

Economy In Brief

May 2014



A Monthly Review of Workforce & Economic Information by the Research & Analysis Bureau-

Economic Summary

Nevada's labor market continued on its path towards recovery in May. Job readings continued to expand. Preliminary estimates so far this year suggest that job levels are trending in excess of 40,000 higher than a year ago. The State's job base is growing at a pace more than double the national average. Initial claims for unemployment insurance fell 23 percent in May from a year ago and have declined in 51 of the past 54 months. The jobless rate fell below eight percent for the first time in close to eight years. After peaking at over 194,400 at the height of the recession in October 2010, the number of unemployed in Nevada has declined by over 84,400.

Still, despite a number of positive signs, the State's jobless rate remains amongst the highest in the nation. Also, wage trends leave something to be desired. Although increasing in nominal terms, inflation is eroding purchasing power.

Nevada payrolls increased 2,400 over the month from April to May (seasonally adjusted); the 10th consecutive monthly gain, going back to August 2013. This constitutes a gain of 45,800 jobs relative to the same period in 2013; which is the 41st consecutive month of year-over-year (YOY) gains recorded in the Silver State. This is the largest single YOY gain since September of 2006.

All told, Nevada is home to a seasonally adjusted 1,215,000 jobs

as of May, which is the highest employment level reading since December of 2008. Nevada was expected to grow by 5,900 jobs in May (not seasonally adjusted). However, actual growth totaled 8,300 jobs, which resulted in the 2,400 seasonally adjusted jobs cited above.

The job growth figures typically reported in our Overview represent the net effect of thousands of individual labor market "transactions." In any given quarter, in excess of 100,000 jobs may be gained and/or lost in Nevada. The Bureau of Labor Statistics' Business Employment Dynamics (BED) series offers insight into these transactions and allows us to examine gross job gains and losses from a variety of different perspectives, albeit on a lagged basis, and provides insight into labor market "churn."

For instance, in 2013:IIIQ, there were 61,300 gross job gains in Nevada's labor market. At the same time, there were 58,000 gross job losses, for a net gain of close to 3,400 jobs. This month, we take a detailed look at labor market churn related solely to business establishment openings and closings. During last year's third quarter, 10,100 jobs were added as a result of new business openings. On the flip side, business closings resulted in the loss of 8,400 jobs. The net result was a net gain of more than 1,600 jobs due solely to business openings/closings. As an aside, new

Economic Indicators

UNEMPLOYMENT RATES MAY 2014

Nevada*	7.9%
Las Vegas MSA	7.9%
Reno-Sparks MSA	7.4%
Carson City MSA	8.0%
Elko Micropolitan Area	5.1%
United States*	6.3%
California*	7.8%

JOB GROWTH (YOY)*

Nevada*	3.9%
Las Vegas MSA	3.1%
Reno-Sparks MSA	3.5%
Carson City MSA	0.4%
United States*	1.6%
California*	2.3%

CONSUMER PRICE INDEX (YOY)

United States	2.1%
---------------	------

GAMING WIN (YOY) APRIL 2014

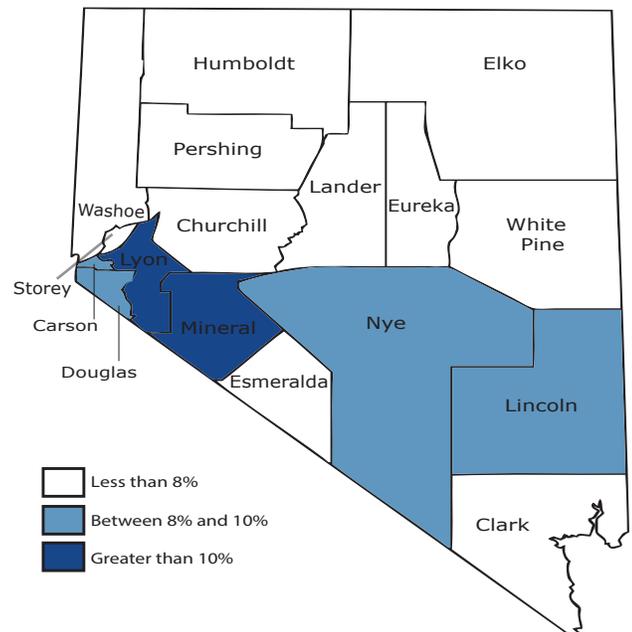
Nevada	-0.3%
Clark County	.09%
Washoe County	-2.2%

TAXABLE SALES (YOY) MAR 2013

Nevada	7.9%
Clark County	12.1%
Washoe County	11.4%

* Seasonally Adjusted

Unemployment Rate by County



Economic Summary

jobs due to openings have exceeded job losses from closings for eight consecutive quarters.

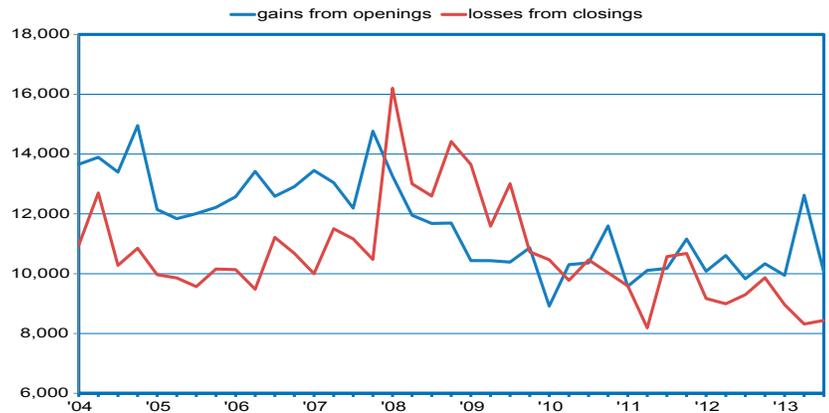
The Governor's Office of Economic Development recently reported that nearly 4,800 jobs were created as a result of State economic development efforts in 2013. Recent BED trends, as they relate to gross job gains attributable to new openings, certainly are consistent with these results.

