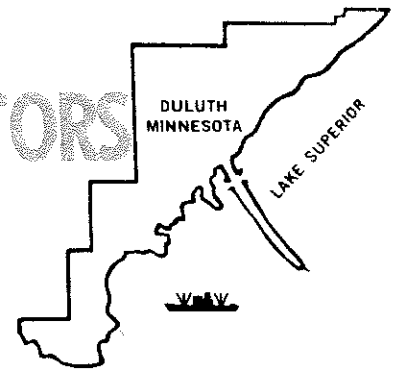
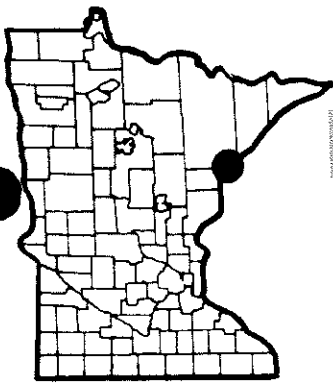


DULUTH BUSINESS INDICATORS

BUREAU OF BUSINESS AND ECONOMIC RESEARCH
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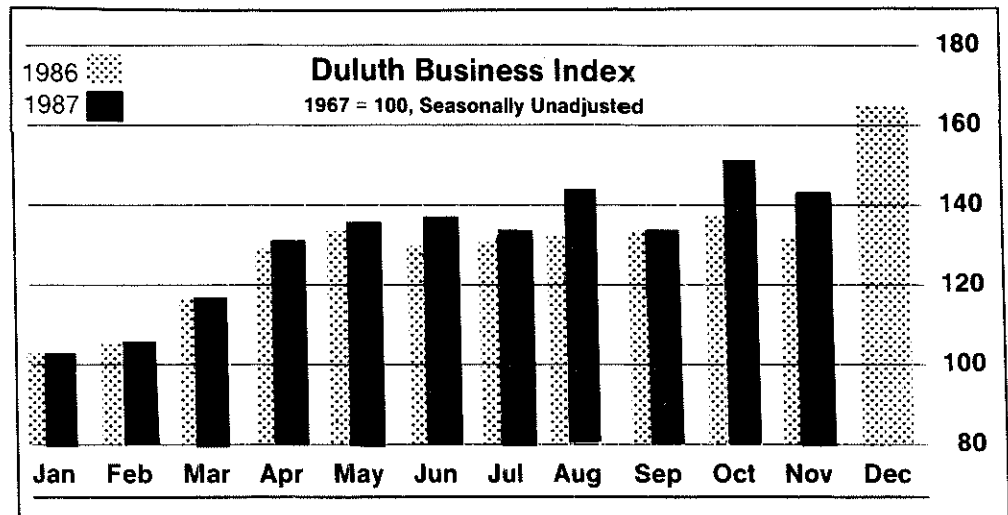
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Highlights

- *DBI Drops in November.*
- *Jobs Increase in November.*
- *Building Construction Slows.*
- *Ore Shipments Up.*
- *Retail Sales Gains Noted.*



ECONOMIC CONDITIONS

Duluth business activity in November recorded a decline from October as 8 of the 14 barometers which make up the Duluth Business Index (DBI) recorded losses from their October level of activity. The November index of 143 was down by seven points from the 150 level in October. Historically, the month of November reflects an average seasonal gain of four index points over October. The November level of business, however, was up by 11 points over the year previous and for the first 11 months of 1987 the DBI averaged 3.6 percent above the same period in 1986.

Import-export cargo, other than grain, posted a sharp November drop in contrast to a 10-year average October-November gain of 72 points. Grain shipments also experienced a larger-than-average seasonal decrease from October as did the value of building permits issued and under construction (in 1967 dollars). In contrast to these atypical patterns the shipments of iron ore in November fell by less than their average October-November seasonal decrease.

Wage and salary jobs increased by nearly 400 workers over the October level of 44,200. Factory employers added 120 workers and the balance occurred in the nonmanufacturing category despite the beginning of the decline in building construction work as the new paper mill neared completion.

