



# NEVADA BUSINESS CONDITIONS

**UNLV** | LEE BUSINESS SCHOOL  
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The “second” estimate of U.S. real gross domestic product (GDP) for the first quarter of 2020 contracted by 5.0 percent at an annual rate, lower than the advance estimate of a 4.8 percent contraction. The revision reflected a deeper decrease in private inventory investment, which was partly offset by upward revisions to consumer spending and nonresidential fixed investment. The sharp decline reflected the nearly stalled economy with extremely expansive monetary and fiscal policy measures as state governments issued stay-at-home orders to mitigate the virus. U.S. nonfarm employment experienced an unexpected upward surge, adding 2.5 million jobs in May, benefitting from gains in the leisure and hospitality, construction, health care and social assistance, and retail trade sectors. The unemployment rate also declined to 13.3 percent from 14.7 percent. These improvements reflected partial resumption of economic activity, whereby some previously furloughed workers were asked to return to work. In addition, Paycheck Protection Program loans may have helped to rehire workers sooner than expected. Retail sales in April plummeted by 21.6 percent from last year, the largest drop on record despite a surge in personal income boosted by the CARES act, which resulted in an all-time high 33.0 percent saving rate. Housing starts in April also decreased by 29.7 percent from last year due partly to stay-at-home orders. Despite the most recent promising readings with the U.S. labor market, the U.S. economic outlook remains uncertain with concerns about a possible second wave of the virus.

The Nevada economy experienced highly negative signals with the release of the most recent data. Seasonally adjusted statewide employment experienced a record-high loss of 244,800 jobs in April. The unemployment rate soared to 28.2 percent, the highest rate among all states. The larger share of employment in the leisure and hospitality sector led to almost doubled unemployment rates for Nevada compared to the nation. April gaming revenue and air passengers plummeted by 99.6 and 96.3 percent, respectively, year-over-year, as casinos were temporarily shut down in response to COVID-19. March taxable sales and gasoline sales (in gallons) also decreased sharply by 19.5 and 18.3 percent from last year.

Clark County also posted highly unfavorable signals in local economic activity. Seasonally adjusted employment

lost 205,900 jobs in April. The unemployment rate in April skyrocketed to 33.7 percent, the largest percentage change among large metro areas. Total McCarran Airport passengers and visitor volume in March dropped significantly by 96.4 and 97.0 percent, respectively, from last year due to the effort to contain the coronavirus. April gaming revenue also plummeted by 99.5 percent over the same period. The local tourism sector will post similar dismal readings in May as casinos began reopening on June 4th. Residential housing permits/units in April decreased by 37.7 percent year-over-year, showing better performance than originally thought amid the stay-at-home order. The speed of the economic recovery remained uncertain as we do not know how a “new normal” will affect the local tourism this 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 lost 27,100 jobs in April. The unemployment rate rose sharply to 19.7 percent, but lower than the 33.7 percent in Clark County. April residential permits unexpectedly gained 11.3 percent year-over-year, while April visitor volume and gaming revenue experienced significant losses of 83.2 and 100.1 percent, respectively, year-over-year.

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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.

