

ECONOMY IN BRIEF

DETR RESEARCH & ANALYSIS BUREAU

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

May 2012

Economic Summary

Taken as a whole, labor market conditions in Nevada are fairly encouraging based upon May information. Nationwide, the pace of recovery has slowed considerably of late. During the year's first quarter, month-to-month job gains averaged 226,000 in the U.S. In April, growth slowed, resulting in a gain of just 77,000 (revised down from original estimates), followed by a gain of 69,000 in May. Against this backdrop, it would have been no surprise to see a weak Nevada report. However, Statewide April job estimates have been revised upward by 700, and a seasonally adjusted 5,900 jobs were added to payrolls in May, the second-strongest month-to-month gain this year. At a seasonally adjusted 1.14 million, job readings stand at their second-highest level in nearly three years and are up 12,700 from a year ago.

Additionally, Nevada recorded its ninth consecutive month-to-month decline in the unemployment rate, from 11.7 percent in April to 11.6 percent in May. This marks the lowest tally in three years. Still, though, there are 158,300 Nevadans officially counted amongst the unemployed, suggesting that much ground remains to be made up. For instance, in 2007, as the State was entering the recession, unemployment averaged 61,100 for the year.

Much has been made of late concerning the underlying reasons behind the downtrend in the jobless rate, both nationally and in Nevada. While employment is growing modestly, a declining labor force has also contributed to the easing unemployment rate over the past several months. Through the first five

Unemployment Rate by County



months of the year, the labor force is down 21,700 from a year ago. As with the nation, Nevada's "labor force participation rate" continues to trend down, despite the fact that the economy "officially" emerged from recession in late-2009. In the 12 months ending in May, 65.1 percent of the State's population was in the labor force. In late-2008, 70 percent of the State's adult population was active in the labor force, either employed or unemployed. Some of this downtrend may be "structural" in nature, perhaps as the baby boom generation enters retirement. Some of the decline is also surely the result of "cyclical" forces in response to the economy's struggles of late, as individuals may have dropped out of the labor force due to a perceived lack of job opportunities.

Economic Indicators

UNEMPLOYMENT RATES	May 2012
NEVADA *	11.6%
LAS VEGAS-PARADISE MSA	11.8%
RENO-SPARKS MSA	11.5%
CARSON CITY MSA	11.7%
ELKO MICROPOLITAN AREA	6.1%
UNITED STATES *	8.2%
CALIFORNIA *	10.8%
* Seasonally Adjusted	
JOB GROWTH (Y-O-Y)*	
NEVADA	1.1%
LAS VEGAS-PARADISE MSA	0.7%
RENO-SPARKS MSA	0.1%
CARSON CITY MSA	-4.2%
UNITED STATES	1.4%
CALIFORNIA	1.6%
* Seasonally Adjusted	
CONSUMER PRICE INDEX (Y-O-Y)	
UNITED STATES	1.7%
GAMING WIN (Y-O-Y)	
APR 2011 - APR 2012	
NEVADA	6.2%
CLARK COUNTY	8.9%
WASHOE COUNTY	-15.8%
TAXABLE SALES (Y-O-Y)	
MAR 2011 - MAR 2012	
NEVADA	7.2%
CLARK COUNTY	1.9%
WASHOE COUNTY	3.0%

While not directly comparable to the State's seasonally adjusted figure, the unemployment rate in each of the state's three metropolitan areas held relatively steady, and in a narrow range, in May. Las Vegas is home to the highest jobless rate amongst the State's three population centers, at 11.8 percent. Carson City (11.7

Economic Summary

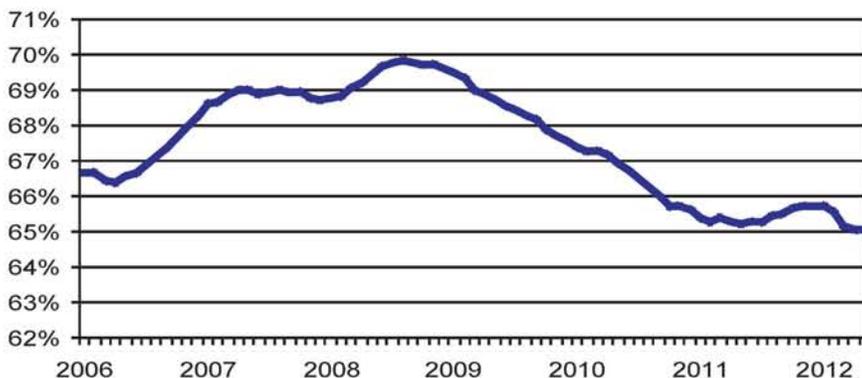
percent) and Reno (11.5 percent) are marginally lower. In all three regions, there is little change measured against April readings (up 0.2 percentage point in Las Vegas, 0.1 point in Reno, and down 0.1 point in Carson City). In all three areas, 2012 rates represent the lowest May readings in three years. While this steady improvement is welcome news, much ground remains to be made up. In May 2007, as the economy was entering the prolonged recession, unemployment rates in the State's major population centers fell in the 4.2 to 4.5 percent range.

