



# CBER Economic Indexes for Nevada and Southern Nevada

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# Summary of CBER's Nevada Indexes

## Coincident Index (February)

## Leading Index (February)

Mo. to Mo.

0.3%



-1.4%



Taxable Sales	Gross Gaming Revenue	Nonfarm Employment
-2.0% ↓	1.6% ↑	0.5% ↑

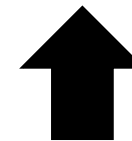
Initial Claims*	10-Year Treasury*	Housing Permits**	Commercial Permits**	Airline Passengers	S&P 500
4.5% ↑	-0.1% ↓	-6.6% ↓	-16.5% ↓	0.1% ↑	-3.7% ↓

Yr. to Yr.

3.3%



2.2%



Taxable Sales	Gross Gaming Revenue	Nonfarm Employment
3.1% ↑	7.3% ↑	3.2% ↑

Initial Claims*	10-Year Treasury*	Housing Permits**	Commercial Permits**	Airline Passengers	S&P 500
8.6% ↑	-0.9% ↓	41.8% ↑	16.4% ↑	3.9% ↑	16.1% ↑

\* Inverted \*\* Data are partly forecasted as Clark County Service's permit reports have not been available since December 2017.



# CBER's Indexes of Nevada Economic Activity

## Coincident Index Components

- Nevada Taxable Sales
- Nevada Gross Gaming Revenue
- Nevada Nonfarm Employment

## Leading Index Components

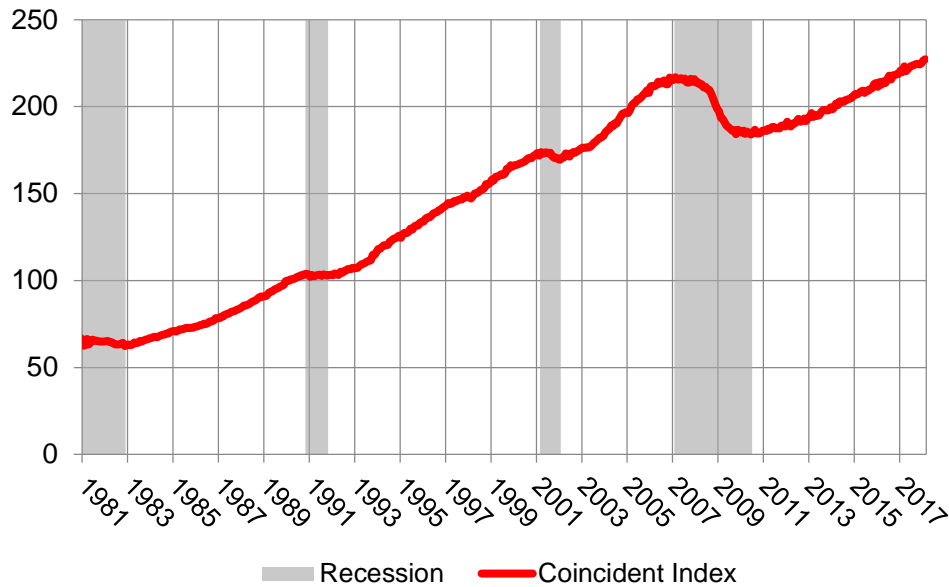
- Nevada Initial Claims for Unemployment (inverted)
- Real 10-Year Treasury Rate (inverted)
- Nevada Housing Permits
- Nevada Commercial Permits
- Nevada Airline Passengers
- Standard & Poor's Stock Market Index

The CBER Nevada coincident and leading indexes use the Department of Commerce index construction method. The CBER Nevada coincident index measures the ups and downs of the Nevada economy, while the CBER Nevada leading index provides an indication for the future direction of the coincident index. The coincident index provides the benchmark series that defines the business cycle or reference cycle in Nevada. The leading index then tracks the economy relative to that reference cycle. The coincident index peaked in February 2007 and then fell dramatically through June 2010. Prior to the Great Recession, identified by the benchmark Nevada coincident index, the Nevada leading index peaked in November 2005, 14 months before the Nevada coincident index peaked. Then the Nevada leading index troughed in May 2009, 13 months before the Nevada coincident index troughed. All series are seasonally adjusted (SA). A full description of the methodology used to construct the indexes can be found at: <http://cber.unlv.edu/publications/nvindices.pdf>.



# Nevada Coincident Index

The CBER Nevada coincident index increased in February.



