

Economic Briefing

JULY 2018

ISSUE SEVEN | VOLUME TWELVE

After multiple years of gasoline prices below the \$3.00 mark in Nevada, prices have surged in recent months, with the average price of unleaded gasoline surpassing \$3.00 in March and climbing to \$3.22 per gallon as of July 16, 2018, according to AAA. The national average at the same time was just \$2.88, placing Nevada's price 12.0 percent higher than the national average and 22.5 percent higher than Nevada prices one year ago. The Nevada average masks some significant differences throughout the state. In the Las Vegas area, gas was priced at roughly \$3.18, or 10.4 percent above the national average, while Reno-area motorists paid an average of \$3.42, or 18.8 percent above the national average.

Rising gasoline prices have little effect on gasoline consumption, so higher prices at the pump usually equate to less spending on other consumer goods and services.

According to the U.S. Bureau of Labor Statistics' Consumer Expenditure Survey, the average household spent \$1,934 on gasoline or other motor fuel over the 12 months through June 2017. The 12-month average price of gasoline on the West Coast is 14.4 percent higher than last year, according to the U.S. Energy Information Administration (EIA), which translates to \$278 in additional annual spending per household on gasoline and \$293 million in additional gasoline spending in Nevada.

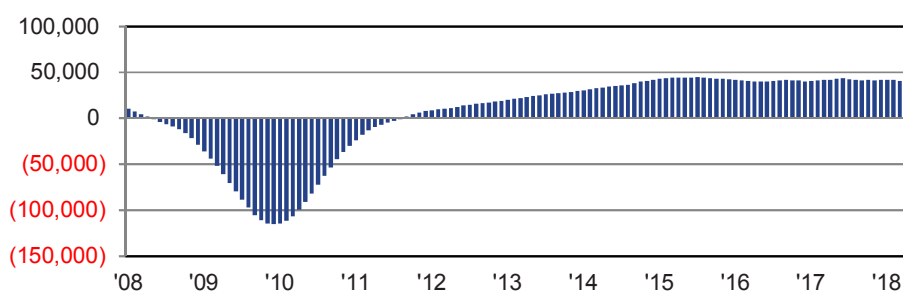
Total gallons of gasoline sold in Nevada increased by 3.4 percent year-over-year in April 2018, the first full month of \$3.00 gas in the state. Over the past 12 months, sales have grown more slowly, increasing 2.8 percent from the prior 12-month total. This is much slower than taxable retail sales growth, which grew 8.6 percent year-over-year in April 2018 and by 4.7 percent on a

trailing-12-month basis. In Washoe County, the trailing-12-month total of gasoline sold through April grew 3.1 percent but trailed general retail sales growth of 6.9 percent over the same time period. Clark County has trailed the rest of the state significantly in both of these measures. Gasoline sales have grown 2.2 percent over the past 12 months despite gas prices below the state average, and trail retail sales growth of 3.6 percent during that time.

Rising gas prices have the potential to impact the tourism industry, particularly in southern Nevada where 54 percent of the 42.2 million visitors in 2017 arrived by ground transportation. Higher summer gas prices do not appear to have affected visitation in April or May (latest data available), as each month showed slight year-over-year increases in visitor volume following 10 months of year-over-year declines. Additionally, auto traffic

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NEVADA EMPLOYMENT GROWTH TRAILING 12-MONTH AVERAGES



MONTHLY

Employment Indicators

Nevada Employment		May-18
Current Period	Prev. Period	Same Period Prev. Yr.
1,380,400	1,373,800	1,342,800
GROWTH RATE	0.5% ▲	2.8% ▲

Nevada Private Average Weekly Hours Worked		May-18
Current Period	Prev. Period	Same Period Prev. Yr.
33.6	34.1	34.1
GROWTH RATE	-1.5% ▼	-1.5% ▼

Nevada Unemployment Rate		May-18
Current Period	Prev. Period	Same Period Prev. Yr.
4.8%	4.9%	5.1%
GROWTH RATE	-0.1% ▼	-0.3% ▼

TRAILING 12-MONTH

Employment Indicators

Nevada Employment ⁽¹⁾		May-18
Current Period	Prev. Period	Same Period Prev. Yr.
1,357,333	1,354,200	1,317,308
GROWTH RATE	0.2% ▲	3.0% ▲

