

Economy In Brief January 2015



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

Economic Summary

Total seasonally adjusted nonfarm jobs reached 1.22 million in January, up 3.6 percent relative to the same month last year. This is the 49th consecutive month of year-over-year employment gains that have been recorded in the Silver State and the sixth consecutive month of growth of at least 40,000 jobs. Further, in the 37 months since the beginning of 2012, we have experienced month-over-month employment gains in all but four months. From December to January, Nevada added 6,700 jobs to payrolls, seasonally adjusted.

Employment in all but two of the State's supersectors is up this month on a year-over-year basis as well. Construction continues to lead the way in terms of percentage growth, up 7.9 percent over last year. The leisure and hospitality sector experienced the greatest nominal growth, up 16,600 relative to January 2014, for a growth rate of 5.2 percent. The only sectors to lose employment were mining and logging, down 400 jobs, and government employment, down 1,800.

Taking a closer look at the retail trade sector will help to shed light on the seasonal adjustment process that employment data go through every month. Unadjusted retail trade employment fell 6,200 over the month, a decrease of 4.2 percent. However, retail trade employment actually added 1,200 jobs, an increase of nearly one percent,

after seasonal adjustment. What this indicates is that the decrease in retail trade employment was less than would typically be expected at this time of year with the end of holiday-related employment.

All three of Nevada's metropolitan statistical areas (MSAs) added employment over the year. Payrolls in the Las Vegas-Paradise MSA increased by 28,900, for an annual growth rate of 3.4 percent, the highest in the State this month. Reno/Sparks added 4,600 jobs relative to January 2014 for a growth rate of 2.4 percent. Finally, the Carson City MSA added 500 jobs for a growth rate of 1.8 percent.

Weekly wages in Nevada averaged \$840 during 2014:IIIQ. This compares to \$836 a year ago, a gain of 0.5 percent. Still, this represents the second-highest third quarter reading on record. Wages have been trending up since 2011, albeit at a modest pace. Through the first three quarters of 2014, average weekly wages are up 1.3% from the prior year. Wages have grown in each of the past six quarters, after declining in four of the previous six.

While the hard-hit construction sector helps explain downward pressure on wages during the recession, the improving employment picture in these industries helps explain some of the upward pressure on wages of late. 2013 average wages in the construction sector were

Economic Indicators

UNEMPLOYMENT RATES January 2015

Nevada*	7.1%
Las Vegas MSA	7.5%
Reno-Sparks MSA	7.4%
Carson City MSA	8.5%
Elko Metropolitan Area	6.1%
United States*	5.7%

JOB GROWTH (YOY)

Nevada*	3.6%
Las Vegas MSA	3.4%
Reno-Sparks MSA	2.4%
Carson City MSA	1.8%
United States*	2.3%

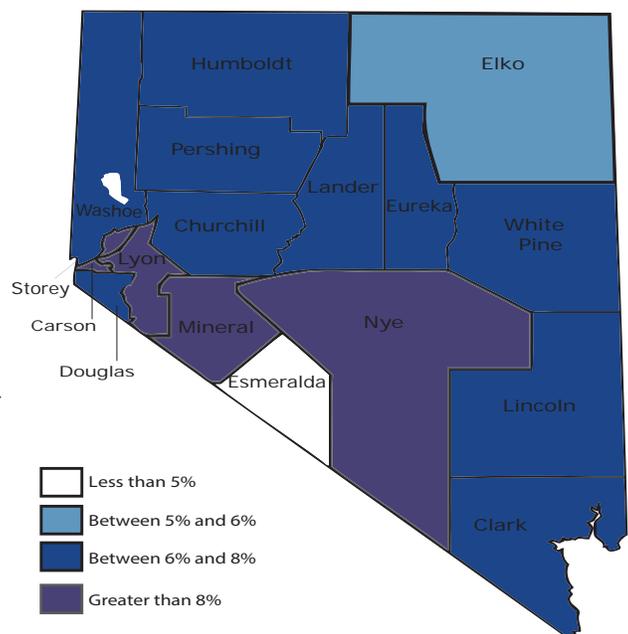
GAMING WIN (YOY) Jan 2015

Nevada	7.8%
Clark County	7.8%
Washoe County	12.4%

TAXABLE SALES (YOY) Dec 2014

Nevada	10.2%
Clark County	10.9%
Washoe County	8.2%

Unemployment Rate by County



Economic Summary

\$988, well above the Statewide average.

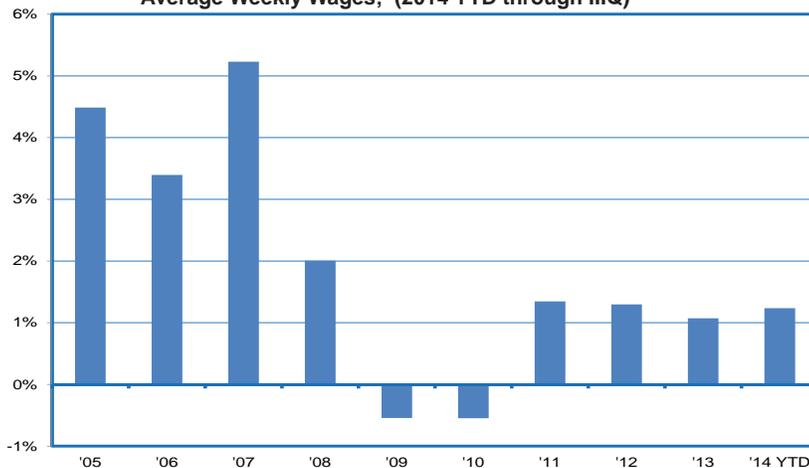
While underlying trends have improved, wage growth is still struggling to keep up with inflation. For instance, during all of 2014, consumer prices rose 1.6 percent, suggesting that wages have failed to keep up with general price inflation over the year.

