

Economy In Brief

October 2014



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

Economic Summary

After reporting seasonally adjusted job gains in 13 of the last 14 months, Nevada lost some ground in October, based upon monthly employment estimates. In a month where we would expect to add 8,300 jobs to payrolls, only 1,000 were added, leading to a seasonally adjusted loss of 7,300 jobs over the month. However, when we consider October's reading relative to the same month last year, we see that Nevada remains 28,600 jobs ahead, for a growth rate of 2.4 percent. This comes after eight straight months of annual gains in excess of 40,000. Further, when we consider 2014 year-to-date, Nevada is trending 41,300 jobs higher than in the same period in 2013, up 3.5 percent. The latter trends are more likely representative of the underlying health of Nevada's labor market than the pronounced deceleration evident in October.

Employment declines were realized in Nevada's two largest MSA's. Las Vegas fell by 5,300 jobs over the month, but remains up 19,000 jobs over the year, an annual growth rate of 2.2 percent. Reno Sparks fell 3,400 jobs over the month, but is ahead of last October by a coincidental 3,400, up 1.7 percent. Carson City held steady over the month and is up 100 jobs over the year for a growth rate of 0.4 percent.

After eight straight months in which construction was the fastest-growing super sector in the State, professional and business services

overtook it in October, adding 9,500 jobs over the year, for a growth rate of 6.4 percent. Construction fell to the third highest growth rate, 3.5 percent, with the addition of 2,100 jobs relative to the same month last year. The manufacturing sector added 1,300 jobs over the year, growing 3.2 percent. No super sector experienced year-over-year job losses this month, though mining was flat.

While our focus is generally on jobs, a regular examination of occupational trends helps to shed additional light on labor market dynamics. This month, we look at those occupations which are adding employment and pay above-average wages (approximately \$20 per hour for the State as a whole, depending on the data source).

Within this high-wage group, the occupation with the largest employment gain over the 2010-2014 period is general and operations managers, up about 1,500 positions. Average hourly wages in this occupation is \$50 per hour. Registered nurses (with an average hourly wage of \$38 per hour) showed the second-strongest growth in adding approximately 1,300 positions over the past four years. The third-fastest growing occupation is carpenters, who receive an average hourly wage of \$24 and expanded by 1,100 jobs since 2010. All told, the top ten occupations, in terms of growth, added about 9,200 positions over the study period, with average

Economic Indicators

UNEMPLOYMENT RATES October 2014

Nevada*	7.1%
Las Vegas MSA	6.8%
Reno-Sparks MSA	6.1%
Carson City MSA	6.8%
Elko Micropolitan Area	4.1%
United States*	5.8%
California*	7.3%

JOB GROWTH (YOY)*

Nevada*	2.4%
Las Vegas MSA	2.7%
Reno-Sparks MSA	2.0%
Carson City MSA	0.0%
United States*	1.9%
California*	2.1%

CONSUMER PRICE INDEX (YOY)

United States	1.7%
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GAMING WIN (YOY) Sep 2014

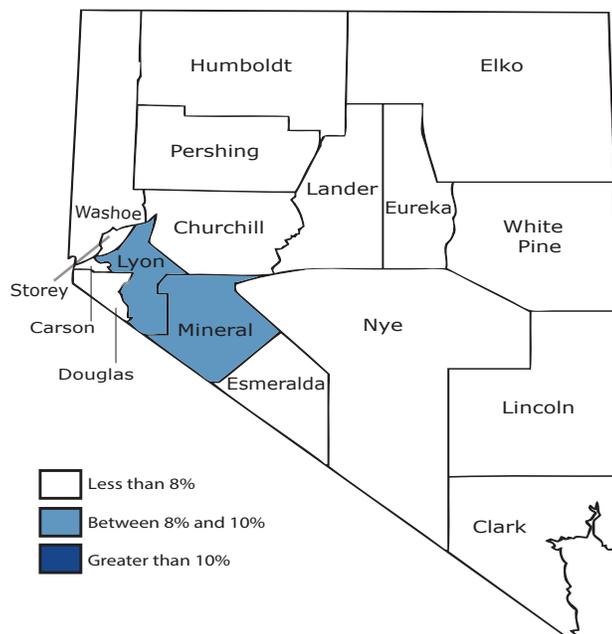
Nevada	-5.9%
Clark County	-6.8%
Washoe County	-1.6%

TAXABLE SALES (YOY) Sep 2014

Nevada	4.0%
Clark County	6.0%
Washoe County	4.2%

* Seasonally Adjusted

Unemployment Rate by County



Economic Summary

hourly wage of \$38 per hour) showed the second-strongest growth in adding approximately 1,300 positions over the past four years. The third-fastest growing occupation is carpenters, who receive an average hourly wage of \$24 and expanded by 1,100 jobs since 2010. All told, the top ten occupations, in terms of growth, added about 9,200 positions over the study period, with average hourly wages of nearly \$30.

