

RENO MSA ECONOMIC OUTLOOK – OCTOBER 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 October 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 October 2017

Provides historical and current trends for the Reno MSA economy.

	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
Month to Month	0.25% ↑	0.04% ↑	0.88% ↑	0.67% ↑	0.03% ↑	0.22% ↑	-0.10% ↓	1.36% ↑	15.24% ↑	0.39% ↑
	0.24% ↑									
Year to Year	3.80% ↑	0.63% ↑	1.75% ↑	9.21% ↑	-0.11% ↓	2.72% ↑	-4.89% ↓	14.68% ↑	-11.03% ↓	2.55% ↑
	2.41% ↑									

	Nonfarm Employment	Household Employment
Month to Month	0.12% ↑	0.14% ↑
	0.13% ↑	
Year to Year	3.07% ↑	2.42% ↑
	2.69% ↑	

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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)

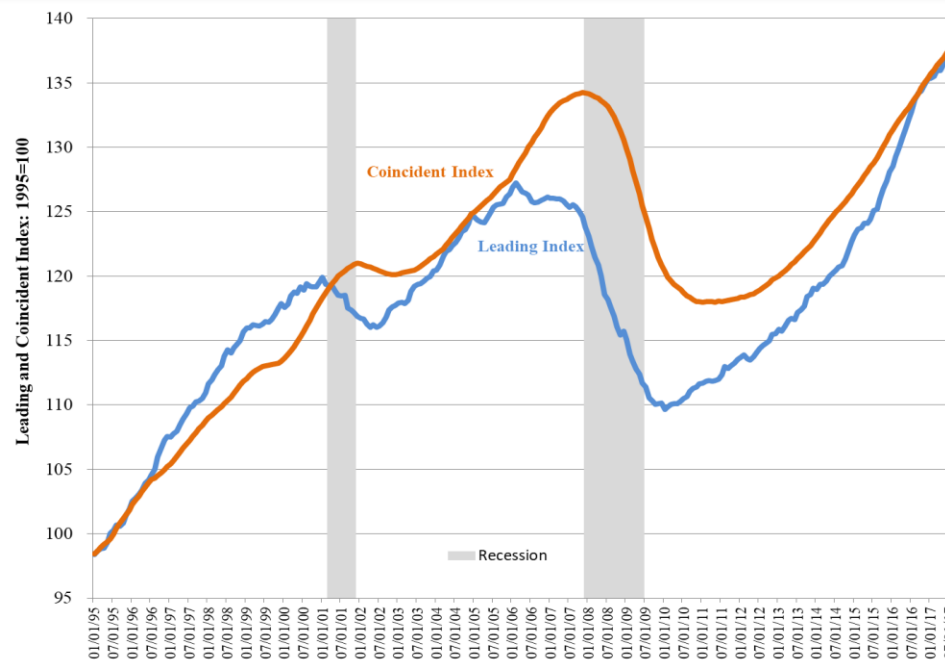
* MSA-Reno Metropolitan Statistical Area * NV-Nevada * WC-Washoe County * RTIA-Reno Tahoe International Airport

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 Index¹ increased between September and October 2017, indicating expected growth in the regional economy over the next 6-12 months. This increase follows a small decline in the index in September 2017.

The RLI shows a 0.24% increase between September and October 2017. The index increased by 2.41% over the same period last year (October 2016 to 2017). This increase follows a small (0.06%) decline in the index in September 2017, after 27 consecutive months of index growth. The decline in the index in September was due to a decline in the number of single-family homes sold and



Series	Latest Period- October 2017	Prev.Period-		Prev. Year- October 2016	Change Prev. Year
		September 2017	Change Prev. Period		
Taxable Sales (Washoe Co, SA, CPI)	425,606,573	424,527,058	0.25%	410,010,445	3.80%
Taxable Gaming Revenue (Washoe Co., SA, CPI)	42,690,409	42,671,969	0.04%	42,422,417	0.63%
# of Single Family Homes Sold (Washoe Co., SA)	733	726	0.88%	720	1.75%
Airport Passengers (RTIA, SA)	329,443	327,260	0.67%	301,654	9.21%
Airport Cargo Lbs. Shipped (RTIA, SA)	12,955,591	12,951,366	0.03%	12,969,583	-0.11%
Gallons of Gasoline Sold (Washoe & Storey Co., SA)	14,986,060	14,953,361	0.22%	14,589,610	2.72%
Initial Claims for Unemployment (Nevada, SA)	2,571	2,573	-0.10%	2,703	-4.89%
S&P 500 Index (US, CPI)	1,562	1,541	1.36%	1,362	14.68%
Interest Rate Spread (US)	1.21	1.05	15.24%	1.36	-11.03%
M2 Money Supply (US, CPI)	8,493	8,459	0.39%	8,282	2.55%
Leading Index Result	137.60	137.27	0.24%	134.36	2.41%

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.

pounds of airport cargo shipped.

