

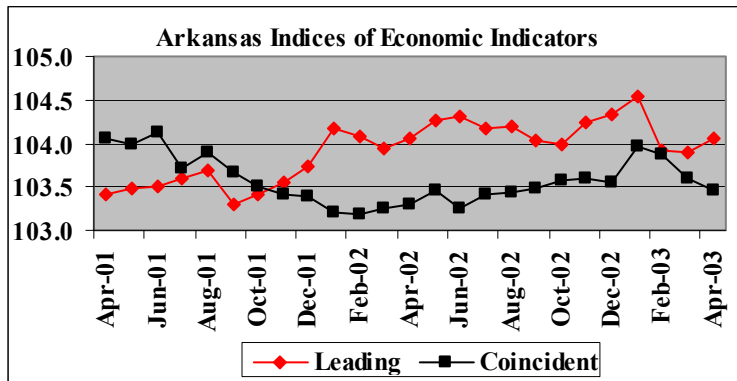


Forecasting Trends: Arkansas Indices of Economic Indicators, April 2003

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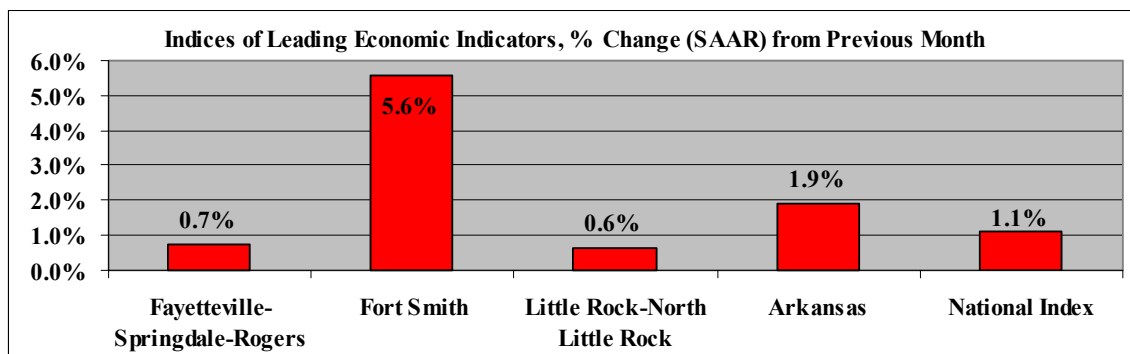
Forecasting Trends: Arkansas Indices of Economic Indicators, April 2003

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 1.9 percent

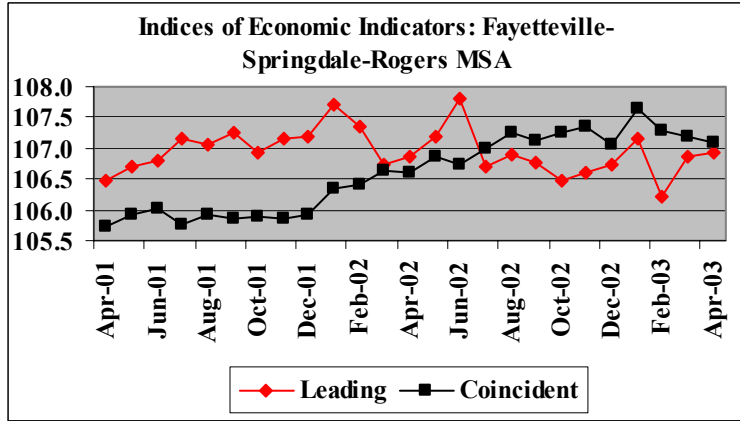


(SAAR) in April. The index's positive contributors were, from largest to smallest contribution, a 1.8 percent increase in average weekly manufacturing hours (AWMH) from a revised 39.4 hours in March to 40.1 hours in April,^{1,2} an 8.7 percent increase in the value of new, privately-owned residential building permits,³ a 0.4 percent increase in construction employment, and a 1.1 percent increase (SAAR) in the national index of leading economic indicators.⁴ The index's negative contributors were, from larger to smaller contribution, a 5.2 percent increase in the number of initial claims for unemployment insurance⁵ and a 1.9 percent decrease in the number of new incorporation registrations.⁶ The state's leading index now stands at a preliminary estimate of 104.1, up from its revised level of 103.9 in March. Overall, the data suggest moderate economic growth will occur in Arkansas in the fourth quarter of 2003.

