

U.S. Economic Update

Patrick M. Barkey

Bureau of Business Research

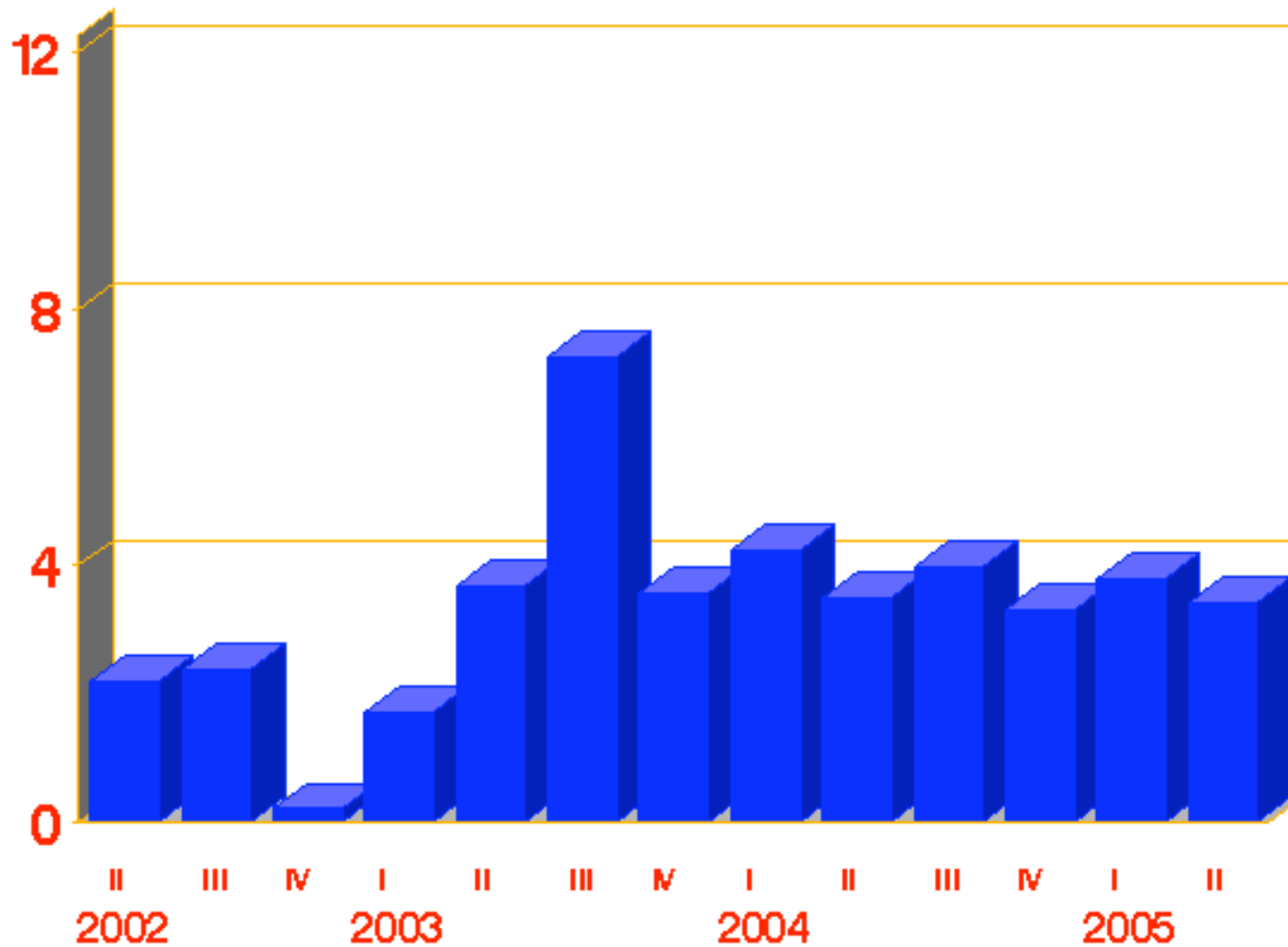
Ball State University

Economic Highlights

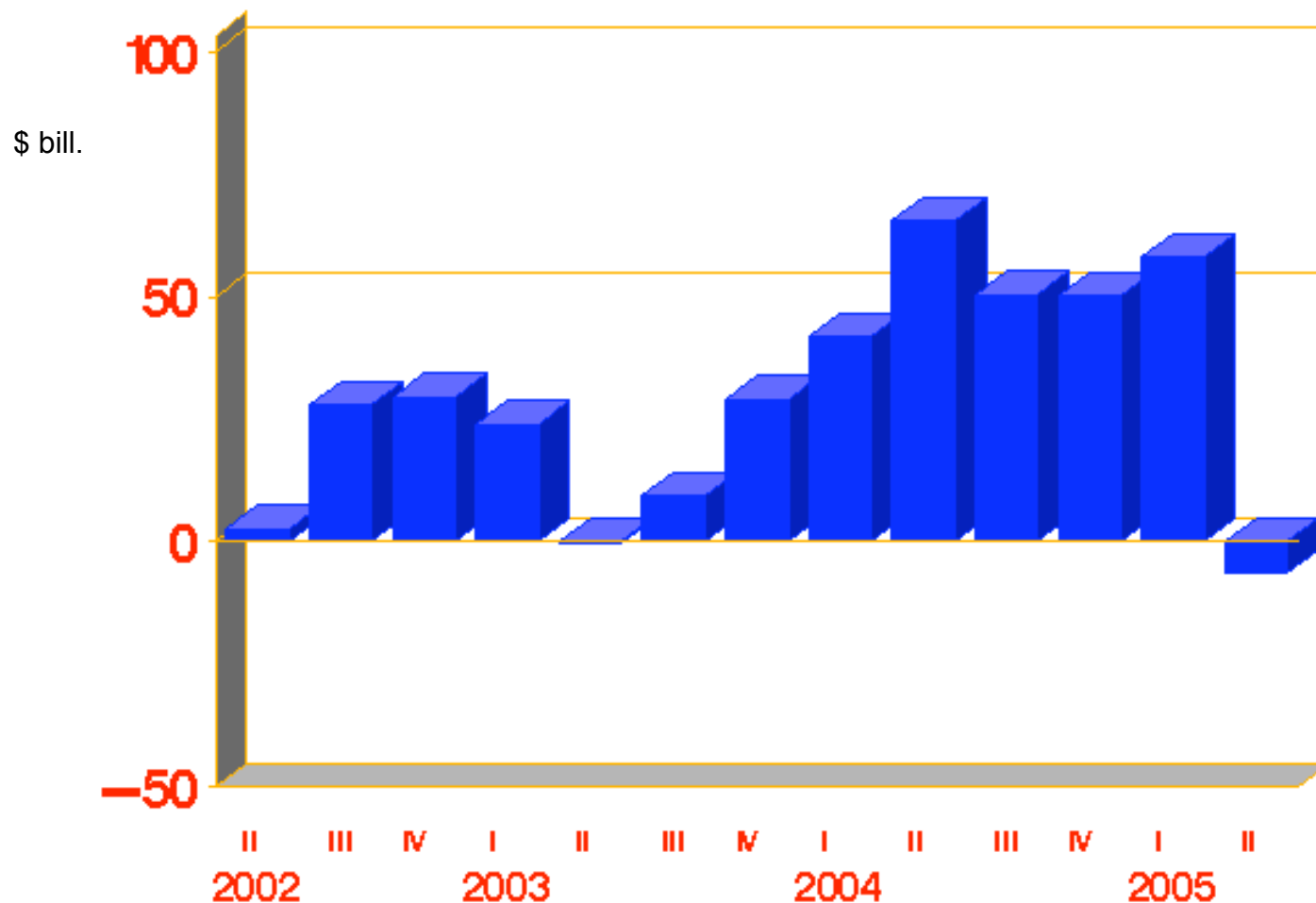
- Despite higher energy prices, economic growth cools only slightly
- Fed continues to raise short term interest rates, long term rates remain low
- Manufacturing output gains continue
- Tax revenues are booming