On a related note, the number of employers in Nevada is on the rise. In fact, at 59,300 in this year's first quarter, the number of employers participating in the State's Unemployment Insurance Program, stands 3.1 percent higher than a year ago. This represents the most pronounced advance since the first quarter of 2008. All told, gains have been recorded in each of the past 11 quarters.

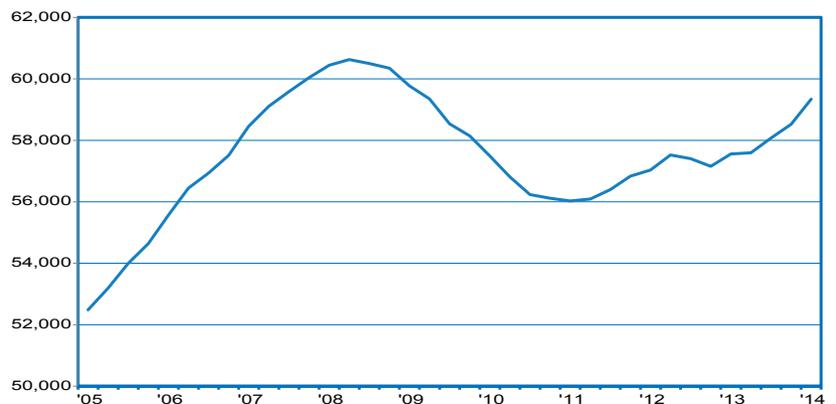
The latest available data shows that Nevada's average weekly wages for the fourth quarter of 2013 increased to \$885, up 0.9 percent relative to 2012:IVQ. Over this same period, inflation has grown at 1.2 percent, indicating that Nevadans are relatively less well off, in real terms, than in the last quarter of 2012. When we consider 2013 as a whole, relative to 2012, we see that wages have grown by 1.1 percent, to \$849. However, inflation has grown at a rate of 1.5 percent over the year, indicating that Nevada's average weekly wages are not keeping up with inflation.

Nevada's seasonally adjusted unemployment rate ticked down again in May to 7.9 percent, from eight percent in April. This is the lowest reading since September of 2008. Nevada continues to experience a higher unemployment rate than the nation, which stands 1.6 percentage points lower than Nevada, at 6.3 percent. However, the gap between Nevada's rate and that of the US is the smallest it has been since August of 2008. Further, the number of unemployed persons in the Silver State

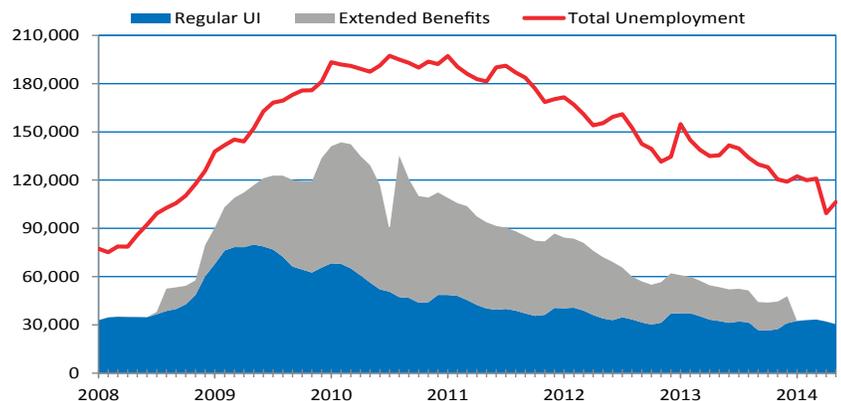
Business Empl. Dynamics: Gross Job Gains vs. Gross Losses in New & Closing Establishments(SA)



Number of NV Employers is on the Rise Number of Nevada Employers



UI Benefits Unemployment Ins. Recipients vs. Total Unemployment



Economic Summary

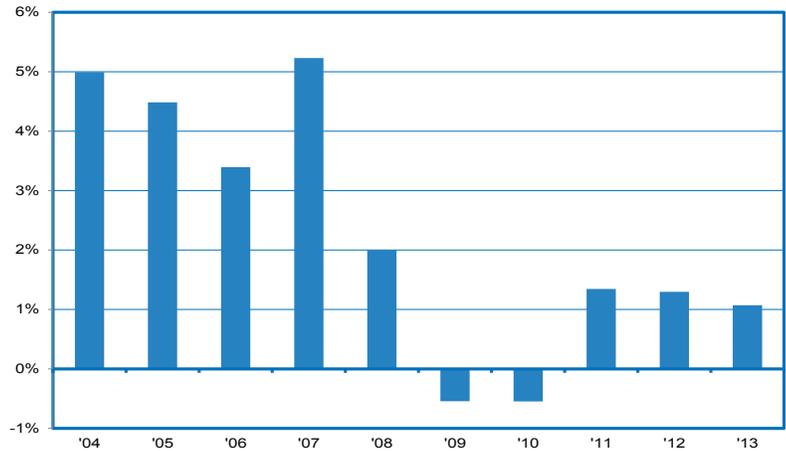
is down by nearly 19,000, to 108,000, relative to May of 2013, a decline of 14.7 percent.

