



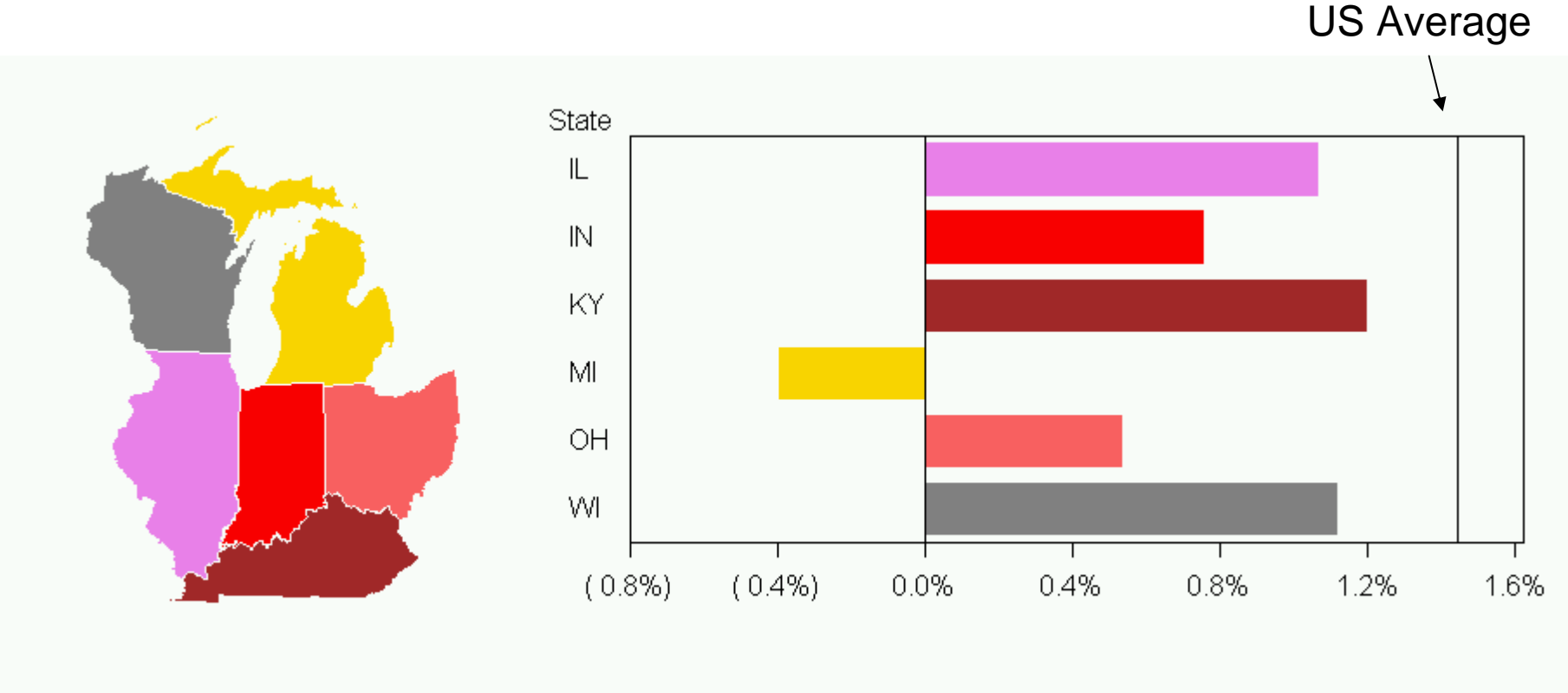
# **The 2007 Outlook for Indiana and Indianapolis**

Patrick M. Barkey, Director  
Economic and Policy Studies  
Ball State University

