

Economy In Brief

August 2014



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

Economic Summary

Last month, in July, we reported the first monthly decline in Nevada employment since mid-2013. However, over the regular monthly revision process, this figure has been updated to 1.22 million jobs, or a month-to-month seasonally adjusted increase of 2,700 (compared to a decline of 200 originally reported). For August, job readings are up 300 over the month, which leads to a year-over-year growth rate of 3.5 percent. With July's revision, this brings the count of consecutive monthly gains up to 13 months. Measured on a year-over-year basis, job readings have grown in 44 straight months.

In August, we would typically expect to see Nevada payrolls increase by 4,400 over the month. However, payrolls grew by 4,700 this month (not seasonally adjusted). This leads to the seasonally adjusted change of 300 jobs reported above.

Turning to Nevada's MSAs, Las Vegas posted the only employment gain this month, adding 1,100 jobs to payrolls (seasonally adjusted). Relative to August of 2013, this is an increase of 2.9 percent or 24,600 jobs. The Reno/Sparks MSA shed 300 jobs over the month, but is still trending 6,200 jobs higher year-over-year. Carson City employment decreased by 100, but is also trending up on a year-ago basis, with 100 additional jobs.

All but two of Nevada's supersec-

tors are trending up this month, relative to last year. Construction employment continues to lead in percentage growth, up 12.8 percent over August 2013 with 7,200 additional jobs. Professional and business services is up 10,200 over the year, a growth rate of 6.8 percent. Nevada's mining sector lost 100 jobs relative to last year, for a rate of -0.7 percent. Finally, the government sector is down 0.1 percent year-over-year, for a loss of 200 jobs.

Of the ten supersectors identified by the North American Industry Classification System (NAICS), all but one are growing at a faster pace in Nevada than in the US so far in 2014. Construction in Nevada, the front-runner of the supersectors, is growing at 11 percent on a year-to-date basis, which is 7.7 percentage points higher than the nation. This is followed by professional and business services, which is growing 3.2 points faster than the US. The only sector falling behind the nation is mining and logging, which is contracting slightly in Nevada but growing in the nation as a whole.

The monthly job figures mentioned above are based on information from the Current Employment Statistics (CES) Program, which uses a sample of businesses to estimate current movements in the labor market. A more accurate, but less timely, count of jobs is available using the Quarterly Census of

Economic Indicators

UNEMPLOYMENT RATES August 2014

Nevada*	7.6%
Las Vegas MSA	7.7%
Reno-Sparks MSA	6.9%
Carson City MSA	7.5%
Elko Metropolitan Area	4.7%
United States*	6.1%
California*	7.4%

JOB GROWTH (YOY)*

Nevada*	3.5%
Las Vegas MSA	2.9%
Reno-Sparks MSA	3.1%
Carson City MSA	0.4%
United States*	1.8%
California*	2.1%

CONSUMER PRICE INDEX (YOY)

United States	1.9%
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GAMING WIN (YOY) July 2014

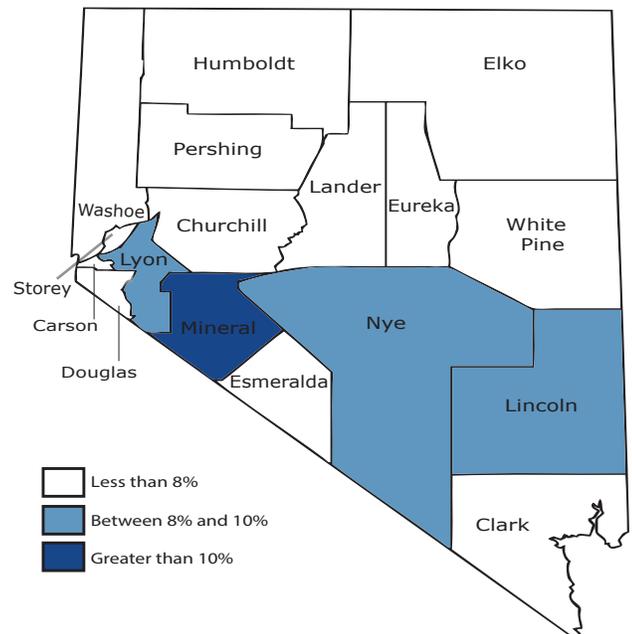
Nevada	0.7%
Clark County	2.2%
Washoe County	-1.0%

TAXABLE SALES (YOY) July 2014

Nevada	4.7%
Clark County	8.0%
Washoe County	7.3%

* Seasonally Adjusted

Unemployment Rate by County



Economic Summary

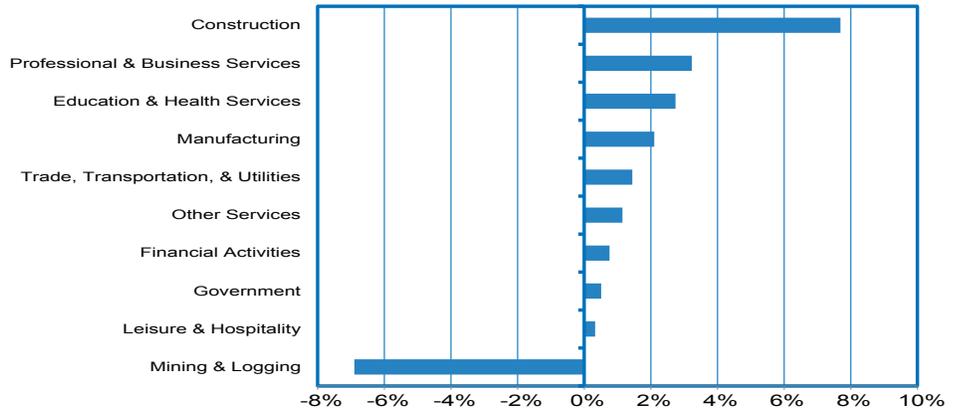
Employment and Wages (QCEW). These job counts, utilizing information from unemployment insurance records, are available within six months after the end of each quarter and represent approximately 98 percent of all employment in Nevada. The CES program is the more visible of the two because it provides a snapshot of current movements in Nevada’s labor market versus a nearly six month delay in the QCEW series.

