



CBER Economic Indexes for Nevada and Southern Nevada

Published April 24, 2018

Stephen M. Miller, PhD, Director
Marshall Krakauer, Graduate Research Assistant

UNLV | LEE BUSINESS SCHOOL
CENTER FOR BUSINESS
AND ECONOMIC RESEARCH



Summary of CBER's Nevada Indexes

Coincident Index (January)

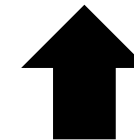
Leading Index (January)

Mo. to Mo.

0.6%



0.5%



Taxable Sales	Gross Gaming Revenue	Nonfarm Employment
2.8% ↑	3.6% ↑	0.1% ↑

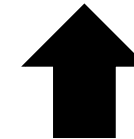
Initial Claims*	10-Year Treasury*	Housing Permits**	Commercial Permits**	Airline Passengers	S&P 500
-2.3% ↓	-0.3% ↓	-9.1% ↓	6.1% ↑	0.8% ↑	5.3% ↑

Yr. to Yr.

2.3%



3.2%



Taxable Sales	Gross Gaming Revenue	Nonfarm Employment
5.0% ↑	-2.7% ↓	2.7% ↑

Initial Claims*	10-Year Treasury*	Housing Permits**	Commercial Permits**	Airline Passengers	S&P 500
8.5% ↑	-0.6% ↓	20.7% ↑	24.9% ↑	3.3% ↑	22.6% ↑

* Inverted ** Data are partly forecasted as Clark County Service's permit reports have not been available since December 2017.



CBER's Indexes of Nevada Economic Activity

Coincident Index Components

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

Leading Index Components

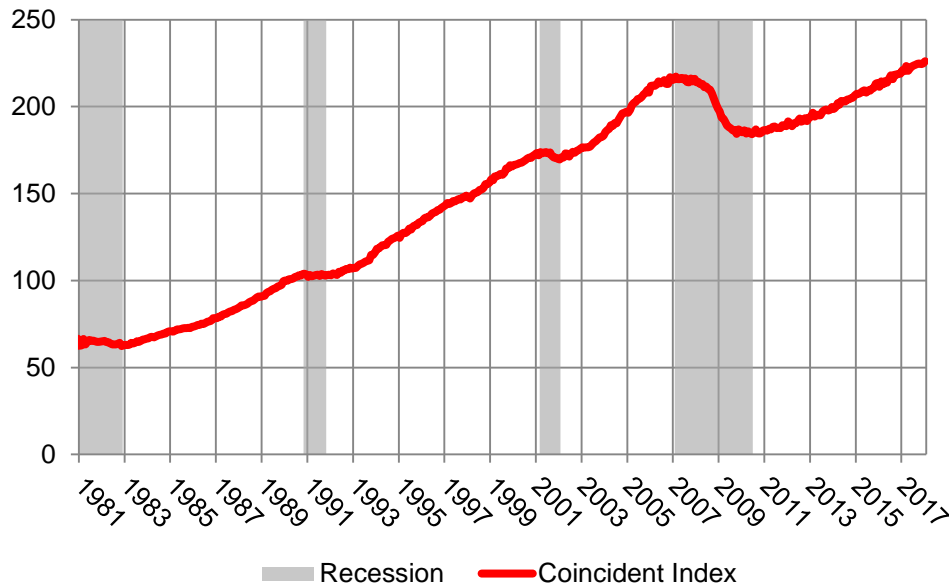
- Nevada Initial Claims for Unemployment (inverted)
- Real 10-Year Treasury Rate (inverted)
- Nevada Housing Permits
- Nevada Commercial Permits
- Nevada Airline Passengers
- Standard & Poor's Stock Market Index

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 increased in January.



The Nevada coincident index grew by a modest 0.6 percent from December 2017. On the positive end, taxable sales and gross gaming revenue rose by 2.8 and 3.6 percent from December 2017, respectively. Lastly, nonfarm employment rose by 0.1 percent.

