

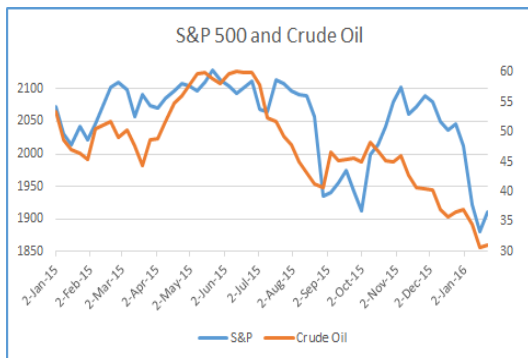
## ECONOCAST™ UPDATE – January 25, 2016

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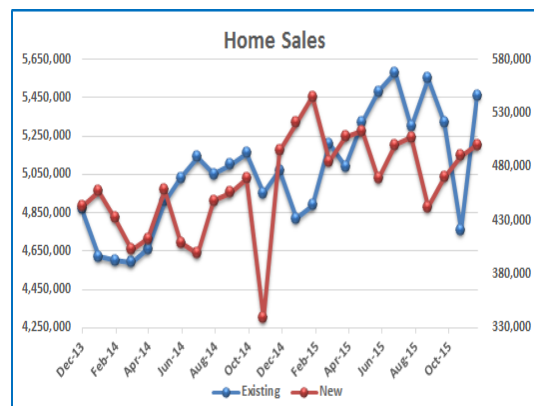
### U.S. Economy – “It's tough to make predictions, especially about the future.” – Yogi Berra

The blizzard covering the U.S. East coast is unlikely to have much of an economic impact. The production and sales lost to the storm will be recovered quickly next week if the storm predictions are accurate.

U.S. stocks finally closed higher Friday, making their first weekly gain this year. It appears that higher oil prices were a major factor as West Texas Intermediate crude rose 8.4% to \$32.02 per barrel. Falling oil prices have been important for equities with their correlation at 0.63 over the last year. It seems that oil has bottomed, but it is clearly well below its equilibrium price suggesting that prices will recover some this Spring bring U.S. equity prices higher too.



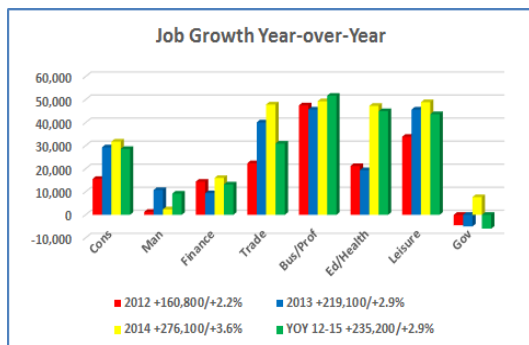
As expected, existing-home sales rebounded in December after the documentation-induced slump in October and November. Sales soared 14.7% from November and were up by 7.7% from December 2014. The market also tightened considerably as listings fell, causing prices to rise. These trends will cause more renters to switch to purchasing homes. Furthermore, I expect that new home sales also moved higher in December with the data to be released this week. As sales continue to accelerate, they will add to GDP growth.



Also reported last week was the fact that median usual weekly earnings rose 3.3% on a year-ago basis in the fourth quarter. The long-awaited growth in wages is now finally underway.

## Florida Economy: Strong Job Growth – but no Acceleration

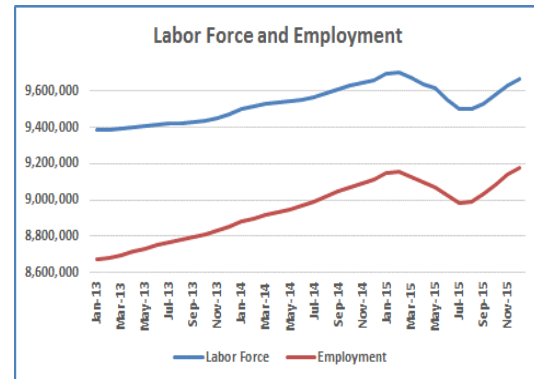
Job growth remained strong in December rising by 21,900 over the month. However, on a year-over-year basis job growth has continued to slow. Over the last 12-months Florida has added an impressive 235,200 jobs, but this is down from the 276,100 posted in 2014. Among the major employment sectors only business and professional services added more jobs in 2015 compared to 2014. While I can understand that job growth would peek out in the construction sector once recovery has been achieved, it is odd that population-serving sectors, like trade and education/healthcare, would also peek in 2014. The latter conflicts with the data showing surging population growth in 2015 that should have boosted growth in the population-serving job sectors.



I suspect that again the data will be revised upward significantly when the revisions are posted in March with the annual re-benchmarking. The further from the last benchmarking and the stronger the gains in population, the larger the revisions tend to be.

Florida's unemployment rate dipped to 5% in December down 0.1%. The labor force data are behaving a bit oddly. Although Florida's population grew strongly pushing the population

aged 16 and over up 1.6% in Florida, our labor force reportedly grew just 0.1%. This comes despite the strong pace of job growth. By contrast, in the U.S. the labor force grew at a 1.1% pace as population grew by 1.2%. Retiree migration explains some of the disparity, but not all of it. Something odd is at work distorting the data on both the labor force and employment in Florida.



Job gains remained very strong along the I-4 corridor from Orlando to Tampa in December with gains well above the State average of 2.9%. There was notable job growth in Ft. Lauderdale and in Ft. Myers too.

Data as of December 2015	Unemployment Rate	% Change Jobs	Jobs last 12 Months
Florida	5.0%	235,200	2.9%
Cape Coral-Ft. Myers	4.3%	7,800	3.3%
Gainesville	4.1%	1,500	1.1%
Jacksonville	4.5%	17,200	2.7%
Lakeland-Winter Haven	5.3%	8,600	4.2%
South Florida	5.0%	54,400	2.2%
Ft. Lauderdale	4.3%	24,500	3.1%
Miami	5.8%	15,900	1.4%
West Palm Beach	4.5%	13,800	2.4%
Naples	4.4%	3,100	2.3%
North Port-Sarasota-Bradenton	4.4%	4,400	1.6%
Ocala	5.6%	800	0.8%
Orlando	4.3%	37,600	3.3%
Palm Bay	5.1%	4,200	2.1%
Pensacola	5.2%	2,200	1.3%
Port St. Lucie	4.7%	3,000	2.3%
Punta Gorda	5.1%	1,200	2.7%
Sebastian-Vero	5.9%	200	0.4%
Tallahassee	4.5%	700	0.4%
Tampa-St. Pete	4.4%	38,500	3.1%

But, job gains were reported at just 1.4% in Miami which seems at odds with other metrics of activity in Miami including construction and retail sales presaging major data revisions.