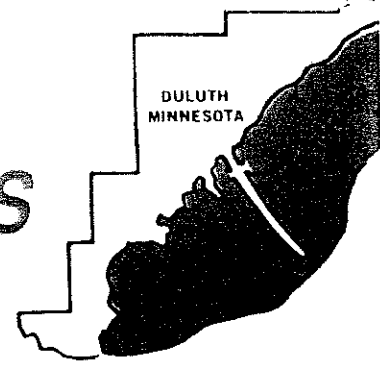


DULUTH BUSINESS INDICATORS



Bureau of Business and Economic Research
School of Business and Economics
University of Minnesota, Duluth
In cooperation with the Minnesota Department of Jobs and Training

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Highlights

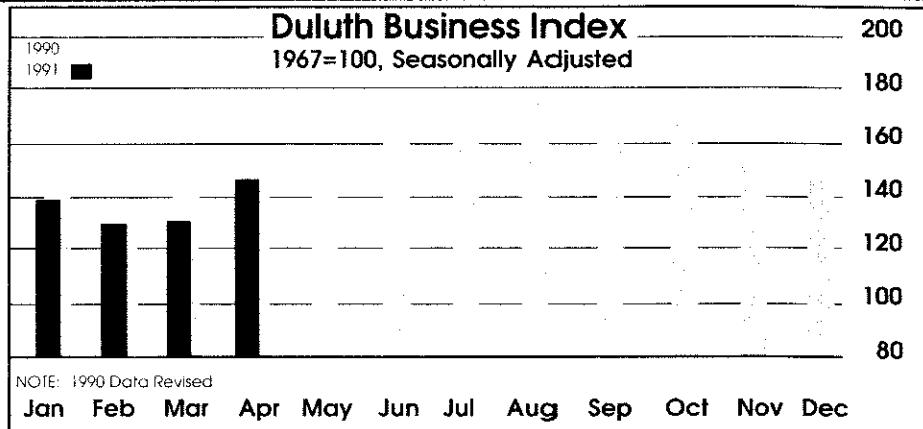
April Index Improves

Employment Continues To Be Strong

Jobless Rate Down Slightly

Single Family Unit Construction Slows

Retail Sales Still Soft



ECONOMIC CONDITIONS

Duluth economic activity in April recorded an increase greater than average over the previous month but still failed to match the year ago level. The April business index rose to 145 from the March level of 132 but was still short of the 151 index level recorded in April 1990.

The slowdown in Duluth's economy is clearly evident by the fact that the index for the first four months has averaged 2.4 percent below that for the same months of 1990. Bank deposits, airline passenger traffic, grain shipments and lake cargo all posted four month average declines from their average levels of last year. The local economy softened somewhat in comparison to and reflects the impact of the national recession.

The one sector of our economy that continues to offer strong support to the business climate is nonagricultural wage and salary employment. The 49,700 job total in April was up by 200 over March and 500 more than one year earlier. The March-April rate of increase in jobs was about the same as the average seasonal upturn for this category in the past 10 years. April's job total was the highest for that month since the employment series was initiated in 1974. Since that year, job growth for the month of April has amounted to 7,750 jobs or an 18 percent increase. The gain over the past 12 months was primarily in the service industries sector. The average level of employment for the first four months of 1991 is running about 1 percent higher than last year for the same period.

The number of unemployed persons in April recorded a slight decline from March. The approximately 2,200 jobless persons in April was down 195 persons from March and the unemployment rate for April was 5.4 percent compared to 5.8 percent in March. The seasonal March-April drop in the rate of unemployment of 6.9 percent was up from the previous 10 year average of 6.0 percent indicating an

improved job market.

Fewer claims for unemployment benefits were filed in April during the week containing the 12th than for the comparable week of any month since January. The decrease in claims activity can result from an improved job picture as well as from persons who have exhausted their unemployment benefits and are no longer counted as claimants. In April 1991, the number of claimants constituted 44.6 percent of the unemployed while one year earlier only 35.6 percent of the unemployed were collecting unemployment benefits.

In April of this year, the claimants collecting unemployment benefits were receiving benefits for a longer period of time than was the case one year ago. Currently 30.7 percent were drawing benefits for 15 weeks or longer compared to 27.6 percent last year. This would suggest that their re-entry to the ranks of the employed is more difficult than last year. About one-half of the workers receiving benefits checks this year came from construction and service jobs.

