

Nevada Business Conditions

April 1, 2016

The second estimate for U.S. real gross domestic product (GDP) for the fourth quarter of 2015 was revised up from the first (advanced) estimate of 0.7 to 1.0 percent annualized growth rate. The revision occurred because private inventory investment experienced a smaller decline than estimated in the previous month. The U.S. domestic economy in the fourth quarter was slowed by a strong dollar, cheap oil, and a weak global economy. U.S. nonfarm employment added a more-than-expected 242,000 jobs in February. The unemployment rate remained unchanged at 4.9 percent, while the labor participation rate rose for the fifth consecutive month to 62.9 percent or 0.5 percent above its recent low. Recent U.S. data showed evidence of a stable economy. Retail sales experienced both monthly and yearly gains, while auto and truck sales remained strongly above their respective levels from last year. The U.S. stock market and oil prices also rebounded after substantial losses. Even though the consumer sentiment index experienced a slight decrease in February compared to last month, the firm labor market and recent positive performance in the stock market reduced the fear of slipping into recession. The stronger dollar and weak global economy still introduced uncertainty as to the on-going performance of the U.S. economy. Thus, the next increase in the federal funds rate will probably not occur until June.

Based on the most recent data, the Nevada economy saw a modest pick-up in economic activity. Seasonally adjusted statewide employment added 5,800 jobs and the unemployment rate fell from 6.3 percent to 6.2 percent from December to January. December taxable sales grew by 5.3 percent on a year-over-year basis. In addition, gasoline sales (in gallons) increased by 2.0 percent from December 2014. Total air passengers continued a strong year-over-year growth, up by 7.1 percent. Gaming revenue decreased by 5.8 and 2.9 percent compared to last month and last year, respectively, mainly due to substantial losses in baccarat win from the Las Vegas Strip. Gaming revenue, excluding baccarat win, experienced both monthly and yearly gains.

Most recent year-over-year data provided positive evidence for a continued recovery in Clark County. Seasonally adjusted employment experienced the largest job gains in a decade, by adding 8,100 jobs in January. The unemployment rate fell from 6.5 percent to 6.3 percent compared to a month earlier. Total McCarran passengers and visitor volume in January rose 7.3 and 2.1 percent, respectively, from a year earlier. Clark County's taxable sales and gasoline sales for December exceeded their levels from last year by 5.5 and 2.2 percent, respectively. Residential permits continued a significant year-over-year rise by 76.7 percent. Commercial permits experienced both monthly and yearly losses, and they still remained at a low level. Gaming revenue fell by 3.3 percent compared to a year ago.

Washoe County experienced mixed signals from year-over-year data. The Reno-Sparks seasonally adjusted employment added 1,300 jobs for the month, and the unemployment rate dropped to 5.8 percent in December, its lowest level since April 2008. Taxable sales for December also posted a strong increase of 9.0 percent year-over-year, while gaming revenue for January was down by 1.9 percent due to a loss in slot machine revenue. Although January air passengers increased by 5.4 percent year-over-year, visitor volume in January experienced a substantial loss, a 7.8 percent year-over-year decrease. Residential housing permits rose strongly by 37.8 percent year-over-year, but commercial building permits fell and remained low.

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.

