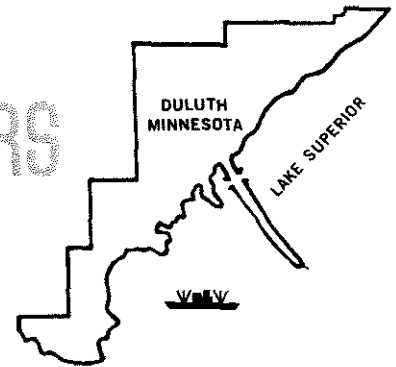


DULUTH BUSINESS INDICATORS

**BUREAU OF BUSINESS AND ECONOMIC RESEARCH
SCHOOL OF BUSINESS AND ECONOMICS
University of Minnesota, Duluth
In Cooperation with the Regional LMI Center—
Department of Economic Security**



DULUTH BUSINESS INDICATORS is published by the Bureau of Business and Economic Research of UMD. The Minnesota Department of Economic Security is a cooperating Agency. The authors of the DBI are: Glenn O. Gronseth, Supervisor, Regional L.M.I. Center, Minnesota Department of Economic Security and Jerrold M. Peterson, Professor and Director of the Bureau of Business and Economic Research, University of Minnesota, Duluth. Extra copies of the DBI are available upon request from the Bureau of Business and Economic Research, UMD, Duluth, MN. 55812, or from Minnesota Department of Economic Security, Duluth, MN. 55802, as long as the supply lasts.

VOL. 18

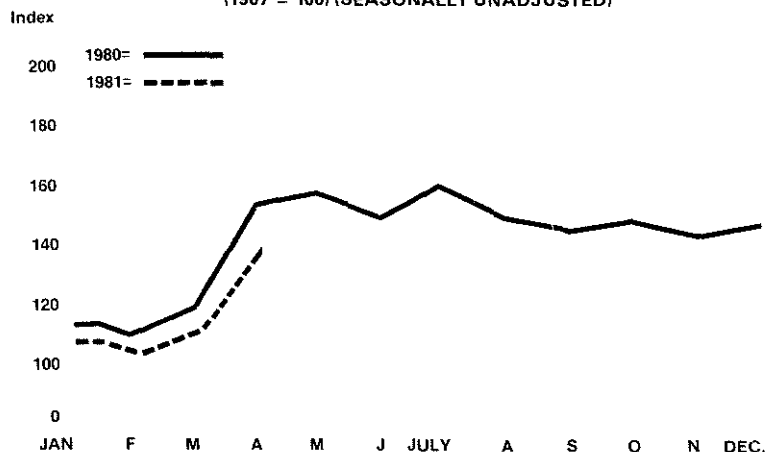
APRIL 1981

NO. 4

Highlights

- *DBI Up in April.*
- *Job Market Still Listless.*
- *Unemployment Still High.*
- *Construction Activity Somewhat Improved.*
- *Lake Cargo Slow in Starting.*

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



ECONOMIC CONDITIONS

For April, the Duluth Business Indicators (DBI) rose 27 points from March's 113 points, but remained 14 points below April 1980. This upswing continued the upward trend noted in March, but the index for April is still below predicted levels. Grain shipments and other lake cargo, in particular, lagged well below both April 1980 and forecasted levels for this year. Lake shipping this spring is experiencing a slow start as reduced demand has negated the need for volume shipping. Since the first of the year the DBI is averaging 6 percent below the comparable four months of last year.

On the National financial scene in April, the growth of the adjusted monetary base—a comprehensive measure of all Federal Reserve actions that influence the money stock—continued to fluctuate. From May to November 1980, the adjusted monetary base rose at an 11.2 percent rate. This rapid rate of increase has been followed by a four month period of substantially slower growth. From November 1980 to March 1981, the adjusted base grew at only a 2.6 percent rate. Most recently, the adjusted base has resumed its rapid growth with the rate accelerating from March to April 1981 at a 12.4 percent rate. These oscillations of adjusted base growth are reflected in the growth of the money supply.

