

# DULUTH BUSINESS INDICATORS

BUREAU OF BUSINESS AND ECONOMIC RESEARCH  
 SCHOOL OF BUSINESS AND ECONOMICS  
 University of Minnesota Duluth  
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 Department of Economic Security



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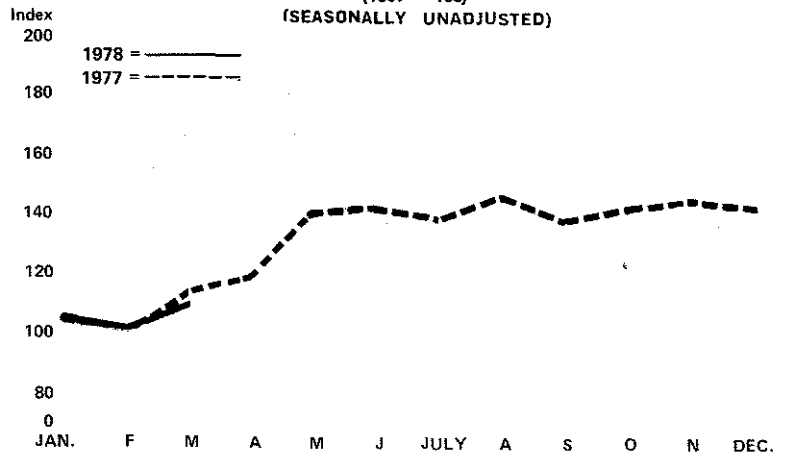
MARCH 1978

NO. 3

## Highlights

- *March Business Index Up*
- *First Quarter Lags 1977*
- *Building Construction Slows*
- *Job Market Improves*
- *Retail Sales Still Flat*

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



## ECONOMIC CONDITIONS

The business climate of Duluth in March, although seasonally improved over February, still did not muster enough strength to push the first quarter index average above the same period in 1977.

The March 1978 business index (unadjusted) recorded an eight point gain over February which is slightly higher than the average six point February-March gain noted in the past 10 years. For the year-to-date the 1978 index averaged 2.2 percent below the same three months of 1977.

Freight carloading activity bounced up in March mainly due to a greater amount of coal received. Bank debits, unadjusted for price changes, increased by 20 percent over the month of February, which has a fewer number of days than March. Commercial check writing, up by \$65 million over February, recorded the largest numerical gain in March. However, the dollar value of check writing by individuals posted a 47 percent gain over February compared to the relative commercial increase of 15 percent.

Building construction activity in March, as measured by the value of building permits issued and under construction and adjusted to 1967 dollars, showed a minor gain over February. For the first quarter of 1978, however, the index of building permit valuations is down 58 percent from the January-March average of 1977 indicating a very soft first quarter market for the construction industry.

Consumption of electric power by commercial and industrial users dropped in March. This is a seasonal pattern although variations in the number of meter reading days also were a factor. Seasonal decreases were also the basic factor in the February-March decrease in amount of electric power used by residential consumers. Normally the month of March experiences a seasonal pick-up in grain traffic, but this year the increase was much less than the average of recent years. With limited storage capacity currently available, the amount of grain receipts this spring from country elevators has been reduced.

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## INDEX HIGHLIGHTS

TIME PERIOD	DULUTH INDEX
March 1978 .....	110
February 1978 .....	102
February-March Change .....	+ 8
Normal Seasonal Change February to March .....	+ 6
March 1978 .....	115
Change, March '77 to March '78 .....	- 5
Seasonally Adjusted Index March 1977 .....	143
Seasonally Adjusted Index March 1978 .....	138

## DULUTH LABOR MARKET

	March 1978	March 1977	% Change
Labor Force .....	45,400	44,100	+ 3
Unemployment .....	2,500	3,500	- 29
Rate .....	xxx	xxx	xxx
Actual .....	5.5%	8.0%	xxx
Seasonally Adjusted ....	4.8%	6.9%	xxx
Total Employment			
(Labor Force) .....	42,900	40,600	+ 6
Wage & Salary (Work Force) .....	45,000	43,100	+ 4
Manufacturing (Work Force) .....	6,200	5,800	+ 7
Nonmanufacturing (Work Force) .....	38,700	37,300	+ 4
Job Openings Received			
During Month .....	453	496	- 9
Persons Claiming Unemploy- ment Benefits .....	3,065	5,954	- 49
Average Weekly Earnings—			
Mfg. Only .....	\$216.96	\$189.09	+ 15

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

## RETAIL SALES INDEX

ADJUSTED FOR PRICE CHANGES  
(1967 = 100)