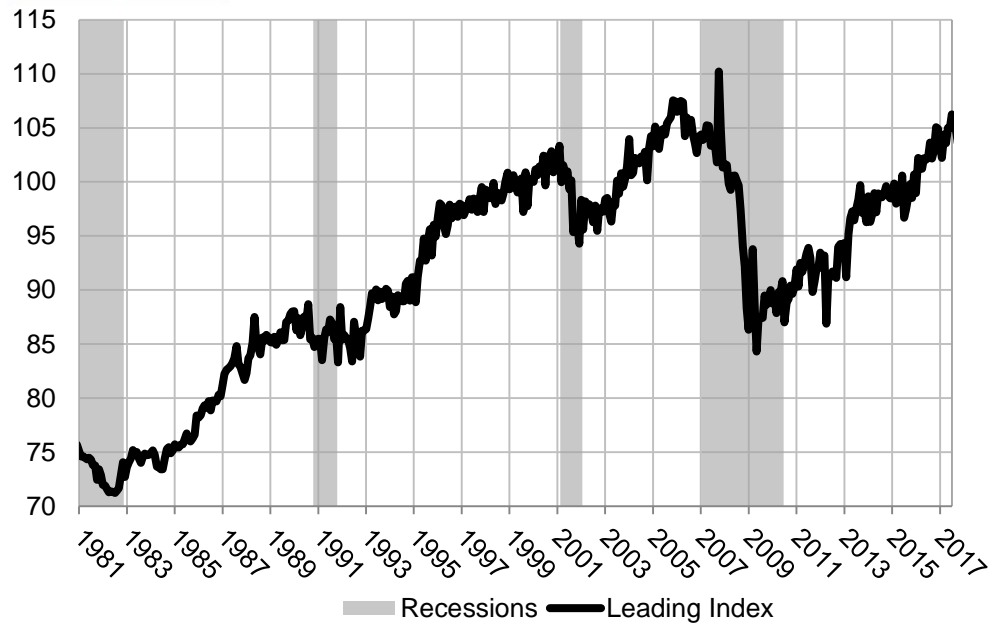
The index increased by 2.3 percent from January 2017, due to a 5.0 percent rise in taxable sales and a 2.7 percent increase in nonfarm employment. Gross gaming revenue, however, fell by 2.7 percent year-over-year. Most of this drop came from the Las Vegas Strip, where gross gaming revenue fell about 8.9 percent from January 2017. Meanwhile, downtown Las Vegas gross gaming revenue ticked up by 1.8 percent, while Washoe County casinos saw a 11.1 percent year-over-year gain in gross gaming revenue.

Series	Date	Latest Period	Month-Over-Month	Year-Over-Year
Taxable Sales	Jan-18	4,948,349,312	2.8%	5.0%
Gaming Revenues	Jan-18	974,417,292	3.6%	-2.7%
Nonfarm Employment	Jan-18	1,358,827	0.1%	2.7%
Overall Index Change	Jan-18	226.2	0.6%	2.3%



Nevada Leading Index

The CBER Nevada leading index grew in January.



Date	Index	Month-over-Month	Year-over-Year
Jan-17	103.4	-1.4%	4.5%
Feb-17	102.2	-1.1%	0.0%
Mar-17	104.4	2.1%	2.5%
Apr-17	103.6	-0.8%	2.3%
May-17	105.0	1.4%	2.8%
Jun-17	105.0	0.0%	2.9%
Jul-17	106.2	1.2%	3.9%
Aug-17	105.4	-0.8%	1.7%
Sep-17	104.8	-0.6%	2.5%
Oct-17	103.5	-1.2%	0.7%
Nov-17	105.9	2.3%	0.9%
Dec-17	106.1	0.1%	1.1%
Jan-18	106.7	0.5%	3.2%

The leading index experienced a modest 0.5 percent month-over-month gain. The stock market continued to rise in January, increasing by 5.3 percent from the previous month. Furthermore, airline passengers and commercial permits rose by 0.8 and 6.1 percent, respectively. On the negative side, initial claims for unemployment (inverted) fell by 2.3 percent, and the 10-year real Treasury yield (inverted) ticked down by 0.3 percent. Finally, housing permits dropped by 9.1 percent from December 2017.

