



NEVADA BUSINESS CONDITIONS

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The advanced estimate for U.S. real gross domestic product (GDP) for the second quarter of 2016 indicated a much weaker-than-expected growth of 1.2 percent. In addition, the first quarter's real GDP growth was revised downward to 0.8 percent from 1.1 percent. Private investment, again, contributed negatively to U.S. economic expansion, falling by 9.7 percent from the previous quarter. Nevertheless, consumer spending, which explains two-thirds of real GDP, accelerated to 4.2 percent for the same period. U.S. nonfarm employment showed surprising gains for two consecutive months by adding 255,000 jobs in July despite the Brexit uncertainty. The unemployment rate remained unchanged at 4.9 percent due to a higher labor participation rate from June to July, another positive sign. Retail sales climbed for the month by 0.6 percent and rose by 2.7 percent from a year ago, while auto and truck sales fell by 2.2 percent from June 2015. Housing starts declined by 2.0 percent year-over-year, while housing prices in the U.S. continued to rise in May 2016. Overall, strong consumer spending and a robust labor market suggest a healthy expansion of the U.S. economy, while weak business investment raises concerns of continuing slow growth. Cheap oil, global economic uncertainty, and a strong dollar still remain a downside risk. The Federal Reserve will most likely keep the federal funds rate on hold until the end of the year due to political and global economic uncertainty.

The Nevada economy continues to post positive signals on its economic recovery. The adjusted statewide employment gained a stunning 7,500 jobs from May to June after two consecutive months of decline. The unemployment rate increased from 6.1 to 6.4 percent during the same period as more Nevadans entered and/or reentered the labor force. After three straight months of year-over-year decreases, gaming revenue was up by 6.8 percent from a year ago in June. Total air passengers and visitor volume also posted robust year-over-year gains, increasing by 5.7 and 4.6 percent, respectively. Taxable sales and gasoline sales continued their upward movement, up by 1.6 and 3.1 percent, respectively, from a year ago.

Most recent data document strong improvement in Clark County's economic activity. Seasonally adjusted employment added 3,300 jobs from May to June, signaling a continuing

economic expansion in Clark County. The unemployment rate, however, rose from 6.5 to 6.8 percent from May to June due to higher labor force participation. Visitor volume and gaming revenue gained 4.1 and 7.3 percent year-over-year, respectively, after experiencing large yearly losses in the previous month. Total McCarran passengers increased by 5.7 percent on a year-over-year basis. Gasoline sales exceeded its level from a year earlier by 2.6 percent, while taxable sales decelerated to only a 0.5 percent growth in May compared to a year ago. Residential housing permits continued significant gains, increasing by 218 units, or 20.9 percent, from a year earlier. Commercial permits decreased by 13.8 percent from a year ago, remaining low and volatile.

