

# DULUTH BUSINESS INDICATORS

BUREAU OF BUSINESS AND ECONOMIC RESEARCH  
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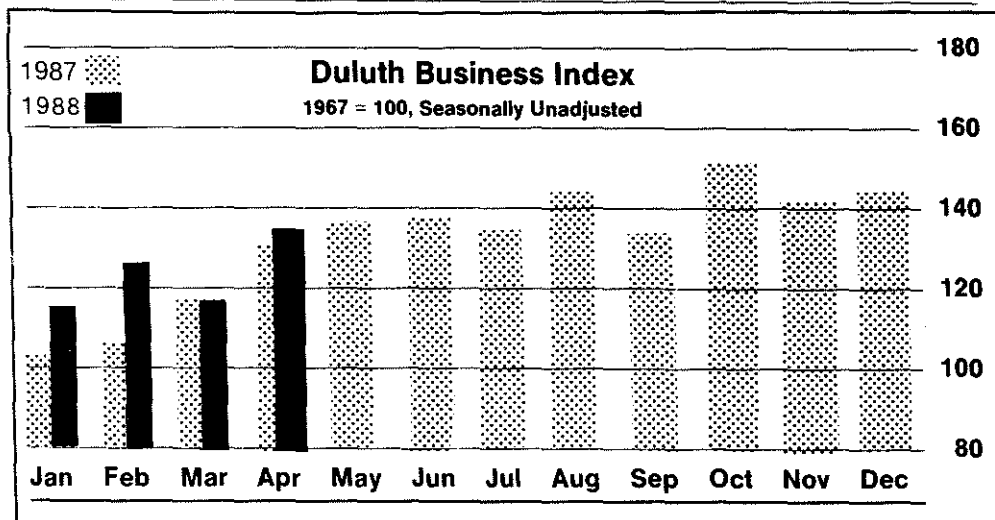
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## Highlights

- *Economy Continues Improvement.*
- *Jobless Figure Down.*
- *Single Resident Housing Gains.*
- *Port Activity Flourishing.*
- *Retail Sales Maintain Gain.*



## ECONOMIC CONDITIONS

The economy of Duluth is off to a fast start this year and the overall level of business activity since January is averaging five percent above the same four months of 1987.

The Duluth Business Index (DBI) in April was 138 representing a 14 point gain over March. This month-to-month gain was two points higher than the average seasonal upturn of the past 10 years for this period and reflects not only an early start in some seasonal activities but also an increase in activity.

Wage and salary employment posted a slight pick-up in April advancing at about the usual seasonal rate for the March-April period. The job total in April was, however, 500 less than recorded one year earlier. The major loss in jobs from last year was in construction which suffered a cutback of nearly 1,300 jobs when construction work at the new paper mill, among several other big projects, was completed. Some partially offsetting gains were recorded in nondurable goods, transportation, general merchandise retail stores, health service establishments and Federal and State government.

Production workers in manufacturing are working a little longer work week this year compared to one year ago. For the first four months of 1988 the work week averaged 37.0 hours, up two percent over the 36.2 hour average work week for the same period in 1987.

The unemployment rate in April of 5.3 percent was the lowest for any month since November 1986 when the jobless rate was 4.9 percent. In April of 1987 the jobless rate stood at 6.9 percent. Since last year there has been a slight increase in the number of jobless persons collecting

unemployment benefits in the 25-44 year age bracket. In April of this year the percentage in this age group was 59.5 percent, up from the 57.8 percent of one year earlier.

As the number of unemployed persons shrinks, there is evidence of job shortages developing. In the field of medical services there is a need for workers in virtually all types of occupations. There is an insufficient supply of workers for electronic instrumentation technicians while a steady demand exists for salespersons in retail trade. Service jobs are open for job seekers and over-the-road truck drivers with high mileage experience and good driving records are needed for existing jobs. In Northeast Minnesota there is a shortage of electricians with mining experience.

The dollar value of bank debits dropped from its March level by more than the average of the past 10 years. For the year-to-date the bank debit figure is down 14 percent from the comparable period of last year.

