

Wichita Metro Area Leading Economic Indicators Index Results for Fourth Quarter 2012

Introduction

The WSU Leading Economic Indicators Index is designed to give an indication of where the Wichita economy is headed. Leading indicators tend to change before the economy itself changes. The WSU Leading Economic Indicators Index is composed of nine monthly indicators including:

- Kansas monthly initial claims for unemployment insurance
- Value of building permits, new residential construction
- Value of building permits, new non-residential construction
- National Index of Consumer Confidence
- Average weekly hours worked in manufacturing
- New orders for aircraft
- Stock prices of aerospace companies
- Wheat prices (futures) and the
- The Conference Board's national index of leading economic indicators

The WSU Current Conditions Index is designed to reflect the present state of the economy. The WSU Leading Economic Indicators Index, on the other hand, is designed to forecast future movements in the economy. On the national level, The Conference Board releases the most widely followed indicators. The WSU Current Conditions Index is similar to what The Conference Board refers to as their "coincident" indicators index. Likewise the WSU Leading Economic Indicators Index is similar to the Conference Board's Leading Economic Indicators Index.

The WSU Leading Economic Indicators Index may be examined over time to determine the likely future course of the Wichita economy. An increase in the Index over several months signals an expansion in the Wichita economy approximately six months into the future. Similarly, a decline in the Index over several months signals that the area economy is likely to weaken in approximately six months. A movement in the Index in only one month does not produce a clear signal. This interpretation of movements in the Index is similar to that which The Conference Board gives to its national index of leading economic indicators, in which a change in the index must take place for at least three months in a row for a change in the economy to be signaled.

Summary of Results

Quarter-to-Quarter Comparisons: Third Quarter 2012 to Fourth Quarter 2012

- The Leading Economic Indicators Index increased 1.7 percent
- Kansas initial claims for unemployment increased 20.8 percent
- Value of new residential construction permits decreased 0.2 percent
- Value of new non-residential construction permits decreased 24.3 percent
- National Index of Consumer Confidence increased 4.9 index points
- Average hours worked per week in manufacturing increased 2.6 percent
- Value of new orders for aircraft and parts increased 21.9 percent.
- Aerospace stock index increased 4.4 percent
- Wheat prices increased 7.5 percent
- The Conference Board's Index of Leading Economic Indicators increased 0.6 percentage points

Year-Over-Year Quarterly Comparisons: Fourth Quarter 2011 to Fourth Quarter 2012

- The Leading Economic Indicators Index decreased 1.8 percent
- Kansas initial claims for unemployment decreased 0.1 percent
- Value of new residential construction permits increased 70.6 percent
- Value of new non-residential construction permits increased 54.6 percent
- National Index of Consumer Confidence increased 16.3 index points
- Average hours worked per week in manufacturing increased 0.5 percent
- Value of new orders for aircraft and parts decreased 3 percent.
- Aerospace stock index increased 10.6 percent
- Wheat prices increased 28 percent
- The Conference Board's Index of Leading Economic Indicators increased 1.8 percentage points

Year-to-Year Comparisons: December 2011 to December 2012

(12 months ending December 2011 compared to the 12 months ending December 2012)

- The Leading Economic Indicators Index decreased 0.9 percent
- Kansas initial claims for unemployment decreased 7.4 percent
- Value of new residential construction permits increased 36.1 percent
- Value of new non-residential construction permits decreased 54 percent
- National Index of Consumer Confidence increased 8.8 percentage points
- Average hours worked per week in manufacturing increased 1.1 percent
- Value of new orders for aircraft and parts increased 4.7 percent
- Aerospace stock index increased 2.2 percent
- Wheat prices decreased 6.5 percent
- The Conference Board's Index of Leading Economic Indicators increased 1.7 percentage points

Table 1. Leading Economic Indicators Index for December 2012

Month	Year	Index	Percentage Change
December	2011	100.92	0.9
January	2012	100.58	-0.3
February	2012	101.17	0.6
March	2012	99.79	-1.4
April	2012	98.77	-1.0
May	2012	97.93	-0.9
June	2012	97.00	-0.9
July	2012	97.46	0.5
August	2012	96.21	-1.3
September	2012	96.84	0.7
October	2012	98.10	1.3
November	2012	98.26	0.2
December	2012	99.16	0.9
4th Quarter	2011	100.31	
4th Quarter	2012	98.51	-1.8

