

# U.S. Economic Outlook

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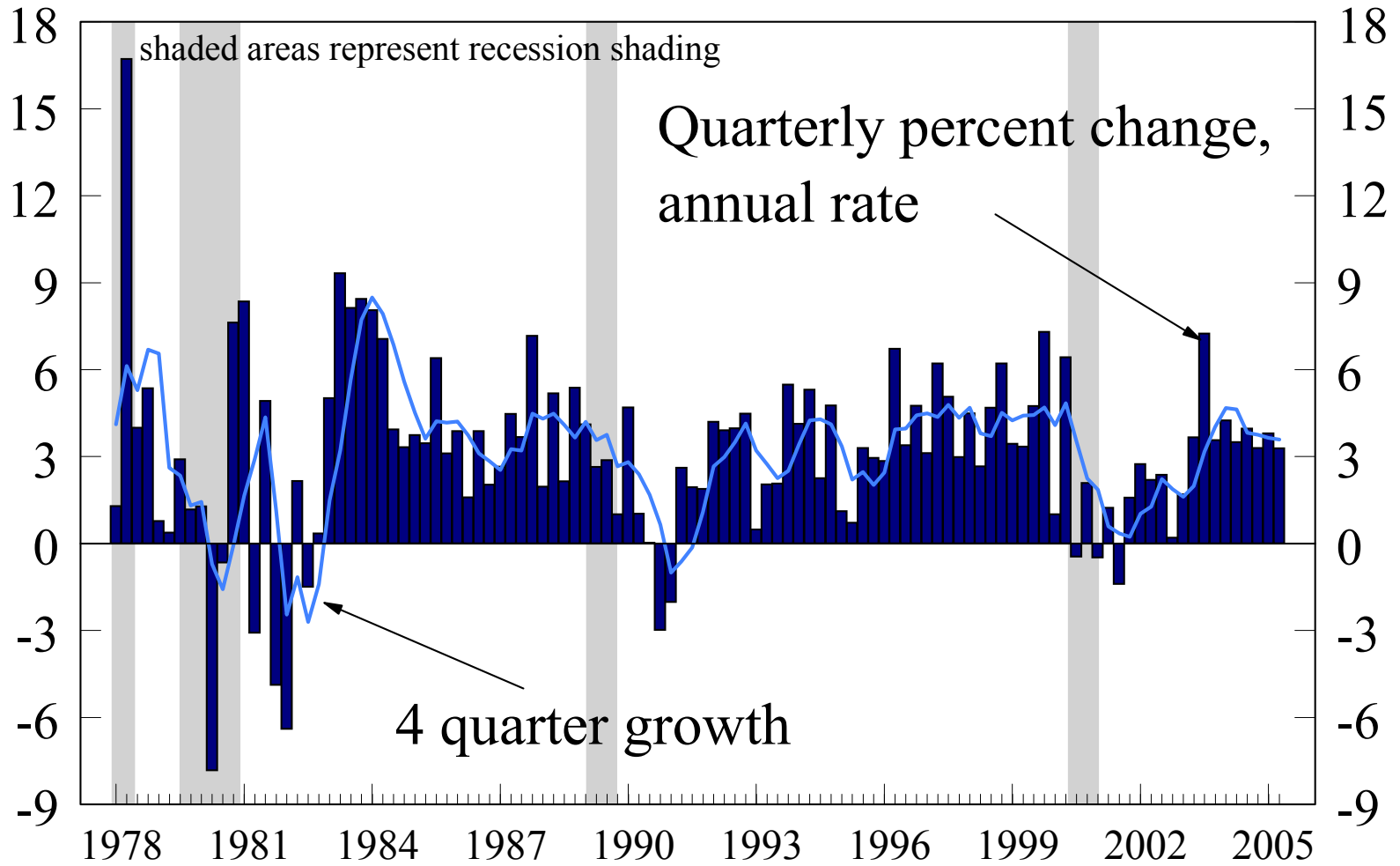
9<sup>th</sup> Annual

