U.S. Economic Update

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Economic Highlights

• Despite higher energy prices, economic growth cools only slightly
• Fed continues to raise short term interest rates, long term rates remain low
• Manufacturing output gains continue
• Tax revenues are booming
A Strong Second Quarter for GDP
Without Inventory Correction, Growth Would Have Been Stronger

Change in Business Inventories

$ bill.
Yield Curve Has Flattened

2005

- 20 Yr Bond
- 10 Yr Bond
- 90 Day TBill

Percent
Industrial Economy Still Growing

U.S. Index of Industrial Production, Manufacturing, 1997=100