

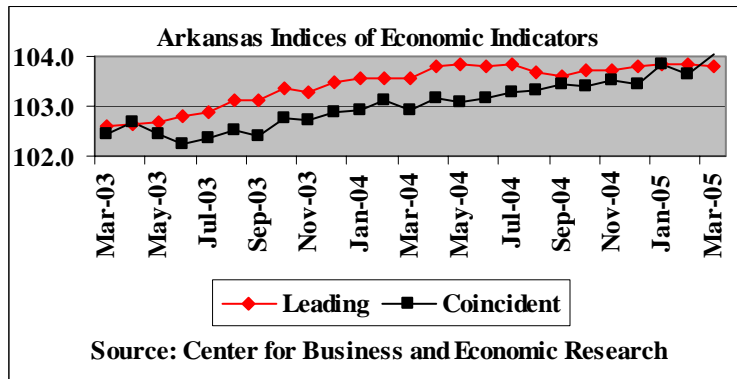


**Forecasting Trends: Arkansas Indices of Economic Indicators, March 2005**

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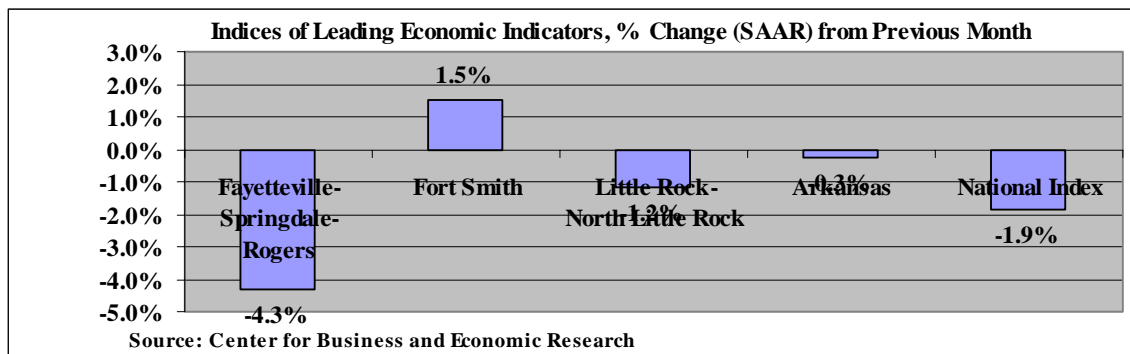
## Forecasting Trends: Arkansas Indices of Economic Indicators, March 2005

After the revised seasonally adjusted annual rate (SAAR) declined by 0.1 percent in February the Arkansas Index of Leading Economic Indicators, which predicts economic conditions within the state six to nine months hence, declined by 0.3 percent in March. The index's positive

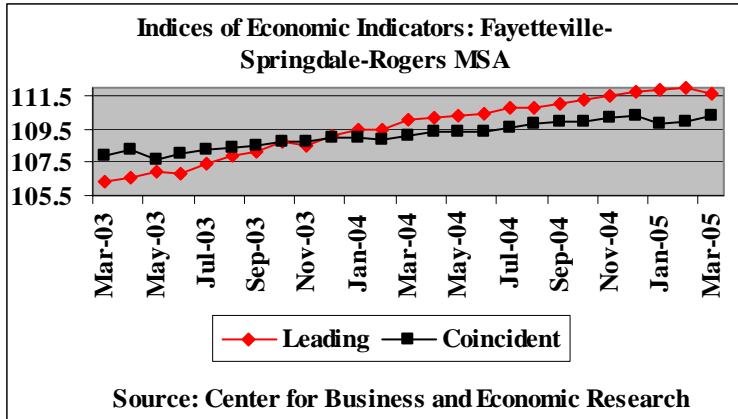


contributors, in decreasing order of importance, were a 0.5 (SAAR) percent rise in construction employment, a 6.8 percent (SAAR) increase in the number of new incorporations and a 0.3 percent (SAAR) increase in average weekly manufacturing hours (AWMH). The negative contributors were a 1.9 percent decline in the national index, a 2.8 percent increase in the number of initial claims for unemployment (SAAR) and a 1.4 percent (SAAR) decrease in the value of building permits. The state's leading index now stands at a preliminary estimate of 103.82, down very slightly from its revised level of 103.84 in February. Overall, the data imply the state will experience a mild slowing of economic activity in the September to December timeframe of this year.

The leading index for the Fayetteville-Springdale-Rogers MSA,<sup>1</sup> henceforth Northwest Arkansas, experienced a month-on-month decline of 4.3 percent in March. The Little Rock-North Little Rock metropolitan statistical area (MSA)<sup>2</sup> index decreased by 1.2 percent and the Fort Smith<sup>3</sup> leading index increased by 1.5 percent from February to March.

