

ECONOMY IN BRIEF

DETR RESEARCH & ANALYSIS BUREAU
DEVELOPMENT, ECONOMIC, TRAINING & RESEARCH

AUGUST 2011

NEVADA'S PREMIER SOURCE OF WORKFORCE & ECONOMIC INFORMATION AND ANALYSIS

Economic Summary

In August, Nevada's labor market continued on a path evident since the beginning of summer, marked by flat employment readings and an increasing jobless rate. In 2009, employment in Nevada fell by 9.1 percent relative to the previous year, equating in a loss of 115,000 jobs. In 2010, job losses eased to -2.8 percent (or 33,000). Through the first eight months of 2011, employment levels are down just 0.2 percent, which translates into a loss of 2,000 jobs. The good news is that dramatic job losses have subsided; unfortunately, it is not enough to put the unemployment rate on a consistent downward trajectory. After declining in each of the first five months of the year, the jobless rate increased for the third consecutive month in August, rising to 13.4 percent. This is up from 12.9 percent in July, but down by 1.5 percentage points from a year ago.

The ranks of the long term unemployed in Nevada continue to swell. On an annual basis, the percentage of workers unemployed for over 26 weeks is the largest segment of the unemployed, and continues to grow. In the 12 months ending in August, the number of long term unemployed accounted for 50 percent of all unemployed workers. That is up from 27 percent just two years ago. The ramifications of extended joblessness for this segment of the workforce are potentially profound and long lasting, since the likelihood of re-employment diminishes with a loss of skills and experience, making it more and more difficult to find employment as time goes on.

Nevada's seasonally unadjusted unem-

Unemployment Rate by County



ployment rate increased one-tenth to 13.8 percent in August. For Nevada's sub state labor markets, measures of unemployment changed little or trended up slightly. In the Las Vegas Valley, the unemployment rate increased two-tenths to 14.2 percent. It marks the fourth consecutive monthly increase. In that time, the unemployment rate added 2.2 percentage points, though some of the increase is attributed to seasonal variation. The jobless rate in the Reno-Sparks area remained unchanged at 13 percent. In the Carson City area, the rate of joblessness increased just one-tenth to 12.7 percent. In the Elko region, the unemployment rate fell one-tenth to 7.4 percent in August.

Economic Indicators

UNEMPLOYMENT RATES	AUG 2011
NEVADA *	13.4%
LAS VEGAS-PARADISE MSA	14.2%
RENO-SPARKS MSA	13.0%
CARSON CITY MSA	12.7%
ELKO MICROPOLITAN AREA	7.4%
UNITED STATES *	9.1%
CALIFORNIA *	12.1%
* Seasonally Adjusted	
JOB GROWTH (Y-O-Y)	
NEVADA	-0.1%
LAS VEGAS-PARADISE MSA	0.0%
RENO-SPARKS MSA	-1.7%
CARSON CITY MSA	-1.7%
UNITED STATES	1.0%
CALIFORNIA	1.2%
CONSUMER PRICE INDEX (Y-O-Y)	
UNITED STATES	3.8%
GAMING WIN (Y-O-Y)	
JUN 2010 - JUN 2011	
NEVADA	3.7%
CLARK COUNTY	3.2%
WASHOE COUNTY	1.4%
TAXABLE SALES (Y-O-Y)	
JUN 2010 - JUN 2011	
NEVADA	9.0%
CLARK COUNTY	8.1%
WASHOE COUNTY	1.9%

Nevada's employment picture was slightly better than expected, resulting in a seasonally adjusted increase in both July and August. On an unadjusted basis, Nevada employers added 600 jobs in August. Over-the-year, employment is down just 0.1 percent – essentially flat. Employers in the Las Vegas area added 800 jobs over-the-

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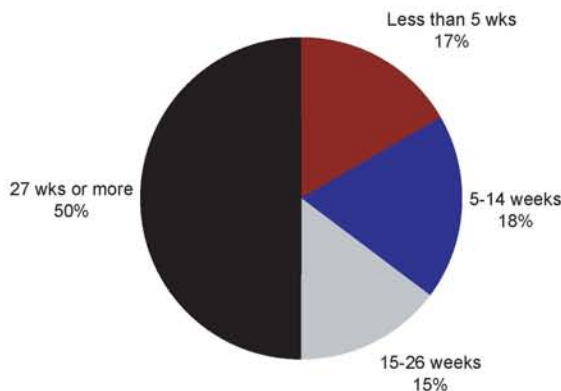
month, pushing employment into positive territory on an over-the-year basis. In the Reno-Sparks area, employment declined by 100 jobs, while on an over-the-year basis, employment is down 3,300 jobs or -1.7 percent. Carson City's employment level was unchanged in August, but compared to last year, employment is still down 500 jobs or -1.7 percent.

