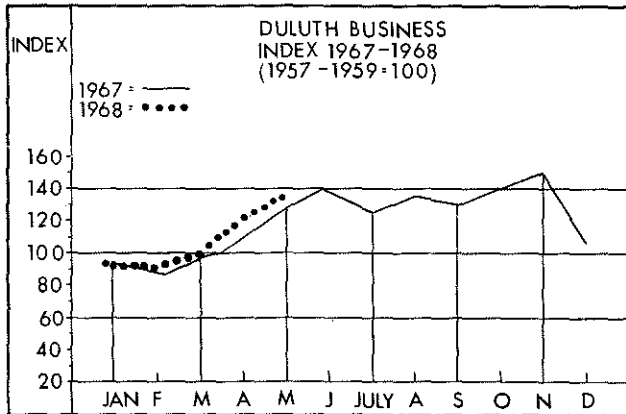


DULUTH BUSINESS INDICATORS

VOL. 5, NO. 5

MAY, 1968

THE INDICATORS is published monthly by the Department of Economics, University of Minnesota, Duluth, in cooperation with the Minnesota Department of Employment Security. THE INDICATORS was originated and is compiled by Dr. Cecil H. Meyers, Professor and Head of the Dept. of Economics, UMD, and Glenn O. Gronseth, Research Analyst, Minnesota State Employment Service. The authors acknowledge the cooperation and assistance of the Duluth Chamber of Commerce, and Duluth Industrial Bureau in the printing and distribution of THE INDICATORS. Responsibility for the contents, is, however, solely that of the authors.



TIME PERIOD	DULUTH INDEX
MAY 1968	135
APRIL 1968	121
APRIL-MAY CHANGE	+ 14
NORMAL SEASONAL CHANGE APRIL to MAY	+ 29
MAY 1967	134
CHANGE, MAY 1967 to MAY 1968	+ 1

THE MONTH IN REVIEW

SUMMARY:

Duluth's economy continued its upward trend in May, although the rate of advance flattened out slightly during the month. In May the unadjusted index was 135 (1957-1959=100) or 14 points higher than April. The historical average gain of the past 10 years for the April-May period, however, is 29 points.

During the first five months of 1968 the economic climate in Duluth averaged about 5% higher than for the similar months in 1967. The index for May, while it was one point better than one year ago, was three points below May 1966.

ANALYSIS:

The number of freight carloadings was down from April by four points, while normally there is a 22 point rise in this period. One factor which influences this component is rail grain shipments. The quantity of grain moved by rail was down 37% from April and this drop was particularly noted in the movement of wheat, both receipts and shipments. May bank debits were down three

points from the previous month contrary to the normal eight point rise of recent years for this period.

The value of building permits issued and under construction (in 1957-1959 dollars) fell 19 points from April. The difference was noted chiefly in fewer construction permits for one-family dwellings. Residential usage of electric power dropped seasonally from April.

Power consumption in commercial and industrial establishments picked up in May as the result of a pick-up in industrial usage. Grain and iron ore shipments, and coal receipts advanced seasonally although at a lesser than normal rate. The relatively early opening of lake navigation this year no doubt had some effect on the lower rate of escalation this year.

Lake and bulk cargo, other than grain, moved up sharply in May as water transportation on the Great Lakes swung into high gear for the season. This particular industry is also affected by sailing schedules and this factor will result in month-to-month variations of various magnitudes.

The gain in Duluth employment in May was about the same as occurs each year at this time. Most of the April-May gain was in the nonmanufacturing categories of construction, transportation, trade and service. These categories are particularly sensitive to seasonal influences. The May rate of unemployment was 3.9% compared to 4.7% in April. Area metal mining employment also increased seasonally in May.

Although eight of the 15 components of the index registered gains over May of last year, the total index for this year was only one point higher. Several of the index components are well below May levels of previous years. Grain shipments in May were at their lowest volume since 1958. Coal receipts were at their second lowest level since index data was first kept in 1951. Only 1966 had a lower May figure. Shipments of iron ore this May were below tonnage figures of the past two years.