Looked at another way, seven counties, all of them rural, have single-digit unemployment rates on a year-to-date basis, with the lowest rates in Lander, Eureka, and Esmeralda. Lyon (16.3 percent so far this year) and Nye (14.9 percent) have the highest jobless rates.

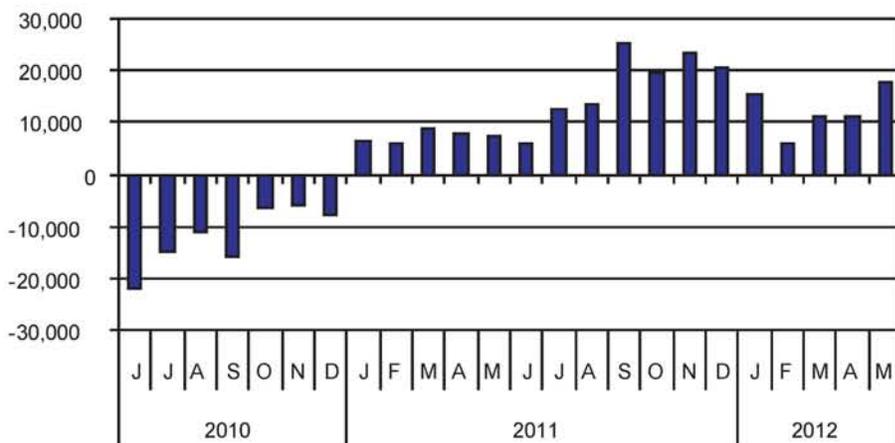
Back to the jobs front, based upon historical trends, payrolls tend to expand by 4,200 from April to May. This year, however, the gain, at 10,100, was more than double that. The end result was the seasonally adjusted increase of 5,900 noted above. The private sector continues to lead the way. In May, employment in these establishments stands 17,500 higher than a year ago. Gains have been recorded, without interruption, since January 2011. This growth is being partially offset by continued pressure on the public sector, especially in the State's local government entities. Since peaking in late-2008, nearly 14,000 local government jobs have been lost. Currently, there are 2,400 fewer State government positions compared to an early-2011 high-water mark. In May, public sector employment is down 4,800 relative to a year ago.

Nearly all industries in Nevada reported positive results in May. However, job estimates can be subject to considerable month-to-month volatility. Hence, a look at year-to-date results helps to shed light on underlying trends. Through the first five months of 2012, nonfarm job levels in

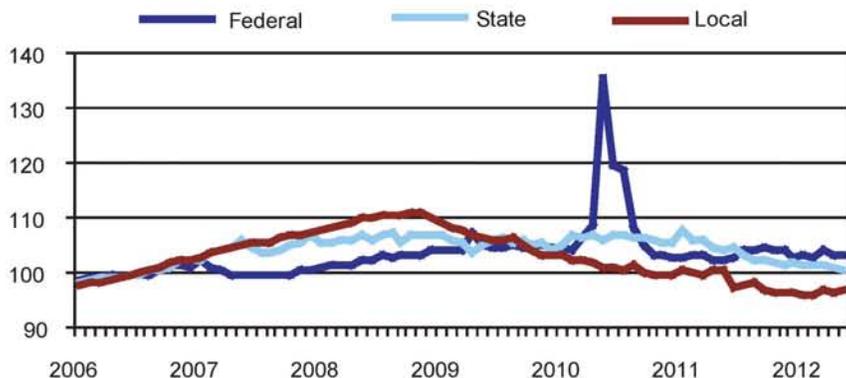
Nevada Labor Force Participation Rate
(labor force/population; 12 month average)



Nevada Private Sector Job Growth
(SA; year-over-year)



Nevada Public Sector Trends
(SA; 2006=100)



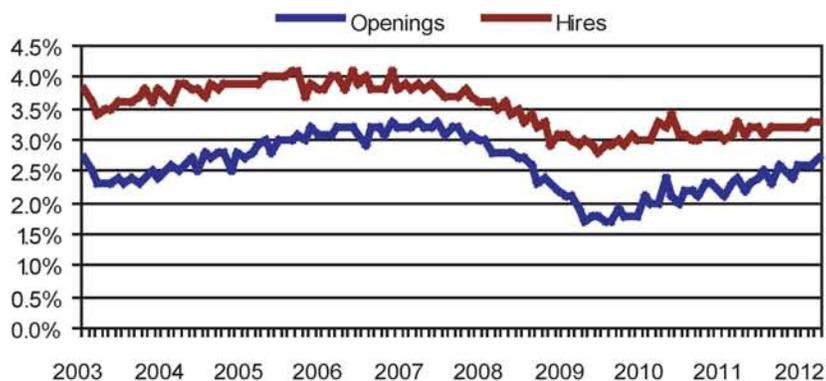
Economic Summary

Nevada stand 9,000 higher than a year ago. As for some of the State's major industries, leisure/hospitality has added 10,000 payroll jobs so far this year. Recent trends in the trade/transportation/utilities industries have been fairly strong, leaving job levels in the first five months of the year up by 2,300 compared to 2011. Professional/business services establishments have added 1,800 jobs over the same period. Mining-related jobs have averaged 15,500 so far this year, up by 2,300 (or 17.4 percent) from 2011. Strong underlying fundamentals in this industry have certainly contributed to the relatively low unemployment rates in several of the State's rural counties.

