

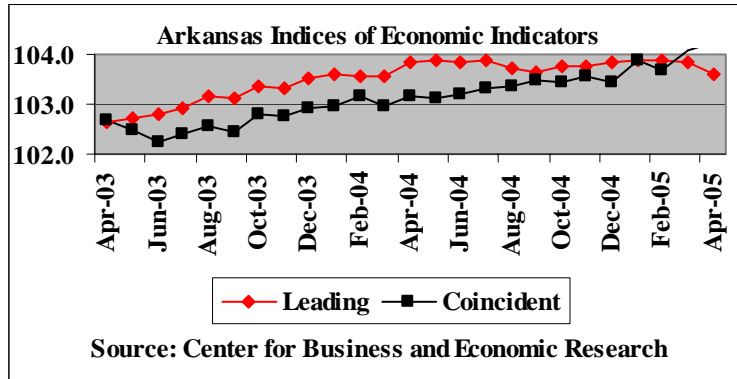


Forecasting Trends: Arkansas Indices of Economic Indicators, April 2005

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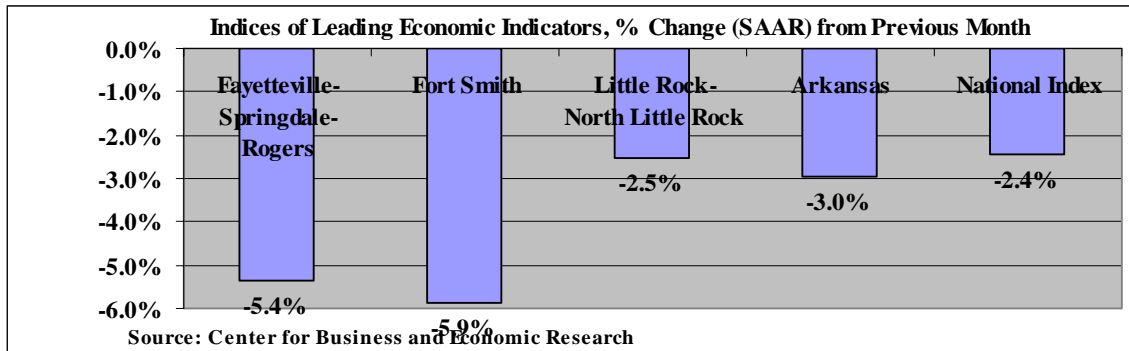
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After the revised seasonally adjusted annual rate (SAAR) declined by 0.4 percent in March the Arkansas Index of Leading Economic Indicators, which predicts economic conditions within the state six to nine months hence, declined by 3.0 percent in April. There were no

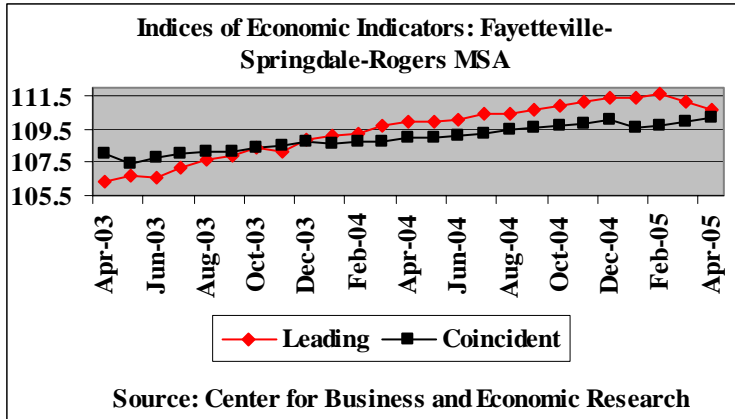


positive contributors to the index. The index's negative contributors, in decreasing order of importance, were a 24.8 percent (SAAR) decrease in the value of building permits, a 2.4 percent decline in the national index, a 0.9 percent (SAAR) decline in average weekly manufacturing hours (AWMH), an 8.5 percent (SAAR) decrease in the number of new incorporations, a 4.0 percent rise in the number of initial claims for unemployment and a 0.1 percent (SAAR) decline in construction employment. The state's leading index now stands at a preliminary estimate of 103.6, down from its revised level of 103.8 in March. Overall, the data imply the state will experience a slowing of economic activity in the final quarter of this year.

The leading index for the Fayetteville-Springdale-Rogers MSA,¹ henceforth Northwest Arkansas, experienced a month-on-month decline of 5.4 percent in April. The Little Rock-North Little Rock metropolitan statistical area (MSA)² index decreased by 2.5 percent and the Fort Smith³ leading index decreased by 5.9 percent from March to April. This marks the first month since August of 2004 that the leading indexes for the state and the three MSAs have all declined.

