

RENO MSA ECONOMIC OUTLOOK – MAY 2017

Published June/July 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 May 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 May 2017


Provides historical and current trends for the Reno MSA economy.











0.18% 


% 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
Month to Month	0.37% 	-0.25% 	0.68% 	0.78% 	-0.60% 	0.24% 	-0.76% 	1.24% 	-0.71% 	0.40% 



0.20% 

% Change	Nonfarm Employment	Household Employment
Month to Month	0.22% 	0.19% 

3.71% 

% 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
Year to Year	4.58% 	0.54% 	-0.98% 	6.97% 	6.60% 	2.76% 	-10.00% 	12.97% 	-3.47% 	4.06% 

3.15% 

% Change	Nonfarm Employment	Household Employment
Year to Year	4.12% 	2.47% 

EKAY | ECONOMIC CONSULTANTS

Eugenia Larmore
(775) 232-7203
eugenia@ekayconsultants.com



Center For Regional Studies
College of Business
University of Nevada, Reno

Brian Bonnenfant
(775) 784-1771
bonnen@unr.edu

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)

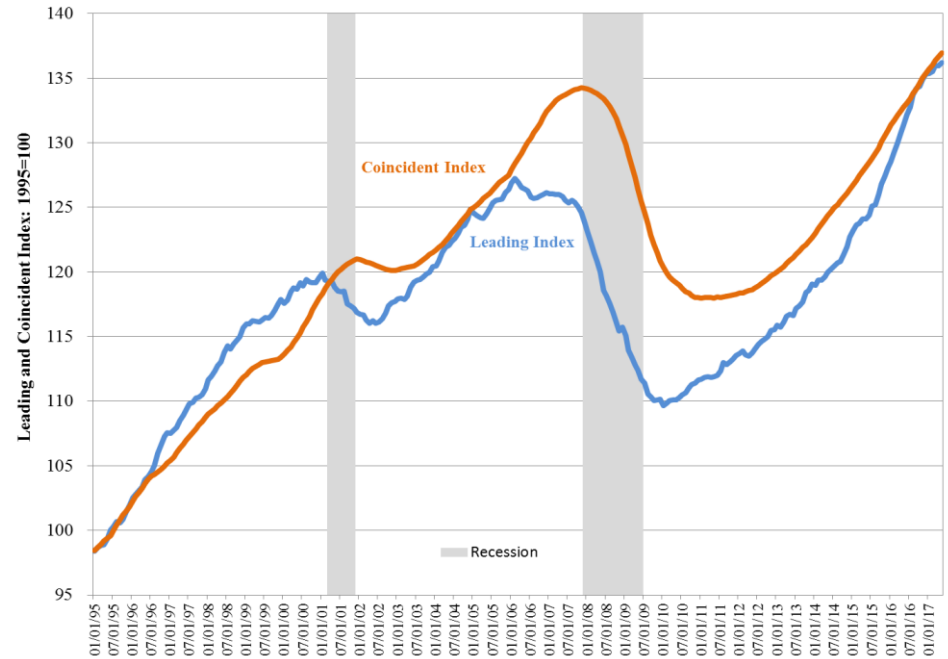
* MSA-Reno Metropolitan Statistical Area * NV-Nevada * WC-Washoe County * RTIA-Reno Tahoe International Airport

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 Index¹ increased between April and May 2017, indicating expected growth in the regional economy over the next 6-12 months. This is the 24th month of index growth following a slight decrease (0.01%) in the index in May 2015.

The RLI shows a 0.18% increase between April and May 2017. The index increased by 3.71% over the same period last year (May 2016 to 2017). While some local indicators (taxable gaming revenue and airport cargo shipped²) declined from April 2017 and number of single family homes sold decreased from the same time last year, the growth in the overall index remains positive, providing a positive



