

# ECONOMY IN BRIEF

September 2009



RESEARCH & ANALYSIS BUREAU

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

## Economic Summary

The deterioration in Nevada's labor market eased a bit in September, but we will have to wait to see how future months unfold before we can conclude that the recession's grip on the State's economy is lessening. Specifically, Nevada's jobless rate, at a seasonally adjusted 13.3 percent, was barely up from the 13.2 percent tally for August. On the employment front, Nevada employers added 11,700 jobs in September from the previous month. The month-over-month increase in the unemployment rate was the smallest since March 2008, while the employment gain was the strongest since February 2007.

Still, it is best not to get overly optimistic based upon information for just one month. Nationwide, the unemployment rate came in at 9.8 percent in September, considerably below Nevada's reading. The total number of unemployed Nevadans remains worryingly high at 190,700, up by nearly 85,000 relative to a year ago. Similarly, job readings are off by 76,500 over the 12-month period. The bottom line is that once the economy does begin to recover, which it will, there is much ground to be made up.

Unemployment figures are often confused with unemployment insurance activity. They are not one and the same. Specifically, the monthly estimate of the number of unemployed in Nevada is designed to capture those residents out of work who are actively seeking employment, regardless of whether they are receiving unemployment insurance benefits. Between 2004 and 2007, unemployment insur-



ance recipients averaged about 35-40 percent of the total unemployment estimate in Nevada. With the implementation of a variety of federally-funded extensions for those exhausting their benefits, that share began to increase in mid-2008. So far in 2009, the number of unemployment recipients in Nevada has averaged more than 70 percent of the total unemployment count.

In the Las Vegas metro area, September's unemployment rate came in at 13.9 percent, up from 7.7 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 13.5 percent in September.) Job levels stand 56,300 below year-ago readings. In the Reno-Sparks region, September's employ-

## Economic Indicators

UNEMPLOYMENT RATES	SEP 2009
NEVADA *	13.3%
LAS VEGAS-PARADISE MSA	13.9%
RENO-SPARKS MSA	13.1%
CARSON CITY MSA	12.8%
ELKO MICROPOLITAN AREA	6.9%
UNITED STATES *	9.8%
CALIFORNIA *	12.2%

JOB GROWTH (Y-O-Y)	
NEVADA	-6.1%
LAS VEGAS-PARADISE MSA	-6.2%
RENO-SPARKS MSA	-7.7%
CARSON CITY MSA	-5.9%
UNITED STATES	-4.2%
CALIFORNIA	-4.8%

CONSUMER PRICE INDEX (Y-O-Y)	
UNITED STATES	-1.3%

GAMING WIN (Y-O-Y)	
AUGUST 2008 - AUGUST 2009	
NEVADA	-9.32%
CLARK COUNTY	-6.73%
WASHOE COUNTY	-20.95%

TAXABLE SALES (Y-O-Y)	
JULY 2008 - JULY 2009	
NEVADA	-18.8%
CLARK COUNTY	-20.6%
WASHOE COUNTY	-15.2%

ment count stands nearly 17,000 below a year ago. The unemployment rate, at 13.1 percent, is up markedly from a year ago, when it was 7.3 percent. Carson City's unemployment rate was estimated to be 12.8 percent in September, and payrolls were down nearly 2,000 relative to a year ago. In September 2008, the region's unemployment rate was 7.6 percent. Clearly, all regions of the State

# Economic Summary

have felt the impacts of the current economic climate.

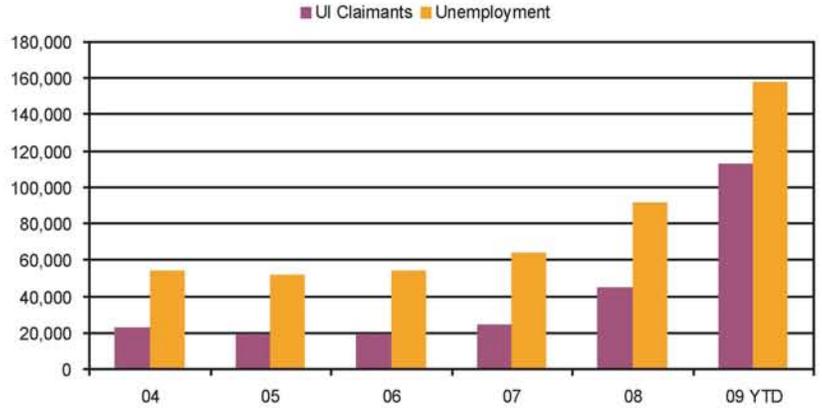
In addition, all industries within the State have felt the effects of the economic downturn, but none more so than construction. Construction benefited greatly from a booming economy, as building-related employment in Nevada increased by 48,000 between 1997 and 2007. However, since then, 50,000 jobs have been lost. Elsewhere, the leisure and hospitality industry added 77,300 jobs during the ten-year period ending in 2007. However, within the past two years 30,000 jobs have been eliminated. The much-anticipated opening of the City Center Project in Las Vegas should help ease job losses in the months ahead, but for the industry as a whole the negatives continue to outweigh the positives.

Both the professional and business services and trade/transportation/utilities sectors added in excess of 70,000 jobs during the economic boom. Since then, the former has cut nearly 15,000 positions, while the latter has cut payrolls by nearly 8,000.

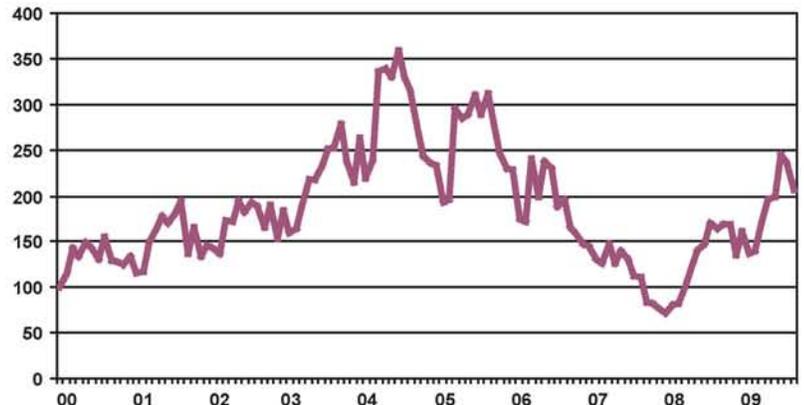
Perhaps the earliest signs of the approaching recession showed up in residential real estate and construction activity beginning in approximately mid-2006. Arguably, one bright spot of late has to do with increases in resale activity. For instance, sales of existing homes have been on the upswing in southern Nevada since mid-2008. So far this year, resale activity has increased by more than 50 percent. However, on the flip-side, a considerable portion of that increase in activity is attributable to distressed properties.

In addition to the City Center opening on the horizon, another event that, historically, has had a positive impact on the Nevada labor market--the holiday shopping season--is also close at hand. During this decade (through 2007), retail

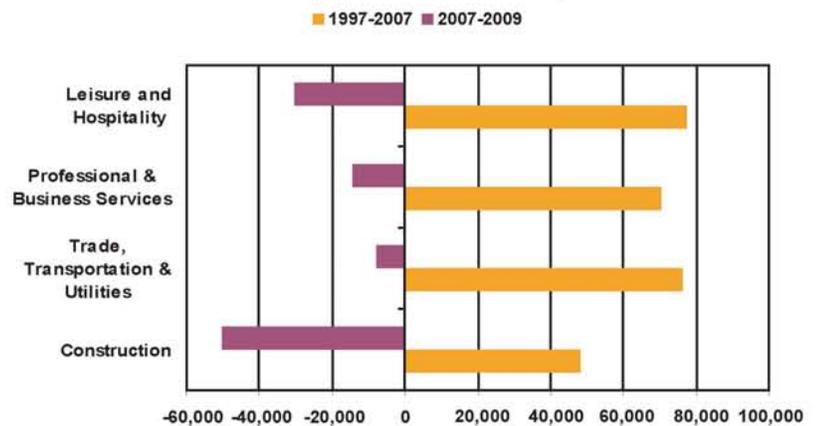
**Nevada Unemployment Insurance Claimants vs. Total Unemployment**



**Southern Nevada Recorded Resales (January 2000 = 100)**



**Nevada Job Growth by Sector (1997-2007 and 2007-2009)**

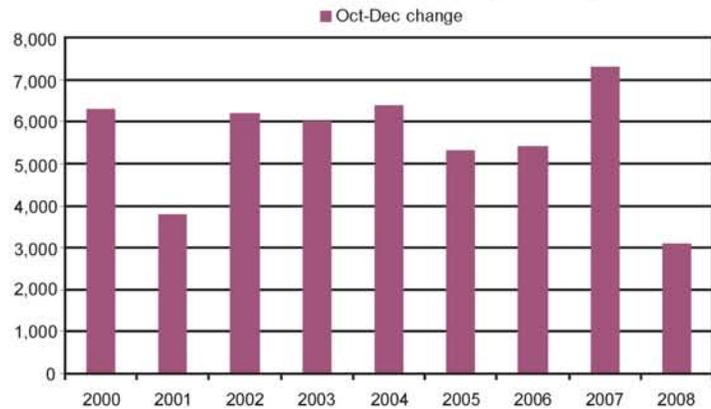


# Economic Summary

trade employment growth in Nevada (from October through December) has averaged nearly 6,000 jobs per year. However, in 2008, job gains were just about one-half (3,100) of their recent norms. Once again, we expect the weak economy to limit the number of new seasonal hires this year.

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 Chief Economist  
 Research and Analysis Bureau

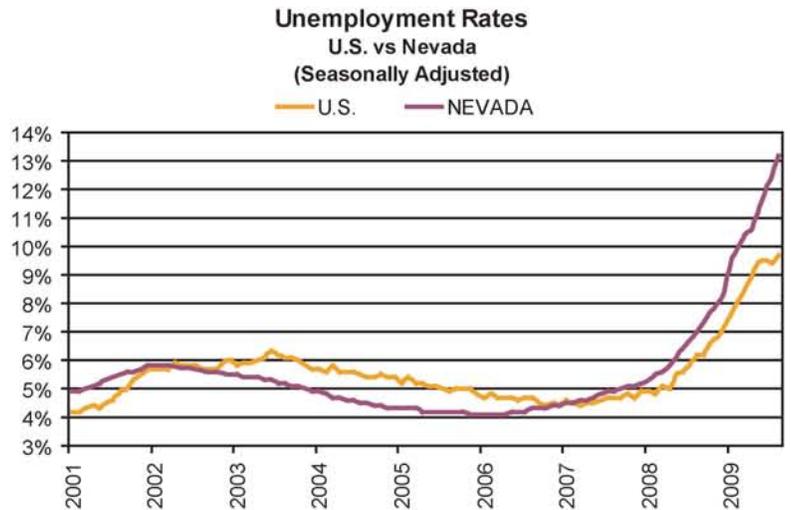
**Nevada Retail Trade Employment  
 (2008-2009, Holiday Shopping Season)**



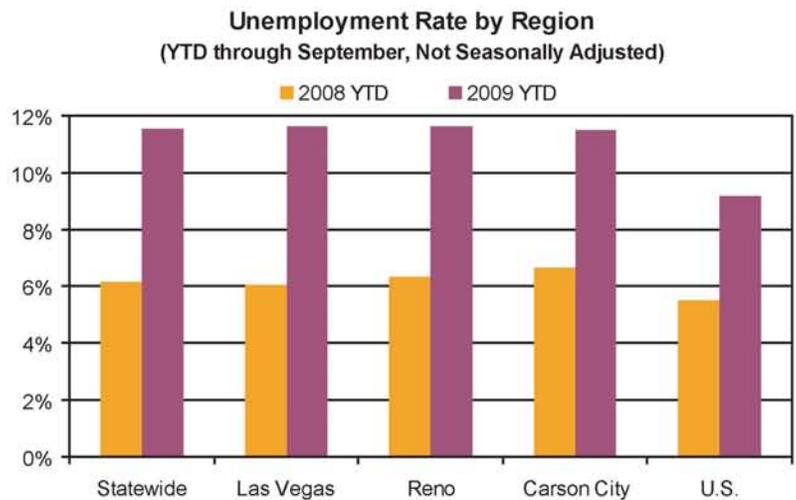
# Trends at a Glance

## Unemployment

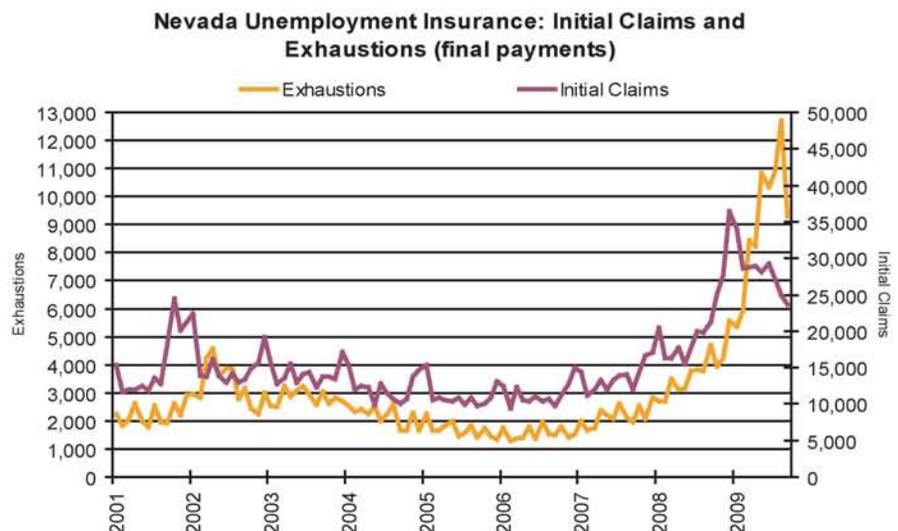
- >Nevada's seasonally adjusted unemployment rate was 13.3 percent in September. It's the fifth straight month Nevada's unemployment rate posted an all time high. Nevada has the second highest unemployment rate in the nation, trailing only Michigan.
- >Nationally, the unemployment rate stood at 9.8 percent in September. 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.



