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**Nevada's Unemployment Rate Rises to 13.4 Percent in March**

Nevada's unemployment rate hit a new record high at 13.4 percent in March, still above the national rate of 9.7 percent, announced Bill Anderson, chief economist for the Department of Employment, Training and Rehabilitation.

That means 186,900 Nevadans are unemployed. The state lost 4,300 jobs during the month of March, most of which were in the construction sector, Anderson said.

Unemployment in the State's regional labor markets improved slightly in March. In the Las Vegas-Paradise area, the unemployment rate declined by one-tenth of a percentage point to 13.8 percent, as the number of unemployed fell by 1,400 to 136,000. The unemployment rate in the Reno-Sparks area pulled back two-tenths of a percentage point from an all time high to 13.2 percent. The unemployment rate in the state's capitol region declined from 13.7 to 13.3 percent. (Unemployment rates for the State's metropolitan areas are not adjusted for seasonality. For comparison purposes, the State's unadjusted unemployment rate was 13.6 percent in March, down from 13.7 percent in February.)

*More detailed information is provided in the following economic analysis. All information is attributable to William Anderson, DETR chief economist.*

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## ECONOMIC OVERVIEW: March 2010

	<u>UNEMPLOYMENT RATES</u>			<u>JOB GROWTH RATES</u>		
	<u>Mar '10<sup>1</sup></u>	<u>Mar '09</u>	<u>Feb '10</u>	<u>Mar '10<sup>1</sup></u>	<u>Mar '09</u>	<u>Feb '10</u>
<b>Nevada<sup>2</sup></b>	<b>13.4%</b>	<b>10.6%</b>	<b>13.2%</b>	<b>(4.3) %</b>	<b>(8.8) %</b>	<b>(4.6) %</b>
<b>Las Vegas-Paradise MSA<sup>3</sup></b>	<b>13.8</b>	<b>10.6</b>	<b>13.9</b>	<b>(5.7)</b>	<b>(8.8)</b>	<b>(6.0)</b>
<b>Reno-Sparks MSA<sup>3</sup></b>	<b>13.2</b>	<b>11.2</b>	<b>13.4</b>	<b>(3.2)</b>	<b>(10.0)</b>	<b>(3.7)</b>
<b>Carson City MSA<sup>3</sup></b>	<b>13.3</b>	<b>11.3</b>	<b>13.7</b>	<b>(3.3)</b>	<b>(6.3)</b>	<b>(4.7)</b>
<b>United States<sup>2</sup></b>	<b>9.7</b>	<b>8.5</b>	<b>9.7</b>	<b>(1.7)</b>	<b>(4.2)</b>	<b>(2.5)</b>

The national economic tide appears to be reversing, but expectations for future growth remain foggy. Improvements in a number of key economic indicators, such as gross domestic product, worker productivity and investor sentiment has some predicting the end of the recession. The surge in economic activity is finally beginning to trickle into the labor market. In March, national employment increased by 162,000 over the previous month, the largest gain in three years, and the third advance in the last five months. Despite these significant improvements, the official end of the worst recession since the Great Depression remains in doubt. The National Bureau of Economic Research, the entity responsible for marking turning points in the economy, is reluctant to mark the end of the recession due high unemployment and its potential affect on demand for new goods and services. The national unemployment rate remains elevated at 9.7 percent, and will likely stay high for the foreseeable future. Given high unemployment and fear of a double-dip recession, the viability of an economic expansion will remain tenuous in the months ahead.

Nevada, in the meantime, continues on a turbulent path towards the bottom of the business cycle. The seasonally adjusted unemployment rate ticked up two-tenths of a percent to 13.4 percent, marking a new record high. In March, 186,900 Nevadans were unemployed and looking for work. On the employment side, February's positive employment reading proved to be unsustainable. Employers shed 4,300 jobs in March, with most of the losses coming from the construction sector. Any real turnaround in Nevada depends on sustained growth in the national economy and improved consumer sentiment. Nevada's economy will continue to bounce along the bottom without any real direction.

