

ECONOMY IN BRIEF

June 2013



RESEARCH & ANALYSIS BUREAU

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

Economic Summary

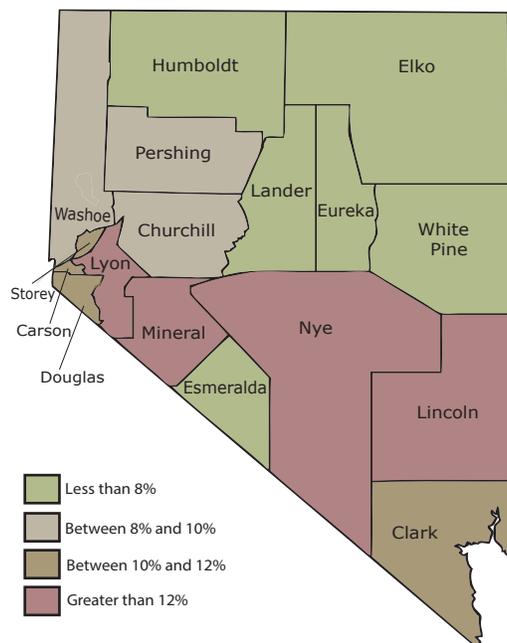
June's employment report shows an expansion of 3,700 (seasonally adjusted) in Nevada's job base. Based upon historical trends, we would have expected a loss of about 3,400 jobs (not seasonally adjusted) over the May-June period. This year, however, 300 jobs were actually added, resulting in the "adjusted" gain noted above.

At the same time, the State's unemployment rate remains stubbornly high. June's seasonally adjusted 9.6 percent reading is little changed from May's 9.5 percent, but does stand nearly two points below June 2012's 11.4 percent tally. The rate has held in a narrow range, 9.5 to 9.7 percent, throughout 2013.

The "discouraged worker" concept has been given much attention of late in Nevada. Discouraged workers refer to those individuals who want to work, but have given up their employment searches out of the belief that there are no suitable job options available. As a result, they are not included in official estimates of the labor force and are not counted amongst the unemployed. Over the past 12 months, the number of Nevadans estimated to make up the discouraged worker population has averaged 13,200. This compares to a total labor force well in excess of one million.

Due to seasonal fluctuations, unemployment rates in each of the State's three metropolitan areas typically increase in June. Carson City and Las Vegas both registered the highest jobless rate amongst the States' three metropolitan centers at 10.1 percent, up by 0.6 and 0.8 percentage points, respectively,

Unemployment Rate by County



since May. The Reno/Sparks metro area recorded a rate of 9.8 percent, up from May's 9.3 percent reading. The over-the-year declines have been at least 1.2 percentage points in all three metro areas. Elko's rate was six percent, up from 5.2 percent last month, and down from 6.2 percent in June of last year.

Back to the jobs picture, June gains, relative to May, occurred in mining (+200), construction (+2,500), trade/transportation/utilities (+1,000), education and health services (+100), and leisure and hospitality (+1,500). Losses occurred in financial activities (-300), professional and business services (-1,100), and other services (-200). Government and manufacturing were flat over the month.

Economic Indicators

UNEMPLOYMENT RATES	June 2013
NEVADA *	9.6%
LAS VEGAS-PARADISE MSA	10.1%
RENO-SPARKS MSA	9.8%
CARSON CITY MSA	10.1%
ELKO MICROPOLITAN AREA	6.0%
UNITED STATES *	7.6%
CALIFORNIA *	8.5%
* Seasonally Adjusted	
JOB GROWTH (Y-O-Y)*	
NEVADA*	2.0%
LAS VEGAS-PARADISE MSA	2.2%
RENO-SPARKS MSA	0%
CARSON CITY MSA	-1.1%
UNITED STATES*	1.7%
CALIFORNIA*	1.8%
* Seasonally Adjusted	
CONSUMER PRICE INDEX (Y-O-Y)	
UNITED STATES	1.8%
GAMING WIN (Y-O-Y)	
MAY 2012 - MAY 2013	
NEVADA	1.4%
CLARK COUNTY	0.9%
WASHOE COUNTY	7.5%
TAXABLE SALES (Y-O-Y)	
APR 2012 - APR 2013	
NEVADA	7.3%
CLARK COUNTY	3.7%
WASHOE COUNTY	8.7%

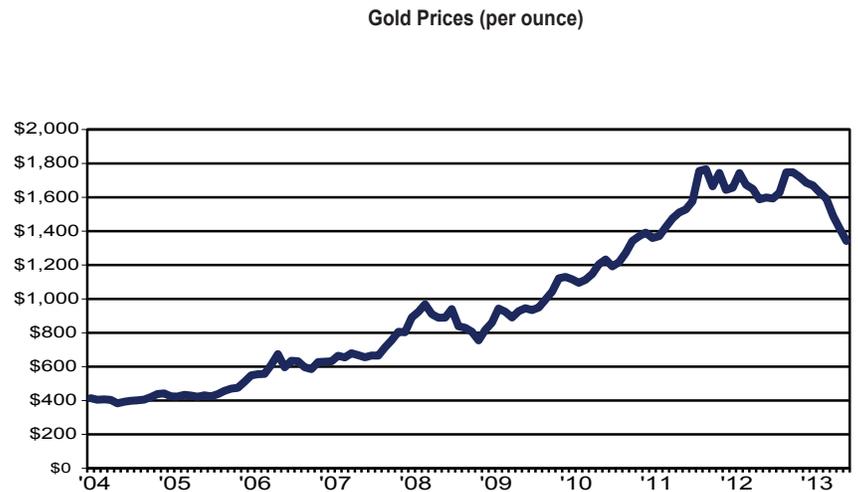
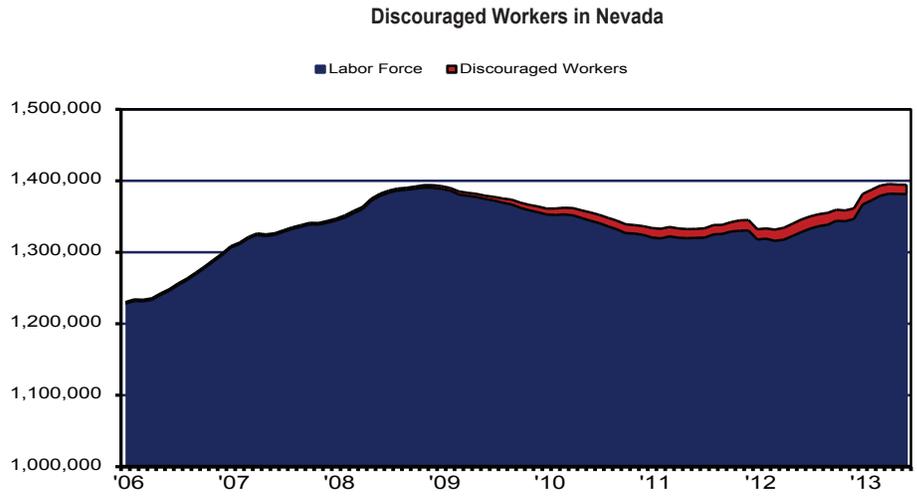
In the first quarter of 2013, gold prices dropped by 5.3 percent from \$1,723 to \$1,632 per ounce. Concurrently, mining exports (excluding oil and gas) fell by 48 percent from \$280 million to \$147 million, and primary metal exports fell by 21 percent from \$1.5 billion to \$1.2 billion. Gold price data for 2013:1Q show a further retreat in

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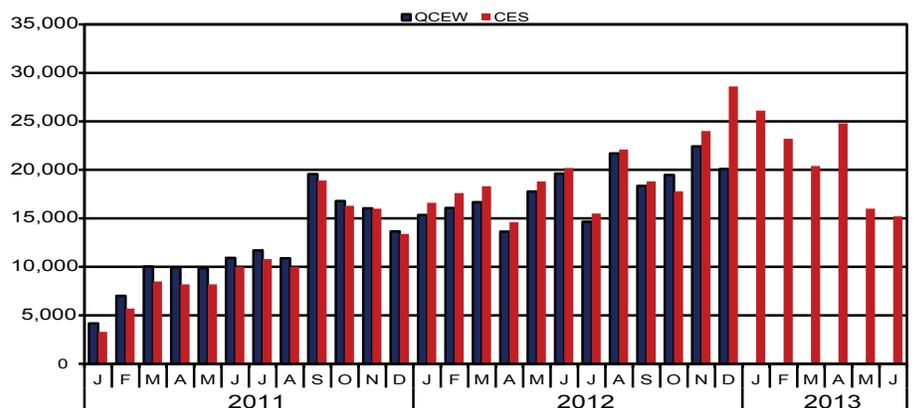
gold prices of 13.4 percent. Because mining and primary metals account for nearly 60 percent of Nevada’s exports, any price fluctuations in gold will surely impact total exports and mining employment. Mining employment still stands higher than last year’s levels, up by 1,100 over-the-year, but news from major mining companies is that employment cuts are looming.