Another barometer we utilize for analyzing trends in the labor market is the change in the number of employers in the State. All told, there were 60,500 employers in this year's third quarter, the second-highest reading on record. This translates into an increase of 2,400 relative to the same period last year, a growth rate of 4.2 percent. Through the first three quarters of the year, employer counts are trending 3.8 percent higher than in the same period a year ago, which makes it likely that 2014 will be the third consecutive year of employer gains in the Silver State. For context, employer counts were up by 1.7 percent in 2012 and 1.2 percent in 2013.

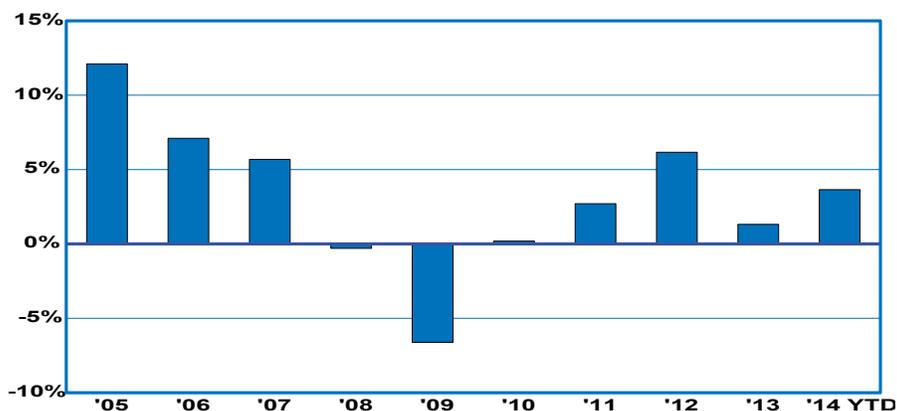
With data through the second quarter of 2014, we see that personal income has continued to trend upward in the Silver State. The latest reading stands at \$113.5 billion, which is 3.9 percent higher than last year's second quarter reading and the highest value on record since the series began in 1948. This series has increased, relative to a year ago, in 15 of the past 16 quarters. Through the first half of this year, personal income is trending 3.7 percent higher than during the first half of 2013.

The Federal Housing Finance Agency has released the latest data for their House Price Index through the second quarter of the year. The current index reading for Nevada is up 14.8 percent relative to 2013:IIQ, and up 53 percent relative to the trough. While the year-over-year gain is down from the

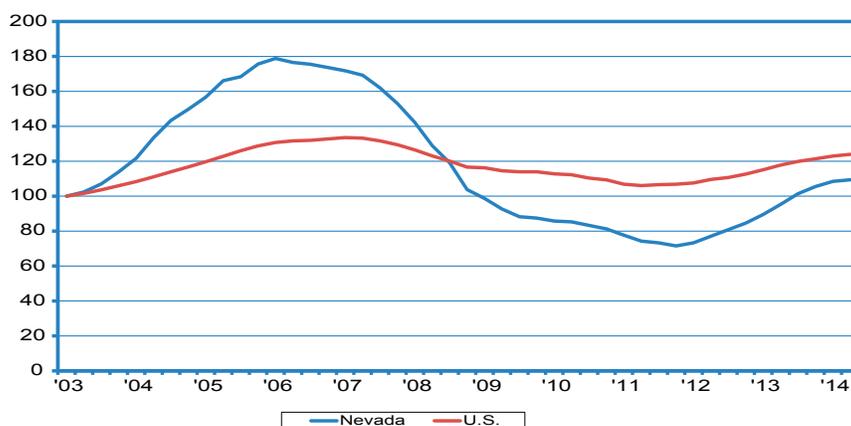
Many Growing Occs. Pay Above-Avg.
2010-2014 Job Growth; Ten Top-Growing Occupations Paying Above-Average Wages



NV on Pace for 5th-Straight Year of Income Gains; Up 3.7% Year-to-Date
Personal Income Growth



NV Housing Prices up 14.8% from Year Ago in IIQ; Gain Leads Nation
FHFA Home Price Index (2003:IQ=100)



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increases of 20-25 percent observed over the past two years, it is still the strongest advance in the nation. To give this some context, the national index experienced a peak-to-trough decline of 21 percent, while the Nevada index fell 60 percent. Nevada home prices climbed higher during the boom and fell harder during the bust. This indicates that Nevada home prices have been especially sensitive to the health of the economy, in both good times and bad.

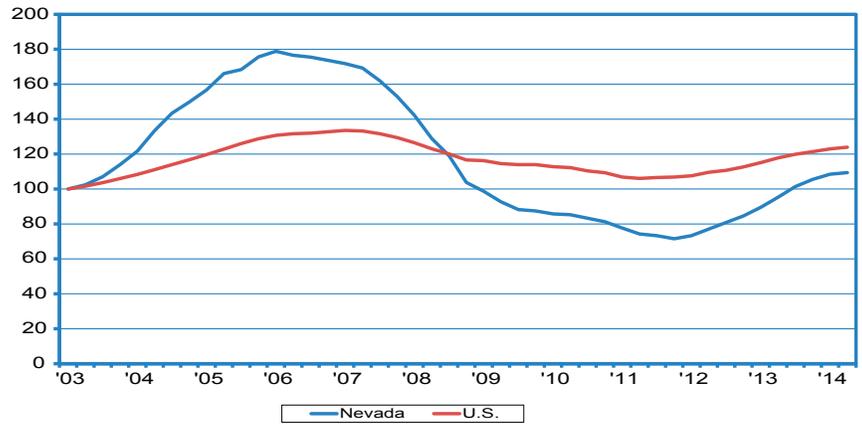
Contrary to the employment changes reported above, the State's unemployment rate has continued its downward trend this month¹. October's seasonally adjusted reading of 7.1 percent is down 2.3 percentage points relative to October 2013. This is the lowest unemployment rate in the Silver State since June 2008 and the lowest October unemployment rate since 2007. Further, this is the 45th consecutive month of year-over-year unemployment rate declines, dating back to February 2011. If these trends continue, unemployment should fall below six percent in 2016.

