



# CBER Economic Indexes for Nevada and Southern Nevada

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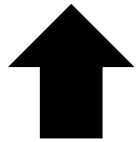
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# Summary of CBER's Nevada Indexes

## Coincident Index (August)

0.3 %



Mo. to Mo.

Taxable Sales	Gross Gaming Revenue	Nonfarm Employment
0.7% ↑	2.0% ↑	0.1% ↑

4.1 %



Yr. to Yr.

Taxable Sales	Gross Gaming Revenue	Nonfarm Employment
3.3% ↑	15.3% ↑	3.3% ↑

## Leading Index (August)

-1.3 %



Initial Claims*	10-Year Treasury*	Housing Permits**	Commercial Permits**	Airline Passengers	S&P 500
-1.1% ↓	0.2% ↑	35.5% ↑	-22.3% ↓	0.1% ↑	1.7% ↑

1.0 %



Initial Claims*	10-Year Treasury*	Housing Permits**	Commercial Permits**	Airline Passengers	S&P 500
2.9% ↑	0.2% ↑	72.2% ↑	-12.8% ↓	4.2% ↑	15.5% ↑

Note: The coincident index for July increased to 223.9, 0.3 and 2.7 percent higher from June 2017 and July 2016, respectively.

\* Inverted \*\* Data are partly forecasted as Henderson's permit reports are not available for March 2017 and onward.



# CBER's Indexes of Nevada Economic Activity

## Coincident Index Components

- Nevada Taxable Sales
- Nevada Gross Gaming Revenue
- Nevada Nonfarm Employment

## Leading Index Components

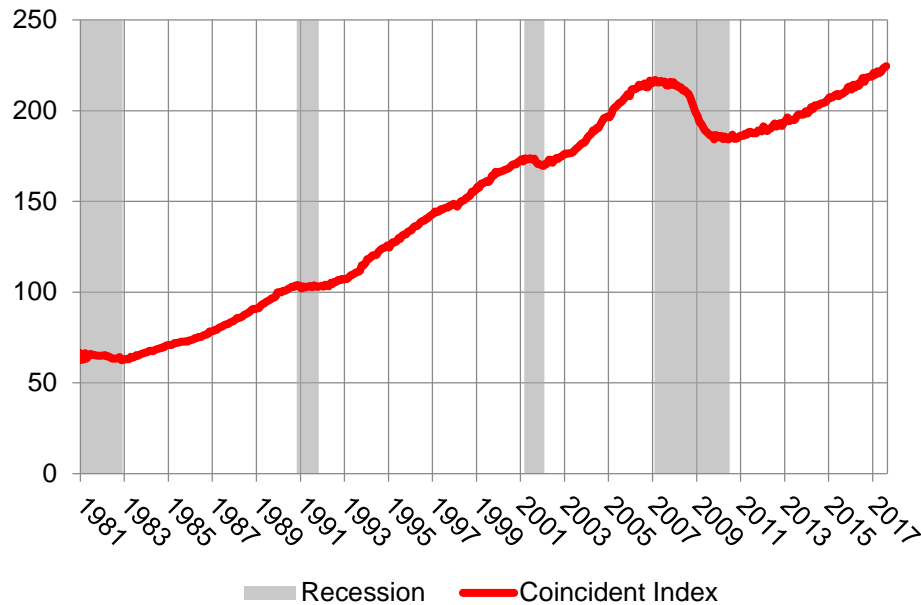
- Nevada Initial Claims for Unemployment (inverted)
- Real 10-Year Treasury Rate (inverted)
- Nevada Housing Permits
- Nevada Commercial Permits
- Nevada Airline Passengers
- Standard & Poor's Stock Market Index

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>.



# Nevada Coincident Index

*The CBER Nevada coincident index grew strongly in August compared to last year.*



On an annual basis, the CBER Nevada coincident index grew at a rapid rate of 4.1 percent in August. Taxable sales and nonfarm employment continued their yearly upward trends; both indicators increased 3.3 percent from August 2016. Gaming revenue ballooned because of higher gaming and betting activity around the Mayweather-McGregor fight in August. As a result, seasonally adjusted gaming revenue grew at its fastest annual rate in at least five years, up by 15.3 percent.

