

Nevada Business Conditions

December 1, 2015

The first estimate for U.S. real gross domestic product (GDP) for the third quarter of 2015 reports a 1.5 percent annualized growth rate, a 61 percent decline from the second quarter. The global economy continued to struggle in the third quarter, due in large part to the economic slowdown of the Chinese economy and the spillover effects on emerging market economies. Despite modest growth, the Bureau of Economic Analysis stated that U.S. domestic consumption, which accounts for about two-thirds of real GDP, remained strong. More specifically, personal consumption expenditures, state and local government spending, business investment, and residential investment contributed positively to growth; while private inventory investment and net exports contributed negatively. Spurred by a U.S. nonfarm employment increase of 271,000 jobs in October, the unemployment rate dropped from 5.1 to 5.0 percent, its lowest level since April 2008. The strength of the U.S. labor market will play heavily into the Fed decision on policy change at its December Federal Open Market Committee meeting. Most likely, unless labor market conditions change dramatically, the Fed will increase the federal funds rate in December. Housing starts increased strongly both month-over-month and year-over-year in September, and housing prices increased, suggesting that the recovery in U.S. real estate markets will continue. Auto/truck sales remained robustly above their respective levels from last year and last month. Retail sales also showed a firm year-over-year growth. The consumer confidence and consumer sentiment indexes experienced a gain in October, providing a positive signal for the U.S. economy.

Overall, the Nevada economy posted significant positive signals from the most recent data releases. Seasonally adjusted, statewide employment decreased by 0.2 percent from August to September and increased 2.8 percent year-over-year. The Nevada unemployment rate fell from 6.8 percent to 6.7 percent. August taxable sales experienced a stable year-over-year growth, up 2.2 percent. Gasoline sales displayed strong growth both month-over-month and year-over-year, up by 4.7 percent and 6.0 percent, respectively. Total air passengers increased by 5.8 percent year-over-year, and gaming revenue increased 1.5 percent year-over-year.

For Clark County, mixed signals emerged. Seasonally adjusted employment fell from August to September by 0.3 percent but increased 2.3 percent year-over-year. Most of the job losses occurred in the financial activity sector. The Clark County unemployment rate fell from 6.9 percent to 6.7 percent, down from 7.3 percent a year ago. Total air passengers at McCarran Airport rose 5.9 percent from a year earlier. September visitor volume increased 5.9 percent from last year. Clark County's taxable sales and gasoline sales for August were 1.8 percent and 6.6 percent above those of a year earlier, respectively. Residential permits fell 30.4 percent from a year ago, and commercial permits remained at a low level. Gaming revenue gained 1.3 percent compared to September 2014. Overall, the recent data for Clark County indicates modest economic recovery in Southern Nevada.

The most recent data showed somewhat less mixed signals for Washoe County. The Reno-Sparks seasonally adjusted employment increased by 0.4 percent from August to September and rose 3.2 percent from a year ago. The Reno-Sparks seasonally adjusted unemployment rate fell from 6.3 to 6.2 percent. September visitor volume and total passengers increased 3.0 percent and 4.3 percent, respectively, from last year. Taxable sales for August increased 6.9 percent year-over-year, and gaming revenues for September increased 8.1 percent from a year earlier. Nevertheless, residential permits fell substantially, 33.3 percent from a year ago. Employment in the construction sector decreased 1.6 percent during the same period. Commercial permits remained low.