All three of Nevada's metropolitan statistical areas experienced declines in their non-seasonally adjusted unemployment rates². Coincidentally, all three MSAs fell by 0.3 percentage points over the month. The Las Vegas-Paradise MSA reading of 6.8 percent is down 2.8 percentage points relative to last year's reading of 9.6 percent. This is the single largest unemployment rate decline, on a year-ago basis, on record for the Las Vegas MSA (with information going back to 1990). The Reno-Sparks unemployment rate fell 2.7 percentage points over the year, to 6.1 percent. This is the lowest October reading on record since 2007. Finally, unemployment in the Carson City MSA also fell by 2.7 percentage points relative to October 2013, to 6.8 percent. This is the largest year-over-year decline in the State Capitol's unemployment rate since March of 1999.

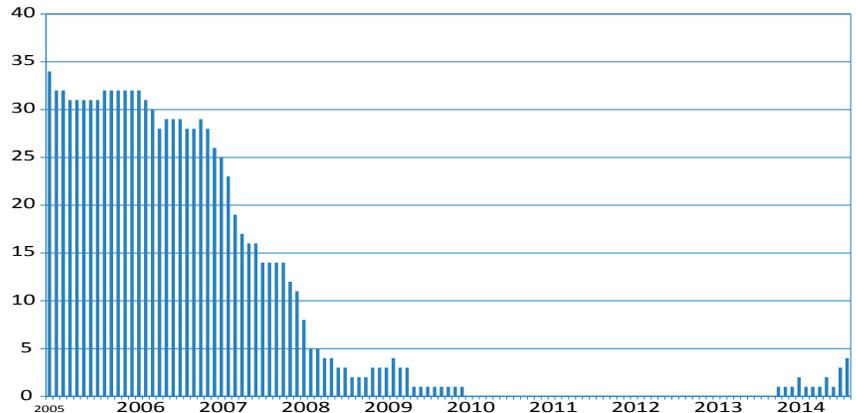
¹ Due to methodological differences between the Current Employment Statistics Program, from which monthly job estimates are derived, and the Local Area Unemployment Statistics Program, from which the unemployment rate is estimated, these apparent contradictions can arise when monthly comparisons are made.

² 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 - 6.6 percent in October, down from 7.0 percent in September and down from 9.4 percent in October 2013.

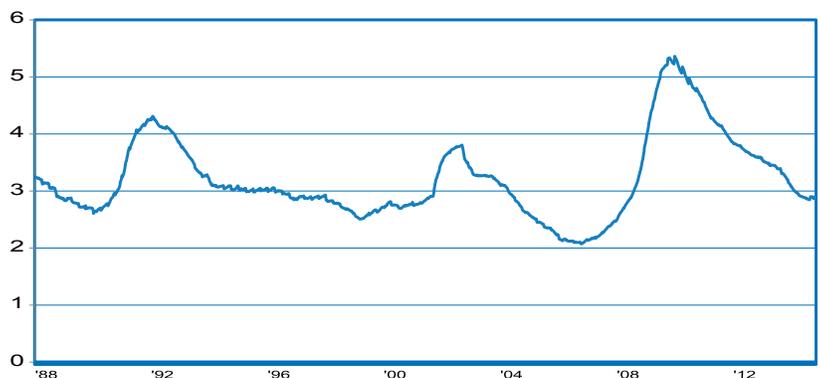
NV Housing Prices up 14.8% from Year Ago in IIQ; Gain Leads Nation
FHFA Home Price Index (2003:IQ=100)



NV's Unemployment Rate Slowly Improving its Ranking in Recent Months
No. of States with a Higher Rate than NV (info through Sept.)



Cyclical Improvement in the Relative Level of Initial Claims Activity
Initial Claims for Unemployment Insurance per Thousand Jobs



Economic Summary

It is of note that all 17 of Nevada's counties experienced sub-ten percent unemployment rates in September and October. The last time this was the case occurred in 2007.

