Economy In Brief

DETR Research & Analysis Bureau

December 2008

Nevada's Premier Source of Workforce & Economic Information & Analysis

Economic Summary

Nevada's economic conditions took a turn for the worse in the final months of 2008, and the deterioration was particularly evident in December. The Statewide unemployment rate jumped a full percentage point to 9.1 percent (seasonally adjusted) from a revised 8.1 percent in November. The unemployment rate is the highest it has been since September 1983, and is being heavily influenced by an unprecedented increase in initial claims for unemployment insurance benefits. Initial claims topped 36,000 in December, marking the highest monthly total on record—a total 113.5 percent higher than the previous December and 31.4 percent higher than the previous month.

Unemployment also spiked in the State's three metropolitan statistical areas. The unemployment rates in Las Vegas-Paradise and Reno-Sparks increased 1.2 percentage points over the month to 9.1 and 9 percent, respectively. Carson City's unemployment rate also increased by 1.2 percentage points to 9.4 percent. (Unemployment rates for the State's metropolitan areas are not adjusted for seasonality. For comparison purposes, the State's unadjusted unemployment rate was 9 percent in December.) All told, roughly 128,000 Nevadans found themselves looking for work in December.

During the final month of the year the State's lowest unemployment rate was in Elko County (4.9 percent). The highest jobless reading was Lyon County's 12.1 percent. An examination of recent trends suggests that the State's mining counties have the lowest levels of unemployment insurance activity, followed by the State's urban areas. The highest level of unemployment insurance activity is in other (non-mining) rural counties.

Statewide non-farm employment declined by 8,200 over the month, and is down 32,100 from December 2007. Employment has declined from year-ago levels for ten consecutive months. Once revised estimates are released this coming March, 2008 will likely mark the

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Economic Indicators

UNEMPLOYMENT RATES	DEC 2008
NEVADA *	9.1%
LAS VEGAS-PARADISE MSA	9.1%
RENO-SPARKS MSA	9.0%
CARSON CITY MSA	9.4%
ELKO MICROPOLITAN AREA	4.9%
UNITED STATES *	7.2%
CALIFORNIA *	9.3%

* Seasonally Adjusted

JOB GROWTH (Y-O-Y)	
NEVADA	-2.5%
LAS VEGAS-PARADISE MSA	-1.7%
RENO-SPARKS MSA	-4.8%
CARSON CITY MSA	-4.8%
UNITED STATES	-1.9%
CALIFORNIA	-0.9%

CONSUMER PRICE INDEX (Y-O-Y)	
UNITED STATES	0.1%

GAMING WIN (Y-O-Y) NOV 2007 - NOV 2008	
NEVADA	-14.8%
CLARK COUNTY	-15.2%
WASHOE COUNTY	-15.2%

TAXABLE SALES (Y-O-Y) OCT 2007 - OCT 2008	
NEVADA	-6.2%
CLARK COUNTY	-6.8%
WASHOE COUNTY	-13.9%

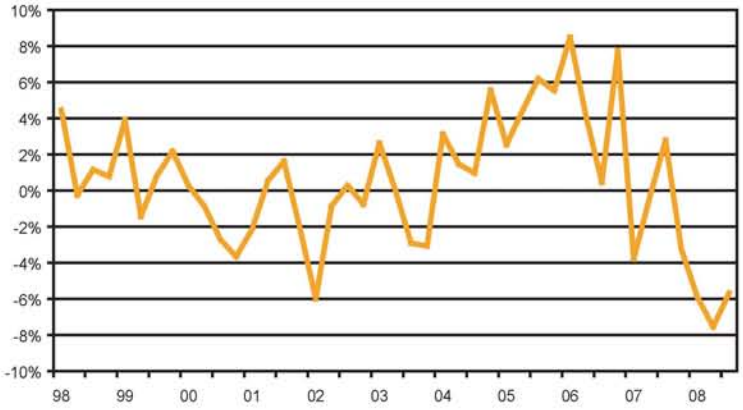
Economic Summary

first time in 26 years that jobs declined on an annual basis, bringing an end to an historic era of economic growth in the State.

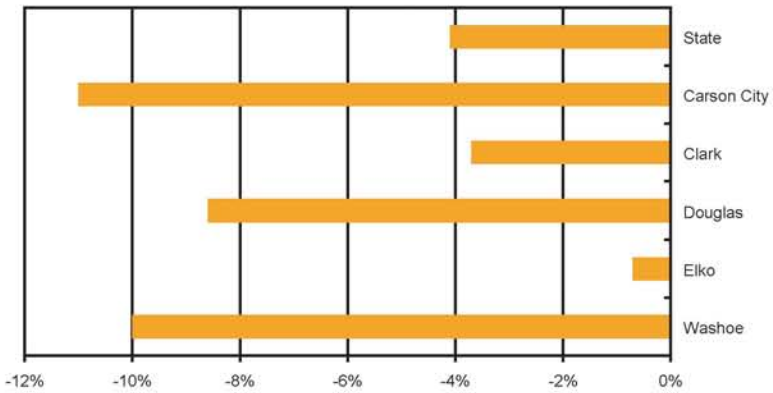
The current downturn has made it quite obvious that Nevada is not immune to broader economic forces. While much has been made of late concerning cautious spending patterns, consumer confidence has fallen acutely in recent months. This has impacted Nevada's economy on a number of fronts. Taxable sales have taken a decisive downturn, having fallen in eight of the first ten months of 2008. Las Vegas visitor volume declined at a double-digit pace in recent months, and gaming win per visitor (adjusted for inflation) in Southern Nevada has declined over year-ago readings in six of the past seven quarters.

Additionally, preliminary indications suggest that the 2008 holiday hiring season was quite weak in Nevada. Over the 1999-2007 period, the average October-December gain in retail hiring was 5,800, or 4.7 percent. In 2008, retail payrolls increased just 3,200 between October and December, a gain of just 2.3 percent.

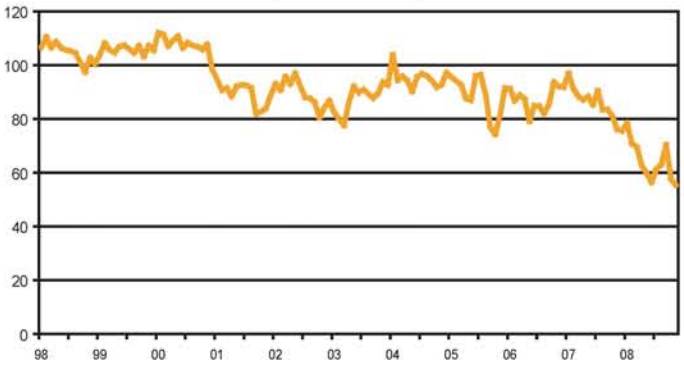
Growth in Clark County Real Gaming Win per Visitor



Fiscal Year 2009 Year-to-Date Taxable Sales Growth: Five Largest Counties (through October 2008)



University of Michigan Consumer Sentiment Index (1966:IQ = 100)



October - December Retail Trade Job Growth

Economic Summary

Construction has been hard hit throughout the State. Based upon information from the second quarter of 2008 (the most recent county-level information), job readings are off in nearly every county in the State, relative to a year ago. While the largest declines were in Clark and Washoe, year-over-year declines in excess of 400 jobs were recorded in Douglas and Nye, 375 in Carson City, and 300 in both Storey and Lyon.

Recently revised employment projections call for some stability to return to the economy in late 2009, at the earliest, although actual growth is not expected until well into 2010. Nevada's recovery is likely to lag the national recovery since Nevada is largely reliant on consumer sentiment and the willingness of consumers to spend disposable income. New development will remain stalled until credit markets loosen, which will likely take a considerable amount of time despite the federal government's best efforts to inject funds into the system. A return to annual employment growth may not be realized until 2011.

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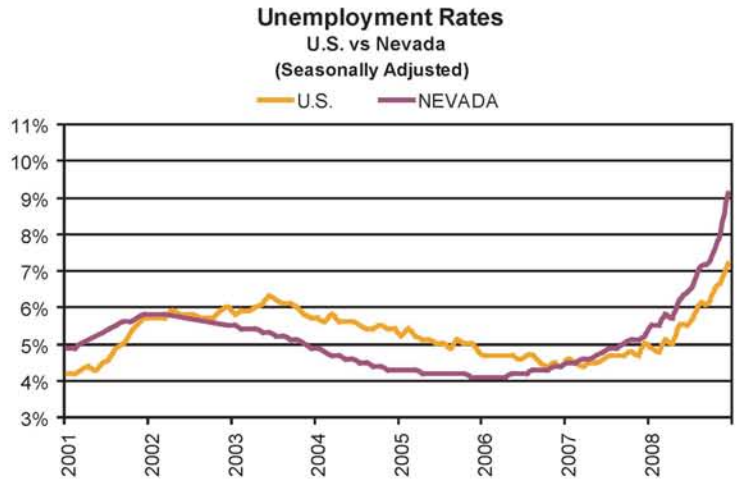
2007:IIQ - 2008:IIQ Construction Job Growth by County

	Jobs		Growth	
	2007:IIQ	2008:IIQ	Number	Percent
Carson City	2,153	1,777	-376	-17.5%
Churchill	664	715	51	7.7%
Clark	104,347	95,109	-9,238	-8.9%
Douglas	1,891	1,479	-412	-21.8%
Elko	1,369	1,299	-70	-5.1%
Esmeralda	21	27	6	28.6%
Eureka	n/a	46	n/a	n/a
Humboldt	384	355	-29	-7.6%
Lander	50	n/a	n/a	n/a
Lincoln	34	44	10	29.4%
Lyon	1,210	934	-276	-22.8%
Mineral	60	26	-34	-56.7%
Nye	1,049	645	-404	-38.5%
Pershing	41	22	-19	-46.3%
Storey	455	143	-312	-68.6%
Washoe	21,150	16,813	-4,337	-20.5%
White Pine	163	129	-34	-20.9%

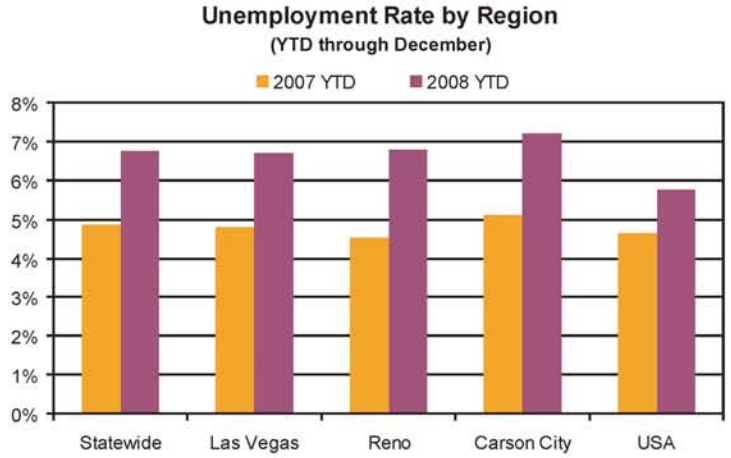
Trends at a Glance

Unemployment

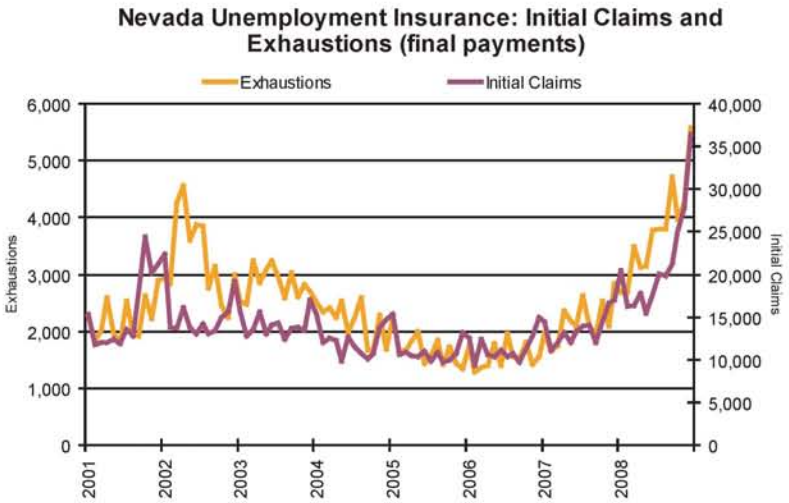
>Nevada's seasonally adjusted unemployment rate was 9.1 percent in December. It has not been this high since September 1983.
>The highest seasonally adjusted unemployment rate ever recorded in Nevada was 10.7 percent in December 1982.
>Nationally, the unemployment rate stood at 7.2 percent in December. Nevada's jobless rate has exceeded the national average since mid-2007. Prior to that, it had been trending below the U.S. for several years.



>Through 2008, the Statewide unemployment rate has averaged 6.7 percent, up from 4.9 percent in 2007.
>The Las Vegas-Paradise MSA recorded an annual average unemployment rate of 6.7 percent for 2008.
>In the Reno-Sparks MSA, the jobless rate also averaged 6.8 percent through 2008.



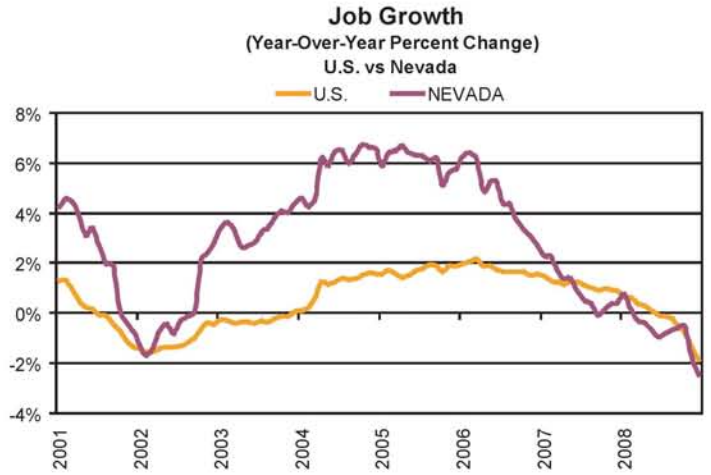
>Initial claims for unemployment insurance continued to expand in December, up 113.5 percent relative to last year.
>Final payments, signifying an exhaustion of benefits, were 95.9 percent higher than year-ago levels.



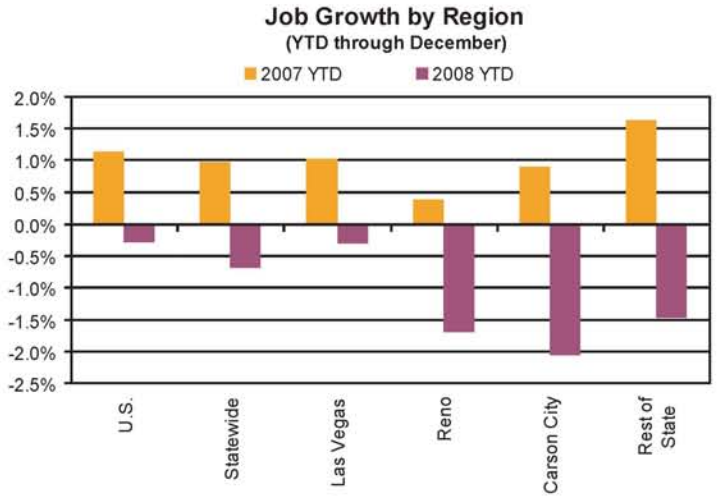
Trends at a Glance

Industrial Employment

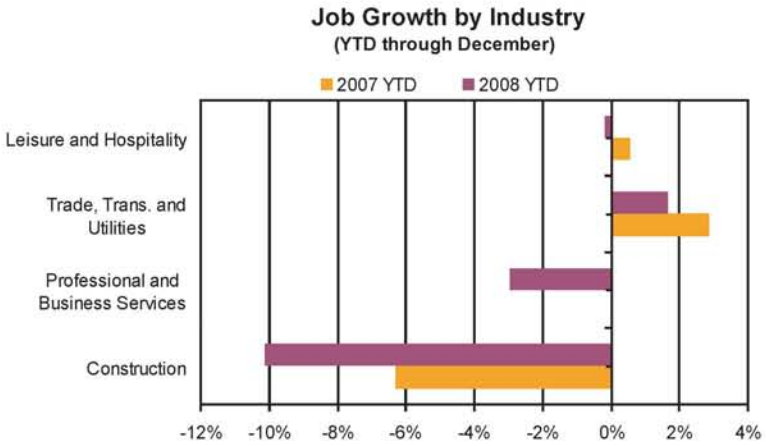
>Industrial employment in Nevada fell 2.5 percent in December, relative to a year ago, which equates to a loss of 32,100 jobs.
>December job readings were down 2 percent nationally.



