

December 2023 Employment Analysis

(Embargoed until 10 am Thursday, January 18, 2024)

Over-the-Month Overview

- The unemployment rate ticked down two-tenth of a percentage point to 2.9% in December 2023 from the prior month. The labor force decreased by 6,590 people over the month to 3,100,184 people. The number of employed decreased by 1,797 workers, and the number of unemployed decreased by 4,793 people. The labor force participation rate ticked down two-tenth of a percentage point to 68.1%.
- Minnesota gained 800 jobs in the last month on a seasonally adjusted basis, translating to 0% change. The private sector gained 2,500 jobs, up 0.1%. The U.S. total nonfarm employment increased by 216,000 jobs, or 0.1%. The U.S. private sector gained 164,000 jobs, also 0.1%.
- Five supersectors in Minnesota gained jobs on a seasonally adjusted basis since last month, including:
 - Leisure and Hospitality gained 1,800 jobs, up 0.7%
 - Trade, Transportation and Utilities gained 1,500 jobs, up 0.3%
 - Construction gained 1,200 jobs, up 0.9%
 - Mining and Logging gained 300 jobs, up 4.6%
 - Financial Activities gained 100 jobs, up 0.1%
- One supersector saw no change over the month:
 - Other Services
- Five supersectors lost jobs over the month:
 - Government lost 1,700 jobs, down 0.4%
 - Education and Health Services lost 1,600 jobs, down 0.3%
 - Professional & Business Services lost 600 jobs, down 0.2%
 - Information lost 100, down 0.2%
 - Manufacturing lost 100 jobs, 0% change
- Minnesota lost 416,000 jobs from February through April 2020 and has since recovered 431,600 jobs as of December 2023, which brings Minnesota to 100.5% of the number of jobs prior to the Pandemic Recession on a seasonally adjusted basis. The private sector lost 385,900 jobs from February through April 2020 and has regained 406,400 jobs as of December, or 100.8% recovered.
- Translating seasonally adjusted job change into a 3-month moving average series, Minnesota gained 15,300 jobs in August-October, up 0.5%; gained 13,600 jobs in September-November, up 0.5%; and gained 6,600 jobs in October-December, up 0.2%. Nationally, growth in each of the three periods was 0.2%.

Over-the-Year Job Growth

- Minnesota gained 50,809 payroll jobs, up 1.7%, over the year. The private sector gained 40,376 jobs, up 1.6% over the year.
- All but four supersectors posted positive annual growth. Notable big growth were:
 - Construction continued its growth streak and gained 10,792 jobs, up 8.8% compared to 3.0% nationally. The strongest growth continued to be in Heavy and Civil Engineering Construction, up an impressive 33.1 % OTY.
 - Trade, Transportation, and Utilities gained 14,020 jobs, up 2.6% compared to 0.5% nationally. Retail Trade (3.3%) and Transportation, Warehousing, and Utilities (3.6%) grew while Wholesale Trade was flat (0%).
 - Mining and Logging added 330 jobs, growing 5.2% compared to the U.S. rate of 2.2%.
- Four supersectors continued to lose jobs over the year:
 - Financial Activities lost -8,162 jobs over the year, down 4.2%, while the U.S. rate grew 0.4%. Losses were consistent in every sector.
 - Professional & Business Services lost 5,031 jobs, down 1.3%, while the U.S. grew 0.5%. The biggest declines were in Employment Services (-9.1%) and Computer Systems Design and Related Services (-3.7%).
 - Manufacturing lost 3,965 jobs, down 1.2%, while the U.S. grew 0.2%. All subsectors experienced over-the-year decline.
 - Information lost 1,924 jobs, down 4.1%. All subsectors saw decline. The U.S. also experienced decline in this supersector, down 2.2%.
- Overall U.S. employment grew 1.9% over the year with the private sector up 1.6%. All supersectors grew except Information.

