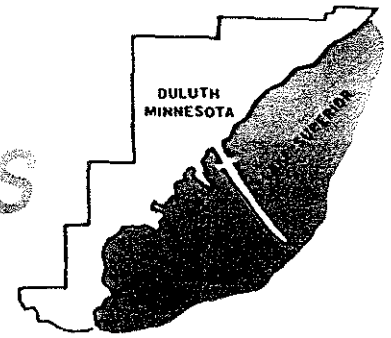


# DULUTH BUSINESS INDICATORS

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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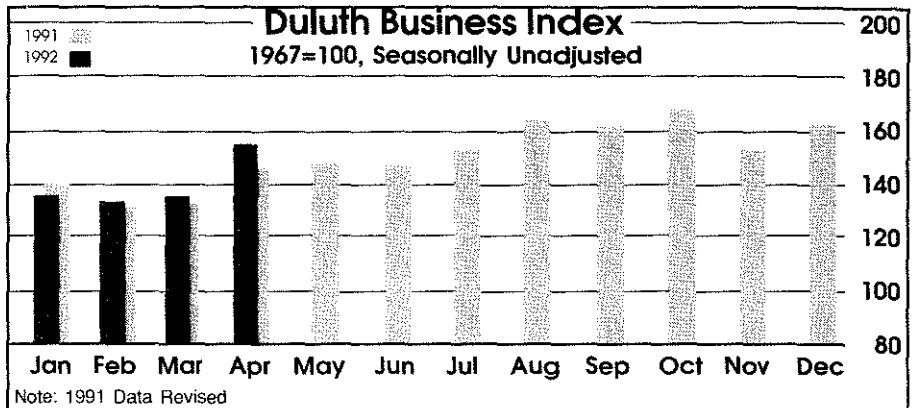
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## Highlights

- *Economy Continues to Improve*
- *Employment Still Strong*
- *Jobless Rate Drops in April*
- *Building Permit Valuations Up*
- *Retail Sales Advance*



## ECONOMIC CONDITIONS

The economy of Duluth is showing positive signs of recovery from the recession. In April, the Duluth Business Index was 155 or 19 points above March. This increase is partly seasonal in nature, but exceeded the historical 10 year average 12 index point gain between March and April. Economic activity in April was also up over the 145 index level of April 1991.

The index average for the January-April period this year is 140, up from the 137 index average for the same months last year when the recession was still evident. However, so far this year the four month index average has matched the corresponding level for two years ago indicating that economic activity has rebounded to the pre-recession period in 1990 as it affected this area.

Care should be taken in using the 19 point index gain over April. Several of the index cells such as grain shipments and receipts and iron ore shipments recorded substantial relative gains over March because the base figures for March were small, thus any increase in April would show up as an unrealistic high relative gain. Four of the index cells recorded greater than average seasonal gains while several others posted less than average March-April seasonal losses. With extreme differences, it would be more prudent to use the seasonally adjusted index figures which show a smaller more realistic change in the index.

Wage and salary employment, the linchpin of the local economy, continued to exude strength in April. The 50,800 jobs in that month exceeded the March level by 300 workers. In addition, there were 500 more jobs in April than one year earlier. Employment levels continue to reach new highs and the April job figure was the highest on record for that month since the employment se-

ries was begun in 1974.

Manufacturing jobs are contributing less to the job market than one year earlier. In April, 7.6% of the jobs were factory connected. One year ago their share was 8.0%. The over-the-year loss in factory jobs was primarily in the nondurable category.

With the improvement in the number of jobs, the unemployment figure for Duluth in April showed a decrease. The April jobless rate was 6.2% compared to a 7.1% rate in March. Even with this improvement the April jobless rate was still above the 5.5% rate in April 1991. The number of workers collecting unemployment benefits in April of this year was up slightly over one year ago. Statewide, the April jobless rate was 5.0% and the national rate was 7.1%.

In April, about 40% of the unemployed were collecting unemployment insurance benefits, the same as in March. In April 1991, workers collecting unemployment insurance benefits made up 43% of the total unemployed. Workers without jobs are finding it more difficult to get back to work. In April, about 50% of the claimants had been collecting unemployment insurance benefits for 15 weeks or longer. One year earlier, 31% were considered as long-term unemployed. The sharp jump over last year mirrors the effect of the emergency unemployment act which extended the benefit period of those jobless who still haven't found jobs. Unemployed workers in the professional, technical, managerial, clerical, sales, service, and construction occupations are finding it most difficult to find work.

