

Nevada Business Conditions

May 1, 2016

The third estimate for U.S. real gross domestic product (GDP) for the fourth quarter of 2015 was revised upward again from the second estimate of 1.0 percent to a 1.4 percent annualized growth rate. This revision mainly reflects an increase in consumer spending, which is partly offset by a downward revision of private inventory investment. The stronger dollar, cheap oil, and a weaker global economy all contributed to a slower U.S. domestic economy in the fourth quarter. U.S. nonfarm employment continued to grow robustly, adding 215,000 jobs in March. The unemployment rate edged up to 5.0 percent due to a higher labor participation rate. Retail sales posted a 3.1 percent year-over-year growth, while auto and truck sales decreased 3.5 percent from March 2015. Although the U.S. housing price decreased for the month, housing starts increased strongly by 5.2 and 30.9 percent compared to last month and last year, respectively. The U.S. stock market recovered its losses from the beginning of this year. Despite a modest expansion of U.S. domestic economic activity, the Fed did not raise the federal funds rate in March as a weaker global economy still casts a shadow over the on-going performance of the U.S. economy.

The Nevada economy posted a significant pick-up in economic activity. The adjusted statewide employment added 1,700 jobs in February, and the seasonally adjusted unemployment rate fell from 6.2 to 5.9 percent from January to February, the lowest level since April 2008. Although January taxable sales disappointed with only 0.2 percent year-over-year growth, gasoline sales (in gallons) increased 1.8 percent year-over-year thanks to a cheaper gasoline price. Total air passengers continued its strong year-over-year growth, up by 8.8 percent in February, and gaming revenue experienced an 8.0 percent yearly increase.

The most recent data on the Clark County economy generally continue to signal a strong recovery in economic activity. Seasonally adjusted employment failed to add jobs from January to February. But, the unemployment rate fell from 6.2 to 5.7 percent because of a smaller civilian labor force in February compared to January 2016. Total McCarran passengers and visitor volume in February rose 8.9 and 5.5 percent, respectively, on a year-over-year basis. Gaming revenue in February jumped substantially higher by 8.3 percent from a year earlier, while January taxable sales and gasoline sales increased by 0.8 and 3.2 percent, respectively, from January 2015. Residential housing permits significantly exceeded their levels from last year by 50.2 percent thanks to doubled multi-family housing units. Commercial permits experienced both monthly and yearly gains, but they still remained at a low level.