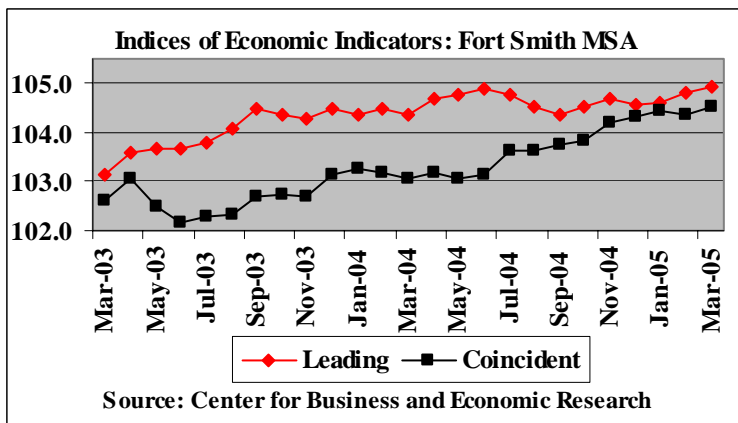


The Northwest Arkansas Index of Leading Economic Indicators, after increasing by a revised 2.0 percent (SAAR) in February, declined by a preliminary estimate of 4.3 percent in March. The index had no positive contributors. The negative contributors were a 24.4 percent drop in the value of building permits, a



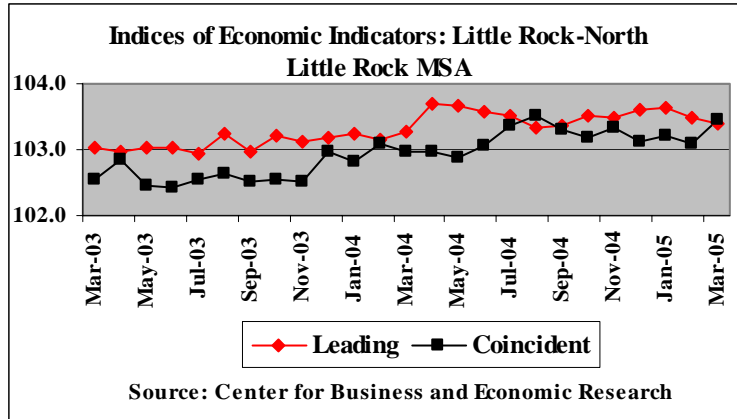
1.6 percent decline in average weekly manufacturing hours, a 0.5 percent decline in construction employment and the 0.3 percent decline in the Arkansas index. The Northwest Arkansas leading index now stands at a preliminary estimate of 111.6, down from its revised level of 112.0 in February. Overall, 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 2.4 percent (SAAR) in February, again increased by a preliminary estimate of 1.5 percent (SAAR) in March. The positive contributors were a 3.4 percent increase in average weekly manufacturing hours and an 18.5

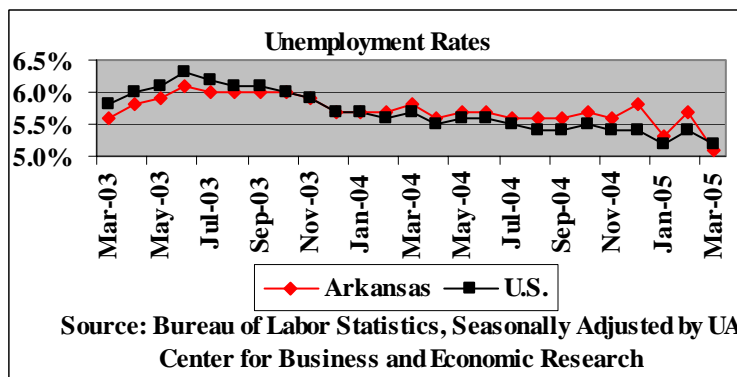


percent rise in the value of building permits. The negative contributors were a 0.6 percent decline in construction employment and the 0.3 percent decrease in the Arkansas index. The Fort Smith leading index now stands at a preliminary estimate of 104.9, up from its revised level of 104.8 in February. Overall, the data imply a slight acceleration of economic activity in the Fort Smith MSA in the last few months of this year.

