



DULUTH BUSINESS INDICATORS

BUREAU OF BUSINESS
AND ECONOMIC RESEARCH

UNIVERSITY OF MINNESOTA
DULUTH



VOL. 12

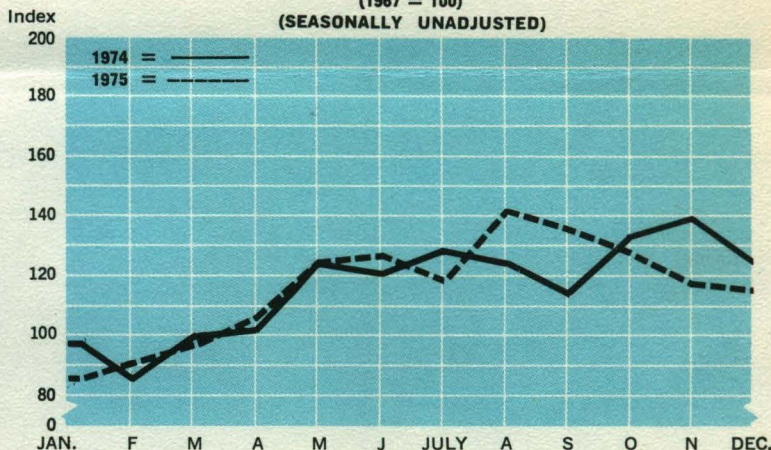
DECEMBER 1975

10. 12

Highlights

- *December Downturn Less Severe*
- *Bank Debits Up Significantly*
- *Construction Activity Slipping*
- *Unemployment Hits High*
- *Retail Sales Stage Comeback*

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



ECONOMIC CONDITIONS

Although business activity tapered off in December as the month experienced its usual November-December seasonal drop, the decline in the index this year was less than the average of the past 10 years for this period. During the past two years, month-to-month changes in the index have not followed historical patterns thus making it more difficult to interpret the monthly atypical changes that have been occurring.

The unadjusted December index (1967=100) was 115, down four points from November compared to the average decline of seven points for this period in recent years. Sizeable gains over November were seen in bank debits, postal receipts, residential electric power consumption and in retail sales which helped blunt the usual downturn normally experienced in December.

With the sharp drop in grain activity, ore shipments and import-export cargo (excluding grain) there was an expected decline in freight carloading activity in December.

The carloading index in December was the lowest for that month since records were first assembled in 1951.

The value of bank debits showed a surprising seasonal jump over November. Normally this component rises about 4% in this two month comparison, but this year the increase amounted to 23%. State and local government debit figures went up by 49% over November, while those of individuals rose by 26%. Undoubtedly the more than average gain in retail sales in December over November contributed to the increase in the December debit total.

While bank debits were on the rise in December, the index of the value of building permits issued and under construction (in 1967 dollars) for that month plummeted to its fifth lowest December in 25 years. During the past year building permit valuations began to show signs of recovery in mid-year, but by the third quarter the building construction picture began to show a declining trend.

Contrary to past trends the use of electric power in the

INDEX HIGHLIGHTS

TIME PERIOD	DULUTH INDEX
December 1975	115
November 1975	119
November-December Change	- 4
Normal Seasonal Change November to December	- 7
December 1974	124
Change, Dec. 1974 to Dec. 1975	- 9
Seasonally Adjusted Index December 1974	133
Seasonally Adjusted Index December 1975	123

DULUTH LABOR MARKET

	Dec. 1975	Dec. 1974	% Change
Work Force	49,900	49,400	+ 1
Unemployment	4,200	3,200	+31
Rate	xxx	xxx	xxx
Actual	8.4%	6.5%	xxx
Seasonally Adjusted	7.9%	6.1%	xxx
Total Employment	45,800	46,100	- 1
Wage & Salary	42,900	43,200	- 1
Manufacturing	5,700	5,600	+ 2
Nonmanufacturing	37,200	37,600	- 1
Job Openings Received During Month	520	560	- 7
Persons Claiming Unemploy- ment Benefits	3,542	1,768	+100
Average Weekly Earnings— Mfg. Only	\$189.62	\$187.50	+ 1

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. December Aver. 1972-74	Dec. 1975	Dec. 1974	Dec. '74 to Dec. '75 % Change
Total	161	185	165	+ 12
General Merchandise	182	204	190	+ 7
Apparel Stores	164	223	160	+ 39
Grocery Stores	101	105	102	+ 3
Automotive Sales	96	111	76	+ 46
		1975	1974	Change
Index Average Year-To-Date (Total) Adjusted for price changes	115.7	117.6		- 2

commercial and industrial category recorded a gain over November as opposed to a decline. Some commercial expansion was noted increasing the use of electrical power and this gain was more than enough to offset the reduction in power consumption noted in the industrial segment.