Nevada Private Average Weekly Hours Worked ⁽¹⁾		May-18
Current Period	Prev. Period	Same Period Prev. Yr.
34.0	34.1	34.1
GROWTH RATE	-0.1% ▼	-0.1% ▼

Nevada Unemployment Rate ⁽¹⁾		May-18
Current Period	Prev. Period	Same Period Prev. Yr.
4.9%	4.9%	5.4%
GROWTH RATE	0.0% ◊	-0.5% ▼

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

MONTHLY & QUARTERLY
Economic Indicator Series

Nevada Initial Unemployment Insurance Claims

May-18

Current Period	Prev. Period	Same Period Prev. Yr.
9,789	9,983	10,101
GROWTH RATE	-1.9% ▼	-3.1% ▼

Nevada Residential Housing Units Permitted

May-18

Current Period	Prev. Period	Same Period Prev. Yr.
2,080	1,510	1,812
GROWTH RATE	37.7% ▲	14.8% ▲

Nevada Taxable Retail Sales

Apr-18

Current Period	Prev. Period	Same Period Prev. Yr.
\$4,950,760,763	\$5,413,030,851	\$4,559,076,653
GROWTH RATE	-8.5% ▼	8.6% ▲

Nevada Gross Gaming Revenue

May-18

Current Period	Prev. Period	Same Period Prev. Yr.
\$1,044,079,556	\$953,844,344	\$991,594,550
GROWTH RATE	9.5% ▲	5.3% ▲

Las Vegas/Reno-Tahoe Enplaned and Deplaned Passengers

May-18

Current Period	Prev. Period	Same Period Prev. Yr.
4,705,857	4,513,674	4,525,954
GROWTH RATE	4.3% ▲	4.0% ▲

Clark/Washoe County Visitor Volume

May-18

Current Period	Prev. Period	Same Period Prev. Yr.
4,335,581	4,235,574	4,297,554
GROWTH RATE	2.4% ▲	0.9% ▲

Nevada New Business Creation

Q4 '17

Current Period	Prev. Period	Same Period Prev. Yr.
39	460	109
GROWTH RATE	-91.5% ▼	-64.2% ▼

Nevada Housing Price Index

(Q1 1991 = 100)

Q1 '18

Current Period	Prev. Period	Same Period Prev. Yr.
248.0	239.4	218.1
GROWTH RATE	3.6% ▲	13.7% ▲

Clark County Office Market

Vacancy Rate

Q1 '18

Current Period	Prev. Period	Same Period Prev. Yr.
18.3%	18.5%	19.6%
GROWTH RATE	-0.2% ▼	-1.3% ▼

Nevada Hotel/Motel Occupancy

Q1 '18

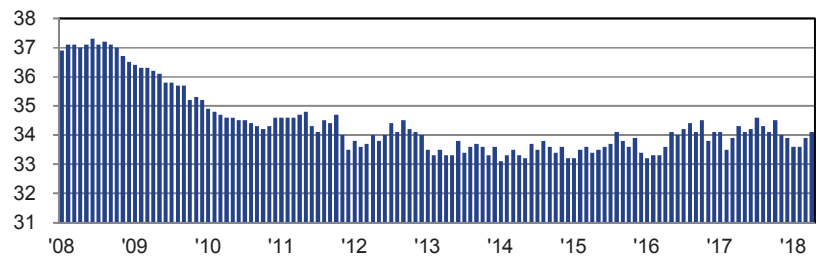
Current Period	Prev. Period	Same Period Prev. Yr.
81.7%	78.8%	82.1%
GROWTH RATE	2.9% ▲	-0.4% ▼

State of Nevada Personal Income

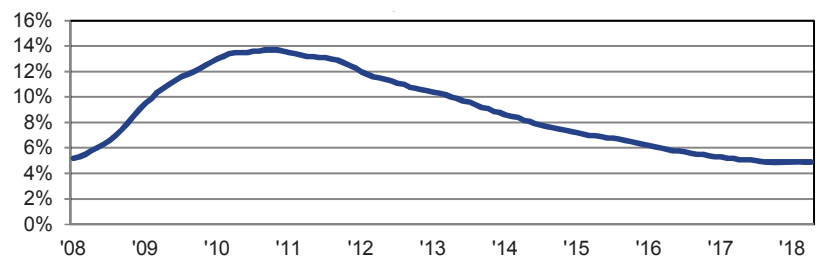
Q1 '18

Current Period	Prev. Period	Same Period Prev. Yr.
\$34,179,983,500	\$33,834,950,500	\$32,849,250,500
GROWTH RATE	1.0% ▲	4.1% ▲