At the end of each year, the CES series is re-estimated utilizing available QCEW information (the “benchmarking” process). The end result is a more accurate set of estimates that trend in a manner very similar (though not identical) to the nearly complete-count QCEW information.

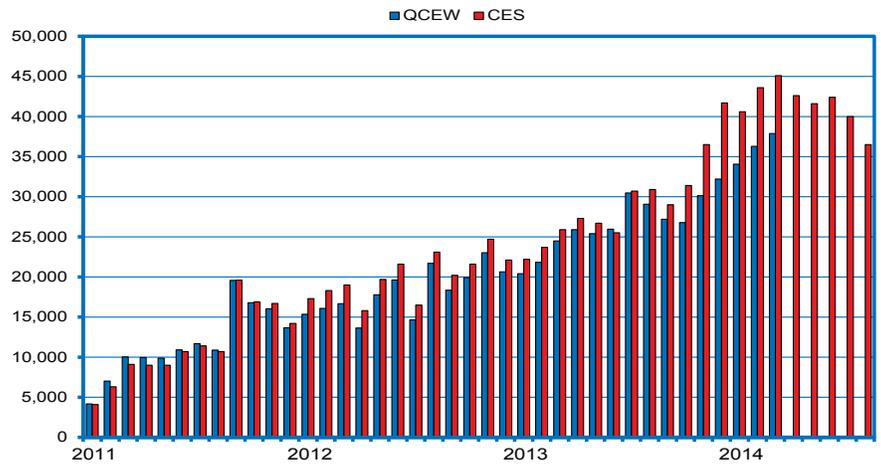
Recently, the Research and Analysis Bureau released 2014:IQ QCEW results. Comparing them to CES information, it appears that our monthly estimates may be slightly over-estimating employment growth. For example, in this year’s first quarter, private sector employment growth, as measured by CES, totaled 43,100 relative to the first three months of 2013. Over the same time frame, QCEW job growth came in at 36,100. Hence, our current expectations are for a slight downward revision in CES estimates during the next benchmark. We will be monitoring trends as they unfold throughout the remainder of the year.

The QCEW database also allows us to look at other aspects of Nevada’s labor market. For instance, there are about 74,000 private sector worksites in the Silver State. Over 44,000 of those employ four workers, or less. The next largest size category encompasses those establishments with 5-9 employees, with 12,500 firms. All told, establishments which employ fewer than 100 people make up 98 percent of all firms in the State of Nevada. There are around 1,400 worksites employing at least 100 workers, including 80 with at least 1,000.

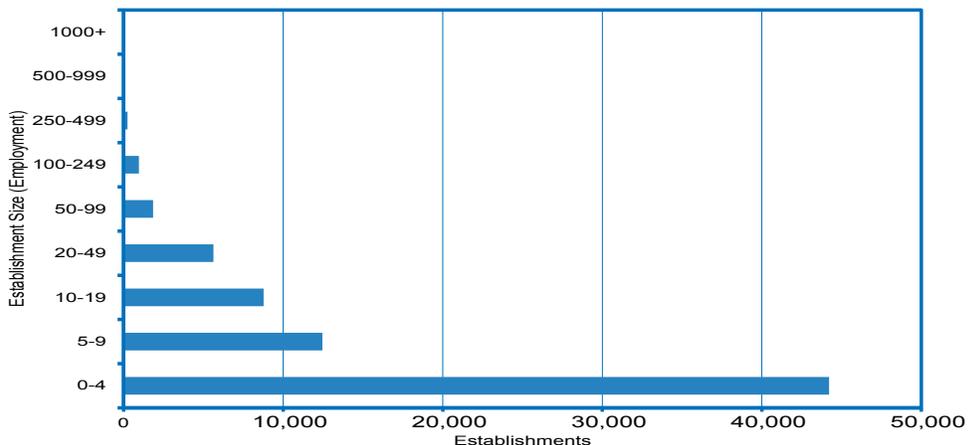
YTD Job Growth; NV minus US



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



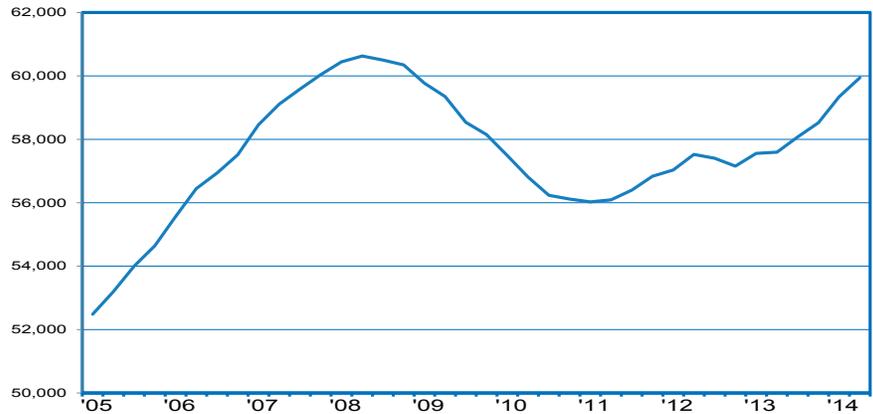
Number of Establishments by Employment Size



