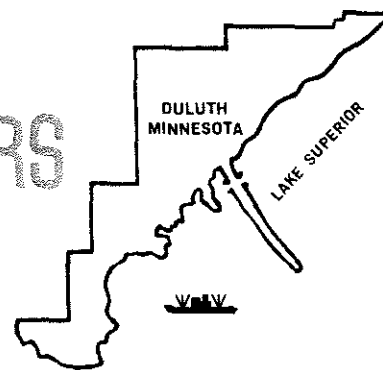


DULUTH BUSINESS INDICATORS

BUREAU OF BUSINESS AND ECONOMIC RESEARCH
SCHOOL OF BUSINESS AND ECONOMICS
University of Minnesota Duluth
In Cooperation with the Minnesota
Department of Employment Services



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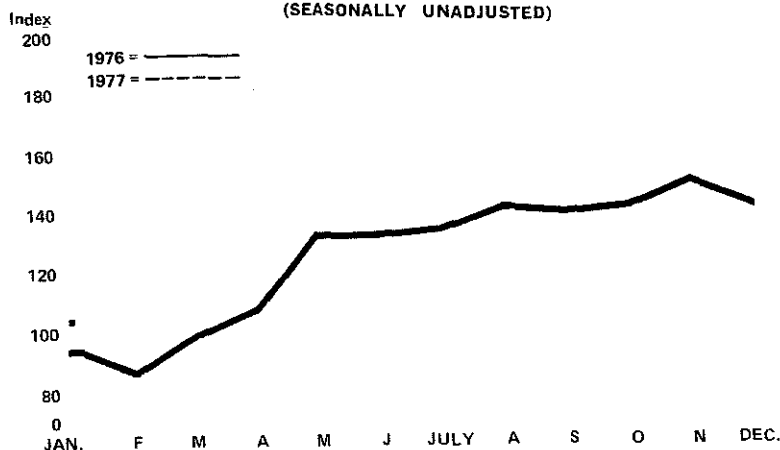
JANUARY 1977

NO. 1

Highlights

- *January index up*
- *Cold weather boosts power demand*
- *Manufacturing jobs improve*
- *Unemployed picture brightens*
- *Retail sales up*

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



ECONOMIC CONDITIONS

After finishing out the year 1976 on a strong note, the Duluth business index continued to maintain its momentum in January by posting a 12% gain over January of the previous year.

The January 1977 unadjusted index of 106 (1967=100) was well ahead of the year previous level of 94. Nine of the 12 barometers reporting activity in January showed increases over their year ago figures.

There was a greater amount of freight carloading than a year ago. The dollar value of bank debits was up substantially over January 1976 as commercial and governmental check writing rose significantly over the past 12 months. The amount of check writing by individuals, although higher than last year, accounted for 12.3% of the total bank debit figure. One year ago bank debits for individuals amounted to 14.7% of the total.

An increase in the dollar value of building permits issued and under construction (in 1967 dollars) was well above the previous year. However, the actual total building permit valuations for January 1976 was high because that

figure does not reflect adjustment for length of construction.

Extreme cold weather this past January was a big factor in the greater usage of electric power in the over-the-year comparison. In addition, there were several new retail outlets and apartment complexes in operation this year which pushed up commercial consumption. Some increased industrial activity this year boosted industrial kilowatt usage. Employment in manufacturing also reflected this increased activity as there were about 300 more jobs than last year.

There was a lesser amount of grain moved this past January than 12 months previous and both receipts and shipments shared the tonnage loss.

No activity was reportable for coal and iron ore shipments or import-export cargo (excluding grain) as these activities are down during the winter cessation of lake shipping.

Wage and salary employment totaled 42,000 in January which represents a gain of 400 workers over January 1976. An encouraging sign was the 300 worker advance during this comparison in factory jobs. Both durable and nondur-

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INDEX HIGHLIGHTS

TIME PERIOD	DULUTH INDEX
January 1977	106
December 1976	142
November-December Change	- 36
Normal Seasonal Change December to January	- 20
January 1976	94
Change, Jan. 1976 to Jan. 1977	+ 12
Seasonally Adjusted Index January 1976	126
Seasonally Adjusted Index January 1977	142

DULUTH LABOR MARKET

	January 1977	January 1976	% Change
Work Force	48,600	49,700	- 2
Unemployment	3,700	5,200	-29
Rate	xxx	xxx	xxx
Actual	7.6%	10.5%	xxx
Seasonally Adjusted	6.4%	8.9%	xxx
Total Employment	44,900	44,500	+ 1
Wage & Salary	42,000	41,600	+ 1
Manufacturing	6,000	5,700	+ 5
Nonmanufacturing	36,000	35,900	0
Job Openings Received During Month	427	568	-25
Persons Claiming Unemploy- ment Benefits (Area)	5,092	5,912	-14
Average Weekly Earnings —			
Mfg. Only	\$193.39	\$182.83	+ 6