Construction remains a weak spot, especially in terms of jobs. However, several barometers of housing activity are pointing to a muted rebound. Statewide residential building permits are up 40 percent so far this year, through April. Housing starts are up by one-fourth over the same period. Resale activity in Las Vegas has been on the rise for 15 straight months. New home closings in the south have increased in five of the past seven months. Statewide, the number of mortgages entering the foreclosure process in this year's first quarter was at its lowest level in nearly five years. With that said, however, recent improvements in residential market fundamentals have done little to noticeably offset the deterioration that unfolded over the past several years.

At the sub-State level, northern Nevada is lagging trends in the south. For instance, Carson City job readings are down 900 so far this year compared to the same period in 2011. The Reno metro area has added just 100 jobs. Las Vegas, on the other hand, has added 4,100 new jobs, as the region has benefitted from 25 consecutive months of visitor volume growth prior to a marginal decline in April. In May, Las Vegas leisure/hospitality employment stands 9,700 higher than a year ago.

U.S. Job Openings and Hire Rates (SA)



The number of employers covered under Unemployment Insurance provisions is on the rebound, further evidence of an economy that has entered recovery mode. Specifically, after declining for ten consecutive quarters, employer growth moved into positive territory in the second half of 2011. All told, there were 57,000 UI-covered employers in the State as of the first quarter, up 1.8 percent from the first three months of 2011.

During the most recent recession, it became apparent that Nevada's economy is very sensitive to broader macroeconomic trends in the national (and international) markets. Despite the slowdown in job growth in recent months in the nation as a whole, most signs tend to point to a

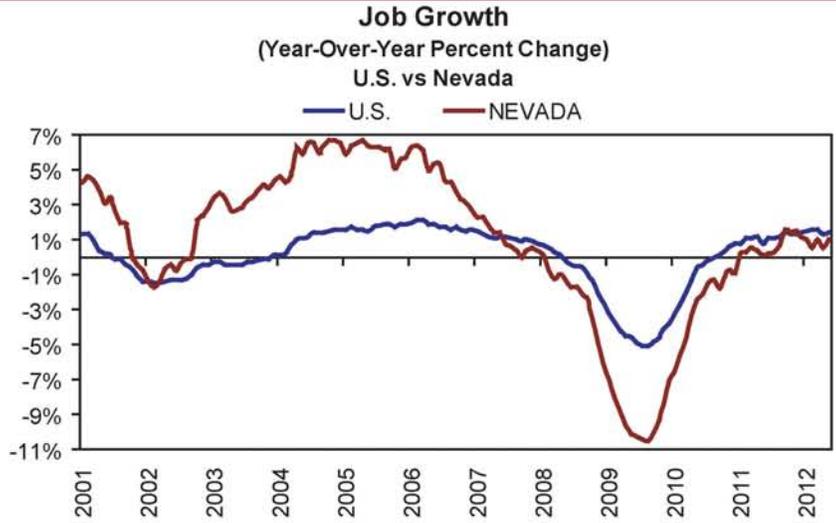
continuation of modest labor market improvement. For instance, national hiring and job openings rates have been on the upswing since, roughly, 2009. Barring further deterioration in the U.S. labor market, Nevada should continue to show modest, but fairly stable, improvement.

