

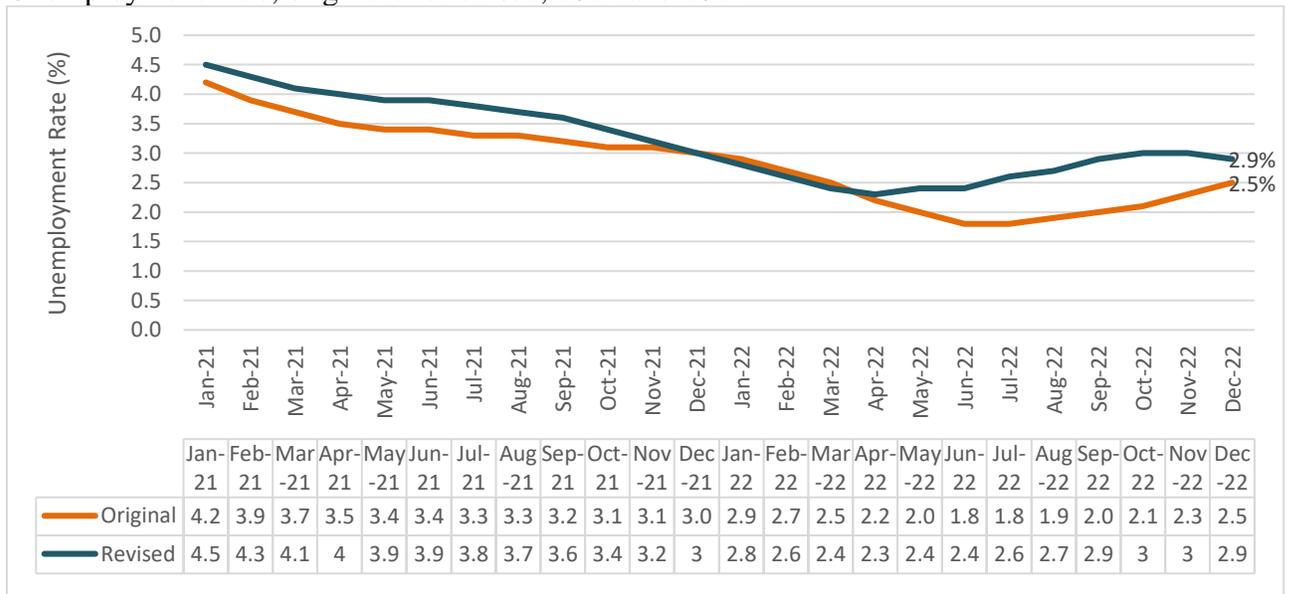
January 2023 Benchmark Analysis

(Embargoed until 10 am Thursday, March 9, 2023)

Annual Revision

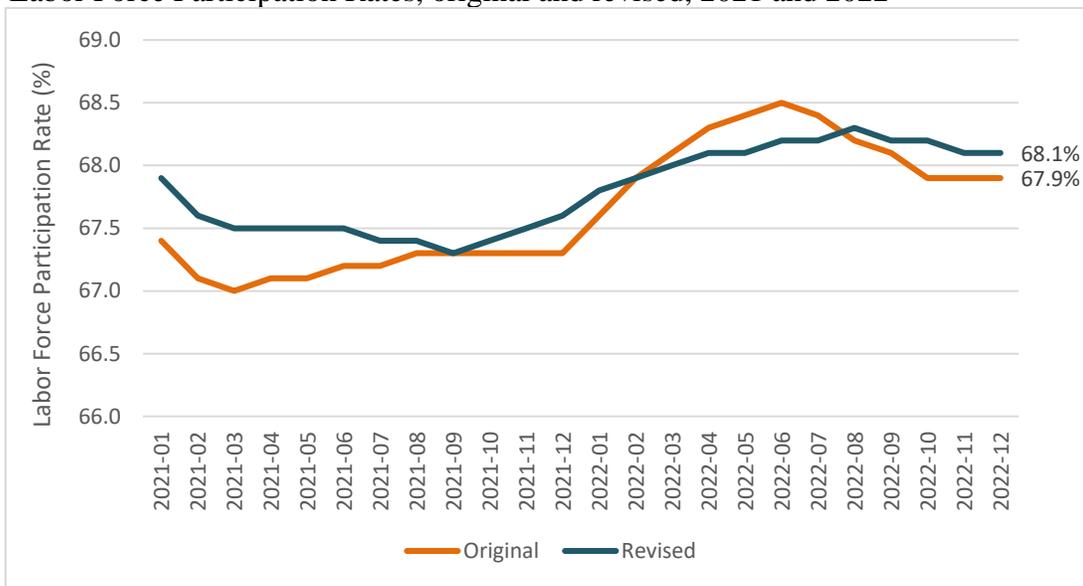
- As is the annual practice, the release of January’s employment and unemployment report is accompanied by revisions to previous releases of these data. These revisions occur as new population controls, new seasonal adjustment factors, and more comprehensive employment counts become available. Generally, unemployment (household survey) data are revised for the previous five years while employment (payroll survey) data are revised back 21 months (to April 2021 in this case).
- Revisions show a higher unemployment rate and a higher labor force participation rate (in the last half of 2022) than originally published. This means the labor market is not as tight as we had thought, though still tighter than before the pandemic.
- Revisions to the state’s seasonally adjusted unemployment rate erase the sharp drop in summer 2022 that was originally estimated. The original estimates showed Minnesota’s unemployment rate dropping to a never-before-seen low of 1.8% in June and July before ticking up to 1.9% in August and 2.0% in September 2022.
- The revised series show that the low in 2022 was in April, at 2.3% after which the rate ticked up to 2.4%, remaining there until July when it ticked up again to 2.6%. The rate reached 3.0% in October before ticking down to 2.9% in December.
- By December, the original and revised seasonally adjusted series diverged by four-tenths of a percentage point, with the revised series ending the year at 2.9% rather than the originally estimated 2.5%.