The number of single-family homes sold fluctuated in recent months as home prices continue to increase. Pounds of airport cargo shipped amounts declined in April 2017, increased in May 2017, and declined again between June and September 2017, an area of potential concern for the region. October 2017 data was not available as of the date of the index report and was estimated using a 12-month moving average for the series.

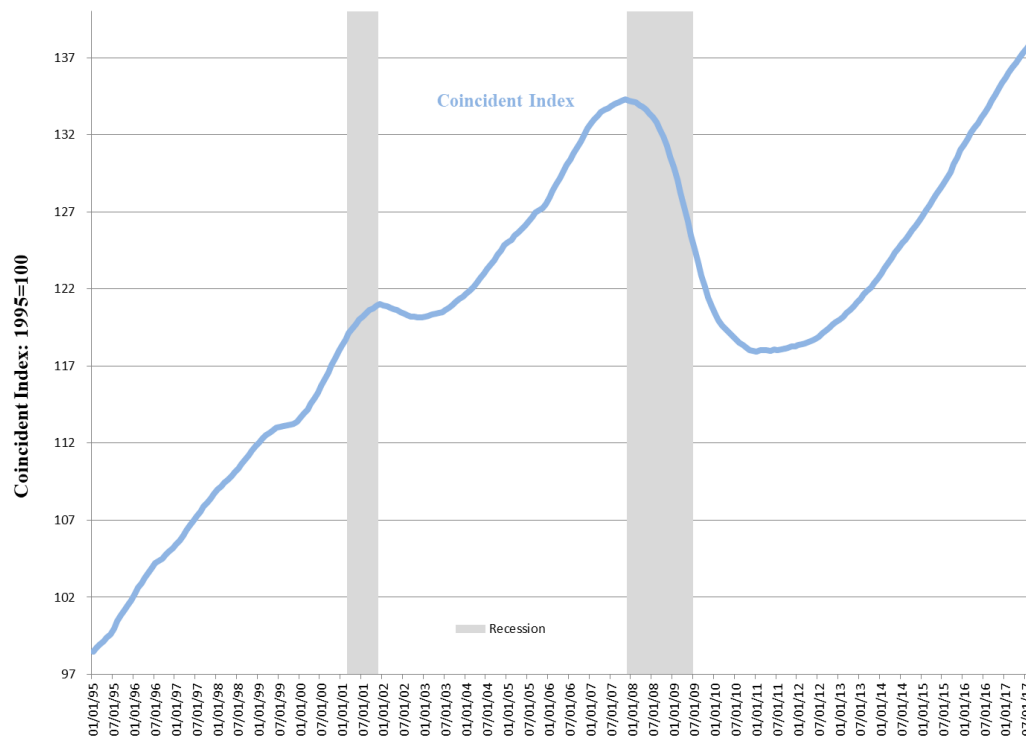
¹ Reno MSA Leading Economic Index (RLI) predicts future changes in the region’s economy by “leading” current economic activity, represented by the coincident index. The Leading Index is based on ten local, regional, and national data series aggregated using a combination of composite and econometric 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.

Reno MSA Coincident Index

Reno MSA Coincident Index increased between September and October 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 0.13% increase between September and October 2017, the latest data available for both series. The index increased by 2.69% between October 2016 and 2017. The Reno MSA coincident index has increased for 75 straight months since August 2011 as employment in the region continues to grow.



Series	Prev.Period-		Change Prev. Period	Change	
	Latest Period- October 2017	September 2017		Prev. Year- October 2016	Prev. Year
Reno MSA Employment (CES, SA)	225,717	225,442	0.12%	219,000	3.07%
Reno MSA Employment (LAUS, SA)	224,980	224,670	0.14%	219,667	2.42%
<i>Coincident Index Result</i>	<i>138.21</i>	<i>138.03</i>	<i>0.13%</i>	<i>134.59</i>	<i>2.69%</i>

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