



NEVADA BUSINESS CONDITIONS

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The “second” estimate of U.S. real gross domestic product (GDP) for the fourth quarter of 2021 grew by 7.0 percent at an annual rate, which was revised up by 0.1 percent from the previous estimate. The revision primarily involved upward revisions in both nonresidential and residential fixed investment and state and local government spending, which were partly offset by reduced consumer spending and exports than initially expected. The better-than-expected growth in the fourth quarter mainly reflected a surge in inventory investment as businesses restocked depleted inventories caused by high demand and supply disruptions. U.S. nonfarm employment continued its pattern of stronger-than-expected gains, adding 678,000 jobs in February. The largest job gain occurred in the leisure and hospitality sector, adding 179,000 jobs. The U.S. unemployment rate in February also dropped to a pandemic low of 3.8 percent. The average hourly earnings, however, did not budge despite labor shortages and escalating inflation, which suggests that labor shortages perhaps started to ease with persons returning to the labor force. Retail sales in January rebounded strongly, up by 3.7 percent month-over-month. The most recent data indicate that the U.S. economy will continue its expansion. February consumer sentiment, however, continued to decline and remained at its lowest level in a decade, largely due to decreasing household real income caused by higher inflation. In addition, the current Russian invasion of Ukraine is elevating energy and food prices, adding more pressure on the Fed to control inflation. The Federal Reserve will likely increase the federal funds rate by 25 basis points to a target range of 0.25-0.50 percent in March, followed by likely two or more rate increases this year. The war has increased the uncertainty about the future path of the macroeconomy in all countries. Its effect on Nevada and its counties has not yet affected the data used in these reports. Stay tuned for those effects in future reports.

Nevada’s economic activity posted generally positive signals based on the most recent data. Seasonally adjusted statewide employment added 3,700 jobs in December. The largest gains occurred in the leisure and hospitality and trade, transportation, and utilities sectors, adding 2,400 and 1,600 jobs, respectively. Trade, transportation, and utilities continue to be above pre-pandemic employment levels.

The December unemployment rate also fell by 0.5 percent to 6.4 percent. January gaming revenue dropped by 6.2 percent month-over-month amid the spread of the Omicron variant. It, nevertheless, continued to top a seasonally unadjusted \$1 billion for a record 11 consecutive months. December taxable sales, nonetheless, surged by 17.7 percent from last month.

Clark County displayed somewhat mixed signs in its local economic activity during the declining surge with the Omicron variant. Seasonally adjusted employment in December gained 6,100 jobs and remained 6.6 percent lower than its previous peak in February 2020. The unemployment rate in December also fell from 7.3 to 6.9 percent. Total Harry Reid Airport passengers and visitor volume for January plummeted by 18.7 and 14.7 percent, respectively, from last month and remained 24.2 and 30.4 percent lower than their levels from two years ago. January gaming revenue also declined by 7.0 percent month-over-month amid the surge in COVID cases but increased by 2.7 percent from two years ago. December taxable sales, nonetheless, rose strongly by 18.2 percent from two years ago. January residential permits experienced a double-digit gain of 75.5 percent from last month. The tourism readings will likely rebound in February with decreased COVID-19 cases and easing COVID-19 related restrictions.