>Employment in 2008 is below year-ago levels throughout all regions of the State.
>Las Vegas MSA's job count fell 1.7 percent in December relative to last year, and monthly job readings were down an average of 0.3 percent for all of 2008.
>In the Reno MSA, December job readings were down a significant 4.8 percent relative to last year, which brings the 2008 monthly average down to -1.7 percent.



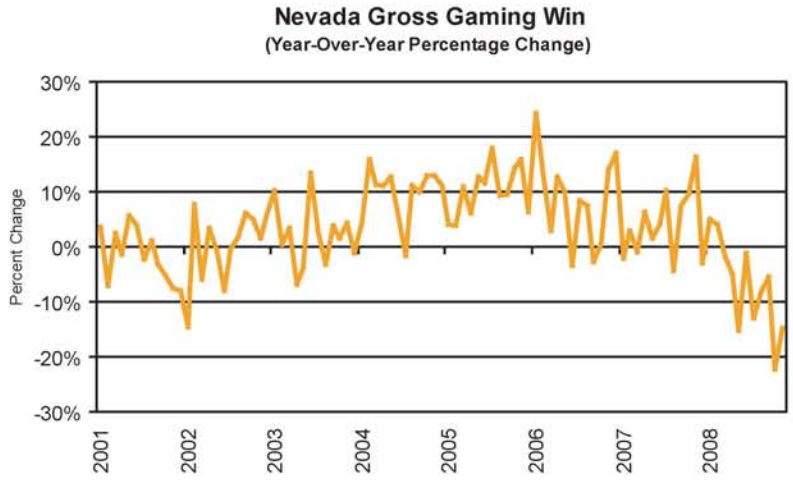
>Job losses in the construction industry totaled 13,500 in 2008, a 10.1 percent decline relative to 2007.
>The State's largest industry sector, leisure and hospitality, continues to struggle to retain employment. Industry employment was down a full 2 percent in December relative to 2007. Gains in the food services and drinking places industry continue to help offset large losses in the casino hotels and gaming industry.



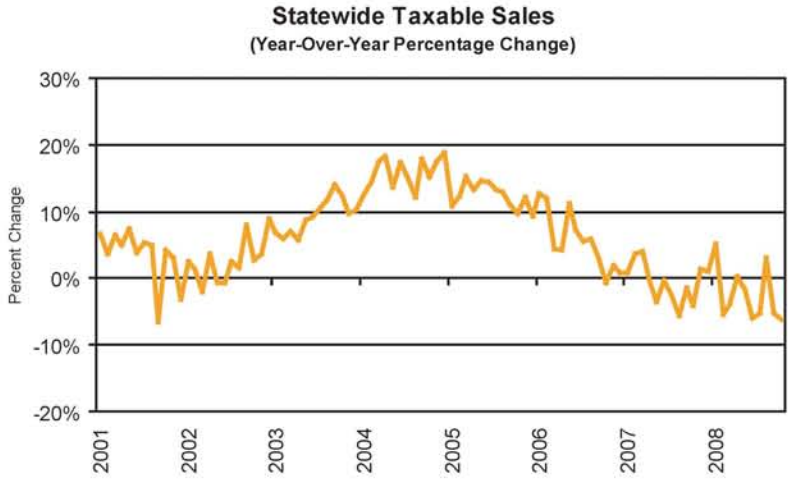
Trends at a Glance

Economic Indicators

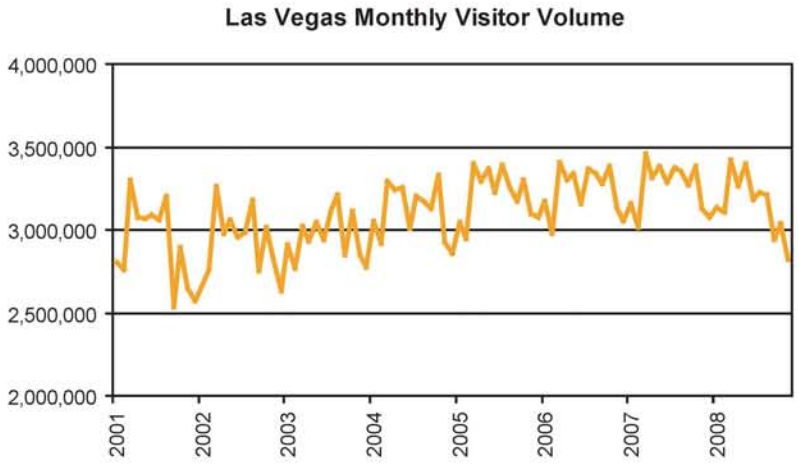
>Gaming win was down 14.8 percent in November from the year prior. This is the 11th consecutive month in which gaming win has declined.



>Statewide taxable sales in October were down 6.2 percent from a year earlier.



>Las Vegas visitor volume fell by 308,000 in November relative to a year ago. This represents a 9.8 percent decline.



Employment and Labor Force Summary

Nevada

Employment By Industry
(Estimates in Thousands)

	Dec08	Dec07	Nov08	Nominal Change Annual Dec07-Dec08	Nominal Change Monthly Nov08-Dec08	Nominal Change YTD 2007-2008	% Change Annual Dec07-Dec08	% Change Monthly Nov08-Dec08	% Change YTD 2007-2008
Total Nonfarm Employment	**1,268.9**	**1,301.0**	**1,277.1**	**-32.1**	**-8.2**	**-6.1**	**-2.5%**	**-0.6%**	**-0.7%**
Goods Producing Industries	**169.6**	**191.2**	**173.9**	**-21.6**	**-4.3**	**-12.7**	**-11.3%**	**-2.5%**	**-7.0%**
Natural Resources and Mining	**11.9**	**12.3**	**12.0**	**-0.4**	**-0.1**	**0.1**	**-3.3%**	**-0.8%**	**0.1%**
Construction	**108.9**	**128.3**	**112.5**	**-19.4**	**-3.6**	**-12.8**	**-15.1%**	**-3.2%**	**-10.1%**
Manufacturing	**48.8**	**50.6**	**49.4**	**-1.8**	**-0.6**	**0.0**	**-3.6%**	**-1.2%**	**-0.3%**
Service Producing Industries	**1,099.3**	**1,109.8**	**1,103.2**	**-10.5**	**-3.9**	**6.6**	**-0.9%**	**-0.4%**	**0.4%**
Trade, Transportation & Utilities	**239.9**	**241.4**	**238.3**	**-1.5**	**1.6**	**4.5**	**-0.6%**	**0.7%**	**1.7%**
Wholesale	39.3	39.8	39.4	-0.5	-0.1	0.2	-1.3%	-0.3%	0.5%
Retail	145.4	147.0	144.2	-1.6	1.2	3.1	-1.1%	0.8%	1.9%
Trans, Warehousing and Utilities	55.2	54.6	54.7	0.6	0.5	1.1	1.1%	0.9%	1.9%
Information	**14.8**	**15.4**	**14.9**	**-0.6**	**-0.1**	**-0.2**	**-3.9%**	**-0.7%**	**-1.8%**
Financial Activities	**61.0**	**64.5**	**61.3**	**-3.5**	**-0.3**	**-2.4**	**-5.4%**	**-0.5%**	**-3.9%**
Finance and Insurance	34.7	36.8	34.8	-2.1	-0.1	-1.9	-5.7%	-0.3%	-5.1%
Professional & Business Services	**149.6**	**154.9**	**153.9**	**-5.3**	**-4.3**	**-4.5**	**-3.4%**	**-2.8%**	**-2.9%**
Education & Health Services	**97.1**	**94.5**	**96.9**	**2.6**	**0.2**	**3.5**	**2.8%**	**0.2%**	**3.6%**
Health Care and Social Assistance	89.2	87.1	89.1	2.1	0.1	3.1	2.4%	0.1%	3.5%
Leisure & Hospitality	**332.7**	**339.6**	**333.5**	**-6.9**	**-0.8**	**0.1**	**-2.0%**	**-0.2%**	**-0.2%**
Casino Hotels	192.4	199.3	192.6	-6.9	-0.2	-2.9	-3.5%	-0.1%	-1.5%
Food Services and Drinking Places	97.7	96.1	98.0	1.6	-0.3	2.7	1.7%	-0.3%	2.6%
Other Services	**37.1**	**36.7**	**37.0**	**0.4**	**0.1**	**0.5**	**1.1%**	**0.3%**	**1.3%**
Government	**167.1**	**162.8**	**167.4**	**4.3**	**-0.3**	**5.2**	**2.6%**	**-0.2%**	**3.3%**

Labor Force and Unemployment
(Estimates in Thousands)

	Dec08	Dec07	Nov08	Nominal Change Annual Dec07-Dec08	Nominal Change Monthly Nov08-Dec08	Nominal Change YTD 2007-2008	% Change Annual Dec07-Dec08	% Change Monthly Nov08-Dec08	% Change YTD 2007-2008
Total Labor Force	1,421.6	1,361.5	1417.7	60.1	3.9	50.6	4.4%	0.3%	4.7%
Unemployment	128.1	76	112	52.1	16.1	27.2	68.6%	14.4%	48.2%
Unemployment Rate	9.0%	5.6%	7.9%	*	*	*	*	*	*
Unemployment Rate (SA)	***9.1%***	***5.2%***	***8.1%***	*	*	*	*	*	*
Total Employment	1,293.5	1,285.5	1,305.0	8.0	-11.5	23.4	0.6%	-0.9%	2.5%

Employment and Labor Force Summary

Las Vegas-Paradise

Employment By Industry
(Estimates in Thousands)

	Dec08	Dec07	Nov08	Nominal Change Annual Dec07-Dec08	Nominal Change Monthly Nov08-Dec08	Nominal Change YTD 2007-2008	% Change Annual Dec07-Dec08	% Change Monthly Nov08-Dec08	% Change YTD 2007-2008
Total Nonfarm Employment	**917.4**	**932.9**	**922.0**	**-15.5**	**-4.6**	**-6.1**	**-1.7%**	**-0.5%**	**-0.3%**
Goods Producing Industries	**112.7**	**191.2**	**114.8**	**-78.5**	**-2.1**	**-12.7**	**-41.1%**	**-1.8%**	
Natural Resources and Mining	**0.5**	**0.5**	**0.5**	**0.0**	**0.0**	**0.1**	**0.0%**	**0.0%**	**0.0%**
Construction	**86.6**	**97.9**	**88.5**	**-11.3**	**-1.9**	**-12.8**	**-11.5%**	**-2.1%**	**-8.8%**
Manufacturing	**25.6**	**26.7**	**25.8**	**-1.1**	**-0.2**	**0.0**	**-4.1%**	**-0.8%**	**-1.4%**
Service Producing Industries	**804.7**	**807.8**	**807.2**	**-3.1**	**-2.5**	**6.6**	**-0.4%**	**-0.3%**	
Trade, Transportation & Utilities	**166.6**	**167.8**	**165.1**	**-1.2**	**1.5**	**4.5**	**-0.7%**	**0.9%**	**1.9%**
Wholesale	24.3	24.5	24.3	-0.2	0.0	0.2	-0.8%	0.0%	1.2%
Retail	104.4	105.7	103.3	-1.3	1.1	3.1	-1.2%	1.1%	2.0%
Trans, Warehousing and Utilities	37.9	37.6	37.5	0.3	0.4	1.1	0.8%	1.1%	1.8%
Information	**10.6**	**11.1**	**10.7**	**-0.5**	**-0.1**	**-0.2**	**-4.5%**	**-0.9%**	**-3.2%**
Financial Activities	**47.7**	**50.0**	**47.6**	**-2.3**	**0.1**	**-2.4**	**-4.6%**	**0.2%**	**-3.2%**
Finance and Insurance	26.5	27.9	26.4	-1.4	0.1	-1.9	-5.0%	0.4%	-4.7%
Professional & Business Services	**108.3**	**112.0**	**112.4**	**-3.7**	**-4.1**	**-4.5**	**-3.3%**	**-3.6%**	**-2.6%**
Education & Health Services	**67.9**	**65.4**	**67.7**	**2.5**	**0.2**	**3.5**	**3.8%**	**0.3%**	**4.6%**
Health Care and Social Assistance	61.6	59.8	61.6	1.8	0.0	3.1	3.0%	0.0%	4.1%
Leisure & Hospitality	**270.7**	**273.7**	**270.9**	**-3.0**	**-0.2**	**0.1**	**-1.1%**	**-0.1%**	**0.1%**
Casino Hotels	164.6	168.5	164.7	-3.9	-0.1	-2.9	-2.3%	-0.1%	-1.2%
Food Services and Drinking Places	76.8	75.0	76.9	1.8	-0.1	2.7	2.4%	-0.1%	2.8%
Other Services	**26.2**	**25.7**	**26.1**	**0.5**	**0.1**	**0.5**	**1.9%**	**0.4%**	**2.1%**
Government	**106.7**	**102.1**	**106.7**	**4.6**	**0.0**	**5.2**	**4.5%**	**0.0%**	**4.8%**

Labor Force and Unemployment
(Estimates in Thousands)

	Dec08	Dec07	Nov08	Nominal Change Annual Dec07-Dec08	Nominal Change Monthly Nov08-Dec08	Nominal Change YTD 2007-2008	% Change Annual Dec07-Dec08	% Change Monthly Nov08-Dec08	% Change YTD 2007-2008
Total Labor Force	1,019.2	971.2	1015.3	48.0	3.9	50.6	4.9%	0.4%	4.8%
Unemployment	92.4	54.3	80.6	38.1	11.8	27.2	70.2%	14.6%	47.6%
Unemployment Rate	***9.1%***	***5.6%***	***7.9%***	*	*	*	*	*	*
Total Employment	926.8	916.9	934.7	9.9	-7.9	23.4	1.1%	-0.8%	2.7%

Employment and Labor Force Summary

Reno-Sparks

Employment By Industry
(Estimates in Thousands)

	Nov08	Nov07	Oct08	Nominal Change Annual Dec07-Dec08	Nominal Change Monthly Nov08-Dec08	Nominal Change YTD 2007-2008	% Change Annual Dec07-Dec08	% Change Monthly Nov08-Dec08	% Change YTD 2007-2008
Total Nonfarm Employment	**216.5**	**227.3**	**218.2**	**-10.8**	**-1.7**	**-6.1**	**-4.8%**	**-0.8%**	**-1.7%**
Goods Producing Industries	**29.8**	**35.3**	**31.3**	**-5.5**	**-1.5**	**-12.7**	**-15.6%**	**-4.8%**	**-8.9%**
Natural Resources and Mining	**0.4**	**0.4**	**0.4**	**0.0**	**0.0**	**0.1**	**0.0%**	**0.0%**	**0.0%**
Construction	**14.9**	**20.1**	**16.2**	**-5.2**	**-1.3**	**-12.8**	**-25.9%**	**-8.0%**	**-15.5%**
Manufacturing	**14.5**	**14.8**	**14.7**	**-0.3**	**-0.2**	**0.0**	**-2.0%**	**-1.4%**	**0.3%**
Service Producing Industries	**186.7**	**192.0**	**186.9**	**-5.3**	**-0.2**	**6.6**	**-2.8%**	**-0.1%**	**-0.3%**
Trade, Transportation & Utilities	**49.7**	**50.4**	**49.6**	**-0.7**	**0.1**	**4.5**	**-1.4%**	**0.2%**	**1.6%**
Wholesale	10.5	10.8	10.6	-0.3	-0.1	0.2	-2.8%	-0.9%	-0.8%
Retail	25.6	25.7	25.5	-0.1	0.1	3.1	-0.4%	0.4%	2.0%
Trans, Warehousing and Utilities	13.6	13.9	13.5	-0.3	0.1	1.1	-2.2%	0.7%	2.8%
Information	**2.7**	**2.8**	**2.7**	**-0.1**	**0.0**	**-0.2**	**-3.6%**	**0.0%**	**-1.5%**
Financial Activities	**9.5**	**10.0**	**9.5**	**-0.5**	**0.0**	**-2.4**	**-5.0%**	**0.0%**	**-4.9%**
Finance and Insurance	5.7	6.0	5.7	-0.3	0.0	-1.9	-5.0%	0.0%	-7.1%
Professional & Business Services	**29.2**	**29.9**	**29.1**	**-0.7**	**0.1**	**-4.5**	**-2.3%**	**0.3%**	**-2.8%**
Education & Health Services	**21.2**	**21.1**	**21.2**	**0.1**	**0.0**	**3.5**	**0.5%**	**0.0%**	**1.7%**
Leisure & Hospitality	**37.0**	**40.1**	**37.3**	**-3.1**	**-0.3**	**0.1**	**-7.7%**	**-0.8%**	**-1.9%**
Casino Hotels	17.4	19.1	17.4	-1.7	0.0	-2.9	-8.9%	0.0%	-2.4%
Food Services and Drinking Places	13.7	13.9	13.8	-0.2	-0.1	2.7	-1.4%	-0.7%	0.9%
Other Services	**7.3**	**7.3**	**7.3**	**0.0**	**0.0**	**0.5**	**0.0%**	**0.0%**	**1.1%**
Government	**30.1**	**30.4**	**30.2**	**-0.3**	**-0.1**	**5.2**	**-1.0%**	**-0.3%**	**1.0%**

