

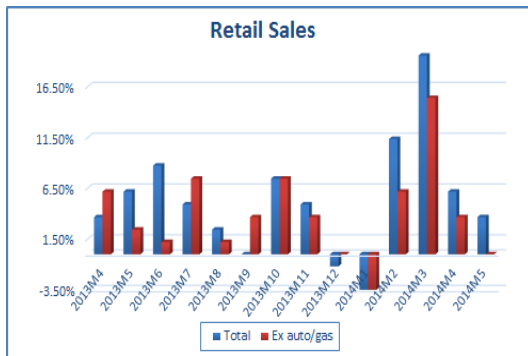
ECONOCAST™ UPDATE – June 16, 2014

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U.S. Economy – Higher Oil Prices

Geo political developments drove oil prices to an eight-month high this week and retail sales were weaker than expected. But, underneath these topline trends economic fundamentals remain strong.

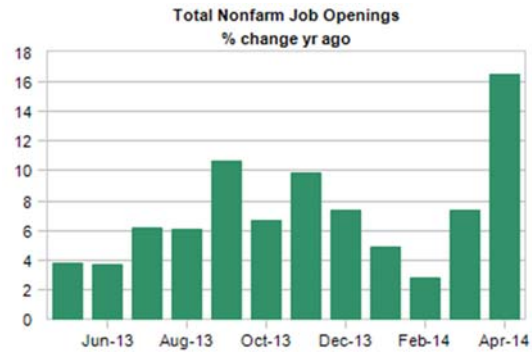
For example, retail sales only rose 0.3% in May driven up by auto sales. Excluding autos and gasoline retail sales were flat. However, sales in April were revised significantly higher, up 0.5% rather than the 0.1% initially reported. Sales were 4.3% above their year-ago level.



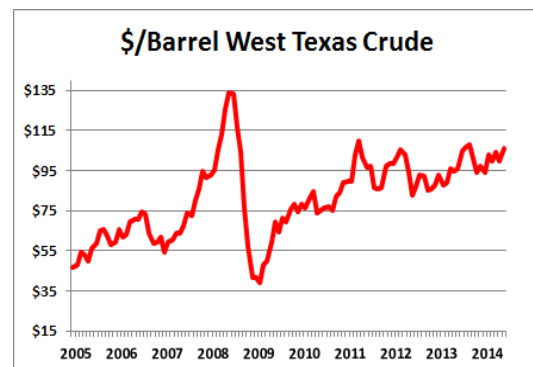
Furthermore, the fundamentals driving retail sales higher remain positive. Job growth is slowly accelerating and disposable incomes are slowly rising. Household wealth has rebounded due to the strong

gains in home prices and financial assets.

Job openings soared in April even as employment increased. The number of available jobs is finally at the pre-recession levels of 2007.

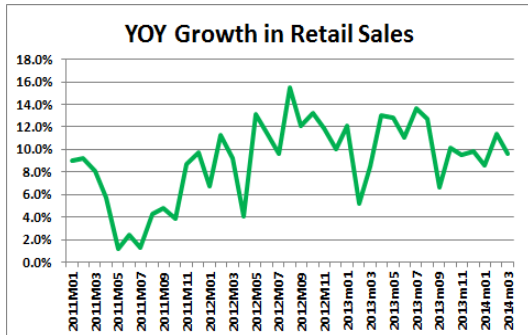


Oil prices spiked last week to a 8-month high, but prices are still far below their prior peak. If the brewing Iraqi civil war remains contained in Iraq, then prices are unlikely to rise much further.

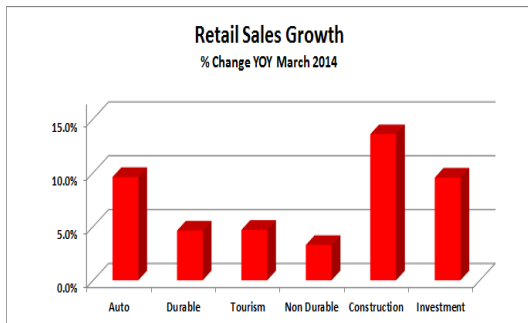


Florida Economy: Stronger Sales

Florida has enjoyed strong gains in retail sales averaging nearly 7% per year since 2011. So far in 2014 year-over-year gains have exceed 9%.

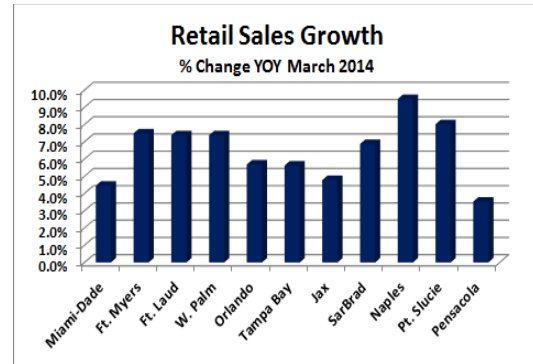


The strong gain in statewide sales so far this year result from a 14% jump in construction spending courtesy of the housing rebound and near 10% gains in auto sales and business investment. These gains are supported by strong increases in population and employment growth in 2013 carrying over into this year.

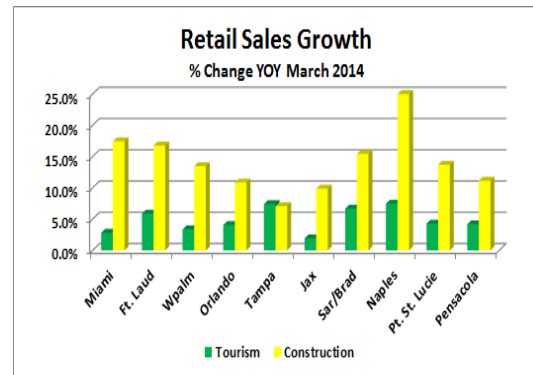


Naples had the biggest annual gain in sales across Florida's major markets with sales up nearly 10%. Ft. Myers, Ft. Lauderdale, West Palm Beach and Port St. Lucie all had gains of over 7% during the last 12-months. Miami-Dade, Jacksonville, and Pensacola all under performed. North Florida's economy has lagged statewide averages throughout this recovery due in part to the outsized influence of government spending

which has recovered slowly. The data on Miami-Dade County are inconsistent with other trends and will probably be revised upward.



Construction spending gains were very strong in the major metro market areas, especially in Naples where sales were up nearly 25% over the year.



The more modest gains in tourism are deceptive. Since growth is measured on a year-over-year basis, and because Easter fell in March last year but in April this year, the year-over-year comparisons are biased against this year's March tourist spending data. The visitation data clearly show a strong upward trend in tourism, far stronger than the year-over-year data show – but this is a statistical fluke.

Overall, sales are growing strongly and these sales will support stronger employment and incomes gains going forward.