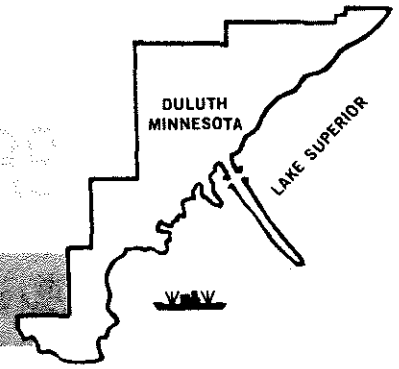


# DULUTH BUSINESS INDICATORS

BUREAU OF BUSINESS  
AND ECONOMIC RESEARCH

UNIVERSITY OF MINNESOTA  
DULUTH



VOL. 8

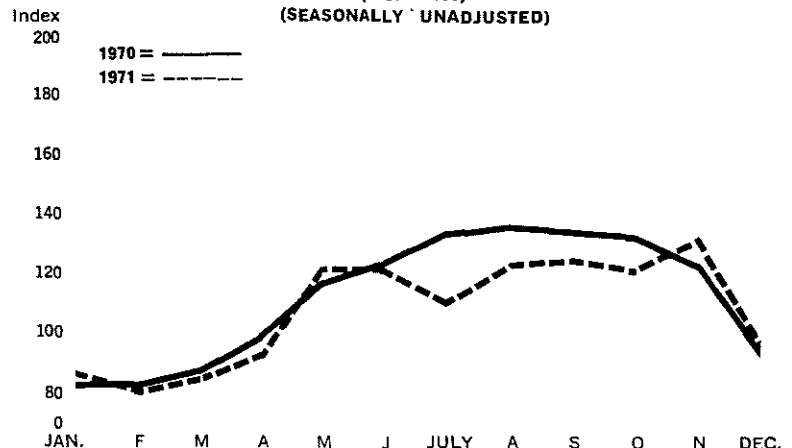
DECEMBER 1971

NO. 12

*Highlights*

- *December business index dips*
- *Year-to-date average below 1970*
- *Unemployment rate rises sharply*
- *Job outlook flattens*
- *Retail sales post good December*

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



Declining employment, the winter shutdown in lake shipping affecting shipments of iron ore, coal, grain and import-export tonnage other than grain, combined to drop the business index for December by a significant amount from November's level. The unadjusted index (1967=100) for December was 98 compared to 131 for the month previous. This decrease of 33 points was greater than the normal seasonal average decline of 27 points for this two-month comparison. Another factor which accentuated the more than normal November-December loss was the higher than usual index for November. Several components of the index recorded better than normal November activity which further emphasized the decline for this period.

rail dropped 34% in December as lake shipping closed its 1971 season for the winter. The rail shipments of grain rose in December, but the volume was not great enough to offset the drop in receipts that occurred.

For the year 1971 the business index, reflecting the downturn in the local economy, averaged 2.6% below the 1970 annual average.

A better than average seasonal pick-up was noted in the movement of bank debits between November and December. No single reason appears to be the cause of this increase although the continued good record of retail sales in December appears to be a helpful factor.

A decline in the November-December freight carloading index is directly related to the lesser amounts of iron ore and grain hauled by rail in December. Grain receipts by

In December there was a drop in the value of building permits issued and under construction (in 1967 dollars) for building and alteration and repair work from November. As a result the December index was down noticeably from the previous month. During December there was a decrease of approximately 52% in dollar valuations of permits issued for the alteration and repair of residential structures, while monies for such work on nonresidential buildings dropped by nearly two-thirds.

