

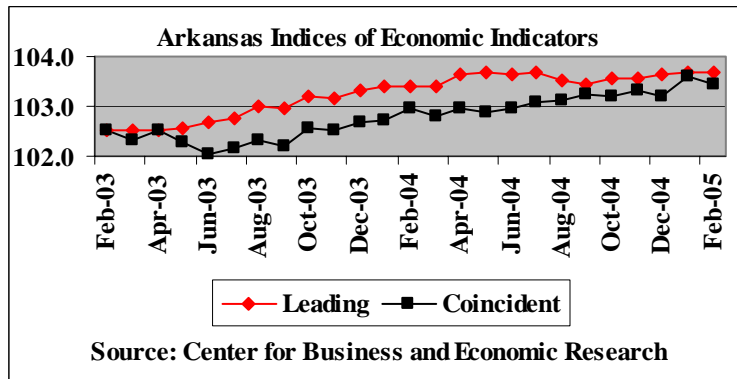


Forecasting Trends: Arkansas Indices of Economic Indicators, February 2005

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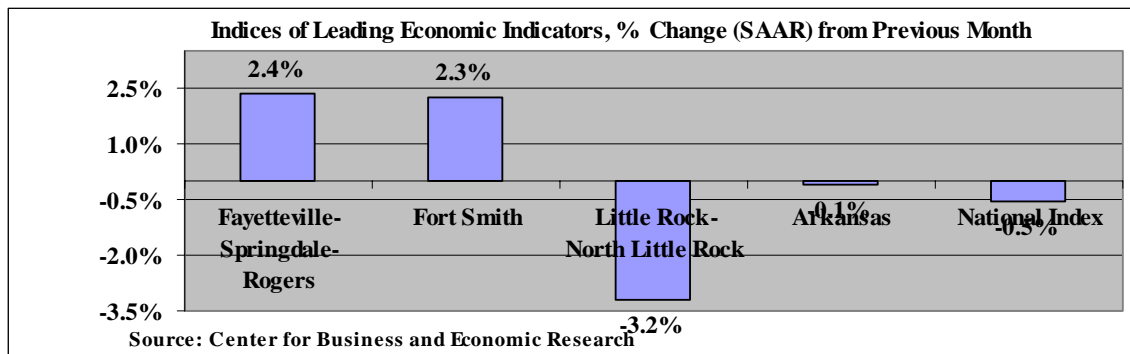
Forecasting Trends: Arkansas Indices of Economic Indicators, February 2005

After the revised seasonally adjusted annual rate (SAAR) increased by 0.6 percent in January the Arkansas Index of Leading Economic Indicators, which predicts economic conditions within the state six to nine months hence, declined by 0.1 percent in

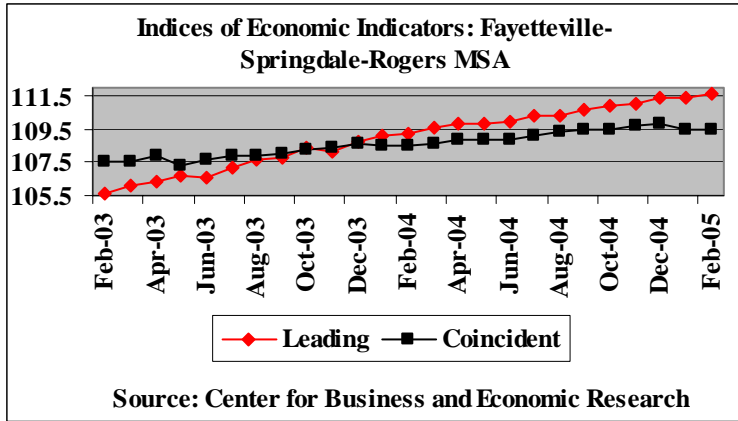


February. The index's positive contributors, in decreasing order of importance, were a 5.3 percent drop in the number of initial claims for unemployment and a 2.5 percent (SAAR) increase in the number of new incorporations. The negative contributors were a 0.5 percent (SAAR) decrease in average weekly manufacturing hours (AWMH), a 0.2 (SAAR) percent decline in construction employment and a 2.2 percent (SAAR) decline in the value of building permits. The state's leading index now stands at a preliminary estimate of 103.67, down very slightly from its revised level of 103.68 in January. Overall, the data imply the state will experience a mild slowing of economic activity in the August to November timeframe of this year.

The leading index for the Fayetteville-Springdale-Rogers MSA,¹ henceforth Northwest Arkansas, experienced a month-on-month rise of 2.4 percent in February. The Little Rock-North Little Rock metropolitan statistical area (MSA)² index decreased by 3.2 percent and the Fort Smith³ leading index increased by 2.3 percent from January to February.

