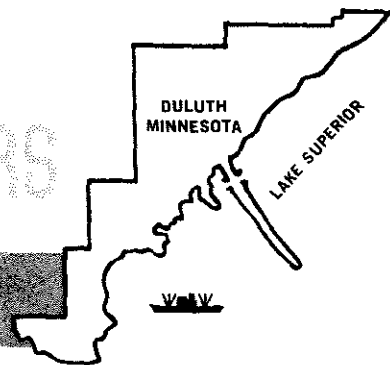


# DULUTH BUSINESS INDICATORS

BUREAU OF BUSINESS  
AND ECONOMIC RESEARCH

UNIVERSITY OF MINNESOTA  
DULUTH



VOL. 11

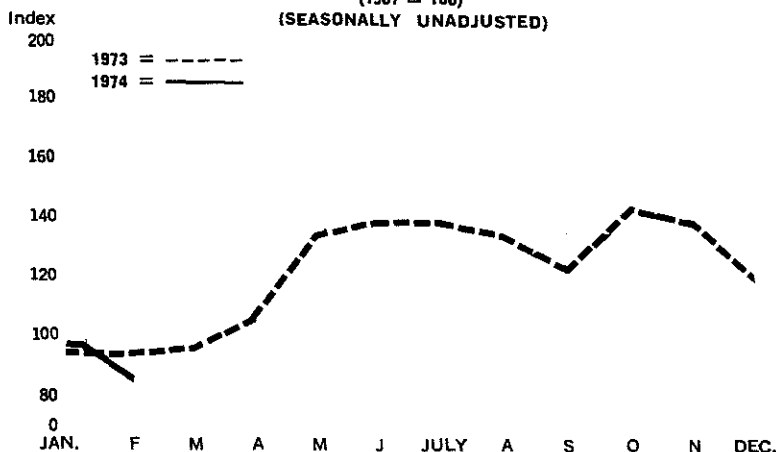
FEBRUARY 1974

NO. 2

*Highlights*

- *Nontypical Factors Affect Index*
- *Building Activity Soft*
- *Grain Volume Declines*
- *Job Market Uncertain*
- *Retail Sales Strengthen*

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



A sharp downward adjustment in the economy of Duluth was noted in February as the unadjusted business index for Duluth (1967=100) dropped to 86 compared to 97 in January and 94 in February of 1973.

Normally the January-February decline in the index amounts to about one index point. This year a greater than normal month-to-month decline was noted in bank debits, building permits, commercial and industrial electric power used and grain shipments.

All-rail shipments of taconite pellets to Chicago was a major influence in the larger than usual January-February gain in freight carloadings. This gain in pellet shipments over January, affecting carloadings, was minimized somewhat, however, by the drop in February grain shipments by rail. The volume of this commodity handled by rail transportation declined by 18% from January, with the greatest percentage decline noted in receipts of grain.

The decline in bank debits from January was much greater than usually experienced at this time of the year.

It is difficult to assess the specific area where bank debits are declining, but the fact that retail sales were slow in December and January may have had some bearing on the February debit decrease.

Building activity, as measured by the value of building permits issued and under construction (in 1967 dollars), did not present a robust picture in February. The February building construction index of 64 was down 76 points from January and was the second lowest for that month since 1968. So far this year this industry is continuing the pattern that developed in the previous two years wherein an increasing amount of the building dollar is going in to alteration and repair work. In 1972, that area accounted for 30% of the permit valuations, in 1973 the ratio was 34%, while for the first two months of this year the percentage was 63%.