Each month the Current Employment Statistics (CES) program surveys about 750 businesses and government agencies in Nevada, representing over 200,000 individual workers, in order to estimate timely changes in the State’s labor market. Employment estimates are adjusted annually by re-aligning job counts to tax reports submitted by employers subject to Nevada’s unemployment insurance laws. The re-alignment process is referred to as “benchmarking.” As the year progresses, the sample estimates usually deviate from actual employment levels, so quarterly tracking is required to gauge the accuracy of the CES estimates.

With the recent release of the 2012:IVQ Quarterly Census of Employment and Wages (QCEW) data, the sample performance can be verified though 2012. The CES and QCEW series should trend nearly identically to each other, with slight deviations due to differences in coverage, as was the case for most of 2012. In November and December, however, the CES sample pointed to noticeably stronger private-sector job growth than was actually occurring. An obvious deviation occurred in December, when the CES reported a year-over-year job growth of 28,600, while QCEW data show the increase was only 20,100, a difference of 8,500. The bottom line is that it appears that the CES sample overestimated employment in 2012:IVQ. We will continue to update these comparisons as additional information becomes available.



Assessing the Accuracy of Private Sector Job Estimates: Some Preliminary Findings (year-over-year growth in CES and QCEW job readings)



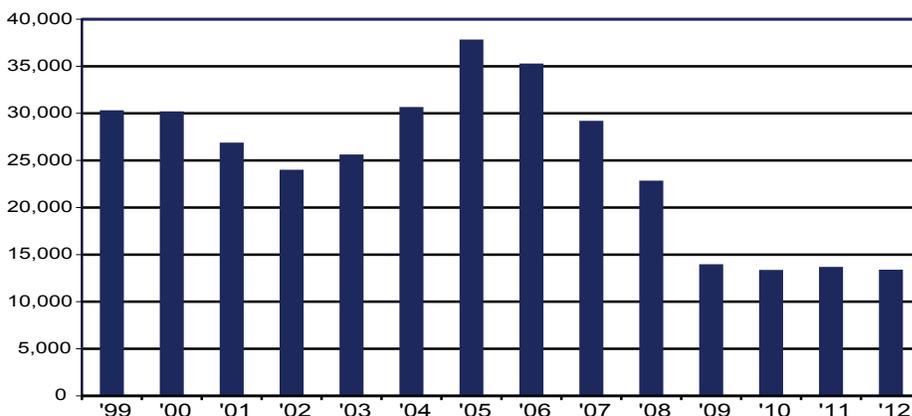
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As a follow-up to a theme from last month's Overview, we take a more detailed look at teen employment trends in Nevada. The July-September period is typically the peak quarter for teen new hires, based upon information from the Census Bureau's Local Employment Dynamics Program in partnership with each of the states. In fact, this was true in every year but two over the 1999-2012 period. On average, IIIQ teen new hires exceeded the average for the other three quarters of the year by approximately 5,000. Prior to the recession, new hires of 14-18 year olds peaked at 37,800 in 2005:IIIQ. Hiring activity tumbled during the recession and has held relatively steady in the 13,000-range in each of the past four years. Against the backdrop of modest improvement in the State's overall labor market, it is hoped that the situation for teens will follow suit as the summer months unfold.

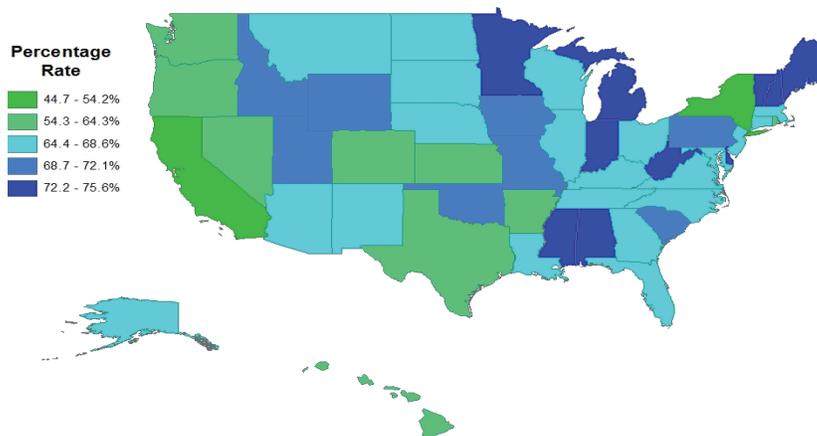
With the year half over, it is a good time to examine the recovery's progress at the statewide level and for the major metro areas. Job levels in Nevada have risen by 23,600 (2.1 percent) so far in 2013 with growth seen in all major sectors except professional and business services. The private sector added 20,900 (2.1 percent) and the government sector added 2,600 (1.7 percent) in the first half of the year compared to the first half of 2012. The leisure and hospitality sector added the most jobs, with payrolls growing by 7,400 (2.3 percent) and trade, transportation, and utilities posted an increase of 5,000 (2.3 percent). The education and health services sector was also a top performer, adding 3,200 (three percent) to payrolls. Within the professional and business services sector, which has declined by 1,100 (-0.8 percent), the professional, scientific and technical services industry drove the decline with a loss of 1,000 (-2.1 percent). All in all, the theme of a mild, but steady recovery persists.

June ends a 13-month year-over-year growth streak for the Reno/Sparks area as employment levels were flat. Jobs have increased by 2,200 from the cyclical

Nevada Teen "New Hires" (14-18 year olds; IIIQ)



Homeownership Rate by State: 2013:IQ



A Structural Analysis of Nevada's Economic Development Sectors

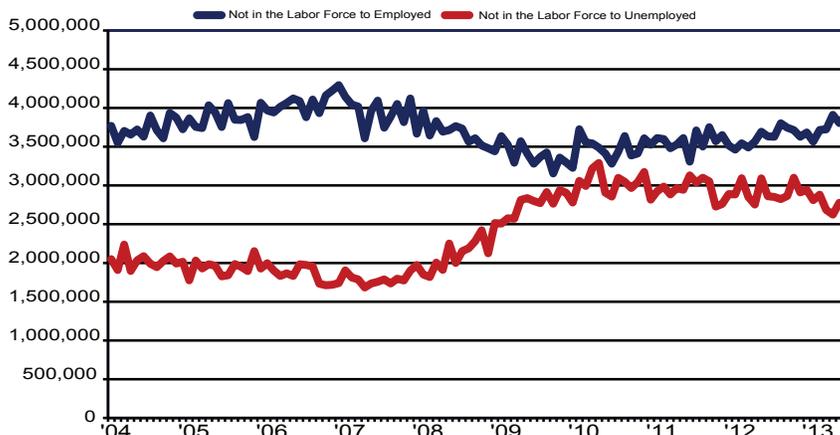
Location Quotients in Nevada's Economic Development Sectors: A Measure of Concentration					
Sector	Nevada		U.S.		Nevada Location Quotient
	Employment	Share of Total	Employment	Share of Total	
Aerospace/Defense	12,313	1.1%	2,186,837	1.6%	0.65
Agriculture	5,898	0.5%	2,543,608	1.9%	0.27
Business Information Technology Ecosystems	48,928	4.2%	9,060,468	6.8%	0.62
Clean Energy	22,440	1.9%	3,210,849	2.4%	0.81
Health/Medical Services	92,064	8.0%	16,396,713	12.3%	0.65
Logistics/Operations	65,266	5.7%	9,382,000	7.0%	0.80
Manufacturing	23,597	2.0%	7,657,577	5.7%	0.36
Mining	16,843	1.5%	820,028	0.6%	2.37
Tourism/Gaming/Entertainment	386,642	33.5%	17,433,184	13.1%	2.56

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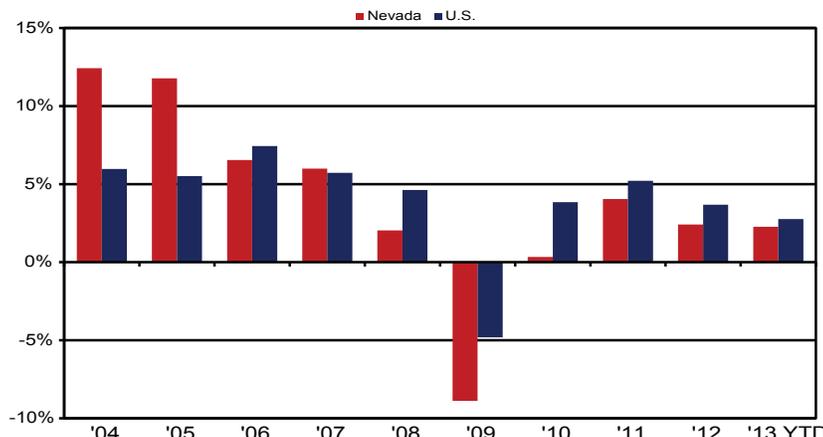
low point realized in 2011 at 189,100. This equates to an average gain of slightly more than 100 jobs per month. Construction jobs are returning to the area and stand 100 (1.2 percent) higher than last year on a year-to-date basis. With home prices accelerating at break-neck speeds (the Reno/Sparks Association of Realtors reports an increase of 30.6 percent compared to June of 2012), it is no wonder construction is rebounding. Professional and business services, however, seems to be facing downward pressure with a loss of 900 (-3.4 percent) jobs in the first half of 2013 compared to the same period in 2012. The accommodation and food services industry found stabilization in 2009 and hasn't much budged from those levels.

