



NEVADA BUSINESS CONDITIONS

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The “third” estimate of U.S. real gross domestic product (GDP) for the third quarter of 2020 increased 33.4 percent at an annual rate, revised up by 0.3 percent from the previous estimate. The upward revision mainly reflected larger-than-expected consumer spending and business investment. Overall, a best-ever gain in real GDP exhibited strong recovery in both consumer spending and business investment, which was boosted by the CARES Act and the Fed’s “whatever-it-takes” Quantitative Easing. U.S. nonfarm employment, however, lost 140,000 jobs in December, the first decline since April amid a surge in COVID-19 cases. The largest loss occurred in the leisure and hospitality sector, down by 498,000 jobs, which probably indicates the resurgence of coronavirus cases, while the largest gain occurred in the professional and business service sector since work from home comes more easily in this sector. The labor market will likely continue to suffer next month as new COVID-19 cases continue to climb. The unemployment rate, nonetheless, remained unchanged at 6.7 percent. Retail sales in November decreased month-over-month despite black Friday but posted a 4.1 percent gain over last year’s level. Housing starts in November continued to rise strongly by 12.8 percent year-over-year, benefitting from all-time low interest rates. The U.S. economic recovery is currently losing momentum due to new business restrictions imposed by the surge in coronavirus cases. The second stimulus package and the vaccine rollout, however, should promote a faster recovery in the near future.

Nevada’s economic activity continued to improve based on the most recent monthly data. Seasonally adjusted statewide employment gained 9,200 jobs in November. The unemployment rate dropped to 10.1 percent but nevertheless ranked the second highest (tied with Hawaii) after New Jersey. November air passengers and gaming revenue continued to experience double-digit year-over-year losses of 56.6 and 17.7 percent, respectively. October taxable sales only decreased by 2.8 percent from last year, thanks to increased personal income from the CARES Act.

Clark County also posted improved signals in local economic activity. Seasonally adjusted employment added 7,800 jobs in November, largely reflecting a notable gain of 4,700 jobs in the trade, transportation, and utility sector. The leisure and hospitality sector experienced a slight contraction and will likely show a downward trend for

next few months due to new restrictions imposed because of the surge in coronavirus cases. The unemployment rate in November declined to 11.6 percent from 13.9 percent but remained the highest among large metropolitan areas. Total McCarran Airport passengers and visitor volume in November continued their substantial year-over-year losses of 56.8 and 57.5 percent, respectively. November gaming revenue and October taxable sales, however, only declined by 20.5 and 7.1 percent, respectively, from last year thanks to the CARES Act. Residential housing permits/units in November experienced a strong gain, up by 115.1 percent year-over-year.

Washoe County exhibited stronger pick-ups in local economic activity compared to Clark County thanks to its more diversified economy. The Reno-Sparks seasonally adjusted employment gained 1,600 jobs in November and remained only 5.0 percent lower than a year earlier. The unemployment rate fell to 6.1 percent and October taxable sales posted a strong year-over-year growth of 9.1 percent. November residential permits/units also rose by 13.2 percent from a year ago. November gaming revenue only contracted by 3.2 percent from last year despite a 28.1 percent loss in visitor volume.