The jobless rate in November was 7.7 percent, up from the 7.3 percent rate in October. The comparable rate for N.E. Minnesota in November was 10.1 percent. Among the unemployed persons in Duluth who are also collecting unemployment benefits the number has risen by 19 percent

over November 1986 and the number of persons collecting jobless benefits and whose last job attachment was in construction rose sharply. In November 1986, the number of unemployed construction workers composed 16.9 percent of all claimants under the regular program and this share rose to 30.6 percent in November 1987. The increase reflects the cutback in construction work in November and is more than seasonal in nature paced by the layoffs at the paper mill site upon completion of the various phases of the project. About 19 percent of the claimants during November had been collecting unemployment insurance benefits for 15 weeks or longer compared to 19.9 percent one year earlier. About 84 percent of the November claimant total are 25 years or older with the largest, single age grouping (38.4 percent) falling in the 25-34 year age range.

Freight carloading activity eased slightly in November, but the decline from October was less than usual for this time period. November grain shipments were up over one year previous and the 18 percent increase in the amount of grain shipped by rail is reflected in the increase in the freight carloading index over one year ago. During the January-November time period the volume of grain handled this year is down by 9 percent from the same time period in 1986 and there has been a slight change in the manner in which grain receipts have been moved. So far in 1987 about 76 percent of the grain receipts have come into the port by rail compared to 81 percent during the corresponding period in 1986. This 1987 year-to-date rate is the lowest since 1984.

Although the value of building permits issued and under

INDEX HIGHLIGHTS

TIME PERIOD	DULUTH INDEX
November 1987	143
October 1987	150
October-November Change	-7
Normal Seasonal Change Oct. to Nov.	+4
November 1986	132
Change, November 1986 to November 1987	+11
Seasonally Adjusted Index November 1986	113
Seasonally Adjusted Index November 1987	123

DULUTH LABOR MARKET

	Current Month Nov. 1987	Year Ago Nov. 1986	% Change
TOTAL LABOR FORCE	36,400	35,900	+1
(Duluth Residents)			
Unemployment	2,800	1,700	+65
% of Total (Actual)	7.7%	4.8%	XXX
Seasonally Adjusted	8.9%	5.6%	XXX
Employment	33,600	34,200	-2
% of Total	92.3%	95.2%	XXX
TOTAL WORK FORCE	44,600	44,400	+0.5
(Duluth Jobs)			
Manufacturing	4,500	4,100	+9.8
% of Total	10.0%	9.2%	XXX
Nonmanufacturing	40,100	40,300	-0.5
% of Total	90.0%	90.8%	XXX
PERSONS CLAIMING UNEMPLOYMENT BENEFITS (Duluth only)	680	588	+16
AVERAGE WEEKLY EARNINGS (Manufacturing Only)	\$372.50	\$362.53	+3

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

NOVEMBER INDEX

November 1987	October 1987	November 1986
49	74	48

Estimated Tourist expenditures
(in 000's)

	Nov. 1987	Nov. 1986	% Change 1986-87
Lodging	\$ 857	\$ 761	+12.6%
Eating, Drinking	2,374	2,499	- 5.0%
Retail Sales	758	765	- 0.9%
Auto, Gas	369	373	-1.1%
Other	586	591	-0.8%
Totals	\$4,944	\$4,989	-0.9%

construction (in 1967 dollars) is still running 33 percent higher than in 1986, the gap has narrowed since mid-year as the major sized permits for the bigger construction projects have been mostly completed and no new permits of similar size have been issued. Since January, a total of \$48.4 million dollars in building construction permits have been issued (in current dollars) a 19 percent increase over the 1986 total of \$40.7 million. Because of the greater concentration in 1987 of nonresidential construction there has been proportionately less money going into alteration and repair work. During the first 11 months of 1987 nearly 44 percent of the building dollar has gone toward renovation work as opposed to 54 percent for the same time period in 1986.

The number of permits issued for single family residential homes so far in 1987 is well ahead of the previous year. The 70 permits issued for \$4.2 million is substantially higher than the 29 permits issued the previous year for \$1.7 million. The average value of the permits issued so far is \$60,600, up from \$59,600 in 1986.

The big jump in the consumption of non-residential electric power in November from October developed as the result of the paper mill going into production in addition to other industrial gains in November recorded by several other major users of electric power. November's electric power usage was also ahead of one year earlier for the aforementioned reasons. The increase in commercial usage over one month ago reflects the impact of new retail establishments in the shopping malls.