For the seven counties of Northeastern Minnesota, known as Region 3, the rate of unemployment is down from last year. In April of last year, the regional jobless rate was 8.3 percent and dropped to a 7.5 percent rate this April. Although the rate showed a decrease, the actual number of jobless persons dropped only moderately. Despite the improved jobless rate, the number of dollars paid out in the region for food stamps rose. During the first four months of this year, a total of \$6.7 million has been issued in the food stamp program which is up 18 percent over the same period in 1990. Given the fact that the CPI for food at home was up only 3.8 percent over last year, the sharp rise noted in the overall food stamp dollar increases cannot be attributed to inflation

INDEX HIGHLIGHTS

TIME PERIOD	DULUTH INDEX
April 1991	145
March 1991	132
March-April Change	+13
Normal Seasonal Change	
March to April	+9
April 1990	151
Change, April 1990 to April 1991	-6
Seasonally Adjusted Index	
April 1990	156
Seasonally Adjusted Index	
April 1991	150

DULUTH LABOR MARKET

	April 1991	April 1990	% Change
TOTAL LABOR FORCE	40,800	39,600	+3
(Duluth Residents)			
Unemployment	2,200	2,500	-12
% of Total (Actual)	5.4%	6.3%	xxx
Seasonally Adjusted	4.8%	5.5%	xxx
Employment	38,600	37,100	+4
% of Total	94.6%	93.7%	xxx
TOTAL WORK FORCE	49,700	49,200 ¹	+1
(Duluth Jobs)			
Manufacturing	4,300	4,100 ¹	+5
% of Total	8.6%	8.3%	xxx
Nonmanufacturing	45,400	45,100 ¹	+1
% of Total	91.4%	91.7%	xxx
PERSONS CLAIMING UNEMPLOYMENT BENEFITS	980	882	+11
(Duluth Only)			
AVERAGE WEEKLY EARNINGS	\$453.47	\$454.96	-0.3
(Manufacturing Only)			

¹ Revised

NOTE: Employment totals may not add up due to rounding.
Source: Minnesota Dept. of Jobs & Training

DULUTH TOURIST INDEX

June, July, August 1978=100

APRIL INDEX

April 1991	March 1991	April 1990
69	80	66

Estimated Tourist Expenditures (in 000's)

	Apr. 1991	Apr. 1990	% Change 1990-91
Lodging	\$1,645	\$1,432	+14.9%
Eating-Drinking	3,046	2,970	+ 2.6%
Retail Sales	1,101	1,033	+ 6.6%
Auto. Gas	536	503	+ 6.6%
Other	851	798	+ 6.6%
TOTAL	\$7,179	\$6,736	+ 6.6%

alone. Other factors in the job market must then be considered.

The volume of airline passenger traffic was virtually unchanged from March but declined nearly 11 percent from April of last year. Originating and transfer volume was down by 13 percent from last year and terminating volume was 9 percent below April of last year.

Bank deposits in April were up by 3 percent but failed to match one year ago by nearly 9 percent. For the first four months of this year, bank deposits are averaging 10 percent below last year's average for the comparable months.

The value of building permits issued and under construction (in 1967 dollars) since the first of the year is 19 percent below the same four months of 1990. The index for this component did record a rise over March but lagged a year ago by a considerable margin. During the first four months in 1990, a total of \$6.5 million in building permits were issued as compared to \$8.5 million for the same time period in 1991. The 1991 dollar figure represented 515 permits issued compared to 493 in 1990.

In the January-April period this year, the average value of building permits issued amounted to \$16,480 which is up from the same period of last year when the average was \$13,244. Given the fact that the construction cost index prepared by the Bureau of Census is up only 1.4 percent from April of 1990, it is evident that a more expensive type of construction is under way this year.

New single family dwellings are being constructed at a slower pace this year than was the case in 1990. Sixteen permits have been issued so far for single family dwellings compared to 20 last year. Although fewer permits have been issued, the average dollar value per permit is up from \$81,107 last year to \$84,919 this year.

The name of the game in the construction industry this year is leaning more and more toward alteration and repair work. This year, 68 percent of the building permit dollar has gone for alteration and repair work compared to 59 percent last year. About two-thirds of the alteration and repair dollar, both this year and last year, has been for nonresidential structures.