A December drop in grain activity is a normal seasonal occurrence. Grain receipts, although down from November, held up reasonably well compared to the sharp decline that occurred in grain shipments. The shutdown of lake shipping in December was the major factor in the overall grain index loss.

Also affected by the season's windup of lake shipping in December were coal receipts and iron ore shipments both of which experienced usual seasonal decreases from November levels. Import-export cargo (excluding grain) closed the 1975 shipping season on a positive note although December's cargo tonnage was not as high as it has been in recent Decembers.

Wage and salary job totals dipped by greater than average between November and December with the loss being confined to the nonfactory type of firm. Three areas of work—construction, transportation and service—are highly seasonal and accounted for the bulk of the job cutback in nonmanufacturing.

Lack of jobs continues to be the major problem of the unemployed. With the current seasonal slowdown in the economy and the general softness of the job market, the number of jobseekers rose from 3,800 in November to 4,200 in December. The rate of unemployment in December was 8.4%, the highest December rate since 1961 when the rate was 9.8%. There were 13% fewer job openings received in the local office of the State Employment Service in December compared to November.

For most of 1975 the aggregate of business activity in Duluth followed the path predicted earlier in the year, however, the trend in the final quarter did not maintain the strength that began to develop in late summer. As a result of the year-end slowdown the business index for the full year of 1975 averaged four-tenths of a percent below the 1974 index level. An increase of 3-4% over 1974 had been originally projected.

December outbound shipments of grain by rail, iron ore shipments and general cargo tonnage (excluding grain) were all down from their year ago levels and were factors in the sharp decline in the freight carloading index from December 1974.

Bank debit figures showed a significant rise over its year ago total, the percentage gain being much greater than can be attributed to inflation. The value of building permits issued in December (in 1967 dollars) was well below 12 months previous.

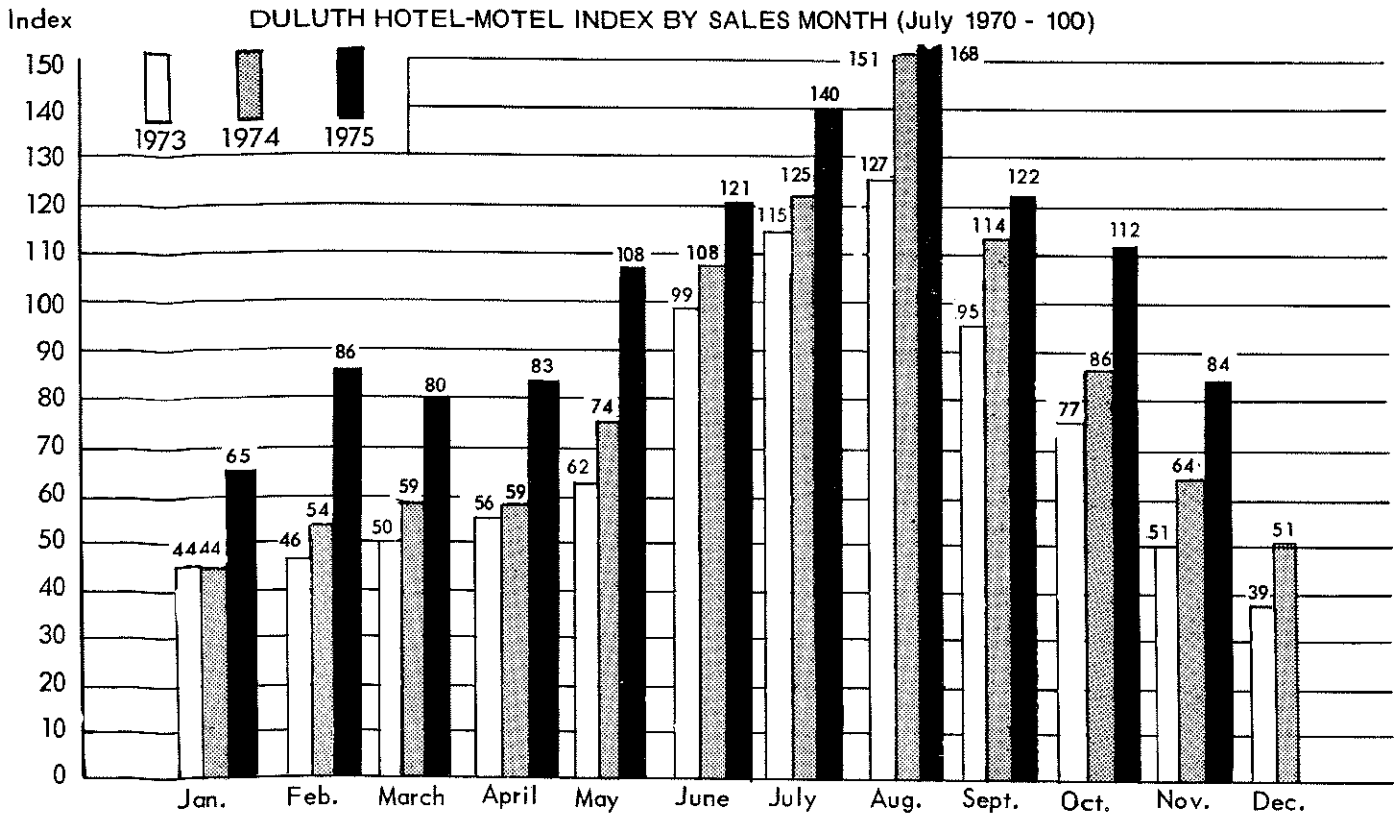
December's grain shipments were down slightly from a year ago as the season's lake shipping came to a close. There was a slight improvement, however, in the yearly volume of grain handled as compared to 1974.

