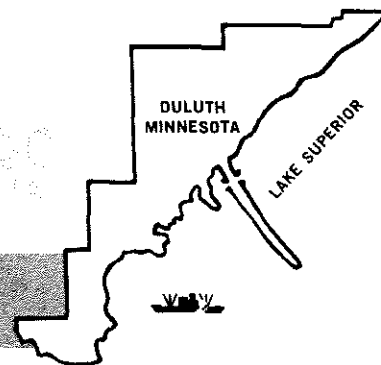


DULUTH BUSINESS INDICATORS

**BUREAU OF BUSINESS
AND ECONOMIC RESEARCH**

**UNIVERSITY OF MINNESOTA
DULUTH**



VOL. 7

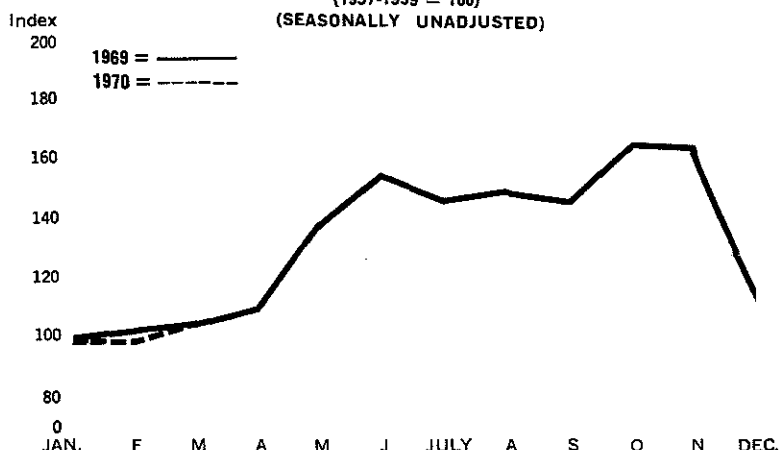
MARCH 1970

NO. 3

Highlights

- Economy Down In First Quarter*
- Job Total Unchanged From February*
- New Home Construction Slows*
- Unemployment Rate Up Over Last Year*
- Consumer Purchasing Not Vibrant*

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



A review of the March business barometers for Duluth indicated that business activity for the month showed a slightly larger margin of gain over February than the average of the past 10 years. However, February was below year ago figures which tended to overinflate the change that occurred this year.

In March the unadjusted business index was 105 (1957-1959=100) or six points above February. Normally there is a four point gain. For each month in the first quarter of 1970 the business index has been running slightly below the corresponding months of 1969. First quarter business for 1970 averaged 2% below the corresponding average of the previous year.

The continued high movement of grain by rail, both in receipts and shipments, boosted the March index much higher than the normal February-March gain. Durum wheat, corn and barley recorded solid gains over February with continued increases seen for barley this year due to the big sales to foreign markets.

A normal February-March upturn was noted in bank debit dollar volume although the March figures did not reach year ago levels. The value of building permits issued and under construction (in 1957-1959 dollars) perked up considerably in March. Both new residential and nonresidential construction permits issued showed increased March activity due to commercial, education and multi-family dwelling construction permits issued. Construction permits for one-family dwellings, however, remained about the same as in February.

Postal receipts dropped in March contrary to the average gain of one point in this period thus recording its lowest March since 1966. There was no significant change in the number of telephones from the February level.

There was a pick-up in the volume of electric power used in the commercial and industrial category in March with industrial gains more than compensating for the tailing off of commercial usage. A 2% gain in factory jobs over February was also noted. A seasonal decline was noted,

INDEX HIGHLIGHTS

TIME PERIOD	DULUTH INDEX
March 1970	105
February 1970	99
February-March Change	+ 6
Normal Seasonal Change February to March	+ 4
March 1969	106
Change, Mar., 1969 to Mar., 1970	- 1
Seasonally Adjusted Index March 1970	140
Seasonally Adjusted Index March 1969	141

DULUTH LABOR MARKET

	March 1970	March 1969	% Change
Labor Force	49,200	47,900	+ 3
Unemployment	2,300	2,100	+10
Rate	4.7%	4.4%	xxx
Total Employment	46,900	45,800	+ 2
Wage & Salary	43,400	42,300	+ 3
Manufacturing	9,100	9,300	- 2
Nonmanufacturing	34,300	32,900	+ 4
Job Openings Received During Month	679	726	- 6
Persons Claiming Unemploy- ment Benefits	1,434	1,202	+19
Average Weekly Earnings— Mfg. Only	\$118.56	\$114.90	+ 3

