

Nevada Labor Market Briefing: August 2011

Department of Employment, Training &
Rehabilitation

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Prepared by the Research and Analysis Bureau



National Perspective



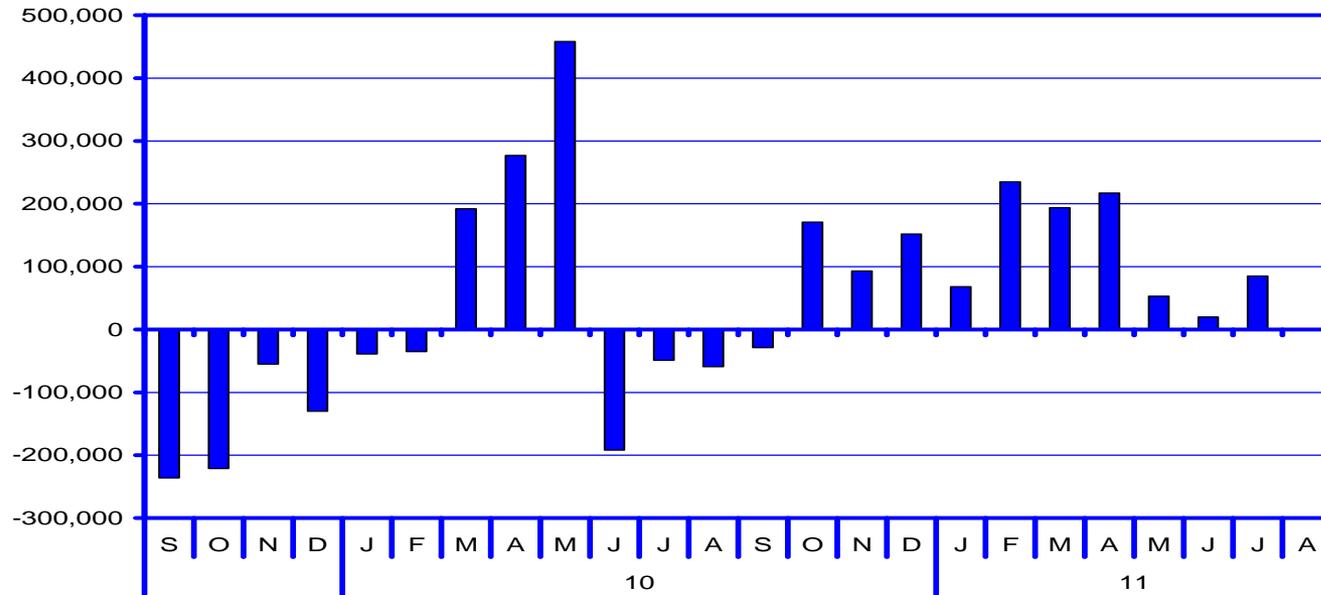
Key U.S. Economic Indicators

- ❑ Readings of consumer sentiment and confidence remain weak, and in some cases, near recessionary lows.
- ❑ Housing starts in August, at 571 thousand (SAAR¹), were down from the previous month (-5%) and a year ago (-5.8%).
- ❑ Consumer prices up 3.8% relative to a year ago in July.
- ❑ Real GDP up one percent in 2011:IIQ, with personal consumption expenditures up just 0.4%.
- ❑ Industrial production rose 0.2% in August.

¹seasonally adjusted annual rate

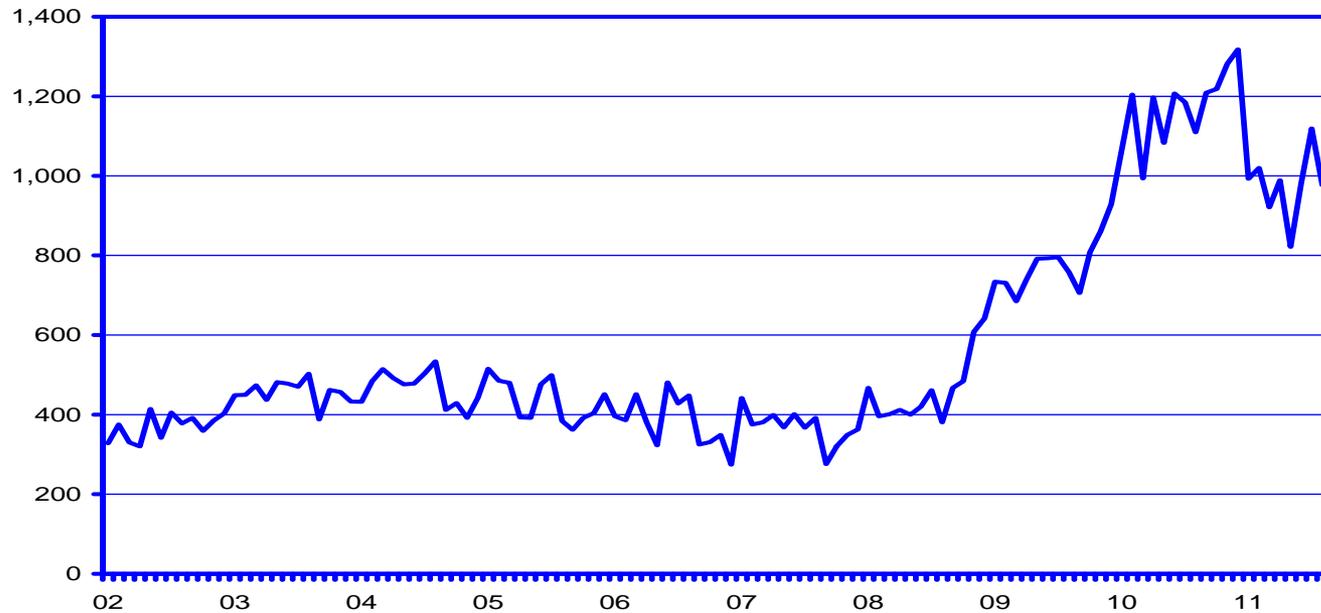


U.S. Job Growth (month-over-month; SA)



- 8.7 million jobs lost 12/07-12/09.
- Since then, 1.9 million jobs have been added.
- Job growth in August came to a complete halt, with no net new jobs added compared to July.

U.S. Discouraged Workers (thousands)



- There were in excess of 975,000 individuals, nationwide, counted as “discouraged” in August...not currently looking for work because they believe no jobs are available for them.
- There was a cyclical peak of 1.3 million discouraged workers in December of last year.



