



# **CBER Economic Indexes for Nevada and Southern Nevada**

*Published September 9, 2020*

Stephen M. Miller, PhD, Director  
Jimmy Vuong, Graduate Research Assistant

**UNLV** | LEE BUSINESS SCHOOL  
CENTER FOR BUSINESS  
AND ECONOMIC RESEARCH



## CBER's Indexes of Nevada Economic Activity



### Coincident Index Components

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

### Leading Index Component

- 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. The COVID-19 recession differs from typical economic recessions. It provides almost no signal that it is coming. The coincident index peaked in December 2019 while the leading index peaked in January 2020. The big dips in both indexes came with the March data and the April data should provide even more dramatic decreases in the two indexes. The Nevada COVID-19 recession began in December 2019. All series are seasonally adjusted (SA). A full description of the methodology used to construct the indexes can be found at: <https://cber.unlv.edu/publications/nvindices.pdf>.



# Summary of CBER's Nevada Coincident and Leading Indexes in June 2020



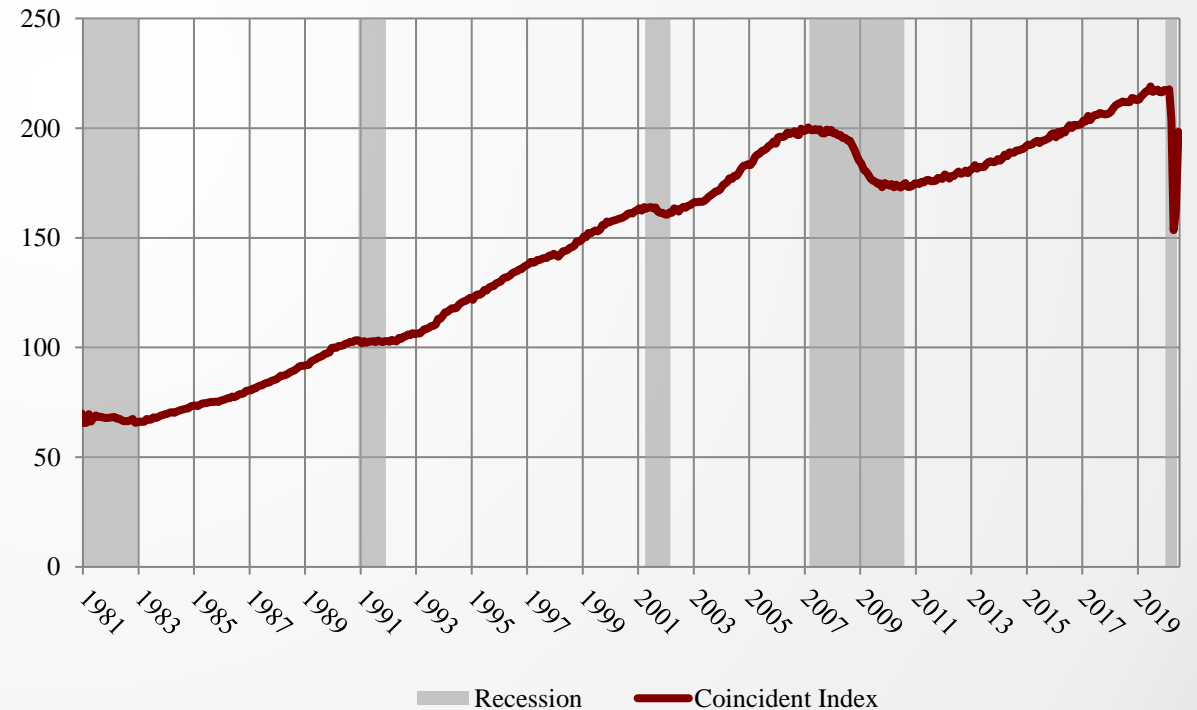
\* Inverted \*\* Data are partly forecasted as Clark County Service's permit reports have not been available since December 2017.  
Icons are made by 1) [www.freepik.com](http://www.freepik.com) 2) phatplus, mynamepong, and Payungkeas from [www.flaticon.com](http://www.flaticon.com)