In April the value of building permits issued and under construction (in 1967 dollars) recorded an increase over March but the April index was well below that of one year earlier. Permit valuations issued for alteration and repair work in April and totaling \$1.4 million were up by 24 percent over March. Because of the completion of several major building projects started last year and with no comparable replacement projects this year, the mix of the construction dollar has changed this year. For the first four months of 1988 only 21 percent of the building construction dollar went for nonresidential work compared to 47 percent last year. Although the \$9.5 million in building permits issued during the first four months of this year is

## INDEX HIGHLIGHTS

TIME PERIOD	DULUTH INDEX
April 1988 .....	138
March 1988 .....	124
March-April Change .....	+14
Normal Seasonal Change Mar. to Apr. ....	+12
April 1987 .....	137
Change, April 1987 to April 1988 .....	+1
Seasonally Adjusted Index April 1987 .....	144
Seasonally Adjusted Index April 1988 .....	145

## DULUTH LABOR MARKET

	Current Month Apr. 1988	Year Ago Apr. 1987	% Change
<b>TOTAL LABOR FORCE</b> .....	37,800	36,600	+3
(Duluth Residents)			
Unemployment .....	2,000	2,500	-20
% of Total (Actual) .....	5.3%	6.9%	XXX
Seasonally Adjusted .....	4.8%	6.3%	XXX
Employment .....	35,800	34,100	+5
% of Total .....	94.7%	93.1%	XXX
<b>TOTAL WORK FORCE</b> .....	43,200	43,700	-1
(Duluth Jobs)			
Manufacturing .....	3,900	3,900	0
% of Total .....	8.9%	8.9%	XXX
Nonmanufacturing .....	39,300	39,900	-2
% of Total .....	91.1%	91.1%	XXX
<b>PERSONS CLAIMING UNEMPLOYMENT BENEFITS</b> (Duluth only) .....	869	826	+5
<b>AVERAGE WEEKLY EARNINGS</b> (Manufacturing Only) .....	\$405.70	\$377.86	+7

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

## DULUTH TOURIST INDEX

June, July, August 1978 = 100

### APRIL INDEX

	April 1988	March 1988	April 1987
	64	68	56
Estimated Tourist expenditures (in 000's)			
	Apr. 1988	Apr. 1987	% Change 1987-88
Lodging .....	\$1,261	\$1,025	+23.0%
Eating, Drinking .....	2,660	2,377	+11.9%
Retail Sales .....	920	798	+15.3%
Auto, Gas .....	448	389	+15.2%
Other .....	711	617	+15.2%
<b>Totals</b> .....	<b>\$6,000</b>	<b>\$5,206</b>	<b>+15.3%</b>

down substantially from last year, a greater share (57 percent) of the 1988 building construction dollar went to alteration and repair work compared to 48 percent last year. The value of permits issued for new residential construction during the January-April period this year accounted for 21 percent of the building dollar compared to only 5 percent one year ago. So far this year permits have been issued for 24 one family dwellings compared to 15 last year. The value of new homes being constructed this year is averaging \$84,573 per permit in contrast to \$50,327 for the same four months in 1987.

Consumption of electric power by industrial and commercial customers dropped from the March level at a little more than the average seasonal decrease, but total usage remained well above the level of April 1987. The major factor in the over-the-year gain was due primarily to the demand for power at the newly constructed paper mill. Although the number of electric customers has shown only a minor gain since last year the volume of electrical energy consumed in April was up by 13 percent.

Grain shipments from the port have in the past 10 years recorded an average 34 percent gain in the March-April comparison. This year the picture has changed sharply in the early part of the season as April shipments registered a 66 percent gain over March. Grain exports surged this spring due primarily to the weaker U.S. dollar, which makes U.S. grain cheaper for foreign buyers, and the government's export enhancement program, which subsidizes grain sales to other countries. So far this year the volume of grain handled is up 76 percent over the first four months of last year.

An interesting changing pattern in the method of handling receipts and shipments of grain has been noted in the past several years. Since the shipping season opened this year 31 percent of the grain volume has been handled by ships which is the highest level for the first four month period for any year since 1984. The receipt of grain by trucks has turned around so far in 1988 with 43.5 percent of the incoming grain being hauled by trucks. This is the highest percentage figure for this early in the shipping season since 1979.

Because of the stronger demand for steel, the improved market for taconite pellets has provided a boost to the mining and shipping industry. Although the season through April is still too short a period of time to call the shots for the season's total tonnage, the record for the early months suggests that forecasts will be achieved. Already the tonnage figures are running 31 percent ahead of last year. Not only is more ore being shipped but mining employment is stabilizing. Since January the average number of employees is 4,975, up 1,525 workers, or 44 percent, from the comparable four months of 1987. In addition, the outlook for the balance of this year does not suggest any major reductions from the current level of employment.

