



NEVADA BUSINESS CONDITIONS

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The third estimate for U.S. real gross domestic product (GDP) for the first quarter of 2016 was revised upward to 1.1 percent annualized growth rate from the 0.8 percent second estimate. The revision occurred as more complete data showed that exports increased more than previously thought. Nevertheless, the stronger dollar, cheaper oil, and a weaker global economy still contributed to a slower U.S. domestic economy in the first quarter. While these three factors still cast a shadow over the U.S. economic outlook, the U.K. Brexit decision to leave the European Union adds more uncertainty to the U.S. outlook. U.S. nonfarm employment surprisingly gained more-than-expected 287,000 jobs in June after a sluggish growth in May. Although the figure included Verizon's 35,000 payrolls from May, it is still a lot more than expected. This upswing, however, will not likely continue with the anxiety of Brexit and anticipated layoffs in landmine companies. The unemployment rate edged up to 4.9 percent due to a higher labor participation rate. Retail sales showed a 2.5 percent increase from a year ago, while auto and truck sales fell by 1.4 percent from May 2015. Housing starts posted a strong 9.5 percent year-over-year gain, and housing prices in the U.S. continued ticking up in April 2016. The Federal Reserve will probably delay raising the federal funds rate until the end of the year due to the uncertainty of Brexit, although the June employment number could lead to a reversal of this view.

The Nevada economy posted some mixed signals on its economic recovery. The adjusted statewide employment lost 3,800 jobs in May, and the unemployment rate increased to 6.1 from 5.8 percent from April to May. Gaming revenue continued its downward trend, decreasing by 4.5 percent from a year ago. Table gaming revenue experienced an 18.4 percent year-over-year loss, while slot machine revenue increased by 4.8 percent from May 2015. Taxable sales and gasoline sales rose by 5.9 percent and 1.5 percent, respectively, from last year. Even though total air passengers increased by 3.6 percent year-over-year, visitor volume fell by 3.5 percent during the same period.

The most recent data on the Clark County economy provide more positive than negative signals about the economy. Although seasonally adjusted employment lost 200 jobs from April to May, it added 21,300 jobs from May 2015.

The unemployment rate rose from 6.2 to 6.5 percent from April to May due to higher labor force participation. Visitor volume and gaming revenue experienced year-over-year losses, decreasing by 3.6 and 4.4 percent, respectively, from last year. Total McCarran passengers, however, increased by 3.9 percent on a year-over-year basis. Taxable sales and gasoline sales exceeded their levels compared to a year ago by 3.6 and 1.7 percent, respectively. Residential housing permits continued accelerating the addition of new houses, up by 53.4 percent from last year. Single-family residential permits climbed by 26.2 percent, while multi-family housing permits/units experienced a significant 94.2 percent gain compared to May 2015. Although commercial permits increased by 77.3 percent from a year ago, they still remained low and volatile.

Washoe County saw confusing signals in its on-going recovery based on recent data. The Reno-Sparks seasonally adjusted employment lost 1,000 jobs for the month but gained 7,300 jobs for the year. The unemployment rate increased by 0.2 percentage point to 5.6 percent in May. Taxable sales showed a significant year-over-year growth, up by 20.6 percent, while gaming revenue and visitor volume fell by 3.4 and 2.4 percent, respectively. Gasoline sales increased month-over-month by 2.3 percent and experienced a slight increase year-over-year of 0.6 percent. Residential housing permits continued its significant loss, decreasing by 29.7 percent compared to a year ago.

