

Nevada Business Conditions

March 1, 2016

The advance estimate for U.S. real gross domestic product (GDP) for the fourth quarter of 2015 reports a weak 0.7 percent annualized growth rate. Overall, the U.S. economy increased its size 1.8 percent year-over-year in 2015, down from 2.5 percent year-over-year in 2014. The U.S. domestic economy in the fourth quarter was deterred by strong dollars, cheap oil prices, and a weak global economy. U.S. nonfarm employment continued to grow by adding a less-than-expected 151,000 jobs in January 2016, and the unemployment rate fell to 4.9 percent, the lowest level since early 2008. Even though the U.S. economy has been strongly affected by domestic consumption, the negative combination of a weak global economy (negative spillovers from Chinese economic slowdown), a strong dollar, and a cheap oil price send a mixed signal as to future U.S. economic growth. The stock market suffered with significant value losses, and oil prices hit the lowest since 2003 due to stronger dollars and oversupply. Because of this turbulent situation, most economists expect that the Fed will not increase the federal fund rates in March. Recent retail sales figures showed a stable yearly growth, and housing starts and housing prices also experienced a yearly gain in December. Auto/truck sales also continued a moderate growth throughout the year, although slowing considerably in the fourth quarter.

Based on most recent measurements, the Nevada economy posted a significant pick-up in economic activity. Although seasonally adjusted statewide employment lost 3,700 jobs in December, the unemployment rate fell from 6.5 percent to 6.4 percent from November to December. November taxable sales grew by 6.2 percent on a year-over-year basis, and gasoline sales (in gallons) increased by 4.3 percent from November 2014. Total air passengers continued a strong year-over-year growth, up by 9.5 percent. Gaming revenue experienced both monthly and yearly gains, up 4.0 and 3.3 percent, respectively, reflecting strong growths in table gaming revenue. Overall, except for gaming revenue, the fourth quarter experienced negative effects.

Most recent year-over-year data also indicate a continued strong recovery in Clark County. Although seasonally adjusted employment lost 3,000 jobs in December, the unemployment rate fell from 6.5 percent to 6.3 percent compared to a month earlier. Total McCarran passengers and visitor volume in December rose 9.1 and 3.1 percent, respectively, from a year earlier. Clark County's taxable sales and gasoline sales for November exceeded their levels from last year by 6.0 and 4.4 percent, respectively. Residential permits continued a significant year-over-year rise by 29.4 percent from December 2014. Even though commercial permits more than doubled compared to last year's level, they still remained at a low level. Gaming revenue increased year-over-year by 3.7 percent, benefiting by strong gains from baccarat wins. Gaming revenue, excluding baccarat, increased 0.3 percent from a year earlier.

