

RENO MSA ECONOMIC OUTLOOK

Published February 2016
Based on data for December 2015

To answer the demand for economic trend insight and analysis in Northern Nevada, this report summarizes the coincident and leading indexes created for the Reno MSA.

Leading Economic Index December 2015¹

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 December 2015

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	0.72% ↑	-0.11% ↓	1.43% ↑	0.85% ↑	1.57% ↑	0.19% ↑	-1.15% ↓	-0.14% ↓	-6.54% ↓	0.43% ↑
	0.51% ↑									
Year to Year	8.16% ↑	3.28% ↑	14.64% ↑	4.05% ↑	7.12% ↑	2.25% ↑	-8.16% ↓	5.39% ↑	-4.31% ↓	5.04% ↑
	5.44% ↑									

	Nonfarm Employment	Household Employment
Month to Month	0.25% ↑	0.27% ↑
	0.26% ↑	
Year to Year	2.93% ↑	3.22% ↑
	3.08% ↑	

¹ Data for taxable and gas sales is unavailable for December 2015 and is estimated based on historical performance. These indicators will be updated as soon as available.

The Reno MSA leading economic index uses a more robust econometric approach to determine the series to include in the index and 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, 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 series 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

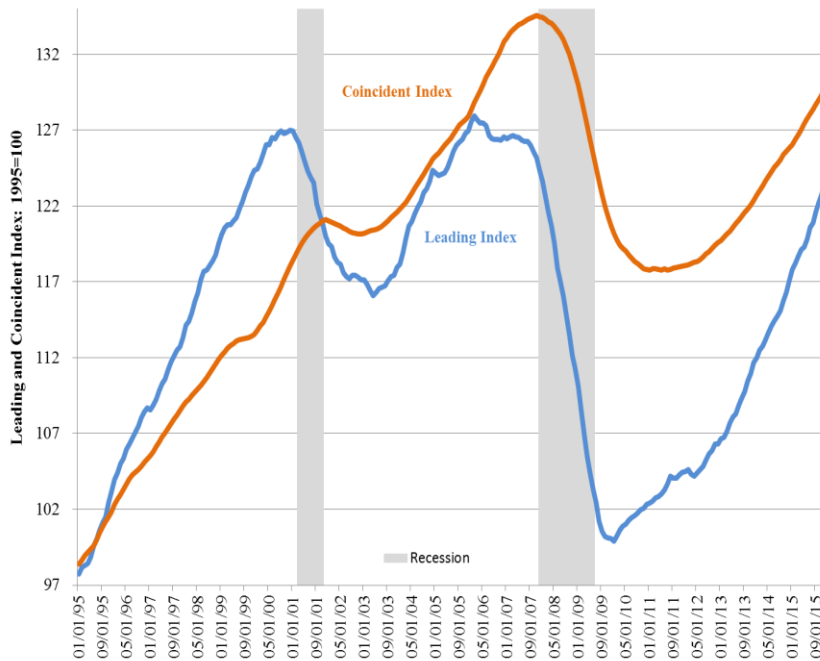
- MSA Nonfarm Employment (CES)
- MSA Household Employment (LAUS)

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

It should be noted that two series within the indexes, initial claims for unemployment and interest rate spread are inversely related to economic growth. An increase in the number of new claims for unemployment would indicate a decline in the economy, as is the interest rate, with declining interest rates acting as a stimulus for economic growth.

Reno MSA Leading Index

Reno MSA Leading Index increased between November and December 2015, indicating expected growth in the regional economy over the next 6-12 months. This is the 44th consecutive increase in the index since May 2012.



Reno MSA Leading Economic Index

Series	Latest Period-	Period-	Change	Previous Year	Change
	December	November	Previous	December	Previous
	2015	2015	Period	2014	Year
Taxable Sales (Washoe Co, SA, CPI)	382,737,285	379,988,990	0.72%	353,872,873	8.16%
Taxable Gaming Revenue (Washoe Co., SA, CPI)	41,512,853	41,558,197	-0.11%	40,193,414	3.28%
# of Single Family Homes Sold (Washoe Co., SA)	698	688	1.43%	608	14.64%
Airport Passengers (RTIA, SA)	286,055	283,644	0.85%	274,910	4.05%
Airport Cargo Lbs. Shipped (RTIA, SA)	11,523,082	11,345,446	1.57%	10,757,436	7.12%
Gallons of Gasoline Sold (Washoe & Storey Co., SA)	14,347,511	14,321,010	0.19%	14,032,172	2.25%
Initial Claims for Unemployment (Nevada, SA)	3,106	3,142	-1.15%	3,382	-8.16%
S&P 500 index (US, SA, CPI)	1,319	1,321	-0.14%	1,252	5.39%
Interest Rate Spread (US)	2.00	2.14	-6.54%	2.09	-4.31%
M2 Money Supply (US, CPI)	7,924	7,890	0.43%	7,543	5.04%
Leading Index Result	123.46	122.84	0.51%	117.09	5.44%