# Knowledge and Ignorance about the Indiana Economy in 2006

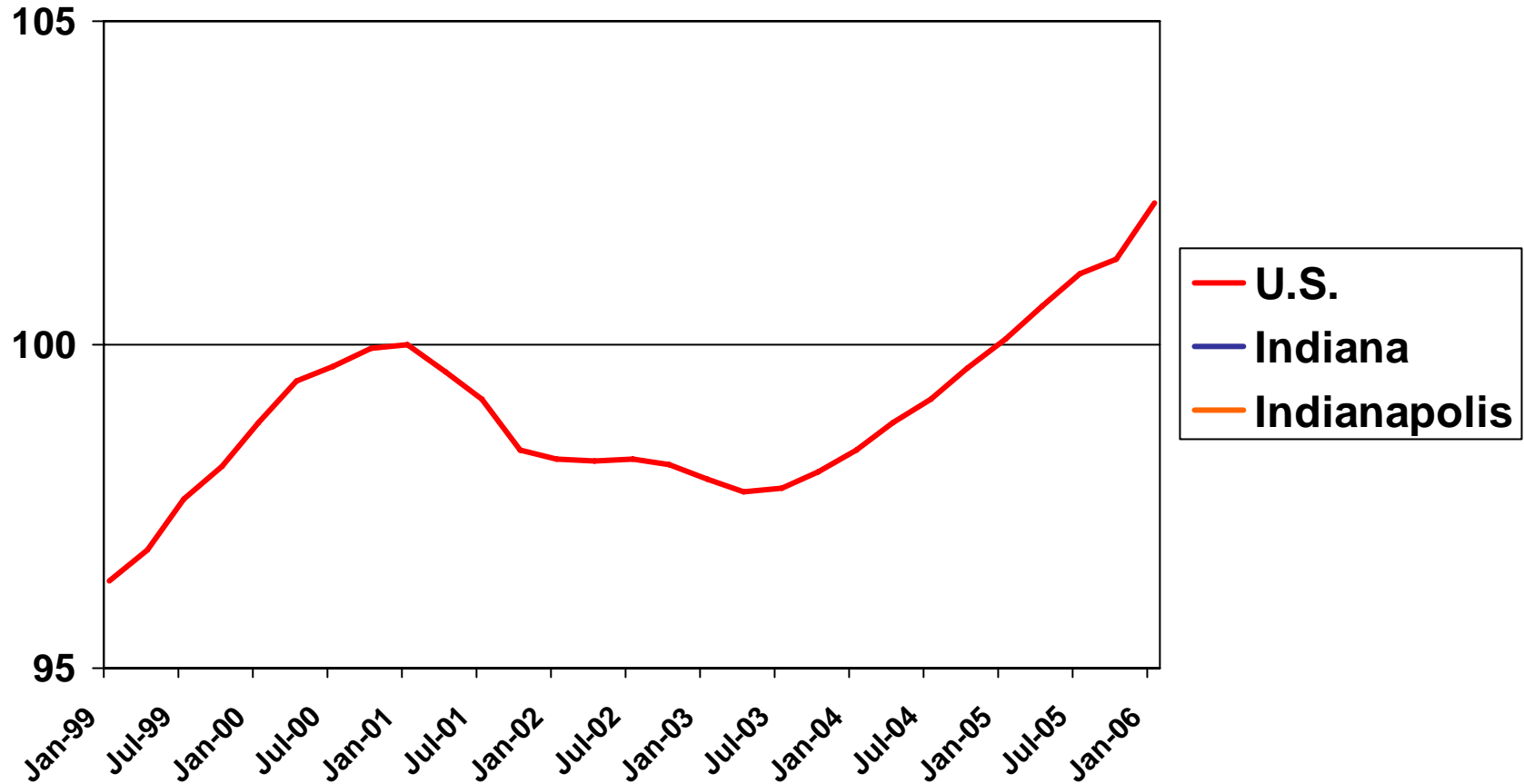
- U.S. job growth was reasonably good
- Manufacturing was strong, now cooling
- A tough year for Big 3 automakers
- Many new job announcements
- Indiana's budget woes have eased
- Job growth? Most recent data are unreliable
- Growth in state tax revenues? Accounting rules are unstable
- No recent data for most non-metro areas

