

November 2020 Employment Analysis

Overview

- The unemployment rate dropped further in November, down to 4.4% from 4.6% in October. This month the decline in Minnesota was due to people moving into employment. The number of unemployed fell 3,557 while the number of employed rose 23,769 and the labor force expanded by 20,212.
- Minnesota lost jobs in November on a seasonally adjusted basis for the first time since April 2020 as virus cases ticked up, businesses anticipated further restrictions and winter weather hit earlier than usual. Nonfarm employment fell by 12,600 jobs or 0.5%, erasing all but 2,600 of the 15,200 jobs gained in October. The private sector lost 10,300 jobs, down 0.4% and Government lost 2,300 jobs, down 0.6%.
- Six supersectors lost jobs on a seasonally adjusted basis in November, four gained jobs and Mining and Logging held steady.
 - Losses were greatest in Leisure & Hospitality, down 10,400 jobs or 5% followed by Information down 600 or 1.5%, Construction, down 1,500 jobs or 1.2%, Manufacturing, down 1,900 jobs or 0.6% and Trade, Transportation & Utilities, down 1,200 or 0.2% in November.
 - Financial Activities led the supersectors in job gains, adding 2,100 jobs in November followed by Professional & Business Services, up 1,900 jobs or 0.2%, Education & Health Services, up 1,200 jobs or 0.2% and Other Services, up 100 jobs or 0.1% on a seasonally adjusted basis.
 - Mining & Logging held steady.
- Minnesota lost 387,800 jobs from February through April and has since gained 193,000 jobs, or 50.2% of the jobs lost on a seasonally adjusted basis. This is down from October when Minnesota had regained 205,600 jobs or 52.5%.
- Over the year in November, Minnesota shed 191,662 payroll jobs, down 6.4%. This is down from 185,895 jobs and 6.2% in October.
- The private sector shed 159,614 jobs, down 6.2%. This is up from 156,290 jobs and 6.1% in October.
- U.S. over-the-year job loss stood at 6.0% with the private sector down 6.1% in November, very little changed from 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 28.4% or 76,008 jobs, Information down 15.1% or 6,990 jobs, Logging & Mining down 14.0% or 920 jobs Other Services, down 9.4% or 10,786 jobs and Government, down 7.3% or 32,048 jobs over the year. All of these supersectors lost additional jobs over the year in November compared to October.

- Three supersectors in Minnesota showed strength over the year compared to the U.S.:
- Trade, Transportation & Utilities was down 1.4% in Minnesota compared to 3.3% nationwide over the year. Strength here was in Retail Trade, down 736 or 0.2% over the year. Nationally, Retail Trade was down 3.7%. Minnesota also showed strength in Wholesale Trade, down 3.2% compared to 4.5% in the U.S. and Utilities, up 0.1% in Minnesota and down 1.4% nationwide.
- Professional & Business Services was down 2.0% in Minnesota compared to 4.7% nationwide. Minnesota's strength was in both Management of Companies and Enterprises, down 1.8% in MN and 3.7% nationwide as well as Administrative & Support & Waste Services, down 0.3% in MN and 7.3% nationwide. Within that sector, Employment Services (temp help) fell 1.7% in MN compared to a drop of 9.2% nationwide over the year.
- Manufacturing fell 4.2% in MN compared to 4.8% nationwide over the year in November. The strength here was in Nondurable Goods, particularly Food Manufacturing where Minnesota employment grew 3.9% over the year while nationally employment fell by 2.0%. Medical Equipment and Supplies also showed strength, up 2.7% over the year in MN.

November Over The Year (OTY) Employment Change By Industry Sector (Not Seasonally Adjusted)			
	OTY Job Change	OTY Growth Rate (%)	US OTY Growth Rate
Total	-191,662	-6.4	-6.0
Private	-159,614	-6.2	-6.1
Logging & Mining	-920	-14.0	-13.9
Construction	-4,407	-3.4	-2.4
Manufacturing	-13,469	-4.2	-4.8
Trade, Transport. & Utilities	-7,619	-1.4	-3.3
Information	-6,990	-15.1	-9.4
Financial Activities	-2,073	-1.1	-0.8
Prof. & Business Services	-7,758	-2.0	-4.7
Ed. & Health Services	-29,584	-5.3	-4.4
Leisure & Hospitality	-76,008	-28.4	-19.8
Other Services	-10,786	-9.4	-7.0
Government	-32,048	-7.3	-5.3

Wage and Hour Data

- Average hourly earnings for all private sector workers rose by 57 cents to \$32.10 in November over the month. Over the year average hourly earnings rose \$1.25, up 4.1%.