Army Small Business Conference

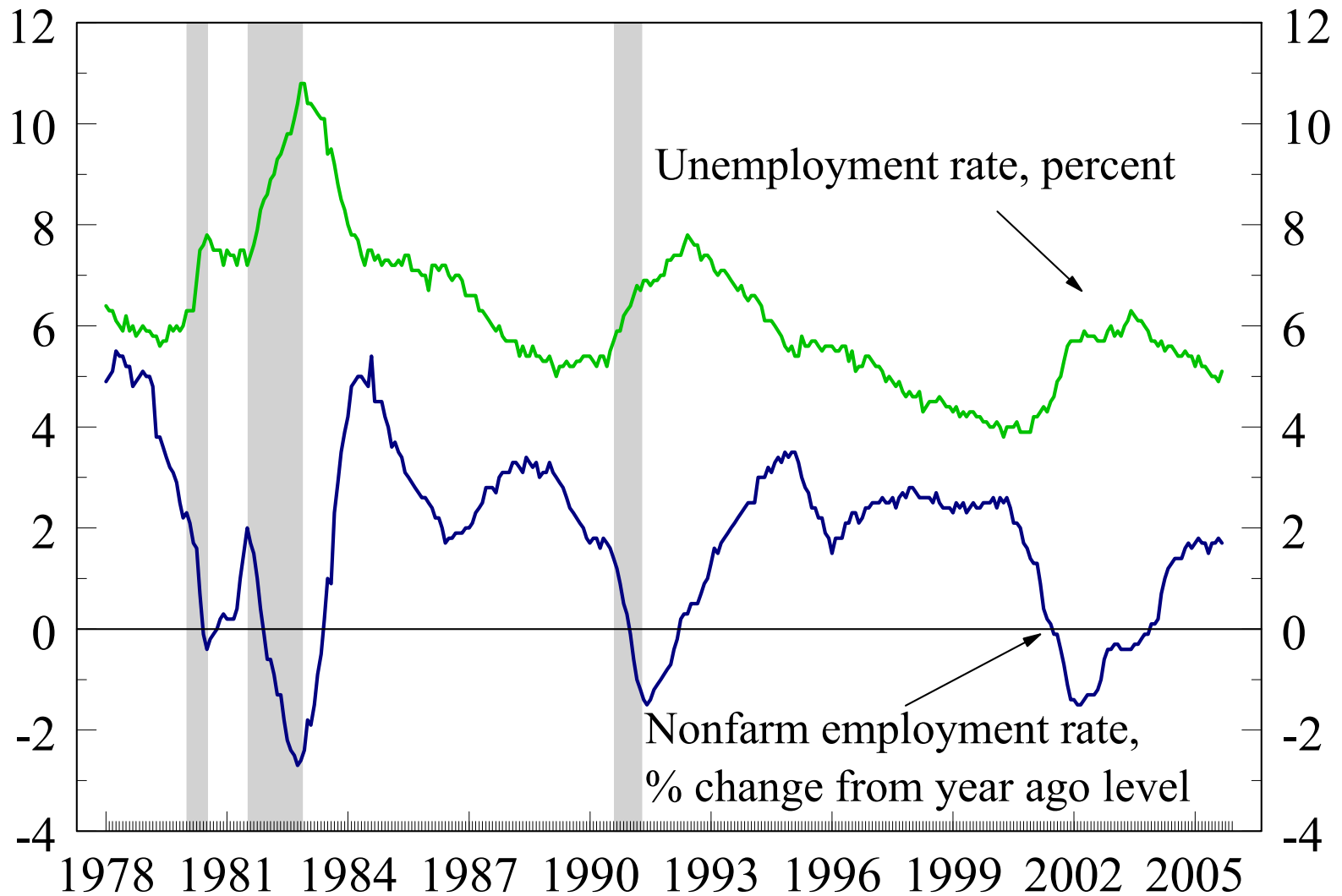
November 3, 2005

# Real GDP

## Percent Change

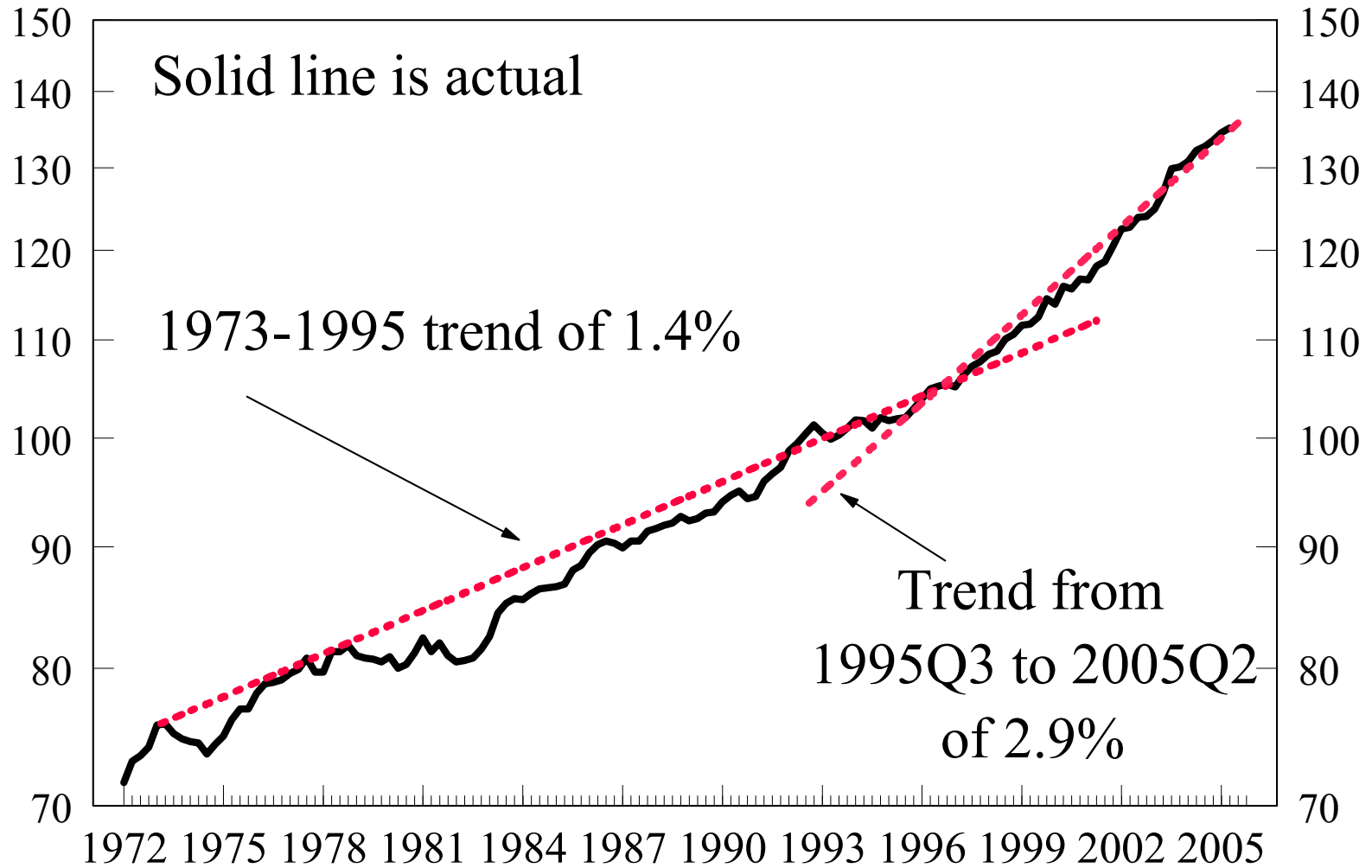


# Nonfarm Payroll Employment and Unemployment Rate

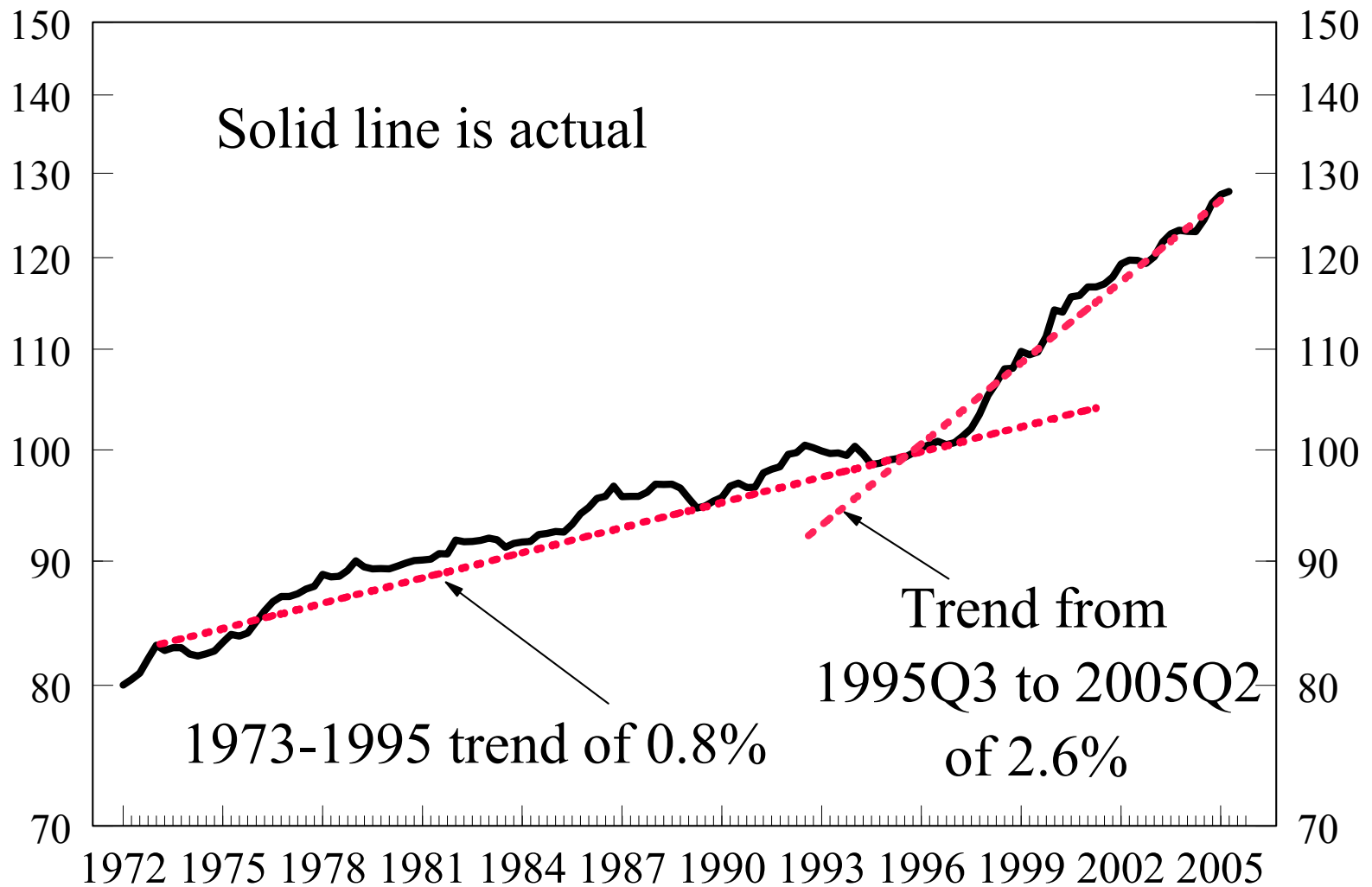


