

# Economy In Brief

July 2014



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



## Economic Summary

After 11 months of continuous monthly employment growth, Nevada's labor market took a breather. Typically in July, payrolls experience a contraction of 9,700 jobs. This month, there was a contraction of 9,900, leading to a seasonally adjusted loss of 200 jobs. Private sector payrolls were up 600 over the month, but this was offset by a loss of 800 jobs in the government sector. The loss of 200 jobs in the State is equivalent to a growth rate of -0.02%, a negligible portion of Nevada's employment level of 1.22 million.

However, on a year-over-year (YOY) basis, Nevada is still trending 44,600 jobs higher than in July 2013, making this the 43rd month of continuous YOY job growth in Nevada. This is the sixth consecutive month of YOY gains in excess of 40,000; an occurrence which hasn't happened since mid-2006.

The same is true in all of Nevada's metropolitan statistical areas. Las Vegas is up 3,000 jobs over the month, and up 25,700 over the year. Reno job growth was flat this month, but is still up 7,300 YOY. Carson City experienced no monthly growth, but is up 100 compared to July 2013.

As mentioned earlier, employment in the private sector is trending positively. Construction payrolls expanded by 7,500 jobs relative to last year, a growth rate of 13.4 percent. Professional and business services added 12,000 jobs. Leisure and hospitality

employment grew by 10,600 over the same period.

This month, we are taking a closer look at the structure of the sectors which the Governor's Office of Economic Development identified as being targets for growth in Nevada. Of the 9 sector councils, Tourism/Gaming/Entertainment (TGE) is the largest, with almost 382,000 jobs. The location quotient for this sector, which measures the relative concentration of jobs in this industry in the state to that of the nation, is 2.5, indicating that, unsurprisingly, TGE is a relatively large part of Nevada's economy. The same is true of mining employment in the Silver State, with a location quotient of 2.2. The manufacturing industry has the largest jobs multiplier in the state, at 3.1. What this means is that for every manufacturing job that is generated in the state, 2.1 additional jobs are generated in the region. These additional jobs encompass everything from ancillary positions in that industry to increased demand for services such as grocery and retail stores. Clean energy has the second highest jobs multiplier at three, followed by agriculture at 2.8.

The state's unemployment rate was unchanged over the month at 7.7 percent. However, it is down 2.2 percentage points relative to the same period last year. Two out of three of Nevada's MSAs had stable non-seasonally adjusted unemployment rates as well. Carson City and Reno held steady at 7.9 and

### Economic Indicators

#### UNEMPLOYMENT RATES July 2014

Nevada*	7.7%
Las Vegas MSA	8.2%
Reno-Sparks MSA	7.3%
Carson City MSA	7.9%
Elko Metropolitan Area	5.3%
United States*	6.2%
California*	7.4%

#### JOB GROWTH (YOY)\*

Nevada*	3.8%
Las Vegas MSA	3.0%
Reno-Sparks MSA	3.7%
Carson City MSA	-0.4%
United States*	1.9%
California*	2.1%

#### CONSUMER PRICE INDEX (YOY)

United States	2.0%
---------------	------

#### GAMING WIN (YOY) MAY 2014

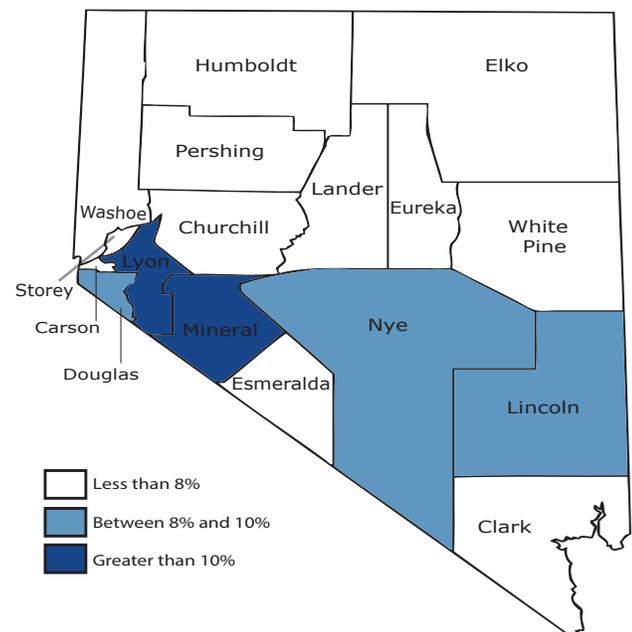
Nevada	14.4%
Clark County	17.3%
Washoe County	-2.9%

#### TAXABLE SALES (YOY) MAY 2014

Nevada	8.0%
Clark County	12.7%
Washoe County	11.7%

\* Seasonally Adjusted

### Unemployment Rate by County



# Economic Summary

7.3 percent, respectively. Las Vegas' unemployment rate rose 0.3 percentage points, to 8.2 percent.

