



NEVADA BUSINESS CONDITIONS

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February 2018

The “third” estimate for U.S. real gross domestic product (GDP) for the third quarter of 2017 grew strongly at a 3.2 percent annualized rate, revised down by 0.1 percent from the second estimate of 3.3 percent. The downward revision of 0.1 percent from the second estimate reflected less-than-expected consumer spending, which more than offset the larger-than-expected increase in state and local government spending. Overall, all main components of the real GDP except for residential investment contributed positively to growth. U.S. nonfarm employment exhibited a disappointing 148,000 job additions in December. As a result, the monthly averaged 171,000 new jobs each month in 2017 was slightly lower than the 187,000 new jobs each month in 2016. The unemployment rate remained at 4.1 percent, a 17-year low. November retail sales continued its strong year-over-year growth, up by 5.8 percent, although auto and truck sales decreased by 0.9 percent during the same period. November housing starts rebounded, up by 12.9 percent compared to last year, and seasonally adjusted housing prices in the U.S. continued to gain. At its December meeting, the Federal Reserve raised the federal funds rate to a range between 1.25 to 1.50 percent and hinted at three rate increases in 2018. The expected tax cut (reform), however, could spur more aggressive monetary policies to prevent the economy from overheating.

Nevada posted generally positive signals in economic activity based on the most recent data. Seasonally adjusted statewide employment added 1,800 jobs in November. The unemployment rate, however, remained unchanged at 5.0 percent. Taxable sales and gasoline sales (in gallons) in October climbed by 5.2 and 3.0 percent, respectively, year-over-year. November gaming revenue declined by 2.3 percent compared to a year ago.

For Clark County, mixed signals emerged with the latest data. Seasonally adjusted employment added 1,200 new jobs from October to November. The unemployment rate did not budge, having remained at 5.2 percent for four consecutive months. November visitor volume for Clark County continued its year-over-year loss, down by 3.1 percent. This fall probably reflects not only the reduced number of rooms in inventory but also the lingering effect of the October shooting. Nevertheless, total McCarran Airport passengers rose by 1.3 percent during the same

period. November gaming revenue fell by 3.2 percent compared to last year as a result of a large 6.0 percent decrease on the Las Vegas Strip. Clark County taxable sales and gasoline sales for October climbed by 2.5 and 2.0 percent, respectively, from a year ago. June residential housing permits gained 11.0 percent year-over-year.

Somewhat more favorable signals were posted for Washoe County. The Reno-Sparks seasonally adjusted employment lost 1,600 jobs from October to November and only rose by 0.6 percent from last year. The unemployment rate, however, edged down to 4.2 percent in November. October taxable sales for Washoe and Storey Counties increased by 14.1 percent year-over-year. November gaming revenue and visitor volume were up by 2.0 and 4.2 percent, respectively, from a year ago. Residential housing permits in October rebounded significantly by 62.8 percent from last year, while commercial building permits remained low.

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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.