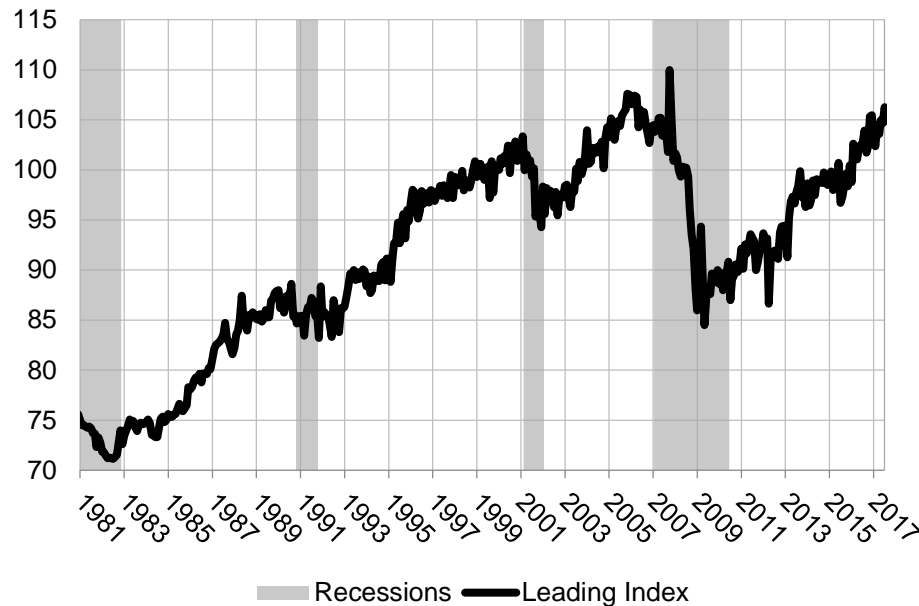
The index gained 0.3 percent in August compared to July. All of its components increased on a monthly basis. Taxable sales and nonfarm employment were higher by 0.7 and 0.1 percent, respectively, in August. In particular, the latest employment figures show that Clark County added almost 1,300 new workers to its workforce. Gaming revenue was also up by 2.0 percent in August from July.

Series	Date	Latest Period	Month-Over-Month	Year-Over-Year
Taxable Sales (SA)	Aug-17	4,830,683,000	0.7%	3.3%
Gaming Revenue (SA)	Aug-17	989,792,152	2.0%	15.3%
Nonfarm Employment (SA)	Aug-17	1,349,941	0.1%	3.3%
<b>Overall Index Change</b>	Aug-17	224.6	0.3%	4.1%



# Nevada Leading Index

The CBER Nevada leading index fell in August from July, but was higher compared to August 2016.



Date	Index	Month-Over-Month	Year-Over-Year
Aug-16	103.9	1.3%	6.8%
Sep-16	101.7	-2.1%	3.3%
Oct-16	102.3	0.6%	2.7%
Nov-16	105.3	2.9%	7.1%
Dec-16	105.5	0.1%	5.0%
Jan-17	103.3	-2.0%	4.6%
Feb-17	102.4	-0.9%	-0.2%
Mar-17	104.5	2.1%	2.5%
Apr-17	103.6	-0.9%	2.5%
May-17	105.0	1.3%	2.6%
Jun-17	104.7	-0.3%	2.2%
Jul-17	106.2	1.5%	3.5%
Aug-17	104.9	-1.3%	1.0%

The CBER Nevada leading index fell on a monthly basis in August by 1.3 percent, mainly due to a decrease in building construction permits of 22.3 percent. Also, initial claims for unemployment insurance (inverted) were lower by 1.1 percent in August from July. All other components rose month-over-month. In particular, the construction sector in Nevada registered 35.5 percent more housing permits in August. Airport passenger volume ticked upwards by 0.1 percent. On the national level, the 10-year real Treasury bond yield (inverted) and the S&P 500 index increased 0.2 percentage point and 1.7 percent, respectively, in August. Compared to August 2016, the leading index advanced 1.0 percent, supported by most of its components, with the exception of commercial building permits (down by 12.8 percent). Permits for residential buildings registered a strong annual increase of 72.2 percent in August. Airport passenger activity also increased in August, up by 4.2 percent. Additionally, the 10-year real Treasury bond yield (inverted) and the S&P 500 index gained 0.2 percentage point and 15.5 percent, respectively.