Nevada's leading index increased a strong 3.2 percent year-over-year. Only the 10-year real Treasury yield decreased, falling by 0.6 percent from January 2017. Housing permits, commercial permits, and the stock market spiked upward by 20.7, 24.9, and 22.6 percent, respectively. Lastly, airline passengers increased by 3.3 percent, and initial claims for unemployment (inverted) climbed by 8.5 percent.



Summary of CBER's Southern Nevada Indexes

- Coincident Index and Leading Index

Coincident Index (January)

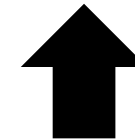
Leading Index (January)

Mo. to Mo.

0.6%



0.4%



Taxable Sales	Gross Gaming Revenue	Nonfarm Employment
3.0% ↑	4.8% ↑	-0.2% ↓

Initial Claims*	10-Year Treasury*	Housing Permits**	Commercial Permits**	McCarran Passengers	S&P 500
-2.2% ↓	-0.3% ↓	1.9% ↑	22.0% ↑	0.7% ↑	5.2% ↑

Yr. to Yr.

1.5%



1.6%



Taxable Sales	Gross Gaming Revenue	Nonfarm Employment
4.1% ↑	-4.4% ↓	1.9% ↑

Initial Claims*	10-Year Treasury*	Housing Permits**	Commercial Permits**	McCarran Passengers	S&P 500
4.5% ↑	-0.6% ↓	15.1% ↑	11.2% ↑	2.7% ↑	22.6% ↑

* Inverted ** Data are partly forecasted as Clark County Service's permit reports have not been available since December 2017.



Summary of CBER's Southern Nevada Indexes

- Construction Index and Tourism Index

Construction Index (January)

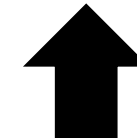
Tourism Index (January)

Mo. to Mo.

0.6%



0.5%

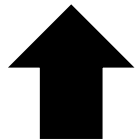


Construction Employment	Housing Permits**	Commercial Permits**
1.4% ↑	1.9% ↑	22.0% ↑

McCarran Passengers	Gross Gaming Revenue	LV Hotel/Motel Occupancy Rate
0.7% ↑	4.8% ↑	0.2% ↑

Yr. to Yr.

2.5%



-0.3%



Construction Employment	Housing Permits**	Commercial Permits**
10.2% ↑	15.1% ↑	11.2% ↑

McCarran Passengers	Gross Gaming Revenue	LV Hotel/Motel Occupancy Rate
2.7% ↑	-4.4% ↓	-2.0% ↓

* Inverted ** Data are partly forecasted as Clark County Service's permit reports have not been available since December 2017



