



# NEVADA BUSINESS CONDITIONS

**UNLV** | LEE BUSINESS SCHOOL  
CENTER FOR BUSINESS  
AND ECONOMIC RESEARCH

December 2016

U.S. real gross domestic product (GDP) for the third quarter of 2016 expanded at a 2.9 percent annualized growth rate based on the advanced estimate. This unusual and surprising jump after three quarters of sluggish growth reflects a surge in agricultural (soybean) exports and a rebound in business inventories, which bring doubt about continued strong growth in the fourth quarter. Consumer spending contributed positively to real GDP, but its growth slowed greatly compared to last quarter. With strong net exports, the expected interest rate hike in December will strengthen the dollar and slow net exports. U.S. nonfarm employment added 161,000 jobs in October, and the unemployment rate edged down to 4.9 from 5.0 percent. In addition, the recent average hourly earnings experienced the largest (i.e., 2.8 percent) year-over-year gain since the Great Recession ended. Retail sales increased by 2.7 percent from a year ago, while auto and truck sales fell by 1.8 percent from September 2015. September housing starts posted a significant 11.9 percent year-over-year loss, but housing prices in the U.S. continued ticking upward. These positive economic data raise the probability that the Fed will raise the federal funds rate at its December meeting.

The Nevada economy posted strong signals on its continued economic recovery. Although seasonally adjusted statewide employment lost 1,500 jobs in September, it still exceeded its pre-recession peak. In spite of job losses, the unemployment rate decreased significantly to 5.8 from 6.3 percent from August to September because of a dip in the labor force. Gaming revenue in September rebounded after a notable year-over-year loss from last month, up by 3.5 percent from last year. Taxable sales in August experienced a remarkable growth from a year ago, climbing by 10.6 percent, while gasoline sales (in gallons) rose slightly by 1.1 percent during the same period. Total air passengers exhibited a strong 7.7 year-over-year increase.

The most recent data on the Clark County economy provide positive signals about the economy. Although seasonally adjusted employment lost 4,400 jobs from August to September, it added 20,300 jobs from September 2015. The unemployment rate was down to 5.5 from 6.0 percent from August to September due to a large loss of the labor force. Visitor volume and gaming revenue experienced year-over-

year gains, increasing by 3.5 and 3.6 percent, respectively, from last year. An increase in gaming revenue reflected a large surge in the win percentage on the Las Vegas Strip compared to a year ago. Gaming revenue excluding the Las Vegas Strip actually experienced a year-over-year loss. Total McCarran passengers increased strongly by 7.3 percent on a year-over-year basis. Taxable sales and gasoline sales exceeded their levels compared to a year ago by 6.1 and 0.4 percent, respectively. Residential housing permits finally jumped by 28.1 percent year-over-year after three consecutive months of declines. Commercial permits dropped by 30.8 percent to its lowest level since December 2014.

Washoe County saw distinctly favorable signs on local economic growth. Bucking the statewide trend, the Reno-Sparks seasonally adjusted employment added 1,700 jobs for the month and was up strongly by 5.3 percent for the year. The unemployment rate decreased to 4.8 from 5.1 percent in September, lower than the national rate. Taxable sales showed a robust year-over-year growth, up by 7.5 percent, while gaming revenue and visitor volume rose by 3.6 and 6.9 percent, respectively. Gasoline sales increased month-over-month by 3.5 percent and year-over-year by 2.7 percent. Residential housing permits continued its significant gain, rising by 77.5 percent compared to a year ago.

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.

