

October 2020 Employment Analysis
(Embargoed until 10 am Thursday, November 19, 2020)

Overview

- The unemployment rate dropped substantially again in October, down to 4.6% from a revised 5.9%. Once again, this was due entirely to people dropping out of the labor force rather than moving into employment. The number of unemployed fell 44,573 while the number of employed fell 2,445 for a total loss of 47,018 from the labor force.
- Minnesota's jobs picture continued to improve in October although more slowly than in previous months with the addition of 13,200 payroll jobs, up 0.5% from September. The private sector added 12,900 jobs, up 0.5% and Government gained 300 jobs, up 0.1%.
- All but two supersectors saw seasonally adjusted gains over the month.
 - Gains were led by Trade, Transportation & Utilities, up 4,600 jobs with growth in Wholesale Trade and Transportation, Warehousing & Utilities. Retail Trade lost 200 jobs, the first job loss in this sector since April.
 - Leisure & Hospitality added 3,900 jobs almost entirely in Accommodation & Food Services, up 3,800 jobs.
 - Manufacturing added 2,400 jobs almost all in Nondurable Goods Manufacturing.
 - Other Services added 2,200 jobs.
 - Educational and Health Services added 1,900 jobs with Educational Services up 2,500 jobs and Health Care & Social Assistance down 600 jobs. This was the first time Health Care & Social Assistance lost jobs since April.
 - Construction added 1,700 jobs.
 - Mining & Logging added 200 jobs and Financial Activities gained 300 jobs.
 - Government added 300 jobs with losses in Federal and State Government and a gain of 2,700 jobs in Local Government.
- Two supersectors lost jobs: Professional & Business Services lost 3,100 jobs entirely in Administrative & Support Services which was down 4,300. Information lost 1,200 jobs.
- Minnesota lost 387,800 jobs from February through April and has since gained 203,600 jobs, or 52.5% of the jobs lost on a seasonally adjusted basis.
- Over the year in October, Minnesota shed 187,897 payroll jobs, down 6.2%, while the private sector shed 158,253 jobs, down 6.1%. U.S. over-the-year job loss stood at 6.0% with the private sector down 6.2% in October.
- 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 24.5% or 67,143 jobs, Logging & Mining down 15.3% or 1,041 jobs, Information down 13.8% or 6,345 jobs and Other Services, down 7.9% or 9,015 jobs over the year. Of these supersectors, only Leisure & Hospitality and Other Services showed improvement from September.

- Minnesota’s private sector showed strength compared to the nation, with an over the year decrease of 6.1% compared to the nation at 6.2%. Three sectors drove this strength:
 - Trade, Transportation & Utilities was down 1.2% in Minnesota compared to 3.5% nationwide over the year. Strength here was in Retail Trade, up 2,619 or 0.9% over the year, mostly in Food & Beverage and General Merchandise stores. Nationally, Retail Trade continued to lose jobs over the year, down 3.0%. Minnesota also showed strength in Wholesale Trade, down 3.5% compared to 4.9% in the U.S. and Utilities, up 0.4% in Minnesota and down 1.3% nationwide.
 - Professional & Business Services was down 2.7% in Minnesota compared to 4.8% nationwide. Minnesota’s strength was in both Management of Companies and Enterprises, down 1.3% in MN and 3.5% nationwide as well as Administrative & Support & Waste Services, down only 2.8% in MN and 8.1% nationwide. Within that sector, Employment Services (temp help) fell 2.5% in MN compared to a drop of 10.6% nationwide over the year.
 - Manufacturing fell 4.3% in MN compared to 4.6% nationwide over the year in October. The strength here was in Nondurable Goods, particularly Food Manufacturing where Minnesota grew by 3.3% over the year while nationally employment fell by 2.2%.

October Over The Year (OTY) Employment Change By Industry Sector (Not Seasonally Adjusted)			
	OTY Job Change	OTY Growth Rate (%)	US OTY Growth Rate
Total	-187,897	-6.2	-6.0
Private	-158,253	-6.1	-6.2
Logging & Mining	-1,041	-15.3	-15.3
Construction	-7,075	-5.0	-2.5
Manufacturing	-14,043	-4.3	-4.6
Trade, Transport. & Utilities	-6,119	-1.2	-3.5
Information	-6,345	-13.8	-8.3
Financial Activities	-4,506	-2.3	-0.9
Prof. & Business Services	-10,517	-2.7	-4.8
Ed. & Health Services	-32,449	-5.8	-4.4
Leisure & Hospitality	-67,143	-24.5	-19.7
Other Services	-9,015	-7.9	-6.8
Government	-29,644	-6.8	-4.7

Wage and Hour Data

- Average hourly earnings for all private sector workers fell by 34 cents to \$31.46 in October over the month. Over the year average hourly earnings rose 70 cents, up 2.3%.

