WICHITA STATE UNIVERSITY
W. FRANK BARTON SCHOOL OF BUSINESS
Center for Economic Development and Business Research

Misery Index: 2014 Q2

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.

Misery Index

		Index Value		% Change in Index		Quarterly % Change in Index Components		
		2014 Q2	2014 Q1	Quarterly	Annual	HPI	CPI	UR
	U.S.	6.09	6.94	-12.20%	-17.66%	2.22%	0.12%	-0.12%
	Kansas	4.70	5.31	-11.58%	-13.91%	1.64%	0.01%	-0.11%
Kansas	Wichita, KS	5.51	6.12	-9.95%	-12.04%	0.50%	0.10%	-0.10%
Kansas	Kansas City, MO-KS	5.95	6.71	-11.31%	-5.23%	2.53%	-0.02%	-0.11%
Kansas	Lawrence, KS	4.27	4.89	-12.80%	-18.81%	1.27%	0.10%	-0.12%
Kansas	Topeka, KS	4.89	5.97	-18.10%	-19.08%	2.06%	0.10%	-0.17%
Region	Oklahoma City, OK	4.29	4.96	-13.54%	-15.32%	2.02%	0.10%	-0.13%
Region	Omaha, NE	3.86	4.55	-15.09%	-10.38%	1.84%	0.10%	-0.15%
Region	St. Louis, MO-IL	6.60	7.81	-15.54%	-6.40%	1.60%	-0.02%	-0.15%
Region	Tulsa, OK	4.63	5.50	-15.80%	-16.26%	1.23%	0.10%	-0.16%
Peer	Akron, OH	5.07	6.66	-23.95%	-27.76%	4.55%	0.10%	-0.23%
Peer	Grand Rapids, MI	5.37	6.01	-10.69%	-21.33%	4.26%	0.10%	-0.10%
Peer	Greenville, SC	4.48	4.72	-5.13%	-30.02%	3.94%	0.15%	-0.04%
Peer	Lancaster, PA	4.41	5.31	-16.92%	-29.39%	-0.08%	0.41%	-0.17%

Values are impacted by rounding.

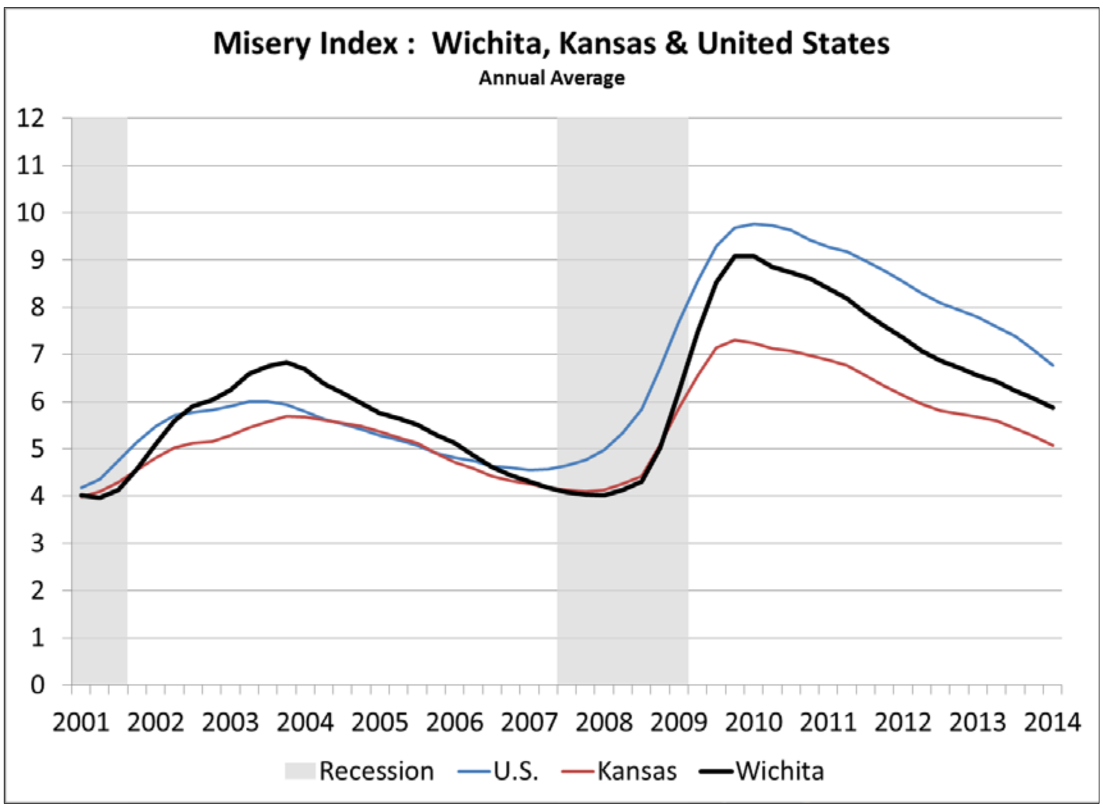
Between the first and second quarters of 2014 the general level of misery experienced by people in the United States decreased. This can be attributed to the general improvements in both the value of residential property and the unemployment rate. Inflation rates have increased slightly in most areas; however, not by enough to offset the improvements in the other index components. Kansans continue to experience a lower level of misery than the nation as a whole, although over the past year the nation as a whole has experienced a larger decrease in misery than Kansas.

