INDIANA BUSINESS REVIEW UPDATE

A Monthly Overview of Economic Trends

Indiana Business Research Center
Indiana University School of Business

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In a few weeks, the Bureau of Economic Analysis will release income data for 1996 for states. The analysis of these data will have everyone pointing to trends. Perhaps it is well to look at the trends to which just one data point will be added.

The following graphs show the share of U.S. earnings (wages, salaries, and proprietors' income) Indiana has enjoyed since 1969. For example, figure 1 shows that Indiana's declining share of total earnings bottomed out in 1988 and the trend has been mostly upward since then. Figure 2 demonstrates the erratic nature of farm earnings and the great stability in our share of agricultural services, forestries, and fisheries.

Figure 3 indicates Indiana's rising share of construction earnings since 1984 has not regained the heights of 1969 and '70. In manufacturing (figure 4), Indiana has regained its 1979 share, while transportation and public utilities have been declining slowly.

Wholesale and retail trade (figure 5) have had comparable experiences — declining into the mid-80s and then regaining some, but not all, of that lost ground. Finance, insurance and real estate had a marked decline (figure 6) with an upward movement begun in 1988. Personal and business services have shown less of a rebound.

Government (figure 7a) shows an erratic pattern, but the reader should note the very small range of values (1.62% to 1.76%) on the vertical axis—graphs can be deceptive. Indiana's share of government earning looks quite stable when the axis is expanded (see figure 7b).

We hope to have the 1996 data available for the September issue of the *Update*. Then we can see whether the positive aspects of the past few years have continued.

-mjm

Fig. 1 Total Earnings *(Indiana as a Percent of U.S.)*

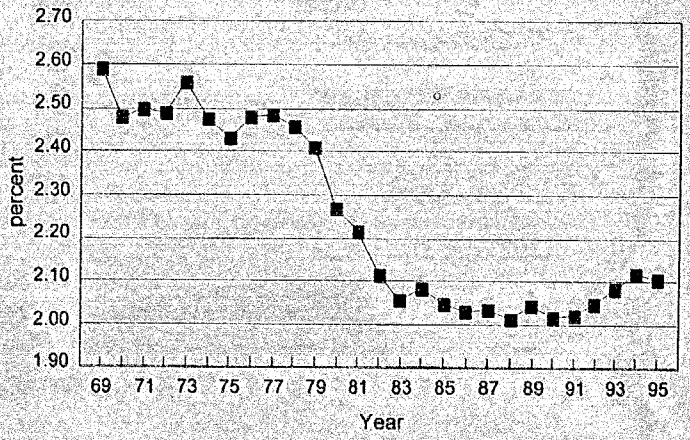
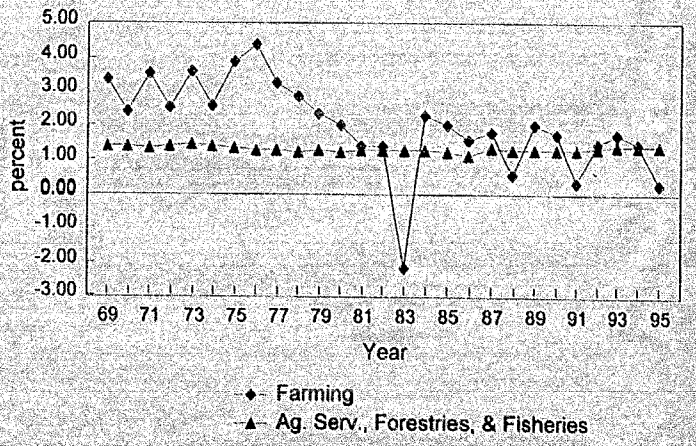
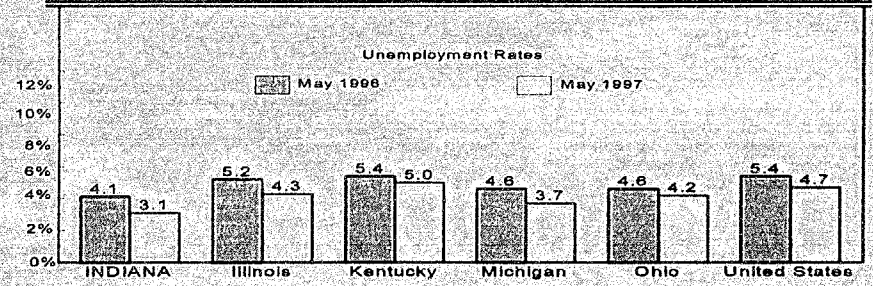


