



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 October 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 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: September 2012 to October 2012

- The Leading Economic Indicators Index increased 1.2 percent
- Kansas initial unemployment claims decreased 19.9 percent
- Value of new residential construction permits increased 45.7 percent
- Value of new non-residential construction permits increased 595.1 percent
- National Index of Consumer Confidence increased 3.8 Index points
- Average hours worked per week in manufacturing increased 0.2 percent
- Value of new orders for aircraft and parts decreased 5.2 percent.
- Aerospace stock index increased 1 percent.
- Wheat price increased 3.2 percent
- The Conference Board's Index of Leading Economic Indicators increased 0.2 Index points

Year-Over-Year Monthly Comparisons: October 2011 to October 2012

- The Leading Economic Indicators Index decreased 1.7 percent
- Kansas initial unemployment claims decreased 16.4 percent
- Value of new residential construction permits increased 37.2 percent
- Value of new non-residential construction permits increased 159.1 percent
- National Index of Consumer Confidence increased 31.3 Index points
- Average hours worked per week in manufacturing decreased 1.4 percent
- Value of new orders for aircraft and parts increased 42.4 percent.
- Aerospace stock index increased 5.9 percent
- Wheat prices increased 26.1 percent
- The Conference Board's Index of Leading Economic Indicators increased 2.2 Index points

Year-to-Year Comparisons: October 2011 to October 2012

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

- The Leading Economic Indicators Index increased 0.4 percent
- Kansas initial unemployment claims decreased 8.4 percent
- Value of new residential construction permits increased 23.3 percent
- Value of new non-residential construction permits decreased 55.2 percent
- National Index of Consumer Confidence increased 7.2 Index point
- Average hours worked per week in manufacturing increased 1.3 percent
- Value of new orders for aircraft and parts increased 25.1 percent
- Aerospace stock index decreased 0.1 percent
- Wheat prices decreased 12.8 percent
- The Conference Board's Index of Leading Economic Indicators increased 2.2 Index points

Table 1. Leading Economic Indicators Index for October 2012

Month	Year	Index	Percentage Change
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	101.14	-1.3
April	2012	100.18	-1.0
May	2012	99.28	-0.9
June	2012	98.40	-0.9
July	2012	98.87	0.5
August	2012	97.67	-1.2
September	2012	98.30	0.6
October	2012	99.48	1.2

Table 2. Leading Economic Indicators

Month	Year	Kansas Initial Unemploy- ment 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
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	2,994,382	3,925,986	69.5	42.6	10,143	287.10	4.79	95.6
April	2012	11,370	3,893,943	517,681	68.7	44.2	8,679	273.86	4.73	95.5
May	2012	12,270	6,623,587	889,540	64.4	44.3	9,481	258.45	4.45	95.8
June	2012	15,554	8,770,165	1,037,637	62.7	44.1	12,431	269.45	4.44	95.3
July	2012	14,490	5,000,189	1,602,210	65.4	42.9	16,604	278.91	5.31	95.7
August	2012	10,785	9,595,240	19,153,632	61.3	43.0	3,469	284.78	6.11	95.3
September	2012	13,855	4,349,419	1,220,674	68.4	43.5	14,079	280.57	6.02	95.8
October	2012	11,092	6,335,037	8,484,301	72.2	43.6	13,349	283.32	6.21	96.0

¹ Source: The Conference Board, 2012. 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 October 2012
(percentage change)

