

# RENO MSA ECONOMIC OUTLOOK – APRIL 2017

Published 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 April 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 April 2017

Provides historical and current trends for the Reno MSA economy.

Leading Economic Index											Coincident Economic Index		
0.10% ↑											0.22% ↑		
% 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	% Change	Nonfarm Employment	Household Employment
<b>Month to Month</b>	0.50% ↑	-0.35% ↓	-1.33% ↓	0.76% ↑	-0.23% ↓	0.22% ↑	-0.20% ↓	0.61% ↑	-17.16% ↓	0.08% ↑	<b>Month to Month</b>	0.22% ↑	0.21% ↑
4.09% ↑											3.18% ↑		
% 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	% Change	Nonfarm Employment	Household Employment
<b>Year to Year</b>	6.06% ↑	0.58% ↑	-1.19% ↓	6.50% ↑	8.45% ↑	2.79% ↑	-10.88% ↓	12.96% ↑	-2.78% ↓	3.88% ↑	<b>Year to Year</b>	4.26% ↑	2.40% ↑

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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)

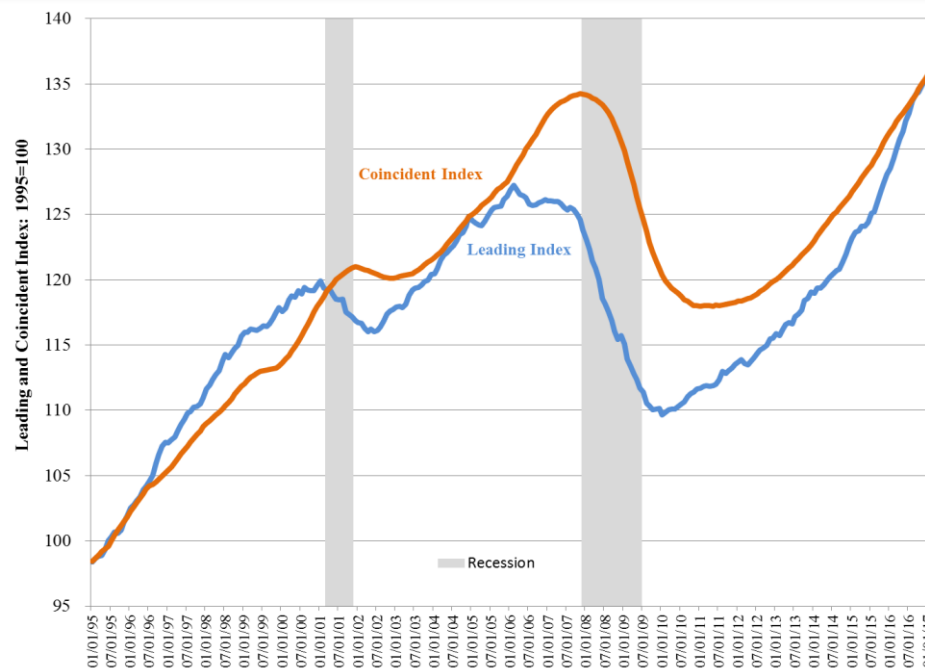
\* MSA-Reno Metropolitan Statistical Area \* NV-Nevada \* WC-Washoe County \* RTIA-Reno Tahoe International Airport

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<sup>1</sup> increased between March and April 2017, indicating expected growth in the regional economy over the next 6-12 months. This is the 23<sup>rd</sup> month of index growth following a slight decrease (0.01%) in the index in May 2015.

The RLI shows a 0.1% increase between March and April 2017. The index increased by 4.09% over the same period last year (April 2016 to 2017). While some local indicators (taxable gaming revenue, single-family homes sold, and airport cargo shipped) declined from the same period last year, the growth in the overall index remains positive, providing a positive outlook for future growth in the region



**Reno MSA Leading Economic Index**

Series	Latest Period- April 2017	Prev.Period- March 2017	Change Prev. Period	Prev. Year- April 2016	Change Prev. Year
Taxable Sales (Washoe Co, SA, CPI)	419,370,609	417,272,255	0.50%	395,399,119	6.06%
Taxable Gaming Revenue (Washoe Co., SA, CPI)	42,222,226	42,369,244	-0.35%	41,976,735	0.58%
# of Single Family Homes Sold (Washoe Co., SA)	701	710	-1.33%	709	-1.19%
Airport Passengers (RTIA, SA)	313,508	311,144	0.76%	294,365	6.50%
Airport Cargo Lbs. Shipped (RTIA, SA)	13,210,073	13,240,639	-0.23%	12,181,332	8.45%
Gallons of Gasoline Sold (Washoe & Storey Co., SA)	14,749,969	14,718,137	0.22%	14,349,521	2.79%
Initial Claims for Unemployment (Nevada, SA)	2,603	2,609	-0.20%	2,921	-10.88%
S&P 500 Index (US, CPI)	1,486	1,477	0.61%	1,315	12.96%
Interest Rate Spread (US)	1.40	1.69	-17.16%	1.44	-2.78%
M2 Money Supply (US, CPI)	8,370	8,363	0.08%	8,058	3.88%
<b>Leading Index Result</b>	<b>136.11</b>	<b>135.97</b>	<b>0.10%</b>	<b>130.75</b>	<b>4.09%</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.

over the next six to twelve months.