A less than usual seasonal gain in postal receipts be-

### INDEX HIGHLIGHTS

TIME PERIOD	DULUTH INDEX
December 1971 .....	98
November 1971 .....	131
November-December Change .....	- 33
Normal Seasonal Change November to December .....	- 27
December 1970 .....	96
Change, Dec. 1970 to Dec. 1971 .....	+ 2
Seasonally Adjusted Index December 1971 .....	111
Seasonally Adjusted Index December 1970.....	108

### DULUTH LABOR MARKET

	Dec. 1971	Dec. 1970	% Change
Labor Force .....	48,000	48,900	- 2
Unemployment .....	3,500	2,500	+ 40
Rate .....	7.3%	5.1%	xxx
Total Employment .....	44,500	46,400	- 4
Wage & Salary .....	41,200	43,000	- 4
Manufacturing .....	6,600	8,000	- 18
Nonmanufacturing .....	34,500	35,000	- 1
Job Openings Received During Month .....	457	530	- 14
Persons Claiming Unemploy- ment Benefits .....	2,461	1,763	+ 40
Average Weekly Earnings— Mfg. Only .....	\$137.80	\$127.39	+ 8

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. Dec. Aver. 1968-70	Dec. 1971	Dec. 1970	Dec. '70 to Dec. '71 % Change
Total .....	130	146	135*	+ 8
General Merchandise ....	140	166	147*	+ 13
Apparel Stores .....	158	160	170*	- 6
Grocery Stores .....	107	105	109*	- 4
Automotive Sales .....	70	86	68*	+ 26
* Revised		1971	1970	% Change
Index Average Year-To-Date (Total) Adjusted for price changes	102.8	97.8		+ 5.1

tween November and December was recorded. It was also noted that December's portion of the total year's postal receipts in 1971 was down 1.8% from the average ratio of the preceding 10 years, while the November, 1971 share of the year's total receipts was up slightly from the average of the preceding ten years. This suggests a slight shift in the timing of customer postal purchases this past winter.

An increase in the commercial use of electric power boosted the combined consumption of commercial and industrial electric power in December over November by three points in contrast to an historical decrease of two points in this two-month comparison. Residential power use also advanced over November by more than the seasonal average.

December grain shipments ended the season on a high note although the volume of grain handled was down seasonally from November. However, because of the good record in December the decline from November was less than normal for this period of comparison.

Import-export activity, other than grain, normally closes in December when lake movement of vessels all but ceases, thus the sharp drop noted in the November-December comparison. Employment in metal mining showed a decline from November as lake shipping of iron ore closed in December and this is a usual wintertime pattern for this activity.

Heavier than normal layoffs in employment totaling 1,700 workers during late November and early December pulled the December employment index down by a greater amount than is normally experienced during this two-month period. This job total decline was about four times higher than the previous five year average. Worker cutbacks in metal working, construction and transportation brought their respective job totals to their lowest levels in a number of years. Conversely, the 7.3% unadjusted unemployment rate in December hit its highest rate for that month since the 7.7% rate of December, 1963.

During the second half of 1971 the local economy reflected a softening in many of the components of the Duluth business index. As a result the overall business climate showed an over-the-year decline of 2.6% from the 1970 average.

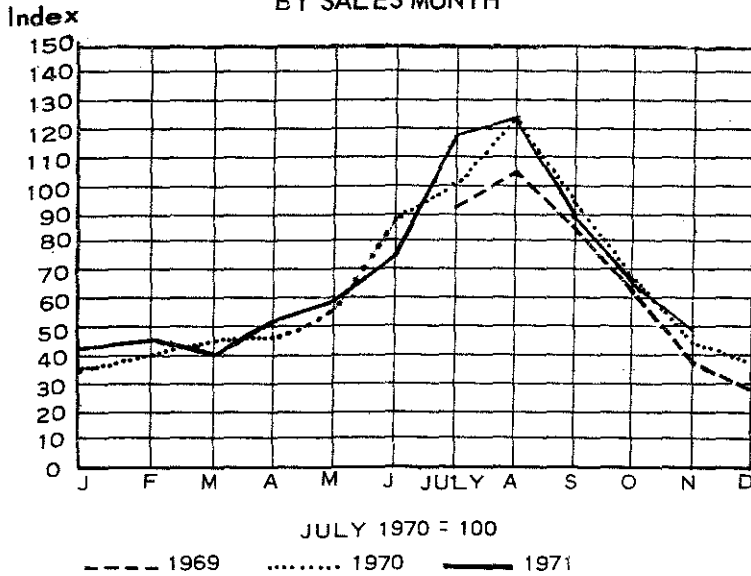
The month of December, however, was up about two points over the year previous level. While freight carloadings, coal receipts, iron ore shipments, Duluth employment and state metal mining employment were all below their December, 1970 figures, there were enough offsetting advances in other categories to pull the 1971 December up over a year previous.



