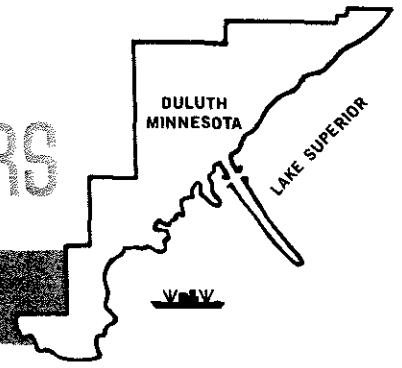


DULUTH BUSINESS INDICATORS

BUREAU OF BUSINESS
AND ECONOMIC RESEARCH

UNIVERSITY OF MINNESOTA
DULUTH



VOL. 10

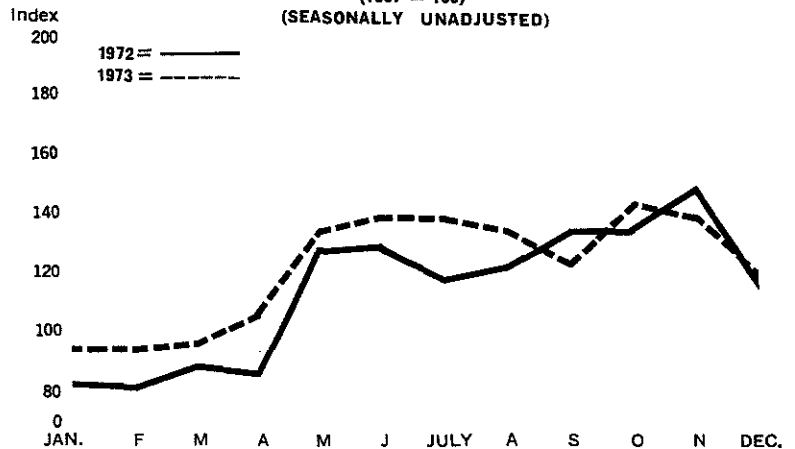
DECEMBER 1973

NO. 12

Highlights

- *Economy softening*
- *Waterborne activities down*
- *Employment below 1972*
- *Jobless rate up to 6.3%*
- *December retail sales show drop*

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



ECONOMIC CONDITIONS

An analysis of Duluth's economy at year-end showed that although the statistics for the year 1973 were on the plus side of the ledger, there was some evidence of a softening trend noted in overall business conditions. The unadjusted index for December (1967=100) was 120, down seasonally from the November level of 139. December's index, although the highest for that month on record, was up over December, 1972 by only 1.7% compared to the 6.7% average gain recorded for the full year of 1973 over 1972. The first six months of 1973 had averaged 11.4% over the same period in 1972.

Historically, the index shows a large seasonal decline between November and December. During the preceding 10 years this seasonal decrease averaged 31 index points compared to the 1973 drop of 19 index points for that two-month comparison.

Once again lake oriented activities were the major factor in the month-to-month movement of the index. In December, grain, coal and iron ore shipments and import-

export cargo (excluding grain) were down noticeably from their November levels. These components all experienced usual end-of-the-year declines, although in several cases the decrease in December was less than average.

A 21% drop in overall grain volume handled by rail in December caused the freight carloading index to drop sharply from the November level. Grain receipts by rail declined 44%, in the month-to-month comparison, but increased out-bound shipments by rail tempered somewhat the effect of this decline in receipts.

Instead of an average seasonal gain in bank debits of three points between November and December, a substantial decline of 10 points occurred this past December. The value of building permits issued and underway (in 1967 dollars) showed a slight rise over November unlike previous years when a decrease was recorded. December's construction gain was enhanced by the increase in the value of permits issued for alteration and repair work with 98% of the increase involving nonresidential buildings.

