

ECONOMY IN BRIEF

DETR RESEARCH & ANALYSIS BUREAU
Division of Economic and Workforce Development

February 2012

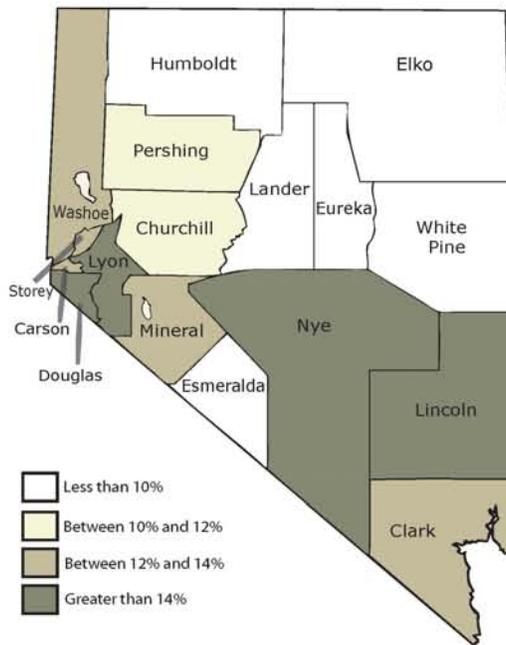
NEVADA'S PREMIER SOURCE OF WORKFORCE & ECONOMIC INFORMATION AND ANALYSIS

Economic Summary

The February labor market report drives home two points. First, although Nevada's labor market slowly began to improve in 2011, a trend which we expect to continue going forward, the State's recovery will not be without a bump or two along the way. Second, the State's most recent labor market barometers highlight the fact that it is best not to focus solely on one month's developments. While some softness is evident in the February report which will merit monitoring in the months ahead, it is important to keep in mind that it comes on the heels of several months of more encouraging news, and we continue to believe that Nevada is on the mend. Against a backdrop of stable-to-declining unemployment insurance claims, expanding taxable sales, an uptrend in gaming win, and growing visitor volume, we look for Nevada's labor market fundamentals to slowly improve.

Readings from the household and employer surveys diverged in February, but essentially tell the same story. Nevada's unemployment rate fell by four-tenths of a percent, from 12.7 percent in January to 12.3 percent in February. The fall was driven by weakness rather than strength in the labor market. There are two ways the unemployment rate can fall, one, by unemployed workers gaining employment, and two, the unemployed give up looking for work and fall from the labor force. This month's drop was driven by a fall in the labor force, as roughly 6,500 workers fell from the ranks of the unemployed. Nonetheless, the fact that the jobless rate has declined in each of the last six months is a positive development. Monthly estimates from the employer

Unemployment Rate by County



survey show a relatively sharp drop in nonfarm payroll employment. Total nonfarm payroll employment fell by 12,800 in February on a seasonally adjusted basis, and is down 600 jobs or -0.1 percent over-the-year. Despite weak job numbers in February, employment levels are up 7,700 through the first two months of 2012 over the same period a year ago.

Non-seasonally adjusted unemployment rates fell significantly in Nevada and in its sub-state areas. The improvement is due to changes typical of the season. The Statewide rate declined by eight-tenths to 12.1 percent from February, and is down from 13.8 percent a year ago. Unemployment rates in the metro-areas of the State fell in a similar fashion. In

Economic Indicators

UNEMPLOYMENT RATES	FEB 2012
NEVADA *	12.3%
LAS VEGAS-PARADISE MSA	12.2%
RENO-SPARKS MSA	12.2%
CARSON CITY MSA	12.7%
ELKO MICROPOLITAN AREA	6.7%
UNITED STATES *	8.3%
CALIFORNIA *	10.9%
* Seasonally Adjusted	
JOB GROWTH (Y-O-Y)*	
NEVADA	-0.1%
LAS VEGAS-PARADISE MSA	0.0%
RENO-SPARKS MSA	-1.3%
CARSON CITY MSA	-4.5%
UNITED STATES	1.5%
CALIFORNIA	0.9%
* Seasonally Adjusted	
CONSUMER PRICE INDEX (Y-O-Y)	
UNITED STATES	2.9%
GAMING WIN (Y-O-Y)	
JAN 2011 - JAN 2012	
NEVADA	18.4%
CLARK COUNTY	21.6%
WASHOE COUNTY	-6.2%
TAXABLE SALES (Y-O-Y)	
Jan 2010 - JAN 2012	
NEVADA	4.8%
CLARK COUNTY	3.5%
WASHOE COUNTY	6.1%

both the Las Vegas-Paradise and Reno-Sparks areas, the unemployment rate fell from 13.0 to 12.2 percent in February. Carson City's unemployment rate declined by eight-tenths of a percentage point as well, falling from 13.5 percent in January to 12.7 in February. The unemployment rate in the Elko micropolitan (includes Elko

Economic Summary

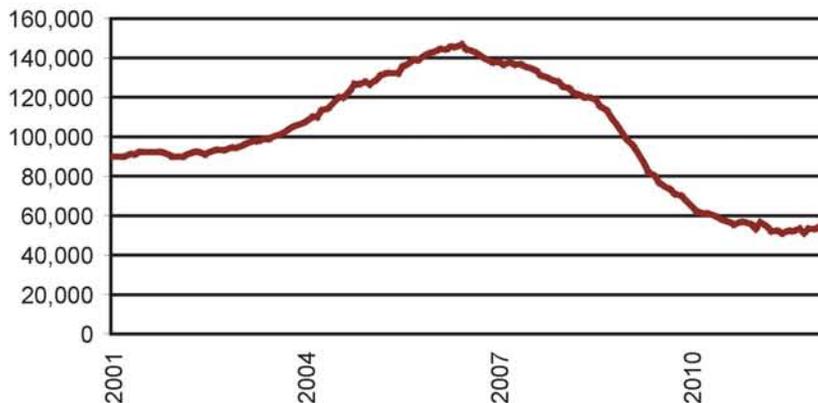
and Eureka counties) area fell by seven-tenths to 6.7 percent.⁴

Both private-sector and government seasonally adjusted employment decreased from January to February. Mining and logging and leisure and hospitality were the only sectors to post seasonally adjusted increases this month with gains of 500 and 1,300, respectively. Mining and logging employment increased for the 13th consecutive month and is up 15.8 percent over the last year. The leisure and hospitality sector has also experienced steady growth with 21 consecutive months of year-over-year growth. Within the leisure and hospitality sector, employment in the accommodation and food services industry increased by 1,200 jobs and the arts, entertainment, and recreation industry gained 100 jobs. As the industry has expanded over the last 25 years, the nature of the business has changed considerably. In fact, the industry's revenue base has been diversifying for several years running. In FY 2011, 62 percent of Las Vegas Strip casino revenue was from nongaming sources (rooms, food/beverage, etc.), and that share has been consistently on the rise. Gaming revenue accounts for just 38 percent of the total, down significantly from a 59 percent share in FY 1989.

