ECONOMY IN BRIEF

DETR RESEARCH & ANALYSIS BUREAU

February 2011

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

Economic Summary

Nevada's unemployment rate tumbled for a second straight month in February. The seasonally adjusted unemployment rate now sits at 13.6 percent, down six-tenths from January. The fall was again precipitated by a decline in the State's labor force, as opposed to general economic improvement. The labor force declined by 7,700, while the number of unemployed fell by 8,700, suggesting that many workers have given up looking for work. In the last year, roughly 45,000 workers have fallen out of the labor force. Despite recent declines in the unemployment rate, it remains high by historical standards and has remained elevated for a record amount of time compared to recent recessions. In fact, February marks the 25th consecutive month of double-digit unemployment in Nevada. In the early 1980s, Nevada's unemployment rate exceeded 10 percent for 15 months.

Unemployment in the State's labor markets changed little from January to February. In Las Vegas, the unemployment rate was unchanged at 13.7 percent. In the Reno-Sparks and Carson City areas, the unemployment rate declined one-tenth to 13.2 and 13.5 percent, respectively. In the Elko area (includes Elko and Eureka counties), the unemployment rate was unchanged at 7.7 percent in February. (Unemployment rates for the State's metropolitan areas are not adjusted for seasonality. For comparison purposes, the State's unadjusted unemployment rate was 13.6 percent in February, up from 13.5 percent in January.)

On the employment side, results of the employer survey shows that the pace of job losses continues to ease, as they have for the past several months. February employment levels were down just 0.1 percent from a year ago. Nevada's nonfarm employment rose by 5,500 in February, following a revised loss of 21,500 in January. Payrolls rose in each of the State's major labor markets, lead by Las Vegas with an increase of 3,500 jobs, followed by Reno with 1,100 and Carson City with 500. Most of February's gain was in the public sector and reflects an increase in state government employment, marked by the end of the university system's semester break. Private sector employers added a modest 600 jobs spread across a number of industries.

The leisure and hospitality industry added 1,500 jobs, the largest employment increase for any industry in February. Employment in leisure and hospitality now has 3,800 more jobs than a year ago, a 1.2 percent increase. The construction industry posted a gain of 1,000 jobs. Within the construction industry, specialty trade contractors accounted for most of the employment increase. Other industries that increased payrolls were financial activities and

Unemployment Rate by County

Economic Indicators

UNEMPLOYMENT RATES	FEB 2011
NEVADA *	14.6%
LAS VEGAS-PARADISE MSA	13.7%
RENO-SPARKS MSA	13.2%
CARSON CITY MSA	13.5%
ELKO MICROPOLITAN AREA	7.7%
UNITED STATES *	8.9%
CALIFORNIA *	12.4%

* Seasonally Adjusted

JOB GROWTH (Y-O-Y)	
NEVADA	-0.1%
LAS VEGAS-PARADISE MSA	-0.6%
RENO-SPARKS MSA	0.2%
CARSON CITY MSA	0.7%
UNITED STATES	1.0%
CALIFORNIA	1.6%

