

Nevada Business Conditions

January 1, 2016

The second estimate for U.S. real gross domestic product (GDP) for the third quarter of 2015 reports a 2.1 percent annualized growth rate, revised up from 1.5 percent in the first estimate. The revision mostly reflected higher levels of inventory investment in the private sector, while consumer spending and net exports were revised downward. Strong consumer spending still remained a main contributor to U.S. economic growth in the third quarter. 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. U.S. nonfarm employment added 211,000 jobs in November, but the unemployment rate remained unchanged at 5.0 percent from October as labor force participation increased in November. These labor market effects solidify the Fed's decision to raise the federal funds rate at the December Federal Open Market Committee meeting. Although housing starts decreased significantly both month-over-month and year-over-year in October, housing prices increased. Auto/truck sales remained significantly above their respective levels from last year and last month, and retail sales also experienced both monthly and yearly gains. A strong dollar and a weak global economy could dampen U.S. economic growth in the future, but a strong job market and consumer spending will benefit the U.S. economy.

On balance, the Nevada economy posted positive signals from the most recent data releases. Seasonally adjusted statewide employment added 6,200 jobs, and the unemployment rate fell from 6.7 percent to 6.6 percent from September to October. September taxable sales and gasoline sales (in gallons) were up strongly by 5.1 percent and 5.2 percent, respectively, on a year-over-year basis. Total air passengers increased, and gaming revenue decreased by 5.7 and 2.9 percent, respectively, year-over-year.

The most recent data indicate continued economic recovery in Southern Nevada. Seasonally adjusted employment added 5,500 jobs in October, up by 3.5 percent on a year-over-year basis. The professional and business service sector added the largest number of Clark County jobs for the month. The Clark County unemployment rate fell from 6.7 percent to 6.5 percent, down from 7.3 percent a year ago. Total McCarran passengers rose 6.4 percent from a year earlier. October visitor volume increased 5.4 percent from last year, reaching its highest monthly count in history. Clark County's taxable sales and gasoline sales for September were higher by 4.8 percent and 4.8 percent, respectively, from a year earlier. Residential permits rose 7.5 percent from a year ago, while commercial permits remained at a low level. Gaming revenue declined 4.0 percent compared to October 2014. Most losses in gaming revenue occurred as a result of table game revenue dropping by 6.3 percent year-over-year.

Positive signals also were posted for Washoe County. The Reno-Sparks seasonally adjusted employment fell by 0.3 percent from September to October, but rose 3.3 percent from a year ago. The Reno-Sparks seasonally adjusted unemployment rate fell from 6.2 to 6.0 percent. October visitor volume increased 9.6 percent, while total air passengers decreased 2.6 percent from last year. Taxable sales for September experienced strong monthly and yearly gains, up by 3.6 percent and 12.3 percent, respectively. Gaming revenue for October increased 6.4 percent from a year earlier. Residential housing permits rose 5.4 percent on a year-over-year basis, but commercial building permits remained low.

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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.

