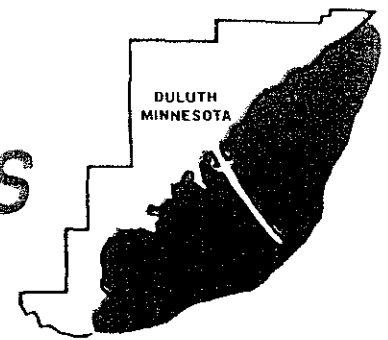


# DULUTH BUSINESS INDICATORS

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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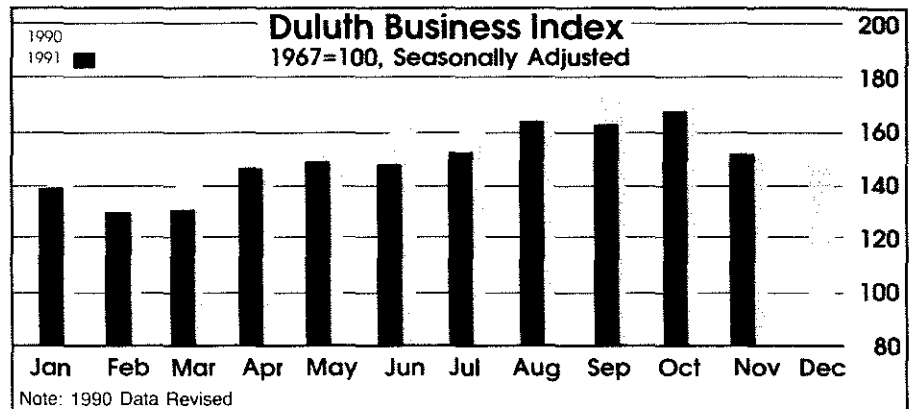
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## Highlights

- Economic Recovery Still Stalled
- Employment Level Maintained
- Jobless Rate Drops
- Single Housing Permits Lag
- Tourist Activity Up For Season



## ECONOMIC CONDITIONS

Economic activity for November in Duluth decreased by more than the average seasonal decrease in the October-November comparison. The business index for November was 154 compared to 166 for the previous month a decrease which is far greater than the previous 10 years average of 0.3 points. November's index did, however, gain by one index point over the year ago level. For the first 11 months of 1991 the index averaged 4.5% below the same months of 1990 and represents a slight improvement over the year-to-date comparison of a 5 percent deficit for the period ending in October. This marks the second successive month that the year-to-date reading has shown a slight improvement over the 1990 figure.

Wage and salary employment continues to provide a strong base to the well being of the local economy. The 51,400 jobs in November was 200 higher than October's level and 900 above November 1990.

Employment in manufacturing firms accounted for 8.3% of total wage and salary jobs in November, a minimal gain over the 8.2 share one year earlier. The average length of the work week for production workers in manufacturing in November was 37.4 hours which is up slightly over the 37.0 average hour work week in November 1990. An increase in the average length of the work week in nondurable goods firms from 32.9 hours last November compared to 36.4 hours this year was nearly offset by the reduced hours worked in durable goods firms from 40.5 hours in November 1990 compared to 36.4 hours in November 1991.

The unemployment rate in November 1991 was 5.1 percent which represents a decrease from the 5.5% rate for the previous month. The current jobless rate was up sharply from last year's 3.9% rate. Duluth's November rate

was a shade above the Minnesota rate of 5.0% for November but well below the 6.6% rate for the United States.

More persons were collecting unemployment benefits in November than in October 1991 or in November 1990. The 700 unemployed claimants in November was greater than the 527 count for the previous month and the 531 count for one year ago. The increase over one month ago and one year ago is partly the result of the legislation passed extending the number of weeks an unemployed person who had exhausted their claims and were still unemployed could collect. This legislation did offer some temporary financial assistance to the jobless. It was noted that in October only 23% of the unemployed were also collecting unemployment benefits. This rate rose to 34% in November. One year earlier the rate was 33%.

Airline passenger traffic in November was below both one month ago and one year ago. Although there has been some improvement in the comparison with 1990 figures the first 11 months of 1991 still averaged 5.7% below the same 11 months of 1990. This represents some recovery this year, however, when the first quarter of 1991 passenger volume was 8.7% below the same quarter of last year.

