



# NEVADA BUSINESS CONDITIONS

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The “third” estimate of U.S. real gross domestic product (GDP) for the fourth quarter of 2019 rose at an annual rate of 2.1 percent, unchanged from the “second” estimate. Although the overall rate of growth remained the same, revisions occurred for several components. In the third estimate, consumer spending was revised upward, which was offset by a slowdown in federal government spending and nonresidential fixed investment. U.S. nonfarm employment lost 701,000 jobs in March with a notable decline of 459,000 jobs in the leisure and hospitality sector. The unemployment rate rose to 4.4 percent. Since these figures are based on the first two weeks of March, they only reflected the early effects of the coronavirus (Covid-19) pandemic. Retail sales in February continued to climb robustly by 4.3 percent year-over-year. Housing starts in February also continued its strong yearly gain of 39.2 percent. The U.S. economy, however, faces another recession due to the worsening coronavirus pandemic. Weekly unemployment claims soared from 282 thousand for the week ending March 14 to 3.31 and 6.65 million, respectively, for the weeks ending March 21 and 28 because of layoffs and furloughs due to stay-at-home or lockdown orders caused by Covid-19. The Fed cut interest rates to near zero and started aggressive quantitative easing by buying long-term assets to prevent the economy from sinking into a recession. The 2.3 billion stimulus package, the largest amount in history, also passed Congress and was signed by the President to address the economic downturn due to Covid-19. Despite these aggressive monetary and fiscal stimulus policies, economic uncertainty continues because of the rapidly evolving Covid-19 situation. The oil-price, which dropped dramatically due to oversupply, recently rebounded with potential cuts to oil production from Saudi Arabia and Russia.

The Nevada economy experienced generally positive signals with the release of the most recent data. Seasonally adjusted statewide employment lost 1,000 jobs in February. The unemployment rate remained unchanged at 3.6 percent, the lowest level on record. February gaming revenue and air passengers gained robustly by 3.0 and 6.5 percent, respectively, year-over-year largely benefiting from an additional day this February. January taxable sales rose strongly by 5.6 percent from last year. These

robust readings, however, will turn dramatically negative as Nevada closed nonessential businesses in the middle of March in response to Covid-19.

Clark County posted somewhat mixed signals in local economic activity. Seasonally adjusted employment lost 1,300 jobs in February. The unemployment rate in January fell to 3.9 percent, the lowest since the Great Recession. Total McCarran Airport passengers and visitor volume in February continued their solid year-over-year gains, up by 6.4 and 4.1 percent, respectively. February gaming revenue, however, increased by a weak 0.5 percent compared to a year ago despite the extra day. January taxable sales rose strongly by 6.2 percent from last year. Residential housing permits/units in January continued to fall by 17.5 percent despite a substantial nationwide gain. Clark County currently experiences a severe economic downturn due to Covid-19, as all the casinos closed as a result of the Governor’s nonessential business shutdown and stay-at-home orders. According to the Las Vegas Convention and Visitors Authority, 41.9 percent of all private employment in Southern Nevada depends on the tourism industry, which bodes badly for the April data.

Washoe County reported highly positive economic signals. The Reno-Sparks seasonally adjusted employment added 200 jobs in February. The unemployment rate ticked down to all-time low of 3.0 percent. January taxable sales for Washoe and Storey Counties climbed by 2.6 percent year-over-year. February visitor volume and gaming revenue experienced significant growth of 15.3 and 27.1 percent, respectively, year-over-year.

Batten down the hatches, we are in for a rough ride!