Airline passenger traffic has improved over last year. For the first four months of this year, volume is up by 2%. The April count is down by nearly 4%; but compared to

## INDEX HIGHLIGHTS

| TIME PERIOD                            | DULUTH INDEX |
|--|--------------|
| April 1992 .....                       | 155          |
| March 1992 .....                       | 136          |
| March-April Change .....               | +19          |
| Normal Seasonal Change                 |              |
| March to April .....                   | +12          |
| April 1991 .....                       | 145          |
| Change, April 1991 to April 1992 ..... | +10          |
| Seasonally Adjusted Index              |              |
| April 1991 .....                       | 150          |
| Seasonally Adjusted Index              |              |
| April 1992 .....                       | 160          |

## DULUTH LABOR MARKET

|   | Apr.<br>1992 | Apr.<br>1991        | %<br>Change |
|---|--------------|---------------------|-------------|
| TOTAL LABOR FORCE .....                         | 40,300       | 41,000              | -2          |
| (Duluth Residents)                              |              |                     |             |
| Unemployment .....                              | 2,500        | 2,300               | +9          |
| % of Total (Actual) .....                       | 6.2%         | 5.5%                | xxx         |
| Seasonally Adjusted .....                       | 5.6%         | 4.9%                | xxx         |
| Employment .....                                | 37,700       | 38,700              | -3          |
| % of Total .....                                | 93.8%        | 94.5%               | xxx         |
| TOTAL WORK FORCE .....                          | 50,800       | 50,300 <sup>1</sup> | +1          |
| (Duluth Jobs)                                   |              |                     |             |
| Manufacturing .....                             | 3,800        | 4,000 <sup>1</sup>  | -5          |
| % of Total .....                                | 7.6%         | 8.0%                | xxx         |
| Nonmanufacturing .....                          | 46,900       | 46,300 <sup>1</sup> | +1          |
| % of Total .....                                | 92.4%        | 92.0%               | xxx         |
| PERSONS CLAIMING<br>UNEMPLOYMENT BENEFITS ..... | 995          | 980                 | +2          |
| (Duluth Only)                                   |              |                     |             |
| AVERAGE WEEKLY EARNINGS .....                   | \$435.71     | \$454.02            | -4          |
| (Manufacturing Only)                            |              |                     |             |

<sup>1</sup> Revised

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

## DULUTH TOURIST INDEX

June, July, August 1978=100

### APRIL INDEX

| March 1992 | April 1992 | April 1991 |
|------------|------------|------------|
| 80         | 68         | 69         |

Estimated Tourist Expenditures (in 000's)

|                       | Apr.<br>1992   | Apr.<br>1991   | % Change<br>1992-91 |
|-----------------------|----------------|----------------|---------------------|
| Lodging .....         | \$1,620        | \$1,645        | - 1.5%              |
| Eating-Drinking ..... | 3,177          | 3,046          | + 4.3%              |
| Retail Sales .....    | 1,125          | 1,101          | + 2.2%              |
| Auto, Gas .....       | 548            | 536            | + 2.2%              |
| Other .....           | 870            | 851            | + 2.2%              |
| TOTAL .....           | <u>\$7,340</u> | <u>\$7,179</u> | + 2.2%              |

last year, it is ahead by 1%.

The index value of building permits issued and under construction (in 1967 dollars) took a sharp rise in April over March. The increase was prompted by the issuance of large permits for a school addition, a service facility, a commercial building, and a convenience store. These projects also resulted in the April index showing a substantial gain over last year. With the big April increase, the index of permit valuations so far this year is 14% higher than for the same 4 months of 1991.

Not as many individual permits have been issued so far this year compared to last year - 451 to 515. In addition, the average value of each permit issued is higher in 1992. The overall average dollar value of permits issued this year is \$29,647 compared to \$16,480 last year.