When looking at the estimate of the number of people unemployed in the State, reported above, it is important to note that it is not synonymous with those individuals receiving unemployment insurance benefits. The methodology used to estimate the number of unemployed in the State attempts to identify the population of individuals without a job, but currently (and actively) searching for work. It is useful to compare this estimate to the number of Nevadans actually receiving unemployment benefits. In comparing these series through the Great Recession until the present, one clear trend is the significant gap between the total number of people receiving unemployment benefits and the total number of unemployed people in the State. This is because not everyone who is unemployed is eligible for unemployment benefits; for example, new entrants to the workforce who are looking for work are not eligible for unemployment benefits, but could be considered unemployed.

One significant factor affecting the number of people receiving unemployment benefits is the end of federally paid extended benefits under the EUC program as of the end of 2013. The expiration of this program affected approximately 17,000 people at the time the program ended, and dropped the share of unemployed persons who received unemployment benefits from 40 percent to 29 percent in May, slightly below the January-March national average of 30 percent.

There has been considerable public debate in Nevada revolving around such issues as education, economic development, and workforce initiatives. There have been numerous catalysts for the increased emphasis on these issues, but, for our purposes, one stands out. As we move up the educational attainment ladder, unemployment rates tend to decline. For instance, in 2013, the unemployment rate for those Nevadans with at least a Bachelor's degree was 4.8 percent.

NV Avg. Weekly Wage Growth: Year-Over-Year



NV Unemployment Rates by Educational Attainment: 2013

Educational Attainment	Unemployment Rate
Less than a high school diploma	12.6%
High school graduates, no college	10.9%
Some college or associate degree	7.9%
Bachelor's degree and higher	4.8%

State Unemployment Rates vs. Housing Prices



Economic Summary

For those with less than a high school diploma, the jobless rate was 12.6 percent.

This month, we examine the correlation between state unemployment rates and the impacts of the housing market “bust.” Evidence suggests that there is a noticeable negative correlation between state unemployment rates and the magnitude of the impact of the housing market bust on prices (as measured by the ratio of FHFA home prices in 2013 relative to 2007). For instance, Nevada had the second highest unemployment rate in the nation, at eight percent, in April. At the same time, at just 0.55, the ratio of 2013:2007 housing prices was the lowest in the nation. North Dakota, on the other hand, had the lowest unemployment rate in the nation during April, 2.6 percent; while also holding the highest housing price ratio in the U.S., at 1.28.

The construction industry experienced the highest job growth rate of any super-sector this month, growing by 12.5 percent, an increase of 7,000 jobs relative to May 2013. At a seasonally adjusted 63,200, this is the highest employment reading for the construction sector since January of 2010. Leisure and Hospitality added 13,100 jobs relative to May 2013, a growth rate of 4.1 percent, Professional and Business Services added 9,300 jobs YOY, up 6.2 percent, and Trade, Transportation, and Utilities added 8,300 jobs, or 3.8 percent growth.

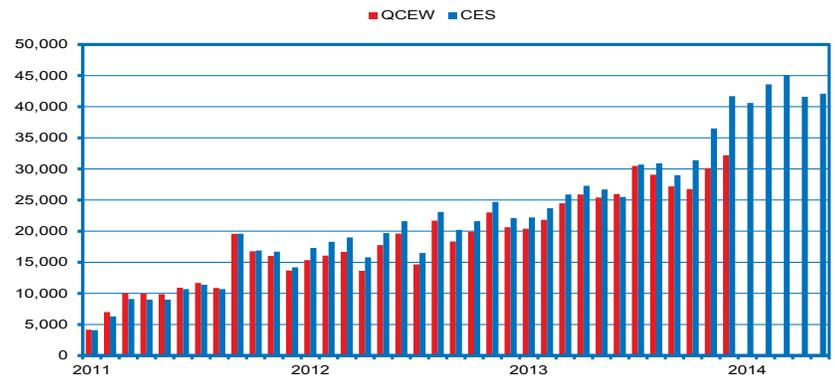
All of Nevada’s metropolitan statistical areas experienced growth in May relative to a year ago. The Las Vegas metro, the largest in Nevada, added 25,900 jobs relative to May of 2013, a growth rate of 3.1 percent. Reno recorded the highest YOY growth rate this month at 3.6 percent, adding 7,100 jobs to non-farm payrolls. Finally, Carson City added 200 jobs bringing its growth rate to 0.7 percent on an annualized basis.

The non-seasonally adjusted unemployment rate for each of Nevada’s metro

areas declined noticeably relative to a year ago.¹ The Las Vegas MSA fell 2.1 points to 7.9 percent from last May. Similarly, Carson City had a reduction of 2.1 points to a rate of eight percent. The Reno/Sparks metro area saw a slightly larger drop of 2.3 points, ending up at 7.4 percent in May.

The three metro areas have seen steady declines in unemployment since their peak in 2010. At the height of the recession, the Las Vegas MSA had a May unemployment rate of 13.7 percent, resulting in an improvement of 5.8 percentage points. The Reno/Sparks MSA saw a similar decline (5.5 points) over the period. The unemployment rate for the State’s capital was 12.6 percent in May 2010 and has declined 4.6 points since.