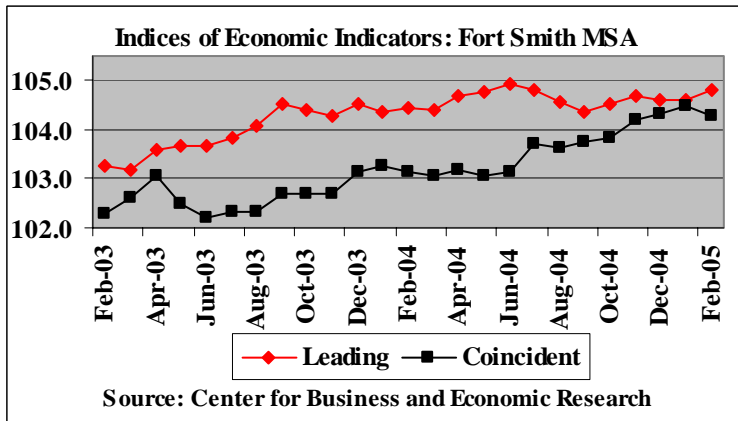


The Northwest Arkansas Index of Leading Economic Indicators, after increasing by a revised 0.4 percent (SAAR) in January, rose by a preliminary estimate of 2.4 percent in February. The index's positive contributors were a 44.5 percent increase in the value of building permits and a 0.2 percent increase in construction employment.



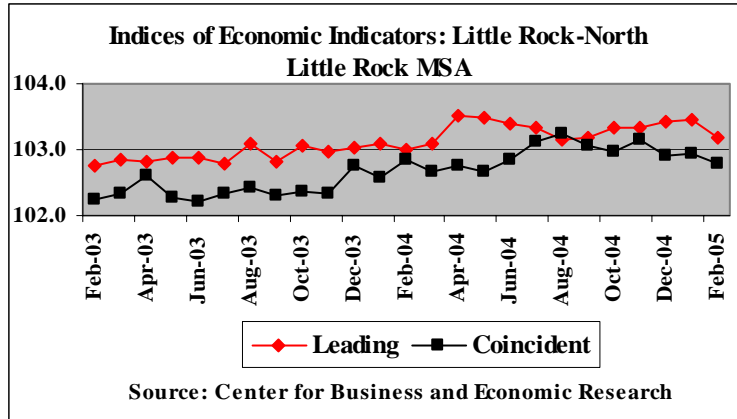
The negative contributors were a 0.6 percent decline in average weekly manufacturing hours and the 0.1 percent decline in the Arkansas index. The Northwest Arkansas leading index now stands at a preliminary estimate of 111.6, up from its revised level of 111.4 in January. Overall, the data imply the Fayetteville-Springdale-Rogers MSA will experience a boost in economic activity in the third quarter of this year.

The Fort Smith Index of Leading Economic Indicators, after increasing by a revised 0.1 percent (SAAR) in January, again increased by a preliminary estimate of 2.3 percent (SAAR) in February. The positive contributors were a 3.6 percent increase in average weekly manufacturing hours, a 0.7

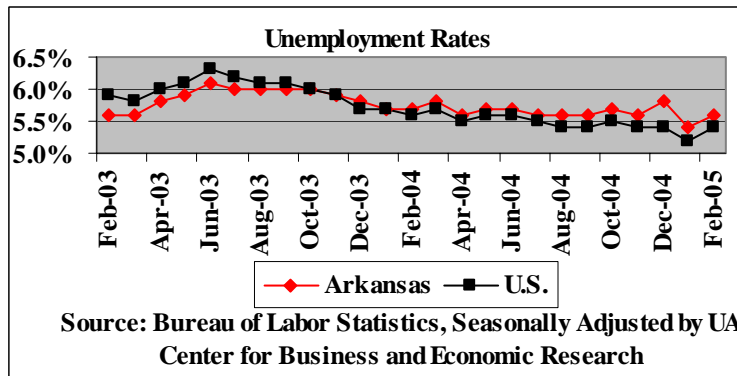


percent increase in construction employment and a 6.1 percent rise in the value of building permits. The only negative contributor was the 0.1 percent decline in the Arkansas index. The Fort Smith leading index now stands at a preliminary estimate of 104.8, up from its revised level of 104.6 in January. Overall, the data imply a pick-up of economic activity in the Fort Smith MSA in the Fall of this year.

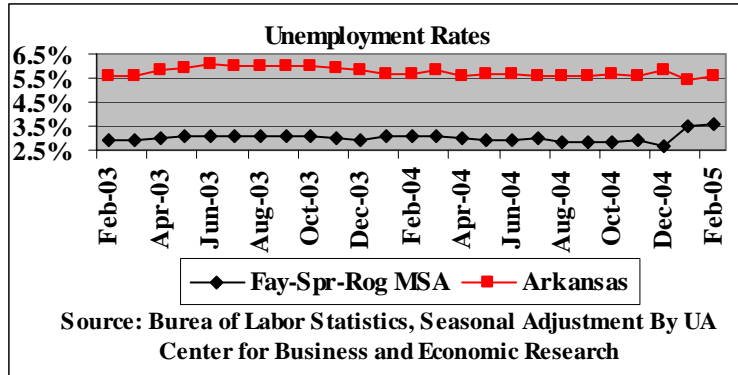
The Little Rock Index of Leading Economic Indicators, after rising by a revised 0.4 percent (SAAR) in January, fell by a preliminary 3.2 percent in February. The index had no positive contributors. The negative contributors, in decreasing order of importance, were a 5.8 percent decline in average weekly manufacturing hours, a 1.4 percent decrease in construction employment, an 8.4 percent decline in the value of building permits and the 0.1 percent decline in the Arkansas index. The Little Rock leading index now stands at a preliminary estimate of 103.2, down from its revised level of 103.5 in January. Overall, the data imply that the economic pace will slow down a bit in the Little Rock-North Little Rock MSA in the third quarter.



