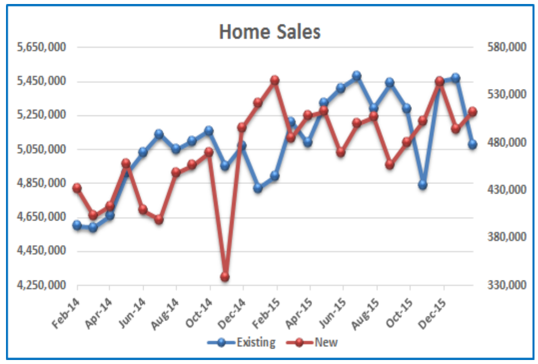
EW | ECONOCAST™ WEEKLY

ECONOCAST™ UPDATE – March 28, 2016

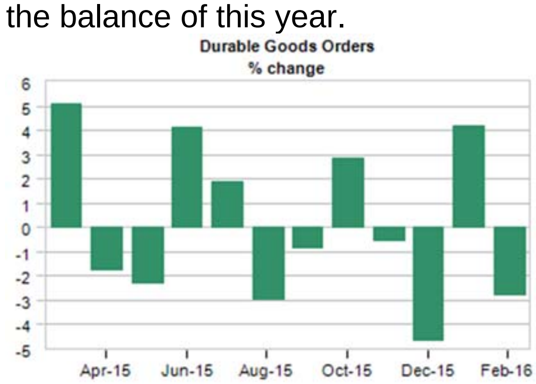
U.S. Economy – Housing Mixed

Housing markets were the big news last week. First, existing-home sales dropped 7.1% from January, but they are still up by 2.2% from February 2015. The sales drop looks worse than it actually is because it is due to an anomaly in the seasonal adjustment factors. February's decrease in seasonally adjusted sales took place despite the increase in actual non-adjusted sales for the month. So this month's drop is entirely an artifact of the seasonal adjustment procedure. Even so, existing home sales are not accelerating. Part of this is because of a dearth of listings and part is due to the combination of high home prices and the debt burdens of first time homebuyers limiting sales.

New single-family home sales rebounded in February rising 2% to 512,000 annualized units as after the temporary disruption from El Niño passed and sales in the West jumped. New-home supply reached its highest level since late 2009 in February, but it still remains tighter than historical standards. The fundamental drivers for new home sales remain strong as job growth and income gains move higher.



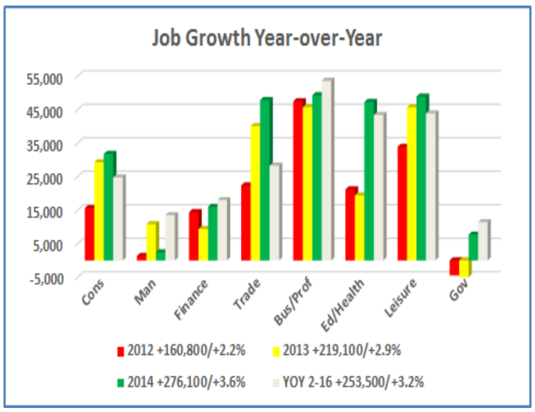
New orders for durable goods dropped by 2.8% in February. The details were downbeat with core orders down 1.8. Overall, the report points to temporary weakness in capital equipment spending, and it points to a very slowly improving manufacturing outlook as producers work down unsustainable stockpiles of inventories. Investment spending should improve as wages rise over the balance of this year.



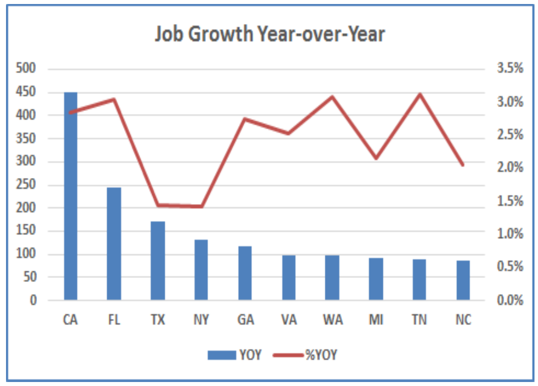
Florida Economy: Employment Growth Slows Some in February

The release of February employment data confirm the topping out of job growth in Florida for this cycle. While there were 253,500 jobs generated over the last 12 months, this total is down significantly from the 276,100 for 2014 or the 269,200 for 2015.

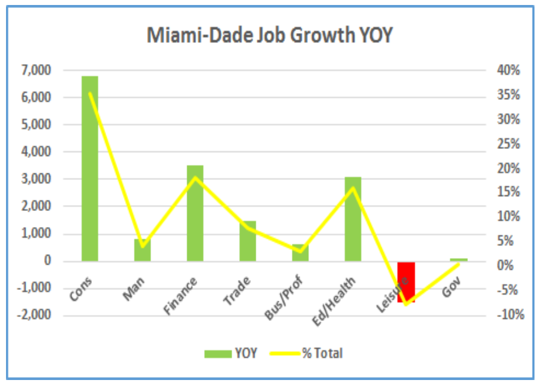
Only two sectors, business and professional services and government, were stronger over the last 12 months compared to prior years. But, even these stronger sectors did not accelerate over the last 12 months.



Nevertheless, Florida's job growth ranked 2nd to California's last month – but a distant 2nd. That said, Florida's employment increased by a healthy 3% over the year. In addition, it is a good sign for Florida that job growth was strong in states like New York and Michigan that are the origins for migration into Florida, especially when their economies are strong. Other important sending areas including Ohio, Illinois, Massachusetts and Pennsylvania, also enjoyed good job growth.



Data for Miami-Dade are troubling. More than 35% of job growth came from construction while tourism jobs declined. This is not a sustainable pattern, particularly with the threat of overbuilding in condominiums and in apartments.



The contrast is sharply drawn with Orlando that leads the State in job growth. Orlando's job growth was far more balanced over the year and is much more sustainable.