- At 34.6 hours per week, the average work week rose six-tenth of an hour over the month and one hour from a year ago.

Unemployment Data

- Minnesota’s unemployment rate dropped further to 4.6% in October from a revised 5.9% in September on a seasonally adjusted basis, and down from a peak in May of 9.9%. The U.S. unemployment rate was 6.9%, down from 7.9% in September.
- The drop in Minnesota’s unemployment rate was due entirely to people dropping out of the labor force rather than moving into employment. The number of unemployed fell 44,573 while the number of employed fell 2,445 for a total loss of 47,018 from the labor force. There were 137,359 unemployed people in Minnesota in October.
- The employment to population ratio declined to 64.4%, from a revised 64.5% in September. In February it was 68.1%. Nationally it was 57.4%.
- The labor force participation rate dropped further to 67.4%, from an upwardly revised 68.5% in September. The last time the labor force participation rate was this low was in 1978. It stood at 70.2% in February 2020.
- Nationally the number of employed increased in October bringing the LFPR to 61.7% nationally up from 61.4% in September and level with August.
- Based on **six month moving averages** (May to Oct 2020 data) unemployment rates by race in October for Minnesota are as follows (source: CPS Demecon, 6-month moving averages):

Month/Year	Total	Black	Hispanic	White
Oct-20	7.1	15.4	9.6	6.3
Sep-20	7.8	16.5	9.7	6.9
Oct-19	2.8	5.3	2.6	2.6
Monthly change	-0.7	-1.1	-0.1	-0.7
Annual change	4.3	10.1	7.0	3.7

- Note that these estimates differ from the official statewide estimate by a fairly large margin because they are calculated from 6 months of data rather than a single month.

Details

Mining and Logging: Employment in Mining and Logging was up by 200 (3.6%) in October on a seasonally adjusted basis, following growth of 1.9% in September. Over the year (OTY), the supersector lost 1,041 jobs (15.3%), which was slightly worse than September’s 14.8% OTY decline.

Construction: Construction employment was up by 1,700 (1.4%) in October. It was the third consecutive month of better than 1% growth for the supersector. On an annual basis, Construction employers lost 7,075 jobs (5%). This was a one-point improvement over September's 6% OTY decline. Specialty Trade Contractors posted the largest loss, off by 6%, or 5,380 jobs.

Manufacturing: Manufacturing employment was up by 2,400 jobs (0.8%) in October. Non-Durable Goods Manufacturing led the growth with 2,300 new jobs (up 2%). Durable Goods Manufacturers added 100 jobs (0.1%). On an annual basis, the supersector lost 14,043 jobs (4.3%) with declines in both component sectors. Durable Goods was down 12,387 (5.9%), including a loss of 2,482 jobs in Fabricated Metal Product Manufacturing (down 5.6%). Non-Durable Goods was down 1.4%, or 1,656 jobs, despite the gain of 1,613 jobs (3.3%) in Food Manufacturing, the only published component.

Trade, Transportation, and Utilities: Employment in Trade, Transportation, and Utilities was up by 4,600 (0.9%) in October. Trade, Transportation, and Utilities drove the growth, adding 3,200 jobs (3.1%), while Wholesale Trade added 1,600 jobs (1.3%). Retail Trade employers lost 200 jobs (0.1%). Over the year, the supersector lost 6,119 jobs (1.2%). In an inverse of the monthly estimates, Wholesale Trade and Transportation, Warehousing, and Utilities both lost jobs (down 4,509 or 3.5%, and 4,229 or 3.8%, respectively). Retail Trade added jobs on the year, up 2,619 (0.9 percent). While it was one of few major sectors to post annual growth, this was a slight decrease from September's 1.5% OTY growth.

Information: Information employment was down by 1,200 (2.9%) in October. This was the largest monthly decline of any supersector in Minnesota. Over the year, Information employers shed 6,345 jobs (13.8%).

Financial Activities: Employment in Financial Activities was up by 300 (0.2%) in October. The addition of 400 jobs (0.3%) in Finance and Insurance was tempered with the loss of 100 jobs (0.3%) in Real Estate and Rental and Leasing. Annually, the supersector lost 4,506 jobs (2.3%). Most of those lost jobs came from Real Estate and Rental and Leasing, which was down by 4,236 (12%) from October of 2019. Finance and Insurance, the other component sector, lost 270 jobs (0.2 percent) over the same period.

Professional and Business Services: Professional and Business Services lost 3,100 jobs (0.8%) in October. The decline came entirely in Administrative and Support and Waste Management and Remediation Services, which was down by 4,300 (3.2%). This was likely at least partially a correction due to shifting seasonality, as the sector was up by 3.6% in September. Over the year, Professional and Business Services lost 10,517 jobs (2.7%).