Bill Anderson, Chief Economist

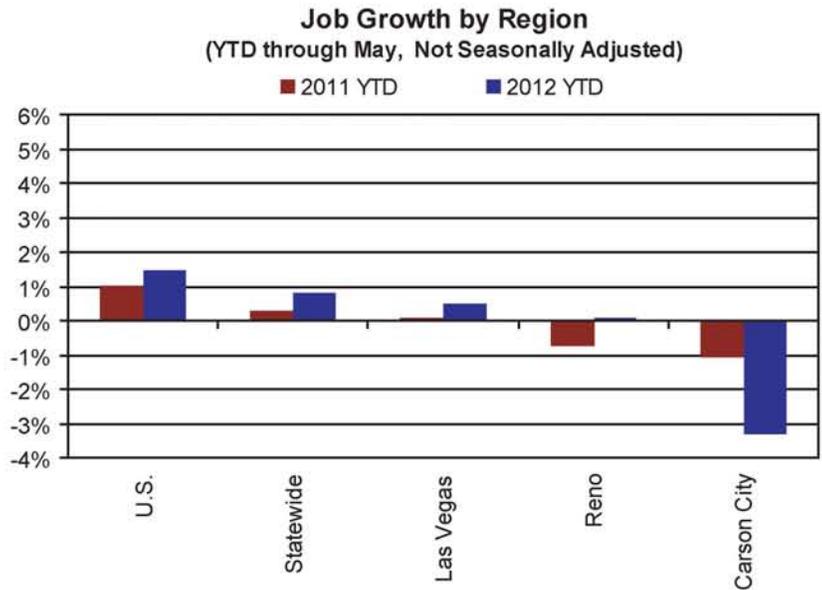
Trends at a Glance

Industrial Employment

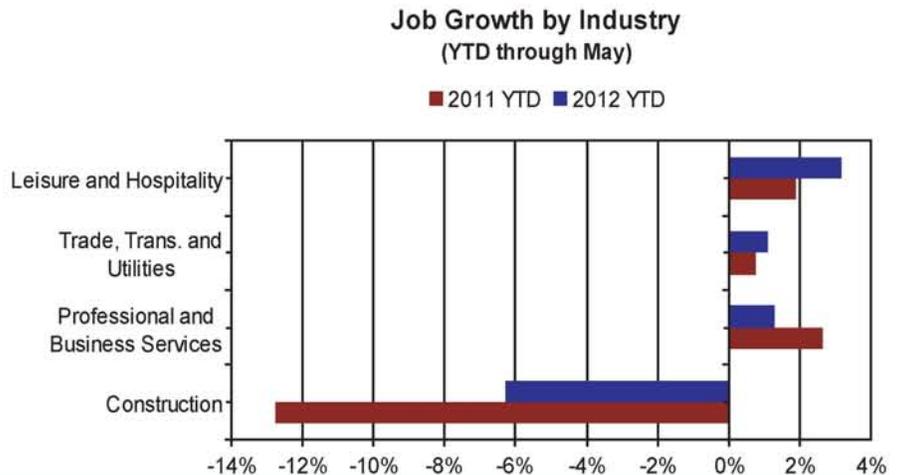
- Industrial employment in Nevada increased 1.0 percent in May relative to a year prior, equating to a gain of 11,600 jobs.
- Nationally, May readings were up 1.4 percent relative to May 2011.



- 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 May relative to May 2011.
- In the Reno MSA, YTD job readings were up 0.1 percent in May 2012.
- In Carson City, employment was down 3.3 percent YTD from May 2011 to May 2012.



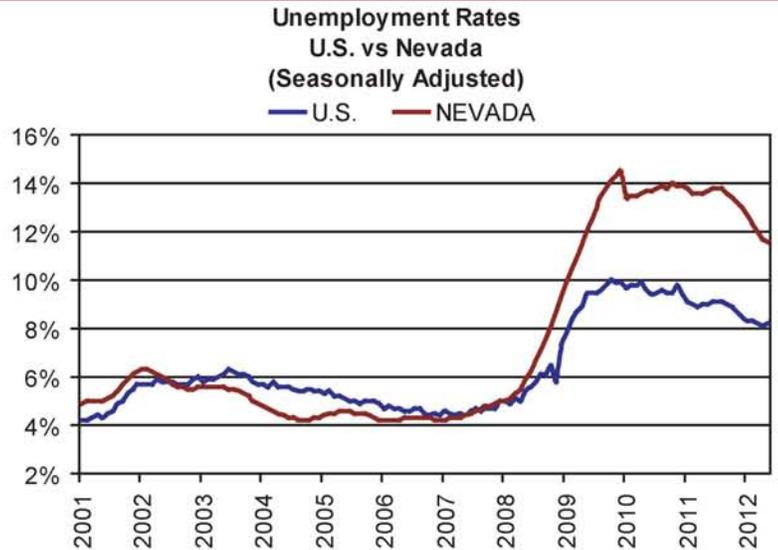
- Approximately 3,240 jobs have been lost in the construction industry over the past year, a 6.3 percent annual decline, though the decline has continued to slow since June 2010.
- Jobs in the State's largest industry, leisure and hospitality, were up 3.2 percent YTD through May relative to a year prior. A year earlier, YTD job readings were up 1.9 percent over the same time frame.
- Professional and business services increased 1.3 percent YTD through May 2012 from a year earlier.