Washoe County also saw favorable signals in its on-going recovery, although home building continued its contraction. The Reno-Sparks seasonally adjusted employment added 1,400 jobs for the month and rose by 3.9 percent for the year. The unemployment rate increased by 0.2 percentage points to 5.8 percent in June. Taxable sales continued its double-digits growth, up by 11.7 percent year-over-year, while gasoline sales increased by 2.8 percent. Gaming revenue and visitor volume rebounded from May to June, climbing by 4.1 and 9.6 percent, respectively, compared to a year ago. Residential housing permits has decreased year-over-year for three consecutive months, down by 51.2 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
Nevada			Latest	Previous	Year Ago	Recent	Year Ago	
Employment	2016M06	000s, SA	1288.8	1281.3	1254.4	0.6%	2.7%	Up Over Year Ago
Unemployment Rate*	2016M06	%, SA	6.4	6.1	6.8	0.3%	-0.4%	Recent Increase
Taxable Sales	2016M05	\$billion	4.413	4.359	4.344	1.3%	1.6%	Up Over Year Ago
Gaming Revenue	2016M06	\$million	887.41	958.06	830.91	-7.4%	6.8%	Up Over Year Ago
Air Passengers	2016M06	million persons	4.507	4.472	4.266	0.8%	5.7%	Up Over Year Ago
Gasoline Sales	2016M05	million gallons	100.56	95.91	97.55	4.8%	3.1%	Up Over Year Ago
Clark County			Latest	Previous	Year Ago	Recent	Year Ago	
Employment	2016M06	000s, SA	940.3	937.0	913.9	0.4%	2.9%	Up Over Year Ago
Unemployment Rate*	2016M06	%, Smoothed SA	6.8	6.5	6.9	0.3%	-0.1%	Recent Increase
Taxable Sales	2016M05	\$billion	3.283	3.223	3.265	1.8%	0.5%	Weak Year-Over-Year Increase
Gaming Revenue	2016M06	\$million	761.62	831.72	709.63	-8.4%	7.3%	Up Strongly From Year Ago
Residential Permits	2016M06	units permitted	1260	1787	1042	-29.5%	20.9%	Strong Year-Over-Year Increase
Commercial Permits	2016M06	permits	25	39	29	-35.9%	-13.8%	Low and Volatile
Air Passengers	2016M06	million persons	4.134	4.150	3.912	-0.4%	5.7%	Up Over Year Ago
Gasoline Sales	2016M05	million gallons	69.38	66.55	67.62	4.2%	2.6%	Up Over Year Ago
Visitor Volume	2016M06	million persons	3.962	3.868	3.805	2.4%	4.1%	Up Over Year Ago
Washoe County			Latest	Previous	Year Ago	Recent	Year Ago	
Employment**	2016M06	000s, SA	217.5	216.1	209.4	0.6%	3.9%	Up Over Year Ago
Unemployment Rate*	2016M06	%, Smoothed SA	5.8	5.6	6.4	0.2%	-0.6%	Recent Increase
Taxable Sales	2016M05	\$billion	0.631	0.631	0.565	0.0%	11.7%	Up Strongly From Year Ago
Gaming Revenue	2016M06	\$million	65.95	68.17	63.33	-3.3%	4.1%	Up Over Year Ago
Residential Permits	2016M06	units permitted	187	215	383	-13.0%	-51.2%	Significant Decrease
Commercial Permits	2016M06	permits	30	24	27	25.0%	11.1%	Low and Volatile
Air Passengers	2016M06	million persons	0.339	0.289	0.319	17.4%	6.2%	Up Strongly
Gasoline Sales	2016M05	million gallons	14.63	14.12	14.23	3.6%	2.8%	Up Over Year Ago
Visitor Volume	2016M06	million persons	0.470	0.393	0.428	19.6%	9.6%	Up Strongly
United States			Latest	Previous	Year Ago	Recent	Year Ago	
Employment	2016M07	million, SA	144,448	144,193	142,001	0.2%	1.7%	Up Over Year Ago
Unemployment Rate*	2016M07	%, SA	4.9	4.9	5.3	0.0%	-0.4%	Flat Month-Over-Month
Consumer Price Index	2016M06	82-84=100, SA	239.9	239.4	237.4	0.2%	1.1%	Up Over Year Ago
Core CPI	2016M06	82-84=100, SA	247.5	247.1	242.1	0.2%	2.2%	Up Over Year Ago
Employment Cost Index	2016Q2	05.12=100, SA	126.0	125.2	122.8	0.6%	2.6%	Up Over Year Ago
Productivity Index	2016Q2	2009=100, SA	105.8	106.0	106.2	-0.2%	-0.4%	Recent Decrease
Retail Sales	2016M06	\$billion, SA	457.0	454.4	444.9	0.6%	2.7%	Up Over Year Ago
Auto and Truck Sales	2016M06	million, SA	16.69	17.23	17.07	-3.1%	-2.2%	Down From Year Ago
Housing Starts	2016M06	million, SA	1.189	1.135	1.213	4.8%	-2.0%	Down From Year Ago
Real GDP***	2016Q2	2009\$billion, SA	16575.1	16525.0	16374.2	1.2%	1.2%	Weak Growth
Dollar Exchange Rate	2016M07	97.01=100	121.933	121.151	117.164	0.6%	4.1%	Up Over Year Ago
Trade Balance	2016M06	\$billion, SA	-44.510	-40.956	-42.973	8.7%	3.6%	Year-Over-Year Deficit Increase
S and P 500	2016M07	monthly close	2129.90	2,098.86	2103.84	1.5%	1.2%	Up Over Year Ago
Real Short-term Rate*	2016M07	%, NSA	-2.30	-2.13	-2.67	-0.2%	0.4%	Up Over Year Ago
Treasury Yield Spread*	2016M07	%, NSA	1.20	1.37	2.29	-0.17%	-1.1%	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

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.