



# CBER Indexes for Nevada and Southern Nevada

*Published March 24, 2016*

Stephen M. Miller, PhD, Director  
Jinju Lee, Economic Analyst



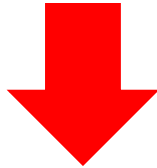
# Summary of CBER's Nevada Indexes

## Coincident Index

## Leading Index

Mo. to Mo.

**-0.2 %**



**-4.3 %**

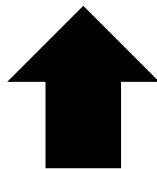


Taxable Sales	Gross Gaming Revenue	Nonfarm Employment
0.5% ↑	-4.4% ↓	0.2% ↑

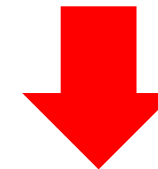
Initial Claims	Moody's Baa	Housing Permits	Commercial Permits	Airline Passengers	S&P 500
2.8% ↑	0.6% ↑	-6.3% ↓	-49.7% ↓	-1.0% ↓	-5.2% ↓

Yr. to Yr.

**2.5 %**



**-0.3 %**



Taxable Sales	Gross Gaming Revenue	Nonfarm Employment
5.4% ↑	2.7% ↑	2.3% ↑

Initial Claims	Moody's Baa	Housing Permits	Commercial Permits	Airline Passengers	S&P 500
11.3% ↑	0.5% ↑	66.9% ↑	-20.8% ↓	7.1% ↑	-5.2% ↓



# CBER's Indexes of Nevada Economic Activity

## Coincident Index Components

- Nevada Taxable Sales
- Nevada Gross Gaming Revenue
- Nevada Nonfarm Employment

## Leading Index Components

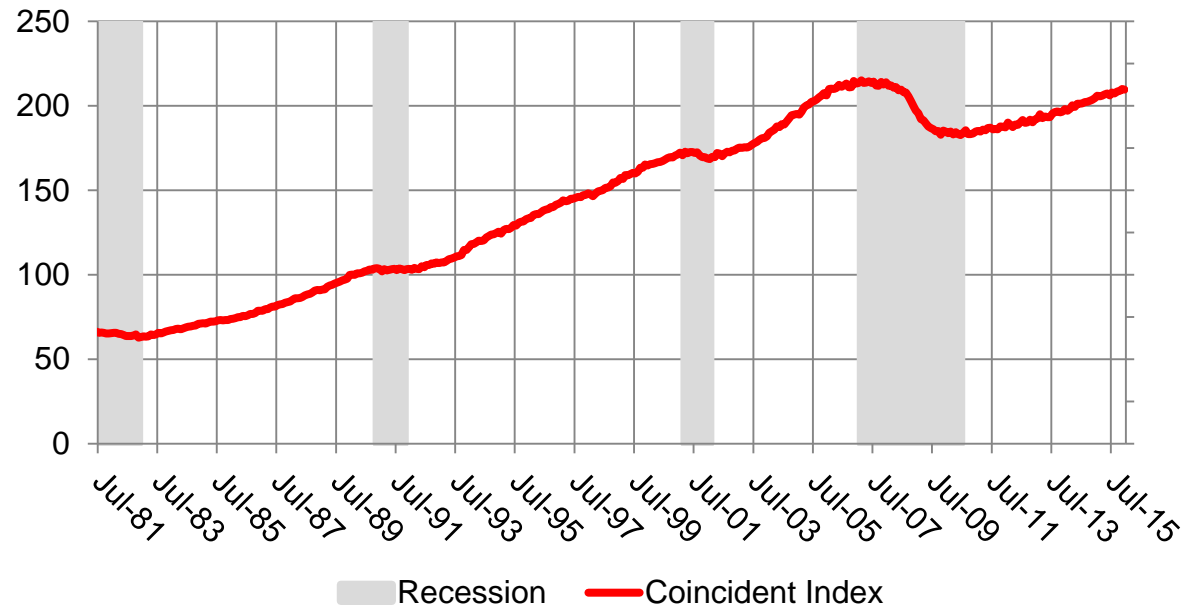
- Nevada Initial Claims for Unemployment (inverted)
- Moody's Real Baa Bond Rate (inverted)
- Nevada Housing Permits
- Nevada Commercial Permits
- Nevada Airline Passengers
- Standard & Poor's Stock Market Index