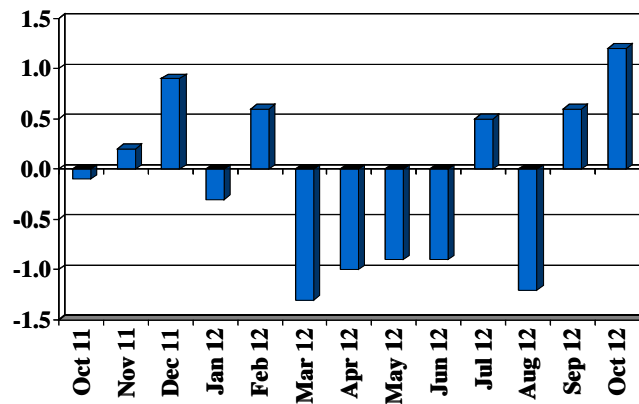


Fig 2. Kansas Initial Unemployment Claims
for the 13 Months Ending October 2012

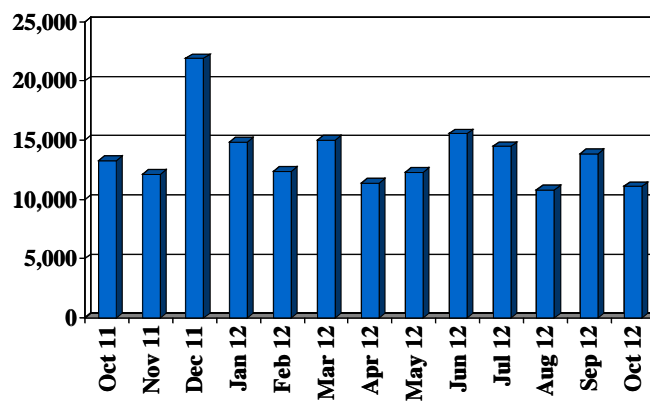


Fig 3. New Residential Construction Permits
for the 13 Months Ending October 2012
(real dollars)

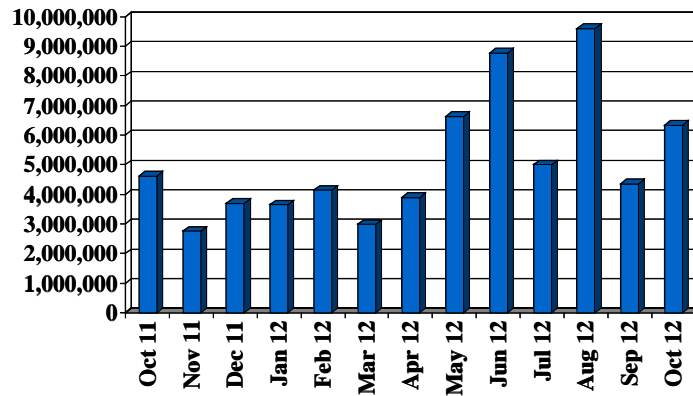


Fig 4. New Non-Residential Construction
Permits for the 13 Months Ending October
2012 (real dollars)

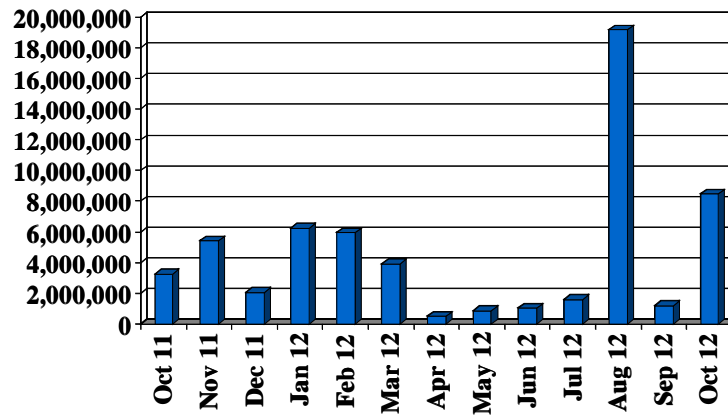
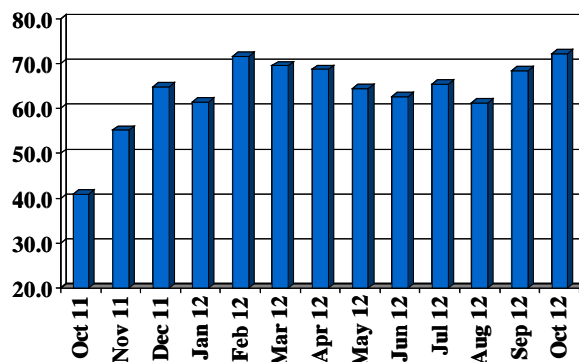


Fig 5. National Index of Consumer Confidence for the
13 Months Ending October 2012



Source: The Conference Board, 2012. 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 October 2012

