

RENO MSA ECONOMIC OUTLOOK – OCTOBER 2018

Published November 2018

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 2018

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 2018

Provides historical and current trends for the Reno MSA economy.

% Change	Taxable	Taxable	# of SF	Airport	Airport	Gasoline	Initial	S&P 500	Interest	M2	% Change	Nonfarm	Household
	Sales	Gaming Revenue	Homes Sold	Passengers	Cargo	Sold	Claims for Unemploy.	Index	Rate Spread	Money Supply		Employment	Employment
Month to Month	0.26% ↑	-0.25% ↓	-1.33% ↓	0.50% ↑	-0.31% ↓	0.28% ↑	-1.06% ↓	0.78% ↑	-8.57% ↓	0.03% ↑	0.06% ↑	0.63% ↑	0.69% ↑
Year to Year	2.62% ↑	2.16% ↑	-6.68% ↓	5.63% ↑	-4.41% ↓	3.14% ↑	-4.79% ↓	12.79% ↑	-20.7% ↓	1.19% ↑	0.95% ↑	5.48% ↑	5.99% ↑

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)

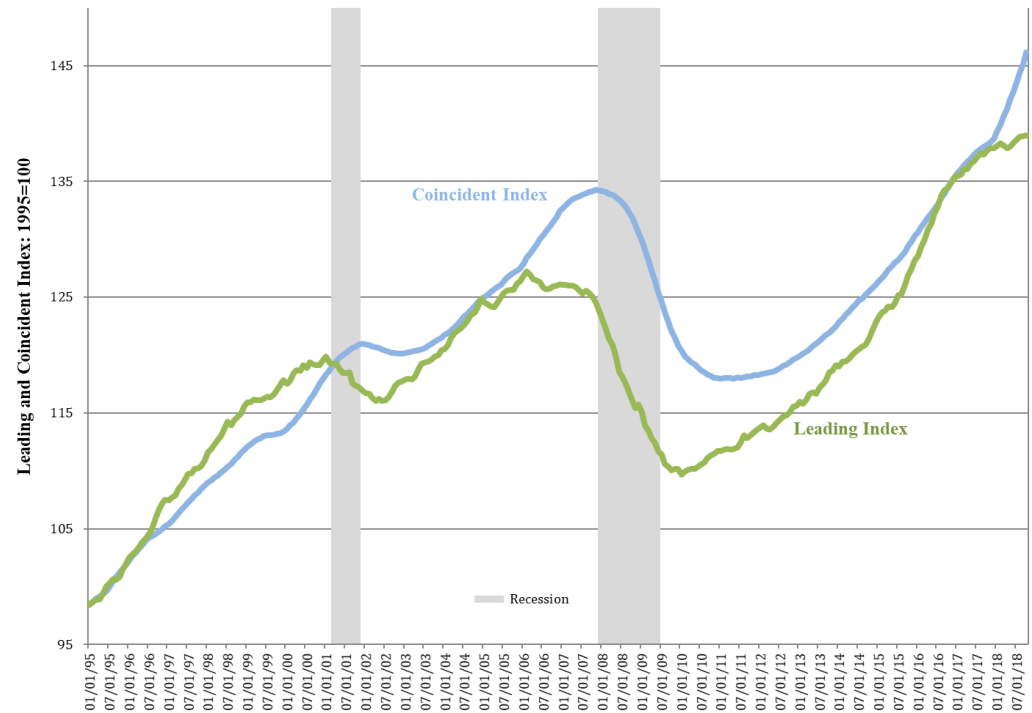
* MSA-Reno Metropolitan Statistical Area * NV-Nevada * WC-Washoe County * RTIA-Reno Tahoe International Airport

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 September and October 2018, the sixth month of growth following a two-month decline in March and April.

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.



The RLI shows a 0.06% increase between September and October 2018. The index increased by 0.95% over the same period last year (October 2017 to 2018).

