



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 Fourth Quarter 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***

### **Quarter-to-Quarter Comparisons: Third Quarter 2011 to Fourth Quarter 2011**

- The Leading Economic Indicators Index increased 0.5 percent
- Kansas initial claims for unemployment increased 10.8 percent
- Value of new residential construction permits decreased 19.3 percent
- Value of new non-residential construction permits decreased 75 percent
- National Index of Consumer Confidence increased 3.3 percentage points
- Average hours worked per week in manufacturing increased 3.9 percent
- Value of new orders for aircraft and parts increased 19.7 percent.
- Aerospace stock index increased 3.3 percent
- Wheat prices decreased 9.8 percent
- The Conference Board's Index of Leading Economic Indicators increased 0.3 percentage points

### **Year-Over-Year Quarterly Comparisons: Fourth Quarter 2010 to Fourth Quarter 2011**

- The Leading Economic Indicators Index increased 6.2 percent
- Kansas initial claims for unemployment decreased 6.4 percent
- Value of new residential construction permits increased 20.9 percent
- Value of new non-residential construction permits decreased 38.2 percent
- National Index of Consumer Confidence decreased 3.5 percentage point
- Average hours worked per week in manufacturing increased 3.3 percent
- Value of new orders for aircraft and parts increased 63.2 percent.
- Aerospace stock index decreased 2 percent
- Wheat prices decreased 12.2 percent
- The Conference Board's Index of Leading Economic Indicators increased 3.4 percentage points

### **Year-to-Year Comparisons: December 2010 to December 2011**

**(12 months ending December 2010 compared to the 12 months ending December 2011)**

- The Leading Economic Indicators Index increased 9.3 percent
- Kansas initial claims for unemployment decreased 10.2 percent
- Value of new residential construction permits decreased 5.1 percent
- Value of new non-residential construction permits decreased 3.4 percent
- National Index of Consumer Confidence increased 3.6 percentage points
- Average hours worked per week in manufacturing increased 3 percent
- Value of new orders for aircraft and parts increased 15.3 percent.
- Aerospace stock index increased 2.4 percent
- Wheat prices increased 27.5 percent
- The Conference Board's Index of Leading Economic Indicators increased 2.8 percentage points

**Table 1. Leading Economic Indicators Index for December 2011**

Month	Year	Index	Percentage Change
December	2010	96.07	0.7
January	2011	97.41	1.4
February	2011	97.01	-0.4
March	2011	99.43	2.5
April	2011	100.12	0.7
May	2011	100.65	0.5
June	2011	100.76	0.1
July	2011	99.73	-1.0
August	2011	101.12	1.4
September	2011	100.67	-0.4
October	2011	100.56	-0.1
November	2011	100.83	0.3
December	2011	101.63	0.8
4th Quarter	2010	95.14	
4th Quarter	2011	101.01	6.2

**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 <sup>1</sup>	Avg. Hours Worked Per Week	New Orders for Aircraft millions real \$	Aero-space Stock Index (real \$)	Wheat Prices Futures (real \$)	Nat'l Index LEI <sup>1</sup>
December	2010	19,126	2,702,415	1,534,765	63.4	43.2	3,576	267.19	5.82	91.7
January	2011	29,544	1,920,139	16,003,433	64.8	42.8	8,902	275.34	6.36	91.8
February	2011	11,910	3,396,917	2,425,720	72.0	43.2	10,397	292.96	6.73	92.7
March	2011	11,453	3,871,838	18,859,837	63.8	43.6	10,550	299.10	6.43	93.7
April	2011	13,727	2,769,271	12,317,867	66.0	43.1	8,320	294.61	6.37	93.7
May	2011	12,742	6,687,236	11,507,526	61.7	43.6	10,265	292.98	6.14	94.2
June	2011	11,994	6,464,256	9,219,497	57.6	43.8	7,958	278.76	6.22	94.2
July	2011	16,245	4,705,539	4,630,117	59.2	41.5	10,474	291.59	4.90	94.4
August	2011	11,914	5,010,010	35,771,399	45.2	43.2	13,231	240.57	5.40	93.7
September	2011	14,514	4,009,374	2,596,410	46.4	42.3	9,382	238.28	5.91	93.2
October	2011	13,271	4,620,895	3,276,290	40.9	44.2	8,806	267.70	4.93	93.7
November	2011	12,130	2,760,085	5,412,001	55.2	44.2	14,384	267.06	5.03	94.0
December	2011	21,883	3,692,102	2,061,904	64.5	43.5	16,429	261.38	4.66	94.5

<sup>1</sup>Source: The Conference Board. Copyright (C) 2011. 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 2011 (percentage change)

