



NEVADA BUSINESS CONDITIONS

UNLV | LEE BUSINESS SCHOOL
CENTER FOR BUSINESS
AND ECONOMIC RESEARCH

December 2020

The “advance” estimate of U.S. real gross domestic product (GDP) for the third quarter of 2020 jumped by a best-ever 33.1 percent at an annual rate, after a worst-ever decline of 31.4 percent in the previous quarter. Real GDP still remains 3.5 percent below its pre-recession peak in 2019Q4 despite the historic rebound this quarter. The substantial gain in real GDP reflected strong recovery in both consumer spending and business investment, which was boosted by the CARES Act as well as unlimited Quantitative Easing. U.S. nonfarm employment experienced a stronger-than-expected gain, adding 638,000 jobs in October. Notable job gains occurred in the leisure and hospitality, professional and business services, construction, and retail trade sectors, while the government sector continued to see a decrease mainly due to the loss of temporary 2020 Census workers. The unemployment rate fell to 6.9 percent from 7.9 percent. Retail sales in September rose robustly by 5.4 percent from last year. Housing starts in September also climbed strongly by 11.1 percent year-over-year thanks to all-time low mortgage rates. Although the U.S. economy has shown strong recovery boosted by fiscal and monetary stimulus, the sustainability of the recovery remains uncertain as supplemental unemployment benefits expired, which may raise the possibility of a “K-shaped” recovery.

Nevada continued to pick-up its economic activity based on the most recent monthly data. Seasonally adjusted statewide employment gained 3,400 jobs in September. The unemployment rate dropped by 0.7 percent to 12.6 percent. September air passengers and gaming revenue continued to show double-digit year-over-year declines of 60.4 and 22.4 percent, respectively. August taxable sales also contracted but posted better performance with only a 9.9 percent contraction from last year thanks to increased personal income due to the CARES Act.

Clark County posted slightly improved signals in local economic activity but still saw a much slower recovery due to its tourism-dependent economy. Seasonally adjusted employment lost 1,400 jobs in September, which mainly reflected 8,300 job losses in the government sector. Leisure and hospitality employment also continued to decline for the second consecutive month as the recovery of the tourism industry is much slower than other sectors due to restrictions required from the COVID-19 pandemic. The

unemployment rate in September, however, declined to 14.8 percent from 15.6 percent. Total McCarran Airport passengers and visitor volume in September strongly improved compared to last month but still experienced significant year-over-year losses of 60.6 and 51.1 percent, respectively. September gaming revenue, nevertheless, was only down by 26.9 percent from last year, boosted by higher personal income due to the CARES Act. August taxable sales continued its yearly loss of 14.5 percent due to a remarkable loss in visitor volume. Residential housing permits/units in September, nonetheless, skyrocketed by 68.6 percent year-over-year thanks to the stronger-than-expected housing market performance.

Washoe County exhibited stronger monthly and annual pick-ups in local economic activity compared to Clark County, benefitting from its more diversified economy. The Reno-Sparks seasonally adjusted employment gained 100 jobs in September and remained only 5.3 percent lower than the previous year. The unemployment rate fell to 6.9 percent. August taxable sales continued to exceed its last year’s level by 2.1 percent amid the COVID-19 pandemic, while gasoline sales (in gallons) contracted 8.7 percent during the same period. September gaming revenue also posted a year-over-year growth of 3.4 percent.

Stephen M. Miller, Director
Jinju Lee, Economic Analyst
UNLV Center for Business and Economic Research

