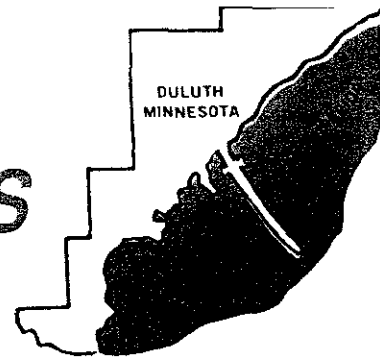


DULUTH BUSINESS INDICATORS

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

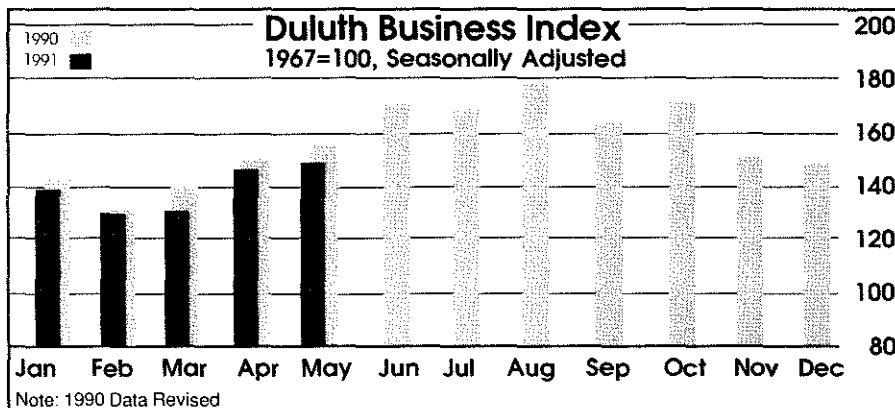
Economy Down From 1990

Employment Still Strong

Jobless Rate Rises

Residential Housing Slows

Retail Sales Recouping



ECONOMIC CONDITIONS

The Duluth economy in May continued to reflect the influence of the national recession although the local downturn developed later than the national trend.

In May, the Duluth Business Index (DBI) was 148 or three points above the previous month. The April-May increase, however, was well below the average 11 point rise of the previous 10 years. In May, six of the barometers making up the index recorded less than their respective average increases noted for the past decade.

On an over-the-year comparison, the May 1991 index was down from the 156 level of May 1990. For the first five months of 1991, the DBI averaged 3 percent below the same five months of 1990. The local economy has softened somewhat since the first quarter when the deficit, compared to one year earlier, was a minus 1.8 percent.

Despite the overall decline in economic activity so far this year, the wage and salary figure still remains at a high level and provides strong protection from a more serious erosion from last year's level of economic activity. The 49,900 employment figure in May was up by 200 workers over April which was the same margin compared to one year earlier. The May job level was the highest for that month since the employment series was initiated in 1974.

Some minor growth was noted in the manufacturing sector compared to last year. In May, 8.5 percent of the job total was in factory work; one year ago the factory share was 8.3 percent. Since the first of the year, overall employment has averaged 1 percent above the same five months of last year.

The number of jobless persons in May was about 400 more than for April and also about 400 higher than in

May 1990. The jobless rate in May was 6.3 percent up from the 5.4 percent rate in April. This rise in the unemployment rate is contrary to the seasonal average April-May decline of 4.7 percent in the jobless rate. One year earlier the unemployment rate was 5.3 percent.

Even though employment remains relatively high, the number of claimants for unemployment benefits who have been collecting for 15 weeks or longer has been increasing. In May, 42.6 percent of these claimants have been collecting for 15 weeks or more compared to 37.7 percent one year ago. This increase suggests a slowdown in the number of job opportunities available.

The economic plight of the unemployed is accentuated by the fact that a declining percent of the jobless are currently collecting jobless benefits. In May 1991, only 27 percent of the unemployed were collecting benefits compared to 31 percent last year.

Several other economic indicators fell during the month of May. Airplane passenger traffic so far this year is averaging 9 percent less than was the case in 1990. May traffic volume was down from April by 7 percent and about 10 percent less than last year.

Bank deposits are lagging last year's year-to-date figures by 10 percent. The index value of building permits issued and under construction, in 1967 dollars, for the month of May was up sharply from the previous month, but fell below one year ago. Since the first of the year, the building construction industry has seen a slowdown in the dollar value of building permits issued compared to last year. Since January, the total value of building permits reached \$13.6 million (current dollars) which is down from \$14.5 million for the same five

INDEX HIGHLIGHTS

TIME PERIOD	DULUTH INDEX
May 1991	148
April 1991	145
April-May Change	+3
Normal Seasonal Change	
April to May	+11
May 1990	155
Change, May 1990 to May 1991	-7
Seasonally Adjusted Index	
May 1990	144
Seasonally Adjusted Index	
May 1991	137

