

Nevada Business Conditions

November 1, 2015

The “third” estimate for U.S. real gross domestic product (GDP) for the second quarter of 2015 reports a 3.9 percent annualized growth rate, revised up by 0.2 percent from the second estimate. The Bureau of Economic Analysis stated that a second-quarter increase in real GDP mostly reflected strong consumer spending. More specifically, personal consumption expenditures, net exports, state and local government spending, and residential fixed investment contributed positively to growth; while federal government spending, private inventory investment, and nonresidential fixed investment contributed negatively. U.S. nonfarm employment added 142,000 jobs in September, which matches a similar increase in August. The unemployment rate remained unchanged at 5.1 percent for August and September, its lowest level since the 2008 recession. The Bureau of Labor Statistics indicated that health care and information employment gained jobs; while mining lost jobs. Falling mining employment seems inevitable, since China, the biggest commodity importer in the world, experienced slower economic growth. Plunging commodities prices and loss of profits in commodities markets reflect the reduced purchases by China in world commodity markets. Although the Fed decided not to raise interest rates, the stock market still struggles with uncertain global economic outcomes, mainly caused by the Chinese economic slowdown and the spillover effects on emerging market economies. The U.S. economy showed moderate growth despite global market turbulence. Housing starts increased strongly year-over-year, and housing prices increased. Auto/truck sales and retail sales remained above their respective levels from last year and should stay strong. Oil prices still remain at their lowest levels since the Great Recession.

Overall, the Nevada economy posted significant positive signals with the most recent data releases. Seasonally adjusted, statewide employment increased by 3,600 jobs from July to August and increased 3.3 percent year-over-year. The Nevada unemployment rate remains unchanged at 6.8 percent from July to August. July taxable sales experienced strong year-over-year growth, up 8.0 percent, and motor vehicle and parts dealers’ sales increased notably by 14.2 percent compared to a year ago. Total air passengers rose 7.0 percent year-over-year. Gaming revenue, however, decreased 1.4 percent year-over-year.

For Clark County, seasonally adjusted employment rose from July to August by 6,600 jobs and increased 2.9 percent year-over-year. The Clark County unemployment rate rose from 6.8 percent to 6.9 percent. Total passengers at McCarran Airport rose 7.2 percent from a year earlier. August visitor volume increased 1.3 percent from last year. Clark County’s taxable sales and gasoline sales for July were 10.7 percent and 2.3 percent above those of a year earlier, respectively, probably reflecting lower gasoline prices. Residential permits fell 6.5 percent from a year ago, while commercial permits remained at a low level. Gaming revenue increased by 0.3 percent compared to August 2014, but it was up 7.0 percent when excluding baccarat from gaming revenue.

The most recent data showed mixed signals for Washoe County. The Reno-Sparks’ seasonally adjusted employment decreased by 300 jobs from July to August but rose 3.4 percent from a year ago. Despite a loss in employment, the Reno-Sparks’ seasonally adjusted unemployment rate fell from 6.4 to 6.3 percent, indicating some exits from the labor force. August visitor volume rose 0.6 percent, and total air passengers increased 4.4 percent from last year. July taxable sales increased strongly by 9.2 percent year-over-year, but August gaming revenues decreased by 4.5 percent from a year earlier. Residential permits dropped substantially, 22.8 percent from a year ago. Commercial permits remained low.

