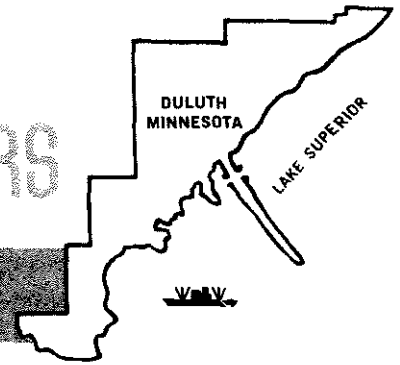


DULUTH BUSINESS INDICATORS

BUREAU OF BUSINESS
AND ECONOMIC RESEARCH

UNIVERSITY OF MINNESOTA
DULUTH



VOL. 12

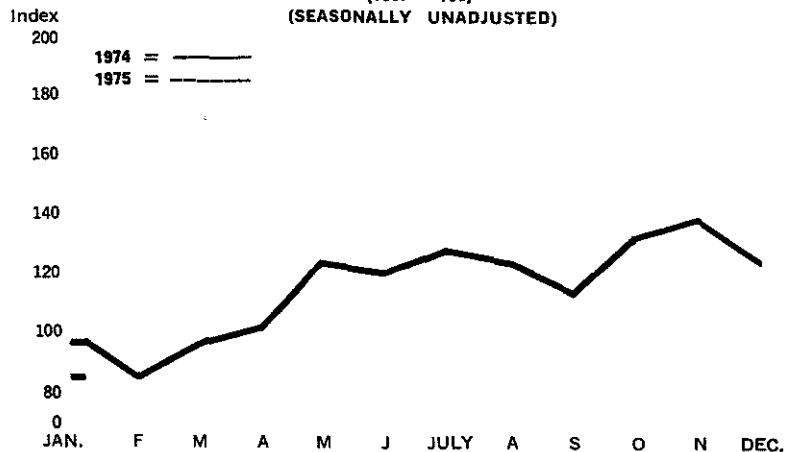
JANUARY 1975

NO. 1

Highlights

- *January business down*
- *Seasonal job cutbacks heavy*
- *Job market continues soft*
- *Competition for jobs keen*
- *Retail sales show decrease*

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



ECONOMIC CONDITIONS

Late in December it was predicted that the first half of 1975 would find economic activity in Duluth running at a slow pace and the first quarter figures could fall below the comparable period of 1974.

Some early evidence of reinforcement of this projection seemed to be developing in January as the unadjusted Duluth business index (1967=100) dropped to 86 — the lowest level for that month since 1972. Further evidence of a slow first of the year start can be noted in the fact that this winter the December-January index decline of 37 points was nearly twice the normal rate of decrease experienced in the 10 years previous.

Declining cement, coal and coke cargo handled in January resulted in the January freight carloading index dropping to 47, the lowest January on record since 1951 when the index for this activity was first calculated.

The two point drop in bank debits usually experienced between December and January was exceeded this winter when the bank debit index dropped by four points. The

cash flow in the economy, as measured by bank debits, declined in January as commercial expenditures recorded a decline large enough to offset the gain noted in the monetary value of individual debits in the December-January comparison.

The value of building permits issued and under construction (in 1967 dollars) declined noticeably in January. Building permit valuations were not unduly high in December and they were even less in January as decreases were noted in most types of construction work.

Postal receipts failed to follow the pattern of recent years in that the December-January decline this winter was slightly less than normal for the period. December's index level generally reflected a more conservative approach to Christmas mailings thus lowering the index level for December from what might have been expected. In addition, the January index was at a higher level than for recent Januarys due in part to postage increases that became effective in March, 1974.

INDEX HIGHLIGHTS

TIME PERIOD	DULUTH INDEX
January 1975	86
December 1974	123
December-January Change	- 37
Normal Seasonal Change December to January	- 19
January 1974	97
Change, January 1974 to January 1975	- 11
Seasonally Adjusted Index January 1974	132
Seasonally Adjusted Index January 1975	118

DULUTH LABOR MARKET

	January 1975	January 1974	% Change
Work Force	45,800	46,300	- 1
Unemployment	3,600	3,500	+ 3
Rate	xxx	xxx	xxx
Actual	7.9%	7.6%	xxx
Seasonally Adjusted	6.6%	6.3%	xxx
Total Employment	42,300	42,800	- 1
Wage & Salary	39,900	40,400	- 1
Manufacturing	5,600	5,700	0
Nonmanufacturing	34,200	34,600	- 1
Job Openings Received During Month	662	504	+ 31
Persons Claiming Unemploy- ment Benefits	2,542	2,951	- 14
Average Weekly Earnings— Mfg. Only	\$194.64	\$172.86	+ 13

