

DULUTH BUSINESS INDICATORS

BUREAU OF BUSINESS
AND ECONOMIC RESEARCH

UNIVERSITY OF MINNESOTA
DULUTH



VOL. 13

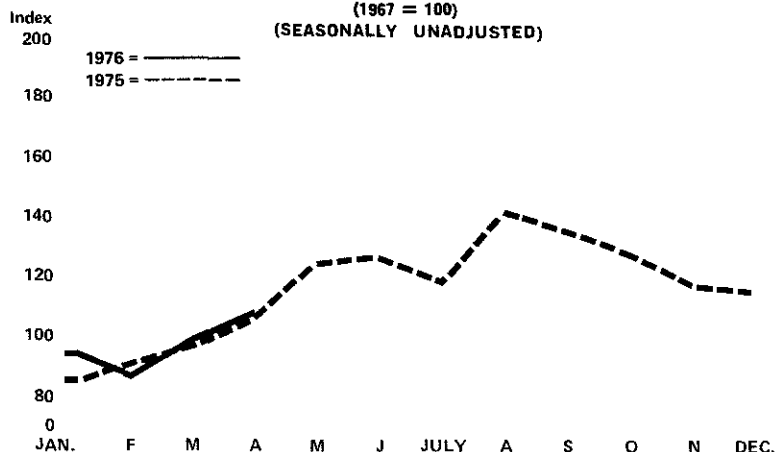
APRIL 1976

NO. 4

Highlights

- *Index Up, Lead Shrinking*
- *Seasonal Upturn Developing*
- *Building Activity Slowing*
- *Jobs Ahead of Year Ago*
- *Retail Sales Holding Up*

DULUTH BUSINESS INDEX
(1967 = 100)
(SEASONALLY UNADJUSTED)



ECONOMIC CONDITIONS

Business conditions in Duluth continue to average above 1975 figures, but the lead held earlier in the year has been shrinking.

In April the unadjusted Duluth Business Index (1967=100) was 107. This is 10 points higher than March and closely approximates the average nine point March-April gain experienced during the past 10 years.

For the January-April period of 1976 the index has averaged 0.9% higher than for the same four months of last year. Just two months previous, however, the margin of gain over the year ago period was 2.4%.

Freight carloading activity in April was down from March even though grain, ore, coal and import-export cargo (excluding grain) resumed their seasonal activity. In April, lake shipping returned to regular schedules after the winter shutdown.

In past years, April bank debits have generally recorded

a decrease from March. This year debit activity posted a gain although the advance in the index was small. Government spending dropped sharply from March. Last year the same pattern occurred. The major factor contributing to the atypical March-April gain this year was the check writing of individuals. Their bank debit dollar total was up more than \$6 million over March, accounting for 14.7% of the April bank debit total dollar. In March this component's share was 13.2%.

An April pick-up occurred in the value of building permits issued and under construction (in 1967 dollars) over the March figures. This change was contrary to the experience of recent years, but then the variables that influence this component are unpredictable. Basically the sharp permit rise over March was due to increased residential building and a rise in garage and carport construction plus the building of a moderate sized commercial building.

Contrary to past patterns, electric power used by com-

INDEX HIGHLIGHTS

TIME PERIOD	DULUTH INDEX
April 1976	107
March 1976	97
March-April Change	+ 10
Normal Seasonal Change March to April	+ 9
April 1975	107
Change, April 1975 to April 1976	0
Seasonally Adjusted Index April 1975	122
Seasonally Adjusted Index April 1976	122

DULUTH LABOR MARKET

	Apr. 1976	Apr. 1975	% Change
Work Force	50,800	48,900	+ 4
Unemployment	4,400	3,700	+19
Rate	xxx	xxx	xxx
Actual	8.6%	7.6%	xxx
Seasonally Adjusted	7.6%	6.6%	xxx
Total Employment	46,400	45,100	+ 3
Wage & Salary	43,400	42,100	+ 3
Manufacturing	5,800	5,800	0
Nonmanufacturing	37,600	36,300	+ 4
Job Openings Received During Month	632	591	+ 7
Persons Claiming Unemploy- ment Benefits	3,826	3,094	+24
Average Weekly Earnings— Mfg. Only	\$191.68	\$177.55	+ 8

