Economy In Brief

February 2016

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

Economic Summary

For the 62nd month in a row, employment in Nevada has increased on a year-over-year basis. February's reading of 1.28 million jobs, seasonally adjusted, is 28,700 higher than last year's reading, a growth rate of 2.3 percent. Further, this is the 43rd month in a row that year-over-year job growth in the Silver State has outpaced the nation. This month, there was a seasonally adjusted increase of 1,700 jobs, relative to January. We expected payrolls (not adjusted for seasonality) to increase by 7,300 this month, but 9,000 jobs were actually added, leading to the seasonally adjusted increase. Specifically, the private sector added 4,200 jobs to payrolls, seasonally adjusted, while the public sector lost 2,500 jobs over the month.

In February, the construction sector continued to lead the State in terms of percentage growth, year-to-date, up 8.3 percent relative to the first two months of last year. This equates to an additional 5,400 construction jobs in the State. Trade, transportation, and utilities employment experienced the largest nominal growth this month, adding 9,900 jobs to payrolls year-to-date, for a growth rate of 4.2 percent. Mining and logging, the only sector to contract, continued to trend downward this month, down 700 jobs, relative to a year ago.

Prior to the economic downturn, the number of Nevadans employed full-time topped out at nearly 1.1 million, representing about 83 percent of total employment. Meanwhile, approximately 225,000 of the Silver State's residents were employed part-time during the peak. Once the recession hit, full-time employment fell to almost 830,000, for a cyclical decline of more than 230,000 jobs. As would be expected in times of economic uncertainty, part-time employment actually rose, resulting in a gain of nearly 90,000 positions between mid-2006 and mid-2011, totaling over 300,000 jobs. Since the economic trough, full-time employment rose steadily – in January 2016, employees with full-time status totaled one million, a gain of nearly 170,000 from recessionary lows. The number of Nevadans employed on a part-time basis, on the other hand, held steady over the past four years, reaching 327,000 in January. While there is still room for improvement, Nevada employment gains were concentrated in full-time positions during the economic recovery. Currently, 76 percent of total employment is full-time, while part-time positions account for 24 percent.

Among other things, the Bureau of Labor Statistics' Business Employment Dynamics Program allows us to look at Nevada's relative performance as it pertains to business establishment openings. As with other barometers of labor market activity, these results highlight the improvement in Nevada's economy during the post-recessionary period. Since the trough in 2010, business establishment opening numbers have generally been more encouraging than in the nation as a whole. The most recent data shows, during the second quarter of 2015, Nevada had

Economic Indicators

UNEMPLOYMENT RATES February 2016	
Nevada*	5.9%
Las Vegas MSA	5.6%
Reno-Sparks MSA	5.3%
Carson City MSA	6.7%
Elko Micropolitan Area	4.8%
United States*	4.9%

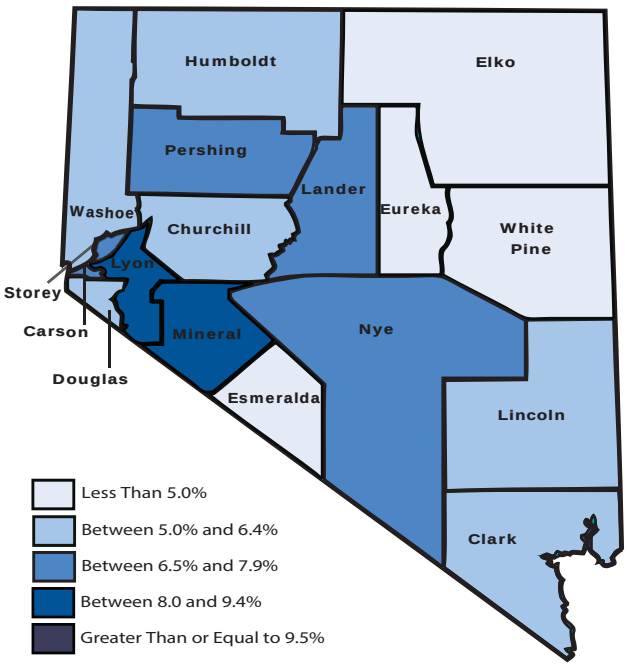
JOB GROWTH (YOY) February 2016	
Nevada*	2.3%
Las Vegas MSA*	2.5%
Reno-Sparks MSA*	2.9%
Carson City MSA*	-1.1%
United States*	1.9%

GAMING WIN (YOY) January 2016	
Nevada	-2.9%
Clark County	-3.3%
Washoe County	-1.9%

TAXABLE SALES (YOY) December 2015	
Nevada	5.3%
Clark County	5.5%
Washoe County	9.0%

*Seasonally Adjusted

Unemployment Rate by County



Economic Summary

3,900 new business establishments, up 21.6 percent from 2011:IQ. In contrast, the United States as a whole added 396,000 new businesses during the second quarter of 2015, unchanged from the first quarter of 2011. While the increase in new business openings exhibits significant improvement since the recovery began, the Silver State has yet to reach pre-recessionary numbers, which topped out at just above 4,000 per quarter.

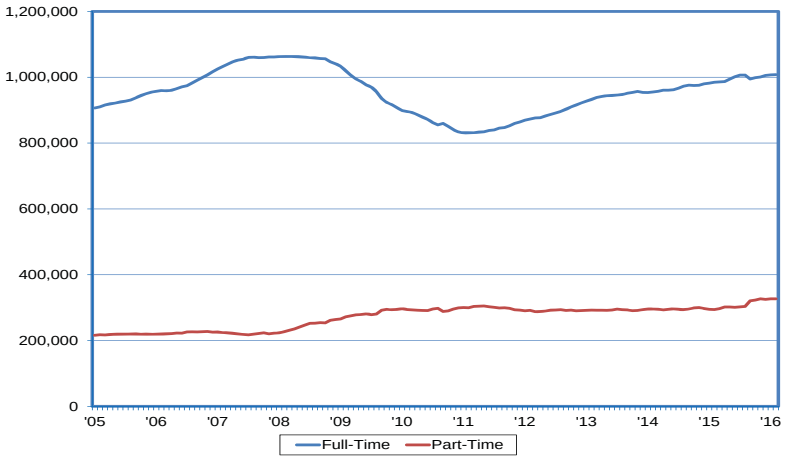
With data generated via the Labor Insight tool offered by Burning Glass Technologies, a supplier of "real-time" labor market information, we can assess another aspect of the health of the State's economy by looking at trends in online job ads via DETR's Silver State Solutions initiative. There were 16,800 online job postings in Nevada this month. This is a 39.6 percent increase from last February's total of 12,000. For those job ads specifying work hours, roughly 89 percent were for full-time positions. The underlying trend of steady growth in online job postings is continuing.

Nevada's unemployment rate decreased over the month, to a seasonally adjusted 5.9 percent – making February the first month since April 2008 where the unemployment rate is below six percent. Concurrent with the month-over-month movement, over the year, the unemployment rate is down 1.1 percentage points. Meanwhile, the U.S. rate is unchanged from January, at 4.9 percent – one point lower than the Nevada rate. This is the smallest differential since August 2008.

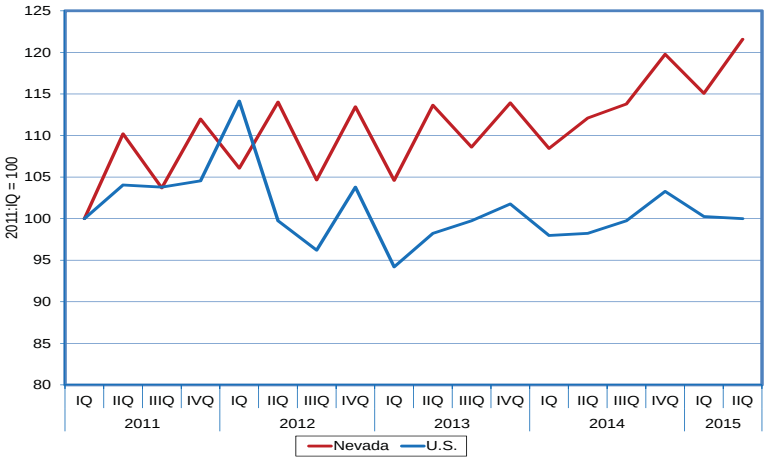
Those who are without a job for 27 weeks or more are known as the long-term unemployed. This month, we discuss the long-term unemployment rate. Toward the end of the recession, in late 2011, the rate peaked at nearly seven percent. Since then, the long term unemployment rate has fallen to near pre-recessionary levels. For the 12-month period ending February 2016, the long-term rate dropped to 1.7 percent, down 5.3 percentage points from the peak.