The month of February generally reflects a drop in the amount of electric power consumed by commercial and industrial firms, but this year the decline was far greater than normal. With no major change noted in job totals between

## INDEX HIGHLIGHTS

TIME PERIOD	DULUTH INDEX
February 1974 .....	86
January 1974 .....	97
January-February Change .....	- 11
Normal Seasonal Change January to February .....	- 1
February 1973 .....	94
Change, Feb. '73 to Feb. '74 .....	- 8
Seasonally Adjusted Index February 1973 .....	130
Seasonally Adjusted Index February 1974 .....	119

## DULUTH LABOR MARKET

	February 1974	February 1973	% Change
Labor Force .....	46,400	45,800	+ 1
Unemployment .....	3,800	3,100	+23
Rate .....	8.2%	6.8%	xxx
Total Employment .....	42,700	42,700	0
Wage & Salary .....	40,200	40,300	0
Manufacturing .....	5,800	6,200	- 6
Nonmanufacturing .....	34,400	34,100	+ 1
Job Openings Received During Month .....	482	421	+14
Persons Claiming Unemploy- ment Benefits .....	2,994	1,917	+56
Average Weekly Earnings— Mfg. Only .....	\$176.46	\$164.92	+ 7

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

## RETAIL SALES INDEX

ADJUSTED FOR PRICE CHANGES  
(1967=100)

	3 Yr. February Aver. 1971-73	Feb. 1974	Feb. 1973	Feb. '73 to Feb. '74 % Change
Total .....	80	91	83	+10
General Merchandise ....	75	91	77*	+18
Apparel Stores .....	72	75	75	0
Grocery Stores .....	96	95	92	+ 3
Automotive Sales .....	106	101	121	-17

	1974	1973	% Change
* Revised			
Index Average Year-To-Date (Total) Adjusted for price changes	86.3	83.3	+ 4

January and February, and with the average work week in manufacturing rising by 0.6 of an hour in this two-month comparison, it appears that efforts to conserve on energy usage has had some effect in the industry.

Residential usage of electricity was down from January, but the loss was less than normally experienced in the January-February comparison.

February grain volume was down sharply from January and the drop far exceeded the normal seasonal decrease experienced for this period. While the demand for grain seems to have slackened slightly, a much more influential factor was the cutback in grain receipts by truck in February due to the truckers reaction to reduced availability of diesel fuel and the escalating price per gallon. Grain receipts by truck dropped 55% between January and February in contrast to the 3.3% decline experienced in the five preceding years for this period.

Due to the winter closing of lake navigation there is no activity to report for coal, iron ore or import-export cargo (excluding grain).

Duluth wage and salary jobs showed virtually no change from January. The February unemployment figure, however, rose from 3,500 or 7.6% of the labor force in January to 3,800 or an 8.2% rate in February. The February rate of unemployment was the second highest for that month since the 9.2% rate back in 1964. In 1961 and 1962 the February rates of unemployment were 10.5% and 12.2% respectively.

Some improvement in the unemployment picture will begin to show up in March as seasonal demands for workers begin to develop. The latest figures in March for the number of claimants drawing benefits show a drop of nearly 400 from the January figure.

With only two months of data available for the new year it is too early to determine the pattern for the balance of the year with any degree of accuracy. However, one can see that with the overall average of the business index for the year-to-date down 2.6% from the same two months in 1973 further improvement will be necessary to match the statistics for last year. Such improvement may be more evident in the second half of 1974.

Freight carloadings were down substantially from a year ago. Overall grain activity, an important element of the carloading figure, was less than in February, 1973 and the amount moved by rail this February was 25% less than last year. Bank debits, while up 4.6% over February, 1973, did not match the gain noted in the sharp upturn in prices that occurred.

The value of building permits issued and under construction (in 1967 dollars) was down substantially from last year. Fewer permits for one-family dwellings were issued this February, while contracts for new nonresidential construction was almost down to nothing this year. In addition, permit valuations for alteration and repair work were 18% lower than in February, 1973.