Fig. 2 Agricultural Sectors *(Indiana as a Percent of U.S. Earnings)*



The Regional Employment Situation

Total Persons Employed	May 1996	May 1997	Number Change	% Change	Rank in US
INDIANA	2,971,700	3,126,100	154,400	5.20%	41
Illinois	5,771,400	6,103,800	332,400	5.76%	32
Kentucky	1,768,100	1,925,400	157,300	8.90%	6
Michigan	4,590,000	4,881,600	291,600	6.35%	27
Ohio	5,380,100	5,746,300	366,200	6.81%	25
United States	126,392,000	135,956,600	9,564,600	7.57%	N/A



Employment - Hours - Earnings by Industry

	Establishment Related Employment		Average Weekly Hours		Average Weekly (Real) Earnings	
	May 1997	% Chg. 96/97	May 1997	% Chg. 96/97	May 1997	% Chg. 97/97
Total Non-Ag	2,865,300	0.8%	NA	NA	NA	NA
Mining	6,600	4.8%	49.0	10.6%	$846.72	11.9%
Construction	138,600	1.7%	41.1	2.8%	$701.58	-0.9%
Manufacturing	674,000	-0.5%	42.8	0.0%	$623.17	0.1%
Durable	484,600	-0.5%	43.5	-0.2%	$649.89	-0.6%
Non-durable	189,400	-0.6%	40.8	0.2%	$548.35	1.9%
Wholesale	140,800	0.8%	37.7	0.5%	$458.43	0.5%
Retail	548,500	1.1%	29.3	0.7%	$227.95	0.8%
Finance, Insurance & Real Estate	138,600	2.7%	35.7	-0.6%	$415.91	8.1%
Services*	677,000	2.5%	32.2	-1.5%	$350.01	2.4%

Employment - Hours - Earnings

(Not seasonally adjusted)

Metropolitan Statistical Areas (MSAs) in Indiana

NON-AG WAGE & SALARIED EMPLOYMENT	May 1996	May 1997	Change Number	Change Percent
Bloomington MSA	60,900	64,200	3,300	5.4%
Elkhart-Goshen MSA	118,100	117,800	-300	-0.3%
Evansville MSA	152,100	152,100	0	0.0%
Fort Wayne MSA	264,300	269,000	4,700	1.8%
Gary MSA	260,200	266,300	6,100	2.3%
Indianapolis MSA	818,200	827,400	9,200	1.1%
Kokomo MSA	52,900	53,300	400	0.8%
Lafayette MSA	91,000	89,100	-1,900	-2.1%
Muncie MSA	60,900	60,900	0	0.0%
New Albany Area*	83,300	88,100	4,800	5.8%
South Bend MSA	131,300	136,300	5,000	3.8%
Terre Haute MSA	68,900	68,900	0	0.0%

