



Mark Vitner, Senior Economist
mark.vitner@wellsfargo.com • (704) 410-3277
Charlie Dougherty, Economist
charles.dougherty@wellsfargo.com • (704) 410-6542

Minnesota Payrolls Drop in February

Total nonfarm payrolls declined by 8,800 jobs in February. The weak result coincides with slower hiring nationwide but was also likely dragged down by record amounts of snowfall during the month.

Snow Puts A Damper On Job Growth, Even in Minnesota

Winter weather likely held back hiring in Minnesota during February. Total payrolls registered a 0.3% monthly decline, which equates to a net loss of 8,800 jobs. The state saw record amounts of snowfall throughout the state, notably in the state’s major employment center, Minneapolis-St. Paul, which posted an 8,300 drop in payrolls.

Most industries saw a decline during February. The impact of snowstorms was most clearly evident in the construction industry, which posted the largest drop and fell by 3,800 jobs. The monthly decline will likely be reversed in coming months, as construction hiring has been a source of strength for Minnesota recently, rising 6.1% on a year-over-year basis even following this February’s sharp pullback.

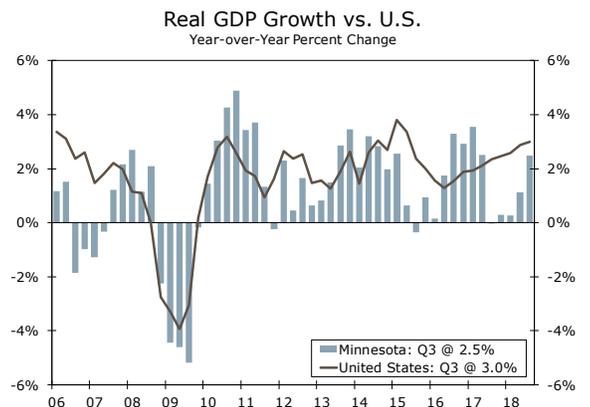
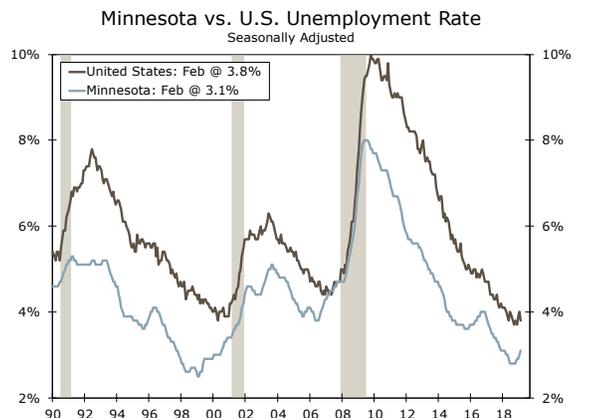
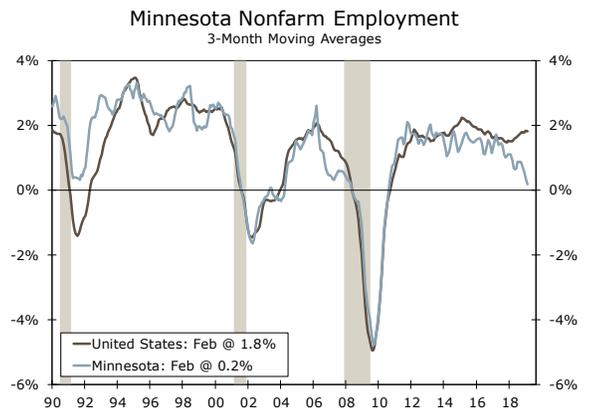
Manufacturing payrolls also took a substantial hit and fell by 1,600, the sharpest decline since 2009. Manufacturing employment strengthened through much of 2018, however, and employment remains up year-over-year. Retailers shed 2,100 jobs during the month and the state’s large healthcare sector registered a 2,200 job decline.

There were a few bright spots in February. Professional & business services added 1,300 jobs, while financial activities expanded payrolls by 1,000. Hotels, bars and restaurants also posted a 1,000 job gain.

While the winter tends to be volatile, employment has clearly moderated. Payrolls are essentially at the same level they were at this time last year, as employers added only 1,500 net new jobs in the past 12 months.

The jobless rate remains exceptionally low, and a shortage of skilled workers is likely restraining hiring. The unemployment rate edged up to 3.1% during February, as the labor force rose nearly two and half times faster than household employment. Minnesota’s labor force participation rate, which is among the highest in the nation, ticked up to 69.8%. The high participation rate suggests Minnesota’s economy is operating at the extreme limits of its available workforce.

