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**Indiana Business Review**  
*Update* A Monthly Overview of Economic Trends  
 Indiana University School of Business, Indiana Business Research Center



### Are Employment Changes Sending a Signal?

*Is Indiana sinking into decline? Or, is Indiana reaching new highs in job creation?* You may hear both views in the next few months. Figure 1 will confirm that *the level* of Indiana's establishment employment has never been higher. The upward trend since 1986 is unmistakable.

But are we about to fall? Is the economy sagging, with Indiana on the leading edge of decline? Figure 2 shows that *the rate of increase* for employment in both Indiana and the U.S. has declined. Note: employment is still growing, but not as rapidly as in 1994. Nationally, the *average rate of growth* in employment for 1994 was 3.0%. That year, Indiana grew by 4.3% and ranked 12th in the nation. For the first ten months of 1995, the nation averaged a 2.5% increase in employment, while Indiana ranked 29th with a 2.2% growth. Those seeking the good news will find it in the continued advances.

Those with an eye for the weakness in the economy will note that Indiana's *change in the rate of growth* is 47th in the nation. Where the U.S. growth rate dropped by half of a percentage point, Indiana fell by 2.1 percentage points between 1994 and 1995. Of the 16 states growing faster than Indiana between October 1993 and October 1995, only Oregon and Texas

managed to accelerate during the national slowdown in employment growth between 1994 and 1995 (see figure 3, page 4). In total, only seven states managed to improve during this period.

When the brakes are applied, the fastest moving states may be most affected. For example, Nevada ranked first in employment growth rate in both 1994 and 1995, but was 50th in the change of growth rate as it moved from 9.5% to 6.2%.

None of this may matter, unless it signals a problem. Figure 2 shows that the recession of 1990-91 was the continuation of eroding increases in the percent change in employment, which peaked in early 1988.

The current employment growth cycle may have peaked for the U.S. in late 1994 or early 1995, and in May of 1994 for Indiana. Since employment changes may lag output changes, a recession might be reached before this measure hits the negative range. The last recession was six months old before the percent change in employment from the same month a year earlier went negative.

It may be appropriate to appreciate what we have and be watchful of where we are going.

-mjm

Fig 1. Establishment Employment in Indiana Monthly Data, Not Seasonally Adjusted

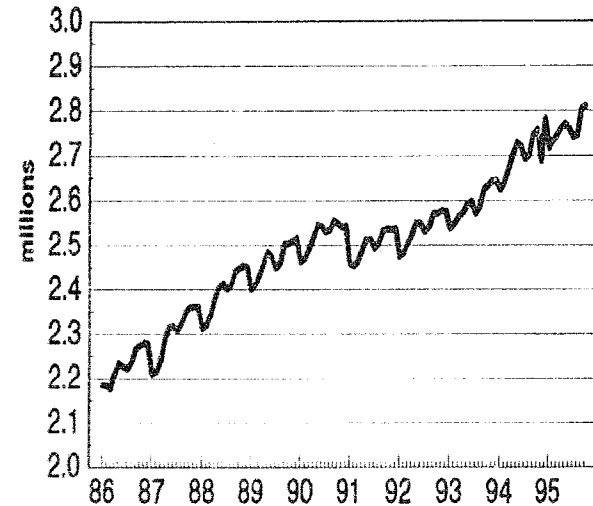
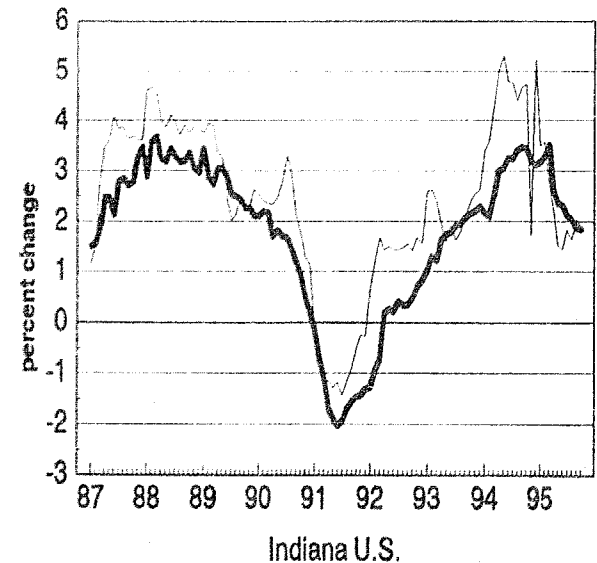
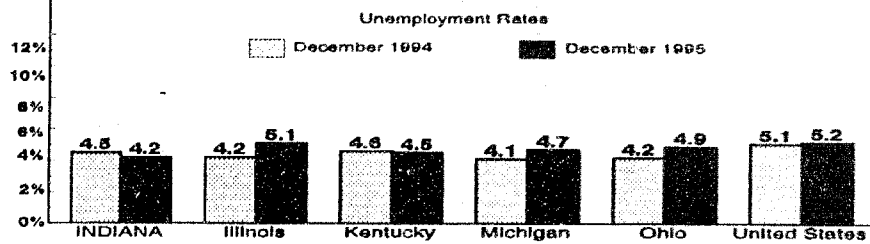


