

## October 2021 Employment Analysis

### Overview

- The unemployment rate ticked down two-tenths of a point to 3.5% in October, back to its March 2020 level. The decline in October was primarily due to people moving from unemployment to employment, although the size of the labor force shrank by just short of 1,000 people. The labor force participation rate remained level at 67.8%.
- Minnesota gained 9,900 jobs, up 0.3% in October on a seasonally adjusted basis. The private sector gained 11,500 jobs, up 0.5%.
  - September gains were revised down by 3,800 jobs in total employment, and 3,900 in the private sector. Over-the-month change was revised from 0.6% to 0.5% in total nonfarm and 0.7% to 0.5% in the private sector.
  - Downward revisions were largest in Trade, Transportation and Utilities (1,500 fewer jobs), Leisure & Hospitality (1,300 fewer jobs), and Education & Health Services (600 fewer jobs).
- The U.S. gained 531,000 jobs, up 0.4% in October, with the private sector adding 604,000 jobs, up 0.5%.
- Growth has been lumpy and uneven coming out of the pandemic recession. Translating seasonally adjusted job change into a 3-month moving average series, Minnesota added 8,733 jobs in June-Aug (+0.3%); added 11,533 jobs in July-Sep (+0.4%); and up 9,133 jobs in Aug-Oct (+0.3%). Nationally, this compares to +0.6% in June-Aug, +0.4% in July-Sep and +0.3% in Aug-Oct.
- Eight supersectors gained jobs, two lost jobs and Mining & Logging remained unchanged on a seasonally adjusted basis in October.
  - Gains were in Professional & Business Services up 3,200 jobs, Manufacturing up 3,000 jobs, Leisure & Hospitality, up 2,700 jobs, Educational & Health Service up 1,000, Trade, Transportation & Utilities and Financial Activities each added 500 jobs, Construction up 400 and Other Services up 300.
  - Losses were in Information down 100 jobs or 0.2% and Government down 1,600 jobs or 0.4%.
- In Government, Local Government lost all 1,600 jobs while Federal and State Government both held steady from September.
- Minnesota lost 416,300 jobs from February through April 2020 and has since gained 295,800 jobs, or 71% of the jobs lost on a seasonally adjusted basis. The private sector has regained 74% of the jobs lost.

## Over-the-year

- Minnesota gained 94,455 payroll jobs, up 3.4%, over the year. The private sector gained 93,480 jobs, up 3.9% over the year. These gains put total nonfarm employment 108,566 jobs short of October 2019 employment, and the private sector 91,595 jobs short.
- Information and Financial Activities continued to show over-the-year losses, down 1,282 (3.1%) and 2,292 (1.2%) respectively.
- Education & Health Services added only 190 jobs over the year due to losses in Nursing and Residential Care Facilities (down 4,900 jobs over-the-year in October).
- U.S. employment grew 3.9% over the year with the private sector up 4.5% in October. All supersectors showed gains over the year.
- The same four supersectors in Minnesota show strength over the year compared to the U.S. as was the case last month: Leisure & Hospitality, Construction, Professional & Business Services and Manufacturing.
- As happens every year, Leisure & Hospitality actually lost jobs on an unadjusted basis over the month in October, but fewer than is typical. This may be a month when the supersector can retain some of the talent that they would normally let go during the fall to make up for hiring difficulties during the summer. Over-the-year gains in Minnesota continued to outpace those of the U.S. in all comparable industries.
- In Construction, over-the-year gains in Minnesota outpaced U.S. gains in all comparable industries with the exception of Residential Building Construction.
- Professional & Business Services over-the-year growth in Minnesota outpaced U.S. employment growth in Professional, Scientific & Technical Services, Management of Companies and Administrative & Support Services.
  - In Admin & Support Services, Temp Help grew by 16.3% over-the-year in Minnesota compared to 11.5% nationwide.
- Minnesota had been seeing over-the-year losses in Management of Companies & Enterprises, but this industry bounced back in October, up 1.0% over-the-year compared to 0.5% nationwide.
- Strength in Manufacturing in Minnesota compared to the nation continued in both Durable and Nondurable Goods components in October. Strength in Durable Goods was in Wood Products and Transportation Equipment, while strength in Nondurable Goods continued to be in Food Manufacturing.

October 2021 Over-the-year (OTY) Employment Growth by Industry Sector Not Seasonally Adjusted			
	OTY Job Change	OTY Growth Rate (%)	US OTY Growth Rate
Total	+94,455	+3.4%	+3.9%
Private	+93,480	+3.9%	+4.5%
Mining & Logging	+283	+4.4%	+9.9%
Construction	+8,852	+6.6%	+2.2%
Manufacturing	+14,058	+4.6%	+3.1%
Trade, Transport. & Utilities	+9,116	+1.8%	+3.2%
Information	-1,282	-3.1%	+5.0%
Financial Activities	-2,292	-1.2%	+1.7%
Prof. & Business Services	+23,842	+6.7%	+5.2%
Ed. & Health Services	+190	+0.0%	+2.1%
Leisure & Hospitality	+38,803	+18.5%	+13.4%
Other Services	+1,910	+1.9%	+5.1%
Government	+975	+0.2%	+1.0%

