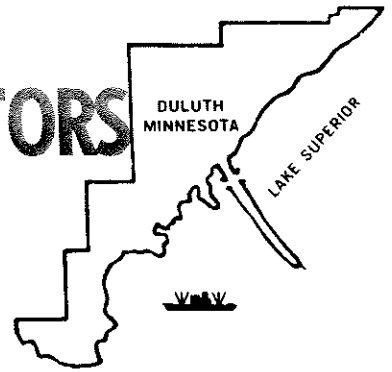


DULUTH BUSINESS INDICATORS



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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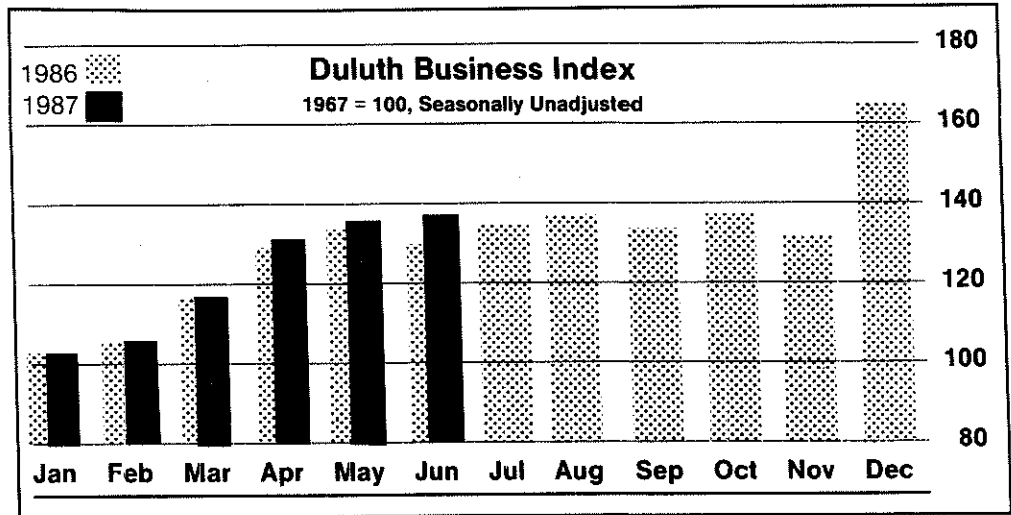
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Highlights

- *DBI Edges Upward.*
- *Job Gains Noted.*
- *Unemployment Declines.*
- *Building Permit Valuations Rising.*
- *Retail Sales Continue Strong.*



ECONOMIC CONDITIONS

Economic activity in June edged upward at a slightly lesser pace than average for the May-June period. The Duluth Business Index (DBI) in June was 138, up by one point over May but eight points over June of last year. During the past 10 years the DBI has recorded an average gain of two points in the May-June comparison.

Wage and salary employment in June was 44,400 which represents a gain of 550 workers over May. June job gains were in the nonmanufacturing sector paced by added hiring in construction and retail trade. Employment gains over one year ago were due chiefly to increased hiring in construction and service establishments. Manufacturing firms added about 100 jobs over and above one year ago. One partially offsetting change was in government work where agency employment was down about 365 workers from one year ago chiefly in local government jobs.

For the first one-half of this year the monthly number of jobs has averaged 42,875, or 1.3 percent above the same six-month period of 1986. A heavy contributor to the better job picture this year has been the increase in jobs in the construction industry.

The average weekly wage for production workers in manufacturing workers in June was \$417.91 for a 39.5 hour workweek which includes 2.6 overtime hours worked. One month earlier the average weekly wage was \$393.57 for 38.1 hour workweek which included 2.1 overtime hours.

Unemployment in June was 9.7 percent of the labor force

which was up from the 8.4 percent in May. Historically, the jobless rate for June increases over May due to the influx of new entrants and re-entrants into the labor market as schools close for the summer and undergraduates seek summer jobs. In addition, graduates and teachers add to the supply of workers seeking jobs.

Among the unemployed workers who are also collecting unemployment insurance benefits there has been an increase in the number of job seekers in the 25-44 year old bracket. In June of this year 62 percent of the workers collecting unemployment benefits were in this age bracket compared to 57.8 percent in June of last year. In the 55 year and older age bracket the relative share declined from 30.1 percent in June of 1986 to 28.8 percent this June.

