

ECONOMY IN BRIEF

April 2009



RESEARCH & ANALYSIS BUREAU

NEVADA'S PREMIER SOURCE OF WORKFORCE & ECONOMIC INFORMATION & ANALYSIS

Economic Summary

Nevada's seasonally adjusted unemployment rate increased to 10.6 percent, gaining two-tenths of a percentage point over-the-month. It's the smallest month-to-month increase since April 2008. The number of unemployed Nevadans fell for the first time in a year, falling by one-hundred, to 146,300. The declining rate of growth may be an indication that the worst of the downturn is behind us, but only time will tell if April's reading is the start of a trend or just a brief respite from continued increases in unemployment. The unemployment rate is 0.1 percentage point below the record of 10.7 percent (December 1982.)

The unemployment rate in each of Nevada's three metropolitan statistical areas either declined or remained the same. The Carson City MSA experienced the sharpest decline in its unemployment rate, falling from 11.3 percent to 10.8 percent. The unemployment rate in Reno-Sparks fell two-tenths of a percentage point to 11.0 percent, and the Las Vegas-Paradise unemployment rate was unchanged at 10.4 percent. (Unemployment rates for the State's metropolitan areas are not adjusted for seasonality. For comparison purposes, the State's unadjusted unemployment rate was 10.5 percent in April.)

Employers reported 5,200 fewer jobs Statewide in April than in March, an about-face compared to last year's increase of 5,100 over the same period. The recession has negated typical seasonal growth seen this time of year. For instance, over the last five years, Nevada's employment increased an



average of 11,320 from March to April. This year, a number of key industries in the State failed to maintain employment levels: the retail trade industry shed 1,600 jobs; professional and business services employers trimmed 1,400 jobs from their payrolls; and local governments slashed 1,500 jobs over the month. On the bright side, food service and drinking establishments added 1,100 positions, education and health services added 100, and casino hotels and gaming ended a string of monthly losses, remaining flat over-the-month.

Employment trends in Nevada's three metropolitan statistical areas were mixed. Employment in Las Vegas declined 4,200 over-the-month and is down 54,700 over-the-year. Reno-Sparks employment contracted by 700

Economic Indicators

UNEMPLOYMENT RATES	APR 2009
NEVADA *	10.6%
LAS VEGAS-PARADISE MSA	10.4%
RENO-SPARKS MSA	11.0%
CARSON CITY MSA	10.8%
ELKO MICROPOLITAN AREA	6.0%
UNITED STATES *	8.9%
CALIFORNIA *	11.0%

* Seasonally Adjusted

JOB GROWTH (Y-O-Y)	
NEVADA	-6.1%
LAS VEGAS-PARADISE MSA	-5.9%
RENO-SPARKS MSA	-8.5%
CARSON CITY MSA	-4.1%
UNITED STATES	-3.8%
CALIFORNIA	-4.7%

CONSUMER PRICE INDEX (Y-O-Y)	
UNITED STATES	-0.7%

GAMING WIN (Y-O-Y)	
MAR 2008 - MAR 2009	
NEVADA	-11.6%
CLARK COUNTY	-9.8%
WASHOE COUNTY	-23.3%

TAXABLE SALES (Y-O-Y)	
FEB 2008 - FEB 2009	
NEVADA	-18.9%
CLARK COUNTY	-19.6%
WASHOE COUNTY	-18.4%

jobs from March to April and is down 18,500 over-the-year. Carson City managed a monthly increase of 200, but is down 1,300 from the same month a year ago.

The CBER-DETR Nevada Coincident and Leading Employment Indices, developed through a partnership

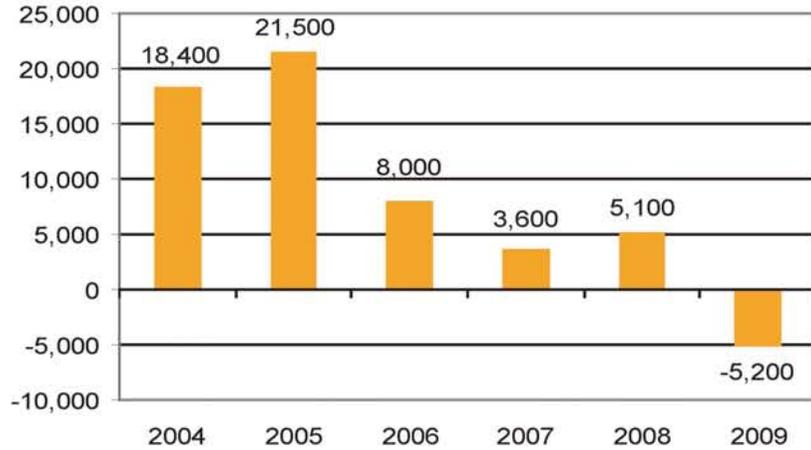
Economic Summary

between DETR and UNLV's Center for Business and Economic Research, measure the ups and downs of Nevada's labor market economy. The Coincident Employment Index uses an index of four employment measures: household employment, nonfarm employment, the unemployment rate and the insured unemployment rate. The coincident index fell by 3.4 percent in March from February, suggesting the current recession has yet to find a bottom. The index is 21.7 percent lower than year-ago levels. The Nevada Leading Employment Index, however, which also provides a signal about the future direction of the coincident index, showed an increase from February to March of 0.1 percent, and has remained relatively unchanged since January, implying that an employment bottom may be near.

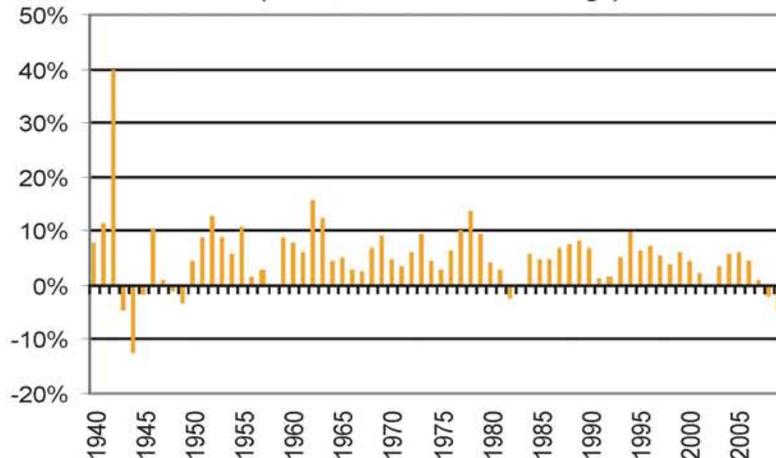
A comparative review of Nevada employment changes over time offers a sobering analysis of recent trends. On a percentage basis, the level of job losses in the current recession has not been seen since World War II. The Nevada economy in the 1940s was significantly different than today's. At the time, Nevada's total employment was less than 60,000. From 1943 to 1944, the economy shed 6,900 jobs, accounting for a 12.4 percent year-over-year decline. Even the recession of the early-1980s is beginning to look relatively mild as the current downturn deepens. In 1982, Nevada lost 2.4 percent of all jobs. Through the first four months of 2009, Nevada has shed 5.7 percent of its employment base, with more losses expected as the year unfolds.

Nevada's construction industry continues to struggle through commercial and residential market adjustments. Employment in April declined by 1,200 over-the-month, and is down 22,600 over-the-year. Nevada's construction woes are not unique to the State, though the build up and fall of the

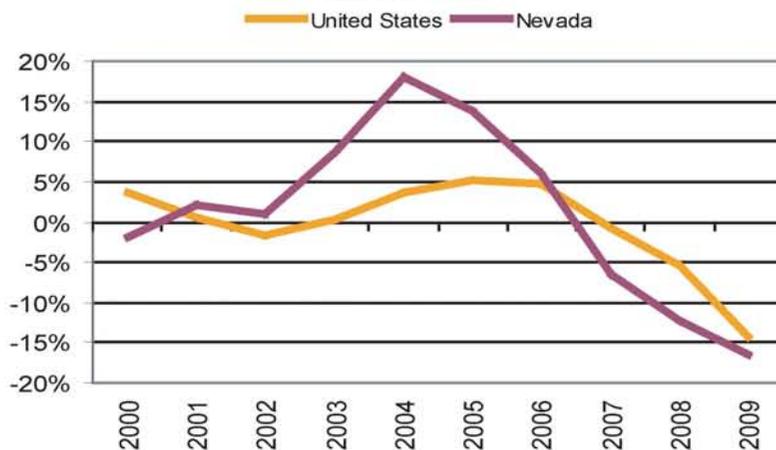
**March-April Employment Change
2004-2009 YTD**



**Historical Employment Trends in Nevada
(Year-Over-Year Percent Change)**



**Construction Job Growth
(Year-Over-Year Percent Change)
U.S. vs Nevada**



Economic Summary

industry has been more severe than most. During the peak of the 'housing boom', year-over-year employment growth neared 18 percent in Nevada. Compare that to the 5.2 percent employment growth in the nation as a whole over the same time period. At its height, the construction industry accounted for 11.2 percent of all jobs in the State, and only 5.7 percent for the nation. Through 2009, construction job's share has fallen to 8.1 percent, a level similar to the early-1990s.