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. Jan. Aver. 1972-74	Jan. 1975	Jan. 1974	Jan. 74 to Jan. 75 % Change
Total	80	77	83*	- 7
General Merchandise	72	71	72	- 1
Apparel Stores	77	77	84	- 8
Grocery Stores	100	101	105*	- 4
Automotive Sales	108	80	131	- 39

*Revised	1975	1974	% Change
Index Average Year-To-Date (Total) Adjusted for price changes	77.0	83.2	- 7

Normally kilowatt hours of electricity used by commercial and industrial firms in January decline slightly from December, but this year's decrease, however, was greater than normally experienced for this time of the year. Although commercial accounts recorded an increased usage in electric power over December, due in part to variations in reading dates, the drop noted in the industrial sector from December, particularly in the steel, coal and grain industries, was large enough to result in an overall drop in the January index.

The movement of grain took a sharp seasonal downturn in January. This winter's December-January drop was much greater than usual for this period with the result that the January grain index dropped to its lowest level for that month since 1965. The tendency on the part of farmers to withhold their grain from the market hoping for higher prices is a major factor for the poor showing in January. This wait and see attitude is further emphasized by the low volume of grain receipts arriving here by truck. Only 14% of January's receipts came in by truck making it the lowest January percentage in the last six years. Quite probably, however, the greater availability of rail cars this winter undoubtedly had some influence on the decline in truck shipping.

Neither coal or import-export cargo (excluding grain) had any reportable activity for January. Iron ore lake shipments generally do not occur in January either, but this year, favorable lake conditions permitted post season shipments of some 55,000 tons which might be a forerunner of shipping patterns in future years.

Above normal seasonal cutbacks in construction, transportation, trade and service industries were the predominant factors in the December-January decline of 1,900 in wage and salary employment. No significant change took place in factory employment in this two-month period.

With the increase in layoffs there was a rise in the jobless rate in Duluth — from 6.6% in December to 7.9% in January. There were 3,600 persons out of work in January compared to the 3,100 figure for the month previous. In the December-January comparison the work force declined by some 1,500 persons indicating that a substantial part of the first of the year layoffs were persons seeking temporary work who left the labor market when their jobs were terminated.

Duluth's economy was down by 11 points from its January, 1974 index level of 97. The combined effects of a reduced amount of building permits issued, a sharp decrease in grain shipping, a cutback in employment plus a drop in retail sales were noted in the overall reduction in economic activity.

Freight carloading activity was well below its year ago index figure reflecting loss of grain traffic as well as reduced amounts of coal, coke, cement handled.

