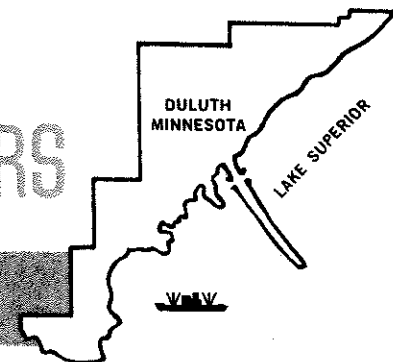


# DULUTH BUSINESS INDICATORS

BUREAU OF BUSINESS  
AND ECONOMIC RESEARCH

UNIVERSITY OF MINNESOTA  
DULUTH



VOL. 10

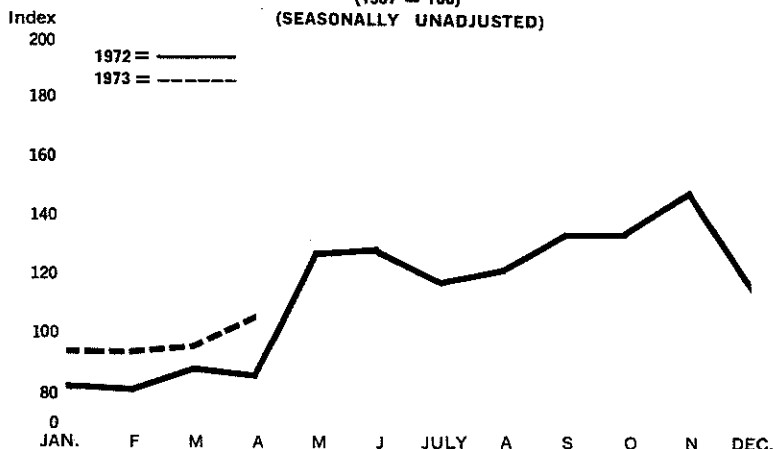
APRIL 1973

NO. 4

## Highlights

- *Economy continues strong*
- *Waterborne activity provides impetus*
- *Employment still unresponsive*
- *Unemployed rate declines*
- *Retail sales continue surge*

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



## ECONOMIC CONDITIONS

Duluth's economy picked up at about the normal seasonal rate in April. The April unadjusted business index (1967=100) was 107, up 10 points over March. This gain closely parallels the average March-April gain of nine points noted in recent years.

The major impetus for the March-April gain came from waterborne traffic as the season's opening of lake transportation resulted in noticeable April gains in shipments of iron ore, coal, grain and import-export cargo (excluding grain). Retail sales also picked up in April over March partly due to the Easter holiday falling in April this year.

Freight carloading figures slipped substantially from March as the result of a major decrease in the volume of grain shipped out of the area by rail. This is not an abnormal circumstance each spring as heavier outbound shipments of grain by lake carriers develop as the result of the reopening of lake navigation and these shipments supplant to a great extent the volume of grain handled during the winter months by rail.

The bank debit index figure tapered off in April from its March level, a common pattern noted each year. The

value of building permits issued and under construction in April (in 1967 dollars) recorded a seasonal decline from March, although the decrease was greater than average for this period. Postal receipts followed its usual pattern by showing a March-April increase.

The April pickup in electric power used by commercial and industrial firms reflects a slight increase in industrial activity plus the increasing consumption of electric power by establishments at the new shopping mall.

With the spring reopening of lake navigation there was a strong upsurge in the overall volume of grain handled in April. A large gain was noted in the outbound shipment of wheat and barley, while receipts of corn rose substantially over March. Shipments of grain to Russia helped boost the April total as Russian ships visited the port for their grain cargo.

Although the volume of coal receipts was relatively small, the amount handled in April was the largest such figure for any April since 1966. It probably is too early to tell whether this good start is suggestive of things to come for the rest of the year.

