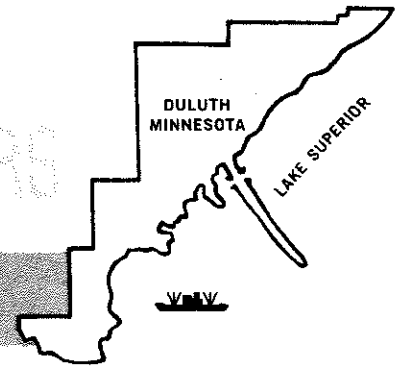


DULUTH BUSINESS INDICATORS

**BUREAU OF BUSINESS
AND ECONOMIC RESEARCH**

**UNIVERSITY OF MINNESOTA
DULUTH**



VOL. 10

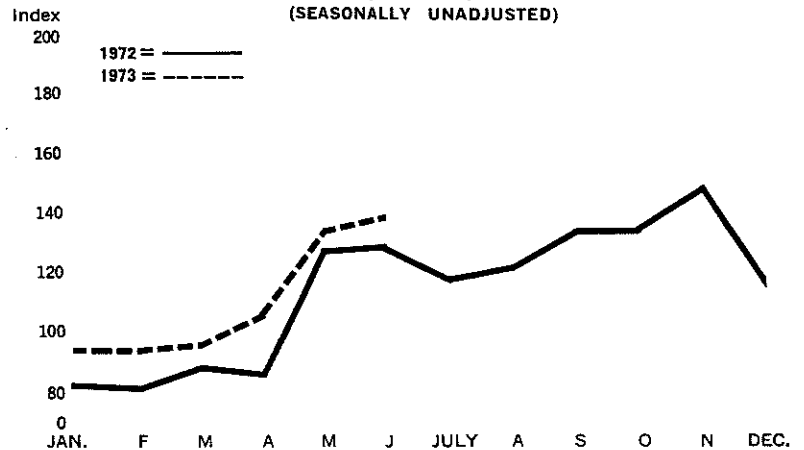
JUNE 1973

NO. 6

Bright

- *June Index up over 1972*
- *Grain volume provides lift*
- *Job market up but sluggish*
- *Economic gap narrowing*
- *Retail sales still strong*

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



Duluth's overall business climate continued to show vigor in June although the job market and import-export cargo, except grain, still remain soft. In June, the unadjusted business index (1967=100) was 139, up six points over May. This May-June increase is better than the four point average gain for this period noted in recent years.

Several components of the index experienced better than average May-June gains which accounted for the overall index responding more strongly this year than was the case in previous years. The June overall index was also up nine points over a year previous, but the margin of improvement noted for the year-to-date over 1972 has been narrowing.

Freight carloadings rose nearly twice the normal May-June increase of 12 points. The continued high volume of grain handled for foreign markets has been the major factor in the improved position of carloading activity.

Grain receipts and shipments showed a sharp rise over May as the demand for grain continues high. Much of the export grain this year is being carried by Canadian lakers to St. Lawrence River ports for transshipment overseas.

A less than average May-June increase in bank debits was noted, although when looking at the record so far this year the debit figure is averaging 8% higher than for the first-half of 1972.

The value of building permits issued and under construction (in 1967 dollars) recorded only a minor upward movement in June. Postal receipts posted a larger than average seasonal gain over May.

Normally the use of electric power by commercial and industrial firms declines in the May-June comparison, but this year there was a minor increase. Some added industrial activity and the nearing completion of the new shopping center provided the major reason for the upturn in consumption. Residential electric power usage was down seasonally from May.

Coal receipts dropped in June from May in contrast to a pick-up generally experienced during this two-month comparison. May coal receipts were higher than they have been for that month in several years due to the increased production of coke.

INDEX HIGHLIGHTS

TIME PERIOD	DULUTH INDEX
June 1973	139
May 1973	133
May-June Change	+ 6
Normal Seasonal Change May to June	+ 4
June 1972	130
Change, June '72 to June '73	+ 9
Seasonally Adjusted Index June 1972	115
Seasonally Adjusted Index June 1973	123

DULUTH LABOR MARKET

	June 1973	June 1972	% Change
Labor Force	47,500	50,400	- 6
Unemployment	2,800	3,700	-24
Rate	5.9%	7.3%	xxx
Total Employment	44,700	46,700	- 4
Wage & Salary	42,000	43,900	- 4
Manufacturing	6,000	7,000	-14
Nonmanufacturing	36,000	36,900	- 2
Job Openings Received During Month	1,003	757	+32
Persons Claiming Unemploy- ment Benefits	1,037	2,078	-50
Average Weekly Earnings— Mfg. Only	\$171.68	\$141.07	+22

