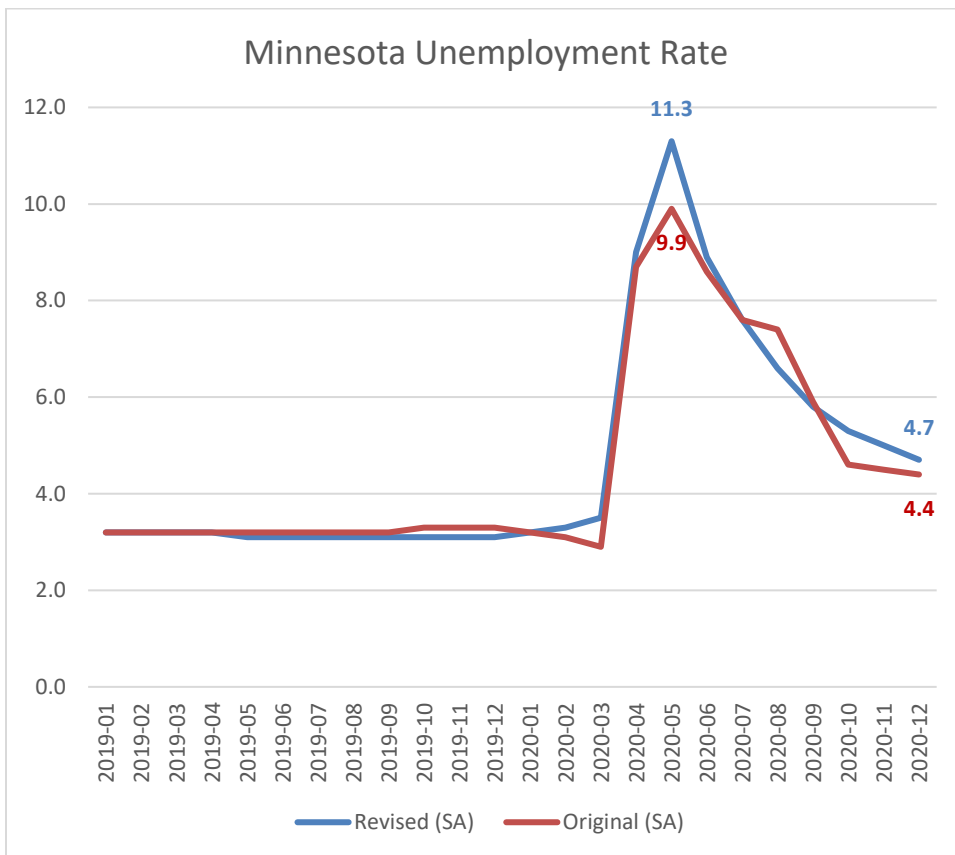


January 2021 Employment Analysis
(Embargoed until 10 am Thursday, March 11th)

