

# MEASURES OF BUSINESS CONDITIONS IN INDIANA

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## MEASURES OF BUSINESS CONDITIONS

### PREFACE

The Indiana University Bureau of Business Research presents in this bulletin for the first time a summary of the materials and methods used in constructing the Bureau's monthly index of business conditions in Indiana. The index was constructed for use in the Indiana Business Review, the monthly summary of business conditions in Indiana published by the Bureau.

Altho the index has been published monthly in the Indiana Business Review since its inauguration in 1926, in its present form it has been in use only since 1928. Each year the trend lines and seasonal indexes of the series composing the index have been recomputed, but no material changes have been made during the past five years, and the only reason for presenting the data on the composition and construction of the index at this time is the necessity of having the material in bulletin form to supply the requests for information on its construction.

No claim is made for the completeness of the series as a group contained in the index, nor is it believed that other series, were they available, might not be added with profit, or substituted for some now used. On the other hand, practically all the series now currently available for Indiana are being used, and the index appears to be a trustworthy measure of business conditions within the state. The purpose of the index is to reflect the trend of business conditions within the state, and not to forecast what conditions will be at some future time.

In presenting an index of business conditions in Indiana the Bureau staff recognizes that, with the ease with which goods and services may flow from one part of the country to another as the result of our excellent systems of transportation and communication, the business activities of one state cannot be separated from those of its neighbors. Thus, the amount of electricity produced within a state may not at all reflect the amount of business activity within its borders, but that of its neighbors. Nevertheless, business conditions in the United States do vary with the various regions, if not directly with states, and the business executive must supplement his general

## INDIANA STUDIES IN BUSINESS

indexes which cover the United States as a whole, with more detailed analyses which reflect the changes in the volume of business activity in each region or locality.

The Bureau's index of business conditions gives recognition to the industries peculiar to the state, and at the same time furnishes a close-up view of the activities of industries which may not be peculiar to Indiana, but whose fluctuations differ from those of the same industries in neighboring states. It is with the purpose of furnishing this detailed close-up cross-section of business conditions in Indiana that the Bureau maintains its index.

The data presented are of three kinds: First, are those series which are obtainable for the entire state, and which may be obtained not later than the fifteenth of each month, for the month next preceding. The series which are obtainable for at least seven years are included in the business curve, or index. Secondly, are those data which are not available early enough each month to be included in the business curve, but are carried in the Business Review as of the latest month available. Lastly, are those data which are indicative of the activities of certain localities, and which are of entirely local interest. All three types of data are included with the thought that many who are interested in business conditions may wish to continue the series on the basis of the current figures which appear in the Indiana Business Review each month.

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# MEASURES OF BUSINESS CONDITIONS

## CONTENTS

Chapter	Page
I. Introduction .....	1
II. Methods of Analysis .....	3
III. The Indiana Business Curve .....	9
IV. The Composite Curve .....	38
V. Other Measures of Business Activity in Indiana .....	46
VI. Appendix .....	52

## CHARTS

Figure	
1. Deviations from Normal, Pig Iron Production .....	11
2. Deviations from Normal, Building Contracts Awarded ....	14
3. Deviations from Normal, Automobile Production .....	17
4. Deviations from Normal, Coal Production .....	19
5. Deviations from Normal, Stone Production .....	21
6. Deviations from Normal, Electricity Production .....	23
7. Deviations from Normal, Bank Debits .....	26
8. Deviations from Normal, Hog Sales .....	30
9. Deviations from Normal, Cattle Sales .....	32
10. Deviations from Normal, New Car Sales .....	35
11. Deviations from Normal, Newspaper Advertising .....	37
12. General Business Curves of Indiana and the United States .....	43
13. Deviations from Normal, Life Insurance Sales .....	47
14. Deviations from Normal, Gasoline Sales .....	49
15. Deviations from Normal, Used Car Sales .....	51

## TABLES

Number	
I. Seasonal Variation of Pig Iron Production .....	10
II. Seasonal Variation of Building Contracts Awarded .....	13
III. Seasonal Variation of Automobile Production .....	16
IV. Seasonal Variation of Coal Production .....	18
V. Seasonal Variation of Limestone Production .....	20
VI. Seasonal Variation of Electricity Production .....	22
VII. Seasonal Variation of Bank Debits .....	25
VIII. Seasonal Variation of Hog Receipts .....	28
IX. Seasonal Variation of Hog Prices .....	29
X. Seasonal Variation of Cattle Receipts .....	31
XI. Seasonal Variation of Cattle Prices .....	32

## INDIANA STUDIES IN BUSINESS

Number		
XII.	Seasonal Variation of New Car Sales .....	34
XIII.	Seasonal Variation of Newspaper Advertising .....	36
XIV.	Economic Weights, General Business Curve .....	39
XV.	Composite Index of Business Activity in Indiana .....	41
XVI.	Annalist Index of Business Activity in the United States ....	42
XVII.	Seasonal Index of Life Insurance Sales .....	47
XVIII.	Seasonal Index of Gasoline Sales .....	48
XIX.	Seasonal Index of Used Car Sales .....	51
XX.	Seasonal Index of Pig Iron Production .....	60
XXI.	First Differences—Index of Seasonal Variation .....	62
XXII.	Weights Applied to Bank Debits .....	64
XXIII.	Index of Cattle Sales .....	64
XXIV.	Weights Applied to Newspaper Advertising .....	65
XXV.	Trend Equations of Component Parts of the General Business Index .....	66
XXVI.	Percentage Weights of Component Parts of the General Business Index .....	68
XXVII.	Trend Equations for Life Insurance, Gasoline and Used Car Sales .....	69

45517