QCEW vs. CES Year-over-Year Job Growth (Private)



The Bureau of Economic Analysis has released Gross Domestic Product data for the first quarter of 2014. Overall, the national economy is continuing to grow modestly, despite the one percent tick down that was recorded in the first quarter. This is likely related to the unseasonably cold weather of this past winter. The improvements in Nevada’s economy are consistent with the national trends, and we can expect continued, measured growth.

Bill Anderson, Chief Economist

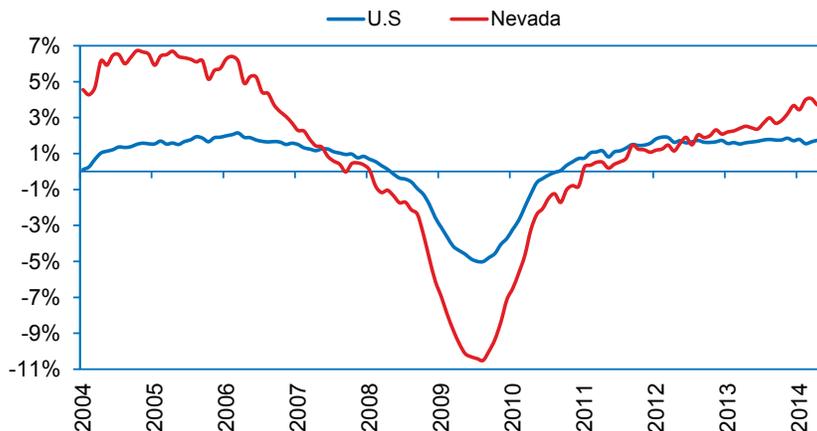
¹ Unemployment rates for the State’s metropolitan areas and counties reported here are not adjusted for seasonality. Hence, comparisons to the State’s seasonally adjusted rate should be avoided. Legitimate comparisons, however, can be made to the State’s unadjusted rate – 7.7 percent in May, up from 7.3 percent in April and down from 9.8 percent in May 2013.

Trends at a Glance

Industrial Employment

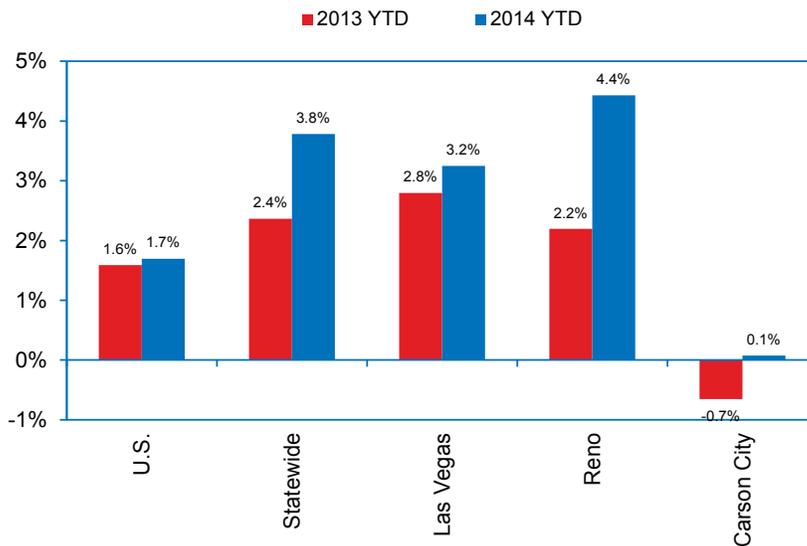
- Nevada's year-over-year job growth rate was above the nation's by 2 percentage points in May.
- Industrial employment in Nevada grew at a rate of 3.7 percent relative to a year prior, equating to a gain of 43,800 jobs.
- For the U.S., May job readings were up 1.8 percent relative to May 2013, equating to a gain of 2,399,000 jobs.

Job Growth
(Year Over Year Percent Change Not Seasonally Adjusted)
U.S. vs Nevada



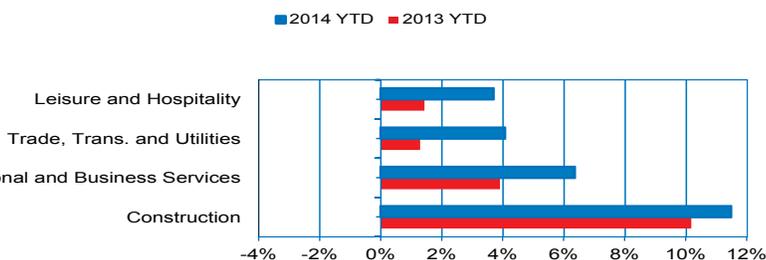
- The year-to-date annual rate of change in jobs remains better than a year ago for Nevada.
- The Las Vegas MSA's job count is 3.2 percent higher YTD relative to the same period in 2013.
- In the Reno-Sparks MSA, YTD job readings have increased by 4.4 percent since 2013.
- In Carson City, employment is 0.1 percent YTD.

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



- Jobs in the State's largest industry, leisure and hospitality, are up 3.7 percent YTD. A year earlier YTD job readings were up 1.4 percent over the same time frame.
- Jobs in the trade, transportation, and utilities sectors are up 4.1 percent YTD relative to the same time frame in 2013.
- The professional and business services sector increased 6.3 percent YTD from a year earlier.
- Jobs in construction increased over the past year equating to an 11.5 percent YTD increase.

