

RENO MSA ECONOMIC OUTLOOK – DECEMBER 2018

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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 December 2018

Provides an economic outlook for the region by signaling future movements in the Reno MSA economy over a six to twelve-month period.

	Taxable Sales	Taxable Gaming Revenue	# of SF Homes Sold	Airport Passengers	Airport Cargo	Initial Claims for Unemploy.	S&P 500 Index	Interest Rate Spread	M2 Money Supply
Month to Month	0.37% ↑	-0.12% ↓	-1.56% ↓	0.34% ↑	-0.42% ↓	-1.03% ↓	2.15% ↑	-39.13% ↓	1.28% ↑
	0.46% ↑								
Year to Year	3.55% ↑	2.02% ↑	-8.96% ↓	5.05% ↑	-2.15% ↓	-7.68% ↓	3.63% ↑	-49.1% ↓	2.51% ↑
	1.17% ↑								

Coincident Economic Index December 2018

Provides historical and current trends for the Reno MSA economy.

	Nonfarm Employment	Household Employment
Month to Month	0.61% ↑	0.64% ↑
	0.63% ↑	
Year to Year	6.53% ↑	7.03% ↑
	6.82% ↑	

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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
- 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

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.

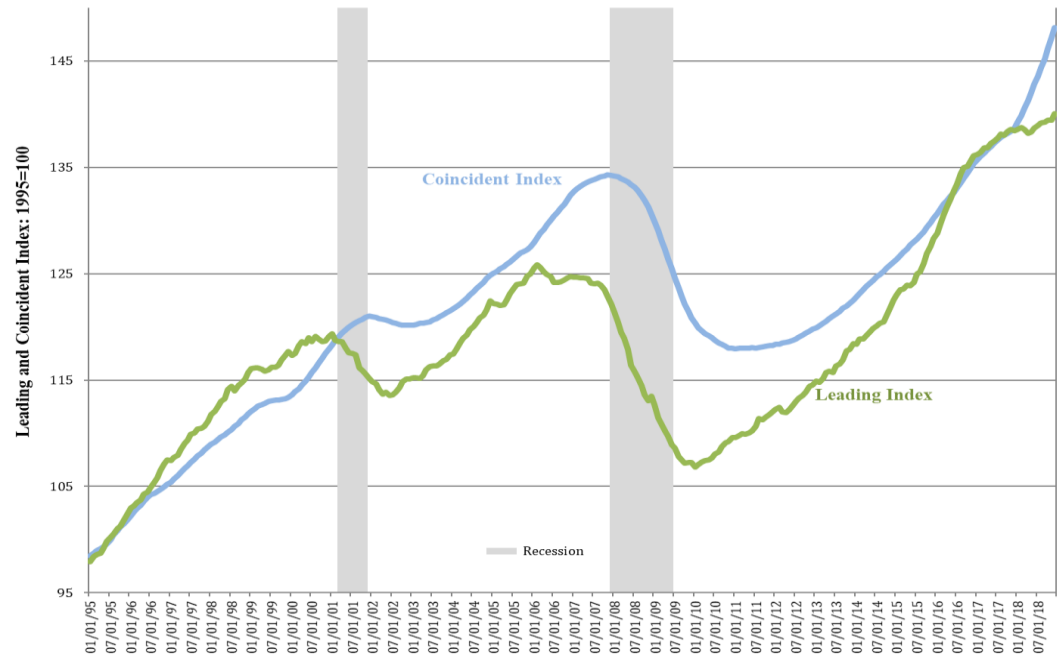
Gasoline sales series was removed from the Leading index starting with the December 2018 release as Nevada Department of Motor Vehicles no longer provides these data publicly. Should this data become available, it will be added back to the index. The index was restructured to exclude the series for all years of the index.

Reno MSA Leading Index

Reno MSA Leading Index increased between November and December 2018, the eighth 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 nine 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.

The RLI shows a 0.46% increase between November and December 2018. The index increased by 1.17% over the same period last year (December 2017 to 2018). The number of homes sold series continues to decline, despite growth in the supply of homes. The decline is still primarily in the existing homes market.