Unemployment Rate, original and revised, 2021 and 2022



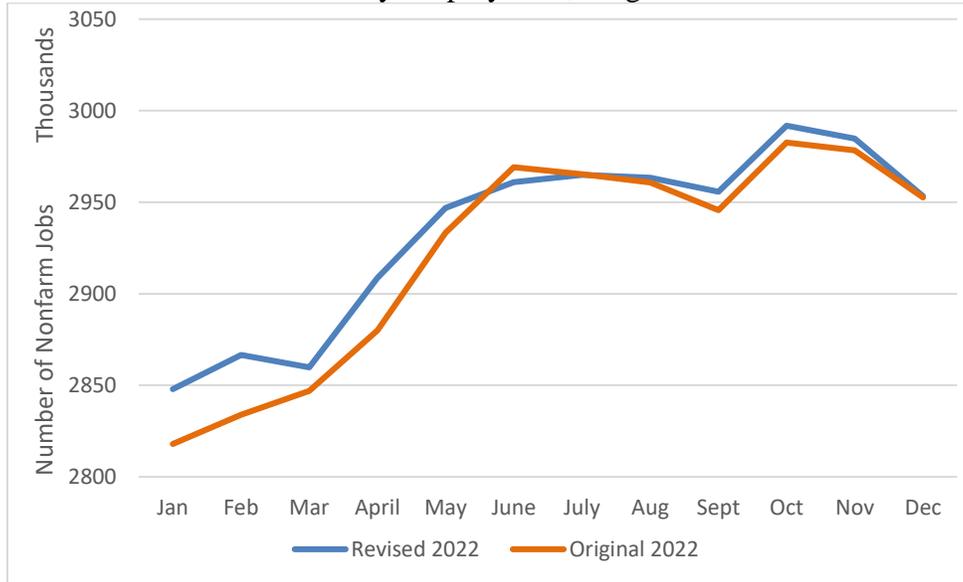
- The number of people in the labor force was revised upward for the second half of 2022. The result for December 2022 was a total of 3,085,863, or 11,387 more people in the labor force than originally estimated.
- The number of people employed was revised slightly down from March through December 2022 as a result of the increased unemployment rate as well as downward revisions in the labor force in March through July 2022. The number employed ended the year at 2,994,939 or 1,317 lower than originally published.
- The number of unemployed was revised upward by 12,704 ending the year at 90,924.
- Revisions increased the labor force participation rate throughout the second half of 2022 resulting in a benchmarked rate of 68.1% in December, two-tenths of a percentage point higher than the originally published 67.9%.

Labor Force Participation Rates, original and revised, 2021 and 2022



- The employment to population ratio was revised downward from March through December 2022 because of the decrease in the number employed, resulting in a revised December employment to population ratio of 66.1%, just one-tenths of a percentage point lower than originally published.
- 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 2018.

