

The national recession continues, though some signs of recovery give heart that things are on the move. For one, the U.S. Index of Leading Indicators, a six-month-ahead forecast, has been on the upswing over the past five months, suggesting that spring 2010 may see the end of the national recession.

On the other hand, the Southern Nevada Index of Leading Indicators, constructed similarly to the national index, but using Nevada data, shows no shift in economic fortunes. The index continues a downward drift, giving no signal of an end to the severe recession affecting the Silver State. The severity of the recession shows in the 13.1, 13.9 and 13.5 unemployment rates, for Washoe County (Reno), Clark County (Las Vegas), and Nevada, respectively. Keep in mind that these rates count part-time workers as full-time employment; and, as a result, these rates overestimate the strength of the labor market.

As the recession has increased in intensity, more layoffs have occurred and hours of work are reduced, resulting in less take-home pay and subsequent spending. But less spending cascades into further spending losses. We look to a recovery of the natural economy to bring the cycle of contraction to a halt.

In the recovery ahead, travel and tourism indicators will surely recover earlier than construction activity. Having overbuilt housing, commercial real estate, and hotel rooms, construction opportunities have shrunk greatly. This factor alone gives reason for a return to more modest growth once the recession comes to an end. The Silver State has enjoyed a period of great prosperity—the baseline for future business growth will likely be lower and more challenging.

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Nevada	Date	Units	Data			Growth		Comments
			Latest	Previous	Year Ago	Recent	Year Ago	
Employment	2009M9	000 employees	1,185.4	1,173.7	1,261.9	1.0%	-6.1%	Job Losses
Unemployment Rate	2009M9	%, NSA	13.5	13.0	7.6	3.8%	77.6%	Up Sharply
Taxable Sales	2009M8	\$billion	3.076	3.075	4.054	0.0%	-24.1%	Recent Gains
Gaming Revenue	2009M9	\$million	911.14	847.04	1,001.10	7.6%	-9.0%	Recent Gains
Passengers	2009M8	passengers	3.702	3.899	3.781	-5.0%	-2.1%	Cost and Availability
Gasoline Sales	2009M8	million gallons	97.21	99.12	100.95	-1.9%	-3.7%	Less Travel
Visitor Volume	2009M8	million visitors	3.966	4.012	3.829	-1.2%	3.6%	Up, Year Ago
<b>Clark County</b>								
Employment	2009M9	000 employees	854.3	844.7	910.6	1.1%	-6.2%	Job Losses
Unemployment Rate	2009M9	%, NSA	13.9	13.4	7.7	3.7%	80.5%	Up Sharply
Taxable Sales	2009M8	\$billion	2.239	2.226	3.029	0.6%	-26.1%	Recent Gains
Gaming Revenue	2009M9	\$million	774.06	708.13	853.51	9.3%	-9.3%	Recent Gains
Residential Permits	2009M9	units permitted	418	774	1,054	-46.0%	-60.3%	No New Construction
Commercial Permits	2009M9	permits	19	24	54	-20.8%	-64.8%	No New Construction
Passengers	2009M8	million persons	3.394	3.550	3.439	-4.4%	-1.3%	Cost and Availability
Gasoline Sales	2009M8	million gallons	65.47	66.98	67.65	-2.3%	-3.2%	Less Travel
Visitor Volume	2009M8	million visitors	3.351	3.402	3.231	-1.5%	3.7%	Up, Year Ago
<b>Washoe County</b>								
Employment*	2009M9	000 employees	197.7	197.0	214.3	0.4%	-7.7%	Job Losses
Unemployment Rate*	2009M9	%, NSA	13.1	12.4	7.3	5.6%	79.5%	Up Sharply
Taxable Sales	2009M8	\$billion	0.465	0.443	0.569	5.1%	-18.1%	Recent Gains
Gaming Revenue	2009M9	\$million	72.14	73.87	77.04	-2.3%	-6.4%	Down Modestly
Residential Permits	2009M9	units permitted	273	31	417	780.6%	-34.5%	No New Construction
Commercial Permits	2009M9	permits	32	10	44	220.0%	-27.3%	No New Construction
Passengers	2009M8	million persons	0.304	0.345	0.338	-11.8%	-9.9%	Cost and Availability
Gasoline Sales	2009M8	million gallons	15.70	16.02	17.24	-2.0%	-8.9%	Less Travel
Visitor Volume	2009M8	million visitors	0.426	0.419	0.416	1.6%	2.5%	Up
<b>U.S.</b>								
Employment	2009M10	million, SA	130.848	131.038	136.352	-0.1%	-4.0%	Job Losses
Unemployment Rate	2009M10	%, SA	10.2	9.8	6.6	4.1%	54.5%	Rising
Consumer Price Index	2009M9	82-84=100, NSA	216.0	215.8	218.8	0.1%	-1.3%	Modest Change
Core CPI	2009M9	82-84=100, NSA	220.1	219.6	216.9	0.2%	1.5%	Modest Inflation
Employment Cost Index	2009Q3	89.06=100, SA	110.5	110.0	109.1	0.5%	1.3%	Modest Drag
Productivity Index	2009Q3	92=100, SA	150.1	146.6	143.9	2.4%	4.3%	Nice Gains
Retail Sales Growth	2009M9	\$billion, SA	344.688	349.885	366.555	-1.5%	-6.0%	Still Depressed
Auto and Truck Sales	2009M10	million, SA	10.43	9.18	10.78	13.6%	-3.2%	Program Effect
Housing Starts	2009M9	million, SA	0.590	0.587	0.822	0.5%	-28.2%	Housing Woes Continue
Real GDP Growth	2009Q3	2000\$billion, SA	13,014.0	12,901.5	13,324.6	0.9%	-2.3%	Sign of Recovery
U.S. Dollar	2009M10	97.01=100	101.777	103.127	106.951	-1.3%	-4.8%	Taking a Hit
Trade Balance	2009M8	\$billion, SA	-30.710	-31.850	-60.913	-3.6%	-49.6%	Recession Effects
S and P 500	2009M10	monthly close	1,036.19	1,057.08	968.75	-2.0%	7.0%	Signs of Optimism
Real Short-term Rates	2009M9	%, NSA	0.06	-0.05	1.27	-220.0%	-95.3%	Remains Low
Treasury Yield Spread	2009M10	%, NSA	3.32	3.28	3.12	1.2%	6.4%	Expansionary

\*Reflects the Reno-Sparks MSA which includes Washoe and Storey Counties

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 Bank.

Note: NSA = Not Seasonally Adjusted, SA = Seasonally Adjusted