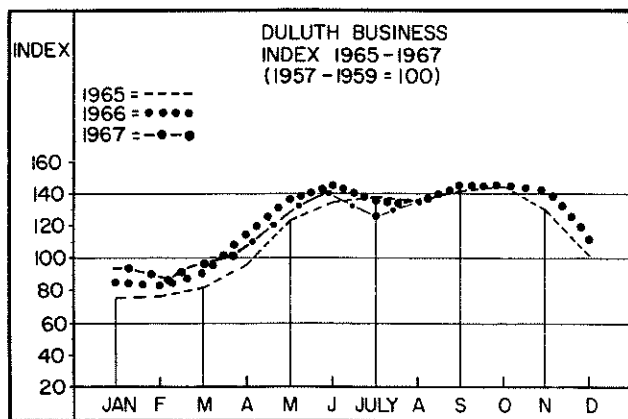


# DULUTH BUSINESS INDICATORS

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TIME PERIOD	DULUTH INDEX
AUGUST 1967	136
JULY 1967	128
JULY-AUGUST CHANGE	+ 8
NORMAL SEASONAL CHANGE JULY to AUGUST	+ 1
AUGUST 1966	138
CHANGE, AUG. 1966 to AUG. 1967	- 2

## THE MONTH IN REVIEW

### SUMMARY

Despite the effects of the grain strike, the August overall economy in Duluth recorded a gain of eight points over July. Increased activity in August, particularly in freight carloadings, bank debits, general and bulk lake cargo, other than grain, and in employment resulted in the unadjusted index for the month (1957-1959=100) rising to 136 compared to 128 for July. In previous years the July-August increase has averaged one point.

The August index level is the fifth successive month in which the economic barometer has been below the corresponding month of last year. For the year to date, general business conditions are 1% below the same eight months of 1966. However, it should be remembered that in 1966 business was at a record level in this area.

### ANALYSIS

Freight carloadings showed an increase over July despite the labor dispute in the grain industry which began during the middle of August. A pre-strike build-up in grain receipts plus trans-shipments of grain cars through the area were partly responsible for the August rise. Bank debits rose 10 points over July as

compared to the average two point gain of recent years. Postal receipts posted a normal seasonal rise. Electric power consumption continued to show strength in August with commercial usage showing a significant upturn.

Coal receipts experienced a substantial gain in August as shipments rose after the July vacation period in the mines. Duluth employment had a two point gain mainly as the result of increased hiring in food processing and retail trade. General and bulk lake cargo, except grain, recorded a noticeable pick-up in August tonnage handled. General cargo imports as well as exports of grain by-products were well ahead of July shipments.

Offsetting factors which tempered the July-August index gain occurred in grain shipments and building permits. Grain shipments, which are down this year from the record highs of 1966, were further hampered by a labor-management dispute (settled in September). The value of building permits issued and in progress (1957-1959 dollars) declined 14 points from the July level. There were fewer permits issued for one-family dwellings this month. Alteration and repair permits were also below July dollar valuations.

In general, business levels are running at a pace a little under that of 1966. This is the fifth successive month this has been the case this year. In August the Duluth index was two points under that of the same month one year ago.

The three major reasons for the drop from last year are found in carloadings, grain and ore shipments. The freight carloading loss is geared directly to the reduction in grain shipments this year. In turn, grain shipments reflect not only the lessened overall demand for grain from United States sources this year, but the grain strike locally which slowed down grain shipments during the last half of the month of August. Iron ore tonnages are off from August 1966 totals and are directly affected by the reduced national need for steel. The steel industry is currently operating at about 75-80% of total capacity.

Gains reported by the other components of the index over last year were not substantial enough to completely offset the effect of the decline in the three major categories mentioned previously.

Comparisons of general business conditions with 1966 should be considered in the light of last year's all time record setting pace for the year.

