

**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

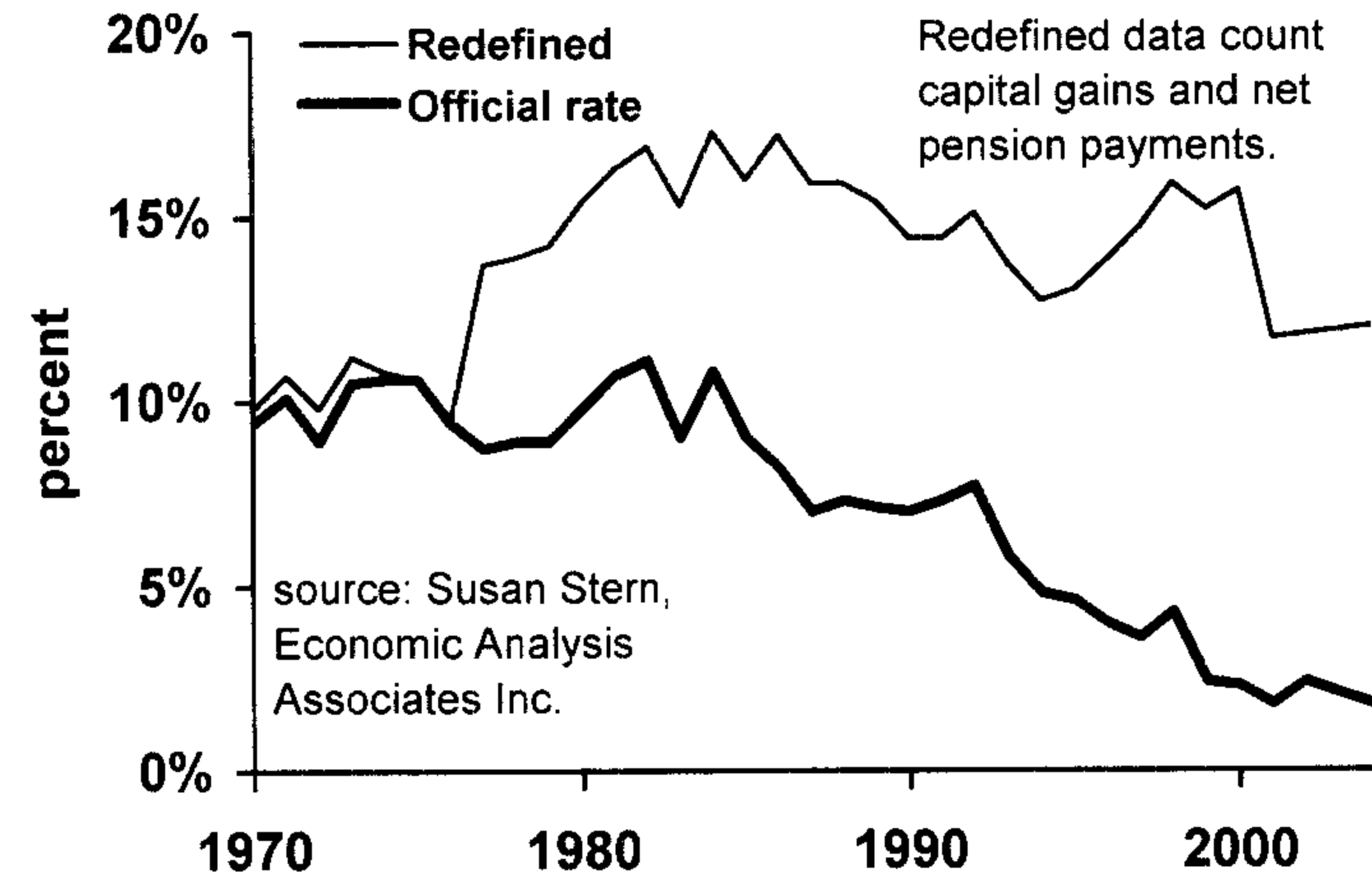
*Rough estimates.*

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

