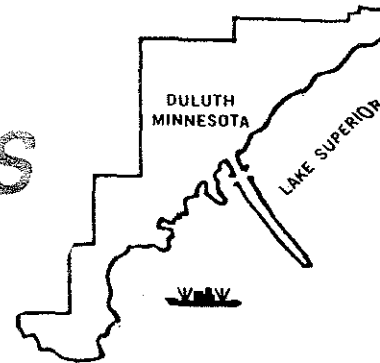


DULUTH BUSINESS INDICATORS

BUREAU OF BUSINESS AND ECONOMIC RESEARCH
SCHOOL OF BUSINESS AND ECONOMICS
University of Minnesota, Duluth
In Cooperation with the Minnesota
Department of Jobs and Training



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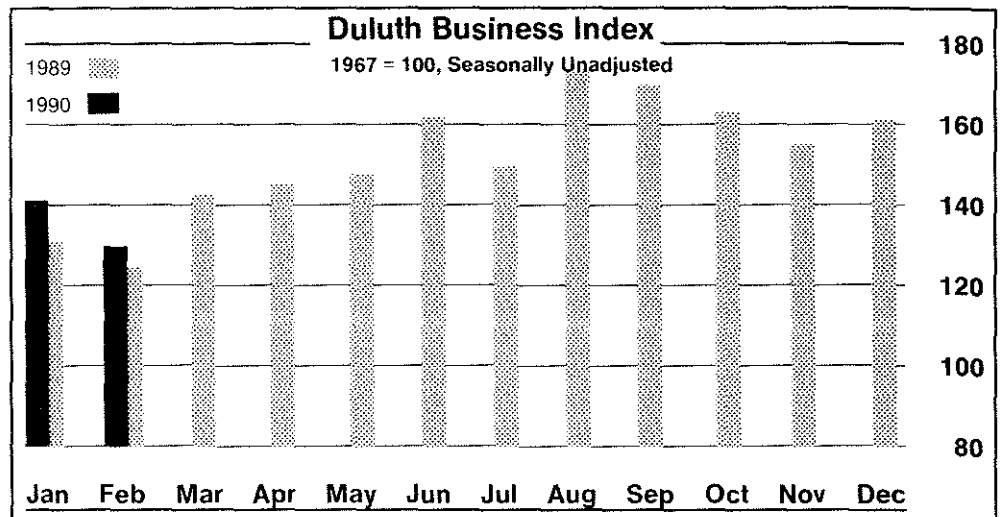
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Highlights

- Economic Activity Declines
- Job Loss Minimal
- Nonfactory Job Pattern Changing
- Building Permits Still Strong
- Retail Sales Show Gain



ECONOMIC CONDITIONS

Economic activity for Duluth in February recorded an 8% drop from the January level with 8 of the 14 sectors making up the index recording over-the-month losses. The February index over the past ten years has shown only a fractional decline in the January-February comparison.

The Duluth Business Index (DBI) in February was 130 compared to 142 for January. In addition, the month's index was below the 132 level of the same month for 1989. It was noted that many of the barometers in February did not follow the usual seasonal January-February pattern of the past ten years.

Wage and salary employment in Duluth was just over the 49,000 level for February compared to the 49,200 level in January. This slight decrease, however, still allowed the February job level to maintain a 1,600 worker margin over the level of February 1989. Job conditions still continue to present a favorable scenario for job seekers inasmuch as the February job estimate was the highest for that month since the employment series was begun in 1974. The number of workers in manufacturing jobs continues to remain a low profile in the labor market with monthly employment so far this year running at about

4,000 workers. Durable goods employment accounts for about 59% of the factory job total. Ten years earlier durable goods employment accounted for 44.6% of the factory employment. The increased share this year is not due to increased employment but simply reflects the greater loss of jobs in the nondurable category.

Since 1980, a changing growth pattern has emerged in the nonmanufacturing sector. At that time, retail trade made up 24% of the nonmanufacturing jobs as compared to 23% now. Government accounted for 24% in 1980 and its share increased to 27% in 1990. Increased employment in the health field since 1980, up by 1,300 workers, helped boost the service category from a 26% share to 31% of the nonmanufacturing jobs.