Construction of single family dwellings is running ahead of the 1991 pace. Between January and April 1992, a total of 26 permits have been issued for this type of construction while last year the total was 16. In addition to a greater number of single resident construction permits, there has been an increase in the average value per permit. In April, the average value was \$87,716 compared to \$84,919 last year. This represents an increase of 3.3%.

Kilowatt hours used in April were down from March by 5.6% and fell 7.5% from the April 1991 figure. Overall, there has been 2.6% less electrical power consumed during the January-April period this year than was the case last year. Commercial users consumed nearly 1% more than last year, but industrial users consumed 5% less compared to the same four months last year thereby offsetting the commercial customer gain.

Grain receipts and shipments in April were up substantially over March as well as compared to one year ago. The movement of grain is a highly seasonal activity and during the past 10 years this sector of the economy has shown an average seasonal jump in volume handled of 96% between March and April. This year the March-April gain was twice the 10 year average and suggests that the season may be a promising one. Early in January, this industry was projected to see a 10% increase in grain traffic over 1991. To date, the movement of grain is up by 57% over the January-April period of last year. It is, however, too early to assume this margin of improvement will continue throughout the season.

Although there is some concern about the health of the iron ore mining industry in 1992, the shipping season has started out in a strong fashion. Early season shipments of ore so far have put the tonnage figures up by 37% over the same period in 1991. On a long-term basis, however, a 1% increase over 1991 was projected at the start of the year.

Employment in state metal mining has begun to show some retrenchment. The 6,100 workers in April was down by 100 from March and 400 workers from April of last year. Average employment for the year-to-date is down by 3% from 1991.

It was reported by the American Iron Ore Association that consumption of iron ore by steelmakers in the United States during April increased 20% over levels in April 1991. Inventories of iron ore in the United States were slightly higher than they were one year ago. They were up by 1%.

Consumer confidence appears to be returning to Duluth as noted by the retail sales index. In April, the index of retail sales (adjusted for inflation) was 114.0 which was up by more than four index points over March. This amounts to a 3.9% increase. During the past 10 years the average index gain was less than one point. For the first four months of this year, the retail sales index has averaged 6.7% above the same four months of 1991 when the Desert Storm conflict apparently inflicted a cautious buying mood among consumers.

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

Year-to-date 1992 compared to 1991

| INDICATOR                                | PERCENTAGE CHANGE |     |    |   |    |     |            |
|--|-------------------|-----|----|---|----|-----|------------|
|  | -15               | -10 | -5 | 0 | +5 | +10 | +15        |
| Grain Shipments                          |                   |     |    |   |    |     | +90%       |
| Other Lake Cargo                         |                   |     |    |   |    |     | +52%       |
| Iron Ore Shipments                       |                   |     |    |   |    |     | +37%       |
| Building Permits (Adj.)                  |                   |     |    |   |    |     | +14%       |
| Retail Sales (Adj.)                      |                   |     |    |   |    |     | +6%        |
| Tourist Index                            |                   |     |    |   |    |     | +5%        |
| <b>TOTAL DULUTH BUSINESS INDEX</b>       |                   |     |    |   |    |     | <b>+2%</b> |
| Airline Passengers                       |                   |     |    |   |    |     | +2%        |
| Duluth Nonagricultural Employment        |                   |     |    |   |    |     | +2%        |
| Bank Deposits                            |                   |     |    |   |    |     | +1%        |
| Electric Customers                       |                   |     |    |   |    |     | NO CHANGE  |
| Postal Receipts                          |                   |     |    |   |    |     | -1%        |
| Electric Power (Residential)             |                   |     |    |   |    |     | -1%        |
| Electric Power (Commercial & Industrial) |                   |     |    |   |    |     | -3%        |
| State Metal Mining                       |                   |     |    |   |    |     | -3%        |

Historically, tourism activity shows a decline in the March-April comparison. This year the same trend was evident, but the decrease was of greater magnitude than the previous 10 year average. The April index of 68 was down from the March index of 80 and was just one point less than the 69 index level of last year. Despite the greater-than-average downturn in April, the year-to-date index has averaged 4% above the corresponding four months of last year.

