



NEVADA BUSINESS CONDITIONS

UNLV | LEE BUSINESS SCHOOL
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The “third” estimate of U.S. real gross domestic product (GDP) for the fourth quarter of 2018 was revised downward by 0.4 percentage points to 2.2 percent at an annualized rate compared to the “initial” estimate. The revision reflected a smaller-than-expected consumer spending, state and local government spending, and nonresidential fixed investment. The overall picture of economic growth remained the same. Personal consumption expenditure, business investment including private inventory, and federal government contributed positively to real GDP growth, while residential investment, net exports, and state and local government spending contributed negatively. U.S. nonfarm employment added 196,000 jobs in March with notable gains in health care and professional and technical services sectors after a disappointing 20,000 job gain in February. The total nonfarm employment in January and February was also revised up, which resulted an additional gain of 14,000 jobs than previously reported. The unemployment rate, nonetheless, remained at 3.8 percent. Average hourly earnings growth in March decreased to 3.2 percent despite tightening labor market conditions after hitting its highest yearly gain of 3.4 percent in February. Retail sales in February continued to post a weaker yearly gain of 2.2 percent. The Fed will not likely increase the federal fund rate this year as they pledged more “patience” with future interest hikes due to economic uncertainty. The recent inverted yield curve between the 3-month and 10-year Treasury and weak global indicators bring up a concern of a possible recession, but consumer and business confidence remained high.

The Nevada economy posted mixed signals with the most recent data releases. Seasonally adjusted statewide employment lost 900 jobs in February. The unemployment rate, however, ticked down to 4.3 percent. February gaming revenue experienced a continued year-over-year loss of 0.6 percent, which mainly reflected reduced activity in Washoe County. January taxable sales were up strongly by 7.7 percent from a year ago despite a recent weak trend in U.S. retail sales. February Nevada air passengers also climbed by 1.6 percent compared to last year.

Clark County experienced generally positive signals in its economic activity relative to last month. Seasonally

adjusted employment lost 1,600 jobs in February. The unemployment rate, nevertheless, fell sharply by 0.3 percentage points to its lowest level of 4.2 percent in February since the Great Recession. February visitor volume in Clark County increased by 1.3 percent year-over-year, while gaming revenue remained relatively flat with a gain of 0.4 percentage points during the same period. Total McCarran Airport passengers in February rose by 1.8 percent year-over-year. January taxable sales climbed robustly by 6.6 percent from a year ago. Residential housing permits/units in February experienced a year-over-year gain of 3.2 percent despite the recent housing market slowdown.

Washoe County posted somewhat mixed economic signals. The Reno-Sparks seasonally adjusted employment added 500 jobs from January to February, up strongly by 5.9 percent year-over-year. The unemployment rate edged down to 3.3 percent. January taxable sales for Washoe and Storey Counties rebounded after two consecutive months of yearly decline, up strongly by 11.8 percent year-over-year. February visitor volume dropped sharply by 9.8 percent year-over-year. February gaming revenue also experienced a yearly loss, down by 6.6 percent over the same period. February total airport passengers, however, exceeded the level from last year by 3.4 percent. Residential housing permits in December experienced a year-over-year loss of 8.0 percent.

