



NEVADA BUSINESS CONDITIONS

UNLV | LEE BUSINESS SCHOOL
CENTER FOR BUSINESS
AND ECONOMIC RESEARCH

September 2019

The “advance” estimate of U.S. real gross domestic product (GDP) for the second quarter of 2019 increased modestly, up by 2.1 percent at an annualized rate. Although the rate of growth decelerated from 3.2 percent in the first quarter, it beat the consensus expectation of 1.8 percent. The real GDP increase largely reflected strong consumer spending, rising by 4.3 percent, its fastest growth in nearly two years. Government spending also grew at its fastest pace in a decade and contributed positively to real GDP growth. Private inventory investment, net exports, nonresidential fixed investment, and residential fixed investment, however, contributed negatively. U.S. nonfarm employment continued to gain significantly, adding 164,000 jobs in July. Prominent gains occurred in the professional and business services and health care, social assistance, and financial activities sectors. The employment for May and June, however, was revised down by a combined 41,000 jobs. The unemployment rate remained unchanged at 3.7 percent with a reduced number of discouraged workers. Average hourly earnings growth in July slightly accelerated to 3.2 percent year-over-year. Retail sales in June gained 3.4 percent year-over-year. Housing starts rebounded, showing a strongest year-over-year gain in eight months, up by 6.2 percent. The Fed cut its federal funds rate by a quarter point in July, the first cut in over a decade, and decided to end the reduction of its \$3.8 trillion asset portfolio two months earlier than previously planned. One or more rate cuts will likely occur this year, if the trade tensions between the United States and China and global economy uncertainty continue.

The Nevada economy showed generally positive signals with the release of the most recent data. Seasonally adjusted statewide employment lost 4,000 jobs in June, but continued to show the fastest year-over-year gain of 3.3 percent among all states. The unemployment rate held at a 13-year low of 4.0 percent for a third straight month. June gaming revenue rebounded strongly after five consecutive months of year-over-year losses, up by 11.6 percent from last year. May taxable sales rose strongly by 7.7 percent from last year, benefiting from strong performance in Clark County. June Nevada air passengers exceeded the level from last year by 3.4 percent.

Clark County experienced positive signals in its economic activity relative to last year, but mixed signals relative to last month. Seasonally adjusted employment lost 3,200 jobs in June. The unemployment rate in June ticked up to 4.2 percent. June visitor volume in Clark County climbed slightly by 0.9 percent year-over-year, while gaming revenue increased substantially by 14.6 percent over the same period due to more than a doubling of baccarat win. Total McCarran Airport passengers in June continued to post a year-over-year gain of 3.2 percent. May taxable sales rose robustly by 10.1 percent from a year ago. Residential housing permits/units in June rebounded strongly by 34.1 percent thanks to a triple-digit growth of multi-family residential units.

Washoe County posted somewhat negative economic signals. The Reno-Sparks seasonally adjusted employment gained 300 jobs in June, up by 6.0 percent year-over-year. The unemployment rate remained at a 19-year low of 3.2 percent. May taxable sales for Washoe and Storey Counties, nevertheless, experienced a year-over-year loss of 1.1 percent due to continued weak activity in Storey County. June visitor volume experienced a fifth consecutive month of year-over-year losses, down by 8.8 percent. June gaming revenue also declined by 10.1 percent from last year. June total airport passengers, however, increased by 2.1 percent year-over-year.

