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# Minnesota Employers Shed Jobs in November

**Minnesota employers shed 12,600 jobs in November. Hiring is likely to remain subdued in the coming months with potential for another payroll decline in December. The unemployment rate fell to 4.4%.**

### Payroll Decline with Rougher Months Ahead

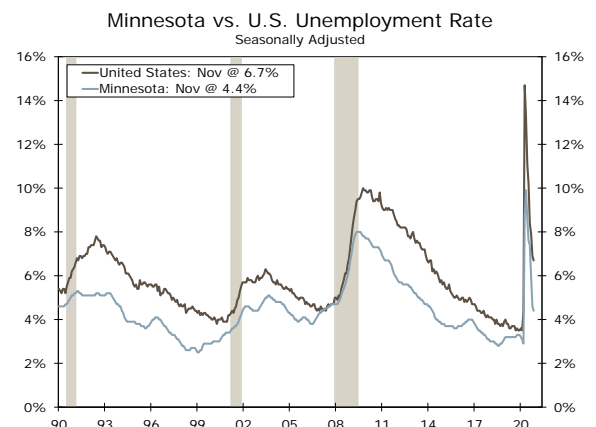
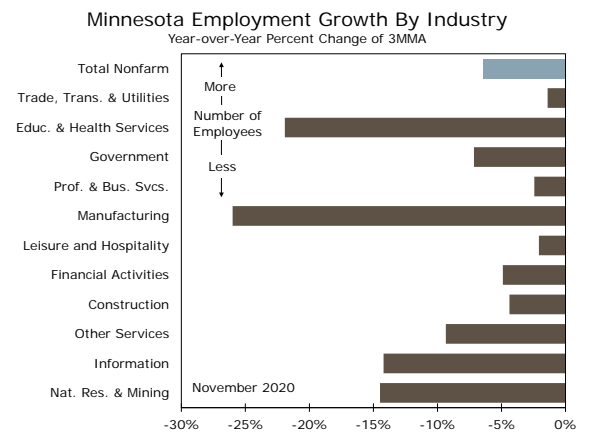
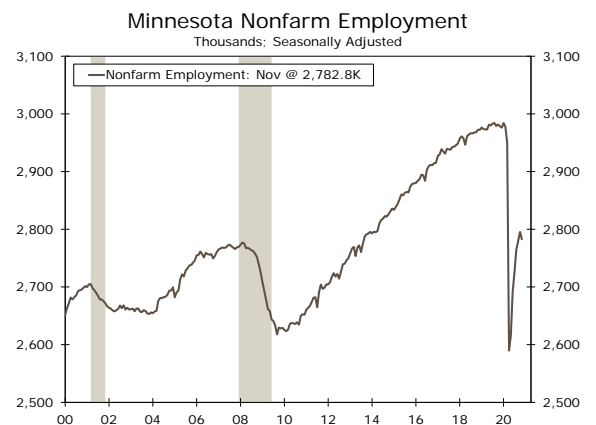
Nonfarm payrolls declined by 12,600 jobs over November, marking the first monthly contraction since the spring shutdowns. The fall reversed most of October's 15,200-job gain, and leaves Minnesota employment about 6.5% below its February peak. The state lost nearly 388,000 jobs in March and April, and employers have since replaced about half of those jobs. Growing concern over the uptick in COVID cases and anticipation of further restrictions has caused many businesses to reduce operating hours or close entirely. November's data, which covers a survey period from mid-October to mid-November, reflect weeks that mostly preceded the Governor's executive order to pause indoor dining and recreational activities.

The private sector shed 10,300 jobs in November. Losses were led by the hard-hit leisure & hospitality sector, which cut 10,400 jobs over the month. Job losses at restaurants and hotels (-9,300) accounted for a majority of the sector's decline. The onset of colder weather and tightening operating restrictions on businesses likely subdued consumer engagement. Government payrolls were down 2,300 in November, as temporary hiring for the Census continued to wind down. Construction (-1,500) and manufacturing (-1,900) payrolls also fell over the month.

Financial activities added the most jobs (+2,100) in November, supported by solid gains in real estate, rental and leasing jobs. Housing demand has remained exceptionally strong well into the fall, and has supported employment in housing-related industries. Professional & business services added 1,900 jobs, with small gains across administrative services and professional, scientific, & technical services. Education & health services replaced 1,200 jobs.

The unemployment rate continued to decline, falling 0.2 percentage points to 4.4% in November. Household employment increased nearly 24,000 over the month, potentially reflecting an increase in self-employed workers who are not captured in the payroll survey.

We have updated our economic forecast for Minnesota (see page 2). Although Minnesota headed into the second half of the year with solid momentum, we expect state-level real GDP growth to contract 4.0% for 2020 on the whole. Renewed surges in COVID cases and social distancing restrictions will likely continue to weigh on economic activity through the early months of 2021. The vaccine roll out should support growth by the middle of next year. Real state-level GDP is expected to rise 4.7% in 2021 and 4.5% in 2022. Nonfarm employment will likely fall 6.4% in 2020, reflecting the loss of 190,000 jobs. Employers are expected to add 92,000 jobs in 2021 and 86,000 jobs in 2022. The unemployment rate will likely continue to decline, albeit more gradually as workers return to the labor force in 2021. The jobless rate should fall back to around 3.5% by the end of 2022.



**Minnesota Economic Outlook**

	Actual			Forecast		
	2017	2018	2019	2020	2021	2022
Real Gross Domestic Product by State, \$ Millions	327,668	337,216	341,041	327,495	342,831	358,382
Annual Rate	1.8%	2.9%	1.1%	-4.0%	4.7%	4.5%
Nominal Personal Income, \$ Millions	305,921	321,639	331,802	351,414	358,091	374,026
Percent Change	4.4%	5.1%	3.2%	5.9%	1.9%	4.5%
Real Median Household Income, \$	72,979	73,118	81,426	83,217	81,470	82,855
Population, Thousands	5,566	5,606	5,640	5,652	5,667	5,685
Change in Thousands	43	40	33	12	15	18
Percent Change	0.8%	0.7%	0.6%	0.2%	0.3%	0.3%
Nonfarm Employment, Thousands	2,938	2,963	2,978	2,787	2,879	2,966
Change in Thousands	40	25	14	-190	92	86
Percent Change	1.4%	0.9%	0.5%	-6.4%	3.3%	3.0%
Unemployment Rate, Annual Average	3.4%	2.9%	3.2%	6.0%	4.1%	3.5%
Total Housing Permits	22,927	26,318	30,403	29,300	30,000	29,000
Single-Family Permits	14,594	14,182	14,732	16,100	17,800	17,500
Multi-Family Permits	8,333	12,136	15,671	13,200	12,200	11,500
FHFA Home Price Index, Percent Change	6.2%	5.8%	4.5%	5.3%	6.1%	4.9%

Forecast as of: December 17, 2020

Source: National Association of Realtors, Federal Housing Finance Authority, U.S. Department of Commerce, U.S. Department of Labor and Wells Fargo Securities

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