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# INDIANA

## ECONOMIC FORECAST

# 2008

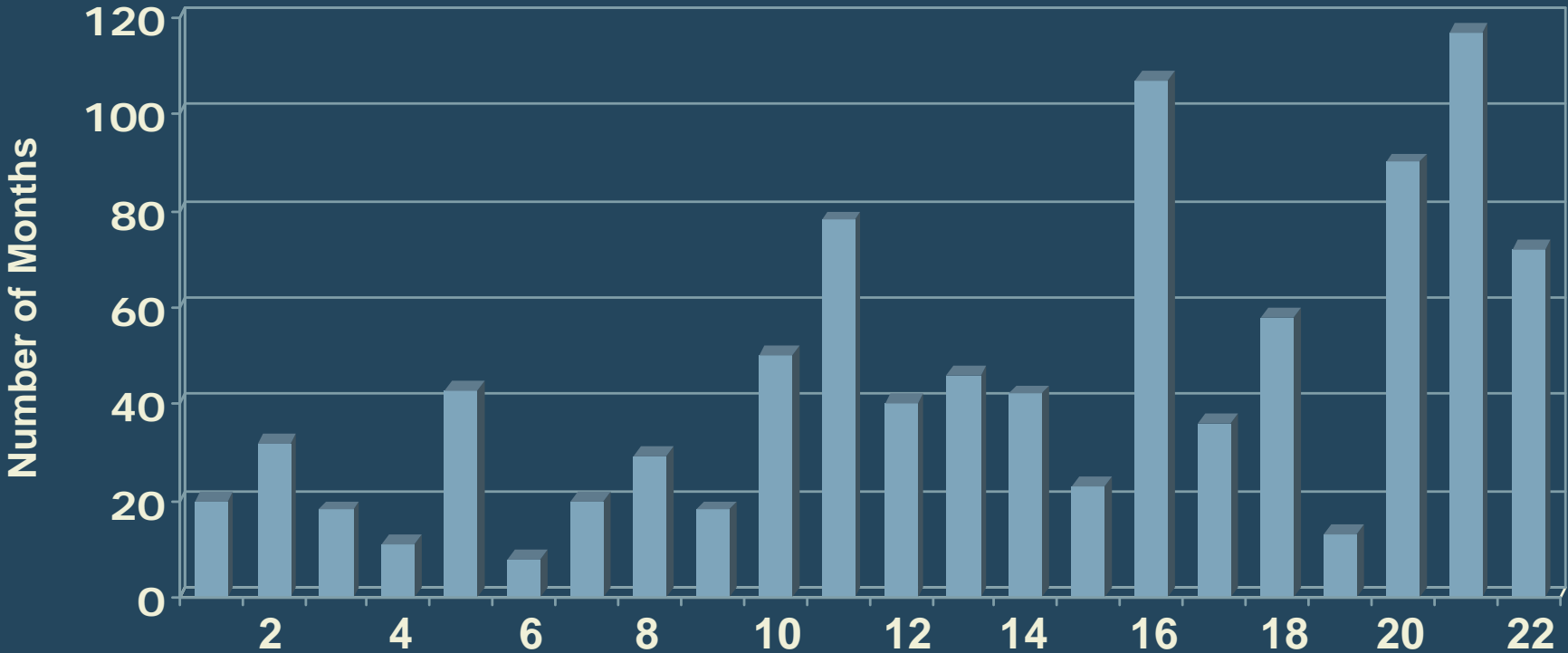
# Indiana Economic Outlook: 2008

**Gary J. Santoni**

*Professor Emeritus, Ball State University*

# Duration of U.S. Economic Expansions

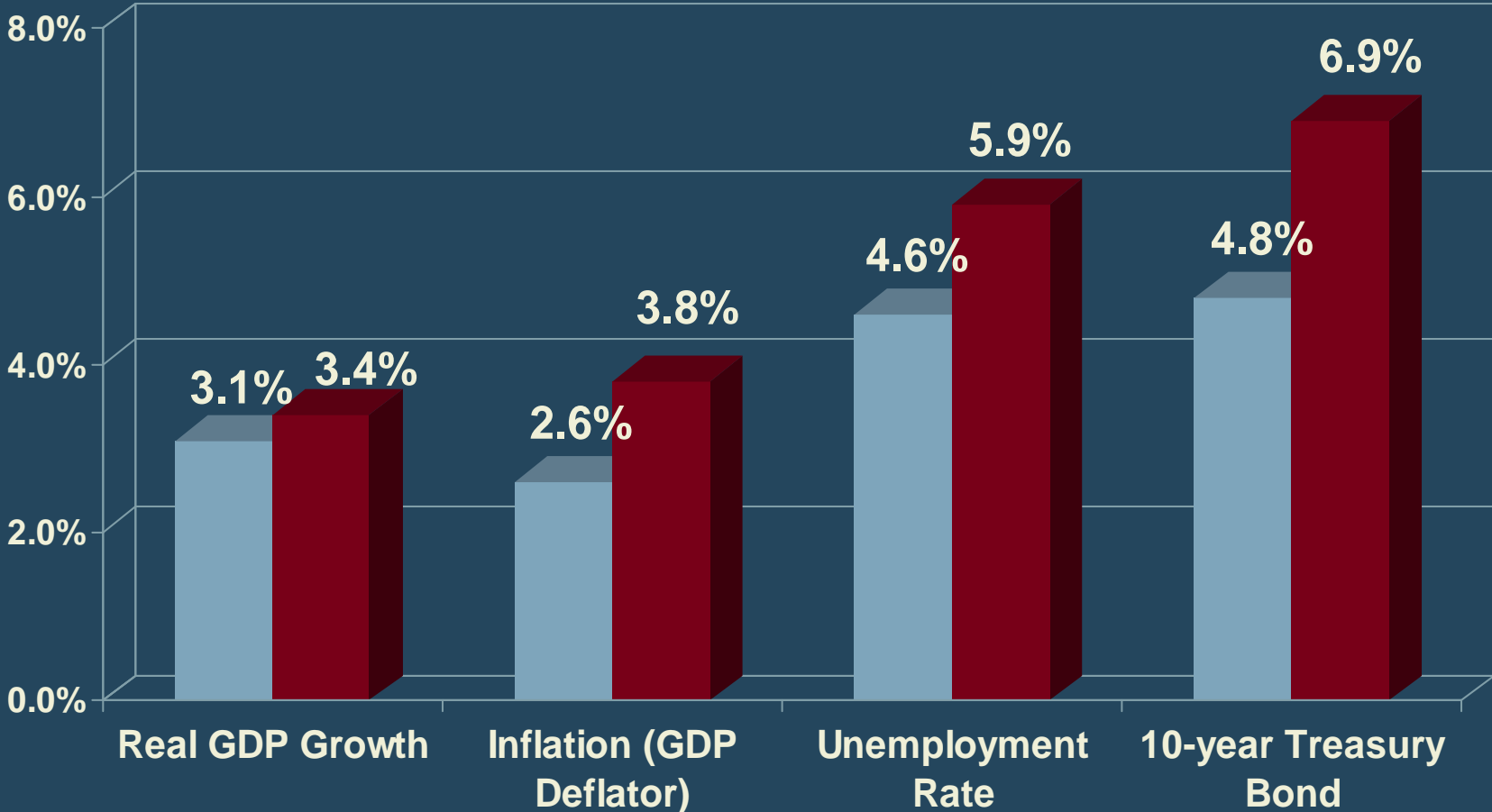
In Months 1900 - 2007



	Months
Average Duration	44.6
Standard Deviation	31.3
Typical Range of Variation	13.3 - 75.9