## *The CBER Nevada coincident index increased month-over-month and decreased year-over-year*

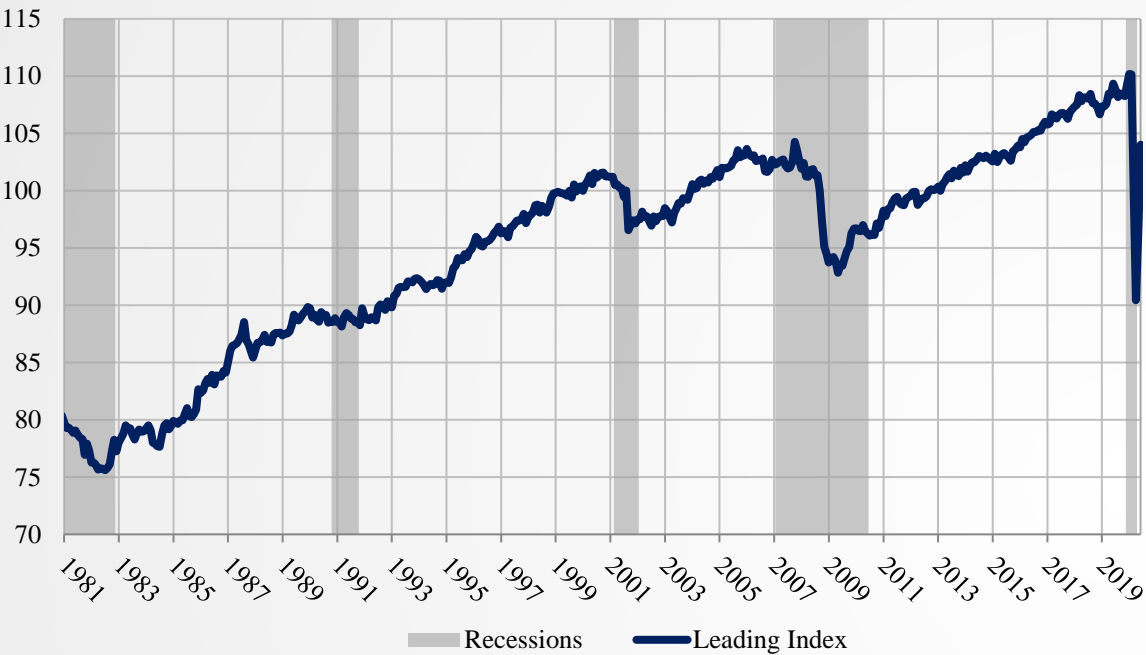
The CBER Nevada coincident index experienced a 22.3 percent month-over-month increase in June. This striking increase reflects increases in taxable sales, gross gaming revenue, and nonfarm employment, as all three items moved higher by 15.0, 10,817.6, and 8.9 percent, respectively, from May 2020. Of course, this also comes after the dramatic month-over-month decreases in these data series in April. At the moment, we would classify this as a “V-shaped” recovery. Whether this continues, time will tell.

On a year-over-year basis, the index dropped by 9.4 percent. This decrease reflected significant downward surges in taxable sales, gross gaming revenue, and nonfarm employment, down by 5.8, 44.9, and 10.2 percent, respectively.

Series	Latest Period	Mo-over-Mo	Yr-over-Yr
Taxable Sales (SA)	5,049,370,995	15.0%	-5.8%
Gross Gaming Revenue (SA)	664,370,611	10,817.6%	-44.9%
Nonfarm Employment (SA)	1,273,022	8.9%	-10.2%
<b>Index and % Change</b>	<b>198.4</b>	<b>22.3%</b>	<b>-9.4%</b>



*The CBER Nevada leading index also increased month-over-month and decreased year-over-year.*



Date	Index	Mo-over-Mo	Yr-over-Yr
Jun-19	109.3	0.9%	1.1%
Jul-19	108.8	-0.5%	0.8%
Aug-19	108.2	-0.6%	-0.3%
Sep-19	108.5	0.3%	0.8%
Oct-19	108.4	-0.1%	0.7%
Nov-19	108.2	-0.1%	0.9%
Dec-19	109.2	0.9%	2.4%
Jan-20	110.2	0.9%	2.6%
Feb-20	110.1	0.0%	2.6%
Mar-20	100.0	-9.2%	-7.1%
Apr-20	90.4	-9.5%	-16.6%
May-20	96.8	7.1%	-10.6%
Jun-20	104.0	7.4%	-4.9%

