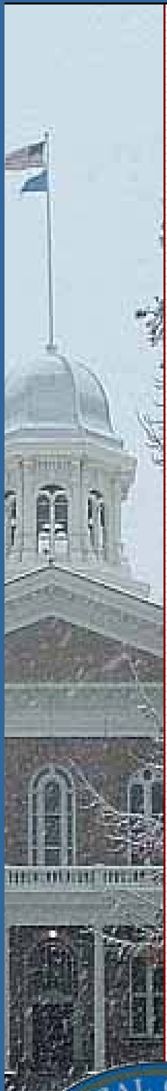

Nevada Labor Market Briefing: August 2012

Department of Employment, Training & Rehabilitation

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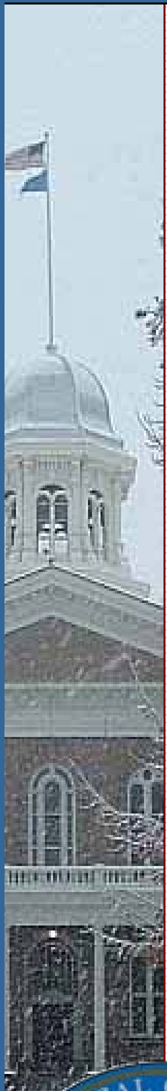
Bill Anderson, Chief Economist

Prepared by the Research and Analysis Bureau

National Perspective

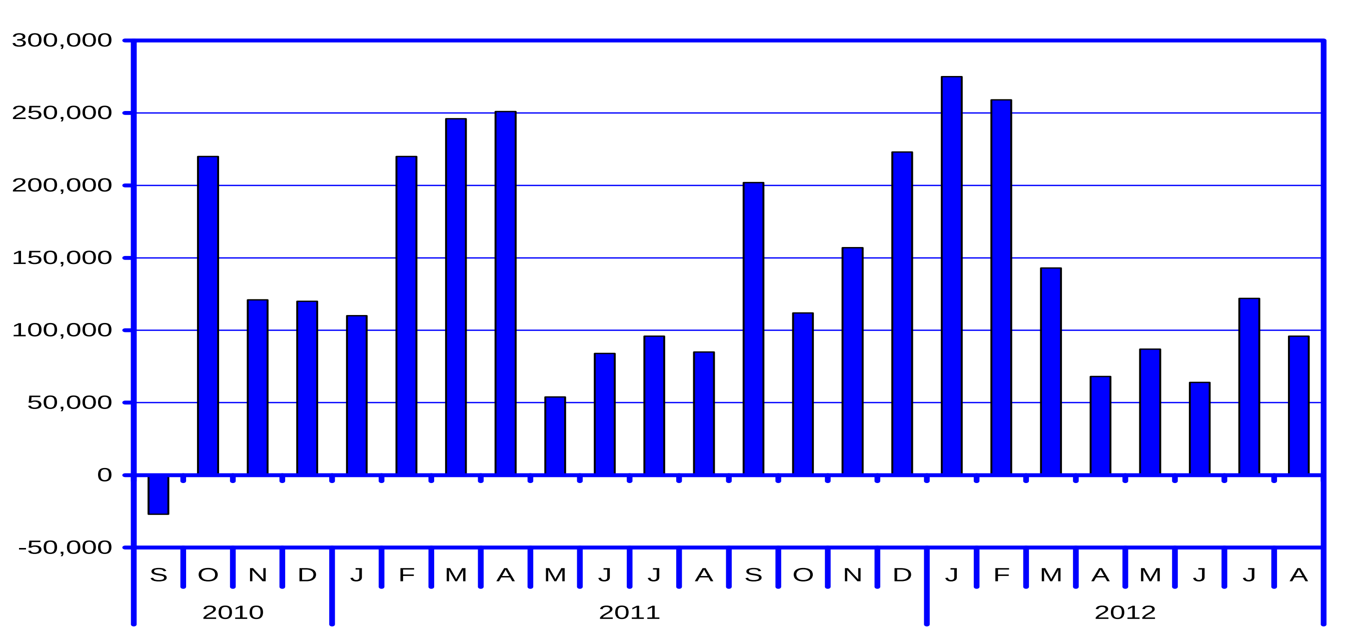


Key U.S. Economic Indicators

- Readings of consumer sentiment and confidence, although volatile from month-to-month, appear to be trending up over time, but have stagnated a bit of late.
- Housing starts in August, at 750K (SAAR[1]), were up 2.3% from the previous month, but surged by 29.1% from a year ago.
- Consumer prices up 1.7% relative to a year ago in August, as rising gas prices impacted overall trends.
- Real GDP up 1.7% in 2012:IIQ, with personal consumption expenditures up by an identical amount.
- Industrial production rose 2.8% relative to a year ago in August.

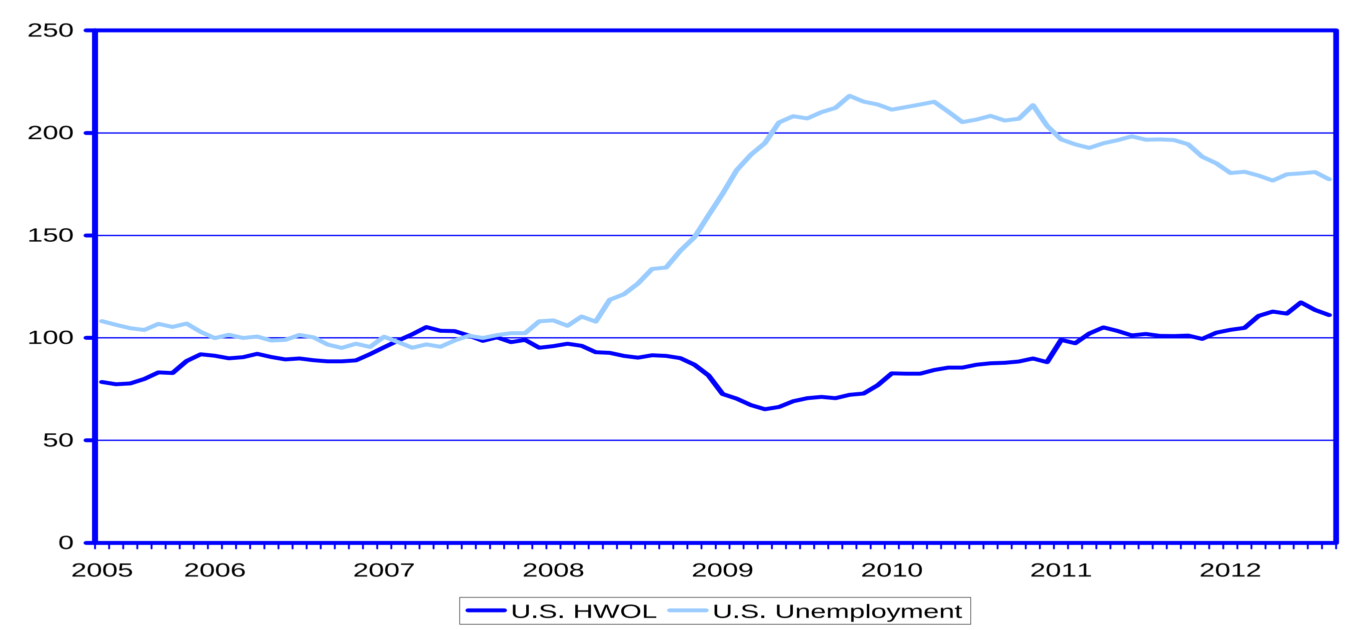
[1]seasonally adjusted annual rate

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



- 8.7 million jobs lost 12/07-12/09.
- Since then, four million jobs (about 46% of those lost) have been added.
- Job growth totaled a disappointing 96K in August.