The unemployment rate in February rose to 5.0% of the labor force. This represents an increase from the 4.2% rate in January. Unemployment typically rises in February due primarily to the seasonal nature of some of the industries. Past history shows no improvement in the rate occurs until April. The February rate, however, was still below the 5.8% rate of the same month in 1989.

Employment in metal mining appears to be holding stable with little chance of experiencing any large

INDEX HIGHLIGHTS

TIME PERIOD	DULUTH INDEX
February 1990	130
January 1990	142
January-February Change	-12
Normal Seasonal Change Jan. to Feb.	-3
February 1989	132
Change, Feb. 1989 to Feb. 1990	-2
Seasonally Adjusted Index February 1989	167
Seasonally Adjusted Index February 1990	165

DULUTH LABOR MARKET

	Current Month Feb 1990	Year Ago Feb 1989	% Change
TOTAL LABOR FORCE	39,600	37,500	+6
(Duluth Residents)			
Unemployment	2,000	2,100	-5
% of Total (Actual)	5.0%	5.7%	XXX
Seasonally Adjusted	5.6%	4.6%	XXX
Employment	37,600	35,300	+7
% of Total	95.0%	94.3%	XXX
TOTAL WORK FORCE	49,040	45,700	+7
(Duluth Jobs)			
Manufacturing	4,040	3,800	+6
% of Total	8.2%	8.4%	XXX
Nonmanufacturing	45,000	41,900	+7
% of Total	91.8%	91.6%	XXX
PERSONS CLAIMING UNEMPLOYMENT BENEFITS (Duluth only)	1,055	964	+9
AVERAGE WEEKLY EARNINGS (Manufacturing Only)	\$445.36	\$401.27	+11

1. Revised

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

DULUTH TOURIST INDEX

June, July, August 1978 = 100

FEBRUARY INDEX

	February 1990	January 1990	February 1989
	69	60	59
Estimated Tourist expenditures (in 000's)			
	Feb 1990	Feb 1989	% Change 1989-90
Lodging	\$1,517	\$1,159	+30.9%
Eating, Drinking	3,001	2,760	+8.7%
Retail Sales	1,060	919	+15.3%
Auto, Gas	516	448	+15.2%
Other	819	711	+15.2%
Totals	<u>\$6,913</u>	<u>\$5,997</u>	<u>+15.3%</u>

changes during the year. The average weekly earnings of production workers in metal mining was \$635 in February for a 44.5 hour week. In February of last year, the average weekly wage was \$625 for a 43.8 hour work week.

In the seven county area of Northeastern Minnesota, Region 3, the rate of unemployment remains relatively high. February's rate of 6.7% was up slightly from the 6.5% rate of January. One year ago the jobless rate in the region was 7.8%. Statewide the unemployment rate in February was 4.7% compared to 4.3% in January and 4.9% in February 1989.

Bank deposits for the month of February were up over January by 1.6%. They did not attain the level of one year earlier, however, falling by 15% from February of last year. Historically, deposits have experienced an average gain of 2.8% in the January-February comparison.

The value of building permits issued and under construction (in 1967 dollars) recorded a significant drop from January, but for the first two month of this year the index is averaging 9% over the same two months of last year. During February, there were no permits issued for the construction of a single family residence. Of the 64 permits issued during the month, 63 were for alteration and repair work. Since the first of the year, the average value of building permits issued was \$6,067.

February postal receipts were down from January as well as from one year ago. So far this year this component is down 3% from one year ago.

The use of electric power by industrial and commercial users recorded a decline from January with the weather partially affecting the decline. The index for the month was well above that of last year and the year-to-date index is averaging nearly 7% above the same two months of 1989. Industrial users showed a greater rate of increase this year than did the commercial sector.

Shipments of grain from the port normally average a -1% in the January-February period. This year, however, the month-to-month change posted a drop of 65% indicating a slow start in this year's shipping schedule. While it may be too early to make a precise forecast for the year, the first two months of 1990 show a 49% increase over the same two months of last year.

