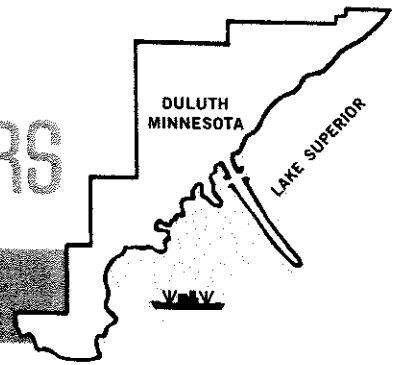


# DULUTH BUSINESS INDICATORS



**BUREAU OF BUSINESS  
AND ECONOMIC RESEARCH**

**UNIVERSITY OF MINNESOTA  
DULUTH**

VOL. 9

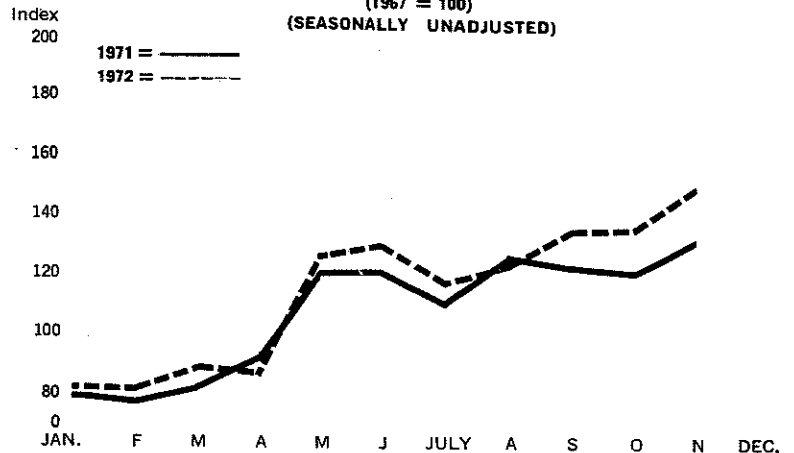
NOVEMBER 1972

NO. 11

## Highlights

- *Index hits new high*
- *Waterfront activity provides impetus*
- *November Index up over 1971*
- *Over-the-year statistics improve*
- *Retail sales gaining strength*

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



## ECONOMIC CONDITIONS

A flurry of activity, especially involving lake transportation, resulted in a sharp rise in the November Duluth Business Index. This increase in waterborne traffic, together with new records being set for the month of November in seven of the index's 15 components, pushed the overall unadjusted November index to 150 (1967=100) — a new high for that month. In October the index was 134.

Normally the overall index declines by about four points in the October-November period. However, this year past experience was shattered as the index jumped up by 16 points. It is well to remember, however, that while special influences affected the November statistics they may not be in force in December.

Freight carloadings upset tradition by advancing 20 points in November over October in contrast to the historical average pattern of a 24 point decline for the October-November comparison. The heavy volume of grain receipts in November, 73% of it by rail, was chiefly responsible for the carloading upsurge. For the year-to-date, grain receipts by rail have averaged 71.3% of the total receipts. In 1971 the comparable ratio was 59.6%.

A new November record for bank debits was set this year as this component bettered its usual seasonal increase for the October-November period. While no specific reason can be determined as the causative factor for the local rise in November bank debits, it was noted that the Duluth debit figure was up 2.6% over October compared with a

1.6% decline for region I (includes Duluth) of the 9th Federal Reserve District.

Although the value of building permits issued and/or under construction (1967 dollars) dropped from October, nevertheless the November index for this category posted a new high for November. About 48% of the November value of building permits issued went to alteration and repair work, well above the year-to-date average of 29%.

November's postal receipts were the second highest on record and when compared to October recorded more than the average seasonal gain for the two month comparison. Kilowatt hours used by commercial and industrial firms rose over October's consumption figure due in part to a pick-up in the iron and steel category. In addition a labor dispute in manufacturing last October cut into that month's usage of electric power. Residential use of electric power showed a seasonal upturn over October.

A rush to ship as much grain as possible by the end of the lake shipping season plus the continued high demand for grain for overseas markets resulted in the establishment of a record high November in grain shipments. The October-November rise of 58 index points ran counter to the usual five point loss that this category normally experiences. Receipts and shipments of wheat, oats, barley and flax were up significantly over October. Russian grain shipments were not a factor in the November grain statistics.

