

December 7, 2012

CBER's Leading Index Predicts Growth for Early 2013

Ryan T. Kennelly

CBER's Southern Nevada Coincident Index represents the current state of the Southern Nevada economy using two series that measure Las Vegas Metropolitan Statistical Area employment. CBER's Southern Nevada Leading Index uses local, regional, and national variables to predict movement in the coincident index four to six months in advance.

For the Great Recession, the coincident index peaked in January 2008 and reached its lowest point in September 2010. The leading index peaked in July 2007—six months before the coincident index and reached its bottom in February 2010—seven months before the coincident index started recovery.

For the most recent data, CBER's Southern Nevada Coincident Index decreased slightly for the second time in three months. Year-over-year the index is up by 0.65 percent. CBER's Southern Nevada Leading Index increased for September 2012, benefiting from gains in three of its four components. The S&P 500 Index had a particularly strong month, increasing by almost 3.31 percent. Year-over-year, the leading index is up by 3.41 percent. This implies that we should see overall growth in the Coincident Index for first quarter of 2013.

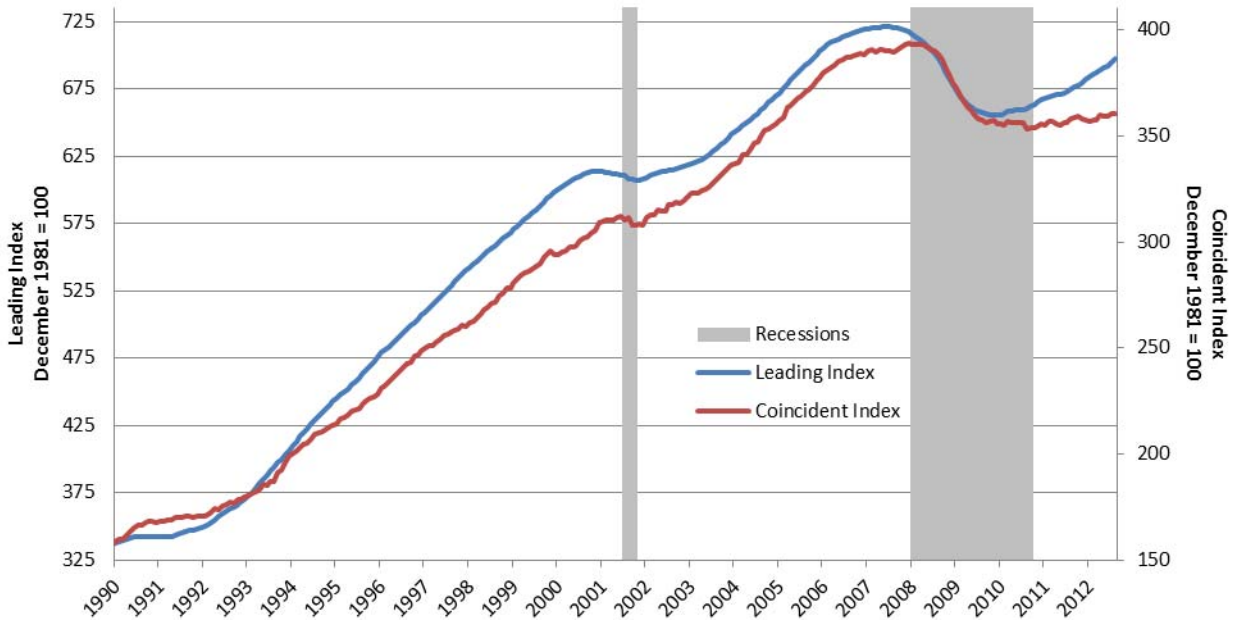
Changes in CBER's three other indexes for Southern Nevada were as follows:

- CBER's Clark County Business Activity Index declined for the second straight month, but it is faring better than in September 2011.
- CBER's Clark County Tourism Index increased slightly and is up year-over-year.
- CBER's Clark County Construction Index increased, but the gains weren't enough to push it above the level from September last year.

More detailed information is found on the pages that follow.