Typically, our focus is on the unemployment rate; however, the number of unemployed persons can shed additional light on the labor market. Total unemployment has decreased every month for the last 62 months. In accord with recent trends, the number of unemployed decreased to 85,000

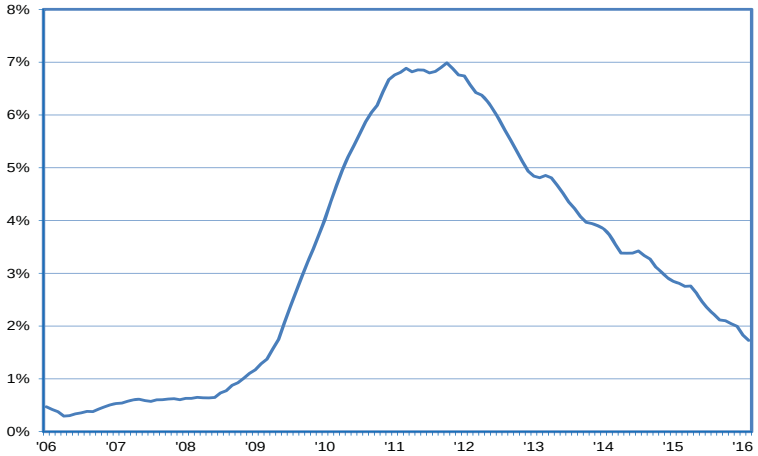
Full-Time Employment Trending Up; Part-Time Holding Steady
FT vs. PT Employment; (12-Month Moving Average)



NV Openings Up One-Fifth Since 2011; Flat in the U.S.
Business Establishment Openings; Business Employment Dynamics (SA)



Long-Term Unemployment Rate = 1.7%; Down 5.3 Percentage Points from Peak
Long-Term Unemployment Rate (27+weeks; 12-Month Moving Average)



Economic Summary

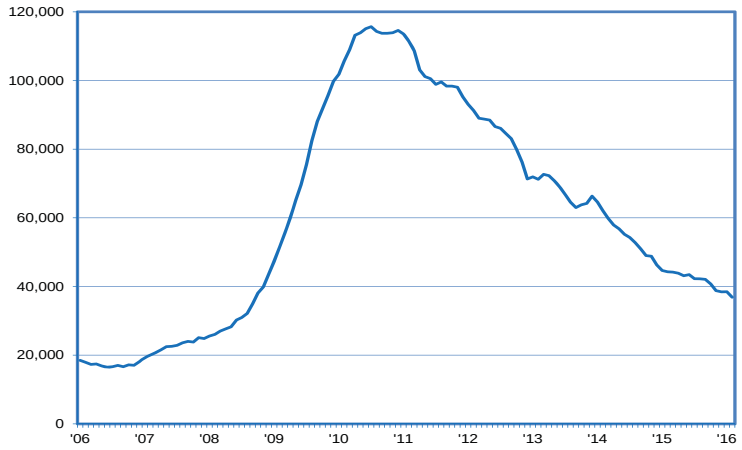
in February, down from last month's total of 89,400. Over-the-year, the number unemployed persons is down 14.7 percent.

There are various reasons why a person becomes unemployed, such as: voluntarily leaving their job, finishing a temporary contract, an involuntary separation from current employment, or entering/re-entering the labor force. Those who involuntarily lost their employment, or job losers, were the largest class of unemployed persons. Data from the Current Population Survey (CPS) shows that at the lowest point, in June 2006, there were only 16,500 job losers reported in Nevada. At that time, job losers represented only 31 percent of the total unemployed. At the height of the recession, in July 2010, there were 115,700 people in Nevada who were unemployed due to losing their job. Since that time, the State has seen a steady decline in the number of job losers, with figures coming in around 37,000 in February 2016 – this represents a 78,700 decline in job losers since the peak. Year-over-year, job losers are down from 44,300 job losers in February last year, a 17 percent decline.

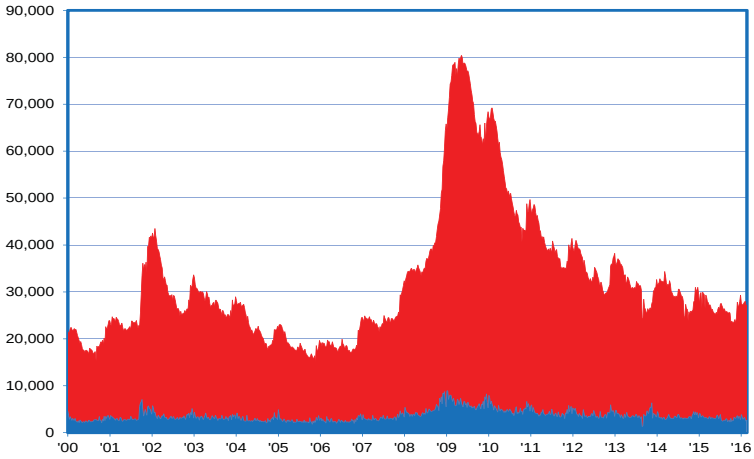
Changes in the unemployment rates for Blacks, Whites, and Hispanics varied this month. With an unemployment rate that averaged 11.4 percent in the 12 months ending in February, the rate for Black Nevadans showed the most improvement over the year, down 4.3 percentage points. The jobless rate for Whites was the lowest of all the races, at 5.9 percent over the past year, down 1.2 percentage points from last year. The only demographic to realize a year-over-year increase in the unemployment rate was Hispanics, up 0.5 percentage point, to 7.7 percent in February.

Initial claims for unemployment insurance declined to 11,400 in February, falling nearly 17 percent from January's total. The decline mirrored the seasonal pattern experienced in Nevada for the last several years, indicating an end to the State's seasonal layoff period. Additionally, the twelve month average, which best shows the overall trend in initial claims, declined slightly to 12,600. February did see an increase of almost 20 percent in the amount of benefits paid to claimants – though this is entirely due to a calendar effect. An extra Monday in the month pulled payments into February that would have usually been

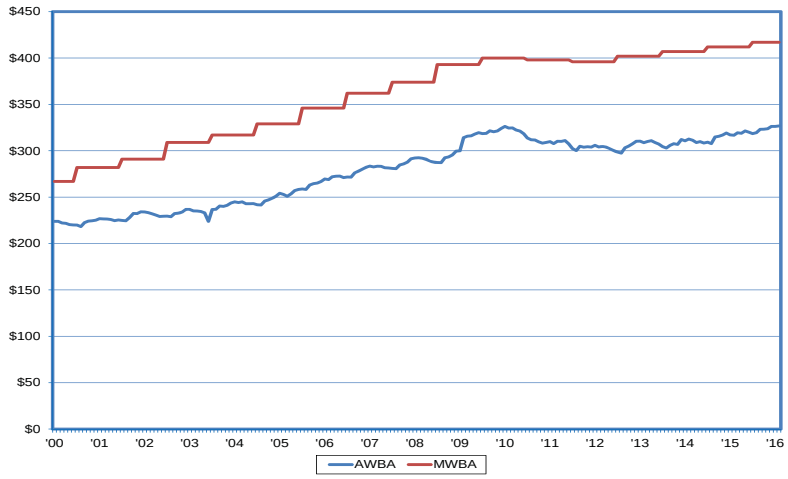
Number of Unemployed Nevadans Due to Job Loss Down 17 Percent From Year Ago
Unemployed Due to Job Loss (12-Month Moving Average)



Initial & Continued Claims Both Trending Down
Initial Claims vs. Continued Claims for Unemployment Insurance



Average Weekly Benefits at Record High of $327 in February; Trending Up Over Time
Weekly Benefit Amounts (Average and Maximum) for Unemployment Insurance