The tourist index for February was 69 which represents an increase of 15% over the previous month's index of 60. The increase in the January-February comparison this year is in contrast to the minor decrease that occurred in this period in each of the two previous years. Tourist spending in Duluth, as measured in current dollars, rose from \$5,997,782 in February of 1989 to \$6,913,000 in February of this year. The current expenditure figure was up by 9.9% over January. The total number of occupied room days in February was 33,619, a 24.2% increase over the year previous figure of 27,058.

Consumer retail sales spending for the first two months of this year has averaged about 6% above the corresponding months of last year. February retail sales, deflated for price changes, posted a 2.7% gain over January which was slightly less than the average month-to-month increase of 3.7% noted in recent years. February sales were also up by 7.7% over the year earlier figure. Total sales in February hit \$45.3 million compared to \$44.1 million in January and \$42.1 million in February 1989.

PERCENTAGE CHANGE IN 14 INDIVIDUAL BUSINESS INDICATORS FOR THE CITY OF DULUTH

1990 vs. 1989 compared to 1989

INDICATOR	PERCENTAGE CHANGE						
	-15	-10	-5	0	+5	+10	+15
Grain Shipments						+49%	
Airline Passengers						+21%	
Building Permits (Adj.)						+9%	
Tourists						+9%	
Duluth Nonagricultural Employment						+7%	
Electric Power (Commercial-Industrial)						+7%	
Retail Sales (Adj.)						+6%	
State Metal Mining						+6%	
Electric Power (Residential)						+5%	
TOTAL DULUTH BUSINESS INDEX						+4%	
Electric Customers						+1%	
Iron Ore Shipments						NO CHANGE	
Other Lake Cargo						NO CHANGE	
Postal Receipts						-3%	
Bank Deposits						-9%	

Sales gains so far this year were strongest in apparel and accessories, motor vehicles, building material stores and in miscellaneous establishments. Increased retail sales are affected by new stores coming on line as well as a reflection of the improved job market which provides more spendable earnings.

U.S. CONSUMER PRICE INDEX

(1982-1984 = 100) UNADJUSTED	Feb 1990	Feb 1989	% Change
All Urban Consumers	128.0	121.6	+5.3%
Urban Wage Earners & Clerical Worker (Revised)	126.4	120.2	+5.2%

Source: Bureau of Labor Statistics

REPORT OF DULUTH FINANCIAL ACTIVITY

	Current Month Feb 1990	Year Ago Feb 1989
BANK DEBITS TOTAL	\$ 965.5	\$1,010.4
Individuals	96.7	138.5
% of total	10.0%	13.7%
Commercial Accounts	731.2	771.0
% of total	75.7%	76.3%
Government (State & Local)	137.7	101.0
% of total	14.3%	10.0%
TOTAL DEPOSITS (END-OF-MONTH)	\$1,036.3	\$1,192.2
Demand	189.1	268.4
% of total	18.3%	22.5%
Time and Savings	847.1	923.8
% of total	81.7%	77.5%
Savings Only	135.0	166.8
DOLLAR VALUE OF NEW REAL ESTATE MORTGAGE ISSUED (CURRENT MONTH)	\$1.9	\$3.2
Residential	1.5	1.5
% of total	78.2%	47.0%
DEPOSIT TURNOVER RATE*	5.1	4.4

¹ 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.
² Deposit Turnover—Bank debits divided by demand deposits.
³ Estimated.