	3 Yr. March Aver. 1975-77	Mar. 1978	Mar. 1977	Mar. '77 to Mar. '78 % Change
Total .....	102.3	112	108	+ 4
General Merchandise .....	99.3	105	105	0
Apparel Stores .....	105.9	114	99	+ 15
Grocery Stores .....	104.9	120	109	+ 10
Automotive Sales .....	123.2	175	156	+ 12
		1978	1977	% Change
Index Average Year-To-Date (Total) Adjusted for price changes	98.0	97.6		0

A slight upturn in wage and salary employment occurred in March which is a normal development at this time of the year. The number of unemployed persons in March—2,500—showed no change from the February level and the percentage of unemployed to total labor force remained at 5.5 percent for both months.

The callback of miners to their jobs after the lengthy work stoppage last fall was virtually complete by March which resulted in the metal mining job figure recording a March increase over February.

Business activity in Duluth during the first three months of 1978 has shown little vigor compared to a like period of months in 1977 and the business index for March was down by five index points from March of 1977.

One factor in the over-the-year decline is the softness in the building industry this year. The value of building permits issued this past March for new nonresidential construction and alteration and repair work was down noticeably from March 1977.

Residential consumption of electric power was also below its year ago figure. Grain activity is slow in picking up this year and the March 1978 index for this component is only 60 percent of last year's index.

One encouraging facet of the economy, however, is the fact that employment is up over one year ago and the number of unemployed is down by approximately 1,000 persons in the same period.

Despite the improvement in the labor market, there is still a sizeable surplus of workers for the number of jobs available. An analysis made of the number of applicants on file with the Duluth office of the State Employment Service indicated that in March there were 28 applicants for each unfilled job opening listed in the office at the end of the month. This ratio of 28 to 1 shows only a slight improvement from the 29 to 1 ratio of January.

The ratio of applicants to unfilled openings varies greatly among different occupations with the greatest surplus of workers noted in occupations involving sales, service, processing, construction and transportation.

While the quantity of job applicants is more than adequate to meet total demand there will always be certain occupations for which the current supply of workers is not adequate. Some job openings will go unfilled for varying periods of time because of the lack of qualified applicants, unfavorable working conditions, low pay, lack of transportation by job seekers, etc. Long term unemployment (15 weeks or longer) among persons collecting unemployment benefits is most serious for those workers whose previous employment had been in manufacturing, construction, trade and service jobs.

Nationally, the month of March was a good month for retailers as large sales gains were noted compared to a year earlier. One factor that may have had an influence on the year-to-year comparison was that Easter this year was in March instead of in April.

Similarly, retail sales in Duluth (deflated for price changes) recorded a 4 percent gain over March 1977 with increases occurring in stores other than general merchandise establishments.

First quarter sales in Duluth are averaging only 0.4 percent higher than for the same three months of 1977. This year's first quarter average was hurt by the low January figure, but the figures for February and March show increased improvement over the same months of last year.

**PERCENTAGE CHANGE IN 15 INDIVIDUAL BUSINESS INDICATORS FOR THE CITY OF DULUTH**  
*Year-to-date compared to 1977*

INDICATOR	Percentage Change						
	-15	-10	-5	0	+5	+10	+15
Bank Debits							+17%
Freight Carloadings							+13%
Postal Receipts							+6%
Electric Power (Commercial-Industrial)							+6%
Duluth Nonagricultural Empl.							+3%
Number of Electric Customers							+1%
Number of Telephones							+1%
Duluth Retail Sales Index (Adj.)							No Change
Coal Receipts							No Change
Iron Ore Shipments							No Change
Other Lake Cargo							No Change
Electric Power (Residential)							-1%
<b>Total Duluth Business Index</b>							-2%
Grain Shipments							-3%
State Metal Mining Empl.							-7%
Building Permits (Adjusted)							-58%

At the National level, personal income in April recorded its second monthly increase in a row which could spur economic growth. Assuming that this area shares some of that income growth it is conceivable that the added money will ultimately be reflected in retail sales.

The problem of inflation continues to plague the Nation and there seems to be little hope of the rate slowing from its present seven percent in the foreseeable future. Food prices have been climbing steadily since the first of the year, while beef prices have recently been moving towards all time highs at the St. Paul Stockyards. Given the lead time necessary for food supplies (including meat) to change appreciably, the consumer, it seems, will probably find no relief in the months immediately ahead.

