



Nevada Labor Market Briefing: May 2018

Summary of Labor Market Economic Indicators

Department of Employment, Training, & Rehabilitation

Don Soderberg, Director

Dennis Perea, Deputy Director

David Schmidt, Chief Economist

Prepared by the Research and Analysis Bureau

Nevada's Labor Market Running Strong

Nevada Recovery Scorecard - April, 2018



263,400 Jobs Added Since Recession

184,700 jobs were lost as the recession unfolded
Employment is at a record high in April, at over 1.37 million



Fastest-Growing Private Sector In the Nation



117,000 Small Business Jobs Added

627,000 Nevadans are employed by businesses with less than 100 employees



Record High Number of Employers

70,600 employers operate in Nevada, an increase of 14,500 since the recession



Average Weekly Wages at \$914

Weekly wages have increased by 8.8% since 2014



Jobless Rate Down Nearly 9 Percentage Points

At 4.9% in April, down from 13.7% during the recession



Unemployment Insurance Claims Have Dropped 60%

Initial claims for unemployment insurance peaked at 28,600 per month,
have since dropped to 11,000



UI Trust Fund at Record Balance

Trust Fund balance at record high \$1.3 billion,
after reaching a low of -\$798.9 million during the recession

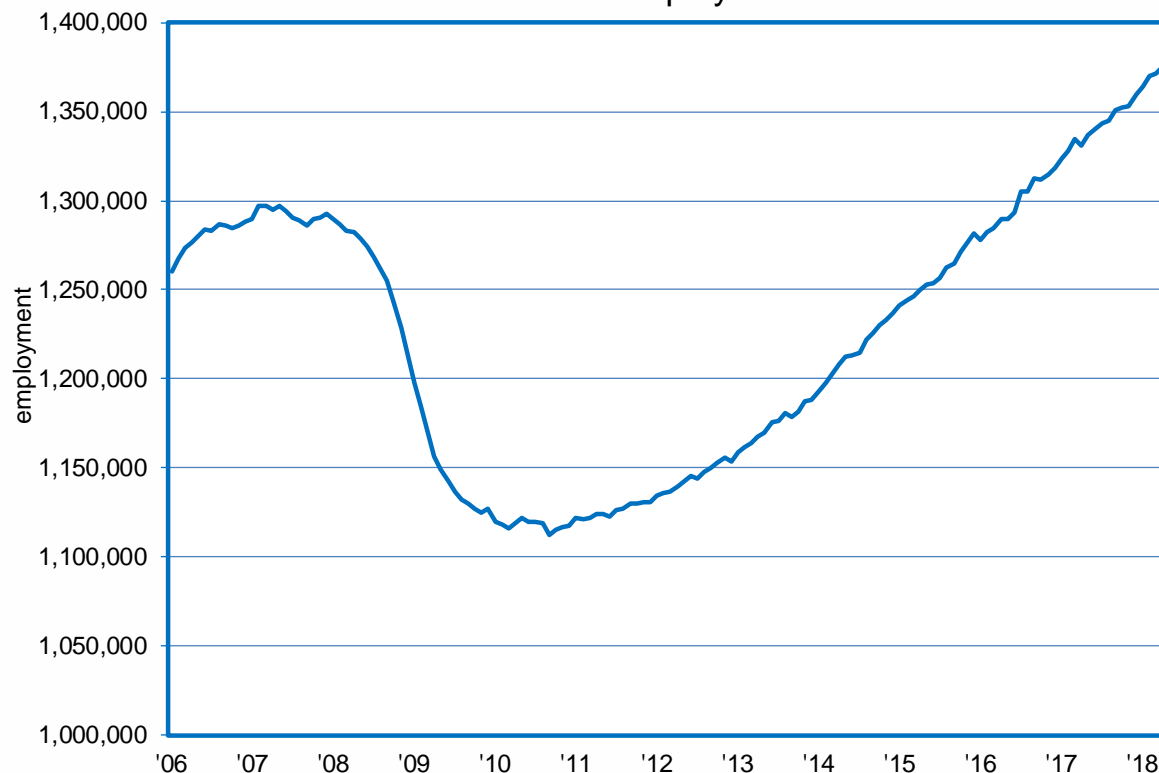
May Employment: Slight Decline Over the Month

Total Employment of 1,374,200 in May¹

Down 700 jobs over the month, 2-month gain still positive at 2,500

76,900 jobs above previous peak

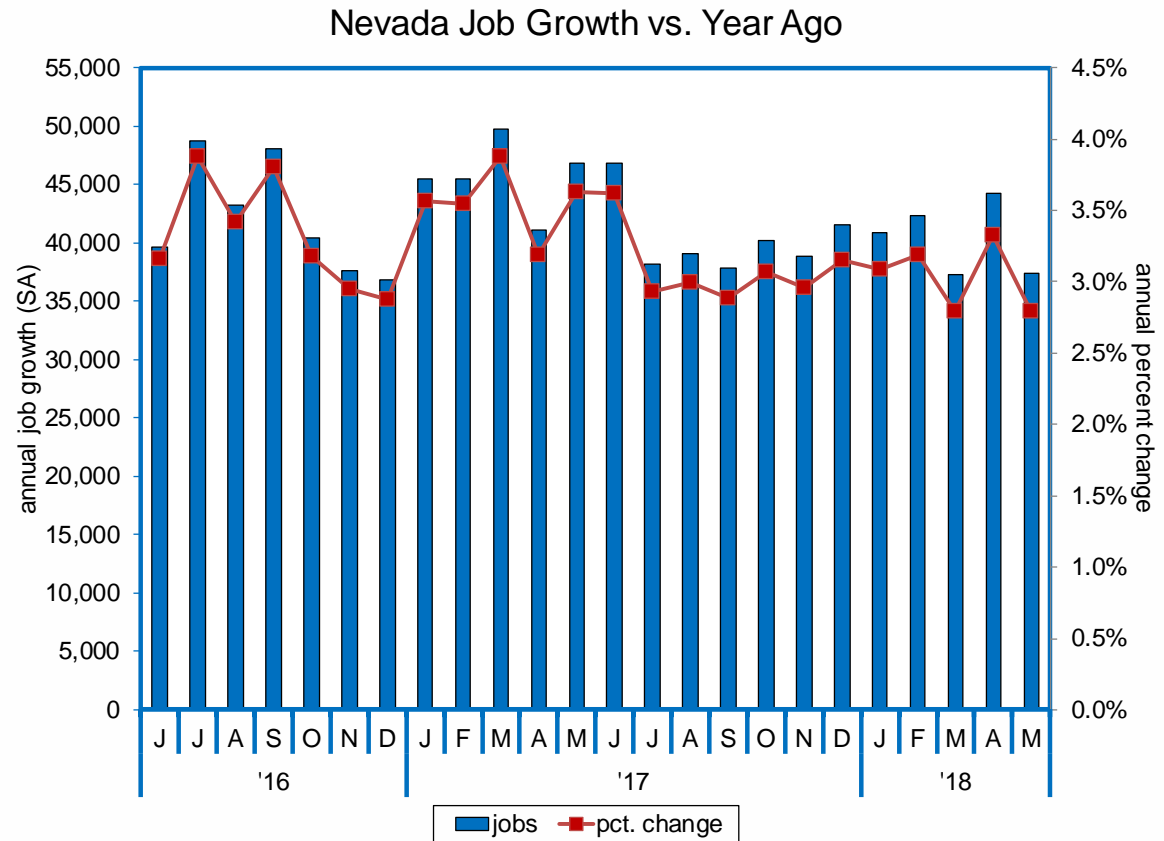
Total Nonfarm Employment



¹ seasonally adjusted

Annual Job Growth Dips Below Three Percent

The State added 37,400 jobs over the year in May, a gain of 2.8%¹



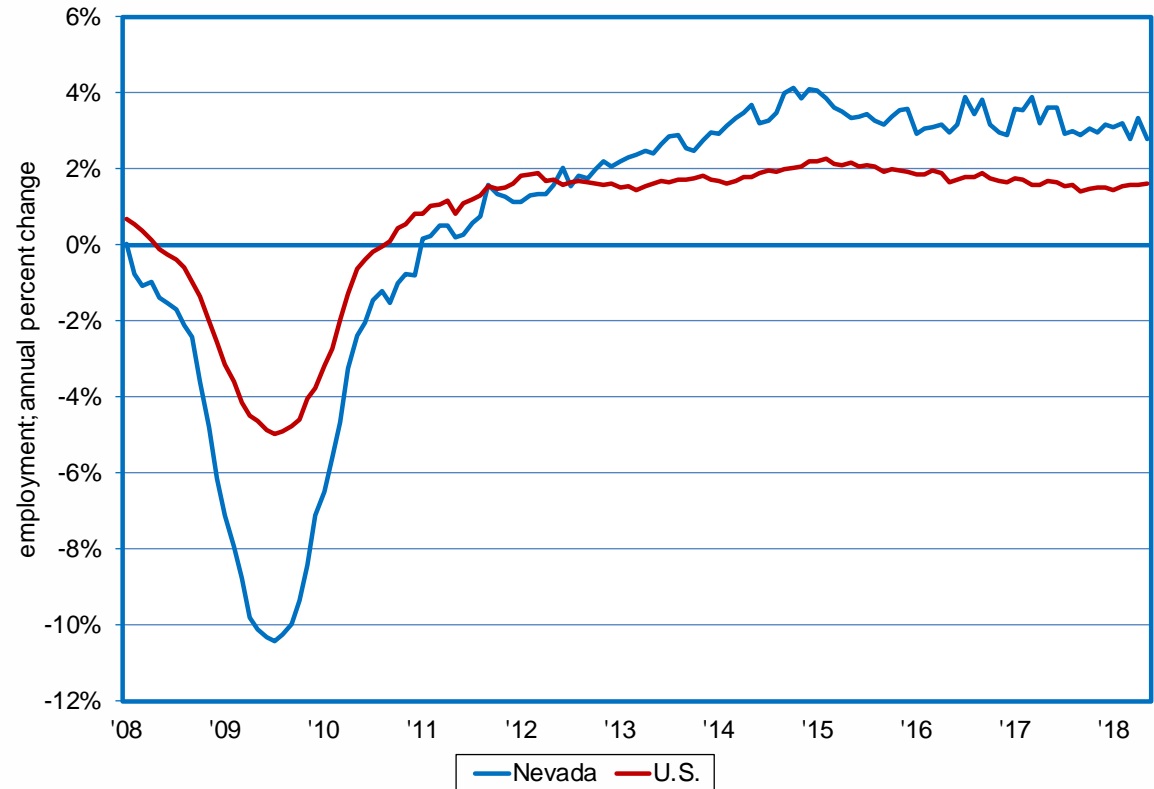
¹ seasonally adjusted

Nevada's Growth Continues to Outpace Nation

Nevada's employment grew at an annual rate of 2.8% in May, compared to 1.6% in the nation as a whole¹

Nevada's job growth has outpaced the nation for 70 straight months

Job Growth: NV vs. U.S.



