

## Nevada Economic Conditions

July 9, 2015

The “third” estimate for first quarter 2015 shows U.S. real gross domestic product decreasing at an annualized rate of 0.2 percent, higher than the negative 0.7 percent growth previously reported in the “second” estimate. The revision consisted of a smaller decrease of exports and a larger increase in personal consumption expenditures. Federal government spending, changes in private inventories, and residential investment made positive contributions. Nonresidential fixed investment, net exports, and state and local government spending made negative contributions. U.S. nonfarm employment experienced gains in June, adding 223,000 jobs over May. The unemployment rate fell from 5.5 percent to 5.3 percent, its lowest level since 2008. Housing starts were up year-over-year, and housing prices experienced a slight increase. Auto/truck sales and retail sales remained above their level from last year. Consumer confidence and consumer sentiment rose for the most recent data. The Kansas City Financial Stress Index remained near its long-run average in May, which suggests no financial headwinds. In addition, while oil prices have experienced recent increases, they remain at their lowest levels since the Great Recession.

The Nevada economy evidenced positive signals with the most recent data. Seasonally adjusted, statewide employment increased by 8,000 jobs from April to May, and it was up 3.4 percent year-over-year. The Nevada unemployment rate fell from 7.1 percent to 7.0 percent. Taxable sales continued to show year-over-year growth, up 5.5 percent. Total air passengers were up 3.9 percent over the same time period. Gaming revenue experienced substantial gains for the month and was up 3.3 percent from May 2014.

For Clark County, seasonally adjusted employment rose from April to May by 800 jobs and was up 2.6 percent year-over-year. The Las Vegas unemployment rate fell from 7.3 percent to 6.9 percent. Total passengers at McCarran Airport were up 5.7 percent from a year earlier. May visitor volume was up 4.2 percent from a year ago. Gaming revenue was 3.4 percent higher than in May 2014. Clark County’s taxable sales for April were 6.8 percent above those of a year earlier. Residential construction permits strongly increased from April to May. Commercial construction permits remained at a low level.

The most recent data also show mostly positive signals for Washoe County. Seasonally adjusted, Reno-Sparks’ employment increased from April to May by 400 jobs and was up over a year ago, by 3.1 percent. The seasonally adjusted Reno-Sparks unemployment rate fell from 6.7 percent to 6.3 percent. Compared to a year earlier, May visitor volume was down 1.8 percent. Total air passengers were down 1.9 percent from May 2014. Gaming revenues for May were up 2.4 percent from a year earlier. Residential construction increased from April to May, while commercial construction permits remained low.

The U.S. economy contracted during the first quarter of 2015, marking the second straight year with a first quarter decline. In first quarter 2014, U.S. real gross domestic product fell by a 2.1 percent annualized rate. Consumer spending remains strong, although some aspects of the housing market are no longer improving. In Clark County, tourism remains fairly robust, and taxable sales continue to make gains. Nevada’s employment is also showing stable growth.