INDEX HIGHLIGHTS

TIME PERIOD	DULUTH INDEX
December 1973	120
November 1973	139
November-December Change	- 19
Normal Seasonal Change November to December	- 31
December 1972	118
Change, Dec. '72 to Dec. '73	+ 2
Seasonally Adjusted Index December 1972	131
Seasonally Adjusted Index December 1973	133

DULUTH LABOR MARKET

	December 1973	December 1972	% Change
Labor Force	47,400	47,200	0
Unemployment	3,000	2,600	+15
Rate	6.3%	5.5%	xxx
Total Employment	44,400	44,600	0
Wage & Salary	41,900	42,100	0
Manufacturing	5,800	6,400	-10
Nonmanufacturing	36,100	35,600	+10
Job Openings Received During Month	490	420	+17
Persons Claiming Unemploy- ment Benefits	2,324	1,554	+50
Average Weekly Earnings— Mfg. Only	\$189.97	\$154.98	+23

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. December Aver. 1970-72	Dec. 1973	Dec. 1972	Dec. '72 to Dec. '73 % Change
Total	150	157	160	- 2
General Merchandise	170	172	185	- 7
Apparel Stores	163	173	159	+ 9
Grocery Stores	105	103	101	+ 2
Automotive Sales	91	107	106	+ 1

	1973	1972	% Change
*Revised Index Average Year-To-Date (Total) Adjusted for price changes	112.1	102.4	+ 9

The amount of kilowatts used in commercial and industrial establishments in December dropped by more than the historical decline of one index point for the November-December comparison. The larger than normal reduction suggests continuing evidence of energy saving practices becoming effective in addition to normal seasonal cutbacks.

Residential consumption of electrical power in December rose seasonally over November, but the gain was slightly below the normal 14 point advance for this period.

The tapering off in grain shipments in December coincides with the virtual complete shutdown of lake shipping for the winter and is a normal pattern followed each winter. Similarly, coal receipts and iron ore shipments follow the same script as the grain movement although attempts to extend the normal ore shipping season seem to have moderated this past year's November-December decline when compared to the general trend of previous years.

Import-export cargo (excluding grain) finished the season's shipping schedule in December with a sizeable volume of activity although the tonnage was down from the November level by a substantial margin. Accenting the substantial November-December decline was the fact that a late season rush to move cargo during November put that month's record as the highest for any month in 1973 and the third highest for any November on record.

The employment picture in December was about as expected for that month as the wage and salary category of jobs experienced its usual early winter decline. It was noted, though, that the November-December decrease was slightly less than the average of the preceding 10 years for this period. The bulk of the job loss in December was in non-manufacturing where December cutbacks are common in the construction and transportation components.

Statistics for the full year of 1973 show that the local economy fared quite well in comparison to the year 1972. The Duluth business index posted an increase of just under 7% when compared with the previous year. This over-the-year gain reflects a narrowing of the margin of improvement that existed at mid-year when the increase over 1972 stood at 11.4%.

The December over-all index of 120 was two points higher than 12 months earlier. Freight carloadings were down from December, 1972 due in part to a 33% decrease in grain hauled by rail plus a reduced amount of import-export cargo handled by the port.