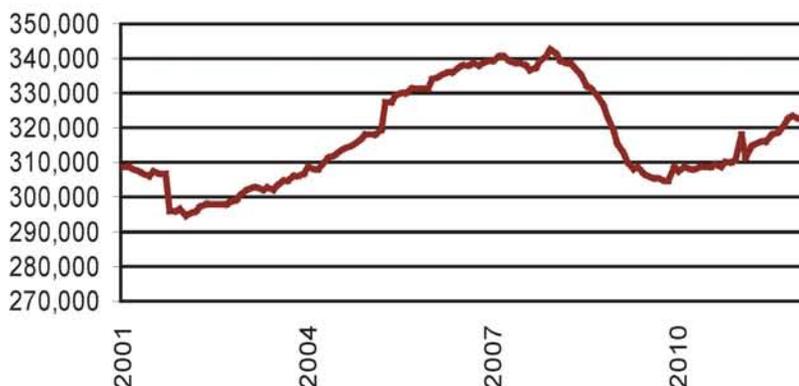
Every other major industry sector contracted in February. The construction sector lost 4,400 jobs in February, marking the 64th consecutive month of year-over-year employment losses. Manufacturing employment changed little over-the-month, but has decreased 1.6 percent over-the-year. Employment levels in manufacturing have been declining since 2007 and have not been this low since the mid-1990s. Trade, transportation, and utilities lost 3,300 seasonally adjusted jobs in February. Within this sector, employment in retail trade declined by 2,100 jobs, transportation, warehousing and utilities lost 1,000 jobs, and wholesale trade lost 200 jobs.

In the financial activities sector, employment decreased by 900 jobs in February.

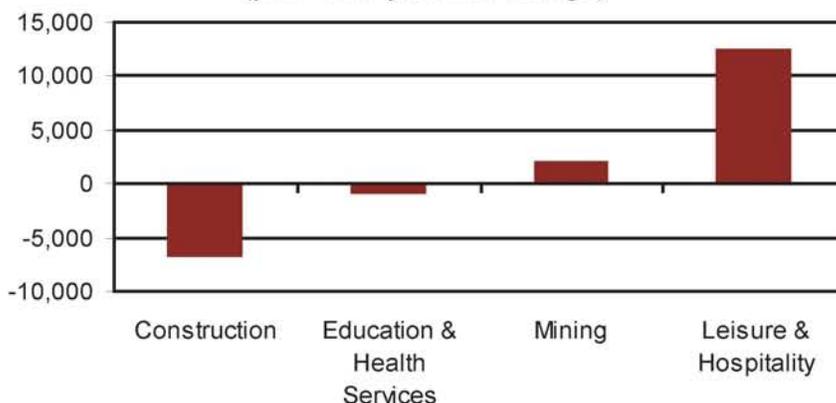
Construction Employment
(seasonally adjusted)



Leisure and Hospitality
(seasonally adjusted)



Employment by Major Industry
(year-over-year net change)



Economic Summary

Professional and business services lost 4,000 jobs in February, a 0.7 percent decrease year-over-year. The losses were mostly in administration and support and waste management and remediation services, which lost 3,000 seasonally adjusted jobs.

In February, employment in education and health services declined by 1,300. Losses were slightly offset by the 300 jobs added in educational services. However, health care and social assistance employment decreased by 1,600 jobs. Health care and social assistance has posted four consecutive months of declining employment since an all time high in October 2011. This industry has historically shown consistent positive growth, even through the recession. However, February 2012 marks the first month with a negative year-over-year change in employment since the series began in 1990. Trends in this industry will be closely monitored in the coming months.

Government employment continued to decline in February, with a monthly decrease of 400 jobs. Over the past 12 months, the government sector has lost 5,900 jobs, a decrease of 3.9 percent. Within the sector, local government employment has fallen by 4,100 jobs over-the-year, a 4.2 percent decrease.

Employment levels in all three metropolitan areas declined from January to February. Las Vegas lost 7,900 jobs, but is essentially unchanged over-the-year. The Reno-Sparks area posted a loss of 1,500 jobs, and is down by 2,500 over-the-year, a 1.3 percent drop. Carson City continued along its downward trend, losing 400 jobs in February. Carson City employment is down 4.5 percent year-over-year and has not been this low since 1997.

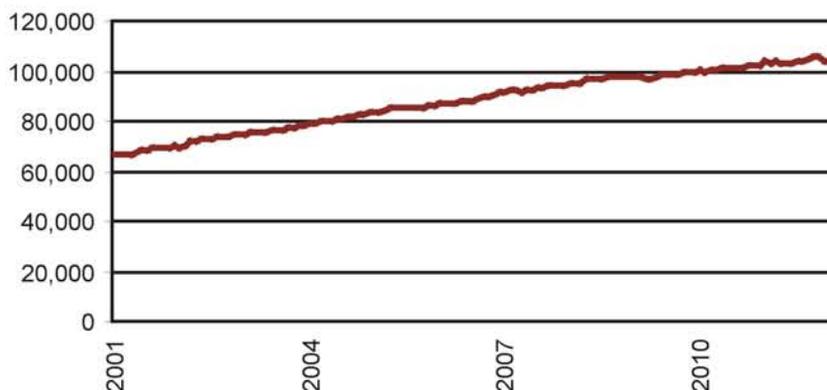
The average workweek for all employ-

ees on private nonfarm payrolls decreased by 0.3 hour to 33.5 hours. Over the year, the average work week has declined by an hour. Average weekly hours worked in February 2012 are tied with December of 2011 as the lowest level recorded since the series began in Jan 2007. In February, average hourly earnings for all employees on private nonfarm payrolls remained unchanged at \$19.67. Over the past 12 months, average hourly earnings have increased by 3.0 percent. From January to February, the statewide average weekly wage decreased by \$5.90 to \$658.95, however the weekly wage remains unchanged from twelve months ago.

