



NEVADA BUSINESS CONDITIONS

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The “third” estimate of U.S. real gross domestic product (GDP) for the second quarter of 2018 increased at an annual rate of 4.2 percent, which remained unchanged from the “second” estimate. The overall picture of GDP growth did not change based on more complete data except that lower-than-expected private inventory investment was offset by small upward movements from most other GDP components. Overall, real GDP growth for the second quarter largely benefited from strong gains in consumer spending and net exports. U.S. nonfarm employment added a less-than-expected 134,000 jobs in September probably due to Hurricane Florence. Revised July and August employment, however, added 87,000 more jobs than previously estimated. The unemployment rate dropped to 3.7 percent, the lowest level since 1969. Average hourly earnings growth in September decelerated slightly to 2.8 percent year-over-year. Retail sales in August continued its robust gain, up by 6.6 percent from last year. July housing starts rebounded after two straight months of yearly decline, up by 9.4 percent year-over-year. The seasonally adjusted U.S. housing price also gained 6.0 percent from a year ago. The recent strong performance of various economic indicators will cause the Federal Reserve to raise the interest rate in December to prevent overheating of the economy. The uncertainty about a potential tariff war despite the recent NAFTA agreement, however, may provide a significant headwind.

The Nevada economy showed positive economic activity based on the most recent data. Seasonally adjusted statewide employment gained 1,200 jobs in August. The unemployment rate ticked down to 4.5 percent,^{[1][2]} the lowest level since the Great Recession. August gaming revenue declined by 7.7 percent year-over-year, due to a significant loss from the Las Vegas Strip. July taxable sales, however, increased strongly by 7.5 percent from a year ago, while gasoline sales (in gallon) climbed slightly by 0.5 percent over the same period. Finally, total air passengers experienced a year-over-year gain of 1.4 percent.

Clark County exhibited mixed signals in its economic activity. Seasonally adjusted employment lost 500 jobs from July to August after a large gain in the prior month. The unemployment rate also rose to 4.7 percent.

August visitor volume in Clark County declined slightly by 0.7 percent year-over-year despite a sharp jump in convention attendance. Revenue per available room for Las Vegas, however, climbed by 1.1 percent year-over-year. Gross gaming revenue in August dropped strongly by 10.2 percent compared to a year ago largely due to the Mayweather-McGregor fight, which boosted gross gaming revenue in August 2017. Total McCarran Airport passengers rose by 1.4 percent year-over-year. July taxable sales posted a strong year-over-year growth of 8.8 percent, but gasoline sales fell by 0.3 percent from last year. Residential housing permits/units in August continued yearly losses for the third consecutive month, down by 33.4 percent compared to a year ago.

Washoe County also posted generally mixed economic signals. The Reno-Sparks seasonally adjusted employment added 700 jobs from July to August, up by 3.9 percent year-over-year. The unemployment rate, however, edged up to 3.9 percent. July taxable sales for Washoe and Storey Counties gained 1.2 percent from last year despite a weaker performance in Storey County. July visitor volume fell by 6.7 percent year-over-year, while gross gaming revenue increased by 7.4 percent during the same period. Total airport passengers exceeded the level from last year by 2.4 percent. Residential housing permits in June showed a year-over-year loss of 16.3 percent mainly due to the reduced number of new residential permits/units in Sparks.

