

Economy In Brief February 2015



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

Economic Summary

For the 50th month in a row, employment in Nevada has increased on a year-over-year basis. February's reading of 1.24 million jobs, seasonally adjusted, is 36,900 higher than last February's reading, a growth rate of 3.1 percent. Further, this is the 31st month in a row that year-over-year job growth in the Silver State has outpaced the nation. However, there was a seasonally adjusted decline of 500 jobs this month, relative to last month. We expected payrolls (not adjusted for seasonality) to increase by 7,100 this month, but only 6,600 jobs were actually added, leading to the seasonally adjusted decline, but the overall trend remains encouraging. For instance, the decline was concentrated in the public sector, which lost 2,600 jobs over the month, whereas the private sector grew by 2,100, seasonally adjusted.

The construction sector continued to lead the State in terms of percentage growth in February, up 5.3 percent relative to last year. This equates to an additional 3,200 construction jobs in the State. Leisure and hospitality employment experienced the largest nominal growth this month, adding 13,400 jobs to payrolls for a growth rate of 4.1 percent. Mining and government employment continued their downward trends this month, losing 2.8 percent and 1.1 percent, respectively, relative to a year ago. Financial activities is also down over-the-year this month with a loss of 700 jobs, a

1.2 percent decline.

All three of the metropolitan statistical areas (MSAs) in Nevada gained employment on a year-over-year basis in February. Las Vegas was home to both the highest nominal and percentage growth this month, up 26,800 jobs for a growth rate of 3.1 percent. Reno/Sparks added 4,600 jobs to payrolls, up 2.3 percent relative to last year. Finally, Carson City added 500 jobs, up 1.8 percent.

Information obtained through the Quarterly Census of Employment and Wages (QCEW) Program provides a nearly complete job count based upon wage records submitted by employers whose workers are covered under the Unemployment Insurance System. Because generating this information is a time-consuming process, it is only available with a 4-5 month lag. Examining this information over time, and for all 50 states (plus the District of Columbia), highlights Nevada's relative performance during the pre-recessionary boom, through the downturn, and into the recovery. In the years preceding the economic downturn, Nevada led the country in private sector employment growth. Indeed, Nevada had the highest employment growth rate in the country in 2005 (6.4 percent). Conversely, during the recession, Nevada was the most affected state in terms of private sector employment growth. In fact, Nevada's

Economic Indicators

UNEMPLOYMENT RATES February 2015

Nevada*	7.1%
Las Vegas MSA	7.2%
Reno-Sparks MSA	7.1%
Carson City MSA	8.1%
Elko Metropolitan Area	6.1%
United States*	5.5%

JOB GROWTH (YOY)

Nevada*	3.1%
Las Vegas MSA	3.1%
Reno-Sparks MSA	2.3%
Carson City MSA	1.8%
United States*	2.4%

GAMING WIN (YOY) Feb 2015

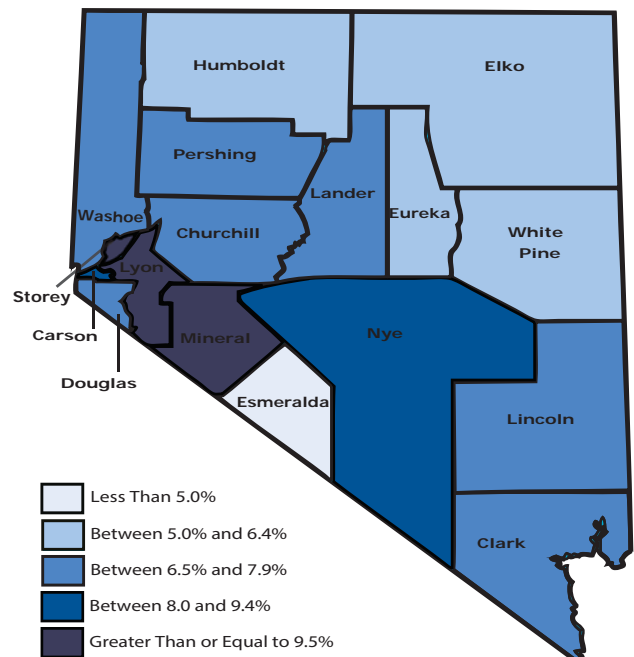
Nevada	-1.1%
Clark County	-1.7%
Washoe County	3.4%

TAXABLE SALES (YOY) Jan 2015

Nevada	8.3%
Clark County	8.9%
Washoe County	12.5%

*Seasonally Adjusted

Unemployment Rate by County



Economic Summary

employment growth was the lowest in the nation in 2009 (-10.1 percent) and 2010 (-2.8 percent). Nevada has gradually regained lost ground since then. In 2011, the private sector grew at a rate of 1.2 percent, 37th-best in the nation; and in 2012 we grew at a rate of 1.9 percent, 27th-strongest. Nevada's private sector growth in 2013 continued this trend, growing at 2.7 percent, which placed it 13th in the nation.

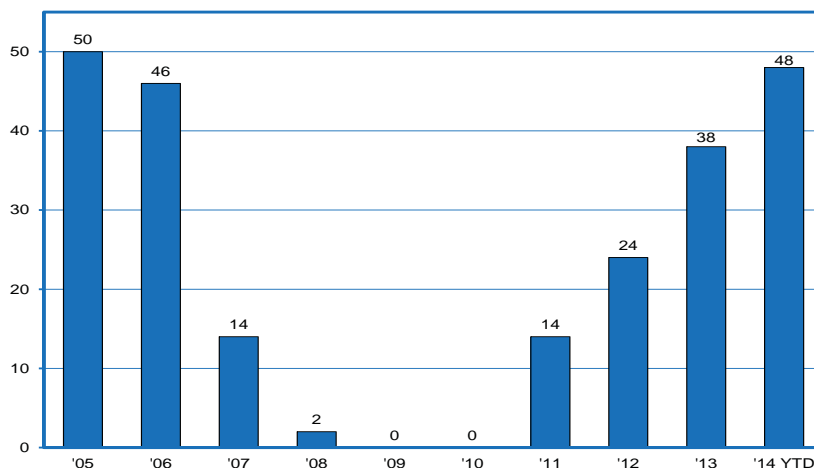
When we consider the first three quarters of 2014, the latest available data, we see that Nevada is making its climb back to the top of the private sector employment growth ranking. With YTD growth of 3.8 percent relative to the same period in 2013, Nevada's private sector job growth ranks third in the nation. The only states with private sector job growth rates surpassing Nevada's are North Dakota (4.6 percent) and Colorado (3.9 percent).

