

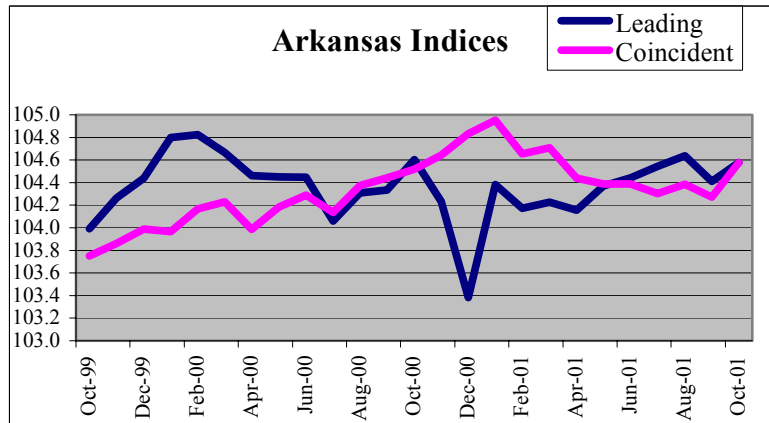


SAM M. WALTON COLLEGE of BUSINESS

Center for Business and Economic Research

Forecasting Trends: Arkansas Indices of Economic Indicators, October 2001

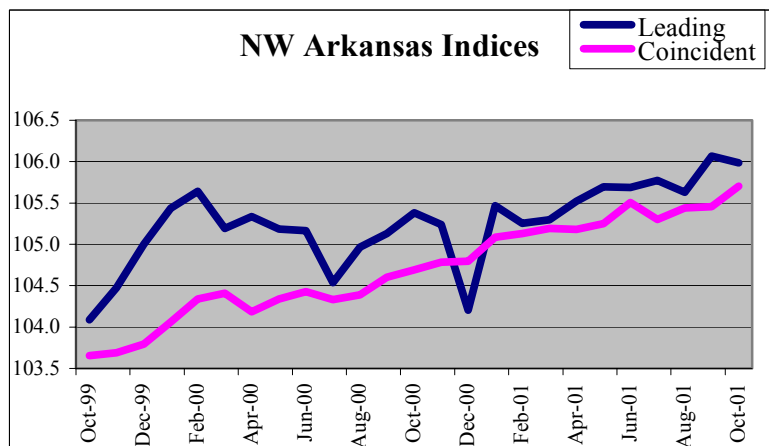
After declining by a revised seasonally adjusted annual rate (SAAR) of 2.6% in September, the Arkansas index of leading economic indicators increased by 1.9% in October. The index's positive contributors, from largest to smallest contribution, were a 13.5% increase in the number of filings for new incorporations, a 0.6% increase in construction employment, a 2.2% SAAR



increase in the national index of leading economic indicators, a 3.3% increase in the value of new building permits, and a 0.2% increase average weekly manufacturing hours (AWMH) from a revised 39.9 hours in September to 40.0 hours in October. The index's sole negative contributor was an 18.4% increase in the number of initial claims for unemployment insurance. The leading index now stands at 104.6, up from a revised 104.4 in September. Overall, the data suggest more favorable economic conditions in the state in the second quarter of 2002.

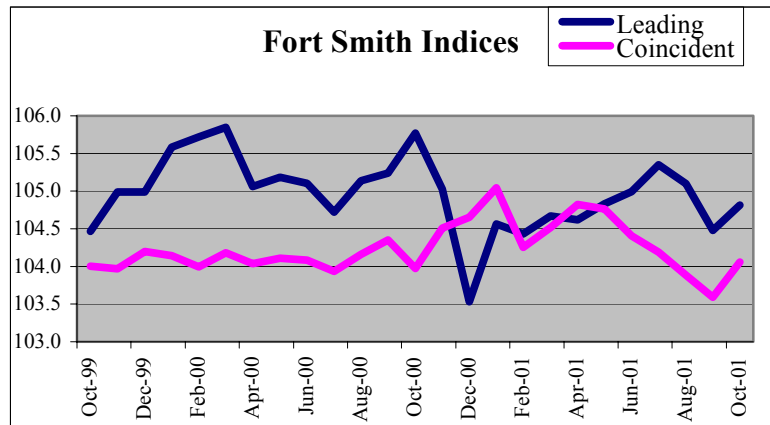
The Fort Smith leading index was the only metropolitan statistical area (MSA) index to best the state index's performance in October, increasing by a SAAR of 3.9%. The Northwest Arkansas leading index, which incorporates data for the Fayetteville-Springdale-Rogers MSA, was the only MSA index to decline in October, falling by a SAAR of 0.9%. The Pine Bluff and Little Rock leading indices increased by SAARs of 1.2% and 0.8%, respectively, in October.