**Fed waits til November for next rate hike**

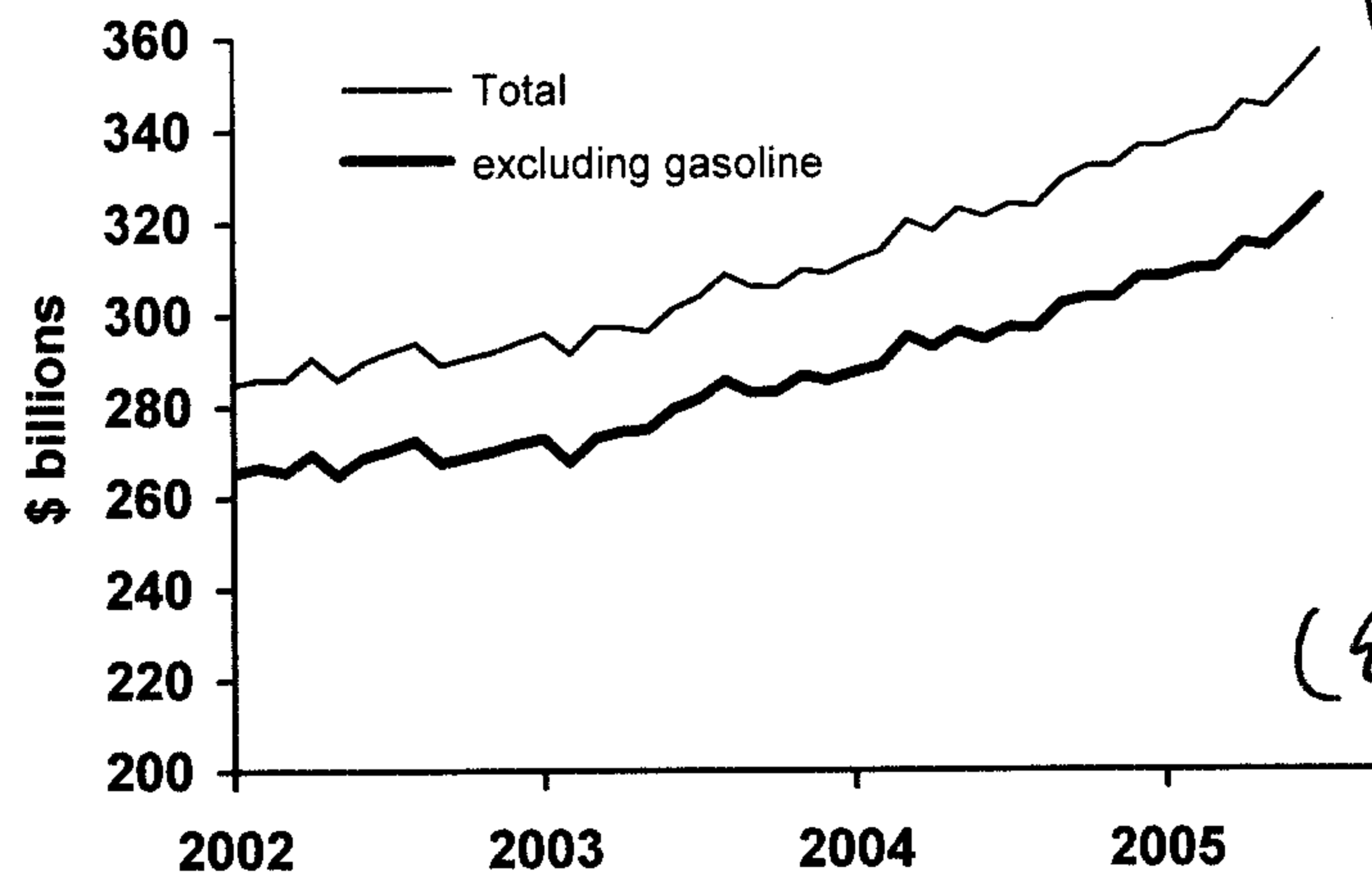
Economically, hike is justified  
 But Fed won't want to appear cruel

