

## IN the Spotlight:

### Indiana Exports, Third Quarter 2000

Indiana exports reached \$3.98 billion in the third quarter of 2000. That represents a 14.8% increase when compared to the third quarter of 1999. Over the first three quarters of 2000 Indiana exports totaled \$12.3 billion, about \$2 billion more than sales during the same period in 1999. If this pace continues in the final quarter, Indiana exports would exceed \$16 billion for the year — the highest year on record.

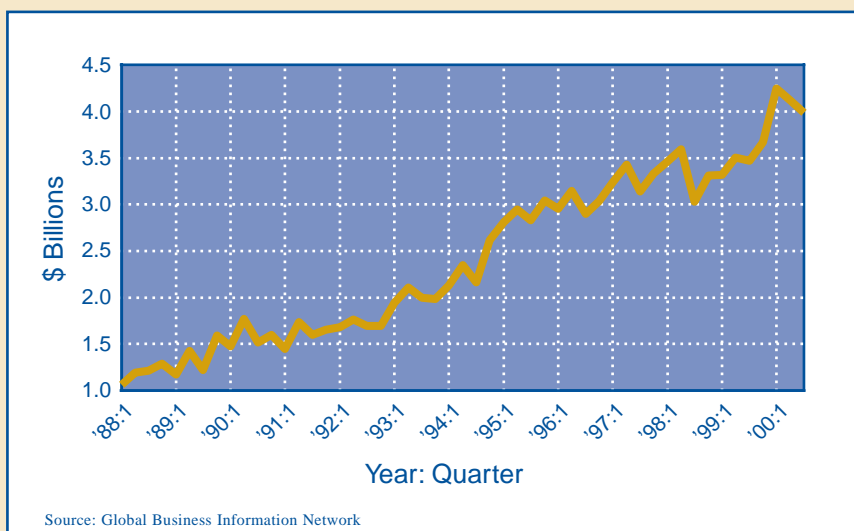
Strong world economic growth in 2000 has been good for Indiana exports. Despite a high and rising value of the dollar, Indiana exports are well on their way to exceeding the \$14 billion export sales of 1999. It is expected that year-end 2000 exports

will be 10% to 15% above year-end 1999.

Much of Indiana's success derived from export sales gains to Mexico, the Netherlands, France, Germany and Singapore. Exports to Canada dropped in the third quarter compared to the same quarter in 1999, but that destination remains Indiana's top export destination. Industries with strong, double-digit export sales growth during the first three quarters of 2000 included Industrial Machinery & Computer Equipment, Food Products, Primary Metals, and Chemicals.

Mexico in particular is vital to this performance. Indiana has enjoyed phenomenal growth in exports to that  
*(continued on page 2)*

Figure 1: Indiana Exports, 1988:1 to 2000:3



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3.5%**

**IN the Spotlight**

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destination. Vicente Fox, the new president, promises to be a strong advocate for increased trade with the United States. Should his new government continue along the path of reform and progress, Hoosier companies should find even more receptivity with our neighbors to the south.

**Non-adjusted Indiana exports declined by an annualized 12.5% from the second to third quarter of 2000. When seasonally adjusted, this becomes a 19.7% increase.**

A special note about the third quarter: Many economic time series with pronounced seasonal variability are routinely “seasonally-adjusted” by the government. For example, most reported estimates of Gross Domestic Product have regular seasonal patterns “removed” before publication. Despite the fact that Indiana exports are highly seasonal — declining in every third quarter since 1989 — the government

does not seasonally-adjust these figures. When seasonal-adjustments are made, however, they provide interesting insights. For example, non-adjusted Indiana exports *declined* by an annualized 12.5% from the second to the third quarter of 2000. When seasonally adjusted, this becomes a 19.7% *increase*. Seasonally-adjusted Indiana exports to Canada and exports of Transportation Equipment also show striking results. Table 1 vividly shows that Indiana exports, while declining from the second to the third quarter, declined much less than usual.

Indiana exports to the world declined by \$129 million in each of the past two quarters, yet remain \$314

million above the value reached at the end of 1999 (see Figure 1 on page 1).

At the end of 1999, Canada’s share of Indiana exports was 52%. Through the third quarter of 2000 it averaged 47%. Mexico had the largest increase in export share, going from 7% in 1999:4 to averaging 14% over the first three quarters of 2000. Mexico bought more Indiana goods than Japan, the UK and Germany combined in 2000:3 (see Figure 2).

*Excerpted from the Indiana Export Report, Third Quarter 2000  
Global Business Information Network,  
Kelley School of Business*

**Table 1: Indiana Exports, Percent Change from 2000:2 to 2000:3**

Indiana Exports	Percent Change	
	Non-adjusted	Adjusted
Indiana Exports to the World, All Industries	-12.5	19.7
Indiana Exports to Canada, All Industries	-57.0	13.4
Indiana Transportation Equipment Exports to the World	-67.2	10.4

Source: Global Business Information Network

**Figure 2: Export Shares of Top Seven Indiana Export Destinations**

Year-to-date 2000:3 (percent)



Source: Global Business Information Network