

RENO MSA ECONOMIC OUTLOOK – JANUARY 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.

Please note weights for both indices were updated in March to include data through December 2018 to ensure each index is based on the most current and long-term historical data available.

Leading Economic Index January 2019

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 | M2 Money Supply |
|-----------------------|---------------|------------------------|--------------------|--------------------|---------------|------------------------------|---------------|-----------------|
| Month to Month | 0.35% ↑ | 0.08% ↑ | -1.31% ↓ | 0.39% ↑ | -0.16% ↓ | -0.85% ↓ | 4.78% ↑ | 0.35% ↑ |
| | 0.39% ↑ | | | | | | | |
| Year to Year | 2.84% ↑ | 1.51% ↑ | -11.20% ↓ | 4.74% ↑ | -1.70% ↓ | -7.57% ↓ | -6.30% ↓ | 2.72% ↑ |
| | 0.62% ↑ | | | | | | | |

Coincident Economic Index January 2019

Provides historical and current trends for the Reno MSA economy.

| | Nonfarm Employment | Household Employment |
|-----------------------|--------------------|----------------------|
| Month to Month | 0.57% ↑ | 0.53% ↑ |
| | 0.54% ↑ | |
| Year to Year | 5.66% ↑ | 4.75% ↑ |
| | 5.13% ↑ | |

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

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.

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. Interest rate spread series was removed with the January 2019 release as the series was no longer consistent with the leading nature of the index.

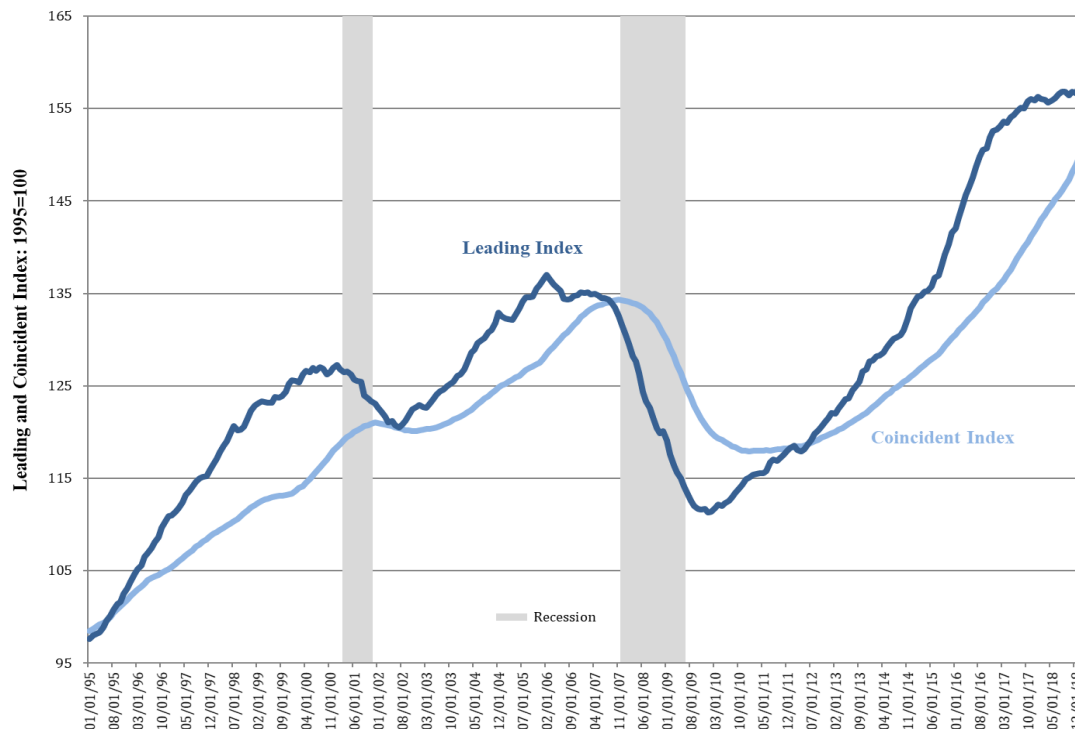
Reno MSA Leading Index

Reno MSA Leading Index increased between December 2018 and January 2019, the first month of growth following a decline in December 2018 based on updated index data.

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 0.39% increase between December 2018 and January 2019. The index

increased by 0.62% over the same period last year (January 2018 to 2019). The number of homes sold series continues to decline, despite growth in the supply of homes. Airport cargo shipped and passenger series data was not available for January and was



estimated using historical growth rates.

