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Local Businesses Optimistic About Nevada’s Economy

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Southern Nevada businesses’ expectations have improved for the second straight quarter. The Southern Nevada Business Confidence Index, constructed by the Center for Business and Economic Research (CBER), rose from 106.1 to 134.9 for second quarter 2013 (Figure 1). 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 five 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 2013 (Figure 2). The values for general economic conditions, sales, profits, hiring, and capital expenditures were 154.3, 142.9, 134.3, 122.9, and 120.0, respectively.

The largest increases in expectations occurred for general economic conditions, hiring, and sales. For the general economic conditions of Nevada, 28.6 percent of Southern Nevada businesses expected no change, 8.6 percent expected a worsening, and 62.8 forecasted an improved state. For hiring, 57.1 percent expected no change, 10.0 expected a decline, and 32.8 percent expected an increase. When asked about sales in their own industry, 25.7 percent of respondents expected no change, 15.7 percent expected a worsening, and 58.6 percent expected improvement.

When asked about capital expenditures, 34.8 percent expected an increase in for their industry, compared to only 14.5 percent that expected declines. The remaining 50.7 percent expected no change. For profits, 28.6 percent expected no change, 18.5 percent expected lower profits, and the remaining 52.8 percent projected increased profits for second quarter 2013. Southern Nevada businesses were more optimistic than in the first quarter 2013 survey on these two components.

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