

# RENO MSA ECONOMIC OUTLOOK – JANUARY 2020

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To answer the demand for economic trend insight and analysis in Northern Nevada, this report summarizes the coincident and leading indexes for the Reno MSA.

## Leading Economic Index January 2020

Provides an economic outlook for the region by signaling future movements in the Reno MSA economy over a six to twelve-month period.

	Taxable Sales	Taxable Gaming Revenue	# of SF Homes Sold	Airport Passengers	Airport Cargo	Initial Claims for Unemploy.	S&P 500 Index	M2 Money Supply
<b>Month to Month</b>	0.21% ↑	0.13% ↑	1.18% ↑	0.17% ↑	-0.63%	-0.77% ↓	2.00% ↑	0.40% ↑
	0.29% ↑							
<b>Year to Year</b>	2.81% ↑	-2.54% ↓	0.97% ↑	5.32% ↑	-2.04% ↓	-3.83% ↓	20.30% ↑	4.36% ↑
	3.08% ↑							

## Coincident Economic Index January 2020

Provides historical and current trends for the Reno MSA economy.

	Nonfarm Employment	Household Employment
<b>Month to Month</b>	0.17% ↑	0.14% ↑
	0.15% ↑	
<b>Year to Year</b>	1.93% ↑	5.66% ↑
	4.00% ↑	

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The Reno MSA leading economic index uses a robust econometric approach to determine variables to include in the index and a composite methodology introduced by the Bureau of Economic Analysis of the U.S. Department of Commerce to estimate weights for the selected series. The Reno MSA coincident index is created using the composite methodology introduced by the Department of Commerce and made popular by The Conference Board. All data series are monthly, many are seasonally adjusted using the moving average method, and all series reported in dollar terms are adjusted for inflation. All indexes are based on data starting January 1995, with 1995=100. The following variables are included in each index:

#### Leading Index

- NV Claims for Unemployment
- WC Gaming Revenue
- WC Single-Family Home Sales
- S&P 500 Index (US)
- WC Taxable Sales
- Money Supply (US)
- RTIA Passengers
- RTIA Cargo

#### Coincident Index

- MSA Nonfarm Employment (CES)
- MSA Household Employment (LAUS)

\* MSA-Reno Metropolitan Statistical Area \* NV-Nevada \* WC-Washoe County \* RTIA-Reno Tahoe International Airport

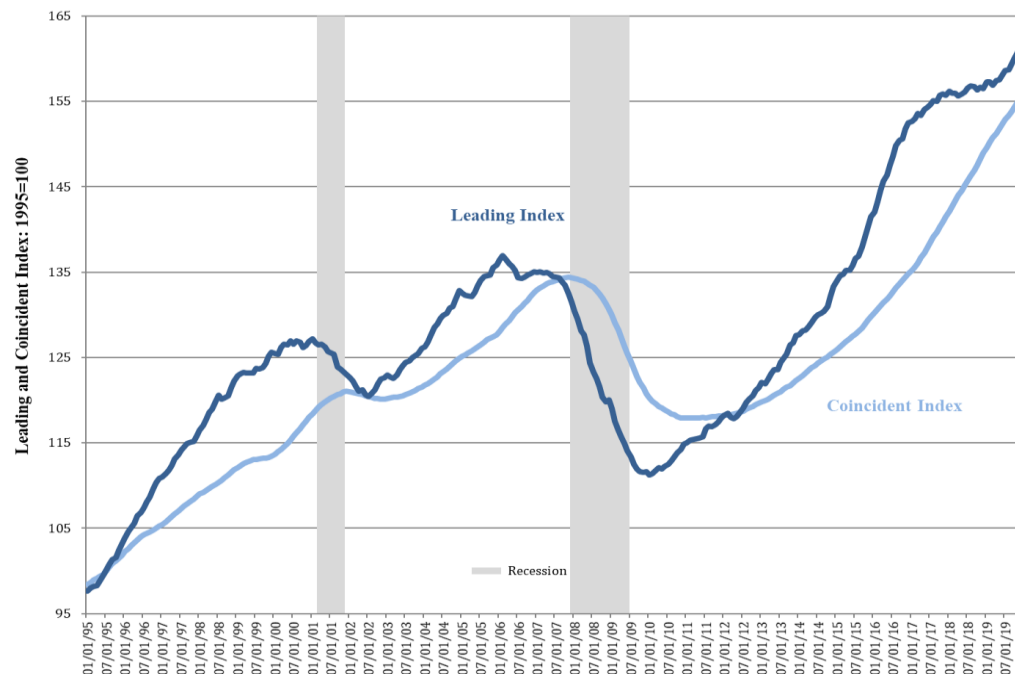
The initial claims for unemployment series is inversely related to economic growth. An increase in the number of new claims for unemployment would indicate a decline in the economy.