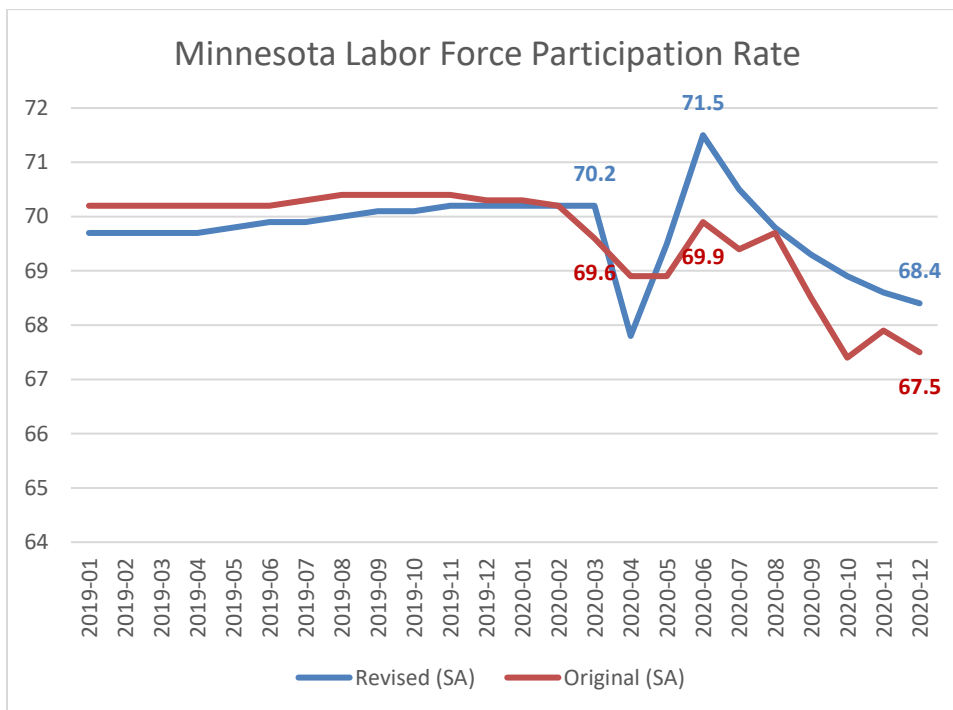
Annual Revision

- 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 somewhat smoothed the series. Small downward revisions in 2019 were followed by mostly upward revisions in 2020 with the one exception being August which was revised downward by 0.8 percentage points.
- The overall result was that December’s unemployment rate was revised from 4.4% to 4.7%.

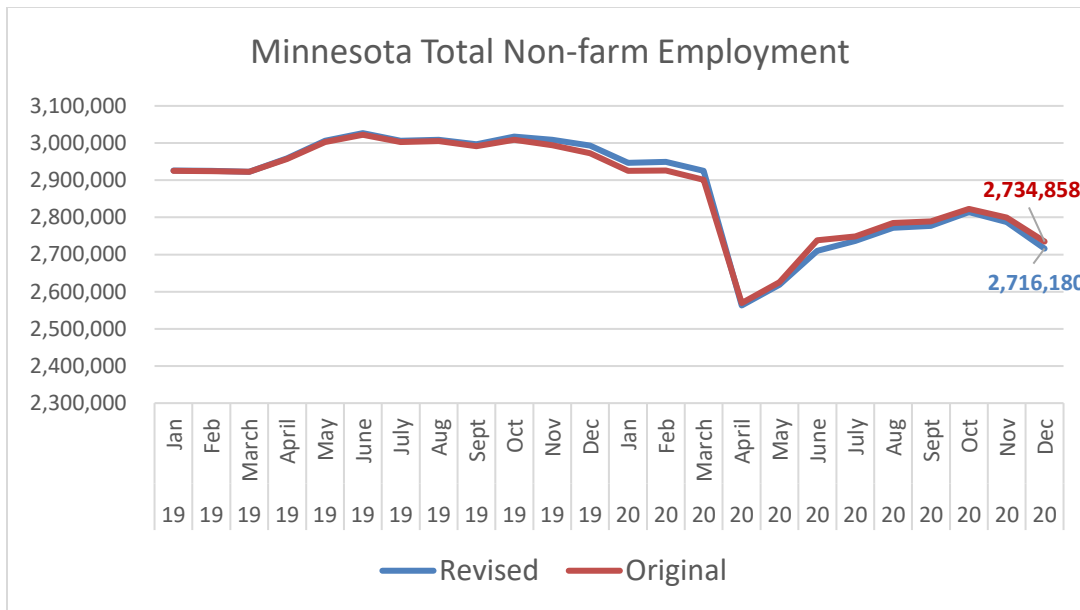


- The number of employed workers saw small downward revisions throughout 2019 and the first half of 2020 with one large downward revision in April 2020 of 59,000. However, from June through December 2020, revisions were upward with the largest in June (48,000) and July (42,000).

- The number of unemployed workers was revised upward throughout 2020 with two exceptions – August was revised downward by 26,000 and September was revised downward by 1,000. Some of the upward revisions were large: March was up 20,700, May was up 45,000, and October was up 26,000.
- Overall, the revisions resulted in a higher revised unemployment rate in eight months in 2020 and lower in two – August and September.
- As with the unemployment rate, small downward revisions in the labor force participation rate during 2019 were followed by mostly upward revisions in 2020 with one exception – April saw a downward revision of 1.1 percentage points.
- The overall result was that December’s labor force participation rate was revised upward from 67.5% to 68.4%.