As has been discussed in previous Overviews, Nevada's job growth rank has been steadily climbing. Depending on the measure used, Nevada has outperformed 48 other states in terms of employment growth of late. After a long delay, this strong employment growth has finally led to an accelerated decline in the State's unemployment rate. In 2005, Nevada ranked better than 34 other states in terms of unemployment rates. During the recession, Nevada's unemployment rate rose to the highest in the nation, where it stayed over the entire February 2010-October 2013 45-month period. Since October 2013, Nevada has started to see a reversal of this trend, with the State now ranking better than four other states as of September 2014

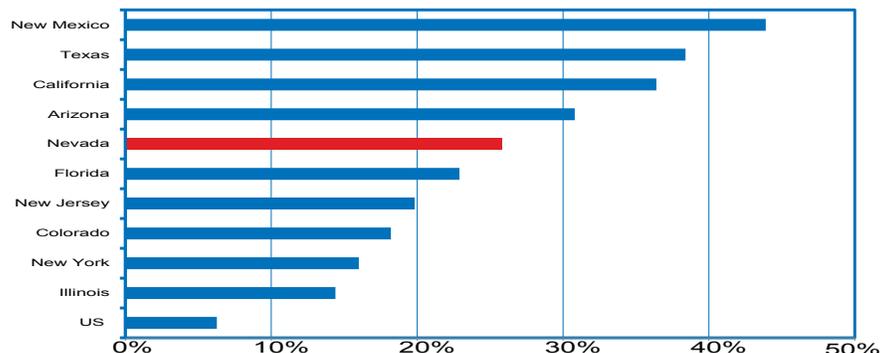
Initial claims for unemployment insurance totaled 14,100 in October, a decline of nearly two percent from last year. This month, we take an alternative approach to examining the health of the labor market by comparing the level of initial claims relative to the size of the workforce. Over the last 25 years, on average, there are 3 initial claims each week per thousand jobs in the State while the economy is growing steadily, with this number rising as high as 5.3 during the Great Recession, and as low as 2.1 during the housing boom in the last decade. This measure corresponds to the number of layoffs relative to the total number of jobs in the State, with a high number revealing that an unusually high number of people are losing their jobs involuntarily, and a low number suggesting, among other things, that people who are leaving work are doing so voluntarily.

In 2014, this barometer has been slowly trending down, falling from 3.1 claims per thousand jobs in January to 2.9 in November, suggesting that the overall job churn in the State is consistent with steady economic growth, and neither at boom nor bust levels. Going forward, we

Including Discouraged Workers Adds About a Pct. Point to the "Official" Rate Alternative Measures Of Labor Underutilization

Alternative Measures of Labor Underutilization (Year-ending 2014:IIIQ)		
Measure	Underutilization Concept	Level
Official Rate	jobless persons available to take a job who have actively sought work in the past four weeks	8.2%
U-1	jobless 15 weeks or longer	4.6%
U-2	job losers and persons losing a temporary job	4.4%
U-3	similar to official rate	8.3%
U-4	U-3 plus discouraged workers	9.1%
U-5	U-4 plus others marginally attached to the labor force	10.0%
U-6	U-5 plus those employed part-time for economic reasons	15.9%
Official Rate: annual average of the year ending September 2014		

Hispanics Account for 26% of NV's Labor Force; 5th-Highest in Nation Hispanics' Share of Labor Force; Top Ten States



Economic Summary

should expect to see the general decline in initial claims, which have fallen over the year in 54 of the past 59 months, to begin to stabilize (and perhaps rise slightly) as claims activity is driven upward by a growing employment base in the State.

The Bureau of Labor Statistics collects data on alternative measures of labor underutilization, which allow us an insight into the unemployment experienced by disparate groups of workers. The U-3 measure, which averaged 8.3 percent in the year ending in 2014:IIIQ, is the total of unemployed workers as a percentage of the civilian labor force. This is most similar to the official rate, which measures 8.2 percent in this period. U-4 adds discouraged workers to U-3, bringing the underutilization level to 9.1 percent. Discouraged workers are those people who would like to work, but have stopped looking for work because they believe there are no jobs to be filled. Marginally attached workers, the addition to U-5, have not searched for work for reasons other than belief that there are no jobs to fill, totaling ten percent. Finally, the U-6 measure 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 15.9 percent.

The September 15th-October 15th period was recognized as Hispanic Heritage Month in the U.S. We took this as an opportunity to assess one aspect of the role of Hispanics in Nevada's economy. Specifically, the Bureau of Labor Statistics reports that Hispanics account for approximately 26 percent of the total labor force in Nevada. This equates to close to 360,000 individuals, based upon 2013 information. All told, the Hispanic share of the Silver State labor force is the fifth-highest in the nation. New Mexico, Texas, California, and Arizona each have higher shares. The Land of Enchantment leads the way with a 44 percent

share.

The jobs data reported above all come from the Current Employment Statistics Program, which is based largely upon a survey of employers. The Quarterly Census of Employment and Wages Program provides a complete count of jobs from unemployment insurance files. This data is more accurate, but comes with a considerable lag. Currently, information is available through the second quarter of this year. Each quarter when this data is released, economists in the Research and Analysis Bureau perform short-term industry employment projections. The current forecast horizon is through the fourth quarter of 2017.

