

Wichita Metro Area Leading Economic Indicators Index Results for Second 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: First Quarter 2012 to Second Quarter 2012

- The Leading Economic Indicators Index decreased 2.5 percent
- Kansas initial claims for unemployment decreased 7.2 percent
- Value of new residential construction permits increased 78.8 percent
- Value of new non-residential construction permits decreased 84.8 percent
- National Index of Consumer Confidence decreased 2.5 index points
- Average hours worked per week in manufacturing increased 1.9 percent
- Value of new orders for aircraft and parts decreased 25.5 percent.
- Aerospace stock index decreased 5.4 percent
- Wheat prices decreased 7.9 percent
- The Conference Board's Index of Leading Economic Indicators increased 0.4 percentage points

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

- The Leading Economic Indicators Index decreased 1.9 percent
- Kansas initial claims for unemployment increased 1.9 percent
- Value of new residential construction permits increased 21 percent
- Value of new non-residential construction permits decreased 92.6 percent
- National Index of Consumer Confidence increased 3.3 index points
- Average hours worked per week in manufacturing increased 1.6 percent
- Value of new orders for aircraft and parts increased 1.3 percent.
- Aerospace stock index decreased 7.6 percent
- Wheat prices decreased 27.3 percent
- The Conference Board's Index of Leading Economic Indicators increased 1.6 percentage points

Year-to-Year Comparisons: June 2011 to June 2012

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

- The Leading Economic Indicators Index increased 4.3 percent
- Kansas initial claims for unemployment decreased 6.7 percent
- Value of new residential construction permits increased 20.4 percent
- Value of new non-residential construction permits decreased 45 percent
- National Index of Consumer Confidence remained the same
- Average hours worked per week in manufacturing increased 2.1 percent
- Value of new orders for aircraft and parts increased 16.8 percent
- Aerospace stock index decreased 2.7 percent
- Wheat prices decreased 14.8 percent
- The Conference Board's Index of Leading Economic Indicators increased 1.4 percentage points

Table 1. Leading Economic Indicators Index for June 2012

Month	Year	Index	Percentage Change
June	2011	101.46	0.1
July	2011	100.40	-1.0
August	2011	101.78	1.4
September	2011	101.29	-0.5
October	2011	101.20	-0.1
November	2011	101.41	0.2
December	2011	102.27	0.9
January	2012	101.93	-0.3
February	2012	102.52	0.6
March	2012	101.13	-1.4
April	2012	100.17	-1.0
May	2012	99.32	-0.8
June	2012	98.48	-0.8
2nd Quarter	2011	101.24	
2nd Quarter	2012	99.32	-1.9

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
June	2011	11,994	6,464,256	9,219,497	57.6	43.8	9,246	278.76	6.22	94.2
July	2011	16,245	4,705,539	4,630,117	59.2	41.5	10,966	291.59	4.90	94.4
August	2011	11,914	5,010,010	35,771,399	45.2	43.2	13,820	240.57	5.40	93.7
September	2011	14,514	4,009,374	2,596,410	46.4	42.3	10,469	238.28	5.91	93.2
October	2011	13,271	4,618,465	3,274,568	40.9	44.2	9,376	267.55	4.93	93.8
November	2011	12,130	2,761,533	5,414,841	55.2	44.2	14,974	267.20	5.04	94.1
December	2011	21,883	3,697,944	2,065,166	64.8	43.8	18,501	261.80	4.67	94.7
January	2012	14,837	3,650,054	6,237,192	61.5	43.9	14,304	273.90	4.98	94.7
February	2012	12,372	4,138,430	5,941,827	71.6	43.6	14,991	286.55	5.02	95.4
March	2012	15,034	2,985,164	3,913,899	69.5	42.6	10,112	286.21	4.77	95.6
April	2012	11,370	3,891,944	517,415	68.7	44.2	8,675	273.72	4.73	95.5
May	2012	12,270	6,623,587	889,540	64.4	44.3	9,486	258.45	4.45	95.9
June	2012	15,554	8,747,350	1,034,938	62.0	44.1	11,201	268.75	4.42	95.6

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 June 2012
(percentage change)