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. June Aver. 1970-72	June 1973	June 1972	June '72 to June '73 % Change
Total	107	119	108*	+10
General Merchandise	111	122	109*	+12
Apparel Stores	78	95	81	+17
Grocery Stores	104	95	105	-10
Automotive Sales	124	170	151	+13
*Revised		1973	1972	% Change
Index Average Year-To-Date (Total) Adjusted for price changes	103.8	91.2		+14

Normally iron ore shipments decline slightly in June from their May volume and this general pattern was evident again this year. Import-export cargo, excluding grain, showed a decline in June from the previous month although this is not an uncommon situation for this industry to experience during the summer. It is to be noted, however, that cargo tonnage, excluding grain, is running at a much slower pace this year than in 1972.

Wage and salary employment rose at about the normal seasonal rate in June, but of greater concern is the fact that job levels this year are much lower than they were a year ago. The May-June rise in employment of approximately 900 workers was the result of nonmanufacturing job gains principally in transportation, service and government. Factory employment, as a unit, declined by 50 workers from May.

Unemployment in June — at 2,800 — was 400 persons above the May figure. With the large number of youth who enter the labor market each summer a seasonal rise in the number of jobseekers is normal. The rate of unemployment in June was 5.9% compared to 5.2% in May.

Employment in state metal mining experienced a better than average jump between May and June. This is not too surprising in view of the fact that steel production nationally is running at about 90-95% of rated capacity. The American Iron Ore Association also reports that for the period of January through May the consumption of iron ore in the United States is running 14% ahead of last year, while ore receipts are up 30% over the same period of 1972.

Duluth's economy in June was up nine points over the same month of last year, but this margin of improvement is the second lowest in the month-to-month comparison with last year. For the first six months of 1973 the overall business index averaged 11.4% over the same months for 1972. However, the gap between 1972 and 1973 has narrowed somewhat since the first quarter. At the end of March the Duluth business index for the first quarter was up by 13.1% over the comparable period in 1972.

June freight carloadings were up sharply over last year boosted by increased ore shipments this year as well as the substantial increase in grain volume handled by rail. Grain receipts by rail are up 80% over last year chiefly involving receipts of wheat, corn, oats and rye. Grain activity for export is well on its way to setting new records. Total grain export shipments for the year are up 93% over last year's tonnage handled through June.

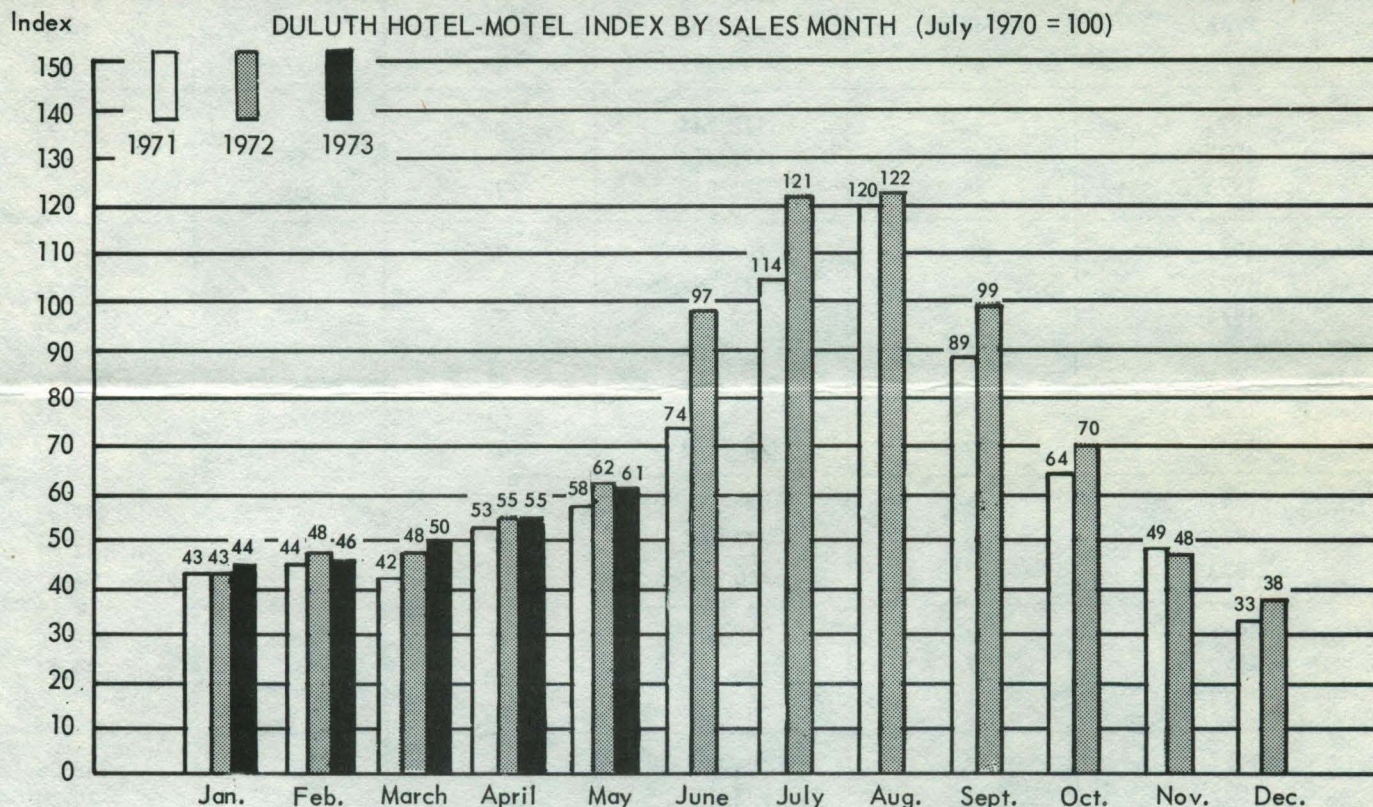
The June, 1973 bank debits figure was down three points from last year, but the statistics so far this year show the debit figure still averaging about 8% higher than was the case in 1972.