Nevada Economic Indicators

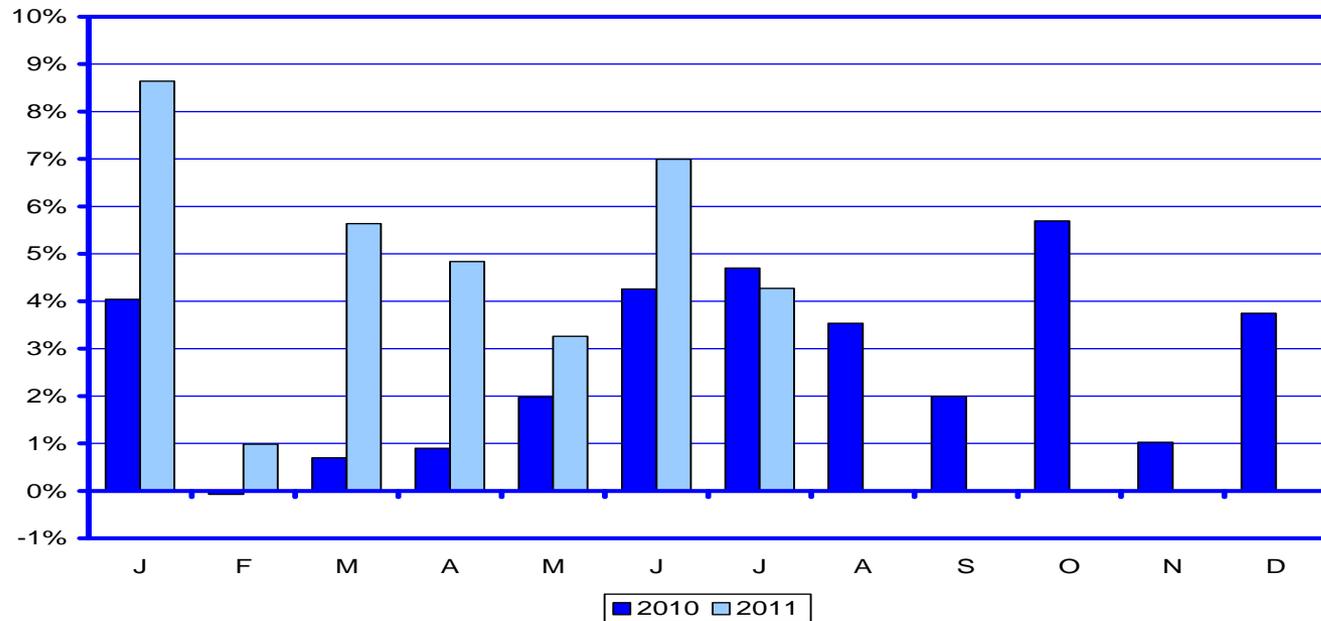


Key Nevada Economic Indicators

- ❑ June taxable sales up nine percent from a year ago (6.5% YTD).
- ❑ July gaming win up 3.7% from last year (4.3% YTD).
- ❑ July Las Vegas visitor volume up 4.3% over the year (4.9% YTD).
- ❑ Gold prices are at all-time highs (\$1,771/oz. average in August) and continue to trend up.
- ❑ Through the first seven months of the year, the number of Nevadans seeking assistance through the State's TANF Program was up less than one percent. Over the same period SNAP ("food stamps") enrollment was up 19.6%.



Las Vegas Visitor Volume Growth (year-over-year)



Visitor volume has increased in 17 straight months.



Gold Prices (\$/oz.)



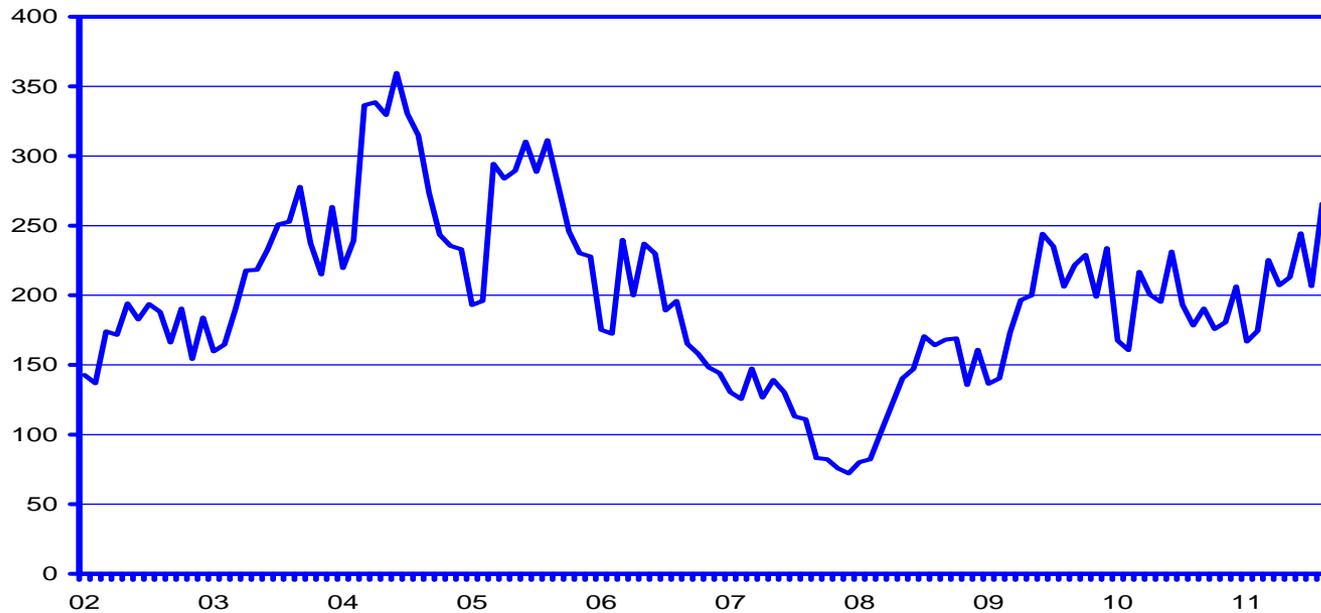
- ❑ August gold prices were at \$1,771 and rising.
- ❑ Up \$557 over the year, and \$203 relative to July.

Residential Construction Activity

- ❑ Statewide residential building permits down 8% YTD through July.
- ❑ Resale activity in Southern Nevada is trending up. August resales were the highest since the summer of 2005.
- ❑ Southern Nevada new home closings remain weak and are down by more than one-third relative to a year ago during the first eight months of 2011.
- ❑ Residential foreclosure activity has eased off of recessionary peaks, but still remains extremely high.



