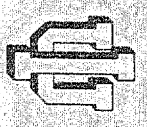


INDIANA BUSINESS REVIEW UPDATE



A MONTHLY OVERVIEW
OF ECONOMIC TRENDS

INDIANA BUSINESS RESEARCH CENTER
INDIANA UNIVERSITY
KELLEY SCHOOL OF BUSINESS

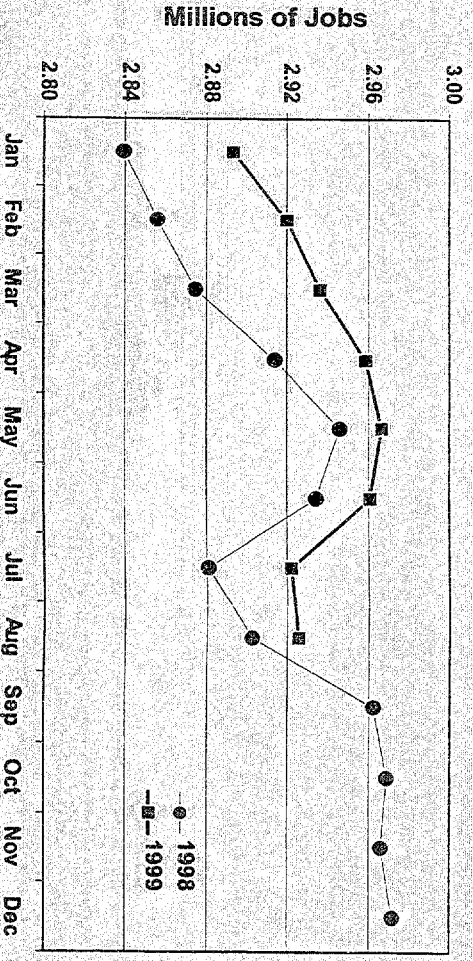
EMPLOYMENT CONTINUES TO RISE

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.

Figure 1. Total Non-Farm Employment in Indiana



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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.

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