# Productivity in the Nonfarm Business Sector

## Index 1992=100

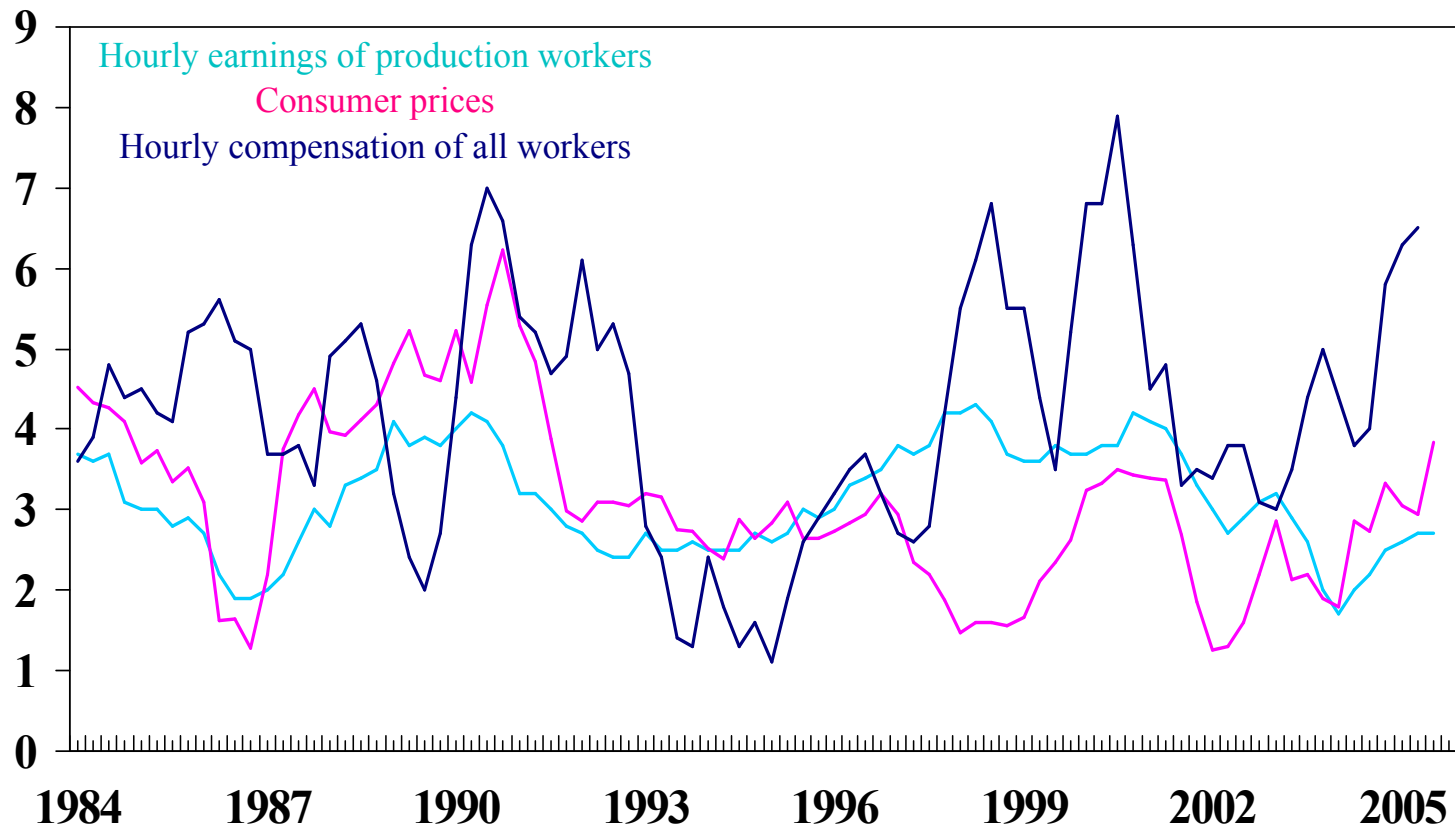


**Real Compensation per Hour in the Nonfarm Business Sector**  
**Index 1992=100, nominal deflated by personal consumption price index**