On-Line Job Postings vs. U.S. Unemployment (2007 = 100; SA)



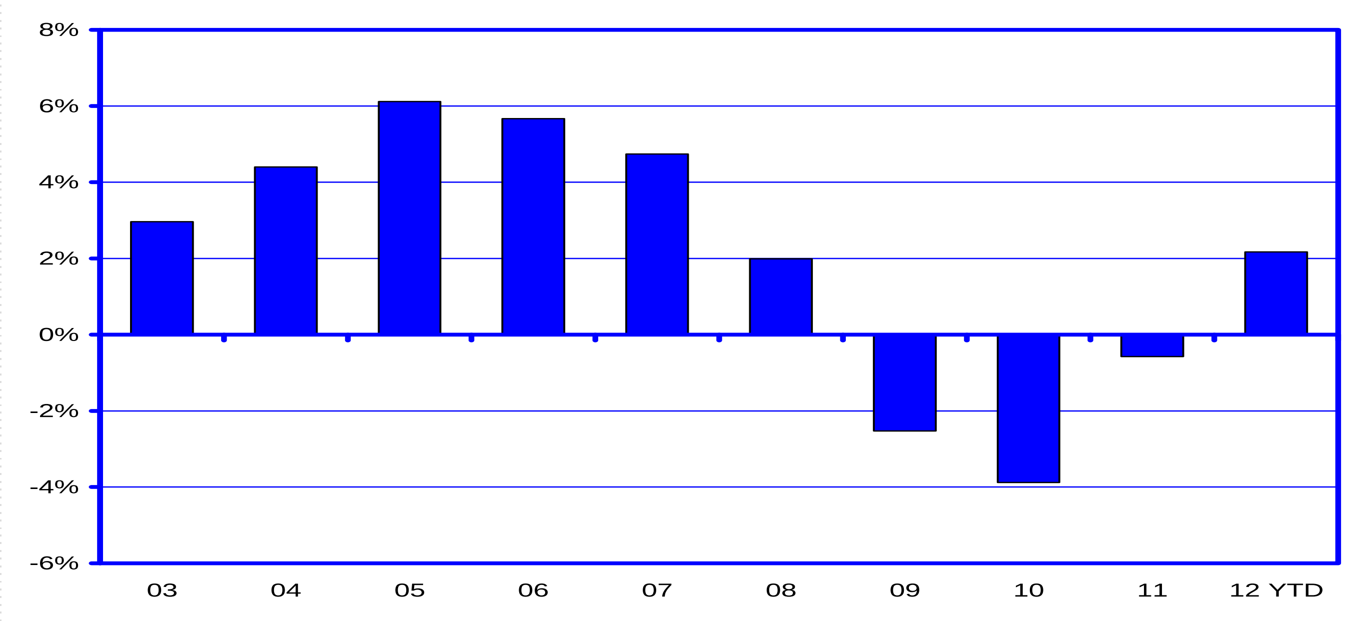
- The Conference Board's Help Wanted On-Line data show that the number of job announcements posted has been on the rise since early-2009.
- Specifically, this measure of labor market activity is up about 70%.
- Likely due to cyclical upswing in job openings as well as structural changes in the manner in which jobs are announced.

Nevada Economic Indicators

Key Nevada Economic Indicators

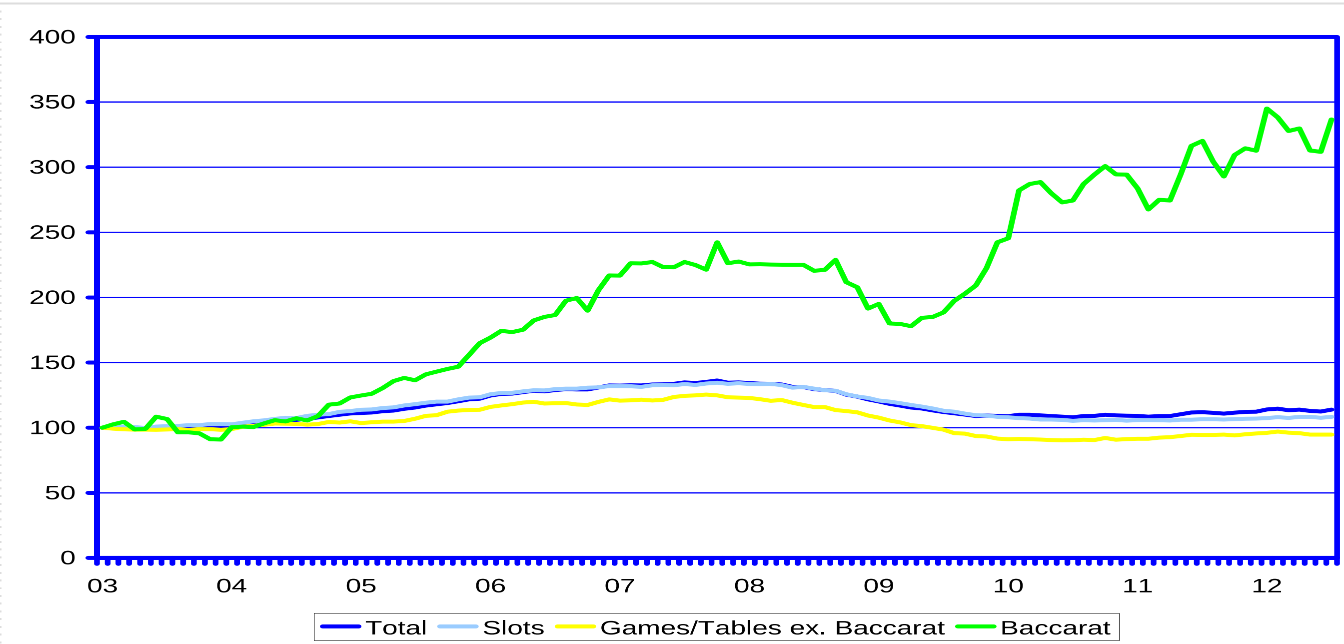
- June taxable sales up 7.9% from a year ago, the 24th straight gain (+7.6% YTD).
- Gaming win up a solid 17 percent in July (+2.4% YTD).
- Las Vegas visitor volume down 0.8% in July (+1.9% YTD).
- Gold prices averaged $1,628/oz. in August, up $35 from July, but off by $128 from a year ago.
- Nevada exports, at $787M in July, up 18% from a year ago (+36% YTD).
- The number of Nevada employers covered under the unemployment insurance system is on the rise.
- The number of new business entity formations in Nevada fell 5.6% from a year ago in August (-5.6% YTD).
- The number of Nevadans seeking assistance through the State's TANF Program continued to decline on a year-over-year basis in July (down 4.3%). The growth in SNAP ("food stamps") enrollment has eased considerably of late, and was up just 3.9% in July.

Nevada Employers Growth (year-over-year; 2012 YTD through June)



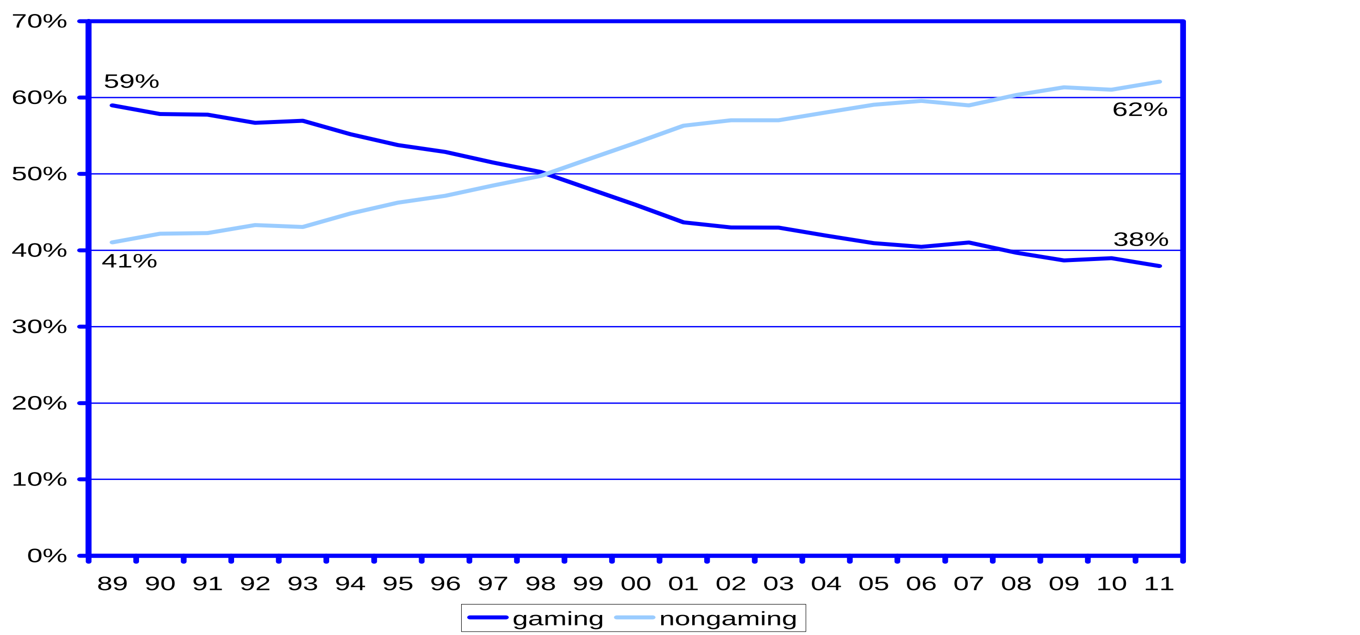
- The number of employers covered under the unemployment insurance system is on the rise.
- After falling for ten straight quarters, gains have been reported in each of the past four.
- Through the first two quarters of this year, the number of employers stands 2.2% higher than the first half of 2011.