Total employment in Nevada is projected to increase by 40,000-50,000 in each year of the forecast period. This will equate to year-over-year employment gains of 3.4 percent in 2015, 3.6 percent in 2016, and 3.8 percent in 2017. A great deal of the employment gains will be realized as a result of the Tesla battery manufacturing plant, which will be constructed and begin operations within the forecast horizon. As such, construction employment is projected to increase between 8,000 and 10,000 each year, with annual growth rates of 12.1 percent in 2015 and 2016, and 12.4 percent in 2017. Manufacturing employment is projected to continue its current growth until 2017, when production is tentatively slated to begin at the Tesla plant. This will result in a doubling of the growth rates in 2015 (2.3 percent) and 2016 (3.3 percent) to 6.2 percent in 2017.

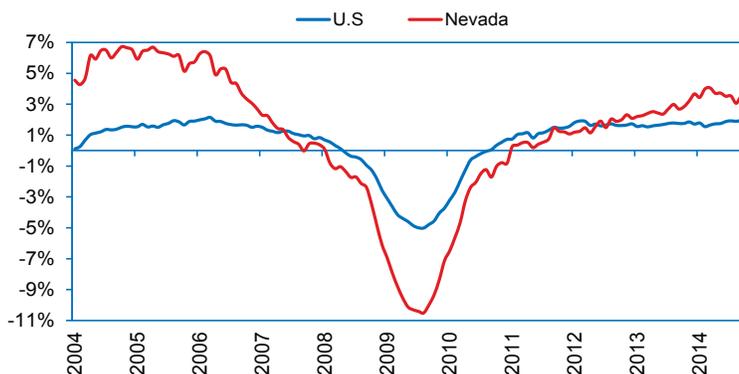
Finally, with the announcement of two new mega-resorts on the Las Vegas Strip, the Genting project on the site of the former Echelon project, and the Doumani project on the former site of the Clarion hotel, we project growing employment in the leisure and hospitality sector. Over the forecast period, we expect annual employment gains between 12,000 and 13,000, leading to employment growth rates of approximately four percent each year.

Trends at a Glance

Industrial Employment

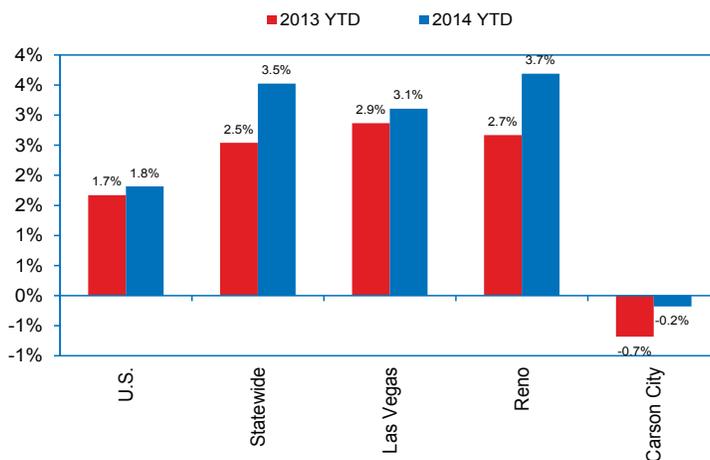
- Industrial employment in Nevada grew at a rate of 2.8 percent relative to a year prior, equating to a gain of 33,100 jobs.
- For the U.S., October job readings were up 2 percent relative to October 2013, equating to a gain of 2,804,000 jobs.
- Nevada's year-over-year job growth rate was above the nation's by 0.7 percentage points in October.

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



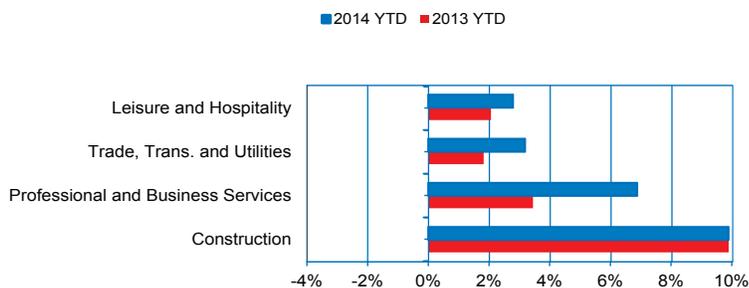
- The year-to-date annual rate of change in jobs remains better than a year ago for Nevada.
- The Las Vegas MSA's job count is 3.1 percent higher YTD relative to the same period in 2013.
- In the Reno-Sparks MSA, YTD job readings have increased by 3.7 percent since 2013.
- In Carson City, employment decreased 0.2 percent YTD.

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



- Jobs in the State's largest industry, leisure and hospitality, are up 2.8 percent YTD. A year earlier, YTD job readings were up 2.1 percent over the same time frame.
- Jobs in the trade, transportation, and utilities sectors are up 3.2 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 9.9 percent YTD increase.