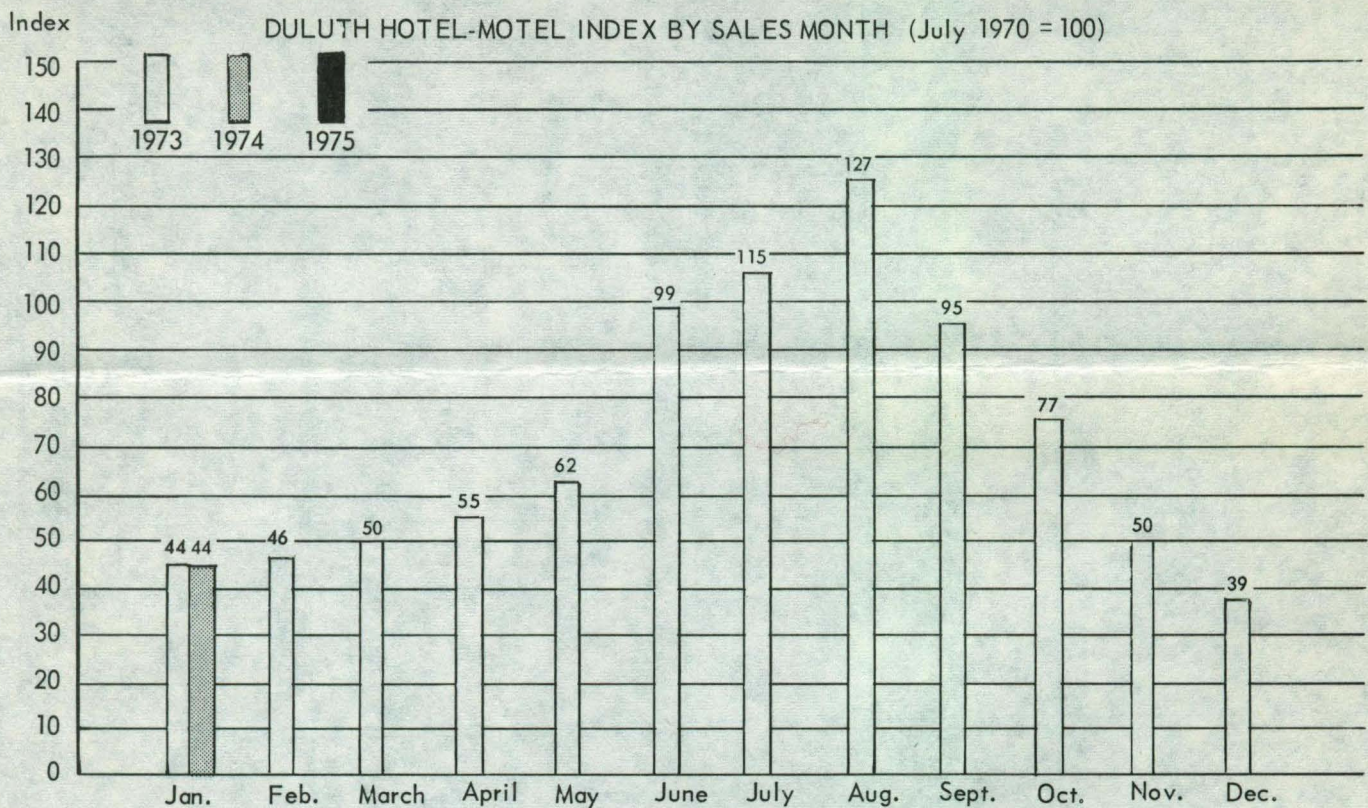
There was virtually no change in the amount of electrical power used by residences from their year ago consumption figures. Commercial and industrial firms, however, recorded a noticeable decline from last year. The decrease from February, 1973 was entirely in the industrial component where a closure of metalworking facilities resulted in a cut in kilowatt hours used of nearly 23%.

Grain shipments compared to a year ago were down noticeably as the result of an easing in demand for grain and the temporary curtailment of grain moving by truck during the early days of the energy crisis which clouded the



# Duluth Hotel-Motel Indicators

Volume IV, Number 2, 1974



## ANALYSIS

### DULUTH HOTEL-MOTEL INDEX

*January, 1974 Index Same As January, 1973*

The tentative January, 1974 Duluth Hotel-Motel Index was 44 as compared with the January, 1973 Index of 44 and January, 1972 Index of 43. The Index measures room rental receipts unadjusted for price changes.

