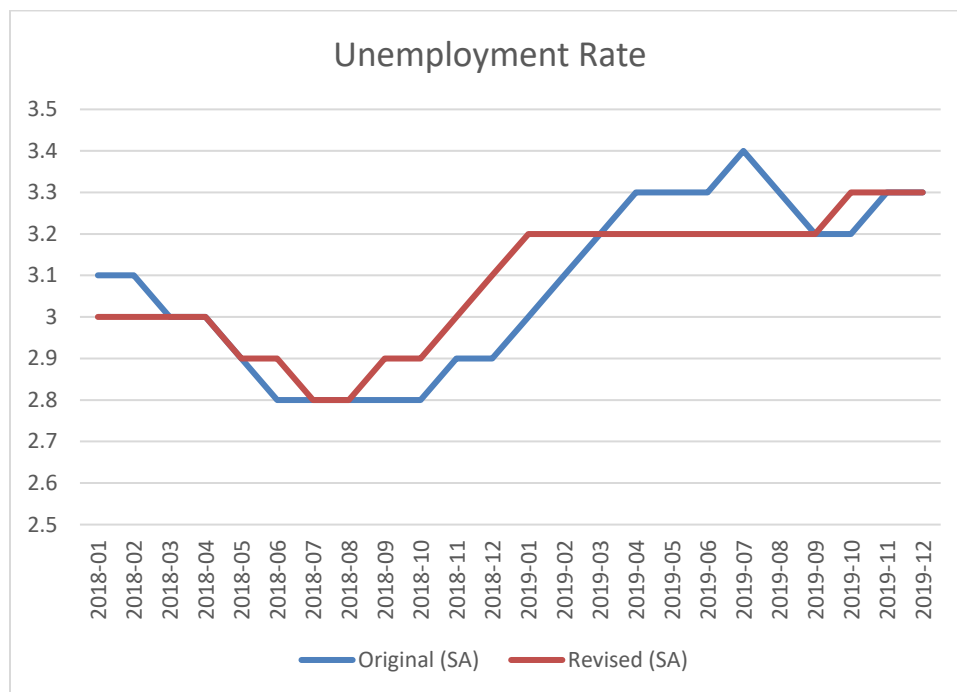


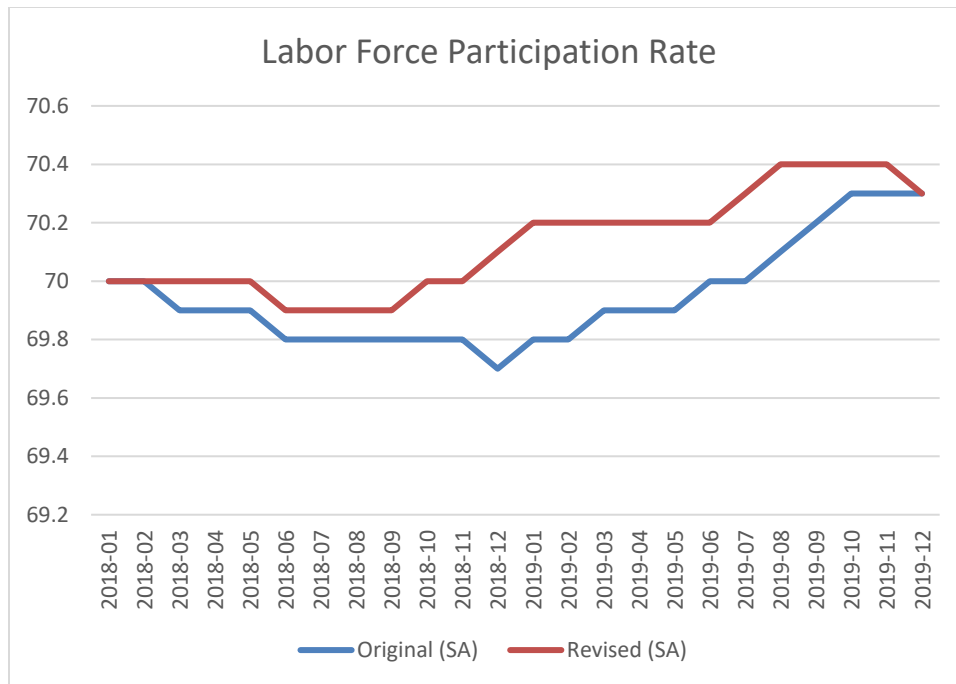
## January 2020 Employment Analysis (Embargoed until 10 am Thursday, March 12, 2020)