Economic Summary

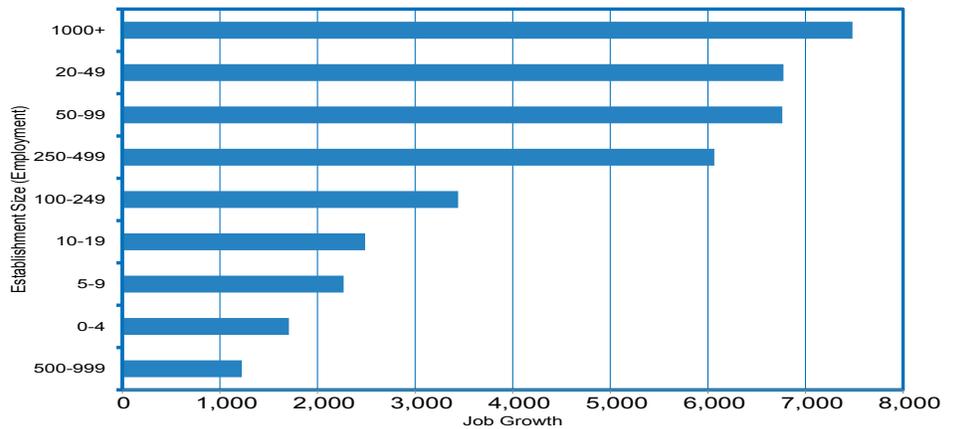
As an aside, the number of employers in Nevada is on the rise. (This is not to be confused with the worksite/establishment information reported above. For instance, some employers have multiple worksites.) Prior to the recession, the number of employers peaked in the second quarter of 2008, at over 60,600. Then, in 2011:IQ, the number of employers reached a recessionary low of 56,000, more than 4,000 fewer than three years previous. With data through the second quarter of 2014, we see that employers are coming back, measuring just shy of 60,000. All told, the number of employers in Nevada has increased relative to a year ago in each of the past 12 quarters. When we consider the trend of the data, it is possible that Nevada will reach its pre-recessionary peak number of employers by the end of the year.

Number of Nevada Employers



With information from the QCEW Program, we can also examine where job growth is occurring, based upon worksite size. In this year's first quarter, job growth was evident in all establishment size categories. Those establishments with at least 1,000 workers grew the most, relative to 2013:IQ, with nearly 7,500 more jobs. This is due, in large part, to increased employment in the leisure and hospitality sector. Worksites with 20-49 and 50-99 employees each added about 6,800 workers in the year ending with 2014:IQ. All told, small businesses, those establishments with less than 100 workers, added 20,000 jobs over the year. The smallest gain across all size classifications occurred in worksites with 500-999 employees on payroll. These worksites accounted for 1,200 additional jobs during the first three months of this year relative to the same period in 2013.

2013:IQ-2014:IQ Job Growth by Establishment Size



Although August brought with it a slight (1.6%) increase relative to a year ago in initial claims for unemployment insurance, largely due to the fact that the claims system was partially shut down in August 2013 for system enhancements, filings in the Silver State have been trending down as of late. In fact, initial claims have fallen in all but four of the past 57 months on a year-over-year basis. All things considered, initial claims activity of late has been

Initial Claims for Unemployment Insurance



Economic Summary

very much in line with the historical trend.

The downtrend in claims activity has helped pave the way for a noticeable decline in the unemployment rate, which peaked at 13.9 percent in late-2010. In August, the State's jobless rate fell 0.1 percentage point, relative to July, to 7.6 percent. When we consider the month-to-month changes in the rate, we see that it has either declined or held steady in each of the last 38 months, going back to July 2011. Further, this is the lowest reading for the unemployment rate since August 2008, and is down 2.2 percentage points from a year ago.

The non-seasonally adjusted unemployment rate¹ fell in each of Nevada's metropolitan statistical areas (MSAs) this month when compared to last month. The largest decline occurred in the Las Vegas-Paradise MSA, which fell 0.5 percentage points to 7.7 percent. Reno-Sparks and Carson City both fell 0.4 percentage points this month to 6.9 and 7.5 percent, respectively.