### INDEX HIGHLIGHTS

TIME PERIOD	DULUTH INDEX
November 1972 .....	150
October 1972 .....	134
October-November Change .....	+ 16
Normal Seasonal Change October to November .....	- 4
November 1971 .....	132
Change, Nov. '71 to Nov. '72 .....	+ 18
Seasonally Adjusted Index November 1972 .....	130
Seasonally Adjusted Index November 1971 .....	114

### DULUTH LABOR MARKET

	November 1972	November 1971	% Change
Labor Force .....	48,300	49,700	- 3
Unemployment .....	2,600	2,500	+ 4
Rate .....	5.4%	5.0%	xxx
Total Employment .....	45,700	47,200	- 3
Wage & Salary .....	42,500	43,700	- 3
Manufacturing .....	6,800	8,000	-15
Nonmanufacturing .....	35,700	35,700	0
Job Openings Received During Month .....	561	591	- 5
Persons Claiming Unemploy- ment Benefits .....	1,231	1,394	-12
Average Weekly Earnings— Mfg. Only .....	\$158.24	\$143.70	+10

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. November Aver. 1969-71	Nov. 1972	Nov. 1971	Nov. '71 to
				Nov. '72 % Change
Total .....	105	113	112*	+ 1
General Merchandise ....	110	119	121*	- 2
Apparel Stores .....	107	113	108*	+ 5
Grocery Stores .....	101	98	99*	- 1
Automotive Sales .....	83	112	100*	+12
* Revised		1972	1971	% Change
Index Average Year-To-Date (Total) Adjusted for price changes	97.7	100.5		-2.8

November shipments of iron ore were down from October as the season approached its projected level of tonnage shipped for the year. Shipping of import-export cargo, excluding grain, neared the end of the season with a record smashing performance for November. This year's November tonnage was the best on record for that month. Exports of grain by-products and miscellaneous bulk cargo were well above October's tonnage for these products, while imports of general cargo ran seven times higher than the October volume.

Of the 15 barometers making up the Duluth Business Index, only iron ore shipments and Duluth employment failed to register gains over October. It appears ironic that while most of the measured facets of the economy posted good November records these gains were not reflected directly in the job figures. Oftentimes job totals do not react immediately to sudden rises in other parts of the economy.

Some evidence of the November index upturn did, however, show up in the job picture. Normally, employment totals will show a 1.5% seasonal decline in the October-November period. This year the seasonal decrease was about one-half the normal drop. Although not directly connected with the October-November job comparison, it has been noted that the average work week in manufacturing for the January-November period this year has lengthened by about 1.7% over a year ago. Generally a rise in hours worked precedes a rise in employment.

The November business index was significantly influenced by the great volume of waterfront activity. However, this activity did not generate an equivalent reaction in the job market. Some waterborne cargo, although contributing heavily to the tonnage figures because of the nature of the product, requires a disproportionate fewer number of workers to handle. Similarly, although the valuation of building permits increased this year compared to 1971, more than one-fourth of the dollar total is going into alteration and repairs where manpower needs are less than needed for major building projects.

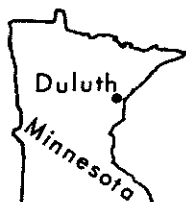
It appears that the overall economy of Duluth is going to end the year 1972 on a brighter note than anticipated early in the year when all the data for the full year is collected. For the January-November period this year the index is averaging 5.3% above the comparable period of 1971. During the third quarter of 1972 the margin of improvement was only 3.1%.

The Business Index in November was up 18 points over November 1971 with Duluth employment the only component showing a decrease from last year.

Once again waterfront activity has given a big boost to this year's comparison with last year. Grain shipments are up significantly over a year ago because of the increased market demand. This, together with the improvement in import-export cargo, excluding grain, and iron ore shipments, which last year felt the effects of the declining demand for steel after the wage settlement, also made their position contributions felt in the November 1972 freight carloading statistics.

Coal receipts were up over 1971, but the volume handled is so small, that such receipts influence the index only slightly. Building permit valuations (in 1967 dollars) are up sharply over November of 1971 when spread out to cover the elapsed time of construction.