### Annual Revision

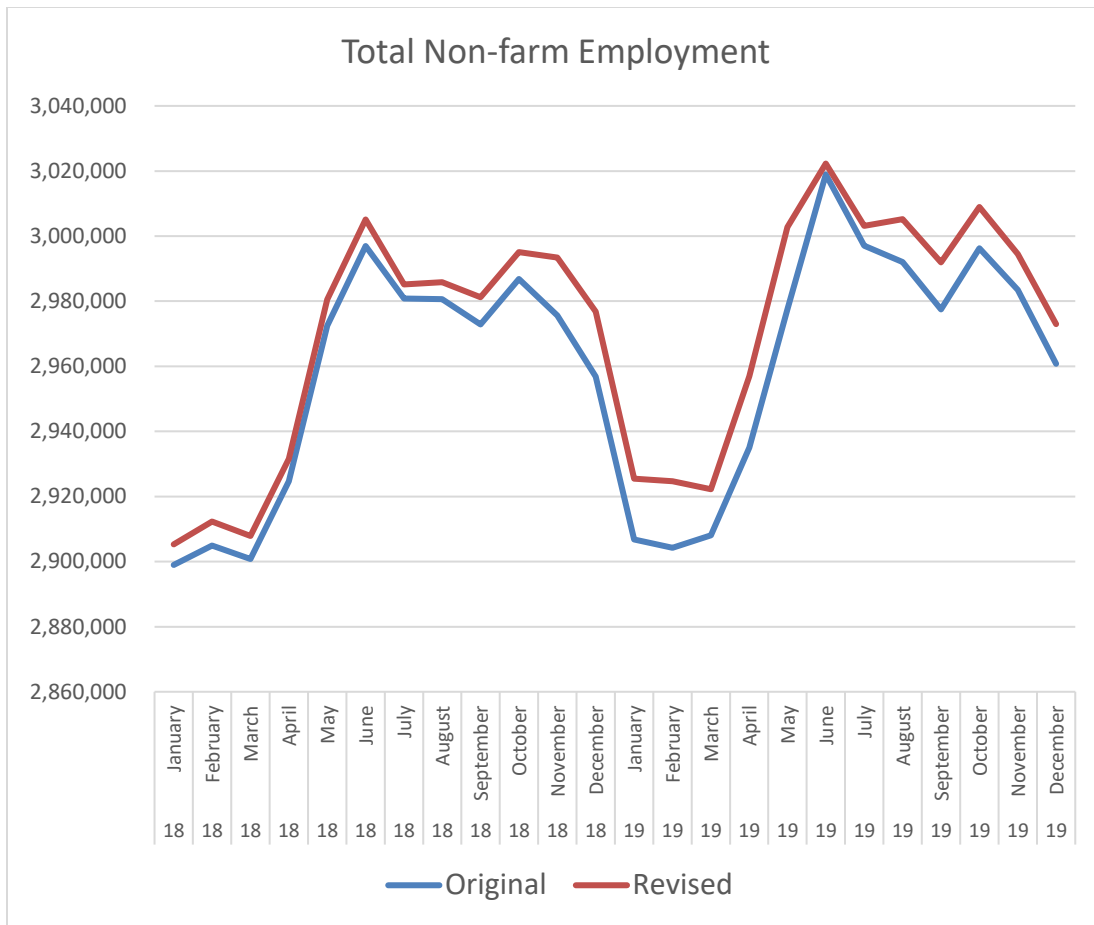
- As is the annual practice, the release of January's employment and unemployment report is accompanied by revisions to previous releases of these data. These revisions occur as new population controls, new seasonal adjustment factors, and more comprehensive employment counts become available. Generally, unemployment (household survey) data are revised for the previous five years while employment (payroll survey) data are revised back 21 months (to April 2018 in this case).
- Revisions to the state's seasonally adjusted unemployment rate were minimal, with downward revisions of one- or two-tenths of a point prevailing during 2019.



