



NEVADA BUSINESS CONDITIONS

UNLV | LEE BUSINESS SCHOOL
CENTER FOR BUSINESS
AND ECONOMIC RESEARCH

May 2018

The “third” estimate for U.S. real gross domestic product (GDP) for the fourth quarter of 2017 increased at an annual rate of 2.9 percent, up by 0.4 percentage point from the previous estimate. The revision reflected larger personal consumption expenditures and private inventory investment than previously reported. The overall picture for growth remained the same. That is, the robust economic expansion was largely attributable to strong consumer spending. Business investment, residential investment, and government spending also contributed positively to real GDP growth. Private inventory investment and net exports, however, reduced growth. U.S. nonfarm employment added a disappointing 103,000 jobs in March after the large increase of 326,000 jobs in the last month. The unemployment rate remained at 4.1 percent for the sixth consecutive month. Average hourly earnings growth accelerated slightly from last month to 2.7 percent year-over-year. Retail sales decreased for the third straight month, but still increased by 4.0 percent from last year. Even though the pace of retail sales growth softened recently, consumer confidence remains high. February housing starts declined by 4.0 percent year-over-year, but seasonally adjusted housing prices in the United States continued to gain. The Federal Reserve raised the federal funds rate in March and will probably increase the interest rate at least two more times in 2018. The recent uncertainty about a potential tariff war could provide a significant headwind.

The Nevada economy posted strong economic activity based on the most recent data. Seasonally adjusted statewide employment added 6,600 jobs in February. The unemployment rate, however, remained steady at 4.9 percent for the seventh consecutive month. Taxable sales and gasoline sales (in gallons) in January grew by 5.1 and 2.8 percent, respectively, year-over-year. February gaming revenue increased by 7.7 percent year-over-year thanks to the Lunar New Year effect.

For Clark County, largely favorable signals emerged with the latest data. Seasonally adjusted employment added 2,600 new jobs from January to February. The unemployment rate, nevertheless, remained unchanged at 5.2 percent. February visitor volume for Clark County continued its year-over-year loss of 5.8 percent because of the reduced number of rooms in inventory and residual

concerns about the October 1 tragedy. Total McCarran Airport passengers, however, climbed by 4.0 percent during the same period. February gaming revenue rebounded after the second straight month of yearly decline, up by 7.7 percent, largely due to a surge in baccarat win. Clark County taxable sales and gasoline sales for January rose by 4.4 and 0.3 percent, respectively, compared to a year ago. November residential housing permits rose strongly by 40.8 percent year-over-year.

Highly positive signals characterized the economy in Washoe County. The Reno-Sparks seasonally adjusted employment gained 700 jobs from January to February and was up strongly by 4.5 percent from last year. The unemployment rate remained at 3.9 percent in February, which falls below the national rate of 4.1 percent. January taxable sales for Washoe and Storey Counties was up by 3.0 percent year-over-year. February visitor volume continued to gain by 2.7 percent year-over-year. Residential housing permits in January continued a substantial year-over-year increase of 80.7 percent.

Stephen M. Miller, Director
Jinju Lee, Economic Analyst
UNLV Center for Business and Economic Research