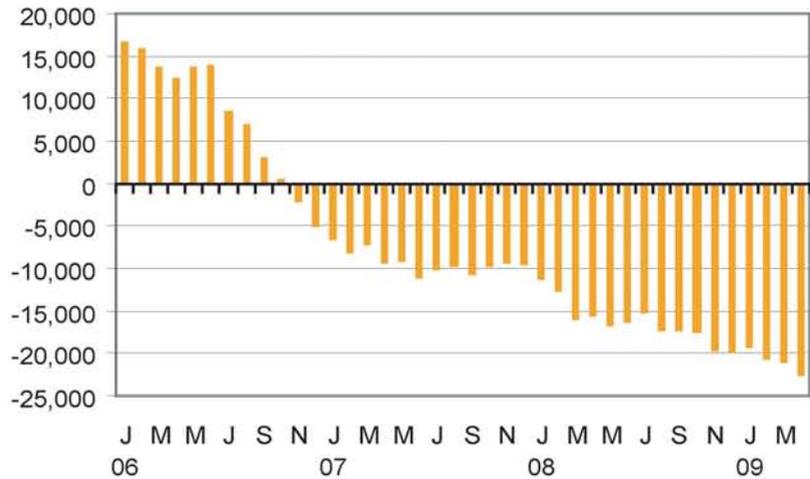
Growth in Nevada's construction industry began to slow a year before the U.S., though both started contracting in 2007. Nevada began contracting at a much faster 6.4 percent, compared to just 0.8 percent at the national level. Through the first four months of 2009, that gap has narrowed, and the rate of decline has also been similar, as Nevada has contracted 16.5 percent, and the nation 14.2 percent. Nevada's construction woes will likely continue through the rest of the year, as the City Center and Fontainebleau projects complete construction. With each project nearing completion, both operations will release workers throughout the summer and into the fall. Once released, workers will find it difficult to identify new employment opportunities.

The financial troubles of the big-three automobile manufacturers are adversely affecting both national and local economies. Restructuring efforts include planned dealership closings in Nevada. The closures will cause additional hardship for an already battered industry in the State. New auto dealerships have already shed over 951 jobs, falling to 9,198 through 2008 (the most recent data available.) Recently announced dealership closures will significantly increase the level of job losses in the months ahead.

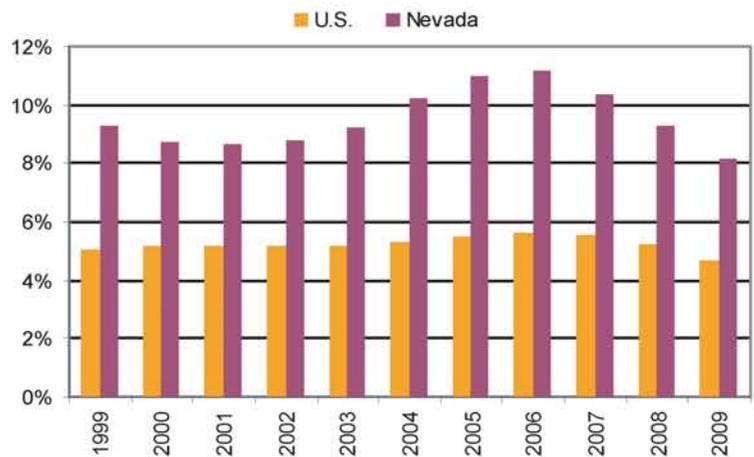
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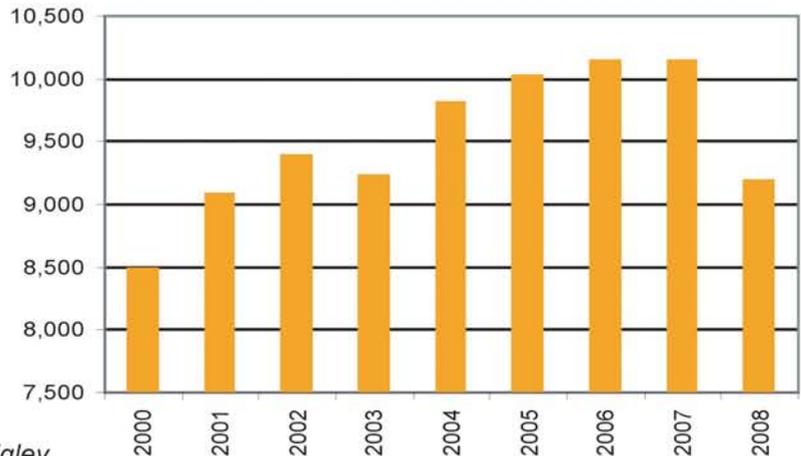
Nevada Construction Job Growth



Construction Employment (Percent of Total) U.S. vs Nevada



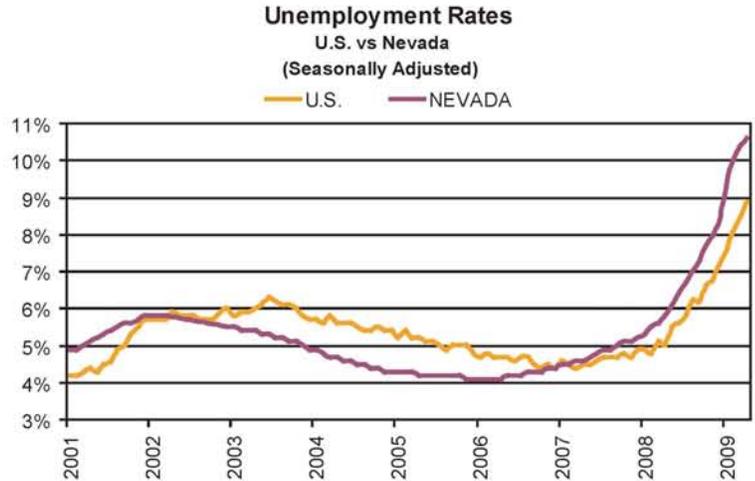
Nevada New-Auto Dealership Employment



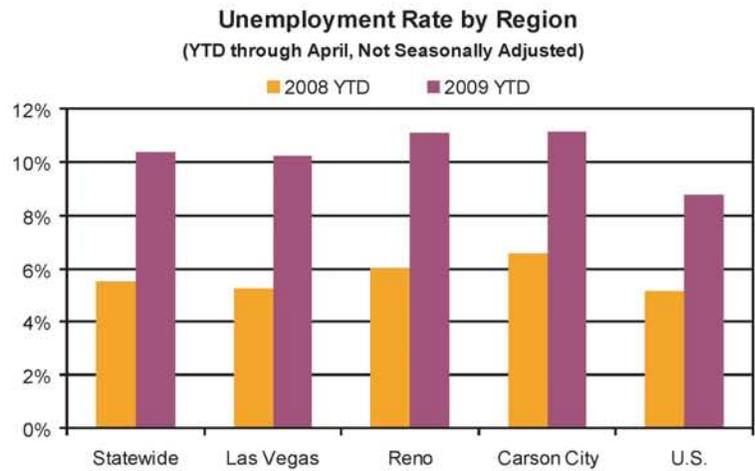
Trends at a Glance

Unemployment

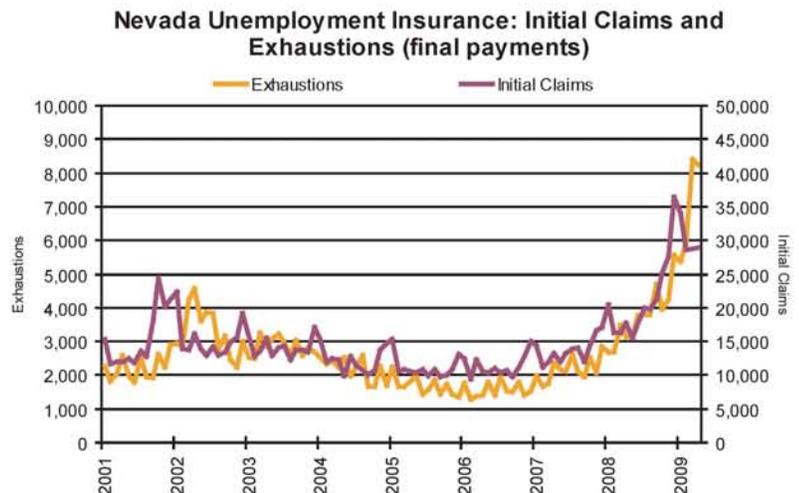
- >Nevada's seasonally adjusted unemployment rate was 10.6 percent in April. The highest seasonally adjusted unemployment rate ever recorded in Nevada was 10.7 percent in December 1982.
- >Nationally, the unemployment rate stood at 8.9 percent in April. Nevada's jobless rate has exceeded the national average since early-2007. Prior to that, it had been trending below the U.S. for several years.



- >The Statewide unadjusted unemployment rate is up 5.3 percentage points from the previous April.
- >The Las Vegas-Paradise MSA recorded an unemployment rate of 10.4 percent in April, the same unemployment rate experienced in March.
- >The Reno-Sparks MSA's jobless rate actually fell to 11.0 percent in April from 11.2 percent in March.
- >Taken as a whole, April labor trends provide tentative evidence of a more stable unemployment picture going forward.



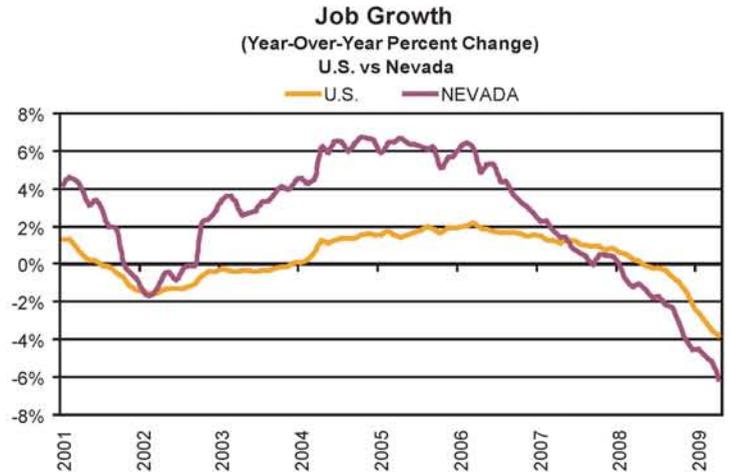
- >Initial claims for unemployment insurance increased by 172 in April from March. While initial claims increased slightly in both March and April, there was a significant seasonal downturn in initial claims in February. Claims in April, however, were still 62.8 percent higher than a year prior.
- >Final payments, signifying an exhaustion of regular State benefits, fell in April from March by 2.2 percent, but still remain 163.7 percent higher than the level seen in April 2008. This drastic increase in final payments over the past few months has already been met with benefit extensions at both State and federal levels.