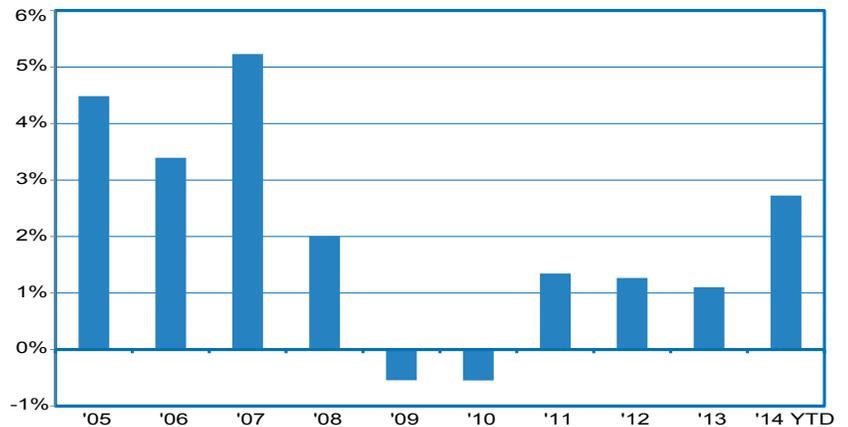
Last month, we identified the downward trend in the number of job "losers"—those who involuntarily lost their jobs. Continuing our analysis of the unemployed this month, we are considering those individuals who are classified as job "leavers," — those persons who voluntarily left their last job. This series has been trending over time, and, as of August, stands at 12,700. This uptrend indicates that more people are willing to leave their current position, in contrast to during the recessionary, when job-holders were relatively less willing to leave. All things considered, this is encouraging news for Nevada's labor market in that it shows greater confidence in job prospects on the part of the Nevada workers.

Wage trends during the first three months of the year in Nevada were a bit more encouraging than in prior quarters. All told, average weekly wages came in at \$867 during 2014:1Q. This represents the highest first quarter reading on record.

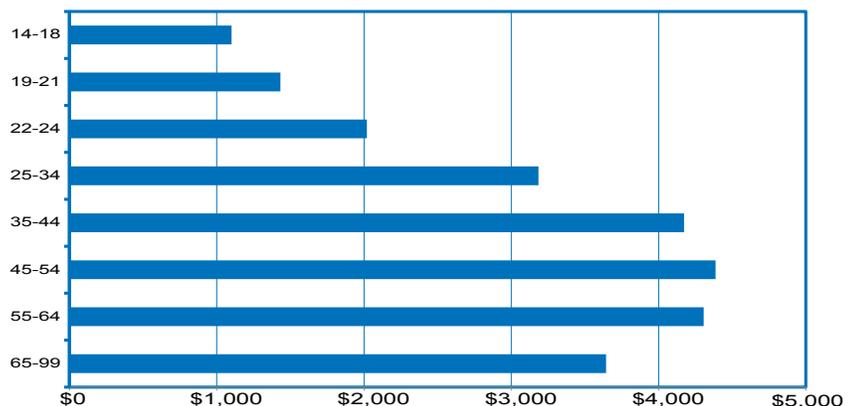
Job "Leavers" in Nevada (12-month moving average)



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



Average Monthly Wages by Age Group



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 – 7.5 percent in August, down from 8 percent in July and down from 9.8 percent in August 2013.

Economic Summary

Similarly, the 2.7% gain from last year's first quarter reading represents the third-strongest gain since early 2012. Further, while prior wage gains struggled to keep pace with inflation, this year's first quarter advance outpaced the overall level of inflation. Specifically, inflation, as measured by the Consumer Price Index, came in at 1.4% relative to a year ago during the first three months of the year. Hence, wages grew in "real" terms.

Nevada's economy has been on the mend since 2011. The unemployment rate has been cut nearly in half from its recessionary high. Year-over-year job gains have been recorded in each of the past 44 months. But, prior to this year's first quarter, wage gains have been sluggish, averaging just a bit above one percent annually over the 2011-2013 period. As a result, the improvement evident early this year is welcome news, and we will be monitoring trends closely in the future to see if this marks the beginning of more encouraging underlying wage trends.

Last month, we examined Nevada wages for new hires vs. all workers. This month, we look at underlying Nevada wage dynamics from another perspective. Specifically, we examine wage trends by age group. Not surprisingly, wages tend to rise along with age (experience). Specifically, average monthly wages in the 14-18 year old group total \$1,100. Wages rise for each subsequent age cohort, peaking at \$4,400 per month for those in the 45-54 year old group, before falling slightly for older workers. These results are not surprising. As workers age, they add to their skill sets and their productivity increases, at least on average. In the process, wages tend to rise in response to these skill/productivity enhancements. In addition, many pay scales are certainly seniority-based, and that would also push wages upward as workers age.

