

December 2022 Employment Analysis

(Embargoed until 9:30am Thursday, January 19, 2023)

Seasonally Adjusted Jobs and Unemployment

- The unemployment rate ticked up two-tenth of a point to 2.5% in December 2022 as a result of an increase of 6,287 in the number of unemployed. The labor force participation rate remained steady at 67.9% with 3,367 people entering the labor force.
- The unemployment rate ticked back down for Hispanic workers to 3.8% (same as October), down for the last consecutive 6 months for Black workers to 3.9%, and ticked up for white workers to 2.3% in Minnesota in December over the month. (Numbers are based on 12-month moving average Demecon data from the Current Population Survey.)
- On a seasonally adjusted basis Minnesota lost 5,200 jobs in December, down 0.2% from November, following an increase of 6,500 jobs (revised) in November. The private sector gained 900 of the jobs in December, while Government lost 6,100 jobs over the month.
 - November employment was revised downward by 300 jobs in total and 1,200 in the private sector.
- The U.S. gained 223,000 jobs in December, up 0.1% from the previous month, with the private sector adding 220,000 jobs, up 0.2% on a seasonally adjusted basis.
- Comparing Minnesota to the U.S. year-to-date, Minnesota employment has grown 3% since January 2022 while the U.S. has grown 2.7%. Over the last three months, October to December, Minnesota has grown 0.04% while the U.S. has grown 0.3%.
- Here are noteworthy supersectors that gained or lost jobs on a seasonally adjusted basis in December:
 - Gains were in Trade, Transportation & Utilities, up 2,400 jobs (0.5%); Financial Activities, up 1,400 jobs (0.7%); Education & Health Services up 4,000 (0.7%); and Leisure & Hospitality up 4,300 jobs (1.6%).
 - Losses were in Construction, down 2,600 jobs (2%); Manufacturing, down 1,100 or 0.3%; Professional & Business Services, down 6,200 jobs (1.6%); and Government, down 6,100 jobs (1.5%) over the month.
- Minnesota lost 417,600 jobs from February through April 2020 and has since gained 377,600 jobs as of December, or 90% of the jobs that were lost during the Pandemic Recession, on a seasonally adjusted basis. The private sector has regained 369,000 jobs, or 95% of the jobs lost during that period. Overall, this means that we are still 1.3% or 40,000 jobs below the total number of payroll jobs prior to the pandemic in MN while the U.S. has surpassed (as of June 2022) the total number of jobs prior to the pandemic.

Over the Year Job Growth

- Minnesota gained 91,936 payroll jobs, up 3.2%, over the year. The private sector gained 87,587 jobs, up 3.6% over the year.
- All supersectors posted positive over the year (OTY) employment growth with the exception of Construction and Other Services.
 - Leisure & Hospitality continued to post the highest OTY growth of all the supersectors, up 10% with the addition of 23,084 jobs. This growth was driven by Arts, Entertainment & Recreation, up 30.4% OTY while Accommodations & Food Service was up 6.3%.
 - Education and Health Services grew 4.7% with the addition of 25,676 jobs OTY. Educational Services added 5,041 jobs (7.2%) and Health Care & Social Assistance added 20,635 jobs (4.4)% over the year. Nursing & Residential Care Facilities grew 3.1% OTY, up from last month and the fourth month in a row to show over the year growth after losing jobs over the year since April 2020.
 - Trade, Transportation, & Utilities saw 2.5% OTY growth. This was driven by growth in all three component sectors, with Wholesale Trade up 3%, Retail Trade up 2.3%, and Transportation, Warehousing, and Utilities up 2.4%, in spite of declines in a couple of subsectors such as General Merchandise Stores (down 1.1%) and Couriers and Messengers (down 1.6%).
 - Professional & Business Services grew 3.5% OTY (13,108 jobs). The strongest component sector growth was in Professional, Scientific, and Technical Services, up 5.4% (8,558 jobs).
 - Manufacturing posted 12,494 additional jobs, up 3.9% OTY. All published sectors showed growth over the year, though the Durable Goods sector drove the growth, adding 10,923 jobs, or 5.4%. Manufacturing employment growth continued to be stronger than the nation, which was at 2.9% OTY.
 - Construction lost 3,468 jobs, down 2.8%. Losses in Construction were in both Heavy & Civil, down 11.4%, and Specialty Trade Contractors, down 2.3% over the year.
- U.S. employment grew 2.9% OTY with the private sector up 3.2% in December. All supersectors showed gains OTY.
- Minnesota's OTY job growth in December outperformed that of the nation in total payroll employment and private sector employment as well as in 6 supersectors: Manufacturing, Trade, Transportation & Utilities, Financial Activities, Professional & Business Services, Education & Health Services, and Leisure & Hospitality.