December 2023 Over the Year (OTY) Employment Growth by Industry Sector Not Seasonally Adjusted			
Industry Supersector	MN OTY Job Change	MN OTY Growth Rate (%)	US OTY Growth Rate (%)
Total	50,809	1.7	1.9
Private	40,376	1.6	1.6
Mining & Logging	330	5.2	2.2
Construction	10,792	8.8	3.0
Manufacturing	-3,965	-1.2	0.2
Trade, Transport. & Utilities	14,020	2.6	0.5
Information	-1,924	-4.1	-2.2
Financial Activities	-8,162	-4.2	0.4
Prof. & Business Services	-5,031	-1.3	0.5
Ed. & Health Services	22,465	4.0	4.3
Leisure & Hospitality	8,810	3.4	3.2
Other Services	3,041	2.9	1.7
Government	10,433	2.5	3.1

Wage and Hour Data

- Average hourly wages for all private sector workers increased 36 cents to \$36.48 in December 2023 over the month. Over the year average hourly earnings increased \$1.05, up 3.0%, and since December 2020 they are up 13.0%.
 - Nationally private sector wages also increased 21 cents over the month and rose 4.1% over the year and 14.6% over three years.
 - The CPI inflation index for all urban consumers rose 3.4% over the year in December and 17.8% over 3 years.
- At 33.1 hours per week, Minnesota's December 2023 average work week shortened two-tenth of an hour over-the-month. Over-the-year it decreased by two-tenth of an hour.
 - Nationally, the average work week increased by one-tenth of an hour over the month to 34.4 hours, and likewise for over-the-year, increased by one-tenth of an hour to 34.4 hours.

Unemployment Data

- The unemployment rate decreased two-tenth of a percentage point to 2.9% in December on a seasonally adjusted basis. The number of employed decreased by 1,797 workers, and the number of unemployed decreased 4,793. The employment to population ratio ticked down one-tenth of a percentage point to 66.1%.
- The labor force decreased 6,590 people over the month, totaling 3,100,184 people in December. The labor force participation rate ticked down two-tenth of a percentage point to 68.1%. Minnesota's labor force is 28,419 people smaller than in February 2020 when the participation rate was at 69.9%.
- Nationally, over the month, the unemployment rate stayed at 3.7% and the employment to population ratio ticked down three-tenth of a percentage point to 60.1%. The labor force participation rate decreased three-tenth of a percentage point to 62.5%.

Industry Details

Mining and Logging: Employment in Mining and Logging was up 300 (4.6%) over the month (OTM) in December, on a seasonally adjusted basis. It was the highest proportional growth of any MSA in the state. The total of 6,800 jobs is the highest in the supersector since 2017. Mining and Logging has not posted monthly job losses since July. Over the year (OTY), employers in the supersector added 330 jobs, or 5.2%. This was an improvement over November's 2.7% annual growth, and is the highest OTY growth posted since September of 2021.

Construction: Construction employers added 1,200 jobs (0.9%) OTM in December, following the loss of 200 jobs in November. The supersector added jobs in 9 of 12 months of 2023. Over the year, employment in Construction was up 10,792, or 8.8%. This was notably higher than November's 4.4% annual growth, likely due at least in part to unseasonably warm early winter weather in Minnesota allowing for more construction work late in the season. Heavy and Civil Engineering employment was up 33.1% (4,452 jobs) on the year, while Specialty Trade Contractors added 5,636 jobs (7.1%).

Manufacturing: Employment in Manufacturing was down by 100 (0.0%) OTM in December. Durable Goods Manufacturing added 700 jobs (0.3%), but those gains were erased by the loss of 800 jobs (0.7%) in their counterparts in Non-Durable Goods Manufacturing. On an annual basis, Manufacturing employment was down by 3,965 jobs, or 1.2%. This was a slight improvement over November's decline of 1.5%. Durable Goods Manufacturing employment was down by 2,913 (1.4%), and Non-Durable Goods Manufacturing was down by 1,052 (0.9%). Every published component sector in Manufacturing posted negative annual job growth.

Trade, Transportation, and Utilities: Trade, Transportation and Utilities employment was up by 1,500 (0.3%) OTM in December. It was the fourth consecutive month of seasonally adjusted growth, during which time the supersector added 8,300 jobs. December's growth was driven primarily by Retail Trade, which added 1,600 jobs (0.6%). Wholesale Trade employment was up 700 (0.5%), while Transportation, Warehousing and Utilities lost 800 jobs (0.7%). Over the year, Trade, Transportation and Utilities added 14,020 jobs, or 2.6%, outpacing the national 0.5% annual growth. Retail Trade added 9,665 jobs (3.3%) and Transportation, Warehousing and Utilities added 4,343 jobs (3.6%) while employment in Wholesale Trade was largely flat (up 13 jobs, 0.0%).