Series	Latest Period- May 2017	Prev.Period- April 2017	Change Prev. Period	Prev. Year- May 2016	Change Prev. Year
Taxable Sales (Washoe Co, SA, CPI)	416,842,799	415,305,706	0.37%	398,580,581	4.58%
Taxable Gaming Revenue (Washoe Co., SA, CPI)	42,117,512	42,222,226	-0.25%	41,891,365	0.54%
# of Single Family Homes Sold (Washoe Co., SA)	708	704	0.68%	715	-0.98%
Airport Passengers (RTIA, SA)	315,939	313,508	0.78%	295,348	6.97%
Airport Cargo Lbs. Shipped (RTIA, SA)	13,130,168	13,210,073	-0.60%	12,317,055	6.60%
Gallons of Gasoline Sold (Washoe & Storey Co., SA)	14,782,945	14,748,066	0.24%	14,386,386	2.76%
Initial Claims for Unemployment (Nevada, SA)	2,584	2,603	-0.76%	2,871	-10.00%
S&P 500 Index (US, CPI)	1,504	1,486	1.24%	1,331	12.97%
Interest Rate Spread (US)	1.39	1.40	-0.71%	1.44	-3.47%
M2 Money Supply (US, CPI)	8,403	8,370	0.40%	8,076	4.06%
Leading Index Result	136.23	135.98	0.18%	131.35	3.71%

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.

outlook for future growth in the region over the next six to twelve months.

However, the drop in the number of homes sold, compared to same time last year, for the third month in a row, may continue to indicate affordability issues in the residential market, as supported by our Reno MSA Single-Family Housing Index.

¹ 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.

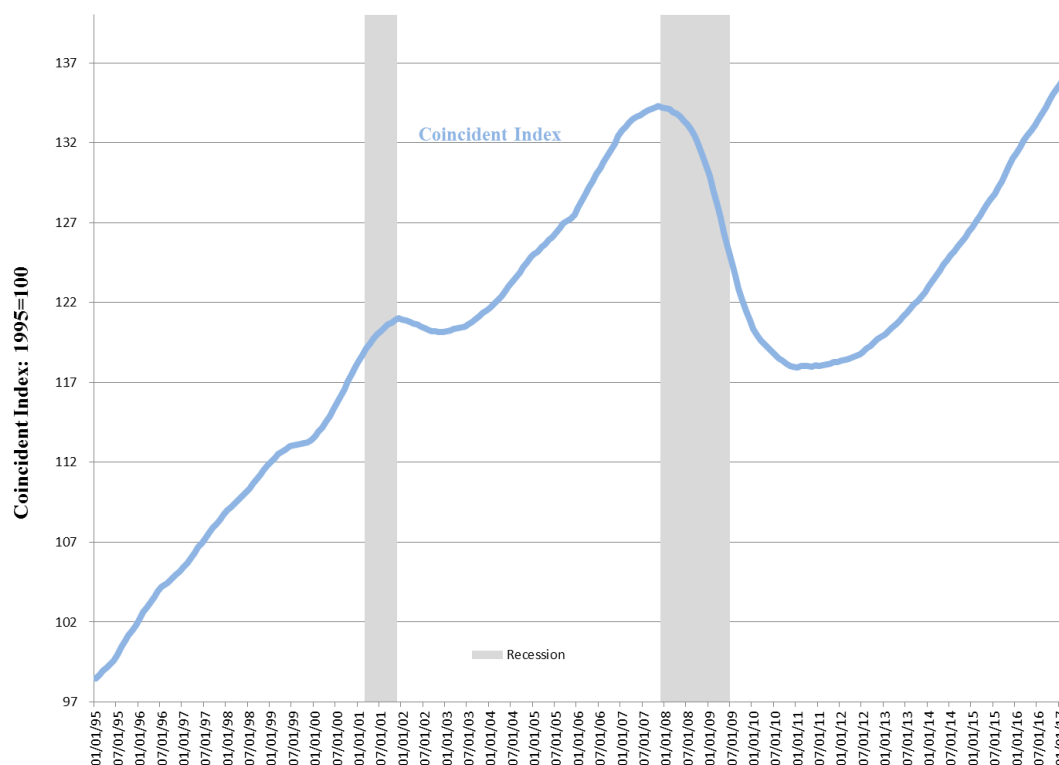
² Airport cargo shipped data was unavailable for May 2017 and was estimated using growth in this series in the past 12 months.

Reno MSA Coincident Index

Reno MSA Coincident Index increased between April and May 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 0.20% increase between April and May 2017, the latest data available for both series. The index increased by 3.15% between May 2016 and 2017. The Reno MSA coincident index has increased for 70 straight months since August 2011 as employment in the region continues to grow.



Series	Latest Period- May 2017	Prev.Period- April 2017	Change Prev. Period	Prev. Year- May 2016	Change Prev. Year
Reno MSA Employment (CES, SA)	223,450	222,958	0.22%	214,617	4.12%
Reno MSA Employment (LAUS, SA)	223,077	222,652	0.19%	217,708	2.47%
Coincident Index Result	136.95	136.67	0.20%	132.77	3.15%

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