- >At 13.5 percent the Statewide unadjusted unemployment rate is up 5.9 percentage points from the previous September.
- >The Las Vegas-Paradise MSA recorded an unemployment rate of 13.9 percent in September, up 0.5 percentage point from the previous month.
- >The Reno-Sparks MSA's jobless rate increased to 13.1 percent in September from 12.4 percent in August.
- >September's readings provide evidence that Nevada's labor markets have yet to reach a bottom, though on a seasonally adjusted basis, the increase is the smallest over the month change since March 2008.



- >Initial claims for unemployment insurance decreased by 1,310 in September from August. Claims have fallen three consecutive months.
- >Final payments, signifying an exhaustion of regular State benefits, decreased in September from August by 3,425.



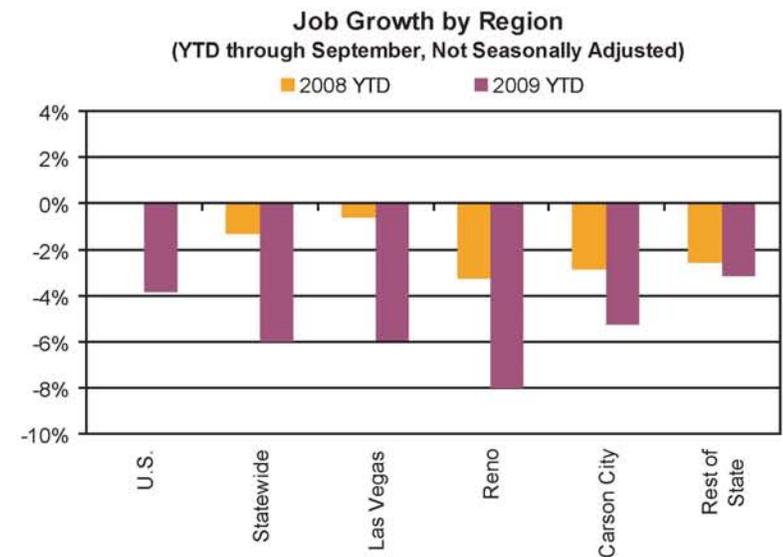
# Trends at a Glance

## Industrial Employment

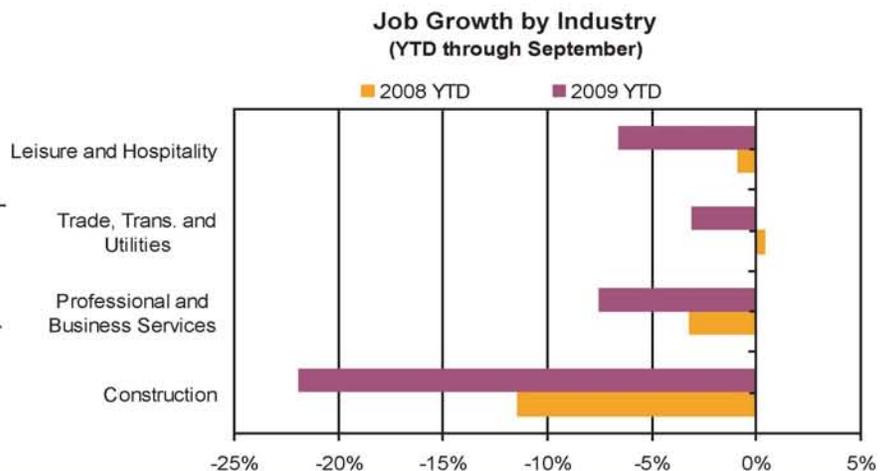
- >Industrial employment in Nevada fell 6.1 percent in September relative to a year prior, equating to a loss of 76,500 jobs.
- >September job readings were down 4.2 percent nationally relative to September 2008.



- >Employment in September remained lower than year-ago levels throughout all regions of the State.
- >The Las Vegas MSA's job count fell 6.2 percent in September relative to a year prior.
- >In the Reno MSA, September job readings were down 7.7 percent relative to September 2009.



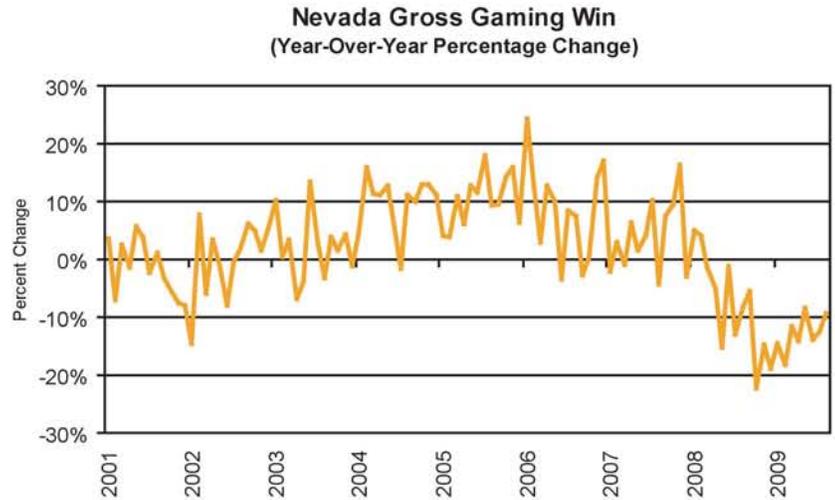
- >Approximately 32,800 jobs have been lost in the construction industry over the past year, a 28.0 percent annual decline. The sector continues to struggle given constrained lending and weak demand for new development. Additionally, as the City Center project winds down more construction jobs will be lost.
- >The State's largest industry sector, leisure and hospitality, continues to struggle. Industry employment was down 6.7 percent in September relative to a year prior. The industry may see a boost in the months ahead, depending on how many employees are transferred to the City Center project from existing properties.



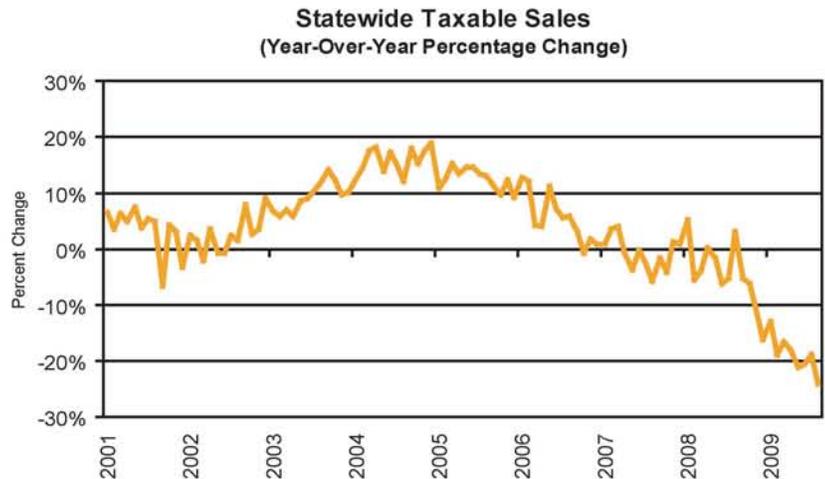
# Trends at a Glance

## Economic Indicators

>Nevada gaming win was down 9.3 percent in August relative to the previous year. This is the 18th consecutive month gaming win has declined on an annual basis.



>In August, taxable sales fell 24.1 percent, with collections totalling \$3,076,350,687.  
>Through the first two months of the fiscal year, taxable sales are down 21.1 percent or \$1,688,876,453 compared to same period in 2008.



>Las Vegas visitor volume fell by 118,806 in August relative to a year prior, a 3.7 percent decline. Visitor volume has fallen 15 consecutive months.

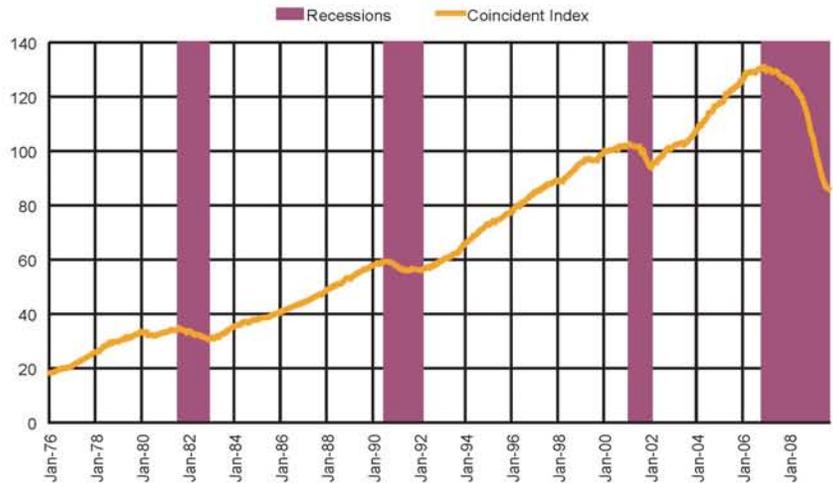


# Trends at a Glance

## CBER-DETR Nevada Coincident and Leading Employment Indices

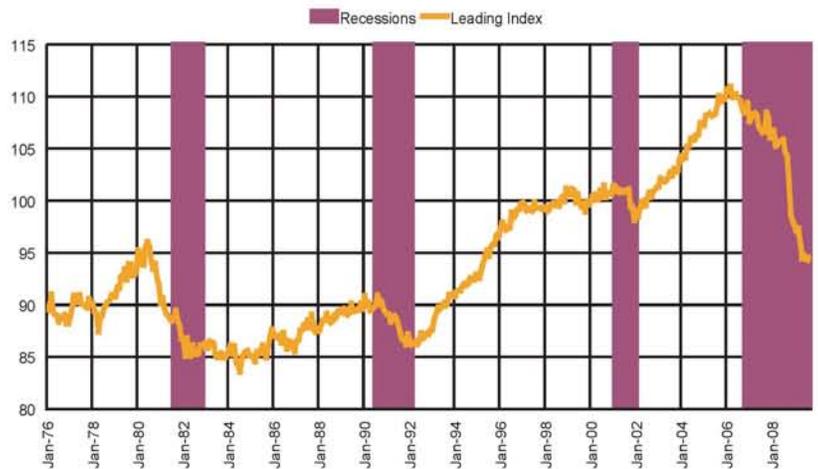
>In summary, the employment recession continues unabated to this point. Based on seasonally adjusted data, all components of the coincident index moved in a negative direction. The Index fell by 0.66 percent from August to September. >The index is 25.8 percent lower than year-ago levels.

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 slight increase of 0.2 percent from August. In September, the components of the leading index experienced the following changes -- the short-duration unemployment rate, commercial permits, and the real Moody's Baa bond rate moved in a positive direction, whereas initial claims for unemployment insurance, housing permits, and construction employment moved in a negative direction. Over the last five months, the leading index has bounced around, first rising and then falling by small amounts, suggesting the possibility of a bottom in the business cycle.

CBER-DETR Nevada Leading Employment Index



# Employment and Labor Force Summary

## Nevada

### Employment By Industry (Estimates in Thousands)

	Sep09	Sep08	Aug09	Nominal Change			% Change		
				Annual	Monthly	YTD	Annual	Monthly	YTD
				Sep08- Sep09	Aug09- Sep09	2008- 2009	Sep08- Sep09	Aug09- Sep09	2008- 2009
<b>Total Nonfarm Employment</b>	<b>1,185.4</b>	<b>1,261.9</b>	<b>1,173.7</b>	<b>-76.5</b>	<b>11.7</b>	<b>-75.4</b>	<b>-6.1%</b>	<b>1.0%</b>	<b>-5.9%</b>
<b>Goods Producing Industries</b>	<b>141.2</b>	<b>177.7</b>	<b>145.3</b>	<b>-36.5</b>	<b>-4.1</b>	<b>-29.6</b>	<b>-20.5%</b>	<b>-2.8%</b>	<b>-16.4%</b>
Natural Resources and Mining	12.3	12.6	12.4	-0.3	-0.1	0.2	-2.4%	-0.8%	1.6%
Construction	84.4	117.2	88.0	-32.8	-3.6	-26.2	-28.0%	-4.1%	-21.9%
Manufacturing	44.5	47.9	44.9	-3.4	-0.4	-3.7	-7.1%	-0.9%	-7.5%
<b>Service Producing Industries</b>	<b>1,044.2</b>	<b>1,084.2</b>	<b>1,028.4</b>	<b>-40.0</b>	<b>15.8</b>	<b>-45.9</b>	<b>-3.7%</b>	<b>1.5%</b>	<b>-4.2%</b>
Trade, Transportation & Utilities	225.0	231.0	223.3	-6.0	1.7	-7.4	-2.6%	0.8%	-3.2%
Wholesale	38.5	39.0	38.3	-0.5	0.2	-1.1	-1.3%	0.5%	-2.7%
Retail	131.7	137.6	130.8	-5.9	0.9	-6.1	-4.3%	0.7%	-4.4%
Trans, Warehousing and Utilities	54.8	54.4	54.2	0.4	0.6	-0.2	0.7%	1.1%	-0.4%
Information	13.9	14.7	14.1	-0.8	-0.2	-0.9	-5.4%	-1.4%	-5.7%
Financial Activities	58.1	61.2	57.9	-3.1	0.2	-3.5	-5.1%	0.3%	-5.6%
Finance and Insurance	32.8	35.2	32.8	-2.4	0.0	-2.2	-6.8%	0.0%	-6.2%
Professional & Business Services	142.2	150.7	139.4	-8.5	2.8	-11.6	-5.6%	2.0%	-7.5%
Education & Health Services	99.3	95.8	96.8	3.5	2.5	2.6	3.7%	2.6%	2.7%
Health Care and Social Assistance	90.9	88.2	88.8	2.7	2.1	1.9	3.1%	2.4%	2.1%
Leisure & Hospitality	309.6	331.8	310.6	-22.2	-1.0	-22.3	-6.7%	-0.3%	-6.6%
Casino Hotels	171.9	189.4	173.4	-17.5	-1.5	-17.2	-9.2%	-0.9%	-8.9%
Food Services and Drinking Places	95.8	97.7	95.3	-1.9	0.5	-2.3	-1.9%	0.5%	-2.3%
Other Services	37.2	37.5	37.2	-0.3	0.0	-0.4	-0.8%	0.0%	-1.0%
Government	158.9	161.5	149.1	-2.6	9.8	-2.5	-1.6%	6.6%	-1.5%