The index shows growth in the region is expected to remain positive, but will slow following a long period of strong growth since 2010.

| Series | Latest Period- January 2019 | Prev. Period- December 2018 | Change Prev. Period | Prev. Year- January 2018 | Change Prev. Year |
|--|--------------------------------|--------------------------------|------------------------|-----------------------------|----------------------|
| Taxable Sales (Washoe Co, SA, CPI) | 440,694,960 | 439,176,428 | 0.35% | 428,514,046 | 2.84% |
| Taxable Gaming Revenue (Washoe Co., SA, CPI) | 43,779,178 | 43,745,974 | 0.08% | 43,128,413 | 1.51% |
| # of Single Family Homes Sold (Washoe Co., SA) | 660 | 668 | -1.31% | 743 | -11.20% |
| Airport Passengers (RTIA, SA) | 352,205 | 350,841 | 0.39% | 336,262 | 4.74% |
| Airport Cargo Lbs. Shipped (RTIA, SA) | 12,384,756 | 12,405,223 | -0.16% | 12,598,716 | -1.70% |
| Initial Claims for Unemployment (Nevada, SA) | 2,371 | 2,391 | -0.85% | 2,565 | -7.57% |
| S&P 500 Index (US, CPI) | 1,610 | 1,537 | 4.78% | 1,718 | -6.30% |
| M2 Money Supply (US, CPI) | 8,757 | 8,727 | 0.35% | 8,526 | 2.72% |
| Leading Index Result | 157.27 | 156.66 | 0.39% | 156.30 | 0.62% |

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.

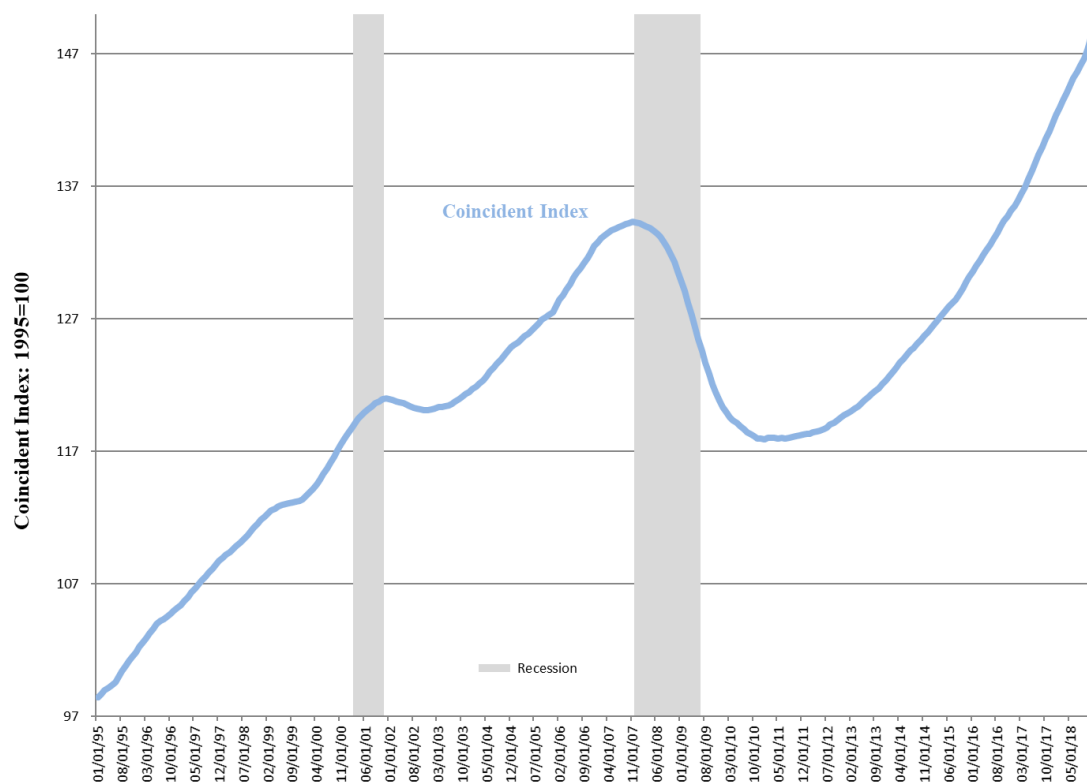
CPI-Series results are adjusted for inflation to 1995.

Reno MSA Coincident Index

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

The index shows a 0.54% increase between December 2018 and January 2019. The index increased by 5.13% between January 2018 and 2019. The Reno MSA coincident index has increased for 90 straight months since August 2011 as employment in the region continues to grow.



| Series | Latest Period- January 2019 | Prev. Period- December 2018 | Change Prev. Period | Prev. Year- January 2018 | Change Prev. Year |
|--------------------------------|--------------------------------|--------------------------------|------------------------|-----------------------------|----------------------|
| Reno MSA Employment (CES, SA) | 245,392 | 244,008 | 0.57% | 232,250 | 5.66% |
| Reno MSA Employment (LAUS, SA) | 242,949 | 241,672 | 0.53% | 231,943 | 4.75% |
| Coincident Index Result | 149.67 | 148.86 | 0.54% | 142.37 | 5.13% |

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.