Local employment this year was the one major element of the economy that failed to improve over its last year's record. In November the number of wage and salary workers was down 1,200 workers from a year previous. Unemployment did not respond upward in the same degree as the loss in jobs this year partly because of retire-



# The Duluth Hotel-Motel Tax Index

Volume II, Number 11, 1972

## ANALYSIS

Estimated average occupancy percentages in Duluth hotels and motels during the first five months of 1972 were below the national percentages for the same period. However, average occupancy percentages in Duluth hotels and motels during June, July, August, and September, 1972 were above the national percentages for all United States hotels and motels during the same months. (For detail see Table 1 below)

Duluth hotel-motel cash room rental receipts increased \$245,424 or 8.8% during the first nine months of 1972 over the same period in 1971. At the same time the aver-

age price of an occupied hotel or motel room in the United States increased 2.4% during the first nine months of 1972 over the same period in 1971. Assuming that the national average room price increase can be applied to Duluth, the increase in the number of Duluth hotel-motel guests can be calculated to be 6.4% for the first nine months of 1972 over the same period in 1971. Both in terms of dollar room rental receipts and in terms of the number of guests the hotels and motels of Duluth have shown increases during the first nine months of 1972 over the same period in 1971.

(For detail see Table 2 below)

**TABLE 1**  
**AVERAGE CASH RENTAL RECEIPTS PER OCCUPIED ROOM AND OCCUPANCY PERCENTAGES FOR UNITED STATES AND DULUTH HOTELS AND MOTELS**

Month	United States Average Cash Rental Receipts per Occupied Room		United States Average Occupancy Percentages for Hotels and Motels		Duluth Average Occupancy Percentages for Hotels and Motels	
	1971	1972	1971	1972	1971	1972
January	\$ 17.78	\$ 18.33	52%	53%	36%	35%
February	17.77	18.02	57%	58%	38%	40%
March	18.29	18.73	61%	62%	36%	38%
April	18.73	19.07	62%	66%	43%	43%
May	18.93	19.35	62%	66%	46%	49%
June	19.26	19.53	63%	68%	58%	75%
July	18.95	19.45	61%	63%	91%	94%
August	19.30	19.83	65%	68%	93%	91%
September	18.79	19.54	62%	64%	72%	77%
Average of First Nine Months	18.64	19.09	60.5%	63.1%	57.0%	60.2%

**TABLE 2**  
**DULUTH, MINNESOTA HOTEL-MOTEL CASH ROOM RENTAL RECEIPTS (SALES)**

Month	1971	1972	Incr. or Decr. in Cash Room Rental Receipts (Sales) 1972 over 1971	% Change 1972 over 1971
January	\$ 188,756	\$ 190,706	\$+1,950	+ 1.0%
February	178,741	197,494	+ 18,753	+ 10.5%
March	194,391	211,752	+ 17,361	+ 8.9%
April	227,065	234,750	+ 7,685	+ 3.4%
May	256,415	277,107	+ 20,692	+ 8.0%
June	320,512	418,645	+ 98,133	+ 30.6%
July	504,937	538,242*	+ 33,305*	+ 6.6%*
August	530,906	532,977*	+ 2,071*	+ 0.4%*
September	387,155	432,629	+45,474	+11.7%
Nine mo. Totals	2,788,878	3,034,302	245,424	8.8%
Tentative October Receipts	297,598	305,844	8,246	2.8%

Notes: 1. The increase in the nine-month average of the national average room rental receipts per occupied room per night was \$.45 or 2.4%. This is a measure of the price increases for hotel and motel rooms.