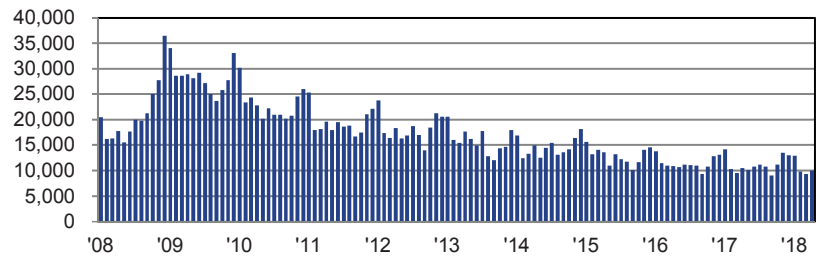
NEVADA PRIVATE AVERAGE WEEKLY HOURS WORKED
MONTHLY SERIES



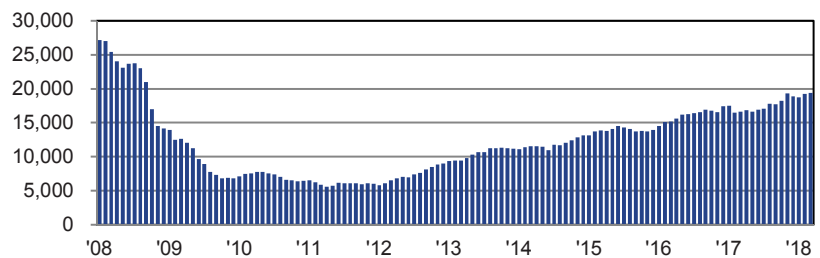
NEVADA UNEMPLOYMENT RATE
MONTHLY SERIES



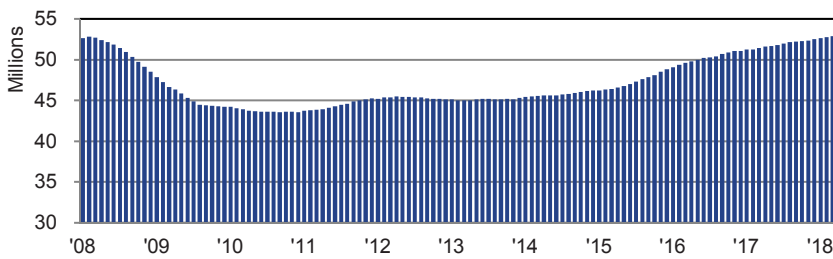
NEVADA UNEMPLOYMENT INSURANCE CLAIMS
MONTHLY SERIES



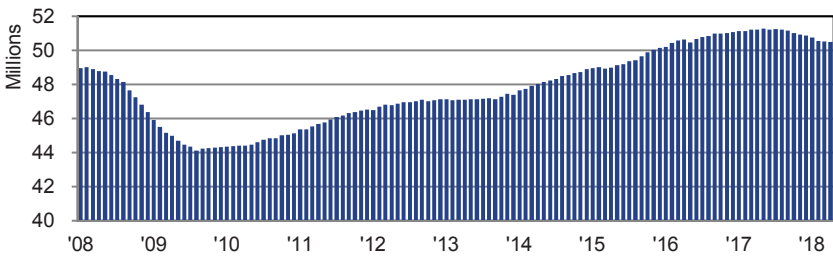
NEVADA RESIDENTIAL UNITS PERMITTED
TRAILING 12-MONTH TOTALS



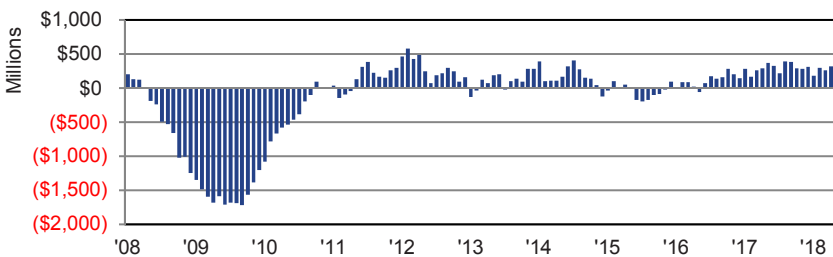
LAS VEGAS/RENO-TAHOE AIRPORT PASSENGER COUNTS
TRAILING 12-MONTH TOTALS



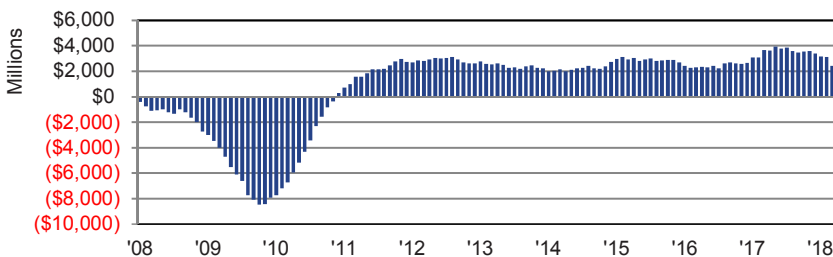
CLARK/WASHOE COUNTY VISITOR VOLUME
TRAILING 12-MONTH TOTALS



GROWTH IN NEVADA GROSS GAMING REVENUE
TRAILING 12-MONTH TOTALS



GROWTH IN NEVADA TAXABLE RETAIL SALES
TRAILING 12-MONTH TOTALS



TRAILING 12-MONTH
Economic Indicator Series

Nevada Initial Unemployment Insurance Claims ⁽²⁾

		May-18	
Current Period	Prev. Period	Same Period	Prev. Yr.
131,278	131,590		133,820
GROWTH RATE	-0.2% ▼		-1.9% ▼

Nevada Residential Housing Units Permitted ⁽²⁾

		May-18	
Current Period	Prev. Period	Same Period	Prev. Yr.
19,399	19,131		16,625
GROWTH RATE	1.4% ▲		16.7% ▲

Nevada Taxable Retail Sales ⁽²⁾

		Apr-18	
Current Period	Prev. Period	Same Period	Prev. Yr.
\$58,512,175,486	\$58,120,491,376		\$55,903,692,162
GROWTH RATE	0.7% ▲		4.7% ▲

Nevada Gross Gaming Revenue ⁽²⁾

		May-18	
Current Period	Prev. Period	Same Period	Prev. Yr.
\$11,775,804,442	\$11,723,319,436		\$11,436,427,729
GROWTH RATE	0.4% ▲		3.0% ▲

Las Vegas/Reno-Tahoe Enplaned and Deplaned Passengers ⁽²⁾