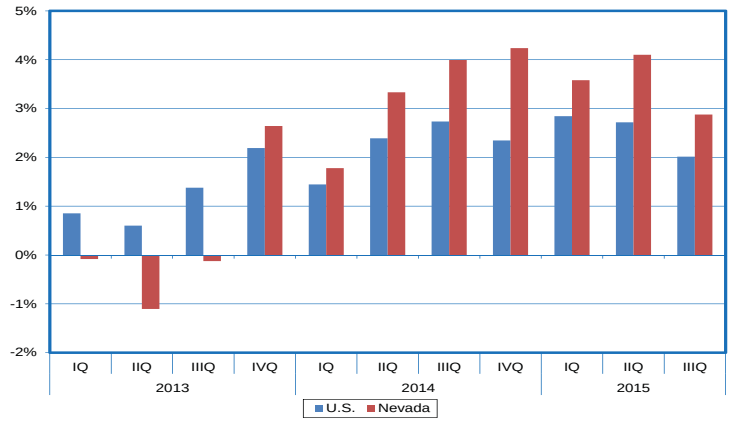


Economic Summary

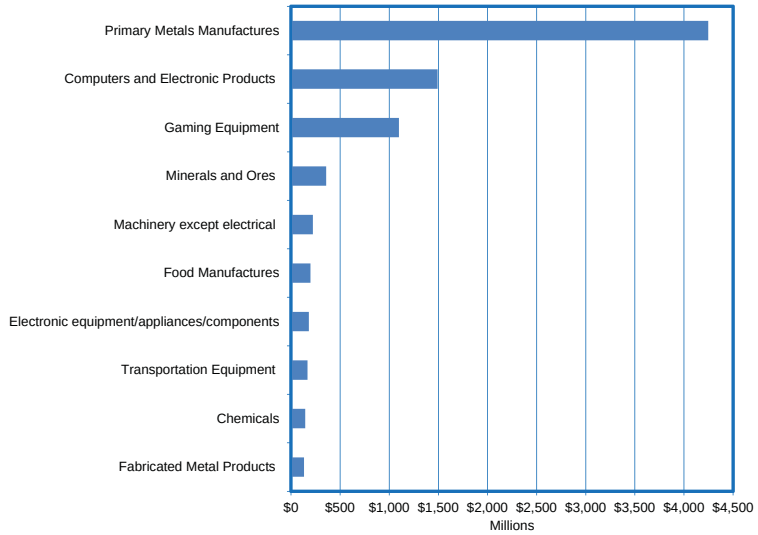
paid in March. Other areas of claims activity remained stable in the month, as the exhaustion rate and average benefit duration remain near the levels seen in the last six months.

Claims for unemployment insurance are made on a weekly basis in Nevada, generating two headline totals, the number of initial claims and the number of continued claims. Much of the focus is directed towards the initial claims total, as many consider the initial claims figure a leading economic indicator – unanticipated, persistent increases in initial claims can be a sign of an economic downturn. Leading into the recent recession, Nevada's weekly initial claims report followed suit, as the State experienced year-over-year double-digit percentage increases in the number of initial claims for much of 2007 and 2008. As previously mentioned, the number of initial claims in Nevada has been trending down, suggesting few layoffs and a tighter labor market. On the other hand, continued claims, account for persons who have already made an initial claim and are continuing to claim a need for unemployment insurance. While not a leading indicator, the trend in continued claims can provide some insight into the overall direction of the economy. During the depths of the recession, when employment opportunities were few and far between, the number of continued claims in Nevada skyrocketed to a weekly high of 80,400 in mid-2009. Continued claims remained elevated for much of the next several years, as Nevada's economy slumped. Currently, while continued claims levels remain above their pre-recession levels, the consistent downtrend in claims suggests Nevada's unemployed are having a much easier time finding employment.

The Silver State's GDP Growth Exceeded the Nation in Each of the Past Eight Quarters
Gross Domestic Product (Year-Over-Year Growth)



Primary Metal Accounts for Half of Total State Exports (Total=$8.6B)
2015 Top Nevada Export Products



Unemployment insurance claimants receive benefits each week, to ease the financial burden of unemployment while these claimants seek new employment opportunities. The amount of benefits paid to a claimant each week is determined by the wages earned in the claimant's base period. The base period defined as the first four of the last five completed calendar quarters before the claim was made. Weekly benefit payments are capped at 50 percent of the average weekly wage earned in Nevada for the previous year. This amount, known as the maximum weekly benefit amount (MWBA), typically increases each year, as wages tend to rise over time. During the recession, the MWBA fell for two consecutive years as Nevada's wages dropped, driven, in part, by the loss of high-paying construction jobs. Since then, average wages have risen and the MWBA has correspondingly increased, reaching a record high of $417 in 2015. Early in the recession, the average weekly benefit amount (AWBA) in Nevada jumped as the rise in layoffs of above-average wage earners changed the composition of unemployment insurance. By mid-2010, AWBA levels began to decline as the wages of claimants slumped. Average benefits bottomed out in late 2012 and have since seen steady increases. In February, the AWBA rose to a record high of $327.

The U.S. Bureau of Economic Analysis recently released 2015:IIIQ State Gross Domestic Product (GDP) information. For the past eight quarters, the Silver State's growth has exceeded the national average. The most recent information shows that, year-over-year,

Economic Summary

Nevada's GDP grew 2.9 percent relative to the July-September 2014 period, compared to two percent nationwide. Among other things, the over-the-year growth has translated into relatively strong labor market conditions in the State, as measured by: a declining unemployment rate, a downtrend in unemployment insurance activity, and an uptrend in jobs.

Exports are a vital piece of Nevada's economy – information from the Census Bureau's Foreign Trade Division can help to identify the Silver State's largest export categories. Our analysis shows, in 2015, the top export commodity is primary metal manufactures (e.g., refined gold), representing nearly half of the State's total exports, at $4.2 billion. Exports of computer and electronic products totaled $1.5 billion, or 17 percent of all exports. Gaming equipment was Nevada's third largest export, accounting for 13 percent ($1.1 billion) of total exports. Other exports included: mineral and ores ($358 million), machinery except electrical ($223 million), food manufactures ($198 million), electronic equipment/appliances/components ($182 million), transportation equipment ($168 million), chemicals ($145 million), and fabricated metal products ($133 million). As a whole, total exports equated to $8.6 billion in 2015, up from $7.7 billion in 2014.

- Chelsea Schmitt, Economist

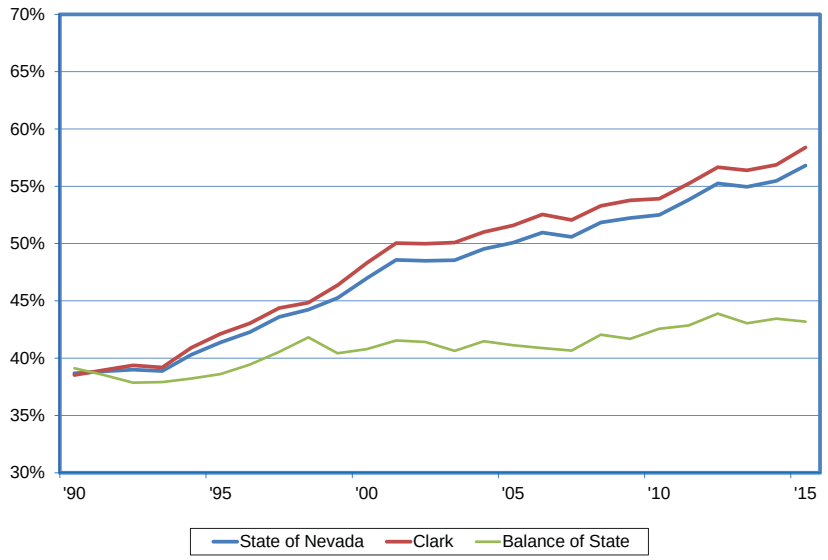
Sub-State Economic Summary

This month, the State's largest population centers gained employment on a year-over-year basis. Las Vegas was home to the highest nominal growth, 22,800 jobs, an increase of 2.5 percent, relative to February 2015. Specifically, goods-producing industries added 5,900 jobs and service providers added 17,200[1]. In Reno/Sparks, service providers increased significantly, with a year-over-year increase of 6,300 jobs, and goods-producing employment added 900 jobs to payrolls. Overall, growth in payrolls totaled 6,100 jobs, or 2.9 percent. Carson City was the only MSA to contract year-over-year, with a decrease of 300 jobs in the goods-producing sectors, while service-providing industries held steady. In the State as a whole, job numbers increased 2.3 percent year-over-year, adding a seasonally adjusted 28,700 jobs.

Statewide, employment increased by a seasonally adjusted 1,700 in February, relative to January. The Las Vegas MSA did not have a change in seasonally adjusted employment this month; the result of a 4,200 job increase in payrolls (not adjusted for seasonality), when an increase of 4,200 jobs was expected. In Reno/Sparks, we expected payrolls to increase by 2,400 jobs; however, jobs actually increased by only 1,900, leading to a seasonally adjusted decrease of 500 jobs. Finally, Carson City job numbers were expected to increase by 500, and did realize an increase of 500 jobs. Consequently, there was no change in seasonally adjusted employment this month in the State capital.