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

RETAIL SALES INDEX

ADJUSTED FOR PRICE CHANGES (1967 = 100)

	3 Yr. April Aver. 1973-75	Apr. 1976	Apr. 1975	Apr. '75 to Apr. '76 % Change
Total	110	114	109	+ 5
General Merchandise	112	111	108	+ 3
Apparel Stores	106	129	120	+ 8
Grocery Stores	96	105	99	+ 6
Automotive Sales	133	146	115	+27

	1976	1975	Change
Index Average Year-To-Date (Total)	99.3	91.9	+ 8
Adjusted for price changes			

mercial and industrial firms decreased from March by three index points. The loss was chiefly in the commercial sector with the mild weather a contributing factor. Residential consumption of electric power was down seasonally in April.

A seasonal gain in grain traffic pushed the April grain index up over March, but the gain was not as much as the average rise for this period. Grain receipts dropped from their March level, but outbound shipments more than doubled the March volume with 86% of the shipments moved by lake carrier. Coal receipts, import-export activity (excl. grain) and iron ore shipments renewed activity in April as lake shipping opened for the season.

Early season strength is being shown by the job market so far this year. April wage and salary employment was 43,390, up 800 workers or 1.9% over the month previous. More than one-half of the month-to-month gain was in durable goods. This is an encouraging sign since firms classified in the durable goods category manufacture products generally considered as postponable items in times of economic stress. The nearly 5,800 people on factory jobs in April was the highest since last October.

April unemployment declined, but remains at a high level. The 8.6% rate for the month was down from the 9.7% rate of March. Initial claims filed for benefits during April, however, have showed a weekly decline. Claimants formerly employed in construction and manufacturing jobs are experiencing the most difficult time returning to work. About 38% of the unemployed persons whose spell of unemployment has been 15 weeks or longer are layoffs from these two industries. This rate is unchanged from the March statistics.

The Duluth Business Index in April was at the same level it was one year previous. Although bank debits, postal receipts, and foreign cargo are well ahead of their last year's levels, sharp reductions from year ago figures in freight carloadings, building permits and grain shipments were offsetting factors in total economic activity.

A noticeable decline in the value of building permits issued and under construction (in 1967 dollars) was observed in the year-to-year comparison. So far this year this index component is down 31% from 1975 figures.

Bank debit volume in April was up 14% over last year while the consumer price index in the same 12 month comparison advanced only 6%. Commercial check writing jumped up by \$51 million over April 1975, and individual debits rose by \$7 million. Government spending was down from a year ago.

Wage and salary employment is currently 1,300 workers higher than a year ago. Factory employment as a component is down only fractionally from last year. The big gainers in employment in this period were transportation, wholesale trade and service establishments.

