



NEVADA BUSINESS CONDITIONS

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The “advance” estimate of U.S. real gross domestic product (GDP) for the second quarter of 2020 plummeted by 32.9 percent at an annual rate. The substantial contraction in real GDP reflected “stay-at-home” orders to contain COVID-19. Specifically, decreases in consumer spending, nonresidential and residential fixed investment, state and local government spending, and private inventory investment contributed negatively on the real GDP growth, which was partly offset by positive contributions from federal government spending and net exports. U.S. nonfarm employment experienced a slightly stronger-than-expected rebound, adding 1.8 million jobs in July, largely benefitting from an increase of 592 thousand jobs in the leisure and hospitality sector. The unemployment rate declined to 10.2 percent from 11.1 percent. These improvements reflected the partial resumption of economic activity after the mandated lockdowns due to COVID-19. Retail sales in June posted a strong jump, up by 7.5 and 1.1 percent, respectively, month-over-month and year-over-year, boosted by the CARES act. Housing starts in June only fell by 4.0 percent from last year partly due to all-time low mortgage rates. The U.S. economic outlook, nevertheless, remains highly uncertain due to renewed restrictions to prevent an overwhelmed healthcare system crisis, which deters the speed of the economic recovery. The Federal Reserve extended their current “whatever-it-takes” quantitative easing through the end of this year as the economy still struggles with COVID-19.

Nevada reported a strong pick-up in activity as the state economy continued to reopen. Seasonally adjusted statewide employment gained 98,900 jobs in June largely due to casinos’ reopening on June 4th. The unemployment rate also substantially fell to 15.0 percent from 25.3 percent. June gaming revenue and air passengers saw strong month-over-month rebounds, but still experienced substantial year-over-year losses of 45.6 and 76.6 percent, respectively. May taxable sales and gasoline sales (in gallons) also decreased significantly by 19.0 and 26.2 percent from last year.

Clark County posted highly unfavorable signals in local economic activity despite strong monthly rebounds. Seasonally adjusted employment added 73,600 jobs in June thanks to a considerable pick-up of 42,800 jobs in the leisure and hospitality sector. The unemployment

rate in June declined steeply to 17.9 percent but remains the highest compared to other counties in Nevada. Total McCarran Airport passengers and visitor volume in June still posted substantially lower levels compared to last year, down by 76.6 and 68.5 percent, respectively, in spite of the resumption of casino operations. June gaming revenue gained substantially from last month but declined by 51.4 percent from last year. Clark County could see a slower recovery due to the retrenched reopening plan caused by the resurgence of COVID-19 cases. Residential housing permits/units in June posted a year-over-year decrease of 42.5 percent.

