

RENO MSA ECONOMIC OUTLOOK – JUNE 2017

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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 for the Reno MSA.

Leading Economic Index June 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 June 2017

Provides historical and current trends for the Reno MSA economy.

| % Change | Taxable | Taxable | # of SF | Airport | Airport | Gasoline | Initial | S&P 500 | Interest | M2 | % Change | Nonfarm | Household |
|-----------------------|---------|----------------|------------|------------|---------|----------------|----------------------|----------|-------------|--------------|-----------------------|----------------|------------|
| | Sales | Gaming Revenue | Homes Sold | Passengers | Cargo | Sold | Claims for Unemploy. | Index | Rate Spread | Money Supply | | Employment | Employment |
| Month to Month | 0.40% ↑ | 0.12% ↑ | 1.20% ↑ | 0.63% ↑ | 0.75% ↑ | 0.25% ↑ | 0.17% ↑ | 0.50% ↑ | -17.27% ↓ | 0.13% ↑ | Month to Month | 0.29% ↑ | 0.22% ↑ |
| | | | | | | 0.36% ↑ | | | | | | 0.25% ↑ | |
| Year to Year | 5.00% ↑ | 0.66% ↑ | 0.21% ↑ | 7.65% ↑ | 8.83% ↑ | 3.15% ↑ | -9.85% ↓ | 13.54% ↑ | -20.14% ↓ | 4.19% ↑ | Year to Year | 4.07% ↑ | 2.55% ↑ |
| | | | | | | 4.32% ↑ | | | | | | 3.18% ↑ | |

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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

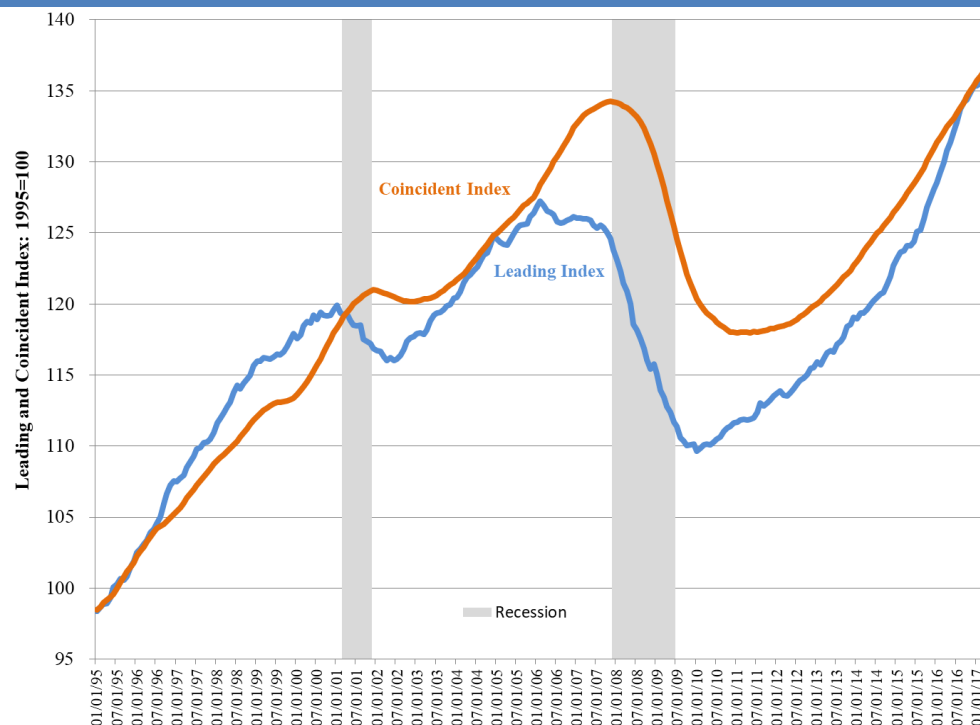
Initial claims for unemployment and interest rate spread series are inversely related to economic growth. An increase in the number of new claims for unemployment would indicate a decline in the economy. Similarly, increases in interest rates slow economic growth as access to capital becomes more expensive.

Note for Leading Index: Airport cargo shipped data for May and June 2017 and airport passenger data for June 2017 were unavailable as of the date of this report and were estimated using growth in this series in the past 12 months. These data will be updated as soon as they become available.

Reno MSA Leading Index

Reno MSA Leading Index increased between May and June 2017, indicating expected growth in the regional economy over the next 6-12 months. This is the 25th month of index growth following a slight decrease (0.01%) 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