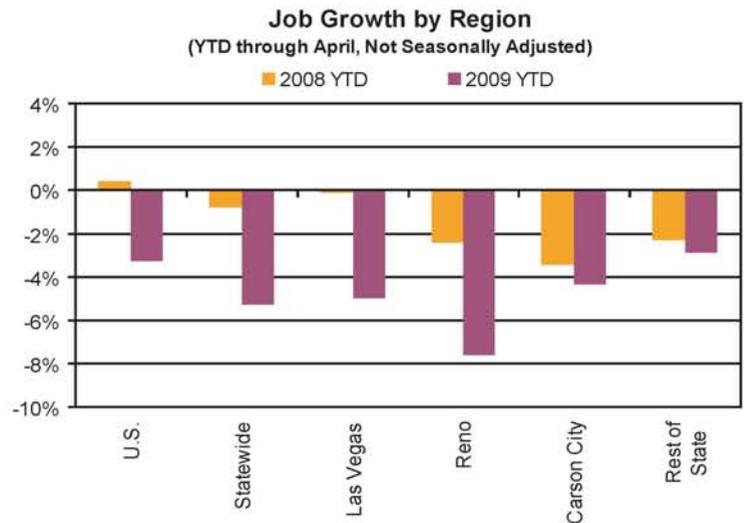
Trends at a Glance

Industrial Employment

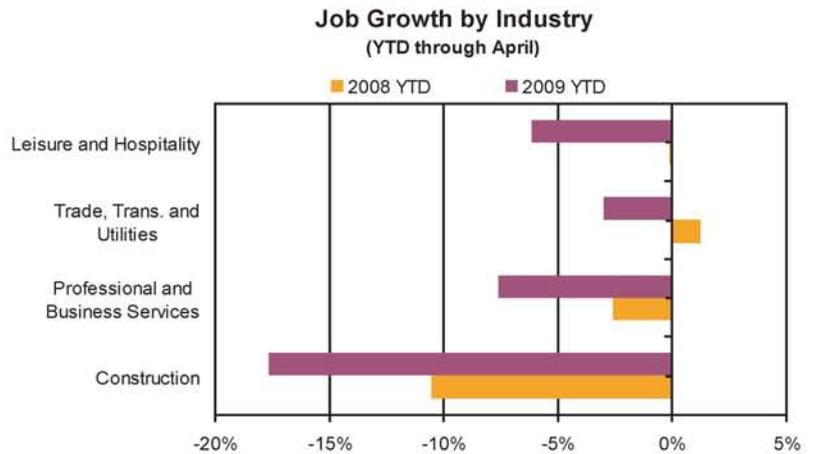
- >Industrial employment in Nevada fell 6.1 percent in April relative to a year prior, which equates to a loss of 78,500 jobs. Year-over-year Nevada Statewide employment losses have not been this pronounced since World War II.
- >April job readings were down 3.8 percent nationally relative to April 2008.



- >Employment in April remains lower than year-ago levels throughout all regions of the State.
- >The Las Vegas MSA's job count fell 5.9 percent in April relative to a year prior.
- >In the Reno MSA, April job readings were down 8.5 percent relative to April 2008.



- >Approximately 21,100 jobs have been lost in the construction industry over the past year, a 17.8 percent annual decline. April construction employment in the Reno-Sparks MSA was actually down 29.1 percent in April relative to April 2008.
- >The State's largest industry sector, leisure and hospitality, continues to struggle to retain employment. Industry employment was down 6.7 percent in April relative to a year prior.

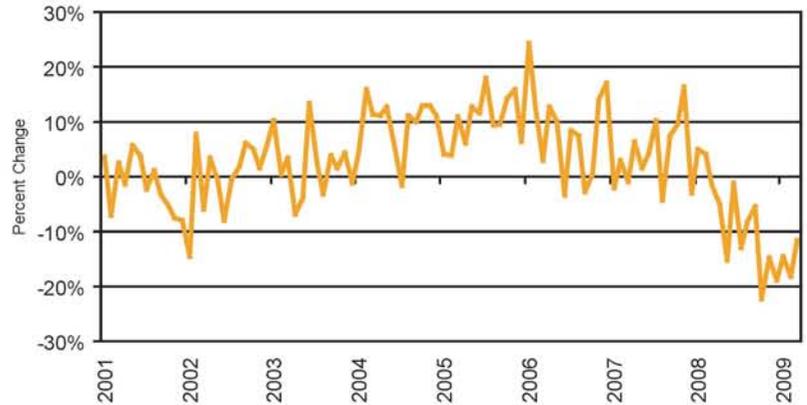


Trends at a Glance

Economic Indicators

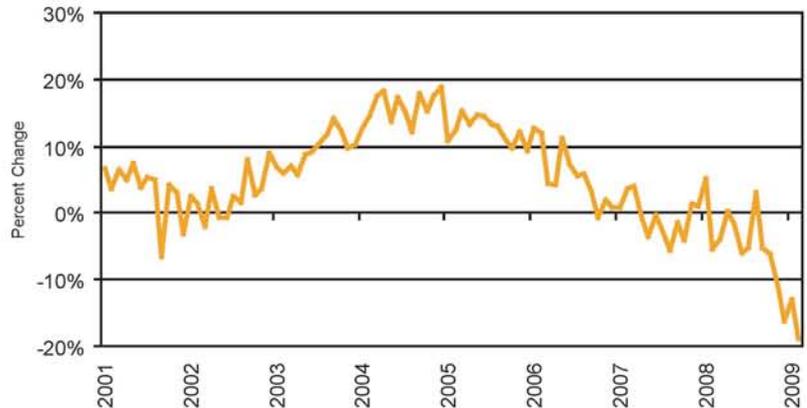
>Nevada gaming win was down 11.6 percent in March relative to the previous year. This is the 15th consecutive month in which gaming win has declined on an annual basis.

Nevada Gross Gaming Win
(Year-Over-Year Percentage Change)



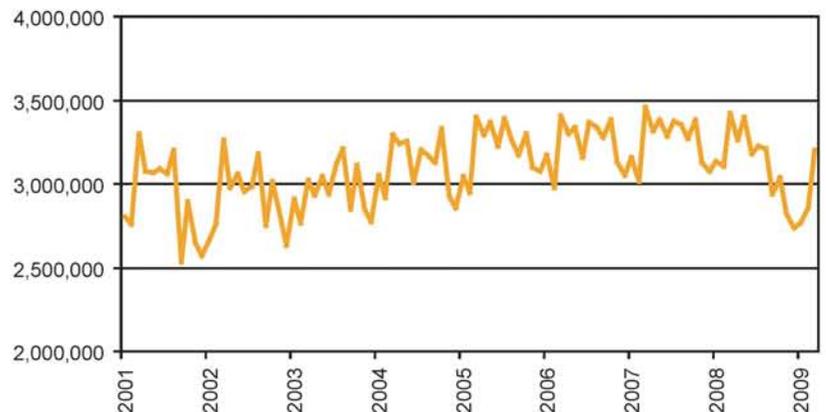
>Statewide taxable sales in February were down 18.9 percent relative to February 2008. This recent downturn coincides with sharp declines in consumer confidence, gaming win and tourism.

Statewide Taxable Sales
(Year-Over-Year Percentage Change)



>Las Vegas visitor volume fell by 221,421 in March relative to a year prior, a 6.5 percent decline.

Las Vegas Monthly Visitor Volume

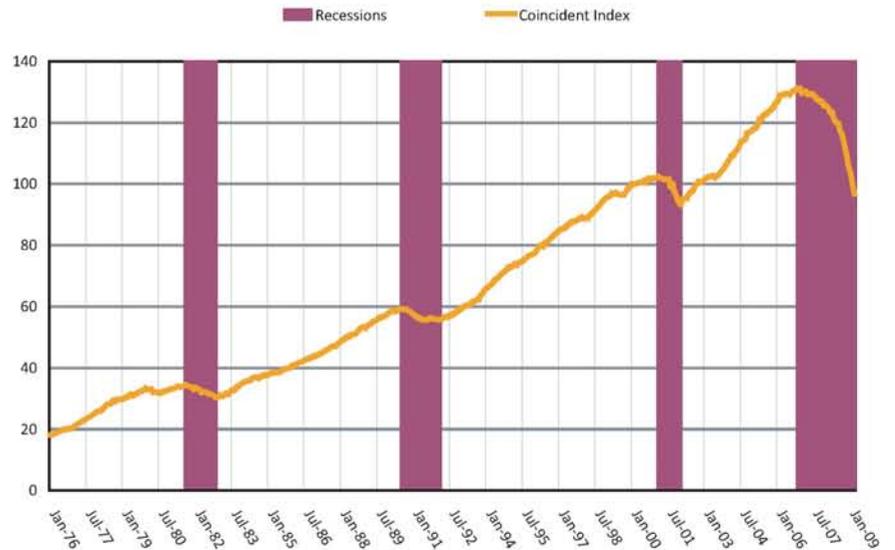


Trends at a Glance

CBER-DETR Nevada Coincident and Leading Employment Indices

- >The Coincident Employment Index fell by 3.4 percent in March from February, suggesting the current recession has yet to find a bottom.
- >The index is 21.7 percent lower than year-ago levels.