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	2018M02	000s, SA	1370.9	1364.3	1327.9	0.5%	3.2%	Up Over Year Ago
Unemployment Rate*	2018M02	%, SA	4.9	4.9	5.2	0.0%	-0.3%	Flat Month-Over-Month
Taxable Sales	2018M01	\$billion	4.492	5.567	4.273	-19.3%	5.1%	Up Over Year Ago
Gaming Revenue	2018M02	\$million	1017.91	1015.03	945.27	0.3%	7.7%	Up Over Year Ago
Air Passengers	2018M01	million persons	4.122	4.189	3.988	-1.6%	3.4%	Up Over Year Ago
Gasoline Sales	2018M01	million gallons	96.17	102.07	93.55	-5.8%	2.8%	Up Over Year Ago
Clark County								
Employment	2018M02	000s, SA	993.9	991.3	967.6	0.3%	2.7%	Up Over Year Ago
Unemployment Rate*	2018M02	%, Smoothed SA	5.2	5.2	5.0	0.0%	0.2%	Flat Month-Over-Month
Taxable Sales	2018M01	\$billion	3.324	3.993	3.185	-16.8%	4.4%	Up Over Year Ago
Gaming Revenue	2018M02	\$million	888.77	892.06	825.53	-0.4%	7.7%	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	2018M02	million persons	3.569	3.776	3.432	-5.5%	4.0%	Up Over Year Ago
Gasoline Sales	2018M01	million gallons	67.07	69.77	66.86	-3.9%	0.3%	Up Over Year Ago
Visitor Volume	2018M02	million persons	3.387	3.643	3.596	-7.0%	-5.8%	Down From Year Ago
Washoe County								
Employment**	2018M02	000s, SA	237.0	236.3	226.8	0.3%	4.5%	Up Over Year Ago
Unemployment Rate*	2018M02	%, Smoothed SA	3.9	3.9	4.2	0.0%	-0.3%	Flat Month-Over-Month
Taxable Sales**	2018M01	\$billion	0.689	0.983	0.669	-30.0%	3.0%	Up Over Year Ago
Gaming Revenue	2018M02	\$million	64.87	60.72	61.44	6.8%	5.6%	Up Over Year Ago
Residential Permits	2018M01	units permitted	159	573	88	-72.3%	80.7%	Up Strongly From Year Ago
Commercial Permits	2018M01	permits	19	42	13	-54.8%	46.2%	Low and Volatile
Air Passengers	2018M01	million persons	0.312	0.327	0.285	-4.5%	9.7%	Up Over Year Ago
Gasoline Sales**	2018M01	million gallons	14.39	15.94	13.49	-9.8%	6.7%	Up Over Year Ago
Visitor Volume	2018M02	million persons	0.362	0.340	0.353	6.6%	2.7%	Up Over Year Ago
United States								
Employment	2018M03	million, SA	148.230	148.127	145.969	0.1%	1.5%	Up Over Year Ago
Unemployment Rate*	2018M03	%, SA	4.1	4.1	4.5	0.0%	-0.4%	Flat Month-Over-Month
Consumer Price Index	2018M02	82-84=100, SA	249.6	249.2	244.1	0.2%	2.3%	Up Over Year Ago
Core CPI	2018M02	82-84=100, SA	255.8	255.3	251.1	0.2%	1.9%	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	108.7	107.6	-0.2%	0.8%	Up Over Year Ago
Retail Sales	2018M02	\$billion, SA	492.0	492.3	473.1	-0.1%	4.0%	Up Over Year Ago
Auto and Truck Sales	2018M02	million, SA	16.96	17.07	17.33	-0.6%	-2.1%	Down From Year Ago
Housing Starts	2018M02	million, SA	1.236	1.329	1.288	-7.0%	-4.0%	Down From Year Ago
Real GDP***	2017Q4	2009\$billion, SA	17286.5	17163.9	16851.4	2.9%	2.6%	Robust Growth
Dollar Exchange Rate	2018M03	97.01=100	118.089	117.575	125.065	0.4%	-5.6%	Down From Year Ago
Trade Balance	2018M02	\$billion, SA	-57.591	-56.665	-44.424	1.6%	29.6%	Year-Over-Year Deficit Increase
S and P 500	2018M03	monthly close	2640.87	2713.83	2362.72	-2.7%	11.8%	Recent Decrease
Real Short-term Rate*	2018M03	%, NSA	-1.10	-1.13	-1.76	0.03%	0.7%	Up Over Year Ago
Treasury Yield Spread*	2018M03	%, NSA	1.14	1.29	1.74	-0.2%	-0.6%	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.