The CBER Nevada coincident and leading indexes use the Department of Commerce index construction method. The CBER Nevada coincident index measures the ups and downs of the Nevada economy, while the CBER Nevada leading index provides an indication for the future direction of the coincident index. The coincident index provides the benchmark series that defines the business cycle or reference cycle in Nevada. The leading index then tracks the economy relative to that reference cycle. The coincident index peaked in February 2007 and then fell dramatically through June 2010. Prior to the Great Recession, identified by the benchmark Nevada coincident index, the Nevada leading index peaked in November 2005, 14 months before the Nevada coincident index peaked. Then the Nevada leading index troughed in May 2009, 13 months before the Nevada coincident index troughed. All series are seasonally adjusted (SA). A full description of the methodology used to construct the indexes can be found at: <http://cber.unlv.edu/publications/nvindices.pdf>.



# Nevada Coincident Index

*The CBER Nevada coincident index declined for the month but is up from last year in December 2015.*



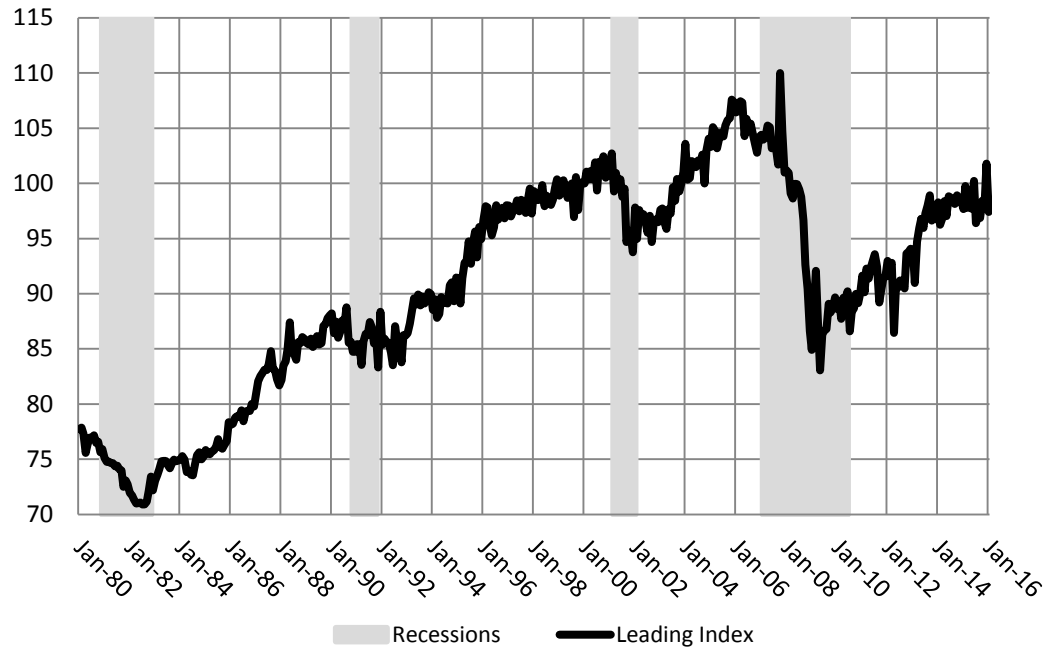
The CBER Nevada coincident index decreased 0.2 percent month-over-month but increased 2.5 percent year-over-year in December 2015. A large monthly loss in seasonally adjusted gaming revenue dragged the index down compared to last month. Two components of CBER’s Nevada coincident index—seasonally adjusted taxable sales and nonfarm employment—experienced gains, up by 0.5 and 0.2 percent, respectively, for the month. Gaming revenue decreased by 4.4 percent relative to a month earlier but climbed by 2.7 percent year-over-year.

