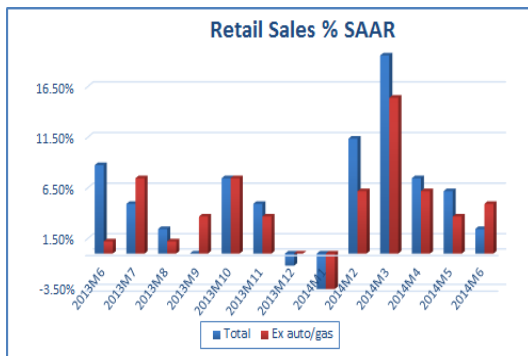


## ECONOCAST™ UPDATE – July 21, 2014

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### U.S. Economy – 2Q Ends Strong

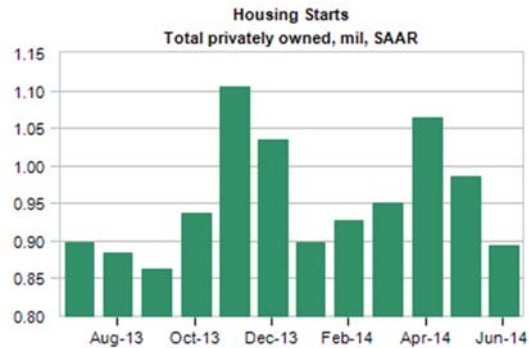
The second quarter ended on a strong note. Although retail sales rose at just a 2.4% annual rate in June, the data for April and May was revised significantly higher. Core sales rose at a 4.9% annual pace. And even though the dollar volume of auto sales dipped, unit volume was up. More importantly, over the quarter annualized retail sales grew at more than 5%.



Rising sales is fueling accelerating manufacturing and production more generally. Manufacturing production increased at a solid 6.7% at an annual rate in the second quarter, the strongest quarter since the start of 2012. Consumer confidence remained high in June as well. Business is feeling more confident too and they are building inventory levels

to support higher sales and production.

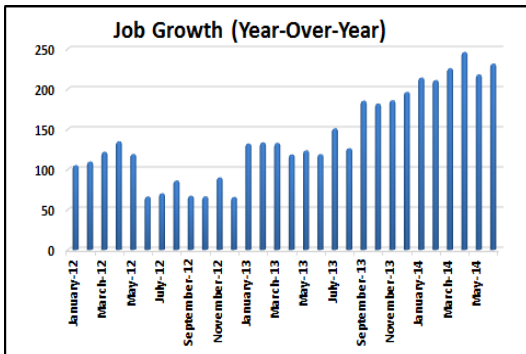
The only disappointing news this week was on housing starts which dropped 9.3% in June below the downwardly revised estimate for May. Both multifamily and single-family starts declined. Starts are now only 7.5% higher than this time last year.



Even so, the outlook is encouraging for the balance of 2014. Fundamentals remain strong, with the one important exception of only modest income increases. Stock prices are near record highs, and were trending higher through June. Rising house prices are generating positive wealth effects. Pent-up demand remains large. Confidence is near cyclical highs. Continued gradual improvement in labor markets will be the main driver for faster spending growth.

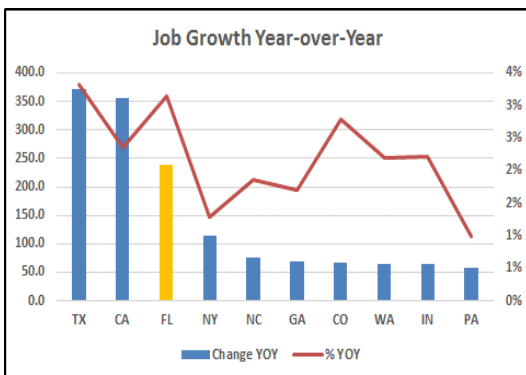
## Florida Economy: Job Growth Strong but Peaking Out

Job growth rebounded in June, up 231,400 compared to last year. However, while Florida's job growth is strong, it appears to be topping out at this level. After touching its high point in April year-over-years gains show no sign of accelerating.

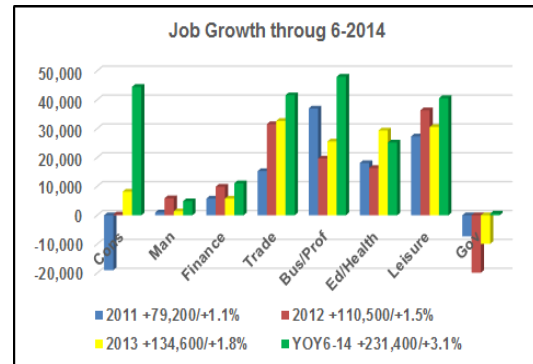


Florida's unemployment rate ticked up to 6.2% rising above the national average for the first time in over a year. However, the news was actually encouraging, because the labor force is growing robustly, finally, reflecting the improving job market in the State.

Florida's 3.1% rate of job growth was topped only by Texas which had both stronger total job growth and a faster rate of job growth than Florida. Nevertheless, Florida's performance continues to rank it among the best job markets in the U.S.



Every major sector had positive over-the-year job growth including government. Four major sectors had job gains of more than 40,000 for the year ending in June: construction, leisure/hospitality, trade and business and professional services.



There continues to be substantial regional variation in labor markets across Florida. Generally, peninsula Florida's labor markets are strong while the western panhandle is weak.

Data as of June 2014	Unemployment Rate	Job Gain	Job Gain
Bradenton-Sarasota	5.9%	10,100	4.0%
Cape Coral-Ft. Myers	6.2%	6,800	3.2%
Deltona-Daytona Bch.	4.8%	2,900	1.9%
Florida	6.2%	231,400	3.2%
Ft. Lauderdale-Pompano	5.3%	24,600	3.3%
Ft. Walton Bch	4.8%	6,800	3.2%
Gainesville	5.3%	1,000	0.8%
Jacksonville	6.1%	19,200	3.2%
Lakeland-Winter Haven	7.1%	3,400	1.8%
Miami	7.3%	29,600	2.8%
Naples	5.8%	5,500	4.5%
Ocala	7.2%	-700	-0.8%
Orlando-Kissimmee	5.8%	39,100	3.7%
Palm Bay-Melbourne	6.7%	800	0.4%
Palm Coast	8.8%	800	3.0%
Panama City	5.6%	100	0.1%
Pensacola	6.2%	1,500	0.9%
Port St. Lucie	7.4%	3,100	2.5%
Punta Gorda	6.0%	700	1.7%
Tallahassee	5.8%	3,700	2.3%
Tampa-St. Petersburg	6.3%	25,300	2.2%
Vero Beach	7.8%	-11	-0.2%
West Palm-Boca Raton	6.1%	16,100	3.0%

South Florida (Miami, Ft. Lauderdale and W. Palm) generated 70,000 jobs over the year with strong gains in construction and tourism. Orlando posted the biggest job gain of any metro area with 39,100 new jobs for a gain of 3.7%. Southwest Florida exhibits strong job growth as well.