

RENO MSA ECONOMIC OUTLOOK – SEPTEMBER 2020

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To answer the demand for economic trend insight and analysis in Northern Nevada, this report summarizes the coincident and leading indexes for the Reno MSA.

Leading Economic Index September 2020

Provides an economic outlook for the region by signaling future movements in the Reno MSA economy over a six to twelve-month period.

	Taxable Sales	Taxable Gaming Revenue	# of SF Homes Sold	Airport Passengers	Airport Cargo	Initial Claims for Unemploy.	S&P 500 Index	M2 Money Supply
Month to Month	0.5% ↑	5.4% ↑	3.6% ↑	4.3% ↑	8.7% ↑	-33.8% ↓	-2.6% ↓	1.1% ↑
	3.09% ↑							
Year to Year	4.3% ↑	-1.5% ↓	4.3% ↑	-53.7% ↓	8.2% ↑	282.8% ↑	10.0% ↑	22.4% ↑
	4.34% ↑							

Coincident Economic Index September 2020

Provides historical and current trends for the Reno MSA economy.

	Nonfarm Employment	Household Employment
Month to Month	0.01% ↑	2.88% ↑
	1.61% ↑	
Year to Year	-6.01% ↓	-8.43% ↓
	-7.34% ↓	



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The Reno MSA leading economic index uses a robust econometric approach to determine variables to include in the index and a composite methodology introduced by the Bureau of Economic Analysis of the U.S. Department of Commerce to estimate weights for the selected series. The Reno MSA coincident index is created using the composite methodology introduced by the Department of Commerce and made popular by The Conference Board. All data series are monthly, many are seasonally adjusted using the moving average method, and all series reported in dollar terms are adjusted for inflation. All indexes are based on data starting January 1995, with 1995=100. The following variables are included in each index:

Leading Index

- NV Claims for Unemployment
- WC Gaming Revenue
- WC Single-Family Home Sales
- S&P 500 Index (US)
- WC Taxable Sales
- Money Supply (US)
- RTIA Passengers
- RTIA Cargo

Coincident Index

- MSA Nonfarm Employment (CES)
- MSA Household Employment (LAUS)

* MSA-Reno Metropolitan Statistical Area * NV-Nevada * WC-Washoe County * RTIA-Reno Tahoe International Airport

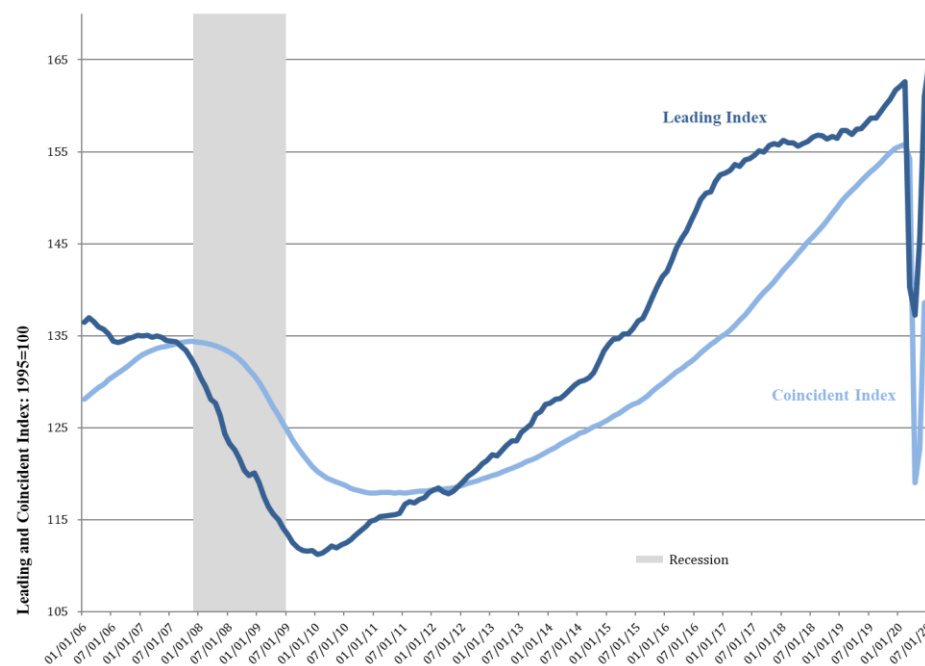
The initial claims for unemployment series is inversely related to economic growth. An increase in the number of new claims for unemployment would indicate a decline in the economy.

