

Indiana Economic Outlook: 2007

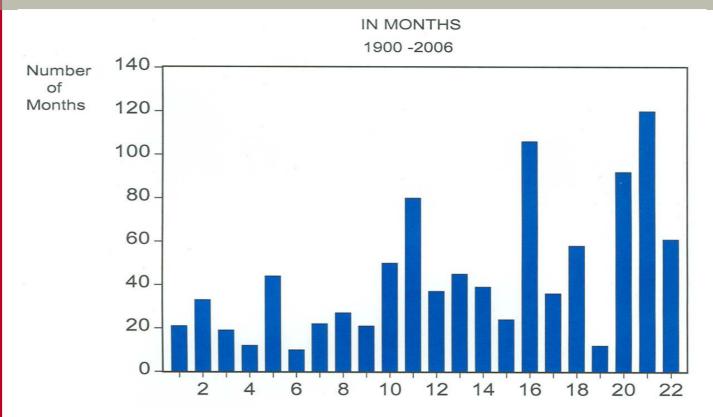
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Duration of U.S. Economic Expansions



| | Months |
|----------------------------|-------------|
| Average Duration | 44.0 |
| Standard Deviation | 30.9 |
| Typical Range of Variation | 13.1 – 74.9 |





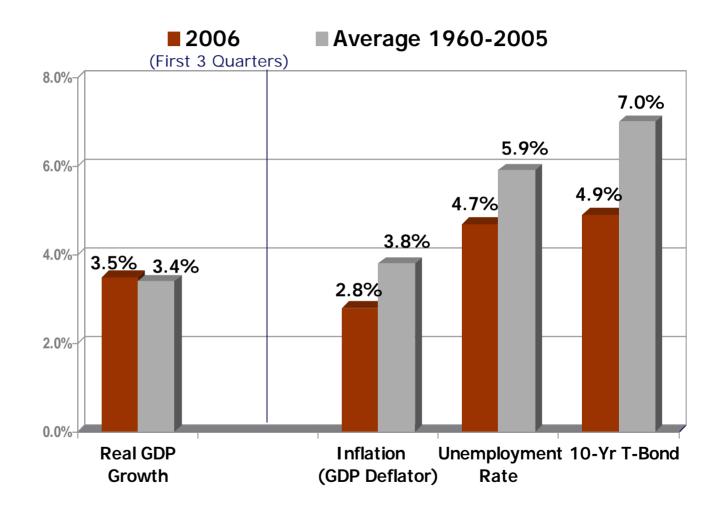
Measures of Economic Performance

- Rate of Growth in Real Gross Domestic Product
- Rate of Inflation in the Gross Domestic Product Price Deflator
- The Civilian Unemployment Rate
- The Yield on 10-Year Treasury Bonds





