CBER Indexes for Nevada and Southern Nevada

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Summary of CBER’s Nevada Indexes

**Coincident Index**
(January)

<table>
<thead>
<tr>
<th>Taxable Sales</th>
<th>Gross Gaming Revenue</th>
<th>Nonfarm Employment</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.0% ↑</td>
<td>9.5% ↑</td>
<td>0.1% ↑</td>
</tr>
</tbody>
</table>

**Leading Index**
(February)

<table>
<thead>
<tr>
<th>Initial Claims*</th>
<th>10-Year Treasury*</th>
<th>Housing Permits</th>
<th>Commercial Permits</th>
<th>Airline Passengers</th>
<th>S&amp;P 500</th>
</tr>
</thead>
<tbody>
<tr>
<td>6.8% ↑</td>
<td>0.1% ↑</td>
<td>-28.0% ↓</td>
<td>-14.7% ↓</td>
<td>-0.8% ↓</td>
<td>1.7% ↑</td>
</tr>
</tbody>
</table>

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<thead>
<tr>
<th>Initial Claims*</th>
<th>10-Year Treasury*</th>
<th>Housing Permits</th>
<th>Commercial Permits</th>
<th>Airline Passengers</th>
<th>S&amp;P 500</th>
</tr>
</thead>
<tbody>
<tr>
<td>10.3% ↑</td>
<td>1.1% ↑</td>
<td>-57.0% ↓</td>
<td>-21.8% ↓</td>
<td>0.1% ↑</td>
<td>22.5% ↑</td>
</tr>
</tbody>
</table>

Mo. to Mo.

- **0.9 % ↑**

Yr. to Yr.

- **4.3 % ↑**

- **0.2 % ↑**

Note: The coincident index is a month behind relative to other indexes because of a two-month delay in the release of taxable sales.
* Inverted
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)
• Real 10-Year Treasury 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.
The CBER Nevada coincident index climbed year-over-year in January.

The CBER Nevada coincident index peaked in January driven by strong monthly gains in gaming revenues. In particular, the index grew 0.9 percent compared to December. On a yearly basis, the index posted a significant increase of 4.3 percent in that month. All three components grew in January from the previous month. Specifically, taxable sales and nonfarm employment increased 1.0 and 0.1 percent, respectively. Gaming revenue, climbed 9.5 percent month-to-month in January, registering the largest increase in revenues since at least February 2013. Similarly, taxable sales, gaming revenue, and nonfarm employment jumped in January compared to a year ago, up by 11.8, 11.6 and 3.2 percent, respectively. These strong gains contributed to the strong yearly growth of the overall index.

<table>
<thead>
<tr>
<th>Series</th>
<th>Date</th>
<th>Latest Period</th>
<th>Month-Over-Month</th>
<th>Year-Over-Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Taxable Sales (SA)</td>
<td>Jan-17</td>
<td>4,734,789,734</td>
<td>1.0%</td>
<td>11.8%</td>
</tr>
<tr>
<td>Gaming Revenue (SA)</td>
<td>Jan-17</td>
<td>1,018,537,460</td>
<td>9.5%</td>
<td>11.6%</td>
</tr>
<tr>
<td>Nonfarm Employment (SA)</td>
<td>Jan-17</td>
<td>1,319,532</td>
<td>0.1%</td>
<td>3.2%</td>
</tr>
<tr>
<td>Overall Index Change</td>
<td>Jan-17</td>
<td>219.9</td>
<td>0.9%</td>
<td>4.3%</td>
</tr>
</tbody>
</table>
Nevada Leading Index

The CBER Nevada leading index fell in January 2017 compared to the previous month.

The CBER Nevada leading index decreased 1.1 percent month-over-month in January. The index grew sluggishly by only 0.2 percent from a year ago, in contrast to its rapid growth in the preceding six months. Half of its components fell on a monthly basis. Specifically, residential and commercial building permits posted large monthly declines of 28.0 and 14.7 percent, respectively. Also, seasonally adjusted Nevada airport passengers decreased slightly by 0.8 percent compared to January. Three indicators contributed positively to the index. Nevada initial claims for unemployment insurance (inverted), the real 10-year Treasury bond yield (inverted), and the S&P 500 index increased 6.8, 0.1, and 1.7 percent, respectively, month-over-month. These gains, however, did not offset the significant drops in building permits, which resulted in an overall index decline. On a yearly basis, all components posted gains compared to February 2016, with the exception of both residential and commercial building permits, down by 57.0 and 21.8 percent, respectively.
Summary of CBER’s Southern Nevada Indexes
- Coincident Index and Leading Index

**Coincident Index**
(January)

- Mo. to Mo.: 1.5 %
  - Taxable Sales: 3.6% ↑
  - Gross Gaming Revenue: 12.7% ↑
  - Nonfarm Employment: 0.1% ↑

