



NEVADA BUSINESS CONDITIONS

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The “third” estimate for U.S. real gross domestic product (GDP) for the fourth quarter of 2016 grew at a 2.1 percent annualized rate, up by 0.2 percentage point from the “second” estimate. According to more complete source data, consumer spending boosted real GDP more than expected. More specifically, personal consumption expenditure, business investment, residential investment, private inventory investment, and government spending contributed positively to growth; while net exports lowered real GDP growth with the largest trade deficit in four years. U.S. nonfarm employment added a less-than-expected 98,000 jobs in March. The unemployment rate, nevertheless, dropped to 4.5 percent from February to March. February retail sales continued a strong 5.7 percent year-over-year gain. February housing starts increased by 6.2 percent, thanks to the largest gains in single-family residential permits since the Great Recession. The housing price index also posted the fastest growth, up by 5.9 percent year-over-year, since July 2014. Consumer confidence for March was slightly up from a month ago and remained at a high level with continued favorable prospects in the labor market. The Fed increased its benchmark rate by 0.25 percentage point to a range of 0.75 to 1.0 percent in March and will probably raise the interest rate two more times in 2017.

The Nevada economy posted robust economic activity based on the most recent data. Seasonally adjusted statewide employment gained 3,100 jobs in February. The unemployment rate fell to 4.9 percent, the lowest since November 2007. Total personal income in 2016 posted the strongest growth since 2007, up by 5.9 percent. Taxable sales in January posted a substantial gain, up by 11.8 percent year-over-year, and gasoline sales (in gallons) climbed slightly by 0.2 percent during the same period. Gaming revenue and total air passengers in February decreased by 4.5 and 2.5 percent, respectively, from a year ago, not only because of the “Chinese New Year” in February last year but also because February 2017 had one less day.

The Clark County economy exhibited more mixed signals on its economic outlook. Seasonally adjusted employment lost 900 jobs from January to February. The unemployment rate ticked up to 5.1 from 4.9 percent

in February. According to recent Quarterly Census of Employment and Wages, Clark County experienced the largest percentage average weekly wage rise in the third quarter of 2016 among the large counties in the U.S., up by 12.2 percent (or up by 103 dollars) from last year, mainly caused by a substantial wage increase in the leisure and hospitality industry. January taxable sales jumped by 10.4 percent year-over-year, while gasoline sales were up by 1.3 percent from last year. Gaming revenue and visitor volume in February decreased by 4.3 and 5.5 percent, respectively, from last year. Total McCarran passengers in February also fell slightly by 0.3 percent from a year ago. Residential housing permits and commercial permits in February decreased substantially by 58.2 and 32.6 percent, respectively, from last year.

Washoe County also experienced mixed signals for its local economy. The Reno-Sparks seasonally adjusted employment added 300 jobs in February, but was up by 3.5 percent from last year. The unemployment rate edged up to 4.3 percent for the month. Taxable sales in January increased robustly by 5.5 percent from a year ago, while gasoline sales fell by 1.3 percent during the same period. February gaming revenue continued to decrease by 6.7 percent from a year ago. Visitor volume in February also contracted by 1.9 percent from last year.

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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	2017M02	000s, SA	1324.6	1321.5	1283.4	0.2%	3.2%	Up Over Year Ago
Unemployment Rate*	2017M02	%, SA	4.9	5.0	6.1	-0.1%	-1.2%	Reduced
Taxable Sales	2017M01	\$billion	4.273	5.443	3.822	-21.5%	11.8%	Up Strongly From Year Ago
Gaming Revenue	2017M02	\$million	945.60	1036.27	989.91	-8.7%	-4.5%	Down From Year Ago
Air Passengers	2017M02	million persons	3.748	3.992	3.843	-6.1%	-2.5%	Down From Year Ago
Gasoline Sales	2017M01	million gallons	93.55	98.25	93.37	-4.8%	0.2%	Up Over Year Ago
Clark County								
Employment	2017M02	000s, SA	966.3	967.2	936.4	-0.1%	3.2%	Up Over Year Ago
Unemployment Rate*	2017M02	%, Smoothed SA	5.1	4.9	5.7	0.2%	-0.6%	Recent Increase
Taxable Sales	2017M01	\$billion	3.185	3.873	2.885	-17.8%	10.4%	Up Strongly From Year Ago
Gaming Revenue	2017M02	\$million	825.86	926.17	863.40	-10.8%	-4.3%	Down From Year Ago
Residential Permits	2017M02	units permitted	803	970	1923	-17.2%	-58.2%	Significant Decrease
Commercial Permits	2017M02	permits	29	32	43	-9.4%	-32.6%	Low and Volatile
Air Passengers	2017M02	million persons	3.432	3.676	3.444	-6.6%	-0.3%	Down From Year Ago
Gasoline Sales	2017M01	million gallons	66.86	68.25	66.03	-2.0%	1.3%	Up Over Year Ago
Visitor Volume	2017M02	million persons	3.400	3.750	3.596	-9.3%	-5.5%	Down From Year Ago
Washoe County								
Employment**	2017M02	000s, SA	225.0	224.7	217.3	0.1%	3.5%	Up Over Year Ago
Unemployment Rate*	2017M02	%, Smoothed SA	4.3	4.1	4.9	0.2%	-0.6%	Recent Increase
Taxable Sales	2017M01	\$billion	0.556	0.877	0.528	-36.6%	5.5%	Up Over Year Ago
Gaming Revenue	2017M02	\$million	61.44	58.77	65.85	4.5%	-6.7%	Down From 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	2017M02	million persons	0.286	0.285	0.270	0.6%	6.1%	Up From Year Ago
Gasoline Sales	2017M01	million gallons	13.29	14.66	13.47	-9.3%	-1.3%	Down From Year Ago
Visitor Volume	2017M02	million persons	0.353	0.338	0.360	4.6%	-1.9%	Down From Year Ago
United States								
Employment	2017M03	million, SA	145.858	145.760	143.673	0.1%	1.5%	Up Over Year Ago
Unemployment Rate*	2017M03	%, SA	4.5	4.7	5.0	-0.2%	-0.5%	Reduced
Consumer Price Index	2017M02	82-84=100, SA	244.5	244.2	237.8	0.1%	2.8%	Up Over Year Ago
Core CPI	2017M02	82-84=100, SA	251.3	250.8	245.8	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	106.2	0.5%	1.2%	Increased
Retail Sales	2017M02	\$billion, SA	474.0	473.6	448.6	0.1%	5.7%	Strong Year-Over-Year Increase
Auto and Truck Sales	2017M02	million, SA	17.46	17.48	17.60	-0.1%	-0.8%	Down From Year Ago
Housing Starts	2017M02	million, SA	1.288	1.251	1.213	3.0%	6.2%	Strong Year-Over-Year Increase
Real GDP***	2016Q4	2009\$billion, SA	16813.3	16727.0	16490.7	2.1%	2.0%	Modest Growth
Dollar Exchange Rate	2017M03	97.01=100	125.259	125.781	121.359	-0.4%	3.2%	Up Over Year Ago
Trade Balance	2017M02	\$billion, SA	-43.557	-48.173	-45.588	-9.6%	-4.5%	Year-Over-Year Deficit Increase
S and P 500	2017M03	monthly close	2362.72	2363.64	2059.74	-0.04%	14.7%	Up Strongly From Year Ago
Real Short-term Rate*	2017M03	%, NSA	-1.76	-2.18	-2.41	0.4%	0.7%	Up Over Year Ago
Treasury Yield Spread*	2017M03	%, NSA	1.74	1.90	1.60	-0.2%	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.