The Southern Nevada economic recovery continues at a growth rate of 2.3 percent (+18,800 jobs) over the first half of 2013 compared to the same period in 2012 with advances in all major sectors. Construction employment grew by 1,700 year-to-date, or 4.8 percent. For reference, construction employment in Las Vegas peaked at just fewer than 110,000 and now sits just under 40,000. Like the Reno/Sparks area, the Las Vegas area is also experiencing sharp increases in real estate – with existing home prices up by 32.8 percent from one year ago. As always, it is good to put these numbers into perspective. The Greater Las Vegas Association of Realtors states that the peak median price for an existing single-family home was set in June 2006 at \$315,000. Seven years down the road the median price in June was \$175,000. Also coming in strong on the jobs front is professional and business services, which grew by 3,300, or 3.1 percent. All in all, the goods producing industries are up by 1,900, or 3.5 percent, and the service producing industries increased by 16,800, or 2.2 percent. Even government employment is making headway in its recovery with the addition of 2,700 new jobs (2.8 percent). Las Vegas once again is leading the State in job growth.

The National Labor Market: Labor Force Flows



Nevada Personal Income Growth (year-over-year)



If the rapid ascension in home values continues, it may dampen homeownership opportunities. In the west, homeownership rates tend to be lower because the region is still recovering from the housing bust. Capitalizing on the influx of families moving into the state and from families moving from ownership to renters brought on by the housing bust, investors have been quick to purchase single-family homes. The share of Nevadans who own their homes was 56.9 percent in the first quarter, down from 58.2 percent a year earlier. Potential buyers face headwinds with tight credit, low inventory, and competition from investors. Utah and

Idaho seem to have escaped the brunt of the housing bust as evidenced by homeownership rates of 71.3 and 70.8 percent, respectively.

Nevada's sector-driven approach to economic development necessitates a structural assessment of the State's job base. One of the earliest steps taken involved an assessment of economic concentration (across sectors) in the State. Location quotient-driven analyses provide an oft-used tool to gauge the relative presence of various sectors in Nevada by looking at the share of total employment accounted for by

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individual sectors relative to the nation as a whole. For instance, the location quotients for the tourism/gaming/entertainment and mining sectors are, roughly, 2.5. Nevada's share of employment in these two sectors is more than double the national average for those same industry groups. On the other hand, the health/medical services sector has a location quotient of just 0.65, suggesting that the share of Nevada employment in this sector is just two-thirds of the national average. For other notable sectors, clean energy and logistics/operations, the location quotient is about 0.8.

In June, the national labor force grew to 155.8 million participants either working (144 million) or looking for work (11.8 million). An analysis of "flows" into and out of the labor force helps gauge the health of the US job market. For instance, historical evidence suggests that individuals will be drawn into the labor force as job prospects improve. This has been the case nationally of late. In fact, we are seeing more people enter the workforce and find employment. At the same time, we are also seeing a decline in the number of individuals entering the workforce and counted amongst the unemployed.

Specifically, in June, 2.7 million people previously classified as nonparticipants in the labor force decided to start looking for work and were counted as unemployed, while 3.9 million individuals entered the labor force and were employed. The transition between non-participation and the labor force is important to understanding the underlying dynamics of the aggregate unemployment rate.

The U.S. Bureau of Economic Analysis recently published 2013:1Q personal income estimates. In the first quarter of the year, Nevada personal income was up 2.3 percent from the same period in 2012. At the height of the recession, in 2009, income declined by nearly nine percent, and in the years since the recession it has rebounded. While the news is encourag-

ing, Nevada sits 0.5 percentage points below the national personal income growth rate of 2.8 percent, indicating that room for further improvement remains, but the gap does appear to be narrowing.

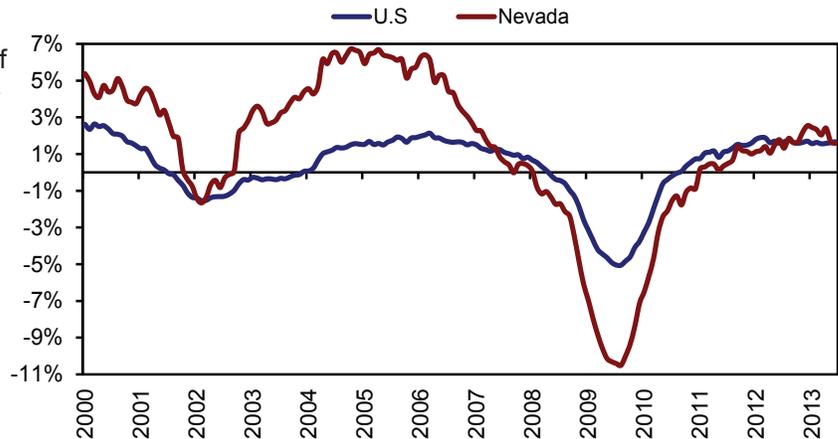
*Bill Anderson, Chief Economist
Leannndra Copeland, Supervising
Economist*

Trends at a Glance

Industrial Employment

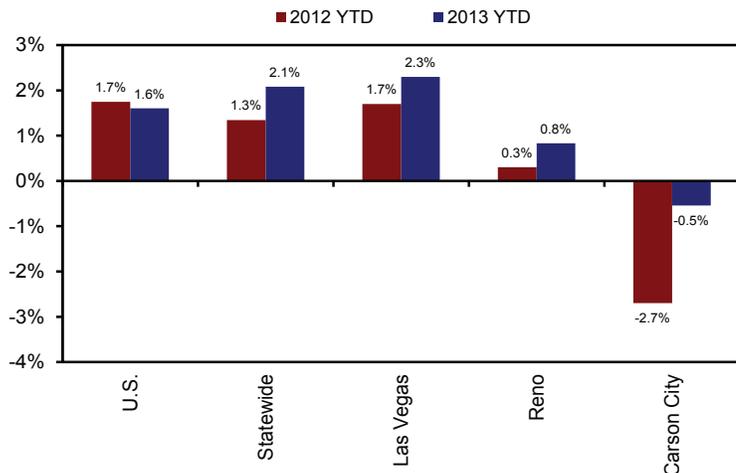
- Industrial employment in Nevada grew at a rate of 1.6 percent in June relative to a year prior, equating to a gain of 18,100 jobs.
- For the U.S., June job readings were up 1.7 percent relative to June 2012, equating to a gain of 2,249,000 jobs.

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



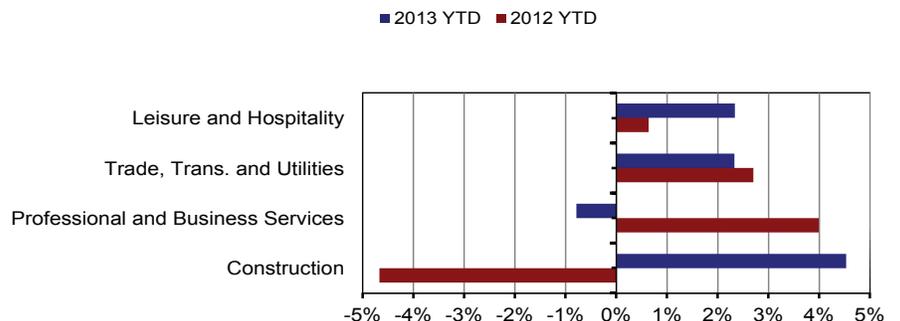
- The year-to-date annual rate of change in jobs remains better than a year ago throughout all regions of the State.
- The Las Vegas MSA's job count is 2.3 percent higher in June relative to the same period in 2012.
- In the Reno-Sparks MSA, YTD job readings have increased by 0.8 percent since 2012.
- In Carson City, employment fell 0.5 percent YTD, and is the only metro area to have fewer jobs now than the same period as last year.

Job Growth by Region
(YTD through June, Not Seasonally Adjusted)



- Jobs in the State's largest industry, leisure and hospitality, are up 2.3 percent YTD through June. A year earlier, YTD job readings were up 0.6 percent over the same time frame.
- Jobs in the trade, transportation, and utilities sectors are up 2.3 percent YTD relative to the same time frame in 2012.
- The professional and business services sector decreased 0.8 percent YTD through June 2013 from a year earlier.
- Jobs in construction increased over the past year equating to a 4.5 percent YTD increase.