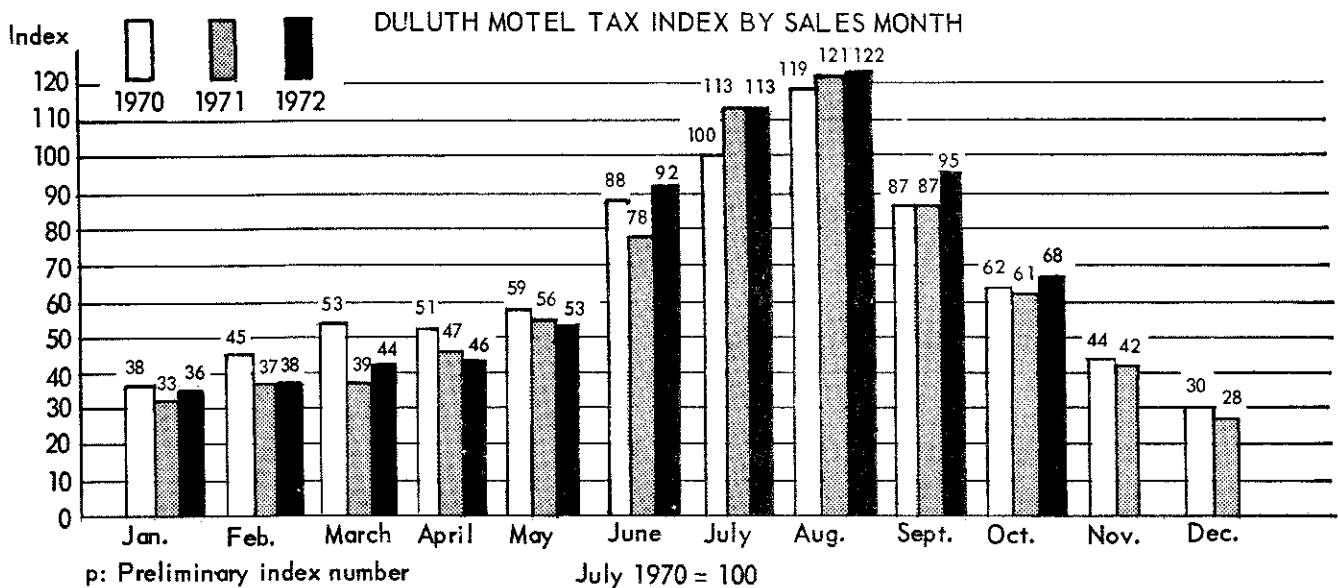
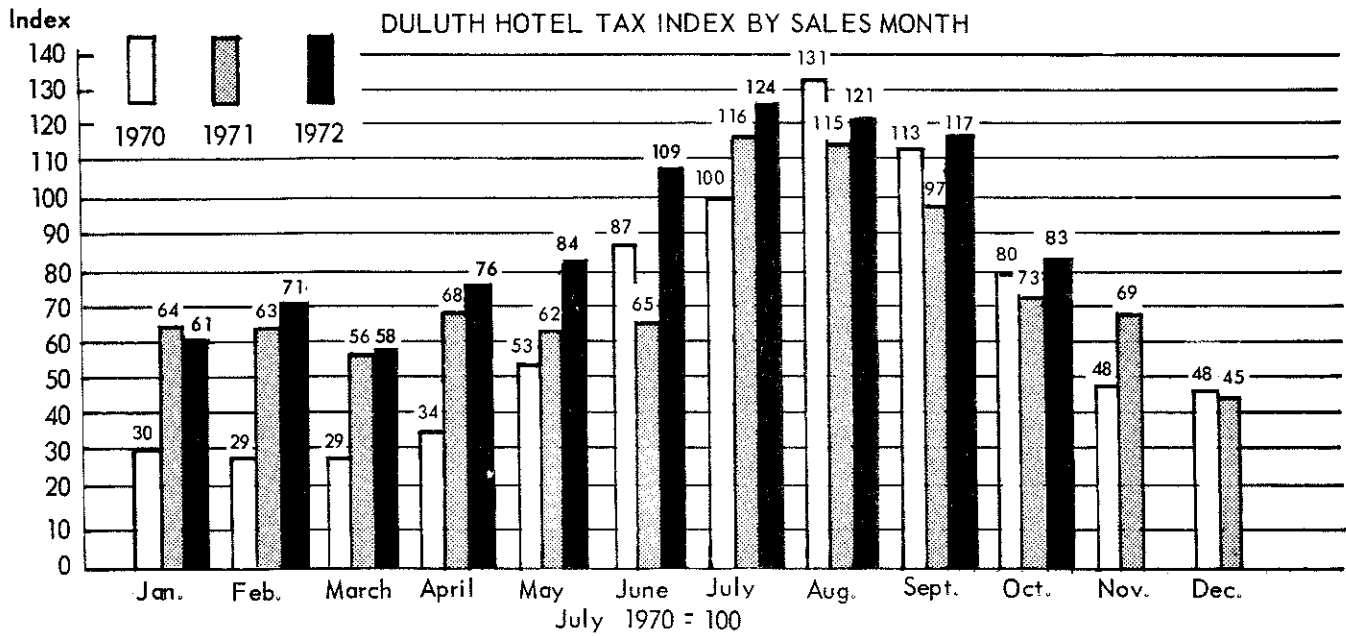
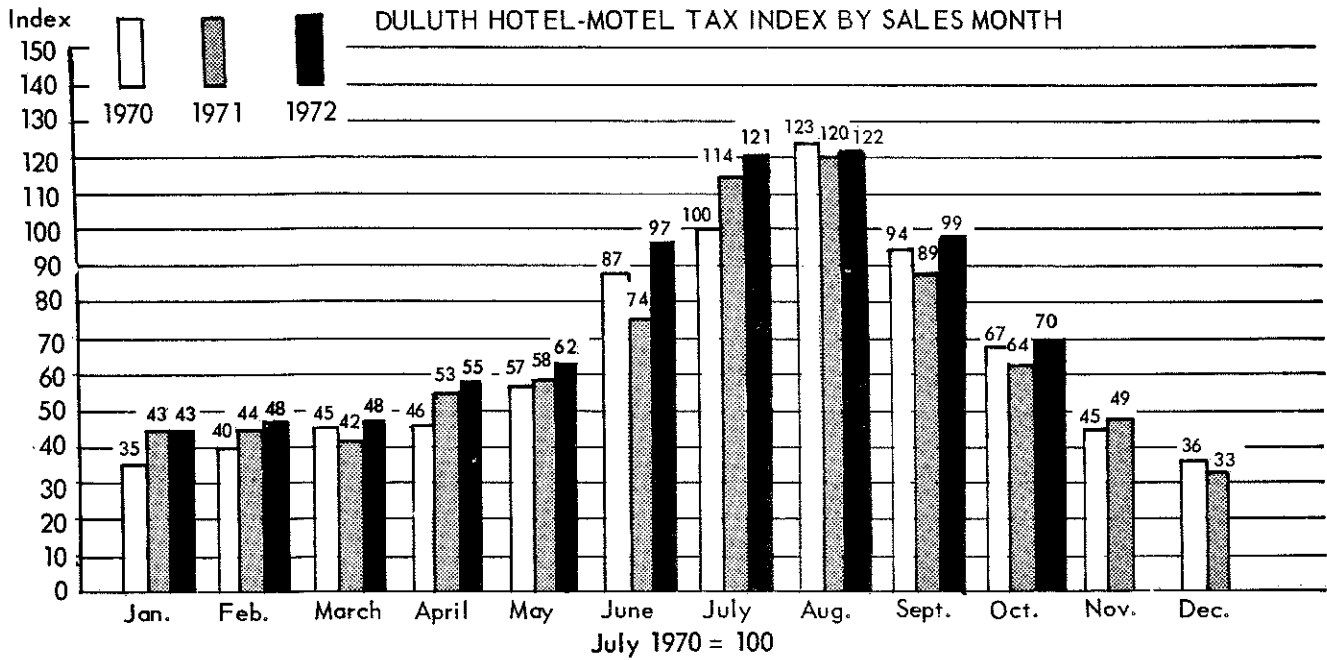
2. Calculations were made by R. Sielaff. Data were provided by the United States Department of Commerce, Survey of Current Business, and the Duluth Department of Finance and Records.