- The same is true of the employment to population ratio which was revised downward throughout 2019 and upward throughout most of 2020 with the exception of April and May. The largest upward revisions were at the end of 2020 (Aug, Sept, Oct and Dec) as a result of upward revisions in employment.
- 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. New seasonally adjusted estimates are provided for series with historical revisions of their unadjusted estimates back to the earliest year affected by the historical correction. Series without historical corrections are adjusted back to 2016.



- Overall the revisions show slightly stronger job growth during the second half of 2019 and slightly steeper job decline since March 2020 than was previously reported.
 - Total Nonfarm 2020 annual average rate of job change: revised downward from -6.6% to -6.9%.
 - Total Private Sector 2020 annual average rate of change: revised downward from -6.8% to -7.3% in 2020.
 - Total Nonfarm 2019 annual rate of job growth: revised slightly upward, from 0.5% to 0.7%.

- Based on revisions, 2020 now shows a loss of 206,914 Total Nonfarm jobs in 2020 rather than the 197,083 originally estimated.
 - Private Sector job loss in 2020 was revised to 187,341 from the 172,861 originally estimated.
 - 2019 is showing a gain of 19,568 jobs rather than the 14,256 originally estimated.

- In terms of annual average change in employment in 2020, seven sectors saw improvement while four sectors saw steeper rates of decline after the benchmarking. Also notable: Logging & Mining improved from -11.7% to -6.9%, Information improved from -11.5% to -8.6%, and Financial Activities improved from -2.4% to -0.4%.

- Of the four sectors that saw a further worsening in job loss after benchmarking, the most notable changes were in Professional & Business Service which went from job loss of -2.9% to -6.4%, mostly due to a sharp downward revision in Employment Services; Trade, Transportation & Utilities which went from job loss of -2.7% to -5.4% due to a downward revision in Retail Trade; and Other Services which went from job loss of -10.9% to -13.0%.

**Annual Average Employment Growth By Industry Sector
2019 to 2020, Not Seasonally Adjusted, Over the Year (OTY)**

	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	-197,083	-6.6	-206,914	-6.9	-9,831
Private	-172,861	-6.8	-187,341	-7.3	-14,480
Logging & Mining	-765	-11.7	-454	-6.9	311
Construction	-5,549	-4.4	-3,933	-3.1	1,616
Manufacturing	-14,093	-4.4	-15,390	-4.7	-1,297
Trade, Transport. & Utilities	-14,230	-2.7	-28,502	-5.4	-14,272
Information	-5,357	-11.5	-4,017	-8.6	1,340
Financial Activities	-4,539	-2.4	-785	-0.4	3,754
Prof. & Business Services	-10,923	-2.9	-24,518	-6.4	-13,595
Educ. & Health Services	-31,313	-5.7	-22,126	-4.0	9,187
Leisure & Hospitality	-73,591	-26.7	-72,718	-26.4	873
Other Services	-12,501	-10.9	-14,895	-13.0	-2,395
Government	-24,222	-5.7	-19,573	-4.6	4,649

- Benchmark revisions were largest for Mankato where annual average job change was revised downward from -4.3% to -7.1% with the loss of 4,175 jobs after benchmarking. St. Cloud also saw a substantial loss with a downward revision from -3.9% to -6.2% with the loss of 6,809 jobs. Minneapolis St. Paul also saw a downward revision, going from -6.7% to -7.3% with the loss of 148,892 jobs.
- Rochester and Duluth saw smaller upward revisions with Rochester going from -5.6% to -4.5% with the loss of 5,614 jobs and Duluth improving by one tenth of a percentage point to -7.6% with the loss of 10,474 jobs.

