

**Nevada Business Conditions**

October 1, 2015

The “second” estimate for U.S. real gross domestic product (GDP) in the second quarter of 2015 indicates an annualized rate increase of 3.7 percent, which is a significant upward revision from the advance estimate of 2.3 percent. The Bureau of Economic Analysis stated that second-quarter increases in real GDP mostly reflected strong consumer spending. More generally, personal consumption expenditures, net exports, state and local government spending, and residential fixed investment made positive contributions; while Federal government spending, private inventory investment, and nonresidential fixed investment made negative contributions. U.S. nonfarm employment experienced gains in August, adding 173,000 jobs over July. Moreover, the previous months saw a 44,000 upward revision in jobs. The unemployment rate declined from 5.3 to 5.1 percent during the same period, which is its lowest level since the 2008 recession. 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 are expected to stay strong. The stock market experienced a loss because of a fear of a further slowdown in the Chinese economy and the implied slower growth in emerging market economies as well as the possibility of an increase in U.S. interest rates. That is, the Chinese economy has imported vast quantities of commodities and slower growth in the Chinese economy could reduce future commodity imports, affecting many emerging market economies that rely on commodity exports. Oil prices still remain at their lowest levels since the Great Recession.

On balance, the Nevada economy evidenced significant positive signals from the most recent data. Seasonally adjusted, statewide employment increased by 3,900 jobs from June to July and increased 3.7 percent year-over-year. The Nevada unemployment rate fell from 6.9 percent to 6.8 percent. Taxable sales experienced a strong year-over-year growth, up 7.1 percent. Total air passengers rose 8.5 percent year-over-year. Gaming revenue decreased 1.0 percent year-over-year. This decrease in gaming revenue mostly reflected substantial decreases in table game revenue in Clark County.

For Clark County, seasonally adjusted employment rose from June to July by 700 jobs and increased 3.2 percent year-over-year. The Las Vegas unemployment rate fell from 6.9 percent to 6.8 percent. Total passengers at McCarran Airport rose 8.8 percent from a year earlier. June visitor volume increased 4.8 percent from last year. Clark County’s taxable sales and gasoline sales for June were 6.3 percent and 4.5 percent above those of a year earlier, respectively. Residential permits fell 14.0 percent from a year ago, and commercial permits remained at a low level. Gaming revenue was 1.7 percent lower than in June 2014, largely resulting from substantial losses in table game revenues (especially baccarat).

