

# RENO MSA ECONOMIC OUTLOOK – JULY 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

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





3.34%								
% Change	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	-4.4% ↓	2.7% ↑	38.5% ↑	36.6% ↑	5.5% ↑	41.5% ↑	3.7% ↑	0.4% ↑
4.75%								
% Change	Taxable Sales	Taxable Gaming Revenue	# of SF Homes Sold	Airport Passengers	Airport Cargo	Initial Claims for Unemploy.	S&P 500 Index	M2 Money Supply
Year to Year	5.5% ↑	-10.8% ↓	31.8% ↑	-65.4% ↓	12.2% ↑	589.7% ↑	6.9% ↑	22.1% ↑



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## Coincident Economic Index

*Provides historical and current trends for the Reno MSA economy.*

	Nonfarm Employment	Household Employment
<b>% Change</b>		
<b>Month to Month</b>	0.23% 	0.31% 
<b>Year to Year</b>	-7.00% 	-10.73% 



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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

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

Metropolitan

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 Index<sup>1</sup> increased between June and July 2020, as the impact of the COVID-19 pandemic continued to ease.*

The RLI shows a 3.34% increase between June and July 2020. The index increased by 4.75% over the same period last year (July 2019 to 2020). The improvement in the index between is due to partial reopening of the economy, including restaurants, retail, and other industries. The index was negatively impacted in July by the closing of non-food serving bars, which increased the number of initial claims for unemployment statewide (claims for unemployment is a statewide variable).

Taxable gaming revenue, homes sold, airport passengers, airport cargo shipped, stock market, and money supply increased compared to June levels. Taxable sales declined in comparison to June 2020 levels, as June sales were the



Series	Latest Period- July 2020	Prev. Period- June 2020	Change Prev. Period	Prev. Year- July 2019	Change Prev. Year
Taxable Sales (Washoe Co., SA, CPI)	466,973,835	488,278,306	-4.36%	442,630,143	5.50%
Taxable Gaming Revenue (Washoe Co., SA, CPI)	38,145,656	37,146,177	2.69%	42,756,729	-10.78%
# of Single Family Homes Sold (Washoe Co., SA)	863	623	38.49%	655	31.79%
Airport Passengers (RTIA, SA)	124,418	91,078	36.61%	359,685	-65.41%
Airport Cargo Lbs. Shipped (RTIA, SA)	13,865,180	13,138,368	5.53%	12,362,012	12.16%
Initial Claims for Unemployment (Nevada, SA)	16,031	11,329	41.51%	2,324	589.66%
S&P 500 Index (US, CPI)	1,896	1,829	3.67%	1,774	6.86%
M2 Money Supply (US, CPI)	10,779	10,738	0.38%	8,826	22.12%
<b>Leading Index Result</b>	<b>166.17</b>	<b>160.80</b>	<b>3.34%</b>	<b>158.63</b>	<b>4.75%</b>

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.

<sup>1</sup> 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.

highest level since 1994 (earliest data available), even adjusted for inflation.

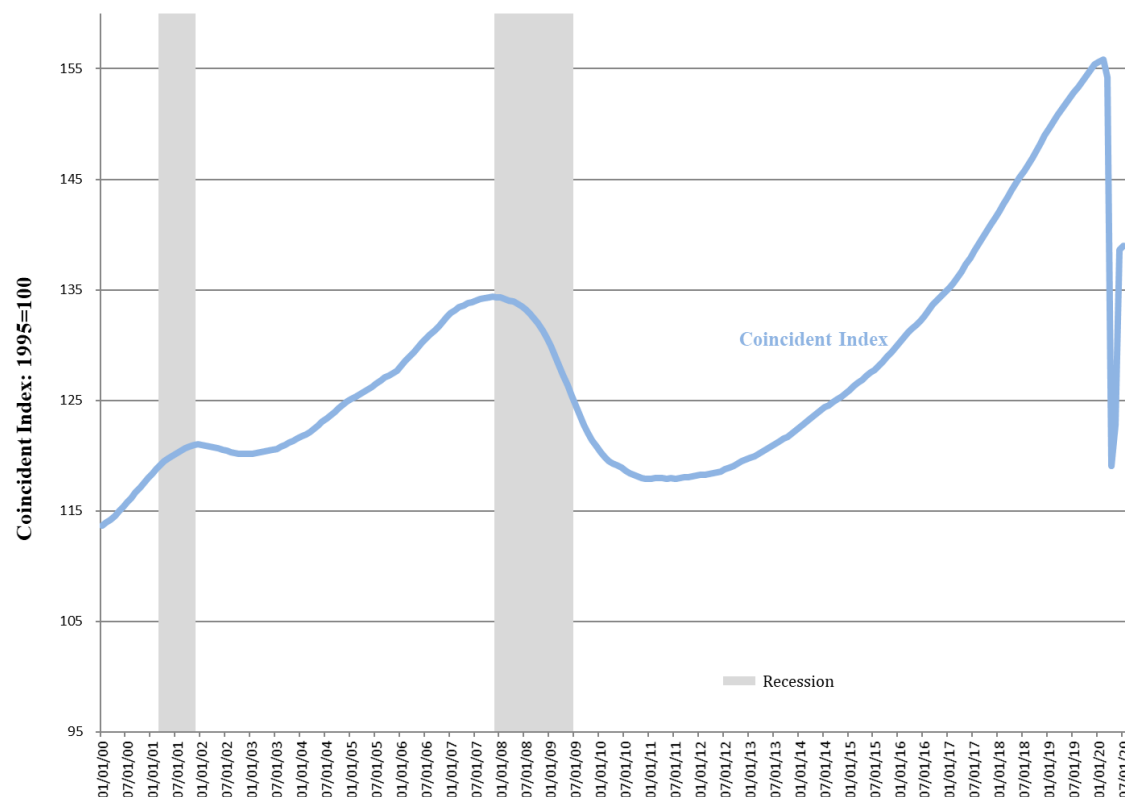
Taxable sales, single family home sales, airport cargo shipped, stock market, and money supply variables were higher than the same period in 2019. Airport passenger and taxable gaming revenue remain low compared to the same time last year.

## Reno MSA Coincident Index

*Reno MSA Coincident Index increased between June and July 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.<sup>2</sup> Both series are administered by the Bureau of Labor Statistics (BLS).

The index shows a 0.27% increase between June and July 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 declined by 9.08% between July 2019 and 2020 as some businesses remain closed, or open with restrictions, and some employees are choosing to postpone their return to work.



Series	Latest Period- July 2020	Prev. Period- June 2020	Change Prev. Period	Prev. Year- July 2019	Change Prev. Year
Reno MSA Employment (CES, SA)	229,156	228,640	0.23%	246,400	-7.00%
Reno MSA Employment (LAUS, SA)	224,482	223,794	0.31%	251,466	-10.73%
<b>Coincident Index Result</b>	<b>138.99</b>	<b>138.62</b>	<b>0.27%</b>	<b>152.88</b>	<b>-9.08%</b>

Source: Current Employment Statistics (CES) and Local Area Unemployment Statistics (LAUS), Bureau of Labor Statistics.

SA-Series results are seasonally adjusted.

<sup>2</sup> 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.