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Nevada	Date	Units	Data			Growth		Comments
			Latest	Previous	Year Ago	Recent	Year Ago	
Employment	2015M09	000s, SA	1261.7	1264.3	1227.1	-0.2%	2.8%	Up Over Year Ago
Unemployment Rate*	2015M09	%, SA	6.7	6.8	7.3	-0.1%	-0.6%	Reduced
Taxable Sales	2015M08	\$billion	4.177	4.332	4.088	-3.6%	2.2%	Up Over Year Ago
Gaming Revenue	2015M09	\$million	916.35	908.24	902.61	0.9%	1.5%	Up Over Year Ago
Air Passengers	2015M09	million persons	4.129	4.400	3.903	-6.2%	5.8%	Up Over Year Ago
Gasoline Sales	2015M08	million gallons	104.65	99.96	98.75	4.7%	6.0%	Up Over Year Ago
Clark County			Latest	Previous	Year Ago	Recent	Year Ago	
Employment	2015M09	000s, SA	914.7	917.7	893.9	-0.3%	2.3%	Up Over Year Ago
Unemployment Rate*	2015M09	%, Smoothed SA	6.7	6.9	7.3	-0.2%	-0.6%	Reduced
Taxable Sales	2015M08	\$billion	3.077	3.212	3.023	-4.2%	1.8%	Up Over Year Ago
Gaming Revenue	2015M09	\$million	780.35	776.80	770.44	0.5%	1.3%	Up Over Year Ago
Residential Permits	2015M09	units permitted	573	840	823	-31.8%	-30.4%	Down From Year Ago
Commercial Permits	2015M09	permits	26	29	21	-10.3%	23.8%	Low and Volatile
Air Passengers	2015M09	million persons	3.779	4.007	3.568	-5.7%	5.9%	Up Over Year Ago
Gasoline Sales	2015M08	million gallons	71.13	67.98	66.70	4.6%	6.6%	Up Over Year Ago
Visitor Volume	2015M09	million persons	3.783	3.858	3.571	-2.0%	5.9%	Up Over Year Ago
Washoe County			Latest	Previous	Year Ago	Recent	Year Ago	
Employment**	2015M09	000s, SA	210.2	209.4	203.7	0.4%	3.2%	Up Over Year Ago
Unemployment Rate*	2015M09	%, Smoothed SA	6.2	6.3	7.1	-0.1%	-0.9%	Reduced
Taxable Sales	2015M08	\$billion	0.611	0.615	0.572	-0.5%	6.9%	Up Over Year Ago
Gaming Revenue	2015M09	\$million	71.45	69.85	66.10	2.3%	8.1%	Up Over Year Ago
Residential Permits	2015M09	units permitted	160	159	240	0.6%	-33.3%	Down From Year Ago
Commercial Permits	2015M09	permits	12	11	23	9.1%	-47.8%	Low and Volatile
Air Passengers	2015M09	million persons	0.297	0.337	0.285	-11.8%	4.3%	Up Over Year Ago
Gasoline Sales	2015M08	million gallons	15.62	14.78	15.14	5.7%	3.2%	Up Over Year Ago
Visitor Volume	2015M09	million persons	0.443	0.463	0.430	-4.2%	3.0%	Up Over Year Ago
United States			Latest	Previous	Year Ago	Recent	Year Ago	
Employment	2015M10	million, SA	142.654	142.383	139.840	0.2%	2.0%	Up Over Year Ago
Unemployment Rate*	2015M10	%, SA	5.0	5.1	5.7	-0.1%	-0.7%	Reduced
Consumer Price Index	2015M09	82-84=100, SA	237.6	237.9	237.6	-0.2%	0.0%	Constant
Core CPI	2015M09	82-84=100, SA	243.2	242.7	238.7	0.2%	1.9%	Up Over Year Ago
Employment Cost Index	2015Q3	05.12=100, SA	123.6	122.8	121.1	0.7%	2.1%	Up Over Year Ago
Productivity Index	2015Q3	2009=100, SA	106.4	105.8	105.9	0.5%	0.5%	Up Over Year Ago
Retail Sales	2015M09	\$billion, SA	447.7	447.2	437.4	0.1%	2.4%	Up Over Year Ago
Auto and Truck Sales	2015M09	million, SA	18.06	17.73	16.42	1.9%	10.0%	Up Strongly
Housing Starts	2015M09	million, SA	1.206	1.132	1.026	6.5%	17.5%	Up Strongly
Real GDP***	2015Q3	2009\$billion, SA	16394.2	16333.6	16068.8	1.5%	2.0%	Moderate Growth
Dollar Exchange Rate	2015M10	97.01=100	119.243	120.373	105.949	-0.9%	12.5%	Up Strongly
Trade Balance	2015M09	\$billion, SA	-40.812	-48.017	-43.186	-15.0%	-5.5%	Year-Over-Year Deficit Decrease
S and P 500	2015M10	monthly close	2079.36	1920.03	2018.05	8.3%	3.0%	Recent Strong Rebound
Real Short-term Rate*	2015M09	%, NSA	-2.78	-2.73	-2.98	-0.05%	0.20%	Year-Over-Year Increase
Treasury Yield Spread*	2015M10	%, NSA	2.05	2.15	2.28	-0.10%	-0.23%	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