**REPORT OF DULUTH FINANCIAL ACTIVITY<sup>1</sup>**

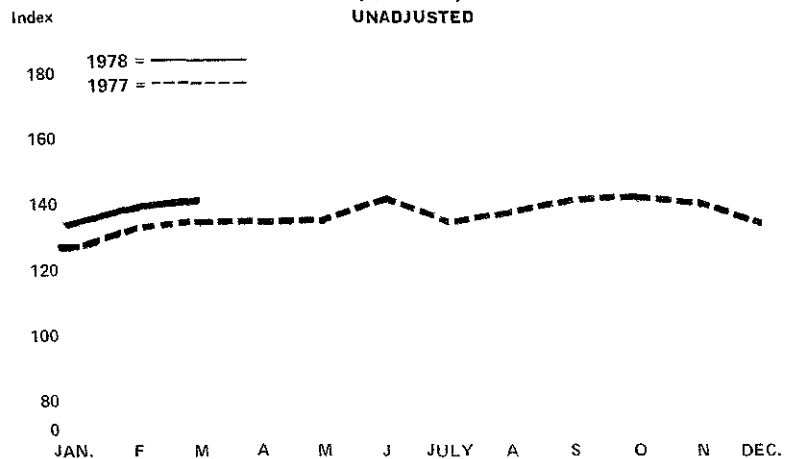
	Current Month Mar. 1978	Year Ago Mar. 1977
<b>BANK DEBITS - TOTAL</b> .....	\$653.7	\$529.2
Individuals .....	96.0	53.8
% of total .....	14.7%	10.2%
Commercial Accounts .....	500.1	422.2
% of total .....	76.5%	79.7%
Government (State & Local) .....	57.5	53.2
% of total .....	8.8%	10.1%
<b>TOTAL DEPOSITS (END-OF-MONTH)</b> .....	\$686.3	\$639.8
Demand .....	141.1	129.1
% of total .....	20.6%	20.2%
Time and Savings .....	545.3	510.7
% of total .....	79.4%	79.8%
Savings Only .....	232.0	221.8
<b>DOLLAR VALUE OF NEW REAL ESTATE MORTGAGES ISSUED (CURRENT MONTH)</b> .....	\$ 5.8	\$ 4.5
Residential .....	4.8	4.0
% of total .....	83.4%	89.5%
<b>DEPOSIT TURNOVER RATE*</b> .....	4.6	4.1

<sup>1</sup>Figures rounded in millions. Shown in current dollars. 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.

\*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 4.4%**  
**Consumer Goods Production up 3.1%**  
**Manufacturing Production up 5.1%**

## DULUTH BUSINESS INDICATORS

COMPONENT	INDEX NUMBERS (1967 = 100) UNADJUSTED					ORIGINAL DATA			
	Mar. 1978	Feb. 1978	Mar. 1977	INDEX CHANGE Mar. '77 Feb. '78 to to Mar. '78 Mar. '78		UNIT	Mar. 1978	Feb. 1978	Mar. 1977
Freight Carloadings	98	62	91	+ 7	+ 36	(Cars)	11,042	6,964	10,257
Bank Debits	303	254	249	+ 54	+ 49	(Dollars in '000's)	653,696	543,397	529,189
Building Permits <sup>2</sup>	48	45	158	-110	+ 3	(Actual \$ Value)	1,169,303	600,813	1,735,311
Postal Receipts	216	209	202	+ 4	+ 7	(Dollars)	510,112	492,168	477,367
Number of Telephones	131	132	131	0	- 1	(Units)	92,801	92,882	91,942
Electric Power (Commercial & Industrial)	146	164	140	+ 6	- 18	(K.W.H. in '000's)	36,539	40,889	35,006
Electric Power (Residential)	142	160	148	- 6	- 18	(K.W.H. in '000's)	20,745	23,282	21,503
Number of Electric Customers	104	104	103	+ 1	0		34,865	34,870	34,493
Grain Shipments	47	46	78	- 31	+ 1	(Bushels in '000's)	13,741	13,372	22,806
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.	108	107	104 <sup>3</sup>	+ 4	+ 1	(Persons)	45,000	44,600	43,100 <sup>3</sup>
Duluth Retail Sales Index <sup>4</sup>	112	97	108	+ 4	+ 15		.....	.....	.....
State Metal Mining Empl.	110	93	104	+ 6	+ 17	(Persons)	14,000	11,800	13,700
<b>OVERALL</b>	<b>110</b>	<b>102</b>	<b>115</b>	<b>- 5</b>	<b>+ 8</b>				

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 Economic Security 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. Deflated for price changes.
5. Beginning with January 1978 and for subsequent months the Bank Debits Index number will be adjusted by the GNP Implicit Price Deflator. All dollar figures shown for Bank Debits are in current dollars.

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