WICHITA STATE UNIVERSITY
W. FRANK BARTON SCHOOL OF BUSINESS

Center for Economic Development and Business Research

Misery Index: 2014 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.

Misery Index

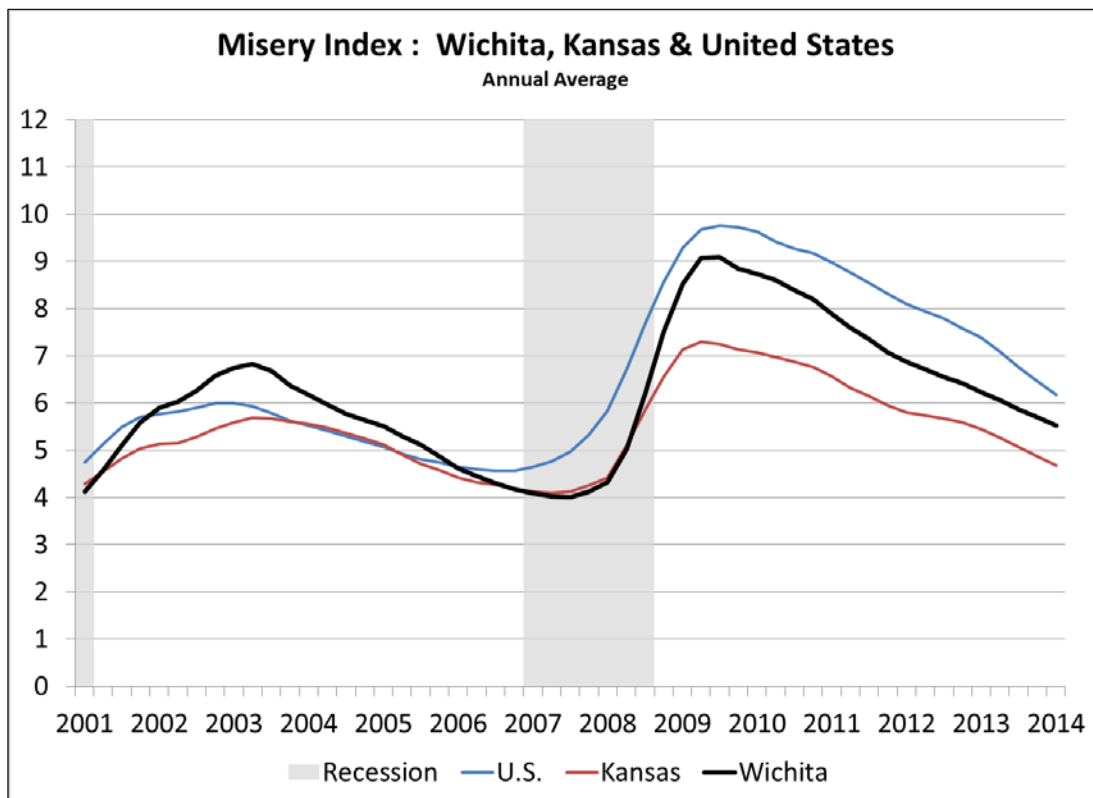|		Index Value		% Change in Index		Quarterly % Change in Index Components		
		2014 Q4	**2014 Q3**	**Quarterly**	**Annual**	**HPI**	**CPI**	**UR**
	U.S.	5.48	6.17	▼ -11.23%	▼ -18.33%	▲ 0.76%	▲ 0.00%	▼ -0.11%
	Kansas	3.88	4.83	▼ -19.69%	▼ -17.11%	▲ 0.13%	▲ 0.04%	▼ -0.20%
Kansas	Wichita, KS	4.71	5.79	▼ -18.60%	▼ -12.41%	▲ 0.19%	▲ 0.06%	▼ -0.19%
Kansas	Kansas City, MO-KS	4.94	6.20	▼ -20.25%	▼ -12.00%	▲ 0.34%	▲ 0.05%	▼ -0.20%
Kansas	Lawrence, KS	3.40	4.55	▼ -25.14%	▼ -15.02%	▲ 1.36%	▲ 0.06%	▼ -0.25%
Kansas	Topeka, KS	4.20	5.05	▼ -16.70%	▼ -17.12%	▲ 1.36%	▲ 0.06%	▼ -0.17%
Region	Oklahoma City, OK	3.80	4.41	▼ -13.86%	▼ -25.30%	▲ 1.86%	▲ 0.06%	▼ -0.14%
Region	Omaha, NE	3.12	3.90	▼ -20.06%	▼ -18.79%	▲ 0.02%	▲ 0.06%	▼ -0.21%
Region	St. Louis, MO-IL	5.54	6.66	▼ -16.84%	▼ -17.45%	▲ 0.50%	▲ 0.05%	▼ -0.17%
Region	Tulsa, OK	4.25	4.77	▼ -10.94%	▼ -24.09%	▲ 0.12%	▲ 0.06%	▼ -0.11%
Peer	Akron, OH	4.39	5.07	▼ -13.42%	▼ -34.19%	▼ -0.29%	▲ 0.06%	▼ -0.14%
Peer	Grand Rapids, MI	3.85	5.29	▼ -27.11%	▼ -34.35%	▼ -0.38%	▲ 0.06%	▼ -0.28%
Peer	Greenville, SC	5.39	5.75	▼ -6.14%	▼ -0.88%	▼ -1.03%	▼ -0.08%	▼ -0.06%
Peer	Lancaster, PA	3.64	4.71	▼ -22.65%	▼ -29.28%	▲ 0.32%	▼ -0.02%	▼ -0.23%