This month, we are taking a closer look at leisure and hospitality (L&H) employment, Nevada's largest industry. Specifically, we are looking at the correlation between Las Vegas visitor volume and southern Nevada L&H employment. From 2005 through the end of the recession, these two economic barometers moved in tandem, with employment growth generally trending above visitor volume in a consistent fashion. From the pre-recessionary peak to trough, L&H employment fell by approximately 8.3 percent, while visitation fell by 8.4 percent. Since the beginning of the recovery, both series have rebounded. L&H employment has increased by 11.6 percent, to 280,000. Visitor volume has been setting records of late, with 41.2 million total visitors in 2014, 14.3 percent higher than the recessionary low recorded in 2009.

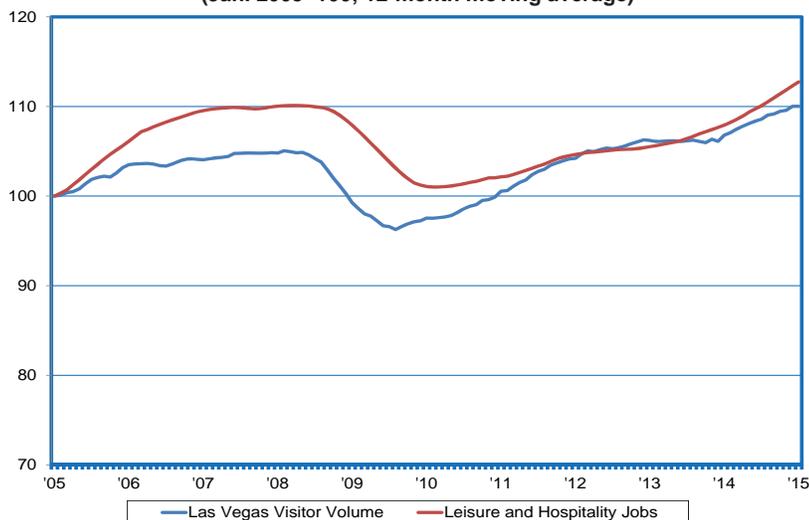
The job growth figures typically reported in our Overview represent the net effect of thousands of individual labor market "transactions." In any given quarter, in excess of 100,000 jobs may be gained and/or lost in Nevada. The Bureau of Labor Statistics' Business Employment Dynamics (BED) series offers 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."

During 2014:IIQ, gross job gains at expanding or opening private sector establishments totaled 70,000, the most pronounced gain in six years. Gross job losses at contracting or closing private sector establishments totaled 58,600 in the second quarter of 2014, after peaking in the 90,000-100,000 range during the recession. The difference

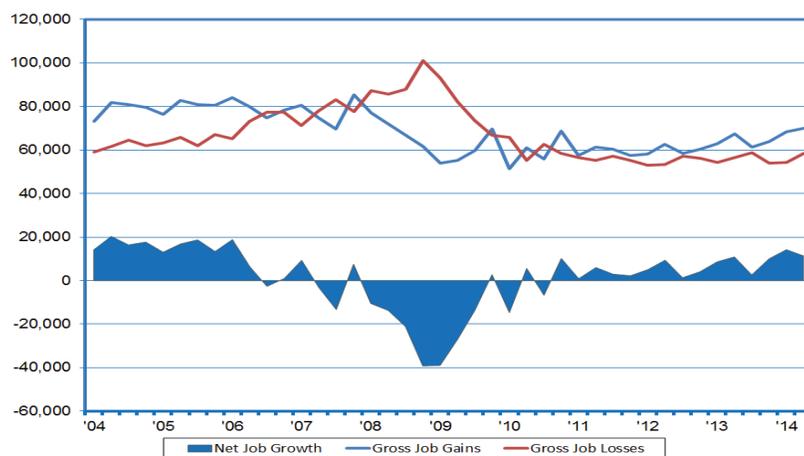
Wages, Expand, But at a Relatively Subdued Pace
Average Weekly Wages; (2014 YTD through IIIQ)



More Visitors=More Jobs
Las Vegas Visitation and Leisure/Hospitality Jobs
(Jan. 2005=100; 12-month moving average)



Job Gains>Losses in 15 Straight Qtrs
Business Employment Dynamics: Private Sector Goods Gross Job Gains vs Gross Losses (Seasonally Adjusted)



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between the number of gross job gains and the number of gross job losses yields a “net” employment gain of approximately 11,300 jobs in the private sector during 2014:IIQ. This represents the 15th consecutive quarter of net job growth, based upon BED information.

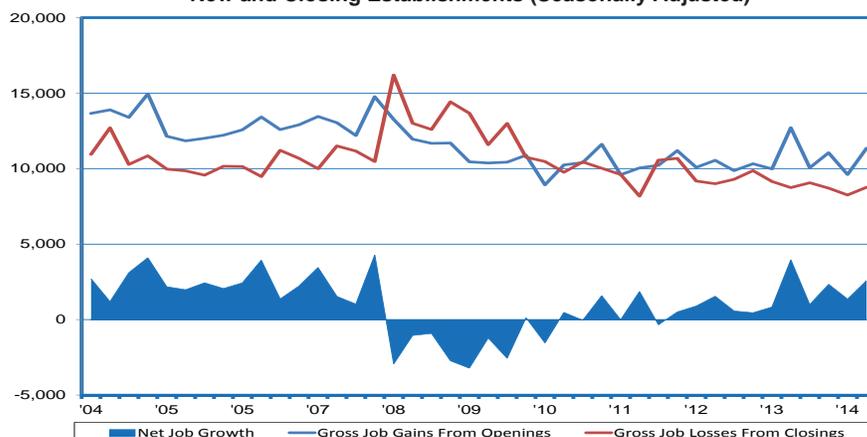
We can also examine labor market churn related solely to business establishment openings and closings. During the second quarter of 2014, 11,300 jobs were added as a result of new business openings, the highest reading since the second quarter of last year. On the flip side, business closings resulted in the loss of 8,800 jobs. The end result was a net gain of nearly 2,600 jobs due solely to business openings/closings. This is the 11th consecutive quarter of net gains from business openings/closings. It is also interesting to note that, over the past several quarters, job gains from opening establishments represent about 15 percent of total gross job gains. The same is true for closings. They represent approximately 15 percent of total gross job losses.