- Upward revisions were made in almost every month in 2018 and 2019 to labor force participation rates. On average the LFPR was revised upward by 0.2 percentage points in 2018 and 2019.



- The same is true of the employment to population ratio which was revised upward in almost every month in 2018 and 2019 by an average of 0.2 percentage points.
- Small upward revisions were made to labor force and employment levels and very small revisions to unemployment levels. In 2019 this resulted in an increase in the average monthly size of the labor force by 2,522 people.
- Employment revisions are based primarily on newly available administrative records (QCEW) that provide universal counts of payroll jobs. New seasonal adjustment factors are also estimated based on revised data, and these are applied across the entire series of all seasonally adjusted estimates dating back to 1990.



- Overall the revisions show somewhat stronger job growth during the second half of 2018 and throughout most of 2019 than was previously reported. The annual average rate of job growth for 2019 was revised from 0.3 percent to 0.5 percent for both Total Nonfarm and Total Private Sector. The annual rate of job growth during 2018 was also revised upward, from 0.7 percent to 0.9 percent.
- Despite overall upward revisions in employment, December 2019 is now showing an over-the-year loss of 3,832 jobs. This is the result of a large upward revision for December 2018 of 19,915 jobs resulting in 2,976,746 Total Non-farm jobs and a slightly smaller upward revision for in December 2019 of 12,105 resulting in 2,972,914 Total Non-farm jobs.
- In terms of annual average change in employment in 2019, six sectors saw faster growth rates while five sectors saw slower growth rates after the benchmarking. The most notable increase was in Education & Health Services where the annual growth rate went from -0.4 before benchmarking to 1.0 after benchmarking (+5,464 jobs over the year). Also notable: Professional & Business Services increased from -0.5 to 0.2 over the year with the addition of 823 jobs. Information bumped up from -5.3 to -1.0 over the year with a loss of 471 jobs after benchmarking and Manufacturing rose from -0.3 to 0.6 over the year with the addition of 1,823 jobs after benchmarking.
- Of the five sectors that saw annual average employment growth slow after benchmarking, the most notable changes were in Leisure & Hospitality where the annual growth rate went from 3.5 to 0.8 with the addition of only 2,187 jobs over the year after benchmarking and Trade, Transportation & Utilities (-0.3 to -0.7) with the loss of 3,563 jobs after benchmarking.

- Notably, the revisions decreased the number of sectors that shed jobs on an annual average basis, from 5 to 3 after benchmarking.

<b>Annual Average Employment Growth By Industry Sector</b>					
<b>2018 to 2019, Not Seasonally Adjusted, Over the Year (OTY)</b>					
	Annual Avg Job Change (Original)	Annual Avg Growth Rate (Original)	Annual Avg Job Change (Revised)	Annual Avg Growth Rate (Revised)	Revision to Annual Avg OTY Job Change
Total Non-Farm Employment	8,774	0.3	14,256	0.5	5,482
Private	8,230	0.3	13,514	0.5	5,284
Logging & Mining	109	1.6	-97	-1.5	-206
Construction	5,689	4.6	5,186	4.3	-503
Manufacturing	-839	-0.3	1,823	.6	2,662
Trade, Transport. & Utilities	-1,713	-0.3	-3,563	-0.7	-1,850
Information	-2,633	-5.3	-471	-1.0	2,162
Financial Activities	1,855	1.0	1,769	0.9	-86
Prof. & Business Services	-1,863	-0.5	823	0.2	2,686
Ed. & Health Services	-2,142	-0.4	5,464	1.0	7,606
Leisure & Hospitality	9,604	3.5	2,187	0.8	-7,417
Other Services	165	0.1	394	0.3	229
Government	544	0.1	741	0.2	197

- Benchmark revisions were largest for Minneapolis-St. Paul where annual average growth was revised upward from 0.0 to 0.6 with the addition of 11,839 jobs after benchmarking. Minneapolis-St. Paul was the only MSA where the revision resulted in a higher growth rate. All other annual average over the year growth rates were revised downward after benchmarking.