The Bureau of Labor Statistics has released data for alternative measures of labor underutilization for the year ending with the second quarter of 2014. U-3, which averaged 8.8% in the year ending 2014:IIQ, is the total of unemployed workers as a percentage of the civilian labor force. This is most similar to the official rate, which also measures 8.8% in this period. U-4 adds discouraged workers to U-3, bringing the underutilization level to 9.7%. Discouraged workers are those people who would like to work, but have stopped looking because they believe there are no jobs to be filled. Marginally attached workers, the addition to U-5, totaling 10.5%, have not searched for work for reasons other than the belief that there are no jobs to fill. Finally, U-6 adds part-time workers (working less than 35 hours per week) who would rather be working full-time, but cannot due to economic reasons including having their hours cut or being unable to find full-time work. This leads to a U-6 underutilization rate of 16.2%. Nevada was within the highest three positions in all six measures of labor underutilization through 2014:IIQ.

According to the latest data from the Current Population Survey, more than 54,000 of Nevada's unemployed are persons classified as job losers. That is to say that these individuals involuntarily lost their last job. This includes temporary and non-temporary layoffs, but does not include persons who completed temporary jobs. This is less than half of the peak, 115,700 annual average job losers, which occurred in June 2010.

A lot of attention has been given to the issue of "good" jobs versus "bad" jobs in Nevada. Over the 2010 to 2014 period, Economic Modeling Specialists, Inc. are estimating a net change in employment of 87,400 jobs. This came about from

## Considerable Diversity in Nevada's Nine Economic Development Sectors

Sector	Jobs	Jobs Multiplier	Establishments	Location Quotient	Average Earnings
Agriculture	5,904	2.83	434	0.27	\$ 46,997
Aerospace and Defense	12,545	2.07	961	0.67	\$ 94,198
Mining	16,219	2.47	300	2.24	\$ 101,202
Clean Energy	21,347	2.99	1,838	0.77	\$ 81,756
Manufacturing	39,739	3.10	1,901	0.38	\$ 68,778
Information Technology	50,777	2.59	5,307	0.64	\$ 53,865
Logistics and Operations	66,082	2.31	6,683	0.82	\$ 67,268
Health and Medical	93,386	1.85	6,407	0.66	\$ 64,272
Tourism and Gaming	381,666	2.00	10,494	2.52	\$ 36,924

Jobs Multiplier - The total job yield to the region as a result of -- and including -- a single job added.

Location Quotient - Compares a sector's percent of total employment in the region to the national percentage. A high location quotient is very useful for identifying key regional industries.

## Alternative Measures of Labor Underutilization (Year-ending 2014:IIQ)

Measure	Underutilization Concept	Level
Official Rate	jobless persons available to take a job who have actively sought work in the past four weeks	8.8%
U-1	jobless 15 weeks or longer	4.9%
U-2	job losers and persons losing a temporary job	4.8%
U-3	similar to official rate	8.8%
U-4	U-3 plus discouraged workers	9.7%
U-5	U-4 plus others marginally attached to the labor force	10.5%
U-6	U-5 plus those employed part-time for economic reasons	16.2%

## Job "Losers" in Nevada (12-month moving average)



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 - 8.0 percent in July, up from 7.7 percent in June and down from 10.1 percent in July 2013.

2 Note that the unemployment rate (U-3) that is shown is derived directly from the CPS, because this is the only source of data for the various components of the other five measures. As a result, the U-3 measure can differ from the official State unemployment rate. The official rate is developed from statistical models that greatly improve the reliability of the labor force and unemployment estimates.

# Economic Summary

an addition of 110,500 jobs in growing industries and a loss of 23,100 jobs in declining industries. Our analysis shows that there is only a slight wage differential (<\$7,000) between jobs in the growing and declining industries. Thus, Nevada is gaining jobs in industries which pay slightly less than the industries where we are losing employment.

Typically, in examining wage trends, our focus has been on average earnings. However, the Census Bureau's Local Employment Dynamics (LED) Program offers insight into underlying trends. The latest available information shows that average monthly earnings for all employees is just over \$3,700. However, new-hire wages are a bit above \$2,600, approximately 71 percent of that for all workers. This certainly supports the fact that longer-term employees are paid more than those with less seniority on the job. In fact, looking at trends over the past several years, new-hire wages consistently total about two-thirds of the overall average.