The Nevada coincident index ticked up 0.3 percent month-over-month. Gaming revenues and nonfarm employment lead the increase, rising 1.6 and 0.5 percent, respectively. Taxable sales, however, declined 2.0 percent from January 2018.

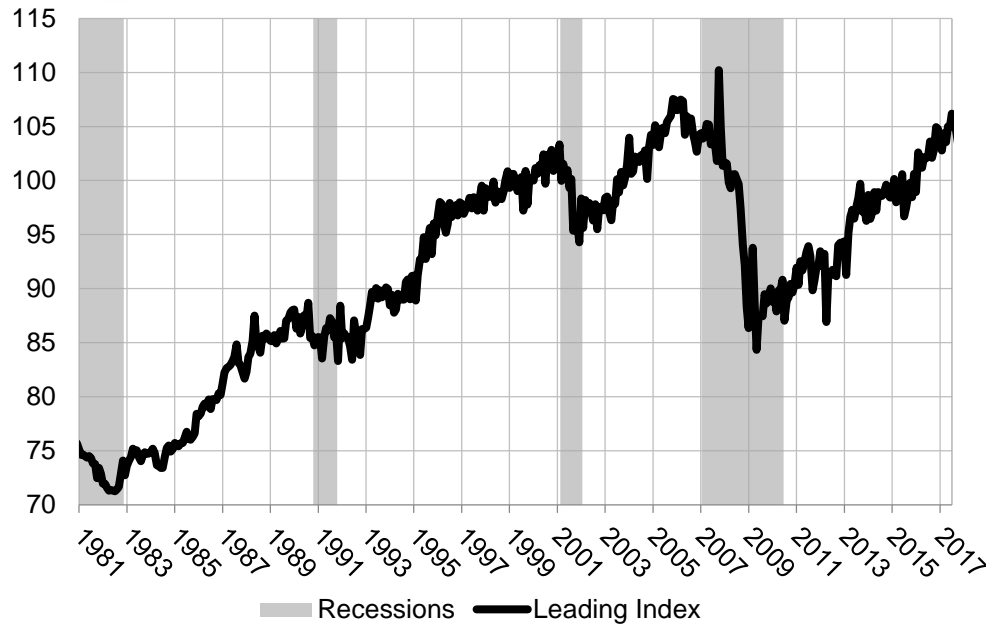
The Nevada coincident index rose 3.3 percent from February 2017. Gaming revenues grew the strongest, increasing 7.3 percent from the previous year. The Chinese New Year may have caused this increase. The holiday occurred in February this year, whereas it fell in January in 2017, implying a slower February 2017. Taxable sales and nonfarm employment also increased, rising 3.1 percent and 3.2 percent, respectively, from the previous year.

Series	Date	Latest Period	Month-Over-Month	Year-Over-Year
Taxable Sales	Feb-18	4,848,766,908	-2.0%	3.1%
Gaming Revenues	Feb-18	993,442,512	1.6%	7.3%
Nonfarm Employment	Feb-18	1,368,604	0.5%	3.2%
<b>Overall Index Change</b>	Feb-18	227.2	0.3%	3.3%



# Nevada Leading Index

The CBER Nevada leading index fell month-over-month, but it rose year-over-year.



Date	Index	Month-over-Month	Year-over-Year
Feb-17	102.8	-0.5%	0.2%
Mar-17	104.4	1.6%	2.5%
Apr-17	103.6	-0.8%	2.3%
May-17	105.0	1.4%	2.8%
Jun-17	104.9	0.0%	2.9%
Jul-17	106.2	1.2%	3.9%
Aug-17	105.4	-0.8%	1.7%
Sep-17	104.7	-0.6%	2.5%
Oct-17	103.5	-1.1%	0.7%
Nov-17	105.8	2.2%	0.8%
Dec-17	106.0	0.1%	1.1%
Jan-18	106.5	0.5%	3.1%
Feb-18	105.0	-1.4%	2.2%

The Nevada leading index dropped 1.4 percent from January 2018. The S&P 500 fell 3.7 percent, its first month-over-month drop since September 2016. Housing and commercial permits both fell, declining by 6.6 and 16.5 percent, respectively. On the positive side, initial claims for unemployment (inverted) rose 4.5 percent from January 2018. The ten-year real Treasury yield (inverted) and airline passengers remained relatively flat, with the former decreasing 0.1 percent and the latter increasing 0.1 percent.