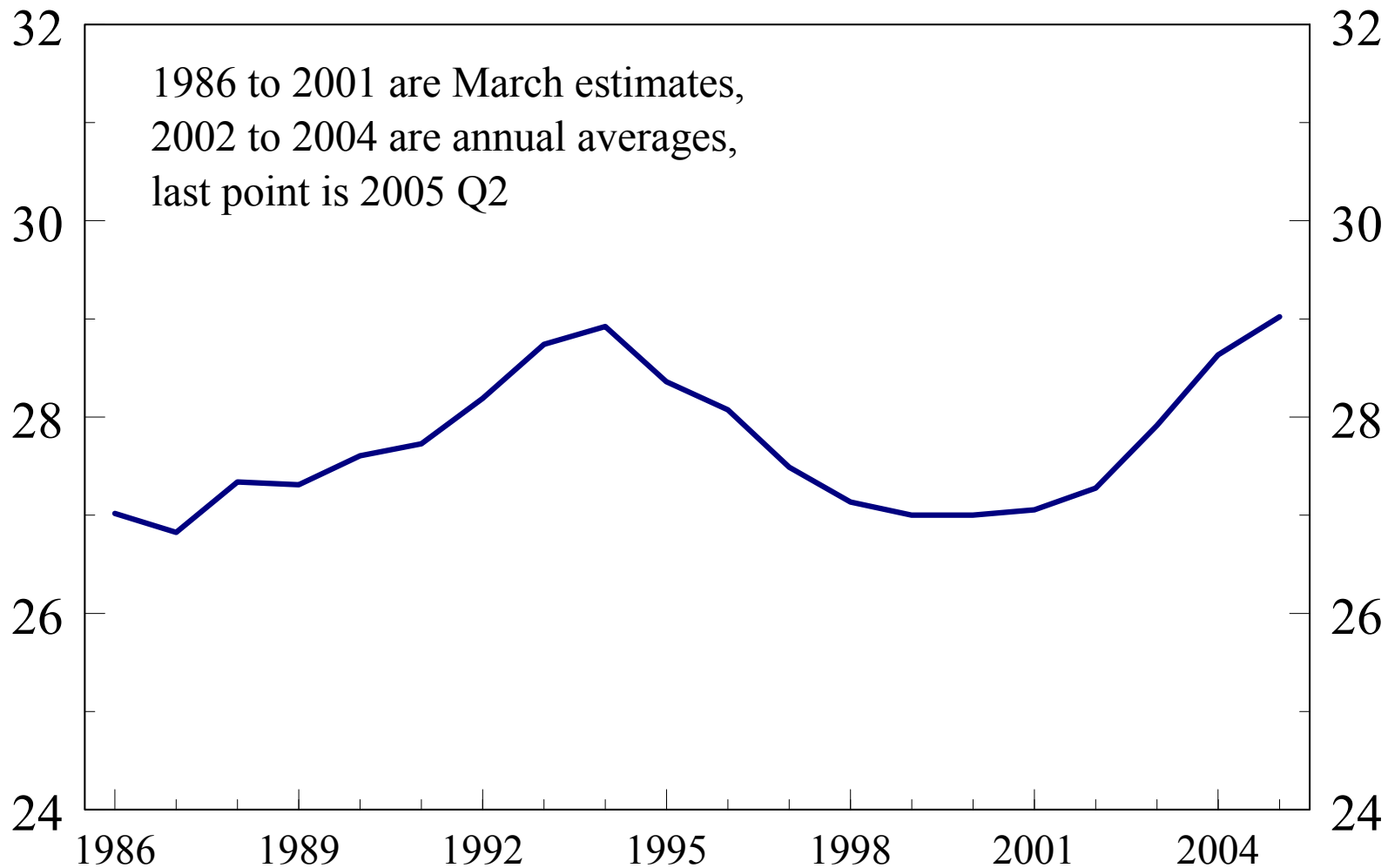
# Hourly Earnings and Inflation

## Percent Change from year-ago level



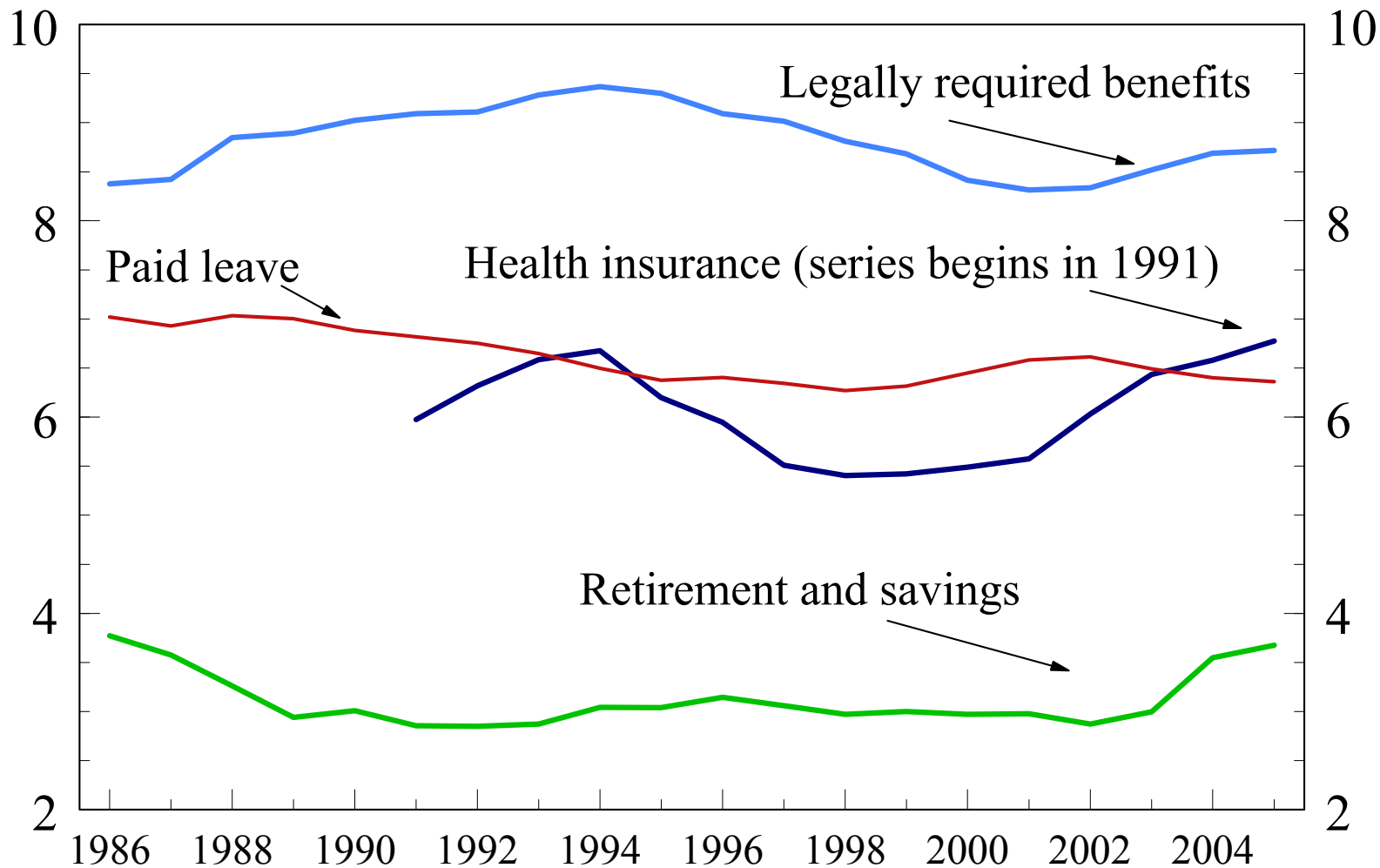
## Benefit Costs

Percent of total hourly employer costs in private industry