Over-the-year, online job posting activity[2] is up in 10 of 17 counties in February. Clark job postings increased more than any other county (+3,100) at 11,400 ads, up from 8,300 postings a year ago. Washoe also realized significant growth in job postings, with an increase of 1,000 ads, at 3,000 postings. White Pine, Douglas, Lincoln, Eureka, Lyon, and Mineral all realized over-the-year declines in job postings. White Pine declined more than any other county, with 52 less postings than in February last year.

Non-Gaming Revenue Accounts for 57% of Total Casino Revenues
Casino Revenue Structure



According to the Nevada Gaming Control Board Abstract Report, in fiscal year 2015, 57 percent of Nevada's total gaming revenue is attributable to non-gaming sources, such as retail and restaurants – that translates into $14 billion out of a total revenue base of $25.6 billion. The non-gaming share of total revenue has risen 18 percentage points since 1990, when it accounted for 39 percent of the total. The increase in the share of non-gaming revenue has been nearly continuous, suggesting a structural change within the industry. In detail, the Statewide trend has been driven by Clark County, where non-gaming revenue rose from 38 percent in 1990 to 58 percent in 2015. Elsewhere in the State, non-gaming revenue has been relatively flat, increasing only four percentage points over the same time span.

This month, the unemployment rates in the State's metropolitan statistical areas (MSAs) decreased on a month-over-month and year-over-year basis[3]. The rate in Las Vegas is down 0.9 percentage point from January, at 5.6 percent, and is down 1.6 percentage points from last year. Over-the-year, the rate in the Reno/Sparks area decreased 1.8 percentage points, to 5.3 percent, and is down 0.9 percentage point over-the-month. The Carson City MSA rate is

[1] References to total MSA employment are adjusted for seasonality, whereas references to goods-producing and service-providing industries are not.
[2] The Department of Employment, Training, and Rehabilitation is a client of Burning Glass Technologies. Among other things, Burning Glass has developed a number of tools to assist a variety of workforce development entities in efforts to match workers with jobs. Online job posting information is available via their Labor Insight tool.
[3] The State's seasonally adjusted unemployment rate is 5.9 percent in February, down from 6.2 percent in January and down from seven percent in February 2015. 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 – 5.7 percent in February, down from 6.5 percent in January and down from 7.2 percent in February 2015

Sub-State Economic Summary

down one percentage point relative to last month, and declined 1.5 percentage points over-the-year, with an unemployment rate of 6.7 percent.

Unemployment rates dipped below nine percent in all of the Silver State's counties, in February. Rates ranged from 4.6 percent in Eureka to 8.6 percent in Mineral. In addition to Eureka, relatively low unemployment rates are also found in Elko (4.8 percent) and White Pine (4.8 percent). The highest unemployment rates, other than Mineral, belong to Lyon (8.3 percent) and Nye (7.5 percent).

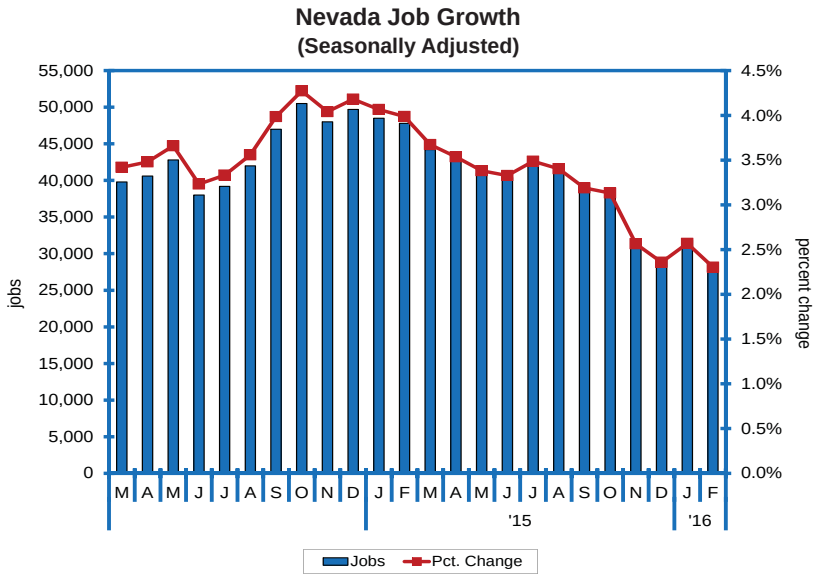
- Chelsea Schmitt, Economist

Trends at a Glance

Industrial Employment

February

- 1,275,200 non-farm jobs
- 28,700 jobs added over-the-year
- February marks 62 straight months of growth in Nevada.



February

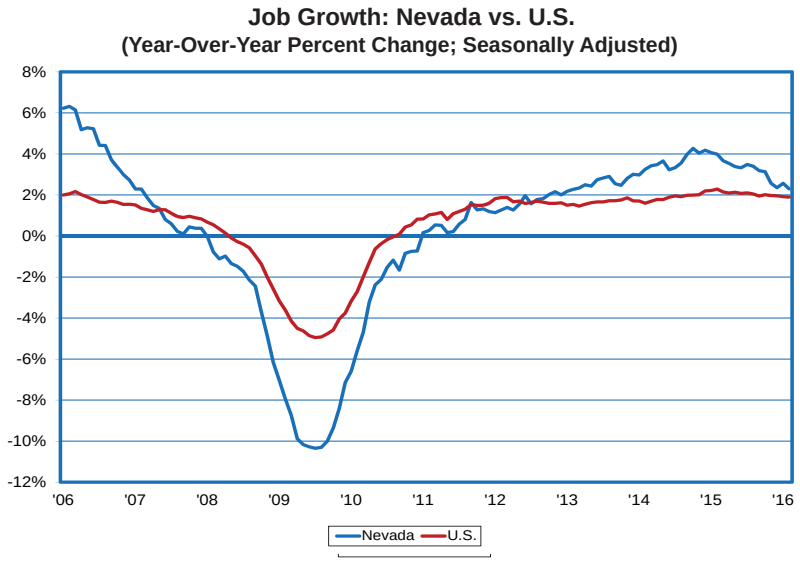
- Total change in seasonally adjusted jobs = 1,700
- Las Vegas change in seasonally adjusted jobs = 0
- Reno chagne in seasonally adjusted jobs = -500
- Carson City chagne in seasonally adjusted jobs = 0

Nevada Nonfarm Jobs
Seasonally Adjusted Change

	Unadjusted Change	Expected Seasonal Movement	Seasonally Adjusted Change
Total Nonfarm Jobs	9,000	7,300	1,700
Private Sector	6,100	1,900	4,200
Public Sector	2,900	5,400	-2,500
Las Vegas	4,200	4,200	0
Reno	1,900	2,400	-500
Carson City	500	500	0

Feburary

- Nevada = 2.3 percent
- U.S. = 1.9 percent
- Growth in Nevada has exceeded that in the U.S. for 43 straight months.