The index of the value of building permits issued and under construction (in 1967 dollars) in June recorded an increase over May but the month-to-month change was less than the average May to June seasonal increase of the past 10 years. Seasonal patterns of past years have not been followed this year due to the number of large single permits issued involving construction over many months. This situation has tended to alter the monthly seasonal pattern established in past years.

Since the first of the year a total of \$27.1 million in building permits have been issued compared to \$12.3 million issued for the same six months of 1986. The biggest gain has occurred in the area of nonresidential construction. For the

INDEX HIGHLIGHTS

TIME PERIOD	DULUTH INDEX
June 1987	138
May 1987	137
May-June Change	+1
Normal Seasonal Change May to June	+2
June 1986	130
Change, June 1986 to June 1987	+8
Seasonally Adjusted Index June 1986	119
Seasonally Adjusted Index June 1987	125

DULUTH LABOR MARKET

	Current Month June 1987	Year Ago June 1986	% Change
TOTAL LABOR FORCE	31,900	30,600	+4
(Duluth Residents)			
Unemployment	3,100	2,200	+41
% of Total (Actual)	9.7%	7.1%	XXX
Seasonally Adjusted	9.3%	6.8%	XXX
Employment	28,800	28,400	+1
% of Total	90.3%	92.9%	XXX
TOTAL WORK FORCE	44,400	43,700	+2
(Duluth Jobs)			
Manufacturing	4,300	4,100	+5
% of Total	9.6%	9.5%	XXX
Nonmanufacturing	40,100	39,600	+1
% of Total	90.4%	90.5%	XXX
PERSONS CLAIMING UNEMPLOYMENT BENEFITS (Duluth only)	757	547	+38
AVERAGE WEEKLY EARNINGS (Manufacturing Only)	\$407.55	\$424.54	-4

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

DULUTH TOURIST INDEX

MAY INDEX

	May 1987	April 1987	May 1986
	67	56	59
Estimated Tourist expenditures (in 000's)			
	May 1987	May 1986	% Change 1987-86
Lodging	\$1,240	\$1,016	+22.0%
Eating, Drinking	2,600	2,419	+7.5%
Retail Sales	901	806	+11.8%
Auto, Gas	439	393	+11.7%
Other	696	617	+11.7%
Totals	\$5,876	\$5,257	+11.8%

first half of this year about 44 percent of the building construction dollar has gone for nonresidential construction compared to 11.7 percent last year. Although more money this year has gone for alteration and repair work than last year, its share of the building construction dollar fell to 41 percent this year compared to 75 percent in 1986.

Construction of new single residential dwellings has risen dramatically this year. Since January, a total of 35 such permits have been issued for a total valuation of \$2,136,912 compared to 13 permits for a total valuation of \$813,577 for the same six months of last year. The average size of the permit valuations this year was \$61,056, down slightly from the \$62,583 figure noted in 1986.

The use of electric power by commercial and industrial customers dropped two points from May. In recent years this component experienced an increase of less than one index point. Less electric power consumption in commercial businesses was only partially offset by scattered gains in the industrial sector.

Compared to one year earlier the use of electric power by commercial and industrial customers was up significantly. Increased consumption by educational institutions and health facilities was noted in the over-the-year comparison in the commercial sector. Industrial customers, as a group, used about 5 percent more power than last June with the paper mill pacing the increase.

Grain receipts and shipments picked up seasonally in June over May although the upward surge still did not result in the season-to-date volume handled matching last year's figure. So far this year the volume of grain handled lags last year by 3 percent.

Iron ore shipments this year are projected to better the 1986 tonnage figure as the market firmed up somewhat. In recent years the shipment of iron ore has recorded a noticeable gain between May and June; however, this trend did not occur this year and the June ore shipment figure was below that of one year earlier. For the year-to-date, iron ore shipments are up 5 percent over 1986.

Import-export cargo (other than grain) declined in June from May which has been the pattern in recent years for this period. June's tonnage figure was also below that of one year ago. So far this season waterborne tonnage is down 24 percent from last year's tonnage figure for the same period of time. Overseas general cargo imports this year are running below last year and overseas exports of general cargo and oilseeds are well below the 1986 season-to-date tonnage. Imports of Canadian dry bulk and Canadian exports of coal and coke are also below the first half record of last year.

