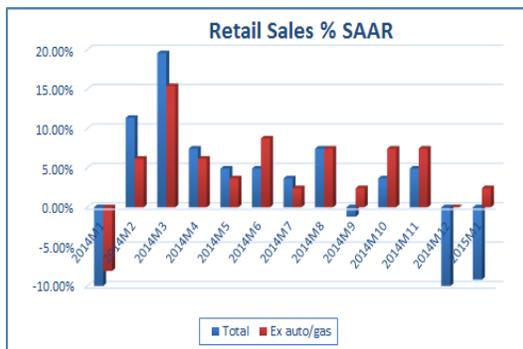


ECONOCAST™ UPDATE – February 16, 2015

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U.S. Economy – Low Gas Prices Confuse Economic Indicators

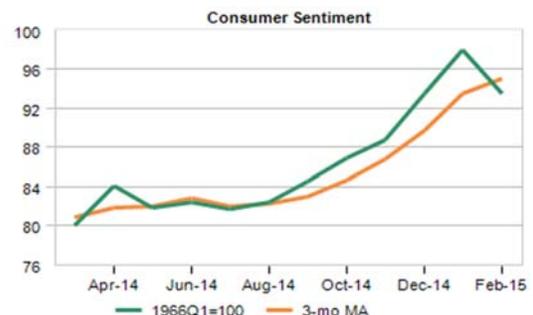
Last week's data reports were distorted by the drop in gasoline prices. Retail sales fell an alarming 0.8% in January, but this was all because of the plunge in gasoline prices. Gasoline station sales fell 9.3%, even more than in December. Over the last nine months households have saved an average of \$700, but where did these savings go? Sales excluding gas autos rose just 0.2%. Sales were down at sporting goods and hobby stores, vehicle dealers, and apparel, furniture and department stores, but rose strongly at restaurants. The best way to look at this is that excluding gasoline stations sales rose an impressive 6.6% over the year. While households may have increased savings, they will soon increase spending more aggressively.



Labor markets continued to strengthen in December. Employers had more than 5 million positions opened, up from the 4.8 million in November and more than 25% higher than last year. This is the highest level of open positions in 14 years setting the stage for strong job growth for the balance of this year.

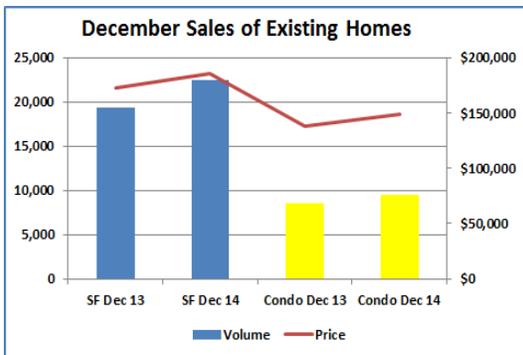


Consumer confidence dipped due to rising gasoline prices. But confidence remains very high supported by the stronger job market.

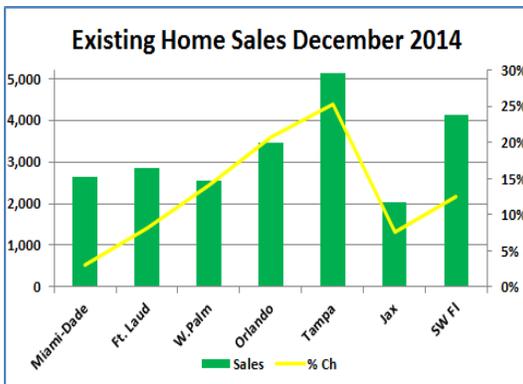


Florida Economy: Housing Markets Stronger in December

Sales of existing homes rose strongly in December up by 16% for single-family homes and 11% for condos compared to last year. Prices rose 7% and 8% for single-family and condos respectively. The improving market attracted in 3% more listings, but sales accelerated more strongly pushing the available inventory down to just 5.2 months of supply at the current rate of sales, which is well below 6 months which is considered to be the normal level of inventory.

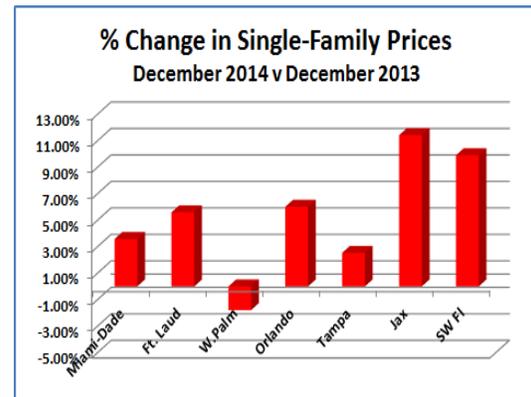


Sales rose strongly across all of Florida's major metro areas. Sales soared 25% over last year in Tampa Bay with over 5,000 units closed. Orlando and West Palm followed close behind with sales up 21% and 14% each.



The upsurge in demand supported higher home prices statewide,

particularly in the Jacksonville MSA where prices rose 11% for single-family units compared to last year. Prices also rose at double digits in Southwest Florida now that most of the foreclosures have been absorbed. Prices were also up 6% in Orlando and in Ft. Lauderdale. Prices were surprisingly weak in Tampa Bay, up just 2.5% over the last 12 months, despite the strong gain in sales volume. Similarly surprising was the 1.8% decline in the prices for single-family homes in West Palm.



The strong surge in existing home sales has caused an increase in new listings. However, the sales pace has outrun the higher level of listings. As a result inventories are very tight running less than six months in all the major metro areas. Inventory levels are below 5 months in Orlando, Tampa Bay and Jacksonville.

