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

Misery Index: 2014 Q1

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 Q1	2013 Q4	Quarterly	Annual	HPI	CPI	UR
	U.S.	6.94	6.70	3.53%	-14.08%	0.56%	-0.05%	0.03%
	Kansas	5.31	4.68	13.38%	-11.71%	0.45%	-0.07%	0.14%
Kansas	Wichita, KS	6.14	5.38	14.08%	-9.77%	0.33%	-0.06%	0.14%
Kansas	Kansas City, MO-KS	6.71	5.62	19.43%	-4.32%	0.20%	-0.08%	0.20%
Kansas	Lawrence, KS	4.93	4.01	23.02%	-12.30%	-1.61%	-0.06%	0.23%
Kansas	Topeka, KS	5.98	5.06	18.10%	-13.22%	-2.99%	-0.06%	0.17%
Region	Oklahoma City, OK	4.97	5.09	-2.40%	-4.17%	1.30%	-0.06%	-0.02%
Region	Omaha, NE	4.55	3.83	18.62%	-5.55%	-0.27%	-0.06%	0.18%
Region	St. Louis, MO-IL	7.81	6.71	16.35%	-1.39%	0.13%	-0.08%	0.16%
Region	Tulsa, OK	5.50	5.60	-1.76%	-7.74%	1.43%	-0.06%	-0.01%
Peer	Akron, OH	6.67	6.67	-0.05%	-16.20%	-2.02%	-0.06%	-0.01%
Peer	Grand Rapids, MI	6.01	5.88	2.33%	-15.13%	-0.01%	-0.06%	0.02%
Peer	Greenville, SC	4.72	5.44	-13.34%	-29.03%	-0.04%	-0.05%	-0.13%
Peer	Lancaster, PA	5.31	5.16	2.97%	-23.89%	0.02%	0.09%	0.03%

Values are impacted by rounding.

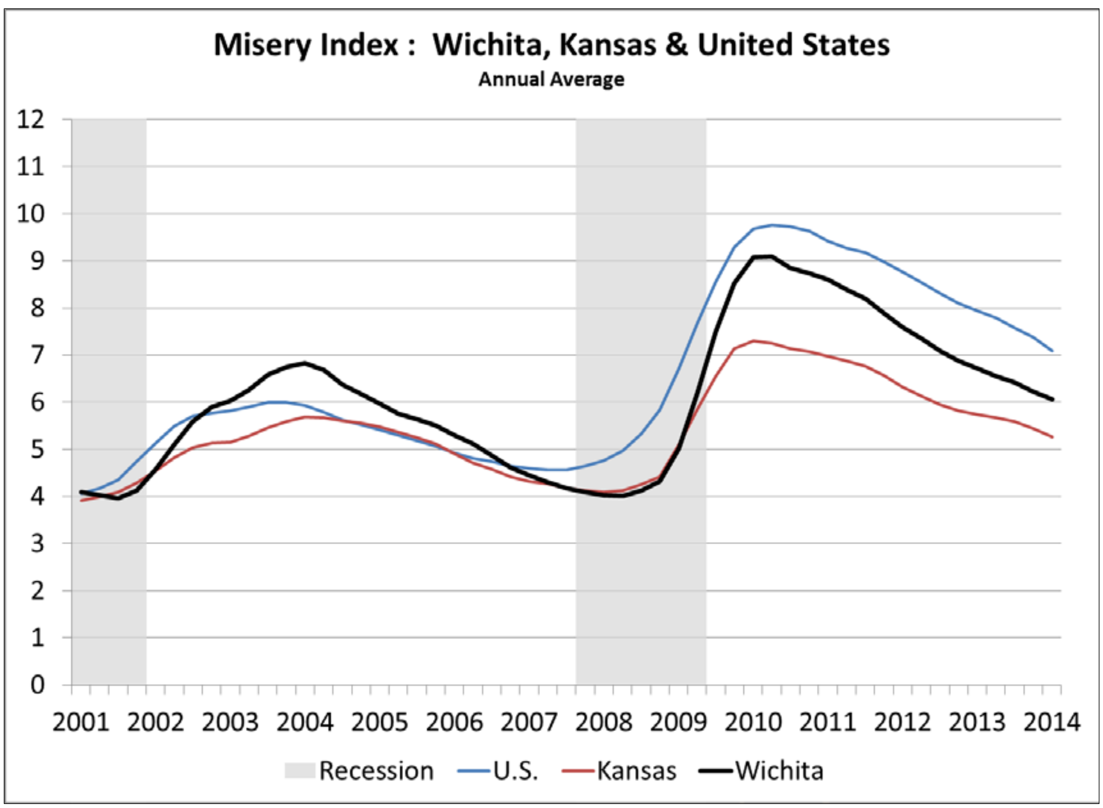
Between the fourth quarter 2013 and the first quarter 2014 the general level of misery experienced by people in the United States increased. Kansas experienced a larger increase in misery in the first quarter than the nation, as a whole, by almost ten percent. However, over the past year, the levels of misery in Kansas and the United States have both decreased, with improvements in Kansas being 2.4 percent less than the nation.