## Selected Benefit Costs

Percent of total hourly employer costs in private industry

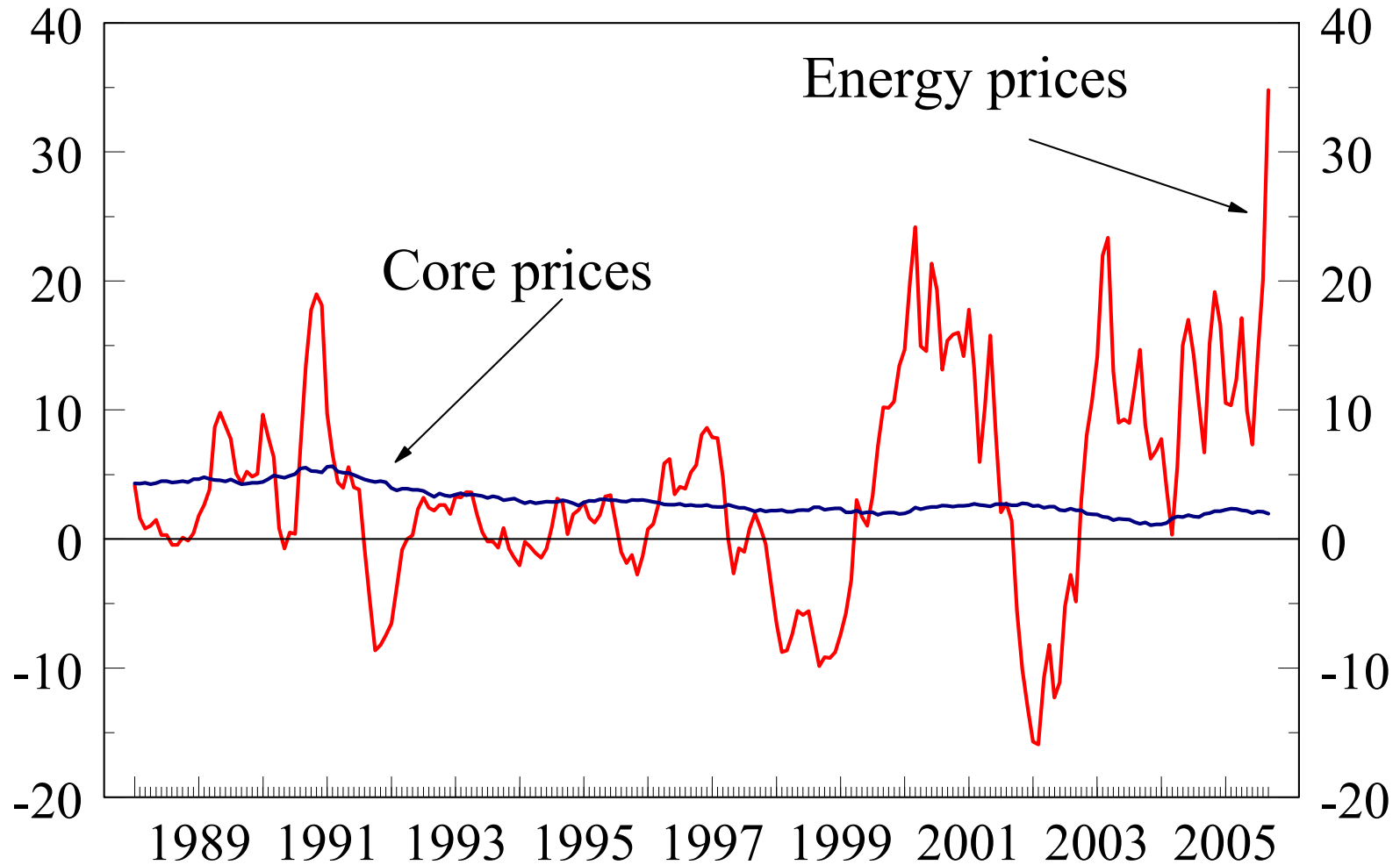


1986 to 2001 are March estimates, 2002 to 2004 are annual averages, last point is 2005 Q2

