

CBER Economic Indexes for Nevada and Southern Nevada

Published October 12, 2017

Stephen M. Miller, PhD, Director
Nicolas Prada, M.A., Graduate Research Assistant



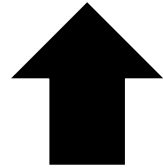
Summary of CBER's Nevada Indexes

Coincident Index (June)

Leading Index (July)

Mo. to Mo.

0.9 %



1.5 %

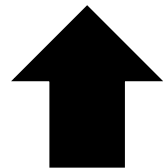


Taxable Sales	Gross Gaming Revenue	Nonfarm Employment
2.0% ↑	1.3% ↑	0.8% ↑

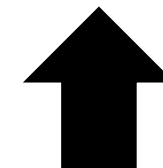
Initial Claims*	10-Year Treasury*	Housing Permits**	Commercial Permits**	Airline Passengers	S&P 500
-3.6% ↓	0.0% —	-9.3% ↓	26.0% ↑	1.2% ↑	0.2% ↑

Yr. to Yr.

3.4 %



3.6 %



Taxable Sales	Gross Gaming Revenue	Nonfarm Employment
4.6% ↑	0.9% ↑	3.8% ↑

Initial Claims*	10-Year Treasury*	Housing Permits**	Commercial Permits**	Airline Passengers	S&P 500
-1.3% ↓	0.0% —	10.1% ↑	41.3% ↑	4.3% ↑	14.1% ↑

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 ** 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

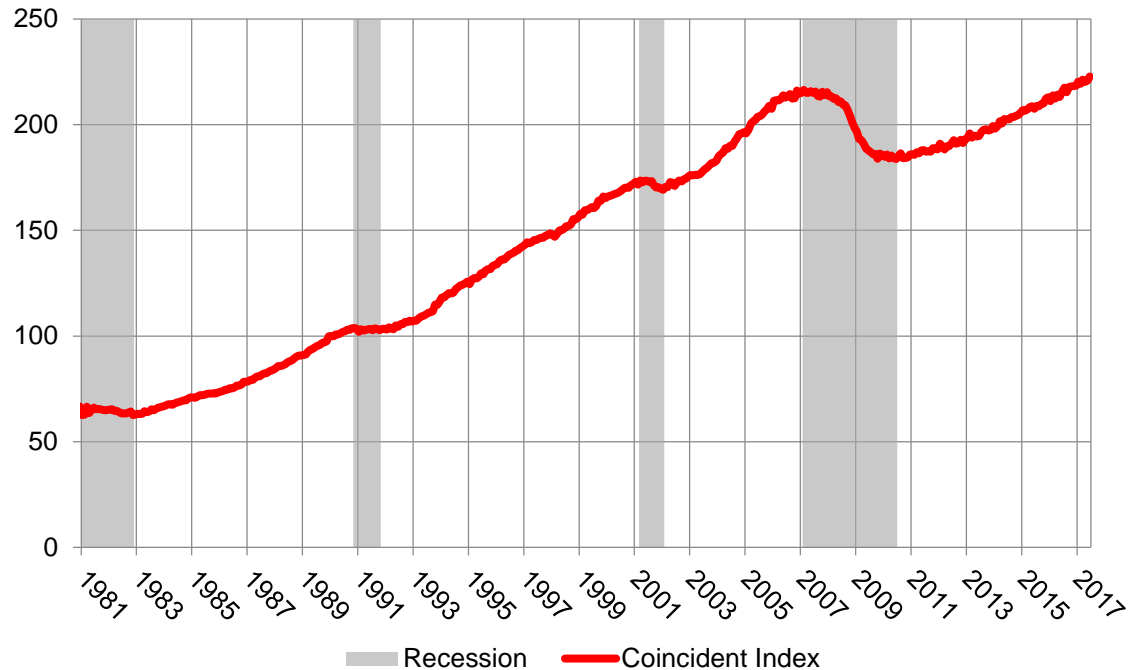
- Nevada Initial Claims for Unemployment (inverted)
- Real 10-Year Treasury Rate (inverted)
- Nevada Housing Permits
- Nevada Commercial Permits
- Nevada Airline Passengers
- Standard & Poor's Stock Market Index

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 continued its upward yearly trend in June.



