



# NEVADA BUSINESS CONDITIONS

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The “third” estimate of U.S. real gross domestic product (GDP) for the fourth quarter of 2020 increased 4.3 percent at an annual rate, revised up by 0.2 percent from the previous estimate. This reflected larger private inventory investment than previously reported, which was partly offset by a downward revision in nonresidential fixed investment. Overall, the increase in real GDP benefitted from robust recovery in consumer spending and business investment, while net exports and government spending contributed negatively to growth. U.S. nonfarm employment posted a stronger-than-expected gain of 916,000 jobs in March, which may signal that the economic recovery is gaining momentum with eased COVID-19 restrictions. Job growth was widespread with the largest gain in the leisure-and-hospitality sector, adding 280,000 jobs. The unemployment rate, also, edged down by 0.2 percent to 6.0 percent. Retail sales in February were up robustly by 6.3 percent year-over-year and will likely experience a boost in March from the third stimulus checks. Housing starts in February, however, declined by 9.3 percent from last year, which may partly reflect rising interest rates and soaring building costs. The most recent data indicate that the U.S. economy shows signs of strong improvement benefiting from the \$1.9 trillion relief package and ongoing vaccination efforts. Rising interest rates could create headwinds, however. The slow vaccination in other countries, however, brings concern of potential viral mutations, which could erect headwinds against economic progress.

Nevada’s economic activity posted positive signals based on the most recent monthly data. Seasonally adjusted statewide employment gained 2,400 jobs in February, and the unemployment rate fell from 8.5 to 8.3 percent. February gaming revenue and air passengers increased by 1.4 and 7.6 percent, respectively, month-over-month despite fewer days in February. They, nonetheless, still experienced double-digit losses compared to last year. January taxable sales only decreased by 4.1 percent year-over-year thanks to the federal stimulus money.

Clark County also displayed improved signals in local economic activity. Seasonally adjusted employment added 3,200 jobs in February and the unemployment rate in February declined from 9.8 to 9.6 percent. Total McCarran Airport passengers, gaming revenue, and visitor volume in February improved month-over-month but still experienced

significant year-over-year decreases of 58.2, 29.6, and 54.4 percent, respectively. January taxable sales, nevertheless, only fell by 8.5 percent from last year as local spending remained robust with COVID-19 relief benefits. Residential housing permits/units in February also continued its year-over-year gain of 15.5 percent. The recovery in the tourism sector lags far behind compared to other sectors due to COVID-19. The local tourism sector, however, recently showed early signs of renewed recovery after the summer, fall, and winter pause as more people get vaccinated, which promotes recovery in Clark County’s tourism-dependent economy.