Washoe County also exhibited mixed signals in its local economic activity. The Reno-Sparks seasonally adjusted employment added 1,100 jobs in December, which brought the gap from the pre-pandemic peak to within one percent. The unemployment rate also fell by 0.2 percent to 3.5 percent. December taxable sales gained substantially by 21.6 percent from last month. January air passengers and visitor volume fell by 10.3 and 9.5 percent, respectively, month-over-month. January gaming revenue also decreased by 3.0 percent over the same period. January residential permits declined by 2.2 percent from last 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	2021M12	000s, SA	1372.2	1368.5	1277.5	0.3%	7.4%	Improved
Unemployment Rate*	2021M12	%, SA	6.4	6.9	8.2	-0.5%	-1.8%	Declined
Taxable Sales	2021M12	\$billion	7.736	6.570	6.105	17.7%	26.7%	Up Strongly
Gaming Revenue	2022M01	\$million	1078.76	1150.17	761.80	-6.2%	41.6%	Down Month-Over-Month
Air Passengers	2022M01	million persons	3.452	4.211	1.659	-18.0%	108.1%	Down Month-Over-Month
Gasoline Sales	2021M12	million gallons	100.74	99.07	89.34	1.7%	12.8%	Up Strongly
Clark County								
Employment	2021M12	000s, SA	984.4	978.3	905.7	0.6%	8.7%	Improved
Unemployment Rate*	2021M12	%, Smoothed SA	6.9	7.3	9.7	-0.4%	-2.8%	Improved
Taxable Sales	2021M12	\$billion	5.682	4.808	4.188	18.2%	35.7%	Up Strongly
Gaming Revenue	2022M01	\$million	928.72	998.45	617.28	-7.0%	50.5%	Down Month-Over-Month
Residential Permits	2022M01	units permitted	2125	1211	1529	75.5%	39.0%	Up Strongly
Commercial Permits	2021M01	permits	32	17	39	88.2%	-17.9%	Low and Volatile
Air Passengers	2022M01	million persons	3.147	3.870	1.506	-18.7%	109.0%	Down Month-Over-Month
Gasoline Sales	2021M12	million gallons	69.67	68.02	59.23	2.4%	17.6%	Up Strongly
Visitor Volume	2022M01	million persons	2.629	3.081	1.377	-14.7%	90.8%	Down Month-Over-Month
Washoe County								
Employment**	2021M12	000s, SA	250.2	249.1	240.5	0.4%	4.0%	Improved
Unemployment Rate*	2021M12	%, Smoothed SA	3.5	3.7	4.7	-0.2%	-1.2%	Improved
Taxable Sales**	2021M12	\$billion	1.245	1.024	1.162	21.6%	7.2%	Up Strongly
Gaming Revenue	2022M01	\$million	74.27	76.54	68.73	-3.0%	8.1%	Down Month-Over-Month
Residential Permits	2022M01	units permitted	401	485	410	-17.3%	-2.2%	Down From Year Ago
Commercial Permits	2018M12	permits	40	21	42	90.5%	-4.8%	Low and Volatile
Air Passengers	2022M01	million persons	0.297	0.331	0.145	-10.3%	104.0%	Down Month-Over-Month
Gasoline Sales**	2021M12	million gallons	14.81	14.06	14.33	5.3%	3.3%	Up Strongly
Visitor Volume	2022M01	million persons	0.256	0.283	0.228	-9.5%	12.5%	Down Month-Over-Month
United States								
Employment	2022M02	million, SA	150.399	149.721	143.727	0.5%	4.6%	Improved
Unemployment Rate*	2022M02	%, SA	3.8	4.0	6.2	-0.2%	-2.4%	Improved
Consumer Price Index	2022M01	82-84=100, SA	281.9	280.1	262.2	0.6%	7.5%	Up Over Year Ago
Core CPI	2022M01	82-84=100, SA	286.4	284.8	270.1	0.6%	6.0%	Up Over Year Ago
Employment Cost Index	2021Q4	05.12=100, SA	149.9	148.1	142.8	1.2%	5.0%	Up Over Year Ago
Productivity Index	2021Q4	2012=100, SA	113.4	111.6	111.2	1.6%	2.0%	Up Over Year Ago
Retail Sales	2022M01	\$billion, SA	649.8	626.8	575.2	3.7%	13.0%	Up Month-Over-Month
Auto and Truck Sales	2022M01	million, SA	15.02	12.44	16.78	20.8%	-10.5%	Up Strongly Month-Over-Month
Housing Starts	2022M01	million, SA	1.638	1.702	1.625	-3.8%	0.8%	Up Over Year Ago
Real GDP***	2021Q4	2012\$billion, SA	19810.6	19478.9	18767.8	7.0%	5.6%	Strong Growth
Dollar Exchange Rate	2022M01	06.01=100	115.079	115.824	111.492	-0.6%	3.2%	Up Over Year Ago
Trade Balance	2021M12	\$billion, SA	-80.731	-79.331	-65.802	1.8%	22.7%	Year-Over-Year Deficit Increase
S and P 500	2022M02	monthly close	4373.94	4515.55	3811.15	-3.1%	14.8%	Recent Decrease
Real Short-term Rate*	2022M02	%, NSA	-4.57	-4.75	-3.26	0.2%	-1.3%	Down From Year Ago
Treasury Yield Spread*	2022M02	%, NSA	1.60	1.61	1.22	0.0%	0.4%	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.