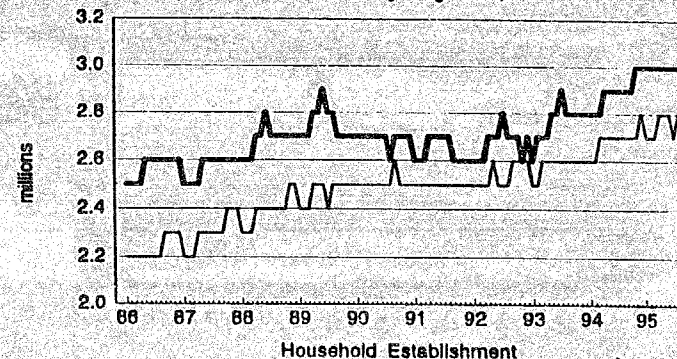


Fig. 2. Ratio of Household to Establishment Employment - Indiana (Monthly Data Not Seasonally Adjusted)

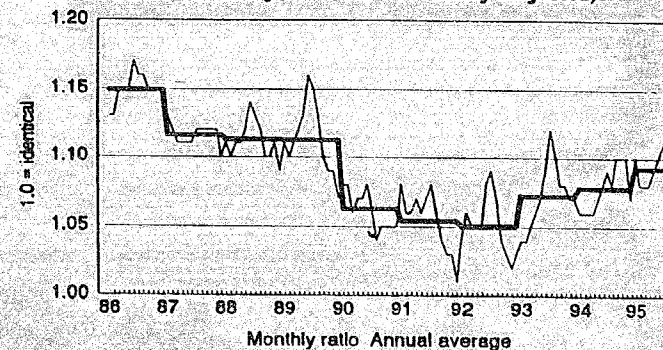
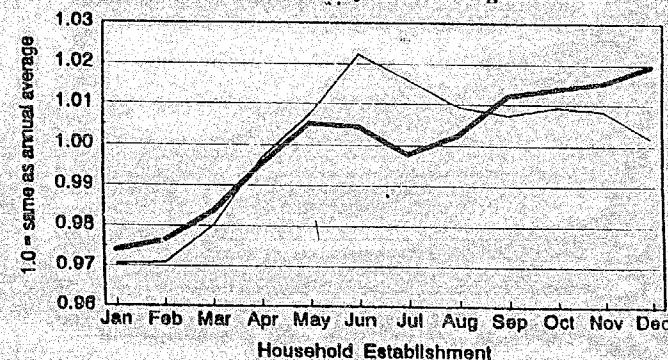
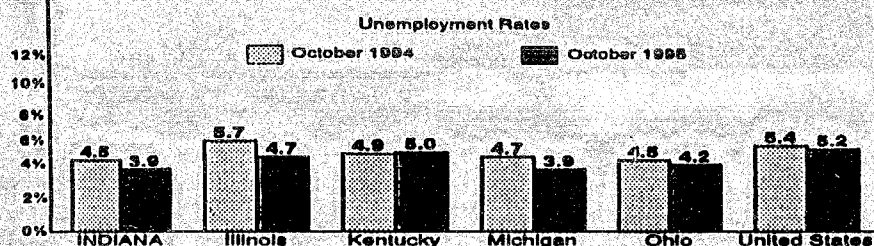


Fig. 3. Indiana Seasonal Employment Factors
Based on Data from January 1986 to August 1995



The Regional Employment Situation

Total Persons Employed	October 1994	October 1995	Number Change	% Change	Rank in US
INDIANA	2,963,000	3,037,100	74,100	2.50%	12
Illinois	5,666,200	5,833,500	167,300	2.95%	8
Kentucky	1,751,700	1,748,100	-3,600	-0.21%	43
Michigan	4,567,600	4,525,000	-42,600	-0.93%	49
Ohio	5,278,300	5,363,400	85,100	1.61%	23
United States	124,724,000	125,979,000	1,255,000	1.01%	N/A



Employment - Hours - Earnings by Industry

INDIANA	Establishment Related Employment		Average Weekly Hours		Average Weekly (Real) Earnings	
	October 1995	% Chg. 94/95	October 1995	% Chg. 94/95	October 1995	% Chg. 94/95
Total Non-Ag	2,809,600	1.9%	NA	NA	NA	NA
Mining	6,600	-5.7%	45.9	0.4%	\$762.86	2.8%
Construction	137,600	-0.6%	41.1	2.0%	\$692.54	0.6%
Manufacturing	678,900	1.8%	42.4	-2.8%	\$587.24	-4.0%
Durable	487,000	2.4%	43.0	2.7%	\$616.19	-3.4%
Non-durable	191,900	0.2%	41.0	-2.4%	\$511.27	-5.7%
Wholesale	138,900	3.3%	37.6	-1.6%	\$451.58	-1.7%
Retail	536,800	3.2%	28.3	-2.4%	\$212.82	-0.7%
Finance, Insurance & Real Estate	132,200	1.5%	35.8	-0.6%	\$374.47	5.9%
Services	636,000	2.3%	32.4	1.3%	\$326.27	-4.5%

