

RENO MSA ECONOMIC OUTLOOK – SEPTEMBER 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 September 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 September 2017

Provides historical and current trends for the Reno MSA economy.

% Change	Taxable	Taxable	# of SF	Airport	Airport	Gasoline	Initial	S&P 500	Interest	M2
	Sales	Gaming Revenue	Homes Sold	Passengers	Cargo	Sold	Claims for Unemploy.	Index	Rate Spread	Money Supply
Month to Month	0.32% ↑	0.49% ↑	-0.54% ↓	0.74% ↑	0.14% ↑	0.24% ↑	-0.16% ↓	0.48% ↑	0.00%	-0.15% ↓

0.10%



% Change	Taxable	Taxable	# of SF	Airport	Airport	Gasoline	Initial	S&P 500	Interest	M2
	Sales	Gaming Revenue	Homes Sold	Passengers	Cargo	Sold	Claims for Unemploy.	Index	Rate Spread	Money Supply
Year to Year	3.71% ↑	0.70% ↑	0.29% ↑	9.01% ↑	0.68% ↑	2.81% ↑	-5.64% ↓	12.03% ↑	-14.63% ↓	2.61% ↑

2.43%



% Change	Nonfarm	Household
	Employment	Employment
Month to Month	0.16% ↑	0.17% ↑

0.17%



% Change	Nonfarm	Household
	Employment	Employment
Year to Year	3.36% ↑	2.51% ↑

2.87%



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)

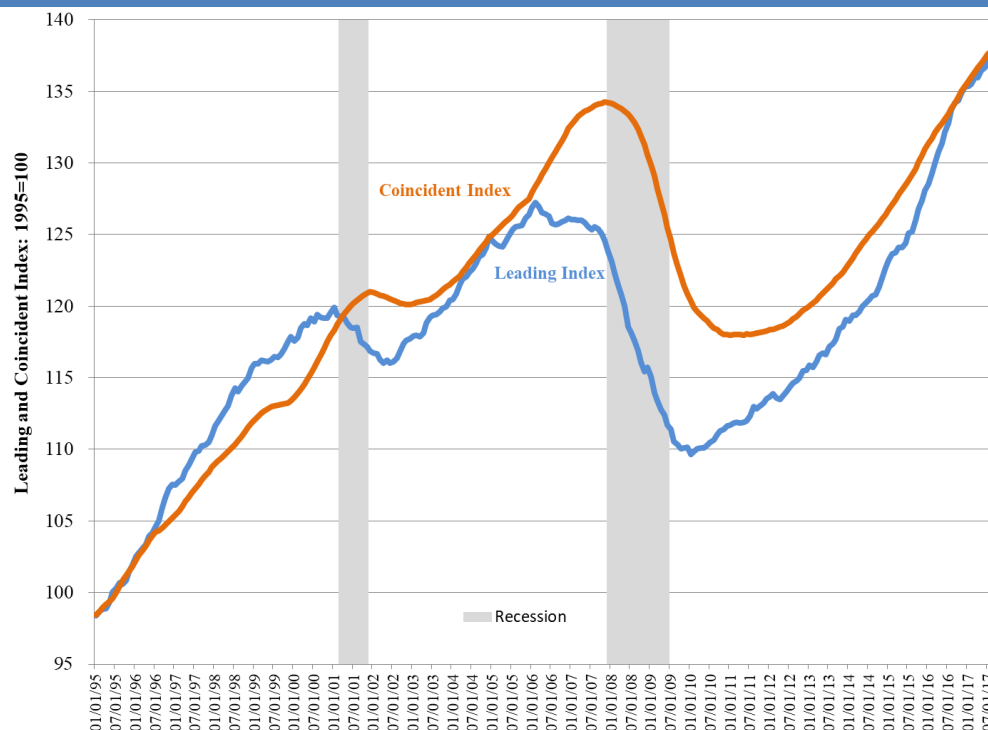
* MSA-Reno Metropolitan Statistical Area * NV-Nevada * WC-Washoe County * RTIA-Reno Tahoe International Airport

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 increased between August and September 2017, indicating expected growth in the regional economy over the next 6-12 months. This is the 28th month of index growth.

