



NEVADA BUSINESS CONDITIONS

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June 2018

The “advance” estimate for U.S. real gross domestic product (GDP) for the first quarter of 2018 rose at an annual rate of 2.3 percent, a slower pace than the previous three consecutive quarters of about 3 percent. The first quarter real GDP growth, however, exceeded the first-quarter growth in recent years. The increase in real GDP largely reflected a moderate growth in business investment, while consumer spending showed its lowest growth since the second quarter of 2013. All of the following major sectors contributed positively to real GDP growth: nonresidential fixed investment, personal consumption expenditures, net exports, private inventory investment, and federal, state, and local government spending. U.S. nonfarm employment added 164,000 jobs in April. The disappointing increase of 103,000 jobs in March was revised up by 32,000. The unemployment rate dropped to an 18-year low of 3.9 percent after six consecutive months at 4.1 percent. In spite of a sign of labor shortages, average hourly earnings growth declined slightly from last month to 2.6 percent year-over-year. Retail sales rebounded, up by 0.6 percent month-over-month after three straight months of decline. March housing starts climbed strongly by 10.9 percent year-over-year, and seasonally adjusted housing prices in the United States also continued to gain. The near target inflation and low unemployment rates weigh on the Fed’s decision to hike interest rates in June. The recent uncertainty about a potential tariff war could provide a significant headwind.

The Nevada economy posted robust economic activity based on the most recent data. Seasonally adjusted statewide employment added 3,500 jobs in March. The unemployment rate, however, remained steady at 4.9 percent for the eighth consecutive month. Taxable sales and gasoline sales (in gallons) in February increased by 3.2 and 5.2 percent, respectively, year-over-year. March gaming revenue grew by 3.4 percent year-over-year thanks to a twofold increase in baccarat win. Total air passengers climbed by 1.8 percent year-over-year.

Clark County experienced largely favorable signals in local economic activity. Seasonally adjusted employment added 3,900 new jobs from February to March. The unemployment rate, nevertheless, remained unchanged at 5.2 percent for the third straight month. March visitor volume for Clark County continued its year-over-year

loss of 0.9 percent because of the reduced number of rooms in inventory and residual concerns about the October 1 tragedy. Some analysts, however, argue that increases in resort and parking fees may partly explain a continued yearly loss in visitor volume. Total McCarran Airport passengers and gaming revenue rose by 2.2 and 3.6 percent, respectively, during the same period. Clark County taxable sales and gasoline sales for February climbed by 5.6 and 4.1 percent, respectively, compared to a year ago. November residential housing permits rose strongly by 40.8 percent year-over-year.

Washoe County posted mixed signals. The Reno-Sparks seasonally adjusted employment gained 600 jobs from February to March and was up by 4.0 percent from last year. The unemployment rate edged up to 3.9 percent in March. February taxable sales for Washoe and Storey Counties dropped by 8.1 percent year-over-year due to a weak performance in Storey County. March visitor volume fell by 1.4 percent compared to a year ago. Residential housing permits in March experienced a substantial year-over-year loss of 68.7 percent because of the reduced number of new multifamily residential units.

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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.

