



NEVADA BUSINESS CONDITIONS

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The “advanced” estimate for U.S. real gross domestic product (GDP) for the fourth quarter of 2017 increased at a 1.9 percent annualized rate. Although the real GDP growth rate decelerated compared to last quarter’s 3.5 percent increase, the underlying categories showed more strength. Consumer spending stayed robust and business investment finally moved out of a negative or slower growth scenario. Residential investment rebounded remarkably after two consecutive quarters of declines. Net exports, which experienced an unusual surge with soybean export in the third quarter, declined substantially and contributed most negatively to real GDP growth. U.S. nonfarm employment added 227,000 jobs in January, much higher than the last three month average of 148,000, while the unemployment rate rose slightly to 4.8 percent due to a higher labor force participation rate. December retail sales posted the second largest year-over-year jump in 2016, up by 4.1 percent. Auto sales in December rebounded after four straight months of yearly declines, up by 5.1 percent, which produced another record year. December housing starts increased strongly by 5.7 percent year-over-year, and the housing price index continued its gain. Consumer confidence for January remained at a decade high level based on anticipated delivery on political pledges, while the economic policy uncertainty index increased due to ongoing economic policy unpredictability. The Fed decided not to raise its benchmark rate at the recent meeting and will possibly keep the rate unchanged in March with the uncertainty of the new Congress’s and new administration’s policies.

The Nevada economy experienced continued pickup in its economic activity based on the most recent data. Seasonally adjusted statewide employment gained 3,400 jobs in December, which led to 2.6 percent job growth in 2016. The unemployment rate fell to 5.1 percent, the lowest since December 2007. Gaming revenue in December continued to decline by 2.7 percent compared to last year, which mainly reflected a substantial loss in Clark County. Taxable sales and gasoline sales (in gallons) in November continued to increase, up by 5.6 and 3.1 percent, respectively, from a year ago. Total air passengers climbed by 1.6 percent year-over-year.

The Clark County economy exhibited favorable signals on its economic expansion. Seasonally adjusted employment added 4,400 jobs from November to December. The unemployment rate ticked down to 5.1 from 5.3 percent in December. Visitor volume in December increased by 4.4 percent year-over-year, leading to a 1.7 percent increase in visitor volume from 2015 to 2016, another historic record. Total McCarran passengers in December rose by 1.0 percent compared to a year earlier. December gaming revenue declined by 4.3 percent year-over-year due to losses in both slot machine and table game revenues. But gaming revenues grew by 1.0 percent overall in 2016. Taxable sales and gasoline sales also climbed by 4.2 and 2.3 percent, respectively, relative to last year. Residential housing permits and commercial permits continued to display impressive gains, up by 80.5 and 42.9 percent, respectively, from a year ago.