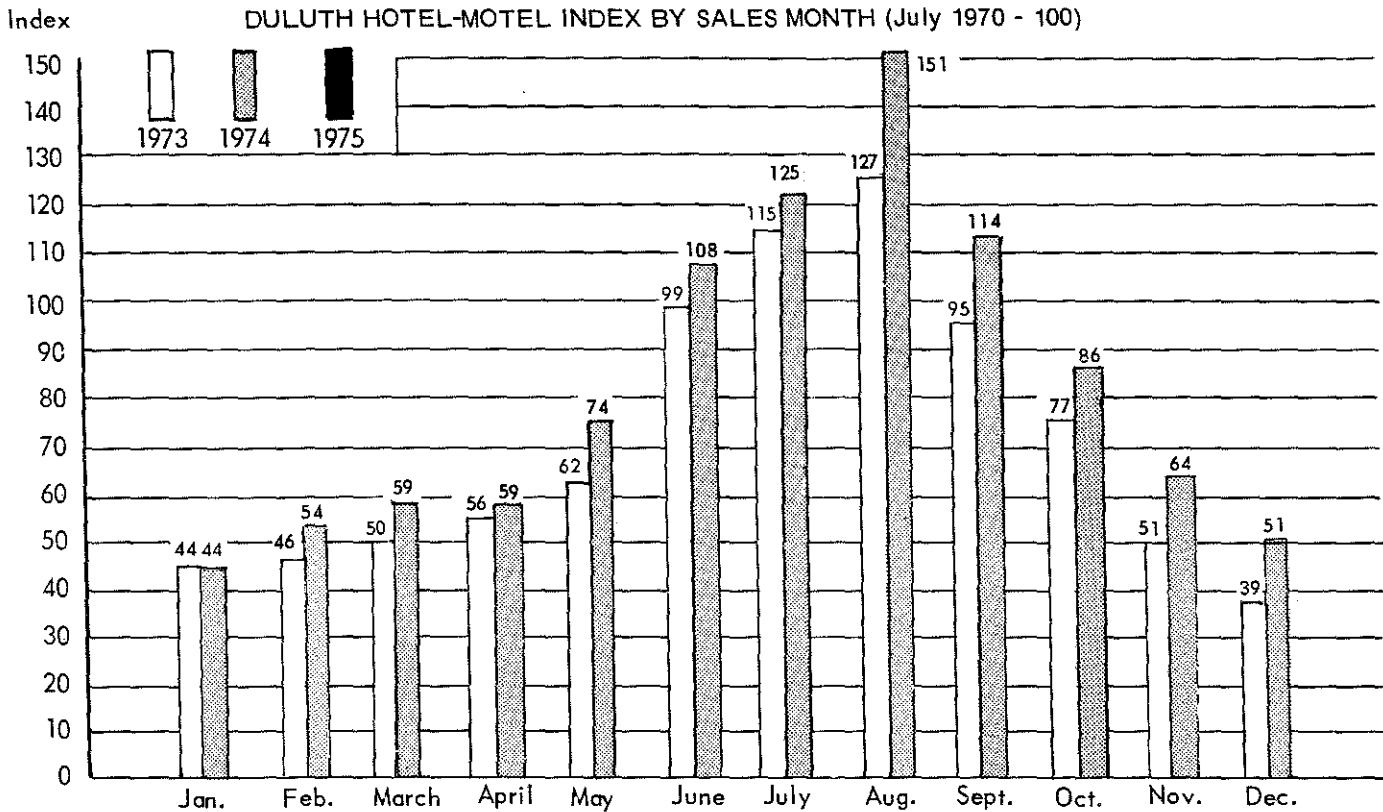
The big difference in the value of building permits issued and under construction (in 1967 dollars) in January compared to the January, 1974 activity is that this year there was virtually no activity for non-residential building and the dollar amount of alteration and repair work was only a fraction of last year's figure.

The increase in postage rates, effective last March, was almost solely the cause for the over-the-year gain recorded for this component. The withholding action this winter on the part of grain farmers has in effect reduced the amount



Duluth Hotel-Motel Indicators

VOLUME V, NUMBER 1, 1975



ANALYSIS

Duluth Hotel-Motel Index

December, 1974 Index Higher Than December, 1973

The tentative December, 1974 Duluth Hotel-Motel Index was 51 as compared with the December, 1973 Index of 39 and December, 1972 Index of 38. The Index measures room rental receipts unadjusted for price changes.

Average Daily Room Rental Receipts per Occupied Hotel-Motel Room in the United States

August, 1974 Receipts Higher Than August, 1973

For the United States the August, 1974 average daily room rental receipts per occupied Hotel-Motel room were \$21.79 as compared with August, 1973 receipts of \$20.93 and August, 1972 receipts of \$19.83. The average increase in hotel-motel room receipts between August, 1974 and August, 1973 was \$.86 or 4.1%. The average percentage increase in national room prices in 1972 over 1971 was \$.67 or 3.6% and in 1973 over 1972 was \$.97 or 5.0%.

Duluth Hotel-Motel Room Rental Receipts

December, 1974 Room Rental Receipts Higher Than December, 1973

Tentative December, 1974 Duluth Hotel-Motel room rental receipts were \$227,786 as compared with December, 1973 room rental receipts of \$171,432.

Average Hotel-Motel Room Occupancy Percentages-Duluth and the United States

For Duluth the August, 1974 average hotel-motel room occupancy was 99.9% as compared with August, 1973 occupancy of 92%.