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

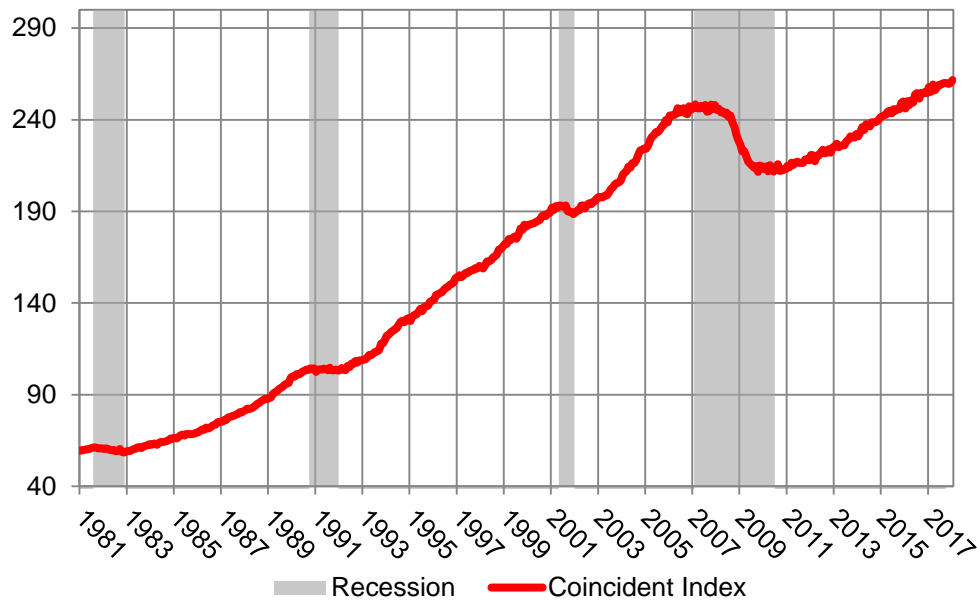
Note: CC = Clark County

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 increased month-over-month and year-over-year.



The Southern Nevada coincidence index ticked up by 0.6 percent month-over-month. On the positive side, taxable sales and gross gaming revenue rose by 3.0 and 4.8 percent, respectively. On the negative side, nonfarm employment fell by 0.2 percent from December 2017.

The index rose by 1.5 percent year-over-year. The increase derived from a 4.1 percent increase in taxable sales and a 1.9 percent rise in nonfarm employment. On the negative side, gross gaming revenues dropped by 4.4 percent from January 2017. The Las Vegas Strip led the decline, with its gross gaming revenue falling by 8.9 percent year-over-year.

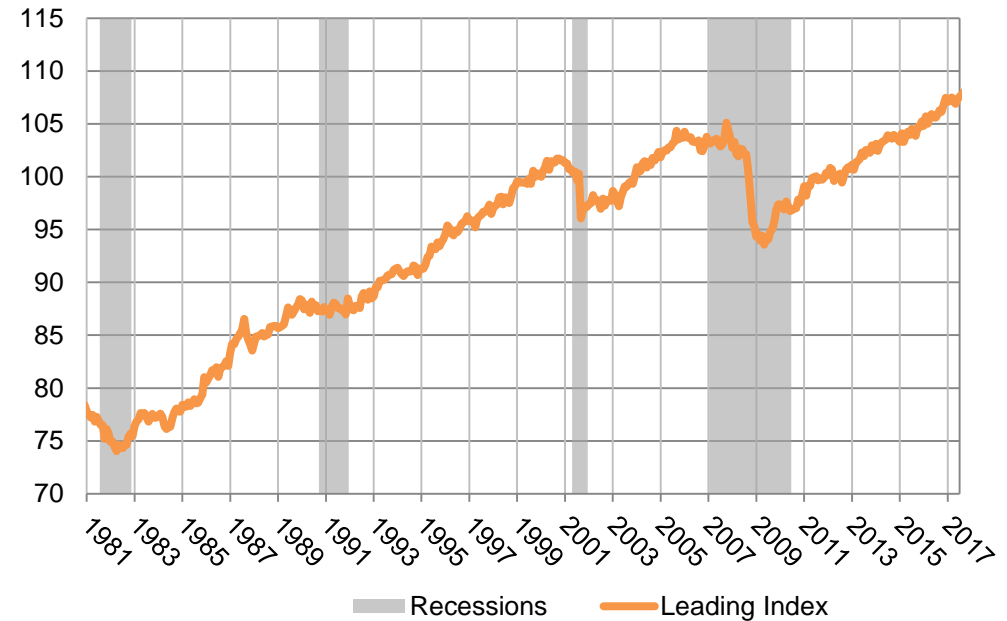
Series	Date	Latest Period	Month-over-Month	Year-over-Year
Taxable Sales	Jan-18	3,585,929,821	3.0%	4.1%
Gaming Revenues	Jan-18	837,297,429	4.8%	-4.4%
Nonfarm Employment	Jan-18	985,460	-0.2%	1.9%
Overall Index Change	Jan-18	261.7	0.6%	1.5%



Southern Nevada Leading Index

The CBER Southern Nevada leading index rose in January.