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

*November, 1973 Receipts Higher Than November, 1972*

For the United States the November, 1973 average daily room rental receipts per occupied hotel-motel room were \$21.04 as compared with November, 1972 receipts of \$19.38 and November, 1971 receipts of \$18.96. The average increase in hotel-motel room receipts between November, 1973 and November, 1972 was \$1.66 or 8.6%.

### DULUTH HOTEL-MOTEL ROOM RENTAL RECEIPTS

*January, 1974 Room Rental Receipts Same As January, 1973*

Tentative January, 1974 Duluth Hotel-Motel room rental receipts were \$193,318 as compared with January, 1973 room rental receipts of \$193,314.

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

For Duluth the November, 1973 average hotel-motel room occupancy was 36% as compared with November, 1972 occupancy of 37%.

For the United States the November, 1973 average hotel-motel room occupancy was 63% as compared with the November, 1972 occupancy of 60%.

by Richard O. Sielaff, Professor of Business Administration and Economics, University of Minnesota, Duluth  
Month of publication, March, 1974

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	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. %					Duluth %	U.S. %	
JAN. 1970	35	\$156,493				AUG. 1970	123	\$546,730			
1971	43	192,789	37%	52%	\$17.78	1971	119	530,906	93%	65%	\$19.30
1972	43	190,706	34	55	19.03	1972	122	541,068	93	68	19.83
1973	44	193,314	34	57	19.52	1973	127	565,673	92	70	20.93
1974	44	193,318				1974					
1975						1975					
FEB. 1970	40	\$160,799				SEPT. 1970	94	\$403,475			
1971	51	206,485	44	57	\$17.77	1971	90	387,155	72	62	\$18.79
1972	48	197,494	38	57	19.01	1972	101	432,629	78	64	19.54
1973	46	185,815	35	60	19.85	1973	95	408,374	69	66	20.71
1974						1974					
1975						1975					
MAR 1970	45	\$199,966				OCT. 1970	67	\$298,451			
1971	44	196,148	36	61	\$18.29	1971	67	297,598	51	68	\$19.91
1972	48	211,752	37	63	19.36	1972	70	310,696	52	71	20.43
1973	50	224,067	37	65	20.32	1973	77	342,287	55	73	21.09
1974						1974					
1975						1975					
APR. 1970	46	\$196,223				NOV. 1970	45	\$191,523			
1971	53	227,065	43	62	\$18.73	1971	49	212,197	39	58	\$18.96
1972	55	234,750	43	66	19.07	1972	48	206,509	37	60	19.38
1973	56	239,521	42	67	20.06	1973	51	217,693	36	63	21.04
1974						1974					
1975						1975					
MAY 1970	56	\$250,987				DEC. 1970	28	\$122,567			
1971	58	256,415	46	62	\$18.93	1971	34	149,230	28	45	\$18.16
1972	62	277,107	49	66	19.35	1972	39	172,601	31	48	18.88
1973	62	275,177	46	69	20.53	1973	39	170,432	28	46	20.36
1974						1974					
1975						1975					
JUNE 1970	87	\$376,141				AVG. 1971	66.4	\$290,119	52.6%	60%	\$18.74
1971	75	320,512	58	63	\$19.26	1972	71.1	311,016	55.0%	62%	\$19.21
1972	97	418,645	75	68	19.53	1973	71.6	313,373	52.8%	64%	\$20.42
1973	99	425,022	73	68	20.39	1974					
1974						1975					
1975											
JULY 1970	100	\$444,830									
1971	114	504,937	90	61	\$18.95						
1972	121	538,242	94	63	19.45						
1973	115	513,097	86	65	20.25						
1974											
1975											

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

(2) Department of Finance and Records  
City of Duluth

(3) Computer Program by  
Duane Anderson, Dept. of Math. UMD

availability of diesel fuel and skyrocketed the price.

The number of wage and hour workers employed in February was at about the same level as in February of 1973. The number of jobseekers rose 23% to a total of 3,800 over the year. The number of persons collecting unemployment benefits rose from 1,917 in February, 1973 to 2,994 for this February for a 56% gain. The problems of the unemployed are again emphasized by the paucity of job openings in the area. In February, the index of job openings received by the local state employment office was 54 (1968=100). This, however, is somewhat improved over last year when the comparable index was 47.

