



NEVADA BUSINESS CONDITIONS

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The “third” estimate for U.S. real gross domestic product (GDP) for the first quarter of 2017 implied a 1.4 percent annualized rate of growth, 0.2 percentage point higher than the “second” estimate of 1.2 percent. The upward revision reflects larger-than-expected personal consumption expenditure and exports. The overall picture of economic growth remained the same as previously reported. That is, personal consumption expenditure, business investment, residential investment, and net exports contributed positively to growth; while private inventory investment and federal, state, and local government spending contributed negatively. U.S. nonfarm employment rebounded by adding an impressive 222,000 jobs in June. Moreover, the previous two months of job gains were revised upward. The unemployment rate ticked up to 4.4 percent as the labor force participation rate rose slightly but still stayed at its 16-year low level. May retail sales experienced a slower 3.8 percent year-over-year increase, while auto and truck sales continued to decline compared to last year. Weak auto and truck sales could result in a less-than-expected GDP growth in 2017. May housing starts fell by 2.4 percent year-over-year, while the seasonally adjusted April housing price index rose by 5.5 percent from last year. The Federal Reserve (Fed) raised its benchmark interest rate by 0.25 percentage point to a range of 1.00 to 1.25 percent in June, and another hike will probably happen in December. In addition, the Fed announced that it will start to shrink its \$4.5 trillion balance sheet this year, which could promote hikes in mid- and long-term interest rates.

The Nevada economy posted somewhat mixed signals in its economic activity based on the most recent data. Seasonally adjusted statewide employment lost 6,500 jobs in May, but climbed 2.7 percent from last year. The unemployment rate remained unchanged at 4.7 percent. Taxable sales in April experienced a robust 4.6 percent year-over-year increase. Nevada taxable sales have been boosted by the Reno-Tahoe Industrial Center in 2017. Moreover, legalized recreational marijuana sales will add additional gains to taxable sales going forward. April gasoline sales (in gallons) increased by 3.7 percent year-over-year. May gaming revenue and total air passengers rose by 3.5 and 1.6 percent, respectively, compared to a year earlier.

For Clark County, mixed signals also emerged with the latest data. Seasonally adjusted employment lost 1,300 jobs from April to May, mainly reflecting a 1,400 job reduction in the leisure and hospitality sector. The unemployment rate edged up to 5.0 percent, while average weekly earnings in May remained essentially unchanged, up by 0.04 percent. May visitor volume for Clark County experienced a weak 0.4 percent gain year-over-year, and total McCarran passengers rose by 1.4 percent during the same period. Clark County gaming revenue for May also climbed by 3.5 percent from last year. April taxable sales and gasoline sales gained 2.8 and 4.0 percent, respectively, year-over-year. Residential housing permits and commercial permits in February decreased substantially by 58.2 and 32.6 percent, respectively, from last year.

Washoe County experienced generally positive signals in its economic activity. The Reno-Sparks seasonally adjusted employment lost 1,000 jobs in May, but was up by 2.7 percent from last year. The unemployment rate rose from 3.8 in April to 4.1 percent in May. On the positive side, taxable sales for Washoe and Storey Counties in April increased strongly by 17.9 percent from last year, thanks to increased activity at the Tahoe-Reno Industrial Center. May gaming revenue remained relatively flat, up by 0.3 percent year-over-year, while visitor volume climbed 5.8 percent during the same period. May residential housing permits substantially exceeded their level from last year by 155.3 percent, which reflected a remarkable jump in multi-family units in Sparks and Reno.

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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.