The CBER Nevada leading index experience a significant increased by 7.4 percent on a month-over-month basis. On the positive side, the initial claims for unemployment (inverted), the ten-year real Treasury yield, commercial permits, Nevada passengers, and the S&P 500 increased by 41.0, 0.3, 30.2, 179.9, and 5.7 percent, respectively, from May. Housing permits decreased by 5.4 percent. The leading index recovered some of the huge month-over-month loss it experienced in April.

On a year-over-year basis, the leading index decreased by 4.9 percent. The ten-year real Treasury yield and the S&P 500 increased by 0.4 and 7.4 percent, respectively, from June 2019. On the negative side, the initial claims for unemployment (inverted), housing permits, commercial permits, and Nevada passengers declined by 403.7, 47.5, 33.7, and 76.1 percent, respectively, from last year.



## CBER Indexes of Southern Nevada Economic Activity



## CBER's Indexes of Southern Nevada Economic Activity

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. As noted above, the COVID-19 recession differs from typical economic recessions. It provides almost no signal that it is coming. The coincident index peaked in December 2019 while the leading index peaked in January 2020. The big dips in both indexes came with the March data and the April data should provide even more dramatic decreases in the two indexes. The Southern Nevada COVID-19 recession began in December 2019. All series are SA.

### Coincident Index

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

Note: CC = Clark County

### 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

### Tourism Index

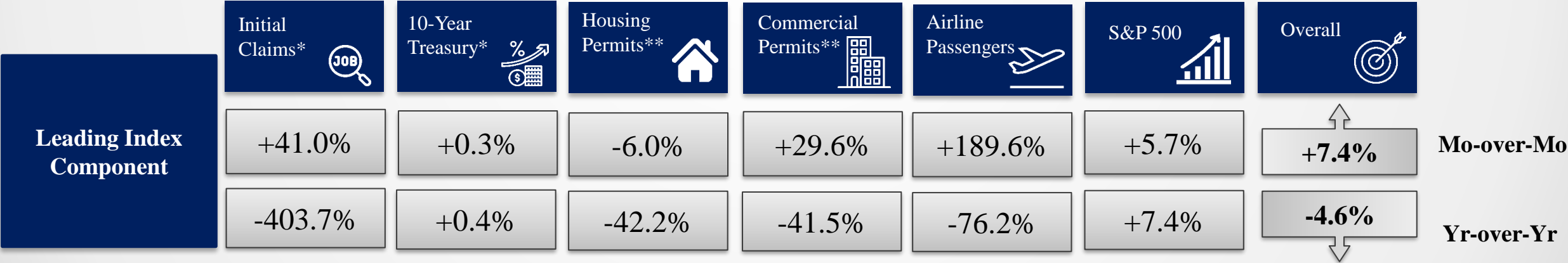
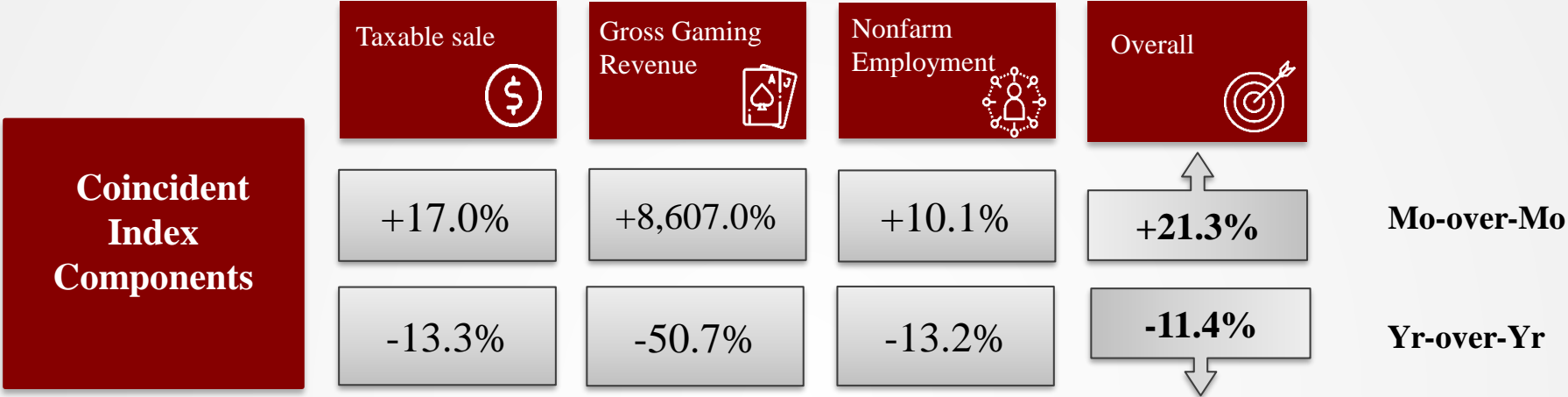
- McCarran Passengers
- CC Gross Gaming Revenue
- LV Hotel/Motel Occupancy Rate