Values are impacted by rounding.

Between the third and fourth quarters of 2014 the general level of misery experienced by people in the United States decreased. This can be attributed to the general improvement in both housing prices and the unemployment rate. The level of economic misery experienced by Kansans is lower than in the United States as a whole, and decreased by more than the United States in the fourth quarter.
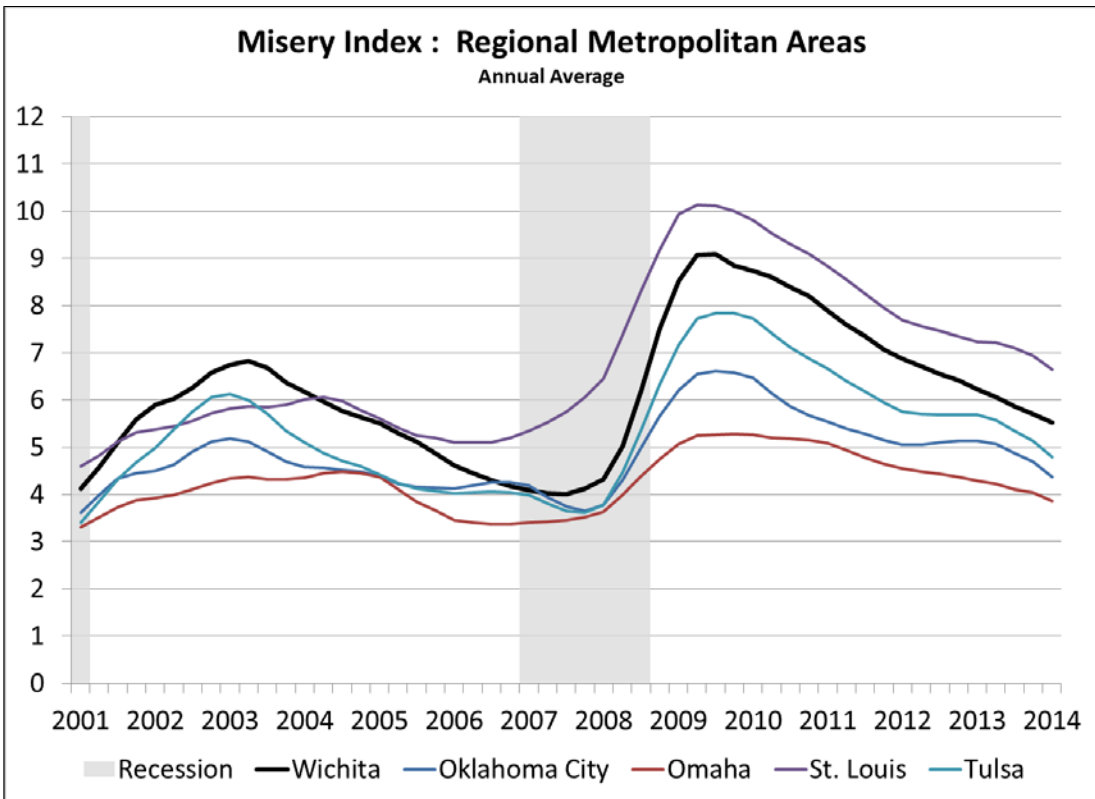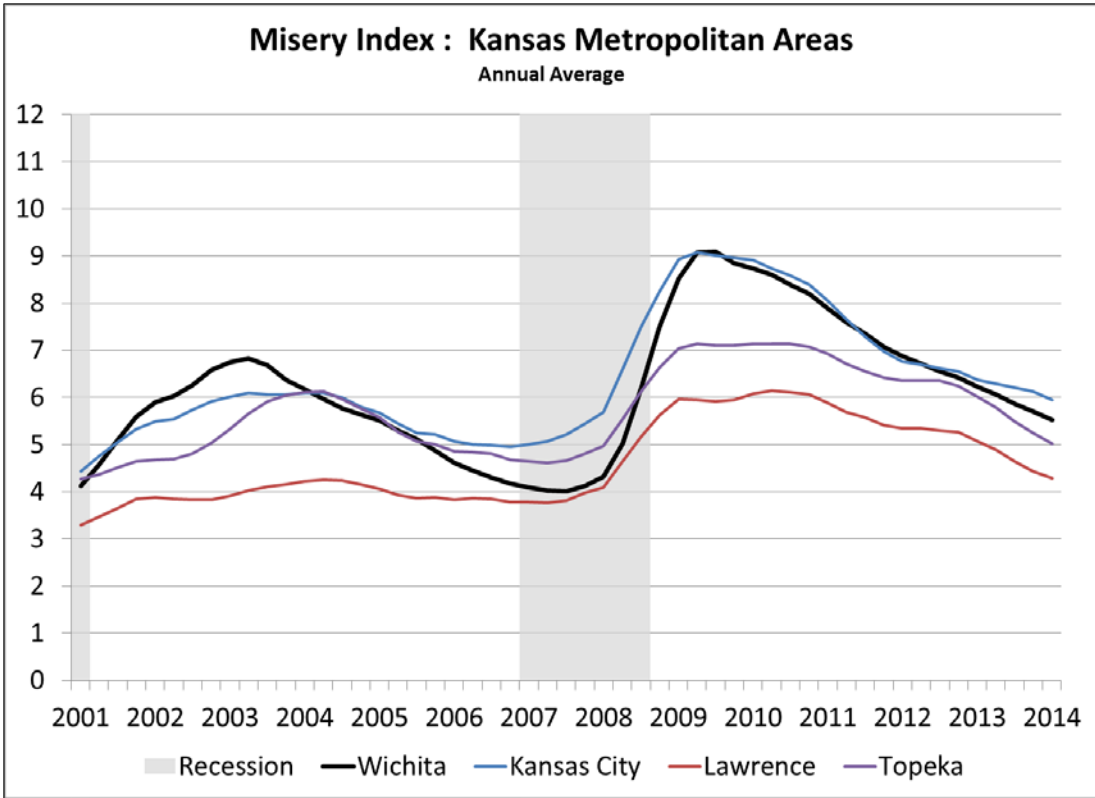
Within each of the metropolitan areas in Kansas, the misery index is also lower than in the United States as a whole, and decreased by more than the United States in the fourth quarter. Lawrence is the only metropolitan area of the state that has a level of misery below the state of Kansas as a whole. Kansas City continues to have the highest level of misery of the Kansas metropolitan areas.