**How Low Is the Savings Rate?**



*Average saving is OK, though not true of everyone*

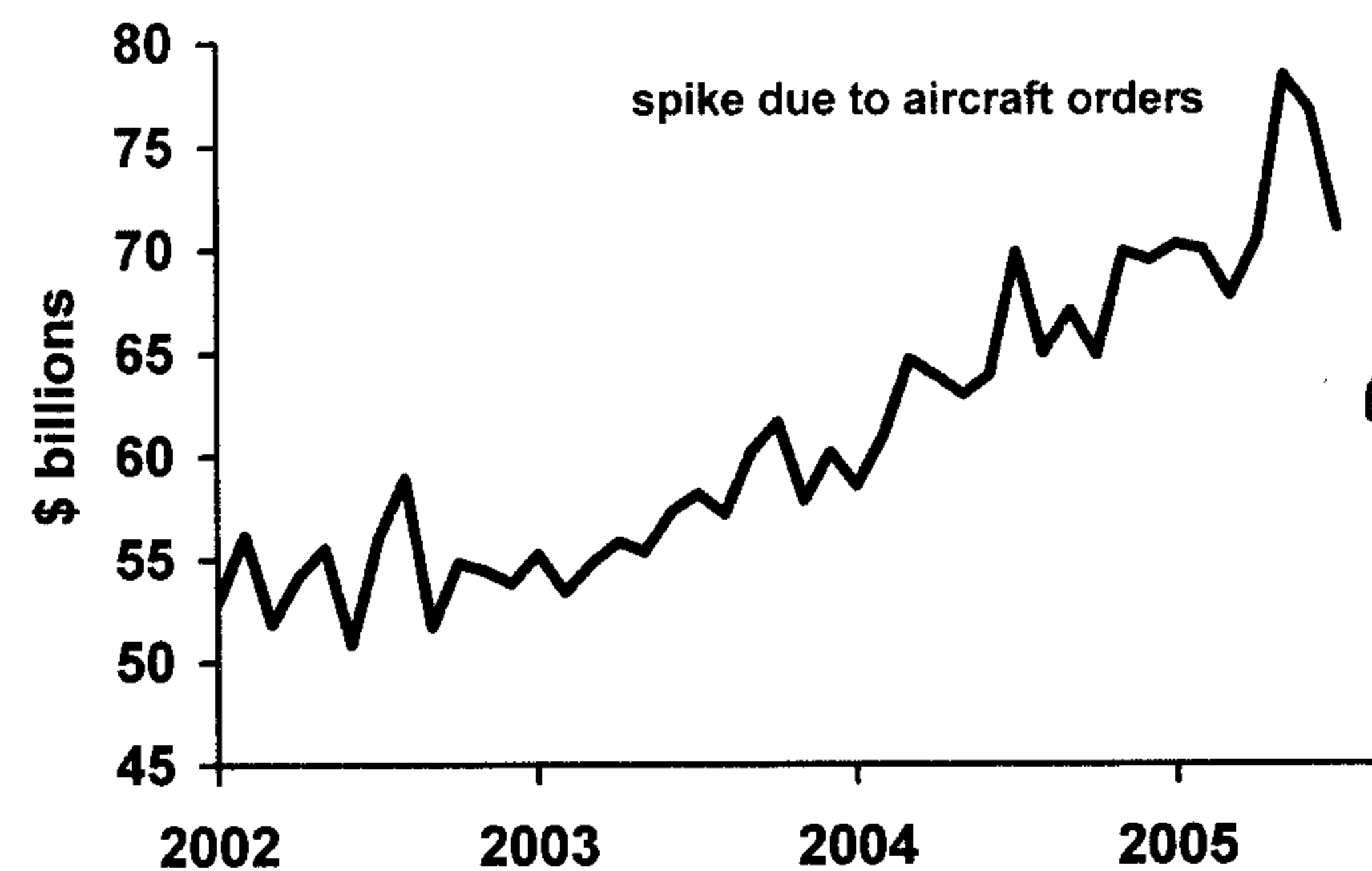
**Retail Sales**



