

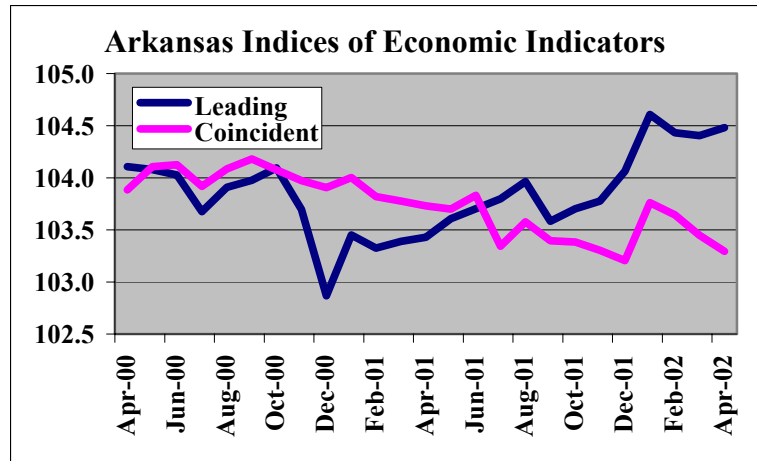


SAM M. WALTON COLLEGE of BUSINESS

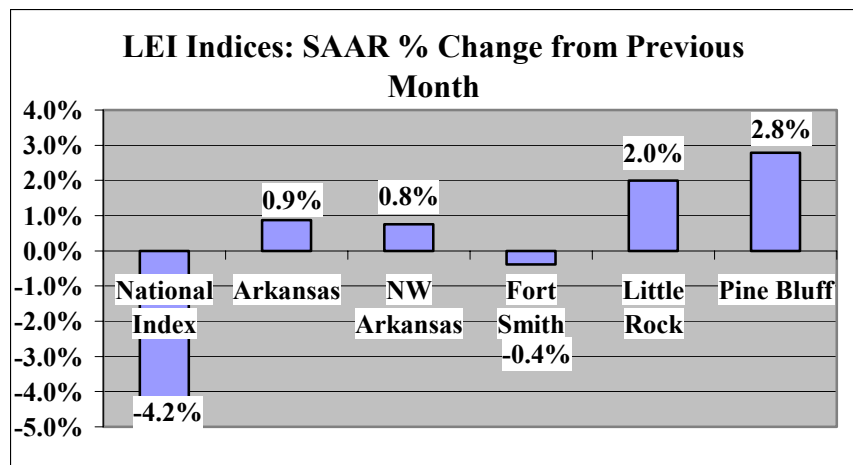
Center for Business and Economic Research

Forecasting Trends: Arkansas Indices of Economic Indicators, April 2002

After decreasing by a revised seasonally adjusted annual rate (SAAR) of 0.3 percent in March, the Arkansas Index of Leading Economic Indicators, which predicts economic conditions within the state six to nine months hence, increased by a preliminary estimate of 0.9 percent (SAAR) in April. The index's positive contributors, from largest to smallest contribution, were a 51.9 percent increase in the value of new building permits,¹ a 3.9 percent increase in the number of new incorporation registrations,² and a 0.2 percent increase in construction employment.³ The index's negative contributors, from largest to smallest contribution, were a 4.2 percent (SAAR) decrease in the national index of leading economic indicators,⁴ a 0.8 percent decrease in average weekly manufacturing hours (AWMH) from a revised 40.0 hours in March to 39.7 hours in April, and an 8.3 percent increase in the number of initial claims for unemployment insurance.⁵ The Arkansas leading index now stands at a preliminary estimate of 104.5, up from its revised level of 104.4 in March. Overall, the data suggest relatively strong economic growth will occur within Arkansas in the fourth quarter of 2002.

