

DULUTH BUSINESS INDICATORS

BUREAU OF BUSINESS AND ECONOMIC RESEARCH
SCHOOL OF BUSINESS AND ECONOMICS
University of Minnesota, Duluth
In Cooperation with the Regional LMI Center—
Department of Economic Security

DULUTH BUSINESS INDICATORS is published by the Bureau of Business and Economic Research, University of Minnesota, Duluth. The Minnesota Department of Economic Security is a cooperating agency. The authors are: Donald N. Steignes, Professor and Director, and Glenn O. Gronseth, Research Associate of the Bureau, and Peter J. Oppel, Supervisor, R.L.M.I. Ctr., Minnesota Department of Economic Security. The DULUTH BUSINESS INDICATORS (DBI) is available at a subscription fee of \$15 per year. Extra copies are available at a reduced rate as long as the supply lasts.

VOL. 21

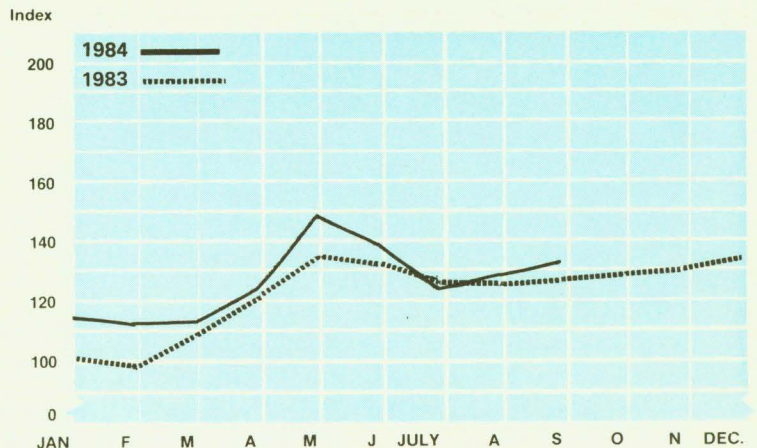
September 1984

NO. 9

Highlights

- Overall Economy Up This Year.
- Job Market Improved in September.
- Ore Shipments Dip Seasonally.
- Overseas Cargo Shipments Slacken.
- Retail Sales Improve Over 1983.

DULUTH BUSINESS INDEX (1967 = 100) (SEASONALLY UNADJUSTED)



ECONOMIC CONDITIONS

The business index in September marked the sixth time this year that the month-to-month change in the Duluth Business Index (DBI) has varied greatly from the average change for the corresponding month-to-month comparisons of the past 10 years. In some instances the actual change has gone in the opposite direction from the historical average while in other cases the actual change has moved in the same direction as the 10-year seasonal pattern, but the degree of change was much greater than one might expect based on past experience.

The DBI for September is a good example of the difficulty encountered in trying to predict the behavior of the economy. During the past 10 years the DBI has decreased an average of 4 index points in the August-September comparison. However, this year the September index rose by 4 index points, advancing to 133. The September index also showed an improvement of 7 points over the comparable month of last year.

So far this year the economy still reflects an improved scenario compared to 1983 as the area shares the upturn in the national economy. It should be noted, however, that this year's margin of improvement has been gradually shrinking as we move into the third quarter. At mid-year the DBI for the first 6 months averaged 8.5 percent above the corresponding period of 1983, but at the end of the third quarter the year-to-

date growth had slid to a 6.1 percent gain, only slightly above the 5.7 percent year's gain forecasted for 1984 over all of 1983.

In September, wage and salary jobs rose to 40,800, up from the 38,900 level of the previous month. By the end of September the average monthly employment figure had pulled even with the same 9 months of 1983, but was only slightly improved over the mid-year deficit of 0.2 percent.