Nevada Gaming Win (12-month moving average; Jan. 2003=100)



- Total gaming win in the State is up slightly from 2003 levels. Slot win has trended closely with the overall total.
- Game/table win is actually down a bit over the past ten years. However, within that segment, baccarat win has boomed.
- Baccarat win in the last 12 months has averaged $113M per month, up from $31M for all of 2003.

Las Vegas Strip Casino Revenue: Gaming vs. Nongaming (share of total revenue; by fiscal year)

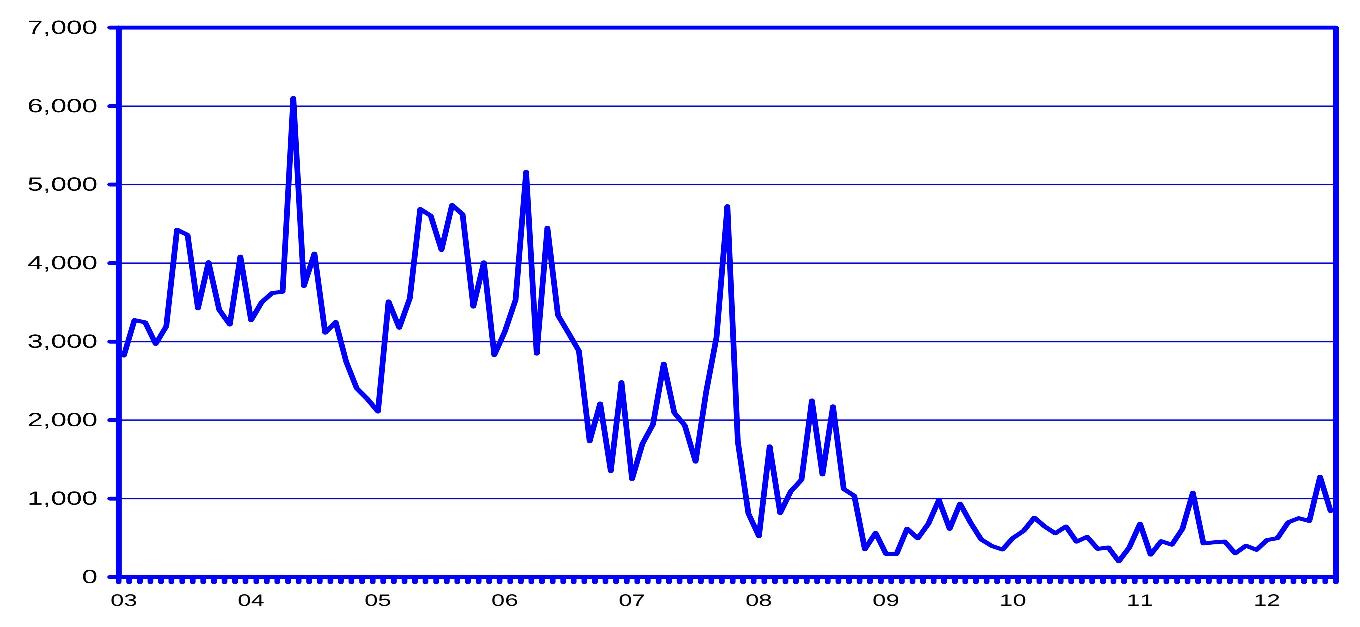


- The traditional "gaming" industry in Nevada has diversified.
- In FY 2011, 62% of Las Vegas Strip casino revenue was from nongaming sources (rooms, food/beverage, etc.), and that share has been consistently on the rise.
- Gaming revenue accounts for just 38% of the total, down significantly from a 59% share in FY 1989.

Residential Construction and Real Estate Activity

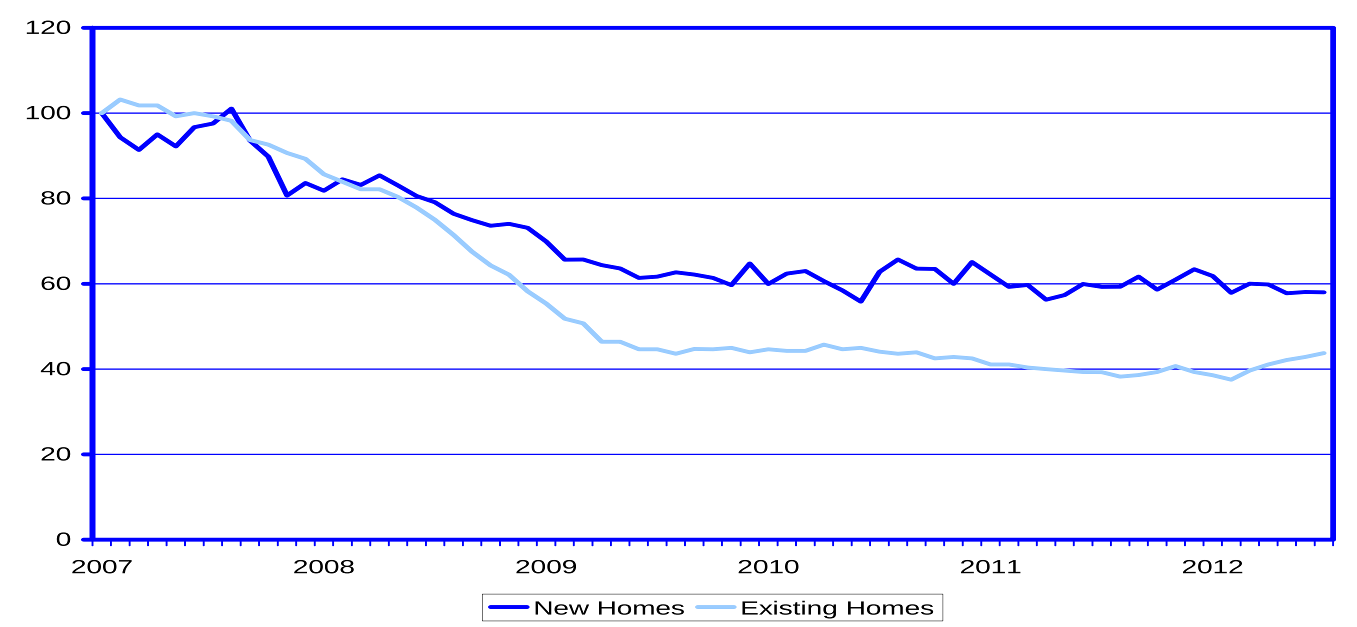
- Statewide residential building permits up nearly one-third this year relative to the same period in 2011.
- So far this year, through July, Nevada housing starts are up by close to one-third from a year ago.
- Resale prices in Southern Nevada have increased relative to a year ago in each of the past four quarters. July prices stood 11.5% higher than in the same month of 2011. New home prices continue to trend sideways over time.
- There was a slight increase in resale activity in Southern Nevada in July, as sales were up 5.4% relative to a year ago.
- Southern Nevada new home closings have risen in each of the past six months relative to a year ago, including a nearly 50% gain in July. Permit activity was up nearly 90% relative to July 2011.