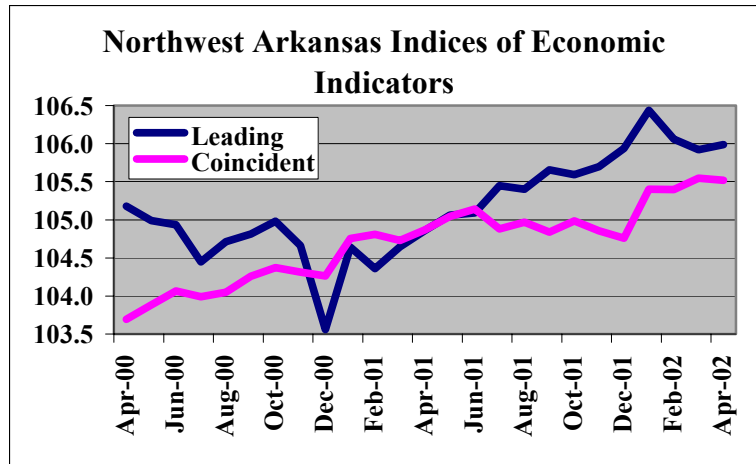


The leading indices for the four metropolitan statistical areas (MSAs) all performed relatively better than the national index in April. The Pine Bluff index and the Little Rock-North Little Rock index performed relatively better than the state index in April, increasing by 2.8 percent (SAAR) and 2.0 percent (SAAR), respectively. The Northwest Arkansas index

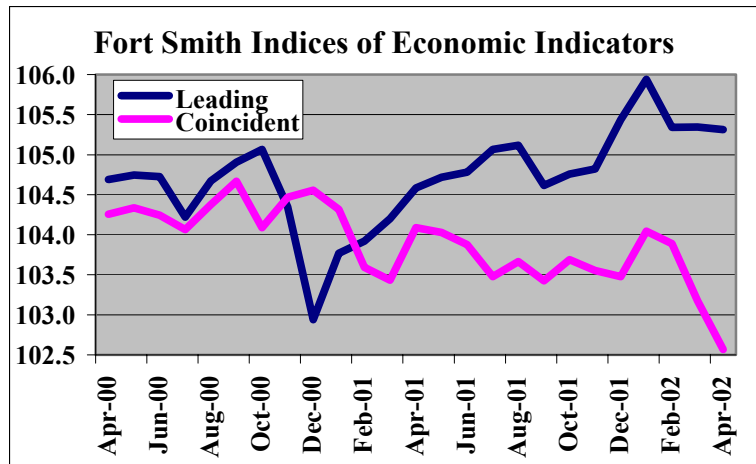


(which incorporates data for the Fayetteville-Springdale-Rogers MSA) closely matched the performance of the state's index, increasing by 0.8 percent (SAAR) in April. The Fort Smith index was the only MSA index to decrease in April, declining by 0.4 percent (SAAR).

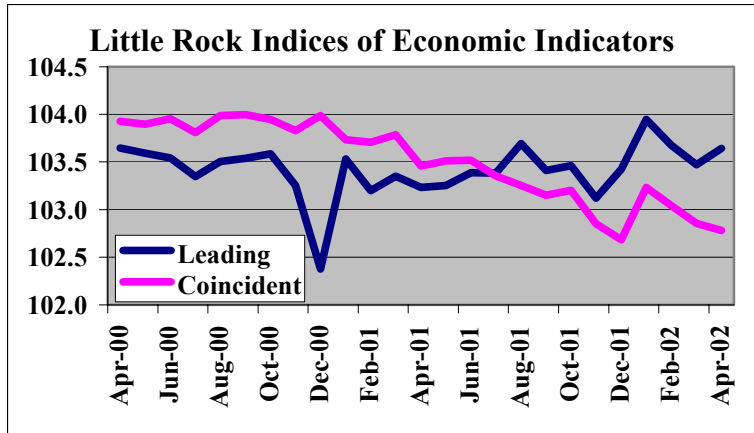
The Northwest Arkansas Index of Leading Economic Indicators, after decreasing by a revised 1.6 percent (SAAR) in March, increased by a preliminary estimate of 0.8 percent (SAAR) in April. The index's positive contributors, from larger to smaller contribution, were a 36.8 percent increase in the value of new building permits and the 0.9 percent (SAAR) increase in the state's leading index. For the month of April, construction employment in the MSA held steady at 7,700 persons. The index's sole negative contributor was a 2.6 percent decline in AWMH from a revised 40.1 hours in March to 39.1 hours in April. The Northwest Arkansas leading index now stands at a preliminary estimate of 106.0, up from its revised level of 105.9 in March. Overall, the data suggest relatively strong economic growth will occur in Northwest Arkansas in the fourth quarter of 2002.