## INDEX HIGHLIGHTS

TIME PERIOD	DULUTH INDEX
April 1973 .....	107
March 1973 .....	97
March-April Change .....	+ 10
Normal Seasonal Change March to April .....	+ 9
April 1972 .....	88
Change, April '72 to April '73 .....	+ 19
Seasonally Adjusted Index April 1972 .....	104
Seasonally Adjusted Index April 1973 .....	121

## DULUTH LABOR MARKET

	April 1973	April 1972	% Change
Labor Force .....	46,500	47,800	- 3
Unemployment .....	2,700	3,800	-29
Rate .....	5.8%	7.9%	xxx
Total Employment .....	43,800	44,000	0
Wage & Salary .....	40,800	41,300	- 1
Manufacturing .....	6,100	6,800	-10
Nonmanufacturing .....	34,700	34,500	- 2
Job Openings Received During Month .....	551	592	- 7
Persons Claiming Unemploy- ment Benefits .....	1,661	3,130	-47
Average Weekly Earnings— Mfg. Only .....	\$203.60	\$183.55	+11

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

## RETAIL SALES INDEX

### ADJUSTED FOR PRICE CHANGES (1967=100)

	3 Yr. April Aver. 1970-72	April 1973	April 1972	Apr. '72 to Apr. '73 % Change
Total .....	96	116	93	+ 25
General Merchandise ....	95	123	91	+ 35
Apparel Stores .....	82	93	83	+ 12
Grocery Stores .....	99	87	96	-10
Automotive Sales .....	118	142	123	+ 15
*Revised		1973	1972	% Change
Index Average Year-To-Date (Total) Adjusted for price changes		98.1	84.0	+ 17

With easy sailing during the opening weeks of lake shipping this year, in contrast to the heavy ice conditions encountered during the first weeks of lake shipping in 1972, the shipment of iron ore in April was the highest for that month since 1968. Nationally the demand for steel is high with production of steel running at better than 90% of rated capacity.

Import-export cargo (excluding grain) showed some movement in April with the reopening of lake navigation, but the tonnage figures were not as high as for the same month in recent years.

The 40,800 wage and salary workers on jobs in April represents a gain of 500 jobs or 1.2% over March. This is about one-half the normal gain for the March-April period noted in the past 10 years. Firm layoffs and a labor dispute in April helped blunt the impact of the seasonal upturn normally experienced at this time each year. Retail trade, despite the expansion at the new shopping center and the sharp increase in sales volume noted this year, did not quite match its usual seasonal pick-up in employment noted in other years.

Metal mining employment rose seasonally above the March level as the demand for steel continued to run at a high level.

Despite the fact that the major component of the Duluth business index — employment — has not responded too positively so far this year, the overall business index has shown a definitely bullish characteristic. The April index, at 107, was up 19 points over a year ago. And for the year-to-date the index is averaging 15% above the same four months in 1972.

So far this year the local economy has benefitted greatly from above normal grain shipments, while the track record for overall lake shipping activities this spring has improved in comparison with last year due to more favorable weather conditions. Coal receipts, ore shipments, grain activity and import-export cargo (excluding grain) have all gotten off to a better start this spring. Retail sales, although not so directly allied to lake navigation, are also doing better than anticipated.

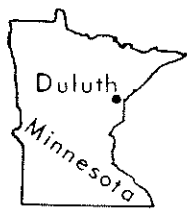
The bank debits figure, up 13 points over a year ago, is also averaging a 10 point gain over last year for the year-to-date. This increase is more than can be accounted for by price inflation.

The value of building permits issued and under construction (in 1967 dollars) is up by nearly one-half over last year. Since January about 40% of the permit valuations have been going into alteration and repair work. This is not as high as last year, but is still a substantial percentage. Nonresidential construction is running well ahead of last year.

Duluth wage and salary employment is down 500 workers from its April, 1972 level. Losses from a year ago were primarily in manufacturing. Decreases were heavy in non-durable goods, particularly food processing, where firm retrenchment and closing down of operations affected some 500 workers. Durable goods employment was also down from a year ago with decreases rather broad based among the various components of this classification. Overall, non-manufacturing employment was up 0.7% over last year.