The seasonally adjusted unemployment rate¹ ticked up one tenth of a percentage point this month to 7.1 percent. While an uptick is generally not a good thing, this increase is due in large part to an increase in the labor force of more than 2,800. However, January’s reading is 1.4 percentage points below the 8.5 percent unemployment rate recorded in January 2014. This is the 47th consecutive month of year-over-year unemployment rate declines in the Silver State.

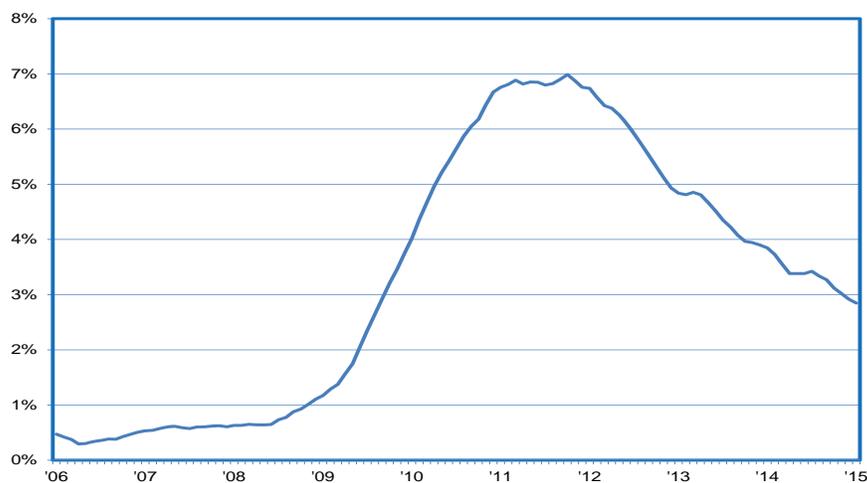
The unadjusted unemployment rate in each of the State’s MSAs is down this month on a year-over-year basis. The Reno/Sparks and Carson City MSAs are both down 1.5 percentage points, to 7.4 percent and 8.5 percent, respectively. The unemployment

¹Unemployment 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 January, up from 6.9 percent in December and down from 8.9 percent in January 2014.

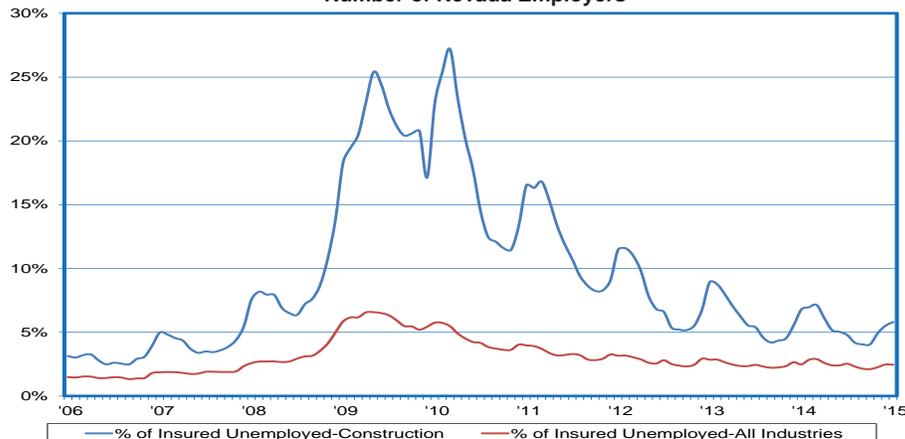
Opening Gains > Closing Losses
Business Employment Dynamics: Gross Job Gains vs. Gross Losses in New and Closing Establishments (Seasonally Adjusted)



The Jobless Rate for the Long-Term Unemployed has Tumbled
Long-Term “Unemployment Rate”



Number of Employers Reaches New Record; Up 14 Straight Qtrs.
Number of Nevada Employers



Economic Summary

rate in the Las Vegas-Paradise MSA is 7.5 percent this month, down 1.4 percentage points from a year ago.

Continuing our analysis of the long-term unemployed, this month we are looking at the long-term unemployment rate (defined as those persons without a job for 27 weeks or more). That is to say, the ratio of the long-term unemployed to the labor force as a whole. The rate peaked at nearly seven percent in late 2011, toward the end of the recession. Since then, the long-term unemployment rate has fallen to less than half of that. For the 12-month period ending January 2015, the long-term rate is 2.9 percent, down 4.2 percentage points from the peak. However, this is still well above the pre-recession rate, which was below one percent.

Of all of the State of Nevada’s industries, none was hit harder by the recession than construction. Construction unemployment insurance claims spiked to levels greater than 25 percent of the industry’s employment (often referred to as the “insured” unemployment rate) several times throughout the last six years, peaking in March 2010 at 27.2 percent. Notably, construction was Nevada’s only industry to break the 20 percent mark under this measurement. Since then, construction has significantly reduced the gap in its insured unemployment rate relative to all of the State’s industries. This gap, which averaged 1.5 percentage points in the months leading up to the recession, peaked at 21.7 percentage points in March 2010 and has since fallen to an average of 2.9 points over the last year. As of January 2015, the rate stands at 5.8 percent, 21.4 percentage points below the peak.

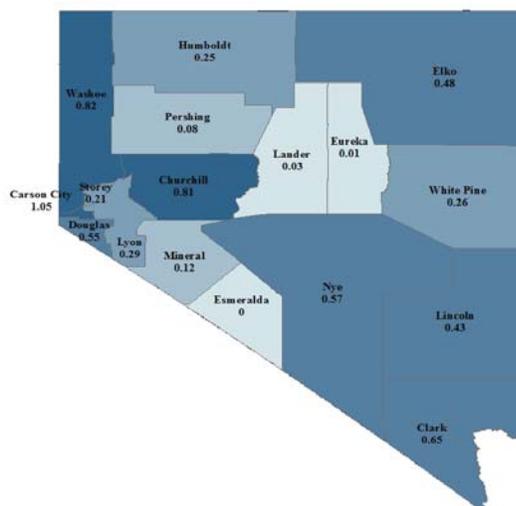
As a counterpoint to the State unemployment rate reported above, the Bureau of Labor Statistics derives alternative measures of labor underutilization directly from the Current Population Survey². With data

²The BLS uses CPS data because it is the only source for measures U-4 through U-6. The derivation of the State and sub-State unemployment rates involves the use of statistical models that greatly improve the reliability of the labor force and unemployment estimates.

