



2024 U.S. and Northwest Indiana Economic Outlook

Dr. Micah Pollak

Associate Professor of Economics
School of Business and Economics

So, how's the economy doing?

- One year ago, I left you with:

“Be confident in our economy, it’s strong!”

- Today, it’s clear the economy is the ***strongest*** it’s been in decades!

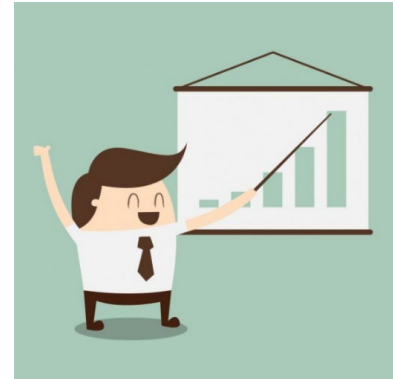


“Dismal Science”



has become the...

“Optimistic Science”



*(*at least
for now)*



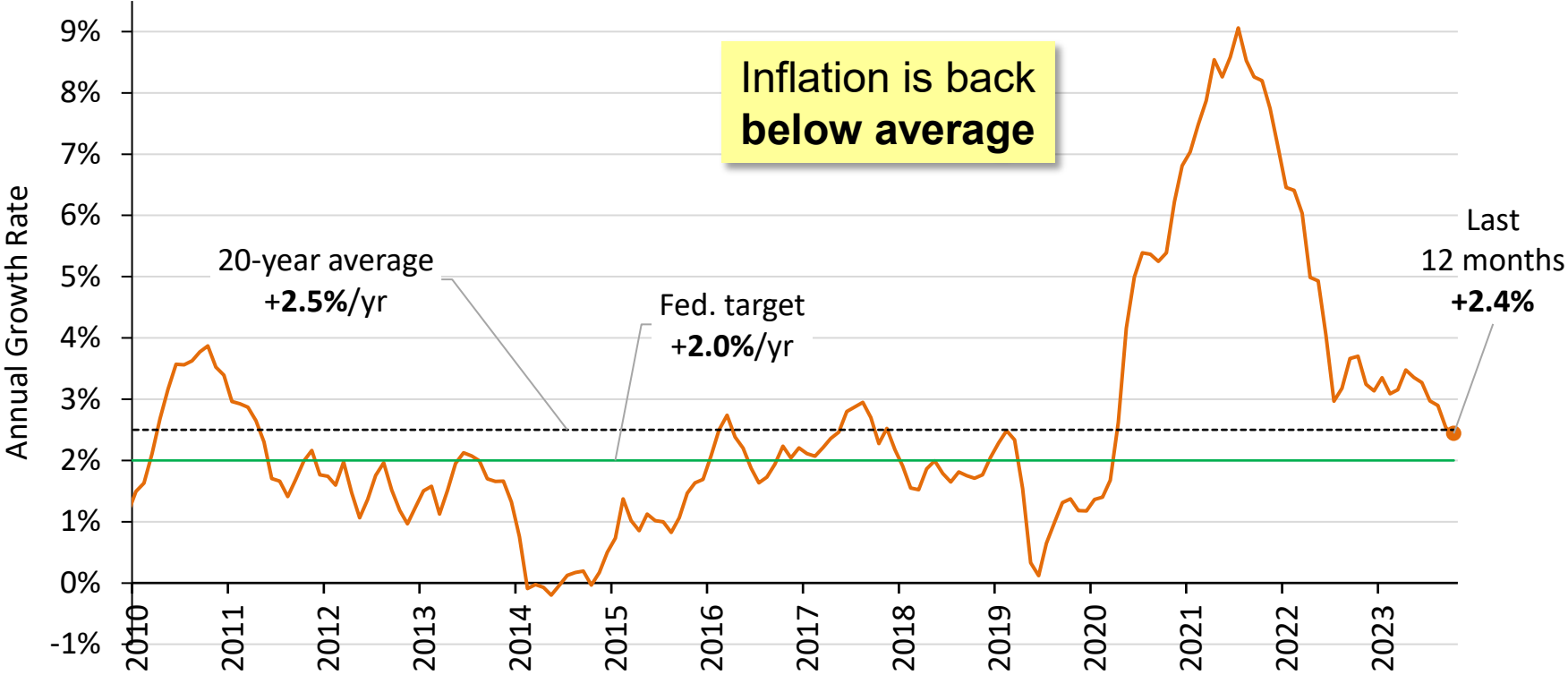
U.S. Inflation

- **Inflation is under control**
- What is a desirable level of inflation?
 - Federal Reserve targets **2.0%/yr**
 - 20-year average is **2.5%/yr**
 - 40-year average is **2.7%/yr**

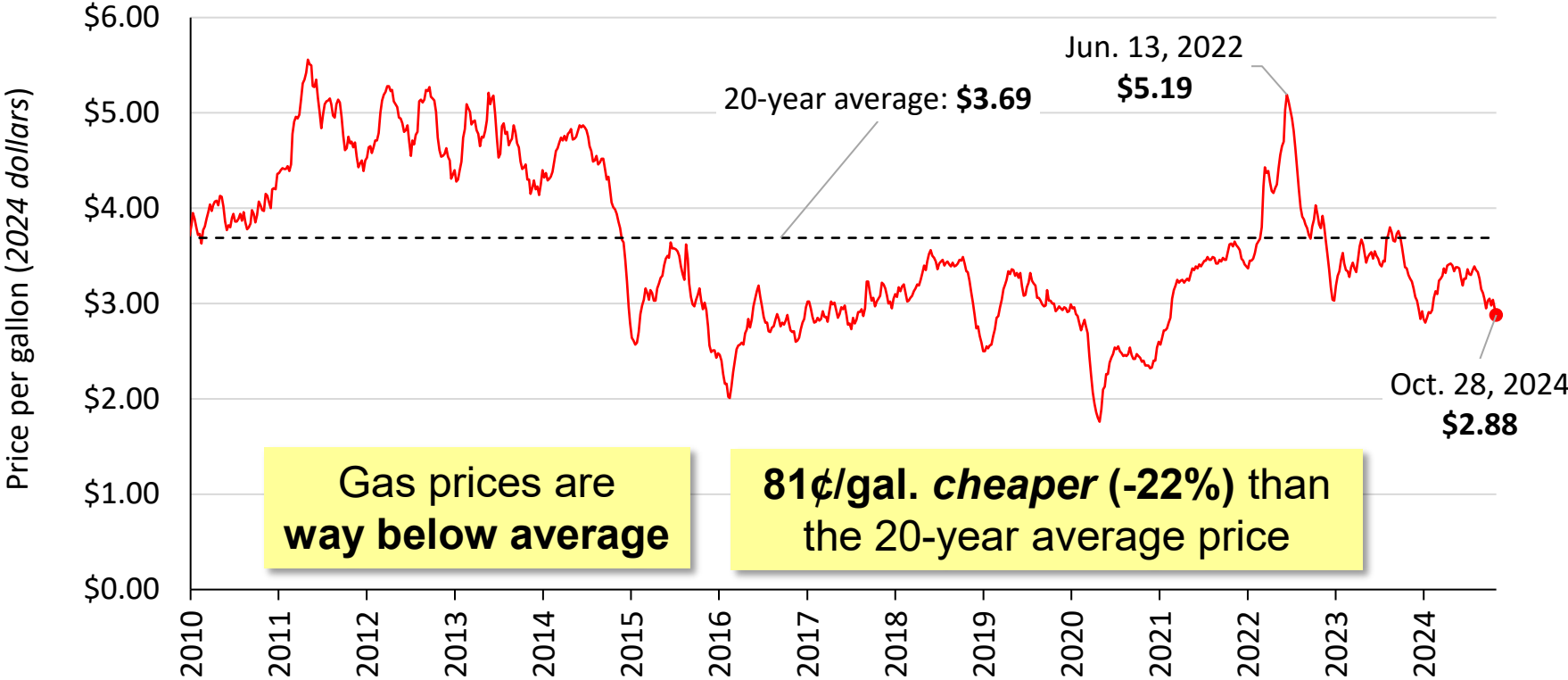
Over the last...	Annualized Inflation Rate
...five years	+4.8%/yr