For the United States August, 1974 average hotel-motel room occupancy was 73% as compared with the August, 1973 occupancy of 70%.

by Richard O. Sielaff, Professor of Business Administration and Economics, University of Minnesota, Duluth
Month of publication, FEBRUARY, 1975

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	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. %					Duluth %	U.S. %	
JAN. 1970	35	\$156,493				AUG. 1970	123	\$546,730			
1971	43	192,789	37%	52%	\$17.78	1971	119	530,906	93%	65%	\$19.30
1972	43	190,706	34	55	19.03	1972	122	541,068	93	68	19.83
1973	44	193,314	34	57	19.52	1973	127	565,673	92	70	20.93
1974	44	193,985	32	56	20.35	1974	151	670,905	99.9	73	21.79
1975						1975					
FEB. 1970	40	\$160,799				SEPT. 1970	94	\$403,475			
1971	51	206,485	44	57	\$17.77	1971	90	387,155	72	62	\$18.79
1972	48	197,494	38	57	19.01	1972	101	432,629	78	64	19.54
1973	46	185,815	35	60	19.85	1973	95	408,374	69	66	20.71
1974	54	218,187	38	63	21.86	1974	114	490,717	78	66	22.08
1975						1975					
MAR 1970	45	\$199,966				OCT. 1970	67	\$298,451			
1971	44	196,148	36	61	\$18.29	1971	67	297,598	51	68	\$19.91
1972	48	211,752	37	63	19.36	1972	69	310,696	52	71	20.43
1973	50	224,067	37	65	20.32	1973	77	342,287	55	74	20.64
1974	59	263,549	42	66	21.54	1974	86	380,299	56	72	22.97
1975						1975					
APR. 1970	46	\$196,223				NOV. 1970	45	\$191,523			
1971	53	227,065	43	62	\$18.73	1971	49	212,197	39	58	\$18.96
1972	55	234,750	43	66	19.07	1972	47	206,509	37	60	19.38
1973	56	239,521	42	67	20.06	1973	51	219,026	37	63	21.04
1974	59	253,105	40	68	22.48	1974	64	275,172		62	22.26
1975						1975					
MAY 1970	56	\$250,987				DEC. 1970	28	\$122,567			
1971	58	256,415	46	62	\$18.93	1971	34	149,230	28	45	\$18.16
1972	62	277,107	49	66	19.35	1972	38	172,601	31	48	18.88
1973	62	277,211	46	69	20.53	1973	39	171,432	29	46	20.36
1974	74	329,930	49	69	22.87	1974	51	227,786			
1975						1975					
JUNE 1970	87	\$376,141					AVERAGE	TOTAL	AVERAGE	AVERAGE	AVERAGE
1971	75	320,512	58	63	\$19.26	1970	63.8	\$3,348,185.	—	—	—
1972	97	418,645	75	68	19.53	1971	66.4	3,481,437.	53.08%	59.66%	\$18.74
1973	99	425,022	73	68	20.39	1972	70.9	3,732,199.	55.08%	62.42%	19.41
1974	108	464,972	73	70	22.30	1973	71.8	3,764,839.	52.92%	64.17%	20.38
1975						1974					
						1975					
JULY 1970	100	\$444,830				SOURCES: (1) <u>Survey of Current Business,</u> U. S. Dept. of Commerce					(3) Computer Program by Duane Anderson, Dept. of Math. UMD
1971	114	504,937	90	61	\$18.95	(2) Department of Finance and Records City of Duluth					
1972	121	538,242	94	63	19.45						
1973	115	513,097	86	65	20.25						
1974	125	555,958	85	67	22.27						
1975											

* Tentative

PERCENTAGE CHANGE IN 15 INDIVIDUAL BUSINESS INDICATORS FOR THE CITY OF DULUTH
Year-to-date compared to 1974

INDICATOR	Percentage Change						
	-15	-10	-5	0	+5	+10	+15
Bank Debits							+22%
Postal Receipts							+15%
Number of Telephones							+2%
State Metal Mining Empl.							+2%
Electric Power (Commercial-Industrial)							+1%
Number of Electric Customers				No Change			
Other Lake Cargo				No Change			
Iron Ore Shipments				No Change			
Coal Receipts				No Change			
Duluth Nonagricultural Empl.				-1%			
Electric Power (Residential)				-5%			
Duluth Retail Sales Index (Adj.)				-6%			
Total Duluth Business Index				-11%			
Building Permits (Adjusted)				-46%			
Freight Carloadings				-46%			
Grain Shipments				-58%			

of incoming grain receipts to the extent of making available about 30% more storage space in the grain elevators this January than was the case in January, 1974.

The local job market continues to provide little immediate hope for the laid-off worker. With wage and salary employment below a year ago and unemployment rising from 7.6% to 7.9% in the January, 1974-January, 1975 comparison, competition for jobs remains keen, particularly so in the blue collar field.

A broad measure of the current availability of workers can be observed by noting that the ratio of all types of applicants registered with the Duluth office of the State Employment Service to job openings received in January was 7.6 to 1, up from the 7.3 to 1 ratio in December. The lowest figure in 1974 was last July when the ratio was down to 4.8 to 1.

