

NEVADA STATE BANK

Economic Briefing

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While Nevada's residents and visitors have faced rising household expenses in any number of areas, many find themselves with some positive factors impacting their financial situation. Declining fuel prices and rising wages have helped offset some of the broader increases in the cost of living. Nevada's visitors find themselves in a better financial position as national wages are beginning to improve with the reduced slack in the labor market. Some of the slack is even beginning to pick up in Nevada, where wage growth has managed to outpace the rest of the country. Overall, consumer wallets across the state are positioned for improvement and potentially ready to boost the Nevada economy.

Gasoline prices in Nevada have fallen \$0.316 per gallon to an average of \$3.093 over the past month, and across the country, gasoline prices have experienced a \$0.285 per gallon decline during the same timeframe. The drop in gasoline prices comes as supply from Saudi Arabia, Iraq, and Libya increased. The underlying supply boosts from these countries are not likely to end quickly, which could allow oil prices to remain low for the foreseeable future.

In Nevada, this means that the 1.1 billion gallons of fuel purchased last year will leave residents and visitors with an additional \$347.5 million to spend over the coming year, assuming \$0.316 per gallon savings continue. Assuming gains are realized, this

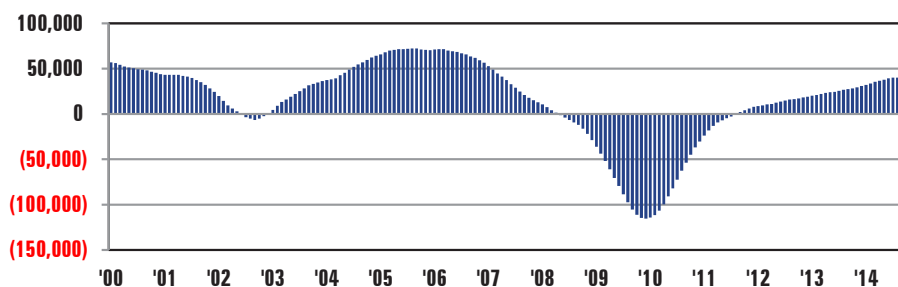
money will remain in Nevada's economy; further stimulating consumer demand in the area. The amount of money added to the local economy would be the equivalent of cutting federal taxes leaving the state by 3.4 percent. Furthermore, transportation costs that may have proven too burdensome for potential visitors will be eased with the lower fuel prices, potentially leading to higher visitor counts as well.

Across the country, wages are beginning to increase as slack in the labor market is starting to clear up. The national rate of unemployment dipped to 5.9 percent in October. In some sectors, recruiting workers is becoming more difficult, leading to higher wages being offered. In Nevada,

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NEVADA EMPLOYMENT GROWTH

TRAILING 12-MONTH AVERAGES



MONTHLY

Employment Indicators

Nevada Employment		Sep-14
Current Period	Prev. Period	Same Period Prev. Yr.
1,222,400	1,215,600	1,184,700
GROWTH RATE	0.6% ▲	3.2% ▲

Nevada Private Average Weekly Hours Worked		Sep-14
Current Period	Prev. Period	Same Period Prev. Yr.
33.6	33.8	33.7
GROWTH RATE	-0.6% ▼	-0.3% ▼

Nevada Unemployment Rate		Sep-14
Current Period	Prev. Period	Same Period Prev. Yr.
7.3%	7.6%	9.6%
GROWTH RATE	-0.3% ▼	-2.3% ▼

Nevada Initial Unemployment Insurance Claims		Sep-14
Current Period	Prev. Period	Same Period Prev. Yr.
13,560	13,063	12,037
GROWTH RATE	3.8% ▲	12.7% ▲

TRAILING 12-MONTH

Employment Indicators

Nevada Employment ⁽¹⁾		Sep-14
Current Period	Prev. Period	Same Period Prev. Yr.
1,207,017	1,203,875	1,166,258
GROWTH RATE	0.3% ▲	3.5% ▲