| Series | Latest Period- June 2017 | Prev.Period- May 2017 | Change Prev. Period | Prev. Year- June 2016 | Change Prev. Year |
|--|-----------------------------|--------------------------|------------------------|--------------------------|----------------------|
| Taxable Sales (Washoe Co, SA, CPI) | 418,506,569 | 416,839,393 | 0.40% | 398,580,581 | 5.00% |
| Taxable Gaming Revenue (Washoe Co., SA, CPI) | 42,166,432 | 42,117,512 | 0.12% | 41,891,365 | 0.66% |
| # of Single Family Homes Sold (Washoe Co., SA) | 717 | 708 | 1.20% | 715 | 0.21% |
| Airport Passengers (RTIA, SA) | 317,945 | 315,939 | 0.63% | 295,348 | 7.65% |
| Airport Cargo Lbs. Shipped (RTIA, SA) | 13,404,261 | 13,304,780 | 0.75% | 12,317,055 | 8.83% |
| Gallons of Gasoline Sold (Washoe & Storey Co., SA) | 14,838,848 | 14,802,067 | 0.25% | 14,386,386 | 3.15% |
| Initial Claims for Unemployment (Nevada, SA) | 2,588 | 2,584 | 0.17% | 2,871 | -9.85% |
| S&P 500 Index (US, CPI) | 1,512 | 1,504 | 0.50% | 1,331 | 13.54% |
| Interest Rate Spread (US) | 1.15 | 1.39 | -17.27% | 1.44 | -20.14% |
| M2 Money Supply (US, CPI) | 8,414 | 8,403 | 0.13% | 8,076 | 4.19% |
| Leading Index Result | 137.02 | 136.53 | 0.36% | 131.35 | 4.32% |

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.

data are projected for the month ahead and updated when actual data becomes available.

The RLI shows a 0.36% increase between May and June 2017. The index increased by 4.32% over the same period last year (June 2016 to 2017). The only series showing a decline in June 2017 was a slight increase in initial claims for unemployment, which may be an early

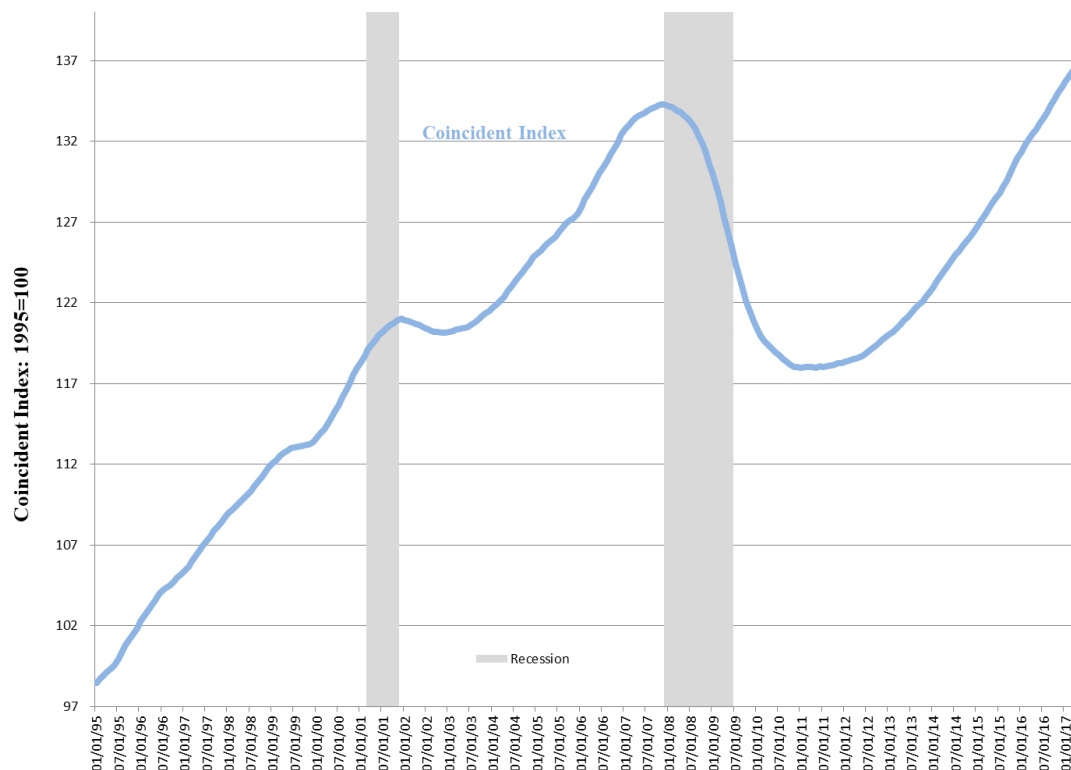
sign of softening in the national and statewide employment market, not seen locally, as shown by the Coincident Index.

Reno MSA Coincident Index

Reno MSA Coincident Index increased between May and June 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 0.25% increase between May and June 2017, the latest data available for both series. The index increased by 3.18% between June 2016 and 2017. The Reno MSA coincident index has increased for 71 straight months since August 2011 as employment in the region continues to grow.



| Series | Latest Period- June 2017 | Prev.Period- May 2017 | Change Prev. Period | Prev. Year- June 2016 | Change Prev. Year |
|--------------------------------|-----------------------------|--------------------------|------------------------|--------------------------|----------------------|
| Reno MSA Employment (CES, SA) | 224,158 | 223,500 | 0.29% | 215,392 | 4.07% |
| Reno MSA Employment (LAUS, SA) | 223,578 | 223,093 | 0.22% | 218,021 | 2.55% |
| Coincident Index Result | 137.31 | 136.97 | 0.25% | 133.08 | 3.18% |

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