



NEVADA BUSINESS CONDITIONS

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The “third” estimate of U.S. real gross domestic product (GDP) for the second quarter of 2020 plummeted 31.4 percent at an annual rate, slightly better than the second estimate of a 31.7 percent annual contraction. The small upward revision reflected a smaller decline in consumer spending, which was partly offset by larger-than-expected decrease in exports and nonresidential fixed investment. Overall, the worst-ever contraction in real GDP was caused by the mandated “stay-at-home” orders to mitigate the spread of COVID-19. U.S. nonfarm employment continued to show a slower recovery pace by only adding 661,000 jobs in September compared to last month’s 1.5 million. Notable job gains occurred in the leisure and hospitality and retail trade sectors, while the government sector saw a large cut mainly due to layoffs of education workers. The unemployment rate fell to 7.9 percent from 8.4 percent. The slowdown of labor market recovery will probably continue with mass layoffs looming in airlines and theme parks. Retail sales in August continued its monthly and yearly gains thanks to the CARES Act. Housing starts in August also continued to rise by 2.8 percent year-over-year, partly thanks to all-time low mortgage rates. The U.S. economic outlook, however, remains highly uncertain as the COVID-19 pandemic and political uncertainties remain.

Nevada continued to show a pick-up in its economic activity based on the most recent monthly data. Seasonally adjusted statewide employment gained 6,500 jobs in August. The unemployment rate fell by 1.0 percent to 13.2 percent. August gaming revenue still posted a double-digit contraction of 22.1 percent from last year, while air passengers exhibited a much slower recovery with a 60.7 percent loss over the same period. July taxable sales continued to show stronger-than-expected performance thanks to increased personal income due to the CARES Act, down by 4.4 percent year-over-year. Nevada personal income in the second quarter surged to the fourth fastest growth among states (after Massachusetts, Hawaii and New Jersey), up by 15.6 percent from a year ago, boosted by supplemental unemployment benefits.

Clark County posted improved signals in local economic activity but still saw a slower recovery due to its tourism-dependent economy. Seasonally adjusted employment added 5,900 jobs in August despite a loss in

leisure and hospitality employees due to the retrenched reopening plan caused by the resurgence of virus cases. The unemployment rate in August declined to 15.4 percent. Total McCarran Airport passengers and visitor volume in August improved compared to last month, but still experienced substantial yearly decreases of 60.8 and 57.2 percent, respectively. August gaming revenue was down by 25.1 percent year-over-year but increased by 2.1 percent when excluding casinos in the Las Vegas Strip. July taxable sales only contracted by 9.0 percent compared to a year ago despite a remarkable loss in visitor volume. Residential housing permits/units in August also posted a year-over-year increase of 8.5 percent.

Washoe County exhibited stronger monthly and annual pick-ups in local economic activity compared to Clark County, benefitting from its more diversified economy. The Reno-Sparks seasonally adjusted employment gained 1,900 jobs in August and remained only 5.5 percent lower than the previous year. The unemployment rate fell to 7.5 percent. July taxable sales continued to post a year-over-year growth of 5.4 percent amid the COVID-19 pandemic, while gasoline sales (in gallons) contracted 5.5 percent during the same period. August residential housing permits/units also climbed by 4.9 percent year-over-year.

Stephen M. Miller, Director
Jinju Lee, Economic Analyst
UNLV Center for Business and Economic Research