Fig 2. Percent Change in Establishment Employment (from same month one year earlier)



### The Regional Employment Situation

Total Persons Employed	December 1994	December 1995	Number Change	% Change	Rank in US
INDIANA	2,988,200	2,958,100	-30,100	-1.01%	45
Illinois	5,714,100	5,742,200	28,100	0.49%	35
Kentucky	1,763,500	1,756,900	-6,600	-0.37%	41
Michigan	4,515,300	4,444,900	-70,400	-1.56%	47
Ohio	5,308,400	5,344,000	35,600	0.67%	34
United States	124,728,000	125,136,000	408,000	0.33%	N/A



### Employment - Hours - Earnings by Industry

INDIANA	Establishment Related Employment		Average Weekly Hours		Average Weekly (Real) Earnings	
	Dec. 1995	% Chg. 94/95	Dec. 1995	% Chg. 94/95	Dec. 1995	% Chg. 94/95
Total Non-Ag	2,820,500	1.4%	NA	NA	NA	NA
Mining	6,500	-3.0%	44.9	1.6%	\$764.20	-4.0%
Construction	129,500	-1.9%	39.0	2.1%	\$651.30	3.1%
Manufacturing	677,400	0.2%	43.0	-2.3%	\$605.44	-3.0%
Durable	486,300	0.6%	43.5	-2.2%	\$633.36	-2.7%
Non-durable	191,100	0.7%	41.6	-1.9%	\$530.44	-3.9%
Wholesale	139,300	2.8%	37.3	-1.1%	\$443.12	-1.7%
Retail	560,500	3.2%	28.9	0.3%	\$214.15	-0.1%
Finance, Insurance & Real Estate	133,200	3.8%	36.0	-1.9%	\$380.88	-1.4%
Services*	631,600	1.6%	32.3	2.5%	\$328.49	-0.8%

### Employment - Hours - Earnings

(Not seasonally adjusted)

#### Metropolitan Statistical Areas (MSAs) in Indiana

NON-AG WAGE & SALARIED EMPLOYMENT	December 1994	December 1995	Change	
			Number	Percent
Bloomington MSA	64,700	66,400	1,700	2.6%
Elkhart-Goshen MSA	117,800	118,300	500	0.4%
Evansville MSA	146,400	151,800	5,400	3.7%
Fort Wayne MSA	256,200	263,300	7,100	2.8%
Gary MSA	253,200	252,500	-700	-0.3%
Indianapolis MSA	789,900	809,100	19,200	2.4%
Kokomo MSA	50,900	53,600	2,700	5.3%
Lafayette MSA	87,100	91,000	3,900	4.5%
Muncie MSA	62,600	66,100	3,500	5.6%
New Albany Area*	74,600	76,000	1,400	1.9%
South Bend MSA	127,400	131,500	4,100	3.2%
Terre Haute MSA	71,200	70,200	-1,000	-1.4%

MANUFACTURING	December 1995	Employment	Average Weekly Hours	Average Hourly Earnings	Average Weekly Earnings
Elkhart-Goshen MSA	57,500	40.1	\$12.38	\$496.44	
Evansville MSA	32,700	43.1	\$12.60	\$543.06	
Fort Wayne MSA	73,800	41.7	\$14.27	\$595.06	
Gary MSA	52,600	45.1	\$18.72	\$844.27	
Indianapolis MSA	125,800	43.7	\$15.67	\$684.78	
Kokomo MSA	21,700	47.9	\$19.21	\$920.16	
Lafayette MSA	21,400	43.1	\$14.66	\$631.85	
Muncie MSA	11,100	43.9	\$15.37	\$674.74	
New Albany Area*	17,400	43.0	\$11.44	\$491.92	
South Bend MSA	23,100	42.0	\$12.61	\$529.62	
Terre Haute MSA	12,800	44.0	\$13.66	\$601.04	

\*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.