The 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 and gasoline gallons sold data are projected for the month ahead and updated when actual data becomes available.¹



Series	Latest Period- September 2017	Prev.Period- August 2017	Change Prev. Period	Prev. Year- September 2016	Change Prev. Year
Taxable Sales (Washoe Co, SA, CPI)	425,248,345	423,886,515	0.32%	410,026,042	3.71%
Taxable Gaming Revenue (Washoe Co., SA, CPI)	42,671,969	42,462,461	0.49%	42,374,319	0.70%
# of Single Family Homes Sold (Washoe Co., SA)	726	730	-0.54%	724	0.29%
Airport Passengers (RTIA, SA)	328,035	325,620	0.74%	300,929	9.01%
Airport Cargo Lbs. Shipped (RTIA, SA)	13,045,534	13,027,230	0.14%	12,957,505	0.68%
Gallons of Gasoline Sold (Washoe & Storey Co., SA)	14,977,991	14,942,525	0.24%	14,569,211	2.81%
Initial Claims for Unemployment (Nevada, SA)	2,573	2,577	-0.16%	2,727	-5.64%
S&P 500 Index (US, CPI)	1,541	1,534	0.48%	1,376	12.03%
Interest Rate Spread (US)	1.05	1.05	0.00%	1.23	-14.63%
M2 Money Supply (US, CPI)	8,459	8,472	-0.15%	8,244	2.61%
Leading Index Result	137.49	137.35	0.10%	134.23	2.43%

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 RLI shows a 0.10% increase between August and September 2017. The index increased by 2.43% over the same period last year (September 2016 to 2017). Number of single family homes sold fell slightly between August and September, but still grew compared to September of last year. The national money supply also declined slightly, despite growth compared to last year.

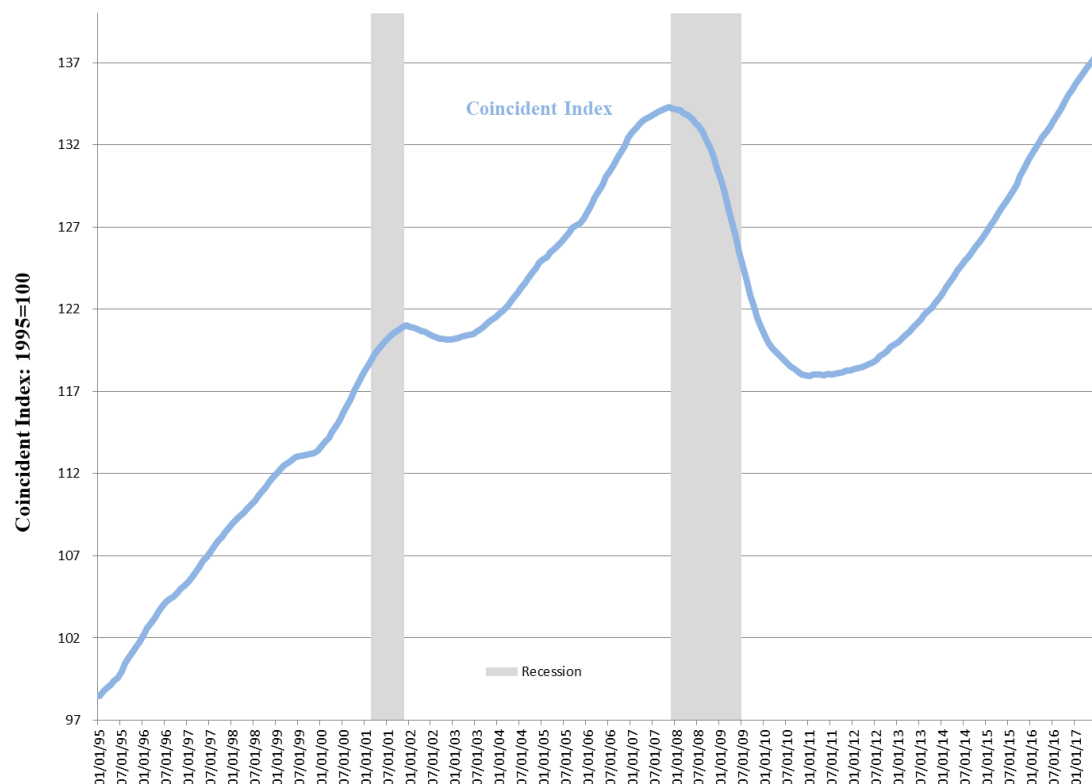
¹ Airport cargo shipped and passenger data was unavailable for September 2017 and was estimated using growth in this series in the past 12 months.

Reno MSA Coincident Index

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

The index shows a 0.17% increase between August and September 2017, the latest data available for both series. The index increased by 2.87% between September 2016 and 2017. The Reno MSA coincident index has increased for 74 straight months since August 2011 as employment in the region continues to grow.



Series	Latest Period- September 2017	Prev.Period- August 2017	Change Prev. Period	Prev. Year- September 2016	Change Prev. Year
Reno MSA Employment (CES, SA)	225,442	225,083	0.16%	218,117	3.36%
Reno MSA Employment (LAUS, SA)	224,670	224,289	0.17%	219,160	2.51%
Coincident Index Result	138.03	137.80	0.17%	134.18	2.87%

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