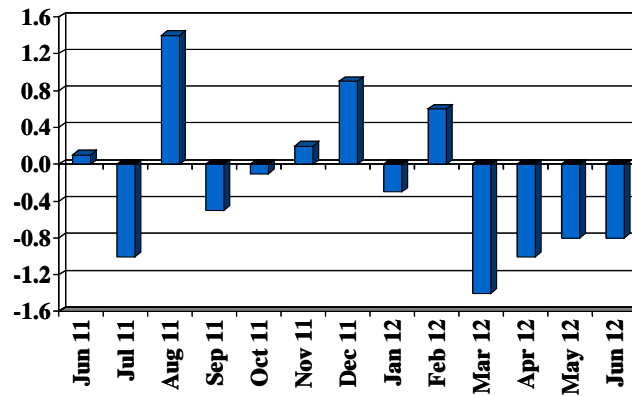


Fig 2. Initial Unemployment Claims for the
13 Months Ending June 2012

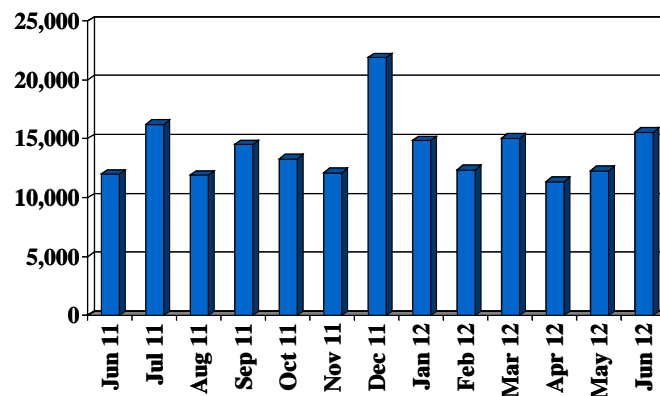


Fig 3. New Residential Construction Permits
for the 13 Months Ending June 2012
(real dollars)

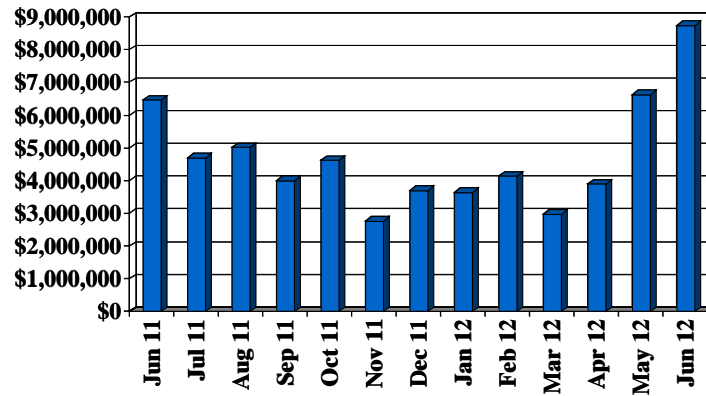


Fig 4. New Non-Residential Construction
Permits for the 13 Months Ending
June 2012 (real dollars)

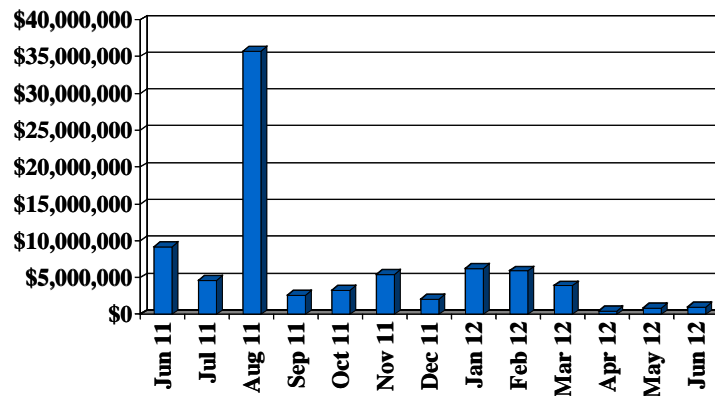
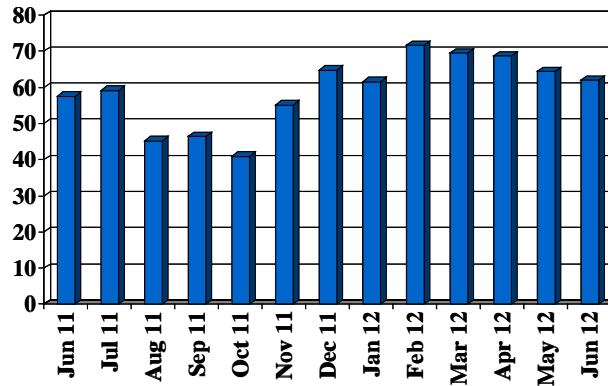