### Labor Force and Unemployment (Estimates in Thousands)

	Sep09	Sep08	Aug09	Nominal Change			% Change		
				Annual	Monthly	YTD	Annual	Monthly	YTD
				Sep08- Sep09	Aug09- Sep09	2008- 2009	Sep08- Sep09	Aug09- Sep09	2008- 2009
<b>Total Labor Force</b>	<b>1,407.3</b>	<b>1,392.7</b>	<b>1404.5</b>	<b>14.6</b>	<b>2.8</b>	<b>36.1</b>	<b>1.0%</b>	<b>0.2%</b>	<b>2.6%</b>
Unemployment	190.7	106.1	182.4	84.6	8.3	77.4	79.7%	4.6%	91.6%
Unemployment Rate	13.5%	7.6%	13.0%	*	*	*	*	*	*
<b>Unemployment Rate (SA)</b>	<b>13.3%</b>	<b>7.3%</b>	<b>13.2%</b>	<b>*</b>	<b>*</b>	<b>*</b>	<b>*</b>	<b>*</b>	<b>*</b>
<b>Total Employment</b>	<b>1,216.6</b>	<b>1,286.6</b>	<b>1,222.1</b>	<b>-70.0</b>	<b>-5.5</b>	<b>-41.3</b>	<b>-5.4%</b>	<b>-0.5%</b>	<b>-3.2%</b>

### Size Class of Industries - First Quarter 2009 (Non-Government Worksites)

Size Class	Employees Per Worksite	Number of Worksites	Employment in Size Class	% of Total Employment
9	1000+	80	180472	18.1%
8	500-999	112	76907	7.7%
7	250-499	205	72918	7.3%
6	100-249	903	133942	13.5%
5	50-99	1760	121645	12.2%
4	20-49	5349	158881	16.0%
3	10-19	8381	113444	11.4%
2	5-9	11772	78742	7.9%
1	0-4	46618	58533	5.9%
<b>Total</b>		<b>75,180</b>	<b>995,484</b>	<b>100.0%</b>

### Nevada's Largest Private Employers - March 2009

Employer	Employees	Industry
WYNN LAS VEGAS	8500 to 8999	Casino Hotels
BELLAGIO LLC	8000 to 8499	Casino Hotels
MGM GRAND HOTEL & CASINO	7500 to 7999	Casino Hotels
MANDALAY BAY RESORT & CASINO	6000 to 6499	Casino Hotels
CAESARS PALACE	5000 to 5499	Casino Hotels
VENETIAN CASINO RESORT	4500 to 4999	Casino Hotels
MIRAGE CASINO & HOTEL	4500 to 4999	Casino Hotels
PALAZZO CASINO RESORT	3500 to 3999	Casino Hotels
ENCORE LAS VEGAS	3000 to 3499	Casino Hotels
FLAMINGO LAS VEGAS	3000 to 3499	Casino Hotels
RIO SUITE HOTEL & CASINO	3000 to 3499	Casino Hotels
LUXOR	3000 to 3499	Casino Hotels

### Avg Wages By Industry - QCEW Data First Quarter 2009

Industry	Avg. Weekly Wage
Total, All Industries	\$810
Natural Resources and Mining	\$1,336
Construction	\$1,101
Manufacturing	\$903
Trade, Transportation and Utilities	\$702
Information	\$1,022
Financial Activities	\$955
Professional and Business Services	\$1,002
Education and Health Services	\$870
Leisure and Hospitality	\$556
Other Services	\$599
Government	\$1,150
Unclassified	\$1,154

# Employment and Labor Force Summary

## Las Vegas-Paradise

### Employment By Industry (Estimates in Thousands)

	Sep09	Sep08	Aug09	Nominal Change			% Change		
				Annual	Monthly	YTD	Annual	Monthly	YTD
				Sep08- Sep09	Aug09- Sep09	2008- 2009	Sep08- Sep09	Aug09- Sep09	2008- 2009
<b>Total Nonfarm Employment</b>	<b>854.3</b>	<b>910.6</b>	<b>844.7</b>	<b>-56.3</b>	<b>9.6</b>	<b>-53.4</b>	<b>-6.2%</b>	<b>1.1%</b>	<b>-5.8%</b>
<b>Goods Producing Industries</b>	<b>93.3</b>	<b>118.2</b>	<b>96.8</b>	<b>-24.9</b>	<b>-3.5</b>	<b>-19.3</b>	<b>-21.1%</b>	<b>-3.6%</b>	<b>-16.0%</b>
Natural Resources and Mining	0.4	0.4	0.4	0.0	0.0	0.0	0.0%	0.0%	0.0%
Construction	69.5	92.6	72.7	-23.1	-3.2	-17.5	-24.9%	-4.4%	-18.4%
Manufacturing	23.4	25.2	23.7	-1.8	-0.3	-1.9	-7.1%	-1.3%	-7.2%
<b>Service Producing Industries</b>	<b>761.0</b>	<b>792.4</b>	<b>747.9</b>	<b>-31.4</b>	<b>13.1</b>	<b>-34.1</b>	<b>-4.0%</b>	<b>1.8%</b>	<b>-4.3%</b>
Trade, Transportation & Utilities	154.5	160.2	153.2	-5.7	1.3	-6.2	-3.6%	0.8%	-3.8%
Wholesale	22.5	24.0	22.4	-1.5	0.1	-1.1	-6.3%	0.4%	-4.8%
Retail	94.2	98.7	93.5	-4.5	0.7	-4.7	-4.6%	0.7%	-4.7%
Trans, Warehousing and Utilities	37.8	37.5	37.3	0.3	0.5	-0.3	0.8%	1.3%	-0.9%
Information	10.1	10.7	10.2	-0.6	-0.1	-0.8	-5.6%	-1.0%	-7.2%
Financial Activities	45.4	47.3	45.4	-1.9	0.0	-2.4	-4.0%	0.0%	-5.0%
Finance and Insurance	25.0	26.6	25.2	-1.6	-0.2	-1.3	-6.0%	-0.8%	-4.9%
Professional & Business Services	104.1	110.6	101.7	-6.5	2.4	-8.6	-5.9%	2.4%	-7.6%
Education & Health Services	69.6	66.8	68.1	2.8	1.5	2.5	4.2%	2.2%	3.8%
Health Care and Social Assistance	63.9	61.0	61.5	2.9	2.4	1.8	4.8%	3.9%	3.0%
Leisure & Hospitality	250.3	268.7	251.4	-18.4	-1.1	-16.8	-6.8%	-0.4%	-6.2%
Casino Hotels	145.9	160.5	147.3	-14.6	-1.4	-13.7	-9.1%	-1.0%	-8.4%
Food Services and Drinking Places	76.0	77.4	75.8	-1.4	0.2	-0.8	-1.8%	0.3%	-1.1%
Other Services	26.3	26.4	26.3	-0.1	0.0	-0.2	-0.4%	0.0%	-0.6%
Government	100.7	101.7	91.6	-1.0	9.1	-1.8	-1.0%	9.9%	-1.8%

### Labor Force and Unemployment (Estimates in Thousands)

	Sep09	Sep08	Aug09	Nominal Change			% Change		
				Annual	Monthly	YTD	Annual	Monthly	YTD
				Sep08- Sep09	Aug09- Sep09	2008- 2009	Sep08- Sep09	Aug09- Sep09	2008- 2009
<b>Total Labor Force</b>	<b>1,011.3</b>	<b>999.9</b>	<b>1,007.1</b>	<b>11.4</b>	<b>4.2</b>	<b>27.7</b>	<b>1.1%</b>	<b>0.4%</b>	<b>2.8%</b>
<b>Unemployment</b>	<b>141</b>	<b>77.1</b>	<b>135.1</b>	<b>63.9</b>	<b>5.9</b>	<b>57.8</b>	<b>82.9%</b>	<b>4.4%</b>	<b>96.7%</b>
<b>Unemployment Rate</b>	<b>13.9%</b>	<b>7.7%</b>	<b>13.4%</b>	<b>*</b>	<b>*</b>	<b>*</b>	<b>*</b>	<b>*</b>	<b>*</b>
<b>Total Employment</b>	<b>870.3</b>	<b>922.8</b>	<b>872.0</b>	<b>-52.5</b>	<b>-1.7</b>	<b>-30.1</b>	<b>-5.7%</b>	<b>-0.2%</b>	<b>-3.3%</b>

### Size Class of Industries - First Quarter 2009 (Non-Government Worksites)

Size Class	Per Worksite	Number of Worksites	Employment in Size Class	% of Total Employment
9	1000+	64	153,777	20.9%
8	500-999	93	64,566	8.8%
7	250-499	145	51,365	7.0%
6	100-249	672	99,669	13.5%
5	50-99	1,291	89,232	12.1%
4	20-49	3,748	111,715	15.2%
3	10-19	5,629	76,374	10.4%
2	5-9	7,773	52,072	7.1%
1	0-4	30,567	37,182	5.1%
<b>Total</b>		<b>49,982</b>	<b>735,952</b>	<b>100.0%</b>

### Largest Private Employers - March 2009

Employer	Employees	Industry
WYNN LAS VEGAS	8500 to 8999	Casino Hotels
BELLAGIO LLC	8000 to 8499	Casino Hotels
MGM GRAND HOTEL & CASINO	7500 to 7999	Casino Hotels
MANDALAY BAY RESORT & CASINO	6000 to 6499	Casino Hotels
CAESARS PALACE	5000 to 5499	Casino Hotels
THE VENETIAN CASINO RESORT	4500 to 4999	Casino Hotels
MIRAGE CASINO & HOTEL	4500 to 4999	Casino Hotels
THE PALAZZO CASINO RESORT	3500 to 3999	Casino Hotels
ENCORE LAS VEGAS	3000 to 3499	Casino Hotels
FLAMINGO LAS VEGAS	3000 to 3499	Casino Hotels
RIO SUITE HOTEL & CASINO	3000 to 3499	Casino Hotels
LUXOR	3000 to 3499	Casino Hotels
PARIS LAS VEGAS	3000 to 3499	Casino Hotels
HARRAH'S LAS VEGAS INC	3000 to 3499	Casino Hotels

### Avg Wages By Industry - QCEW Data First Quarter 2009

Industry	Avg. Weekly Wage
Total, All Industries	\$814
Natural Resources and Mining	\$835
Construction	\$1,143
Manufacturing	\$901
Trade, Transportation and Utilities	\$694
Information	\$1,037
Financial Activities	\$964
Professional and Business Services	\$1,004
Education and Health Services	\$883
Leisure and Hospitality	\$589
Other Services	\$588
Public Administration	\$1,246
Unclassified	\$1,172

# Employment and Labor Force Summary

## Reno-Sparks

### Employment By Industry (Estimates in Thousands)

	Sep09	Sep08	Aug09	Nominal Change			% Change		
				Annual	Monthly	YTD	Annual	Monthly	YTD
				Sep08- Sep09	Aug09- Sep09	2008- 2009	Sep08- Sep09	Aug09- Sep09	2008- 2009
<b>Total Nonfarm Employment</b>	<b>197.7</b>	<b>214.3</b>	<b>197.0</b>	<b>-16.6</b>	<b>0.7</b>	<b>-17.0</b>	<b>-7.7%</b>	<b>0.4%</b>	<b>-7.9%</b>
<b>Goods Producing Industries</b>	<b>24.0</b>	<b>30.9</b>	<b>24.4</b>	<b>-6.9</b>	<b>-0.4</b>	<b>-6.5</b>	<b>-22.3%</b>	<b>-1.6%</b>	<b>-20.6%</b>
Natural Resources and Mining	0.3	0.4	0.3	-0.1	0.0	-0.1	-25.0%	0.0%	-20.6%
Construction	10.8	16.5	11.2	-5.7	-0.4	-5.3	-34.5%	-3.6%	-31.4%
Manufacturing	12.9	14.0	12.9	-1.1	0.0	-1.1	-7.9%	0.0%	-7.8%
<b>Service Producing Industries</b>	<b>173.7</b>	<b>183.4</b>	<b>172.6</b>	<b>-9.7</b>	<b>1.1</b>	<b>-10.7</b>	<b>-5.3%</b>	<b>0.6%</b>	<b>-5.8%</b>
Trade, Transportation & Utilities	47.1	48.0	46.9	-0.9	0.2	-1.6	-1.9%	0.4%	-3.3%
Wholesale	10.5	10.5	10.5	0.0	0.0	-0.2	0.0%	0.0%	-2.2%
Retail	23.3	24.0	23.1	-0.7	0.2	-1.1	-2.9%	0.9%	-4.8%
Trans, Warehousing and Utilities	13.3	13.5	13.3	-0.2	0.0	-0.2	-1.5%	0.0%	-1.7%
Information	2.5	2.8	2.6	-0.3	-0.1	-0.2	-10.7%	-3.8%	-7.9%
Financial Activities	9.3	9.6	9.3	-0.3	0.0	-0.5	-3.1%	0.0%	-4.9%
Finance and Insurance	5.7	5.9	5.7	-0.2	0.0	-0.3	-3.4%	0.0%	-5.4%
Professional & Business Services	24.0	26.6	24.1	-2.6	-0.1	-3.1	-9.8%	-0.4%	-11.2%
Education & Health Services	21.3	20.8	20.7	0.5	0.6	-0.1	2.4%	2.9%	-0.3%
Leisure & Hospitality	34.1	38.3	34.3	-4.2	-0.2	-4.3	-11.0%	-0.6%	-11.1%
Casino Hotels	16.0	18.0	16.2	-2.0	-0.2	-2.2	-11.1%	-1.2%	-11.8%
Food Services and Drinking Places	12.8	13.0	12.8	-0.2	0.0	-0.8	-1.5%	0.0%	-6.3%
Other Services	7.0	7.2	7.1	-0.2	-0.1	-0.3	-2.8%	-1.4%	-3.7%
Government	28.4	30.1	27.6	-1.7	0.8	-0.7	-5.6%	2.9%	-2.3%

