

The Northwest Indiana COINCIDENT INDEX

May 2014 Release

In May 2014 the Northwest Indiana Coincident Index rose 0.6 points from 137.6 (*revised up from 137.5*) to 138.2, the largest single-month increase since February 2012. This strong growth continues the trend of expansion following the significant weather-related decline in the early months of 2014. The forecast for economic growth over the next six months remains optimistic with moderate growth of about 1-2%.

Every component of the index showed improvement in May. The most impressive improvement was in Steel Production which rose 3.5%, the largest monthly percent increase since May of 2013. This increase may have been in anticipation of a recent U.S. International Trade Commission ruling on anti-dumping as well as an EU investigation into steel dumping. In another significant milestone, national manufacturing hours worked rose to an average of 42.1 hours/week, the highest it has been since the beginning of the series in 1950.

Northwest Indiana added 2,100 new jobs (a 0.7% increase) in May. The private service sector was responsible for the majority of these new jobs, which were primarily in the leisure and food service industries. While any growth in employment is a positive sign, the region is still approximately 11,000 jobs behind the pre-recession peak of 287,700 jobs in 2007 and the majority of these new jobs were in traditionally lower wage industries.

Leading Economic Indicators

(between March and May 2014)

Manufacturing Index	↑ 0.9%
Housing Market Index	↓ 2.1%
Transportation Index	↑ 4.2%
U.S. Leading Index	↑ 0.5%
Interest rate spread	↑ 1.3

In May almost all the leading economic indicators were positive. The ISM Manufacturing Index rose 0.5 points (a 0.9% increase) and the Dow-Jones Transportation Index rose an impressive 315 points (a 4.2% increase). The improvement in the transportation index is particularly significant for the region, which serves as a major transportation hub for the

Midwest. The only negative news was the Housing Market Index which fell 1 point, a continuation of the softening of the housing market we saw at the beginning of the year. For the third month in a row the interest rate spread has remained stable in positive territory.

In May the economy of Northwest Indiana grew 0.44% and continued to grow faster than the State of Indiana (0.32% growth) and the nation as a whole (0.25% growth). Since March 2014 the region has experienced moderate growth and the leading indicators continue to be promising. As a result, we expect to continue to see moderate positive growth over the next six months.

What is the NWI Coincident Index?

The Northwest Indiana Coincident Index measures the current pulse of the economy in Northwest Indiana and forecasts future growth for the region. The Coincident index is modeled after State and National coincident indices published by the Federal Reserve Bank of Philadelphia. For additional information about the NWI Coincident Index please visit

<http://www.nwiindex.com>

The views expressed in this report are those solely of the authors and do not reflect the official views of the School of Business and Economics or Indiana University Northwest

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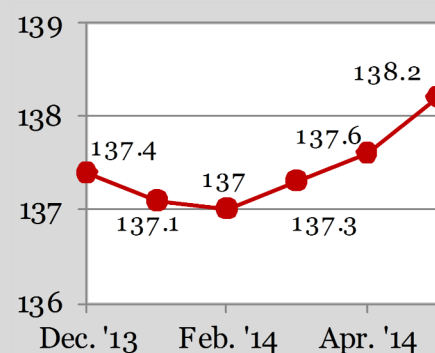
138.2
(+0.6)

Index
Value
(change)

**Moderate
Growth**
(+1-2%)

Six month
Forecast

Previous six months



Questions & Comments?

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