The leading index rose 2.2 percent from February 2017. Only the ten-year real Treasury yield (inverted) declined, falling 0.9 percent. The S&P 500 rose 16.1 percent, marking the 20<sup>th</sup> consecutive month of year-over-year growth. Housing and commercial permits spiked 41.8 and 16.4 percent, respectively, while initial claims for unemployment (inverted) and airline passengers rose 8.6 and 3.9 percent, respectively.



# Summary of CBER's Southern Nevada Indexes

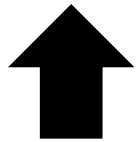
- Coincident Index and Leading Index

## Coincident Index (February)

## Leading Index (February)

Mo. to Mo.

0.3%



-0.4%

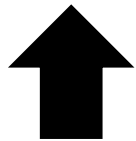


Taxable Sales	Gross Gaming Revenue	Nonfarm Employment
-1.5% ↓	1.9% ↑	0.5% ↑

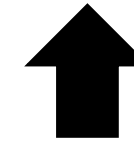
Initial Claims*	10-Year Treasury*	Housing Permits**	Commercial Permits**	McCarran Passengers	S&P 500
4.5% ↑	-0.1% ↓	-15.1% ↓	-19.1% ↓	0.3% ↑	-3.7% ↓

Yr. to Yr.

3.1%



1.1%



Taxable Sales	Gross Gaming Revenue	Nonfarm Employment
5.7% ↑	7.2% ↓	2.7% ↑

Initial Claims*	10-Year Treasury*	Housing Permits**	Commercial Permits**	McCarran Passengers	S&P 500
4.7% ↑	-0.9% ↓	18.6% ↑	7.8% ↑	4.0% ↑	16.1% ↑

\* Inverted \*\* Data are partly forecasted as Clark County Service's permit reports have not been available since December 2017.



# Summary of CBER's Southern Nevada Indexes

- Construction Index and Tourism Index

## Construction Index (February)

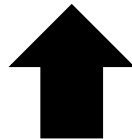
-0.3%



Mo. to Mo.

Construction Employment	Housing Permits**	Commercial Permits**
1.0% ↑	-15.1% ↓	-19.1% ↓

2.4%

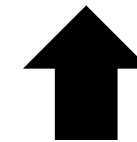


Yr. to Yr.

Construction Employment	Housing Permits**	Commercial Permits**
9.9% ↑	18.6% ↑	7.8% ↑

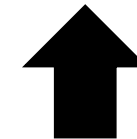
## Tourism Index (February)

0.1%



McCarran Passengers	Gross Gaming Revenue	LV Hotel/Motel Occupancy Rate
0.3% ↑	1.9% ↑	-0.7% ↓

1.1%



McCarran Passengers	Gross Gaming Revenue	LV Hotel/Motel Occupancy Rate
4.0% ↑	7.2% ↓	-0.2% ↓

\* Inverted \*\* Data are partly forecasted as Clark County Service's permit reports have not been available since December 2017.



# CBER's Indexes of Southern Nevada Economic Activity

## Coincident Index

- CC Taxable Sales
- CC Gross Gaming Revenue
- CC Nonfarm Employment

## Leading Index

- NV Initial Claims for Unemployment (inverted)
- Real 10-Year Treasury Rate (inverted)
- CC Housing Permits
- CC Commercial Permits
- McCarran Passengers
- S&P 500