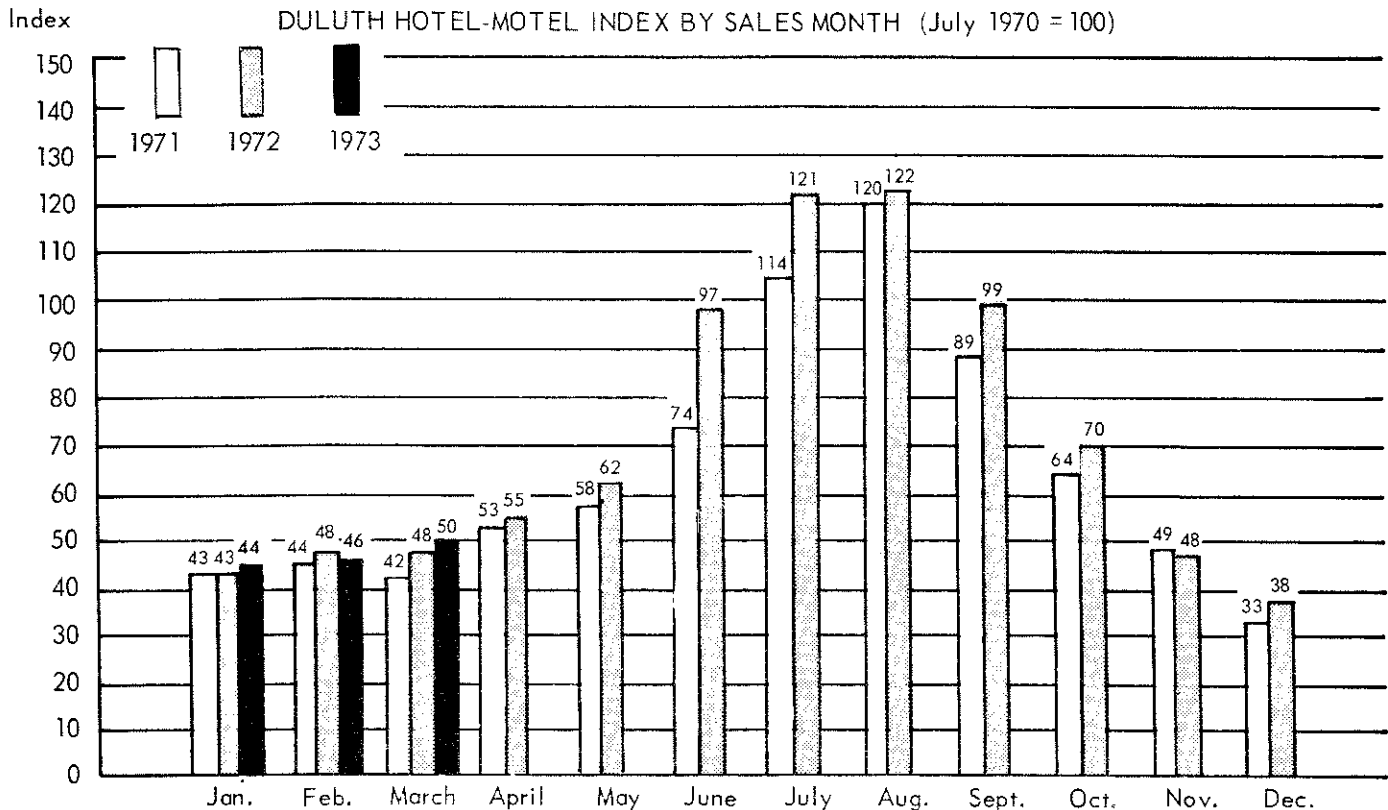
Unemployment decreased this April from the year previous — 3,800 to 2,700. A year ago the rate of unemployment was 7.9%, this April it fell to 5.8%. The drop in the jobless figures represents mainly retirements and loss of workers to other areas since there was no corresponding increase in the employed total or labor force over last year.

