



NEVADA BUSINESS CONDITIONS

UNLV LEE BUSINESS SCHOOL
CENTER FOR BUSINESS
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The “third” estimate of U.S. real gross domestic product (GDP) for the first quarter of 2021 grew strongly by 6.4 percent at an annual rate, remaining unchanged from the “second” estimate. According to more complete source data, an upward revision in business investment, including inventory investment was offset by a downward revision in net exports. Overall, the strong recovery in the first quarter largely benefited from federal relief money. U.S. nonfarm employment posted a robust gain, adding 850,000 jobs in June. The largest contribution of job gain continued to occur in the leisure and hospitality sector with an additional 343,000 jobs as most of COVID-19 related restrictions eased with high vaccination rates. An unusual addition of 269,000 public and private education jobs contributed to the larger-than-expected gain in June employment. The unemployment rate, however, ticked up to 5.9 from 5.8 percent in June. Average hourly earnings continue to rise by 0.3 percent from last month, signaling a continued labor shortage. Although retail sales in May edged down by 1.3 percent from last month, it remained notably above its pre-pandemic peak by 17.7 percent. Housing starts in May rebounded, up by 3.6 percent month-over-month, despite difficulties of soaring building material costs and shortages. The U.S. economy continues to experience a stronger-than-expected recovery, which has resulted in shortages of raw materials as most businesses did not foresee the speed of the recovery. Economic uncertainty remains due to constrained labor and material supplies, an uptick in inflation, and the spread of the Delta variant globally.

Nevada’s economic activity posted highly positive signals based on the most recent monthly data. Seasonally adjusted statewide employment gained 10,200 jobs in May, with a notable increase of 7,300 jobs in the leisure and hospitality sector. The unemployment rate declined from 8.0 to 7.8 percent. May gaming revenue hit a record high, soaring by 18.3 percent from last month. April taxable sales decreased month-over-month but remained a 22.5 percent higher than the level from April 2019.

Clark County also displayed remarkably strong signs in its local economic activity. Seasonally adjusted employment added 8,200 jobs in May. The unemployment rate in May, however, remained unchanged at 8.9 percent. May gaming revenue marked its highest level of all-time despite visitor volume not recovering fully, probably benefitting from

fiscal relief money. May total McCarran Airport passengers and visitor volume saw sharp monthly pick-ups of 21.0 and 11.4 percent, respectively, but remained 23.3 and 24.5 percent lower than their levels in May 2019. April taxable sales rose substantially by 18.2 percent from two years ago and skyrocketed by 85.0 percent from last year due to the lockdown caused by the COVID-19 pandemic in April 2020. Residential housing permits/units in May also climbed strongly by 56.8 percent year-over-year. The local tourism sector returned with pent-up demands thanks to the vaccine rollouts and federal relief money, but low vaccination rates could be a headwind as the positivity and hospitalization rates have started to rise again amid the spread of Delta variant.

Washoe County also exhibited strong signals in its local economic activity. The Reno-Sparks seasonally adjusted employment added 800 jobs in May and the unemployment rate fell to 4.8 percent from 4.9 percent. April taxable sales rose strongly by 39.3 percent from April 2019. May gaming revenue also posted a strong gain of 23.1 percent from May 2019. May residential permits/units were up by 42.9 percent year-over-year.