The value of building permits issued (in 1967 dollars) and under construction took a sharp drop from October and was only slightly higher than one year ago. The permit valuations index for the first 11 months of this year is down 7% from the same 11 months of 1990. There have been 276 fewer permits issued so far compared to last year but the average value per permit issued so far this year of \$19,795 is up from the \$15,123 average for last year for the same time period. This increase of nearly 31% is far greater than the 1% rise in the construction cost index indicating an upscale in the value of the projects undertaken.

## INDEX HIGHLIGHTS

TIME PERIOD	DULUTH INDEX
November 1991 .....	154
October 1991 .....	166
October-November Change .....	-12
Normal Seasonal Change	
October to November .....	-0.3
November 1990 .....	153
Change, November 1990 to November 1991 .....	+1
Seasonally Adjusted Index	
November 1990 .....	146
Seasonally Adjusted Index	
November 1991 .....	146

## DULUTH LABOR MARKET

	Nov. 1991	Nov. 1990	% Change
TOTAL LABOR FORCE .....	40,500	41,200	-2
(Duluth Residents)			
Unemployment .....	2,100	1,600	+31
% of Total (Actual) .....	5.1%	3.9%	xxx
Seasonally Adjusted .....	6.1%	4.7%	xxx
Employment .....	38,500	39,600	-3
% of Total .....	94.9%	96.1%	xxx
TOTAL WORK FORCE .....	51,400	50,500 <sup>1</sup>	+2
(Duluth Jobs)			
Manufacturing .....	4,300	4,100 <sup>1</sup>	+5
% of Total .....	8.3%	8.2%	xxx
Nonmanufacturing .....	47,100	46,400 <sup>1</sup>	+2
% of Total .....	91.7%	91.8%	xxx
PERSONS CLAIMING UNEMPLOYMENT BENEFITS .....	700	531	+32
(Duluth Only)			
AVERAGE WEEKLY EARNINGS .....	\$405.45	\$441.60	-8
(Manufacturing Only)			

<sup>1</sup> 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

### NOVEMBER INDEX

October 1991	November 1991	November 1990
93	61	63

Estimated Tourist Expenditures (in 000's)

	Nov. 1991	Nov. 1990	% Change 1990-91 <sup>1</sup>
Lodging .....	\$1,459	\$1,456	+ 0.2%
Eating-Drinking .....	2,763	2,883	- 4.2%
Retail Sales .....	990	1,018	- 2.8%
Auto. Gas .....	483	496	- 2.6%
Other .....	766	787	- 2.7%
TOTAL .....	\$6,461	\$6,640	- 2.7%

There have been 21 fewer permits issued for single family dwellings so far this year than last year but the average value of these permits has risen from \$78,191 in 1990 to \$86,195 this year which represents an increase of 10%. On the downside there have been 24 demolitions of single family dwellings since January compared to 32 for the same period in 1990. Alteration and repair work still commands the major share of the building dollar with 59% of the building dollar going for this type of work vis-a-vis 52% last year.

More electric power has been consumed this year by commercial and industrial customers than last year. Overall the rate of consumption is up by 3% with commercial usage accounting for the bulk of the increase. Residential usage is also running 2.5% ahead of last year's figure.

Grain shipments and receipts in November dropped by nearly one-third from October's volume. Normally this time of the year experiences a seasonal drop of 6%, but this year with the weak demand all season the October-November decrease amounted to 30%. The season's record to date shows a 27% loss from the same months last season.

More than one-half of the grain coming into the port arrives via rail with the balance, 40.6%, arriving by truck. The movement of grain to the port by truck has been picking up in recent years. With 40.6% of grain receipts arriving by truck so far this season, this is the biggest share since 1979.

As would be expected, the index of tourist activity in November is down seasonally from October. The index for November was 61 representing a drop of 32 index points from October which is normal for this highly seasonal industry. The November index was also down from one year ago when the index was 63. On a year-to-date basis, however, the index this year is running 6.7% ahead of the previous year for the same 11 months. Only two major sized gatherings were scheduled in November. They were the Tourist Railway Association, Inc. and the Association of Minnesota Counties.

Iron ore shipments for November fell by 45% from October which is much greater than the average 24% decline experienced in recent years. The November tonnage figure is also 57% below the November 1990 total. The late season decline reflects what is happening to the demand for ore at the national level. Since the opening of the shipping season this year tonnage is 3.8% below the same 11 months in 1990.

