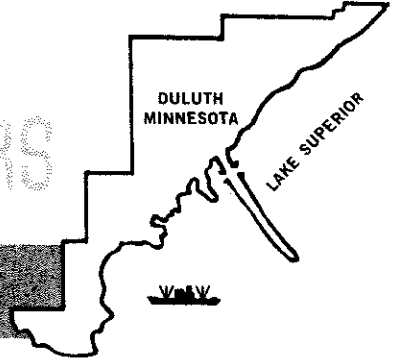


DULUTH BUSINESS INDICATORS

**BUREAU OF BUSINESS
AND ECONOMIC RESEARCH**

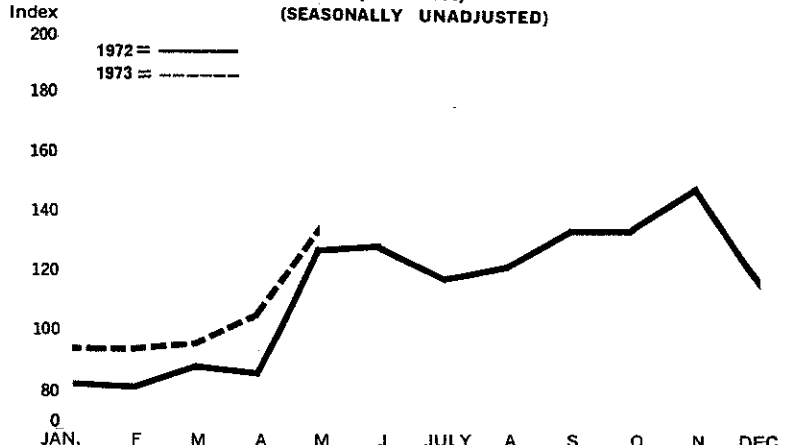
**UNIVERSITY OF MINNESOTA
DULUTH**



Highlights

- Overall business activity high
- Port activity undergirds economy
- Employment lagging last year
- Jobless rate down
- Retail sales up, but slowing

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



Overall business activity in May continued at a high level with the May unadjusted business index (1967=100) of 133 the highest for that month on record.

Once again port activity and its allied operations contributed substantially to the overall economy of Duluth. Grain activity recorded its highest May figure since 1951 when statistics for the Duluth business index were started. Coal receipts, although a small influence on the overall index, had its best May since 1970, while iron ore shipments topped any previous May since 1955.

Normally the overall business index rises seasonally by 24 points in the April-May period. This year the gain amounted to 26 points.

The continued high demand for grain by Russia and other European countries resulted in a big boost to the railroad carloading figure in May as compared to April. Rail receipts of grain in May were more than double the April total, while the combined rail grain receipts and shipments volume was up 65% over April.

Bank debits were up by 14 points over April in contrast to the average April-May increase of less than two index points noted in the past 10 years for this comparison.

A drop in the index value of building permits issued and under construction (in 1967 dollars) from April was the result of fewer permits issued for single family residences and a decrease in the value of permits issued for alteration and repair, chiefly nonresidential buildings.

Postal receipts were down from April due to the greater amount of meter postage purchases made in that month which, however, does not necessarily reflect a heavier volume of mailings. Receipts were also below one year ago when major industry mailings were higher.

Usage of kilowatt hours by commercial and industrial firms experienced their usual April-May seasonal decline although there was a slight reduction in power consumption noted in several of the larger industrial plants. Usual seasonal factors contributed to the drop in residential use of electrical power in May.

INDEX HIGHLIGHTS

TIME PERIOD	DULUTH INDEX
May 1973	133
April 1973	107
April May Change	+ 26
Normal Seasonal Change April to May	+ 24
May 1972	126
Change, May '72 to May '73	+ 7
Seasonally Adjusted Index April 1972	115
Seasonally Adjusted Index April 1973	122

DULUTH LABOR MARKET

	May 1973	May 1972	% Change
Labor Force	46,200	49,000	- 6
Unemployment	2,500	3,500	-29
Rate	5.2%	7.1%	xxx
Total Employment	43,700	45,500	- 4
Wage & Salary	41,100	42,700	- 4
Manufacturing	6,100	6,900	-12
Nonmanufacturing	35,000	35,700	- 2
Job Openings Received During Month	654	774	-16
Persons Claiming Unemploy- ment Benefits	1,182	2,668	-56
Average Weekly Earnings— Mfg. Only	\$171.68	\$142.47	+21

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

RETAIL SALES INDEX

ADJUSTED FOR PRICE CHANGES
(1967=100)

	3 Yr. May Aver. 1970-72	May 1973	May 1972	May '72 to May '73 % Change
Total	104	112	104*	+ 8
General Merchandise	104	114	103*	+ 11
Apparel Stores	85	96	89	+ 8
Grocery Stores	102	94	100	- 6
Automotive Sales	124	148	149	- 1

*Revised

	1973	1972	% Change
Index Average Year-To-Date (Total) Adjusted for price changes	100.8	87.9	+15

Coal receipts, which have been on a decline for a long period of time, have shown a little more strength than usual this spring and posted an April-May gain as lake shipping opened up in full swing in May.

