



NEVADA BUSINESS CONDITIONS

UNLV | LEE BUSINESS SCHOOL
CENTER FOR BUSINESS
AND ECONOMIC RESEARCH

November 2016

The U.S. real gross domestic product (GDP) grew at a 1.4 percent annual rate in the second quarter of 2016, revised up by 0.3 percentage point from the second estimate. The upward revisions mainly reflected an increase in nonresidential fixed investment, which decreased in the previous estimate. Large gains in consumer spending contributed to a rise in real GDP, while cutback in private business investment lowered the GDP growth to a slow pace. U.S. nonfarm employment added 156,000 jobs in September. The unemployment rate, however, edged up to 5.0 percent from August to September, which is a positive signal as discouraged workers returned to the labor force. Retail sales continued year-over-year increases, while auto and truck sales in August fell by 3.8 percent from a year ago. Note, however, that the auto market sales reached an all-time high last year. Housing starts and housing prices experienced year-over-year gains with the most recent data. The Federal Reserve will not likely hike the interest rate until the end of the year as the presidential election will occur in November. Global economic uncertainty, especially with European economies, still remains as a downside risk for the future U.S. economy. OPEC recently agreed to cut oil production, but this agreement does not yet significantly affect the oil price.

The Nevada economy continues to post strong, positive signals on its economic recovery. The adjusted statewide employment gained 4,800 jobs from July to August, and the unemployment rate fell from 6.5 to 6.3 percent during the same period. Taxable sales and gasoline sales in gallons for July increased robustly by 3.0 and 6.5 percent, respectively, from a year ago. Total air passengers also experienced a 2.7 percent year-over-year increase, while gaming revenue dropped by 5.2 percent from last year after a strong gain in the last month. The fall in gaming revenue reflected baccarat win. Absent baccarat win, gaming revenue actually gained 0.7 percent during the same period.

The most recent data indicated continuing improvement in Clark County's economic activity, although disappointing housing permit figures continued. Seasonally adjusted employment added 5,300 jobs from July to August, while the unemployment rate dropped from 6.5 to 6.0 percent during the same period. Gasoline sales for July jumped 6.8

percent year-over-year, and taxable sales also continued an upward year-over-year trend, climbing by 1.6 percent. Even though total McCarran passengers and visitor volume in August showed increases in the number of visitors compared to last year, up by 2.3 and 1.0 percent, respectively, gaming revenues posted a 6.8 percent year-over-year loss. Residential housing permits again declined significantly by 17.6 percent compared to last year, mostly due to a large decrease in the number of single-family residential permits in the City of Las Vegas. Commercial permits remained low and volatile.

Washoe County posted highly favorable signals on its continuing recovery. The Reno-Sparks seasonally adjusted employment added 1,000 jobs for the month. The unemployment rate went down to 5.1 percent in August. Taxable sales and gasoline sales for July experienced year-over-year growth, up by 7.9 and 4.8 percent, respectively. Gaming revenue in August grew slightly by 0.4 percent year-over-year, and visitor volume also showed a weak 0.3 percent year-over-year gain during the same period. Residential housing permits continued a three-digit yearly increase, rising by 129.6 percent, thanks to a significant jump in multi-family residential permits/units in the Reno-Sparks area.

Stephen M. Miller, Director
Jinju Lee, Economic Analyst
UNLV Center for Business and Economic Research