The American Iron Ore Association reports that iron ore consumption by steelmakers in the United States has declined and was down by 15% from year-to-date 1990 levels. Inventories in the United States are rising and at the end of November were 3.2 million tons higher than they were in November 1990. Since the opening of the 1991 ore shipping a total of 6,561,000 gross tons (railroad weights) have left the Duluth port. This figure is down by 3.9% from the comparable 11 months in 1990. The nearby port of Two Harbors has handled 9,814,000 gross tons of iron ore this shipping season, up by 0.7% over its 1990 season. However, the Two Harbors port has handled 3.3 million more gross tons than the Duluth port total.

A drop in the average length of the work week for production workers in the iron ore mines is noted in the average hours worked. In October the average work week was 44.5 hours which dropped to 42.9 in November. Employment levels in metal mining have yet to reflect any serious adjustment to the national consumption of iron ore decrease. The 6,300 workers in metal mining in November was the same as the October figure and 100 workers less than one year ago. The over-the-year decline of 100 workers can be as much the result of the rounding of figures as a planned cut in staffing.

Import-export cargo (excluding grain) handled so far in 1991 is down 41% from the same months in 1990. Major losses from 1990 figures were noted overseas imports of bulk grain and overseas exports of miscellaneous bulk cargo. Canadian imports of newsprint and exports to Canada of coal and coke and miscellaneous bulk cargo are also below their 1990 ton-

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

Year-to-date 1991 compared to 1990

PERCENTAGE CHANGE

INDICATOR                    -15   -10   -5   0   +5   +10   +15

Tourist Index		+7%
Electric Power (Industrial & Commercial)		+3%
Electric Power (Residential)		+2%
State Metal Mining		+1%
Duluth Nonagricultural Employment		+1%
Electric Customers		NO CHANGE
Retail Sales (Adj.)	-1%	
Postal Receipts	-2%	
Iron Ore Shipments	-4%	
<b>TOTAL DULUTH BUSINESS INDEX</b>	<b>-4%</b>	
Bank Deposits	-5%	
Airline Passengers	-6%	
Building Permits (Adj.)	-7%	
Grain Shipments	-27%	
Other Lake Cargo	-41%	

nages.

Duluth retailers noted an increase in retail sales (deflated for price changes) of 3.5% over October, however, sales failed to match the November 1990 level. Sales for the first 11 months of 1991 still averaged 1.4% below last year and this was only slightly better than the mid-year report of a minus 1.7%.

## U.S. CONSUMER PRICE INDEX

	Nov. 1991	Nov. 1990	%
(1982-1984=100) Unadjusted			
All Urban Consumers .....	137.8	133.8	+3.0%
Urban Wage Earners & Clerical Workers (Revised) .....	135.8	132.2	+2.7%

Source: Bureau of Labor Statistics

## REPORT OF DULUTH FINANCIAL ACTIVITY<sup>1</sup>

	Nov. 1991	Nov. 1990
<b>BANK DEBITS - TOTAL</b> .....	\$898.0	\$1,009.4
Individuals .....	103.4	115.3
% of Total .....	11.5%	11.4%
Commerical Accounts .....	687.7	790.6
% of Total .....	76.6%	78.3%
Government (State and Local) .....	106.9	103.4
% of Total .....	11.9%	10.3%
<b>TOTAL DEPOSITS (END-OF-MONTH)</b> .....	\$1,003.5	\$936.8
Demand .....	178.6	175.0
% of Total .....	17.8%	18.7%
Time and Savings .....	824.8	761.8
% of Total .....	82.2%	81.3%
Savings Only .....	130.3	121.5
<b>DOLLAR VALUE OF NEW REAL ESTATE MORTGAGES ISSUED (CURRENT MONTH)<sup>2</sup></b>		
Residential <sup>2</sup> .....	4.6	3.3
% of Total .....	4.4	2.8
% of Total .....	95.9%	84.8%
<b>DEPOSIT TURNOVER RATE<sup>3</sup></b> .....	5.0	5.8

<sup>1</sup> 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.  
<sup>2</sup> Estimated figure  
<sup>3</sup> Deposit turnover - bank debits divided by demand deposits.