A five percent increase in the year-to-date use of electric power over the same period of last year by commercial and industrial customers has occurred with the greater rate of increase noted in the industrial sector. Residential consumption, however, is down slightly from last year's year-to-date average.

Grain shipments and receipts rose seasonally in April, but the rate of increase over March was only about one-fourth the average seasonal gain of the past 10 years. The volume of grain handled in April was 67 percent below a year earlier and so far this year grain activity is about one-third of last year's volume. The record so far this year has been adversely affected by a reduced worldwide demand for wheat and reduced barge rates on the Mississippi river. The figures this year may also suggest what the rest of the shipping season could be like unless there is a sharp reversal in traffic during the summer and early fall.

Surprisingly, the tonnage figures for iron ore shipped this season are running ahead of last year by 20 percent. Despite the report of the American Iron Ore Association that national consumption and iron ore inventories since January were down by 15 percent in the United States, April ore inventories were up by 1.1 million tons over last year. Metal mining employment in April still continues to reflect a viable market; although at this point, the season is still young. The 6,500 workers in April was up by 100 over March and 200 over April 1990.

Retail sales in April began to show some recovery but the year-to-date sales figures, deflated for price changes, still were

PERCENTAGE CHANGE IN 14 INDIVIDUAL BUSINESS INDICATORS FOR THE CITY OF DULUTH

Year-to-date 1991 compared to 1990

INDICATOR	PERCENTAGE CHANGE						
	-15	-10	-5	0	+5	+10	+15
Iron Ore Shipments							+20%
Postal Receipts					+6%		
Electric Power (Commercial-Industrial)					+5%		
State Metal Mining					+5%		
Tourist Index					+3%		
Duluth Nonagricultural Employment					+1%		
Electric Customers					NO CHANGE		
Electric Power (Residential)			-1%				
TOTAL DULUTH BUSINESS INDEX			-2%				
Retail Sales (Adj.)		-4%					
Other Lake Cargo		-8%					
Airline Passengers		-9%					
Bank Deposits		-10%					
Building Permits (Adj.)		-19%					
Grain Shipments		-36%					

below last year. At the end of the first quarter of 1991, the season's report card showed a 5.3 percent decline from last year. At the end of April, however, some improvement was noted and the four month statistics improved to a minus 3.7 percent compared to last year.

U.S. CONSUMER PRICE INDEX

(1982-1984=100) Unadjusted	Apr 1991	Apr 1990	% Change
All Urban Consumers	135.2	128.9	+4.9%
Urban Wage Earners & Clerical Workers (Revised)	133.3	127.3	+4.7%

Source: Bureau of Labor Statistics

REPORT OF DULUTH FINANCIAL ACTIVITY

	Apr 1991	Apr 1990
BANK DEBITS - TOTAL	\$1,121.8	\$1,023.5
Individuals	164.9	153.5
% of Total	14.7%	15.0%
Commerical Accounts	840.7	765.7
% of Total	74.9%	74.8%
Government (State and Local)	116.2	104.5
% of Total	10.4%	10.2%
TOTAL DEPOSITS (END-OF-MONTH)	\$951.1	\$1,038.1
Demand	164.2	188.4
% of Total	17.3%	18.1%
Time and Savings	786.9	849.7
% of Total	82.7%	81.9%
Savings Only	127.6	134.9
DOLLAR VALUE OF NEW REAL ESTATE MORTGAGES ISSUED (CURRENT MONTH)	2.7	3.6
Residential ²	2.5	3.3
% of Total	91.5%	91.8%

DEPOSIT TURNOVER RATE ³	6.8	5.4
------------------------------------	-----	-----

1 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.
2 Estimated figure
3 Deposit turnover - bank debits divided by demand deposits.

