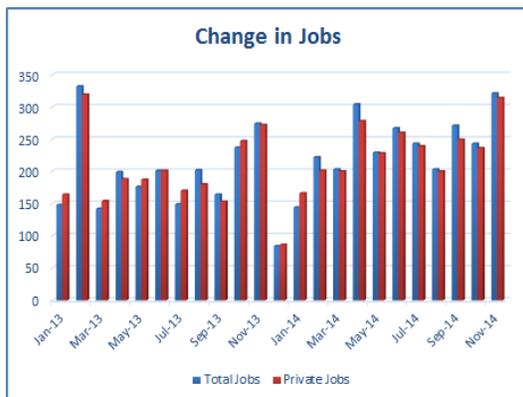


## ECONOCAST™ UPDATE – December 8, 2014

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### U.S. Economy – Lift Off

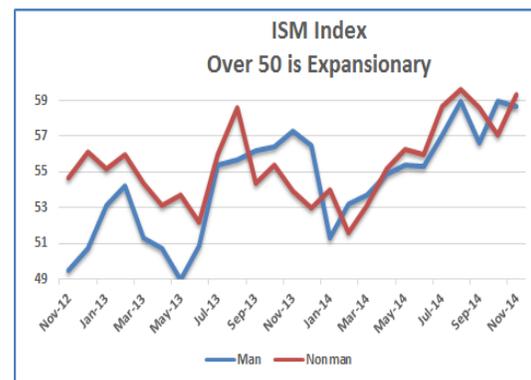
Last week both the Orion space capsule and the U.S. economy lifted off to new heights. All the economic indicators reported last week were positive lead by the blockbuster employment gain of 321,000 jobs in November. The data for the prior two months was revised up 44,000. Noteworthy gains in trade, construction, manufacturing, and professional/business services, occurred. The unemployment rate was unchanged at 5.8%, but average hourly earnings growth accelerated to 0.4% - double is prior monthly average and 4.5% on an annual basis. The average workweek also increased.



With more jobs, higher wages, longer hours, and lower gas prices the

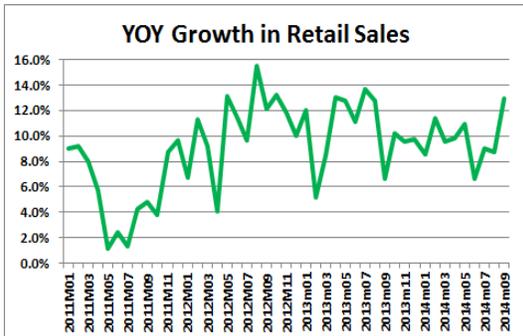
economy is lifting off to 4%+ growth in the 4<sup>th</sup> quarter with stronger momentum carrying into 2015. The only downside is that this strength may require the Fed to raise interest rates a bit sooner than otherwise.

Lower oil prices have caused energy companies to slash their capital expenditures, yet new orders for manufactured goods rose according to the latest ISM manufacturing index. Thus, on balance lower oil prices are a plus for manufacturing. The overall index slipped to 58.7 in November but it is still well above 50 and still signaling expansion. Services accelerated in November pushing the ISM nonmanufacturing index to 59.3. New orders and backlog orders both rose from October to November which will support continuing expansion in the near term.



## Florida Economy: Stronger Retail Sales

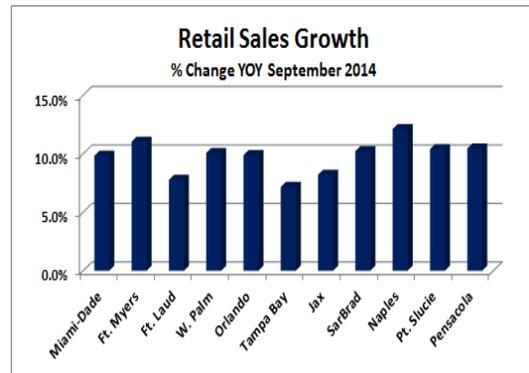
The combined impact of lower gas prices and rising employment are showing up in rising retail sales in Florida. Sales were up 13% in September compared to last year. This was the best YOY gain in over a year.



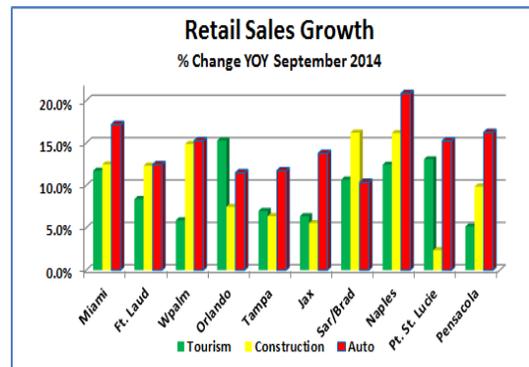
Sales increased in every sector. Soaring sales of cars and durable goods reflect the benefits of gas prices and wage gains for consumers. In addition, tourism and business investment both rose by more than 10% over the year.



Most of Florida's major metro areas enjoyed double digit gains in retail sales over the last 12 months. The only notable exceptions were Ft. Lauderdale, Tampa-St. Pete and Jacksonville. The strength of retail sales across Southwest Florida was particularly noteworthy.



The strong recovery in residential construction is evident across most major metro areas. Gains in the coastal areas were particularly strong over the last 12 months as the data for Miami, Ft. Lauderdale, West Palm, Naples, and Sarasota-Bradenton demonstrate. Auto sales were buoyant all over Florida, but car sales soared by more than 15% in Miami, West Palm, Port St. Lucie, Naples, and Pensacola.



But many smaller MSAs had below average gains in sales.

