



# NEVADA BUSINESS CONDITIONS

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The “second” estimate of U.S. real gross domestic product (GDP) for the second quarter of 2021 grew 6.6 percent at an annual rate, revised up slightly by 0.1 percent from the “advance” estimate. The strong growth in the second quarter largely reflected a strong surge in consumer spending, which was boosted by significant injections of federal relief money. U.S. nonfarm employment only added 235,000 jobs, much lower than consensus forecasts of 750,000. The leisure and hospitality employment sector, which exhibited a strong average monthly gain of 350,000 jobs for the last six months, did not budge at all, implying a large impact of the Delta variant. In addition, government education employment declined by 27,000 despite the reopening of schools as the COVID-19 pandemic distorted the normal seasonal buildup and layoff patterns. The unemployment rate in August, however, declined to 5.2 from 5.4 percent, and the recent initial claims also dropped to its pandemic low of 340,000. Retail sales in July experienced a worse-than-expected loss of 1.1 percent from last month with a sharp drop of 4.1 percent in auto and truck sales due to the shortage of semiconductor chips. The most recent data indicate that the recent resurgence of COVID cases has slowed the speed of economic recovery. High inflation, constrained material and labor supplies, and the end of the enhanced unemployment benefits also bring more uncertainty as we head into the fall.

Nevada’s economic activity posted positive signals based on the most recent monthly data. Seasonally adjusted statewide employment added 4,800 jobs in July after an average of 9,900 monthly gains for last four months. The unemployment rate edged down to 7.7 percent from 7.8 percent. July gaming revenue jumped substantially and recorded its highest level, \$1.36 billion, up by 13.9 percent month-over-month, extending a five-month streak of \$1 billion or more. June taxable sales also hit a record high, up by 10.0, 30.7, and 22.9 percent from a month, one year, and two years ago, respectively. June gasoline sales in gallons remained 2.5 percent higher than two years ago. The most recent national labor data, however, suggest slower recovery especially in the leisure and hospitality sector as the Delta variant spreads. We believe that economic recovery depends on how the pandemic plays out, which hinges on vaccination rates reaching herd immunity both here and abroad.

Clark County also displayed robust signs in its local economic activity. Seasonally adjusted employment gained 6,500 jobs in July. The unemployment rate in July, nonetheless, remained at 9.0 percent, possibly due to continuing worker shortages. July gaming revenue soared by 14.5 and 89.7 percent, respectively, month-over-month and year-over-year, benefiting from a 30.0 percent monthly gain in the Las Vegas Strip. July visitor volume and total McCarran Airport passengers also experienced strong recovery, up by 11.0 and 9.0 percent, respectively, from last month. Although gaming revenue hit its all-time high, visitor volume continued to remain 13.9 percent lower than two years ago. June taxable sales also recorded its highest level, rising by 18.4 percent from June 2019. July residential permits fell by 15.4 percent year-over-year.

