



NEVADA BUSINESS CONDITIONS

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The “third” estimate of U.S. real gross domestic product (GDP) for the first quarter of 2020 contracted by 5.0 percent at an annual rate, unchanged from the second estimate. The decrease in real GDP was mainly caused by massive shutdowns to contain the coronavirus, reflecting negative contributions from consumer spending and business investment, including inventory investment, which were partly offset by positive contributions from residential investment, government spending, and net exports. U.S. nonfarm employment experienced a stronger-than-expected rebound, adding 4.8 million jobs in June, largely benefitting from a sharp increase of 2.1 million jobs in the leisure and hospitality sector. The unemployment rate declined to 11.1 percent from 13.3 percent. These improvements reflected the resumption of economic activity after the mandated lockdowns due to COVID-19. Retail sales in May recovered substantially, up by 17.7 percent month-over-month thanks to the CARES act, but still remain 6.1 percent lower than its level from last year. Housing starts in May declined by 23.2 percent year-over-year due partly to stay-at-home orders. Despite the most recent optimistic readings, the U.S. economic outlook remains uncertain with a recent coronavirus spike as some states pause or retrench their reopening plans. The federal government may approve another round of the stimulus package due to the end of extra unemployment benefits from the CARES act.

Nevada continued to report substantially lower levels in its economic activity amid the stay-at-home order. Seasonally adjusted statewide employment regained 32,000 jobs in May but still stands 17.3 percent lower than last year’s level. The unemployment rate fell to 25.3 percent from 30.1 percent but remained the highest rate among all states. May gaming revenue and air passengers plummeted by 99.4 and 91.2 percent, respectively, year-over-year, as casinos were temporarily shut down in response to COVID-19. April taxable sales and gasoline sales (in gallons) also decreased significantly by 29.1 and 43.2 percent from a year ago.

Clark County also posted highly unfavorable signals in local economic activity. Seasonally adjusted employment added 20,900 jobs in May but remains 21.3 percent lower year-over-year. The unemployment rate in May declined to 29.3 percent but remained the highest among large metro areas. Total McCarran Airport passengers and visitor volume in May plummeted significantly by 91.5 and

95.9 percent, respectively, from last year because of the stay-at-home order. May gaming revenue also continued to experience a substantial loss of 99.3 percent over the same period. Clark County expects to have a considerable pickup in local economic activity in June thanks to casinos’ reopening on June 4th. The recent coronavirus case surge, nevertheless, could severely hamper the recovery of Clark County’s tourism-dependent economy. Residential housing permits/units in May continued to show better performance despite the stay-at-home order, only decreasing by 31.3 percent year-over-year.

Washoe County reported less reduction in local economic activity compared to Clark County, benefitting from its more diversified economy. The Reno-Sparks seasonally adjusted employment gained 5,900 jobs in May. The unemployment rate fell to 16.3 percent, much lower than the 29.3 percent in Clark County. April taxable sales only decreased by 13.9 percent from last year due to its lower dependency on the tourism sector compared to Clark County.

