

Forecasting Trends: Arkansas Economic Indicators, July 2001

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The index of leading economic indicators for the state of Arkansas increased by a seasonally adjusted annual rate (SAAR) of 1.4% in July. Five of the index's six components experienced month-on-month improvements. From largest positive contributor to smallest, they were a 3.3% SAAR increase in the national index of leading economic indicators, a 7.5% increase in filings for new incorporations, a 0.8% increase in average weekly manufacturing hours (AWMH) from a revised 39.6 in June to 39.9 in July, a 10.7% decline in initial claims for unemployment insurance, and a 0.2% increase in construction employment. The sole negative contributor was a 18.6% decline in the value of new building permits. The index now stands at 104.5, up 0.1% from its June level of 104.4. Overall, the data suggest more favorable economic conditions for Arkansas early in 2002.

Three of the four metropolitan statistical area (MSA) indices experienced month-on-month increases. The Fort Smith MSA was the only index to best the state and national indices, up a SAAR of 5.9%. The Fayetteville-Springdale-Rogers MSA (Northwest Arkansas) and Pine Bluff MSA indices also increased during July, up SAARs of 1.4% and 0.2%, respectively. The Little Rock MSA index fell by a SAAR of 0.9% for the period.

The Northwest Arkansas index of leading economic indicators increased 0.1% from a revised 105.6 in June to 105.8 in July. The index's two positive contributors, from larger to smaller contribution, were a 3.1% increase in AWMH from a revised 39.8 in June to 41.1 in July and the 1.4% SAAR increase in the state index. The index's two negative contributors, from larger to smaller negative contribution, were a 1.0% decline in construction employment and a 4.4% decline in the value of new building permits. The data suggest more favorable economic conditions in Northwest Arkansas in January 2002.

The Fort Smith index of leading economic indicators increased 0.5% from a revised 105.0 in June to 105.5 in July. All four of the index's components experienced month-on-month improvements; from largest positive contribution to smallest, they were a 2.2% increase in construction employment, a 2.3% increase in AWMH from a revised 39.6 in June to 40.5, the 1.4% increase in the state index, and a 1.8% increase in the value of new building permits. Overall, the data suggest more favorable economic conditions in Fort Smith than in the state as a whole early in 2002.

The Little Rock index of leading economic indicators fell approximately 0.1% from a revised 103.34 in June to 103.26. The index's two positive contributors, from larger to smaller contribution, were the 1.4% SAAR increase in the state index and a 1.2%

increase in AWMH from a revised 39.6 in June to 40.1 in July. The index's two negative contributors, from larger to smaller contribution, were a 1.4% decline in construction employment and a 4.6% decline in the value of new building permits. Overall, the data suggest less favorable economic conditions in Little Rock in January 2002.

The Pine Bluff index of leading economic indicators increased 0.01% from a revised 102.01 in June to 102.02 in July. The index's two positive contributors, from larger to smaller contribution, were the 1.4% SAAR increase in the state index and a 7.3% increase in the value of new building permits. The index's two negative contributors, from larger to smaller contribution, were a 3.5% decline in construction employment and a 0.1% decline in AWMH from a revised 40.8 in June to 40.7 in July. Overall, the data suggest marginally more favorable economic conditions in Pine Bluff early in 2002.

The Arkansas index of coincident economic indicators, which describes current economic conditions, increased 2.8% (SAAR) from a revised 104.3 in June to 104.5 in July. The index's two positive contributors, from larger to smaller contribution, were a decline in the unemployment rate from a revised 4.9% in June to 4.6% in July and a 5.4% increase in taxable sales. July's unemployment rate was approximately 0.1% higher than in July 2000. The sole negative contributor to the index in July was a 0.1% decline in non-farm employment. Overall, the data suggest relatively improving economic conditions for the state.

The Northwest Arkansas index of coincident economic indicators increased 1.1% (SAAR) from a revised 105.4 in June to 105.5 in July. The index's two positive contributors were a 13.3% increase in taxable sales and a decline in the unemployment rate from 2.11% to 2.07%. July's unemployment rate was approximately 0.1% lower than in July 2000. The sole negative contributor to the index was a 0.3% decline in non-farm employment. Overall, the data suggest relatively improving economic conditions in Northwest Arkansas, albeit at a slower rate than for the state as a whole.

The Fort Smith index of coincident economic indicators increased 1.2% (SAAR) from a revised 104.6 in June to 104.7 in July. The index's two positive contributors were a 10.5% increase in taxable sales and a marginal decline in the unemployment rate from 3.61% in June to 3.59%. July's unemployment rate was approximately 0.1% lower than in July 2000. The index's sole negative contributor was a 0.2% decline in non-farm employment. Overall, the data suggest relatively improving economic conditions in Fort Smith, albeit at a slower rate than for the state as a whole.

The Little Rock index of coincident economic indicators increased 2.5% (SAAR) from a revised 103.4 in June to 103.6 in July. The index's two positive contributors were a decline in the unemployment rate from 3.8% in June to 3.5% in July and a 5.7% increase in taxable sales. July's unemployment figure was the same as in July 2000. The index's sole negative contributor was a 0.1% decline in non-farm employment. Overall, the data suggest more rapidly improving economic conditions in the capital city than in the state as a whole.

The Pine Bluff index of coincident economic indicators increased 4.5% (SAAR) from a revised 101.3 in June to 101.6 in July. The index's two positive contributors were a decline in the unemployment rate from 7.7% in June to 7.0% in July and a 3.5% increase in taxable sales. July's unemployment rate was 0.1% lower than one year earlier. The index's sole negative contributor was a 0.3% decline in non-farm employment. Overall, the data suggest more rapidly improving economic conditions in Pine Bluff than in the state as a whole.