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PRESS RELEASE

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Nevada's Unemployment Rate Held Steady at 13.4 Percent in September

	<u>UNEMPLOYMENT RATES</u>			<u>JOB GROWTH RATES</u>		
	<u>Sep '11¹</u>	<u>Sep '10</u>	<u>Aug '11</u>	<u>Sep '11¹</u>	<u>Sep '10</u>	<u>Aug '11</u>
Nevada²	13.4%	14.9%	13.4%	0.6%	(1.8)%	(0.1)%
Las Vegas-Paradise MSA²	13.6	15.6	14.3	1.0	(2.1)	(0.1)
Reno-Sparks MSA³	12.6	13.9	13.0	(1.6)	(1.5)	(1.5)
Carson City MSA³	12.4	13.8	12.7	(1.7)	(1.0)	(1.7)
United States²	9.1	9.6	9.1	1.1	0.0	1.1

Nevada's unemployment rate held steady at 13.4 percent in September. In the Las Vegas-Paradise area, the unemployment rate dipped to 13.6 percent, down from 14.3 percent in August. In September, the rate of joblessness in the Reno-Sparks area declined by four-tenths of a percent, falling to 12.6 percent.

"This month, it appears the unemployment rate is stabilizing and that job growth is outpacing job losses," Governor Brian Sandoval said. "While this is a good sign for our economy, we must continue to look for ways to spur job creation and offer job retraining to Nevada's workforce."

The unemployment rate in the State's capitol fell by three-tenths to 12.4 percent. In the Elko-Eureka region, the unemployment rate declined by three-tenths as well, checking in at 7.1 percent⁴. The mining region of the State continues to fare relatively well given record high gold prices. In September, the price of gold hit another all time high at \$1,793 per ounce.

"While employers in the Silver State added 10,000 jobs, most were seasonal in nature," said Bill Anderson, chief economist for the Department of Employment, Training and Rehabilitation. "When you account for seasonality, employers added 1,800 new jobs. This month's labor market readings reinforce recent trends, which have shown signs of stabilization and improvement in some areas. A number of economic indicators have trended positive this year, particularly in

¹ Preliminary estimates

² Unemployment rates are seasonally adjusted for the State of Nevada and the United States. The seasonal adjustment process takes into account normal and predictable fluctuations in labor market activity due to such reoccurring factors as changes in the weather, the beginning and end of the academic year, the timing of holidays, etc., in estimating the unemployment rate. As a result, month-to-month changes in the rate offer a more precise measure of the labor market's underlying health and do not simply reflect normal seasonal patterns.

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

⁴ Unemployment rates for the State's metropolitan areas 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 -- 13.3 percent in September, down from 13.8 percent in August.

relation to the tourism industry. Those improvements are finally starting to translate into new jobs in some sectors.”

Nevada’s seasonally adjusted unemployment rate was unchanged in September following three consecutive monthly increases. On an unadjusted basis, Nevada’s unemployment rate declined by 0.5 percent as seasonal workers returned from a stint of temporary unemployment. Changes in the State’s local labor markets followed suit.

In September, 10,000 jobs were created in Nevada on a non-seasonal basis. On an over-the-year basis, jobs levels are up 7,000 or 0.6 percent. Adjusting for seasonality, there was still a healthy gain of 1,800 new jobs relative to August. Job levels in the State’s metro areas increased in a similar manner. Las Vegas area employers added 9,600 jobs in September. Over-the-year, employment is up 8,000 jobs, a one percent increase. The job picture in the Reno-Sparks and Carson City areas continue to disappoint. In Reno-Sparks, employers added 700 jobs, while on an over-the-year basis employment is still down 3,100 positions or -1.6 percent. In the Carson City area, job levels were down 100 in September and are down 500 or -1.7 percent from the same month a year ago.

Some industries are beginning to move into the recovery phase and are showing solid employment gains. Employment is up in seven of the eleven major industry groups compared to the same month in 2010. It is significant improvement from two years ago when only one industry, education and health services registered employment growth. Of course, it doesn’t compare to 2006, when every industry added employment.

In recent months, the construction industry has shown some signs of life. In September, the industry added employment for the fifth consecutive month. The addition of 1,600 new jobs pushed September’s employment estimate 200 jobs higher than the same month last year. It marks the first time in nearly five years that the construction industry posted an over-the-year increase. While a positive sign overall, it is too early to tell if the shift marks a turning point in the industry’s fortunes. Expectations for a strong turnaround are generally low given continued trouble in housing and commercial development, but it is a positive development none the less.

The professional and business services industry added 1,300 jobs in September and is up 6,500 or 4.8 percent from the same month last year. Leisure and hospitality held steady at 321,200, but in the last year the industry added 11,300 jobs, a 3.6 percent increase. The education and health services sector expanded by 1,500 and has added 5,200 in the last year, a 5.2 percent increase.

Not all industries are faring as well. In the fall, the return of public-education employees plays a large role in the seasonal increases in government employment levels. In September, the public sector employment added 6,500 jobs, but on an over-the-year basis employment is down 5,100 or -3.3 percent. Trade, transportation, and utilities lost 100 jobs in September and are down 5,400 from the same month last year. In all, the private sector has added 12,100 jobs in the last year, though a good many of those were offset by a loss of 5,100 public sector jobs.

“While the general focus of our analysis is on “net” employment figures, there is considerable labor market “churn” beneath the surface with hires and separations,” Anderson said. “New hires, a sub section of all hires, peaked at around 325,000 in mid-2005. Since then, they declined steadily to approximately 150,000, though recent data show preliminary signs of a pick-up in activity. New hires in the most recent quarter available are up 16,020, a healthy 9.3 percent increase.”

Another way to measure the health of an industry is by gauging the level of unemployed workers. Unfortunately, there is no official unemployment rate by industry, though there are alternative indicators available that can indirectly infer unemployment levels. Perhaps the most direct information available comes from unemployment insurance claims. When a jobless worker files a claim, they also report the industry they worked in. In September, just four industries accounted for nearly 54 percent of claims activity. They include construction, retail trade, accommodation & food service and business support services. In total, they account for 50 percent of total employment, giving them a high proportional share. It is not just the business cycle that affects the proportional share of unemployment; frictional job loss also plays a part. Some industries, most notably construction, have a high rate of turnover since a large number of those jobs are temporary. Construction jobs make up just five percent of all jobs, but account for over 14 percent of all claims. Even at that level, it's an improvement compared to the 28 percent experienced in the depths of the recession. It is fair to say the cyclical level of claims has begun to fall, and frictional claims are accounting for a larger share of claims within these industries.

This month the Research and Analysis Bureau began tracking a new economic indicator, business entity formations, which are compiled by the Nevada Secretary of State's office. New formations are comprised of both domestic and foreign entities forming or registering in the State. As an indicator, new formations provide directional insight into business confidence and investment. A brief review of the statistics reveals improvement in the last year. Through the first three quarters of the year, filings are up more than ten percent. The economic environment for business formation appears to be improving, but we still have a ways to go before we reach pre-recession activity. Despite strong growth this year, formations in 2011 are still down 28 percent from a pre-recession peak of 63,400 reached in 2006.

Please Note: The Research and Analysis Bureau publishes a Power Point presentation summarizing national, State, and local economic and labor market trends in graphs and charts in conjunction with this monthly press release. The presentation, entitled Nevada Labor Market Briefing can be found at <http://www.nevadaworkforce.com>, along with our regular press release materials.



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.