CONSUMER PRICE INDEX (Y-O-Y)	
UNITED STATES	2.1%

GAMING WIN (Y-O-Y)	
JAN 2009 - JAN 2010	
NEVADA	-0.7%
CLARK COUNTY	-0.4%
WASHOE COUNTY	-4.9%

TAXABLE SALES (Y-O-Y)	
DEC 2009 - DEC 2010	
NEVADA	11.2%
CLARK COUNTY	2.8%
WASHOE COUNTY	5.6%

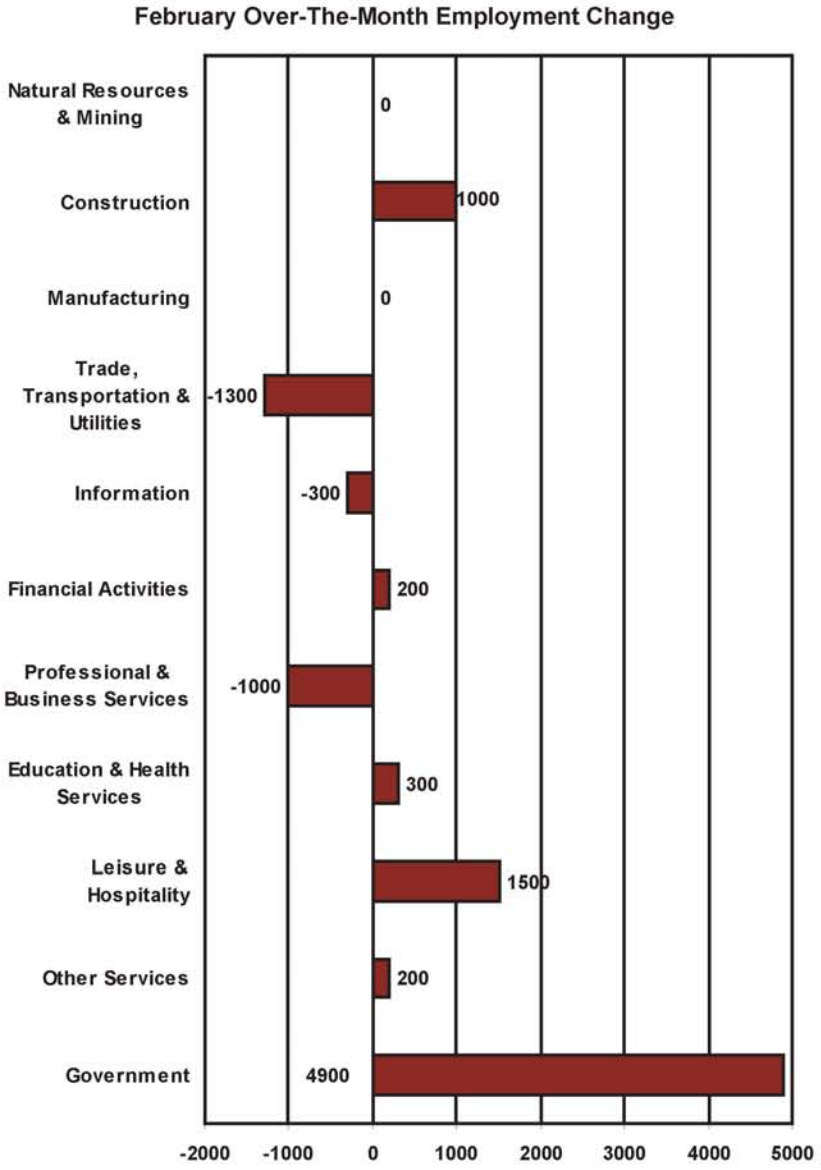
Economic Summary

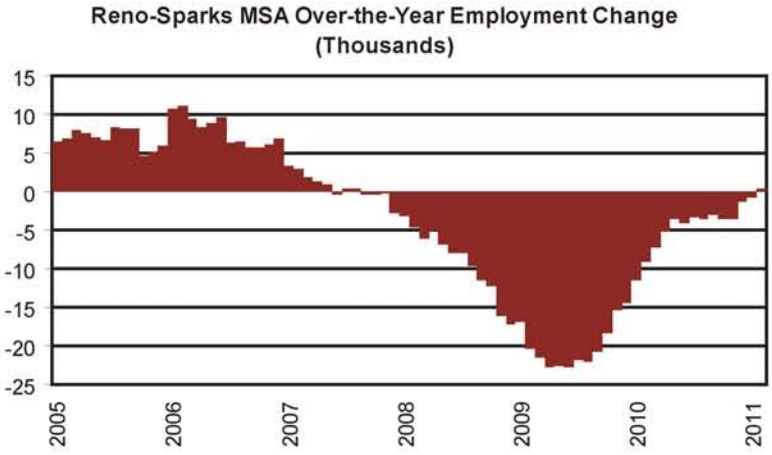
other services, both adding 200 jobs.

The largest over-the-month job loss was in the trade, transportation and utilities industry, which declined by 1,300 jobs. The decline was driven by a loss of 1,200 jobs in the retail industry. Professional and business services employment dropped by 1,000 jobs, following a revised decline of 2,200 in January. Employment in the information industry was down 300 jobs. After posting a decline for seven consecutive months, manufacturing job losses ended and industry employment was flat over-the-month.

Job market recovery appears to be taking hold a little earlier in Reno and Carson City, than in Las Vegas. On an over-the-year basis, both areas have higher employment now than a year ago. Employment in the Reno-Sparks MSA is up a slight 400 jobs and employment in the Carson area is up 200 jobs over-the-year, while the employment level in Las Vegas remains 5,100 jobs below year ago figures. For the Reno-Sparks area, it marks the first year-over-year increase since August 2007.

The labor force participation rate varies across demographic groups over time indicating structural changes in both social and economic norms. A clear example is the increase of women entering the workforce in the 1960s and 1970s. As the need for two-income households became more prevalent, more and more women entered the labor market, driving participation rates significantly higher. In a similar fashion, both social and economic changes have affected the participation rates of older workers in Nevada's economy. Over the last ten years, the participation rate declined for Nevada's labor force as a whole, but grew for the State's oldest workers. From 2000 to 2010, the labor force participation rate in Nevada declined from 70 percent to 65.6 percent, while the participation rate for workers 65 and older increased from

