

RENO MSA ECONOMIC OUTLOOK – AUGUST 2019

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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 August 2019

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

% Change	Taxable	Taxable	# of SF	Airport	Airport	Initial	S&P 500	M2 Money
	Sales	Gaming Revenue	Homes Sold	Passengers	Cargo	Claims for Unemploy.	Index	Supply
Month to Month	0.11% ↑	0.38% ↑	0.39% ↑	0.67% ↑	-0.53% ↓	0.23% ↑	-3.59% ↓	0.56% ↑
	-0.03% ↓							
Year to Year	1.58% ↑	-2.08% ↓	-6.86% ↓	4.86% ↑	-1.15% ↓	-6.37% ↓	-1.19% ↓	3.56% ↑
	1.17% ↑							

Coincident Economic Index August 2019

Provides historical and current trends for the Reno MSA economy.

% Change	Nonfarm	Household
	Employment	Employment
Month to Month	0.45% ↑	0.50% ↑
	0.48% ↑	
Year to Year	6.05% ↑	6.15% ↑
	6.11% ↑	

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

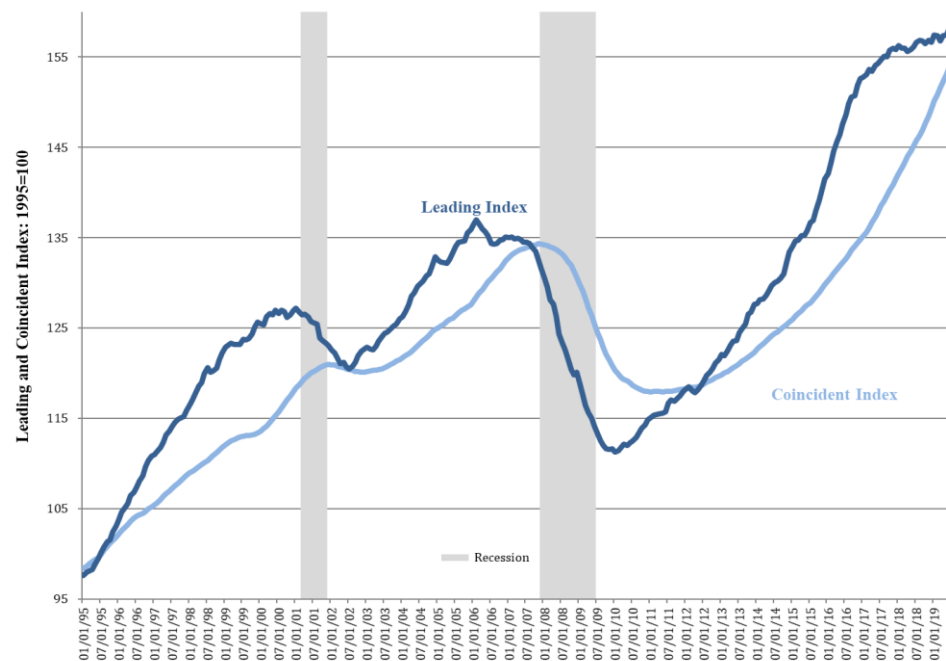
The initial claims for unemployment series is inversely related to economic growth. An increase in the number of new claims for unemployment would indicate a decline in the economy.

Reno MSA Leading Index

Reno MSA Leading Index¹ declined slightly between July and August 2019 (0.03%), the first decline after four months of continuous growth.

The decline in the index was primarily driven by the S&P 500 index decline in August. The index, adjusted for inflation, showed a 3.59% decline compared to July 2019 and a 1.19% decline compared to August 2018. However, by September 2019, the index recovered to pre-August 2019 decline levels, showing continuing growth in the series.

Initial claims for unemployment, seasonally adjusted, showed a slight increase (0.23%) compared to July 2019, though the series remained 6.37% lower than the same time last year. It should be noted that this is a statewide series and is strongly impacted by employment changes in



Series	Latest Period- August 2019	Prev. Period- July 2019	Change Prev. Period	Prev. Year- August 2018	Change Prev. Year
Taxable Sales (Washoe Co., SA, CPI)	443,133,273	442,630,143	0.11%	436,240,143	1.58%
Taxable Gaming Revenue (Washoe Co., SA, CPI)	42,917,812	42,756,729	0.38%	43,831,356	-2.08%
# of Single Family Homes Sold (Washoe Co., SA)	657	655	0.39%	706	-6.86%
Airport Passengers (RTIA, SA)	362,088	359,685	0.67%	345,312	4.86%
Airport Cargo Lbs. Shipped (RTIA, SA)	12,296,995	12,362,012	-0.53%	12,440,684	-1.15%
Initial Claims for Unemployment (Nevada, SA)	2,330	2,324	0.23%	2,488	-6.37%
S&P 500 Index (US, CPI)	1,711	1,774	-3.59%	1,731	-1.19%
M2 Money Supply (US, CPI)	8,882	8,832	0.56%	8,576	3.56%
Leading Index Result	158.67	158.72	-0.03%	156.83	1.17%

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.