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

RETAIL SALES INDEX

ADJUSTED FOR PRICE CHANGES
(1967 = 100)

	3 Yr. Jan. Aver. 1974-76	Jan. 1977	Jan. 1976	Jan. '76 to Jan. '77 % Change
Total	82	88	86	+ 2
General Merchandise	74	80	78	+ 3
Apparel Stores	87	90	99	- 9
Grocery Stores	106	112	101	+11
Automotive Sales	103	101	97	+ 4

	1977	1976	% Change
Index Average Year-To-Date (Total) Adjusted for price changes	88.2	85.9	+ 3

able goods reported expanded job totals. Manufacturing employment, which in January 1976 accounted for 13.7% of all wage and salary employment, rose to 14.3% of the total this past January.

There was an improvement in the unemployment picture compared to last year although the 7.6% rate this January is still high by any standard. A year ago the rate was 10.5%.

Not all of the decline in the jobless figures represents workers going back to work. Some of the unemployed simply dropped out of the work force after an extended period of unemployment. The work force was down about 1,100 persons from January 1976, unemployed decreased by 1,500 in this 12 month comparison, but employment rose by only 400 workers.

Long term unemployment, those out of work 15 weeks or longer, accounted for approximately 20% of the weeks claimed in the regular unemployment compensation program. Prospects of immediate employment for the long term unemployed apparently are dimmest for those who work in nonmanufacturing jobs since they accounted for 87% of the hard core unemployed claimants. However, it should be noted that many of our nonmanufacturing industries in the area are seasonal and wintertime always is the slow period for employment opportunities for this group.

Business activity in Duluth historically shows a seasonal decline between December and January and this year was no exception. The January index of 106 was down by 36 points from December. A more normal decline would be about 20 points. The decline this year was magnified by the fact that the December business index of 142 was the highest for that month on record.

The fact that the local economy seems to be on the upturn is underscored further by the fact that the January 1977 index level is also a new high for that month.

Freight carloadings recorded their usual January drop influenced heavily by the fact that iron ore, coal and import-export cargo activity (excluding grain) is nonexistent during the winter months. Grain shipments usually drop to about two-thirds of their December volume and what grain is moved goes by rail or truck.

The use of electric power this past January ran counter to previous patterns as the extended period of cold weather this year resulted in the consumption of electric power by commercial and industrial users rising by 11 index points over December in contrast to the average six point decline noted in the past 10 years. Residential electric power consumption in January was up by 31 points over December as compared to a 10 year December-January average increase of 17 points.

Duluth wage and salary employment historically show a December-January decline of about 4%, but this winter the seasonal retrenchment was at a lesser rate, namely 3.3%. The traditional seasonally oriented industries like construction, transportation and retail trade shared the bulk of the January drop in nonmanufacturing employment.

Retail sales (deflated for price changes) ended up 1976 with a better than 5% gain over the previous year. This industry started out the new year of 1977 on a promising note as January sales figures (deflated) posted a 2% gain over the previous January. The only component that re-

PERCENTAGE CHANGE IN 15 INDIVIDUAL BUSINESS INDICATORS FOR THE CITY OF DULUTH
Year-to-date compared to 1976

INDICATOR	Percentage Change						
	-15	-10	-5	0	+5	+10	+15
Building Permits (Adjusted)							+41%
Bank Debits							+27%
Freight Carloadings							+19%
Electric Power (Commercial-Industrial)							+16%
Total Duluth Business Index							+12%
State Metal Mining Empl.							+11%
Electric Power (Residential)							+6%
Duluth Retail Sales Index (Adj.)							+3%
Number of Telephones							+1%
Duluth Nonagricultural Empl.							+1%
Number of Electric Customers							No Change
Coal Receipts							No Change
Iron Ore Shipments							No Change
Other Lake Cargo							No Change
Postal Receipts							-4%
Grain Shipments							-34%

corded a decline in this over-the-year comparison was apparel stores which experienced a 9% drop from the year previous.

Due to the high level of retail sales in December the normal post-holiday decline in January from December was accentuated by this phenomenon. Despite this, however, the retail sales index (deflated) for January managed to maintain a slight margin over the January 1976 index level.

