

RENO MSA ECONOMIC OUTLOOK - JUNE 2016

Published July 2016

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

June 2016*

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	Gasoline Sold	Initial Claims for Unemploy.	S&P 500 Index	Interest Rate Spread	M2 Money Supply
Month to Month	0.83% ↑	0.16% ↑	0.15% ↑	0.71% ↑	0.93% ↑	0.10% ↑	-2.67% ↓	-0.32% ↓	-12.50% ↓	0.25% ↑
	0.42% ↑									
Year to Year	9.88% ↑	2.43% ↑	10.73% ↑	8.24% ↑	12.93% ↑	0.81% ↑	-17.19% ↓	0.74% ↑	-43.75% ↓	5.89% ↑
	6.16% ↑									

Coincident Economic Index

June 2016

Provides historical and current trends for the Reno MSA economy.

	Nonfarm Employment	Household Employment
Month to Month	0.31% ↑	0.17% ↑
	0.24% ↑	
Year to Year	3.92% ↑	3.19% ↑
	3.53% ↑	

*It should be noted that due to the delay in reporting, airport passengers and airport cargo data for this month's index is estimated and will be updated as soon as the data is available. Taxable sales and gasoline sold data are always projected for the month ahead and updated as soon as actual data is available.

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, 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)

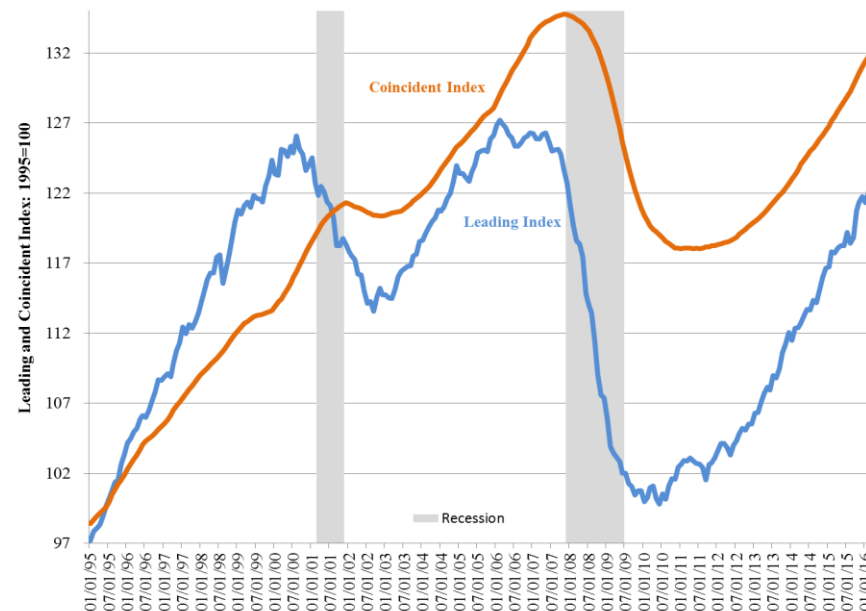
* MSA-Reno Metropolitan Statistical Area * NV-Nevada * WC-Washoe County * RTIA-Reno Tahoe International Airport

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 May and June 2016, indicating expected growth in the regional economy over the next 6-12 months. This is the 5th consecutive increase in the monthly index since January 2016.

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. As discussed above, the index was revised in June 2016 to allow a one-month, rather than a two-month data lag. The tightening of the lag time, combined with data benchmarking, resulted in historical index results that differ from previous reports.



Additionally, cargo information for the Reno-Tahoe International Airport was not available for April-June of 2016, and passenger information for June 2016, and was estimated for this variable.

