

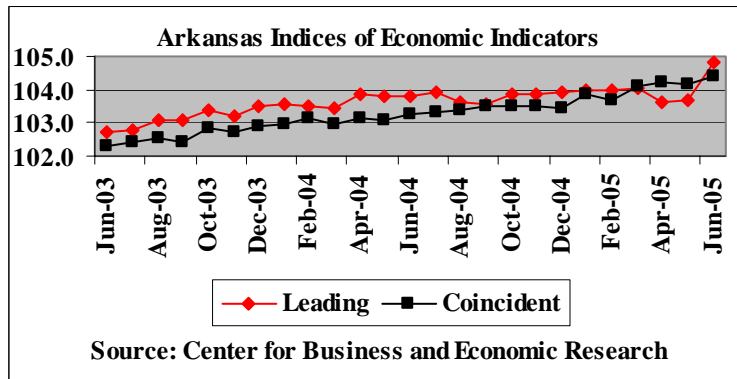


Forecasting Trends: Arkansas Indices of Economic Indicators, June 2005

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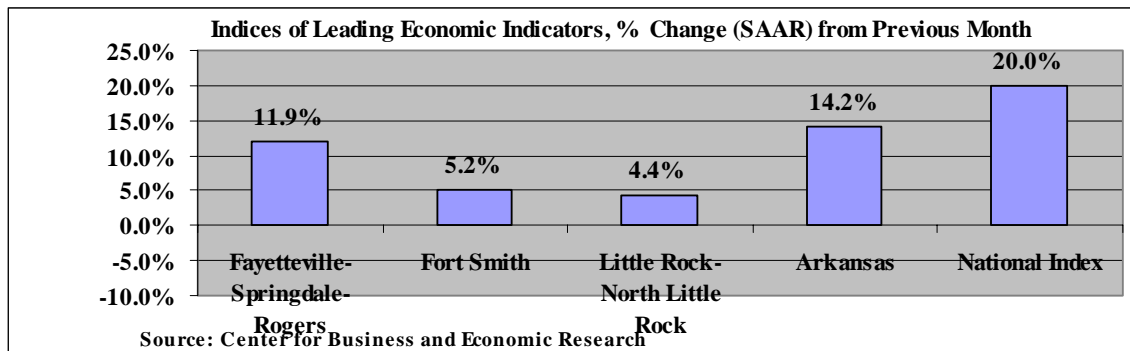
Forecasting Trends: Arkansas Indices of Economic Indicators, June 2005

After the revised seasonally adjusted annual rate (SAAR) increased by 0.4 percent in May the Arkansas Index of Leading Economic Indicators, which predicts economic conditions within the state six to nine months hence, increased by 14.2 percent in June. The index's positive contributors

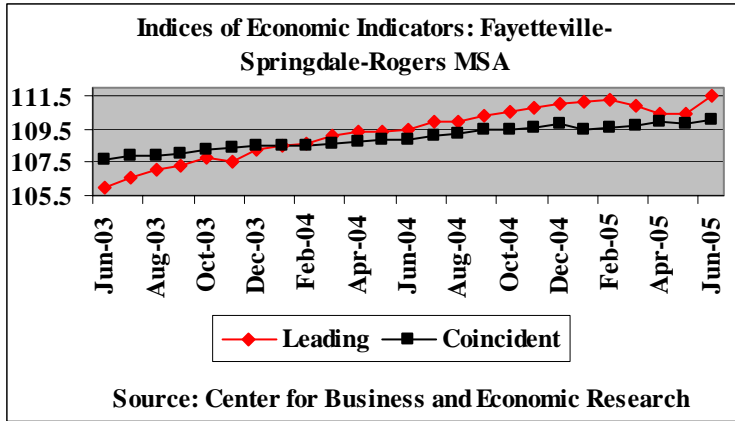


in decreasing order of importance were a 20.0 percent increase in the national index of leading economic indicators, a 16.8 percent increase in the number of building permits, and a 9.5 percent increase in the value of building permits. Construction employment was flat in the state in June. The index's negative contributors, in decreasing order of importance, were a 9.1 percent increase in the number of initial claims for unemployment, a 0.3 percent decline in average weekly manufacturing hours (AWMH), and a 2.9 percent decline in new incorporations. The state's leading index now stands at a preliminary estimate of 104.8, up from its revised level of 103.7 in May. Overall, the data imply the state will experience an increase in economic activity in the first quarter of next year.

The leading index for the Fayetteville-Springdale-Rogers MSA,¹ henceforth Northwest Arkansas, experienced a month-on-month increase of 11.9 percent in June. The Little Rock-North Little Rock metropolitan statistical area (MSA)² index increased by 4.4 percent and the Fort Smith³ leading index increased by 5.2 percent from May to June.