May values of construction permits issued and under construction (in 1957-1959 dollars) were down by 19

Seasonally Adjusted Index Numbers

Year	Jan.	Feb.	March	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
1967	134	123	128	129	117	119	109	114	108	120	140	123
1968	129	130	131	146	120							

DULUTH BUSINESS INDICATORS — ORIGINAL DATA

COMPONENT	ORIGINAL DATA		
	May 1968	Apr. 1968	May 1967
Freight Carloadings (Cars)*	8,429	8,910	9,918
Bank Debits (Dollars in '000's)	223,669	227,553	185,032
Building Permits (Actual \$ Value)	769,900	941,366	1,357,073
Postal Receipts (Dollars)*	246,552	267,932	222,584
Number of Telephones (Units)*	72,531	72,293	70,025
Electric Power (Com. and Ind. K.W.H. in '000's)	25,986	25,394	24,718
Electric Power (Res. K.W.H. in '000's)	14,695	16,185	13,783
Number of Electric Customers*	33,610	33,607	33,405
Grain Shipments (Bushels in '000's)	29,244	25,014	35,055
Coal Receipts (Short Tons in '000's)	248	88	421
Iron Ore Shipments (Gross Tons in '000's)	2,347	1,682	2,524
Other Lake Cargo (Short Tons)	54,647	21,667	47,742
Duluth Nonagricultural Empl. (Persons)	42,400	40,700	41,800**
Duluth Retail Sales
State Metal Mining Empl. (Persons)	13,700	12,800	14,000

* Supplied by Duluth Industrial Bureau.

** Revised

DULUTH BUSINESS INDICATORS — INDEX NUMBERS

COMPONENT	INDEX NUMBERS (1957-1959=100)			CHANGE	
	May 1968	Apr. 1968	May 1967	May '67 to May '68	Apr. '68 to May '68
Freight Carloadings	83	87	87	- 4	- 4
Bank Debits	139	142	115	+ 24	- 3
Building Permits*	109	128	128	- 19	- 19
Postal Receipts	155	168	140	+ 15	- 13
Number of Telephones	131	130	126	+ 5	+ 1
Electric Power (Commercial & Industrial)	156	152	148	+ 8	+ 4
Electric Power (Residential)	179	197	168	+ 11	- 18
Number of Electric Customers	100	100	100	0	0
Grain Shipments	119	102	142	- 23	+ 17
Coal Receipts	75	27	128	- 53	+ 48
Iron Ore Shipments	259	186	279	- 20	+ 73
Other Lake Cargo	273	108	238	+ 35	+165
Duluth Nonagricultural Empl.	102	98	101**	+ 1	+ 4
Duluth Retail Sales Index	39	130	134**	+ 5	+ 9
State Metal Mining Empl.	86	80	88	- 2	+ 6
OVERALL	135	121	134	+ 1	+ 14

For Monthly Data Back to 1951 and for Sources of Data, see DULUTH BUSINESS INDICATORS 1964, A Publication of the Business and Economics Series of the Social Sciences Research Trust Fund, University of Minnesota, Duluth, 1964.

* The Building Permits Index is adjusted to reflect the amount of construction occurring during the month.

** Revised

points from a year ago. This represents their lowest May figure in the past three years. Freight carloadings were four points below last year and are at their lowest May level since 1963. These five categories account for about one-third of the total weight of the index.

Offsetting these declines from last year were over-the-year increases noted in bank debits, postal receipts, number of telephones, consumption of electric power, lake cargo shipments, other than grain, employment and retail sales. As a result of the May activity in these areas, the total index for the month bettered the year ago figure by one point. So far this year overall business activity has averaged 5% higher than for the same period a year ago.

RETAIL TRADE:

The unadjusted index of the overall volume of retail trade was 139 in May or 39 percent better than the 1957-1959 average. Compared to last year retail sales were up by 4% or about the same percentage increase as the cost of living rise. May retail sales, however, registered an 8% gain over the May average of the last three preceding years.

For the first five months of 1968 retail sales were 6% better than the same period of 1967. In the January-May comparison with last year general merchandise stores registered a 7% gain, while apparel stores were up by 9%.

NATIONAL TRENDS:

The U. S. Index of Industrial Production (1957-59=100) edged upward from 163.6 in April to 164.1 in May. Employment and payrolls, according to the Department of Commerce, also edged upward. Retail sales for the U. S. advanced by about 5.5% while new residential construction continued the slight decline which has been evident since the beginning of the year.

UNIVERSITY OF MINNESOTA, DULUTH
DULUTH, MINNESOTA 55812

Non-Profit
Organization
U.S. Postage
PAID
PERMIT NO. 67
Duluth, Minnesota