# Summary of CBER's Southern Nevada Indexes

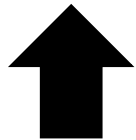
- Coincident Index and Leading Index

## Coincident Index (August)

## Leading Index (August)

Mo. to Mo.

0.4 %



0.2 %



Taxable Sales	Gross Gaming Revenue	Nonfarm Employment
0.7% ↑	2.4% ↑	0.1% ↑

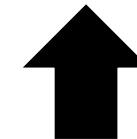
Initial Claims*	10-Year Treasury*	Housing Permits**	Commercial Permits**	McCarran Passengers	S&P 500
-0.8% ↓	0.2% ↑	35.0% ↑	-27.6% ↓	-0.1% ↓	2.1% ↑

Yr. to Yr.

3.7 %



1.7 %



Taxable Sales	Gross Gaming Revenue	Nonfarm Employment
3.6% ↑	16.4% ↑	3.2% ↑

Initial Claims*	10-Year Treasury*	Housing Permits**	Commercial Permits**	McCarran Passengers	S&P 500
2.9% ↑	0.2% ↑	92.7% ↑	-16.6% ↓	3.6% ↑	15.5% ↑

Note: The coincident index for July increased to 258.9, 0.1 and 2.0 percent higher from June 2017 and July 2016, respectively.

\* Inverted \*\* Data are partly forecasted as Henderson's permit reports are not available for March 2017 and onward.



# Summary of CBER's Southern Nevada Indexes

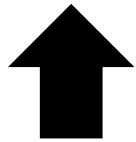
- Construction Index and Tourism Index

## Construction Index (August)

## Tourism Index (August)

Mo. to Mo.

0.1 %



-0.1 %

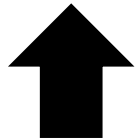


Construction Employment	Housing Permits*	Commercial Permits*
1.0% ↑	35.0% ↑	-27.6% ↓

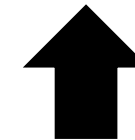
McCarran Passengers	Gross Gaming Revenue	LV Hotel/Motel Occupancy Rate
-0.1% ↓	2.4% ↑	-1.5% ↓

Yr. to Yr.

4.3 %



1.5 %



Construction Employment	Housing Permits*	Commercial Permits*
19.1% ↑	92.7% ↑	-16.6% ↓

McCarran Passengers	Gross Gaming Revenue	LV Hotel/Motel Occupancy Rate
3.6% ↑	16.4% ↑	-0.7% ↓

\* Data are partly forecasted as Henderson's permit reports are not available for March 2017 and onward.



# CBER's Indexes of Southern Nevada Economic Activity

## Coincident Index

- CC Taxable Sales
- CC Gross Gaming Revenue
- CC Nonfarm Employment

## Leading Index

- NV Initial Claims for Unemployment (inverted)
- Real 10-Year Treasury Rate (inverted)
- CC Housing Permits
- CC Commercial Permits
- McCarran Passengers
- S&P 500