Job Growth by Industry
(YTD through June, Not Seasonally Adjusted)

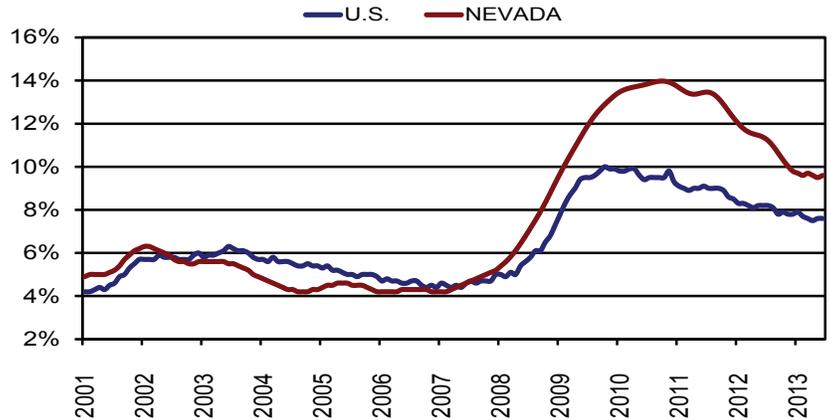


Trends at a Glance

Unemployment

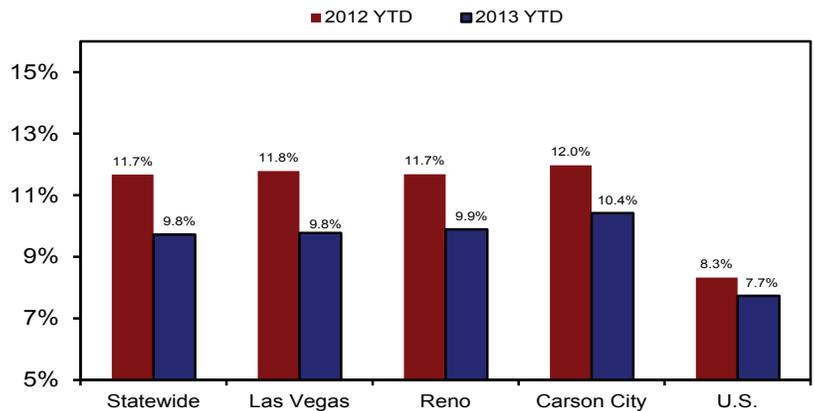
- June's seasonally adjusted unemployment rate in Nevada increased by 0.1 percentage point from last month to 9.6 percent.
- Nationally, the unemployment rate was unchanged from May to June at 7.6 percent.
- Nevada has the highest unemployment rate in the nation, exceeding the national average by 2.0 percentage points.

**Unemployment Rates
U.S. vs Nevada
(Seasonally Adjusted)**



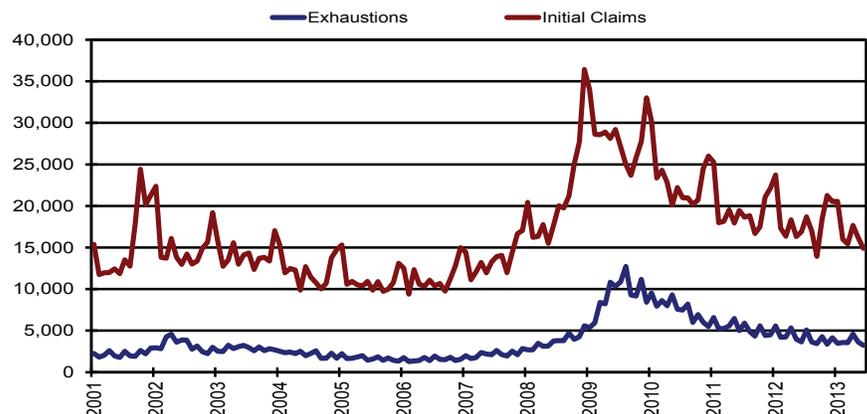
- At 9.8 percent, the statewide unadjusted unemployment rate decreased 1.9 percentage points YTD from 2012 to 2013.
- The Las Vegas-Paradise MSA recorded an unemployment rate of 9.8 percent YTD through June, a 2.0 point decrease over-the-year.
- The Reno-Sparks MSA's jobless rate was 9.9 percent YTD through June. This equates to a decrease of 1.8 percentage points compared to the same period last year.
- The jobless rate in Carson City was 10.4 percent YTD through June, down 1.6 percentage points over the first six months of 2012.

**Unemployment Rate by Region
(YTD through June, Not Seasonally Adjusted)**



- In June 14,910 initial claims were filed in Nevada, compared to 16,896 in June 2012, a 11.8 percent decrease over the year.
- Final payments, signifying an exhaustion of regular State benefits, decreased by 406 over the month with 3,221 exhaustees recorded in June. Over-the-year, final payments were down 11.9 percent.

**Nevada Unemployment Insurance: Initial Claims and Exhaustions
(final payments)**

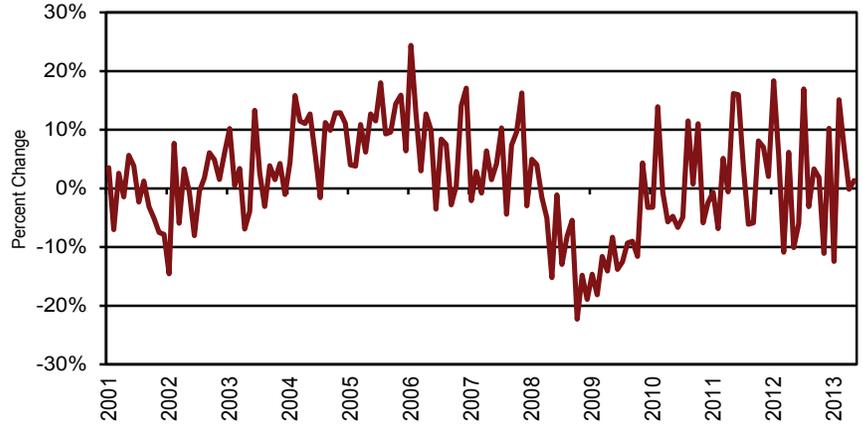


Trends at a Glance

Economic Indicators

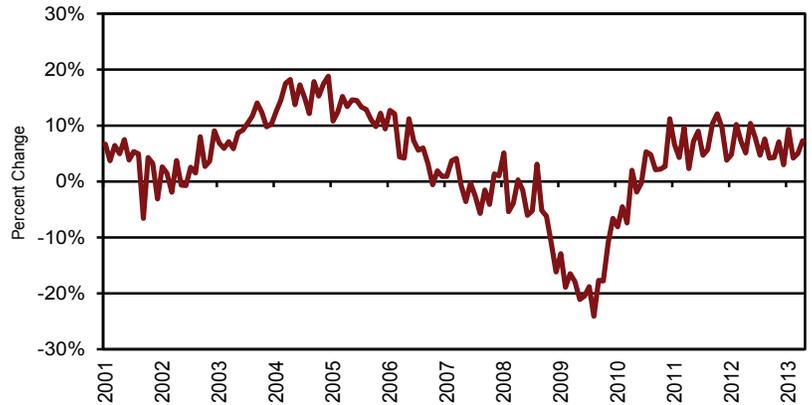
- Nevada's non-restricted gaming licensees reported a 1.4 percent increase in gaming win compared to May 2012.
- For the fiscal year-to-date, gaming win has increased 2.4 percent compared to the same period in 2012.

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



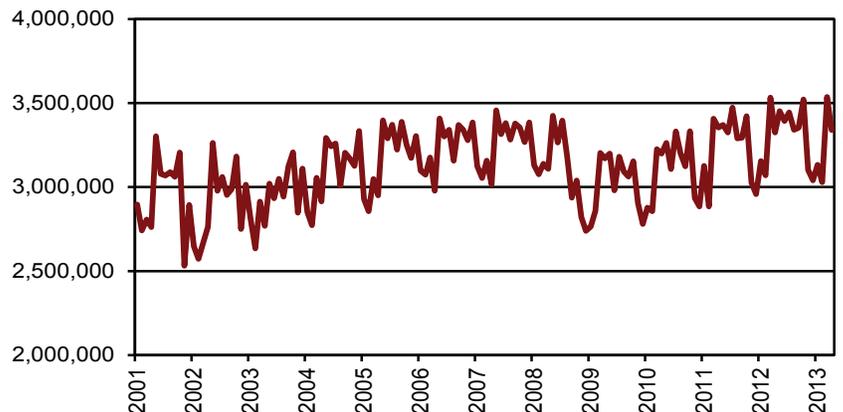
- In April, taxable sales increased 7.3 percent over April 2012 with collections totaling \$3,787,429,435.
- For the fiscal year-to-date, taxable sales are up 5.6 percent compared to the same period in 2012.

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



- Las Vegas visitor volume increased 5,085 in May relative to a year prior, a 0.1 percent increase.
- Year-to-date, visitor volume is down 0.2 percent in 2013 compared to a year earlier.

