



WICHITA STATE
UNIVERSITY

W. FRANK BARTON
SCHOOL OF BUSINESS

Center for Economic Development
and Business Research

Misery Index: 2012 Q4

The Misery Index is an indicator measuring the impact of changing economic conditions on people. This index, as calculated by CEDBR, is a combination of the quarterly percent change in the Housing Price Index (HPI), the quarterly average change in the Consumer Price Index (CPI), and the quarterly average unemployment rate (UR). The combination of changes in these factors indicates the changing level of economic misery experienced by people in different geographic areas.

		Index Value		% Change in Index		Quarterly % Change in Index Components		
		2012 Q4	2012 Q3	Quarterly	Annual	HPI	CPI	UR
	U.S.	7.51	8.15	▼ -7.75%	▼ -10.12%	▲ 0.65%	▼ -0.14%	▼ -0.08%
	Kansas	5.25	6.08	▼ -13.67%	▼ -14.27%	▲ 0.15%	▼ -0.13%	▼ -0.14%
Kansas	Wichita, KS	6.05	7.12	▼ -15.05%	▼ -17.49%	▲ 0.69%	▼ -0.12%	▼ -0.15%
	Kansas City, MO-KS	6.25	6.88	▼ -9.03%	▼ -15.01%	▼ -0.16%	▼ -0.13%	▼ -0.09%
	Lawrence, KS	4.78	5.79	▼ -17.34%	▼ -10.75%	▲ 0.42%	▼ -0.12%	▼ -0.17%
	Topeka, KS	6.06	6.69	▼ -9.40%	▼ -9.52%	▼ -0.77%	▼ -0.12%	▼ -0.09%
	Oklahoma City, OK	4.68	4.68	▼ -0.04%	▼ -18.63%	▲ 0.65%	▼ -0.12%	▬ 0.00%
Region	Omaha, NE	3.92	4.29	▼ -8.53%	▼ -13.97%	▼ -0.09%	▼ -0.12%	▼ -0.09%
	St. Louis, MO-IL	7.09	7.68	▼ -7.78%	▼ -15.92%	▲ 0.04%	▼ -0.13%	▼ -0.08%
	Tulsa, OK	5.35	5.42	▼ -1.43%	▼ -21.58%	▲ 0.86%	▼ -0.12%	▼ -0.01%
	Akron, OH	6.05	6.48	▼ -6.68%	▼ -19.35%	▲ 0.41%	▼ -0.12%	▼ -0.07%
Peer	Grand Rapids, MI	5.85	6.94	▼ -15.77%	▼ -17.24%	▲ 0.81%	▼ -0.12%	▼ -0.16%
	Greenville, SC	6.96	7.68	▼ -9.33%	▼ -11.30%	▼ -0.89%	▼ -0.21%	▼ -0.10%
	Lancaster, PA	6.29	6.64	▼ -5.26%	▼ -0.49%	▼ -0.85%	▼ -0.22%	▼ -0.06%

Values are impacted by rounding.

Between the third and fourth quarters of 2012 the general level of misery experienced by people in all areas covered by this report decreased. The level of misery was also lower in all areas when compared to the fourth quarter of 2011. This can be attributed to a general decline in consumer prices and lower quarterly average unemployment rates.