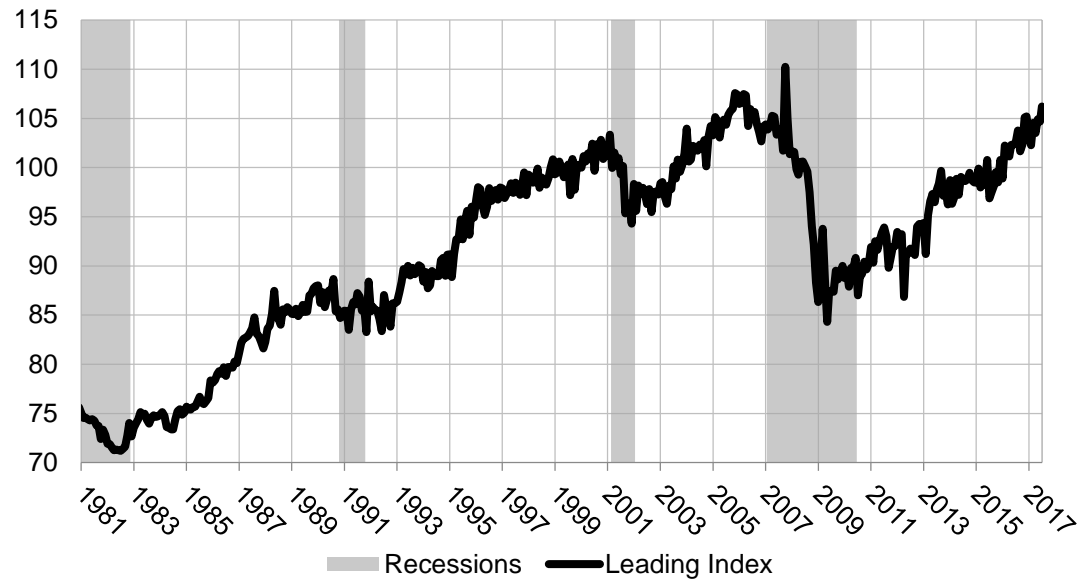
The CBER Nevada coincident index increased to a record high of 222.7 points in June, up by 0.9 percent compared to May. The index experienced gains in all of its components. Taxable sales, gaming revenue, and nonfarm employment increased by 2.0, 1.3, and 0.8 percent, respectively. On a yearly basis, statewide taxable sales increased considerably by 4.6 percent, mainly due to higher economic activity in the Reno-Sparks Metropolitan Statistical Area. Gaming revenue was also higher in June compared a year prior, up by 0.9 percent. Also, statewide nonfarm employment continued its positive yearly trend. The Nevada economy added almost 49,000 new workers to the labor market over the last 12 months, a 3.8 percent increase from June 2016. Overall, the coincident index gained 3.4 percent in June from the previous year.

Series	Date	Latest Period	Month-Over-Month	Year-Over-Year
Taxable Sales (SA)	Jun-17	4,856,182,690	2.0%	4.6%
Gaming Revenue (SA)	Jun-17	961,085,543	1.3%	0.9%
Nonfarm Employment (SA)	Jun-17	1,342,691	0.8%	3.8%
Overall Index Change	Jun-17	222.7	0.9%	3.4%



Nevada Leading Index

The CBER Nevada leading index increased in July from a month and a year prior.



Date	Index	Month-Over-Month	Year-Over-Year
Jul-16	102.5	0.2%	5.8%
Aug-16	103.8	1.2%	6.4%
Sep-16	101.7	-2.0%	3.6%
Oct-16	102.3	0.7%	2.8%
Nov-16	105.1	2.7%	6.7%
Dec-16	105.2	0.1%	4.4%
Jan-17	103.2	-1.9%	4.4%
Feb-17	102.3	-0.9%	0.0%
Mar-17	104.6	2.2%	2.7%
Apr-17	103.5	-1.0%	2.4%
May-17	104.9	1.3%	2.5%
Jun-17	104.7	-0.2%	2.3%
Jul-17	106.2	1.5%	3.6%

The CBER Nevada leading index advanced 1.5 percent in July from June. This gain resulted mainly from increases in commercial building permits and statewide airport passenger volume, up by 26.0 and 1.2 percent, respectively. Also, the S&P 500 index rose 0.2 percent on a monthly basis. Conversely, initial claims for unemployment insurance (inverted) and permits for residential construction fell 3.6 and 9.3 percent, respectively. Meanwhile, the 10-year real Treasury bond yield remained neutral in July, compared to its previous month and year. The index was up strongly by 3.6 percent in July compared to July 2016. The increase in construction permits contributed positively to the index. In particular, statewide housing and commercial construction permits increased 10.1 and 41.3 percent, respectively, year over year. Airport passenger volume was higher by 4.3 percent from last year due to increased passenger activity in the McCarran and the Reno-Tahoe airports. Lastly, the S&P 500 index advanced 14.1 percent, which reflected a stronger U.S. stock market compared to last year.