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

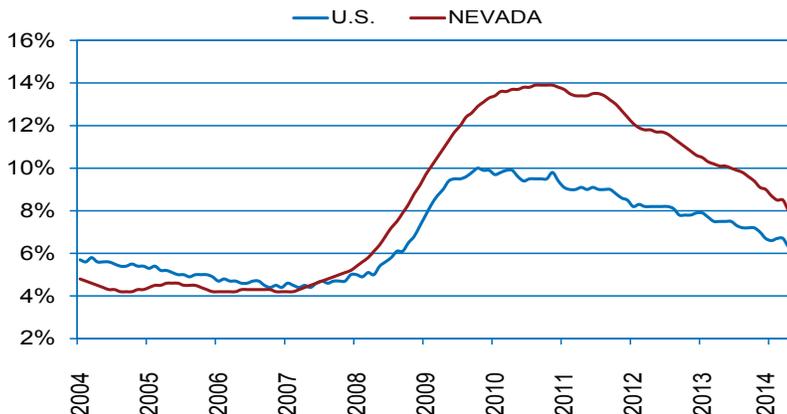


Trends at a Glance

Unemployment

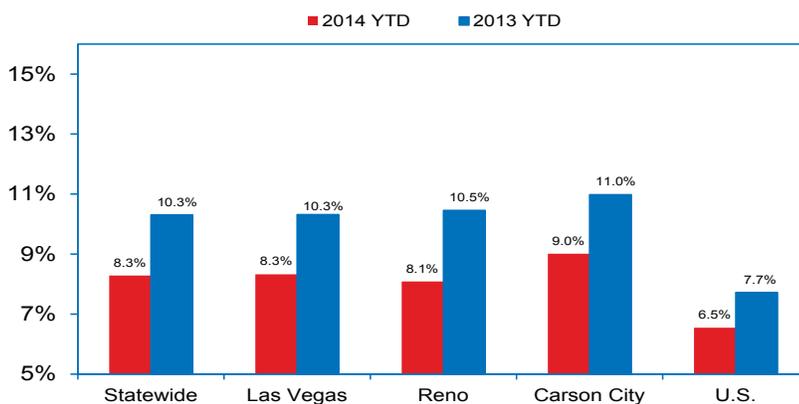
- May's seasonally adjusted unemployment rate in Nevada is 7.9 percent.
- Nationally, the unemployment rate is 6.3 percent over the month.
- Nevada is no longer tied for the highest unemployment rate in the nation; that distinction goes to Rhode Island with a rate of 8.2 percent. However, Nevada's rate exceeds the national average by 1.6 percentage points.

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



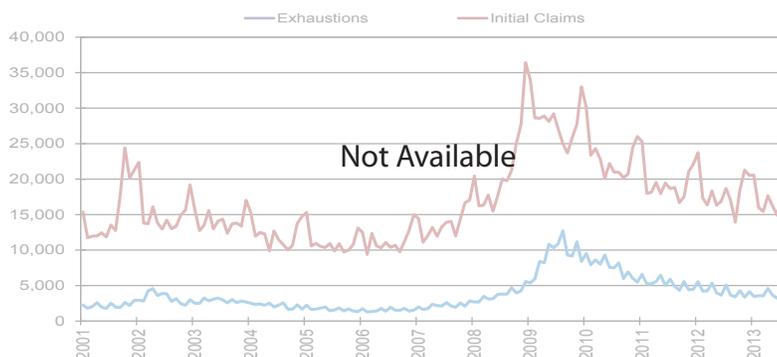
- At 8.3 percent, the statewide unadjusted unemployment rate decreased 2.0 percentage points YTD from 2013 to 2014.
- The Las Vegas-Paradise MSA recorded an unemployment rate of 8.3 percent YTD, a 2.0 point decrease over-the-year.
- The Reno-Sparks MSA's jobless rate was 8.1 percent YTD. This equates to a decrease of 2.4 percentage points compared to the same period last year.
- The jobless rate in Carson City was 9.0 percent YTD, down 2 percentage points over 2013.

Unemployment Rate by Region (YTD through May Not Seasonally Adjusted)



- **Unemployment Insurance Statistics:**
We are not reporting UI information this month due to potential volatility in the data as a result of the conversion to UInv, DETR's modernized computer system. Once data is available, we will look at all affected periods and make every attempt to provide a clearer picture of claim activity during the transition period.

