

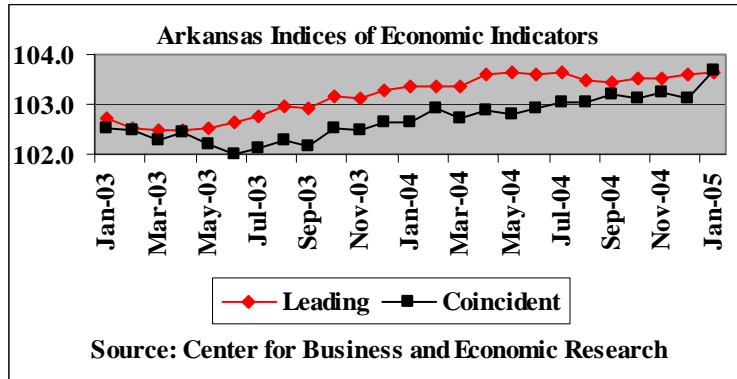


Forecasting Trends: Arkansas Indices of Economic Indicators, January 2005

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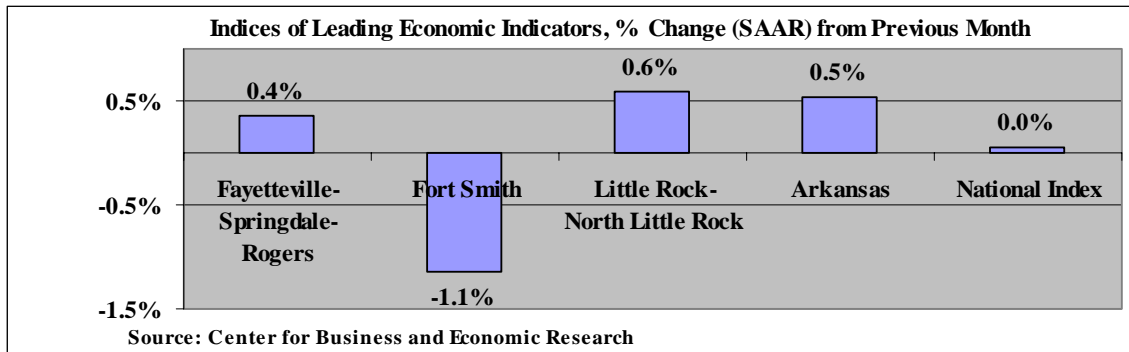
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After the revised seasonally adjusted annual rate (SAAR) increased by 0.8 percent in December the Arkansas Index of Leading Economic Indicators, which predicts economic conditions within the state six to nine months hence, increased by 0.5 percent in

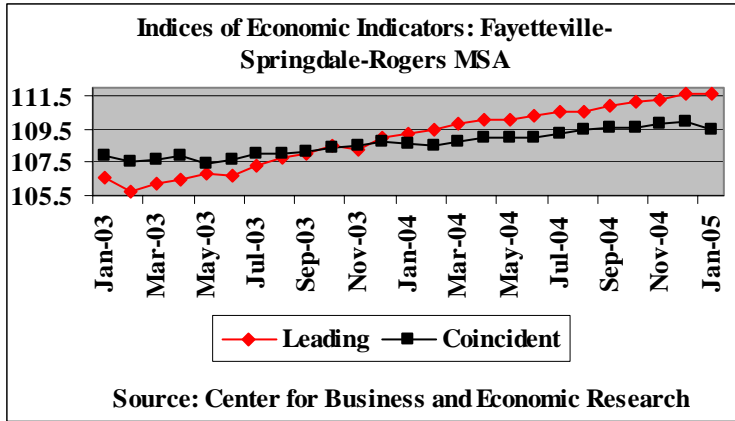


January. The index's positive contributors, in decreasing order of importance, were a 0.7 (SAAR) percent increase in construction employment, a 0.3 percent (SAAR) increase in average weekly manufacturing hours (AWMH) and a 2.1 percent (SAAR) increase in the value of building permits. The negative contributors were a 5.4 percent rise in the number of initial claims for unemployment and a 6.5 percent (SAAR) drop in the number of new incorporations. The state's leading index now stands at a preliminary estimate of 103.64, up slightly from its revised level of 103.60 in December. Overall, the data imply the state will experience a mild pick-up in economic activity in the September 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 0.4 percent in January. The Little Rock-North Little Rock metropolitan statistical area (MSA)² index increased by 0.6 percent and the Fort Smith³ leading index declined by 1.1 percent from December to January.