Summary of CBER's Southern Nevada Indexes

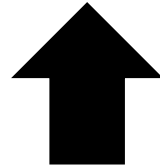
- Coincident Index and Leading Index

Coincident Index (June)

Leading Index (July)

Mo. to Mo.

0.7 %



0.1 %



Taxable Sales	Gross Gaming Revenue	Nonfarm Employment
2.3% ↑	0.9% ↑	0.5% ↑

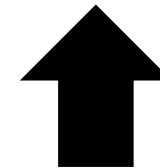
Initial Claims*	10-Year Treasury*	Housing Permits**	Commercial Permits**	McCarran Passengers	S&P 500
-3.6% ↓	0.0% —	-15.1% ↓	34.2% ↑	1.1% ↑	0.2% ↑

Yr. to Yr.

2.2 %



1.7 %



Taxable Sales	Gross Gaming Revenue	Nonfarm Employment
0.2% ↑	0.3% ↑	3.3% ↑

Initial Claims*	10-Year Treasury*	Housing Permits**	Commercial Permits**	McCarran Passengers	S&P 500
-1.3% ↓	0.0% —	16.8% ↑	105.7% ↑	3.6% ↑	14.1% ↑

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 ** 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

(July)

0.5 %



Mo. to Mo.

Construction Employment	Housing Permits*	Commercial Permits*
1.4% ↑	-15.1% ↓	34.2% ↑

Tourism Index

(July)

0.5 %



McCarran Passengers	Gross Gaming Revenue	LV Hotel/Motel Occupancy Rate
1.1% ↑	0.6% ↑	1.3% ↑

4.7 %



Yr. to Yr.

Construction Employment	Housing Permits*	Commercial Permits*
17.2% ↑	16.8% ↑	105.7% ↑

0.5 %



McCarran Passengers	Gross Gaming Revenue	LV Hotel/Motel Occupancy Rate
3.6% ↑	-2.4% ↓	0.6% ↑

