

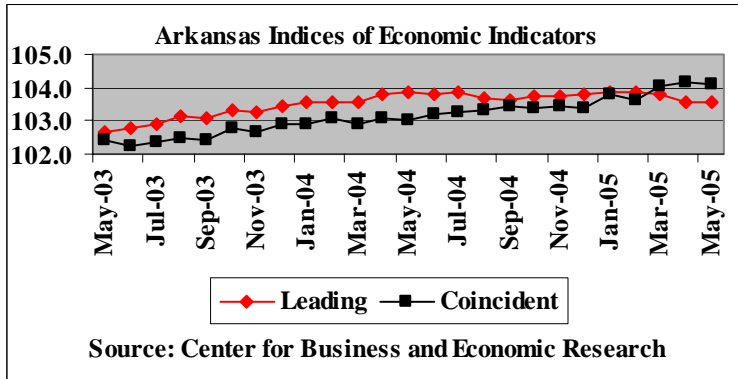


Forecasting Trends: Arkansas Indices of Economic Indicators, May 2005

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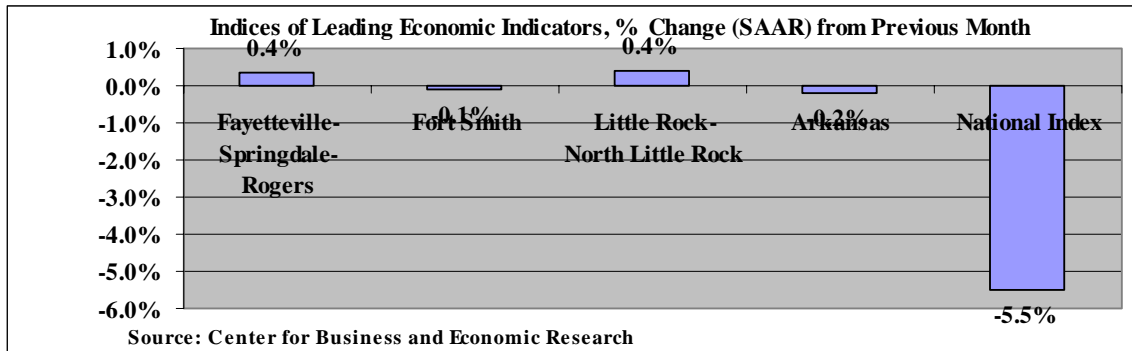
Forecasting Trends: Arkansas Indices of Economic Indicators, April 2005

After the revised seasonally adjusted annual rate (SAAR) declined by 2.8 percent in April the Arkansas Index of Leading Economic Indicators, which predicts economic conditions within the state six to nine months hence, declined by 0.2 percent in May. The index's positive

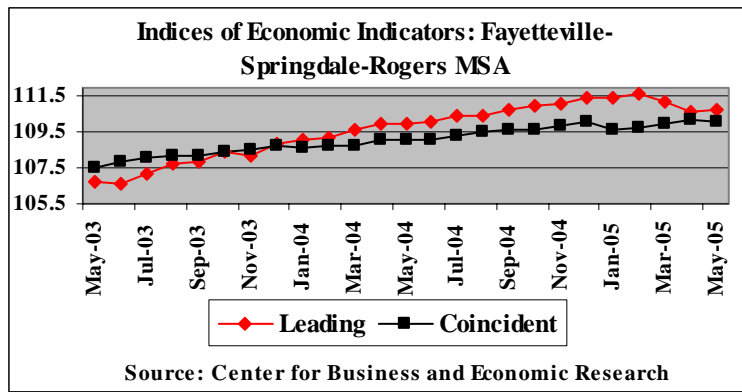


contributors in decreasing order of importance were an 11.5 percent increase in the value of building permits, a 12.3 percent increase in the number of new incorporations, a 15.0 percent increase in the number of building permits, and a 0.5 percent increase in average weekly manufacturing hours (AWMH). The index's negative contributors, in decreasing order of importance, were a 0.6 percent decrease in the value of the national leading index, a 9.1 percent increase in the number of initial claims for unemployment, and a 0.2 percent decline in construction employment. The state's leading index now stands at a preliminary estimate of 103.5, down from its revised level of 103.6 in April. Overall, the data imply the state will experience a steady of economic activity in the final quarter of this year and the first quarter of next year.