BUSINESS CONDITIONS

For the State of Nevada

	Date	Units	Data			Growth		Comments
			Latest	Previous	Year Ago	Recent	Year Ago	
Nevada								
Employment	2017M05	000s, SA	1327.1	1333.6	1292.1	-0.5%	2.7%	Up Over Year Ago
Unemployment Rate*	2017M05	%, SA	4.7	4.7	5.8	0.0%	-1.1%	Unchanged From Month Ago
Taxable Sales	2017M04	\$billion	4.559	5.394	4.359	-15.5%	4.6%	Up Over Year Ago
Gaming Revenue	2017M05	\$million	991.60	886.50	957.94	11.9%	3.5%	Up Over Year Ago
Air Passengers	2017M05	million persons	4.542	4.380	4.471	3.7%	1.6%	Up Over Year Ago
Gasoline Sales	2017M04	million gallons	99.46	103.24	95.91	-3.7%	3.7%	Up Over Year Ago
Clark County								
Employment	2017M05	000s, SA	970.8	972.1	943.5	-0.1%	2.9%	Up Over Year Ago
Unemployment Rate*	2017M05	%, Smoothed SA	5.0	4.9	6.0	0.1%	-1.0%	Recent Increase
Taxable Sales	2017M04	\$billion	3.314	3.851	3.223	-13.9%	2.8%	Up Over Year Ago
Gaming Revenue	2017M05	\$million	860.71	763.17	831.72	12.8%	3.5%	Up Over Year Ago
Residential Permits	2017M02	units permitted	803	970	1923	-17.2%	-58.2%	Significant Decrease
Commercial Permits	2017M02	permits	29	32	43	-9.4%	-32.6%	Low and Volatile
Air Passengers	2017M05	million persons	4.208	4.062	4.150	3.6%	1.4%	Up Over Year Ago
Gasoline Sales	2017M04	million gallons	69.21	72.38	66.55	-4.4%	4.0%	Up Over Year Ago
Visitor Volume	2017M05	million persons	3.882	3.839	3.868	1.1%	0.4%	Up Slightly From Year Ago
Washoe County								
Employment**	2017M05	000s, SA	224.2	225.2	218.4	-0.4%	2.7%	Up Over Year Ago
Unemployment Rate*	2017M05	%, Smoothed SA	4.1	3.8	5.2	0.3%	-1.1%	Reduced
Taxable Sales**	2017M04	\$billion	0.765	0.990	0.649	-22.7%	17.9%	Up Strongly From Year Ago
Gaming Revenue	2017M05	\$million	68.25	64.19	68.05	6.3%	0.3%	Relatively Flat From Year Ago
Residential Permits	2017M05	units permitted	549	487	215	12.7%	155.3%	Up Significantly
Commercial Permits	2017M05	permits	47	32	24	46.9%	95.8%	Low and Volatile
Air Passengers	2017M05	million persons	0.318	0.302	0.289	5.2%	10.1%	Up Strongly
Gasoline Sales**	2017M04	million gallons	14.65	14.86	14.29	-1.4%	2.5%	Up Over Year Ago
Visitor Volume	2017M05	million persons	0.415	0.411	0.393	1.0%	5.8%	Up Over Year Ago
United States								
Employment	2017M06	million, SA	146.404	146.182	144.166	0.2%	1.6%	Up Over Year Ago
Unemployment Rate*	2017M06	%, SA	4.4	4.3	4.9	0.1%	-0.5%	Recent Increase
Consumer Price Index	2017M05	82-84=100, SA	243.8	244.2	239.4	-0.1%	1.9%	Up Over Year Ago
Core CPI	2017M05	82-84=100, SA	251.3	251.2	247.0	0.1%	1.7%	Up Over Year Ago
Employment Cost Index	2017Q1	05.12=100, SA	128.3	127.2	125.1	0.9%	2.6%	Increased
Productivity Index	2017Q1	2009=100, SA	107.2	107.5	106.0	-0.3%	1.2%	Up Over Year Ago
Retail Sales	2017M05	\$billion, SA	473.8	475.0	456.4	-0.3%	3.8%	Up Over Year Ago
Auto and Truck Sales	2017M05	million, SA	16.58	16.82	17.12	-1.4%	-3.1%	Decreased
Housing Starts	2017M05	million, SA	1.092	1.156	1.119	-5.5%	-2.4%	Decreased
Real GDP***	2017Q1	2009\$billion, SA	16872.8	16813.3	16525.0	1.4%	2.1%	Weak Growth
Dollar Exchange Rate	2017M06	97.01=100	122.266	123.830	121.128	-1.3%	0.9%	Up Over Year Ago
Trade Balance	2017M05	\$billion, SA	-46.507	-47.585	-41.520	-2.3%	12.0%	Year-Over-Year Deficit Increase
S and P 500	2017M06	monthly close	2423.41	2411.80	2098.86	0.5%	15.5%	Up Strongly From Year Ago
Real Short-term Rate*	2017M06	%, NSA	-1.62	-1.71	-2.33	0.1%	0.7%	Up Over Year Ago
Treasury Yield Spread*	2017M06	%, NSA	1.21	1.41	1.37	-0.2%	-0.2%	Decreased

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.