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'Plodding growth' predicted for Arkansas economy

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Arkansas' economy in 2013 will create new jobs, but not enough to rebound to pre-recession levels, according to information released Friday (Feb. 8) by the University of Arkansas economist Kathy Deck.

Deck, director of the Center for Business and Economic Research at the Sam M. Walton College of Business at the University of Arkansas, said the Northwest Arkansas metro area will fare better than the rest of the state in terms of job creation.

"The forecast for Arkansas in 2013 is one of continued plodding growth — not enough strength in employment to regain our pre-recession highs over the next few years," Deck said during the 19th annual Business Forecast luncheon in Rogers. "On the other hand, Northwest Arkansas is poised to continue enjoying substantial employment gains. Construction (of both housing and highways), leisure and hospitality, retail entrepreneurship and professional service gains should help lead the way."

The Northwest Arkansas metro jobless rate during December was 5.1%, below the 5.7% during December 2011. During December, the lowest metro jobless rate was in Northwest Arkansas and the highest rate was 9% in the Pine Bluff area.

According to figures released Jan. 30 by the U.S. Bureau of Labor Statistics, the size of the Northwest Arkansas regional workforce during December was 235,174, almost 3,500 larger than the 231,708 during December 2011.

Northwest Arkansas continues to trend upward in that category. The average annual monthly labor size was 231,461 during 2011, 227,938 during 2010 and 225,177 during 2009. The number of employed during December was 223,228, more than 4,700 jobs higher than the 218,463 in December 2011.

But, as Deck noted, the jobless rate in Northwest Arkansas is higher than the pre-recession period. The following list is annual average unemployment rates in the metro area in the past 10 years.

2011: 6.2%
2010: 6.5%
2009: 6.1%

2008: 4.1%
 2007: 3.8%
 2006: 3.6%
 2005: 3.3%
 2004: 3.8%
 2003: 3.7%
 2002: 3.3%
 2001: 3%

Deck's comments on Friday also included the following economic points.

- Arkansas per capita personal income is growing more quickly than the U.S. average over the past 40 years. Since 1970, per capita income in Arkansas has grown from 69.5% to 81.6% of the U.S. average.
- Arkansas gross domestic product (GDP) is more concentrated in agriculture, construction, manufacturing, trade and transportation, management of companies, other services, and government than the U.S. average.
- Arkansas GDP is less concentrated in information, finance and real estate, professional and technical services, administrative services, and arts, entertainment and recreation than the U.S. average.
- There were net job losses in the professional and business services, information, financial activities and construction sectors in Arkansas in 2012. Despite these losses, the unemployment rate in Arkansas has fallen to 7.1% from its post-recession high of 9%.
- The Arkansas labor force is declining on a year-over-year basis at this point, even though the U.S. labor force is growing at about 1%.

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- Employment growth has been modest in all metropolitan areas of Arkansas except Northwest Arkansas. In Northwest Arkansas, no sectors had employment declines on a year-over-year basis in 2012, and overall employment grew at 4.3%.
- Success in 2013 is likely to depend on new construction, leisure and hospitality growth, strength in retail and a continued rebound in the professional services sector.

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