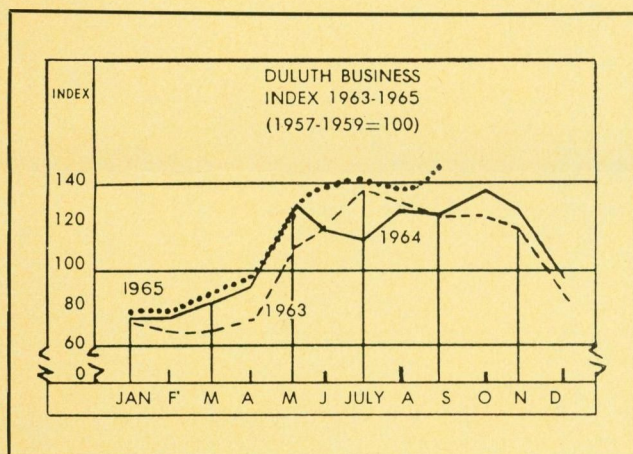


DULUTH BUSINESS INDICATORS

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TIME PERIOD	DULUTH INDEX
SEPTEMBER 1965	146
AUGUST 1965	138
AUGUST-SEPTEMBER CHANGE	+ 8
NORMAL SEASONAL CHANGE	
AUGUST TO SEPTEMBER	+ 1
SEPTEMBER 1964	129
CHANGE, SEPT. 1964 to SEPT. 1965	+17

THE MONTH IN REVIEW — AN ANALYSIS

A pick up in activity in nine of the 15 components of the Duluth Business Index resulted in the September unadjusted index (1957-59 = 100) rising to 146 — a gain of 8 points over August. Normally the August-September average rise amounts to a gain of one point. This year there were several larger-than-normal August-September gains which combined to push the September index to its second highest level on record for that particular month. In 1957 the September index was 150.

The August-September gain in freight carloadings of 13 points was due to heavier grain shipments and the use of unit trains to move iron ore. A delayed harvest season this year due to weather conditions had adversely affected the normal August grain movement. Historically this component has shown a decline of seven points in the month of September. Postal receipts increased because of heavier commercial mailings, while the number of telephones reflected the slight, but normal, seasonal gain experienced each year as teachers and other personnel return for the school term. New home installations also influenced the upward trend.

Both commercial and residential kilowatt hours used experienced greater than average gains in September, but this reflects greater power usage during the inclement weather in September rather

than economic expansion. Grain shipments were up substantially over August because of heavy Canadian and overseas shipments. The grain shipment index in September was the highest for that month since 1960. Lake cargo, other than grain, was also up significantly over August, but ship scheduling as well as the amount of products handled can result in month-to-month variations. Department store sales were up two points over August as contrasted with the normal five point gain experienced in this period. Weather conditions were an adverse factor in September sales.

Bank debits, value of building permits issued coal receipts were off from August levels. The latter two classifications followed normal fall trends.

Beginning with this issue a new index — credit inquiries — will be included in the narrative analysis although it will not be made a part of the overall index until some time in the future. The index for September credit inquiries (1957-1959 = 100) was 96 compared to 93 for August. One year ago the index was 83.

The overall condition of the Duluth economy in September shows considerable improvement over last year's level with 12 of the 15 index components recording gains in this period. In September 1964 the business index was 129.

Duluth's economy for the first nine months in 1965 averaged 8% higher than for the corresponding period in 1964, while the 12-month gain is slightly over 13 percent.

Freight carloadings recorded a gain over 1964 because of increased tonnages of iron ore and grain handled in addition to the build-up in transporting material and supplies to the taconite areas. Building activity is much stronger this year with employment totals in the construction field ahead of last year by 450 workers or 25%. Electric power consumption as measured in kilowatt hours is also well ahead of a year ago. Increased grain shipments this year have boosted this category up 28 points over last year with overseas and Canadian shipments of oats, wheat and soybeans showing substantial gains. The coal receipts gain reflects expanded industrial uses in the area, while iron ore shipments continue to run ahead of last year shipments.

Department store sales this year, up by 11 points over 1964, tend to reflect an improved overall local economy as Duluth employment levels continue to maintain their relatively high totals. Job totals in metal mining are 1,300 workers above the year ago figure as the result of higher demand for steel.