### **Wage and Hour Data**

- Average hourly earnings for all private sector workers rose 41 cents to \$33.43 in October over the month. Over-the-year average hourly earnings rose \$1.99, up 6.3% and since September 2019 they are up 8.7%.
  - Nationally private sector wages rose 5.1% over the year and 9.8% over two years.
  - The CPI inflation index for all urban consumers rose 0.8% over the month, 6.2% over the year and 7.5% over 2 years. The CPI for urban wage earners rose 6.9% over the year and 8.2% over 2 years.
- At 34.5 hours per week, October’s average work week was one up one-tenth of an hour from September but down 0.3% over the year and up 2.7% over 2 years.
  - Nationally, hours fell 0.3% over the year but rose 1.8% over 2 years.

### **Unemployment Data**

- The unemployment rate again ticked down two-tenths of a point to 3.5% in October.
- The number of employed rose by 3,545 to 2,926,392 people, and the number of unemployed workers fell by 4,524 to 106,415. The employment-to-population ratio remained steady at 65.4%. This compares to 67.8% in February 2020.
- Minnesota’s labor force shrank by 979 people, though that is not enough to change the labor force participation rate, which remained at 67.8% (revised) for the 4<sup>th</sup> straight month. The labor force is 84,274 workers smaller than in February 2020, when the rate was at 70.2%.
- Nationally, the unemployment rate fell two-tenths of a percentage point to 4.6% and the employment-to-population ratio rose one-tenth of a point to 58.8%. The size of the labor force increased by 104,000, which also was not enough to change the labor force participation rate, which remained at 61.6% in October.

- Based on 12-month moving average **unemployment rates by race** in October are as follows (source: CPS Demecon, 12-month moving averages):

Month/Year	Total	Black	Hispanic	White
October-21	4.0%	4.9%	4.9%	3.9%
September-21	4.2%	3.9%	5.5%	4.2%
October-20	5.7%	9.1%	8.3%	5.4%

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

- The table below adds together the unemployment rate and change in the labor force participation rate. This represents the total share of Minnesotans in Oct 2021 (and Sept 2021 and Oct 2020) who are either actively seeking work or who would have been expected to be working or looking for work if it wasn't for the impact of the pandemic. These **alternative unemployment rates** are calculated from 12-month moving average CPS Demecon data.

Month/Year	Total	Black	Hispanic	White
October-21	6.3%	9.3%	4.4%	5.7%
September-21	6.3%	8.4%	5.1%	5.9%
October-20	6.5%	14.4%	9.0%	5.8%

## **Details**

**Mining and Logging:** Employment in Mining and Logging was flat over the month (OTM) in October, holding at 6,400 jobs. Over the year (OTY), employment in the supersector was up by 4.4%, or 283 jobs. The growth was an improvement over September's 3.6% OTY increase, in a month when most supersectors saw their OTY performance worsen over the past month.

**Construction:** Construction employment was up 400 (0.4%) in October, on a seasonally adjusted basis. The supersector has posted positive growth in every month since June. On an annual basis, Construction employers added 8,852 jobs (6.6%). Every published component sector posted positive growth, with the largest real and proportional increases coming in Specialty Trade Contractors (up 5,907 jobs, or 7%).

**Manufacturing:** Employment in Manufacturing was up by 3,000 (1%) OTM in October. Growth was split between components, with Durable Goods up 1,600 (0.8%) and Non-Durable Goods up 1,400 (1.2%). Over-the-year, Manufacturing employers added 14,058 jobs (4.6%). Durable Goods employment was up 8,303 (4.2%) with Wood Product Manufacturing up 4.9% (576 jobs). Non-Durable Goods Manufacturers added 5,755 jobs (5.1%), with Food Manufacturing adding 3,775 jobs (7.7%).

**Trade, Transportation, and Utilities:** Employment in Trade, Transportation, and Utilities was up slightly in October, adding 500 jobs (0.1%). Both Retail and Wholesale Trade employment was off by 0.1% (down 400 and 100 jobs, respectively), while Trade, Transportation, and Utilities employers added 1,000 jobs (0.9%). On an annual basis, the supersector added 9,116 jobs (1.8%). Transportation, Warehousing, and Utilities added 6,051 jobs (5.8%), with all of that coming in Transportation and Warehousing, while Retail Trade added 1,278 jobs (0.5%) and Wholesale Trade added 1,787 jobs (1.5%).

**Information:** Information employers lost 100 jobs (0.2%) on a seasonally adjusted basis in October. Over the year, the supersector lost 1,282 jobs, or 3.1%. It was the worst proportional OTY job loss of any supersector in the state. Telecommunications lost 890 jobs, or 8.8%.

**Financial Activities:** Employment in Financial Activities was up by 500 (0.3%) in October. All of that growth came in Finance and Insurance (up 500, 0.3%) as Real Estate and Rental and Leasing employment was flat at 33,300. Annually, the supersector lost 2,292 jobs (1.2%). It was one of only two supersectors to lose jobs on the year. Finance and Insurance lost 2,535 jobs (1.6%) while Real Estate and Rental and Leasing added 243 jobs (0.7%).