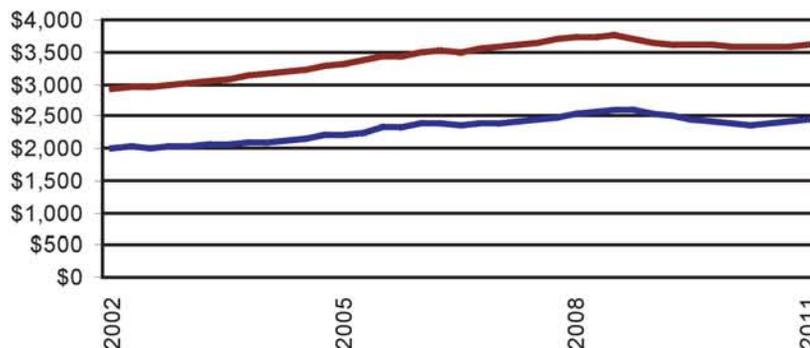
It is important to note that these average wage measures don't tell the whole story of the underlying labor market dynamics. Recent research undertaken by the Research and Analysis Bureau in cooperation with the U.S. Census Bureau shows that new-hire wages are about two-thirds of the overall average. Specifically, in the second quarter of 2011 (the most recent data available), average monthly earnings in Nevada came to just over \$3,600. For new hires, earnings averaged a bit over \$2,400 per month. That relationship has held steady over time.

As we've discussed in the past, the Nevada labor market appeared to have stabilized with some signs of improvement as 2011 unfolded.

Education and Health Services Employment
(seasonally adjusted)



Nevada Average Monthly Earnings
All Workers v. New Hires

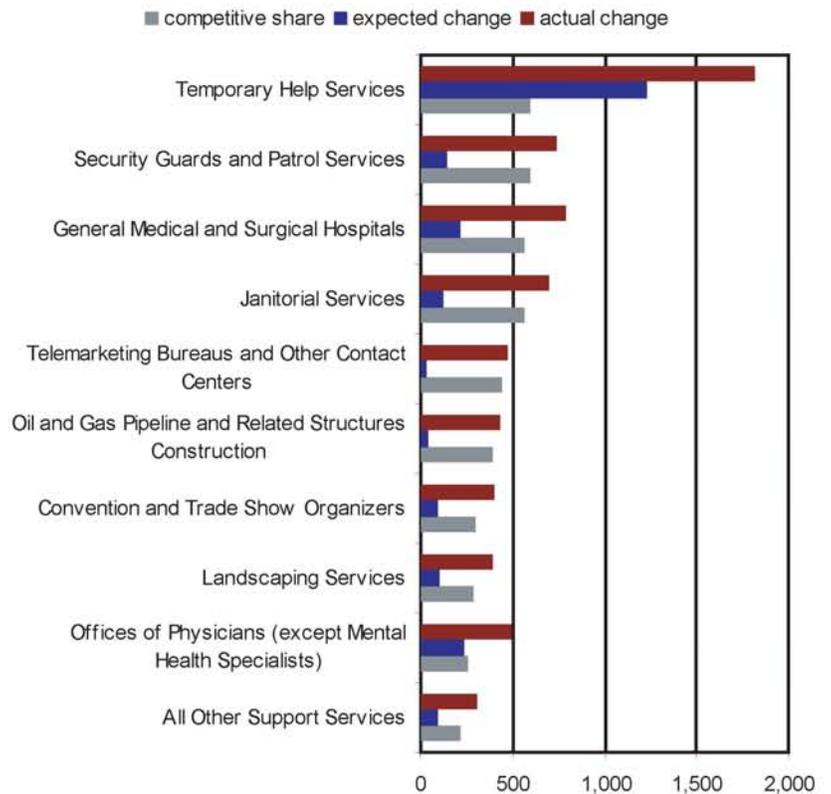


Economic Summary

Several industries stand out in terms of their recent performance and have grown at a faster pace than expected in Nevada, in light of unfolding trends in the national labor market for those industries. For instance, between 2010 and 2011, temporary help services grew by an estimated 1,800 jobs in the State. In light of national trends, we should have expected only about 1,200 new jobs in Nevada. The remaining new jobs, about 600, were the result of factors specific to Nevada. Other industries with relatively large “competitive shares” include hospitals, telemarketing bureaus, and pipeline construction, to name a few.

During the most recent recession, it was apparent, in very stark terms, that Nevada is not immune to the national business cycle. Looking forward, a healthy U.S. economy is necessary for Nevada to achieve a more noticeable growth trend. Recent evidence suggests that the national economy is on the mend. The pace of growth has increased in each of the past three quarters. Consumer confidence, although volatile from month-to-month, is trending up. Jobs have increased in each of the past 17 months. Since mid-2010, the number of (gross) jobs added in growing or opening establishments has exceeded the number of jobs lost at contracting or closing establishments, reversing the trend during the recession.