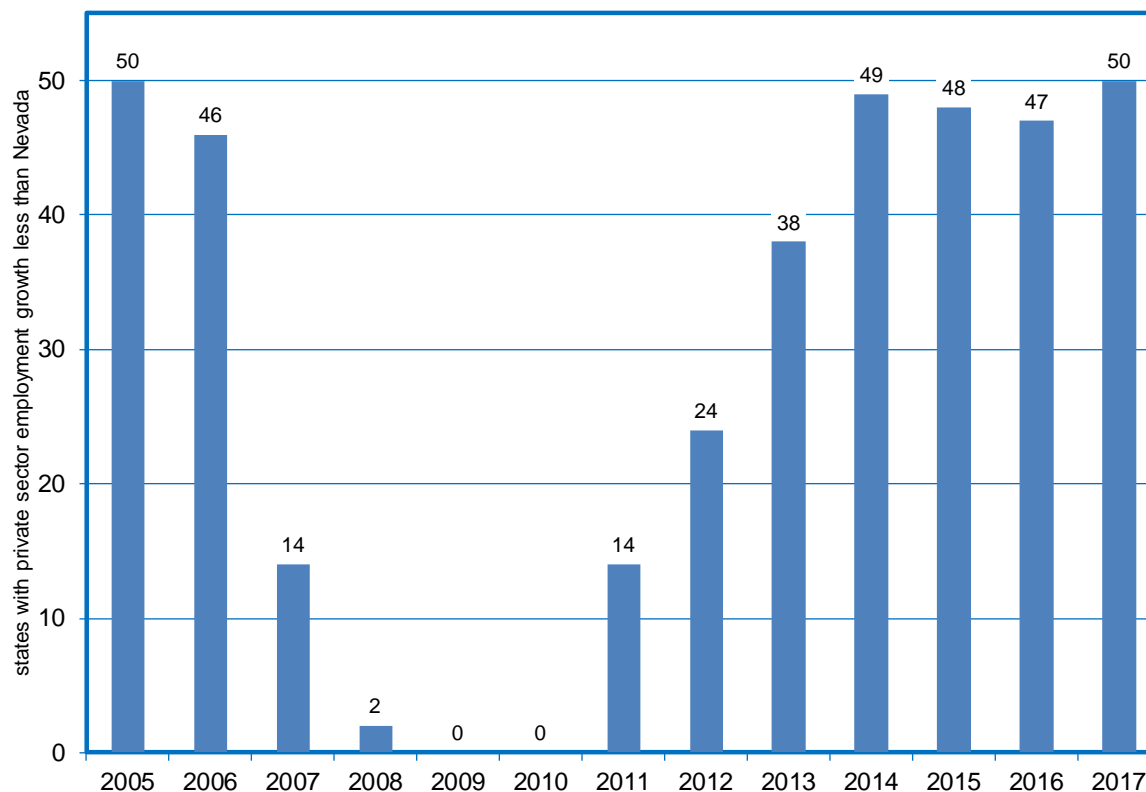
¹ seasonally adjusted

Nevada Maintains Highest Private Sector Job Growth in the U.S. Through 2017

Nevada led the nation in private-sector job growth in 2017

Employment up 38,600 from 2016, a growth rate of 3.4 percent

U.S. Private Sector Growth Rankings

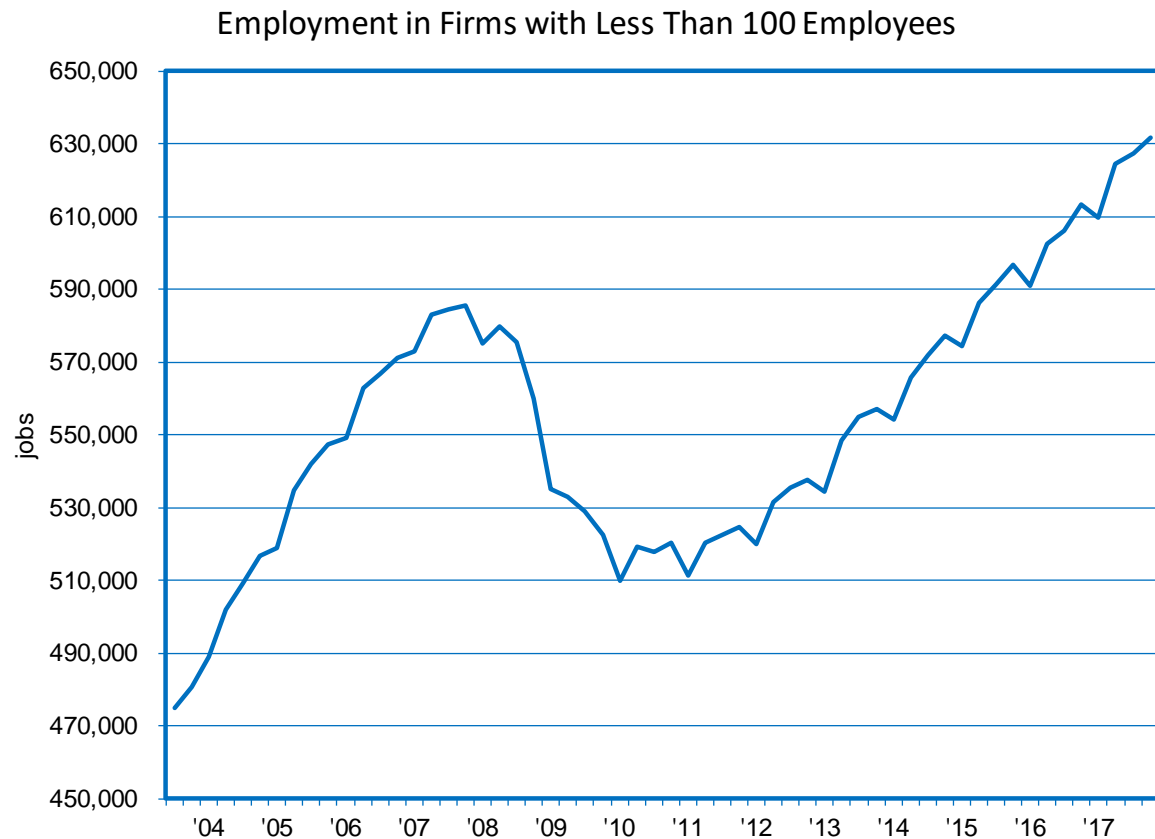


Nevada's Small Businesses Continue Adding Jobs

As of 2017:IVQ,
employment in
Nevada's small
businesses
totaled 632,000

28 consecutive
quarters of
annualized
growth

Nearly 46,000
more jobs than
previous peak in
2007



Year-to-Date Job Growth Across Nearly All Sectors

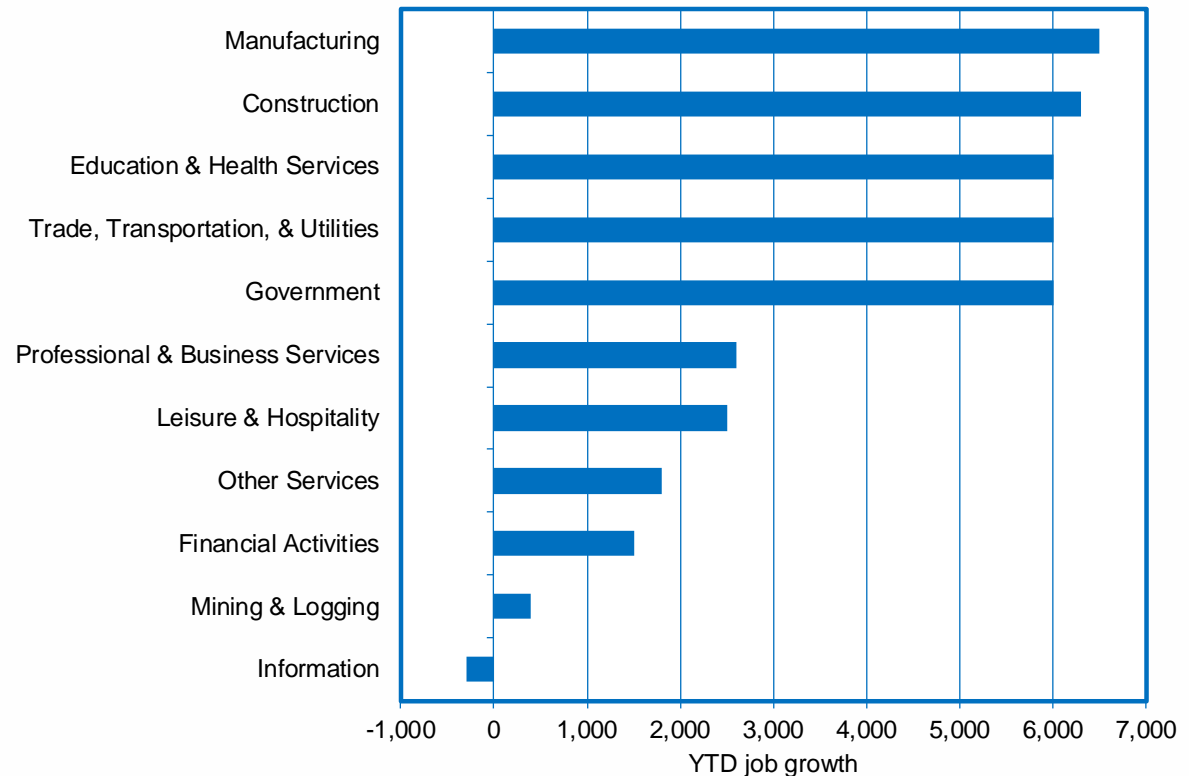
Manufacturing added 6,500 jobs through May, a gain of 14.3%¹

Construction added 6,300 jobs or 7.8%

Ed/health services, trade/trans./utilities, and government each added 6,000 jobs

Information sector is down by 300

Nevada Nonfarm Job Growth by Industry



¹ not seasonally adjusted

May 2018 Unemployment Rate: 4.8%

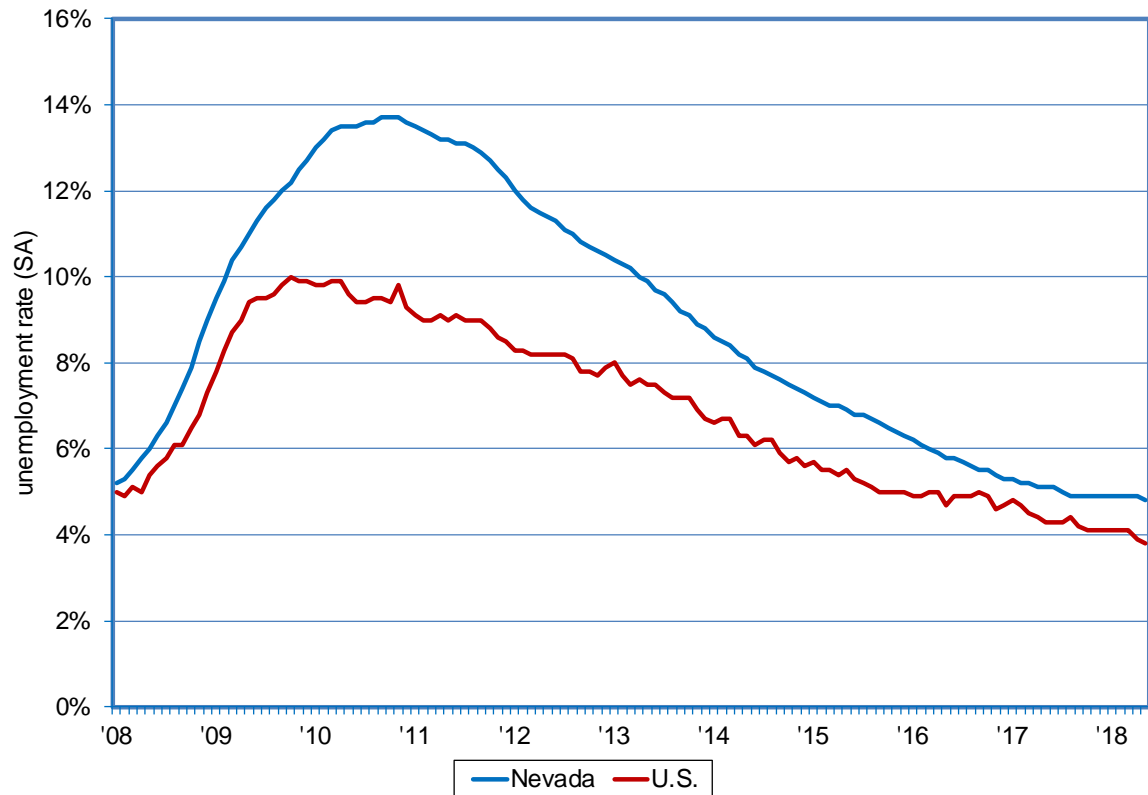
0.1 point decline
is first in ten
months¹

Down from 5.1%
a year ago

Peaked at 13.7%
during the
recession

Gap between
Nevada and the
nation steady at
one percentage
point in May

Unemployment Rate: Nevada vs. U.S.