Labor Force and Unemployment
(Estimates in Thousands)

	Dec08	Dec07	Nov08	Nominal Change Annual Dec07-Dec08	Nominal Change Monthly Nov08-Dec08	Nominal Change YTD 2007-2008	% Change Annual Dec07-Dec08	% Change Monthly Nov08-Dec08	% Change YTD 2007-2008
Total Labor Force	235.9	231.5	235.6	4.4	0.3	50.6	1.9%	0.1%	3.6%
Unemployment	21.2	12.3	18.5	8.9	2.7	27.2	72.4%	14.6%	55.1%
Unemployment Rate	***9.0%***	***5.3%***	***7.8%***	*	*	*	*	*	*
Total Employment	214.7	219.2	217.1	-4.5	-2.4	23.4	-2.1%	-1.1%	1.2%

Employment and Labor Force Summary

Carson City

Employment By Industry
(Estimates in Thousands)

	Nov08	Nov07	Oct08	Nominal Change Annual	Nominal Change Monthly	Nominal Change YTD	% Change Annual	% Change Monthly	% Change YTD
				Dec07-Dec08	*Nov08-Dec08*	*2007-2008*	*Dec07-Dec08*	*Nov08-Dec08*	*2007-2008*
Total Nonfarm Employment	**31.5**	**33.1**	**31.9**	**-1.6**	**-0.4**	**-6.1**	**-4.8%**	**-1.3%**	**-2.0%**
Goods Producing Industries	**4.6**	**5.1**	**4.8**	**-0.5**	**-0.2**	**-12.7**	**-9.8%**	**-4.2%**	**-2.4%**
Manufacturing	**2.7**	**3.0**	**3.1**	**-0.3**	**-0.4**	**0.0**	**-10.0%**	**-12.9%**	**-1.6%**
Service Producing Industries	**26.9**	**28.0**	**27.1**	**-1.1**	**-0.2**	**6.6**	**-3.9%**	**-0.7%**	**-2.0%**
Trade, Transportation & Utilities	**4.6**	**4.7**	**4.7**	**-0.1**	**-0.1**	**4.5**	**-2.1%**	**-2.1%**	**-1.1%**
Retail	3.0	3.6	3.0	-0.6	0.0	3.1	-16.7%	0.0%	-4.3%
Professional & Business Services	**2.1**	**2.5**	**2.2**	**-0.4**	**-0.1**	**-4.5**	**-16.0%**	**-4.5%**	**-3.0%**
Leisure & Hospitality	**4.0**	**4.0**	**4.0**	**0.0**	**0.0**	**0.1**	**0.0%**	**0.0%**	**1.6%**
Government	**11.7**	**11.5**	**11.7**	**0.2**	**0.0**	**5.2**	**1.7%**	**0.0%**	**0.5%**

Labor Force and Unemployment
(Estimates in Thousands)

	Dec08	Dec07	Nov08	Nominal Change Annual	Nominal Change Monthly	Nominal Change YTD	% Change Annual	% Change Monthly	% Change YTD
				Dec07-Dec08	*Nov08-Dec08*	*2007-2008*	*Dec07-Dec08*	*Nov08-Dec08*	*2007-2008*
Total Labor Force	29.7	28.9	29.6	0.8	0.1	50.6	2.8%	0.3%	3.8%
Unemployment	2.8	1.7	2.4	1.1	0.4	27.2	64.7%	16.7%	45.7%
Unemployment Rate	***9.4%***	***5.9%***	***8.2%***	*	*	*	*	*	*
Total Employment	26.9	27.2	27.2	-0.3	-0.3	23.4	-1.1%	-1.1%	1.5%

Macroeconomic Fundamentals

National Employment

Job losses are rapidly mounting. Labor market weakness has shifted significantly from slower hiring to steady layoffs. Job losses are spread broadly across sectors. The unemployment rate is over 7 percent and climbing. Payrolls are expected to continue their fall, with numbers likely exceeding 2.5 million for 2009. Respondents to recent surveys unquestionably say jobs are difficult to get. Human resource departments are similarly offering a bleak outlook. Most firms indicate a strong reluctance to hire.

Consumers

Reports on store sales over the holiday season showed considerable deterioration year-over-year. Consumer sentiment is solidly negative. Many stores have fallen victim to household wealth destruction and increasing job losses. Savings rates are rapidly accelerating and spending is declining as consumer fear grows.

Housing

Home prices continue to drop with perhaps some indication of bottoming in 2009. Falling asset values have reduced the ability of buyers to come up with down payments. Falling asset values have also reduced retirement incomes and the net worth of household balance sheets, forcing many families to engage in distressed sales of their homes. Most expected the price picture to be resolved by now, but the bubble proved to be greater than perceived. Until home values reach equilibrium, there is no incentive to invest or initiate new developments. The bottom of the housing market remains elusive. Housing-related employment will likely continue to fall on a year-over-year basis into at least 2010.

Credit Markets

Financing is extremely difficult at this time as lending institutions seem intent on survival, and are reluctant to make new loans. Until they know their own net worth and are able to value potential projects accurately, there will be great reluctance to finance new activity. The terms of finance bear this out as lending compliance is extremely harsh. Credit markets will remain guarded until at least late-2010.

Inflation

Deflation concerns are escalating as commodity prices plunge, banks deleverage, and aggregate demand falls. Businesses are cutting prices to preserve sales, making a broad decline in consumer prices a realistic threat. Other industrial producers appear willing to liquidate inventories, fearing greater loss of pricing power as the economy continues to deteriorate. News of price cuts can be considered favorable publicity in an economic environment with increasingly elusive investment sources. However, the preeminent cause of price cutting is wealth destruction and falling demand. The outlook is as grim globally as it is domestically, with reports of excess production capacity coming out of China.

Median Household Income

During the most recent upswing in the economy, including the period from 2004-2007, median-household income showed minimal gains compared to earlier expansions. Real household income is still below 1999 levels, and likely declining. With job losses mounting at the current pace, median-household income is expected to be negative in real terms for the next couple of years.

Commodities

Gold prices remain high due to the uncertain times. At prices consistently over $800, the outlook for expansion in the industry and continued employment gains is favorable. Shuttered mines and abandoned stockpiles are considered exploitable again. The base metal market is a different story. Copper and molybdenum demand has plummeted, and current prices bring into question the feasibility of current operations and the potential to exploit untapped rich ore bodies.

Peter Janson
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Research and Analysis Bureau

Unemployment Insurance

In the fourth quarter of 2008, claims for unemployment insurance (UI) benefits in Nevada soared as the national economy became measurably weaker. Although claims have been slowly rising since the summer of 2006, the sharp, prolonged jump at the end of 2008 was of a much higher magnitude.

Over the quarter, weekly claims rose from just over 40,000 to over 64,000 – an increase of 59 percent. This increase was particularly noticeable in the leisure & hospitality industry, where claims rose from 8,305 to 14,617 per week from October to December. December marked the first month since December 2004 that this industry led all industries in UI claims. Related occupations also saw a significant jump in claims. Food preparation & serving workers filed 6,125 claims per week in December, up from 3,829 in October; protective, cleaning & personal service workers filed 7,132 claims per week in December, up from 3,879 in October.

With the weakening economy, the ratio of the insured unemployed to the total number of unemployed people in the state has risen. 41.3 percent of Nevada's unemployed workers were collecting unemployment benefits in the fourth quarter of 2007; that figure rose to 47.8 percent in the second quarter of 2008, not including the currently active Federal extended benefits program. Unemployment benefits are only available to workers who lose their job "through no fault of their own," so this increase represents some combination of an increase in involuntary layoffs and a decrease in voluntary quits.

Still, with up to 59 weeks of UI benefits presently available to workers, there is a strong safety net in place to help these involuntarily unemployed workers ride out the current recession while maintaining at least some purchasing power in the economy. In the third quarter of 2008, regular UI benefits of $144 million, and extended benefits totaling $38 million, were fed back into the economy through individual workers, from savings in the trust fund and from the Federal government, increasing the available income in the State by almost $200 million.

Dave Schmidt
Economist
Research and Analysis

Figure 1 **Weekly Unemployment Claims: 2004-2008**

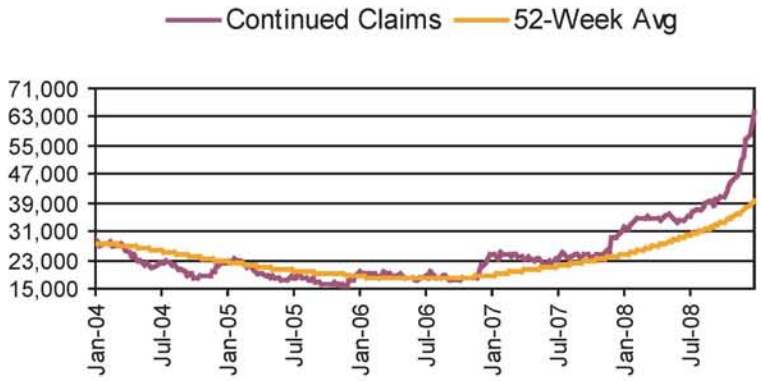


Table 1 **Nevada Unemployment Insurance Activity**

UI Program Statistics	2008:IIIQ	2007:IIIQ	% Change
Initial Claims	60,998	39,919	52.8%
First Payments	29,667	19,595	51.4%
Payment / Claim Ratio	48.6%	49.1%	-0.9%
Weekly Claims	501,350	314,722	59.3%
Weeks Compensated	454,526	281,111	61.7%
Payment / Claim Ratio	90.7%	89.3%	1.5%
Total Benefits Paid	$144,390,426	$80,840,694	78.6%
Trust Fund Balance	$703,407,722	$803,117,078	-12.4%
Full-Time Hourly Wages needed for Max UI Benefit	$18.89	$17.98	5.1%
Full-Time Hourly Wages needed for Avg. UI Benefit	$13.90	$13.57	2.4%

Descriptive Economic Statistics	2008:IIIQ	2007:IIIQ	% Change
Employees per Employer	21.60	21.39	1.0%
Initial Claims per Employer	1.01	0.67	50.5%
Benefits Paid per Employer	$2,387	$1,357	75.9%
Total Unemployment Rate (TUR)	6.8%	4.9%	39.5%
Insured Unemployment Rate (IUR)	3.0%	1.9%	57.8%
IUR / TUR Ratio	44.3%	39.2%	n/a
UI Exhaustions	12,314	6,674	84.5%
UI Exhaustion Rate	41.69%	34.83%	n/a

Industry Profile

Educational Services

The educational services industry is made up of establishments that provide instruction and training in a wide variety of subjects. They may be privately owned and operated for profit or not for profit, or they may be publicly owned and operated. The industry includes public school education, universities and public and private training institutions.

Educational services are usually delivered by teachers or instructors that explain, tell, demonstrate, supervise, and direct learning. Instruction is imparted in diverse settings, such as educational institutions, the workplace, or the home through correspondence, television, or other means. It can be adapted to the particular needs of the students. For example, sign language can replace verbal language for teaching students with hearing impairments.

The educational services industry can be broken down into seven sub industries: elementary and secondary schools; colleges and universities; junior colleges, business, computer and management schools; technical and trade schools; other schools and instruction; and educational support services. At 73 percent, elementary and secondary schools make up the bulk of the industry. Colleges and universities represent the second largest employer in the industry. Though small overall, business, computer and management schools, and technical and trade schools, provide an important service in Nevada. They offer diverse opportunities and fill a need for short term training.

Within this industry, not only are there the traditional teaching positions found in general public and private schools, but also instructors in cosmetology and barber schools, dance academies, and driving instruction. These are all included in the education, training and library occupational group. Most of the remaining occupations provide support to the core function of the industry: training and teaching.

Educational services employment in Nevada has grown in recent years. From 2002 to 2007, employment in the industry increased by nearly 16,000, or 28 percent. Compared to growth across all industries, the educational services industry results have been mixed, but overall appear to be quite similar. In 2007, when

Figure 1

Employment by Establishment Type (as of 6/30/08)

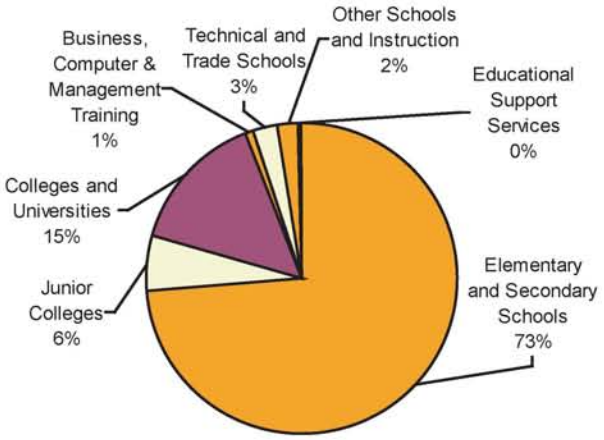
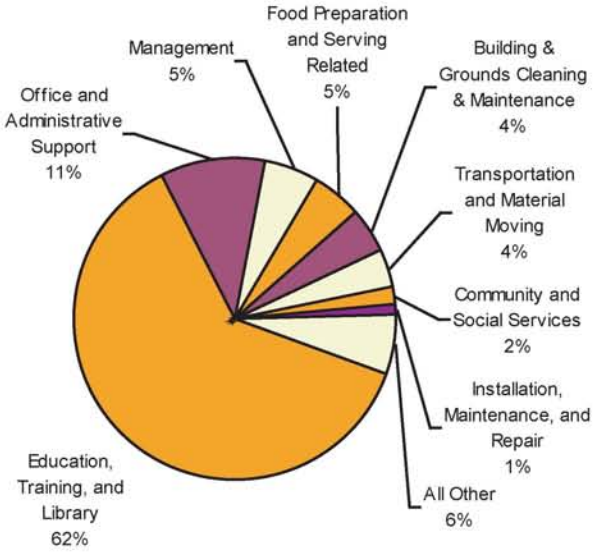


Figure 2

2008 Occupational Distribution



Industry Profile

total industry growth slowed considerably, educational services managed to maintain a comparable growth rate. The ten year outlook for the industry is positive with a 2.4 percent annual growth rate and a projected total change of 26.9 percent over the period spanning 2006 to 2016. In the second quarter of 2008, 74,400 people were employed in the industry. By the year 2016, employment is projected to total 88,200.

The sustainability of growth in the industry will depend on a number of factors, such as Nevada's population growth and change over time, and how structural and cyclical changes in the economy affect the demand for education and training. Nevada is expected to continue to attract young working families as the population and economy grow over time. Given this assumption about the future, the people of Nevada will require the services provided by the educational system to educate children in preparation for entering the workforce.

In the short term, displaced and future workers will require training to be prepared for job opportunities that arise as the economy emerges from the current recession. Local community colleges and other vocational schools in the state are seeing a steady increase in enrollment, which should continue for the foreseeable future. In the long term, efforts to diversify the economy from a service based to high technology or "green" based structure will result in increased demand for specific education and training services.

Table 1 displays the 2006-2016 occupational projections for the top ten occupations within the educational services industry that have the largest percentage change over the projected time horizon. As expected, public education occupations are projected to grow the most. In particular, there is an increasing need for special education teachers at all grade levels.