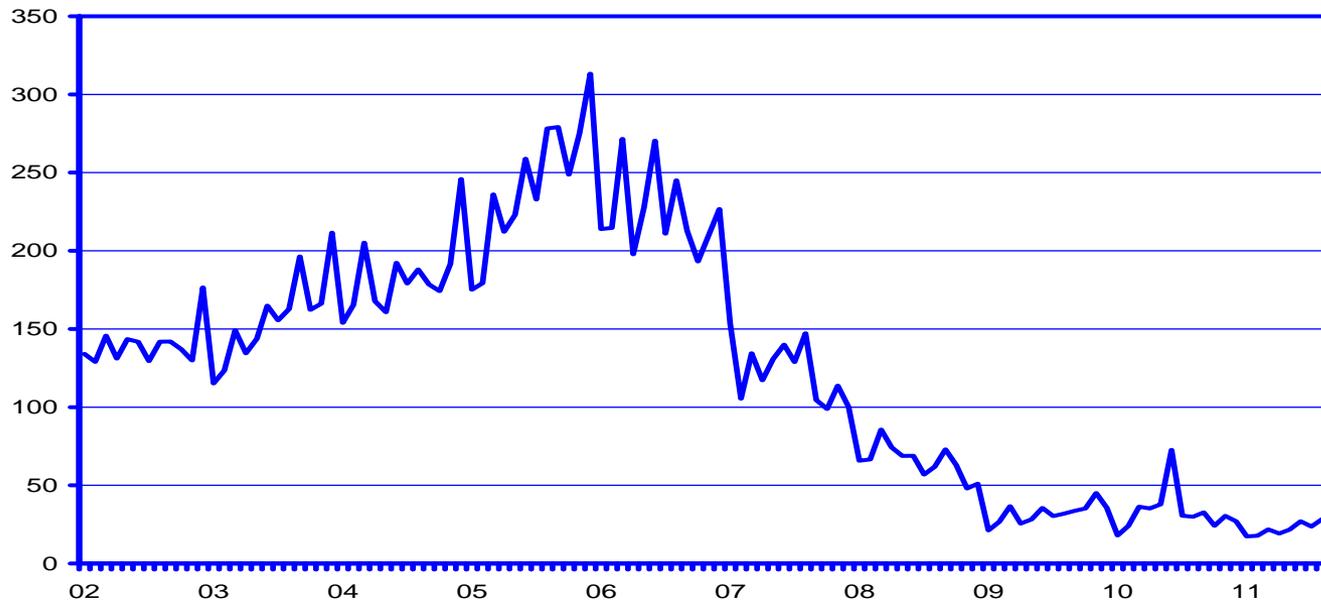
Southern Nevada Recorded Resales (January 2000 = 100)



- ❑ Resale activity is on pace for its highest level in years.
- ❑ Year-over-year growth has been positive in each of the past seven months, including a 49% gain in August.



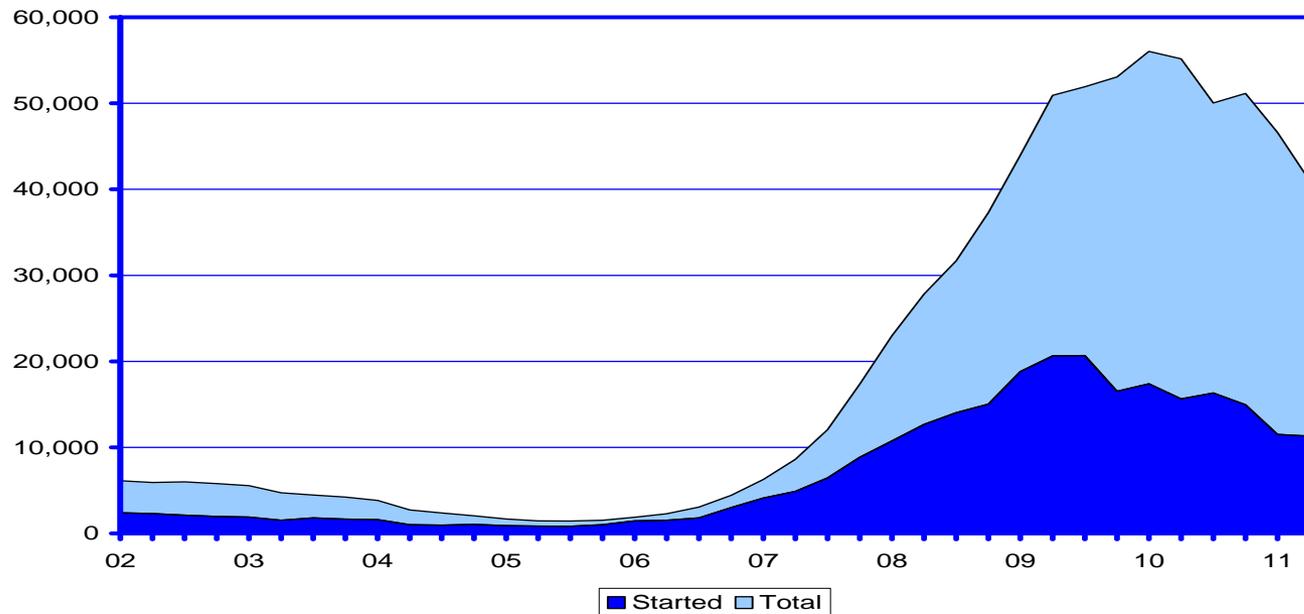
Southern Nevada New Home Closings (January 2000 = 100)



- ❑ Closings have been hovering near historical lows since the beginning of 2009.
- ❑ August's five percent decline was the smallest since January, and only the second single-digit decline over the past 11 months.



Nevada Residential Mortgages in the Foreclosure Process: Loans Started and Total Inventory of Loans in the Foreclosure Process



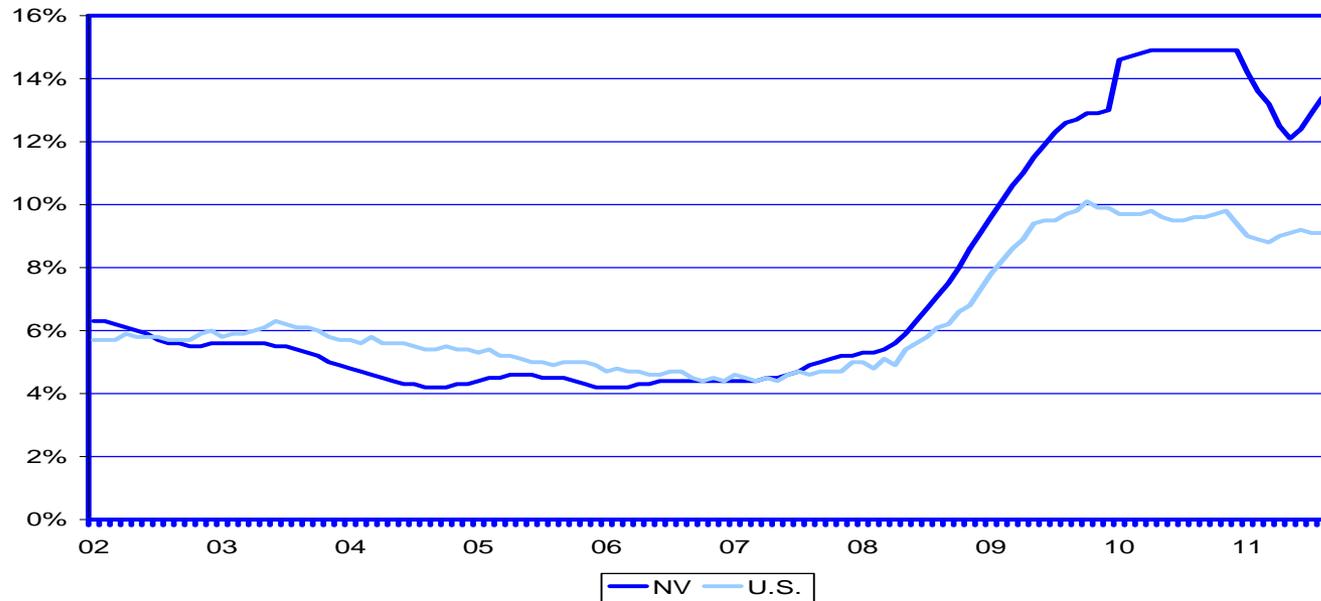
- ❑ The number of residential mortgages entering into the foreclosure process totaled 11,300 in the second quarter, down from a peak of 20,700, but well above pre-recession levels.
- ❑ All told, the total number of residential loans in the foreclosure process is approximately 41,000, down from a peak of 56,000.