		May-18	
Current Period	Prev. Period	Same Period	Prev. Yr.
53,205,809	53,025,906		51,679,902
GROWTH RATE	0.3% ▲		3.0% ▲

Clark/Washoe County Visitor Volume ⁽²⁾

		May-18	
Current Period	Prev. Period	Same Period	Prev. Yr.
50,533,881	50,495,854		51,266,300
GROWTH RATE	0.1% ▲		-1.4% ▼

Nevada New Business Creation ⁽²⁾

		Q4 '17	
Current Period	Prev. Period	Same Period	Prev. Yr.
-1,610	-1,540		2,851
GROWTH RATE	-4.5% ▼		-156.5% ▼

Nevada Housing Price Index ⁽¹⁾

		Q1 '18	
<i>(Q1 1991 = 100)</i>			
Current Period	Prev. Period	Same Period	Prev. Yr.
234.3	226.9		211.1
GROWTH RATE	3.3% ▲		11.0% ▲

Clark County Office Market Vacancy Rate ⁽¹⁾

		Q1 '18	
Current Period	Prev. Period	Same Period	Prev. Yr.
18.7%	19.0%		20.0%
GROWTH RATE	-0.3% ▼		-1.3% ▼

Nevada Hotel/Motel Occupancy ⁽¹⁾

		Q1 '18	
Current Period	Prev. Period	Same Period	Prev. Yr.
83.1%	83.2%		83.3%
GROWTH RATE	-0.1% ▼		-0.2% ▼

State of Nevada Personal Income ⁽²⁾

		Q1 '18	
Current Period	Prev. Period	Same Period	Prev. Yr.
\$136,719,934,000	\$135,339,802,000		\$131,397,002,000
GROWTH RATE	1.0% ▲		4.1% ▲

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

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on Interstate 15 at the Nevada-California border increased 5.7 percent year-over-year in May, a significantly faster growth rate than the trailing 12-month average of 0.6 percent. The summer is generally the busiest time for tourism in Las Vegas, and this growth despite elevated gas prices is a positive sign heading into peak season.