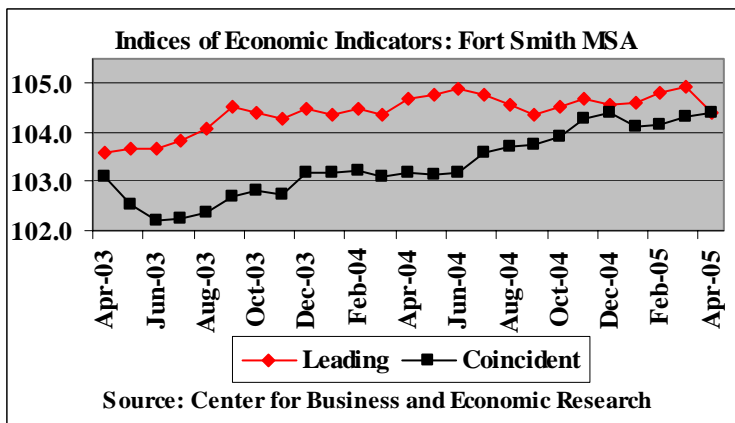


The Northwest Arkansas Index of Leading Economic Indicators, after decreasing by a revised 4.5 percent (SAAR) in March, declined by a preliminary estimate of 5.4 percent in April. The sole positive contributor to the index was a 0.6 percent increase in average weekly manufacturing hours. The negative contributors were



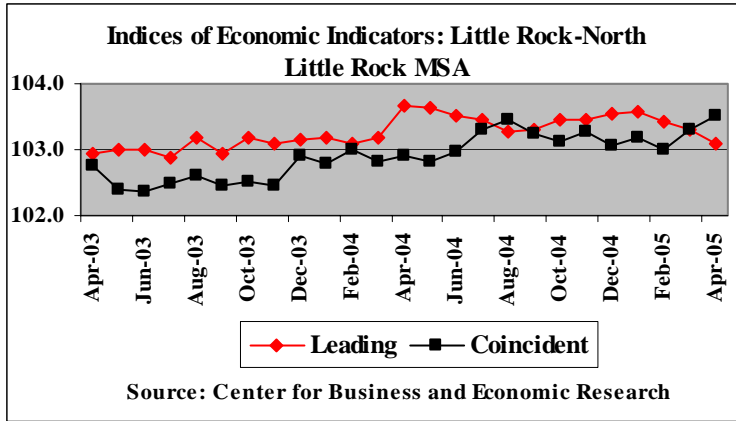
the 3.0 percent decline in the Arkansas index, a 19.4 percent drop in the value of building permits and a 1.0 percent decline in construction employment. The Northwest Arkansas leading index now stands at a preliminary estimate of 110.7, down from its revised level of 111.2 in March. Overall, the data imply the Fayetteville-Springdale-Rogers MSA will experience a slower pace of economic activity in the fourth quarter of this year.

The Fort Smith Index of Leading Economic Indicators, after increasing by a revised 1.3 percent (SAAR) in March, decreased by a preliminary estimate of 5.9 percent (SAAR) in April. The only positive contributor was a 0.3 percent increase in construction employment. The negative contributors

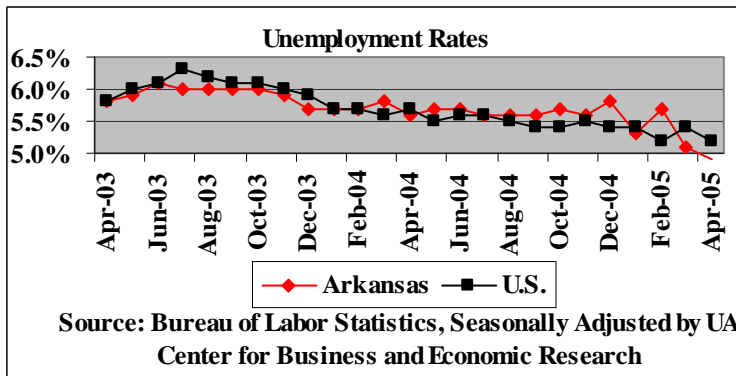


were a 58.1 percent drop in the value of building permits, the 3.0 percent decrease in the Arkansas index and a 2.2 percent decline in average weekly manufacturing hours. The Fort Smith leading index now stands at a preliminary estimate of 104.4, down from its revised level of 104.9 in March. Overall, the data imply a softening of economic activity in the Fort Smith MSA in the last few months of this year.

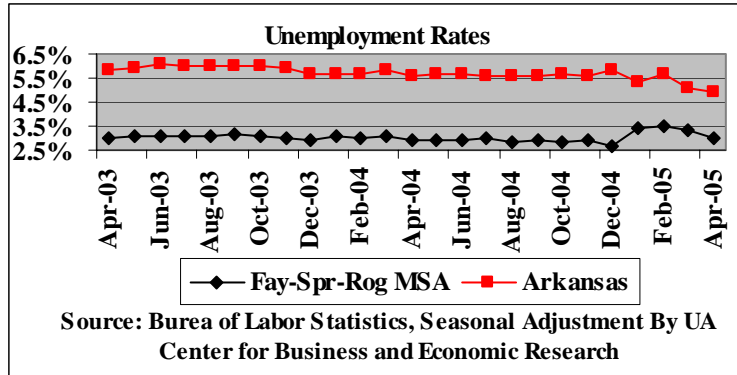
The Little Rock Index of Leading Economic Indicators, after declining by a revised 1.3 percent (SAAR) in March, decreased by a preliminary 2.5 percent in April. The index had no positive contributors. The negative contributors, in decreasing order of importance, were the 3.0 percent decline in the Arkansas index, an 18.8 percent decline in the value of building permits, a 1.3 percent decline in average weekly manufacturing hours and a 0.3 percent decrease in construction employment. The Little Rock leading index now stands at a preliminary estimate of 103.1, down from its revised level of 103.3 in March. Overall, the data imply that the economic pace will slow down a bit in the Little Rock-North Little Rock MSA in the fourth quarter.



