



**NEVADA GOVERNOR**  
**BRIAN SANDOVAL**

**DETR DIRECTOR**  
**FRANK R. WOODBECK**



**Media Contact:**  
 Mae Worthey  
 (702) 486.7991  
 (702) 249.6324

**DETR'S RESEARCH AND ANALYSIS BUREAU**  
**CHIEF ECONOMIST BILL ANDERSON**

# PRESS RELEASE

## ECONOMIC OVERVIEW: February 2012

	<u>UNEMPLOYMENT RATES</u>			<u>JOB GROWTH RATES</u>		
	<u>Feb '12<sup>1</sup></u>	<u>Feb '11</u>	<u>Jan '12</u>	<u>Feb '12<sup>1</sup></u>	<u>Feb '11</u>	<u>Jan '12</u>
Nevada <sup>2</sup>	12.3%	13.6%	12.7%	(0.1)%	0.3%	0.8%
Las Vegas-Paradise MSA <sup>3</sup>	12.2	14.0	13.0	0.0	(0.2)	0.5
Reno-Sparks MSA <sup>3</sup>	12.2	13.5	13.0	(1.3)	(0.1)	(0.2)
Carson City MSA <sup>3</sup>	12.7	13.8	13.5	(4.5)	(1.0)	(3.5)
United States <sup>2</sup>	8.3	8.9	8.3	1.5	1.1	1.7

For immediate Release  
 March 30, 2012

### Nevada's Unemployment Rate Falls Again in February

Nevada's unemployment rate fell in February to a seasonally adjusted 12.3 percent, down from 12.7 percent in January.

Governor Brian Sandoval said of the new figures, "The latest decline in our unemployment rate indicates our economic indicators are headed in the right direction, but this month's figures are also a reminder that we must continue to strive for job growth in every sector in this fragile economic recovery. We are fighting on every front to help businesses create 50,000 jobs by the end of 2014. Statistics from 2011 indicate more than 10,000 jobs were added, so we still have work to do."

Although a legitimate argument can be made that the driving forces behind the decline were signs of weakness, rather than strength, that fact that the jobless rate has declined in each of the last six months is a positive development, said Bill Anderson, chief economist with the Nevada Department of Employment, Training and Rehabilitation (DETR).

Non-seasonally adjusted unemployment rates, which allow for intra-state comparisons, fell significantly in Nevada and in its sub-state areas. The improvement is due to changes typical of the season. The statewide rate declined by eight-tenths to 12.1 percent from February, and is down from 13.8 percent a year ago. Unemployment rates in the metro-areas of the state fell in a similar fashion. In both the Las Vegas-Paradise and Reno-Sparks areas, the unemployment rate fell from 13.0 to 12.2 percent in February. Carson City's unemployment rate declined by eight-tenths of a percentage point as well, falling from 13.5 percent in

<sup>1</sup> Preliminary estimates

<sup>2</sup> 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.

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

<sup>4</sup> 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 – 12.1 percent in February, down from 12.9 percent in January.

January to 12.7 in February. The unemployment rate in the Elko micropolitan (includes Elko and Eureka counties) area fell by seven-tenths to 6.7 percent.<sup>4</sup>

Anderson said February's labor market report drives home two points.

"First, although Nevada's labor market slowly began to improve in 2011, a trend which we expect to continue going forward, the state's recovery will not be without a bump or two along the way. Second, the state's most recent labor market barometers highlight the fact that it is best not to focus solely on one month's developments," Anderson said. "While some softness is evident in the February report which will merit monitoring in the months ahead, it is important to keep in mind that it comes on the heels of several months of more encouraging news, and we continue to believe that Nevada is on the mend. Against a backdrop of stable-to-declining unemployment insurance claims, expanding taxable sales, an uptrend in gaming win, and growing visitor volume, we look for Nevada's labor market fundamentals to slowly improve"

Results from the household and employer surveys revealed lingering weakness in Nevada's labor markets. This month's drop in the unemployment rate was driven by a fall in the labor force, as roughly 6,500 workers fell from the ranks of the unemployed. There are two ways the unemployment rate can fall, one, by unemployed workers gaining employment, and two, the unemployed give up looking for work and fall from the labor force.

Monthly estimates from the employer survey show a relatively sharp drop in nonfarm payroll employment. Total employment fell by 12,800 in February on a seasonally adjusted basis, and is down 600 jobs or -0.1 percent over-the-year. Despite weak job numbers in February, employment levels are up 7,700 through the first two months of 2012 over the same period a year ago, and by about 14,200 in the private sector.

Both private-sector and government seasonally adjusted employment decreased from January to February. Mining and logging and leisure and hospitality were the only sectors to post seasonally adjusted increases this month with gains of 500 and 1,300, respectively. Mining and logging employment increased for the 13<sup>th</sup> consecutive month and is up 15.8 percent over the last year. The leisure and hospitality sector has also experienced steady growth with 21 consecutive months of year-over-year growth.