At the industry level, a number of sectors saw improvement in August. The construction industry gained 1,200 jobs, which is not untypical for this time of year. The trade, transportation and utilities industry added 600 jobs, with improvement in retail (+400) and wholesale (+200) trade. The professional and business services industry added 900 jobs with a strong showing in the employment services sub sector. On the downside though, a number of industries contracted in August, lead by a decline of 1,000 in the leisure and hospitality sector. Educational and health services lost 500 jobs, followed by losses of 300 jobs in both government and financial activities sectors.

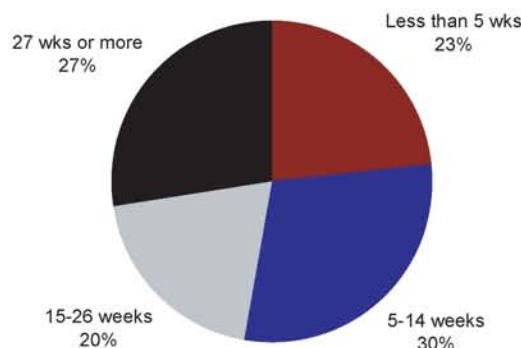
Difficulties in Nevada's residential mortgage markets have been well-publicized over the past half-decade. According to the Mortgage Bankers Association, 8.1 percent of all residential mortgages were past due in the second quarter, after peaking at 10.4 percent in late 2009. In the Silver State, the most current delinquency rate is 10.4 percent, down from a high of 14.9 percent, also in late 2009. In Nevada, the number of residential mortgages entering into the foreclosure process totaled 11,300 in the second quarter, down from a peak of 20,700, but well above pre-recession levels. All told, the total number of residential loans in the foreclosure process is approximately 41,000, down from a peak of 56,000.

Construction employment has suffered greatly in such an environment. Since the start of the recession, employment is down over 90,000 jobs, based on seasonally adjusted data. Construction employ-

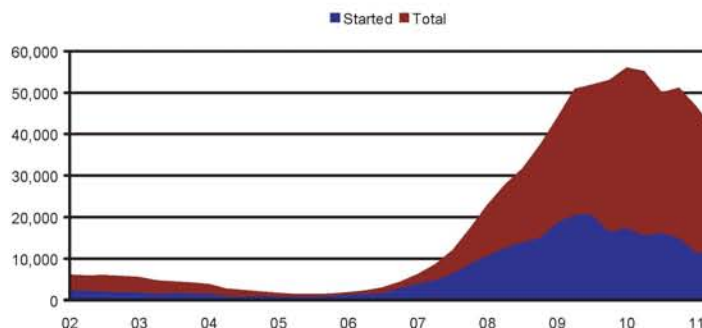
Unemployment by Duration
(August 2011; 12-month average)



Unemployment by Duration
(August 2009; 12-month average)



Nevada Residential Mortgages in the Foreclosure Process: Loans Started and Total Inventory of Loans in the Foreclosure Process