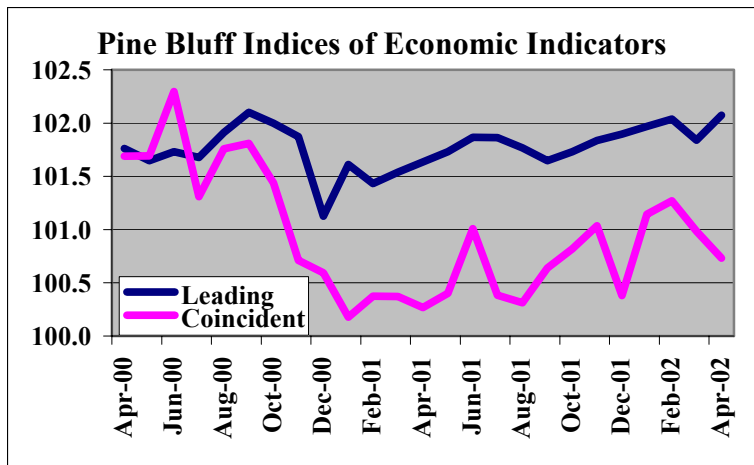
The Fort Smith Index of Leading Economic Indicators, after increasing by a revised 0.1 percent (SAAR) in March, decreased by a preliminary estimate of 0.4 percent (SAAR) in April. The index's sole positive contributor was the 0.9 percent (SAAR) increase in the state's leading index. For the month of April, construction employment in the MSA held steady at 4,300 persons. The index's negative contributors, from larger to smaller contribution, were a 1.1 percent decline in AWMH from a revised 40.1 hours in March to 39.6 hours in April and a 2.9 percent decrease in the value of new building permits. The Fort Smith leading index now stands at a preliminary estimate of 105.3, equal to its revised level in March. Overall, the data suggest weaker economic growth will occur in Fort Smith in the fourth quarter of 2002.



The Little Rock Index of Leading Economic Indicators, after decreasing by a revised 2.3 percent (SAAR) in March, increased by a preliminary estimate of 2.0 percent (SAAR) in April. The index's positive contributors, from largest to smallest contribution, were a 32.3 percent increase in the value of new building permits, the 0.9 percent (SAAR) increase in the state's leading index, and a 0.8 percent increase in AWMH from a revised 38.8 hours in March to 39.1 hours in April. For the month, construction employment in the MSA held steady at 15,500 persons. The Little Rock leading index now stands at a preliminary estimate of 103.6, up from its revised level of 103.5 in March. Overall, the data suggest relatively strong economic growth will occur in the capital city in the fourth quarter of 2002.

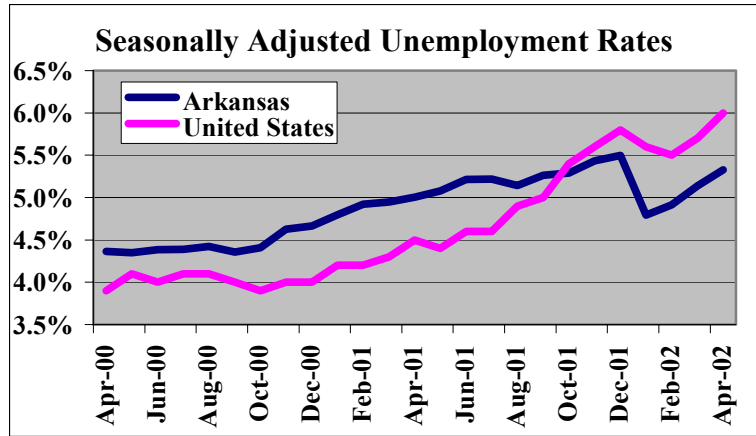


The Pine Bluff Index of Leading Economic Indicators, after decreasing by a revised 2.3 percent (SAAR) in March, increased by a preliminary estimate of 2.8 percent (SAAR) in April. All of the index's components experienced month-on-month improvements in April; from largest to smallest positive contribution, they were a 234.4 percent increase in the value of new building permits, a 7.6 percent increase in construction employment, the 0.9 percent (SAAR) increase in the state's leading index, and a 0.5 percent increase in AWMH from a revised 39.4 hours in March to 39.6 hours in April. The Pine Bluff leading index now stands at a preliminary estimate of 102.1, up from its revised level of 101.8 in March. Overall, the data suggest relatively strong economic growth will occur in Pine Bluff in the fourth quarter of 2002.