Over the past year the job picture did not show any improvement as December's wage and salary employment dropped by more than 300 workers, all in nonmanufacturing, in this period of comparison. One of the brighter aspects of the job market is the apparent stabilization of manufacturing employment. This component has been on the decline for a number of years, but in recent months this downtrend seems to have bottomed out.



Duluth Hotel-Motel Indicators

VOLUME V, NUMBER 12, 1975



ANALYSIS

Duluth Hotel-Motel Index

November, 1975 Index Higher Than November, 1974

The tentative November, 1975 Duluth Hotel-Motel Index was 84 as compared with the November, 1974 Index of 64 and November, 1973 Index of 51. The Index measures room rental receipts unadjusted for price changes.

Duluth Hotel-Motel Room Rental Receipts

November, 1975 Room Rental Receipts Higher Than November, 1974

Tentative November, 1975 Duluth Hotel-Motel room rental receipts were \$360,831 as compared with November, 1974 room rental receipts of \$275,172.

UNITED STATES ROOM OCCUPANCY PERCENTAGES AND AVERAGE DAILY ROOM RENTAL RECEIPTS PER OCCUPIED HOTEL-MOTEL ROOM

PERIOD	MAJOR HOTELS		MAJOR MOTOR HOTELS	
	Occupancy Percentage	Average Daily Room Receipts	Occupancy Percentage	Average Daily Room Receipts
1974	62	\$24.49	66	\$19.44
First Quarter 1975	57	27.37	59	20.71
Second Quarter 1975	61	27.47	66	21.34
Third Quarter 1975	59	27.07	77	21.76