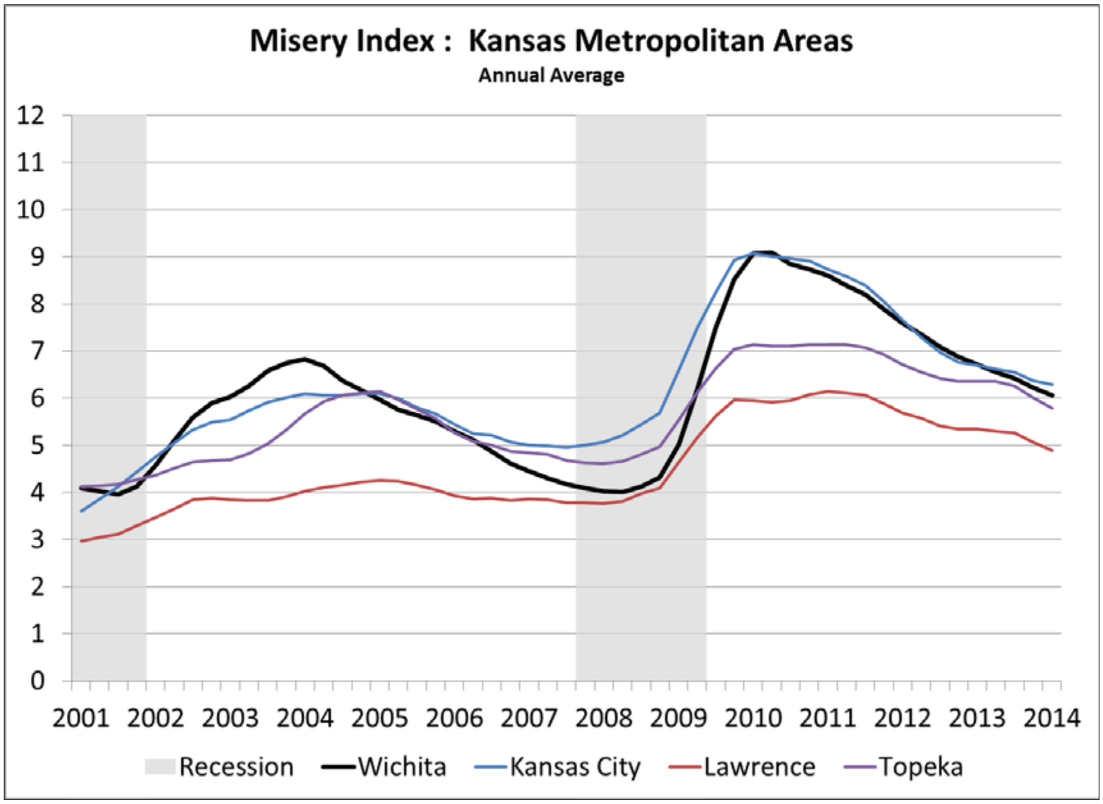
Within Kansas, the misery index for all metropolitan areas increased. Lawrence continues to have the lowest level of misery in the state, but had the most significant increase in misery in the first quarter. Wichita had the smallest increase in misery of the Kansas metropolitan areas, which can be attributed to an improvement in home prices.

Within the region including Kansas, the two metropolitan areas in Oklahoma, Oklahoma City and Tulsa, had decreases in the level of misery of 2.40 percent and 1.76 percent, respectively. This can be attributed to improvement in home prices and decreases in the unemployment rates in Oklahoma. All other metropolitan areas in the region experienced increases in misery in the first quarter, although there is improvement over the past year.

