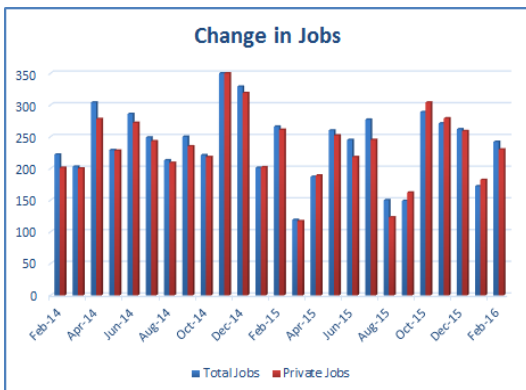


## ECONOCAST™ UPDATE – March 14, 2016

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### U.S. Economy – Strong Fundamentals Support Growth

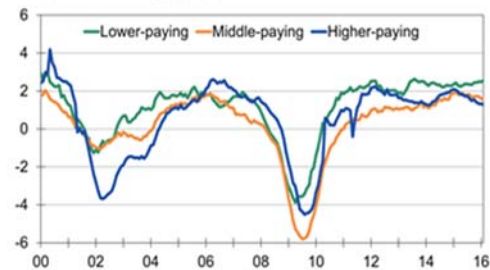
Although the U.S. economy continues growing steadily, some of the electorate remains unconvinced, and many are angry over how the economy has not performed for them. Regrettably, their anger is stirred up by presidential candidates in both parties. Yet continuing strong job gains averaging well over 200,000 per month with no sign of slowing has pushed labor markets to the verge of full employment. Job growth accelerated to 242,000 in February. The unemployment rate was unchanged at 4.9% even as labor force participation rose to 62.9%, up by 0.2 percentage point. Hourly earnings rose at a 2.4% pace compared to last year. With virtually no inflation this translated into a healthy gain in real earnings.



Yet it remains true many lower- and middle-income households have not benefitted. Real median wages have been flat for about a generation. However, the idea that stock markets are rigged or that big banks are holding down wages have no basis. The claim that the jobs being created are all low paying is not supportable.

### Lots of Jobs Across All Pay Scales

Job growth, % change yr ago

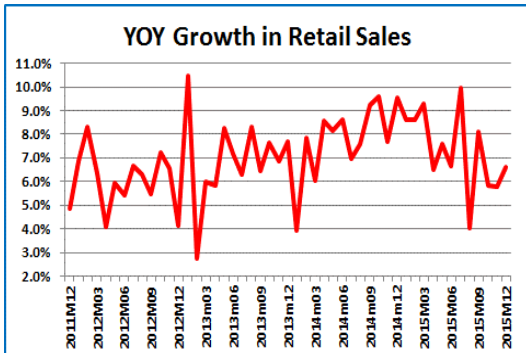


Sources: BLS, Moody's Analytics

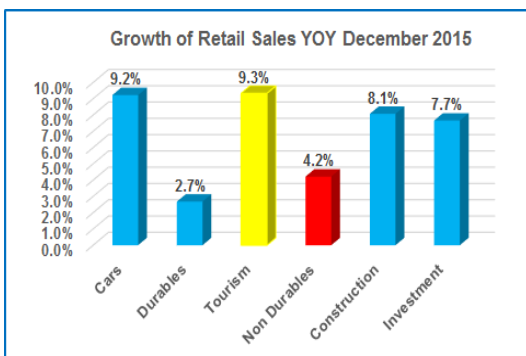
The economy's growth is not being fueled by bubbles in the stock, bond or real estate markets. There are no bubbles. At most, some asset markets were overvalued, but that was before the recent market correction. The on-going march of globalization and technological change is the major reason why competition has increased for lower skilled work globally and is keeping their wages down. These forces are not going away and arguable are the real causes of the voter angst.

## Florida Economy: Retail Sales Grew by 7.3% in 2015

Florida's retail sales continued to grow strongly in 2015 rising by 7.3%. However, despite the strong showing, sales growth decelerated in the second half of 2015 consistent with the slowdown in retail sales nationwide. As a result, sales growth in 2015 was lower than the 7.8% gain posted in 2014.

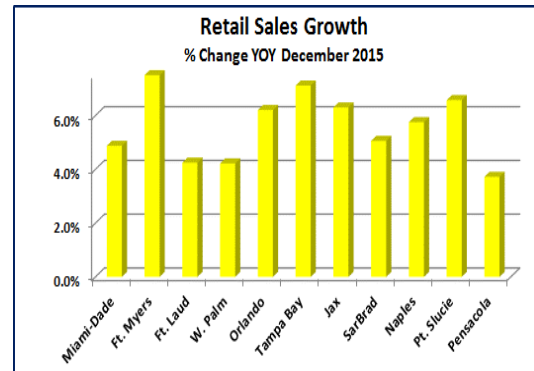


Although auto sales soared by 9.2% in 2015, the sales of other goods, both durables and nondurables, slowed pulling down the total growth rate in retail sales. The strong gains in tourism and construction were insufficient to offset the drag from lower goods sales in 2015.

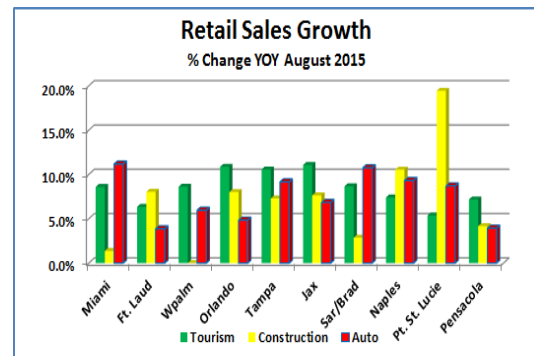


Interestingly, retail sales grew relatively slowly in South Florida. Sales increased by only 4.9% in Miami-Dade and by just 4.2% in Ft. Lauderdale and West Palm Beach. The weaker pace of growth was

spread across most every retail sector in South Florida, even tourism sales were slower in Ft. Lauderdale and in West Palm compared to 2014 levels.



Retail sales growth rates were higher in Southwest Florida, especially in Ft. Myers that benefitted from a 14% jump in construction spending. Port St. Lucie also enjoyed soaring construction spending that pushed overall sales up 6.6%.



Tourism was a bright spot for retail spending in 2015. No surprise since the statewide total of visitors soared above 100 million.

The outlook for retailing is excellent for 2016. Florida is benefitting from strong increases in population growth and rising employment and incomes. Construction activity remains high as well. These fundamental factors suggest that retail sales could increase by 8% or more in 2016.