Nevada Labor Market Conditions



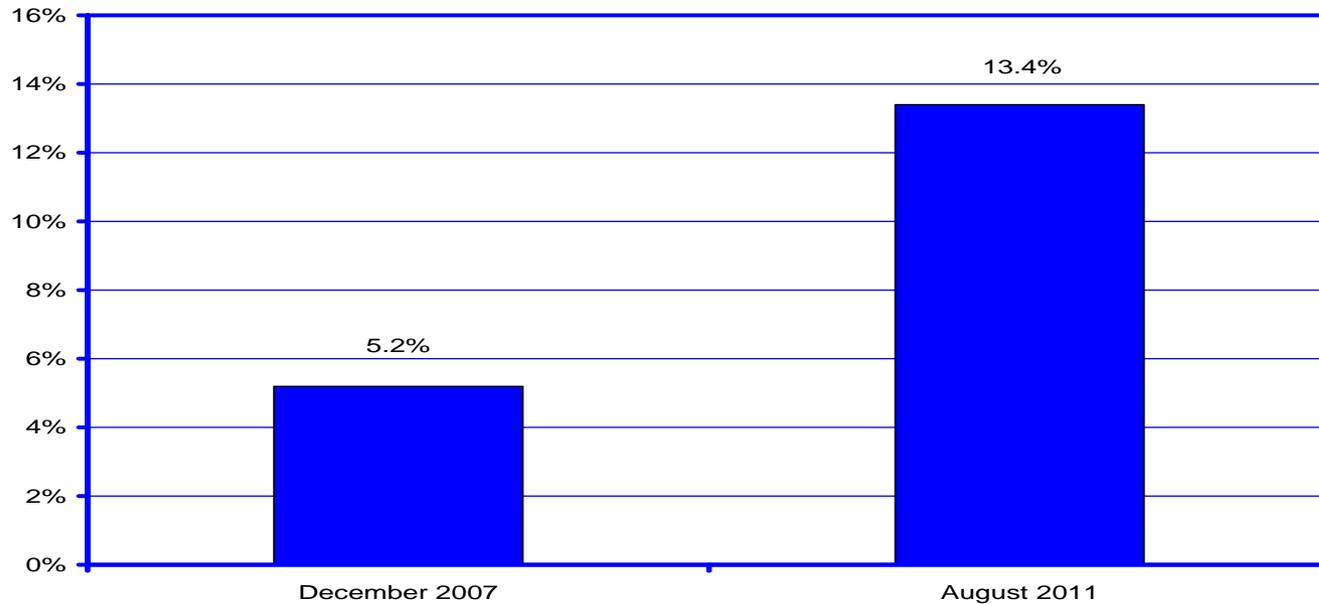
NV vs. the U.S. Unemployment Rate (SA)



- ❑ Nevada's unemployment rate rose for the third consecutive month in August, to 13.4%, following five consecutive monthly declines over the January-May period.
- ❑ Off from a record high of 14.9% recorded in 2010.
- ❑ The State's jobless rate stands 4.3 points higher than the nation's 9.1%.
- ❑ So far this year, the jobless rate has averaged 13.2% (NSA), down from 15% during the first eight months of 2010.



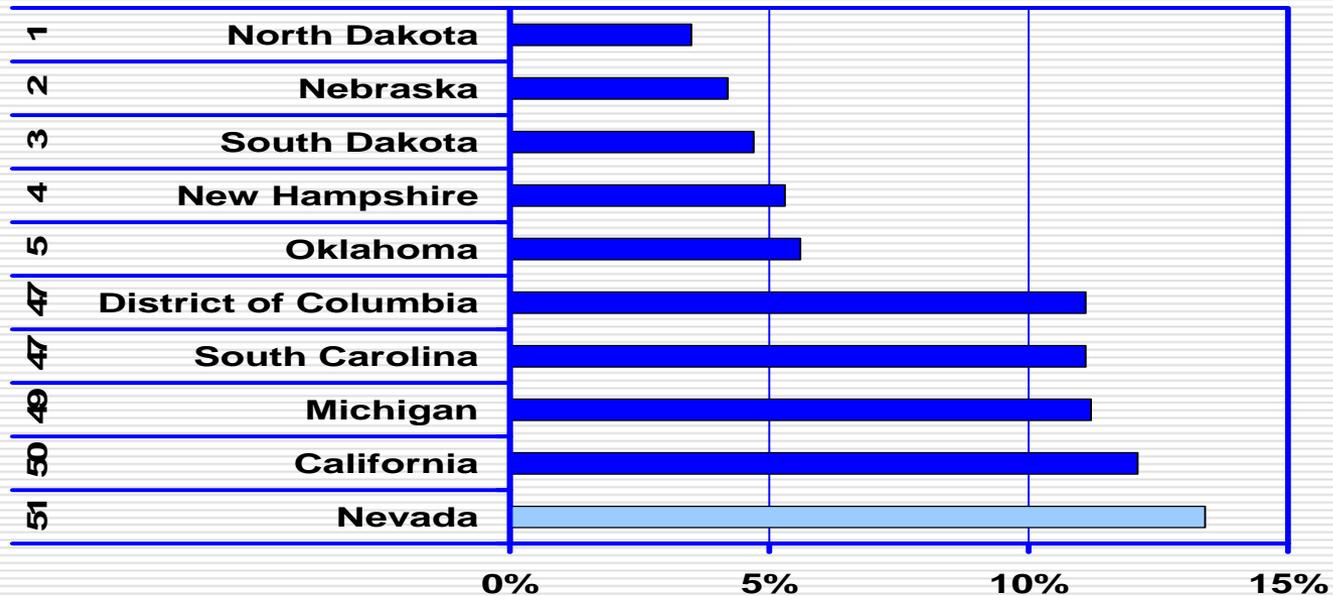
Nevada's Recession Scorecard: Unemployment Rate



- ❑ Despite the fact that it has eased off of all-time highs, Nevada's jobless rate is 8.2 percentage points higher than at the "official" start of the recession in December 2007.
- ❑ The U.S. unemployment rate stands 4.1 points higher than at the start of the recession.