Reno MSA Leading Index

Reno MSA Leading Index¹ increased between August and September 2020, as the impact of the COVID-19 pandemic continues to ease.

The RLI shows a 3.09% increase between August and September 2020. The index increased by 4.34% over the same period last year (September 2019 to 2020). The improvement in the index is due to the return of the region to partial or full operations in most industries.

Taxable sales, gaming revenue, home sales, airport passengers, airport cargo, and money supply all increased in September compared to the previous month, while the number of initial claims for unemployment declined. The only negative during this period was a decline in the average value of the S&P 500 Index, which continues to fluctuate.



Series	Latest Period-		Change Prev. Period	Prev. Year-	
	September 2020	Prev. Period- August 2020		September 2019	Change Prev. Year
Taxable Sales (Washoe Co, SA, CPI)	467,594,813	465,425,968	0.47%	448,300,301	4.30%
Taxable Gaming Revenue (Washoe Co., SA, CPI)	42,086,113	39,911,750	5.45%	42,729,145	-1.50%
# of Single Family Homes Sold (Washoe Co., SA)	686	662	3.62%	658	4.33%
Airport Passengers (RTIA, SA)	168,858	161,828	4.34%	364,549	-53.68%
Airport Cargo Lbs. Shipped (RTIA, SA)	13,237,885	12,173,305	8.75%	12,238,486	8.17%
Initial Claims for Unemployment (Nevada, SA)	8,882	13,424	-33.83%	2,321	282.77%
S&P 500 Index (US, CPI)	1,948	2,000	-2.61%	1,771	10.01%
M2 Money Supply (US, CPI)	10,918	10,794	1.14%	8,917	22.43%
Leading Index Result	166.31	161.33	3.09%	159.38	4.34%

Source: US Department of Labor, Nevada Gaming Control Board, Washoe County Assessor/Center for Regional Studies (UNR), Federal Reserve Bank of St. Louis, Nevada Department of Taxation, Reno-Tahoe International Airport (RTIA).
SA-Series results are seasonally adjusted. CPI-Series results are adjusted for inflation to 1995.

The index also shows some variables: taxable gaming revenue, airport passengers, and initial claims for unemployment remain below (or above in case of unemployment) their last year's levels, while others: taxable sales, home sales, cargo shipped, stock market and money supply have recovered and exceeded their September 2019 levels. Recovery in these variables resulted in a 4.34% increase in the index compared to September 2019.