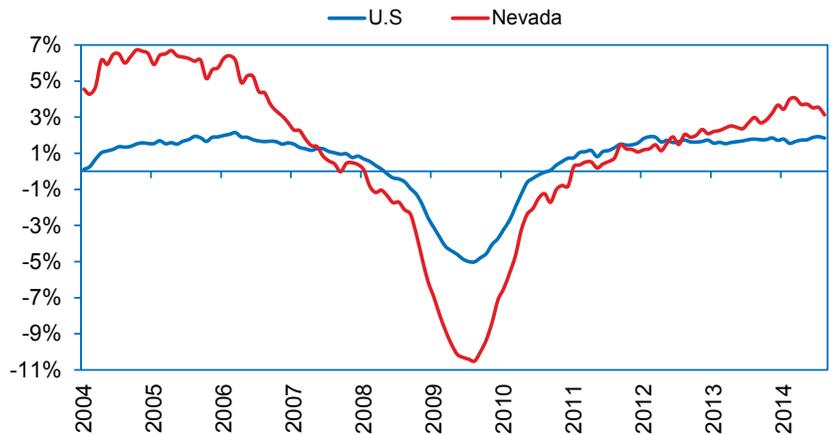
Jeremey Hays, Economist

Trends at a Glance

Industrial Employment

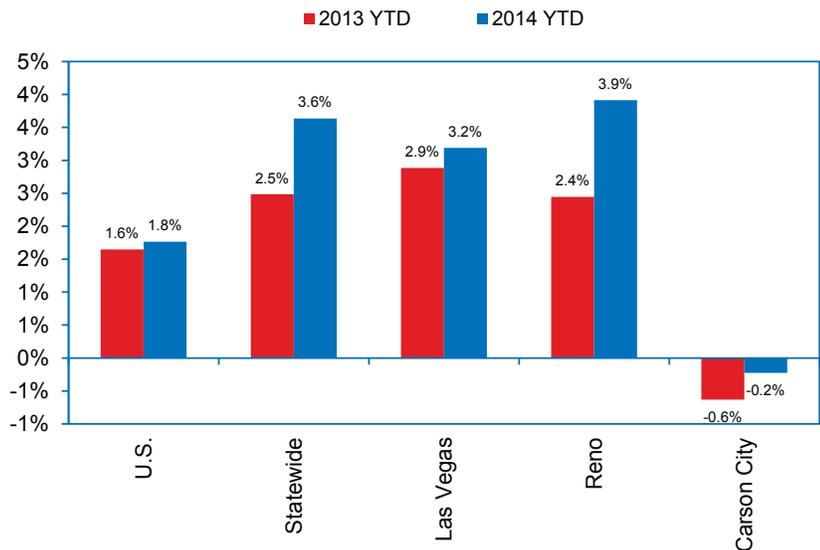
- Industrial employment in Nevada grew at a rate of 3.1 percent relative to a year prior, equating to a gain of 36,900 jobs.
- For the U.S., August job readings were up 1.8 percent relative to August 2013, equating to a gain of 2,512,000 jobs.
- Nevada's year-over-year job growth rate was above the nation's by 1.3 percentage points in August.

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



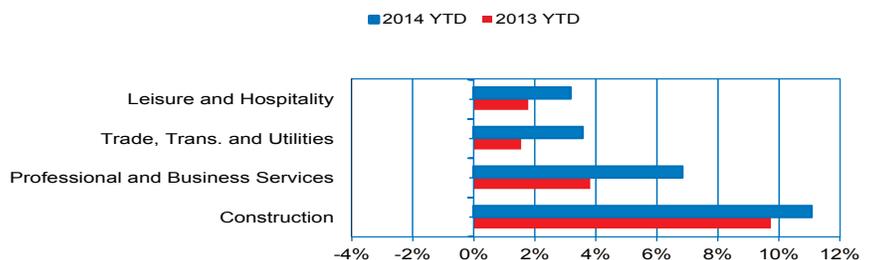
- The year-to-date annual rate of change in jobs remains better than a year ago for Nevada.
- The Las Vegas MSA's job count is 3.2 percent higher YTD relative to the same period in 2013.
- In the Reno-Sparks MSA, YTD job readings have increased by 3.9 percent since 2013.
- In Carson City, employment decreased 0.2 percent YTD.

Job Growth by Region
(YTD through August, 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 1.8 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 an 11.0 percent YTD increase.

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

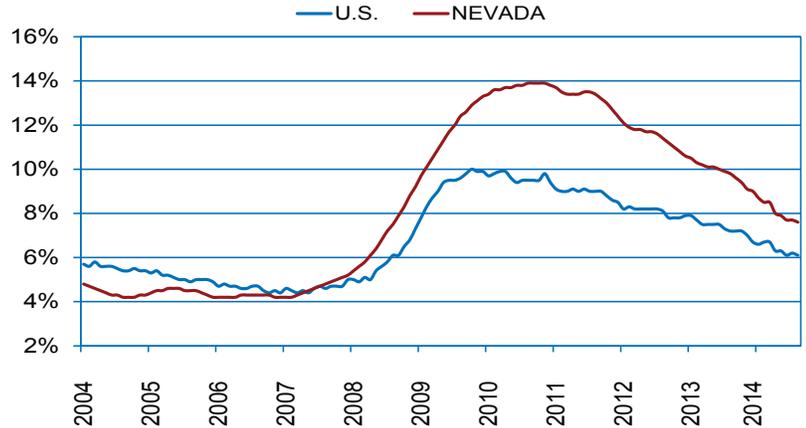


Trends at a Glance

Unemployment

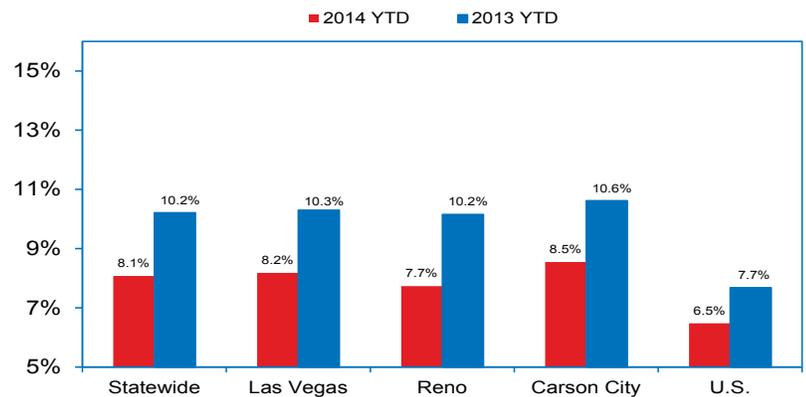
- August's seasonally adjusted unemployment rate in Nevada is 7.6 percent.
- Nationally, the unemployment rate is 6.1 percent over the month.
- The unemployment rate has declined or held steady, relative to the prior month, for 38 straight months. Nevada's rate exceeds the national average by 1.5 percentage points.

