

# RENO MSA ECONOMIC OUTLOOK – NOVEMBER 2017

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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 November 2017

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

## Coincident Economic Index November 2017

Provides historical and current trends for the Reno MSA economy.

**0.22%** ↑

% Change	Taxable Sales	Taxable Gaming Revenue	# of SF Homes Sold	Airport Passengers	Airport Cargo	Gasoline Sold	Initial Claims for Unemploy.	S&P 500 Index	Interest Rate Spread	M2 Money Supply
<b>Month to Month</b>	0.27% ↑	0.01% ↑	0.24% ↑	0.63% ↑	0.02% ↑	0.23% ↑	0.79% ↑	1.98% ↑	-1.65% ↓	0.28% ↑

**0.10%** ↑

% Change	Nonfarm Employment	Household Employment
<b>Month to Month</b>	0.07% ↑	0.13% ↑

**2.28%** ↑

% Change	Taxable Sales	Taxable Gaming Revenue	# of SF Homes Sold	Airport Passengers	Airport Cargo	Gasoline Sold	Initial Claims for Unemploy.	S&P 500 Index	Interest Rate Spread	M2 Money Supply
<b>Year to Year</b>	3.88% ↑	0.66% ↑	0.94% ↑	9.55% ↑	-1.12% ↓	2.74% ↑	-2.83% ↓	19.51% ↑	-31.21% ↓	2.01% ↑

**2.47%** ↑

% Change	Nonfarm Employment	Household Employment
<b>Year to Year</b>	2.72% ↑	2.29% ↑

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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
- Interest Rate Spread
- MSA Gasoline Sales
- Money Supply (US)
- RTIA Passengers

#### Coincident Index

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

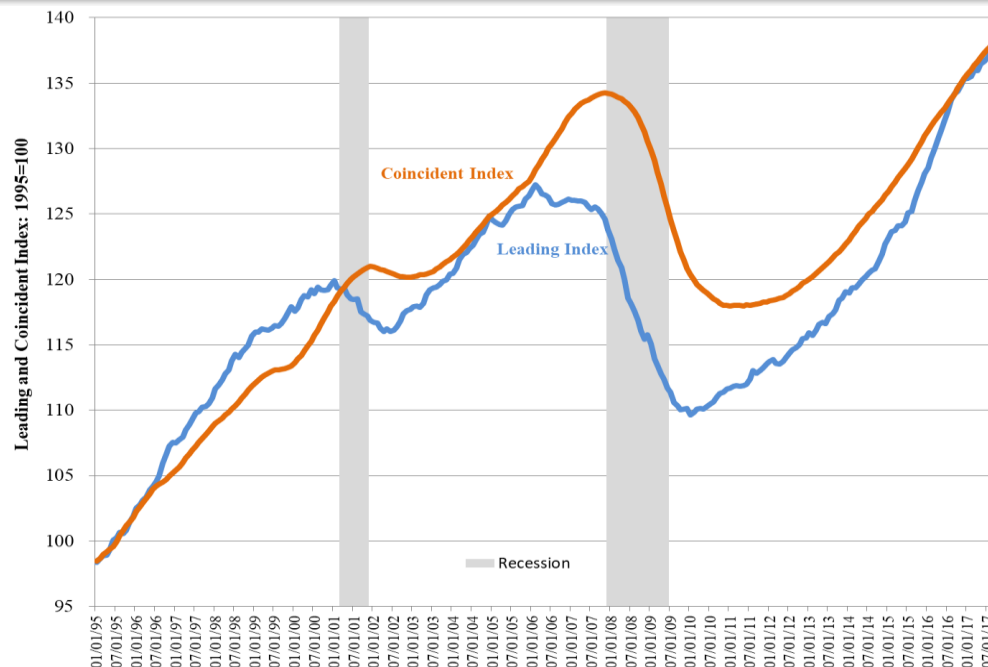
\* MSA-Reno Metropolitan Statistical Area \* NV-Nevada \* WC-Washoe County \* RTIA-Reno Tahoe International Airport

Initial claims for unemployment and interest rate spread series are inversely related to economic growth. An increase in the number of new claims for unemployment would indicate a decline in the economy. Similarly, increases in interest rates slow economic growth as access to capital becomes more expensive.

## Reno MSA Leading Index

Reno MSA Leading Index<sup>1</sup> increased between October and November 2017, indicating expected growth in the regional economy over the next 6-12 months. This is the second month of index increases following a small decline in the index in September 2017.

The RLI shows a 0.22% increase between October and November 2017. The index increased by 2.28% over the same period last year (November 2016 to 2017). This is the second month of index increases following a small (0.06%) decline in the index in September 2017. Prior to this decline, the index experienced 27 consecutive months of growth.