MANUFACTURING May 1997	Employment	Average Weekly Hours	Average Hourly Earnings	Average Weekly Earnings
Bloomington MSA	10,000	42.2	$12.78	$539.32
Elkhart-Goshen MSA	59,000	40.0	$12.29	$491.60
Evansville MSA	31,400	43.1	$14.54	$626.67
Fort Wayne MSA	74,300	41.5	$14.55	$603.83
Gary MSA	50,400	42.2	$18.24	$769.73
Indianapolis MSA	125,400	44.5	$15.76	$701.32
Kokomo MSA	21,100	44.2	$18.65	$824.33
Lafayette MSA	22,300	41.8	$15.11	$631.60
Muncie MSA	10,900	44.0	$14.46	$636.24
New Albany Area*	20,300	43.8	$11.78	$515.96
South Bend MSA	21,800	42.1	$13.02	$548.14
Terre Haute MSA	11,600	43.4	$14.42	$625.83

*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 1997 level. Employment and earnings data based on preliminary and revised series provided by the Indiana Department of Workforce Development.

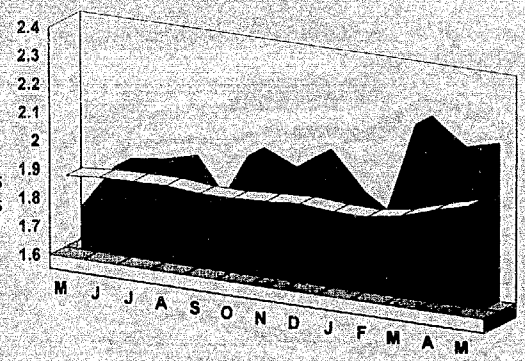
CURRENT TRENDS IN INDIANA'S ECONOMY

May 1996—May 1997

Raw Steel Production

American Iron and Steel Institute

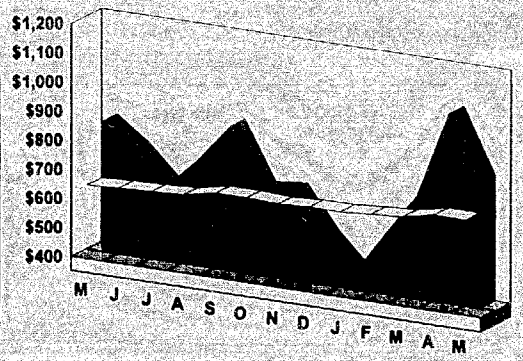
Year to date: 10.2 million net tons
12-month total: 23.9 million net tons
Peak month: March 1997



Total Construction Activity ($MIL)

F.W. Dodge Construction Potentials Bulletin

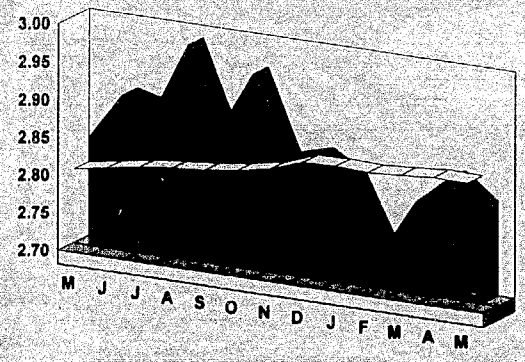
Year to date: $3,690.7 million
12-month total: $8,729.3 million
Peak month: April 1997



Industrial Electricity Sales (Billions)

The 5 investor owned utilities

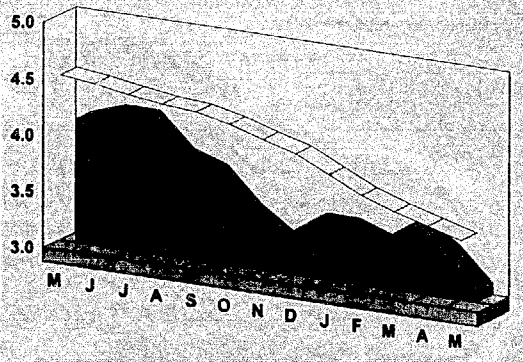
Year to date: 14.1 billion kwh
12-month total: 34.4 billion kwh
Peak month: August 1996



Unemployment Rate

Indiana Department of Workforce Dev.

