

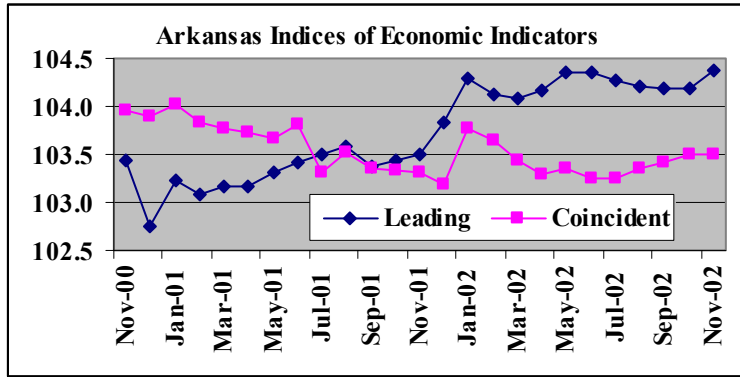


Forecasting Trends: Arkansas Indices of Economic Indicators, November 2002

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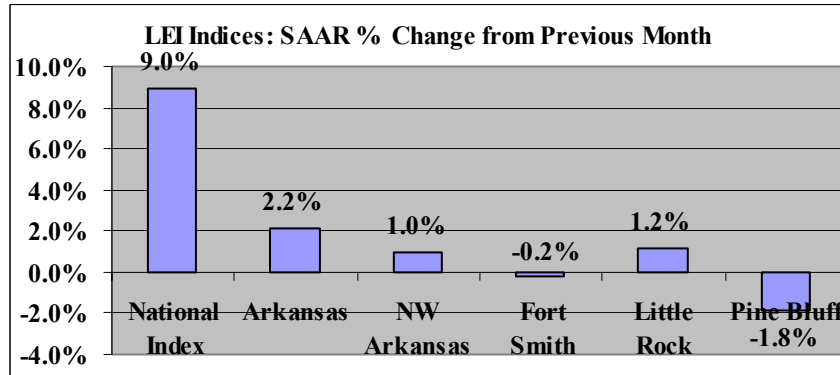
Forecasting Trends: Arkansas Indices of Economic Indicators, November 2002

After increasing by a revised seasonally adjusted annual rate (SAAR) of 0.2 percent in October, 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 2.2 percent (SAAR) in



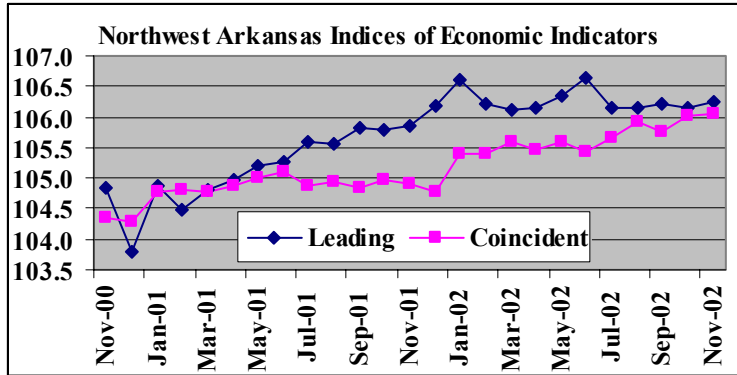
November. The index's positive contributors were, from largest to smallest contribution, a 9.0 percent (SAAR) increase in the national index of leading economic indicators,¹ a 17.0 percent increase in the value of new, privately-owned residential building permits,² and a 12.5 percent decrease in the number of initial claims for unemployment insurance.³ For the month of November, construction employment held steady at 55,700 persons.⁴ The index's negative contributors were, from larger to smaller contribution, a 0.8 percent decrease in average weekly manufacturing hours (AWMH) from a revised 40.0 hours in October to 39.7 hours in November and a 0.2 percent decrease in the number of new incorporation registrations.⁵ The Arkansas leading index now stands at a preliminary estimate of 104.4, up from its revised level of 104.2 in October. Overall, the data suggest that relatively strong economic growth will occur within Arkansas in the second quarter of 2003.