**Leading Index**
(February)

- Yr. to Yr.: 4.6 %
  - Taxable Sales: 10.5% ↑
  - Gross Gaming Revenue: 13.7% ↑
  - Nonfarm Employment: 3.4% ↑

**Mo. to Mo.:** -0.1 %
- Initial Claims*: 6.8% ↑
- 10-Year Treasury*: 0.1% ↑
- Housing Permits: -26.7% ↓
- Commercial Permits: -20.9% ↓
- McCarran Passengers: -1.0% ↓
- S&P 500: 1.7% ↑

**Yr. to Yr.:** 1.3 %
- Initial Claims*: 10.3% ↑
- 10-Year Treasury*: 1.1% ↑
- Housing Permits: -58.2% ↓
- Commercial Permits: -34.4% ↓
- McCarran Passengers: -0.3% ↓
- S&P 500: 22.5% ↑

*Inverted

Note: The coincident index is a month behind relative to other indexes because of a two-month delay in the release of taxable sales.

* Inverted
### Summary of CBER’s Southern Nevada Indexes

#### - Construction Index and Tourism Index

**Construction Index**

(February)

- **Mo. to Mo.**
  - Construction Employment: -0.3% ↓
  - Housing Permits: -26.7% ↓
  - Commercial Permits: -20.9% ↓

- **Yr. to Yr.**
  - Construction Employment: 7.6% ↑
  - Housing Permits: -58.2% ↓
  - Commercial Permits: -34.4% ↓

**Tourism Index**

(February)

- **Mo. to Mo.**
  - McCarran Passengers: -1.0% ↓
  - Gross Gaming Revenue: -8.5% ↓
  - LV Hotel/Motel Occupancy Rate: -2.4% ↓

- **Yr. to Yr.**
  - McCarran Passengers: -0.3% ↓
  - Gross Gaming Revenue: -4.3% ↓
  - LV Hotel/Motel Occupancy Rate: -1.7% ↓
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 indexed troughed. Finally, both the CBER Southern Nevada construction and tourism indexes also use the Department of Commerce index construction method. All series are SA.

Note: CC = Clark County
The CBER Southern Nevada coincident index increased 1.5 percent month-over-month in January. Also, on a yearly basis, the index climbed 4.6 percent in that month. All of its components posted gains on both a yearly and monthly basis. In particular, seasonally adjusted gaming revenue increased significantly in January, up by 12.7 and 13.7 percent monthly and yearly, respectively. Taxable sales also posted positive growth in January, up by 3.6 percent month-to-month. From a year ago, taxable sales continued on its positive yearly trend, increasing 10.5 percent from January 2016. Although nonfarm employment grew less rapidly in January, it was up by 0.1 and 3.4 percent from a month and year ago, respectively, and contributed positively to the overall index.

<table>
<thead>
<tr>
<th>Series</th>
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<th>Latest Period</th>
<th>Month-over-Month</th>
<th>Year-over-Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Taxable Sales (SA)</td>
<td>Jan-17</td>
<td>3,496,610,278</td>
<td>3.6%</td>
<td>10.5%</td>
</tr>
<tr>
<td>Gaming Revenue (SA)</td>
<td>Jan-17</td>
<td>891,665,090</td>
<td>12.7%</td>
<td>13.7%</td>
</tr>
<tr>
<td>Nonfarm Employment (SA)</td>
<td>Jan-17</td>
<td>965,124</td>
<td>0.1%</td>
<td>3.4%</td>
</tr>
<tr>
<td>Overall Index Change</td>
<td>Jan-17</td>
<td>256.5</td>
<td>1.5%</td>
<td>4.6%</td>
</tr>
</tbody>
</table>
Southern Nevada Leading Index

The CBER Southern Nevada leading index fell slightly month-over-month but increased from a year ago.

<table>
<thead>
<tr>
<th>Date</th>
<th>Index</th>
<th>Month-over-Month</th>
<th>Year-over-Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Feb-16</td>
<td>105.7</td>
<td>0.7%</td>
<td>1.5%</td>
</tr>
<tr>
<td>Mar-16</td>
<td>105.1</td>
<td>-0.6%</td>
<td>1.7%</td>
</tr>
<tr>
<td>Apr-16</td>
<td>105.6</td>
<td>0.5%</td>
<td>1.8%</td>
</tr>
<tr>
<td>May-16</td>
<td>105.7</td>
<td>0.1%</td>
<td>1.6%</td>
</tr>
<tr>
<td>Jun-16</td>
<td>105.5</td>
<td>-0.2%</td>
<td>1.6%</td>
</tr>
<tr>
<td>Jul-16</td>
<td>105.5</td>
<td>0.0%</td>
<td>1.0%</td>
</tr>
<tr>
<td>Aug-16</td>
<td>105.9</td>
<td>0.3%</td>
<td>1.6%</td>
</tr>
<tr>
<td>Sep-16</td>
<td>106.3</td>
<td>0.5%</td>
<td>2.4%</td>
</tr>
<tr>
<td>Oct-16</td>
<td>106.0</td>
<td>-0.3%</td>
<td>1.3%</td>
</tr>
<tr>
<td>Nov-16</td>
<td>106.8</td>
<td>0.8%</td>
<td>2.0%</td>
</tr>
<tr>
<td>Dec-16</td>
<td>107.3</td>
<td>0.5%</td>
<td>2.0%</td>
</tr>
<tr>
<td>Jan-17</td>
<td>107.2</td>
<td>-0.1%</td>
<td>2.1%</td>
</tr>
</tbody>
</table>