Table 2. Leading Economic Indicators

Month	Year	Initial Unemployment Claims	New Residential Construction Permits (real \$)	New Non-Residential Construction Permits (real \$)	National Index of Consumer Confidence ¹	Avg. Hours Worked Per Week	New Orders for Aircraft millions real \$	Aero-space Stock Index (real \$)	Wheat Prices Futures (real \$)	Nat'l Index LEI ¹
December	2011	21,883	3,697,944	2,065,166	64.8	43.8	18,501	261.80	4.67	92.2
January	2012	14,837	3,650,054	6,237,192	61.5	43.9	14,304	273.90	4.98	92.2
February	2012	12,372	4,138,430	5,941,827	71.6	43.6	14,991	286.55	5.02	92.9
March	2012	15,034	2,994,382	3,925,986	69.5	42.6	10,143	287.10	4.79	93.1
April	2012	11,370	3,893,943	517,681	68.7	44.2	8,679	273.86	4.73	92.9
May	2012	12,270	6,623,587	889,540	64.4	44.3	9,481	258.45	4.45	93.3
June	2012	15,554	8,770,165	1,037,637	62.7	44.1	12,431	269.45	4.44	92.7
July	2012	14,490	4,994,958	1,600,534	65.4	42.9	16,586	278.62	5.31	93.1
August	2012	10,785	9,595,240	19,133,835	61.3	43.0	3,465	284.49	6.10	92.6
September	2012	13,855	4,349,419	1,220,674	68.4	43.5	14,040	280.57	6.02	93.1
October	2012	11,092	6,335,037	8,484,301	73.1	43.6	13,919	283.32	6.21	93.4
November	2012	11,811	5,742,965	1,773,762	71.5	44.3	12,353	290.58	6.30	93.4
December	2012	24,349	6,817,949	6,364,498	65.1	44.9	15,286	307.03	6.22	93.9

¹Source: The Conference Board. Copyright (C) 2012. All rights reserved. No claim to orig. U.S. Govt. works pursuant to U.S. Contract No. 52-SABA-5-00128. --DISCLAIMER--The BCI data is provided with no guarantees or warranties of any kind. While The Conference Board tries to ensure that the information it provides is accurate when it is obtained directly from the source agencies, The Conference Board cannot be held responsible for mistakes or misinterpretations.

Fig 1. Leading Economic Indicators Index for
the 13 Months Ending December 2012
(percentage change)

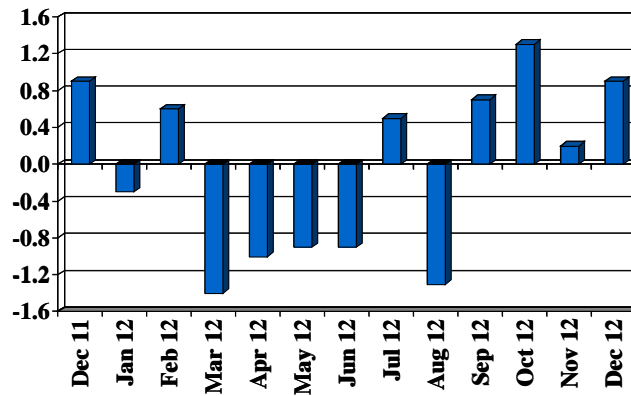


Fig 2. Initial Unemployment Claims for the
13 Months Ending December 2012

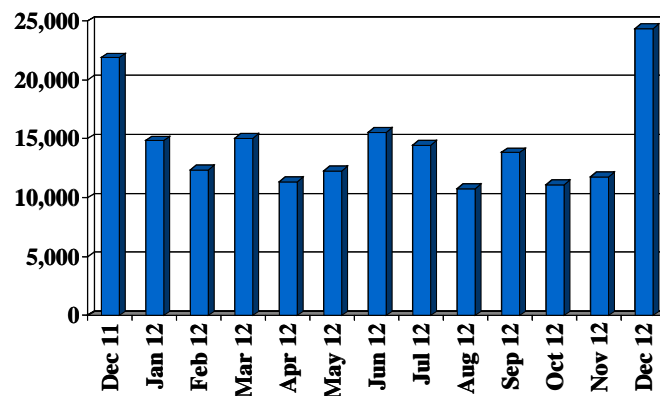


Fig 3. New Residential Construction Permits
for the 13 Months Ending December 2012
(real dollars)

