

# RENO MSA ECONOMIC OUTLOOK – JULY 2019

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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 July 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
<b>Month to Month</b>	0.15% ↑	-0.23% ↓	0.24% ↑	0.43% ↑	0.002% ↑	-0.62% ↓	2.39% ↑	0.51% ↑
	0.40% ↑							
<b>Year to Year</b>	1.20% ↑	-2.13% ↓	-8.60% ↓	4.41% ↑	-0.69% ↓	-7.36% ↓	4.64% ↑	3.24% ↑
	1.33% ↑							

## Coincident Economic Index July 2019

Provides historical and current trends for the Reno MSA economy.

	Nonfarm Employment	Household Employment
<b>Month to Month</b>	0.47% ↑	0.48% ↑
	0.48% ↑	
<b>Year to Year</b>	6.01% ↑	6.04% ↑
	6.03% ↑	

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

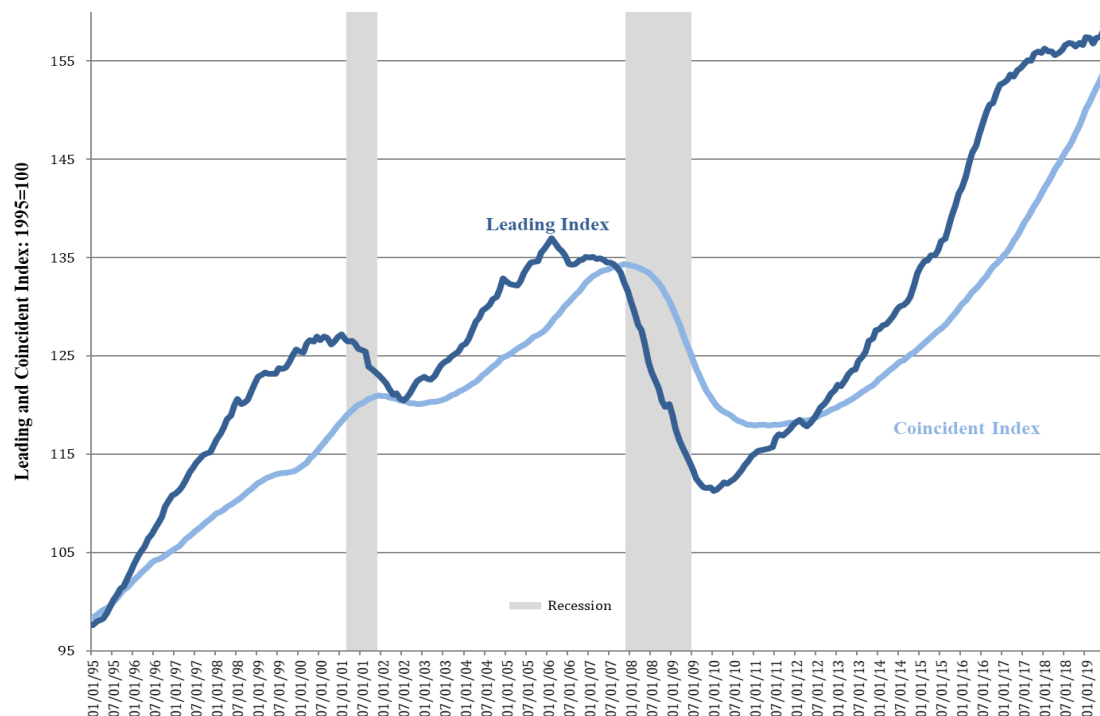
The initial claims for unemployment series is inversely related to economic growth. An increase in the number of new claims for unemployment would indicate a decline in the economy.

# Reno MSA Leading Index

Reno MSA Leading Index<sup>1</sup> increased between June and July 2019, the fourth monthly increase following declines in February and March 2019.

The RLI shows a 0.40% increase between June and July 2019. The index increased by 1.33% over the same period last year (July 2018 to 2019).

