

Nevada Business Conditions

September 1, 2015

The “advance” (i.e., preliminary) estimate for U.S. real gross domestic product (GDP) in the second quarter of 2015 indicates an annualized rate increase of 2.3 percent. Recent Bureau of Economic Analysis revisions state that real GDP increased by 0.6 percent in the first quarter of 2014, higher than the negative 0.2 percent growth in the third estimate. Higher real GDP growth in the first quarter of 2015 consisted mostly of upward revisions to business and residential investment. In terms of real GDP for the second quarter of 2015, personal consumption expenditures, net exports, state and local government spending, and residential fixed investment made positive contributions. Federal government spending, private inventory investment, and nonresidential fixed investment made negative contributions. U.S. nonfarm employment experienced gains in July, adding 215,000 jobs over June. The unemployment rate remained unchanged at 5.3 percent, which is the lowest level since the 2008 recession. Housing starts were up strongly both month-over-month and year-over-year, and housing prices experienced an increase. Auto/truck sales and retail sales remained above their respective levels from last year and are expected to stay strong. Consumer confidence has declined, but consumer sentiment rose for the most recent data. The Kansas City Financial Stress Index remained near its long-run average in July, which suggests no financial headwinds. In addition, oil prices have experienced decreases and remain at their lowest levels since the Great Recession.

On balance, the Nevada economy evidenced positive signals with the most recent data. Seasonally adjusted, statewide employment increased by 2,100 jobs from May to June and was up 3.5 percent year-over-year. The Nevada unemployment rate fell from 7.0 percent to 6.9 percent. Taxable sales continued to show year-over-year growth, up 2.1 percent. Total air passengers were up 5.4 percent year-over-year. The major negative change was the 8.4 percent year-over-year decrease in gaming revenue. This decrease in gaming revenue mostly reflects substantial decreases in table game revenue in Clark County.

For Clark County, seasonally adjusted employment rose from May to June by 5,500 jobs and was up 3.3 percent year-over-year. The Las Vegas unemployment rate fell from 6.9 percent to 6.8 percent. Total passengers at McCarran Airport were up 5.8 percent from a year earlier. May visitor volume was up 1.9 percent from last year. Clark County’s taxable sales for May were 1.9 percent above those of a year earlier. Residential construction permits strongly increased from a year ago, while commercial construction permits remained at a low level. Gaming revenue was 10.2 percent lower than in May 2014, largely resulting from substantial losses in table game revenues (especially baccarat).

The most recent data showed more mixed signals for Washoe County. Reno-Sparks’ seasonally adjusted employment decreased from May to June by 1,500 jobs but was up by 2.8 percent from a year ago. The Reno-Sparks’ seasonally adjusted unemployment rate stayed constant at 6.3 percent. Compared to last year, June visitor volume was down 3.4 percent, while total air passengers were up 0.8 percent. Gaming revenues for June fell by 0.7 percent from a year earlier. Residential construction increased strongly from May to June by 25.2 percent and was up 77.3 percent compared to its level from a year ago. Commercial construction permits remained low.

The U.S. economy has experienced moderate growth in second quarter of 2015 due to strong consumer spending. The housing price index shows continuing increases over the last 12 months for the United States, although some aspects of the housing market are no longer as strong. In Clark County, tourism remains fairly robust; and taxable sales continue to make gains, despite a large recent loss in gaming revenues. Nevada’s employment also exhibits stable growth.