Date	Index	Month-over-Month	Year-over-Year
Jan-17	107.1	-0.4%	2.2%
Feb-17	107.2	0.1%	1.4%
Mar-17	107.5	0.3%	2.3%
Apr-17	107.1	-0.4%	1.3%
May-17	106.9	-0.2%	0.9%
Jun-17	107.3	0.4%	1.6%
Jul-17	107.6	0.2%	1.9%
Aug-17	107.8	0.2%	1.8%
Sep-17	108.0	0.2%	1.6%
Oct-17	107.8	-0.2%	1.5%
Nov-17	108.3	0.5%	1.4%
Dec-17	108.3	0.0%	0.8%
Jan-18	108.7	0.4%	1.6%



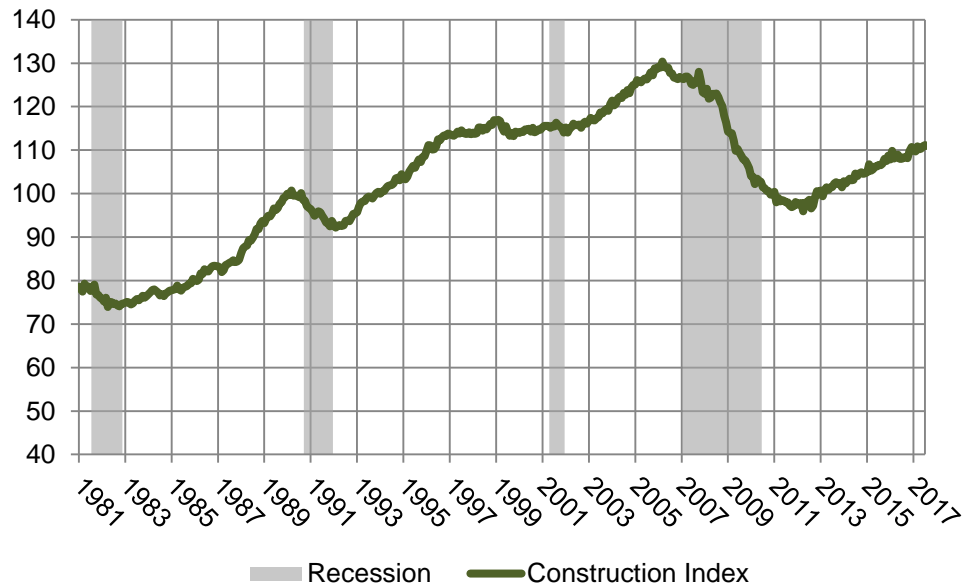
The Southern Nevada leading index rose by 0.4 percent month-over-month. Housing permits, commercial permits, McCarran Airport passengers, and the S&P 500 grew by 1.9, 22.0, 0.7, and 5.2 percent, respectively. Initial claims for unemployment and the 10-year real Treasury yield (both inverted), however, fell by 2.2 and 0.3 percent, respectively.

Year-over-year, the index increased by 1.6 percent. This increase was led by strong gains in the S&P 500 and initial claims for unemployment (inverted), which rose by 22.6 and 4.5 percent, respectively. Housing permits rose by 15.1 percent, while commercial permits grew by 11.2 percent. On the negative side, the 10-year real Treasury yield (inverted) fell by 0.6 percent year-over-year. Finally, McCarran Airport saw a 2.7 percent increase in passengers from the previous year, led by a 3.4 percent rise in international passengers. Domestically, Southwest Airlines and Spirit saw a 3.5 and 16.5 percent increase in passengers, respectively.



Southern Nevada Construction Index

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



The construction index climbed by 0.6 percent from December 2017. Construction employment grew by a modest 1.4 percent, while housing and commercial permits grew by 1.9 and 22.0 percent, respectively.