The number of persons collecting unemployment bene-



# Duluth Hotel-Motel Indicators

Volume III, Number 4, 1973



## ANALYSIS

### DULUTH HOTEL-MOTEL INDEX

*March, 1973 Index Higher Than March, 1972*

The tentative March, 1973 Duluth Hotel-Motel Index was 50 as compared with the March, 1972 Index of 48 and the March, 1971 Index of 42.

### AVERAGE DAILY ROOM RENTAL RECEIPTS PER OCCUPIED HOTEL-MOTEL ROOM IN THE UNITED STATES

*February, 1973 Receipts 4.4% Higher Than in February, 1972*

For the United States the February, 1973 average daily room rental receipts per occupied hotel-motel room were \$19.85 as compared with February, 1972 receipts of \$19.01 and February, 1971 receipts of \$17.77. The average increase in hotel-motel room receipts between February, 1973 and February, 1972 was \$.84 or 4.4%.

### DULUTH HOTEL-MOTEL ROOM RENTAL RECEIPTS

*March, 1973 Room Rental Receipts Higher Than March, 1972*

Tentative March, 1973 Duluth hotel-motel room rental receipts were \$219,958 as compared with March, 1972 room rental receipts of \$211,752. The increase between March, 1972 and March, 1973 was \$8,206 or 3.9%.

### AVERAGE HOTEL-MOTEL ROOM OCCUPANCY PERCENTAGES—DULUTH AND THE UNITED STATES

For Duluth the February, 1973 average hotel-motel room occupancy was 35% as compared with February, 1972 occupancy of 39%.

For the United States the February, 1973 average hotel-motel room occupancy was 60% as compared with the February, 1972 occupancy of 57%.

by Richard O. Sielaff, Professor of Business Administration and Economics, University of Minnesota, Duluth  
Month of publication, May, 1973

Duluth Hotel-Motel Indicators is published by the Bureau of Business and Economic Research as a service for the State of Minnesota and mailed with the Duluth Business Indicators.

Bureau of Business and Economic Research, University of Minnesota, Duluth, Duluth, Minnesota 55812

## DULUTH HOTEL-MOTEL INDICATORS—TABLES

By Richard O. Sielaff, published by Bureau of Business and Economic Research, University of Minnesota-Duluth

MONTH	YEAR	Duluth Hotel-Motel Index July 1970 = 100	Duluth Hotel-Motel Room Rental Receipts	Average Hotel-Motel Room Occupancy Percentages		U.S. Average Rental Receipts Per Occupied Room in Hotels and Motels
				Duluth %	U.S. %	
JAN.	1971	43	\$188,756	36%	52%	\$17.78
	1972	43	190,706	34	55	19.03
	1973	44	193,299	37	57	19.52
FEB.	1971	44	178,741	38	57	\$17.77
	1972	48	197,494	39	57	19.01
	1973	46	185,816	35	60	19.85
MAR.	1971	42	194,391	36	61	\$18.29
	1972	48	211,752	38*	62*	18.73*
	1973	50*	219,958*			
APR.	1971	53	227,065	43	62	\$18.73
	1972	55	234,750	43	66	19.07
	1973					
MAY	1971	58	256,415	46	62	\$18.93
	1972	62	277,107	49	66	19.35
	1973					
JUN.	1971	74	320,512	58	63	\$19.26
	1972	97	418,645	75	68	19.53
	1973					
JULY	1971	114	504,937	91	61	\$18.95
	1972	121	538,242	94	63	19.45
	1973					
AUG.	1971	120	530,906	93	65	\$19.30
	1972	122	532,977	91	68	19.83
	1973					
SEPT.	1971	89	387,155	72	62	\$18.79
	1972	99	432,629	77	64	19.54
	1973					
OCT.	1971	64	297,598	51	68	\$19.91
	1972	70	310,695	51	71	20.43
	1973					
NOV.	1971	49	212,197	39	58	\$18.96
	1972	48	206,509	37	60	19.38
	1973					
DEC.	1971	33	149,230	28	45	\$18.16
	1972	38	172,601	30	48	18.88
	1973					
TOTALS	1971		3,447,903			
	1972		3,724,107			
	1973					
AVG.	1971	65.3	287,325	52.6%	60%	\$18.74
	1972	70.9	310,342	55.0%	62%	\$19.21
	1973					

