

Indiana Manufacturing and Logistics Forecast

Long-Term Forecasts

Manufacturing and Logistics Employment and Wages

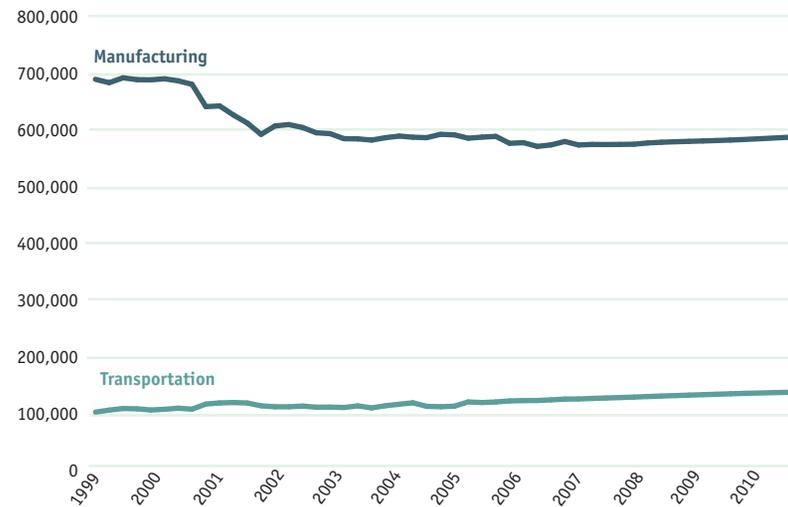
These forecasts provide projections of employment and wages in Indiana's manufacturing and logistics sectors through 4th Quarter 2010.

The forecasts were prepared using quarterly workforce data from the Department of Census' Quarterly Workforce Indicators. We based our estimates of future economic activity upon estimates of total economic activity predicted by the FAIR Model of the US economy. This forecasting tool is one of the more reliable national forecasts produced in the United States, and is authored by Dr. Ray Fair at Yale University.

Our model also includes past history of economic activity as a predictor of future performance, as well as a dynamic adjustment feature that captures short-run deviations from trend growth. Importantly, this is a long-term forecast, so it does not attempt to capture short-run dynamics, such as a business cycle, but rather focuses attention on trend growth characteristics. Our model performs well in tests of short-run performance.

We predict that the job losses, which occurred in Indiana manufacturing over the first five years of this decade, have largely run their course, and that manufacturing employment through the forecast horizon will remain static. This turnaround of the state's employment prospects we believe is due to the improvements in firm employment balance over this period of employment loss, and due to the relatively friendly business climate enjoyed by Indiana manufacturing firms. Employment in logistics related jobs will continue at the current pace through the forecast horizon. Both industries will continue to experience real wage growth throughout the forecast horizon.

Employment Forecast



Wage Forecast