### U.S. CONSUMER PRICE INDEX

|   | Apr. 1992 | Apr. 1991 | % Change |
|---|-----------|-----------|----------|
| (1982-1984=100) Unadjusted                      | 139.5     | 135.2     | +3.2%    |
| All Urban Consumers                             | 139.5     | 135.2     | +3.2%    |
| Urban Wage Earners & Clerical Workers (Revised) | 137.3     | 133.8     | +2.6%    |

Source: Bureau of Labor Statistics

### REPORT OF DULUTH FINANCIAL ACTIVITY

|   | Apr. 1992 | Apr. 1991 |
|---|-----------|-----------|
| <b>BANK DEBITS - TOTAL</b>  | \$1,053.9 | \$1,121.8 |
| Individuals   | 139.2     | 164.9     |
| % of Total  | 13.2%     | 14.7%     |
| Commercial Accounts   | 836.3     | 840.7     |
| % of Total  | 79.4%     | 74.9%     |
| Government (State and Local)  | 78.3      | 116.2     |
| % of Total  | 7.4%      | 10.4%     |
| <b>TOTAL DEPOSITS (END-OF-MONTH)</b>  | \$965.0   | \$951.1   |
| Demand  | 177.9     | 164.2     |
| % of Total  | 18.4%     | 17.3%     |
| Time and Savings  | 787.1     | 786.9     |
| % of Total  | 81.6%     | 82.7%     |
| Savings Only  | 130.8     | 127.6     |
| <b>DOLLAR VALUE OF NEW REAL ESTATE MORTGAGES ISSUED (CURRENT MONTH)<sup>2</sup></b> |           |           |
| Residential <sup>2</sup>  | 6.6       | 2.7       |
| % of Total  | 6.0       | 2.5       |
| % of Total  | 91.5%     | 91.5%     |
| <b>DEPOSIT TURNOVER RATE<sup>3</sup></b>  | 5.9       | 6.8       |

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 Estimated figure  
 3 Deposit turnover - bank debits divided by demand deposits.

## DULUTH RETAIL SALES

| Selected Industry Description      | UNADJUSTED (FOR PRICE CHANGES)<br>SALES ('000'S OF DOLLARS) |               |                 |               | ADJUSTED (1982-1984=100) SALES   |                 |              |                  |                  |             |             |
|------------------------------------|---|---------------|-----------------|---------------|----------------------------------|-----------------|--------------|------------------|------------------|-------------|-------------|
|                                    | Apr. 1992   |               | Apr. 1991       |               | MONTHLY                          |                 |              | YEAR-TO-DATE     |                  |             |             |
|                                    | \$  | % Total       | \$              | % Total       | \$                               | \$              | % Change     | \$               | \$               | % Change    |             |
| Bldg., Materials, Hardware, etc.   | \$ 3,024  | 4.3%          | \$ 2,440        | 3.7%          | \$ 2,182                         | \$ 1,810        | 20.5%        | \$ 8,143         | \$ 5,896         | 38.1%       |             |
| Department Stores                  | 10,713  | 15.2%         | 11,961          | 18.1%         | 7,729                            | 8,873           | -12.9%       | 29,336           | 30,538           | -3.9%       |             |
| Grocery Stores                     | 9,340   | 13.3%         | 9,001           | 13.6%         | 6,837                            | 6,633           | 3.1%         | 26,369           | 26,461           | -0.4%       |             |
| Other Food Stores                  | 1,578   | 2.2%          | 1,620           | 2.4%          | 1,155                            | 1,194           | -3.3%        | 4,580            | 4,705            | -2.7%       |             |
| Motor Veh. Dealers (New & Used)    | 10,210  | 14.5%         | 9,077           | 13.7%         | 8,369                            | 7,489           | 11.7%        | 29,568           | 20,804           | 42.1%       |             |
| Other Auto Dealers, Serv. Stations | 6,462   | 9.2%          | 6,022           | 9.1%          | 5,297                            | 4,969           | 6.6%         | 19,405           | 20,886           | -7.1%       |             |
| Apparel & Accessory Stores         | 2,168   | 3.1%          | 2,109           | 3.2%          | 1,665                            | 1,671           | -0.4%        | 6,118            | 6,125            | -0.1%       |             |
| Furniture, Home Furnishings        | 1,278   | 1.8%          | 2,631           | 4.0%          | 1,089                            | 2,276           | -52.1%       | 5,441            | 7,393            | -26.4%      |             |
| Eating & Drinking Places           | 9,569   | 13.6%         | 8,119           | 12.3%         | 6,959                            | 5,992           | 16.2%        | 24,079           | 23,492           | 2.5%        |             |
| Miscellaneous Places               | 15,997  | 22.7%         | 13,283          | 20.0%         | 11,542                           | 9,854           | 17.1%        | 43,360           | 38,017           | 14.1%       |             |
| <b>TOTAL</b>                       | <b>\$70,338</b>   | <b>100.0%</b> | <b>\$66,264</b> | <b>100.0%</b> | <b>\$52,824</b>                  | <b>\$50,761</b> | <b>4.1%</b>  | <b>\$196,397</b> | <b>\$184,318</b> | <b>6.6%</b> |             |
|                                    |   |               |                 |               | <b>DULUTH RETAIL SALES INDEX</b> | <b>114.0</b>    | <b>109.5</b> | <b>4.1%</b>      | <b>105.9</b>     | <b>99.4</b> | <b>6.6%</b> |