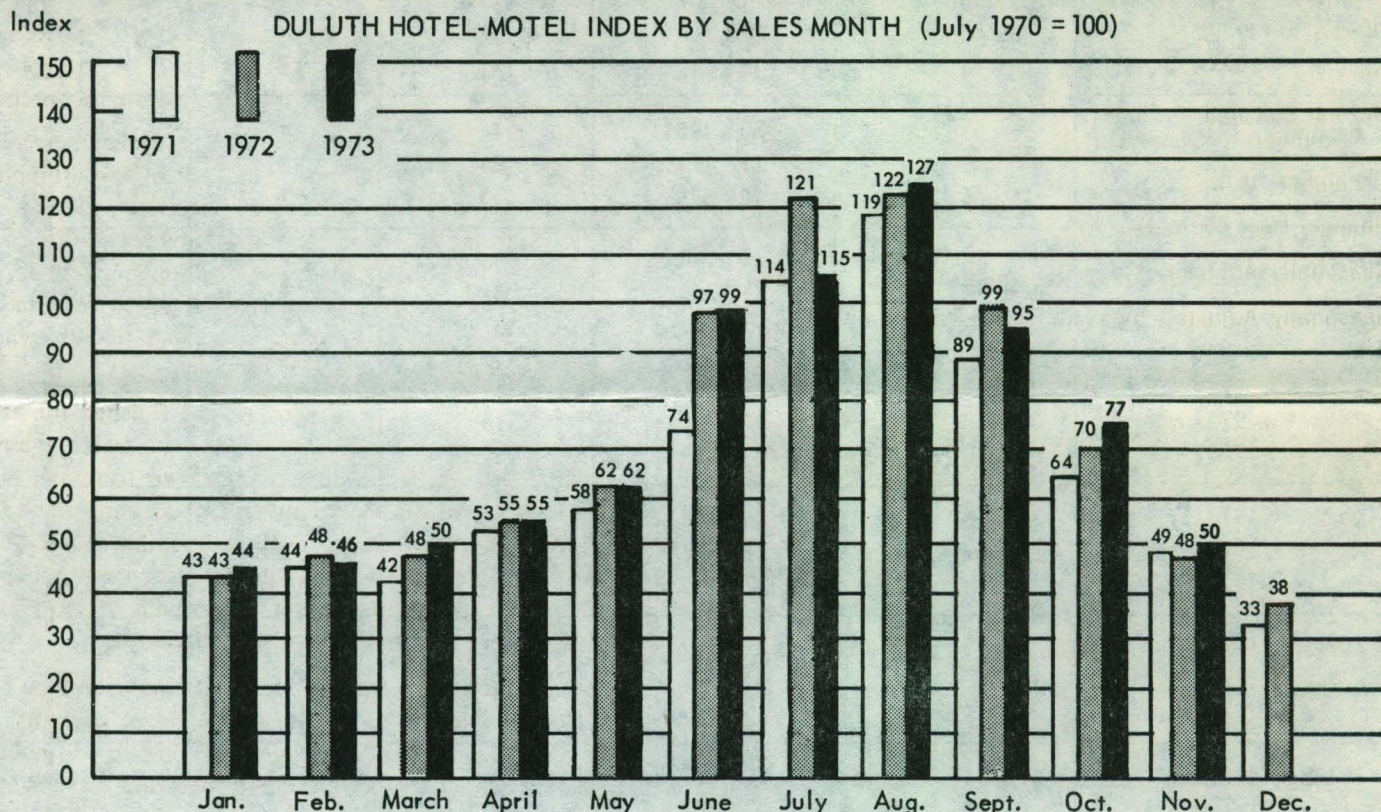
Bank debits in December barely surpassed the year previous level although for the year 1973 the debit index averaged 9% above 1972. Building activity as measured by the value of permits issued and under construction (in 1967 dollars) were up over December, 1972 due to a surge of permits issued for nonresidential construction and a four-fold increase in alteration and repair contracts.

A drop in industrial needs for electric power and the initiation of energy saving practices resulted in less use this December of electrical energy by industrial and residential customers. Grain shipments were up over December, 1972



Duluth Hotel-Motel Indicators

Volume III, Number 12, 1973



ANALYSIS

DULUTH HOTEL-MOTEL INDEX

November, 1973 Index Higher Than November, 1972

The tentative November, 1973 Duluth Hotel-Motel Index was 50 as compared with the November, 1972 Index of 48 and November, 1971 Index of 49. The Index measures room rental receipts unadjusted for price changes.

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

September, 1973 Receipts Higher Than September, 1972

For the United States the September, 1973 average daily room rental receipts per occupied hotel-motel room were \$20.71 as compared with September, 1972 receipts of \$19.54 and September, 1971 receipts of \$18.79. The average increase in hotel-motel room receipts between September 1973 and September, 1972 was \$1.17 or 6.0%.

DULUTH HOTEL-MOTEL ROOM RENTAL RECEIPTS

November, 1973 Room Rental Receipts Higher Than November, 1972

Tentative November, 1973 Duluth Hotel-Motel room rental receipts were \$215,199 as compared with November, 1972 room rental receipts of \$206,509. This represents a change of +4.2 percent.

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

For Duluth the September, 1973 average hotel-motel room occupancy was 69% as compared with September, 1972 occupancy of 78%.

For the United States the September, 1973 average hotel-motel room occupancy was 66% as compared with the September, 1972 occupancy of 64%.