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

**Capital Goods Orders**

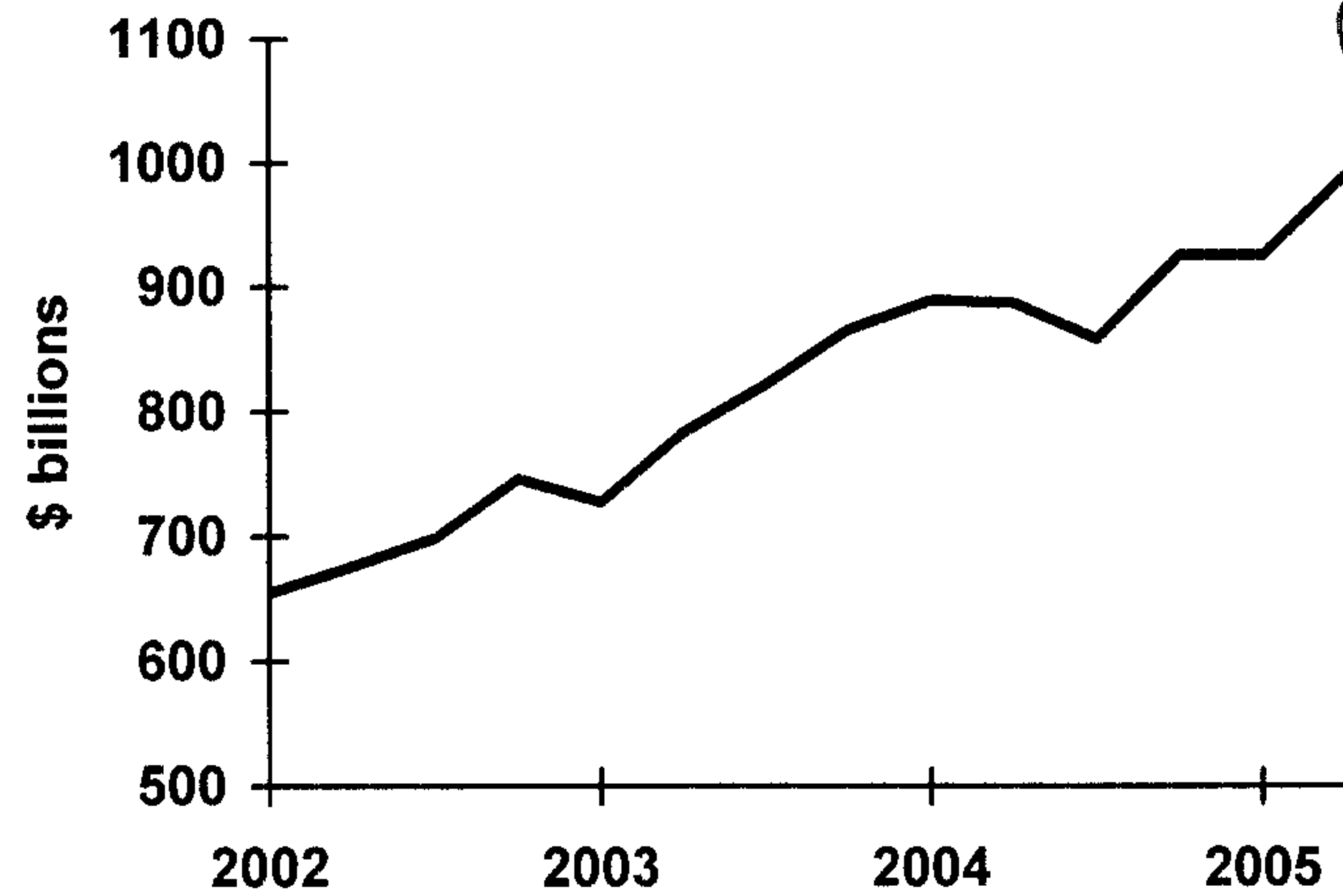
Non-Defense



*Business spending on a solid track.*

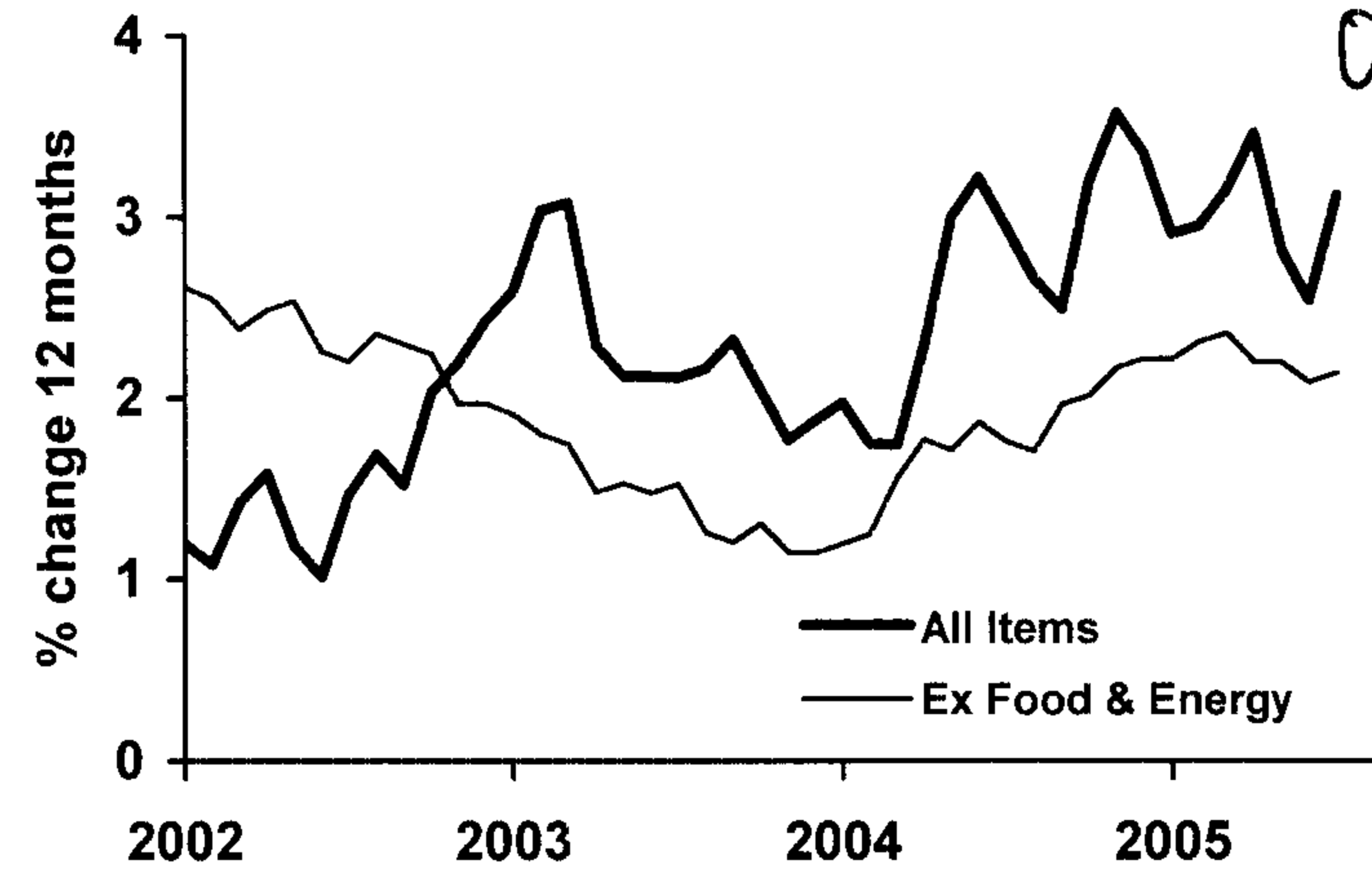