Import-export cargo (excluding grain) was up sharply over April, but the comparison is misleading in that the shipping season just opened in April and the scheduled arrival of ships affected the monthly index in which activity occurs.

Wage and salary employment in Duluth is not moving upward in the same degree that normally occurs at this time of the year. This lack of response to the other economic forces in the city this spring is emphasized by the fact that historically job totals rise by nearly three points between April and May, but this spring the increase amounted to only one point. The 41,100 person working in May was 300 higher than in April.

Unemployment declined by 300 persons from the April level of 2,700 and the April rate of unemployment dropped from 5.8% to 5.2% in May. While the May rate is the lowest it has been all year and is well below a year ago, it does not indicate the losses in labor force and wage and salary employment that have occurred in the past year.

State metal mining employment was up over April and generally correlates with the improved iron ore shipments locally so far this year as well as the high national demand for steel.

Overall, the Duluth business index is averaging 13% higher than last year for the January-May period. However, it should be noted that by May the margin of gain over a year ago was the lowest it has been all year.

The May Duluth business index figure of 133 was up seven points over May of one year ago with bank debits, retail sales and water-borne activity, except import-export cargo, pacing the increase.

The one major element of the economy that is not enjoying a strong upturn is wage and salary employment. This index component is down four points from May, 1972 and for the year-to-date is averaging nearly 1% below the same period of 1972.

In May the percentage of factory workers to total wage and salary employment was 14.8%. For the full year of 1972 the average was 15.9%. Subsequently the percentage could drop even lower this year if recent announcements concerning plant relocations come about.

Numerically, May employment was down by 1,600 workers from last May. Nearly 850 of this decrease was in manufacturing where the closing of several food processing plants and a 300 worker decline in metalworking employment were major developments.

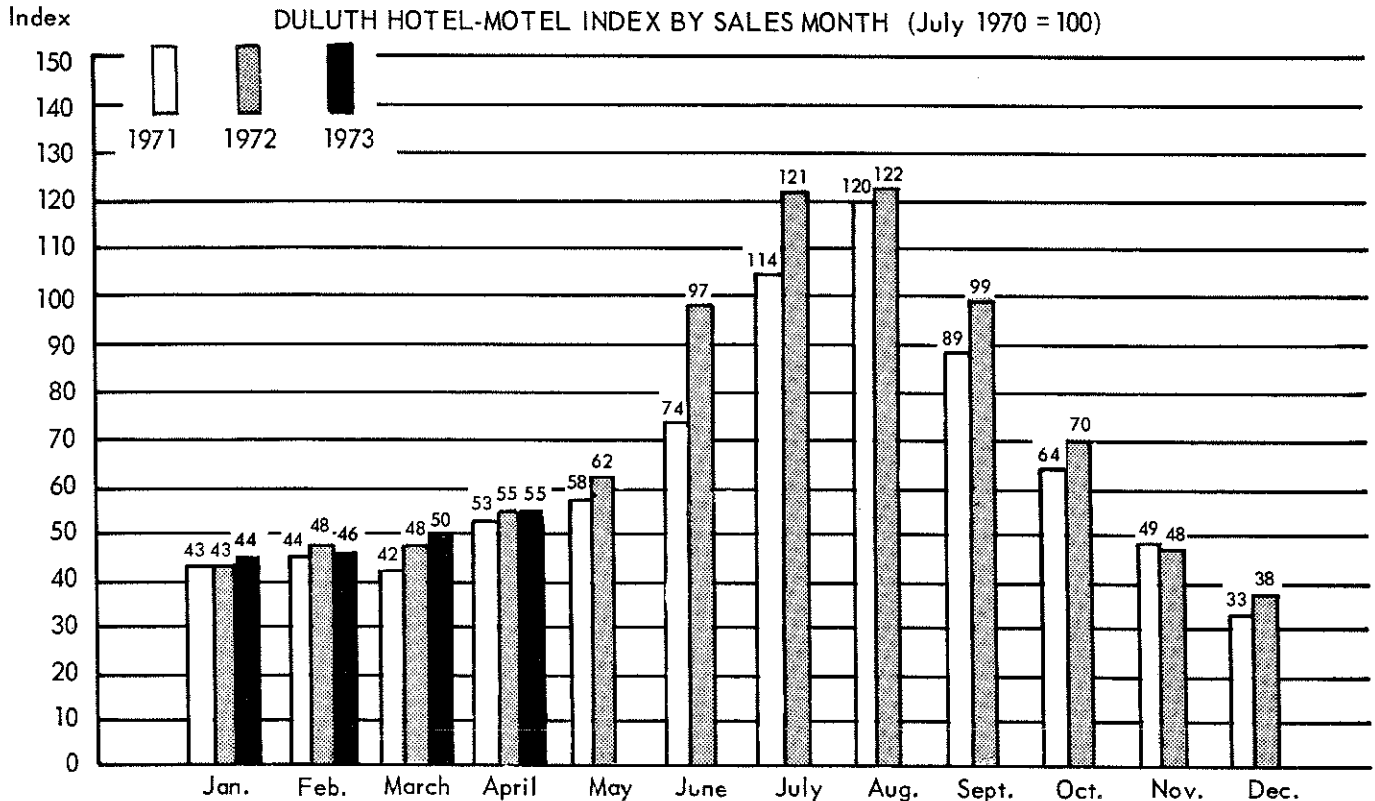
Non-factory employment was down about 700 workers from May, 1972. Transportation job totals fell off by 300 workers, while retail trade, despite the sharp improvement in sales, had 180 fewer employees this May and government employment was down nearly 300 workers from a year ago. The big loss occurred in State government.