## Construction Index

- CC Construction Employment
- CC Housing Permits
- CC Commercial Permits

## Tourism Index

- McCarran Passengers
- CC Gross Gaming Revenue
- LV Hotel/Motel Occupancy Rate

Note: CC = Clark County

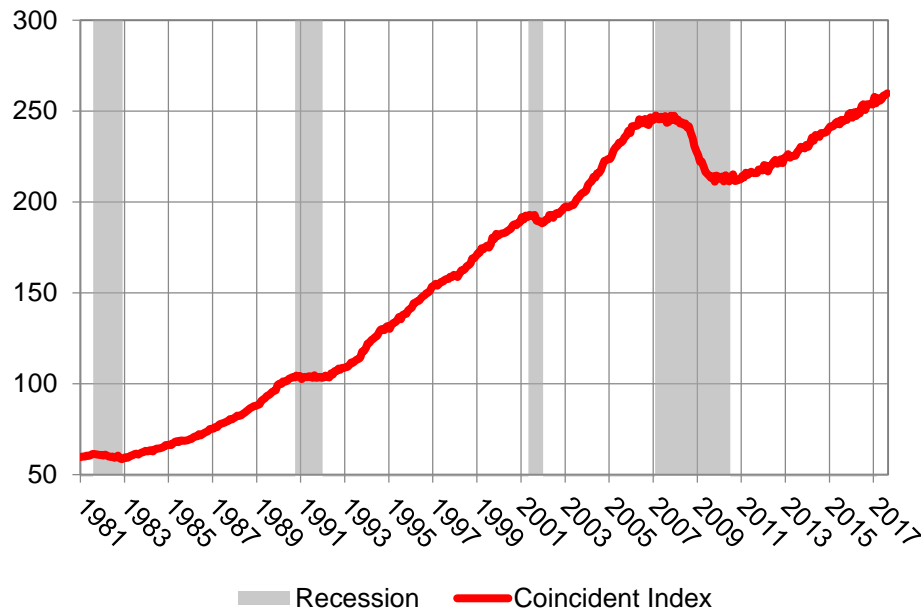
The CBER Southern Nevada coincident and leading indexes use the Department of Commerce index construction method. The coincident index measures the ups and downs of the Southern Nevada economy. The leading index provides a signal about the future direction of the coincident index. The coincident index 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.





# Southern Nevada Coincident Index

The CBER Southern Nevada coincident index advanced in August on a monthly and yearly basis.



The CBER Southern Nevada coincident index gained 0.4 percent in August compared to July. This increase was supported by higher gaming revenue and taxable sales in Clark County, which were up by 2.4 and 0.7 percent, respectively. Nonfarm employment also increased, although at a slower-than-usual monthly rate of 0.1 percent.

On a yearly basis, however, nonfarm employment increased rapidly by 3.2 percent. This latest increase reflects 30,000 additional workers in Clark County compared to last year. Taxable sales also rose in August, up by 3.6 percent from the previous year. The overall index advanced 3.7 percent year-over-year in August, strongly supported by higher gaming activity due to the Mayweather-McGregor boxing match. Finally, gaming revenue increased strongly by 16.4 percent in August, its largest annual increase in more than three years.

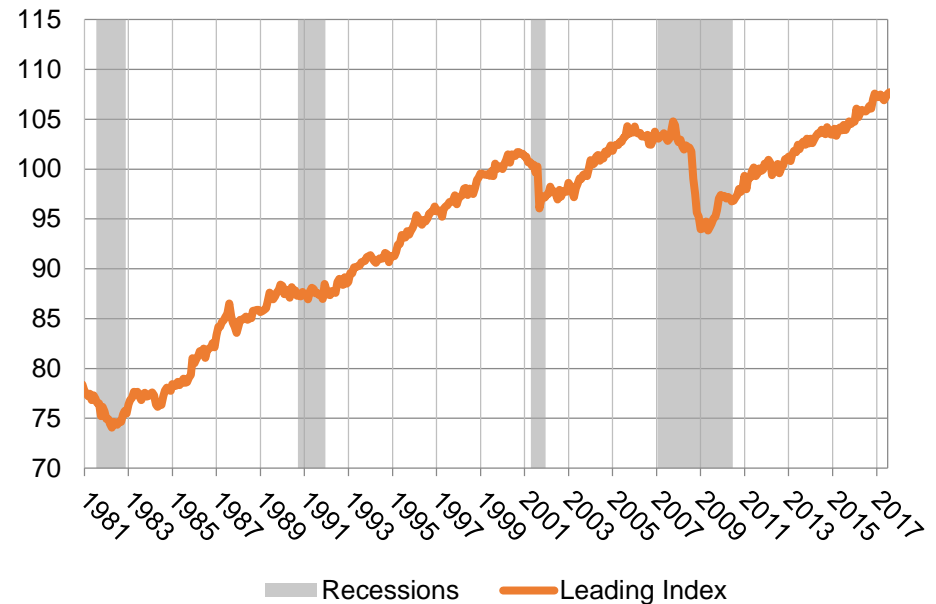
Series	Date	Latest Period	Month-Over-Month	Year-Over-Year
Taxable Sales (SA)	Aug-17	3,484,358,509	0.7%	3.6%
Gaming Revenue (SA)	Aug-17	855,812,043	2.4%	16.4%
Nonfarm Employment (SA)	Aug-17	983,439	0.1%	3.2%
<b>Overall Index Change</b>	Aug-17	259.8	0.4%	3.7%