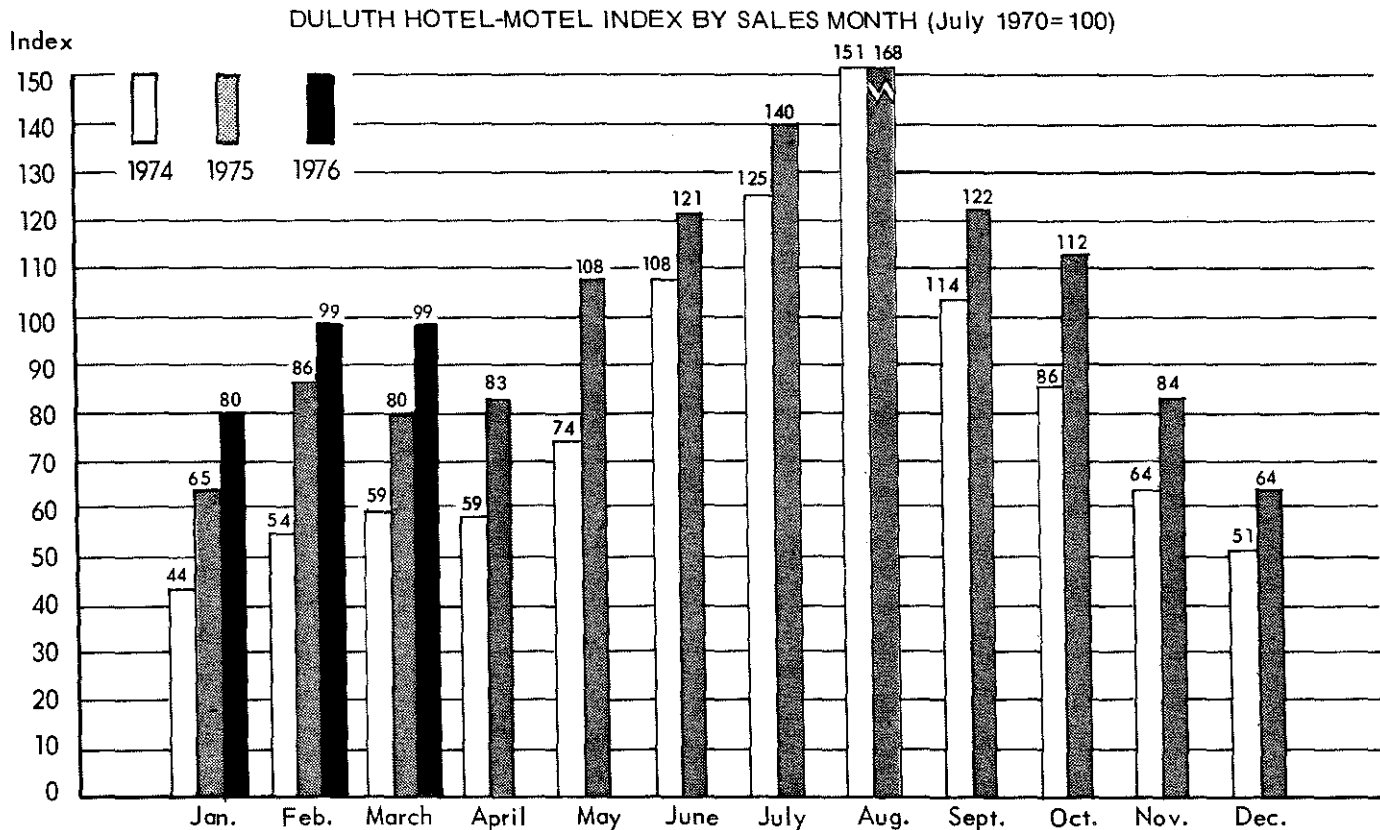
The 4,400 unemployed in April is 700 more than last year and the respective unemployment rates for the two periods are 8.6% and 7.6%. There were also 730 more persons collecting unemployment benefits this April compared to a year ago. A slight improvement in the job market has been noted, however, in that there were 9.4 applicants per job opening received in April 1975. This past April the ratio dropped to 9.0 to 1.

While further improvement is anticipated in the employment figures as the area experiences its seasonal upturn, it



Duluth Hotel-Motel Indicators

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ANALYSIS

The hotel-motel or transient lodging industry in Duluth, Minnesota had total receipts during the first quarter of 1976 of \$1,255,361 as compared with total receipts during the first quarter of 1975 of \$990,914. These receipts do not include services or products other than lodging.

This was an increase from the first quarter of 1975 to the first quarter of 1976 of \$264,447 or 26.7%.

The major reason for this increase from 1975 to 1976 appeared to be the increased popularity of the Spirit Mountain Recreation Area, operated by an agency of the City of Duluth.