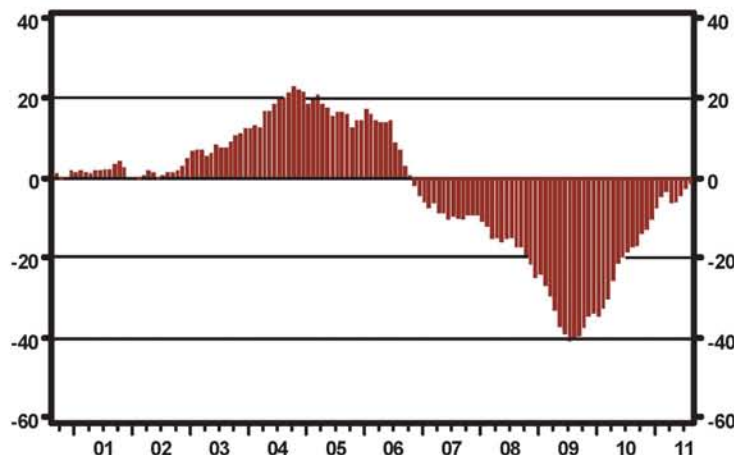


Economic Summary

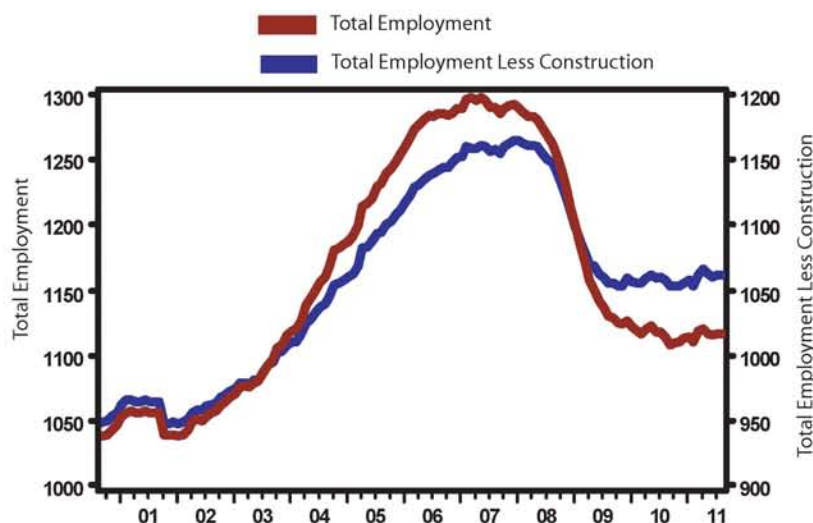
ment peaked nearly one year before total employment, in June 2006. Since then, construction employment fell from 146,600 to 54,600. Since peaking in May 2007 at 1,297,400, total employment in Nevada has fallen considerably, and now stands at 1,116,700, a decline of 180,700. Of all the jobs lost in Nevada during the downturn, roughly one of every two was from the construction industry, a disproportionate share considering even at its peak construction employment only made up about 11 percent of total employment.

Despite some stability in August, the construction industry continues to be a drag on the broader economy, as seen by recent trends in taxable retail sales collections. Taxable sales in Nevada recovered in fiscal year 2010, gaining 5.7 percent over the previous year, despite an 18.4 percent decline in construction related sales activities. Without the decline in construction related activities, taxable retail sales would have gained an additional 0.5 percent, pushing fiscal year growth to 6.2 percent. In a similar sense, construction employment is affecting the broader labor market in Nevada, too. When construction employment is removed from the broader economy, a more stable picture comes into view. At the worst of the downturn, in 2009, Nevada lost nine percent of its employment base. Without the construction losses, the over-the-year loss would have been -7.0 percent. More recently, construction continues to pull down employment. Through August, total employment is up 0.03 percent on an annual basis using seasonally adjusted data. Without the losses in construction employment, over-the-year growth would be 0.37 percent.

Construction Employment
Change - Year to Year SA, Thous.



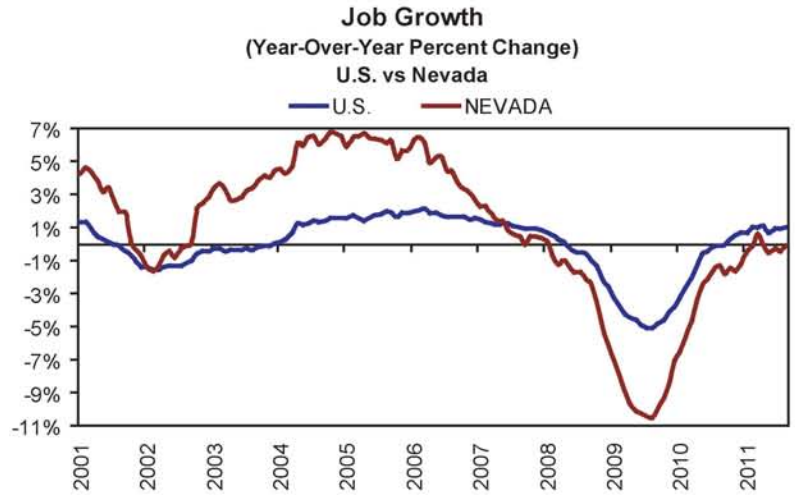
Construction Employment in the Broader Economy