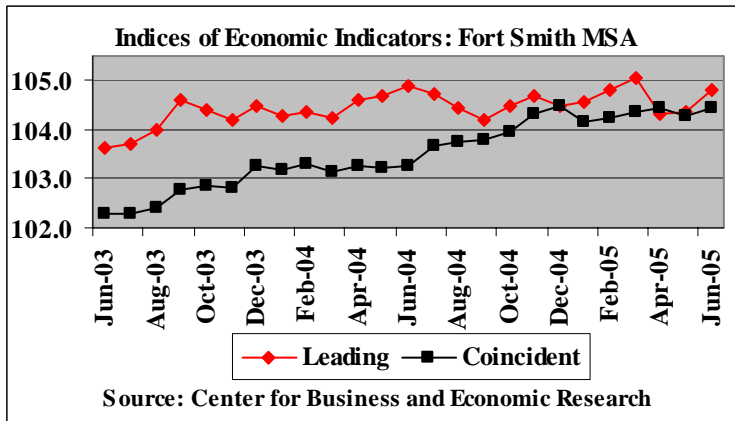


The Northwest Arkansas Index of Leading Economic Indicators, after increasing by a revised 1.2 percent (SAAR) in May, increased by a preliminary estimate of 11.9 percent in June. The positive contributors to the index were a 1.1 percent increase in the state index of leading economic indicators, a 1.8 percent increase in



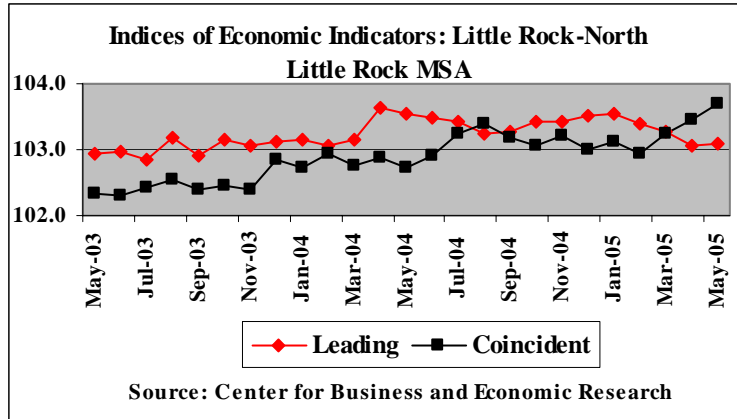
average weekly manufacturing hours (AWMH), and a 0.4 percent increase in construction employment. The negative contributor was a 2.4 percent decline in the value of building permits. The Northwest Arkansas leading index now stands at a preliminary estimate of 111.5, up from 110.5 in May. Overall, the data imply the Fayetteville-Springdale-Rogers MSA will experience an increase in the pace of economic activity in the first quarter of next year.

The Fort Smith Index of Leading Economic Indicators, after increasing by a revised 0.4 percent (SAAR) in May, increased by a preliminary estimate of 5.2 percent (SAAR) in June. The only positive contributor was a 1.1 percent increase in the state index of leading economic

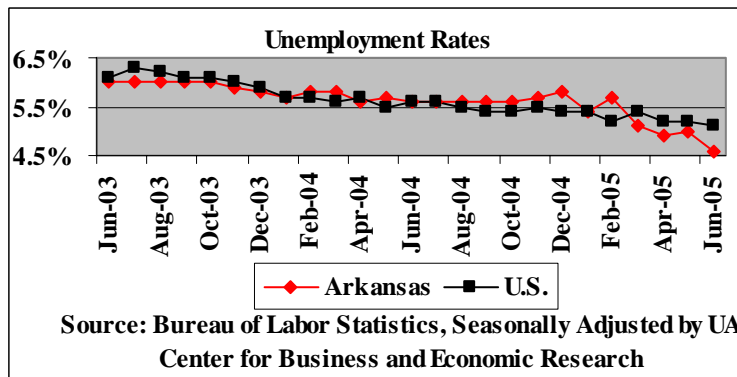


indicators. The negative contributors were a 29.7 percent decline in the value of building permits, a 1.1 percent decline in average weekly manufacturing hours and a 0.6 percent decline in construction employment. The Fort Smith leading index now stands at a preliminary estimate of 104.8, up from its revised level of 104.4 in May. Overall, the data imply improving economic activity in the Fort Smith MSA in the first quarter of 2006.