Total 2022 Nonfarm Monthly Employment, Original and Revised



- Overall the revisions put December 2022 total nonfarm employment 550 jobs above the original series. Taking the average employment across the year, total nonfarm employment is 11,487 jobs higher after revisions than originally published, or 0.4% higher.
- In comparison the benchmark increased U.S. total nonfarm employment by 578,000 jobs or 0.4% in December 2022.
- The job census data (QCEW) shows a stronger first part of 2022, especially through May, with strength again in September, compared to the original CES series. Months past September are estimated based on September because, when benchmarking is being done, September is the last month of actual data we have from the QCEW.
 - Total Nonfarm 2022 annual average rate of job growth: revised downward slightly from 2.82% to 2.77%.
 - Total Private Sector 2022 annual average rate of growth: revised downward from 3.2% to 3.0%.
 - Total Nonfarm 2021 annual rate of growth: revised slightly upward, from 2.1% to 2.5%.
- Based on revisions, 2022 now shows an average annual gain of 79,006 total nonfarm jobs rather than the 80,329 originally estimated.
 - The private sector gained 74,261 jobs in 2022 rather than the 77,548 originally estimated.
 - 2021 shows a gain of 69,244 jobs rather than the 57,813 previously published.
- In terms of annual average change in employment in 2022, seven sectors saw improvement (Construction, Trade, Transportation & Utilities, Information, Financial Activities, Professional & Business Services, Leisure & Hospitality and Government) while four sectors saw less growth

or more decline (Mining & Logging, Manufacturing, Private Ed & Health Services and Other Services) after benchmarking.

- The largest changes in the numbers of jobs by supersector were in:
 - Trade, Transportation & Utilities, which gained 7,313 more jobs over the year than originally estimated as a result of stronger than estimated growth in Wholesale Trade and Transportation, Warehousing & Utilities. The annual average growth in that sector was 2.2% compared to the originally estimated 1.3%.
 - Leisure & Hospitality gained 3,555 more jobs than originally estimated, up 11.9% instead of 11.5% as originally estimated. Growth was stronger than estimated in both Arts, Entertainment & Recreation as well as Accommodations & Food Services.
 - Education & Health Services added 5,216 fewer jobs in 2022 than originally estimated. Private Colleges added 2,951 fewer jobs than originally estimated, shrinking by 0.8% rather than the 9.9% growth that was originally estimated. The Health Care portion of this supersector saw almost no change as a result of the benchmark process. Social Assistance lost 2,866 jobs on average in 2022, growing by 3.1% compared to the 6.0% originally estimated.
 - Manufacturing has 3,581 fewer jobs than originally estimated. The annual avg growth in that sector was 3.4% compared to the originally estimated 4.6%. Growth was weaker in both Durable Goods and Nondurable Goods than originally estimated.

Annual Average Employment Growth By Industry Sector					
2021 to 2022, 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	80,329	2.8	79,006	2.8	-1,323
Private	77,528	3.2	74,261	3.0	-3,267
Logging & Mining	-61	-0.9	-141	-2.2	-80
Construction	213	0.2	2,259	1.7	2,046
Manufacturing	14,494	4.6	10,570	3.4	-3,924
Trade, Transport. & Utilities	6,633	1.3	11,427	2.2	4,794
Information	1,150	2.7	2,505	5.8	1,355
Financial Activities	112	0.1	-1,292	-0.7	-1,404
Prof. & Business Services	14,350	3.9	13,819	3.7	-531
Ed. & Health Services	10,627	2.0	5,411	1.0	-5,216
Leisure & Hospitality	26,115	11.5	27,276	11.9	1,161
Other Services	3,894	3.7	2,428	2.3	-1,466
Government	2,800	0.7	4,746	1.2	1,946

- All MSAs saw downward revisions.
- Proportionally, benchmark revisions were largest for Rochester MSA where annual average job change was revised downward from 2.9% to 1.2% with 2,067 fewer jobs after benchmarking, and Duluth where annual average job change was revised downward from 2.9% to 1.8% with 1,420 fewer jobs.