## Construction Index

- CC Construction Employment
- CC Housing Permits
- CC Commercial Permits

## Tourism Index

- McCarran Passengers
- CC Gross Gaming Revenue
- LV Hotel/Motel Occupancy Rate

Note: CC = Clark County

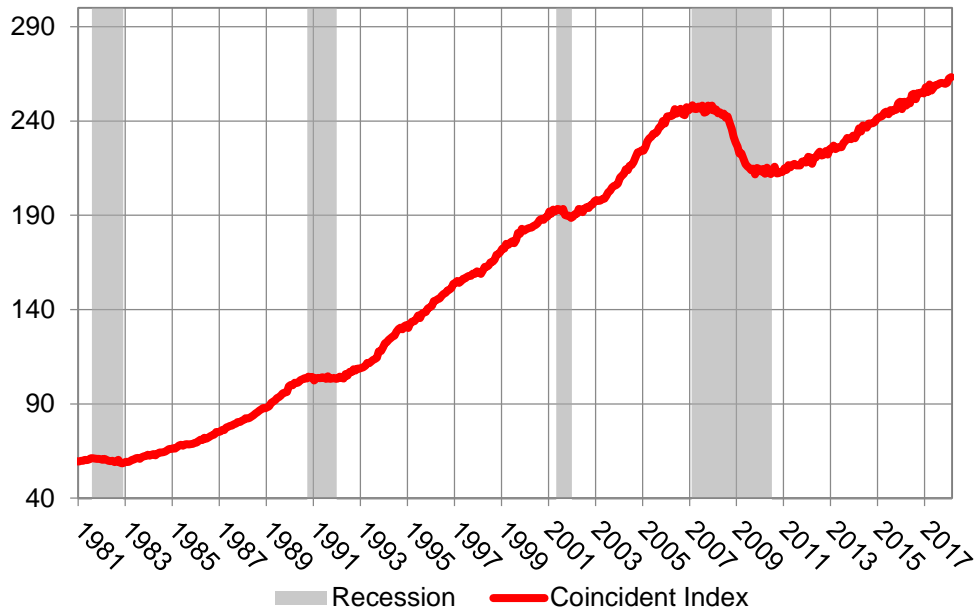
The CBER Southern Nevada coincident and leading indexes use the Department of Commerce index construction method. The coincident index measures the ups and downs of the Southern Nevada economy. The leading index provides a signal about the future direction of the coincident index. The coincident index peaked in February 2007 and then fell dramatically through June 2010. Prior to the Great Recession, identified by the benchmark Southern Nevada coincident index, the Southern Nevada leading index peaked in September 2005, 16 months before the Southern Nevada coincident index peaked. Then the Southern Nevada leading index troughed in May 2009, 13 months before the Southern Nevada coincident indexed troughed. Finally, both the CBER Southern Nevada construction and tourism indexes also use the Department of Commerce index construction method. All series are SA.





# Southern Nevada Coincident Index

*The CBER Southern Nevada coincident index increased in February.*



The Southern Nevada coincident index rose 0.3 percent from January 2018. On the negative side, taxable sales fell 1.5 percent. Gaming revenues, however, rose 1.9 percent despite sportsbook losses from the Super Bowl. Finally, nonfarm employment increased 0.5 percent.

On a year-over-year basis, the index rose by a strong 3.1 percent. Gaming revenues grew 7.2 percent, possibly owing to the Chinese New Year (see the Nevada coincident index). Taxable sales and nonfarm employment also rose, increasing 5.7 percent and 2.7 percent, respectively.

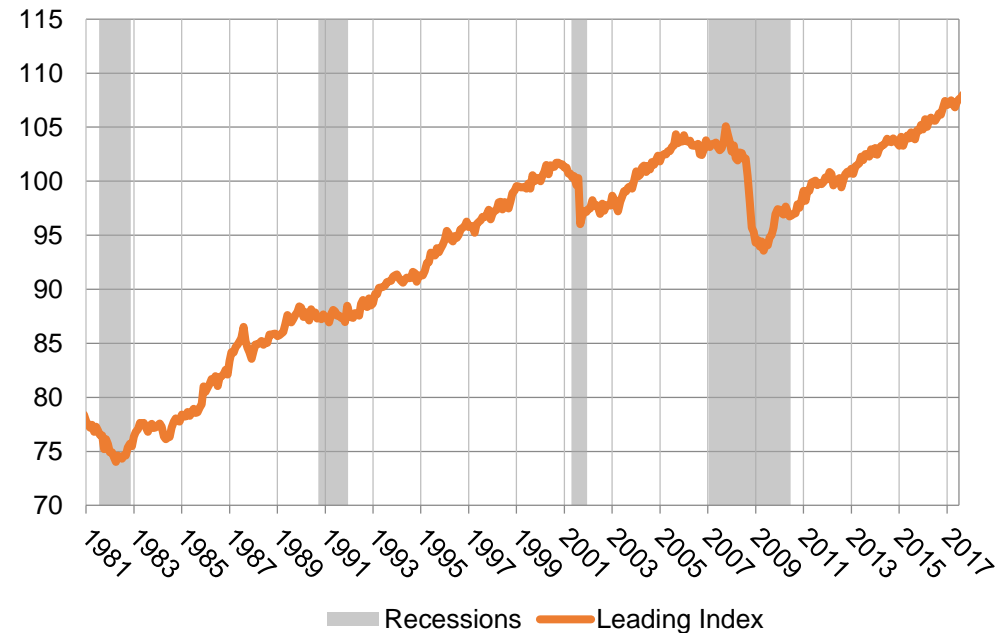
Series	Date	Latest Period	Month-over-Month	Year-over-Year
Taxable Sales	Feb-18	3,529,153,694	-1.5%	5.7%
Gaming Revenues	Feb-18	858,732,355	1.9%	7.2%
Nonfarm Employment	Feb-18	994,522	0.5%	2.7%
<b>Overall Index Change</b>	Feb-18	263.2	0.3%	3.1%



# Southern Nevada Leading Index

The CBER Southern Nevada leading index fell month-over-month, but it rose year-over-year.