CBER-DETR Nevada Coincident Employment Index



- >The Nevada Leading Employment Index, which provides a signal about the future direction of the coincident index, showed an increase from February to March of 0.1 percent, and has remained relatively unchanged since January, implying that an employment bottom is perhaps about to be reached.

CBER-DETR Nevada Leading Employment Index



Special Topics

Alternative Measures of Labor Underutilization

The 'official' unemployment rate, released every month by the Bureau of Labor Statistics (BLS), is not the only measure of the health of the labor market. The BLS actually produces six distinct measures of labor underutilization, each of which measures unemployment uniquely. When these various measures are compared, a more accurate portrait of the labor market can emerge.

While all six estimates of labor underutilization use the same data source, the alternative measures developed by the BLS, until recently, have only been made available at the national level due to the limited nature of the Current Population Survey (CPS) program on which they are based. The CPS program is based on survey data collected from households, and is usually only statistically significant at the national level. Only around 850 households in Nevada are included in the national CPS survey.

The BLS recently published six annual alternative estimates for all states for the years 2005-2008 using CPS data. Figure 1 compares the 2007 annual measures of labor underutilization at the national and Statewide levels. Figure 2 presents the same comparison, but for 2008. The BLS has yet to publish monthly estimates at the state level, however, which would allow for historical trend and month-over-month comparisons. The six state measures are based on the same definitions as those published for the U.S.:

-U-1: Measures the number of workers who have been unemployed 15 weeks or longer, as a percent of the civilian labor force. This definition of unemployment is the narrowest measure of labor underutilization;

Figure 1

2007 Annual Average of the Alternate Measures of Labor Underutilization

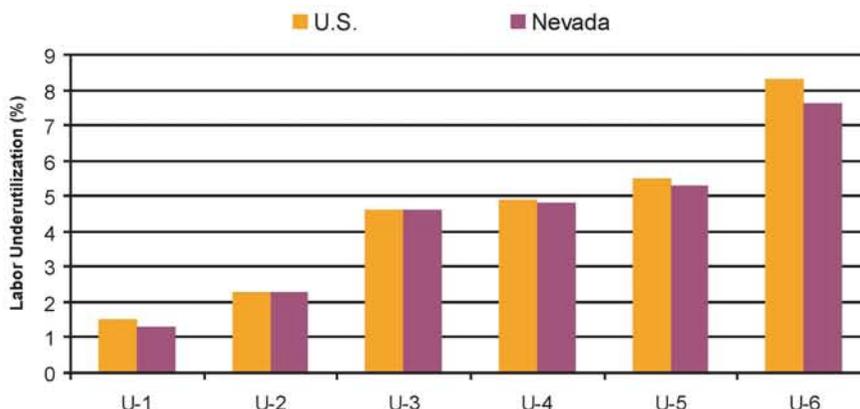
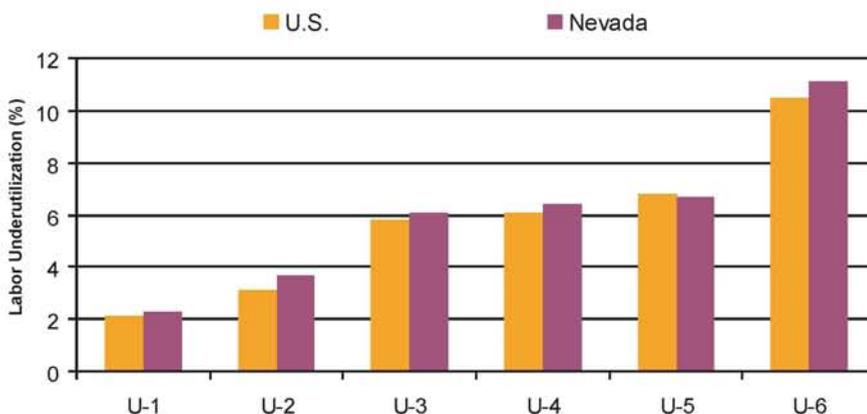


Figure 2

2008 Annual Average of the Alternate Measures of Labor Underutilization



-U-2: Includes involuntary job losers and workers who have completed temporary jobs, as a percent of the civilian labor force. This measure is more broadly defined than the U-1 measure but is still less inclusive than the U-3 measure since it omits workers who leave the job voluntarily;

-U-3: Consists of both voluntary and involuntary job losers who are actively seeking employment, as a percent of the civilian labor force. This measure is similar in scope, though not identical, to the "official" estimate of the State

unemployment rate generated as part of the Local Area Unemployment Statistics (LAUS) program. The LAUS model-driven estimates take into account current and historical data from the CPS, the Current Employment Statistics (CES) program and State unemployment insurance (UI) systems;

-U-4: Adds discouraged workers to the U-3 measure. Discouraged workers are persons without jobs, whom would like to work, but are discouraged from actively looking for work due to the

Special Topics

belief that no jobs are available.

-U-5: Adds all other 'marginally-attached' workers to the U-4 measure.

Marginally-attached workers are individuals without jobs, whom would like to work, are available to work and have looked for work in the past year, but they have not looked for work in the past month.

-U-6: Adds all the workers who are employed part-time for economic reasons to the U-5 measure. These 'underemployed' workers are available and willing to work full-time, but either have had their hours scaled back or have had to accept part-time work due to economic concerns. This definition is the broadest measure of labor underutilization.

The 'official' nationwide unemployment rate corresponds to the U-3 designation in the U-1 to U-6 range of alternative labor underutilization measures, which includes all the jobless available to work who have actively sought work in the past four weeks. The other measures are either more narrowly (U-1 and U-2) or broadly (U-4 through U-6) defined measures of unemployment.

An analysis of Figures 1 and 2 help illuminate trends in Nevada's labor market. Not surprisingly, the broader the measure, the higher the underutilization rate. For instance, the U-1 measure, the most narrowly defined, in 2008 was 2.3 percent, while the U-6 measure, the broadest categorization, came in at 11.1 percent.

The State's "official" unemployment rate for 2008 was 6.7 percent. In absolute terms, this translates into an estimated 91,450 Nevadans who fall into the unemployment ranks; those without a job but actively seeking employment. For comparison purposes, U-3, similar in concept to the official rate, but estimated via the CPS as opposed to the LAUS model, came to 6.1 percent. In total, the

U-6 rate, the broadest measure of underutilization, came in about four-fifths (80 percent) higher than the U-3 measure. (Results for 2007 show that the U-6 rate was about two-thirds higher than the U-3 measure.)

Through the first four months of 2009, the State's LAUS-driven official unemployment rate has averaged 10.4 percent. If we apply the 80 percent-ratio from above, a broader measure of unemployment, including discouraged workers, those marginally attached to the labor force, and those working part time or fewer hours, would equate to a "modified" unemployment rate in the high teens, perhaps in excess of 18 percent. (The lack of reliable data precludes a more definitive conclusion and prohibits estimates of the number of Nevadans falling into each underutilization category.)

Evidence suggests that, regardless of the underutilization measure used, Nevada's situation deteriorated relative to the nation during 2008. This is consistent with other measures of economic activity in the State. For the first five measures on the scale, Nevada was equal to or below national readings in 2007. In 2008, the State came in above national norms in the first four and was only slightly below the U.S. average for U-5. With respect to the U-6 measure, Nevada was below the national underutilization rate in 2007, but came in above the U.S. average (10.5 percent) in 2008. This finding suggests that a relatively large number of Nevadans are either accepting part-time work or work fewer hours, compared to the nation as a whole, even though they are available and willing to work full-time.

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ECONOMY IN BRIEF



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ECONOMY IN BRIEF

May 2009



RESEARCH & ANALYSIS BUREAU

NEVADA'S PREMIER SOURCE OF WORKFORCE & ECONOMIC INFORMATION & ANALYSIS

Economic Summary

There is some sentiment that the U.S. economy may be near the bottom of the recession. If the current economic downturn has made one thing perfectly clear, it is that Nevada is not immune to the national (and global) business cycle. Hence, an improvement in broader measures of U.S. economic health appears to be a prerequisite for any rebound in Nevada.

In fact, we felt that labor market trends during the month of April in Nevada were consistent with such a "bottoming out" scenario. Unfortunately, May brought with it news suggesting that economic conditions in Nevada remain extremely weak. Historically, employment is a "lagging" indicator of the economy's health. Hence, when a recovery does take hold in Nevada, labor market conditions will likely not respond immediately.

Specifically for May, the State's unemployment rate came in at 11.3 percent, seasonally adjusted. This is up from 10.6 percent in April and 6.1 percent a year ago. Most importantly, it represents the highest unemployment reading on record in Nevada (with comparable data available from 1976 forward), surpassing the previous high of 10.7 percent from December 1982. One only has to go back some two or three years to find Nevada at or near the top of just about every measure of economic health. However, this recession has hit the State extremely hard. As of April, only six states--Michigan, Oregon, South Carolina, Rhode Island, California, and North Carolina--had higher unemployment rates than Nevada.

Unemployment Rate by County May 2009



Nationally, the unemployment rate jumped from 8.9 percent in April to 9.4 percent in May, and it stands 3.9 percentage points higher than a year ago. Over the 2002-2006 period, Nevada's jobless rate consistently came in below national readings. Since then, however, the State's jobless rate has exceeded that for the U.S.

