



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 May 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
- 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: April 2011 to May 2011

- The Leading Economic Indicators Index increased 0.7 percent
- Kansas initial unemployment claims decreased 7.2 percent
- Value of new residential construction permits increased 141.5 percent
- Value of new non-residential construction permits decreased 6.6 percent
- National Index of Consumer Confidence decreased 5.2 Index points
- Average hours worked per week in manufacturing increased 1.2 percent
- Value of new orders for aircraft and parts increased 26.8 percent.
- Aerospace stock index decreased 0.6 percent
- Wheat price decreased 3.6 percent
- The Conference Board's Index of Leading Economic Indicators increased 0.9 Index points

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

- The Leading Economic Indicators Index increased 12.4 percent
- Kansas initial unemployment claims decreased 26.6 percent
- Value of new residential construction permits increased 6.3 percent
- Value of new non-residential construction permits decreased 37.5 percent
- National Index of Consumer Confidence decreased 1.9 Index points
- Average hours worked per week in manufacturing increased 2.1 percent
- Value of new orders for aircraft and parts increased 19.4 percent.
- Aerospace stock index increased 11.3 percent
- Wheat prices increased 60.7 percent
- The Conference Board's Index of Leading Economic Indicators increased 5.7 Index points

Year-to-Year Comparisons: May 2010 to May 2011

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

- The Leading Economic Indicators Index increased 4.5 percent
- Kansas initial unemployment claims decreased 28.1 percent
- Value of new residential construction permits decreased 35 percent
- Value of new non-residential construction permits increased 114.2 percent
- National Index of Consumer Confidence increased 6 Index points
- Average hours worked per week in manufacturing increased 1.7 percent
- Value of new orders for aircraft and parts increased 26.2 percent
- Aerospace stock index increased 7.3 percent
- Wheat prices increased 33.5 percent
- The Conference Board's Index of Leading Economic Indicators increased 5.7 Index points

Table 1. Leading Economic Indicators Index for May 2011

Month	Year	Index	Percentage Change
May	2010	103.11	0.6
June	2010	103.85	0.7
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	115.12	0.4
May	2011	115.91	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
May	2010	17,351	6,292,869	18,422,480	62.7	42.7	8,836	263.42	3.82	109.0
June	2010	13,446	4,972,175	18,781,185	54.3	41.9	7,489	257.84	3.65	108.8
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	2,770,728	12,324,346	66.0	43.1	8,324	294.77	6.37	113.8
May	2011	12,742	6,690,722	11,513,526	60.8	43.6	10,552	293.13	6.14	114.7

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 May 2011 (percentage change)

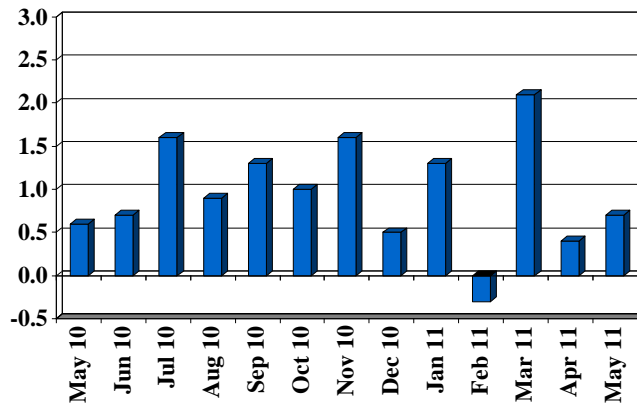


Fig 2. Kansas Initial Unemployment Claims for the 13 Months Ending May 2011

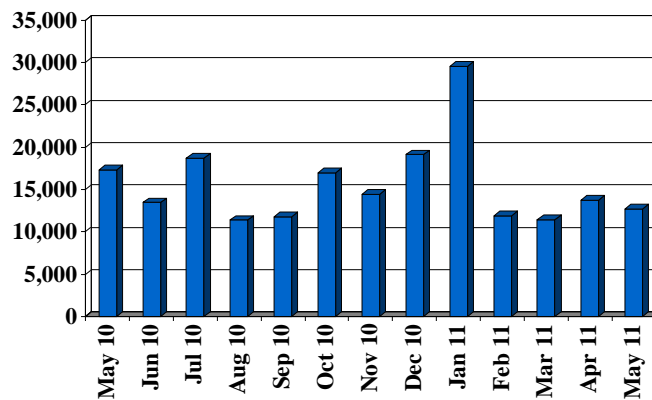


Fig 3. New Residential Construction Permits
for the 13 Months Ending May 2011
(real dollars)