Washoe County exhibited a stronger pick-up in local economic activity compared to Clark County, benefitting from its more diversified economy. The Reno-Sparks seasonally adjusted employment gained 10,400 jobs in June and remained only 7.5 percent lower than last year’ level. The unemployment rate fell to 8.7 percent, much lower than the 17.9 percent in Clark County. May taxable sales recovered strongly, remaining only 1.6 percent lower than its level from last year despite a significant 22.3 percent loss in gasoline sales. June gaming revenue also displayed a substantial monthly rebound, resulting in only 6.8 percent decline year-over-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	
Nevada								
Employment	2020M06	000s, SA	1266.4	1167.5	1415.5	8.5%	-10.5%	Up Strongly From Month Ago
Unemployment Rate*	2020M06	%, SA	15.0	25.3	3.9	-10.3%	11.1%	Improved
Taxable Sales	2020M05	\$billion	4.405	3.670	5.436	20.0%	-19.0%	Down Significantly From Year Ago
Gaming Revenue	2020M06	\$million	566.81	5.87	1041.01	9552.9%	-45.6%	Strong Rebound due to Reopening
Air Passengers	2020M06	million persons	1.142	0.439	4.873	160.2%	-76.6%	Down Significantly From Year Ago
Gasoline Sales	2020M05	million gallons	79.26	58.48	107.38	35.5%	-26.2%	Down Significantly From Year Ago
Clark County								
Employment	2020M06	000s, SA	885.7	812.1	1032.7	9.1%	-14.2%	Up Strongly From Month Ago
Unemployment Rate*	2020M06	%, Smoothed SA	17.9	29.1	4.1	-11.2%	13.8%	Improved
Taxable Sales	2020M05	\$billion	2.945	2.450	4.037	20.2%	-27.1%	Down Significantly From Year Ago
Gaming Revenue	2020M06	\$million	441.04	5.87	906.68	7411.1%	-51.4%	Strong Rebound due to Reopening
Residential Permits	2020M06	units permitted	1002	974	1743	2.9%	-42.5%	Down From Year Ago
Commercial Permits	2020M06	permits	26	22	44	18.2%	-40.9%	Low and Volatile
Air Passengers	2020M06	million persons	1.042	0.392	4.444	165.5%	-76.6%	Down Substantially From Year Ago
Gasoline Sales	2020M05	million gallons	52.04	37.60	73.77	38.4%	-29.5%	Down Substantially From Year Ago
Visitor Volume	2020M06	million persons	1.224	0.164	3.884	644.3%	-68.5%	Down Substantially From Year Ago
Washoe County								
Employment**	2020M06	000s, SA	228.9	218.5	247.5	4.8%	-7.5%	Up Over Month Ago
Unemployment Rate*	2020M06	%, Smoothed SA	8.7	16.4	3.3	-7.7%	5.4%	Improved
Taxable Sales**	2020M05	\$billion	0.782	0.657	0.795	18.9%	-1.6%	Strong Recovery
Gaming Revenue	2020M06	\$million	65.04	-0.09	69.81	74662.9%	-6.8%	Strong Rebound due to Reopening
Residential Permits	2020M06	units permitted	348	301	798	15.6%	-56.4%	Down Significantly From Year Ago
Commercial Permits	2018M12	permits	40	21	42	90.5%	-4.8%	Low and Volatile
Air Passengers	2020M06	million persons	0.099	0.046	0.397	114.3%	-75.2%	Down Significantly From Year Ago
Gasoline Sales**	2020M05	million gallons	12.52	9.92	16.10	26.2%	-22.3%	Down Significantly From Year Ago
Visitor Volume	2020M06	million persons	0.219	0.082	0.384	166.5%	-43.0%	Down Significantly From Year Ago
United States								
Employment	2020M07	million, SA	139.582	137.819	150.953	1.3%	-7.5%	Improved
Unemployment Rate*	2020M07	%, SA	10.2	11.1	3.7	-0.9%	6.5%	Improved
Consumer Price Index	2020M06	82-84=100, SA	257.2	255.8	255.4	0.6%	0.7%	Up Over Year Ago
Core CPI	2020M06	82-84=100, SA	266.1	265.4	262.9	0.2%	1.2%	Up Over Year Ago
Employment Cost Index	2020Q2	05.12=100, SA	140.8	140.3	136.8	0.4%	2.9%	Up Over Year Ago
Productivity Index	2020Q1	2012=100, SA	108.3	108.5	107.6	-0.2%	0.7%	Up Over Year Ago
Retail Sales	2020M06	\$billion, SA	524.3	487.7	518.6	7.5%	1.1%	Up Over Year Ago
Auto and Truck Sales	2020M07	million, SA	14.52	13.07	16.97	11.1%	-14.4%	Down Significantly From Year Ago
Housing Starts	2020M06	million, SA	1.186	1.011	1.235	17.3%	-4.0%	Down From Year Ago
Real GDP***	2020Q2	2012\$billion, SA	17205.8	19010.8	19020.6	-32.9%	-9.5%	Large Decline due to COVID-19
Dollar Exchange Rate	2020M07	06.01=100	119.059	120.013	115.042	-0.8%	3.5%	Up Strongly From Year Ago
Trade Balance	2020M06	\$billion, SA	-50.695	-54.801	-51.749	-7.5%	-2.0%	Year-Over-Year Deficit Decrease
S and P 500	2020M07	monthly close	3271.12	3100.29	2980.38	5.5%	9.8%	Up Strongly
Real Short-term Rate*	2020M07	%, NSA	-2.87	-2.84	-0.50	-0.03%	-2.4%	Down From Year Ago
Treasury Yield Spread*	2020M07	%, NSA	0.49	0.57	-0.04	-0.08%	0.5%	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.