## Reno MSA Leading Index

Reno MSA Leading Index<sup>1</sup> increased between December 2019 and January 2020, the tenth month of growth in the index this year.

The RLI shows a 0.29% increase between December 2019 and January 2020. The index increased by 3.08% over the same period last year (January 2019 to January 2020).

After months of decline, taxable gaming revenue and number of single-family homes sold increased compared to the previous month and the same period last year. Single family homes sold showed an increase compared to the same time last year, while taxable gaming revenue remained below last year’s levels.



Series	Latest Period- January 2020	Prev. Period- December 2019	Change		Change	
			Prev. Period	Prev. Year- January 2019	Prev. Year	Prev. Year
Taxable Sales (Washoe Co, SA, CPI)	454,908,948	453,955,740	0.21%	442,461,262	2.81%	
Taxable Gaming Revenue (Washoe Co., SA, CPI)	42,668,024	42,613,625	0.13%	43,779,178	-2.54%	
# of Single Family Homes Sold (Washoe Co., SA)	666	658	1.18%	660	0.97%	
Airport Passengers (RTIA, SA)	371,531	370,889	0.17%	352,755	5.32%	
Airport Cargo Lbs. Shipped (RTIA, SA)	12,163,942	12,241,641	-0.63%	12,417,311	-2.04%	
Initial Claims for Unemployment (Nevada, SA)	2,280	2,298	-0.77%	2,371	-3.83%	
S&P 500 Index (US, CPI)	1,937	1,899	2.00%	1,610	20.30%	
M2 Money Supply (US, CPI)	9,120	9,084	0.40%	8,739	4.36%	
<b>Leading Index Result</b>	<b>162.16</b>	<b>161.69</b>	<b>0.29%</b>	<b>157.31</b>	<b>3.08%</b>	

Airport cargo shipped data continues to decline due to the types of products being shipped and competition from ground and rail transportation in the region.

Other indicators show monthly and annual improvements, indicating continued growth in the regional economy.

Source: US Department of Labor, Nevada Gaming Control Board, Washoe County Assessor/Center for Regional Studies (UNR), Federal Reserve Bank of St. Louis, Nevada Department of Taxation, Reno-Tahoe International Airport (RTIA).  
SA-Series results are seasonally adjusted. CPI-Series results are adjusted for inflation to 1995.

