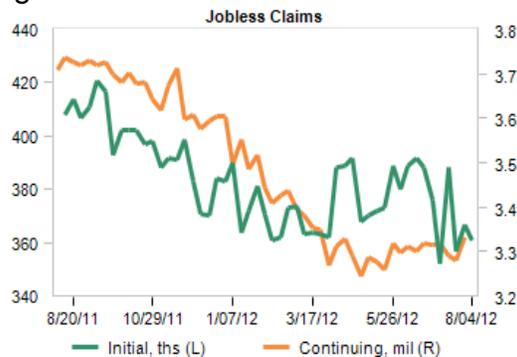


## ECONOCAST™ UPDATE – August 13, 2012

### U.S. Economy – Slow Growth but No Double Dip

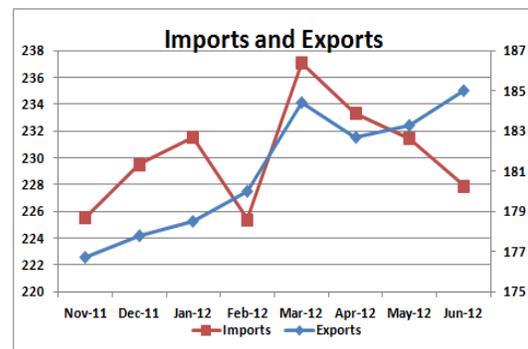
The U.S. economy continues growing slowly, but by enough to avoid a double-dip recession. Labor markets improved modestly last week with new claims edging lower again.



Weak hiring and not increasing layoffs has held back labor markets. The Jobs Opening and Labor Turnover Survey (JOLTS) reported a 105,000 increase in job openings in July bringing the number of job openings to their highest level since July 2008. But employers remain very cautious which is consistent with the modest growth trajectory.

The U.S. trade deficit narrowed sharply in June to -\$43 billion from \$48 billion in May posting its the third straight month of narrowing to its smallest since late 2010. Exports rose 0.9%, while imports fell 1.5%.

The much narrower foreign trade gap means that for now the effects of the global slowdown remain manageable. The results will boost second quarter GDP revisions because the deficit was much smaller than initially assumed. The strength in export was a surprise when demand in many key markets, Europe in particular, was clearly weak. Export volumes growth over the past three months was fairly broad-based, with double-digit gains for exports of industrial supplies (13.2%), autos and parts (36.8%), and consumer goods (26%).

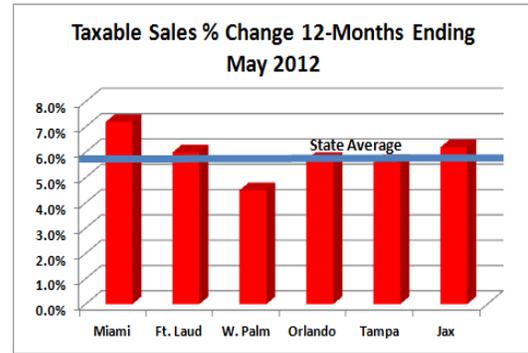


Global markets were fairly quiet this week. Maybe attention was diverted by the Olympics? But calm does not mean the crisis in Europe has abated. Despite talk of effective policy responses, the lack of an immediate crisis allows European

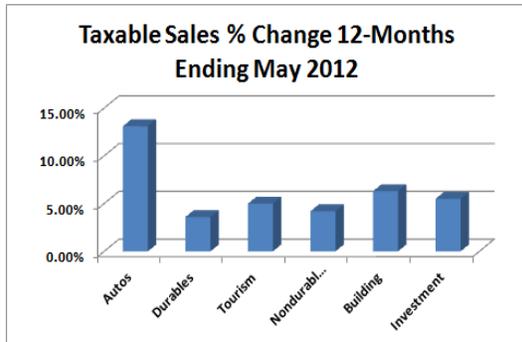
leaders to be cautious and hope for the best. I hope so too.

### Florida Economy: Taxable Sales Accelerating

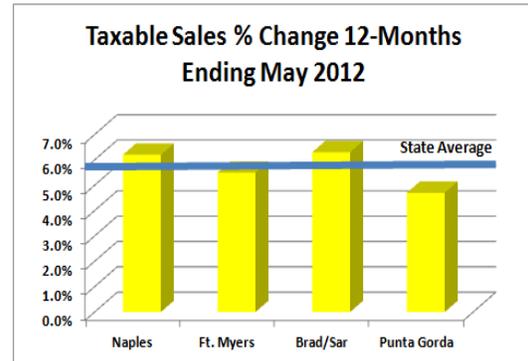
Florida's taxable sale rose 6% for the 12-months ending May 2012. This is a modest acceleration in sales powered by a 13% gain in auto sales. The moderate improvement in construction activity is reflected in the 6.3% gain in building construction sales. Tourism contributed 5% based on the gains in the hotel and lodging sector.



The continuing improvement in Southwest Florida showed in its relatively strong gains in retail sales over the last year. Naples and Sarasota/Bradenton bested the State average and Ft. Myers was even. The key areas were business investment, buildings, and autos.



Miami remains the strongest growing area in the state posting a gain of 7.2% for May compared to last year. While auto sales gains were strong at 14%, the 10.5% year-over-year jump in tourism was particularly noteworthy in Miami. Sales gains in Ft. Lauderdale and in West Palm Beach were much more modest, and in each case their tourism sector was weak.



Pensacola and Panama City turned in strong gains in May based primarily on record setting improvements in tourism. Tallahassee was weaker, lacking the tourism component and suffering from continuing state layoffs. Gainesville was a surprise as its auto sales rose a whopping 32%.

Jacksonville, Orlando and Tampa performed similarly to the State, with big gains in auto sales, some strength in business and moderate improvement in tourism.

