

## Beige Book: Growth Expected, but Irma's Effects Linger

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The latest [Beige Book](#) report of economic conditions in the Southeast finds most business contacts expecting steady growth through the end of the year, with retailers optimistic about the holiday season. Still, several sectors cited continued negative effects from Hurricane Irma.

Retail sales rose across the Sixth Federal Reserve District. Even automobile dealers, who had mentioned softening sales in the previous Beige Book report, cite quickening momentum. Damage from Irma continued to hamper the Florida Keys, but tourism activity elsewhere in the state bounced back.

Overall, the hospitality sector was generally positive, with most contacts optimistic about the start of 2018.

Irma also hurt Florida's agriculture industry, with preliminary reports suggesting citrus growers suffered the most. Sugarcane, dairy, and nursery crops were also among the categories that experienced losses.

Construction and real estate across the District, which includes Georgia, Alabama, Florida, and parts of Louisiana, Mississippi, and Tennessee, took a hit from Irma. Builders and broker contacts attributed rising material prices, softer buyer traffic, sales delays, and material shortages to the hurricane.

The energy sector, which had been affected initially after Irma made landfall, noted steady activity in the weeks following the hurricane, aided by new natural gas pipeline capacity. Utility contacts said the coming winter will likely be colder than a year earlier.

On the labor front, the lack of qualified workers in both high-skilled jobs and entry-level positions continues to be a challenge for businesses. To lure job seekers, southeastern employers report that they increased signing bonuses and wages in recent weeks, particularly for highly skilled talent or those in competitive geographic locations. Staffing agencies noted that businesses were bolstering their efforts to improve their corporate culture to attract new workers and retain existing ones.

As for prices, many contacts said that most nonlabor input cost changes since the last Beige Book report were modest. Several contacts mentioned a slight rise in costs, especially in transportation. They continued to report they have little pricing power.

The Beige Book is a summary of interviews the Atlanta Fed conducts with business contacts before each meeting of the Fed's monetary policymaking Federal Open Market Committee (FOMC). The next [FOMC meeting](#) will be held December 12 and 13.



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