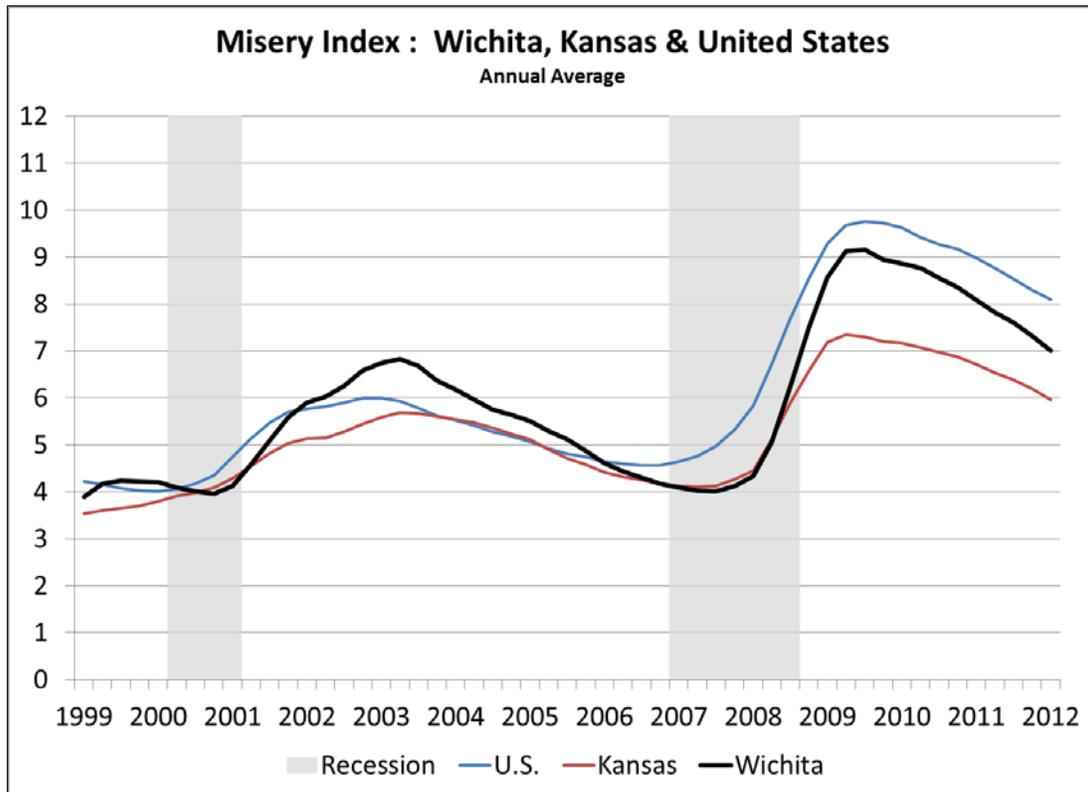
Within Kansas, Lawrence experienced the most significant decline in misery, followed by Wichita. The decline in misery in both of these areas was helped by slight improvements in the housing price index. Topeka and Kansas City experienced less improvement in the level of misery, which can be attributed to