December 2022 Over the Year (OTY) Employment Growth by Industry Sector Not Seasonally Adjusted			
	MN OTY Job Change	MN OTY Growth Rate (%)	US OTY Growth Rate (%)
Total	91,936	3.2	2.9
Private	87,587	3.6	3.2
Mining & Logging	35	0.6	9.2
Construction	-3,468	-2.8	3.2
Manufacturing	12,494	3.9	2.9
Trade, Transport. & Utilities	13,124	2.5	1.6
Information	890	2.1	4.8
Financial Activities	3,559	1.9	1.5
Prof. & Business Services	13,108	3.5	2.6
Ed. & Health Services	25,676	4.7	4.0
Leisure & Hospitality	23,084	10.0	6.5
Other Services	-915	-0.8	3.1
Government	4,349	1.1	1.5

Wage and Hour Data

- Average hourly wages for all private sector workers rose 32 cents to \$35.57 in December over the month. Over the year average hourly earnings rose \$1.27, up 3.7%. Over two years, average hourly earnings increased \$3.28 or 10.2%.
 - Nationally private sector wages rose 11 cents (0.3%) over the month to \$32.73. They rose 4.6% OTY and 9.8% over two years.
 - The CPI inflation index for all urban consumers rose 6.5% over the year and 13.9% over two years.
- At 33.4 hours per week, December’s average work week was down 0.8% from November and down 2.1% from last year.
 - Nationally, the average work week was down 0.3% to 34.3 hours per week over the month and down 1.4% over the year.

Unemployment Data

- The unemployment rate ticked up two-tenth of a point again in December to 2.5% with the addition of 6,287 unemployed people.
- There were 2,920 fewer employed people over the month in December resulting in a decrease of one-tenth of a point in the employment-to-population, now at 66.2%.

- The labor force grew, adding 3,367 people, not enough to change the labor force participation rate. That rate stood at 67.9% for the third month in a row, down from its peak in 2022 of 68.5% in June.
- Nationally, the unemployment rate fell one-tenth of a point to 3.5% and the employment-to-population ratio ticked up two-tenths to 60.1% over the month. The size of the labor force grew by a robust 439,000 workers, enough to push the labor force participation rate up one-tenth to 62.3%.
- Over the last three months Minnesota has added an anemic 1,412 people to the labor force, a 0.0% change, while the U.S. has added 299,000 people, up 0.8%. Year to date, Minnesota’s labor force has grown 1.0% compared to 0.8% nationwide.
- *Note that the estimates presented below differ from the official statewide estimate because they are calculated from 12 months of data rather than a single month.*
- Based on 12-month moving averages, Minnesota’s **unemployment rates by race** are as follows (source: CPS Demecon, 12-month moving averages):

Month/Year	Total	Black	Hispanic	White
December-2022	2.6%	3.9%	3.8%	2.3%
November-2022	2.6%	4.3%	3.9%	2.1%
December -2021	3.8%	6.2%	4.7%	3.6%
February-2020	3.1%	4.5%	5.0%	3.0%

- In December, Black Minnesotan’s had the highest unemployment rate at 3.9%, although it is now well below its level prior to the pandemic in February 2020. Hispanic Minnesotans also have a much lower rate than prior to the pandemic as do white Minnesotans.
- Based on 12-month moving averages, Minnesota’s **employment-to-population ratios by race** are as follows (source: CPS Demecon, 12-month moving averages):

Month/Year	Total	Black	Hispanic	White
December-2022	66.5%	67.9%	72.5%	66.3%
November-2022	66.6%	66.8%	72.2%	66.5%
December -2021	65.1%	62.3%	74.6%	65.7%
February-2020	67.8%	68.2%	72.5%	67.8%

- December’s estimates show that Black Minnesotan’s employment-to-population ratio is higher than that of white Minnesotans although Hispanic Minnesotans have the highest employment-to-population ratio.