### Corporate Profits After-Tax

based on tax data



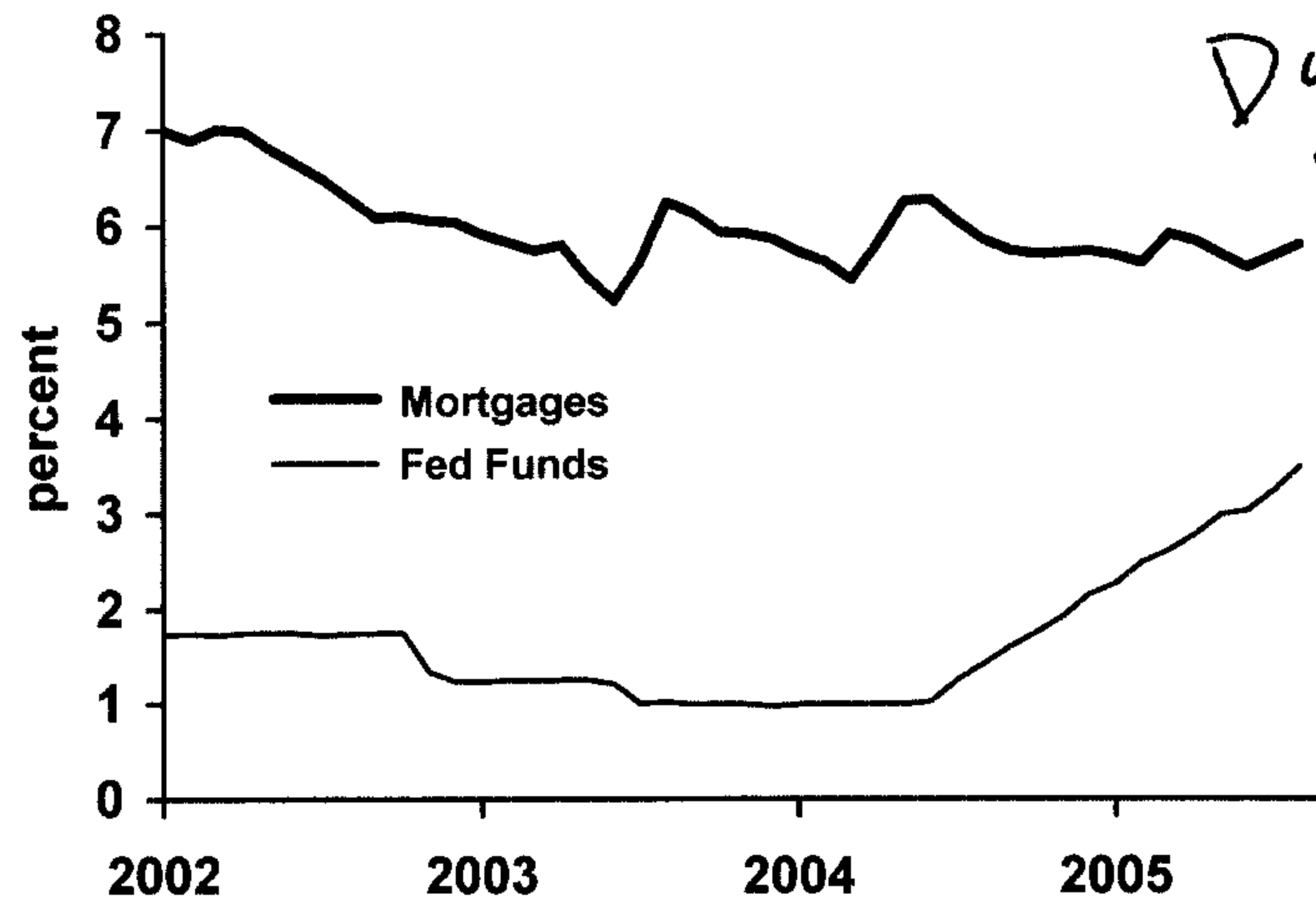
Profits good, but soon will be squeezed by rising costs.

