

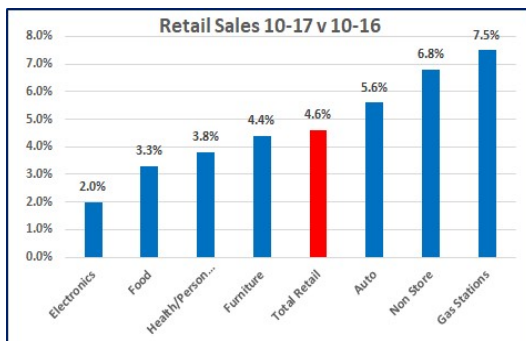
ECONOCAST™ UPDATE – November 20, 2017

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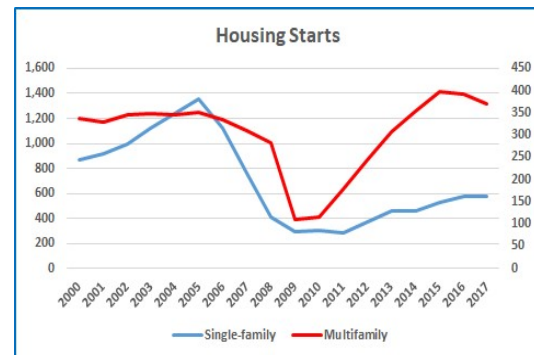
U.S. Economy – Strong Data, Rate Hike and Tax Cuts

Inflation is firming, and real economic growth remains strong based on last week's data. With prospects improving for a tax cut the Fed will raise rates in December.

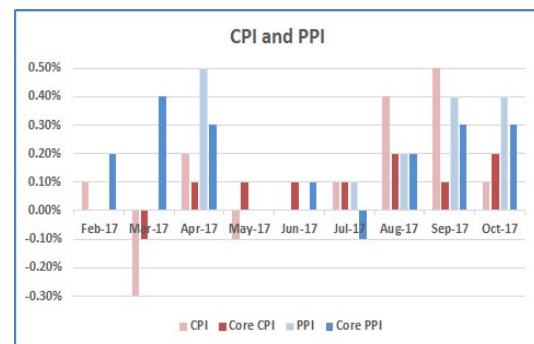
Retail sales spiked 1.9% in September as households replaced cars and repaired homes damaged by hurricanes, so, it is no surprise that retail sales growth slowed to 0.2% in October. Core sales slowed from a gain of 0.6% in September to a still sturdy 0.3% in October. Over the year retail sales were up 4.6% with strong gains at gas stations, auto dealers and non-store e-commerce. Although sales have and will continue to slow at gas stations and auto dealers, rising employment, higher incomes, and stronger housing starts will continue supporting sales.



Housing starts rebounded 13.7% in October in part because of resumed construction in Florida and Texas. But, they are still 2.9% below their level in October 2016.



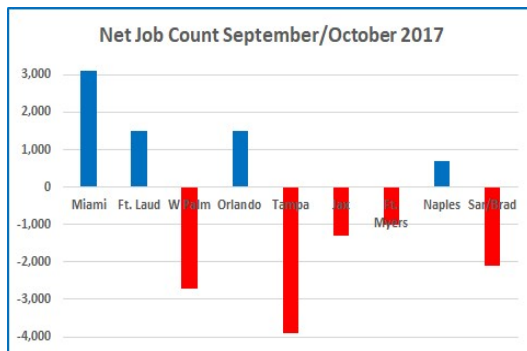
Price inflation firmed in October and September. The PPI for final demand rose 0.4% and core prices rose 0.3%. Although topline CPI slowed in October with falling gas prices, core prices rebounded. Combined with the stronger tenor of real economic growth, the Fed will raise the funds rate in December as expected.



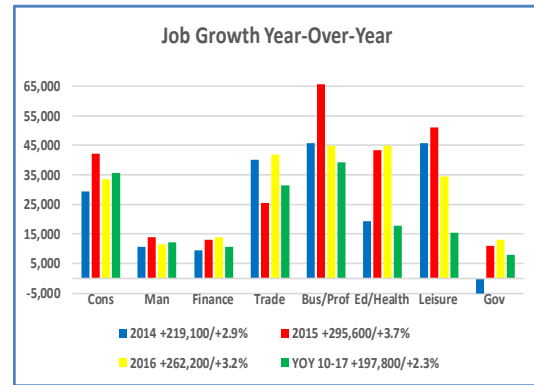
Florida Economy: Job Growth Rebounds from Irma

Job growth rebounded by 125,300 in October almost erasing the loss caused by Irma in September. While most sectors regained all the jobs lost in September, tourism is still recovering. Irma caused many hotels and restaurants in the Keys and along Florida's west and northeast coasts to close for up to three weeks due to power outages. Rebuilding will last for up to six months. This explains October's only partial rebound in leisure and hospitality jobs.

There is significant regional variation in the jobs recovery in October. A job gain of 19,400 in October not only allowed Miami to regain all jobs lost in September but to add 3,000 on net. But a rebound of 14,100 in Tampa still left it 3,900 short of its August total. Outside of Orlando most major metro areas are still not fully back to August employment levels.



So far this year, the statewide employment data show a significant slowdown in job growth. For the 12-months ending in October Florida generated 197,800 jobs which is well below the 262,200 posted in 2016 or the 295,600 in 2015. Substantial slowing of job growth in leisure, business and professional services, and in education/healthcare resulted in the lower trajectory for job gains.



Despite the slowdown in job growth, Florida's unemployment rate dropped to 3.6%. A 3.5% growth in employment swamped the 2.2% gain in Florida's labor force. With the State at full employment, stronger growth in the labor force will be needed to support job growth in 2018. Fortunately, the influx of job seekers from Puerto Rico will support an acceleration in labor force growth.

For the 12-months ending in October, Orlando continued to lead all metro areas for job growth fueled by its robust tourism industry. Both Tampa and Miami posted gains of 28,000 or more with 25,200 job-gain in Ft. Lauderdale.

Data as of October 2017	October 2018	Job Gain Last 12 Months	% Change Jobs
Florida	3.6%	197,800	2.3%
Cape Coral-Ft. Myers	3.3%	-1,200	-0.5%
Gainesville	3.0%	3,600	2.6%
Jacksonville	3.3%	15,800	2.3%
Lakeland-Winter Haven	4.0%	4,800	2.2%
South Florida	3.9%	62,000	2.4%
Ft. Lauderdale	3.3%	25,200	3.0%
Miami	4.6%	28,000	2.4%
West Palm Beach	3.6%	9,000	1.5%
Naples	3.8%	4,700	3.3%
North Port-Sarasota-Bradenton	3.2%	11,200	3.8%
Ocala	4.0%	2,100	2.1%
Orlando	3.2%	36,900	3.0%
Palm Bay	3.5%	4,100	1.9%
Pensacola	3.3%	2,700	1.6%
Port St. Lucie	3.9%	3,900	2.7%
Punta Gorda	3.8%	1,300	2.7%
Sebastian-Vero	4.3%	1,400	2.7%
Tallahassee	3.3%	1,600	0.9%
Tampa-St. Pete	3.3%	28,700	2.2%