\* Tentative

SOURCES: (1) Survey of Current Business,  
U. S. Dept. of Commerce

(2) Department of Finance and Records  
City of Duluth

**PERCENTAGE CHANGE IN 15 INDIVIDUAL BUSINESS INDICATORS FOR THE CITY OF DULUTH**  
*Year-to-date 1973 compared to 1972*

INDICATOR	Percentage Change					
	-15	-10	-5	0	+5	+10
Coal Receipts	+376%					
Iron Ore Shipments	+279%					
Building Permits (Adj)	+50%					
Freight Carloadings	+42%					
Grain Shipments	+35%					
Duluth Retail Sales Index (Adj.)	+17%					
Total Duluth Business Index	+15%					
Bank Debits	+10%					
Postal Receipts	+5%					
State Metal Mining Employment	+5%					
Number of Telephones	+2%					
Number of Electric Customers	+1%					
Nonagricultural Employment	+1%					
Electric Power (Residential)	No Change					
Other Lake Cargo	No Change					
Electric Power (Commercial-Industrial)	No Change					

fits this April was about one-half of the year ago figure which was up due to the heavy load of claimants at that time who had been laid off from their metalworking jobs.

Opportunities for work as measured by the number of job openings received by the local office of the state employment service, showed a decline of 7% from last year. Increased orders this year were noted in the clerical and service occupations, however. Summer job openings for youth so far this year are down about 48% from last year, but it should be noted the actual numbers are small.

Unbelievable is the best way to characterize the behavior of the retail sales picture this year. In April, 1973 the retail sales index (1967=100), when adjusted for price inflation, was up 25% over one year ago. This gain, when added to the margin already established over last year shows that retail sales (deflated for price increases) for January-April, 1973 are averaging 17% above the same four months in 1972.

This gain has been accomplished with no improvement in the job picture. Several reasons seem to be major factors in the sharp increase that has occurred. April, 1973 figures compared to April, 1972 will reflect some improvement due to Easter sales in April of this year. Last year Easter fell in March. Last year retail sales were down because of various economic and weather factors. Out-of-the-area shoppers appear to be contributing more heavily to this year's sales and a part of that influx no doubt were drawn in by the opening of the new shopping center. Industry representatives also pointed out that the young consumer is also a segment of the market that is contributing significantly to the impressive local retail sales picture.

Some retailers have reported that while the number of their customers served may not have increased, there seems to be an increase in the dollar sales per customer this year. Nationally retail sales as reported by the Department of Commerce are running about 15% ahead of last year, and statistics for the country show that the rate of personal savings for the first quarter of 1973 was about 5.7% compared to 6.1% for the like period in 1972. This phenomenon may also be present in the local market area consumer spending-saving pattern.

In April, 29 of the 35 stores in the Duluth retail sales sample reported gains over April, 1972. Twelve of the sample firms reported gains over last April of 20% or more.