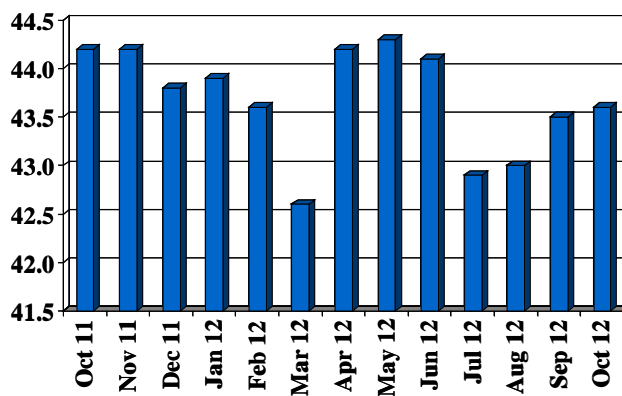


Fig 7. New Orders for Aircraft for the
13 Months Ending October 2012
(millions of real dollars)

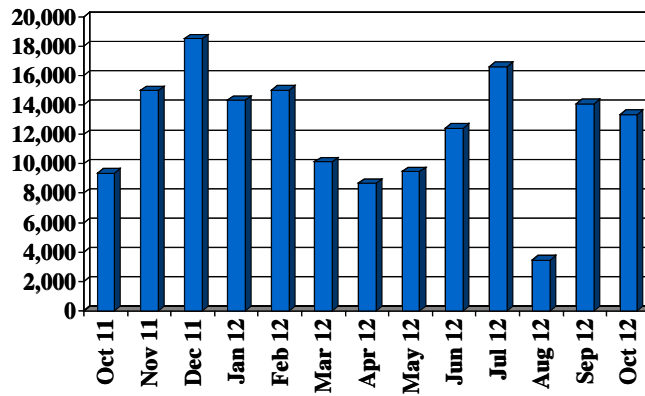


Fig 8. Aerospace Stock Prices for the
13 Months Ending October 2012
(real dollars)

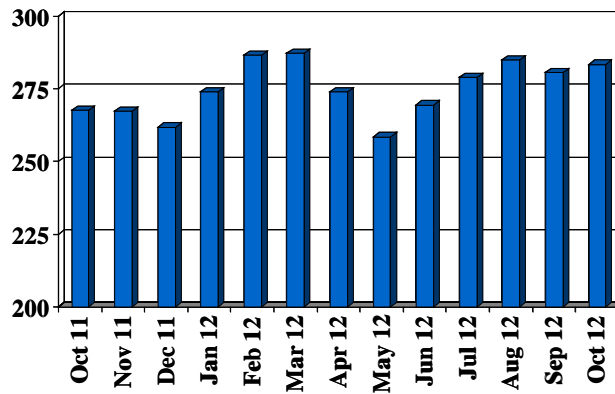


Fig 9. Wheat Prices for the
13 Months Ending October 2012
(real dollars)

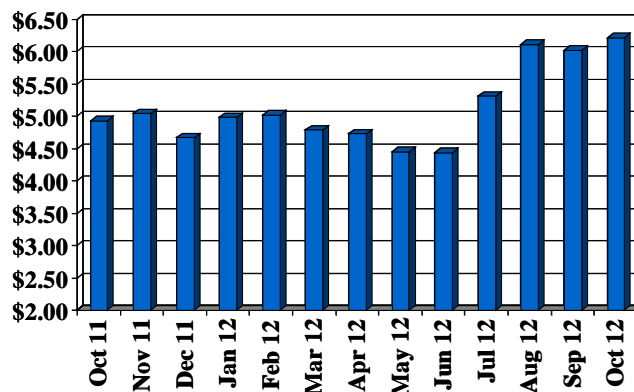
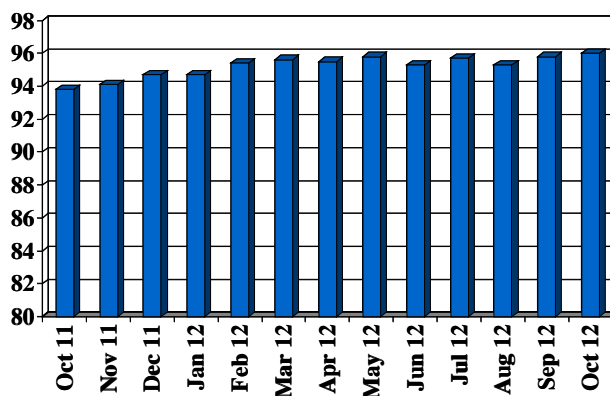


Fig 10. National Index of Leading Economic
Indicators for the
13 Months Ending October 2012



Source: The Conference Board, 2012. All Rights Reserved. No claim to orig. U.S. Govt. works pursuant to U.S. Contract No. 52-SABA-5-00128.

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.