



NEVADA BUSINESS CONDITIONS

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November 2017

The “third” estimate for U.S. real gross domestic product (GDP) for the second quarter of 2017 was revised upward to a 3.1 percent annualized rate, which is 0.1 percentage point higher than the “second” estimate. The upward revision reflected a slightly higher increase in private inventory investment than previously thought. The overall picture of economic growth has not changed. That is, personal consumption expenditure, nonresidential fixed investment, private inventory investment, federal government spending, and net export spending contributed positively to growth; while private residential fixed investment and state and local government spending contributed negatively. U.S. nonfarm employment lost 33,000 jobs, which is the first job loss in seven years. The negative growth mainly reflected a large 105,000 payroll drop in food services and drinking places due to Hurricanes Harvey and Irma. The average hourly earnings accelerated to the fastest yearly rate since 2009, up by 2.9 percent, as workers in leisure and hospitality, who receive lower wages, dropped out of the labor market due to bad weather. The unemployment rate, however, fell to 4.2 percent, a 16-year low. August retail sales posted a slow 3.2 percent yearly increase in 2017 due to weak auto sales, while September auto and truck sales rebounded strongly, up by 4.6 percent year-over-year, after eight consecutive negative readings. August housing starts increased by 1.4 percent from a year ago, and the July housing price index continued its gain. The Federal Reserve started to shrink its \$4.5 trillion balance sheet in October by reducing its bond and mortgage-backed security holdings, which could promote small hikes in mid-and long-term interest rates.

Nevada posted generally positive signals in its economic activity based on the most recent data. Seasonally adjusted statewide employment added 2,700 jobs in August and posted the largest percentage annual statewide growth of any state, up by 3.0 percent. The unemployment rate, however, ticked up to 4.9 percent. Taxable sales in July experienced a robust 5.3 percent year-over-year gain, boosted by both the Reno-Tahoe Industrial Center (TRIC) and higher-than-expected first month sales of recreational marijuana. July gasoline sales (in gallons) also increased by 2.3 percent during the same period. August gaming revenue surged by 14.9 percent, which mainly reflected a substantial gain in sports betting

thanks to the Mayweather-McGregor fight on the Las Vegas Strip.

For Clark County, somewhat positive signals emerged with the latest data, while the recent mass shooting on the Strip could provide a headwind for the local economy in the short run. Seasonally adjusted employment added 4,200 jobs from July to August. Construction, leisure and hospitality, and education and health services sectors mainly contributed to job gains in August. The unemployment rate, however, edged up to 5.2 percent. August visitor volume for Clark County continued its year-over-year loss, down by 1.5 percent, while total McCarran passengers climbed by 3.6 percent during the same period. August gaming revenue jumped by 16.1 percent from last year, mainly, as noted above, spurred by the Mayweather-McGregor fight. Clark County taxable sales for July increased by 2.3 percent from a year ago, benefitting from a large gain in food services and drinking places. Gasoline sales grew by 1.8 percent during the same period. June residential housing permits gained 11.0 percent year-over-year.

Washoe County experienced highly positive signals in its economic activity. Although the Reno-Sparks seasonally adjusted employment remained unchanged in August, it was up by 1.9 percent from last year. The unemployment rate remained unchanged at 4.2 percent in August. Taxable sales for Washoe and Storey Counties in July continued to exhibit a sturdy 13.6 percent yearly rise, thanks to increased activity at TRIC. August gaming revenue and air passengers gained 10.1 and 12.4 percent, respectively, year-over-year. Residential housing permits in July rose substantially by 26.6 percent from last year.