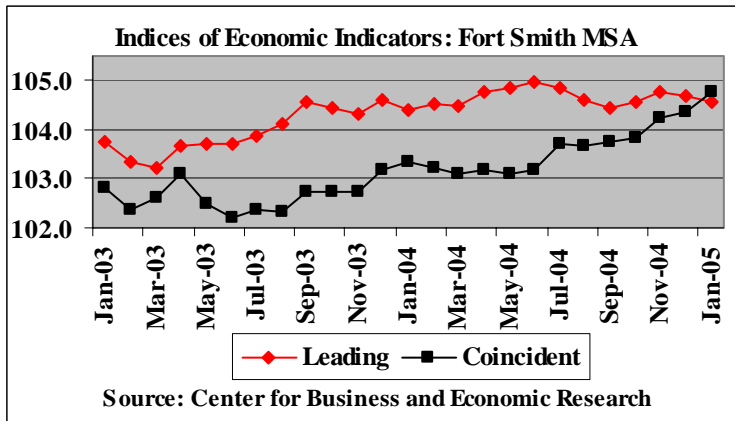


The Northwest Arkansas Index of Leading Economic Indicators, after increasing by a revised 3.8 percent (SAAR) in December, rose by a preliminary estimate of 0.4 percent in January. The index's positive contributors were a 0.8 percent increase in construction employment and the 0.5 percent increase in the Arkansas index. The



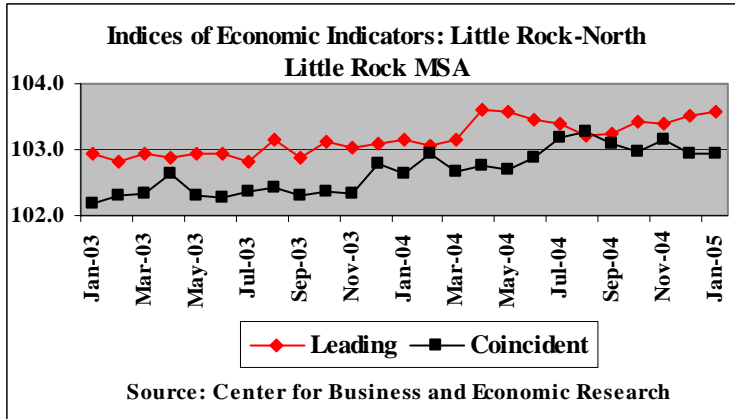
The negative contributors were a 1.1 percent decline in average weekly manufacturing hours and a 7.4 percent decrease in the value of building permits. The Northwest Arkansas leading index now stands at a preliminary estimate of 111.7, up from its revised level of 111.6 in December. Overall, the data imply the Fayetteville-Springdale-Rogers MSA will experience some boost in economic activity in the third quarter of this year.

The Fort Smith Index of Leading Economic Indicators, after declining by a revised 1.0 percent (SAAR) in December, again decreased by a preliminary estimate of 1.1 percent (SAAR) in January. The positive contributors were the 0.5 percent increase in the Arkansas index and a 0.1 percent increase in



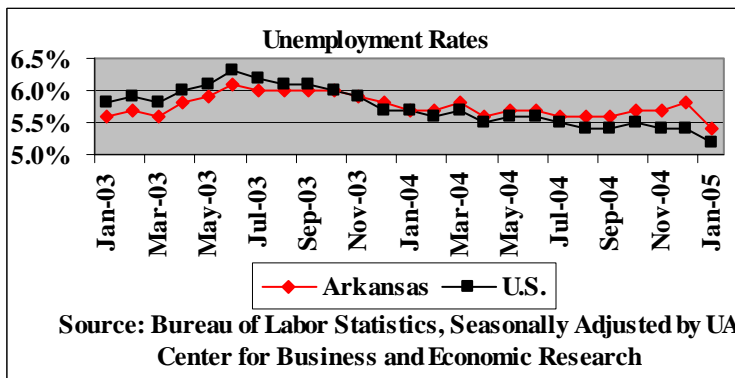
average weekly manufacturing hours. The negative contributors were a 31.8 percent drop in the value of building permits and a 0.3 percent decline in construction employment. The Fort Smith leading index now stands at a preliminary estimate of 104.6, down from its revised level of 104.7 in December. Overall, the data imply a mild slowing of economic activity in the Fort Smith MSA in the Fall of 2005.

The Little Rock Index of Leading Economic Indicators, after rising by a revised 1.3 percent (SAAR) in December, increased by a preliminary 0.6 percent in January. The index's positive contributors were a 1.3 percent increase in average weekly manufacturing hours and the 0.5 percent rise in the