A downward trend in the value of building permits issued and under construction (in 1967 dollars) as compared to last year showed up for the second successive month. In April the season's average led a year ago by 50%. By the end of June the year-to-date increase had declined to 26%.



Duluth Hotel-Motel Indicators

Volume III, Number 6, 1973



ANALYSIS

DULUTH HOTEL-MOTEL INDEX

May, 1973 Index Lower Than May, 1972

The tentative May, 1973 Duluth Hotel-Motel Index was 61 as compared with the May, 1972 Index of 62 and the May, 1971 Index of 58. The Index measures room rental receipts.

DULUTH HOTEL-MOTEL ROOM RENTAL RECEIPTS

May, 1973 Room Rental Receipts Lower Than May, 1972

Tentative May, 1973 Duluth hotel-motel room rental receipts were \$268,884 as compared with May, 1972 room rental receipts of \$277,107.

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

April, 1973 Receipts Higher Than April, 1972 Receipts

For the United States the April, 1973 average daily room rental receipts per occupied hotel-motel room were \$20.06 as compared with April, 1972 receipts of \$19.07 and April, 1971 receipts of \$18.73. The average increase in hotel-motel room receipts between April, 1973 and April, 1972 was .99 or 5.0%.

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

For Duluth the April, 1973 average hotel-motel room occupancy was 42% as compared with April, 1972 occupancy of 43%.

For the United States the April, 1973 average hotel-motel room occupancy was 67% as compared with the April, 1972 occupancy of 66%.

by Richard O. Sielaff, Professor of Business Administration and Economics, University of Minnesota, Duluth
Month of publication, July, 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. Stelaff, 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	237,944	42	67	20.06
MAY	1971	58	256,415	46	62	\$18.93
	1972	62	277,107	49	66	19.35
	1973	61*	268,884*			
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

(June 1973 compared to June 1972)

Percentage Change

INDICATOR -15 -10 -5 0 +5 +10 +15

Coal Receipts	+51%
Iron Ore Shipments	+50%
Grain Shipments	+47%
Freight Carloadings	+32%
Building Permits (Adj)	+26%
Duluth Retail Sales Index (Adj.)	+14%
Total Duluth Business Index	+11%
Bank Debits	+8%
State Metal Mining Employment	+7%
Postal Receipts	+3%
Number of Telephones	+2%
Electric Power (Commercial-Industrial)	+1%
Number of Electric Customers	+1%
Duluth Nonagricultural Employment	-1%
Electric Power (Residential)	No Change
Other Lake Cargo	-14%

Consumption of electric power by industrial and commercial firms in June was up eight points over last year. Increased activity on the docks, the opening of a new shopping center together with small, scattered gains in the industrial category resulted in an over-the-year gain in electric power consumption. Residential kilowatt usage, however, was a shade down from a year ago.

While grain shipments are experiencing an excellent year so far, import-export trade, excluding grain, is not matching its 1972 pace. June's index of 244 was down 34 points from a year ago. Decreases from last June have been most noticeable in exports of coal and coke, flour, powdered milk, potash, grease and tallow. Imports of pipe, barley, coffee and sisal are below last year's tonnage.