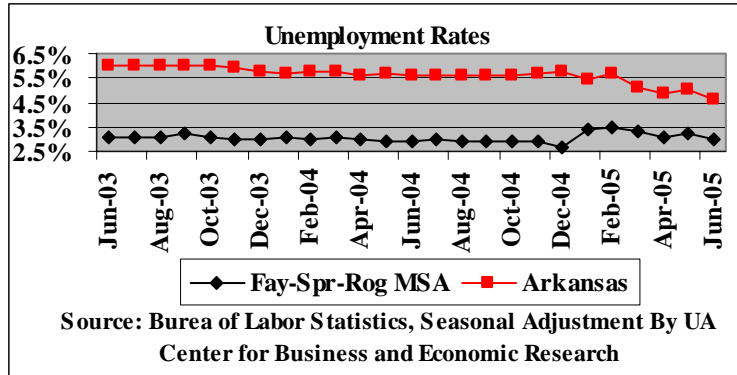
The Little Rock Index of Leading Economic Indicators, after increasing by a revised 0.5 percent (SAAR) in May, increased by a preliminary 4.4 percent in June. The positive contributors to the index in decreasing order of importance were a 1.1 percent increase in the state index of leading economic indicators and a 15.7 percent increase in the value of building permits. Construction employment was basically unchanged in June. The sole negative contributor was a 0.7 percent decline in average weekly manufacturing hours (AWMH). The Little Rock leading index now stands at a preliminary estimate of 103.3, up from its revised level of 103.0 in May. Overall, the data imply that the economic pace will pick up in the first quarter of 2006.



The Arkansas Index of Coincident Economic Indicators, which gauges current economic conditions within the state, after declining by a revised 0.6 percent (SAAR) in May, increased by a preliminary estimate of 3.1 percent (SAAR) in June. The positive contributors were a 0.4 percent decline in the state unemployment rate and a 0.1 percent increase in non-farm employment. The sole negative contributor was a 1.0 percent decline in taxable sales. The Arkansas coincident index now stands at a preliminary estimate of 104.4 up from the revised 104.2 in May. Overall, the data imply economic conditions in the state were up slightly in June.

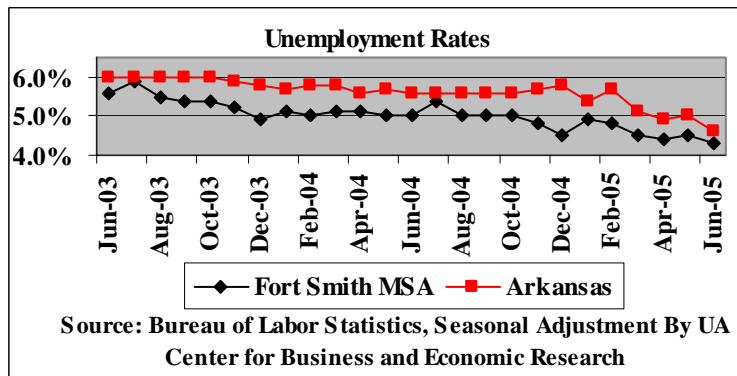


The Northwest Arkansas Index of Coincident Economic Indicators, after declining by a revised 0.8 percent (SAAR) in May, increased by a preliminary estimate of 2.2 percent (SAAR) in June. The index's positive contributors were a 0.2 percent decline in the region's unemployment rate,



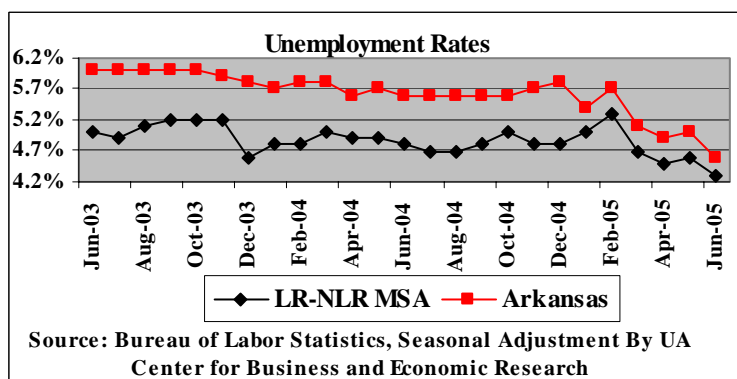
and a 5.7 percent increase in taxable sales, and a 0.1 percent increase in non-farm employment. The Northwest Arkansas coincident index now stands at a preliminary estimate of 110.1, up from its revised level of 109.9 in May. Overall, the data imply the pace of economic activity was steady in the Fayetteville-Springdale-Rogers MSA in June.

The Fort Smith Index of Coincident Economic Indicators, after declining by a revised 1.9 percent (SAAR) in May, increased by a preliminary estimate of 2.0 percent (SAAR) in June. The positive contributors were a 0.2 percent decline in the local unemployment rate and a 3.1 percent increase in taxable sales.



The sole negative contributor was a 0.1 percent decline in non-farm employment. The Fort Smith coincident index now stands at a preliminary estimate of 104.5, up from its revised level of 104.3 in May. Overall, the data imply economic activity in the Fort Smith MSA was steady in May.

The Little Rock Index of Coincident Economic Indicators, after rising by a revised 2.9 percent (SAAR) in May, rose by 3.0 percent in June. The positive contributors were a 0.3 percent decline in the local unemployment rate, and a 0.2 percent increase in non-farm employment.



The negative contributor was a 1.2 percent decline in taxable sales. The Little Rock Coincident Index now stands at a preliminary estimate of 104.8, up from its revised level

of 103.7 in May. Overall, the data indicate that the economy in the Little Rock-North Little Rock MSA improved a bit during June.

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