The Arkansas Index of Coincident Economic Indicators, which gauges current economic conditions within the state, after rising by a revised 4.8 percent (SAAR) in March, rose by a preliminary estimate of 1.8 percent (SAAR) in April. The positive contributors were a 0.2 percent decrease in the unemployment rate and a 0.1 percent increase in non-farm employment. The sole negative contributor was a 0.9 percent decrease in taxable sales. The Arkansas coincident index now stands at a preliminary estimate of 104.2 up from the revised 104.1 in March. Overall, the data imply economic conditions in the state improved in April.

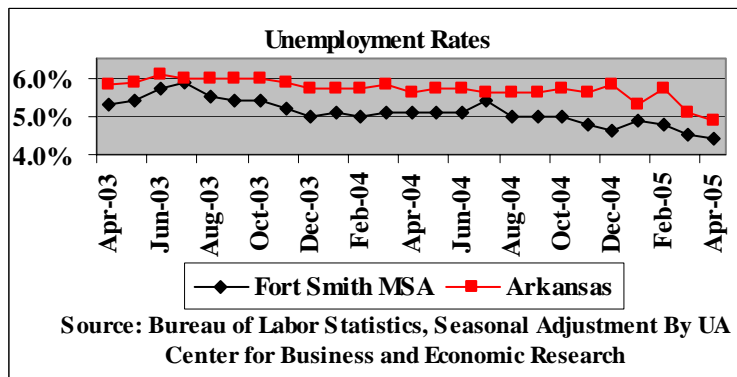


The Northwest Arkansas Index of Coincident Economic Indicators, after increasing by a revised 1.7 percent (SAAR) in March, rose by a preliminary estimate of 3.2 percent (SAAR) in April. The index's positive contributors were a 0.3 percent decline in the unemployment rate, a



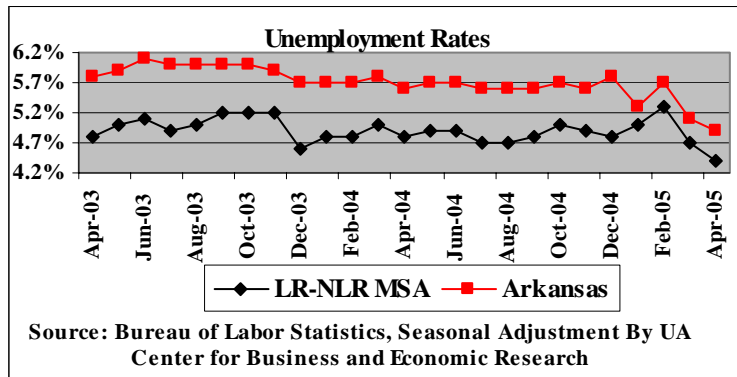
0.1 percent increase in non-farm employment and a 1.3 percent increase in taxable sales. There were no negative contributors. The Northwest Arkansas coincident index now stands at a preliminary estimate of 110.2, up from its revised level of 109.9 in March. Overall, the data imply the pace of economic activity quickened in the Fayetteville-Springdale-Rogers MSA in April.

The Fort Smith Index of Coincident Economic Indicators, after increasing by a revised 1.8 percent (SAAR) in March, increased by a preliminary estimate of 1.1 percent (SAAR) in April. The positive contributors were a 0.3 percent rise in non-farm employment and a 0.1



percent decline in the unemployment rate. The only negative contributor was a 2.5 percent decline in taxable sales. The Fort Smith coincident index now stands at a preliminary estimate of 104.4, up from its revised level of 104.3 in March. Overall, the data imply economic activity in the Fort Smith MSA picked up a bit in April.

The Little Rock Index of Coincident Economic Indicators, after rising by a revised 3.7 percent (SAAR) in March, rose by 2.3 percent in April. The positive contributor was a 0.3 percent decline in the unemployment rate. The negative contributor was a 0.6 percent decrease in taxable sales. Non-farm employment was unchanged. The Little Rock Coincident Index now stands at a preliminary estimate of 103.5, up from its revised level of 103.3 in March. Overall, the data indicate that the economy in the Little Rock-North Little Rock MSA improved during April.



¹ The Fayetteville-Springdale-Rogers MSA is defined for this paper to be Benton County, Arkansas and Washington County, Arkansas.

² The Little Rock-North Little Rock MSA is defined for this paper to be Faulkner County, Arkansas; Lonoke County, Arkansas; Pulaski County, Arkansas; and Saline County, Arkansas.

³ The Fort Smith MSA is defined for this paper to be Crawford County, Arkansas; Sebastian County, Arkansas; and Sequoyah County, Oklahoma.

⁸Source: Arkansas Secretary of State's Office