### Construction Index

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



Summary of CBER’s Southern Nevada Coincident and Leading Indexes in June 2020

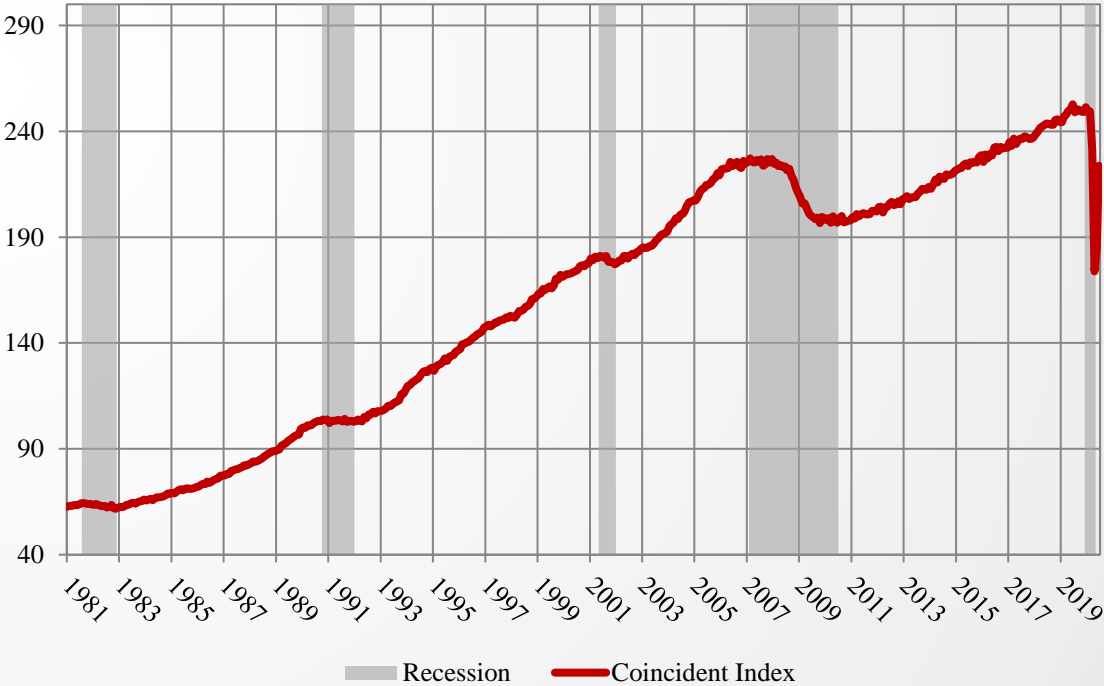


*The CBER Southern Nevada coincident index increased month-over-month and decreased year-over-year.*

The CBER Southern Nevada coincident index increased strongly by 21.3 percent in June compared to the previous month. This increase resulted from monthly gains in taxable sales, gross gaming revenue, and nonfarm employment, up by 17.0, 8,607.0, and 10.1 percent, respectively, from May. Once again, the increase partly reverses the huge month-over-month decrease in the index in April and constitutes to date a “V-shaped” recovery.

