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CBER's Southern Nevada Business Confidence Index Shows Favorable Outlook

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The mood at Southern Nevada businesses has shifted to upbeat. After slipping for two consecutive quarters, CBER's Southern Nevada Business Confidence Index rose from a value of 99.91 for fourth quarter 2011 to a value of 100.09 for first quarter 2012 (Figure 1). A value above 100 means that, on average, more respondents gave an optimistic answer than a pessimistic answer to the questions for the five areas covered in the index—general economic conditions in Nevada, sales, profits, hiring, and capital expenditures.

All five components of the index were above 100 for first quarter 2012 (Figure 2). All of the components had been below 100 for fourth quarter 2011. The values for Nevada economic conditions, sales, profits, hiring, and capital expenditures all rose, taking values of 100.14, 100.15, 100.10, 100.01 and 100.04, respectively.

When asked how they think general economic conditions in Nevada will change in first quarter 2012, 31.8 percent of the respondents expected improvement, 50.0 percent expected no change, and 18.1 percent expected a worsening. When asked about sales in their own industry, 35.9 percent forecasted an increase, 42.7 percent expected no change, and 21.3 percent expected a decline. Expectations about profits are almost as strong, with 31.5 percent projecting increased profits, 46.1 percent expecting no change, and 22.4 percent expecting falling profits.

The survey shows firms are more willing to hire and make capital expenditures in first quarter 2012 than in recent years. When asked about hiring in their industry, 17.0 percent of the respondents projected an increase, 68.2 percent forecasted no change, and 14.7 percent expected a decrease. Similarly, 20.6 percent of the survey participants projected increased capital expenditures, 63.2 percent expected no change, and 16.1 percent forecasted a decrease.

The Center for Business and Economic Research (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 Increases

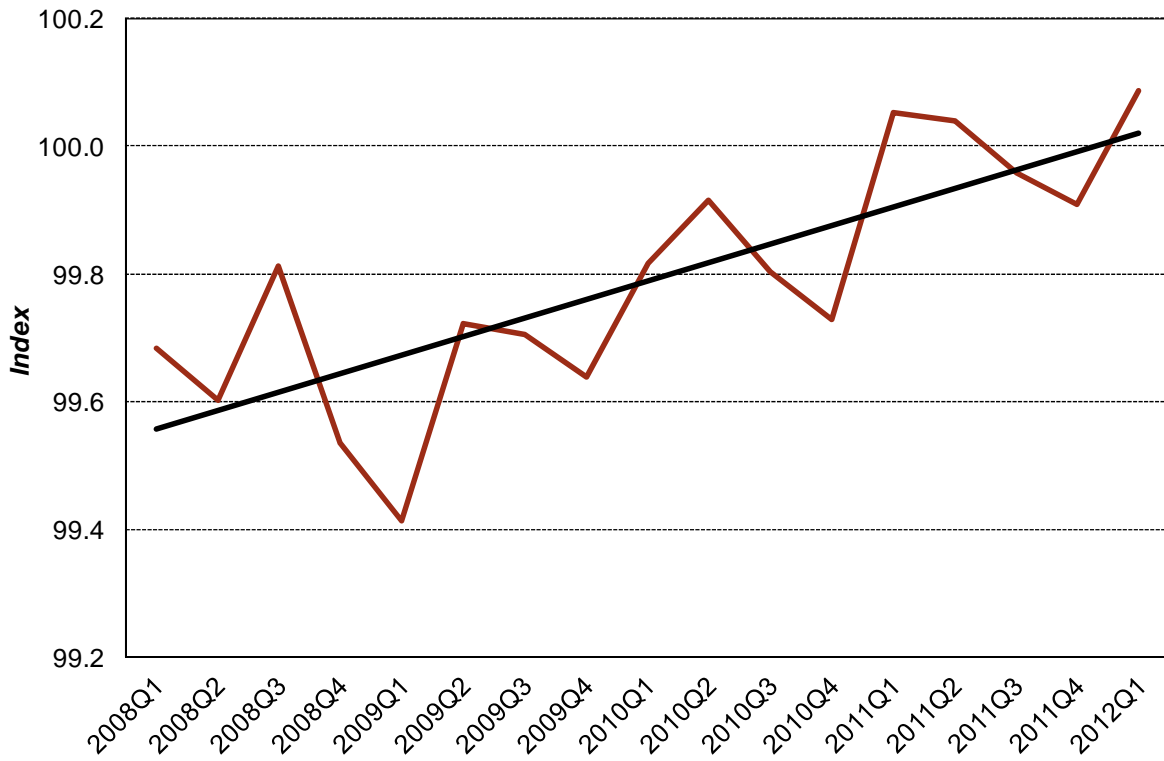


Figure 2. Components of CBER's Southern Nevada Business Confidence Index