Stephen M. Miller, Director
Jinju Lee, Economic Analyst

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	2015M08	000s, SA	1263.6	1260.0	1223.4	0.3%	3.3%	Up Over Year Ago
Unemployment Rate*	2015M08	%, SA	6.8	6.8	7.5	0.0%	-0.7%	Reduced
Taxable Sales	2015M07	\$billion	4.332	4.446	4.010	-2.6%	8.0%	Up Over Year Ago
Gaming Revenue	2015M08	\$million	908.24	923.03	921.02	-1.6%	-1.4%	Down From Year Ago
Air Passengers	2015M08	million persons	4.396	4.472	4.107	-1.7%	7.0%	Up Over Year Ago
Gasoline Sales	2015M07	million gallons	99.96	98.67	97.85	1.3%	2.2%	Up Over Year Ago
Clark County			Latest	Previous	Year Ago	Recent	Year Ago	
Employment	2015M08	000s, SA	916.3	909.7	890.5	0.7%	2.9%	Up Over Year Ago
Unemployment Rate*	2015M08	%, Smoothed SA	6.9	6.8	7.5	0.1%	-0.6%	Reduced
Taxable Sales	2015M07	\$billion	3.212	3.271	2.901	-1.8%	10.7%	Up Over Year Ago
Gaming Revenue	2015M08	\$million	776.80	786.79	774.71	-1.3%	0.3%	Up Over Year Ago
Residential Permits	2015M08	units permitted	840	1029	898	-18.4%	-6.5%	Down From Year Ago
Commercial Permits	2015M08	permits	29	24	26	20.8%	11.5%	Low and Volatile
Air Passengers	2015M08	million persons	4.007	4.064	3.736	-1.4%	7.2%	Up Over Year Ago
Gasoline Sales	2015M07	million gallons	67.98	67.21	66.45	1.2%	2.3%	Up Over Year Ago
Visitor Volume	2015M08	million persons	3.858	4.023	3.809	-4.1%	1.3%	Up Over Year Ago
Washoe County			Latest	Previous	Year Ago	Recent	Year Ago	
Employment**	2015M08	000s, SA	209.4	209.7	202.6	-0.1%	3.4%	Up Over Year Ago
Unemployment Rate*	2015M08	%, Smoothed SA	6.3	6.4	7.2	-0.1%	-0.9%	Reduced
Taxable Sales	2015M07	\$billion	0.615	0.635	0.563	-3.2%	9.2%	Up Over Year Ago
Gaming Revenue	2015M08	\$million	69.85	69.66	73.17	0.3%	-4.5%	Down From Year Ago
Residential Permits	2015M08	units permitted	159	169	206	-5.9%	-22.8%	Down From Year Ago
Commercial Permits	2015M08	permits	11	10	25	10.0%	-56.0%	Low and Volatile
Air Passengers	2015M08	million persons	0.333	0.351	0.319	-5.1%	4.4%	Up Over Year Ago
Gasoline Sales	2015M07	million gallons	14.78	14.45	14.78	2.2%	0.0%	Constant
Visitor Volume	2015M08	million persons	0.463	0.461	0.460	0.3%	0.6%	Relatively Constant
United States			Latest	Previous	Year Ago	Recent	Year Ago	
Employment	2015M09	million, SA	142.371	142.229	139.619	0.1%	2.0%	Up Over Year Ago
Unemployment Rate*	2015M09	%, SA	5.1	5.1	5.9	0.0%	-0.8%	Reduced
Consumer Price Index	2015M08	82-84=100, SA	237.9	238.1	237.4	-0.1%	0.2%	Relatively Constant
Core CPI	2015M08	82-84=100, SA	242.7	242.5	238.3	0.1%	1.8%	Up Over Year Ago
Employment Cost Index	2015Q2	05.12=100, SA	122.8	122.6	120.3	0.2%	2.1%	Up Over Year Ago
Productivity Index	2015Q2	2009=100, SA	105.8	104.9	105.2	0.9%	0.6%	Up Over Year Ago
Retail Sales	2015M08	\$billion, SA	447.7	446.9	438.2	0.2%	2.2%	Up Over Year Ago
Auto and Truck Sales	2015M08	million, SA	17.73	17.47	17.22	1.5%	2.9%	Up Over Year Ago
Housing Starts	2015M08	million, SA	1.126	1.161	0.966	-3.0%	16.6%	Up Strongly
Real GDP***	2015Q2	2009\$billion, SA	16,333.6	16,177.3	15,901.5	3.9%	2.7%	Moderate Growth
Dollar Exchange Rate	2015M10	97.01=100	120.367	120.374	105.950	0.0%	13.6%	Up Strongly
Trade Balance	2015M08	\$billion, SA	-48.330	-41.807	-41.275	15.6%	17.1%	Year-Over-Year Deficit Increase
S and P 500	2015M08	monthly close	1972.18	2103.84	2003.37	-6.3%	-1.6%	Recent Decline
Real Short-term Rate*	2015M08	%, NSA	-2.73	-2.67	-3.17	-0.06%	0.44%	Year-Over-Year Increase
Treasury Yield Spread*	2015M09	%, NSA	2.15	2.1	2.51	0.05%	-0.36%	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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