The RLI shows a 0.42% increase between May and June 2016. The index increased by 6.16% over the same period last year (June 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 Leading Economic Index

Series	Latest Period-	Prev.Period-	Change	Prev. Year-	Change
	June 2016	May 2016	Prev. Period	June 2015	Prev. Year
Taxable Sales (Washoe Co., SA, CPI)	401,889,952	398,579,609	0.83%	365,756,000	9.88%
Taxable Gaming Revenue (Washoe Co., SA, CPI)	41,958,933	41,891,259	0.16%	40,962,021	2.43%
# of Single Family Homes Sold (Washoe Co., SA)	717	715	0.15%	647	10.73%
Airport Passengers (RTIA, SA)	297,445	295,348	0.71%	274,804	8.24%
Airport Cargo Lbs. Shipped (RTIA, SA)	12,337,833	12,224,736	0.93%	10,924,945	12.93%
Gallons of Gasoline Sold (Washoe & Storey Co., SA)	14,400,227	14,386,386	0.10%	14,284,190	0.81%
Initial Claims for Unemployment (Nevada, SA)	2,794	2,871	-2.67%	3,374	-17.19%
S&P 500 index (US, CPI)	1,327	1,331	-0.32%	1,317	0.74%
Interest Rate Spread (US)	1.26	1.44	-12.50%	2.24	-43.75%
M2 Money Supply (US, CPI)	8,096	8,076	0.25%	7,646	5.89%
Leading Index Result	125.51	124.98	0.42%	118.23	6.16%

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.

Reno MSA Coincident Index

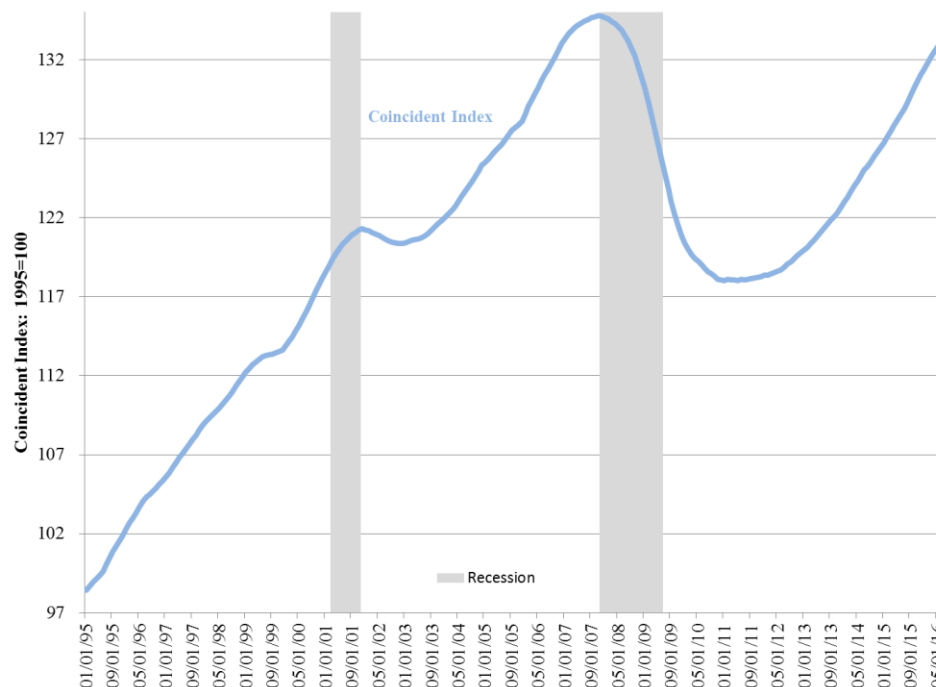
Reno MSA Coincident Index increased between May and June 2016, as the regional economy continues to expand.

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 (BLS).

Note that in April 2016 BLS revised the LAUS series data going back to 2010, due to normal benchmarking routines. As a result, some of the historical values of this coincident index may have changed.

The index shows a 0.24% increase between May and June 2016, the latest data available for both series. The index increased by 3.53% between June 2015 and June 2016.

The Reno MSA coincident index has increase for 59 straight months since August 2011.



Reno MSA Coincident Economic Index

Series	Latest Period- June 2016	Prev.Period- May 2016	Change Prev. Period	Prev. Year- June 2015	Change Prev. Year
Reno MSA Employment (CES, SA)	214,358	213,692	0.31%	206,267	3.92%
Reno MSA Employment (LAUS, SA)	218,641	218,278	0.17%	211,892	3.19%
Coincident Index Result	133.11	132.79	0.24%	128.57	3.53%

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