DULUTH LABOR MARKET

	May 1991	May 1990	% Change
TOTAL LABOR FORCE	41,100	40,200	+2
(Duluth Residents)			
Unemployment	2,600	2,100	+24
% of Total (Actual)	6.3%	5.3%	xxx
Seasonally Adjusted	6.1%	5.3%	xxx
Employment	38,500	38,100	+1
% of Total	93.7%	94.7%	xxx
<hr/>			
TOTAL WORK FORCE	49,900	49,700 ¹	+0.4
(Duluth Jobs)			
Manufacturing	4,200	4,100 ¹	+2
% of Total	8.5%	8.3%	xxx
Nonmanufacturing	45,700	45,500 ¹	+0.4
% of Total	91.5%	91.7%	xxx
<hr/>			
PERSONS CLAIMING UNEMPLOYMENT BENEFITS	699	651	+7
(Duluth Only)			
AVERAGE WEEKLY EARNINGS	\$437.72	\$474.02	-8
(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

MAY INDEX

May 1991	April 1991	May 1990
73	69	71

Estimated Tourist Expenditures (in 000's)

	May 1991	May 1990	% Change 1990-91
Lodging	\$1,670	\$1,560	+ 7.1%
Eating-Drinking	3,251	2,999	+ 8.4%
Retail Sales	1,154	1,069	+ 8.0%
Auto, Gas	563	521	+ 8.1%
Other	892	827	+ 7.9%
TOTAL	\$7,530	\$6,976	+ 7.9%

months of last year. The distribution has also changed this year. For example, 70 percent of the building construction dollar has gone for alteration and repair work compared to 46 percent last year.

New residential construction has also slipped this year. The \$2.3 million valuation for this type of construction is well below last year's comparative figure of \$6.1 million. Permits issued for single residential dwellings since January total 24 compared to the 43 issued for the corresponding period of last year. The average value of permits issued for single family dwellings is rising. So far this year the average value per permit is \$81,537 compared to \$77,351 last year. This represents an increase of 5.4 percent. Since the Bureau of Census composite construction index is up by only 1.4 percent over last year, the difference suggests more expensive types of single residential dwellings are being built.

Consumption of electric power by commercial and industrial customers was down from April as well as from one year earlier. Electric power usage is, however, averaging about 4 percent above last year with commercial usage showing the greater relative increase.

Grain receipts and shipments were up in May over April, but fell to about one-half of the monthly volume of May 1990. Even though the volume of grain handled in May represents a seasonal gain, the increase was less than the average of the past 10 years for the April-May period. Grain traffic is showing a much poorer record than last year and is almost 40 percent below last year's year-to-date figure. Apparently a worldwide wheat glut has had a restrictive effect on grain exports this year.

Shipments of iron ore through the Duluth port rose seasonably in May over April and the May tonnage figure was also higher than one year ago by 14 percent. Vessel shipments of iron ore from United States ports probably reflects more accurately the condition of the mining industry. Since the beginning of the year, 12.4 million gross tons of iron ore were shipped from U.S. ports which is down 3 percent from the 12.8 million tons last year for this period. The American Iron Ore Association reported that consumption was 5.0 million tons in May compared to 4.8 million tons in April and 6.2 million tons in May 1990. Ore consumption for the year so far is down 16 percent from last year while inventories remained 2.0 million tons higher than last year.

During the first five months of this year the average length of the work week has dropped slightly. This year the average length of the work week in metal mining is 43.3 hours compared to 44.0 hours in 1990.

Employment in metal mining is holding stable despite the drop in the national consumption figures. The 6,400 jobs in May was down 100 workers from April but was at the same level as one year earlier. Actually, average employment is 4 percent above last year.

Import-export cargo, excluding grain, recorded a better than average seasonal gain over April and was up by more than six thousand tons over one year ago. The season's year-to-date tonnage record is 2 percent above last year.

Retail sales, adjusted for inflation, had a little less than average seasonal pick-up in May over April. The sales index figure for May was up 6.7 percent over April in contrast to the seasonal average increase of 8.7 percent noted in recent years. Consumer purchases have shown some improvement since the first quarter. For the first three months of this year retail sales, deflated, ran 5.3 percent below the comparable months of 1990, but increased spending since then resulted in reducing the gap. In the January-May period, sales improved to the point that they average only 2.9 percent below the same five months of last year.

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

Iron Ore Shipments							+14%
Postal Receipts							+8%
State Metal Mining							+4%
Electric Power (Commercial & Industrial)							+4%
Tourist Index							+3%
Other Lake Cargo							+2%
Electric Power (Residential)							+1%
Duluth Nonagricultural Employment							+1%
Electric Customers							NO CHANGE
TOTAL DULUTH BUSINESS INDEX							-3%
Retail Sales (Adj.)							-3%
Airline Passengers							-9%
Bank Deposits							-10%
Bldg. Permits (Adj.)							-24%
Grain Shipments							-39%

Tourism continues to be on the plus side of the ledger. The tourist index for May was 73 which bettered the 69 index level for April and also the index level of 71 recorded in May 1990. Since January, the tourism index has shown an average of 2.8 percent higher than last year. Tourist spending in Duluth, as measured in current dollars, increased from the May 1990 total of \$7.0 million to \$7.5 million in May 1991.