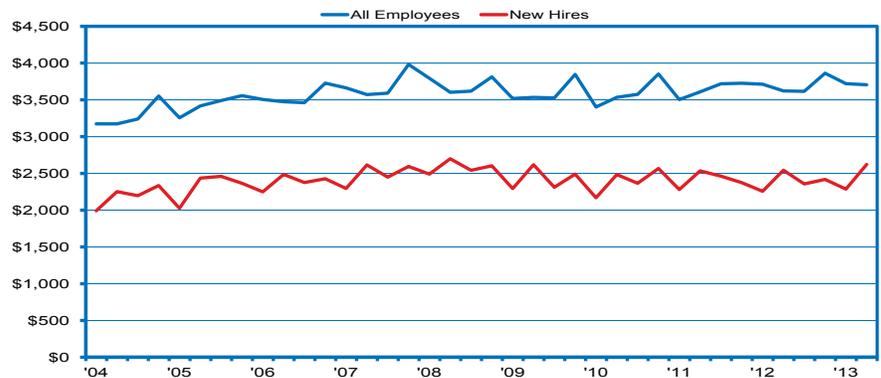
The Federal Housing Finance Agency has released the latest data for their House Price Index (base: 1990:IQ = 100), through the first quarter of the year. To give this some context, this index peaked for Nevada during the pre-recessionary period in the first quarter of 2006 at 276.02, well above the national reading of 220.34. During the economic downturn, Nevada fell much harder than the nation, bottoming out in 2011:IVQ at 110.19; whereas the U.S. only fell to 180.2 in the same period. The index reading for Nevada is 167.61 for 2014:IQ, which is a growth rate from the trough reading of 52.1 percent. For comparison, the index for the U.S. grew by only 15.1 percent over the same period. What this indicates is that Nevada's housing prices are growing in the post-recessionary period, and the gap between Nevada and the U.S. is narrowing.

The Conference Board's Consumer Confidence Index ticked up 4.5 points in July, from 86.4 last month to 90.9. This is the third consecutive monthly increase in the index, and the highest reading since October 2007 (95.2). According to The

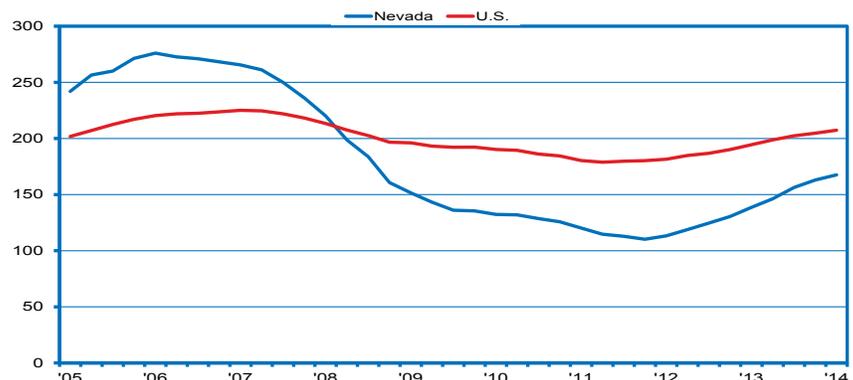
Good Jobs vs Bad Jobs in Nevada

Nevada Private Sector Employment	2010-2014 Change	2014 Wages & Salaries
Net Change in Employment	87,400	\$42,500
Gross Change in Growing Industries	110,500	\$41,400
Gross Change in Declining Industries	-23,100	\$48,100

Average Monthly Wages



FHFA Home Price Index (1991:IQ=100)

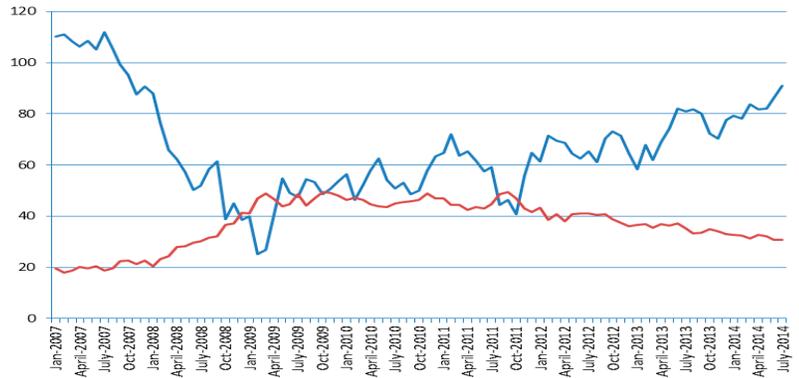


# Economic Summary

Conference Board, the upward trend in consumer confidence suggests that economic growth will likely continue into the second half of the year. This is good news for Nevada, in that increased consumer confidence in the nation leads to increased spending of disposable income, which generally benefits Nevada to a greater extent than other states.