# The Midwest Region: Job Growth Laggards

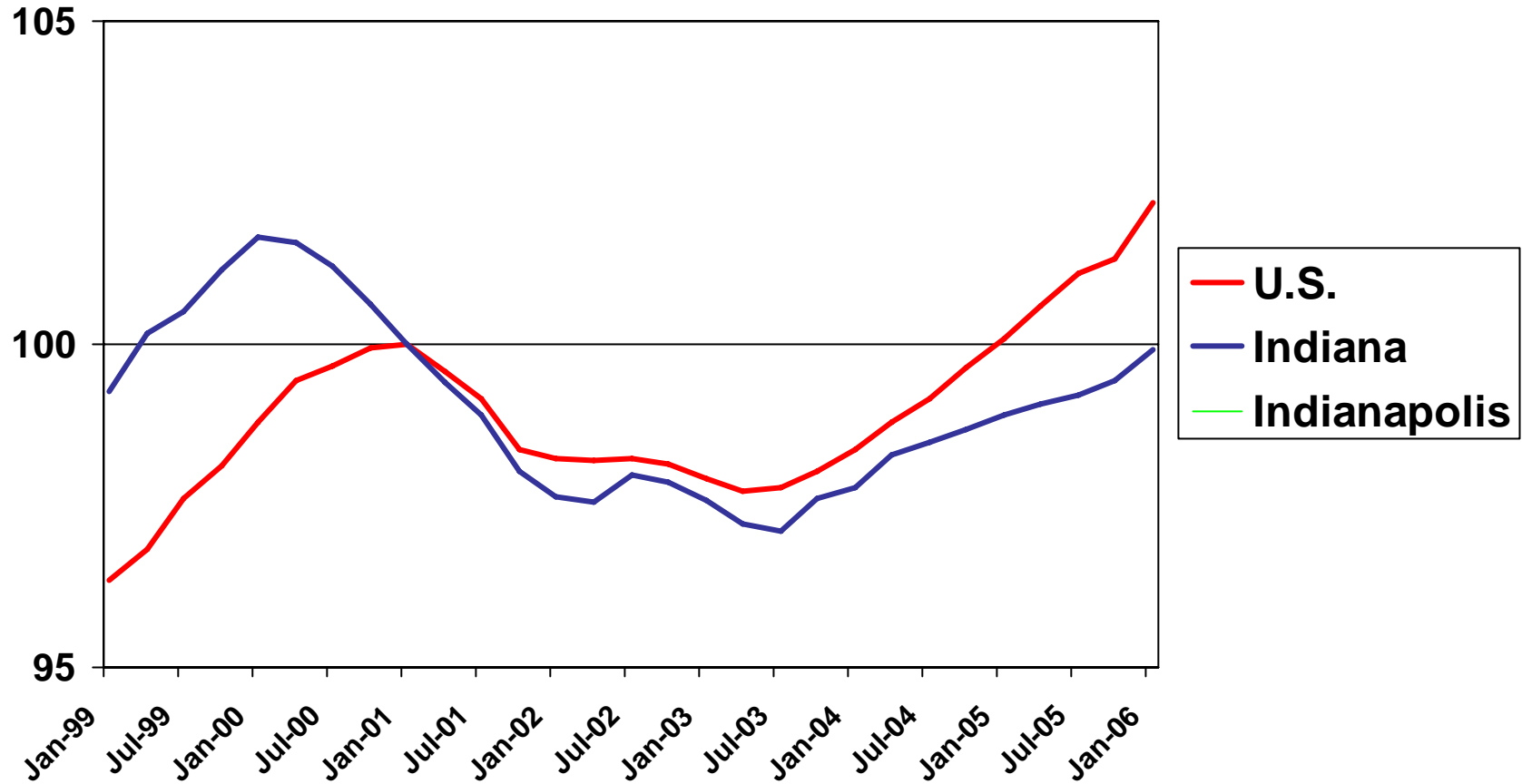


Employment Growth through Oct 2006 as Pct. Of Previous Year

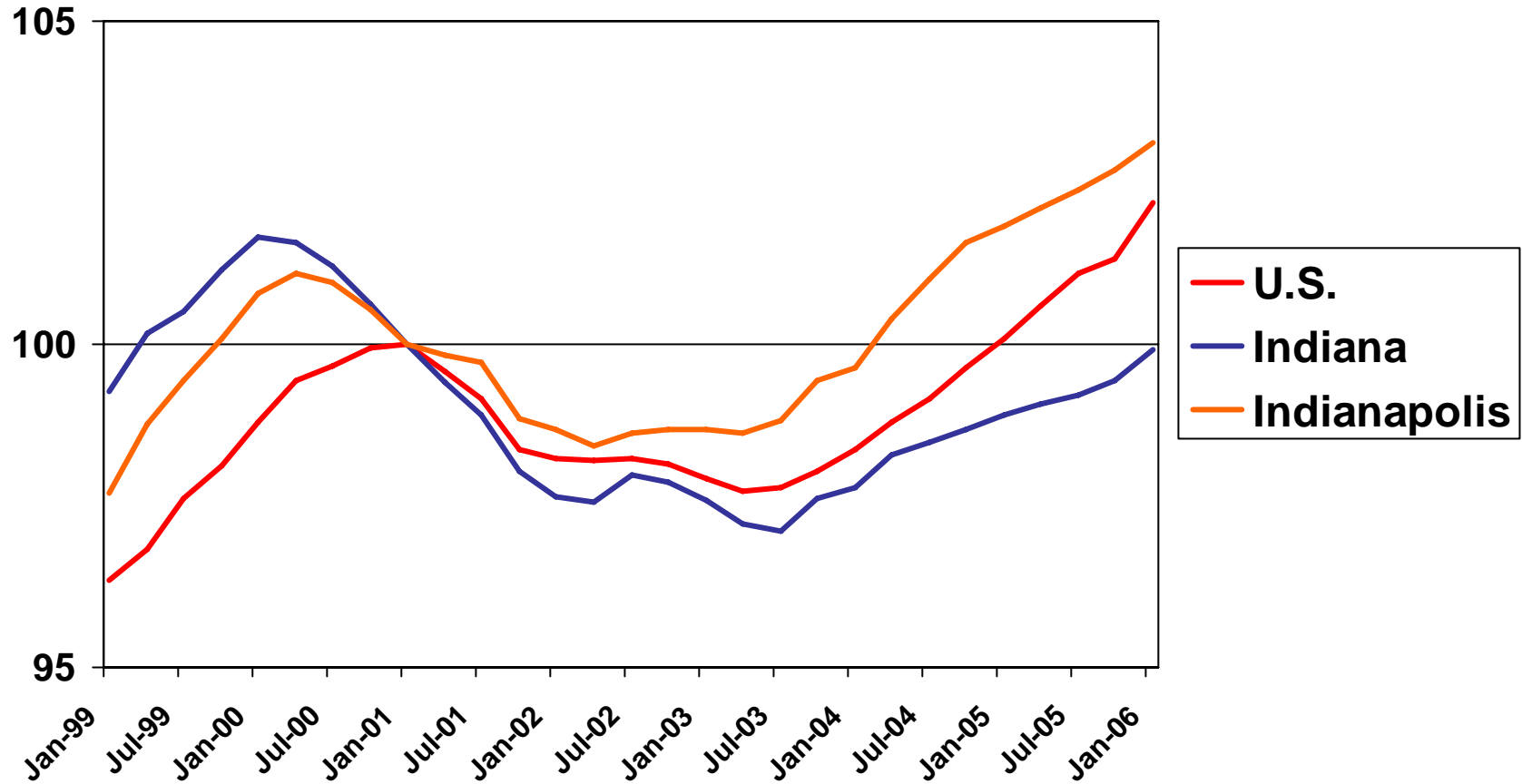
# Employment as Percent of 2001Q1



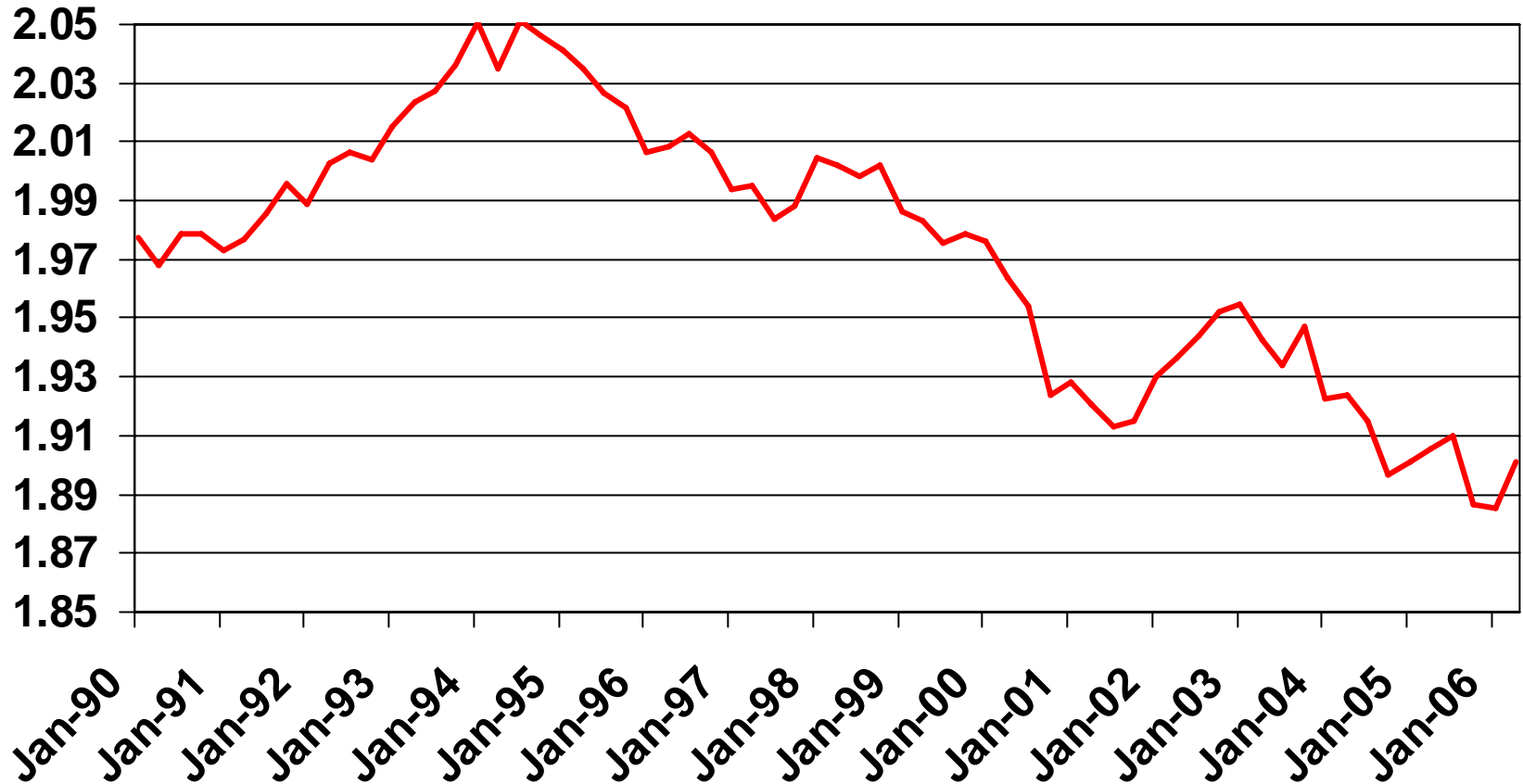
# Employment as Percent of 2001Q1



# Employment as Percent of 2001Q1



# The Challenge for Indiana: Our Shrinking Income Share



