

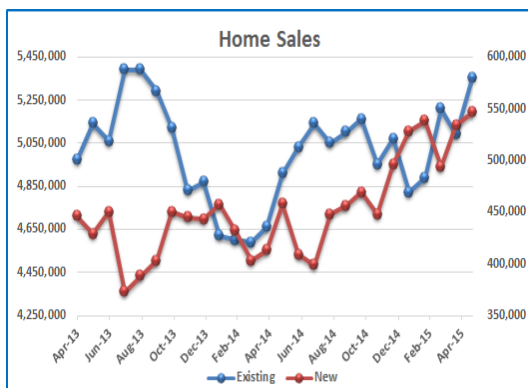
## ECONOCAST™ UPDATE – June 29, 2015

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### U.S. Economy – Stronger Growth

The latest economic data point to stronger growth in the U.S. Home sales soared, incomes rose, and even the count of active drilling rigs increased for the first time in seven months.

Sales of existing homes jumped 5.1% in May pushing sales 9.2% higher than last year. Sales are back up to 2013 levels which were inflated by investor sales. Now the composition of home demand is more sustainable with the share of first-time home buyers up to a more normal 32%. New-home sales bounced up 2.2% above the revised April totals and 19.5% higher than the in May 2014. The inventory-to-sales ratio is now at just 4.5 months of sales, which will stimulate new construction thereby assuring accelerating GDP.



Personal income growth remained strong in May rising 0.5%, the same as the upwardly revised April pace. Importantly, Wage income growth rose 0.5%, its fastest growth since January. Consumption spending was up strongly too. However, the growth in personal income has exceeded gains in spending in each of the last seven months. That said, it does appear that households are finally beginning to spend more freely which will underpin the growth in GDP going forward.

### U.S. Consumption Is Lagging Personal Income

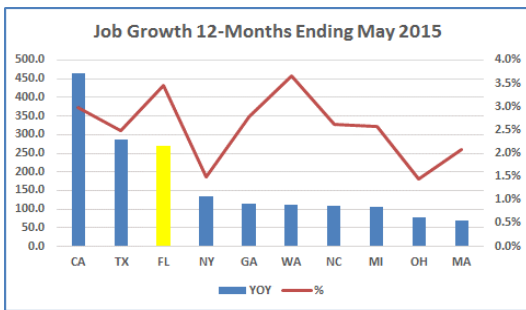


The U.S. bond market seems convinced that the accelerating pace of growth will continue, and that the Fed will raise short term rates beginning in September. The rate on the 10-Year Bond rose to 2.48%. The rate is up 61 basis points over the last 90 days.

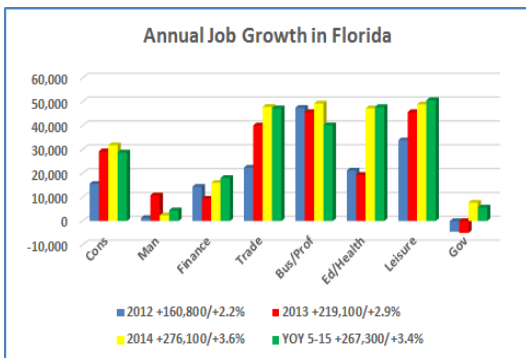
## Florida Economy: Strong Retail Sales

Florida's labor market remained very strong in May. Job growth was 267,300 over the year. The unemployment rate ticked up to 5.7% in May, but this was due to a big jump in the labor force which is a good sign.

Florida continues to rank 3<sup>rd</sup> among all states for job growth behind California and Texas. However, Florida is closing the gap quickly on Texas, and Florida had the fastest rate of job growth among the ten states generating the most jobs.



Every major employment sector had gains in May which is consistent with continuing strong job growth. However, the rate of growth appears to have topped out for most sectors. Annual job gains have shown only small gains over the last three years in most sectors.



With tourism booming gains in leisure/hospitality and eating and

drinking places led the job gains. Over the year job gains topped 40,000 in trade, healthcare and education, and in retailing. The job growth in these sectors are reflects accelerating population growth in Florida. With strong job growth in Florida and across the U.S., coupled with the strength in housing markets, population growth in Florida will remain strong further fueling job growth.

With the booming tourist sector it is no surprise that Orlando led all MSAs in job growth in May. Job growth was also very strong in South Florida and in Tampa Bay in May based on accelerating population growth along with rising tourism. Southwest Florida from Naples to Bradenton continues to register strong job growth fueled by retirement, tourism, and construction. With the notable exception of Jacksonville, job growth was much more modest north of I-4. Florida's panhandle continues to lag the State in job growth. It is not surprising that job growth is slower in Tallahassee and in Gainesville due to their dependence on State government employment. However, slow job growth from Panama City to Pensacola is curious given the strong tourism season underway.

Data as of May 2015	Unemployment Rate	Jobs last 12 Months	% Change Jobs
Cape Coral-Ft Myers	5.1%	7,600	3.3%
Ft Walton	4.7%	2,000	1.9%
Deltona-Daytona	5.9%	4,900	2.7%
<b>Florida</b>	<b>5.7%</b>	<b>267,300</b>	<b>3.4%</b>
Ft. Lauderdale	5.1%	25,000	3.2%
Gainesville	4.6%	2,400	3.2%
Jacksonville	5.4%	12,700	3.2%
Lakeland	6.1%	6,400	3.2%
Miami	6.2%	27,500	3.2%
Naples	4.8%	5,800	3.2%
No. Port-Brad-Sarasota	5.1%	7,700	3.2%
Ocala	6.6%	3,000	3.2%
Orlando	5.1%	45,800	3.2%
Palm Bay-Melbourne	6.0%	4,500	3.2%
Panama City	5.5%	600	0.7%
Pensacola	5.3%	4,300	3.2%
Pt St Lucie	5.8%	4,400	3.2%
Punta Gorda	6.0%	700	3.2%
Vero Beach	6.3%	1,200	3.2%
Tallahassee	5.1%	1,200	3.2%
Tampa-St. Pete	5.3%	34,100	3.2%
West Palm-Boca Raton	5.0%	17,200	3.2%