by Richard O. Sielaff, Professor of Business Administration and Economics, University of Minnesota, Duluth  
Month of publication, December, 1972

The Duluth Hotel-Motel Tax Index 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

Notes: The Duluth Department of Finance and Records has furnished the tax data. Figures have been adjusted for late payments and converted to room dollar sales by Richard



ments of laid off workers, acceptance of jobs out of the area, workers leaving the labor force or returning to their home areas.

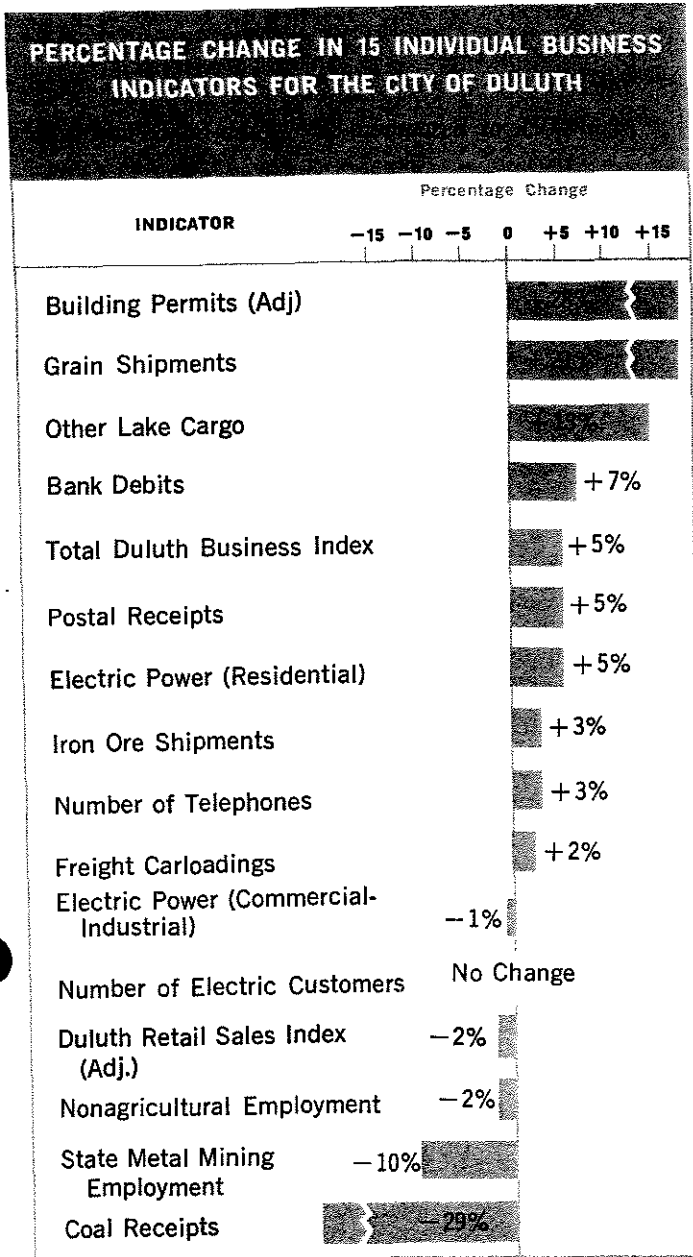
There were 12% fewer claimants receiving unemployment benefits this past November because of the above mentioned factors. A year ago the claims load spurted up due to the retrenchment in metal working.

Retail sales, when deflated for price changes, continued to show improvement in November when they registered a fractional gain over a year ago. Since mid-summer retail sales have been creeping closer to their 1971 average level. For the 1972 season to date retail sales are within 2.8% of last year's comparable average after having been down by as much as 6% this past summer. The transit strike did not start until December 1, 1972 so whatever impact this action may have on sales would not be reflected in the November data.

In November, 24 of the 35 stores in the retail sales sample recorded gains over the previous year, one store showed no change while 10 stores reported declines from their November 1971 sales level.

**NATIONAL CONDITIONS**

The last half of 1972 thru November continued to show very marked gains over the corresponding period of 1971. In fact, the November U.S. Index of industrial production (as noted on the graph below) is up a striking 10.3% over the same month last year. Gains such as this are unusual, of course, and generally reflect low values of the earlier data. It is to be expected that the national gain in percentage terms slow down during the first half of 1973. And, as the economy moves ahead, the percentage of unemployment will decrease. In fact, unemployment as a percent of the labor force was 5.2% in November of 1972 while the percentage stood at 6% a year earlier. The gain in employment is also reflected in the dollar value of payrolls which are up a whopping 15.2% over the level of one year earlier. Thus, the U.S. economy is clearly picking up momentum and the outlook is considerably brighter today than it was a year or even six months ago. Prices, however, have continued to rise with the wholesale index up some 5.4% over a year ago while the consumer price index is up by 3.5%. If inflation can be contained while income and employment ment continue to rise, the U.S. economy will be doing very well indeed.