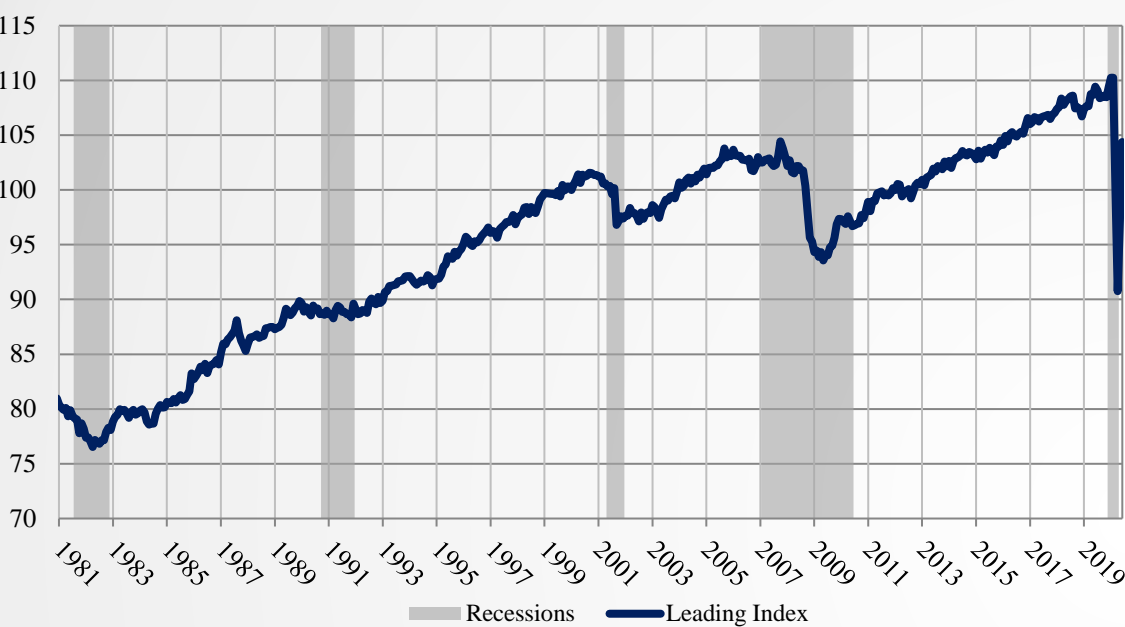
The Southern Nevada coincident index decreased year-over-year. The index dropped by 11.4 percent from last year. This decrease reflected large losses in taxable sales, gross gaming revenue, and nonfarm employment, down by 13.3, 50.7 and 13.2 percent, respectively, from last June.

Series	Latest Period	Mo-over-Mo	Yr-over-Yr
Taxable Sales (SA)	3,437,921,747	17.0%	-13.3%
Gross Gaming Revenue (SA)	531,203,276	8,607.0%	-50.7%
Nonfarm Employment (SA)	898,547	10.1%	-13.2%
Index and % Change	223.8	21.3%	-11.4%



# Southern Nevada Leading Index in June 2020

*The CBER Southern Nevada leading index increased on a monthly basis and decreased on a yearly basis.*