Nevada Private Average Weekly Hours Worked ⁽¹⁾		Sep-14
Current Period	Prev. Period	Same Period Prev. Yr.
33.5	33.5	33.7
GROWTH RATE	0.0% ◆	-0.6% ▼

Nevada Unemployment Rate ⁽¹⁾		Sep-14
Current Period	Prev. Period	Same Period Prev. Yr.
8.3%	8.5%	10.2%
GROWTH RATE	-0.2% ▼	-1.9% ▼

Nevada Initial Unemployment Insurance Claims ⁽²⁾		Sep-14
Current Period	Prev. Period	Same Period Prev. Yr.
173,594	172,071	203,635
GROWTH RATE	0.9% ▲	-14.8% ▼

Notes: (1) Trailing 12-month/4-quarter averages.
(2) Trailing 12-month/4-quarter totals.

MONTHLY & QUARTERLY

Economic Indicator Series

Nevada Residential Housing Units Permitted

Aug-14

Current Period	Prev. Period	Same Period Prev. Yr.
1,104	1,431	1,194
GROWTH RATE	-22.9% ▼	-7.5% ▼

Nevada Taxable Retail Sales

Aug-14

Current Period	Prev. Period	Same Period Prev. Yr.
\$4,088,089,224	\$4,010,014,207	\$3,803,626,573
GROWTH RATE	1.9% ▲	7.5% ▲

Nevada Gross Gaming Revenue

Sep-14

Current Period	Prev. Period	Same Period Prev. Yr.
\$901,697,989	\$920,291,926	\$958,894,854
GROWTH RATE	-2.0% ▼	-6.0% ▼

Las Vegas/Reno-Tahoe Enplaned and Deplaned Passengers

Sep-14

Current Period	Prev. Period	Same Period Prev. Yr.
3,852,937	4,055,138	3,756,130
GROWTH RATE	-5.0% ▼	2.6% ▲

Clark/Washoe County Visitor Volume

Sep-14

Current Period	Prev. Period	Same Period Prev. Yr.
4,000,000	4,269,220	3,955,902
GROWTH RATE	-6.3% ▼	1.1% ▲

Nevada New Business Creation

Q2 '14

Current Period	Prev. Period	Same Period Prev. Yr.
180	644	-173
GROWTH RATE	-72.0% ▼	N/A ▲

Nevada Housing Price Index

(Q1 1991 = 100)

Q2 '14

Current Period	Prev. Period	Same Period Prev. Yr.
169.0	167.5	147.2
GROWTH RATE	0.9% ▲	14.8% ▲

Clark County Office Market Vacancy Rate

Q3 '14

Current Period	Prev. Period	Same Period Prev. Yr.
24.8%	25.2%	25.5%
GROWTH RATE	-0.4% ▼	-0.7% ▼

Nevada Hotel/Motel Occupancy

Q2 '14

Current Period	Prev. Period	Same Period Prev. Yr.
84.5%	80.5%	82.2%
GROWTH RATE	4.0% ▲	2.3% ▲

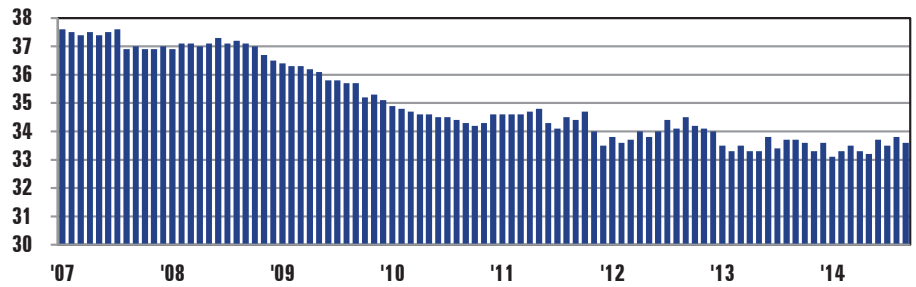
State of Nevada Personal Income

Q2 '14

Current Period	Prev. Period	Same Period Prev. Yr.
\$28,383,270,750	\$27,966,218,000	\$27,310,231,000
GROWTH RATE	1.5% ▲	3.9% ▲