# Southern Nevada Leading Index

*The CBER Southern Nevada leading index continued its yearly upward trend.*

Date	Index	Month-Over-Month	Year-Over-Year
Aug-16	103.9	1.3%	6.8%
Sep-16	101.7	-2.1%	3.3%
Oct-16	102.3	0.6%	2.7%
Nov-16	105.3	2.9%	7.1%
Dec-16	105.5	0.1%	5.0%
Jan-17	103.3	-2.0%	4.6%
Feb-17	102.4	-0.9%	-0.2%
Mar-17	104.5	2.1%	2.5%
Apr-17	103.6	-0.9%	2.5%
May-17	105.0	1.3%	2.6%
Jun-17	104.7	-0.3%	2.2%
Jul-17	106.2	1.5%	3.5%
Aug-17	104.9	-1.3%	1.0%

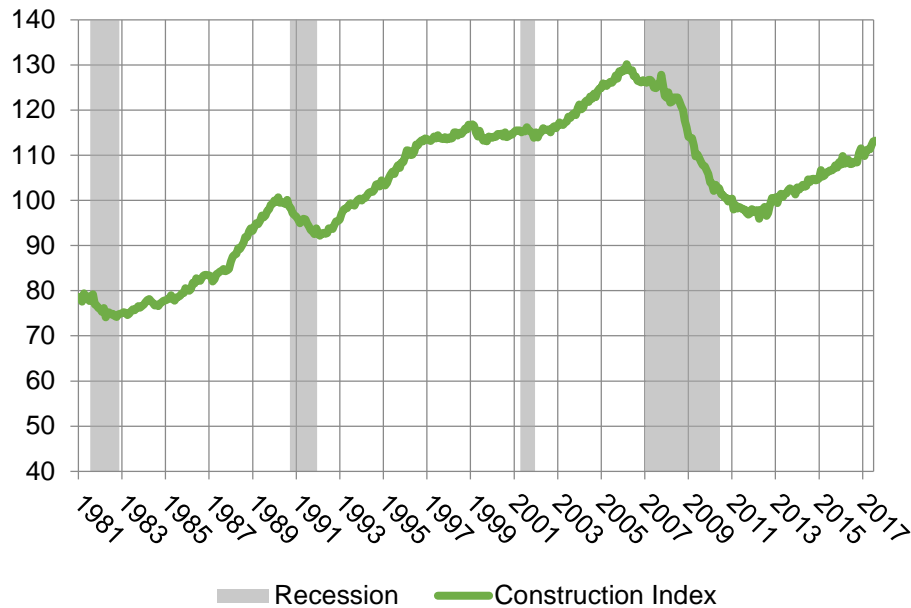


The CBER Southern Nevada leading index ticked up 0.2 percent in August from July. Its components showed mixed results in August. Initial claims for unemployment insurance (inverted) and passenger volume at McCarran International Airport decreased slightly by 0.8 and 0.1 percent, respectively, in August from July. Construction permits for commercial building posted the largest monthly decline, down by 27.6 percent. On the positive side, Clark County registered a strong increase of 35.0 percent in housing permits. Also, the S&P 500 index advanced 2.1 percent. The 10-year real Treasury bond yield (inverted) increased as well, up by 0.2 percentage point in August compared to the previous month and year. The overall index advanced 1.7 percent in August, which reflected a continued positive outlook for the local economy. This gain resulted from a robust annual increase of 92.7 percent in housing permits, which was partially offset by a 16.6 percent fall in commercial construction permits. On the national level, the S&P 500 index advanced 15.5 percent in August compared to August 2016, which highlighted favorable growth of the U.S. economy.



# Southern Nevada Construction Index

The CBER Southern Nevada construction index rose strongly in August compared to last year.



The CBER Southern Nevada construction index peaked in August at its highest value since the end of the housing crisis. The index increased by 0.1 and 4.3 percent in August compared to the previous month and year, respectively. On a monthly basis, the index was supported by higher housing permits and construction employment, up by 35.0 and 1.0 percent, respectively. Construction permits for commercial buildings, however, dropped 27.6 percent in August compared to July.