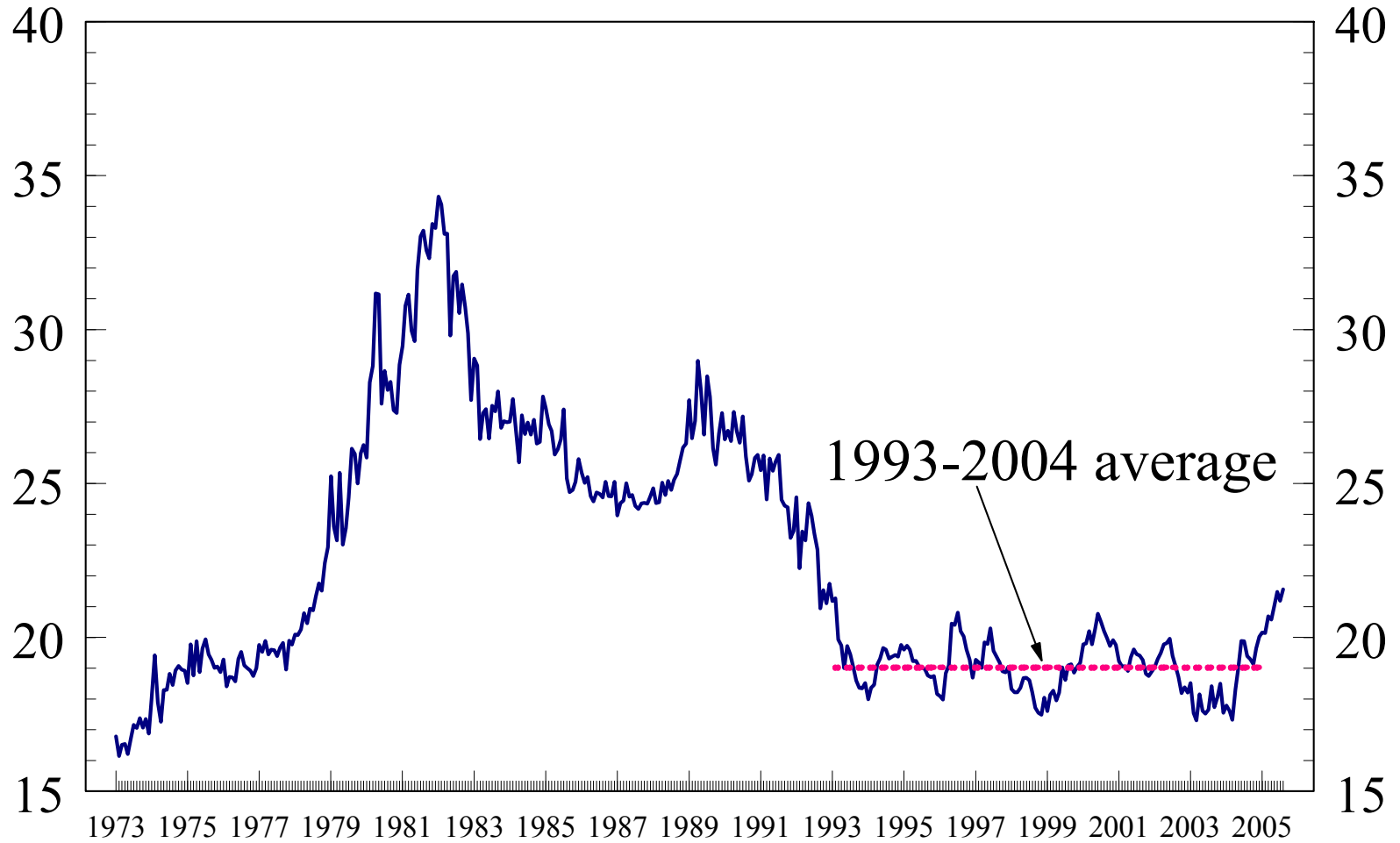


# Consumer Price Index

Percent change over year-ago level

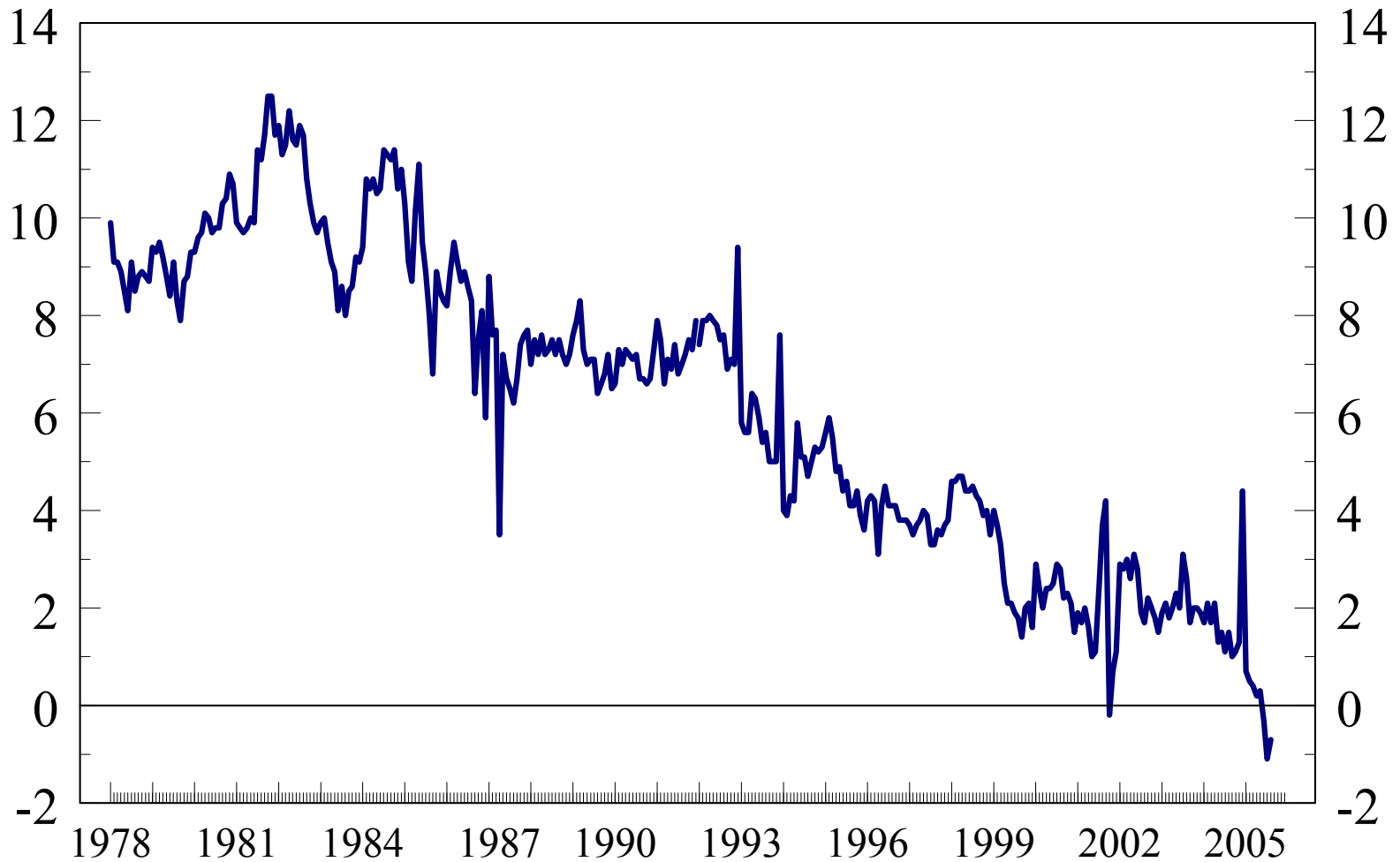


# Monthly Mortgage Payment Percent of Average Family Income



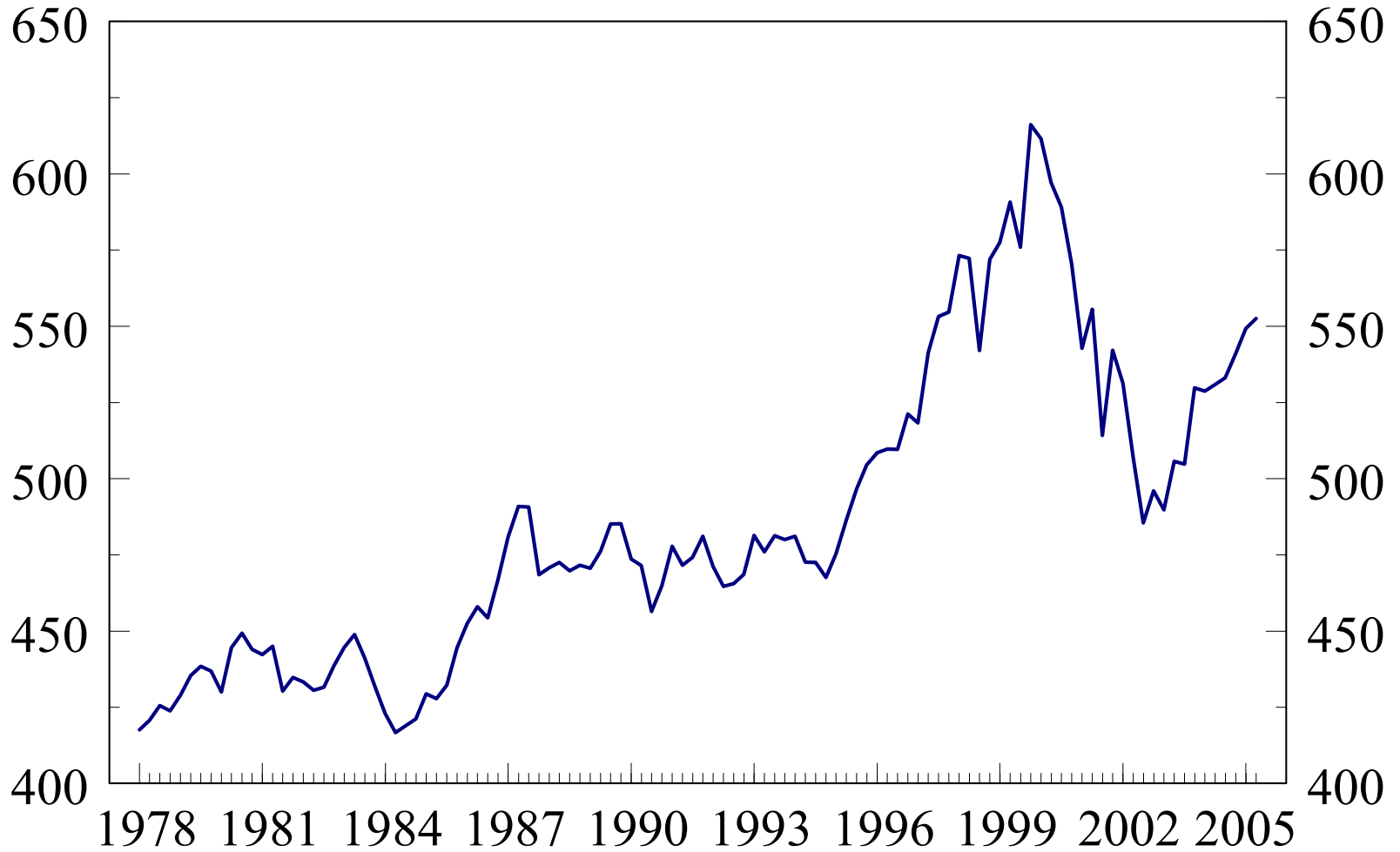
# Personal Saving

Percent of disposable personal income



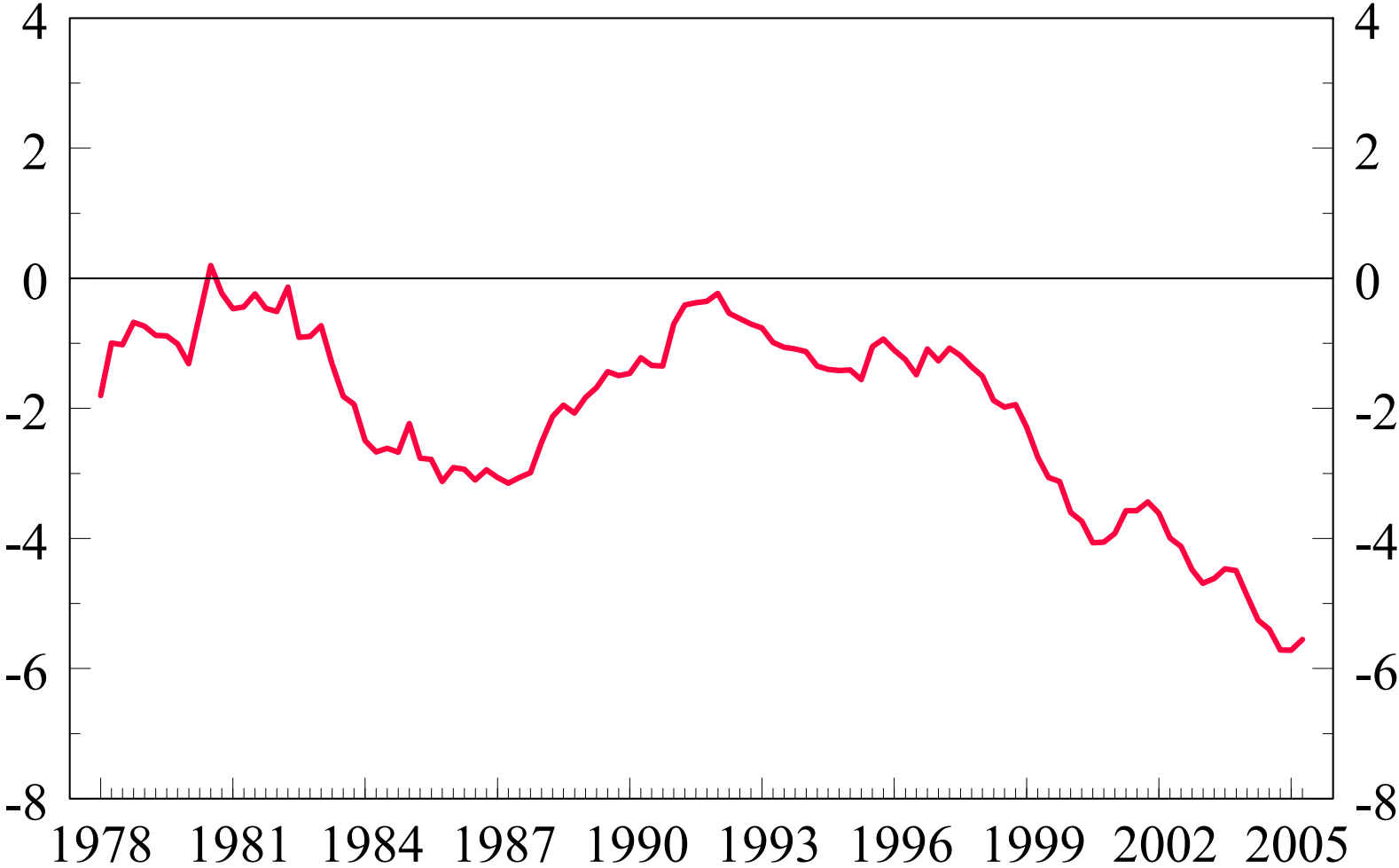
# Household Net Worth

Percent of Disposable Personal Income



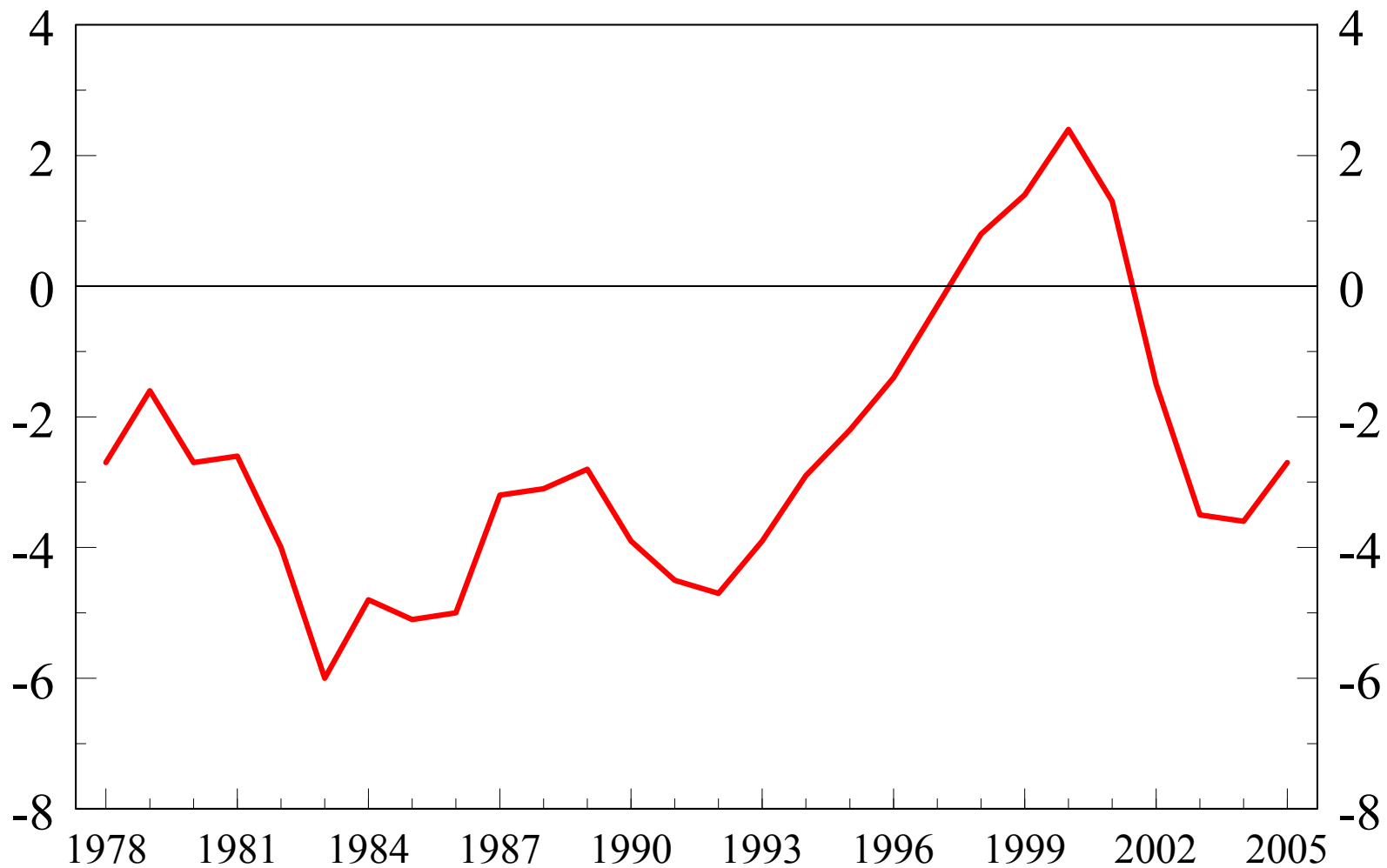
# Trade Balance in Goods and Services

As a percent of GDP



# Federal Government Budget Balance

Percent of GDP, fiscal years



### Estimates in billions of 2005 dollars

	<u>1992</u> Hurricane Andrew	<u>1994</u> Northridge, CA Earthquake	<u>2001</u> Sept 11	<u>2005</u> Hurricane Katrina/Rita
Losses	38.5	48.7	87	70-130
<i>Insured Losses</i>	19.2	18.8	35.2	40-67*
<i>Uninsured Losses</i>	19.3	29.9	51.8	30-63

\*Estimate from Risk Management Solutions  
Source: Congressional Budget Office

**Estimates of the Value of Capital Stock Destroyed by Hurricanes  
Katrina and Rita (billions of 2005 dollars)**

