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CBER's Southern Nevada Index of Leading Economic Indicators Shows Favorable Outlook

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CBER's Southern Nevada Index of Leading Economic Indicators signaled expectations of a continued slow recovery, increasing by 0.13 percent in February. Gains from our neighboring states along with the S&P 500 index drove the growth. Because the index looks forward four to six months, the index suggests that we should see continued gains in Southern Nevada economic activity at least through June.

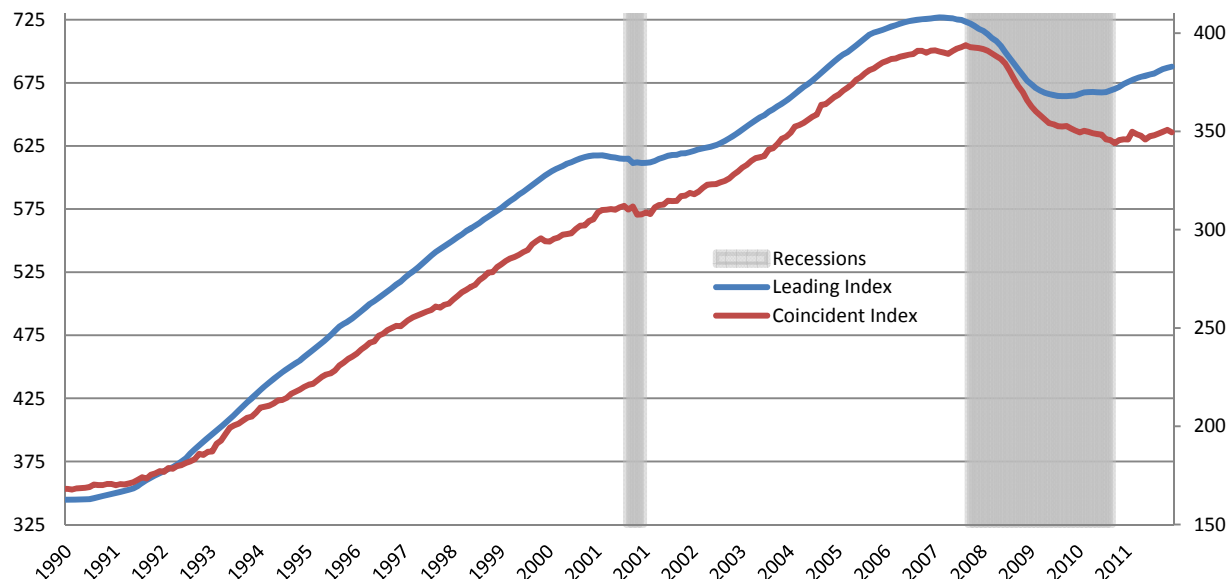
With this release, we have changed the way we calculate the leading index. With the revisions, the index should provide clearer picture of the economic outlook over coming months. We now take a closer look at the economic conditions in the neighboring states of California and Arizona, McCarran Airport passenger data, and the S&P 500 Index. Our revised index no longer includes data from the gaming industry, building permits, taxable sales, gasoline sales, visitor volume, and convention attendance. These factors are important to the Southern Nevada economy, but they don't help predict future economic activity.

CBER also produces four other indexes to help track economic activity Southern Nevada:

- CBER has a new Southern Nevada Index of Coincident Economic Indicators, which should help provide an accurate picture of the current state of overall economic activity in Southern Nevada. The coincident index declined slightly in December as the result of a seasonal decline in the region's nonfarm employment.
- CBER's Clark County Business-Activity Index rose sharply in December for the biggest one-month increase it experienced during 2011. The gain was the result of Clark County taxable sales increasing by 1.87 percent, likely the result of good retail sales during the holiday season.
- CBER's Clark County Tourism Index fell by 0.89 percent in December, as we saw seasonal declines in gaming revenue and McCarran passengers. Hotel/motel occupancy rose by 0.04 percent but that gain was too small to offset losses in the other indicators. Despite the decline, the index was 2.31 percent higher than in December 2010.
- CBER's Clark County Construction Index rose in November and December, but the index was 0.52 percent lower in December 2011 than in December 2010.