The Arkansas Index of Coincident Economic Indicators, which gauges current economic conditions within the state, after rising by a revised 4.9 percent (SAAR) in January, decreased by a preliminary estimate of 1.8 percent (SAAR) in February. The positive contributor was a 0.5 percent increase in taxable sales. The negative contributor was a 0.2 percent increase in the unemployment rate. Non-farm employment was unchanged for the month. The Arkansas coincident index now stands at a preliminary estimate of 103.5, down from the revised 103.6 in January. Overall, the data imply economic conditions in the state showed mild decline in February.

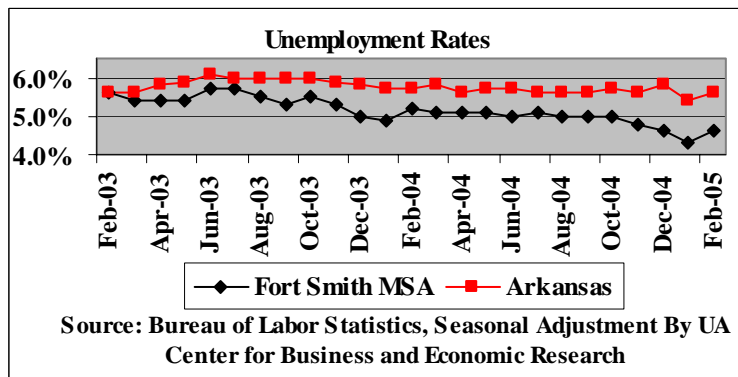


The Northwest Arkansas Index of Coincident Economic Indicators, after declining by a revised 4.5 percent (SAAR) in January, declined by a preliminary estimate of 0.1 percent (SAAR) in February. The index's positive contributors were a 7.8 percent increase in taxable sales and a 0.1



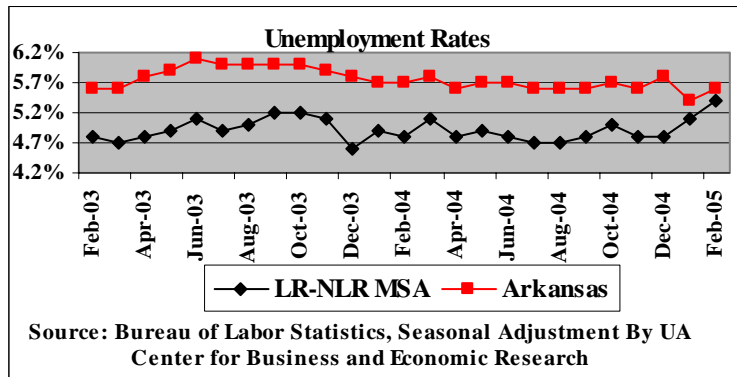
percent increase in non-farm employment. The negative contributor was a 0.1 percent rise in the unemployment rate. The Northwest Arkansas coincident index now stands at a preliminary estimate of 109.42, down from its revised level of 109.43 in January. Overall, the data imply the pace of economic activity slowed marginally in the Fayetteville-Springdale-Rogers MSA in February.

The Fort Smith Index of Coincident Economic Indicators, after increasing by a revised 1.6 percent (SAAR) in January, declined by a preliminary estimate of 2.2 percent (SAAR) in February. There were no positive contributors. The negative contributors were a 0.3



percent increase in the unemployment rate and a 1.3 percent decrease in taxable sales. Non-farm employment was unchanged. The Fort Smith coincident index now stands at a preliminary estimate of 104.3, down from its revised level of 104.5 in January. Overall, the data imply economic activity in the Fort Smith MSA slowed in February.

The Little Rock Index of Coincident Economic Indicators, after increasing by a revised 0.6 percent (SAAR) in January, declined by 1.8 percent in February. The positive contributor was a 1.5 percent rise in taxable sales. The negative contributor was a 0.3 percent increase



in the unemployment rate. Non-farm employment was unchanged for the month. The Little Rock Coincident Index now stands at a preliminary estimate of 102.8, down from its revised level of 102.9 in January. Overall, the data indicate that the pace of economic activity in the Little Rock-North Little Rock MSA slowed a bit during February.

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