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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	2015M06	000s, SA	1256.1	1254.0	1213.7	0.2%	3.5%	Up Over Year Ago
Unemployment Rate*	2015M06	%, SA	6.9	7.0	7.8	-0.1%	-0.9%	Reduced
Taxable Sales	2015M05	\$billion	4.344	4.117	4.254	5.5%	2.1%	Up Over Year Ago
Gaming Revenue	2015M06	\$million	830.94	1003.55	906.85	-17.2%	-8.4%	Down From Year Ago
Air Passengers	2015M06	million persons	4.286	4.324	4.067	-0.9%	5.4%	Up Over Year Ago
Gasoline Sales	2015M04	million gallons	94.48	97.63	91.54	-3.2%	3.2%	Up Over Year Ago
Clark County			Latest	Previous	Year Ago	Recent	Year Ago	
Employment	2015M06	000s, SA	909.9	904.4	880.6	0.6%	3.3%	Up Over Year Ago
Unemployment Rate*	2015M06	%, Smoothed SA	6.8	6.9	7.9	-0.1%	-1.1%	Reduced
Taxable Sales	2015M05	\$billion	3.265	3.112	3.204	4.9%	1.9%	Up Over Year Ago
Gaming Revenue	2015M06	\$million	709.63	870.05	790.36	-18.4%	-10.2%	Down From Year Ago
Residential Permits	2015M06	units permitted	1042	1165	847	-10.6%	23.0%	Up Over Year Ago
Commercial Permits	2015M06	permits	29	22	29	31.8%	0.0%	Low and Volatile
Air Passengers	2015M06	million persons	3.912	3.992	3.698	-2.0%	5.8%	Up Over Year Ago
Gasoline Sales	2015M04	million gallons	65.42	67.82	63.77	-3.5%	2.6%	Up Over Year Ago
Visitor Volume	2015M06	million persons	3.805	4.012	3.735	-5.1%	1.9%	Up Over Year Ago
Washoe County			Latest	Previous	Year Ago	Recent	Year Ago	
Employment**	2015M06	000s, SA	207.6	209.1	202.0	-0.7%	2.8%	Up Over Year Ago
Unemployment Rate*	2015M06	%, Smoothed SA	6.3	6.3	7.5	0.0%	-1.2%	Reduced
Taxable Sales	2015M05	\$billion	0.565	0.523	0.600	8.0%	-5.8%	Down From Year Ago
Gaming Revenue	2015M06	\$million	63.35	70.63	63.81	-10.3%	-0.7%	Down From Year Ago
Residential Permits	2015M06	units permitted	383	306	216	25.2%	77.3%	Up Strongly
Commercial Permits	2015M06	permits	27	19	17	42.1%	58.8%	Low and Volatile
Air Passengers	2015M06	million persons	0.319	0.277	0.317	15.3%	0.8%	Up Over Year Ago
Gasoline Sales	2015M04	million gallons	14.03	14.22	13.34	-1.3%	5.2%	Up Over Year Ago
Visitor Volume	2015M06	million persons	0.428	0.403	0.443	6.3%	-3.4%	Down From Year Ago
United States			Latest	Previous	Year Ago	Recent	Year Ago	
Employment	2015M07	million, SA	142.071	141.856	139.156	0.2%	2.1%	Up Over Year Ago
Unemployment Rate*	2015M07	%, SA	5.3	5.3	6.2	0.0%	-0.9%	Reduced
Consumer Price Index	2015M06	82-84=100, SA	237.8	237.0	237.3	0.3%	0.2%	Relatively Constant
Core CPI	2015M06	82-84=100, SA	242.2	241.8	238.0	0.2%	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	105.3	104.9	105.2	0.4%	0.1%	Relatively Constant
Retail Sales	2015M06	\$billion, SA	442.0	443.2	436.0	-0.3%	1.4%	Up Over Year Ago
Auto and Truck Sales	2015M06	million, SA	16.95	17.63	16.74	-3.9%	1.3%	Up Over Year Ago
Housing Starts	2015M06	million, SA	1.174	1.069	0.927	9.8%	26.6%	Up Strongly
Real GDP***	2015Q2	2009\$billion, SA	16,270.4	16,177.3	15,901.5	2.3%	2.3%	Moderate Growth
Dollar Exchange Rate	2015M07	97.01=100	117.119	115.156	102.129	1.7%	14.7%	Up Strongly
Trade Balance	2015M05	\$billion, SA	-41.871	-40.698	-42.070	2.9%	-0.5%	Year-Over-Year Deficit Increase
S and P 500	2015M07	monthly close	2079.65	2063.11	1930.67	0.8%	7.7%	Up Over Year Ago
Real Short-term Rate*	2015M06	%, NSA	-2.68	-2.78	-3.06	0.10%	0.38%	Year-Over-Year Increase
Treasury Yield Spread*	2015M06	%, NSA	2.34	2.18	2.56	0.16%	-0.22%	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