* 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

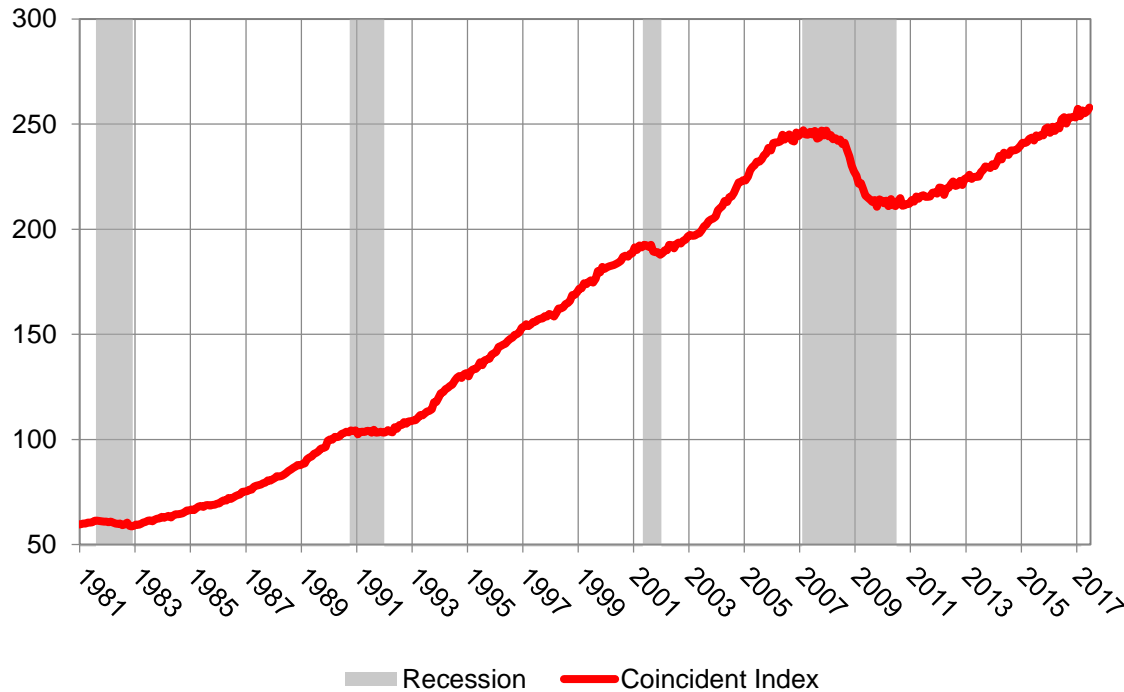
Note: CC = Clark County

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 index 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 June on a monthly and yearly basis.



The CBER Southern Nevada coincident index grew by 0.7 percent in June from May. This increase resulted from higher-than-usual taxable sales, up by 2.3 percent. Additionally, gaming revenue and nonfarm employment rose by 0.9 and 0.5 percent, respectively. The coincident index registered a 2.2 percent year-over-year increase in June. Nonfarm employment, in particular, expanded by 3.3 percent compared to last year, which translates into 31,500 new workers to the Southern Nevada economy. The increase in taxable sales and gaming revenue of 0.2 and 0.3 percent compared to last year, respectively, while slower-than-usual, also contributed positively to the index.

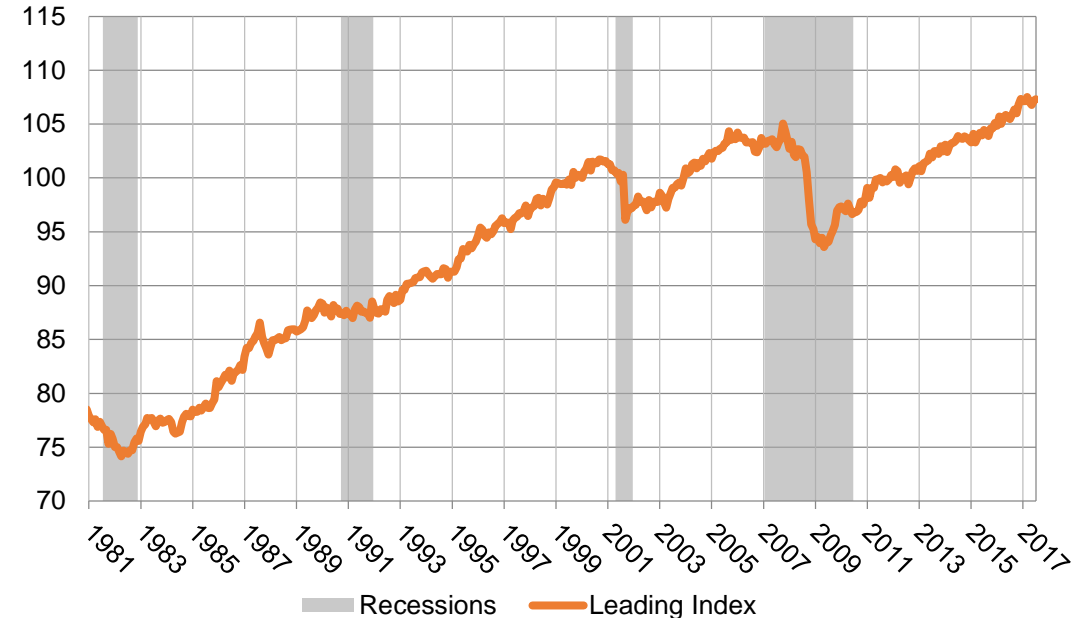
Series	Date	Latest Period	Month-Over-Month	Year-Over-Year
Taxable Sales (SA)	Jun-17	3,494,879,492	2.3%	0.2%
Gaming Revenue (SA)	Jun-17	826,672,839	0.9%	0.3%
Nonfarm Employment (SA)	Jun-17	978,213	0.5%	3.3%
Overall Index Change	Jun-17	257.9	0.7%	2.2%



Southern Nevada Leading Index

The CBER Southern Nevada leading index continued to advance on a yearly basis.

