



# The U.S. Economy

## The American Economy By Tiffany Davis, B.A.

Called the worst financial crisis in 80 years, the weakening U.S. economy demonstrated some important improvements in December of 2008 (CNN 2008). The dollar rose at the end of December and for the first time this year, gained against other currencies. On the eve of the new year, the Dollar gained 6%, compared to a 0.8% decrease for the Euro. Although the American dollar did increase in value, whether or not this upward climb will continue is unknown.

Rather, the current economy in the United States is plagued by a home mortgage crisis, increasing home foreclosures, a decline of retail profits for some business types, among other indicators.



### U.S. Retail Sales Down from last quarter?

If you have done any Christmas shopping in U.S. malls or retail stores this Christmas season, then you are no stranger to the dramatic reductions in the prices of many goods. Retailers that sale televisions, Blu-ray DVD players, clothes, and other goods are slashing prices to entice consumers. Given the current state of the U.S. economy, this may come as no surprise.

An in-depth analysis of the difference in retail sales and after-tax profits between the second quarter (January to March 2008) and the third quarter (April to June 2008) may provide some insight into the dramatic sales offered across the United States during the 2008 Holiday Season.

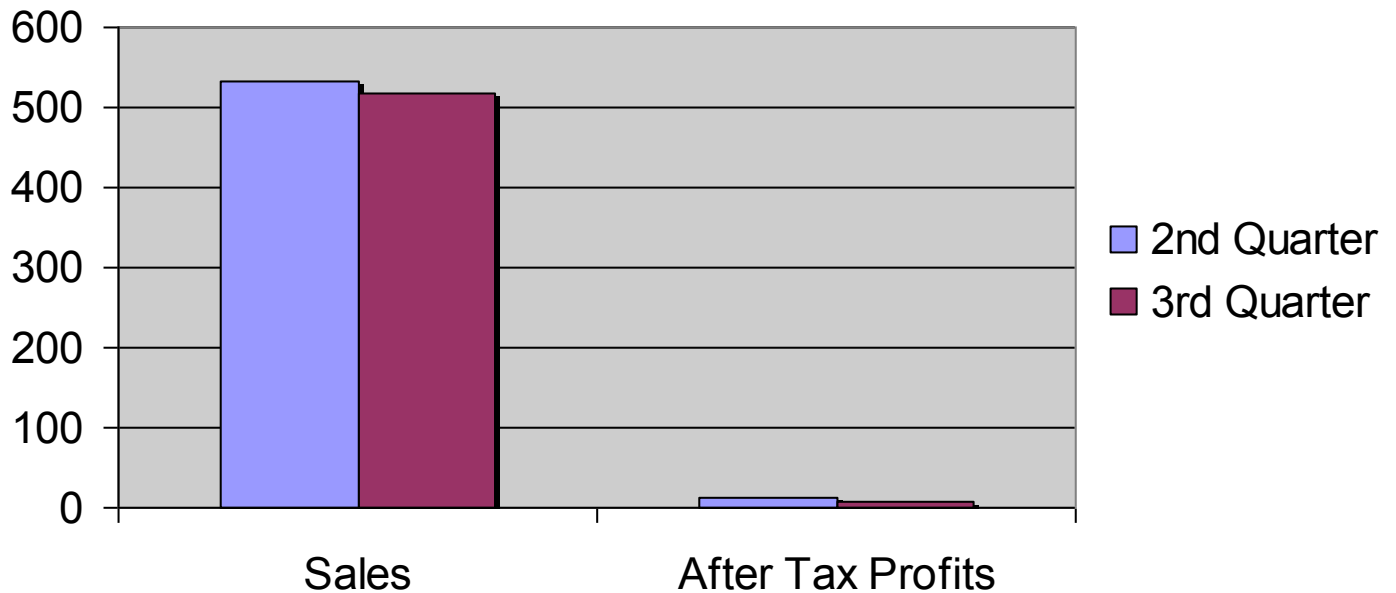
#### Inside this issue:

U.S. Retail Sales	2
Chart of the Month	3
Annual change in retail sales	4
Quick Facts	5
Home Foreclosures	6
References	

#### Census Information Center Resources

- [www.census.gov](http://www.census.gov)
- [www.cdc.gov/sceintific.htm](http://www.cdc.gov/sceintific.htm)
- [www.quickfacts.census.gov/qfd/states/13000.html](http://www.quickfacts.census.gov/qfd/states/13000.html)
- [www.scorecard.org/env-releases/state.tcl?fips\\_state\\_code=13](http://www.scorecard.org/env-releases/state.tcl?fips_state_code=13)

## Figure 1 After-Tax Profits and Sales of Large U.S. Retail Trade Corporations\*, Second and Third Quarter 2008



Source: US Department of Commerce 2009a

Figure 1 shows that retail sales for large corporations in the third quarter of 2008 in the United States decreased by \$14.5 billion (or 2.7%) from the second quarter. Similarly, the after tax profits fell between the second and third quarter from \$12.4 billion to \$8.3 billion. This dramatic decrease in profits represents a loss of \$4.1 billion or 33.2 percent.



\*Large U.S. retail trade corporations includes those corporations with assets of \$50 million and over.

## Chart of The Month

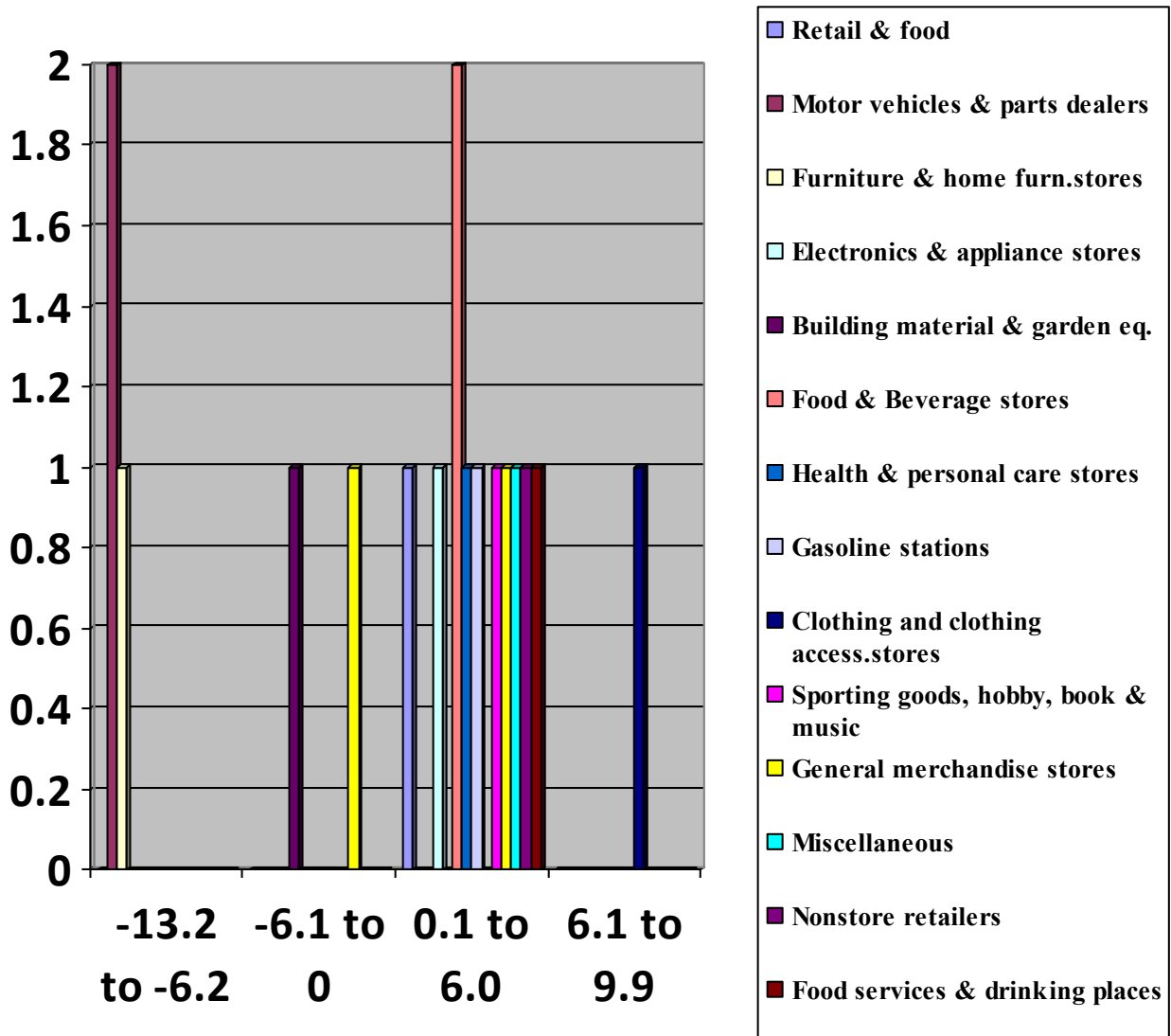
**Figure 2** Estimated Annual Change in Sales for Retail and Food Services, by Kind of Business