Washoe County exhibited favorable signals in local economic activity. The Reno-Sparks seasonally adjusted employment gained 300 jobs in February and remained only 2.4 percent lower than last year’s level thanks to its more-diversified economy. The unemployment rate fell to 4.8 percent, much lower than the national average and half the rate as in Clark County. January taxable sales continued to increase robustly by 9.7 percent year-over-year, while gasoline sales in gallons are down by 9.3 percent over the same period. February residential permits/units were up strongly by 28.0 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	2021M02	000s, SA	1289.3	1286.9	1442.8	0.2%	-10.6%	Improved
Unemployment Rate*	2021M02	%, SA	8.3	8.5	3.7	-0.2%	4.6%	Improved
Taxable Sales	2021M01	\$billion	4.899	6.105	5.111	-19.7%	-4.1%	Down From Year Ago
Gaming Revenue	2021M02	\$million	772.41	761.85	1042.67	1.4%	-25.9%	Improved
Air Passengers	2021M02	million persons	1.784	1.658	4.241	7.6%	-57.9%	Improved
Gasoline Sales	2021M01	million gallons	88.35	89.34	100.05	-1.1%	-11.7%	Down From Year Ago
<b>Clark County</b>								
Employment	2021M02	000s, SA	910.2	907.0	1054.4	0.4%	-13.7%	Improved
Unemployment Rate*	2021M02	%, Smoothed SA	9.6	9.8	3.7	-0.2%	5.9%	Improved
Taxable Sales	2021M01	\$billion	3.444	4.188	3.764	-17.8%	-8.5%	Down From Year Ago
Gaming Revenue	2021M02	\$million	631.55	617.29	897.52	2.3%	-29.6%	Improved
Residential Permits	2021M02	units permitted	1605	1529	1390	5.0%	15.5%	Up Strongly
Commercial Permits	2021M01	permits	32	17	39	88.2%	-17.9%	Low and Volatile
Air Passengers	2021M02	million persons	1.614	1.506	3.865	7.2%	-58.2%	Improved
Gasoline Sales	2021M01	million gallons	59.23	59.51	71.87	-0.5%	-17.6%	Down From Year Ago
Visitor Volume	2021M02	million persons	1.629	1.377	3.573	18.2%	-54.4%	Improved
<b>Washoe County</b>								
Employment**	2021M02	000s, SA	244.1	243.8	250.2	0.1%	-2.4%	Improved
Unemployment Rate*	2021M02	%, Smoothed SA	4.8	5.0	2.9	-0.2%	1.9%	Improved
Taxable Sales**	2021M01	\$billion	0.867	1.162	0.790	-25.4%	9.7%	Up Strongly From Year Ago
Gaming Revenue	2021M02	\$million	70.47	68.73	77.07	2.5%	-8.6%	Down From Year Ago
Residential Permits	2021M02	units permitted	421	410	329	2.7%	28.0%	Up Strongly
Commercial Permits	2018M12	permits	40	21	42	90.5%	-4.8%	Low and Volatile
Air Passengers	2021M02	million persons	0.162	0.145	0.342	11.4%	-52.6%	Improved
Gasoline Sales**	2021M01	million gallons	13.98	14.33	15.41	-2.4%	-9.3%	Down From Year Ago
Visitor Volume	2021M02	million persons	0.235	0.228	0.319	3.4%	-26.2%	Down From Year Ago
<b>United States</b>								
Employment	2021M03	million, SA	144.120	143.204	150.840	0.6%	-4.5%	Improved
Unemployment Rate*	2021M03	%, SA	6.0	6.2	4.4	-0.2%	1.6%	Improved
Consumer Price Index	2021M02	82-84=100, SA	263.2	262.2	258.8	0.4%	1.7%	Up Over Year Ago
Core CPI	2021M02	82-84=100, SA	270.3	270.0	266.9	0.1%	1.3%	Up Over Year Ago
Employment Cost Index	2020Q4	05.12=100, SA	142.8	141.5	138.9	0.9%	2.8%	Up Over Year Ago
Productivity Index	2020Q4	2012=100, SA	111.3	112.8	108.7	-1.3%	2.4%	Up Over Year Ago
Retail Sales	2021M02	\$billion, SA	561.7	579.1	528.5	-3.0%	6.3%	Up Strongly From Year Ago
Auto and Truck Sales	2021M03	million, SA	17.75	15.76	11.36	12.6%	56.2%	Up Strongly
Housing Starts	2021M02	million, SA	1.421	1.584	1.567	-10.3%	-9.3%	Down From Year Ago
Real GDP***	2020Q4	2012\$billion, SA	18794.4	18596.5	19254.0	4.3%	-2.4%	Robust Recovery
Dollar Exchange Rate	2021M03	06.01=100	113.639	112.305	121.256	1.2%	-6.3%	Down From Year Ago
Trade Balance	2021M02	\$billion, SA	-71.078	-67.823	-38.008	4.8%	87.0%	Year-Over-Year Deficit Increase
S and P 500	2021M03	monthly close	3972.89	3811.15	2584.59	4.2%	53.7%	Up Strongly
Real Short-term Rate*	2021M03	%, NSA	-3.07	-3.26	-1.91	0.2%	-1.2%	Down From Year Ago
Treasury Yield Spread*	2021M03	%, NSA	1.58	1.22	0.58	0.4%	1.0%	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.