Taxable gaming revenue declined for the second month in July 2019 compared to July 2018 and for four out of the seven months in 2019 (declines in February, April, June, and July). Adjusted for seasonality and inflation, the series declined for the past six months (starting



Series	Latest Period- July 2019	Prev. Period- June 2019	Change Prev. Period	Prev. Year- July 2018	Change Prev. Year
Taxable Sales (Washoe Co., SA, CPI)	443,415,474	442,752,023	0.15%	438,161,436	1.20%
Taxable Gaming Revenue (Washoe Co., SA, CPI)	42,756,729	42,853,581	-0.23%	43,685,411	-2.13%
# of Single Family Homes Sold (Washoe Co., SA)	655	653	0.24%	716	-8.60%
Airport Passengers (RTIA, SA)	359,741	358,213	0.43%	344,536	4.41%
Airport Cargo Lbs. Shipped (RTIA, SA)	12,336,895	12,336,631	0.002%	12,422,617	-0.69%
Initial Claims for Unemployment (Nevada, SA)	2,324	2,339	-0.62%	2,509	-7.36%
S&P 500 Index (US, CPI)	1,774	1,733	2.39%	1,696	4.64%
M2 Money Supply (US, CPI)	8,832	8,787	0.51%	8,555	3.24%
<b>Leading Index Result</b>	<b>158.70</b>	<b>158.07</b>	<b>0.40%</b>	<b>156.61</b>	<b>1.33%</b>

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.

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.

All other series remained positive in July, with the index showing growth in the region is expected to remain positive in the short-term, but is slowing following a strong period of growth since 2010.

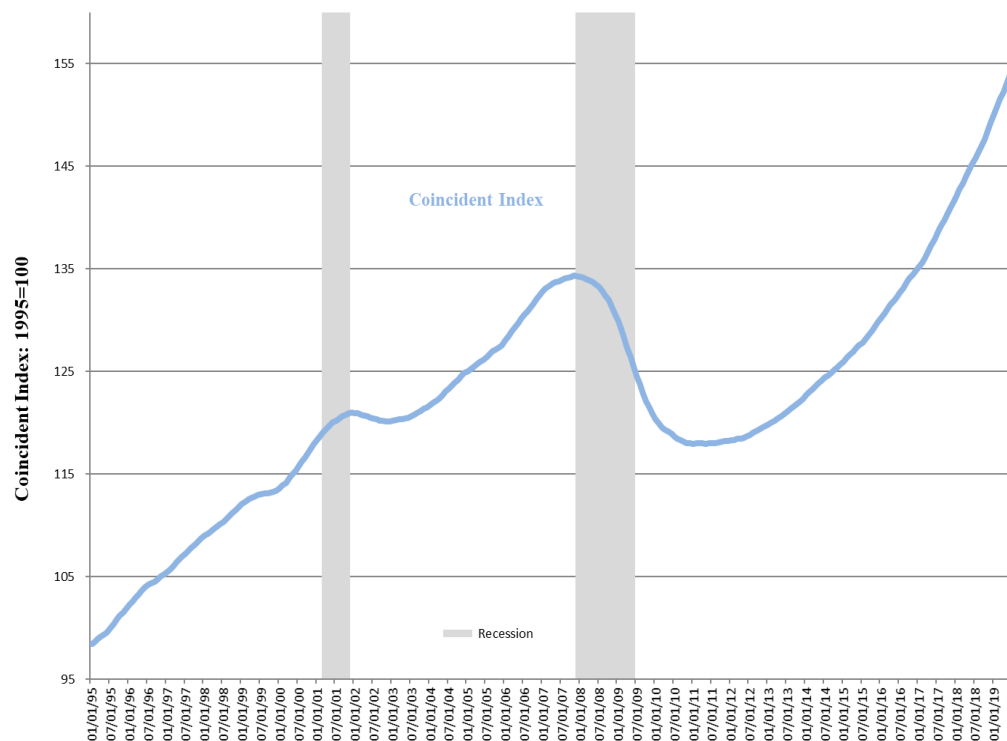
<sup>1</sup> Reno MSA Leading Economic Index (RLI) predicts future changes in the region’s economy by “leading” current economic activity, represented by the coincident index. The Leading Index is based on eight local, regional, and national data series aggregated using a combination of composite and 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 June and July 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.<sup>2</sup> Both series are administered by the Bureau of Labor Statistics (BLS).

The index shows a 0.48% increase between June and July 2019. The index increased by 6.03% between July 2018 and 2019. The Reno MSA coincident index has increased for 96 straight months since August 2011 as employment in the region continues to expand.



Series	Latest Period- July 2019	Prev. Period- June 2019	Change Prev. Period	Prev. Year- July 2018	Change Prev. Year
Reno MSA Employment (CES, SA)	252,533	251,350	0.47%	238,225	6.01%
Reno MSA Employment (LAUS, SA)	251,469	250,260	0.48%	237,147	6.04%
<b>Coincident Index Result</b>	<b>154.54</b>	<b>153.81</b>	<b>0.48%</b>	<b>145.76</b>	<b>6.03%</b>

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

<sup>2</sup> 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.