Figure 3

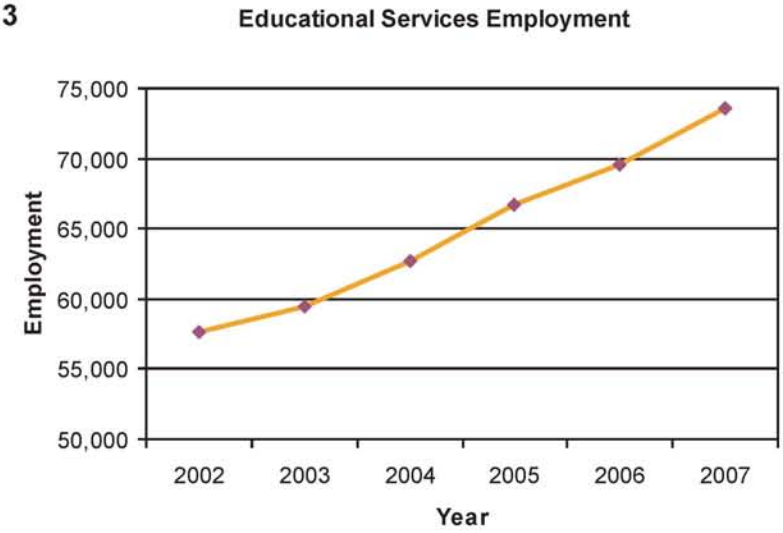
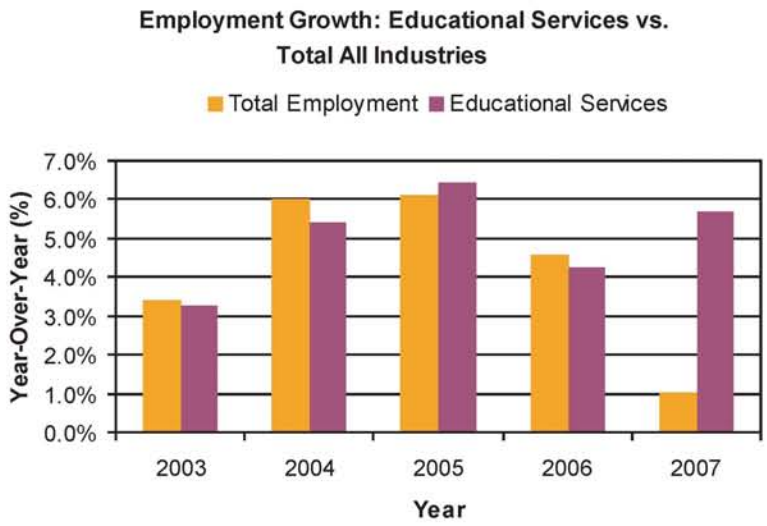


Figure 4



The most current annual wage data spanning 2002 through 2007 show a steadily increasing average weekly wage, with an overall change of 15.9 percent. When compared to the annual average wage of all industries in the state, those paid to the educational services industry are competitive in general. Although, since 2002, the average weekly wage paid to the educational services industry workers have slightly lagged wage growth across all industries.

A review of Table 2 illustrates the varying sizes of the different institutions in Nevada that provide employment in

Industry Profile

Table 1 **Ten Fastest Growing Occupations by Percent Change**

Occupation	2006 Employment	2016 Employment	Total Change	% Change
Database Administrators	56	83	27	48.2
Special Education Teachers, Pre K thru 6th Grade	1,372	2,030	658	48.0
Special Education Teachers, Middle School	670	970	300	44.8
Network and Computer Systems Administrators	37	52	15	40.5
Clinical, Counseling, and School Psychologists	256	357	101	39.5
Special Education Teachers, Secondary School	966	1,344	378	39.1
Kindergarten Teachers, Except Special Education	767	1,064	297	38.7
Social Scientists and Related Workers	286	390	104	36.4
Teachers and Instructors, All Other	639	865	226	35.4
Elementary School Teachers, Except Special Education	14,834	19,973	5,139	34.6

the educational services industry. Those employing the most people (1000 or more) are likely the school districts across the state.

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Jered McDonald
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Figure 5 **Average Weekly Wage: Educational Services v. Total All Industries**

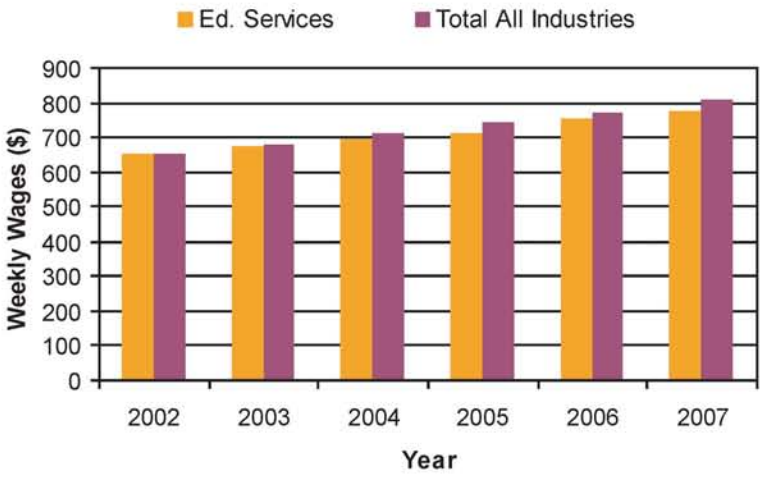


Table 2 **Educational Services Employers by Size**

Size Class	Firms 674	Employment 77,424
1 to 4 Employees	347	643
5 to 9 Employees	105	706
10 to 19 Employees	89	1,229
20 to 49 Employees	33	2,384
50 to 99 Employees	69	1,627
100 to 249 Employees	14	2,089
250 to 499 Empl oyees	3	905
500 to 999 Employees	4	2,826
1000 or more Employees	10	65,015

Career Profile

Educational, Vocational and School Counselors

Educational, vocational, and school counselors primarily provide career and educational counseling to students, job seekers or those exploring a career change. Most are employed in a school setting, from primary schools through postsecondary institutions. School counselors help students determine their interests, abilities and talents, and ultimately help them apply this knowledge to achieve their education and career goals. Counselors that focus primarily on vocational counseling and work outside of a school setting are usually referred to as career or employment counselors. These professionals assist clients with career and interest exploration, educational and career planning, and the job search process.

The middle range (25th to 75th percentile) hourly wage for school and career counselors in Nevada is $19.34 - $28.34. Figure 1 shows the estimated average hourly wage for different areas within the state.

This is a small but growing occupation. Current (2008) estimates show that there are 1,370 educational, vocational and school counselors in Nevada. The vast majority of them (76 percent) are employed in the educational services industry (see Figure 2 for the occupation's distribution by industry.)

Over the long-term, the number of school and career counselors is expected to grow moderately. During the most recent long-term occupational projections period (Table 1) it is estimated that the number of these counselors will increase 26.3 percent through 2016, more than double the rate of increase expected in the nation as a whole, but less than the all-occupation average for the state of 33.6 percent.

Figure 1

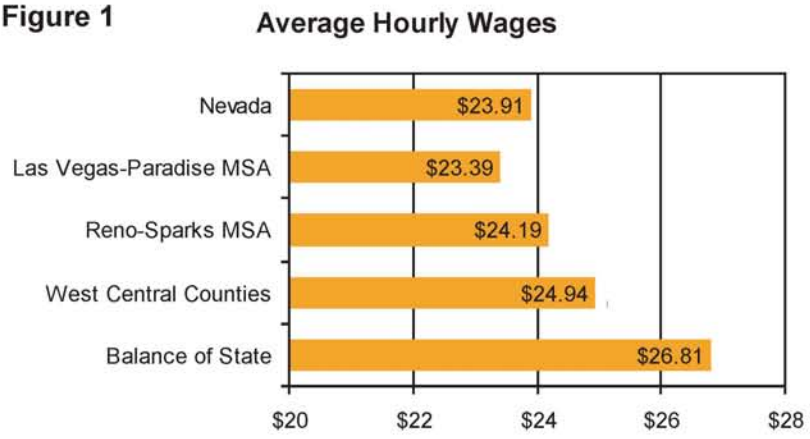
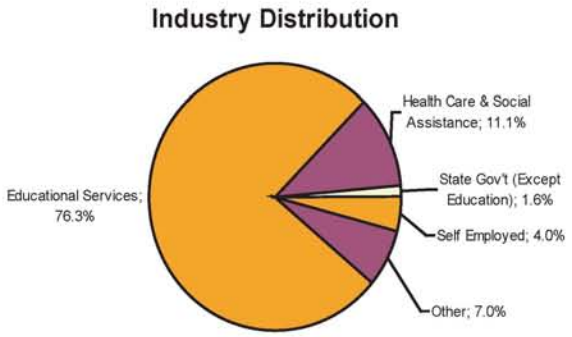


Figure 2



There are many factors that can potentially affect the short-term demand for school and career counselors, particularly during an economic downturn when more individuals are likely to seek the education and skills needed to remain competitive. As postsecondary school enrollment grows, the demand for school counselors also increases; however, this will be tempered by the constraints on school spending necessitated by declining public-sector budgets.

Demand for vocational counseling services is similarly affected by increases in unemployment during a recession. Unemployed individuals may need career counseling to conduct a job search for the first time in many years or to change careers entirely if their occupation is no longer viable in the current economy. In addition, those enrolled in social assistance programs may need vocational counseling to enter a more challenging job market.

Helping, listening and social percep-

Career Profile

tiveness skills are obvious "must haves" for school and career counselors. Counselors also need well developed speaking, writing and time management skills. According to the O*Net survey of school and vocational counselors sponsored by the U.S. Department of Labor, typical tasks for this occupation may include the following:

- Counsel students regarding educational issues such as course and program selection, class scheduling, school adjustment, truancy, study habits, and career planning.
- Counsel individuals to help them understand and overcome personal, social, or behavioral problems affecting their educational or vocational situations.
- Maintain accurate and complete student records as required by laws, district policies, and administrative regulations.
- Confer with parents or guardians, teachers, other counselors, and administrators to resolve students' behavioral, academic, and other problems.
- Provide crisis intervention to students when difficult situations occur at schools.
- Identify cases involving domestic abuse or other family problems affecting students' development.
- Meet with parents and guardians to discuss their children's progress and to determine their priorities for their children and their resource needs.
- Prepare students for later educational experiences by encouraging them to explore learning opportunities and to persevere with challenging tasks.

Table 1

Nevada and National Occupational Growth					
	2006 Employment	2016 Employment	10-Year Change	10-Year % Change	Average Annual Openings
Nevada	1,338	1,690	352	26.3%	66
U.S.	259,543	292,352	32,809	12.6%	8,420

- Encourage students or parents to seek additional assistance from mental health professionals when necessary.
- Observe and evaluate students' performance, behavior, social development, and physical health.

All states require some form of licensure or certification to work as a school counselor. Those wishing to work in a Nevada school district must meet the requirements for an *Endorsement for School Counselor* set by the state Department of Education. Nevada also licenses Clinical Professional Counselors[1] and national counselor certification is available from the National Board for Certified Counselors. In general, counseling licensure requires a master's degree in a related subject area, supervised clinical experience, and passing a national or state exam. In Nevada, the University of Nevada (Reno and Las Vegas), Nova Southeastern University, and University of Phoenix offer programs of study in counseling.

For more information on educational, vocational and school counselors, visit DETR's Nevada Career Information System (NCIS) at: *www.nvcis.intocareers.org*

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Endnotes

1 The State of Nevada Board of Examiners for Marriage and Family Therapists, and Clinical Professional Counselors is the licensing authority for Clinical Professional Counselors. Contact the board for information on the requirements for this licensure at: www.marriage.state.nv.us .

Additional Web Resources:
Nevada Department of Education/Licensure: http://nvteachers.doe.nv.gov
National Board for Certified Counselors: www.nbcc.org
American School Counselors Association: www.schoolcounselor.org
American Counseling Association: www.counseling.org
U.S. Department of Labor, Occupational Outlook Handbook: www.bls.gov/ooh
Occupational Information Network (O*Net): www.onetonline.org

County Profile

Elko County

Elko is the second largest county, land-wise, in Nevada (after Nye County) and covers approximately 17,181 square miles, accounting for 15.5 percent of Nevada's total surface area. There are only about three persons per square mile, compared to a statewide average of 24.5 persons per square mile. The County's population in 2008 is estimated to be 50,561 (Figure 1).

The County has the lowest unemployment rate in the State, at 4.1 percent in 2008 (Figure 2). Due to the robust mining industry, Elko has not been as greatly impacted by the current economic recession that has contributed to higher unemployment rates in the rest of the State. The State unemployment rate stands at 6.7 percent for the year.

Though Elko does have a number of mines, a majority of the miners who live there actually work in neighboring Eureka County. Hence, non-mining sectors have a significant presence in the regional economy. For instance, the County's largest sector, in terms of employment, is trade, transportation, and utilities, with nearly a quarter of Elko's job base, as shown in Figure 3. Leisure and hospitality, professional and business services, and construction each account for at least ten percent of countywide employment.

Employment in Elko County is spread across firms of varying sizes, as seen in Figure 4. Nearly a fifth of all employment is in establishments with 20-49 employees. The second largest share (14 percent) is in establishments with 500-999 employees. Six percent of employment is in firms with less than five employees.

Figure 1

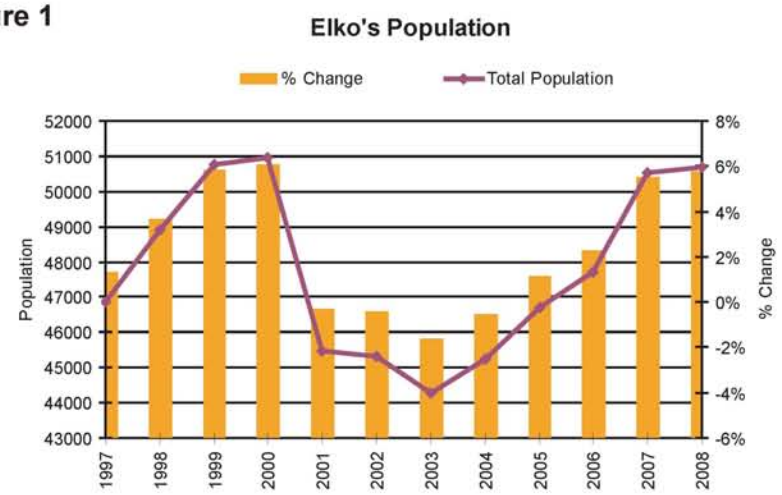


Figure 2

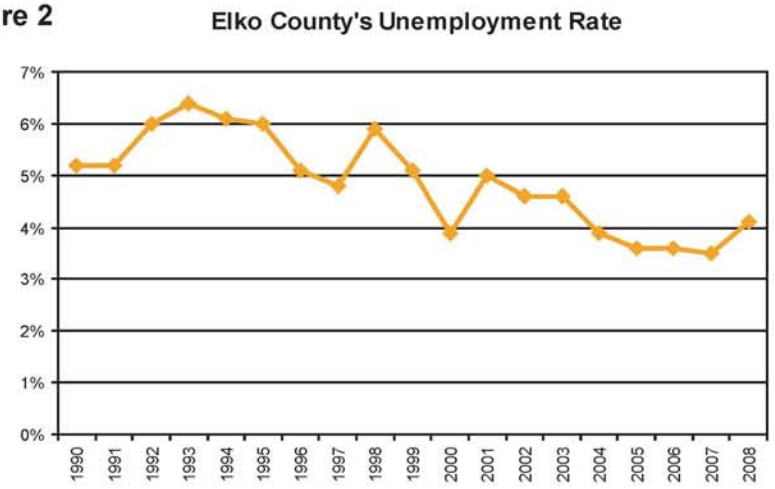
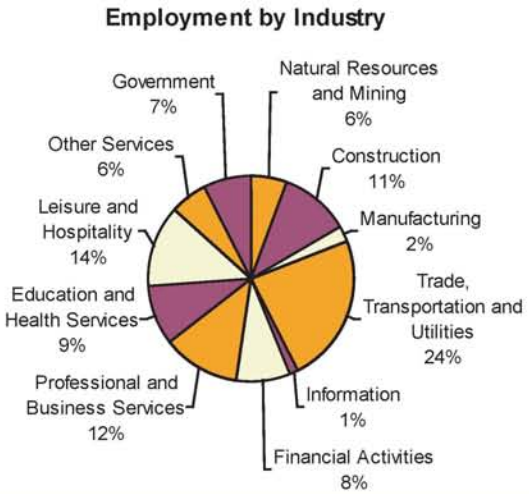


Figure 3



County Profile

Six percent of employment is in firms with less than five employees.