**Annual Average Employment Growth By MSA
2019 to 2020, Not Seasonally Adjusted, Over the Year (OTY)**

Metropolitan Statistical Area	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
Minneapolis-St. Paul MN-WI MSA	-135,403	-6.7	-148,892	-7.3	-13,489
Duluth-Superior MN-WI MSA	-10,589	-7.7	-10,474	-7.6	115
Rochester MSA	-6,905	-5.6	-5,614	-4.5	1,291
St. Cloud MSA	-4,331	-3.9	-6,809	-6.2	-2,478
Mankato MSA	-2,535	-4.3	-4,175	-7.1	-1,640

January Employment Release

Overview

- The unemployment rate ticked down in January to 4.5% from an upwardly revised 4.7% in December. Once again the decline was due to people leaving the labor force from both employment and unemployment. The number of unemployed fell 7,652 and the number of employed fell -14,851 for a total decline of -22,503 in Minnesota's labor force on a seasonally adjusted basis.
- Minnesota gained 51,800 jobs, up 1.9%, in January on a seasonally adjusted basis, replacing all but 1,000 of the jobs lost in December (revised). January estimates are from the same week that bars and restaurants were allowed to seat customers indoors again (Jan 11th). The private sector gained 48,900 jobs, up 2.1%, more than making up for the 47,100 lost in December. Government gained 2,900 jobs, up 0.7%.
- Monthly job gains were widespread with 8 supersectors gaining jobs, 2 supersectors losing jobs and Mining and Logging holding steady.
 - Gains were largest in Leisure & Hospitality, up 35,500 jobs or 22.1% followed by Education & Health Service up 6,700 or 1.3%, Other Services, up 4,100 or 4.2%, Government up 2,900 or 0.7%, Manufacturing up 1,400 or 0.5%, Professional & Business Services up 900 or 0.3% and Information up 300 or 0.7%.
 - Losses were in Financial Activities, down -400 or -0.2% and Construction, down -100 or -0.1%.
- The U.S. gained 166,000 jobs, up 0.1% over the month in January on a seasonally adjusted basis.
- Minnesota lost -416,300 jobs (revised) from February through April and has since gained 191,400 jobs, or 46.0% of the jobs lost on a seasonally adjusted basis. The private sector has regained 48.1% of the jobs lost. Despite revisions, this is an improvement from December 2020.
- Over the year in January, Minnesota shed -229,968 payroll jobs, down -7.8%. This is an improvement from last month when Minnesota was down -9.3% over the year.
- The private sector shed -205,547 jobs, down -8.2% in January.
- U.S. over-the-year job loss stood at -6.1% with the private sector down -6.2% in January. Both total nonfarm and private sector employment are unchanged over-the-year from December.
- 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 -31.8% or -83,383 jobs. Other supersectors with a high share of job losses were Information down -12.4% or -5,703 jobs, Other Services, down -11.3% or -12,853 jobs and Professional & Business Services, down -7.3% or -27,535 jobs over the year.

- After revisions 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 -6.8% in Minnesota compared to -12.2% nationally.
- Employment in Education & Health Services is down -4.4% in Minnesota compared to -5.2% nationally. In Minnesota, strength is in Educational Services as well as Nursing and Residential Care Facilities compared to the U.S.
- Food manufacturing continues to show strength after benchmarking as well, up 3.5% in MN and down -1.0% nationwide, bringing employment change in non-durable goods to just -2.2% in Minnesota compared to -3.0% nationwide.
- Note: Employment services was revised downward throughout 2020 in Minnesota resulting in an over the year decline of -18.3% in Minnesota compared to -7.1% nationwide in January.

January 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	-229,968	-7.8	-6.1
Private	-205,547	-8.2	-6.2
Logging & Mining	-424	-6.8	-12.2
Construction	-4,829	-4.3	-2.5
Manufacturing	-15,557	-4.9	-4.4
Trade, Transport. & Utilities	-29,147	-5.5	-2.8
Information	-5,703	-12.4	-7.8
Financial Activities	-1,781	-0.9	-0.7
Prof. & Business Services	-27,535	-7.3	-3.6
Ed. & Health Services	-24,335	-4.4	-5.2
Leisure & Hospitality	-83,383	-31.8	-22.0
Other Services	-12,853	-11.3	-7.5
Government	-24,421	-5.7	-5.4

Wage and Hour Data

- Average hourly earnings for all private sector workers rose by 9 cents to \$32.38 in January over the month. Over the year average hourly earnings rose \$1.22, up 3.9%.
- At 34.3 hours per week, January's average work week was seven-tenths of an hour shorter than in December but rose one and one-tenth of an hour or 3.3% from a year ago.

