



# Wichita Metro Area Leading Economic Indicators Index Results for May 2007

## ***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:

- Monthly initial claims for unemployment insurance
- Building permits, new residential construction
- Building permits, new non-residential construction
- WSU index of consumer expectations
- 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: April 2007 to May 2007**

- The Leading Economic Indicators Index increased 1.4 percent
- Initial claims for unemployment decreased 0.3 percent
- Value of new residential construction permits decreased 6 percent
- Value of new non-residential construction permits increased 607.3 percent
- WSU Consumer Expectations Index increased 1.1 percentage points
- Average hours worked per week in manufacturing decreased 2.8 percent
- Value of new orders for aircraft and parts decreased 19.9 percent.
- Aerospace stock index increased 2.6 percent
- Wheat prices increased 7.4 percent
- The Conference Board's Index of Leading Economic Indicators increased 0.4 percentage points

### **Year to Year Comparisons: May 2006 to May 2007**

**(12 months ending May 2006 compared to the 12 months ending May 2007)**

- The Leading Economic Indicators Index increased 3.3 percent
- Initial claims for unemployment decreased 29.7 percent
- Value of new residential construction permits decreased 6.1 percent
- Value of new non-residential construction permits increased 8.7 percent
- WSU Consumer Expectations Index increased 2.9 percentage points
- Average hours worked per week in manufacturing increased 2.2 percent
- Value of new orders for aircraft and parts increased 13.1 percent.
- Aerospace stock index increased 16.7 percent
- Wheat prices increased 26.4 percent
- The Conference Board's Index of Leading Economic Indicators increased 0.4 percentage points

**Table 1. Leading Economic Indicators Index for May 2007**

Month	Year	Index	Percentage Change
May	2006	115.60	-0.8
June	2006	116.03	0.4
July	2006	115.93	-0.1
August	2006	115.37	-0.5
September	2006	116.49	1.0
October	2006	117.42	0.8
November	2006	117.83	0.4
December	2006	118.43	0.5
January	2007	119.16	0.6
February	2007	119.44	0.2
March	2007	120.62	1.0
April	2007	121.31	0.6
May	2007	123.01	1.4

**Table 2. Leading Economic Indicators**

Month	Year	Initial Unemployment Claims	New Residential Construction Permits (real \$)	New Non-Residential Construction Permits (real \$)	WSU Index of Consumer Expectations	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>
May	2006	1,919	13,547,159	4,654,831	40.1	41.9	10,723	289	3.66	137.6
June	2006	1,474	22,846,311	8,685,914	42.5	42.8	12,221	280	4.05	137.8
July	2006	3,609	10,331,516	9,285,955	42.6	43.4	12,025	285	4.21	137.5
August	2006	1,983	11,481,596	9,400,695	39.7	44.3	8,972	284	4.03	137.0
September	2006	1,804	11,322,809	10,950,734	46.5	46.5	20,548	308	4.00	137.6
October	2006	1,633	19,428,552	3,539,011	46.7	45.5	13,961	313	4.26	137.6
November	2006	2,008	13,090,348	14,369,249	47.2	45.4	15,448	318	4.43	137.6
December	2006	4,093	8,246,097	2,992,816	44.9	44.5	19,117	322	4.51	138.4
January	2007	1,625	10,681,108	8,050,074	46.2	46.6	8,960	325	4.16	138.0
February	2007	1,713	9,417,559	10,471,841	46.3	45.4	13,680	316	4.13	137.2
March	2007	1,411	11,496,585	8,236,358	45.4	45.9	18,596	323	4.22	138.0
April	2007	1,539	14,404,013	2,817,327	44.3	46.6	16,827	337	3.67	137.6
May	2007	1,535	13,536,446	19,926,165	45.4	45.3	13,481	346	3.94	138.0

<sup>1</sup> Source: The Conference Board. Copyright (C) 2007. 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 May 2007 (percentage change)