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

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	2019M06	000s, SA	1426.2	1430.2	1380.7	-0.3%	3.3%	Up Over Year Ago
Unemployment Rate*	2019M06	%, SA	4.0	4.0	4.5	0.0%	-0.5%	Flat Month-Over-Month
Taxable Sales	2019M05	\$billion	5.436	5.176	5.047	5.0%	7.7%	Up Over Year Ago
Gaming Revenue	2019M06	\$million	1040.99	981.77	933.02	6.0%	11.6%	Up Strongly
Air Passengers	2019M06	million persons	4.887	4.985	4.727	-2.0%	3.4%	Up Over Year Ago
Gasoline Sales	2019M05	million gallons	107.38	102.95	107.15	4.3%	0.2%	Up Slightly From Year Ago
Clark County			Latest	Previous	Year Ago	Recent	Year Ago	
Employment	2019M06	000s, SA	1023.0	1026.2	1005.0	-0.3%	1.8%	Up Over Year Ago
Unemployment Rate*	2019M06	%, Smoothed SA	4.2	4.1	4.8	0.1%	-0.6%	Recent Increase
Taxable Sales	2019M05	\$billion	4.037	3.834	3.665	5.3%	10.1%	Up Over Year Ago
Gaming Revenue	2019M06	\$million	906.68	835.84	790.98	8.5%	14.6%	Up Strongly
Residential Permits	2019M06	units permitted	1703	1158	1270	47.1%	34.1%	Up Strongly
Commercial Permits	2019M06	permits	44	51	32	-13.7%	37.5%	Low and Volatile
Air Passengers	2019M06	million persons	4.450	4.591	4.311	-3.1%	3.2%	Up Over Year Ago
Gasoline Sales	2019M05	million gallons	73.77	70.92	73.56	4.0%	0.3%	Up Slightly From Year Ago
Visitor Volume	2019M06	million persons	3.884	3.970	3.851	-2.2%	0.9%	Up Over Year Ago
Washoe County			Latest	Previous	Year Ago	Recent	Year Ago	
Employment**	2019M06	000s, SA	257.2	256.9	242.6	0.1%	6.0%	Up Over Year Ago
Unemployment Rate*	2019M06	%, Smoothed SA	3.2	3.2	3.6	0.0%	-0.4%	Flat Month-Over-Month
Taxable Sales**	2019M05	\$billion	0.795	0.764	0.804	4.0%	-1.1%	Down From Year Ago
Gaming Revenue	2019M06	\$million	69.81	74.73	77.70	-6.6%	-10.1%	Down Significantly
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	2019M06	million persons	0.397	0.354	0.389	12.1%	2.1%	Up Over Year Ago
Gasoline Sales**	2019M05	million gallons	16.10	15.39	15.92	4.6%	1.2%	Up Over Year Ago
Visitor Volume	2019M06	million persons	0.445	0.409	0.488	8.7%	-8.8%	Down From Year Ago
United States			Latest	Previous	Year Ago	Recent	Year Ago	
Employment	2019M07	million, SA	151.431	151.267	149.185	0.1%	1.5%	Up Over Year Ago
Unemployment Rate*	2019M07	%, SA	3.7	3.7	3.9	0.0%	-0.2%	Flat Month-Over-Month
Consumer Price Index	2019M06	82-84=100, SA	255.3	255.2	251.1	0.1%	1.7%	Up Over Year Ago
Core CPI	2019M06	82-84=100, SA	262.8	262.0	257.3	0.3%	2.1%	Up Over Year Ago
Employment Cost Index	2019Q2	05.12=100, SA	136.7	135.9	132.8	0.6%	2.9%	Up Over Year Ago
Productivity Index	2019Q1	2012=100, SA	107.2	106.2	104.6	0.9%	2.4%	Up Over Year Ago
Retail Sales	2019M06	\$billion, SA	519.9	517.7	502.7	0.4%	3.4%	Up Over Year Ago
Auto and Truck Sales	2019M06	million, SA	17.24	17.45	17.22	-1.2%	0.1%	Up Slightly From Year Ago
Housing Starts	2019M06	million, SA	1.253	1.265	1.180	-0.9%	6.2%	Up Over Year Ago
Real GDP***	2019Q2	2012\$billion, SA	19023.8	18927.3	18598.1	2.1%	2.3%	Robust Growth
Dollar Exchange Rate	2019M07	97.01=100	127.848	128.253	124.059	-0.3%	3.1%	Up Over Year Ago
Trade Balance	2019M06	\$billion, SA	-55.154	-55.344	-47.431	-0.3%	16.3%	Year-Over-Year Deficit Increase
S and P 500	2019M07	monthly close	2980.38	2941.76	2816.29	1.3%	5.8%	Increased
Real Short-term Rate*	2019M07	%, NSA	-0.5	-0.53	-0.94	0.03%	0.4%	Up Over Year Ago
Treasury Yield Spread*	2019M07	%, NSA	-0.04	-0.10	0.93	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.