# The Economy in 2007

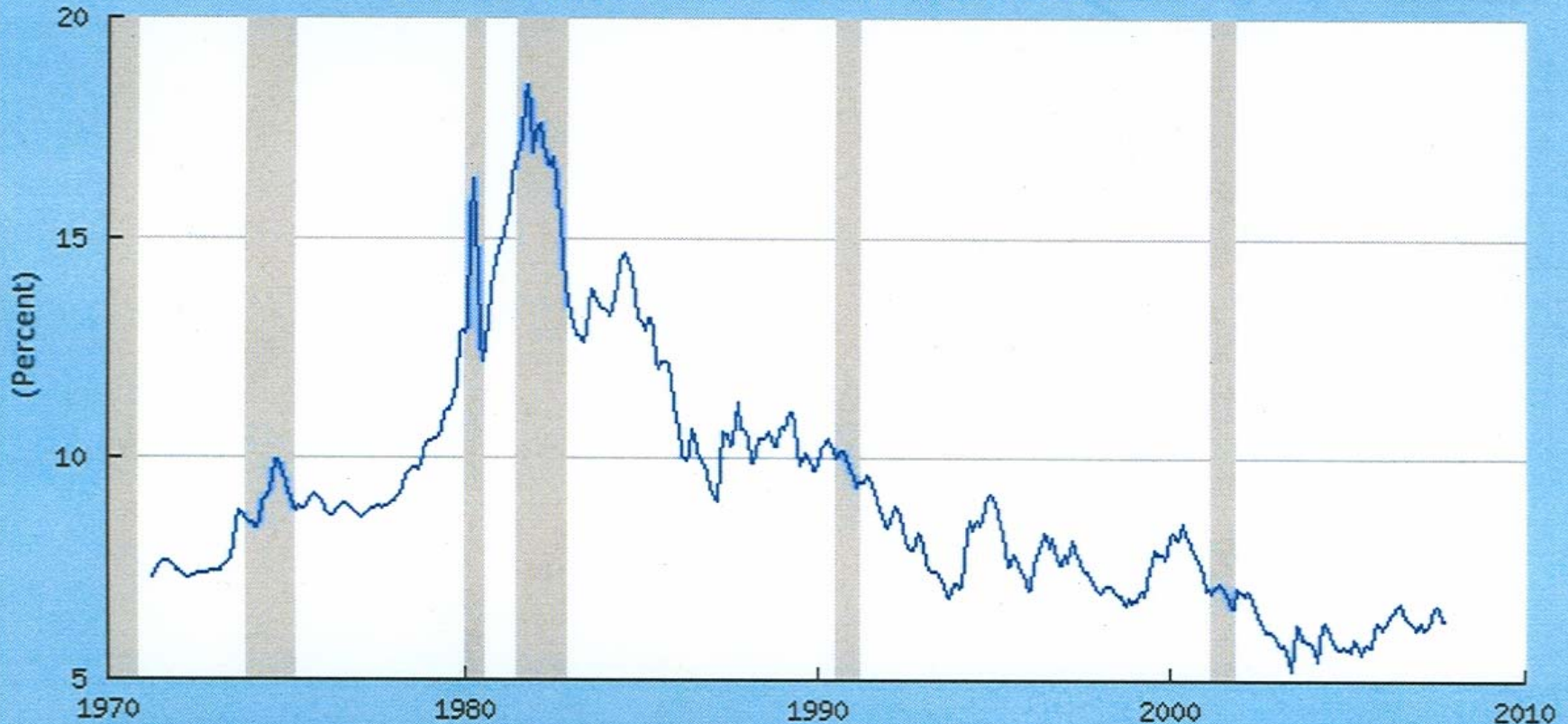
■ 2007 ■ Average 1960-2006



# 30-year Conventional Mortgage Rate

30-Year Conventional Mortgage Rate (MORTG)

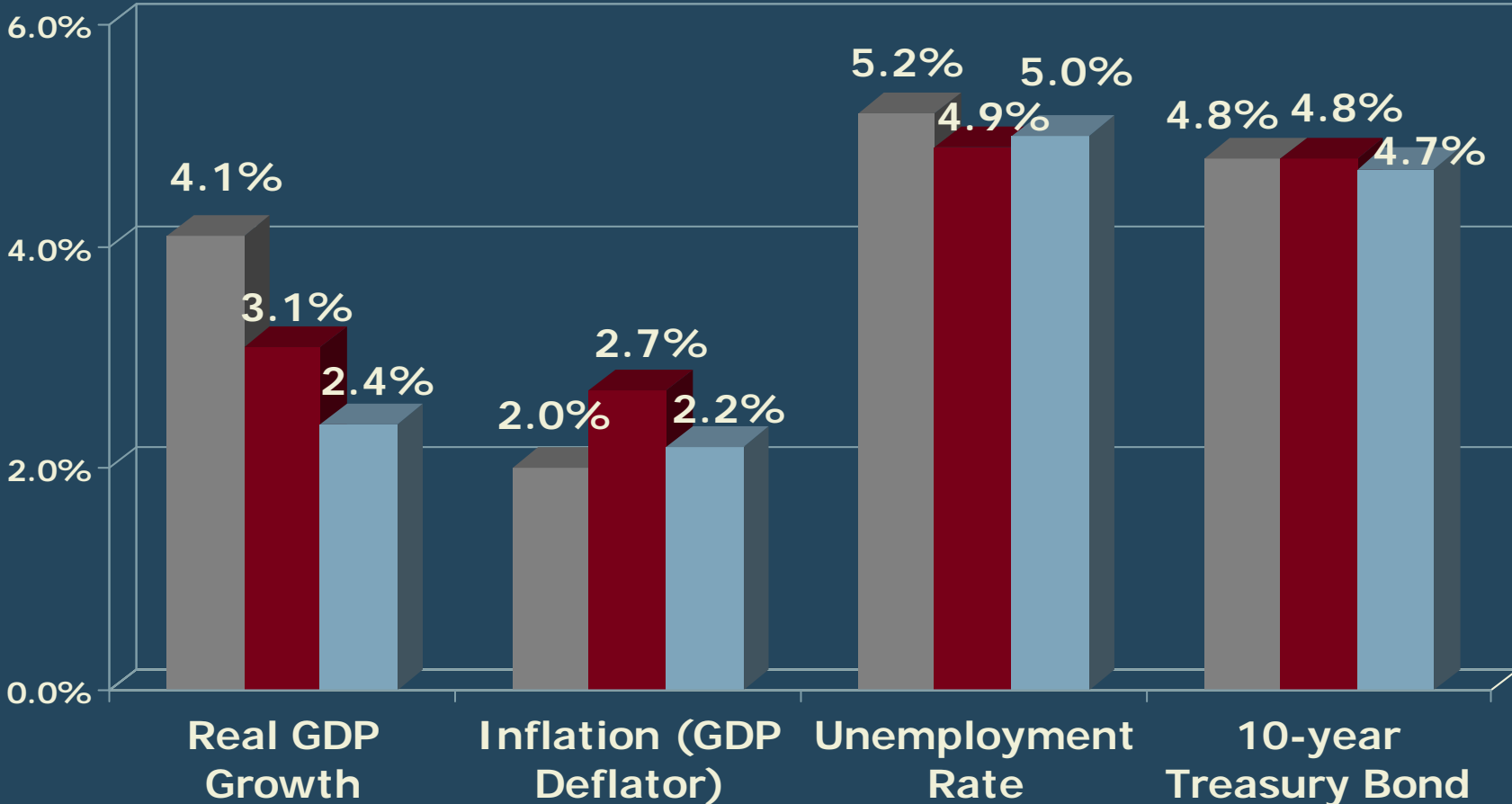
Source: Board of Governors of the Federal Reserve System



