

RENO MSA ECONOMIC OUTLOOK - MARCH 2016

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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 created for the Reno MSA.

Leading Economic Index March 2016

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 2016

Provides historical and current trends for the Reno MSA economy.

% Change	Taxable	Taxable	# of SF	Airport	Airport	Gasoline	Initial	S&P 500	Interest	M2
	Sales	Gaming Revenue	Homes Sold	Passengers	Cargo	Sold	Claims for Unemploy.	Index	Rate Spread	Money Supply
Month to Month	0.42% ↑	-0.06% ↓	0.67% ↑	0.99% ↑	1.85% ↑	-0.21% ↓	-1.75% ↓	-0.35% ↓	9.29% ↑	0.28% ↑
0.38% ↑										
Year to Year	8.13% ↑	1.92% ↑	14.54% ↑	6.20% ↑	11.43% ↑	1.15% ↑	-12.69% ↓	0.98% ↑	-20.73% ↓	5.23% ↑
5.32% ↑										

% Change	Nonfarm	Household
	Employment	Employment
Month to Month	0.35% ↑	0.32% ↑
0.34% ↑		
Year to Year	3.91% ↑	3.57% ↑
3.73% ↑		

The Reno MSA leading economic index uses a robust econometric approach to determine variables 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 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

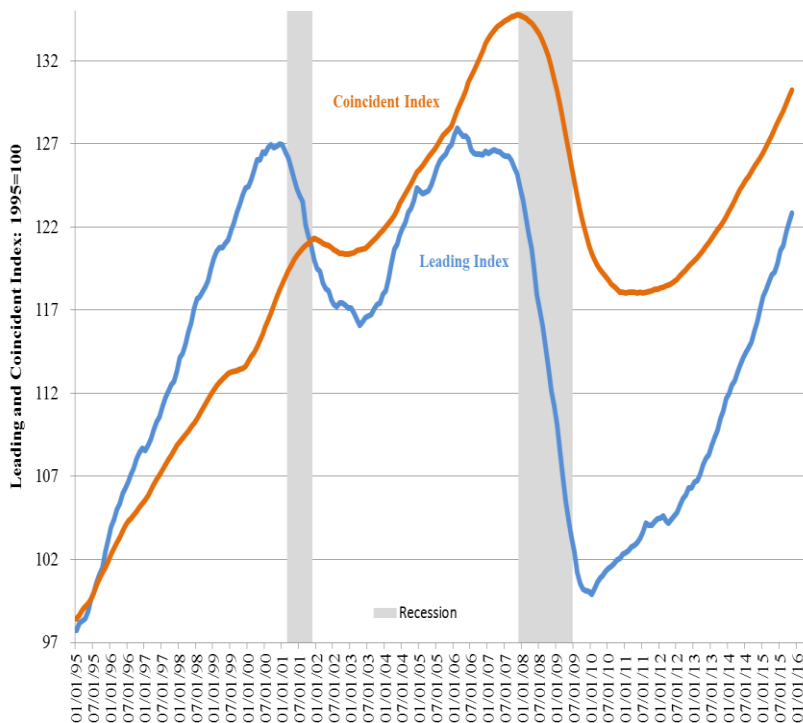
- MSA Nonfarm Employment (CES)
- MSA Household Employment (LAUS)

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

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 February and March 2016, indicating expected growth in the regional economy over the next 6-12 months. This is the 47th consecutive increase in the monthly index since May 2012.