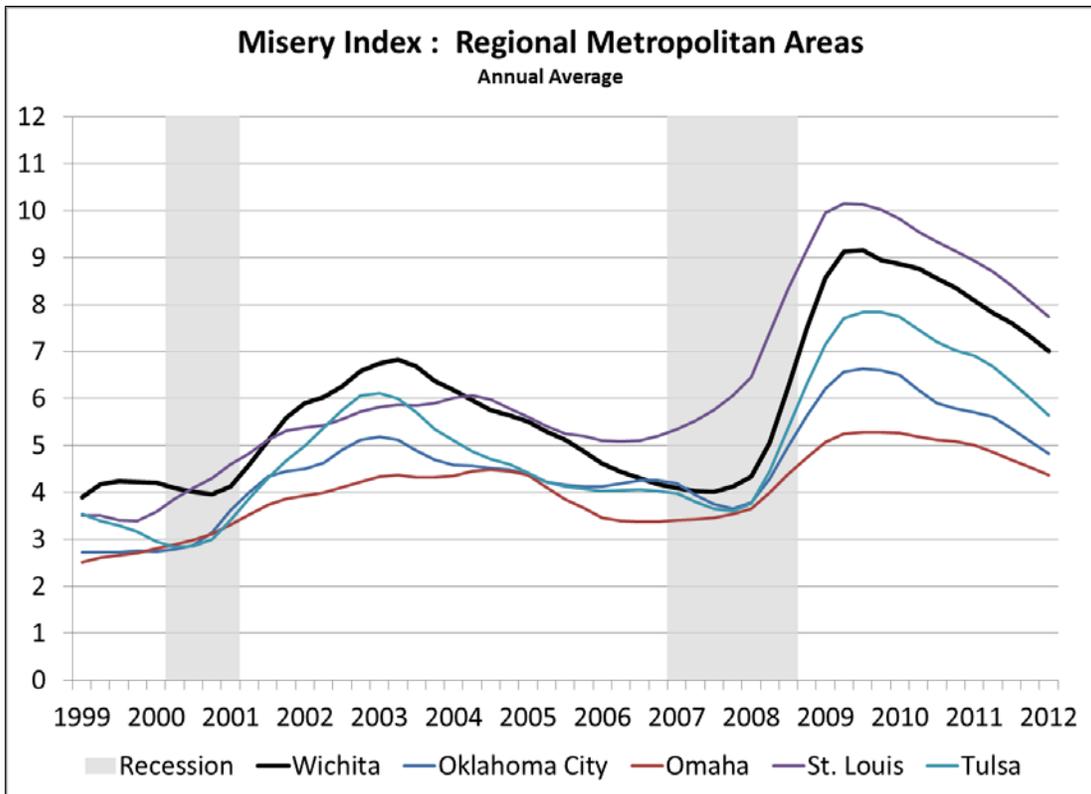
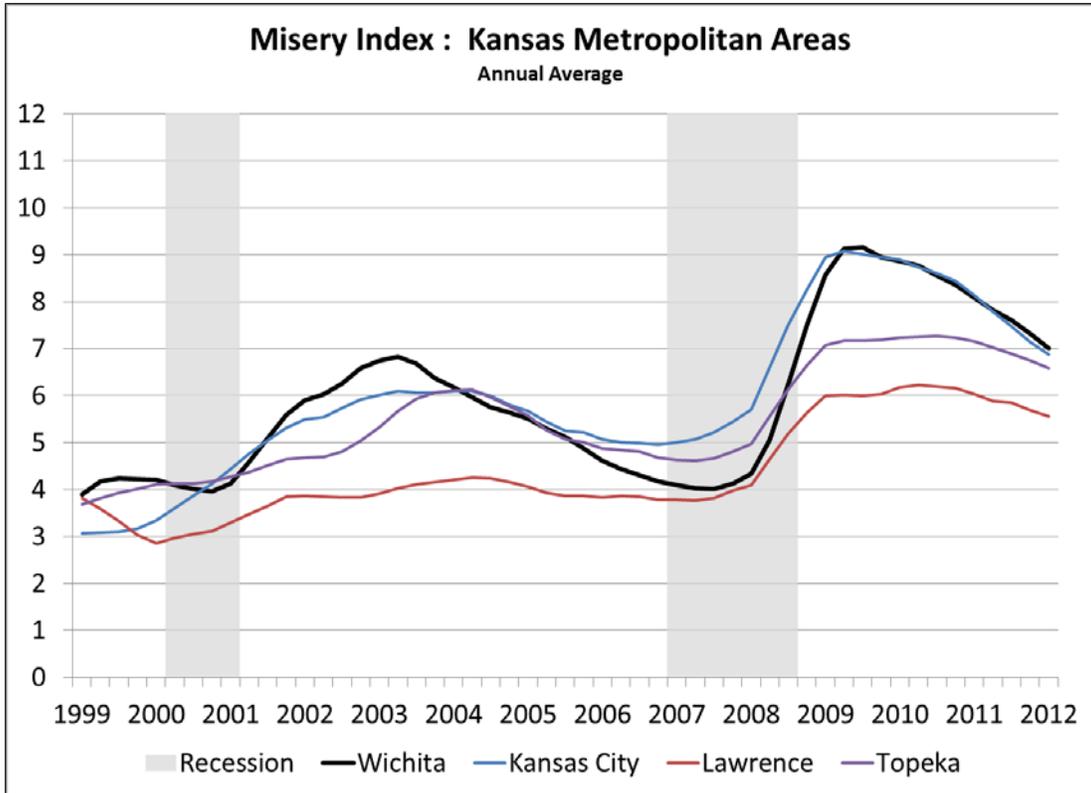
the smaller improvement in the unemployment rate in both cities and a decline in the housing price index.