Unemployment in September recorded a sharp increase over August and was up significantly over one year ago. Given the improved employment picture in September and with no increase in the number of persons collecting unemployment benefits, it appears that the September jump in the jobless rate was primarily the result of a statistical blip which occasionally occurs in statistical calculations. It is highly likely that when the September figures are revised this month, based on more complete data, the jobless rate will show a decrease from the preliminary rate published for September.

In September, the index of freight carloadings bounced up by 30 points over August and posted an 11-point gain over last year. The average August-September gain experienced during the past 10 years was 10 points. The greater than average gain over August reflects, for the most part, an upsurge in the move-

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INDEX HIGHLIGHTS

| TIME PERIOD | DULUTH INDEX |
|--|--------------|
| September 1984 | 133 |
| August 1984 | 129 |
| August-September Change | +4 |
| Normal Seasonal Change August to September | -4 |
| September 1983 | 126 |
| Change, September 1983 to September 1984 | +7 |
| Seasonally Adjusted Index September 1983 | 123 |
| Seasonally Adjusted Index September 1984 | 129 |

DULUTH LABOR MARKET

| | Sept. 1984 | Sept. 1983 | % Change |
|--|--------------|--------------|------------|
| Labor Force | 36,800 | 35,000 | +5 |
| Unemployment Rate | 4,600 XXX | 3,600 XXX | +28 XXX |
| Actual | 12.6% | 10.2% | XXX |
| Seasonally Adjusted | 14.0% | 11.5% | XXX |
| Total Employment | | | |
| (Labor Force) | 32,200 | 31,500 | +2 |
| Wage & Salary (Work Force) | 40,800 | 40,000 | +2 |
| Manufacturing (Work Force) | 3,600 | 3,800 | -5 |
| Nonmanufacturing (Work Force) | 37,200 | 36,300 | +2 |
| Job Openings Received | | | |
| During Month | N.A. | N.A. | N.A. |
| Persons Claiming Unemployment Benefits (Duluth only) | 622 | 1,763 | -65 |
| Average Weekly Earnings-Mfg. Only | \$391.81 | \$358.38 | +9 |

NOTE: Employment totals may not add up due to rounding.
Source: Minnesota Dept. of Economic Security.

RETAIL SALES INDEX

| | ADJUSTED FOR PRICE CHANGES (1967 = 100) | | | Sept. '83 to Sept. '84 |
|--|--|------------|------------|------------------------------|
| | 3 Yr. Aver. 1981-83 | Sept. 1984 | Sept. 1983 | % Change |
| TOTAL | 99 | 112 | 111 | +1% |
| General Merchandise | 97 | 112 | 110 | +3% |
| Apparel Stores | 124 | 139 | 141 | -2% |
| Grocery Stores | 114 | 117 | 114 | +3% |
| Automotive Sales | 105 | 156 | 136 | +15% |
| | | 1984 | 1983 | % Change |
| Index Average Year-To-Date (Total) Adjusted for price changes | | 103.5 | 98.7 | +5.0% |

ment of grain by rail.

Grain receipts and shipments in September rose by 61 index points over August in stark contrast to the preceding 10-year average seasonal gain of 14 points. Grain receipts by rail in September accounted for about 87 percent of the total grain received with the balance coming in by truck. The above average increase in grain moved in the August-September comparison was influenced by the amount of corn sent to Russia, the barley sale to Turkey and increased sales of other grains to overseas countries.

The value of building permits issued and under construction in September (in 1967 dollars) recorded a small gain over August and was up substantially over last year. There was no large single project that contributed to the September index rise. Compared to last year, both nonresidential and alteration and repair projects posted gains over 1983. Nonresidential construction this September was up over last year due to a shredder building for the WLSSD and the additional skywalk projects under construction this year. The value of building permits issued so far this year for alteration and repair work account for 65 percent of all permit valuations recorded. This is about the same share as for last year for the same period. For the first 9 months of 1984, only 3.6 percent of total permit valuations went for new residential construction while the comparable figure for 1983 was 17.5 percent.