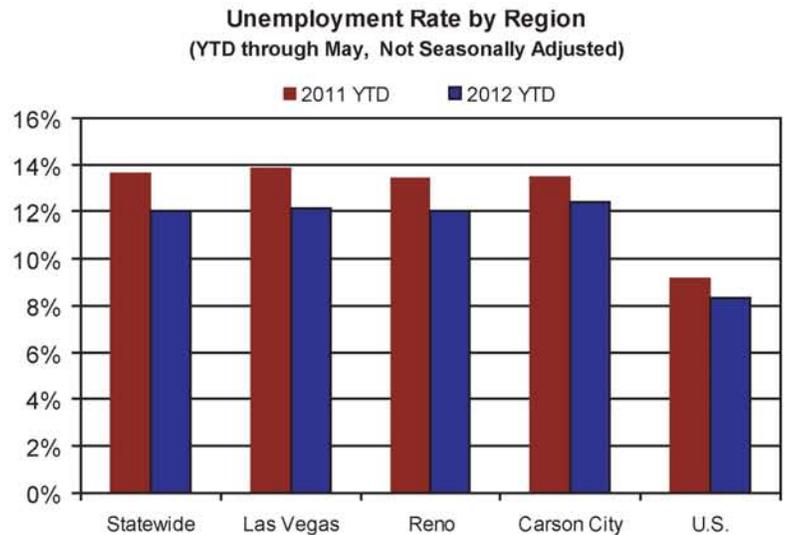
Trends at a Glance

Unemployment

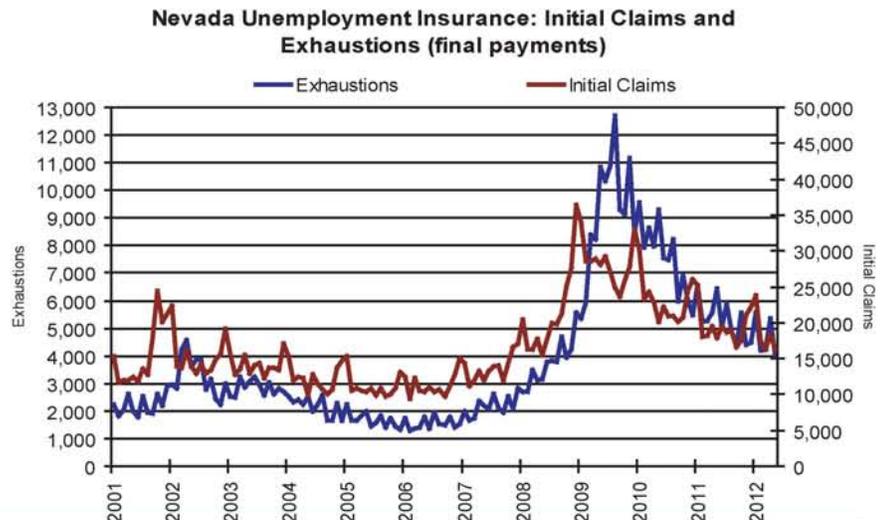
- Nevada's seasonally adjusted unemployment rate was 11.6 percent in May, down 0.1 percentage point from April.
- Nationally, the unemployment rate increased one-tenth of a percent to 8.2 percent in May. Nevada has the highest unemployment rate in the nation, exceeding the national average by 3.4 percentage points. The next highest is Rhode Island with 11.0 percent.



- At 12.0 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 12.1 percent YTD through May, a 1.7 percentage point decrease over-the-year.
- The Reno-Sparks MSA's jobless rate was 12.0 percent YTD through May. On an annual basis, the rate is down 1.4 percentage points over-the-year.
- The jobless rate in Carson City was 12.4 percent YTD through May, down 1.1 percentage points over-the-year.



- Initial claims for unemployment insurance decreased in May from April by 2,008 Over-the-year, claims are down by 9.1 percent.
- Final payments, signifying an exhaustion of regular State benefits, decreased by 1,366 in May over-the-month. Over-the-year, final payments were down 38.5 percent.

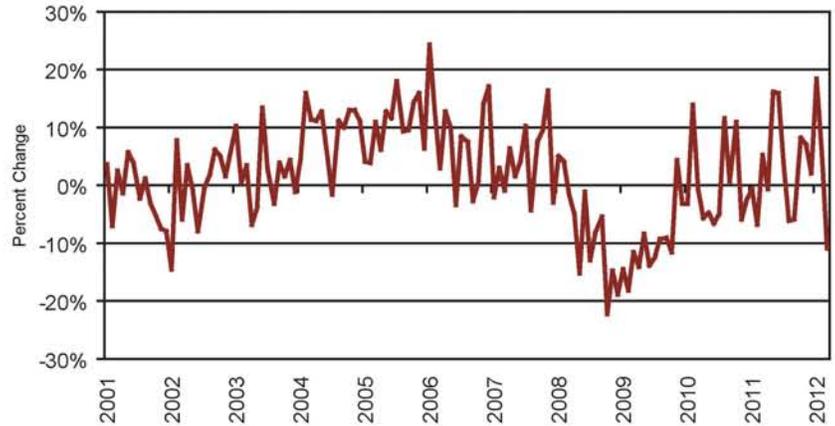


Trends at a Glance

Economic Indicators

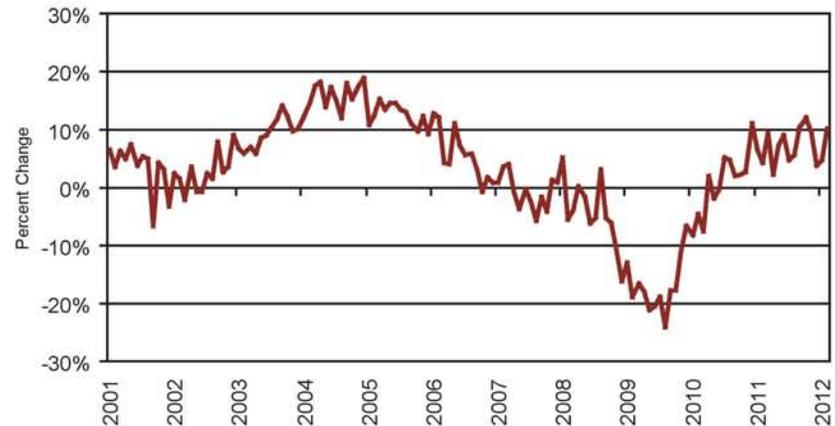
- Nevada gaming win was up 6.2 percent in April relative to the previous year.
- For the fiscal year-to-date, gaming win increased 2.5 percent compared to the same period in 2011.