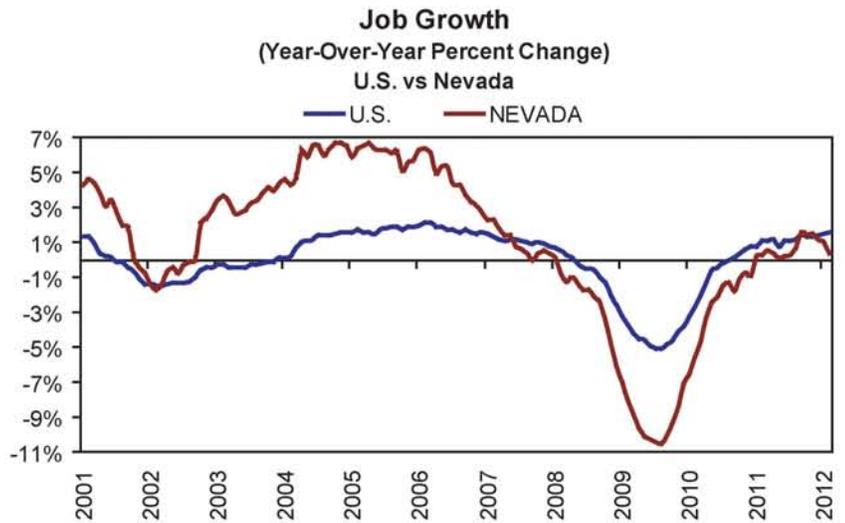
Ten Nevada Industries with the Largest 2010-2011 “Competitive Job Shares”



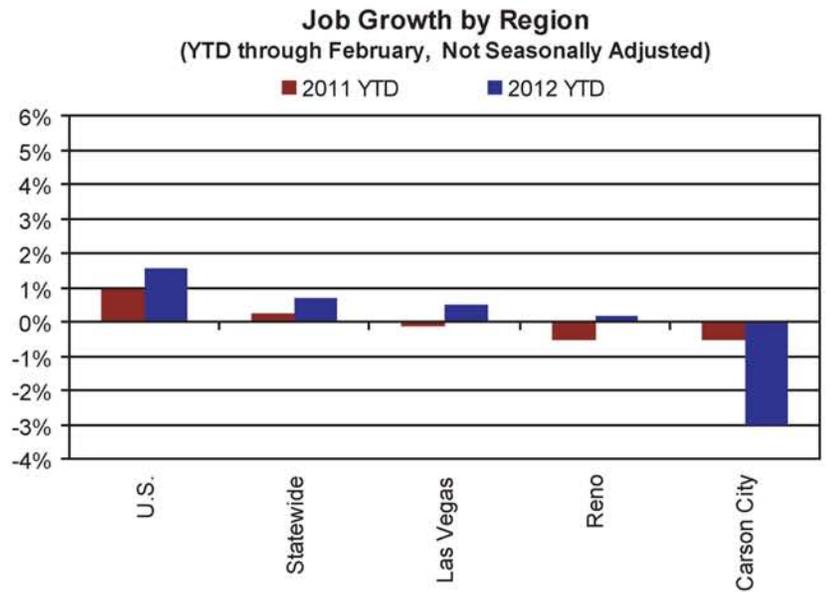
Trends at a Glance

Industrial Employment

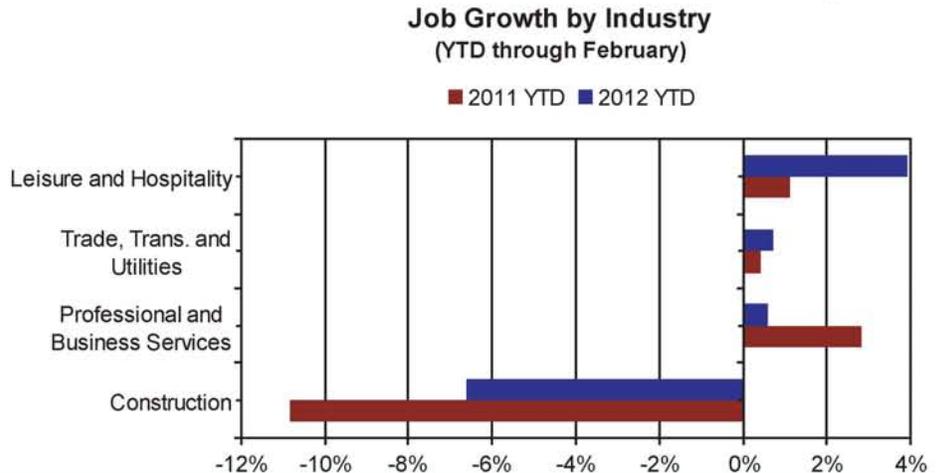
- Industrial employment in Nevada increased 0.4 percent in February relative to a year prior, equating to a gain of 4,400 jobs.
- February readings were up 1.6 percent nationally relative to February 2011.



- The year-to-date annual growth rates remain higher than a year ago throughout most regions of the State.
- The Las Vegas MSA's job count increased 0.5 percent YTD in February relative to February 2011.
- In the Reno MSA, YTD job readings were up 0.2 percent in February 2012.
- In Carson City, employment was down 3.0 percent YTD from February 2011 to February 2012.



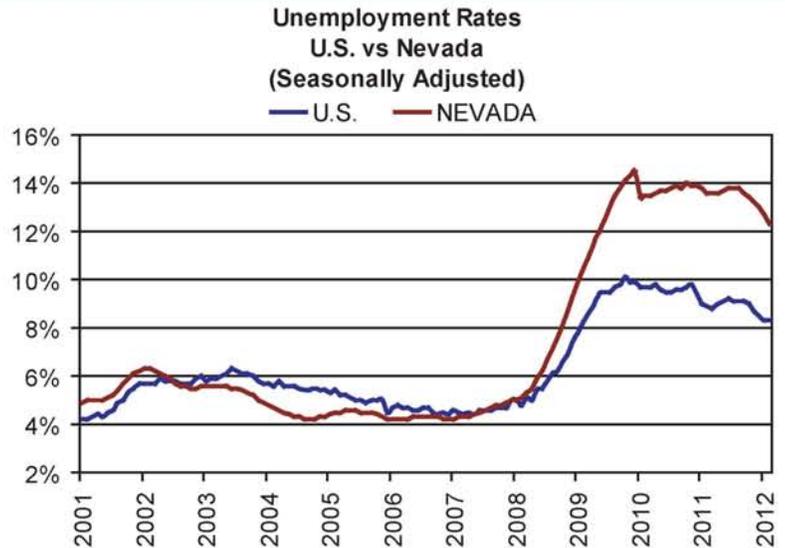
- Approximately 3,450 jobs have been lost in the construction industry over the past year, a 6.6 percent annual decline, though the decline has continued to slow since June 2010.
- Jobs in the State's largest industry, leisure and hospitality, were up 3.9 percent YTD through February relative to a year prior. A year earlier, YTD job readings were up 1.1 percent over the same time frame.
- Professional and business services increased 0.6 percent YTD through February 2012 from a year earlier.



