

RENO MSA ECONOMIC OUTLOOK – MAY 2018

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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 May 2018

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 2018

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	0.37% ↑	0.15% ↑	-0.55% ↓	0.68% ↑	-0.29% ↓	0.32% ↑	-0.15% ↓	2.40% ↑	8.47% ↑	0.10% ↑	Month to Month	0.50% ↑	0.56% ↑
Year to Year	4.76% ↑	2.91% ↑	4.08% ↑	8.12% ↑	-6.69% ↓	3.58% ↑	-2.00% ↓	6.90% ↑	-7.91% ↓	1.08% ↑	Year to Year	3.65% ↑	3.74% ↑

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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

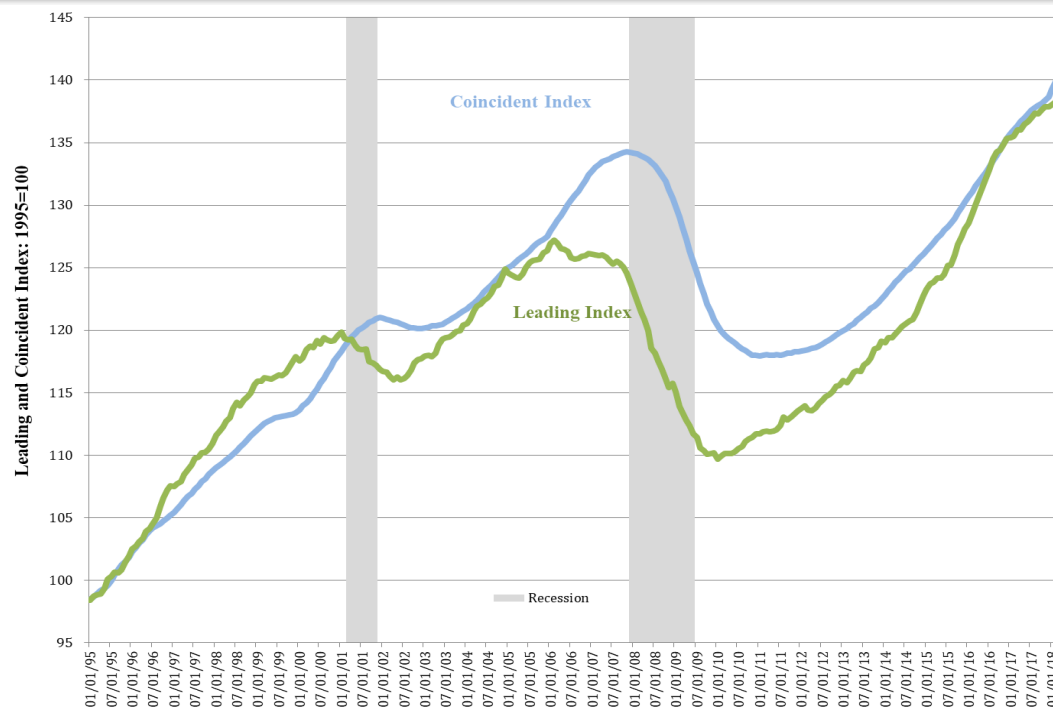
Initial claims for unemployment and interest rate spread series are inversely related to economic growth. An increase in the number of new claims for unemployment would indicate a decline in the economy. Similarly, increases in interest rates slow economic growth as access to capital becomes more expensive.

Reno MSA Leading Index

Reno MSA Leading Index¹² increased slightly between April and May 2018, following a two-month decline in March and April.

The RLI shows a 0.14% increase between April and May 2018. The index increased by 1.12% over the same period last year (May 2017 to 2018). The index experienced small declines in March and April of 2018. This may indicate some slowing in the national growth, as the biggest monthly declines occurred in national series (S&P 500 and money supply).

Locally, decline in the airport cargo pounds shipped



Series	Latest Period- May 2018	Prev. Period- April 2018	Change Prev. Period	Prev. Year- May 2017	Change Prev. Year
Taxable Sales (Washoe Co., SA, CPI)	436,673,367	435,084,560	0.37%	416,839,393	4.76%
Taxable Gaming Revenue (Washoe Co., SA, CPI)	43,342,632	43,276,805	0.15%	42,117,512	2.91%
# of Single Family Homes Sold (Washoe Co., SA)	737	741	-0.55%	708	4.08%
Airport Passengers (RTIA, SA)	341,596	339,279	0.68%	315,939	8.12%
Airport Cargo Lbs. Shipped (RTIA, SA)	12,371,910	12,407,396	-0.29%	13,258,683	-6.69%
Gallons of Gasoline Sold (Washoe & Storey Co., SA)	15,332,026	15,283,197	0.32%	14,802,067	3.58%
Initial Claims for Unemployment (Nevada, SA)	2,532	2,536	-0.15%	2,584	-2.00%
S&P 500 Index (US, CPI)	1,608	1,570	2.40%	1,504	6.90%
Interest Rate Spread (US)	1.28	1.18	8.47%	1.39	-7.91%
M2 Money Supply (US, CPI)	8,494	8,485	0.10%	8,403	1.08%
Leading Index Result	138.01	137.81	0.14%	136.48	1.12%