U.S. CONSUMER PRICE INDEX

	May 1991	May 1990	%
(1982-1984=100) Unadjusted			
All Urban Consumers	135.6	129.2	+4.7%
Urban Wage Earners & Clerical Workers (Revised)	133.8	127.5	+4.9%

Source: Bureau of Labor Statistics

REPORT OF DULUTH FINANCIAL ACTIVITY

	May 1991	May 1990
BANK DEBITS - TOTAL	\$1,206.0	\$1,146.9
Individuals	127.8	112.7
% of Total	10.6%	9.8%
Commerical Accounts	939.0	863.5
% of Total	77.9%	75.3%
Government (State and Local)	139.1	170.7
% of Total	11.5%	14.9%
TOTAL DEPOSITS (END-OF-MONTH)	\$976.8	\$1,043.0
Demand	166.6	189.7
% of Total	17.0%	18.2%
Time and Savings	810.2	853.3
% of Total	83.0%	81.8%
Savings Only	128.1	134.2
DOLLAR VALUE OF NEW REAL ESTATE		
MORTGAGES ISSUED (CURRENT MONTH)²	5.2	3.7
Residential ²	4.8	3.5
% of Total	91.9%	90.7%
DEPOSIT TURNOVER RATE³	7.2	6.0

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			
	May 1991	% Total	May 1990	% Total	May 1991	May 1990	% Change	1991	1990	% Change	
Bldg., Materials, Hardware, etc.	\$ 2,961	4.4%	\$ 2,989	4.7%	\$ 2,193	\$ 2,323	-5.6%	\$ 8,089	\$ 8,623	-6.2%	
Department Stores	12,490	18.5%	11,415	18.0%	9,252	8,870	4.3%	39,790	40,687	-2.2%	
Grocery Stores	9,792	14.5%	9,752	15.4%	7,200	7,393	-2.6%	33,661	33,425	0.7%	
Other Food Stores	1,798	2.7%	1,756	2.8%	1,322	1,331	-0.7%	6,027	6,062	-0.6%	
Moter Veh. Dealers (New & Used)	9,042	13.4%	8,687	13.7%	7,541	7,547	-0.1%	28,345	34,363	-17.5%	
Other Auto Dealers, Serv. Stations	6,318	9.3%	6,535	10.3%	5,269	5,677	-7.2%	26,155	25,958	0.8%	
Apparel & Accessory Stores	2,027	3.0%	2,210	3.5%	1,574	1,763	-10.7%	7,699	8,861	-13.1%	
Furniture, Home Furnishings	2,406	3.6%	2,215	3.5%	2,079	1,963	5.9%	9,473	8,171	15.9%	
Eating & Drinking Places	8,989	13.3%	8,417	13.3%	6,619	6,400	3.4%	30,111	30,148	-0.1%	
Miscellaneous Places	14,492	21.4%	13,625	21.5%	10,735	10,586	1.4%	48,751	49,011	-0.5%	
TOTAL	\$67,598	100.0%	\$63,428	100.0%	\$53,853	\$53,259	1.1%	\$238,101	\$245,309	-2.9%	
	DULUTH RETAIL SALES INDEX				116.1	116.2	-0.1%	102.8	105.9	-2.9%	

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 ¹

INDEX NUMBERS (1967 = 100) UNADJUSTED

ORIGINAL DATA

Component	INDEX CHANGE					Unit	ORIGINAL DATA		
	May 1991	Apr 1991	May 1990	May '90 to May '91	Apr 1991		May 1991	Apr 1991	May 1990
Airline Passengers	93	100	103	-10	-7	(Persons)	16,890	18,170	18,730
Bank Deposits ²	278	287	312 ⁵	-34	-9	(Dollars in '000's)	951,137	976,795	1,042,974
Building Permits ³	82	60	127	-45	22	(Actual \$ Value)	5,109,502	1,982,809	3,871,140
Postal Receipts	499	517	423	76	-18	(Dollars)	1,176,422	1,218,465	996,886
Electric Power (Commercial & Industrial)	309	336	313	-4	-27	(K.W.H. in '000's)	77,185	83,987	78,240
Electric Power (Residential)	148	145	131	17	3	(K.W.H. in '000's)	21,518	21,126	19,113
Number of Electric Customers	108	108	107	1	0		35,939	36,005	35,840
Grain Shipments	58	31	106	-48	27	(Bushels in '000's)	16,910	9,203	31,052
Tourist Index	73	69	71 ⁵	2	4		---	---	---
Iron Ore Shipments	78	48	70	8	29	(Gross Tons in '000's)	912	568	823
Other Lake Cargo	196	152	177	19	44	(Short Tons)	68,981	53,504	62,213
Duluth Nonagricultural Employment	120	119	119 ⁶	1	1	(Persons)	49,900	49,700	49,700 ⁶
Duluth Retail Sales Index ⁴	116	110	116	0	6	(Dollars in '000's)	70,315	66,264	67,596
State Metal Mining Employment	50	51	50	0	-1	(Persons)	6,400	6,500	6,400
OVERALL	148	145	156	-8	3				

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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