

# CBER Economic Indexes for Nevada and Southern Nevada

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# Summary of CBER's Nevada Indexes

## Coincident Index (April)

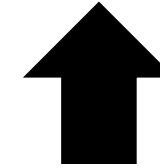
## Leading Index (May)

Mo. to Mo.

-0.5 %



1.1 %

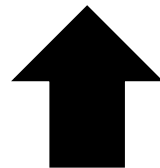


Taxable Sales	Gross Gaming Revenue	Nonfarm Employment
-6.1% ↓	-2.7% ↓	0.3% ↑

Initial Claims*	10-Year Treasury*	Housing Permits**	Commercial Permits**	Airline Passengers	S&P 500
-4.5% ↓	-0.2% ↓	-18.7% ↓	23.7% ↑	-0.7% ↓	1.3% ↑

Yr. to Yr.

2.8 %



2.3 %



Taxable Sales	Gross Gaming Revenue	Nonfarm Employment
4.8% ↑	1.2% ↑	3.0% ↑

Initial Claims*	10-Year Treasury*	Housing Permits**	Commercial Permits**	Airline Passengers	S&P 500
5.1% ↑	0.4% ↑	-14.7% ↓	14.3% ↑	2.1% ↑	16.1% ↑

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

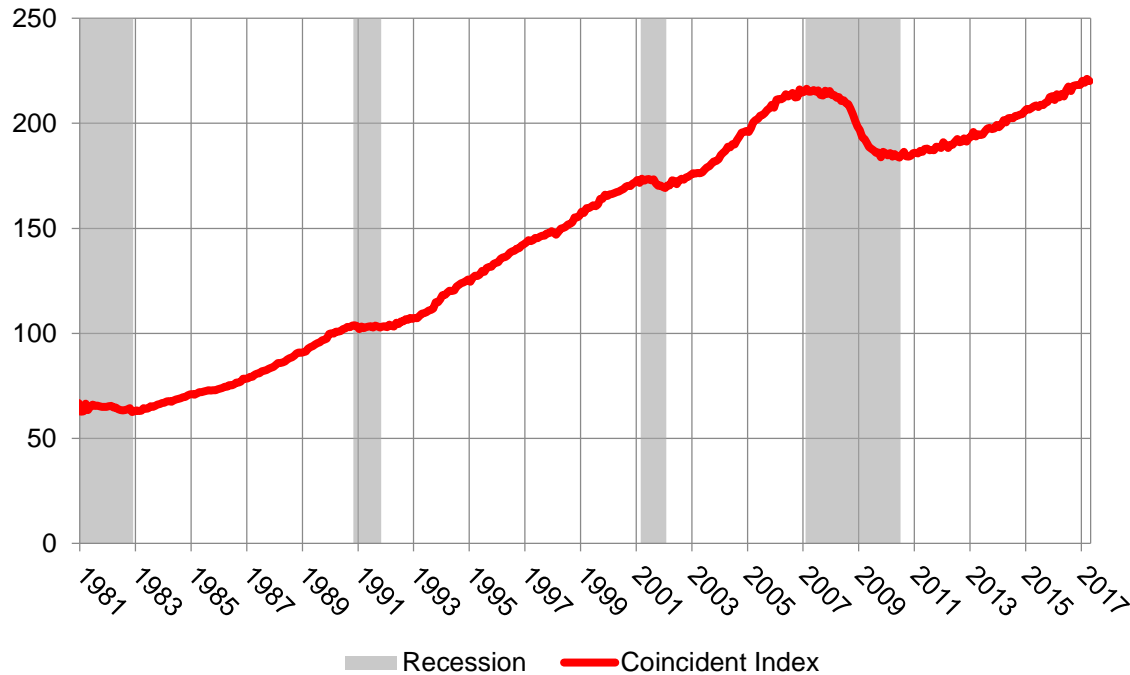
- Nevada Initial Claims for Unemployment (inverted)
- Real 10-Year Treasury Rate (inverted)
- Nevada Housing Permits
- Nevada Commercial Permits
- Nevada Airline Passengers
- Standard & Poor's Stock Market Index

