



WICHITA STATE
UNIVERSITY

W. FRANK BARTON
SCHOOL OF BUSINESS

Center for Economic Development
and Business Research

Wichita Metro Area Leading Economic Indicators Index Results for July 2011

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 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

Month-to-Month Comparisons: June 2011 to July 2011

- The Leading Economic Indicators Index decreased 0.7 percent
- Kansas initial unemployment claims increased 35.4 percent
- Value of new residential construction permits decreased 27.2 percent
- Value of new non-residential construction permits decreased 49.8 percent
- National Index of Consumer Confidence increased 1.9 Index points
- Average hours worked per week in manufacturing decreased 0.7 percent
- Value of new orders for aircraft and parts increased 25.3 percent.
- Aerospace stock index increased 4.7 percent
- Wheat price decreased 21.3 percent
- The Conference Board's Index of Leading Economic Indicators increased 0.6 Index points

Year-Over-Year Monthly Comparisons: July 2010 to July 2011

- The Leading Economic Indicators Index increased 9.4 percent
- Kansas initial unemployment claims decreased 13.2 percent
- Value of new residential construction permits increased 20.5 percent
- Value of new non-residential construction permits decreased 84.5 percent
- National Index of Consumer Confidence increased 8.5 Index points
- Average hours worked per week in manufacturing increased 6.4 percent
- Value of new orders for aircraft and parts decreased 5.8 percent.
- Aerospace stock index increased 16.5 percent
- Wheat prices increased 27.9 percent
- The Conference Board's Index of Leading Economic Indicators increased 6.8 Index points

Year-to-Year Comparisons: July 2010 to July 2011

(12 months ending July 2010 compared to the 12 months ending July 2011)

- The Leading Economic Indicators Index increased 7 percent
- Kansas initial unemployment claims decreased 24.2 percent
- Value of new residential construction permits decreased 25 percent
- Value of new non-residential construction permits decreased 4 percent
- National Index of Consumer Confidence increased 6.4 Index points
- Average hours worked per week in manufacturing increased 3.3 percent
- Value of new orders for aircraft and parts increased 21.6 percent
- Aerospace stock index increased 7.2 percent
- Wheat prices increased 49 percent
- The Conference Board's Index of Leading Economic Indicators increased 6.8 Index points

Table 1. Leading Economic Indicators Index for July 2011

Month	Year	Index	Percentage Change
July	2010	105.56	1.6
August	2010	106.48	0.9
September	2010	107.82	1.3
October	2010	108.93	1.0
November	2010	110.72	1.6
December	2010	111.28	0.5
January	2011	112.68	1.3
February	2011	112.37	-0.3
March	2011	114.71	2.1
April	2011	115.23	0.5
May	2011	115.95	0.6
June	2011	116.29	0.3
July	2011	115.50	-0.7

Table 2. Leading Economic Indicators

Month	Year	Kansas 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 ²
July	2010	18,716	3,906,999	29,887,341	51.0	40.9	10,578	250.45	3.83	109.0
August	2010	11,391	3,768,399	12,943,224	53.2	41.8	6,925	242.07	5.34	109.1
September	2010	11,798	3,614,698	884,105	48.6	40.9	14,250	263.46	5.42	109.9
October	2010	16,989	2,484,598	7,983,437	49.9	42.2	12,989	274.67	5.19	110.1
November	2010	14,406	3,970,221	7,876,531	57.8	42.3	7,712	270.91	5.65	111.4
December	2010	19,126	2,702,415	1,534,765	63.4	43.2	3,576	267.19	5.82	112.3
January	2011	29,544	1,920,139	16,003,433	64.8	42.8	8,902	275.34	6.36	112.5
February	2011	11,910	3,396,917	2,425,720	72.0	43.2	10,397	292.96	6.73	113.5
March	2011	11,453	3,871,838	18,859,837	63.8	43.6	10,550	299.10	6.43	114.3
April	2011	13,727	2,769,271	12,317,867	66.0	43.1	8,320	294.61	6.37	114.0
May	2011	12,742	6,690,722	11,513,526	61.7	43.6	10,271	293.13	6.14	114.8
June	2011	11,994	6,464,256	9,219,497	57.6	43.8	7,958	278.76	6.22	115.2
July	2011	16,245	4,707,995	4,632,534	59.5	43.5	9,970	291.74	4.90	115.8

¹ Source: The Conference Board, 2011. All Rights Reserved. No claim to orig. U.S. Govt. works pursuant to U.S. Contract No. 52-SABA-5-00128.

² Ibid.