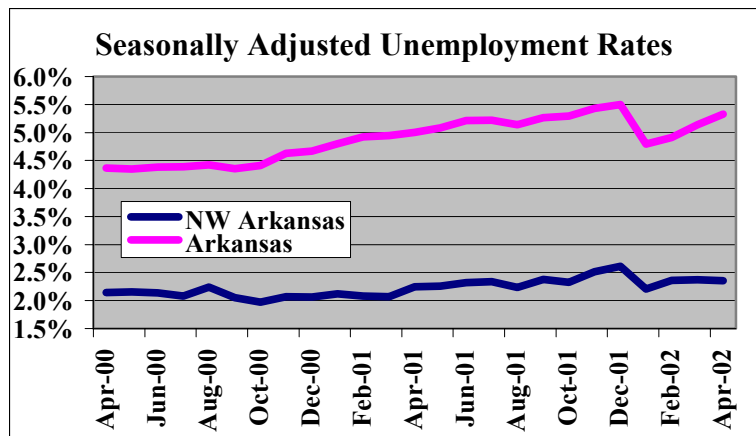
The Pine Bluff Index of Leading Economic Indicators, after decreasing by a revised 2.3 percent (SAAR) in March, increased by a preliminary estimate of 2.8 percent (SAAR) in April. All of the index's components experienced month-on-month improvements in April; from largest to smallest positive contribution, they were a 234.4 percent increase in the value of new building permits, a 7.6 percent increase in construction employment, the 0.9 percent (SAAR) increase in the state's leading index, and a 0.5 percent increase in AWMH from a revised 39.4 hours in March to 39.6 hours in April. The Pine Bluff leading index now stands at a preliminary estimate of 102.1, up from its revised level of 101.8 in March. Overall, the data suggest relatively strong economic growth will occur in Pine Bluff in the fourth quarter of 2002.

The Arkansas Index of Coincident Economic Indicators, which gauges current economic conditions within the state, after decreasing by a revised 2.3 percent (SAAR) in March, decreased by a preliminary estimate of 1.8 percent (SAAR) in April. This is third consecutive month in which the Arkansas coincident index has declined. The index's sole positive contributor was a predicted 0.7 percent increase in taxable sales.⁶ The



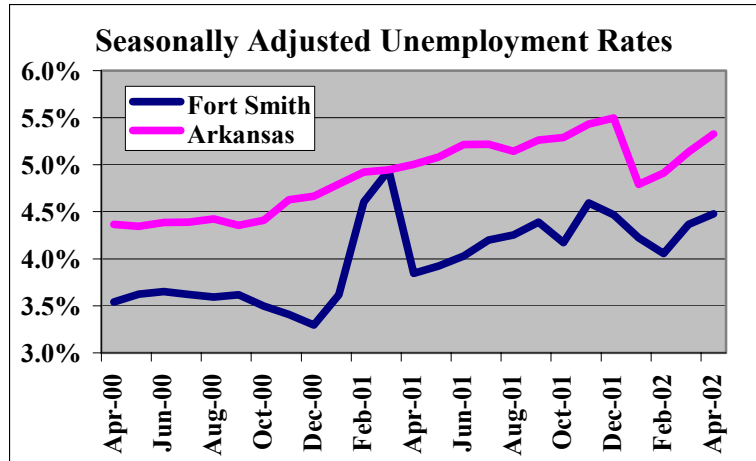
The index's negative contributors, from larger to smaller contribution, were a 0.2 percent increase in the state's unemployment rate and a 0.1 percent decrease in non-farm employment. Unemployment in Arkansas stood at 5.3 percent in April, 0.3 percent higher than in April 2001; the U.S. unemployment rate stood at 6.0 percent in April, up 1.5 percent from April 2001. The Arkansas coincident index now stands at a preliminary estimate of 103.3, down from its revised level of 103.4 in March. Overall, the data suggest economic conditions in the state worsened in April.

The Northwest Arkansas Index of Coincident Economic Indicators, after increasing by a revised 1.8 percent (SAAR) in March, decreased by a preliminary 0.3 percent (SAAR) in April. The index's sole positive contributor was a predicted 4.3 percent increase in taxable sales. The unemployment rate in the MSA held steady at its March 2002 level of 2.4 percent, up 0.2 percent from