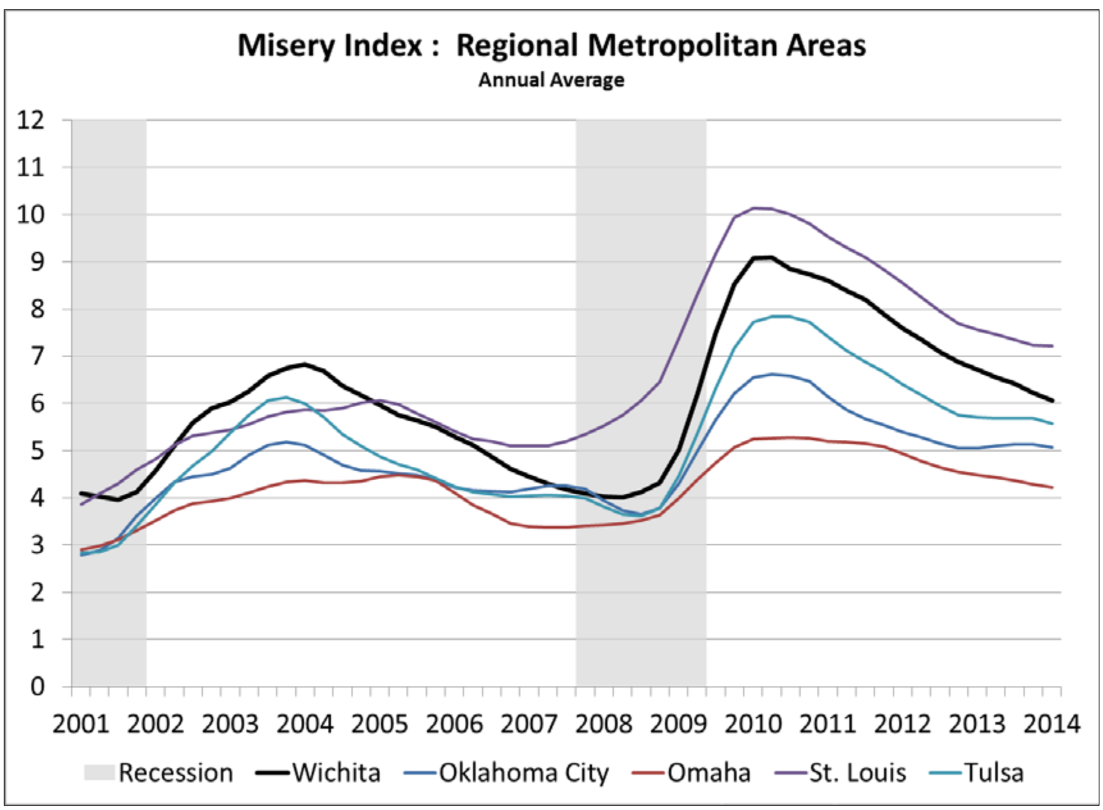
For comparison, the misery index for four metropolitan areas similar to Wichita in population, demographics, and industrial mix are also provided. Within these peer communities, Wichita experienced the greatest increase in misery between the fourth and first quarters, with only Akron, Ohio, experiencing a higher overall level of misery than Wichita.

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
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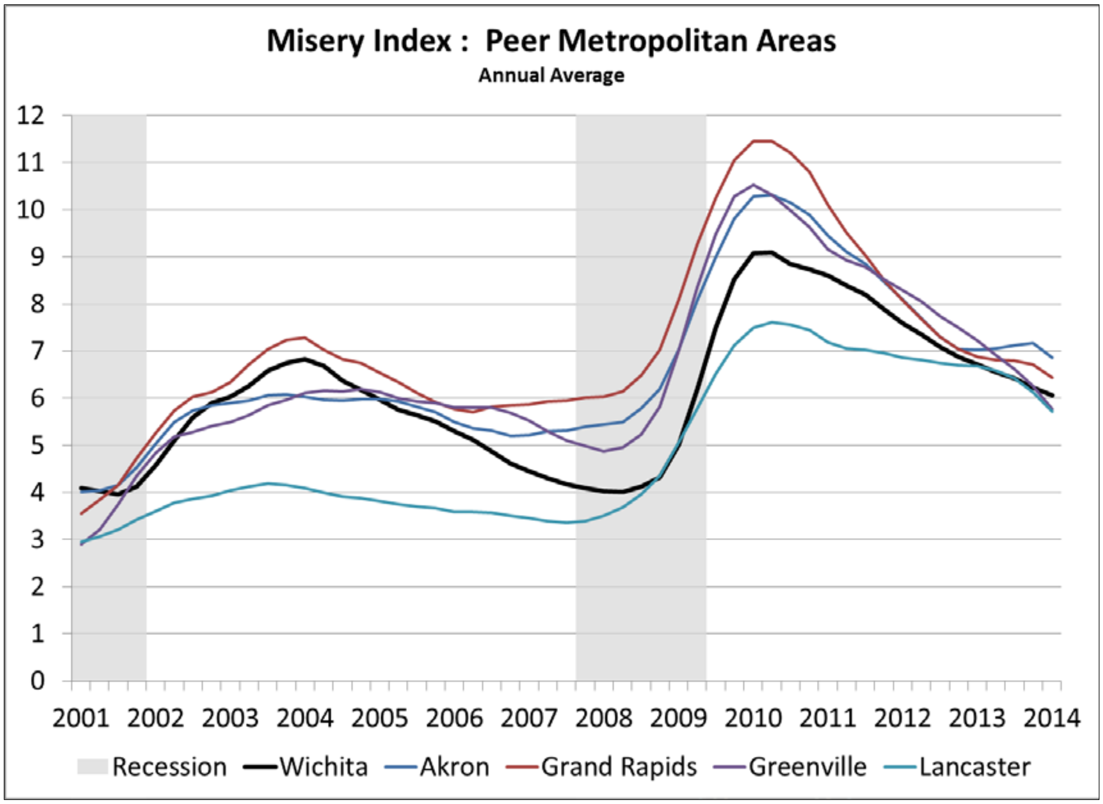
Oklahoma City
Omaha
St. Louis
Tulsa



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.

[1] http://www.bls.gov/cpi/ Data accessed May 28, 2014.
[2] http://www.fhfa.gov/Default.aspx?Page=87 Data accessed May 28, 2014.
[3] http://www.bls.gov/bls/unemployment.htm Data accessed May 28, 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.