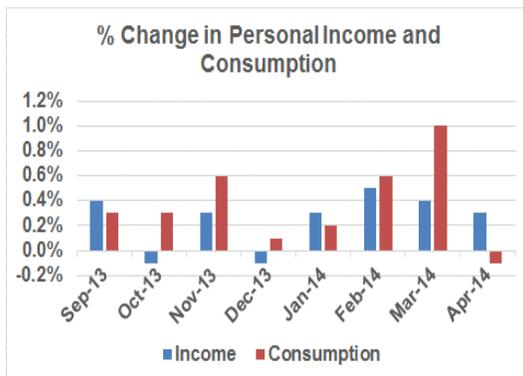


## ECONOCAST™ UPDATE – June 2, 2014

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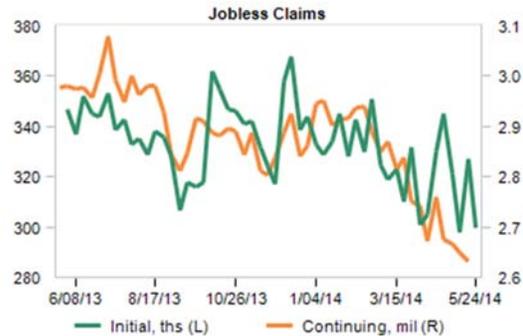
### U.S. Economy – Now What?

GDP contracted at a 1% rate in the first quarter, confirming what we already knew – the weather was bad. The question is how fast will growth rebound? One clue comes from the data on personal income and consumption. Spending jumped a revised 1% in March only to fall back a bit in April. Nevertheless, spending overall is growing robustly with year-over-year growth the second fastest since early 2011. Consumers are contributing to faster economic growth and the trend is encouraging. The fundamentals all point higher including: job growth, real gains in personal income, rising home prices and high stock prices.

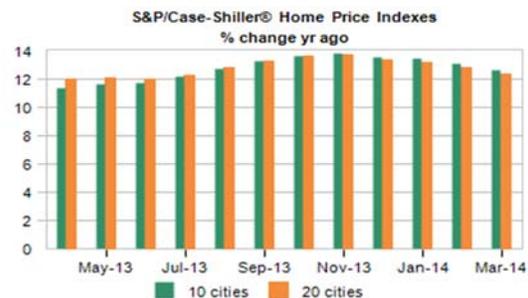


The critical labor market continues to show improvement. Initial claims for unemployment to 300,000 for the

week ending May 24, and the four-week moving average fell from 322,750 to 311,500. Claims have been bouncing around over the past few weeks, which isn't unusual this time of year, as holidays add volatility to new filings. Importantly, the trend in initial claims is favorable supporting the conclusion that job growth will continue to improve.

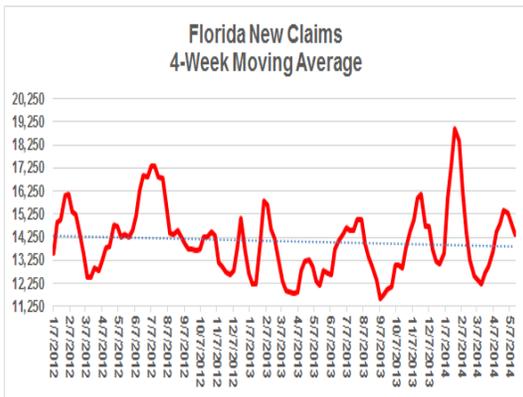


House price growth decelerated slightly in March as year-over-year price appreciation slowed to just 12.4% suggesting that markets are finally stabilizing.

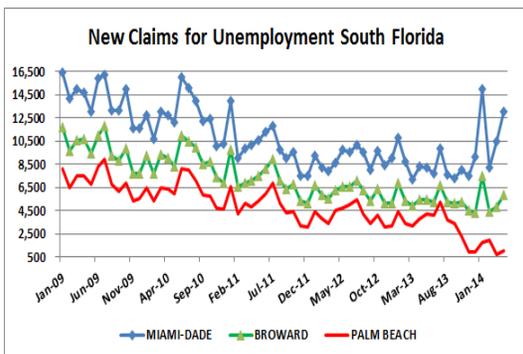


## Florida Economy: Claims Data Point to Stronger Gains Ahead

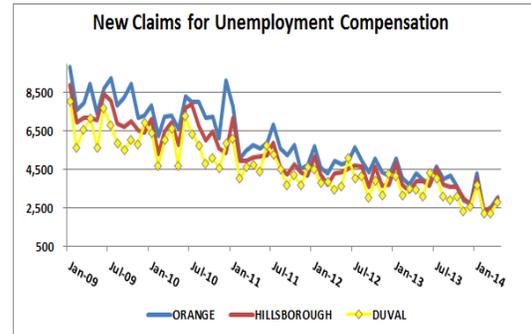
Florida's labor markets are continuing to strengthen based on the data for new claims. Statewide, new claims remained low over the last few reporting weeks. As was the case nationally, the data are a bit volatile due to the Easter holiday and the end of the winter tourism season. Nevertheless, the fact that new claims remained low was encouraging.



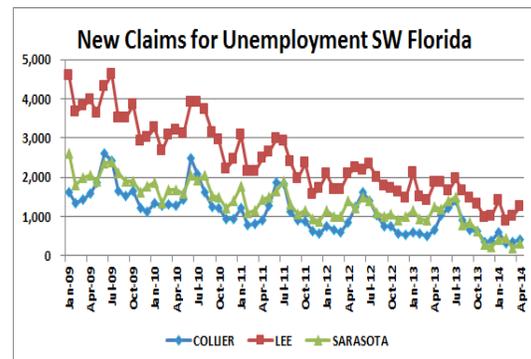
New claims moved higher in Miami-Dade County over the last few months, bucking the generally improving statewide trend. This seems odd given other economic indicators for the area which are all strengthening. So, I do not read too much into this trend yet. Especially, since the data for Broward and particularly for Palm Beach are far brighter.



Claims in the core urban markets of Orange (Orlando), Hillsborough (Tampa), and Duval (Jacksonville) all enjoyed falling trends in new claims for unemployment. These trends point to accelerating job growth over the next few months on top of the previous accelerating trends for job growth in these core markets.



A similar, if not even stronger trend, is apparent in the data for southwest Florida. New claims in Collier (Naples), Lee (Ft. Myers), and Sarasota were all down significantly compared to last year at this time. Despite the recent volatility, the claims data indicate strong recovery in southwest Florida's job market.



These data support my view that Florida's job markets and its economy will accelerate strongly over the next 6-to-12 months. The rising rate of job growth will attract in more labor force aged migrants further boosting retail sales and housing demand.