Reno MSA Leading Economic Index					
Series	Latest Period-	Previous Period-	Change	Previous Year-	Change
	March 2016	February 2016	Previous Period	March 2015	Previous Year
Taxable Sales (Washoe Co, SA, CPI)	389,991,011	388,364,323	0.42%	360,682,123	8.13%
Taxable Gaming Revenue (Washoe Co., SA, CPI)	41,630,084	41,655,829	-0.06%	40,845,912	1.92%
# of Single Family Homes Sold (Washoe Co., SA)	711	706	0.67%	621	14.54%
Airport Passengers (RTIA, SA)	292,958	290,083	0.99%	275,862	6.20%
Airport Cargo Lbs. Shipped (RTIA, SA)	12,020,917	11,802,600	1.85%	10,787,831	11.43%
Gallons of Gasoline Sold (Washoe & Storey Co., SA)	14,339,233	14,369,866	-0.21%	14,175,975	1.15%
Initial Claims for Unemployment (Nevada, SA)	2,972	3,026	-1.75%	3,405	-12.69%
S&P 500 index (US, SA, CPI)	1,300	1,304	-0.35%	1,287	0.98%
Interest Rate Spread (US)	1.53	1.40	9.29%	1.93	-20.73%
M2 Money Supply (US, CPI)	8,043	8,020	0.28%	7,643	5.23%
Leading Index Result	125.01	124.54	0.38%	118.69	5.32%

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 (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.

The RLI shows a 0.38% increase between February and March 2016, the latest period for which all series data are available. The index increased by 5.32% over the same period last year (March 2015 to 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.

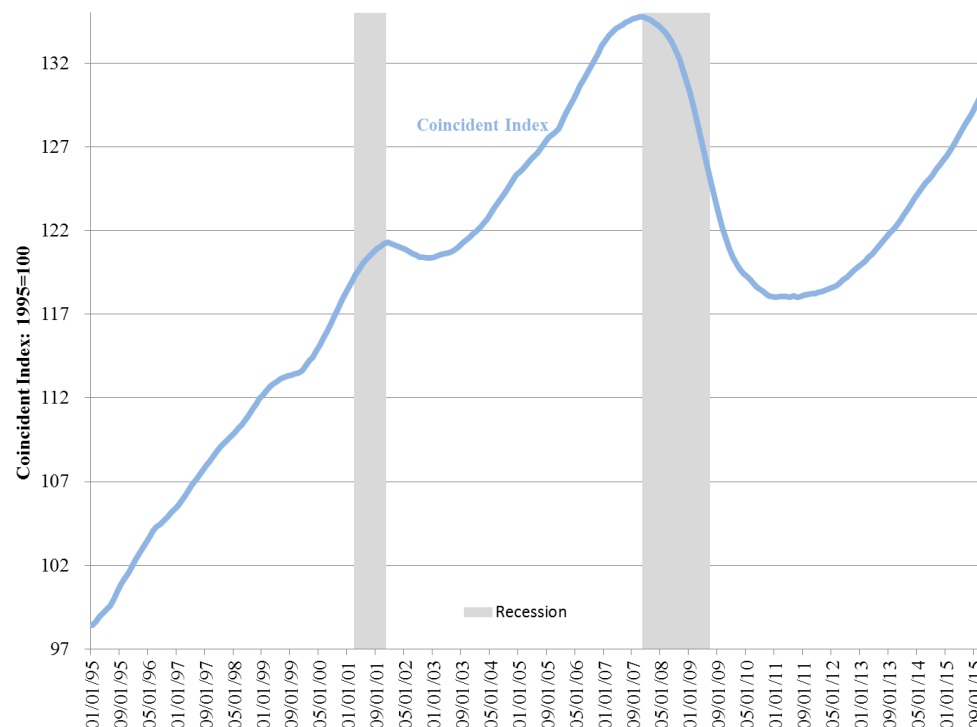
Reno MSA Coincident Index

Reno MSA Coincident Index increased between February and March 2016, 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.

The index shows a 0.34% increase between February and March 2016, the latest data available for both series. The index increased by 3.73% between March 2015 and 2016.

The Reno MSA coincident index has increase for 56-straight months since August 2011.



Reno MSA Coincident Economic Index

Series	Latest Period- March 2016	Previous Period- February 2016	Change Previous Period	Previous Year- March 2015	Change Previous Year
Reno MSA Employment (CES, SA)	212,475	211,725	0.35%	204,483	3.91%
Reno MSA Employment (LAUS, SA)	216,578	215,887	0.32%	209,116	3.57%
Coincident Index Result	131.89	131.45	0.34%	127.15	3.73%

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