



# NEVADA BUSINESS CONDITIONS

**UNLV** | LEE BUSINESS SCHOOL  
CENTER FOR BUSINESS  
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The “second” estimate of U.S. real gross domestic product (GDP) for the fourth quarter of 2019 matched the “advance” estimate, growing at a robust 2.1 percent annualized rate. According to more complete source data, private inventory investment was revised upward, which was offset by a downward revision of nonresidential fixed investment. Overall, consumer and government spending, net exports, and residential fixed investment contributed positively to the economic expansion, while business investment, including inventory investment, continued its downward trend for the third consecutive quarter. U.S. nonfarm employment experienced a surprising gain, adding 273,000 jobs in February. In addition, upward revisions of the December and January job gains added a combined 85,000 jobs. The unemployment rate also fell to 3.5 percent. Retail sales in January continued to increase robustly by 4.4 percent year-over-year. Housing starts in January also continued to gain strongly by 21.4 percent from last year. Despite these solid readings, the U.S. economy faces strong headwinds with continued uncertainty due to the worldwide coronavirus (COVID-19) outbreak and the oil-price war started by Saudi Arabia, as we write this report. The fear of coronavirus has already spread panic to both investors and consumers. As a result, the Fed made an emergency rate cut of 0.5 percent for the first time since the Great Recession and is likely to cut another a 25-basis point in the near term. The oil-price war already elicits calls for much stronger Fed action as well as new fiscal stimulus packages.

The Nevada economy experienced highly positive signals with the release of the most recent data. Seasonally adjusted statewide employment lost 3,500 jobs in December. The unemployment rate, nonetheless, fell to 3.8 percent, a 20-year low. January gaming revenue and air passengers continued sturdy year-over-year increases, up by 5.5 and 6.2 percent, respectively. December taxable sales surged, increasing by 10.8 percent from a year ago. December gasoline sales (in gallons) also climbed by 1.5 percent from last year.

Clark County also posted mostly favorable signals in local economic activity. Seasonally adjusted employment gained 500 jobs in December. The unemployment rate in December also ticked down to 4.0 percent, the lowest since the Great Recession. Total McCarran Airport passengers

and gaming revenue in January continued to gain strongly by 6.5 and 5.1 percent, respectively, year-over-year. January visitor volume in Southern Nevada also posted a solid yearly gain of 1.9 percent. December taxable sales and gasoline sales (in gallons) climbed strongly by 11.3 and 2.7 percent, respectively, from last year. Residential housing permits/units in December, however, fell by 12.0 percent despite a substantial nationwide gain. Clark County experienced a robust expansion in the tourism sector in January, benefitting from the “Lunar New Year” effect. With the continuing spread of the coronavirus, the Southern Nevada’s economy will experience harsher negative effects than other areas as it largely depends on tourism.