	Date	Units	Data			Growth		Comments
			Latest	Previous	Year Ago	Recent	Year Ago	
Nevada								
Employment	2017M11	000s, SA	1353.9	1352.1	1318.8	0.1%	2.7%	Up Over Year Ago
Unemployment Rate*	2017M11	%, SA	5.0	5.0	5.2	0.0%	-0.2%	Flat Month-Over-Month
Taxable Sales	2017M10	\$billion	4.673	4.949	4.440	-5.6%	5.2%	Up Over Year Ago
Gaming Revenue	2017M11	\$million	909.01	988.74	930.41	-8.1%	-2.3%	Down From Year Ago
Air Passengers	2017M11	million persons	4.241	4.714	4.168	-10.0%	1.8%	Up Over Year Ago
Gasoline Sales	2017M10	million gallons	103.54	102.58	100.51	0.9%	3.0%	Up Over Year Ago
Clark County								
Employment	2017M11	000s, SA	986.8	985.6	961.3	0.1%	2.7%	Up Over Year Ago
Unemployment Rate*	2017M11	%, Smoothed SA	5.2	5.2	5.3	0.0%	-0.1%	Flat Month-Over-Month
Taxable Sales	2017M10	\$billion	3.364	3.540	3.281	-5.0%	2.5%	Up Over Year Ago
Gaming Revenue	2017M11	\$million	785.06	854.29	811.12	-8.1%	-3.2%	Down From Year Ago
Residential Permits	2017M06	units permitted	1399	1177	1260	18.9%	11.0%	Strong Increase
Commercial Permits	2017M02	permits	29	32	43	-9.4%	-32.6%	Low and Volatile
Air Passengers	2017M11	million persons	3.914	4.339	3.865	-9.8%	1.3%	Up Over Year Ago
Gasoline Sales	2017M10	million gallons	70.73	69.68	69.31	1.5%	2.0%	Up Over Year Ago
Visitor Volume	2017M11	million persons	3.562	3.896	3.676	-8.6%	-3.1%	Down From Year Ago
Washoe County								
Employment**	2017M11	000s, SA	226.4	228.0	225.1	-0.7%	0.6%	Up Over Year Ago
Unemployment Rate*	2017M11	%, Smoothed SA	4.2	4.3	4.5	-0.1%	-0.3%	Reduced
Taxable Sales**	2017M10	\$billion	0.765	0.869	0.670	-12.0%	14.1%	Up Over Year Ago
Gaming Revenue	2017M11	\$million	63.26	71.84	62.02	-11.9%	2.0%	Up Over Year Ago
Residential Permits	2017M10	units permitted	695	256	427	171.5%	62.8%	Up Significantly
Commercial Permits	2017M10	permits	18	22	36	-18.2%	-50.0%	Low and Volatile
Air Passengers	2017M11	million persons	0.292	0.336	0.270	-13.1%	8.1%	Up Over Year Ago
Gasoline Sales**	2017M10	million gallons	15.37	15.39	14.70	-0.1%	4.6%	Up Over Year Ago
Visitor Volume	2017M11	million persons	0.368	0.429	0.353	-14.2%	4.2%	Up Over Year Ago
United States								
Employment	2017M12	million, SA	147.380	147.232	145.325	0.1%	1.4%	Up Over Year Ago
Unemployment Rate*	2017M12	%, SA	4.1	4.1	4.7	0.0%	-0.6%	Flat Month-Over-Month
Consumer Price Index	2017M11	82-84=100, SA	247.6	246.6	242.2	0.4%	2.2%	Up Over Year Ago
Core CPI	2017M11	82-84=100, SA	253.7	253.4	249.5	0.1%	1.7%	Up Over Year Ago
Employment Cost Index	2017Q3	05.12=100, SA	129.9	129.0	126.6	0.7%	2.6%	Up Over Year Ago
Productivity Index	2017Q3	2009=100, SA	108.8	107.9	107.2	0.9%	1.5%	Up Over Year Ago
Retail Sales	2017M11	\$billion, SA	492.7	488.9	465.7	0.8%	5.8%	Up Over Year Ago
Auto and Truck Sales	2017M11	million, SA	17.40	18.01	17.56	-3.4%	-0.9%	Down From Year Ago
Housing Starts	2017M11	million, SA	1.297	1.256	1.149	3.3%	12.9%	Up Over Year Ago
Real GDP***	2017Q3	2009\$billion, SA	17163.9	17031.1	16778.1	3.2%	2.3%	Strong Growth
Dollar Exchange Rate	2017M12	97.01=100	119.956	120.275	127.557	-0.3%	-6.0%	Decreased
Trade Balance	2017M11	\$billion, SA	-50.497	-48.914	-46.373	3.2%	8.9%	Year-Over-Year Deficit Increase
S and P 500	2017M12	monthly close	2673.61	2647.58	2238.83	1.0%	19.4%	Strong Year-Over-Year Increase
Real Short-term Rate*	2017M12	%, NSA	-1.38	-1.27	-1.75	-0.1%	0.4%	Up Over Year Ago
Treasury Yield Spread*	2017M12	%, NSA	1.08	1.12	1.98	-0.04%	-0.9%	Narrowed

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.