The leading indices for the four metropolitan statistical areas (MSAs) all performed relatively worse than the state's leading index and national leading index in November. The leading indices



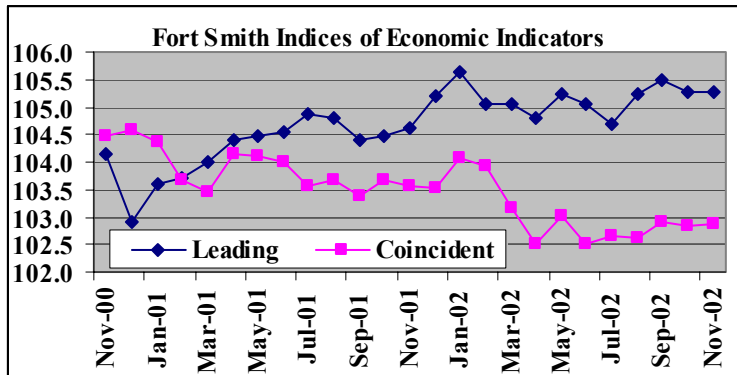
for the Little Rock-North Little Rock MSA and the Fayetteville-Springdale-Rogers MSA (Northwest Arkansas) increased by 1.2 percent (SAAR) and 1.0 percent (SAAR), respectively, from October to November. The leading indices for the Fort Smith MSA and the Pine Bluff MSA decreased by 0.2 percent (SAAR) and 1.8 percent (SAAR), respectively, for the month.

The Northwest Arkansas Index of Leading Economic Indicators, after decreasing by a revised 0.7 percent (SAAR) in October, increased by a preliminary estimate of 1.0 percent (SAAR) in November. The index's positive contributors were, from largest to smallest contribution, the 2.2



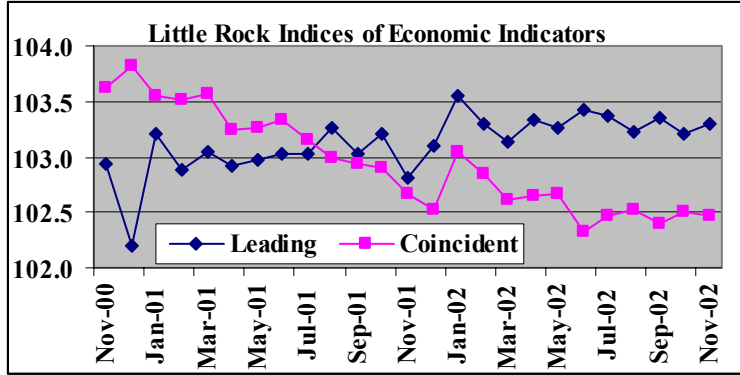
percent (SAAR) increase in the state's leading index, an 18.2 percent increase in the value of new, privately-owned residential building permits, and a 0.4 percent increase in construction employment. The index's sole negative contributor was a 2.8 percent decrease in AWMH from a revised 39.2 hours in October to 38.1 hours in November. The Northwest Arkansas leading index now stands at a preliminary estimate of 106.2, up from its revised level of 106.1 in October. Overall, the data suggest that moderate economic growth will occur within Northwest Arkansas in the second quarter of 2003.

The Fort Smith Index of Leading Economic Indicators, after decreasing by a revised 2.4 percent (SAAR) in October, decreased by a preliminary estimate of 0.2 percent (SAAR) in November. The index's positive contributors were, from larger to smaller contribution, the 2.2 percent