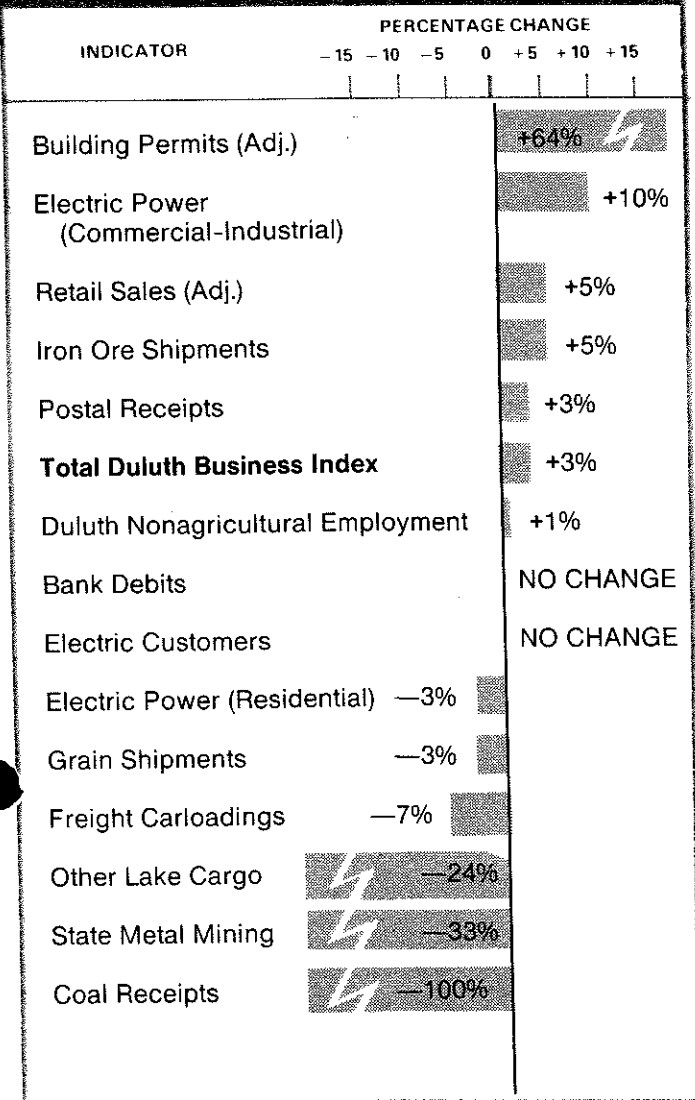
Retail sales, deflated for price increases, recorded a drop in the May-June comparison. In the previous two years a similar pattern also existed. The increased pace of consumer spending this year is evident by the June gain of 2.2 percent over the same month of last year and also by the statistics which show that for the first six months of this year sales have averaged 4.9 percent over the corresponding months of 1986.

In June of 1986 department stores, grocery stores and motor vehicle dealers of both new and used cars and service stations accounted for 57.6 percent of the retail dollar, but this year these same components made up 51.9 of the retail sales dollar.

Metal mining employment increased by 700 in the May-June comparison. Some callbacks of laid off workers occurred as the steel industry showed some sign of firming up. The 4,700 workers in the mines in June, however, still was well below the 6,000-worker level of June 1986.

Unemployment in the seven counties of Northeastern Minnesota in June was 9.5 percent, up from the 8.4 percent

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



level of May and was also up by one percentage point over June of 1986. The jobless rates for both Duluth and N.E. Minnesota were well above the rate for Minnesota which was 4.8 percent in June and 4.4 percent in May.

U.S. CONSUMER PRICE INDEX

	June 1987	June 1986	% Change
All Urban Consumers	340.1	327.9	+3.7%
Urban Wage Earners & Clerical Worker (Revised)	334.9	323.0	+3.7%

Source: Bureau of Labor Statistics

REPORT OF DULUTH FINANCIAL ACTIVITY

	Current Month		Year Ago
	June 1987	June 1986	
BANK DEBITS TOTAL	\$1,303.6	\$1,174.9	
Individuals	129.2	138.0	
% of total	9.9%	11.8%	
Commercial Accounts	1,056.9	923.9	
% of total	81.1%	78.6%	
Government (State & Local)	117.5	113.0	
% of total	9.0%	9.6%	
TOTAL DEPOSITS (END-OF-MONTH)	\$954.7	\$898.6	
Demand	172.0	164.1	
% of total	18.0%	18.3%	
Time and Savings	782.7	734.4	
% of total	82.0%	81.7%	
Savings Only	172.7	144.8	
DOLLAR VALUE OF NEW REAL ESTATE MORTGAGE ISSUED (CURRENT MONTH)	\$6.2	\$5.7	
Residential	5.7	5.5	
% of total	92.0%	97.8%	
DEPOSIT TURNOVER RATE*	7.6	7.2	