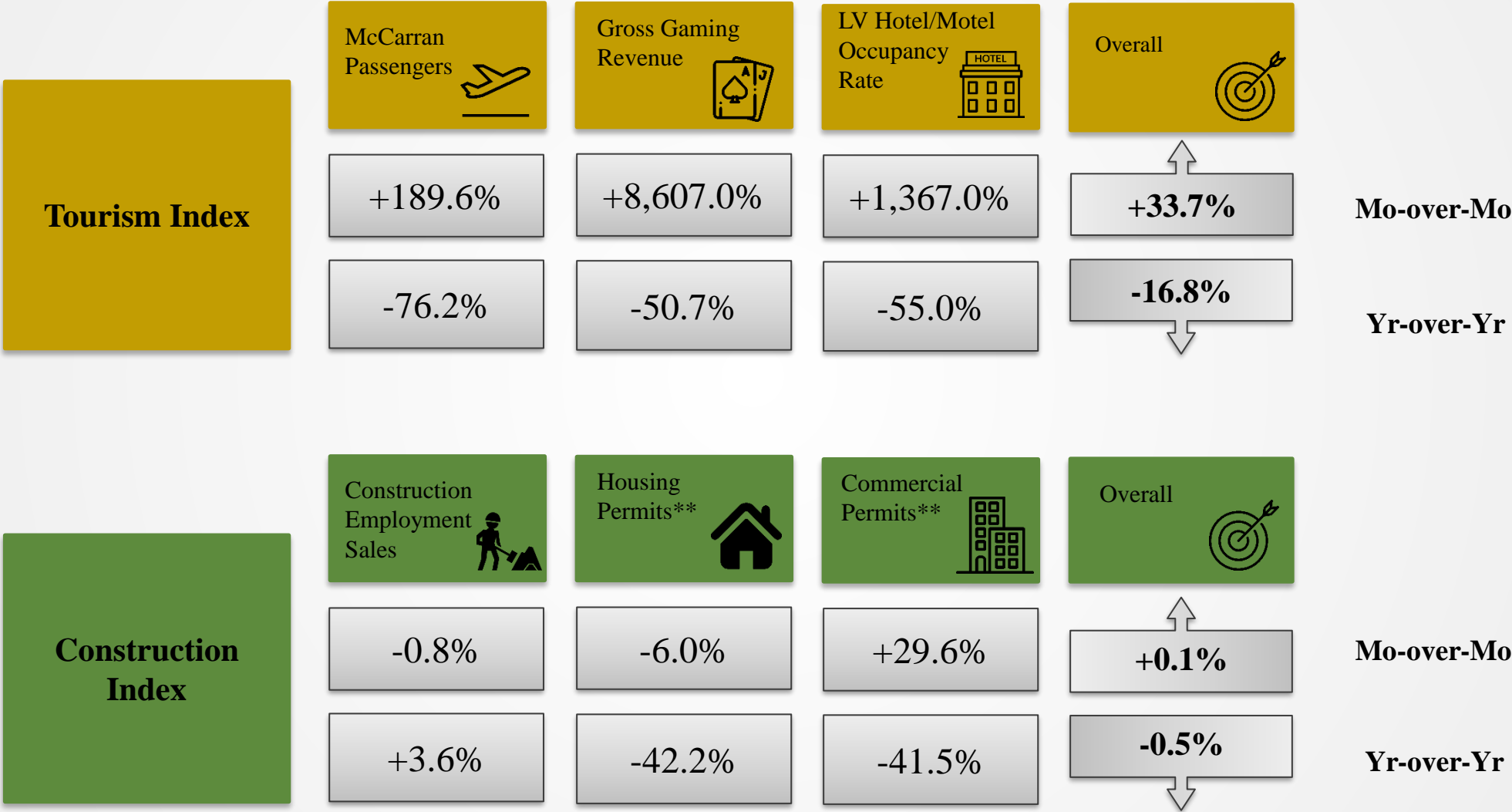
Date	Index	Mo-over-Mo	Yr-over-Yr
Jun-19	109.4	0.7%	1.0%
Jul-19	109.1	-0.3%	0.5%
Aug-19	108.4	-0.6%	-0.2%
Sep-19	108.5	0.1%	0.9%
Oct-19	108.6	0.1%	1.0%
Nov-19	108.4	-0.1%	1.0%
Dec-19	109.4	0.9%	2.5%
Jan-20	110.2	0.8%	2.6%
Feb-20	110.3	0.0%	2.4%
Mar-20	100.0	-9.3%	-7.1%
Apr-20	90.8	-9.2%	-16.5%
May-20	97.2	7.1%	-10.6%
Jun-20	104.4	7.4%	-4.6%

The CBER Southern Nevada leading index experienced a substantial gain of 7.4 percent month-over-month. On the positive side, the initial claims for unemployment (inverted), the ten-year real Treasury yield, commercial permits, Nevada passengers, and the S&P 500 increased by 41.0, 0.3, 29.6, 189.6, and 5.7 percent, respectively, from May. Housing permits decreased by 6.0 percent. Once again, the increase in the index partly reversed the huge month-over-month decrease experienced in April.