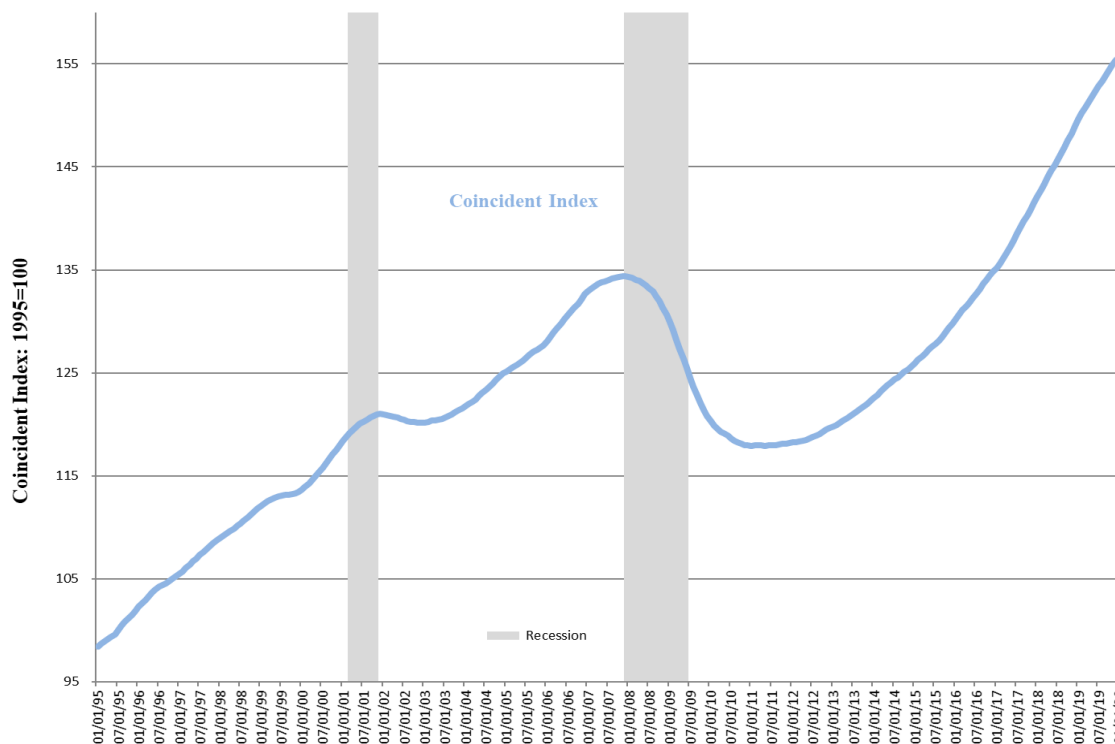
<sup>1</sup> Reno MSA Leading Economic Index (RLI) predicts future changes in the region’s economy by “leading” current economic activity, represented by the coincident index. The Leading Index is based on eight local, regional, and national data series aggregated using a combination of composite and econometric techniques. Due to lags in data availability, taxable sales data are projected for the month ahead and updated when actual data becomes available.

## Reno MSA Coincident Index

Reno MSA Coincident Index increased between December 2019 and January 2020, as the regional economy continues to expand.

The Reno MSA Coincident Index, which reflects current economic conditions in the region, is based on two indicators: Washoe and Storey County employment from the Current Employment Statistics (CES) series and Local Area Unemployment Statistics (LAUS) series.<sup>2</sup> Both series are administered by the Bureau of Labor Statistics (BLS).

The index shows a 0.15% increase between December 2019 and January 2020. The index increased by 4.0% between January 2019 and January 2020. The Reno MSA coincident index has increased for 102 straight months since August 2011 as employment in the region continues to expand.



Series	Latest Period-	Prev. Period-	Change	Change
	January 2020	December 2019	Prev. Period	Prev. Year- January 2019
Reno MSA Employment (CES, SA)	248,308	247,875	0.17%	243,608 1.93%
Reno MSA Employment (LAUS, SA)	257,989	257,641	0.14%	244,173 5.66%
<b>Coincident Index Result</b>	<b>155.61</b>	<b>155.37</b>	<b>0.15%</b>	<b>149.62 4.00%</b>

Source: Current Employment Statistics (CES) and Local Area Unemployment Statistics (LAUS), Bureau of Labor Statistics.

SA-Series results are seasonally adjusted.

<sup>2</sup> The CES series is based on the establishment-level data, estimates jobs by place of work, and does not include agricultural or self-employed workers. The LAUS series is based on household-level data, estimates employed persons by place of residence, and includes agricultural and self-employed workers. A combination of the two series provides a more accurate picture of the employment situation in the region.