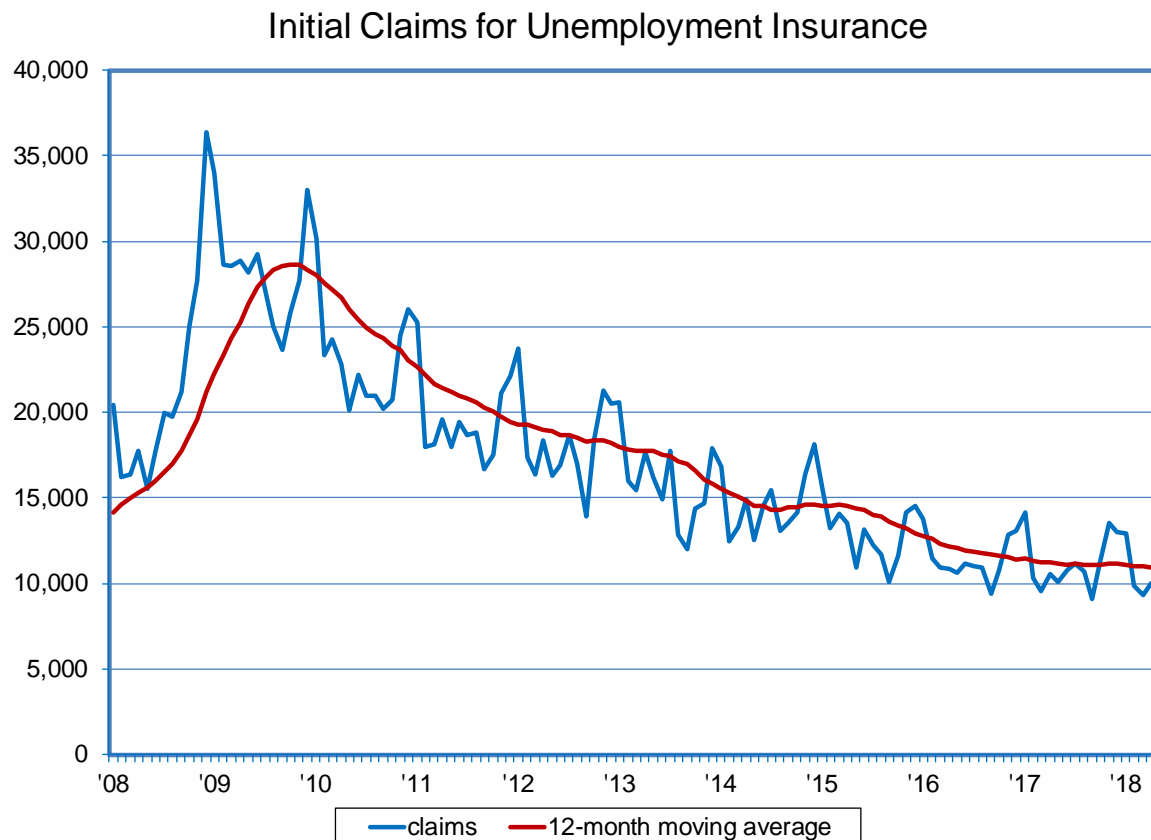
¹ seasonally adjusted

Initial Claims for Unemployment Insurance

9,800 initial claims in May, down two percent over the month

Decline of three percent from the previous year

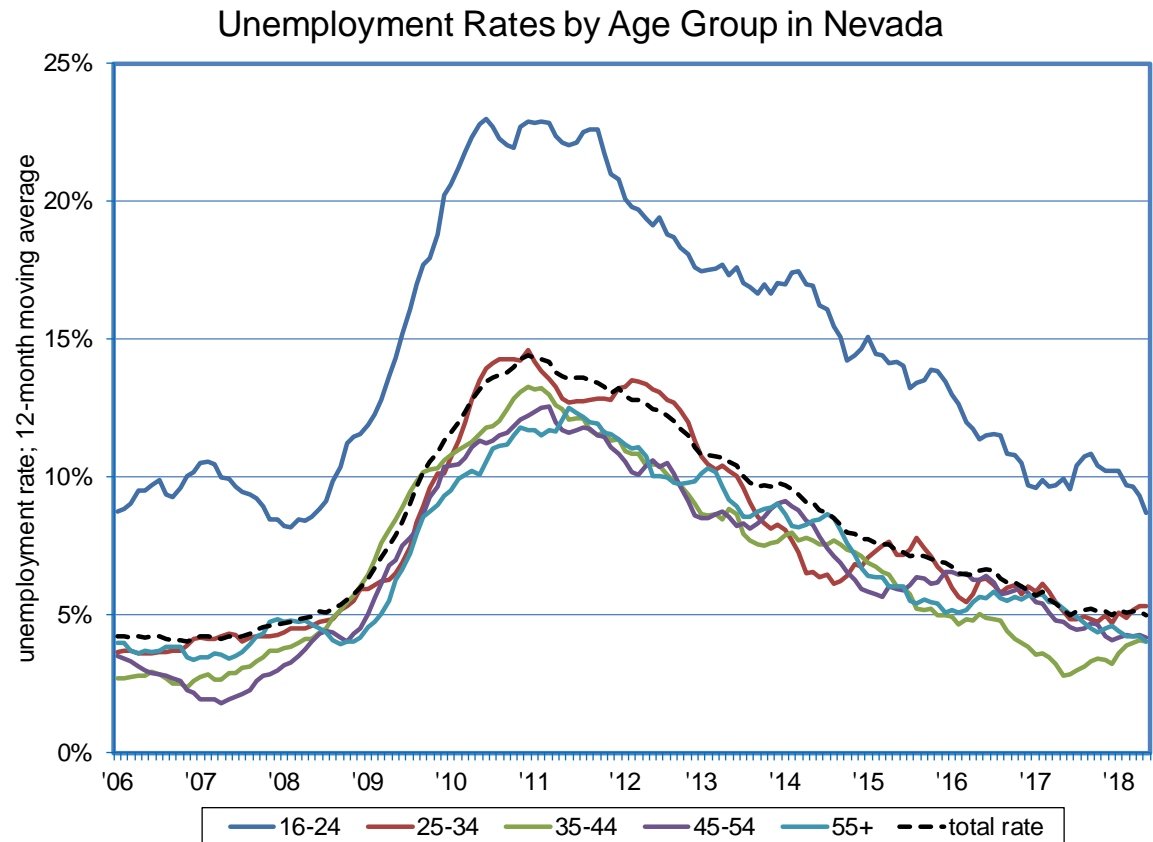
Maximum weekly benefit amount for FY 2019 set at \$450



Jobless Rate for Teens and Young Adults Now Below Pre-recession Level

Among unemployed teens and young adults 16-24 years old:

- 26.6% have less than a High School diploma
- 48.4% have a High School diploma
- 22.4% have some college or associate degree,
- 2.6% have a Bachelor's degree or higher



Alternative Measures of Labor Underutilization

Most measures of unemployment are at or near 2003 levels.

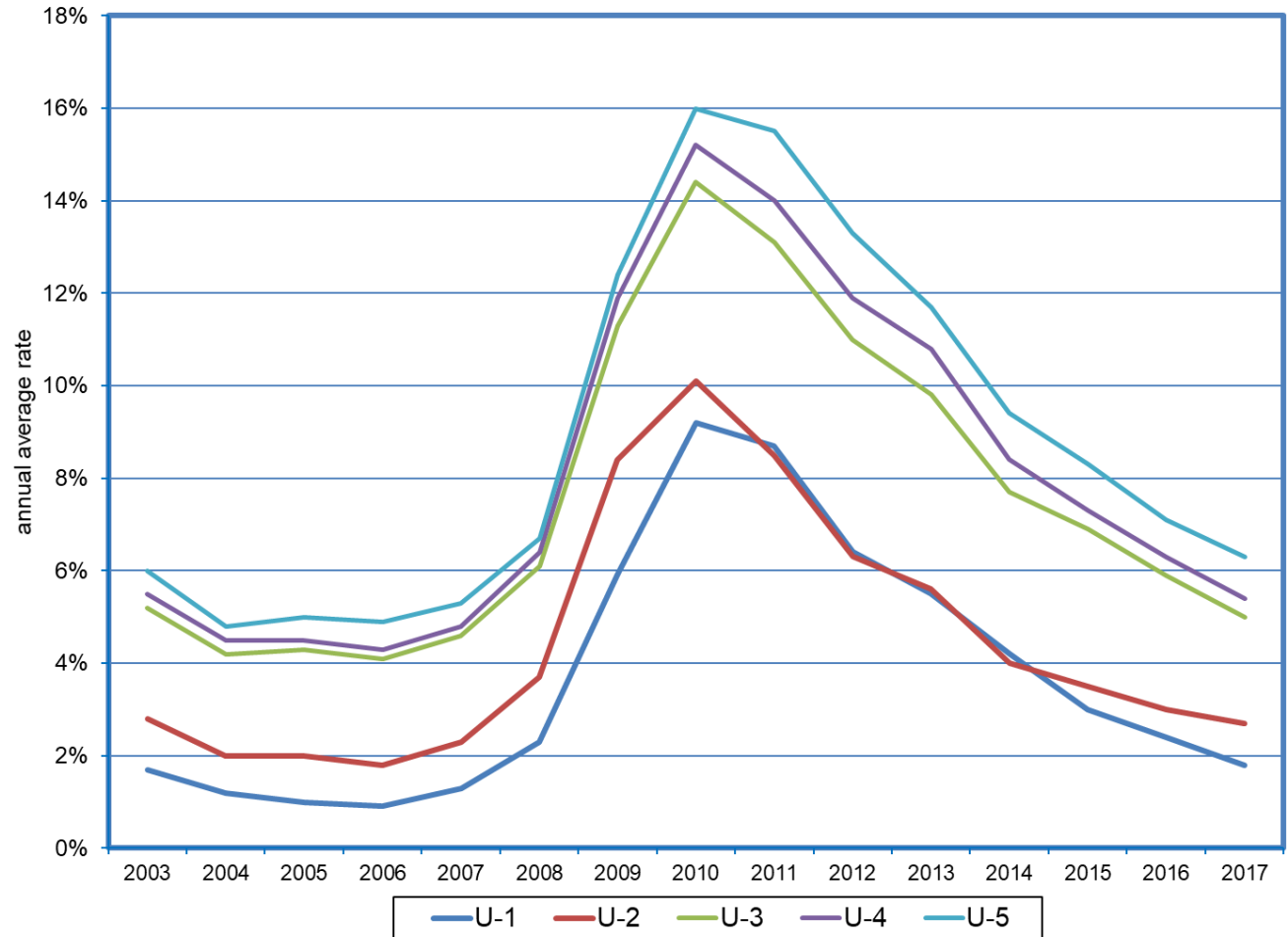
U-1: Unemployed 15 weeks or more

U-2: Job Losers

U-3: Similar to official rate

U-4: U-3 plus discouraged workers.