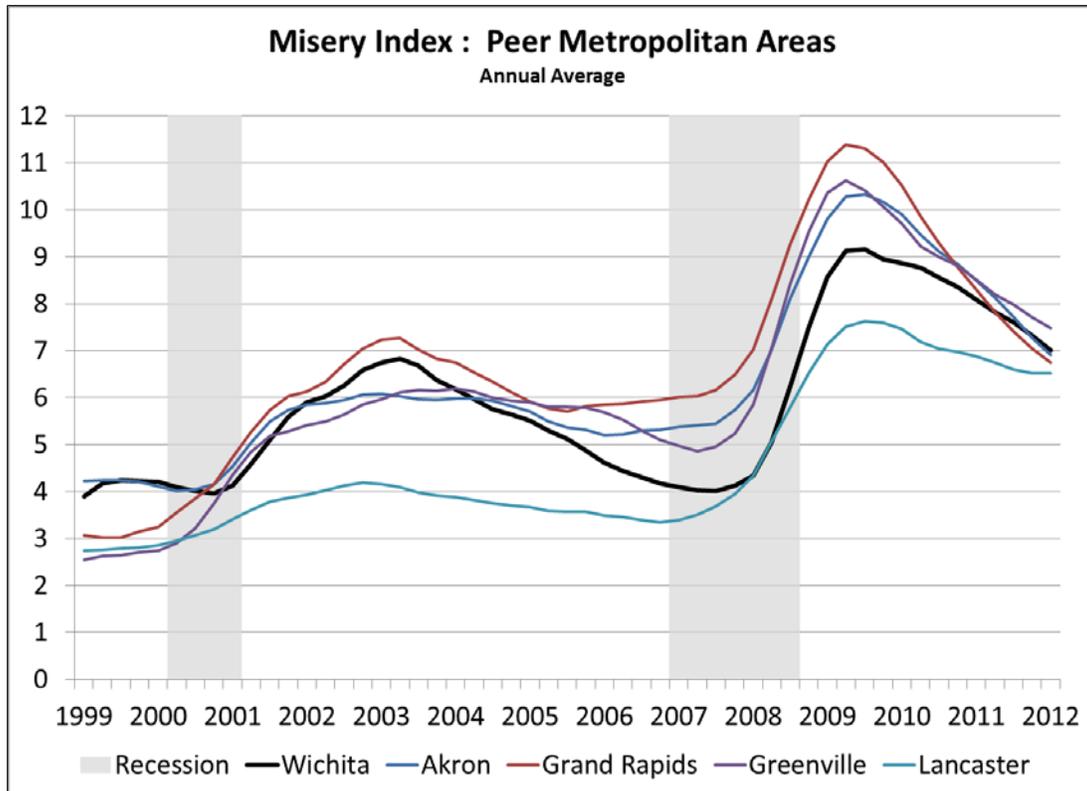
Within the region, including Kansas, St. Louis had the highest level of misery in the fourth quarter of 2012, with an index value of 7.09. St. Louis was followed by Kansas City Topeka and Wichita with index values of 6.25, 6.06 and 6.05, respectively.

For comparison, the misery index for four metropolitan areas similar to Wichita in population, demographics, and industrial mix are also provided. Within these peer communities, only Grand Rapids experienced a larger decrease in the level of misery than Wichita. Grand Rapids also has a lower level of misery, with an index value of 5.85, the lowest among the peer communities. Grand Rapids is followed by Akron, which has the same index value as Wichita, 6.05.

As the economy continues the slow recovery from the recession, the annual average misery rates in all areas continue to decline. In all areas the average annual rate for the period ending December 2012 was lower than the period ending September 2012.







Methodology

The Misery Index calculated by the Center for Economic Development and Business Research (CEDBR) includes the following information:

- The Consumer Price Index (CPI) from the Bureau of Labor Statistics¹
- House Price Index (HPI) from the Federal Housing Finance Agency²
- Unemployment Rates (UR) from the Bureau of Labor Statistics³

Not seasonally adjusted, monthly data values for the Consumer Price Index – All Urban Consumers were used to calculate the quarterly inflation rates. The specific indices used are as follows. U.S. city average, with a base period of 1982-84, was used for the United States inflation rate. Midwest urban, with a base period of 1982-1984, was used for the Kansas inflation rate. Midwest – Size Class A, with a base year of 1982-84, was used for the Kansas City and St. Louis metropolitan area’s inflation rates. Midwest – Size Class B/C, with a base year of December 1996, was used for the Wichita, Topeka, Lawrence, Grand Rapids, Omaha, Akron, Oklahoma City and Tulsa metropolitan area’s inflation rates. Northeast urban – Size Class B/C, with a base period of December 1996, was used for the Lancaster metropolitan area inflation rate. South – Size Class B/C, with a base period of December 1996, was used for the Greenville metropolitan area inflation rate.

¹ <http://www.bls.gov/cpi/> Data accessed February 25, 2013.

² <http://www.fhfa.gov/Default.aspx?Page=87> Data accessed February 25, 2013.

³ <http://www.bls.gov/bls/unemployment.htm> Data accessed February 25, 2013.

The HPI is a measure of single family home prices within specific areas. This series is used because the index is produced for a wide range of geographic areas. The CEDBR used the “All-Transactions Index” values for each respective area. The percentage change from the previous quarter was used in the Misery Index. The HPI is a positive indicator for consumers. Therefore, if the HPI is increasing, the Misery Index will decline.

The CEDBR used not seasonally adjusted, area specific, unemployment data (the official unemployment rate) to calculate the Misery Index. The unemployment rate is a negative indicator for consumers. Therefore, if the unemployment rate is increasing, the Misery Index will also increase.

For additional information and methodology details please click [HERE](#).