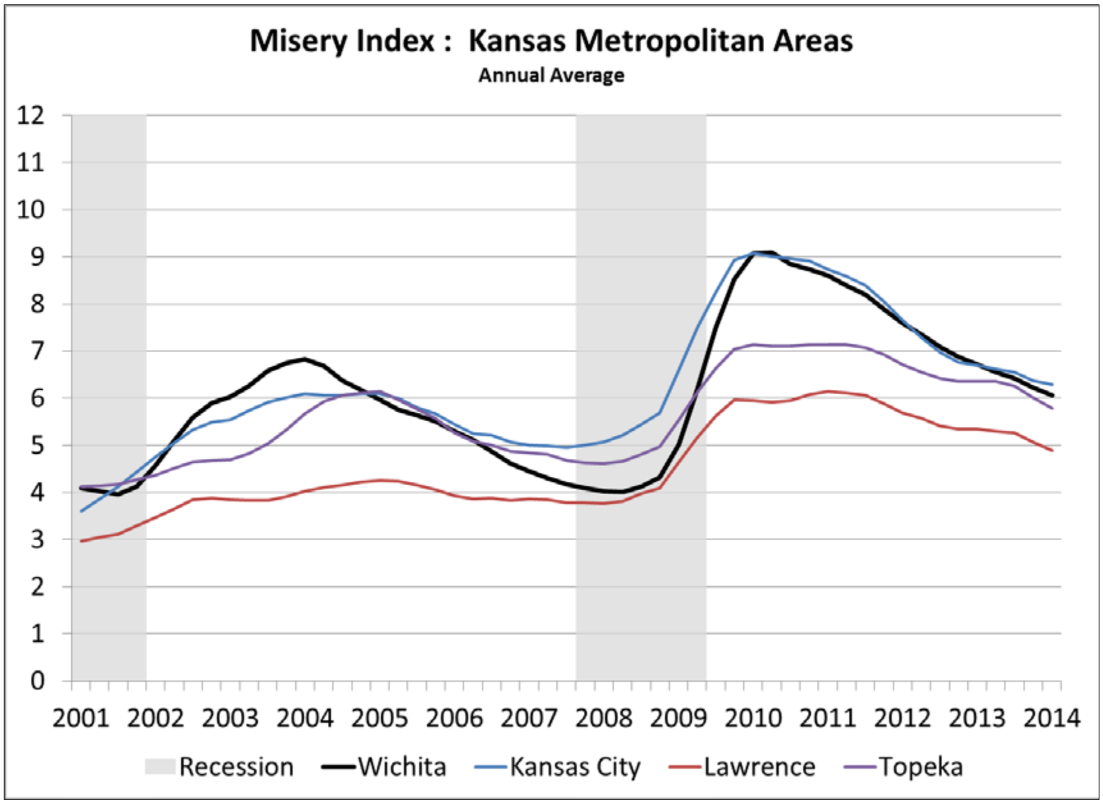
Within Kansas, the misery index for all metropolitan areas decreased. Lawrence continues to have the lowest level of misery in the state. Topeka had the most significant reduction in misery between the first and second quarters. The Kansas City metropolitan area continues to experience decreasing misery; however, it has improved at a slower rate than other metropolitan areas in the state over the past year.