Nevada Privately-Owned Housing Starts



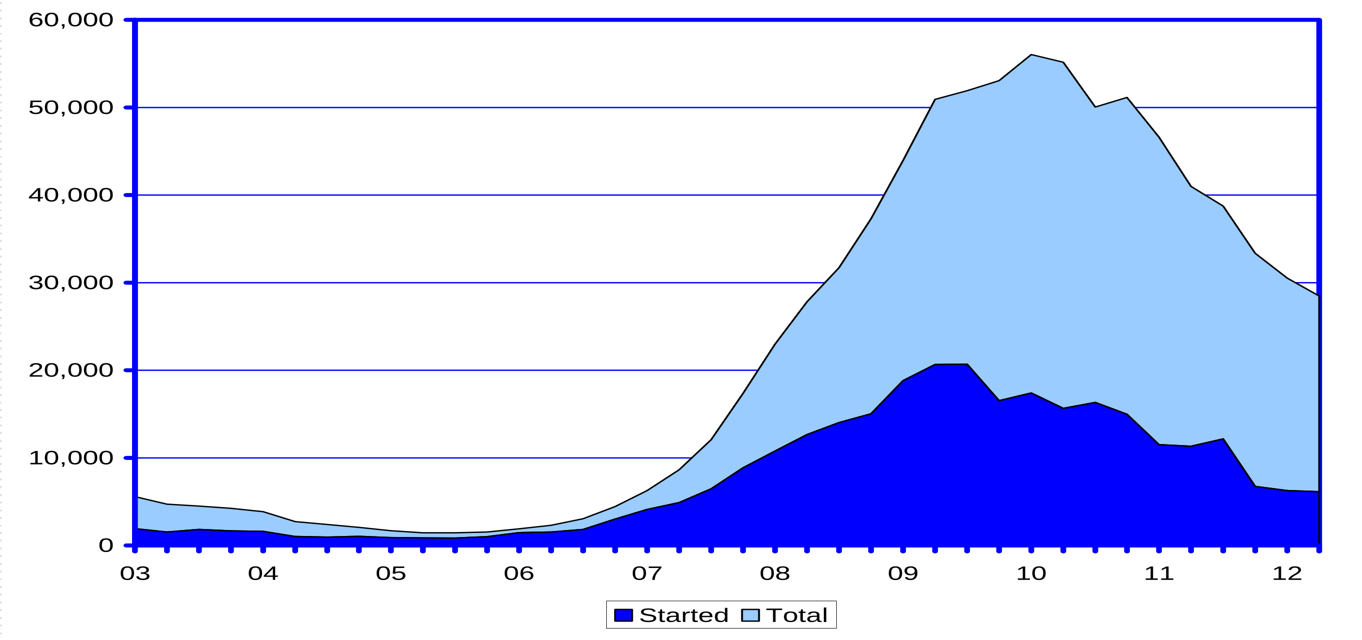
- Starts are showing signs of picking up off of historical lows.
- Through the first seven months of this year, starts are up by nearly one-third.
- Starts have increased from year-ago levels in each of the past five months.

Southern Nevada New Home and Existing Home Prices (Jan. 2007 = 100)



- Southern Nevada existing home prices have reversed course and risen relative to a year ago in each of the past four quarters.
- New home prices have failed to gain any traction.

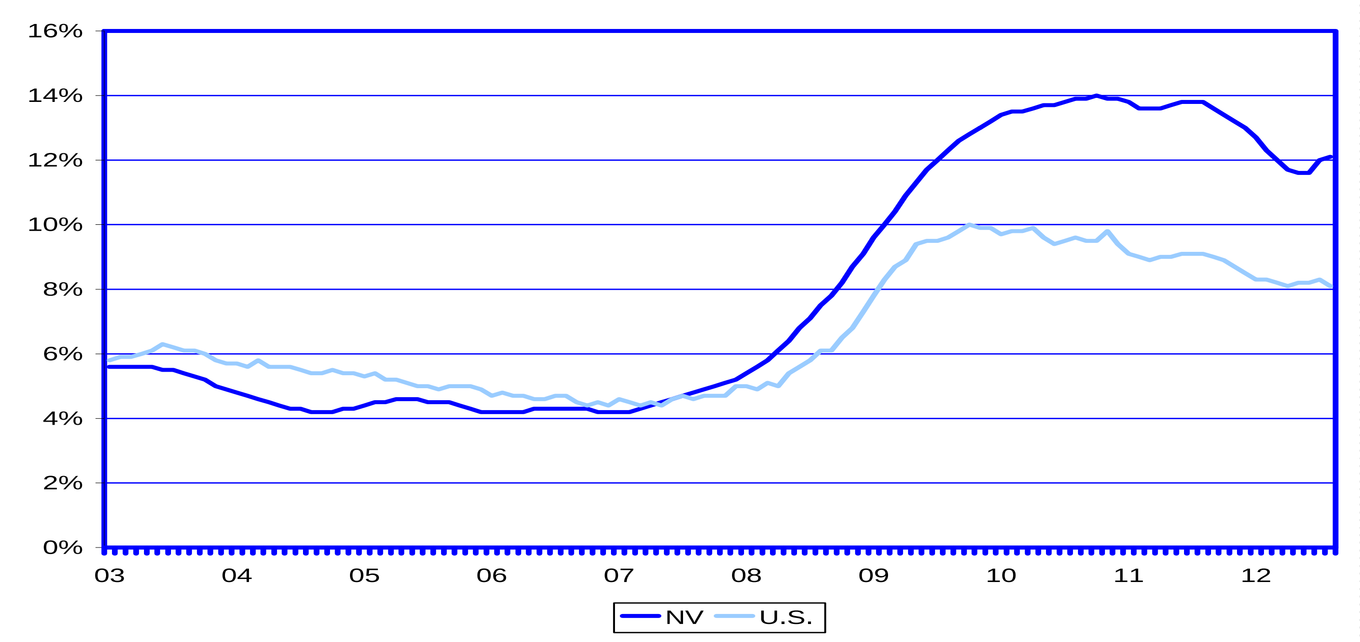
Nevada Residential Mortgages in the Foreclosure Process: Loans Started and Total Inventory of Loans in the Foreclosure Process



- The number of residential mortgages entering into the foreclosure process totaled 6,100 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 28,500, down from a peak of 56,000.

