

March 2021 Employment Analysis

(Embargoed until 10 am Thursday, April 15th)

Overview

- The unemployment rate ticked down in March to 4.2% from 4.4% (revised) in February. The decrease was due to people leaving the labor force primarily from unemployment but also from employment.
- Minnesota gained 21,600 jobs, up 0.8%, in March on a seasonally adjusted basis. This is our peak employment since March 2020 and puts us 19,900 jobs above our previous peak in October 2020. The private sector gained 23,300 jobs, up 1.0% bringing private sector employment 21,700 jobs above its October 2020 level.
- February estimates were revised down from -7.2% to -7.3% over-the-year (roughly 2,000 jobs); Retail Trade & Transportation, Warehousing, and Utilities combined to bring Trade, Transportation, & Utilities down a bit and, both Financial Activities and Professional & Business Services were revised downward by roughly 1,000 jobs.
- Seven supersectors gained jobs, three lost jobs and Mining & Logging held steady in March on a seasonally adjusted basis.
 - Gains were largest in Construction, up 7,900 jobs or 6.8%, Professional & Business Services, up 5,500 jobs or 1.5%, Leisure & Hospitality, up 4,300 jobs or 2.0% over the month, Trade, Transportation & Utilities, up 3,900 or 0.8%, Manufacturing up 1,900 jobs or 0.6%, Other Services up 400 jobs or 0.4%, and Education and Health Services up 300 jobs or 0.1% over the month.
 - Losses were in Government, down 1,700 jobs or 0.4%, Financial Activities down 500 jobs or 0.3% and Information down 400 jobs or 1%.
- The U.S. gained 916,000 jobs up 0.6% over the month in March on a seasonally adjusted basis.
- Minnesota lost 416,300 jobs from February through April 2020 and has since gained 225,200 jobs, or 54.1% of the jobs lost on a seasonally adjusted basis. The private sector has regained 56.3% of the jobs lost.
- Over the year in March, Minnesota shed 167,206 payroll jobs, down 5.7%. This is an improvement from last month when Minnesota was down 7.3% over the year.
- The private sector shed 145,364 jobs, down 5.8% in March.
- U.S. over-the-year job loss stood at 4.4% for total nonfarm and 4.3% for private sector employment in March, an improvement from February.
- All supersectors continued to show over-the-year job loss in MN and nationally.

- Over the year job losses were still greatest in Leisure & Hospitality, down 21.5% or 54,691 jobs. Other supersectors with a high share of job losses were Information, down 12.0% or 5,427 jobs, Other Services, down 10.9% or 12,291 jobs, Mining & Logging down 6.7% or 426 jobs, Government down 5.1% or 21,842 jobs and Professional & Business Services down 5.0% or 18,697 jobs over the year.
- Only two supersectors in Minnesota showed strength over the year compared to the U.S.
 - Logging & Mining job loss in MN remains below U.S. job loss down 6.7% in Minnesota compared to 9.1% nationally.
 - Employment in Education & Health Services is down 3.5% in Minnesota compared to 3.9% nationally. In Minnesota strength is in Educational Services (non-public – down 3.1% in MN and 6.2% nationally) as well as Nursing and Residential Care Facilities (down 2.9% in MN and 9.1% nationally).

March 2021 Over The Year (OTY) Employment Growth By Industry Sector Not Seasonally Adjusted			
	OTY Job Change	OTY Growth Rate (%)	US OTY Growth Rate (revised)
Total	-167,206	-5.7%	-4.4%
Private	-145,364	-5.8%	-4.3%
Logging & Mining	-426	-6.7%	-9.1%
Construction	-2,115	-1.9%	-1.1%
Manufacturing	-13,778	-4.3%	-3.3%
Trade, Transport. & Utilities	-16,245	-3.1%	-1.9%
Information	-5,427	-12.0%	-7.6%
Financial Activities	-2,006	-1.0%	-0.6%
Prof. & Business Services	-18,697	-5.0%	-2.4%
Ed. & Health Services	-19,688	-3.5%	-3.9%
Leisure & Hospitality	-54,691	-21.5%	-14.4%
Other Services	-12,291	-10.9%	-5.2%
Government	-21,842	-5.1%	-5.0%

Wage and Hour Data

- Average hourly earnings for all private sector workers fell by 28 cents to \$32.06 in March over the month. Over the year average hourly earnings rose 50 cents, up 1.6%.
- At 34.4 hours per week, March’s average work week was one-tenths of an hour shorter than in February but eight-tenths of an hour, or 2.4%, longer than a year ago.