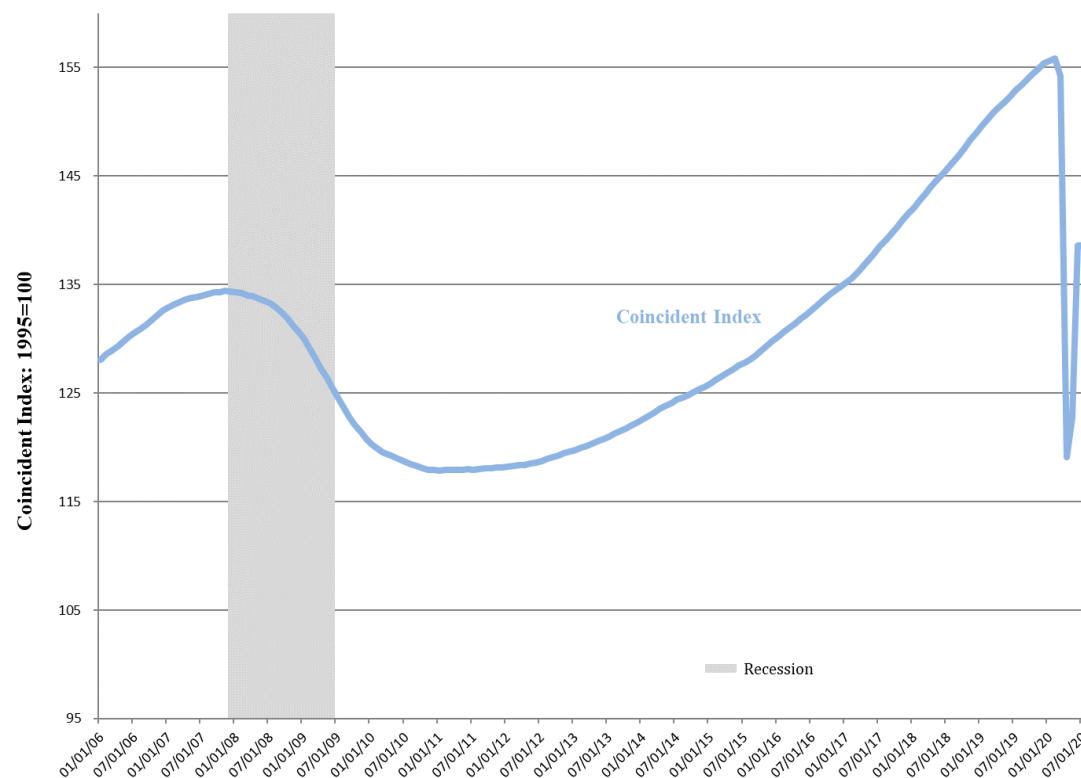
¹ Reno MSA Leading Economic Index (RLI) predicts future changes in the region's economy by "leading" current economic activity, represented by the coincident index. The Leading Index is based on eight local, regional, and national data series aggregated using a combination of composite and econometric techniques. Due to lags in data availability, taxable sales data are projected for the month ahead and updated when actual data becomes available.

Reno MSA Coincident Index

Reno MSA Coincident Index increased between August and September 2020 in response to the partial reopening of the local and national economies.

The Reno MSA Coincident Index, which reflects current economic conditions in the region, is based on two indicators: Washoe and Storey County employment from the Current Employment Statistics (CES) series and Local Area Unemployment Statistics (LAUS) series.² Both series are administered by the Bureau of Labor Statistics (BLS).

The index shows a 1.61% increase between August and September 2020. This increase is the result of the partial reopening of the economy following COVID-19 quarantine measures in March and April 2020. The index remains by 7.34% below



Series	Latest Period-			Prev. Year-		September 2019 level as some businesses remain closed or open with restrictions and some employees are choosing to postpone their return to work.
	September 2020	Prev. Period- August 2020	Change Prev. Period	September 2019	Change Prev. Year	
Reno MSA Employment (CES, SA)	231,960	231,932	0.01%	246,783	-6.01%	September 2019 level as some businesses remain closed or open with restrictions and some employees are choosing to postpone their return to work.
Reno MSA Employment (LAUS, SA)	232,643	226,133	2.88%	254,057	-8.43%	
Coincident Index Result	142.56	140.31	1.61%	153.86	-7.34%	

Source: Current Employment Statistics (CES) and Local Area Unemployment Statistics (LAUS), Bureau of Labor Statistics. SA-Series results are seasonally adjusted.

² The CES series is based on the establishment-level data, estimates jobs by place of work, and does not include agricultural or self-employed workers. The LAUS series is based on household-level data, estimates employed persons by place of residence, and includes agricultural and self-employed workers. A combination of the two series provides a more accurate picture of the employment situation in the region.