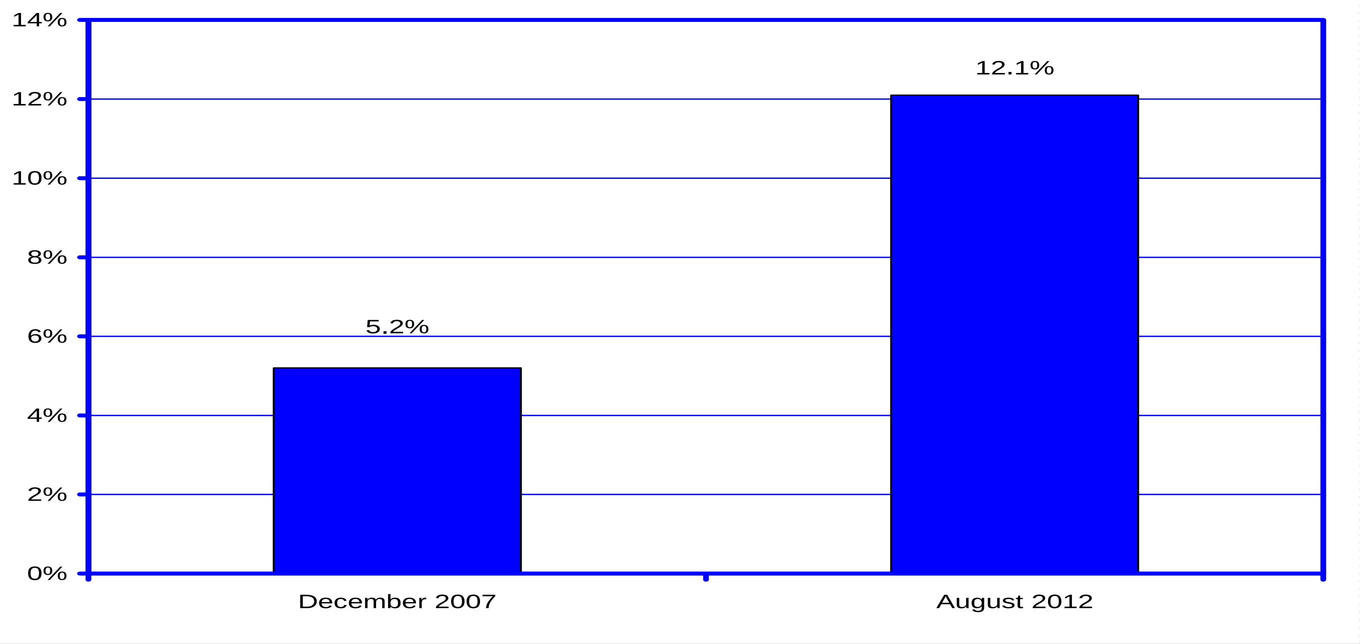
Nevada Labor Market Conditions

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



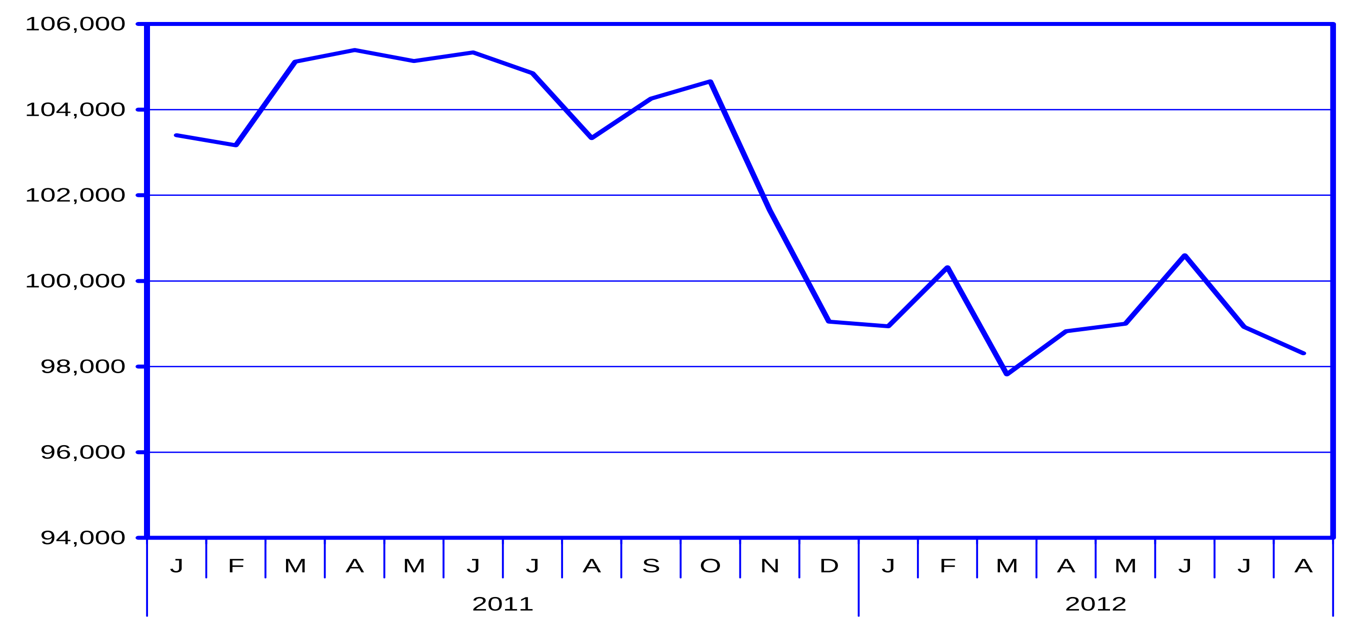
- Nevada's unemployment rate stands at 12.1% in August, up from 12 percent in July, marking the second consecutive monthly increase. Still well below August 2011's 13.8%.
- Off from a record high of 14% recorded in October 2010.
- The State's jobless rate stands four points higher than the nation's 8.1%.

Nevada's Recession Scorecard: Unemployment Rate



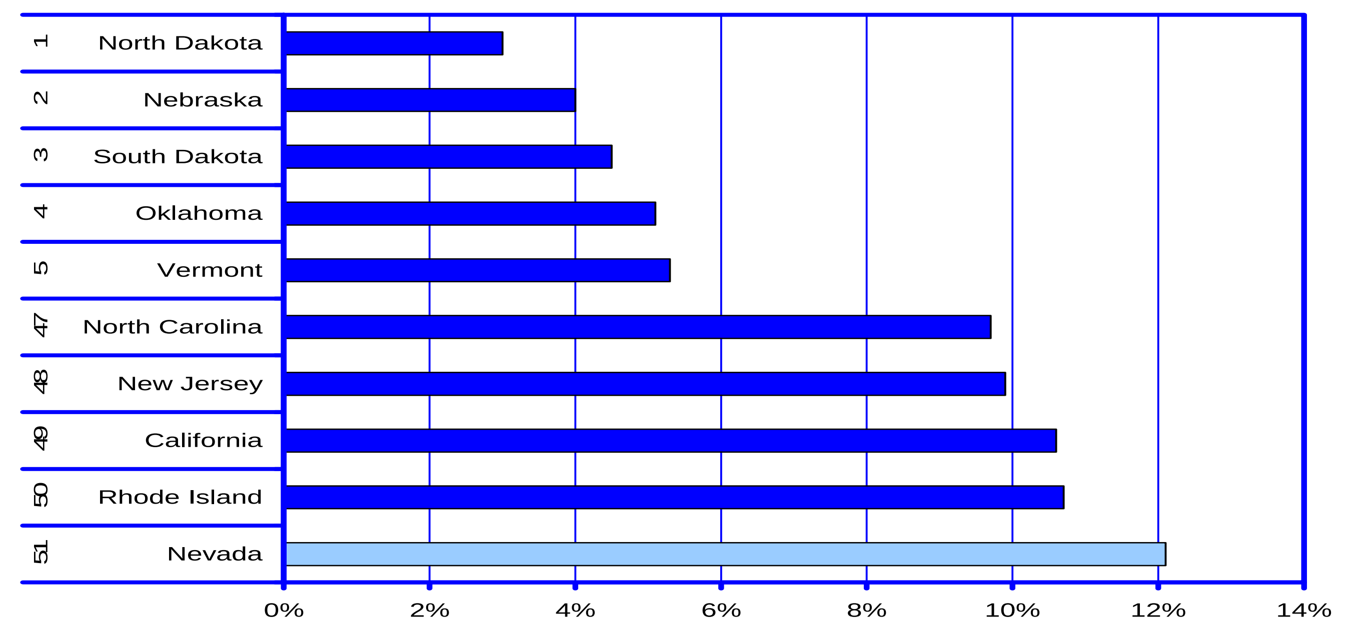
- Despite the fact that it has come down from all-time highs, Nevada's jobless rate is 6.9 percentage points higher than at the "official" start of the recession in December 2007.
- The U.S. unemployment rate stands 3.1 points higher than at the start of the recession.

Nevadans Working Part-Time for "Economic Reasons" (12-month moving average)



- The number of "involuntary" part-timers who would rather be working full-time has edged down in recent months. A soft economy prevents them from working full-time.
- In early-2011, there were about 105K Nevadans who were involuntarily unemployed.
- More recent readings are in the high 90K-range.

Unemployment Rate Rankings (SA)



- In August, Nevada maintained the highest unemployment rate in the nation.
- Rhode Island was second-highest, at 10.7%.
- North Dakota's three percent jobless rate was the lowest.

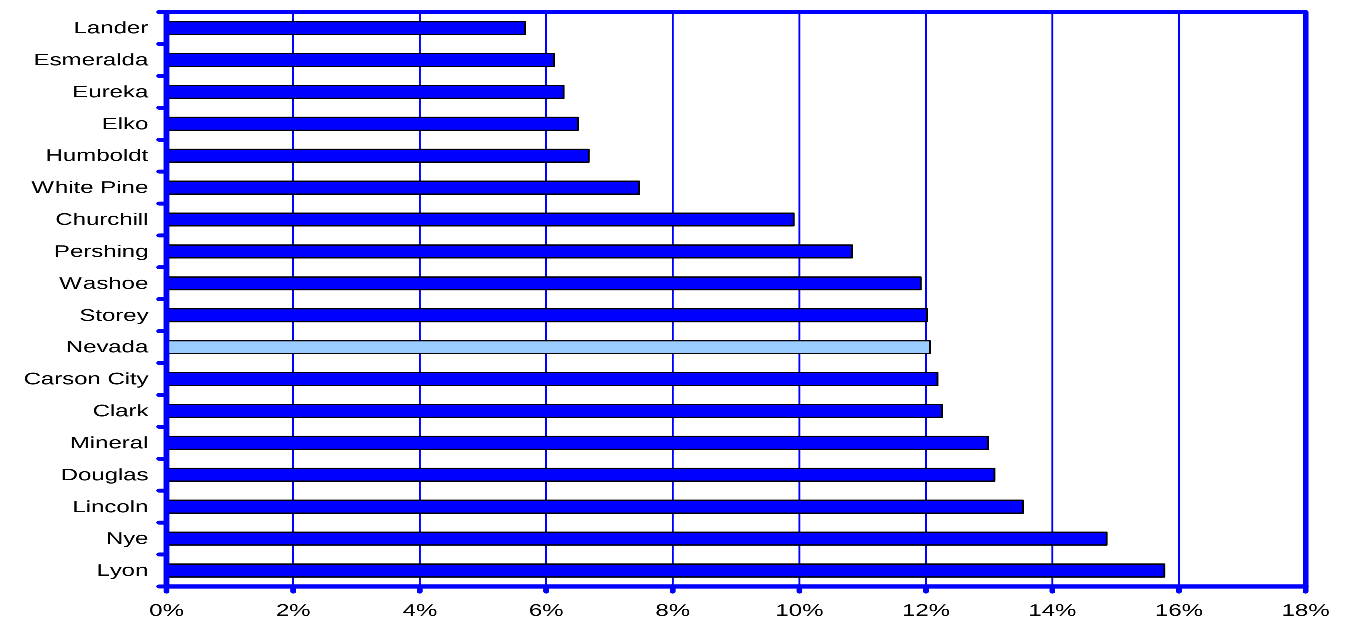
Alternative Measures of Labor Underutilization (four quarters ending 2012:IIQ)