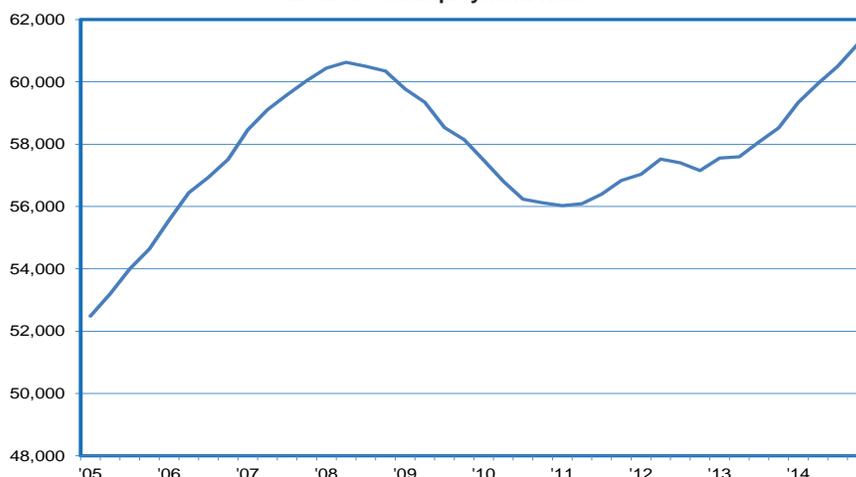
Including Discouraged Workers Add Less Than a Point to the “Official” Rate Alternative Measures Of Labor Underutilization

Alternative Measures of Labor Underutilization (2014 Annual Average)		
Measure	Underutilization Concept	Level
Official Rate	jobless persons available to take a job who have actively sought work in the past four weeks	7.8%
U-1	jobless 15 weeks or longer	4.2%
U-2	job losers and persons losing a temporary job	4.0%
U-3	similar to official rate	7.7%
U-4	U-3 plus discouraged workers	8.4%
U-5	U-4 plus others marginally attached to the labor force	9.4%
U-6	U-5 plus those employed part-time for economic reasons	15.3%
Official Rate: annual average of 2014		

Healthcare Under-Represented in Every County but Carson Healthcare Location Quotients (county healthcare job share/national share)



Construction Unemployment Trending Similar to the Labor Market as a Whole “Insured” Unemployment Rate



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through the end of 2014, the annual U-3 rate, which is most similar to the official rate, measured 7.7 percent, while the official rate measured 7.8 percent over the same period. With the addition of discouraged workers, those people who are willing and able to work but have stopped looking because they believe there are no jobs to be filled, the U-4 underutilization rate measures 8.4 percent over 2014; a difference of 0.7 percentage point. The U-5 measure adds marginally attached workers, bringing the underutilization measure to 9.4 percent. These marginally attached workers have not looked for work for reasons other than belief that there are no jobs to be filled. Finally, the U-6 measure adds those part-time workers who would rather be working full-time but cannot due to economic reasons. This adds 5.9 percentage points to the U-5 measure, for a total underutilization rate of 15.3 percent.

We are continuing our examination of industry concentrations this month with an analysis of the healthcare sector. The healthcare industry's presence differs for each county in Nevada. Location quotients³ (LQs) range from 0.0 in Esmeralda County, to 1.05 in Carson City. The 1.05 LQ in Carson City suggests healthcare's share of total employment is five percent higher than the national average. Carson City is the only county with a healthcare industry LQ in excess of one. The LQ of 0.0 in Esmeralda County suggests that the healthcare industry does not have a presence in this region. There are several other counties with excessively low healthcare LQs including: Mineral, Pershing, Lander, and Eureka counties. These counties are largely rural, which may explain why they have such a small share of healthcare employment in comparison to the nation.

At 0.82, Washoe County's healthcare LQ suggests that this industry's share of total jobs is about 80 percent of the national average. In Clark County, healthcare's share

of county jobs is about two-thirds of the national share, resulting in a LQ of 0.65. The healthcare industry may have a lower share of employment than the national average in these counties due to the large amount of employment in the leisure and hospitality sector.

In general terms, Nevada's LQ for healthcare is 0.66 – indicating Nevada's share of employment in healthcare is two thirds of the national share. The healthcare industry accounts for about 8.5 percent of total non-farm jobs in Nevada.

Generally, our monthly analyses are on the labor side of Nevada's economy (jobs, unemployment, etc.). However, a periodic assessment of the number of employers in the State helps to shed light on the underlying health of the economy as well. With data through 2014:IVQ, Nevada has surpassed its prerecessionary peak with 61,200 employers. The previous record was set in the second quarter of 2008, with 60,600 employers. Prior to the recession, employer counts were rising non-stop. In fact, by the time the economic downturn hit, the number of employers had increased in every year for at least a decade. After peaking in 2008, the number of employers declined sharply as the recession took hold, to 56,300 in 2011.

For all of 2014, employer counts averaged 60,200. This translates into an increase of nearly seven percent relative to the recessionary low in 2011. This trend is consistent with other labor-market barometers since the recovery began, pointing toward continued growth in Nevada's economy.

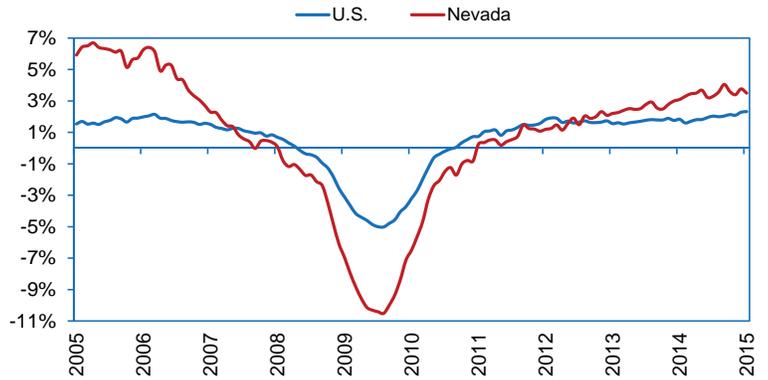
³A location quotient expresses how concentrated an industry/sector is in a region as compared to the nation. In more exact terms, a location quotient is a ratio that compares a region to a larger reference region according to some characteristic or asset.

