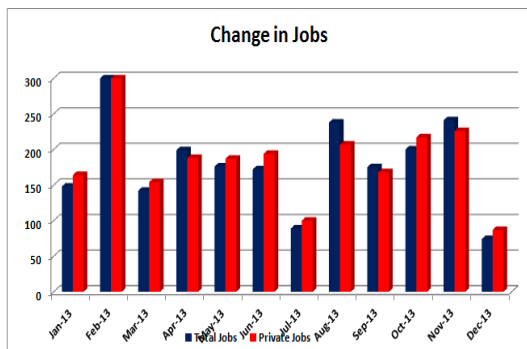


ECONOCAST™ UPDATE – January 13, 2014

© 2013 Fishkind & Associates, Inc. All Rights Reserved.

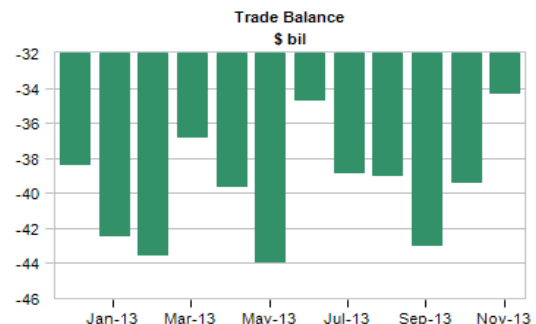
U.S. Economy – Surprising Jobs Report Likely an Anomaly

Employment increased by just 74,000 jobs according to the December report. This was a sharp break with the prior trend with job gains average over 200,000 per month, and it was surprising given the improving fundamentals. There were losses in construction (-16,000), information services (-12,000), and government (-13,000). This distribution points to weather and faulty seasonal factors as the main causes and not some fundamental change in hiring. Meanwhile the unemployment rate fell to a new post-recession low of 6.7%, driven down by a more worrisome drop in the labor force.

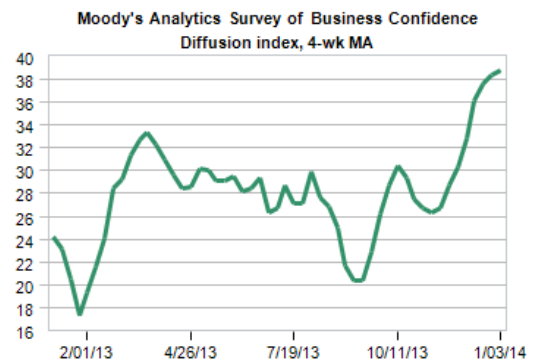


The other economic data reported last week contradict the weak labor

report. For example, the surge in U.S. exports continued in November for the second straight month. Imports contracted, largely because of rising U.S. energy production. This caused the trade deficit to narrow sharply by nearly \$10 billion over the last few months. As a result, net exports will add around 0.5% to fourth quarter annualized real GDP growth.

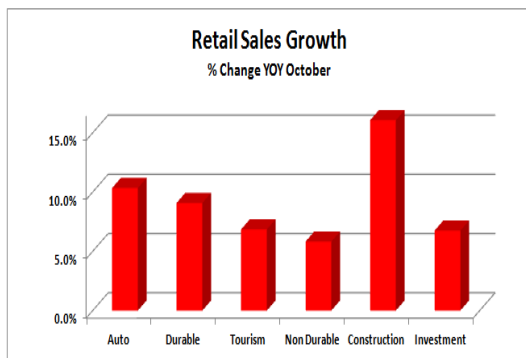


Finally, Businesses ebullient with sentiment at a survey high.

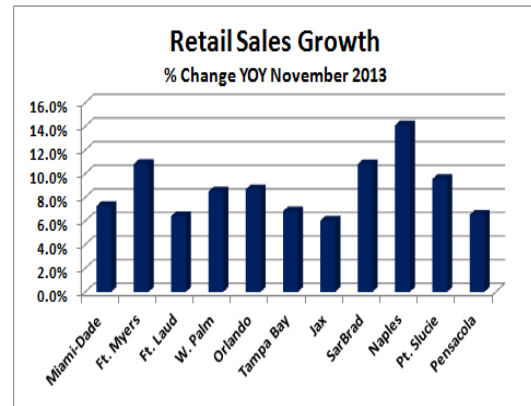


Florida Economy: Retail Trade Gains

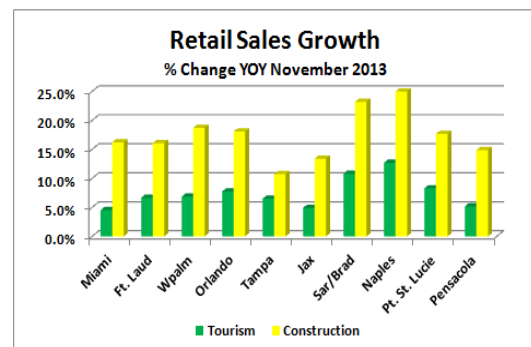
Retail sales grew strongly in October (the latest data available) rising at 7.7% year-over-year pace. Not only was the gain strong, but the rate of retail spending is accelerating. October sales were driven up by the outsized 16% jump in construction sales compared to 2012 reflecting the recovery in Florida's residential markets. There were above average gains in auto sales and in business investment as well.



Retail sales gains in Florida's largest metropolitan areas were generally quite strong. The gains in retail sales in Southwest Florida are particularly noteworthy with all of the area's major metropolitan areas registering double digit gains in sales. Port St. Lucie, Orlando and West Palm Beach also enjoyed above average sales gains for the 12 months ending October. The balance of Florida's metro areas had good sales gains in October, but generally these were below the statewide average.



The strong rebound in residential construction is apparent across all the major metro areas. However, the gains were particularly robust on Florida's west coast paced by the gains of 25% in Naples and 23% for Sarasota/Bradenton compared to last October. Particularly strong gains in construction related sales also occurred in Port St. Lucie, Orlando and West Palm Beach along with the balance of South Florida. These outsized gains in construction spending were largely responsible for the strong overall performance in most areas, particularly Southwest Florida.



Interestingly, the metro areas with the strongest gains in construction were also the ones with the biggest jumps in tourism sales.