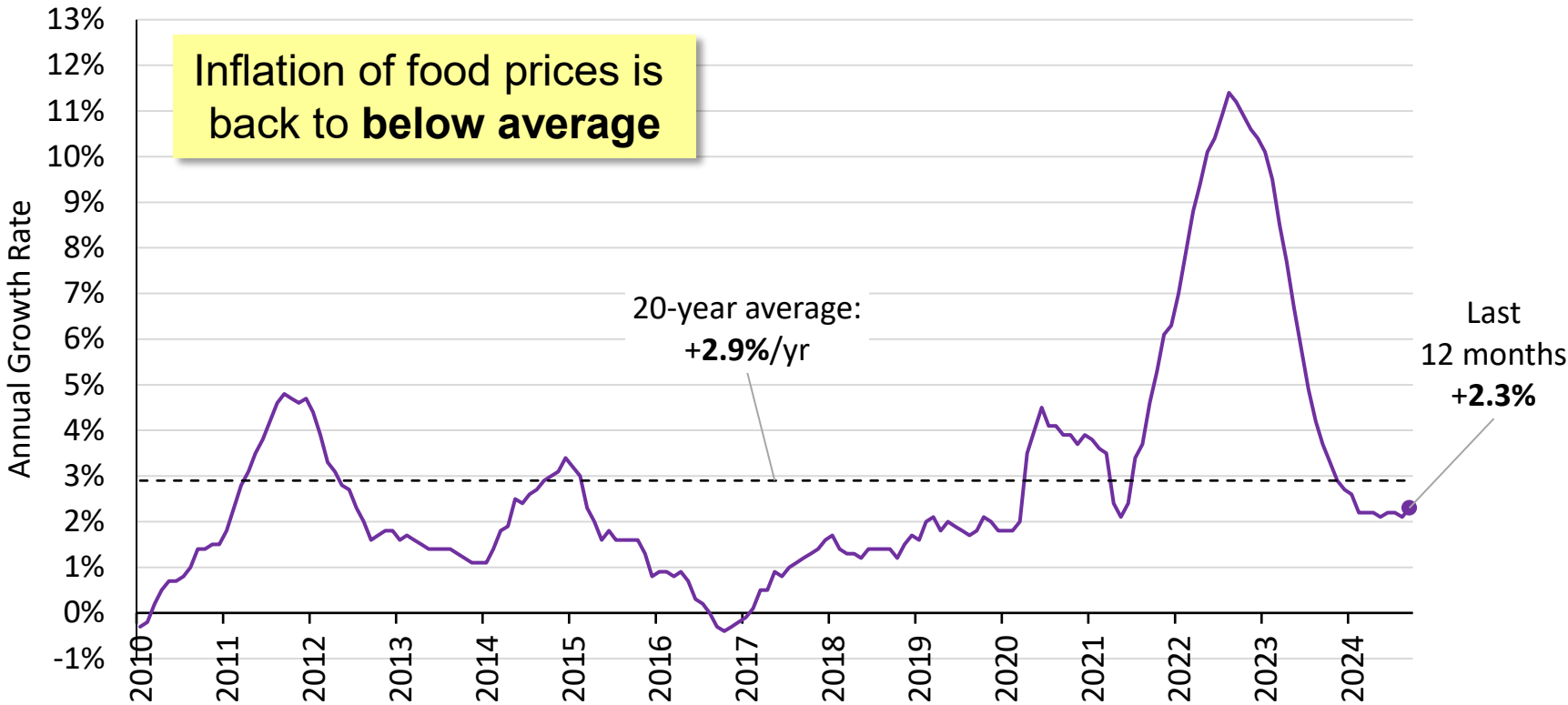
U.S. Inflation Rate



Real Gas Prices (Midwest Regular)