In September the number of telephone access lines showed a slight gain over August, primarily in residential lines. This is a seasonal pattern and probably represents residents returning from summer vacations and college students returning to the area for the new school year.

Iron ore shipments dipped in September which is the usual seasonal pattern each year for this component. Iron ore shipments for the season have averaged 21 percent above the like period of last year, reflecting an improved picture for the steel industry this year. Last year the mining industry was still in the midst of the recession and ore tonnage shipped in September 1983 was 24 percent below this year's September tonnage figure.

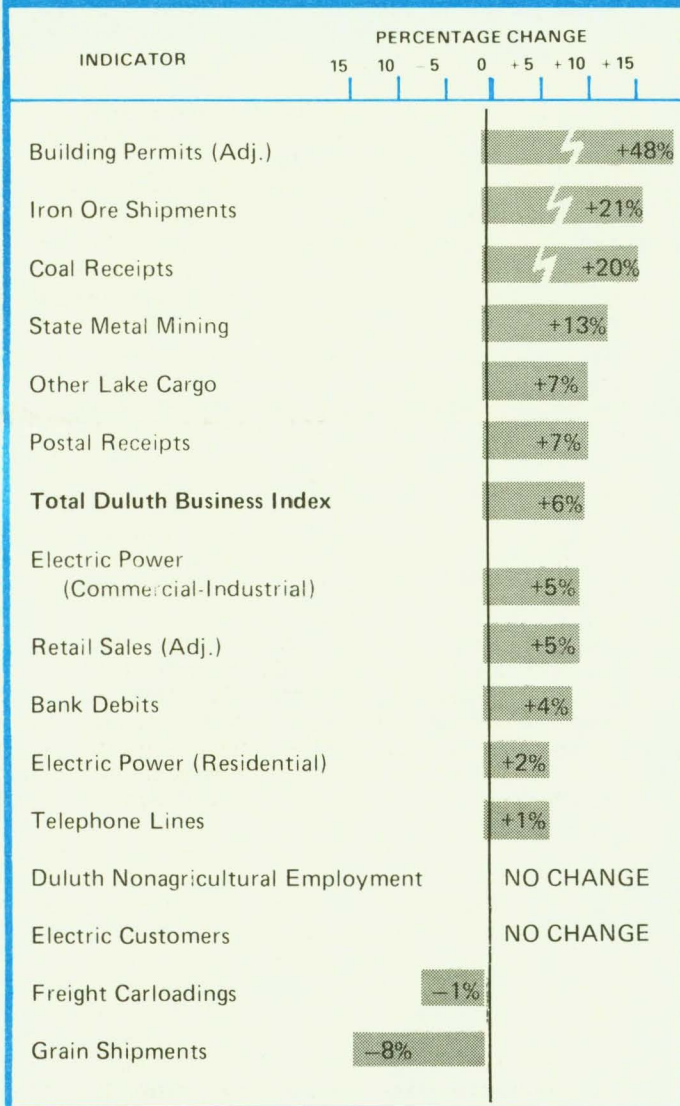
Import-export cargo (except grain) generally hits a slack period in September and this year was no exception. The September index for this component fell by 35 points from August. This decrease was about twice the 10-year average decline for the August-September comparison. Imports of general cargo fell to zero in September and general cargo exports in September dropped 73 percent from August. Imports from Canada of limestone and limestone products and newsprint also were down from their respective August levels. Import-export shipments were, however, above their year ago level and the season-to-date tonnage figure, up through September, was up 7 percent over the corresponding months of 1983.

Retail sales (deflated for price increases) typically decline in September after August's upsurge which is influenced by back-to-school buying. This year the usual pattern was followed, although the historical seasonal decrease of 13 index points was not reached. This year the August-September drop amounted to only 7 index points. The retail sales index in September was up by one index point over last year. So far this year retail sales have averaged 5 percent above last year. This margin is down from the mid-year figure as local sales have shown some signs of slowing down. In addition, sales this year are being compared to an improving sales record of last year, and last year's upward trend during the last one-half of 1983 results in the 1984 figures being compared to a rising base in 1983.