More detailed information is found on the pages that follow.

Southern Nevada Economic Indicators



Leading Index

Series	Date	Latest Period	Change Previous Period	Change Year Ago
Arizona Index	Dec-11	739.33	0.07%	1.87%
California Index	Dec-11	584.90	0.23%	3.86%
S&P 500 Index	Dec-11	1249.56	1.70%	0.12%
McCarran Total Passengers	Dec-11	3475815	-0.20%	4.08%
Overall Index Change	Feb-12	687.87	0.13%	2.40%

Sources: Philadelphia Federal Reserve, McCarran International Airport, St. Louis Federal Reserve (FRED)

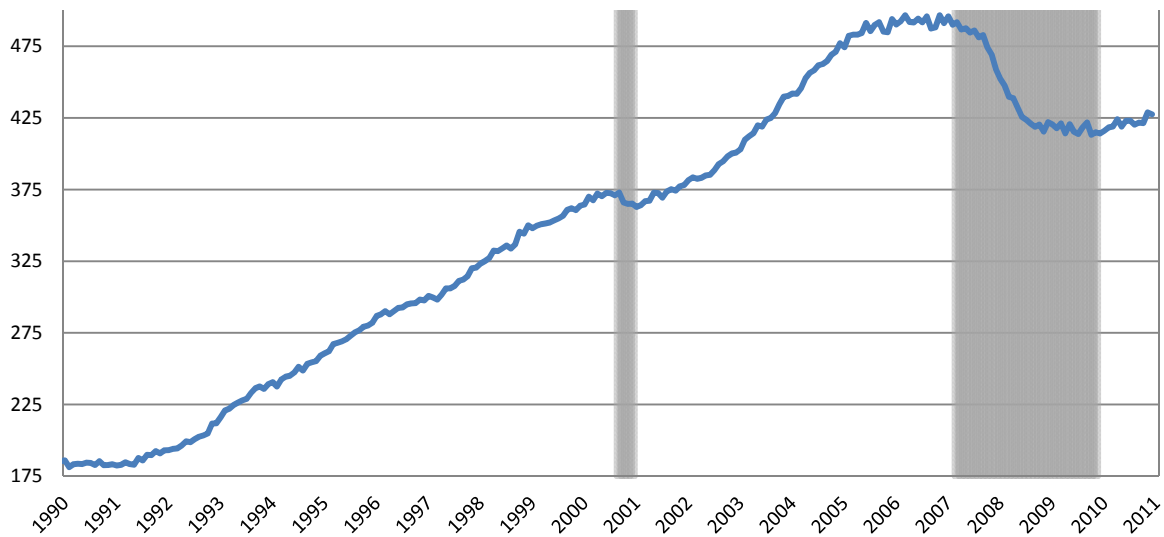
Coincident Index

Series	Date	Latest Period	Change Previous Period	Change Year Ago
Las Vegas MSA Nonfarm Employment	Dec-11	802063	-0.78%	0.56%
Las Vegas MSA Household Employment	Dec-11	827377	0.10 %	1.79%
Overall Index Change	Feb-12	349.55	-0.36%	1.15%

Sources: Current Employment Statistics, Local Area Unemployment Statistics

CBER's Southern Nevada Index of Leading Economic Indicators signaled expectations of a continued slow recovery, increasing by 0.13 percent in February. Gains from our neighboring states along with the S&P 500 index drove the growth. Working against those three was total passengers from McCarran, which fell by 0.2 percent. This decline was expected, however, because December is traditionally a weak month for tourism in the valley. CBER's new Coincident Index also fell slightly in December, due to nonfarm employment decreasing by 0.78 percent. Seasonally weak tourism also had a role in this development.

