

DIRECTOR
Larry J. Mosley



GOVERNOR
Jim Gibbons

OFFICE OF THE DIRECTOR

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Contact: Mae Flennoy
Public Information Officer
Phone: 702.486.7991
Cell: 702.249.6324

Nevada's Unemployment Rate Was at 5.5 Percent in January

Nevada's unemployment rate for January was 5.5 percent, a full percentage point higher than in January 2007, said Chief Economist Bill Anderson with the Nevada Department of Employment, Training and Rehabilitation (DETR). The national rate was 4.9 percent.

The unemployment rate rose to 6.6 percent in the Reno-Sparks MSA and 7.5 percent in the Carson City MSA. Both rates are more than a percentage point above year-ago levels.

"January unemployment rates reflected the soft economy," Anderson said. "Employment data for January followed the typical seasonal patterns."

Retail employment fell by 4,700 statewide as the holiday shopping season came to an end. The construction industry, reflecting the usual winter lull and the ongoing housing slump, lost 4,600 jobs in January. In addition, with the college and university system on winter break, state government employment was 5,600 lower than in December. The year-over-year employment increase of 0.8 percent was somewhat better than was seen in the second half of 2007 but is consistent with expectations for continued modest growth in 2008.

Each year at this time, industrial employment estimates for the previous two years are revised (benchmarked) using methods established by the U.S. Department of Labor's Bureau of Labor Statistics, Anderson said. The original estimates are derived from a monthly survey of approximately 2,500 Nevada employers. The modified figures are based on actual employment data collected each quarter from more than 60,000 Nevada employers covered by unemployment insurance laws. Labor force and unemployment data also are modified annually, but those revisions will not be available for several weeks.

When the economy is slowing, as it was in the second half of 2006 and throughout 2007, the benchmark process typically results in a downward revision to employment"

Anderson said. “This year was no exception. The original employment estimate for December 2007 indicated there were 1,315,800 jobs in the state. The benchmark revision placed December employment at 1,301,000, a difference of 14,800 jobs. Nevada’s statewide job growth averaged a modest 1.0 percent in 2007. Since Nevada recorded its last annual job loss in 1982, the state has produced new jobs at a slower pace than it did in 2007 only twice—0.4 percent in 1983 and 0.1 percent in 2002.”

It should come as no surprise that the construction industry had the largest revision, Anderson said. December construction employment was lowered by 5,200. The industry has seen its employment decline from a peak of 148,800 in June 2006 to 123,700 in January 2008, a loss of 25,000 jobs. About half of those job losses occurred in the second half of 2006 when the housing market correction began. However, employment in the industry is still up by more than 30,000 in the past five years.

“The Nevada economy will continue to face challenges in 2008,” Anderson said. Housing market problems are proving to be more persistent than expected, and an end is not yet in sight. Inflation is on the rise, as consumer prices rose 4.3 percent from January 2007 to January 2008. Las Vegas posted modest increases in visitors and gaming win in 2007, but \$100 per barrel oil and \$3-plus per gallon gasoline could put a damper on domestic travel. The greater Reno/Tahoe area gaming markets have not fared well in recent months, and California recently authorized 17,000 new slot machines at tribal casinos. Only in the state’s mining regions is the outlook rosy. With gold and copper prices at or near record highs, Nevada’s mining industry should continue to flourish.”

Note on Carson City Metropolitan Statistical Area estimates:

Due to federal budget constraints, the Bureau of Labor Statistics dropped its sponsorship of estimates for 65 of the nation’s smallest metropolitan areas. The Carson City MSA was one those affected. Department analysts will continue to produce employment and unemployment estimates for the Carson City MSA. However, the methods used to produce the estimates will differ from previous years and the results may not be comparable.



DETR is comprised of the Employment Security Division, Equal Rights Commission, Rehabilitation Division, the Information Development and Processing Division and the Research and Analysis Bureau.

DETR works in partnership with the Nevada JobConnect System to connect businesses and workers.