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



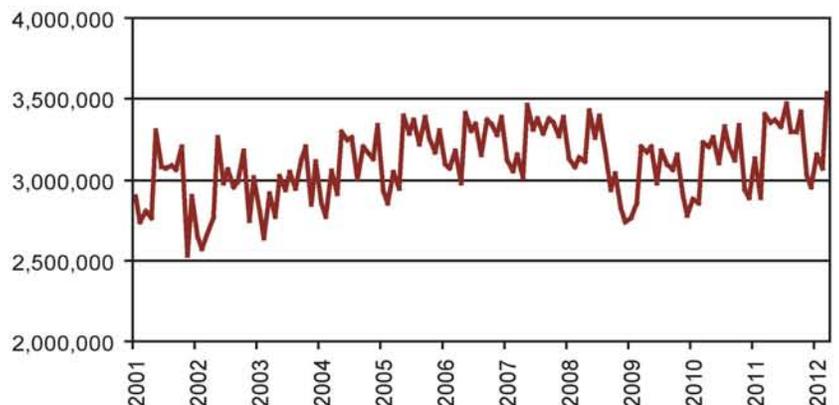
- In February, taxable sales increased 7.2 percent over March 2011 with collections totalling \$3,910,241,790.
- For the fiscal year-to-date, taxable sales are up 7.5 percent compared to the same period in 2011.

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



- Las Vegas visitor volume decreased 29,824 in April relative to a year prior, a 0.9 percent decrease.
- Year-to-date, visitor volume is up 2.4 percent in 2012 compared to a year earlier.

Las Vegas Monthly Visitor Volume

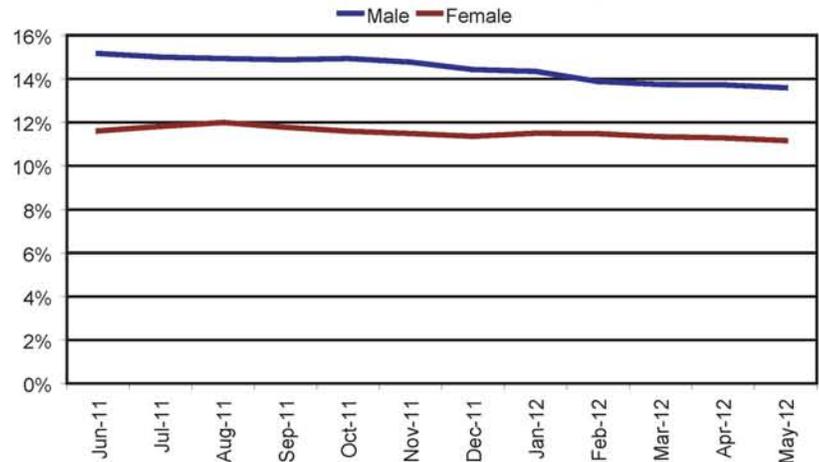


Trends at a Glance

Demographics of the Unemployed

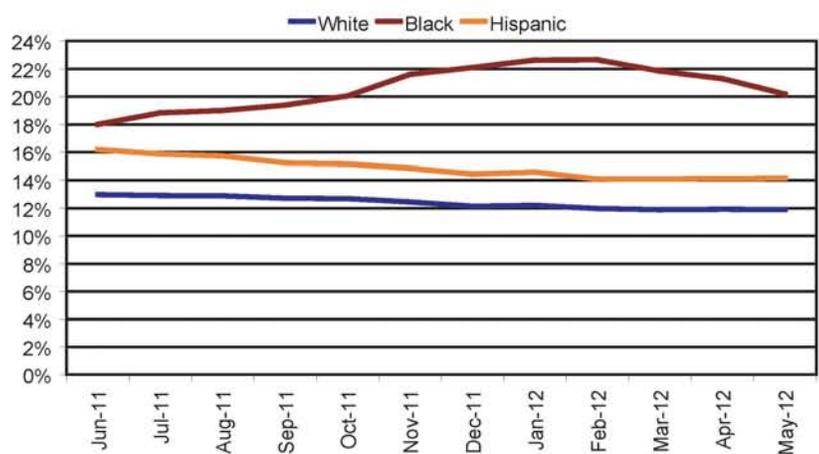
- The male unemployment rate decreased one-tenth to 13.6 percent in May.
- The female unemployment rate was down one-tenth to 11.2 percent.
- Traditionally male dominated industries, such as construction have lost the most jobs during the recession, while female dominated industries have fared better overall.

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



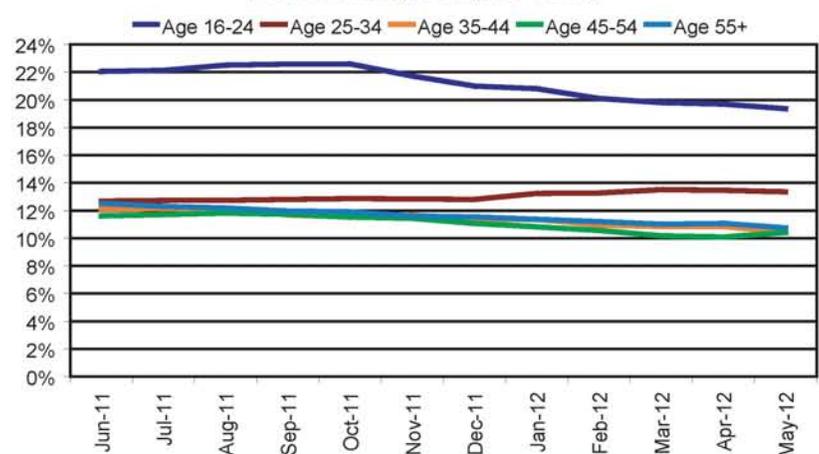
- The unemployment rate for Nevada's Hispanic labor force in May increased one-tenth of a percent to 14.2 percent.
- The rate for Nevada's unemployed Black labor force decreased one and one-tenth of a percent from April to 20.2 percent.
- The unemployment rate for Nevada's White labor force remained at 11.9 percent.