*Bill Anderson, Chief Economist*

The Conference Board's Consumer Confidence Index

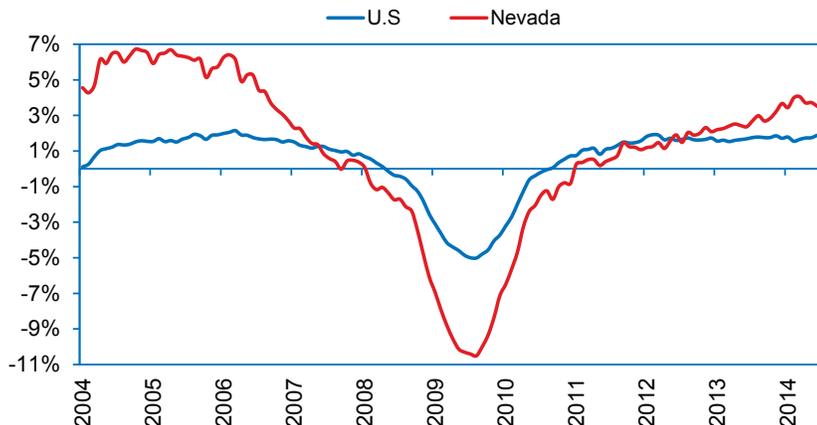


# Trends at a Glance

## Industrial Employment

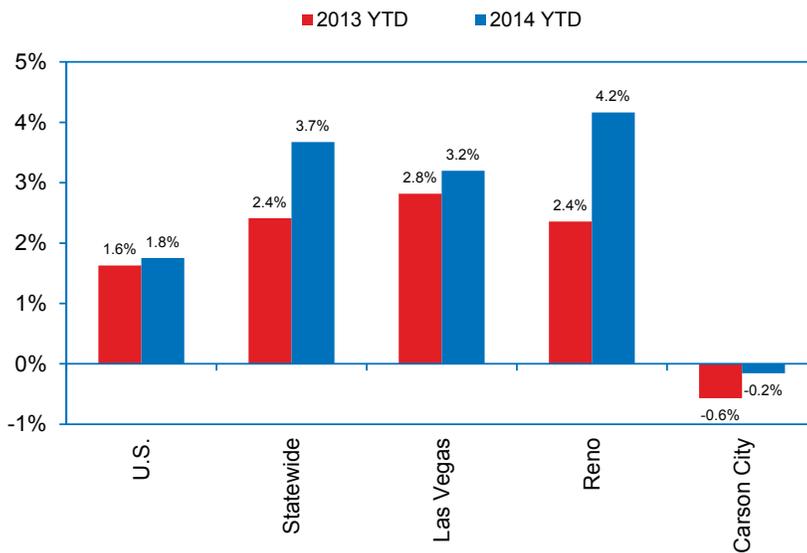
- Industrial employment in Nevada grew at a rate of 3.3 percent relative to a year prior, equating to a gain of 38,500 jobs.
- For the U.S., July job readings were up 1.9 percent relative to July 2013, equating to a gain of 2,616,000 jobs.
- Nevada's year-over-year job growth rate was above the nation's by 1.4 percentage points in July.

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



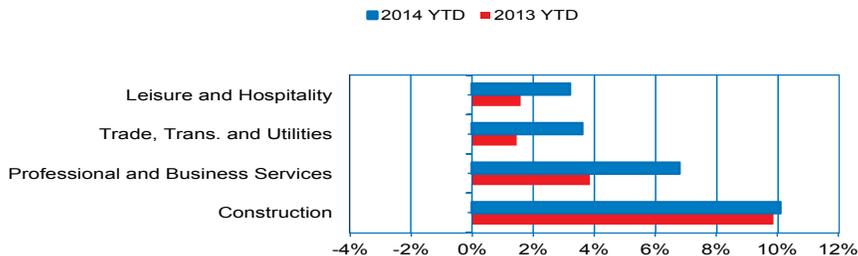
- The year-to-date annual rate of change in jobs remains better than a year ago for Nevada.
- The Las Vegas MSA's job count is 3.2 percent higher YTD relative to the same period in 2013.
- In the Reno-Sparks MSA, YTD job readings have increased by 4.2 percent since 2013.
- In Carson City, employment decreased 0.2 percent YTD.

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



- Jobs in the State's largest industry, leisure and hospitality, are up 3.2 percent YTD. A year earlier, YTD job readings were up 1.6 percent over the same time frame.
- Jobs in the trade, transportation, and utilities sectors are up 3.6 percent YTD relative to the same time frame in 2013.
- The professional and business services sector increased 6.8 percent YTD from a year earlier.
- Jobs in construction increased over the past year equating to 10.1 percent YTD increase.