Typically, spring brings seasonal improvements in Nevada's labor markets as the weather warms up. This March though, improvements were less pronounced than in past years, resulting in divergent seasonal and non-seasonal unemployment rates. Unemployment in the State's regional labor markets improved slightly in March. In the Las Vegas-Paradise area, the unemployment rate declined by one-tenth of a percentage point to 13.8 percent, as the number of unemployed fell by 1,400 to 136,000. The unemployment rate in the Reno-Sparks area pulled back two-tenths of a percentage point from an all time high to 13.2 percent. The

<sup>1</sup>Preliminary estimates

<sup>2</sup>Unemployment rates are seasonally adjusted for the State of Nevada and the United States

<sup>3</sup>Metropolitan Statistical Area (Las Vegas-Paradise MSA = Clark County; Reno-Sparks MSA = Washoe & Storey counties; Carson City MSA = Carson City)

unemployment rate in the State's capitol region declined from 13.7 to 13.3 percent. (Unemployment rates for the State's metropolitan areas are not adjusted for seasonality. For comparison purposes, the State's unadjusted unemployment rate was 13.6 percent in March, down from 13.7 percent in February.)

Results of the employer survey suggest Nevada's businesses are still struggling to find their footing. On the heels of improvement in February, the loss of 4,300 jobs in March is disappointing, but indicative of the turbulence expected as the economy looks for direction. Industries suffering the largest over-the-month contractions include construction and professional and business services. The construction industry shed 4,000 jobs, and professional and business services trimmed 3,700 jobs. Losses were offset by modest gains of 1,800 jobs in the leisure and hospitality industry and a gain of 1,100 in trade, transportation and utilities. Public sector employment benefited from the addition of roughly 400 temporary federal workers hired to run the decennial census. The U.S. Census Bureau plans to hire roughly 4,800 workers in total, and though the jobs are temporary, they will provide needed employment for many Nevadans throughout the summer.

By region, jobs losses were uneven in March. The Las Vegas-Paradise MSA shed 4,500 jobs from February to March, while over-the-year employment is down 47,700, a loss of 5.7 percent. In the Reno-Sparks area, employers shed 300 jobs since February and 6,300 over the last year, a loss of 3.2 percent. Of Nevada's three metro areas, only Carson City added employment. Carson City employers added 300 jobs, but overall employment is down 1,000 from a year earlier, or 3.3 percent.

Employment and unemployment trends are still negative on a year-over year basis, but the rate of decline has moderated significantly in recent months. In August 2009, year-over-year employment declines peaked at 133,200. In March, the difference from a year earlier is down to 50,100. The year-over-year comparison of Nevada's unadjusted unemployment rate is improving as well. Over-the-year changes peaked at 5.7 percentage points in June 2009, when the unemployment rate increased from 6.4 percent to 12.1 percent. In March, the unemployment rate is just 2.9 percentage points higher than a year earlier. If the gap between 2009 and 2010 continues to shrink at its current pace, over-the-year employment growth should take hold towards the end of this year. If that happens, the unemployment rate will begin to decline on an over-the-year basis, as well.

As an aside, the Quarterly Workforce Indicators are a unique set of eight economic measures derived from the Local Employment Dynamics program (a collaboration between the Research and Analysis Bureau and U.S. Census Bureau.) The innovative system merges existing information to provide local workforce statistics on employment, measures of change such as job flow, new hires, and separations, and average earnings. The information is available by industry and county on a historical basis, and is useful for analyzing churn in the labor market, as well as structural changes in demographics. For instance, analyses of demographic changes over time reveals that women are playing a more prominent role in the labor market. From 1999 to 2009, the proportion of women in Nevada's workforce has increased from 46 to 48 percent. The average monthly earnings for women have increased by \$747 over that time, though women still earn nearly \$1,100 less per month than men. Also, an analysis of demographics by age shows that Clark County's labor force is getting older. From 1999 to 2009, the proportion of workers age 14-34 has fallen three percentage points, while workers 35 and older increased by the same amount. All of the Quarterly Workforce Indicators are available on the Research and Analysis Bureau's website at [www.nevadaworkforce.com](http://www.nevadaworkforce.com) and will play an increasingly important role as we continue to assess economic conditions in Nevada.



**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 provide training and job placement services to job seekers and to assist employers in hiring practices.**