On a yearly basis, the CBER Southern Nevada leading index dropped by 4.6 percent. The ten-year real Treasury yield and the S&P 500 increased by 0.4 and 7.4 percent, respectively, from June 2019. On the negative side, the initial claims for unemployment (inverted), housing permits, commercial permits, and Nevada passengers declined by 403.7, 42.2, 41.5, and 76.2 percent, respectively, from the prior year.



# Summary of CBER's Southern Nevada Tourism and Construction Indexes in June 2020



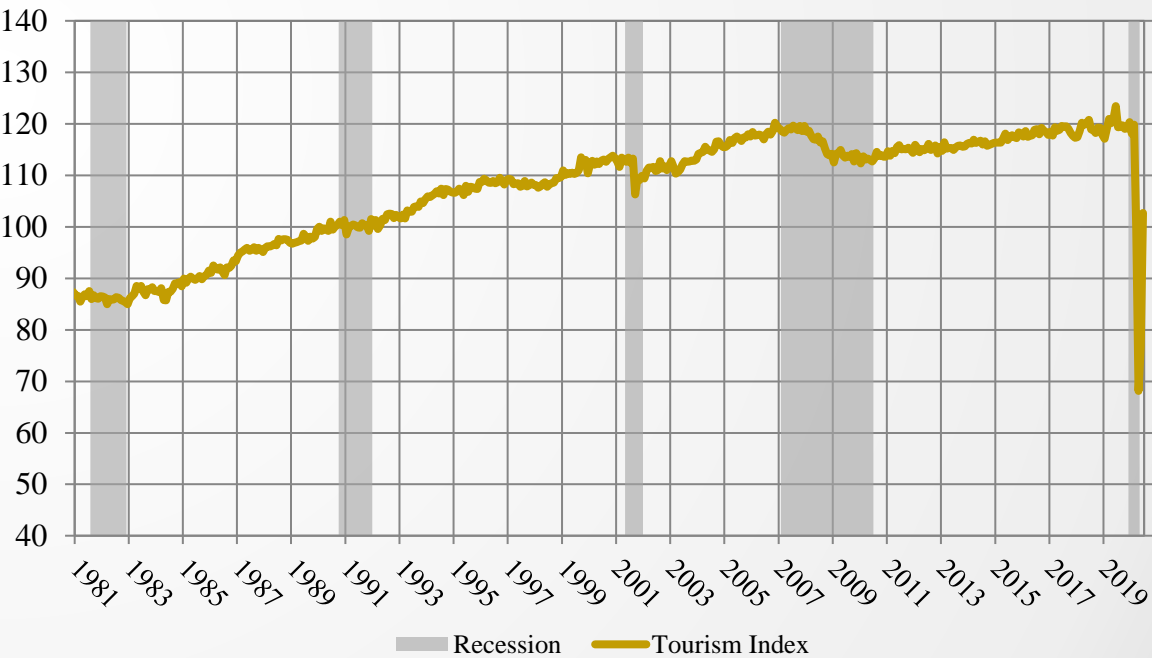
\* Inverted \*\* Data are partly forecasted as Clark County Service's permit reports have not been available since December 2017.  
Icons are made by 1) [www.freepik.com](http://www.freepik.com) 2) Payungkead and Retinaicons from [www.flaticon.com](http://www.flaticon.com)

*The CBER Southern Nevada tourism index spiked month-over-month and dropped year-over-year.*

The CBER Southern Nevada tourism index substantially increased by 33.7 percent month-over-month in June. McCarran airport passenger volume, gross gaming revenue, and the Las Vegas hotel/motel occupancy rate experienced large increases of 189.6, 8,607.0, and 1,367.0 percent, respectively. The month-over-month increase reversed partly the month-over-month decrease in April. Once again, we observe so far a “V-shaped” recovery in the tourism sector.

On an annual basis, the Southern Nevada tourism index exhibited a loss of 16.8 percent. McCarran airport passenger volume, gross gaming revenue, and the Las Vegas hotel/motel occupancy rate fell considerably by 76.2, 50.7, and 55.0 percent, respectively, from last year.