Education and Health Services: Education and Health Services employment was up by 1,900 (0.4%) in October. The growth came entirely in Educational Services, which added 2,500 jobs (3.9%) after losing 0.5% in September, likely a sign of some later-than-usual hiring for the new school year. Health Care and Social Assistance lost 600 jobs (0.1%). On an annual basis, the supersector lost 32,449 jobs (5.8%). Educational Services was off by 9.1% (6,843 jobs). Health Care and Social Assistance was down 5.3% (25,606 jobs) over the year, with the largest declines coming from Offices of Dentists (down 7.5%, or 1,254 jobs) and Social Assistance (down 7.3%, or 7,299 jobs).

Leisure and Hospitality: Employment in Leisure and Hospitality was up by 3,900 (1.9%) in October, with Accommodation and Food Services up 3,800 jobs (2.1%) and Arts, Entertainment, and Recreation up 100 (0.4%). The supersector has posted seasonally adjusted growth in every month since April. Over the year, Leisure and Hospitality employers lost 67,143 jobs, or 24.5%, which remained the largest proportional OTY decline of any supersector in the state. It did post marginal improvement from September, when the OTY decline was 25.3%. Arts, Entertainment, and Recreation was down by 18,214 (39.5%) and Accommodation and Food Services was down 48,929 (21.4%).

Other Services: Other Services employment was up by 2,200 (2.2%) in October, after remaining flat in September. Over the year, Other Services lost 9,015 jobs (7.9%). The supersector has shown strong recovery in recent months, after being down 28.1% in April, 13.3% in July, and 10.6% in September.

Government: Government employment was up slightly in October, adding 300 jobs (0.1%). Growth at the Local Government level (up 2,700, or 1%) was tempered by losses at the State and Federal levels (down 800 or 0.8%, and 1,600 or 4.5%, respectively). Over the year, Government employers lost 29,644 jobs (6.8%). Employment was down by 7.8% at both the State and Local levels (8,171 and 23,237 jobs, respectively). Both sectors of Local Government (Education and excluding education) saw improvements in over the year job losses. State Government Education saw an over the year improvement, while State Government excluding Education saw a worsening of over the year job losses, now at 0.7%. Federal employment, likely buoyed by Census activities, was up 1,764 (5.4%).

Regional: Duluth-Superior MSA had the sharpest over the year decline in jobs, with an 8.1% decline. However, this was an improvement from September at -8.5%. Minneapolis-St. Paul was down 6.2%, also an improvement from a 6.6% decrease in September. St. Cloud MSA had the lowest rate of over the year job loss, down 3.4% in Oct compared to 3.8% in September. Both Mankato MSA (down 5.2% in Oct compared to 5.1% in September) and Rochester MSA (down 5.9% in Oct compared to 5.7% in Sept) saw slightly larger over the year declines in October.

Metropolitan Statistical Area	OTY Employment Change (#, NSA)	OTY Employment Change (% , NSA)
Minneapolis-St. Paul MN-WI MSA	-127,438	-6.2
Duluth-Superior MN-WI MSA	-11,291	-8.1
Rochester MSA	-7,440	-5.9
St. Cloud MSA	-3,819	-3.4
Mankato MSA	-3,144	-5.2

Outlook

Minnesota's private sector job growth continued to be slightly stronger than the nation, outpacing national over the year growth in Manufacturing, Trade, Transportation & Utilities and Professional & Business Services. Job growth in large sectors including Leisure & Hospitality and Government, however, continued to lag the nation.

Of sectors that were the most impacted by social distancing measures, most continued to bounce back in October. Leisure & Hospitality and Other Services continued to add jobs with Other Services

showing strong growth. Retail Trade, while still up over the year, hit a bump in October losing 200 jobs over the month.

The unemployment rate continued to recover in October, down 1.3 percentage points from September, but the recovery was entirely due to people dropping out of the labor force. This mirrors the observation of many companies that are currently trying to hire for seasonal or low-wage work that few people are applying for these jobs.

The surge of COVID-19 infection rates in Minnesota will likely slow growth over the coming months. The pace of the recovery will also be impacted by the size and timing of the next federal stimulus package that is currently being debating in Washington. If the labor force does not recover quickly labor force shortages will further slow growth coming out of the recession.

Finally, we must continue to note that workers are not impacted equally in the COVID-19 recession. In general, those who work in low wage sectors are the most impacted by the job losses and those who work in the service sector are most impacted by potential health consequences of exposure. There is much overlap in these two sectors. As high unemployment and job growth continues at an uneven pace among industries, many of these workers will continue to suffer disproportionate impacts of both the pandemic and the recession.

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MN Department of Employment and Economic Development
November 18, 2020