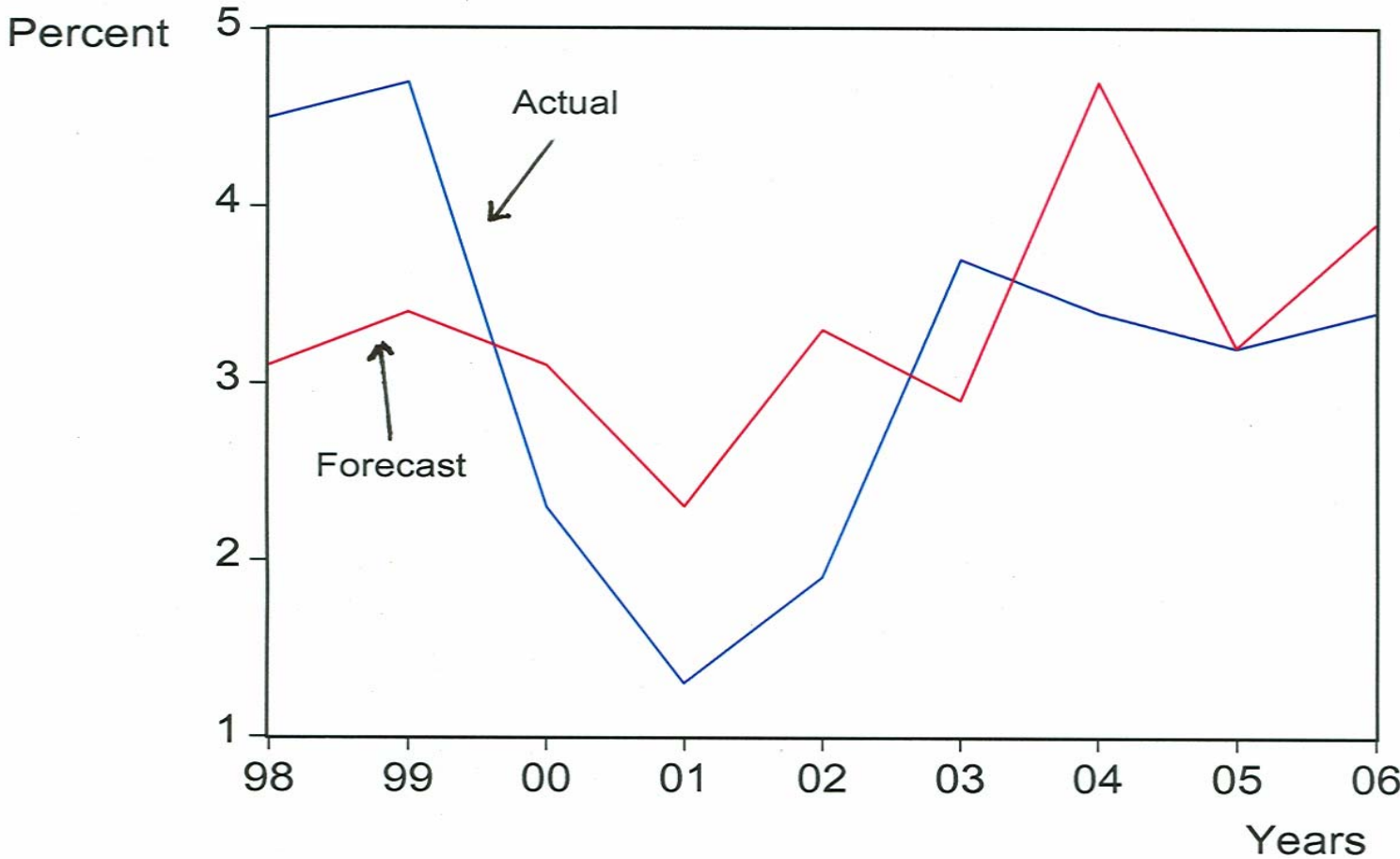
Shaded areas indicate recessions as determined by the NBER.  
2007 Federal Reserve Bank of St. Louis: [research.stlouisfed.org](http://research.stlouisfed.org)