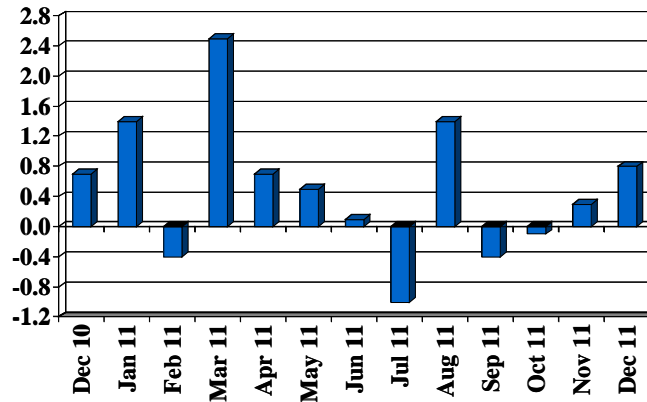


Fig 2. Initial Unemployment Claims for the 13 Months Ending December 2011

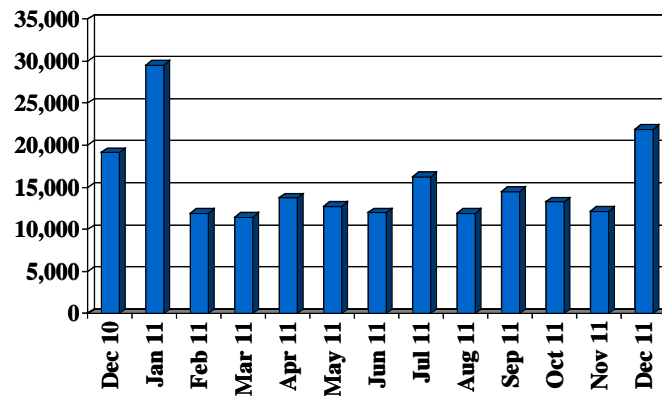


Fig 3. New Residential Construction Permits for the 13 Months Ending December 2011 (real dollars)

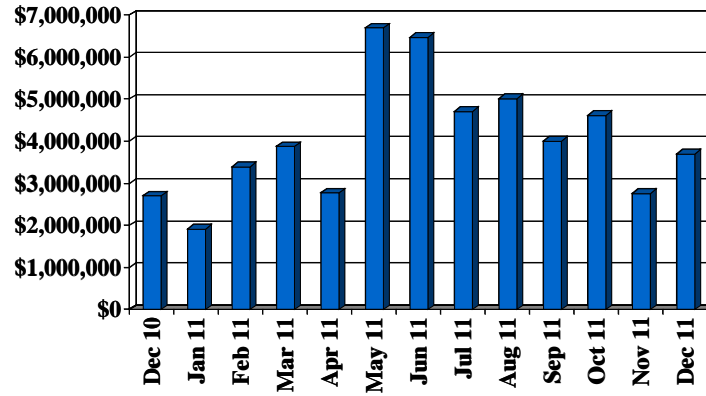


Fig 4. New Non-Residential Construction Permits for the 13 Months Ending December 2011 (real dollars)

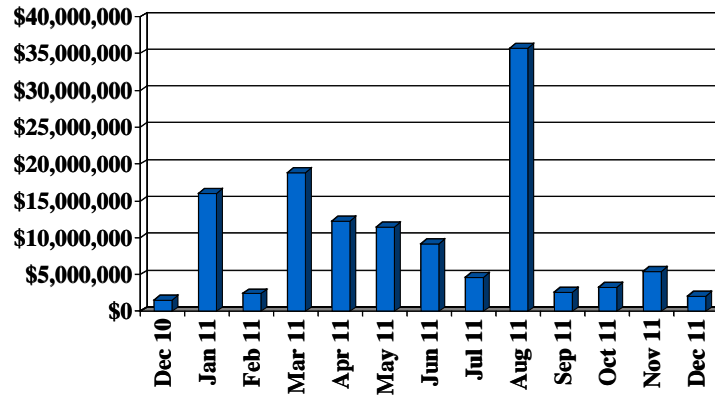
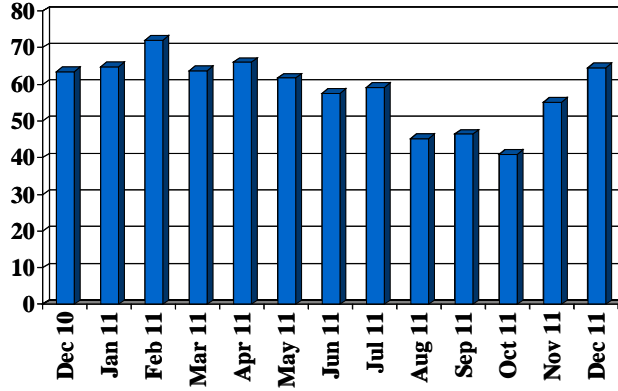


Fig 5. National Index of Consumer Confidence for the 13 Months Ending December 2011



