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## Your Kiplinger Connection

*Money • Katrina • The economy*

### Money

Next year, it will be harder and more costly to get a loan, including mortgages, for either business or personal reasons. Lenders worry that higher interest rates will make it much tougher for borrowers to stay on schedule. It's far from a nationwide crunch on credit, but lenders will be much choosier about who gets cash and why.

Hardest hit: Home builders, small business owners, utilities, and anyone even remotely involved in troubled industries such as autos.

### Katrina

Despite efforts to rein in Gulf Coast reconstruction spending ... The federal commitment to the recovery will still be sizable. In the end, more than \$60 billion worth of contracts will be awarded in the next few years in addition to the \$80 billion in initial aid.

The reinforcement of levees in New Orleans is a top priority. Ditto, fixes to critical bridges. Cost of these projects: \$20 billion. Many firms working in Iraq will also be big players in Gulf Coast repair: Halliburton, Bechtel, URS, Fluor, Centex, Dewberry, and Leo A Daly.

For contract news, go to [www.fedbizopps.gov/katrina.html](http://www.fedbizopps.gov/katrina.html).

Having trouble getting timely deliveries of supplies? Gulf Coast rebuilding is drawing scores of independent truckers from all parts of the U.S., making a tight trucking situation even worse.

The lure? \$5 per mile, double the industry's usual pay rate, to haul debris and bring in lumber, concrete and other needed materials. The Federal Emergency Management Agency will likely keep paying that rate at least through 2006. Thousands of truckers are lining up for the work.

### The economy

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Inflation will remain a major concern for the Federal Reserve and businesses, despite the tumbling November Consumer Price Index, the largest one-month decline since 1949.

Lower gasoline costs mask other hikes in prices for a slew of goods and services ... from medical care and college tuition to hotel room rates and other travel expenses.

Excluding food and energy prices, inflation will climb 2.5% in 2006. That core inflation rate, which compares with 2.2% this year, won't begin to cool until late next year, when the Fed's series of interest rate hikes take a firmer hold.

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