Fig 5. National Index of Consumer Confidence for the 13 Months Ending June 2012



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

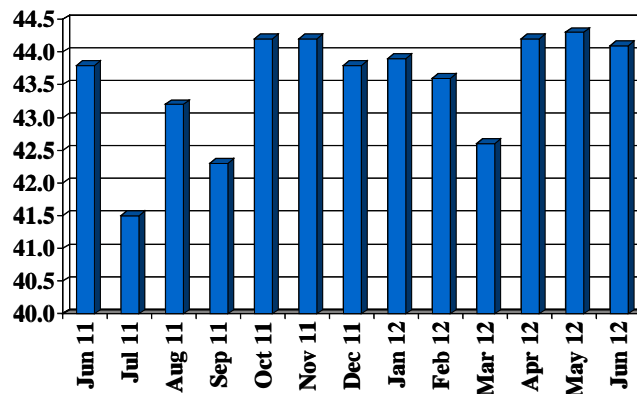


Fig 7. New Orders for Aircraft for the 13 Months Ending June 2012
(millions of real dollars)

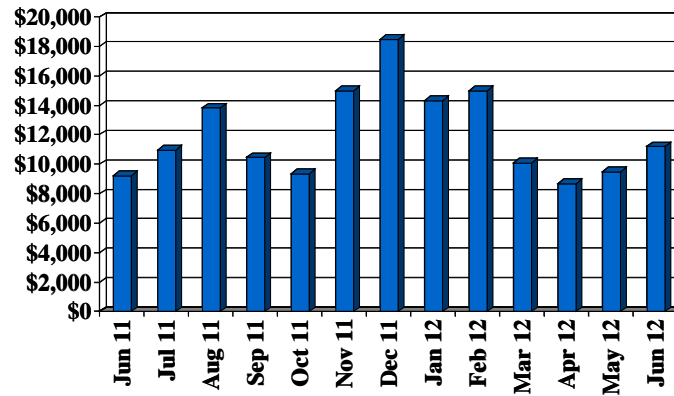


Fig 8. Aerospace Stock Prices for the 13 Months Ending June 2012
(real dollars)

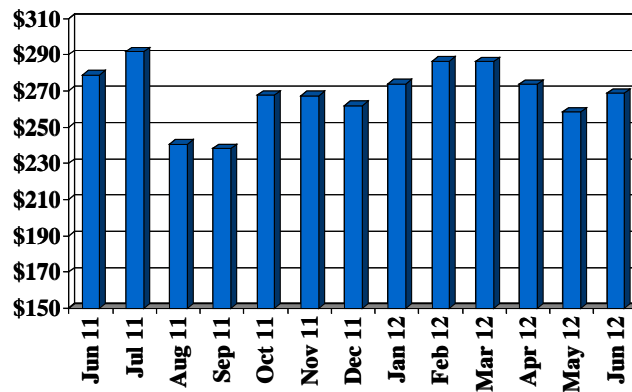


Fig 9. Wheat Prices (real dollars) for the 13 Months Ending June 2012

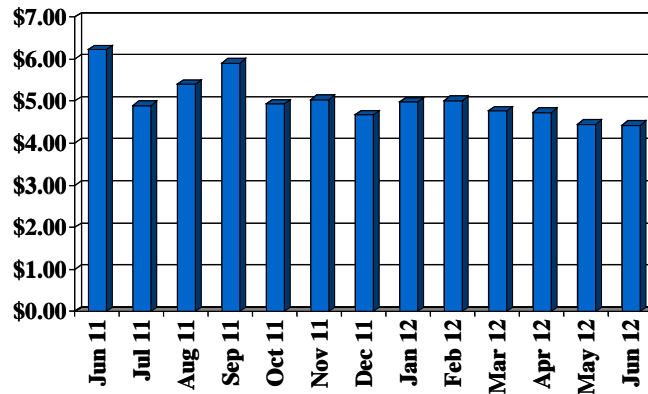
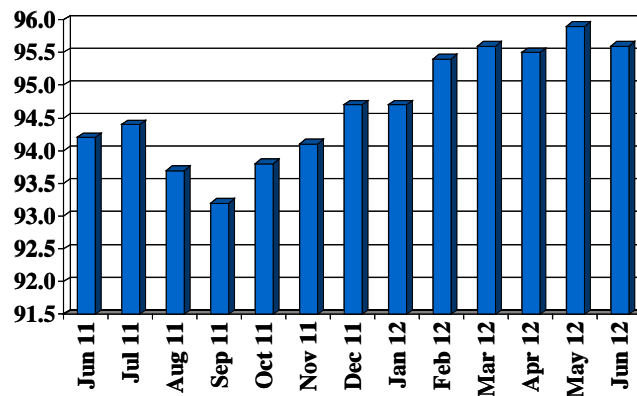


Fig 10. The Conference Board National Index of Leading Economic Indicators for the 13 Months Ending June 2012



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Acknowledgments

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