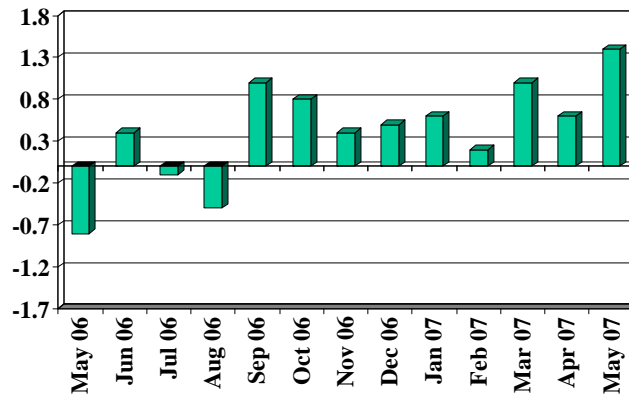


Fig 2. Initial Unemployment Claims for the 13 Months Ending May 2007

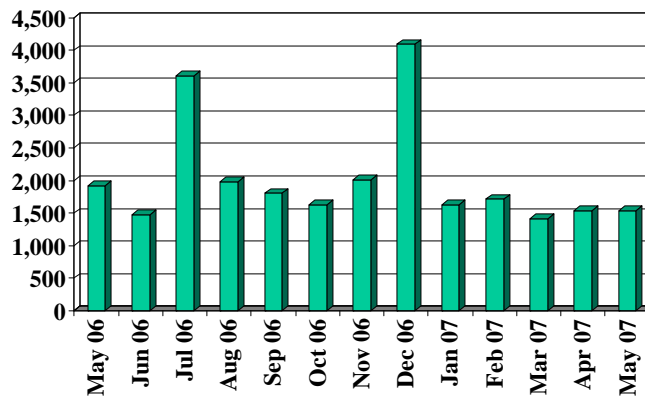


Fig 3. New Residential Construction Permits  
for the 13 Months Ending May 2007  
(real dollars)

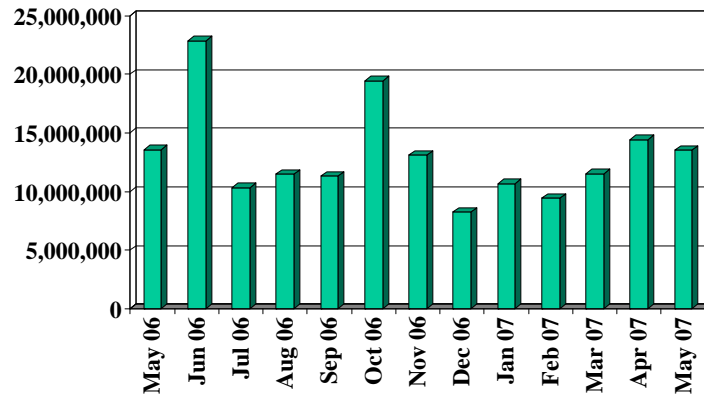


Fig 4. New Non-Residential Construction  
Permits for the 13 Months Ending  
May 2007 (real dollars)

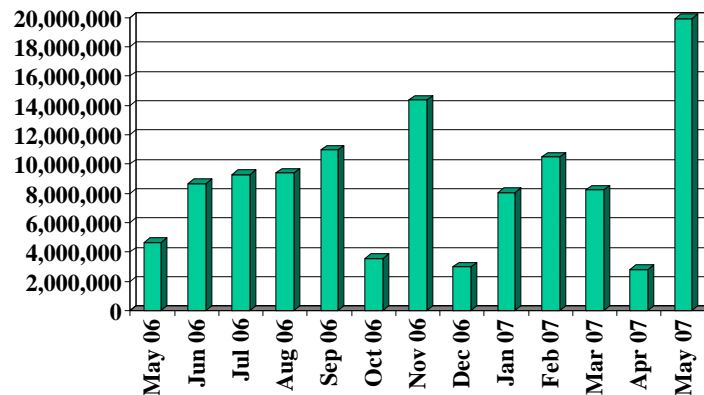


Fig 5. WSU Index of Consumer Expectations for the 13 Months Ending May 2007

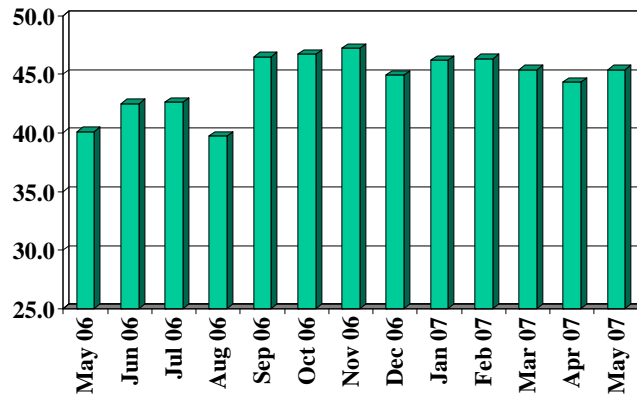


Fig 6. Average Hours Worked Per Week in Manufacturing for the 13 Months Ending May 2007