The increased activity of the Duluth Convention and Visitors Bureau and of the Duluth Arena-Auditorium made possible in part by the increased hotel-motel taxes allocated to these organizations was also beneficial to the entire economy of the City of Duluth.

Underlying the activities of all of these agencies and organizations was the improvement in the economy of the United States which made it possible for travelers to take advantage of the recreational opportunities in the Duluth area.

Duluth hotel-motel room rental receipts for the year 1975 were \$5,413,315 as compared with \$4,324,565 for the year 1974. The increase in room rental receipts was \$1,088,750 or 25.2% for 1975 as compared with 1974. If the increase of 26.7% for the first quarter of 1976 as compared with the first quarter of 1975 continues during the rest of 1976, the economic situation for hotels and motels in Duluth will be greatly improved.

It should be noted, however, that several new motels have recently been opened, and one or possibly two major hotels are scheduled to be constructed during the next year in Duluth.

by Richard O. Sielaff, Professor of Business Administration and Economics, University of Minnesota, Duluth

Month of publication, MAY, 1976

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DULUTH, MINNESOTA, UNITED STATES HOTEL-MOTEL INDICATORS-TABLES

By Richard O. Steloff, published by Bureau of Business and Economic Research, University of Minnesota-Duluth

MONTH YEAR	Duluth Hotel-Motel Room Rental Receipts	Minnesota Hotel/Lodging Gross Sales Millions by Quarter	Average Occupancy by month	U.S. Average Rental Receipts Per Occupied Room by month Hotels/Motor Hotels	MONTH YEAR	Duluth Hotel-Motel Room Rental Receipts	Minnesota Hotel/Lodging Gross Sales Millions by Quarter	Average Occupancy by month	U.S. Average Rental Receipts Per Occupied Room by month Hotels/Motor Hotels
			U.S. % Hotel/Mtr. Hotel					U.S. % Hotel/Mtr. Hotels	
JAN. 1970	\$156,493				AUG. 1970	\$546,730			
1971	192,789		52%	\$17.78	1971	530,906		65%	\$19.30
1972	190,706		55	19.03	1972	541,068		68	19.83
1973	193,314		57	19.52	1973	565,673		70	20.93
1974	193,985		56	20.35	1974	670,905		63/76	23.71/19.48
1975	288,971		55/57	27.34/19.90	1975	750,698		60/76	26.89/21.77
1976	355,528				1976				
FEB. 1970	\$160,799				SEPT. 1970	\$403,475	Third Quarter		
1971	206,485		57	\$17.77	1971	387,155		62	\$18.79
1972	197,494		57	19.01	1972	432,629		64	19.54
1973	185,815		60	19.85	1973	408,374		66	20.71
1974	218,187		63	21.86	1974	490,717	71	62/67	25.80/19.34
1975	345,334		59/59	27.17/20.29	1975	525,113	80	58/65	27.01/20.72
1976	410,807				1976				
MAR. 1970	\$199,966	First Quarter			OCT. 1970	\$298,451			
1971	196,148		61	\$18.29	1971	297,598		68	\$19.91
1972	211,752		63	19.36	1972	310,696		71	20.43
1973	224,067		65	20.32	1973	342,287		74	20.64
1974	263,549	42	65/66	24.46/18.46	1974	380,299		72/70	26.17/19.86
1975	356,609	47	57/61	27.61/21.93	1975	498,985		70/69	29.55/21.31
1976	489,033				1976				
APR. 1970	\$196,223				NOV. 1970	\$191,523			
1971	227,065		62	\$18.73	1971	212,197		58	\$18.96
1972	234,750		66	19.07	1972	206,509		60	19.38
1973	239,521		67	20.06	1973	219,026		63	21.04
1974	253,105		66/68	23.98/19.80	1974	275,172		62/60	25.88/19.83
1975	355,407		61/65	27.57/21.69	1975	360,831		60/60	28.19/21.16
1976					1976				
MAY 1970	\$250,987				DEC. 1970	\$122,567	Fourth Quarter		
1971	256,415		62	\$18.93	1971	149,230		45	\$18.16
1972	277,107		66	19.35	1972	172,601		48	18.88
1973	277,211		69	20.53	1973	171,432		46	20.36
1974	329,930		67/69	24.78/19.42	1974	227,786	46	47/46	24.22/19.59
1975	481,027		59/63	27.67/20.82	1975	285,802			
1976					1976				
JUNE 1970	\$376,141	Second Quarter			ANNUAL	TOTAL	TOTAL	AVERAGE	AVERAGE
1971	320,512		63	\$19.26	1970	\$3,348,185.		—	—
1972	418,645		68	19.53	1971	3,481,437.		59.66%	\$18.74
1973	425,022		68	20.39	1972	3,732,199.	160	62.42%	19.41
1974	464,972	58	67/72	25.01/19.36	1973	3,764,839.	192	64.17%	20.38
1975	537,782	63	64/71	27.18/21.51	1974	4,324,565	227	62/66	24.49/19.44
1976					1975	5,413,315			
JULY 1970	\$444,830				1976				
1971	504,937		61	\$18.95					
1972	538,242		63	19.45					
1973	513,097		65	20.25					
1974	555,958		60/71	23.84/19.81					
1975	626,756		59/71	27.31/22.81					
1976									