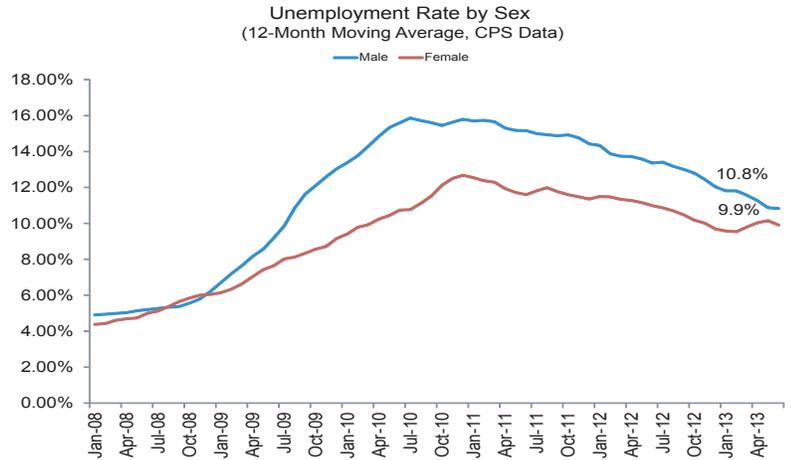
Las Vegas Monthly Visitor Volume



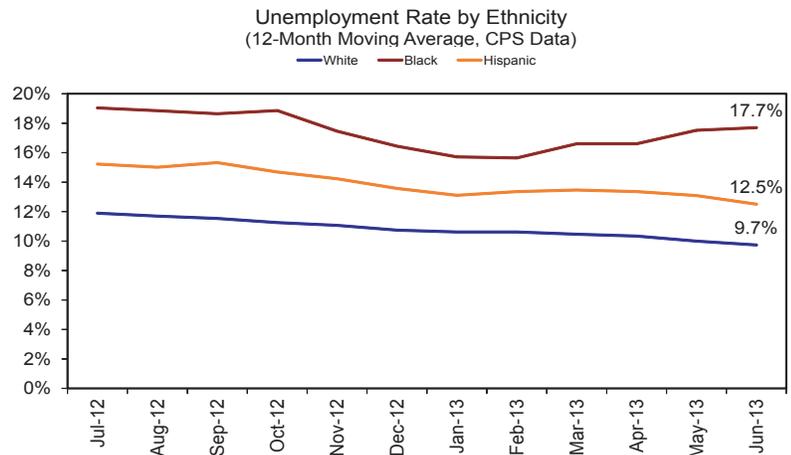
Trends at a Glance

Demographics of the Unemployed

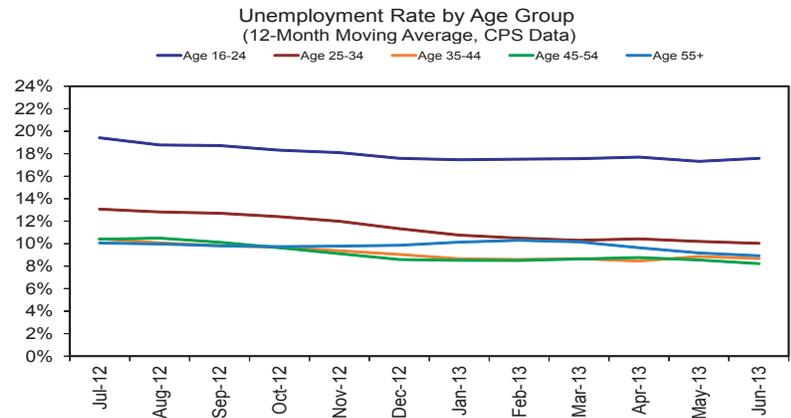
- The unemployment rate for men in Nevada was 10.8 percent in June, down 0.1 percentage point from last month.
- Similarly, the female unemployment rate decreased to 9.9 percent from 10.1 percent.
- This is the smallest unemployment rate gap between genders since early 2009.



- The unemployment rate for Nevada’s Hispanic labor force decreased by 0.6 percentage point to 12.5 percent from May to June.
- The rate for Nevada’s unemployed black labor force increased by 0.2 to 17.7 percent.
- The unemployment rate for Nevada’s white labor force decreased by 0.3 percentage point to 9.7 percent.



- Nevada’s youngest workers, age 16-24 experienced the highest unemployment rate of any age group in the state, coming in at 17.6 percent in June.
- The unemployment rate for workers age 25-34 was 10.0 percent and is down by 0.2 since last month.
- The lowest unemployment rate for any age group in Nevada goes to the 45-54 year olds. For June this group had an unemployment rate of 8.2 percent.

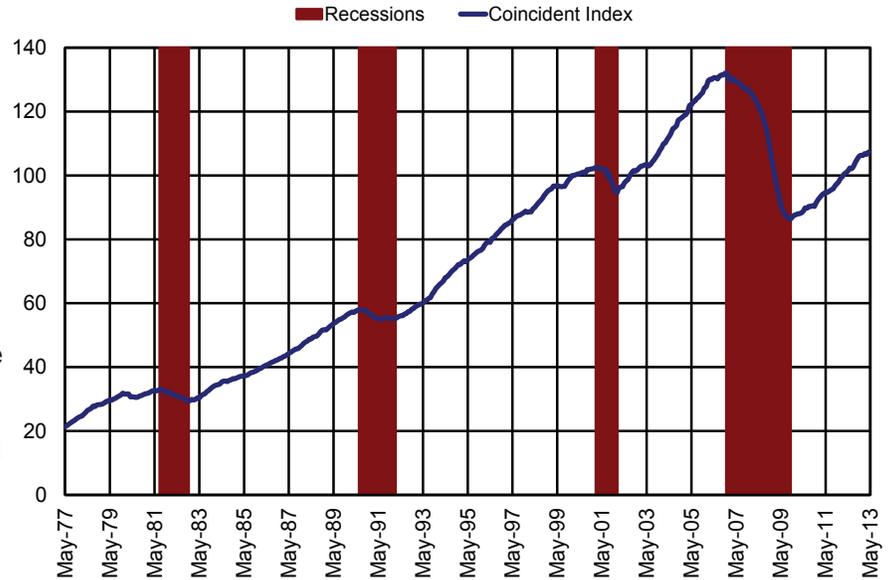


Trends at a Glance

CBER-DETR Nevada Coincident and Leading Employment Indices

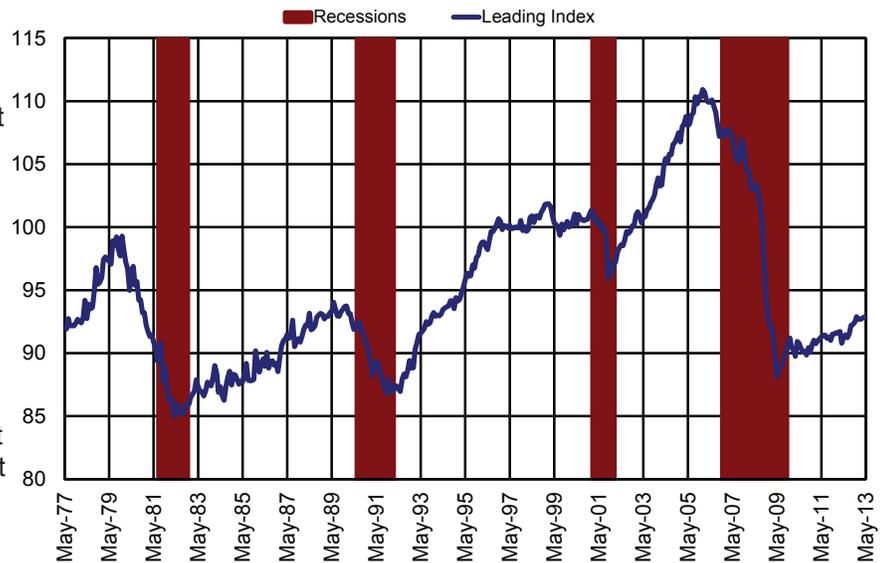
- The Nevada Coincident Employment Index measures the ups and downs of the Nevada economy using an index of employment variables. The peak of the last employment cycle in Nevada occurred in December 2006. The coincident index then regressed steadily through October 2009, where the coincident index reached a bottom.
- The May release of data conveys a consistent, positive story for the coincident index. On a year-over-year basis, the unemployment rate (inverted), household employment, nonfarm employment, and the insured unemployment rate (inverted) all moved in a positive direction.
- On a monthly basis, the coincident index tells a mixed story. Household employment, the insured unemployment rate (inverted) and the unemployment rate (inverted) all moved in a positive direction while nonfarm employment moved in a negative direction.

CBER-DETR Nevada Coincident Employment Index



- The Nevada Leading Employment Index provides a signal about the future direction of the coincident index. For example, for Nevada's most recent employment recession, the leading index provided a clear signal by peaking in January 2006, eleven months before the coincident index reached its peak, and reached a bottom in May 2009, five months before the coincident index reached its bottom.
- The leading index continues to tell a mixed story on a year-over-year basis. Commercial permits, housing permits, the short-duration unemployment rate (inverted), and initial claims for unemployment insurance (inverted) moved in a positive direction whereas construction employment and the real Moody's Baa bond rate (inverted) 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, reducing out-of-wedlock pregnancies and encouraging 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 June, 27,645 individuals were receiving assistance. Since June of last year, the level of assistance decreased by 1.5 percent, or 421 fewer recipients.