Minnesota’s most recent GDP data suggest that employers are finding ways to squeeze more output out of their workers. Real GDP rose 2.5% on a year-over-year basis in the third quarter of 2018, an improvement from the 1.1% pace hit in the second quarter. Nearly every single industry saw an increase in output for the quarter, with a notable improvement in the state’s tech sector. Output in the professional, scientific & technical services sector rose 7.6% while the information sector picked up 7.7%. Other areas of strength included a 3.9% rise in manufacturing output, a 2.8% gain in healthcare and social assistance and 2.1% increase in the real estate, rental & leasing category part of the state’s massive finance sector. The mining sector remains a drag, however, with output tumbling 14.9% drop over the past year, marking the sixth consecutive decline alongside lower commodity prices and slowing global demand.



Wells Fargo Securities Economics Group

Jay H. Bryson, Ph.D.	Global Economist	(704) 410-3274	jay.bryson@wellsfargo.com
Mark Vitner	Senior Economist	(704) 410-3277	mark.vitner@wellsfargo.com
Sam Bullard	Senior Economist	(704) 410-3280	sam.bullard@wellsfargo.com
Nick Bennenbroek	Macro Strategist	(212) 214-5636	nicholas.bennenbroek@wellsfargo.com
Tim Quinlan	Senior Economist	(704) 410-3283	tim.quinlan@wellsfargo.com
Azhar Iqbal	Econometrician	(212) 214-2029	azhar.iqbal@wellsfargo.com
Sarah House	Senior Economist	(704) 410-3282	sarah.house@wellsfargo.com
Charlie Dougherty	Economist	(704) 410-6542	charles.dougherty@wellsfargo.com
Erik Nelson	Macro Strategist	(212) 214-5652	erik.f.nelson@wellsfargo.com
Michael Pugliese	Economist	(212) 214-5058	michael.d.pugliese@wellsfargo.com
Brendan McKenna	Macro Strategist	(212) 214-5637	brendan.mckenna@wellsfargo.com
Shannon Seery	Economic Analyst	(704) 410-1681	shannon.seery@wellsfargo.com
Matthew Honnold	Economic Analyst	(704) 410-3059	matthew.honnold@wellsfargo.com
Dawne Howes	Administrative Assistant	(704) 410-3272	dawne.howes@wellsfargo.com

Wells Fargo Securities Economics Group publications are produced by Wells Fargo Securities, LLC, a U.S. broker-dealer registered with the U.S. Securities and Exchange Commission, the Financial Industry Regulatory Authority, and the Securities Investor Protection Corp. Wells Fargo Securities, LLC, distributes these publications directly and through subsidiaries including, but not limited to, Wells Fargo Securities Canada, Ltd., Wells Fargo Securities Asia Limited and Wells Fargo Securities (Japan) Co. Limited. Wells Fargo Securities, LLC is registered with the Commodities Futures Trading Commission as a futures commission merchant and is a member in good standing of the National Futures Association. Wells Fargo Bank, N.A. is registered with the Commodities Futures Trading Commission as a swap dealer and is a member in good standing of the National Futures Association. Wells Fargo Securities, LLC and Wells Fargo Bank, N.A. are generally engaged in the trading of futures and derivative products, any of which may be discussed within this publication. Wells Fargo Securities, LLC does not compensate its research analysts based on specific investment banking transactions. Wells Fargo Securities, LLC's research analysts receive compensation that is based upon and impacted by the overall profitability and revenue of the firm which includes, but is not limited to investment banking revenue. The information and opinions herein are for general information use only. Wells Fargo Securities, LLC does not guarantee their accuracy or completeness, nor does Wells Fargo Securities, LLC assume any liability for any loss that may result from the reliance by any person upon any such information or opinions. Such information and opinions are subject to change without notice, are for general information only and are not intended as an offer or solicitation with respect to the purchase or sales of any security or as personalized investment advice. Wells Fargo Securities, LLC is a separate legal entity and distinct from affiliated banks and is a wholly owned subsidiary of Wells Fargo & Company © 2019 Wells Fargo Securities, LLC.

Important Information for Non-U.S. Recipients

For recipients in the EEA, this report is distributed by Wells Fargo Securities International Limited ("WFSIL"). WFSIL is a U.K. incorporated investment firm authorized and regulated by the Financial Conduct Authority. For the purposes of Section 21 of the UK Financial Services and Markets Act 2000 ("the Act"), the content of this report has been approved by WFSIL, an authorized person under the Act. WFSIL does not deal with retail clients as defined in the Directive 2014/65/EU ("MiFID2"). The FCA rules made under the Financial Services and Markets Act 2000 for the protection of retail clients will therefore not apply, nor will the Financial Services Compensation Scheme be available. This report is not intended for, and should not be relied upon by, retail clients.

SECURITIES: NOT FDIC-INSURED/NOT BANK-GUARANTEED/MAY LOSE VALUE