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



- At 19.4 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 one-tenth to 13.4 percent.
- The unemployment rate for Nevada's oldest workers is 10.7 percent, down four-tenths from April.

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

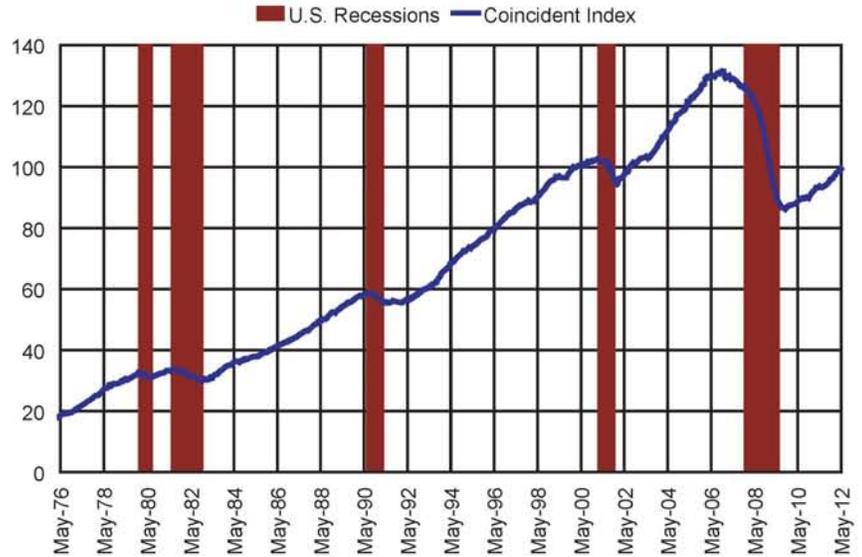


Trends at a Glance

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 May release of seasonally adjusted data conveys a 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.

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 increase of 0.5 percent in May. On a year over year basis, the components of the index experienced the following changes - initial claims for unemployment insurance, residential permits, and the short-duration unemployment rate moved in a positive direction, whereas the real Moody's Baa bond rate, construction employment, and commercial permits moved in a negative direction. The leading index began dropping after January 2012, taking significant drop in April. The May number recovers some of that lost ground.

CBER-DETR Nevada Leading Employment Index

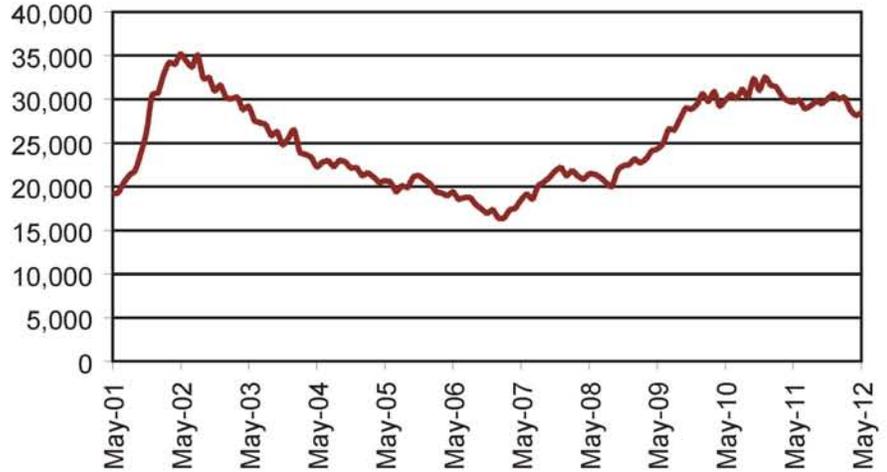


Trends at a Glance

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 May, 28,489 individuals were receiving assistance. Since May 2011, the level of assistance has decreased 4.0 percent or 1,197 less recipients.