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

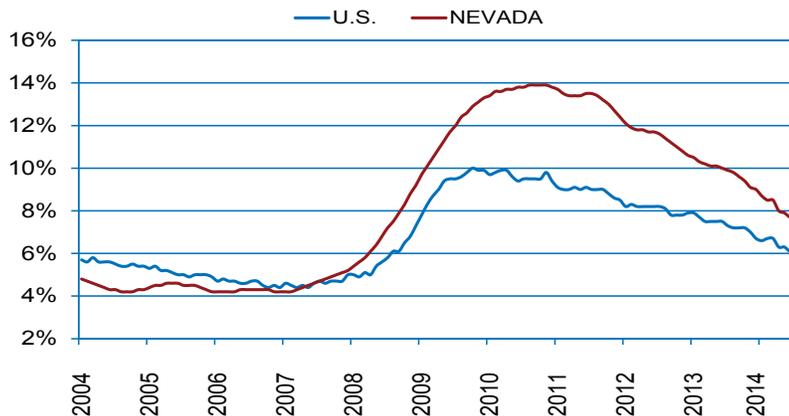


# Trends at a Glance

## Unemployment

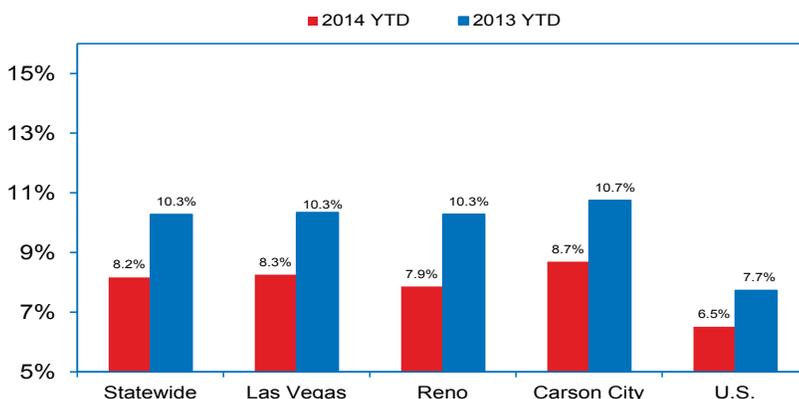
- July's seasonally adjusted unemployment rate in Nevada is 7.7 percent.
- Nationally, the unemployment rate is 6.2 percent over the month.
- Nevada's rate is third highest in the nation tied with Rhode Island and Michigan; the highest rates go to Mississippi and Georgia with rates of 8.0 and 7.8 percent. Respectively, Nevada's rate exceeds the national average by 1.5 percentage points.

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



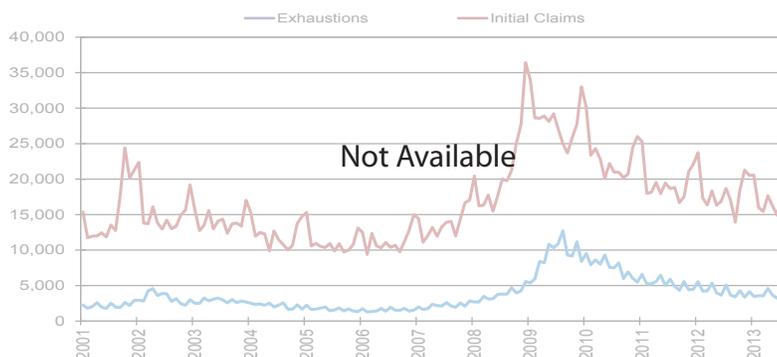
- At 8.2 percent, the statewide unadjusted unemployment rate decreased 2.1 percentage points YTD from 2013 to 2014.
- The Las Vegas-Paradise MSA recorded an unemployment rate of 8.3 percent YTD, a 2.1 point decrease over-the-year.
- The Reno-Sparks MSA's jobless rate was 7.9 percent YTD. This equates to a decrease of 2.4 percentage points compared to the same period last year.
- The jobless rate in Carson City was 8.7 percent YTD, down 2.1 percentage points over 2013.

**Unemployment Rate by Region  
(YTD through July 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)**

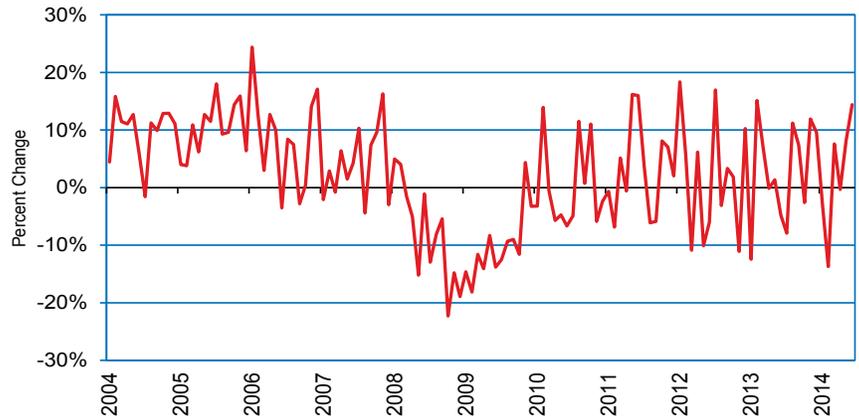


# Trends at a Glance

## Economic Indicators

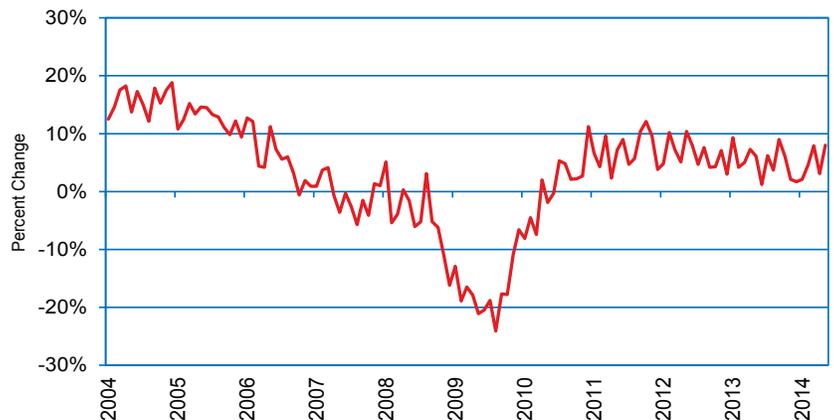
- Nevada's non-restricted gaming licensees reported a 14.4 percent increase in gaming win compared to June 2013.
- For the fiscal year-to-date, gaming win has decreased 2.9 percent.