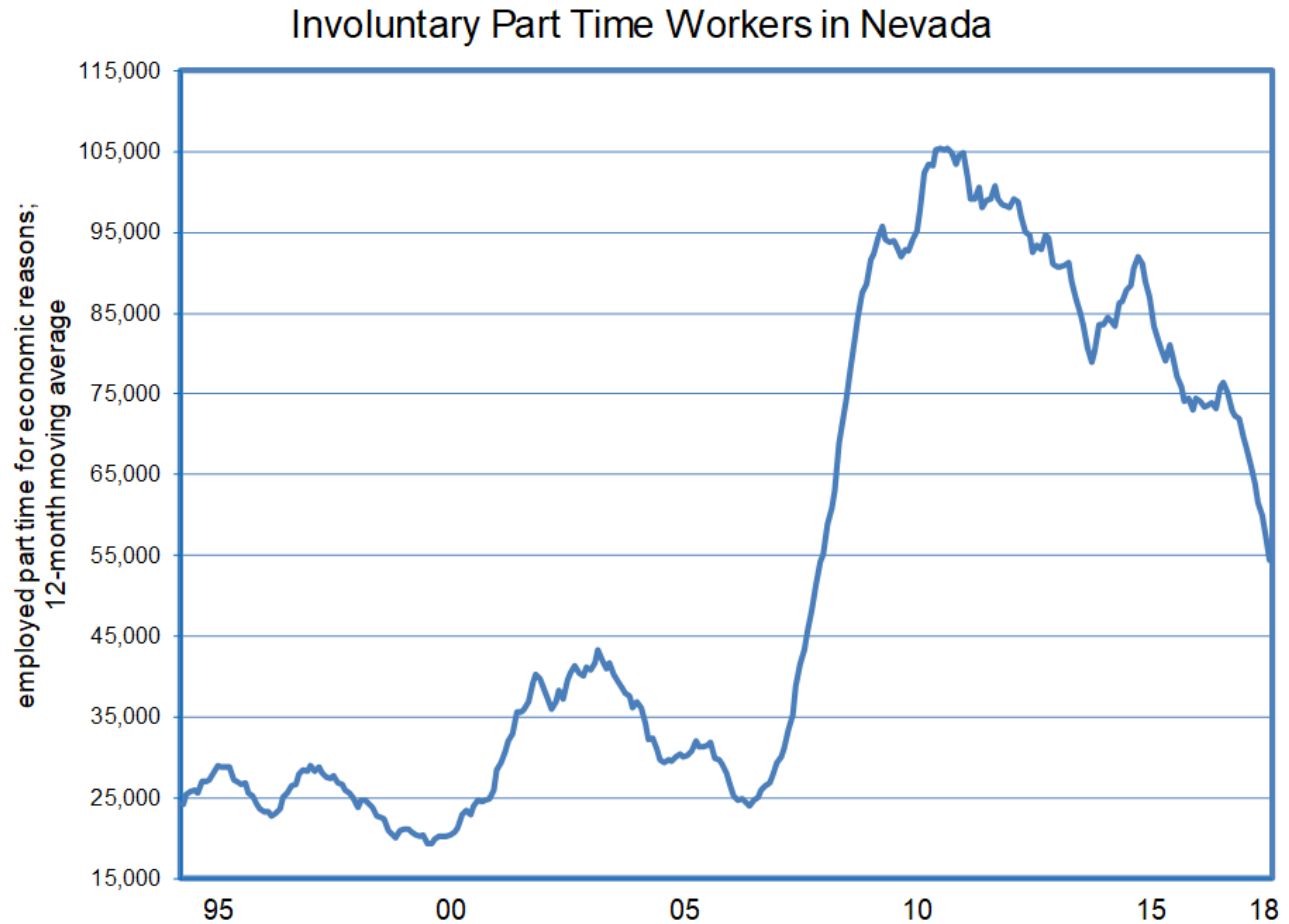
U-5: U-4 plus other marginally attached to labor force.



Involuntary Part-Time Employment

Levels of involuntary part-time employment remain high, but have been falling since late 2010.

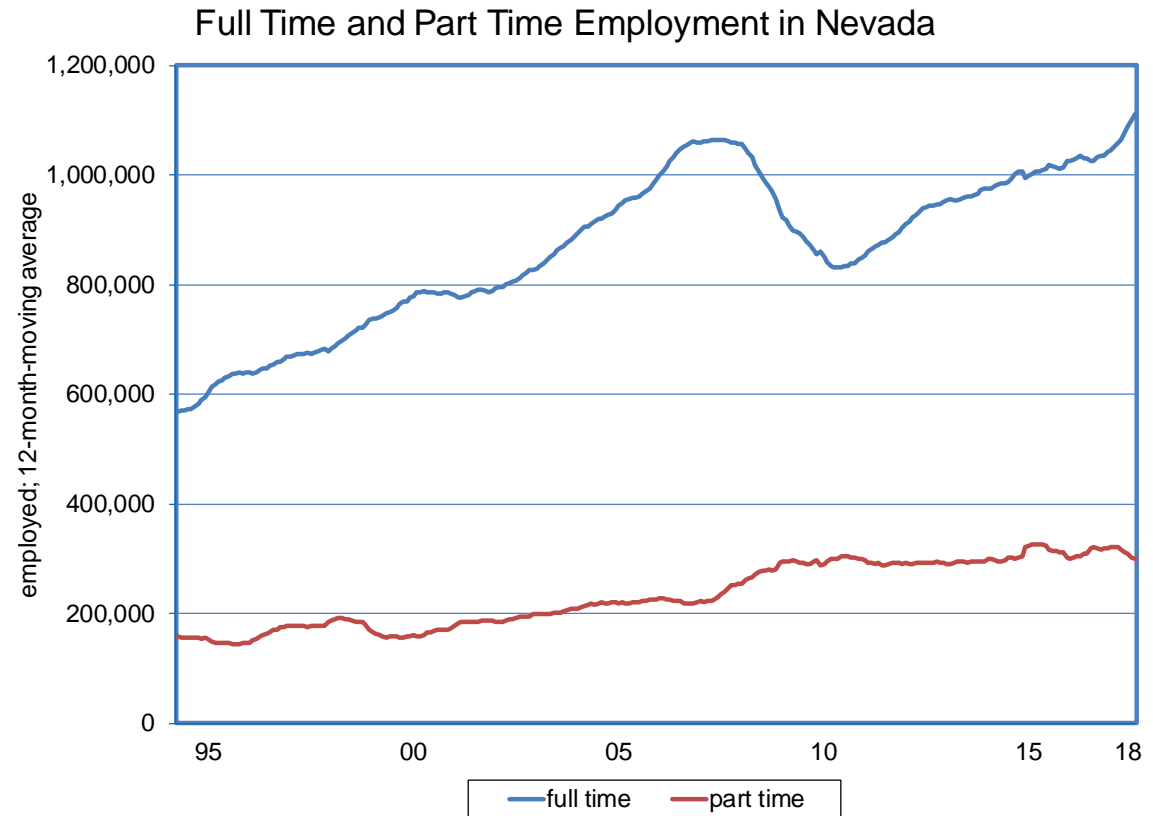
People who are employed part-time, but would prefer full-time employment if it were available.



Full Time Employment in Nevada Reaches a New All Time High

1,112,190
Nevadans are employed full time (working 35 hours or more per week), a record high

299,210
Nevadans are employed part time

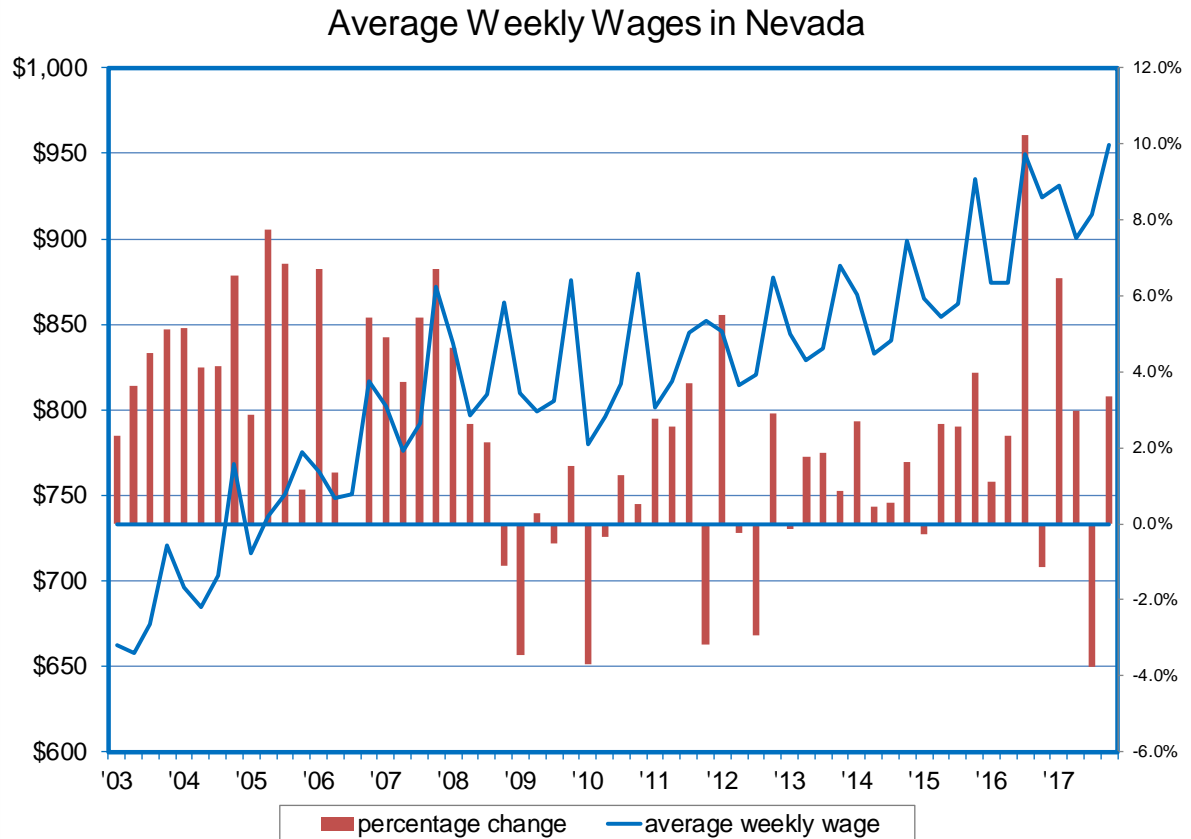


Average Weekly Wages Reach New High

As of 2017:IVQ, average weekly wages reached a record-high of \$955

An increase of \$31 or 3.3% over the year

Wages have increased 6.2% since 2014, while consumer prices grew by just 4.3% over the same period



National Data on Full-Time / Part-Time Wages

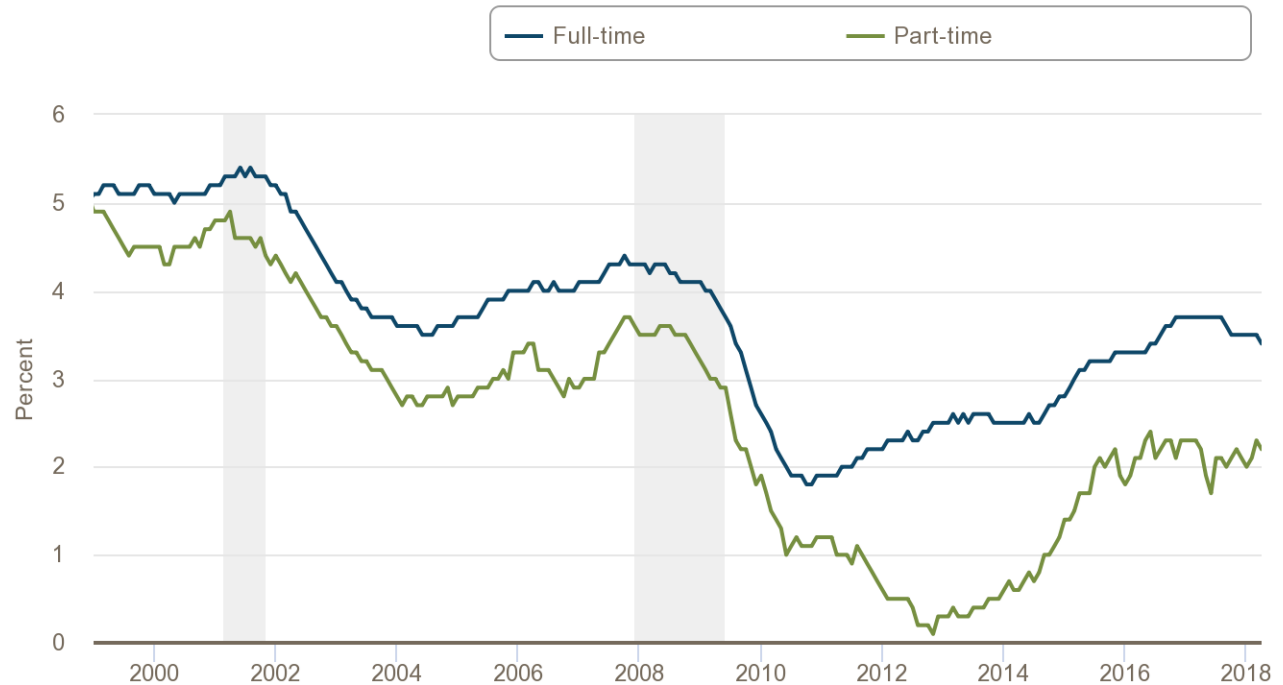
Source: Federal Reserve Bank of Atlanta, Macroblog

This larger gap (between full-time wage changes and part-time wage changes) appears to be attributable to a rise in the share of part-time employment in low-skilled jobs since the recession.

In particular, relative to 2007, the share of part-time workers in the Wage Growth Tracker data in low-skilled jobs has increased by about 3 percentage points, whereas the share of full-time workers in low-skilled jobs has remained essentially unchanged.

