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Nevada's Unemployment Rate Drops to 13 Percent in October

In October, Nevada's unemployment rate fell to a seasonally adjusted 13 percent, 0.3 of a percentage point below September's reading due to a decline in the state's labor force and some stabilization in the employment situation, said Bill Anderson, chief economist for the Nevada Department of Employment, Training & Rehabilitation (DETR). The unemployment rate had risen, uninterrupted, since 2008. In 2006 and 2007, there were several months when the jobless rate held steady relative to the previous period. The last time Nevada saw a month-to-month decline in the unemployment rate was in November 2005, Anderson said.

"As we head into the holiday season, this is welcome news; however it is not a reason to be overly optimistic. The state's well-chronicled economic difficulties are far from over," he said. "We expect the unemployment rate to continue to rise over time, but we are seeing some signs of stabilization. The decline in the jobless rate is more a reflection of a stagnant or declining labor force than an improvement on the employment front. At best, October's trends, coupled with a growing belief that national conditions are (tentatively) on the mend, suggest that the economy may be in the process of stabilizing, but at a level which will still result in continued hardships for many Nevadans."

There were 175,300 state residents officially counted as unemployed in October. Although the unemployment rate actually increased by 0.4 percentage point at the national level in October (to 10.2 percent, seasonally adjusted), it is still 2.8 percentage points lower than in Nevada. October's reading is up from 7.7 percent in 2008 in Nevada.

Within the state, the unemployment rate fell approximately one full percentage point, relative to September, in each of Nevada's metropolitan areas. (Unemployment rates for the state's metropolitan areas are not adjusted for seasonality. For comparison purposes, the state's unadjusted unemployment rate was 12.6 percent in September.) For instance, Las Vegas' unemployment rate came in at 13 percent in October, down from 13.9 percent in September. In the Reno-Sparks region, the jobless rate settled at 12.2 percent for the month, down from 13.1 percent. Once again, the lowest unemployment rates can be

found in some of the state's rural counties. Elko County led the way in October, with a 6.4 percent reading, while Lander came in with a 6.5 percent rate.

“Economic conditions in the near-term are likely to be quite volatile, with some months (such as October) being better than others, while in some months we will likely take a step back,” Anderson said. “Even when we do completely emerge from this recession, our expectations are that growth will be much more moderate than in the past. A repeat of the boom-like conditions from the middle part of this decade is not likely.”

All told in October, there were 1.18 million jobs in Nevada public and private sector establishments, essentially unchanged from the previous month. However, measured relative to a year ago, payrolls in Nevada have been cut by 75,100 jobs, a six percent decline. October job readings in 2009 are nearly identical to those from the same month in 2004, suggesting that that the current economic downturn has erased five years of expansion, Anderson noted.

The construction sector's difficulties are well-documented. Statewide job levels peaked at close to 150,000 in mid-2006. October 2009 job levels came to just 83,700. Wage levels in Nevada's construction industry are relatively high. For instance, in 2008, average weekly wages paid by these employers came to \$1,108. Economy-wide, the average wage was \$827. As job losses have taken a toll on construction employment, average wages in the state have been dragged down. Through the first half of this year, average weekly wages in the state were down 1.7 percent from the same period in 2008.

The state's largest employer, the leisure and hospitality sector, continues to struggle. An additional 2,000 jobs were cut relative to September. At 307,700, October job readings were down by nearly 20,000 relative to a year ago. On the other hand, education and health services employment continues to hold up relatively well. At 99,500 in October, job readings are up 3,300 from a year ago.

“As this recession has unfolded, it has impacted Nevada's economic structure. Over time, Nevada's economy has become more diversified,” Anderson said.

In October of this year, leisure and hospitality jobs account for 26.0 percent of total employment. In 1997, that share was 29.4 percent. Both the trade/transportation/utilities and professional and business services sector have seen their importance grow over time, as measured by their shares of total employment. Not surprisingly, we have seen wide swings in the construction sector. In 2007, these establishments accounted for 10.3 percent of employment, up from a 9.6 percent share in 1997. Since then, however, in light of the construction-related impacts of this recession, the industry's job share has declined to 7.1 percent of total employment.

In addition to this recession's impacts on construction markets, both residential and commercial, consumers have also felt the brunt of the economic downturn. Job, income, and wealth worries have combined to reign in spending habits, including here in Nevada.

This is evident in recent taxable sales trends for the state's major consumer-driven categories. Through the first two months of fiscal year 2010, sales at Nevada's food services and drinking places were off 4.4 percent relative to a year ago. Activity was off by 24.4 percent in the motor vehicles and parts category. Sales at general merchandise stores came in ten percent below the same period a year ago.

Consumption spending, on the part of both Nevada residents and our visitors, will likely play a key role in shaping the strength of any economic recovery in the state. Consumers have been hard-hit by this downturn and may continue to exercise caution in the early stages of a recovery. As a result, Nevada may lag the national rebound, given the relatively important role that consumer spending, especially discretionary spending, plays in our economy.

This recession has impacted all regions and industries within the state. In addition, it has surely impacted every demographic component of the population. For instance, based upon results from the monthly Current Population Survey (a monthly Census Bureau survey encompassing approximately 50,000 households in the nation, about 1,000 of which are in Nevada), all ethnic groups within the state have felt the recession's sting. The unemployment rate for the state's Black and Hispanic residents averaged about 15.5 percent in the 12 months ending in October (because of volatility in survey results, 12-month moving averages are utilized as a smoothing mechanism). For the state's White residents, the jobless rate averaged 10.7 percent over the same period. For all three groups, however, unemployment has essentially doubled over the past year.



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.