The top occupations and employers in Elko County are a rather diverse group (Tables 1 and 2). The largest occupational group is cashiers, followed by waiters and waitresses, gaming dealers, and truck drivers. The Elko County School District is the largest employer in the region. Several gaming establishments are also amongst the largest employers in the County. Average annual wages by industry are listed in Table 3.

Elko's reliance on mining presents the challenge of struggling through the volatile nature of the industry. The county does not want to rely solely on mining as its only viable economic entity. Economic diversification can ensure that the county does not suffer through boom-bust cycles, as it has in the past. Elko County is in the process of attracting new growth industries to the county in form of expanding retail and service businesses, as well as new non-mining industries such as manufacturing (the Northeastern Nevada Regional Railport and Industrial Park should open in spring of 2009) and geothermal. Within Elko County, there are several established geothermal sources and many additional resources with high potential for development, according to the Geothermal Resource Assessment conducted by Converse Consultants of Elko.

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Figure 4 **Elko Employment by Firm Size**

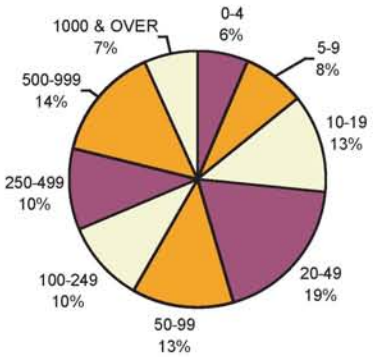

Table 1 **Top Ten Occupations**

Occupation	Employment	2008 Average Wages
Total All Occupations	19,890	$16.36
Cashiers	840	$8.16
Waiters and Waitresses	610	$7.81
Gaming Dealers	570	$6.68
Truck Drivers, Heavy and Tractor-Trailer	490	$18.83
Janitors and Cleaners, Except Maids and Housekeepi	470	$10.04
Maids and Housekeeping Cleaners	470	$8.31
Construction Laborers	400	$15.43
Laborers & Freight, Stock & Material Movers, Hand	380	$12.04
Secretaries, Except Legal, Medical, and Executive	360	$12.93
Maintenance and Repair Workers, General	360	$14.51

Table 2 **Top Ten Employers (as of 6/30/08)**

Tade Name	Industry	Sizeclass
ELKO COUNTY SCHOOL DISTRICT	Elementary and Secondary Schools	1000 to 1499 employees
CACTUS PETES INC	Casino Hotels	700 to 799 employees
RAINBOW CASINO AND HOTEL	Casino Hotels	700 to 799 employees
PEPPERMILL HOTEL CASINO - WENDOVER	Casino Hotels	600 to 699 employees
MONTEGO BAY CASINO RESORT	Casino Hotels	500 to 599 employees
WENDOVER NUGGET	Casino Hotels	400 to 499 employees
QUEENSTAKE RESOURCES USA INC	Gold Ore Mining	400 to 499 employees
RED LION INN AND CASINO	Casino Hotels	300 to 399 employees
ELKO COUNTY	Executive & Legislative Offices Combined	300 to 399 employees
GREAT BASIN COLLEGE	Junior Colleges	300 to 399 employees

Table 3 **Elko Annual Wages**

Industry	2008 Average Annual Wage
Total, All Industries	$34,028.80
Natural Resources and Mining	$49,961.60
Education and Health Services	$42,681.60
Information	$41,787.20
Public Administration	$41,454.40
Construction	$40,476.80
Professional and Business Services	$38,272.00
Other Services	$34,299.20
Manufacturing	$33,820.80
Financial Activities	$32,635.20
Trade, Transportation and Utilities	$32,468.80
Leisure and Hospitality	$21,777.60

Special Topics

Nevada's Occupational Structure

Results from Nevada's Occupational Employment Statistics (OES) wage survey estimate the average Statewide wage in 2008 for all occupations to be $18.43 hourly, or $38,333 annually. (Anderson[1] provides a general overview of the OES Program.) Figure 1 shows the average and median wage for each surveyed area within the State. Average wages ranged from a high of $20.00 per hour in Carson City to a low of $17.21 in the West Central Counties. While the focus of our analysis will be on average wages, median wages (the wage around which 50 percent of wages for all occupations are higher and 50 percent are lower) also provides some insight. For instance, the highest median wage is found in the Balance of State geographic region, a reflection of the relative importance of high-paying jobs in the mining industry.

Information from the OES Program, among other things, allows for comparisons between Nevada and the U.S. This allows for an analysis of Nevada's economic structure relative to that for the nation by utilizing "location quotients" (Table 1)[2]. For instance, the State's largest occupational group, office and administrative support, accounts for just over 16 percent of all occupations in Nevada. In the U.S. as a whole, these occupations account for 17.3 percent of the total. Hence, Nevada's location quotient of 0.93 suggests that the group's relative presence in the Nevada economy as a source of employment is less pronounced (by approximately 7 percent) than in the nation as a whole.

The location quotient of 1.83 for the construction and extraction occupational group in Nevada is, among other things, a reflection of the State's fast

Figure 1

Average and Median Hourly Wages by Geographic Area

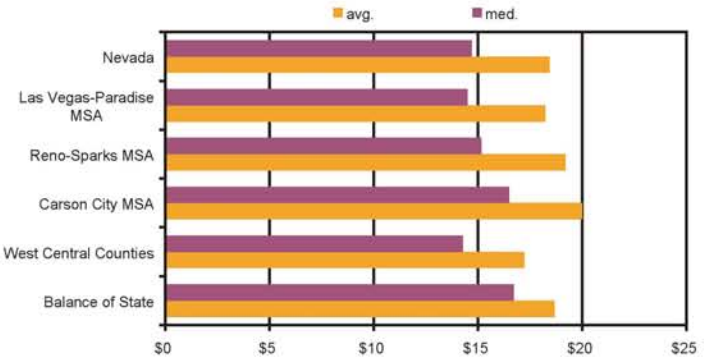

Table 1

Nevada vs. the U.S.
(employment shares by occupational group)

Group	Nevada Employment	Share of Nevada Total	U.S. Employment	Share of U.S. Total	Location Quotient
office and administrative support	206,240	16.04%	23,270,810	17.32%	0.93
food preparation and serving related	167,600	13.04%	11,273,850	8.39%	1.55
sales and related	133,980	10.42%	14,332,020	10.67%	0.98
construction and extraction	117,310	9.13%	6,708,200	4.99%	1.83
transportation and material moving	102,300	7.96%	9,629,030	7.17%	1.11
building and grounds cleaning and maint.	72,950	5.67%	4,403,900	3.28%	1.73
personal care and service	71,460	5.56%	3,339,510	2.49%	2.24
management	55,320	4.30%	6,003,930	4.47%	0.96
installation, maint., and repair	51,320	3.99%	5,390,090	4.01%	1.00
education, training, and library	50,150	3.90%	8,316,360	6.19%	0.63
production	46,700	3.63%	10,146,560	7.55%	0.48
healthcare practitioners and technical	41,870	3.26%	6,877,680	5.12%	0.64
business and financial operations	38,660	3.01%	6,015,500	4.48%	0.67
protective service	37,420	2.91%	3,087,650	2.30%	1.27
healthcare support	20,390	1.59%	3,625,240	2.70%	0.59
arts, design, ent., sports, and media	16,900	1.31%	1,761,270	1.31%	1.00
architecture and engineering	16,360	1.27%	2,486,020	1.85%	0.69
computer and mathematical	13,210	1.03%	3,191,360	2.38%	0.43
community and social services	8,860	0.69%	1,793,040	1.33%	0.52
legal	8,330	0.65%	998,590	0.74%	0.87
life, physical, and social science	7,480	0.58%	1,255,670	0.93%	0.62
farming, fishing, and forestry	640	0.05%	448,000	0.33%	0.15

Special Topics

growth over time and the associated need for new construction of all types, as well as the important role that mining plays in the State's rural economy. (Data being collected currently for the 2009 OES release will shed additional light of the effect of the unfolding economic slowdown on the State's occupational distribution, including in the hard-hit construction sector.) The relatively high location quotients for personal care and service occupations (2.24) and building and grounds cleaning and maintenance (1.73) is a reflection of the significant role that tourism, gaming, and lodging play in Nevada's economy.

At the other end of the spectrum, production workers account for just 3.6 percent of all Nevada occupations. This is less than half the share of these occupations at the national level. As a result, the location quotient of 0.48 is a reflection of that relative difference.

This is a summary of a more comprehensive analysis prepared as part of the Research and Analysis Bureau's Nevada Perspectives working papers series. For the full analysis, please go to: *www.nevadaworkforce.com/admin/uploadedPublications/2532_Nov08.pdf*

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Endnotes

1 Anderson, Bill (November 2008); "Annual Briefing: Nevada's Occupational Employment Statistics;" *Nevada Perspectives;* Nevada Department of Employment, Training and Rehabilitation. (Available at: http://www.nevadaworkforce.com/admin/uploadedPublications/2532_Nov08.pdf.)

2 The U.S. Bureau of Labor Statistics defines the location quotient concept as follows:

> A ratio that compares the concentration of a resource or activity, such as employment, in a defined area to that of a larger area or base. For example, location quotients can be used to compare State employment by industry to that of the nation.

For purposes of this analysis, the location quotient is simply an occupational group's share of Nevada employment divided by its share at the national level. For instance, a location quotient that is less than one suggests that the group's presence in the Nevada economy is less pronounced than in the nation as a whole. A location quotient greater than one suggests that the group's presence in the Nevada economy is more pronounced than in the nation as a whole. Used in such a manner, location quotients provide a means to readily compare the occupational activity levels between Nevada and the U.S.

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Economy In Brief

November 2008

DETR Research & Analysis Bureau

Nevada's Premier Source of Workforce & Economic Information & Analysis

Economic Summary

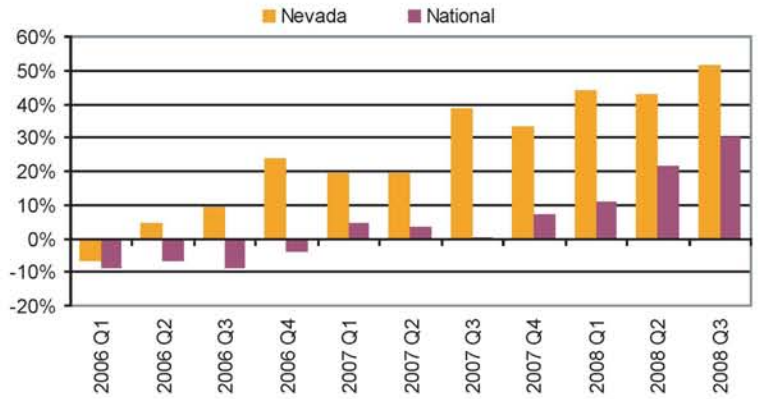
On December 1st, the Business Cycle Dating Committee of the National Bureau of Economic Research announced what many in Nevada have known for months: the economy is in recession. Officially, the national recession started in the fourth quarter of 2007. It was triggered by a combination of weak GDP growth and income. Recent national indicators point to a continued decline through November. Industrial employment fell by over 500,000 for the first time since December 1974. Overall, employment has contracted by 1.9 million jobs so far this year.

In Nevada, the unemployment rate jumped 0.4 percentage point to 8 percent (seasonally adjusted). It marks the first time since February 1984 that the rate has topped the 8 percent-threshold. In February 1984, there were 40,000 unemployed. In today's economy, the 8 percent jobless rate translates into 111,700 unemployed Nevadans. Unemployment rates in the State's metropolitan areas increased as well. Carson City's unemployment rate jumped 0.7 percentage point, to 8.1 percent, in November. The jobless rate increased by 0.4 percentage point in both the Las Vegas-Paradise and Reno-Sparks metro areas, to 7.9 percent and 7.8 percent, respectively. (Unemployment rates for the State's metropolitan areas are not adjusted for seasonality. For comparison purposes, the State's unadjusted unemployment rate was 7.9 percent in November.)

The rise in joblessness in Nevada has resulted in increased demands upon the State's unemployment insurance system. The growth in "first payments" (initial benefit payments) has been increasing since 2006 in Nevada, and at a pace that has been significantly higher than in the nation as a whole. In the third quarter of this year, first payments were up 51 percent from a year ago Statewide. For the nation as a whole, first payment activity was up 30 percent. In November, claims, payments and the benefit exhaustion rate all reached new historical highs.

Jobs losses in the State are mounting. In November, the Nevada economy shed 2,700 jobs from the previous month and 15,300 from a year earlier. The construction indus-

Annual Change in First Payments
Nevada vs. National Totals



Economic Indicators

UNEMPLOYMENT RATES	NOV 2008
NEVADA *	8.0%
LAS VEGAS-PARADISE MSA	7.9%
RENO-SPARKS MSA	7.8%
CARSON CITY MSA	8.1%
ELKO MICROPOLITAN AREA	4.1%
UNITED STATES *	6.7%
CALIFORNIA *	8.4%

* Seasonally Adjusted

JOB GROWTH (Y-O-Y)	
NEVADA	-1.2%
LAS VEGAS-PARADISE MSA	-0.5%
RENO-SPARKS MSA	-3.0%
CARSON CITY MSA	-1.2%
UNITED STATES	-1.4%
CALIFORNIA	-0.9%

CONSUMER PRICE INDEX (Y-O-Y)	
UNITED STATES	1.1%

GAMING WIN (Y-O-Y) OCT 2007 - OCT 2008	
NEVADA	-22.3%
CLARK COUNTY	-24.3%
WASHOE COUNTY	-9.0%

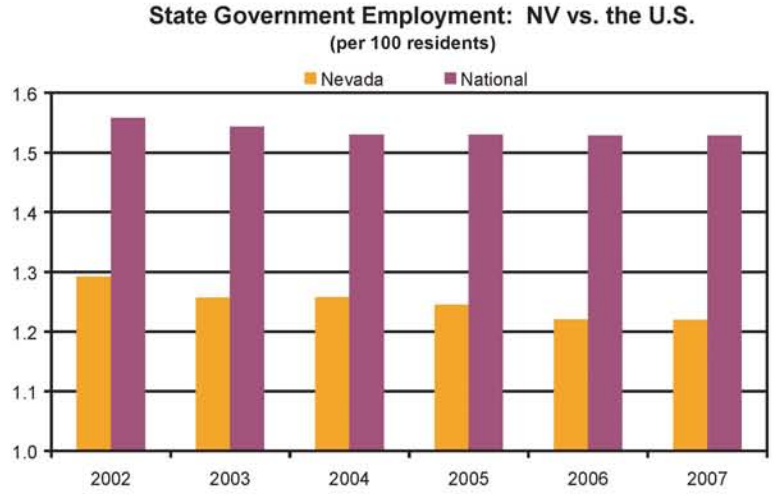
TAXABLE SALES (Y-O-Y) SEP 2007 - SEP 2008	
NEVADA	-5.2%
CLARK COUNTY	-6.3%
WASHOE COUNTY	-9.2%

Economic Summary

try continues to struggle having lost 15,900 jobs over the year. Despite the planned opening of the Encore in Las Vegas and the new jobs it represents, the Casino Hotel and Gaming industry has shed 5,100 jobs from a year ago.

November marks the official start of the holiday shopping season. It is an important time for retailers and the overall economy. The season tends to mark the point when retailers get their financial books in the black. Also, the seasonal hiring surge offers much needed part-time and temporary employment opportunities for workers. Through November, retail hiring has been less than stellar. Retail employment grew by 2,700 from October to November, about 1,000 less than the average job gain of the boom years from 2002 to 2007. The 2,700 new jobs mark the lowest October-November increase since 2001 when the sector added 2,600.