Employment - Hours - Earnings

(Not seasonally adjusted)

Metropolitan Statistical Areas (MSAs) in Indiana

NON-AG WAGE & SALARIED EMPLOYMENT	October 1994	October 1995	Change	
			Number	Percent
Bloomington MSA	64,400	65,900	1,500	2.3%
Elkhart-Goshen MSA	116,700	119,200	2,500	2.1%
Evansville MSA	144,000	148,900	4,900	3.4%
Fort Wayne MSA	254,700	264,100	9,400	3.7%
Gary MSA	254,900	252,500	-2,400	-0.9%
Indianapolis MSA	786,200	805,200	19,000	2.4%
Kokomo MSA	50,300	53,100	2,800	5.6%
Lafayette MSA	87,800	92,100	4,300	4.9%
Muncie MSA	61,700	66,100	4,400	7.1%
New Albany Area	73,200	75,800	2,600	3.6%
South Bend MSA	128,300	130,400	2,100	1.6%
Terre Haute MSA	70,700	70,500	-200	-0.3%

MANUFACTURING		Average Weekly Hours	Average Hourly Earnings	Average Weekly Earnings
October 1995	Employment			
Bloomington MSA	10,000	37.0	\$10.98	\$406.26
Elkhart-Goshen MSA	58,500	39.6	\$11.84	\$468.86
Evansville MSA	32,000	42.9	\$12.97	\$556.41
Fort Wayne MSA	74,700	41.1	\$13.25	\$544.58
Gary MSA	52,300	44.5	\$17.37	\$772.97
Indianapolis MSA	126,200	43.4	\$15.38	\$667.49
Kokomo MSA	21,300	47.1	\$19.34	\$910.91
Lafayette MSA	21,000	42.1	\$14.65	\$616.77
Muncie MSA	11,200	43.6	\$15.07	\$657.05
New Albany Area	17,600	43.1	\$11.37	\$490.05
South Bend MSA	23,400	42.4	\$12.34	\$523.22
Terre Haute MSA	13,000	43.1	\$13.76	\$593.06

* Employment includes schools; Hours and Earnings excludes schools. *The New Albany Area (Clark, Floyd, Harrison, Scott counties) is part of the larger Louisville MSA.

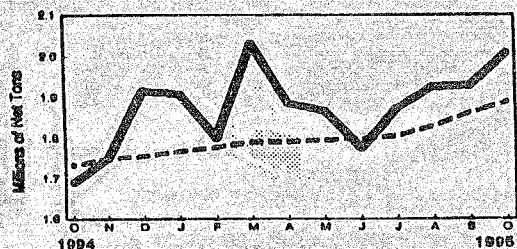
(Real) indicates dollars adjusted for changes in consumer prices to 1995 level. * Employment and earnings data based on preliminary and revised series provided by the Indiana Department of Workforce Development.

Monthly Data 12 Month Moving Average

Raw Steel Production

American Iron and Steel Institute
(Millions)

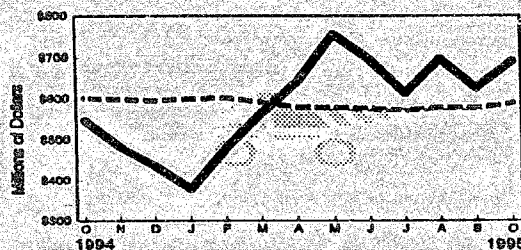
October 1993 — 1.834 October 1994 — 1.691 October 1995 — 2.007



Total Construction Activity

F. W. Dodge Construction Potentials Bulletin
(Millions)

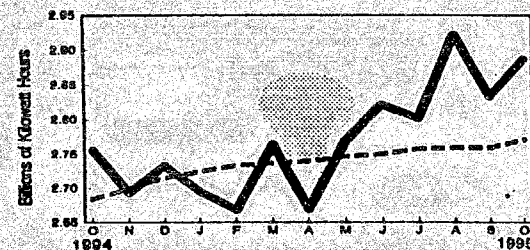
October 1993 — \$537.9 October 1994 — \$546.5 October 1995 — \$690.6



Industrial Electricity Sales

(The 5 investor owned utilities)
(Billions)

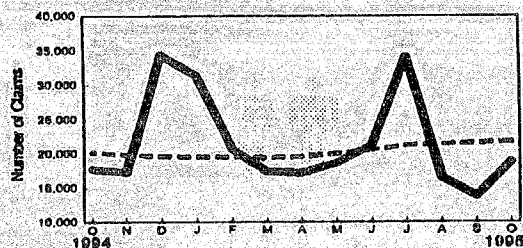
October 1993 — 2.575 October 1994 — 2.756 October 1995 — 2.887



Initial Unemployment Insurance Claims

Indiana Department of Workforce Development

October 1993 — 18,318 October 1994 — 17,725 October 1995 — 18,773



Ups or Downs... Indiana Indicators Year-to-Date

(based on November 1994 through October 1995 and compared to same period the year before, unless otherwise noted)



Raw steel production reached 22.7 million net tons during the most recent 12-month period, an increase of 1.8 million tons. The lowest month of the past 58 (since Jan. '91) was August '91 with 1.4 million tons and the peak was March '95.