### Labor Force and Unemployment (Estimates in Thousands)

	Sep09	Sep08	Aug09	Nominal Change			% Change		
				Annual	Monthly	YTD	Annual	Monthly	YTD
				Sep08- Sep09	Aug09- Sep09	2008- 2009	Sep08- Sep09	Aug09- Sep09	2008- 2009
<b>Total Labor Force</b>	<b>228.6</b>	<b>230.3</b>	<b>229</b>	<b>-1.7</b>	<b>-0.4</b>	<b>1.1</b>	<b>-0.7%</b>	<b>-0.2%</b>	<b>0.5%</b>
<b>Unemployment</b>	<b>29.9</b>	<b>16.9</b>	<b>28.4</b>	<b>13.0</b>	<b>1.5</b>	<b>12.2</b>	<b>76.9%</b>	<b>5.3%</b>	<b>84.6%</b>
<b>Unemployment Rate</b>	<b>13.1%</b>	<b>7.3%</b>	<b>12.4%</b>	<b>*</b>	<b>*</b>	<b>0.1</b>	<b>*</b>	<b>*</b>	<b>*</b>
<b>Total Employment</b>	<b>198.7</b>	<b>213.4</b>	<b>200.6</b>	<b>-14.7</b>	<b>-1.9</b>	<b>-11.1</b>	<b>-6.9%</b>	<b>-0.9%</b>	<b>-5.2%</b>

#### Size Class of Industries - First Quarter 2009 (Non-Government Worksites)

Size Class	Employees Per Worksite	Number of Worksites	Employment in Size Class	% of Total Employment
9	1000+	12	20,165	12.4%
8	500-999	6	3,804	2.3%
7	250-499	34	12,718	7.8%
6	100-249	160	23,662	14.6%
5	50-99	306	20,833	12.9%
4	20-49	1,029	30,550	18.8%
3	10-19	1,709	23,088	14.2%
2	5-9	2,293	15,332	9.5%
1	0-4	9,011	11,922	7.4%
<b>Total</b>		<b>14,560</b>	<b>162,074</b>	<b>100.0%</b>

#### Largest Private Employers - March 2009

Employer	Employees	Industry
INTERNATIONAL GAME TECHNOLOGY	2500 to 2999	Manufacturing
RENOWN REGIONAL MEDICAL CENTER	2000 to 2499	Hospitals
PEPPERMILL HOTEL CASINO - RENO	2000 to 2499	Casino Hotels
SILVER LEGACY RESORT CASINO	1500 to 1999	Casino Hotels
ST. MARYS	1500 to 1999	Hospitals
ATLANTIS CASINO RESORT	1500 to 1999	Casino Hotels
GRAND SIERRA RESORT & CASINO	1000 to 1499	Casino Hotels
ELDORADO HOTEL & CASINO	1000 to 1499	Casino Hotels
SPARKS NUGGET INC.	1000 to 1499	Casino Hotels
CIRCUS CIRCUS CASINOS INC - RENO	1000 to 1499	Casino Hotels
HARRAH'S RENO	1000 to 1499	Casino Hotels
UNITED PARCEL SERVICE	1000 to 1499	Couriers
HIRE DYNAMICS LLC	1000 to 1499	Temp.Help Svcs

#### Avg Wages By Industry - QCEW Data First Quarter 2009 (Washoe County)

Industry	Avg. Weekly Wage
Total, All Industries	\$785
Natural Resources and Mining	\$1,389
Construction	\$922
Manufacturing	\$932
Trade, Transportation and Utilities	\$707
Information	\$982
Financial Activities	\$1,000
Professional and Business Services	\$964
Education and Health Services	\$894
Leisure and Hospitality	\$409
Other Services	\$612
Government	\$1,051
Unclassified	\$1,082

# Employment and Labor Force Summary

## Carson City

### Employment By Industry

(Estimates in Thousands)

	Sep09	Sep08	Aug09	Nominal Change			% Change		
				Annual	Monthly	YTD	Annual	Monthly	YTD
				Sep08- Sep09	Aug09- Sep09	2008- 2009	Sep08- Sep09	Aug09- Sep09	2008- 2009
<b>Total Nonfarm Employment</b>	<b>30.1</b>	<b>32.0</b>	<b>30.3</b>	<b>-1.9</b>	<b>-0.2</b>	<b>-1.7</b>	<b>-5.9%</b>	<b>-0.7%</b>	<b>-5.2%</b>
<b>Goods Producing Industries</b>	<b>4.3</b>	<b>4.9</b>	<b>4.4</b>	<b>-0.6</b>	<b>-0.1</b>	<b>-0.5</b>	<b>-12.2%</b>	<b>-2.3%</b>	<b>-9.4%</b>
<b>Manufacturing</b>	<b>2.6</b>	<b>3.1</b>	<b>2.7</b>	<b>-0.5</b>	<b>-0.1</b>	<b>-0.4</b>	<b>-16.1%</b>	<b>-3.7%</b>	<b>-13.2%</b>
<b>Service Producing Industries</b>	<b>25.8</b>	<b>27.1</b>	<b>25.9</b>	<b>-1.3</b>	<b>-0.1</b>	<b>-1.2</b>	<b>-4.8%</b>	<b>-0.4%</b>	<b>-4.5%</b>
<b>Trade, Transportation &amp; Utilities</b>	<b>4.1</b>	<b>4.4</b>	<b>4.1</b>	<b>-0.3</b>	<b>0.0</b>	<b>-0.3</b>	<b>-6.8%</b>	<b>0.0%</b>	<b>-7.1%</b>
Retail	3.0	3.4	3.0	-0.4	0.0	-0.2	-11.8%	0.0%	-7.3%
<b>Professional &amp; Business Services</b>	<b>1.9</b>	<b>2.1</b>	<b>1.9</b>	<b>-0.2</b>	<b>0.0</b>	<b>-0.3</b>	<b>-9.5%</b>	<b>0.0%</b>	<b>-12.3%</b>
<b>Leisure &amp; Hospitality</b>	<b>3.1</b>	<b>3.8</b>	<b>3.1</b>	<b>-0.7</b>	<b>0.0</b>	<b>-0.8</b>	<b>-18.4%</b>	<b>0.0%</b>	<b>-20.1%</b>
<b>Government</b>	<b>11.4</b>	<b>11.5</b>	<b>11.5</b>	<b>-0.1</b>	<b>-0.1</b>	<b>0.1</b>	<b>-0.9%</b>	<b>-0.9%</b>	<b>1.2%</b>

### Labor Force and Unemployment

(Estimates in Thousands)

	Sep09	Sep08	Aug09	Nominal Change			% Change		
				Annual	Monthly	YTD	Annual	Monthly	YTD
				Sep08- Sep09	Aug09- Sep09	2008- 2009	Sep08- Sep09	Aug09- Sep09	2008- 2009
<b>Total Labor Force</b>	<b>29.9</b>	<b>29.9</b>	<b>30.3</b>	<b>0.0</b>	<b>-0.4</b>	<b>0.9</b>	<b>0.0%</b>	<b>-1.3%</b>	<b>3.2%</b>
<b>Unemployment</b>	<b>3.8</b>	<b>2.3</b>	<b>3.7</b>	<b>1.5</b>	<b>0.1</b>	<b>1.5</b>	<b>65.2%</b>	<b>2.7%</b>	<b>75.9%</b>
<b>Unemployment Rate</b>	<b>12.8%</b>	<b>7.6%</b>	<b>12.1%</b>	<b>*</b>	<b>*</b>	<b>*</b>	<b>*</b>	<b>*</b>	<b>*</b>
<b>Total Employment</b>	<b>26.1</b>	<b>27.6</b>	<b>26.6</b>	<b>-1.5</b>	<b>-0.5</b>	<b>-0.6</b>	<b>-5.4%</b>	<b>-1.9%</b>	<b>-2.1%</b>

### Size Class of Industries - First Quarter 2009 (Non-Government Worksites)

Size Class	Employees Per Worksite	Number of Worksites	Employment in Size Class	% of Total Employment
9	1000+	0	0	0.0%
8	500-999	0	0	0.0%
7	250-499	6	2,127	11.9%
6	100-249	14	2,158	12.1%
5	50-99	32	2,252	12.6%
4	20-49	141	4,140	23.2%
3	10-19	216	2,887	16.2%
2	5-9	356	2,376	13.3%
1	0-4	1,383	1,927	10.8%
<b>Total</b>		<b>2,148</b>	<b>17,867</b>	<b>100.0%</b>

### Largest Private Employers - March 2009

Employer	Employees	Industry
ROSENDIN ELECTRIC INC	400 to 499	Construction
WAL-MART SUPERCENTER	300 to 399	Retail
CHROMALLOY NEVADA	300 to 399	Manufacturing
CASINO FANDANGO	300 to 399	Casinos
CARSON CITY NUGGET	300 to 399	Casinos
PCC STRUCTURALS	200 to 299	Manufacturing
CLICK BOND INC	200 to 299	Manufacturing
HARLEY-DAVIDSON CREDIT	200 to 299	Finance
GOLD DUST WEST	200 to 299	Casino Hotels

### Avg Wages By Industry - QCEW Data First Quarter 2009

Industry	Avg. Weekly Wage
Total, All Industries	\$806
Natural Resources and Mining	*
Construction	\$943
Manufacturing	\$822
Trade, Transportation and Utilities	\$663
Information	\$999
Financial Activities	\$822
Professional and Business Services	\$799
Education and Health Services	\$836
Leisure and Hospitality	\$347
Other Services	\$617
Public Administration	\$1,052
Unclassified	\$901

# Macroeconomic Fundamentals

## National Employment

While economic conditions appear to be improving, it is not enough to stem the tide of job losses. Firms still need to reduce labor costs to improve their bottom line. The good news is that the economy is bleeding jobs at a much slower pace than earlier this year. Until inventories are sufficiently depleted and production growth resumes, new jobs will not materialize. The September employment situation took a slight negative turn as job losses accelerated from August. This uneven recovery in the labor market should not be unexpected and consensus forecasts still look to improvement sometime in late 2010. Smaller losses in manufacturing, financial services and temporary help services are welcome news in the most recent employment report as they are critical indicators of emerging trends. Rises in the unemployment rate are much smaller than earlier in the year. This does, however, reflect a decline in the labor force participation rate and masks the effect of continued significant job losses.

## Consumers

Consumers are entrenching themselves in what some describe as a "new normal" condition with a necessarily higher savings rate. They remain reluctant to spend, specifically on "comfort items". Therefore, discount retailers are doing relatively better as consumers remain focused on necessities. Consumption spending is roughly 70% of the economy and a new consumer mindset will greatly influence the economic drivers coming out of the recession. Less wealthy consumers will allocate their spending far more cautiously than during the housing boom. Therefore, consumption gains will not lead the recovery. Cash for clunkers, successful in its narrow scope,

has left some consumers with less cash available for other purchases in the future. Consumer sentiment surveys reveal a seesaw pattern consistent with uncertainty and an uneven recovery. Until job and house price losses reverse course and return to growth, consumers will remain wary.

## Housing

Year-over-year home prices are slowly bottoming and month-over-month prices are actually growing in some areas. However, this does not signal the end of troubles in the housing market. Nonconventional mortgages are in a multiyear period of elevated resets that will replenish the already bloated inventory. The continued elevated inventory will invariably result in weak home valuations. This will result in elevated foreclosure action given the dismal jobs picture and stressed household balance sheets. Chinese demand for construction materials seems to have set a price floor for homebuilding materials in the U.S. Higher end housing prices have much less support than lower end prices, and will be a drag on prices overall. High end amenities add cost without a corresponding added resale value. We expect the housing market to continue readjusting well into 2010.

## Manufacturing

Massive inventory liquidation has left many firms poised to resume production. Coupled with the impending resumption in economic growth, the manufacturing sector should emerge from the recession by the start of 2010. Recent employment reports show that manufacturing job losses are abating and its hopeful the trend will continue. A double dip recession will likely reverse this trend so manufacturing continues along at the mercy of a still fragile recovery. We

don't expect manufacturing employment to rebound quickly as labor costs benefit overseas producers.

## Credit Markets

Borrowing continues to shrink. Risk premiums passed on to consumers are significantly affecting the propensity to borrow. Asset values are the culprit, as they continue to lose value. Still, private sector borrowing rates have fallen appreciably. The trick is getting loans approved. On the commercial side, it is difficult to borrow start-up costs as the end of recession date is indeterminable at present. Lenders are also wary that home prices will keep falling, as only properly valued low end housing is feasible. Commodity prices have set a floor on building materials and affordable housing for modest square footage appears reasonably priced in many communities. In general, enthusiastic borrowers are struggling to get financing as current economic data is less optimistic than trends appeared during the summer. Lenders also focus on the negative employment situation and will likely be wary until positive job growth reemerges.

## Commodities

Base metals have sustained their gains from earlier this year. Demand from China's growing economy has set a price floor on copper and other industrial metals prices. Industrial commodities prices should remain elevated simply from the fact that demand has not floundered with the rest of the global economy. India, China and some Eastern European countries have generally avoided a severe recession. These countries remain in an expansion phase. Current gold prices are bolstered by a weak dollar. The uncer-

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# Macroeconomic Fundamentals

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tainty of these times is bound to support current precious metal prices. Dollar denominated commodities prices are rising to offset the movement in the dollar.

## Global Economics

The world economy will emerge unevenly from this most severe recession. Emerging markets are the world's vanguard in the global recovery. Growth momentum has benefitted these nations immensely. Investment dollars are likely to flow that way as labor cost structures remain very attractive. The established industrial countries of the world still need asset value adjustment. Until prices are resolved, either through inventory declines or emerging robust demand, expansion plans will remain on hold. The consensus, as long as the current expected "U" shaped recovery materializes, is for moderate growth to resume sometime in late 2010.