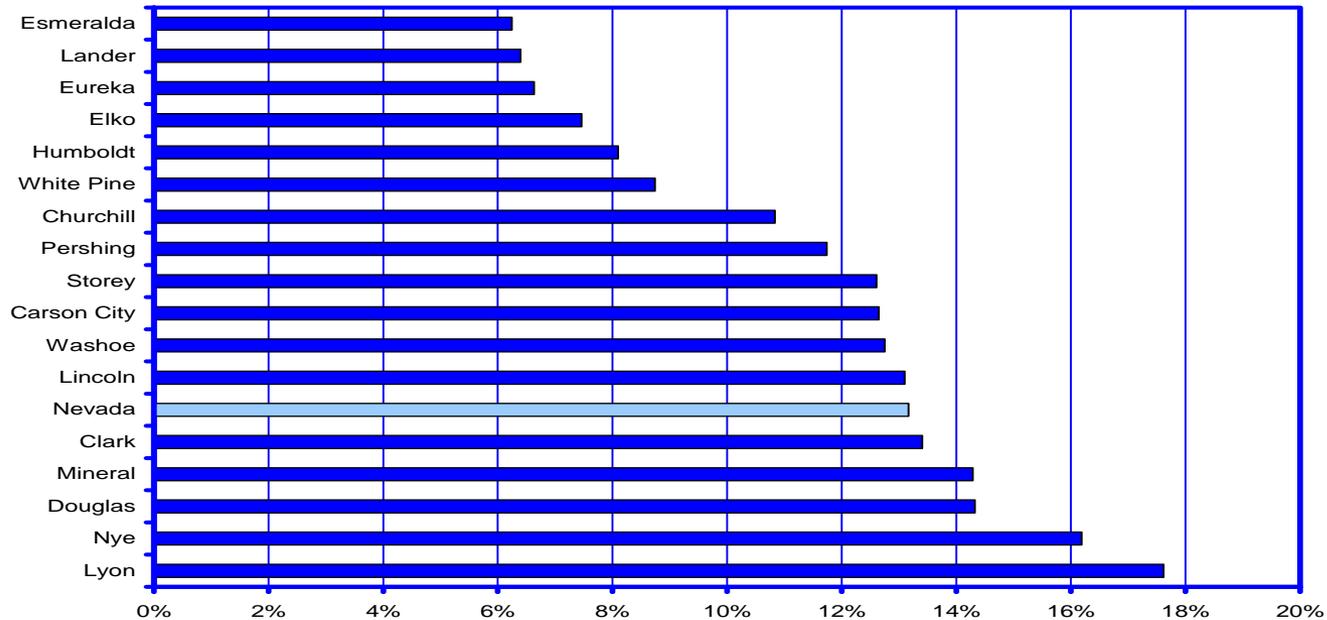
August Unemployment Rate Rankings (SA)



- ❑ In August, Nevada maintained the highest unemployment rate in the nation.
- ❑ California was second-highest, at 12.1%.
- ❑ North Dakota's 3.5% jobless rate was the lowest.



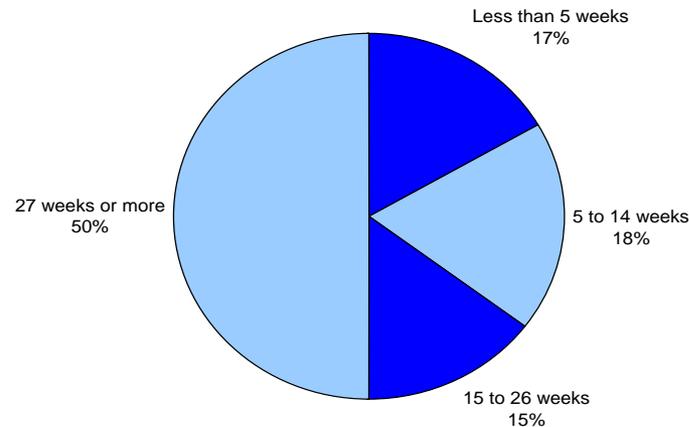
County Unemployment Rates (YTD, NSA)



- The highest unemployment rates are in Lyon and Nye counties, with Esmeralda, Lander, and Eureka having the lowest.



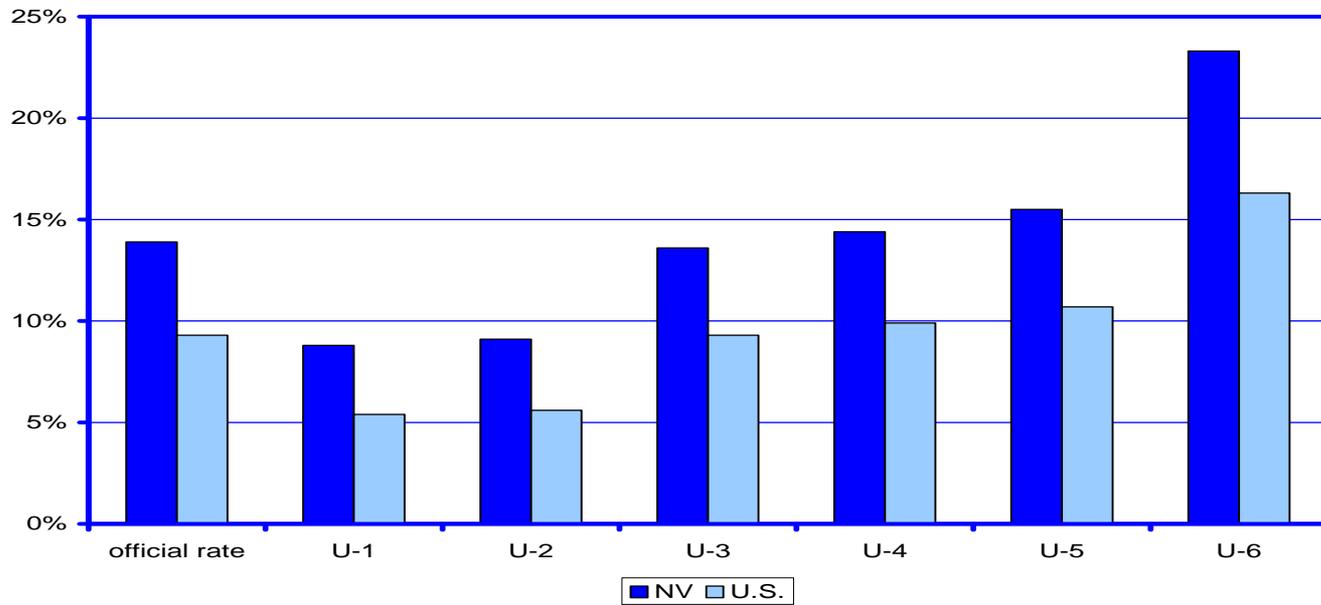
Nevada Unemployment Duration (12-month average)



- ❑ One-half of the unemployed have been without a job for at least 27 weeks (approximately 90,000 individuals).
- ❑ Nearly two-thirds have been jobless for at least 15 weeks.