Wage Growth Tracker by Full-Time or Part-Time

12-month moving averages of median wage growth



Sources: Current Population Survey, Bureau of Labor Statistics and author's calculations

FEDERAL RESERVE BANK of ATLANTA

Exported on: Friday, June 1, 2018

<http://macroblog.typepad.com/macroblog/2018/06/part-time-workers-are-less-likely-to-get-a-pay-raise.html>

National Data on Drivers of Wage Growth

Source: Federal Reserve Bank of Atlanta, Macroblog

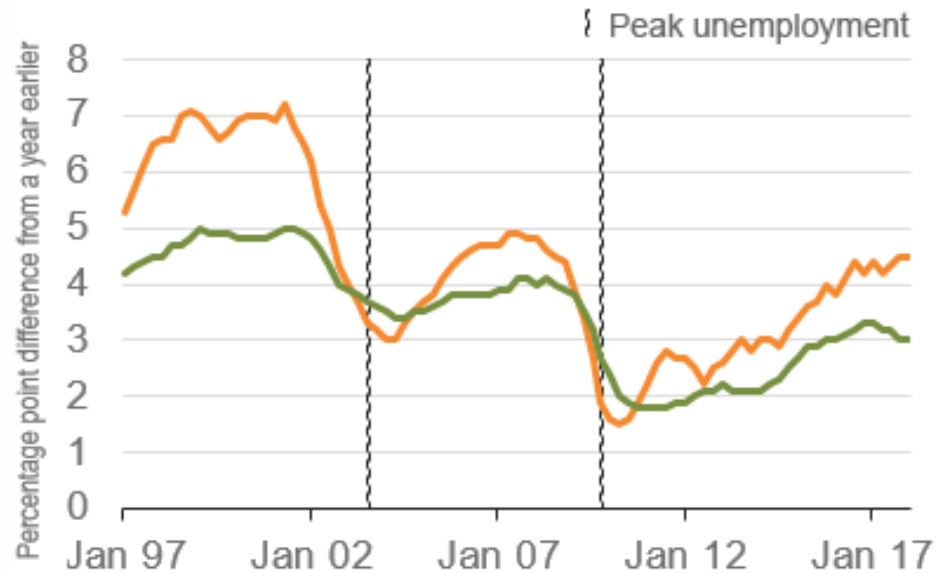
Although wages haven't been rising faster for the median individual, they have been for those who switch jobs. This distinction is important because the wage growth of job-switchers tends to be a better cyclical indicator than overall wage growth. In particular, the median wage growth of people who change industry or occupation tends to rise more rapidly as the labor market tightens.

Changing industry when unemployment is high tends to result in a wage growth penalty relative to those who remain employed in the same industry. But when the unemployment rate is low, voluntary quits rise and workers who change industries tend to experience higher wage growth than those who stay.

The wage growth performance for those changing jobs suggests... the labor market is continuing to gradually tighten.

Median Wage Growth for Those Who ...

— Move to a different industry — Stay in the same industry



Note: Data are through the first quarter of 2018 and depict a four-quarter average.

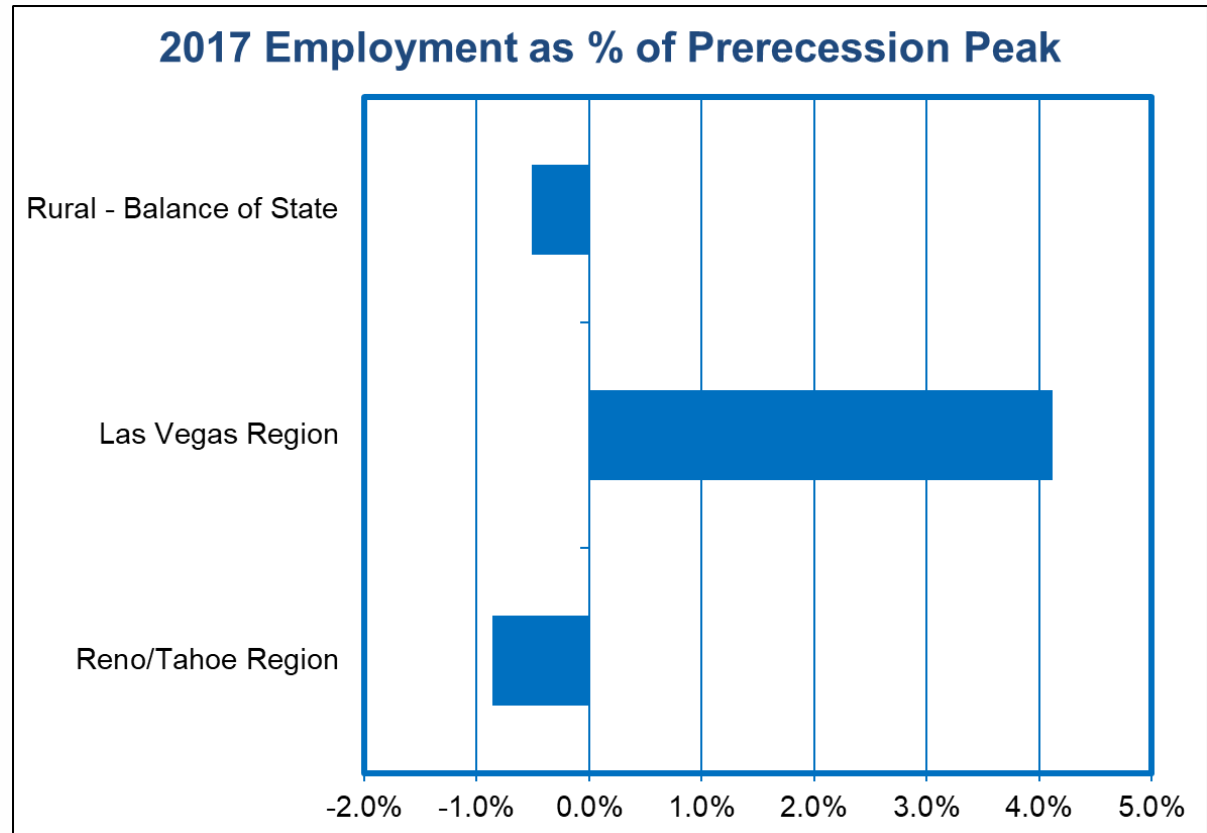
Source: Current Population Survey, FRBA staff calculations

<http://macroblog.typepad.com/macroblog/2018/04/hitting-a-cyclical-high-the-wage-growth-premium-from-changing-jobs.html>

Employment Changes Since Recession by Area

Las Vegas is the only area to have passed its prerecession employment peak.

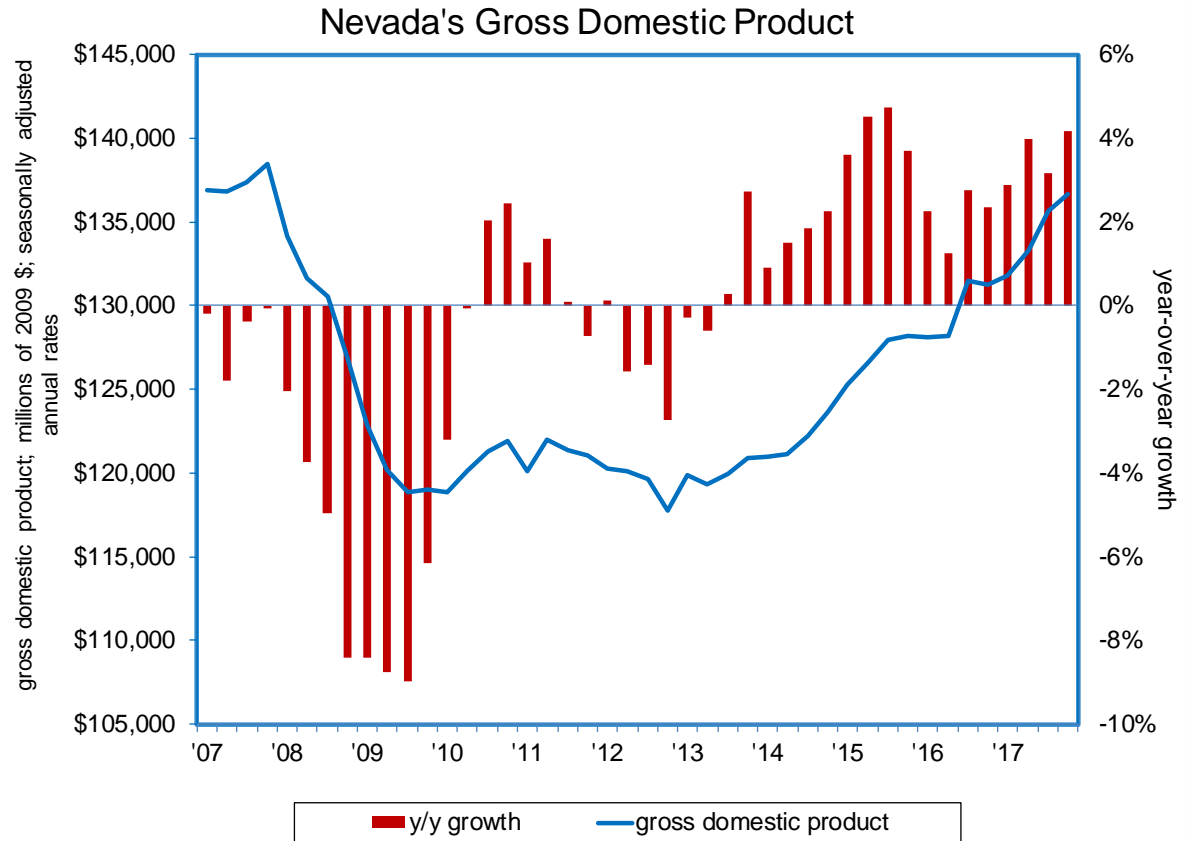
The Reno and Carson City MSAs are growing at a faster pace than Las Vegas, and are both within 1% of prerecession levels.



Nevada's Economy: GDP Growth

Nevada's gross domestic product (GDP) totaled over \$131 billion (in 2009 \$s) in 2017:IVQ

Nevada's GDP growth, at 4.2% in 2017:IVQ, has exceeded the nation's for six consecutive quarters

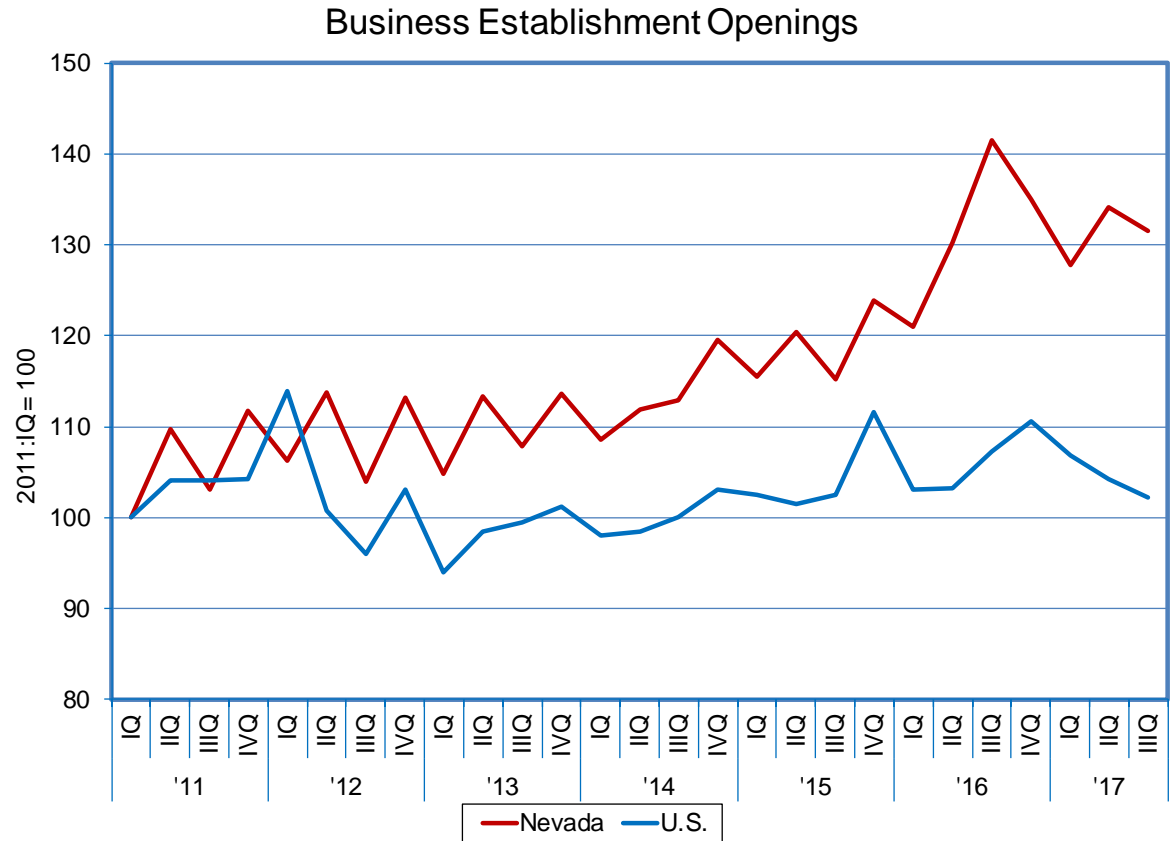


Nevada Private Sector Business Establishment Openings

Nevada added 4,200 new business establishments during 2017:IIIQ

Openings have exceeded 4,000 in each of the past six quarters

Openings are exceeding the pace of the US as a whole.



