

Nevada Business Conditions

February 1, 2016

The third estimate for U.S. real gross domestic product (GDP) for the third quarter of 2015 reports a 2.0 percent annualized growth rate, revised down from the 2.1 percent rate for the second estimate. The revision reflected lower levels of private inventories and net exports than in the November estimate. Strong consumer spending still remained a main contributor to U.S. economic growth in the third quarter. U.S. nonfarm employment continued its strong job growth for three consecutive months by adding 292,000 jobs in December. The unemployment rate, however, remained unchanged at 5.0 percent from November as labor force participation increased in December. The continuing Chinese economic slowdown disrupted the U.S. stock market and world economy. Oil prices hit their lowest levels since 2004, mainly due to the stronger dollar and oversupply. Despite negative spillovers from China's slower economy, the U.S. domestic market showed modest growth. Housing starts and housing prices experienced both monthly and yearly gains in November, while auto and truck sales remained significantly above their respective levels from last year. Retail sales also continued a moderate growth throughout the year. The U.S. economy is expected to have moderate growth thanks to the strong labor market and consumer spending, while the strong dollar and weak global economy can dampen the economy in the future. A stronger dollar should continue as the Fed decided to raise the federal fund rate gradually until the end of 2016 up to 1.375 percentage points.

By most recent measures, the Nevada economy posted a significant pick-up in economic activity. Although seasonally adjusted statewide employment lost 6,700 jobs in November, the unemployment rate fell from 6.6 percent to 6.5 percent from October to November. October taxable sales grew by 5.5 percent on a year-over-year basis, and gasoline sales (in gallons) increased 2.8 percent from October 2014. Total air passengers and gaming revenue rose strongly, 10.5 percent and 7.8 percent, respectively, on a year-over-year basis.

Most recent data also indicate continued recovery in Clark County. Although seasonally adjusted employment lost 1,600 jobs in November, it rose by 2.6 percent on a year-over-year basis. The Clark County unemployment rate fell from 6.5 percent to 6.4 percent, down from 7.2 percent a year ago. Total McCarran passengers and visitor volume in November rose 10.2 percent and 3.6 percent, respectively, from a year earlier. Clark County's taxable sales and gasoline sales for October were above their levels from last year by 5.5 and 2.9 percent, respectively. Residential permits rose significantly by 45.4 percent from a year ago, while commercial permits remained at a low level. Gaming revenue increased year-over-year by 8.4 percent, benefiting by the increases in slot machine revenue by 15.2 percent from a year ago.