Date	Index	Month-Over-Month	Year-Over-Year
Jul-16	105.5	-0.1%	1.0%
Aug-16	105.9	0.4%	1.6%
Sep-16	106.4	0.4%	2.4%
Oct-16	106.0	-0.3%	1.3%
Nov-16	106.8	0.7%	2.1%
Dec-16	107.3	0.5%	2.1%
Jan-17	107.1	-0.2%	2.2%
Feb-17	107.1	0.0%	1.3%
Mar-17	107.5	0.4%	2.4%
Apr-17	107.1	-0.4%	1.3%
May-17	106.8	-0.3%	0.9%
Jun-17	107.2	0.4%	1.5%
Jul-17	107.3	0.1%	1.7%

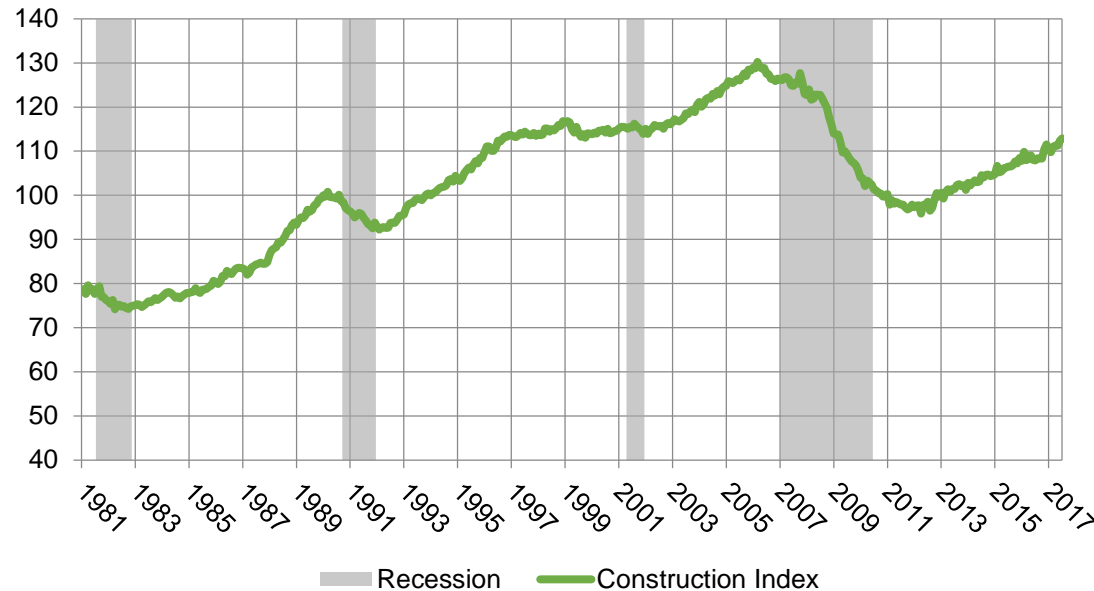


The CBER Southern Nevada leading index ticked up 0.1 percent in July compared to June. Its components posted mixed results on a monthly basis. In particular, initial claims for unemployment insurance (inverted) and permits for residential construction fell 3.6 and 15.1 percent, respectively. Conversely, the S&P 500 index, McCarran passenger volume, and permits for commercial building construction increased 0.2, 1.1, and 34.2 percent, respectively, in July compared to June. The 10-year real Treasury bond yield was stable on both a monthly and yearly basis. The index continued its yearly upward trend, up by 1.7 percent, which signals a positive outlook for the Clark County economy. Four of its six components were higher in July from a year ago. Housing and commercial building permits increased 16.8 and 105.7 percent, respectively. The S&P 500 index advanced 14.1 percent in July which reflected firm growth in the U.S. stock market compared to the previous year. Finally, passenger volume at the McCarran airport was also higher by 3.6 percent from last year.



Southern Nevada Construction Index

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



The CBER Southern Nevada construction index registered a 0.5 percent gain in July compared to June. This gain resulted from a significant monthly increase in commercial building permits, up by 34.2 percent in July. Construction employment also expanded in Clark County, adding close to 900 new workers in July (seasonally adjusted data). With this latest monthly increase of 1.4 percent, construction employment accumulated six months of firm gains. Although residential construction permits was lower by 15.1 percent in July compared to June, it did not offset gains from the other two components. On an annual basis, the construction index jumped 4.7 percent compared to July 2016. All three components posted yearly gains. Construction employment rose strongly by 17.2 percent (or 9,600 new workers). Housing permits were higher by 16.8 percent, while commercial permits climbed 105.7 percent in July compared to last year.