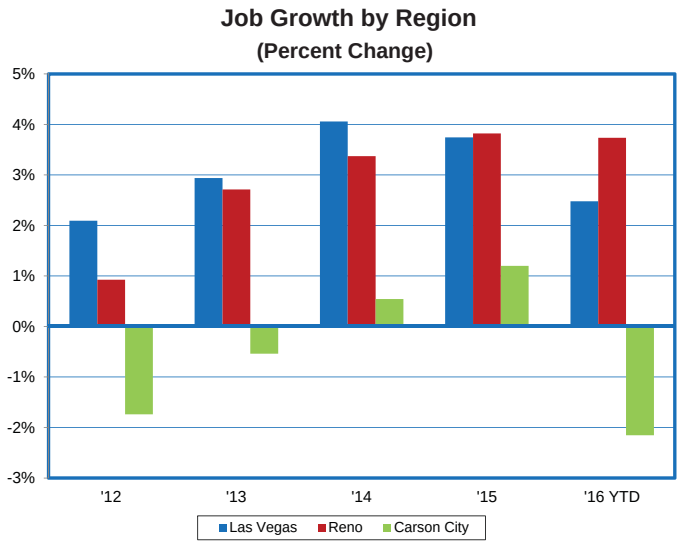


Trends at a Glance

Industrial Employment

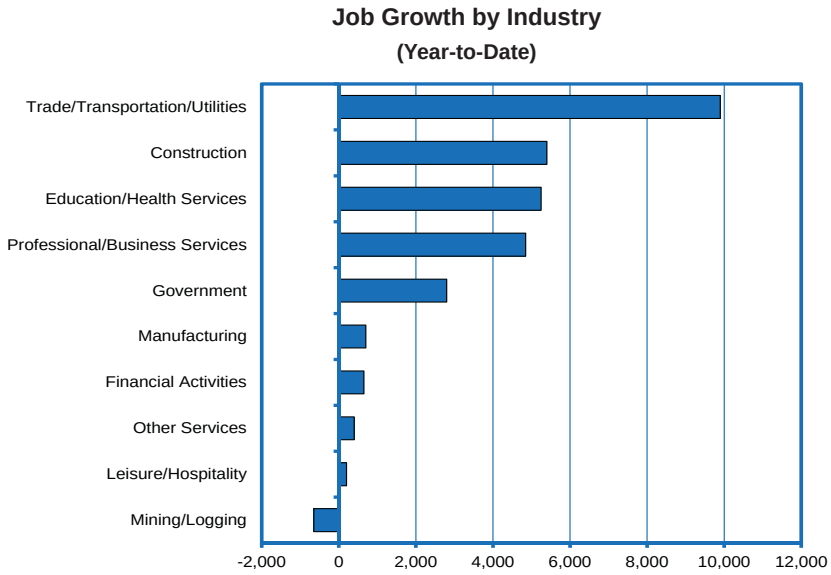
February

- Las Vegas MSA = 2.5 percent year-to-date
- Reno-Sparks MSA = 3.7 percent year-to-date
- Carson City = -2.2 percent year-to-date



February

- Trade, Transportation/Utilities added 9,900 jobs, more than any other sector.
- Nine sectors added jobs through February ; mining/logging was the only sectors to contract.
- Total job growth = 29,500 jobs

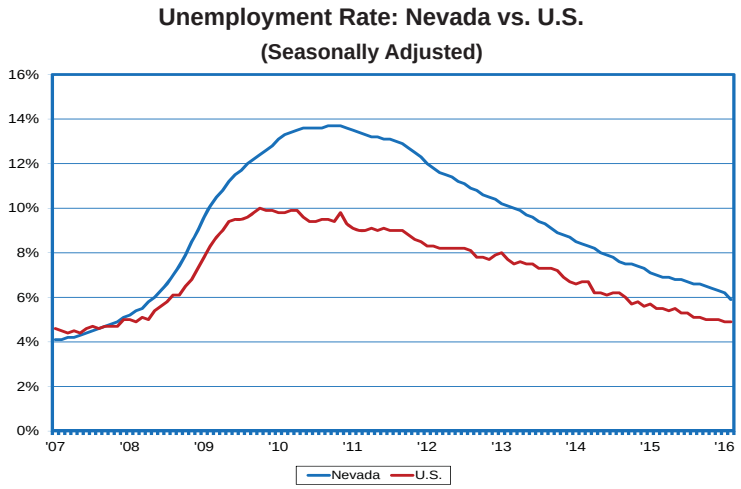


Trends at a Glance

Unemployment

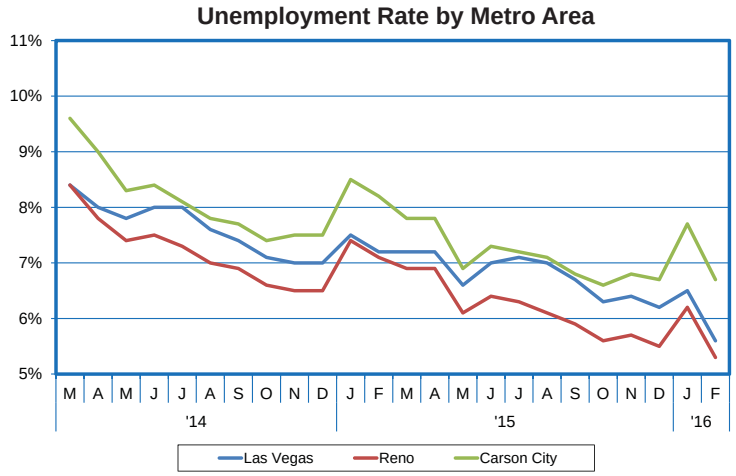
February

- Nevada = 5.9 percent; down from 6.2 percent in January; down from seven percent a year ago.
- U.S. = 4.9 percent; unchanged from January; down from 5.5 percent a year ago.
- One point gap between Nevada and the Nation compares to 4.4 points at the height of the recession.



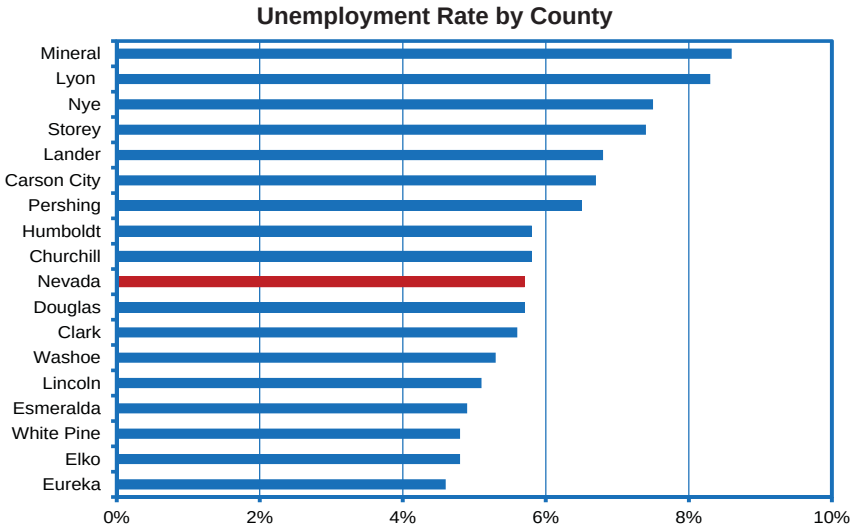
February (Not Seasonally Adjusted)

- Nevada = 5.7 percent; down 1.5 percentage points from February 2015.
- Las Vegas-Paradise MSA = 5.6 percent; down 1.6 percentage point from February 2015.
- Reno-Sparks MSA = 5.3 percent; down 1.8 percentage points from February 2015.
- Carson City = 6.7 percent; down 1.5 percentage points from February 2015.



February (Not Seasonally Adjusted)

- Unemployment rates ranged from 8.6 percent (Mineral) to 4.6 percent (Eureka).
- Clark = 5.6 percent; Washoe = 5.3 percent; Carson City = 6.7 percent.



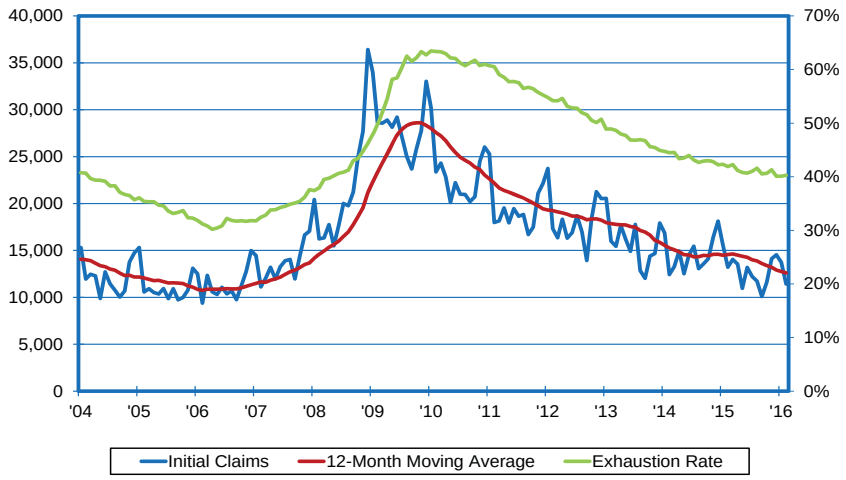
Trends at a Glance

Unemployment

February

- Initial claims = 11,400
- Exhaustion rate (the percentage of unemployment insurance claimants who exhausted UI benefits prior to finding a job) = 40.3 percent.

