

NEVADA LABOR MARKET OVERVIEW August 2012

As with the nation as a whole, Nevada's labor market appears to have softened in recent months. Job growth has eased, and the unemployment rate has ticked up. Still, year-over-year improvement is evident. Taken as a whole, labor market barometers point to the tenuous nature of the current economic environment, both nationally and here in Nevada.

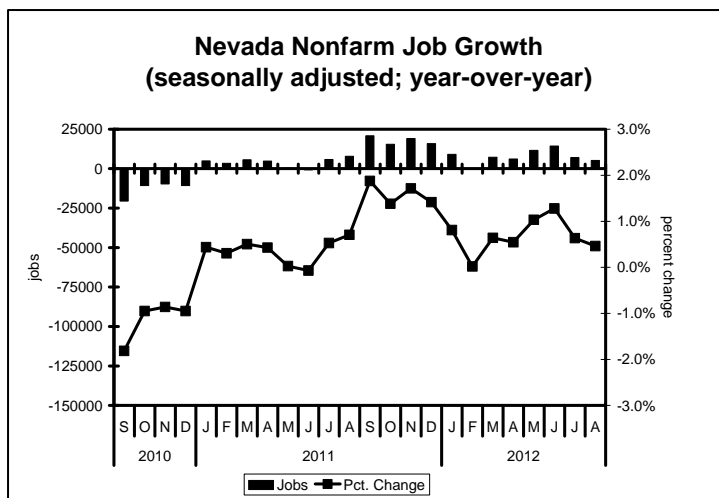
Based, at least in part, upon the results of a monthly survey of Nevada businesses, total nonfarm payrolls fell by 1,000 jobs in August. In every month this summer, employment fell on a month-over-month basis, resulting in a summer decline of 3,600 jobs. (The June to July change in non-farm payroll jobs was revised from a gain of 2,100 to a loss of 1,100.) As a result of falling

job levels throughout the summer, Nevada's over-the-year employment comparison appears less impressive. Nonetheless, Nevada still has 5,200 more jobs than in August of last year, with a gain of 6,500 in the private sector partially offset by public sector losses. Since the beginning of this year, employment losses have averaged 100 jobs per month, compared to a monthly gain of 1,300 in 2011. Still, through the first eight months of this year, private sector jobs are up by approximately 12,800 compared to the same period in 2011.

For the most part, many of the declines in the seasonally adjusted figures occurred because job growth was not as strong as anticipated. Total non-farm jobs levels in Nevada were up on a non-seasonally adjusted basis by 2,100.

Based upon historical trends, we would have expected about 3,100 new jobs. The end result is the 1,000 seasonally adjusted declined discussed above.

While this information concerns changes in "net" job levels, it is important to note that there is considerable "churn" within the labor market. Although



Nevada and Sub-State Nonfarm Jobs: July-August Change			
	Unadjusted Change	Expected Seasonal Movement	Seasonally Adjusted Change
Total Nonfarm Jobs	2,100	3,100	-1,000
Private Sector	2,500	4,700	-2,200
Public Sector	-400	-1,600	1,200
Las Vegas	1,700	2,300	-600
Reno	-100	500	-600
Carson City	100	0	100

Totals may not sum due to rounding

While job growth has eased of late, it's important to note that the number of employers in Nevada has reversed recession losses and is on the rise. Specifically, after falling for ten consecutive quarters, the number of Nevada employers covered under the unemployment

the data are a few quarters old, information from the Bureau of Labor Statistics' Business Employment Dynamics Program offers considerable insight into the underlying numbers. For instance, in the final quarter of last year, gross job gains in expanding establishments totaled 57,500. At the same time, there were 55,200 gross job losses at contracting establishments. The end result was a net gain of 2,300 during the three-month period.