Kind of Business	12 Month Total (Not Adjusted)	
	2008	% Change 2007
<b>Retail &amp; food services, total</b>	4,478,360	-0.1
<b>Motor vehicle &amp; parts dealers</b>	809,738	-11.9
Auto & other motor vehicle Dealers	731,885	-13.2
<b>Furniture &amp; home furnishing stores</b>	109,180	-8.0
<b>Electronics &amp; appliance stores</b>	111,512	0.1
<b>Building material &amp; garden eq. &amp; supplies dealers</b>	325,181	-3.6
<b>Food &amp; Beverage stores</b>	589,512	5.1
Grocery Stores	572,395	5.3
<b>Health &amp; personal care stores</b>	527,395	5.3
<b>Gasoline stations</b>	247,022	4.0
<b>Clothing and clothing accessories stores</b>	489,252	9.9
<b>Sporting goods, hobby, book &amp; music stores</b>	88,327	1.1
<b>General merchandise stores</b>	595,536	3.3
Department stores	200,437	-4.5
<b>Miscellaneous store retailers</b>	119,120	0.2
<b>Nonstore retailers</b>	314,384	3.6
<b>Food services &amp; drinking places</b>	458,803	3.7

Source: U.S. Census Bureau Department of Commerce 2009b

Data shown in Figure 2 are calculated based on the U.S. Census Bureau's Advance Monthly Retail Trade and Food Services Survey (MART). Each month, questionnaires are mailed to a probability sample of approximately 5,000 employer firms selected from the larger Monthly Retail Trade Survey (MRTS). previous month (derived from the larger MRTS sample). Figure 3 depicts the frequency of certain percent annual changes in sales for retail and food services.

**Figure 3 - Frequency of percent annual change in sales for retail and food services, by business type, from 2007 to 2008**