The leading indices for all three metropolitan statistical areas (MSAs) experienced month-on-month gains in April. The leading index for the Fort Smith MSA performed relatively better than the state and national leading indices in April, increasing by 5.6 percent (SAAR). The leading index for the Fayetteville-Springdale-Rogers MSA, henceforth Northwest Arkansas, increased 0.7 percent (SAAR) in April, and the leading index for the Little Rock-North Little Rock MSA increased 0.6 percent (SAAR) for the month.

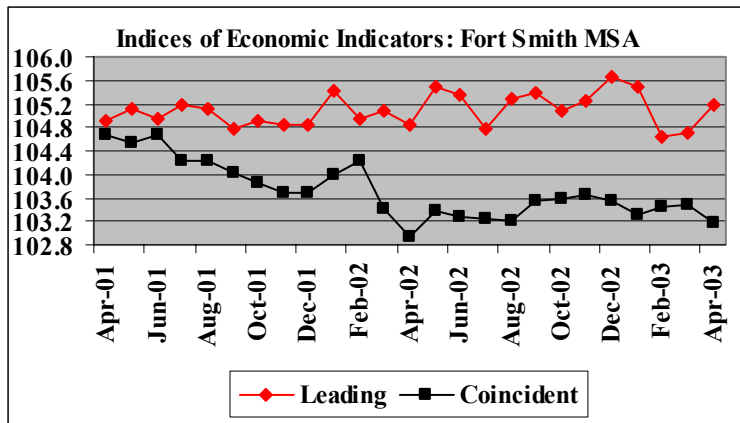


The Northwest Arkansas Index of Leading Economic Indicators, after increasing by a revised 7.6 percent (SAAR) in March, increased by a preliminary estimate of 0.7 percent (SAAR) in April. The index's positive contributors were, from larger to smaller contribution, the 1.9 percent (SAAR) increase in the



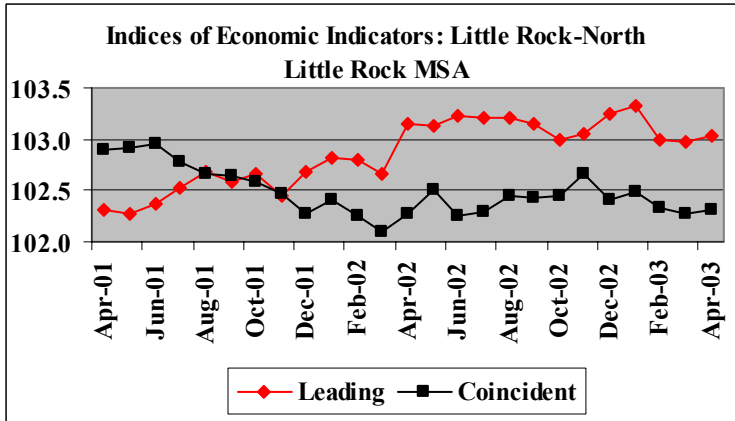
state's leading index and a 12.7 percent increase in the value of new, privately owned residential building permits. The index's negative contributors were, from larger to smaller contribution, a 1.7 percent decrease in AWMH from a revised 39.0 hours in March to 38.3 hours in April and a 0.2 percent decrease in construction employment. The Northwest Arkansas leading index now stands at a preliminary estimate of 106.9, equal to its revised level in March. Overall, the data suggest marginal economic growth will occur in Northwest Arkansas in the fourth quarter of 2003.

The Fort Smith Index of Leading Economic Indicators, after increasing by a revised 0.8 percent (SAAR) in March, increased by a preliminary estimate of 5.6 percent (SAAR) in April. All four of the index's components experienced month-on-month gains in April. From largest to smallest contribution, they



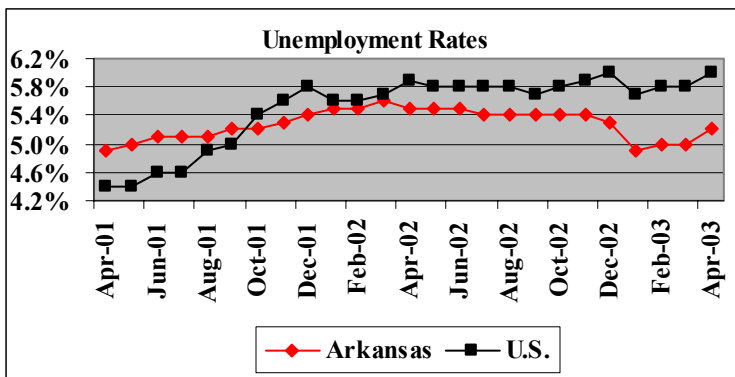
were a 3.3 percent increase in AWMH from a revised 40.5 hours in March to 41.8 hours in April, a 36.1 percent increase in the value of new, privately-owned residential building permits, the 1.9 percent (SAAR) increase in the state's leading index, and a 0.4 percent increase in construction employment. The Fort Smith leading index now stands at a preliminary estimate of 105.2, up from its revised level of 104.7 in March. Overall, the data suggest relatively strong economic growth will occur in the Fort Smith MSA in the fourth quarter of 2003.