¹ 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.

Southern Nevada.

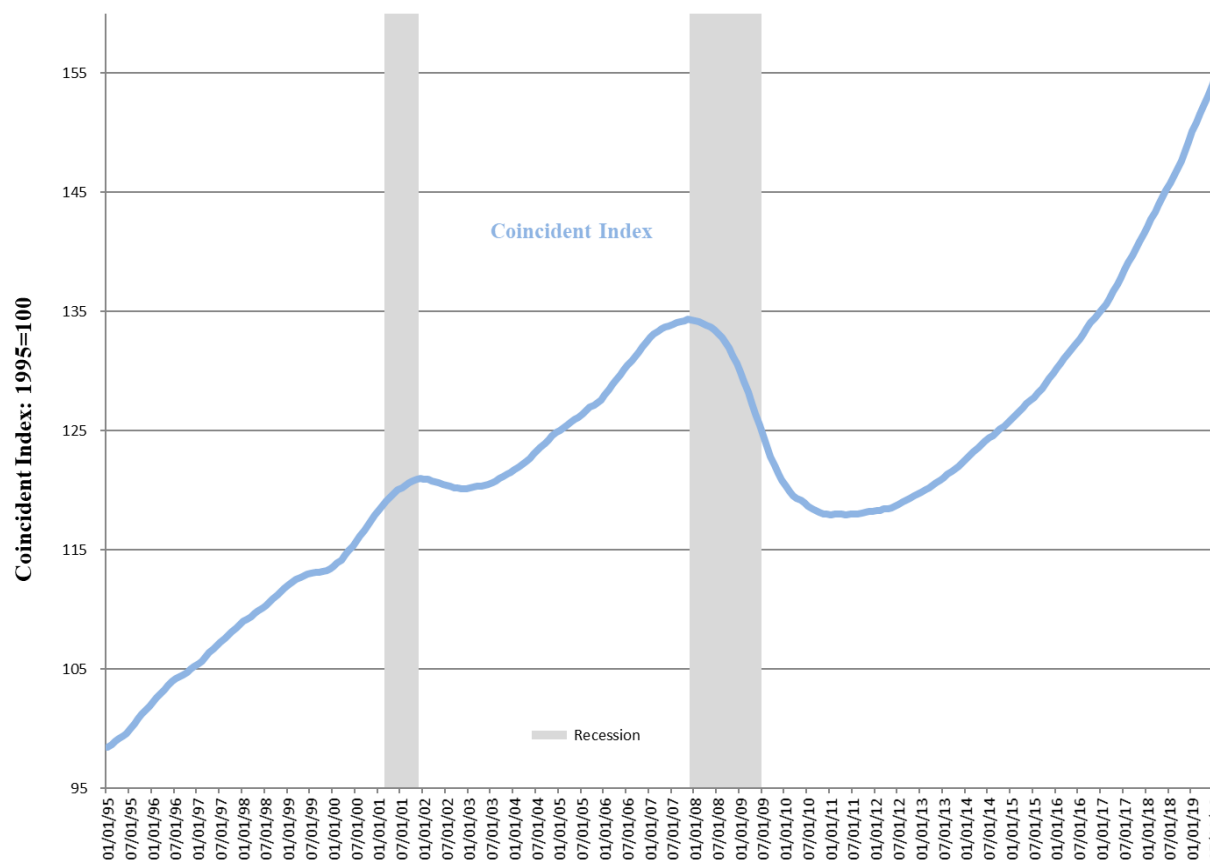
Despite the small monthly decline, the index grew by 1.17% over the same period last year (August 2018 to 2019). While we are seeing the end the period of significant growth in the region since 2010, the regional economy is also not expected to see a decline in the near future.

Reno MSA Coincident Index

Reno MSA Coincident Index increased between July and August 2019, 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.² Both series are administered by the Bureau of Labor Statistics (BLS).

The index shows a 0.48% increase between July and August 2019. The index increased by 6.11% between August 2018 and 2019. The Reno MSA



coincident index has increased for 97 straight months since August 2011 as employment in the region continues to expand.

Series	Latest Period- August 2019	Prev. Period- July 2019	Change Prev. Period	Prev. Year- August 2018	Change Prev. Year
Reno MSA Employment (CES, SA)	253,675	252,550	0.45%	239,200	6.05%
Reno MSA Employment (LAUS, SA)	252,726	251,469	0.50%	238,073	6.15%
Coincident Index Result	155.28	154.54	0.48%	146.34	6.11%

Source: Current Employment Statistics (CES) and Local Area Unemployment Statistics (LAUS), Bureau of Labor Statistics.
SA-Series results are seasonally adjusted.

² 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.