

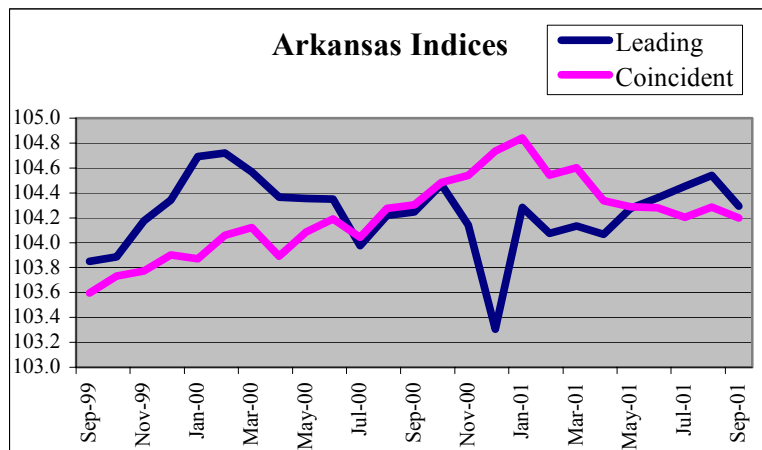


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**Forecasting Trends: Arkansas Economic Indicators, September 2001**

**Note:** The effects on the economy of the terrorist events of September 11, 2001, are now beginning to be incorporated in the data used to construct the following indices. Profound uncertainty will be the norm in the near-term, but these indices will still serve as a useful gauge of current and future economic conditions for the state.

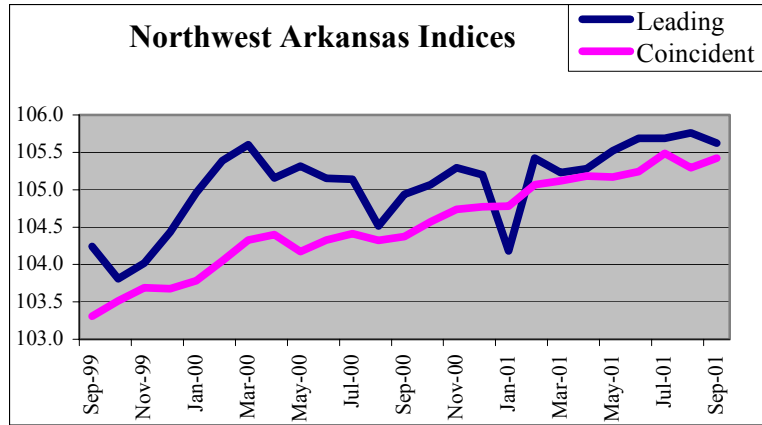
The Arkansas index of leading economic indicators reversed a four-month positive trend in September, declining a seasonally adjusted annual rate (SAAR) of 2.8%. The index's three positive contributors, from largest to smallest contribution, were a 0.3% increase in construction employment, a 5.0% increase in the value of new building permits, and a 0.4% increase average weekly manufacturing hours



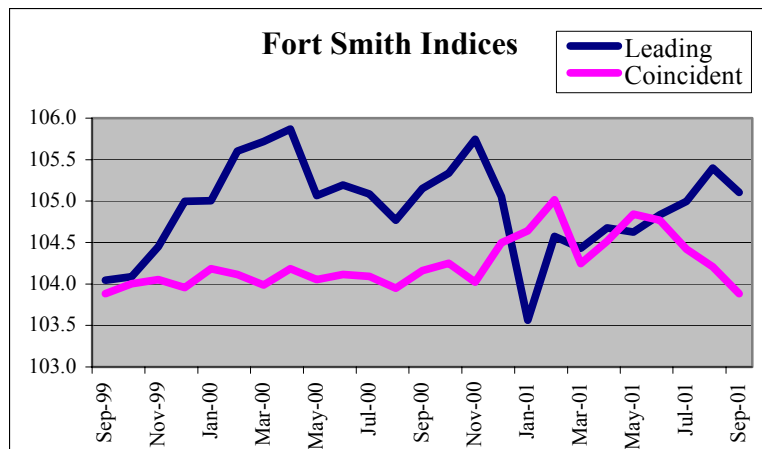
(AWMH) from a revised 39.7 hours in August to 39.9 hours in September. The index's negative contributors, from largest to smallest contribution, were a 21.3% decline in the number of filings for new incorporations, a 4.3% (SAAR) decline in the national index of leading economic indicators, and a 13.8% increase in the number of Arkansans filing initial claims for unemployment insurance. The leading index now stands at 104.3, down 0.2% from its revised level of 104.5 in August. Overall, the data suggest less favorable economic conditions in the state in the first quarter of 2002.