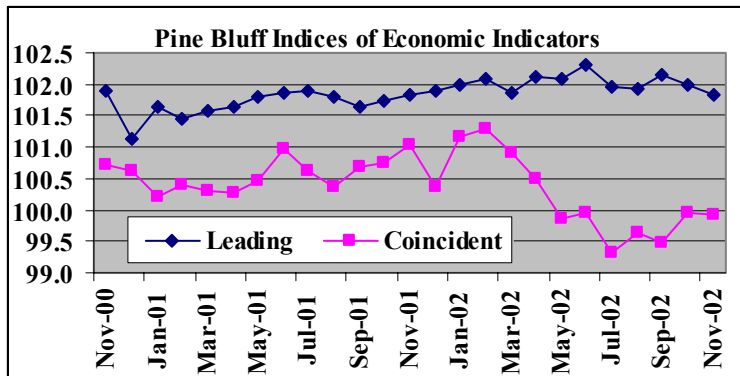


(SAAR) increase in the state's leading index and a 0.8 percent increase in construction employment. The index's negative contributors were, from larger to smaller contribution, a 2.0 percent decrease in AWMH from a revised 41.2 hours in October to 40.4 hours in November and a 23.5 percent decrease in the value of new, privately-owned residential building permits. The Fort Smith leading index now stands at a preliminary estimate of 105.3, equal to its revised level in October. Overall, the data suggest that marginal economic decay will occur in the Fort Smith MSA in the second quarter of 2003.

The Little Rock Index of Leading Economic Indicators, after decreasing by a revised 1.7 percent (SAAR) in October, increased by a preliminary estimate of 1.2 percent (SAAR) in November. The index's positive contributors were, from larger to smaller contribution, a 28.7 percent increase in the value of new, privately-owned residential building permits and the 2.2 percent (SAAR) increase in the state's leading index. The index's negative contributors were, from larger to smaller contribution, a 1.4 percent decrease in AWMH from a revised 39.0 hours in October to 38.4 hours in November and a 0.1 percent decrease in construction employment. The Little Rock leading index now stands at a preliminary estimate of 103.3, up from its revised level of 103.2 in October. Overall, the data suggest that moderate economic growth will occur in the Little Rock-North Little Rock MSA in the second quarter of 2003.

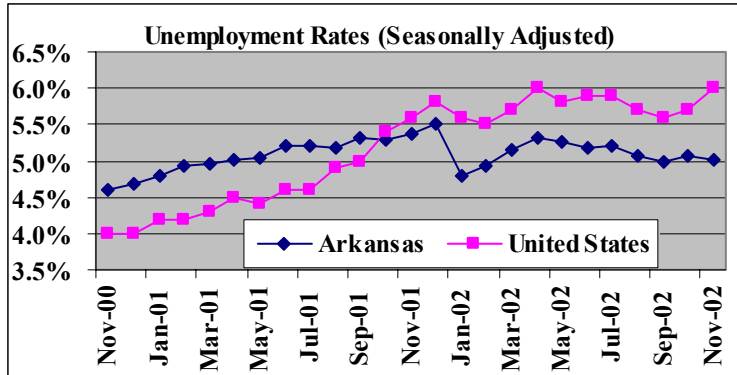


The Pine Bluff Index of Leading Economic Indicators, after decreasing by a revised 2.2 percent (SAAR) in October, decreased by a preliminary estimate of 1.8 percent (SAAR) in November. The index's sole positive contributor was the 2.2 percent (SAAR) increase in the state's leading index. The index's negative contributors were, from largest to smallest contribution, a 5.2 percent decrease in AWMH from a revised 39.1 hours in October to 37.1 hours in November, a 5.2 percent decrease in construction employment, and a 0.5 percent decrease in the value of new, privately-owned residential building permits. The Pine Bluff leading index now stands at a preliminary estimate of 101.8, down from its revised level of 102.0 in October. Overall, the data suggest that moderate economic decay will occur in the Pine Bluff MSA in the second quarter of 2003.



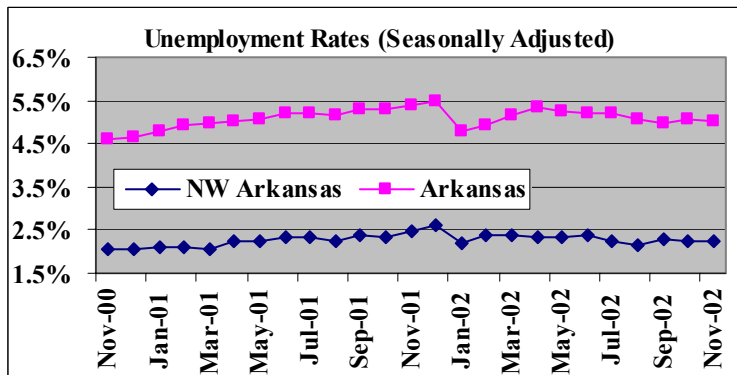
The Pine Bluff leading index now stands at a preliminary estimate of 101.8, down from its revised level of 102.0 in October. Overall, the data suggest that moderate economic decay will occur in the Pine Bluff MSA in the second quarter of 2003.