Duluth wage and salary employment, the heaviest weighted component in the index, simply has not shown any strength so far this year. The June level was 1,900 workers under last year. About 1,000 of this loss occurred in factory work. Unemployment in June was 2,800 or 900 below last year. This year's rate of unemployment was 5.9%; last year it was 7.3%. The decrease was due primarily to the large number of unemployed metalworkers in the labor market last year.

Retail sales volume in June, when deflated for price changes, still recorded a gain of 10% over its previous year level. Despite the lack of strength shown in the local job market, there appears to be enough motivation on the part of local consumers plus those from nearby areas to keep Duluth sales at a relatively high level.

Of the sub-component indexes, food purchases represent the only category to show a drop from last year — the drop amounts to a substantial 10%.

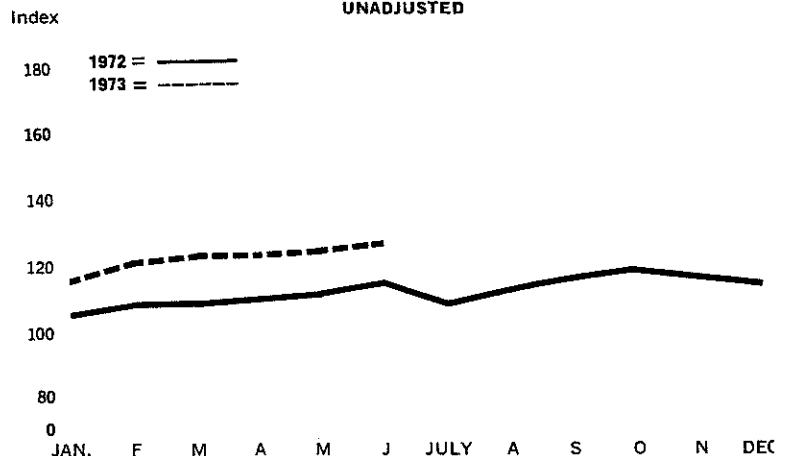
As we reach the mid-year mark, retail sales this year show an average gain over last year of approximately 14%. As with the total Duluth index, there has been a narrowing in the margin of improvement over last year. In April, retail sales over-the-year were up 16.7% over 1972 but by mid-year this gain had dropped to 14%.

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

- Total Index up 9%**
- Consumer Goods Production up 6%**
- Manufacturing Production up 10%**
- Manufacturing Payrolls (seasonally adjusted) up 13%**

U. S. INDEX OF INDUSTRIAL PRODUCTION

(1967 = 100)
 UNADJUSTED



Source: Federal Reserve Board of Governors

DULUTH BUSINESS INDICATORS

COMPONENT	INDEX NUMBERS (1967 = 100)					ORIGINAL DATA			
	June 1973	May 1973	June 1972	INDEX CHANGE		UNIT	June 1973	May 1973	June 1972
				June '72 to June '73	May '73 to June '73				
Freight Carloadings	133	112	108	+ 25	+ 21	(Cars)	14,960	12,613	12,215
Bank Debits	136	123	139	- 3	+ 13	(Dollars in '000's)	289,792	260,620	295,167
Building Permits ²	111	110	114	- 3	+ 1	(Actual \$ Value)	1,107,016	998,155	1,904,682
Postal Receipts	138	132	129	+ 9	+ 6	(Dollars)	325,718	310,730	303,998
Number of Telephones	122	122	119	+ 3	0	(Units)	85,995	85,831	83,739
Electric Power (Commercial & Industrial)	124	123	116	+ 8	+ 1	(K.W.H. in '000's)	30,898	30,633	28,888
Electric Power (Residential)	112	121	113	- 1	- 9	(K.W.H. in '000's)	16,341	17,612	16,475
Number of Electric Customers	102	102	101	+ 1	0		33,907	33,983	33,671
Grain Shipments	343	273	213	+130	+ 70	(Bushels in '000's)	100,706	80,076	62,832
Coal Receipts	81	96	69	+ 12	- 15	(Short Tons in '000's)	191	225	162
Iron Ore Shipments	213	220	191	+ 22	- 7	(Gross Tons in '000's)	2,499	2,585	2,247
Other Lake Cargo	244	277	278	- 34	- 33	(Short Tons)	85,763	97,455	97,925
Duluth Nonagricultural Empl.	101	99	106 ³	- 5	+ 2	(Persons)	42,000	41,100	43,900 ³
Duluth Retail Sales Index ⁴	119	112	108 ³	+ 11	+ 7		-----	-----	-----
State Metal Mining Empl.	106	100	87 ³	+ 19	+ 6	(Persons)	13,400	12,700	11,100 ³
OVERALL	139	133	130	+ 9	+ 6				

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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