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

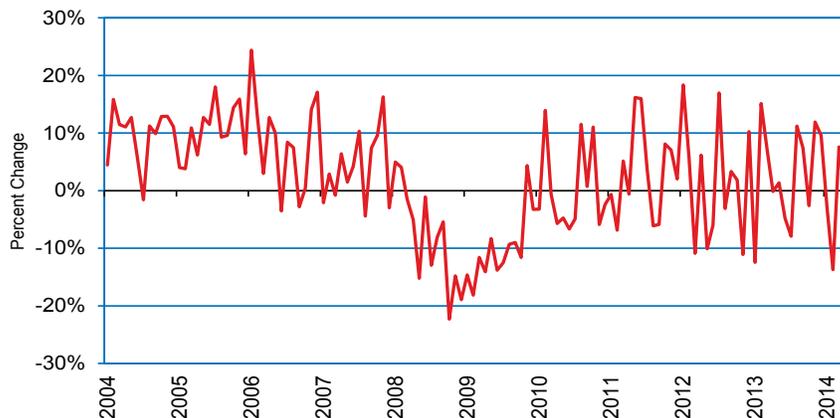


Trends at a Glance

Economic Indicators

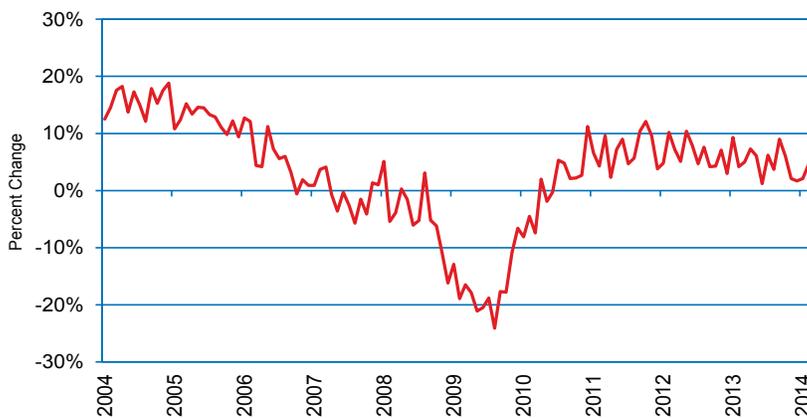
- Nevada's non-restricted gaming licensees reported a 0.3 percent decrease in gaming win compared to April 2013.
- For the fiscal year-to-date, gaming win has increased 1.5 percent.

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



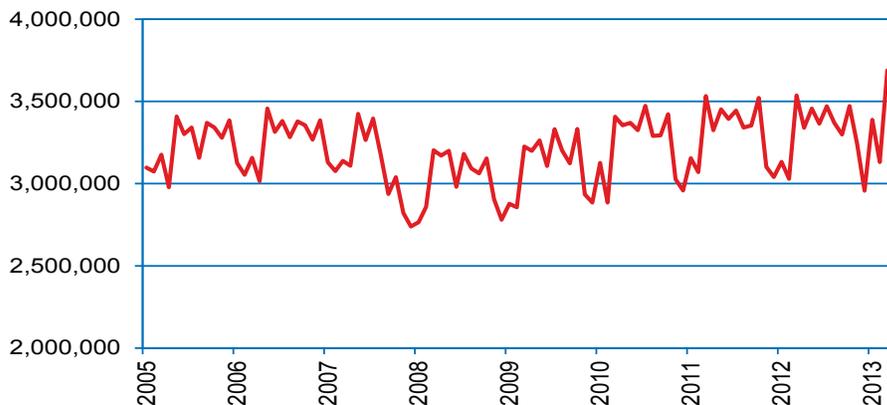
- In March, taxable sales increased 7.9 percent over March 2013 with collections totaling 4.4 billion.

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



- Las Vegas visitor volume increased 117,046 in April relative to a year prior, a 3.5 percent increase.
- Year-to-date, visitor volume increased 4.8 percent in 2013 compared to a year earlier.

Las Vegas Monthly Visitor Volume

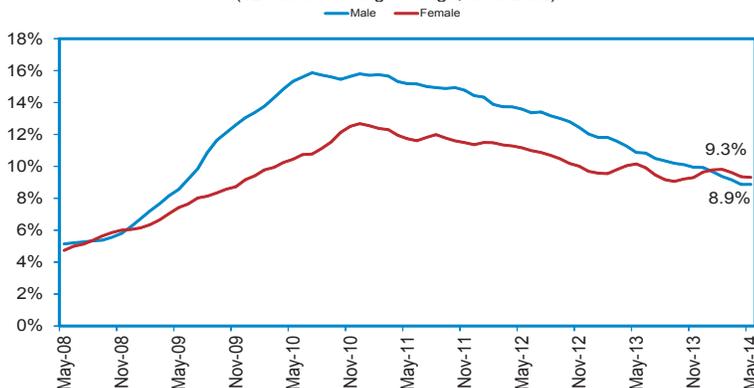


Trends at a Glance

Demographics of the Unemployed

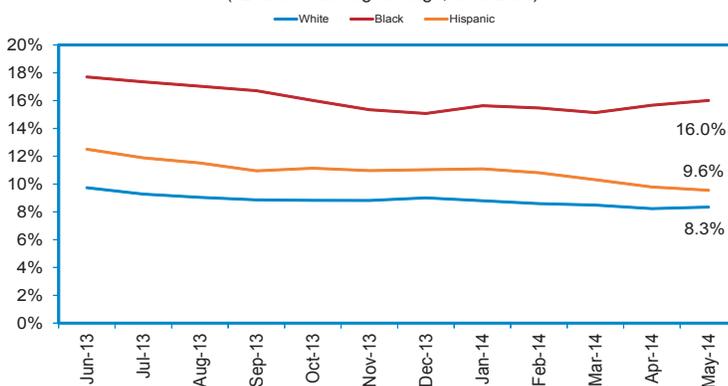
- The 12 month average unemployment rate for men in Nevada was 8.9 percent in May, remaining the same as previous month.
- The female unemployment rate declined to 9.3 percent compared to 9.4 percent in April.

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



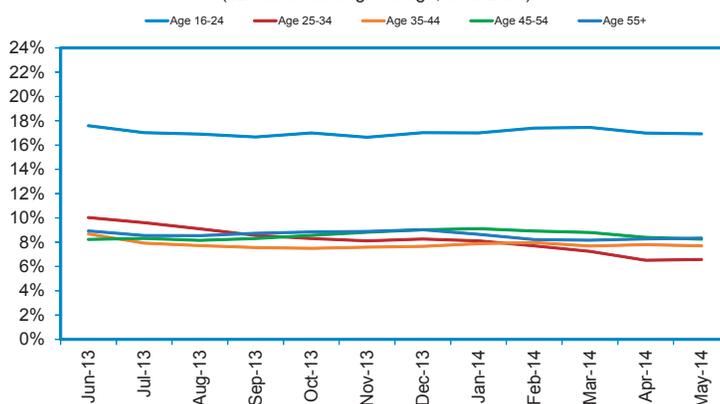
- The unemployment rate for Nevada's white labor force increased by 0.1 since April to 8.3 percent in May.
- The rate for Nevada's unemployed Black labor force increased by 0.3 to 16.0 percent.
- The 12 month average unemployment rate for Nevada's Hispanic labor force decreased in May to 9.6 percent, from 9.8 percent in April.