The Arkansas Index of Coincident Economic Indicators, which gauges current economic conditions within the state, after increasing by a revised 1.0 percent (SAAR) in October, decreased by a preliminary estimate of 0.1 percent (SAAR) in November. The index's sole



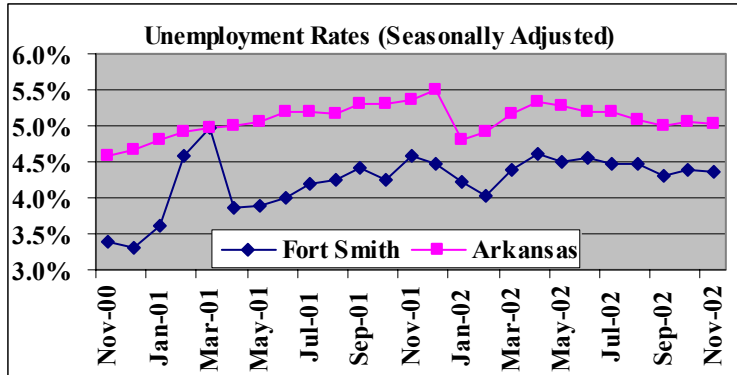
positive contributor was a 0.1 percent decrease in the state's unemployment rate to 5.0 percent in November. In November 2001, the state's unemployment rate was 5.4 percent. The national unemployment rate increased 0.3 percent to 6.0 percent in November. In November 2001, the national unemployment rate was 5.6 percent. For the month, non-farm employment in the state held steady at 1.153 million people. The index's sole negative contributor was a predicted 1.6 percent decrease in taxable sales in November.⁶ After increasing for four consecutive months, the Arkansas coincident index now stands at a preliminary estimate of 103.5, equal to its revised level in October. Since January 2002, the Arkansas coincident index has decreased 0.3 percent. Overall, the data suggest economic conditions in the state worsened marginally in November.

The Northwest Arkansas Index of Coincident Economic Indicators, after increasing by a revised 3.0 percent (SAAR) in October, increased by a preliminary estimate of 0.2 percent (SAAR) in November. The index's sole positive contributor was a 0.3 percent increase in non-farm



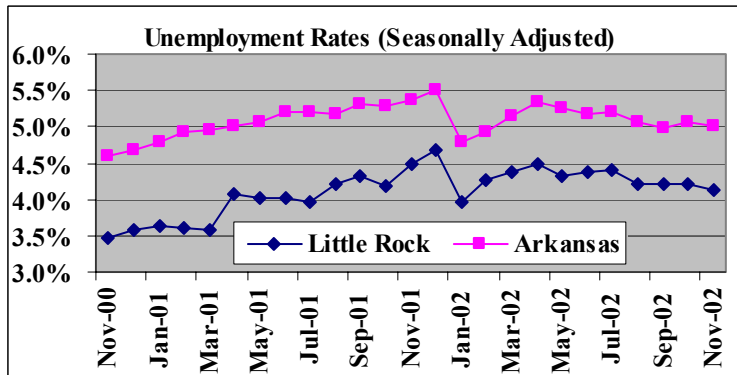
employment. The index's negative contributors, from larger to smaller contribution, were a predicted 3.5 percent decrease in taxable sales and a 0.1 percent increase in the MSA's unemployment rate to 2.3 percent in November. The unemployment rate in the Fayetteville-Springdale-Rogers MSA was 2.5 percent in November 2001. The Northwest Arkansas coincident index now stands at a preliminary estimate of 106.0, equal to its revised level in October. Since January 2002, the Northwest Arkansas coincident index has increased 0.6 percent. Overall, the data suggest economic conditions in Northwest Arkansas improved marginally in November.