# The Duluth Hotel-Motel Tax Index

Volume 1, Number 14, 1971

DULUTH HOTEL-MOTEL TAX INDEX  
BY SALES MONTH



The increase in tax collections and room rental receipts was substantially greater than the increase in the prices of rooms rented as shown in the United States Department of Commerce "average dollar sale per occupied room." The national "average dollar sale per occupied room" was \$11.35 in 1968, \$12.37 in 1969, \$13.25 in 1970, and about \$13.53 for 1971. The increase in this measure from 1969 to 1970 was about 7 percent, and from 1970 to 1971 was about 2 percent. It should be noted that this national measure has the advantage of including only the hotel and motel rooms which are actually rented at increased or decreased rates.

The total Duluth hotel-motel tax collections for 1971 were \$103,591.70 as compared with \$100,581.94 for 1970. The increase for the year was \$3,009.70 or about 3 percent. Thus, tax collections and room rental receipts in Duluth were slightly higher than the national increase in "average dollar sales per occupied room" in 1970. For the month of November, 1971, however, tax collections and room rental receipts in Duluth were considerably in excess of the increase in "average dollar sales." The month of November provided extra tax receipts to make up for lower tax receipts in several early months in 1971, notably June 1971.

## ANALYSIS

The November, 1971 Hotel-Motel Tax Index for Duluth was 49 as compared with the November, 1970 Index of 45 and the November, 1969 Index of 37. This indicates that cash receipts for room rentals have steadily increased during the last three years. The Duluth Hotel-Motel Tax receipts for November, 1969 sales were \$4,727.96; for November, 1970 sales were \$5,745.68; and for November, 1971 sales were \$6,813.87. The increase from November, 1969 to November, 1970 was \$1,017.72 or about 22 percent. The increase from November, 1970 to November, 1971 was \$1,068.19 or about 20 percent.

The revised estimate of "convention delegate days" for November, 1971 in Duluth was 150 per day. The total "convention delegate days" for November, 1971 were 4,500 as compared with an estimate for November, 1970 of 150. The estimates are made with the cooperation of the Duluth Convention and Visitors Bureau. The very large increase in "convention delegate days" in November, 1971 over November, 1970 may account, in part, for the increase in Duluth hotel-motel tax receipts in November, 1971.

by Richard O. Sielaff, Professor of Business Administration and Economics, University of Minnesota, Duluth  
Month of publication, January, 1972