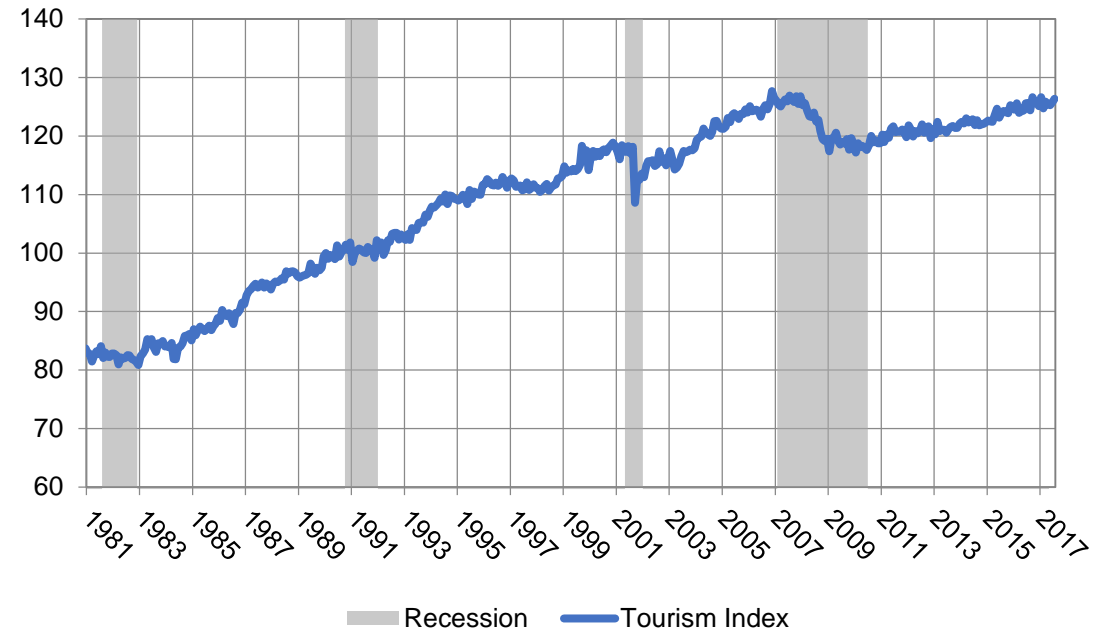
Series	Date	Latest Period	Month-Over-Month	Year-Over-Year
Construction Employment (SA)	Jul-17	65,094	1.4%	17.2%
Housing Permits (SA)	Jul-17	892	-15.1%	16.8%
Commercial Permits (SA)	Jul-17	43	34.2%	105.7%
Overall Index Change	Jul-17	112.9	0.5%	4.7%



Southern Nevada Tourism Index

The CBER Southern Nevada tourism index for July was higher from a month and a year ago.

The CBER Southern Nevada tourism index increased by 0.5 percent in July compared to June. All of the index's components increased as well. McCarran airport passenger volume and gaming revenue increased by 1.1 and 0.6 percent, respectively, in July. Also, the Las Vegas hotel/motel occupancy rate increased to 90.5 percent, up by 1.3 percentage points in July from June. The overall index was also higher by 0.5 percent in July 2017 compared to July 2016. The index advanced despite lower year-over-year gaming revenue in Clark County, down by 2.4 percent. On the contrary, McCarran passenger volume and the Las Vegas hotel/motel occupancy rate rose by 3.6 percent and 0.6 percentage point, respectively, in July compared to July 2016.



Series	Date	Latest Period	Month-Over-Month	Year-Over-Year
McCarran Passengers (SA)	Jul-17	4,071,195	1.1%	3.6%
Gaming Revenue (SA)	Jul-17	831,960,295	0.6%	-2.4%
LV Hotel/Motel Occupancy Rate (SA)	Jul-17	0.905	1.3%	0.6%
Overall Index Change	Jul-17	126.4	0.5%	0.5%



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

Southern 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
- 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.