The Northwest Arkansas index, which compiles data for the Fayetteville-Springdale-Rogers Metropolitan Statistical Area (MSA), was the only one among the four MSA indices to increase in September, rising by a SAAR of 6.1%. The Pine Bluff and Little Rock indices fell but bested the state index, declining by SAARs of 1.3% and 2.2%, respectively. The Fort Smith index performed relatively worse than the state index, declining by a SAAR of 4.6% for the month.

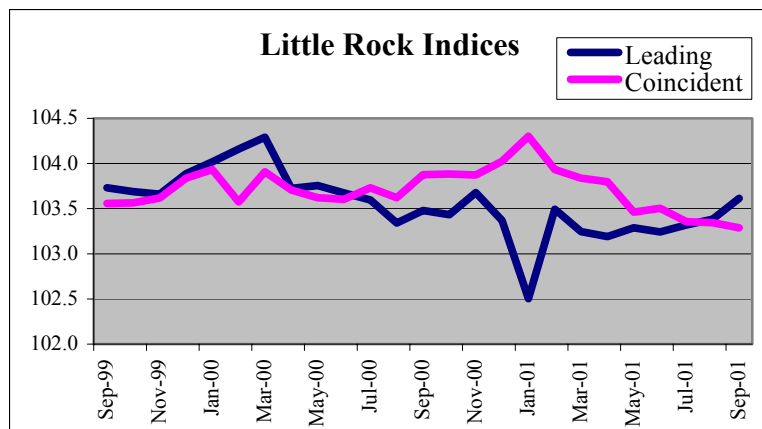
The Northwest Arkansas index of leading economic indicators increased from a revised 105.6 in August to 106.2 in September. The index's three positive contributors, from largest to smallest contribution, were a 63.7% increase in the value of new building permits, a 4.6% increase in AWMH from a revised 38.6 hours in August to 40.3 hours in September, and a 1.3% increase in construction employment. The index's sole negative contributor was the 2.8% decline in the state's leading index. Overall, the data suggest relatively favorable economic conditions in Northwest Arkansas in the first quarter of 2002.



The Fort Smith index of leading economic indicators fell from a revised 105.1 in August to 104.7 in September. The index's sole positive contributor was a 1.5% increase in AWMH from a revised 39.2 hours in August to 39.9 hours in September. The index's three negative contributors, from largest to smallest contribution, were a 2.4% decline in construction employment, the 2.8% decline in the state's leading index, and a 17.9% decline in the value of new building permits. Overall, the data suggest less favorable economic conditions in Fort Smith in the first quarter of 2002.