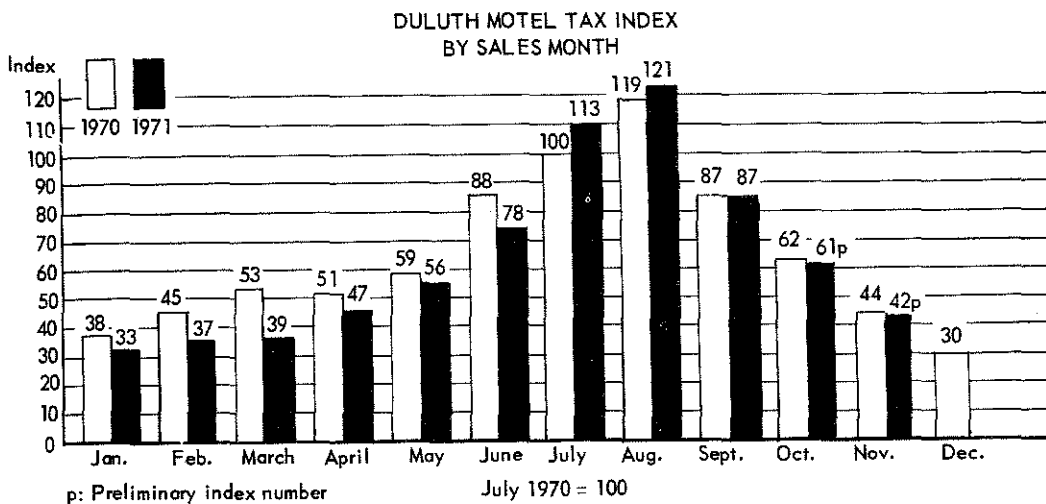
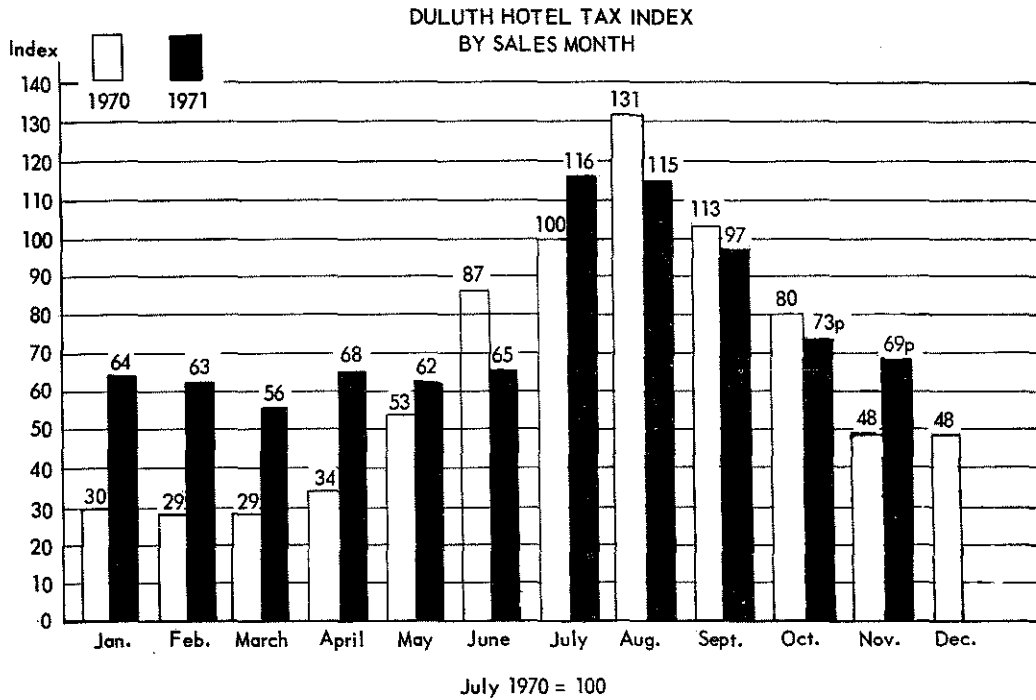
The Duluth Hotel-Motel Tax Index is published by the Bureau of Business and Economic Research as a service for the State of Minnesota and mailed with the Duluth Business Indicators.