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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	2016M05	000s, SA	1278.5	1282.3	1253.4	-0.3%	2.0%	Up Over Year Ago
Unemployment Rate*	2016M05	%, SA	6.1	5.8	6.8	0.3%	-0.7%	Recent Increase
Taxable Sales	2016M04	\$billion	4.359	4.691	4.117	-7.1%	5.9%	Up Over Year Ago
Gaming Revenue	2016M05	\$million	958.06	876.14	1003.48	9.3%	-4.5%	Down From Year Ago
Air Passengers	2016M05	million persons	4.462	4.209	4.307	6.0%	3.6%	Up Over Year Ago
Gasoline Sales	2016M04	million gallons	95.91	99.00	94.48	-3.1%	1.5%	Up Over Year Ago
Clark County								
Employment	2016M05	000s, SA	934.8	935.0	913.5	-0.02%	2.3%	Up Over Year Ago
Unemployment Rate*	2016M05	%, Smoothed SA	6.5	6.2	6.9	0.3%	-0.4%	Recent Increase
Taxable Sales	2016M04	\$billion	3.223	3.508	3.112	-8.1%	3.6%	Up Over Year Ago
Gaming Revenue	2016M05	\$million	831.72	752.88	870.04	10.5%	-4.4%	Down From Year Ago
Residential Permits	2016M05	units permitted	1787	1254	1165	42.5%	53.4%	Significant Increase
Commercial Permits	2016M05	permits	39	32	22	21.9%	77.3%	Low and Volatile
Air Passengers	2016M05	million persons	4.150	3.912	3.992	6.1%	3.9%	Up Over Year Ago
Gasoline Sales	2016M04	million gallons	66.55	68.91	65.42	-3.4%	1.7%	Up Over Year Ago
Visitor Volume	2016M05	million persons	3.868	3.841	4.012	0.7%	-3.6%	Down From Year Ago
Washoe County								
Employment**	2016M05	000s, SA	216.0	217.0	208.7	-0.5%	3.5%	Up Over Year Ago
Unemployment Rate*	2016M05	%, Smoothed SA	5.6	5.4	6.4	0.2%	-0.8%	Recent Increase
Taxable Sales	2016M04	\$billion	0.631	0.646	0.523	-2.3%	20.6%	Up Strongly From Year Ago
Gaming Revenue	2016M05	\$million	68.17	66.25	70.58	2.9%	-3.4%	Down From Year Ago
Residential Permits	2016M05	units permitted	215	253	306	-15.0%	-29.7%	Strong Decrease
Commercial Permits	2016M05	permits	24	21	19	14.3%	26.3%	Low and Volatile
Air Passengers	2016M05	million persons	0.289	0.274	0.277	5.5%	4.3%	Up Over Year Ago
Gasoline Sales	2016M04	million gallons	14.12	13.81	14.03	2.3%	0.6%	Up Over Year Ago
Visitor Volume	2016M05	million persons	0.393	0.394	0.403	-0.2%	-2.4%	Down From Year Ago
United States								
Employment	2016M06	million, SA	144,175	143,888	141,724	0.2%	1.7%	Up Over Year Ago
Unemployment Rate*	2016M06	%, SA	4.9	4.7	5.3	0.2%	-0.4%	Recent Increase
Consumer Price Index	2016M05	82-84=100, SA	239.4	238.9	236.9	0.2%	1.1%	Up Over Year Ago
Core CPI	2016M05	82-84=100, SA	247.1	246.6	241.7	0.2%	2.2%	Up Over Year Ago
Employment Cost Index	2016Q1	05.12=100, SA	125.2	124.3	122.6	0.7%	2.1%	Up Over Year Ago
Productivity Index	2016Q1	2009=100, SA	105.9	106.1	105.1	-0.2%	0.8%	Recent Decrease
Retail Sales	2016M05	\$billion, SA	455.6	453.6	444.3	0.5%	2.5%	Up Over Year Ago
Auto and Truck Sales	2016M05	million, SA	17.39	17.33	17.63	0.3%	-1.4%	Down From Year Ago
Housing Starts	2016M05	million, SA	1.164	1.167	1.063	-0.3%	9.5%	Up Over Year Ago
Real GDP***	2016Q1	2009\$billion, SA	16514.6	16470.6	16177.3	1.1%	2.1%	Weak Growth
Dollar Exchange Rate	2016M06	97.01=100	120.975	120.767	115.132	0.2%	5.1%	Up Over Year Ago
Trade Balance	2016M05	\$billion, SA	-41.144	-37.383	-40.170	10.1%	2.4%	Year-Over-Year Deficit Increase
S and P 500	2016M06	monthly close	2071.22	2,096.95	2063.11	-1.2%	0.4%	Recent Decrease
Real Short-term Rate*	2016M05	%, NSA	-2.13	-2.57	-2.78	0.4%	0.7%	Up Over Year Ago
Treasury Yield Spread*	2016M06	%, NSA	1.37	1.54	2.34	-0.17%	-1.0%	Down From Year Ago

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

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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.