# The Forecast for 2008

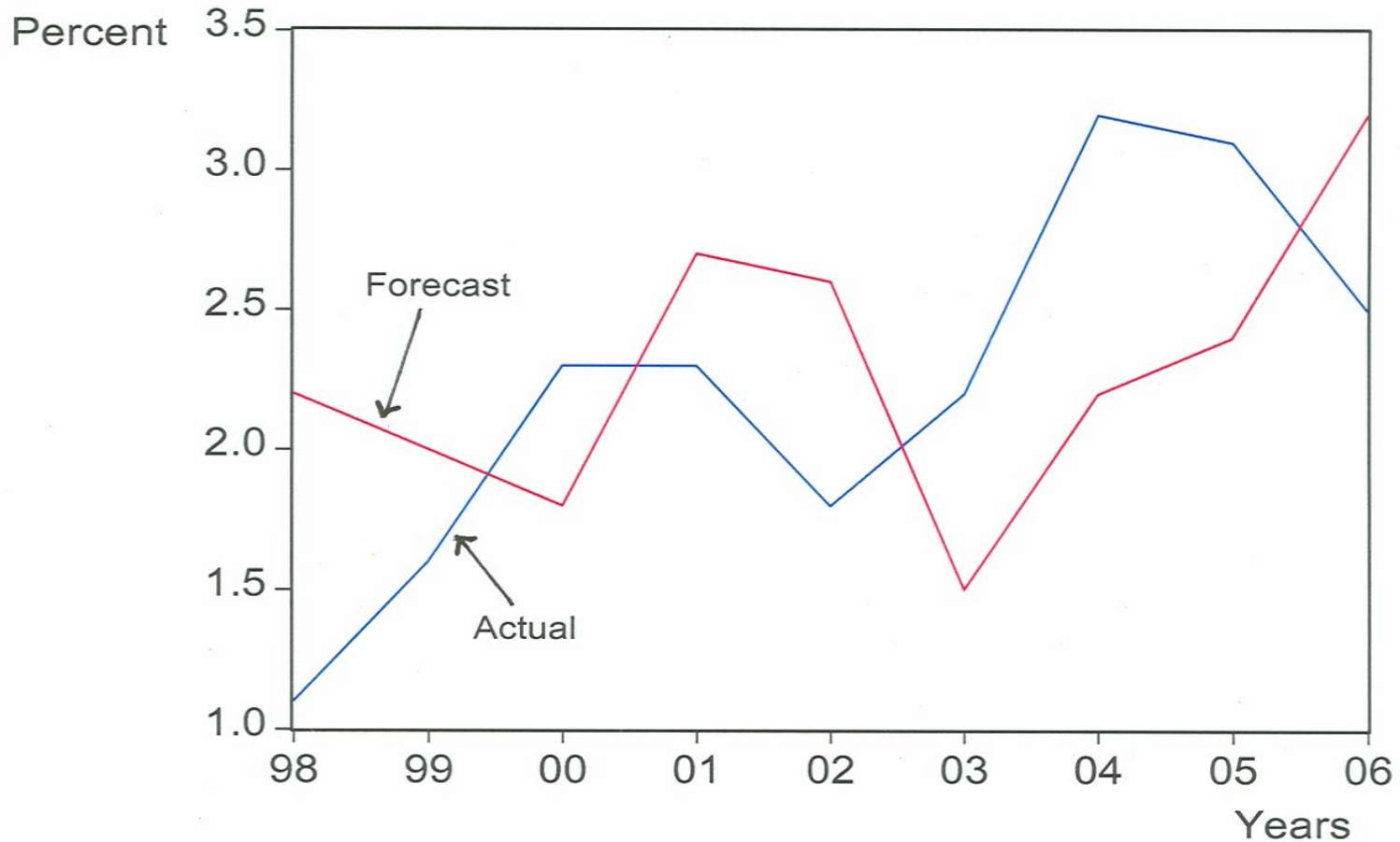
■ BSU Model ■ Roundtable ■ Blue Chip



# Growth in Real GDP

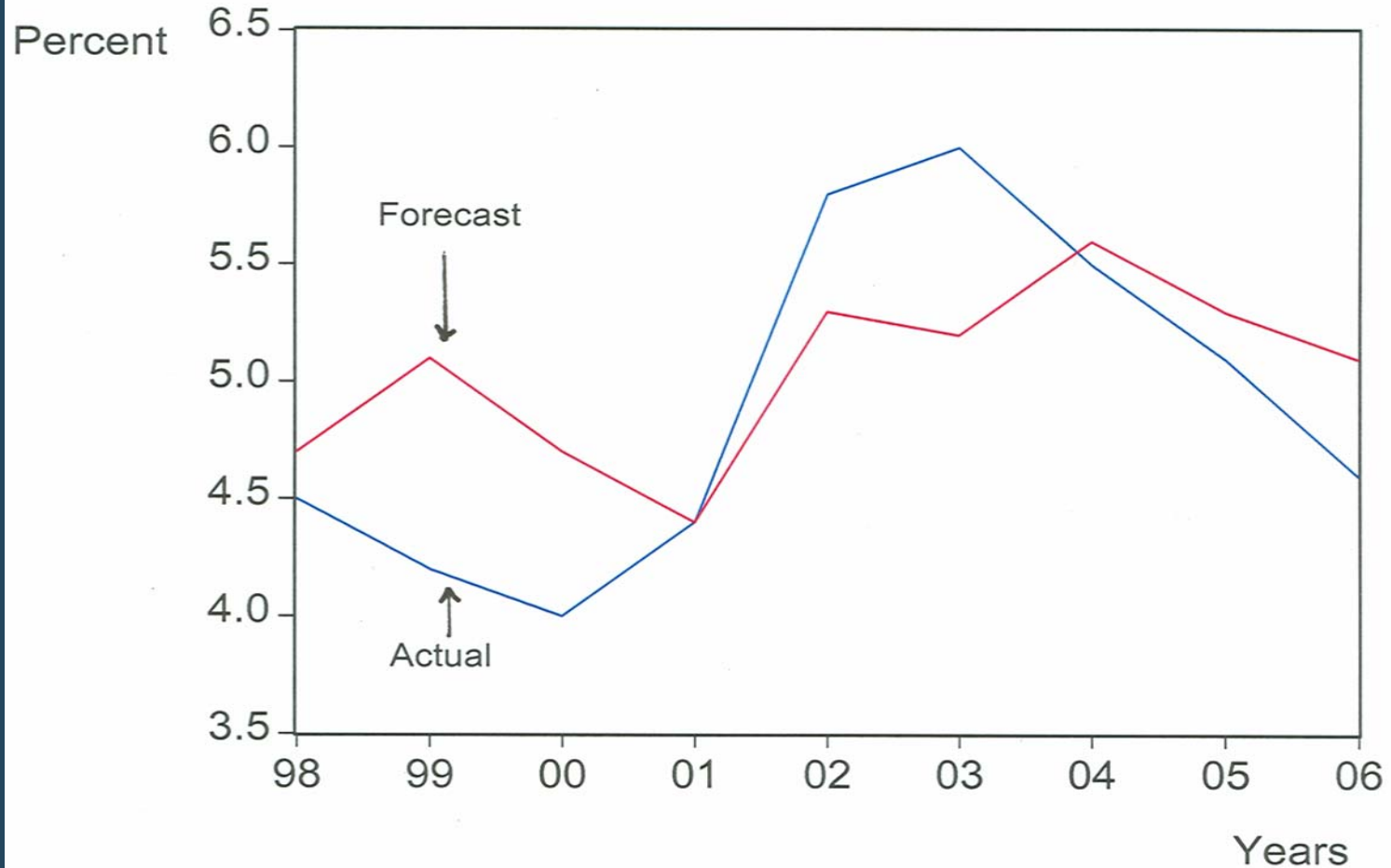


# Inflation (GDP Deflator)

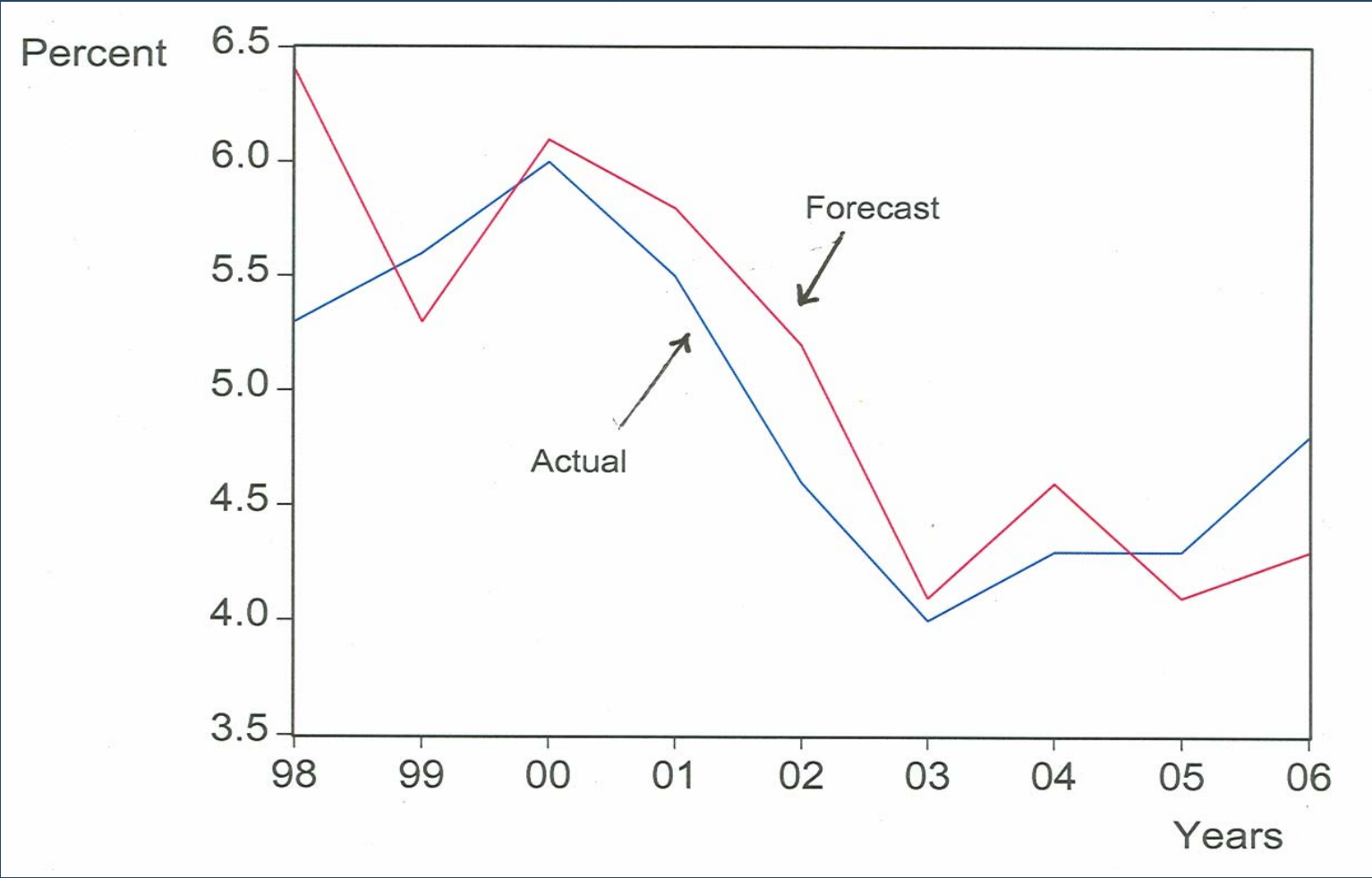




# Unemployment Rate



# 10-year Treasury Bond