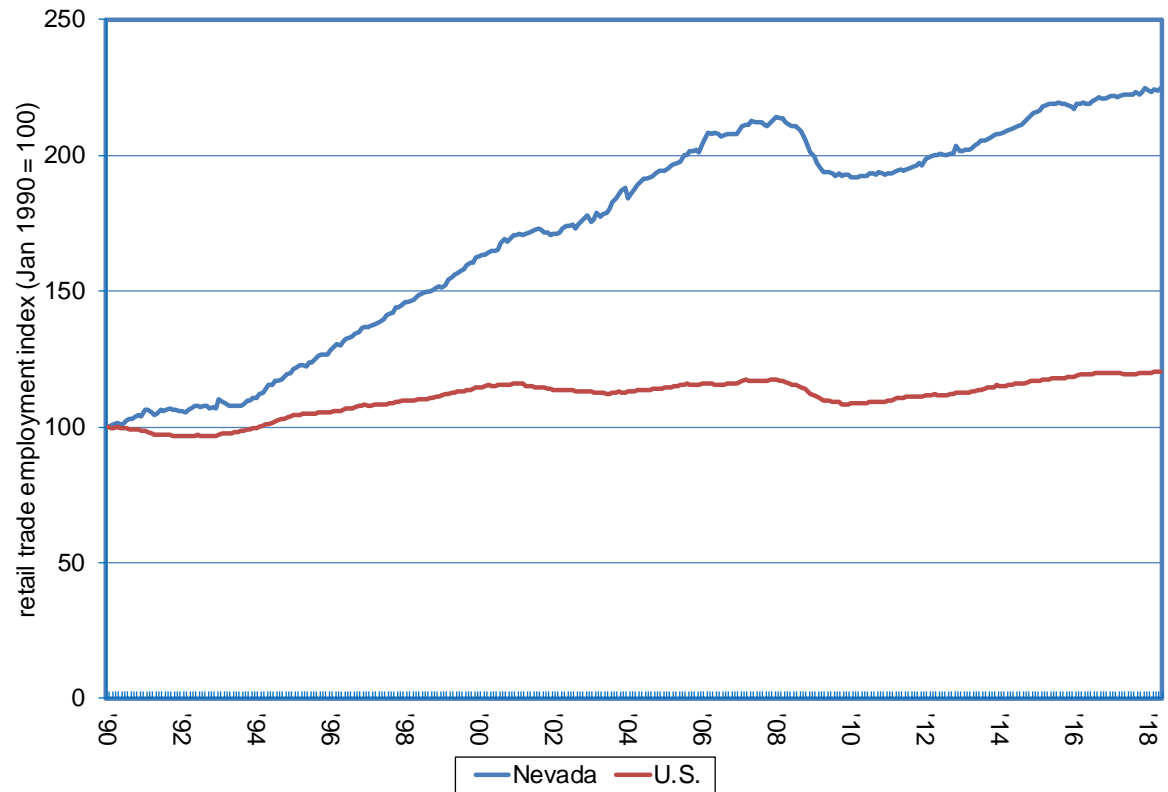
Nevada's Retail Employment

Nevada's retail trade employment more than doubled from 1990 to 2018

Strongest gain in the nation

Clothing and accessories stores saw the largest gain, followed by general merchandise stores

Retail Trade Growth: Nevada vs. U.S.

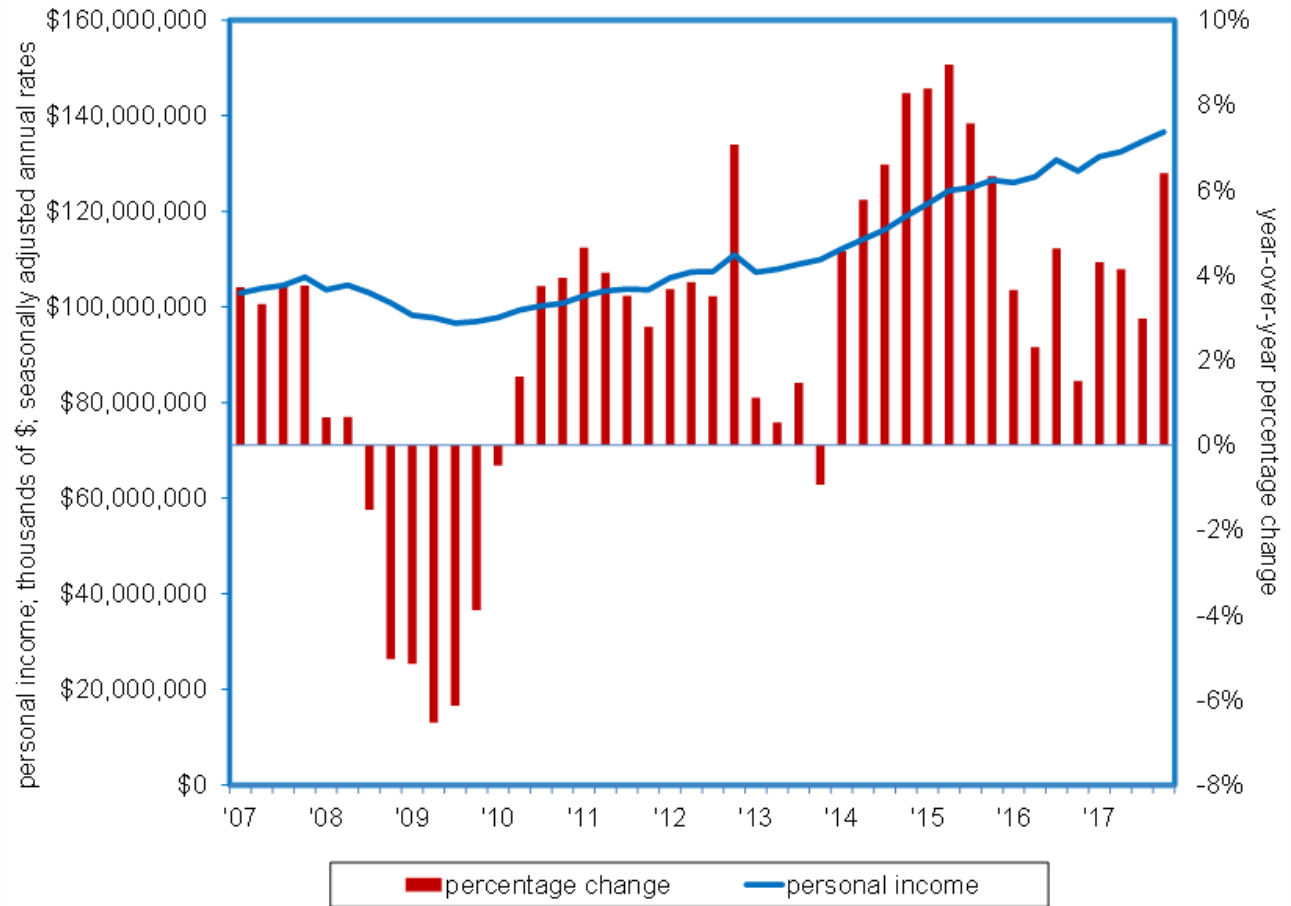


Measures of Nevada's Economy: Personal Income

Personal Income in Nevada has risen in 30 of the past 31 quarters.

In the fourth quarter of 2017, Nevada's growth rate of 6.4% was the strongest in the nation.

Personal income is the income received by all persons from all sources: net earnings, property income, and personal current transfer receipts.



Measures of Nevada's Economy: Personal Income

Per Capita Personal Income, calculated using 2016 data, shows that there is significant variation in personal income between Nevada's counties.

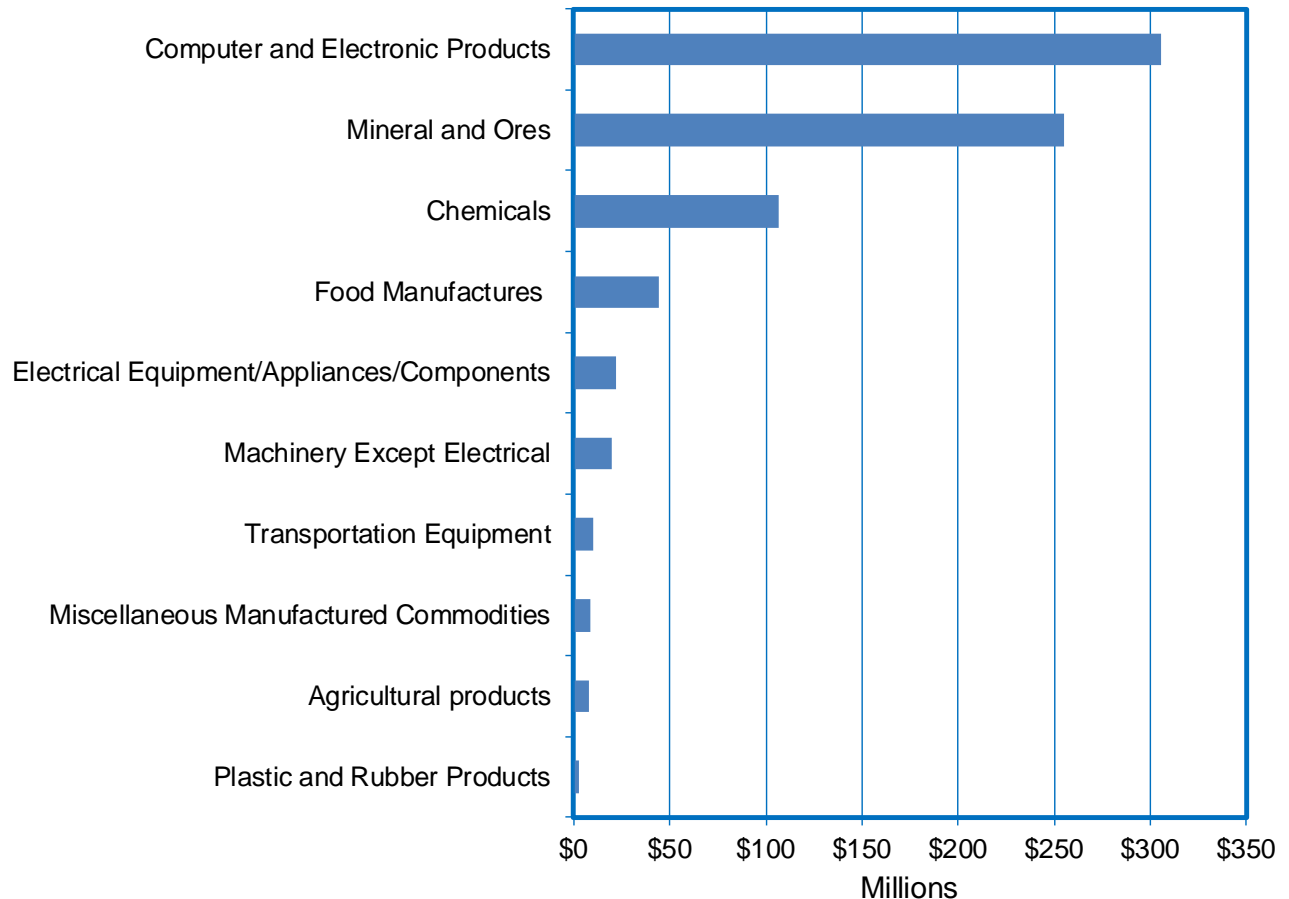
Douglas County, with the highest per capita personal income of over \$65,000 is more than double that in Pershing and Lincoln counties.