Alternative Measures of Labor Underutilization (four quarters ending 2012:IIQ)

Measure	Underutilization Concept	Level
Official Rate	jobless persons available to take a job who have actively sought work in the past four weeks	12.7%
U-1	jobless 15 weeks or longer	7.9%
U-2	job losers and persons losing a temporary job	7.7%
U-3	similar to official rate	12.3%
U-4	U-3 plus discouraged workers	13.4%
U-5	U-4 plus others marginally attached to the labor force	14.9%
U-6	U-5 plus those employed part-time for economic reasons	22.1%

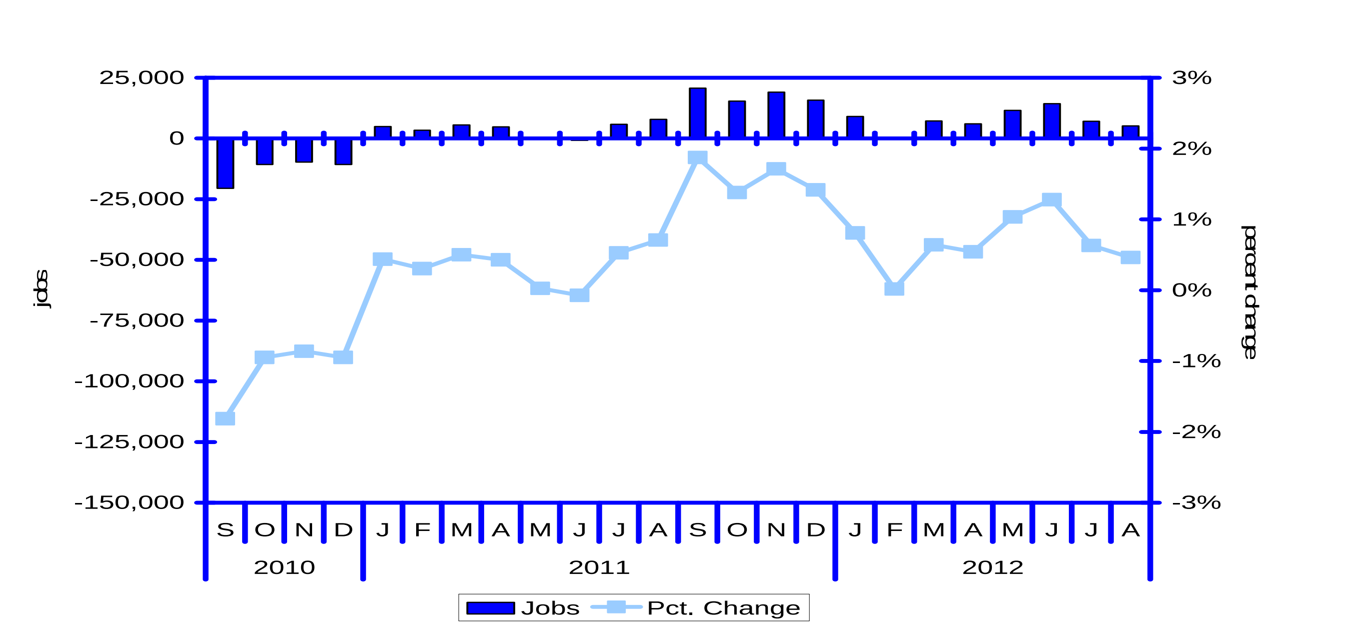
- U-3 similar in scope to the official rate.
- U-4 includes discouraged workers.
- U-6 includes all persons available for work whom are only marginally attached to the labor force plus involuntary part-time workers.

County Unemployment Rates (YTD, NSA)



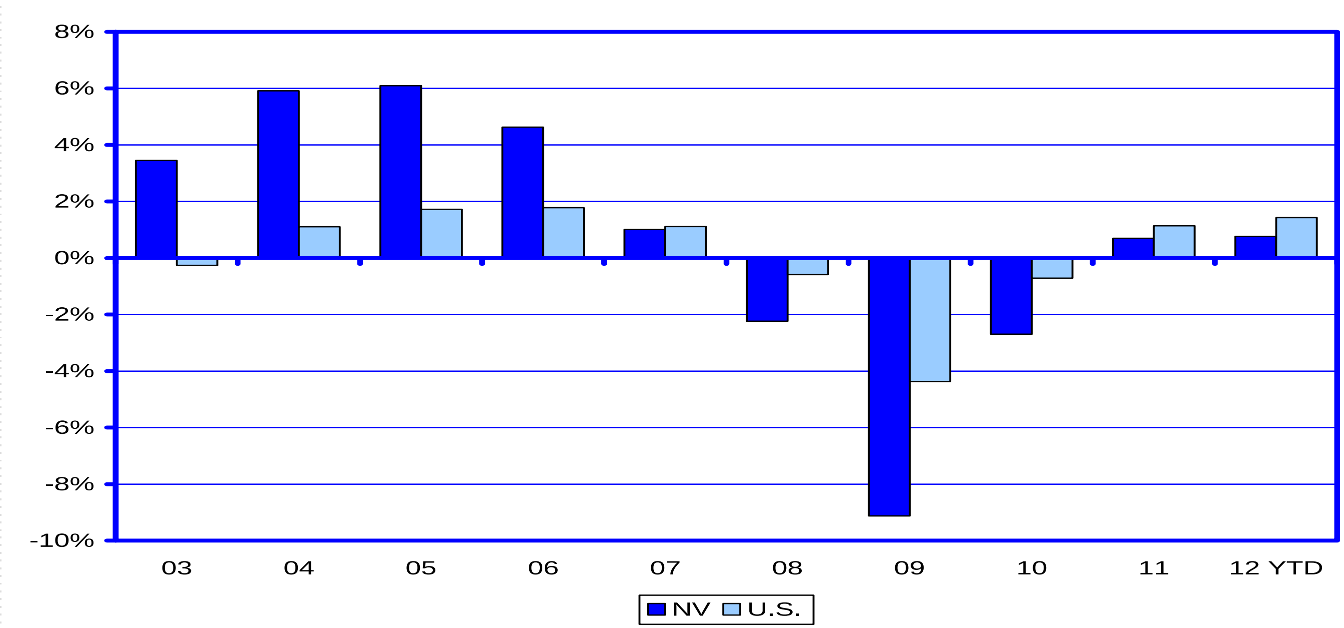
- The highest unemployment rates are in Lyon and Nye counties, with Lander, Esmeralda, and Eureka having the lowest.

Job Growth (SA; year-over-year)



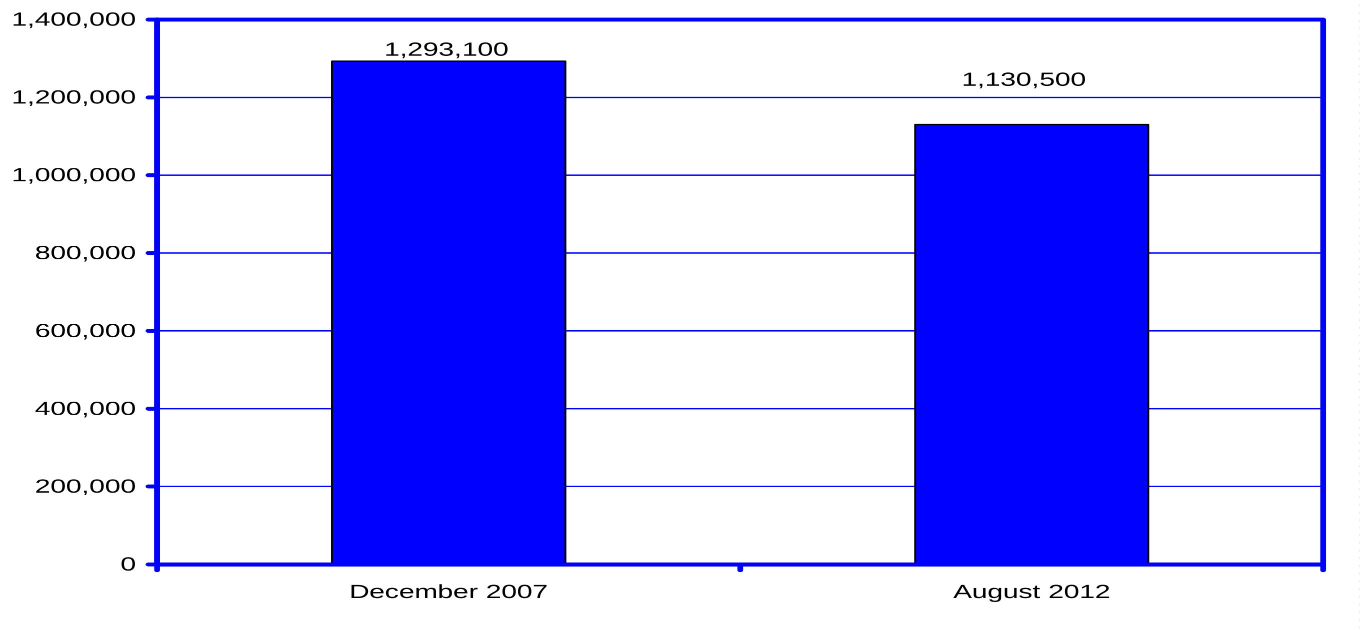
- Nevada job readings are up 0.5% from a year ago.
- This increase marks the 14th straight month (and the 19th time in 20 months) in which year-over-year gains have been recorded.
- In mid-2009, job losses exceeded ten percent on a year-over-year basis.