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

RETAIL SALES INDEX

	UNADJUSTED 1957-1959 = 100			Mar. '69 to Mar. '70 % Change
	3 Yr. March Aver. 1967-69	March 1970	March 1969	
Total	127	129	130*	- 1
General Merchandise	139	138	138	0
Apparel Stores	124	124	127*	- 2
Grocery Stores	111	117	120*	- 3
*Revised		1970	1969	% Change
Index Average Year-To-Date (Total)		119	118	- 1

however, in the residential consumption of electric power.

The volume of grain handled showed a rise over February as grain receipts by elevators were on the upswing in preparation for the early April opening of lake navigation. In addition, shipments of grain to other ports by rail continued heavy.

Employment levels showed virtually no change between February and March which is a normal situation for this time of the year. Job totals for the month, however, were about as high as they ever have been for this particular period. Jobs in metal mining also showed no significant change in this two-month comparison.

As the evidence is now available for the first quarter of 1970 it is becoming more evident that overall business conditions in Duluth are reflecting the national trends. Economic activity seems to have a lateral movement in comparison to previous years. This year is the first time since 1965 that the first quarter index averaged below that of the preceding year.

Even though the grain movement by rail is down from last year, the handling of other nongrain items resulted in a higher level of freight carloadings in March, 1970.

Bank debits, reflecting tighter money and inflationary prices, was also down from its year ago level. The value of building permits issued and under construction (in 1957-1959 dollars) fell below last year principally due to fewer new one-family dwellings constructed this year and to the completion of several large construction projects.

Postal receipts are down substantially from last year, but the consumption of electric power is up as is employment. Local employment levels are 1,100 workers above March, 1969. The number of jobseekers is up by 200 persons over last year due to some scattered area cutbacks. For the third straight month, the number of job openings received at the local employment office is below the corresponding month for 1969.

An increase of 19% in the number of persons receiving unemployment benefits over last year was due to industrial layoffs. The March, 1970 number of unemployed was 2,300 or 4.7% of the labor force compared to 2,100 unemployed and a 4.4% rate in March, 1969.

The slowdown in consumer purchases, evident nationally, is also reflected in Duluth retail trade statistics. The unadjusted retail sales index covering 33 stores in Duluth (1957-1959=100) was 129 in March. This is 1% lower than it was for March, 1969 despite the fact that Easter was in late March this year compared to early April in 1969. Although 20 of the sample stores showed gains over a year ago, the degree of increase was small enough to be offset by the losses that were recorded by the 10 firms

PERCENTAGE CHANGE IN 15 INDIVIDUAL BUSINESS INDICATORS FOR THE CITY OF DULUTH

March 1970 compared to March 1969

INDICATOR	Percentage Change						
	-15	-10	-5	0	+5	+10	+15
Freight Carloadings							+11%
Electric Power (Commercial & Industrial)							+9%
Electric Power (Residential)							+9%
Number of Telephones							+5%
Duluth Nonagricultural Empl.							+2%
Number of Electric Customers							(no change)
Coal Receipts							(no change)
Iron Ore Shipments							(no change)
Other Lake Cargo							No Change
Total Duluth Business Index				-1%			
Duluth Retail Sales Index (Unadjusted)				-1%			
State Metal Mining Employment				-3%			
Bank Debits				-3%			
Building Permits				-4%			
Postal Receipts				-20%			
Grain Shipments				-35%			

whose volume was down. Three firms showed no change from a year ago.

The fact that dollar volume in retail sales is down this year despite the 6% rise in living costs strongly points out the decline in volume of unit sales. As a matter of fact March unadjusted sales figures were up only 1.6% over the average sales of the three preceding Marches, but prices are up about 10%.

For the year to date, total retail sales averaged 1% below the corresponding three months of last year. General merchandise stores were down by 2%, apparel stores fell 1%, but grocery stores posted a 3% gain over 1969 first quarter figures despite the fact that in March, grocery sales fell below its year ago figure for the first time this year.