- At 34.6 hours per week, the average work week fell one-tenth of an hour over the month and rose one hour or 3.0% from a year ago.

Unemployment Data

- The unemployment rate dropped further in November, down to 4.4% from 4.6% in October.
- The decline was entirely due to people moving into employment. The number of unemployed fell 3,557 while the number of employed rose by 23,769 and the labor force expanded by 20,212.
- The labor force participation rate rose half a percentage point to 67.9% in November as a result of people rejoining the labor force. In February it was 70.2%.
- Likewise, the employment to population ratio rose to 64.9% in November as people moved into employment. In February it was 68.1%.
- Nationally, the unemployment rate dropped two-tenths of a percentage point to 6.7%. Nationally, this was due entirely to people leaving the labor force both from unemployment and employment. As a result, the labor force participation rate decreased two-tenths to 61.5% and the employment to population ratio declined to 57.3%.
- Based on **six month moving averages** (June to Nov 2020 data) unemployment rates by race in November for Minnesota are as follows (source: CPS Demecon, 6-month moving averages):

Month/Year	Total	Black	Hispanic	White
Nov-20	6.0	11.1	7.7	5.6
Oct-20	7.1	15.4	9.6	6.3
Nov-19	2.9	5.1	4.4	2.7
Monthly change	-1.0	-4.3	-2.0	-0.7
Annual change	3.1	6.0	3.3	2.9

- 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 flat in November on a seasonally adjusted basis, holding at 5,700. Over the year (OTY), Mining and Logging employers lost 920 jobs (14%). This was an improvement over October's 15.3% OTY decline.

Construction: Construction employment was down by 1,500 (1.2%) on a seasonally adjusted basis in November. The decline was likely due in part to the large snowstorm that hit the state early in the month. Annually, the supersector lost 4,407 jobs, or 3.4%, an improvement over October's 5.2% decrease. Construction of Buildings was down 7.4% (2,148 jobs), and Specialty Trade Contractors were down 3% (2,426 jobs). Heavy and Civil Engineering Construction added 167 jobs, or 1%.

Manufacturing: Employment in Manufacturing was down by 1,900 (0.6%) in November. Durable Goods Manufacturers lost 1,400 jobs (0.7%) and Non-Durable Goods Manufacturers lost 500 (0.4%). Over the year, employers in Manufacturing shed 13,469 jobs (4.2%). Durable Goods lost 12,296 jobs (6%) and Non-Durable Goods lost 1,173 (1%). Food Manufacturing, the only published component of Non-Durable Goods in Minnesota, added 1,825 jobs (3.9%), meaning the losses came from unpublished components, which includes industries such as textile and paper manufacturing.

Trade, Transportation, and Utilities: Trade, Transportation, and Utilities employment was down 1,200 (0.2%) in November, with all of the declines coming in Retail Trade (down 3,700, or 1.3%). Wholesale Trade was up 1,100 jobs (0.9%) and Transportation, Warehousing, and Utilities added 1,400 jobs (1.3%). On an annual basis, the supersector lost 7,619 jobs (1.4%). Wholesale Trade lost 4,056 jobs (3.2%) and Transportation, Warehousing, and Utilities lost 2,827 (2.5%), while Retail Trade dipped back into negative OTY growth for the first time in four months, down 736 jobs, or 0.2%. This recent slump in Retail Trade suggests a smaller-than-usual holiday employment increase for the sector, perhaps because employment levels had already been running higher than usual, significantly outperforming most sectors in the state in recent months.

Information: Information employment was down by 600 (1.5%) in November. Over the year, the supersector lost 6,990 jobs, or 15.1%. It was the second-largest proportional OTY decline of any supersector in the state (after Leisure and Hospitality) as the long-struggling industry group continued to lose jobs.

Financial Activities: Employment in Financial Activities was up by 2,100 (1.1%) in November. Real Estate and Rental and Leasing added 1,100 jobs (3.5%) while Finance and Insurance added 1,000 jobs (0.6%). Over the year, the supersector lost 2,073 jobs (1.1%). It was the best performance of any supersector in the state on a seasonally adjusted basis. Real Estate and Rental and Leasing lost 2,982 jobs (8.6%), but the larger segment of the supersector, Finance and Insurance, actually added jobs, up 909, or 0.6%.

Professional and Business Services: Professional and Business Services employers added 1,900 jobs (0.5%) in November. All three component sectors grew, with Management of Companies and Enterprises adding 800 jobs (0.9%) and Administrative and Support and Waste Management and Remediation Services added 900 (0.2%), while the largest component, Professional, Scientific, and Technical Services 200 jobs, or just 0.1%. On an annual basis, the supersector lost 7,758 jobs (2%). All three component sectors posted negative growth. Professional, Scientific, and Technical Services lost 5,691 jobs, or 3.6%, driving the declines. Management of Companies and Enterprises lost 1,631 jobs (1.8%) while Administrative and Support and Waste Management and Remediation Services lost 436 jobs (0.3%).