Construction activity totaled \$7.06 billion for the period, a decline of \$156 million over last year. Peak month: April '94 with \$790 million in activity.



Industrial electricity sales continue to increase, with 33.3 billion kilowatt hours sold over the past 12 months. August 1995 was the peak month out of the past 58 months.



New cars registered in Indiana totaled 163,620 for the period, a gain of 2,147 cars. Peak month out of the last 58: June 1994, with 18,389 cars.



Housing starts for the 12-month period totaled 33,014 an increase of 197 homes over the same time last year. Peak month out of the last 58: October 1991, with 3,861. June of 1995 came close, with 3,848 starts.

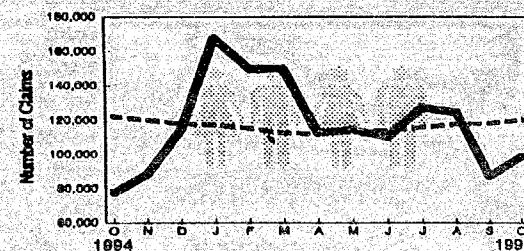


Retail sales totaled \$52.3 billion between October '94 and September '95, an increase of \$3.6 billion over the same period last year. Peak month: December '94 (of course), with sales of \$5.3 billion. Look at these pages in the April issue to see how December '95 fares at Hoosier cash registers.

Continued Unemployment Insur. Claims

Indiana Department of Workforce Development

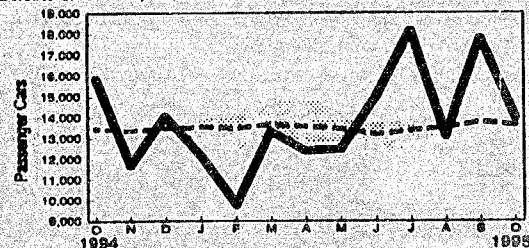
October 1993 — 92,890 October 1994 — 77,699 October 1995 — 98,711



New Car Registrations

R. L. Polk and Company

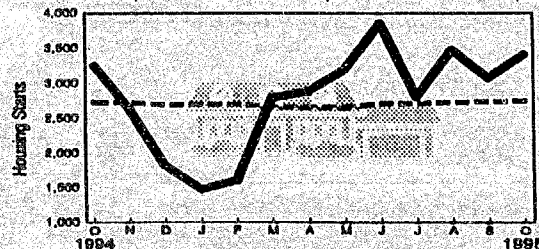
October 1993 — 12,702 October 1994 — 15,839 October 1995 — 13,954



Housing Starts

F. W. Dodge Construction Potentials Bulletin

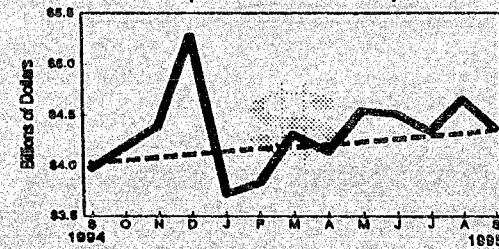
October 1993 — 2,579 October 1994 — 3,251 October 1995 — 3,408



Retail Sales

Bureau of the Census
(Billions)

Sept. 1993 — \$3.74 Sept. 1994 — \$3.98 Sept. 1995 — \$4.37



Toyota Plant Slated for Gibson County, Indiana

A \$700 million truck assembly plant will be built near the town of Princeton (pop. 8,005), in the southern Indiana county of Gibson. Once built, 1,300 workers, earning an average of \$20 an hour plus benefits, will assemble an estimated 100,000 Toyota trucks each year. The state is investing approximately \$30 million in tax credits, training dollars, and infrastructure improvements (about \$23,000 per job).

The impact of this plant on the economy and population of Gibson County will be significant, but not knowable until two or three years down the road. We can, however, consider what the county looks like now based on recent economic and demographic trends, keeping this as the "before" snapshot while we wait for the "after" picture to develop.

Gibson County Before Toyota ... (based on latest statistics available)	Number	Rank	10 Year % Change
Population in 1994	32,139	46	-4.10
Resident labor force in 1994 As of October 1995	16,010 15,010	48 55	-1.33 -11.44
Unemployment rate in 1994 As of October 1995	7.0 4.8	12 25	-20.45 -39.23
Non-farm jobs in 1993	13,392	50	15.08
Manufacturing jobs in 1993	2,617	55	-0.23
% of Adults with High School Diploma in 1990	72.8	54	na
% of Adults with B.A. or higher in 1990	9.1	62	na
Per Capita Personal Income in 1993	\$17,488	42	66.17

Census commuting patterns show many Gibson County residents *going outside* the county for work. For example, 2,271 to Vanderburgh, 277 to Warrick, 147 to Posey and 528 west to Illinois.

Conversely, there were also folks from other counties and outside the state coming *into Gibson* for jobs: Vanderburgh (565), Pike (351), Posey (137), Warrick (120) and Illinois (464). These commuting flows are quite likely to change within the next few years.

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