

# DULUTH BUSINESS INDICATORS

**BUREAU OF BUSINESS  
AND ECONOMIC RESEARCH**

**UNIVERSITY OF MINNESOTA  
DULUTH**



VOL. 7

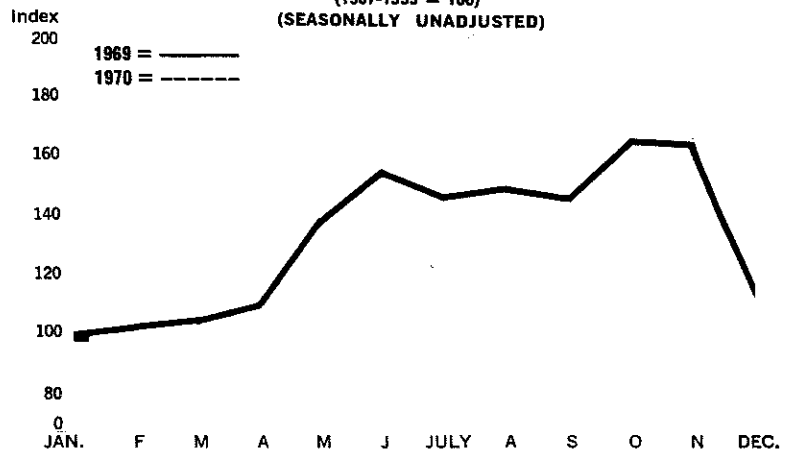
JANUARY 1970

NO. 1

*Highlights*

- January to January Decline First Since 1965**
- Nonresidential Building Construction Up Over 1969**
- Employment Levels Show Gain**
- Job Openings Softening**
- Retail Sales Post 1% Gain**

**DULUTH BUSINESS INDEX**  
(1957-1959 = 100)  
(SEASONALLY UNADJUSTED)



The month-to-month change in economic activity in the December-January comparison ran about the same as it has in the past 10 years. In January the unadjusted seasonal index for Duluth (1957-1959=100) was 99 or 18 index points below December, 1969. The decline during this two month period over the past 10 years averaged 16 points. This year's decline, a little above normal, was sufficient to mark the first time since 1965 that the January business index level was below the January of the preceding year. One year previous the January index was 100.

A greater than usual drop from December was noted in freight carloadings in January. The primary reason for this above average drop was the relatively high December carloading figure which was the highest for that month since 1966. Normally there is a one point decrease as ore, grain and coal shipping activity is cutback when lake shipping closes in December.

Bank debits also dropped by a greater than normal seasonal change from December because of a record December

level. The value of building permits issued and under construction (in 1957-1959 dollars) continued the decline noted in building activity since last November. Nonresidential building as well as alteration and repair work were behind December permit valuation figures. No permits for one-family dwellings were issued in January, the first time such an occurrence has been recorded for that month since 1951 when index records were first kept. In recent years the number of permits for this type of construction has been as low as two or three, however.

As might be expected postal receipts dropped from their normal holiday high in December to more normal levels. The number of telephones continued to record its historical continuous month-to-month advances in January. Electric power used by the commercial and industrial sector of the economy declined by more than the historical average of the past 10 years for the December-January comparison. Both segments were down almost equally in the amount of electric power consumed. Normally, home use of electric power

## INDEX HIGHLIGHTS

TIME PERIOD	DULUTH INDEX
January 1970 .....	99
December 1969 .....	117
December-January Change .....	- 18
Normal Seasonal Change December to January .....	- 16
January 1969 .....	100
Change, Jan. 1969 to Jan. 1970 .....	- 1
Seasonally Adjusted Index January 1970 .....	134
Seasonally Adjusted Index January 1969 .....	135

## DULUTH LABOR MARKET

	January 1970	January 1969	% Change
Labor Force .....	49,100	47,200	+ 4
Unemployment .....	2,200	2,200	0.0
Rate .....	4.5%	4.7%	xxx
Total Employment .....	46,900	45,000	+ 4
Wage & Salary .....	43,400	41,700	+ 4
Manufacturing .....	8,900	8,700	+ 2
Nonmanufacturing .....	34,500	33,000	+ 5
Job Openings Received During Month .....	564	951	- 41
Persons Claiming Unemploy- ment Benefits .....	1,496	1,460	+ 2
Average Weekly Earnings — Mfg. Only .....	\$125.58	\$119.11	+ 5

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

## RETAIL SALES INDEX

UNADJUSTED  
1957-1959 = 100

	3 Yr. Jan. Aver. 1967-69	Jan. 1970	Jan. 1969	Jan. '69 to Jan. '70 % Change
Total .....	104	114	113	+ 1
General Merchandise ....	105	114	117**	- 3
Apparel Stores .....	99	110	102**	+ 7
Grocery Stores .....	N.A.*	119	110	+ 8

\* Not Available  
\*\*Revised

	1970	1969	% Change
Index Average Year-To-Date (Total)	114	113	+ 1

in January rises by 21 points over December, but this year this rise amounted to 34 points.