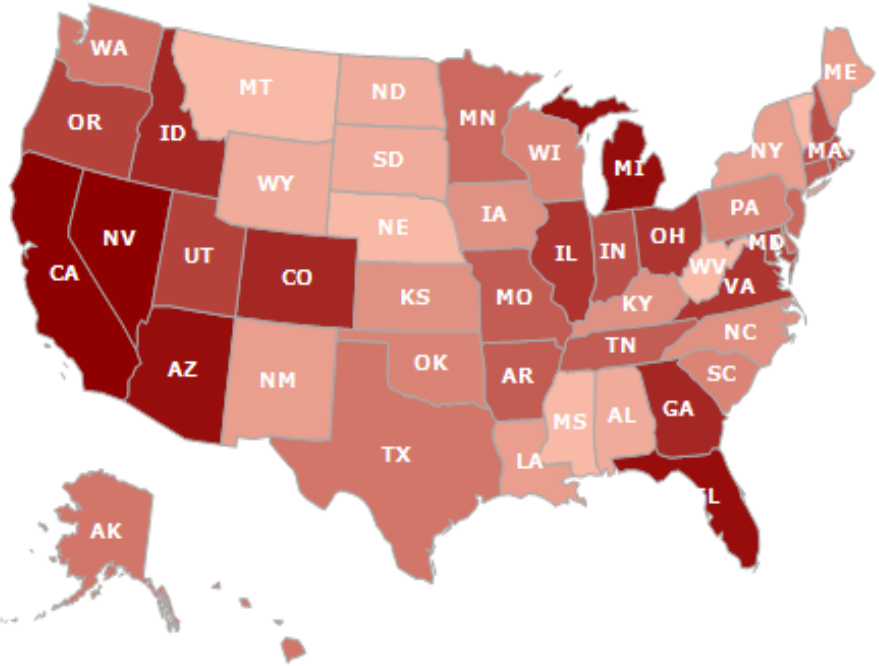
Source: U.S. Census Bureau Department of Commerce 2009b

Despite the fledgling economy, many American business types actually showed a percentage increase in sales compared to the previous year (See figure 3). Figure 3 shows that the sales in 2008 for 11 of the 17 business types increased, rather than decreased, compared to 2007. Only 4 business types (motor vehicle and parts dealers; auto and other motor vehicle dealers; furniture and home furniture stores, building material and garden equipment and supplies dealers; and department stores) exhibited lower sales than last year.

# Quick Facts

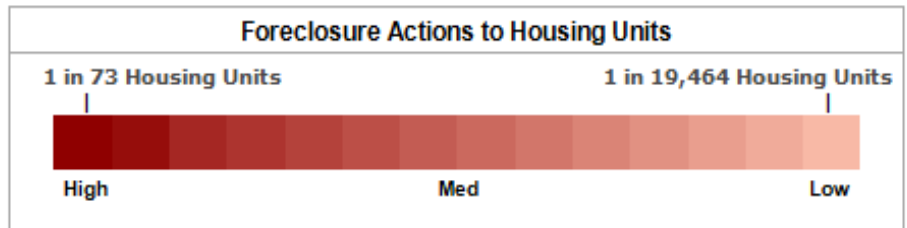
## Atlanta, Georgia Foreclosures in 2008

The lending crisis continues to negatively impact the American economy, as the frequency of home foreclosures in the United States continues to rise. The questions of predatory lending and housing affordability are important to consider in the midst of the recession. At the national, state, and local level, American homeowners continue to lose their homes.



### National level:

Nationally, American banks filed 3,157,806 foreclosures in 2008 (*Atlanta Business Chronicle* 2009). Over 81 percent higher than the number of foreclosure filings in 2007, these statistics show the increasing instability of the housing/mortgage industry. Figure 2 shows range in the national foreclosure rate for December 2008 (Source: RealtyTrac 2009a).



### State level:

**In 2008, the state of Georgia ranked eighth overall for the highest state foreclosure rate** according to RealtyTrac's 2008 U.S. *Foreclosure Market Report* published Jan. 15, 2009. It was surpassed only by Nevada (1st), Florida (2nd), Arizona (3rd), California (4th), Colorado (5th), Michigan (6th), and Ohio (7th) (RealtyTrac 2008).