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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	
<b>Nevada</b>								
Employment	2020M02	000s, SA	1428.6	1429.6	1410.3	-0.1%	1.3%	Up Over Year Ago
Unemployment Rate*	2020M02	%, SA	3.6	3.6	4.1	0.0%	-0.5%	Flat Month-Over-Month
Taxable Sales	2020M01	\$billion	5.111	6.556	4.839	-22.0%	5.6%	Up Over Year Ago
Gaming Revenue	2020M02	\$million	1042.63	1037.53	1011.79	0.5%	3.0%	Up Over Year Ago
Air Passengers	2020M02	million persons	4.225	4.517	3.966	-6.5%	6.5%	Up Strongly From Year Ago
Gasoline Sales	2019M12	million gallons	103.11	100.16	101.58	2.9%	1.5%	Up Over Year Ago
<b>Clark County</b>								
Employment	2020M02	000s, SA	1041.0	1042.3	1027.5	-0.1%	1.3%	Up Over Year Ago
Unemployment Rate*	2020M01	%, Smoothed SA	3.9	4.0	4.6	-0.1%	-0.7%	Reduced
Taxable Sales	2020M01	\$billion	3.764	4.806	3.543	-21.7%	6.2%	Up Strongly From Year Ago
Gaming Revenue	2020M02	\$million	897.53	903.89	892.73	-0.7%	0.5%	Up Slightly From Year Ago
Residential Permits	2020M01	units permitted	1213	911	1470	33.2%	-17.5%	Down From Year Ago
Commercial Permits	2020M01	permits	39	30	47	30.0%	-17.0%	Low and Volatile
Air Passengers	2020M02	million persons	3.864	4.154	3.633	-7.0%	6.4%	Up Strongly From Year Ago
Gasoline Sales	2019M12	million gallons	71.87	69.03	69.97	4.1%	2.7%	Up Over Year Ago
Visitor Volume	2020M02	million persons	3.573	3.779	3.431	-5.5%	4.1%	Up Over Year Ago
<b>Washoe County</b>								
Employment**	2020M02	000s, SA	251.0	250.8	246.6	0.1%	1.8%	Up Over Year Ago
Unemployment Rate*	2020M01	%, Smoothed SA	3.0	3.1	3.5	-0.1%	-0.5%	Reduced
Taxable Sales**	2020M01	\$billion	0.790	1.030	0.770	-23.3%	2.6%	Up Over Year Ago
Gaming Revenue	2020M02	\$million	77.06	65.50	60.64	17.6%	27.1%	Up Strongly
Residential Permits	2020M02	units permitted	329	343	168	-4.1%	95.8%	Up Significantly From Year Ago
Commercial Permits	2018M12	permits	40	21	42	90.5%	-4.8%	Low and Volatile
Air Passengers	2020M02	million persons	0.342	0.343	0.307	-0.3%	11.5%	Up Strongly From Year Ago
Gasoline Sales**	2019M12	million gallons	15.24	14.98	15.34	1.8%	-0.6%	Down From Year Ago
Visitor Volume	2020M02	million persons	0.319	0.292	0.277	9.2%	15.3%	Up Strongly
<b>United States</b>								
Employment	2020M03	million, SA	151.786	152.487	150.282	-0.5%	1.0%	Up Over Year Ago
Unemployment Rate*	2020M03	%, SA	4.4	3.5	3.8	0.9%	0.6%	Increased
Consumer Price Index	2020M02	82-84=100, SA	259.1	258.8	253.2	0.1%	2.3%	Up Over Year Ago
Core CPI	2020M02	82-84=100, SA	267.1	266.5	260.9	0.2%	2.4%	Up Over Year Ago
Employment Cost Index	2019Q4	05.12=100, SA	138.9	137.9	134.9	0.7%	3.0%	Up Over Year Ago
Productivity Index	2019Q4	2012=100, SA	108.4	108.2	106.5	0.3%	1.8%	Up Over Year Ago
Retail Sales	2020M02	\$billion, SA	528.1	530.9	506.1	-0.5%	4.3%	Up Over Year Ago
Auto and Truck Sales	2020M02	million, SA	16.83	16.92	16.52	-0.5%	1.9%	Up Over Year Ago
Housing Starts	2020M02	million, SA	1.599	1.624	1.149	-1.5%	39.2%	Up Strongly From Year Ago
Real GDP***	2019Q4	2012\$billion, SA	19222.0	19121.1	18783.5	2.1%	2.3%	Robust Growth
Dollar Exchange Rate	2020M03	06.01=100	121.286	116.762	114.705	3.9%	5.7%	Up Strongly
Trade Balance	2020M02	\$billion, SA	-39.932	-45.482	-51.252	-12.2%	-22.1%	Year-Over-Year Deficit Decrease
S and P 500	2020M03	monthly close	2584.59	2954.22	2834.40	-12.5%	-8.8%	Plummeted
Real Short-term Rate*	2020M03	%, NSA	-1.91	-0.88	-0.10	-1.0%	-1.8%	Down From Year Ago
Treasury Yield Spread*	2020M03	%, NSA	0.58	-0.02	0.17	0.6%	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.