Southern Nevada Business Confidence at an All-Time High

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Southern Nevada businesses’ expectations increased for the second straight quarter and are at an all-time high. The Southern Nevada Business Confidence Index, constructed by the Center for Business and Economic Research (CBER), rose from 132.0 to 137.0 for second quarter 2014 (Figure 1). This quarter’s value of 137.0 is slightly higher than second quarter 2013’s value of 134.9. The index is constructed from five components of business expectations: general economic conditions in Nevada, sales, profits, hiring, and capital expenditures. As with the previous nine quarters, the index is still over 100. This implies that more respondents, on average, gave positive answers than negative when presented with questions on the above areas.

All five of the components were above 100 for the second quarter of 2014 (Figure 2). The values for general economic conditions, sales, capital expenditures, profits, and hiring were 155.9, 144.1, 134.4, 126.5, and 124.2, respectively.

When asked about general economic conditions for first quarter 2014, Southern Nevada businesses were more optimistic about the local economy than the U.S. economy as a whole. When asked about the U.S. economy, 47.1 percent expected improvement, and 2.9 percent expected some weakening. The remaining 50.0 percent expected no change. For the general economic conditions of Nevada, 38.2 percent of Southern Nevada businesses expected no change, 2.9 percent expected a worsening, and 58.8 percent forecasted an improved state.

The largest increases in expectations occurred for sales, hiring, and capital expenditures. When asked about sales in their own industry, 50.0 percent expected improvement, 44.1 percent of respondents expected no change, and 5.9 percent expected a worsening. For hiring, 36.4 percent projected increased hiring, 51.5 percent of the businesses expected no change, and the remaining 12.1 percent expected less hiring for second quarter 2014. For capital expenditures, 43.7 percent expected an increase, 46.9 percent expected no change, and 9.4 expected a decline. Although the overall value was lower than in first quarter 2014, responses for profits remained optimistic—38.3 percent expected increases for their industry, compared to only 11.8 percent that expected declines. The remaining 50.0 percent expected no change.

CBER conducts the survey of Southern Nevada businesses on a quarterly basis. The complete results of the most current survey can be found online at http://cber.unlv.edu/publications/bci.pdf. The CBER website is http://cber.unlv.edu.

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Figure 1. CBER’s Southern Nevada Business Confidence Index

Figure 2. Components of CBER’s Southern Nevada Business Confidence Index