



NEVADA BUSINESS CONDITIONS

UNLV | LEE BUSINESS SCHOOL
CENTER FOR BUSINESS
AND ECONOMIC RESEARCH

October 2016

The U.S. real gross domestic product (GDP) grew at a 1.1 annual rate in the second quarter of 2016, revised down by 0.1 percent from the advanced estimate. The downward revisions reflected smaller-than-expected state and local government spending, private inventory investment, and net exports than previously thought. The increase in real GDP was mainly due to surprisingly large gains in consumer spending, while cutbacks in private business investment contributed to U.S. economic growth remaining stuck in the slow lane. In spite of lackluster business investment, U.S. nonfarm employment added a less-than-expected 151,000 jobs in August. The unemployment rate remained unchanged (at 4.9 percent) from July to August, but so did the labor force participation rate, which may imply that the U.S. economy is close to full employment. Retail sales and auto and truck sales in July remained above their respective levels from last year, and housing starts and housing prices experienced both month-over-month and year-over-year gains with the most recent data. The Federal Reserve continues to hint at their intention to hike the interest-rate soon. But, many economists argue that the next increase will not likely occur until the end of this year because of recent economic performance and political and global economic uncertainty.

The Nevada economy continues to post strong, positive signals on its economic recovery. The adjusted statewide employment gained 4,700 jobs from June to July, but the unemployment rate inched up from 6.4 to 6.5 percent during the same period with higher labor force participation. Gaming revenue posted a strong 10.0 percent year-over-year growth, which mostly reflected a 28.5 percent increase in table games revenue in July. Taxable sales for June increased strongly by 9.6 percent from a year ago, while gasoline sales in gallons continued its robust 3.7 percent year-over-year growth over the same period. Total air passengers also rose by 2.9 percent compared to a year earlier.

Most recent data indicate continuing improvement in Clark County's economic activity, despite highly disappointing permit figures. Seasonally adjusted employment added 3,400 jobs from June to July, while the unemployment rate fell from 6.8 to 6.5 percent during the same period. Gasoline sales for June gained 3.7 percent year-over-year, while taxable

sales jumped by 10.1 percent from a year ago after weak growth from last month. Total McCarran passengers and visitor volume in July also climbed by 2.6 and 2.8 percent, respectively, from last year. Gaming revenue experienced a strong yearly 10.2 percent rise mainly due to baccarat wins from Las Vegas Strip, which explains 53.3 percent of the gain. Residential housing permits declined significantly by 25.9 compared to last year after nine consecutive months of year-over-year increases. Commercial permits continued to decrease by 16.7 percent from a year ago, remaining low and volatile.

Washoe County also saw more favorable signals in its ongoing recovery compared to last month with a significant rebound in housing permits. The Reno-Sparks seasonally adjusted employment added 1,400 jobs for the month and rose by 4.3 percent for the year. The unemployment rate ticked down by 0.3 percentage points to 5.5 percent in July. Taxable sales continued its double-digit growth for three straight months, up by 12.3 percent year-over-year. Gasoline sales also increased by 2.5 percent from June 2015. Gaming revenue grew strongly at 9.3 percent year-over-year, and visitor volume was up by 3.1 percent during the same period. Residential housing permits finally increased both month-over-month and year-over-year by 204.3 and 236.7 percent, respectively, thanks to a significant pick-up in Reno.