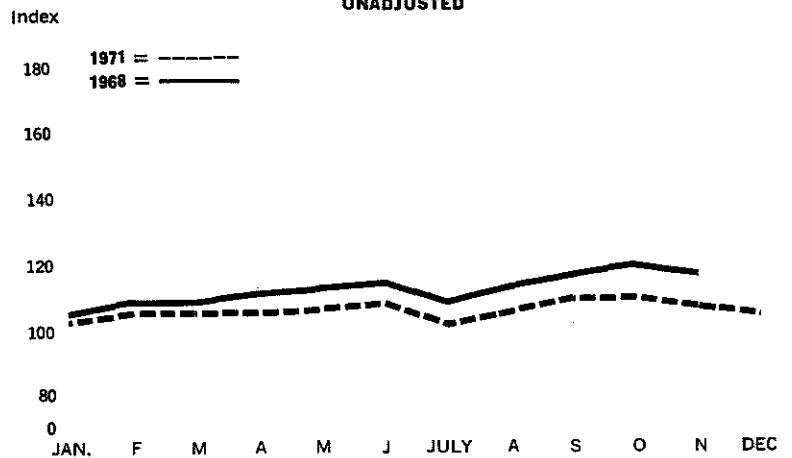


HIGHLIGHTS OF THE U. S. INDEX OF INDUSTRIAL PRODUCTION (Nov. 1972 compared to Nov. 1971)

- Total Index up 10.3%**
- Consumer Goods Production up 7.7%**
- Manufacturing Production up 10.7%**
- Payrolls (seasonally adjusted) up 15.2%**

**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	Nov. 1972	Oct. 1972	Nov. 1971	INDEX CHANGE		UNIT	Nov. 1972	Oct. 1972	Nov. 1971
				Nov. '71 to Nov. '72	Oct. '72 to Nov. '72				
Freight Carloadings	129	109	87	+ 42	+ 20	(Cars)	14,568	12,327	9,809
Bank Debits	134	130	125	+ 9	+ 4	(Dollars in '000's)	284,485	277,325	266,144
Building Permits <sup>2</sup>	177	190	107	+ 70	- 13	(Actual \$ Value)	854,608	5,189,771	5,677,886
Postal Receipts	151	146	149	+ 2	+ 5	(Dollars)	356,718	344,870	351,527
Number of Telephones	120	120	118	+ 2	0	(Units)	84,225	84,140	83,128
Electrical (Commercial & Industrial)	132	121	131	+ 1	+ 11	(K.W.H. in '000's)	33,047	30,277	32,674
Electric Power (Residential)	123	113	123	0	+ 10	(K.W.H. in '000's)	17,875	16,423	17,836
Number of Electric Customers	101	101	100	+ 1	0		33,781	33,722	33,524
Grain Shipments	218	160	174	+ 44	+ 58	(Bushels in '000's)	63,958	46,829	51,134
Coal Receipts	32	29	5	+ 27	+ 3	(Short Tons in '000's)	74	67	11
Iron Ore Shipments	111	142	81	+ 30	- 31	(Gross Tons in '000's)	1,302	1,665	951
Other Lake Cargo	567	310	534	+ 33	+257	(Short Tons)	199,497	109,151	188,132
Duluth Nonagricultural Empl.	102	103	105 <sup>3</sup>	- 3	- 1	(Persons)	42,500	42,800	43,700 <sup>3</sup>
Duluth Retail Sales Index <sup>4</sup>	113	104	112 <sup>3</sup>	+ 1	+ 9		-----	-----	-----
State Metal Mining Empl.	98	98	94 <sup>3</sup>	+ 4	0	(Persons)	12,500	12,500	11,900 <sup>3</sup>
<b>OVERALL</b>	<b>150</b>	<b>134</b>	<b>132<sup>3</sup></b>	<b>+ 18</b>	<b>+ 16</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

NON-PROFIT ORGANIZATION U. S. POSTAGE  <b>PAID</b> PERMIT NO. 67 DULUTH, MINN.
--