**DULUTH HOTEL-MOTEL TAX INDEX and DULUTH CONVENTION DELEGATE DAYS**  
Index July 1970=100

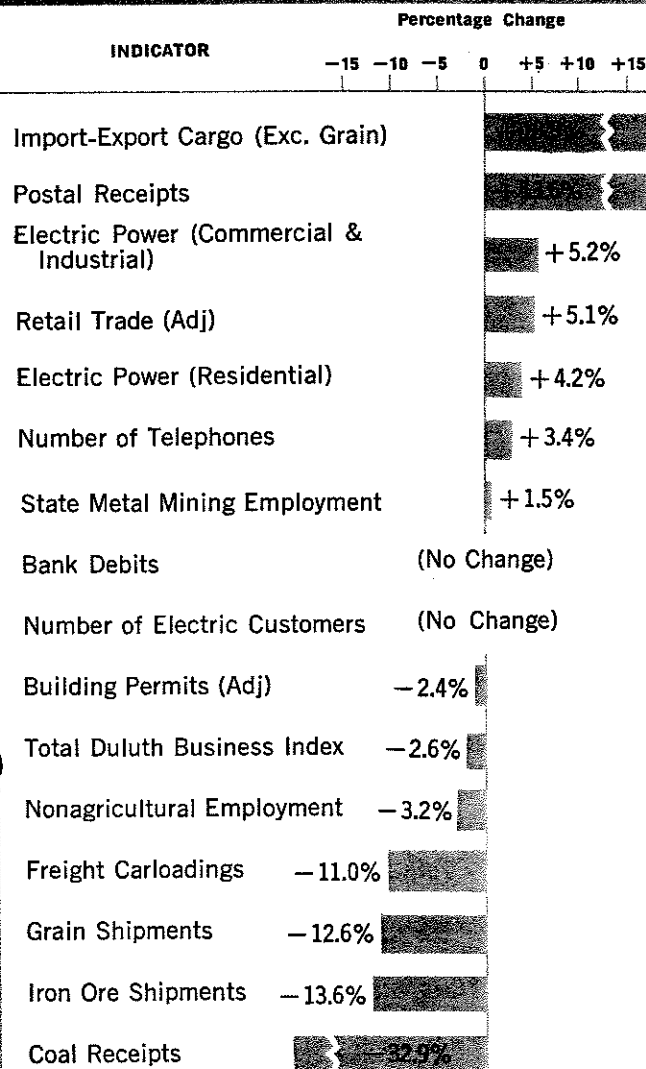
Month	Duluth Hotel-Motel Tax Index 1970	Estimated Number of Convention Delegates per day 1970	Duluth Hotel-Motel Tax Index 1971	Estimated Number of Convention Delegates per day 1971	Estimated Number of Convention Delegates per day 1972
January	35	138	43	152	153
February	40	180	44	21	214
March	45	260	42	56	Unknown
April	46	137	53	60	104
May	57	276	58	329	287
June	87	546	74	22	582
July	100	48	114	438	979
August	123	71	120	97	24
September	94	148	89	128	370
October	67	184	64p	148	138
November	45	5	49p	150	37
December	36	--	--	7	--
Total Delegate Days For Year		60,375		49,420	87,875
Average Delegate Days For Year (365 days)		165		135	241

p:preliminary index number

Sources: Tax information was obtained from the Duluth Department of Finance and Records. Information on delegate days was obtained from the Duluth Convention and Visitors Bureau.



### PERCENTAGE CHANGE IN 15 INDIVIDUAL BUSINESS INDICATORS FOR THE CITY OF DULUTH



During the past year the key factor in determining the direction taken by the economy was employment. This component exhibited signs of weakness and uncertainty throughout the year. By December the statistics revealed the sharp impact the steel industry layoffs had on the local picture. December employment fell behind the same month of 1970 by 1,800 workers and employment levels for the entire year averaged 3% under 1970.

The unemployment rate in December of 1971 was 7.3% or more than 40% higher than a year previous. The 3,500 jobseeker figure was 1,000 higher than for December, 1970. With 14% fewer jobs available this past December and increased unemployment the plight of those out of work is readily seen. Just prior to the release of this report a large metal working firm announced the permanent closing of a portion of its manufacturing operation affecting some 1,200 workers. These figures are included in the December employment data, but the duration of joblessness for these workers has now changed from indefinite to permanent unless they accept employment elsewhere in the firm's operations or are able to find other jobs locally.

Retail sales in December, when deflated for price increases, registered an 8% gain over the previous December. This gain is somewhat surprising in light of the softened economy noted especially during the latter part of 1971.

The gain over December, 1970 was rather broad-based in that 24 of the 36 retail stores in the sample recorded varying degrees of improvement over their year previous sales.

For the year-to-date retail sales averaged 5% above the 1970 average when deflated for price increases.