The Little Rock Index of Leading Economic Indicators, after decreasing by a revised 0.3 (SAAR) percent in March, increased by a preliminary estimate of 0.6 percent (SAAR) in April. The index's positive contributors were, from larger to smaller contribution, a 3.6 percent increase in AWMH from a



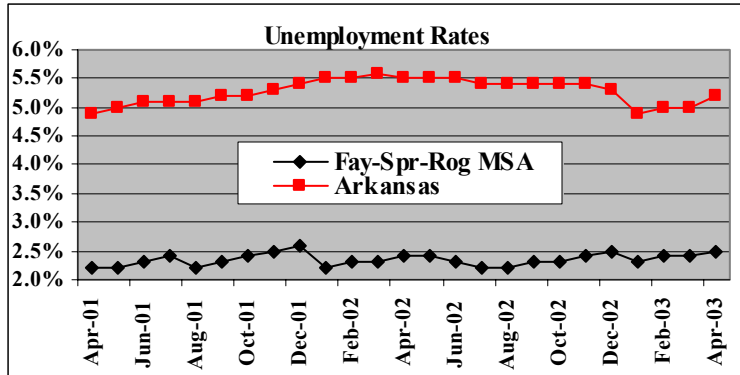
revised 41.5 hours in March to 43.0 hours in April and the 1.9 percent (SAAR) increase in the state's leading index. The index's negative contributors were, from larger to smaller contribution, a 27.9 percent decrease in the value of new, privately-owned residential building permits and a 0.2 percent decrease in construction employment. The Little Rock leading index now stands at a preliminary estimate of 103.0, equal to its revised level in February and March. Overall, the data suggest marginal economic growth will occur in the Little Rock-North Little Rock MSA in the fourth quarter of 2003.

The Arkansas Index of Coincident Economic Indicators, which gauges current economic conditions within the state, after decreasing by a revised 3.2 percent (SAAR) in March, decreased by a preliminary estimate of 1.4 percent (SAAR) in April. Non-farm employment in



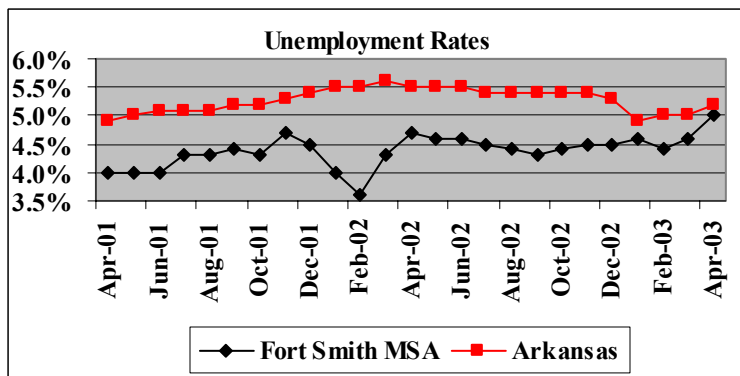
the state held steady at 1.15 million people in April. The index's negative contributors were, from larger to smaller contribution, a 0.2 percent increase in the state's unemployment rate to 5.2 percent in April⁷ and a predicted 0.1 percent decrease in taxable sales.⁸ The unemployment rate for the U.S. increased 0.2 percent to 6.0 percent in April. In April 2002, the national and state unemployment rates were 5.9 percent and 5.5 percent, respectively. The Arkansas coincident index now stands at a preliminary estimate of 103.5, down from its revised level of 103.6 in March. The Arkansas coincident has declined for three consecutive months; since April 2002, though, the index has increased 0.2 percent. Overall, the data suggest economic conditions in the state worsened moderately in April.