The most recent data also showed positive signals for Washoe County. The Reno-Sparks’ seasonally adjusted employment increased 2,200 jobs from June to July and rose 3.6 percent from a year ago. Nevertheless, the Reno-Sparks’ seasonally adjusted unemployment rate rose from 6.3 to 6.4 percent. July visitor volume fell 0.6 percent, while total air passengers increased 5.6 percent from last year. Taxable sales for June strongly increased 12.2 percent year-over-year, and gaming revenues for July increased 4.9 percent from a year earlier. Residential permits fell substantially, 27.8 percent from a year ago. Commercial permits 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	2015M07	000s, SA	1261.0	1257.1	1215.5	0.3%	3.7%	Up Over Year Ago
	Unemployment Rate*	2015M07	%, SA	6.8	6.9	7.6	-0.1%	-0.8%	Reduced
	Taxable Sales	2015M06	\$billion	4.446	4.344	4.150	2.3%	7.1%	Up Over Year Ago
	Gaming Revenue	2015M07	\$million	922.89	830.92	931.88	11.1%	-1.0%	Down From Year Ago
	Air Passengers	2015M07	million persons	4.472	4.286	4.120	4.3%	8.5%	Up Over Year Ago
	Gasoline Sales	2015M06	million gallons	98.67	97.55	94.15	1.2%	4.8%	Up Over Year Ago
<b>Clark County</b>				<b>Latest</b>	<b>Previous</b>	<b>Year Ago</b>	<b>Recent</b>	<b>Year Ago</b>	
	Employment	2015M07	000s, SA	910.3	909.6	882.2	0.1%	3.2%	Up Over Year Ago
	Unemployment Rate*	2015M07	%, Smoothed SA	6.8	6.9	7.7	-0.1%	-0.9%	Reduced
	Taxable Sales	2015M06	\$billion	3.271	3.265	3.076	0.2%	6.3%	Up Over Year Ago
	Gaming Revenue	2015M07	\$million	786.64	709.63	800.38	10.9%	-1.7%	Down From Year Ago
	Residential Permits	2015M07	units permitted	1029	1042	1197	-1.2%	-14.0%	Down From Year Ago
	Commercial Permits	2015M07	permits	24	29	29	-17.2%	-17.2%	Low and Volatile
	Air Passengers	2015M07	million persons	4.064	3.912	3.735	3.9%	8.8%	Up Over Year Ago
	Gasoline Sales	2015M06	million gallons	67.21	67.62	64.32	-0.6%	4.5%	Up Over Year Ago
	Visitor Volume	2015M07	million persons	4.023	3.805	3.838	5.7%	4.8%	Up Over Year Ago
<b>Washoe County</b>				<b>Latest</b>	<b>Previous</b>	<b>Year Ago</b>	<b>Recent</b>	<b>Year Ago</b>	
	Employment**	2015M07	000s, SA	209.8	207.6	202.6	1.1%	3.6%	Up Over Year Ago
	Unemployment Rate*	2015M07	%, Smoothed SA	6.4	6.3	7.4	0.1%	-1.0%	Reduced
	Taxable Sales	2015M06	\$billion	0.635	0.565	0.566	12.4%	12.2%	Up Strongly
	Gaming Revenue	2015M07	\$million	69.66	63.33	66.43	10.0%	4.9%	Up Over Year Ago
	Residential Permits	2015M07	units permitted	169	383	234	-55.9%	-27.8%	Down From Year Ago
	Commercial Permits	2015M07	permits	10	27	24	-63.0%	-58.3%	Low and Volatile
	Air Passengers	2015M07	million persons	0.351	0.319	0.332	9.9%	5.6%	Up Over Year Ago
	Gasoline Sales	2015M06	million gallons	14.45	14.23	13.92	1.6%	3.9%	Up Over Year Ago
	Visitor Volume	2015M07	million persons	0.461	0.428	0.464	7.7%	-0.6%	Down From Year Ago
<b>United States</b>				<b>Latest</b>	<b>Previous</b>	<b>Year Ago</b>	<b>Recent</b>	<b>Year Ago</b>	
	Employment	2015M08	million, SA	142.288	142.115	139.369	0.1%	2.1%	Up Over Year Ago
	Unemployment Rate*	2015M08	%, SA	5.1	5.3	6.1	-0.2%	-1.0%	Reduced
	Consumer Price Index	2015M07	82-84=100, SA	238.1	237.8	237.6	0.1%	0.2%	Relatively Constant
	Core CPI	2015M07	82-84=100, SA	242.5	242.2	238.2	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%	Relatively Constant
	Retail Sales	2015M07	\$billion, SA	446.5	443.9	435.9	0.6%	2.4%	Up Over Year Ago
	Auto and Truck Sales	2015M07	million, SA	17.47	16.95	16.45	3.1%	6.2%	Up Over Year Ago
	Housing Starts	2015M07	million, SA	1.206	1.204	1.095	0.2%	10.1%	Up Strongly
	Real GDP***	2015Q2	2009\$billion, SA	16,324.3	16,177.3	15,901.5	3.7%	2.7%	Moderate Growth
	Dollar Exchange Rate	2015M08	97.01=100	119.403	117.119	103.046	2.0%	15.9%	Up Strongly
	Trade Balance	2015M06	\$billion, SA	-43.839	-40.940	-42.371	7.1%	3.5%	Year-Over-Year Deficit Increase
	S and P 500	2015M07	monthly close	1972.18	2103.84	2003.37	-6.3%	-1.6%	Recent Decline
	Real Short-term Rate*	2015M07	%, NSA	-2.77	-2.68	-3.27	-0.09%	0.50%	Year-Over-Year Increase
	Treasury Yield Spread*	2015M07	%, NSA	2.3	2.34	2.5	-0.04%	-0.20%	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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