Unemployment Data

- The unemployment rate ticked down in March to 4.2% from 4.4% (revised) in February.
- The number of unemployed dropped by 6,543, to 127,007, and the number of employed decreased by 879 to 2,896,744. The labor force shrunk 7,422 to 3,023,751, and the labor force participation rate decreased from 68% to 67.8%, dropping back to where it sat in April of 2020. It was 70.2% in February 2020 prior to the pandemic recession.
- The employment to population ratio fell one-tenth of a point to 64.9%. In February 2020 it was 67.8%.
- Nationally, the unemployment rate fell two-tenths to 6.0% with labor force participation up one-tenth point to 61.5% and the employment to population ratio up two-tenths to 57.8%. The size of the U.S. labor force increased by 347,000 people entirely due to an increase in the number employment (the number of unemployed fell by 262,000).

Based on **12-month moving average** unemployment rates by race in March are as follows:
(source: CPS Demecon, 12-month moving averages)

Month/Year	Total	Black	Hispanic	White
Mar 2021	6.2%	9.0%	7.7%	5.9%
Feb 2021	6.2%	9.2%	7.5%	5.9%
Mar-2020	3.0%	4.5%	4.6%	3.0%

Note that these estimates differ from the official statewide estimate because they are calculated from 12 months of data rather than a single month.

Details

Mining and Logging: Employment in Mining and Logging was flat over the month (OTM) in March, holding steady at 6,200 jobs. Over the year (OTY) employment in the supersector was down by 426 jobs, or 6.7%, an improvement over February’s 7.8% OTY decline.

Construction: Construction employment was up by 7,900, or 6.8% in March. It was the largest proportional OTM growth of any supersector in the state. Coming on the heels of a 4.4% decline in February, it’s likely that the seasonally adjusted growth over the month was at least partially due to shifting weather patterns this year. This was the largest single month of growth on record for the supersector. Over the year, Construction employers lost 2,115 jobs, or 1.9%, a dramatic improvement over February’s 8.8% OTY decline, once again likely owing to more favorable weather for the highly seasonal industry group.

Manufacturing: Manufacturing employers added 1,900 jobs (0.6%) in March. Durable Goods employment was up by 2,300, while their Non-Durable Goods counterparts shed 400 jobs (0.4%).

On an annual basis, Manufacturers lost 13,778 jobs, or 4.3%, an improvement over February's 5.2% OTY decline. Durable Goods Manufacturers drove the decline, off by 11,800 jobs, or 5.7%.

Trade, Transportation, and Utilities: Employment in Trade, Transportation, and Utilities was up by 3,900, or 0.8%, in March. Growth was split between Retail Trade (up 2,800, or 1.0%) and Transportation, Warehousing, and Utilities (up 1,100, or 1.1%). Employment in Wholesale Trade was flat. On an annual basis, the supersector lost 16,245 jobs, or 3.1%, with all three component sectors posting negative growth. Transportation, Warehousing, and Utilities had the steepest declines, off by 4.5%, or 4,864 jobs.

Information: Information employment was down 400 (0.2%) over the month in March. Over the year, the supersector lost 5,427 jobs, or 12%. It was the second-largest proportional decline for any supersector in the state, trailing only the hard-hit Leisure and Hospitality.

Financial Activities: Financial Activities employment was off by 500 (0.3%) in March, as it was one of only three supersector to lose jobs on the month. Real Estate and Rental and Leasing was down 0.3% (100 jobs) and Finance and Insurance was down 0.2% (400 jobs). Over the year, Financial Activities employers lost 2,006 jobs (1%), maintaining consistent over-the-year growth from February.