The Northwest Arkansas Index of Coincident Economic Indicators, after decreasing by a revised 0.9 percent (SAAR) in March, decreased by a preliminary estimate of 1.2 percent (SAAR) in April. The index's positive contributors were, from larger to smaller contribution, a predicted 1.1



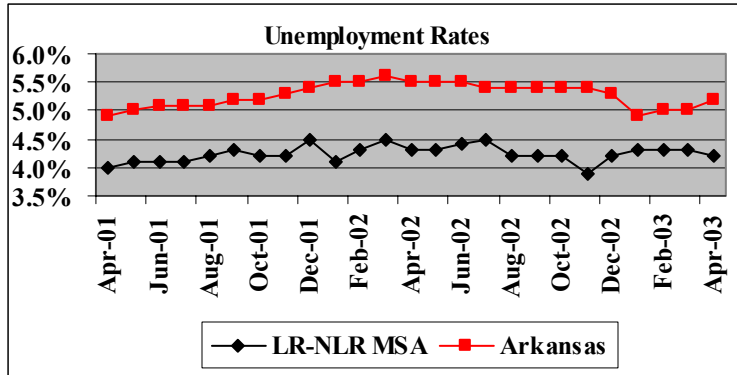
percent increase in taxable sales and a 0.1 percent increase in the MSA's non-farm employment level. The index's sole negative contributor was a 0.1 percent increase in the MSA's unemployment rate to 2.5 percent in April. In April 2002, the MSA's unemployment rate was 2.4 percent. The Northwest Arkansas coincident index now stands at a preliminary estimate of 107.1, down from its revised level of 107.2 in March. The Northwest Arkansas coincident index has declined for three consecutive months; since April 2002, though, the index has increased 0.4 percent. Overall, the data suggest economic conditions in Northwest Arkansas worsened moderately in April.

The Fort Smith Index of Coincident Economic Indicators, after increasing by a revised 0.3 percent (SAAR) in March, decreased by a preliminary estimate of 3.5 percent (SAAR) in April. The index's sole positive contributor was a predicted 0.1 percent increase in taxable sales. The index's



negative contributors were, from larger to smaller contribution, a 0.4 percent increase in the MSA's unemployment rate to 5.0 percent in April and a 0.2 percent decrease in the MSA's non-farm employment level. In April 2002, the MSA's unemployment rate was 4.7 percent. The Fort Smith coincident index now stands at a preliminary estimate of 103.2, down from its revised level of 103.5 in March. Since April 2002, the Fort Smith coincident index has increased 0.2 percent. Overall, the data suggest economic conditions in the Fort Smith MSA worsened considerably in April.

The Little Rock Index of Coincident Economic Indicators, after decreasing by a revised 0.5 percent (SAAR) in March, increased by a preliminary estimate of 0.3 percent (SAAR) in April. The index's positive contributors were, from larger to smaller contribution, a 0.1 percent



decrease in the MSA's unemployment rate to 4.2 percent in April and a predicted 0.4 percent increase in taxable sales. The MSA's unemployment rate in April 2002 was 4.3 percent. For the month, non-farm employment in the MSA held steady at 315,400 people. The Little Rock Coincident Index now stands at a preliminary estimate of 102.3, equal to its revised level in February and March. Overall, the data suggest economic conditions in the Little Rock-North Little Rock MSA improved marginally in April.

¹ Source for non-farm wage and employment data: U.S. Commerce Department, Bureau of Labor Statistics (BLS)

² Beginning with the January 2003 data, the BLS has converted the non-farm payroll data series for states and metropolitan areas from the 1987 Standard Industrial Classification (SIC) basis to the 2002 North American Industry Classification System basis. Moreover, the data now reflect March 2002 benchmark levels. To read more about these issues, go to <http://www.bls.gov/sae/saenaics.htm> and <http://www.bls.gov/sae/790notes.htm>.

³ Source: U.S. Census Bureau

⁴ Source: The Conference Board

⁵ Source: Arkansas Employment Security Department

⁶ Source: Information Network of Arkansas

⁷ "Labor force estimates for all states... have been revised to incorporate population controls reflecting the results of Census 2000, reestimation of models, and benchmarking to Current Population Survey annual averages. Labor force estimates for the remaining metropolitan areas have been revised to reflect updated inputs and the new statewide estimates. Data back to 2000 are subject to revision. Questions about these changes to the labor force data series can be directed to the Division of Local Area Unemployment Statistics at 202-691-6392." (BLS, <http://www.bls.gov/news.release/metro.nr0.htm>)

⁸ Source: Author's manipulation of data provided by the Arkansas Department of Finance and Administration

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