Nevada Unemployment Insurance: Initial Claims and Exhaustion Rate

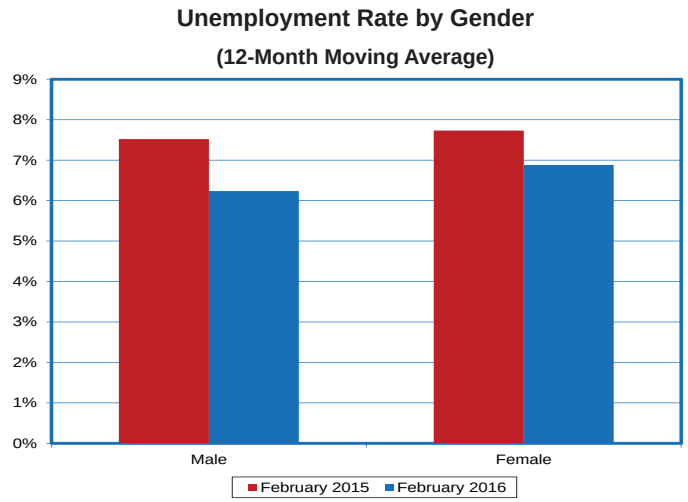


Trends at a Glance

Demographics of the Unemployed

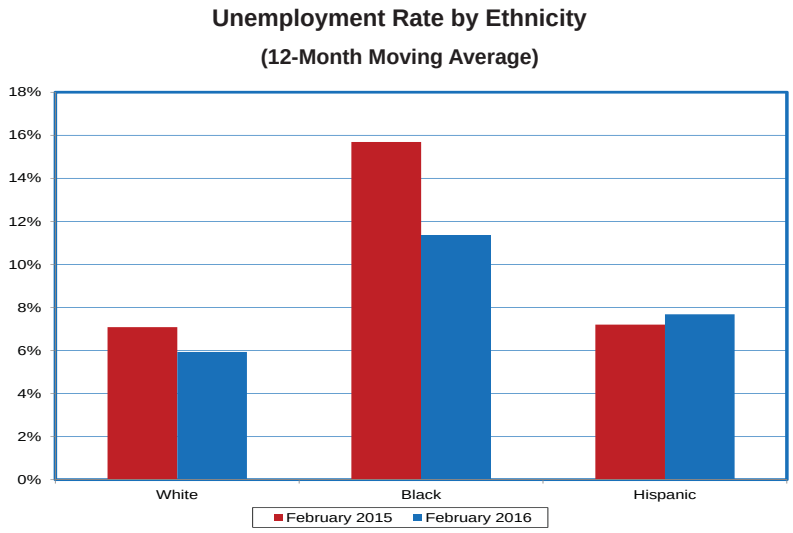
February

- Male unemployment rate = 6.2 percent; down 0.2 percentage point from January; down 1.3 percentage points from a year ago.
- Female unemployment rate = 6.9 percent; down 0.3 percentage point from January; down 0.8 percentage point from a year ago.



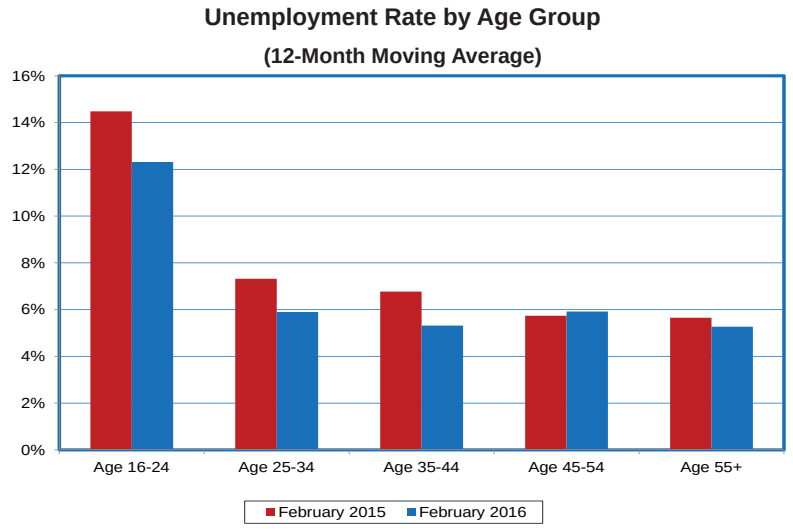
February

- White unemployment rate = 5.9 percent; down 0.2 percentage point from January; down 1.2 percentage points from a year ago.
- Black unemployment rate = 11.4 percent; down 1.1 percentage point from January; down 4.3 percentage points from a year ago.
- Hispanic unemployment rate = 7.7 percent; down 0.1 percentage point from January, up 0.5 percentage point from a year ago.



February

- Age 16-24 unemployment rate = 12.3 percent; down 0.4 percentage point from January; down 2.2 percentage point from a year ago.
- Age 25-34 unemployment rate = 5.9 percent; down 0.3 percentage point from January; down 1.4 percentage point from a year ago.
- Age 35-44 unemployment rate = 5.3 percent; down 0.3 percentage point from January; down 1.5 percentage points from a year ago.
- Age 45-54 unemployment rate = 5.9 percent; down 0.1 percentage point from January; up 0.2 percentage point from a year ago.
- Age 55+ unemployment rate = 5.3 percent; down 0.1 percentage point from January; down 0.4 percentage point from a year ago.

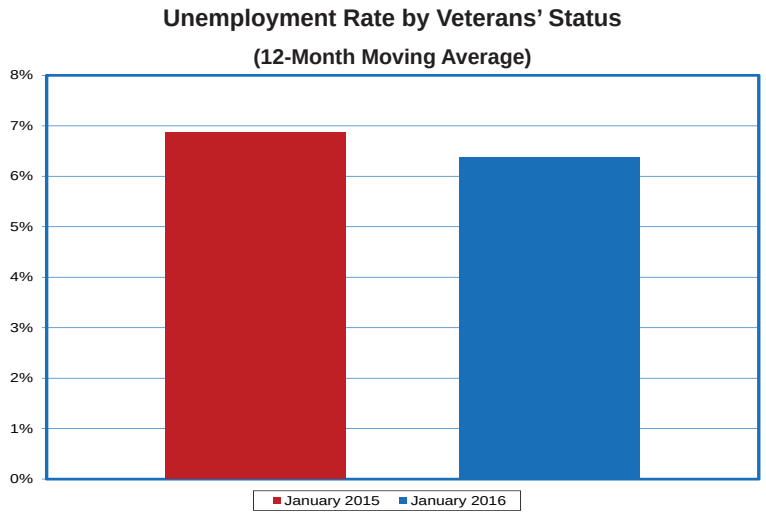


Trends at a Glance

Demographics of the Unemployed

January

- Veteran unemployment rate = 6.4 percent; up 0.5 percentage point from December; down 0.5 percentage point from a year ago.