The unemployment situation in May in the State's largest metropolitan statistical area deteriorated considerably. The Las Vegas jobless rate rose to 11.1 percent, up from 10.4 percent in April. A year ago, this labor market barometer stood at 5.7 percent. In the Reno-Sparks metro area, the April-May increase was much more subdued, as the jobless rate settled at 11.2 percent, up just 0.2 percentage point from the previous month. In May 2008, the

Economic Indicators

UNEMPLOYMENT RATES	MAY 2009
NEVADA *	11.3%
LAS VEGAS-PARADISE MSA	11.1%
RENO-SPARKS MSA	11.2%
CARSON CITY MSA	10.8%
ELKO MICROPOLITAN AREA	6.0%
UNITED STATES *	9.4%
CALIFORNIA *	11.5%

* Seasonally Adjusted

JOB GROWTH (Y-O-Y)

NEVADA	-6.3%
LAS VEGAS-PARADISE MSA	-6.3%
RENO-SPARKS MSA	-8.3%
CARSON CITY MSA	-5.0%
UNITED STATES	-4.1%
CALIFORNIA	-4.9%

CONSUMER PRICE INDEX (Y-O-Y)

UNITED STATES	-1.0%
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GAMING WIN (Y-O-Y)

APR 2008 - APR 2009

NEVADA	-14.7%
CLARK COUNTY	-13.6%
WASHOE COUNTY	-16.4%

TAXABLE SALES (Y-O-Y)

MAR 2008 - MAR 2009

NEVADA	-16.5%
CLARK COUNTY	-14.5%
WASHOE COUNTY	-27.4%

jobless rate came in at 6 percent. In Carson City, conditions were unchanged from a month ago, as the unemployment rate held steady at 10.8 percent, up from 6.2 percent a year ago. (Unemployment rates for the State's metropolitan areas are not adjusted for seasonality. For comparison purposes, the State's unadjusted unemployment rate was 11 percent in May.)

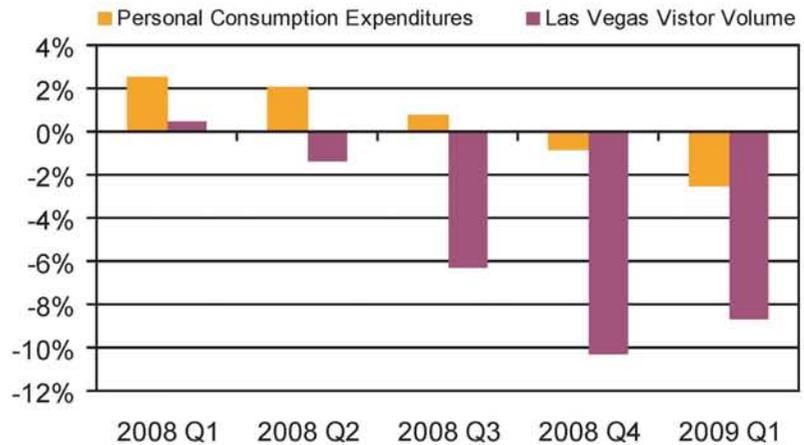
Economic Summary

The CBER-DETR Nevada Coincident and Leading Employment Indices, developed through a partnership between DETR and UNLV's Center for Business and Economic Research, measures the ups and downs of Nevada's labor market. All components of the coincident index, designed to measure current conditions, continue to move in a negative direction. Two components of the leading index, however, provide the only positive news. Initial claims and the short-duration unemployment rate fell in April from their March values. Housing and commercial permits, which rose in recent months, both tumbled in April. Taken as a whole, these results are consistent with the "bottoming out" scenario highlighted above. (For purposes of constructing the indices, a complete set of data is available only through April.)

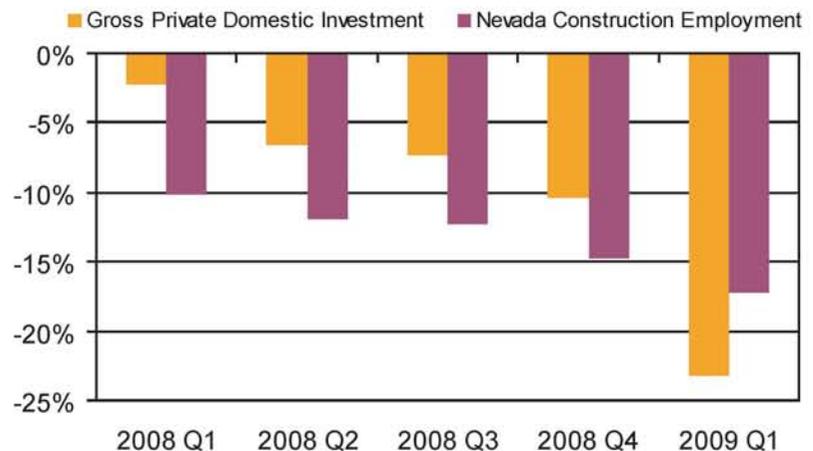
Despite increasing Statewide unemployment, employers reported 1,400 more jobs in May than in April. While Nevada employment is still 6.3 percent lower than year-ago levels, this is the first month-over-month employment gain since September 2008—a fairly positive signal. May saw strong growth in the services sector, specifically in the food services and drinking places industry, which added 1,400 jobs over the month after adding 1,100 jobs to the employment level in April from March. A number of key industries in the State, however, failed to maintain employment levels, including both the construction and the casino hotels industries.

Employment trends in Nevada's three metropolitan statistical areas, similar to unemployment trends, were mixed. Employment in Las Vegas-Paradise declined by 300 jobs in May from April, and is down 58,600 jobs over the year. Construction in Las Vegas fell by 1,100 over the month, negating gains made in the services sector. May employment levels in both Reno-Sparks and Carson City, however, managed to stay steady at April levels.

U.S. National Consumption Vs. Las Vegas Visitor Volume
(Year-Over-Year Percentage Change)



U.S. Gross Private Domestic Investment Vs. Nevada Construction Employment
(Year-Over-Year Percentage Change)



Consumer spending accounts for a significant share (roughly two-thirds) of total economic activity in the U.S. Nationally, consumer spending growth has eased considerably of late, and the impacts have been felt in Nevada as a result of, among other things, our dependence on discretionary spending on the part of visitors to our State. Consumption growth in the nation began to weaken in the second quarter of 2008 and trended into negative territory by year's end. Over the period, annual growth did a complete turnaround, falling from 2.5 percent at the beginning of 2008 to -2.5 percent in this year's first

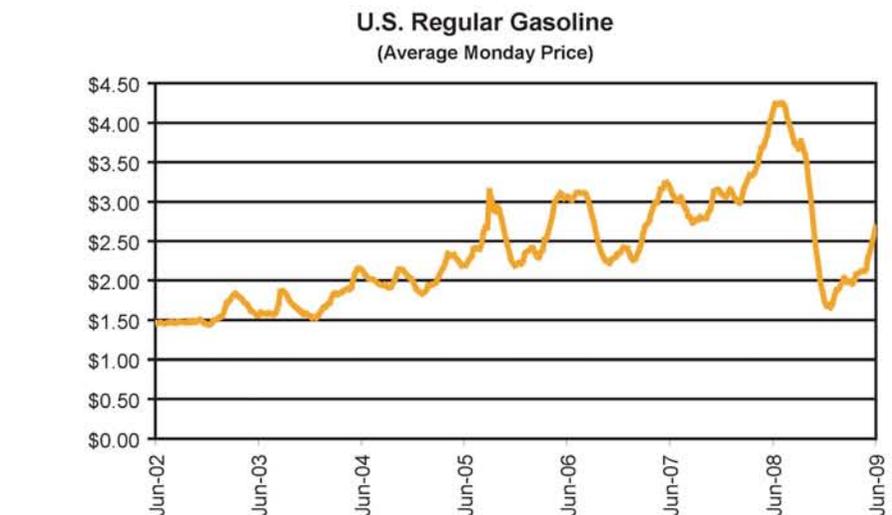
quarter. In early-2008, Las Vegas visitor volume barely squeaked out an increase, rising by just 0.4 percent over the year. Visitor volume then went into free fall and bottomed out at a 10.3 percent decline in 2008:IVQ before falling an additional 8.7 percent in the first three months of this year. A comparison between the two indicators paints a stark picture of future expectations for the leisure and hospitality industry. With consumption growth expected to remain tepid in the months ahead, visitor volume will likely remain stagnant at best.

Economic Summary

Since May, retail U.S. gasoline prices have skyrocketed, increasing by over \$0.50 per gallon from May to June. At the time of writing, crude oil had shot past \$70 per barrel, and national retail gas prices were approaching \$3.00 per gallon. Although gas prices are getting higher, last year in June saw retail gas prices over \$4.50 per gallon. While prices are nowhere near as high as that currently, recent increases are worrisome. High gas prices have a severe effect on tourism visitation numbers and could pose serious threats to an economic recovery going forward.

National gross private domestic investment, a measure of future productive capacity, is an important component of overall economic activity. A large portion of the investment is for buildings, including residential, commercial and industrial structures. As with broad consumer spending patterns, sluggish investment activity in the U.S. as a whole is also playing out in Nevada's economy. In the first quarter of 2009, U.S. investment fell by \$408 billion (inflation adjusted) over the year, a decline of 23 percent, suggesting future economic growth will be limited. In Nevada, where the economy relies heavily on new development investment for growth, the implications are discouraging. Nevada has seen investment for new construction projects dry up, and employment has faltered as a result. Construction employment fell 17 percent in the first quarter of 2009, relative to a year prior. With high vacancy rates in commercial structures and residential housing, hopes for near-term investment growth remain dim.

The recession is having varied effects on private businesses of different sizes in Nevada. From the fourth quarter of 2007 to the fourth quarter of 2008, large employers (those with 500 or more workers) shed 31,081 jobs in Nevada. Medium-sized businesses (between 50 and 499 workers) lost 34,412 workers, and small-businesses (less than 50



Nevada Size Class by Worksite (Non-Government Worksites)

Employees Per Worksite	Employees 2008 Q4	Employees 2007 Q4	Change	%Change
Total	1,049,644	1,133,706	-84,062	-8.0%
Less than 50	424,760	443,329	-18,569	-4.4%
50 to 499	352,791	387,203	-34,412	-9.8%
Greater Than 500	272,093	303,174	-31,081	-11.4%

Employees Per Worksite	Number of Worksites	Number of Worksites	Change	%Change
Total	1,049,644	1,133,706	-84,062	-8.0%
Less than 50	72,942	71,596	1,346	1.8%
50 to 499	3,087	3,386	-299	-9.7%
Greater Than 500	205	228	-23	-11.2%

workers) shed 18,569 jobs. On a percentage basis, larger companies are faring the worst, having lost 11.4 percent of their workforce, followed by medium sized companies who have lost 9.8 percent. Smaller companies appear to be faring the best, having only lost 4.4 percent of their employment.