Bank debits, postal receipts and the number of electric customers were the

Seasonally Adjusted Index Numbers

Year	Jan.	Feb.	March	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
1964	108	113	117	106	106	99	94	103	106	118	132	111
1965*	113	115	120	116	104	114	122	116	121			

* Base updated to 1955-64 period. All seasonal numbers revised.

three classifications that reported a drop in activity from year ago levels. The heavy taconite promotional campaign last year, involving much bulk mailing, resulted in a higher volume of mailing in 1964. The slight drop in the number of electric customers over the year is mainly the result of a reclassification of meter installations rather than a decline in customer use. Bank debit variations on a single month-to-month comparison can occur without being motivated by economic change.

In comparing the Duluth economy to the United States as a whole, it may be noted that the U.S. Index of Industrial Production (not seasonally adjusted, 1957-59 = 100) advanced two points from August to September, that is, from 143 to 145. These figures indicate that the U.S. gain in production for September 1965 over September 1964 is about 6 percent. When the Duluth Business Index is compared for the corresponding two months, the gain is over 13 percent. It is evident that the Duluth economy has continued the strong upward gains which have been noted since at least the beginning of the year.

The continued generally strong performance of the U.S. economy is also reflected in the Gross National Product data. At the end of the third quarter of 1965, GNP was running at an annual rate of \$676.9 billions in current dollars. For the same period last year, the GNP figure was \$634.8 billions also measured in current dollars. These figures indicate an overall national gain of about 7 percent since the third quarter of 1964. Thus, when compared to the overall U.S. economic gains, the Duluth economy appears to be doing at least as well if not a bit better than the nation as a whole.

Finally, it may be observed that the September unemployment rate in Duluth was 3 percent of the labor force while the national unemployment rate was 3.8 percent. Thus, insofar as comparisons can be made between the national and local economies, it must be concluded that both are showing a great deal of vitality.

DULUTH BUSINESS INDICATORS — ORIGINAL DATA

August, September 1965 and September 1964

COMPONENT	ORIGINAL DATA		
	Sept. 1965	Aug. 1965	Sept. 1964
Freight Carloadings (Cars)*	14,087	12,578	13,244
Bank Debits (Dollars in '000's)	167,716	186,180	171,564
Building Permits (Adjusted \$ Value)**	1,231,572	594,065	341,628
Postal Receipts (Dollars)*	202,463	187,430	252,180
Number of Telephones (Units)*	66,348	66,136	64,839
Electric Power (Con. K.W.H. in '000's)	10,965	10,601	10,464
Electric Power (Res. K.W.H. in '000's)	11,251	10,272	10,350
Number of Electric Customers*	33,175	33,177	33,383
Grain Shipments (Bushels in '000's)	65,887	51,631	58,987
Coal Receipts (Short Tons in '000's)	563	620	536
Iron Ore Shipments (Gross Tons in '000's)	2,404	2,679	2,049
Other Lake Cargo (Short Tons)	76,092	42,517	56,452
Duluth Nonagricultural Empl. (Persons)	41,900	42,000	39,500
Dept. Store Sales Index (Percent)
State Metal Mining Empl. (Persons)	13,500	13,500	12,200

* Supplied by Duluth Industrial Bureau

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

DULUTH BUSINESS INDICATORS — INDEX NUMBERS

COMPONENT	INDEX NUMBERS			CHANGE	
	Sept. '65	Aug. '65	Sept. '64	Sept. '64 to Sept. '65	
				to Sept. '65	to Sept. '65
Freight Carloadings	124	111	116	+ 8	+ 13
Bank Debits	104	116	107	- 3	- 12
Building Permits	93	110	43	+ 50	- 17
Postal Receipts	127	118	158	- 31	+ 9
Number of Telephones (Units)	120	119	117	+ 3	+ 1
Electric Power (Commercial)	153	148	146	+ 7	+ 5
Electric Power (Residential)	137	125	126	+ 11	+ 12
Number of Electric Customers	99	99	100	- 1	0
Grain Shipments	268	210	240	+ 28	+ 58
Coal Receipts	171	188	162	+ 9	- 17
Iron Ore Shipments	266	296	226	+ 40	- 30
Other Lake Cargo	380	212	282	+ 98	+ 168
Duluth Nonagricultural Empl.	101	101	95	+ 6	0
Dept. Store Sales Index	116	114	105	+ 11	+ 2
State Metal Mining Empl.	84	84	76	+ 8	0
OVERALL	146	138	129	+ 17	+ 8

For Monthly Data back to 1951 and for Sources of Data, see DULUTH BUSINESS INDICATORS 1964, a publication of the Business and Economics Series of the Social Sciences Research Trust Fund, University of Minnesota, Duluth, 1964.

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