Series	Latest Period	Mo-over-Mo	Yr-over-Yr
McCarran Passengers (SA)	1,113,337	189.6%	-76.2%
Gross Gaming Revenue (SA)	531,203,276	8,607.0%	-50.7%
LV Hotel/Motel Occupancy Rate (SA)	0.418	1,367.0%	-55.0%
Index and % Change	102.7	33.7%	-16.8%

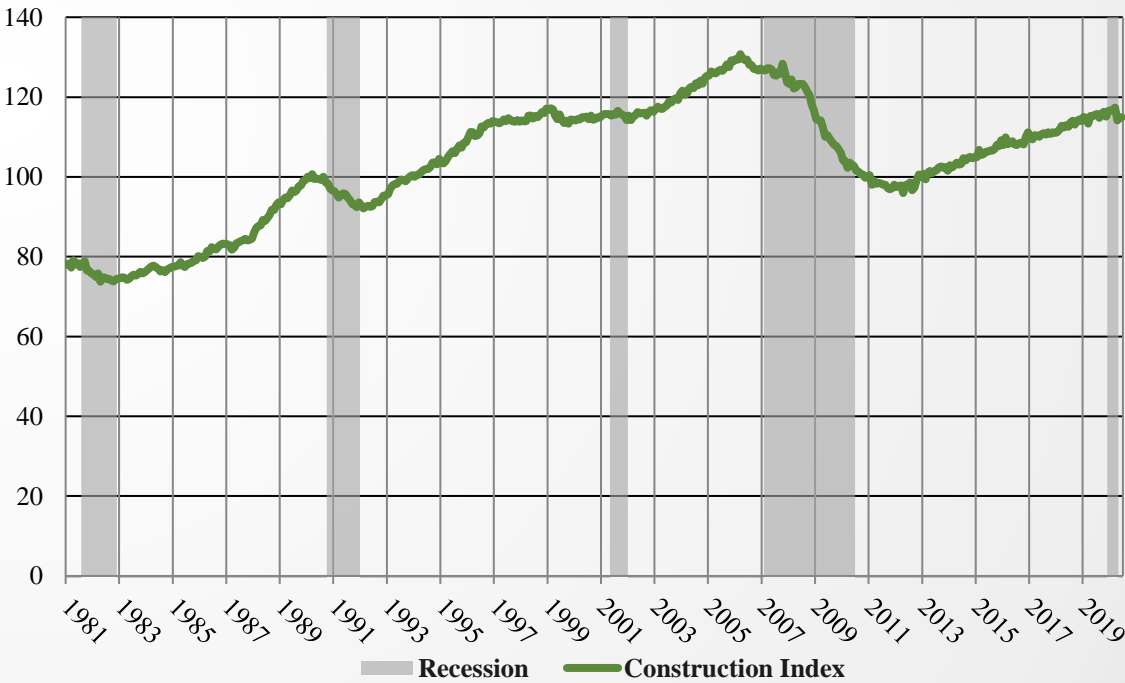


*The CBER Southern Nevada construction index increased month-over-month and decreased year-over-year.*

The Southern Nevada construction index ticked upward slightly by 0.1 percent from last month. Construction employment and housing permits decreased by 0.8 and 6.0 percent, respectively, from May. On the positive side, commercial permits increased by 29.6 percent from the previous month. We note that unlike the other indexes, we do not yet see the effects of the COVID-19 recession in the construction index.

The Southern Nevada construction index slightly decreased by 0.5 percent from the previous year. On the positive side, construction employment increase by 3.6 percent. On the negative side, housing permits and commercial permits decreased by 42.2 and 41.5 percent, respectively, from last year.

Series	Latest Period	Month-over-Month	Year-over-Year
Construction Employment (SA)	71,960	-0.8%	3.6%
Housing Permits (SA)	828	-6.0%	-42.2%
Commercial Permits (SA)	26	29.6%	-41.5%
Index and % Change	115.0	0.1%	-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
- Federal Reserve Bank of St. Louis
- 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
- Federal Reserve Bank of St. Louis
- 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.*