### Inflation



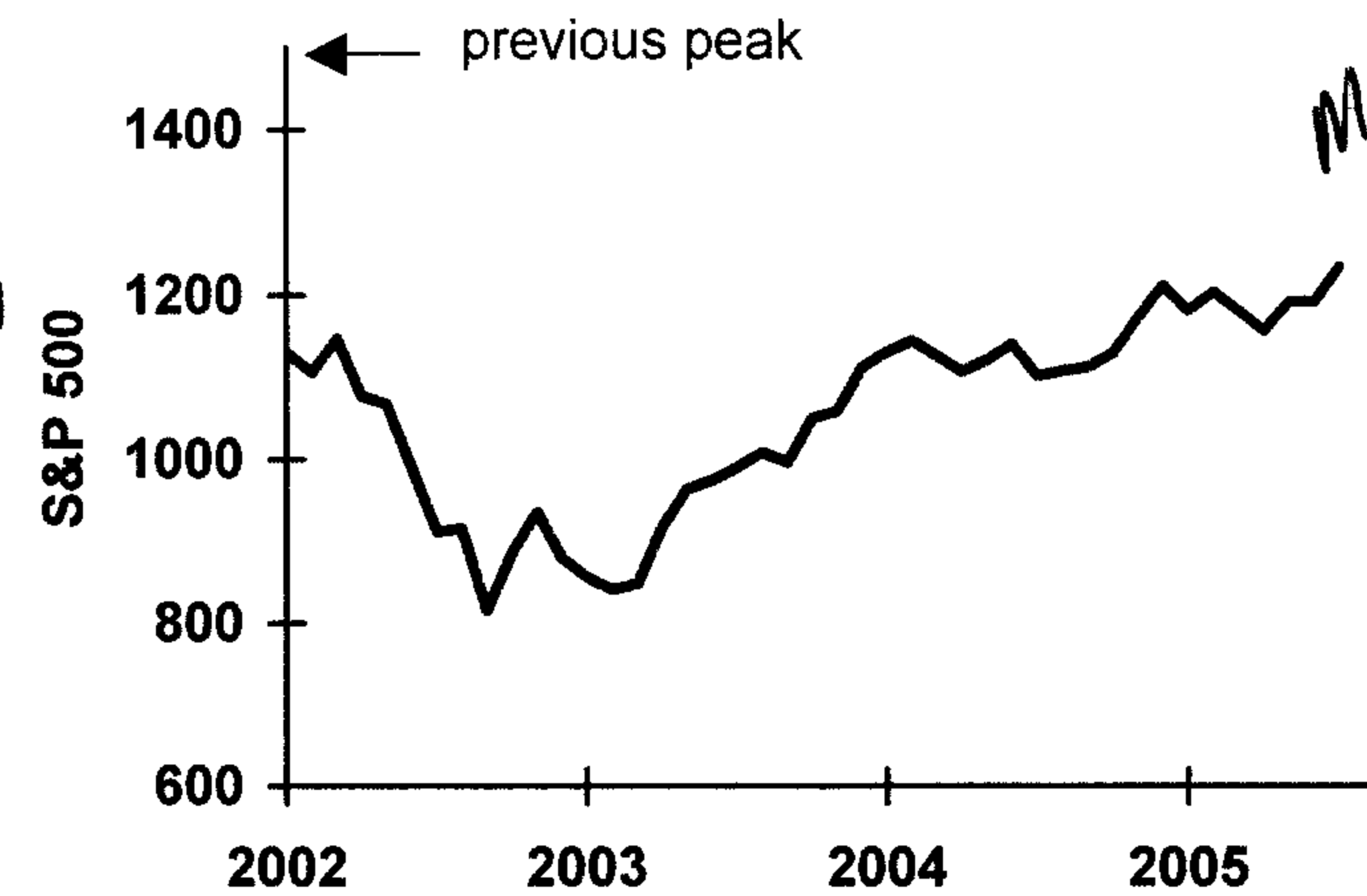
Oil will push up inflation just a little.

