

# New Bern Sun Journal

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## Area's economy deemed 'vibrant' by guest speaker

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Byron Holland/Sun Journal

Ray Owens from the Richmond Federal Reserve gives his economic forecast for 2006 to members of Craven Committee of 100 and invited guests at the downtown convention center on Thursday.

### Business leaders are 'cautiously optimistic'

Federal Reserve Bank Senior Economist Ray Owens offered a sweet economic forecast Thursday in New Bern, but area business leaders did not swallow it whole.

Kevin Roberts, New Bern Area Chamber of Commerce president, said he sees local business people "cautiously optimistic" at best.

"They all seem to feel good about December but are being careful about everything they do," Roberts said. "But, the overall excitement about growth here is finding its way into the downtown merchants, and that's good."

Owens sees ups, downs and general flattening for the nation's economy in 2006 but termed the area economy "vibrant" in a presentation to more than 150 Craven County business community and government leaders at New Bern Riverfront Convention Center.

Conceding his own sentiments about the economy's direction, particularly housing in this region, are more optimistic than some, he said he thinks commercial building will hold up the construction industry from any downward pressure on residential building.

"Business investment will pick up, particularly high paying end - doctors, lawyers and Indian chiefs" and tech services, Owens predicted, noting he saw that statistical trend confirmed in this region in Greenville, where he spoke Wednesday.

More venture capital will be available for startup businesses this year than anytime in the new millennium, he said.

Owens predicted the 14th straight quarter percent increase in the Fed rate at its Jan. 31 meeting, which will be Federal Reserve Chairman Alan Greenspan's last before after 18 years at the helm before Ben Bernanke takes office. But, Owens said inflation is under control and foreign savings - like 50 percent average savings in Chinese households - will probably keep enough money in the lending market to keep interest rates stable for some time to come.

Some caution in a region Owens sees as destined for good economic growth is probably a good thing looking forward, according to Dan Oliver of Progress Energy.

While escalating energy costs did not seem to negatively impact consumer spending in Owens' numbers through the end of November, Oliver said his company is already paying the piper for the higher cost of the fuels the company uses to make electricity and will most likely ask the N.C. Utilities Commission for an increase later this year.

Sammy Whitehurst, Piedmont Natural Gas operations manager, said it might not hurt as bad as some think. He said his company is set to recommend another reduction from hikes allowed after Gulf Coast storms interrupted supply enough to double natural gas costs.

In response to a question from the floor on tax cuts and the federal deficit, Owens said tax cuts do not usually stimulate the economy unless they are accompanied by spending cuts.

RMS McGladrey, Craven County Committee of 100 and the New Bern and Havelock chambers sponsored the event.

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**Craven County's rank in North Carolina**

- \* 91,599 population ranks 28th.
- \* \$28,097 per capital income ranks 16th.
- \* 13.5 percent with bachelor's degrees ranks 21st.
- \* 4,435 with associate degrees ranks 9th.
- \* Government workforce earnings rank 3rd.

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