Series	Date	Latest Period	Month-Over-Month	Year-Over-Year
Taxable Sales (SA)	Dec-15	4,431,113,625	0.5%	5.4%
Gaming Revenue (SA)	Dec-15	929,739,865	-4.4%	2.7%
Nonfarm Employment (SA)	Dec-15	1,269,426	0.2%	2.3%
<b>Overall Index Change</b>	Dec-15	209.5	-0.2%	2.5%



# Nevada Leading Index

*The CBER Nevada leading index decreased in January 2016 relative to last month and last year.*



Date	Index	Month-over-Month	Year-over-Year
Jan-15	97.7	-0.8%	-0.6%
Feb-15	99.8	2.2%	3.7%
Mar-15	97.8	-2.0%	1.0%
Apr-15	97.9	0.2%	-0.4%
May-15	97.7	-0.2%	0.7%
Jun-15	100.2	2.6%	1.4%
Jul-15	96.4	-3.8%	-2.3%
Aug-15	97.1	0.7%	-1.5%
Sep-15	96.9	-0.2%	-1.3%
Oct-15	98.4	1.6%	-0.5%
Nov-15	98.0	-0.4%	-0.5%
Dec-15	101.8	3.8%	3.4%
Jan-16	97.4	-4.3%	-0.3%

After jumping higher in December 2015, the CBER Nevada leading index fell in January 2016 mainly due to a turbulent stock market and a large decrease in building permits. This results in both monthly and yearly decreases of 4.3 and 0.3 percent, respectively. Among the six components, Nevada passengers, the S&P 500 index, housing permits, and commercial permits experienced monthly losses in January 2016, decreasing by 1.0, 5.2, 6.3, and 49.7 percent, respectively. The remaining two components—Moody’s Baa grade corporate bond yield (inverted) and initial claims for unemployment (inverted)—increased by 0.6 and 2.8 percent, respectively, for the month. Commercial permits fell significantly both for the month and for the year and still remain low and volatile.



# Summary of CBER's Southern Nevada Indexes

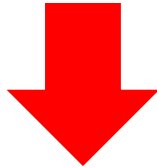
- Coincident Index and Leading Index

## Coincident Index

## Leading Index

Mo. to Mo.

-0.3 %



-0.6 %

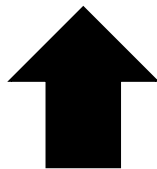


Taxable Sales	Gross Gaming Revenue	Nonfarm Employment
0.5% ↑	-5.4% ↓	0.03% ↑

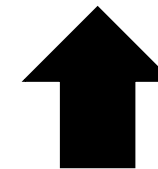
Initial Claims	Moody's Baa	Housing Permits	Commercial Permits	McCarran Passengers	S&P 500
2.8% ↑	0.6% ↑	-4.1% ↓	-58.5% ↓	-0.6% ↓	-5.2% ↓

Yr. to Yr.

2.6 %



0.9 %



Taxable Sales	Gross Gaming Revenue	Nonfarm Employment
5.6% ↑	2.9% ↑	2.4% ↑

Initial Claims	Moody's Baa	Housing Permits	Commercial Permits	McCarran Passengers	S&P 500
11.3% ↑	0.5% ↑	77.2% ↑	-2.0% ↓	7.3% ↑	-5.2% ↓



# Summary of CBER's Southern Nevada Indexes

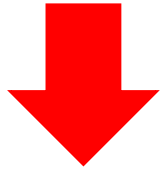
- Construction Index and Tourism Index

## Construction Index

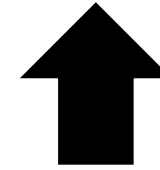
## Tourism Index

Mo. to Mo.

**-0.8 %**



**0.04 %**



Construction Employment	Housing Permits	Commercial Permits
2.2% ↑	-4.1% ↓	-58.5% ↓

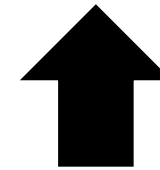
McCarran Passengers	Gross Gaming Revenue	LV Hotel/Motel Occupancy Rate
-0.6% ↓	0.2% ↑	0.6% ↑

Yr. to Yr.

