



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

ECONOMIC OVERVIEW: January 2012

	<u>UNEMPLOYMENT RATES</u>			<u>JOB GROWTH RATES</u>		
	<u>Jan '12¹</u>	<u>Jan '11</u>	<u>Dec '11</u>	<u>Jan '12¹</u>	<u>Jan '11</u>	<u>Dec '11</u>
Nevada ²	12.7%	13.8%	13.0%	0.8%	0.4%	1.4%
Las Vegas-Paradise MSA ³	13.1	14.4	13.3	0.6	0.1	1.1
Reno-Sparks MSA ³	13.0	14.2	12.4	(0.2)	(0.5)	(0.1)
Carson City MSA ³	13.5	14.5	12.8	(3.5)	0.0	(3.5)
United States ²	8.3	9.0	8.5	1.5	0.9	1.4

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Nevada's Unemployment Rate Falls to 12.7 Percent in January

Nevada's jobless rate fell from a revised 13 percent in December to 12.7 percent in January, down from 13.8 percent a year ago and a peak of 14 percent in October 2010. The number of unemployed Nevadans remained relatively flat at 174,700, but is down 16,300 from the same month last year.

"Employers added a seasonally adjusted 1,800 payroll jobs. It marks the 12th time in the past 13 months that employment has grown on a year-over-year basis," said Bill Anderson, chief economist for Nevada's Department of Employment, Training and Rehabilitation (DETR). "Nevada's labor markets continued on a path of moderate improvement in January, but Nevada's unemployment rate is 4.4 percentage points higher than the nation's 8.3 percent."

Changes in the unemployment rates in the State's urban areas were mixed in January. In Las Vegas, the unemployment rate declined from 13.3 percent in December to 13.1. Over-the-year, the rate is down by 1.3 percentage points. In the State's northern metro areas, the unemployment rate increased by six-tenths to 13.0 percent in the Reno-Sparks area and by seven-tenths to 13.5 percent

¹ Preliminary estimates

² 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.

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

⁴ 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 – 13.0 percent in January, up from 12.9 percent in December.

in Carson City. Reno's unemployment rate is down by 1.2 percentage points from the previous year and Carson City's is down by one percentage point. The unemployment rate in the Elko area increased from 6.4 percent to 7.3 in January and is down three-tenths from the previous year.⁴ Nevada's unadjusted unemployment rate increased one-tenth to 13 percent in January.

"A broader measure of unemployment (includes partially unemployed and discouraged workers) declined to 22.7 percent on average in 2011 down six-tenths from its previous reading," Anderson said. "With the addition of 1,800 jobs in January, employment levels are up by 9,000 compared to a year ago, a 0.8 percent increase. Private sector employment continues to lead the way. Non-government employers added over 2,000 jobs in January, with the largest employment gains occurring in construction (+1,400), professional and business services (+1,000), and leisure and hospitality (+400).

"Although construction gained employment in January, year-over-year employment has been consistently negative for the past 63 months, or since November 2006," Anderson said. On an over the year basis, construction is down 4,800 jobs or 8.1 percent.

Professional and business services added 1,000 jobs in January. Employment gains of 1,500 jobs in administrative and support, waste management, and remediation services more than offset the losses in scientific, and technical services (-500). Employment in the leisure and hospitality industry increased by 400, due primarily to accommodation and food services (+300). Since a recent low in November 2009, accommodation and food service employers have added 16,700 jobs. Mining employment (+200) continued to trend up in January marking 12 consecutive months of employment gains. Employment in this sector is up 15.4 percent over-the-year with the addition of 2,000 jobs since January 2010.

In January, education and health services declined by 200; within the industry, education services changed little over the month and health care and social assistance fell by 200. Since reaching an all time peak employment level in November 2011, education and health service employment has declined by 1,700. Employment in trade, transportation and utilities dropped by 400 with most of the decrease occurring in transportation and warehousing (-200). Wholesale trade and retail trade each shed 100 jobs. Since an employment trough in November 2010, the transportation, warehousing, and utilities industry has added 3,100 jobs. In the financial activities sector, employment continued to hover around a cyclical low with a loss of 300 jobs in January. Year-over-year employment growth has been consistently negative since the middle of 2007. The industry sits a mere 600 jobs, or +1.2 percent above a low reached in November 2011. Government employment continued declining in January. Over the past 12 months, the sector has lost 6,700 jobs, with declines in local government (-4,700) and state government (-2,100).

The employment trends in the north and south continue to diverge, with Las Vegas showing improvement, while Reno and Carson City continue to shed jobs. Las Vegas gained 1,600 jobs and is up 4,600 year-over-year, a 0.6 percent increase. Reno posted a loss of 400 jobs and is also down by 400 (-0.2 percent) over-the-year. Employment levels in Carson City were unchanged from December to January, but are down 1,000 jobs over-the-year (-3.5 percent) and remain at levels not seen since 1997.

The average work-week for all employees on private non-farm payrolls edged up by 0.2 hour to 33.7 hours. Over the year, the average work week has declined by nearly an hour (-0.9). In January, average hourly earnings for all employees on private non-farm payrolls rose by 31 cents, or 1.6 percent, to \$19.67. Over the past 12 months, average hourly earnings have increased by 2.9 percent.

"Many key Nevada economic indicators continue to move in positive territory and levels not seen since the start of the recession," Anderson said. "Taxable sales are up seven percent, marking its

largest gain since 2005. Gamings win is up 3.7 percent, for its best showing since 2006. Las Vegas visitor volume is up 4.3 percent for all of 2011, marking its strongest gain in seven years.”

Gold prices remain high averaging \$1,660/oz. in January, up nearly \$300 from a year ago. For all of 2011 Nevada exports totaled nearly \$8 billion, up by more than one-third versus a year ago. The number of new business entity formations in Nevada rose nearly two percent from a year ago in January, while the number of businesses participating in Nevada’s Unemployment Insurance System is growing following several quarters of decline. Going forward expectations are for slow to moderate improvement in Nevada’s labor markets as employers continue to weigh the strength of the recovery.

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>



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