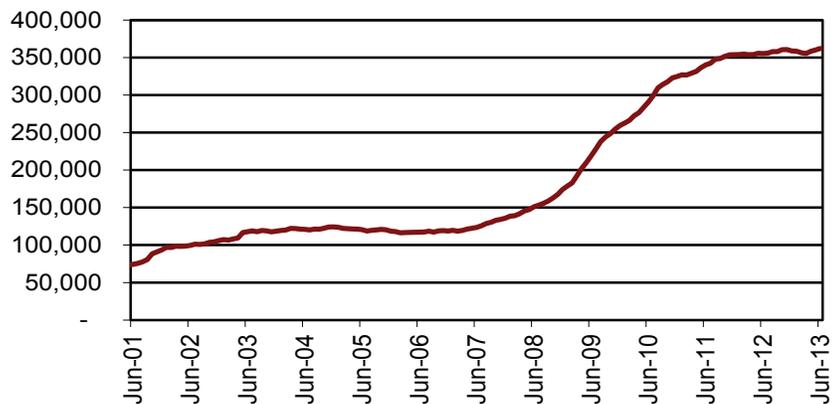
Temporary Assistance for Needy Families in Nevada, Number of Cash Recipients



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.
- In June, 362,203 Nevadans participated in the program. Over-the-year, the number of participants receiving assistance had an increase of 1.9 percent, or 6,854 more recipients.

Supplemental Nutrition Assistance Program, Number of Participating Nevadans



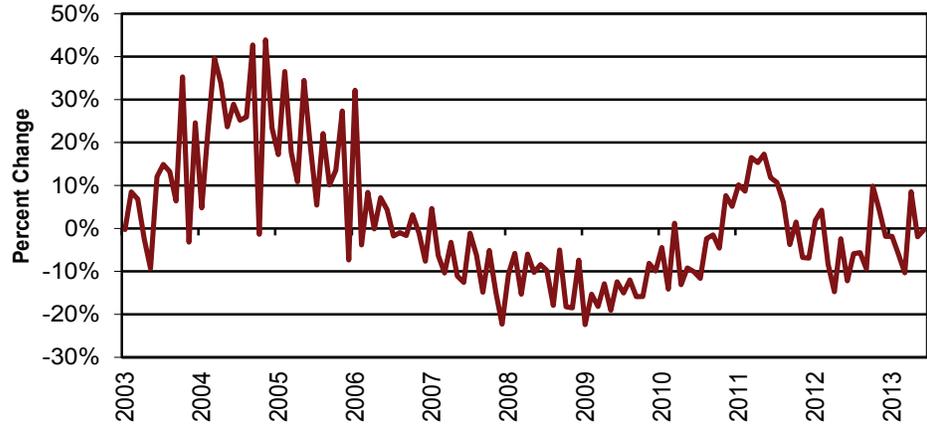
Source: Nevada Department of Health and Human Services

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 June, new business filings were down 0.3 percent over June 2012. Year-to-date the formation of new businesses are up 11.9 percent compared to the same period last year.

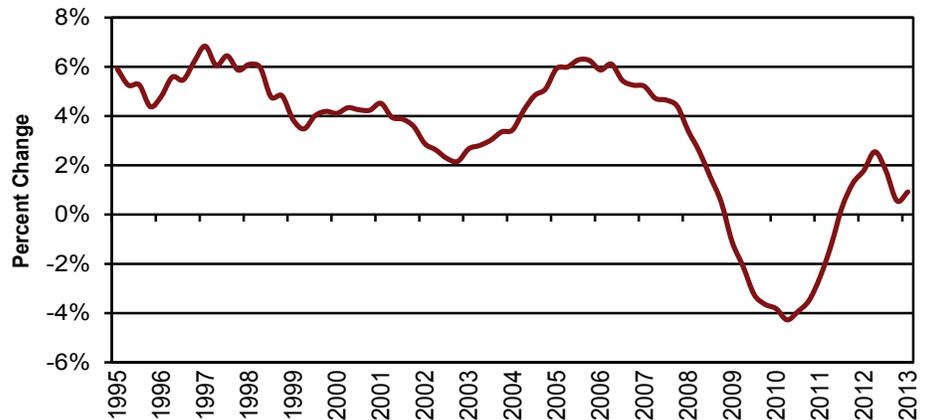
Business Entity Formations
(Year-Over-Year Percentage Change)



Source: Nevada Secretary of State

- The State unemployment insurance (UI) contribution operations report identifies the number of UI-liable employers processed each quarter.
- During the first quarter of 2013 there were 57,557 employers subject to UI taxes. Compared to the same quarter in 2012, there are 525 more employers in the program, a 0.9 percent increase.

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



Macroeconomic Fundamentals

The U.S. economy is four years into the recovery but many of the barometers we use to measure its health still have not returned to the pre-recession levels. The U.S. economy is improving at a moderate pace despite the headwinds created by the tax hikes, sequester, and slow global economic growth.

The U.S. labor market is slowly improving as well and, although, through the first half of 2013 overall employment is increasing, the total nonfarm payroll employment stands at 135.9 million jobs in June, an estimated 2.2 million jobs in the hole from the peak employment reached in January 2008. In the second quarter, the U.S. economy added an average of 196,300 jobs, slightly below the first quarter gain of 207,300 jobs. The unemployment rate has moved little this year. In June, the unemployment rate is at 7.6 percent, but down from 8.2 percent a year earlier. While the overall job growth has been sufficient to keep up with the population growth, the employment-population ratio has only increased by one-fifth of a percentage point since the unemployment rate peaked at 10 percent in October 2009.

John Maynard Keynes used the term “animal spirits” to describe the instincts that guide human behavior, for one, explaining what drives consumer confidence. Following the logic, consider consumer sentiment or confidence as a proxy to measure the “animal spirit” influence on the real economy. When “animal spirits” are low, consumers do not want to spend and once consumer confidence grows, they are likely to spend more. Consumer confidence is an important indicator of near-term economic growth because consumer spending accounts for about two-thirds of U.S. economic activity. In June, the Consumer Confidence Index jumped to 81.4, its highest level in over five years. Similarly, the

Consumer Sentiment Index reached a level last seen six years ago, standing at 83.9 in July. Rising home prices and improving labor market are bolstering the consumers’ view of the economy. Consumers are gaining confidence in the economy, but they are still cautious; thus, consumer spending has been slow to recover as many do not expect their incomes to rise anytime soon. Furthermore, consumer confidence and sentiment remain well below their prerecession levels.

Modest job growth, consumer confidence gains, rising home prices, and improved household balance sheets are facilitating pent-up demand. The income growth needed to boost spending sustainably has been slow moving as a result of the sluggish labor market. On a year-ago basis, personal income is growing faster than spending. In May, income and consumption were up 3.3 and 2.9 percent, respectively. When adjusted for inflation, real disposable income growth is barely over one percent, limiting spending growth. Real spending growth is near two percent. The savings rate was at 3.2 percent in May.

The Job Opening and Labor Turnover Survey (JOLTS) is useful in understanding worker perceptions of the labor market and the economy. The quits rate is the quits level as a percent of total nonfarm employment and tends to move procyclically. Higher quits rates happen during economic expansions when workers perceive that they can leave their current jobs to find better matches for their skills elsewhere. A lower quits rate indicates workers are reluctant to quit their jobs for other opportunities in the labor market. The quits rate has barely moved from the recession lows. For the past three months, the quits rate has been stuck at 1.6 percent. People are still hesitant to quit their jobs, a sign they still need to regain more confidence in the

economy.

Real GDP growth has been on a modest growth path and is consistent with a gradually improving labor market. Although the output gap has narrowed in the last four years of recovery, the first quarter real GDP is still 5.8 percent below our economy’s potential. The U.S. economy grew at an annual rate of 1.8 percent in the first quarter of 2013. The annual growth rate of real GDP was 2.2 percent for 2012. Tax increases that took effect in January and the automatic government spending cuts that began March 1st remain a drag on the economy.

The June report on industrial production was positive. The industrial product index, which reached its peak at 100.8 at the end of 2007 before taking a nose dive in the economic downturn, stands at 99.1 in June, near prerecession levels. However, when looking at industrial production growth on a year-ago basis, the trend is in decline due to manufacturing weakness reflecting weak growth abroad and the sequester.

The collapse of the housing market brought a sharp drop in new residential construction. Housing starts have recovered from their low of 478,000 in April 2009 and have been gradually trending upward, reaching levels last seen about five years ago. Yet, the numbers are far from prerecession levels. In June, housing starts fell to 836,000 from 928,000 seasonally adjusted annualized units in May, mostly blamed on the weather. Starts are up 10.4 percent over-the-year. June housing permits fell to 911,000 seasonally adjusted annualized units, but are up 16.1 percent from a year ago.

There are signs that the housing sector is rebounding. It has taken years to work off the excesses of the boom to clear the existing inventory. Low hous

Macroeconomic Fundamentals

ing inventory is good news for jobs. After dragging through years of property value declines and foreclosures, the housing sector is now gaining traction as exceptionally low interest rates have made homes more affordable. Home prices have started to rise in many regions, driven by affordability, investor demand and low supply. The Federal Housing Finance Agency released May's Purchase-Only Price Index, showing U.S. house prices rose 0.7 percent on a seasonally adjusted basis. Over the year, home prices are up by 7.3 percent. Similarly, home sales are trending up. Nonetheless, some regional headwinds to a housing recovery exist due to tight lending standards and foreclosure flare-ups that have been delayed either by the court processes or legislation. Distressed inventory will need to be worked off and stronger job and income growth are required for sustainable strength in the housing market.