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# ECONOMY IN BRIEF



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

# ECONOMY IN BRIEF

August 2009



RESEARCH & ANALYSIS BUREAU

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

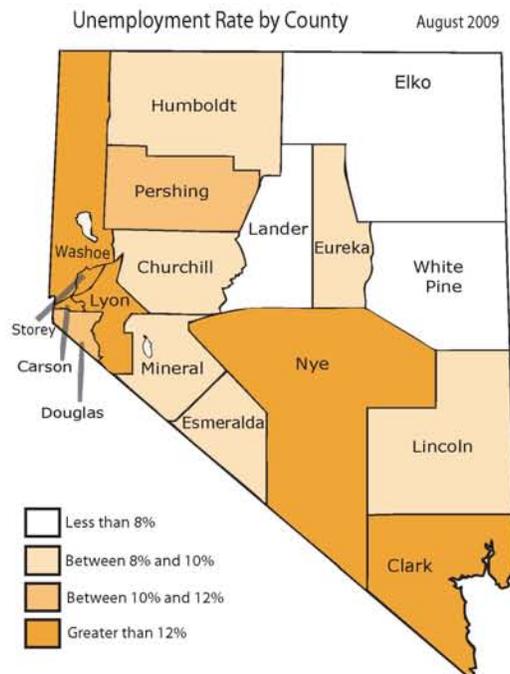
## Economic Summary

Signs of stabilization in the national economy are beginning to emerge. Some analysts even argue that the recession is likely over, or will be over in the near-term. However, such positive conclusions cannot be drawn in Nevada, based upon a current assessment of labor market and economic activity in the State. In August, nearly 183,000 Nevadans were counted as unemployed. The jobless rate came in at a seasonally adjusted 13.2 percent, up a worrisome 0.7 percentage point from the previous month. A year ago, the unemployment rate stood at seven percent.

Nevada has been hit relatively hard by this recession. At the start of the recession in December 2007, the State's unemployment rate stood at 5.2 percent, essentially identical to the national reading of five percent. However, the August jobless rate in Nevada stands 3.5 percentage points higher than the nation's 9.7%.

All told, job levels in Nevada totaled 1.18 million in August, a decline of 84,400 from a year ago. Only the education and health services sector managed to add workers, as payrolls in these establishments grew by 1,400 over the year. Elsewhere, more than 31,000 construction jobs were lost, more than a quarter of the workforce. The State's largest sector, leisure and hospitality, cut almost 24,000 jobs relative to a year ago. Government employment stands 3,500 lower than in August 2008.

As is the case with unemployment, a comparison of job and employment



trends in Nevada relative to the nation as a whole highlights the fact that the State has suffered more than most during the current downturn. During the first several years of this decade, job growth in Nevada far exceeded that for the U.S. as a whole. In fact, just five years ago, in 2004, employment growth in Nevada, at 5.9 percent, was more than five times the rate of growth in the nation. So far this year, though, Nevada establishments have reduced employment by nearly six percent, far in excess of the 3.7 percent job cut nationwide.

Not surprisingly, trends in Nevada's two major metropolitan areas are consistent with those evident Statewide. In both Las Vegas (13.4 percent) and Reno-Sparks (12.4 percent), August unemployment rates are nearly double year-ago readings. (Unemployment

## Economic Indicators

UNEMPLOYMENT RATES	AUG 2009
NEVADA *	13.2%
LAS VEGAS-PARADISE MSA	13.4%
RENO-SPARKS MSA	12.4%
CARSON CITY MSA	12.1%
ELKO MICROPOLITAN AREA	6.6%
UNITED STATES *	9.7%
CALIFORNIA *	12.2%

JOB GROWTH (Y-O-Y)	
NEVADA	-6.7%
LAS VEGAS-PARADISE MSA	-6.7%
RENO-SPARKS MSA	-8.4%
CARSON CITY MSA	-6.2%
UNITED STATES	-4.4%
CALIFORNIA	-5.0%

CONSUMER PRICE INDEX (Y-O-Y)	
UNITED STATES	-1.5%

GAMING WIN (Y-O-Y)	
JULY 2008 - JULY 2009	
NEVADA	-12.48%
CLARK COUNTY	-10.92%
WASHOE COUNTY	-19.52%

TAXABLE SALES (Y-O-Y)	
JULY 2008 - JULY 2009	
NEVADA	-18.8%
CLARK COUNTY	-20.6%
WASHOE COUNTY	-15.2%

rates for the State's metropolitan areas are not adjusted for seasonality. For comparison purposes, the State's unadjusted unemployment rate was 13 percent in August.)

There are certainly a number of factors accounting for the high unemployment rate in southern Nevada compared to the north. Perhaps the most important

# Economic Summary

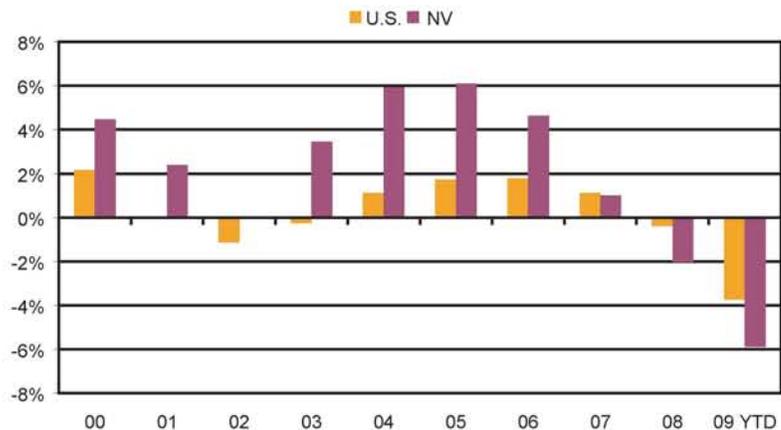
factor concerns differences in the structure, or industrial mix, of these two regional economies. The Las Vegas metro area is more concentrated in those industries/sectors which have been impacted the most by the current economic recession. For instance, as of August, 8.7 percent of all jobs in southern Nevada were in the hard-hit construction sector, compared to a 5.7 percent share in the Reno metro area. As consumers have cut back their discretionary spending, the State's gaming activity has suffered considerably. In the Las Vegas metro area, leisure and hospitality establishments account for nearly 30 percent of all jobs in the region. In the Reno-Sparks area, leisure and hospitality's share of total jobs is just 17.4 percent.

Elsewhere in the State, Carson City's unemployment rate came in at 12.1 percent in August up 5.4 percentage points from a year ago. In the State's non-metro counties, Elko County was home to the lowest unemployment in August, at 6.5 percent. Lander County also had a relatively low reading, at 6.7%. The unemployment rate in Nye and Lyon Counties came in at 15.8 percent, the highest in the State. All told, eight of the State's 17 counties had double-digit jobless rates in August.

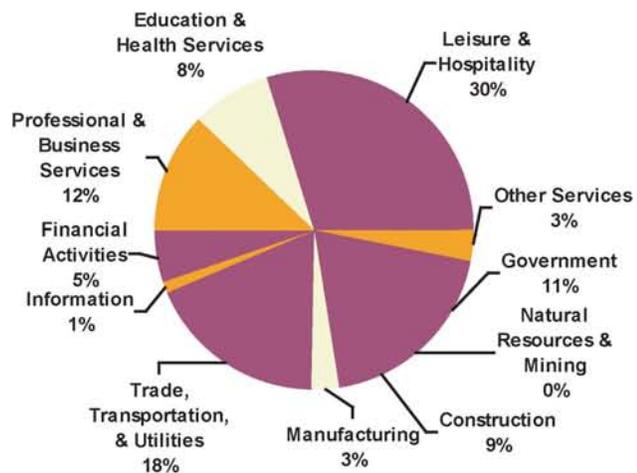
On the jobs front, employers in the Las Vegas metro area reduced payrolls by 60,400 in August, relative to a year ago. About two-thirds of these job losses were accounted for by construction and leisure and hospitality establishments. In the Reno-Sparks region, August employment readings were off by more than 18,000 over the year.

The recession's impacts in Nevada are clearly evident in a quick review of several significant economic indicators. Compared to pre-recessionary levels from mid-2007, the State's unemployment rate is up 8.3 percentage points. Nearly 112,000 jobs have been lost. Monthly initial claims for unemployment

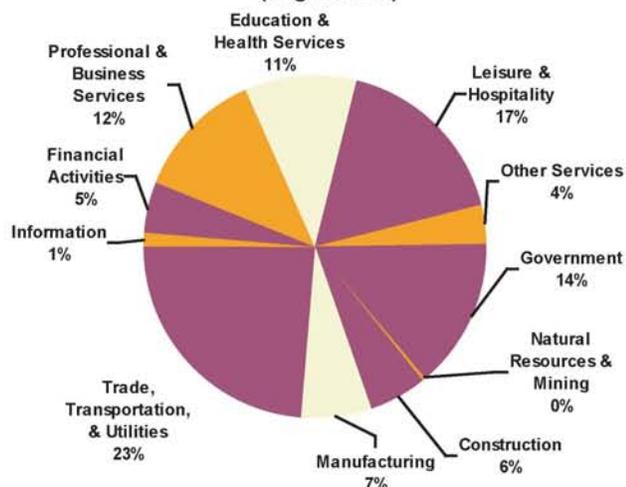
United States vs. Nevada Job Growth (2000 - Current)



Las Vegas-Paradise Industrial Distribution (August 2009)



Reno-Sparks Industrial Distribution (August 2009)



# Economic Summary

insurance are up 11,000. Gaming win, measured on a monthly basis, is down nearly a quarter of a billion dollars. Monthly taxable sales are down by \$1.1 billion.

Taken as a whole, conditions have deteriorated markedly. Looking forward, Nevada will certainly benefit as the national economy emerges from the recession. However, if consumers attempt to regain lost ground by continuing to reign in discretionary spending, economic recovery may be delayed in Nevada. The State's long-term prospects, however, are more promising. While a return to the boom-like conditions of the middle part of this decade is not expected, once a more promising economic environment emerges, we think Nevada will turn in a relatively solid performance.

*William Anderson*  
*Chief Economist*  
*Research and Analysis Bureau*

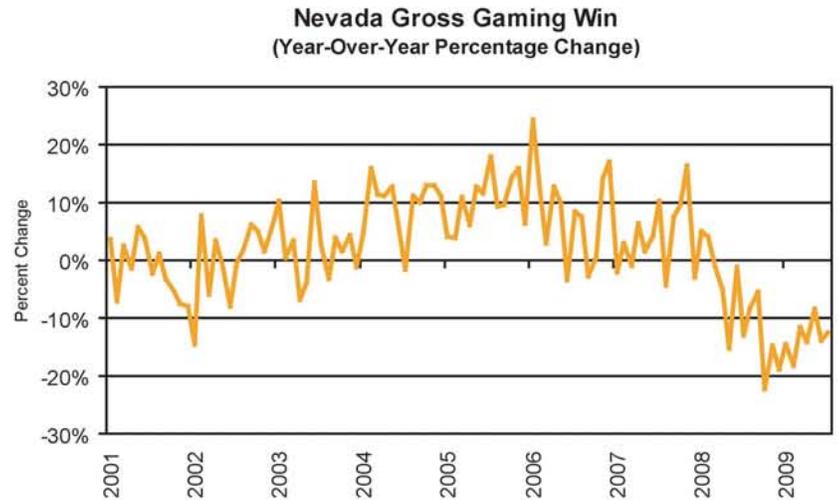
## Nevada's Economy During the Recession

<b>Unemployment Rate</b>	
August '09	13.2%
August '07	4.9%
+8.3 percentage points	
<b>Employment</b>	
August '09	1,176,200
August '07	1,288,100
-111,900 jobs	
<b>Initial Claims for Unemployment Insurance</b>	
August '09	24,996
August '07	14,036
+10,960 claims	
<b>Gaming Win</b>	
July '09	\$872,664,195
July '07	\$1,145,965,863
-\$273,301,668	
<b>Taxable Sales</b>	
June '09	\$3,341,712,000
June '07	\$4,473,694,000
-\$1,131,982,000	

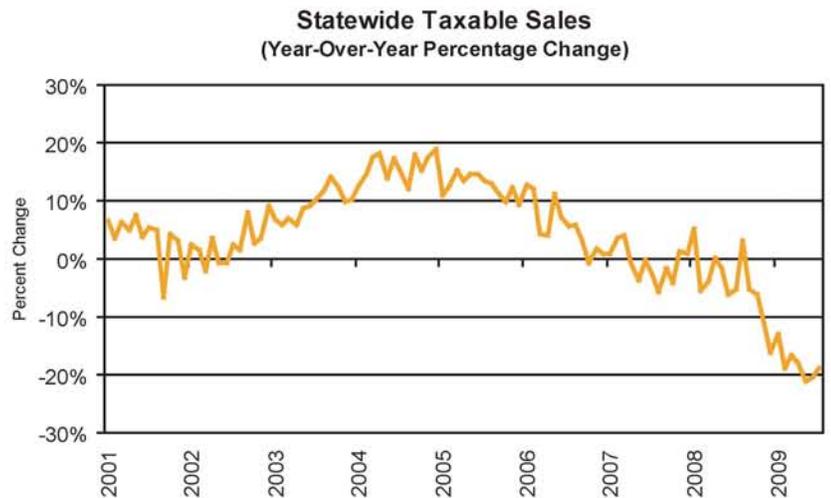
# Trends at a Glance

## Economic Indicators

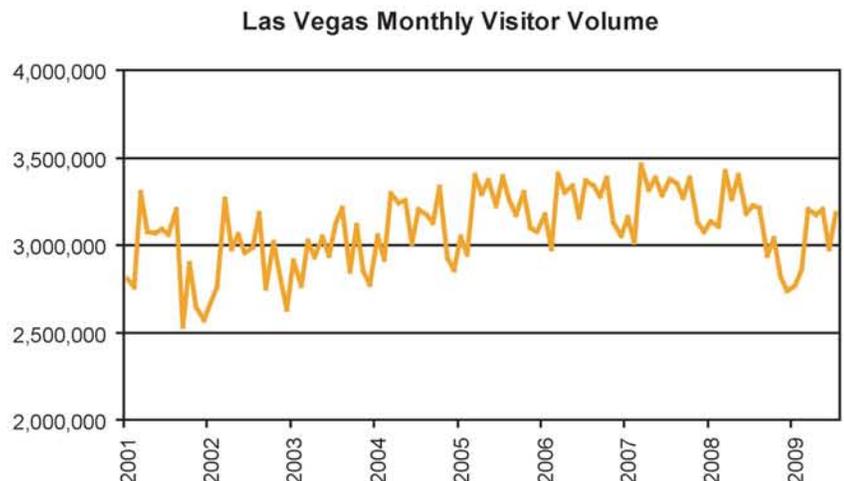
>Nevada gaming win was down 12.5 percent in July relative to the previous year. This is the 17th consecutive month gaming win has declined on an annual basis.