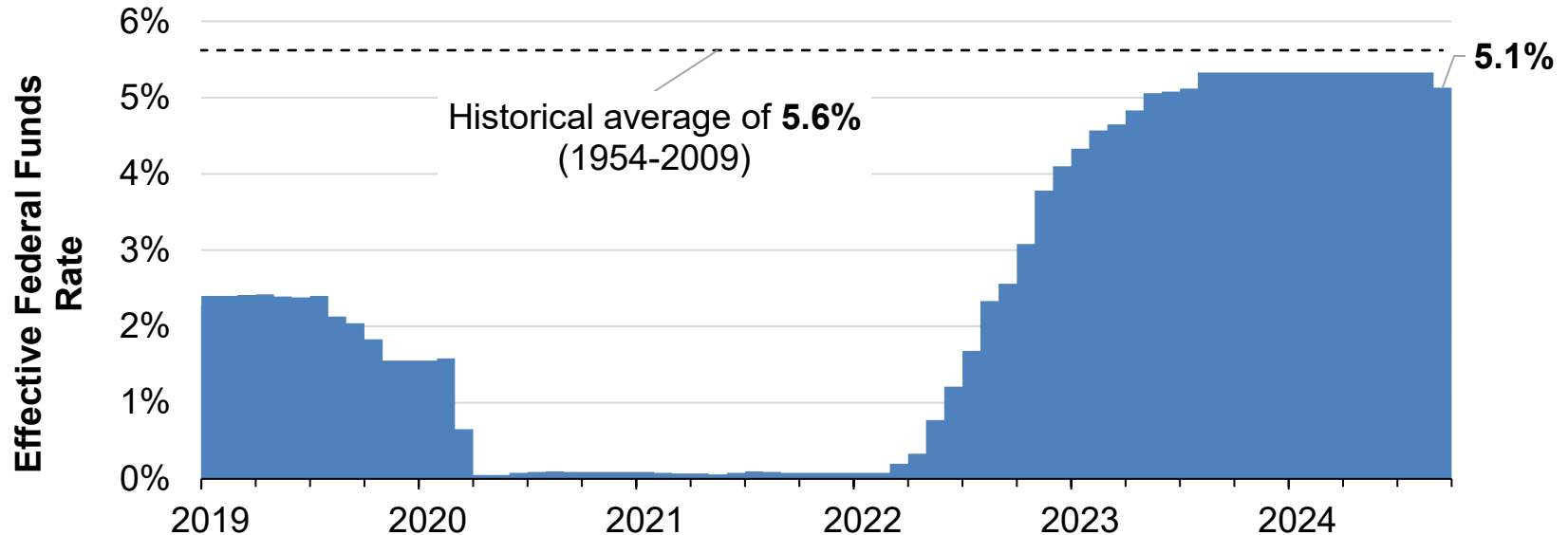


Food Prices



U.S. Interest Rates

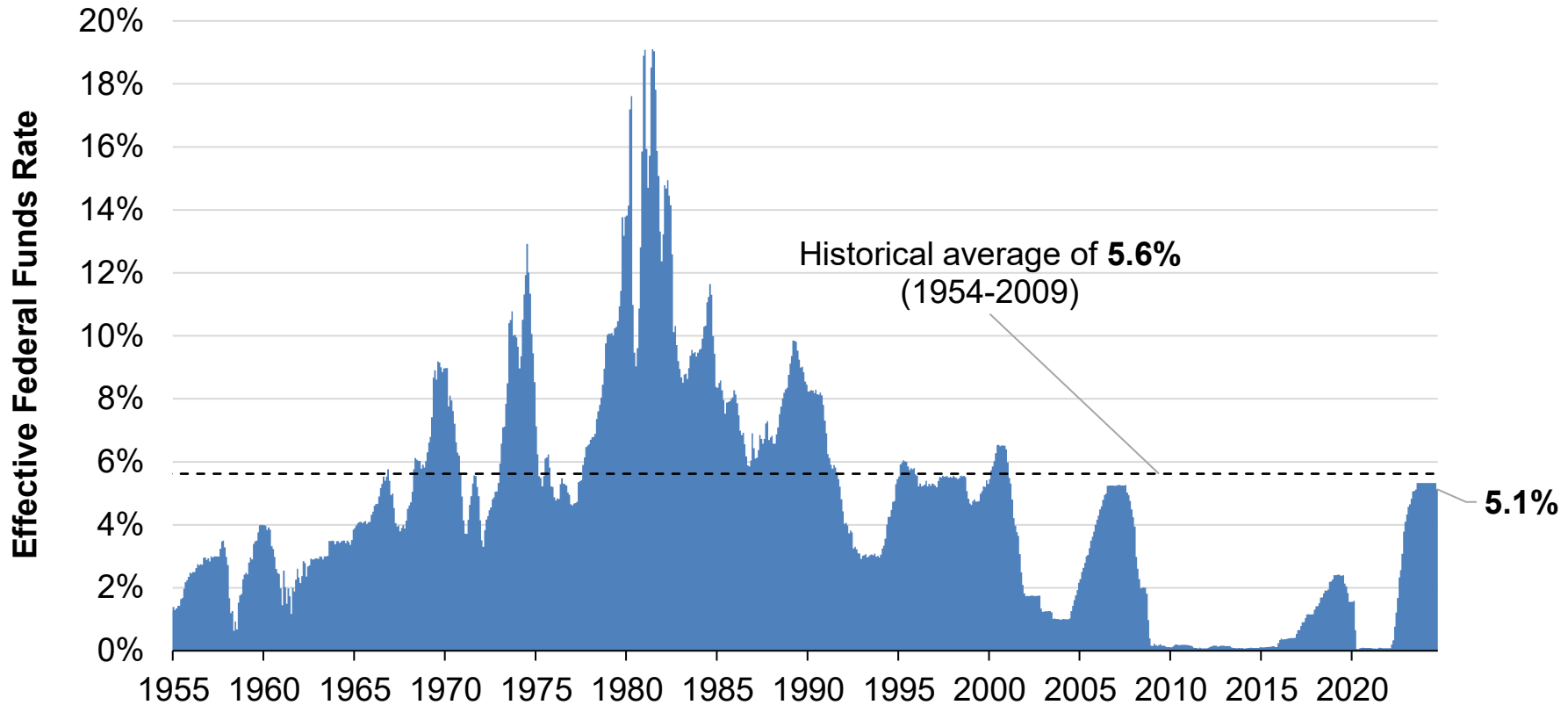
- **Interest rates stable and below long-run average**



- In September, Federal Reserve cut rates by 50 basis points.
 - First rate cut in over four years; further rate cuts expected in Nov./Dec.



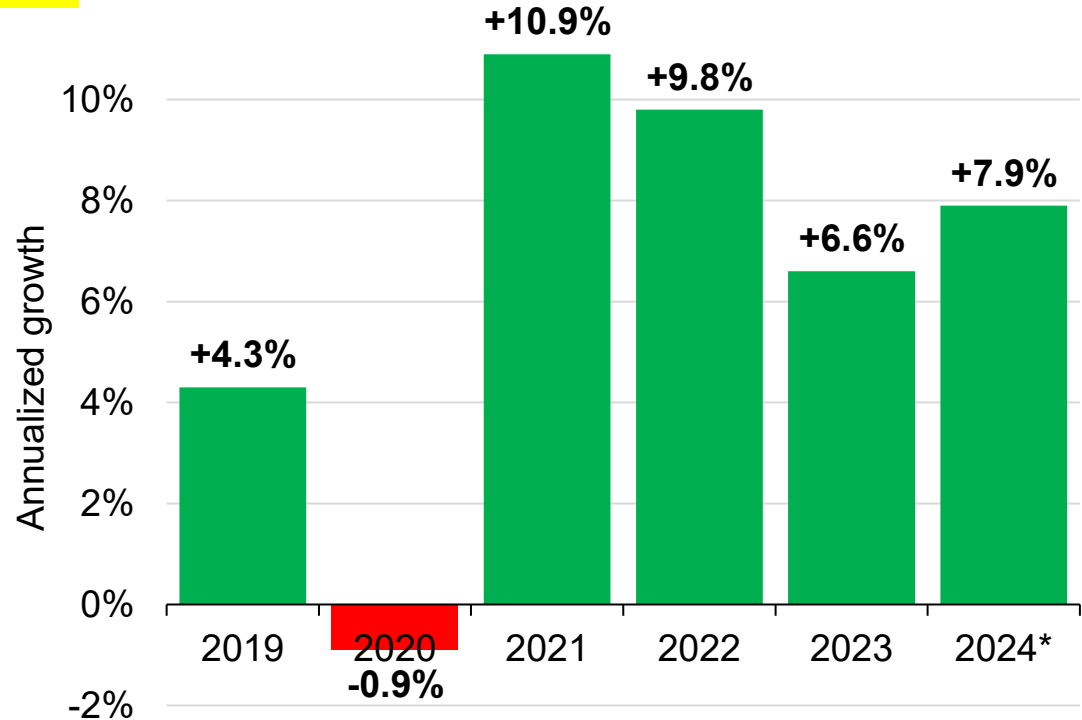
Historical Interest Rates



Economic Output (GDP)

- **U.S. economic growth is incredibly strong**
 - +5.5%/yr. since 2019
 - +5.9%/yr. since 2021
- 20-year average is 4.4%