On a year-over-year basis, the index was pushed upwards by strong increases in housing permits and construction employment. That is, permits for residential buildings increased by 92.7 percent compared to August 2016. Clark County added close to 10,500 new workers in the construction industry (seasonally adjusted data). Furthermore, this latest reading reflects a remarkably strong expansion of 19.1 percent in August, its largest percentage increase in more than ten years.

Series	Date	Latest Period	Month-Over-Month	Year-Over-Year
Construction Employment (SA)	Aug-17	65,611	1.0%	19.1%
Housing Permits (SA)	Aug-17	1,303	35.0%	92.7%
Commercial Permits (SA)	Aug-17	31	-27.6%	-16.6%
<b>Overall Index Change</b>	Aug-17	113.2	0.1%	4.3%

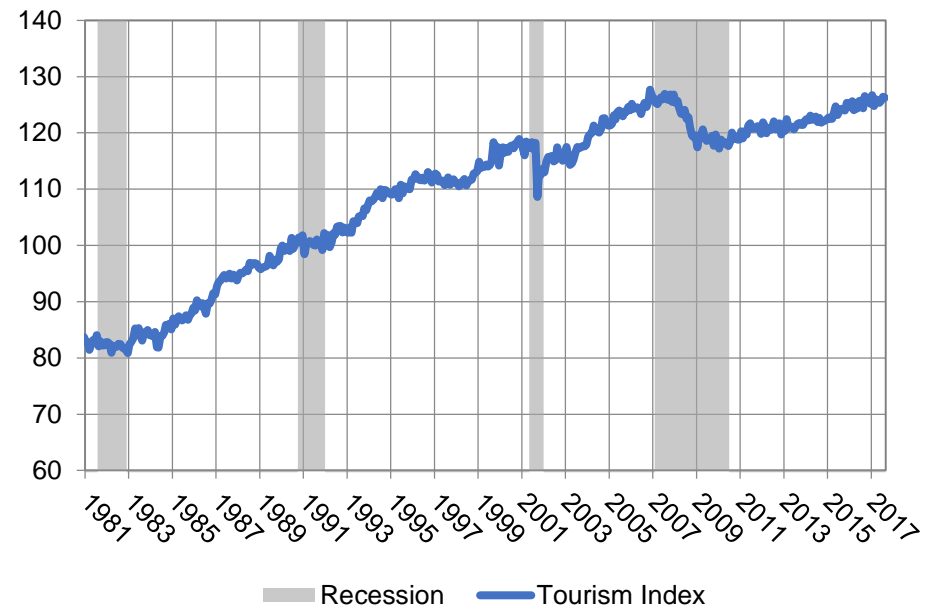


# Southern Nevada Tourism Index

*The CBER Southern Nevada tourism index increased in August due to higher gaming activity.*

The CBER Southern Nevada tourism index ticked downward by 0.1 percent in August compared to July, mainly due to a decrease of 1.5 percentage points in the Las Vegas hotel/motel occupancy rate. Also, passenger volume at McCarran International Airport fell slightly by 0.1 percent in August relative to its July reading. Although gaming revenue increased by 2.4 percent, it did not completely offset losses in the other two components.

Compared to August 2016, however, the overall tourism index gained 1.5 percent in August. The main positive contributor was gaming revenue, which increased strongly by 16.4 percent. This increase reflected higher betting and gaming activity related to the Mayweather-McGregor fight in Las Vegas. Also, the McCarran Airport registered an yearly increase of 3.6 percent in passenger volume.



Series	Date	Latest Period	Month-Over-Month	Year-Over-Year
McCarran Passengers (SA)	Aug-17	4,071,634	-0.1%	3.6%
Gaming Revenue (SA)	Aug-17	855,812,043	2.4%	16.4%
LV Hotel/Motel Occupancy Rate (SA)	Aug-17	0.890	-1.5%	-0.7%
<b>Overall Index Change</b>	Aug-17	126.3	-0.1%	1.5%



# 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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- McCarran International Airport
- Las Vegas Convention and Visitors Authority
- CBER, UNLV

*The views expressed are those of the authors and do not necessarily express those of the University of Nevada, Las Vegas or the Nevada System of Higher Education.*