The Northwest Arkansas index of leading economic indicators, after increasing by a revised SAAR of 5.1% in September, declined by a SAAR of 0.9% in October. The index's positive contributors, from larger to smaller contribution, were a 3.1% increase construction employment and the 1.9% SAAR increase in the state's leading index. The index's negative contributors, from larger to smaller



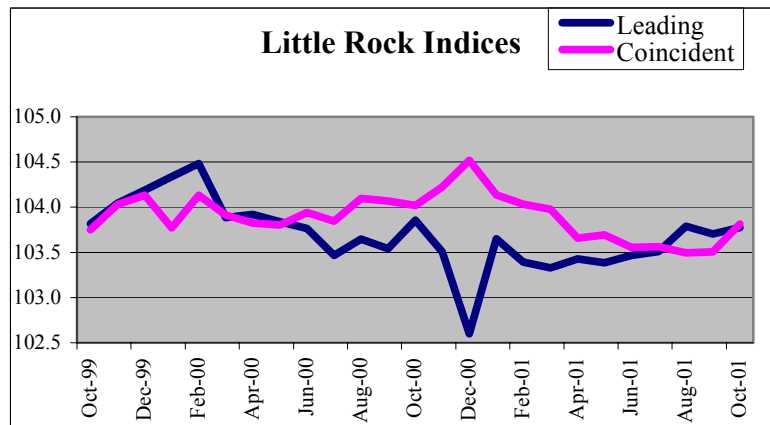
contribution, were a 48.9% decline in the value of new building permits and a 1.3% decline in AWMH from a revised 40.2 hours in September to 39.6 hours in October. The Northwest Arkansas leading index now stands at 106.0, down from a revised 106.1 in September. Overall, the data suggest less favorable economic conditions in Northwest Arkansas in the second quarter of 2002.

The Fort Smith index of leading economic indicators, after declining by a revised SAAR of 6.9% in September, increased by a SAAR of 3.9% in October. The index's positive contributors, from larger to smaller contribution, were a 4.0% increase construction employment and the 1.9% SAAR increase in the state's leading index. The index's negative contributors, from larger to smaller contribution, were a 1.2% decline



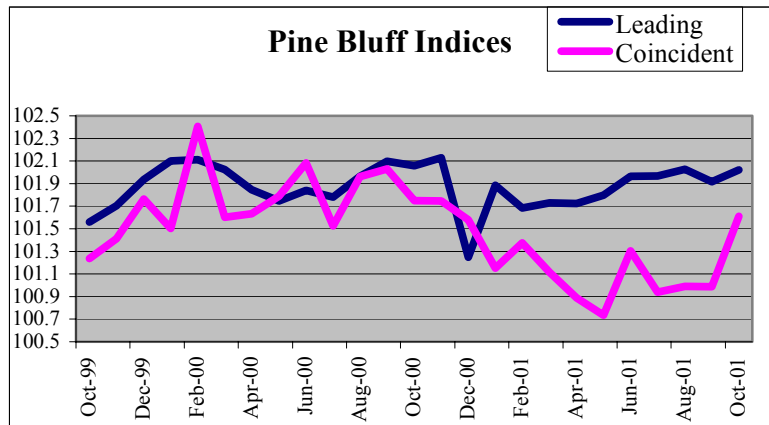
in AWMH from a revised 40.1 hours in September to 39.6 hours in October and a 15.3% decline in the value of new building permits. The Fort Smith leading index now stands at 104.8, up from a revised 104.5 in September. Overall, the data suggest more favorable economic conditions in Fort Smith in the second quarter of 2002.