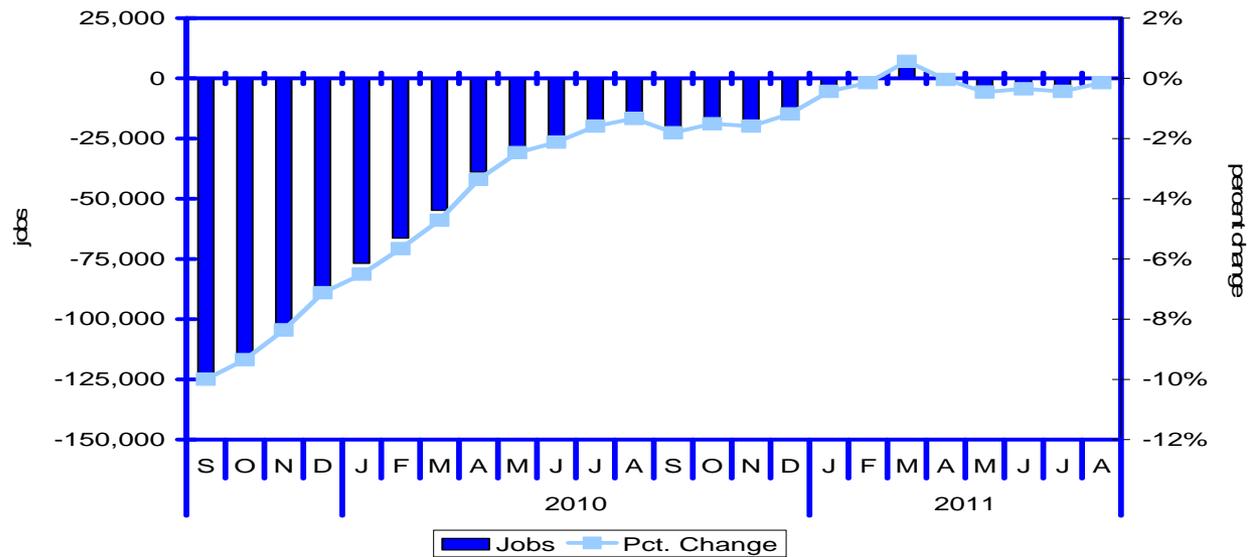
Alternative Measures of Labor Underutilization (four quarters ending in June)



- ❑ In the year ending in June, the official unemployment rate averaged 13.9% in Nevada.
- ❑ If the definition of “unemployment” and the “labor force” is broadened to include discouraged workers, part-time workers who would rather work full-time, etc., the broader (U-6) measure would be 23.3%.
- ❑ Regardless of the definition used, “labor underutilization” is more pronounced in Nevada than in the U.S.



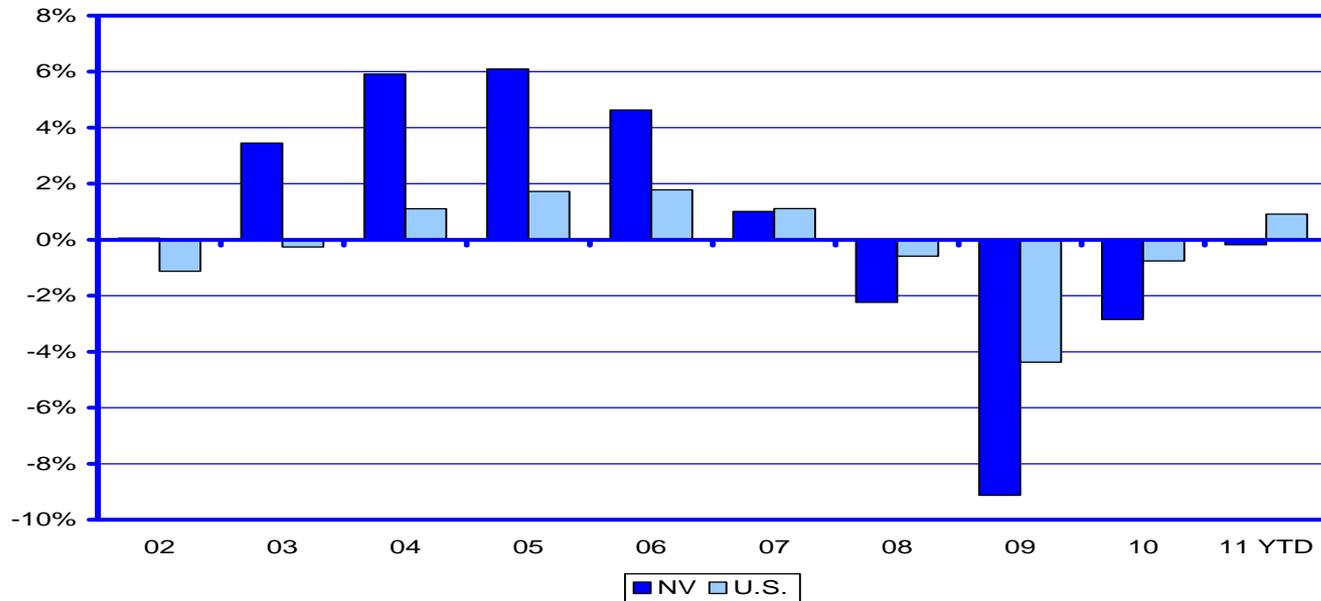
Job Growth (year-over-year)



- ❑ Nevada job readings are off 0.1% from a year ago, a decline of just 1,600.
- ❑ In mid-2009, job losses exceeded ten percent on a year-over-year basis.
- ❑ After job losses eased continuously since then, trends in 2011 have left job levels hovering near year-ago levels.