>Through the first month of the fiscal year taxable sales are down 18.8 percent or \$711,038,140.



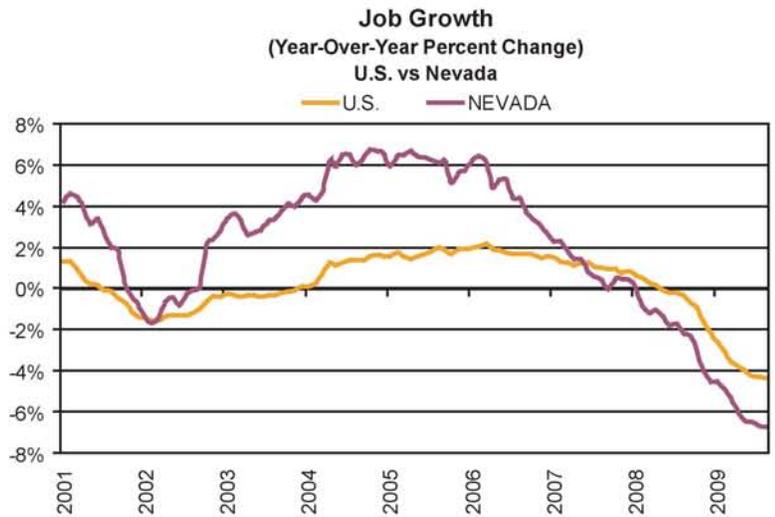
>Las Vegas visitor volume fell by 43,117 in July relative to a year prior, a 1.3 percent decline. Visitor volume has fallen 14 consecutive months, though July's decline is the smallest on a percentage basis since May 2008.



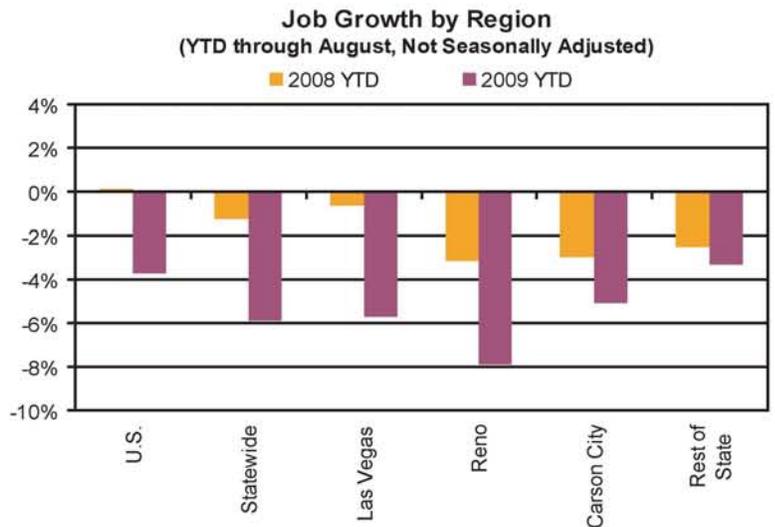
# Trends at a Glance

## Industrial Employment

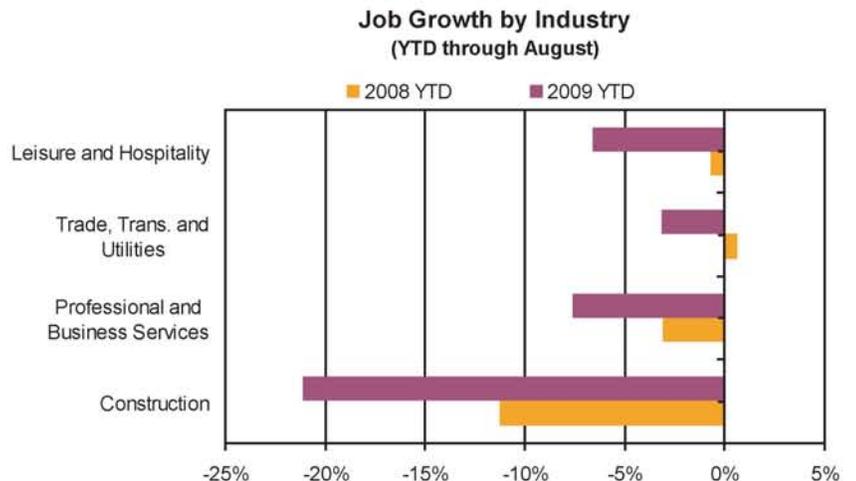
- >Industrial employment in Nevada fell 6.7 percent in August relative to a year prior, equating to a loss of 84,400 jobs.
- >July job readings were down 4.4 percent nationally relative to August 2008.



- >Employment in August remained lower than year-ago levels throughout all regions of the State, adding to existing losses.
- >The Las Vegas MSA's job count fell 6.7 percent in August relative to a year prior.
- >In the Reno MSA, August job readings were down 8.4 percent relative to August 2008.



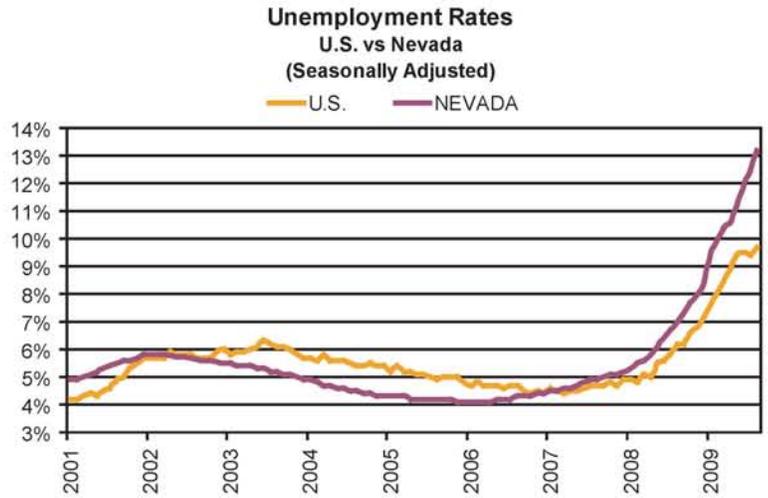
- >Approximately 31,400 jobs have been lost in the construction industry over the past year, a 26.1 percent annual decline.
- >The State's largest industry sector, leisure and hospitality, continues to struggle. Industry employment was down 7.1 percent in August relative to a year prior.



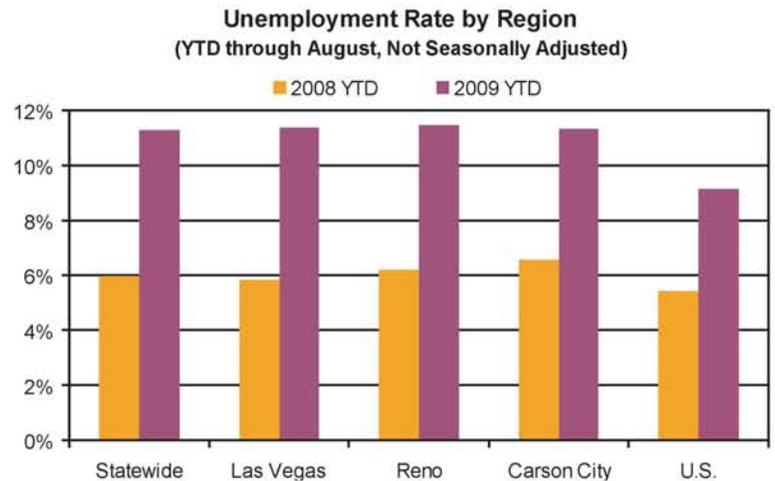
# Trends at a Glance

## Unemployment

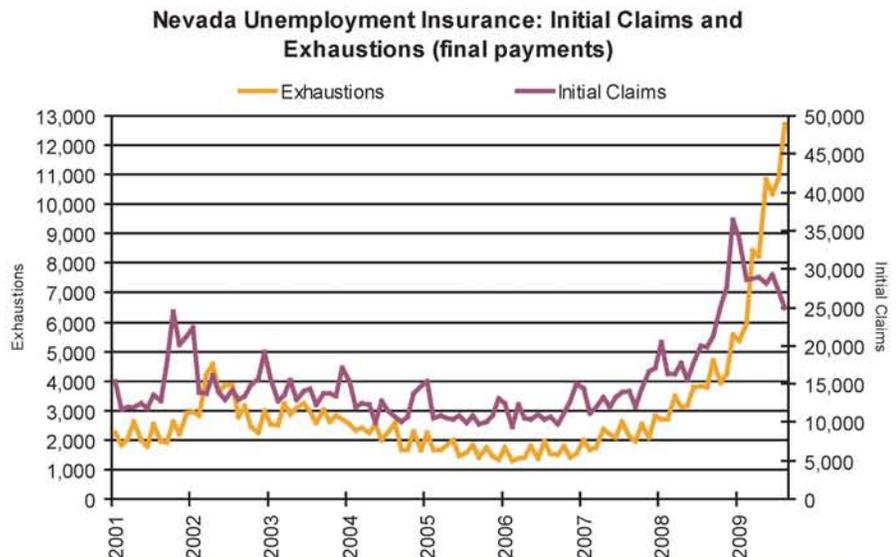
- >Nevada's seasonally adjusted unemployment rate was 13.2 percent in August. It's the fourth straight month Nevada's unemployment rate posted an all time high. Nevada has the second highest unemployment rate in the nation, trailing only Michigan.
- >Nationally, the unemployment rate stood at 9.7 percent in August. 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.



- >At 13.0 percent the Statewide unadjusted unemployment rate is up 6.1 percentage points from the previous August.
- >The Las Vegas-Paradise MSA recorded an unemployment rate of 13.4 percent in August, up 0.3 percentage point from the previous month.
- >The Reno-Sparks MSA's jobless rate increased to 12.4 percent in August from 12.2 percent in July.
- >July's readings provide evidence that Nevada's labor markets have yet to reach a bottom. In fact, deterioration has accelerated.



- >Initial claims for unemployment insurance decreased by 2,103 in August from July. Claims have fallen three out the last four months, and are down 31.4 percent from record high set in December 2008.
- >Final payments, signifying an exhaustion of regular State benefits, increased in August from July by 503, and remain 235.1 percent higher than the level seen in August 2008. Final payments have been trending higher, as claimants deplete their regular benefits. The trend will likely continue for the foreseeable future.

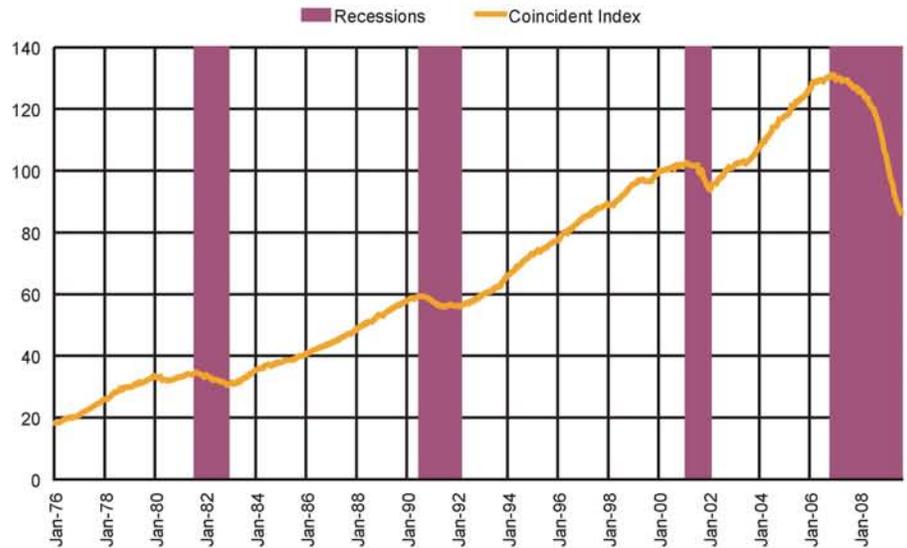


# Trends at a Glance

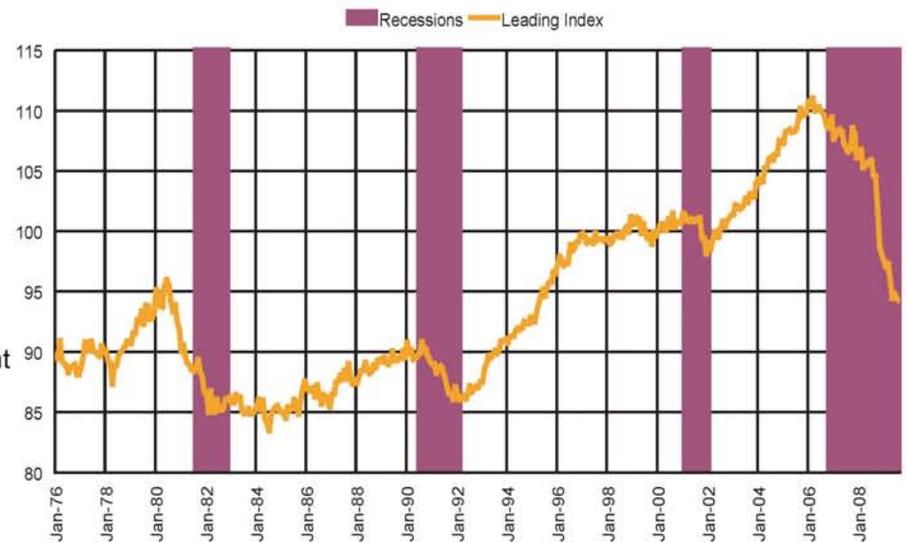
## CBER-DETR Nevada Coincident and Leading Employment Indices

>In summary, the employment recession continues unabated to this point. Based on seasonally adjusted data, all components of the coincident index moved in a negative direction. The Index fell by 1.8 percent from July to August. >The index is 26.7 percent lower than year-ago levels.