However, the drop in the number of homes sold for the second month in a row and drop in this series compared to same time last year, may indicate affordability issues in the residential market, as supported by our Reno MSA Single-Family Housing Index. This is a trend that requires attention as the region continues to grow.

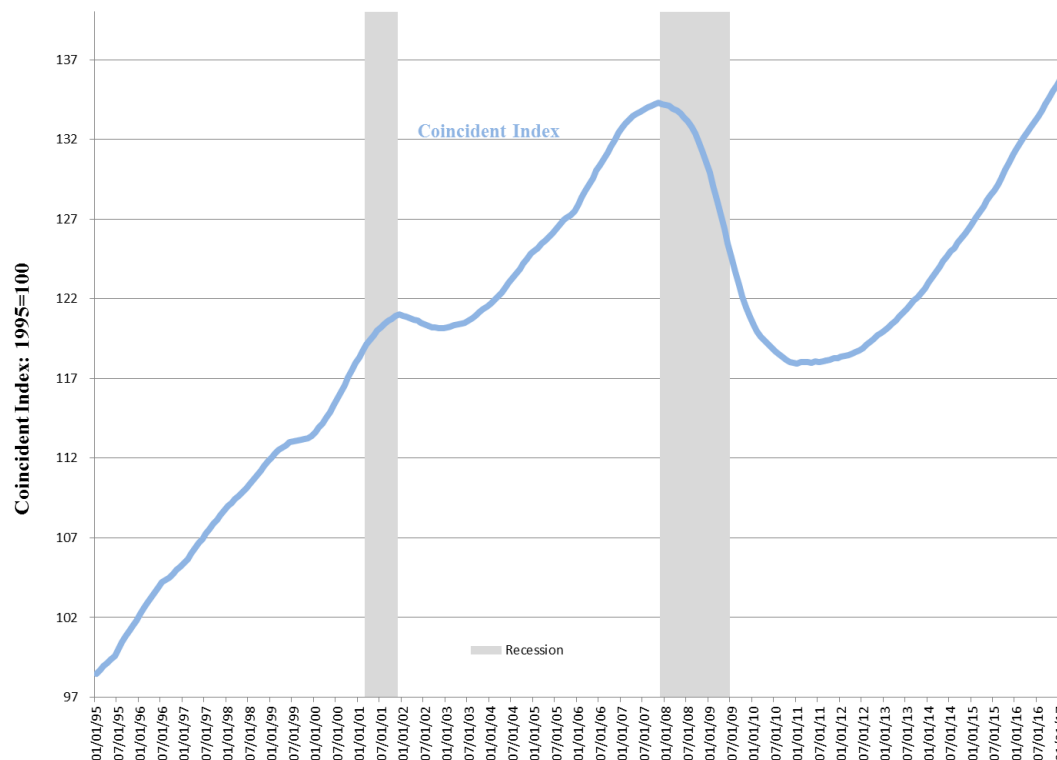
<sup>1</sup> The Reno MSA Leading Economic Index (RLI) predicts future changes in the region’s economy by “leading” current economic activity, represented by the coincident index. The Leading Index is based on ten local, regional, and national data series aggregated using a combination of composite and 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 Coincident Index

Reno MSA Coincident Index increased between March and April 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 0.22% increase between March and April 2017, the latest data available for both series. The index increased by 3.18% between April 2016 and 2017. The Reno MSA coincident index has increased for 69 straight months since August 2011 as employment in the region continues to grow.



### Reno MSA Coincident Economic Index

Series	Latest Period- April 2017	Prev.Period- March 2017	Change Prev. Period	Prev. Year- April 2016	Change Prev. Year
Reno MSA Employment (CES, SA)	222,950	222,450	0.22%	213,833	4.26%
Reno MSA Employment (LAUS, SA)	222,619	222,153	0.21%	217,397	2.40%
<b>Coincident Index Result</b>	<b>136.66</b>	<b>136.36</b>	<b>0.22%</b>	<b>132.45</b>	<b>3.18%</b>

Source: Current Employment Statistics (CES) and Local Area Unemployment Statistics (LAUS), Bureau of Labor Statistics.

SA-Series results are seasonally adjusted.