Fig 1. Leading Economic Indicators Index for the 13 Months Ending July 2011 (percentage change)

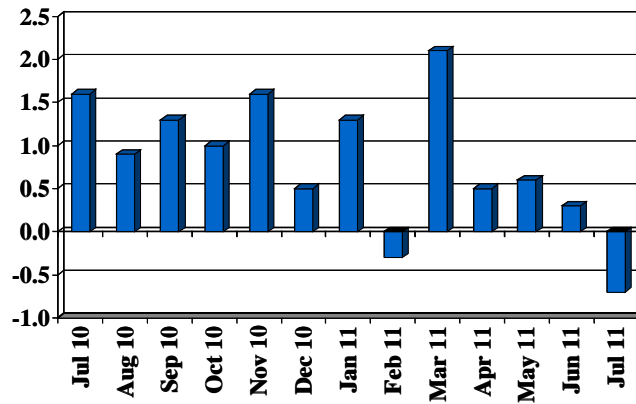


Fig 2. Kansas Initial Unemployment Claims for the 13 Months Ending July 2011

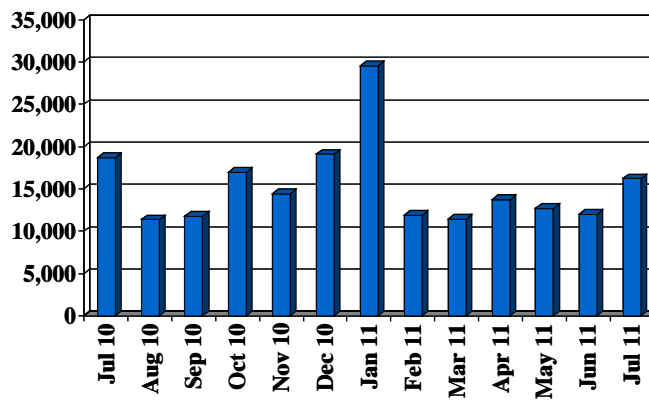


Fig 3. New Residential Construction Permits for the 13 Months Ending July 2011 (real dollars)

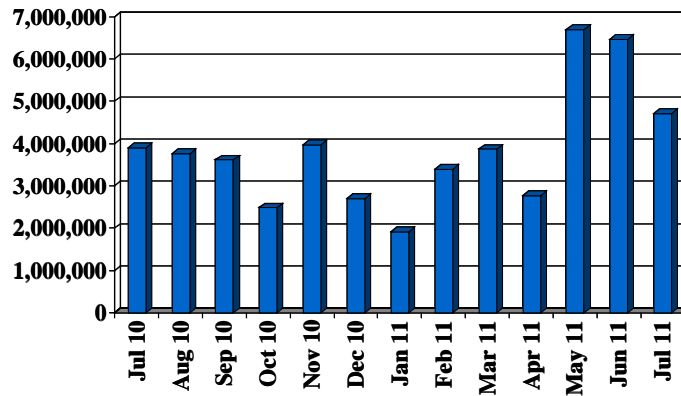


Fig 4. New Non-Residential Construction Permits for the 13 Months Ending July 2011 (real dollars)

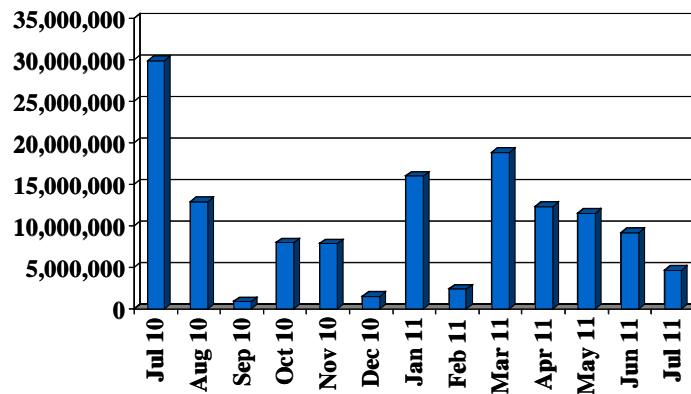
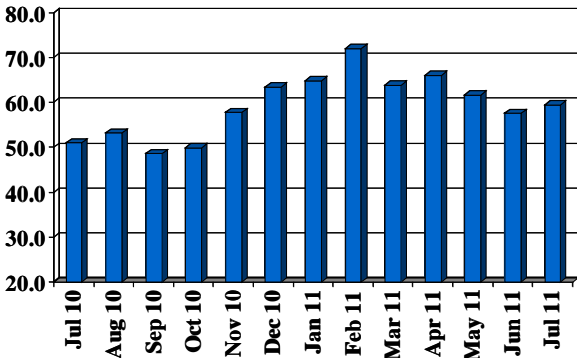


Fig 5. National Index of Consumer Confidence for the 13 Months Ending July 2011



Source: The Conference Board, 2011. All Rights Reserved. No claim to orig. U.S. Govt. works pursuant to U.S. Contract No. 52-SABA-5-00128.

