Katrina Index Monthly Summary of Findings: January 4, 2006

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Days Since Katrina Made Landfall: 127

This month many of the key economic and social indicators moved in the wrong direction for New Orleans, Louisiana, and Mississippi. Among the numerous findings reported in this month's version of the index, we find:

1) Mortgage delinquency rates skyrocketed between the second and third quarter of the calendar year. In the state of Louisiana, for instance, nearly one out of every five prime-rate loans is now 30 or more days past due, and more than one in three sub-prime mortgage loans are now delinquent *(for more information, see p18-20).*

2) Unemployment rates continue to rise in Orleans Parish, the metro area, Louisiana, and Mississippi. In the metro area, for instance, more than one out every six working age adults was unemployed in November, the highest rate registered since Katrina made landfall. Mississippi also took a step backward, seeing its unemployment rate jump from 8.7 percent in October to 9.5 percent in November *(for more information, see p6-17).*

3) Most schools and hospitals in Orleans Parish remain closed. Only five percent of the schools are open in Orleans Parish, for instance, and only 32 percent of the city's hospitals are now open *(for more information, see p40-45).*

4) Buying food is still difficult to do in the metro area. Only about one out of every three retail food establishments (e.g., grocery stores, restaurants, convenience stores) is open in the metropolitan area *(for more information, see p41).*

5) Personal income in Louisiana dropped 25 percent between the second and third quarter of this year, and increased by nearly 1 percent in Mississippi. Among other effects, this means Louisiana's state budget likely shrunk even while the need for the state's services substantially increased. Alternatively, Mississippi's budget was likely not affected by a change in personal income *(for more information, see p23).*

For the city of New Orleans, among the hardest hit areas, there are a few positive signs -- the number of open bus routes in Orleans increased, the amount of traffic in the area has increased, and there have been some recent, encouraging estimates of the population. But most of the key indicators moved in the wrong direction or not at all. The bottom line: it continues to be a very risky decision for many of the displaced households to return to the area, since all of the key necessities are in scarce supply, and it is not at all clear when or if they will be brought back online.

Meanwhile, federal spending has only modestly increased over the past month. At the same time, the number of displaced households has surged from over 600,000 to over 750,000. Although the number of households in trailers and mobile homes modestly increased, nearly all of this increase is the result of more families receiving FEMA's rental assistance. With New Orleans and Louisiana still facing massive economic and infrastructural challenges, it is likely that many of these households will need federal assistance for many months to come.