Coinciding with the fluctuations in growth rates of the money base and money supply have been sharp savings in short-term interest rates. Recent history suggests that periods

of rapid base and money growth are associated with rising short term interest rates.

In Duluth, local financial institutions appear to have experienced the same general trends as outlined for the National economy. The bank debit sub-index rose in April to 313 up from March's 307, but down from April 1980's level of 325. This increase in bank debit activity reflects the surging National money supply and the spring rebirth of the Duluth economy. Total bank deposits rose from March to April, reaching an end-of-month level of \$795.5 million. This represents a rate increase of 4.2 percent. In relation to April 1980 total deposits rose from \$723.4 or at an annual rate of 10 percent. In comparison to National rates of growth, Duluth total deposits grew at a considerably slower rate from last month, but only slightly slower than last year.

The gyrations in financial markets both nationally and locally, as well as the regional recession, have had an impact on retail sales. The April Duluth retail sales index declined to 100, seasonally down from 107 in March and 103 in April of last year. This decline in the retail sales index suggests that very unstable nature of the Duluth economy. The decline is due primarily to a decline in automotive sales, which fell 28 percent from March 1981; however, auto sales remained above April 1980. In addition, all other components of the retail sales index also posted minor retreats from their March

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INDEX HIGHLIGHTS

TIME PERIOD	DULUTH INDEX
April 1981	140
March 1981	113
March-April Change	+27
Normal Seasonal Change Mar. to Apr.	+7
April 1980	154
Change, April 1980 to April 1981	-14
Seasonally Adjusted Index April 1980	179
Seasonally Adjusted Index April 1981	163

DULUTH LABOR MARKET

	Apr. 1981	Apr. 1980	% Change
Labor Force	40,300	40,700	-1
Unemployment	2,900	2,900	0
Rate	XXX	XXX	XXX
Actual	7.2%	7.1%	XXX
Seasonally Adjusted	6.4%	6.3%	XXX
Total Employment (Labor Force)	37,400	37,800	-1
Wage & Salary (Work Force)	44,300	45,900	-3
Manufacturing (Work Force)	5,900	5,900	0
Nonmanufacturing (Work Force)	38,400	40,000	-4
Job Openings Received During Month	207	357	-42
Persons Claiming Unemployment Benefits (Area)	3,383	4,422	-23
Average Weekly Earnings—Mfg. Only	\$294.00	\$241.13	+22

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

RETAIL SALES INDEX

ADJUSTED FOR PRICE CHANGES (1967 = 100)

	3 Yr. Aver. 1978-80	Apr. 1981	Apr. 1980	% Change
Total	114	100	103	-3
General Merchandise	110	90	103	-13
Apparel Stores	109	92	88	+5
Grocery Stores	111	150	121	+24
Automotive Sales	161	108	97	+11

	1981	1980	% Change
Index Average Year-To-Date (Total)	96.8	95.8	+1.0%

Adjusted for price changes

level. For the year-to-date in 1981, retail sales, deflated for price changes, averaged 1 percent above the first four months of 1980. This is a decrease from the first quarter year-to-date margin of 2.5 percent.

In actual dollars Duluth retail sales are estimated at \$51.324 million for April in comparison to \$53.627 million for March. This estimate is \$4.667 million below the forecast made last month for April. This slump in Duluth's retail sales implies that the regional recession is still with us. At this time Duluth retail sales for May is estimated to rise to \$56.201 million, a seasonal increase of \$2.57 million.

During April the Duluth labor market failed to respond in the manner of previous years. Historically, the number of wage and salary employees rose seasonally by 1.5 percent in the March-April comparison. This year the index remained stable. A much more muted early season pick-up in jobs was noted this spring with such seasonal industries as Construction, Transportation and Trade providing no push to the usual spring upswing in jobs.

