Review and Preview of the State and National Economies

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Data Highlights

- U.S. GDP grew at 3.1 percent in Q4
- Federal Reserve continues to nudge up interest rates
- Employment gains remain steady
- Productivity growth weakens
- Trade, budget deficits swell
- Indiana growth on target?
Fourth Quarter Growth Cooler Than Some Expected
Business Spending Still Brisk
Exports Growth Streak Halted
Export Sector Held Growth Back in Fourth Quarter

![Bar chart showing contributions to IV Quarter Growth, Billions of 2000 $]

- **Net Exports**: Negative contribution
- **Government**: Small positive contribution
- **Inventories**: Positive contribution
- **Fixed Invest**: Positive contribution
- **Consumption**: Large positive contribution
- **Total**: Total contribution
2004 a Breakout Year for Job Market

U.S. Employment Growth, Thous.

2002Q1  2002Q3  2003Q1  2003Q3  2004Q1  2004Q3
Even Manufacturing Payrolls Stayed Afloat in 2004
Mixed Performance of Major Trading Partners

Canada

EU Zone

Japan

United Kingdom

GDP Growth, 2003-04
U.S. Manufacturing Output is Surging
Indiana Employment Slowly Responding

Total Employment, U.S. and Indiana
State Tax Receipts Are Up in Indiana

The bar chart shows the percentage growth in income tax and sales tax receipts from the previous year for the quarters 2004Q1, 2004Q2, 2004Q3, and 2004Q4.
Many Indiana Cities Still in Red

Percent Employment Change, Dec 2003-04

- South Bend: -3.9
  U.S.: 1.7
- Lafayette: -2.3
  Indiana: 1.1
- Terre Haute: -1.2
  Fort Wayne: 0.5
- Evansville: -0.6
  Indianapolis: 0.3
- Kokomo: -0.4
  Elkhart: -0.2
- Gary-Hammond: -0.1
  New Albany: 0.0
- Muncie: 0.0
  Bloomington: 2.0