**2.8 %**



**1.5 %**



Construction Employment	Housing Permits	Commercial Permits
10.8% ↑	77.2% ↑	-2.0% ↓

McCarran Passengers	Gross Gaming Revenue	LV Hotel/Motel Occupancy Rate
7.3% ↑	-3.0% ↓	3.1% ↑



# CBER's Indexes of Southern Nevada Economic Activity

## Coincident Index

- CC Taxable Sales
- CC Gaming Revenue
- CC Nonfarm Employment

## Leading Index

- NV Initial Claim for Unemployment
- Moody's Real Baa Bond Rate
- CC Housing Permit
- CC Commercial Permit
- McCarran Passengers
- S&P 500

## Construction Index

- CC Construction Employment
- CC Housing Permits
- CC Commercial Permits

## Tourism Index

- McCarran Passengers
- CC Gaming Revenue
- LV Hotel/Motel Occupancy Rate

Note: CC = Clark County

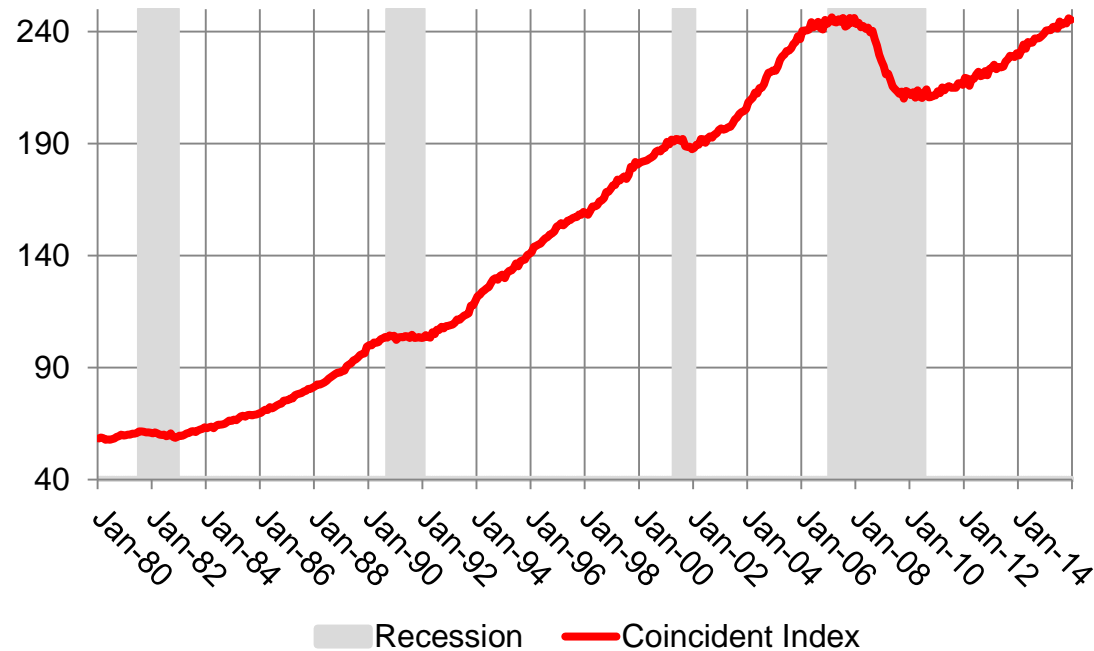
The CBER Southern Nevada coincident and leading indexes use the Department of Commerce index construction method. The coincident index measures the ups and downs of the Southern Nevada economy. The leading index provides a signal about the future direction of the coincident index. The coincident index peaked in February 2007 and then fell dramatically through June 2010. Prior to the Great Recession identified by the benchmark Southern Nevada coincident index, the Southern Nevada leading index peaked in September 2005, 16 months before the Southern Nevada coincident index peaked. Then the Southern Nevada leading index troughed in May 2009, 13 months before the Southern Nevada coincident index troughed. Finally, both the CBER Southern Nevada construction and tourism indexes also use the Department of Commerce index construction method. All series are SA.





# Southern Nevada Coincident Index

*The CBER Southern Nevada coincident index experienced a monthly loss but a yearly gain in December 2015.*



The CBER Southern Nevada coincident index fell by 0.3 percent month-over-month but experienced a year-over-year increase of 2.6 percent in December 2015. The large monthly decrease in gaming revenue resulted in a loss in the index, although the other two components—taxable sales and nonfarm employment—experienced gains for the month. As seen in the table below, Las Vegas nonfarm employment and taxable sales rose by 0.03 and 0.5 percent, respectively, in December 2015. Gaming revenue decreased by 5.4 percent from the previous month. With new benchmark nonfarm employment revisions, the CBER Southern Nevada coincident index in December 2015 fully recovered from the Great Recession, exceeding its prior peak.

