Katrina's Economic Impacts

GDP grows at slower pace rest of 2005
   About 3.0% now likely
   ... compared to 3.5% pre-Katrina
   GDP boosted slightly in 2006 by reconstruction

Gasoline prices higher, but slowly come back
to pre-Katrina levels, by early 2006

Fed waits til November for next rate hike
   Economically, hike is justified
   But Fed won't want to appear cruel

How Low Is the Savings Rate?

Redefine data count capital gains and net pension payments.

source: Susan Stern, Economic Analysis Associates Inc.

Retail Sales

- Total
- Excluding gasoline

$ billions

2002 2003 2004 2005

We've been able to keep spending high, despite high gas prices.
   (Energy is about 5% of total consumer spending)

Capital Goods Orders

Non-Defense

- Spike due to aircraft orders

- Business spending on a solid track
Profits good, but soon will be squeezed by rising costs.

Oil will push up inflation just a little.

Data tell the Fed to tighten, but it would seem cruel after Katrina, so Fed will wait til November.

Bill Conerly's consulting projects include market studies, competition analysis, corporate strategy. To discuss your needs, call 503-675-3138.
Oregon Home Prices

Washington Home Prices

Portland CPI

Seattle CPI

Speculative frenzy has hit Oregon.

Puget Sound strong, outlying regions weaker.

Food prices coming down surprisingly.

2004 was unreasonably low. Recent data look "normal".

Bill Conerly gives speeches to management teams, trade associations, and customer groups. For fees and availability, call 503-675-3138.