Nevada	Date	Units	Data			Growth		Comments
			Latest	Previous	Year Ago	Recent	Year Ago	
Employment	2020M04	000s, SA	1159.8	1404.6	1414.6	-17.4%	-18.0%	Down Significantly
Unemployment Rate*	2020M04	%, SA	28.2	6.9	4.0	21.3%	24.2%	Skyrocketed
Taxable Sales	2020M03	\$billion	4.531	4.786	5.628	-5.3%	-19.5%	Down Significantly
Gaming Revenue	2020M04	\$million	3.65	618.13	936.47	-99.4%	-99.6%	Down Substantially
Air Passengers	2020M04	million persons	0.171	2.269	4.653	-92.5%	-96.3%	Down Substantially
Gasoline Sales	2020M03	million gallons	85.24	96.22	104.34	-11.4%	-18.3%	Down Significantly
Clark County			Latest	Previous	Year Ago	Recent	Year Ago	
Employment	2020M04	000s, SA	817.5	1023.4	1032.0	-20.1%	-20.8%	Down Significantly
Unemployment Rate*	2020M04	%, Smoothed SA	33.7	7.1	4.2	26.6%	29.5%	Skyrocketed
Taxable Sales	2020M03	\$billion	3.197	3.495	4.174	-8.5%	-23.4%	Down Significantly
Gaming Revenue	2020M04	\$million	3.72	546.49	808.66	-99.3%	-99.5%	Down Substantially
Residential Permits	2020M04	units permitted	630	1307	1012	-51.8%	-37.7%	Down Moderately
Commercial Permits	2020M04	permits	28	29	54	-3.4%	-48.1%	Low and Volatile
Air Passengers	2020M04	million persons	0.153	2.064	4.278	-92.6%	-96.4%	Down Substantially
Gasoline Sales	2020M03	million gallons	57.31	66.63	72.33	-14.0%	-20.8%	Down Significantly
Visitor Volume	2020M04	million persons	0.114	1.655	3.826	-93.1%	-97.0%	Down Substantially
Washoe County			Latest	Previous	Year Ago	Recent	Year Ago	
Employment**	2020M04	000s, SA	222.4	249.5	246.9	-10.9%	-9.9%	Down Sharply
Unemployment Rate*	2020M04	%, Smoothed SA	19.7	5.4	3.3	14.3%	16.4%	Up Sharply
Taxable Sales**	2020M03	\$billion	0.751	0.756	0.826	-0.6%	-9.1%	Down Moderately
Gaming Revenue	2020M04	\$million	-0.08	32.90	65.83	-100.2%	-100.1%	Down Substantially
Residential Permits	2020M04	units permitted	324	388	291	-16.5%	11.3%	Up Over Year Ago
Commercial Permits	2018M12	permits	40	21	42	90.5%	-4.8%	Low and Volatile
Air Passengers	2020M04	million persons	0.017	0.195	0.337	-91.1%	-94.9%	Down Significantly
Gasoline Sales**	2020M03	million gallons	13.46	14.99	15.54	-10.2%	-13.4%	Down Moderately
Visitor Volume	2020M04	million persons	0.055	0.174	0.330	-68.2%	-83.2%	Down Significantly
United States			Latest	Previous	Year Ago	Recent	Year Ago	
Employment	2020M05	million, SA	132.912	130.403	150.577	1.9%	-11.7%	Improved
Unemployment Rate*	2020M05	%, SA	13.3	14.7	3.6	-1.4%	9.7%	Improved
Consumer Price Index	2020M04	82-84=100, SA	255.9	258.0	254.9	-0.8%	0.4%	Up Over Year Ago
Core CPI	2020M04	82-84=100, SA	265.6	266.8	261.8	-0.4%	1.4%	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	2020M04	\$billion, SA	403.9	483.5	515.3	-16.4%	-21.6%	Down Significantly
Auto and Truck Sales	2020M05	million, SA	12.21	8.73	17.39	40.0%	-29.7%	Down Significantly
Housing Starts	2020M04	million, SA	0.891	1.276	1.267	-30.2%	-29.7%	Down Significantly
Real GDP***	2020Q1	2012\$billion, SA	18974.7	19222.0	18927.3	-5.0%	0.3%	Recent Decline with COVID-19
Dollar Exchange Rate	2020M05	06.01=100	122.967	123.594	115.902	-0.5%	6.1%	Up Strongly From Year Ago
Trade Balance	2020M04	\$billion, SA	-49.408	-42.340	-49.203	16.7%	0.4%	Year-Over-Year Deficit Increase
S and P 500	2020M05	monthly close	3044.31	2912.43	2752.06	4.5%	10.6%	Up Strongly
Real Short-term Rate*	2020M05	%, NSA	-3.07	-1.96	-0.55	-1.1%	-2.5%	Down From Year Ago
Treasury Yield Spread*	2020M05	%, NSA	0.54	0.52	0.05	0.02%	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.