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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 | 2019M02 | 000s, SA | 1418.8 | 1419.7 | 1370.4 | -0.1% | 3.5% | Up Over Year Ago |
| Unemployment Rate* | 2019M02 | %, SA | 4.3 | 4.4 | 4.8 | -0.1% | -0.5% | Reduced |
| Taxable Sales | 2019M01 | \$billion | 4.839 | 5.918 | 4.492 | -18.2% | 7.7% | Up Strongly From Year Ago |
| Gaming Revenue | 2019M02 | \$million | 1011.54 | 984.53 | 1017.82 | 2.7% | -0.6% | Down From Year Ago |
| Air Passengers | 2019M02 | million persons | 3.959 | 4.257 | 3.897 | -7.0% | 1.6% | Up Over Year Ago |
| Gasoline Sales | 2019M01 | million gallons | 99.35 | 101.58 | 96.17 | -2.2% | 3.3% | Up Over Year Ago |
| Clark County | | | | | | | | |
| Employment | 2019M02 | 000s, SA | 1023.7 | 1025.3 | 995.7 | -0.2% | 2.8% | Up Over Year Ago |
| Unemployment Rate* | 2019M02 | %, Smoothed SA | 4.2 | 4.5 | 5.2 | -0.3% | -1.0% | Reduced |
| Taxable Sales | 2019M01 | \$billion | 3.543 | 4.318 | 3.324 | -18.0% | 6.6% | Up Over Year Ago |
| Gaming Revenue | 2019M02 | \$million | 892.70 | 860.85 | 888.80 | 3.7% | 0.4% | Relatively Flat Year-Over-Year |
| Residential Permits | 2019M02 | units permitted | 1430 | 1470 | 1385 | -2.7% | 3.2% | Up Over Year Ago |
| Commercial Permits | 2019M02 | permits | 29 | 47 | 30 | -38.3% | -3.3% | Low and Volatile |
| Air Passengers | 2019M02 | million persons | 3.633 | 3.902 | 3.569 | -6.9% | 1.8% | Up Over Year Ago |
| Gasoline Sales | 2019M01 | million gallons | 69.40 | 69.97 | 67.07 | -0.8% | 3.5% | Up Over Year Ago |
| Visitor Volume | 2019M02 | million persons | 3.431 | 3.708 | 3.387 | -7.5% | 1.3% | Up Over Year Ago |
| Washoe County | | | | | | | | |
| Employment** | 2019M02 | 000s, SA | 253.5 | 253.0 | 239.3 | 0.2% | 5.9% | Up Over Year Ago |
| Unemployment Rate* | 2019M02 | %, Smoothed SA | 3.3 | 3.4 | 3.8 | -0.1% | -0.5% | Reduced |
| Taxable Sales** | 2019M01 | \$billion | 0.770 | 0.918 | 0.689 | -16.1% | 11.8% | Up Strongly From Year Ago |
| Gaming Revenue | 2019M02 | \$million | 60.60 | 60.75 | 64.87 | -0.2% | -6.6% | Down From Year Ago |
| Residential Permits | 2018M12 | units permitted | 527 | 545 | 573 | -3.3% | -8.0% | Down From Year Ago |
| Commercial Permits | 2018M12 | permits | 40 | 21 | 42 | 90.5% | -4.8% | Low and Volatile |
| Air Passengers | 2019M02 | million persons | 0.307 | 0.335 | 0.297 | -8.4% | 3.4% | Up Over Year Ago |
| Gasoline Sales** | 2019M01 | million gallons | 14.86 | 15.63 | 14.39 | -5.0% | 3.3% | Up Over Year Ago |
| Visitor Volume | 2019M02 | million persons | 0.327 | 0.355 | 0.362 | -8.0% | -9.8% | Down From Year Ago |
| United States | | | | | | | | |
| Employment | 2019M03 | million, SA | 150.816 | 150.620 | 148.279 | 0.1% | 1.7% | Up Over Year Ago |
| Unemployment Rate* | 2019M03 | %, SA | 3.8 | 3.8 | 4.0 | 0.0% | -0.2% | Flat Month-Over-Month |
| Consumer Price Index | 2019M02 | 82-84=100, SA | 253.1 | 252.7 | 249.4 | 0.2% | 1.5% | Up Over Year Ago |
| Core CPI | 2019M02 | 82-84=100, SA | 261.0 | 260.7 | 255.7 | 0.1% | 2.1% | Up Over Year Ago |
| Employment Cost Index | 2018Q4 | 05.12=100, SA | 134.8 | 133.9 | 130.7 | 0.7% | 3.1% | Up Over Year Ago |
| Productivity Index | 2018Q4 | 2012=100, SA | 106.3 | 105.8 | 104.3 | 0.4% | 1.9% | Up Over Year Ago |
| Retail Sales | 2019M02 | \$billion, SA | 506.0 | 507.0 | 494.9 | -0.2% | 2.2% | Up Over Year Ago |
| Auto and Truck Sales | 2019M02 | million, SA | 16.53 | 16.68 | 16.92 | -0.9% | -2.3% | Down From Year Ago |
| Housing Starts | 2019M02 | million, SA | 1.162 | 1.273 | 1.290 | -8.7% | -9.9% | Down From Year Ago |
| Real GDP*** | 2018Q4 | 2012\$billion, SA | 18765.3 | 18665.0 | 18223.8 | 2.2% | 3.0% | Robust Growth |
| Dollar Exchange Rate | 2019M03 | 97.01=100 | 127.210 | 126.810 | 118.065 | 0.3% | 7.7% | Up Over Year Ago |
| Trade Balance | 2019M01 | \$billion, SA | -51.149 | -59.900 | -53.090 | -14.6% | -3.7% | Year-Over-Year Deficit Decrease |
| S and P 500 | 2019M03 | monthly close | 2834.40 | 2784.49 | 2640.87 | 1.8% | 7.3% | Up Over Year Ago |
| Real Short-term Rate* | 2019M03 | %, NSA | -0.1 | -0.21 | -1.10 | 0.1% | 1.0% | Up Over Year Ago |
| Treasury Yield Spread* | 2019M03 | %, NSA | 0.17 | 0.29 | 1.14 | -0.1% | -1.0% | Down From 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.