



NEVADA BUSINESS CONDITIONS

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The “second” estimate of U.S. real gross domestic product (GDP) for the second quarter of 2018 rose at an annual rate of 4.2 percent, up by 0.1 percentage point from the prior estimate. The upward revision reflected larger-than-expected business investment, including inventory investment, which was partly offset by smaller-than-expected consumer spending. Real GDP posted the fastest growth since 2014 Q3 mainly due to strong consumer spending, which probably benefited from the tax cut. Business investment, net exports, and government spending also contributed positively to growth, while residential investment and private inventories contributed negatively. U.S. nonfarm employment added 201,000 jobs in August and average hourly earnings in August gained 2.9 percent, the fastest year-over-year pace since June 2009. The unemployment rate remained unchanged at 3.9 percent. Retail sales in July posted a robust 6.4 percent year-over-year growth. June housing starts continued to decline, while the seasonally adjusted U.S. housing price continued to increase. The Federal Reserve will probably introduce another rate hike in December as recent employment and economic indicators remained robust. The recent uncertainty about a potential tariff war, however, may provide a significant headwind.

The Nevada economy showed generally robust economic activity based on the most recent data. Seasonally adjusted statewide employment gained 9,500 jobs in July, the largest creation of jobs in two years. The unemployment rate fell to 4.6 percent, the lowest level since the Great Recession. July gaming revenue decreased slightly by 0.2 percent year-over-year, largely because of losses in Clark County. June taxable sales climbed by 4.1 percent from a year ago, while gasoline sales (in gallon) experienced a 0.4 percent decline over the same period. Finally, total air passengers rose by 2.5 percent year-over-year.

Clark County experienced mixed signals in local economic activity. Seasonally adjusted employment added a surprising 10,300 new jobs from June to July, the largest gain since April 2005. Leisure and hospitality, construction, and professional and business services provided the main gains to new jobs in July. The unemployment rate dropped to its lowest level of 4.5

percent since the Great Recession. July visitor volume in Clark County experienced a 3.6 percent year-over-year loss, which largely reflected decreased convention attendance. Gross gaming revenue in July also contracted by 1.1 percent from last year. Total McCarran Airport passengers, however, rose by 2.3 percent year-over-year. June taxable sales climbed robustly by 6.2 percent, but gasoline sales fell by 2.2 percent year-over-year. Residential housing permits/units in July continued its yearly loss, down by 13.3 percent compared to a year ago.

Washoe County also posted mixed economic signals. The Reno-Sparks seasonally adjusted employment added 800 jobs from June to July, up by 3.7 percent year-over-year. The unemployment rate ticked up to 3.6 percent. June taxable sales for Washoe and Storey Counties dropped by 7.5 percent from last year due to a weaker performance in Storey County. July visitor volume fell by 5.9 percent year-over-year, while gross gaming revenue gained slightly by 0.3 percent during the same period. Total airport passengers exceeded the level from last year by 3.4 percent. Residential housing permits in June showed a substantial year-over-year decline of 41.0 percent mainly due to the reduced number of new multifamily residential 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	2018M07	000s, SA	1389.4	1379.9	1343.4	0.7%	3.4%	Up Over Year Ago
Unemployment Rate*	2018M07	%, SA	4.6	4.7	5.0	-0.1%	-0.4%	Reduced
Taxable Sales	2018M06	\$billion	5.319	5.047	5.110	5.4%	4.1%	Up Over Year Ago
Gaming Revenue	2018M07	\$million	996.44	933.00	997.97	6.8%	-0.2%	Down From Year Ago
Air Passengers	2018M07	million persons	4.877	4.736	4.759	3.0%	2.5%	Up Over Year Ago
Gasoline Sales	2018M06	million gallons	105.07	107.15	105.47	-1.9%	-0.4%	Down Slightly From Year Ago
Clark County								
Employment	2018M07	000s, SA	1012.0	1001.7	978.3	1.0%	3.4%	Up Over Year Ago
Unemployment Rate*	2018M07	%, Smoothed SA	4.5	4.6	5.2	-0.1%	-0.7%	Reduced
Taxable Sales	2018M06	\$billion	3.838	3.665	3.613	4.7%	6.2%	Up Over Year Ago
Gaming Revenue	2018M07	\$million	839.05	790.98	848.56	6.1%	-1.1%	Down From Year Ago
Residential Permits	2018M07	units permitted	883	818	1018	7.9%	-13.3%	Down From Year Ago
Commercial Permits	2017M11	permits	33	34	41	-2.9%	-19.5%	Low and Volatile
Air Passengers	2018M07	million persons	4.426	4.311	4.326	2.7%	2.3%	Up Over Year Ago
Gasoline Sales	2018M06	million gallons	70.44	73.56	72.00	-4.2%	-2.2%	Down From Year Ago
Visitor Volume	2018M07	million persons	3.960	3.851	4.109	2.8%	-3.6%	Down From Year Ago
Washoe County								
Employment**	2018M07	000s, SA	240.7	239.9	232.1	0.3%	3.7%	Up Over Year Ago
Unemployment Rate*	2018M07	%, Smoothed SA	3.6	3.4	4.2	0.2%	-0.6%	Reduced
Taxable Sales**	2018M06	\$billion	0.850	0.804	0.919	5.8%	-7.5%	Down From Year Ago
Gaming Revenue	2018M07	\$million	78.12	77.77	77.86	0.4%	0.3%	Up Slightly From Year Ago
Residential Permits	2018M06	units permitted	288	427	488	-32.6%	-41.0%	Down From Year Ago
Commercial Permits	2018M06	permits	25	59	31	-57.6%	-19.4%	Low and Volatile
Air Passengers	2018M07	million persons	0.415	0.389	0.401	6.5%	3.4%	Up Over Year Ago
Gasoline Sales**	2018M06	million gallons	15.91	15.92	15.53	-0.1%	2.4%	Up Over Year Ago
Visitor Volume	2018M07	million persons	0.485	0.488	0.515	-0.6%	-5.9%	Down From Year Ago
United States								
Employment	2018M08	million, SA	149.279	149.078	146.949	0.1%	1.6%	Up Over Year Ago
Unemployment Rate*	2018M08	%, SA	3.9	3.9	4.4	0.0%	-0.5%	Flat Month-Over-Month
Consumer Price Index	2018M07	82-84=100, SA	251.3	250.9	244.2	0.2%	2.9%	Up Over Year Ago
Core CPI	2018M07	82-84=100, SA	257.9	257.3	252.1	0.2%	2.3%	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	2018M07	\$billion, SA	507.5	504.9	477.0	0.5%	6.4%	Robust Increase
Auto and Truck Sales	2018M07	million, SA	16.68	17.21	16.70	-3.1%	-0.1%	Up Over Year Ago
Housing Starts	2018M07	million, SA	1.168	1.158	1.185	0.9%	-1.4%	Down From Year Ago
Real GDP***	2018Q2	2012\$billion, SA	18514.6	18324.0	17995.2	4.2%	2.9%	Strong Growth
Dollar Exchange Rate	2018M08	97.01=100	125.334	124.059	119.033	1.0%	5.3%	Increased
Trade Balance	2018M07	\$billion, SA	-50.082	-45.739	-44.221	9.5%	13.3%	Year-Over-Year Deficit Increase
S and P 500	2018M08	monthly close	2901.52	2816.29	2471.65	3.0%	17.4%	Increased
Real Short-term Rate*	2018M08	%, NSA	-0.97	-0.94	-1.59	0.0%	0.6%	Up Over Year Ago
Treasury Yield Spread*	2018M08	%, NSA	0.86	0.93	1.20	-0.1%	-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

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.