- Based on 12-month moving averages, Minnesota's **labor force participation rates by race** are as follows (source: CPS Demecon, 12-month moving averages):

Month/Year	Total	Black	Hispanic	White
December-2022	68.3%	70.7%	75.3%	67.8%
November-2022	68.3%	69.8%	75.2%	68.0%
December -2021	67.6%	66.4%	78.3%	68.1%
February 2020	70.0%	71.3%	76.3%	69.9%

- December's estimates show that the labor force participation rate for Black workers is now well above that of white workers in Minnesota although Hispanic labor force participation remains the highest of all three groups. Labor force participation rates are strongly impacted by age distribution.

Industry Details

Mining and Logging: Employment in Mining and Logging was up by 100 (1.6%) over the month (OTM) in December on a seasonally adjusted basis. It was the fifth consecutive month with flat or positive growth for the supersector. On the year, employers in Mining and Logging added 35 jobs (0.6%). Annual employment growth was positive in the supersector for the first time since March, due at least in part to an especially weak December of 2021.

Construction: Construction employment was down by 2,600 (-2%) OTM in December. It was the largest proportional loss of any supersector, and the third consecutive month of seasonally adjusted job losses for Construction employers. On an annual basis, Construction employers lost 3,468 jobs (2.8%), the first negative OTY growth for the supersector since April. It is possible that large winter storms that hit much of the state in mid-December contributed to both the monthly and annual employment declines.

Manufacturing: Employment in Manufacturing was off by 1,100 (0.3%) OTM in December. Durable Goods employers added 700 jobs (0.3%) but those gains were overshadowed by the loss of 1,800 jobs (1.5%) in Non-Durable Goods Manufacturing. Over the year, Manufacturing employers added 12,494 jobs, or 3.9%, which was the third-highest proportional growth of any supersector (trailing Leisure and Hospitality and Education and Health Services). Annual Manufacturing growth remained above 3% for every month of 2022. Durable Goods Manufacturing drove the growth in December, adding 10,923 jobs (5.4%), while Non-Durable Goods Manufacturing added 1,571 jobs (1.4%).

Trade, Transportation, and Utilities: Trade, Transportation and Utilities employment was up by 2,400 (0.5%) OTM in December. All three component sectors added jobs. Wholesale and Retail Trade each added 600 jobs (0.5% and 0.2%, respectively) while Transportation, Warehousing and Utilities added 1,200 jobs (1.1%). Over the year, the supersector added 13,124 jobs (2.5%). Wholesale Trade was up 3,745 (3%), Retail Trade was up 6,616 (2.3%) and Transportation, Warehousing and Utilities was up 2,763 (2.4%).

Information: Employment in Information was off by 100 (-0.2%) OTM in December, after adding jobs in the previous two months. Over the year, Information employers added 890 jobs (2.1%). Despite the annual growth, both published component sectors posted negative growth, with Telecommunications off by 355 (3.5%) and Publishing Industries down 197 (1.1%).

Financial Activities: Financial Activities added 1,400 jobs (0.7%) OTM in December. Finance and Insurance added 900 jobs (0.6%) and Real Estate and Rental and Leasing added 500 jobs (1.4%). Over the year, the supersector added 3,559 (1.9%). This was up from November's 0.1% OTY increase. Real Estate and Rental and Leasing added 1,957 jobs (5.7%) in December, and Finance and Insurance added 1,602 (1%).

Professional and Business Services: Employment in Professional and Business Services was down by 6,200 (-1.6%) in December. Professional, Scientific and Technical Services added 200 jobs (0.1%) and Management of Companies and Enterprises added 1,000 (1.1%) but those gains were overcome by losses in Administrative and Support and Waste Management and Remediation Services (down 7,400 jobs or -5.4%). Over the year, the supersector added 13,108 jobs (3.5%). Professional, Scientific and Technical Services added 8,558 jobs (5.4%), Management of Companies added 1,834 (2.1%) and Administrative and Support Services added 2,716 (2.1%). Employment Services lost 369 jobs (0.6%).

Education and Health Services: Education and Health Services employment was up by 4,000 (0.7%) on a seasonally adjusted basis in December. It was the eleventh consecutive month of positive growth for the supersector. Educational Services was up 1,300 (1.8%) and Health Care and Social Assistance was up 2,700 (0.6%). Over the year, employers in Education and Health Services added 25,676 jobs (4.7%). Educational Services added 5,041 jobs (7.2%) and Health Care and Social Assistance added 20,635 (4.4%). Annual growth in Nursing and Residential Care Facilities grew to 3.1% after being in the negative consistently from April of 2020 through August of 2022.