Unemployment Data

- The unemployment rate ticked down in January to 4.5% from an upwardly revised 4.7% in December.

- The decline was due to people leaving the labor force from both employment and unemployment. The number of unemployed fell -7,652 and the number of employed fell -14,851 for a total decline of -22,503 in Minnesota’s labor force on a seasonally adjusted basis.
- The labor force participation rate fell to 68.4% in December to 67.9% in January. In February it was 70.2%.
- The employment to population ratio also fell to 64.8% from a revised 65.2% in December as a result of more people moving out of employment than out of unemployment. In February it was 67.8%.
- Nationally, the unemployment rate fell to 6.3% in January from 6.7% in December. The labor force participation rate dropped one tenth of one percentage point to 61.4% and the employment to population ratio rose a tenth to 57.5%. Overall employment increased slightly, unemployment decreased slightly and the overall size of the labor force decreased slightly.
- With January we revert to 12-month moving average unemployment rates. Based on **12-month moving average** unemployment rates by race in January unemployment rates are as follows (source: CPS Demecon, 12-month moving averages):

Month/Year	Total	Black	Hispanic	White
Jan-21	6.1	9.5	7.3	5.8
Dec-20	5.9	9.0	7.3	5.6
Jan-20	3.1	4.9	4.9	3.0

Note that these estimates differ from the official statewide estimate by a fairly large margin 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 in January on a seasonally adjusted basis, holding at 6,300 jobs. Over the year (OTY) the supersector lost -206 jobs (-6.8%). This was worse than December’s -5.9% decrease, and marked the second consecutive month of increasingly negative OTY growth.

Construction: Construction employment was down by -100 (-0.1%) over the month (OTM) in January, following a seasonally adjusted increase of 1,300 jobs (1.1%) in December. On an annual basis, Construction employers lost -4,829 jobs (-4.3%). This was worse than December’s -3.8% OTY decline, as the supersector continued to alternate between improvements and deteriorations, though employment growth remains stronger here than in the labor market at large.

Manufacturing: Manufacturing employment was up by 1,400 (0.5%) in January. Durable Goods Manufacturing added 1,500 jobs (0.8%), while their counterparts in Non-Durable Goods lost -100 jobs (-0.1%). Over the year, Manufacturers lost -15,557 jobs (-4.9%). This was better than December’s -5.3% decrease. Durable Goods was down -13,015 jobs (-6.3%) and Non-Durable Goods was down -2,542 (-2.2%).

Trade, Transportation, and Utilities: Employment in Trade, Transportation, and Utilities was up by 500 (0.1%) in January. The loss of -1,100 jobs (-1.1%) in Transportation, Warehousing, and Utilities was offset by growth in both trade sectors, as Retail added 900 jobs (0.3%) and Wholesale added 700 (0.6%). Over the year, the supersector lost -29,147 jobs (-5.5%), an improvement over December's -6.2% decline. Transportation, Warehousing, and Utilities led the declines, off by -7.8% (-8,651 jobs). Retail Trade employment was down -5.5% (-16,081 jobs) while Wholesale Trade was down -4,415 (-3.5%).

Information: Information employment was up by 300 (0.7%) in January. It was the first month of growth since September for the long-declining supersector. Over the year, employment in Information was down by -5,703 jobs (-12.4%), the second worst OTY job growth of any supersector in the state, trailing only the hard-hit Leisure and Hospitality sector.