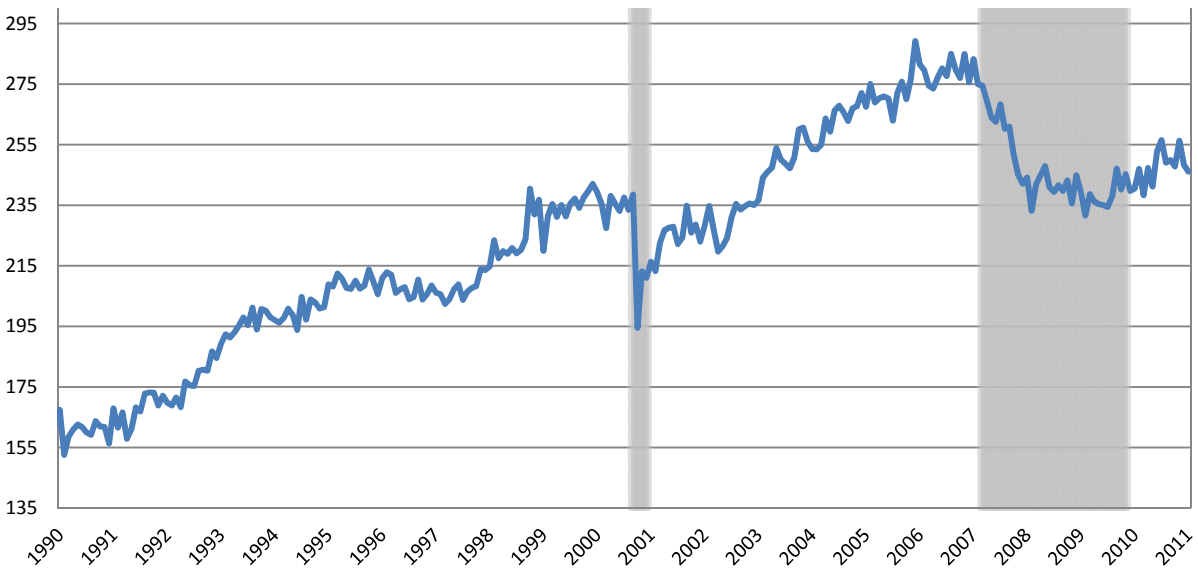
CBER's Clark County Business-Activity Index



Date	Index	Change Previous Period	Change Year Ago
Dec-10	415.04	0.43%	-0.10%
Jan-11	414.11	-0.23%	-1.87%
Feb-11	416.00	0.46%	-1.07%
Mar-11	418.34	0.56%	0.13%
Apr-11	418.98	0.15%	-0.51%
May-11	423.99	1.19%	2.36%
Jun-11	418.86	-1.21%	-0.42%
Jul-11	423.07	1.01%	1.87%
Aug-11	423.07	0.00%	2.26%
Sep-11	420.21	-0.68%	0.45%
Oct-11	421.68	0.35%	-0.04%
Nov-11	421.32	-0.09%	1.95%
Dec-11	428.80	1.78%	3.31%

CBER's Clark County Business-Activity Index made a significant gain in December, with the biggest percentage increase for 2011. All of the gain was attributed to Clark County taxable sales increasing by 1.87 percent. The other two components of the index, gaming revenue and employment, fell by 4.9 percent and 0.78 percent respectively. The large increase in taxable sales was likely caused by the holiday season, as retailers and small businesses saw increased revenues from a year earlier.