### Interest Rates



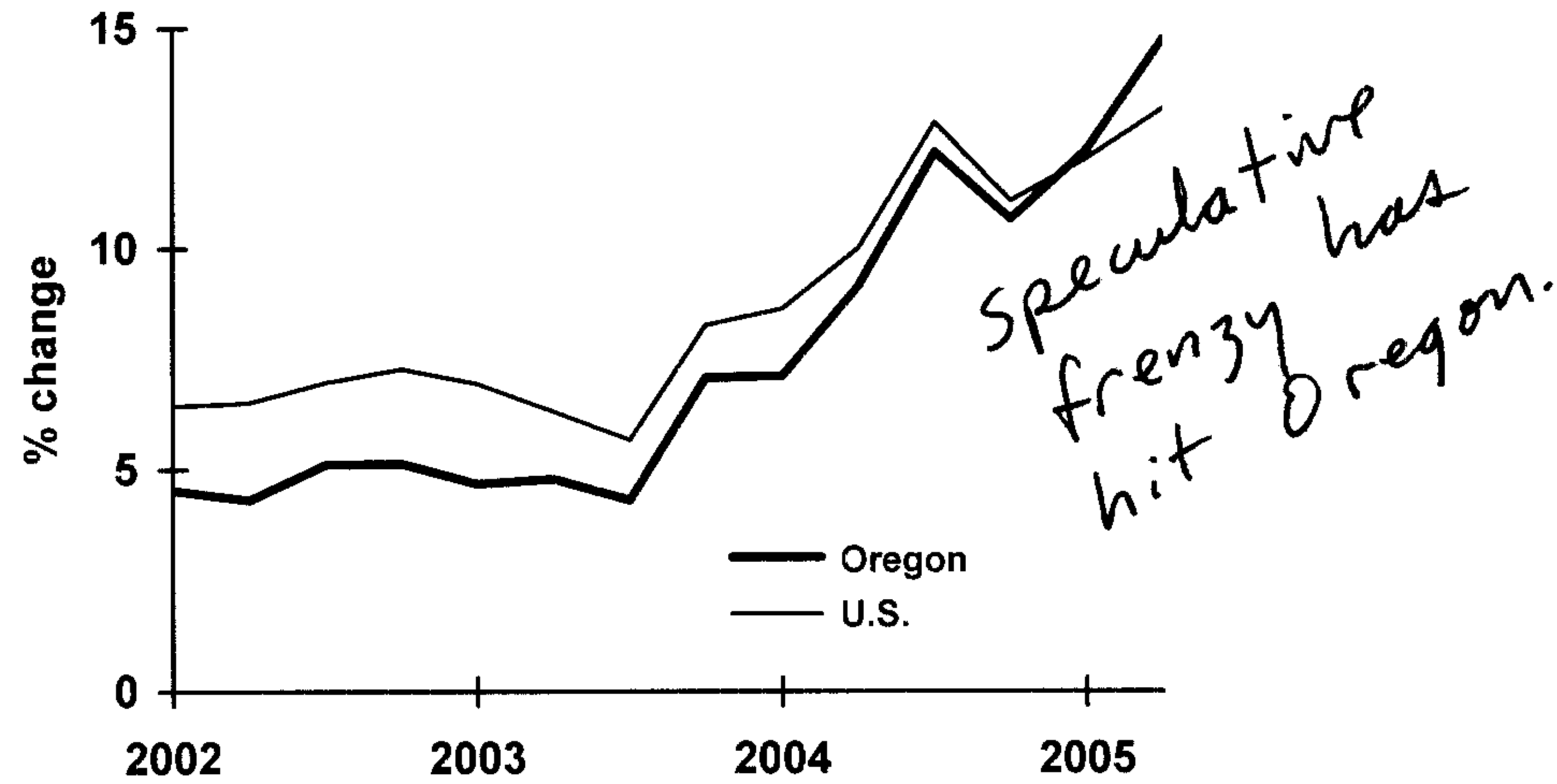
Data tell the Fed to tighten, but it would seem cruel after Katrina, so Fed will wait til November.