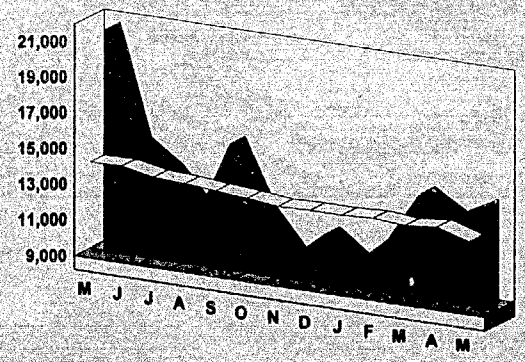
Peak month: Feb/March 1992



New Car Registrations

R.L. Polk and Company

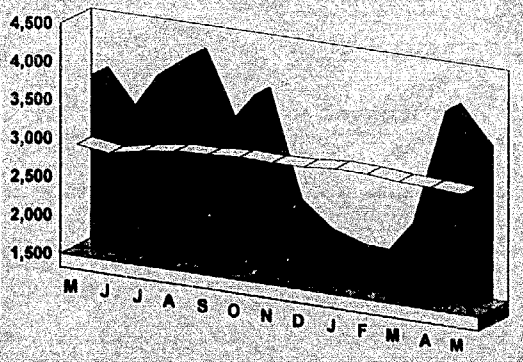
Year to date: 65,518
12-month total: 156,994
Peak month: May 1996



Housing Starts

F.W. Dodge Construction Potentials Bulletin

Year to date: 13,825
12-month total: 36,698
Peak month: August 1996



Moving Average — **Peak = since 1992** — *Monthly*

Fig. 3 Mining & Construction *(Indiana as a Percent of U.S. Earnings)*

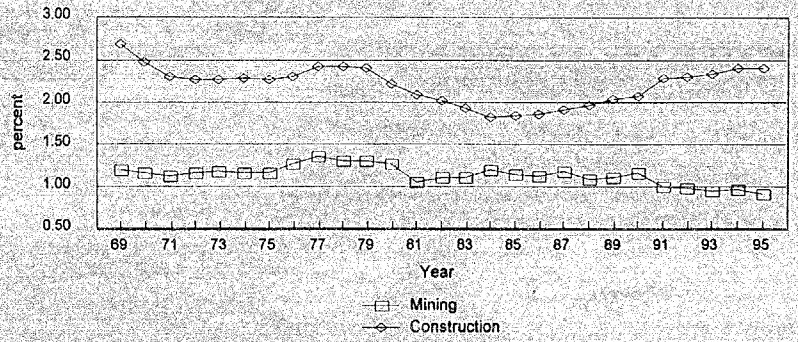


Fig. 4 Manufacturing, Transportation & Public Utilities *(Indiana as a Percent of U.S. Earnings)*

