



NEVADA BUSINESS CONDITIONS

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The “advance” estimate of U.S. real gross domestic product (GDP) for the first quarter of 2020 fell by 4.8 percent at an annual rate, the steepest drop since 2008Q4. The sharp decline reflected the nearly stalled economy due to the COVID-19 pandemic that started in mid-March as state governments issued stay-at-home orders. The decrease in real GDP incorporated decreased activities in consumer spending and business investment, including inventory investment which was partly offset by increased residential investment and government spending. Although exports fell with reduced travel due to COVID-19, imports fell by more causing net exports to contribute positively to real GDP. U.S. nonfarm employment experienced a record contraction, losing 20.5 million jobs in April with a particularly large plummet of 47 percent in the leisure and hospitality sector. The unemployment rate skyrocketed to a record high of 14.7 percent. The average hourly earnings surged, which implies that low-wage workers were disproportionately hit more severely by stay-at-home orders. Retail sales in March slipped by 6.2 percent from last year, the largest drop since September 2009. Despite prevalent stay-at-home orders after mid-March, housing starts experienced a 1.4 percent gain year-over-year. The U.S. economy currently experiences an unprecedented downturn because of lockdown orders due to the COVID-19 pandemic. Although fiscal and monetary relief policies such as the CARES act and unlimited Quantitative Easing responded quickly, a much deeper economic downturn in the second quarter seems unavoidable. The oil-price, which dropped into negative values briefly due to oversupply, rebounded as the U.S. economy is starting to reopen.

The Nevada economy experienced negative signals with the release of the most recent data. Seasonally adjusted statewide employment lost 4,900 jobs in March. The unemployment rate rose sharply to 6.3 percent from its lowest record level of 3.6 percent. March gaming revenue and air passengers plunged by 39.6 and 53.0 percent, respectively, year-over-year, mainly due to closed nonessential businesses in response to COVID-19. February taxable sales climbed by 4.9 percent from last year.

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

lost 4,100 jobs in March. The unemployment rate in March jumped to 6.8 percent, the largest percentage change among all metro areas. Total McCarran Airport passengers and visitor volume in March dropped significantly by 53.1 and 58.7 percent, respectively, from last year due to the effort to contain the coronavirus. March gaming revenue also plummeted by 38.1 percent over the same period. Residential housing permits/units in March, nevertheless, were strongly up by 51.4 percent year-over-year. Clark County will generate much more awful April readings compared to the United States, as 28 percent of its employment works in the leisure and hospitality sector compared to 11 percent nationwide. The local economy, which just began the reopening process, will go through a “new normal” this year with expected decline in tourism revenue. Oxford Economics forecasts a 45 percent decrease in tourism industry revenue in 2020.

Washoe County also reported largely negative economic signals. The Reno-Sparks seasonally adjusted employment lost 500 jobs in March. The unemployment rate rose sharply to 5.1 percent after hitting an all-time low of 2.9 percent. March visitor volume and gaming revenue experienced significant losses of 49.6 and 52.9 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.