Retail sales, even when deflated for price changes, still recorded a noticeable gain over last year. It was noted,



Duluth Hotel-Motel Indicators

Volume III, Number 5, 1973



ANALYSIS

DULUTH HOTEL-MOTEL INDEX

April, 1973 Index Same As April, 1972

The tentative April, 1973 Duluth Hotel-Motel Index was 55 as compared with the April, 1972 Index of 55 and the April 1971 Index of 53.

AVERAGE DAILY ROOM RENTAL RECEIPTS PER OCCUPIED HOTEL-MOTEL ROOM IN THE UNITED STATES

March, 1973 Receipts Higher Than March, 1972 Receipts

For the United States the March, 1973 average daily room rental receipts per occupied hotel-motel room were \$20.32 as compared with March, 1972 receipts of \$19.36 and February, 1971 receipts of \$18.29. The average increase in hotel-motel room receipts between March, 1973 and March, 1972 was .96 or 5.0%.

DULUTH HOTEL-MOTEL ROOM RENTAL RECEIPTS

April, 1973 Room Rental Receipts Higher Than April

Tentative April, 1973 Duluth hotel-motel room rental receipts were \$236,646 as compared with April, 1972 room rental receipts of \$234,750. The increase between April, 1972 and April, 1973 was \$1,896 or .8%.

AVERAGE HOTEL-MOTEL ROOM OCCUPANCY PERCENTAGES—DULUTH AND THE UNITED STATES

For Duluth the March, 1973 average hotel-motel room occupancy was 37% as compared with March, 1972 occupancy of 38%.

For the United States the March, 1973 average hotel-motel room occupancy was 65% as compared with the March, 1972 occupancy of 63%.

by Richard O. Sielaff, Professor of Business Administration and Economics, University of Minnesota, Duluth
Month of publication, June, 1973

Duluth Hotel-Motel Indicators is published by the Bureau of Business and Economic Research as a service for the State of Minnesota and mailed with the Duluth Business Indicators.

Bureau of Business and Economic Research, University of Minnesota, Duluth, Duluth, Minnesota 55812