This month, we are taking a look at the difference between small firms, those with less than 100 employees, and large firms, those with more than 100 workers, over the course of the recession. At its peak in 2007:IVQ, small business employment totaled 585,000. During the recession, nearly 75,000 jobs were lost, a decline of 12.8 percent. As of the third quarter of 2014, employment in firms with less than 100 employees totaled 573,000; 63,000 jobs above the recessionary low. That is to say, 85 percent of the jobs lost in the recession by small businesses have been recouped. Further, the third quarter data show that small businesses grew 3.6 percent relative to the third quarter of last year, or 12.3 percent above the trough.

Larger firms, those with employment in excess of 100 workers, were disproportionately impacted by the recession. They fell from a pre-recessionary peak of 571,000 jobs in 2006:IIQ to 435,000 in 2010:IQ, a decline of 136,000 or nearly 24 percent. Large businesses have grown 13.8 percent since the recessionary low in 2010, nearly identical to the growth observed in small businesses.

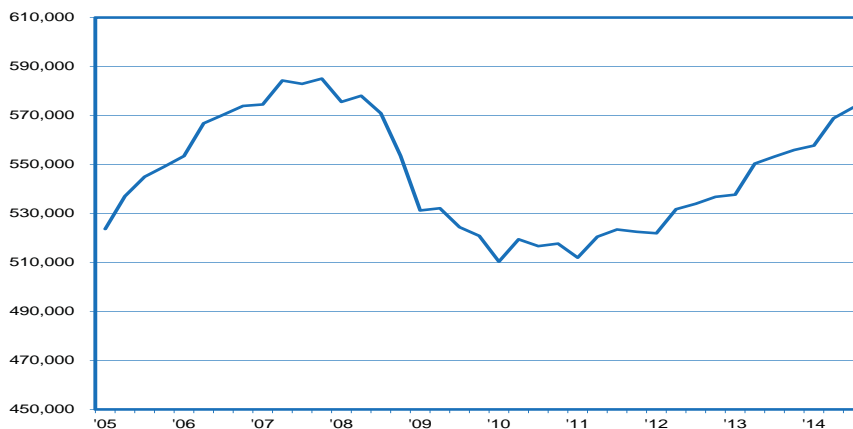
Job Growth 3rd-Strongest in Nation

QCEW Job Growth Rankings (# of states with slower private sector job growth than NV; 2014 YTD through IIIQ)



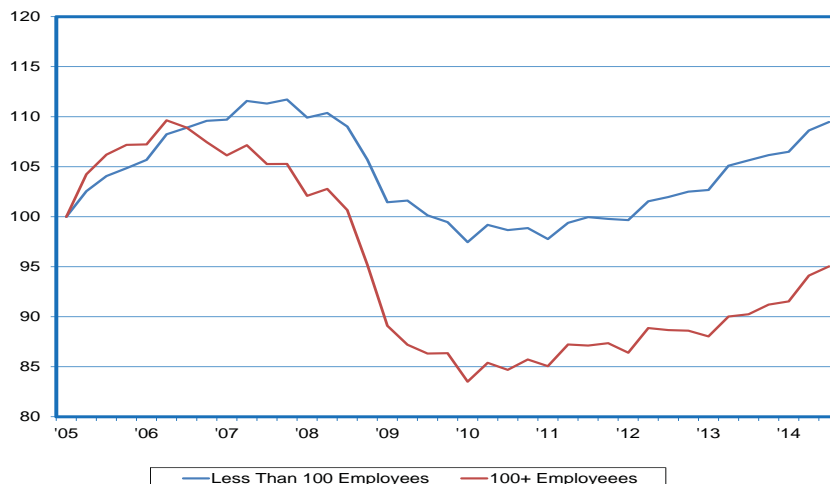
Small Businesses Add 63K Jobs in Nevada Over Recovery

Employment in Establishments with less than 100 Workers



Large Employers Hit Harder by Recession in Nevada

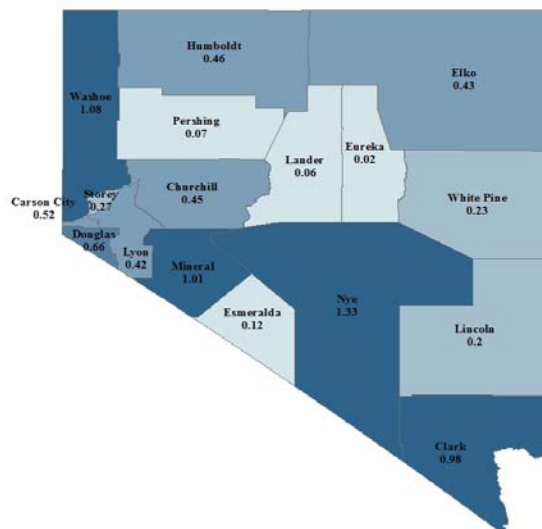
Jobs by Establishment Size; 2005:IQ=100



Economic Summary

In General, Professional/Business Services Jobs Concentrated in Population Centers