<b>Annual Average Employment Growth By MSA</b>					
<b>2018 to 2019, Not Seasonally Adjusted, Over the Year (OTY)</b>					
<b>Metropolitan Statistical Area</b>	<b>Annual Avg Job Change (Original)</b>	<b>Annual Avg Growth Rate (Original)</b>	<b>Annual Avg Job Change (Revised)</b>	<b>Annual Avg Growth Rate (Revised)</b>	<b>Revision to Annual Avg OTY Job Change</b>
Minneapolis-St. Paul MN-WI MSA	-518	0.0	11,839	0.6	12,357
Duluth-Superior MN-WI MSA	16	0.0	-532	-0.4	-548
Rochester MSA	1,411	1.2	1,161	0.9	-250
St. Cloud MSA	1,493	1.4	542	0.5	-951
Mankato MSA	485	0.8	387	0.7	-98

## [January Employment Release](#)

### [Overview](#)

- Seasonally adjusted employment increased in January by 8,400 while over the year employment rose 1,844. January's seasonally adjusted gain was the largest monthly jump since May 2018. The private sector added 8,500 jobs during the month and is up 1,658 jobs since last January.
- January's seasonally adjusted unemployment rate dropped back to 3.2% after holding steady at 3.3% for the last three months. The labor force participation rate held steady at 70.3% while the employment-to-population ratio ticked up one-tenth of a percentage point to 68.1%.
- Five of the eleven major industry sectors gained jobs during January, four lost jobs and two held steady. Gainers were led by Professional & Business Services, which added 7,400 jobs during the month, followed by Manufacturing, up 2,500. The largest loss was in Leisure & Hospitality, down 1,500 jobs. All other sectors saw smaller changes including Trade, Transportation & Utilities, up 400, and Construction up 300 jobs, and Education & Health Services and Logging & Mining each up 100. Information and Financial Activities each lost 300 jobs with Other Services down 200 and Government down 100.
- Five sectors are showing over the year job losses: Logging & Mining, Manufacturing, Trade, Transportation & Utilities, Information and Financial Activities.
- Despite slow overall annual growth, Minnesota outpaced the nation in three sectors, Logging & Mining, Construction and Other Services.

Over The Year (OTY) Employment Growth By Industry Sector (Not Seasonally Adjusted)			
	OTY Job Change	OTY Growth Rate (%)	US OTY Growth Rate
Total	1,844	0.1	1.2
Private	1,658	0.1	1.3
Logging & Mining	-69	-1.1	-5.9
Construction	3,348	3.1	2.3
Manufacturing	-2,467	-0.8	0.3
Trade, Transport. & Utilities	-3,800	-0.7	0.2
Information	-1,910	-4.1	2.8
Financial Activities	-870	-0.5	2.1
Prof. & Business Services	3,620	1.0	1.3
Ed. & Health Services	1,532	0.3	2.5
Leisure & Hospitality	876	0.3	1.5
Other Services	1,398	1.2	1.0
Government	186	0.0	0.8

- Average hourly earnings for all private sector workers rose between December and January by 20 cents to \$31.39. The annual rate of change in this average rose to 4.9% from 4.2% one year ago.
- As it typically does in January, the average work week dropped from 33.9 hours in December to 33.3 hours in January, which is where it was one year ago.
- Unemployment insurance permanent initial claims rose sharply in December 2019, by 19% over the year, but fell again in January 2020, down 13% over the year.

### Details

- **Construction:** Employers in the Construction supersector added 300 jobs (0.2 percent) in January, on a seasonally-adjusted basis. The slight increase comes after a loss of 4,700 jobs in November, and a period of flat growth in December. Over-the-year (OTY) employment in the supersector was up by 3,348 (3.1 percent), maintaining the strong annual growth that was present through most of 2019. Specialty Trade Contractors drove the growth, adding 3,958 jobs (5.6 percent), with Construction of Buildings up by 299 (1.1 percent) and Heavy and Civil Engineering Construction down by 909 (9.2 percent).
- **Manufacturing:** Employment in Manufacturing was up by 2,500 (0.8 percent) in January, with Durable Goods manufacturers adding 1,500 jobs (0.7 percent) and Non-Durable Goods manufacturers contributing 1,000 (0.9 percent). Over the year, however, employment in Manufacturing was down by 2,467 (0.8 percent). The decline was caused by continued OTY losses among Durable Goods manufacturers (down 3,856, or 1.9 percent), where annual employment has been down since November. Non-Durable Goods manufacturing added 1,389 jobs (1.2 percent) on the year, mitigating some of the losses.