Trends at a Glance

Industrial Employment

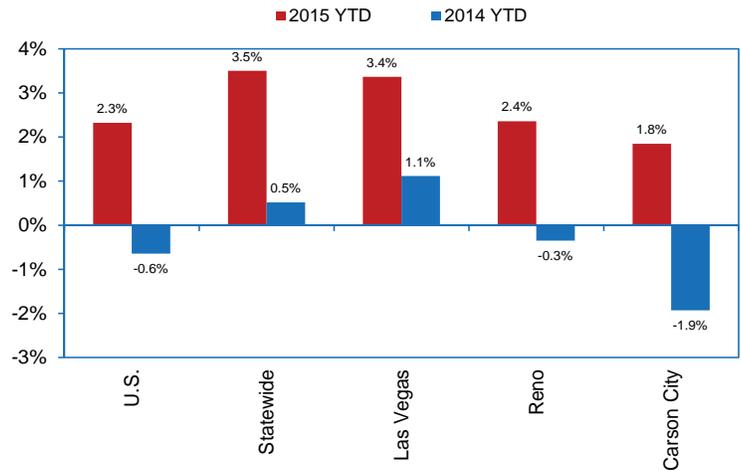
- Industrial employment in Nevada grew at a rate of 3.5 percent relative to a year prior, equating to a gain of 41,300 jobs.
- For the U.S., January job readings were up 2.3 percent relative to January 2014, equating to a gain of 3,147,000 jobs
- Nevada's year-over-year job growth rate was above the nation's by 1.2 percentage points in January.

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



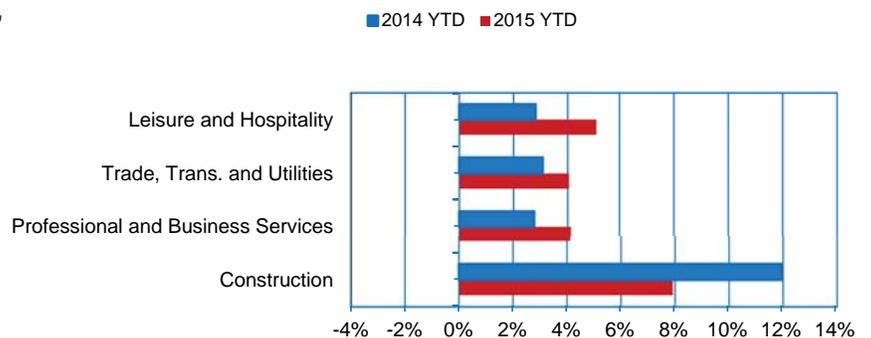
- The year-to-date annual rate of change in jobs remains better than a year ago in Nevada.
- The Las Vegas MSA's job count is 3.4 percent higher YTD relative to the same period in 2014.
- In the Reno-Sparks MSA, YTD job readings have increased by 2.4 percent since 2014.
- In Carson City, employment increased 1.8 percent YTD.

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



- Jobs in the State's largest industry, leisure and hospitality, are up 5.2 percent YTD. A year earlier, YTD job readings were up 2.8 percent over the same time frame.
- Jobs in the trade, transportation, and utilities sectors are up 4.0 percent YTD relative to the same period in 2014.
- The professional and business services sector increased 4.1 percent YTD from a year earlier.
- Jobs in construction increased over the past year equating to a 7.9 percent YTD increase.

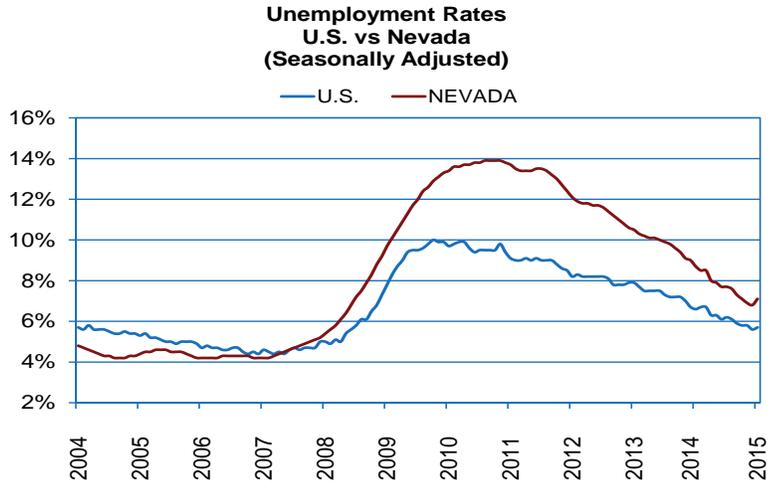
Job Growth by Industry
(YTD through January, Not Seasonally Adjusted)