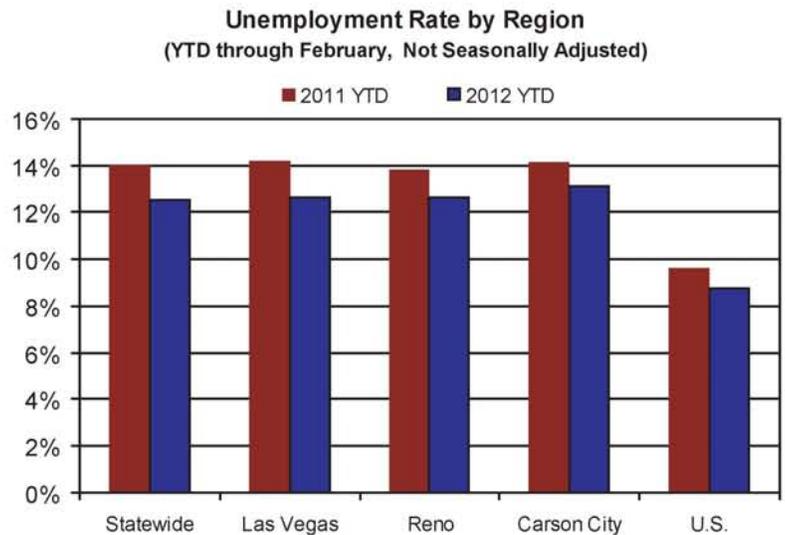
Trends at a Glance

Unemployment

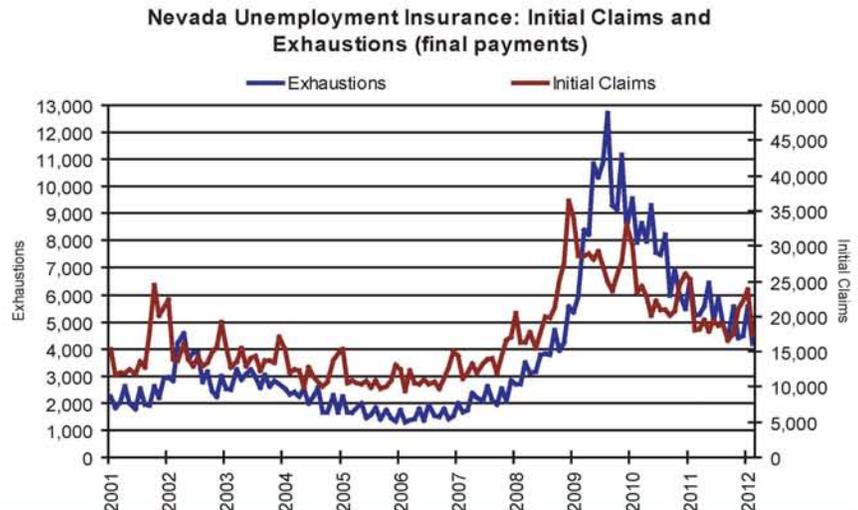
- Nevada's seasonally adjusted unemployment rate was 12.3 percent in February, down 0.4 percentage points from January.
- Nationally, the unemployment rate was unchanged from January at 8.3 percent. Nevada has the highest unemployment rate in the nation, exceeding the national average by 4.0 percentage points. The next highest is Rhode Island with 11.0 percent.



- At 12.5 percent, the Statewide unadjusted unemployment rate is down 1.6 percentage points YTD from 2011 to 2012.
- The Las Vegas-Paradise MSA recorded an unemployment rate of 12.6 percent YTD through February, a 1.6 percentage point decrease over-the-year.
- The Reno-Sparks MSA's jobless rate was 12.6 percent YTD through February. On an annual basis, the rate is down 1.3 percentage points over-the-year.
- The jobless rate in Carson City was 13.1 percent YTD through February, down 1.1 percentage points over-the-year.



- Initial claims for unemployment insurance decreased in February from January by 6,400. Over-the-year, claims are down by 3.6 percent.
- Final payments, signifying an exhaustion of regular State benefits, decreased by 1,359 in February over-the-month. Over-the-year, final payments were down 19.7 percent.

