



July 27, 2015

Southern Nevada Business Confidence Declines for Second Straight Quarter

The Southern Nevada Business Confidence Index, constructed by the Center for Business and Economic Research (CBER), fell from 143.0 to 126.7 in the third quarter of 2015 (Figure 1). Even though the index declined for the second straight quarter, respondents remain still optimistic about Southern Nevada's economy. The index includes the following five components of business expectations: general economic conditions in Nevada, sales, profits, hiring, and capital expenditures. As with the previous 14 quarters, the index still exceeds 100, which implies that more respondents, on average, gave positive, than negative answers, when asked about the five components. All five of the components also exceeded 100 for the third quarter of 2015 (Figure 2). The values for general economic conditions, capital expenditures, sales, hiring, and profits scored 142.9, 119.1, 123.8, 119.1, and 128.6, respectively.

When asked about general economic conditions for third quarter 2015, Southern Nevada businesses were slightly more optimistic about the local economy than the U.S. economy as a whole. When asked about the U.S. economy, 50.0 percent of the respondents expected improvement, 30.0 percent expected no change, and the remaining 20 percent expected weakening. For the general economic conditions of Nevada, 38.1 percent of Southern Nevada businesses expected no change, 52.4 percent forecasted an improving economy, and the remaining 9.5 percent expected a weakening. The outlook is somewhat less optimistic compared to last quarter, since no respondents expected a worsening economy in the last survey for both the United States and Nevada.

Business respondents reported worsening expectations for capital expenditures and hiring. The value for capital expenditures fell the most among the five components of the CBER Business Confidence Index, from 141.4 to 119.1, but respondents remain optimistic about capital expenditures. When asked about capital expenditures, 28.6 percent expected increases for their industry, compared to 9.5 percent who expected decreases. The remaining 61.9 percent expected no change. For hiring, 28.6 percent projected increased hiring, 61.9 percent of the businesses projected no change in hiring, and 9.5 percent respondent projected less hiring for third quarter 2015.

Although the overall values for the sales and profits components were lower than in the previous two quarters of 2015, respondents remained optimistic. For sales, 33.3 percent expected an increase, 57.1 percent expected no change, and 9.5 expected a decline. For profits in their own industry, 33.3 percent of the respondents expected improvement, 61.9 percent expected no change, and 4.8 percent expected a worsening.

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>.

Center for Business and Economic Research

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

Figure 1. CBER's Southern Nevada Business Confidence Index

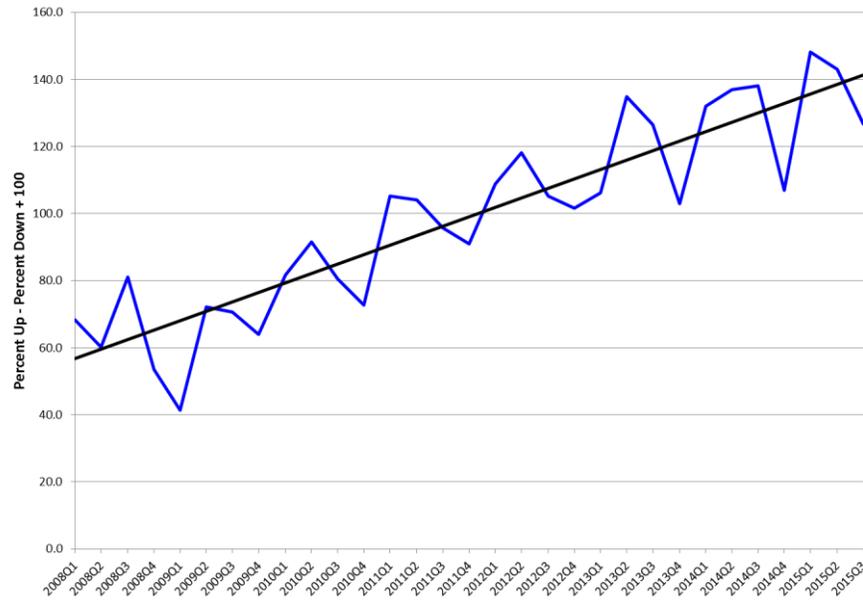


Figure 2. Components of CBER's Southern Nevada Business Confidence Index