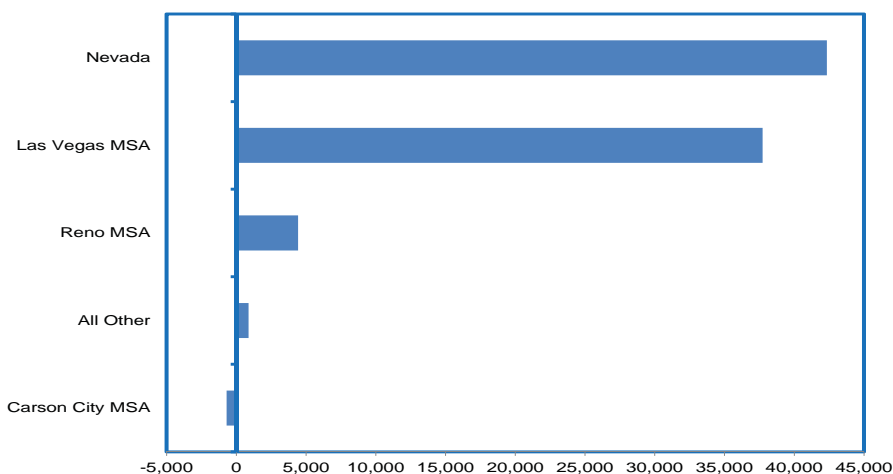
PBS Location Quotients (county PBS job share/national share)



We are continuing our analysis of different industry concentrations across counties this month by taking a look at professional and business services (PBS), which encompasses professional, scientific, and technical services; management of companies and enterprises; and administrative, support, and waste management services. The PBS industry's presence differs for each county. Location quotients¹ (LQs) range from 0.02 in Eureka County to 1.33 in Nye County. In general, Nevada's rural counties have exceedingly low concentrations of PBS industries, whereas more populated counties have higher concentrations. Clark and Washoe Counties have LQs of 1.08 and 0.98, respectively, indicating that both counties have concentrations of PBS industries approximately equivalent to the nation.

Nevada Population Grows by 42,300 in 2014; Nearly All Growth in Vegas and Reno

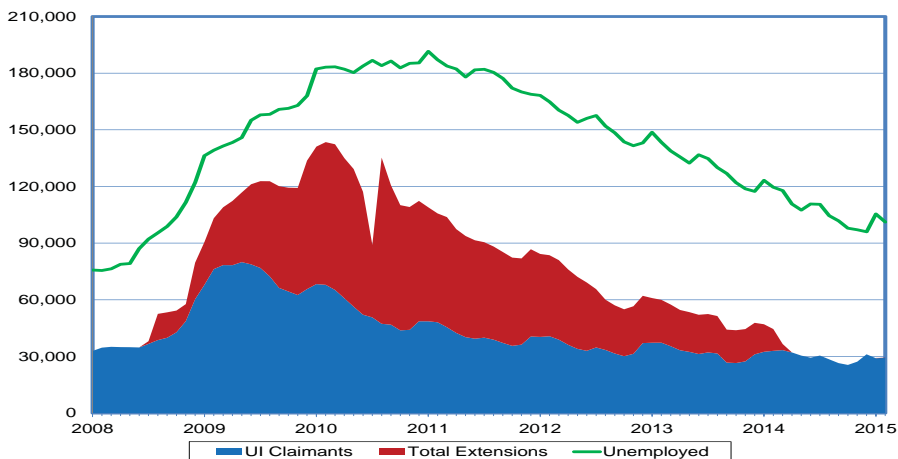
2013-2014 Population Growth



Nevada's population increased by 42,300 people in 2014, a 1.5 percent gain. This is yet another clear sign that Nevada continues to recover from the recession. As of July 2014, the Silver State's population stood over 2.84 million. Growth is concentrated in the State's two largest population centers. The Las Vegas metro area added 37,700 more residents, pushing the population up to 2.07 million. The Reno/Sparks metro area's population stands at 436,800 following a gain of 4,500 residents in 2014. A minimal decline in the Carson City metro area during 2014 was essentially offset by small gains in the State's rural counties, as a group. According to the Nevada State Demographer's Office, the State's population will increase by 149,400 through 2019, to 2.99 million. Clark County is projected to add an additional 95,300 residents, while Washoe County's population is likely to grow by another 38,800.

Unemployment Insurance Claimants = 29K; Unemployed = 101K

UI Claimants vs. the Number of Unemployed



The State's unemployment rate held steady

¹ A location quotient expresses how concentrated an industry/sector is in a region as compared to the nation. It is defined as the ratio of the percent of total employment in an industry in a given region versus the same measure on the national level. An LQ of 1 indicates that a region has the same concentration of jobs in a given industry as the nation. LQs of less than one indicate a less-concentrated industry, and more than one indicates a more concentrated industry, relative to the nation.

Economic Summary

in February relative to last month. However, the rate is down 1.3 percentage points on a year-over-year basis. This is the 48th consecutive month in which a year-over-year decrease in the unemployment rate has been recorded in the Silver State.

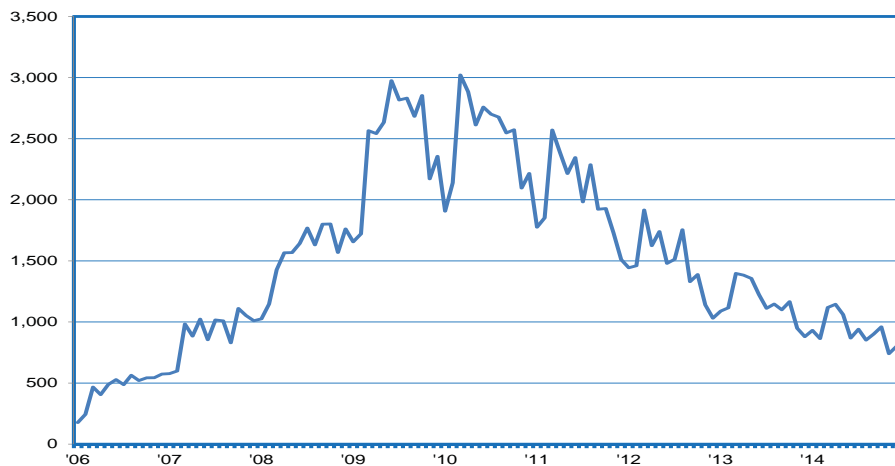
The unadjusted unemployment rate² in each of the State's MSAs decreased in February both over the month and on a year-over-year basis. The rate in Las Vegas fell to 7.2 percent, down three tenths of a point from January and 1.3 points from last year. The Reno/Sparks area is also down three tenths over the month, to 7.1 percent, but is down 1.5 percentage points over the year. The Carson City MSA was home to the largest year-over-year decline of 1.9 points, for an unemployment rate of 8.1, down 0.4 percentage points relative to January.