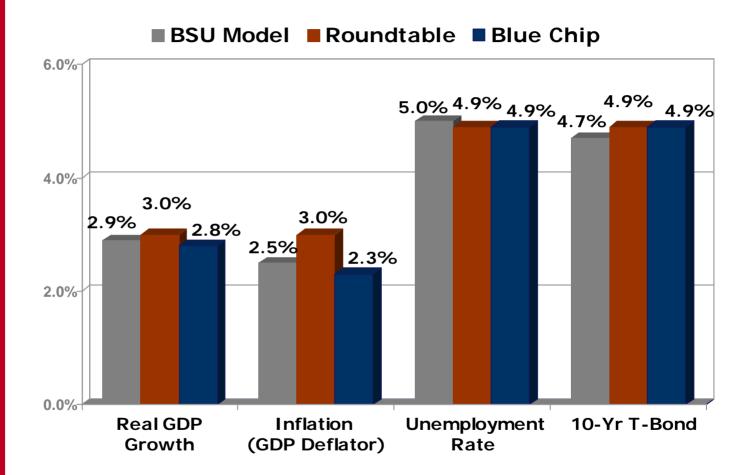
The Economy in 2006







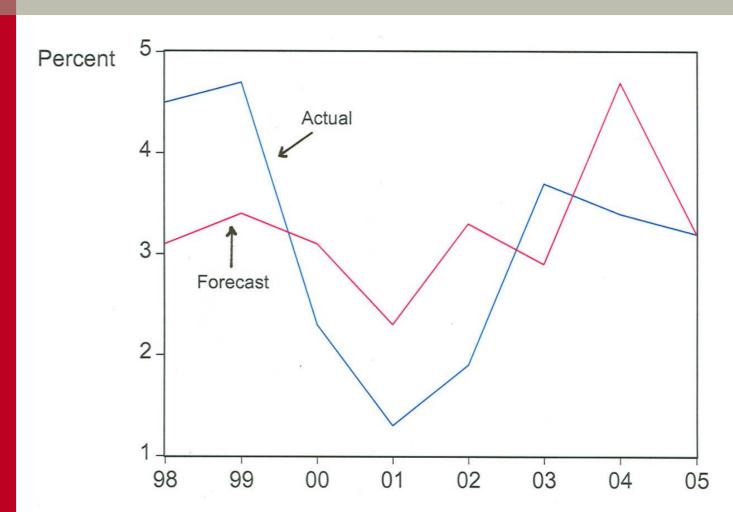
The Forecast for 2007







Growth in Real GDP

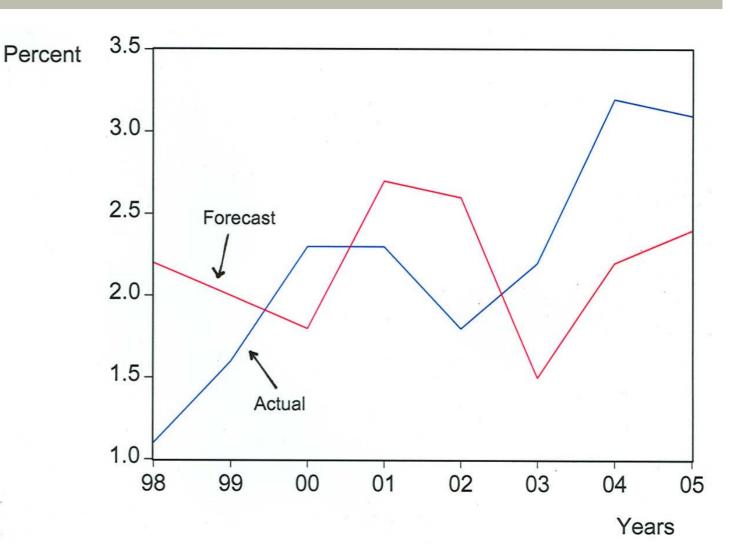


Years





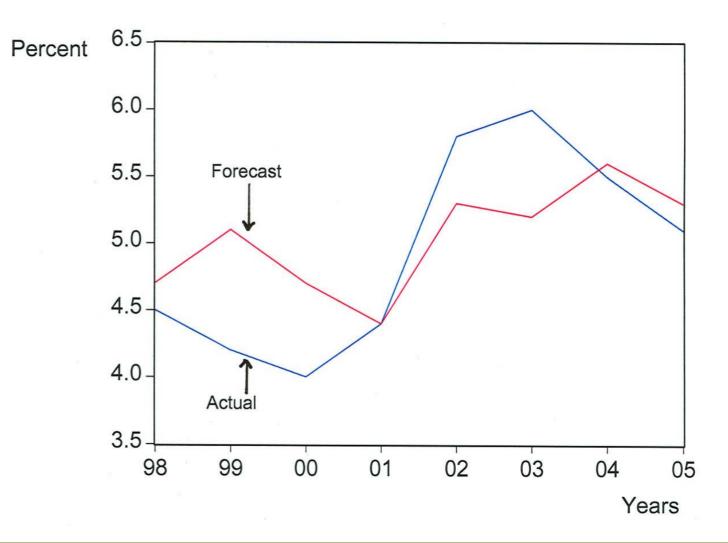
Inflation (GDP Deflator)







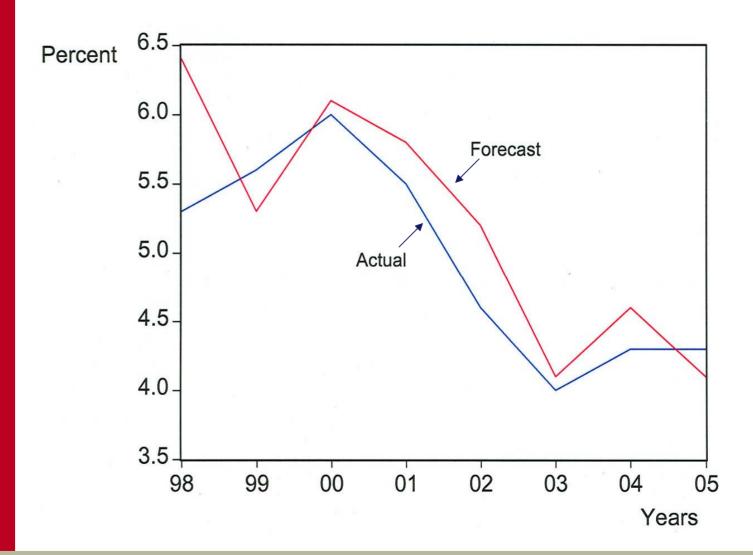
Unemployment Rate



11th Annual Indiana
ECONOMIC
OUTLOOK
Forecasting 2007 and beyond



10-Year T-Bond Yield







The Score Card (RMSE*)

| Year | Model | Roundtable | Blue Chip |
|---------|-------|------------|-----------|
| 1998 | 0.96 | | 1.16 |
| 1999 | 0.76 | | 1.25 |
| 2000 | 0.50 | 0.33 | 0.66 |
| 2001 | 0.90 | 1.11 | 1.33 |
| 2002 | 1.00 | 0.65 | 0.67 |
| 2003 | 0.49 | 0.48 | 0.34 |
| 2004 | 0.36 | 0.53 | 0.72 |
| 2005 | 0.34 | 0.38 | 0.64 |
| Average | 0.66 | 0.58 | 0.85 |