Indiana Personal Income as a Percent of U.S. Personal Income

# Why? What Does it Mean?

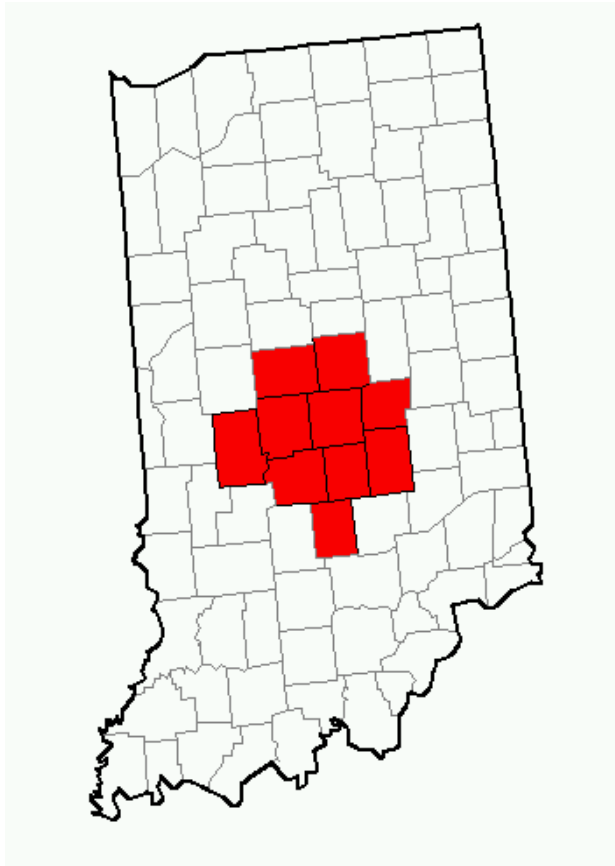
- Faster population growth, job growth, and wage growth happening outside the state
- We are still growing, but other areas are growing faster
- Same is occurring in most Midwest and MidAtlantic states (exc. Minnesota)
- Comparative advantage is eroding

# The Indiana Economy in 2007



- Manufacturing economy cools
- Another moderate growth year
- 30,000 net new jobs (1% growth)
- Spending plans in state government may be unrealistic

# The Indianapolis Economy in 2007



- Health Services and Business Services will experience significant growth
- Residential construction soft, other construction strong
- 12,000 jobs gain (1.5 percent) for coming year