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	2016M07	000s, SA	1290.1	1285.4	1258.2	0.4%	2.5%	Up Over Year Ago
Unemployment Rate*	2016M07	%, SA	6.5	6.4	6.7	0.1%	-0.2%	Recent Increase
Taxable Sales	2016M06	\$billion	4.873	4.413	4.446	10.4%	9.6%	Up Strongly
Gaming Revenue	2016M07	\$million	1015.01	887.41	923.04	14.4%	10.0%	Up Strongly
Air Passengers	2016M07	million persons	4.560	4.507	4.431	1.2%	2.9%	Up Over Year Ago
Gasoline Sales	2016M06	million gallons	102.30	100.56	98.67	1.7%	3.7%	Up Over Year Ago
Clark County								
Employment	2016M07	000s, SA	942.6	939.2	918.2	0.4%	2.7%	Up Over Year Ago
Unemployment Rate*	2016M07	%, Smoothed SA	6.5	6.8	6.8	-0.3%	-0.3%	Reduced
Taxable Sales	2016M06	\$billion	3.601	3.283	3.271	9.7%	10.1%	Up Strongly
Gaming Revenue	2016M07	\$million	867.20	761.62	786.79	13.9%	10.2%	Up Strongly
Residential Permits	2016M07	units permitted	763	1260	1029	-39.4%	-25.9%	Significant Decrease
Commercial Permits	2016M07	permits	20	25	24	-20.0%	-16.7%	Low and Volatile
Air Passengers	2016M07	million persons	4.168	4.134	4.064	0.8%	2.6%	Up Over Year Ago
Gasoline Sales	2016M06	million gallons	69.67	69.38	67.21	0.4%	3.7%	Up Over Year Ago
Visitor Volume	2016M07	million persons	4.136	3.962	4.023	4.4%	2.8%	Up Over Year Ago
Washoe County								
Employment**	2016M07	000s, SA	218.5	217.1	209.5	0.6%	4.3%	Up Over Year Ago
Unemployment Rate*	2016M07	%, Smoothed SA	5.5	5.8	6.3	-0.3%	-0.8%	Down From Year Ago
Taxable Sales	2016M06	\$billion	0.713	0.631	0.635	13.0%	12.3%	Up Strongly
Gaming Revenue	2016M07	\$million	76.13	65.95	69.66	15.4%	9.3%	Up Strongly
Residential Permits	2016M07	units permitted	569	187	169	204.3%	236.7%	Significant Increase
Commercial Permits	2016M07	permits	46	30	10	53.3%	360.0%	Low and Volatile
Air Passengers	2016M07	million persons	0.357	0.339	0.351	5.3%	1.7%	Up Over Year Ago
Gasoline Sales	2016M06	million gallons	14.81	14.63	14.45	1.3%	2.5%	Up Over Year Ago
Visitor Volume	2016M07	million persons	0.476	0.470	0.461	1.3%	3.1%	Up Over Year Ago
United States								
Employment	2016M08	million, SA	144,598	144,447	142,151	0.1%	1.7%	Up Over Year Ago
Unemployment Rate*	2016M08	%, SA	4.9	4.9	5.1	0.0%	-0.2%	Flat Month-Over-Month
Consumer Price Index	2016M07	82-84=100, SA	239.8	239.9	237.7	-0.04%	0.9%	Up Over Year Ago
Core CPI	2016M07	82-84=100, SA	247.7	247.5	242.5	0.1%	2.2%	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%	Recent Decrease
Retail Sales	2016M07	\$billion, SA	457.7	457.9	447.6	-0.04%	2.3%	Up Over Year Ago
Auto and Truck Sales	2016M07	million, SA	17.77	16.69	17.44	6.5%	1.9%	Up Over Year Ago
Housing Starts	2016M07	million, SA	1.211	1.186	1.147	2.1%	5.6%	Up Over Year Ago
Real GDP***	2016Q2	2009\$billion, SA	16570.2	16525.0	16374.2	1.1%	1.2%	Weak Growth
Dollar Exchange Rate	2016M08	97.01=100	120.693	121.933	119.426	-1.0%	1.1%	Recent Decrease
Trade Balance	2016M07	\$billion, SA	-39.474	-44.655	-39.900	-11.6%	-1.1%	Year-Over-Year Deficit Decrease
S and P 500	2016M08	monthly close	2170.95	2173.60	1972.18	-0.1%	10.1%	Up Strongly From Year Ago
Real Short-term Rate*	2016M07	%, NSA	-2.40	-2.33	-2.77	-0.1%	0.4%	Recent Decrease
Treasury Yield Spread*	2016M08	%, NSA	1.26	1.20	2.10	0.06%	-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.