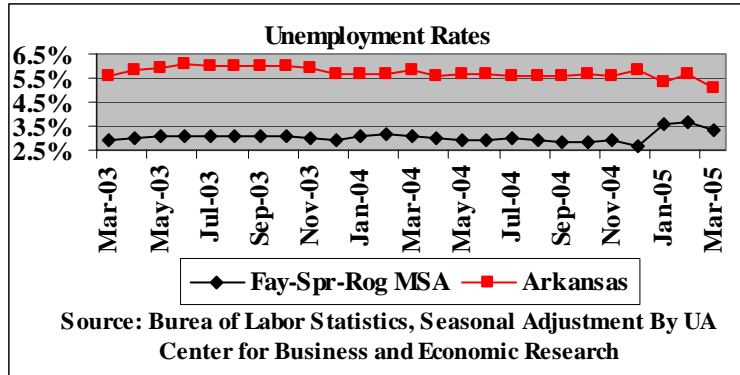
The Little Rock Index of Leading Economic Indicators, after declining by a revised 1.7 percent (SAAR) in February, decreased by a preliminary 1.2 percent in March. The index's only positive contributor was a 1.0 percent increase in the value of building permits. The negative contributors, in decreasing order of importance, were a 1.0 percent decrease in construction employment, a 0.7 percent decline in average weekly manufacturing hours and the 0.3 percent decline in the Arkansas index. The Little Rock leading index now stands at a preliminary estimate of 103.4, down from its revised level of 103.5 in February. 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 declining by a revised 2.3 percent (SAAR) in February, rose by a preliminary estimate of 4.8 percent (SAAR) in March. The positive contributors were a 0.6 percent decrease in the unemployment rate, a 0.1 percent increase in no-farm employment and a 2.6 percent increase in taxable sales. There were no negative contributors. The Arkansas coincident index now stands at a preliminary estimate of 104.0 up from the revised 103.6 in February. Overall, the data imply economic conditions in the state improved in March.

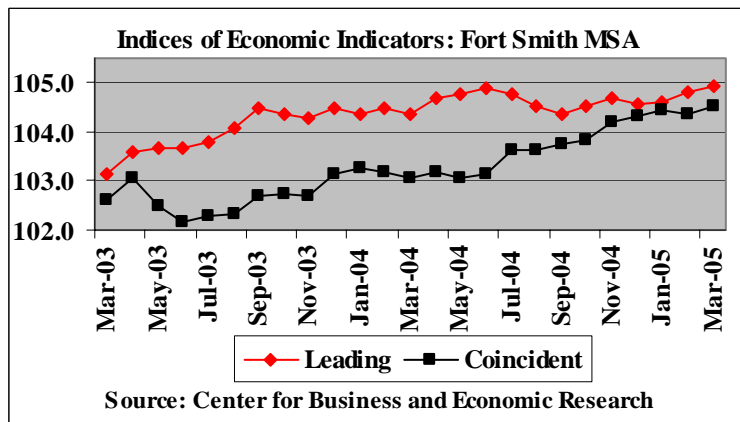


The Northwest Arkansas Index of Coincident Economic Indicators, after increasing by a revised 0.6 percent (SAAR) in February, rose by a preliminary estimate of 4.1 percent (SAAR) in March. The index's positive contributors were a 0.4 percent decline in the



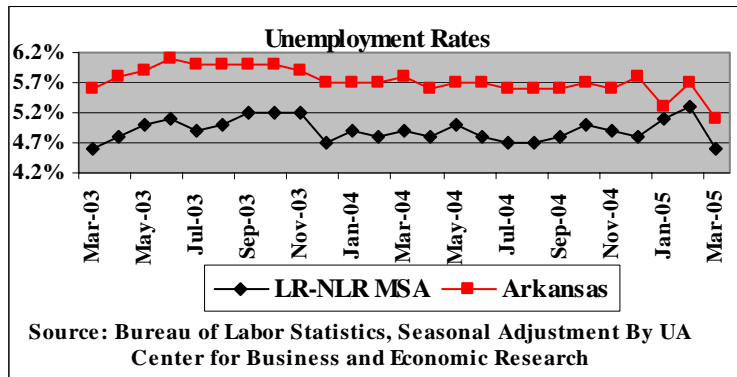
unemployment rate and a 0.3 percent increase in non-farm employment. The only negative contributor was a 2.8 percent decline in taxable sales. The Northwest Arkansas coincident index now stands at a preliminary estimate of 110.3, up from its revised level of 109.9 in February. Overall, the data imply the pace of economic activity quickened in the Fayetteville-Springdale-Rogers MSA in March.

The Fort Smith Index of Coincident Economic Indicators, after declining by a revised 1.2 percent (SAAR) in February, increased by a preliminary estimate of 1.9 percent (SAAR) in March. The positive contributors were a 0.4 percent decline in the unemployment rate and a 4.0 percent increase in



taxable sales. The only negative contributor was a 0.5 percent decrease 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 February. Overall, the data imply economic activity in the Fort Smith MSA picked up a bit in March.

The Little Rock Index of Coincident Economic Indicators, after declining by a revised 1.5 percent (SAAR) in February, rose by 4.4 percent in March. The positive contributor was a 0.7 percent fall in the unemployment rate. The negative contributors were a 0.2 percent decline in non-



farm employment and a 1.0 percent decrease in taxable sales. The Little Rock Coincident Index now stands at a preliminary estimate of 103.4, up from its revised level of 103.1 in February. Overall, the data indicate that the pace of economic activity in the Little Rock-North Little Rock MSA improved during March.

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

<sup>2</sup> 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.

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

<sup>8</sup>Source: Arkansas Secretary of State's Office