Metal mining employment dropped 100 workers from the 7,000-worker level of August. However, the September 1984 employment figure was still above its comparable month of 1983 when 5,200 workers were on mining jobs. The outlook for the last quarter of this year presents a dismal picture for the mining industry. Recent announcements of firm layoffs, many for an indefinite period of time, because of a lack of demand for ore will have a drastic effect on employment in this industry. These announced layoffs will bring the mining

PERCENTAGE CHANGE IN 15 INDIVIDUAL BUSINESS INDICATORS FOR THE CITY OF DULUTH

Year-to-date 1984 compared to 1983



employment figure down to 3,000 workers or less and will also have an impact on dock and railroad employment.

The number of filings for bankruptcies in N.E. Minnesota increased in September over August and this upturn seems to be seasonal in nature when available records back to 1980 are examined. The 153 filings so far this year, however, are up 8 percent over the same period of last year. Personal filings have made up the bulk of the increase over last year.

U.S. CONSUMER PRICE INDEX

(1967 = 100) UNADJUSTED

| | Sept. 1984 | Sept. 1983 | % Change |
|--|------------|------------|----------|
| All Urban Consumers | 314.5 | 301.8 | +4.2% |
| Urban Wage Earners & Clerical Worker (Revised) | 312.1 | 300.8 | +3.8% |

Source: Bureau of Labor Statistics

REPORT OF DULUTH FINANCIAL ACTIVITY¹

| | Sept. 1984 | Sept. 1983 |
|---|----------------|----------------|
| BANK DEBITS TOTAL | \$958.5 | \$947.3 |
| Individuals | 135.0 | 129.7 |
| % of total | 14.1% | 13.7% |
| Commercial Accounts | 711.6 | 741.3 |
| % of total | 74.2% | 78.3% |
| Government (State & Local) | 112.0 | 76.2 |
| % of total | 11.7% | 8.0% |
| TOTAL DEPOSITS (END-OF-MONTH) | \$913.7 | \$801.2 |
| Demand | 143.9 | 113.2 |
| % of total | 15.7% | 14.1% |
| Time and Savings | 769.9 | 688.0 |
| % of total | 84.3% | 85.9% |
| Savings Only | 180.9 | 199.1 |
| DOLLAR VALUE OF NEW REAL ESTATE MORTGAGES ISSUED (CURRENT MONTH) | \$3.6 | \$3.0 |
| Residential | 2.7 | 2.9 |
| % of total | 75.8% | 98.0% |
| DEPOSIT TURNOVER RATE* | 6.7 | 8.4 |

¹Figures rounded in millions. Shown in current dollars. Sub-totals may not sum to totals due to rounding. Percentages calculated from unrounded data. Above data covers commercial banks and savings and loan associations only.

*Deposit Turnover—Bank debits divided by demand deposits.

HIGHLIGHTS OF THE U.S. INDEX OF INDUSTRIAL PRODUCTION

(1967 = 100) SEASONALLY UNADJUSTED

Ave. Mo.

| | | |
|--------------------|----------------|-------|
| Total Index | September 1984 | 170.3 |
| | September 1983 | 158.4 |

Total Index Up 7.5%

Consumer Goods Production Up 3.1%

Manufacturing Production Up 4.7%

Mining and Utilities Up 7.7%

DULUTH TOURIST INDEX

June, July, August 1978 = 100

AUGUST INDEX

| | August 1984 97 | July 1984 92 | August 1983 100 |
|---|-------------------|-----------------|--------------------|
| Estimated Tourist Expenditures (in '000's) | | | |
| | August 1984 | August 1983 | % Change 1983-84 |
| Lodging | \$1,736 | \$1,850 | +6.6% |
| Eating, Drinking | 2,712 | 2,327 | -14.2% |
| Retail Sales | 1,043 | 980 | -6.0% |
| Auto, Gas | 508 | 477 | -6.1% |
| Other | 807 | 757 | -6.2% |
| Totals | \$6,806 | \$6,391 | -6.1% |