Monthly claims for unemployment insurance have largely stabilized, averaging 29,000 over the last 12 months. From its high-water mark during the recession, the average number of all UI claimants has fallen by more than 75 percent. This is partially explained by the end of Federal emergency unemployment compensation programs at the end of 2013, meaning well over 16,000 Nevadans lost UI benefits. Correspondingly, the coverage ratio, which measures the total number of unemployed receiving unemployment insurance benefits, fell from its peak of 80 percent in May 2009 to its current level of 29 percent. This measure will likely begin to improve as Nevada's total unemployment levels fall.

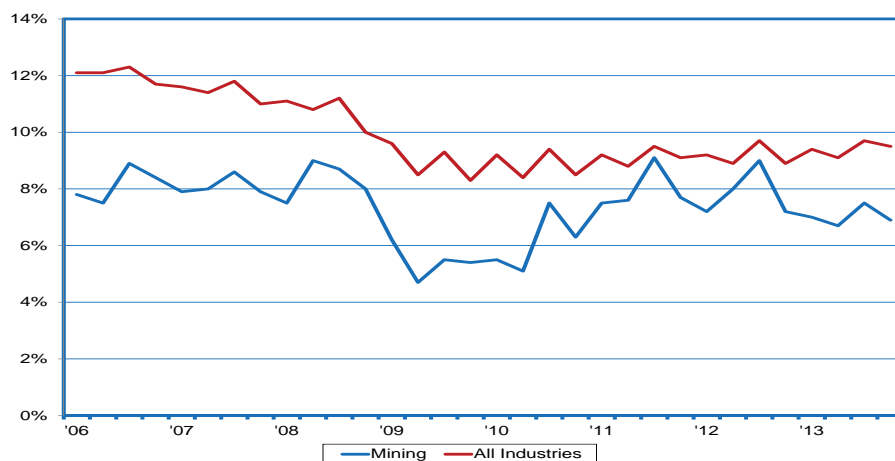
Analysis of bankruptcy filings can shed light on the condition of the economy. The number of bankruptcy filings will tend to increase when the economy is in recession and decrease when the economy is healthy. Bankruptcy filings averaged 462 per month in 2006. Due to the economic

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 - 7.2 percent in February, down from 7.6 percent in January and down from 8.6 percent in February 2014.

Bankruptcies Peaked at 3K/Month; Now at 800/Month
Nevada Bankruptcy Filings



Labor Turnover in Mining is Low...Perhaps Because They are High-Paying
Labor Turnover Rate (pct. of jobs with a hire and/or separation)



Increases in Job Quits are a Good Thing...Reflects Job Seeker Confidence
U.S. Job Hires and Quits (JOLTS data)



Economic Summary

recession, that number increased to over 2,500 monthly filings in 2010. The average number of bankruptcy filings for 2014 was 932 per month, down from 1,160 in 2013. The 2014 total can be broken down to 897 non-business filings and 35 business filings. During the 2010 peak, there were 2,430 non-business filings and 82 business filings. The significant amount of non-business bankruptcy filings may correlate with the large amount of defaulted home loans during the Great Recession. Although bankruptcy activity is not as low as pre-recessionary levels, the volume of filings appears to be continuing to decline.

We are continuing our assessment of the structure of cyclical movements in the labor market via an examination of labor turnover rates, as reported by the Census Bureau's Local Employment Dynamics (LED) Program. This is the rate at which stable jobs begin and end in a given region. The most recent information shows labor turnover hovering in a narrow range just below ten percent.

This month, we look at labor turnover in the State's mining industry. Since 2006, labor turnover in the industry has been consistently below that of the average of all industries. This is to be expected in an industry where average earnings are approximately twice that of the state as a whole. The latest available data show that mining turnover was 6.9 percent in the fourth quarter of 2013, whereas, for the rest of the State turnover was 9.5 percent.

The Job Openings and Labor Turnover-Survey (JOLTS), produced by the Bureau of Labor Statistics, helps to shed light on the underlying trends in the national labor market. The number of hires is a good barometer for measuring the confidence that employers have in the state of the economy. This series fell by more than 1.8 million hires per month from peak to trough. With nearly five million hires recorded in January, there have been increases on a year-over-year basis in 56 of the last 59 months. Perhaps more interesting are the trends in quits. During the recession,

there was a marked downtrend in quits, which suggests that people with jobs felt inclined to hold on to those jobs while the labor market was in flux. Lately there has been an uptick in quits, suggesting greater confidence in the labor market on the part of the workers themselves. In January, quits totaled 2.8 million, up 17.4 percent over the year. This is the 22nd consecutive increase in the series. Continuing improvement on the national level can only be good news for Nevada.

Trends at a Glance

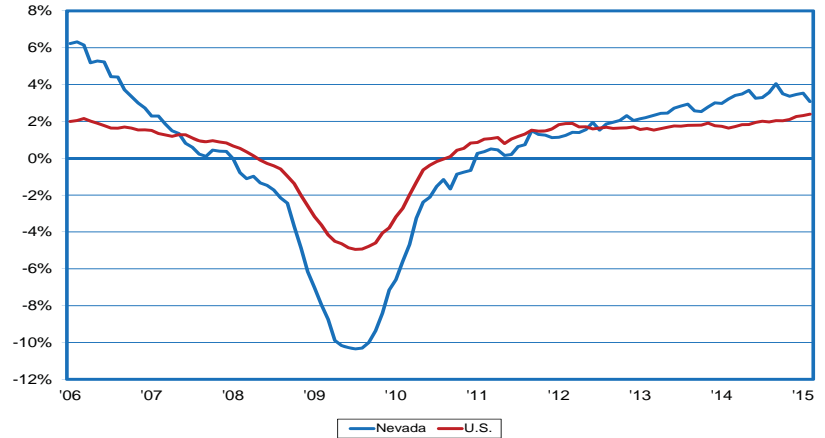
Industrial Employment

February

- Nevada = 3.1 percent growth
- U.S. = 2.4 percent growth
- February marks 50 straight months of growth in Nevada.
- Growth in Nevada has exceeded that in the U.S. for 31 straight months.