SOURCES: (1) Survey of Current Business, U.S. Dept. of Commerce
(2) Minnesota Sales and Use Tax Report
(3) Department of Finance and Records, City of Duluth

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

Year-to-date compared to 1975

INDICATOR	Percentage Change						
	-15	-10	-5	0	+5	+10	+15
Other Lake Cargo						+766%	
Postal Receipts						+29%	
Grain Shipments						+9%	
Bank Debits						+9%	
Duluth Retail Sales Index (Adj.)						+8%	
Electric Power (Commercial-Industrial)						+6%	
Electric Power (Residential)						+4%	
Duluth Nonagricultural Empl.						+2%	
Number of Telephones						+2%	
Total Duluth Business Index						+1%	
Number of Electric Customers						+1%	
State Metal Mining Empl.			-2%				
Freight Carloadings			-7%				
Iron Ore Shipments			-9%				
Coal Receipts			-17%				
Building Permits (Adjusted)			-31%				

still remains a moot point whether the unemployment rate will drop below 6% for the year.

Nationally, consumer spending is reported to be slowing. Cool weather, a sluggish stock market and concern about further inflation appear to be contributing factors.

Locally the retail sales picture has provided a certain amount of support to the area's economy. In April the retail sales index (deflated for price increases) rose about 8.5% over March compared to an average 1.7% rise experienced in recent years. April's deflated sales were 5% ahead of last year. Duluth sales have recently dipped somewhat, too, as first quarter figures showed a 9% gain over the same months of 1975, but with the April figures included this margin slipped to an increase of 8%.

REPORT OF DULUTH FINANCIAL ACTIVITY¹

	Current Month April 1976	Year Ago April 1975
BANK DEBITS — TOTAL	\$437.4	\$385.1
Individuals	64.2	57.4
% of total	14.7%	14.9%
Commercial	327.9	276.1
% of total	75.0%	71.7%
Government (State & Local)	45.3	51.5
% of total	10.3%	13.4%
TOTAL DEPOSITS (END-OF-MONTH)	\$586.3	\$545.9
Demand	126.0	126.9
% of total	21.0%	23.3%
Time & Savings	460.3	419.0
% of total	79.0%	76.7%
Savings	201.0*	174.2
% of total	xxx	xxx
DOLLAR VALUE OF NEW REAL ESTATE MORTGAGES ISSUED (CURRENT MONTH)	\$ 2.4	\$ 2.4
Residential	1.7	1.9
% of total	72.0%	79.4%
DEPOSIT TURNOVER RATE	3.47	3.03

¹Figures rounded in millions.