More iron ore is being shipped out of the local port this year than was the case during 1986. The November index figure for ore shipments, however, was down from October which is a typical pattern this time of the year. Because of the firming up of the demand for iron ore this year the October-November seasonal decline was less than the average of the previous 10 years. The improved picture in the steel industry does suggest that the upturn noted so far this year is likely to continue into 1988.

Import-export tonnage (excluding grain) dropped sharply from October and was also below the figure for November 1986. Historically, November is usually the peak month of the year, however, in recent years the pattern has been somewhat erratic and seasonal fluctuations in late fall do not always follow historical trends. November's drop in activity reflects a lesser amount of oilseeds exported overseas than in October. In addition, no tonnage of miscellaneous bulk products and coal or coke were exported in November in contrast to 70,535 metric tons exported in October. Canadian imports were also down from October. Compared to one year earlier there were fewer metric tons of general cargo imported this year and exports of general cargo, coal and coke were below their last year's levels.

Retail sales in November (deflated for price changes) were up by about 1 percent over October and remained at about the same level as was the case in November 1986. Since the first of the year, retail sales have averaged 2.9 percent (deflated) over the corresponding months of 1986. In the past 12 months department and general stores have maintained their share of the market (23 percent) while grocery stores, furniture, home furnishings, eating and drinking places lost a little ground. Motor vehicle dealers, however, had a better share of the retail dollar than the previous year.

Metal mining employment in November was 4,800 the same as it was in October. Because of the improved steel industry demands this year the November job total was up by 1,700 workers over last year.

The tourist index in November was 49 which was below the index level of 74 in October and a shade above the November 1986 index of 48. Tourist spending in Duluth, as measured in current dollars, decreased from the October expenditure of \$6.3 million to \$4.9 million in November. Tourist spending in November, however, was at about the

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

Year-to-date 1987 compared to 1986

INDICATOR	PERCENTAGE CHANGE						
	-15	-10	-5	0	+5	+10	+15
Iron Ore Shipments						+45%	
Building Permits (Adj.)						+33%	
Freight Carloadings						+17%	
Electric Power (Commercial-Industrial)						+16%	
Total Duluth Business Index						+4%	
Retail Sales (Adj.)						+3%	
Postal Receipts						+2%	
Duluth Nonagricultural Employment						+1%	
Electric Customers						+1%	
Other Lake Cargo						NO CHANGE	
Bank Debits					-1%		
Electric Power (Residential)					-3%		
Grain Shipments					-9%		
State Metal Mining					-14%		
Coal Receipts					-82%		

same level as one year earlier. Total tourist traffic for the month of November was lower than for October with an estimated 1,979 vehicles entering Duluth compared to an estimated 3,124 vehicles in October.

U.S. CONSUMER PRICE INDEX
(1967 = 100) UNADJUSTED

	Nov. 1987	Nov. 1986	% Change
All Urban Consumers	345.8	330.8	+4.5%
Urban Wage Earners & Clerical Worker (Revised)	340.4	325.4	+4.6%

Source: Bureau of Labor Statistics

REPORT OF DULUTH FINANCIAL ACTIVITY¹

	Current Month Nov. 1987	Year Ago Nov. 1986
BANK DEBITS TOTAL	\$ 997.8	\$ 940.3
Individuals	137.7	135.6
% of total	13.8%	14.4%
Commercial Accounts	782.6	727.5
% of total	78.4%	77.4%
Government (State & Local)	77.5	77.1
% of total	7.8%	8.2%
TOTAL DEPOSITS (END-OF-MONTH)	\$952.1	\$890.2
Demand	177.9	143.9
% of total	18.7%	16.2%
Time and Savings	774.2	746.3
% of total	81.3%	83.8%
Savings Only	169.4	154.4
DOLLAR VALUE OF NEW REAL ESTATE MORTGAGE ISSUED (CURRENT MONTH)	\$2.6	\$5.2
Residential	2.6	5.0
% of total	98.3%	95.9%
DEPOSIT TURNOVER RATE*	5.6	6.5

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.
*Deposit Turnover—Bank debits divided by demand deposits.