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 April.*



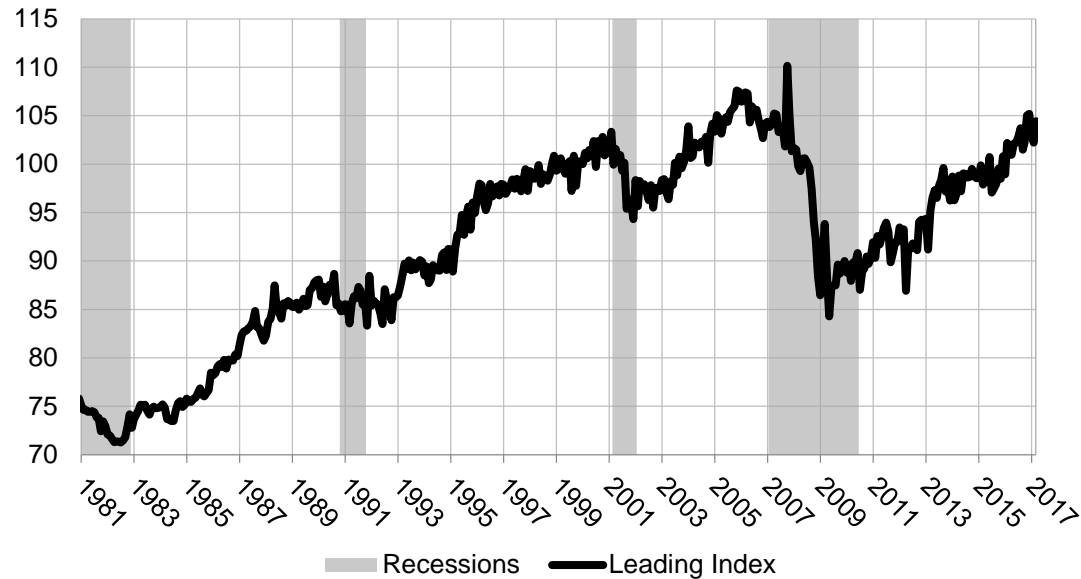
The CBER Nevada coincident index posted a slight monthly decrease of 0.5 percent in April. Seasonally adjusted taxable sales and gaming revenue fell 6.1 and 2.7 percent, respectively, compared to last month. Nonfarm employment, however, expanded by 0.3 percent and peaked at 1,329,558 workers. On a yearly basis, the CBER Nevada coincident index continued its upward trend in April, up by 2.8 percent. In particular, taxable sales was higher by 4.8 percent compared to April 2016. Gaming revenue increased 1.2 percent, although at a slower yearly rate compared to previous months. Nonfarm employment also expanded on a year-over-year basis by 3.0 percent in April. With this current increase, nonfarm employment accumulates almost seven years of expansion, reflecting substantial improvement in the state’s labor market since the end of the Great Recession.

Series	Date	Latest Period	Month-Over-Month	Year-Over-Year
Taxable Sales (SA)	Apr-17	4,710,525,528	-6.1%	4.8%
Gaming Revenue (SA)	Apr-17	942,106,394	-2.7%	1.2%
Nonfarm Employment (SA)	Apr-17	1,329,558	0.3%	3.0%
<b>Overall Index Change</b>	Apr-17	220.1	-0.5%	2.8%



# Nevada Leading Index

*The CBER Nevada leading index moved positively on a monthly and yearly basis.*



Date	Index	Month-Over-Month	Year-Over-Year
May-16	102.1	1.2%	4.0%
Jun-16	102.2	0.1%	1.5%
Jul-16	102.8	0.6%	5.9%
Aug-16	103.7	0.9%	6.4%
Sep-16	101.5	-2.2%	3.6%
Oct-16	102.3	0.8%	2.8%
Nov-16	105.0	2.6%	6.6%
Dec-16	105.2	0.1%	4.3%
Jan-17	103.2	-1.9%	4.3%
Feb-17	102.2	-1.0%	0.0%
Mar-17	104.4	2.2%	2.7%
Apr-17	103.3	-1.1%	2.4%
May-17	104.4	1.1%	2.3%

The CBER Nevada leading index increased 1.1 percent in May from a month ago, due to an increase in commercial permits of 23.7 percent and an increase in the S&P 500 index of 1.3 percent. All other components fell on a monthly basis. In particular, housing permits, initial claims for unemployment insurance (inverted), and Nevada airport passengers decreased by 18.7, 4.5, and 0.7 percent, respectively, compared to April. Also, the seasonally adjusted 10-year bond yield (inverted) dropped 0.2 percentage points in May. In contrast, nearly all components moved positively from a year ago, with the exception of residential permits, which fell by 14.7 percent. The S&P 500 index, permits for commercial buildings, initial claims for unemployment insurance (inverted), and airport passengers gained 16.1, 14.3, 5.1, and 2.1 percent, respectively. The 10-year bond yield (inverted) rose 0.4 percentage point from a year ago. These gains favored the leading index's yearly increase of 2.3 percent, showing continued improvement in the Nevada economy.