Washoe County also experienced positive signals. The Reno-Sparks seasonally adjusted employment fell by 0.6 percent for the month, but increased by 2.6 percent compared to November 2014. The majority of jobs lost occurred in the leisure and hospitality and construction sectors. The Reno-Sparks seasonally adjusted unemployment, however, stayed unchanged at 6.0 percent. November visitor volume decreased 0.3 percent, while total air passengers increased strongly by 12.5 percent from last year. Taxable sales for October continued double-digit yearly growth, up by 10.4 percent. Gaming revenue for November increased 3.4 percent from a year earlier. Residential housing permits rose significantly by 89.2 percent on a year-over-year basis, but commercial building permits 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	2015M11	000s, SA	1259.3	1266.0	1228.4	-0.5%	2.5%	Up Over Year Ago
Unemployment Rate*	2015M11	%, SA	6.5	6.6	7.1	-0.1%	-0.6%	Reduced
Taxable Sales	2015M10	\$billion	4.309	4.450	4.083	-3.2%	5.5%	Up Over Year Ago
Gaming Revenue	2015M11	\$million	944.27	887.58	876.24	6.4%	7.8%	Up Strongly
Air Passengers	2015M11	million persons	4.026	4.437	3.644	-9.3%	10.5%	Strong Yearly Growth
Gasoline Sales	2015M10	million gallons	98.00	96.63	95.37	1.4%	2.8%	Up Over Year Ago
Clark County			Latest	Previous	Year Ago	Recent	Year Ago	
Employment	2015M11	000s, SA	917.2	918.8	894.2	-0.2%	2.6%	Up Over Year Ago
Unemployment Rate*	2015M11	%, Smoothed SA	6.4	6.5	7.2	-0.1%	-0.8%	Reduced
Taxable Sales	2015M10	\$billion	3.193	3.308	3.028	-3.5%	5.5%	Up Over Year Ago
Gaming Revenue	2015M11	\$million	828.01	755.96	763.98	9.5%	8.4%	Up Strongly
Residential Permits	2015M11	units permitted	813	948	559	-14.2%	45.4%	Up Over Year Ago
Commercial Permits	2015M11	permits	22	33	27	-33.3%	-18.5%	Low and Volatile
Air Passengers	2015M11	million persons	3.740	4.105	3.394	-8.9%	10.2%	Strong Yearly Growth
Gasoline Sales	2015M10	million gallons	67.51	65.46	65.62	3.1%	2.9%	Up Over Year Ago
Visitor Volume	2015M11	million persons	3.651	4.062	3.523	-10.1%	3.6%	Up Over Year Ago
Washoe County			Latest	Previous	Year Ago	Recent	Year Ago	
Employment**	2015M11	000s, SA	208.1	209.4	202.9	-0.6%	2.6%	Up Over Year Ago
Unemployment Rate*	2015M11	%, Smoothed SA	6.0	6.0	6.9	0.0%	-0.9%	Reduced
Taxable Sales	2015M10	\$billion	0.621	0.633	0.563	-1.9%	10.4%	Up Strongly
Gaming Revenue	2015M11	\$million	61.34	67.96	59.34	-9.7%	3.4%	Up Over Year Ago
Residential Permits	2015M11	units permitted	299	200	158	49.5%	89.2%	Up Significantly
Commercial Permits	2015M11	permits	11	17	14	-35.3%	-21.4%	Low and Volatile
Air Passengers	2015M11	million persons	0.253	0.296	0.225	-14.3%	12.5%	Strong Yearly Growth
Gasoline Sales	2015M10	million gallons	14.29	14.65	14.04	-2.4%	1.8%	Up Over Year Ago
Visitor Volume	2015M11	million persons	0.326	0.420	0.327	-22.5%	-0.3%	Down From Year Ago
United States			Latest	Previous	Year Ago	Recent	Year Ago	
Employment	2015M12	million, SA	143.242	142.950	140.592	0.2%	1.9%	Up Over Year Ago
Unemployment Rate*	2015M12	%, SA	5.0	5.0	5.6	0.0%	-0.6%	Reduced
Consumer Price Index	2015M11	82-84=100, SA	238.1	238.0	237.1	0.0%	0.4%	Relatively Constant
Core CPI	2015M11	82-84=100, SA	244.1	243.7	239.3	0.2%	2.0%	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	106.5	105.8	105.9	0.7%	0.6%	Up Over Year Ago
Retail Sales	2015M11	\$billion, SA	448.1	447.1	442.1	0.2%	1.4%	Up Over Year Ago
Auto and Truck Sales	2015M11	million, SA	18.06	18.12	17.02	-0.4%	6.1%	Up Over Year Ago
Housing Starts	2015M11	million, SA	1.173	1.062	1.007	10.5%	16.5%	Up Strongly
Real GDP***	2015Q3	2009\$billion, SA	16414.0	16333.6	16068.8	2.0%	2.1%	Moderate Growth
Dollar Exchange Rate	2015M12	97.01=100	122.376	121.084	110.396	1.1%	10.9%	Up Strongly
Trade Balance	2015M11	\$billion, SA	-42.374	-44.582	-40.021	-5.0%	5.9%	Year-Over-Year Deficit Increase
S and P 500	2015M12	monthly close	2043.94	2,080.41	2058.90	-1.8%	-0.7%	Down From Year Ago
Real Short-term Rate*	2015M11	%, NSA	-2.58	-2.68	-2.78	0.1%	0.2%	Year-Over-Year Increase
Treasury Yield Spread*	2015M12	%, NSA	2.01	2.14	2.18	-0.13%	-0.17%	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

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