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



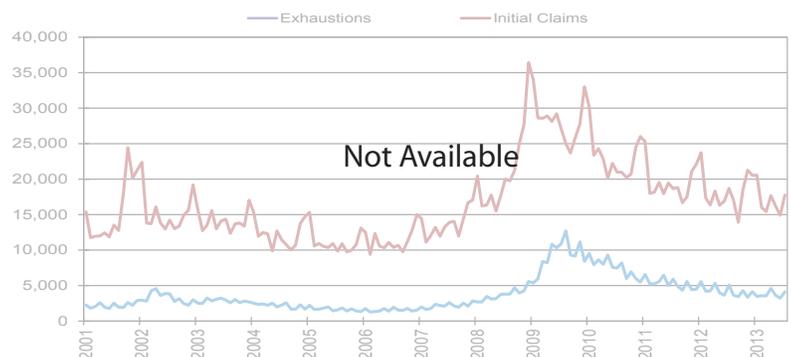
- At 8.1 percent, the statewide unadjusted unemployment rate decreased 2.1 percentage points YTD from 2013 to 2014.
- The Las Vegas-Paradise MSA recorded an unemployment rate of 8.2 percent YTD, a 2.1 point decrease over-the-year.
- The Reno-Sparks MSA's jobless rate was 7.7 percent YTD. This equates to a decrease of 2.4 percentage points compared to the same period last year.
- The jobless rate in Carson City was 8.5 percent YTD, down 2.1 percentage points over 2013.

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

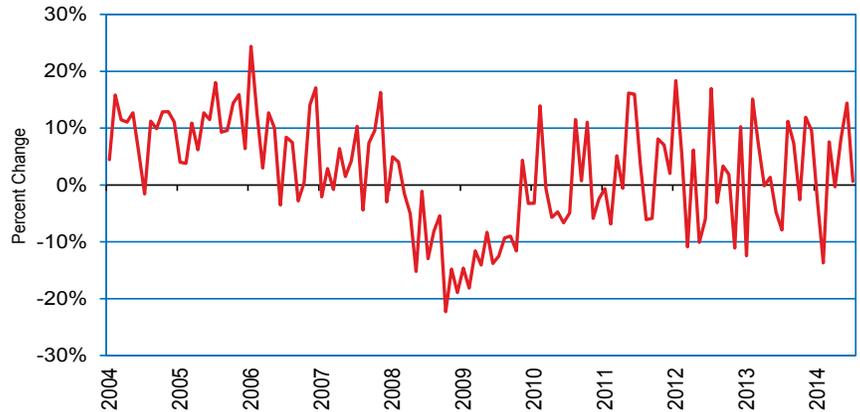


Trends at a Glance

Economic Indicators

- Nevada's non-restricted gaming licensees reported a 0.7 percent increase in gaming win compared to July 2013.
- For the fiscal year-to-date, gaming win has increased 0.7 percent.

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



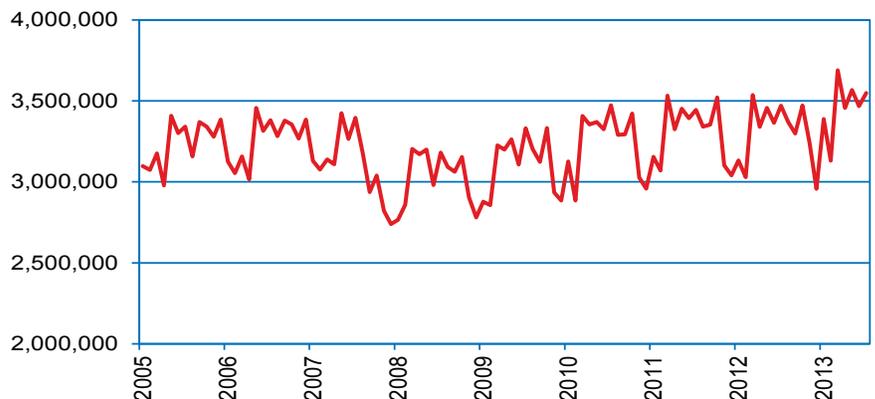
- In June, taxable sales increased 4.7 percent over June 2013 with collections totaling \$4.2 billion.

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



- Las Vegas visitor volume increased 77,497 in July relative to a year prior, a 2.2 percent increase.
- Year-to-date, visitor volume increased 3.9 percent in 2013 compared to a year earlier.