Housing permits and commercial permits spiked by 15.1 and 11.2 percent, respectively, year-over-year. Construction employment also grew, rising by 10.2 percent from January 2017. At almost 63,000, construction employment still remains more than 48,000 below its pre-recession peak.

Series	Date	Latest Period	Month-over-Month	Year-over-Year
Construction Employment (SA)	Jan-18	62,805	1.4%	10.2%
Housing Permits (SA)	Jan-18	1,430	1.9%	15.1%
Commercial Permits (SA)	Jan-18	38	22.0%	11.2%
Overall Index Change	Jan-18	112.7	0.6%	2.5%

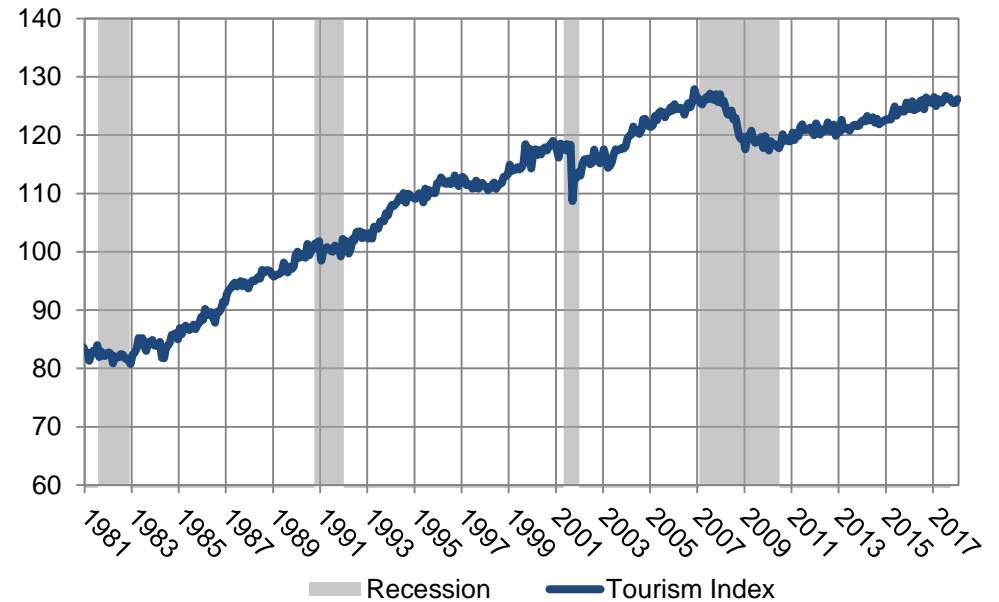


Southern Nevada Tourism Index

The CBER Southern Nevada tourism index increased month-over-month and declined year-over-year.

The tourism index rose by 0.5 percent from December 2017. McCarran Airport passengers, the occupancy rate, and gross gaming revenue grew by 0.7, 0.2, and 4.8 percent, respectively.

Year-over-year, the index ticked down by 0.3 percent. The drop was led by gaming revenue and the occupancy rate, which declined by 4.4 and 2.0 percent, respectively. The Las Vegas Strip alone saw an 8.9 percent decrease in gross gaming revenues. McCarran Airport, meanwhile, experienced a 2.7 percent rise in passengers from January 2017. This rise was driven by a 3.4 percent increase in international travelers, compared to a more modest 2.4 percent rise in domestic passengers.



Series	Date	Latest Period	Month-over-Month	Year-over-Year
McCarran Passengers (SA)	Jan-18	4,120,986	0.7%	2.7%
Gaming Revenue (SA)	Jan-18	837,297,429	4.8%	-4.4%
LV Hotel/Motel Occupancy Rate (SA)	Jan-18	0.877	0.2%	-2.0%
Overall Index Change	Jan-18	126.2	0.5%	-0.3%



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.