## DULUTH RETAIL SALES

Selected Industry Description	UNADJUSTED (FOR PRICE CHANGES) SALES ('000'S OF DOLLARS)				ADJUSTED (1982-1984=100) SALES					
	NOV.		NOV.		MONTHLY			YEAR-TO-DATE		
	1991	% Total	1990	% Total	1991	1990	% Change	1991	1990	% Change
Bldg., Materials, Hardware, etc. ....	\$ 3,005	4.2%	\$ 2,525	3.6%	\$ 2,192	\$ 1,903	15.1%	\$ 22,270	\$ 21,685	2.7%
Department Stores .....	15,458	21.7%	16,424	23.3%	11,267	12,377	-9.0%	98,884	102,228	-3.3%
Grocery Stores .....	9,783	13.7%	9,153	13.0%	7,252	6,887	5.3%	75,035	76,588	-2.0%
Other Food Stores .....	1,673	2.4%	1,666	2.4%	1,241	1,253	-1.0%	13,633	13,769	-1.0%
Moter Veh. Dealers (New & Used) .....	7,454	10.5%	6,367	9.0%	6,105	5,245	16.4%	75,187	74,186	1.3%
Other Auto Dealers, Serv. Stations .....	6,371	9.0%	7,131	10.1%	5,218	5,874	-11.2%	57,841	62,448	-7.4%
Apparel & Accessory Stores .....	2,370	3.3%	2,412	3.4%	1,805	1,902	-5.1%	19,880	21,290	-6.6%
Furniture, Home Furnishings .....	1,664	2.3%	1,993	2.8%	1,430	1,752	-18.4%	19,593	19,713	-0.6%
Eating & Drinking Places .....	6,923	9.7%	7,988	11.3%	5,090	5,997	-15.1%	71,060	72,551	-2.1%
Miscellaneous Places .....	16,486	23.2%	14,975	21.2%	12,016	11,285	6.5%	117,259	114,219	2.7%
<b>TOTAL</b> .....	<b>\$71,187</b>	<b>100.0%</b>	<b>\$70,634</b>	<b>100.0%</b>	<b>\$53,616</b>	<b>\$54,475</b>	<b>-1.6%</b>	<b>\$570,642</b>	<b>\$578,677</b>	<b>-1.4%</b>
<b>DULUTH RETAIL SALES INDEX</b>					115.7	117.5	-1.6%	111.9	113.5	-1.4%

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<sup>1</sup>

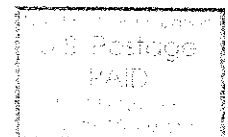
## INDEX NUMBERS (1967 = 100) UNADJUSTED

## ORIGINAL DATA

Component	INDEX CHANGE					Unit	ORIGINAL DATA		
	Nov. 1991	Oct. 1991	Nov. 1990	Nov '90 to Nov '91	Oct '91 to Nov '91		Nov. 1991	Oct. 1991	Nov. 1990
Airline Passengers	91	122	98	-7	-31	(Persons)	16,475	22,066	17,805
Bank Deposits <sup>2</sup>	293	294	275 <sup>5</sup>	18	-1	(Dollars in '000's)	1,003,469	1,007,900	936,811
Building Permits <sup>3</sup>	72	132	71	1	-60	(Actual \$ Value)	1,820,995	6,624,520	4,456,741
Postal Receipts	557	566	571	-14	-9	(Dollars)	1,313,708	1,334,059	1,346,733
Electric Power (Commercial & Industrial)	313	326	305	8	-13	(K.W.H. in '000's)	78,227	81,418	76,189
Electric Power (Residential)	152	131	142	10	21	(K.W.H. in '000's)	22,197	19,018	20,620
Number of Electric Customers	107	107	107	0	0		35,882	35,768	35,737
Grain Shipments	108	155	153	-45	-47	(Bushels in '000's)	31,813	45,505	45,018
Tourist Index	61	93	63 <sup>5</sup>	-2	-32		---	---	---
Iron Ore Shipments	34	62	59	-25	-28	(Gross Tons in '000's)	399	728	695
Other Lake Cargo	297	265	259	38	32	(Short Tons)	104,444	93,441	90,988
Duluth Nonagricultural Employment	124	123	121	3	1	(Persons)	51,400	51,200	50,500
Duluth Retail Sales Index <sup>4</sup>	116	112	118	-2	4	(Dollars in '000's)	71,189	68,479	70,634
State Metal Mining Employment	50	50	50	0	0	(Persons)	6,300	6,300	6,400
<b>OVERALL</b>	<b>154</b>	<b>166</b>	<b>153</b>	<b>-1</b>	<b>-12</b>				

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.

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