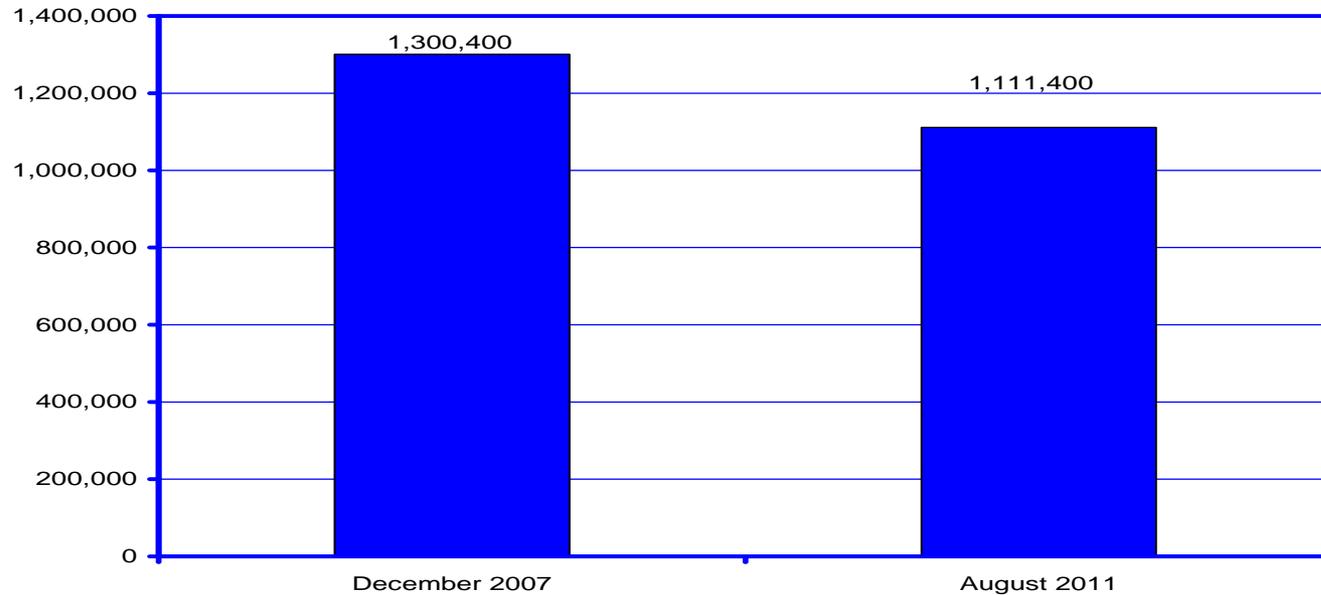
Job Growth: NV vs. the U.S. (year-over-year)



- ❑ After growing at a much faster pace than the U.S. prior to the recession, Nevada job losses have been much more pronounced than in the nation since the onset of the downturn.
- ❑ Through the first eight months of the year, Nevada has lost 0.2% of its job base relative to a year ago. Nationally, jobs levels are up, albeit by a minimal 0.9%.
- ❑ The “gap” between Nevada and U.S. growth has narrowed from -4.8 percentage points in 2009 to -1.1 points this year.



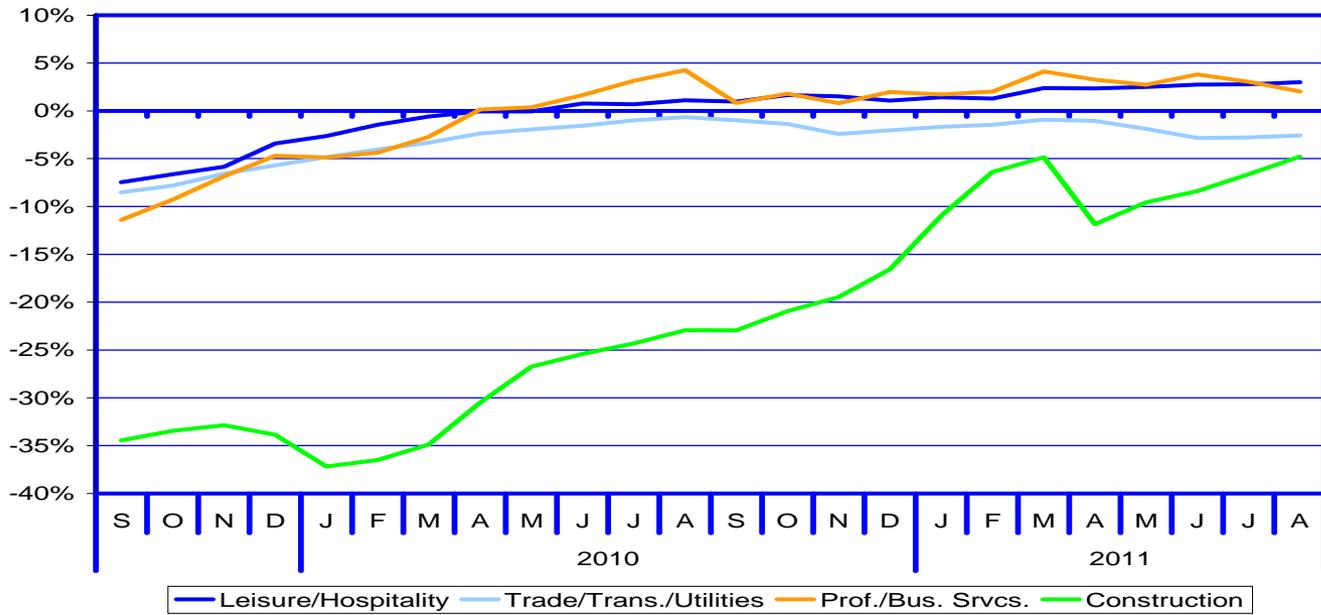
Nevada's Recession Scorecard: Non-Farm Jobs



- ❑ Nevada's job losses since the "official" start of the recession in December 2007 total 189,000 (-14.5%).
- ❑ Over the same period, U.S. jobs are down 5.7%.
- ❑ 400,000 jobs were created in Nevada between 1997 and 2007.



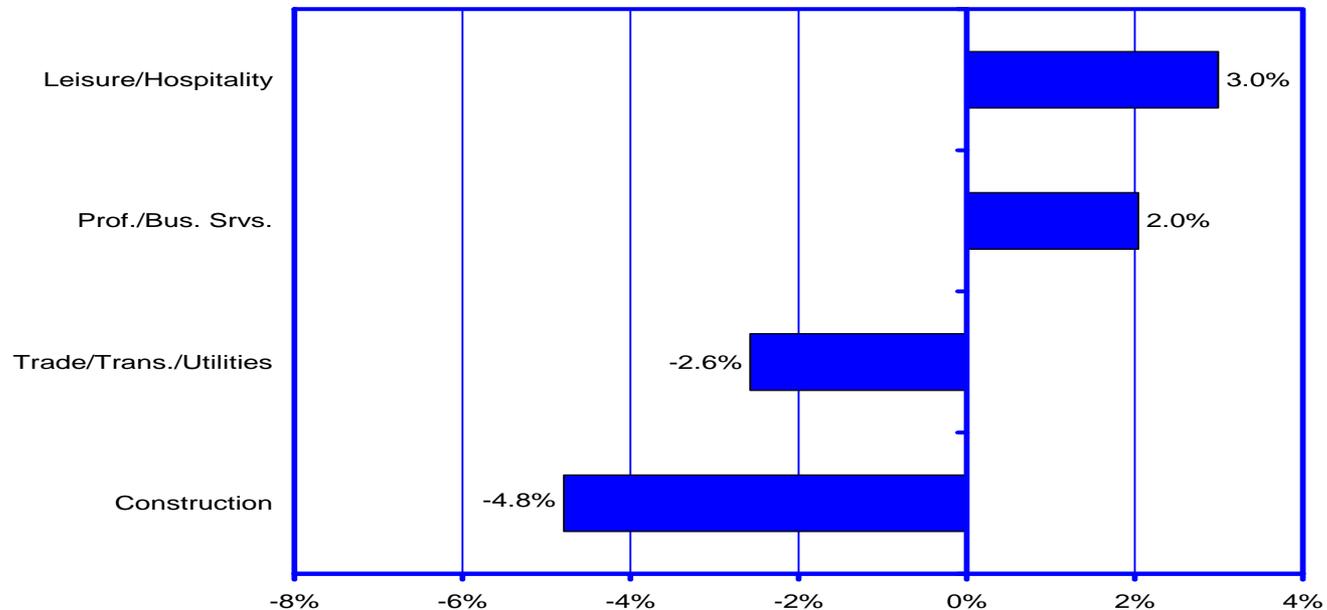
Historical Industry Job Growth (year-over-year)



- ❑ Both leisure/hospitality and professional/business services job growth has been slightly positive for the past year, while T/T/U continues to struggle to move into positive territory.
- ❑ Continued losses in the construction industry, although much less pronounced than in earlier months, remains the most noticeable trend.