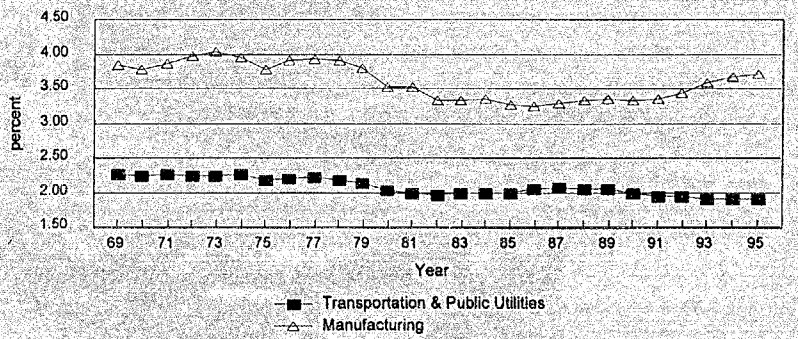


Fig. 5 Trade *(Indiana as a Percent of U.S. Earnings)*

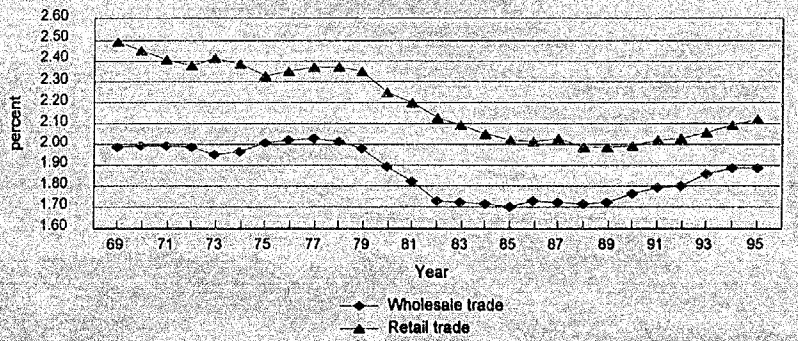


Fig. 6 Financial & Service Sectors *(Indiana as a Percent of U.S. Earnings)*

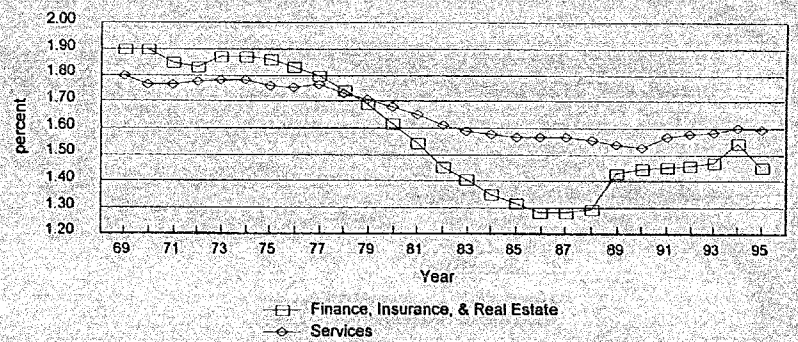


Fig. 7a Government *(Indiana as a Percent of U.S.)*

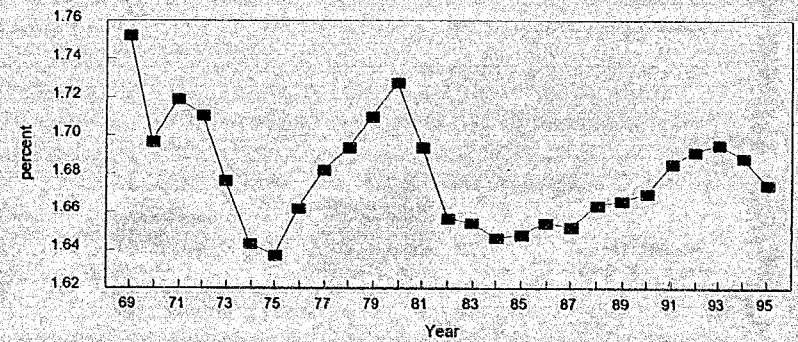
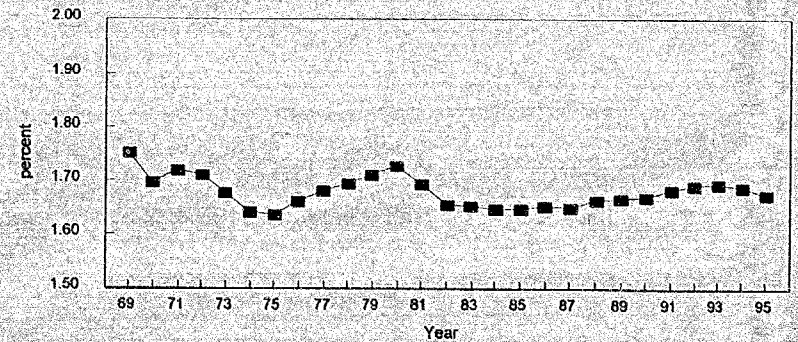


Fig. 7b Government *(Indiana as a Percent of U.S.)*



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