



NEVADA BUSINESS CONDITIONS

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U.S. real gross domestic product (GDP) for the third quarter of 2016 increased at a 3.5 percent annualized rate instead of the 3.2 percent reported last month in the second revised estimate. Nonresidential fixed investment, consumer spending, and state and local government spending contributed positively to the GDP's upward revision. The surprising upswing of real GDP in the third quarter reflects a surge in agricultural (soybean) exports and a rebound in business inventories. U.S. nonfarm employment added 156,000 jobs in December, while the unemployment rate ticked up to 4.7 percent due to a higher labor force participation rate. Average hourly earnings posted the strongest yearly gain since the recession ended, up by 2.9 percent. The consumer price index also showed the largest jump in two years at 1.7 percent. Retail sales rose by 0.1 and 3.8 percent, respectively, from last month and last year. November housing starts fell significantly by 6.9 percent year-over-year, but the housing price continued its upward trend. With expectations for the new administration, the stock market hit an historic record and consumer confidence surged to its highest point in 12 years. At the same time, the economic policy uncertainty index surged to higher levels, indicating increased economic policy uncertainty. The Fed raised its benchmark interest rate after a lull of 12 months at its recent December meeting to 0.75 percent. The Federal Open Market Committee indicated that more rate increases should occur in 2017 and 2018. The dollar hit a 14-year high in December but is expected to be stronger in 2017 and 2018 with higher U.S. interest rates and a weaker global economy.

The Nevada economy saw a continued pickup in its economic activity based on the most recent data. Seasonally adjusted statewide employment gained 3,200 jobs in November, and the unemployment rate fell to 5.2 percent, the lowest since early 2008. A decline in the unemployment rate still partly reflected the year-over-year fall in the labor force. Gaming revenue in November decreased by 1.5 percent compared to a year ago after a surge last month, which mainly reflected a substantial decrease in Las Vegas baccarat win. Taxable sales and gasoline sales (in gallons) in October continued to increase, up by 3.0 and 2.6 percent, respectively, from October 2015. Total air passengers climbed by 3.3 percent year-over-year.

The most recent data on the Clark County economy exhibited favorable signals for the economy. Seasonally adjusted employment added 900 jobs from October to November. The unemployment rate edged down to 5.3 from 5.5 percent in November. The labor force, however, fell from a year ago. Visitor volume and total McCarran passengers in November increased by 3.2 and 3.4 percent, respectively, compared to a year ago, while November gaming revenue declined by 2.0 percent during the same period. The loss in gaming revenue led by weak baccarat performance on the Las Vegas Strip. Taxable sales and gasoline sales also climbed by 2.8 and 2.7 percent, respectively, relative to last year. Residential housing permits and commercial permits rebounded remarkably by 58.5 and 86.4 percent, respectively, from a year ago, while commercial permits remained low and volatile.

Washoe County experienced positive signals on local economic growth. The Reno-Sparks seasonally adjusted employment added 800 jobs for the month and was up noticeably by 4.2 percent for the year. The unemployment rate fell and tied with the nationwide rate of 4.6 percent in November. Even though taxable sales posted the weakest year-over-year growth in 2016, it still rose by 1.6 percent from its respective level from last year. Gaming revenue rose by 1.1 percent from a year ago, while total air passengers and visitor volume experienced strong gains, up by 6.7 and 8.4 percent, respectively, year-over-year. Residential housing permits decreased by 3.3 percent from a year ago.