- Trade, Transportation and Utilities:** Trade, Transportation and Utilities employment was up by 400 (0.1 percent) in January, on a seasonally-adjusted basis. Wholesale Trade added 600 jobs (0.5 percent) and Transportation, Warehousing and Utilities added 200 (0.2 percent), but Retail Trade employers lost 400 jobs (0.1 percent). On the year, the supersector lost 3,800 jobs (0.7 percent). All three component sectors contributed to the declines as Retail Trade lost 3,099 jobs (1.1 percent), Wholesale Trade was down 612 (0.5 percent), and Transportation, Warehousing, and Utilities was down 89 (0.1 percent).
- Information:** Employers in the Information supersector lost 300 jobs (0.7 percent) in January. The supersector lost 1,910 jobs on the year, which was the largest proportional OTY job loss in the state at 4.1%. Information employment, which includes publishing and telecommunications businesses, has been steadily declining for decades in Minnesota.
- Professional and Business Services:** Professional and Business Services employment was up by 7,400 jobs (1.9 percent) in January. It was the largest real and proportional monthly job growth of any supersector in the state. Professional, Scientific, and Technical Services employment was up 4,500 (2.9 percent) and Administrative and Support and Waste Management and Remediation Services was up 2,900 (2.2 percent) while employment in Management of Companies was flat. On the year, the supersector added 3,620 jobs (1 percent). Professional, Scientific, and Technical Services added 2,082 jobs (1.3 percent), Administrative and Support and Waste Management and Remediation Services added 1,311 (1 percent) and Management of Companies added 227 (0.3 percent).
- Leisure and Hospitality:** Leisure and Hospitality employment was off by 1,500 (0.5 percent) in January, down 1,400 (0.6 percent) in Accommodation and Food Services and 100 (0.2 percent) in Arts, Entertainment and Recreation. It was the first month of declines for the supersector since September. On the year, Leisure and Hospitality employers added 876 jobs (0.3 percent), with growth in Arts, Entertainment, and Recreation (up 2,226, or 5.3 percent) outpacing losses in Accommodation and Food Services (down 1,350, or 0.6 percent).
- Other Services:** Employment in the Other Services supersector was down by 200 (0.2 percent) in January. Over the year, employment in Other Services was up by 1,398 (1.2 percent) with Repair and Maintenance adding 1,094 jobs (5 percent) and Personal and Laundry Services adding 745 (2.7 percent), but Religious, Grantmaking, Civic, Professional, and Similar Organizations losing 441 (0.7 percent).
- MSAs:** Three out of the five MSAs showed employment growth over the year in January, Minneapolis-St. Paul, St. Cloud and Mankato. Duluth-Superior lost 924 jobs and Rochester lost 847 jobs over the year.

<b>Metropolitan Statistical Area</b>	<b>OTY Employment Change (#, NSA)</b>	<b>OTY Employment Change (% , NSA)</b>
Minneapolis-St. Paul MN-WI MSA	1,569	0.1
Duluth-Superior MN-WI MSA	-924	-0.7
Rochester MSA	-847	-0.7
St. Cloud MSA	566	0.5
Mankato MSA	1,204	2.1

## Outlook

- Annual employment growth is now hovering around zero. It dipped into negative territory in December and rose to positive territory in January. However, continued strong wage growth, steady average weekly hours and a downtick in the unemployment rate indicate that at least some of the slowdown is due to a tight labor market rather than a drop in demand for labor.
- There are some potential shocks that may hit the economy with COVID-19 and the stock market correction being two. It is unclear what effect, particularly COVID-19 might have and any possible impact will not show up in reported data for at least several months.

**Labor Market Information Office**

**MN Department of Employment and Economic Development**

**March 9, 2020**