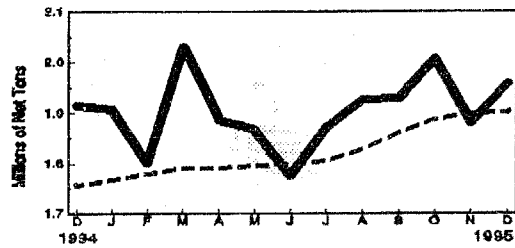
## Indiana Economic Activity

— Monthly Data    - - - - 12 Month Moving Average

### Raw Steel Production

American Iron and Steel Institute  
(Millions)

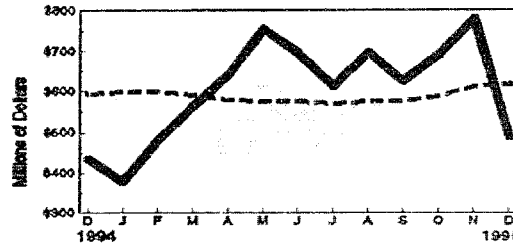
Dec. 1993 — 1.853    Dec. 1994 — 1.915    Dec. 1995 — 1.958



### Total Construction Activity

F. W. Dodge Construction Potentials Bulletin  
(Millions)

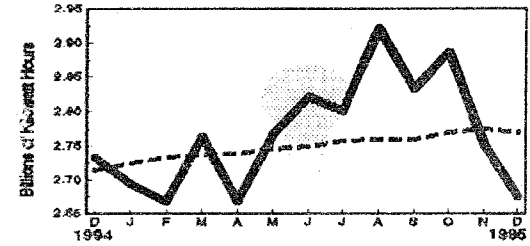
Dec. 1993 - \$485.9    Dec. 1994 - \$435.5    Dec. 1995 - \$489.1



### Industrial Electricity Sales

(The 5 investor owned utilities)  
(Billions)

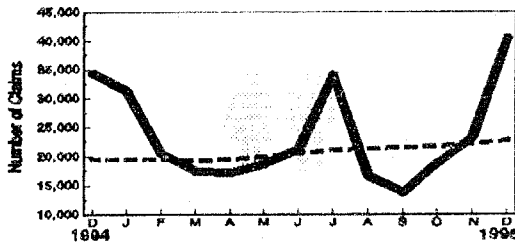
Dec. 1993 — 2.545    Dec. 1994 — 2.733    Dec. 1995 — 2.675



### Initial Unemployment Insurance Claims

Indiana Department of Workforce Development

Dec. 1993 — 37,481    Dec. 1994 — 34,312    Dec. 1995 — 40,446



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

(based on January 1995 through December 1995 and compared to same period the year before, unless otherwise noted)



**Raw steel production:** Gain of 1.8 million tons over last year, for a total of 22.8 million tons.



**Total construction activity:** \$7.41 billion for the year, an increase of \$268 million.



**Industrial electricity sales:** 33.3 billion kilowatt hours, an increase of 7 million hours.



**New car registrations:** 161,690 new cars, 223 fewer than last year's total.



**Housing starts:** 33,072 new homes, an increase of 662 starts over last year.

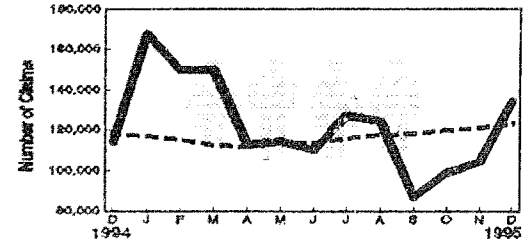


**Retail sales:** \$52.7 billion in goods were sold between December 1994 and November 1995.

### Continued Unemployment Insur. Claims

Indiana Department of Workforce Development

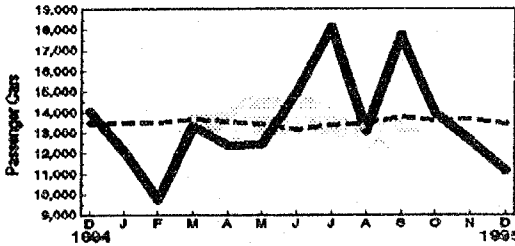
Dec. 1993 — 138,872    Dec. 1994 — 114,362    Dec. 1995 — 134,054



### New Car Registrations

R. L. Polk and Company

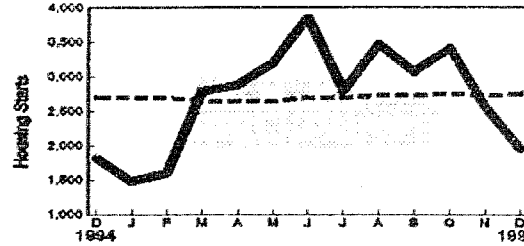
Dec. 1993 — 12,839    Dec. 1994 — 14,050    Dec. 1995 — 11,153