Within the leisure and hospitality sector, employment in the accommodation and food services industry increased by 1,200 jobs and the arts, entertainment, and recreation industry gained 100 jobs. As the industry has expanded over the last 25 years, the nature of the business has changed considerably. In fact, the industry's revenue base has been diversifying for several years running. In FY 2011, 62 percent of Las Vegas Strip casino revenue was from nongaming sources (rooms, food/beverage, etc.), and that share has been consistently on the rise. Gaming revenue accounts for just 38 percent of the total, down significantly from a 59 percent share in FY 1989.

Every other major industry sector contracted in February. The construction sector lost 4,400 jobs in February, marking the 64<sup>th</sup> consecutive month of year-over-year employment losses. Manufacturing employment changed little over-the-month, but has decreased 1.6 percent over-the-year. Employment levels in manufacturing have been declining since 2007 and have not been this low since the mid-1990s. Trade, transportation, and utilities lost 3,300 seasonally adjusted jobs in February. Within this sector, employment in retail trade declined by 2,100 jobs, transportation, warehousing and utilities lost 1,000 jobs, and wholesale trade lost 200 jobs.

In the financial activities sector, employment decreased by 900 jobs in February. Professional and business services lost 4,000 jobs in February, a 0.7 percent decrease year-over-year. The losses were mostly in administration and support and waste management and remediation services, which lost 3,000 seasonally adjusted jobs.

In February, employment in education and health services declined by 1,300. Losses were slightly offset by the 300 jobs added in educational services. However, health care and social assistance employment decreased by 1,600 jobs. Health care and social assistance has posted four consecutive months of declining employment since an all time high in October 2011. This industry has historically shown consistent positive growth, even through the recession. However, February 2012 marks the first month with a

negative year-over-year change in employment since the series began in 1990. Trends in this industry will be closely monitored in the coming months.

Government employment continued to decline in February, with a monthly decrease of 400 jobs. Over the past 12 months, the government sector has lost 5,900 jobs, a decrease of 3.9 percent. Within the sector, local government employment has fallen by 4,100 jobs over-the-year, a 4.2 percent decrease.

Employment levels in all three metropolitan areas declined from January to February. Las Vegas lost 7,900 jobs, but is essentially unchanged over-the-year. The Reno-Sparks area posted a loss of 1,500 jobs, and is down by 2,500 over-the-year, a 1.3 percent drop. Carson City continued along its downward trend, losing 400 jobs in February. Carson City employment is down 4.5 percent year-over-year and has not been this low since 1997.

The average workweek for all employees on private nonfarm payrolls decreased by 0.3 of an hour to 33.5 hours. Over the year, the average work week has declined by an hour. Average weekly hours worked in February 2012 are tied with December of 2011 as the lowest level recorded since the series began in Jan 2007. In February, average hourly earnings for all employees on private nonfarm payrolls remained unchanged at \$19.67. Over the past 12 months, average hourly earnings have increased by 3.0 percent. From January to February, the statewide average weekly wage decreased by \$5.90 to \$658.95, however the weekly wage remains unchanged from twelve months ago.

It is important to note that these average wage measures don't tell the whole story of the underlying labor market dynamics. Recent research undertaken by the Research and Analysis Bureau in cooperation with the U.S. Census Bureau shows that new-hire wages are about two-thirds of the overall average. Specifically, in the second quarter of 2011 (the most recent data available), average monthly earnings in Nevada came to just over \$3,600. For new hires, earnings averaged a bit over \$2,400 per month. That relationship has held steady over time.

As we've discussed in the past, the Nevada labor market appeared to have stabilized with some signs of improvement as 2011 unfolded. Several industries stand out in terms of their recent performance and have grown at a faster pace than expected in Nevada, in light of unfolding trends in the national labor market for those industries. For instance, between 2010 and 2011, temporary help services grew by an estimated 1,800 jobs in the State. In light of national trends, we should have expected only about 1,200 new jobs in Nevada. The remaining new jobs, about 600, were the result of factors specific to Nevada. Other industries with relatively large "competitive shares" include hospitals, telemarketing bureaus, and pipeline construction, to name a few.

During the most recent recession, it was apparent, in very stark terms, that Nevada is not immune to the national business cycle. Looking forward, a healthy U.S. economy is necessary for Nevada to achieve a more noticeable growth trend. Recent evidence suggests that the national economy is on the mend. The pace of growth has increased in each of the past three quarters. Consumer confidence, although volatile from month-to-month, is trending up. Jobs have increased in each of the past 17 months. Since mid-2010, the number of (gross) jobs added in growing or opening establishments has exceeded the number of jobs lost at contracting or closing establishments, reversing the trend during the recession.

-#-

*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. Follow us on Twitter: <http://twitter.com/NVlabormarket>*



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.