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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	2020M11	000s, SA	1317.8	1308.6	1427.3	0.7%	-7.7%	Improved
Unemployment Rate*	2020M11	%, SA	10.1	11.9	3.7	-1.8%	6.4%	Improved
Taxable Sales	2020M10	\$billion	5.227	5.346	5.376	-2.2%	-2.8%	Down From Year Ago
Gaming Revenue	2020M11	\$million	771.16	822.68	937.53	-6.3%	-17.7%	Down From Year Ago
Air Passengers	2020M11	million persons	1.968	2.169	4.530	-9.2%	-56.6%	Down From Year Ago
Gasoline Sales	2020M10	million gallons	99.14	96.42	105.58	2.8%	-6.1%	Down From Year Ago
Clark County								
Employment	2020M11	000s, SA	936.9	929.1	1044.0	0.8%	-10.3%	Improved
Unemployment Rate*	2020M11	%, Smoothed SA	11.6	13.9	3.7	-2.3%	7.9%	Improved
Taxable Sales	2020M10	\$billion	3.673	3.709	3.954	-1.0%	-7.1%	Down From Year Ago
Gaming Revenue	2020M11	\$million	639.78	671.84	805.16	-4.8%	-20.5%	Down From Year Ago
Residential Permits	2020M11	units permitted	1467	979	682	49.8%	115.1%	Up Strongly From Year Ago
Commercial Permits	2020M09	permits	38	31	30	22.6%	26.7%	Low and Volatile
Air Passengers	2020M11	million persons	1.807	1.981	4.179	-8.8%	-56.8%	Down From Year Ago
Gasoline Sales	2020M10	million gallons	65.37	63.48	71.89	3.0%	-9.1%	Down From Year Ago
Visitor Volume	2020M11	million persons	1.596	1.968	3.754	-18.9%	-57.5%	Down From Year Ago
Washoe County								
Employment**	2020M11	000s, SA	237.0	235.4	249.6	0.7%	-5.0%	Improved
Unemployment Rate*	2020M11	%, Smoothed SA	6.1	7.0	3.0	-0.9%	3.1%	Improved
Taxable Sales**	2020M10	\$billion	0.895	0.911	0.821	-1.8%	9.1%	Up Strongly From Year Ago
Gaming Revenue	2020M11	\$million	66.74	78.15	68.95	-14.6%	-3.2%	Down From Year Ago
Residential Permits	2020M11	units permitted	378	421	334	-10.2%	13.2%	Up Over Year Ago
Commercial Permits	2018M12	permits	40	21	42	90.5%	-4.8%	Low and Volatile
Air Passengers	2020M11	million persons	0.149	0.174	0.318	-14.3%	-53.2%	Down From Year Ago
Gasoline Sales**	2020M10	million gallons	15.29	14.90	15.90	2.6%	-3.8%	Down From Year Ago
Visitor Volume	2020M11	million persons	0.216	0.276	0.300	-21.9%	-28.1%	Down From Year Ago
United States								
Employment	2020M12	million, SA	142.624	142.764	151.998	-0.1%	-6.2%	Decreased
Unemployment Rate*	2020M12	%, SA	6.7	6.7	3.6	0.0%	3.1%	Flat Month-Over-Month
Consumer Price Index	2020M11	82-84=100, SA	260.8	260.3	257.8	0.2%	1.2%	Up Over Year Ago
Core CPI	2020M11	82-84=100, SA	269.9	269.3	265.5	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	112.8	111.2	108.3	1.5%	4.2%	Up Over Year Ago
Retail Sales	2020M11	\$billion, SA	546.5	552.5	525.0	-1.1%	4.1%	Up Over Year Ago
Auto and Truck Sales	2020M11	million, SA	15.55	16.28	16.97	-4.5%	-8.4%	Down From Year Ago
Housing Starts	2020M11	million, SA	1.547	1.528	1.371	1.2%	12.8%	Up Strongly
Real GDP***	2020Q3	2012\$billion, SA	18596.5	17302.5	19141.7	33.4%	-2.8%	Strong Rebound
Dollar Exchange Rate	2020M12	06.01=100	112.226	114.435	115.956	-1.9%	-3.2%	Decreased
Trade Balance	2020M11	\$billion, SA	-68.142	-63.111	-41.054	8.0%	66.0%	Year-Over-Year Deficit Increase
S and P 500	2020M12	monthly close	3756.07	3621.63	3230.78	3.7%	16.3%	Up Strongly
Real Short-term Rate*	2020M12	%, NSA	-2.41	-1.90	-0.76	-0.5%	-1.7%	Down From Year Ago
Treasury Yield Spread*	2020M12	%, NSA	0.84	0.78	0.32	0.1%	0.5%	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.