

Beige Book Finds Hurricane Setbacks but Continued Optimism

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The latest Beige Book report of regional economic conditions reflects varied effects from hurricanes Harvey and Irma. But the underlying pattern from business contacts is of continued modest improvement from mid-August through September.

For example, the energy industry was among the sectors most affected by the hurricanes. Contacts in the fuels sector noted that inventories decreased and retail demand continued to strain supplies to areas hit by the hurricanes, particularly those without pipeline access. Refineries resumed production within a few days after Harvey hit.

Utility companies restored power within two weeks to most of Florida after Irma. An exception was in the Florida Keys, which suffered heavy wind damage from the storm.

Not surprisingly, Irma dented tourism in Florida. However, it is too soon to gauge the extent of the impact, according to the October 18 Beige Book. On Florida's Gulf Coast, hotels and restaurants were closed for up to three weeks because of power outages and fallen trees. The rest of the state was up and running within a week of Irma's September 10 landfall.

Again, the Keys felt the brunt. Some big hotels and resorts there may be closed for as long as six months, according to reports. Meanwhile, Georgia and Louisiana drew more visitors than usual as people were displaced from Florida. Across the Sixth District, despite hurricane-related setbacks, tourism and hospitality contacts remain optimistic about the rest of the year.

Concerning the macroeconomic outlook, firms by and large remain optimistic. The majority of contacts expect growth in their business to tick up slightly during the last quarter of 2017. Most firms continue to cite labor market tightness, with steady job growth and ongoing challenges filling positions in construction, information technology, finance, transportation, and nursing. Also, contacts generally noted little upward pressure on wages or overall input costs. Some Florida construction contacts indicated they expect hurricane rebuilding efforts to trigger a significant increase in costs.

The Beige Book is a summary of commentary on economic conditions in each Federal Reserve District. It is published eight times a year, before each meeting of the Federal Open Market Committee.



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