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	Date	Units	Data			Growth		Comments
			Latest	Previous	Year Ago	Recent	Year Ago	
Nevada								
Employment	2020M08	000s, SA	1289.8	1283.3	1423.4	0.5%	-9.4%	Improved
Unemployment Rate*	2020M08	%, SA	13.2	14.2	3.8	-1.0%	9.4%	Improved
Taxable Sales	2020M07	\$billion	5.003	5.302	5.233	-5.6%	-4.4%	Down From Year Ago
Gaming Revenue	2020M08	\$million	743.04	756.79	953.62	-1.8%	-22.1%	Down From Year Ago
Air Passengers	2020M08	million persons	1.925	1.767	4.896	8.9%	-60.7%	Improved
Gasoline Sales	2020M07	million gallons	99.05	92.46	110.47	7.1%	-10.3%	Improved
Clark County								
Employment	2020M08	000s, SA	910.6	904.7	1038.0	0.7%	-12.3%	Improved
Unemployment Rate*	2020M08	%, Smoothed SA	15.4	16.5	4.0	-1.1%	11.4%	Improved
Taxable Sales	2020M07	\$billion	3.428	3.572	3.766	-4.0%	-9.0%	Down From Year Ago
Gaming Revenue	2020M08	\$million	593.95	612.85	792.68	-3.1%	-25.1%	Down From Year Ago
Residential Permits	2020M08	units permitted	1140	1423	1051	-19.9%	8.5%	Up Over Year Ago
Commercial Permits	2020M08	permits	31	25	37	24.0%	-16.2%	Low and Volatile
Air Passengers	2020M08	million persons	1.738	1.623	4.432	7.1%	-60.8%	Improved
Gasoline Sales	2020M07	million gallons	64.65	60.72	74.13	6.5%	-12.8%	Improved
Visitor Volume	2020M08	million persons	1.643	1.534	3.837	7.1%	-57.2%	Improved
Washoe County								
Employment**	2020M08	000s, SA	233.5	231.6	247.0	0.8%	-5.5%	Improved
Unemployment Rate*	2020M08	%, Smoothed SA	7.5	8.3	3.2	-0.8%	4.3%	Improved
Taxable Sales**	2020M07	\$billion	0.886	1.018	0.840	-13.0%	5.4%	Up Over Year Ago
Gaming Revenue	2020M08	\$million	76.27	72.26	86.73	5.6%	-12.1%	Down From Year Ago
Residential Permits	2020M08	units permitted	367	467	350	-21.4%	4.9%	Up Over Year Ago
Commercial Permits	2018M12	permits	40	21	42	90.5%	-4.8%	Low and Volatile
Air Passengers	2020M08	million persons	0.183	0.141	0.432	30.0%	-57.5%	Improved
Gasoline Sales**	2020M07	million gallons	15.74	14.47	16.66	8.7%	-5.5%	Improved
Visitor Volume	2020M08	million persons	0.278	0.258	0.409	7.5%	-32.2%	Improved
United States								
Employment	2020M09	million, SA	141.720	141.059	151.368	0.5%	-6.4%	Improved
Unemployment Rate*	2020M09	%, SA	7.9	8.4	3.5	-0.5%	4.4%	Improved
Consumer Price Index	2020M08	82-84=100, SA	259.7	258.7	256.3	0.4%	1.3%	Up Over Year Ago
Core CPI	2020M08	82-84=100, SA	268.7	267.7	264.2	0.4%	1.7%	Up Over Year Ago
Employment Cost Index	2020Q2	05.12=100, SA	140.8	140.3	136.8	0.4%	2.9%	Up Over Year Ago
Productivity Index	2020Q2	2012=100, SA	111.0	108.7	108.3	2.1%	2.5%	Up Over Year Ago
Retail Sales	2020M08	\$billion, SA	537.5	534.6	524.1	0.6%	2.6%	Up Over Year Ago
Auto and Truck Sales	2020M08	million, SA	15.19	14.63	17.07	3.9%	-11.0%	Down From Year Ago
Housing Starts	2020M08	million, SA	1.416	1.492	1.377	-5.1%	2.8%	Up Over Year Ago
Real GDP***	2020Q2	2012\$billion, SA	17302.5	19010.8	19020.6	-31.4%	-9.0%	Large Decline due to COVID-19
Dollar Exchange Rate	2020M09	06.01=100	116.715	117.352	117.371	-0.5%	-0.6%	Decreased
Trade Balance	2020M08	\$billion, SA	-67.102	-63.370	-50.778	5.9%	32.1%	Year-Over-Year Deficit Increase
S and P 500	2020M09	monthly close	3363.00	3500.31	2976.74	-3.9%	13.0%	Up Strongly From Year Ago
Real Short-term Rate*	2020M09	%, NSA	-2.49	-3.00	-0.91	0.5%	-1.6%	Down From Year Ago
Treasury Yield Spread*	2020M09	%, NSA	0.57	0.55	-0.19	0.0%	0.8%	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.