### Stock Market

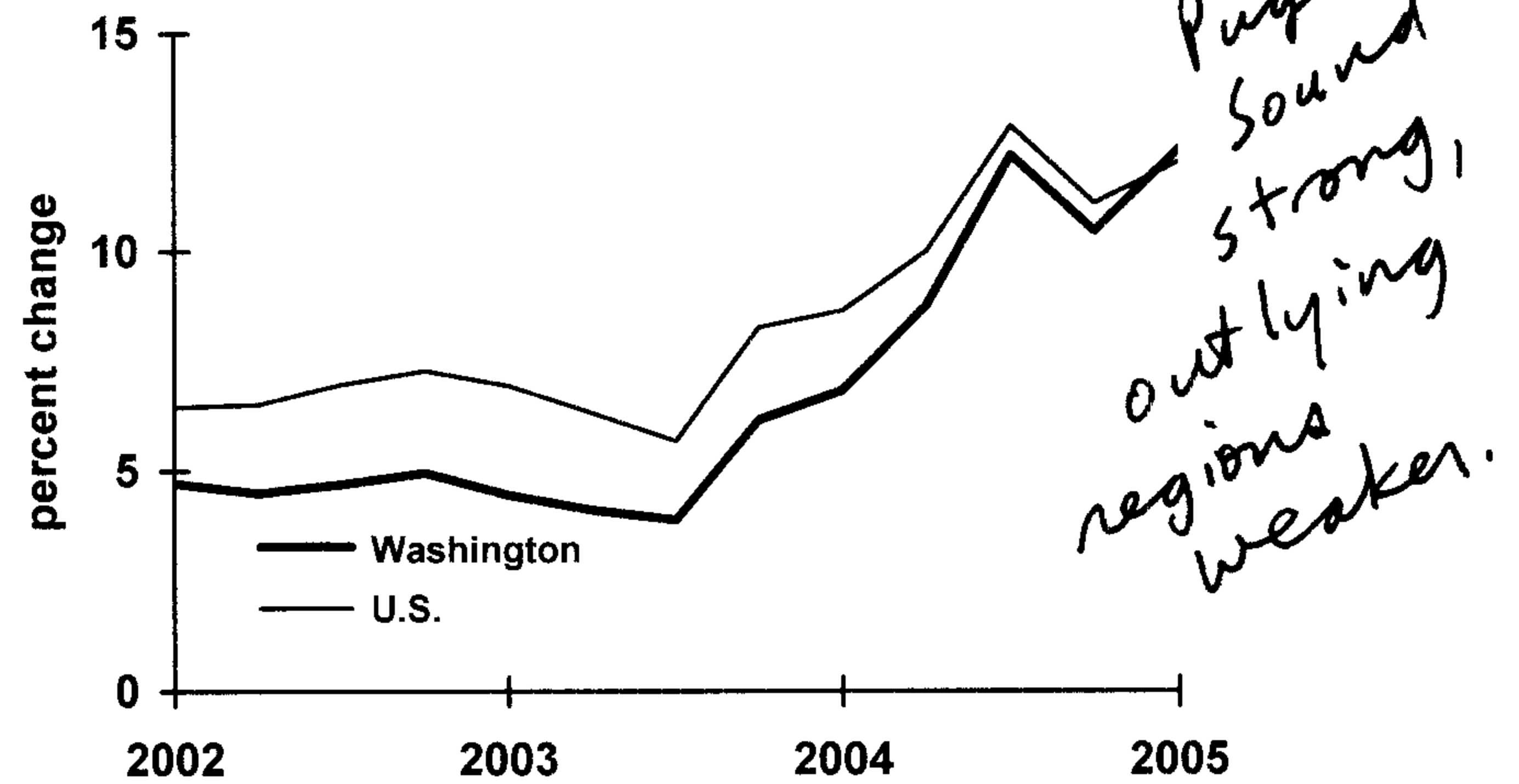


Market expecting middle-of-the-road profits.

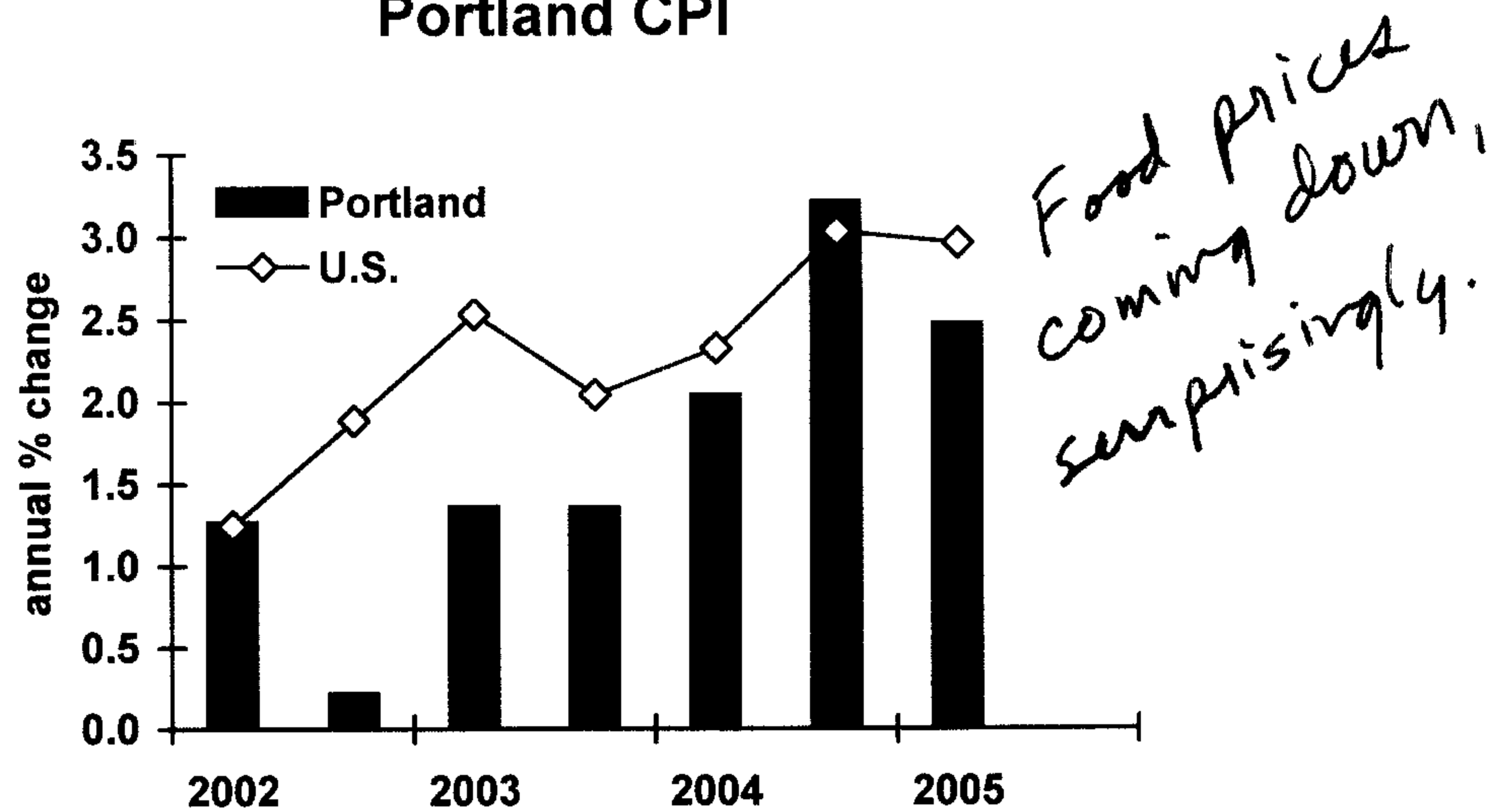
Oregon Home Prices



Washington Home Prices



Portland CPI



Seattle CPI