Washoe County experienced positive signals for its local economy. The Reno-Sparks seasonally adjusted employment lost 1,100 jobs in December, but was up by 3.3 percent from last year. The unemployment rate fell to 4.3 percent for the month, which is lower than the national average. Taxable sales and gasoline sales in November increased by 5.3 and 4.6 percent, respectively, from November 2015. Different from Clark County, December gaming revenue climbed strongly by 14.3 percent from a year ago, while visitor volume slightly decreased by 0.7 percent during the same period. 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	2016M12	000s, SA	1306.0	1302.6	1267.7	0.3%	3.0%	Increased
Unemployment Rate*	2016M12	%, SA	5.1	5.2	6.3	-0.1%	-1.2%	Reduced
Taxable Sales	2016M11	\$billion	4.450	4.440	4.213	0.2%	5.6%	Up Over Year Ago
Gaming Revenue	2016M12	\$million	956.10	930.42	982.97	2.8%	-2.7%	Down From Year Ago
Air Passengers	2016M12	million persons	4.040	4.168	3.977	-3.1%	1.6%	Up Over Year Ago
Gasoline Sales	2016M11	million gallons	95.43	100.51	92.57	-5.1%	3.1%	Up Over Year Ago
Clark County								
Employment	2016M12	000s, SA	947.9	943.5	923.6	0.5%	2.6%	Up Over Year Ago
Unemployment Rate*	2016M12	%, Smoothed SA	5.1	5.3	6.3	-0.2%	-1.2%	Reduced
Taxable Sales	2016M11	\$billion	3.278	3.281	3.146	-0.1%	4.2%	Up Over Year Ago
Gaming Revenue	2016M12	\$million	827.71	811.14	865.26	2.0%	-4.3%	Down From Year Ago
Residential Permits	2016M12	units permitted	1493	1178	827	26.7%	80.5%	Up Significantly
Commercial Permits	2016M12	permits	50	41	35	22.0%	42.9%	Low and Volatile
Air Passengers	2016M12	million persons	3.707	3.865	3.669	-4.1%	1.0%	Up Over Year Ago
Gasoline Sales	2016M11	million gallons	65.86	69.31	64.39	-5.0%	2.3%	Up Over Year Ago
Visitor Volume	2016M12	million persons	3.490	3.676	3.343	-5.0%	4.4%	Up Over Year Ago
Washoe County								
Employment**	2016M12	000s, SA	221.3	222.4	214.2	-0.5%	3.3%	Up Over Year Ago
Unemployment Rate*	2016M12	%, Smoothed SA	4.3	4.6	5.7	-0.3%	-1.4%	Reduced
Taxable Sales	2016M11	\$billion	0.628	0.631	0.597	-0.4%	5.3%	Up Over Year Ago
Gaming Revenue	2016M12	\$million	68.97	62.02	60.36	11.2%	14.3%	Up Strongly
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	2016M12	million persons	0.301	0.270	0.286	11.2%	5.0%	Up Over Year Ago
Gasoline Sales	2016M11	million gallons	14.05	14.48	13.44	-2.9%	4.6%	Up Over Year Ago
Visitor Volume	2016M12	million persons	0.386	0.353	0.388	9.3%	-0.7%	Down From Year Ago
United States								
Employment	2017M01	million, SA	145.554	145.327	143.211	0.2%	1.6%	Up Over Year Ago
Unemployment Rate*	2017M01	%, SA	4.8	4.7	4.9	0.1%	-0.1%	Recent Increase
Consumer Price Index	2016M12	82-84=100, SA	243.0	242.3	238.0	0.3%	2.1%	Up Over Year Ago
Core CPI	2016M12	82-84=100, SA	249.9	249.4	244.5	0.2%	2.2%	Up Over Year Ago
Employment Cost Index	2016Q4	05.12=100, SA	127.2	126.6	124.3	0.5%	2.3%	Up Over Year Ago
Productivity Index	2016Q4	2009=100, SA	107.4	106.9	106.1	0.5%	1.2%	Increased
Retail Sales	2016M12	\$billion, SA	469.1	466.2	450.5	0.6%	4.1%	Up Over Year Ago
Auto and Truck Sales	2016M12	million, SA	18.30	17.75	17.41	3.1%	5.1%	Strong Increase
Housing Starts	2016M12	million, SA	1.226	1.102	1.160	11.3%	5.7%	Strong Increase
Real GDP***	2016Q4	2009\$billion, SA	16804.8	16727.0	16490.7	1.9%	1.9%	Modest Growth
Dollar Exchange Rate	2017M01	97.01=100	127.758	127.741	124.929	0.01%	2.3%	Up Over Year Ago
Trade Balance	2016M12	\$billion, SA	-44.262	-45.730	-41.487	-3.2%	6.7%	Year-Over-Year Deficit Increase
S and P 500	2017M01	monthly close	2278.87	2238.83	1940.24	1.8%	17.5%	Up Strongly
Real Short-term Rate*	2017M01	%, NSA	-2.09	-1.69	-2.24	-0.4%	0.2%	Up Over Year Ago
Treasury Yield Spread*	2017M01	%, NSA	1.92	1.98	1.83	-0.1%	0.1%	Up Over Year Ago

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.