CBER-DETR Nevada Coincident Employment Index



CBER-DETR Nevada Leading Employment Index



>The Nevada leading employment index, which provides a signal about the future direction of the coincident index, showed a slight decrease of 0.2 percent from July. In August, changes in the components of the index were mixed. In August, the components of the leading index experienced the following changes - initial claims for unemployment insurance, the short-duration unemployment rate, and the real Moody's Baa bond rate moved in a positive direction, whereas commercial permits, housing permits, and construction employment moved in a negative direction.

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# ECONOMY IN BRIEF



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

# ECONOMY IN BRIEF

July 2009

**ODETR** RESEARCH & ANALYSIS BUREAU

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

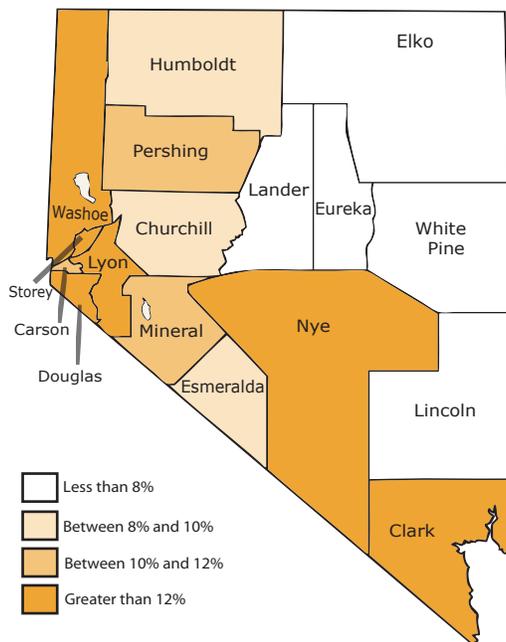
## Economic Summary

Nevada's rate of unemployment continued its relentless climb in July. The unemployment rate jumped half a percentage point to 12.5 percent, with an estimated 179,300 Nevadans unemployed and actively seeking work. Nevada is in the midst of the longest, deepest recession since World War II, and recent labor market trends show no sign of improvement, particularly unemployment, which has surged at a record pace in recent months. Since April, the unemployment rate increased 1.9 percentage points, adding 27,600 to the ranks of the jobless. It's the largest three-month surge on a percentage basis going back to 1976.

Growth in the national economy will likely precede improvement in Nevada. In July, there was talk of 'green shoots' or positive indicators, suggesting the national economy maybe bottoming out. For instance, the Commerce Department reported GDP declined just 1.0% in the second quarter, a significant improvement from previous reports. The Bureau of Labor statistics reported a decline in the national unemployment rate. And, total non-farm employment declined by the smallest amount since last August. Even construction showed signs of improvement, where housing starts jumped 3.6 percent in June, a higher than expected gain. Improvement in the national indicators bodes well for a rebound in 2010. When that growth will trickle down to Nevada is less certain.

For Nevada's tattered labor markets, the bottom of the business cycle can't come soon enough. The Las Vegas-Paradise metro area, including all of

Unemployment Rate by County July 2009



Clark County has been particularly hard hit, with an unemployment rate of 13.1 percent. It's not only the highest unemployment rate among Nevada's metro areas, it also ranks in the top five across all areas of similar size in the U.S. The Reno-Sparks metro area isn't faring much better, where the unemployment rate is 12.2 percent. Carson City, comparatively the best, still has a rate 2.3 percentage points higher than the national rate of 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 12.7 percent in July.)

Total non-farm employment slid 15,000 in July. The over-the-month decline is a result of several factors, including local government cutbacks, waning conven-

## Economic Indicators

UNEMPLOYMENT RATES	JUL 2009
NEVADA *	12.5%
LAS VEGAS-PARADISE MSA	13.1%
RENO-SPARKS MSA	12.2%
CARSON CITY MSA	11.7%
ELKO MICROPOLITAN AREA	6.7%
UNITED STATES *	9.4%
CALIFORNIA *	11.9%

\* Seasonally Adjusted

### JOB GROWTH (Y-O-Y)

NEVADA	-6.6%
LAS VEGAS-PARADISE MSA	-6.6%
RENO-SPARKS MSA	-8.4%
CARSON CITY MSA	-6.5%
UNITED STATES	-4.2%
CALIFORNIA	-5.1%

### CONSUMER PRICE INDEX (Y-O-Y)

UNITED STATES	-2.0%
---------------	-------

### GAMING WIN (Y-O-Y)

JUNE 2008 - JUNE 2009	
NEVADA	-13.82%
CLARK COUNTY	-14.71%
WASHOE COUNTY	-7.16%

### TAXABLE SALES (Y-O-Y)

MAY 2008 - MAY 2009	
NEVADA	-21.1%
CLARK COUNTY	-21.9%
WASHOE COUNTY	-20.2%

tion business, and a continuing fall in construction activity. Employment trends in the State's two largest metropolitan statistical areas were similar to those seen statewide. Las Vegas-Paradise lost 11,900 jobs over-the-month, and is down 60,000 over-the-year. Reno-Sparks employment fell 2,700 from June to July, and is down 18,200 over-the-year. Carson City lost just 100

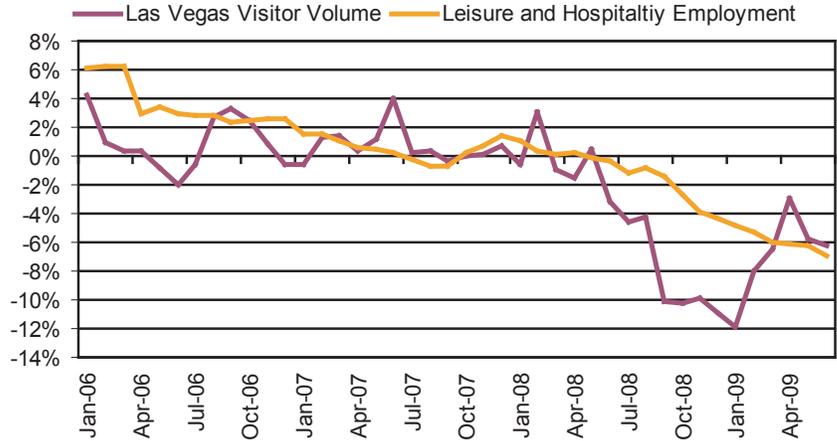
# Economic Summary

jobs from June to July, but employment is down 2,100 from the same period a year ago.

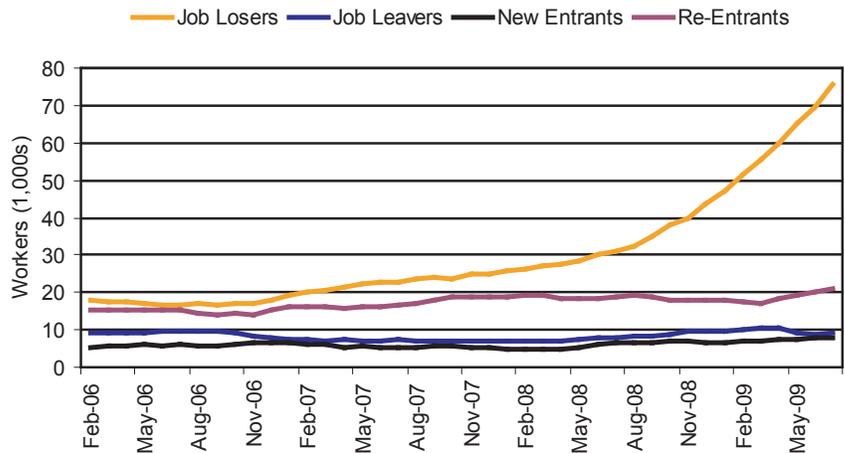
The leisure and hospitality sector continues to limp along. Visitation remains stagnant, and those that do visit are spending less. For thirteen months in a row, fewer visitors have come to Las Vegas. In June, 6.3 percent fewer travelers came to Las Vegas than a year earlier. The drop in visitors and apparent change in playing habits is evident in gaming revenue figures. In June, gaming revenues were down 13.8 percent Statewide and 14.7 percent in Clark County. Employers struggling under heavy debt burdens have made cuts wherever possible. One such area is employment where 22,700 jobs have been lost over-the-year. The Las Vegas labor market will get some of those jobs back, with the opening of City Center this fall. A reported 10,000 jobs will be created, but some gains will be offset with losses in construction and cannibalization of existing properties.

Labor force and unemployment estimates in Nevada are partially derived from a monthly survey performed by the U.S. Census Bureau called the Current Population Survey (CPS). The survey encompasses roughly 1,200 rotating households within Nevada. In the survey, unemployed respondents identify themselves as either a job loser, job leaver, new entrant or re-entrant. Looked at on a 12-month moving average basis, the vast majority of the increase in unemployment as the current recession has unfolded in Nevada is attributable to an increase in the number of individuals losing their jobs. Over the past 12 months, the number of Nevadans counted as unemployed because they lost a job has averaged about 80,000. Prior to the recession, the average was less than 20,000. The number of unemployed attributable to new entrants into the labor force who have been unable to find a job has held relatively steady, as

**Las Vegas Visitor Volume Vs. Leisure and Hospitality Employment (Y-O-Y %)**



**Nevada Unemployed Workers by Reason**



has the number of unemployed new entrants into the labor force. The number of re-entrants into the labor force who have not found employment has ticked up a bit. Included in this group may be spouses/partners of those who have lost jobs who have re-entered the labor force in an attempt to replace lost household income.

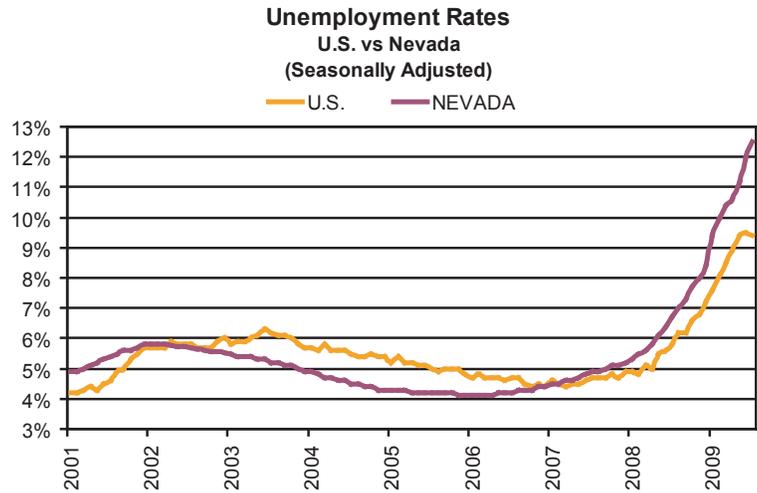
*Jered McDonald  
Economist  
Research and Analysis Bureau*

# Trends at a Glance

## Unemployment

>Nevada's seasonally adjusted unemployment rate was 12.5 percent in July. Its the third straight month Nevada's unemployment rate posted an all time high. Nevada has the third highest unemployment rate in the nation, trailing only Michigan and Rhode Island.

>Nationally, the unemployment rate stood at 9.4 percent in July. 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.

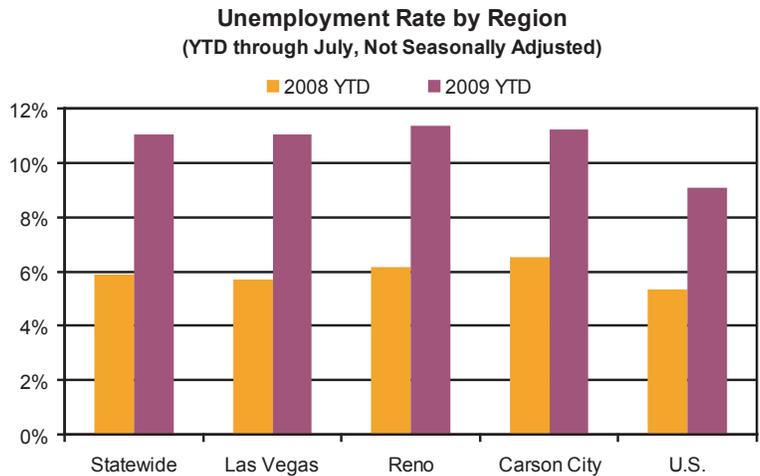


>At 12.7 percent the Statewide unadjusted unemployment rate is up 5.8 percentage points from the previous July.

>The Las Vegas-Paradise MSA recorded an unemployment rate of 13.1 percent in July, up 0.9 percentage point from the previous month.

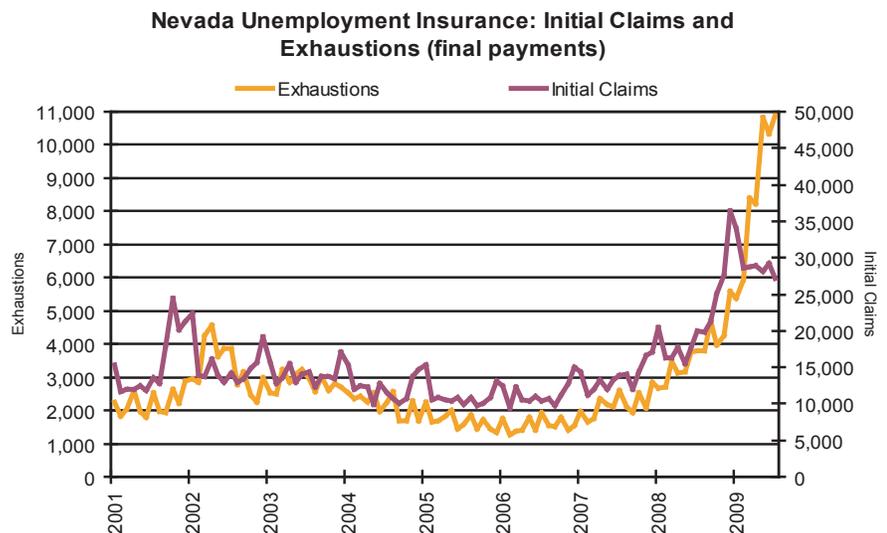
>The Reno-Sparks MSA's jobless rate increased to 12.2 percent in July from 11.7 percent in June.