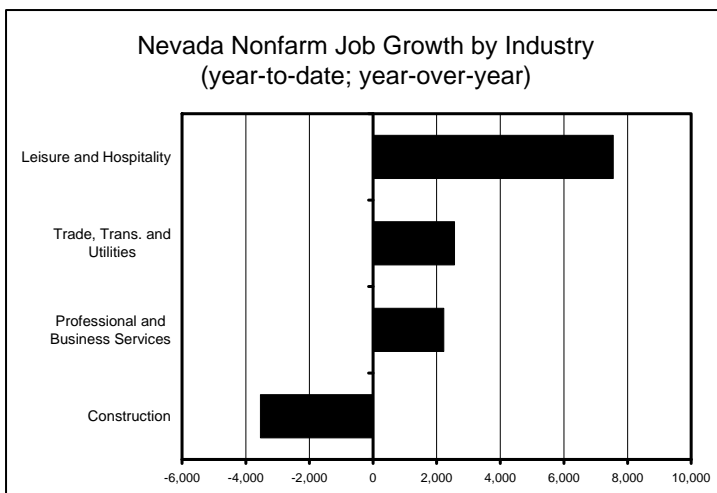
insurance program has increased in each of the past four quarters. Through the first half of this year, they are up 2.2 percent relative to a year ago. In 2012:IIQ, there were 57,500 employers in the State.

Wholesale trade continues its upward momentum with a decent job gain of 1.5 percent (+500) over-the-month. Since last year, the industry is up by 4.3 percent, or 1,400 jobs.

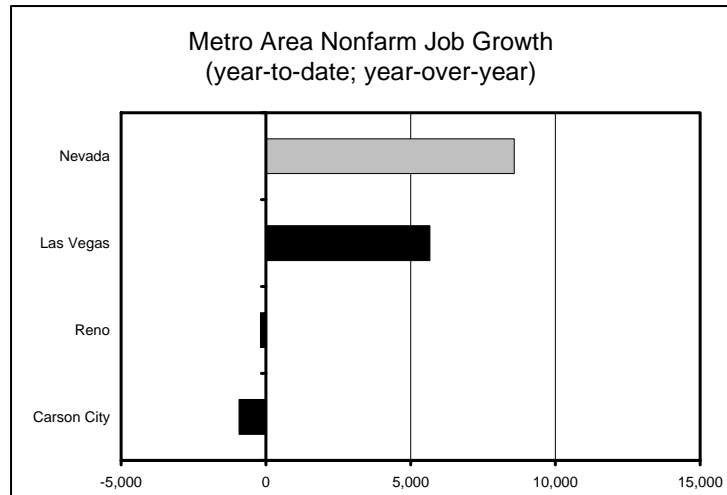
An analysis of this information over time shows that net quarterly job losses reached nearly 40,000 at the height of the recession. More recently, however, net job growth was positive in four of five quarters through year-end 2011.

Employment in the financial activities industry increased by 300 relative to July, and the industry is just 300 jobs shy of last year's mark. The financial activities industry has not experienced a year-over-year increase in over five years. Of the six major service providing industries (trade/transportation/utilities,

financial activities, professional/business services, education/health services, leisure/hospitality, and other services), financial activities is the only industry that has not experienced any sort of rebound, a result certainly attributable to its ties to the construction/real estate market.



Perhaps one of the most notable trends evident of late in the State's housing market, is the rebounding resale segment. For instance, in Southern Nevada, existing home prices have reversed course and have risen relative to a year ago in each of the past four months. New home prices have failed to gain any upward momentum.

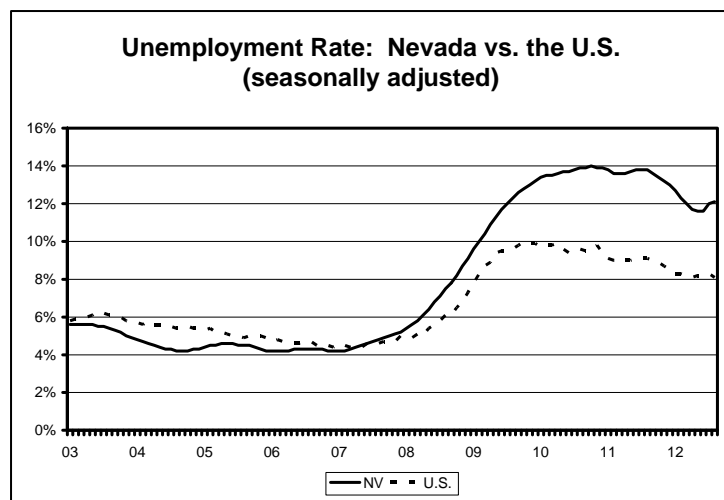


Ironically, the government sector had the most pronounced monthly job growth in August, with a seasonally adjusted gain of 1,200 jobs relative to July. Still, so far this year, public sector jobs are off by 4,200 compared to the first eight months of 2011, and we are not anticipating a reversal of that trend. In line with past trends, local governments are struggling to reverse downward momentum, whereas federal and state governments have fared relatively better. With the addition of 700 seasonally adjusted jobs in August, State government has increased by 900 jobs since August 2011. The series appears to be growing out of a cyclical low reached in May 2012 when levels were recorded at 35,200 jobs, equating to a gain of 1,400 since the trough. Local government was little changed this month, but is down by 2,500 jobs over-the-year.

