

# RENO MSA ECONOMIC OUTLOOK – MARCH 2017

Published April/May 2017

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 April to include data through December 2016 to ensure each index is based on the most current data and long-term historical data available.

## Leading Economic Index March 2017

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 March 2017

Provides historical and current trends for the Reno MSA economy.

0.29% ↑

% Change	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
<b>Month to Month</b>	0.49% ↑	0.47% ↑	-0.78% ↓	1.13% ↑	0.38% ↑	0.16% ↑	-0.84% ↓	-0.28% ↓	-3.98% ↓	0.44% ↑

0.19% ↑

% Change	Nonfarm Employment	Household Employment
<b>Month to Month</b>	0.26% ↑	0.14% ↑

4.57% ↑

% Change	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
<b>Year to Year</b>	7.11% ↑	1.78% ↑	-0.06% ↓	6.21% ↑	10.15% ↑	2.30% ↑	-12.24% ↓	15.39% ↑	10.46% ↑	3.98% ↑

3.28% ↑

% Change	Nonfarm Employment	Household Employment
<b>Year to Year</b>	4.47% ↑	2.43% ↑

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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
- MSA Gasoline Sales
- Money Supply (US)
- RTIA Passengers

#### Coincident Index

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

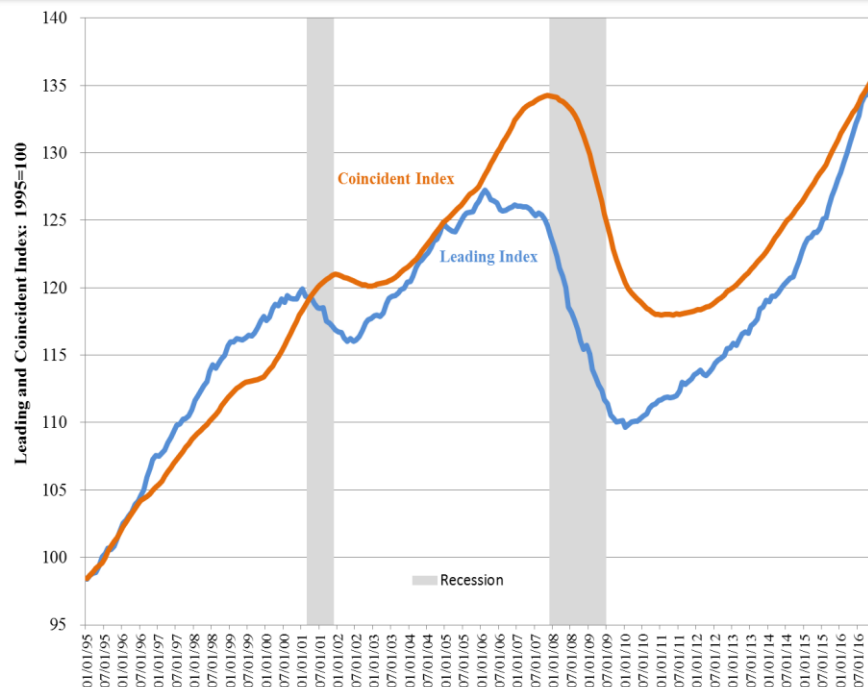
\* MSA-Reno Metropolitan Statistical Area \* NV-Nevada \* WC-Washoe County \* RTIA-Reno Tahoe International Airport

Note that 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 February and March 2017, indicating expected growth in the regional economy over the next 6-12 months. This is the 22<sup>nd</sup> month of index growth following a slight decrease in the index in May 2015.

The 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.



Reno MSA Leading Economic Index

Series	Latest Period- March 2017	Prev.Period- February 2017	Change Prev. Period	Prev. Year- March 2016	Change Prev. Year
Taxable Sales (Washoe Co, SA, CPI)	417,708,646	415,652,815	0.49%	389,991,011	7.11%
Taxable Gaming Revenue (Washoe Co., SA, CPI)	42,369,244	42,170,839	0.47%	41,630,084	1.78%
# of Single Family Homes Sold (Washoe Co., SA)	710	716	-0.78%	711	-0.06%
Airport Passengers (RTIA, SA)	311,144	307,670	1.13%	292,958	6.21%
Airport Cargo Lbs. Shipped (RTIA, SA)	13,240,639	13,191,123	0.38%	12,020,917	10.15%
Gallons of Gasoline Sold (Washoe & Storey Co., SA)	14,668,349	14,645,278	0.16%	14,339,233	2.30%
Initial Claims for Unemployment (Nevada, SA)	2,609	2,631	-0.84%	2,972	-12.24%
S&P 500 Index (US, CPI)	1,477	1,481	-0.28%	1,280	15.39%
Interest Rate Spread (US)	1.69	1.76	-3.98%	1.53	10.46%
M2 Money Supply (US, CPI)	8,363	8,327	0.44%	8,043	3.98%
<b>Leading Index Result</b>	<b>135.93</b>	<b>135.53</b>	<b>0.29%</b>	<b>129.99</b>	<b>4.57%</b>