Ryan T. Kennelly, Economic Analyst  
Jinju Lee, Graduate Assistant

*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.*

| Nevada                 | Date    | Units             | Data          |                 | Growth          |               |                 | Comments                        |
|------------------------|---------|-------------------|---------------|-----------------|-----------------|---------------|-----------------|---------------------------------|
|                        |         |                   | Latest        | Previous        | Year Ago        | Recent        | Year Ago        |                                 |
| Employment             | 2015M05 | 000s, SA          | 1254.3        | 1246.3          | 1212.8          | 0.6%          | 3.4%            | Up Over Year Ago                |
| Unemployment Rate*     | 2015M05 | %, SA             | 7.0           | 7.1             | 7.9             | -0.1%         | -0.9%           | Reduced                         |
| Taxable Sales          | 2015M04 | \$billion         | 4.117         | 4.549           | 3.903           | -9.5%         | 5.5%            | Up Over Year Ago                |
| Gaming Revenue         | 2015M05 | \$million         | 1003.55       | 898.01          | 971.22          | 11.8%         | 3.3%            | Up Over Year Ago                |
| Air Passengers         | 2015M03 | million persons   | 4.079         | 4.182           | 3.927           | -2.5%         | 3.9%            | Up Over Year Ago                |
| Gasoline Sales         | 2015M04 | million gallons   | 94.48         | 97.63           | 91.54           | -3.2%         | 3.2%            | Up Over Year Ago                |
| <b>Clark County</b>    |         |                   | <b>Latest</b> | <b>Previous</b> | <b>Year Ago</b> | <b>Recent</b> | <b>Year Ago</b> |                                 |
| Employment             | 2015M05 | 000s, SA          | 903.3         | 902.5           | 880.4           | 0.1%          | 2.6%            | Up Over Year Ago                |
| Unemployment Rate*     | 2015M05 | %, Smoothed SA    | 6.9           | 7.3             | 8.0             | -0.4%         | -1.1%           | Reduced                         |
| Taxable Sales          | 2015M04 | \$billion         | 3.112         | 3.411           | 2.913           | -8.8%         | 6.8%            | Up Over Year Ago                |
| Gaming Revenue         | 2015M05 | \$million         | 870.05        | 783.29          | 841.60          | 11.1%         | 3.4%            | Up Over Year Ago                |
| Residential Permits    | 2015M05 | units permitted   | 1165          | 786             | 895             | 48.2%         | 30.2%           | Up Strongly                     |
| Commercial Permits     | 2015M05 | permits           | 22            | 29              | 20              | -24.1%        | 10.0%           | Low and Volatile                |
| Air Passengers         | 2015M05 | million persons   | 3.992         | 3.770           | 3.778           | 5.9%          | 5.7%            | Up Over Year Ago                |
| Gasoline Sales         | 2015M04 | million gallons   | 65.42         | 67.82           | 63.77           | -3.5%         | 2.6%            | Up Over Year Ago                |
| Visitor Volume         | 2015M05 | million persons   | 4.012         | 3.816           | 3.848           | 5.1%          | 4.2%            | Up Over Year Ago                |
| <b>Washoe County</b>   |         |                   | <b>Latest</b> | <b>Previous</b> | <b>Year Ago</b> | <b>Recent</b> | <b>Year Ago</b> |                                 |
| Employment**           | 2015M05 | 000s, SA          | 208.4         | 208.0           | 202.1           | 0.2%          | 3.1%            | Up Over Year Ago                |
| Unemployment Rate*     | 2015M05 | %, Smoothed SA    | 6.3           | 6.7             | 7.6             | -0.4%         | -1.3%           | Reduced                         |
| Taxable Sales          | 2015M04 | \$billion         | 0.523         | 0.610           | 0.503           | -14.3%        | 4.0%            | Up Over Year Ago                |
| Gaming Revenue         | 2015M05 | \$million         | 70.63         | 57.40           | 68.96           | 23.1%         | 2.4%            | Up Over Year Ago                |
| Residential Permits    | 2015M05 | units permitted   | 306           | 287             | 188             | 6.6%          | 62.8%           | Up Strongly                     |
| Commercial Permits     | 2015M05 | permits           | 19            | 21              | 19              | -9.5%         | 0.0%            | Low and Volatile                |
| Air Passengers         | 2015M05 | million persons   | 0.277         | 0.257           | 0.282           | 7.8%          | -1.9%           | Down From Year Ago              |
| Gasoline Sales         | 2015M04 | million gallons   | 14.03         | 14.22           | 13.34           | -1.3%         | 5.2%            | Up Over Year Ago                |
| Visitor Volume         | 2015M05 | million persons   | 0.403         | 0.364           | 0.410           | 10.4%         | -1.8%           | Down From Year Ago              |
| <b>United States</b>   |         |                   | <b>Latest</b> | <b>Previous</b> | <b>Year Ago</b> | <b>Recent</b> | <b>Year Ago</b> |                                 |
| Employment             | 2015M06 | million, SA       | 141.842       | 141.619         | 138.907         | 0.2%          | 2.1%            | Up Over Year Ago                |
| Unemployment Rate*     | 2015M06 | %, SA             | 5.3           | 5.5             | 6.1             | -0.2%         | -0.8%           | Reduced                         |
| Consumer Price Index   | 2015M05 | 82-84=100, SA     | 237.0         | 236.0           | 237.0           | 0.4%          | 0.0%            | Relatively Constant             |
| Core CPI               | 2015M05 | 82-84=100, SA     | 241.8         | 241.4           | 237.7           | 0.1%          | 1.7%            | Up Moderately                   |
| Employment Cost Index  | 2015Q1  | 05.12=100, SA     | 122.6         | 121.7           | 119.4           | 0.7%          | 2.7%            | Up Over Year Ago                |
| Productivity Index     | 2015Q1  | 2009=100, SA      | 105.3         | 106.2           | 105.1           | -0.8%         | 0.2%            | Relatively Constant             |
| Retail Sales           | 2015M05 | \$billion, SA     | 444.9         | 439.6           | 433.4           | 1.2%          | 2.7%            | Up Over Year Ago                |
| Auto and Truck Sales   | 2015M05 | million, SA       | 17.72         | 16.46           | 16.67           | 7.6%          | 6.3%            | Up Over Year Ago                |
| Housing Starts         | 2015M05 | million, SA       | 1.036         | 1.165           | 0.986           | -11.1%        | 5.1%            | Up Over Year Ago                |
| Real GDP***            | 2015Q1  | 2009\$billion, SA | 16,287.7      | 16,294.7        | 15,831.7        | -0.2%         | 2.9%            | Recent Decrease                 |
| Dollar Exchange Rate   | 2015M06 | 97.01=100         | 115.126       | 114.228         | 102.375         | 0.8%          | 12.5%           | Up Strongly                     |
| Trade Balance          | 2015M05 | \$billion, SA     | -41.871       | -40.698         | -42.070         | 2.9%          | -0.5%           | Year-Over-Year Deficit Decrease |
| S and P 500            | 2015M05 | monthly close     | 2116.10       | 2085.51         | 1923.57         | 1.5%          | 10.0%           | Up Strongly                     |
| Real Short-term Rate*  | 2015M05 | %, NSA            | -2.78         | -2.58           | -3.27           | -0.20%        | 0.49%           | Year-Over-Year Increase         |
| Treasury Yield Spread* | 2015M05 | %, NSA            | 2.18          | 1.92            | 2.53            | 0.26%         | -0.35%          | Down From Year Ago              |

\*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.

Note: NSA = Not Seasonally Adjusted, SA = Seasonally Adjusted