Series	Latest Period- October 2018	Prev. Period- September 2018	Change Prev. Period	Prev. Year- October 2017	Change Prev. Year
Taxable Sales (Washoe Co, SA, CPI)	437,134,885	436,011,601	0.26%	425,960,718	2.62%
Taxable Gaming Revenue (Washoe Co., SA, CPI)	43,612,391	43,719,531	-0.25%	42,690,409	2.16%
# of Single Family Homes Sold (Washoe Co., SA)	684	693	-1.33%	733	-6.68%
Airport Passengers (RTIA, SA)	348,510	346,766	0.50%	329,926	5.63%
Airport Cargo Lbs. Shipped (RTIA, SA)	12,369,779	12,408,677	-0.31%	12,940,016	-4.41%
Gallons of Gasoline Sold (Washoe & Storey Co., SA)	15,481,803	15,437,834	0.28%	15,009,771	3.14%
Initial Claims for Unemployment (Nevada, SA)	2,448	2,474	-1.06%	2,571	-4.79%
S&P 500 Index (US, CPI)	1,762	1,749	0.78%	1,562	12.79%
Interest Rate Spread (US)	0.96	1.05	-8.57%	1.21	-20.66%
M2 Money Supply (US, CPI)	8,599	8,597	0.03%	8,498	1.19%
Leading Index Result	139.00	138.92	0.06%	137.69	0.95%

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.

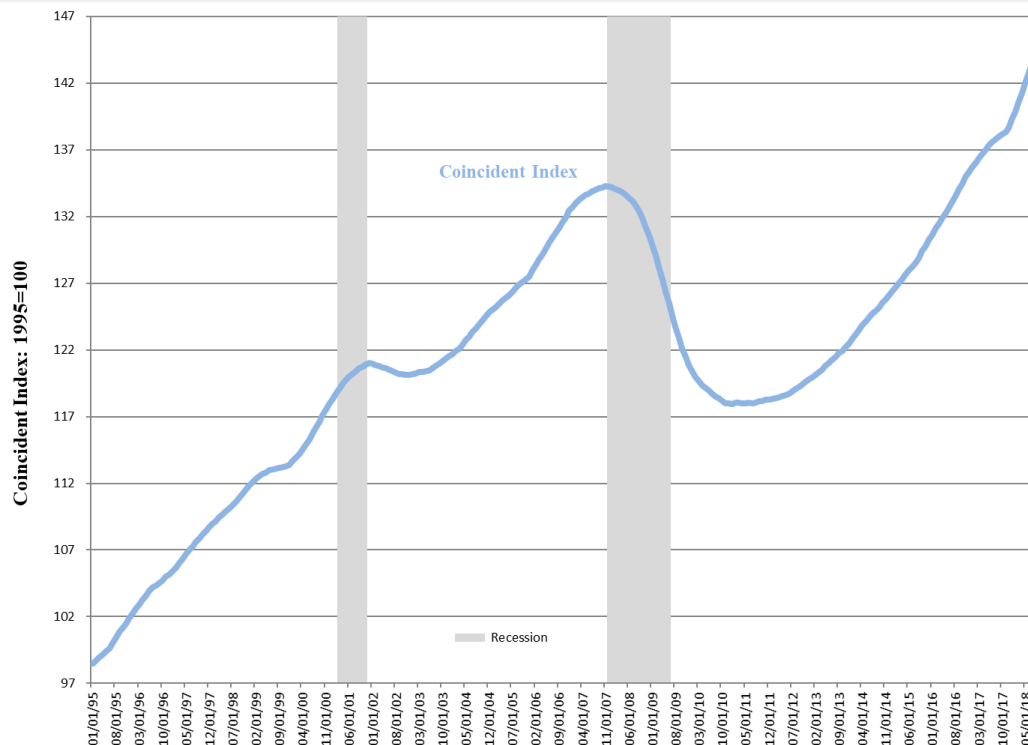
The number of homes sold series continues to decline, as supply remains low. Taxable gaming revenue also declined for the second month in the row. Airport passengers and cargo data was unavailable for October 2018 and was estimated using historical growth rates for these series.

Reno MSA Coincident Index

Reno MSA Coincident Index increased between September and October 2018, 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.¹ Both series are administered by the Bureau of Labor Statistics (BLS).

The index shows a 0.66% increase between September and October 2018, the highest monthly percentage increase in the index since the recession. The index increased by 5.78% between October 2017 and 2018. The Reno MSA coincident index has increased for 87 straight months since August 2011 as employment in the region continues to grow.



Series	Latest Period- October 2018	Prev. Period- September 2018	Change Prev. Period	Prev. Year- October 2017	Change Prev. Year
Reno MSA Employment (CES, SA)	238,033	236,542	0.63%	225,667	5.48%
Reno MSA Employment (LAUS, SA)	238,385	236,755	0.69%	224,906	5.99%
<i>Coincident Index Result</i>	<i>146.16</i>	<i>145.19</i>	<i>0.66%</i>	<i>138.17</i>	<i>5.78%</i>

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

¹ 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.