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



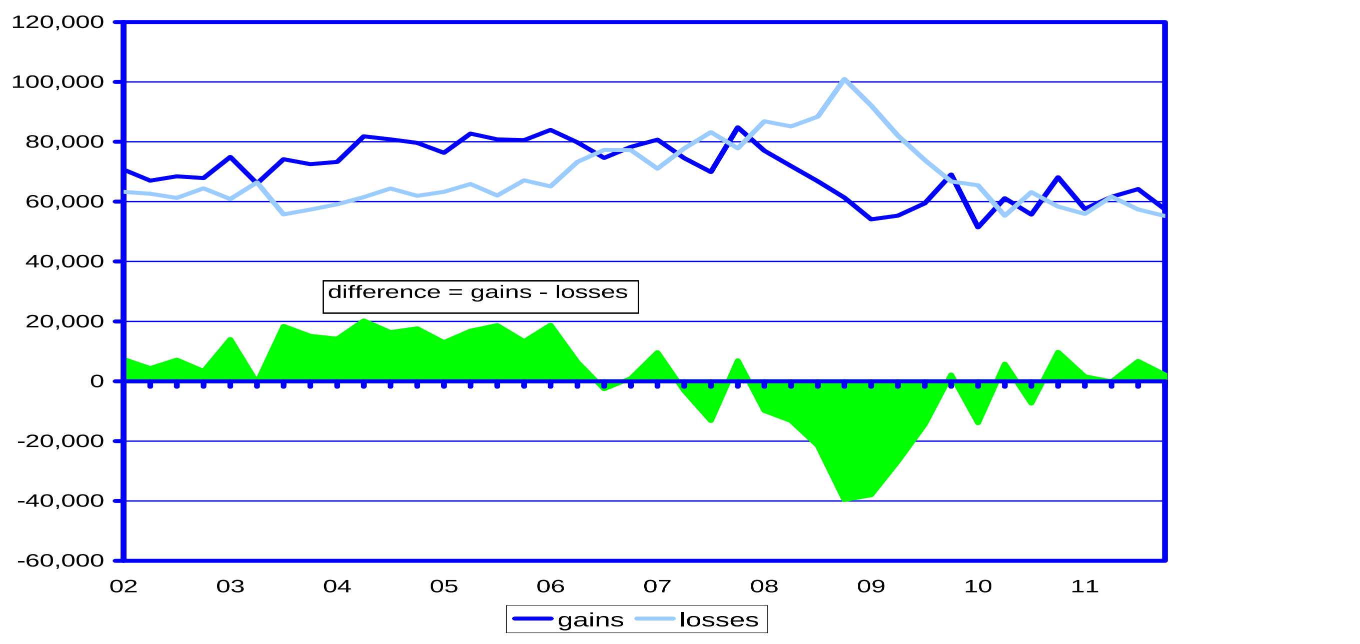
- After growing at a much faster pace than the U.S. prior to the recession, Nevada job losses were more pronounced than in the nation during the recession. Job gains during the early stages of recovery have trailed the nation's.
- The "gap" between Nevada and U.S. growth has narrowed from -4.8 percentage points in 2009 to -0.6 point this year.

Nevada's Recession Scorecard: Non-Farm Jobs (SA)



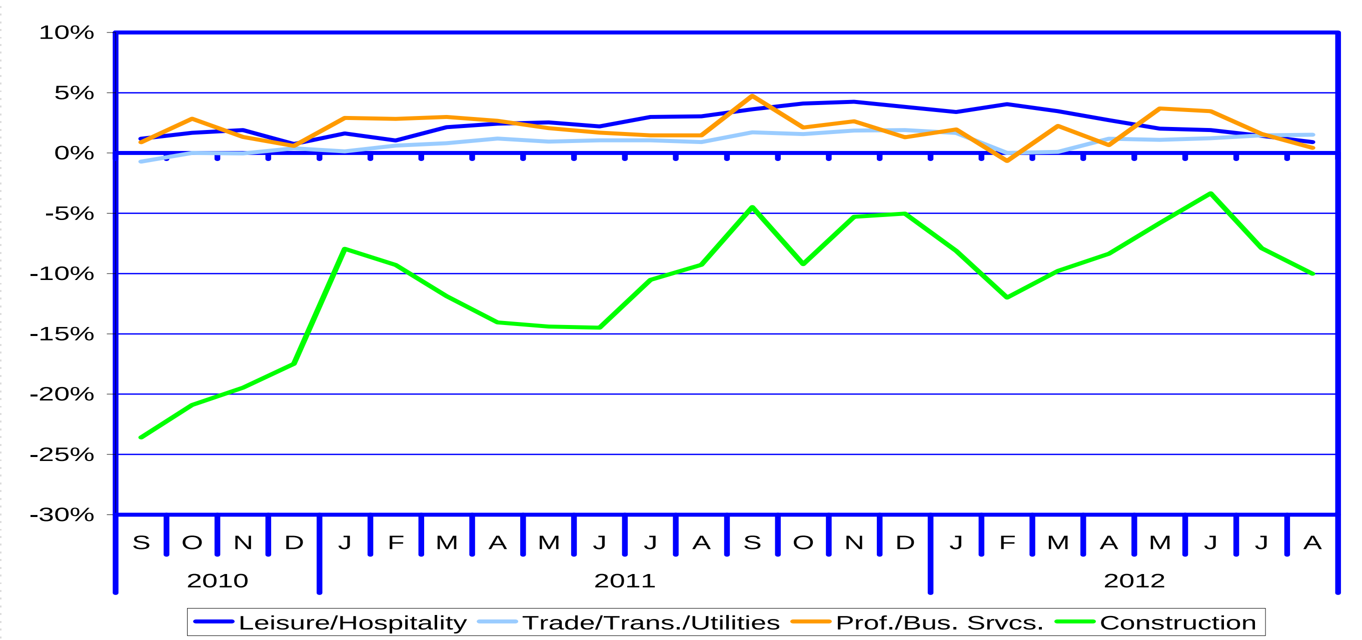
- Nevada's job losses since the "official" start of the recession in December 2007 total 163K (-12.6%).
- Over the same period, U.S. jobs are down 3.4%.
- 400K jobs were created in Nevada between 1997 and 2007.