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



- Nevada's youngest workers, age 16-24, experienced the highest unemployment rate of any age group in the State, coming in at 16.9 percent for the 12 month average ending in May.
- The unemployment rate for workers age 25-34 was 6.6 percent and is up by 0.1 percentage points since last month.
- The lowest unemployment rate for any age group in Nevada goes to the 25-34 olds for the period ending in May.

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

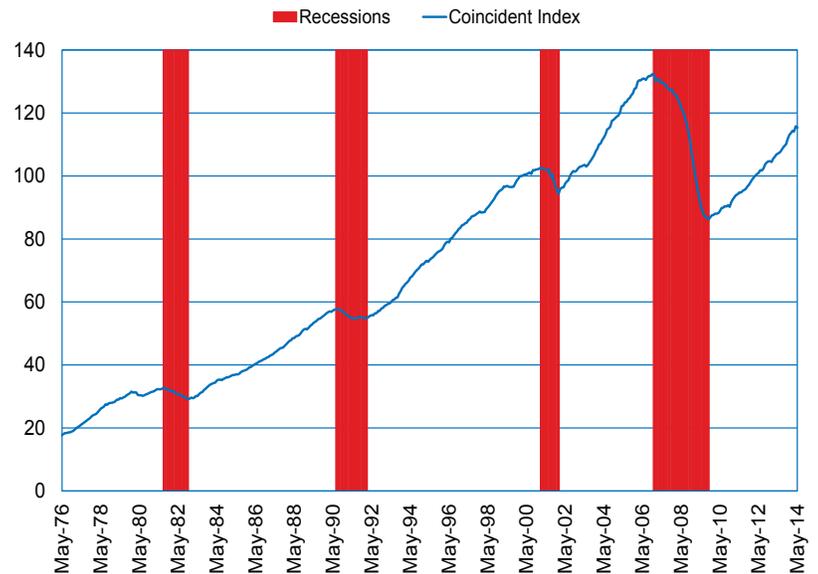


Trends at a Glance

CBER-DETR Nevada Coincident and Leading Employment Indexes

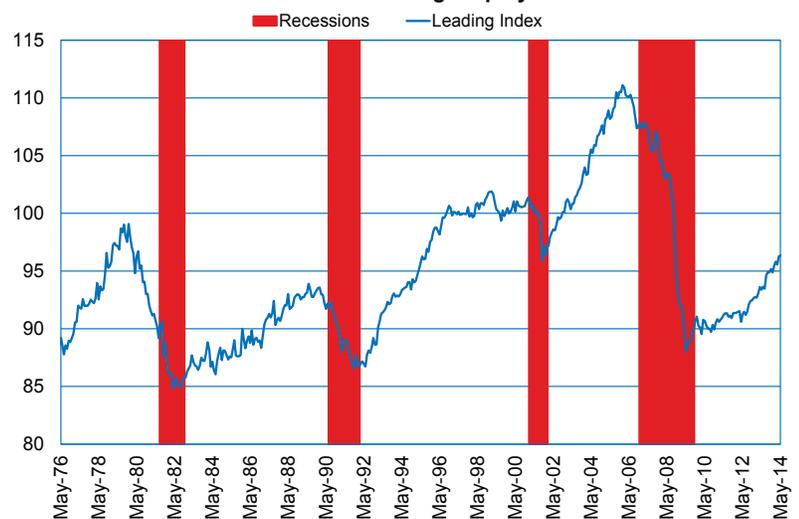
- The Nevada Coincident Employment Index measures the ups and downs of the Nevada economy using an index of employment variables. The peak of the last employment cycle in Nevada occurred in December 2006. The coincident index then regressed steadily through October 2009, where the coincident index reached a bottom.
- The May data release conveys a generally positive story for both indexes on a year-over-year basis. For the coincident index, the unemployment rate (inverted), household employment, nonfarm employment, and the insured unemployment rate (inverted) all moved in a positive direction.
- Since April 2014, the indexes tell a mixed story. For the coincident index, nonfarm employment and household employment moved in a positive direction whereas the unemployment rate (inverted) and the insured unemployment rate (inverted) 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.
- For the leading index, construction employment, housing permits, the short-duration unemployment rate (inverted), the real Moody's Baa bond rate (inverted), and initial claims for unemployment insurance (inverted) moved in a positive direction while commercial permits moved in a negative direction.
- For the leading index, more positive news appears since construction employment, initial claims for unemployment insurance (inverted), the real Moody's Baa bond rate (inverted), and the short-duration unemployment rate (inverted) moved in a positive direction, whereas commercial permits and housing permits moved in a negative direction.

