Southern Nevada Business Confidence Increases for Third Straight Quarter

Ryan T. Kennelly

Southern Nevada businesses’ expectations increased for the third straight quarter and once again are at an all-time high. The Southern Nevada Business Confidence Index, constructed by the Center for Business and Economic Research (CBER), rose from 137.0 to 138.1 for third quarter 2014 (Figure 1). This quarter’s value of 138.1 is significantly higher than third quarter 2013’s value of 126.5. 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 ten 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 third quarter of 2014 (Figure 2). The values for general economic conditions, sales, capital expenditures, profits, and hiring were 151.6, 145.2, 132.3, 132.3, and 129.0, respectively.

When asked about general economic conditions for first quarter 2014, 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, 51.6 percent expected improvement, and 12.9 percent expected some weakening. The remaining 35.5 percent expected no change. For the general economic conditions of Nevada, 29.0 percent of Southern Nevada businesses expected no change, 9.7 percent expected a worsening, and 61.3 percent forecasted an improved state.

Business leaders also reported improved expectations for profits, hiring, and sales. When asked about profits in their own industry, 48.4 percent expected improvement, 35.5 percent of respondents expected no change, and 16.1 percent expected a worsening. For hiring, 35.5 percent projected increased hiring, 58.1 percent of the businesses expected no change in hiring, and the remaining 6.5 percent expected less hiring for third quarter 2014. For sales, 51.6 percent expected an increase, 41.9 percent expected no change, and 6.5 expected a decline. Although the overall value for capital expenditures was lower than in second quarter 2014, responses remained optimistic—38.7 percent expected increases for their industry, compared to only 6.5 percent who expected declines. The remaining 54.8 percent expected no change.

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.

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