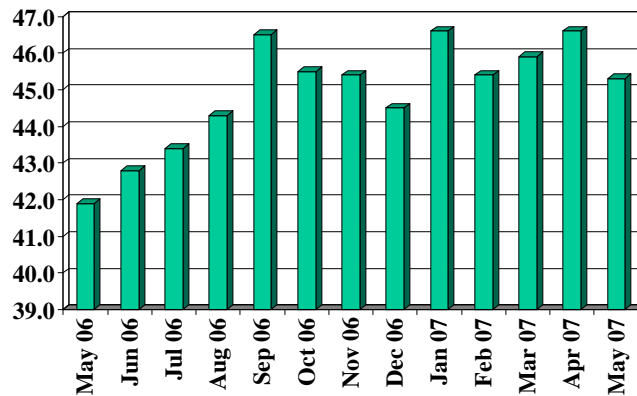


Fig 7. New Orders for Aircraft for the 13 Months Ending May 2007  
(millions of real dollars)

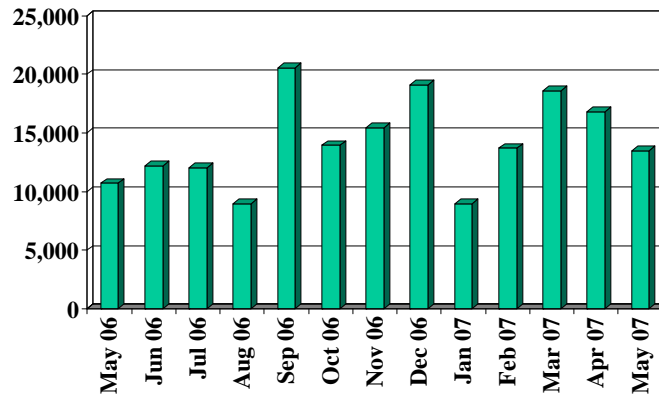


Fig 8. Aerospace Stock Prices for the 13 Months Ending May 2007 (real dollars)

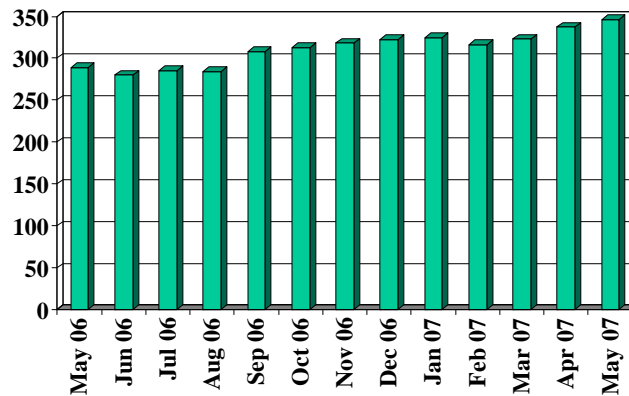


Fig 9. Wheat Prices (real dollars) for the 13 Months Ending May 2007

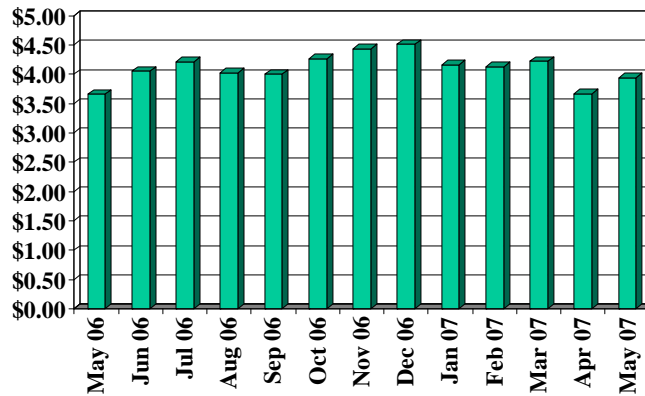
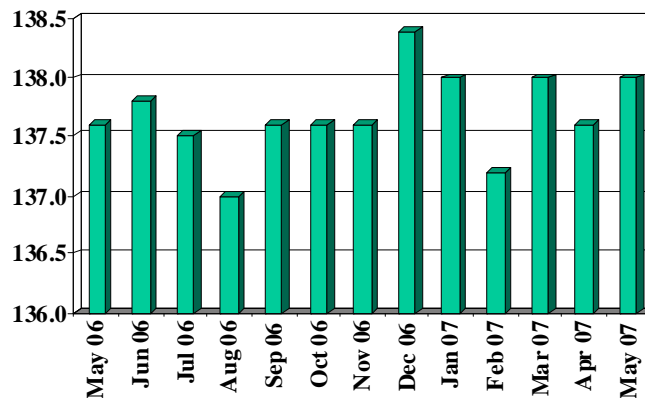


Fig 10. National Index of Leading Economic Indicators for the 13 Months Ending May 2007



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### Acknowledgments

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