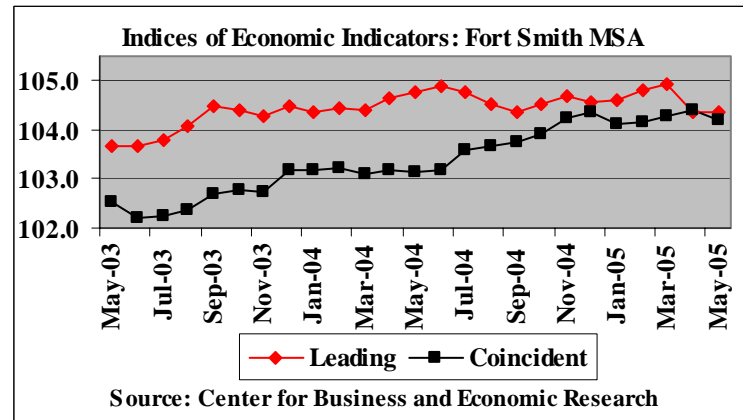
The leading index for the Fayetteville-Springdale-Rogers MSA,¹ henceforth Northwest Arkansas, experienced a month-on-month increase of 0.4 percent in May. The Little Rock-North Little Rock metropolitan statistical area (MSA)² index increased by 0.4 percent and the Fort Smith³ leading index decreased by 0.1 percent from April to May. This is a turnaround from the declines seen in April.



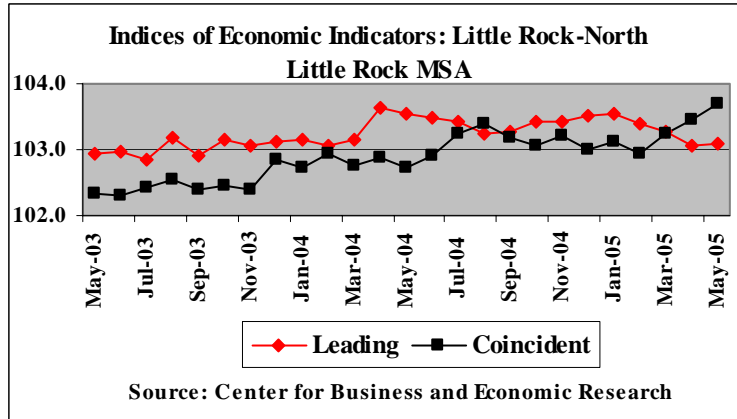
The Northwest Arkansas Index of Leading Economic Indicators, after decreasing by a revised 5.1 percent (SAAR) in April, increased by a preliminary estimate of 0.4 percent in May. The positive contributors to the index were an 8.7 percent increase in the value of building permits and a 0.4 percent increase in construction employment. The negative contributor was a 0.7 percent decline in average weekly manufacturing hours. The Northwest Arkansas leading index now stands at a preliminary estimate of 110.7, the same as its revised level in April. Overall, the data imply the Fayetteville-Springdale-Rogers MSA will experience a steady pace of economic activity in the fourth quarter of this year and the first quarter of next year.



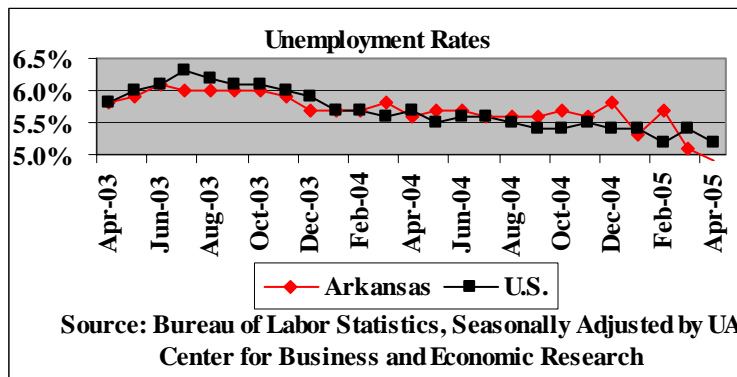
The Fort Smith Index of Leading Economic Indicators, after declining by a revised 6.2 percent (SAAR) in April, decreased by a preliminary estimate of 0.1 percent (SAAR) in May. The only positive contributor was a 171.0 percent increase in the value of building permits. The negative contributors were a 5.7 percent decline in average weekly manufacturing hours and a 0.8 percent decline in construction employment. The Fort Smith leading index now stands at a preliminary estimate of 104.4, equal to its revised level of in April. Overall, the data imply steady economic activity in the Fort Smith MSA in the last few months of this year and the first quarter of 2006.



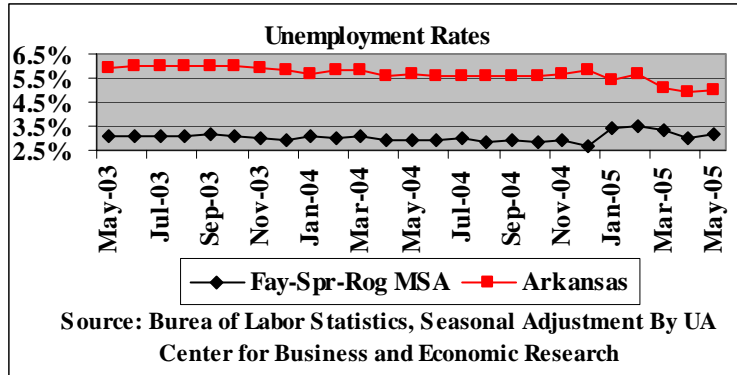
The Little Rock Index of Leading Economic Indicators, after declining by a revised 2.5 percent (SAAR) in April, increased by a preliminary 0.4 percent in May. The positive contributors to the index in decreasing order of importance were a 3.1 percent increase in average weekly manufacturing hours (AWMH) and a 5.6 percent increase in the value of building permits. The sole negative contributor was a 0.8 percent decline in construction employment. The Little Rock leading index now stands at a preliminary estimate of 103.1, up from its revised level of 103.0 in April. Overall, the data imply that the economic pace will be steady in the Little Rock-North Little Rock MSA in the fourth quarter and the first quarter of 2006.