### Seasonally Adjusted Index Numbers

Year	Jan.	Feb.	March	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
1966	121	118	125	137	116	121	117	118	120	124	134	124
1967	134	123	128	129	117	119	109	114				

DULUTH BUSINESS INDICATORS — ORIGINAL DATA

COMPONENT	ORIGINAL DATA		
	Aug. 1967	July 1967	Aug. 1966
Freight Carloadings (Cars)*	12,371	9,770	14,639
Bank Debits (Dollars in '000's)	248,581	206,804	232,762
Building Permits (Actual \$ Value)	2,376,343	693,084	574,659
Postal Receipts (Dollars)*	212,873	207,815	205,611
Number of Telephones (Units)*	70,604	70,340	68,326
Electric Power (Com. and Ind. K.W.H. in '000's)	25,876	24,698	22,985
Electric Power (Res. K.W.H. in '000's)	13,963	13,193	11,425
Number of Electric Customers*	33,341	33,344	33,269
Grain Shipments (Bushels in '000's)	23,405	27,799	62,966
Coal Receipts (Short Tons in '000's)	462	262	477
Iron Ore Shipments (Gross Tons in '000's)	2,223	2,376	2,273
Other Lake Cargo (Short Tons)	38,766	29,960	31,232
Duluth Nonagricultural Empl. (Persons)	43,200	42,600	42,800**
Duluth Retail Sales	.....	.....	.....
State Metal Mining Empl. (Persons)	14,900	14,800	14,800

\* Supplied by Duluth Industrial Bureau.

\*\* Revised

DULUTH BUSINESS INDICATORS — INDEX NUMBERS

COMPONENT	INDEX NUMBERS (1957-1959=100)			CHANGE	
	Aug. 1967	July 1967	Aug. 1966	Aug. '66 to Aug. '67	July '67 to Aug. '67
Freight Carloadings	109	86	129	- 20	+ 23
Bank Debits	155	128	145	+ 10	+ 27
Building Permits*	100	114	92	+ 8	- 14
Postal Receipts	134	131	129	+ 5	+ 3
Number of Telephones	127	127	123	+ 4	0
Electric Power (Commercial & Industrial)	155	148	138	+ 17	+ 7
Electric Power (Residential)	170	161	139	+ 31	+ 9
Number of Electric Customers	100	100	99	+ 1	0
Grain Shipments	95	113	256	-157	- 18
Coal Receipts	140	79	145	- 5	+ 61
Iron Ore Shipments	246	263	251	- 5	- 17
Other Lake Cargo	193	150	156	+ 37	+ 43
Duluth Nonagricultural Empl.	104	102	103**	+ 1	+ 2
Duluth Retail Sales Index	160	160	147	+ 13	0
State Metal Mining Empl.	93	93	93	0	0
OVERALL	136	128	138	- 2	+ 8

For Monthly Data Back to 1951 and for Sources of Data, see DULUTH BUSINESS INDICATORS 1964, A Publication of the Business and Economics Series of the Social Sciences Research Trust Fund, University of Minnesota, Duluth, 1964.

\* The Building Permits Index is adjusted to reflect the amount of construction occurring during the month.

\*\* Revised

With this thought in mind it is encouraging to note that for the first eight months this year the Duluth index has averaged out to a decline of only one percent below the comparable period of last year.

RETAIL TRADE

Despite the atypical spurt in July buying which preceded the beginning of the 3% selective sales tax in August, the index volume of retail sales (unadjusted) held at the same pace in August. The pre-tax buying momentum of July appears to have been replaced in part by a good tourist month in August. The unadjusted sales index of 160 in August was the same as it was in July.

Retail sales volume this August was up 8% over August of 1966. General merchandise type operations recorded a substantial increase, while men and women's apparel stores were down about 12% from last year. For the year to date overall retail sales are approximately 7% ahead of 1966.

NATIONAL TRENDS

At the national level, the Federal Reserve Index of Industrial Production (1957-1959=100) stood at 158.0 in August. This is about one point above the July level but is exactly equal to the year ago index. Thus, if changes in the Duluth Business Index for a month ago and a year ago are compared to the Index of Industrial Production for the United States as a whole in the same period of time, the level of business activity in Duluth has been slightly under the national industrial level. Since local economic activity is closely related to general economic conditions in the nation as a whole, Duluth's economic changes apparently reflect the national trend to some extent.

At the beginning of 1967, economic forecasters had predicted relatively little growth for the U.S. during the first six months of the year. However, a substantial rise was predicted for the last half of the year. At the moment, the expected rise apparently has not occurred, although forecasters continue to be optimistic for the remainder of this year and the first part of 1968.

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