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Nevada's Unemployment Rate Rises to 13.2 Percent in February

Nevada's unemployment rate rose to 13.2 percent in February. The 13.2 percent equates to 189,000 workers out of work in Nevada. However, employers did add 10,400 jobs over the month, which was the first increase since October 2009, said Bill Anderson, chief economist with the Nevada Department of Employment, Training and Rehabilitation.

Las Vegas-Paradise picked up most of job growth with an increase of 7,400. Reno-Sparks added 1,600 jobs and Carson City 100. Job growth by industry was widespread, though a good portion of the growth, 3,900, was in state government, which corresponded to the start of the spring semester at the State's higher education institutions. Other improving sectors include leisure and hospitality (+2,700), professional and business services (+2,200), and education and health services (+1,800). Gains were partially offset by losses in trade, transportation and utilities and financial activities, which fell by 800 and 300 jobs, respectively.

The Las Vegas-Paradise unemployment rate increased from 13.8 to 13.9 percent. The unemployment rate in Reno-Sparks held steady at 13.4 percent, and the Carson City MSA experienced a decline in its unemployment rate, falling from 13.8 percent to 13.7 percent. (Unemployment rates for the State's metropolitan areas are not adjusted for seasonality. For comparison purposes, the State's unadjusted unemployment rate was 13.7 percent in February.)

A complete analysis of Nevada's February employment market is attached. All information may be attributed to Bill Anderson, chief economist.

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.

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ECONOMIC OVERVIEW: February 2010

	UNEMPLOYMENT RATES			JOB GROWTH RATES		
	Feb '10[1]	Feb '09	Jan '10	Feb '10[1]	Feb '09	Jan '10
Nevada[2]	13.2%	10.1%	13.0%	(4.6)%	(7.9)%	(6.3)%
Las Vegas-Paradise MSA[3]	13.9	10.3	13.8	(5.9)	(7.8)	(7.4)
Reno-Sparks MSA[3]	13.4	11.2	13.4	(3.8)	(9.4)	(5.8)
Carson City MSA[3]	13.7	11.3	13.8	(4.7)	(5.4)	(5.0)
United States[2]	9.7	8.1	9.7	(2.5)	(3.7)	(3.0)

The economic environment changed little in February and Nevada's labor markets continue to bounce along the bottom of the business cycle. Two prominent measures of labor force health diverged in February. Total non-farm employment showed weak signs of life, while the unemployment rate ticked up by two-tenths of a percent from the previous month. Employers added 10,400 jobs over-the-month -- the first monthly increase since October 2009. Results from the household survey weren't as positive. An influx of workers entered the labor force looking for work and drove the unemployment rate higher. At 13.2 percent, the unemployment rate is the highest on record (using recently benchmarked data), with 189,400 unemployed workers. Nevada's unemployment rate is 3.5 percentage points higher than the nation's 9.7 percent unemployment rate.

The unemployment rate in each of Nevada's three metropolitan statistical areas changed little. The Las Vegas-Paradise unemployment rate increased from 13.8 to 13.9 percent. The unemployment rate in Reno-Sparks held steady at 13.4 percent, and the Carson City MSA experienced a decline in its unemployment rate, falling from 13.8 percent to 13.7 percent. (Unemployment rates for the State's metropolitan areas are not adjusted for seasonality. For comparison purposes, the State's unadjusted unemployment rate was 13.7 percent in February.)

Total statewide employment increased by 10,400 jobs over-the-month. Las Vegas-Paradise picked up most of job growth with an increase of 7,400. Reno-Sparks added 1,600 jobs and Carson City 100. Job growth by industry was widespread, though a good portion of the growth, 3,900, was in state government, which corresponded to the start of the spring semester at the State's higher education institutions. Other improving sectors include leisure and hospitality (+2,700), professional and business services (+2,200), and education and health services (+1,800). Gains were partially offset by losses in trade, transportation and utilities and financial activities, which fell by 800 and 300 jobs, respectively.

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[1] Preliminary estimates

[2] Unemployment rates are seasonally adjusted for the State of Nevada and the United States

[3] Metropolitan Statistical Area (Las Vegas-Paradise MSA = Clark County; Reno-Sparks MSA = Washoe & Storey counties; Carson City MSA = Carson City)

The construction industry held steady at 66,900 workers in February – a welcome reprieve from nearly four years of relentless job loss. The industry shed over a quarter of its workers in just the last year, roughly 24,000 jobs. Since construction peaked in June 2006, the industry has lost 81,900 jobs or 55 percent. While short-term prospects for new construction remain bleak, some stabilization is expected this spring. Federal stimulus dollars for road improvements will begin to hit the street in a big way in the coming months. A number of major road construction projects are starting and will provide much needed job opportunities for the State's construction workers.

On a State by State comparison, no State's fortunes have reversed as severely as Nevada's during the recession. From 2006 to 2009, Nevada's unemployment rate increased by 7.5 percentage points, the most of any State. In 2006, Nevada had the 22nd highest unemployment rate at just 4.3 percent. By 2009, Nevada's ranking fell 27 spots to 49th, one spot ahead of Michigan. Only Florida's ranking fell further. The Sunshine's State's unemployment rate increased from 3.4 percent to 10.5 percent, while its ranking fell from 10th to 41st. In contrast, States least susceptible to the downturn include Alaska, Nebraska, North Dakota and South Dakota. The unemployment rate in each State increased by less than 2 percentage points from 2006 to 2009.

A number of national indicators show signs of economic improvement, though the prospects for rapid growth this year remain tenuous at best. Job losses have eased considerably. Gross domestic product grew by 5.9 percent in the fourth quarter. Manufacturing picked up as businesses restocked their depleted inventories. Temporary help agencies have been adding employment, suggesting employers may be ready to add permanent employees. Sales of existing homes increased dramatically over the last year. But, despite these positives, there remains severe weakness in the labor force. Unemployment remains elevated at 9.7 percent despite the growing economy. Businesses have cut expenses through workforce reductions, and are discovering new ways to squeeze profit from existing capital. Given increased productivity at reduced costs, employers have little incentive to hire new employees. Significant job growth won't return until uncertainty wanes and businesses see a prolonged period of increased demand for new production.

The ramifications are not good for Nevada. The longer it takes for the national economy to rebound, the longer it will take for Nevada's leisure and hospitality dependant economy to recover. Leisure and hospitality makes up 27 percent of Nevada's industry base, compared to just 10 percent nationally. Consumers are still in no mood to spend. Negative pressure on wage growth and disposable income growth will persist as long as the labor market remains soft. Workers are still uncertain about short-term prospects and are unlikely to spend on recreation and entertainment any time soon. It appears Nevada will be waiting for some time for its fortunes to improve.

The CBER-DETR Nevada Coincident and Leading Employment Indices, developed through a partnership between DETR and UNLV's Center for Business and Economic Research, measure the ups and downs of Nevada's economy. The Coincident Employment Index uses an index of four employment measures: household employment, nonfarm employment, the unemployment rate and the insured unemployment rate. The peak of the last employment cycle in Nevada occurred in November 2006. Since then, the Coincident Index regressed steadily through October 2009, but has been increasing ever since. For the current employment recession, the Leading Index provided a clear signal by peaking in May 2006, six months before the Coincident Index reached its peak. Based on current data, the Leading Index reached its trough in May or August of 2009. The bottoming of the Coincident and Leading indices suggest this employment recession may have ended, though only additional readings will ensure it.