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

## INDEX NUMBERS (1967 = 100) UNADJUSTED

## ORIGINAL DATA

| Component                                | INDEX CHANGE |           |                  |            |            | Unit                   | ORIGINAL DATA |           |                     |
|--|--------------|-----------|------------------|------------|------------|------------------------|---------------|-----------|---------------------|
|  |              |           | Apr '91          |            | Mar '92    |                        |               |           |                     |
|  | Apr. 1992    | Mar. 1992 | Apr. 1991        | to Apr '92 | to Apr '92 |                        | Apr. 1992     | Mar. 1992 | Apr. 1991           |
| Airline Passengers                       | 101          | 105       | 100              | +1         | -4         | (Persons)              | 18,343        | 19,084    | 18,170              |
| Bank Deposits <sup>2</sup>               | 280          | 286       | 287 <sup>5</sup> | -7         | -6         | (Dollars in '000's)    | 965,046       | 986,618   | 976,795             |
| Building Permits <sup>3</sup>            | 105          | 52        | 60               | +45        | +53        | (Actual \$ Value)      | 7,125,785     | 2,798,899 | 1,982,809           |
| Postal Receipts                          | 525          | 564       | 517              | +8         | -39        | (Dollars)              | 1,238,016     | 1,329,283 | 1,218,465           |
| Electric Power (Commercial & Industrial) | 311          | 329       | 336              | -25        | -18        | (K.W.H. in '000's)     | 77,660        | 82,268    | 83,987              |
| Electric Power (Residential)             | 154          | 157       | 145              | +9         | -3         | (K.W.H. in '000's)     | 22,488        | 22,904    | 21,126              |
| Number of Electric Customers             | 108          | 108       | 108              | 0          | 0          |                        | 35,935        | 35,902    | 36,005              |
| Grain Shipments                          | 119          | 41        | 31               | +87        | +77        | (Bushels in '000's)    | 34,775        | 12,143    | 9,203               |
| Tourist Index                            | 68           | 80        | 69 <sup>5</sup>  | -1         | -12        |                        | ---           | ---       | ---                 |
| Iron Ore Shipments                       | 70           | 5         | 48               | +22        | +66        | (Gross Tons in '000's) | 826           | 55        | 568                 |
| Other Lake Cargo                         | 230          | 0         | 152              | +78        | +230       | (Short Tons)           | 81,122        | 0         | 53,504              |
| Duluth Nonagricultural Employment        | 122          | 121       | 121 <sup>5</sup> | +1         | +1         | (Persons)              | 50,700        | 50,500    | 50,300 <sup>5</sup> |
| Duluth Retail Sales Index <sup>4</sup>   | 109          | 110       | 109              | 0          | -1         | (Dollars in '000's)    | 70,337        | 67,942    | 66,264              |
| State Metal Mining Employment            | 48           | 49        | 51               | -3         | -1         | (Persons)              | 6,100         | 6,200     | 6,500               |
| OVERALL                                  | 155          | 136       | 145              | +10        | +19        |                        |               |           |                     |

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. Last year's monthly index has been revised to reflect the replacement of the bank debit subindex with the bank deposit subindex and the replacement of the coal receipt subindex with the tourist index.

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