Annual Average Employment Growth By MSA					
2020 to 2021, 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	62,454	3.2	53,352	2.8	-9,102
Duluth-Superior MN-WI MSA	3,750	2.9	2,330	1.8	-1,420
Rochester MSA	3,499	2.9	1,432	1.2	-2,067
St. Cloud MSA	2,806	2.7	2,123	2.1	-683
Mankato MSA	1,728	3.1	1518	2.8	-210

January 2023 Employment Release

Overview

- The unemployment rate stayed at 2.9% in January 2023 as it was in December 2022. The labor force size estimate dropped a bit with 1,374 fewer workers, including 423 fewer employed workers and 951 fewer unemployed workers. The labor force participation rate remained the same at 68.1% in January as in December 2022 (after annual revisions).
- Minnesota gained 14,100 jobs in the last month on a seasonally adjusted basis, or 0.5%. The private sector gained 12,000 jobs, also 0.5%. The U.S. total nonfarm employment increased by 517,000 jobs, or 0.3% from December to January.
- Translating seasonally adjusted job change into a 3-month moving average series, MN added 14,700 jobs, up 0.5% in Sept – Nov; lost 1,200 jobs, down 0.04% in Oct-Dec, then added 6,600, up 0.22% in Nov-Jan. Nationally, all three periods saw growth. The U.S. added 614,000 jobs in Sept-Nov, a 0.4% increase, 550,000 jobs in Oct-Dec, up 0.36%, and 777,000 jobs in Nov-Jan, 0.5% increase.

- Eight supersectors gained jobs on a seasonally adjusted basis since last month, including notable growth in the following:
 - Construction gained 2,200 jobs, 1.7%
 - Trade, Transportation, and Utilities gained 1,300 jobs, up 0.2%
 - Professional & Business Services gained 6,600 jobs, up 1.7%
 - Education and Health Services gained 2,000 jobs, up 0.4%
 - Government gained 2,100 jobs, up 0.5%
- Minnesota lost 416,000 jobs from February through April 2020 (benchmarked) and has since gained 395,700 jobs as of January 2023, or 95.1% of the jobs lost on a seasonally adjusted basis. The private sector lost 385,900 jobs from February through April 2020, and has regained 379,700 jobs, or 98.4% of the jobs lost.

Over the Year

- Minnesota gained 68,807 payroll jobs, up 2.4%, over the year. The private sector gained 60,741 jobs, up 2.5% over the year. These gains put total nonfarm employment 29,504 jobs short of January 2020 employment and 15,134 jobs short in the private sector.
- All supersectors posted positive annual growth except one. Noteworthy changes:
 - Leisure & Hospitality continued strong recovery from the pandemic, posting the largest growth (up 20,770 jobs) and outpaced the national rate (8.9% in MN, 8.3% in the US). This growth was driven by double-digit percentage increases in Arts, Entertainment, and Recreation, and Accommodation.
 - Education & Health Services saw the second largest over-the-year growth, up 14,461 jobs (2.7%), mostly driven by growth in Ambulatory Health Care Services, Nursing and Residential Care Facilities, and Social Assistance. However, Minnesota's job growth in this supersector is lower than that of the US, 2.7% vs. 4.2%.
 - Trade, Transportation & Utilities saw healthy growth, adding 9,235 jobs (1.8%), outpacing the US by 0.1%. Growth was driven by Building Material and Garden Equipment Dealers, Transportation and Warehousing, and Sporting Goods, Hobby, Musical Instruments and Miscellaneous Retailers, in spite of declines in General Merchandise Retailers and Department Stores.
 - Manufacturing was up 7,519 jobs (2.4%). Information grew 3.2% with 1,444 more jobs.
 - Government posted positive growth over the year, up 8,066 jobs (2%), outpacing the US by one whole percentage point.
 - Mining and Logging was the only supersector that saw negative growth, a negligible 25 jobs loss (0.4%)
- U.S. employment grew 3.6% over the year with the private sector up 4.1%. All supersectors showed gains over the year at a stronger rate than Minnesota except three (Trade, Transportation, and Utilities, Leisure & Hospitality, and Government).