Date	Index	Month-over-Month	Year-over-Year
Feb-17	107.2	0.1%	1.4%
Mar-17	107.5	0.3%	2.3%
Apr-17	107.1	-0.4%	1.3%
May-17	106.8	-0.2%	0.9%
Jun-17	107.3	0.5%	1.6%
Jul-17	107.6	0.2%	1.9%
Aug-17	107.8	0.2%	1.8%
Sep-17	108.0	0.2%	1.6%
Oct-17	107.8	-0.2%	1.5%
Nov-17	108.3	0.5%	1.4%
Dec-17	108.4	0.1%	0.9%
Jan-18	108.8	0.4%	1.7%
Feb-18	108.4	-0.4%	1.1%



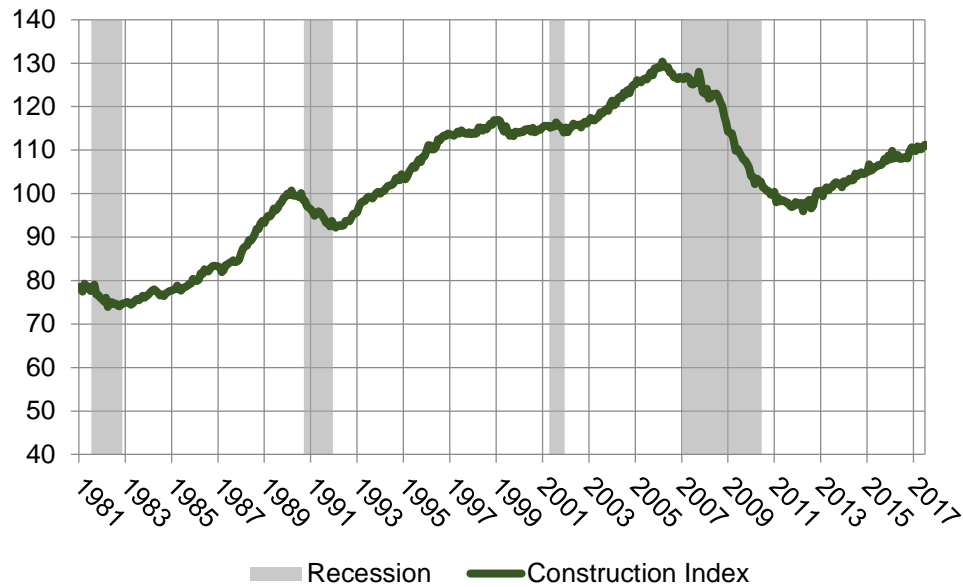
The leading index declined 0.4 percent from January 2018. Housing and commercial permits contributed significantly to the slide, plummeting 15.1 and 19.1 percent, respectively. The S&P 500 index declined 3.7 percent, its first month-over-month decline since September 2016. On the positive side, initial claims for unemployment rose 4.5 percent, while McCarran Airport passengers ticked up 0.3 percent. Finally, the ten-year real Treasury yield (inverted) fell 0.1 percent.

On a year-over-year basis, the index rose 1.1 percent. Only the ten-year real Treasury yield fell, declining 0.9 percent. Initial claims for unemployment and McCarran Airport passengers rose 4.7 and 4.0 percent, respectively. Similarly, housing and commercial permits rose 18.6 and 7.8 percent, respectively. The S&P 500 continued to perform well, rising 16.1 percent from February 2017. This marks the 20<sup>th</sup> consecutive month that the S&P 500 rose on a year-over-year basis.



# Southern Nevada Construction Index

*The construction index fell moderately month-over-month, but it rose strongly year-over-year.*



The Southern Nevada construction index declined 0.3 percent from January 2018. Housing and commercial permits lead the decline, falling by 15.1 and 19.1 percent, respectively. Construction employment, however, rose 1.0 percent from the previous month. On a month-over-month basis, construction employment has risen 10 out of the past 12 months.