Washoe County also exhibited strong signals in its local economic activity. The Reno-Sparks seasonally adjusted employment added 500 jobs in July, but the unemployment rate rose by 0.1 percent to 4.9 percent. June taxable sales experienced a substantial monthly gain of 28.2 percent. July gaming revenue also increased strongly by 13.1 percent from last month. Although July visitor volume contracted by 4.8 percent from two years ago, total air passengers climbed 1.4 percent over the same period. July residential permits rose by 22.1 and 4.3 percent, respectively, month-over-month and 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	
<b>Nevada</b>								
Employment	2021M07	000s, SA	1335.9	1331.1	1235.0	0.4%	8.2%	Improved
Unemployment Rate*	2021M07	%, SA	7.7	7.8	16.6	-0.1%	-8.9%	Improved
Taxable Sales	2021M06	\$billion	6.932	6.299	5.302	10.0%	30.7%	Up Strongly
Gaming Revenue	2021M07	\$million	1359.88	1193.43	756.77	13.9%	79.7%	Up Strongly
Air Passengers	2021M07	million persons	4.607	4.224	1.773	9.1%	159.9%	Strong Recovery
Gasoline Sales	2021M06	million gallons	107.68	107.34	92.46	0.3%	16.5%	Up Strongly
<b>Clark County</b>								
Employment	2021M07	000s, SA	954.9	948.4	882.7	0.7%	8.2%	Improved
Unemployment Rate*	2021M07	%, Smoothed SA	9.0	9.0	19.2	0.0%	-10.2%	Flat Month-Over-Month
Taxable Sales	2021M06	\$billion	4.881	4.545	3.572	7.4%	36.6%	Up Strongly
Gaming Revenue	2021M07	\$million	1162.60	1015.47	612.82	14.5%	89.7%	Up Strongly
Residential Permits	2021M07	units permitted	1171	1203	1384	-2.7%	-15.4%	Down From Year Ago
Commercial Permits	2021M01	permits	32	17	39	88.2%	-17.9%	Low and Volatile
Air Passengers	2021M07	million persons	4.151	3.810	1.623	9.0%	155.7%	Strong Recovery
Gasoline Sales	2021M06	million gallons	71.67	72.53	60.72	-1.2%	18.0%	Up Strongly From Year Ago
Visitor Volume	2021M07	million persons	3.422	3.083	1.534	11.0%	123.1%	Strong Recovery
<b>Washoe County</b>								
Employment**	2021M07	000s, SA	246.7	246.2	231.0	0.2%	6.8%	Improved
Unemployment Rate*	2021M07	%, Smoothed SA	4.9	4.8	9.7	0.1%	-4.8%	Recent Increase
Taxable Sales**	2021M06	\$billion	1.254	0.978	1.018	28.2%	23.2%	Up Strongly
Gaming Revenue	2021M07	\$million	100.04	88.43	72.26	13.1%	38.4%	Up Strongly
Residential Permits	2021M07	units permitted	487	399	467	22.1%	4.3%	Up Over Year Ago
Commercial Permits	2018M12	permits	40	21	42	90.5%	-4.8%	Low and Volatile
Air Passengers	2021M07	million persons	0.438	0.398	0.141	10.1%	210.8%	Up Strongly
Gasoline Sales**	2021M06	million gallons	16.41	16.18	14.47	1.4%	13.4%	Up Strongly
Visitor Volume	2021M07	million persons	0.382	0.378	0.258	1.2%	48.0%	Strong Recovery
<b>United States</b>								
Employment	2021M08	million, SA	147.190	146.955	141.149	0.2%	4.3%	Improved
Unemployment Rate*	2021M08	%, SA	5.2	5.4	8.4	-0.2%	-3.2%	Improved
Consumer Price Index	2021M07	82-84=100, SA	272.3	271.0	258.6	0.5%	5.3%	Up Strongly
Core CPI	2021M07	82-84=100, SA	279.1	278.1	267.7	0.3%	4.2%	Up Strongly
Employment Cost Index	2021Q2	05.12=100, SA	145.8	144.4	140.8	1.0%	3.6%	Up Strongly
Productivity Index	2021Q2	2012=100, SA	112.9	112.3	110.7	0.6%	2.0%	Up Over Year Ago
Retail Sales	2021M07	\$billion, SA	617.7	624.7	533.5	-1.1%	15.8%	Up Strongly From Year Ago
Auto and Truck Sales	2021M07	million, SA	14.75	15.39	14.71	-4.1%	0.3%	Down Month-Over-Month
Housing Starts	2021M07	million, SA	1.534	1.650	1.497	-7.0%	2.5%	Up Over Year Ago
Real GDP***	2021Q2	2012\$billion, SA	19360.6	19055.7	17258.2	6.6%	12.2%	Strong Growth
Dollar Exchange Rate	2021M08	06.01=100	113.693	113.345	117.209	0.3%	-3.0%	Down From Year Ago
Trade Balance	2021M07	\$billion, SA	-70.051	-73.230	-60.743	-4.3%	15.3%	Year-Over-Year Deficit Increase
S and P 500	2021M08	monthly close	4522.68	4395.26	3500.31	2.9%	29.2%	Up Strongly
Real Short-term Rate*	2021M08	%, NSA	-4.55	-4.65	-3.00	0.1%	-1.6%	Down From Year Ago
Treasury Yield Spread*	2021M08	%, NSA	1.23	1.27	0.55	-0.04%	0.7%	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.