DULUTH HOTEL-MOTEL INDICATORS—TABLES

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

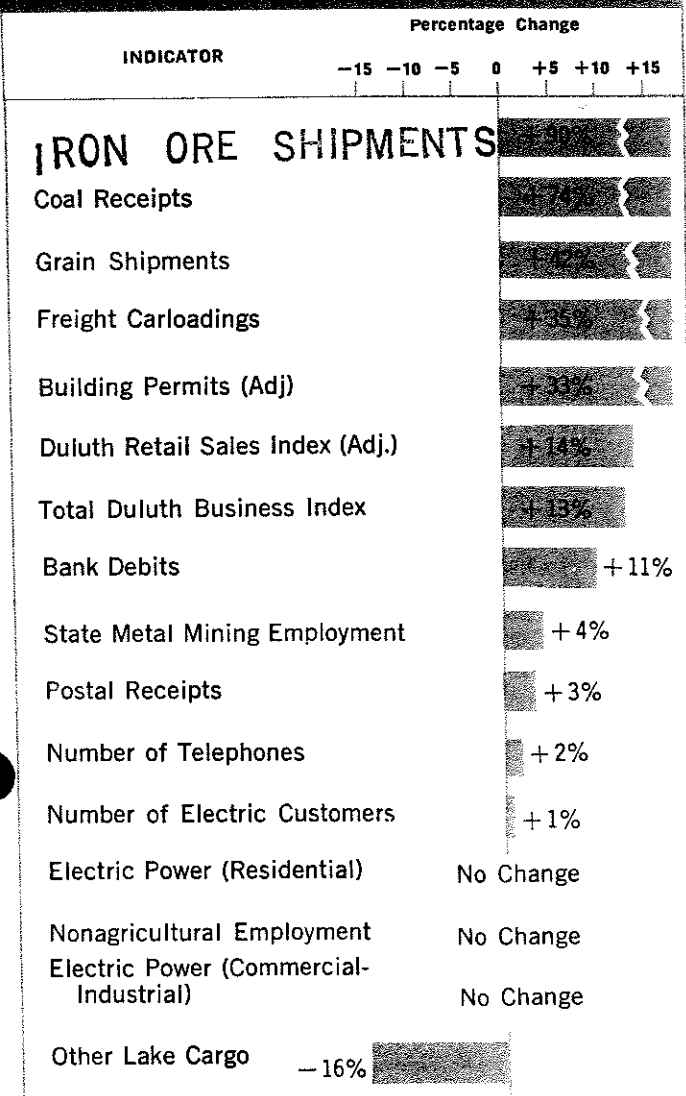
MONTH	YEAR	Duluth Hotel-Motel Index July 1970 = 100	Duluth Hotel-Motel Room Rental Receipts	Average Hotel-Motel Room Occupancy Percentages		U.S. Average Rental Receipts Per Occupied Room in Hotels and Motels
				Duluth %	U.S. %	
JAN.	1971	43	\$188,756	36%	52%	\$17.78
	1972	43	190,706	34	55	19.03
	1973	44	193,299	37	57	19.52
FEB.	1971	44	178,741	38	57	\$17.77
	1972	48	197,494	39	57	19.01
	1973	46	185,816	35	60	19.85
MAR.	1971	42	194,391	36	61	\$18.29
	1972	48	211,752	38	63	19.36
	1973	50*	222,501	37	65	20.32
APR.	1971	53	227,065	43	62	\$18.73
	1972	55	234,750	43	66	19.07
	1973	55	236,646			
MAY	1971	58	256,415	46	62	\$18.93
	1972	62	277,107	49	66	19.35
	1973					
JUN.	1971	74	320,512	58	63	\$19.26
	1972	97	418,645	75	68	19.53
	1973					
JULY	1971	114	504,937	91	61	\$18.95
	1972	121	538,242	94	63	19.45
	1973					
AUG.	1971	120	530,906	93	65	\$19.30
	1972	122	532,977	91	68	19.83
	1973					
SEPT.	1971	89	387,155	72	62	\$18.79
	1972	99	432,629	77	64	19.54
	1973					
OCT.	1971	64	297,598	51	68	\$19.91
	1972	70	310,695	51	71	20.43
	1973					
NOV.	1971	49	212,197	39	58	\$18.96
	1972	48	206,509	37	60	19.38
	1973					
DEC.	1971	33	149,230	28	45	\$18.16
	1972	38	172,601	30	48	18.88
	1973					
TOTALS	1971		3,447,903			
	1972		3,724,107			
	1973					
AVG.	1971	65.3	287,325	52.6%	60%	\$18.74
	1972	70.9	310,342	55.0%	62%	\$19.21
	1973					

* Tentative

SOURCES: (1) Survey of Current Business,
U. S. Dept. of Commerce

(2) Department of Finance and Records
City of Duluth

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



however, that despite the net increase over a year ago the year-to-date margin of gain dropped slightly from the improvement noted earlier in the year.

In April the year-to-date margin over 1972 averaged 16.7%. In May the season's average gain over last year fell to 14.6%. Some improvement this summer is expected to raise this average again as most of the stores in the new shopping center will be opened and will no doubt bring in an influx of new customers, especially during the initial weeks of business. In addition the opening of the new stores will also add to the employment levels in retail trade, but whether this gain can offset other industrial losses remains to be seen.