# Home Foreclosures

2008 Home Foreclosure Rate in First Quarter, by State and Rank		
State	2008 Foreclosure Rate	Rate
Alabama	1/1241	43
Alaska	1/575	31
Arizona	1/95	3
Arkansas	1/339	22
California	1/78	2
Colorado	1/110	5
Connecticut	1/188	10
District of Columbia	1/260	
Delaware	1/713	32
Florida	1/97	4
Georgia	1/136	6
Hawaii	1/1348	44
Idaho	1/340	23
Illinois	1/224	14
Indiana	1/198	11
Iowa	1/843	34
Kansas	1/865	35
Kentucky	1/1194	42
Louisiana	1/944	37
Maine	1/1177	41
Maryland	1/202	12
Massachusetts	1/166	9
Michigan	1/153	7
Minnesota	1/540	29
Mississippi	1/2711	46
Missouri	1/297	20
Montana	1/1026	39
Nebraska	1/1044	40
Nevada	1/54	1
New Hampshire	1/330	21
New Jersey	1/265	16
New Mexico	1/719	33
New York	1/550	30

## Foreclosures (continued)

North Carolina	1/392	25
North Dakota	1/6156	49
Ohio	1/161	8
Oklahoma	1/496	28
Oregon	1/378	24
Pennsylvania	1/924	36
Rhode Island	1/284	19
South Carolina	1/1019	38
South Dakota	1/5513	47
Tennessee	1/216	13
Texas	1/274	17
Utah	1/274	18
Vermont	1/103186	50
Virginia	1/246	15
Washington	1/407	26
West Virginia	1/6138	48
Wisconsin	1/447	27
Wyoming	1/1458	45

Source: RealtyTrac 2008

**Metro level**

The metro Atlanta area also experienced a high number of foreclosures this past year. In 2008, the metro Atlanta area experienced 67,007 foreclosures. Compared to last year, this number of foreclosures was 33.3 percent higher.

Metropolitan Area	Foreclosure Rate 2008	Rank
Stockton, CA	9.46%	1
Las Vegas, NV	8.89%	2
Riverside-San Bernadino, CA	8.02%	3
Bakersfield, CA	6.17%	4
Phoenix, AZ	6.02%	5
Fort Lauderdale, FL	5.95%	6
Orlando, FL	5.48%	7
Miami	5.21%	8
Sacramento, CA	5.20%	9
Detroit, MI	4.52%	10

Source: RealtyTrac2009

# Monthly Question and Answer\*

*Given the widespread issue of home foreclosures across the United States, it is important for homeowners to consider preventive solutions. There are many avenues for homeowners that are at risk of foreclosure to consider, and this brief section provides a glimpse of such resources.*

---

## I. What are important guiding questions if I am at risk of foreclosure?

How willing and determined are you to keep your home?

What is the ratio of your monthly debt for housing to your monthly income?

What is the ratio of your total monthly debt to your monthly income?

II. The state of Georgia recommends **responding to letters sent by your lender** regarding loan payment (Georgia Department of Banking & Finance 2009). Be prepared to provide them with the answers to the guiding questions provided above.

III. Another recommendation is to **stay in your home**. Do not abandon your property. This may help you qualify for assistance in the future.

## IV. What can a homeowner do to stop foreclosure?

Forbearance

Reinstatement

Partial claim

Repayment Plan

Loan modification

## V. What additional alternatives to foreclosure are available to homeowners?

Short-sale

Deed in lieu of foreclosure

For more information regarding foreclosures and prevention, there are a number of resources available.

HOPE Hotline at 888-995-HOPE or online at [www.995HOPE.org](http://www.995HOPE.org)

HOPE Now Alliance at [hopenow.com](http://hopenow.com)

FHASecure (a refinancing option for homeowners with non-FHA adjustable rate mortgages) 800-569-4287 or online at [www.fha.gov.fhasecure](http://www.fha.gov.fhasecure)

Contact your lender's Loss Mitigation department immediately.

Contact a HUD-approved housing counseling agency. Call 1-800-569-4287 or TDD 1-800-877-8339 for the housing counseling agency nearest you.

\*Information on resources was retrieved from The Federal Reserve Bank of Atlanta and the Georgia Department of Banking & Finance.