Information: Employment in Information was down by 100 (0.2%) OTM in December. The supersector has had negative or zero growth in each of the last six months, losing 1,300 jobs during that time. Over the year, Information employers lost 1,924 jobs, or 4.1%. Both published component sectors posted negative annual job growth, though most of the losses came in unpublished sectors.

Financial Activities: Employment in Financial Activities was up by 100 (0.1%) OTM in December. The growth came entirely in Real Estate and Rental and Leasing (up 0.3%), as growth in Finance and Insurance was flat. On an annual basis, Financial Activities employment was off by 8,162, or 4.2%, slightly worse than the loss of 4.1% in November. Finance and Insurance lost 6,425 jobs (4.1%) and Real Estate and Rental and Leasing lost 1,737 jobs (4.9%).

Professional and Business Services: Professional and Business Services employers lost 600 jobs (0.2%) OTM in December. Gains in Professional, Scientific, and Technical Services (up 1,300, or 0.8%) and Management of Companies and Enterprises (up 700, or 0.8%), were overcome by the loss of 2,600 jobs (2%) in Administrative and Support and Waste Management and Remediation Services. Over the year, Professional and Business Services employers lost 5,031 jobs (1.3%). The declines were driven primarily by losses in Administrative and Support and Waste Management, which was down 4,575 (3.5%) thanks to the loss of 5,569 jobs (9.1%) in Employment Services. Professional, Scientific and Technical Services added 488 jobs (0.3%), while Management of Companies and Enterprises lost 944 jobs (1.1%).

Education and Health Services: Employment in Education and Health Services was off by 1,600 (0.3%) OTM in December. It was the first month of job losses for the supersector in 2023. Educational Services lost 600 jobs (0.9%) and Health Care and Social Assistance lost 1,000 jobs (0.2%). Over the year, Education and Health Services employers added 22,465 jobs, or 4%. This was down from November's 4.9% growth, but better than the national loss of 0.1%. The annual gains came entirely in Health Care and Social Assistance, which added 24,260 jobs (5%), with growth in all published component sectors. Educational Services lost 1,795 jobs (2.5%)

Leisure and Hospitality: Leisure and Hospitality employment was up by 1,800 (0.7%) in December. It was the fifth consecutive month of OTM growth for the supersector. Arts, Entertainment and Recreation added 1,300 jobs (2.5%), while Accommodation and Food Services added 500 (0.2%). On an annual basis, the supersector added 8,810 jobs, or 3.4%. While less than November’s 3.5% growth, this still outpaced the national OTY change of 3.2%. Arts, Entertainment and Recreation employers added 4,103 jobs (8.8%) and Accommodation and Food Services added 4,707 jobs (2.2%).

Other Services: Employment in Other Services was flat in December, holding at 108,600 after adding jobs in October and November. The supersector has posted positive growth in all but three months of 2023. Over the year, Other Services added 3,041 jobs, or 2.9%. This was higher than the national rate of 1.2%. All three component sectors posted positive growth, with Religious, Grantmaking, Civic and Professional Organizations driving the increases, up 2,164 jobs, or 3.8%. Personal and Laundry Services employment was up 2.7%, and Repair and Maintenance was up 0.8%

Government: Government employment was down 1,700 (0.4%) OTM in December. Declines were driven by employment at the Local Government level, where employment was off by 2,000 (0.7%). The other two levels of Government posted positive growth, with Federal employment up 100 (0.3%) and State employment up 200 (0.2%). Over the year, Government employers added 10,433 jobs (2.5%). All three levels of government posted positive growth. Federal Government employment was up 1,065 (3.3%), State was up 1,502 (1.5%) and Local was up 7,866 (2.8%). The only posted sector to lose jobs was State Government Education, which was off 121, or 0.2%.

Over-the-Year Job Growth by MSAs

December data released by DEED, not seasonally adjusted

Metropolitan Statistical Area	OTY Employment Change (#, NSA)	OTY Employment Change (% , NSA)
Minneapolis-St. Paul MN-WI MSA	31,007	1.6
Duluth-Superior MN-WI MSA	1,482	1.1
Rochester MSA	5,133	4.2
St. Cloud MSA	535	0.5
Mankato MSA	2,871	5.0
Fargo-Moorhead ND-MN MSA (November)	1,300	0.9
Grand Forks-East Grand Forks ND-MN MSA (November)	1,100	2.0
La Crosse-Onalaska WI-MN (November)	1,100	1.4

**Labor Market Information Office
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