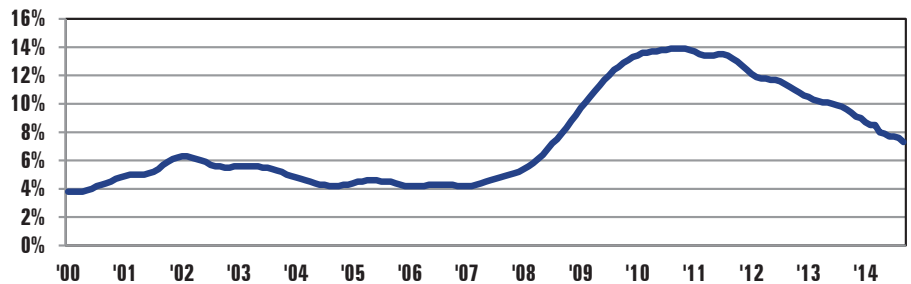
NEVADA PRIVATE AVERAGE WEEKLY HOURS WORKED

MONTHLY SERIES



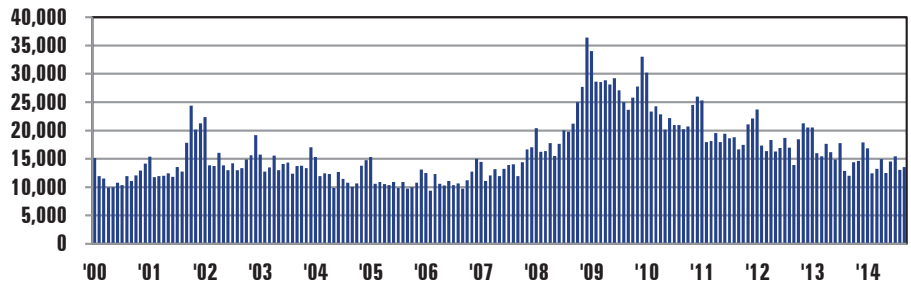
NEVADA UNEMPLOYMENT RATE

MONTHLY SERIES



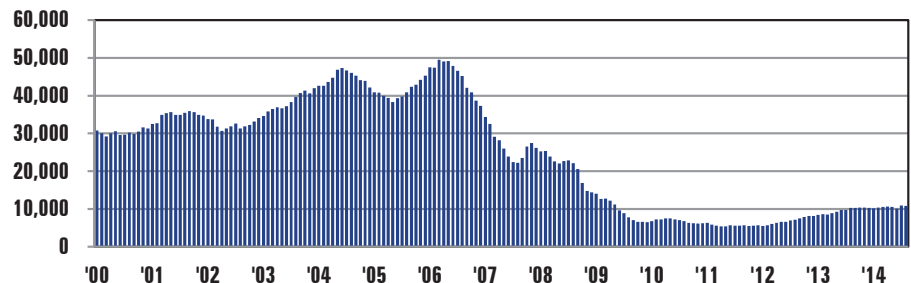
NEVADA UNEMPLOYMENT INSURANCE CLAIMS

MONTHLY SERIES

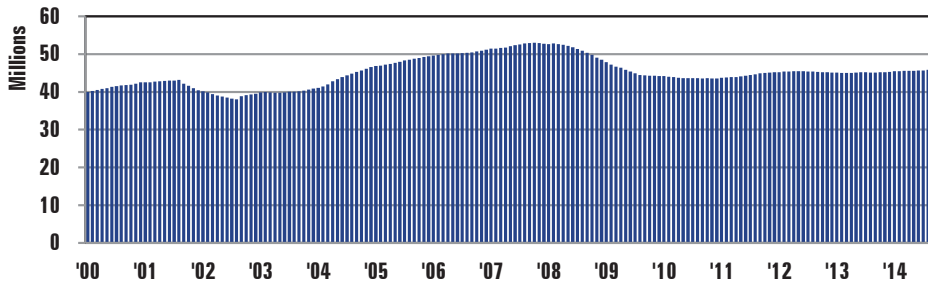


NEVADA RESIDENTIAL UNITS PERMITTED

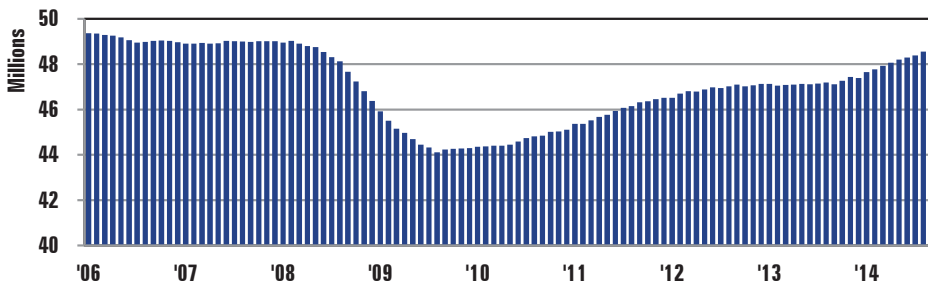
TRAILING 12-MONTH TOTALS



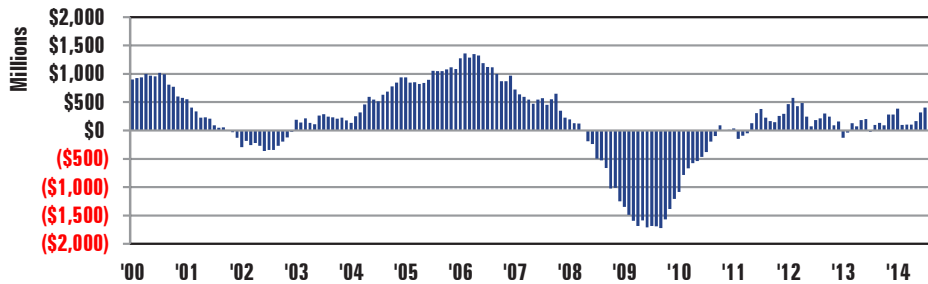