Leisure and Hospitality: Employment in Leisure and Hospitality was up by 4,300 jobs, or 1.6%, in December. This was the highest proportional annual growth of any supersector in the state. Arts, Entertainment and Recreation added 1,500 jobs (3%) and Accommodation and Food Services added 2,800 (1.3%). Over the year, Leisure and Hospitality employers added 23,084 jobs (10%). This was the largest proportional growth of any supersector, and an increase over November's 7.3% annual increase. Arts, Entertainment and Recreation employment was up 10,777 jobs, or 30.4%, while Accommodation and Food Services added 12,307 jobs, or 6.3%.

Other Services: Employment in Other Services was down by 1,300 (-1.2%) OTM in December. It was the fourth consecutive month of seasonally adjusted declines for the supersector. On an annual basis, Other Services employers lost 915 jobs, or -0.8%, in comparison to a strong December of 2021. It was the first negative annual growth for the supersector since March of 2021. Repair and Maintenance lost 1,443 jobs (-6.6%) and Personal and Laundry Services lost 631 jobs (-2.4%), while Religious, Grantmaking and Civic Organizations added 1,159 jobs (1.9%).

Government: Government employers lost 6,100 jobs (1.5%) OTM in December. The losses came almost entirely at the Local Government level, where employment was off by 6,100 (-2.2%). Federal employers lost 100 jobs (-0.3%) while State employers added 100 (0.1%). On an annual basis, Government employers added 4,349 jobs (1.1%). Local Government drove the growth, adding 4,200 jobs (1.5%) with all of that growth coming in non-education employment, up 4,240 jobs or 3.1%. State employers added 426 jobs (0.4%) while Federal employers lost 277 (-0.9%).

Regional Details

Metropolitan Statistical Area	OTY Employment Change (#, NSA)	OTY Employment Change (%, NSA)
Minneapolis-St. Paul MN-WI MSA	68,723	3.5
Duluth-Superior MN-WI MSA	1,385	1.1
Rochester MSA	3,386	2.8
St. Cloud MSA	1,758	1.6
Mankato MSA	1,310	2.3
Fargo-Moorhead ND-MN MSA (Nov)	600	0.4
Grand Forks-East Grand Forks ND-MN MSA (Nov)	400	0.7
La Crosse-Onalaska WI-MN (Nov)	700	0.9

Outlook

- Minnesota's 14-month streak of payroll employment growth was broken in December, the result of the loss of 6,100 jobs in Government. The private sector continued to add jobs in December, up 900 over the month, but that was not enough to offset the sharp drop in Government employment. The U.S. growth streak continued, now in its 24th month.
- The number of unemployed in Minnesota started to tick up in August and has shown a larger increase in each month since, with December's increase at 6,287, just slightly higher than November's increase. This is likely in part a correction to the very low numbers of unemployed that the sample was estimating throughout the summer. December's number of unemployed remains very low for this series. The number of unemployed reached a low of 71,402 in April 1998, which is the lowest on record outside of 2022, dating back to 1976.
- The number of U.I. requests during the second week of 2023 is slightly higher than during the second week of 2020, at 64,414 compared to 63,688 in 2019. Over a four week period, Minnesota added 9,346 claims in the second week of 2023, compared to 8,682 claims during the same weeks in 2019 and 2020, up 17% in 2023 compared to 15.8% in 2020. These numbers are still very low historically. The lack of unemployed workers was already constraining job growth in late 2019 and early 2020, as it is now.

- The number of involuntary parttime workers ticked down again to 24,200 in December on a 12-month moving average basis, another all-time low for this series. These low numbers indicate that workers don't need to settle for parttime jobs when they prefer full time jobs and is another sign of the very tight labor market.
- Teen (16-19) labor force participation, which showed strength coming out of the Pandemic Recession, ticked up in December to 52.1% on a seasonally adjusted basis, although teen unemployment also ticked up to 8.1%. The stronger than average labor market for teens seems to be drawing more in.
- Despite plentiful job opportunities, we continue to struggle to add labor force with five months of losses followed by anemic growth of 3,367 in December. But over the year we've added 45,572 up 1.5% compared to 1.6% growth nationally.
- Private sector wage growth is falling further behind the CPI even as inflation slows and is now slower than wage growth nationally. Wage growth slowed to 3.7% over the year and 10.2% over two years in Minnesota compared to 4.6% and 9.8% nationally. Inflation growth slowed to 6.5% over the year and 13.9% over two years in December

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MN Department of Employment and Economic Development
January 17, 2023