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.

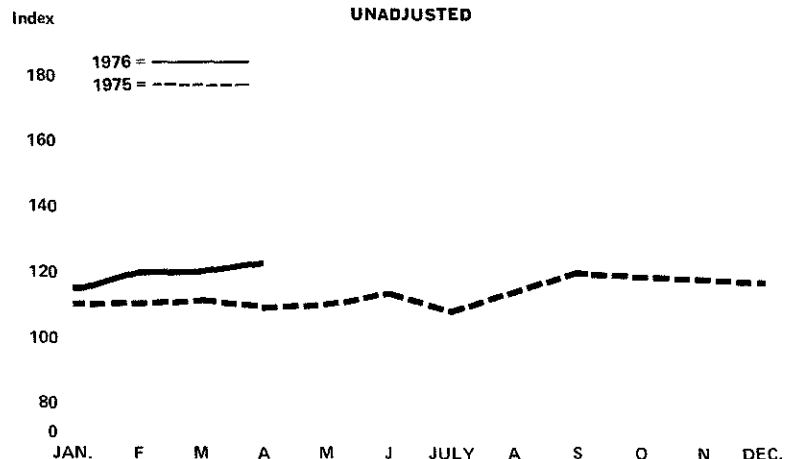
*As of January 1976 this item also includes business firms now permitted to deposit funds in savings accounts.

Deposit Turnover — Bank debits divided by demand deposits.

U. S. INDEX OF INDUSTRIAL PRODUCTION

(1967 = 100)

UNADJUSTED



Source: Federal Reserve Board of Governors

Total Index up 11%

Consumer goods production up 11%

Manufacturing production up 12%

DULUTH BUSINESS INDICATORS

INDEX NUMBERS (1967 = 100)						ORIGINAL DATA			
COMPONENT	Apr. 1976	Mar. 1976	Apr. 1975	INDEX CHANGE Apr. '75 to Apr. '76		UNIT	Apr. 1976	Mar. 1976	Apr. 1975
				Apr. '75	Mar. '76				
Freight Carloadings	61	73	79	- 18	- 12	(Cars)	6,911	8,187	8,970
Bank Debits	206	205	181	+ 25	+ 1	(Dollars in '000's)	437,378	435,604	385,067
Building Permits ²	84	63	120	- 36	+ 21	(Actual \$ Value)	924,315	604,815	1,325,072
Postal Receipts	214	193	176	+ 38	+ 21	(Dollars)	503,906	453,962	414,711
Number of Telephones	127	129	126	+ 1	- 2	(Units)	89,647	90,631	88,759
Electric Power (Commercial & Industrial)	128	131	130	- 2	- 3	(K.W.H. in '000's)	31,860	32,801	32,384
Electric Power (Residential)	127	141	134	- 7	- 14	(K.W.H. in '000's)	18,479	20,499	19,551
Number of Electric Customers	103	103	102	+ 1	0		34,303	34,350	34,177
Grain Shipments	97	83	115	- 18	+ 14	(Bushels in '000's)	28,585	24,487	33,876
Coal Receipts	18	0	21	- 3	+ 18	(Short Tons in '000's)	42	0	49
Iron Ore Shipments	68	0	65	+ 3	+ 68	(Gross Tons in '000's)	801	0	759
Other Lake Cargo	41	0	5	+ 36	+ 41	(Short Tons)	14,448	0	1,668
Duluth Nonagricultural Empl.	104	102	101	+ 3	+ 2	(Persons)	43,400	42,400	42,100
Duluth Retail Sales Index ⁴	114	105	109	+ 5	+ 9		-----	-----	-----
State Metal Mining Empl.	101	98	100 ³	+ 1	+ 3	(Persons)	12,800	12,500	12,700 ³
OVERALL	107	97	107	0	+ 10				

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
4. Adjusted for price changes.

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