

MEETING HIGHLIGHTS

May 11, 2023

- Nevada's unemployment rate has been flat at 5.5 percent since September 2022, the longest streak without any change since 2007. The state is not just seeing increasing unemployment, but also growth in employment levels as well, leading to an overall larger labor force. Persistent unemployment may be due in part to shifting structures within the State's economy, with some industries such as accommodation lagging behind pre-pandemic levels, while other sectors such as distribution and warehousing are seeing strong job growth.
- The State's Economic Forum met on May 1 to forecast General Fund revenues to be used for the legislatively-approved budget for FY24-25. Overall, the General Fund is expected to reach \$11.6 billion over the FY24-25 biennium, an estimate which is approximately \$200 million larger than what was forecasted last December. Sales and Use taxes are expected to continue being the largest source of revenue, followed by gaming taxes and the Modified Business Tax.
- After a particularly wet winter in Northern Nevada, flooding is expected to bring new challenges to the State's agricultural areas after years of drought. These environmental factors, together with threats to the banking sector, may negatively impact food prices in the near future.
- Washoe County saw negative over-the-year taxable sales growth in February, due in part to declines in durable goods wholesalers, rental/leasing services, and lower sales across various retail sectors. However, both metro areas saw significant gains in data processing/hosting taxable sales, and statewide taxable sales were up 8.2 percent from the prior February, at \$6.4 billion during the month.

CONSENSUS FORECASTS

UNEMPLOYMENT RATE

The current Statewide unemployment rate stands at 5.5% as of March 2023. The consensus expectation is that the unemployment rate will decline to 5.2% by June 2023 and 5.0% in December, then further drop to 4.8% by June 2024.

JOB GROWTH

As of March, Statewide employment stands 5.0% above March 2022. Year-over-year job growth is expected to slow to 4.0% by June 2023 and 3.2% in December, and further moderate to 2.5% year-over-year growth by June 2024.

VISITOR VOLUME GROWTH

Visitor volume is measured as a 12-month moving average (12MMA) to account for seasonality. Visitor volume was up 13.6% over the year through Feb-23 (preliminary figures only for Jan and Feb). Year-over-year growth is expected to slow to 8.9% by June 2023, 6.6% in Dec-2023, and 4.0% by June 2024.

TAXABLE SALES GROWTH

Taxable sales are also projected as a 12MMA, which was up 9.4% over the year in February. The consensus projection anticipates growth slowing to 6.5% year over year by June 2023, 5.5% by December 2023, and 4.7% in June 2024.

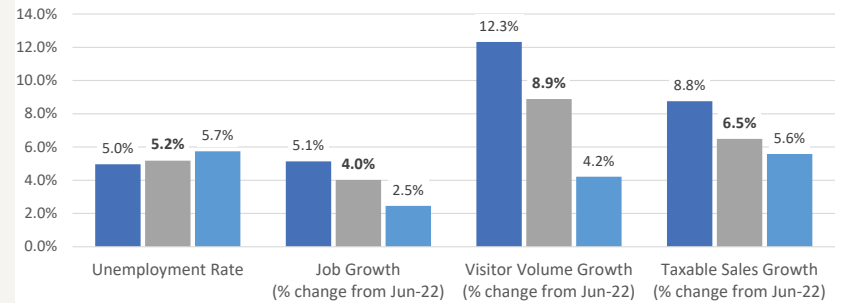
ADDITIONAL ESTIMATES

To account for uncertainty, best case and worst-case scenarios are also estimated. The "most likely" scenarios are the primary projections for June 2023, December 2023, and June 2024.

DRAFT

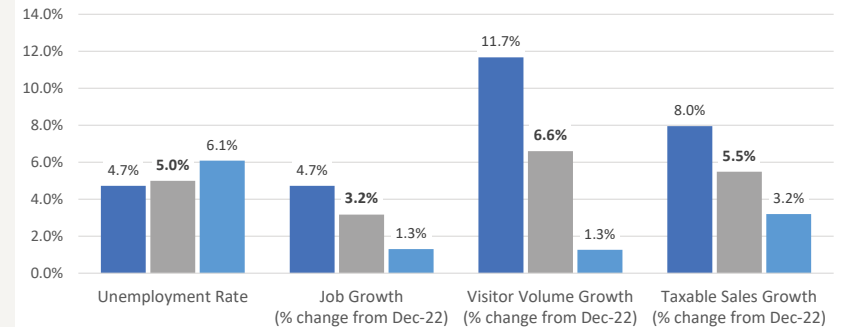
■ Best Case ■ Most Likely ■ Worst Case

June 2023 Consensus Projections



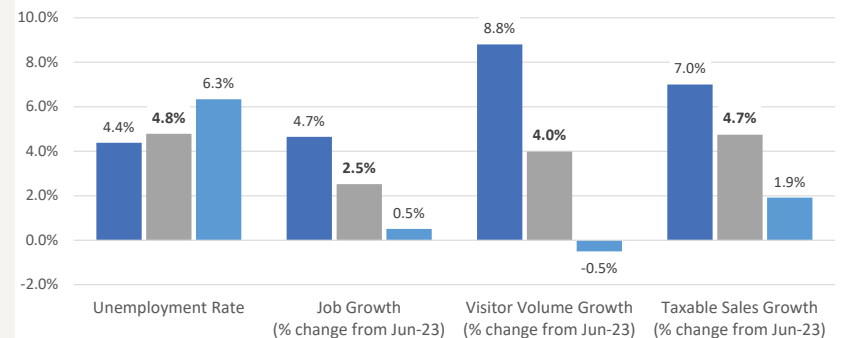
DRAFT

December 2023 Consensus Projections



DRAFT

June 2024 Consensus Projections



All charts are labeled "DRAFT" due to changing conditions.

The unemployment rate and job growth are seasonally adjusted, while visitor volume and taxable sales are measured as 12-month moving averages to account for expected seasonal variation.