# Summary of CBER's Southern Nevada Indexes

- Coincident Index and Leading Index

## Coincident Index (April)

## Leading Index (May)

Mo. to Mo.

**-0.5 %**



**-0.3 %**



Taxable Sales	Gross Gaming Revenue	Nonfarm Employment
-3.3% ↓	-2.9% ↓	0.2% ↑

Initial Claims*	10-Year Treasury*	Housing Permits**	Commercial Permits**	McCarran Passengers	S&P 500
-4.5% ↓	-0.2% ↓	-25.3% ↓	4.6% ↑	-0.8% ↓	1.3% ↑

Yr. to Yr.

**2.4 %**



**0.8 %**



Taxable Sales	Gross Gaming Revenue	Nonfarm Employment
2.9% ↑	1.3% ↑	2.9% ↑

Initial Claims*	10-Year Treasury*	Housing Permits**	Commercial Permits**	McCarran Passengers	S&P 500
5.1% ↑	0.4% ↑	-35.5% ↓	-36.6% ↓	1.5% ↑	16.1% ↑

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

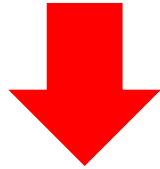


# Summary of CBER's Southern Nevada Indexes

- Construction Index and Tourism Index

## Construction Index (April)

**-0.3 %**



Mo. to Mo.

Construction Employment	Housing Permits*	Commercial Permits*
-0.3% ↓	-25.3% ↓	4.6% ↑

## Tourism Index (May)

**-0.3 %**



McCarran Passengers	Gross Gaming Revenue	LV Hotel/Motel Occupancy Rate
-0.8% ↓	0.9% ↑	-1.0% ↓

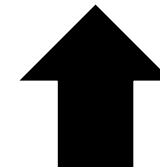
**1.9 %**



Yr. to Yr.

Construction Employment	Housing Permits*	Commercial Permits*
15.4% ↑	-35.5% ↓	-36.6% ↓

**0.7 %**



McCarran Passengers	Gross Gaming Revenue	LV Hotel/Motel Occupancy Rate
1.5% ↑	3.1% ↑	1.2% ↑

\* 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 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 Gaming Revenue
- LV Hotel/Motel Occupancy Rate

Note: CC = Clark County

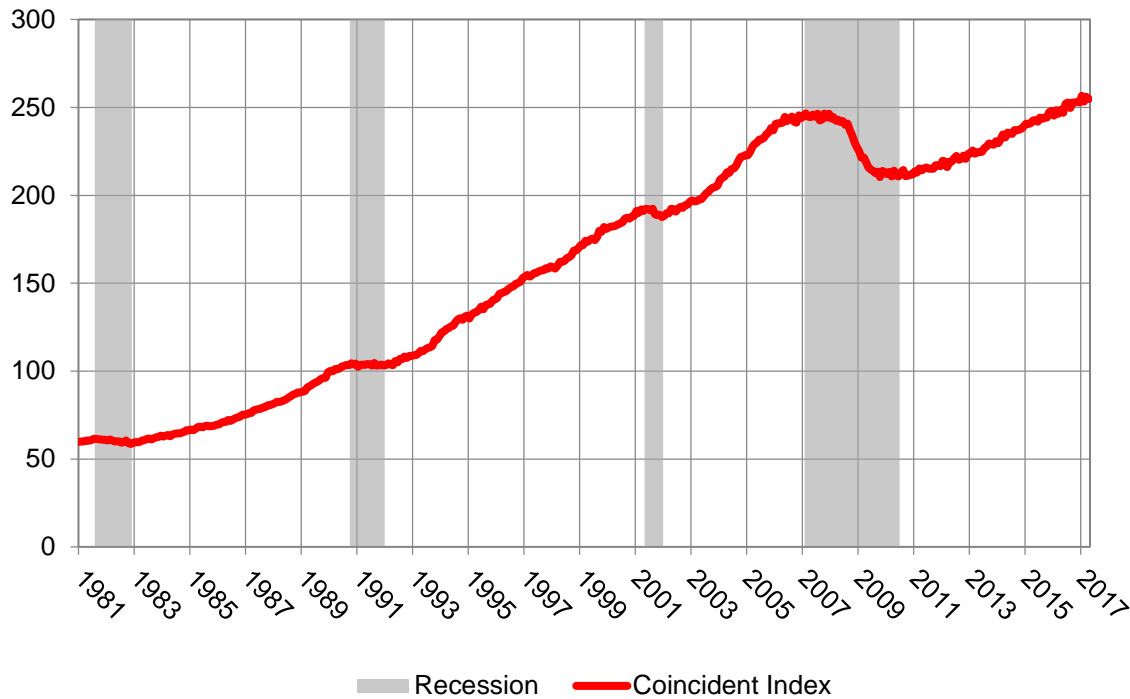
The CBER Southern Nevada coincident and leading indexes use the Department of Commerce index construction method. The coincident index measures the ups and downs of the Southern Nevada economy. The leading index provides a signal about the future direction of the coincident index. The coincident index 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 increased in April relative to a year ago.*