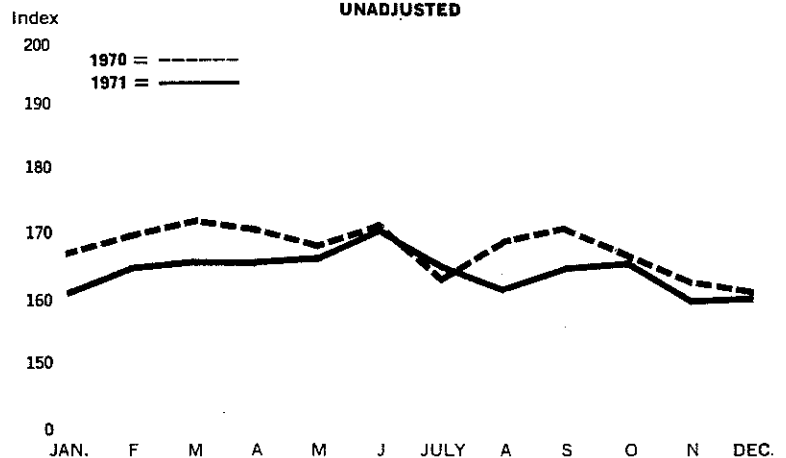
#### HIGHLIGHTS OF THE U. S. INDEX OF INDUSTRIAL PRODUCTION

(December 1971 compared to December 1970)

- Total Index up 3.1%**
- Consumer Goods Production up 6.3%**
- Manufacturing Production up 4.0%**
- Manufacturing Payrolls up 7.5%**

#### U. S. INDEX OF INDUSTRIAL PRODUCTION

(1957 - 1959 = 100)  
UNADJUSTED



Source: Federal Reserve Board of Governors

## DULUTH BUSINESS INDICATORS

INDEX NUMBERS (1967 = 100)						ORIGINAL DATA			
COMPONENT	Dec. 1971	Nov. 1971	Dec. 1970	INDEX CHANGE		UNIT	Dec. 1971	Nov. 1971	Dec. 1970
				Dec. '70 to Dec. '71	Nov. '71 to Dec. '71				
Freight Carloadings	80	87	84	- 4	- 7	(Cars)	9,011	9,809	9,511
Bank Debits	128	125	124	+ 4	+ 3	(Dollars in '000's)	271,897	266,144	263,543
Building Permits <sup>2</sup>	92	108	69	+ 23	- 16	(Actual \$ Value)	869,957	5,677,886	1,165,482
Postal Receipts	169	149	127	+ 42	+ 20	(Dollars)	398,943	351,527	299,525
Number of Telephones	119	118	114	+ 5	+ 1	(Units)	83,557	83,128	80,395
Electric Power (Commercial & Industrial)	134	131	124	+ 10	+ 3	(K.W.H. in '000's)	33,521	32,674	30,878
Electric Power (Residential)	134	123	131	+ 3	+ 11	(K.W.H. in '000's)	19,567	17,836	19,071
Number of Electric Customers	101	100	101	0	+ 1		33,685	33,524	33,585
Grain Shipments	118	174	113	+ 5	- 56	(Bushels in '000's)	34,707	51,134	33,044
Coal Receipts	4	5	12	- 8	- 1	(Short Tons in '000's)	10	11	29
Iron Ore Shipments	22	81	58	- 36	- 59	(Gross Tons in '000's)	255	951	680
Other Lake Cargo	0	535	0	0	-535	(Short Tons)	0	188,132	0
Duluth Nonagricultural Empl.	99	103	103 <sup>3</sup>	- 4	- 4	(Persons)	41,200	42,900	43,000 <sup>3</sup>
Duluth Retail Sales Index <sup>4</sup>	146	107	135 <sup>3</sup>	+ 11	+ 39		-----	-----	-----
State Metal Mining Empl.	96	104	100 <sup>3</sup>	- 4	- 8	(Persons)	12,200	13,200	12,700 <sup>3</sup>
<b>OVERALL</b>	<b>98</b>	<b>131</b>	<b>96<sup>3</sup></b>	<b>+ 2</b>	<b>- 33</b>				

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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