After a slow start in January, retail sales (deflated for price changes) rebounded in February posting a 10% gain over a year ago. Because of the soft January sales picture, however, the average for the first two months of sales is 4% over the like months of 1973.

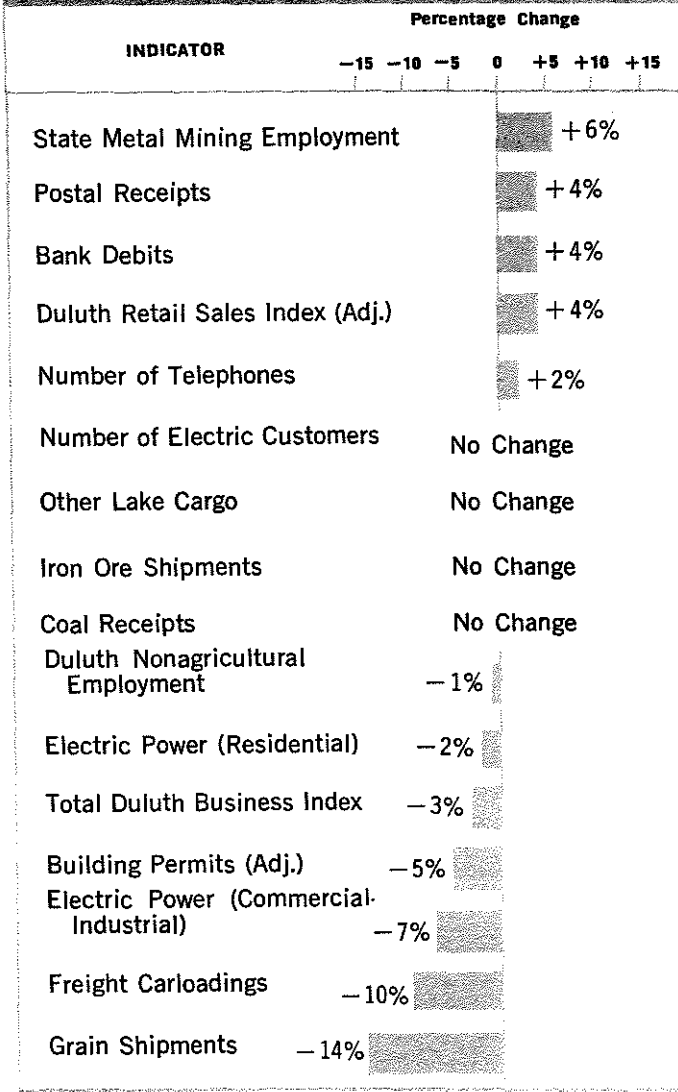
It is apparent that the opening of the new shopping center last fall has helped give the overall February sales picture a favorable comparison over a year ago. However, not all the 34 firms in the retail sales sample recorded gains over the year. Of the total number of sample firms, 16 reported increases over 1973 and 18 firms reported their sales were below last year.

The one sub-component of the sales index that did not follow the overall sales pattern was automotive sales which experienced a 17% decrease compared to its February, 1973 figure.

**NATIONAL CONDITIONS**

At the National level, the threat of additional backsliding of the economy appears to have eased, but the storm is far from over. The end of the oil embargo will ease the supply worries of many businesses and very likely will restore some degree of consumer confidence—even if prices remain at present or even higher levels. Too, the Administration has been suggesting a change in withholding rates to give consumers a feeling of being better off and thus help counteract the gloom caused by steady erosion of the consumer's dollar. Retail sales nationally have been soft, housing starts are well below normal while unemployment has held at the undesirable level of 5.2% established in January. The twin evils of inflation and unemployment are continuing to send warnings about the weather ahead.