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

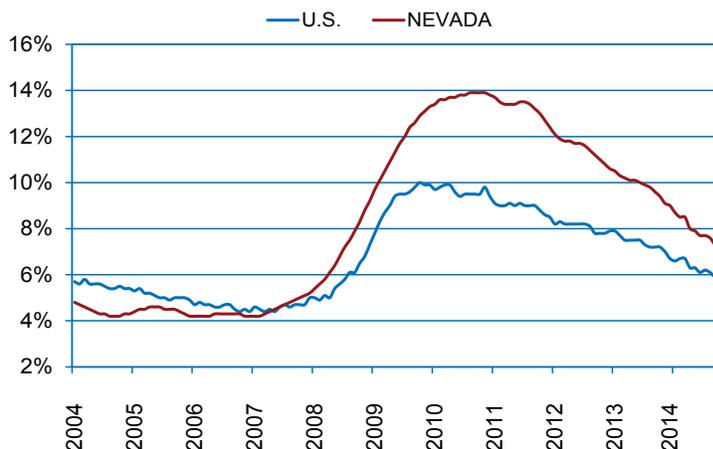


Trends at a Glance

Unemployment

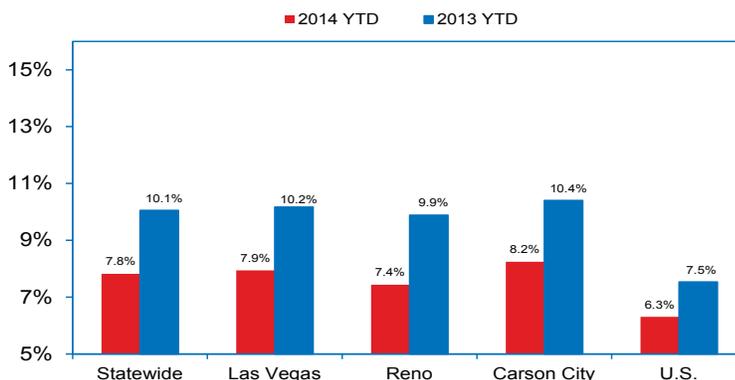
- October's seasonally adjusted unemployment rate in Nevada is 7.1 percent.
- Nationally, the unemployment rate is 5.8 percent over the month.
- Nevada's rate exceeds the national average by 1.3. Nevada's unemployment rate slowly improving its ranking in recent months.

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



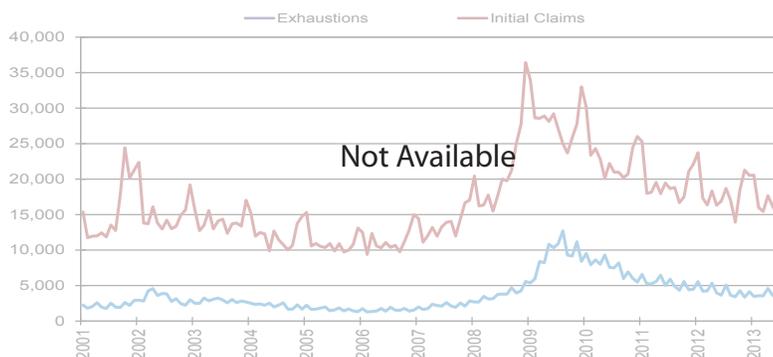
- At 7.8 percent, the statewide unadjusted unemployment rate decreased 2.2 percentage points YTD from 2013 to 2014.
- The Las Vegas-Paradise MSA recorded an unemployment rate of 7.9 percent YTD, a 2.2 point decrease over-the-year.
- The Reno-Sparks MSA's jobless rate was 7.4 percent YTD. This equates to a decrease of 2.4 percentage points compared to the same period last year.
- The jobless rate in Carson City was 8.2 percent YTD, down 2.2 percentage points over 2013.

**Unemployment Rate by Region
(YTD through October 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)

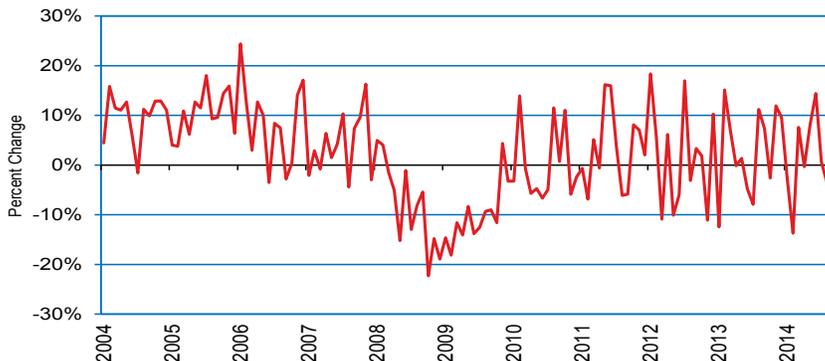


Trends at a Glance

Economic Indicators

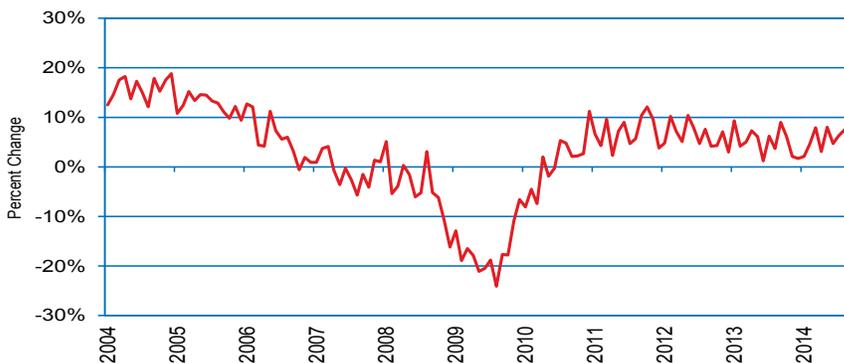
- Nevada's non-restricted gaming licensees reported a -5.9 percent decrease in gaming win compared to September 2013.
- For the fiscal year-to-date, gaming win has decreased 1.5 percent.