A full description of the methodology used to construct the indexes can be found at:
<http://cber.unlv.edu/reports/SoNVEconomicIndexes.pdf>.

CBER Southern Nevada Economic Indicators



Leading Index

Series	Date	Latest Period	Change Previous Period	Change Year Ago
Arizona Index	Sep-12	751.17	0.33%	2.96%
California Index	Sep-12	588.55	0.47%	4.22%
S&P 500 Index	Sep-12	1482.40	3.31%	23.42%
McCarran Total Passengers	Sep-12	3472030	-0.14%	-3.61%
Overall Index Change		698.10	0.40%	3.41%

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

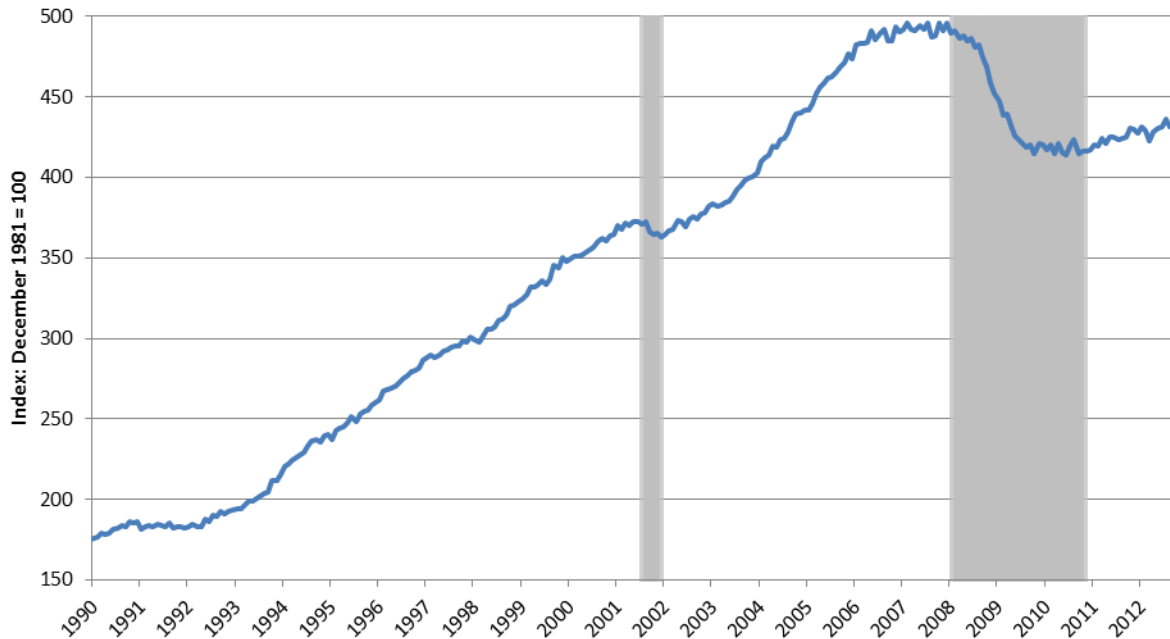
Coincident Index

Series	Date	Latest Period	Change Previous Period	Change Year Ago
Las Vegas MSA Nonfarm Employment	Sep-12	815662	-0.09%	0.63%
Las Vegas MSA Household Employment	Sep-12	865464	-0.03%	0.66%
Overall Index Change		360.36	-0.06%	0.65%

Sources: Current Employment Statistics, Local Area Unemployment Statistics

Three components of CBER's Southern Nevada Leading Index—the Philadelphia Fed's Leading Indexes for Arizona and California, and the S&P 500 Index—increased for September 2012. In addition, these components are up year-over-year. Total passengers from McCarran Airport declined for the month, to a level below its value for September 2011. Both employment series decreased slightly in September, but the coincident index is still up over a year earlier.