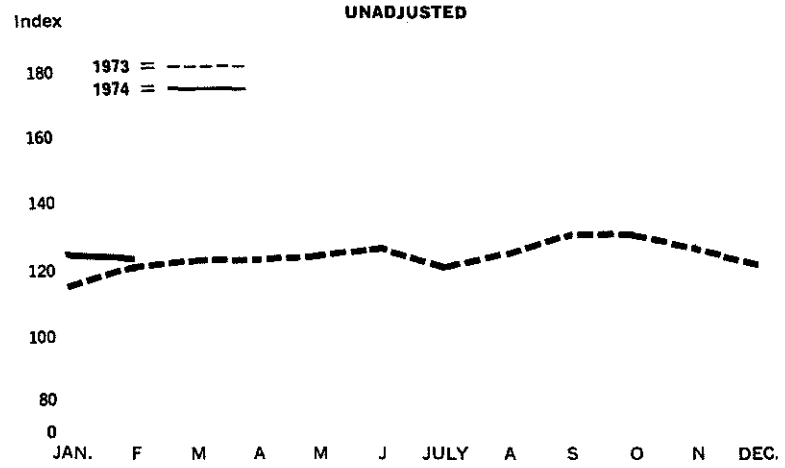
**PERCENTAGE CHANGE IN 15 INDIVIDUAL BUSINESS INDICATORS FOR THE CITY OF DULUTH**  
*Year-to-date 1974 compared to 1973*



**HIGHLIGHTS OF THE U. S. INDEX OF INDUSTRIAL PRODUCTION**  
*(January 1974 compared to January 1973)*

**Total Index up 1%**  
**Consumer goods productions down 2%**  
**Manufacturing Production up 1%**

**U. S. INDEX OF INDUSTRIAL PRODUCTION**  
**(1967 = 100)**  
**UNADJUSTED**



Source: Federal Reserve Board of Governors

## DULUTH BUSINESS INDICATORS

INDEX NUMBERS (1967 = 100)						ORIGINAL DATA			
COMPONENT	Feb. 1974	Jan. 1974	Feb. 1973	INDEX CHANGE		UNIT	Feb. 1974	Jan. 1974	Feb. 1973
				Feb. '73 to Feb. '74	Jan. '74 to Feb. '74				
Freight Carloadings	102	87	124	- 22	+ 15	(Cars)	11,478	9,785	14,008
Bank Debits	113	134	108	+ 5	- 21	(Dollars in '000's)	240,073	286,161	230,215
Building Permits <sup>2</sup>	64	140	104	- 40	- 76	(Actual \$ Value)	328,002	2,179,391	537,130
Postal Receipts	144	140	139	+ 5	+ 4	(Dollars)	340,022	329,707	327,728
Number of Telephones	124	124	121	+ 3	0	(Units)	87,413	87,311	85,301
Electric Power (Commercial & Industrial)	117	120	128	- 11	- 3	(K.W.H. in '000's)	29,326	29,871	32,000
Electric Power (Residential)	142	164	141	+ 1	- 22	(K.W.H. in '000's)	20,742	23,939	20,596
Number of Electric Customers	102	102	102	0	0		34,033	33,999	33,974
Grain Shipments	72	107	101	- 29	- 35	(Bushels in '000's)	21,161	31,246	29,569
Coal Receipts	0	0	0	0	0	(Short Tons in '000's)	0	0	0
Iron Ore Shipments	0	0	0	0	0	(Gross Tons in '000's)	0	0	0
Other Lake Cargo	0	0	0	0	0	(Short Tons)	0	0	0
Duluth Nonagricultural Empl.	97	97	97	0	0	(Persons)	40,200	40,300	40,300
Duluth Retail Sales Index <sup>3</sup>	91	82	83	+ 8	+ 9		-----	-----	-----
State Metal Mining Empl.	98	98	93	+ 5	0	(Persons)	12,500	12,500	11,800
OVERALL	86	97	94	- 8	- 11				

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 Employment 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.
3. Adjusted for price changes.

UNIVERSITY OF MINNESOTA, DULUTH  
DULUTH, MINNESOTA 55812

NON-PROFIT  
ORGANIZATION  
U. S. POSTAGE  
**PAID**  
PERMIT NO. 67  
DULUTH, MINN.