CBER-DETR Nevada Leading Employment Index

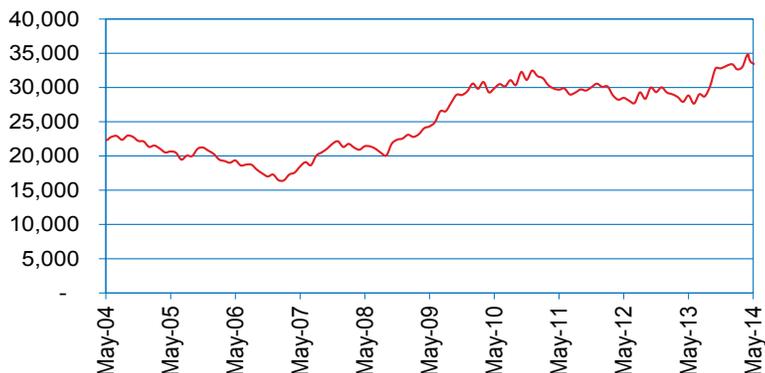


Trends at a Glance

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 May 33,497 individuals were receiving assistance. Since May of last year, the level of assistance increased by 16.2 percent, or 4,659 more recipients.

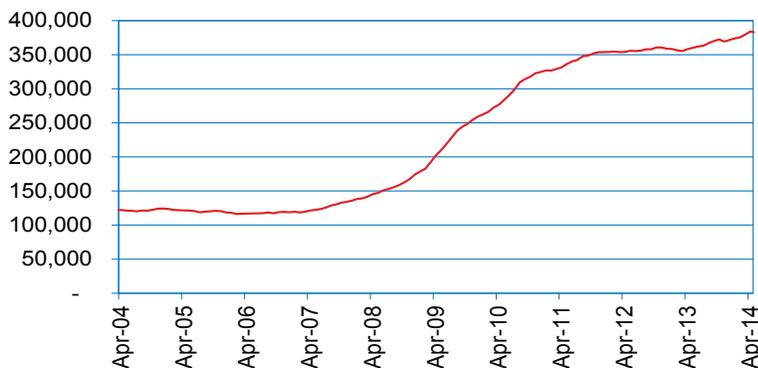
Temporary Assistance for Needy Families in Nevada, Number of Cash Recipients



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 April, 384,136 Nevadans participated in the program. Over-the-year, the number of participants receiving assistance had an increase of 7.2 percent, or 25,817 more recipients.

Supplemental Nutrition Assistance Program, Number of Participating Nevadans



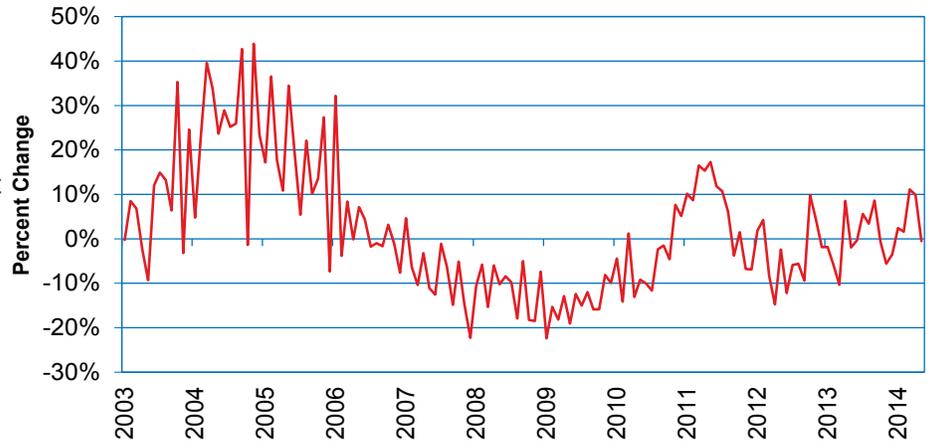
Source: Nevada Department of Health and Human Services

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 May new business filings were down 0.5 percent over May 2013. Year-to-date the formation of new businesses are up 4.9 percent compared to the same period last year.

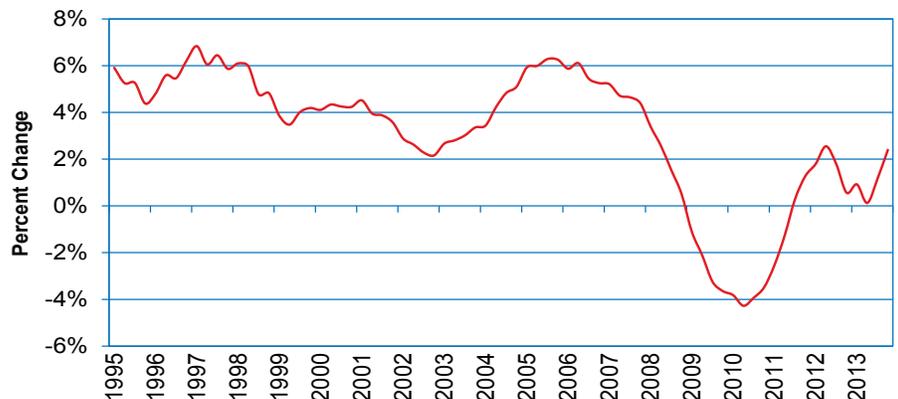
Business Entity Formations
(Year-Over-Year Percentage Change)



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 fourth quarter of 2013 there were 58,523 employers subject to UI taxes. Compared to the same quarter in 2012, there are 1,369 more employers in the program, a 2.4 percent increase.

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



Economy In Brief

Research & Analysis Bureau

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.

Frank R. Woodbeck, Director
Bill Anderson, Chief Economist
Leandra Copeland, Supervising Economist

Prepared by the Research and Analysis Bureau

Phone: (775) 684-0450	nevadaworkforce.com
Fax: (775) 684-0342	nevadajobconnect.com
E-mail: detr1mi@nvdetr.org	nvdetr.org
	nvcis.intocareers.org



Please recycle