Import-export cargo this year is starting out on a high note compared to recent years and will probably maintain a positive margin of improvement over last year. Unknown at this point is the extent, if any, of the effects the drought will have on local shipping activity given the problems of barge shipping of grain down the Mississippi and a government decision regarding Food for Peace tonnage allocated to the local port. April's tonnage figure of 60,693 metric tons was up by 39 percent over April of 1987. It should be noted that this year's April shipments included a minimal amount of tons shipped in the last week of March. The total volume was not sufficient to alter to any degree, however, the comparison with one year earlier.

Retail sales for April, when adjusted for inflation, posted a nine point gain over March and bettered the year ago figure by four points. The March-April gain this year was about four points higher than was the case last year for the same time comparison. Since January, the volume of retail sales is

**PERCENTAGE CHANGE IN 14 INDIVIDUAL BUSINESS INDICATORS FOR THE CITY OF DULUTH**  
*Year-to-date 1988 compared to 1987*

INDICATOR	PERCENTAGE CHANGE						
	-15	-10	-5	0	+5	+10	+15
Grain Shipments							<b>+76%</b>
Electric Power (Commercial-Industrial)							<b>+54%</b>
State Metal Mining							<b>+44%</b>
Iron Ore Shipments							<b>+31%</b>
Electric Power (Residential)							<b>+13%</b>
Postal Receipts							<b>+9%</b>
Other Lake Cargo							<b>+8%</b>
<b>Total Duluth Business Index</b>							<b>+5%</b>
Retail Sales (Adj.)							<b>+3%</b>
Electric Customers							<b>+1%</b>
Coal Receipts							<b>NO CHANGE</b>
Duluth Nonagricultural Employment							<b>-1%</b>
Building Permits (Adj.)							<b>-5%</b>
Bank Debits							<b>-14%</b>
Airline Passengers							<b>-18%</b>

running ahead of last year by 2.8 percent. The year-to-date sales record in the auto industry for this year shows a 27 percent improvement over last year. On the minus side, sales of building materials, hardware and home furnishings and furniture recorded year-to-date losses from their 1987 figures.

**U.S. CONSUMER PRICE INDEX**  
 (1982-1984 = 100) UNADJUSTED

	Apr. 1988	Apr. 1987	% Change
All Urban Consumers .....	117.1	112.7	+4.4%
Urban Wage Earners & Clerical Worker (Revised) .....	115.7	111.6	+4.1%

Source: Bureau of Labor Statistics

**REPORT OF DULUTH FINANCIAL ACTIVITY**

	Current Month		Year Ago
	Apr. 1988	Apr. 1987	
<b>BANK DEBITS TOTAL</b> .....	<b>\$ 978.2</b>	<b>\$1,201.9</b>	
Individuals .....	101.2	152.5	
% of total .....	10.3%	12.7%	
Commercial Accounts .....	776.5	958.0	
% of total .....	79.4%	79.7%	
Government (State & Local) .....	100.5	91.4	
% of total .....	10.3%	7.6%	
<b>TOTAL DEPOSITS (END-OF-MONTH)</b> .	<b>\$955.8</b>	<b>\$954.6</b>	
Demand .....	193.3	166.2	
% of total .....	20.2%	17.4%	
Time and Savings .....	762.5	788.5	
% of total .....	79.8%	82.6%	
Savings Only .....	174.8	169.9	
<b>DOLLAR VALUE OF NEW REAL ESTATE MORTGAGE ISSUED (CURRENT MONTH)</b>	<b>\$3.0</b>	<b>\$5.1</b>	
Residential .....	3.0	4.9	
% of total .....	100.0%	96.0%	
<b>DEPOSIT TURNOVER RATE*</b> .....	<b>5.1</b>	<b>7.2</b>	

Figures 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.  
 †Estimated.