The CBER Southern Nevada coincident index fell slightly by 0.5 percent in April compared to the previous month. Seasonally adjusted taxable sales posted the largest decline among its components, down by 3.3 percent. Gaming revenue was also lower in April, down by 2.9 percent. Despite this monthly drop, year-to-date (January to April) gaming revenue increased 4.4 percent compared to the same period a year ago. Lastly, seasonally adjusted nonfarm employment ticked upward 0.2 percent in April and registered 970,565 employees, the highest number of workers ever recorded in Southern Nevada. As shown in the table below, taxable sales and gaming revenue showed annual gains of 2.9 and 1.3 percent, respectively, compared to April 2016. Nonfarm employment also expanded in Southern Nevada, up by 2.9 percent. These gains resulted in a 2.4 percent yearly increase of the overall index.

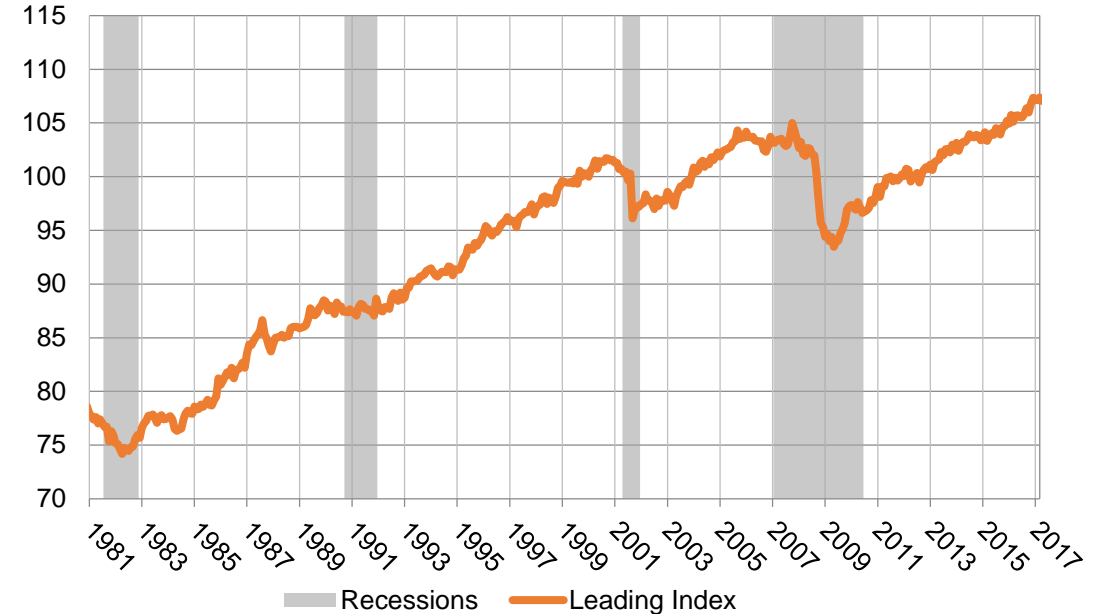
Series	Date	Latest Period	Month-Over-Month	Year-Over-Year
Taxable Sales (SA)	Apr-17	3,404,562,004	-3.3%	2.9%
Gaming Revenue (SA)	Apr-17	811,598,588	-2.9%	1.3%
Nonfarm Employment (SA)	Apr-17	970,565	0.2%	2.9%
<b>Overall Index Change</b>	Apr-17	254.7	-0.5%	2.4%