Job Growth: Nevada vs. U.S.

(Year-Over-Year Percent Change; Seasonally Adjusted)

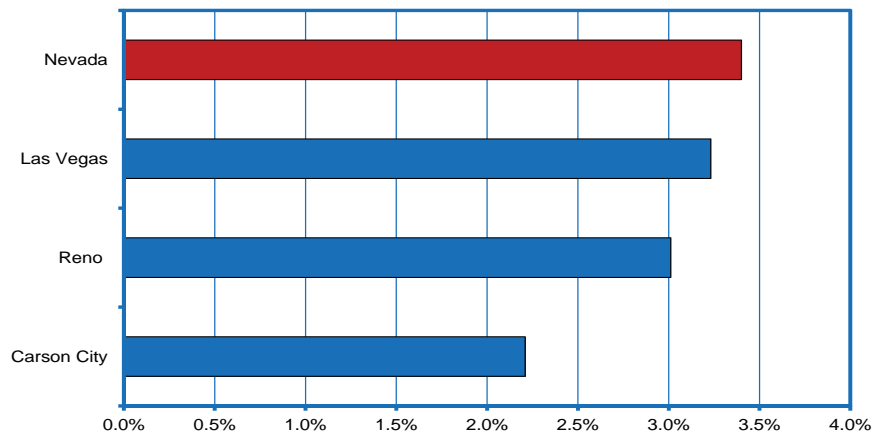


February

- Las Vegas MSA = 3.2 percent
- Reno-Sparks MSA = 3.0 percent
- Carson City = 2.2 percent

Job Growth by Region

(Year-to-Date)

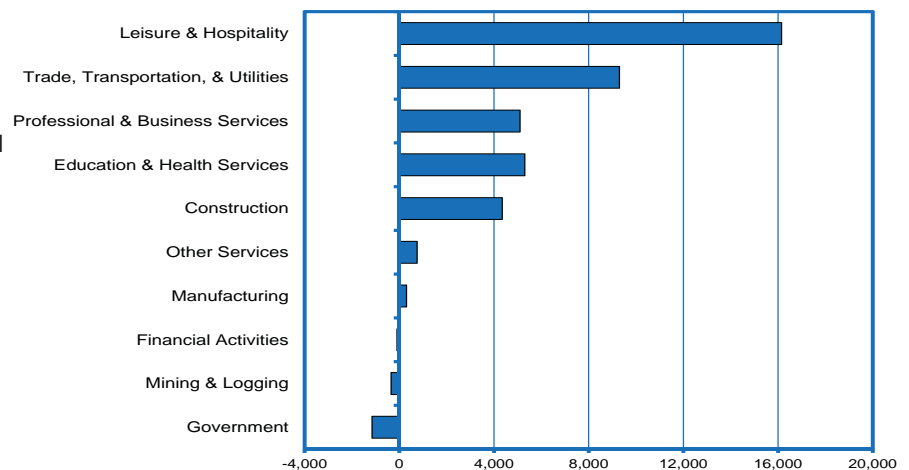


February

- Leisure/hospitality added 16,200 jobs, more than any other sector.
- Seven sectors added jobs through February; only government, mining/logging, and financial activities contracted jobs.
- Total job growth = 39,700 jobs.

Job Growth by Industry

(Year-to-Date)



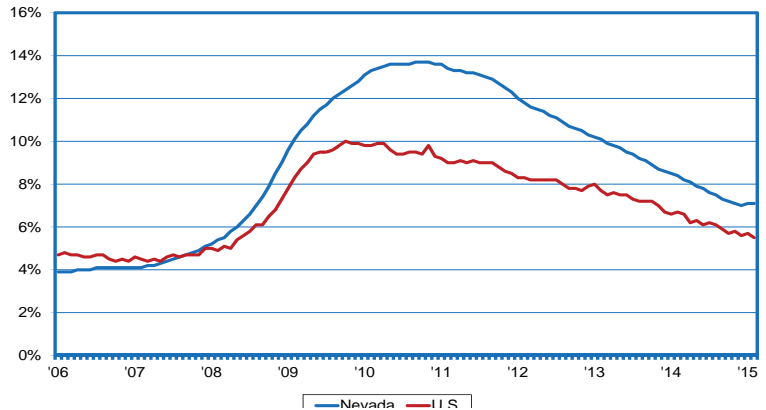
Trends at a Glance

Unemployment

February

- Nevada = 7.1 percent; unchanged from January; down from 8.4 percent a year ago.
- U.S. = 5.5 percent; down from 5.7 percent in January; down from 6.7 percent a year ago.
- 1.6 point gap between Nevada and the Nation compares to 4.4 points at the height of the recession.

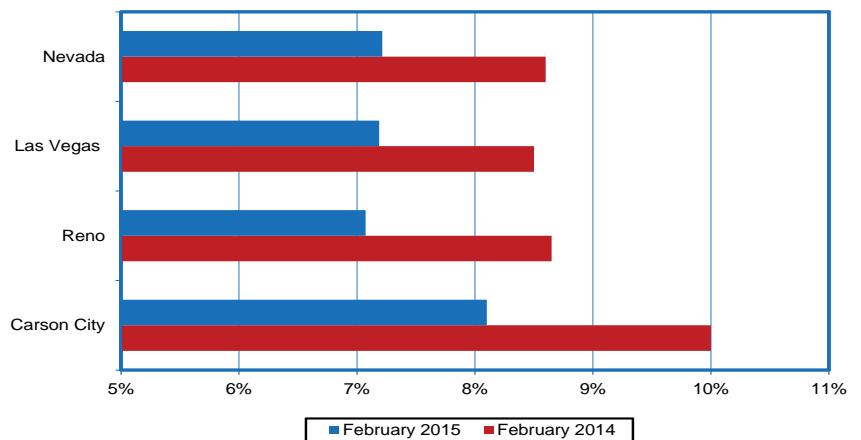
Unemployment Rate: Nevada vs. U.S.
(Seasonally Adjusted)



February (Not Seasonally Adjusted)

- Nevada = 7.2 percent; down 1.4 percentage points from February 2014.
- Las Vegas-Paradise MSA = 7.2 percent; down 1.3 percentage points from February 2014.
- Reno-Sparks MSA = 7.1 percent; down 1.5 percentage points from February 2014.
- Carson City = 8.1 percent; down 1.9 percentage points from February 2014.