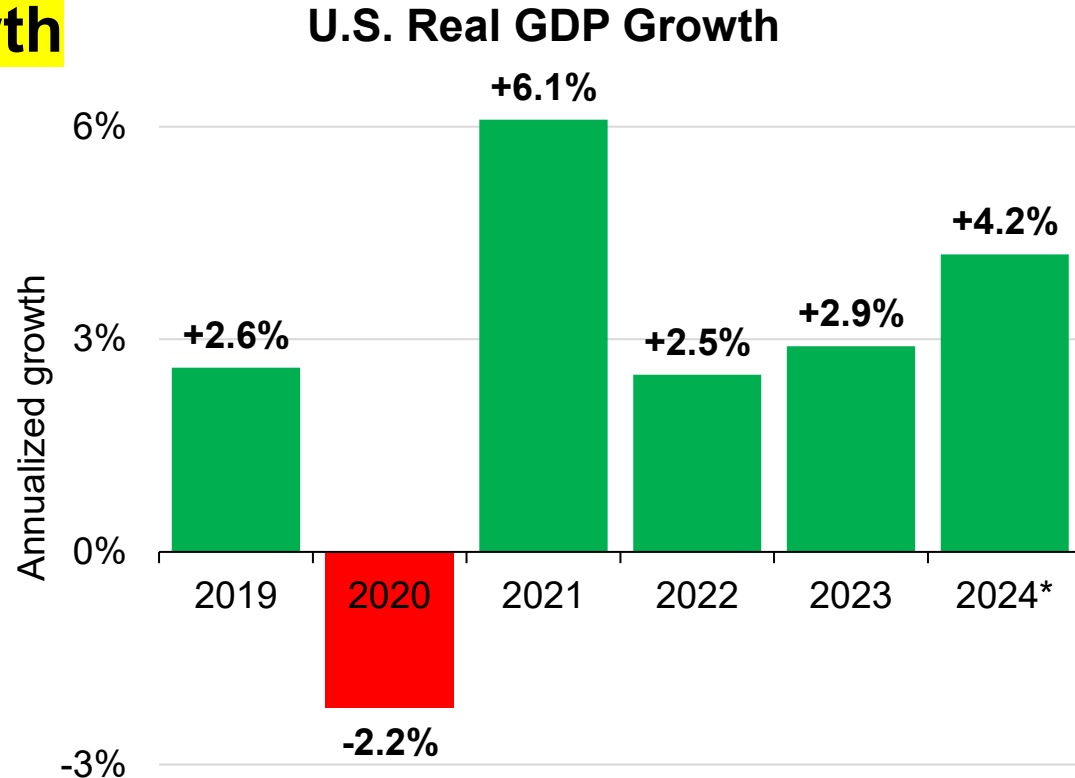
U.S. Nominal GDP Growth



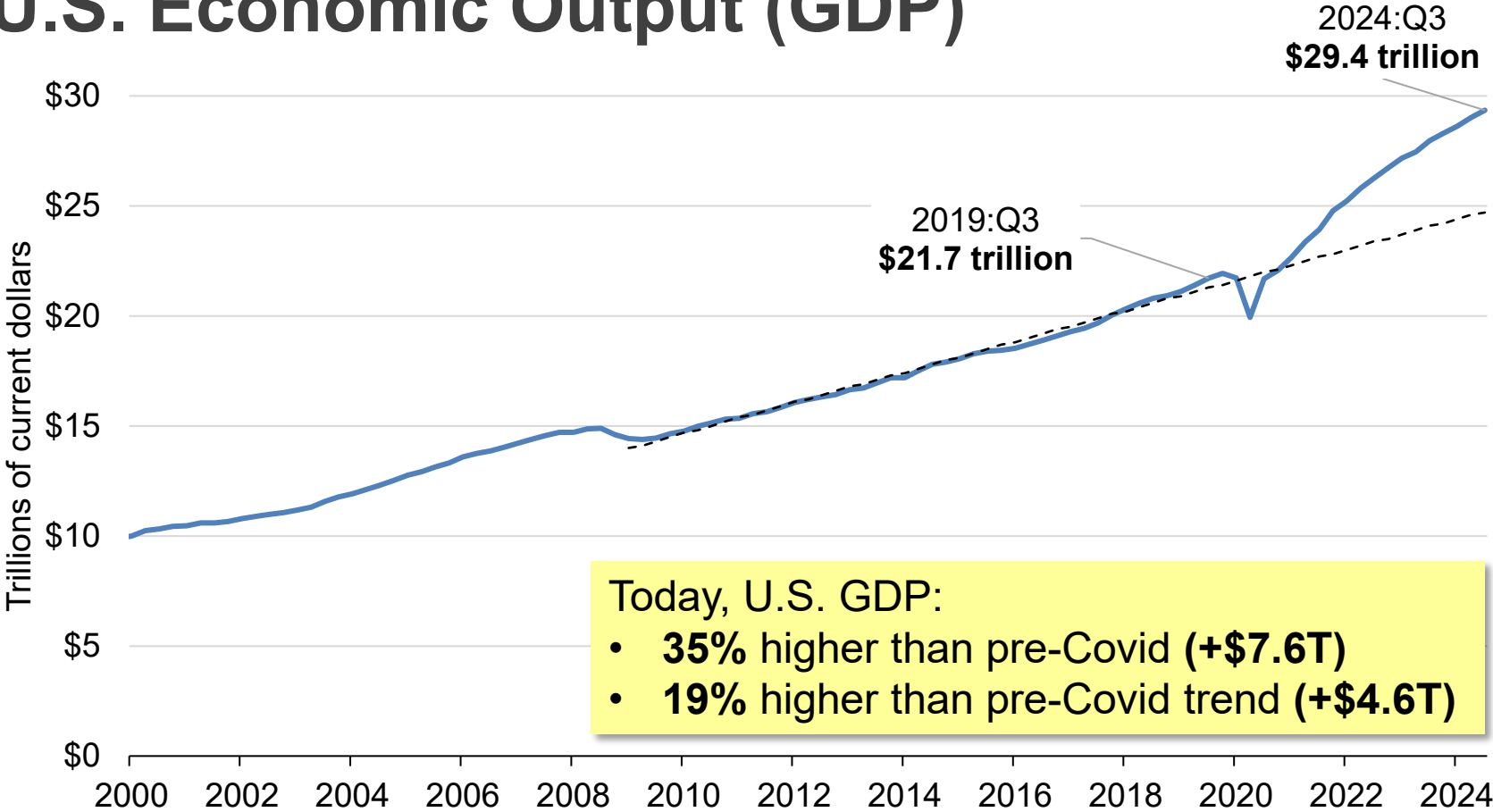
Economic Output (Real GDP)

- **U.S. economic growth is incredibly strong**

- +2.1%/yr. since 2019
- +2.3%/yr since 2021
- 20-year average is 2.1%



U.S. Economic Output (GDP)

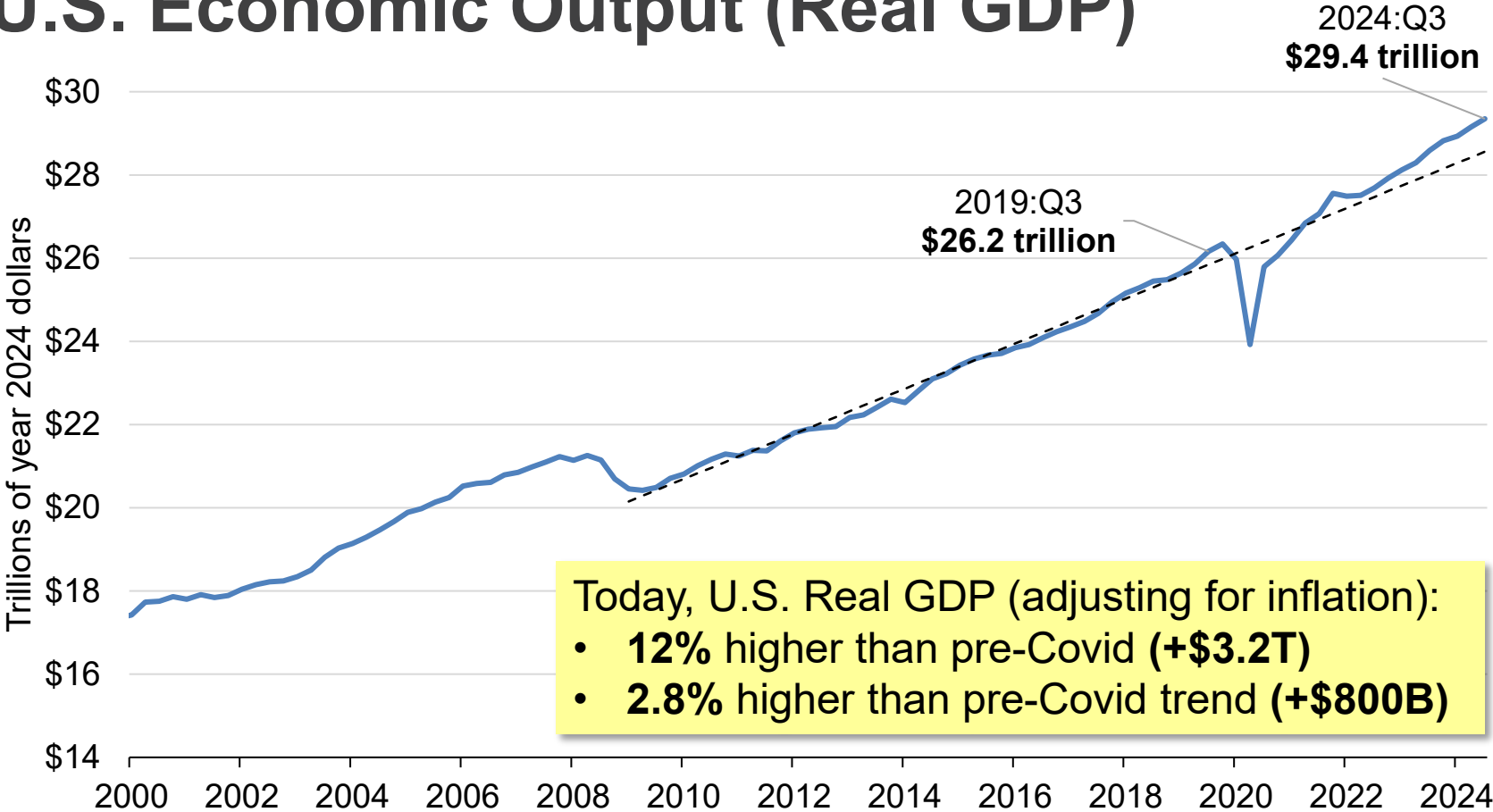


Today, U.S. GDP:

- **35%** higher than pre-Covid (**+\$7.6T**)
- **19%** higher than pre-Covid trend (**+\$4.6T**)

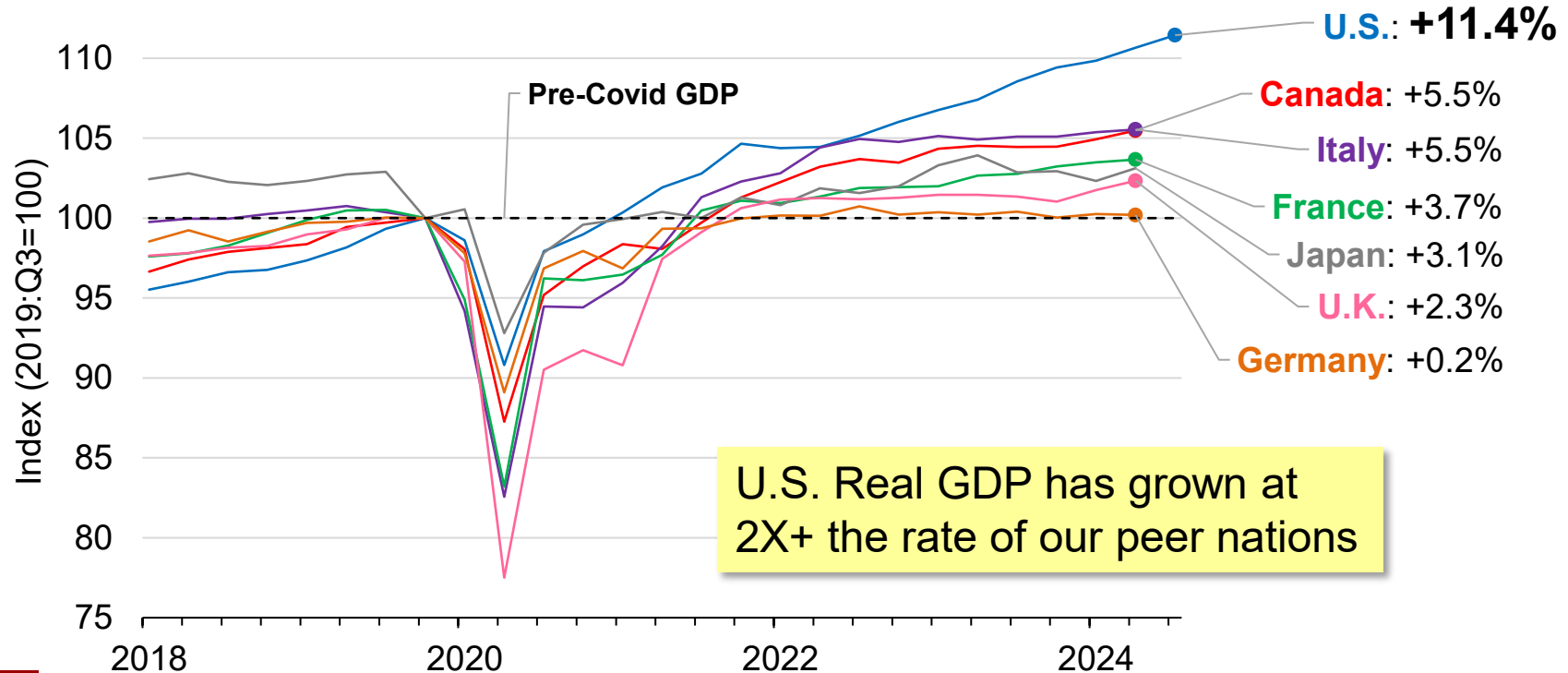


U.S. Economic Output (Real GDP)



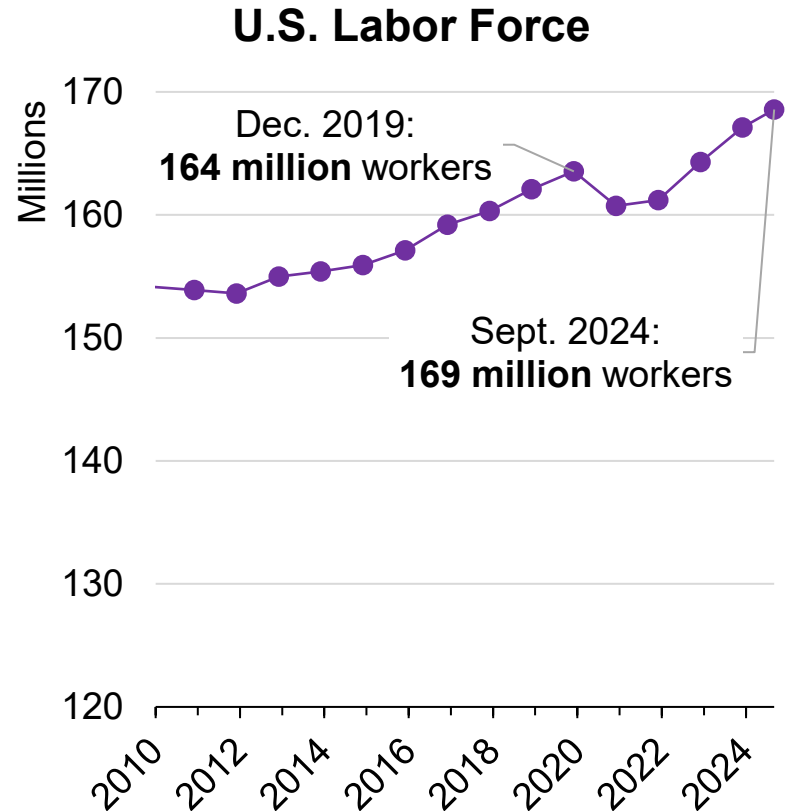
Real GDP Growth Globally (G7 countries)

- **U.S. economic growth outpacing other nations**



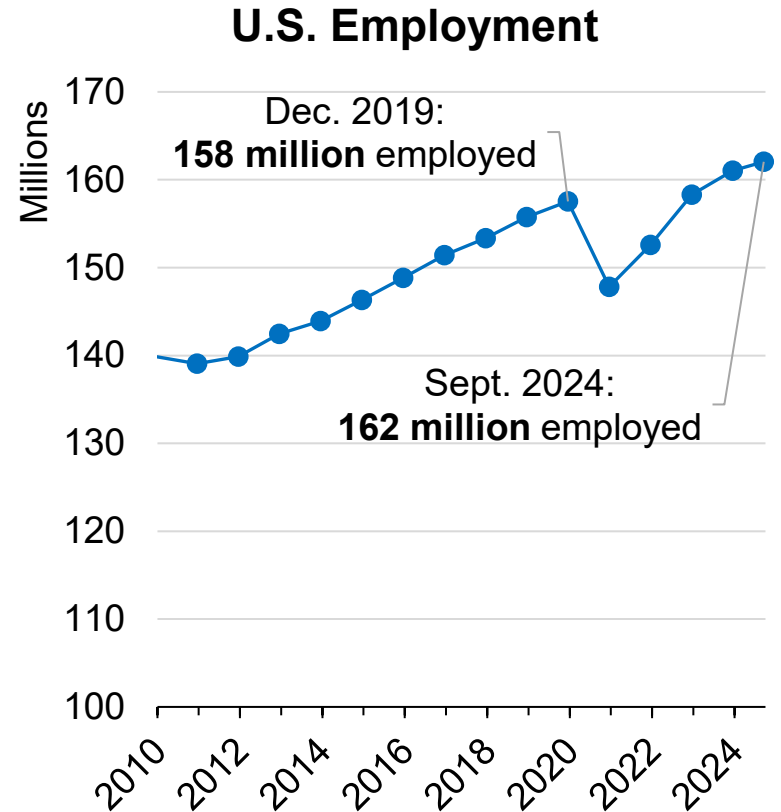
Labor Force

- **U.S. labor force at record levels**
- In 2020, **2.8 million workers (-1.7%)** left the labor force.
 - *“Nobody wants to work anymore!”*
- Since then, recovered those workers and added **5.0 million (+3.1%)** more.
 - *“Everybody wants to work now!”*



