



NEVADA BUSINESS CONDITIONS

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The “advance” estimate for U.S. real gross domestic product (GDP) for the second quarter of 2018 expanded by a strong 4.1 percent annualized rate, the fastest pace in almost four years. Consumer spending, which accounts for two-thirds of real GDP, also grew strongly, which probably reflected somewhat the tax cut. Private fixed investment, net exports, and government spending also contributed positively to growth, while residential investment and private inventories contributed negatively. U.S. nonfarm employment added a lower-than-expected 157,000 jobs in July. May and June employment, however, was revised upward by a total of 59,000 jobs. The unemployment rate edged down to 3.9 percent, while July average hourly earnings rose by 2.7 percent year-over-year, slightly outpacing the core CPI inflation of 2.2 percent despite a tight labor market. Retail sales growth in June accelerated to 6.6 percent year-over-year, the strongest pace since February 2012. June housing starts decreased by 4.2 percent compared a year ago, while the seasonally adjusted U.S. housing price continued its gain. Although the Federal Reserve decided not to increase the federal funds rate in the August meeting, strong economic indicators should lead the Fed to engineer another two interest rate hikes in 2018. The recent uncertainty about a potential tariff war, however, may provide a significant headwind.

The Nevada economy showed robust economic activity based on the most recent data. Seasonally adjusted statewide employment gained 2,000 jobs in June, rising by 2.8 percent year-over-year. The unemployment rate ticked down to 4.7 percent, the lowest level since the Great Recession. Taxable sales and gasoline sales (in gallons) in May rose by 4.7 and 2.5 percent, respectively, compared to last year. June gaming revenue climbed by 4.2 percent year-over-year. Finally, total air passengers rose by 4.0 percent year-over-year.

Clark County experienced generally positive signals in local economic activity. Seasonally adjusted employment added 400 new jobs from May to June. The unemployment rate dropped to 4.5 percent, the lowest level in nearly 13 years. June visitor volume to Clark County declined by 0.9 percent year-over-year, which partly reflected the date change of the Electric Daisy Carnival from June to May. Total McCarran Airport passengers and gaming revenue

in June, however, experienced year-over-year gains, up by 2.7 and 3.5 percent, respectively. Clark County taxable sales and gasoline sales in May posted 5.6 and 2.3 percent year-over-year growth rates, respectively. Residential housing permits/units in June decreased significantly by 39.3 percent compared to a year ago. As a result, the year-to-date number of permits/units dropped to a lower level relative to last year.