Business Employment Dynamics in Nevada: Gross Job Gains and Losses



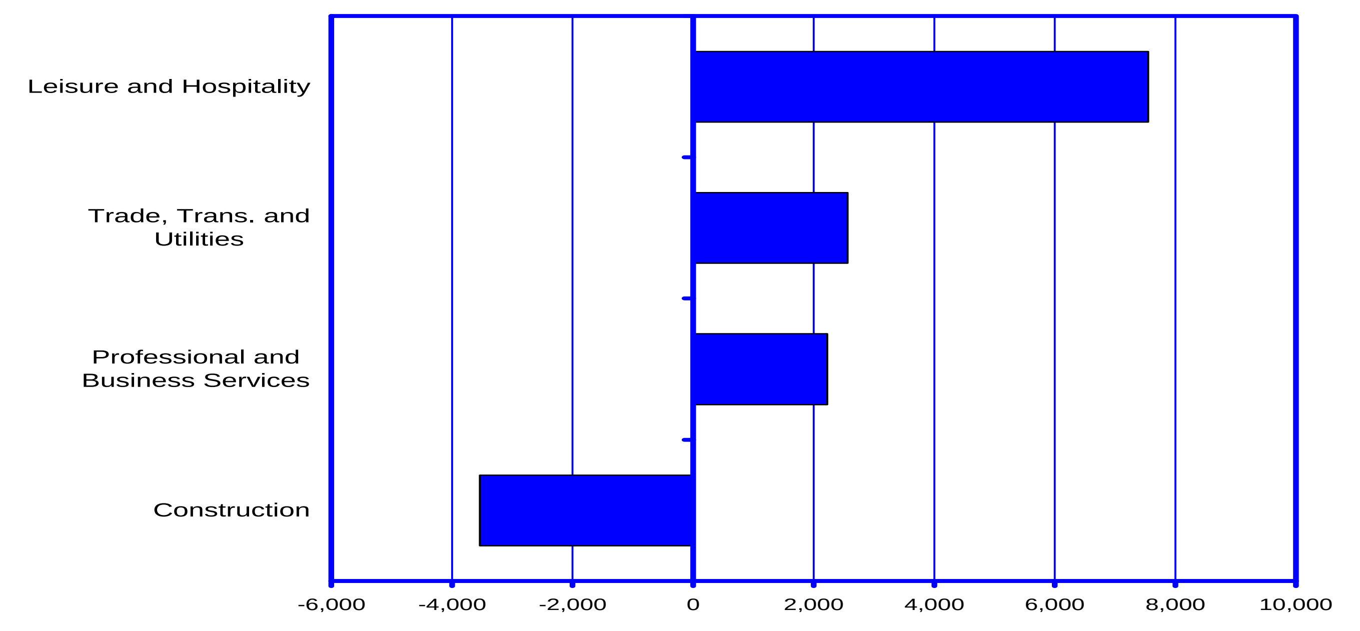
- In 2011:IVQ, 57,500 gross jobs were added in establishments expanding employment. 55,200 jobs were lost in contracting establishments.
- This translates into a net gain of about 2,300.
- Net quarterly job losses approached 40K at the height of the recession.

Historical Industry Job Growth (SA; year-over-year)



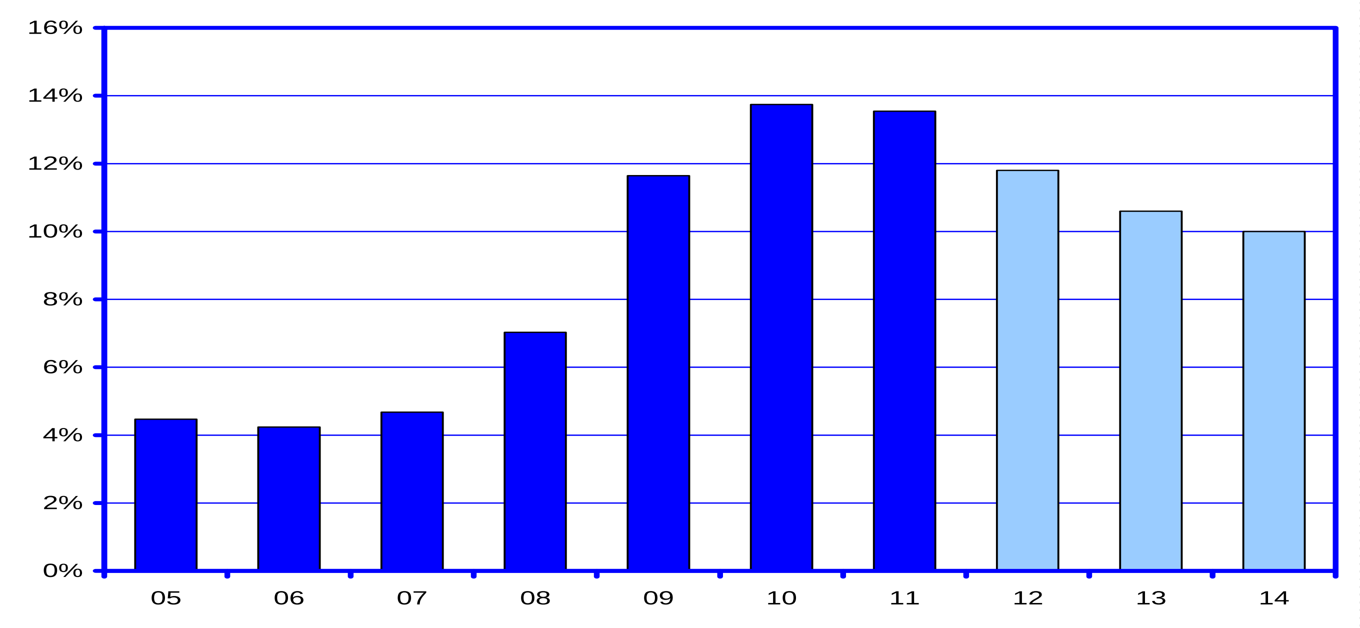
- Job growth in the State's three largest industries remained positive in August, but the pace of growth is constrained.
- Construction jobs continue to trend down.

Job Growth by Industry (YTD; year-over-year; NSA)



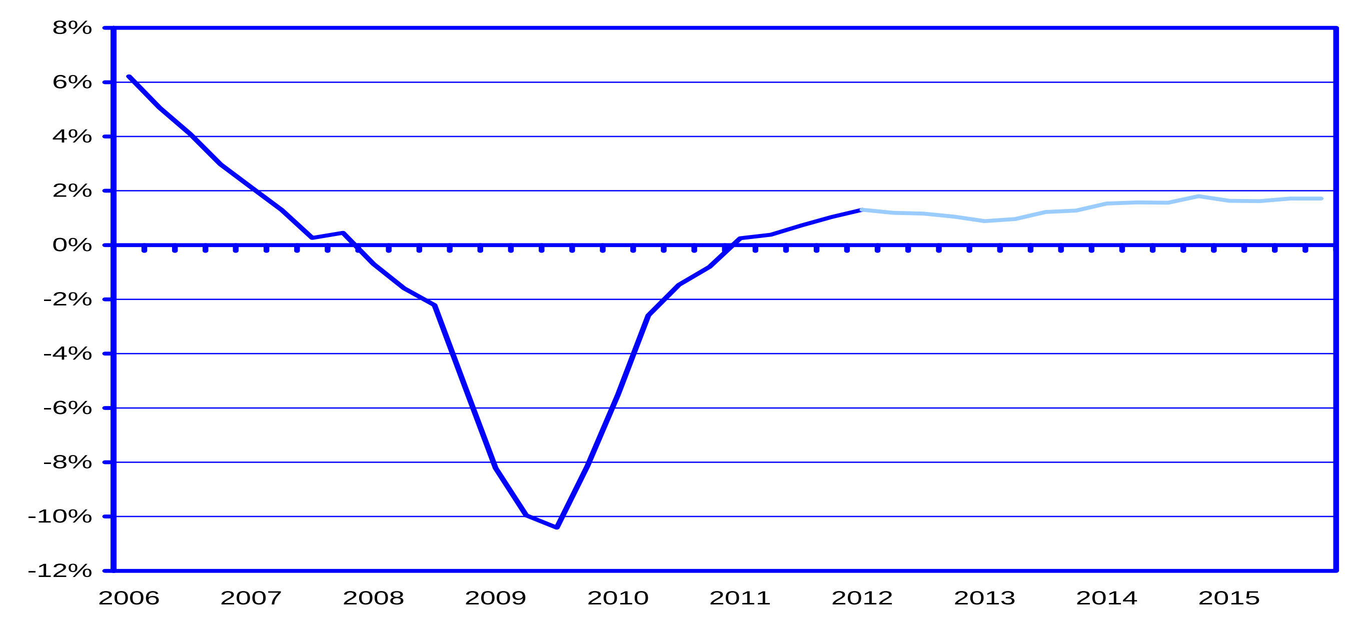
- Leisure/hospitality leads the way with 7,600 more jobs so far this year than in 2011.
- Both TTU and PBS have added around 2,500 jobs over the same period.
- Construction continues to shed jobs, as 3,500 positions have been cut so far this year.

Nevada's Unemployment Rate Forecast



- The jobless rate peaked at 13.7% in 2010.
- We expect a modest downtrend over the next several years.
  - 11.8% in 2012 (12.1% YTD)
  - 10.6% in 2013 and ten percent in 2014

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



- Job losses peaked at 115,000 (-9.2%) in 2009; losses eased to a -2.6% clip in 2010.
- 2011 saw a return to positive growth (+7,000) with an additional 13,000 jobs expected in 2012.
- We expect an additional 12,000 jobs in 2013 (+1.1%), 18,000 in 2014, and 19,000 in 2015.