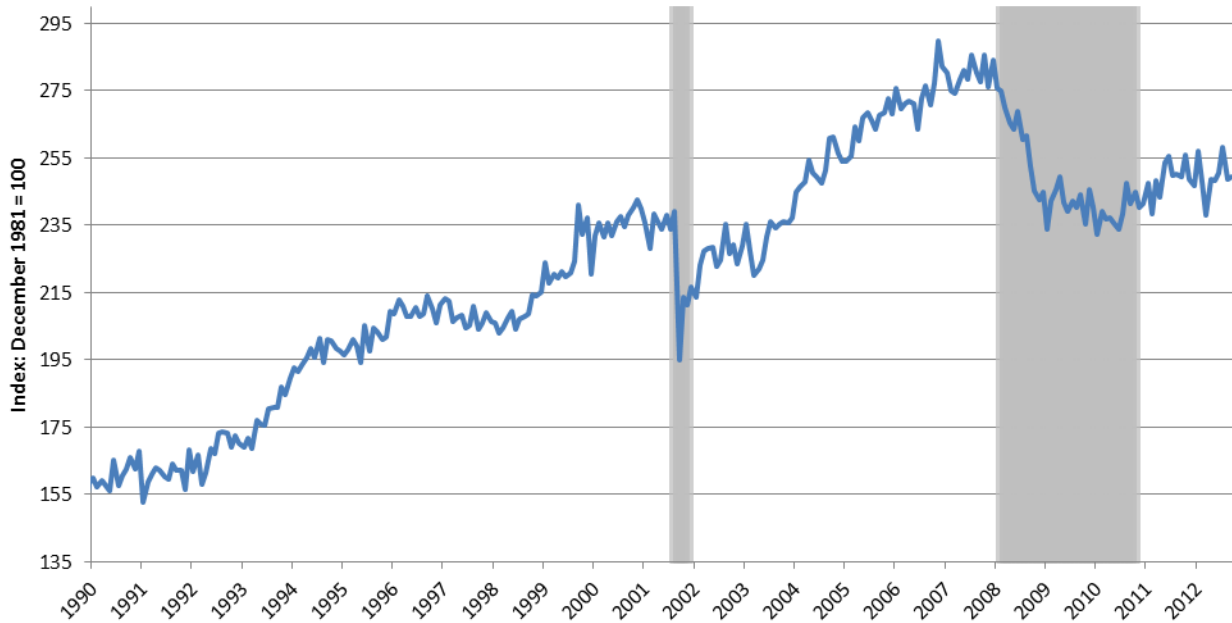
CBER Clark County Business Activity Index



Date	Index	Change Previous Period	Change Year Ago
Sep-11	424.79	0.07%	2.48%
Oct-11	430.52	1.35%	3.42%
Nov-11	429.81	-0.17%	3.17%
Dec-11	427.75	-0.48%	2.53%
Jan-12	431.75	0.94%	2.63%
Feb-12	429.24	-0.58%	2.37%
Mar-12	422.99	-1.46%	-0.34%
Apr-12	427.98	1.18%	1.63%
May-12	430.81	0.66%	1.38%
Jun-12	431.52	0.17%	1.47%
Jul-12	436.30	1.11%	3.09%
Aug-12	431.82	-1.03%	1.73%
Sep-12	431.54	-0.07%	1.59%

CBER's Clark County Business Activity Index declined in September 2012 for the second consecutive month. The only component to grow was Clark County taxable sales, which increased by 0.32 percent. As seen in CBER's Southern Nevada Coincident Index, Las Vegas nonfarm employment decreased by 0.09 percent for September. Seasonally adjusted gaming revenue also experienced losses, declining by 0.63 percent.