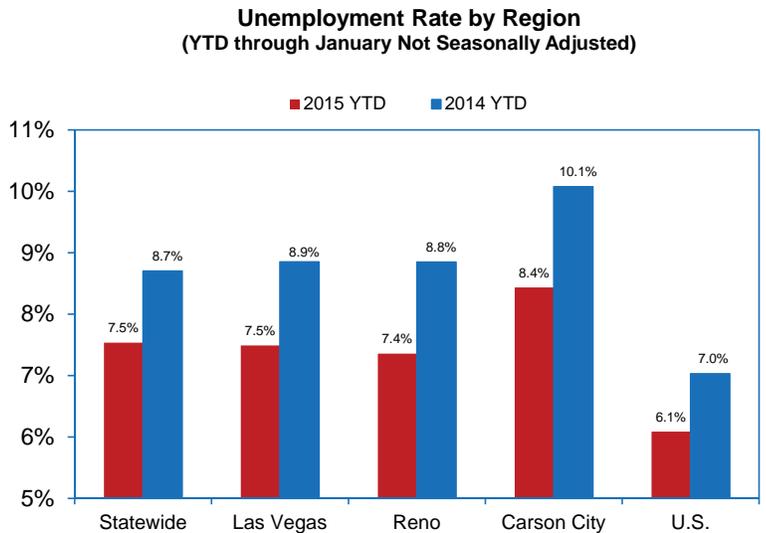
Trends at a Glance

Unemployment

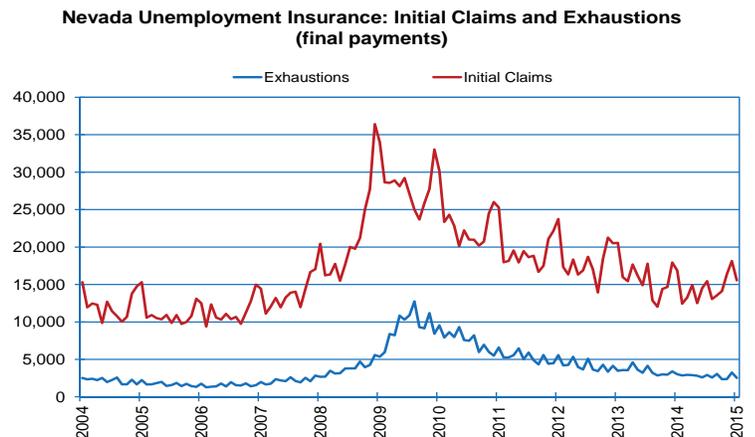
- January's seasonally adjusted unemployment rate in Nevada is 7.1 percent.
- Nationally, the unemployment rate is 5.7 percent over the month.
- Nevada's rate exceeds the national average by 1.4 percent. As of December, four states had a higher unemployment rate than Nevada: California, Louisiana, Mississippi, and the District of Columbia.



- At 7.5 percent, the statewide unadjusted unemployment rate decreased 1.2 percentage points YTD from 2014 to 2015.
- The Las Vegas-Paradise MSA recorded an unemployment rate of 7.5 percent YTD, a 1.4 point decrease over-the-year.
- The Reno-Sparks MSA's jobless rate was 7.4 percent YTD. This equates to a decrease of 1.5 percentage points compared to the same period last year.
- The jobless rate in Carson City was 8.5 percent YTD, down 1.6 percentage points over 2014.



- In January 15,572 initial claims were filed in Nevada, compared to 16,865 in January 2014, a 7.7 percent decrease over-the-year.
- Final payments, signifying an exhaustion of regular State benefits, decreased by 694 over the month with 2,534 exhaustees recorded in January. Over-the-year, final payments were down 15.9 percent.

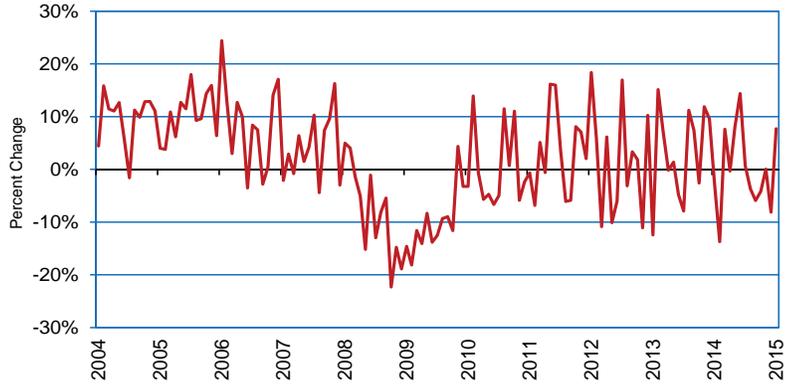


Trends at a Glance

Economic Indicators

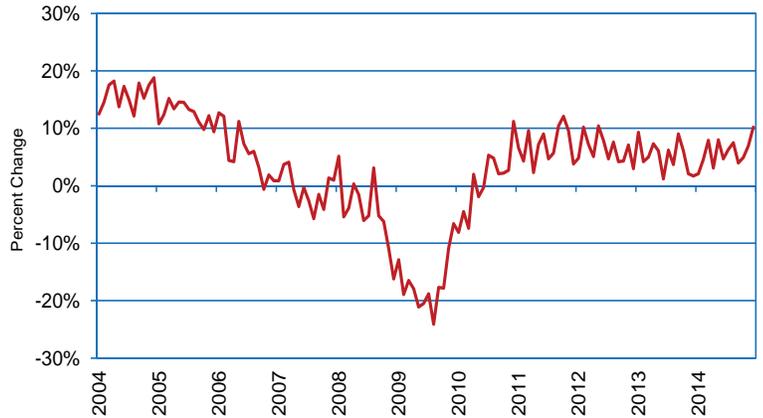
- Nevada's non-restricted gaming licensees reported a 7.8 percent increase in gaming win compared to January 2014.
- For the fiscal year-to-date, gaming win has decreased 2.1 percent.

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



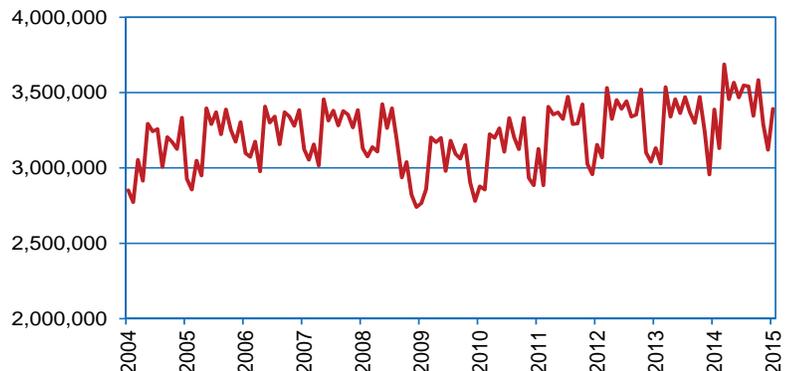
- In December, taxable sales increased 10.2 percent over December 2014 with collections totaling \$4.87 billion.

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



- Las Vegas visitor volume increased 3,417 in January relative to a year prior, a 0.1 percent increase.
- Year-to-date, visitor volume increased three percent in 2015 compared to a year earlier.

