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CBER's Index of Southern Nevada Business Confidence Declines

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The mood at Southern Nevada businesses remains downbeat. CBER's Southern Nevada Business Confidence Index slipped from 99.96 for third quarter to 99.91 for fourth quarter—marking the second consecutive quarter of decline (Figure 1). A value below 100 means that, on average, more respondents gave a pessimistic answer than an optimistic 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 below 100 for the first time in 2011 (Figure 2). The values for Nevada economic conditions, sales, and profits all fell, taking values of 99.95, 99.95 and 99.85, respectively. The values for hiring and capital expenditures increased to 99.87 and 99.93, respectively.

When asked how they think general economic conditions in Nevada will change in fourth quarter 2011, 25.0 percent of the respondents expected improvement, 44.1 percent expected no change, and 30.9 percent expected a worsening. When asked about sales in their own industry, 23.6 percent forecasted an increase, 48.5 percent expected no change, and 27.9 percent expected a decline. Expectations about profits are a little less robust, with 20.6 percent projecting increased profits, 45.6 percent expecting no change, and 33.8 percent expecting falling profits.

Although the measures for hiring and capital expenditures improved, the survey for fourth quarter shows firms remain hesitant about hiring and making capital expenditures. When asked about hiring in their industry, 15.9 percent of the respondents projected an increase, 59.4 percent forecasted no change, and 24.6 percent expected a decrease. Similarly, 20.5 percent of the survey participants projected increased capital expenditures, 54.4 percent expected no change, and 25.0 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>.

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Figure 1. CBER's Index of Southern Nevada Business Confidence Declines

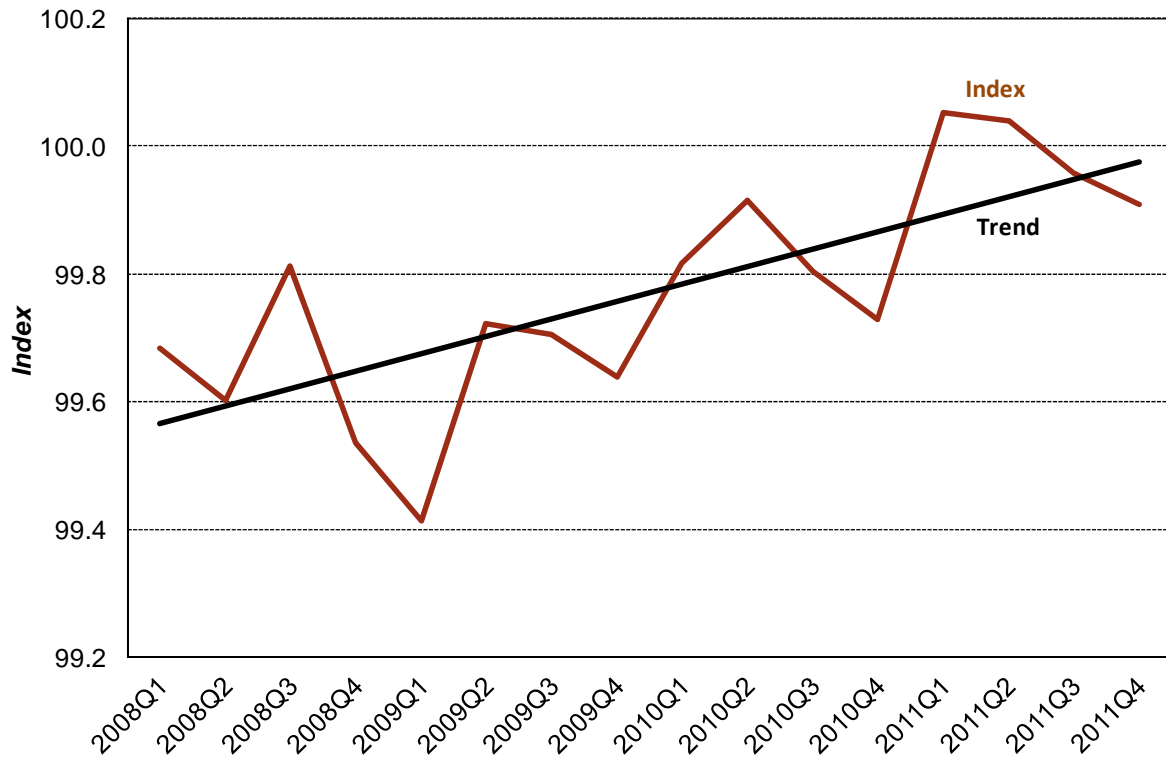


Figure 2. Components of CBER's Southern Nevada Business Confidence Index

