

Hurricane Ike Industrial Sector Impacts



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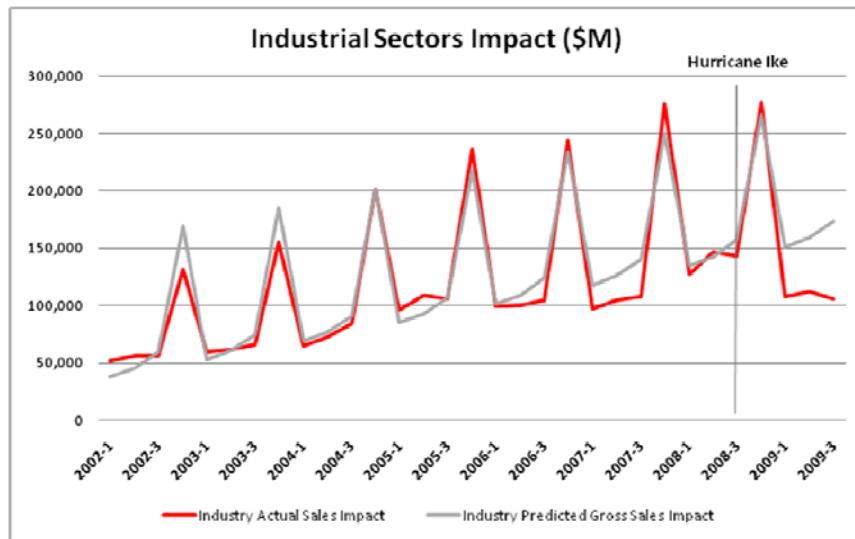
HURRICANE IKE IMPACT REPORT

Impact on Industrial Sectors

For most industries, county-level sales data from the Texas Comptroller of Public Accounts (Combs, 2010) was used to produce sales trends for each industry. Quarterly sales for each county were available from 2002 until the third quarter of 2009.

Industrial Sectors:

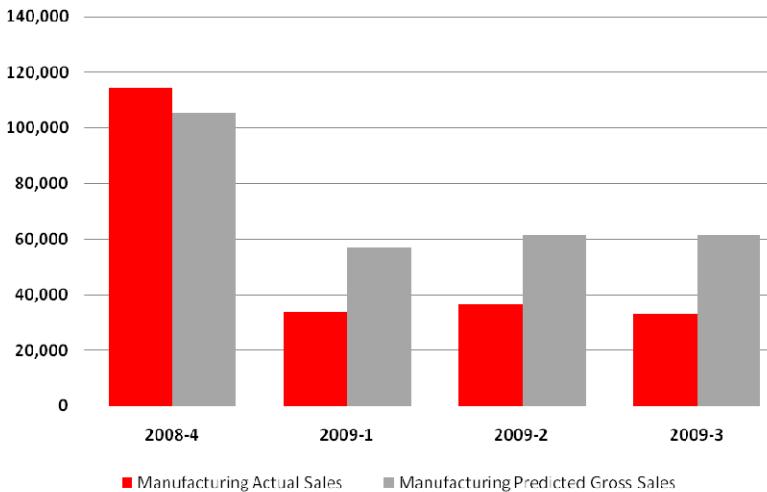
- Agriculture Support
- Mining/Oil/Natural Gas
- Utilities
- Construction
- Manufacturing
- Wholesale Trade
- Retail Trade
- Transportation/Warehousing



The region's industrial sector is cyclical, and some businesses report annual sales during the fourth quarter. Reported sales consistently spike in the fourth quarter and trend up only slightly during the rest of the year. Never-the-less, the economic contribution of the industrial sectors has trended up over the past decade. Growth prior to the hurricane (late Q3 2008) exceeded predictions. Following Ike, the actual industrial impact lagged predicted sales by the more than during previous shortfalls.



Actual v Predicted Manufacturing Impact (Millions \$)



In the first two quarters following Hurricane Ike, actual contributions fell short of predicted levels by about \$45 million per quarter. This increased to \$68 million in the third quarter of 2009 when the negative effect on tourism became more evident, although that result likely includes a response to the economic recession as well.

The sector-wide response is mirrored in the manufacturing contribution. Manufacturing is the largest industry in the sector. Manufacturing's actual contribution fell more relative to predictions in Q3 2009 than during the first three quarters after the storm.

Actual contributions for the Industrial sectors fell short of predicted levels by more than \$50 billion in the first two quarters of 2009. This short fall increased to \$66 billion in the third quarter of 2009.

Retail sales, the second largest sector, show a more rapid recovery. Prior to Ike, retail sales grew steadily since 2006. Sales fell sharply in Q1 2009 and caught up to previous levels by Q3. However, the sector has not yet resumed a true growth pattern.

Actual Retail Impact by Quarter