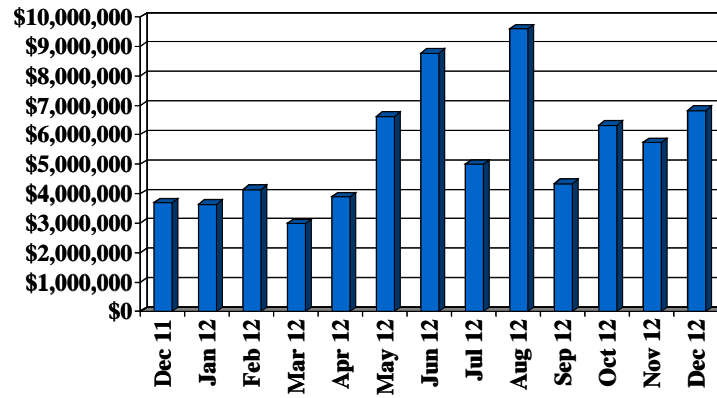


Fig 4. New Non-Residential Construction
Permits for the 13 Months Ending
December 2012 (real dollars)

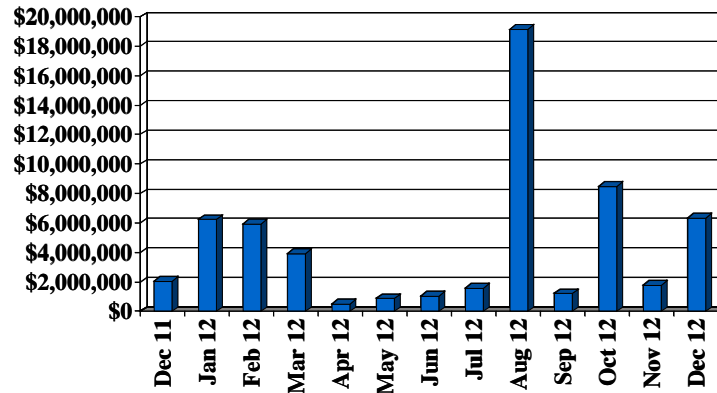
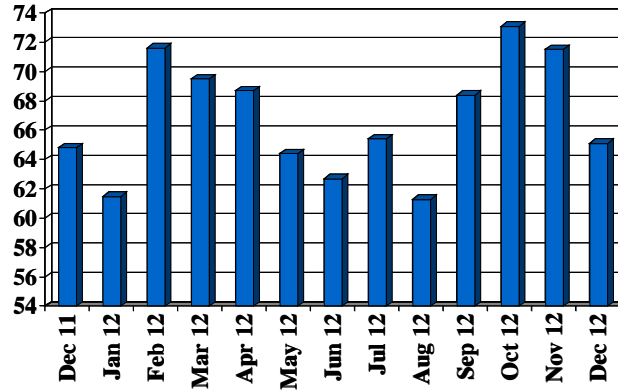


Fig 5. National Index of Consumer Confidence for the 13 Months Ending December 2012



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Fig 6. Average Hours Worked Per Week in Manufacturing for the 13 Months Ending December 2012

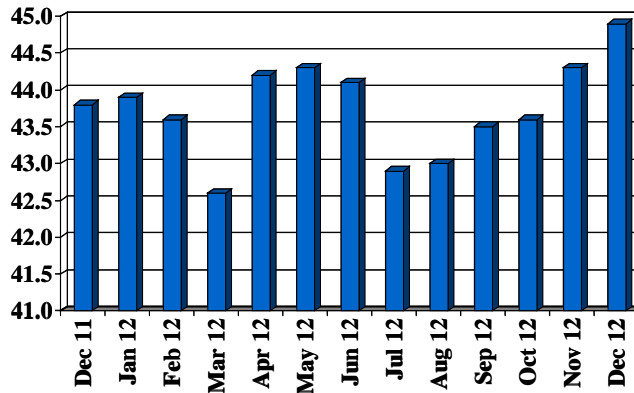


Fig 7. New Orders for Aircraft for the 13
Months Ending December 2012
(millions of real dollars)