# The Score Card (RMSE) \*

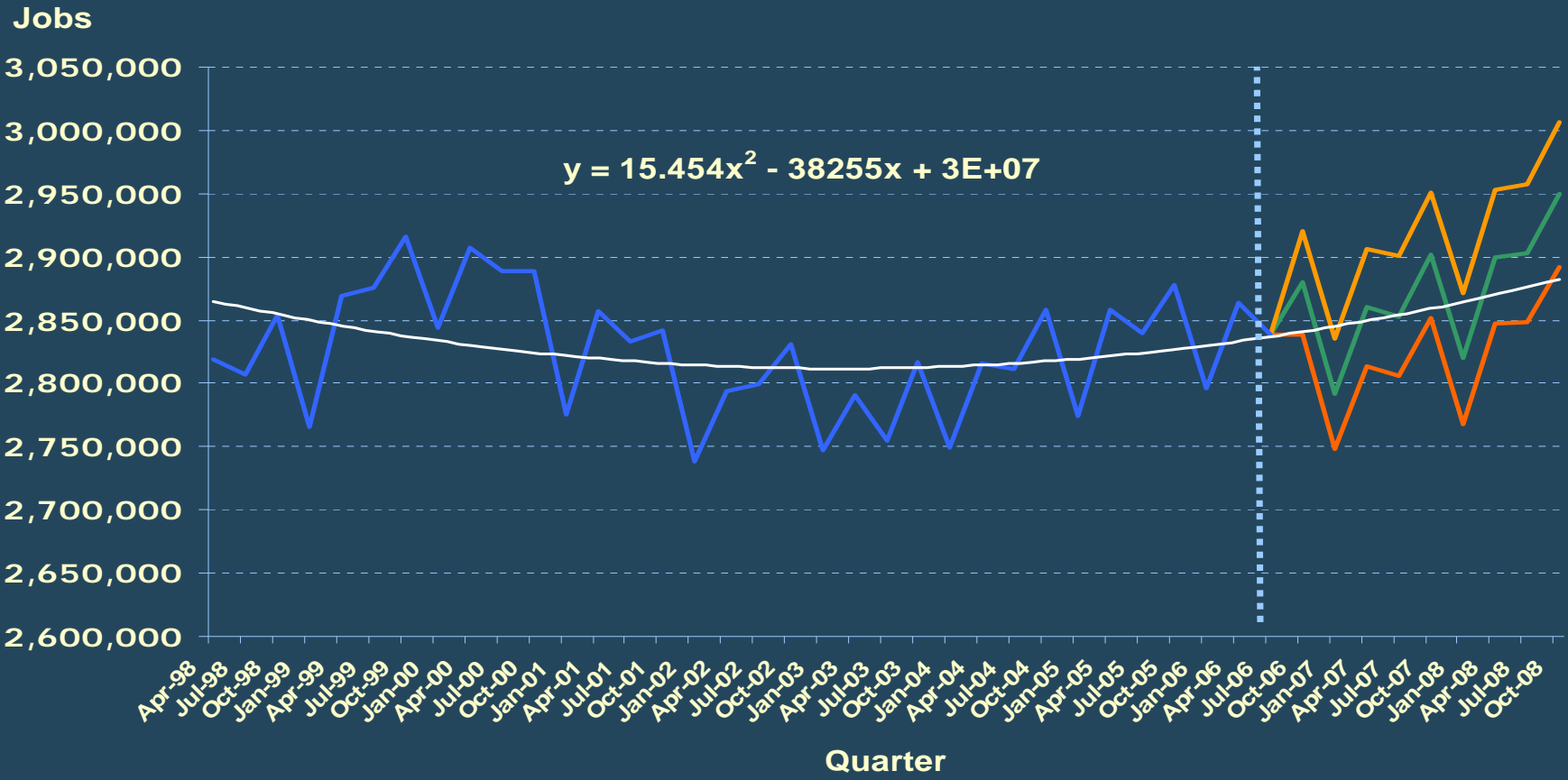
Year	Model	Roundtable	Blue Chip
1998	0.96		1.16
1999	0.76		1.25
2000	0.50	0.33	0.66
2001	0.90	1.11	1.33
2002	1.00	0.65	0.67
2003	0.49	0.48	0.34
2004	0.36	0.53	0.72
2005	0.34	0.38	0.64
2006	0.59	0.40	0.23
AVG	0.66	0.55	0.78