	Date	Units	Data			Growth		Comments
			Latest	Previous	Year Ago	Recent	Year Ago	
Nevada								
Employment	2020M03	000s, SA	1421.4	1426.3	1410.8	-0.3%	0.8%	Up Over Year Ago
Unemployment Rate*	2020M03	%, SA	6.3	3.6	4.1	2.7%	2.2%	Up Sharply
Taxable Sales	2020M02	\$billion	4.786	5.111	4.564	-6.4%	4.9%	Up Over Year Ago
Gaming Revenue	2020M03	\$million	618.13	1042.63	1022.96	-40.7%	-39.6%	Down Significantly
Air Passengers	2020M03	million persons	2.269	4.225	4.828	-46.3%	-53.0%	Down Significantly
Gasoline Sales	2019M12	million gallons	103.11	100.16	101.58	2.9%	1.5%	Up Over Year Ago
Clark County								
Employment	2020M03	000s, SA	1034.8	1038.9	1028.5	-0.4%	0.6%	Up Over Year Ago
Unemployment Rate*	2020M03	%, Smoothed SA	6.8	3.7	4.2	3.1%	2.6%	Up Sharply
Taxable Sales	2020M02	\$billion	3.495	3.764	3.430	-7.1%	1.9%	Up Over Year Ago
Gaming Revenue	2020M03	\$million	546.49	897.53	882.83	-39.1%	-38.1%	Down Significantly
Residential Permits	2020M03	units permitted	1220	1390	806	-12.2%	51.4%	Up Strongly From Year Ago
Commercial Permits	2020M01	permits	39	30	47	30.0%	-17.0%	Low and Volatile
Air Passengers	2020M03	million persons	2.064	3.864	4.406	-46.6%	-53.1%	Down Significantly
Gasoline Sales	2019M12	million gallons	71.87	69.03	69.97	4.1%	2.7%	Up Over Year Ago
Visitor Volume	2020M03	million persons	1.655	3.573	4.004	-53.7%	-58.7%	Down Significantly
Washoe County								
Employment**	2020M03	000s, SA	250.0	250.5	246.7	-0.2%	1.3%	Up Over Year Ago
Unemployment Rate*	2020M03	%, Smoothed SA	5.1	2.9	3.4	2.2%	1.7%	Up Sharply
Taxable Sales**	2020M02	\$billion	0.756	0.790	0.655	-4.3%	15.4%	Up Strongly From Year Ago
Gaming Revenue	2020M03	\$million	32.90	77.06	69.85	-57.3%	-52.9%	Down Significantly
Residential Permits	2020M03	units permitted	388	329	219	17.9%	77.2%	Up Significantly
Commercial Permits	2018M12	permits	40	21	42	90.5%	-4.8%	Low and Volatile
Air Passengers	2020M03	million persons	0.195	0.342	0.383	-43.0%	-49.2%	Down Significantly
Gasoline Sales**	2019M12	million gallons	15.24	14.98	15.34	1.8%	-0.6%	Down From Year Ago
Visitor Volume	2020M03	million persons	0.167	0.319	0.330	-47.8%	-49.6%	Down Significantly
United States								
Employment	2020M04	million, SA	131.072	151.572	150.492	-13.5%	-12.9%	Down Significantly
Unemployment Rate*	2020M04	%, SA	14.7	4.4	3.6	10.3%	11.1%	Up Substantially
Consumer Price Index	2020M03	82-84=100, SA	258.0	259.1	254.1	-0.4%	1.5%	Up Over Year Ago
Core CPI	2020M03	82-84=100, SA	266.8	267.1	261.3	-0.1%	2.1%	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	107.9	108.5	107.6	-0.6%	0.3%	Up Slightly Over Year Ago
Retail Sales	2020M03	\$billion, SA	483.1	529.3	514.8	-8.7%	-6.2%	Down Significantly
Auto and Truck Sales	2020M03	million, SA	11.36	16.75	17.26	-32.2%	-34.2%	Down Significantly
Housing Starts	2020M03	million, SA	1.216	1.564	1.199	-22.3%	1.4%	Up Over Year Ago
Real GDP***	2020Q1	2012\$billion, SA	18987.9	19222.0	18927.3	-4.8%	0.3%	Recent Decline with COVID-19
Dollar Exchange Rate	2020M04	06.01=100	123.594	121.286	114.818	1.9%	7.6%	Up Strongly
Trade Balance	2020M03	\$billion, SA	-44.415	-39.810	-52.689	11.6%	-15.7%	Year-Over-Year Deficit Decrease
S and P 500	2020M04	monthly close	2912.43	2584.59	2945.83	12.7%	-1.1%	Rebounded Strongly
Real Short-term Rate*	2020M04	%, NSA	-1.96	-1.91	-0.12	-0.05%	-1.8%	Down From Year Ago
Treasury Yield Spread*	2020M04	%, NSA	0.52	0.58	0.15	-0.1%	0.4%	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.