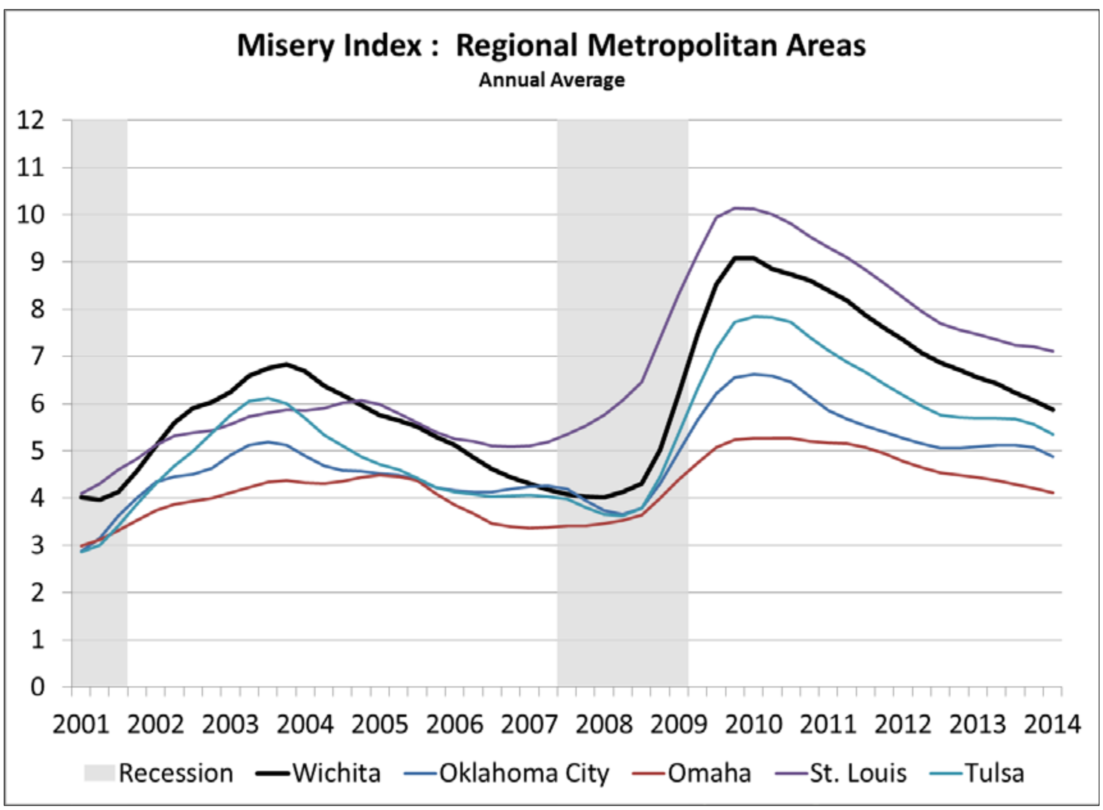
Within the region including Kansas, all areas have experienced reductions in the level of misery. St. Louis and Kansas City, although improving, have had the least reduction in the level of misery over the past year.

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, Wichita experienced the smallest improvement in misery over the past year. Greenville, S.C., and Lancaster, Penn., continue to have both the lowest levels of misery and the most improvement in misery level among the peer communities.