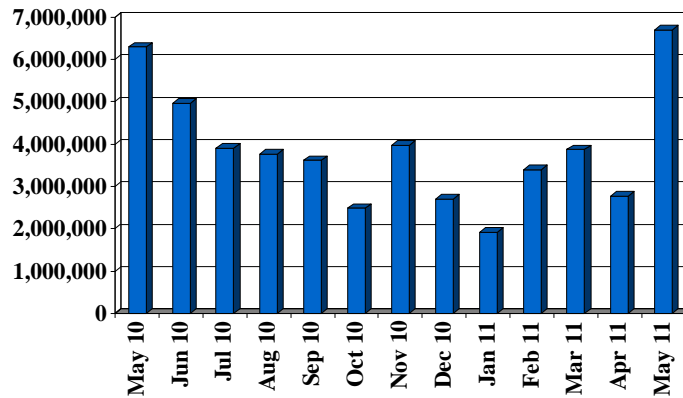


Fig 4. New Non-Residential Construction
Permits for the 13 Months Ending
May 2011 (real dollars)

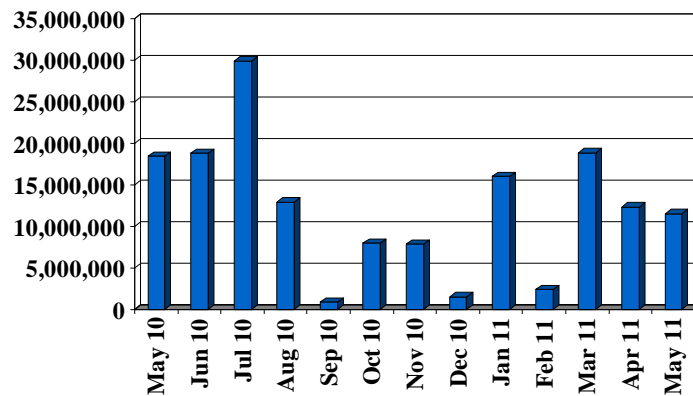
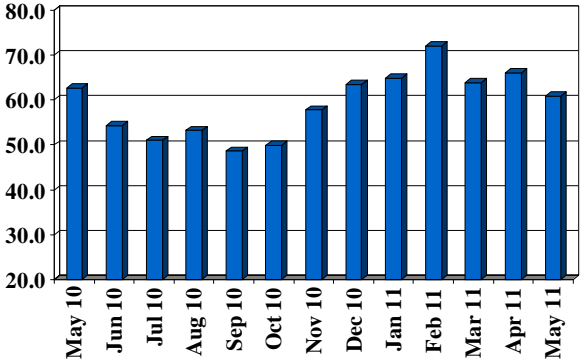


Fig 5. National Index of Consumer Confidence for the 13 Months Ending May 2011



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 May 2011

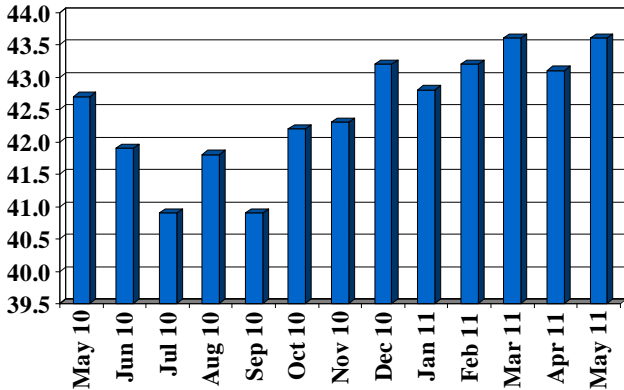


Fig 7. New Orders for Aircraft for the
13 Months Ending May 2011
(millions of real dollars)

