

RENO MSA ECONOMIC OUTLOOK – OCTOBER 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 October 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 Sales	Taxable Gaming Revenue	# of SF Homes Sold	Airport Passengers	Airport Cargo	Initial Claims for Unemploy.	S&P 500 Index	M2 Money Supply
Month to Month	0.24% ↑	0.17% ↑	1.08% ↑	0.76% ↑	0.08% ↑	0.16% ↑	0.71% ↑	0.88% ↑
	0.52% ↑							
Year to Year	2.57% ↑	-1.85% ↓	-2.75% ↓	5.64% ↑	-1.55% ↓	-5.03% ↓	7.20% ↑	4.78% ↑
	2.44% ↑							

Coincident Economic Index October 2019

Provides historical and current trends for the Reno MSA economy.

% Change	Nonfarm Employment	Household Employment
Month to Month	0.39% ↑	0.54% ↑
	0.47% ↑	
Year to Year	5.96% ↑	6.36% ↑
	6.19% ↑	

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

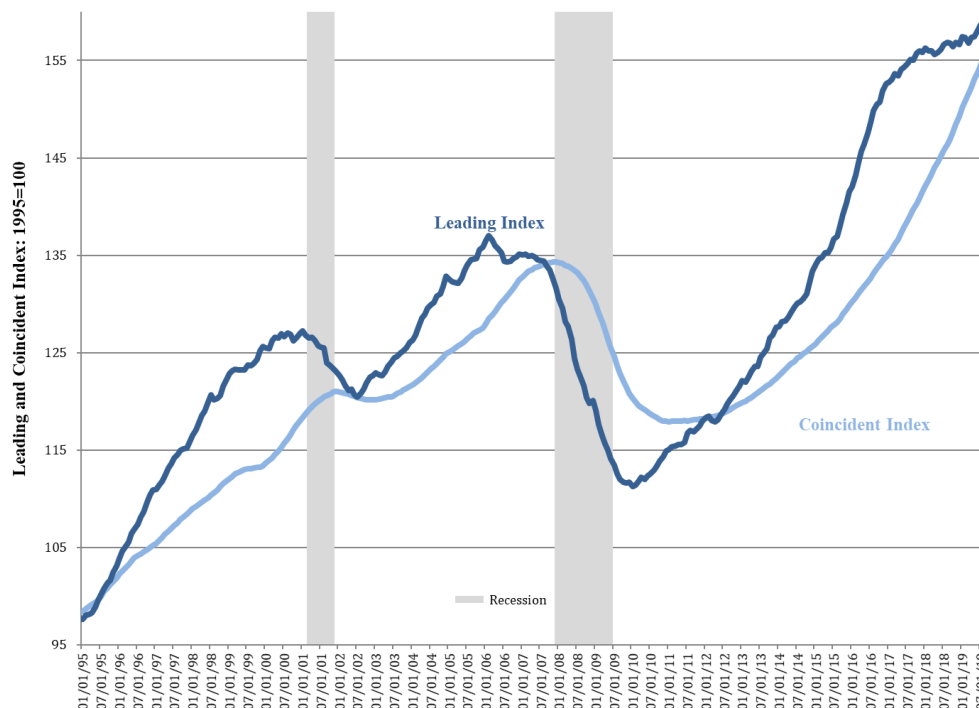
The initial claims for unemployment series is inversely related to economic growth. An increase in the number of new claims for unemployment would indicate a decline in the economy.

Reno MSA Leading Index

Reno MSA Leading Index¹ increased between September and October 2019, the seventh month of growth in the index this year.

The RLI shows a 0.52% increase between September and October 2019. The index increased by 2.44% over the same period last year (October 2018 to 2019).

All series in the index increased compared to the previous month, which, with the exception of initial claims for unemployment, indicates growth in the region. A slight increase in the initial claims for unemployment is not a concern for two reasons. First, this is a statewide indicator, impacted strongly by changes in Southern Nevada. Second, this is the first increase in the index in sixteen months, a one-time increase in an overall declining trend.



