



The Northwest Indiana COINCIDENT INDEX

December 2014 Quarterly Summary

The Northwest Indiana Coincident Index finished strongly in the fourth quarter, increasing by 1.0 point from its November level of 140.2. This is the second month of strong growth for the region after a stagnant third quarter. Despite these gains, the forecast for the regional economy over the next six months is for weak growth of about 1%.

The recent economic growth is due mostly to the stability and resilience demonstrated by the components of the Index rather than significant improvement in any one component. In September U.S. steel production fell dramatically (-5%) in response to competition from China and India, a stronger dollar and weakened global demand. However, steel production did not decline any further in the fourth quarter.

Regional employment has also remained stable at around 278,000 jobs. This is the highest level of employment since the 2008 financial crisis and only 4% (11,500 jobs) behind the highest level of employment since the 1990s.

Q4 Leading Economic Indicators

Manufacturing Index	↓ 1.8%
Housing Market Index	↓ 1.7%
Transportation Index	↑ 3.9%
U.S. Leading Index	↑ 1.5%
Interest rate spread at:	+3.59

Average weekly hours worked in manufacturing remained above 42.1 hours per week the entire fourth quarter. This is highest level of average manufacturing hours worked since the variable was first recorded in 1950.

Despite these positive signs, leading economic indicators were mixed. The Dow Jones transportation index and the

U.S. Leading Index both posted strong gains in the fourth quarter, but this was offset by weakness in the Manufacturing Index and Housing Market Index. The interest rate spread remained positive and stable in or near the 0-3% range in the fourth quarter and was uncharacteristically stable for most of 2014.

In the fourth quarter of 2014 the economy of Northwest Indiana grew an impressive 1.4%, with the majority of this growth taking place in November and December. Over the same time period, the State of Indiana grew only 0.6% and the nation as a whole grew only 0.9%. However, for the entire year of 2014 Northwest Indiana's economy only grew 3% compared to 3.5% growth nationally and 4.2% growth for Indiana. Despite the strong growth in November and December, the leading economic indicators are mixed and we expect only weak growth of about 1% 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 as well as past releases please visit:

www.iun.edu/business/nwi/

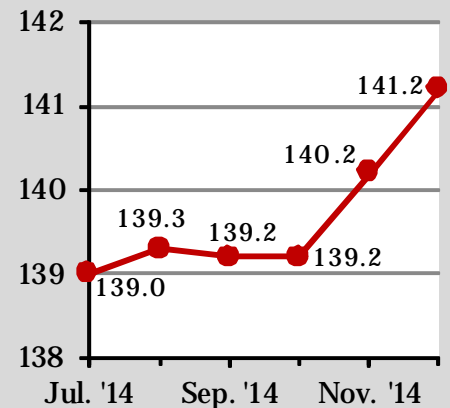
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December 2014

141.2
(+1.0) Index Value
(change)

Weak Growth
(+1%) Six month Forecast

Previous six months



Questions & Comments?

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