Washoe County reported somewhat mixed economic signals. The Reno-Sparks seasonally adjusted employment added 100 jobs in December. The unemployment rate ticked down to a 20-year low of 3.1 percent. December taxable sales for Washoe and Storey Counties experienced a large gain of 12.2 percent compared to last year, while gasoline sales declined by 0.6 percent over the same period. January visitor volume continued its year-over-year loss of 3.1 percent. January gaming revenue, however, increased strongly by 7.8 percent from last 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	
<b>Nevada</b>								
Employment	2019M12	000s, SA	1440.1	1443.6	1412.7	-0.2%	1.9%	Up Over Year Ago
Unemployment Rate*	2019M12	%, SA	3.8	4.0	4.4	-0.2%	-0.6%	Reduced
Taxable Sales	2019M12	\$billion	6.556	5.418	5.918	21.0%	10.8%	Up Strongly
Gaming Revenue	2020M01	\$million	1038.20	1057.60	984.25	-1.8%	5.5%	Up Robustly From Year Ago
Air Passengers	2020M01	million persons	4.530	4.664	4.265	-2.9%	6.2%	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	2019M12	000s, SA	1044.7	1044.2	1019.9	0.0%	2.4%	Up Over Year Ago
Unemployment Rate*	2019M12	%, Smoothed SA	4.0	4.1	4.6	-0.1%	-0.6%	Reduced
Taxable Sales	2019M12	\$billion	4.806	3.986	4.318	20.6%	11.3%	Up Strongly
Gaming Revenue	2020M01	\$million	904.55	917.55	860.85	-1.4%	5.1%	Up Robustly From Year Ago
Residential Permits	2019M12	units permitted	864	725	982	19.2%	-12.0%	Down From Year Ago
Commercial Permits	2019M12	permits	30	22	26	36.4%	15.4%	Low and Volatile
Air Passengers	2020M01	million persons	4.154	4.248	3.902	-2.2%	6.5%	Up Strongly From Year Ago
Gasoline Sales	2019M12	million gallons	71.87	69.03	69.97	4.1%	2.7%	Up Strongly
Visitor Volume	2020M01	million persons	3.779	3.667	3.708	3.1%	1.9%	Up Over Year Ago
<b>Washoe County</b>								
Employment**	2019M12	000s, SA	261.1	261.0	251.6	0.0%	3.8%	Up Over Year Ago
Unemployment Rate*	2019M12	%, Smoothed SA	3.1	3.2	3.6	-0.1%	-0.5%	Reduced
Taxable Sales**	2019M12	\$billion	1.030	0.804	0.918	28.2%	12.2%	Up Strongly
Gaming Revenue	2020M01	\$million	65.50	71.96	60.78	-9.0%	7.8%	Up Strongly From Year Ago
Residential Permits	2020M01	units permitted	343	623	397	-44.9%	-13.6%	Down From Year Ago
Commercial Permits	2018M12	permits	40	21	42	90.5%	-4.8%	Low and Volatile
Air Passengers	2020M01	million persons	0.343	0.382	0.335	-10.2%	2.3%	Up Over Year Ago
Gasoline Sales**	2019M12	million gallons	15.24	14.98	15.34	1.8%	-0.6%	Down From Year Ago
Visitor Volume	2020M01	million persons	0.292	0.310	0.302	-5.6%	-3.1%	Down From Year Ago
<b>United States</b>								
Employment	2020M02	million, SA	152.544	152.271	150.135	0.2%	1.6%	Up Over Year Ago
Unemployment Rate*	2020M02	%, SA	3.5	3.6	3.8	-0.1%	-0.3%	Reduced
Consumer Price Index	2020M01	82-84=100, SA	258.8	258.4	252.6	0.1%	2.5%	Up Over Year Ago
Core CPI	2020M01	82-84=100, SA	266.5	265.8	260.6	0.2%	2.3%	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	108.2	107.9	106.3	0.3%	1.8%	Up Over Year Ago
Retail Sales	2020M01	\$billion, SA	529.8	528.4	507.5	0.3%	4.4%	Up Over Year Ago
Auto and Truck Sales	2020M01	million, SA	16.84	16.65	16.71	1.2%	0.8%	Up Slightly From Year Ago
Housing Starts	2020M01	million, SA	1.567	1.626	1.291	-3.6%	21.4%	Up Strongly From Year Ago
Real GDP***	2019Q4	2012\$billion, SA	19220.5	19121.1	18783.5	2.1%	2.3%	Robust Growth
Dollar Exchange Rate	2020M02	06.01=100	116.762	115.326	114.341	1.2%	2.1%	Up Strongly
Trade Balance	2020M01	\$billion, SA	-45.338	-48.613	-53.817	-6.7%	-15.8%	Year-Over-Year Deficit Decrease
S and P 500	2020M02	monthly close	2954.22	3225.52	2784.49	-8.4%	6.1%	Plummeted From Month Ago
Real Short-term Rate*	2020M02	%, NSA	-0.88	-0.98	-0.21	0.1%	-0.7%	Down From Year Ago
Treasury Yield Spread*	2020M02	%, NSA	-0.02	0.24	0.29	-0.3%	-0.3%	Down Strongly

Note: NSA = Not Seasonally Adjusted, SA = Seasonally Adjusted; State and metropolitan area employment has not updated from last month due to benchmark revisions.

\*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.