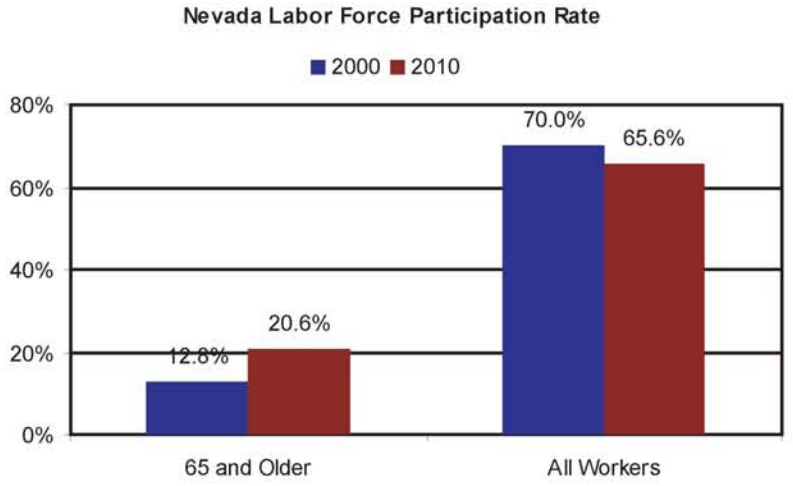


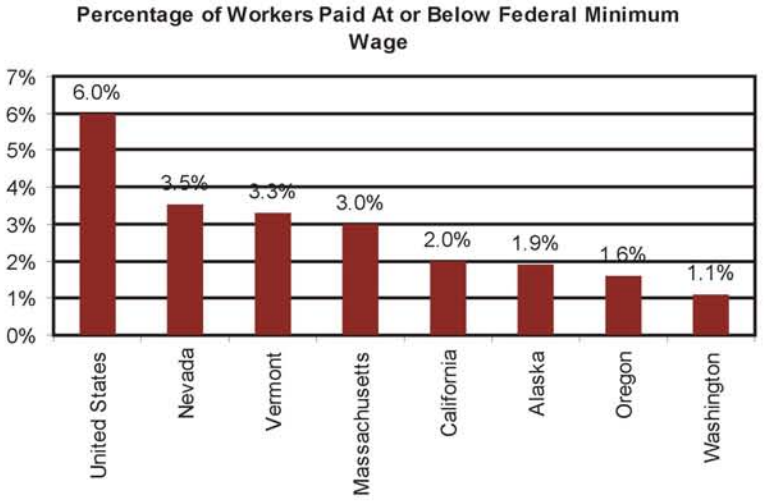


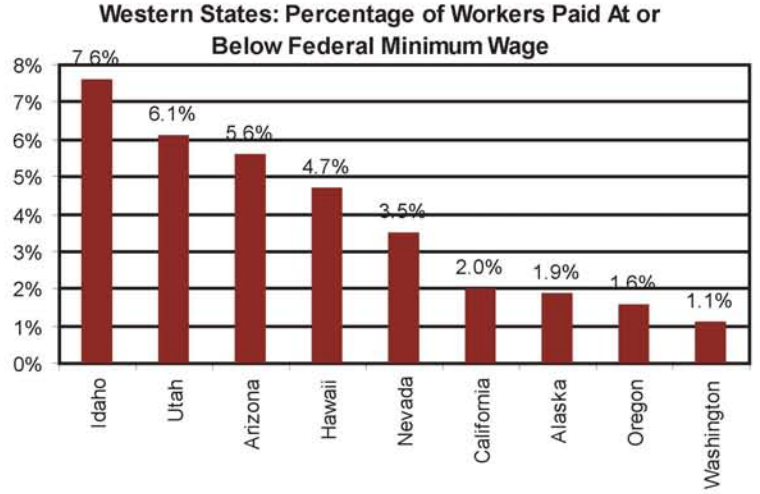
Economic Summary

12.8 percent to 20.6 percent. The growth in the participation rate of older workers is likely caused by two factors: (1) a social change, marking the ability of older workers to work later into life, and (2) recessionary wealth destruction is forcing older workers to delay retirement due to financial reasons.

According to a report recently released by the Bureau of Labor Statistics, Nevada is one of 17 states that have a higher minimum wage than the federal level, which the Fair Labor Standards Act (FLSA) guarantees at $7.25 an hour. According to the BLS, in 2010, the number of working Nevadans, 16 years and older, receiving pay based on hourly rates totaled 651,000. Low-wage workers, defined as workers at or below minimum wage, account for an estimated 23,000, or 3.5 percent of all workers who are paid by the hour. Further analysis reveals 10,000 employees received $7.25 an hour and 13,000 earned less. (The sizeable employee group earning sub-minimum wage reflects employers invoking exemptions to the minimum wage law, not necessarily violations of FLSA.) As a whole, the nation has 72.9 million hourly rate workers with 4.4 million, or 6 percent, at or below minimum wage. Only six other states have a lower percentage of workers than Nevada at or below minimum wage: Alaska, California, Massachusetts, Oregon, Vermont, and Washington. Among Nevada's five neighbors, three rank lower than the federal level (Arizona, 5.6 percent; California, 2 percent; Oregon, 1.6 percent), and two have a higher percentage of low-wage earners (Idaho, 7.6 percent; Utah, 6.1 percent.)