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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	2017M08	000s, SA	1347.90	1345.2	1309.1	0.2%	3.0%	Up Over Year Ago
Unemployment Rate*	2017M08	%, SA	4.9	4.8	5.5	0.1%	-0.6%	Down From Year Ago
Taxable Sales	2017M07	\$billion	4.697	5.110	4.460	-8.1%	5.3%	Up Over Year Ago
Gaming Revenue	2017M08	\$million	989.51	997.97	861.15	-0.8%	14.9%	Up Strongly Year-Over-Year
Air Passengers	2017M08	million persons	4.670	4.758	4.478	-1.9%	4.3%	Up Over Year Ago
Gasoline Sales	2017M07	million gallons	108.9	105.5	106	3.2%	2.3%	Up Over Year Ago
Clark County								
Employment	2017M08	000s, SA	982.2	978.0	953.8	0.4%	3.0%	Up Over Year Ago
Unemployment Rate*	2017M08	%, Smoothed SA	5.2	5.1	5.6	0.1%	-0.4%	Down From Year Ago
Taxable Sales	2017M07	\$billion	3.339	3.613	3.264	-7.6%	2.3%	Up Over Year Ago
Gaming Revenue	2017M08	\$million	841.59	848.56	724.75	-0.8%	16.1%	Up Strongly From Year Ago
Residential Permits	2017M06	units permitted	1399	1177	1260	18.9%	11.0%	Up Over Year Ago
Commercial Permits	2017M02	permits	29	32	43	-9.4%	-32.6%	Low and Volatile
Air Passengers	2017M08	million persons	4.245	4.326	4.098	-1.9%	3.6%	Up Over Year Ago
Gasoline Sales	2017M07	million gallons	73.95	72.00	72.63	2.7%	1.8%	Up Over Year Ago
Visitor Volume	2017M08	million persons	3.839	4.109	3.899	-6.6%	-1.5%	Down From Year Ago
Washoe County								
Employment**	2017M08	000s, SA	226.4	226.4	222.2	0.0%	1.9%	Up Over Year Ago
Unemployment Rate*	2017M08	%, Smoothed SA	4.2	4.2	4.9	0.0%	-0.7%	Down From Year Ago
Taxable Sales**	2017M07	\$billion	0.794	0.919	0.699	-13.6%	13.6%	Up Strongly From Year Ago
Gaming Revenue	2017M08	\$million	77.25	77.86	70.15	-0.8%	10.1%	Up Over Year Ago
Residential Permits	2017M08	units permitted	461	574	364	-19.7%	26.6%	Up Over Year Ago
Commercial Permits	2017M08	permits	37	52	41	-28.8%	-9.8%	Low and Volatile
Air Passengers	2017M08	million persons	0.393	0.401	0.350	-1.8%	12.4%	Up Strongly Year-Over-Year
Gasoline Sales**	2017M07	million gallons	16.18	15.53	15.68	4.1%	3.2%	Up Over Year Ago
Visitor Volume	2017M07	million persons	0.515	0.484	0.476	6.6%	8.3%	Up Over Year Ago
United States								
Employment	2017M09	million, SA	146.659	146.692	144.882	-0.02%	1.2%	Up Over Year Ago
Unemployment Rate*	2017M09	%, SA	4.2	4.4	4.9	-0.2%	-0.7%	Reduced
Consumer Price Index	2017M08	82-84=100, SA	245.0	244.0	240.4	0.4%	1.9%	Up Over Year Ago
Core CPI	2017M08	82-84=100, SA	252.5	251.9	248.4	0.2%	1.7%	Up Over Year Ago
Employment Cost Index	2017Q2	05.12=100, SA	129.0	128.3	126.0	0.5%	2.4%	Increased
Productivity Index	2017Q2	2009=100, SA	107.7	107.5	106.5	0.2%	1.1%	Up Over Year Ago
Retail Sales	2017M08	\$billion, SA	474.8	475.8	460.2	-0.2%	3.2%	Up Over Year Ago
Auto and Truck Sales	2017M09	million, SA	18.47	16.02	17.65	15.3%	4.6%	Strong Rebound
Housing Starts	2017M08	million, SA	1.180	1.190	1.164	-0.8%	1.4%	Up Over Year Ago
Real GDP***	2017Q2	2009\$billion, SA	17031.1	16903.2	16663.5	3.1%	2.2%	Strong Rebound
Dollar Exchange Rate	2017M09	97.01=100	118.139	119.285	121.776	-1.0%	-3.0%	Down From Year Ago
Trade Balance	2017M08	\$billion, SA	-42.395	-43.558	-41.130	-2.7%	3.1%	Year-Over-Year Deficit Increase
S and P 500	2017M09	monthly close	2519.36	2471.65	2168.27	1.9%	16.2%	Up Strongly From Year Ago
Real Short-term Rate*	2017M09	%, NSA	-1.67	-1.59	-2.11	-0.08%	0.4%	Up Over Year Ago
Treasury Yield Spread*	2017M09	%, NSA	1.17	1.20	1.34	-0.03%	-0.2%	Slight Decrease

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.