## References

---

- CNNMoney.com (December 31, 2008). Dollar: First annual gain on euro in 3 years. Retrieved from <http://money.cnn.com/2008/12/31/news/dollar.reut/>
- Facing the Risk of Foreclosure? Answers to Frequently Asked Questions on Foreclosure Prevention. Federal Reserve Bank of Atlanta. Retrieved 19, 2009 from [www.frbatlanta.org/comm.cfm](http://www.frbatlanta.org/comm.cfm).
- Foreclosure Activity Increases 81 Percent in 2008. (January 15, 2009). RealtyTrac. Retrieved 25 January 2009 from <http://www.realtytrac.com/ContentManagement/pressrelease.aspx?ChannelID=9&ItemID=5681&acct=64847>.
- Georgia Department of Banking & Finance. (2009). *Foreclosure*. Retrieved 19 January, 2009, from [http://dbf.georgia.gov/00/article/0,2086,43414745\\_46389324\\_73902873,00.html](http://dbf.georgia.gov/00/article/0,2086,43414745_46389324_73902873,00.html).
- RealtyTrac. (2009a). National Real Estate Trends. Retrieved 25 January 2009, from <http://www.realtytrac.com/TrendCenter/default.aspx>
- Report: Ga. In top 10 for foreclosures in 2008. (January 15, 2009). Atlanta Business Chronicle. Retrieved 18, 2009 from <http://www.bizjournals.com/atlanta/stories/2009/01/12/daily72.html>.
- U.S. Department of Commerce Release. *Third Quarter 2008*  
*Data from the Quarterly Financial Report Large U.S. Retail Trade Corporations*. Washington, D.C. Retrieved 13 January 2009 from [www.census.gov](http://www.census.gov).
- U.S. Department of Commerce Release. *Advance Monthly Sales for Retail and Food Services December 2008*. Washington, D.C. Retrieved 13 January 2009 from [www.census.gov](http://www.census.gov).
- U.S. Foreclosure Activity Increases 23 Percent in First Quarter. (April 29, 2008). RealtyTrac. Retrieved 25 January 2009 from <http://www.realtytrac.com/ContentManagement/pressrelease.aspx?ChannelID=9&ItemID=4566&acct=64847>.

# What is the Census Information Center???

## Spelman College

Census Information Center

**Director: Bruce H. Wade,  
Ph.D. (Giles Hall 302)**

**CIC Office**

**2109 Milligan Building**

**350 Spelman Lane S.W**

**Atlanta, GA 30314**

*Spelman CIC Serves Its  
Community*

The Census Information Center (CIC) is a cooperative program between the U.S. Census Bureau and 52 national, regional, and local non-profit organizations. This program represents the interest of underserved communities. The centers serve as repositories of census data and reports, making census information and data available to the public and the communities they serve. The CICs use census data in areas such as program planning, assessing advocacy needs, defining service areas, public policy development, developing new business enterprises, and conducting race/ethnic related research. Individually, and in concert with other community service organizations, the Spelman College's CIC focuses on strengthening community development organizations by improving access to information and national resources for Atlanta University Center (AUC) faculty and students, local activists, minority low income groups, housing, and neighborhood development organizations. Most of the Spelman's CIC projects involve assessment of area needs and local population characteristics.



Spelman College

## Census Information Center History

The Spelman College Census Information Center (CIC) was established in 2000 by economics professor Dr. Romie Tribble, and is now directed by Dr. Bruce Wade, associate professor and former chair of the [Department of Sociology and Anthropology](#).

The CIC is a cooperative program between the U.S. Bureau of the Census and 52 national, regional and local non-profit organizations, and represents the interests of underserved communities.

The centers serve as repositories of census data and reports, making census information and data available to the public and the communities they serve. The CICs use census data in areas such as program planning, needs assessments, defining service areas, developing new business enterprises, and con-

ducting demographic and social research.



### The Primary Objectives are:

- ⇒ Make the Spelman's CIC a resource for information on Census related data for diverse community groups.
- ⇒ Promote university community involvement in community development.
- ⇒ Promote AUC student and faculty development and involvement in community services.
- ⇒ Promote awareness of the Census as a resource base.
- ⇒ Encourage AUC students and faculty to integrate Census material in their classrooms, research and career plans.