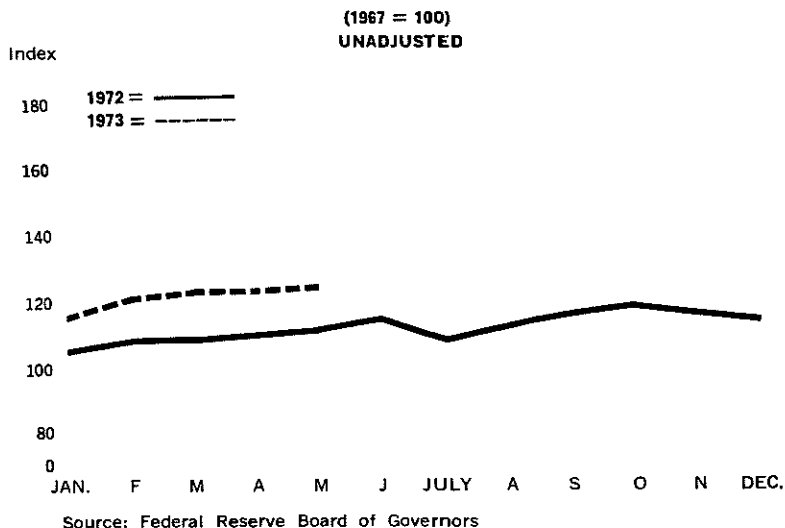
NATIONAL CONDITIONS

The erosion of the dollar's purchasing power continued relentlessly in May as in previous months. In fact, looking back on the behavior of consumer prices since May of 1972, it is clear that heavy blows have rained down on the family budget. For example, in the last year period, the meat, poultry and fish segment of the Consumer Price Index was up by an unbelievable 24.7%. Fruits and vegetable prices rose by 16.7%. For food at home generally, the increase was 12.8%. And, to add fuel to the fires of inflation, gasoline prices were up by 8.6%. It was clear that Watergate notwithstanding, some action by the President was expected and on June 13th, 1973 the President announced a 60 day price freeze on all prices except raw agricultural products. Wages were also exempt. During the 60 days the Government will supposedly have time to plan and announce a workable Phase IV. Since Phase III is still in effect, the mixture of Phases has logically led some to refer to the present time as Phase III½. Thus, in the absence of any better means for dealing with inflation, the consumer is now struggling with the prospect of shortages, particularly in food and gasoline, hoping that somehow the situation will improve or at least not deteriorate.

HIGHLIGHTS OF THE U. S. INDEX OF INDUSTRIAL PRODUCTION
(May 1973 compared to May 1972)

- Total Index up 9%**
- Consumer Goods Production up 7%**
- Manufacturing Production up 10%**
- Manufacturing Payrolls (seasonally adjusted) up 13%**

U. S. INDEX OF INDUSTRIAL PRODUCTION



DULUTH BUSINESS INDICATORS

COMPONENT	INDEX NUMBERS (1967 = 100)					ORIGINAL DATA			
	May 1973	Apr. 1973	May 1972	INDEX CHANGE		UNIT	May 1973	April 1973	May 1972
				May '72 to May '73	Apr. '73 to May '73				
Freight Carloadings	112	71	96	+ 16	+ 41	(Cars)	12,613	7,998	10,854
Bank Debits	123	117	109	+ 14	+ 6	(Dollars in '000's)	260,620	249,245	231,197
Building Permits ²	110	124	122	- 12	- 14	(Actual \$ Value)	998,155	1,613,074	1,437,197
Postal Receipts	132	150	139	+ 7	- 18	(Dollars)	310,730	353,423	328,454
Number of Telephones	122	122	119	+ 3	0	(Units)	85,831	85,587	83,828
Electric Power (Commercial & Industrial)	123	127	120	+ 3	- 4	(K.W.H. in '000's)	30,633	31,699	30,004
Electric Power (Residential)	121	124	120	+ 1	- 3	(K.W.H. in '000's)	17,612	17,996	17,417
Number of Electric Customers	102	102	101	+ 1	0		33,983	33,949	33,693
Grain Shipments	273	151	177	+ 96	+122	(Bushels in '000's)	80,076	44,344	51,921
Coal Receipts	96	67	82	+ 14	+ 29	(Short Tons in '000's)	225	158	193
Iron Ore Shipments	220	136	152	+ 68	+ 84	(Gross Tons in '000's)	2,585	1,600	1,782
Other Lake Cargo	277	16	348	- 71	+261	(Short Tons)	97,455	5,690	122,591
Duluth Nonagricultural Empl.	99	98	103 ³	- 4	+ 1	(Persons)	41,100	40,800	42,700 ³
Duluth Retail Sales Index ⁴	112	116	104 ³	+ 8	- 4	
State Metal Mining Empl.	100	96	96 ³	+ 4	+ 4	(Persons)	12,700	12,200	12,200 ³
OVERALL	133	107	126	+ 7	+ 26				

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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