LAS VEGAS/RENO-TAHOE AIRPORT PASSENGER COUNTS TRAILING 12-MONTH TOTALS



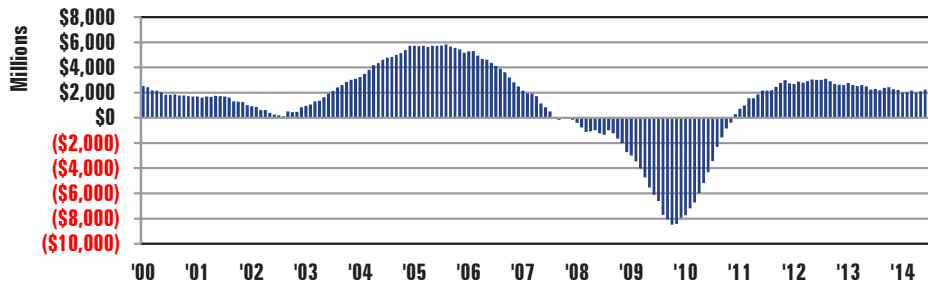
CLARK/WASHOE COUNTY VISITOR VOLUME TRAILING 12-MONTH TOTALS



GROWTH IN NEVADA GROSS GAMING REVENUES TRAILING 12-MONTH TOTALS



GROWTH IN NEVADA TAXABLE RETAIL SALES TRAILING 12-MONTH TOTALS



TRAILING 12-MONTH
Economic Indicator Series

Nevada Residential Housing Units Permitted⁽²⁾		Aug-14
Current Period	Prev. Period	Same Period Prev. Yr.
10,794	10,884	10,235
GROWTH RATE		-0.8% ▼ 5.5% ▲