January 2023 Over the Year (OTY) Employment Growth by Industry Sector			
Not Seasonally Adjusted			
	OTY Job Change	MN OTY Growth Rate (%)	US OTY Growth Rate (%)
Total	68,807	2.4	3.6
Private	60,741	2.5	4.1
Mining & Logging	-25	-0.4	6.7
Construction	1,058	0.9	4.9
Manufacturing	7,519	2.4	3.3
Trade, Transport. & Utilities	9,235	1.8	1.7
Information	1,444	3.2	6.4
Financial Activities	531	0.3	2.9
Prof. & Business Services	4,831	1.3	4.5
Ed. & Health Services	14,461	2.7	4.2
Leisure & Hospitality	20,770	8.9	8.3
Other Services	917	0.9	4.1
Government	8,066	2.0	1.0

Wage and Hour Data

- Average hourly wages for all private sector workers rose 46 cents to \$35.89 in January 2023 over the month. Over the year average hourly earnings rose \$1.40, up 4.1% and since January 2020 they are up 15.2%.
 - Nationally private sector wages rose 1.6% over the month, up 51 cents, 4.4% over the year and 16.8% over three years.
 - The CPI inflation index for all urban consumers rose 6.4% over the year in January and 16% over 3 years.
- At 33.7 hours per week, Minnesota's January 2023 average work week was up four-tenth of an hour from December 2022 and down four-tenth over the year. Over the year this was a 1.2% decline.
 - Nationally, hours increased two-tenths of an hour over the month and increased one-tenth of an hour over the year.

Unemployment Data

- The unemployment rate stayed at 2.9% in January 2023. Compared to January 2020 pre-pandemic unemployment of 3.4%, half a percentage point lower.

- In the last month, the number of employed fell 423 to 2,994,516 workers, and the number of unemployed fell by 951 to 89,973. The employment to population ratio stayed steady at 66.1% for the fourth month in a row.
- The labor force lost 1,374 people, with labor force participation rate at 68.1%, same as last month. The labor force is 47,144 workers smaller than in January 2020 when the participation rate was at 67.6%.
- Nationally, over the month, the unemployment rate fell one-tenth of a percentage point to 3.4% and the employment to population ratio rose one-tenth point to 60.2%. The size of the labor force increased by 866,000 with the labor force participation rate ticking up slightly to 62.4% (revised).
- Based on 12-month moving average **unemployment rates by race** in January 2023 are as follows (source: CPS Demecon, 12-month moving averages):

Month/Year	Total	White	Black	Hispanic
January-2023	2.5%	2.2%	3.6%	3.3%
December-2022	2.6%	2.3%	3.9%	3.8%
January-2022	3.7%	3.4%	6.2%	5.2%
Over the month change	-0.1	-0.1	-0.3	-0.5
Annual change	-1.2	-1.2	-2.6	-1.9

- In January, Black Minnesotans had the highest unemployment rates at 3.6%, although it is down 2.6 points from the previous year. All three race groups saw unemployment decrease over the month and over the year.
- 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	White	Black	Hispanic
January-2023	67.9%	67.5%	70.6%	75.5%
December-2022	68.3%	67.8%	70.7%	75.3%
January-2022	68%	68.3%	67.6%	79.2%
Over the month change	-0.4	-0.3	-0.1	0.2
Annual change	-0.1	-0.8	3	-3.7

- Labor force participation rates are highest for Hispanic Minnesotans, at 75.5%, followed by Black Minnesotans at 70.6%. LFPRs for white Minnesotans have been declining, now down to a series low of 67.5% in January (dating back to January 2002).

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

Industry Details

Mining and Logging: Employment in Mining and Logging was off by 100 (1.5%) over the month (OTM) on a seasonally adjusted basis in January. It was the first month of negative growth in the supersector since October. Over the year, Mining and Logging employers lost 25 jobs (0.4%) from January of 2022. It was the only supersector in the state to lose jobs on the year, and it has posted negative annual growth in every month since April 2022.

Construction: Construction employers added 2,200 jobs (1.7%) OTM in January. This was the largest proportional growth of any supersector in the state (tied with Professional and Business Services). The growth broke a streak of five consecutive months of negative seasonally-adjusted growth in the supersector, dating back to August of 2022. Over the year, employment in Construction was up by 0.9%. Construction of Buildings was up 0.7% (190 jobs), Heavy and Civil Engineering Construction was up 3.5% (374 jobs) and Specialty Trade Contractors were up 0.7% (494 jobs) on the year.

Manufacturing: Employment in Manufacturing was up by 400 (0.1%) OTM in January. Durable Goods Manufacturing added 800 jobs (0.4%) but their counterparts in Non-Durable Goods Manufacturing lost 400 jobs (0.3%). On an annual basis, Manufacturing employers added 7,519 jobs (2.4%), with growth in both component sectors. Durable Goods employers added 5,431 jobs (2.7%) with component Wood Product Manufacturing up 5.6% (686 jobs). Non-Durable Goods employers added 2,088 jobs (1.9%), with Food Manufacturing up 1,607 jobs (3.6%).