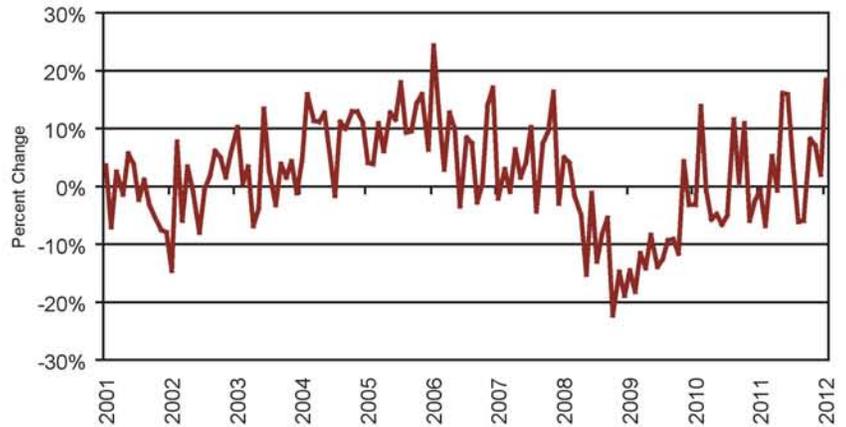


Trends at a Glance

Economic Indicators

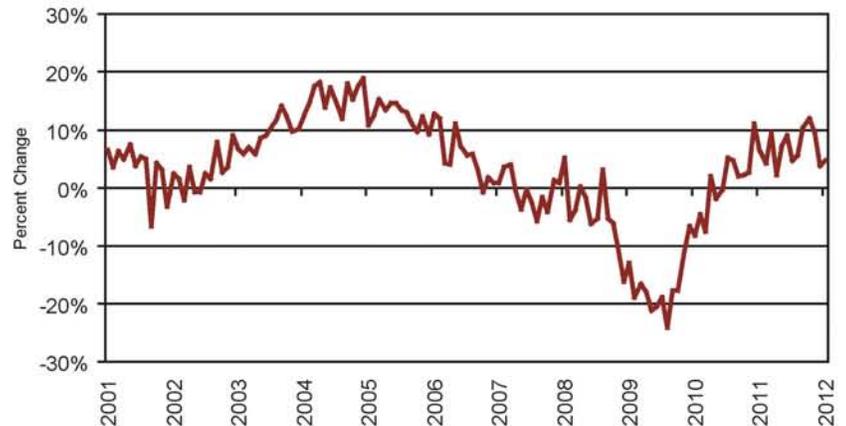
- Nevada gaming win was up 18.4 percent in January relative to the previous year.
- For the fiscal year-to-date, gaming win increased 3.7 percent compared to the same period in 2011.

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



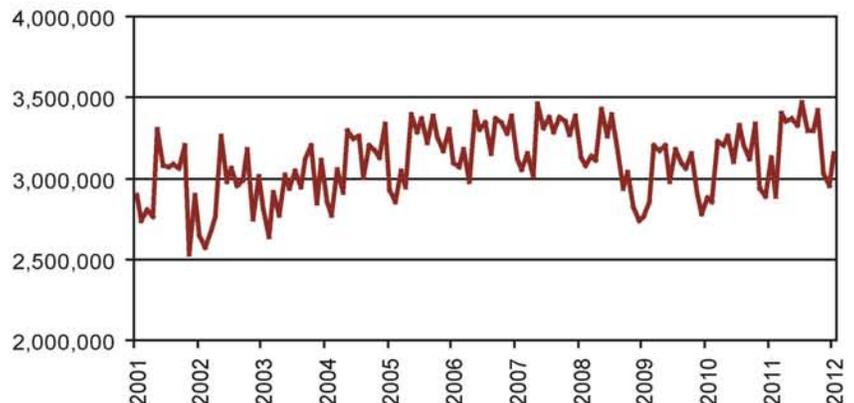
- In January, taxable sales increased 4.8 percent over January 2011 with collections totalling \$3,154,346,002.
- For the fiscal year-to-date, taxable sales are up 7.2 percent compared to the same period in 2011.

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



- Las Vegas visitor volume increased 28,275 in January relative to a year prior, a 0.9 percent increase.
- Year-to-date, visitor volume is up 0.9 percent in 2012 compared to a year earlier.

Las Vegas Monthly Visitor Volume

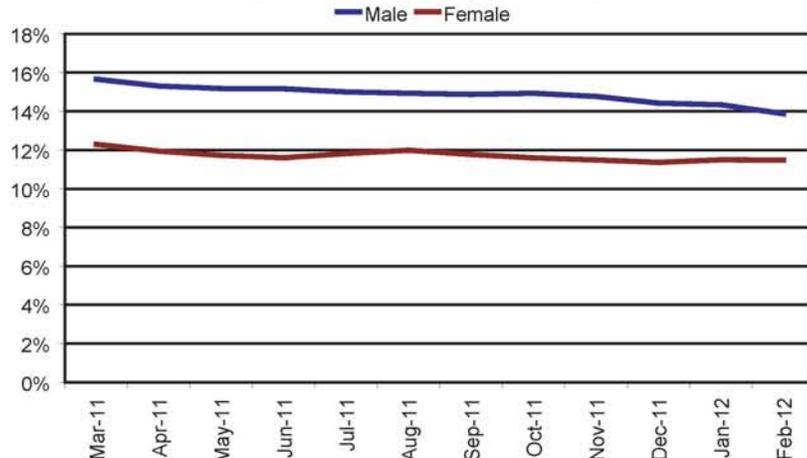


Trends at a Glance

Demographics of the Unemployed

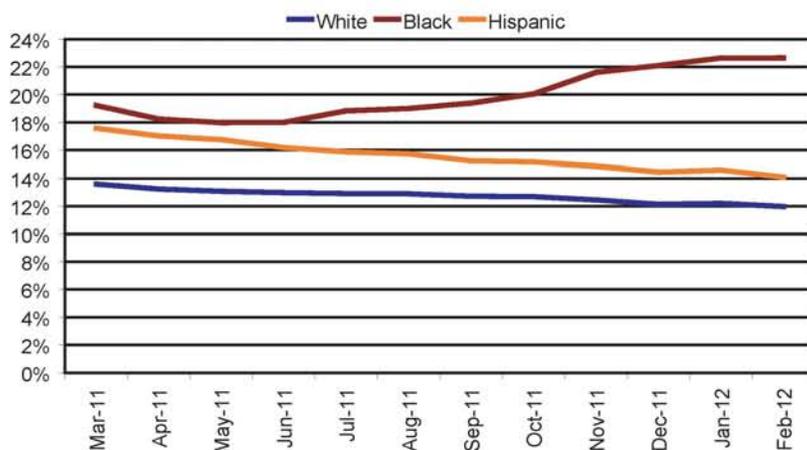
- The male unemployment rate decreased by four-tenths to 13.9 percent in February.
- The female unemployment rate remained unchanged at 11.5 percent.
- Traditionally male dominated industries, such as construction have lost the most jobs during the recession, while female dominated industries have fared better overall.