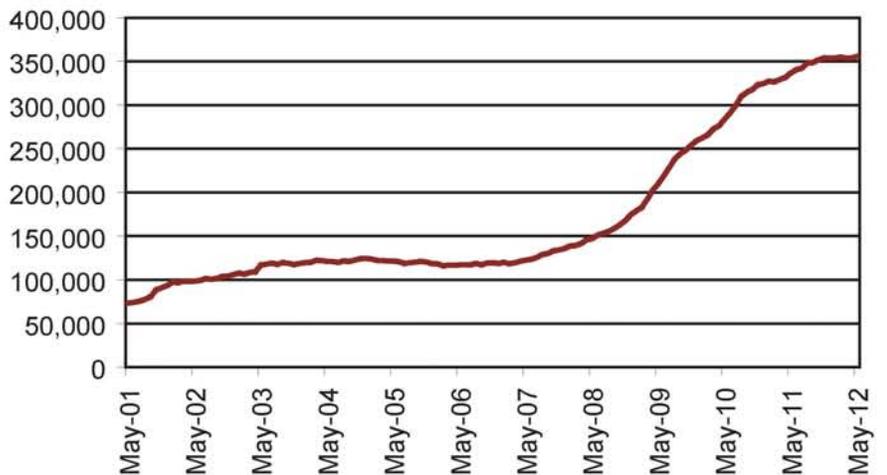
Temporary Assistance for Needy Families in Nevada, Number of Cash Recipients



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 May, 355,713 Nevadans participated in the program, setting a new all-time high. Over-the-year, the number of participants receiving assistance has increased 5.7 percent.

Supplemental Nutrition Assistance Program, Number of Participating Nevadans



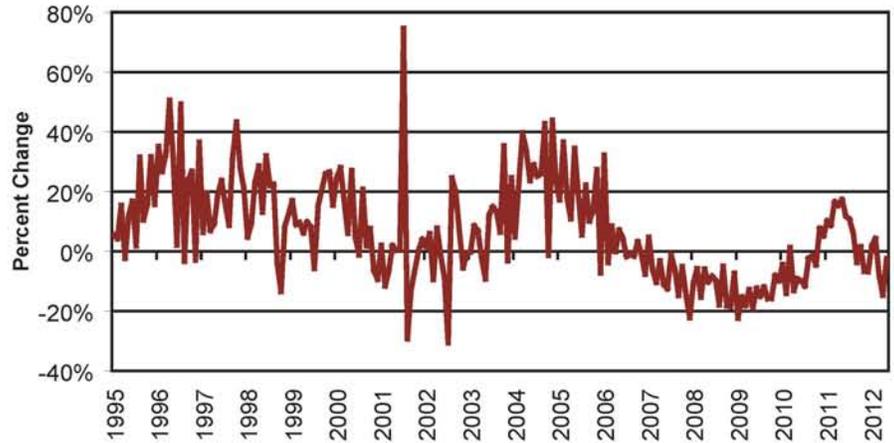
Source: Nevada Department of Health and Human Services

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 May, new business filings were down 2.4 percent over May 2011.

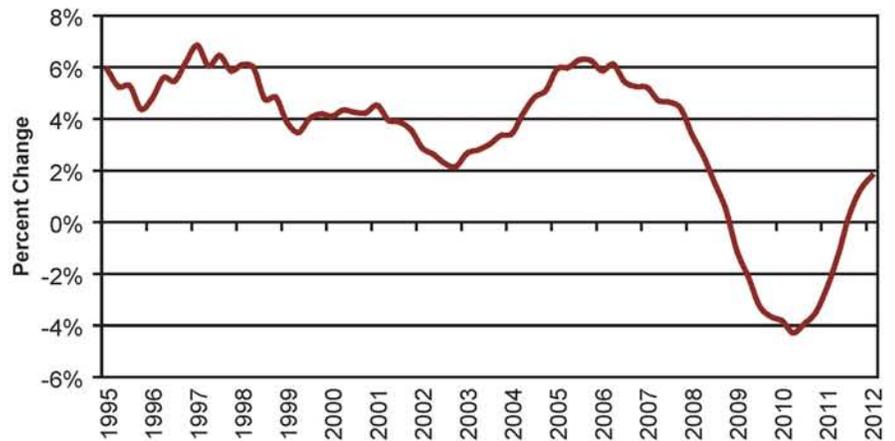
Business Entity Formations
(Year-Over-Year Percentage Change)



Source: Nevada Secretary of State

- The State unemployment insurance (UI) contribution operations report identifies the number of UI-liable employers processed each quarter.
- The total number of employers subject to UI taxes was 57,032 during the first quarter of 2012. The employer count increased 1,005 over the same period of the prior year, a 1.8 percent annual increase.

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



State of Nevada
Department of Employment, Training & Rehabilitation
Research & Analysis Bureau
500 E. Third Street
Carson City, NV 89713-0001

The Nevada Economy in Brief provides a wealth of Nevada workforce and economic information and is published monthly by the Nevada Department of Employment, Training and Rehabilitation / Research and Analysis Bureau. Material contained in this publication is produced in cooperation with the U.S. Department of Labor (the Bureau of Labor Statistics and the Employment and Training Administration) and may be reproduced without permission. Please credit the Nevada Department of Employment, Training and Rehabilitation. For additional workforce or other economic information, a free subscription to the Nevada Economy in Brief, or to change your e-mail address, please contact the Research and Analysis Bureau.

Phone: (775) 684-0450

Fax: (775) 684-0342

E-mail: detrlmi@nvdetr.org



Websites:

www.nevadaworkforce.com

www.nevadajobconnect.com

www.nvdetr.org

www.nvcis.intocareers.org



ECONOMY IN BRIEF



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

nevadaworkforce.com
twitter.com/nvlabormarket