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

Month of publication, JANUARY, 1976

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

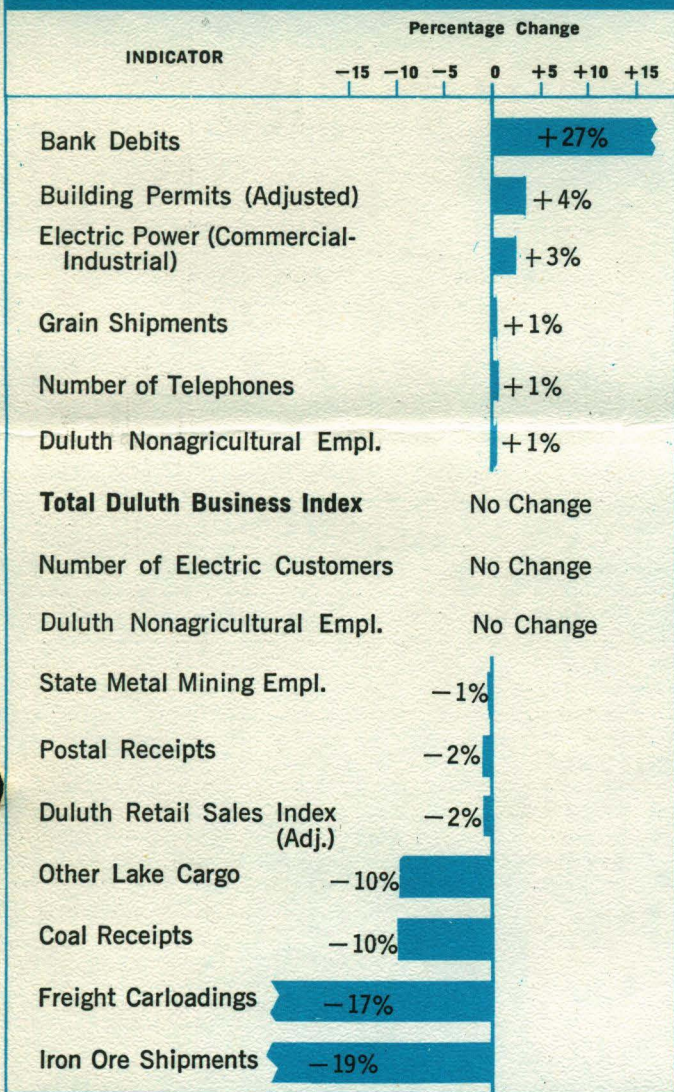
MONTH YEAR	Duluth Hotel-Motel Index July 1970 = 100	Duluth Hotel-Motel Room Rental Receipts	Average Occupancy	U.S. Average Rental Receipts Per Occupied Room in Hotels/Motor Hotels	MONTH YEAR	Duluth Hotel-Motel Index July 1970 = 100	Duluth Hotel-Motel Room Rental Receipts	Average Occupancy	U.S. Average Rental Receipts Per Occupied Room in Hotels/Motor Hotels
			U.S. % Hotel/Mtr. Hotel					U.S. % Hotel/Mtr. Hotels	
JAN. 1970	35	\$156,493			AUG. 1970	123	\$546,730		
1971	43	192,789	52%	\$17.78	1971	119	530,906	65%	\$19.30
1972	43	190,706	55	19.03	1972	122	541,068	68	19.83
1973	44	193,314	57	19.52	1973	127	565,673	70	20.93
1974	44	193,985	56	20.35	1974	151	670,905	63/76	23.71/19.48
1975	65	285,638	55/57	27.34/19.90	1975	168	750,698	60/76	26.89/21.77
FEB. 1970	40	\$160,799			SEPT. 1970	94	\$403,475		
1971	51	206,485	57	\$17.77	1971	90	387,155	62	\$18.79
1972	48	197,494	57	19.01	1972	101	432,629	64	19.54
1973	46	185,815	60	19.85	1973	95	408,374	66	20.71
1974	54	218,187	63	21.86	1974	114	490,717	62/67	25.80/19.34
1975	86	345,334	59/59	27.17/20.29	1975	122	525,113	58/65	27.01/20.72
MAR 1970	45	\$199,966			OCT. 1970	67	\$298,451		
1971	44	196,148	61	\$18.29	1971	67	297,598	68	\$19.91
1972	48	211,752	63	19.36	1972	69	310,696	71	20.43
1973	50	224,067	65	20.32	1973	77	342,287	74	20.64
1974	59	263,549	65/66	24.46/18.46	1974	86	380,299	72/70	26.17/19.86
1975	80	356,609	57/61	27.61/21.93	1975	112	498,985		
APR. 1970	46	\$196,223			NOV. 1970	45	\$191,523		
1971	53	227,065	62	\$18.73	1971	49	212,197	58	\$18.96
1972	55	234,750	66	19.07	1972	47	206,509	60	19.38
1973	56	239,521	67	20.06	1973	51	219,026	63	21.04
1974	59	253,105	66/68	23.98/19.80	1974	64	275,172	62/60	25.88/19.83
1975	83	355,407	61/65	27.57/21.69	1975	84	360,831		
MAY 1970	56	\$250,987			DEC. 1970	28	\$122,567		
1971	58	256,415	62	\$18.93	1971	34	149,230	45	\$18.16
1972	62	277,107	66	19.35	1972	38	172,601	48	18.88
1973	62	277,211	69	20.53	1973	39	171,432	46	20.36
1974	74	329,930	67/69	24.78/19.42	1974	51	227,786	47/46	24.22/19.59
1975	108	481,027	59/63	27.67/20.82	1975				
JUNE 1970	87	\$376,141				AVERAGE	TOTAL	AVERAGE	AVERAGE
1971	75	320,512	63	\$19.26	1970	63.8	\$3,348,185.	—	—
1972	97	418,645	68	19.53	1971	66.4	3,481,437.	59.66%	\$18.74
1973	99	425,022	68	20.39	1972	70.9	3,732,199.	62.42%	19.41
1974	108	464,972	67/72	25.01/19.36	1973	71.8	3,764,839.	64.17%	20.38
1975	121	537,782	64/71	27.18/21.51	1974	82.4	4,324,565	62/66	24.49/19.44
JULY 1970	100	\$444,830			1975				
1971	114	504,937	61	\$18.95					
1972	121	538,242	63	19.45					
1973	115	513,097	65	20.25					
1974	125	555,958	60/71	23.84/19.81					
1975	140	626,756	59/71	27.31/22.81					