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

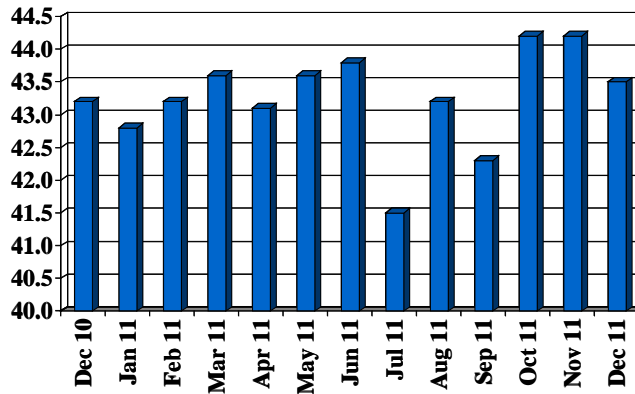


Fig 7. New Orders for Aircraft for the 13 Months Ending December 2011  
 (millions of real dollars)

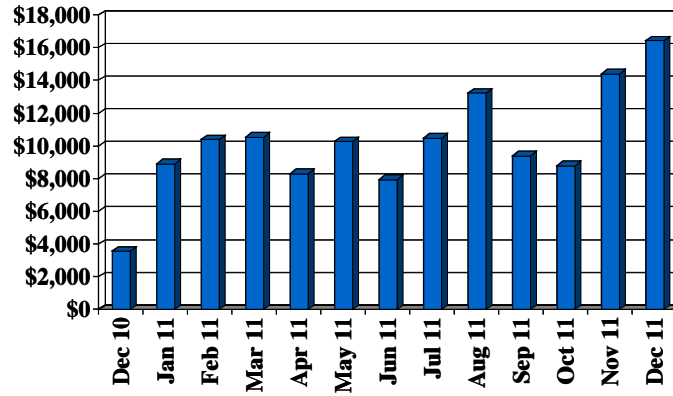


Fig 8. Aerospace Stock Prices for the 13 Months Ending December 2011  
 (real dollars)

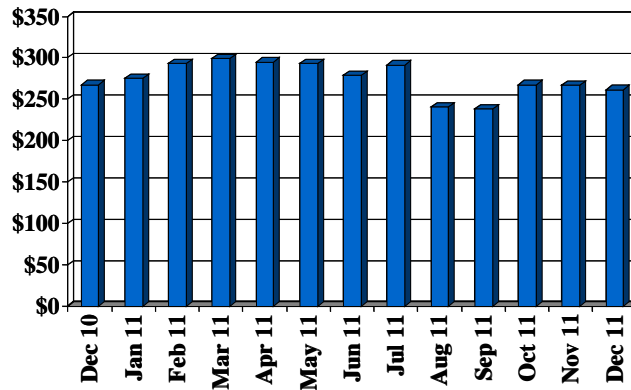


Fig 9. Wheat Prices (real dollars) for the 13 Months Ending December 2011

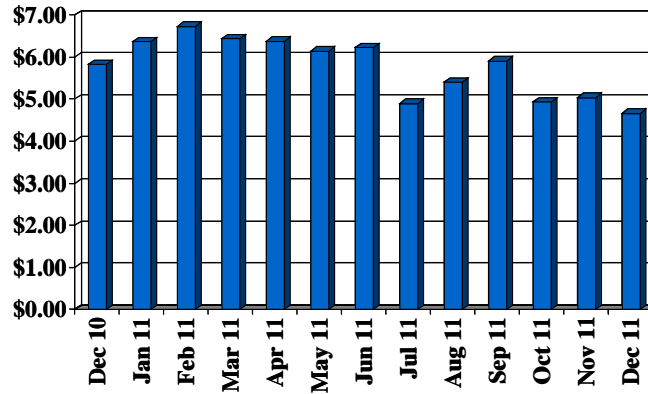
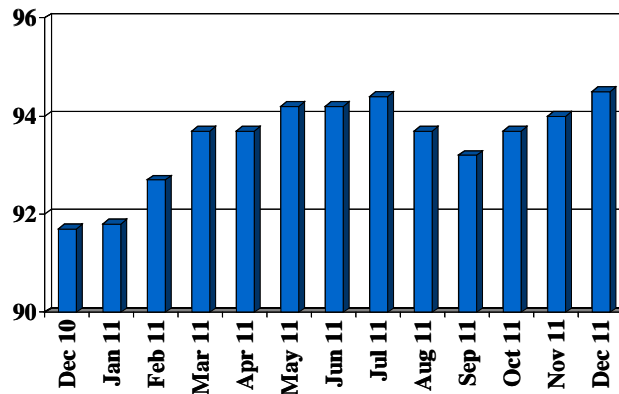


Fig 10. The Conference Board National Index of Leading Economic Indicators for the 13 Months Ending December 2011



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### Acknowledgments

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