



NEVADA BUSINESS CONDITIONS

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The “second” estimate for U.S. real gross domestic product (GDP) for the fourth quarter of 2017 rose at an annual rate of 2.5 percent, down slightly from the previous estimate of 2.6 percent. The revision reflected a smaller private inventory investment than previously reported. The overall picture of the growth remained the same. Consumer spending accelerated to the fastest pace in a year, and business investment, residential investment, and government spending also contributed positively to real GDP growth. Private inventory investment and net exports, however, contributed negatively to growth. U.S. nonfarm employment added a surprising 313,000 jobs in February, substantially larger gains than expected. Due to this year’s benchmark revisions, average job additions in 2017 from 2016 increased to 182,000 from 171,000 jobs per month. The job gains in January was also revised upward. The unemployment rate, however, remained at 4.1 percent as the labor force participation rate rose by a substantial 0.3 percentage point in January. The pace of retail sales growth slowed in January, up by 3.6 percent in spite of highly favorable consumer confidence. January housing starts increased by 7.5 percent year-over-year, and seasonally adjusted housing prices in the United States continued to gain. Historically high business and consumer confidence, tightening labor market conditions, and favorable fiscal stimulus suggest four interest rate hikes by the Fed in 2018.

Nevada posted generally positive signals in economic activity based on the most recent data. Seasonally adjusted statewide employment added 1,300 jobs in January. The monthly payrolls in 2017 were revised upward by an average of 400 jobs, while the monthly payrolls in 2016 were revised downward by an average of 2,000 jobs based on this year’s benchmark revisions. In December 2017, the new employment level was 5,300 (or 0.4 percent) less than the old, unrevised level. The unemployment rate remained steady at 4.9 percent. Taxable sales and gasoline sales (in gallons) in December grew by 2.3 and 3.6 percent, respectively, year-over-year. January gaming revenue declined by 2.0 percent compared to a year ago as the Lunar New Year fell in February in 2018.

For Clark County, somewhat mixed signals emerged with the latest data. Seasonally adjusted employment lost 300 jobs from December to January. In addition,

the annual benchmark revisions revised the monthly payrolls in 2017 to reflect an average of 1,100 fewer jobs than previously estimated. In December 2017, the new employment level was 6,500 (or 0.7 percent) less than the old, unrevised level. The unemployment rate ticked down to 5.1 percent. January visitor volume for Clark County continued its year-over-year loss of 2.9 percent, while total McCarran Airport passengers increased by 2.7 percent during the same period. January gaming revenue continued its yearly decline of 3.7 percent, mainly due to an 8.9 percent loss in the Las Vegas Strip. Clark County taxable sales and gasoline sales for December climbed by 3.1 and 2.2 percent, respectively, relative to last year. November residential housing permits were up strongly by 41.1 percent year-over-year.

Favorable signals were posted for Washoe County. The Reno-Sparks seasonally adjusted employment gained 200 jobs from December to January and rose robustly by 4.5 percent from last year. Finally, the annual benchmark revisions revised the monthly payrolls in 2017 to reflect an average of 4,500 additional jobs than previously estimated. In December 2017, the new employment level was 4,600 (or 2.0 percent) more than the old, unrevised level. The unemployment rate dropped to 4.0 percent in December. December taxable sales for Washoe and Storey Counties decreased by 3.3 percent year-over-year. December visitor volume was up by 4.2 percent from a year ago. Residential housing permits in December continued a significant year-over-year gain of 153.5 percent.

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The views expressed are those of the authors and do not necessarily represent those of the University of Nevada, Las Vegas or the Nevada System of Higher Education.