This comes despite the fact that there are significantly more small businesses than large. At the end of 2008, there were 72,942 small business establishments in Nevada, 3,087 mid-sized businesses and 205 large businesses. Over the same time period, the number of small businesses actually increased by 1.8 percent, while the number of mid-size and large businesses declined by 9.7

and 11.2 percent, respectively.

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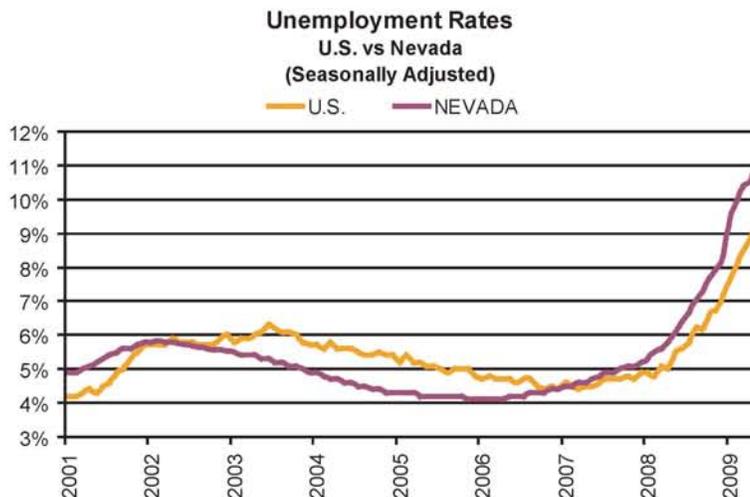
Jered McDonald
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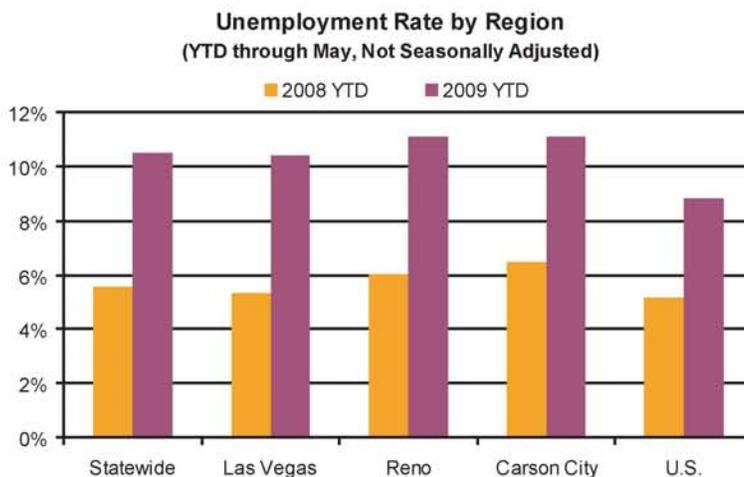
Trends at a Glance

Unemployment

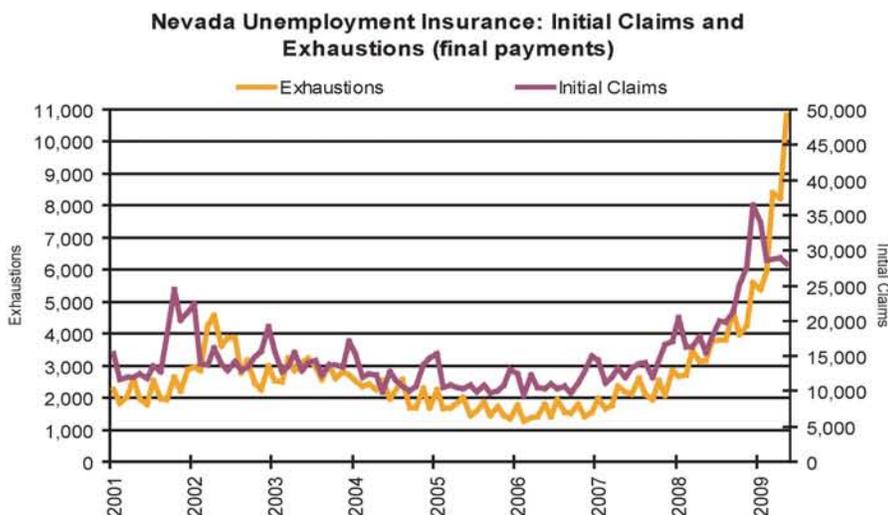
- >Nevada's seasonally adjusted unemployment rate was 11.3 percent in May. It marks the highest seasonally adjusted unemployment rate ever recorded in Nevada. The previous high, 10.7 percent was set in December 1982.
- >Nationally, the unemployment rate stood at 9.4 percent in May. Nevada's jobless rate has exceeded the national average since early-2007. Prior to that, it had been trending below the U.S. for several years.



- >The Statewide unadjusted unemployment rate is up 5.2 percentage points from the previous May.
- >The Las Vegas-Paradise MSA recorded an unemployment rate of 11.1 percent in May, up 0.7 of a percentage point from the previous month.
- >The Reno-Sparks MSA's jobless rate increased to 11.2 percent in May from 11.0 percent in April.
- >May's readings provide mixed evidence of labor market stabilization. Rates in Reno and Carson City showed little change. Conversely, Las Vegas experienced a large increase from the previous month.



- >Initial claims for unemployment insurance decreased by 753 in May from April. While initial claims increased slightly in both March and April, there was a seasonal downturn in initial claims in May. However, claims in May were still 81.6 percent higher than a year prior.
- >Final payments, signifying an exhaustion of regular State benefits, increased in May from April by 31.5 percent, and remain 244.0 percent higher than the level seen in May 2008. This drastic increase in final payments over the past few months has already been met with benefit extensions at both the State and federal levels.



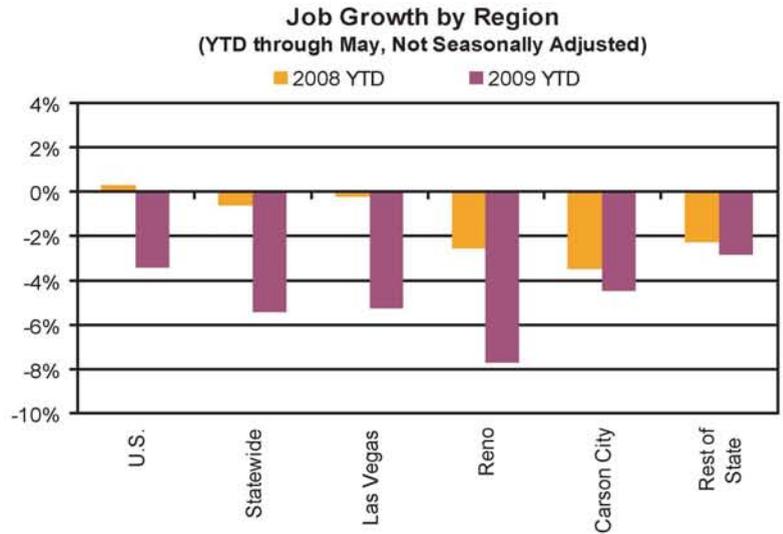
Trends at a Glance

Industrial Employment

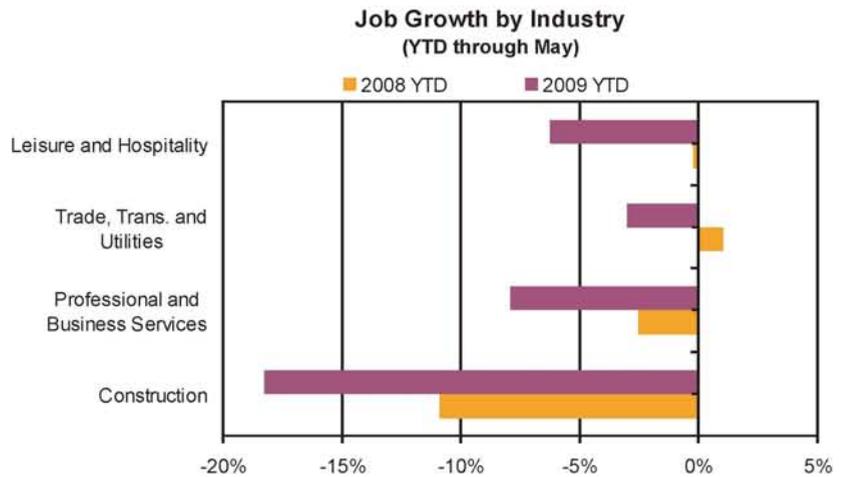
- >Industrial employment in Nevada fell 6.3 percent in May relative to a year prior, which equates to a loss of 81,500 jobs. Year-over-year Nevada Statewide employment losses have not been this pronounced since World War II.
- >April job readings were down 3.8 percent nationally relative to April 2008.



- >Employment in May remains lower than year-ago levels throughout all regions of the State.
- >The Las Vegas MSA's job count fell 5.2 percent in May relative to a year prior.
- >In the Reno MSA, May job readings were down 7.7 percent relative to May 2008.



- >Approximately 21,800 jobs have been lost in the construction industry over the past year, an 18.3 percent annual decline.
- >The State's largest industry sector, leisure and hospitality, continues to struggle, though the year-over year decline softened in May. Industry employment was down 6.3 percent in May relative to a year prior. April was down 6.5 percent from a year prior.