A Strong Second Quarter for GDP

Percent

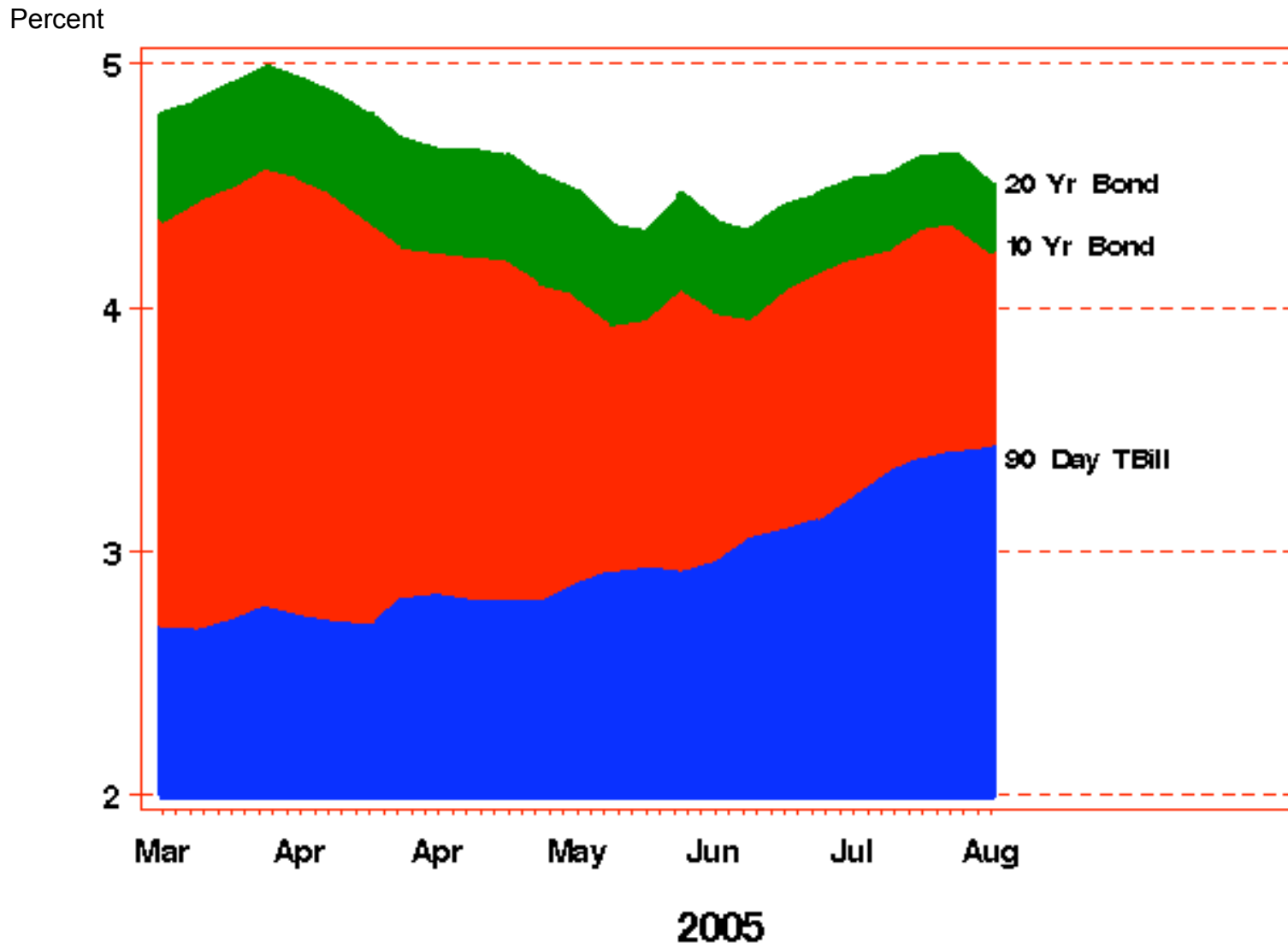


Without Inventory Correction, Growth Would Have Been Stronger

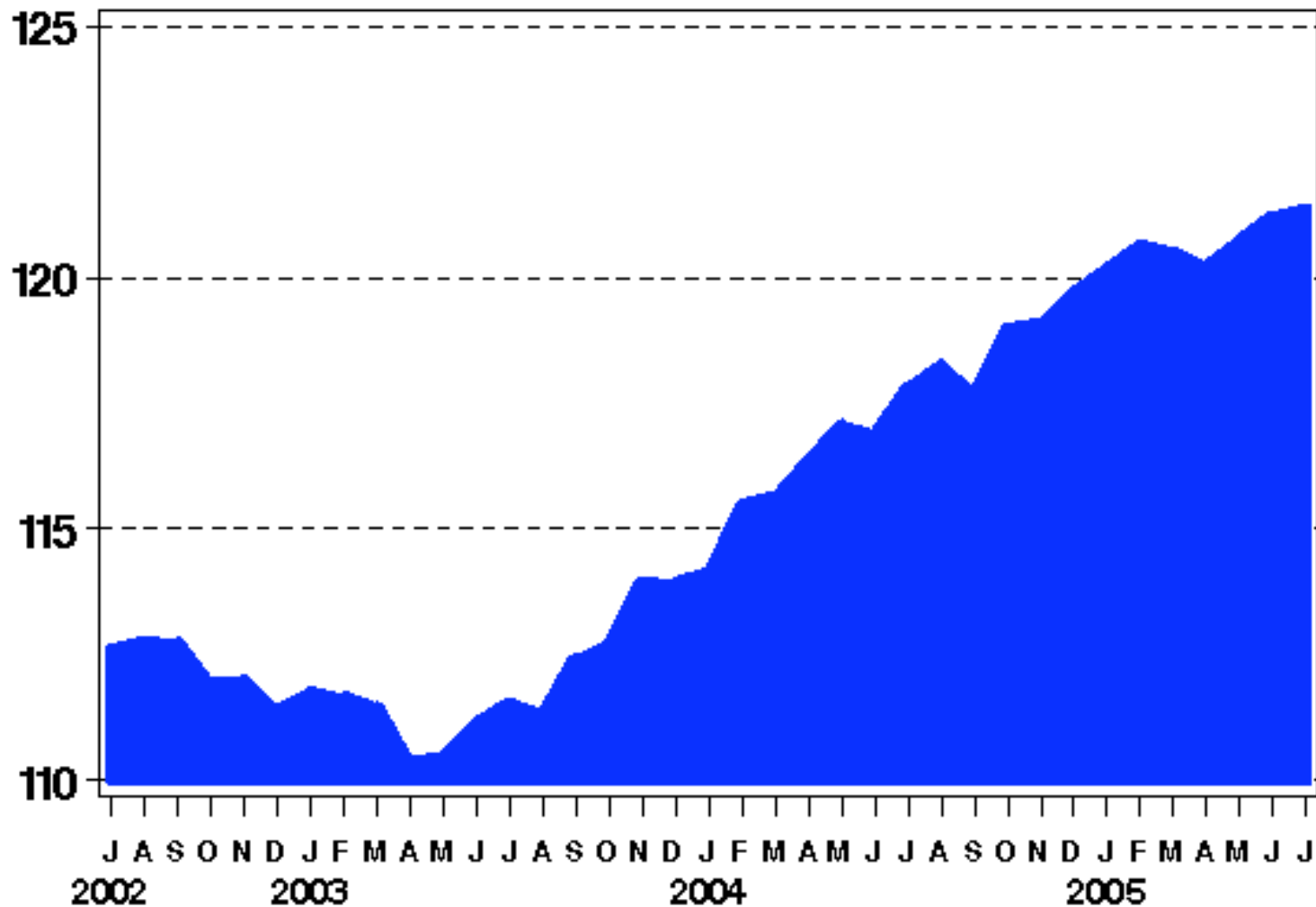


Change in Business Inventories

Yield Curve Has Flattened



Industrial Economy Still Growing



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