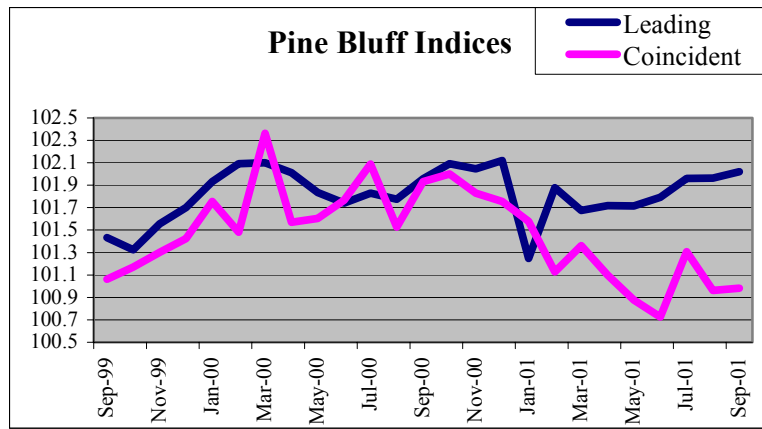


The Little Rock index of leading economic indicators fell from a revised 103.6 in August to 103.4 in September. The index's sole positive contributor was a 0.5% increase in construction employment. The index's three negative contributors, from largest to smallest contribution, were a 2.8% decline in AWMH from a revised 41.8 hours in August to 40.6 hours in



September, the 2.8% decline in the state's leading index, and a 9.9% decline in the value of new building permits. Overall, the data suggest less favorable economic conditions in the capital city in the first quarter of 2002.

The Pine Bluff index of leading economic indicators fell from a revised 102.0 in August to 101.9 in September. The index's sole positive contributor was a 10.5% increase in the value of new building permits. The index's three negative contributors, from largest to smallest contribution, were the 2.8% decline in the state's leading index, a 1.2% decline in AWMH from a revised 41.2 hours in August to 40.8 hours in September, and a 0.2% decline in construction employment. Overall, the data suggest less favorable economic conditions in Pine Bluff in the first quarter of 2002.



The Arkansas index of coincident economic indicators, which depicts the state's current economic conditions, fell by a SAAR of 1.0% in September, erasing the gains the index realized in August. The index's two positive contributors, from larger to smaller contribution, were a 0.1% increase non-farm employment and a 0.4% increase in taxable sales. The sole negative contributor was a 0.2% increase in the state's unemployment rate. Arkansas' unemployment rate stood at 4.8% in September, approximately 0.5% higher than in September 2000. The coincident index now stands at 104.3, down from 104.2 in August. Overall, the data suggest economic conditions in the state worsened in September.

The Northwest Arkansas index of coincident economic indicators increased 0.6% (SAAR) from a revised 105.4 in August to 105.5 in September. The index's two positive contributors, from larger to smaller contribution, were 0.4% increases in non-farm employment and taxable sales, respectively. The sole negative contributor was a 0.1% increase in the MSA's unemployment rate. The unemployment rate in Northwest Arkansas stood at 2.1% in September, approximately 0.1% higher than in September 2000. Overall, the data suggest economic conditions in Northwest Arkansas improved slightly in September.

The Fort Smith index of coincident economic indicators fell 0.6% (SAAR) from a revised 103.9 in August to 103.8 in September. The index's sole positive contributor was a 0.7% increase in non-farm employment. The index's two negative contributors, from larger to smaller contribution, were a 5.0% decline in taxable sales and a 0.3% increase in the MSA's unemployment rate. The unemployment rate in Fort Smith stood at 4.1% in September, approximately 0.6% higher than in September 2000. Overall, the data suggest economic conditions in Fort Smith worsened in September.

The Little Rock index of coincident economic indicators held steady in September at 103.3. The index's two positive contributors, from larger to smaller contribution, were a 0.2% increase in non-farm employment and a 2.4% increase in taxable sales. The index's sole negative contributor was a 0.2% increase in the MSA's unemployment rate. The unemployment rate in Little Rock stood at 3.9% in September, approximately 0.6% higher than in September 2000. Overall, the data suggest economic conditions in the capital city neither improved nor deteriorated in September.

The Pine Bluff index of coincident economic indicators held steady in September at 101.0. The index's two positive contributors, from larger to smaller contribution, were a 1.6% increase in taxable sales and a 0.1% increase in non-farm employment. The index's sole negative contributor was a 0.1% increase in the MSA's unemployment rate. The unemployment rate in Pine Bluff stood at 7.4% in September, 0.5% higher than in September 2000. Overall, the data suggest economic conditions in Pine Bluff neither improved nor deteriorated in September.

**The next release date for the Arkansas indices of economics indicators is December 5, 2001.**