Series	Latest Period- November 2017	Prev. Period- October 2017	Change Prev. Period	Prev. Year- November 2016	Change Prev. Year
Taxable Sales (Washoe Co., SA, CPI)	427,114,433	425,960,718	0.27%	411,150,520	3.88%
Taxable Gaming Revenue (Washoe Co., SA, CPI)	42,696,022	42,690,409	0.01%	42,415,235	0.66%
# of Single Family Homes Sold (Washoe Co., SA)	734	733	0.24%	728	0.94%
Airport Passengers (RTIA, SA)	332,006	329,926	0.63%	303,060	9.55%
Airport Cargo Lbs. Shipped (RTIA, SA)	12,942,421	12,940,016	0.02%	13,088,954	-1.12%
Gallons of Gasoline Sold (Washoe & Storey Co., SA)	15,043,697	15,009,771	0.23%	14,641,792	2.74%
Initial Claims for Unemployment (Nevada, SA)	2,591	2,571	0.79%	2,666	-2.83%
S&P 500 Index (US, CPI)	1,593	1,562	1.98%	1,333	19.51%
Interest Rate Spread (US)	1.19	1.21	-1.65%	1.73	-31.21%
M2 Money Supply (US, CPI)	8,516	8,493	0.28%	8,349	2.01%
<b>Leading Index Result</b>	<b>137.92</b>	<b>137.62</b>	<b>0.22%</b>	<b>134.85</b>	<b>2.28%</b>

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, Nevada Department of Motor Vehicles, Reno-Tahoe International Airport (RTIA).  
SA-Series results are seasonally adjusted. CPI-Series results are adjusted for inflation to 1995.

The only consistent decline in the index variables has been pounds of cargo shipped from the Reno-Tahoe Airport, which declined between June and October 2017. The variable experienced a high level of growth in 2016, compared to 2015, with 2017 levels unable to keep up with the 2016 level of growth. Unless the decline continues long-term into 2018, this is not expected to be a significant concern for the local region.

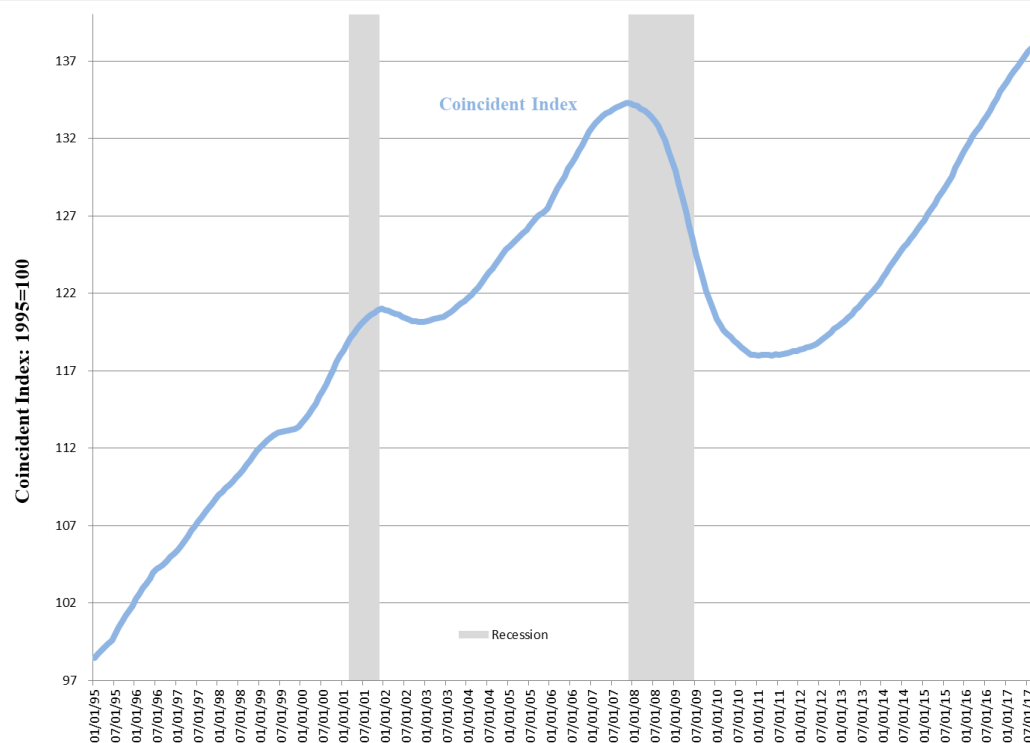
<sup>1</sup> Reno MSA Leading Economic Index (RLI) predicts future changes in the region’s economy by “leading” current economic activity, represented by the coincident index. The Leading Index is based on ten local, regional, and national data series aggregated using a combination of composite and econometric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

## Reno MSA Coincident Index

Reno MSA Coincident Index increased between October and November 2017, 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 0.10% increase between October and November 2017, the latest data available for both series. The index increased by 2.47% between November 2016 and 2017. The Reno MSA coincident index has increased for 76 straight months since August 2011 as employment in the region continues to grow.



Series	Latest Period- November 2017	Prev. Period- October 2017	Change Prev. Period	Prev. Year- November 2016	Change Prev. Year
Reno MSA Employment (CES, SA)	225,867	225,717	0.07%	219,883	2.72%
Reno MSA Employment (LAUS, SA)	225,266	224,980	0.13%	220,231	2.29%
<b>Coincident Index Result</b>	<b>138.35</b>	<b>138.21</b>	<b>0.10%</b>	<b>135.02</b>	<b>2.47%</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.