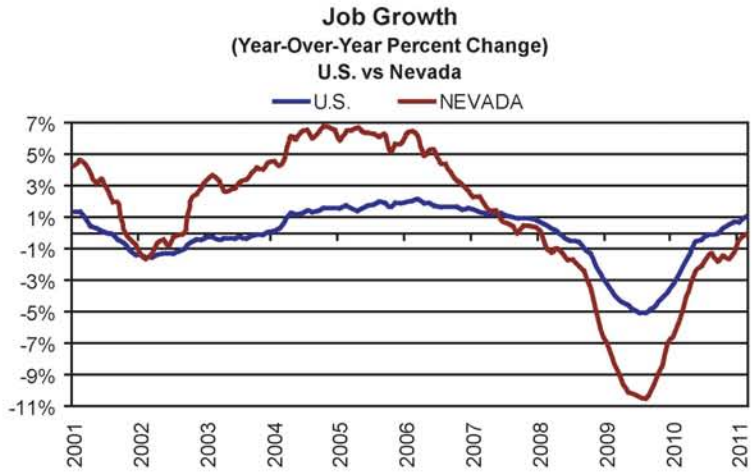




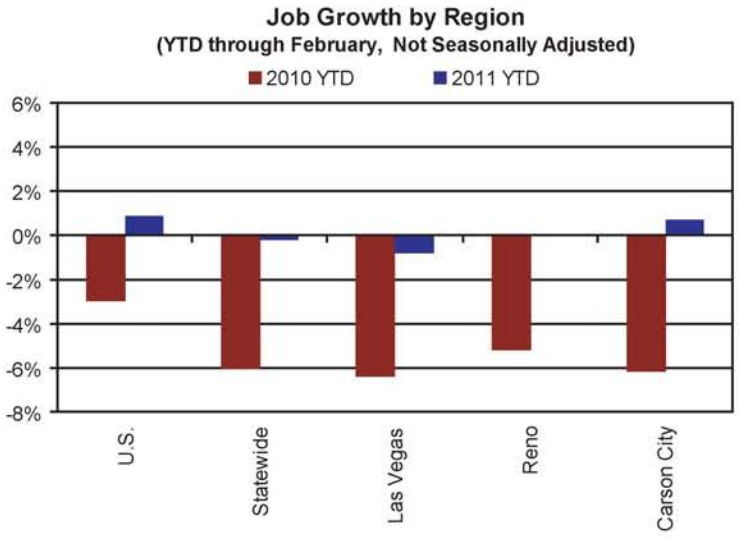
Trends at a Glance

Industrial Employment

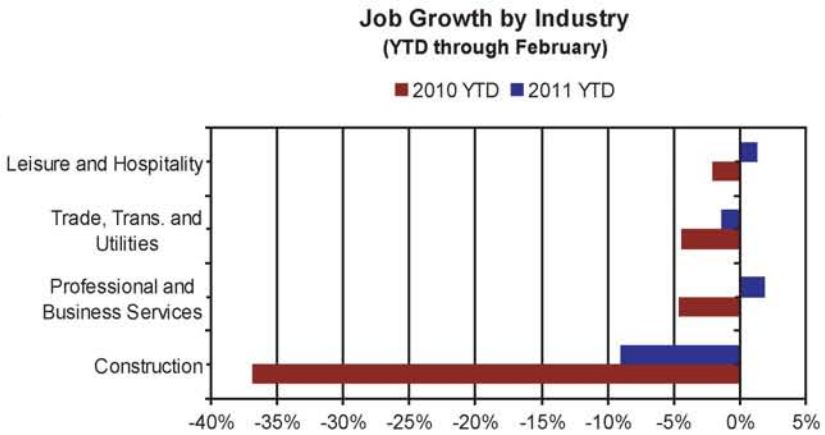
- Industrial employment in Nevada fell 0.1 percent in February relative to a year prior, equating to a loss of 800 jobs.
- February readings were up 1.0 percent nationally relative to February 2010.



- The year-to-date annual growth rates remain higher than a year ago throughout all regions of the State.
- The Las Vegas MSA's job count fell 0.1 percent YTD in February relative to February 2010.
- In the Reno MSA, YTD job readings were down 0.1 percent in February 2011.
- In Carson City, employment increased 0.7 percent YTD from February 2010 to February 2011.



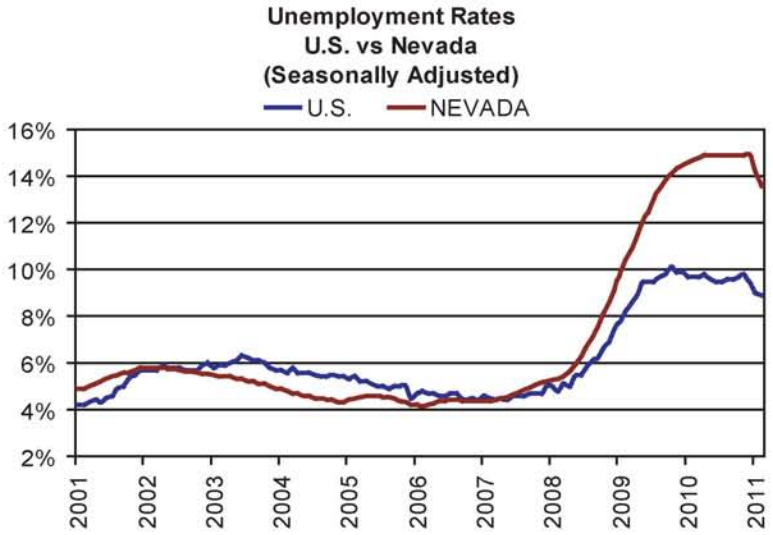
- Approximately 5,300 jobs have been lost in the construction industry over the past year, a 9.0 percent annual decline, though the decline continued to slow since June 2010. The YTD annual growth rate in 2010 was negative 36.9 percent.
- Jobs in the State's largest industry, leisure and hospitality, made a positive turnaround in February. Industry employment was up 1.3 percent YTD relative to a year prior. A year earlier, job losses were down 2.1 percent over the same time frame.
- Professional and business services increased 1.9 percent YTD through February 2011 from a year earlier.