Las Vegas Monthly Visitor Volume

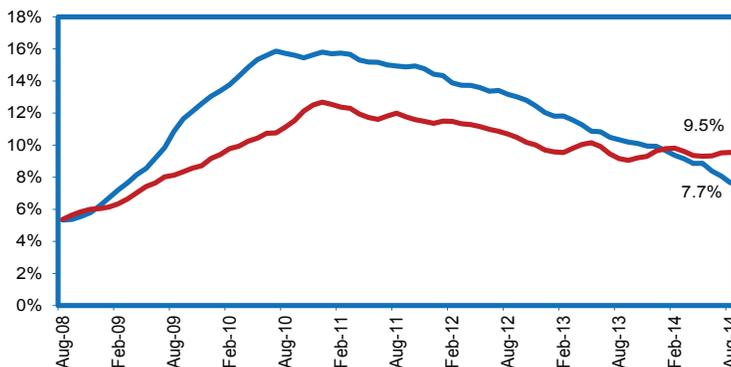


Trends at a Glance

Demographics of the Unemployed

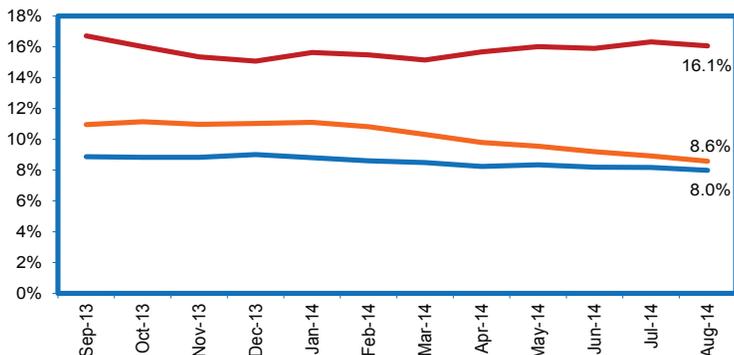
- The 12 month average unemployment rate for men in Nevada was 7.7 percent in August, a decrease of .4 from the previous month.
- The male unemployment rate has seen a steady decline since the middle of 2010
- The female unemployment rate remained constant at 9.5 percent in August.

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



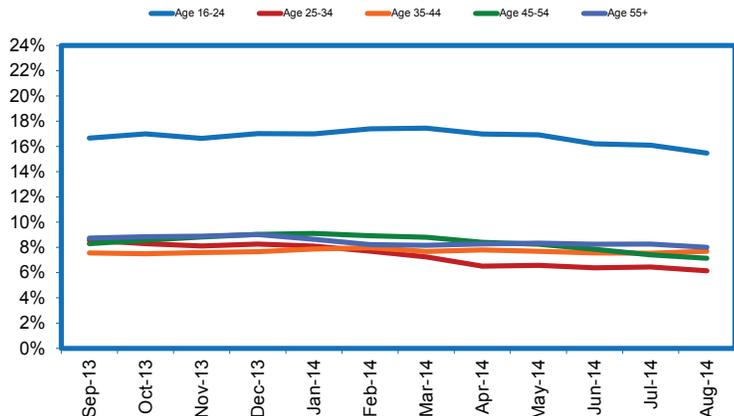
- The unemployment rate for Nevada's white labor force declined by 0.2 to 8.0 percent in August.
- The rate for Nevada's unemployed Black labor force decreased by 0.2 to 16.1 percent in August.
- The 12 month average unemployment rate for Nevada's Hispanic labor force decreased in August to 8.6 percent, from 8.9 percent in July.

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



- Nevada's youngest workers, age 16-24, continue to experience the highest unemployment rate of any age group in the State, coming in at 15.5 percent for the 12 month average ending in August.
- Those aged 45-54 had an unemployment rate of 7.1 percent in August, down by 0.3 from the 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 August with a rate of 6.1 percent.