by Richard O. Sielaff, Professor of Business Administration and Economics, University of Minnesota, Duluth
Month of publication, January, 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
				Duluth %	U.S. %	
JAN.	1971	43	\$192,789	37%	52%	\$17.78
	1972	43	190,706	34	55	19.03
	1973	44	193,314	34	57	19.52
FEB.	1971	51	206,485	44	57	\$17.77
	1972	48	197,494	38	57	19.01
	1973	46	185,815	35	60	19.85
MAR.	1971	44	196,148	36	61	\$18.29
	1972	48	211,752	37	63	19.36
	1973	50	224,067	37	65	20.32
APR.	1971	53	227,065	43	62	\$18.73
	1972	55	234,750	43	66	19.07
	1973	56	239,521	42	67	20.06
MAY	1971	58	256,415	46	62	\$18.93
	1972	62	277,107	49	66	19.35
	1973	62	275,177	46	69	20.53
JUN.	1971	75	320,512	58	63	\$19.26
	1972	97	418,645	75	68	19.53
	1973	99	425,022	73	68	20.39
JULY	1971	114	504,937	90	61	\$18.95
	1972	121	538,242	94	63	19.45
	1973	115	513,097	86	65	20.25
AUG.	1971	119	530,906	93	65	\$19.30
	1972	122	541,068	93	68	19.83
	1973	127	565,673	92	*70	*20.93
SEPT.	1971	90	387,155	72	62	\$18.79
	1972	101	432,629	78	64	19.54
	1973	95	408,374	69	*66	*20.71
OCT.	1971	67	297,598	51	68	\$19.91
	1972	70	310,696	52	71	20.43
	1973	*77	*342,287	*56		
NOV.	1971	49	212,197	39	58	\$18.96
	1972	48	206,509	37	60	19.38
	1973	*50	*215,199			
DEC.	1971	34	149,230	28	45	\$18.16
	1972	39	172,601	31	48	18.88
	1973					
TOTALS	1971		3,481,437			
	1972		3,732,199			
	1973					
AVG.	1971	66.4	290,119	52.6%	60%	\$18.74
	1972	71.1	311,016	55.0%	62%	\$19.21
	1973					

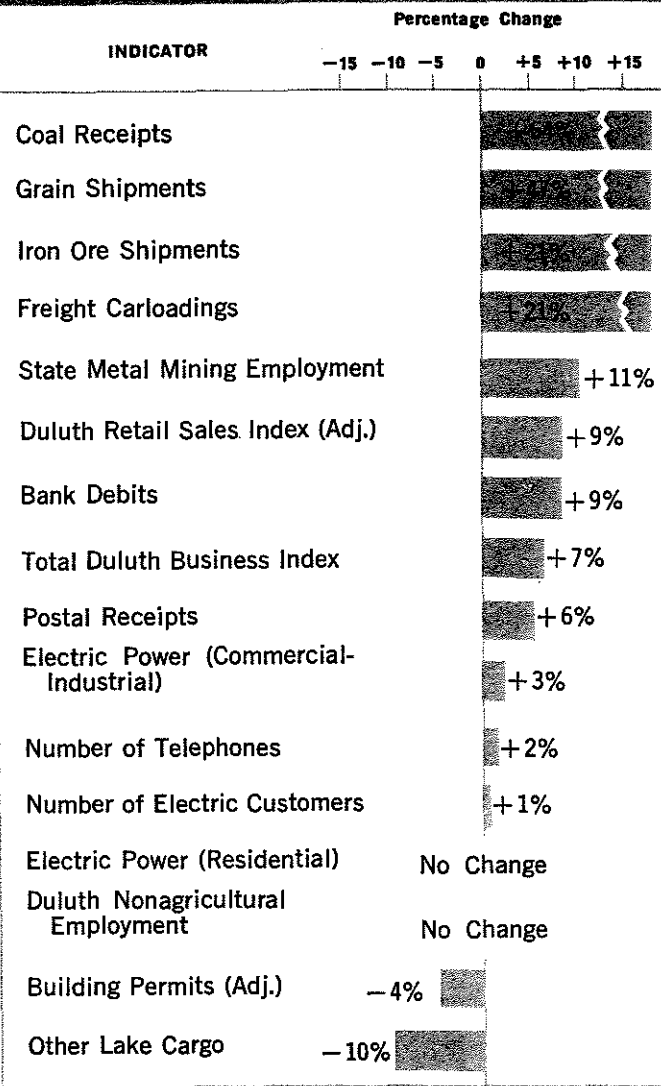
* Tentative

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

(2) Department of Finance and Records
City of Duluth

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

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



by a small margin, most likely the residual results of the season's wrap-up of a record setting year. Coal receipts were down only marginally from the previous December, but iron ore shipments were higher this past December reflecting efforts to ship ore as late in the year as possible to meet the national demand.

The number of persons on wage and salary jobs this past December came within several hundred workers of its year ago level. While factory employment was down 700 workers from a year previous, this loss was partially offset by net gains in several of the nonmanufacturing components.

Unemployment in December was up by 400 persons over the 2,600 reported for December, 1972. The December rate of unemployment was 6.3% compared to 5.5% for the year previous. Increased unemployment this past December is also reflected in the sharp upturn in the number of persons collecting unemployment benefits compared to December, 1972 — from 1,554 to 2,324 claimants.