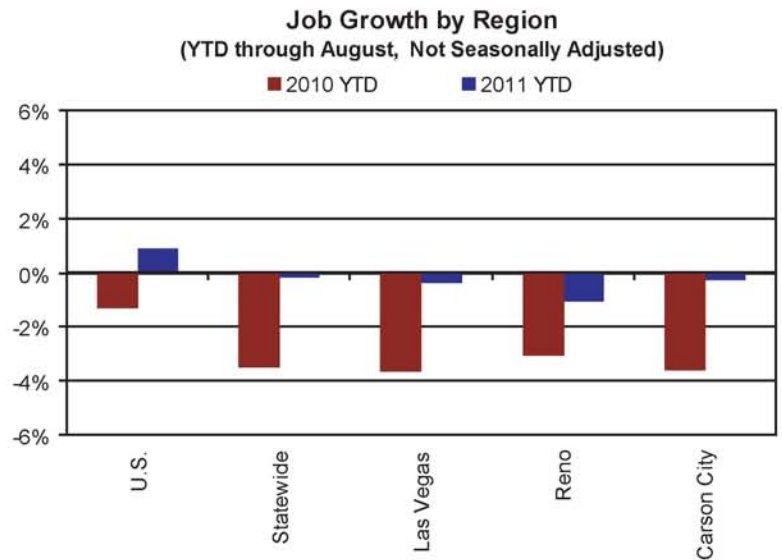
Trends at a Glance

Industrial Employment

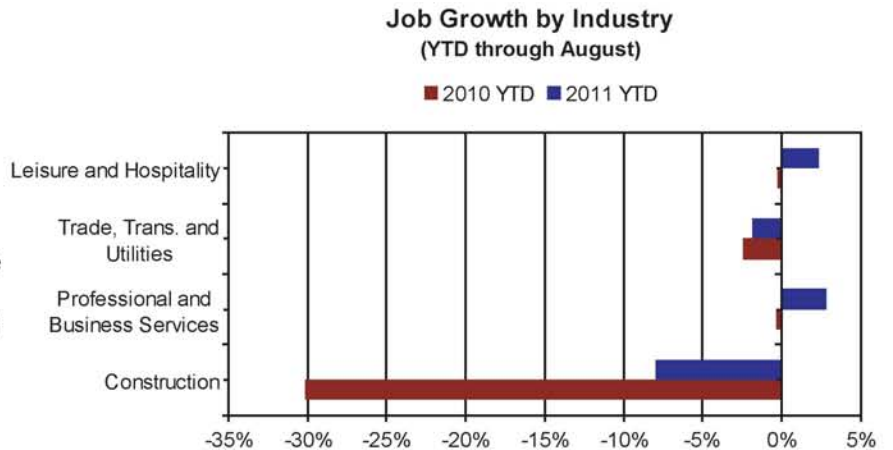
- Industrial employment in Nevada decreased 0.1 percent in August relative to a year prior, equating to a loss of 1,600 jobs.
- August readings were up 1.0 percent nationally relative to August 2010.



- The year-to-date annual growth rates remain higher than a year ago throughout all regions of the State.
- The Las Vegas MSA's job count fell 0.4 percent YTD in August relative to August 2010.
- In the Reno MSA, YTD job readings were down 1.1 percent in August 2011.
- In Carson City, employment was down 0.3 percent YTD from August 2010 to August 2011.



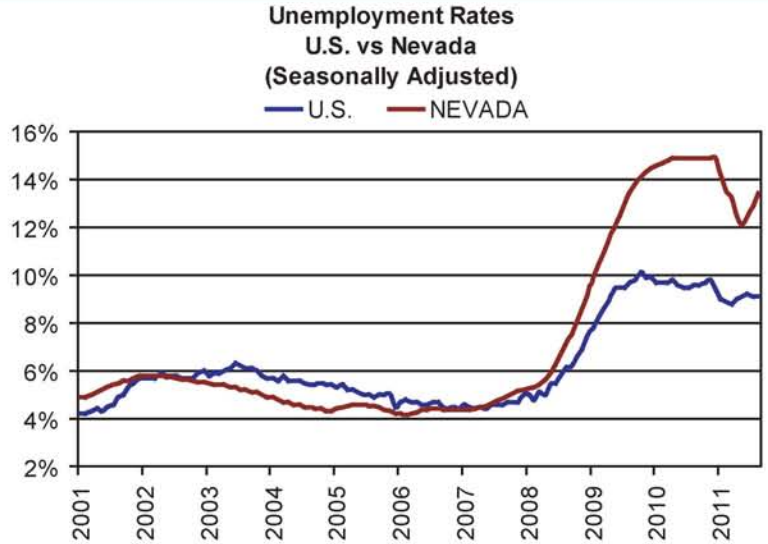
- Approximately 4,738 jobs have been lost in the construction industry over the past year, a 7.9 percent annual decline. The YTD annual growth rate in 2010 was negative 30.1 percent.
- Jobs in the State's largest industry, leisure and hospitality was up 2.3 percent YTD through August relative to a year prior. A year earlier, job losses were down 0.3 percent over the same time frame. Professional and business services increased 2.8 percent YTD through August 2011 from a year earlier.