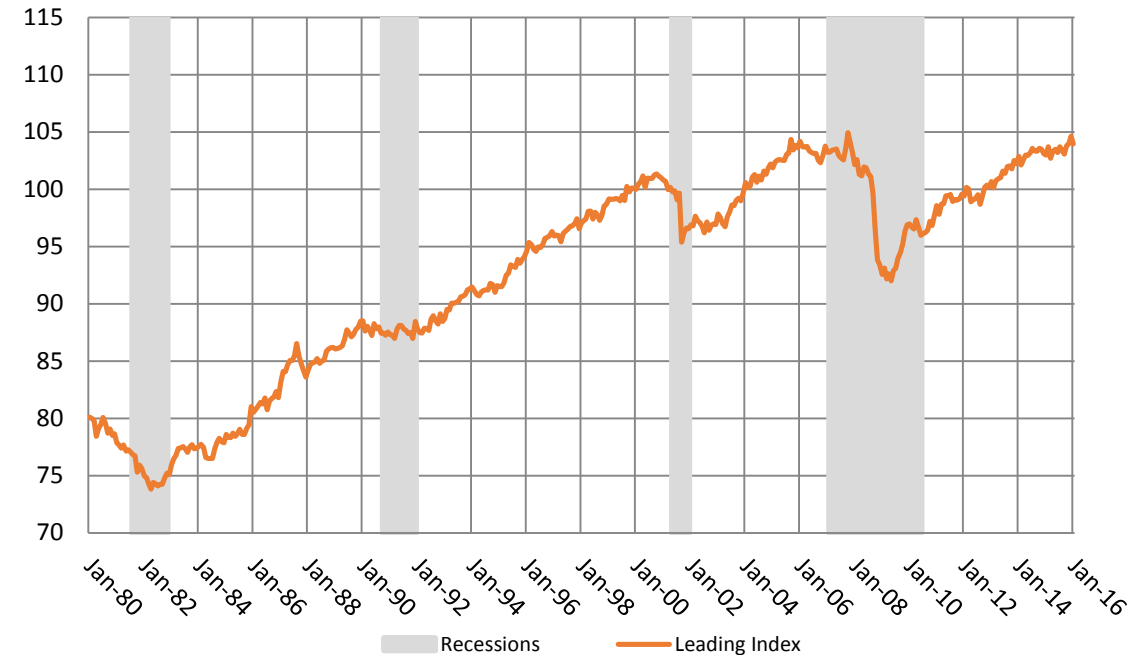
Series	Date	Latest Period	Month-over-Month	Year-over-Year
Taxable Sales (SA)	Dec-15	3,299,584,575	0.5%	5.6%
Gaming Revenue (SA)	Dec-15	800,480,699	-5.4%	2.9%
Nonfarm Employment (SA)	Dec-15	925,011	0.03%	2.4%
<b>Overall Index Change</b>	Dec-15	245.1	-0.3%	2.6%



# Southern Nevada Leading Index

*The CBER Southern Nevada leading index decreased for the month but increased from last year.*

Date	Index	Month-over-Month	Year-over-Year
Jan-15	103.0	-0.1%	0.1%
Feb-15	103.7	0.7%	1.6%
Mar-15	102.7	-1.0%	0.1%
Apr-15	103.3	0.6%	0.3%
May-15	103.5	0.2%	0.5%
Jun-15	103.2	-0.3%	0.1%
Jul-15	103.7	0.5%	0.1%
Aug-15	103.4	-0.3%	0.0%
Sep-15	103.1	-0.3%	-0.2%
Oct-15	103.8	0.7%	0.2%
Nov-15	104.0	0.2%	0.5%
Dec-15	104.6	0.6%	1.5%
Jan-16	104.0	-0.6%	0.9%

