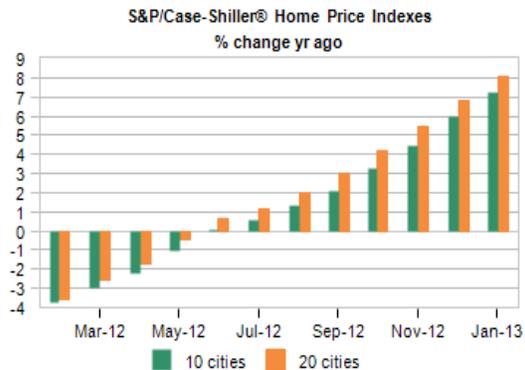


ECONOCAST™ UPDATE – April 1, 2013

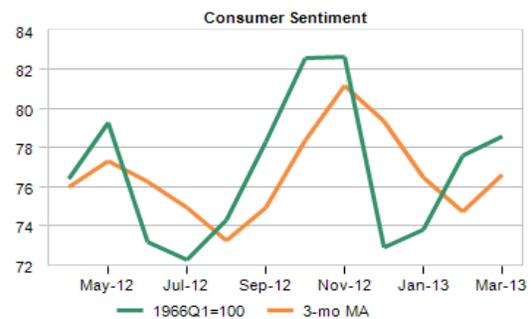
U.S. Economy – Another Positive Week for the U.S. Economy

Housing markets continue to improve with prices for existing homes rising at an accelerating rate so far this year. The Case-Shiller index for the 10-city composite is up 7.3% from last year and the 20-city index increased 8.1%. Prices have risen steadily since July 2012. However, prices remain well below their cyclical peaks. For example, in Miami and Las Vegas prices have increased by over 10% over the last 12-months but remain 45% and 56% respectively below their peaks.

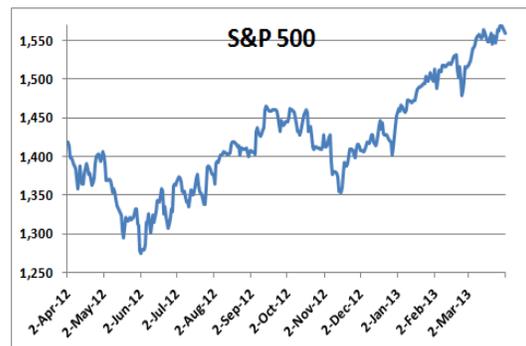


Although new home sales ticked downward and pending sales were off 0.4% in February, pending sales are at their highest levels since early 2010 right before the federal homebuyer tax credit expired.

Consumer confidence improved in March, according to the University of Michigan Consumer Sentiment Survey's final reading. The final reading was much better than the preliminary reading, meaning that sentiment improved during the month based on strong gains in the forward-looking component.



Financial markets largely shrugged off the collapse of the banking system in Cyprus and the ensuing drama over its rescue package. In fact the S&P 500 index reached an all time high last week.



Florida Economy: Budget Progress

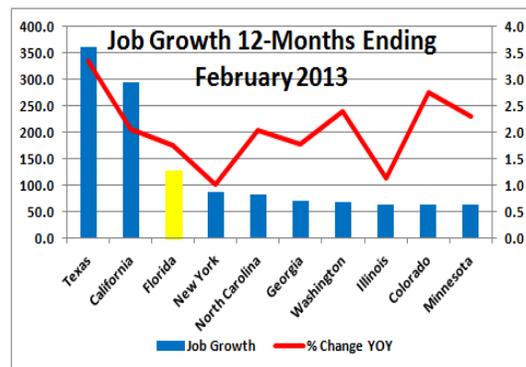
The big economic news in Florida last week was the passage of budgets in the Florida House and Senate for FY 2013-14. Both chambers passed very similar budgets each totaling over \$74 billion, which is an increase of \$4 billion over last year or 6%. This is about the same size budget as the Governor recommended making it nearly certain that this large increase will be enacted. Furthermore, both chambers agree to increase K-12 education spending by about 6% largely offsetting the cuts made during the Great Recession. As a result spending per student will increase to almost \$6,800.

The House and Senate budgets also call for a \$300 million increase in higher education spending replacing cuts imposed last year. After six years of no funding the budgets envision \$25 million in environmental land purchases and over \$25 million for Everglades cleanup.

While each budget would increase Medicaid spending by \$1 billion in 2013-14, neither provides for an expansion of Medicaid coverage under the Affordable Care Act (“ACA” or Obama Care). The Senate does propose to use the federal money on offer, some \$41 million over the next 10-years, to expand a State-based insurance program similar to one approved by the federal government for the State of Arkansas. The House has not yet indicated its position. The Governor has called for an expansion of the State’s Medicaid program as allowed under ACA of which over 90% is paid for by the federal government.

This issue is very significant for Florida’s economy. A recent study by the University of Florida projects a direct impact of 50,000 healthcare jobs and 100,000 total jobs if the federal money is accepted to expand healthcare coverage for the poor is accepted. Obviously, accepting the federal funds and expanding healthcare coverage for an additional 950,000 uninsured Floridians would also improve their healthcare providing an additional economic boost.

The other big State economic news this week was the release of the February employment data. Over the year Florida’s job count increased 128,000 or by 1.7%. This placed Florida third among the states for total job growth, but Florida percentage gain was generally lower than other states with large job gains. This pattern reflects the fact that Florida’s economy continues to improve, but at a modest pace.



Growth in employment should accelerate over the balance of 2013 as housing markets continue improving and with the stimulus of accelerating population growth.