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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	2020M05	000s, SA	1171.7	1139.0	1417.0	2.9%	-17.3%	Up Over Month Ago
Unemployment Rate*	2020M05	%, SA	25.3	30.1	4.0	-4.8%	21.3%	Improved
Taxable Sales	2020M04	\$billion	3.670	4.531	5.176	-19.0%	-29.1%	Down Significantly
Gaming Revenue	2020M05	\$million	5.87	3.65	981.77	61.0%	-99.4%	Down Substantially From Year Ago
Air Passengers	2020M05	million persons	0.440	0.171	4.975	157.5%	-91.2%	Down Substantially From Year Ago
Gasoline Sales	2020M04	million gallons	58.48	85.24	102.95	-31.4%	-43.2%	Down Significantly
Clark County			Latest	Previous	Year Ago	Recent	Year Ago	
Employment	2020M05	000s, SA	813.1	792.2	1033.5	2.6%	-21.3%	Up Over Month Ago
Unemployment Rate*	2020M05	%, Smoothed SA	29.3	34.2	4.2	-4.9%	25.1%	Improved
Taxable Sales	2020M04	\$billion	2.450	3.197	3.834	-23.4%	-36.1%	Down Significantly
Gaming Revenue	2020M05	\$million	5.87	3.72	835.84	57.9%	-99.3%	Down Substantially From Year Ago
Residential Permits	2020M05	units permitted	745	623	1085	19.6%	-31.3%	Down Moderately
Commercial Permits	2020M04	permits	28	29	54	-3.4%	-48.1%	Low and Volatile
Air Passengers	2020M05	million persons	0.392	0.153	4.585	156.5%	-91.5%	Down Substantially From Year Ago
Gasoline Sales	2020M04	million gallons	37.60	57.31	70.92	-34.4%	-47.0%	Down Significantly
Visitor Volume	2020M05	million persons	0.164	0.114	3.970	43.8%	-95.9%	Down Substantially From Year Ago
Washoe County			Latest	Previous	Year Ago	Recent	Year Ago	
Employment**	2020M05	000s, SA	218.3	212.4	247.3	2.8%	-11.7%	Up Over Month Ago
Unemployment Rate*	2020M05	%, Smoothed SA	16.3	20.5	3.3	-4.2%	13.0%	Improved
Taxable Sales**	2020M04	\$billion	0.657	0.751	0.764	-12.5%	-13.9%	Down Moderately
Gaming Revenue	2020M05	\$million	-0.09	-0.08	74.73	-10.9%	-100.1%	Down Substantially
Residential Permits	2020M05	units permitted	301	324	471	-7.1%	-36.1%	Down From Year Ago
Commercial Permits	2018M12	permits	40	21	42	90.5%	-4.8%	Low and Volatile
Air Passengers	2020M05	million persons	0.046	0.017	0.354	166.5%	-87.0%	Down Significantly From Year Ago
Gasoline Sales**	2020M04	million gallons	9.92	13.46	15.39	-26.3%	-35.5%	Down Moderately
Visitor Volume	2020M05	million persons	0.082	0.055	0.353	47.9%	-76.8%	Down Significantly From Year Ago
United States			Latest	Previous	Year Ago	Recent	Year Ago	
Employment	2020M06	million, SA	137.802	133.002	150.759	3.6%	-8.6%	Improved
Unemployment Rate*	2020M06	%, SA	11.1	13.3	3.7	-2.2%	7.4%	Improved
Consumer Price Index	2020M05	82-84=100, SA	255.8	255.9	255.2	-0.1%	0.2%	Up Over Year Ago
Core CPI	2020M05	82-84=100, SA	265.4	265.6	262.2	-0.1%	1.2%	Up Over Year Ago
Employment Cost Index	2020Q1	05.12=100, SA	140.3	138.9	135.9	1.0%	3.2%	Up Over Year Ago
Productivity Index	2020Q1	2012=100, SA	108.3	108.5	107.6	-0.2%	0.7%	Up Over Year Ago
Retail Sales	2020M05	\$billion, SA	485.5	412.6	517.0	17.7%	-6.1%	Recent Strong Rebound
Auto and Truck Sales	2020M06	million, SA	13.05	12.34	17.18	5.7%	-24.1%	Down Significantly From Year Ago
Housing Starts	2020M05	million, SA	0.974	0.934	1.268	4.3%	-23.2%	Down Significantly From Year Ago
Real GDP***	2020Q1	2012\$billion, SA	18977.4	19222.0	18927.3	-5.0%	0.3%	Recent Decline with COVID-19
Dollar Exchange Rate	2020M06	06.01=100	120.013	122.967	115.404	-2.4%	4.0%	Up Strongly From Year Ago
Trade Balance	2020M05	\$billion, SA	-54.601	-49.756	-51.258	9.7%	6.5%	Year-Over-Year Deficit Increase
S and P 500	2020M06	monthly close	3100.29	3044.31	2941.76	1.8%	5.4%	Up Strongly
Real Short-term Rate*	2020M06	%, NSA	-2.84	-3.07	-0.53	0.2%	-2.3%	Down From Year Ago
Treasury Yield Spread*	2020M06	%, NSA	0.57	0.54	-0.10	0.03%	0.7%	Up Over 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.