**DULUTH RETAIL SALES**

Selected Industry Description	UNADJUSTED (FOR PRICE CHANGES) SALES (000'S OF DOLLARS)				ADJUSTED (1967=100) SALES					
	Apr. 1988		Apr. 1987		MONTHLY			YEAR-TO-DATE		
	Apr. 1988	% Total	Apr. 1987	% Total	Apr. 1988	Apr. 1987	% Change	1988	1987	% Change
Bldg., Materials, Hardware, etc. ....	\$ 1,958	3.5%	\$ 2,471	4.8%	\$ 1,672	\$ 2,214	-24.5%	\$ 5,677	\$ 7,241	-21.6%
General Merchandise .....	10,417	18.7%	9,558	18.4%	8,896	8,565	3.9%	31,378	30,043	4.4%
Grocery Stores .....	8,576	15.4%	8,333	16.1%	7,483	7,494	-0.1%	26,912	28,191	-4.5%
Other Food Stores .....	1,703	3.0%	1,560	3.0%	1,486	1,403	5.9%	5,646	5,198	8.6%
Motor Veh. Dealers (New & Used) .....	8,331	14.9%	5,918	11.4%	7,859	5,813	35.2%	23,837	18,812	26.7%
Other Auto Dealers, Serv. Stations .....	5,258	9.4%	4,760	9.2%	4,961	4,676	6.1%	19,432	17,857	8.8%
Apparel & Accessory Stores .....	1,370	2.5%	1,076	2.1%	1,171	1,057	10.8%	4,037	3,769	7.1%
Furniture, Home Furnishings .....	1,657	3.0%	2,270	4.4%	1,538	2,132	-27.9%	5,930	8,257	-28.2%
Eating & Drinking Places .....	7,217	12.9%	7,220	13.9%	6,189	6,418	-3.6%	23,182	22,649	2.4%
Miscellaneous Places .....	9,355	16.8%	8,690	16.8%	7,989	7,787	2.6%	32,155	28,284	13.7%
<b>TOTAL</b> .....	<b>\$55,842</b>	<b>100.0%</b>	<b>\$51,856</b>	<b>100.0%</b>	<b>\$49,244</b>	<b>\$47,559</b>	<b>3.5%</b>	<b>\$178,186</b>	<b>\$170,301</b>	<b>4.6%</b>
<b>DULUTH RETAIL SALES INDEX</b>					106.3	102.6	3.5%	96.1	91.9	4.6%

Note: The information contained in this table reflects actual sales of Duluth firms who report sales taxes on a monthly basis. Information on sales of other firms and on the methodology used to prepare this table can be obtained from the Bureau on request.  
 Source: City of Duluth, Treasurer's Office.

# DULUTH BUSINESS INDICATORS

## INDEX NUMBERS (1967 = 100) UNADJUSTED

## ORIGINAL DATA

Component	Apr. 1988	Mar. 1988	INDEX CHANGE			Unit	Apr. 1988	Mar. 1988	Apr. 1987
			Apr. 1987	Apr. '88	Mar. '88				
Airline Passengers	93	114	129	-36	-21	(Persons)	16,960	20,773	23,480
Bank Debits <sup>2</sup>	268	299	336	-68	-31	(Dollars in '000's)	978,192	1,090,830	1,201,929
Building Permits <sup>3</sup>	78	64	142	-64	+14	(Actual \$ Value)	2,394,413	2,478,634	4,410,498
Postal Receipts	538	415	490	+48	+123	(Dollars)	1,269,342	979,093	1,155,582
Electric Power (Commercial & Industrial)	269	276	178	+91	-7	(K.W.H. in '000's)	67,086	68,997	44,522
Electric Power (Residential)	153	170	136	+17	-17	(K.W.H. in '000's)	22,205	24,688	19,744
Number of Electric Customers	106	106	106	0	0		35,451	35,439	35,242
Grain Shipments	116	50	48	+68	+66	(Bushels in '000's)	33,962	14,529	14,124
Coal Receipts	0	0	0	0	0	(Short Tons in '000's)	0	0	0
Iron Ore Shipments	69	0	49	+20	+69	(Gross Tons in '000's)	811	0	570
Other Lake Cargo	172	0	124	+48	+172	(Short Tons)	60,693	0	43,745
Duluth Nonagricultural Empl.	104	103	105 <sup>5</sup>	-1	+1	(Persons)	43,200	43,000	43,700 <sup>5</sup>
Duluth Retail Sales Index <sup>4</sup>	106	97	103	+3	+9	(Dollars in '000's)	55,841	50,584	51,858
State Metal Mining Empl.	40	39	28	+12	+1	(Persons)	5,100	5,000	3,600
<b>OVERALL</b>	<b>138</b>	<b>124</b>	<b>137</b>	<b>+1</b>	<b>+14</b>				

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 Minnesota, Minnesota Department of Jobs & Training, and the Department of Economics, University of Minnesota-Duluth
2. 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.
3. The Building Permits Index is adjusted to reflect the amount of construction occurring during the month.
4. Deflated for price changes. All dollar figures shown for retail sales are in current (unadjusted for price changes) dollars.
5. Revised.

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