DULUTH RETAIL SALES

Selected Industry Description	UNADJUSTED (FOR PRICE CHANGES) SALES (000'S OF DOLLARS)				ADJUSTED (1982-84=100) SALES					
	Feb 1990		Feb 1989		MONTHLY			YEAR-TO-DATE		
	1990	% Total	1989	% Total	1990	1989	Change	1990	1989	% Change
Bldg., Materials, Hardware, etc.	\$ 1,579	2.8%	\$ 1,371	2.8%	\$ 1,252	\$ 1,137	10.1%	\$2,839	\$2,441	16.3%
General Merchandise	8,743	15.7%	8,323	16.9%	6,934	6,907	0.4%	14,229	13,221	7.6%
Grocery Stores	8,570	15.4%	7,731	15.7%	6,775	6,491	4.4%	12,528	13,092	-4.3%
Other Food Stores	1,436	2.6%	1,305	2.6%	1,135	1,095	3.7%	2,332	2,284	2.1%
Motor Veh. Dealers (New & Used)	7,563	13.6%	5,891	12.0%	6,640	5,375	23.5%	12,775	11,432	11.7%
Other Auto Dealers, Serv. Stations	5,689	10.2%	5,568	11.3%	4,994	5,080	-1.7%	9,602	9,732	-1.3%
Apparel & Accessory Stores	1,761	3.2%	1,086	2.2%	1,477	920	60.5%	2,635	1,835	43.6%
Furniture, Home Furnishings	1,432	2.6%	1,617	3.3%	1,282	1,456	-12.0%	2,798	2,773	0.9%
Eating & Drinking Places	7,434	13.4%	6,607	13.4%	5,836	5,479	6.5%	11,613	11,031	5.3%
Miscellaneous Places	11,339	20.4%	9,794	19.9%	8,992	8,128	10.6%	18,102	16,328	10.9%
TOTAL	\$55,546	100.0%	\$49,293	100.0%	\$45,317	\$42,068	7.7%	\$89,453	\$84,169	6.3%
DULUTH RETAIL SALES INDEX					97.8	90.8	7.7%	96.5	90.8	6.3%

Note: The information contained in this table reflects actual sales of Duluth firms who report sales taxes on a monthly basis. Information on sales of other firms and on the methodology used to prepare this table can be obtained from the Bureau on request.

Source: City of Duluth, Treasurer's Office.

INDEX NUMBERS
(1967 = 100) UNADJUSTED

ORIGINAL DATA

Component	Feb 1990	Jan 1990	Feb 1989	INDEX CHANGE		Unit	Feb 1990	Jan 1990	Feb 1989
				Feb '89 to Feb '90	Jan '90 to Feb '90				
Airline Passengers	101	106	84	17	-5	(Persons)	18,403	19,234	15,266
Bank Deposits ²	308	317	314	-6	-9	(Dollars in '000's)	1,036,262	1,019,542	1,192,203
Building Permits ³	35	106	118	-82	-70	(Actual \$ Value)	388,272	1,164,475	1,294,756
Postal Receipts	508	530	549	-41	-21	(Dollars)	1,198,128	1,248,423	1,294,756
Electric Power (Commercial & Industrial)	313	333	289	24	-19	(K.W.H. in '000's)	78,232	83,076	72,140
Electric Power (Residential)	164	213	171	-7	-49	(K.W.H. in '000's)	23,815	30,997	24,860
Number of Electric Customers	107	107	107	1	0		35,835	35,806	35,567
Grain Shipments	23	67	22	1	-44	(Bushels in '000's)	6,770	19,600	6,568
Tourist Index	69	60	59	10	9		---	---	---
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.	118	118	110	8	0	(Persons)	49,040	49,203	45,712
Duluth Retail Sales Index ⁴	98	95	91	7	3	(Dollars in '000's)	45,317	44,136	42,073
State Metal Mining Empl.	43	43	39	4	0	(Persons)	5,445	5,456	5,000
OVERALL	130	143	133	-3	-13				

1. Source of data: Duluth Industrial Bureau, Building Inspector's Office of the City of Duluth, U.S. Post Office in Duluth, Minnesota Power Company, Minneapolis Grain Exchange, American Iron Ore Association, Seaway Port Authority of Minnesota, Minnesota Department of Jobs & Training, and the Department of Economics, University of Minnesota-Duluth.
2. Beginning with January 1978 and for subsequent months the Bank Deposits Index number will be adjusted by the GNP Implicit Price Deflator. All dollar figures shown for Bank Deposits are in current dollars.
3. The Building Permits Index is adjusted to reflect the amount of construction occurring during the month.
4. Deflated for price changes. All dollar figures shown for retail sales are in current (unadjusted for price changes) dollars.
5. Revised.

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