County	2016 Personal Income	2016 Population	Per Capita Personal Income, 2016
Douglas, NV	\$ 3,145,049.00	48,020	\$ 65,494.56
White Pine, NV	\$ 400,216.00	6,982	\$ 57,321.11
Lander, NV	\$ 303,714.00	5,702	\$ 53,264.47
Washoe, NV	\$ 22,549,907.00	453,616	\$ 49,711.45
Elko, NV	\$ 2,392,716.00	52,168	\$ 45,865.59
Humboldt, NV	\$ 739,086.00	16,842	\$ 43,883.51
Storey, NV	\$ 174,474.00	4,051	\$ 43,069.37
Carson City, NV	\$ 2,351,420.00	54,742	\$ 42,954.59
Clark, NV	\$ 91,150,359.00	2,155,664	\$ 42,284.12
Esmeralda, NV	\$ 33,296.00	790	\$ 42,146.84
Mineral, NV	\$ 180,158.00	4,449	\$ 40,494.04
Churchill, NV	\$ 913,968.00	24,198	\$ 37,770.39
Nye, NV	\$ 1,549,949.00	43,423	\$ 35,694.19
Eureka, NV	\$ 65,482.00	1,917	\$ 34,158.58
Lyon, NV	\$ 1,787,910.00	53,179	\$ 33,620.60
Pershing, NV	\$ 201,808.00	6,560	\$ 30,763.41
Lincoln, NV	\$ 150,121.00	5,055	\$ 29,697.53

Nevada's Top Export Products to China, 2017

Nevada's top export commodity to China is computer and electronic products, worth \$306 million or 38%

Exports of mineral and ore products (e.g. primarily gold and other mining activities) totaled \$255 million, or 32%

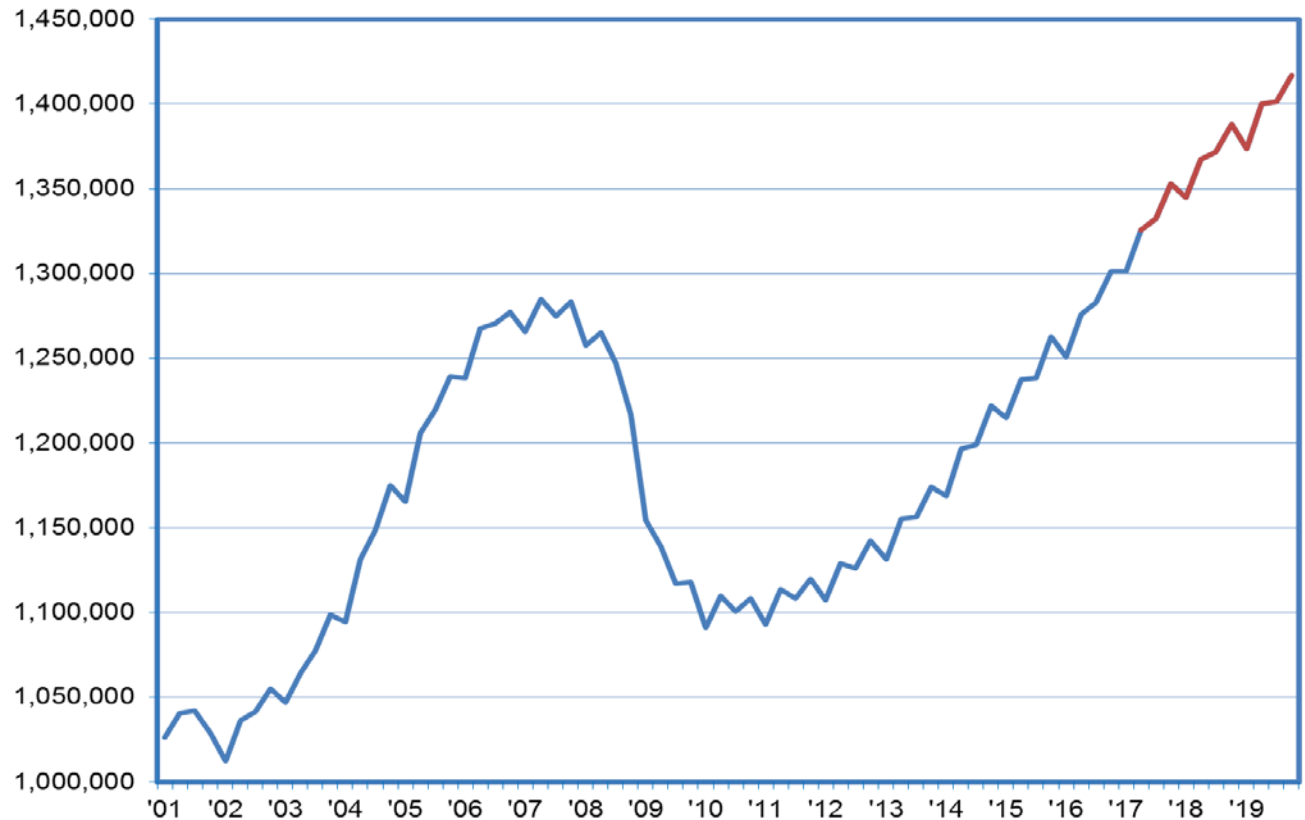


Projections—Some General Comments

- Growth across all sectors.
- Manufacturing growth driven by Tesla.
- Construction driven by commercial projects like the Las Vegas convention center, Raiders Stadium, Genting development, data centers, warehousing, large manufacturing facilities, and residential housing.
- Information sector driven by growth in Data Centers like- SWITCH, Apple, etc.
- Projections are unchanged since December Forum, new projections will be coming out over the next 1-2 months.

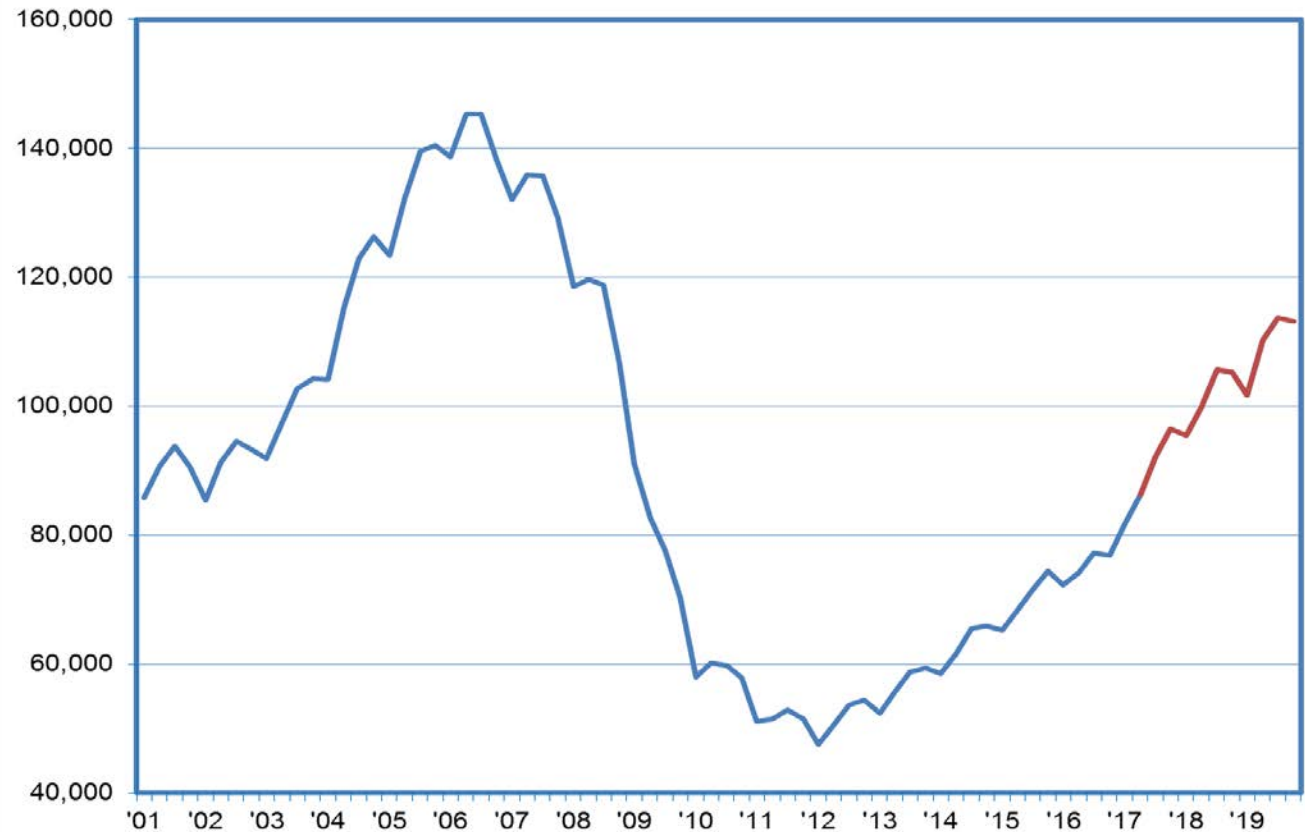
Total Employment: History & Forecast

Job levels expected to exceed prerecession peak by 127,000 at the end of 2019.



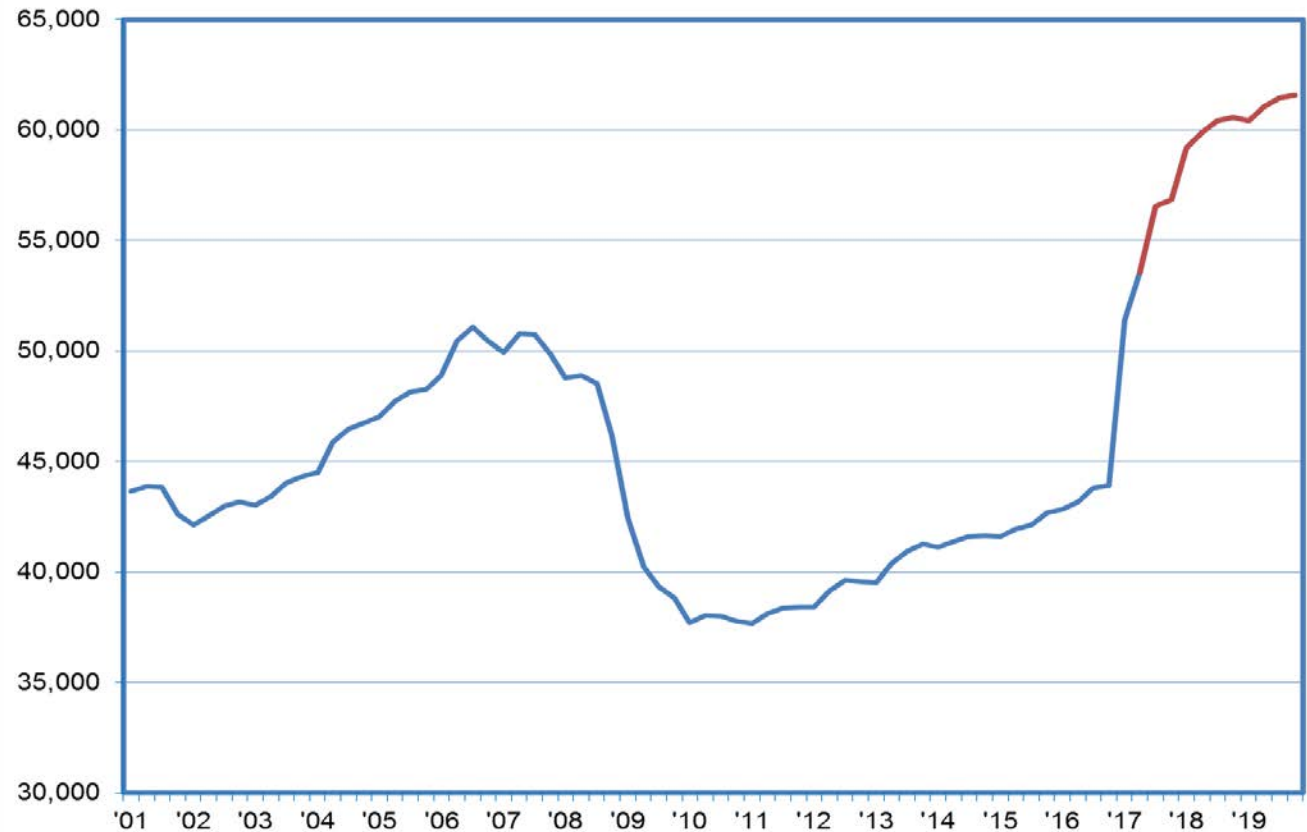
Construction Employment: History & Forecast

Construction employment will have added 54,000 jobs by the end of 2019, more than half of the jobs lost in the recession.