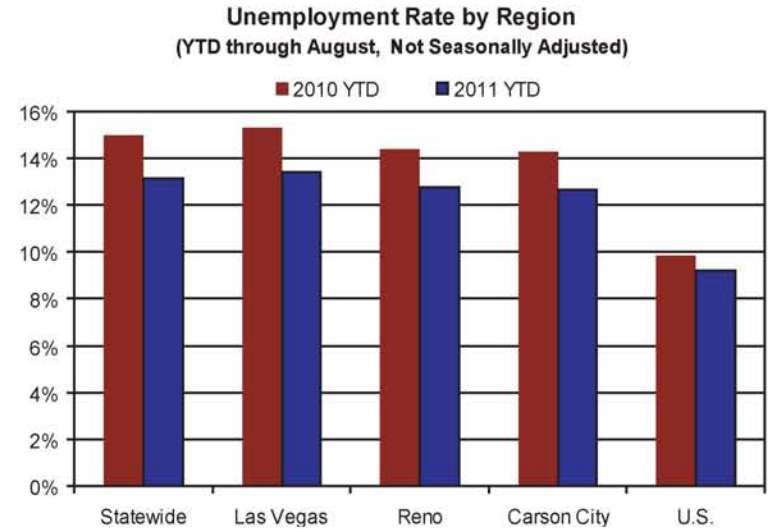
Trends at a Glance

Unemployment

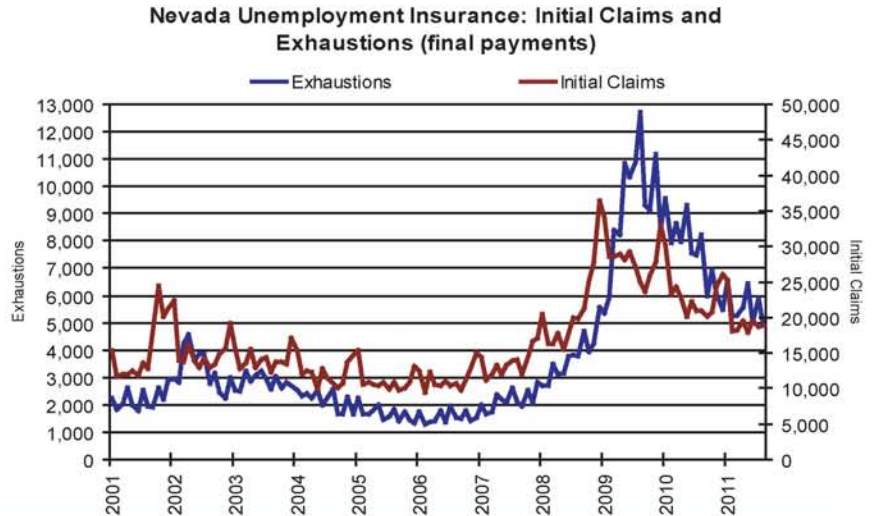
- Nevada's seasonally adjusted unemployment rate was 13.4 percent in August, up 0.5 percentage points from July.
- Nationally, the unemployment rate in August was unchanged at 9.1 percent. Nevada has the highest unemployment rate in the nation, exceeding the national average by 4.3 percentage points. The next highest is California with 12.1 percent.



- At 13.2 percent, the Statewide unadjusted unemployment rate is down 1.8 percentage points YTD from 2010 to 2011.
- The Las Vegas-Paradise MSA recorded an unemployment rate of 13.4 percent YTD through August, a 1.9 percentage point decrease over-the-year.
- The Reno-Sparks MSA's jobless rate was 12.8 percent YTD through August. On an annual basis, the rate is down 1.6 percentage points over-the-year.
- The jobless rate in Carson City was 12.7 percent YTD through August, down 1.6 percentage points over-the-year.



- Initial claims for unemployment insurance increased in August from July by 175. Over-the-year, claims are down by 10.2 percent.
- Final payments, signifying an exhaustion of regular state benefits, decreased by 1,011 in August over-the-month. Over-the-year, final payments were down 40.4 percent.