The Little Rock index of leading economic indicators, after declining by a revised SAAR of 1.0% in September, increased by a SAAR of 0.8% in October. The index's positive contributors, from largest to smallest contribution, were the 1.9% SAAR increase in the state's leading index, an 11.2% increase in the value of new building permits, and a 0.6% increase in AWMH from a revised



40.9 hours in September to 41.0 hours in October. The index's sole negative contributor was a 0.5% decline in construction employment. The Little Rock leading index now stands at 103.8, up from a revised 103.7 in September. Overall, the data suggest more favorable economic conditions in the capital city in the second quarter of 2002.

The Pine Bluff index of leading economic indicators, after declining by a revised SAAR of 1.3% in September, increased by a SAAR of 1.2% in October. The index's positive contributors, from largest to smallest contribution, were the 1.9% SAAR increase in the state's leading index, a 3.7% increase in construction employment, and a 24.9% increase in the value of new building permits.



The index's sole negative contributor was a 0.5% decline in AWMH from a revised 40.6 hours in September to 40.4 hours in October. The Pine Bluff leading index now stands at 102.0, up from a revised 101.9 in September. Overall, the data suggest more favorable economic conditions in Pine Bluff in the second quarter of 2002.

After declining by a revised SAAR of 1.3% in September, the Arkansas index of coincident economic indicators increased by a SAAR of 3.6% in October. All of the index's components experienced month-on-month improvements in October; from largest to smallest contribution, they were a 0.4% decline in the unemployment rate (motivated by a contraction of the labor force, not by an increase in employment), a 0.1% increase in non-farm employment, and a 1.6% increase in taxable sales. The unemployment rate in Arkansas stood at 4.4% in October, approximately 0.2% higher than in October 2000. The coincident index now stands at 104.6, up from a revised 104.3 in September. Overall, the data suggest economic conditions in the state improved in October.

The Northwest Arkansas index of coincident economic indicators increased for the third consecutive month in October, up a SAAR of 2.9%. All of the index's components experienced month-on-month improvements in October; from largest to smallest contribution, they were a 0.4% increase in non-farm employment, a 0.1% decline in the unemployment rate, and a 1.4% increase in taxable sales. The unemployment rate in Northwest Arkansas stood at 2.0% in October, equaling the rate in October 2000. The coincident index now stands at 105.7, up from a revised 105.5 in September. Overall, the data suggest economic conditions in Northwest Arkansas improved in October.

After declining for five consecutive months, the Fort Smith index of coincident economic indicators increased by a SAAR of 5.5% in October. All of the index's components experienced month-on-month improvements in October; from largest to smallest contribution, they were a 0.5% decline in the unemployment rate, a 0.2% increase in non-farm employment, and a 3.2% increase in taxable sales. The unemployment rate in Fort Smith stood at 3.6% in October, approximately 0.2% higher than in October 2000. The coincident index now stands at 104.1, up from a revised 103.6 in September. Overall, the data suggest economic conditions in Fort Smith improved in October.

The Little Rock index of coincident economic indicators, after a modest 0.1% SAAR increase in September, increased by a SAAR of 3.6% in October. The index's positive contributors, from larger to smaller contribution, were a 0.6% decline in the unemployment rate and a 2.3% increase in taxable sales. The index's sole negative contributor was a 0.2% decline in non-farm employment. The unemployment rate in Little Rock stood at 3.5% in October, approximately 0.2% higher than in October 2000. The coincident index now stands at 103.8, up from a revised 103.5 in September. Overall, the data suggest economic conditions in the capital city improved in October.

After holding steady in September, the Pine Bluff index of coincident economic indicators increased by a SAAR of 7.7% in October. All of the index's components experienced month-on-month improvements in October; from largest to smallest contribution, they were a 0.8% decline in the unemployment rate, a 3.2% increase in taxable sales, and a 0.1% increase in non-farm employment. The unemployment rate in Pine Bluff stood at 6.6% in October, approximately 0.4% lower than in October 2000. The coincident index now stands at 101.6, up from a revised 101.0 in September. Overall, the data suggest economic conditions in Pine Bluff improved in October.