Both Las Vegas and Reno/Sparks lost 600 jobs

from July to August. Carson City added employment for the second month in a row. Still, underlying trends suggest that the North is underperforming the South. For instance, employment in the Las Vegas metro area is up 5,300 relative to a year ago in August. In the North, the Reno area is down by 1,500 jobs, while Carson City payrolls have been cut by 700.

As for unemployment, the count of unemployed Nevadans edged up by 2,200 (1.3 percent) to 165,900, seasonally adjusted. Combined with little change on the employment

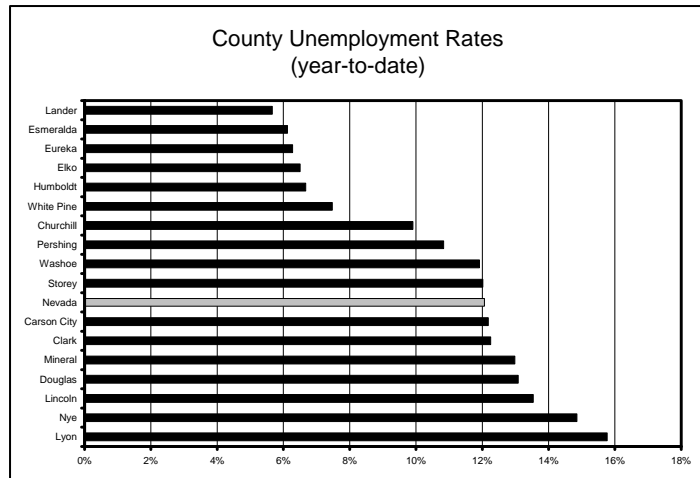


front, the end result was a very slight increase of 0.1 percentage point in the unemployment rate, to 12.1 percent. This is the second consecutive monthly uptick in the jobless rate.

One interesting underlying trend in the State's labor force statistics concerns the number of Nevadans working part-time for "economic reasons" (involuntary part-time workers; those who would rather be working full-time but are not, due to general economic conditions). Measured on a 12-month moving average basis, there were in excess of 105,000 Nevadans in this category in early-2011. More recent readings have been in the high 90,000-range.

As an aside this month, we examine the impacts of educational attainment on unemployment. Using information from the Census Bureau's American Community Survey (not directly comparable to the State's "official" unemployment rate), it is clear that the jobless rate declines as educational attainment increases. For instance, based upon 2010 data, the unemployment rate for those with a bachelor's degree or higher was just 6.3 percent, less than one-half the Statewide average of 13.7% at the time. On the other hand, the jobless rate for those without a high school diploma was in excess of 18 percent.

Just as unemployment rates differ across skill levels, they also differ across regions. Although not directly



comparable to the State information reported above, non-seasonally adjusted unemployment rates fell noticeably in Nevada's sub-State areas, as is typical for the month of August¹. In Las Vegas, the rate fell from 12.9 percent in July to 12.3 percent in August, and is down from 14.3 percent in August 2011. In Reno/Sparks the rate fell from 12 to 11.5 percent over the month. Last year, the unemployment rate in Reno/Sparks was 13 percent. In Carson City the rate fell from 12.2 percent to 11.6 percent over the month, and is down from 12.8 percent last year.

While concerning, recent labor market trends in the State are best viewed in a broader context. Other measures of economic activity continue to point to modest growth. Taxable sales are on the rise; visitor activity is healthy; driven by baccarat, gaming win is holding its

¹ Unemployment rates for the State's metropolitan areas and counties 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 – 12.0 percent in August, down from 12.5 percent in July and 13.8 percent in August 2011.

own (in July, it was actually up 17 percent); housing is showing tentative signs of recovering from historical lows. At the national level, while recent labor market reports have been, arguably, disappointing, a closer look reveals that fundamentals are improving, which can only mean good news for

Nevada. For instance, the number of on-line help wanted announcements reached a recessionary low in early-2009. Since then, it has increased by about 70 percent. (This increase is likely due to both a cyclical upswing in jobs and a structural shift in manner in which job openings are announced.)