Nevada	Date	Units	Data			Growth		Comments
			Latest	Previous	Year Ago	Recent	Year Ago	
	Employment 2016M01	000s, SA	1273.5	1267.7	1241.6	0.5%	2.6%	Up Over Year Ago
	Unemployment Rate* 2016M01	%, SA	6.2	6.3	7.1	-0.1%	-0.9%	Reduced
	Taxable Sales 2015M12	\$billion	5.124	4.213	4.867	21.6%	5.3%	Up Over Year Ago
	Gaming Revenue 2016M01	\$million	925.32	982.06	952.67	-5.8%	-2.9%	Down From Year Ago
	Air Passengers 2016M01	million persons	3.843	3.988	3.589	-3.6%	7.1%	Up Over Year Ago
	Gasoline Sales 2015M12	million gallons	95.23	92.57	93.37	2.9%	2.0%	Up Over Year Ago
Clark County			Latest	Previous	Year Ago	Recent	Year Ago	
	Employment 2016M01	000s, SA	931.7	923.6	905.7	0.9%	2.9%	Up Over Year Ago
	Unemployment Rate* 2015M12	%, Smoothed SA	6.3	6.5	7.1	-0.2%	-0.8%	Reduced
	Taxable Sales 2015M12	\$billion	3.802	3.146	3.603	20.8%	5.5%	Up Over Year Ago
	Gaming Revenue 2016M01	\$million	810.53	864.35	838.16	-6.2%	-3.3%	Down From Year Ago
	Residential Permits 2016M01	units permitted	737	827	417	-10.9%	76.7%	Up Over Year Ago
	Commercial Permits 2016M01	permits	23	35	24	-34.3%	-4.2%	Low and Volatile
	Air Passengers 2016M01	million persons	3.552	3.669	3.310	-3.2%	7.3%	Up Over Year Ago
	Gasoline Sales 2015M12	million gallons	66.00	64.39	64.55	2.5%	2.2%	Up Over Year Ago
	Visitor Volume 2016M01	million persons	3.714	3.429	3.638	8.3%	2.1%	Up Over Year Ago
Washoe County			Latest	Previous	Year Ago	Recent	Year Ago	
	Employment** 2016M01	000s, SA	215.5	214.2	206.3	0.6%	4.5%	Up Over Year Ago
	Unemployment Rate* 2015M12	%, Smoothed SA	5.8	6.1	6.7	-0.3%	-0.9%	Reduced
	Taxable Sales 2015M12	\$billion	0.736	0.597	0.676	23.4%	9.0%	Up Strongly
	Gaming Revenue 2016M01	\$million	58.77	60.36	59.89	-2.6%	-1.9%	Down From Year Ago
	Residential Permits 2016M01	units permitted	237	188	172	26.1%	37.8%	Up Strongly
	Commercial Permits 2016M01	permits	9	14	17	-35.7%	-47.1%	Low and Volatile
	Air Passengers 2016M01	million persons	0.260	0.286	0.247	-9.3%	5.4%	Up Over Year Ago
	Gasoline Sales 2015M12	million gallons	14.12	13.44	14.01	5.1%	0.8%	Up Over Year Ago
	Visitor Volume 2016M01	million persons	0.316	0.388	0.343	-18.5%	-7.8%	Down From Year Ago
United States			Latest	Previous	Year Ago	Recent	Year Ago	
	Employment 2016M02	million, SA	143.560	143.318	140.888	0.2%	1.9%	Up Over Year Ago
	Unemployment Rate* 2016M02	%, SA	4.9	4.9	5.5	0.0%	-0.6%	Reduced
	Consumer Price Index 2016M01	82-84=100, SA	238.1	238.0	235.0	0.0%	1.3%	Up Over Year Ago
	Core CPI 2016M01	82-84=100, SA	245.2	244.5	239.9	0.3%	2.2%	Up Over Year Ago
	Employment Cost Index 2015Q4	05.12=100, SA	124.3	123.6	121.7	0.6%	2.1%	Up Over Year Ago
	Productivity Index 2015Q4	2009=100, SA	106.0	106.6	105.4	-0.6%	0.6%	Up Over Year Ago
	Retail Sales 2016M01	\$billion, SA	449.9	449.1	434.9	0.2%	3.4%	Up Over Year Ago
	Auto and Truck Sales 2016M02	million, SA	17.43	17.45	16.32	-0.1%	6.8%	Up Over Year Ago
	Housing Starts 2016M01	million, SA	1.099	1.143	1.080	-3.8%	1.8%	Up Over Year Ago
	Real GDP*** 2015Q4	2009\$billion, SA	16455.1	16414.0	16151.4	1.0%	1.9%	Weak Growth
	Dollar Exchange Rate 2016M02	97.01=100	124.042	125.150	114.246	-0.9%	8.6%	Up Over Year Ago
	Trade Balance 2016M01	\$billion, SA	-45.677	-44.698	-43.601	2.2%	4.8%	Year-Over-Year Deficit Increase
	S and P 500 2016M02	monthly close	1932.23	1,940.24	2104.50	-0.4%	-8.2%	Down From Year Ago
	Real Short-term Rate* 2016M01	%, NSA	-2.24	-2.37	-2.47	0.1%	0.2%	Year-Over-Year Increase
	Treasury Yield Spread* 2016M02	%, NSA	1.47	1.83	1.96	-0.36%	-0.49%	Down From Year Ago

*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.

Note: NSA = Not Seasonally Adjusted, SA = Seasonally Adjusted

As originally published in *Nevada Business Magazine*