Education and Health Services: Education and Health Services added 1,200 jobs (0.2%) in November. Both component sectors added jobs, with Educational Services up 300 (0.5%) and Health Care and Social Assistance up 900 (0.2%). Over the year, Education and Health Services lost 29,584 jobs (5.3%). Educational Services lost 6,005 jobs (8%), with most of that loss coming in Colleges, Universities, and Professional Schools (down 3,908, or 11.6%), while Health Care and Social Assistance lost 23,579 jobs (4.9%), with declines in every published component sector.

Leisure and Hospitality: Leisure and Hospitality employment was down by 10,400 (5%) in November, on a seasonally adjusted basis. It was the largest monthly decline of any supersector, and the first OTM loss since April, and was likely driven by a combination of early winter weather and an increase in COVID cases leading up to tightened restrictions on businesses. Over the year, Leisure and Hospitality lost 76,008 jobs (28.4%). It remained the worst-performing supersector on an annual basis, as it has since the start of the pandemic.

Other Services: Employment in Other Services was up slightly in November as the supersector added 100 jobs, or 0.1%. Over the year, Other Service employers lost 10,786 jobs, or 9.4%. This was worse than October's 7.8% annual decline, the first such monthly decline in OTY growth since April. Religious, Grantmaking, Civic, Professional and Other Organizations were down 2.2% (1,380 jobs), from 1.2% in October, and Repair and Maintenance was down 0.3% (60 jobs), after being up 2.9% in October.

Government: Government employment was down by 2,300 (0.6%) in November. Federal employers shed 1,600 jobs (4.7%), as Census-related activities continued to wind down, and Local employers dropped 1,100 jobs (0.4%). State employers added 400 jobs (0.4%). Over the year, Government employers lost 32,048 jobs (7.3%). Local Government was down 24,579 jobs (8.2%) with losses in both educational and non-educational services, and State Government lost 7,806 jobs (7.4%), with most of those declines coming from State Government Educational Services (down 7,533, or 11.9%).

Regional: Duluth-Superior MSA had the sharpest over the year decline in jobs, down 8.8%. Employment in Minneapolis-St. Paul MSA fell 6.4%, Rochester MSA dropped 5.2%, Mankato MSA fell 4.4% and St. Cloud MSA dropped 3.9% over the year. Of these five MSAs, only Rochester and Mankato saw improvements in over the year job losses in November compared to October.

Metropolitan Statistical Area	OTY Employment Change (#, NSA)	OTY Employment Change (% , NSA)
Minneapolis-St. Paul MN-WI MSA	-191,662	-6.4
Duluth-Superior MN-WI MSA	-12,174	-8.8
Rochester MSA	-6,504	-5.2
St. Cloud MSA	-4,366	-3.9
Mankato MSA	-2,682	-4.4

Outlook

Data for November's employment and unemployment report was mostly from the week preceding the Governor's executive order restricting arts, entertainment and recreation and indoor seating in restaurants and urging people to stay home. However, it is clear that the increasing concern over case growth and anticipation of further restrictions as well as early winter weather subdued hiring and led to job cuts in the private sector as early as the second week in November.

Employment in the private sector was down somewhat more than is typical for November and showed an overall decline. As a share, Government's decline was more substantial, down 0.6% over the month compared to 0.4% in the private sector on a seasonally adjusted basis.

The December jobs report is likely to show further employment declines as the executive order was still in effect during the survey week.

Maybe somewhat surprisingly, the LAUS survey showed that almost 24,000 people moved into employment in November. These are two separate surveys and therefore can move in opposite directions and often do. But November's report may also be an indication that Minnesota's labor force decline of the last several months will be temporary and look more like the national labor force which has bounced up and down during the summer and fall.

With the COVID-19 vaccine being rolled out to essential health care workers starting this week, the road to recovery is in sight. However, it will still be many months before normalcy is restored in some of the hardest hit industries.

This is another reminder that workers are not impacted equally in the COVID-19 recession. In general, those who work in low wage sectors have been the most impacted by job losses and those who work in the service sector have been most susceptible to exposure. There is much overlap in these two sectors.

A recent study shows that the high rates of hospitalization and death among Black and Hispanic Americans are explained by higher rates of exposure on the job and at home rather than worse health outcomes (Ogedegbe, Ravenell and Adhikari, 2020). As 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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