Even though the number of job openings received in January was up 31% over the year previous figure the numerical gain of 160 job openings was not enough to ease the unemployment picture. In addition, over one-half of this job opening gain consisted of jobs for casual work of only three days or less duration.

The January index of retail sales (deflated for price changes) recorded a sharp 7% decline from a year ago. Whether this decrease can be attributed solely to heavier-than-normal pre-Christmas sales or to the fact that higher unemployment this year in concert with the spiraling inflation figures is a moot point. Whatever the combination of factors affecting retail trade may be, it can be clearly seen that prices of automobiles and energy considerations were important factors in the 39% decrease in automotive sales from a year ago.

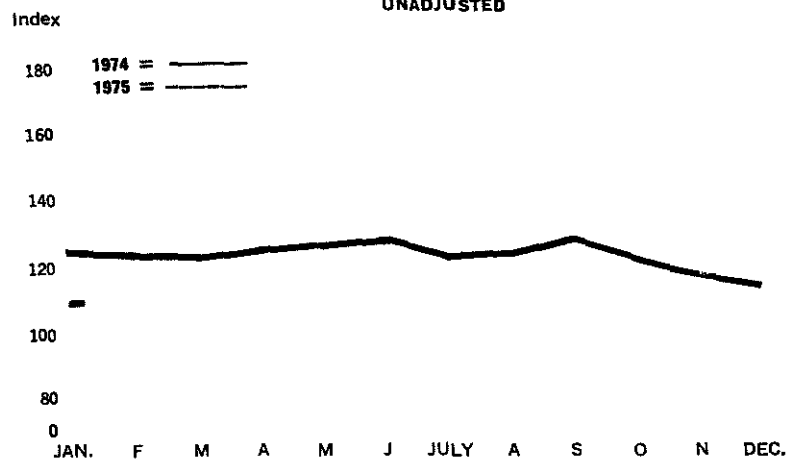
Although price reduction campaigns were initiated in the auto industry in mid-January and the increased floor traffic as a result of these promotions were noted almost immediately, it appears that the increase in sales will not be fully reflected until the figures for February are compiled.

In January, 1975 a total of 21 of the 37 stores in the retail sample reported dollar volume gains over the previous year, while 15 stores experienced declines. One establishment reported no change.

HIGHLIGHTS OF U. S. S. INDEX OF INDUSTRIAL PRODUCTION
 January 1975 compared to January 1974

Total Index down 10%
Consumer goods production down 8%
Manufacturing production down 10%

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	Jan. 1975	Dec. 1974	Jan. 1974	INDEX CHANGE		UNIT	Jan. 1975	Dec. 1974	Jan. 1974
				Jan. '74 to Jan. '75	Dec. '74 to Jan. '75				
Freight Carloadings	47	91	87	- 40	- 44	(Cars)	5,263	10,286	9,785
Bank Debits	165	169	134	+ 31	- 4	(Dollars in '000's)	350,362	359,671	286,161
Building Permits ²	76	94	140	- 64	- 18	(Actual \$ Value)	226,833	334,880	2,179,391
Postal Receipts	161	190	140	+ 21	- 29	(Dollars)	378,739	449,071	329,707
Number of Telephones	126	126	124	+ 2	0	(Units)	88,779	88,949	87,311
Electric Power (Commercial & Industrial)	121	123	120	+ 1	- 2	(K.W.H. in '000's)	30,178	30,723	29,871
Electric Power (Residential)	156	129	164	- 8	+ 27	(K.W.H. in '000's)	22,780	18,724	23,939
Number of Electric Customers	102	102	102	0	0		34,125	34,098	33,999
Grain Shipments	45	109	107	- 62	- 64	(Bushels in '000's)	13,287	32,120	31,246
Coal Receipts	0	16	0	0	0	(Short Tons in '000's)	0	38	0
Iron Ore Shipments	5	51	0	+ 5	- 46	(Gross Tons in '000's)	56	603	0
Other Lake Cargo	0	337	0	0	-337	(Short Tons)	0	118,662	0
Duluth Nonagricultural Empl.	96	100	97	- 1	- 4	(Persons)	39,900	41,700	40,400
Duluth Retail Sales Index ³	77	165	83	- 6	- 88	
State Metal Mining Empl.	100	102	98	+ 2	- 2	(Persons)	12,700	13,000	12,500
OVERALL	86	123	97	- 11	- 37				

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.
3. Adjusted for price changes.

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