



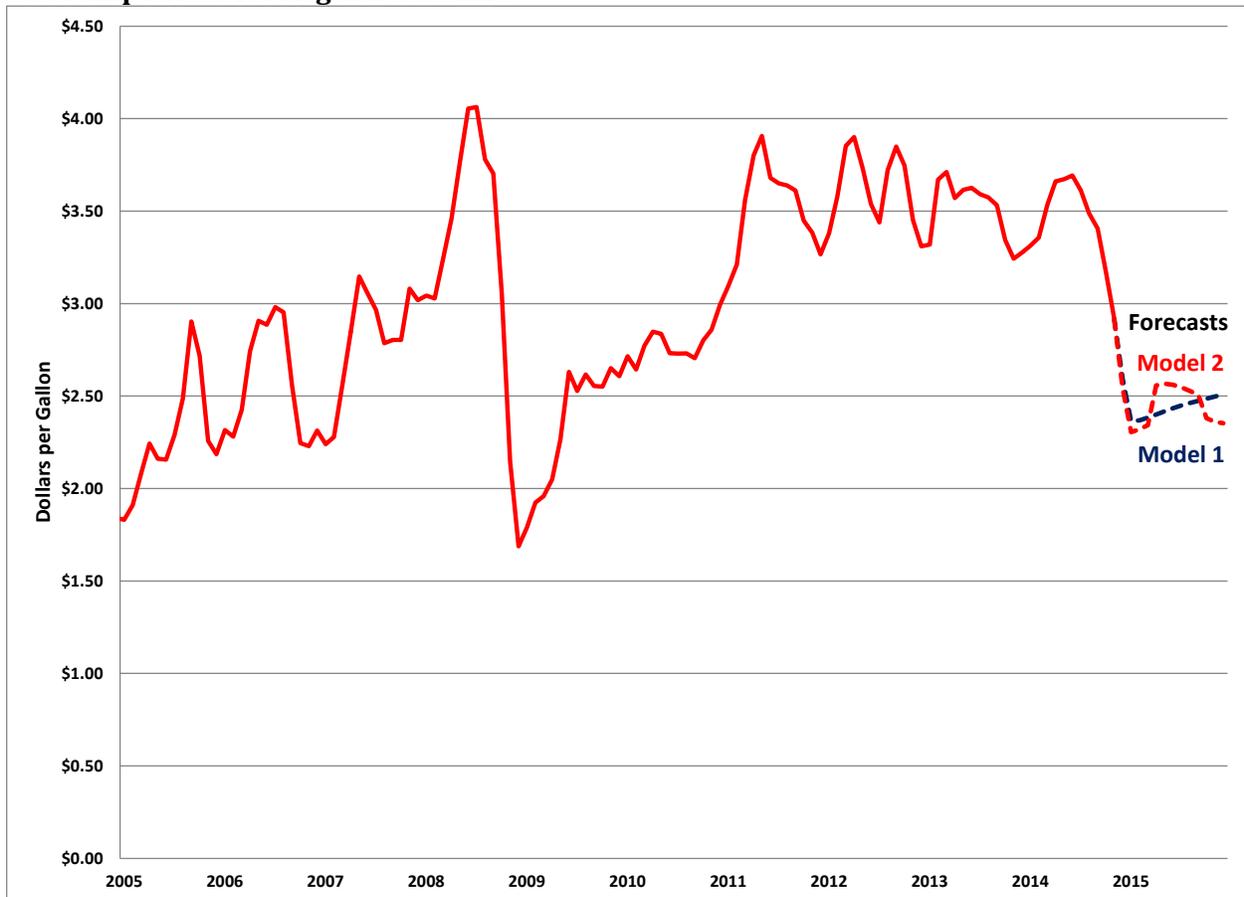
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Lower Oil Prices Will Provide a Boost to the Southern Nevada Economy

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With the recent fall in world crude oil prices, U.S. consumers have seen gasoline retail prices fall to their lowest levels in four years (see figure). As of December 8, the weekly U.S. conventional retail gasoline price stood at \$2.63 per gallon. This represented a 28 percent decline since June 30 and a year-to-date drop of 18 percent.

U.S. Pump Prices for Regular Gasoline



Sources: U.S. Energy Information Administration; Center for Business and Economics Research, UNLV

The sharp decline in gasoline prices bodes well for consumers who will be experiencing much needed savings in the sluggish post-recession economy. There has been much discussion on the economic impact of the recent decline in gasoline prices. For the Southern Nevada economy, the economic impact of a 20 percent decline in gasoline prices was investigated using an input-output model from Region Economic Models, Incorporated (REMI). The REMI model is a state-of-the-art econometric forecasting model that accounts for dynamic feedbacks between economic and demographic variables.

The results of the analysis suggest that Southern Nevada stands to benefit from the decline in gasoline prices. The gasoline savings experienced by consumers translate to new spending for the local economy. The table shows the total economic impact of a 20 percent decline in gasoline prices on the Clark County economy in 2015. The model predicts that total Clark County employment will increase by roughly 3,500 jobs. This corresponds to an increase of 0.30 percent over the baseline scenario. In addition, the region's gross domestic product will add \$279 million (+0.25 percent). Overall, the model predicts that a 20 percent decline in gasoline prices will add roughly \$200 million to the income of Southern Nevadans in 2015.

Economic Impact of a 20 Percent Decline in Gasoline Prices

	Units	Total Impact in 2015
Total Employment	Thousand (Jobs)	+3.51
	Change from baseline	+0.30%
Gross Domestic Product	Millions of 2014 dollars	+279.23
	Change from baseline	+0.25%
Personal Income	Millions of 2014 dollars	+208.12
	Change from baseline	+0.25%

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