**Professional and Business Services:** Professional and Business Services employment was up 3,200 jobs (0.9%) with positive growth in all three component sectors. It was the eighth consecutive month of seasonally adjusted growth for the supersector. Professional, Scientific and Technical Services added 1,500 jobs and Administrative and Support and Waste Management and Remediation Services added 1,200, both up 0.9%. Over the year, the supersector added 23,842 jobs (6.7%). It was the second-largest proportional growth of any supersector in the state (after Leisure and Hospitality). Every major component sector added jobs, with Administrative and Support and Waste Management and Remediation Services up 12,159 (10.1%) thanks in large part to the addition of 8,032 jobs (16.3%) in Employment Services.

**Education and Health Services:** Education and Health Services employers added 1,000 jobs (0.2%) in October on a seasonally adjusted basis. The growth was entirely in Educational Services (up 1,900, or 2.7%) as Health Care and Social Assistance lost 900 jobs (0.2%). Over the year, Education and Health Services employment was mostly flat, up just 190 jobs (0.0%). Growth in Educational Services (up 2,493, or 3.4%) was offset by losses in Health Care and Social Assistance (down 2,303, or 0.5%). Those losses, in turn, were driven by the loss of 4,858 jobs (4.7%) in Nursing and Residential Care Facilities.

**Leisure and Hospitality:** Employment in Leisure and Hospitality was up by 2,700 (1.1%) in October, which was the highest proportional OTM growth of any supersector in the state. It was the tenth consecutive month of seasonally adjusted growth for Leisure and Hospitality employers. Accommodation and Food Services was up 3,900 (1.9%) while Arts, Entertainment, and Recreation employers lost 900 jobs (0.2%). On an annual basis, the supersector added 38,803 jobs (18.5%), the largest proportional OTY growth of any supersector in the state. Arts, Entertainment, and Recreation was up 24% (7,984 jobs) and Accommodation and Food Services was up 17.4% (30,819 jobs).

**Other Services:** Employment in Other Services was up by 300 (0.3%) on a seasonally adjusted basis in October. The increase came on the heels of two consecutive months of negative growth. Over-the-year, the supersector added 1,910 jobs, or 1.9%. Repair and Maintenance drove the growth, adding 1,351 jobs, or 6.5%, while the other two component sectors combined to add 559 jobs.

**Government:** Government employers lost 1,600 jobs (0.4%). It was the biggest job loss of any supersector on both a real and proportional basis. The loss came entirely among Local Government employers, which shed 1,600 jobs (0.6%) while State and Federal employment remained flat. Over-the-year, Government employers added 975 jobs (0.2%). The growth came entirely at the Local level (up 5,643, or 2%). State employers lost 2,907 jobs (2.9%) and Federal employers lost 1,761 jobs (5.2%).

All **regions** continued to show job growth over-the-year in October. Rochester, Duluth-Superior and Minneapolis-St. Paul MSAs saw the strongest growth over-the-year. Over-the-year growth continued to slow in these three regions while both St. Cloud and Mankato MSAs showed stronger over-the-year growth in October compared to September.

Metropolitan Statistical Area	OTY Employment Change (#, NSA)	OTY Employment Change (% , NSA)
Minneapolis-St. Paul MN-WI MSA	+53,474	+2.8%
Duluth-Superior MN-WI MSA	+3,797	+2.9%
Rochester MSA	+3,433	+2.9%
St. Cloud MSA	+2,087	+2.0%
Mankato MSA	+1,246	+2.2%

## Outlook

- Minnesota’s labor market continued healthy job growth in October, although at a slower pace than September; and while there was virtually no change in the size of the labor force, 3,500 people moved into employment.
- In this tight labor market, employers are better utilizing their workforces. Involuntary part-time (also known as “part-time for economic reasons”) fell again in October by 2,600 people on a 12-month moving average basis. At 36,200 it is now the lowest on record during an October (record dates to 2001).
- The number of long-term unemployed – workers unemployed for 27 weeks or more - dropped for the second straight month in October, to 41,400. This is still high by historical standards – the number was 11,100 in February 2020 prior to the pandemic.
- Wages increases appear to be tracking increases in inflation, with high-demand, low-wage jobs seeing even higher average wage increases.
  - Inflation, as measured by the U.S. CPI for all urban consumers, rose an eye-popping 6.2% over-the-year and 7.5% over 2 years, but was still slightly below private sector wages in Minnesota.

- Average hourly wages for all private sector workers rose 6.3% over the year and 8.7% since October 2019.
- The average wage for production workers in Retail Trade, at \$18.57, rose 7.7% over the year and 12.1% from 2019.
- The avg wage for production workers in Food Service and Drinking Places, at \$16.67, rose 9.7% over the year and 13.9% over two years.
- The average wage for production workers in Nursing & Residential Care Facilities, at \$19.86 in October, rose 6.7% over the year and 6.6% over two years (down 2 cents from 2019 to 2020).

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