For the first four months of 1981 the average monthly wage and salary job level ran about 3 percent below the same four months of last year. No substantial recovery is expected for the next several months.

The total of 2,900 unemployed persons in April was down by 200 from March but was the same as in April 1980. The April jobless rate of 7.2 percent was down only slightly from the 7.9 percent rate of March. It was, however, up by one-tenth of a point over last year. Given such levels of unemployment it is still evident that the Duluth area continues to experience soft economic conditions in the labor market.

Since worker callbacks will precede new hiring activity it is understandable that the number of job openings listed with the Job Service office will be low. The 207 job openings listed in April was down 42 percent from the previous year. However, despite the overall surplus of workers there remain some occupations for which there is a worker shortage. Unmet employer needs for engineers, therapists, computer programmers/analysts, qualified stenographers and nurses still exist.

Freight carloading activity in April was down unseasonally from March and recorded an 11 percent drop from a year previous. One major reason for the decrease from March is the less than usual seasonal pick-up in the amount of grain moved this year. About 62 percent of the grain received in the Port of Duluth this year has arrived by rail, but since overall grain receipts so far this season are averaging one-third below 1980's figure the carloading index is down from last year.

The value of building permits issued and under construction (in 1967 dollars) advanced over March and the April index was also above the same month of 1980. The increase in the building permits index over March was influenced by the issuance of a multi-million dollar permit for the construction of cement storage silos. This development plus the almost doubling of the number of building permits issued for new residential construction were the prime factors in the April index gain for this component. Despite the upturn in the building construction industry the figures so far this year indicate that the deflated value of building permits issued since January is still averaging 9 percent below last year. At the end of the first quarter of 1981 the index was running about 18 percent below 1980. Some improvement in the construction industry is expected in the next few months, but the key to getting the plans off the drawing boards and into actual construction seems to rest on what interest rates for borrowed money will be.

Iron ore shipments through April continue to reflect a less than vigorous demand for steel but some improvement by May is expected to develop. Metal mining employment is up to about the level expected for the season and the April level matched the year previous figure.

Shipments of lake cargo, other than grain, began in April but at a lesser pace than that of 1980. Grain by-products for overseas use are below last year's volume, while Canadian

PERCENTAGE CHANGE IN 15 INDIVIDUAL BUSINESS INDICATORS FOR THE CITY OF DULUTH

Year-to-date 1981 compared to 1980

INDICATOR	PERCENTAGE CHANGE				
	-15	-10	-5	0	+5 +10 +15
Postal Receipts					+8%
Electric Power (Commercial-Industrial)					+2%
Electric Power (Residential)					+2%
Duluth Retail Sales (Adj.)					+1%
Number of Electric Customers					+1%
Number of Telephones					No Change
Duluth Nonagricultural Empl.		-3%			
Bank Debits		-4%			
State Metal Mining Empl.		-5%			
Total Duluth Business Index		-6%			
Building Permits (Adj.)		-9%			
Freight Carloadings		-24%			
Other Lake Cargo		-31%			
Iron Ore Shipments		-32%			
Grain Shipments		-36%			
Coal Receipts		-100%			

imports of woodpulp, limestone and limestone products started out this year at a slower pace than one year ago.

Industrial consumption of electric power in April recorded a 3 percent increase over March usage indicating there is still strength in the manufacturing sector of the local economy as factory employment in April remained at the same level as in March.