As the economy continues to recover from the recession, the annual average misery rates in most areas continue to slowly decline. Although no area has reached prerecession levels, all areas are better off today than they were a year ago.




Misery Index : Kansas Metropolitan Areas
Annual Average
12
11
10
9
8
7
6
5
4
3
2
1
0
2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014
Recession
Wichita
Kansas City
Lawrence
Topeka


Misery Index : Regional Metropolitan Areas
Annual Average
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2
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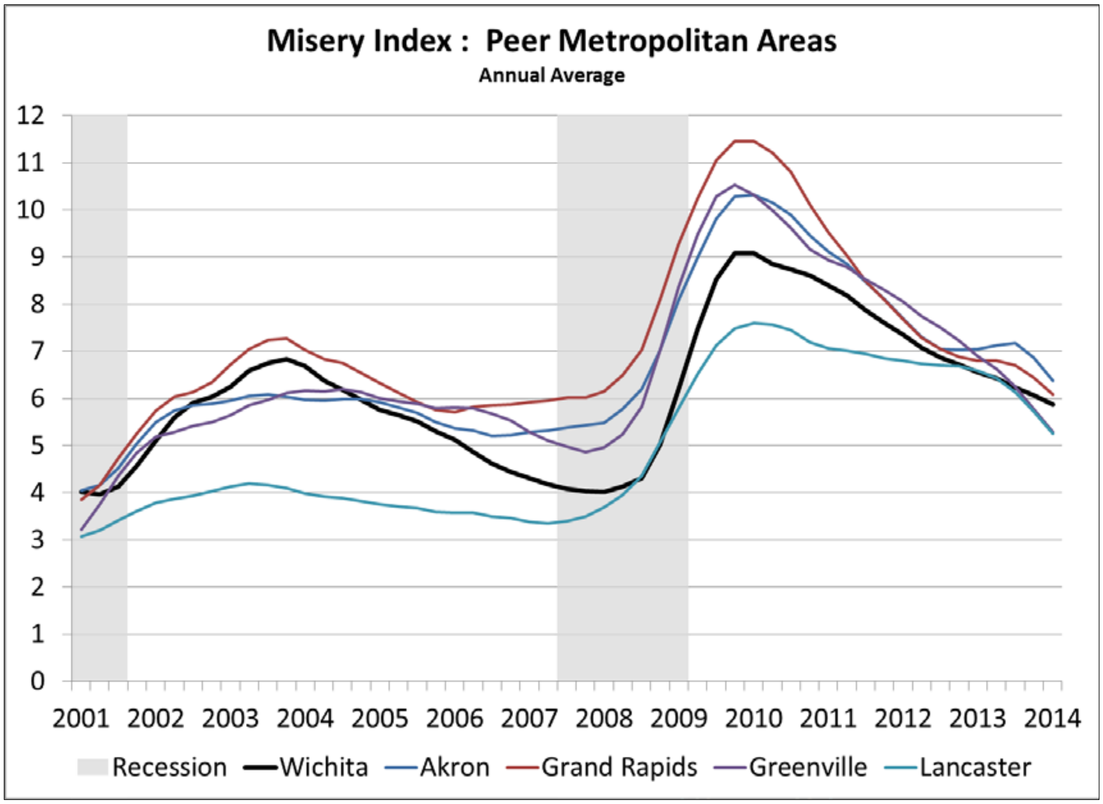
0
2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014
Recession
Wichita
Oklahoma City
Omaha
St. Louis
Tulsa



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 Statistics[1]
- House Price Index (HPI) from the Federal Housing Finance Agency[2]
- Unemployment Rates (UR) from the Bureau of Labor Statistics[3]

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 1982-84, 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.

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[1] http://www.bls.gov/cpi/ Data accessed August 26, 2014.
[2] http://www.fhfa.gov/Default.aspx?Page=87 Data accessed August 26, 2014.
[3] http://www.bls.gov/bls/unemployment.htm Data accessed August 26, 2014.

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.