Nevada Taxable Retail Sales⁽²⁾		Aug-14
Current Period	Prev. Period	Same Period Prev. Yr.
\$47,963,485,160	\$47,679,022,509	\$45,559,770,226
GROWTH RATE		0.6% ▲ 5.3% ▲

Nevada Gross Gaming Revenue⁽²⁾		Sep-14
Current Period	Prev. Period	Same Period Prev. Yr.
\$11,140,654,327	\$11,197,851,192	\$10,987,712,309
GROWTH RATE		-0.5% ▼ 1.4% ▲

Las Vegas/Reno-Tahoe Enplaned and Deplaned Passengers⁽²⁾		Sep-14
Current Period	Prev. Period	Same Period Prev. Yr.
45,913,371	45,816,564	45,151,155
GROWTH RATE		0.2% ▲ 1.7% ▲

Clark/Washoe County Visitor Volume⁽²⁾		Sep-14
Current Period	Prev. Period	Same Period Prev. Yr.
48,598,825	48,554,727	47,114,812
GROWTH RATE		0.1% ▲ 3.1% ▲

Nevada New Business Creation⁽²⁾		Q2 '14
Current Period	Prev. Period	Same Period Prev. Yr.
1,838	1,485	1,373
GROWTH RATE		23.8% ▲ 33.9% ▲

Nevada Housing Price Index⁽¹⁾		Q2 '14
Current Period	Prev. Period	Same Period Prev. Yr.
164.0	158.6	135.2
GROWTH RATE		3.4% ▲ 21.3% ▲

Clark County Office Market Vacancy Rate⁽¹⁾		Q3 '14
Current Period	Prev. Period	Same Period Prev. Yr.
25.2%	25.4%	25.7%
GROWTH RATE		-0.2% ▼ -0.5% ▼

Nevada Hotel/Motel Occupancy⁽¹⁾		Q2 '14
Current Period	Prev. Period	Same Period Prev. Yr.
80.5%	79.9%	79.4%
GROWTH RATE		0.6% ▲ 1.1% ▲

State of Nevada Personal Income⁽²⁾		Q2 '14
Current Period	Prev. Period	Same Period Prev. Yr.
\$113,533,083,000	\$111,864,872,000	\$109,240,924,000
GROWTH RATE		1.5% ▲ 3.9% ▲

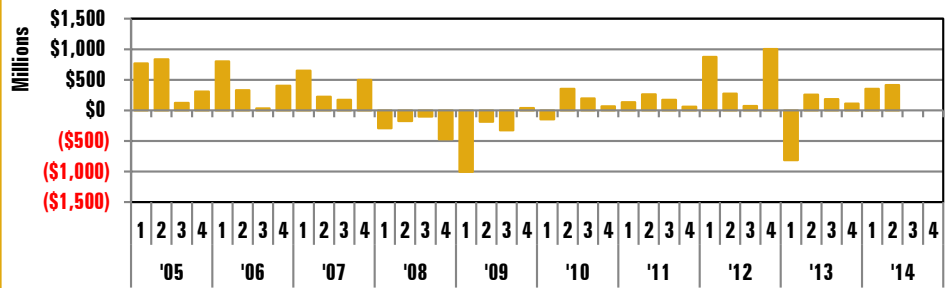
Notes: (1) Trailing 12-month/4-quarter averages.
(2) Trailing 12-month/4-quarter totals.

even though employment growth has been robust, there is still slack in selected labor sectors. Unemployment remains elevated at 7.3 percent in the state, far higher than what would be considered the natural rate, but the market posted a 2.3-percentage point decrease over the past year. In spite of the excess supply of labor in the state, private employers found the need to raise average hourly wages 2.8 percent during the past year—higher than both the national increase in wages (2.0 percent) and the increase in the consumer price index (1.7 percent) during the same time. As slack in the labor market continues to clear, wages could rise faster in the state as a result.