Higher gasoline and food prices were the main driver behind the 0.5 percent increase in the Consumer Price Index (CPI) in June. A stout rise in inflation comes after several months of subdued readings. For several months, the price inflation on a year-ago basis have risen at the slowest pace in the last five decades. A moderate amount of inflation, at around two percent, is considered good as it "greases the wheels" of the economy. On a year-ago basis, the CPI is up 1.8 percent in June. A measure of inflation based on consumption, the Personal Consumption Expenditure (PCE) Index, increased one percent on a year-ago basis in May. Excluding volatile food and energy prices, the core CPI is up 1.6 percent in June over last year and core PCE is up 1.1 percent in May from a year ago.

The Federal Reserve has signaled it will begin to taper its bond-buying program by the years' end, with an end

to non-conventional monetary policy accommodation in mid-2014. The Fed has indicated that it will anchor short-term interest rates close to zero through next year or possibly further depending on incoming data, suggesting the policy will remain easy and pro-growth.

The anticipation of a scale-back in the Fed's bond buying program is mostly behind the rising Treasury bond yields affecting the long end of the yield curve. Bond yields fell modestly after the Fed Chairman Ben Bernanke sought to dampen investors' expectations when testifying to Congress in mid-July. If bond yields climb higher, housing affordability will become more strenuous if the mortgage rates keep running up. With yields increasing in the U.S., a strengthening U.S. dollar can hurt exports unless there is a viable improvement in the global economy.

The global economic outlook continues to be subpar. Slower output growth in Latin America and the Asia-Pacific region is a reflection of reduced global demand. The Eurozone is still in recession, but the region is showing modest improvements. Economic growth in China has lost momentum as it struggles with credit restraints and reduced exports. Economic growth is improving at a modest pace in the U.S. and Japan.

Susanna Powers, Economist

Employment and Labor Force Summary

Las Vegas-Paradise

Employment By Industry

(Estimates in Thousands)

	Jun13	Jun12	May13	Nominal Change			% Change		
				Annual	Monthly	YTD	Annual	Monthly	YTD
				Jun12- Jun13	Jun 13- May13	2013- 2012	Jun12- Jun13	Jun 13- May13	2013- 2012
Total Nonfarm Employment	843.5	825.7	845.1	17.8	-1.6	18.8	2.2%	-0.2%	2.3%
Goods Producing Industries	59.2	57.6	57.6	1.6	1.6	1.9	2.8%	2.8%	3.5%
Natural Resources and Mining	0.3	0.3	0.3	0.0	0.0	0.0	0.0%	0.0%	0.0%
Construction	38.5	36.9	37.1	1.6	1.4	1.7	4.3%	3.8%	4.8%
Manufacturing	20.4	20.4	20.2	0.0	0.2	0.2	0.0%	1.0%	1.1%
Service Producing Industries	784.3	768.1	787.5	16.2	-3.2	16.8	2.1%	-0.4%	2.2%
Trade, Transportation & Utilities	156.3	153.4	156.7	2.9	-0.4	3.5	1.9%	-0.3%	2.3%
Wholesale	20.5	20.2	20.5	0.3	0.0	0.3	1.5%	0.0%	1.7%
Retail	99.1	96.8	99.8	2.3	-0.7	3.1	2.4%	-0.7%	3.2%
Trans, Warehousing and Utilities	36.7	36.4	36.4	0.3	0.3	0.0	0.8%	0.8%	0.1%
Information	9.2	9.5	9.2	-0.3	0.0	0.0	-3.2%	0.0%	0.4%
Financial Activities	41.3	41.9	42.0	-0.6	-0.7	1.1	-1.4%	-1.7%	2.8%
Finance and Insurance	22.8	23.2	23.3	-0.4	-0.5	0.4	-1.7%	-2.1%	1.9%
Professional & Business Services	110.6	106.5	111.6	4.1	-1.0	3.3	3.8%	-0.9%	3.1%
Education & Health Services	77.1	74.7	77.3	2.4	-0.2	1.1	3.2%	-0.3%	1.5%
Health Care and Social Assistance	68.9	67.7	69.2	1.2	-0.3	1.0	1.8%	-0.4%	1.5%
Leisure & Hospitality	270.2	266.3	267.4	3.9	2.8	4.6	1.5%	1.0%	1.8%
Casino Hotels	153.3	155.2	153.2	-1.9	0.1	-0.2	-1.2%	0.1%	-0.1%
Food Services and Drinking Places	87.3	80.8	84.7	6.5	2.6	4.7	8.0%	3.1%	6.0%
Other Services	24.7	24.4	24.5	0.3	0.2	0.5	1.2%	0.8%	2.0%
Government	94.9	91.4	98.8	3.5	-3.9	2.7	3.8%	-3.9%	2.8%

Labor Force and Unemployment

(Estimates in Thousands)

	Jun13	Jun12	May13	Nominal Change			% Change		
				Annual	Monthly	YTD	Annual	Monthly	YTD
				Jun12- Jun13	Jun 13- May13	2013-2012	Jun12- Jun13	Jun 13- May13	2013-2012
Total Labor Force	994.8	992.0	993.5	2.8	1.3	-3.9	0.3%	0.1%	-0.4%
Unemployment	100.1	116.6	92.5	-16.5	7.6	-19.0	-14.1%	8.3%	-16.2%
Unemployment Rate	10.1%	11.8%	9.3%	**	**	**	**	**	**
Total Employment	894.7	875.4	901.0	19.3	-6.4	15.1	2.2%	-0.7%	1.7%

Size Class of Industries - Fourth Quarter 2012 (Non-Government Worksites)

Size Class	Employees Per Worksite	Employment in Size Class	Number of Worksites	% of Total Employment
01	0-4	40,566	29,067	5.5%
02	5-9	52,899	7,913	7.2%
03	10-19	79,452	5,828	10.8%
04	20-49	108,658	3,667	14.8%
05	50-99	90,337	1,325	12.3%
06	100-249	103,411	711	14.1%
07	250-499	56,129	160	7.7%
08	500-999	54,066	78	7.4%
09	1000+	147,578	59	20.1%
	Total	733,096	48,808	

Largest Private Employers Fourth Quarter 2012

Employer	Employees	Industry
WYNN LAS VEGAS	7500 to 7999	Casino Hotels
MGM GRAND HOTEL/CASINO	7500 to 7999	Casino Hotels
BELLAGIO LLC	7500 to 7999	Casino Hotels
ARIA RESORT & CASINO LLC	7000 to 7499	Casino Hotels
MANDALAY BAY RESORT AND CASINO	6000 to 6499	Casino Hotels
CAESARS PALACE	5500 to 5999	Casino Hotels
THE VENETIAN CASINO RESORT	4000 to 4499	Casino Hotels
MIRAGE CASINO-HOTEL, THE	4000 to 4499	Casino Hotels
THE PALAZZO CASINO RESORT	3500 to 3999	Casino Hotels
THE COSMOPOLITAN OF LAS VEGAS	3500 to 3999	Casino Hotels
SOUTHWEST AIRLINES CO	3000 to 3499	Scheduled Pas
FLAMINGO LAS VEGAS OPERATING C	3000 to 3499	Casino Hotels
ENCORE LAS VEGAS	3000 to 3499	Casino Hotels

Avg Wages By Industry - QCEW Data Fourth Quarter

Industry	Avg. Weekly Wage
Total, All Industries	\$867
Natural Resources and Mining	\$1,077
Construction	\$1,068
Manufacturing	\$1,073
Trade, Transportation and Information	\$745
Financial Activities	\$1,132
Professional and Business Services	\$1,050
Education and Health Services	\$1,165
Leisure and Hospitality	\$978
Other Services	\$637
Public Administration	\$615
Unclassified	\$1,301
	\$1,454

Employment and Labor Force Summary

Reno-Sparks

Employment By Industry

(Estimates in Thousands)