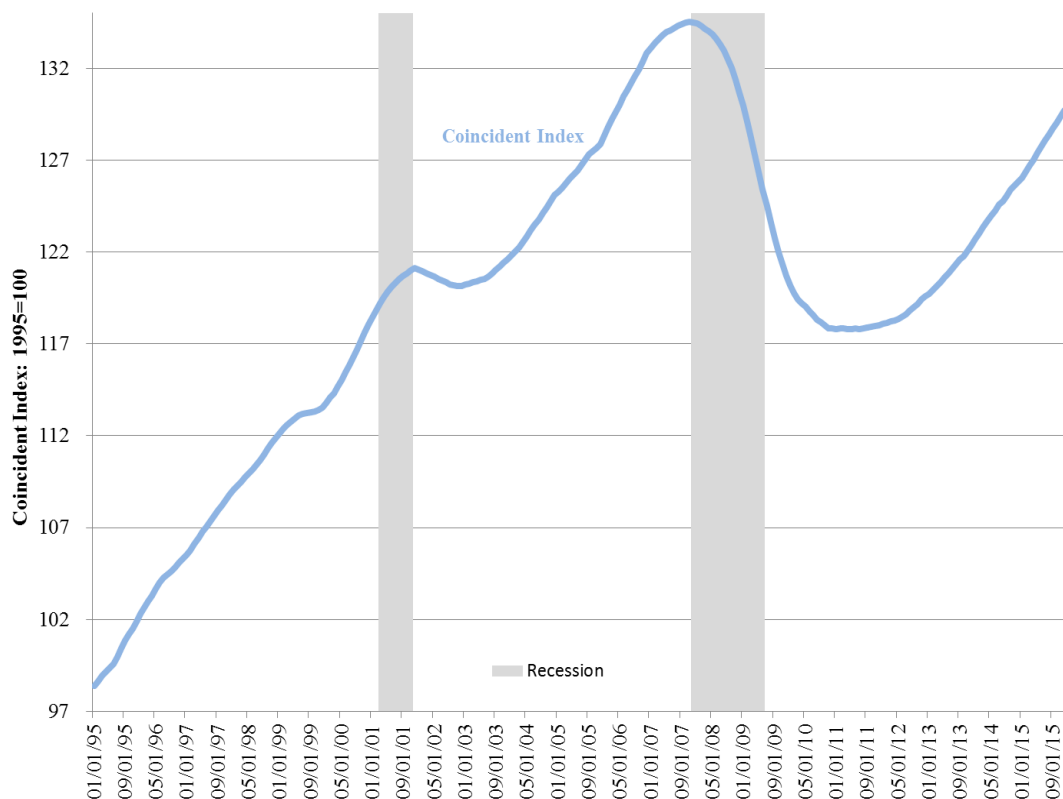
Source: US Department of Labor, Nevada Gaming Control Board, Washoe County Assessor/Center for Regional Studies (UNR), Federal Reserve Bank of St. Louis, Nevada Department of Taxation, Nevada Department of Motor Vehicles, Reno-Tahoe International Airport (RTIA).

SA-Series results are seasonally adjusted.
CPI-Series results are adjusted for inflation to 1995.

The Reno MSA Leading Economic Index 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.

The RLI shows a 0.51% increase between November and December 2015, the latest period for which all series data are available. The index increased by 5.44% over the same period last year (December 2014 to 2015). This is a continuation of the period of growth enjoyed by the region in the recent years and provides a positive outlook for future growth in the region over the next six to twelve months.

Reno MSA Coincident Index



Reno MSA Coincident Index increased between November and December 2015, as the current 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 administered by the Bureau of Labor Statistics.

The index shows a 0.26% increase between November and December 2015, the latest data available for both series. The index increased by 3.08% between December 2014 and 2015.

The Reno MSA coincident index has increase for 53-straight months since August 2011.

Reno MSA Coincident Economic Index

Series	Latest Period	Previous	Change	Previous Year	Change
	December 2015	Period- November	Previous Period	December 2014	Previous Year
Reno MSA Employment (CES, SA)	208,158	207,633	0.25%	202,242	2.93%
Reno MSA Employment (LAUS, SA)	214,463	213,882	0.27%	207,779	3.22%
Coincident Index Result	129.69	129.35	0.26%	125.82	3.08%

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