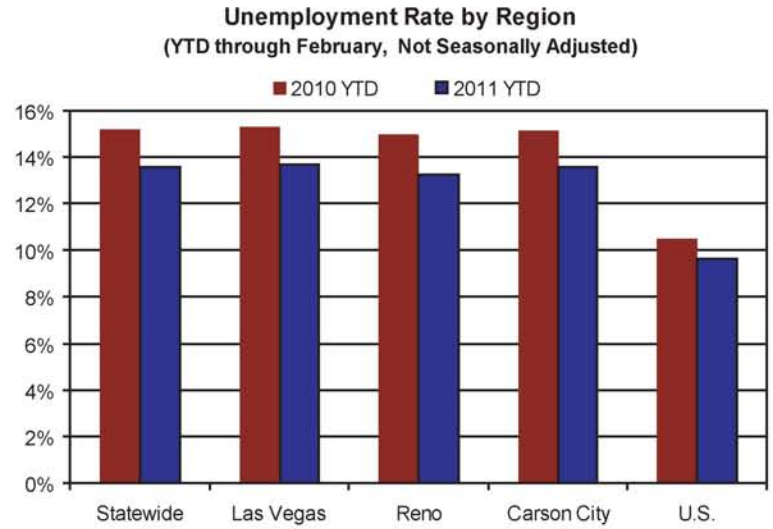
Trends at a Glance

Unemployment

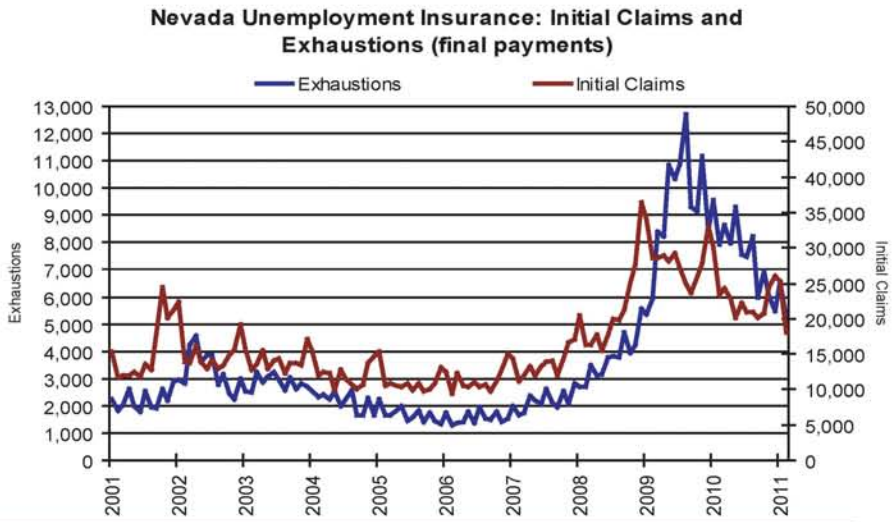
- Nevada's seasonally adjusted unemployment rate was 13.6 percent in February, down 0.6 percentage points from January.
- Nationally, the unemployment rate decreased one-tenth of a percent to 8.9 percent in February. Nevada has the highest unemployment rate in the nation, exceeding the national average by 4.7 percentage points. The next highest is California with 12.2 percent.



- At 13.6 percent, the Statewide unadjusted unemployment rate is down 1.7 percentage points YTD from 2010 to 2011.
- The Las Vegas-Paradise MSA recorded an unemployment rate of 13.7 percent YTD through February, a 1.6 percentage point decrease over-the-year.
- The Reno-Sparks MSA's jobless rate was 13.3 percent YTD through February. On an annual basis, the rate is down 1.7 percentage points over-the-year.
- The jobless rate in Carson City was 13.6 percent YTD through February, down 1.6 percentage points over-the-year.



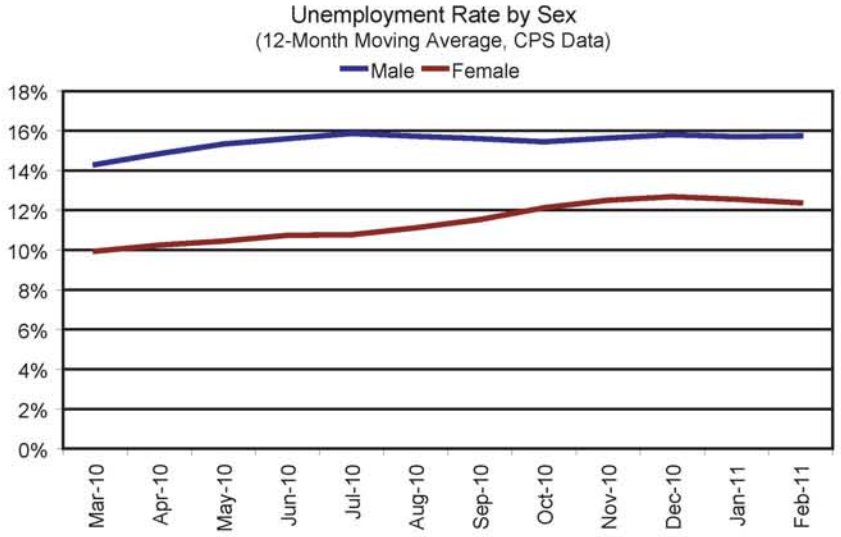
- Initial claims for unemployment insurance decreased in February from January by 7,309. Over-the-year, claims are down by 23.1 percent.
- Final payments, signifying an exhaustion of regular State benefits, decreased by 1,342 in February over-the-month. Over-the-year, final payments were down 34.0 percent.