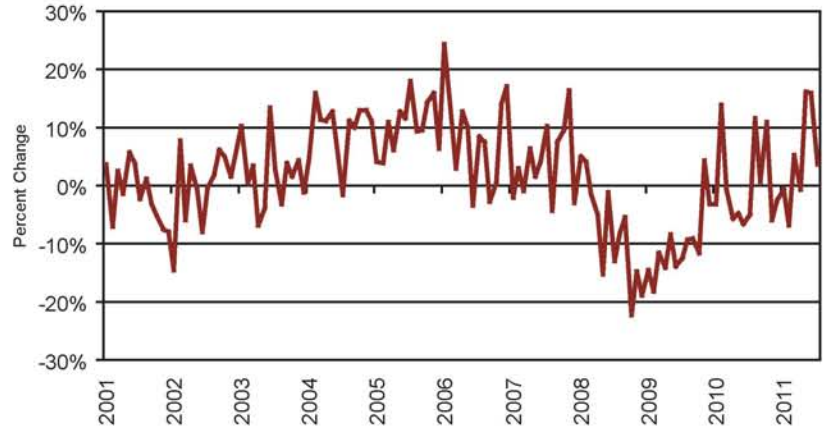


Trends at a Glance

Economic Indicators

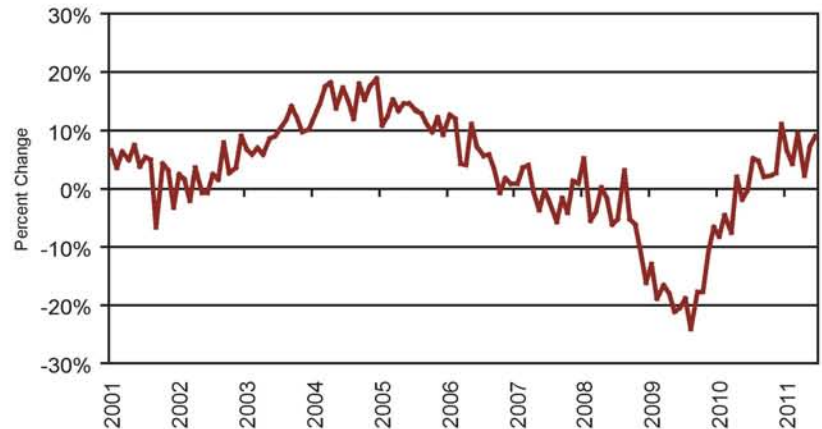
- Nevada gaming win was up 3.7 percent in July relative to the previous year.

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



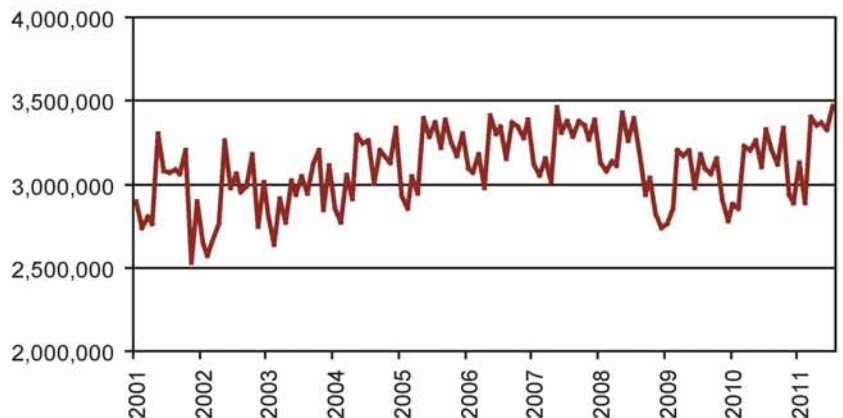
- In June, taxable sales increased 9.0 percent over June 2010, with collections totalling \$3,629,010,235.
- For the fiscal year, taxable sales are up 5.7 percent compared to the previous 2010.

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



- Las Vegas visitor volume increased 142,203 in July relative to a year prior, a 4.3 percent increase. Year-to-date, visitor volume is up 4.9 percent in 2011 compared to a year earlier.