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

Year-to-date compared to 1974



At the national level many retailers were reported to have experienced one of the best December sales months on record. Locally, retail sales also posted some impressive statistics. December's retail sales, when deflated for price changes, rose by 43% over November. During the previous five years the average November-December gain was 33%.

The November-December increase in sales (deflated) was the greatest for any year in the past three years and the 43% increase was well above the 32% average increment of the 1970-1974 period for this two month comparison.

The December 1975 overall retail sales index figures (deflated) bettered its year previous total by 12%. Components of the retail sales index — apparel stores and automotive sales were up by a substantially greater margin.

Despite the year-end surge in consumer spending, retail sales (deflated) for the 12 months of 1975 still fell short of the 1974 statistics by 2%. This deficit, however, was much greater in late summer when year-to-date sales (deflated) lagged the previous year by as much as 4%.

MONTHLY REPORT OF DULUTH BANK DEBITS

	Current Month Dec. 1975	Month Ago Nov. 1975
BANK DEBITS — TOTAL	\$471.1	\$382.4
Individuals	60.2	47.6
% of Total	12.8%	12.5%
Commercial Accounts	333.3	282.6
% of Total	70.8%	73.9%
State & Local Government	77.5	52.1
% of Total	16.5%	13.6%

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.

HIGHLIGHTS OF THE U. S. INDEX OF INDUSTRIAL PRODUCTION

December 1975 compared to December 1974

- Total Index up 1%**
- Consumer goods production up 5%**
- Manufacturing production up 1%**

U. S. INDEX OF INDUSTRIAL PRODUCTION
(1967 = 100)
UNADJUSTED



Source: Federal Reserve Board of Governors

DULUTH BUSINESS INDICATORS

INDEX NUMBERS (1967 = 100)						ORIGINAL DATA			
COMPONENT	Dec. 1975	Nov. 1975	Dec. 1974	INDEX CHANGE		UNIT	Dec. 1975	Nov. 1975	Dec. 1974
				Dec. '74 to Dec. '75	Nov. '75 to Dec. '75				
Freight Carloadings	51	64	91	- 40	- 13	(Cars)	5,773	7,234	10,286
Bank Debits	221	180	169	+ 52	+ 41	(Dollars in '000's)	471,084	382,405	359,671
Building Permits ²	32	74	94	- 62	- 42	(Actual \$ Value)	730,409	818,401	1,033,271
Postal Receipts	206	168	190	+ 16	+ 38	(Dollars)	486,060	397,039	449,071
Number of Telephones	128	128	126	+ 2	0	(Units)	90,240	89,791	88,949
Electric Power (Commercial & Industrial)	126	121	123	+ 3	+ 5	(K.W.H. in '000's)	31,476	30,171	30,723
Electric Power (Residential)	138	116	129	+ 9	+ 22	(K.W.H. in '000's)	20,063	16,879	18,724
Number of Electric Customers	103	103	102	+ 1	0		34,264	34,238	34,098
Grain Shipments	108	147	109	- 1	- 39	(Bushels in '000's)	31,658	43,270	32,120
Coal Receipts	19	20	16	+ 3	- 1	(Short Tons in '000's)	45	48	38
Iron Ore Shipments	40	68	51	- 11	- 28	(Gross Tons in '000's)	474	804	603
Other Lake Cargo	251	315	337	- 86	- 64	(Short Tons)	88,211	110,970	118,662
Duluth Nonagricultural Empl.	103	105	104 ³	- 1	- 2	(Persons)	42,900	43,500	43,200 ³
Duluth Retail Sales Index ⁴	185	129	165	+ 20	+ 56	
State Metal Mining Empl.	94	96	99 ³	- 5	- 2	(Persons)	12,000	12,200	12,600 ³
OVERALL	115	119	124	- 9	- 4				

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 Employment 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.

3. Revised

4. Adjusted for price changes.

UNIVERSITY OF MINNESOTA, DULUTH
DULUTH, MINNESOTA 55812

NON-PROFIT
ORGANIZATION
U. S. POSTAGE
PAID
PERMIT NO. 67
DULUTH, MINN.