# Southern Nevada Leading Index

*The CBER Southern Nevada leading index fell slightly month-over-month but increased from a year ago.*

Date	Index	Month-Over-Month	Year-Over-Year
May-16	105.8	0.2%	1.6%
Jun-16	105.5	-0.2%	1.6%
Jul-16	105.5	0.0%	1.0%
Aug-16	105.9	0.3%	1.6%
Sep-16	106.3	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	-0.1%	2.2%
Feb-17	107.1	0.0%	1.3%
Mar-17	107.5	0.3%	2.4%
Apr-17	107.0	-0.5%	1.3%
May-17	106.6	-0.3%	0.8%

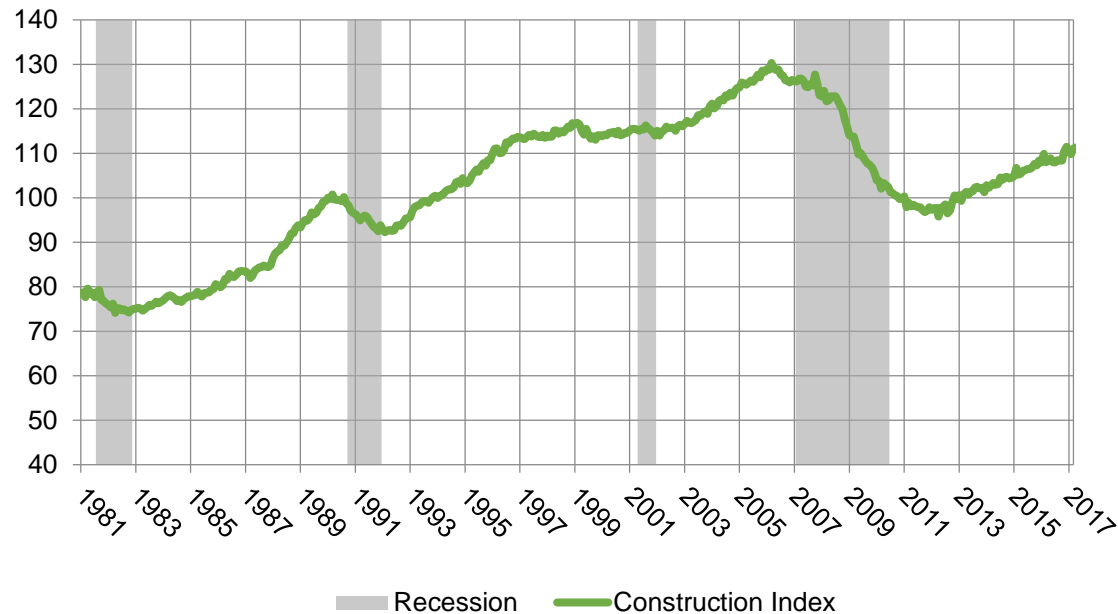


The CBER Southern Nevada leading index posted a slight monthly decrease of 0.3 percent in May, as a result of a significant monthly drop in housing permits of 25.3 percent. By contrast, commercial building permits increased slightly by 4.6 percent in May. Among the other components, the S&P 500 index gained 1.3, percent while initial claims for unemployment insurance (inverted) and McCarran passengers fell by 4.5 and 0.8 percent, respectively. The 10-year Treasury bond yield (inverted) registered a lower value in May, slightly down by 0.2 percentage point. On a yearly basis, the overall index increased in May at a slower-than-usual pace of 0.8 percent. Both residential and commercial building permits fell strongly by 35.5 and 36.6 percent, respectively, compared to a year ago. All other components contributed positively to the index. The S&P 500 climbed 16.1 percent, which reflected favorable gains in the U.S. stock market. Also, initial claims for unemployment insurance (inverted) and McCarran airport passengers grew 5.1 and 1.5 percent, respectively.