Las Vegas Monthly Visitor Volume

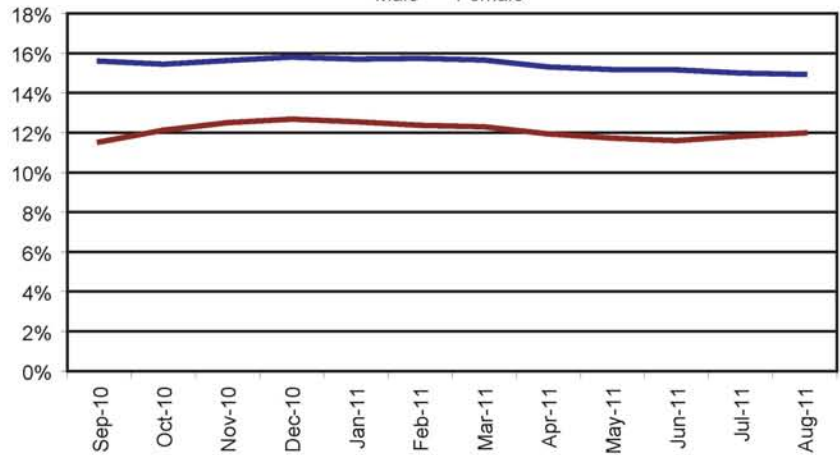


Trends at a Glance

Demographics of the Unemployed

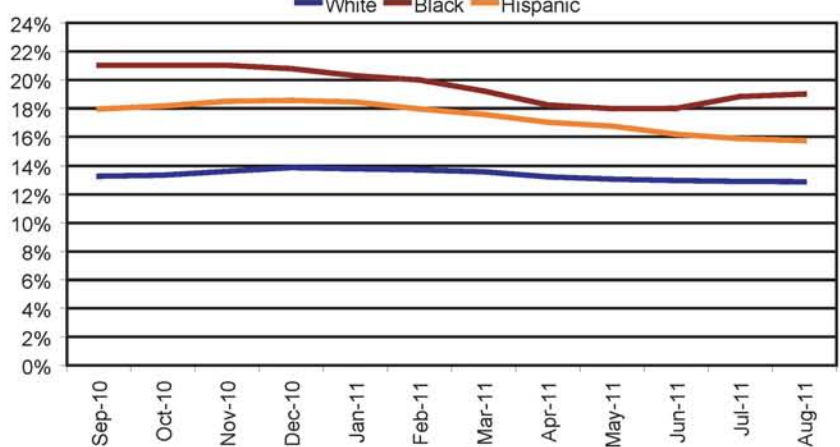
- The male unemployment rate decreased by one-tenth to 14.9 percent.
- The female unemployment rate increased by two-tenths to 12.0 percent.
- Traditionally male dominated industries, such as construction have lost the most jobs during the recession, while female dominated industries have fared better overall.

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



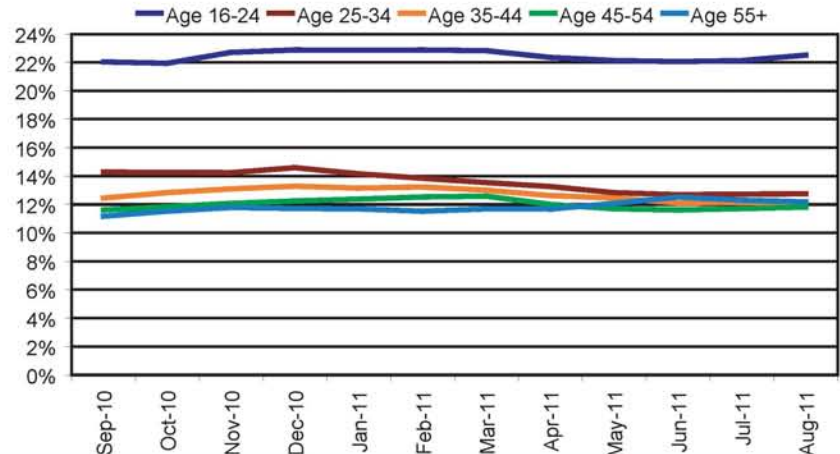
- The unemployment rate for Nevada's Hispanic labor force decreased two-tenths of a percent to 15.7 percent in August.
- The rate for Nevada's unemployed Black labor force increased two-tenths of a percent to 19.0 percent.
- The unemployment rate for Nevada's White labor force remained unchanged from July at 12.9 percent.

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



- At 22.5 percent, the unemployment rate for Nevada's youngest workers age 16-24 continued to trend higher than any other age group.
- The unemployment rate for workers age 25-34 was unchanged at 12.7 percent in August.
- The unemployment rate for Nevada's oldest workers is 12.2 percent, down one-tenth from July.

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

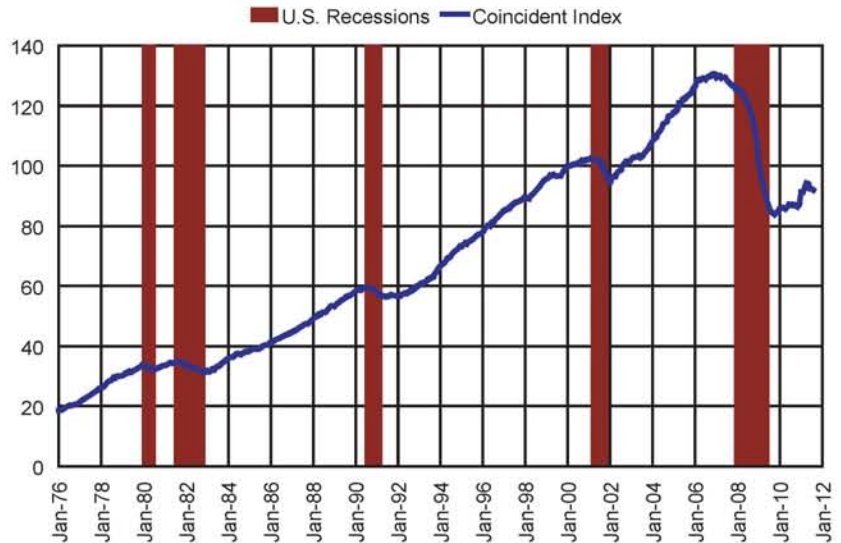


Trends at a Glance

CBER-DETR Nevada Coincident and Leading Employment Indices

- 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 appears to have reached a bottom. The coincident index, after rising in the first four months in 2011, fell in the last four.

