

RENO MSA ECONOMIC OUTLOOK – JUNE 2019

Published August 2019

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 2019

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	Initial Claims for Unemploy.	S&P 500 Index	M2 Money Supply
Month to Month	0.20% ↑	-0.98% ↓	-0.82% ↓	0.19% ↑	-0.16% ↓	-0.25% ↓	2.93% ↑	1.06% ↑
	0.45% ↑							
Year to Year	1.64% ↑	-2.16% ↓	-9.58% ↓	4.32% ↑	-0.17% ↓	-7.19% ↓	3.91% ↑	3.00% ↑
	1.30% ↑							

Coincident Economic Index June 2019

Provides historical and current trends for the Reno MSA economy.

	Nonfarm Employment	Household Employment
Month to Month	0.50% ↑	0.53% ↑
	0.52% ↑	
Year to Year	5.93% ↑	5.95% ↑
	5.94% ↑	

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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
- Money Supply (US)
- RTIA Passengers
- RTIA Cargo

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

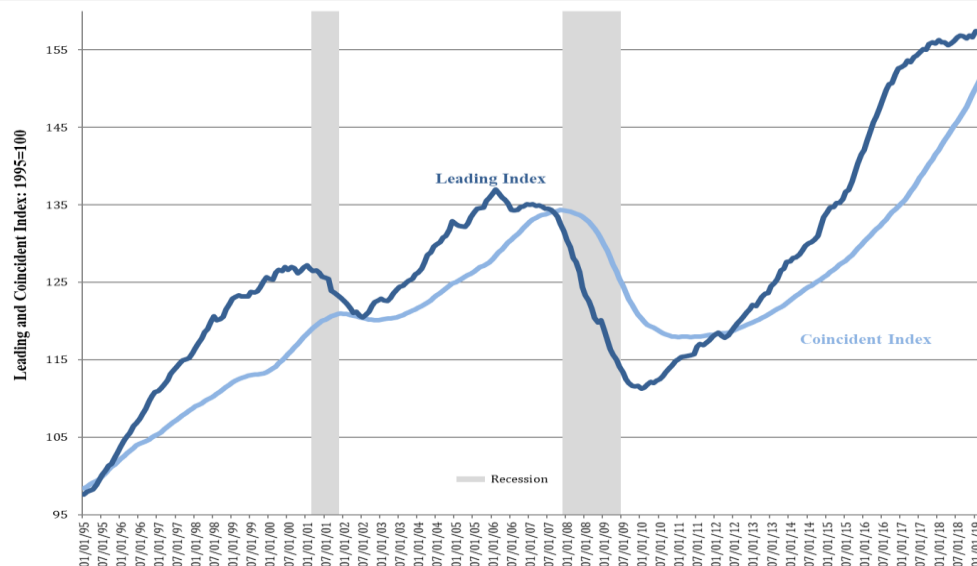
The initial claims for unemployment series is inversely related to economic growth. An increase in the number of new claims for unemployment would indicate a decline in the economy.

Reno MSA Leading Index

Reno MSA Leading Index¹ increased between May and June 2019, the third monthly increase following declines in February and March 2019.

The RLI shows a 0.45% increase between May and June 2019. The index increased by 1.30% over the same period last year (June 2018 to 2019).

Taxable gaming revenue declined in June 2019 compared to June 2018 and for three out of the six months in 2019 (declines in February, April, and June). Adjusted for seasonality and inflation, the series declined for the past five months (starting February 2019) compared to the previous month. Some of the decline may be due to comparison to 2018, a year of high growth in the series. Unadjusted gaming revenue for all months in 2019 (with the exception of February) is higher when compared to the same months in 2017.



The homes sold series declined again in June after a small increase in May 2019. This series declined by 9.58% compared the same

Series	Latest Period- June 2019	Prev. Period- May 2019	Change Prev. Period	Prev. Year- June 2018	Change Prev. Year
Taxable Sales (Washoe Co, SA, CPI)	443,834,483	442,965,321	0.20%	436,661,597	1.64%
Taxable Gaming Revenue (Washoe Co., SA, CPI)	42,853,581	43,278,709	-0.98%	43,800,595	-2.16%
# of Single Family Homes Sold (Washoe Co., SA)	653	658	-0.82%	722	-9.58%
Airport Passengers (RTIA, SA)	358,213	357,537	0.19%	343,388	4.32%
Airport Cargo Lbs. Shipped (RTIA, SA)	12,336,631	12,356,366	-0.16%	12,357,683	-0.17%
Initial Claims for Unemployment (Nevada, SA)	2,339	2,345	-0.25%	2,520	-7.19%
S&P 500 Index (US, CPI)	1,733	1,684	2.93%	1,668	3.91%
M2 Money Supply (US, CPI)	8,787	8,696	1.06%	8,531	3.00%
Leading Index Result	158.13	157.43	0.45%	156.10	1.30%

time last year (June 2018). Airport cargo shipped series declined slightly in June compared to May 2019 and June 2018. The series experienced two months of growth in April and May.