Washoe County also experienced positive signals from year-over-year data except for the construction sector. The Reno-Sparks seasonally adjusted employment added 1,100 jobs for the month, and the unemployment rate dropped to 5.8 percent in December, the lowest since April 2008. December visitor volume and total air passengers noticeably increased by 8.8 percent and 8.6 percent, respectively, on a year-over-year basis. Taxable sales for November also posted a strong increase of 9.7 percent year-over-year, while gaming revenue for December showed a weak growth of 0.1 percent from a year earlier. Residential housing permits fell by 6.9 percent year-over-year, and 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	2015M12	000s, SA	1255.7	1259.4	1230.5	-0.3%	2.0%	Up Over Year Ago
Unemployment Rate*	2015M12	%, SA	6.4	6.5	7.0	-0.1%	-0.6%	Reduced
Taxable Sales	2015M11	\$billion	4.213	4.309	3.965	-2.2%	6.2%	Up Over Year Ago
Gaming Revenue	2015M12	\$million	982.06	944.27	950.59	4.0%	3.3%	Up Over Year Ago
Air Passengers	2015M12	million persons	3.988	4.026	3.643	-0.9%	9.5%	Strong Yearly Growth
Gasoline Sales	2015M11	million gallons	92.57	98.00	88.78	-5.5%	4.3%	Up Over Year Ago
Clark County			Latest	Previous	Year Ago	Recent	Year Ago	
Employment	2015M12	000s, SA	914.0	917.0	895.9	-0.3%	2.0%	Up Over Year Ago
Unemployment Rate*	2015M12	%, Smoothed SA	6.3	6.5	7.1	-0.2%	-0.8%	Reduced
Taxable Sales	2015M11	\$billion	3.146	3.193	2.968	-1.5%	6.0%	Up Over Year Ago
Gaming Revenue	2015M12	\$million	864.35	828.01	833.85	4.4%	3.7%	Up Over Year Ago
Residential Permits	2015M12	units permitted	827	813	639	1.7%	29.4%	Up Over Year Ago
Commercial Permits	2015M12	permits	35	22	16	59.1%	118.8%	Low and Volatile
Air Passengers	2015M12	million persons	3.669	3.740	3.362	-1.9%	9.1%	Strong Yearly Growth
Gasoline Sales	2015M11	million gallons	64.39	67.51	61.66	-4.6%	4.4%	Up Over Year Ago
Visitor Volume	2015M12	million persons	3.429	3.651	3.325	-6.1%	3.1%	Up Over Year Ago
Washoe County			Latest	Previous	Year Ago	Recent	Year Ago	
Employment**	2015M12	000s, SA	209.2	208.1	203.0	0.5%	3.1%	Up Over Year Ago
Unemployment Rate*	2015M12	%, Smoothed SA	5.8	6.1	6.7	-0.3%	-0.9%	Reduced
Taxable Sales	2015M11	\$billion	0.597	0.621	0.544	-4.0%	9.7%	Strong Yearly Growth
Gaming Revenue	2015M12	\$million	60.36	61.34	60.32	-1.6%	0.1%	Up Over Year Ago
Residential Permits	2015M12	units permitted	188	299	202	-37.1%	-6.9%	Down From Year Ago
Commercial Permits	2015M12	permits	14	11	18	27.3%	-22.2%	Low and Volatile
Air Passengers	2015M12	million persons	0.286	0.253	0.264	13.0%	8.6%	Up Strongly
Gasoline Sales	2015M11	million gallons	13.44	14.29	13.41	-6.0%	0.2%	Up Over Year Ago
Visitor Volume	2015M12	million persons	0.388	0.326	0.357	19.2%	8.8%	Up Strongly
United States			Latest	Previous	Year Ago	Recent	Year Ago	
Employment	2016M01	million, SA	143.288	143.137	140.623	0.1%	1.9%	Up Over Year Ago
Unemployment Rate*	2016M01	%, SA	4.9	5.0	5.7	-0.1%	-0.8%	Reduced
Consumer Price Index	2015M12	82-84=100, SA	237.8	238.1	236.3	-0.1%	0.7%	Up Over Year Ago
Core CPI	2015M12	82-84=100, SA	244.4	244.1	239.4	0.1%	2.1%	Up Over Year Ago
Employment Cost Index	2015Q4	05.12=100, SA	124.3	123.6	121.7	0.6%	2.1%	Up Over Year Ago
Productivity Index	2015Q4	2009=100, SA	105.8	106.5	105.2	-0.7%	0.5%	Up Over Year Ago
Retail Sales	2015M12	\$billion, SA	448.1	448.6	438.4	-0.1%	2.2%	Up Over Year Ago
Auto and Truck Sales	2016M01	million, SA	17.46	17.22	16.63	1.4%	5.0%	Up Over Year Ago
Housing Starts	2015M12	million, SA	1.149	1.179	1.080	-2.5%	6.4%	Up Over Year Ago
Real GDP***	2015Q4	2009\$billion, SA	16442.3	16414.0	16151.4	0.7%	1.8%	Weak Growth
Dollar Exchange Rate	2016M01	97.01=100	125.150	122.376	112.774	2.3%	11.0%	Up Strongly
Trade Balance	2015M12	\$billion, SA	-43.357	-42.226	-45.549	2.7%	-4.8%	Year-Over-Year Deficit Decrease
S and P 500	2016M01	monthly close	1940.24	2,043.94	1994.99	-5.1%	-2.7%	Down From Year Ago
Real Short-term Rate*	2015M12	%, NSA	-2.37	-2.58	-2.77	0.2%	0.4%	Year-Over-Year Increase
Treasury Yield Spread*	2016M01	%, NSA	1.83	2.01	1.85	-0.18%	-0.02%	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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