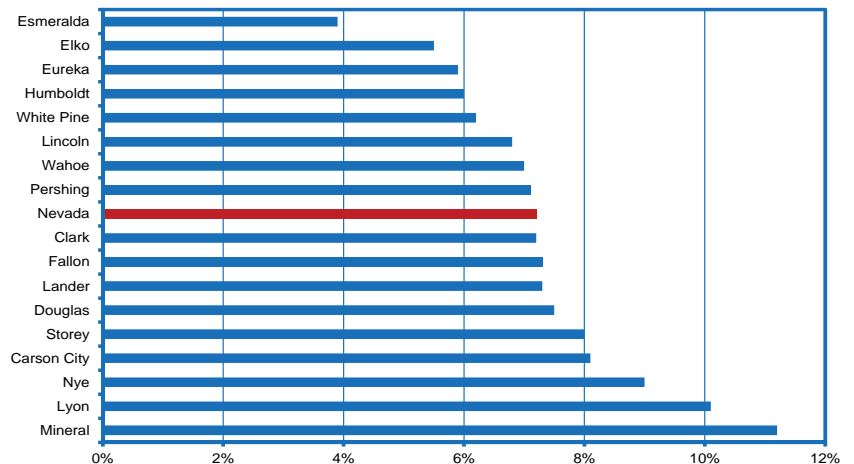
Unemployment Rate by Metro Area



February (Not Seasonally Adjusted)

- Unemployment rates ranged from 11.2 percent (Mineral) to 3.9 percent (Esmeralda).
- Clark = 7.2 percent; Washoe = 7.0 percent; Carson City = 8.1 percent.

Unemployment Rate by County



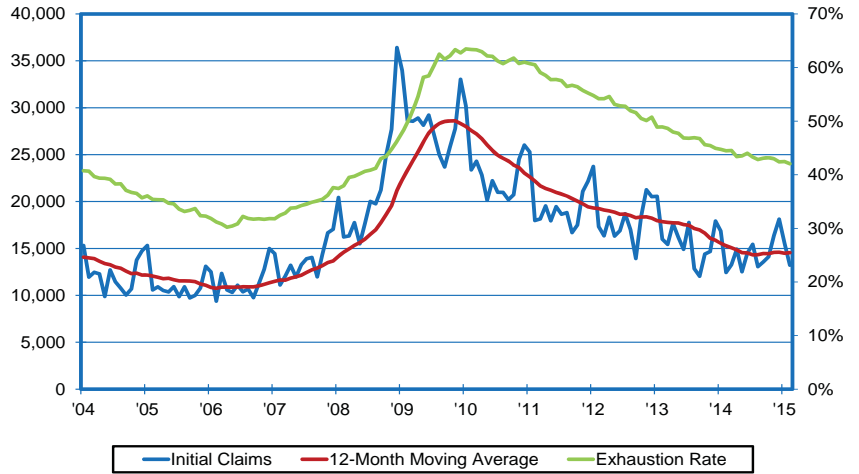
Trends at a Glance

Unemployment

February

- Initial claims = 13,200
- Exhaustion rate (the percentage of unemployment insurance claimants who exhausted UI benefits prior to finding a job) = 42.1 percent

Nevada Unemployment Insurance: Initial Claims and Exhaustion Rate



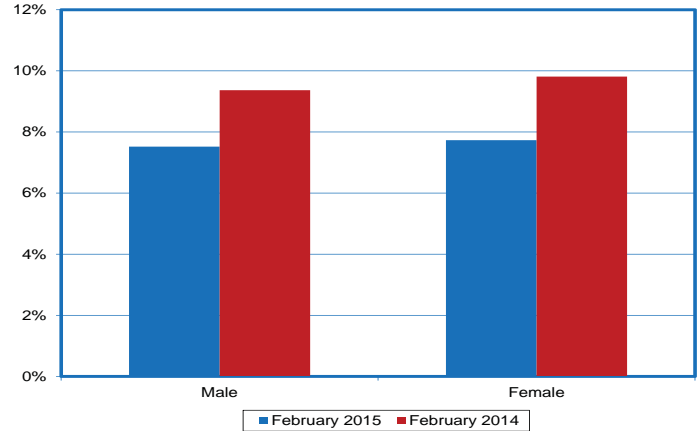
Trends at a Glance

Demographics of the Unemployed

February

- Male unemployment rate = 7.5 percent; unchanged from January; down 1.9 percentage points from a year ago.
- Female unemployment rate = 7.7 percent; down 0.3 percentage point from January; down 2.1 percentage points from a year ago.

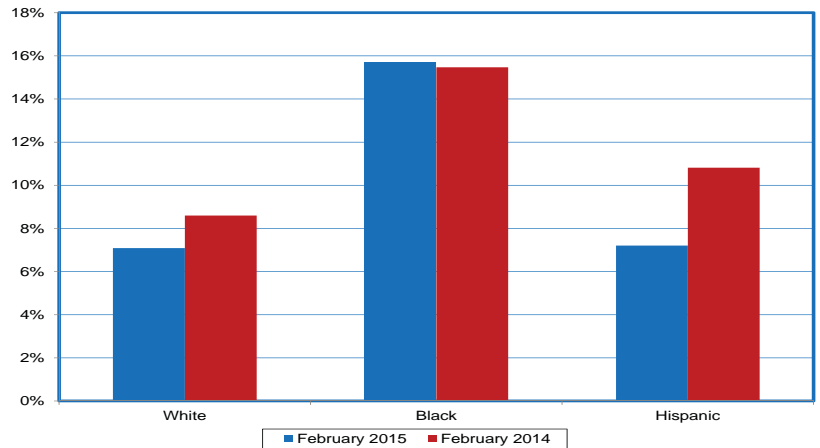
Unemployment Rate by Gender
(12-Month Moving Average)



February

- White unemployment rate = 7.1 percent; down 0.1 percentage point from January; down 1.5 percent points from a year ago.
- Black unemployment rate = 15.7 percent; up 0.1 percentage point from January; up 0.2 percentage point from a year ago.
- Hispanic unemployment rate = 7.2 percent; down 0.3 percentage point from January, down 3.6 percentage points from a year ago.