Feb-17 | 107.1 | -0.1%            | 1.3%           |

The CBER Southern Nevada leading index posted a slight monthly decrease in February of 0.1 percent, mainly due to large drops in building permits. Both residential and commercial permits experienced double-digit declines of 26.7 and 20.9 percent, respectively, compared to January. Initial claims for unemployment insurance (inverted) climbed by 6.8 percent in February from the previous month. Similarly, the S&P 500 index contributed positively to the index on a monthly basis, up by 1.7 percent. The real 10-year Treasury bond yield (inverted) increased about 0.1 percent on a monthly basis, resulting in a more negative real rate compared to January. Year-over-year data show sharp drops in building permits. In particular, housing permits and commercial permits dropped by 58.2 and 34.4 percent, respectively, compared to February 2016. Conversely, the S&P 500 index and initial claims for unemployment insurance (inverted) grew 22.5 and 10.3 percent, respectively, on a yearly basis. These positive contributions to the index offset the large drops in building permits and resulted in the yearly 1.3 percent increase of the leading index.
The CBER Southern Nevada construction index continued to drop on a monthly basis, down by 0.8 percent in February from the previous month. All of its components—construction employment, housing permits, and commercial permits—fell by 0.3, 26.7, and 20.9 percent, respectively, compared to a month ago. On a year-to-year basis, housing and commercial permits also fell significantly by 58.2 and 34.4 percent respectively. Seasonally adjusted construction employment, however, grew 7.6 percent from a year ago. This increase offset the sharp drops in yearly construction permits and resulted in a stable overall index in February.

<table>
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<tr>
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<th>Latest Period</th>
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<th>Year-over-Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Construction Employment (SA)</td>
<td>Feb-17</td>
<td>58,474</td>
<td>-0.3%</td>
<td>7.6%</td>
</tr>
<tr>
<td>Housing Permits (SA)</td>
<td>Feb-17</td>
<td>1,045</td>
<td>-26.7%</td>
<td>-58.2%</td>
</tr>
<tr>
<td>Commercial Permits (SA)</td>
<td>Feb-17</td>
<td>28</td>
<td>-20.9%</td>
<td>-34.4%</td>
</tr>
<tr>
<td>Overall Index Change</td>
<td>Feb-17</td>
<td>110.0</td>
<td>-0.8%</td>
<td>0.0%</td>
</tr>
</tbody>
</table>
The CBER Southern Nevada tourism index decreased 1.3 percent in January compared to the previous month. The monthly drop of the index resulted from declines in all of its components, especially, gaming revenue, which fell by 8.5 percent in February. The other two components, McCarran passengers and the Las Vegas hotel/motel occupancy rate also contributed negatively to the index, which posted drops of 1.0 and 2.4 percent, respectively, from January to February. The index fell in February by 0.7 percent year-over-year, after recording eight months of consecutive yearly gains. All its components, McCarran passengers, gaming revenue, and hotel/motel occupancy rates, fell from February 2016, down by 0.3, 4.3, and 1.7 percent, respectively.

### Southern Nevada Tourism Index

*The CBER Southern Nevada tourism index fell in February compared to a month and year ago.*

<table>
<thead>
<tr>
<th>Series</th>
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<th>Year-over-Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>McCarran Passengers (SA)</td>
<td>Feb-17</td>
<td>3,979,682</td>
<td>-1.0%</td>
<td>-0.3%</td>
</tr>
<tr>
<td>Gaming Revenue (SA)</td>
<td>Feb-17</td>
<td>812,700,401</td>
<td>-8.5%</td>
<td>-4.3%</td>
</tr>
<tr>
<td>LV Hotel/Motel Occupancy Rate (SA)</td>
<td>Feb-17</td>
<td>0.873</td>
<td>-2.4%</td>
<td>-1.7%</td>
</tr>
<tr>
<td>Overall Index Change</td>
<td>Feb-17</td>
<td>124.7</td>
<td>-1.3%</td>
<td>-0.7%</td>
</tr>
</tbody>
</table>
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

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- CBER, UNLV

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