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.

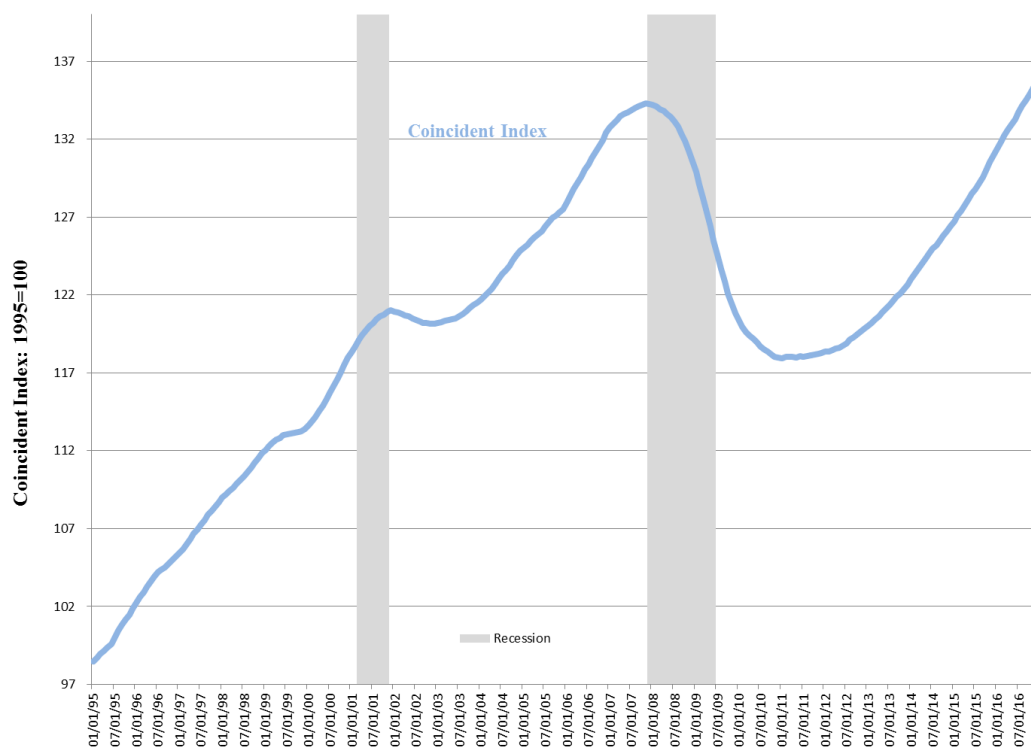
The RLI shows a 0.29% increase between February and March 2017. The index increased by 4.57% over the same period last year (March 2016 to 2017). Other than a slight (0.06%) decline in the index in October 2016, this is a continuation of the period of growth enjoyed by the region in the recent years 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 February and March 2017, 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. Both series are administered by the Bureau of Labor Statistics (BLS).

The index shows a 0.19% increase between February and March 2017, the latest data available for both series. The index increased by 3.28% between March 2016 and 2017. The Reno MSA coincident index has increased for 68 straight months since August 2011 as employment in the region continues to grow.



### Reno MSA Coincident Economic Index

Series	Latest Period- March 2017	Prev.Period- February 2017	Change Prev. Period	Prev. Year- March 2016	Change Prev. Year
Reno MSA Employment (CES, SA)	222,517	221,942	0.26%	213,000	4.47%
Reno MSA Employment (LAUS, SA)	222,702	222,388	0.14%	217,419	2.43%
<b>Coincident Index Result</b>	<b>136.58</b>	<b>136.32</b>	<b>0.19%</b>	<b>132.24</b>	<b>3.28%</b>

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