$$* RMSE = \sqrt{\sum_i (F_i - A_i)^2 / N}$$

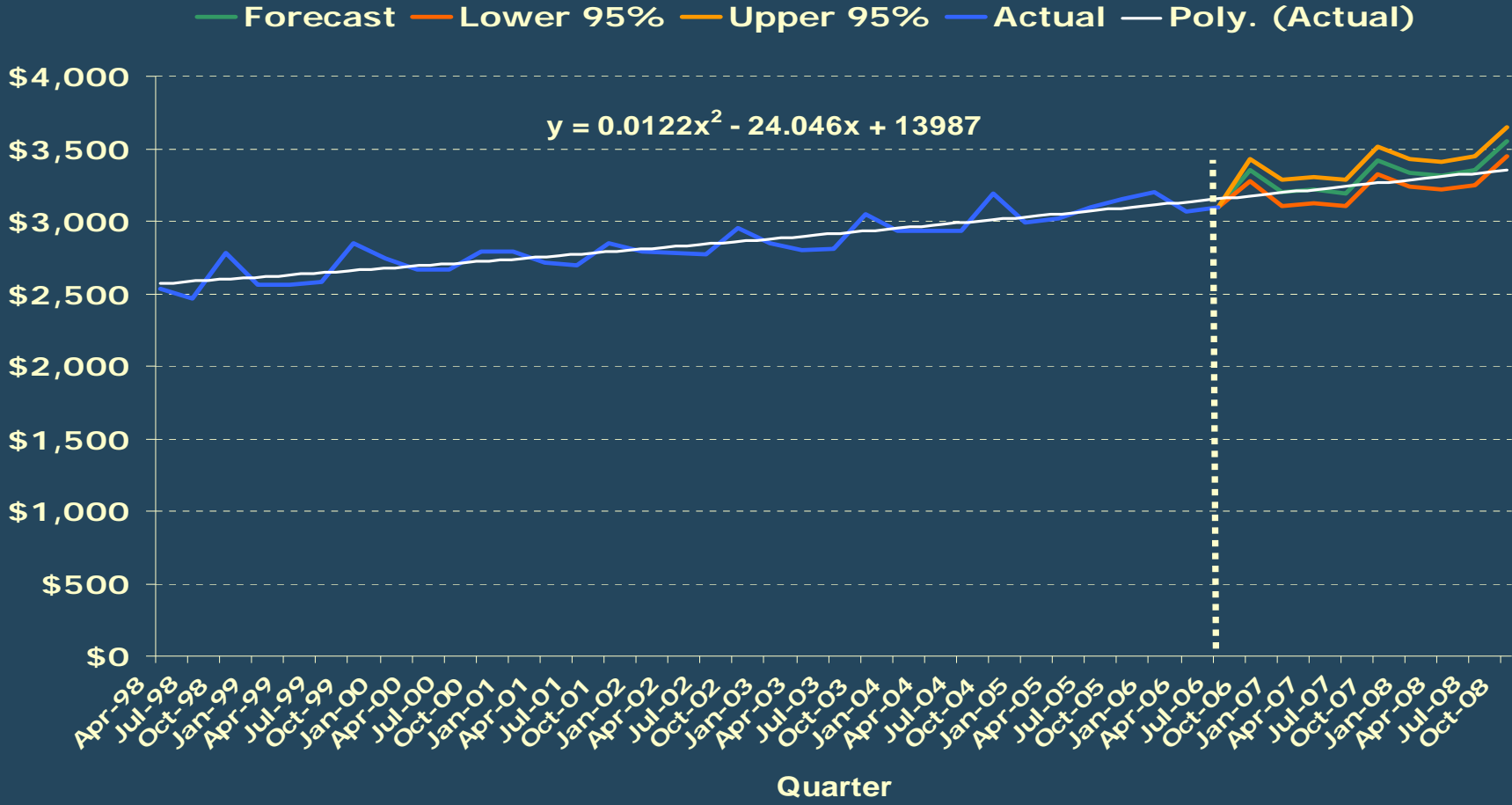
# Indiana & Regional Forecast

# Employment Statewide

— Forecast — Lower 95% — Upper 95% — Actual — Poly. (Actual)