>July's readings provide evidence that Nevada's labor markets have yet to reach a bottom. In fact, deterioration has accelerated in recent months.



>Initial claims for unemployment insurance decreased by 2,114 in July from June. Claims have been relatively stable since peaking and subsequently declining in January. Claims in July were still 35.4 percent higher than a year prior.

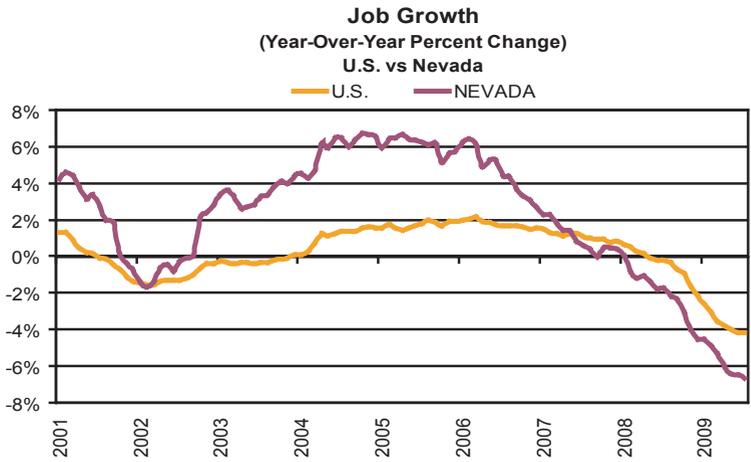
>Final payments, signifying an exhaustion of regular State benefits, increased in July from June by 571, and remain 186.3 percent higher than the level seen in July 2008. Final payments have been trending higher, as claimants deplete their regular benefits.



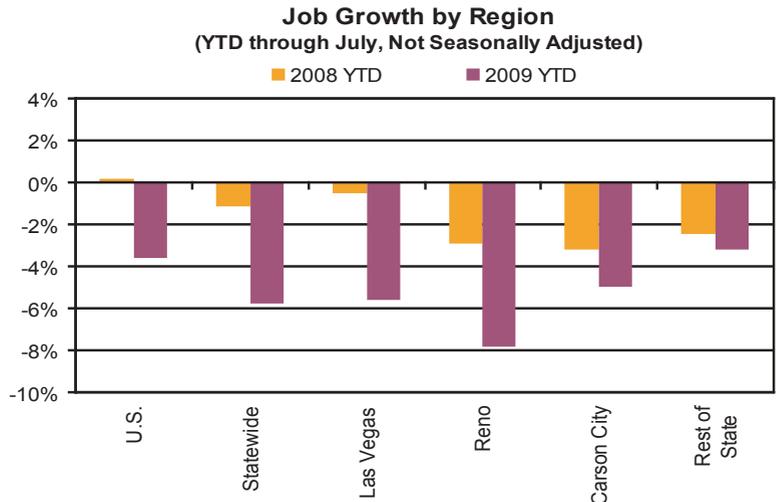
# Trends at a Glance

## Industrial Employment

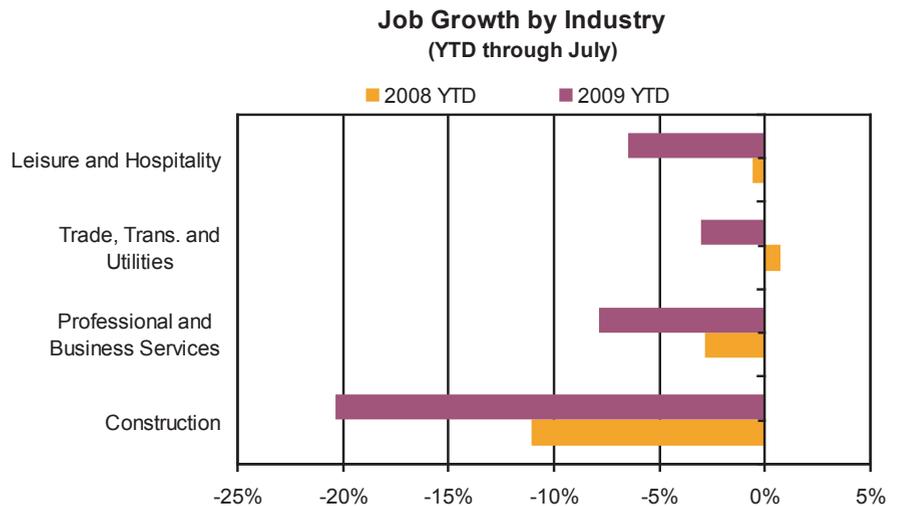
- >Industrial employment in Nevada fell 6.6 percent in July relative to a year prior, which equates to a loss of 83,900 jobs.
- >July job readings were down 4.2 percent nationally relative to July 2008.



- >Employment in June remains lower than year-ago levels throughout all regions of the State.
- >The Las Vegas MSA's job count fell 6.6 percent in July relative to a year prior.
- >In the Reno MSA, July job readings were down 8.4 percent relative to July 2008.



- >Approximately 31,200 jobs have been lost in the construction industry over the past year, a 25.7 percent annual decline.
- >The State's largest industry sector, leisure and hospitality, continues to struggle, though the year-over year decline softened for the second straight month. Industry employment was down 6.8 percent in July relative to a year prior.

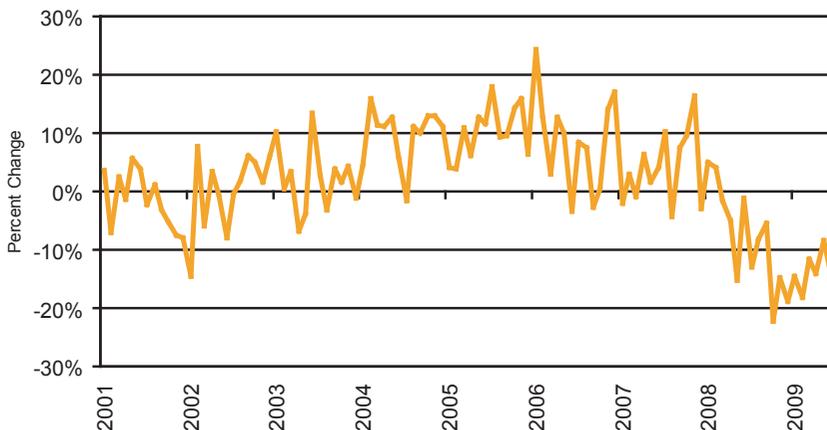


# Trends at a Glance

## Economic Indicators

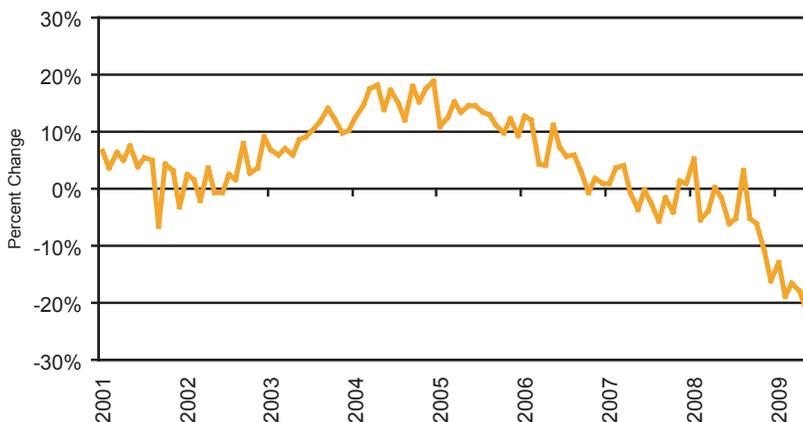
>Nevada gaming win was down 13.8 percent in June relative to the previous year. This is the 16th consecutive month in which gaming win has declined on an annual basis.

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



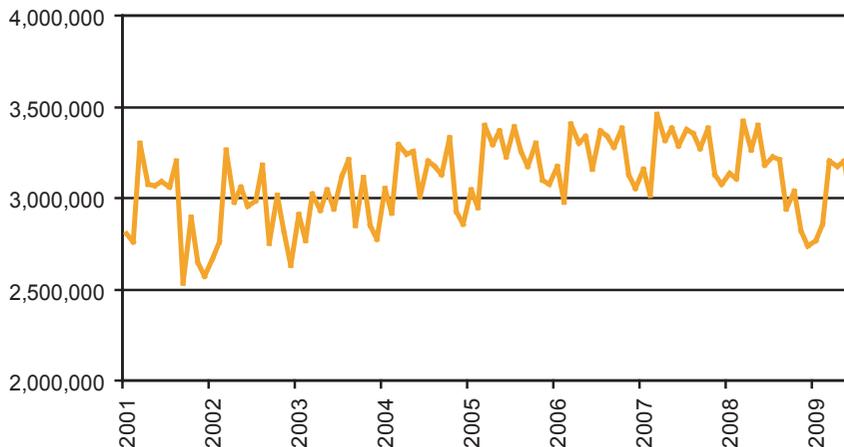
>Statewide taxable sales in May were down 21.1 percent relative to May 2008. Fiscal year to date, taxable sales are down 11.6 percent on average.

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



>Las Vegas visitor volume fell by 199,350 in June relative to a year prior, a 6.3 percent decline. Visitor volume has fallen 13 consecutive months.

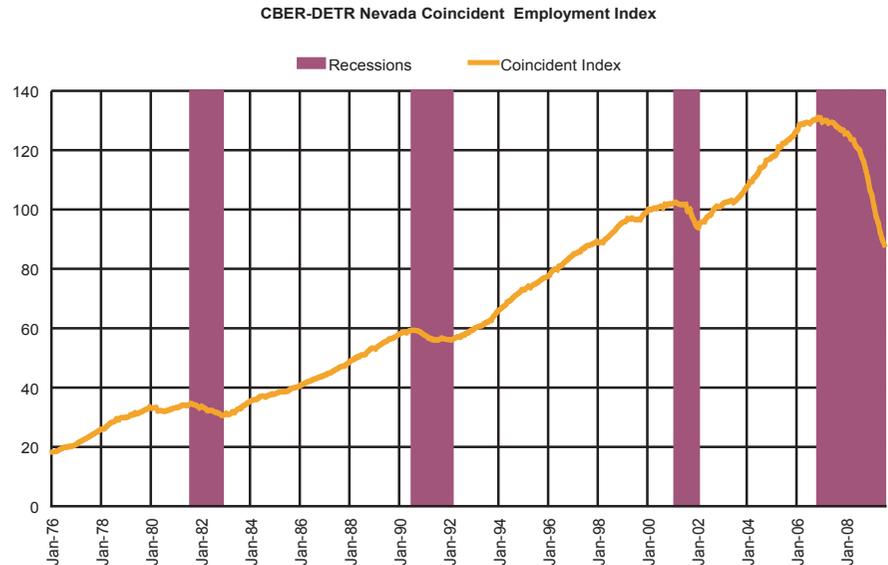
**Las Vegas Monthly Visitor Volume**



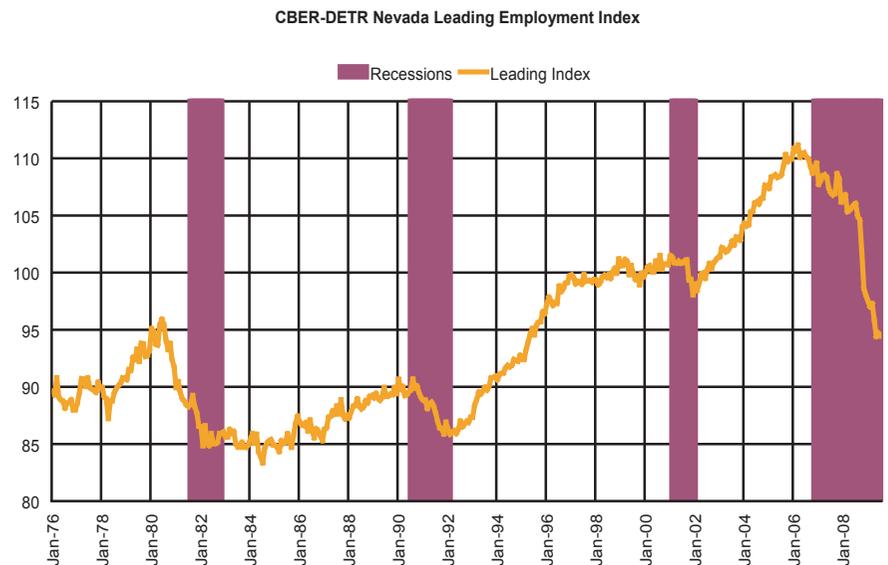
# Trends at a Glance

## CBER-DETR Nevada Coincident and Leading Employment Indices

- >In summary, the employment recession continues, showing more duration and depth. Based on seasonally adjusted data, all components of the coincident index moved in a negative direction. The Index fell by 2.0 percent from June to July.
- >The index is 26.7 percent lower than year-ago levels.



- >The Nevada leading employment index, which provides a signal about the future direction of the coincident index, showed a slight decrease of 0.2 percent from June. In July, changes in the components of the index were mixed. Initial claims for unemployment insurance (inverted), commercial permits, and the short-duration unemployment rate (inverted) moved in a positive direction, whereas the real Moody's Baa bond rate (inverted), housing permits, and construction employment moved in a negative direction. Only time will tell if this starts the signal of a future turn in the coincident



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# ECONOMY IN BRIEF



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