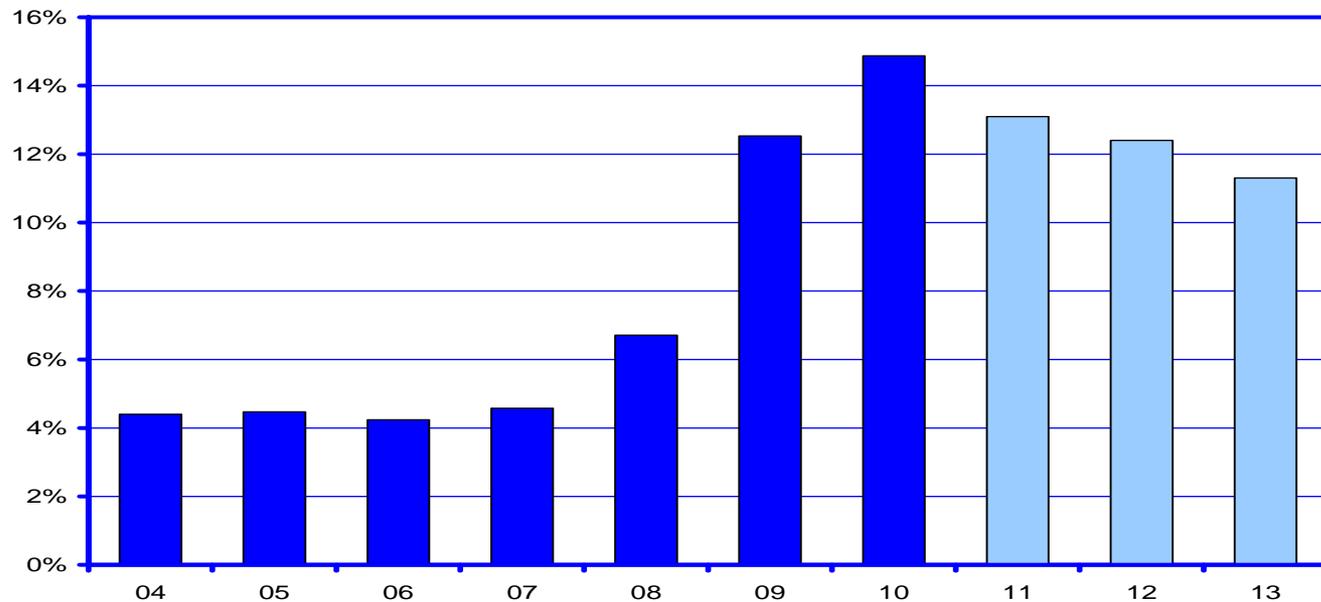
Job Growth by Industry (year-over-year)



- ❑ Trade/transportation/utilities lost 5,400 jobs compared to last August, while construction jobs were off by 2,900.
- ❑ Leisure/hospitality added 9,300 jobs and professional/business services increased payrolls by 2,800.



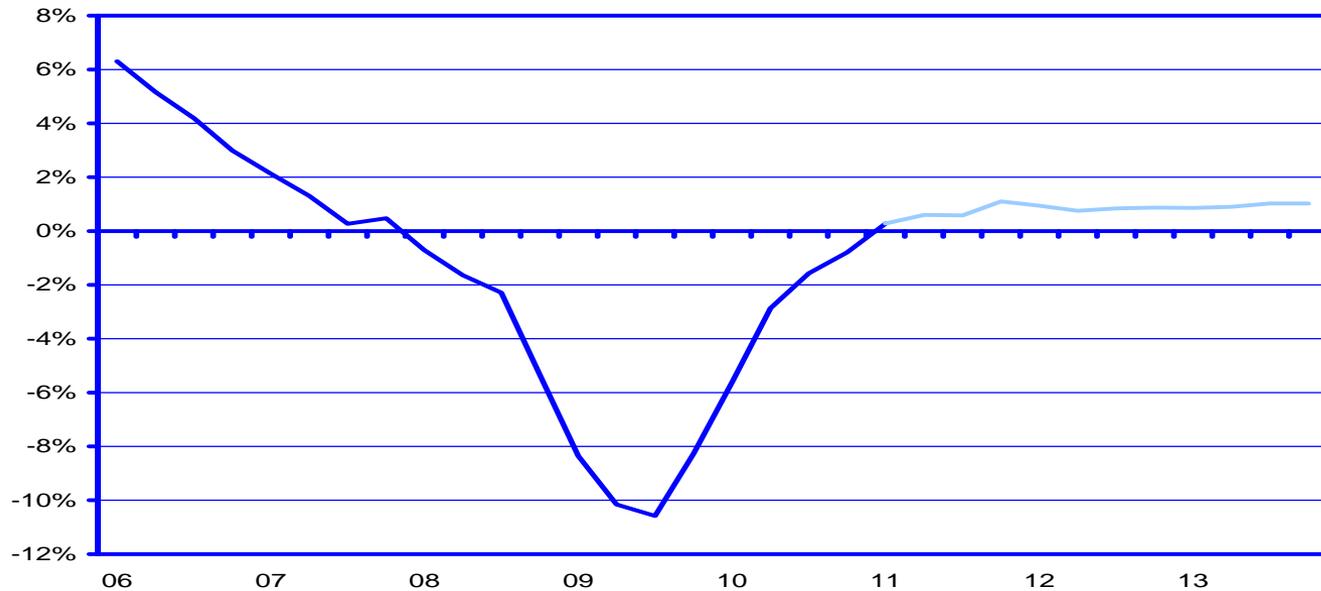
Nevada's Unemployment Rate Forecast



- ❑ The jobless rate peaked at 14.9% in 2010.
- ❑ We expect a modest downtrend over the next several years.
 - ❑ 13.1% in 2011 (13.2% YTD)
 - ❑ 12.4% in 2012 and 11.3% in 2013



Nevada's Employment Growth Forecast (year-over-year)



- ❑ Job losses peaked in excess of 110,000 (-10.3%) in 2009.
 - ❑ losses eased to a -2.8% clip in 2010
- ❑ We expect employment to grow marginally over the next few years.
 - ❑ don't expect a return to pre-recessionary boom-like conditions