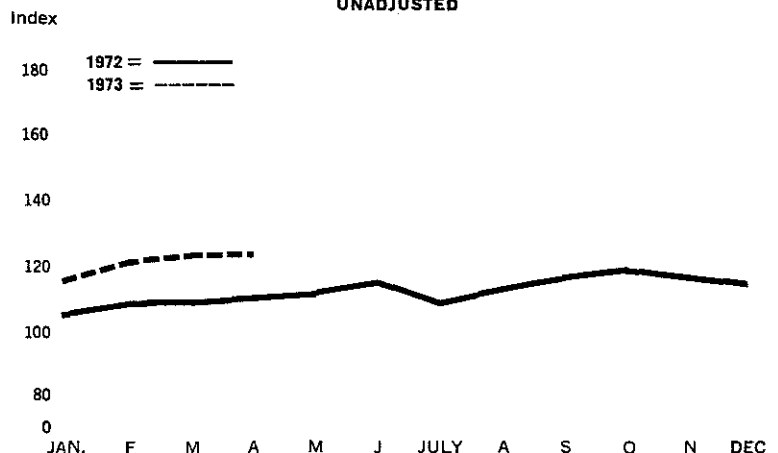
HIGHLIGHTS OF THE U.S.  
 INDEX OF INDUSTRIAL PRODUCTION

April 1973 compared to April 1972

- Total Index up 9%**
- Consumer Goods Production up 6%**
- Manufacturing Production up 10%**
- Manufacturing Payrolls (seasonally adjusted) up 14%**

**U. S. INDEX OF INDUSTRIAL PRODUCTION**

(1967 = 100)  
 UNADJUSTED



Source: Federal Reserve Board of Governors

## DULUTH BUSINESS INDICATORS

COMPONENT	INDEX NUMBERS (1967 = 100)					ORIGINAL DATA			
	Apr. 1973	Mar. 1973	Apr. 1972	INDEX CHANGE		UNIT	Apr. 1973	Mar. 1973	Apr. 1972
				Apr. '72 to Apr. '73	Mar. '73 to Apr. '73				
Freight Carloadings	71	110	75	- 4	- 39	(Cars)	7,998	12,397	8,507
Bank Debits	117	123	104	+ 13	- 6	(Dollar in '000's)	249,245	261,989	220,689
Building Permits <sup>2</sup>	124	126	78	+ 46	- 2	(Actual \$ Value)	1,613,074	812,873	688,896
Postal Receipts	150	144	143	+ 7	+ 6	(Dollars)	353,423	339,005	337,113
Number of Telephones	122	122	119	+ 3	0	(Units)	85,587	85,500	83,633
Electric Power (Commercial & Industrial)	127	122	126	+ 1	+ 5	(K.W.H.) in '000's)	31,699	30,352	31,532
Electric Power (Residential)	124	135	123	+ 1	- 11	(K.W.H. in '000's)	17,996	19,607	17,856
Number of Electric Customers	102	102	101	+ 1	0		33,949	33,948	33,669
Grain Shipments	151	96	87	+ 64	+ 55	(Bushels in '000's)	44,344	28,064	25,612
Coal Receipts	67	8	16	+ 51	+ 59	(Short Tons in '000's)	158	18	37
Iron Ore Shipments	136	2	36	+100	+134	(Gross Tons in '000's)	1,600	17	427
Other Lake Cargo	16	0	0	+ 16	+ 16	(Short Tons)	5,690	0	0
Duluth Nonagricultural Empl.	98	97	99 <sup>3</sup>	- 1	+ 1	(Persons)	40,800	40,300	41,300 <sup>3</sup>
Duluth Retail Sales Index <sup>4</sup>	116	110	93 <sup>3</sup>	+ 23	+ 16		-----	-----	-----
State Metal Mining Empl.	96	95	90 <sup>3</sup>	+ 6	+ 1	(Persons)	12,200	12,000	11,400 <sup>3</sup>
<b>OVERALL</b>	<b>107</b>	<b>97</b>	<b>88</b>	<b>+ 19</b>	<b>+ 10</b>				

1. Source of data:  
Duluth Industrial Bureau, Federal Reserve Bank of Minneapolis, Building Inspector's Office of the City of Duluth, U. S. Post Office in Duluth, Minnesota Power & Light Company, Duluth Board of Trade, Corps of Engineers, U. S. Army, Lake Superior Area Office, American Iron Ore Association, Seaway Port Authority of Duluth, Minnesota Department of Manpower Services 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. The original data columns reflect only the value of building permits issued during the month and do not show work in progress.
3. Revised
4. Adjusted for price changes.

UNIVERSITY OF MINNESOTA, DULUTH  
DULUTH, MINNESOTA 55812

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