Unemployment Rate by Sex
(12-Month Moving Average, CPS Data)



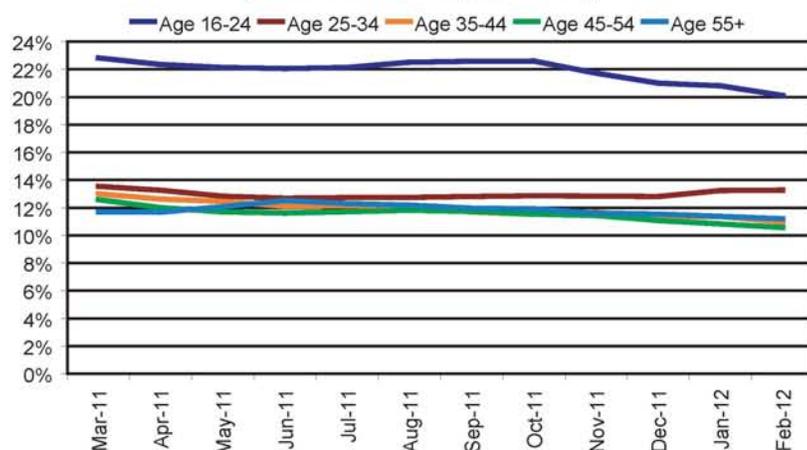
- The unemployment rate for Nevada's Hispanic labor force decreased five-tenths of a percent to 14.1 percent in February.
- The rate for Nevada's unemployed Black labor force was unchanged from January at 22.6 percent.
- The unemployment rate for Nevada's White labor force was down two-tenths of a percent to 12.0 percent.

Unemployment Rate by Ethnicity
(12-Month Moving Average, CPS Data)



- At 20.1 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 increased one-tenth to 13.3 percent.
- The unemployment rate for Nevada's oldest workers is 11.2 percent, down two-tenths from January.

Unemployment Rate by Age Group
(12-Month Moving Average, CPS Data)

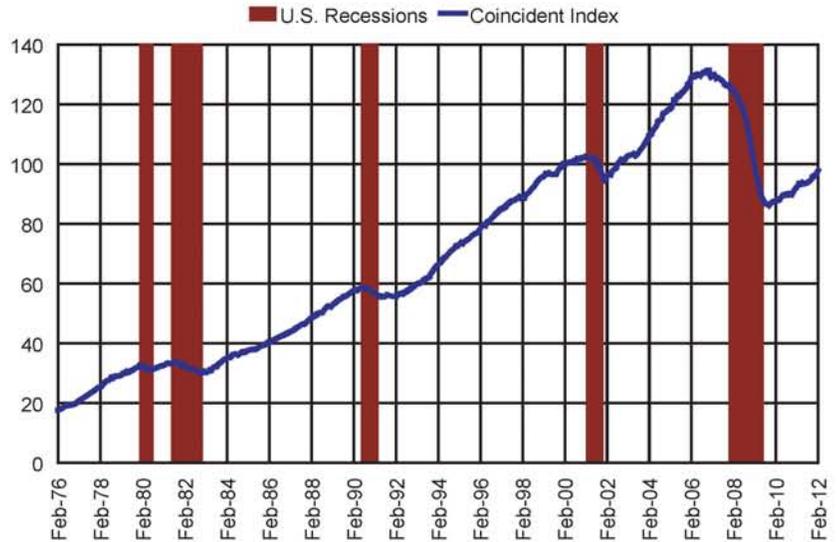


Trends at a Glance

CBER-DETR Nevada Coincident and Leading Employment Indices

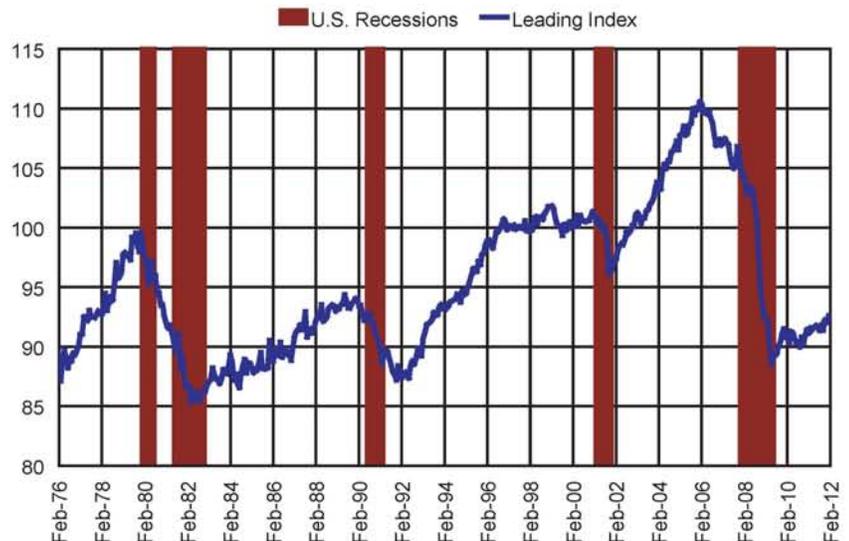
- The Nevada Coincident Employment Index measures the ups and downs of the Nevada economy using an index of employment variables. The February release of seasonally adjusted data conveys a generally positive picture for the coincident index. On a year-over-year basis, the unemployment rate, household employment, nonfarm employment, and the insured unemployment rate all moved in a positive direction. The peak of the last employment cycle in Nevada occurred in December 2006. The coincident index then regressed steadily through October 2009, where the coincident index reached a bottom. In sum, during the recent employment recession, the coincident index fell by 34.5 percent from peak to trough. It now has recovered by 13.7 percent from the October 2009 trough, a little more than one-quarter of the way back to its prior peak.

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 monthly decrease of 0.6 percent in February. The leading index tells a mostly positive story on a year-over-year basis. Based on seasonally adjusted data, the components of the index experienced the following changes - Initial claims for unemployment insurance, commercial permits, real Moody's Baa bond rate, the short-duration unemployment rate, and housing permits moved in a positive direction, whereas only construction employment moved in a negative direction.

