



December 20, 2012

## **Southern Nevada Businesses Expect a Better 2013**

Ryan T. Kennelly

Southern Nevada businesses are expecting improved conditions in early 2013. After two quarters of decline, Southern Nevada businesses' expectations are improving. The Southern Nevada Business Confidence Index, constructed by the Center for Business and Economic Research (CBER), rose from 101.5 to 106.1 for first quarter 2013 (Figure 1).

Based on a survey of Southern Nevada businesses, the index is constructed from five components of business expectations: general economic conditions in Nevada, sales, profits, hiring, and capital expenditures. As was the case for the previous four quarters, the index is above 100. Such a reading means that more respondents, on average, gave positive answers than negative when presented with questions on the above areas.

Four of components of the index are above 100 for the first quarter of 2013 (Figure 2). The values for capital expenditures, sales, general economic conditions, and profits are 113.1, 109.5, 108.1, and 106.3, respectively. Only the value for hiring is below 100. Its 93.5 value implies that more respondents, on average, had negative expectations about hiring than positive ones.

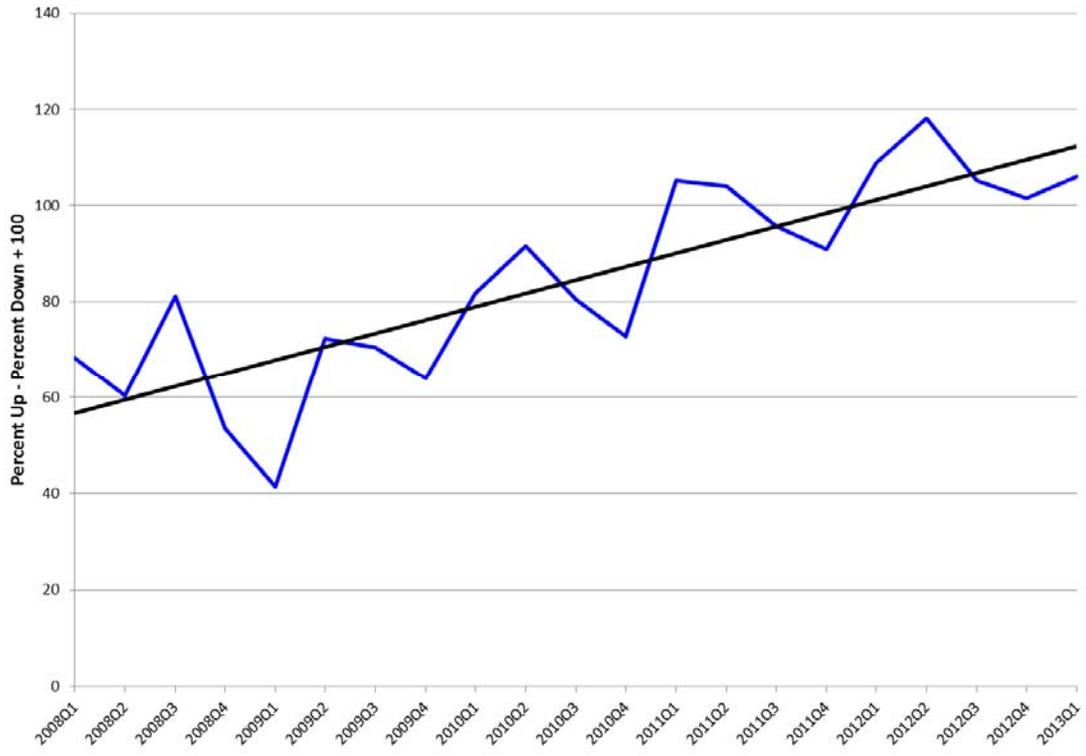
The strongest gains in expectations occurred for sales and profits. When asked about sales in their own industry, 39.7 percent of Southern Nevada businesses expected no change, 25.4 percent expected worsening, and 35.0 percent expected improvement. For profits, 36.5 percent expected no change, 28.5 percent expected lower profits, and the remaining 35.0 percent projected increased profits for first quarter 2013.

When asked about capital expenditures and general economic conditions, Southern Nevada businesses were more optimistic than in the previous survey. Just over 31 percent expected an increase in capital expenditures for their industry, compared to only 18.0 percent that expected declines. The remaining 50.9 percent expected no change. For general economic conditions in Nevada, 40.3 percent expected no change, 25.8 percent expected worsening, and 33.9 forecasted an improved state. Responses to hiring inquiries were slightly more pessimistic, with 61.3 percent expecting no change, 22.6 expecting a decline, and 16.1 percent expecting an increase.

CBER conducts the survey of Southern Nevada businesses on a quarterly basis. 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/>.

Ryan T. Kennelly  
Economic Analyst  
Center for Business and Economic Research  
University of Nevada, Las Vegas

**Figure 1. CBER's Southern Nevada Business Confidence Index**



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