Series	Latest Period- December 2018	Prev. Period- November 2018	Change Prev. Period	Prev. Year- December 2017	Change Prev. Year
Taxable Sales (Washoe Co, SA, CPI)	440,173,186	438,560,640	0.37%	425,064,739	3.55%
Taxable Gaming Revenue (Washoe Co., SA, CPI)	43,745,974	43,797,296	-0.12%	42,881,895	2.02%
# of Single Family Homes Sold (Washoe Co., SA)	668	679	-1.56%	734	-8.96%
Airport Passengers (RTIA, SA)	350,841	349,650	0.34%	333,964	5.05%
Airport Cargo Lbs. Shipped (RTIA, SA)	12,405,223	12,457,444	-0.42%	12,678,228	-2.15%
Initial Claims for Unemployment (Nevada, SA)	2,391	2,416	-1.03%	2,590	-7.68%
S&P 500 Index (US, CPI)	1,692	1,657	2.15%	1,633	3.63%
Interest Rate Spread (US)	0.56	0.92	-39.13%	1.10	-49.09%
M2 Money Supply (US, CPI)	8,767	8,657	1.28%	8,553	2.51%
Leading Index Result	140.08	139.43	0.46%	138.46	1.17%

Airport cargo shipped series increased for two months (October and November) before declining again in December. The taxable gaming revenue decline is due to a higher increase in the Consumer Price Index used to adjust the series for inflation, rather than an actual decline in the series.

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.

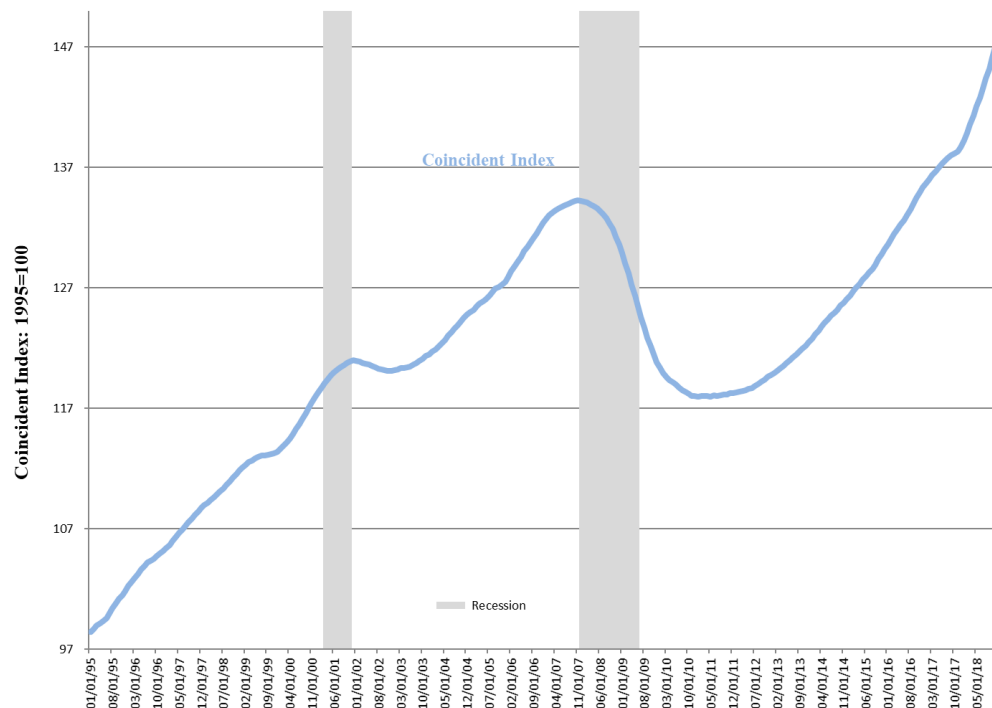
CPI-Series results are adjusted for inflation to 1995.

Reno MSA Coincident Index

Reno MSA Coincident Index increased between November and December 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 0.63% increase between November and December 2018. The index increased by 6.82% between December 2017 and 2018. The Reno MSA coincident index has increased for 89 straight months since August 2011 as employment in the region continues to grow.



Series	Latest Period- December 2018	Prev. Period- November 2018	Change Prev. Period	Prev. Year- December 2017	Change Prev. Year
Reno MSA Employment (CES, SA)	241,167	239,700	0.61%	226,375	6.53%
Reno MSA Employment (LAUS, SA)	241,672	240,138	0.64%	225,795	7.03%
Coincident Index Result	148.13	147.21	0.63%	138.67	6.82%

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.