Government employment has grown by 5,500 jobs over the year, with most of the jobs coming from local government, particularly the public school systems. State government added 300 jobs over the year. Despite annual growth in State government employment, a long-term analysis suggests government employment growth has lagged behind that of the economy as a whole. Over the 2002-2007 period, State government employment grew at an average annual rate of 3.1 percent. Over the same period, total employment grew at a 4.2 percent rate. In Nevada, State government is a less prominent source of jobs than it is nationally (1.22 State government workers per 100 residents in Nevada in 2007, compared to 1.53 State government workers per 100 residents in the nation as a whole). Furthermore, this measure of State government's prominence as an employer in Nevada has been on the decline over



the past several years. In 2002, there were 1.29 State government employees in Nevada for every 100 residents.

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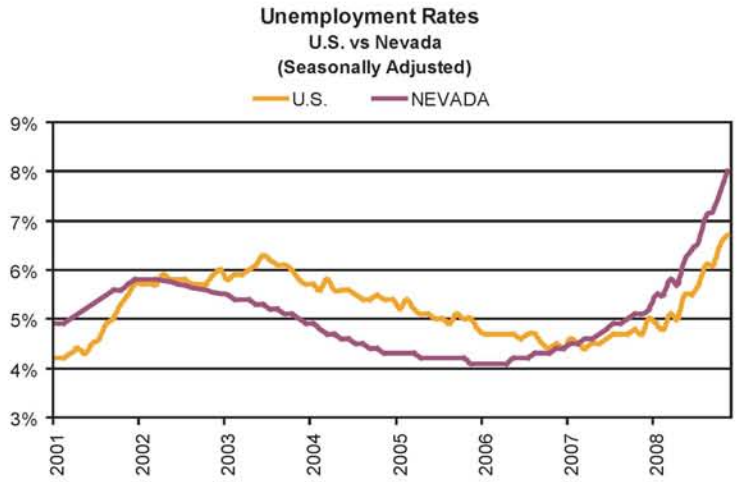
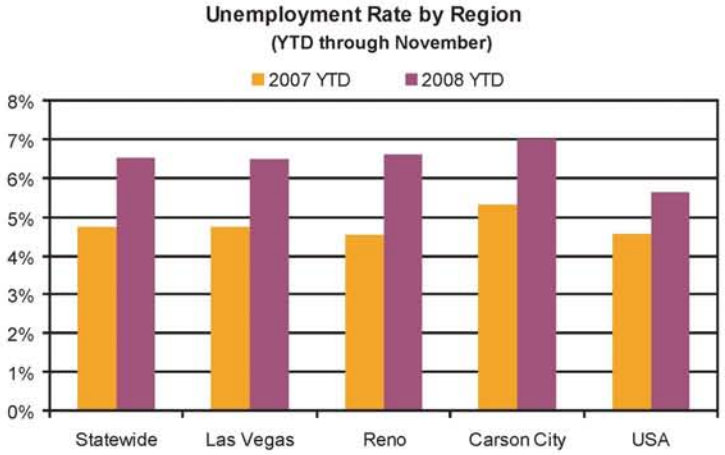
Trends at a Glance

Unemployment

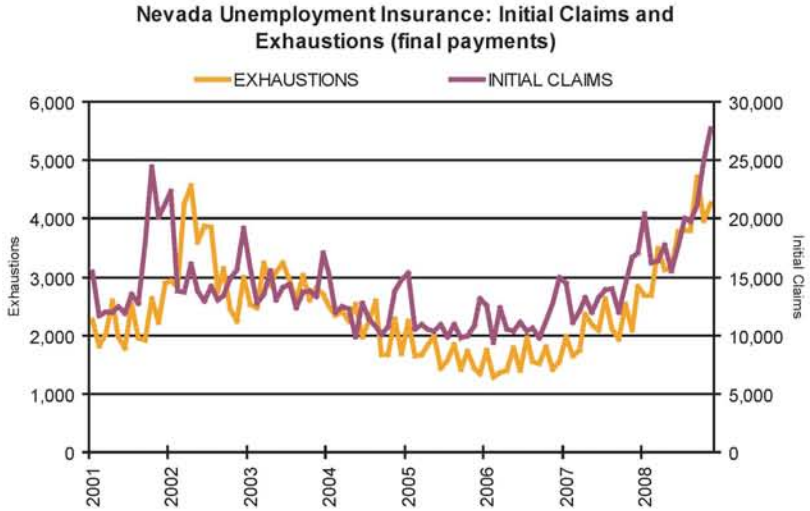
>Nevada's seasonally adjusted unemployment rate was 8 percent in November. It has not been this high since February 1984.
>The highest seasonally adjusted unemployment rate ever recorded in Nevada was 10.7 percent in December 1982.
>Nationally, the unemployment rate stood at 6.7 percent in November. Nevada's jobless rate has exceeded the national average since mid-2007. Prior to that, it had been trending below the U.S. for several years.



>Through the first 11 months of 2008, the statewide unemployment rate has averaged 6.5 percent, up from 4.7 percent during the same period in 2007.
>The Las Vegas-Paradise MSA has recorded an unemployment rate of 6.5 percent so far in 2008.
>In the Reno-Sparks MSA, the jobless rate has been 6.6 percent through the first 11 months of 2008.



>Initial claims for unemployment insurance continued to expand in November. Claims were up 63.4 percent relative to last year.
>Final payments, signifying an exhaustion of benefits, were 103.6 percent higher than a year ago.

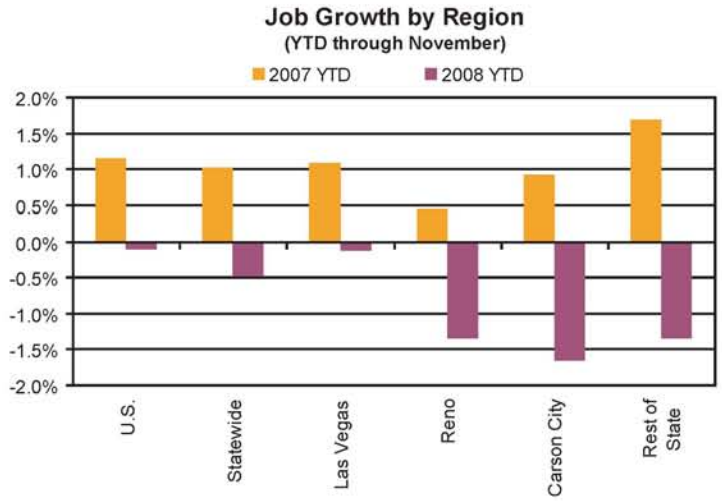


Trends at a Glance

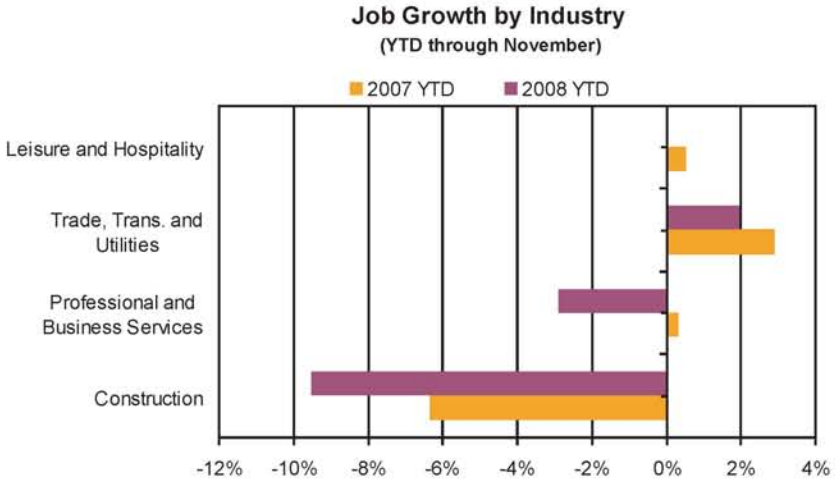
Industrial Employment

>Industrial employment in Nevada fell 1.2 percent in November, relative to a year ago, which equates to a loss of 15,300 jobs.
>November job readings were down 1.5 percent nationally.

>Employment in 2008 is below year-ago levels throughout all regions of the State.
>Clark County job count fell 0.5 percent in November, relative to last year, and job levels were down 0.1 percent through the first 11 months of 2008.
>In the Reno MSA, November job readings were down a significant 3 percent relative to last year, which brings the year-to-date decline to 1.4 percent.



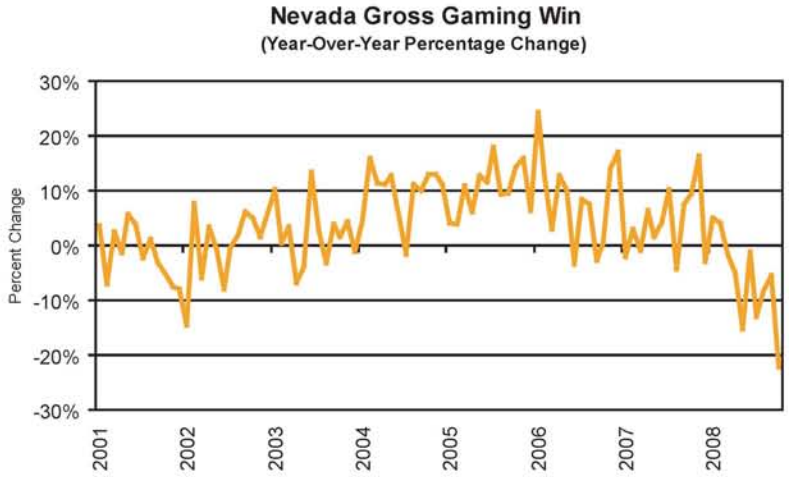
>Job losses in the construction industry have totaled 12,800 so far this year, for a 9.5 percent decline year to date relative to 2007.
>With November's 1.7 percent drop in employment, the State's largest industry sector, leisure and hospitality, has struggled to hold job levels steady. Gains in food services and drinking places, however, have helped offset severe losses in the casino hotels and gaming industry.



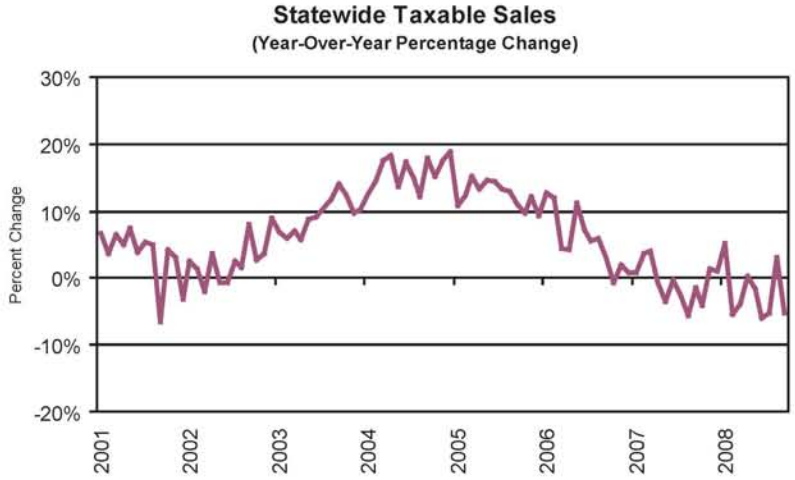
Trends at a Glance

Economic Indicators

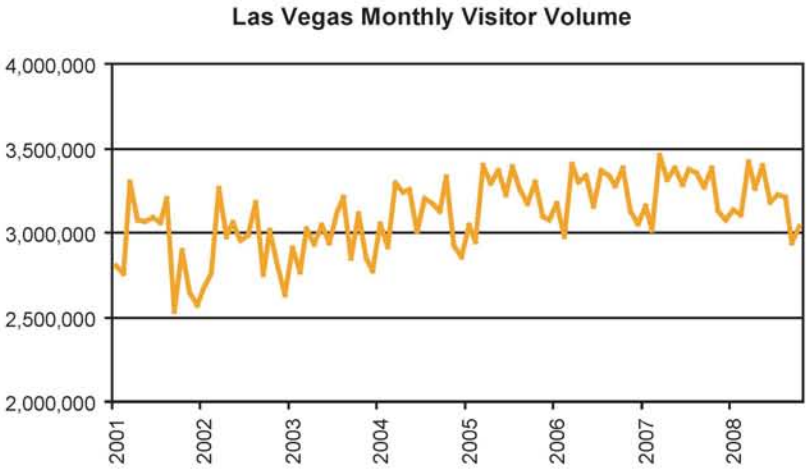
>Gaming win was down an historic 22.3 percent in October from year-ago levels. This is the tenth consecutive month in which gaming win has declined.



>Statewide taxable sales in September were down 5.2 percent from a year ago. This decrease comes after a positive gain in August that occurred due to a State tax amnesty program.



>While Las Vegas visitor volume experienced an increase in visitors in October from the previous month, the total volume was still 10.2 percent lower than October 2007 levels.



Special Topics

Nevada Gross Domestic Product (GDP)

The Bureau of Economic Analysis in the U.S. Department of Commerce generates annual estimates of Gross Domestic Product (GDP) by state. Real (inflation-adjusted) GDP provides a measure of each state's production volume, wherever sold. Information is available for 19 industry sectors. Because of the complexity of the data-gathering process, GDP estimates are released with a significant lag. 2007 information was not released until June of 2008.

As with just about any measure of regional economic activity, there are strengths and weaknesses associated with the real GDP data. However, an analysis of trends over the past decade in Nevada results in conclusions which are very consistent with those drawn from similar analyses of other economic indicators, such as employment and income.

In Nevada, real GDP totaled $103.2 billion (measured in calendar year 2000 $) in 2007. Comparable data are available from 1997 forward, when economic output in Nevada totaled an inflation-adjusted $64.5 billion (Figure 1).

Recent real GDP trends in the State suggest that economic growth slowed considerably in 2007. Specifically, economic growth totaled just 0.6 percent during the year (Figure 2). Economic growth peaked in 2004 at over ten percent, but has eased every year since. Growth in 2006 came in at 5.4 percent. Over the 1997-2006 period, growth averaged 5.3 percent per year, reflecting the State's strong economic showing prior to the current slump.

Figure 1

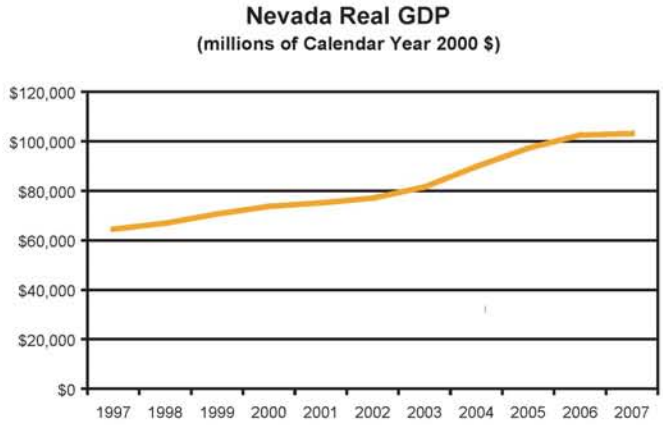


Figure 2

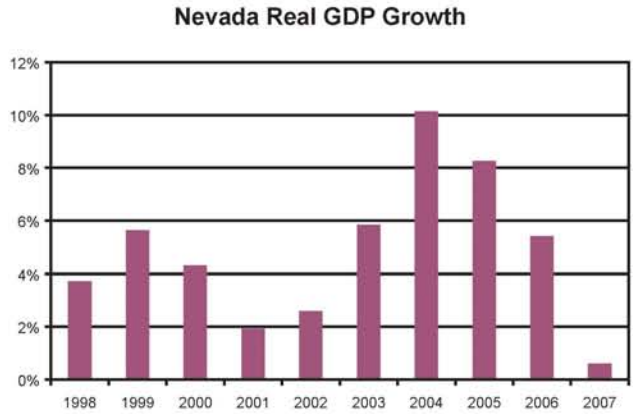
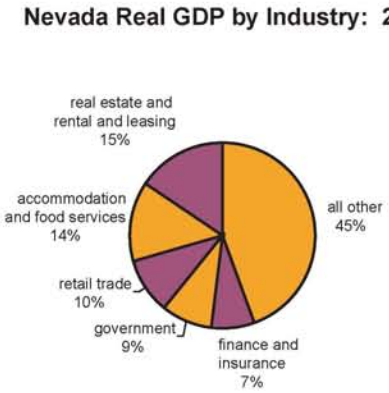


Figure 3



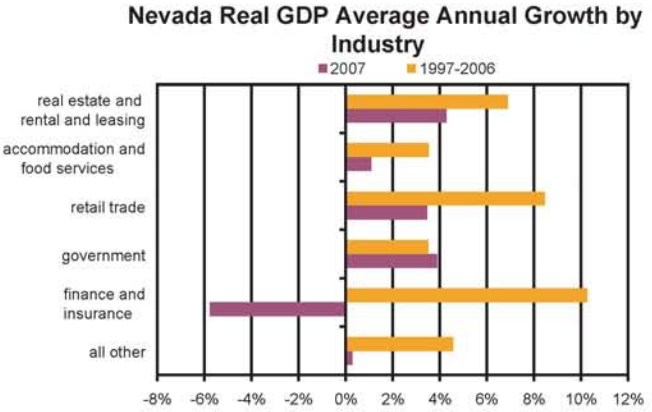
Five industries account for more than half of the State's economic output (Figure 3). Not surprisingly, given the structure of Nevada's economy, the real estate/rental and leasing and accommodation/food services industries lead the way, accounting for nearly 30 percent of economic activity. Retail trade accounts for another ten percent.