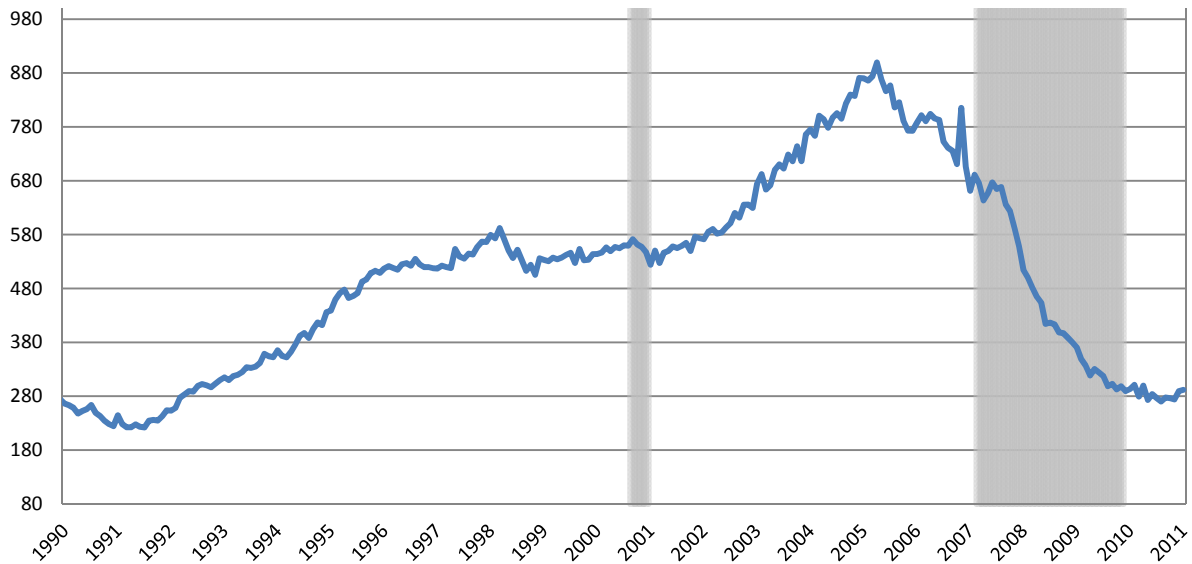
CBER's Clark County Tourism Index



Date	Index	Change Previous Period	Change Year Ago
Dec-10	240.54	0.34%	0.46%
Jan-11	247.03	2.70%	6.65%
Feb-11	238.30	-3.53%	-0.16%
Mar-11	247.33	3.79%	4.68%
Apr-11	241.17	-2.49%	2.45%
May-11	252.75	4.80%	7.55%
Jun-11	256.53	1.49%	9.43%
Jul-11	249.09	-2.90%	4.68%
Aug-11	249.90	0.32%	1.13%
Sep-11	247.78	-0.85%	3.15%
Oct-11	256.31	3.44%	4.51%
Nov-11	248.32	-3.12%	3.58%
Dec-11	246.10	-0.89%	2.31%

As measured by CBER's Clark County Tourism Index, activity in the tourism sector fell by 0.89 percent in December. Contributing to the decline were gaming revenue, which fell by 4.9 percent and McCarran total passengers, which fell by 0.2 percent. On the contrary, the hotel/motel occupancy rate rose by 0.04 percent, a gain too small to offset the other indicators. The decline in the tourism index should not be taken too seriously though, because December is traditionally a weak tourism month for Las Vegas. On a positive note, the Tourism Index increased by 2.31 percent over December last year.

CBER Clark County Construction Index



Date	Index	Change Previous Period	Change Year Ago
Dec-10	293.24	1.31%	-20.86%
Jan-11	300.94	2.63%	-13.82%
Feb-11	279.26	-7.20%	-17.11%
Mar-11	299.50	7.25%	-6.03%
Apr-11	273.22	-8.77%	-17.34%
May-11	283.97	3.93%	-12.38%
Jun-11	276.76	-2.54%	-12.81%
Jul-11	270.32	-2.33%	-9.51%
Aug-11	277.63	2.70%	-8.29%
Sep-11	276.31	-0.47%	-5.64%
Oct-11	274.10	-0.80%	-8.12%
Nov-11	289.55	5.64%	0.04%
Dec-11	291.72	0.75%	-0.52%

CBER's Clark County Construction Index climbed a little in December, but it still down from where it was a year ago. This gain is a result from Clark County commercial permits spiking up by 27.9 percent. Partially offsetting the large gain in permits was construction employment, which fell by 0.8 percent and Clark County residential permits, which fell by 1.7 percent. As shown by the index, recovery in the construction sector is lagging recovery in the other sectors, which shows just how much the construction sector is tied to the still struggling housing market.

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