### Housing Starts

F.W. Dodge Construction Potentials Bulletin

Dec. 1993 — 2,161    Dec. 1994 — 1,819    Dec. 1995 — 1,957



### Retail Sales

Bureau of the Census.  
(Billions)

Nov. 1993 — \$4.08    Nov. 1994 — \$4.39    Nov. 1995 — \$4.69

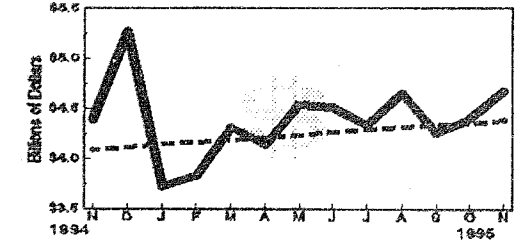
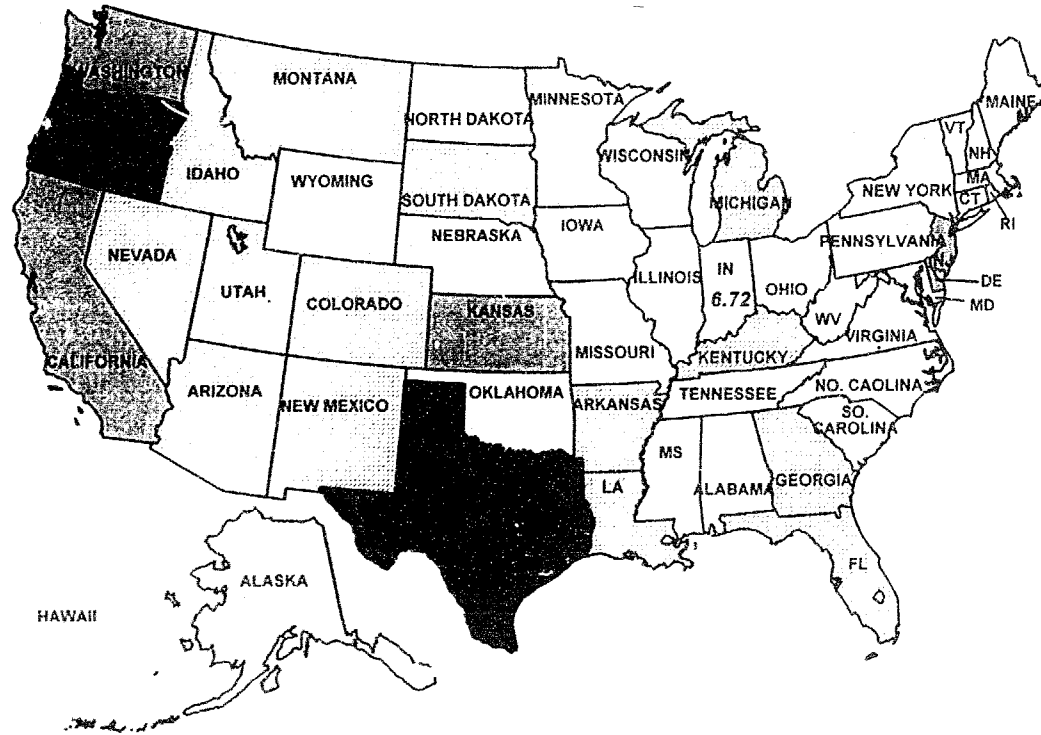


Figure 3



Growth Relative to Indiana (IN = 6.72%)

- 2 states' employment growth was *faster* than Indiana's AND had *positive* changes in their rates of growth
- 5 states' employment growth was *slower* than Indiana's BUT had *positive* changes in their rates of growth
- 14 states' employment growth was *faster* than Indiana's BUT had *negative* changes in their rates of growth
- 28 states' employment growth was *slower* than Indiana's AND had *negative* changes in their rates of growth

Note: All 50 states experienced increases in the percent change in establishment employment between October 1993 and October 1995. Of these, 16 states grew *faster* than Indiana's 6.72% increase. In addition, only 7 states had *positive* increases in their average growth rates between 1994 and 1995, while Indiana and 42 other states had *negative* changes (decreases) in employment growth during that period.

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- Web URL Address: <http://www.iupui.edu/it/ibrc/librc.html>

# Indiana Business Review Update

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