Nevada	Date	Units	Data			Growth		Comments
			Latest	Previous	Year Ago	Recent	Year Ago	
	Employment 2015M10	000s, SA	1266.4	1260.2	1224.3	0.5%	3.4%	Up Over Year Ago
	Unemployment Rate* 2015M10	%, SA	6.6	6.7	7.2	-0.1%	-0.6%	Reduced
	Taxable Sales 2015M09	\$billion	4.450	4.177	4.232	6.5%	5.1%	Up Over Year Ago
	Gaming Revenue 2015M10	\$million	887.58	916.35	913.64	-3.1%	-2.9%	Down From Year Ago
	Air Passengers 2015M10	million persons	4.400	4.110	4.161	7.1%	5.7%	Up Over Year Ago
	Gasoline Sales 2015M09	million gallons	96.63	104.65	91.84	-7.7%	5.2%	Up Over Year Ago
Clark County			Latest	Previous	Year Ago	Recent	Year Ago	
	Employment 2015M10	000s, SA	919.3	913.8	888.2	0.6%	3.5%	Up Over Year Ago
	Unemployment Rate* 2015M10	%, Smoothed SA	6.5	6.7	7.3	-0.2%	-0.8%	Reduced
	Taxable Sales 2015M09	\$billion	3.308	3.077	3.156	7.5%	4.8%	Up Over Year Ago
	Gaming Revenue 2015M10	\$million	755.96	780.37	787.46	-3.1%	-4.0%	Down From Year Ago
	Residential Permits 2015M10	units permitted	948	569	882	66.6%	7.5%	Up Over Year Ago
	Commercial Permits 2015M10	permits	33	26	30	26.9%	10.0%	Low and Volatile
	Air Passengers 2015M10	million persons	4.105	3.779	3.857	8.6%	6.4%	Up Over Year Ago
	Gasoline Sales 2015M09	million gallons	65.46	71.13	62.49	-8.0%	4.8%	Up Over Year Ago
	Visitor Volume 2015M10	million persons	4.062	3.783	3.854	7.4%	5.4%	Up Over Year Ago
Washoe County			Latest	Previous	Year Ago	Recent	Year Ago	
	Employment** 2015M10	000s, SA	209.8	210.4	203.1	-0.3%	3.3%	Up Over Year Ago
	Unemployment Rate* 2015M10	%, Smoothed SA	6.0	6.2	7.0	-0.2%	-1.0%	Reduced
	Taxable Sales 2015M09	\$billion	0.633	0.611	0.564	3.6%	12.3%	Up Strongly
	Gaming Revenue 2015M10	\$million	67.96	71.45	63.85	-4.9%	6.4%	Up Over Year Ago
	Residential Permits 2015M10	units permitted	195	160	185	21.9%	5.4%	Up Over Year Ago
	Commercial Permits 2015M10	permits	17	12	26	41.7%	-34.6%	Low and Volatile
	Air Passengers 2015M10	million persons	0.260	0.297	0.267	-12.6%	-2.6%	Down From Year Ago
	Gasoline Sales 2015M09	million gallons	14.65	15.62	13.94	-6.2%	5.1%	Up Over Year Ago
	Visitor Volume 2015M10	million persons	0.420	0.443	0.383	-5.3%	9.6%	Up Over Year Ago
United States			Latest	Previous	Year Ago	Recent	Year Ago	
	Employment 2015M11	million, SA	142.900	142.689	140.263	0.1%	1.9%	Up Over Year Ago
	Unemployment Rate* 2015M11	%, SA	5.0	5.0	5.8	0.0%	-0.8%	Reduced
	Consumer Price Index 2015M10	82-84=100, SA	238.0	237.6	237.8	0.2%	0.1%	Relatively Constant
	Core CPI 2015M10	82-84=100, SA	243.7	243.2	239.1	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 2015M10	\$billion, SA	447.3	447.0	439.8	0.1%	1.7%	Up Over Year Ago
	Auto and Truck Sales 2015M10	million, SA	18.12	18.06	16.46	0.3%	10.1%	Up Strongly
	Housing Starts 2015M10	million, SA	1.060	1.191	1.079	-11.0%	-1.8%	Down From Year Ago
	Real GDP*** 2015Q3	2009\$billion, SA	16417.8	16333.6	16068.8	2.1%	2.2%	Moderate Growth
	Dollar Exchange Rate 2015M11	97.01=100	121.076	119.243	107.749	1.5%	12.4%	Up Strongly
	Trade Balance 2015M10	\$billion, SA	-43.891	-42.457	-42.753	3.4%	2.7%	Year-Over-Year Deficit Increase
	S and P 500 2015M11	monthly close	2109.79	2,079.36	2067.56	1.5%	2.0%	Up Over Year Ago
	Real Short-term Rate* 2015M10	%, NSA	-2.68	-2.78	-2.88	0.10%	0.20%	Year-Over-Year Increase
	Treasury Yield Spread* 2015M11	%, NSA	2.14	2.05	2.31	0.09%	-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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