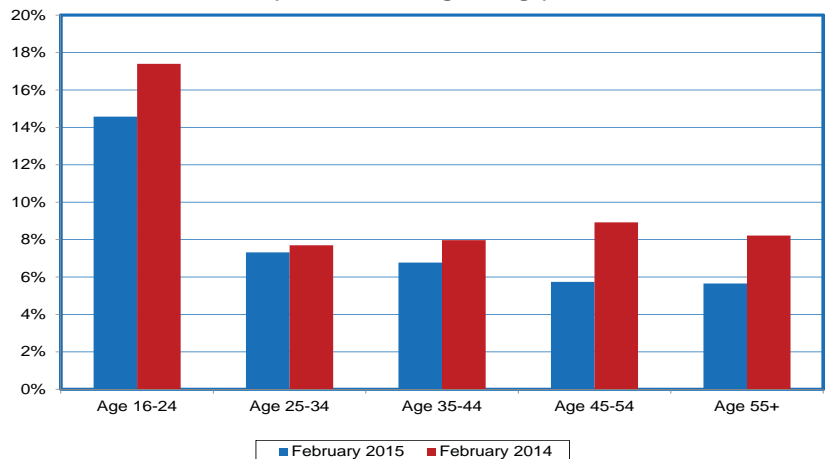
Unemployment Rate by Ethnicity
(12-Month Moving Average)



February

- Age 16-24 unemployment rate = 14.6 percent; down 0.6 percentage point from January; down 2.8 percentage points from a year ago.
- Age 25-34 unemployment rate = 7.3 percent; up 0.2 percentage point from January; down 0.4 percentage point from a year ago.
- Age 35-44 unemployment rate = 6.8 percent; down 0.1 percentage point from January; down 1.2 percentage points from a year ago.
- Age 45-54 unemployment rate = 5.7 percent; down 0.2 percentage point from January; down 3.2 percentage points from a year ago.
- Age 55+ unemployment rate = 5.7 percent; unchanged from January; down 2.5 percentage points from a year ago.

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



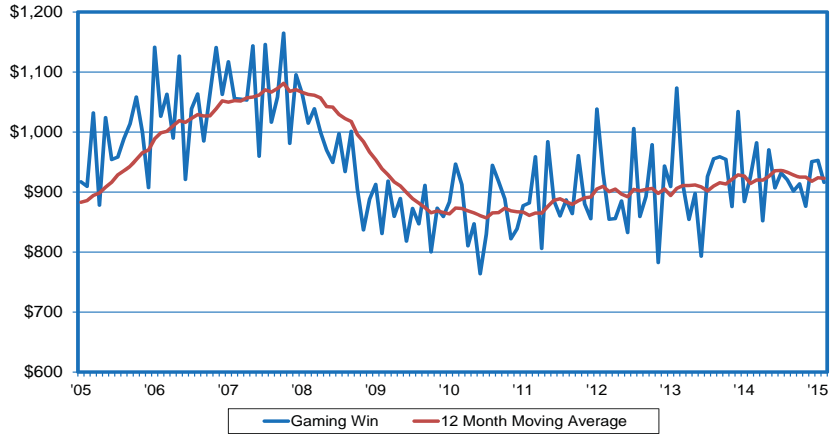
Trends at a Glance

Economic Indicators

February

- Gaming win = \$916.1 million
- Down 1.1 percent year-over-year; up 3.2 percent year-to-date.

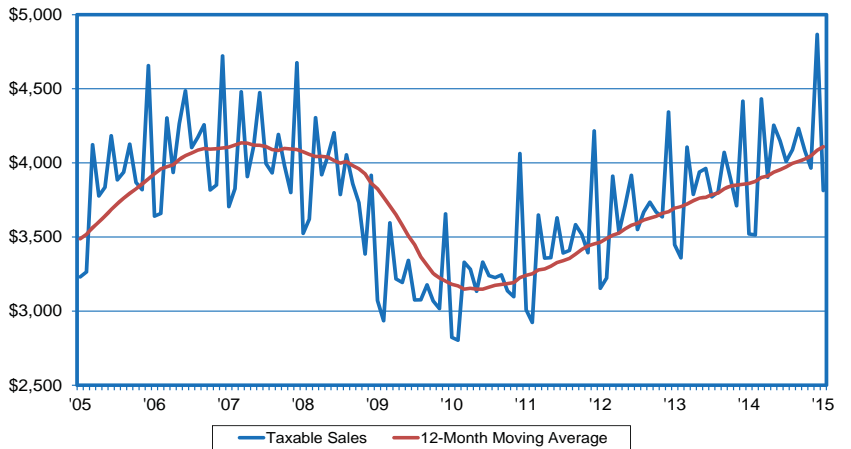
Nevada Gross Gaming Win
(Millions of Dollars)