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					
	June 1987		June 1986		MONTHLY			YEAR-TO-DATE		
	June 1987	% Total	June 1986	% Total	June 1987	June 1986	% Change	1987	1986	% Change
Bldg., Materials, Hardware, etc.	\$ 3,110	6.0%	\$ 2,780	5.7%	\$ 921	\$ 855	7.7%	\$4,020	\$ 3,384	18.8%
Department Stores	10,352	19.9%	9,842	20.1%	3,066	3,025	1.4%	16,003	15,329	4.4%
Other General Stores	146	0.3%	97	0.2%	43	30	43.3%	184	158	16.3%
Grocery Stores	5,282	10.1%	6,582	13.4%	1,667	2,183	-23.6%	13,923	14,509	-4.0%
Other Food Stores	1,803	3.5%	1,533	3.1%	569	509	11.8%	2,934	2,783	5.4%
Motor Veh. Dealers (New & Used)	6,135	11.8%	7,076	14.4%	2,013	2,396	-16.0%	10,264	11,725	-12.5%
Other Auto Dealers, Serv. Stations	5,249	10.1%	4,741	9.7%	1,722	1,605	7.3%	9,474	8,717	8.7%
Apparel & Accessory Stores	1,252	2.4%	943	1.9%	572	455	25.7%	2,849	2,665	6.9%
Furniture, Home Furnishings	2,318	4.4%	2,158	4.4%	908	865	5.0%	5,186	5,230	-0.8%
Eating Places Only	2,774	5.3%	3,158	6.4%	838	999	-16.1%	5,145	5,078	1.3%
Other Eating & Drinking Places	4,229	8.1%	2,139	4.4%	1,278	677	88.8%	7,965	3,719	114.2%
Miscellaneous Places	9,491	18.2%	8,009	16.3%	2,810	2,462	14.1%	15,032	15,331	-1.9%
TOTAL	\$52,141	100.0%	\$49,058	100.0%	\$16,407	\$16,061	2.2%	\$92,980	\$88,628	4.9%
DULUTH RETAIL SALES INDEX					102.4	100.2	2.2%	96.7	92.2	4.9%

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

INDEX NUMBERS (1967 = 100) UNADJUSTED

ORIGINAL DATA

Component	June 1987	May 1987	INDEX CHANGE		Unit	June 1987	May 1987	June 1986	
			June 1986	May '87 to June '87					
Freight Carloadings	78	87	103	-25	-9	(Cars)	8,761	9,788	11,600
Bank Debits ⁵	361	327	333	+28	+34	(Dollars in '000's)	1,303,604	1,180,829	1,174,887
Building Permits ²	113	103	62	+51	+10	(Actual \$ Value)	8,347,219	3,007,330	1,118,764
Postal Receipts	442	502	400	+42	-60	(Dollars)	1,042,213	1,182,690	943,335
Electric Power (Commercial & Industrial)	167	169	150	+17	-2	(K.W.H. in '000's)	41,826	42,107	37,573
Electric Power (Residential)	123	122	119	+4	+1	(K.W.H. in '000's)	17,893	17,745	17,371
Number of Electric Customers	105	105	104	+1	0		34,932	35,142	34,720
Grain Shipments	121	94	100	+21	+27	(Bushels in '000's)	35,548	27,476	29,285
Coal Receipts	0	0	70	-70	0	(Short Tons in '000's)	0	0	70
Iron Ore Shipments	59	61	61	-2	-2	(Gross Tons in '000's)	688	711	718
Other Lake Cargo	223	288	258	-35	-65	(Short Tons)	78,366	101,328	91,854
Duluth Nonagricultural Empl.	107	105	105 ³	+2	+2	(Persons)	44,400	43,800 ³	43,700 ³
Duluth Retail Sales Index ⁴	102	104	100 ³	+2	-2	(Dollars in '000's)	52,141	52,722	49,058
State Metal Mining Empl.	37	32	47	-10	+5	(Persons)	4,700	4,000	6,000
OVERALL	138	137	130	+8	+1				

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 Duluth, Minnesota Department of Jobs and Training 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.
3. Revised.
4. Deflated for price changes. All dollar figures shown for retail sales are in current (unadjusted for price changes) dollars.
5. 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.
6. Estimate.

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