NATIONAL CONDITIONS

National economic barometers again remained generally weak or lost ground during March. The index of Industrial Production advanced seasonally over February, but remained at nearly the same level as a year ago. Inflation continues to plague the economy. Retail sales, in dollar terms are reported slightly ahead of last year, but when measured in real terms are down approximately 3%. Automobile sales continue to be sluggish and steel production is reported to be off slightly from a year ago. Quite probably strikes in various parts of the economy have had a slowing effect on economic activity and have probably contributed to the general sideways motion shown by most barometers. If the spring and summer season does not bring about a revival of general economic activity, there is good reason to believe the slowed conditions will be labeled a "recession." With unemployment continuing to rise to 4.4% in March, and with inflation showing no signs of abatement at the present, the economic situation is clearly in a tight spot.

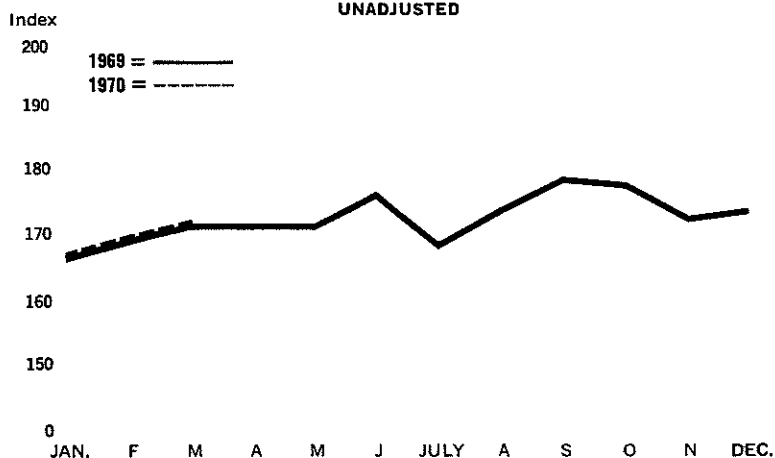
HIGHLIGHTS OF THE U. S. INDEX OF INDUSTRIAL PRODUCTION

March 1970 Compared to March 1969

- Total Index Down 0.6%**
- Consumer Goods Production Down 2.4%**
- Manufacturing Production Down 1.7%**
- Payrolls up (Value) 1.4%**

U. S. INDEX OF INDUSTRIAL PRODUCTION

(1957 - 1959 = 100)
UNADJUSTED



Source: Federal Reserve Board of Governors

DULUTH BUSINESS INDICATORS

INDEX NUMBERS (1957-1959 = 100)						ORIGINAL DATA			
COMPONENT	Mar. 1970	Feb. 1970	Mar. 1969	INDEX CHANGE		UNIT	Mar. 1970	Feb. 1970	Mar. 1969
				Mar. '69 to Mar. '70	Feb. '70 to Mar. '70				
Freight Carloadings	89	74	80	+ 9	+ 15	(Cars)	9,081	7,514	8,138
Bank Debits	139	127	143	- 4	+ 12	(Dollars in '000's)	223,871	203,221	229,649
Building Permits ^a	146	126	152	- 6	+ 20	(Actual \$ Value)	2,953,360	578,398	537,015
Postal Receipts	144	159	179	- 35	- 15	(Dollars)	229,286	253,482	284,476
Number of Telephones	141	141	134	+ 7	0	(Units)	78,098	77,947	74,241
Electric Power (Commercial & Industrial)	169	165	155	+ 14	+ 4	(K.W.H. in '000's)	28,195	27,551	25,773
Electric Power (Residential)	220	246	202	+ 18	- 26	(K.W.H. in '000's)	18,006	20,180	16,525
Number of Electric Customers	100	100	100	0	0		33,567	33,517	33,489
Grain Shipments	67	58	103	- 36	+ 9	(Bushels in '000's)	16,459	14,226	25,323
Coal Receipts	0	0	0	0	0	(Short Tons in '000's)	0	0	0
Iron Ore Shipments	0	0	0	0	0	(Gross Tons in '000's)	0	0	0
Other Lake Cargo	0	0	0	0	0	(Short Tons)	0	0	0
Duluth Nonagricultural Empl.	104	104	102 ^b	+ 2	0	(Persons)	43,400	43,100	42,300 ^b
Duluth Retail Sales Index	129	111	130 ^b	- 1	+ 18	
State Metal Mining Empl.	78	78	76 ^b	+ 2	0	(Persons)	12,400	12,500	12,200 ^b
OVERALL	105	99	106	- 1	+ 6				

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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