	<u>Range</u>
Housing	17-33
Consumer Durable Goods	5-9
Energy Sector	18-31
Other Private-Sector	16-32
Government	13-25
<b>Total</b>	<b>70-130</b>

Source: Congressional Budget Office



**Estimated Net effect of Hurricane Katrina on Real Gross Domestic Product  
(Billions of 2005 dollars at annual rates)**

	<u>2005</u> 2 <sup>nd</sup> half	1 <sup>st</sup> half	<u>2006</u> 2 <sup>nd</sup> half	1 <sup>st</sup> half	<u>2007</u> 2 <sup>nd</sup> half
Energy Production	-18 to -28	-8 to -10	-5 to -7	-5 to -7	-5 to -7
Housing Services	-1 to -2	-2 to -4	-1 to -3	0 to -2	0 to -2
Agricultural Production	-1 to -2	0	0	0	0
Replacement Investment	6 to 12	16 to 34	16 to 35	16 to 35	12 to 25
Government Spending on Goods and Services	6 to 10	12 to 18	14 to 20	10 to 16	7 to 11
Effect of Higher Energy Prices on Non-energy Consumption	-6 to -10	-5 to -7	-2 to -5	-1 to -3	0 to -2
Other Consumption	-8 to -12	-2 to -4	-1 to -3	-1 to -3	0 to -2
<b>Real GDP</b>	<b>-22 to -32</b>	<b>11 to 27</b>	<b>21 to 37</b>	<b>19 to 36</b>	<b>14 to 23</b>
Approximate percentage points in growth in real GDP*	-0.4 to -0.6	0.2 to 0.5	0.4 to 0.7	0.3 to 0.6	0.2 to 0.4

Source: Congressional Budget Office  
\*OEC calculation

## **Employment Effects**

### **Hurricanes Katrina and Rita**

### **Probable Loss of 293,000 to 480,000 jobs**

#### **Katrina:**

- Extended loss of 280,000 to 400,000 jobs (lower bound from unemployment insurance filed)
- Before Katrina, for the 86 counties/parishes eligible for disaster assistance, employment stood at 2.4 million jobs (1.9 percent of national total).
- In 2004, wage bill for those counties was \$76.7 billion (1.5 percent of national total)
- In 2004Q4, the areas FEMA identified as damaged contained 22,500 business establishments, 373,000 workers, \$3.5 billion in wages/salaries.

#### **Rita:**

- Possible extended loss of 12,600 to 80,000 jobs.
- In 2004Q4, the areas FEMA identifies as damaged contained 12,600 jobs and a wage bill of \$115 million.
- Estimate that 70,000 jobs, half of total employment within half mile of storm damage, will face prolonged risk.

Source: Congressional Budget Office