Washoe County also posted favorable economic signals. The Reno-Sparks seasonally adjusted employment added 700 jobs from May to June, rising by 3.7 percent from last year. The unemployment rate fell to 3.4 percent, the lowest level since July 2000. May taxable sales for Washoe and Storey Counties contracted by 1.7 percent year-over-year due to a weaker performance in Storey County. June visitor volume was relatively flat, up slightly by 0.9 percent year-over-year. Total airport passengers exceeded the level from last year by 8.7 percent. Residential housing permits in May experienced a year-over-year loss, decreasing by 23.0 percent due to reduced activity 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	2018M06	000s, SA	1377.8	1375.8	1340.2	0.1%	2.8%	Up Over Year Ago
Unemployment Rate*	2018M06	%, SA	4.7	4.8	5.1	-0.1%	-0.4%	Reduced
Taxable Sales	2018M05	\$billion	5.047	4.951	4.820	1.9%	4.7%	Up Over Year Ago
Gaming Revenue	2018M06	\$million	933.00	1044.08	895.43	-10.6%	4.2%	Up Over Year Ago
Air Passengers	2018M05	million persons	4.742	4.548	4.561	4.3%	4.0%	Up Over Year Ago
Gasoline Sales	2018M05	million gallons	107.15	102.89	104.54	4.1%	2.5%	Up Over Year Ago
Clark County								
Employment	2018M06	000s, SA	1001.6	1001.2	975.6	0.04%	2.7%	Up Over Year Ago
Unemployment Rate*	2018M06	%, Smoothed SA	4.5	4.7	5.3	-0.2%	-0.8%	Reduced
Taxable Sales	2018M05	\$billion	3.665	3.586	3.470	2.2%	5.6%	Up Over Year Ago
Gaming Revenue	2018M06	\$million	790.98	904.58	764.32	-12.6%	3.5%	Up Over Year Ago
Residential Permits	2018M06	units permitted	818	1546	1347	-47.1%	-39.3%	Down From Year Ago
Commercial Permits	2017M11	permits	33	34	41	-2.9%	-19.5%	Low and Volatile
Air Passengers	2018M06	million persons	4.311	4.360	4.198	-1.1%	2.7%	Up Over Year Ago
Gasoline Sales	2018M05	million gallons	73.56	71.51	71.94	2.9%	2.3%	Up Over Year Ago
Visitor Volume	2018M06	million persons	3.851	3.909	3.886	-1.5%	-0.9%	Down From Year Ago
Washoe County								
Employment**	2018M06	000s, SA	239.4	238.7	230.8	0.3%	3.7%	Up Over Year Ago
Unemployment Rate*	2018M06	%, Smoothed SA	3.4	3.5	4.2	-0.1%	-0.8%	Reduced
Taxable Sales**	2018M05	\$billion	0.804	0.804	0.818	0.0%	-1.7%	Down From Year Ago
Gaming Revenue	2018M06	\$million	77.77	73.10	67.10	6.4%	15.9%	Up Over Year Ago
Residential Permits	2018M05	units permitted	423	478	549	-11.5%	-23.0%	Down From Year Ago
Commercial Permits	2018M05	permits	59	42	47	40.5%	25.5%	Low and Volatile
Air Passengers	2018M05	million persons	0.346	0.325	0.318	6.2%	8.7%	Up Over Year Ago
Gasoline Sales**	2018M05	million gallons	15.92	14.98	15.45	6.2%	3.0%	Up Over Year Ago
Visitor Volume	2018M06	million persons	0.488	0.427	0.484	14.4%	0.9%	Up Over Year Ago
United States								
Employment	2018M07	million, SA	149.128	148.971	146.728	0.1%	1.6%	Up Over Year Ago
Unemployment Rate*	2018M07	%, SA	3.9	4.0	4.3	-0.1%	-0.4%	Recent Decrease
Consumer Price Index	2018M06	82-84=100, SA	250.9	250.5	244.0	0.1%	2.8%	Up Over Year Ago
Core CPI	2018M06	82-84=100, SA	257.3	256.9	251.7	0.2%	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	2018Q1	2009=100, SA	108.9	108.7	107.5	0.2%	1.3%	Up Over Year Ago
Retail Sales	2018M06	\$billion, SA	506.8	504.3	475.4	0.5%	6.6%	Robust Increase
Auto and Truck Sales	2018M06	million, SA	17.23	17.18	16.80	0.3%	2.6%	Up Over Year Ago
Housing Starts	2018M06	million, SA	1.173	1.337	1.225	-12.3%	-4.2%	Down From Year Ago
Real GDP***	2018Q2	2012\$billion, SA	18507.2	18324.0	17995.2	4.1%	2.8%	Strong Growth
Dollar Exchange Rate	2018M07	97.01=100	124.103	123.450	120.374	0.5%	3.1%	Increased
Trade Balance	2018M06	\$billion, SA	-46.348	-43.186	-44.803	7.3%	3.4%	Year-Over-Year Deficit Increase
S and P 500	2018M07	monthly close	2816.29	2718.37	2470.30	3.6%	14.0%	Increased
Real Short-term Rate*	2018M07	%, NSA	-0.94	-1.10	-1.53	0.2%	0.6%	Up Over Year Ago
Treasury Yield Spread*	2018M07	%, NSA	0.93	1.01	1.25	-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.