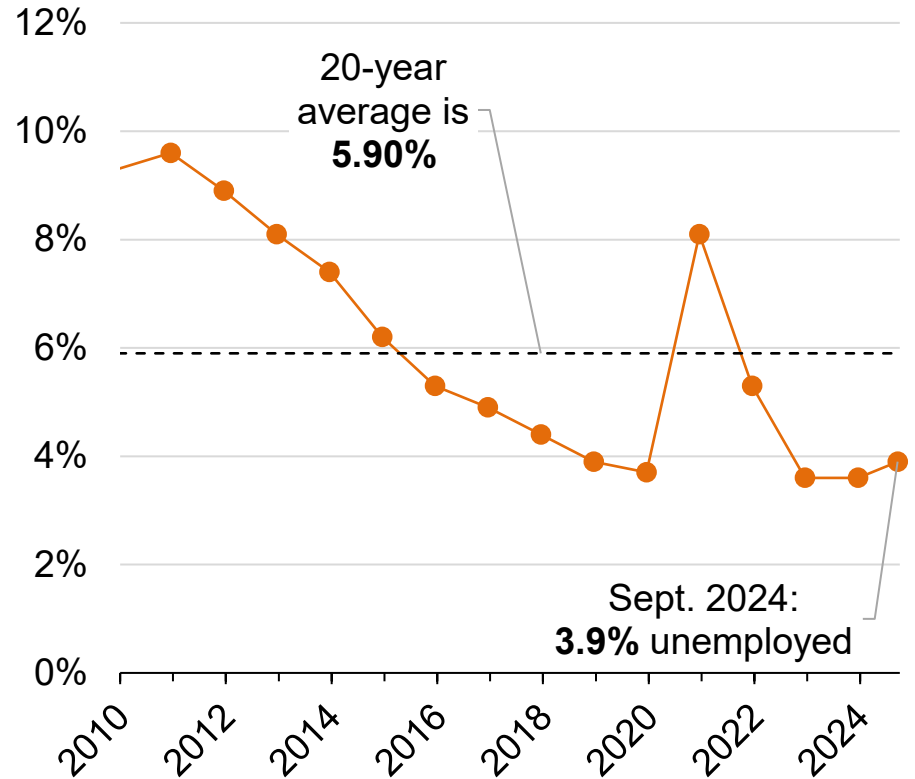
Employment

- **U.S. employment at record levels**
- In 2020, lost **9.7 million jobs (-6.2%)**
- Since then, recovered those jobs and added 4.5 million (+2.9%) more



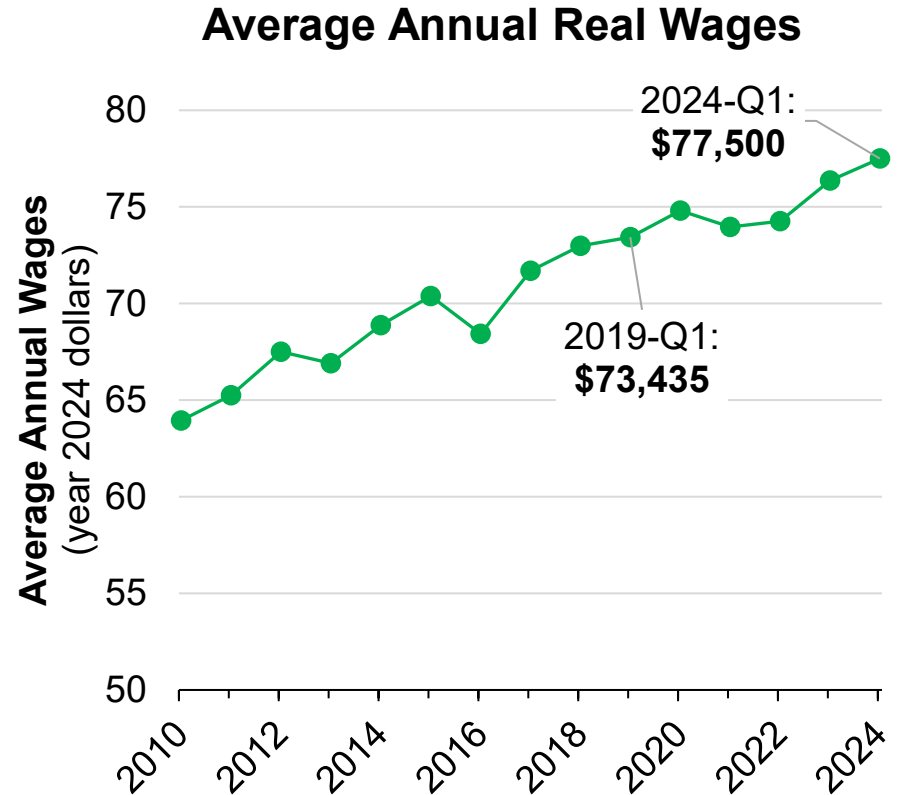
Unemployment Rate

- **U.S. unemployment rate at record low**
- Unemployed workers:
 - **Historically:** 1 out of every 17
 - **Today:** 1 out of every 26



Wages

- **Wages have risen faster than inflation**
 - From 2019 to 2024, U.S. average annual wages grew **+5.5%** after adjusting for inflation.



U.S. Summary

1. Inflation is under control
2. Interest rates stable and below long-run average
3. Economic growth is incredibly strong
(stronger than peer nations)
4. Labor force and employment at record high levels
(unemployment lower than typical)
5. Wages have risen faster than inflation.

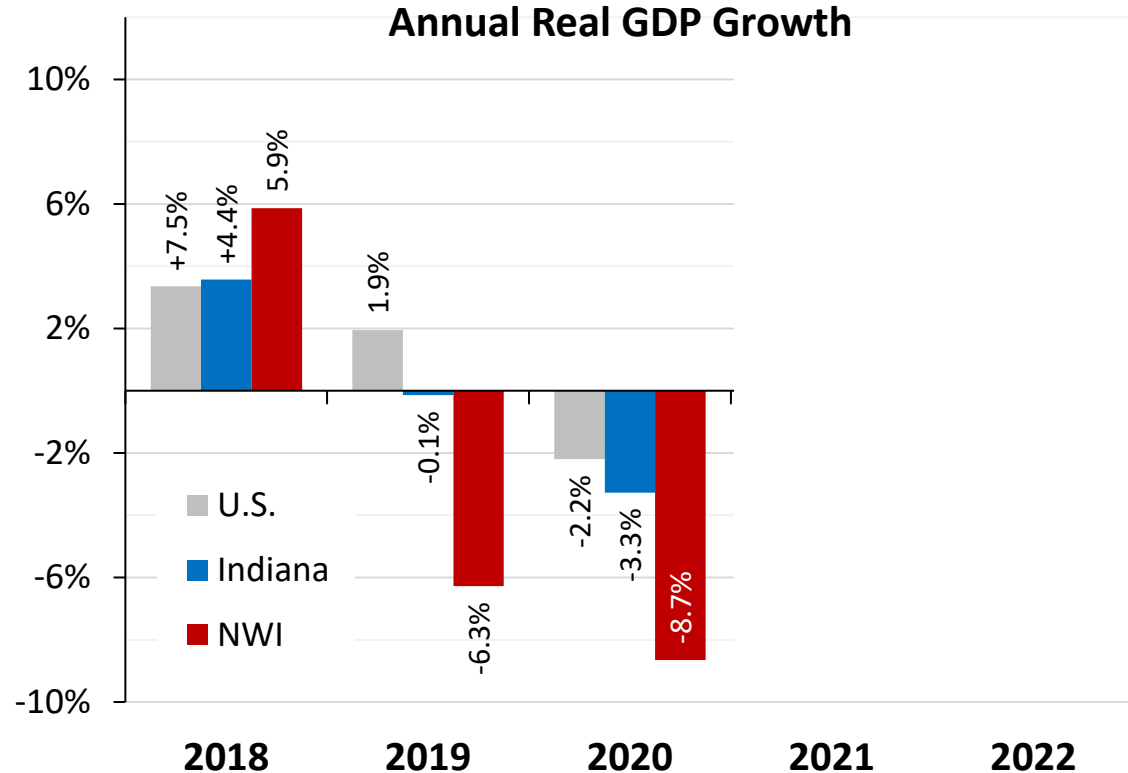
The “Optimistic Science”!
(for now)