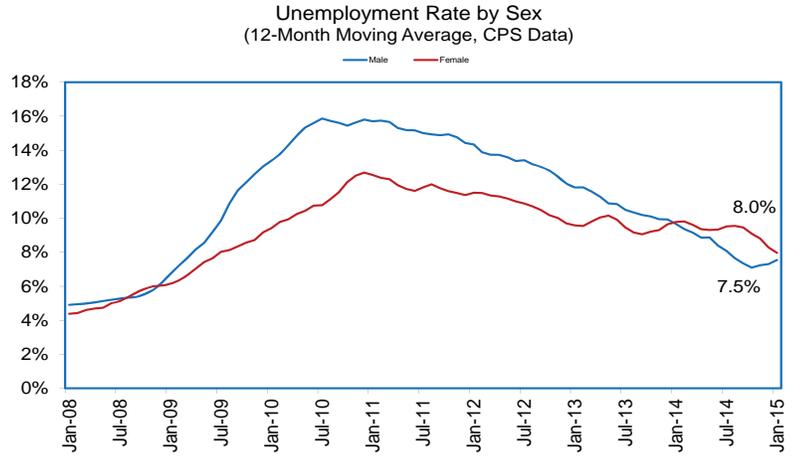
Las Vegas Monthly Visitor Volume



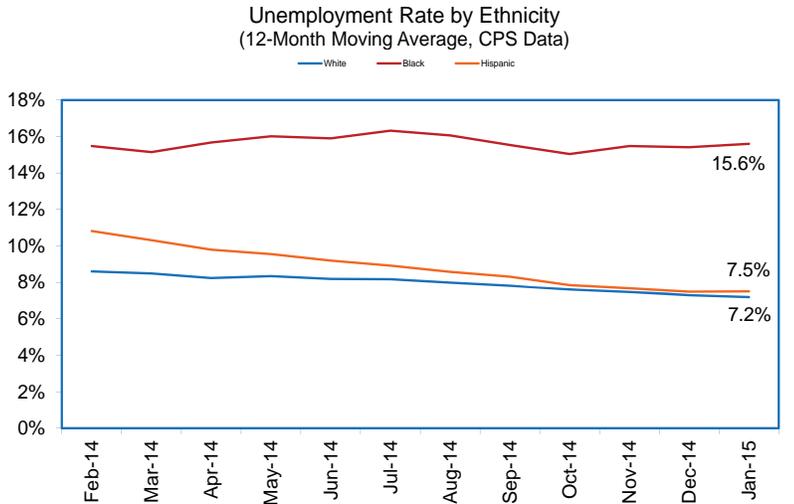
Trends at a Glance

Demographics of the Unemployed

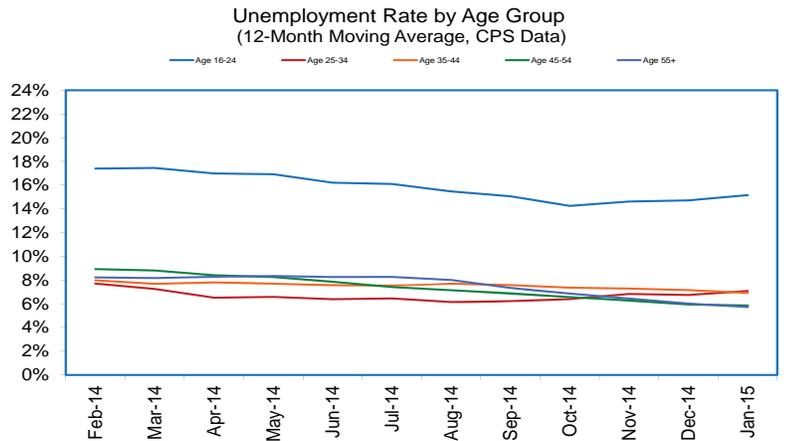
- The 12 month average unemployment rate for men in Nevada was 7.5 percent in January, an increase of 0.2 from the previous month.
- This is the third uptick in the male unemployment rate since February 2011.
- The female unemployment rate declined to eight percent in January from 8.3 percent in December.



- The unemployment rate for Nevada’s white labor force declined by 0.1 to 7.2 percent in January.
- The unemployment rate for Nevada’s Black labor force increased by 0.2 to 15.6 percent in January.
- The 12 month average unemployment rate for Nevada’s Hispanic labor force remained stagnant at 7.5 percent from December to January.



- Nevada’s youngest workers, age 16-24, continue to experience the highest unemployment rate of any age group in the State, coming in at 15.2 percent for the 12 month average ending in January.
- Those aged 55+ had an unemployment rate of 5.7 percent in January, down by 0.3 from the six percent in December.
- The lowest unemployment rate for any age group in Nevada goes to the 45-54 year olds for the period ending in January with a rate of 5.9 percent, stagnant from the previous month.