Based upon real GDP trends in 2007, the downturn in Nevada's economy appears to be quite

Special Topics

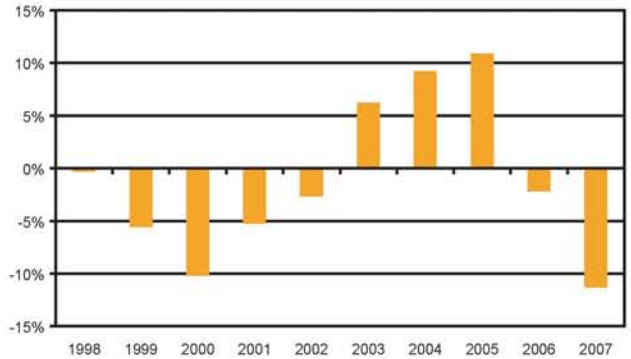
widespread. Except for the government sector, four of the top five industries saw growth ease in 2007 (Figure 4). For instance, between 1997 and 2006, output from the real estate/rental and leasing industry grew at an average annual rate of 6.9 percent. In 2007, growth was cut to 4.3 percent. In accommodation/food services, the State's largest industry in terms of employment, output growth eased to 1.1 percent in 2007, following average annual growth of 3.5 percent during the previous nine-year period.

Figure 4



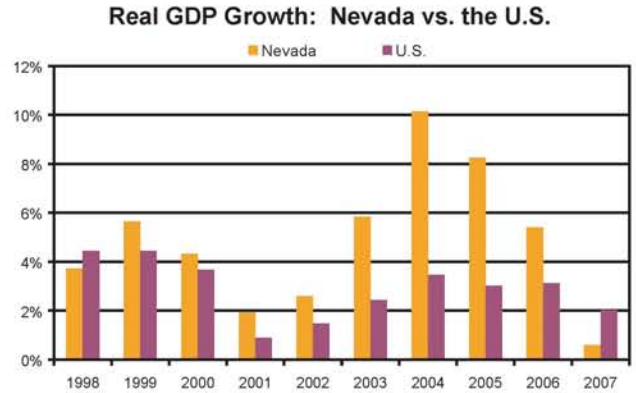
Much attention has been paid of late to the construction sector. A downturn in residential construction was the first sign of a softening economy in Nevada. Figure 5 highlights the cyclical nature of the construction industry over the past several years. The inflation-adjusted value of construction output tumbled during the recession of the early part of this decade. Output in the industry rose at an increasingly-strong rate for three consecutive years beginning in 2003, peaking at 10.9 percent in 2005. In 2006, it fell at a 2.2 percent rate, followed by a 10.9 percent decline in 2007.

Figure 5



Historically, Nevada's economy has out-performed the nation's. Between 1999 and 2006, economic growth in Nevada exceeded that for the nation in every year (Figure 6). During the 2003-2005 period, Nevada's economy grew at a rate which was more than double the rate of growth for the U.S. as a whole. However, the State's economy grew at just a 0.6 percent rate in 2007, considerably below the 2 percent growth rate for the U.S. economy.

Figure 6



This reversal is not surprising in light of the sources of the economic difficulties that have resulted in the current slump—problems in the housing sector, credit market difficulties, and weak consumer spending. Arguably, these forces have hit at the core (and historical strength) of Nevada's economy. As a result, the State has been hit relatively hard by the current downturn.

All told, recent real GDP trends confirm that the Nevada economy has slowed considerably of late, following several years of very solid growth. Furthermore, the downturn appears to be broad-based, impacting just about every sector of the State's economy. Whereas, historically, Nevada's economy has been one of the fastest growing in the U.S., we have fallen behind the nation with respect to economic growth, at least in the short-term.

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October 2008

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Economic Summary

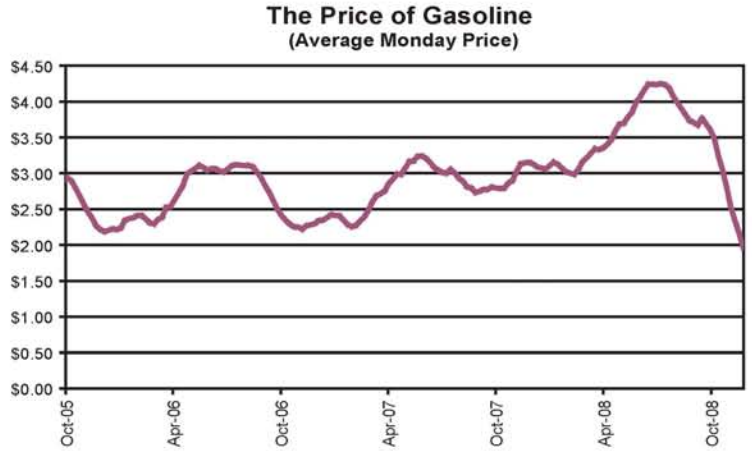
Over the 2002-2006 period, Nevada's unemployment rate came in below national readings. However, evidence suggests that Nevada has been hit relatively hard by the current economic downturn. Key components of the State's economy—housing, commercial development and consumer spending—have been hit especially hard. As a result, the State's jobless rate has moved above the national average. Specifically, October's 7.6 percent (seasonally adjusted) jobless rate stands 1.1 percentage points higher than the national average.

Nevada's unemployment rate is up significantly from a revised 7.2 percent in September and stands 2.5 percentage points higher than a year ago. This is the highest unemployment reading in over 23 years. Unemployment in the Las Vegas-Paradise MSA increased two-tenths of a percentage point from the previous month, in rising to 7.5 percent (not seasonally adjusted). A year ago, the rate was just 5 percent. In the Reno-Sparks MSA, the unemployment rate in October rose to 7.2 percent, up from 6.8 percent in September and 4.4 percent a year ago (for comparison purposes, Nevada's unadjusted unemployment rate was 7.4 percent in October).

Nevada's economy shed 6,700 jobs relative to a year ago. October marks the eighth consecutive month that job levels have declined year-over-year. However, it is important to put the State's current job losses in some perspective. Between 2002 and 2007, Nevada's economy created about 240,000 jobs. In total, recent job losses have offset just a small portion of our historical job gains.

October construction job readings are off by 15,000 relative to a year ago. The State's largest industry, leisure and hospitality, led by food services and drinking places, added 1,200 jobs over the year. However, casino hotel and gaming job levels are actually down by 2,300 relative to a year ago, a reflection of the impacts of the global economic slowdown on Nevada businesses. Gaming win has been trending down of late, as has Las Vegas visitor volume, despite declines in oil and gasoline prices.

Driven by lower energy prices, which



Economic Indicators

UNEMPLOYMENT RATES	OCT 2008
NEVADA *	7.6%
LAS VEGAS-PARADISE MSA	7.5%
RENO-SPARKS MSA	7.2%
CARSON CITY MSA	7.4%
ELKO MICROPOLITAN AREA	4.1%
UNITED STATES *	6.5%
CALIFORNIA *	8.2%

* Seasonally Adjusted

JOB GROWTH (Y-O-Y)	
NEVADA	-0.5%
LAS VEGAS-PARADISE MSA	0.2%
RENO-SPARKS MSA	-2.5%
CARSON CITY MSA	-1.8%
UNITED STATES	-0.9%
CALIFORNIA	-0.7%

CONSUMER PRICE INDEX (Y-O-Y)	
UNITED STATES	3.7%

GAMING WIN (Y-O-Y) SEP 2007 - SEP 2008	
NEVADA	-5.4%
CLARK COUNTY	-2.9%
WASHOE COUNTY	-20.5%

TAXABLE SALES (Y-O-Y) AUG 2007 - AUG 2008	
NEVADA	3.1%
CLARK COUNTY	5.8%
WASHOE COUNTY	-4.6%

Economic Summary

impact pricing patterns throughout the economy, inflationary pressures have eased. The Consumer Price Index was actually down by 1 percent in October from the previous month.

Jobs in the retail trade industry merit watching in the coming months in order to gauge the extent to which Nevada businesses add workers during the all-important holiday shopping season. Over the past several years, retail trade job readings have tended to rise by 5,000 to 6,000 between October and December. Expectations are that seasonal hiring will likely be much less pronounced than in years past. Still, October retail trade job readings are up 1,700 relative to a year ago.

There were only 329 new building permits issued for Clark County new home construction in October, a year-over-year decrease of 80.6 percent. Resales of existing homes continue to outpace year-ago levels by a significant margin, but the lack of new home construction is detrimental to the hopes of a rapid recovery in the construction and real estate industries.

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Special Topics

Nevada Personal Income

One of the broader measures of the health of Nevada's economy, and the financial well-being of its citizens, is personal income . This information is reported on a quarterly basis by the Bureau of Economic Analysis in the U.S. Department of Commerce. Data are released with a nearly three-month lag.

Personal income readings have more than doubled in the past decade (Table 1). Although growth remains respectable, the on-going economic slowdown is having an impact on overall income trends, just as it has on other barometers of Nevada's economic health, such as employment/unemployment, taxable sales, and gaming activity

As of 2008:IIQ, personal income in Nevada totaled $106.1 billion on a seasonally adjusted annual basis (Figure 1). This translates into a 5.9 percent increase relative to the second quarter of 2007. A decade ago, income totaled just a bit more than $50 billion. This long-term growth is consistent with other measures of economic activity in Nevada. The State's population has grown by 50 percent over the past decade. Approximately 400,000 new jobs were created over the 1997-2007 period. Las Vegas visitor volume increased by about 8.7 million over the same period. Nevada's remarkable economic showing in prior years makes the current downturn all the more difficult.

Over the past ten years, personal income growth has averaged about 8 percent per year. As spelled out above, current trends are not nearly as encouraging as they were earlier this decade. Specifically, personal income growth peaked in excess of 12 percent in both 2004 and 2005 (Figure 2, Figure 3) in Nevada. Growth has been cut by more than half since that high-point.

During the previous economic downturn, in 2001 and 2002, personal income growth fell to as low as 2.7 percent in 2002:IIIQ. So far, at least, income growth during the current downturn has held up much better than in the prior slump. During the recessionary early-1980s, the lowest growth rate was 4.5 percent, recorded in 1983:IQ. Although Nevada personal income growth slowed during the recession of the early-1990s, it never dipped below the 6.7 percent increase turned in during 1993:IVQ.

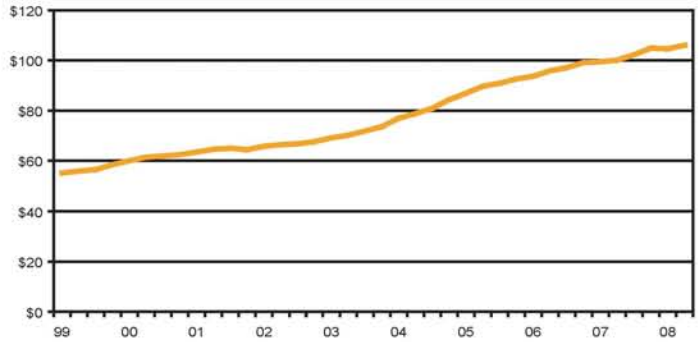
The largest component of personal income is net earnings, accounting for approximately two-thirds of total income. It grew at a 4.5 percent clip during the first half of 2008, essentially unchanged from the growth recorded during the same period in 2007 (Figure 4). The fact that earnings growth is holding steady, albeit at a relatively modest pace, is somewhat surprising, in light of the deterioration in labor markets over the period.

However, it is consistent with information from the Quarterly Census of Employment and Wages (QCEW), a cooperative program

Table 1 Nevada Personal Income
(billions of $; seasonally adjusted at annual rates)

	IQ	IIQ	IIIQ	IVQ	Annual Average
1999	$55.1	$55.9	$56.4	$58.4	$56.5
2000	$60.0	$61.4	$61.9	$62.4	$61.4
2001	$63.5	$64.6	$64.9	$64.4	$64.4
2002	$65.8	$66.4	$66.7	$67.6	$66.6
2003	$69.1	$70.2	$71.8	$73.6	$71.2
2004	$76.9	$78.8	$81.0	$84.3	$80.2
2005	$86.9	$89.7	$90.9	$92.6	$90.0
2006	$93.7	$95.9	$97.2	$99.1	$96.5
2007	$99.5	$100.2	$102.3	$104.9	$101.7
2008	$104.6	$106.1			
2007-2008 Change	5.2%	5.9%			

Figure 1 Nevada Personal Income
(billions of $; seasonally adjusted at annual rates)



Special Topics

Statistics and the Research and Analysis Bureau, which generates a variety of information concerning employers and employees covered by unemployment insurance laws. Recent QCEW information points to average weekly wage growth of approximately 3.6 percent during the first half of this year in Nevada. This suggests that much of the State's net earnings growth is likely the result of wage inflation, in the absence of employment gains

Arguably, Nevada's economy, to a large degree, has been impacted by three structural forces driving the current slowdown: housing market difficulties, problems in the credit market, and cautious consumer spending. Evidence of the impacts of these forces can be found in recent personal income trends. Total earnings on the part of workers in the construction sector were off by 2 percent during the first half of this year, relative to a year ago. Earnings on the part of workers in the real estate and rental/leasing industry were down 6.3 percent over the same period.

Trends in other sectors of the economy reflect the fact that the current downturn has impacted consumer spending, including discretionary spending, relatively hard. Earnings in accommodation and food services, the State's largest industry, rose 4.1 percent on an annual basis during the first half of this year. During the five-year period ending in 2007, earnings growth in this industry averaged in excess of 7 percent annually. Workers in the retail trade industry saw their earnings increase just 0.7 percent through the first two quarters of this year relative to 2007.

Although a relatively small component of total personal income, trends of late have been helped by growth in transfer payments. Since 2006, this component of personal income has accounted for, on average, about 11 percent of total income. During the first half of this year, transfer payments grew at an annual clip of 11.6 percent, on the heels of an 8.9 percent increase during the first half of 2007. Typically, transfer payments, especially those from the government sector to citizens, pick up as the economy falters.