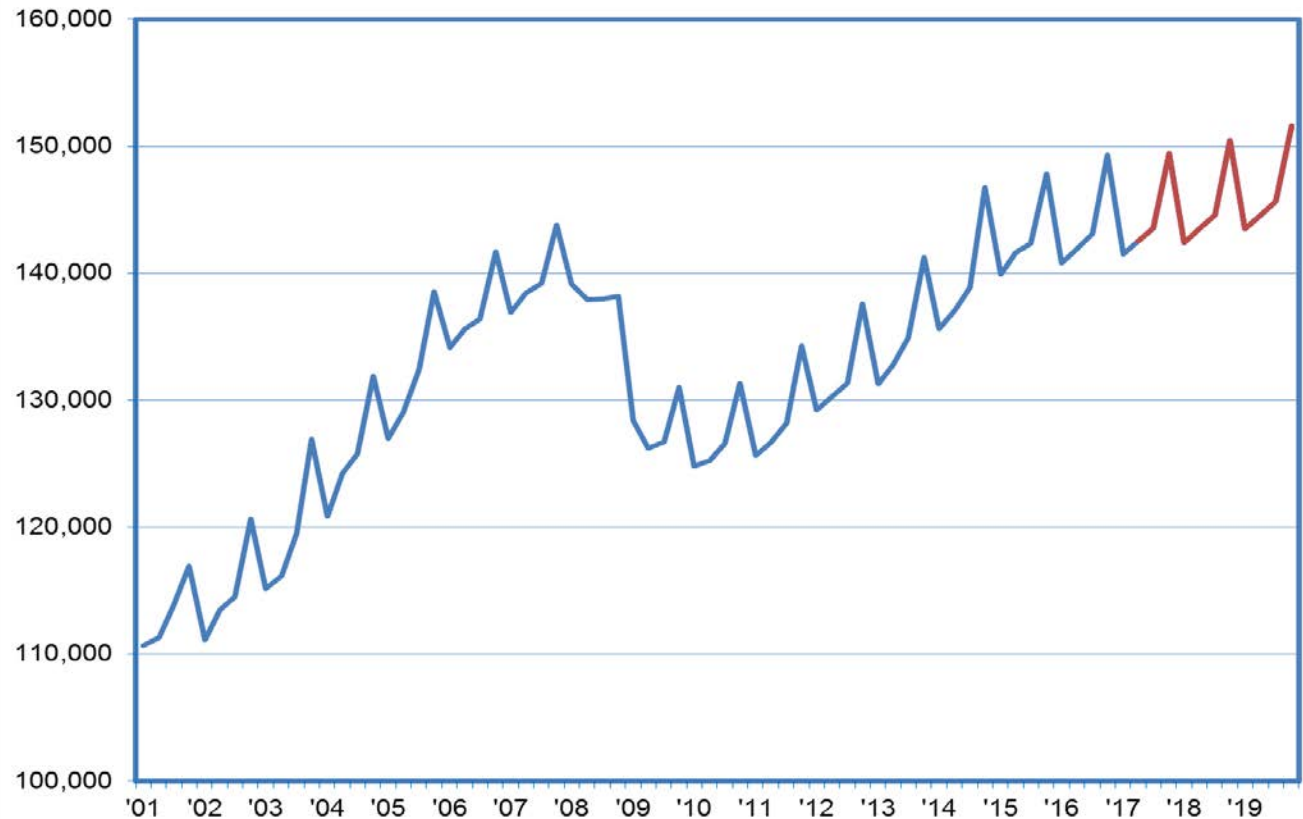
Manufacturing Employment: History & Forecast

Further growth expected in manufacturing jobs, with 14,300 new jobs through the end of 2019.



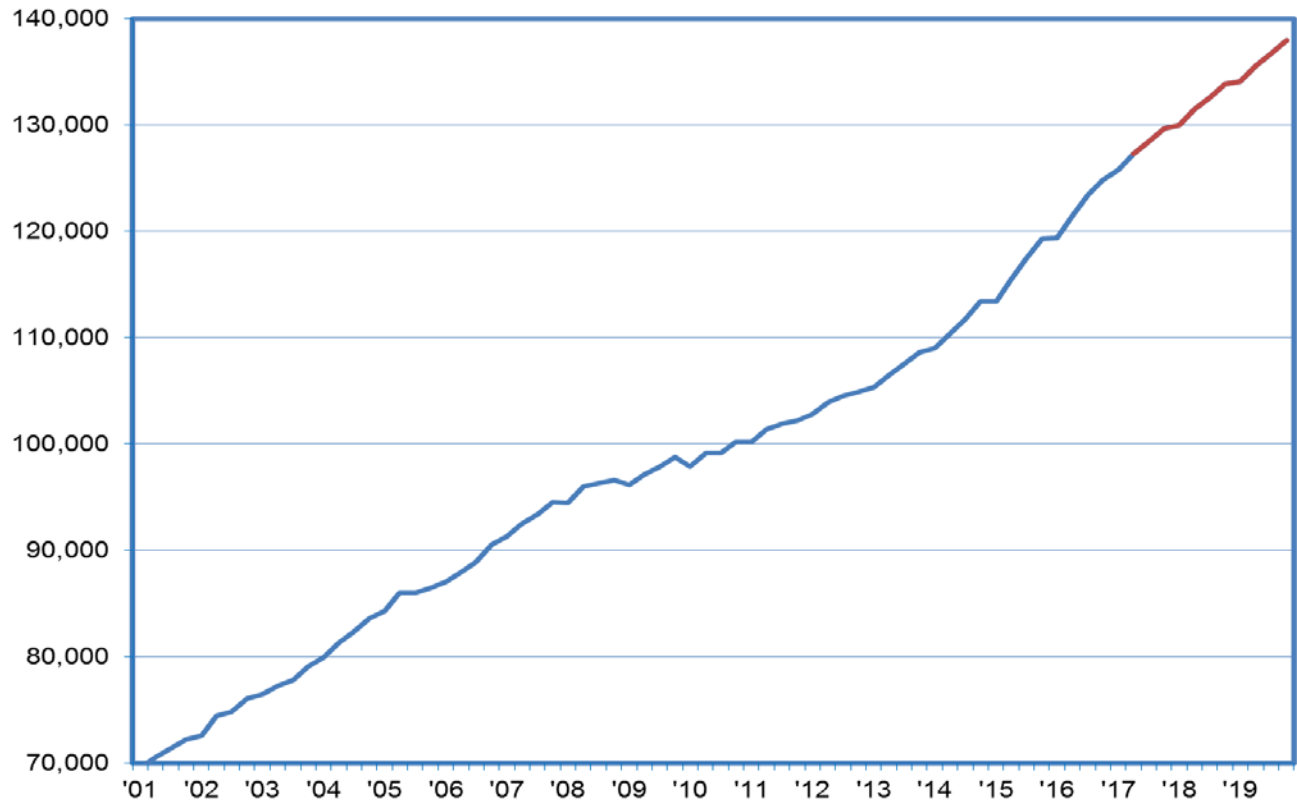
Retail Trade Employment: History & Forecast

Stable growth in retail employment expected, with about 2,000 jobs added per year.



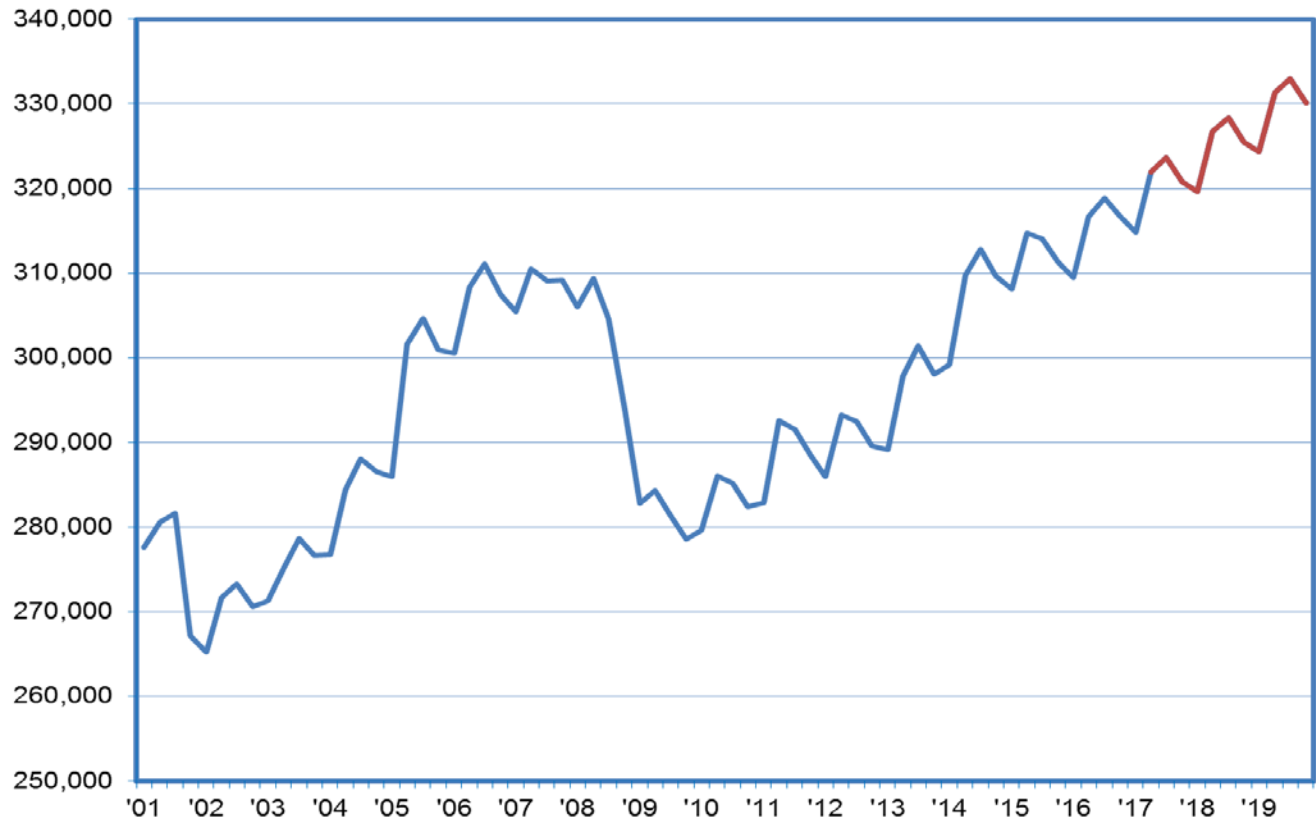
Healthcare & Social Assistance Employment: History & Forecast

A growing and aging population will continue to drive increases of 4,000 jobs per year.



Accommodation & Food Service Employment: History & Forecast

15,000 jobs total
to be added
through 2019.



For Additional Information, Please Contact:

Nevada Department of Employment, Training and Rehabilitation
Research and Analysis Bureau

David Schmidt
Chief Economist
deschmidt@nvdetr.org

Christopher Robison
Supervising Economist
c-robison@nvdetr.org

(775) 684-0450
<http://www.nevadaworkforce.com>