CBER-DETR Nevada Leading Employment Index

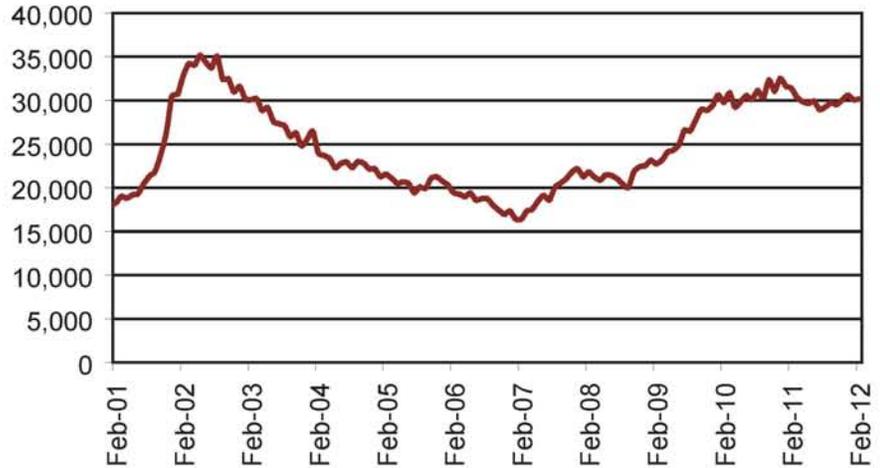


Trends at a Glance

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, 30,146 individuals were receiving assistance. Since February 2011, the level of assistance has decreased 3.9 percent or 1,216 less recipients.

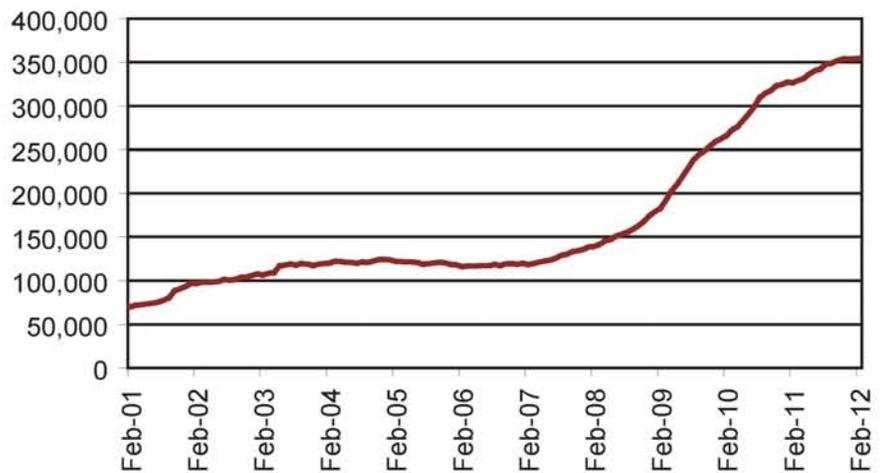
Temporary Assistance for Needy Families in Nevada, Number of Cash Recipients



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, 354,540 Nevadans participated in the program, setting a new all-time high. Over-the-year, the number of participants receiving assistance has increased 8.5 percent.

Supplemental Nutrition Assistance Program, Number of Participating Nevadans



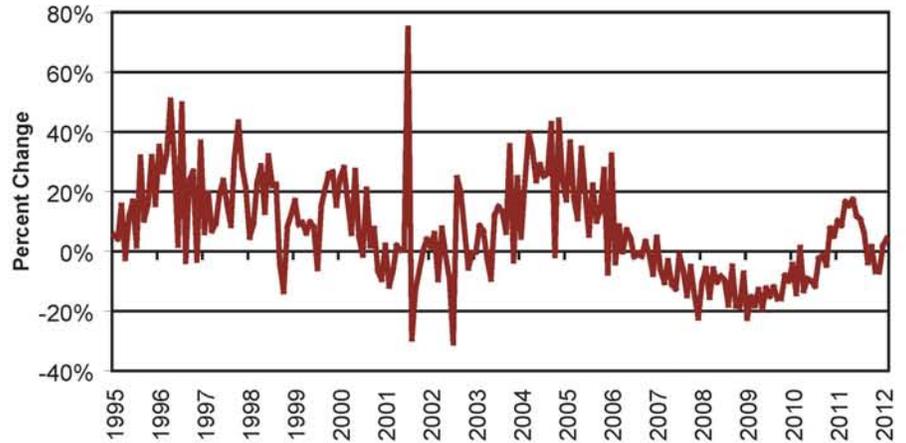
Source: Nevada Department of Health and Human Services

Trends at a Glance

Business Activity

- New business entity formations are comprised of both domestic and foreign entities forming/registering in the State. Trends indicate directional insight into business formation and investments.
- In February, new business filings were up 4.25 percent over February 2011.

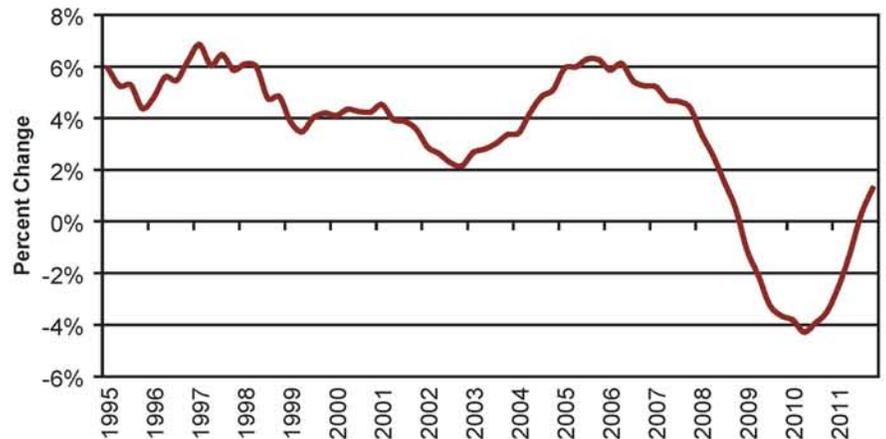
Business Entity Formations
(Year-Over-Year Percentage Change)



Source: Nevada Secretary of State

- The State unemployment insurance (UI) contribution operations report identifies the number of UI-liable employers processed each quarter.
- Total number of employers subject to UI taxes was 56,834 during the fourth quarter of 2011. The employer count increased 716 over the same period of the prior year, a 1.28 percent annual increase.

U.I. Contributory Employers
(Year-Over-Year Percentage Change)



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