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



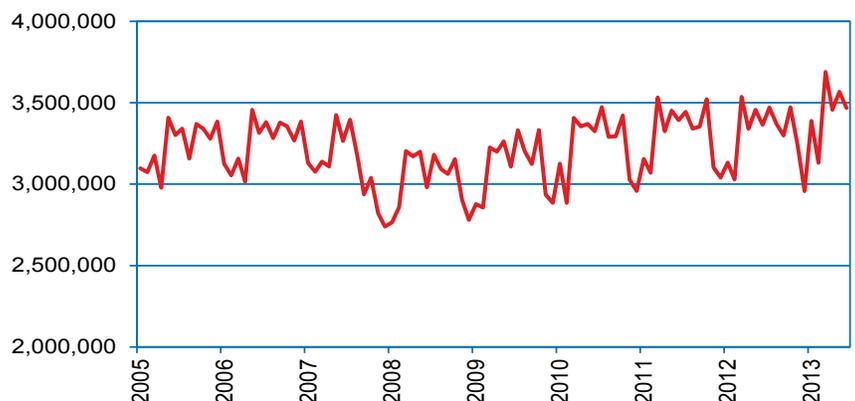
- In May, taxable sales increased eight percent over May 2013 with collections totaling 4.2 billion.

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



- Las Vegas visitor volume increased 104,174 in June relative to a year prior, a 3.1 percent increase.
- Year-to-date, visitor volume increased 4.2 percent in 2013 compared to a year earlier.

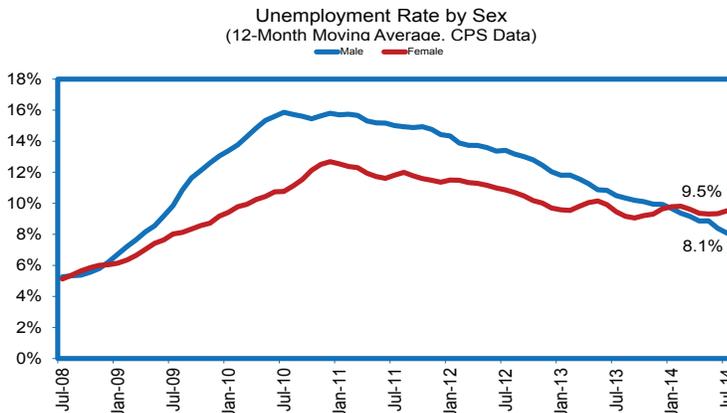
**Las Vegas Monthly Visitor Volume**



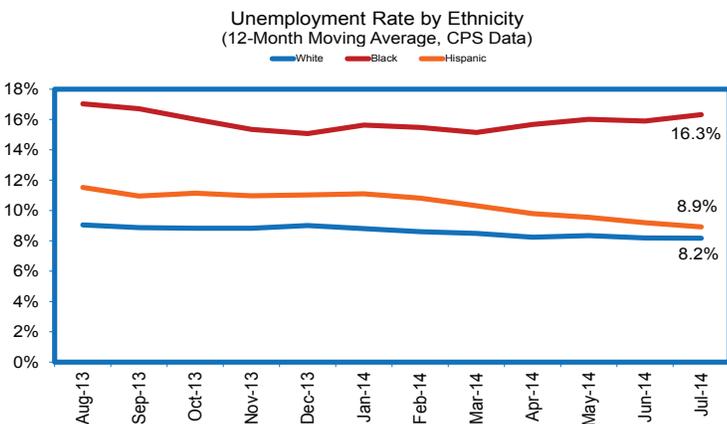
# Trends at a Glance

## Demographics of the Unemployed

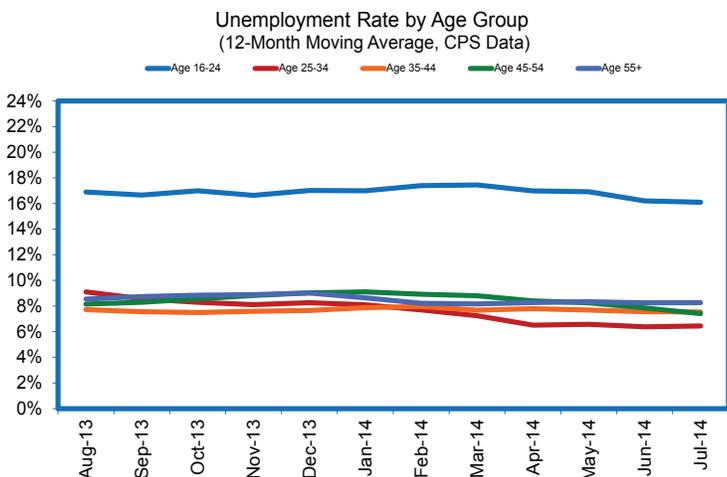
- The 12 month average unemployment rate for men in Nevada was 8.1 percent in July, a decrease of .4 from the previous month.
- The female unemployment rate increased to 9.5 percent in July.