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



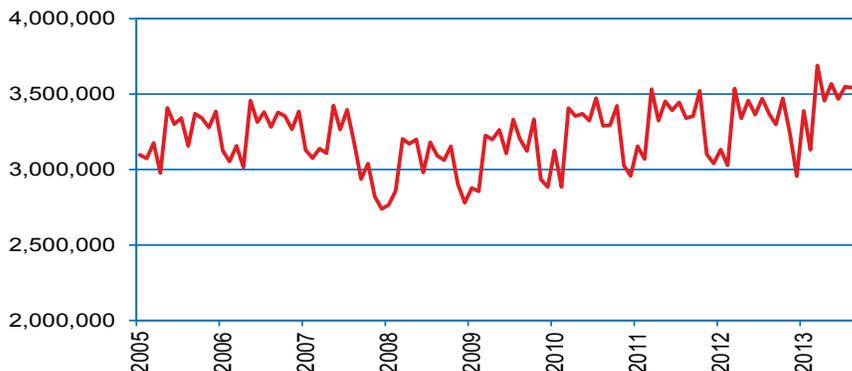
- In September, taxable sales increased 4.0 percent over September 2013 with collections totaling \$4 billion.

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



- Las Vegas visitor volume increased 46,982 in September relative to a year prior, a 1.4 percent increase.
- Year-to-date, visitor volume increased 3.8 percent in 2013 compared to a year earlier.

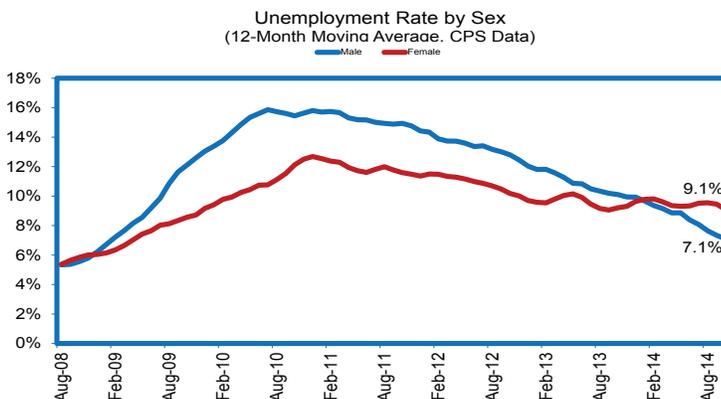
Las Vegas Monthly Visitor Volume



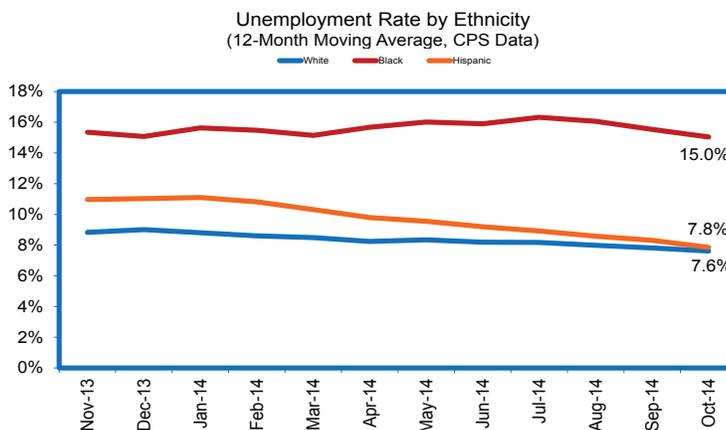
Trends at a Glance

Demographics of the Unemployed

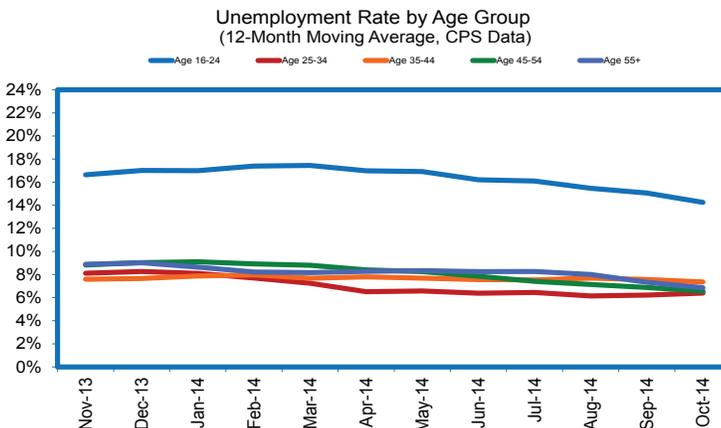
- The 12 month average unemployment rate for men in Nevada was 7.1 percent in October, a decrease of .2 from the previous month.
- The male unemployment rate has seen a steady decline since the middle of 2010.
- The female unemployment rate declined to 9.1 percent in October from 9.5 percent in September.