CBER-DETR Nevada Coincident Employment Index



- The Nevada Leading Employment Index, which provides a signal about the future direction of the coincident index, showed a decrease of 0.1 percent in August. Based on seasonally adjusted data, nonfarm employment and household employment moved in a positive direction and the unemployment rate and the insured unemployment rate moved in a negative direction. The same release also shows mixed evidence for the leading index. The real Moody's Baa bond rate and construction employment moved in a positive direction, whereas initial claims for unemployment insurance, housing permits, commercial permits, and the short-duration unemployment rate moved in a negative direction.

CBER-DETR Nevada Leading Employment Index

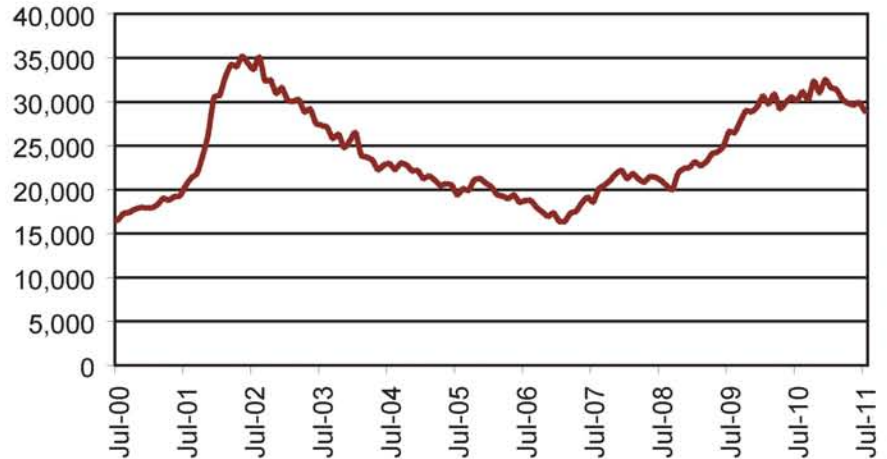


Trends at a Glance

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, reduce out-of-wedlock pregnancies and encourage the formation and maintenance of two-parent families.
- As an economic indicator, TANF reveals information on the relative well-being of Nevada's low-income families. The number of recipients in the program is strongly influenced by the ups and downs of the business cycle. In July, 28,985 individuals were receiving assistance. Since July 2010, the level of assistance has decreased 3.9 percent or 1,175 less recipients.

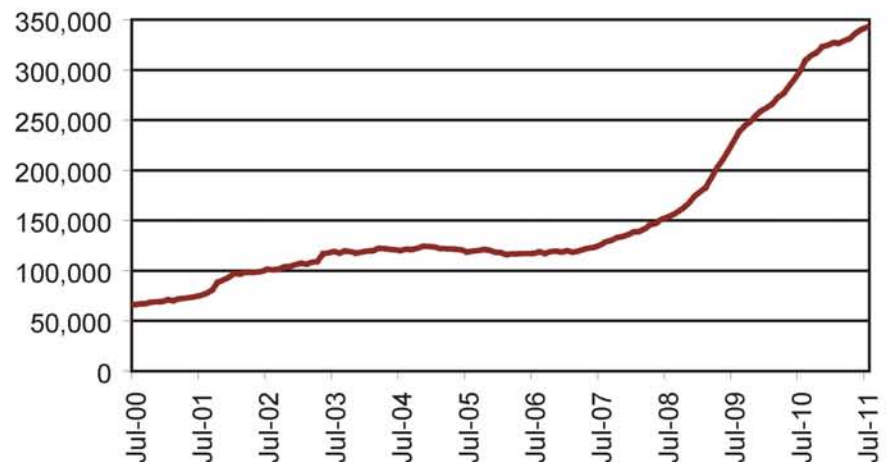
Temporary Assistance for Needy Families in Nevada, Number of Cash Recipients



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.
- The number of Nevadans participating in SNAP has increased significantly in recent years, suggesting more and more families are struggling to make ends meet. In July, 342,462 Nevadans participated in the program, setting a new all-time high. Over-the-year, the number of participants receiving assistance has increased 14.5 percent.

Supplemental Nutrition Assistance Program, Number of Participating Nevadans



Source: Nevada Department of Health and Human Services

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