The Fort Smith Index of Coincident Economic Indicators, after decreasing by a revised 0.6 percent (SAAR) in October, increased by a preliminary estimate of 0.3 percent (SAAR) in November. The index's sole positive contributor was a 0.2 percent increase in non-farm



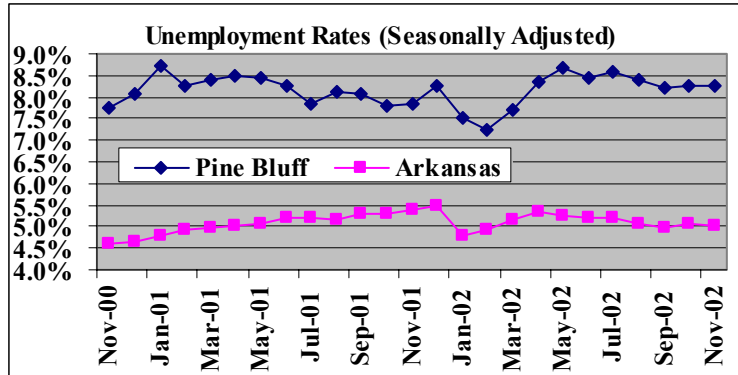
employment. For the month of November, the unemployment rate in the Fort Smith MSA held steady at 4.4 percent, down 0.2 percent from November 2001. The index's sole negative contributor was a predicted 2.7 percent decrease in taxable sales. The Fort Smith coincident index now stands at a preliminary estimate of 102.9, equal to its revised level in October and September. Since January 2002, the Fort Smith coincident index has decreased 1.2 percent. Overall, the data suggest economic conditions in the Fort Smith MSA improved marginally in November.

The Little Rock Index of Coincident Economic Indicators, after increasing by a revised 1.2 percent (SAAR) in October, decreased by a preliminary estimate of 0.3 percent (SAAR) in November. The index's sole positive contributor was a 0.1 percent decrease in the MSA's



unemployment rate to 4.1 percent. In November 2001, the unemployment rate for the Little Rock-North Little Rock MSA was 4.5 percent. The index's negative contributors were, from larger to smaller contribution, a 0.1 percent decrease in non-farm employment and a predicted 1.7 percent decrease in taxable sales. The Little Rock coincident index now stands at a preliminary estimate of 102.5, equal to its revised level in October. Since January 2002, the Little Rock coincident index has decreased 0.6 percent. Overall, the data suggest economic conditions in the Little Rock-North Little Rock MSA worsened marginally in November.

The Pine Bluff Index of Coincident Economic Indicators, after increasing by a revised 6.1 percent (SAAR) in October, decreased by a preliminary estimate of 0.6 percent (SAAR) in November. The unemployment rate in the Pine Bluff MSA held steady in November at 8.3 percent.



In November 2001, the unemployment rate for the MSA was 7.8 percent. The index’s negative contributors were, from larger to smaller contribution, a 0.1 percent decrease in non-farm employment and a predicted 0.8 percent decrease in taxable sales. The Pine Bluff coincident index now stands at a preliminary estimate of 99.9, down from its revised level of 100.0 in October. Since January 2002, the Pine Bluff coincident index has decreased 1.2 percent. Overall, the data suggest economic conditions in the Pine Bluff MSA worsened marginally in November.

¹ Source: The Conference Board

Note: “In light of substantial data revisions announced by the Bureau of Economic Analysis (BEA) in July, The Conference Board decided to undertake a mid-year benchmark of its composite economic indexes...Due to these revisions, month-to-month changes in the composite [national] indexes are no longer comparable to those issued prior to this benchmark.”

<http://www.globalindicators.org/US/LatestReleases/2002/Jul02.pdf>

The revisions noted in the Conference Board’s press release for May and June have been incorporated in the construction of the Arkansas Index of Leading Economic Indicators.

² Source: U.S. Census Bureau

³ Source: Arkansas Employment Security Department

⁴ Source for employment data: U.S. Commerce Department, Bureau of Labor Statistics

⁵ Source: Information Network of Arkansas

⁶ Source: Author’s manipulation of data provided by the Arkansas Department of Finance and Administration

Note: Data were seasonally adjusted using SAS ® Proc X11.