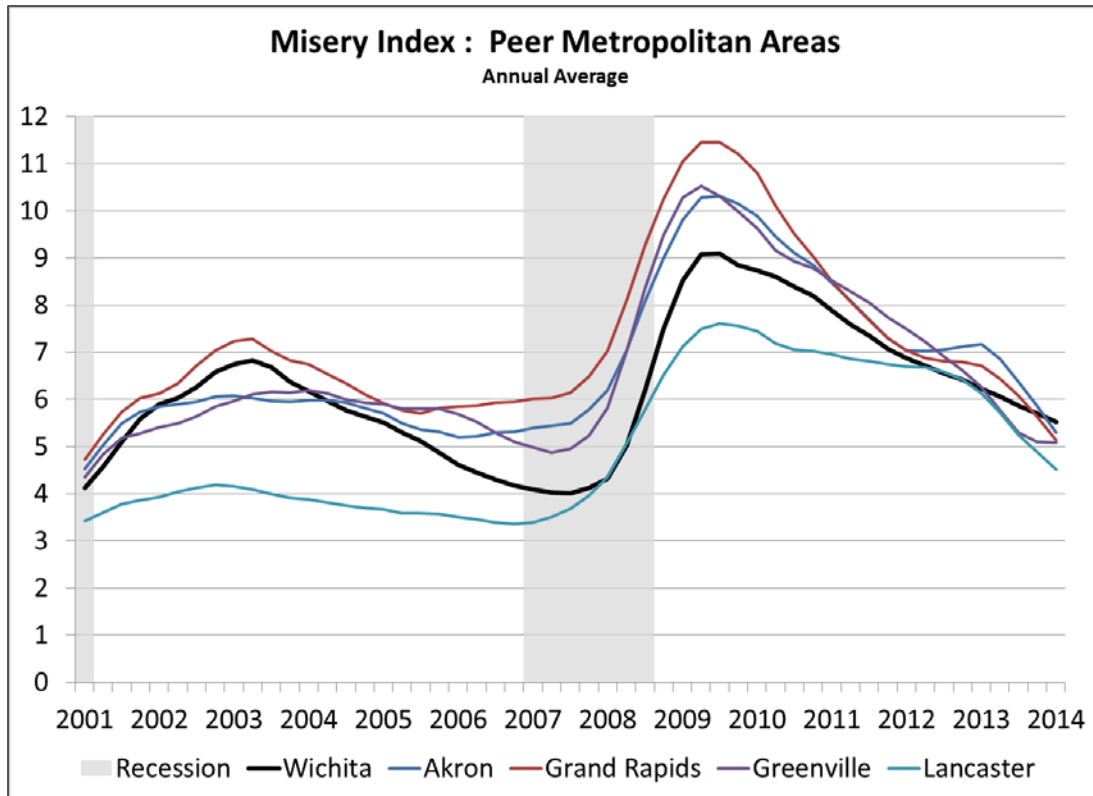
Within the region including Kansas, all areas experienced decreases in the level of misery in the fourth quarter and the levels of misery are improved over the past year. The two metropolitan areas partly in Missouri, which are Kansas City and St. Louis, continue to experience the highest levels of misery in the region.

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; Greenville currently has the highest level of misery, followed by Wichita. However, the average annual rate of misery in Wichita is now above the peer communities.

As the economy continues to recover from the recession, the annual average misery rates in most areas continue to slowly decline. Akron and Grand Rapids have both achieved levels of misery below prerecession levels. Although no metropolitan area in the region, including Kansas, has reached prerecession levels, all areas are better off today than they were a year ago.

Misery Index : Kansas Metropolitan Areas
Annual Average

Recession — Wichita — Kansas City — Lawrence — Topeka

Misery Index : Regional Metropolitan Areas
Annual Average

Recession — Wichita — Oklahoma City — Omaha — St. Louis — Tulsa

Misery Index : Peer Metropolitan Areas
Annual Average

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 March 3, 2015.
[2] http://www.fhfa.gov/Default.aspx?Page=87 Data accessed March 3, 2015.
[3] http://www.bls.gov/bls/unemployment.htm Data accessed March 3, 2015.

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.