# Southern Nevada Construction Index

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



The CBER Southern Nevada construction index fell slightly by 0.3 percent in May from the previous month. Building permits showed the usual month-over-month volatility. In particular, residential permits declined 25.3 percent, while commercial increased 4.6 percent. Seasonally adjusted construction employment also fell slightly by 0.3 percent in May. The overall index moved in a positive direction compared to a year ago, despite declines in construction permits. Both residential and commercial building permits were down by 35.5 and 36.6 percent, respectively. Construction employment, however, expanded considerably by 15.4 percent from a year ago. This strong employment gain contributed to the yearly advance in the overall index of 1.9 percent.

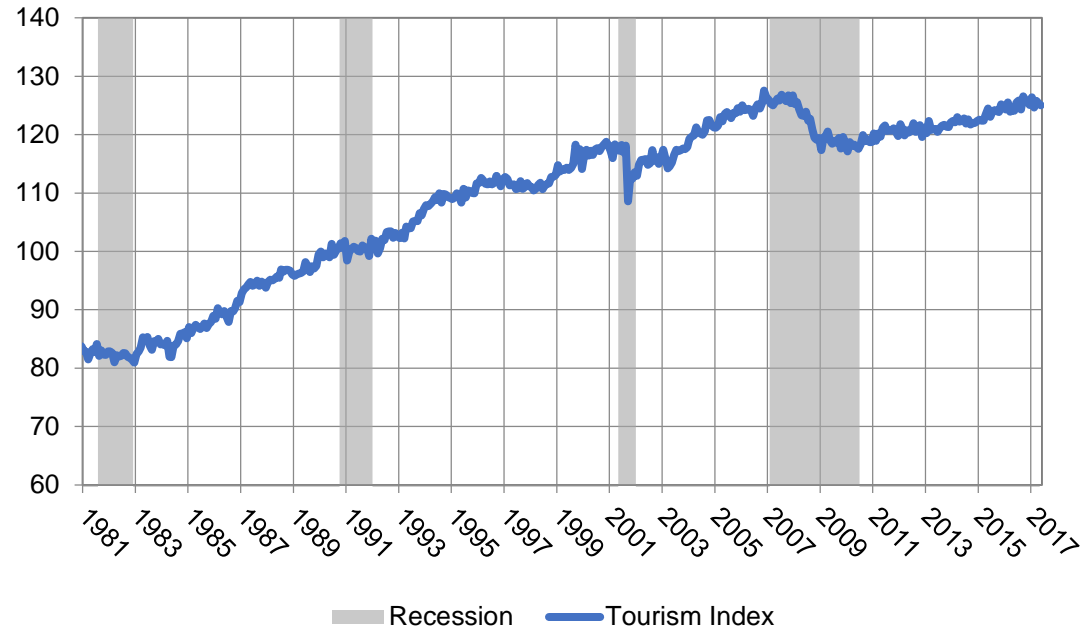
Series	Date	Latest Period	Month-Over-Month	Year-Over-Year
Construction Employment (SA)	May-17	62,124	-0.3%	15.4%
Housing Permits (SA)	May-17	825	-25.3%	-35.5%
Commercial Permits (SA)	May-17	26	4.6%	-36.6%
<b>Overall Index Change</b>	May-17	110.9	-0.3%	1.9%



# Southern Nevada Tourism Index

*The CBER Southern Nevada tourism index was higher in May from a year ago.*

The CBER Southern Nevada tourism index fell slightly by 0.3 percent in May compared to a month ago. This loss came after monthly declines in McCarran passenger volume and the hotel/motel occupancy rate, down by 0.8 percent and 1.0 percentage point, respectively. The increase in gaming revenue of 0.9 percent in May was not large enough to offset those losses and resulted in a lower index. On a yearly basis, however, the index rose 0.7 percent in May, accumulating three months of consecutive yearly gains. All three components, McCarran passengers, gaming revenue, and hotel/motel occupancy rate increased compared to a year ago. Specifically, McCarran passengers and gaming revenue grew 1.5 and 3.1 percent, respectively. Lastly, the seasonally adjusted hotel/motel occupancy rate increased 1.2 percentage points.



Series	Date	Latest Period	Month-Over-Month	Year-Over-Year
McCarran Passengers (SA)	May-17	3,971,469	-0.8%	1.5%
Gaming Revenue (SA)	May-17	818,665,265	0.9%	3.1%
LV Hotel/Motel Occupancy Rate (SA)	May-17	0.880	-1.0%	1.2%
<b>Overall Index Change</b>	May-17	125.0	-0.3%	0.7%



# 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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