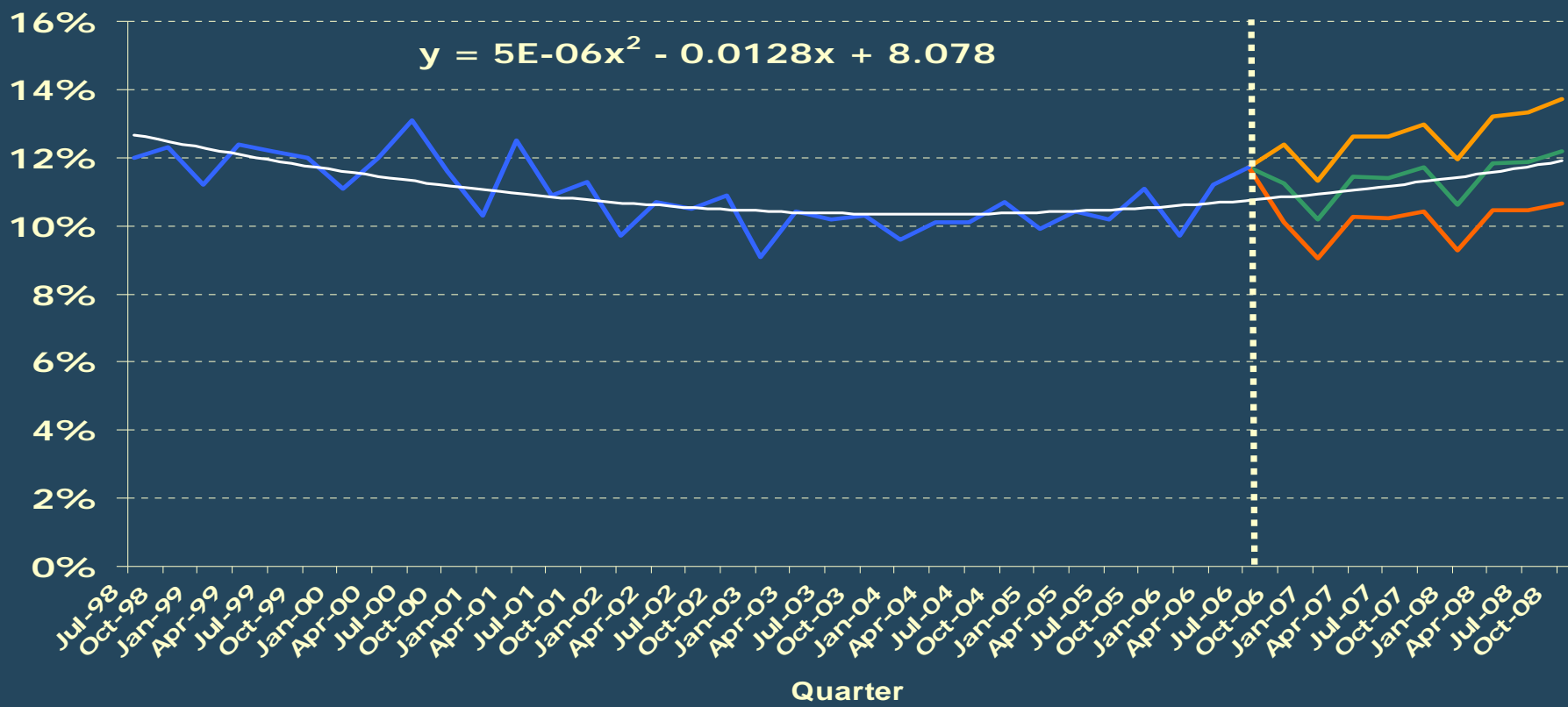
# Average Monthly Earnings Statewide



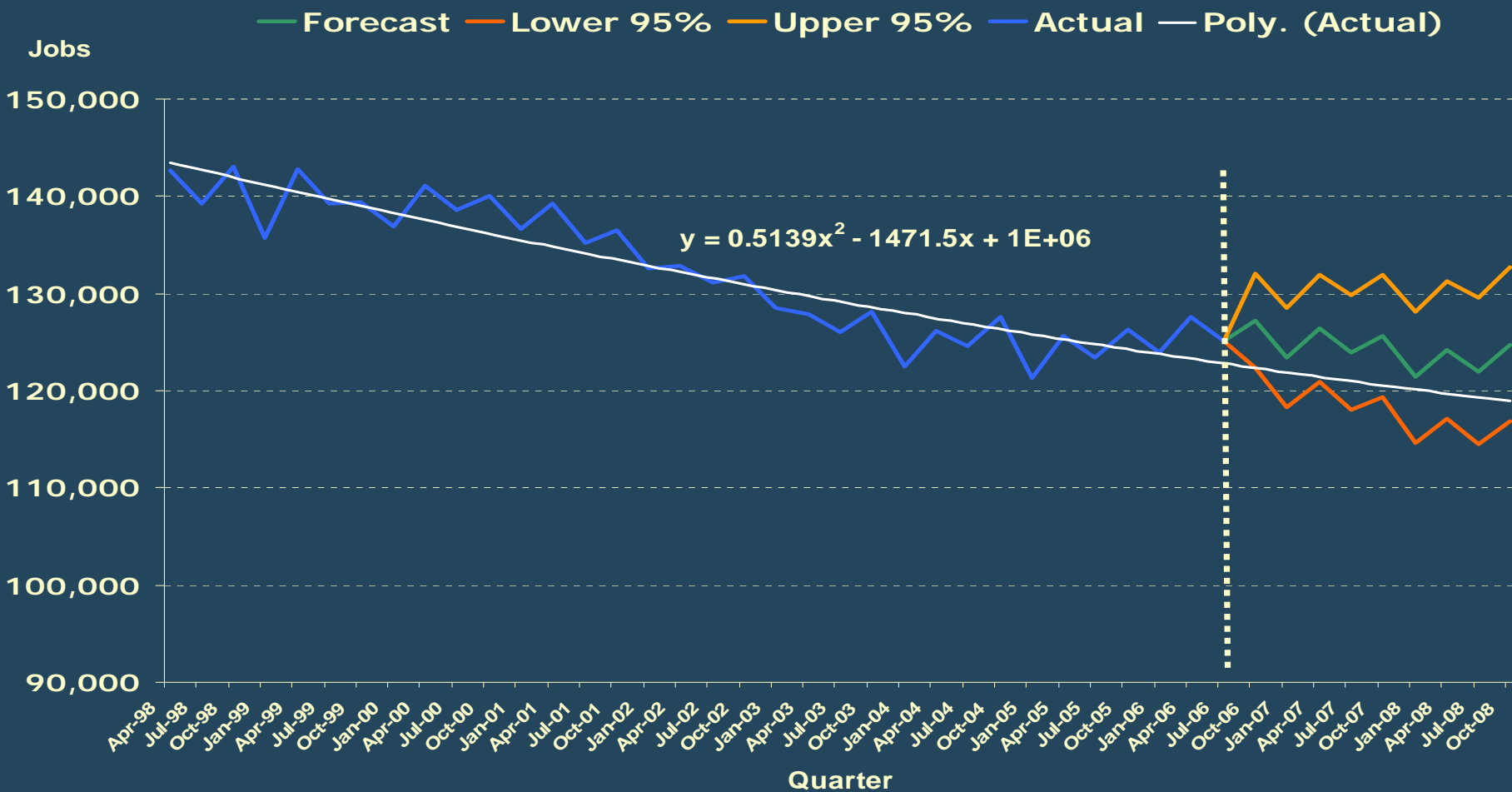
# Turnover Statewide

Forecast Lower 95% Upper 95% Actual Poly. (Actual)