With the closing of lake shipping in December, the overall movement of grain dropped sharply. With no lake shipping in January the movement of grain was confined to inbound receipts, by rail or truck, to local elevators, or outbound shipments by rail. Nearly 75% of the total volume of grain handled in January was represented by rail shipments to other areas.

Both lake shipments of iron ore and coal recorded no activity in January which is a normal situation during the winter freeze-up of the lake.

It is customary for employment to decline in January from December levels and this year was no exception. Duluth job totals fell from 44,500 in December to 43,400 in January mainly as the result of seasonal factors in construction, transportation and retail trade. The rate of unemployment in January was 4.5% compared to 3.8% last December. Numerically this percentage involved 2,200 person in January and 1,900 for the month previous.

Overall business activity in January was down one index point from the previous year. Losses from year previous levels were noted in bank debits, postal receipts, commercial and industrial KWH power usage and in residential KWH power consumption.

Among those components recording gains over January, 1969 were freight carloadings. A part of the increase can be attributed to a slight overall gain in the rail movement of grain. The index value of building permits issued and under construction (in 1957-1959 dollars) was up eight points this year. This gain represents, for the most part, increases in nonresidential building construction and alteration and repair work. The number of telephones was up seven points over year ago figures, which is greater than the overall year-to-year gains of recent years.

Duluth employment in January showed a sizeable rise of four points over January, 1969. Particularly significant were the job advances noted in metal working, retail trade, and service establishments. However, a softening was seen in the number of job openings received category during this January. It is to be noted that the job openings received decreased from 951 for January, 1969 to 564 this January. The year ago figure, for the most part, reflects additional temporary jobs created by the heavy snowfall in that month. This was not the case this year. The current openings received figure is also down by 110 or 16% from the January, 1968 total. The January unemployed total was 2,200 or 4.5% of the labor force compared to 2,200 or 4.7% for a year ago.

Of the index components showing declines from their previous level, bank debits fell by 26 points. Declining retail sales and decreasing new home construction exerted re-

**PERCENTAGE CHANGE IN 15 INDIVIDUAL BUSINESS INDICATORS FOR THE CITY OF DULUTH**  
*January 1970 compared to January 1969*

INDICATOR	Percentage Change						
	-15	-10	-5	0	+5	+10	+15
Freight Carloadings	+15%						
Building Permits	+3%						
Number of Telephones	+5%						
Duluth Nonagricultural Empl.	+4%						
Duluth Retail Sales Index (Unadjusted)	+1%						
Postal Receipts	(no change)						
Number of Electric Customers	(no change)						
Electric Power (Residential)	(no change)						
Grain Shipments	(no change)						
Coal Receipts	(no change)						
Iron Ore Shipments	(no change)						
Other Lake Cargo	(no change)						
State Metal Mining Employment	(no change)						
Total Duluth Business Index	-1%						
Electric Power (Commercial & Industrial)	-6%						
Bank Debits	-16%						

straining influences on the volume of cash flow in the area. The use of electric power by commercial and industrial firms fell eight points below a year ago with the decline in consumption about equally divided between the two components. Residential usage of electric power was down only slightly from last year. Postal receipts were below a year ago by a single index point.

In January the unadjusted retail sales index (1957-1959=100) was 114 or up 1% over the same month of 1969. Although apparel shops and grocery stores were up 7% and 8% respectively over last year, the 3% drop in general merchandise outlets and losses in other scattered retail areas were partially offsetting factors in the total retail picture.

During the years 1967-1969 the average retail sales index for January was 104. The current January sales index — at 114 — represents an increase of slightly under 10% over the preceding three year average. In this same period of comparison the consumer price index, nationally, rose by 10.7% thus the advance in retail sales was slightly less than the inflationary rise in prices. In January, 18 of the 31 sample retail stores showed gains over last year, 10 reported decreases, and three had no change.