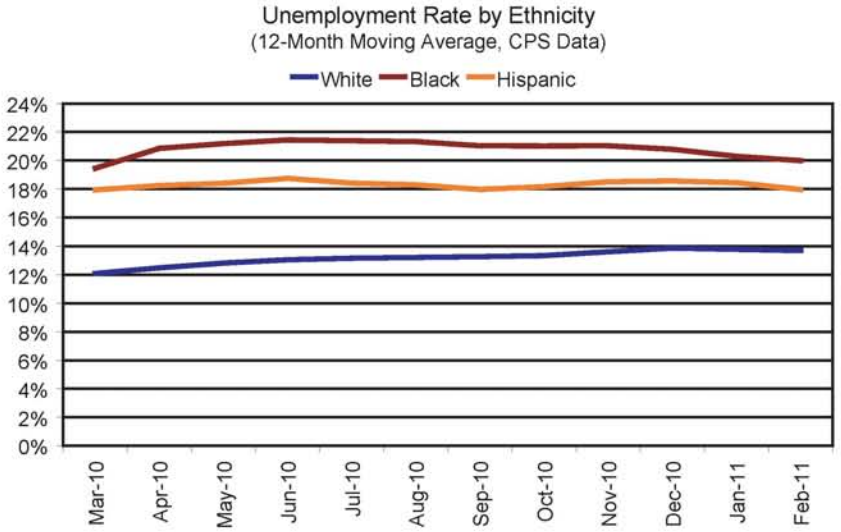
Trends at a Glance

Demographics of the Unemployed

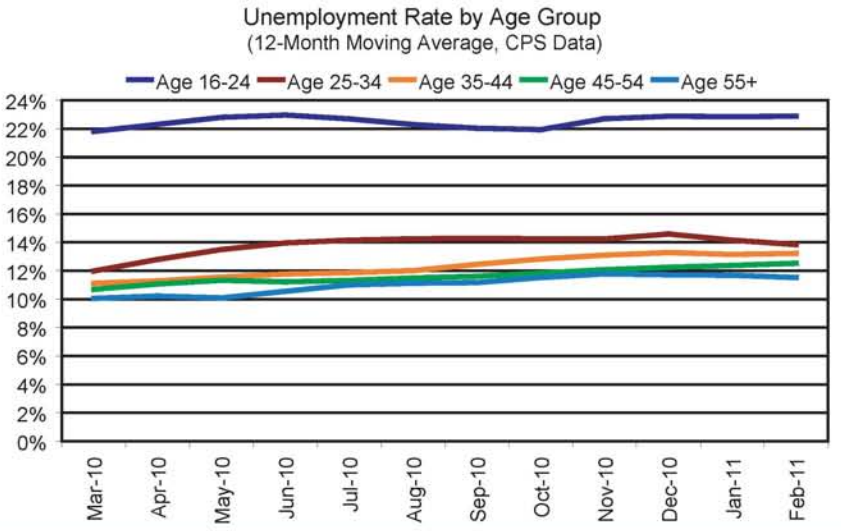
- The male unemployment rate was unchanged at 15.7 percent.
- The female unemployment rate declined by two-tenths to 12.4 percent.
- Traditionally male dominated industries, such as construction have lost the most jobs during the recession, while female dominated industries have fared better overall.



- The unemployment rate for Nevada's Hispanic labor force decreased four-tenths of a percent to 18.0 percent in February.
- The rate for Nevada's unemployed Black labor force decreased three-tenths of a percent to 20.0 percent.
- The unemployment rate for Nevada's White labor force decreased one-tenth in February to 13.7 percent.



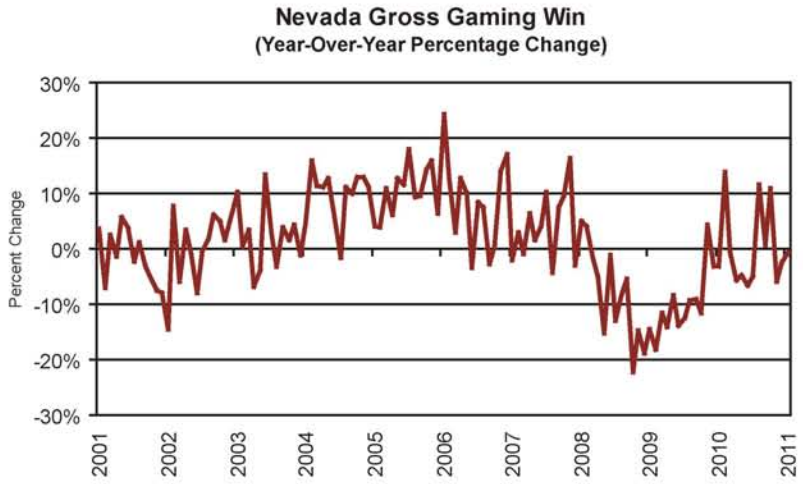
- At 22.9 percent, the unemployment rate for Nevada's youngest workers age 16-24 continued to trend higher than any other age group.
- The unemployment rate for workers age 25-34 decreased four-tenths to 13.8 percent.
- The unemployment rate for Nevada's oldest workers is 11.5 percent, down two-tenths from January.