Professional and Business Services: Employment in Professional and Business Services was up by 5,500, or 1.5%, in March. The growth was led by Administrative and Support Services, which was up by 5,200, or 4.5%. Administrative and Support Services is home to the large Employment Services industry. Over the year, Professional and Business Services employers lost 18,697 jobs, or 5%. All three major component sectors lost jobs, with Administrative and Support Services down 7.6% (9,368 jobs), Management of Companies down 3.9% (3,506 jobs) and Professional, Scientific, and Technical Services down 3.7% (5,823 jobs).

Education and Health Services: Education and Health Services employers added 300 jobs (0.1%) in March, with losses in Health Care and Social Assistance (down 300, or 0.1%) tempering the modest growth in Educational Services (up 600, or 0.9%). Over the year, the supersector lost 19,688 jobs, or 3.5%, an improvement from February's 4.5% decline. Educational Services was down 3.1% (2,340 jobs) while Health Care and Social Assistance was down 3.6% (17,348 jobs).

Leisure and Hospitality: Leisure and Hospitality employment was up 2% (4,300 jobs) in March as the supersector continued its long road back to pre-COVID levels. Arts, Entertainment, and Recreation was up 1,800 jobs (4.8%) while Accommodation and Food Services was up 2,500 (1.4%). Over the year, the supersector lost 54,691 jobs, or 21.5%. It remained the largest decline of any supersector in the state.

Other Services: Employment in Other Services was up by 400 (0.4%) in March, rebounding somewhat from the loss of 1,500 in February. Over the year, Other Services employers shed 12,291 jobs, or 10.9%. Losses were greatest among Religious, Grantmaking, Civic, Professional, and Similar Organizations, down 12.9% or 8,165 jobs.

Government: Government employers lost 1,700 jobs (0.4%) in March. Growth at the State and Federal levels (up 0.2% and 0.6%, respectively) was more than offset by the loss of 2,100 (0.8%) at

the Local Government level. Over the year, Government employers lost 21,842 jobs (5.1%). Federal employers added 221 jobs (0.7%), but State Government was off by 2,779 (2.7%) and Local Government was down 19,284 (6.5%), with most of that loss coming in Local Government Educational Services (down 12,913, or 8.5%).

All regions saw improvements in over the year employment change from last month. Mankato MSA saw the greatest improvement with job losses at 5.0% over the year compared to 7.6% in February. Minneapolis-St. Paul MSA also gained ground, up from an over the year job loss of 8.5% in February. Duluth-Superior, Rochester and St. Cloud MSAs all improved one percentage point or less over the year.

Metropolitan Statistical Area	OTY Employment Change (#, NSA)	OTY Employment Change (% , NSA)
Minneapolis-St. Paul MN-WI MSA	-134,677	-6.7%
Duluth-Superior MN-WI MSA	-7,555	-5.6%
Rochester MSA	-5,675	-4.6%
St. Cloud MSA	-5,350	-4.9%
Mankato MSA	-2,922	-5.0%

Outlook

- March saw broad based job gains, both in industries hard hit by the pandemic as well as industries that were less heavily impacted. Construction more than made up for the heavy job losses in February, now down only 1.9% over the year, which is its best showing since a year ago. In fact, more than half of all supersectors are now showing fewer job losses over the year than any month since March 2020. Government, Information, Mining & Logging, Other Services and Financial Services are the exceptions.
- Labor force participation fell once again, almost entirely due to unemployed people dropping out of the labor force. The size of the labor force declined only 0.2% in March.
- Minnesota continued to close the employment growth gap with the nation in March, although by only one-tenth of a percentage point of improvement compared to February.
- Manufacturing performed well in March, with gains in Durable Goods, specifically wood products manufacturing, fabricated metal manufacturing, transportation equipment and medical equipment and supplied manufacturing. Non-durable goods lost 400 jobs in March.
- As the weather warms in Minnesota, vaccinations continue to be rolled out and federal stimulus dollars flow into the state, employment should continue to rebound.