Trade, Transportation, and Utilities: Trade, Transportation and Utilities employment was up by 1,300 (0.2%) OTM in January. The growth was driven entirely by Transportation, Warehousing, and Utilities, which added 1,600 jobs, or 1.4%. Retail Trade lost 300 jobs (0.1%) and Wholesale Trade employment was flat. Over the year, the supersector added 9,235 jobs (1.8%), with positive growth in all three component sectors. Transportation, Warehousing and Utilities drove the growth on an annual basis as well, adding 4,824 jobs, or 4.3%.

Information: Information employers shed 300 jobs (0.6%) OTM in January. It was the first month of negative growth for the supersector since August. On an annual basis, Information employers added 1,444 jobs (3.2%), though most of the growth came outside of published components, as Telecommunications lost 408 jobs (4.3%) and Publishing added just 33 jobs (0.2%).

Financial Activities: Employment in Financial Activities was down 800 (0.4%) OTM in January, with Finance and Insurance off by 700 jobs (0.4%) and Real Estate and Rental and Leasing off 100 jobs (0.3%). On an annual basis, the supersector added 531 jobs (0.3%). Finance and Insurance employers lost 575 jobs (0.4%), but that decline was offset by the addition of 1,106 jobs (3.3%) in Real Estate and Rental and Leasing.

Professional and Business Services: Employers in Professional and Business Services added 6,600 jobs, or 1.7%, OTM in January. This was the largest real and proportional monthly job growth of any supersector in the state (tied with Construction for proportional growth). The monthly growth

came primarily in Administrative and Support Services, which added 4,900 jobs, or 3.8%. Over the year, Professional and Business Services added 4,831 jobs (1.3%). Most of the annual growth came in Professional, Scientific and Technical Services (up 5,342 jobs, or 3.3%), as Administrative and Support Services added 110 jobs (0.1%) and Management of Companies lost 621 jobs (0.7%).

Education and Health Services: Education and Health Services employers added 2,000 jobs (0.4%) OTM in January, with Health Care and Social Assistance adding 1,500 jobs (0.3%) and Educational Services added 500 jobs (0.7%). Over the year, the supersector added 14,461 jobs (2.7%). Educational Services was up 1,027 (1.5%) with the growth coming primarily in Elementary and Secondary Schools (up 727, or 2.8%). Health Care and Social Assistance was up 13,434 jobs (2.9%), with growth in all published component sectors.

Leisure and Hospitality: Employment in Leisure and Hospitality was up 200 (0.1%) OTM in January, with Arts, Entertainment and Recreation posting all of the growth (up 0.4%) while Accommodation and Food Services employment remaining flat. Over the year, the supersector added 20,770 jobs, or 8.9%, the largest real and proportional growth of any supersector in the state. Arts, Entertainment and Recreation employment was up by 26.1% (9,742 jobs) on the year.

Other Services: Other Services employers added 500 jobs (0.5%) OTM in January. The monthly growth followed three consecutive months of declines in the supersector. Over the year, Other Services added 917 jobs (0.9%). Repair and Maintenance lost 279 jobs (1.3%) while Personal and Laundry Services and Religious, Grantmaking, Civic and Professional Organizations each added 598 jobs (2.4% and 1%, respectively).

Government: Government employers added 2,100 jobs (0.5%) OTM in January. The growth came entirely at the Local Government level (up 0.7%) as employment in both State and Federal Government were flat. Over the year, Government employers added 8,066 jobs (2%). State employers added 741 jobs (0.8%) and Local added 7,460 (2.7%), while Federal employers lost 135 jobs (0.4%).

Metropolitan Statistical Area	OTY Employment Change (#, NSA)	OTY Employment Change (% , NSA)
Minneapolis-St. Paul MN-WI MSA	37,063	2.0
Duluth-Superior MN-WI MSA	2,891	2.3
Rochester MSA	2,374	2.0
St. Cloud MSA	3,047	3.0
Mankato MSA	2,455	4.5
Fargo-Moorhead ND-MN MSA (Unrevised Dec)	200	0.1

Labor Market Information Office
MN Department of Employment and Economic Development
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