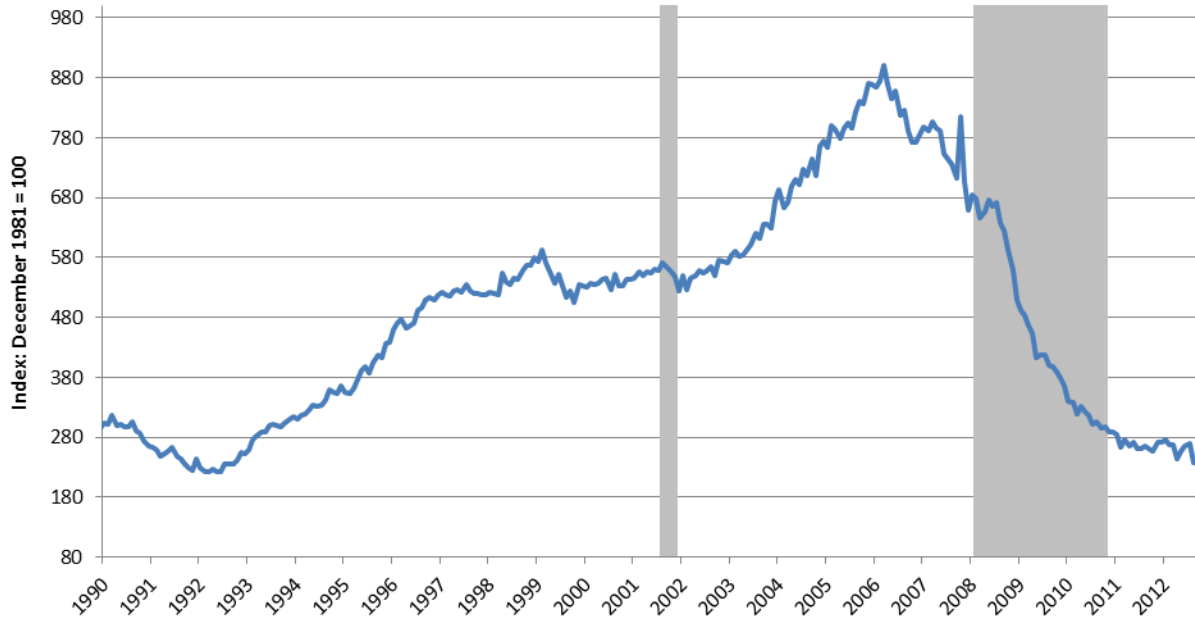
CBER Clark County Tourism Index



Date	Index	Change Previous Period	Change Year Ago
Sep-11	249.52	-0.31%	3.36%
Oct-11	255.75	2.50%	4.46%
Nov-11	248.81	-2.72%	3.58%
Dec-11	246.84	-0.79%	2.32%
Jan-12	257.13	4.17%	3.92%
Feb-12	248.01	-3.55%	4.00%
Mar-12	238.14	-3.98%	-4.08%
Apr-12	248.59	4.39%	2.19%
May-12	248.31	-0.11%	-2.07%
Jun-12	250.43	0.86%	-2.01%
Jul-12	258.06	3.04%	3.35%
Aug-12	248.56	-3.68%	-0.69%
Sep-12	249.57	0.41%	0.02%

As measured by CBER's Clark County Tourism Index, activity in the tourism sector increased for September 2012. Seasonally adjusted gaming revenues decreased by 0.63 percent for the month. Passengers enplaned and deplaned at McCarran Airport decreased as well, down 0.14 percent from August. Hotel/motel room occupancy increased by 1.33 percent, enough to foster growth in the overall index.

CBER Clark County Construction Index



Date	Index	Change Previous Period	Change Year Ago
Sep-11	261.77	-1.03%	-11.19%
Oct-11	257.62	-1.59%	-13.65%
Nov-11	271.30	5.31%	-5.87%
Dec-11	270.68	-0.23%	-6.30%
Jan-12	276.32	2.08%	-2.69%
Feb-12	267.70	-3.12%	1.36%
Mar-12	267.11	-0.22%	-3.01%
Apr-12	244.31	-8.53%	-7.75%
May-12	256.59	5.02%	-5.23%
Jun-12	265.44	3.45%	1.66%
Jul-12	268.58	1.18%	3.23%
Aug-12	237.16	-11.70%	-10.34%
Sep-12	237.94	0.33%	-9.11%

CBER's Clark County Construction Index made small gains in September 2012, but not enough to offset the large decrease in August, as the index remains down year-over-year. Clark County residential building permits had strong growth, increasing by 32.23 percent from August to September. Las Vegas construction employment declined by 1.62 percent over the same period. Commercial building permits stayed constant for the month, remaining at a low and volatile level.

Ryan T. Kennelly