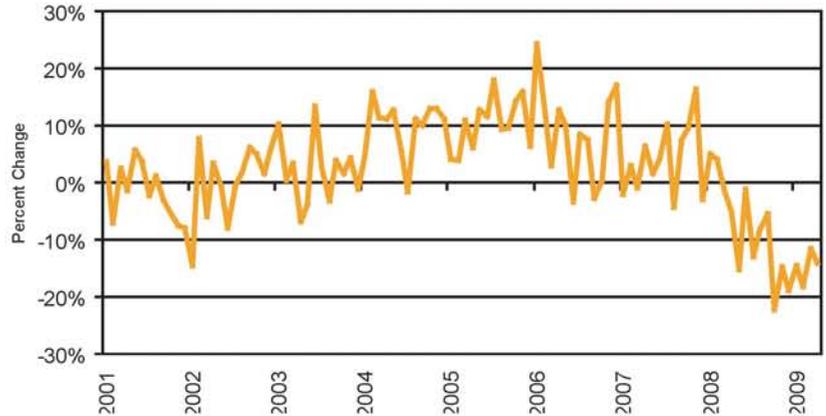


Trends at a Glance

Economic Indicators

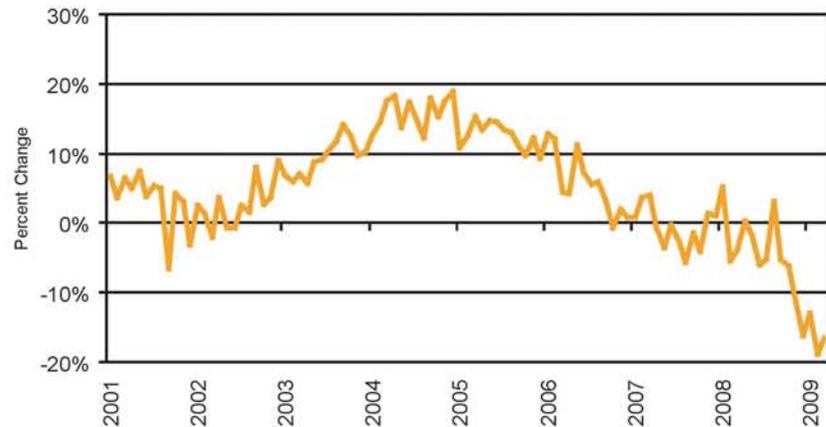
>Nevada gaming win was down 14.1 percent in April relative to the previous year. This is the 16th consecutive month in which gaming win has declined on an annual basis.

Nevada Gross Gaming Win
(Year-Over-Year Percentage Change)



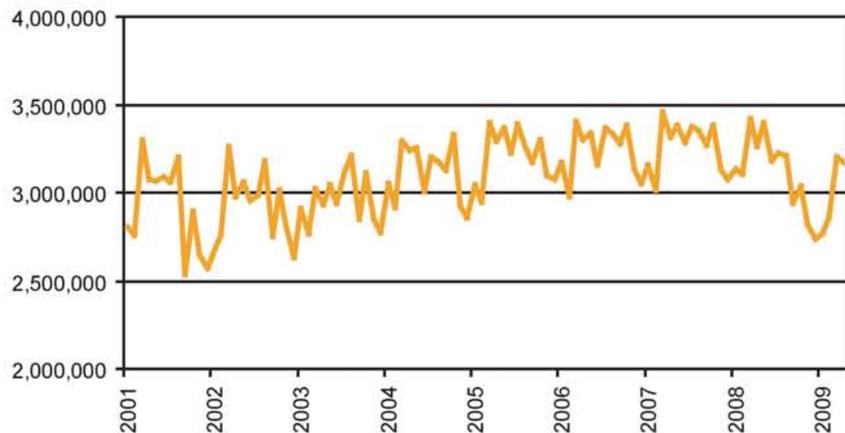
>Statewide taxable sales in March were down 16.5 percent relative to March 2008. This recent downturn coincides with sharp declines in consumer confidence, gaming win and tourism.

Statewide Taxable Sales
(Year-Over-Year Percentage Change)



>Las Vegas visitor volume fell by 94,208 in April relative to a year prior, a 2.9 percent decline. It is the smallest year-over-year decline in nearly a year.

Las Vegas Monthly Visitor Volume

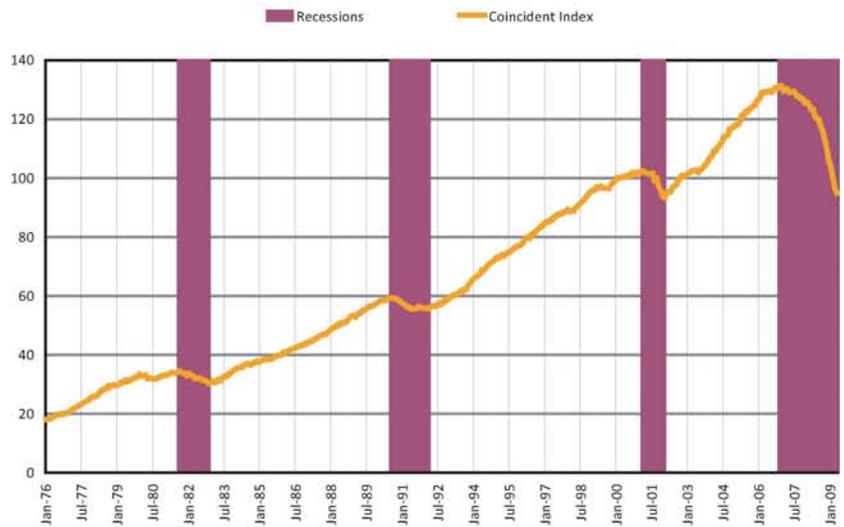


Trends at a Glance

CBER-DETR Nevada Coincident and Leading Employment Indices

- >The Coincident Employment Index fell by 1.9 percent in April from March. It was the smallest decline since September, suggesting the deterioration in the labor market may be softening.
- >The index is 23.0 percent lower than year-ago levels.

CBER-DETR Nevada Coincident Employment Index



- >The Nevada Leading Employment Index, which provides a signal about the future direction of the coincident index, showed a decrease from March to April of 1.5 percent. Following four months of relatively stable readings, May's decline suggest further adjustments in Nevada's labor markets, tempering the relatively optimistic interpretation of the coincident index's trends.

CBER-DETR Nevada Leading Employment Index



Special Topics

Nevada Personal Income Report: 2008

One of the broader measures of the health of Nevada's economy and the financial well-being of its citizens is personal income ¹. 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.

With the release of income results for all of 2008, per capita personal income information is made available. All told, income totaled \$40,353 per Nevadan in 2008 (Figure 1). Nationwide, per capita personal income came to \$39,751. The fact that Nevada has been hit relatively hard by the unfolding recession is evident in recent trends. In 2005, Nevada's per capital income stood nearly \$2,800 higher than in the nation as a whole. That difference narrowed to just \$600 per person in 2008.

Total personal income readings have doubled in the past decade (Table 1), a reflection of the State's solid economic performance during much of the period, prior to the onset of the current recession. Although growth remains positive, at least for the time being, 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.

For all of 2008, personal income in Nevada totaled \$104.9 billion (Figure 2). This translates into a 3.1 percent increase relative to 2007. A decade ago, income totaled just a bit more than \$50 billion. During the ten-year period ending in 2007, personal income growth averaged about eight percent per year. Clearly, current trends are not nearly as encouraging as they were earlier this decade. Specifically,

Figure 1 Nevada Per Capita Personal Income vs. the U.S.

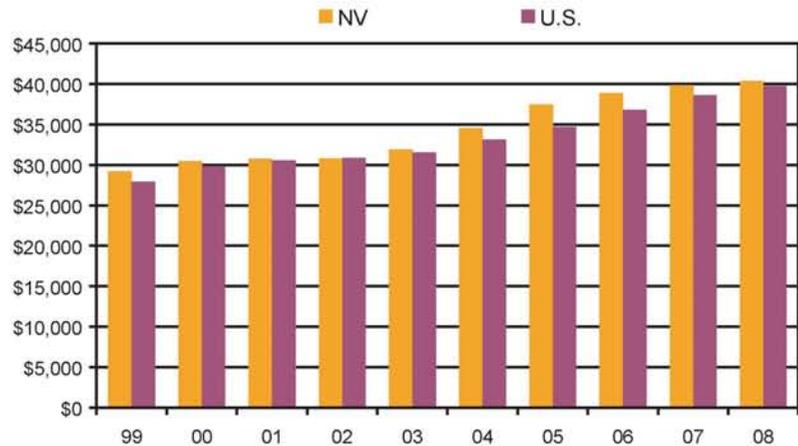


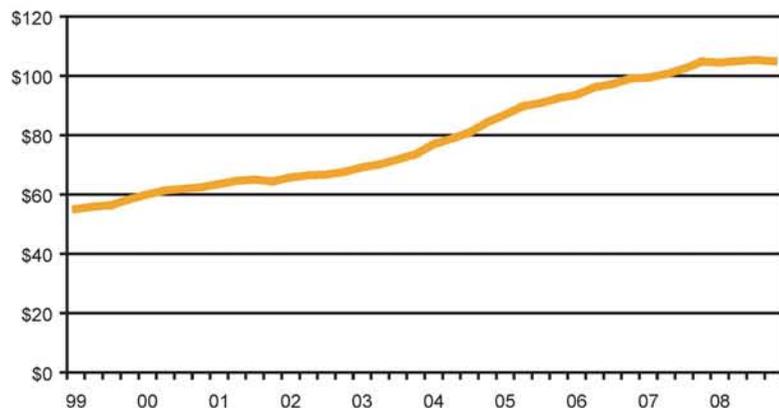
Table 1 Nevada Personal Income

(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	\$92.5	\$90.0
2006	\$93.6	\$96.1	\$97.2	\$99.1	\$96.5
2007	\$99.4	\$100.6	\$102.4	\$104.7	\$101.8
2008	\$104.5	\$104.9	\$105.4	\$104.9	\$104.9
2007-2008 Change	5.1%	4.3%	2.8%	0.2%	3.1%

Figure 2 Nevada Personal Income

(billions of \$; seasonally adjusted at annual rates)



Special Topics

personal income growth peaked in excess of 12 percent in both 2004 and 2005 (Figure 3, Figure 4) in Nevada. Income growth has been cut by roughly three-fourths since that high-point. In fact, during 2008:IVQ, total personal income growth was barely positive, at 0.2 percent.