DULUTH RETAIL SALES

Selected Industry Description	UNADJUSTED (FOR PRICE CHANGES)				ADJUSTED (1982-1984=100) SALES					
	SALES ('000'S OF DOLLARS)				MONTHLY			YEAR-TO-DATE		
	Apr 1991	% Total	Apr 1990	% Total	Apr 1991	Apr 1990	% Change	1991	1990	% Change
Bldg., Materials, Hardware, etc.	\$ 2,440	3.7%	\$ 2,484	3.9%	\$ 1,810	\$ 1,941	-6.7%	\$ 5,896	\$ 6,300	-6.4%
Department Stores	11,961	18.1%	11,339	18.0%	8,873	8,858	0.2%	30,538	31,817	-4.0%
Grocery Stores	9,001	13.6%	8,392	13.3%	6,633	6,352	4.4%	26,461	26,032	1.6%
Other Food Stores	1,620	2.4%	1,626	2.6%	1,194	1,231	-3.0%	4,705	4,731	-0.5%
Moter Veh. Dealers (New & Used)	9,077	13.7%	8,615	13.7%	7,489	7,452	0.5%	20,804	26,816	-22.4%
Other Auto Dealers, Serv. Stations	6,022	9.1%	6,040	9.6%	4,969	5,225	-4.9%	20,886	20,281	3.0%
Apparel & Accessory Stores	2,109	3.2%	2,343	3.7%	1,671	1,946	-14.1%	6,125	7,098	-13.7%
Furniture, Home Furnishings	2,631	4.0%	1,897	3.0%	2,276	1,682	35.3%	7,394	6,208	19.1%
Eating & Drinking Places	8,119	12.3%	7,785	12.3%	5,992	5,930	1.0%	23,492	23,748	-1.1%
Miscellaneous Places	13,283	20.0%	12,529	19.9%	9,854	9,788	0.7%	38,016	38,425	-1.1%
TOTAL	\$66,263	100.0%	\$63,050	100.0%	\$50,761	\$50,405	0.7%	\$184,317	\$191,456	-3.7%
DULUTH RETAIL SALES INDEX					109.5	108.8	0.7%	99.4	103.3	-3.7%

Note: The information contained in this table reflects actual sales of Duluth firms who report sales taxes on a monthly basis. Information on sales of other firms and on the methodology used to prepare this table can be obtained from the Bureau on request.
Source: City of Duluth, Treasurer's Office

DULUTH BUSINESS INDICATORS

INDEX NUMBERS (1967 = 100) UNADJUSTED

ORIGINAL DATA

Component	INDEX CHANGE					Unit	ORIGINAL DATA		
	Apr 1991	Mar 1991	Apr 1990	Apr '90 to Apr '91	Mar '91 to Apr '91		Apr 1991	Mar 1991	Apr 1990
Airline Passengers	100	100	112	-12	0	(Persons)	18,170	18,144	20,339
Bank Deposits ²	287	278	313 ⁵	-26	9	(Dollars in '000's)	976,795	944,329	1,038,130
Building Permits ³	60	51	91	-31	9	(Actual \$ Value)	1,982,809	1,616,133	2,079,992
Postal Receipts	517	593	516	1	-76	(Dollars)	1,218,465	1,399,100	1,217,438
Electric Power (Commerical & Industrial)	336	313	308	28	23	(K.W.H. in '000's)	83,987	78,141	76,983
Electric Power (Residential)	145	154	156	-11	-9	(K.W.H. in '000's)	21,126	22,374	22,652
Number of Electric Customers	108	108	107	1	0		36,005	36,024	35,866
Grain Shipments	31	26	96	-65	5	(Bushels in '000's)	9,203	7,623	28,149
Tourist Index	69	80	66	3	-11		---	---	---
Iron Ore Shipments	48	2	46	2	46	(Gross Tons in '000's)	568	23	537
Other Lake Cargo	152	0	164	-12	152	(Short Tons)	53,504	0	57,876
Duluth Nonagricultural Employment	119	118	118 ⁶	1	1	(Persons)	49,700	49,200	49,000 ⁶
Duluth Retail Sales Index ⁴	109	107	109	0	2	(Dollars in '000's)	66,264	65,089	63,049
State Metal Mining Employment	51	50	50	1	1	(Persons)	6,500	6,400	6,300
OVERALL	145	132	151	-6	13				

1. Source of data: Duluth Industrial Bureau, Building Inspector's Office of the City of Duluth, U.S. Post Office in Duluth, Minnesota Power Company, Minneapolis Grain Exchange, American Iron Ore Association, Seaway Port Authority of Minnesota, Minnesota Department of Jobs & Training, and the Department of Economics, University of Minnesota-Duluth.
2. 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.
3. The Building Permits Index is adjusted to reflect the amount of construction occurring during the month.
4. Deflated for price changes. All dollar figures shown for retail sales are in current (unadjusted for price changes) dollars.
5. Last year's monthly index has been revised to reflect the replacement of the bank debit subindex with the bank deposit subindex and the replacement of the coal receipt subindex with the tourist index.
6. Revised.

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