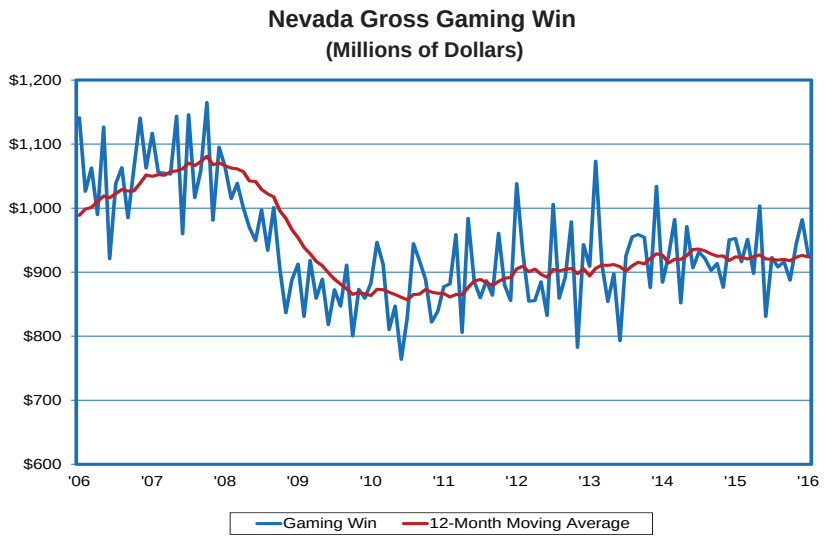


Trends at a Glance

Economic Indicators

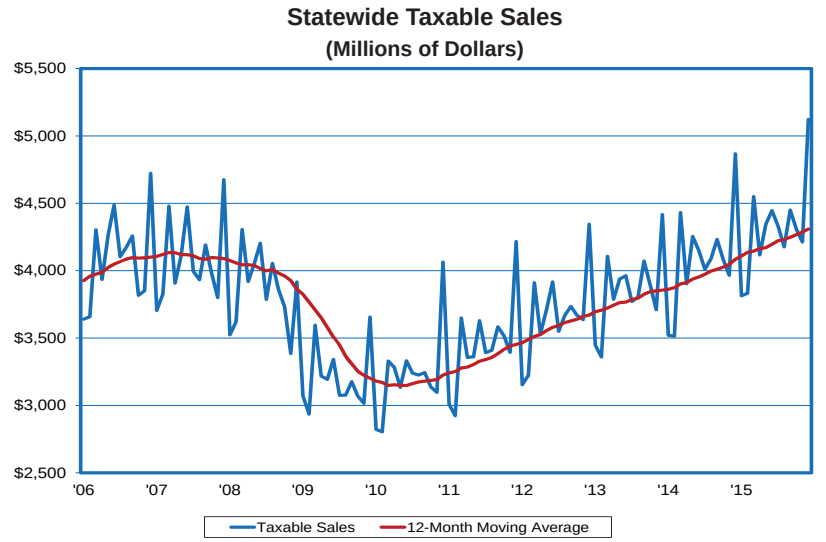
January

- Gross gaming win = $925.3 million
- Down 2.9 percent year-over-year; up 0.6 percent year-to date over 2014.



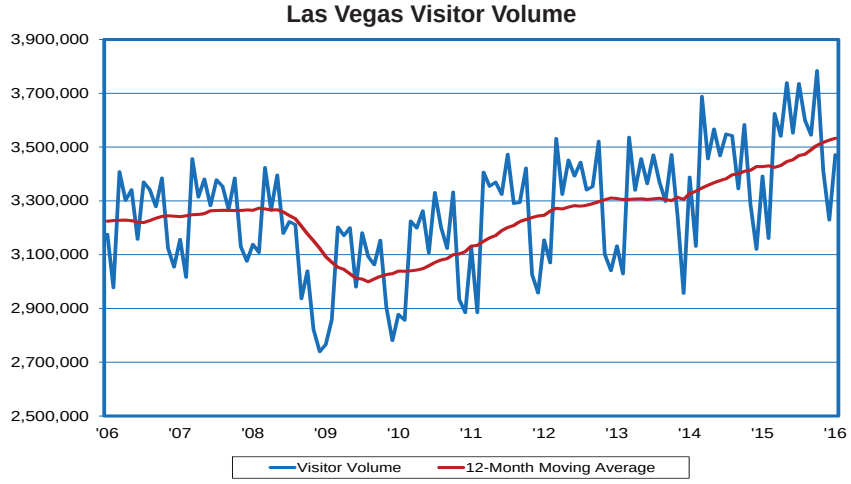
December

- Taxable sales = $5.12 billion
- Up 5.3 percent year-over-year



January

- 3,471,700 visitors
- 80,000 visitor increase from prior year (+2.4 percent); up 2.8 percent year-to-date over 2014.

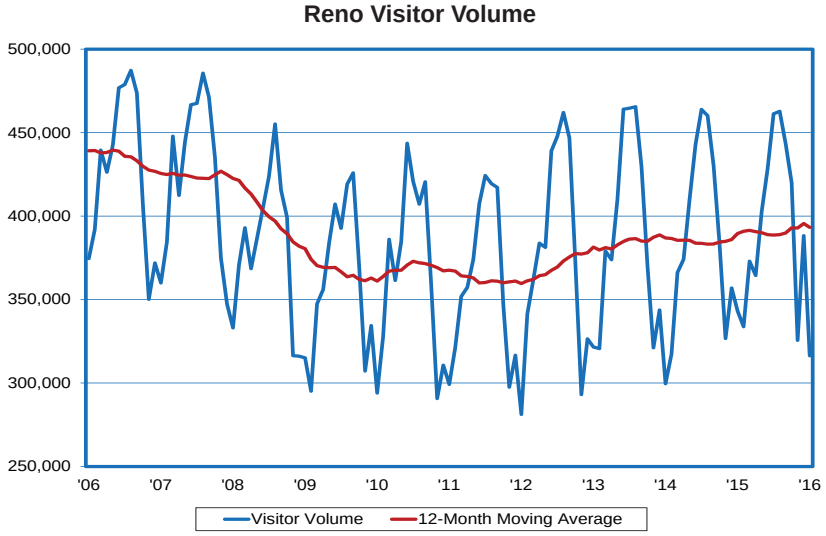


Trends at a Glance

Economic Indicators

January

- 316,300 visitors
- 26,700 visitor decrease from prior year (8.8 percent); down 7.8 percent year-to-date over 201.

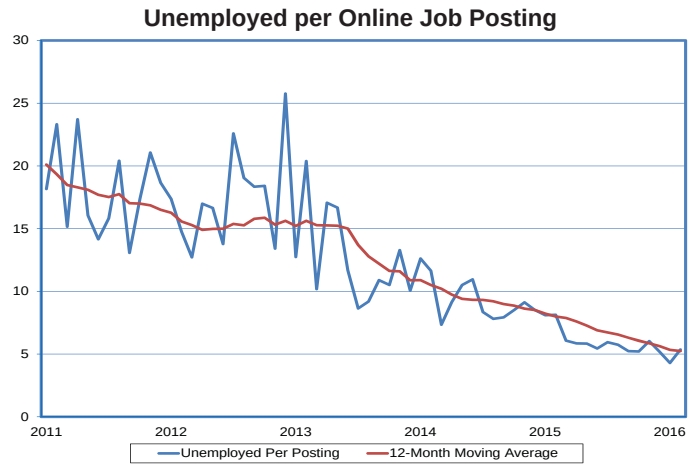


Trends at a Glance

Real-Time Labor Market Information

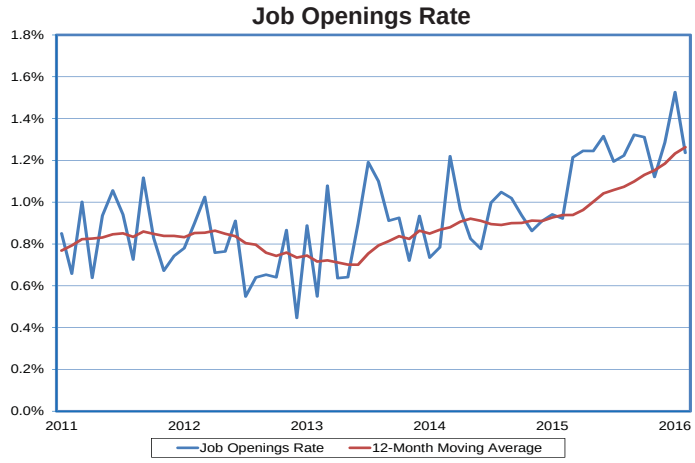
February

- For every job posting there are 5.4 unemployed persons, down from 8.1 in February 2015.



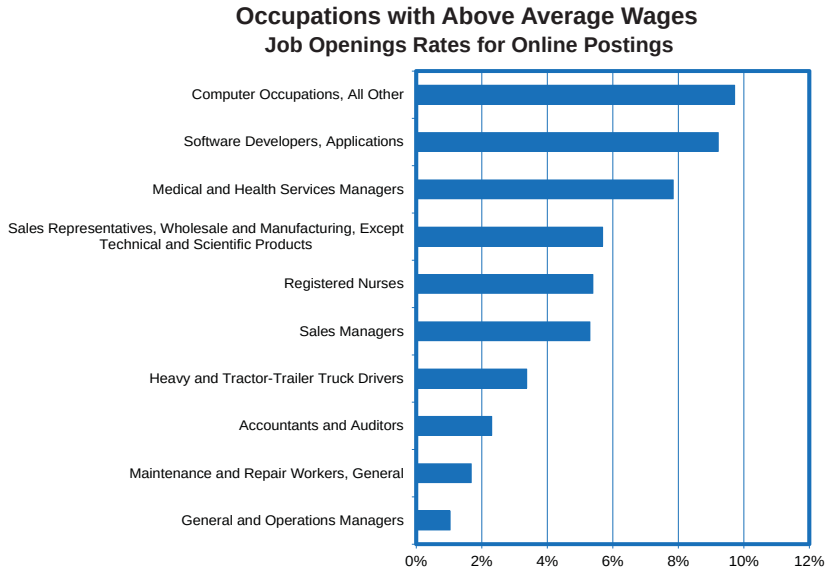
February

- Jobs became available at a rate of 1.24 percent, indicating employment prospects are trending up.
- The job openings rate is the ratio of the number of online job postings to the sum of job postings and employment.