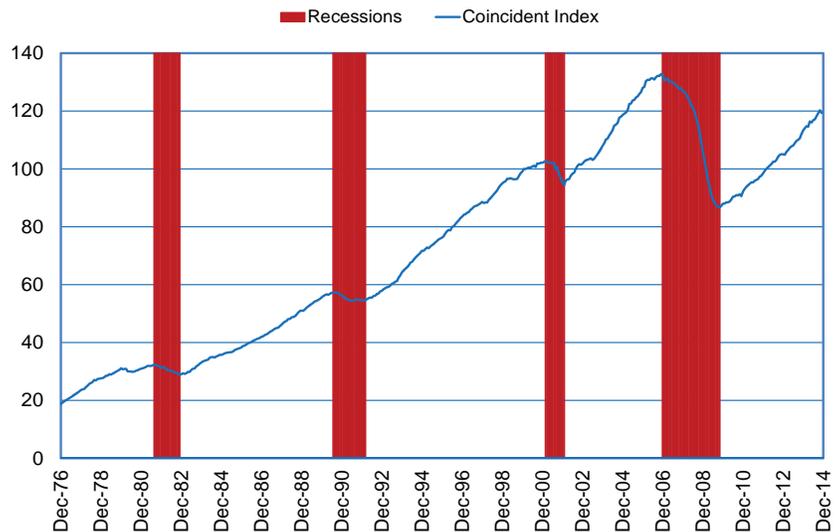


Trends at a Glance

CBER-DETR Nevada Coincident and Leading Employment Indexes

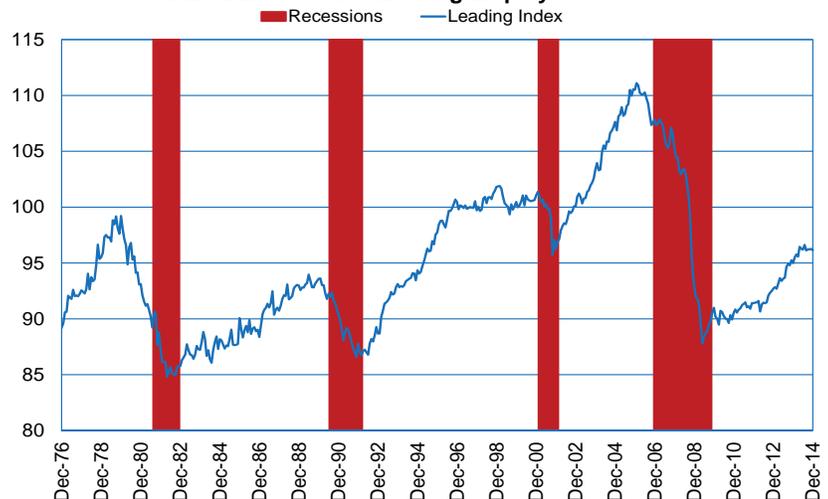
- The Nevada Coincident Employment Index measures the ups and downs of the Nevada economy using an index of employment variables. The peak of the last employment cycle in Nevada occurred in December 2006. The coincident index then regressed steadily through October 2009, where the coincident index reached a bottom.
- The December data release conveys a positive story for the coincident index and a mostly positive story for the leading index 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.
- 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, the short-duration unemployment rate (inverted), housing permits, commercial permits, and construction employment moved in a positive direction while the real Moody's Baa bond rate (inverted), and initial claims for unemployment insurance (inverted) moved in a negative direction.
- For the leading index, the short-duration unemployment rate (inverted) and construction employment moved in a positive direction, whereas initial claims for unemployment insurance (inverted), housing permits, commercial permits, and the real Moody's Baa bond rate (inverted) moved in a negative direction.

CBER-DETR Nevada Leading Employment Index



Trends at a Glance

Welfare Indicators

- The Temporary Assistance for Needy Families (TANF) program provides time-limited cash assistance to low-income families with children so they can be cared for in their own home. TANF also seeks to reduce dependency by promoting job preparation, reducing out-of-wedlock pregnancies and encouraging the formation and maintenance of two-parent families. As an economic indicator, TANF reveals information on the relative well-being of Nevada's low-income families. The number of recipients in the program is strongly influenced by the ups and downs of the business cycle.
- In January 30,609 individuals were receiving assistance. Since January of last year, the level of assistance decreased by 8.4 percent, or 2,799 less recipients.

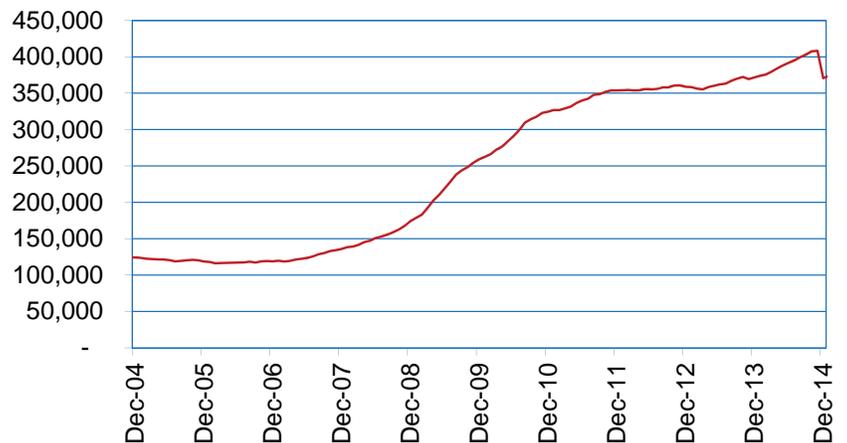
Temporary Assistance for Needy Families in Nevada, Number of Cash Recipients



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 December 410,101 Nevadans participated in the program. Over-the-year, the number of participants receiving assistance increased 10.7 percent, or 39,557 more recipients.

Supplemental Nutrition Assistance Program, Number of Participating Nevadans



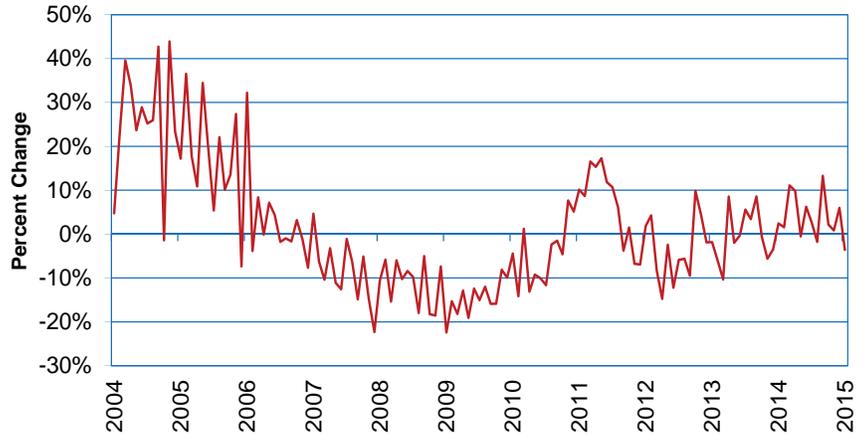
Source: Nevada Department of Health and Human Services

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 January, new business filings were down 3.6 percent over January 2014. Year-to-date the formation of new businesses is up 3.6 percent compared to the same period last year.

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



Source: Nevada Secretary of State

Economy In Brief

Research & Analysis Bureau

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