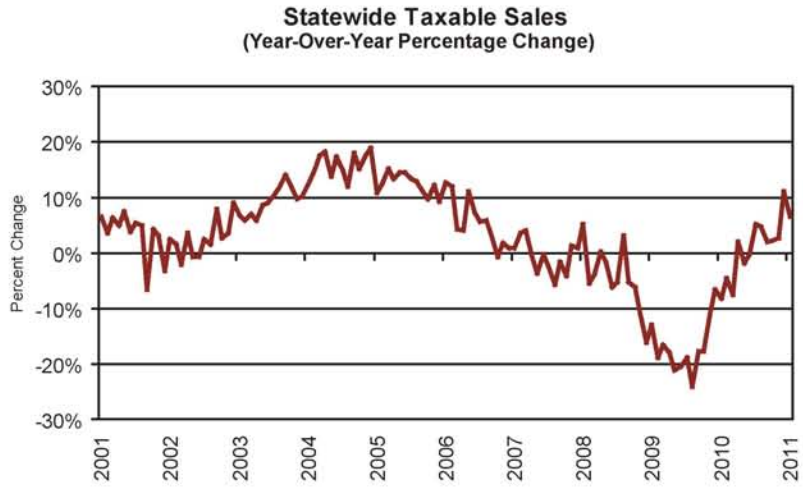
Trends at a Glance

Economic Indicators

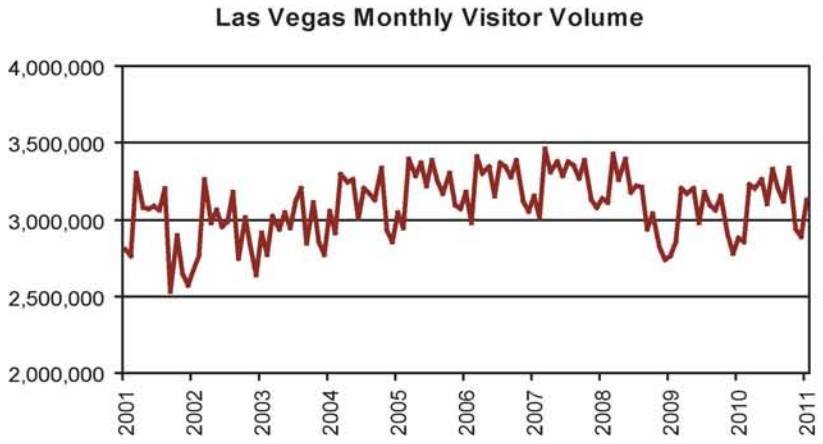
- Nevada gaming win was down 0.67 percent in January relative to the previous year.



- In January, taxable sales increased 6.6 percent over January 2010, with collections totalling 3,008,796,693.
- For the fiscal year-to-date, taxable sales are up 5.1 percent compared to the same period in 2010.



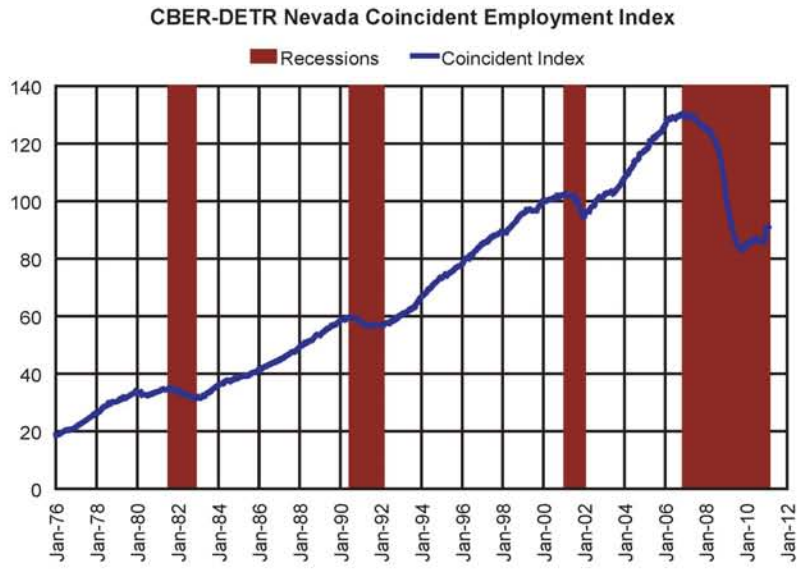
- Las Vegas visitor volume increased 248,648 in January relative to a year prior, an 8.6 percent increase. Year-to-date, visitor volume is up 8.6 percent in 2011 compared to a year earlier.



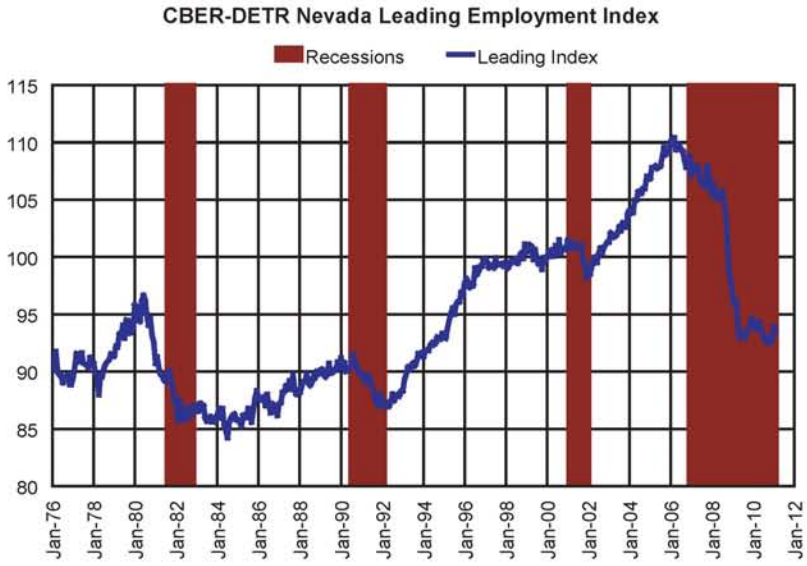
Trends at a Glance

CBER-DETR Nevada Coincident and Leading Employment Indices

- The coincident index encompasses four recessions in employment, including the current recession. The peak of the last employment cycle in Nevada occurred in December 2006. The coincident index then regressed steadily through October 2009. Since then, the coincident index appears to have reached a bottom, where the December 2010 reading still lies slightly above the October 2009 number. January 2011 saw a large jump followed by a small increase February in the coincident index, rising to a level not seen since April 2009.