The largest component of personal income is net earnings, accounting for approximately two-thirds of total income. It grew at just a 1.2 percent clip during 2008. During the final quarter of the year, earnings were actually below readings from 2007:IVQ. This marks a significant deceleration from the five percent gain recorded during 2007 (Figure 5).

These general earnings trends are consistent with information from the Quarterly Census of Employment and Wages (QCEW), a cooperative program between the U.S. Bureau of Labor 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 just two percent during 2008 in Nevada, and fourth quarter readings were below a year ago.

Arguably, the first signs of recession in Nevada's economy were visible in the construction sector. However, weakness has spread throughout the economy. Total earnings growth was negative in three of the State's five largest industries—accommodation and food services, construction, and retail trade (Figure 6). In the other two—health care/social assistance and professional/scientific/technical services—earnings growth was off noticeably from 2007 readings.

Although a relatively small component of total personal income, trends of late have been helped by growth in transfer payments. Since 2006, this component

Figure 3 Nevada Annual Personal Income Growth

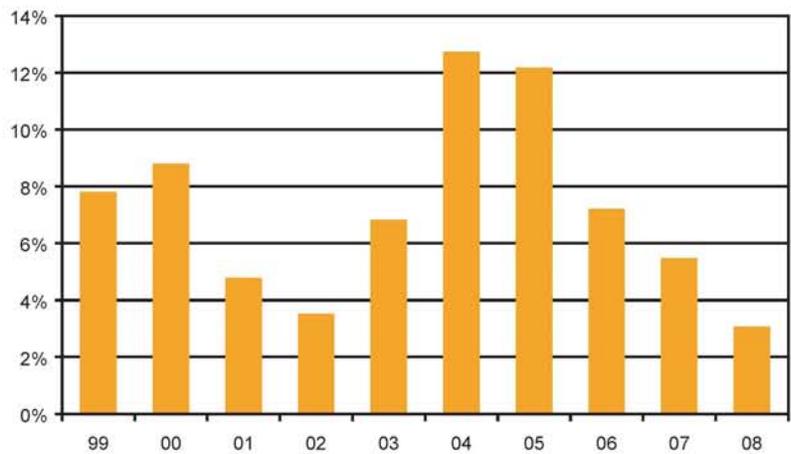


Figure 4 Nevada Quarterly Personal Income Growth (percent change from year-ago)

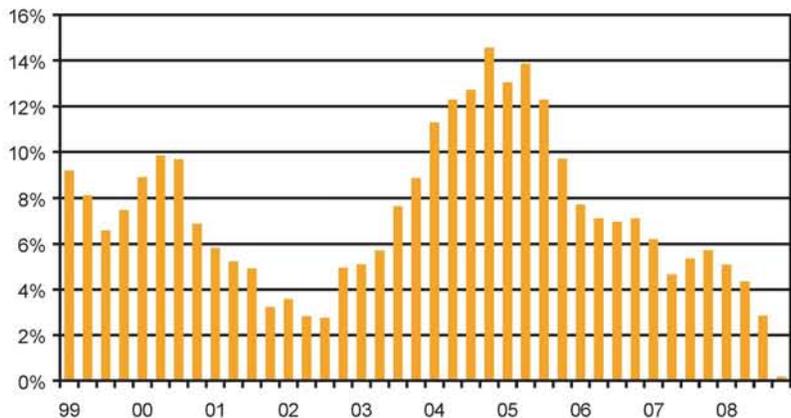
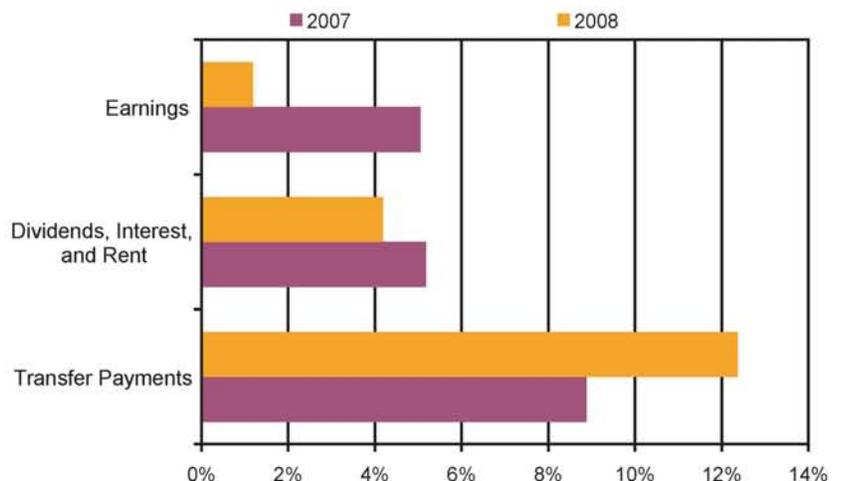


Figure 5 Components of Nevada Personal Income Growth



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of personal income has accounted for, on average, about 11 percent of total income. (By the end of 2008, transfer payments accounted for 12.2 percent of total personal income.) During 2008, transfer payments grew at 12.4 percent clip, three times the rate of growth for total income. 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 largely to our reliance on the construction sector and consumer spending, both of which have suffered greatly during the downturn. Historically, income growth in Nevada has exceeded that for the nation as a whole (Figure 7). 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 and 2008, U.S. income growth was actually stronger than in Nevada. Specifically, Nevada's 3.1 percent increase in income during 2008 was well below the 3.9 percent gain turned in by the nation as a whole.

In light of negative employment trends so far this year, initial 2009 income trends are likely to be stagnant at best. To put that likely scenario in some perspective, it is important to note that income growth in Nevada, measured on a calendar year basis, has not been negative since the 1940s.

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Figure 6 Nevada Earnings Growth for Selected Private Sector Industries

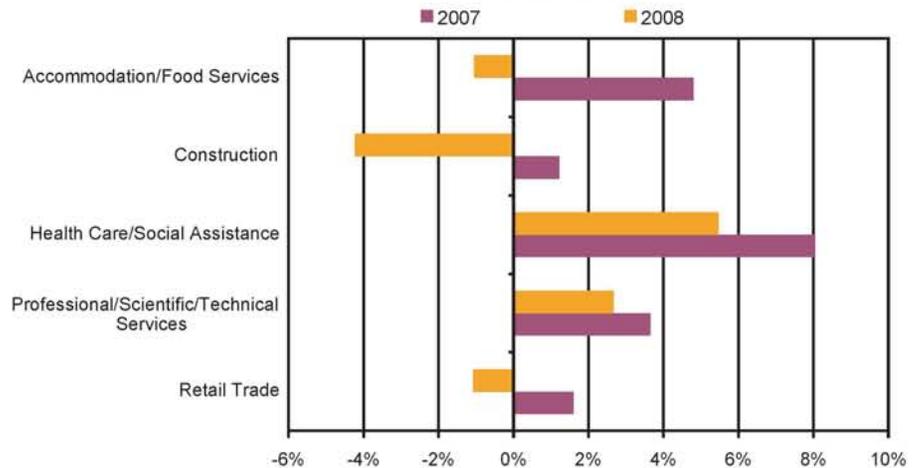
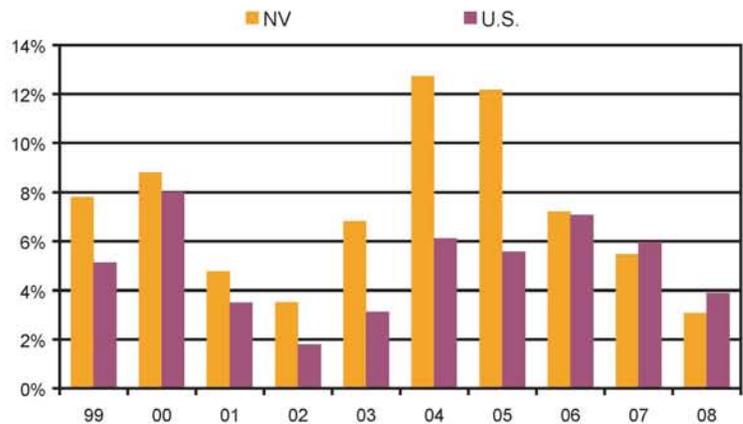


Figure 7 Nevada Personal Income Growth vs. the U.S.



Endnotes

1 Personal income is the income received by all persons from all sources. Personal income is the sum of net earnings by place of residence, rental income of persons, personal dividend income, personal interest income, and personal current transfer receipts. Net earnings is earnings by place of work (the sum of wage and salary disbursements (payrolls), supplements to wages and salaries, and proprietors' income) less contributions for government social insurance, plus an adjustment to convert earnings by place of work to a place-of-residence basis. Personal income is measured before the deduction of personal income taxes and other personal taxes and is reported in current dollars (no adjustment is made for price changes). Additional information is available at: <http://www.bea.gov/regional/index.htm#state>.

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