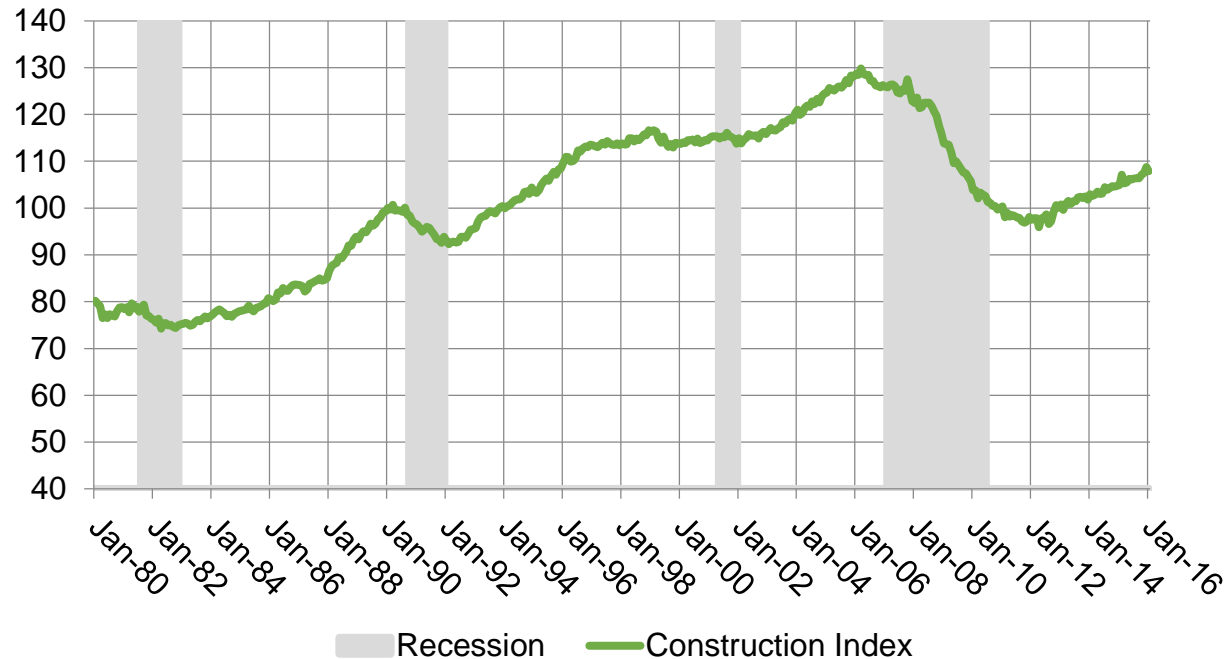


The CBER Southern Nevada leading index fell by 0.6 percent on a month-over-month basis, but rose by 0.9 percent from its level from last year. Among the six components, total McCarran passengers, housing permits, the S&P 500 index, and commercial permits decreased by 0.6, 4.1, 5.2, and 58.5 percent, respectively, from December to January. The remaining two components—Moody’s BAA grade corporate bond yield (inverted) and initial claims for unemployment (inverted)—increased by 0.6 and 2.8 percent, respectively, for the month. Commercial permits experienced a significant loss and still remain low and volatile.



# Southern Nevada Construction Index

The CBER Southern Nevada construction index experienced a monthly loss, but it is up from a year earlier.



The CBER Nevada construction index decreased by 0.8 percent month-over-month but gained 2.8 percent on a year-over-year basis. Housing permits and commercial permits decreased significantly by 4.1 and 58.5 percent, respectively, compared to December 2015, while a gain in construction employment partly offset these losses. Seasonally adjusted construction employment increased by 2.2 percent from a month earlier. Commercial permits still remain low and volatile.