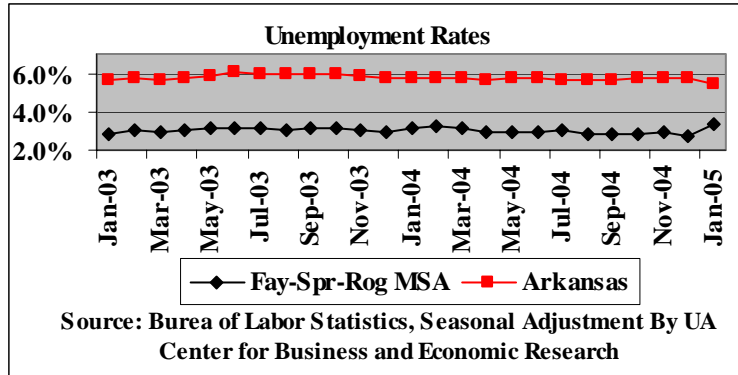
Arkansas index. Construction employment was unchanged. The only negative contributor was a 1.3 percent decline in the value of building permits. The Little Rock leading index now stands at a preliminary estimate of 103.6, up from its revised level of 103.5 in December. Overall, the data imply that the economic pace will pick up slightly 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 decreasing by a revised 1.3 percent (SAAR) in December, increased by a preliminary estimate of 6.7 percent (SAAR) in January.



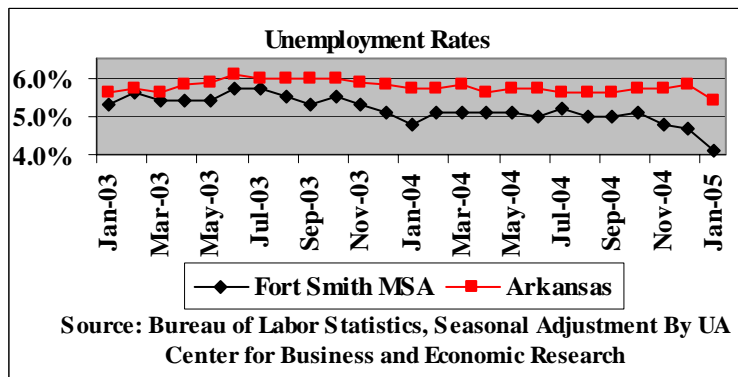
The positive contributors were a 0.4 percent decrease in the unemployment rate, a 13.8 percent rise in taxable sales and a 0.3 percent increase in non-farm employment. There were no negative contributors. The Arkansas coincident index now stands at a preliminary estimate of 103.7, up from the revised 103.1 in December. Overall, the data imply economic conditions in the state showed solid improvement in January.

The Northwest Arkansas Index of Coincident Economic Indicators, after increasing by a revised 1.8 percent (SAAR) in December, declined by a preliminary estimate of 4.9 percent (SAAR) in January. The index's positive contributors were a 0.3 percent increase in non-farm



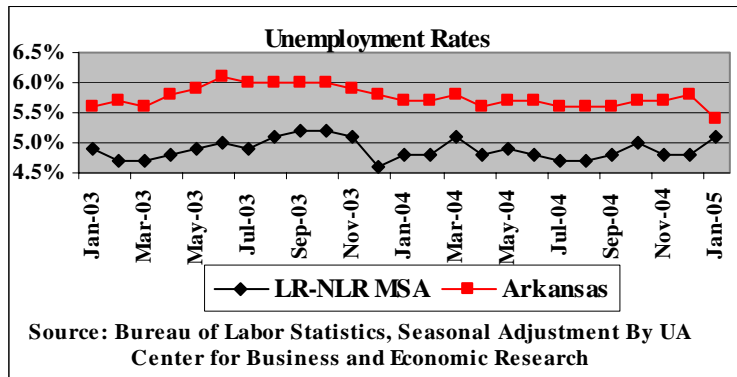
employment and a 4.1 percent increase in taxable sales. The sole negative contributor was a 0.7 percent rise in the unemployment rate. The Northwest Arkansas coincident index now stands at a preliminary estimate of 109.5, down from its revised level of 110.0 in December. Overall, the data imply the pace of economic activity noticeably slowed in the Fayetteville-Springdale-Rogers MSA in January.

The Fort Smith Index of Coincident Economic Indicators, after increasing by a revised 1.5 percent (SAAR) in December, rose by a preliminary estimate of 4.7 percent (SAAR) in January. The positive contributors were a 0.6 percent decrease in the unemployment rate and a



0.2 percent increase in non-farm employment. The negative contributor was a 0.3 percent decrease in taxable sales. The Fort Smith coincident index now stands at a preliminary estimate of 104.8, up from its revised level of 104.4 in December. Overall, the data imply economic activity in the Fort Smith MSA improved measurably in January.

The Little Rock Index of Coincident Economic Indicators, after decreasing by a revised 2.5 percent (SAAR) in December, declined by 0.1 percent in January. The positive contributors were a 0.3 percent increase in non-farm employment and a 4.4 percent rise in taxable sales.



The sole negative contributor was a 0.3 percent increase in the unemployment rate. The Little Rock Coincident Index now stands at a preliminary estimate of 102.93, down very marginally from its revised level of 102.94 in December. Overall, the data indicate that the pace of economic activity in the Little Rock-North Little Rock MSA was essentially unchanged from December.

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