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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	2016M11	000s, SA	1302.3	1299.1	1267.6	0.2%	2.7%	Up Over Year Ago
Unemployment Rate*	2016M11	%, SA	5.2	5.5	6.4	-0.3%	-1.2%	Reduced
Taxable Sales	2016M10	\$billion	4.440	4.759	4.309	-6.7%	3.0%	Up Over Year Ago
Gaming Revenue	2016M11	\$million	930.42	986.08	944.35	-5.6%	-1.5%	Down From Year Ago
Air Passengers	2016M11	million persons	4.163	4.613	4.028	-9.8%	3.3%	Up Over Year Ago
Gasoline Sales	2016M10	million gallons	100.51	100.40	98.00	0.1%	2.6%	Up Over Year Ago
Clark County								
Employment	2016M11	000s, SA	943.1	942.2	924.1	0.1%	2.1%	Up Over Year Ago
Unemployment Rate*	2016M11	%, Smoothed SA	5.3	5.5	6.4	-0.2%	-1.1%	Reduced
Taxable Sales	2016M10	\$billion	3.281	3.463	3.193	-5.3%	2.8%	Up Over Year Ago
Gaming Revenue	2016M11	\$million	811.41	856.93	828.09	-5.3%	-2.0%	Down From Year Ago
Residential Permits	2016M11	units permitted	1289	739	813	74.4%	58.5%	Up Significantly
Commercial Permits	2016M11	permits	41	22	22	86.4%	86.4%	Low and Volatile
Air Passengers	2016M11	million persons	3.865	4.278	3.740	-9.7%	3.4%	Up Over Year Ago
Gasoline Sales	2016M10	million gallons	69.31	68.11	67.51	1.8%	2.7%	Up Over Year Ago
Visitor Volume	2016M11	million persons	3.676	4.054	3.561	-9.3%	3.2%	Up Over Year Ago
Washoe County								
Employment**	2016M11	000s, SA	221.9	221.1	213.0	0.4%	4.2%	Up Over Year Ago
Unemployment Rate*	2016M11	%, Smoothed SA	4.6	4.9	5.8	-0.3%	-1.2%	Reduced
Taxable Sales	2016M10	\$billion	0.631	0.706	0.621	-10.6%	1.6%	Up Over Year Ago
Gaming Revenue	2016M11	\$million	62.02	69.57	61.34	-10.8%	1.1%	Up Over Year Ago
Residential Permits	2016M11	units permitted	289	427	299	-32.3%	-3.3%	Down From Year Ago
Commercial Permits	2016M10	permits	36	25	17	44.0%	111.8%	Low and Volatile
Air Passengers	2016M11	million persons	0.270	0.304	0.253	-11.2%	6.7%	Up Over Year Ago
Gasoline Sales	2016M10	million gallons	14.48	15.07	14.29	-3.9%	1.3%	Up Over Year Ago
Visitor Volume	2016M11	million persons	0.353	0.404	0.326	-12.7%	8.4%	Up Over Year Ago
United States								
Employment	2016M12	million, SA	145.303	145.147	143.146	0.1%	1.5%	Up Over Year Ago
Unemployment Rate*	2016M12	%, SA	4.7	4.6	5.0	0.1%	-0.3%	Recent Increase
Consumer Price Index	2016M11	82-84=100, SA	242.3	241.9	238.3	0.2%	1.7%	Up Over Year Ago
Core CPI	2016M11	82-84=100, SA	249.4	249.0	244.1	0.2%	2.1%	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	2016Q3	2009=100, SA	106.8	105.9	106.8	0.9%	0.0%	Flat Year-Over-Year
Retail Sales	2016M11	\$billion, SA	465.5	465.1	448.7	0.1%	3.8%	Up Over Year Ago
Auto and Truck Sales	2016M11	million, SA	17.75	17.91	18.13	-0.9%	-2.1%	Down From Year Ago
Housing Starts	2016M11	million, SA	1.090	1.340	1.171	-18.7%	-6.9%	Significant Decrease
Real GDP***	2016Q3	2009\$billion, SA	16727.0	16583.1	16454.9	3.5%	1.7%	Up Strongly in Third Quarter
Dollar Exchange Rate	2016M12	97.01=100	127.740	125.805	122.184	1.5%	4.5%	Up Over Year Ago
Trade Balance	2016M11	\$billion, SA	-45.240	-42.360	-41.122	6.8%	10.0%	Year-Over-Year Deficit Increase
S and P 500	2016M12	monthly close	2238.83	2198.81	2043.94	1.8%	9.5%	Up Strongly
Real Short-term Rate*	2016M12	%, NSA	-1.69	-1.95	-2.37	0.3%	0.7%	Increased
Treasury Yield Spread*	2016M12	%, NSA	1.98	1.69	2.01	0.3%	-0.03%	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.