What about Northwest Indiana?

NWI Real Economic Growth

- Overall, from 2017-2022:
 - **US:** +10.1% (+2.0%/yr)
 - **IN:** +9.3% (+1.8%/yr)
 - **NWI:** +4.1% (+0.8%/yr)
- Unfortunately, NWI has *underperformed* state and nation.
 - No NWI GDP data for 2023 yet.



NWI Wages

- **Wage growth in Northwest Indiana has outpaced inflation.**

Region	Real Wage Growth (2019-2024)	Annual Real Wage Growth
Northwest Indiana	+4.9%	+1.0%/yr

- But wage growth has been slower than state and nation



NWI Industry Trends: LAST 5 YEARS (2019-2024)

Industry	Annual Real Wage Growth	
Overall	+1.0%	↑
Construction	-0.6%	↓
Manufacturing	-0.2%	↓
Retail Trade	+1.4%	↑
Real Estate and Rental	+2.5%	↑
Transportation & Warehousing	-0.1%	↓
Professional & Tech. Services	+0.9%	↑
Healthcare & Social Assistance	+0.6%	↑
Accommodation & Food Service	+4.0%	↑

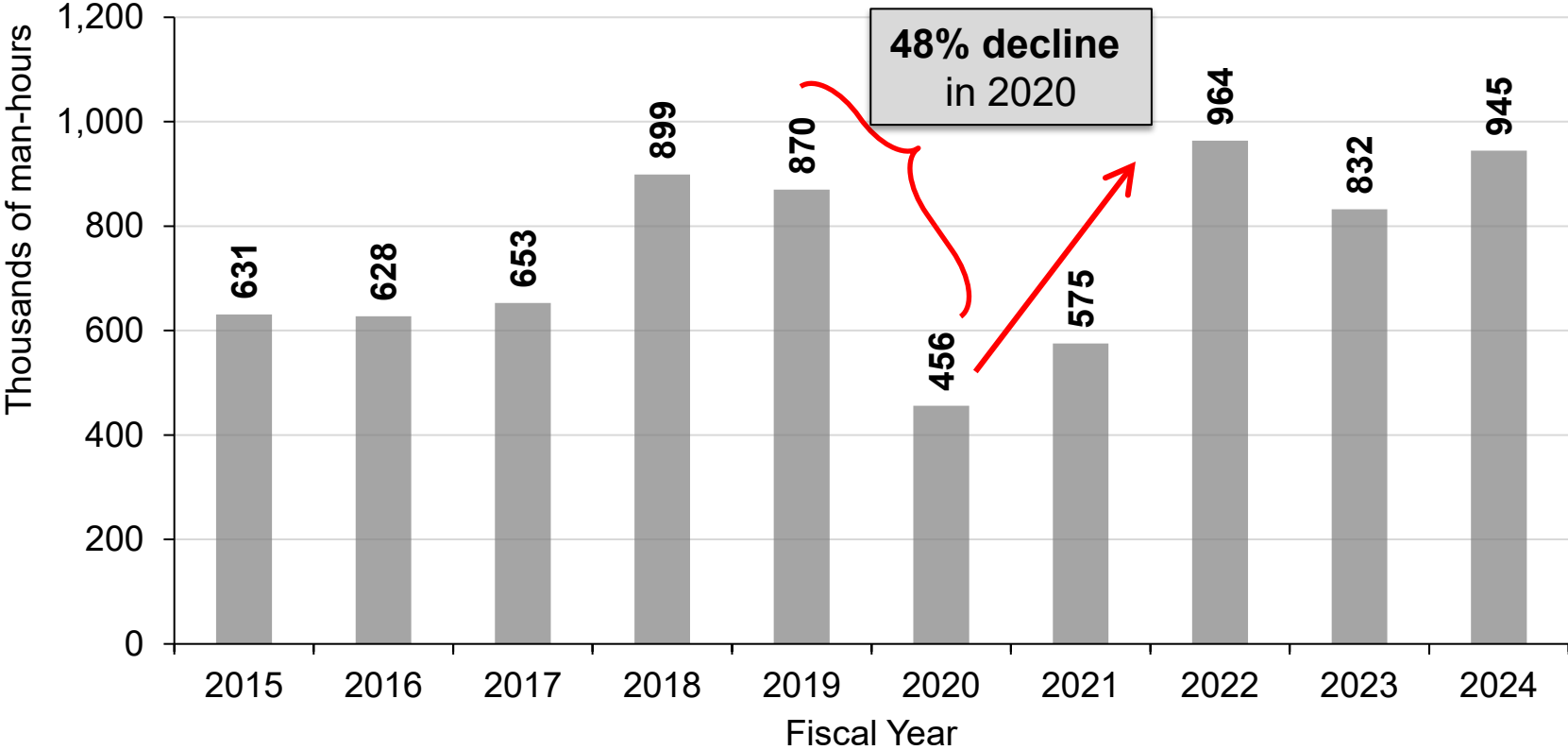


NWI Industry Trends: LAST 23 YEARS (2001-2024)