	Jun13	Jun12	May13	Nominal Change			% Change		
				Annual	Monthly	YTD	Annual	Monthly	YTD
				Jun12- Jun13	Jun 13- May13	2013- 2012	Jun12- Jun13	Jun 13- May13	2013- 2012
Total Nonfarm Employment	191.9	191.9	190.9	0.0	1.0	1.6	0.0%	0.5%	0.8%
Goods Producing Industries	20.5	21.3	19.8	-0.8	0.7	0.1	-3.8%	3.5%	0.2%
Natural Resources and Mining	0.3	0.3	0.2	0.0	0.1	-0.1	0.0%	50.0%	-27.8%
Construction	8.8	9.5	8.3	-0.7	0.5	0.1	-7.4%	6.0%	1.2%
Manufacturing	11.4	11.5	11.3	-0.1	0.1	0.0	-0.9%	0.9%	0.3%
Service Producing Industries	171.4	170.6	171.1	0.8	0.3	1.5	0.5%	0.2%	0.9%
Trade, Transportation & Utilities	42.3	42.4	41.5	-0.1	0.8	0.0	-0.2%	1.9%	-0.1%
Wholesale	8.6	8.8	8.5	-0.2	0.1	-0.1	-2.3%	1.2%	-1.5%
Retail	20.7	20.8	20.3	-0.1	0.4	-0.1	-0.5%	2.0%	-0.4%
Trans, Warehousing and Utilities	13.0	12.8	12.7	0.2	0.3	0.2	1.6%	2.4%	1.4%
Information	2.0	2.0	2.0	0.0	0.0	0.0	0.0%	0.0%	-1.6%
Financial Activities	9.0	9.0	9.0	0.0	0.0	0.1	0.0%	0.0%	1.3%
Finance and Insurance	5.5	5.5	5.5	0.0	0.0	0.0	0.0%	0.0%	-0.3%
Professional & Business Services	24.8	26.0	24.8	-1.2	0.0	-0.9	-4.6%	0.0%	-3.4%
Education & Health Services	22.0	22.0	22.0	0.0	0.0	0.0	0.0%	0.0%	-0.1%
Leisure & Hospitality	35.7	34.4	35.5	1.3	0.2	1.4	3.8%	0.6%	4.1%
Casino Hotels	14.6	14.8	14.4	-0.2	0.2	-0.3	-1.4%	1.4%	-1.9%
Food Services and Drinking Places	13.6	13.1	13.6	0.5	0.0	0.5	3.8%	0.0%	3.8%
Other Services	6.2	6.3	6.1	-0.1	0.1	0.0	-1.6%	1.6%	-0.5%
Government	29.4	28.5	30.2	0.9	-0.8	1.0	3.2%	-2.6%	3.5%

Labor Force and Unemployment

(Estimates in Thousands)

	Jun13	Jun12	May13	Nominal Change			% Change		
				Annual	Monthly	YTD	Annual	Monthly	YTD
				Jun12- Jun13	Jun 13- May13	2013-2012	Jun12- Jun13	Jun 13- May13	2013-2012
Total Labor Force	221.7	225.7	220.3	-4.0	1.3	-2.2	-1.8%	0.6%	-1.0%
Unemployment	21.8	25.5	20.4	-3.7	1.4	-3.5	-14.6%	6.7%	-13.3%
Unemployment Rate	9.8%	11.3%	9.3%	**	**	**	**	**	**
Total Employment	199.9	200.2	199.9	-0.3	0.0	1.3	-0.2%	0.0%	0.7%

Size Class of Industries - Fourth Quarter 2012 (Non-Government Worksites)

Size Class	Employees Per Worksite	Employment in Size Class	Number of Worksites	% of Total Employment
01	0-4	12,017	7,969	7.5%
02	5-9	15,328	2,312	9.6%
03	10-19	22,224	1,639	13.9%
04	20-49	30,418	1,028	19.0%
05	50-99	19,463	292	12.2%
06	100-249	23,394	162	14.6%
07	250-499	14,755	41	9.2%
08	500-999	3,250	5	2.0%
09	1000+	19,173	12	12.0%
	Total	160,022	13,460	

Largest Private Employers Fourth Quarter 2012

Employer	Employees	Industry
RENOWN REGIONAL MEDICAL CENTER	2500 to 2999	General Medical
PEPPERMILL HOTEL CASINO - RENO	2000 to 2499	Casino Hotels
IGT	2000 to 2499	All Other Misc
SILVER LEGACY RESORT CASINO	1500 to 1999	Casino Hotels
ATLANTIS CASINO RESORT	1500 to 1999	Casino Hotels
UNITED PARCEL SERVICE	1000 to 1499	Couriers
SPARKS NUGGET INC.	1000 to 1499	Casino Hotels
SAINT MARYS	1000 to 1499	General Medical
INTEGRITY STAFFING SOLUTIONS	1000 to 1499	Temporary Help
GRAND SIERRA RESORT AND CASINO	1000 to 1499	Casino Hotels
ELDORADO HOTEL & CASINO	1000 to 1499	Casino Hotels
CIRCUS CIRCUS CASINOSINC-RENO	1000 to 1499	Casino Hotels

Avg Wages By Industry - QCEW Data Fourth Quarter 2012

Industry	Avg. Weekly Wage
Total, All Industries	\$886
Natural Resources and Mining	\$1,310
Construction	\$1,023
Manufacturing	\$1,158
Trade, Transportation and Utilities	\$760
Information	\$1,139
Financial Activities	\$1,197
Professional and Business Services	\$1,197
Education and Health Services	\$991
Leisure and Hospitality	\$420
Other Services	\$734
Public Administration	\$1,137
Unclassified	\$1,295

Employment and Labor Force Summary

Carson City

Employment By Industry

(Estimates in Thousands)

	Jun13	Jun12	May13	Nominal Change			% Change		
				Annual	Monthly	YTD	Annual	Monthly	YTD
				Jun12- Jun13	Jun 13- May13	2013- 2012	Jun12- Jun13	Jun 13- May13	2013- 2012
Total Nonfarm Employment	27.8	28.1	27.7	-0.3	0.1	-0.2	-1.1%	0.4%	-0.5%
Goods Producing Industries	3.5	3.5	3.4	0.0	0.1	0.0	0.0%	2.9%	0.0%
Manufacturing	2.6	2.7	2.6	-0.1	0.0	0.0	-3.7%	0.0%	-1.3%
Service Producing Industries	24.3	24.6	24.3	-0.3	0.0	-0.2	-1.2%	0.0%	-0.6%
Trade, Transportation & Utilities	3.8	3.7	3.7	0.1	0.1	0.1	2.7%	2.7%	2.3%
Retail	2.9	2.9	2.9	0.0	0.0	0.1	0.0%	0.0%	2.4%
Professional & Business Services	2.1	2.2	2.1	-0.1	0.0	-0.1	-4.5%	0.0%	-4.7%
Leisure & Hospitality	3.5	3.3	3.5	0.2	0.0	0.2	6.1%	0.0%	5.6%
Government	9.7	9.4	9.7	0.3	0.0	0.2	3.2%	0.0%	2.3%

Labor Force and Unemployment

(Estimates in Thousands)

	Jun13	Jun12	May13	Nominal Change			% Change		
				Annual	Monthly	YTD	Annual	Monthly	YTD
				Jun12- Jun13	Jun 13- May13	2013-2012	Jun12- Jun13	Jun 13- May13	2013-2012
Total Labor Force	27.4	28.2	27.2	-0.8	0.2	-0.8	-2.9%	0.8%	-2.9%
Unemployment	2.8	3.2	2.6	-0.4	0.2	-0.4	-13.1%	6.9%	-12.1%
Unemployment Rate	10.1%	11.3%	9.5%	**	**	**	**	**	**
Total Employment	24.7	25.1	24.6	-0.4	0.0	-0.4	-1.6%	0.2%	-1.6%

Size Class of Industries - Fourth Quarter 2012 (Non-Government Worksites)

Size Class	Employees Per Worksite	Employment In Size Class	Number of Worksites	% of Total Employment
01	0-4	1,818	1,180	10.1%
02	5-9	2,293	348	12.7%
03	10-19	2,977	215	16.5%
04	20-49	3,655	124	20.3%
05	50-99	3,018	42	16.7%
06	100-249	2,321	15	12.9%
07	250-499	930	3	5.2%
08	500-999	0	0	0.0%
09	1000+	1,035	1	5.7%
	Total	18,047	1,928	

Largest Private Employers - Fourth Quarter 2012

Avg Wages By Industry - QCEW Data Fourth Quarter 2012

Employer	Employees	Industry	Industry	Avg. Weekly Wage
CARSON TAHOE HOSPITAL	1000 to 1499	General Medical and Surgical Hospitals	Total, All Industries	\$874
CLICK BOND INC	200 to 299	Bolts, Nuts, Screws, Rivets, and Washers	Natural Resources and Mining	\$802
PCC STRUCTURALS CARSON CITY	200 to 299	Steel Investment Foundries	Construction	\$753
GOLD DUST WEST CARSON CITY	200 to 299	Casino Hotels	Manufacturing	\$1,086
CARSON CITY NUGGET	200 to 299	Casinos (except Casino Hotels)	Trade, Transportation and Utilities	\$744
COSTCO WHOLESALE CORP	200 to 299	Warehouse Clubs and Supercenters	Information	\$1,058
CHROMALLOY NEVADA	200 to 299	Aircraft Engine and Engine Parts	Financial Activities	\$906
CASINO FANDANGO	300 to 399	Casinos (except Casino Hotels)	Professional and Business Services	\$978
WAL-MART SUPERCENTER	300 to 399	Warehouse Clubs and Supercenters	Education and Health Services	\$993
SLOTWORLD INC	90 to 99	Casinos (except Casino Hotels)	Leisure and Hospitality	\$383
CARSON CITY TOYOTA SCION	90 to 99	New Car Dealers	Other Services	\$653
COMPLETE MILLWORK SERVICES INC	90 to 99	Other Millwork (including Flooring)	Public Administration	\$984
			Unclassified	\$1,416

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