	Date	Units	Data			Growth		Comments
			Latest	Previous	Year Ago	Recent	Year Ago	
Nevada								
Employment	2018M03	000s, SA	1373.7	1370.2	1334.4	0.3%	2.9%	Up Over Year Ago
Unemployment Rate*	2018M03	%, SA	4.9	4.9	5.2	0.0%	-0.3%	Flat Month-Over-Month
Taxable Sales	2018M02	\$billion	4.355	4.492	4.220	-3.1%	3.2%	Up Over Year Ago
Gaming Revenue	2018M03	\$million	1024.32	1017.91	991.02	0.6%	3.4%	Up Over Year Ago
Air Passengers	2018M03	million persons	4.679	3.886	4.596	20.4%	1.8%	Up Over Year Ago
Gasoline Sales	2018M02	million gallons	91.18	96.17	86.70	-5.2%	5.2%	Up Over Year Ago
Clark County								
Employment	2018M03	000s, SA	998.2	994.3	973.9	0.4%	2.5%	Up Over Year Ago
Unemployment Rate*	2018M03	%, Smoothed SA	5.2	5.2	5.4	0.0%	-0.2%	Flat Month-Over-Month
Taxable Sales	2018M02	\$billion	3.203	3.324	3.032	-3.6%	5.6%	Up Over Year Ago
Gaming Revenue	2018M03	\$million	888.31	888.77	857.35	-0.1%	3.6%	Up Over Year Ago
Residential Permits	2017M11	units permitted	1659	908	1178	82.7%	40.8%	Strong Increase
Commercial Permits	2017M11	permits	33	34	41	-2.9%	-19.5%	Low and Volatile
Air Passengers	2018M03	million persons	4.298	3.569	4.206	20.4%	2.2%	Up Over Year Ago
Gasoline Sales	2018M02	million gallons	63.21	67.07	60.74	-5.7%	4.1%	Up Over Year Ago
Visitor Volume	2018M03	million persons	4.063	3.387	4.101	20.0%	-0.9%	Down From Year Ago
Washoe County								
Employment**	2018M03	000s, SA	237.2	236.6	228.0	0.3%	4.0%	Up Over Year Ago
Unemployment Rate*	2018M03	%, Smoothed SA	3.9	3.8	4.3	0.1%	-0.4%	Flat Month-Over-Month
Taxable Sales**	2018M02	\$billion	0.696	0.689	0.757	1.0%	-8.1%	Down From Year Ago
Gaming Revenue	2018M03	\$million	70.46	64.87	69.01	8.6%	2.1%	Up Over Year Ago
Residential Permits	2018M03	units permitted	172	278	549	-38.1%	-68.7%	Down From Year Ago
Commercial Permits	2018M03	permits	66	18	47	266.7%	40.4%	Low and Volatile
Air Passengers	2018M03	million persons	0.356	0.297	0.354	20.0%	0.7%	Up Over Year Ago
Gasoline Sales**	2018M02	million gallons	14.00	14.39	13.18	-2.7%	6.2%	Up Over Year Ago
Visitor Volume	2018M03	million persons	0.422	0.362	0.428	16.4%	-1.4%	Down From Year Ago
United States								
Employment	2018M04	million, SA	148.424	148.260	146.144	0.1%	1.6%	Up Over Year Ago
Unemployment Rate*	2018M04	%, SA	3.9	4.1	4.4	-0.2%	-0.5%	Flat Month-Over-Month
Consumer Price Index	2018M03	82-84=100, SA	249.5	249.6	243.7	-0.1%	2.4%	Up Over Year Ago
Core CPI	2018M03	82-84=100, SA	256.2	255.8	250.9	0.2%	2.1%	Up Over Year Ago
Employment Cost Index	2018Q1	05.12=100, SA	132.0	130.7	128.3	1.0%	2.9%	Up Over Year Ago
Productivity Index	2018Q1	2009=100, SA	109.0	108.7	107.5	0.3%	1.4%	Up Over Year Ago
Retail Sales	2018M03	\$billion, SA	494.6	491.8	473.3	0.6%	4.5%	Up Over Year Ago
Auto and Truck Sales	2018M03	million, SA	17.40	16.98	16.72	2.5%	4.0%	Up Over Year Ago
Housing Starts	2018M03	million, SA	1.319	1.295	1.189	1.9%	10.9%	Up Over Year Ago
Real GDP***	2018Q1	2009\$billion, SA	17385.8	17286.5	16903.2	2.3%	2.9%	Robust Growth
Dollar Exchange Rate	2018M04	97.01=100	118.099	118.115	124.146	0.0%	-4.9%	Down From Year Ago
Trade Balance	2018M03	\$billion, SA	-48.956	-57.743	-44.729	-15.2%	9.5%	Year-Over-Year Deficit Increase
S and P 500	2018M04	monthly close	2648.05	2640.87	2384.20	0.3%	11.1%	Slight Increase Month-Over-Month
Real Short-term Rate*	2018M04	%, NSA	-0.94	-1.10	-1.7	0.2%	0.8%	Up Over Year Ago
Treasury Yield Spread*	2018M04	%, NSA	1.11	1.14	1.50	-0.03%	-0.4%	Down From Year Ago

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.