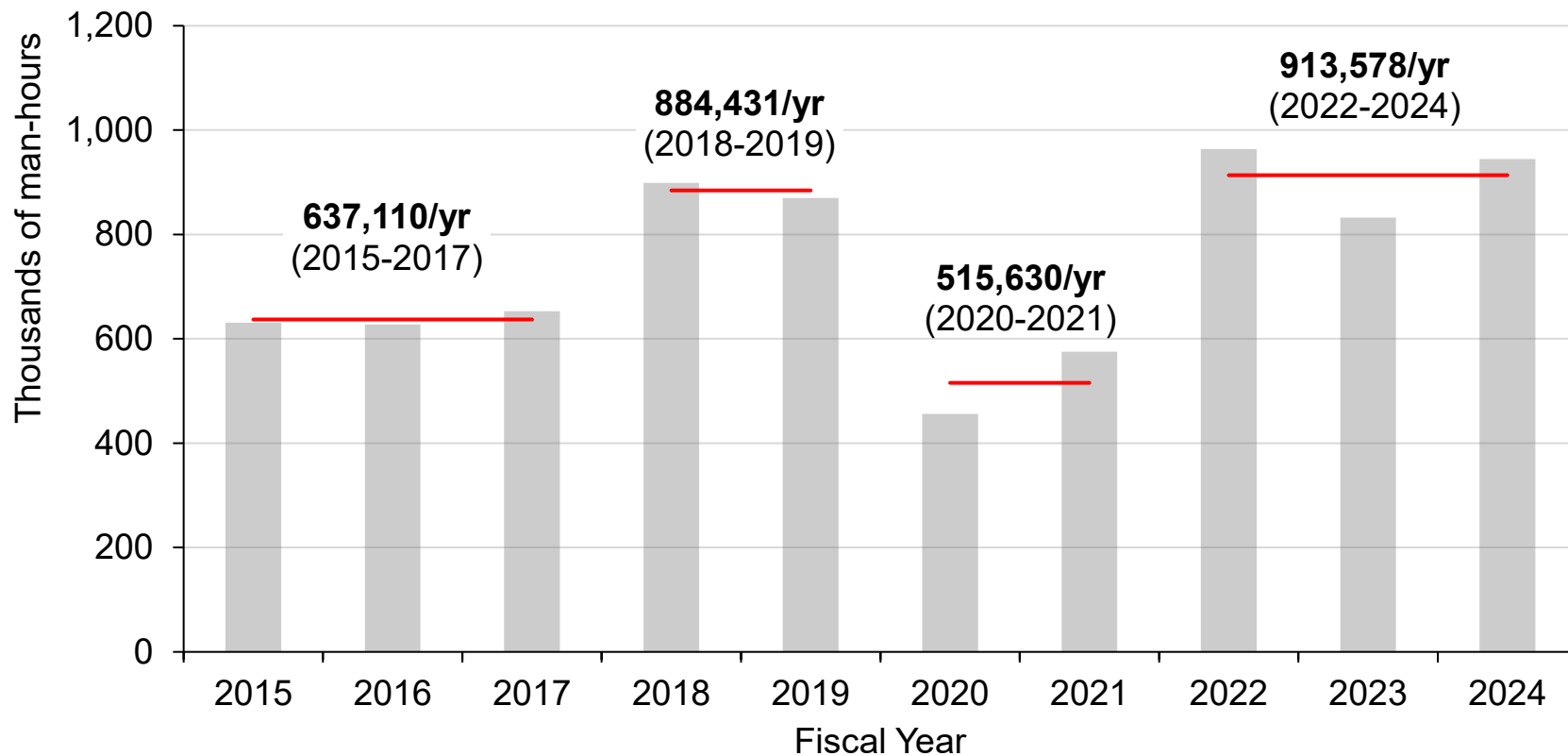
Industry	Annual Real Wage Growth	
Overall	+2.0%	↑
Construction	+2.2%	↑
Manufacturing	+1.1%	↑
Retail Trade	+1.7%	↑
Real Estate and Rental	+2.7%	↑
Transportation & Warehousing	+1.7%	↑
Professional & Tech. Services	+2.6%	↑
Healthcare & Social Assistance	+3.4%	↑
Accommodation & Food Service	+3.9%	↑



Union Construction Man-Hours (NWICA)

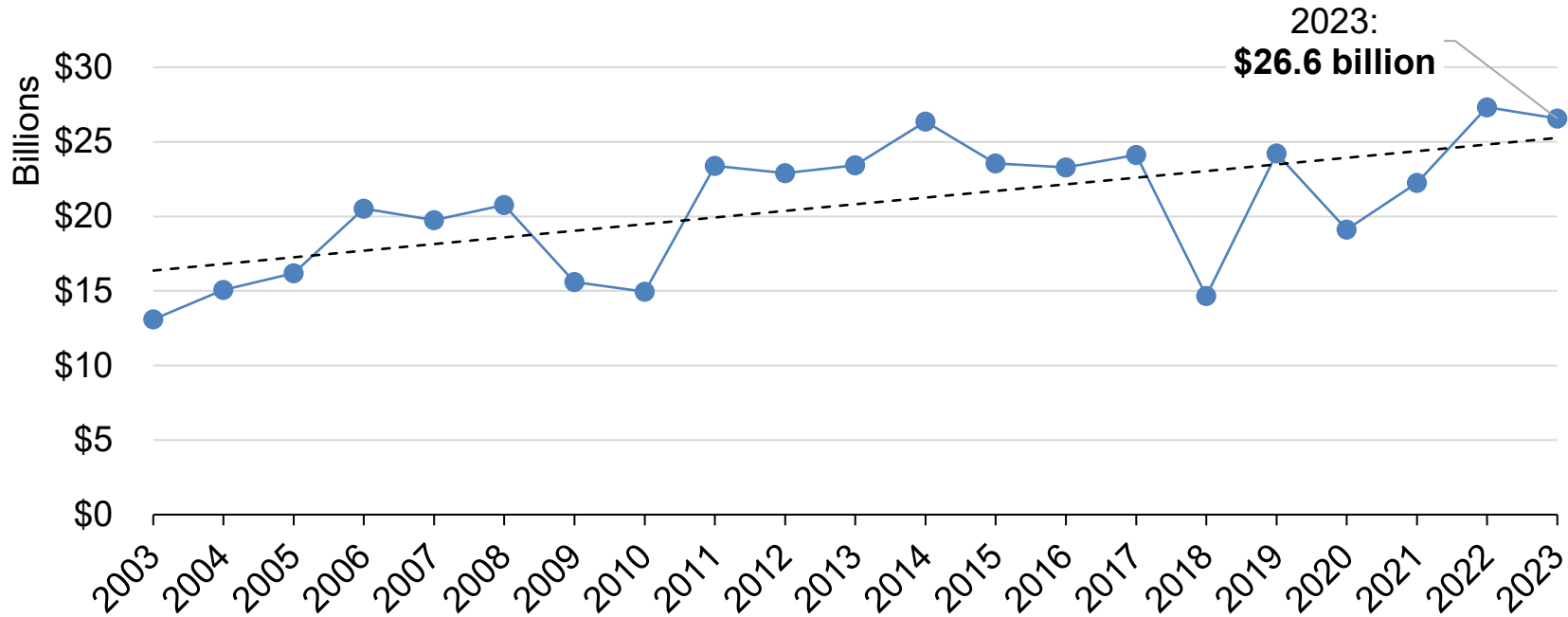


Union Construction Man-Hours (NWICA)



Retail Sales in Northwest Indiana

- Retail sales in Northwest Indiana have recovered from pandemic.
- But have only just kept pace with inflation (+2.5%/year)



NAICS 54 – Professional and Technical Services

What is it?

- Legal, accounting, tax, bookkeeping, and payroll services.
- Architectural, engineering, and specialized design services
- Computer systems design and related Services
- Management, scientific, and technical consulting.
- Scientific R&D services
- Advertising, PR, and Related

Well-paying, high education/skill

In Northwest Indiana:

- Fastest growing industry, last 5 years, added 3,752 jobs (+46%)
- Average pay of **\$68,074** (12.2% higher than NWI average)



NAICS 62 - Health Care and Social Assistance

- Major growth sector over the last 23 years in NWI; less in the last 5 years.

Industry	Change in Employment (2001-2024)
Health Care and Social Assistance	+33.2% (+11,948)
Ambulatory Health Care Services	+84.8% (+9,292)
Hospitals	+20.2% (+2,238)
Nursing and Residential Care Facilities	+8.6% (+549)



Other Sectors

- **Manufacturing:** Continued decline in employment, but high wages (\$100,000+). Likely to continue in this direction.
- **Transportation and Warehousing:** Large expansion in South Lake County. Additional growth likely.
- **Accommodation & Food Service:** Strong growth in both wages and employment. Significant affect on low-/middle-income households.

OVERALL:

Employment in NWI is becoming more diversified across sectors and we're attracting/growing higher-paying jobs.



NWI 2024 Predictions vs Actual and 2025 Forecast

	2024 Forecast
Real GDP	+1-2% (+\$300-\$600M)
Employment	+0.5% (+1,300 jobs)
Labor Force	+0.25% (+850 workers)
Unemployment rate	4.5% to 5.5%
Wages & salaries	+2-3% (+\$300-\$500M)
Personal Income	+3-4% (+\$1.3-\$1.7B)



Thank you!