- The unemployment rate for Nevada’s white labor force remained at 8.2 percent in July.
- The rate for Nevada’s unemployed Black labor force increased by 0.4 to 16.3 percent in July.
- The 12 month average unemployment rate for Nevada’s Hispanic labor force decreased in July to 8.9 percent, from 9.2 percent in June.



- Nevada’s youngest workers, age 16-24, continue to experience the highest unemployment rate of any age group in the State, coming in at 16.1 percent for the 12 month average ending in July.
- Those 45-54 saw the largest drop in unemployment of any age group with an unemployment rate drop from 7.9 to 7.4 percent in July.
- The lowest unemployment rate for any age group in Nevada goes to the 25-34 olds for the period ending in July with a rate of 6.4 percent.

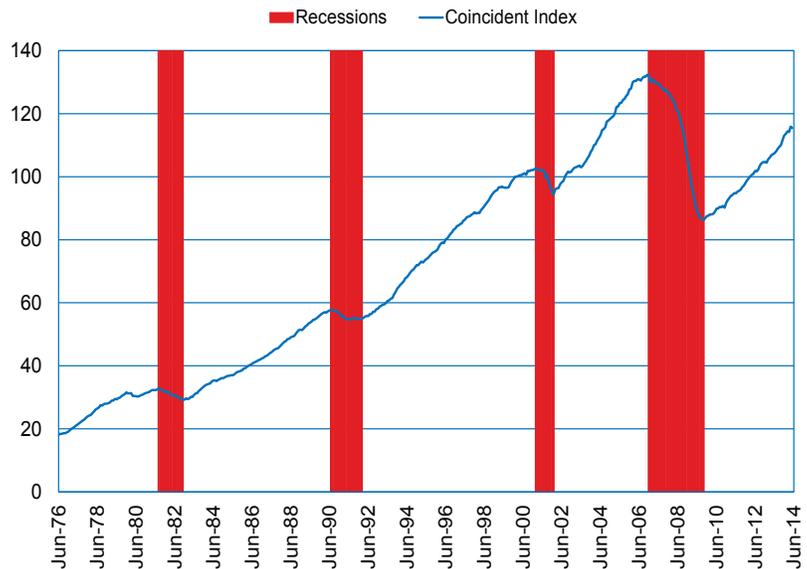


# Trends at a Glance

## CBER-DETR Nevada Coincident and Leading Employment Indexes

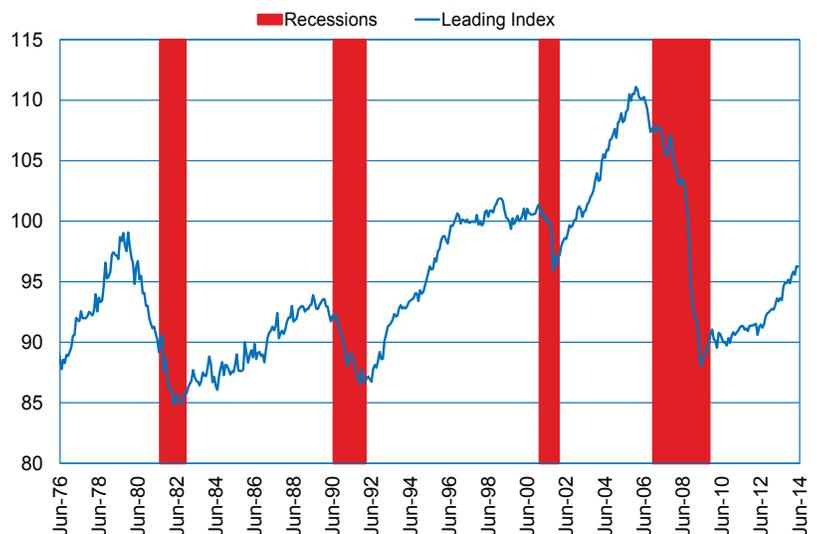
- The Nevada Coincident Employment Index measures the ups and downs of the Nevada economy using an index of employment variables. The peak of the last employment cycle in Nevada occurred in December 2006. The coincident index then regressed steadily through October 2009, where the coincident index reached a bottom.
- The June 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 May 2014, the indexes tell a mixed story. For the coincident index, household employment, nonfarm employment, and the unemployment rate (inverted) moved in a positive direction whereas 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, commercial 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 housing permits moved in a negative direction.
- For the leading index, the real Moody's Baa bond rate (inverted) and commercial permits moved in a positive direction, whereas the short-duration unemployment rate (inverted), construction employment, initial claims for unemployment insurance (inverted), 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 July 35,550 individuals were receiving assistance. Since July of last year, the level of assistance increased by 22.5 percent, or 6,534 more recipients.