Retail trade, when deflated for price increases, did not do as well in December as might have been expected by some observers. The December, 1973 sales volume (deflated) was down by nearly 2% from a year ago. This drop, perhaps, is not too unexpected in view of the declining trend that has marked the path of retail sales since mid-summer, however, the sales record for the year 1973 (deflated) shows a 9.5% overall gain when compared to 1972. Inflation and fears of an energy shortage may have been contributing factors.

Incidental to the decrease in sales volume, it was observed that the November-December gain in retail trade employment was only about one-half the 1972 rise of 310 workers for the same months of comparison. In December, 1973, a total of 22 of the 34 stores in the retail sales sample reported decreases in current dollars sales from their year previous sales statistics. This number of stores reporting decreases in their sales from a year ago is the highest such figure for any month in 1973.

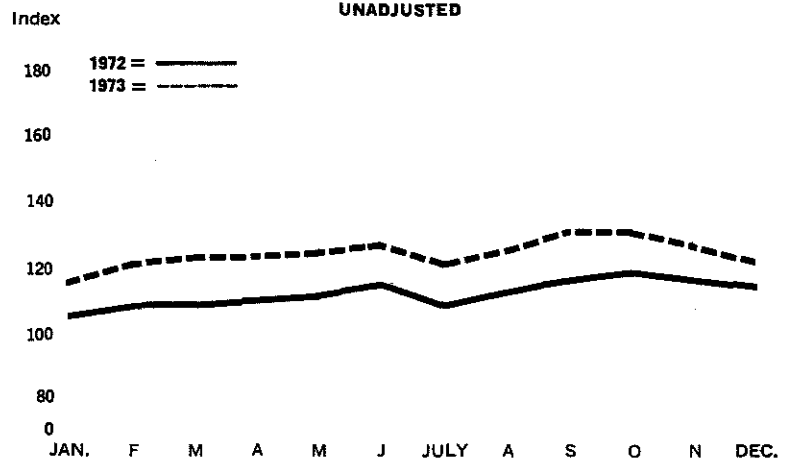
HIGHLIGHTS OF THE U. S. INDEX OF INDUSTRIAL PRODUCTION

(December 1973 compared to December 1972)

- Total Index up 6%**
- Consumer Goods Production up 1.5%**
- Manufacturing Production up 5.4%**

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			
	Dec. 1973	Nov. 1973	Dec. 1972	INDEX CHANGE		UNIT	Dec. 1973	Nov. 1973	Dec. 1972
				Dec. '72 to Dec. '73	Nov. '73 to Dec. '73				
Freight Carloadings	95	116	103	- 8	- 21	(Cars)	10,668	13,092	11,679
Bank Debits	135	145	132	+ 3	- 10	(Dollars in '000's)	287,679	308,672	280,397
Building Permits ²	94	87	71	+ 23	+ 7	(Actual \$ Value)	812,653	4,993,138	170,147
Postal Receipts	168	166	161	+ 7	+ 2	(Dollars)	396,913	390,253	380,420
Number of Telephones	124	123	120	+ 4	+ 1	(Units)	87,196	86,593	84,773
Electric Power (Commercial & Industrial)	126	130	134	- 8	- 4	(K.W.H. in '000's)	31,570	32,374	33,515
Electric Power (Residential)	133	120	142	- 9	+ 13	(K.W.H. in '000's)	19,351	17,526	20,673
Number of Electric Customers	102	102	102	0	0		33,975	33,928	33,935
Grain Shipments	163	234	160	+ 3	- 71	(Bushels in '000's)	47,793	68,758	46,952
Coal Receipts	16	84	17	- 1	- 68	(Short Tons in '000's)	38	197	39
Iron Ore Shipments	65	113	45	+ 20	- 48	(Gross Tons in '000's)	766	1,321	529
Other Lake Cargo	276	512	302	- 26	-236	(Short Tons)	97,144	180,061	106,451
Duluth Nonagricultural Empl.	101	102	101 ³	0	- 1	(Persons)	41,900	42,500	42,100 ³
Duluth Retail Sales Index ⁴	157	122	160	- 3	+ 35	
State Metal Mining Empl.	102	104	93 ³	+ 9	- 2	(Persons)	13,000	13,200	11,800 ³
OVERALL	120	139	118	+ 2	- 19				

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. 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.

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