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Nevada's Unemployment Rate Continues to Break Records, Hitting 13.2 Percent in August

In August, Nevada's unemployment rate continued to break records, coming in at a seasonally adjusted 13.2 percent, up 0.7 percentage point from the previous month, said William Anderson, chief economist for the Nevada Department of Employment, Training & Rehabilitation. That means 183,000 Nevadans were counted as unemployed. A year ago, the unemployment rate stood at seven percent.

Trends in Nevada's two major metropolitan areas are consistent with those evident statewide. In both Las Vegas (13.4 percent) and Reno-Sparks (12.4 percent), August unemployment rates are nearly double year-ago readings. (*Unemployment rates for the State's metropolitan areas are not adjusted for seasonality. For comparison purposes, the State's unadjusted unemployment rate was 13 percent in August.*)

"Signs of stabilization in the national economy are beginning to emerge," Anderson said. "Some analysts even argue that the recession is likely over, or will be over in the near-term. However, such positive conclusions cannot be drawn in Nevada, based upon a current assessment of labor market and economic activity in the state."

Nevada has been hit relatively hard by this recession. At the start of the recession in December 2007, the state's unemployment rate stood at 5.2 percent, essentially identical to the national reading of 5 percent. However, the August jobless rate in Nevada stands 3.5 percentage points higher than the nation's 9.7 percent.

All told, job levels in Nevada totaled 1.18 million in August, a decline of 84,400 from a year ago. Only the education and health services sector managed to add workers, as payrolls in these establishments grew by 1,400 over the year. Elsewhere, more than 31,000 construction jobs were lost, more than a quarter of the workforce. The state's largest sector, leisure and hospitality, cut almost 24,000 jobs relative to a year ago. Government employment stands 3,500 lower than in August 2008, Anderson said.

As is the case with unemployment, a comparison of job and employment trends in Nevada relative to the nation as a whole highlights the fact that the state has suffered more than most during the current downturn. During the first several years of this decade, job growth in Nevada far exceeded that for the U.S. as a whole. In fact, just five years ago, in 2004, employment growth in Nevada, at 5.9 percent, was more than five times the rate of growth in the nation. So far this year, though, Nevada establishments have reduced employment by nearly six percent, far in excess of the 3.7 percent job cut nationwide.

“There are certainly a number of factors accounting for the high unemployment rate in southern Nevada compared to the north,” Anderson said. “Perhaps the most important factor concerns differences in the structure, or industrial mix, of these two regional economies. The Las Vegas metro area is more concentrated in those industries/sectors which have been impacted the most by the current economic recession. For instance, as of August, 8.7 percent of all jobs in southern Nevada were in the hard-hit construction sector, compared to a 5.7 percent share in the Reno metro area. As consumers have cut back their discretionary spending, the state’s gaming activity has suffered considerably. In the Las Vegas metro area, leisure and hospitality establishments account for nearly 30 percent of all jobs in the region. In the Reno-Sparks area, leisure and hospitality’s share of total jobs is just 17.4 percent.

Elsewhere in the State, Carson City’s unemployment rate came in at 12.1 percent in August up 5.4 percentage points from a year ago. In the State’s non-metro counties, Elko County was home to the lowest unemployment in August, at 6.5 percent. Lander County also had a relatively low reading, at 6.7 percent. The unemployment rate in Nye and Lyon Counties came in at 15.8 percent, the highest in the State. All told, eight of the State’s 17 counties had double-digit jobless rates in August.

On the jobs front, employers in the Las Vegas metro area reduced payrolls by 60,400 in August, relative to a year ago. About two-thirds of these job losses were accounted for by construction and leisure and hospitality establishments. In the Reno-Sparks region, August employment readings were off by more than 18,000 over the year.

“The recession’s impacts in Nevada are clearly evident in a quick review of several significant economic indicators,” Anderson said. Compared to pre-recessionary levels from mid-2007, the state’s unemployment rate is up 8.3 percentage points. Nearly 112,000 jobs have been lost. Monthly initial claims for unemployment insurance are up 11,000. Gaming win, measured on a monthly basis, is down nearly a quarter of a billion dollars. Monthly taxable sales are down by \$1.1 billion.

“Taken as a whole, conditions have deteriorated markedly,” Anderson said. “Looking forward, Nevada will certainly benefit as the national economy emerges from the recession. However, if consumers attempt to regain lost ground by continuing to reign in discretionary spending, economic recovery may be delayed in Nevada. The state’s long-term prospects, however, are more promising. While a return to the boom-like conditions

of the middle part of this decade is not expected, once a more promising economic environment emerges, we think Nevada will turn in a relatively solid performance.”

ECONOMIC OVERVIEW: AUGUST 2009

<u>RATES</u>	<u>UNEMPLOYMENT RATES</u>			<u>JOB GROWTH</u>		
	<u>Aug '09</u> ¹	<u>Aug '08</u>	<u>Jul '09</u>	<u>Aug '09</u> ¹	<u>Aug '08</u>	<u>Jul '09</u>
Nevada ² (6.6)%	13.2%	7.0%	12.5%	(6.7)%	(2.1)%	
Las Vegas-Paradise MSA ³	13.4	7.0	13.1	(6.7)	(1.5)	(6.5)
Reno-Sparks MSA ³	12.4	6.6	12.2	(8.4)	(4.5)	(8.7)
Carson City MSA ³	12.1	6.7	11.7	(6.2)	(1.2)	(6.4)
United States ²	9.7	6.2	9.4	(4.3)	(0.4)	(4.2)



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 connect businesses and workers.

¹ Preliminary estimates

² Unemployment rates are seasonally adjusted for the State of Nevada and the United States

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