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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	2018M08	000s, SA	1389.4	1388.2	1344.6	0.1%	3.3%	Up Over Year Ago
Unemployment Rate*	2018M08	%, SA	4.5	4.6	4.9	-0.1%	-0.4%	Reduced
Taxable Sales	2018M07	\$billion	5.048	5.319	4.697	-5.1%	7.5%	Up Over Year Ago
Gaming Revenue	2018M08	\$million	912.98	996.44	989.51	-8.4%	-7.7%	Down From Year Ago
Air Passengers	2018M08	million persons	4.736	4.868	4.672	-2.7%	1.4%	Up Over Year Ago
Gasoline Sales	2018M07	million gallons	109.42	105.07	108.88	4.1%	0.5%	Down Slightly From Year Ago
Clark County								
Employment	2018M08	000s, SA	1011.5	1012.0	979.2	-0.05%	3.3%	Up Over Year Ago
Unemployment Rate*	2018M08	%, Smoothed SA	4.7	4.5	5.2	0.2%	-0.5%	Recent Increase
Taxable Sales	2018M07	\$billion	3.635	3.838	3.339	-5.3%	8.8%	Up Over Year Ago
Gaming Revenue	2018M08	\$million	756.10	839.05	841.59	-9.9%	-10.2%	Down From Year Ago
Residential Permits	2018M08	units permitted	843	883	1266	-4.5%	-33.4%	Down From Year Ago
Commercial Permits	2017M11	permits	33	34	41	-2.9%	-19.5%	Low and Volatile
Air Passengers	2018M08	million persons	4.306	4.426	4.245	-2.7%	1.4%	Up Over Year Ago
Gasoline Sales	2018M07	million gallons	73.70	70.44	73.95	4.6%	-0.3%	Down From Year Ago
Visitor Volume	2018M08	million persons	3.811	3.960	3.839	-3.8%	-0.7%	Down From Year Ago
Washoe County								
Employment**	2018M08	000s, SA	241.7	241.0	232.6	0.3%	3.9%	Up Over Year Ago
Unemployment Rate*	2018M08	%, Smoothed SA	3.9	3.6	4.1	0.3%	-0.2%	Recent Increase
Taxable Sales**	2018M07	\$billion	0.803	0.850	0.794	-5.5%	1.2%	Up Over Year Ago
Gaming Revenue	2018M08	\$million	82.95	78.12	77.25	6.2%	7.4%	Up Over Year Ago
Residential Permits	2018M08	units permitted	386	293	461	31.7%	-16.3%	Down From Year Ago
Commercial Permits	2018M08	permits	34	14	37	142.9%	-8.1%	Low and Volatile
Air Passengers	2018M08	million persons	0.403	0.415	0.393	-2.8%	2.4%	Up Over Year Ago
Gasoline Sales**	2018M07	million gallons	16.53	15.91	16.18	3.9%	2.2%	Up Over Year Ago
Visitor Volume	2018M08	million persons	0.476	0.485	0.510	-1.9%	-6.7%	Down From Year Ago
United States								
Employment	2018M09	million, SA	149.500	149.366	146.963	0.1%	1.7%	Up Over Year Ago
Unemployment Rate*	2018M09	%, SA	3.7	3.9	4.2	-0.2%	-0.5%	Reduced
Consumer Price Index	2018M08	82-84=100, SA	251.8	251.3	245.3	0.2%	2.7%	Up Over Year Ago
Core CPI	2018M08	82-84=100, SA	258.1	257.9	252.6	0.1%	2.2%	Up Over Year Ago
Employment Cost Index	2018Q2	05.12=100, SA	132.8	132.0	129.0	0.6%	2.9%	Up Over Year Ago
Productivity Index	2018Q2	2012=100, SA	105.4	104.5	103.9	0.9%	1.4%	Up Over Year Ago
Retail Sales	2018M08	\$billion, SA	509.0	508.6	477.3	0.1%	6.6%	Up Over Year Ago
Auto and Truck Sales	2018M08	million, SA	16.60	16.70	16.45	-0.6%	0.9%	Up Over Year Ago
Housing Starts	2018M08	million, SA	1.282	1.174	1.172	9.2%	9.4%	Up Over Year Ago
Real GDP***	2018Q2	2012\$billion, SA	18514.6	18324.0	17995.2	4.2%	2.9%	Strong Growth
Dollar Exchange Rate	2018M09	97.01=100	126.039	125.334	117.904	0.6%	6.9%	Increased
Trade Balance	2018M08	\$billion, SA	-53.237	-50.037	-44.163	6.4%	20.5%	Year-Over-Year Deficit Increase
S and P 500	2018M09	monthly close	2913.98	2901.52	2519.36	0.4%	15.7%	Increased
Real Short-term Rate*	2018M09	%, NSA	-0.57	-0.97	-1.67	0.4%	1.1%	Up Over Year Ago
Treasury Yield Spread*	2018M09	%, NSA	0.87	0.86	1.17	0.0%	-0.3%	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