U.S. CONSUMER PRICE INDEX (1967 = 100) UNADJUSTED

	Apr. 1981	Apr. 1980	% Change
All Urban Consumers	266.6	242.5	+10.0%
Urban Wage Earners & Clerical Worker (Revised)	266.8	242.6	+10.0%

Source: Bureau of Labor Statistics

REPORT OF DULUTH FINANCIAL ACTIVITY

	Current Month Apr. 1981	Year Ago Apr. 1980
BANK DEBITS TOTAL	\$815.9#	\$830.0
Individuals	98.0#	114.3
% of total	12.0%	13.8%
Commercial Accounts	653.6#	641.6
% of total	80.1%	77.3%
Government (State & Local)	64.3#	74.2
% of total	7.9%	8.9%
TOTAL DEPOSITS (END-OF-MONTH)	\$795.5	\$723.4
Demand	115.0	128.2
% of total	14.5%	17.7%
Time and Savings	680.6	595.2
% of total	85.5%	82.3%
Savings Only	182.6	184.2
DOLLAR VALUE OF NEW REAL ESTATE MORTGAGES ISSUED (CURRENT MONTH)	\$ 2.3	\$ 2.5
Residential	2.1	2.2
% of total	92.9%	86.6%
DEPOSIT TURNOVER RATE*	7.1	6.5

*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. #Revised.

HIGHLIGHTS OF THE U.S. INDEX OF INDUSTRIAL PRODUCTION

(1967 = 100) SEASONALLY UNADJUSTED

	April 1981	Ave Mo April 1980
Total Index	162.5	148.1

- Total Index up 3.0%**
- Consumer Goods Production up 3.1%**
- Manufacturing Production up 3.4%**
- Mining and Utilities up 1.1%**

DULUTH TOURIST INDEX
June, July, August 1978 = 100

March Index
Estimated Tourist Expenditures
in '000's

	Mar. '81 62	Feb. '81 56	Mar. '80 62	% Change 1980-81
Lodging	\$850	\$747		+13.8%
Eating, Drinking	2,237	2,157		+3.7%
Retail Sales	724	681		+6.3%
Auto, Gas	353	332		+6.3%
Other	560	526		+6.5%
Totals	\$4,724	\$4,443		+6.3%

DULUTH BUSINESS INDICATORS ¹

INDEX NUMBERS (1967 = 100) UNADJUSTED						ORIGINAL DATA			
Component	Apr. 1981	Mar. 1981	Apr. 1980	INDEX CHANGE		UNIT	Apr. 1981	Mar. 1981	Apr. 1980
				Apr. '80 to Apr. '81	Mar. '81 to Apr. '81				
Freight Carloadings	72	77	81	- 9	- 5	(Cars)	8,118	8,713	9,188
Bank Debits ⁵	313	307	325	-12	+ 6	(Dollars in '000's)	860,681	845,568	691,249
Building Permits ²	78	64	64	+ 14	+ 14	(Actual \$ Value)	1,787,426	879,067	700,910
Postal Receipts	343	278	264	+ 79	+ 65	(Dollars)	808,813	654,325	621,956
Number of Telephones	136	137	136	0	- 1	(Units)	95,706	96,304	96,045
Electric Power (Commercial & Industrial)	168	164	162	+ 6	+ 4	(K.W.H. in '000's)	41,932	40,998	40,482
Electric Power (Residential)	136	135	140	- 4	+ 1	(K.W.H. in '000's)	19,788	19,646	20,424
Number of Electric Customers	106	106	105	+ 1	0		35,547	35,514	35,170
Grain Shipments	98	57	190	-92	+ 41	(Bushels in '000's)	28,603	16,683	55,772
Coal Receipts	0	0	6	- 6	0	(Short Tons in '000's)	0	0	13
Iron Ore Shipments	62	0	86	-24	+ 62	(Gross Tons in '000's)	723	0	1,011
Other Lake Cargo	467	0	673	-206	+ 467	(Short Tons)	164,373	0	236,930
Duluth Nonagricultural Empl.	106	106	110 ³	- 4	0	(Persons)	44,300	43,800 ³	45,900 ³
Duluth Retail Sales Index ⁴	100	107	103	- 3	- 7		---	---	---
State Metal Mining Empl.	107	111	106 ³	+ 1	- 4	(Persons)	13,600	13,500 ³	13,500 ³
OVERALL	140	113	154	-14	+ 27				

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 Economic Security 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. Revised
4. Deflated for price changes.
5. 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.

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