January

- Taxable sales = \$3.81 billion
- Up 8.3 percent year-over-year

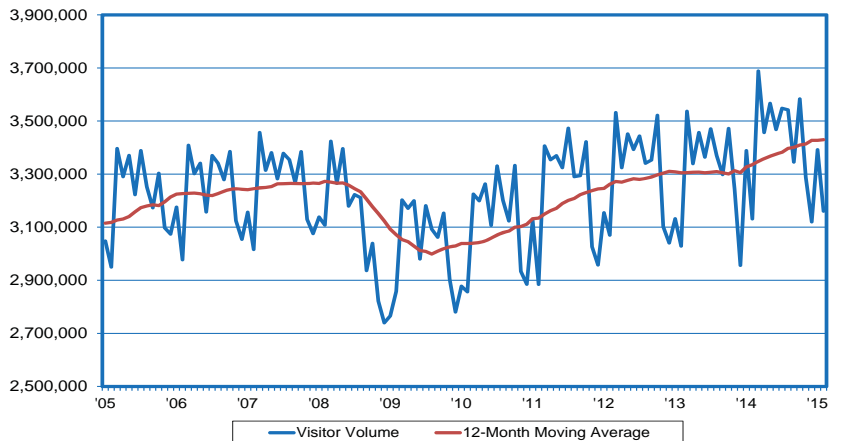
Statewide Taxable Sales
(Millions of Dollars)



February

- 3,160,600 visitors
- 29,300 visitor increase from prior year (+0.9 percent); up 0.5 percent year-to-date over 2014.

Las Vegas Visitor Volume



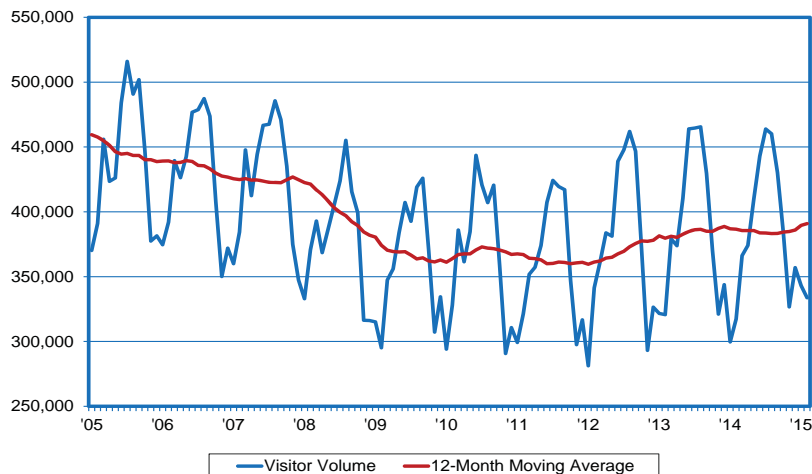
Trends at a Glance

Economic Indicators

February

- 333,800 visitors
- 16,400 visitor increase from prior year (+5.2 percent); up 9.7 percent year-to-date over 2014.

Reno Visitor Volume



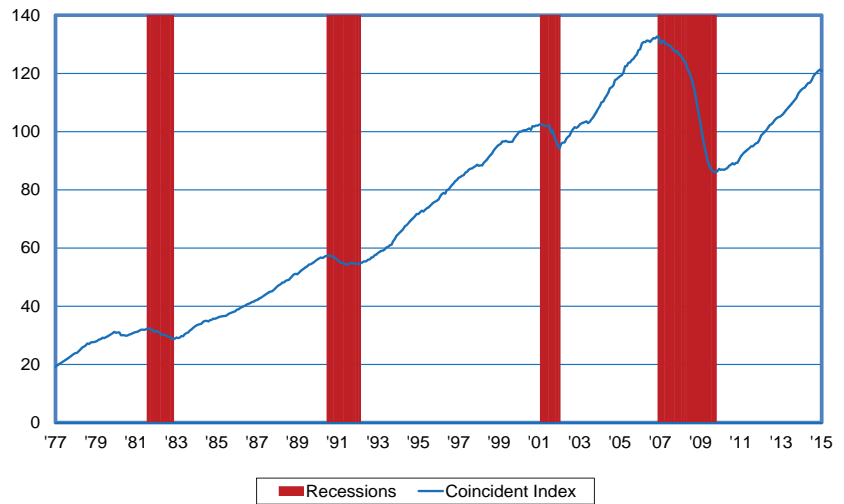
Trends at a Glance

CBER-DETR Nevada Coincident and Leading Employment Indexes

January

- 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 January data release conveys a positive story for the coincident index and a mixed 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, nonfarm employment and insured unemployment rate (inverted) moved in a positive direction, whereas the unemployment rate (inverted) and household employment moved in a negative direction.

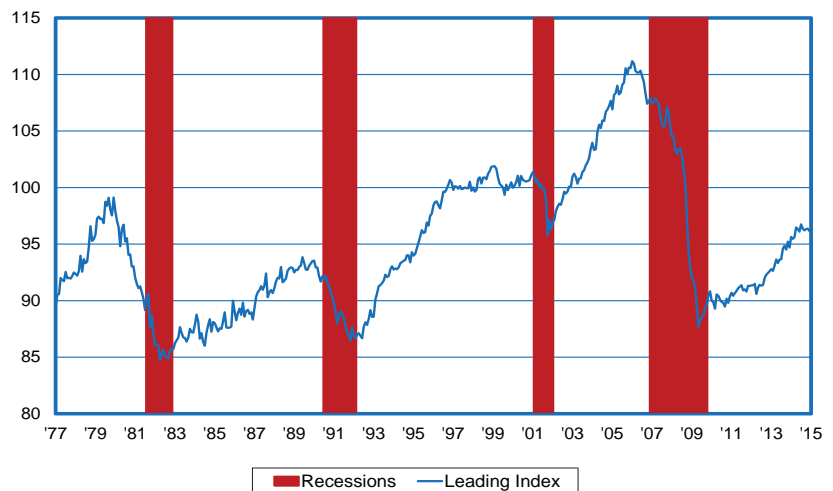
CBER-DETR Nevada Coincident Employment Index



January

- 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), initial claims for unemployment insurance (inverted), and construction employment moved in a positive direction while the real Moody's Baa bond rate (inverted), housing permits, and commercial permits moved in a negative direction.
- For the leading index, initial claims for unemployment insurance (inverted) and construction employment moved in a positive direction, whereas the short-duration unemployment rate (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



Economy In Brief

Research & Analysis Bureau

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