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	2021M05	000s, SA	1318.4	1308.2	1105.7	0.8%	19.2%	Improved
Unemployment Rate*	2021M05	%, SA	7.8	8.0	24.5	-0.2%	-16.7%	Improved
Taxable Sales	2021M04	\$billion	6.341	6.591	3.670	-3.8%	72.8%	Up Strongly From Year Ago
Gaming Revenue	2021M05	\$million	1230.17	1039.47	5.84	18.3%	20970.9%	Skyrocketed
Air Passengers	2021M05	million persons	3.835	3.166	0.442	21.1%	767.5%	Strong Recovery
Gasoline Sales	2021M04	million gallons	103.36	100.02	58.48	3.3%	76.7%	Up Strongly
Clark County								
Employment	2021M05	000s, SA	935.5	927.3	773.5	0.9%	20.9%	Improved
Unemployment Rate*	2021M05	%, Smoothed SA	8.9	8.9	28.4	0.0%	-19.5%	Flat Month-Over-Month
Taxable Sales	2021M04	\$billion	4.532	4.650	2.450	-2.5%	85.0%	Up Strongly From Year Ago
Gaming Revenue	2021M05	\$million	1052.68	865.49	5.90	21.6%	17735.5%	Skyrocketed
Residential Permits	2021M05	units permitted	1168	1359	745	-14.1%	56.8%	Up Strongly From Year Ago
Commercial Permits	2021M01	permits	32	17	39	88.2%	-17.9%	Low and Volatile
Air Passengers	2021M05	million persons	3.518	2.907	0.392	21.0%	796.8%	Strong Recovery
Gasoline Sales	2021M04	million gallons	69.78	67.22	37.60	3.8%	85.6%	Strong Recovery
Visitor Volume	2021M05	million persons	2.996	2.688	0.164	11.4%	1722.1%	Strong Recovery
Washoe County								
Employment**	2021M05	000s, SA	245.2	244.4	212.4	0.3%	15.4%	Improved
Unemployment Rate*	2021M05	%, Smoothed SA	4.8	4.9	15.8	-0.1%	-11.0%	Improved
Taxable Sales**	2021M04	\$billion	1.064	1.152	0.657	-7.6%	61.9%	Up Strongly From Year Ago
Gaming Revenue	2021M05	\$million	91.98	87.43	-0.09	5.2%	105550.1%	Skyrocketed From Year Ago
Residential Permits	2021M05	units permitted	430	469	301	-8.3%	42.9%	Up Strongly From Year Ago
Commercial Permits	2018M12	permits	40	21	42	90.5%	-4.8%	Low and Volatile
Air Passengers	2021M05	million persons	0.302	0.247	0.046	22.3%	557.2%	Strong Recovery
Gasoline Sales**	2021M04	million gallons	15.59	15.43	9.92	1.0%	57.1%	Up Strongly
Visitor Volume	2021M05	million persons	0.323	0.303	0.082	6.4%	293.5%	Strong Recovery
United States								
Employment	2021M06	million, SA	145.759	144.909	137.840	0.6%	5.7%	Improved
Unemployment Rate*	2021M06	%, SA	5.9	5.8	11.1	0.1%	-5.2%	Improved
Consumer Price Index	2021M05	82-84=100, SA	268.6	266.8	255.9	0.6%	4.9%	Up Strongly
Core CPI	2021M05	82-84=100, SA	275.7	273.7	265.6	0.7%	3.8%	Up Strongly
Employment Cost Index	2021Q1	05.12=100, SA	144.4	142.8	140.2	1.1%	3.0%	Up Strongly
Productivity Index	2021Q1	2012=100, SA	112.9	111.5	108.6	1.3%	4.0%	Up Strongly
Retail Sales	2021M05	\$billion, SA	620.2	628.7	484.0	-1.3%	28.1%	Up Strongly From Year Ago
Auto and Truck Sales	2021M06	million, SA	15.37	17.04	13.02	-9.8%	18.0%	Up Strongly From Year Ago
Housing Starts	2021M05	million, SA	1.572	1.517	1.046	3.6%	50.3%	Up Strongly
Real GDP***	2021Q1	2012\$billion, SA	19086.4	18794.4	19010.8	6.4%	0.4%	Strong Recovery
Dollar Exchange Rate	2021M06	06.01=100	111.853	111.475	119.923	0.3%	-6.7%	Down From Year Ago
Trade Balance	2021M05	\$billion, SA	-71.240	-69.071	-54.915	3.1%	29.7%	Year-Over-Year Deficit Increase
S and P 500	2021M06	monthly close	4297.50	4204.11	3100.29	2.2%	38.6%	Up Strongly
Real Short-term Rate*	2021M06	%, NSA	-4.16	-4.58	-2.84	0.4%	-1.3%	Down From Year Ago
Treasury Yield Spread*	2021M06	%, NSA	1.48	1.60	0.57	-0.1%	0.9%	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.