



# Economics Group

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## Minnesota Payrolls Jump in June

**Employers added 84,700 jobs during the month. The jobless rate fell to 8.6%. Economic activity throughout the state is beginning to improve, although a recent uptick in COVID-19 cases might weigh on the pace of recovery.**

### Minnesota Economy Gradually Climbing Back

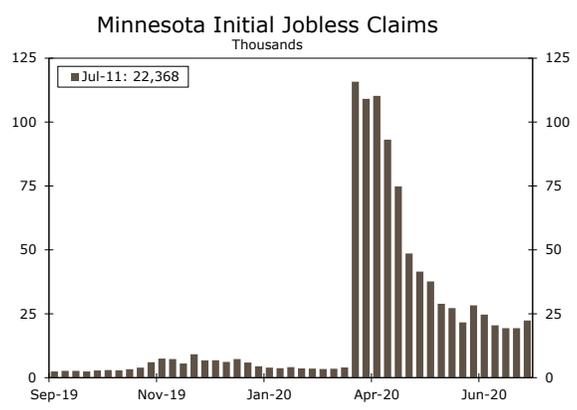
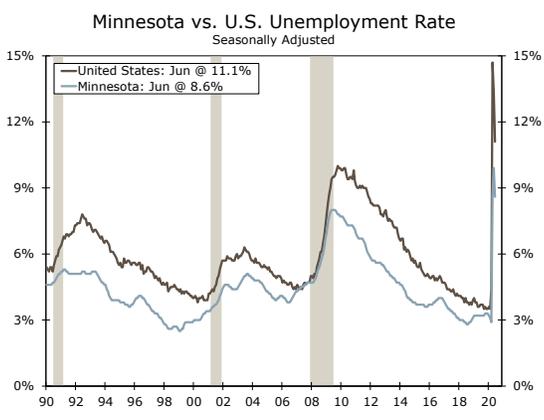
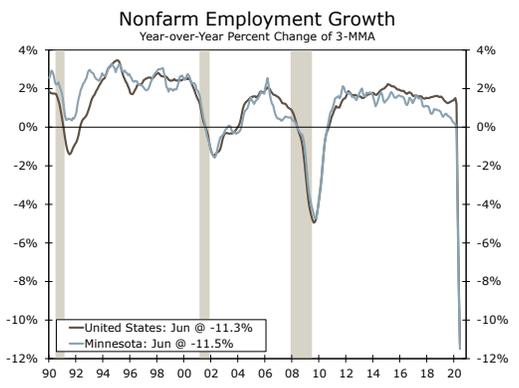
The Minnesota economy appears to be on the path to recovery. Employers in Minnesota added 84,700 net new jobs during June and data for May was revised higher to show a 26,200 gain. The nearly 111,000 jobs recouped during the past two months (after losing 388,000 in March and April) show that labor market conditions are improving throughout the state. That said, employment levels remain about 9% below the pre-pandemic peak, which means there is still a long road ahead.

Following national trends, the hard-hit leisure & hospitality industry posted the largest gain, adding back 35,300 jobs. The vast majority of that rehiring was at hotels, bars and restaurants. State officials were cautious in easing restrictions, and many bars & restaurants were not permitted to open and rehire workers until June. Consumer activity has also continued to improve since the lockdown, and retailers recovered 17,300 jobs during the month. Hiring in the healthcare & social assistance category rebounded by 10,600, while educational services payrolls added back 6,300 jobs.

While employment has bounced back solidly in many of the industries hardest hit by lockdowns, many of the industries that showed a great deal of resilience earlier, due to the ability for many workers to work remotely, are now seeing job losses. Professional, scientific & technical services and management of companies & enterprises (both are subcategories of professional & business services) declined by 800 and 1,300 jobs, respectively. Similarly, financial activities fell by 1,500 during June, owed to a 1,700 job-decline in real estate & rental/leasing.

Conditions in goods-producing industries also weakened. The construction industry shed 2,000 jobs after adding back 7,000 in May. Overall manufacturing payrolls rose by 1,700, but non-durables manufacturing payrolls slipped by 1,300. The transportation, warehousing and utilities industry also posted a meager 500-job gain, reflecting some slowdown in the logistics sector.

The unemployment rate fell to 8.6% during June, down from 9.9% in May, although there are still 267,526 Minnesotans without a job. Reported separately, initial jobless claims edged up past 22,000 for the week ending July 11. Jobless claims remain frustratingly high but the trend has been steadily improving since the lockdown period ended. Overall, the Minnesota economy appears to be on the mend. The recent uptick in new coronavirus cases is concerning, however, and might cause the pace of improvement to slow in coming weeks. Minnesota has only seen a modest rise in COVID-19 cases, but parts of the South and the West have seen sustained spikes in recent weeks that have led some governments to impose new operating restrictions on some businesses. Consumers—fearful of the virus itself—also appear to be pulling back in many of these areas. The disengagement by consumers and businesses will likely be reflected in the next month’s employment report.



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