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	2020M09	000s, SA	1296.9	1293.5	1424.5	0.3%	-9.0%	Improved
Unemployment Rate*	2020M09	%, SA	12.6	13.3	3.7	-0.7%	8.9%	Improved
Taxable Sales	2020M08	\$billion	4.877	5.003	5.411	-2.5%	-9.9%	Down From Year Ago
Gaming Revenue	2020M09	\$million	821.13	743.04	1057.90	10.5%	-22.4%	Improved
Air Passengers	2020M09	million persons	1.882	1.933	4.751	-2.6%	-60.4%	Down From Year Ago
Gasoline Sales	2020M08	million gallons	100.50	99.05	113.49	1.5%	-11.4%	Improved
Clark County								
Employment	2020M09	000s, SA	910.5	911.9	1040.2	-0.2%	-12.5%	Down From Month Ago
Unemployment Rate*	2020M09	%, Smoothed SA	14.8	15.6	3.9	-0.8%	10.9%	Improved
Taxable Sales	2020M08	\$billion	3.359	3.428	3.929	-2.0%	-14.5%	Down From Year Ago
Gaming Revenue	2020M09	\$million	666.71	593.95	912.19	12.3%	-26.9%	Improved
Residential Permits	2020M09	units permitted	1649	1140	978	44.6%	68.6%	Up Strongly
Commercial Permits	2020M09	permits	38	31	30	22.6%	26.7%	Low and Volatile
Air Passengers	2020M09	million persons	1.706	1.738	4.324	-1.9%	-60.6%	Down From Year Ago
Gasoline Sales	2020M08	million gallons	65.90	64.65	76.39	1.9%	-13.7%	Improved
Visitor Volume	2020M09	million persons	1.815	1.643	3.709	10.5%	-51.1%	Improved
Washoe County								
Employment**	2020M09	000s, SA	234.1	234.0	247.2	0.0%	-5.3%	Flat Month-Over-Month
Unemployment Rate*	2020M09	%, Smoothed SA	6.9	7.6	3.1	-0.7%	3.8%	Improved
Taxable Sales**	2020M08	\$billion	0.875	0.886	0.856	-1.2%	2.1%	Up Over Year Ago
Gaming Revenue	2020M09	\$million	78.82	76.27	76.23	3.3%	3.4%	Up Robustly
Residential Permits	2020M09	units permitted	378	367	659	3.0%	-42.6%	Down From Year Ago
Commercial Permits	2018M12	permits	40	21	42	90.5%	-4.8%	Low and Volatile
Air Passengers	2020M09	million persons	0.164	0.183	0.392	-10.2%	-58.2%	Down From Year Ago
Gasoline Sales**	2020M08	million gallons	16.06	15.74	17.59	2.0%	-8.7%	Improved
Visitor Volume	2020M09	million persons	0.279	0.278	0.385	0.5%	-27.5%	Improved
United States								
Employment	2020M10	million, SA	142.373	141.735	151.553	0.5%	-6.1%	Improved
Unemployment Rate*	2020M10	%, SA	6.9	7.9	3.6	-1.0%	3.3%	Improved
Consumer Price Index	2020M09	82-84=100, SA	260.2	259.7	256.6	0.2%	1.4%	Up Over Year Ago
Core CPI	2020M09	82-84=100, SA	269.3	268.7	264.7	0.2%	1.7%	Up Over Year Ago
Employment Cost Index	2020Q3	05.12=100, SA	141.5	140.8	137.9	0.5%	2.6%	Up Over Year Ago
Productivity Index	2020Q3	2012=100, SA	112.9	111.2	108.3	1.6%	4.3%	Up Over Year Ago
Retail Sales	2020M09	\$billion, SA	549.3	539.0	521.3	1.9%	5.4%	Up Over Year Ago
Auto and Truck Sales	2020M10	million, SA	16.21	16.29	16.76	-0.5%	-3.3%	Down From Year Ago
Housing Starts	2020M09	million, SA	1.415	1.388	1.274	1.9%	11.1%	Up Over Year Ago
Real GDP***	2020Q3	2012\$billion, SA	18584.0	17302.5	19141.7	33.1%	-2.9%	Strong Rebound
Dollar Exchange Rate	2020M10	06.01=100	116.167	116.715	116.800	-0.5%	-0.5%	Decreased
Trade Balance	2020M09	\$billion, SA	-63.862	-67.036	-47.839	-4.7%	33.5%	Year-Over-Year Deficit Increase
S and P 500	2020M10	monthly close	3269.96	3363.00	3037.56	-2.8%	7.7%	Up Strongly From Year Ago
Real Short-term Rate*	2020M10	%, NSA	-2.50	-2.49	-0.85	0.0%	-1.7%	Down From Year Ago
Treasury Yield Spread*	2020M10	%, NSA	0.69	0.57	0.06	0.1%	0.6%	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.