	Date	Units	Data			Growth		Comments
			Latest	Previous	Year Ago	Recent	Year Ago	
<b>Nevada</b>								
Employment	2016M09	000s, SA	1299.6	1301.1	1265.3	-0.1%	2.7%	Up Over Year Ago
Unemployment Rate*	2016M09	%, SA	5.8	6.3	6.6	-0.5%	-0.8%	Reduced
Taxable Sales	2016M08	\$billion	4.619	4.460	4.177	3.6%	10.6%	Up Strongly
Gaming Revenue	2016M09	\$million	948.96	861.19	916.47	10.2%	3.5%	Increased
Air Passengers	2016M09	million persons	4.413	4.482	4.098	-1.6%	7.7%	Up Over Year Ago
Gasoline Sales	2016M08	million gallons	105.77	106.47	104.65	-0.7%	1.1%	Up Over Year Ago
<b>Clark County</b>								
Employment	2016M09	000s, SA	943.6	948.0	923.3	-0.5%	2.2%	Up Over Year Ago
Unemployment Rate*	2016M09	%, Smoothed SA	5.5	6.0	6.6	-0.5%	-1.1%	Reduced
Taxable Sales	2016M08	\$billion	3.264	3.264	3.077	0.01%	6.1%	Up Over Year Ago
Gaming Revenue	2016M09	\$million	808.83	724.78	780.49	11.6%	3.6%	Up Over Year Ago
Residential Permits	2016M09	units permitted	729	692	569	5.3%	28.1%	Significant Increase
Commercial Permits	2016M09	permits	18	41	26	-56.1%	-30.8%	Low and Volatile
Air Passengers	2016M09	million persons	4.053	4.098	3.779	-1.1%	7.3%	Up Over Year Ago
Gasoline Sales	2016M08	million gallons	71.42	72.63	71.13	-1.7%	0.4%	Up Over Year Ago
Visitor Volume	2016M09	million persons	3.915	3.899	3.783	0.4%	3.5%	Up Over Year Ago
<b>Washoe County</b>								
Employment**	2016M09	000s, SA	224.2	222.5	213.0	0.8%	5.3%	Up Over Year Ago
Unemployment Rate*	2016M09	%, Smoothed SA	4.8	5.1	6.0	-0.3%	-1.2%	Reduced
Taxable Sales	2016M08	\$billion	0.657	0.663	0.611	-0.9%	7.5%	Up Over Year Ago
Gaming Revenue	2016M09	\$million	74.02	70.15	71.45	5.5%	3.6%	Up Over Year Ago
Residential Permits	2016M09	units permitted	284	364	160	-22.0%	77.5%	Up Strongly From Year Ago
Commercial Permits	2016M09	permits	25	41	12	-39.0%	108.3%	Low and Volatile
Air Passengers	2016M09	million persons	0.326	0.350	0.297	-6.9%	9.6%	Up Over Year Ago
Gasoline Sales	2016M08	million gallons	16.04	15.49	15.62	3.5%	2.7%	Increased
Visitor Volume	2016M09	million persons	0.474	0.464	0.443	2.1%	6.9%	Up Over Year Ago
<b>United States</b>								
Employment	2016M10	million, SA	144.952	144.791	142.595	0.1%	1.7%	Up Over Year Ago
Unemployment Rate*	2016M10	%, SA	4.9	5.0	5.0	-0.1%	-0.1%	Reduced
Consumer Price Index	2016M09	82-84=100, SA	241.0	240.3	237.5	0.3%	1.5%	Up Over Year Ago
Core CPI	2016M09	82-84=100, SA	248.6	248.3	243.2	0.1%	2.2%	Up Over Year Ago
Employment Cost Index	2016Q3	05.12=100, SA	126.6	126.0	123.6	0.5%	2.4%	Up Over Year Ago
Productivity Index	2016Q2	2009=100, SA	106.7	105.9	106.8	0.8%	-0.1%	Down From Year Ago
Retail Sales	2016M09	\$billion, SA	459.8	457.0	447.9	0.6%	2.7%	Up Over Year Ago
Auto and Truck Sales	2016M09	million, SA	17.66	16.91	17.98	4.4%	-1.8%	Down From Year Ago
Housing Starts	2016M09	million, SA	1.047	1.150	1.189	-9.0%	-11.9%	Significant Decrease
Real GDP***	2016Q3	2009\$billion, SA	16702.1	16583.1	16454.9	2.9%	1.5%	Weak Year-Over-Year Growth
Dollar Exchange Rate	2016M10	97.01=100	122.886	121.778	119.143	0.9%	3.1%	Recent Increase
Trade Balance	2016M09	\$billion, SA	-36.440	-40.462	-41.072	-9.9%	-11.3%	Year-Over-Year Deficit Decrease
S and P 500	2016M09	monthly close	2126.15	2168.27	2079.36	-1.9%	2.3%	Recent Decrease
Real Short-term Rate*	2016M09	%, NSA	-2.11	-2.20	-2.73	0.1%	0.6%	Increased
Treasury Yield Spread*	2016M10	%, NSA	1.43	1.34	2.05	0.1%	-0.6%	Recent Increase

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.