BUSINESS CONDITIONS

For the State of Nevada

	Date	Units	Data			Growth		Comments
			Latest	Previous	Year Ago	Recent	Year Ago	
Nevada								
Employment	2018M01	000s, SA	1361.1	1359.8	1323.4	0.1%	2.8%	Up Over Year Ago
Unemployment Rate*	2018M01	%, SA	4.9	4.9	5.3	0.0%	-0.4%	Flat Month-Over-Month
Taxable Sales	2017M12	\$billion	5.567	4.711	5.443	18.2%	2.3%	Up Over Year Ago
Gaming Revenue	2018M01	\$million	1015.03	960.38	1036.27	5.7%	-2.0%	Down From Year Ago
Air Passengers	2017M12	million persons	4.189	4.248	4.022	-1.4%	4.1%	Up Over Year Ago
Gasoline Sales	2017M12	million gallons	102.07	96.49	98.56	5.8%	3.6%	Up Over Year Ago
Clark County								
Employment	2018M01	000s, SA	987.6	987.9	965.3	-0.03%	2.3%	Up Over Year Ago
Unemployment Rate*	2017M12	%, Smoothed SA	5.1	5.2	5.2	-0.1%	-0.1%	Reduced
Taxable Sales	2017M12	\$billion	3.993	3.391	3.873	17.8%	3.1%	Up Over Year Ago
Gaming Revenue	2018M01	\$million	892.06	820.39	926.17	8.7%	-3.7%	Down From Year Ago
Residential Permits	2017M11	units permitted	1662	908	1178	83.0%	41.1%	Strong Increase
Commercial Permits	2017M11	permits	33	34	41	-2.9%	-19.5%	Low and Volatile
Air Passengers	2018M01	million persons	3.776	3.828	3.676	-1.4%	2.7%	Up Over Year Ago
Gasoline Sales	2017M12	million gallons	69.77	66.39	68.25	5.1%	2.2%	Up Over Year Ago
Visitor Volume	2018M01	million persons	3.643	3.415	3.750	6.7%	-2.9%	Down From Year Ago
Washoe County								
Employment**	2018M01	000s, SA	235.5	235.3	225.4	0.1%	4.5%	Up Over Year Ago
Unemployment Rate*	2017M12	%, Smoothed SA	4.0	4.2	4.3	-0.2%	-0.3%	Reduced
Taxable Sales**	2017M12	\$billion	0.983	0.799	1.017	23.0%	-3.3%	Down From Year Ago
Gaming Revenue	2018M01	\$million	60.72	74.53	54.64	-18.5%	11.1%	Up Over Year Ago
Residential Permits	2017M12	units permitted	573	497	226	15.3%	153.5%	Up Strongly From Year Ago
Commercial Permits	2017M12	permits	42	29	23	44.8%	82.6%	Low and Volatile
Air Passengers	2017M12	million persons	0.327	0.300	0.301	8.9%	8.8%	Up Over Year Ago
Gasoline Sales**	2017M12	million gallons	15.94	14.40	14.87	10.7%	7.2%	Up Over Year Ago
Visitor Volume	2017M12	million persons	0.402	0.368	0.386	9.2%	4.2%	Up Over Year Ago
United States								
Employment	2018M02	million, SA	148.177	147.864	145.896	0.2%	1.6%	Up Over Year Ago
Unemployment Rate*	2018M02	%, SA	4.1	4.1	4.7	0.0%	-0.6%	Flat Month-Over-Month
Consumer Price Index	2018M01	82-84=100, SA	249.2	247.9	244.0	0.5%	2.1%	Up Over Year Ago
Core CPI	2018M01	82-84=100, SA	255.3	254.4	250.7	0.3%	1.8%	Up Over Year Ago
Employment Cost Index	2017Q4	05.12=100, SA	130.7	129.9	127.2	0.6%	2.8%	Up Over Year Ago
Productivity Index	2017Q4	2009=100, SA	108.5	108.8	107.7	-0.2%	0.8%	Up Over Year Ago
Retail Sales	2018M01	\$billion, SA	492.0	493.3	474.7	-0.3%	3.6%	Up Over Year Ago
Auto and Truck Sales	2018M01	million, SA	17.07	17.75	17.34	-3.8%	-1.5%	Down From Year Ago
Housing Starts	2018M01	million, SA	1.329	1.207	1.236	10.1%	7.5%	Up Over Year Ago
Real GDP***	2017Q4	2009\$billion, SA	17271.7	17163.9	16851.4	2.5%	2.5%	Robust Growth
Dollar Exchange Rate	2018M02	97.01=100	117.460	117.218	125.593	0.2%	-6.5%	Decreased
Trade Balance	2018M01	\$billion, SA	-56.601	-53.908	-48.692	5.0%	16.2%	Year-Over-Year Deficit Increase
S and P 500	2018M02	monthly close	2713.83	2823.81	2363.64	-3.9%	14.8%	Recent Decrease
Real Short-term Rate*	2018M02	%, NSA	-1.13	-1.56	-2.18	0.4%	1.1%	Up Over Year Ago
Treasury Yield Spread*	2018M02	%, NSA	1.29	1.17	1.90	0.1%	-0.6%	Recent Increase

Note: NSA = Not Seasonally Adjusted, SA = Seasonally Adjusted

*Growth data represent change in the percentage rate

**Reflects the Reno-Sparks MSA which includes Washoe and Storey Counties

***Recent growth is an annualized rate

Sources: Nevada Department of Taxation; Nevada Department of Employment, Training, and Rehabilitation; UNR Bureau of Business and Economic Research; UNLV Center for Business and Economic Research; McCarran International Airport; Reno/Tahoe International Airport; Las Vegas Convention and Visitors Authority; Reno-Sparks Convention and Visitors Authority; U.S. Department of Commerce; U.S. Bureau of Labor Statistics; U.S. Census Bureau; U.S. Federal Reserve System.