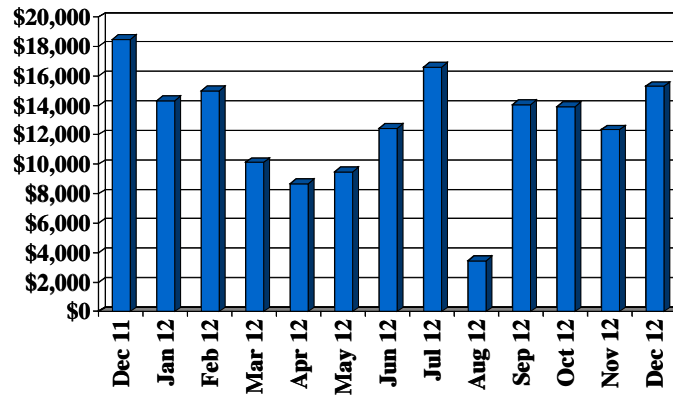


Fig 8. Aerospace Stock Prices for the 13
Months Ending December 2012
(real dollars)

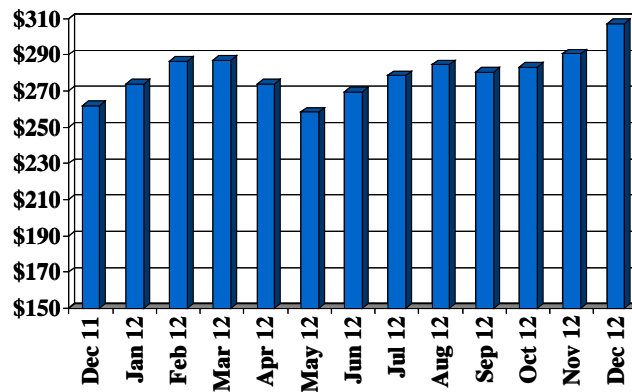


Fig 9. Wheat Prices (real dollars) for the 13 Months Ending December 2012

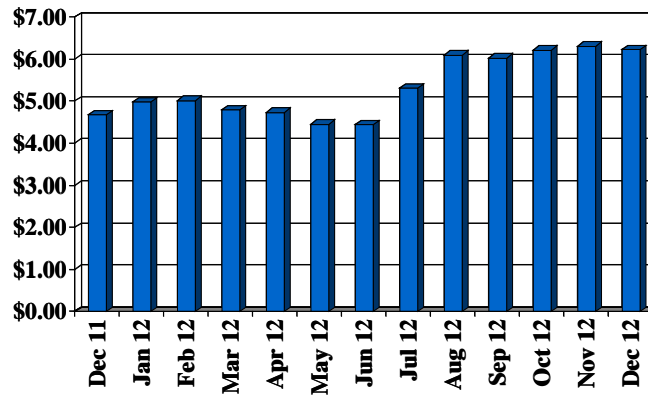
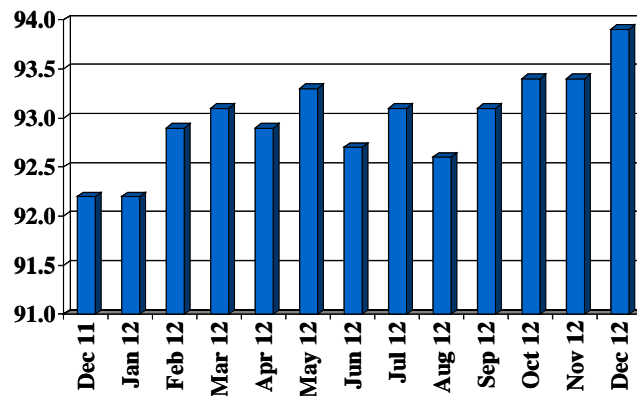


Fig 10. The Conference Board National Index of Leading Economic Indicators for the 13 Months Ending December 2012



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Acknowledgments

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