DULUTH BUSINESS INDICATORS ¹

| INDEX NUMBERS (1967 = 100) | | | | | | ORIGINAL DATA | | | |
|--|---------------|----------------|---------------|------------------------------|-----------------------------|------------------------|---------------|---------------------|---------------------|
| Component | INDEX CHANGE | | | | | Unit | Sept. 1984 | August 1984 | Sept. 1983 |
| | Sept. 1984 | August 1984 | Sept. 1983 | Sept. '83 to Sept. '84 | Aug. '84 to Sept. '84 | | | | |
| Freight Carloadings | 148 | 118 | 137 | +11 | +30 | (Cars) | 16,753 | 13,311 | 15,522 |
| Bank Debits ⁵ | 290 | 295 | 297 | -7 | -5 | (Dollars in '000's) | 958,486 | 975,673 | 947,250 |
| Building Permits ² | 70 | 62 | 38 | -32 | +8 | (Actual \$ Value) | 2,519,775 | 2,242,132 | 927,014 |
| Postal Receipts | 328 | 347 | 344 | -16 | -19 | (Dollars) | 772,703 | 818,326 | 810,497 |
| Telephone Lines | 126 | 125 | 126 | 0 | +1 | (Units) | 54,158 | 53,869 | 54,177 |
| Electric Power (Commercial & Industrial) | 148 | 146 | 141 | +7 | +2 | (K.W.H. in '000's) | 37,002 | 36,400 | 35,170 |
| Electric Power (Residential) | 118 | 111 | 120 | -2 | +7 | (K.W.H. in '000's) | 17,116 | 16,106 | 17,530 |
| Number of Electric Customers | 105 | 105 | 105 | 0 | 0 | | 34,932 | 34,983 | 35,137 |
| Grain Shipments | 238 | 177 | 295 | -57 | +61 | (Bushels in '000's) | 69,847 | 51,834 | 86,421 |
| Coal Receipts | 9 | 11 | 8 | +1 | -2 | (Short Tons in '000's) | 20 | 26 | 18 |
| Iron Ore Shipments | 78 | 101 | 60 | +18 | -23 | (Gross Tons in '000's) | 919 | 1,180 | 699 |
| Other Lake Cargo | 174 | 209 | 125 | +49 | -35 | (Short Tons) | 61,210 | 73,617 | 43,921 |
| Duluth Nonagricultural Empl. | 98 | 93 | 96 | +2 | +5 | (Persons) | 40,800 | 38,900 ³ | 40,000 ³ |
| Duluth Retail Sales Index ⁴ | 112 | 119 | 111 | 0 | -7 | | --- | --- | --- |
| State Metal Mining Empl. | 54 | 55 | 41 | +13 | -1 | (Persons) | 6,900 | 7,000 | 5,200 |
| OVERALL | 133 | 129 | 126 | +7 | +4 | | | | |

1. Source of data: Duluth Industrial Bureau, Building Inspector's Office of the City of Duluth, U.S. Post Office in Duluth, Minnesota Power Company, Minneapolis Grain Exchange, American Iron Ore Association, Seaway Port Authority of Duluth, Minnesota Department of Economic Security and the Department of Economics, University of Minnesota, Duluth.

2. The Building Permits Index is adjusted to reflect the amount of construction occurring during the month.

3. Revised

4. Deflated for price changes.

5. Beginning with January 1978 and for subsequent months the Bank Debits Index number will be adjusted by the GNP Implicit Price Deflator. All dollar figures shown for Bank Debits are in current dollars.

6. Estimate

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