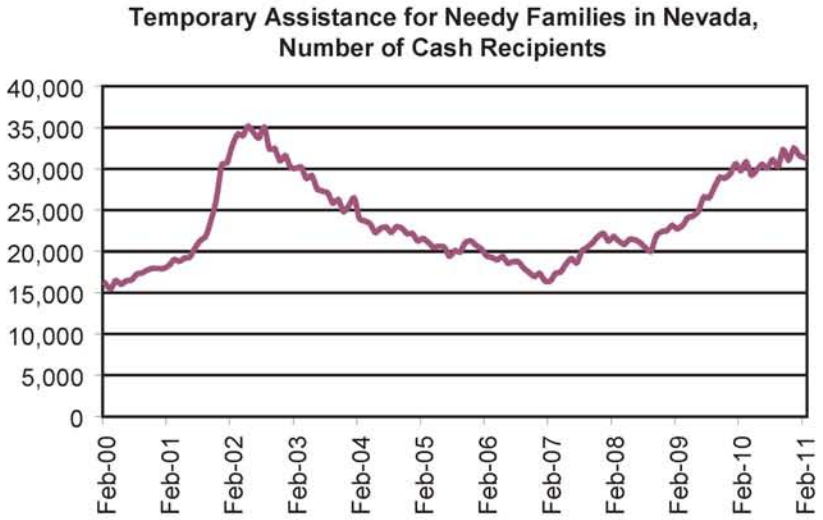
- The Nevada Leading Employment Index, which provides a signal about the future direction of the coincident index, showed slight decrease of 0.4 percent in February following a large increase in January. Based on seasonally adjusted data, the unemployment rate, nonfarm employment, household employment, and the insured unemployment rate all moved in a positive direction with the February data release. The same release shows that the seasonally adjusted components of the leading index provide a more mixed picture -- the short-duration unemployment rate, construction employment, initial claims for unemployment insurance and the real Moody's Baa bond rate moved in a positive direction whereas housing permits and commercial permits moved in a negative direction.



Trends at a Glance

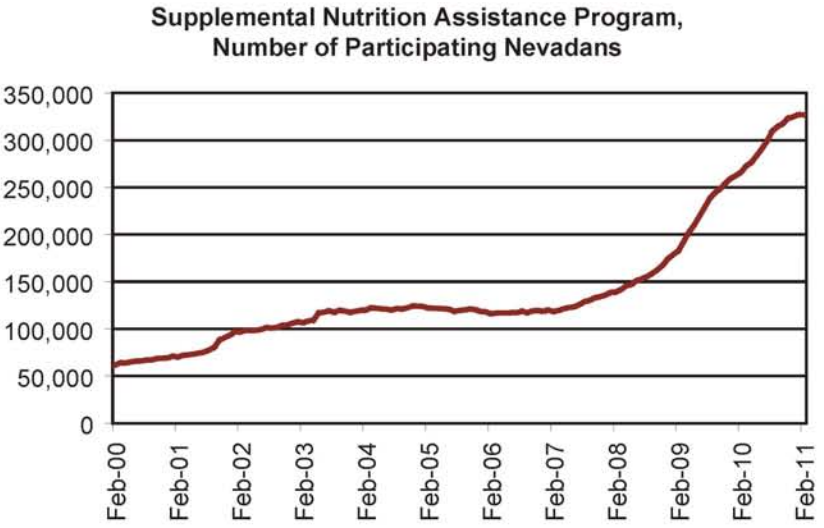
Welfare Indicators

- The Temporary Assistance for Needy Families (TANF) program provides time-limited cash assistance to low-income families with children so they can be cared for in their own home. TANF also seeks to reduce dependency by promoting job preparation, reduce out-of-wedlock pregnancies and encourage the formation and maintenance of two-parent families.
- As an economic indicator, TANF reveals information on the relative well-being of Nevada's low-income families. The number of recipients in the program is strongly influenced by the ups and downs of the business cycle. In February, 31,362 individuals were receiving assistance. Since February 2010, the level of assistance has increased 5.2 percent or 1,540 additional recipients.



Source: Nevada Department of Health and Human Services

- The Supplemental Nutrition Assistance Program (SNAP), formerly known as "food stamps", provides the means to increase food purchasing power to raise the nutritional level among low-income households and is the first line of defense against hunger for thousands of Nevadans.
- The number of Nevadans participating in SNAP has increased significantly in recent years, suggesting more and more families are struggling to make ends meet. In February, 326,836 Nevadans participated in the program, setting a new all-time high. Over-the-year, the number of participants receiving assistance has increased 22.7 percent.



Source: Nevada Department of Health and Human Services

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