An examination of personal income trends suggests that Nevada has been hit relatively hard by the current downturn, due, at least in

Figure 2 Nevada Annual Personal Income Growth
(percent change from year-ago; 2008 YTD through IIQ)

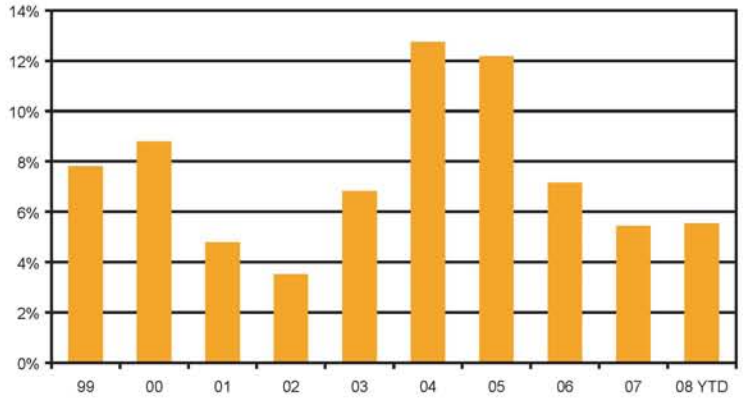


Figure 3 Nevada Quarterly Personal Income Growth
(percent change from year-ago)

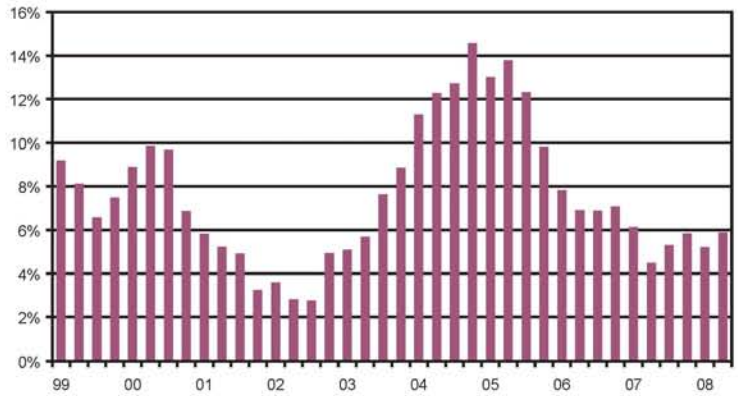
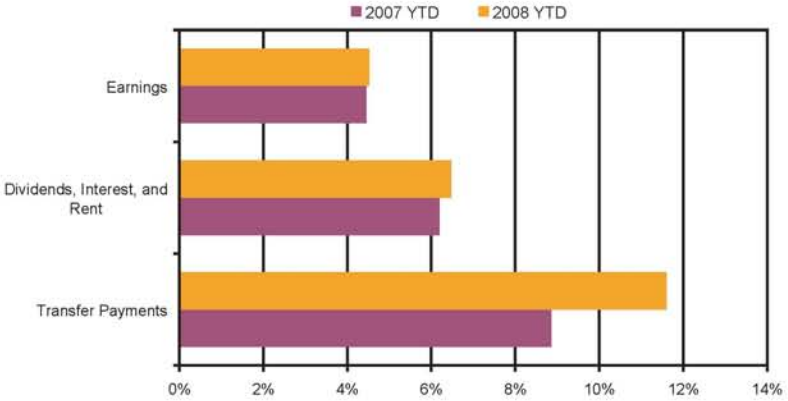


Figure 4 Components of Nevada Personal Income Growth
(YTD through IIQ)



Special Topics

part, to our high exposure to the three driving forces behind the economy's on-going slowdown highlighted above. Historically, income growth in Nevada has exceeded that for the nation as a whole (Figure 5). During the 2002-2005 period, income gains in Nevada were double the rate of growth in the U.S. However, since then, the State's fortunes have turned. In 2006, Nevada's personal income growth barely exceeded the national average. In 2007, U.S. income growth was actually stronger than in Nevada. Through the first half of 2008, Nevada's 5.5 percent income gain stands just 0.7 percentage point higher than in the U.S.

The current downturn in the economy proved to be very hard to predict. Few were able to foresee its severity. Similarly, opinions about the length of the downturn vary widely. To date, personal income growth has held up fairly well. However, should economic conditions continue to worsen, income readings will surely take a hit. Under that scenario, only time will tell if income growth will fall to readings not seen in more than a half-century.

Bill Anderson
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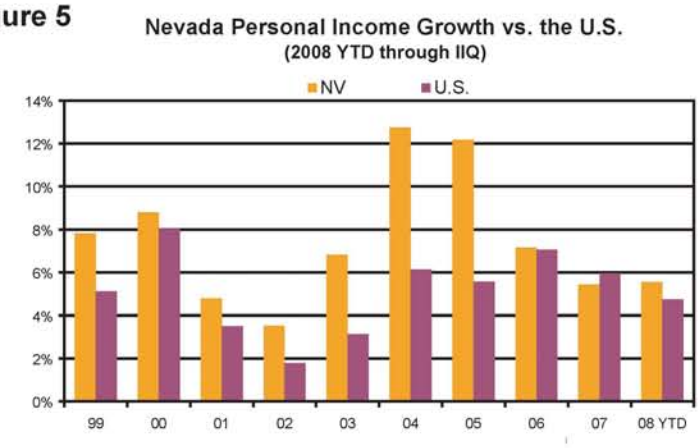
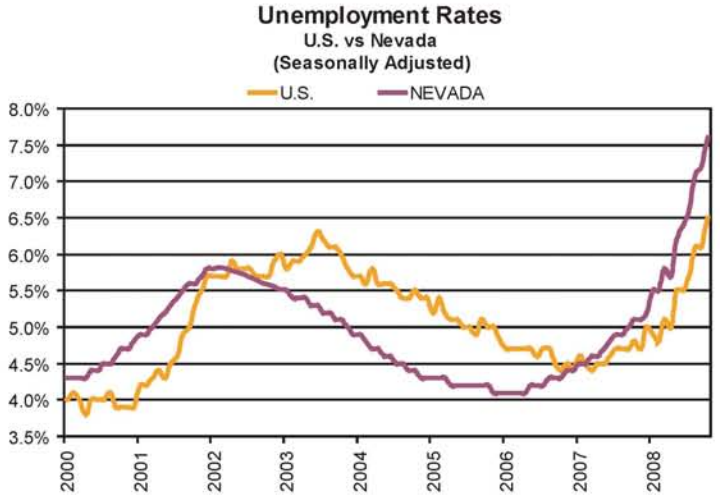
Figure 5



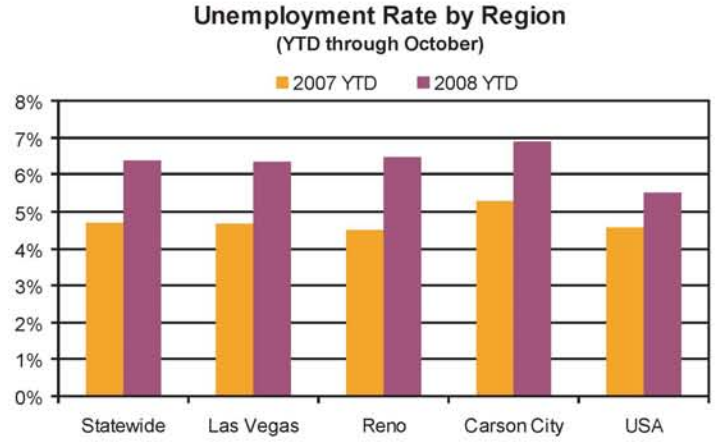
Trends at a Glance

Unemployment

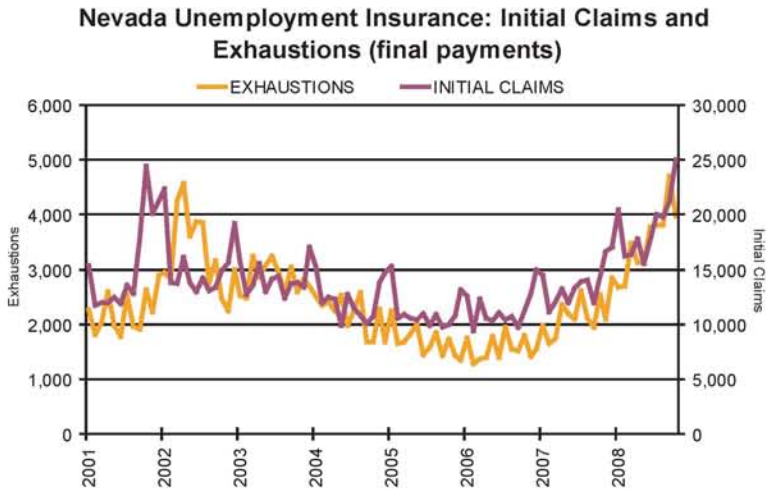
* Nevada's seasonally adjusted unemployment rate was 7.6 percent in October. It has not been this high since May 1985.
* The highest unemployment rate ever recorded in Nevada was 10.7 percent in December 1982.
* Nationally, the unemployment rate stood at 6.5 percent in October. Nevada's jobless rate has exceeded the national average since mid-2007. Prior to that, it had been trending below the U.S. for several years.



* Through the first ten months of 2008, the statewide unemployment rate has averaged 6.4 percent, up from 4.7 percent during the same period in 2007.
* The Las Vegas-Paradise MSA has recorded an unemployment rate of 6.3 percent through the same period.
* In the Reno-Sparks MSA, the jobless rate has been 6.5 percent through the first ten months of 2008.



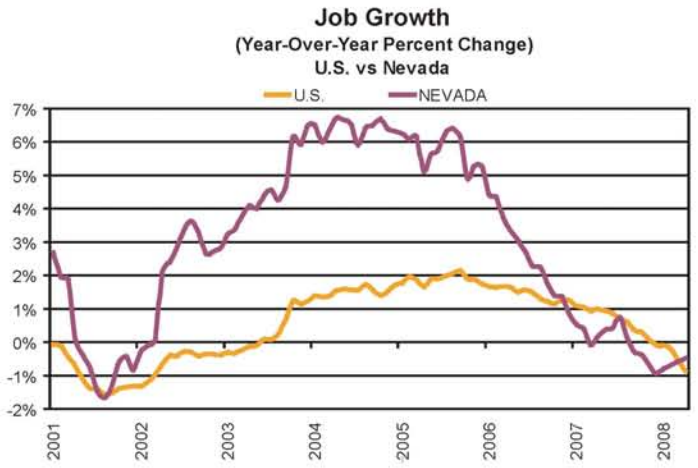
* Initial claims for unemployment insurance continued to expand in October. Claims were up 73.7 percent relative to last year.
* Final payments, signifying an exhaustion of benefits, stand 56.3 percent higher than a year ago.



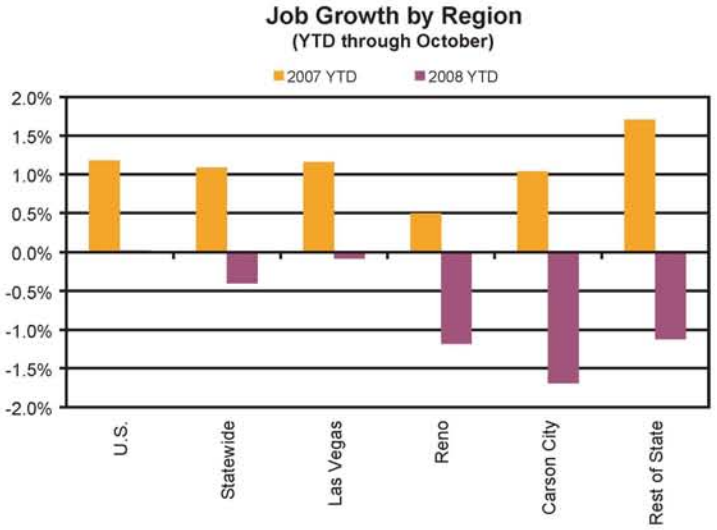
Trends at a Glance

Industrial Employment

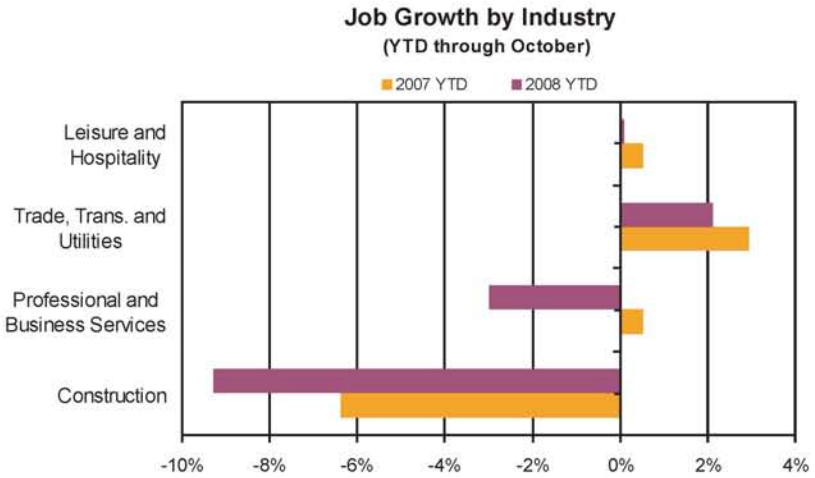
* Industrial employment in Nevada fell 0.5 percent, relative to a year ago, which equates to a loss of 6,700 jobs.
* October job readings were down 0.9 percent nationally.



* Employment in 2008 is below year-ago levels throughout all regions of the State.
* Clark County job growth was 0.2 percent in October, relative to last year, although job levels were down 0.1 percent through the first ten months of 2008.
* In Washoe County, October job readings were down 2.5 percent relative to last year, which brings the year-to-date decline to -1.2 percent.



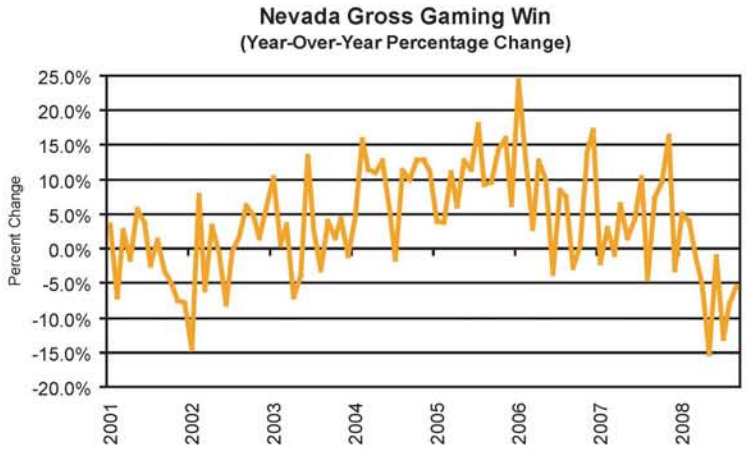
* Job losses in the construction industry have totaled 12,500 so far this year, for a 9.3 percent decline relative to 2007.
* The State's largest industry, leisure and hospitality, has struggled to hold job levels steady, as gains in food services and drinking places have offset losses in casino hotels and gaming.



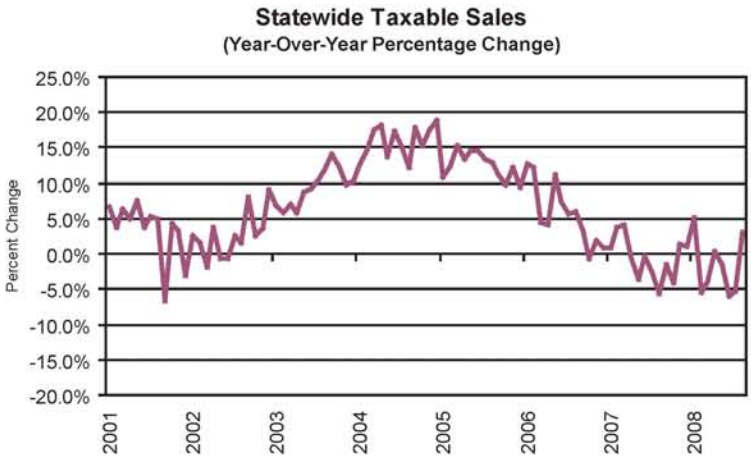
Trends at a Glance

Economic Indicators

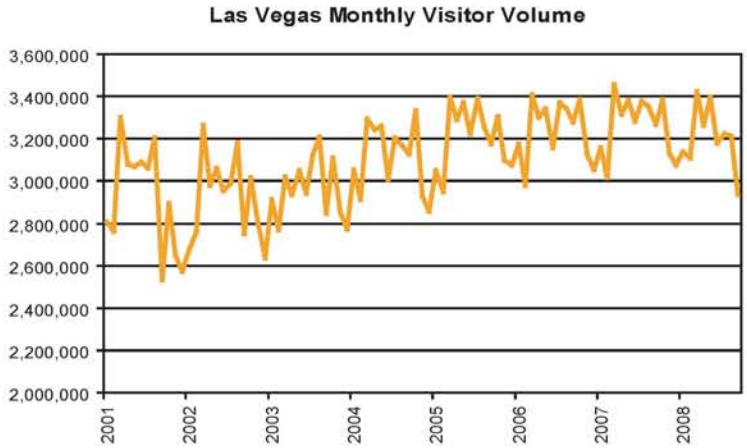
* Gaming win was down 5.4 percent in September from year-ago levels. This is the eighth consecutive month in which gaming win has declined.



* Statewide taxable sales in August were up 3.1 percent from a year ago. This was only the third increase in the past 17 months.
* Previous taxable sales activity identified as part of a State tax amnesty program was reported in August and accounted for the year-over-year increase.



* Las Vegas visitor volume suffered a significant downturn in September, falling by 10.1 percent over the year.



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