The construction index rose 2.4 percent from February 2017. Housing and commercial permits both spiked, rising by 18.6 and 7.8 percent, respectively, from the previous year. Construction employment also increased, rising by 9.9 percent from February 2017. Despite this rise, construction employment remains at only 57 percent of its pre-recession peak.

Series	Date	Latest Period	Month-over-Month	Year-over-Year
Construction Employment (SA)	Feb-18	63,421	1.0%	9.9%
Housing Permits (SA)	Feb-18	1,211	-15.1%	18.6%
Commercial Permits (SA)	Feb-18	30	-19.1%	7.8%
<b>Overall Index Change</b>	Feb-18	112.4	-0.3%	2.4%

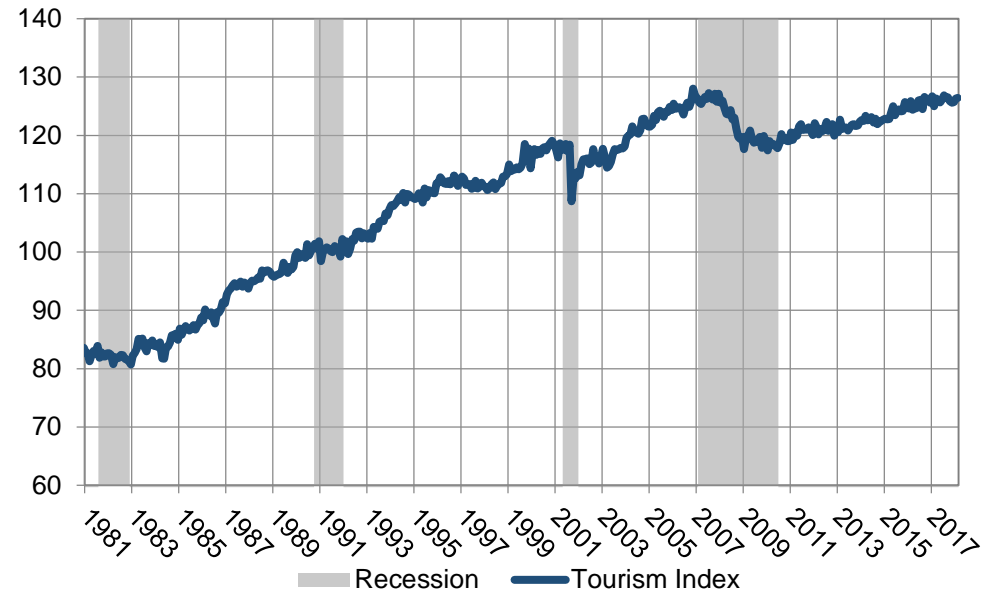


# Southern Nevada Tourism Index

*The CBER Southern Nevada tourism index increased in February.*

The Southern Nevada tourism index remained relatively flat, rising by 0.1 percent on a month-over-month basis. McCarran Airport passengers and gaming revenue both increased, growing by 0.3 and 1.9 percent, respectively. On the negative side, the Las Vegas hotel and motel occupancy rate declined 0.7 percent.

The tourism index performed better on a year-over-year basis, rising by 1.1 percent. Gaming revenues rose 7.2 percent from February 2017. McCarran Airport passengers rose by 4.0 percent. The Chinese New Year may have also bolstered this figure, as Chinese airline Hainan saw a 45 percent year-over-year increase in passengers. The Las Vegas hotel and motel occupancy rate declined 0.2 percent, with a 0.5 percent drop in occupancy for the Las Vegas Strip.



Series	Date	Latest Period	Month-over-Month	Year-over-Year
McCarran Passengers (SA)	Feb-18	4,138,291	0.3%	4.0%
Gaming Revenue (SA)	Feb-18	858,732,355	1.9%	7.2%
LV Hotel/Motel Occupancy Rate (SA)	Feb-18	0.870	-0.7%	-0.2%
<b>Overall Index Change</b>	Feb-18	126.4	0.1%	1.1%



# Sources

## Nevada Indexes:

- Nevada Department of Taxation
- Nevada Gaming Control Board
- Nevada Department of Employment, Training and Rehabilitation
- U.S. Bureau of Labor Statistics
- Various Permitting Agencies
- Yahoo Finance
- Board of Governors of the Federal Reserve System
- Reno-Tahoe International Airport
- McCarran International Airport
- CBER, UNLV

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*The views expressed are those of the authors and do not necessarily express those of the University of Nevada, Las Vegas or the Nevada System of Higher Education.*