Gas prices have levelled off in recent weeks, and EIA forecasts have projected that prices are past their peak for 2018. The July 16, 2018, price of gas in Nevada of \$3.22 represents a slight decline of 2.9 percent from \$3.32 per gallon one month earlier. This comes despite the continued increase in the price of WTI crude oil, which rose 4.6 percent from \$65 per barrel to \$68 in the same timeframe. Gas prices remain well below their historical peaks in the summer of 2008. In Nevada, the highest average price recorded was \$4.27 on June 20, 2008, 32.6 percent higher than the current average. On the same day, WTI crude oil reached nearly \$135 per barrel, 98.5 percent above current levels. Record-setting domestic oil production has helped keep oil prices moderated in recent years, and prices should decline slightly after the summer peak. However, without a significant decline in crude oil prices, gasoline prices are expected to remain above 2017 levels.

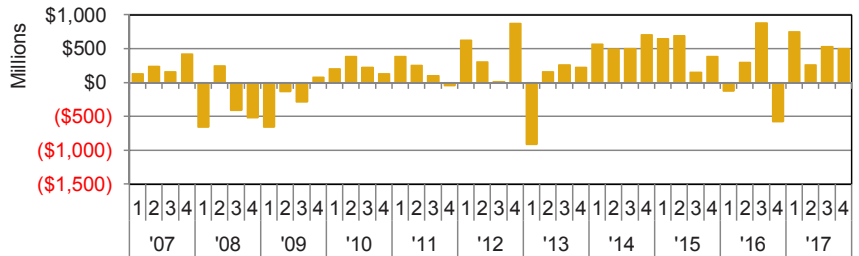
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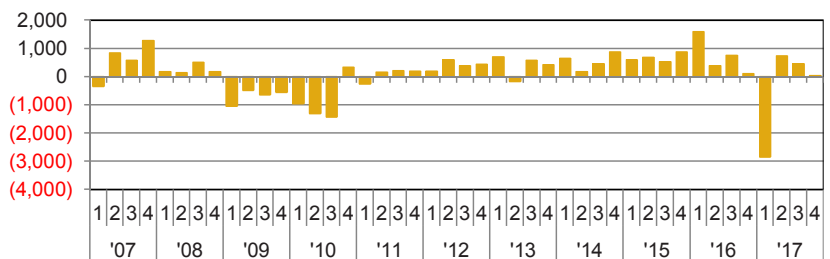
appliedanalysis.com

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.

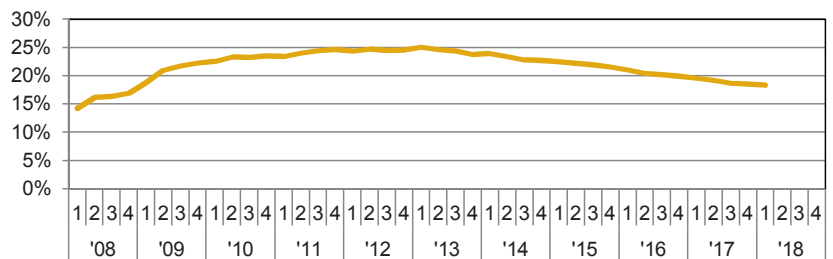
NEVADA PERSONAL INCOME GROWTH
QUARTER-OVER-QUARTER



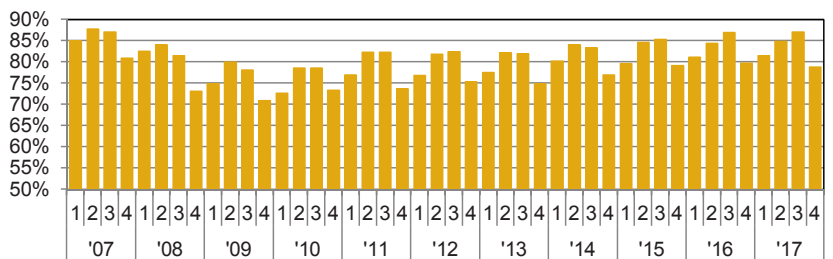
NEVADA NEW BUSINESS CREATION
QUARTER-OVER-QUARTER



LAS VEGAS OFFICE MARKET VACANCY RATE
QUARTERLY SERIES



NEVADA HOTEL/MOTEL OCCUPANCY
QUARTERLY SERIES



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