For Washoe County, somewhat mixed signals emerged. The Reno-Sparks seasonally adjusted employment lost 500 jobs for the month, but the unemployment rate dropped to 4.9 percent in February, the same level as just before the Great Recession. Taxable sales for January increased by 2.4 percent year-over-year, while gasoline sales in gallons decreased 2.4 percent over the same period. Gaming revenue, airline passenger volume, and visitor volume in February posted strong year-over-year increases of 8.6, 14.9, and 7.8 percent, respectively. Residential housing permits fell significantly by 41.1 percent year-over-year, and commercial building permits fell and 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 2016M02	000s, SA	1275.2	1273.5	1246.5	0.1%	2.3%	Up Over Year Ago
	Unemployment Rate* 2016M02	%, SA	5.9	6.2	7.0	-0.3%	-1.1%	Reduced
	Taxable Sales 2016M01	\$billion	3.822	5.124	3.813	-25.4%	0.2%	Relatively Constant
	Gaming Revenue 2016M02	\$million	989.82	925.30	916.09	7.0%	8.0%	Up Strongly
	Air Passengers 2016M02	million persons	3.744	3.843	3.440	-2.6%	8.8%	Up Over Year Ago
	Gasoline Sales 2016M01	million gallons	93.37	95.23	91.73	-2.0%	1.8%	Up Over Year Ago
Clark County			Latest	Previous	Year Ago	Recent	Year Ago	
	Employment 2016M02	000s, SA	930.4	930.4	907.6	0.0%	2.5%	Up Over Year Ago
	Unemployment Rate* 2016M02	%, Smoothed SA	5.7	6.2	7.2	-0.5%	-1.5%	Reduced
	Taxable Sales 2016M01	\$billion	2.885	3.802	2.860	-24.1%	0.8%	Up Over Year Ago
	Gaming Revenue 2016M02	\$million	863.31	810.52	796.88	6.5%	8.3%	Up Strongly
	Residential Permits 2016M02	units permitted	1923	737	1280	160.9%	50.2%	Up Significantly
	Commercial Permits 2016M02	permits	43	23	30	87.0%	43.3%	Low and Volatile
	Air Passengers 2016M02	million persons	3.444	3.552	3.163	-3.0%	8.9%	Strong Year-Over-Year Increase
	Gasoline Sales 2016M01	million gallons	66.03	66.00	64.00	0.04%	3.2%	Up Over Year Ago
	Visitor Volume 2016M02	million persons	3.596	3.714	3.410	-3.2%	5.5%	Up Over Year Ago
Washoe County			Latest	Previous	Year Ago	Recent	Year Ago	
	Employment** 2016M02	000s, SA	214.1	214.6	208.0	-0.2%	2.9%	Up Over Year Ago
	Unemployment Rate* 2016M02	%, Smoothed SA	4.9	5.5	6.6	-0.6%	-1.7%	Reduced
	Taxable Sales 2016M01	\$billion	0.528	0.736	0.515	-28.3%	2.4%	Up Strongly
	Gaming Revenue 2016M02	\$million	65.85	58.77	60.64	12.0%	8.6%	Up Strongly
	Residential Permits 2016M02	units permitted	119	237	202	-49.8%	-41.1%	Significant Decrease
	Commercial Permits 2016M02	permits	11	9	17	22.2%	-35.3%	Low and Volatile
	Air Passengers 2016M02	million persons	0.270	0.260	0.235	3.8%	14.9%	Up Strongly
	Gasoline Sales 2016M01	million gallons	13.47	14.12	13.79	-4.6%	-2.4%	Down From Year Ago
	Visitor Volume 2016M02	million persons	0.360	0.316	0.334	13.7%	7.8%	Up Strongly
United States			Latest	Previous	Year Ago	Recent	Year Ago	
	Employment 2016M03	million, SA	143.774	143.559	140.972	0.1%	2.0%	Up Over Year Ago
	Unemployment Rate* 2016M03	%, SA	5.0	4.9	5.5	0.1%	-0.5%	Reduced
	Consumer Price Index 2016M02	82-84=100, SA	237.7	238.1	235.4	-0.2%	1.0%	Up Over Year Ago
	Core CPI 2016M02	82-84=100, SA	245.9	245.2	240.3	0.3%	2.3%	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	106.0	106.6	105.4	-0.6%	0.6%	Up Over Year Ago
	Retail Sales 2016M02	\$billion, SA	447.3	448.0	433.9	-0.1%	3.1%	Up Over Year Ago
	Auto and Truck Sales 2016M03	million, SA	16.46	17.43	17.06	-5.5%	-3.5%	Down From Year Ago
	Housing Starts 2016M02	million, SA	1.178	1.120	0.900	5.2%	30.9%	Up Strongly
	Real GDP*** 2015Q4	2009\$billion, SA	16470.6	16414.0	16151.4	1.4%	2.0%	Weak Growth
	Dollar Exchange Rate 2016M04	97.01=100	119.827	121.493	115.078	-1.4%	4.1%	Up Over Year Ago
	Trade Balance 2016M02	\$billion, SA	-47.060	-45.882	-38.550	2.6%	22.1%	Year-Over-Year Deficit Increase
	S and P 500 2016M03	monthly close	2041.91	2,059.74	2085.51	-0.9%	-2.1%	Down From Year Ago
	Real Short-term Rate* 2016M02	%, NSA	-2.19	-2.24	-2.78	0.1%	0.6%	Year-Over-Year Increase
	Treasury Yield Spread* 2016M03	%, NSA	1.60	1.47	2.01	0.1%	-0.4%	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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