- The unemployment rate for Nevada's white labor force declined by 0.2 to 7.6 percent in October.
- The rate for Nevada's unemployed Black labor force decreased by 0.5 to 15.0 percent in October.
- The 12 month average unemployment rate for Nevada's Hispanic labor force decreased in October to 7.8 percent, from 8.3 percent in September.



- Nevada's youngest workers, age 16-24, continue to experience the highest unemployment rate of any age group in the State, coming in at 14.2 percent for the 12 month average ending in October.
- Those aged 45-54 had an unemployment rate of 6.6 percent in October, down by 0.3 from the 6.9 percent in September.
- The lowest unemployment rate for any age group in Nevada goes to the 25-34 olds for the period ending in October with a rate of 6.4 percent, up 0.2 percent from the previous month.



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 October 36,766 individuals were receiving assistance. Since October of last year, the level of assistance increased by 12.2 percent, or 3,999 more recipients.

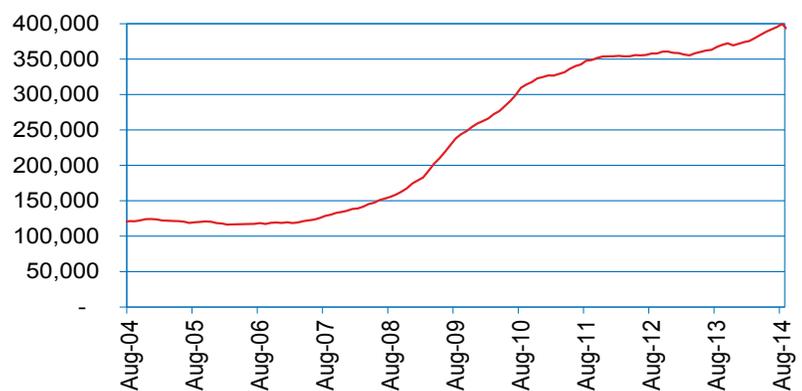
Temporary Assistance for Needy Families in Nevada, Number of Cash Recipients



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 September 402,937 Nevadans participated in the program. Over-the-year, the number of participants receiving assistance increased 8.9 percent, or 32,895 more recipients.

Supplemental Nutrition Assistance Program, Number of Participating Nevadans



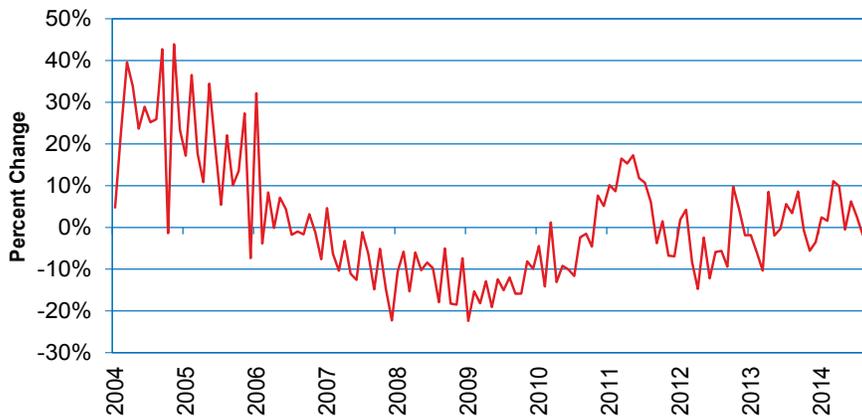
Source: Nevada Department of Health and Human Services

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 September new business filings were up 13.3 percent over September 2013. Year-to-date the formation of new businesses are up 5 percent compared to the same period last year.

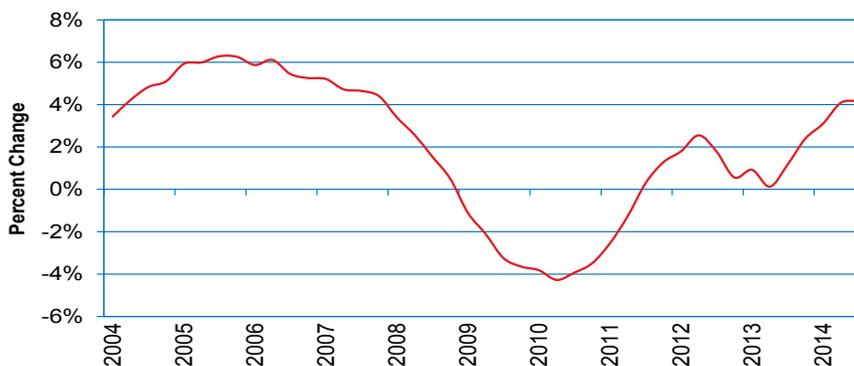
Business Entity Formations
(Year-Over-Year Percentage Change)



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 third quarter of 2014 there were 60,502 employers subject to UI taxes. Compared to the same quarter in 2013, there are 2,429 more employers in the program, a 4.2 percent increase.

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



Economy In Brief

Research & Analysis Bureau

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