The index shows growth in the region is expected to remain positive in the short-term, but is slowing following a strong period of growth since 2010.

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, Reno-Tahoe International Airport (RTIA).

SA-Series results are seasonally adjusted.

CPI-Series results are adjusted for inflation to 1995.

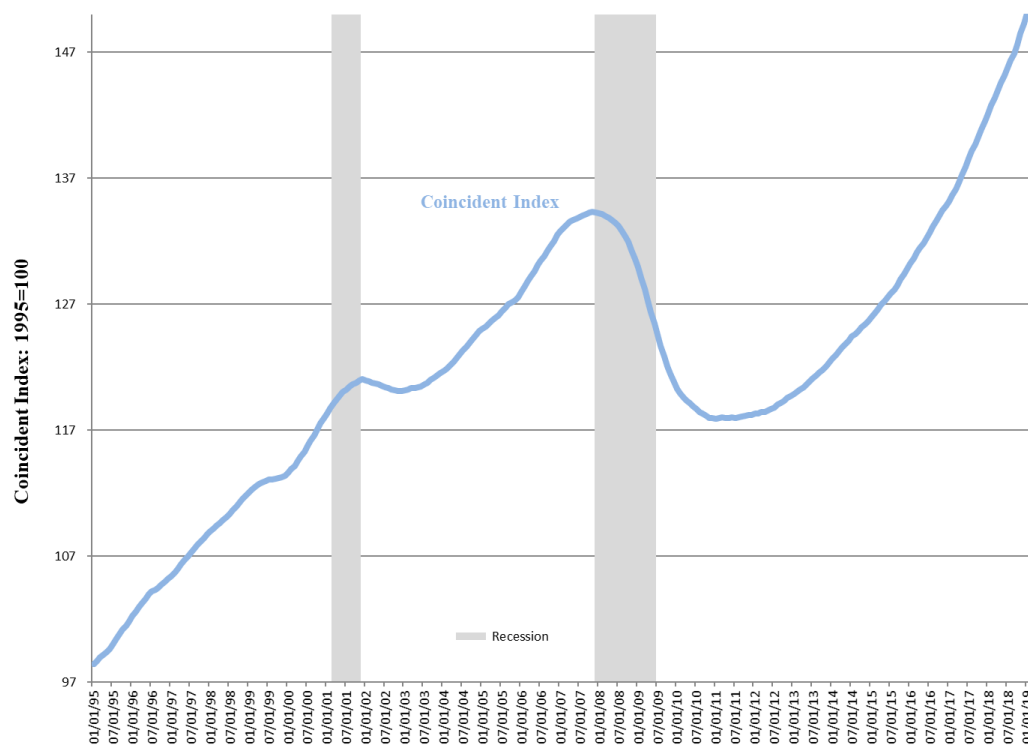
¹ Reno MSA Leading Economic Index (RLI) predicts future changes in the region’s economy by “leading” current economic activity, represented by the coincident index. The Leading Index is based on eight local, regional, and national data series aggregated using a combination of composite and econometric techniques. Due to lags in data availability, taxable sales data are projected for the month ahead and updated when actual data becomes available.

Reno MSA Coincident Index

Reno MSA Coincident Index increased between May and June 2019, 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.² Both series are administered by the Bureau of Labor Statistics (BLS).

The index shows a 0.52% increase between May and June 2019. The index increased by 5.94% between June 2018 and 2019. The Reno MSA coincident index has increased for 95 straight months since August 2011 as employment in the region continues to expand.



Series	Latest Period- June 2019	Prev. Period- May 2019	Change Prev. Period	Prev. Year- June 2018	Change Prev. Year
Reno MSA Employment (CES, SA)	251,392	250,142	0.50%	237,317	5.93%
Reno MSA Employment (LAUS, SA)	250,260	248,948	0.53%	236,212	5.95%
Coincident Index Result	153.82	153.03	0.52%	145.19	5.94%

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

² 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.