Fig 6. Average Hours Worked Per Week in Manufacturing for the 13 Months Ending July 2011

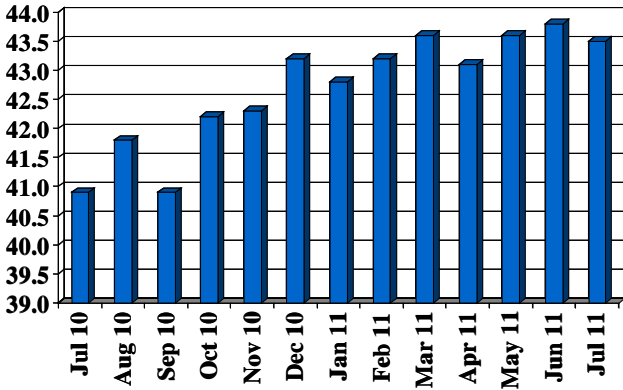


Fig 7. New Orders for Aircraft for the 13 Months Ending July 2011
(millions of real dollars)

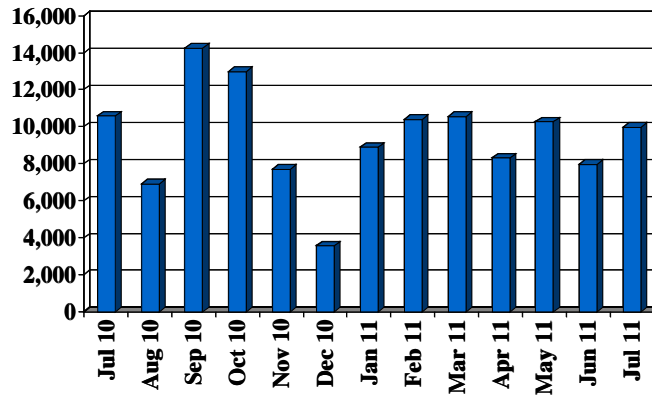


Fig 8. Aerospace Stock Prices for the 13 Months Ending July 2011
(real dollars)

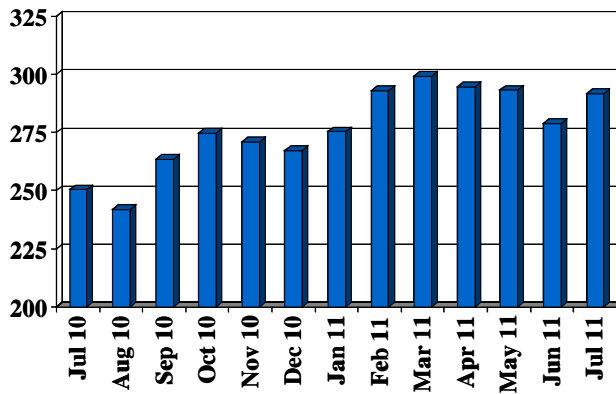


Fig 9. Wheat Prices (real dollars) for the 13 Months Ending July 2011

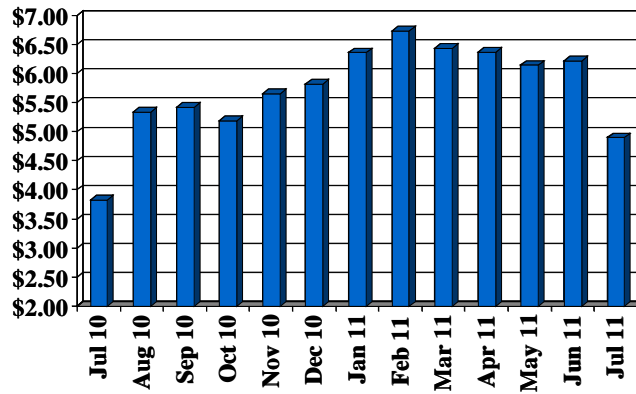
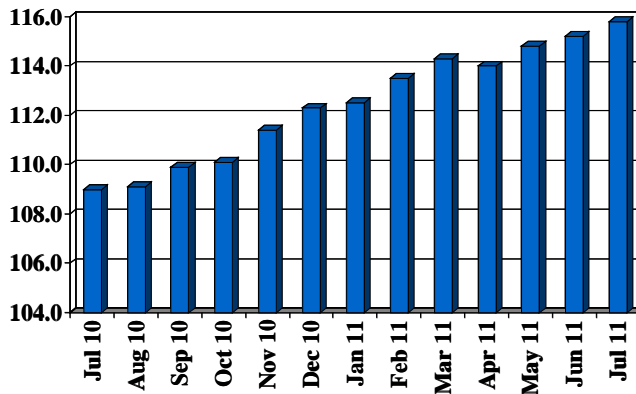


Fig 10. National Index of Leading Economic Indicators for the 13 Months Ending July 2011



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Acknowledgments

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