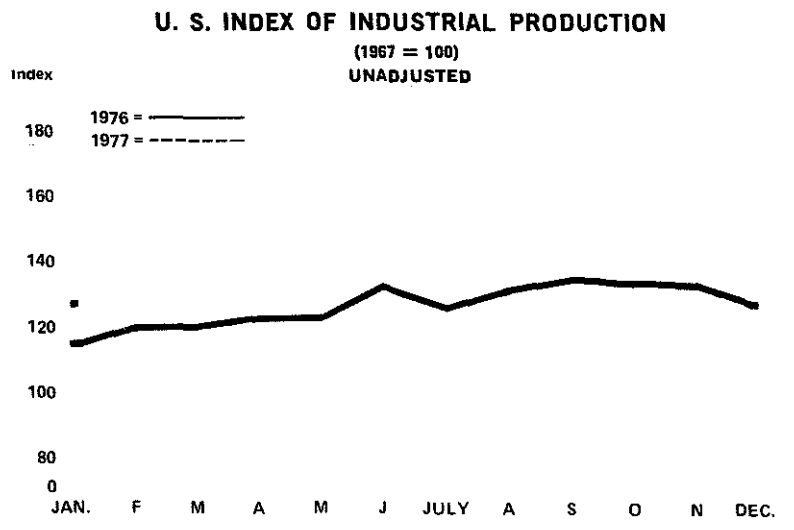
State metal mining employment, which traditionally has experienced a seasonal cutback in January, recorded a slight rise this year over its December index level. This changing picture reflects the effect of new toaconite facilities becoming operational and this new hiring offset usual seasonal layoffs in nontaconite mining.

REPORT OF DULUTH FINANCIAL ACTIVITY¹

	Current Month Jan. 1977	Year Ago Jan. 1976
BANK DEBITS - TOTAL	\$513.6	\$403.3
Individuals	63.2	59.2
% of total	12.3%	14.7%
Commercial Accounts	396.6	302.1
% of total	77.2%	74.9%
Government (State & Local)	53.8	42.0
% of total	10.5%	10.4%
TOTAL DEPOSITS (END-OF-MONTH)	\$637.5	\$578.0
Demand	138.2	124.8
% of total	21.7%	21.6%
Time and Savings	499.3	453.2
% of total	78.3%	78.4%
Savings Only	213.1	224.6
% of total	xxx	xxx
DOLLAR VALUE OF NEW REAL ESTATE MORTGAGES ISSUED (CURRENT MONTH)	\$ 3.1	\$ 1.5
Residential	2.7	1.3
% of total	87.6%	83.7%
Deposit Turnover Rate	3.7	3.2

¹Figures rounded in millions.
 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.

Total Index up 5%
Consumer Goods Production up 5%
Manufacturing Production up 5%



Source: Federal Reserve Board of Governors

DULUTH BUSINESS INDICATORS

COMPONENT	INDEX NUMBERS (1967 = 100)					ORIGINAL DATA			
	Jan. 1977	Dec. 1976	Jan. 1976	INDEX CHANGE		UNIT	Jan. 1977	Dec. 1976	Jan. 1976
				Jan. '76 to Jan. '77	Dec. '76 to Jan. '77				
Freight Carloadings	53	69	44	+ 9	- 16	(Cars)	5,950	7,781	4,991
Bank Debits	241	269	189	+ 52	- 28	(Dollars in '000's)	513,646	572,168	403,252
Building Permits ²	140	201	99	+ 41	- 61	(Actual \$ Value)	756,121	8,215,626	12,134,451
Postal Receipts	204	267	212	- 8	- 63	(Dollars)	480,112	629,697	500,646
Number of Telephones	130	130	129	+ 1	0	(Units)	91,643	91,440	90,462
Electric Power (Commercial & Industrial)	151	140	130	+ 21	+ 11	(K.W.H. in '000's)	37,764	35,028	32,462
Electric Power (Residential)	174	143	164	+ 10	+ 31	(K.W.H. in '000's)	25,388	20,873	23,883
Number of Electric Customers	103	103	103	0	0		34,417	34,380	34,310
Grain Shipments	37	51	56	- 19	- 14	(Bushels in '000's)	10,767	14,950	16,329
Coal Receipts	0	6	0	0	- 6	(Short Tons in '000's)	0	13	0
Iron Ore Shipments	0	38	0	0	- 38	(Gross Tons in '000's)	0	447	0
Other Lake Cargo	0	242	0	0	-242	(Short Tons)	0	85,318	0
Duluth Nonagricultural Empl.	101	105 ³	100 ³	+ 1	- 4	(Persons)	42,000	43,600 ⁴	41,600 ³
Duluth Retail Sales Index ⁴	88	193	86	+ 2	-105		-----	-----	-----
State Metal Mining Empl.	106	105 ³	95 ³	+ 11	+ 1	(Persons)	13,400	13,300 ³	12,100 ³
OVERALL	106	142	94	+ 12	- 36				

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 Employment 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.

3. Revised

4. Adjusted for price changes.

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