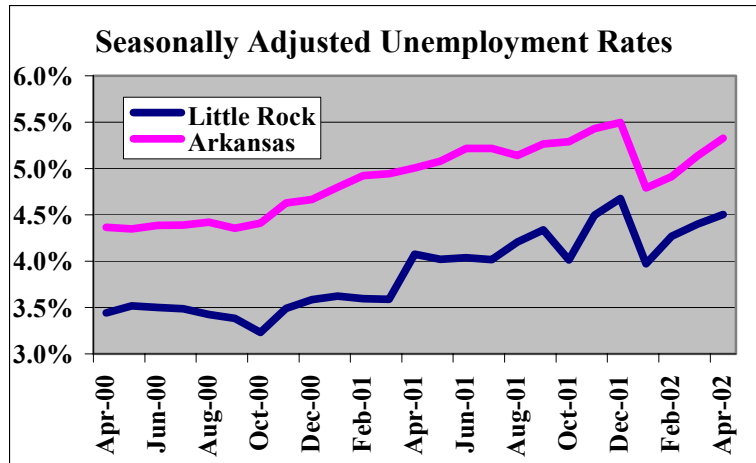


April 2001. The index's sole negative contributor was a 0.4 percent decline in non-farm employment. The Northwest Arkansas coincident index now stands at a preliminary estimate of 105.5, equal to its revised level in March. Overall, the data suggest economic conditions in Northwest Arkansas worsened marginally in April.

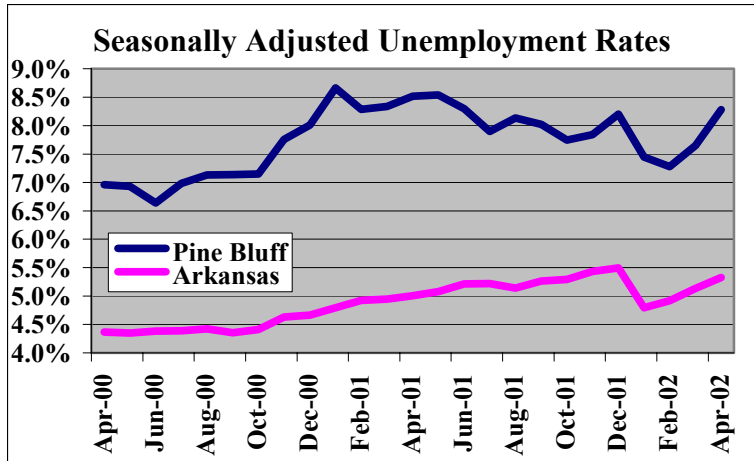
The Fort Smith Index of Coincident Economic Indicators, after declining by a revised 8.0 percent (SAAR) in March, decreased by a preliminary estimate of 6.8 percent (SAAR) in April. This is third consecutive month in which the Fort Smith coincident index has declined. Taxable sales were predicted to remain at their March level. The index's negative contributors, from larger to smaller contribution, were a 1.5 percent decline in non-farm employment and a 0.1 percent increase in the unemployment rate. The unemployment rate in the MSA was 4.5 percent in April, up 0.7 percent from April 2001. The Fort Smith coincident index now stands at a preliminary estimate of 102.6, down from its revised level of 103.2 in March. Overall, the data suggest economic conditions in Fort Smith worsened in April.



The Little Rock Index of Coincident Economic Indicators, after declining by a revised 2.2 percent (SAAR) in March, decreased by a preliminary estimate of 0.8 percent (SAAR) in April. This is third consecutive month in which the Little Rock coincident index has declined. Non-farm employment held steady in the MSA at 313,000 persons for the month. The index's negative contributors, from larger to smaller contribution, were a 0.1 percent increase in the unemployment rate and a predicted 0.4 percent decline in taxable sales. The unemployment rate in the MSA was 4.5 percent in April, up 0.4 percent from April 2001. The Little Rock coincident index now stands at a preliminary estimate of 102.8, down from its revised level of 102.9 in March. Overall, the data suggest economic conditions in the capital city worsened in April.



The Pine Bluff Index of Coincident Economic Indicators, after declining by a revised 3.3 percent (SAAR) in March, decreased by a preliminary estimate of 3.0 percent (SAAR) in April. The index's positive contributors, from larger to smaller contribution, were a 0.4 percent increase in non-farm employment and a predicted 1.1 percent increase in taxable sales. The index's sole negative contributor was a 0.6 percent increase in the unemployment rate.



Unemployment in the MSA stood at 8.3 percent in April, down 0.2 percent from April 2001. The Pine Bluff coincident index now stands at a preliminary estimate of 100.7, down from its revised level of 101.0 in March. Overall, the data suggest economic conditions in Pine Bluff worsened in April.

¹ Source: U.S. Census Bureau

² Source: Information Network of Arkansas

³ Source for employment data: U.S. Commerce Department, Bureau of Labor Statistics

⁴ Source: The Conference Board

⁵ Source: Arkansas Employment Security Department

⁶ Source: Author's manipulation of data provided by the Arkansas Department of Finance and Administration
Data were seasonally adjusted using SAS ® Proc X11.