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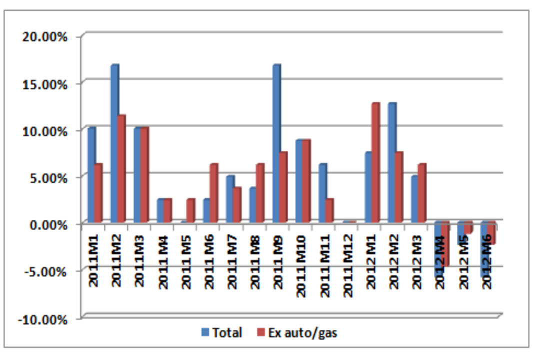
WEEKLY

ECONOCAST™ UPDATE - JULY 23, 2012

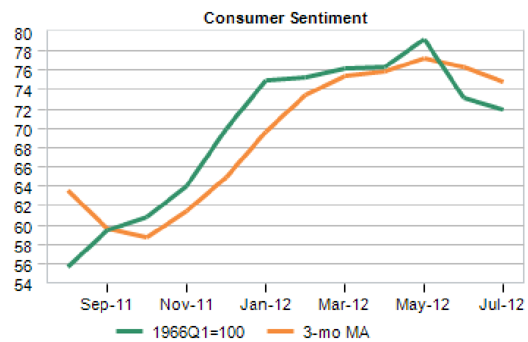
U.S. Economy – Another Bad Week

Retail sales plunged for the third month in a row. Even excluding sales of autos and gasoline, sales have declined consistently over the last three months. This is surprising since both employment and disposable real incomes have increased, albeit modestly. Unless this trend reverses soon, the U.S. will slip back into recession.

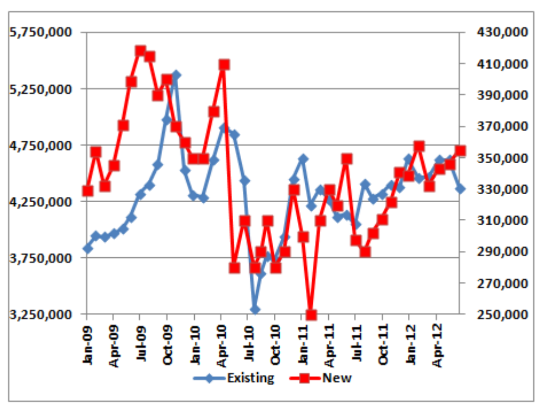


Retail sales are weak in large part because consumer confidence is falling in the face of uncertainty over fiscal policy, European financial and debt markets, and the slowing global economy. Thus, despite modest gains in disposable income, retail sales are down.

Although housing starts were up and new home sales are projected to be higher, existing home sales dropped 5.4% in June.



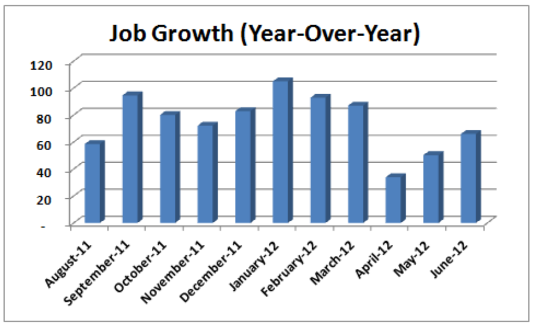
This surprising result was most likely due to the dearth of merchantable inventory, since mortgage interest rates fell to all time lows.



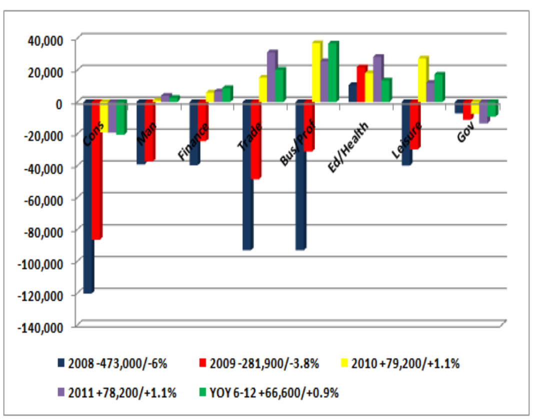
The slowing economy even has Chairman Bernanke concerned. In his Congressional testimony last week said, “economic activity appears to have decelerated somewhat during the first half.” Let’s hope that this is all it is.

Florida Economy: More of the Same

The June jobs report provided more of the same, slow growth. Non agricultural employment was up 66,600 in June compared to June 2011. This is a bit better than the last two months, but job growth was just 0.9% compared to the 1.3% gain in the U.S.



Florida's slower pace of job growth is largely because of the continuing losses in construction and in State government employment. However, even if construction and government stopped losing jobs, the overall pace of job growth in Florida is still a disappointingly low 1.1% over the last 12-months.



There were some bright spots. First, temporary help employment jumped up by 16,800 jobs over the last 12-months and this is typically a leading employment indicator. Second, the summer tourism season is strong boosting employment at lodging places, attractions and eating and drinking establishments. Gains in healthcare and in finance and real estate were also notable.

Half of Florida's 22 metropolitan areas experienced over the year gains in jobs lead by Tampa-St. Pete's 23,300 new jobs. Strong gains were also posted in Miami and Orlando. Contractions in government employment hit Gainesville, Tallahassee, Panama City and Pensacola. St. Lucie is still losing construction jobs producing its loss.

Data as of June 2012	Unemployment Rate	Job Loss	Job Loss
Bradenton-Sarasota	8.8%	1,200	0.5%
Cape Coral-Ft. Myers	9.3%	500	0.3%
Deltona-Daytona Bch.	9.1%	-1,300	-0.8%
Florida	**9.0%**	**66,600**	**9.0%**
Ft. Lauderdale-Pompano	7.7%	-400	-0.1%
Ft. Walton Bch	6.1%	-200	-0.2%
Gainesville	7.3%	-2,000	-1.6%
Jacksonville	8.5%	3,200	0.5%
Lakeland-Winter Haven	10.0%	900	0.5%
Miami	10.3%	10,800	1.1%
Naples	8.8%	2,500	2.3%
Ocala	10.2%	400	0.4%
Orlando-Kissimmee	8.7%	9,800	1.0%
Palm Bay-Melbourne	9.4%	-400	-0.2%
Palm Coast	12.3%	-100	-0.5%
Panama City	8.1%	-1,800	-2.4%
Pensacola	8.6%	-3,400	-2.2%
Port St. Lucie	10.9%	-2,000	-1.7%
Punta Gorda	9.0%	-300	-0.7%
Tallahassee	7.7%	-2,800	-1.7%
Tampa-St. Petersburg	9.0%	23,300	2.1%
Vero Beach	11.3%	900	2.1%
West Palm-Boca Raton	9.2%	5,700	1.1%

Unemployment rates were generally higher in most metro areas. However, for those generating more jobs, such as Tampa-St. Pete, Miami, and Orlando, the increased unemployment rates were caused by even more rapid increases in their labor forces. With more jobs available even more people came looking for work. This obviously was not the case for those metro areas losing jobs. In many of these areas the labor force Is contracting.