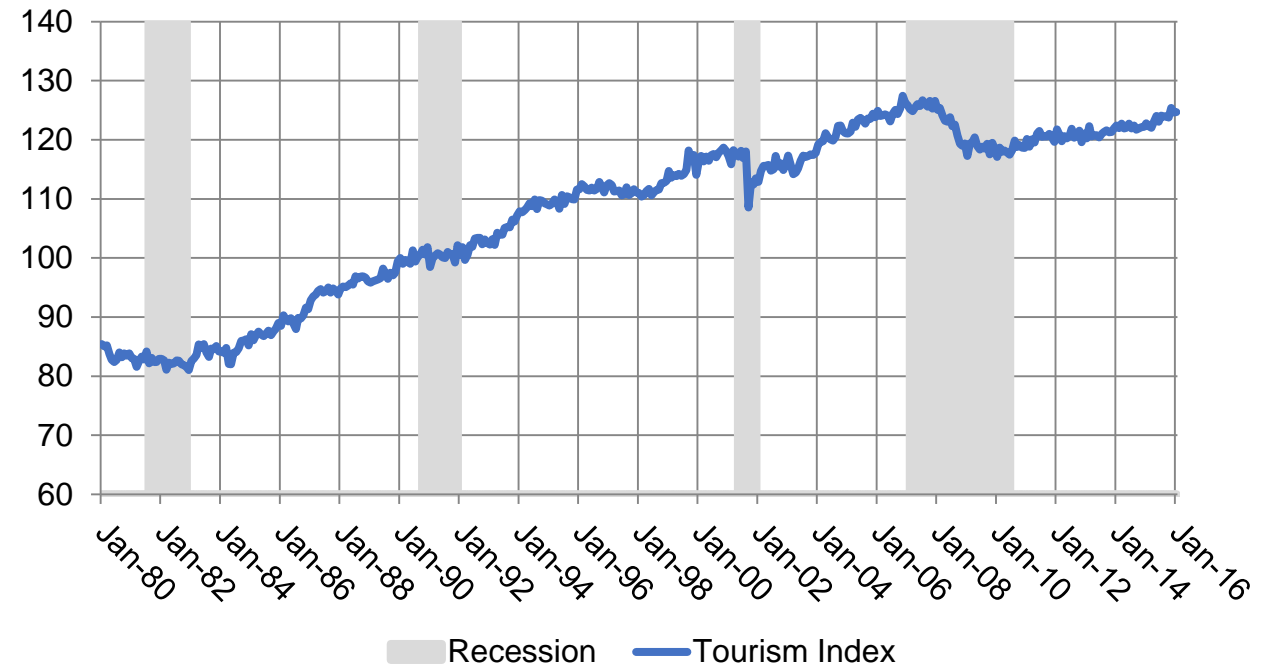
Series	Date	Latest Period	Month-over-Month	Year-over-Year
Construction Employment (SA)	Jan-16	54,484	2.2%	10.8%
Housing Permits (SA)	Jan-16	993	-4.1%	77.2%
Commercial Permits (SA)	Jan-16	22	-58.5%	-2.0%
<b>Overall Index Change</b>	Jan-16	107.9	-0.8%	2.8%



# Southern Nevada Tourism Index

*The CBER Southern Nevada tourism index climbed in January 2016 relative to last month and last year.*

The CBER Southern Nevada tourism index experienced a slight increase, up by 0.04 percent from December to January. Gaming revenue and Las Vegas hotel/motel occupancy rates rose by 0.2 and 0.6 percent, respectively, for the month. A 0.6 percent decrease in McCarran passengers, however, partly offset the positive monthly movement in the tourism index from the other two components. The CBER Southern Nevada tourism index was the only index that experienced a monthly gain among the six indexes this month.



Series	Date	Latest Period	Month-over-Month	Year-over-Year
McCarran Passengers (SA)	Jan-16	3,910,421	-0.6%	7.3%
Gaming Revenue (SA)	Jan-16	801,751,676	0.2%	-3.0%
LV Hotel/Motel Occupancy Rate (SA)	Jan-16	0.893	0.6%	3.1%
<b>Overall Index Change</b>	Jan-16	124.7	0.04%	1.5%



# Sources

## Nevada Indexes:

- Nevada Department of Taxation
- Nevada Gaming Control Board
- Nevada Department of Employment, Training and Rehabilitation
- U.S. Bureau of Labor Statistics
- Various Permitting Agencies
- Yahoo Finance
- Board of Governors of the Federal Reserve System
- Reno-Tahoe International Airport
- McCarran International Airport
- CBER, UNLV

## Southern Nevada Indexes:

- Nevada Department of Taxation
- Nevada Gaming Control Board
- Nevada Department of Employment, Training and Rehabilitation
- U.S. Bureau of Labor Statistics
- Various Permitting Agencies
- Yahoo Finance
- Board of Governors of the Federal Reserve System
- McCarran International Airport
- Las Vegas Convention and Visitors Authority
- CBER, UNLV