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.

and number of homes sold series continues. The number of homes sold series declined due to a lack of home supply, rather than demand, which is consistent with the housing shortage being experienced in the region. The pounds shipped May 2018 levels are still higher than May 2016 levels, indicating growth in the series over the last two years.

¹ 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.

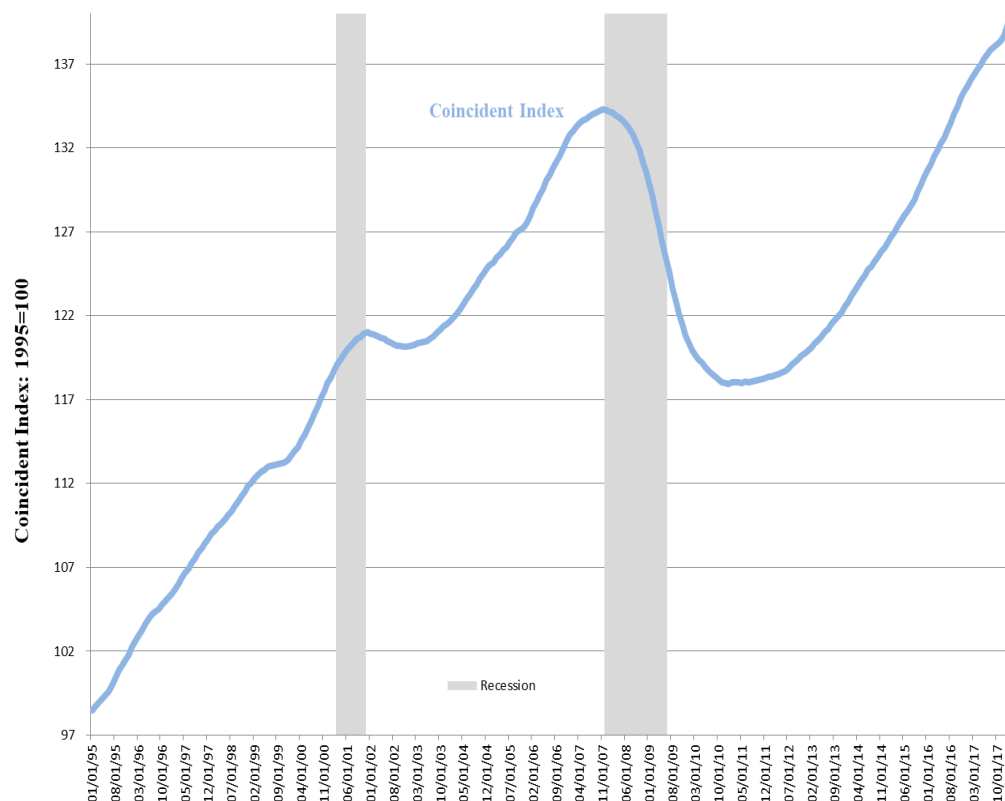
² Taxable gaming revenue for May 2018 was unavailable and was estimating using historical growth in this series.

Reno MSA Coincident Index

Reno MSA Coincident Index increased between April and May 2018, 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.³ Both series are administered by the Bureau of Labor Statistics (BLS).

The index shows a 0.53% increase between April and May 2018, the highest monthly percentage increase in the index since the recession. The index increased by 3.70% between May 2017 and 2018. The Reno MSA coincident index has increased for 82 straight months since August 2011 as employment in the region continues to grow.



Series	Latest Period- May 2018	Prev. Period- April 2018	Change Prev. Period	Prev. Year- May 2017	Change Prev. Year
Reno MSA Employment (CES, SA)	231,667	230,525	0.50%	223,500	3.65%
Reno MSA Employment (LAUS, SA)	231,427	230,142	0.56%	223,093	3.74%
Coincident Index Result	142.04	141.29	0.53%	136.97	3.70%

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

³ The CES series is based on the establishment-level data, estimates jobs by place of work, and does not include agricultural or self-employed workers. The LAUS series is based on household-level data, estimates employed persons by place of residence, and includes agricultural and self-employed workers. A combination of the two series provides a more accurate picture of the employment situation in the region.