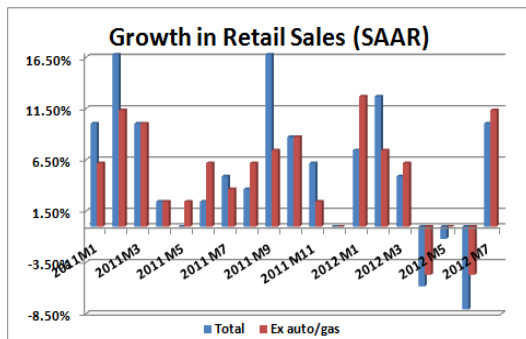


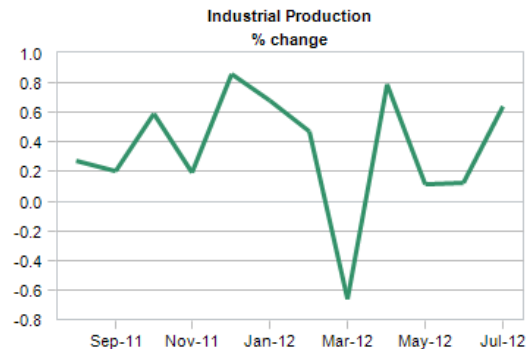
ECONOCAST™ UPDATE – August 20, 2012

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

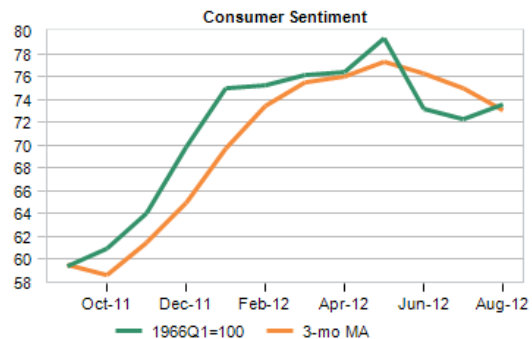
Fears of a double-dip recession were put to rest with last week's strong rebound in retail sales. While some of the sales spurt was probably payback from the weakness over the prior three months, sales gains were broadly based. While the July surge is not sustainable, job growth is sufficient to push sales modestly higher in the near term.



July's 0.6% gain in industrial production supports the view that sustained moderate growth has replaced the spring slowdown. Rapid increases in utilities and mining output plus a healthy 0.5% gain in manufacturing pushed production higher. The gains in production and sales or July confirm a decent start to the third quarter.



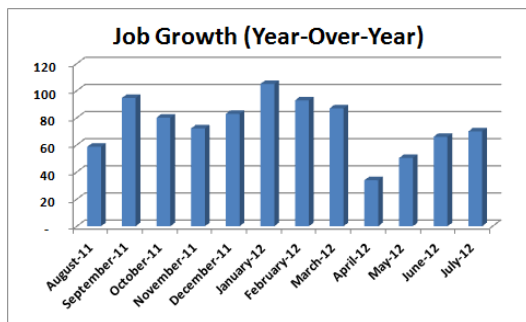
Consumer confidence finally moved up too as employment prospects improved, wage income increased and prices remained stable. These near term factors boosted current conditions enough to offset continuing concerns about the future.



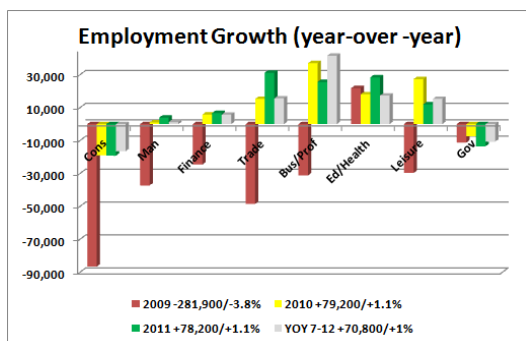
The only real negative news last week was that housing starts fell due to a drop in single-family starts. However, building permits rose more than 6% suggesting that the real trend remains firmly positive for housing.

Florida Economy: More Slow Job Growth

Job growth for the 12-months ending July 2012 rose modestly to 70,000. This marks the third modest monthly acceleration reversing the spring slowdown. Consistent with other labor market indicators, the jobs report suggests that these gains are sustainable, if not particularly strong. In fact Florida's job growth in July was only at a 1% annual pace compared to the U.S. average at a modest 1.4%.



Again this month every sector had growth except for construction and government. Despite the slow improvement in residential construction, this is still insufficient to reverse the continuing contraction in construction. State layoffs at 6,300 kept government jobs falling in July.



On the plus side employment gains accelerated in leisure and hospitality and in health care. Temporary employment services posted an

annual gain of over 27,000 in July which is a good sign. Often firms hire temporary workers before making permanent commitments. Construction related jobs are well represented in this category too.

Tampa-St. Pete led all metro areas posting a 12-month gain of 20,500 jobs propelled by gains in temporary services and leisure. Orlando was a distant second posting a 12-month gain of 10,200 jobs led by gains in tourism. Job growth in South Florida was steady, but the very strong job growth in Miami during 2011 has slowed by half. The recovery in Southwest Florida remains impressive with all Southwest's metros posting accelerating job gains.

Data as of July 2012	Unemployment Rate	% Change Jobs	Change in Jobs last 12 Months
Bradenton-Sarasota	9.3%	0.7%	1,700
Cape Coral-Ft. Myers	9.7%	0.3%	600
Deltona-Daytona Bch.	9.4%	-0.7%	-1,000
Florida	9.3%	1.0%	70,800
Ft. Lauderdale-Pompano	8.1%	0.7%	4,800
Ft. Walton Bch	6.4%	-0.5%	-400
Gainesville	7.8%	-1.5%	-1,800
Jacksonville	9.0%	0.3%	1,800
Lakeland-Winter Haven	10.9%	0.9%	1,700
Miami	9.9%	0.8%	5,800
Naples	9.7%	3.2%	3,500
Ocala	10.5%	0.2%	1,100
Orlando-Kissimmee	9.1%	1.0%	10,200
Palm Bay-Melbourne	9.7%	0.5%	1,000
Palm Coast	12.7%	1.6%	300
Panama City	8.3%	-0.3%	-200
Pensacola	9.0%	-1.8%	-2,800
Port St. Lucie	11.7%	-2.5%	-3,000
Punta Gorda	9.3%	2.2%	900
Tallahassee	8.2%	-1.4%	-2,300
Tampa-St. Petersburg	9.4%	1.8%	20,500
Vero Beach	12.2%	1.6%	700
West Palm-Boca Raton	9.8%	0.8%	3,900

Tallahassee and Gainesville lost jobs, because of the cutback in State government employment which form their most important job base. Job losses in Pensacola and Panama City are also government related in part and from continuing construction losses. Port St. Lucie's job losses were widespread with losses in retail trade, construction and tourism predominating.