Percent

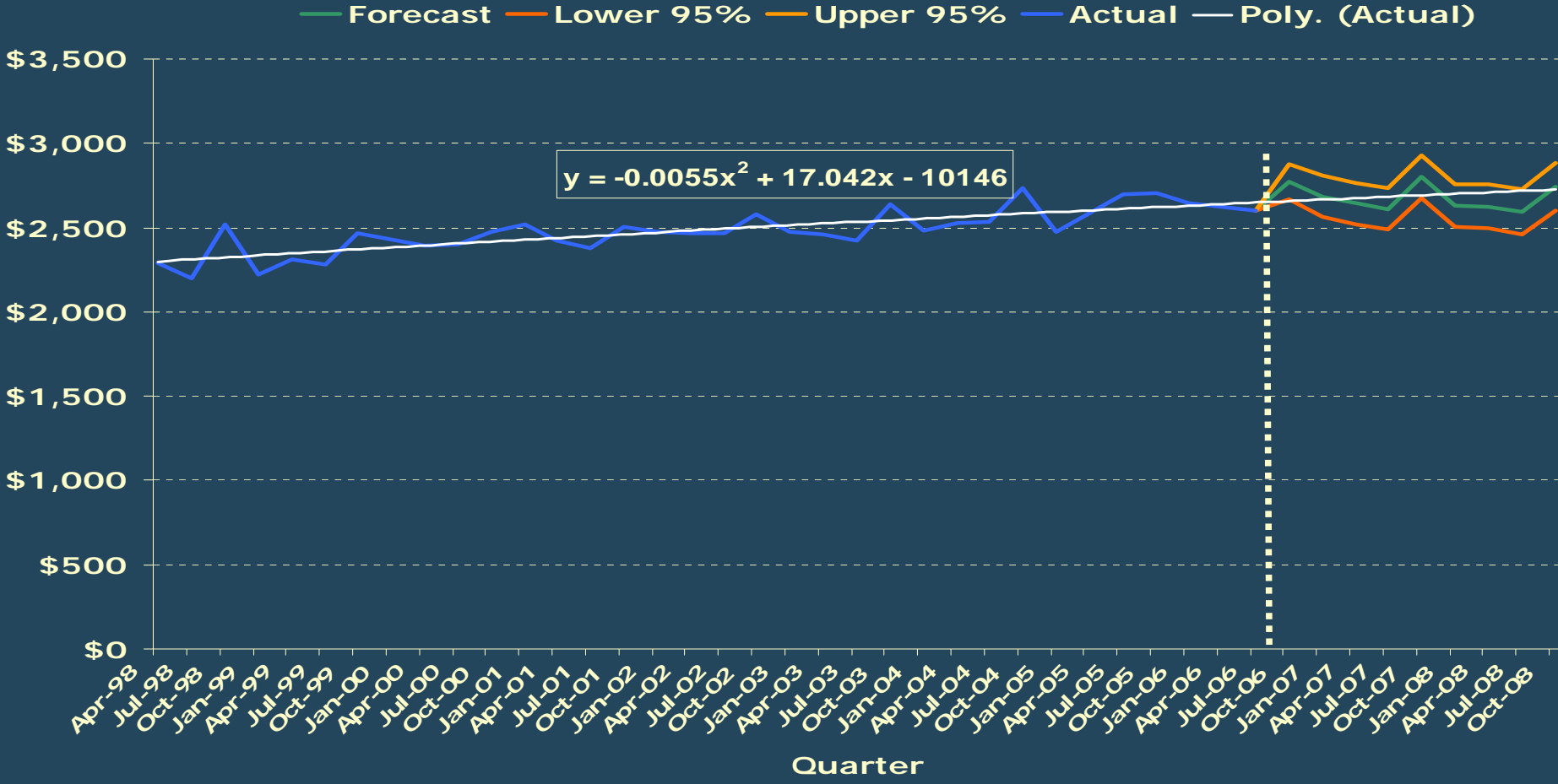


# Employment Region 6

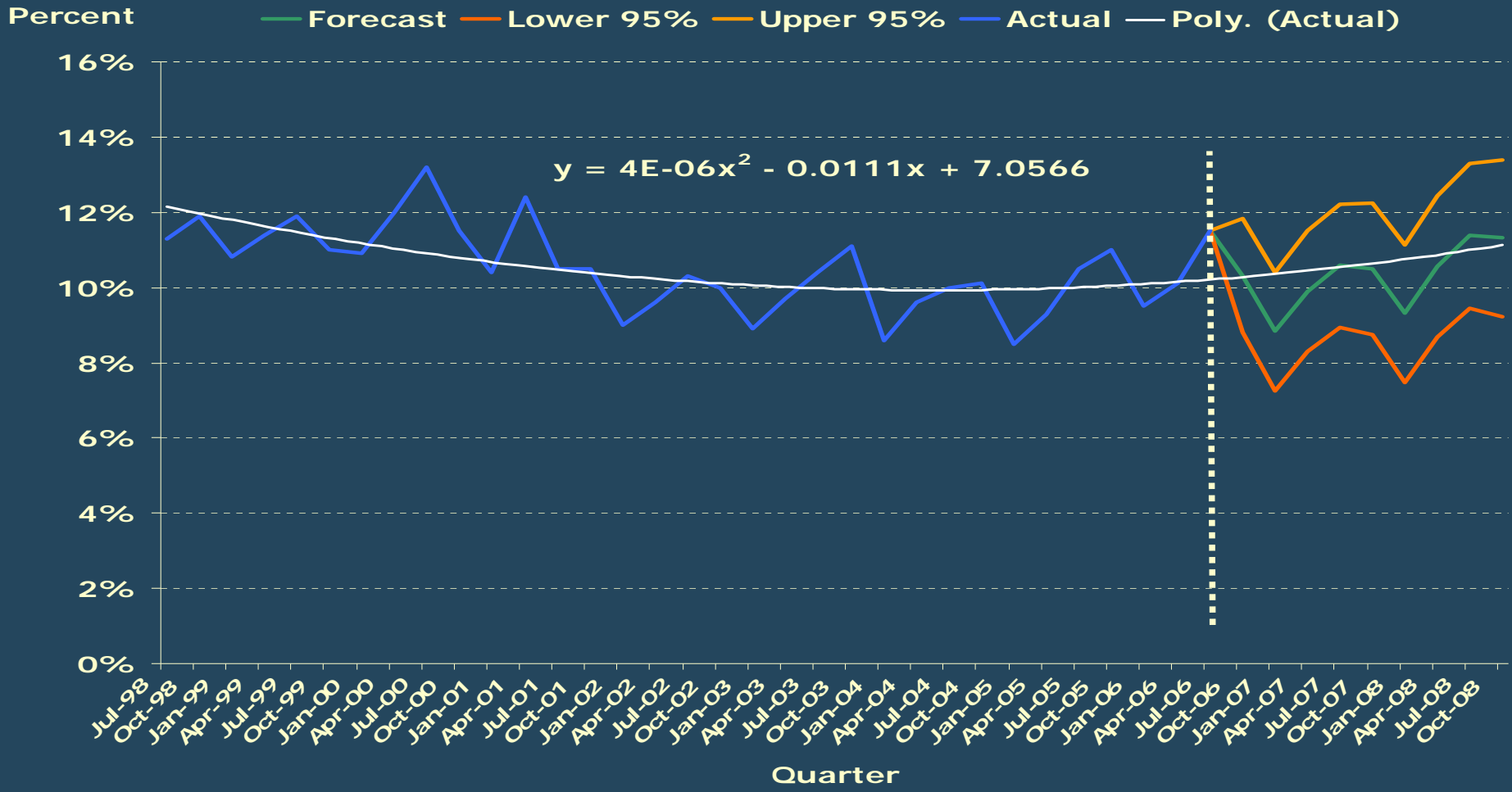




# Average Monthly Earnings Region 6



# Turnover Region 6



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