Financial Activities: Employment in Financial Activities was down by -400 (-0.2%) in January, on a seasonally adjusted basis. Finance and Insurance lost -300 jobs (-0.2%) while Real Estate and Rental and Leasing was down -100 (-0.3%). On an annual basis, employment in the supersector was down -0.9% (-1,781 jobs). This was the best OTY performance of any supersector in the state by a large margin, as the next-strongest was -4.3% in Construction. Finance and Insurance was up very slightly (adding 10 jobs, or 0.0 percent), while Real Estate and Rental and Leasing was down -1,791 (-5.2%).

Professional and Business Services: Professional and Business Services employment was up by 900 jobs (0.3%) in January. Professional, Scientific, and Technical Services drove the growth, adding 1,400 jobs (0.9 percent) while Management of Companies and Enterprises lost -500 jobs (-0.6%). Administrative and Support Services employment was flat. On an annual basis, Professional and Business Services employers lost -27,535 jobs (-7.3%), with declines in all three major component sectors.

Education and Health Services: Employment in Education and Health Services was up by 6,700 (1.3%) in January. Educational Services was responsible for most of the growth, adding 4,900 jobs (7.4%) while Health Care and Social Assistance added 1,800 jobs (0.4%). Over the year, the supersector lost -24,335 jobs (-4.4%). Educational Services was down -3,996 (-5.6%) and Health Care and Social Assistance was down -20,339 (-4.2%).

Leisure and Hospitality: Leisure and Hospitality employment was up by 35,500 jobs, or 22.1%, over the month. This was the largest real and proportional growth in the state, likely owing to the relaxed restrictions on businesses that took effect in January. The increase marked the return of some of the 43,400 jobs lost in December. The supersector still had the largest OTY job losses, off by -83,383, or -31.8%. Arts, Entertainment and Recreation was down by -12,357 (-28.5%) while Accommodation and Food Services was down -71,026 (-32.4%).

Other Services: Employment in Other Services was up by 4.2% in January, the second largest proportional monthly growth of any supersector in the state as some of the 4,900 jobs lost in November and December returned. Over the year, Other Services lost -12,853 jobs (-11.3%), with declines in all three component sectors. Religions, Grantmaking, Civic and Professional Organizations lost -8,427 jobs, or -13.3%.

Government: Government employers added 2,900 jobs (0.7%) in January. Local Government led the growth, adding 2,300 jobs (0.9%) while State Government added 700 jobs (0.7%). Federal employers lost -100 jobs (-0.3%). Over the year, Government employers lost -24,421 jobs (-5.7%). Local Government lost -21,886 jobs (-7.4%) and State Government lost -2,992 (-2.9%), while Federal employers added 457 jobs (1.4%).

Metropolitan Statistical Area	OTY Employment Change (#, NSA)	OTY Employment Change (% , NSA)
Minneapolis-St. Paul MN-WI MSA	-177,999	-8.8
Duluth-Superior MN-WI MSA	-9,645	-7.2
Rochester MSA	-7,439	-6.0
St. Cloud MSA	-7,097	-6.5
Mankato MSA	-4,074	-7.0

Outlook

- 2020 proved to have been slightly worse than previously estimated. Revisions based on population data showed the loss of an additional -9,564 jobs, bringing annual average over the year job losses for 2020 from -6.6% to -6.9%. The private sector showed an even sharper downward revision, with a loss of an additional -14,214 jobs bringing annual average over the year job losses for 2020 from -6.8% to a revised -7.3%.
- As a result, January's over the year decline is now at -7.8% while the U.S. is down -6.1%.
- Despite these dismal numbers, January was a hopeful month for Minnesota with the addition of 51,800 jobs, up 1.9% from December. This is significantly better than the U.S., which showed an increase of only 0.1% with the addition of 166,000 jobs.
- The extremely cold weather may limit the number of jobs added in February (due out in two weeks). However, as vaccinations start to cover a broader segment of the population, children go back to school and the weather improves, Minnesota's labor market should benefit both from pent-up demand for leisure activities and services that have been unavailable or that consumers have chosen to hold off on during the winter months as well as workers reentering the labor force who have been sidelined by the pandemic and resulting school and business closures.

Labor Market Information Office

MN Department of Employment and Economic Development

March 10, 2021