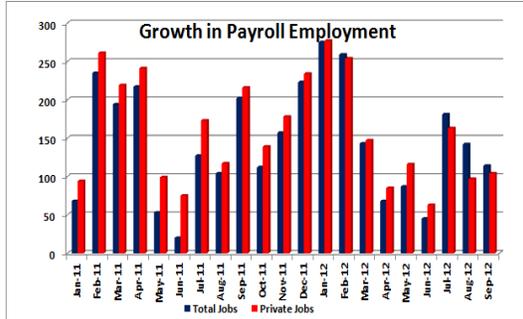


## ECONOCAST™ UPDATE – October 15, 2012

### U.S. Economy – More of the Same

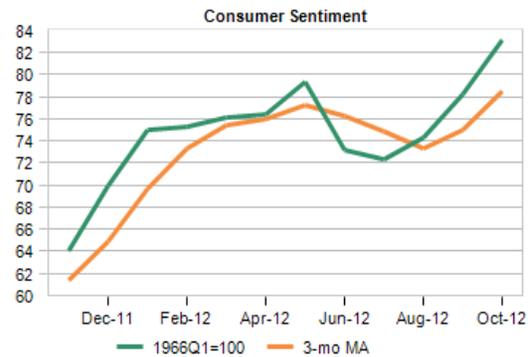
Economic growth remains stuck, running at about a 2% pace, and the latest data point to more of the same. While the big September drop in the unemployment rate was welcome, it overstates improvement in the job market which has averaged about 150,000 new jobs per month since job growth resumed in 2010.



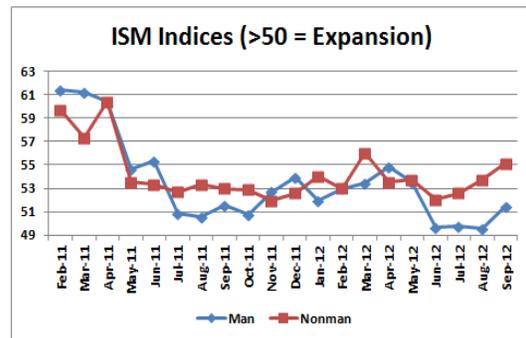
Hiring remains very low, because of continuing uncertainty over U.S. fiscal policy and the painfully slow recovery in housing markets. This will not change until 2013 at the earliest.

Despite all this, consumer confidence rose to a new recovery period high in October, according to the University of Michigan's preliminary report of consumer sentiment. The gain defied

expectations, but there good reasons for the confidence. In particular household wealth has recovered from the recession courtesy of higher equity prices and rising home prices.

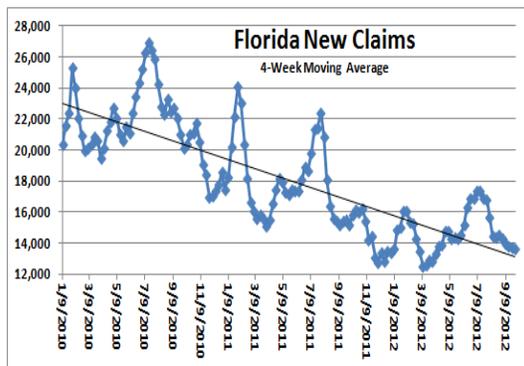


Although U.S. manufacturing remains weak, the September ISM manufacturing index recovered rising to 51.5 for September. This put the index above its neutral threshold of 50 for the first time since May. The ISM nonmanufacturing index also rose in September indicating stability ahead for the rest of 2012.



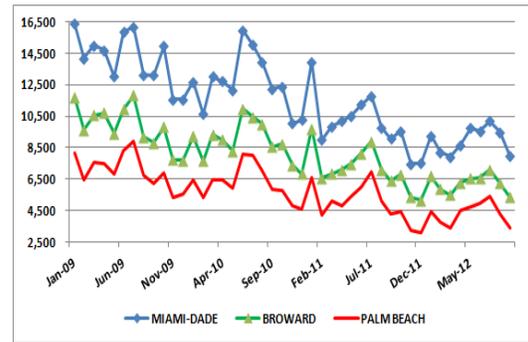
## Florida Economy: New Claims Fall Pointing to Stronger Job Growth

Florida's employment report for September will be released next week, but the leading indicators are encouraging. In particular new claims for unemployment compensation continue trending lower. The trajectory is consistent with the last few years suggesting that job growth will continue to slowly accelerate.

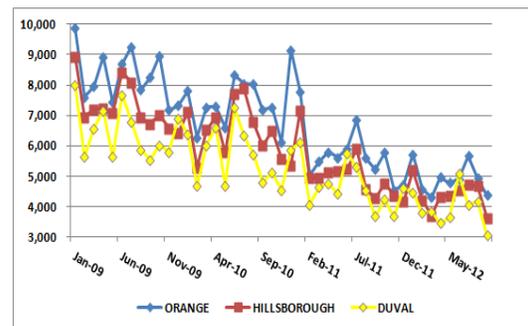


In fact the job report may surprise on the upside, because housing starts are moving higher. This will eventually arrest the contraction in construction employment resulting in accelerating growth.

New claims for south Florida are particularly encouraging. Over the last two months claims have dropped sharply in Miami-Dade, Broward and Palm Beach which points to much stronger employment gains in September. If this occurs, it would reverse the weakening trend in south Florida's employment earlier this year.



Employment growth in central Florida, especially in Orlando and Tampa-St. Petersburg was particularly robust over the last 90-days. The falling level of new claims suggests that these trends are likely to continue with the September report.



Generally, the pattern in southwest Florida is similar. However, the reduction in new claims is not quite as steep as in other parts of Florida. Nevertheless, lower claims should mean stronger job growth in southwest Florida too.