DULUTH RETAIL SALES

Selected Industry Description	UNADJUSTED (FOR PRICE CHANGES) SALES (000'S OF DOLLARS)				ADJUSTED (1967=100) SALES						
	Nov. 1987		Nov. 1986		MONTHLY			YEAR-TO-DATE			
	Nov. 1987	% Total	Nov. 1986	% Total	Nov. 1987	Nov. 1986	% Change	1987	1986	% Change	
Bldg., Materials, Hardware, etc.	\$ 2,301	4.2%	\$ 2,203	4.2%	\$ 668	\$ 667	0.1%	\$ 8,122	\$ 7,162	13.4%	
Department Stores	12,125	22.1%	12,591	23.8%	3,521	3,813	-7.7%	32,391	31,128	4.1%	
Other General Stores	659	1.2%	93	0.2%	191	28	582.1%	817	306	166.9%	
Grocery Stores	7,320	13.3%	8,032	15.2%	2,289	2,599	-11.9%	26,332	27,352	-3.7%	
Other Food Stores	1,570	2.9%	1,444	2.7%	491	467	5.1%	5,613	5,193	8.1%	
Motor Veh. Dealers (New & Used)	7,422	13.5%	4,836	9.1%	2,378	1,647	44.4%	20,513	21,842	-6.1%	
Other Auto Dealers, Serv. Stations	5,246	9.5%	4,827	9.1%	1,681	1,644	2.3%	18,403	17,301	6.4%	
Apparel & Accessory Stores	1,406	2.6%	1,042	2.0%	633	491	28.9%	5,921	5,490	7.9%	
Furniture, Home Furnishings	2,008	3.7%	2,640	5.0%	785	1,050	-25.2%	8,747	10,360	-15.6%	
Eating Places Only	3,331	6.1%	2,419	4.6%	994	748	32.9%	10,578	9,973	6.1%	
Other Eating & Drinking Places	2,371	4.3%	3,759	7.1%	708	1,163	-39.1%	13,886	9,535	45.6%	
Miscellaneous Places	9,212	16.8%	8,987	17.0%	2,675	2,722	-1.7%	28,256	28,911	-2.3%	
TOTAL	\$54,971	100.0%	\$52,873	100.0%	\$17,014	\$17,039	-0.1%	\$179,580	\$174,553	2.9%	

DULUTH RETAIL SALES INDEX 106.2 106.3 -0.1% 101.9 99.0 2.9%

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.

DULUTH BUSINESS INDICATORS ¹

INDEX NUMBERS (1967 = 100) UNADJUSTED

ORIGINAL DATA

Component	Nov. 1987	Oct. 1987	INDEX CHANGE			Unit	Nov. 1987	Oct. 1987	Nov. 1986
			Nov. 1986	Nov. '86 to Nov. '87	Oct. '87 to Nov. '87				
Freight Carloadings	149	150	88	+61	—1	(Cars)	16,824 ⁶	16,968	9,965
Bank Debits ²	276	278	265	+11	—2	(Dollars in '000's)	997,822	1,005,960	940,277
Building Permits ³	96	103	46	+ 50	—7	(Actual \$ Value)	2,624,818	6,595,490	1,157,274
Postal Receipts	474	477	551	—77	—3	(Dollars)	1,118,447	1,124,290	1,298,249
Electric Power (Commercial & Industrial)	240	195	159	+81	+45	(K.W.H. in '000's)	59,914	48,660	39,609
Electric Power (Residential)	134	116	134	0	+18	(K.W.H. in '000's)	19,457	16,937	19,518
Number of Electric Customers	106	106	105	+1	0		35,346	35,342	35,056
Grain Shipments	101	124	87	+14	—23	(Bushels in '000's)	29,523	36,272	25,597
Coal Receipts	0	3	3	—3	—3	(Short Tons in '000's)	0	7	8
Iron Ore Shipments	77	100	46	+31	—23	(Gross Tons in '000's)	903	1,169	541
Other Lake Cargo	213	428	466	—253	—215	(Short Tons)	74,823	150,681	164,190
Duluth Nonagricultural Empl.	107	106	107 ⁵	0	+1	(Persons)	44,600	44,200	44,400 ⁵
Duluth Retail Sales Index ⁴	106	105	107	—1	+1	(Dollars in '000's)	54,970	54,415	52,872
State Metal Mining Empl.	38	38	24	+14	0	(Persons)	4,800	4,800	3,100
OVERALL	143	150	132	+11	—7				

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 Debits index number will be adjusted by the GNP Implicit Price Deflator. All dollar figures shown for Bank Debits 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.
6. Estimate.

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