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	2016M08	000s, SA	1301.3	1296.5	1264.1	0.4%	2.9%	Up Over Year Ago
Unemployment Rate*	2016M08	%, SA	6.3	6.5	6.6	-0.2%	-0.3%	Reduced
Taxable Sales	2016M07	\$billion	4.460	4.873	4.332	-8.5%	3.0%	Up Over Year Ago
Gaming Revenue	2016M08	\$million	860.70	1015.67	908.24	-15.3%	-5.2%	Down Strongly
Air Passengers	2016M08	million persons	4.482	4.560	4.365	-1.7%	2.7%	Up Over Year Ago
Gasoline Sales	2016M07	million gallons	106.47	102.30	99.96	4.1%	6.5%	Up Over Year Ago
Clark County								
Employment	2016M08	000s, SA	949.8	944.5	923.4	0.6%	2.9%	Up Over Year Ago
Unemployment Rate*	2016M08	%, Smoothed SA	6.0	6.5	6.7	-0.5%	-0.7%	Reduced
Taxable Sales	2016M07	\$billion	3.264	3.601	3.212	-9.3%	1.6%	Up Over Year Ago
Gaming Revenue	2016M08	\$million	724.29	867.86	776.80	-16.5%	-6.8%	Down Strongly
Residential Permits	2016M08	units permitted	692	763	840	-9.3%	-17.6%	Significant Decrease
Commercial Permits	2016M08	permits	41	20	29	105.0%	41.4%	Low and Volatile
Air Passengers	2016M08	million persons	4.098	4.168	4.007	-1.7%	2.3%	Up Over Year Ago
Gasoline Sales	2016M07	million gallons	72.63	69.67	67.98	4.2%	6.8%	Up Over Year Ago
Visitor Volume	2016M08	million persons	3.899	4.136	3.858	-5.7%	1.0%	Up Over Year Ago
Washoe County								
Employment**	2016M08	000s, SA	222.2	221.2	210.8	0.5%	5.4%	Up Over Year Ago
Unemployment Rate*	2016M08	%, Smoothed SA	5.1	5.5	6.1	-0.4%	-1.0%	Reduced
Taxable Sales	2016M07	\$billion	0.663	0.713	0.615	-7.0%	7.9%	Up Over Year Ago
Gaming Revenue	2016M08	\$million	70.15	76.13	69.85	-7.9%	0.4%	Up Over Year Ago
Residential Permits	2016M08	units permitted	365	569	159	-35.9%	129.6%	Up Strongly From Year Ago
Commercial Permits	2016M08	permits	40	46	11	-13.0%	263.6%	Low and Volatile
Air Passengers	2016M08	million persons	0.350	0.357	0.337	-1.9%	3.9%	Up Over Year Ago
Gasoline Sales	2016M07	million gallons	15.49	14.81	14.78	4.6%	4.8%	Up Over Year Ago
Visitor Volume	2016M08	million persons	0.464	0.476	0.463	-2.5%	0.3%	Up Over Year Ago
United States								
Employment	2016M09	million, SA	144.747	144.591	142.300	0.1%	1.7%	Up Over Year Ago
Unemployment Rate*	2016M09	%, SA	5.0	4.9	5.1	0.1%	-0.1%	Recent Increase
Consumer Price Index	2016M08	82-84=100, SA	240.3	239.8	237.7	0.2%	1.1%	Up Over Year Ago
Core CPI	2016M08	82-84=100, SA	248.3	247.7	242.8	0.3%	2.3%	Up Over Year Ago
Employment Cost Index	2016Q2	05.12=100, SA	126.0	125.2	122.8	0.6%	2.6%	Up Over Year Ago
Productivity Index	2016Q2	2009=100, SA	105.8	106.0	106.2	-0.2%	-0.4%	Reduced
Retail Sales	2016M08	\$billion, SA	456.3	457.7	447.8	-0.3%	1.9%	Up Over Year Ago
Auto and Truck Sales	2016M08	million, SA	16.91	17.79	17.57	-5.0%	-3.8%	Down From Year Ago
Housing Starts	2016M08	million, SA	1.142	1.212	1.132	-5.8%	0.9%	Up Over Year Ago
Real GDP***	2016Q2	2009\$billion, SA	16583.1	16525.0	16374.2	1.4%	1.3%	Weak Growth
Dollar Exchange Rate	2016M09	97.01=100	121.727	120.816	119.426	0.8%	1.9%	Recent Increase
Trade Balance	2016M08	\$billion, SA	-40.725	-39.547	-44.639	3.0%	-8.8%	Year-Over-Year Deficit Decrease
S and P 500	2016M09	monthly close	2168.27	2170.95	1920.03	-0.1%	12.9%	Up Strongly From Year Ago
Real Short-term Rate*	2016M08	%, NSA	-2.20	-2.40	-2.77	0.2%	0.6%	Recent Increase
Treasury Yield Spread*	2016M09	%, NSA	1.34	1.26	2.15	0.1%	-0.8%	Recent Increase

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.