Series	Prev. Period-		Change Prev. Period	Change	
	Latest Period- October 2019	September 2019		Prev. Year- October 2018	Prev. Year
Taxable Sales (Washoe Co, SA, CPI)	449,378,706	448,300,301	0.24%	438,119,152	2.57%
Taxable Gaming Revenue (Washoe Co., SA, CPI)	42,803,883	42,729,145	0.17%	43,612,391	-1.85%
# of Single Family Homes Sold (Washoe Co., SA)	665	658	1.08%	684	-2.75%
Airport Passengers (RTIA, SA)	367,323	364,549	0.76%	347,696	5.64%
Airport Cargo Lbs. Shipped (RTIA, SA)	12,247,947	12,238,486	0.08%	12,440,295	-1.55%
Initial Claims for Unemployment (Nevada, SA)	2,324	2,321	0.16%	2,448	-5.03%
S&P 500 Index (US, CPI)	1,783	1,771	0.71%	1,663	7.20%
M2 Money Supply (US, CPI)	8,997	8,919	0.88%	8,587	4.78%
Leading Index Result	160.27	159.44	0.52%	156.45	2.44%

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.

While taxable gaming revenue, number of single-family homes sold, and airport cargo pounds shipped increased this month, these indicators are still low compared to the same period last year.

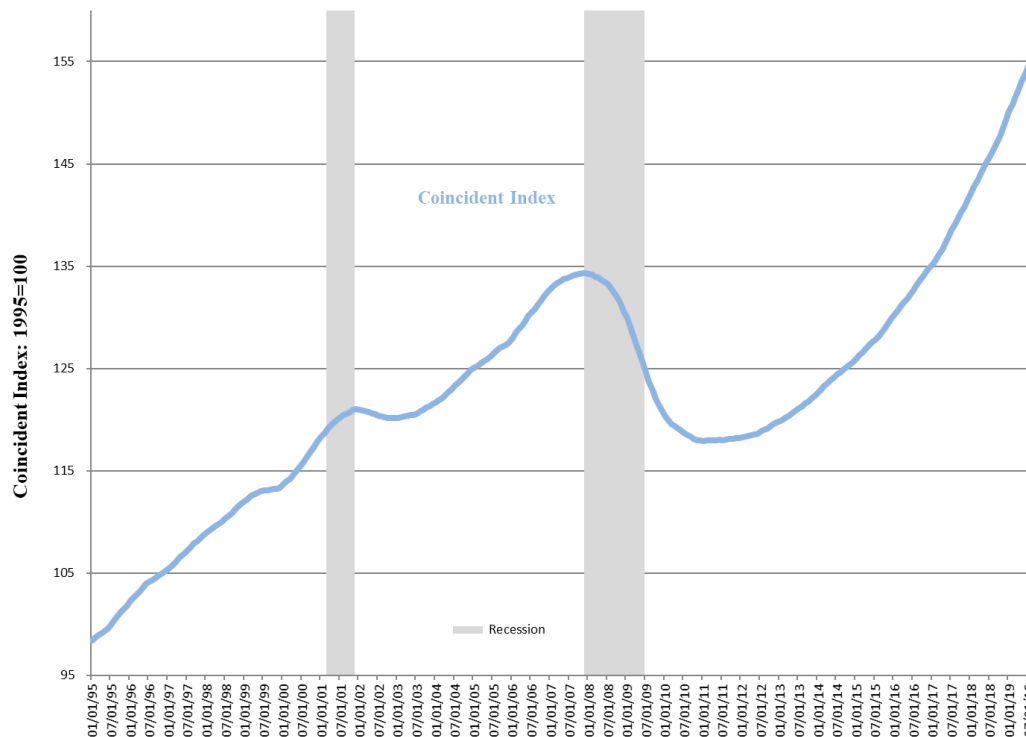
We are continuing to see a slowdown in the regional growth rate, but the index continues to show that the regional economy is expected to continue to grow in the short term, though at a slower rate.

Reno MSA Coincident Index

Reno MSA Coincident Index increased between September and October 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 0.47% increase between September and October 2019. The index increased by 6.19% between October 2018 and 2019. The Reno MSA coincident index has increased for 99 straight months since August 2011 as employment in the region continues to expand.



Series	Prev. Period-		Change Prev. Period	Prev. Year- October 2018	Change Prev. Year
	Latest Period- October 2019	September 2019			
Reno MSA Employment (CES, SA)	255,758	254,775	0.39%	241,367	5.96%
Reno MSA Employment (LAUS, SA)	255,418	254,057	0.54%	240,155	6.36%
Coincident Index Result	156.77	156.04	0.47%	147.64	6.19%

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.