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

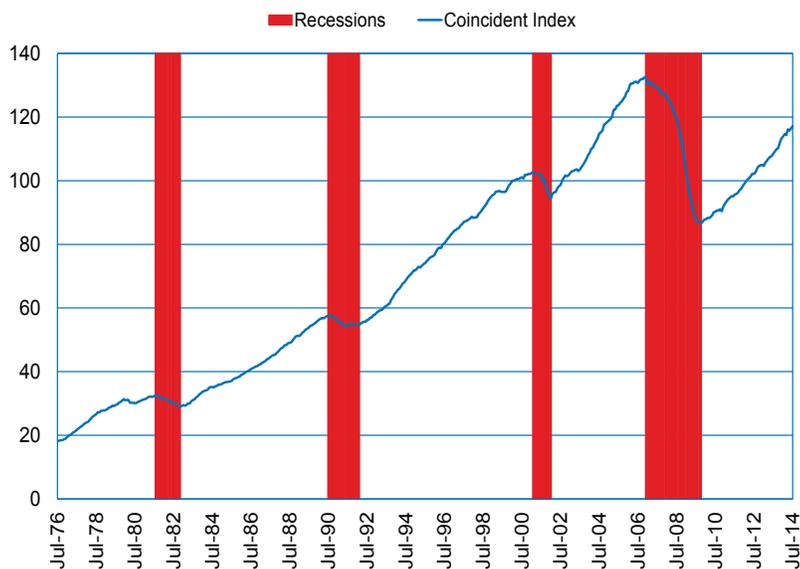


Trends at a Glance

CBER-DETR Nevada Coincident and Leading Employment Indexes

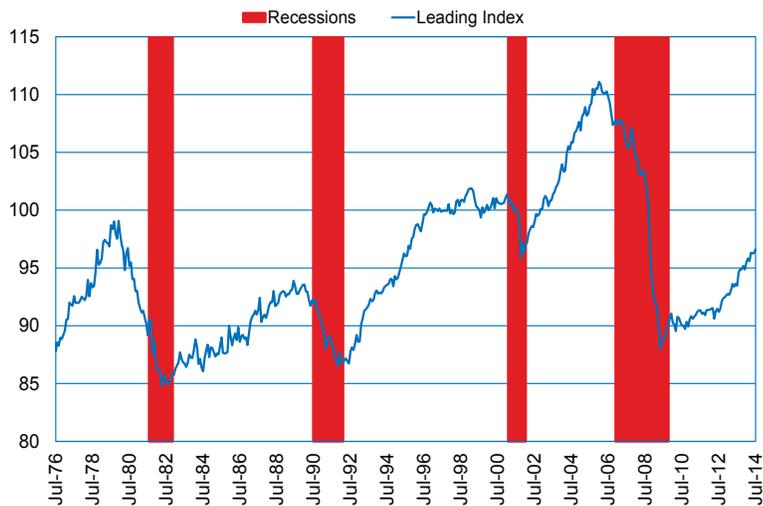
- The Nevada Coincident Employment Index measures the ups and downs of the Nevada economy using an index of employment variables. The peak of the last employment cycle in Nevada occurred in December 2006. The coincident index then regressed steadily through October 2009, where the coincident index reached a bottom.
- The July data release conveys a 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 June 2014, the indexes tell a more mixed story. For the coincident index, household employment, nonfarm employment, insured unemployment rate (inverted), and the unemployment rate (inverted) all moved in a positive 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, the real Moody's Baa bond rate (inverted) and housing permits moved in a positive direction, whereas the short-duration unemployment rate (inverted), construction employment, initial claims for unemployment insurance (inverted), and commercial permits moved in a negative direction. Nonetheless, the large gain in housing permits dominated all the other series and the leading index moved up between June and July.

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.

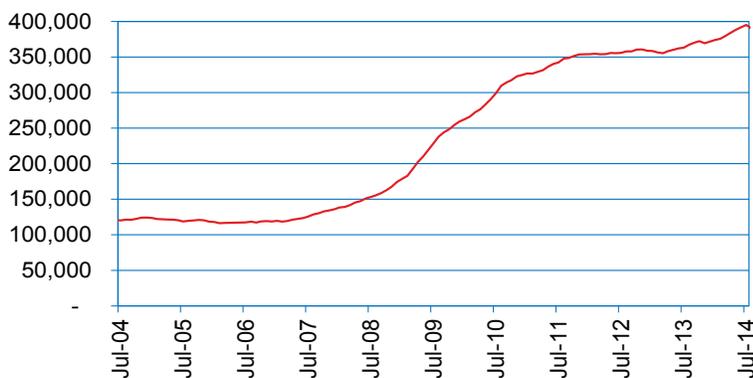
Temporary Assistance for Needy Families in Nevada, Number of Cash Recipients



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



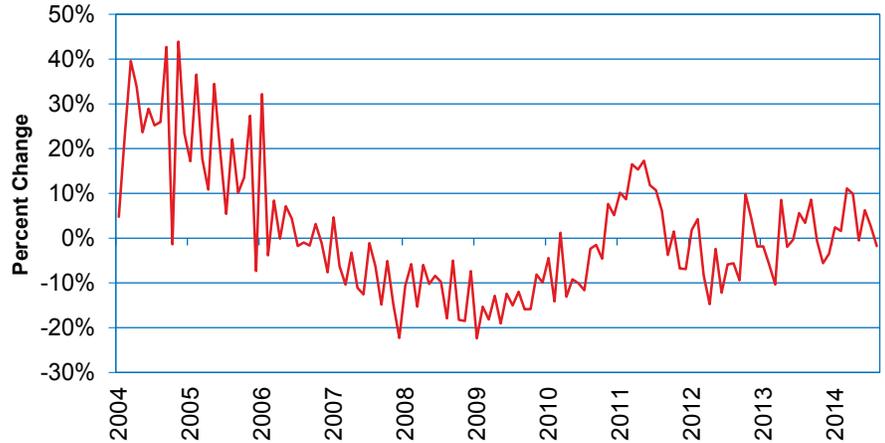
Source: Nevada Department of Health and Human Services

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 August new business filings were down 1.8 percent over August 2013. Year-to-date the formation of new businesses are up 4 percent compared to the same period last year.

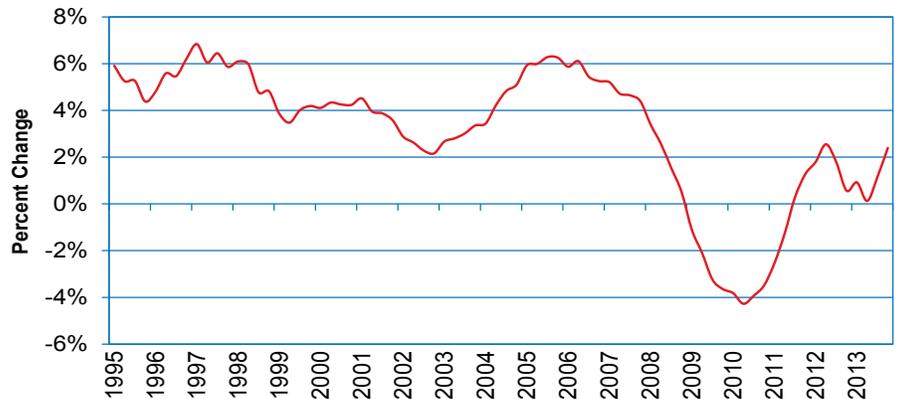
Business Entity Formations
(Year-Over-Year Percentage Change)



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

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