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Southern Nevada Business Confidence Remains High

Ryan T. Kennelly

The Southern Nevada Business Confidence Index, constructed by the Center for Business and Economic Research (CBER), fell from 148.2 to 143.0 for second quarter 2015 (Figure 1). Although the index declined, this quarter’s value of 143.0 is the second highest since the index’s creation, and it is higher than last year’s second quarter value of 137.0. 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 13 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 2015 (Figure 2). The values for general economic conditions, capital expenditures, sales, hiring, and profits were 162.1, 141.4, 139.3, 137.9, and 134.5, respectively.

When asked about general economic conditions for second quarter 2015, 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, 48.3 percent expected improvement, and 51.7 percent expected no change. None of the respondents expected weakening. For the general economic conditions of Nevada, 37.9 percent of Southern Nevada businesses expected no change, and 62.1 percent forecasted an improved state. Once again, no respondents expected a worsening economy.

Business leaders also reported improved expectations for capital expenditures and hiring. When asked about capital expenditures, 44.8 percent expected increases for their industry, compared to only 3.4 percent who expected declines. The remaining 51.7 percent expected no change. For hiring, 37.9 percent projected increased hiring, 62.1 percent of the businesses expected no change in hiring, and no respondents expected less hiring for second quarter 2015.

Although the overall values for sales and profits were lower than in first quarter 2015, respondents remained optimistic. For sales, 53.6 percent expected an increase, 32.1 percent expected no change, and 14.3 expected a decline. When asked about profits in their own industry, 44.8 percent of the respondents expected improvement, 44.8 percent expected no change, and 10.3 percent expected a worsening.

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