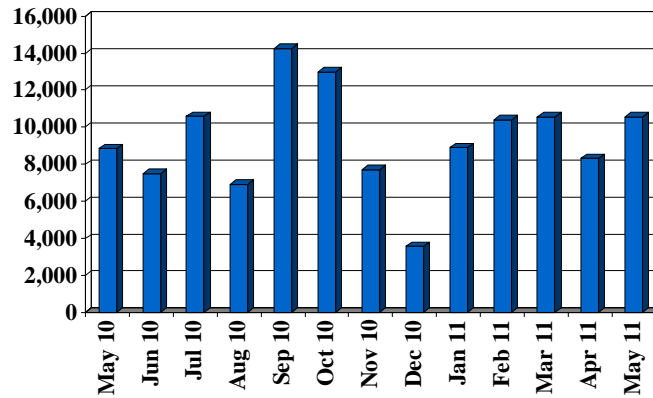


Fig 8. Aerospace Stock Prices for the
13 Months Ending May 2011
(real dollars)

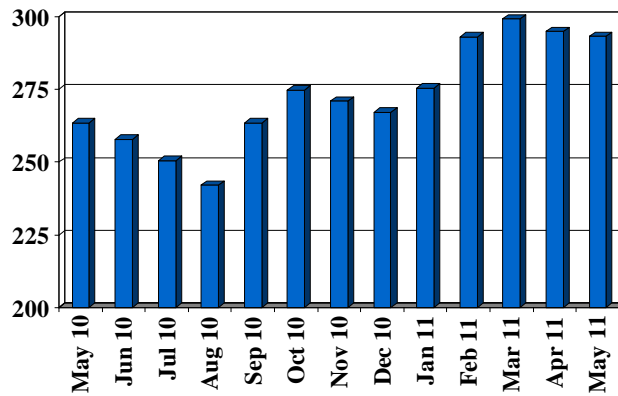


Fig 9. Wheat Prices (real dollars) for the 13 Months Ending May 2011

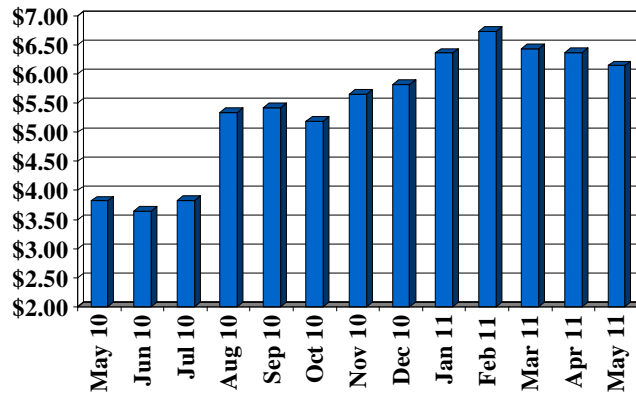
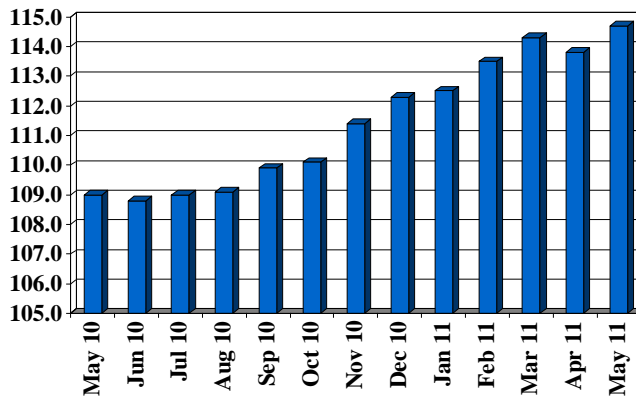


Fig 10. National Index of Leading Economic Indicators for the 13 Months Ending May 2011



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Acknowledgments

The Center for Economic Development and Business Research wishes to thank Dr. Terence Decker for his invaluable assistance in developing the methodology for the WSU Leading Economic Indicators Index. Dr. Decker teaches Economics in the Barton School of Business at Wichita State University.