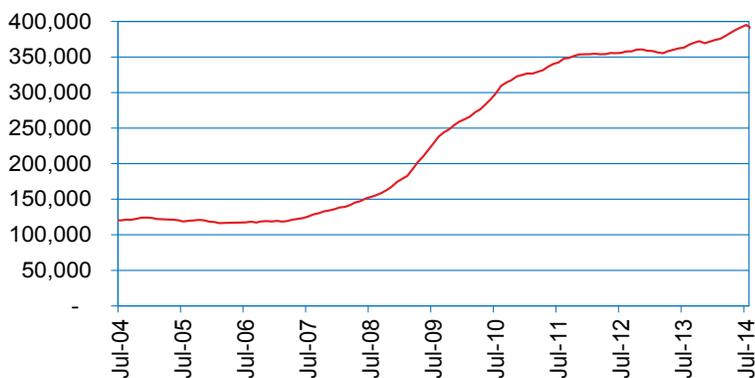
**Temporary Assistance for Needy Families in Nevada, Number of Cash Recipients**



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 July, 395,236 Nevadans participated in the program. Over-the-year, the number of participants receiving assistance increased 8.8 percent, or 32,081 more recipients.

**Supplemental Nutrition Assistance Program, Number of Participating Nevadans**



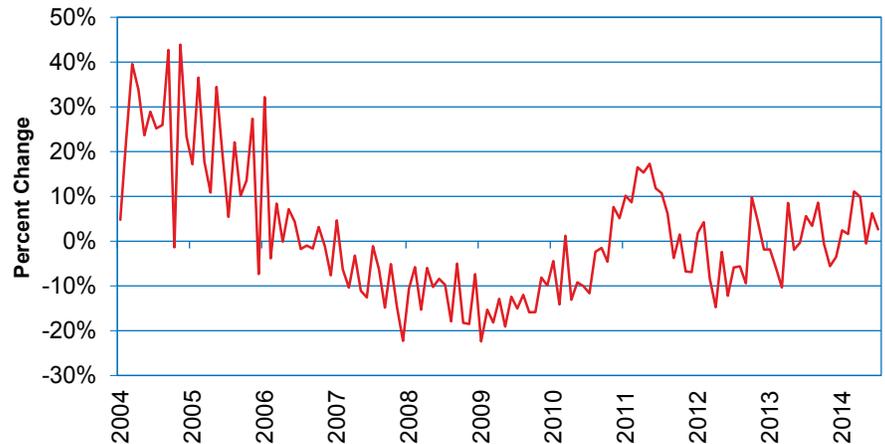
Source: Nevada Department of Health and Human Services

# 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 July new business filings were up 2.6 percent over July 2013. Year-to-date the formation of new businesses are up 4.8 percent compared to the same period last year.

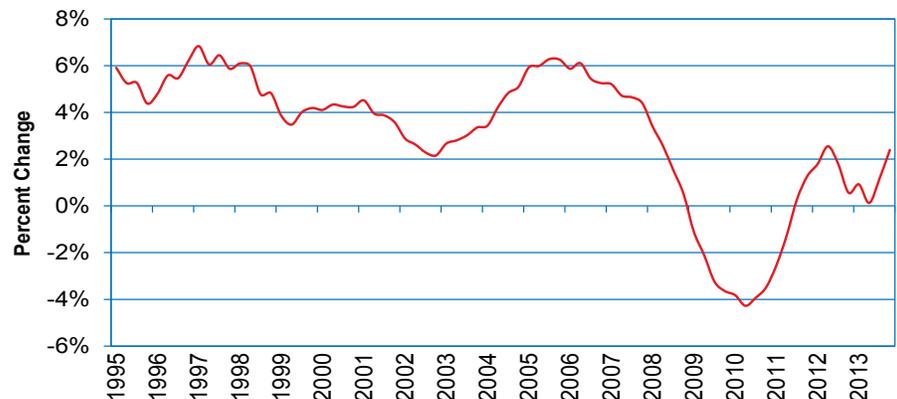
**Business Entity Formations**  
(Year-Over-Year Percentage Change)



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 second quarter of 2014 there were 59,946 employers subject to UI taxes. Compared to the same quarter in 2013, there are 2,351 more employers in the program, a 4.1 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.

Dennis Perea, Interim Director  
Bill Anderson, Chief Economist

Prepared by the Research and Analysis Bureau

Phone: (775) 684-0450	<a href="http://nevadaworkforce.com">nevadaworkforce.com</a>
Fax: (775) 684-0342	<a href="http://nevadajobconnect.com">nevadajobconnect.com</a>
E-mail: <a href="mailto:detr1mi@nvdetr.org">detr1mi@nvdetr.org</a>	<a href="http://nvdetr.org">nvdetr.org</a>
	<a href="http://nvcis.intocareers.org">nvcis.intocareers.org</a>



Please recycle