February

- For occupations earning above-average wages, Computer Occupations (All Other) have the highest job openings rate.

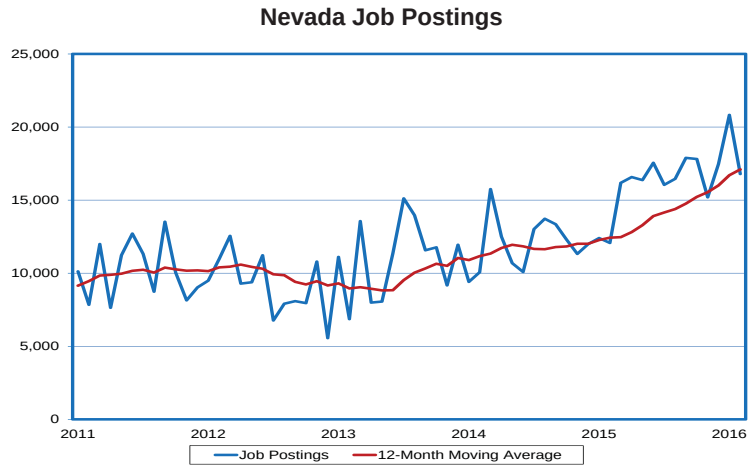


Trends at a Glance

Real-Time Labor Market Information: Spotlight on Nevada

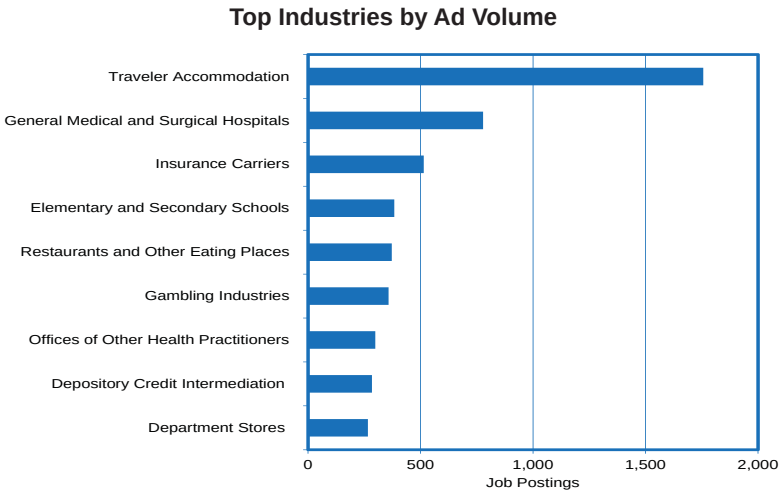
February

- Nevada online job postings total 16,800; up from 12,100 a year ago.



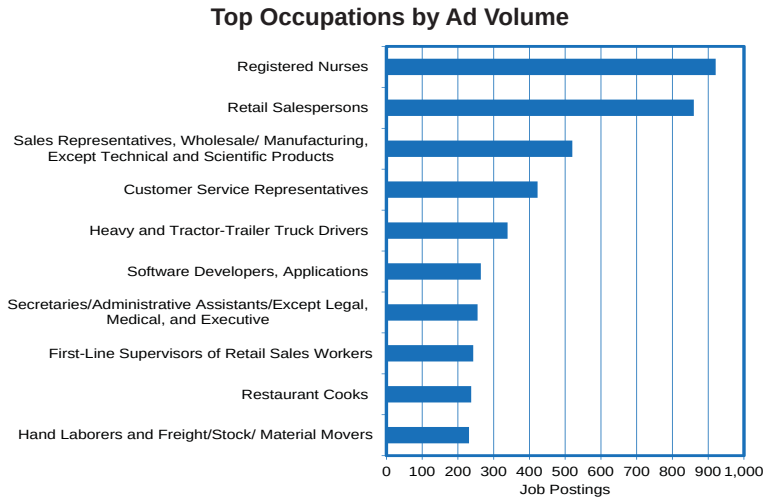
February

- The industries with the most postings are traveler accommodation and general medical/surgical hospitals.



February

- The top occupations by ad volume are registered nurses, followed by retail salespersons.

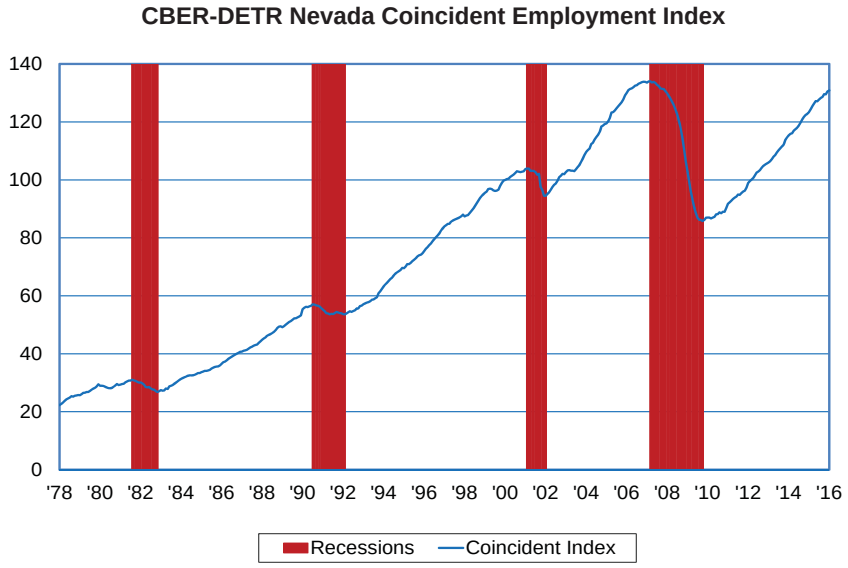


Trends at a Glance

CBER-DETR Nevada Coincident and Leading Employment Indexes

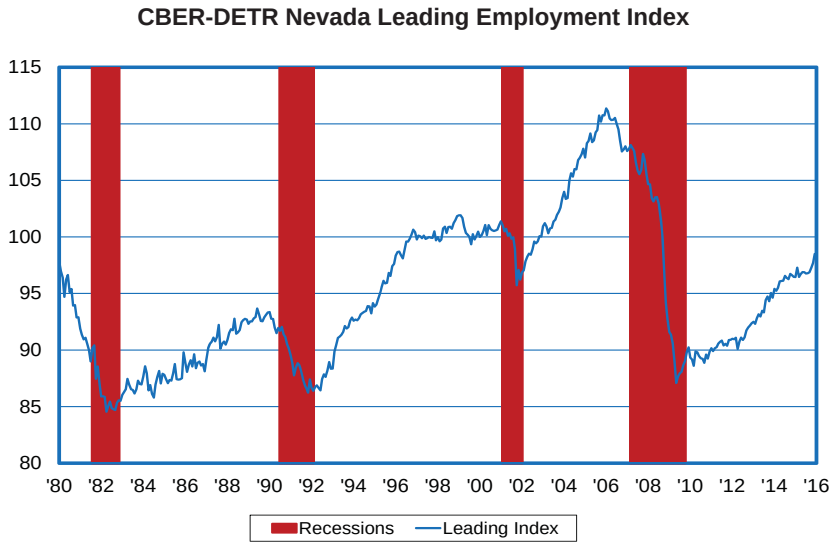
January

- 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 March 2007. The coincident index then regressed steadily through October 2009, where it bottomed out.
- The January release conveys a positive story for the coincident and leading 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.
- For the coincident index, the unemployment rate (inverted) moved in a negative direction, while nonfarm employment, the insured unemployment rate (inverted), and household employment moved in a positive direction.



January

- The Nevada Leading Employment Index measures the ups and downs of the Nevada economy, providing a signal about the future direction of the coincident index. For the current employment recession, the leading index provided a clear signal by peaking in January 2006, fourteen 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, initial claims for unemployment insurance (inverted), housing permits, the short-duration unemployment rate (inverted), construction employment, and the real Moody's Baa bond rate (inverted) moved in a positive direction, while commercial permits moved in a negative direction.
- For the leading index, housing permits and commercial permits moved in a negative direction, while construction employment, the real Moody's Baa bond rate (inverted), initial claims for unemployment insurance (inverted), and the short-duration unemployment rate (inverted) moved in a positive direction.



Economy In Brief

Research & Analysis Bureau

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