Consumers across the country are enjoying improvements in their wallets – albeit modest - from lower gas prices and larger paychecks. The gains may further support growth in overall consumer spending, and Nevada’s economy is expected to benefit from recent market dynamics. 🌀

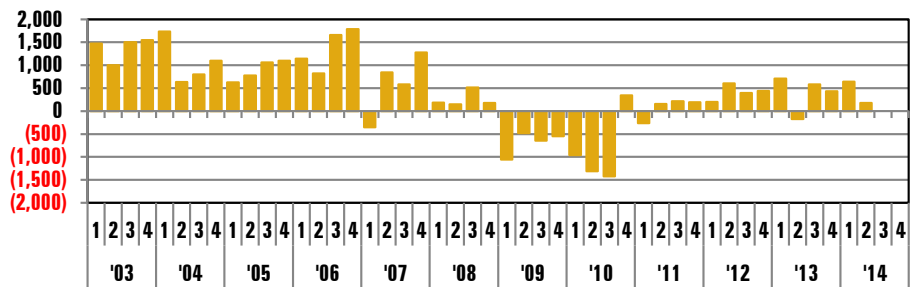
STATE OF NEVADA PERSONAL INCOME GROWTH

QUARTER-OVER-QUARTER



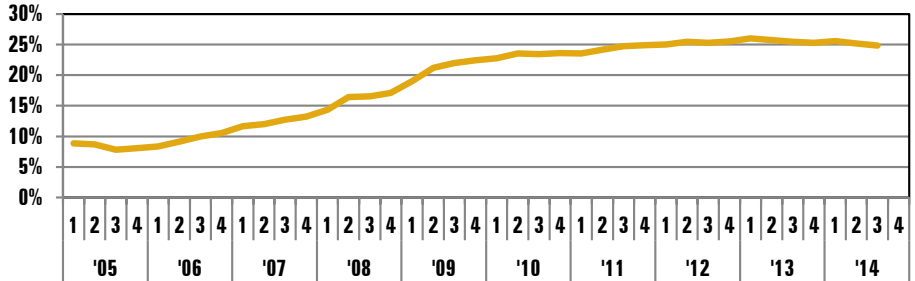
NEVADA NEW BUSINESS CREATION

QUARTER-OVER-QUARTER



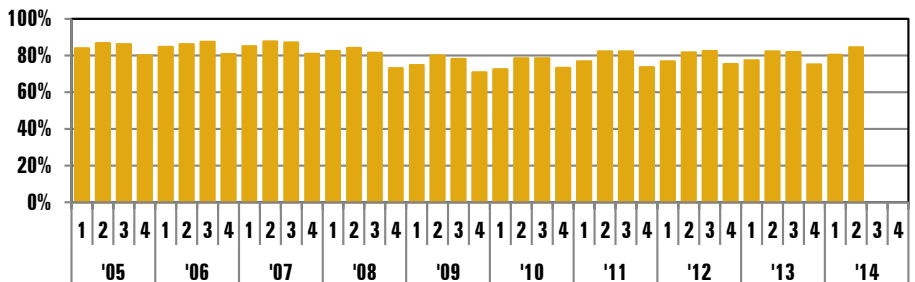
LAS VEGAS OFFICE MARKET VACANCY RATE

QUARTERLY SERIES



NEVADA HOTEL/MOTEL OCCUPANCY

QUARTERLY SERIES



Prepared by:



appliedanalysis.com

Methodology: Applied Analysis ("AA") was retained by Nevada State Bank to summarize and analyze a series of key economic indicators on a recurring basis. Relevant data were obtained from AA's internal databases as well as national, regional and local data providers, including, without limitation, state and local governments. While we have no reason to doubt the accuracy of any of the data reported, we have not performed an audit or assurance procedures on these data, and as such, we cannot attest to their completeness. Generally speaking, data reported are for Nevada, Clark County, Washoe County, or the metropolitan areas therein. Please note that these geographies may differ slightly between data providers.