



The Northwest Indiana COINCIDENT INDEX

July 2014 Release

In July the Northwest Indiana Coincident Index rose 0.2 points from 138.8 to 139.0. This growth continues a trend of expansion and recovery that is slower than the national economy. The forecast for economic growth over the next six months remains optimistic with moderate growth of 1-2%.

During July the most significant changes in the components of the Index occurred in steel production and regional employment. Steel production rose 3.6% nationally, increasing to a two year monthly high of 7.6 million tons. The increase in production was likely due to anticipation of and response to anti-dumping duties imposed in July and August by both the U.S. Commerce Department and the U.S. International Trade Commission.

At the same time employment in Northwest Indiana fell by 4,700, a 1.7% decline. The decline was caused almost entirely by a regular seasonal decline in education jobs over the summer months of July and August. These jobs are typically recovered in September. The other components of the Index (retail sales and average manufacturing hours worked) remained relatively stable.

Leading Economic Indicators

Manufacturing Index	↑ 3.25%
Housing Market Index	↑ 8.16%
Transportation Index	↑ 3.8%
U.S. Leading Index	↑ 0.9%
Interest rate spread at:	+0.82

In July all leading economic indicators were positive. The Institute for Supply Management's Manufacturing Index rose 1.8 points (+3.25%). The Housing Market Index posted a 4 point gain (+3.5%) for the second month in a row.

The Dow-Jones Transportation Index continued its trend of strong growth. The

transportation index, which is tied closely to the performance of the stock market, has set a record every month since January 2014. The U.S. Leading Indicators, an index used to predict the direction of the economy's movements in the months to come, rose 0.9 points to 103.3, the highest level it has been since November 2007.

For the fifth month in a row the interest rate spread has remained positive and stable in the 0-3% range, which suggests federal reserve's bond buying program is continuing on target. The interest rate spread has not been this stable over a six-month period since 2006.

In July the economy of Northwest Indiana grew 0.14% which was slower than the nation as a whole (0.69% growth) and slower than the State of Indiana (0.22% growth). Since March 2014 the region has experienced consistent 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, in the range of 1-2%.

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/

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

July 2014

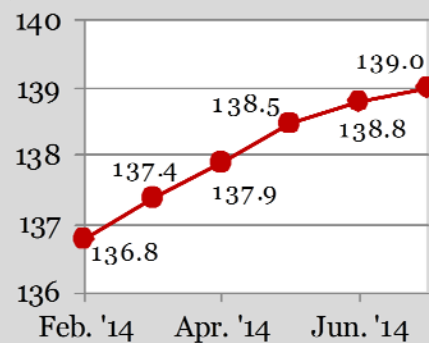
139.0
(+0.2)

Index
Value
(change)

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

Six month
Forecast

Previous six months



Questions & Comments?

Dr. Bala Arshanapalli
barshana@iun.edu
(219) 980-6919

Dr. Micah Pollak
mpollak@iun.edu
(219) 980-6913

The **NWI Coincident Index** is a monthly publication of the

**SCHOOL OF BUSINESS
AND ECONOMICS**

at



**INDIANA UNIVERSITY
NORTHWEST**