The Arkansas Index of Coincident Economic Indicators, which gauges current economic conditions within the state, after rising by a revised 1.6 percent (SAAR) in April, declined by a preliminary estimate of 0.7 percent (SAAR) in May. The positive contributor was a 1.7 percent increase in taxable sales. The negative contributors were a 0.1 percent increase in the unemployment rate and a 0.1 percent decline in non-farm employment. The Arkansas coincident index now stands at a preliminary estimate of 104.1 equal to the revised 104.1 in April. Overall, the data imply economic conditions in the state were steady in May.

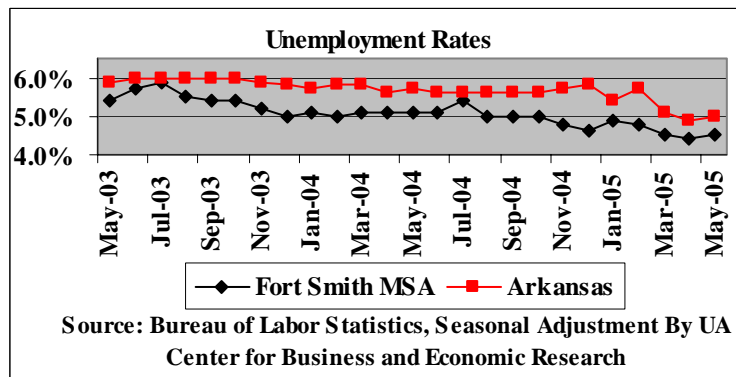


The Northwest Arkansas Index of Coincident Economic Indicators, after increasing by a revised 3.2 percent (SAAR) in April, declined by a preliminary estimate of 1.3 percent (SAAR) in May. The index's positive contributor was a 0.4 percent increase in non-farm employment. The



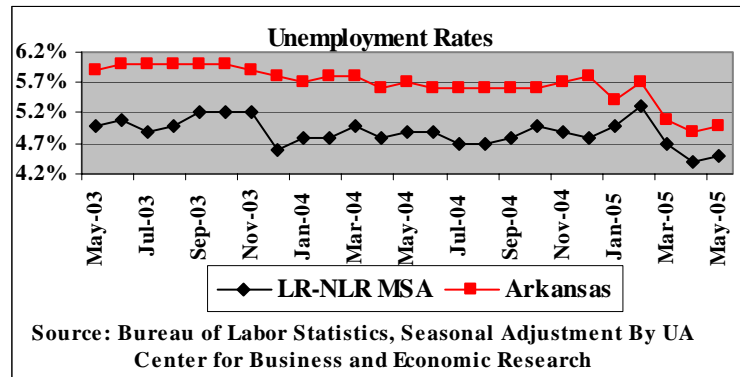
The index's negative contributors were a 0.2 percent increase in the unemployment rate and a 7.8 percent decline in taxable sales. The Northwest Arkansas coincident index now stands at a preliminary estimate of 110.1, down from its revised level of 110.2 in April. Overall, the data imply the pace of economic activity was steady in the Fayetteville-Springdale-Rogers MSA in May.

The Fort Smith Index of Coincident Economic Indicators, after increasing by a revised 1.0 percent (SAAR) in April, declined by a preliminary estimate of 2.0 percent (SAAR) in May. The positive contributor was a 1.8 percent increase in taxable sales. The negative contributors were a 0.5



percent decline in non-farm employment and a 0.1 percent increase in the unemployment rate percent decline in taxable sales. The Fort Smith coincident index now stands at a preliminary estimate of 104.2, down from its revised level of 104.4 in April. Overall, the data imply economic activity in the Fort Smith MSA decreased a bit in April.

The Little Rock Index of Coincident Economic Indicators, after rising by a revised 2.4 percent (SAAR) in April, rose by 2.6 percent in May. The positive contributors were a 0.7 percent increase in non-farm employment and an increase of 3.1 percent in taxable sales. The negative contributor was a 0.1 percent increase in the unemployment rate. The Little Rock Coincident Index now stands at a preliminary estimate of 103.7, up from its revised level of 103.5 in April. Overall, the data indicate that the economy in the Little Rock-North Little Rock MSA improved a bit during May.



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