**THE NATIONAL ECONOMY**

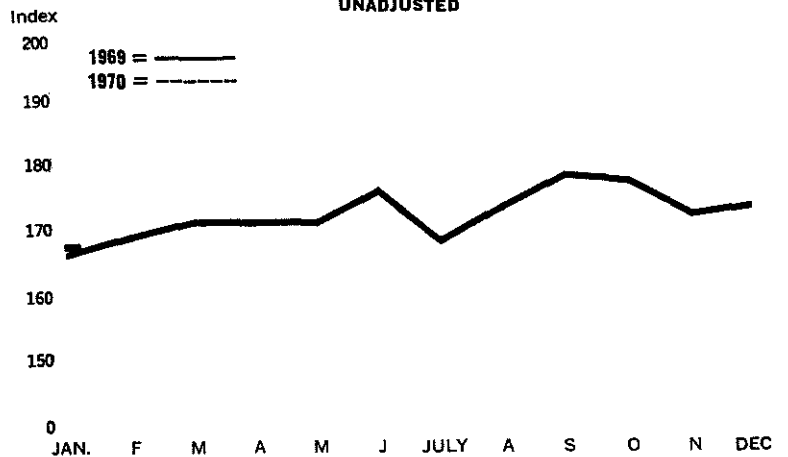
The figures for industrial production, as shown on this page, indicate the slowing of the economy in recent months. The indexes were at the same level in January of 1970 as in January of 1969. Payrolls, measured in current dollars, were up 3%, otherwise the economic indicators moved sideways. The very difficult questions of inflation, monetary policy and interest rates appear unsettled at this time raising the question of whether a recession in the midst of an inflation may be close at hand.

**HIGHLIGHTS OF THE U. S. INDEX OF INDUSTRIAL PRODUCTION**

*January 1970 compared to January 1969*

- Consumer Goods Production, No Change**
- Total Index, No Change**
- Manufacturing Production, No Change**
- Payrolls (Value) up 3%**

**U. S. INDEX OF INDUSTRIAL PRODUCTION**  
 (1957 - 1959 = 100)  
 UNADJUSTED



Source: Federal Reserve Board of Governors

# DULUTH BUSINESS INDICATORS<sup>1</sup>

INDEX NUMBERS (1957-1959 = 100)						ORIGINAL DATA			
COMPONENT	Jan. 1970	Dec. 1969	Jan. 1969	INDEX CHANGE		UNIT	Jan. 1970	Dec. 1969	Jan. 1969
				Jan. '69 to Jan. '70	Dec. '69 to Jan. '70				
Freight Carloadings	76	95	66	+ 10	- 19	(Cars)	7,760	9,708	5,744
Bank Debits	145	168	171	- 26	- 23	(Dollars in '000's)	232,386	269,912	274,023
Building Permits <sup>2</sup>	110	131	102	+ 8	- 21	(Actual \$ Value)	637,119	2,938,781	85,720
Postal Receipts	173	228	174	- 1	- 55	(Dollars)	275,799	362,153	277,212
Number of Telephones	140	139	133	+ 7	+ 1	(Units)	77,640	77,041	73,928
Electric Power (Commercial & Industrial)	147	157	155	- 8	- 10	(K.W.H. in '000's)	24,564	26,109	25,935
Electric Power (Residential)	253	219	254	- 1	+ 34	(K.W.H. in '000's)	20,722	17,959	20,794
Number of Electric Customers	100	100	100	0	0		33,494	33,434	33,461
Grain Shipments	69	109	69	0	- 40	(Bushels in '000's)	16,890	26,889	16,876
Coal Receipts	0	19	0	0	- 19	(Short Tons in '000's)	0	63	0
Iron Ore Shipments	0	37	0	0	- 37	(Gross Tons in '000's)	0	331	0
Other Lake Cargo	0	0	0	0	0	(Short Tons)	0	0	0
Duluth Nonagricultural Empl.	104	107 <sup>3</sup>	100 <sup>3</sup>	+ 4	- 1	(Persons)	43,400	44,500 <sup>3</sup>	41,700 <sup>3</sup>
Duluth Retail Sales Index	114	197	113	+ 1	- 83		.....	.....	.....
State Metal Mining Empl.	77	79 <sup>3</sup>	77 <sup>3</sup>	0	- 4	(Persons)	12,300	12,600 <sup>3</sup>	12,300 <sup>3</sup>
<b>OVERALL</b>	<b>99</b>	<b>117</b>	<b>100</b>	<b>- 1</b>	<b>- 19</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

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