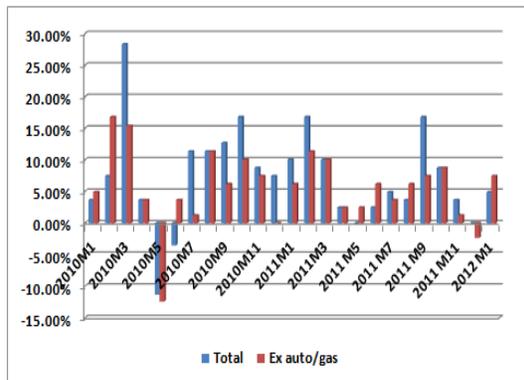




## ECONOCAST UPDATE – February 21, 2012

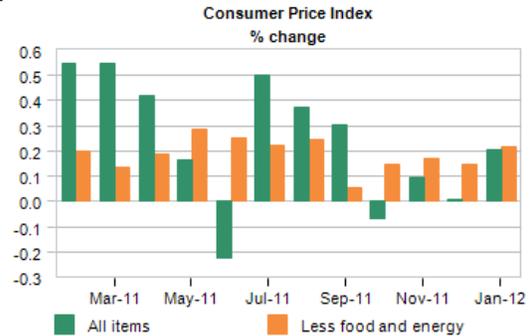
### U.S. Economy – It About Sales and Jobs

Consumers remain cautious with their spending. Retail sales grew modestly in January due in part from warmer than usual weather. Top line sales grew at a 5% rate with core sales growing at a bit faster pace. January's rebound was supported by healthy income growth courtesy of rising employment. However, wages continue rising very slowly. Disposable income growth is even slower, up only 2.3%, because tax payments have risen rapidly and transfer income is falling.

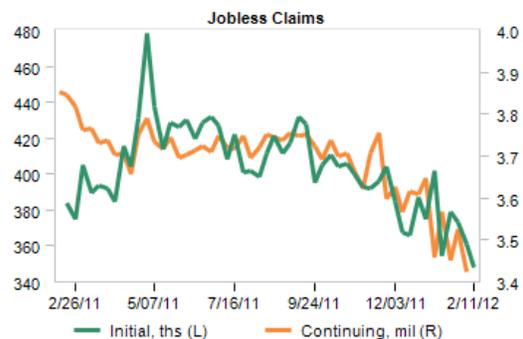


Inflation remains restrained allowing more income to translate into real disposable income. However, commodity prices spiked, especially for gasoline after Iran announced it would stop selling to EU countries

that supported sanctions. Gasoline prices may spike above \$4 this spring which would hurt growth. Furthermore, the core inflation rate is distorted downward by falling home prices.

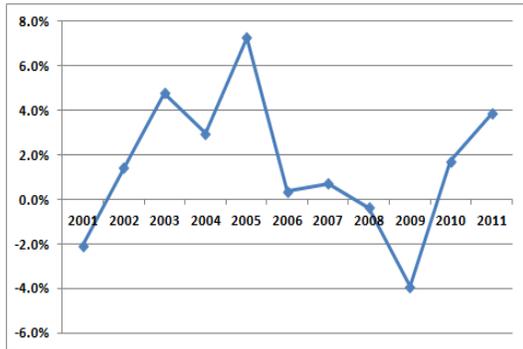


Importantly initial jobless claims fell again. Labor market indicators are more uniformly reflecting better than anticipated conditions in the first quarter. Initial jobless claims signal stronger job growth in the next few months. Also Congress approved extensions to the payroll tax cut and to unemployment benefits.

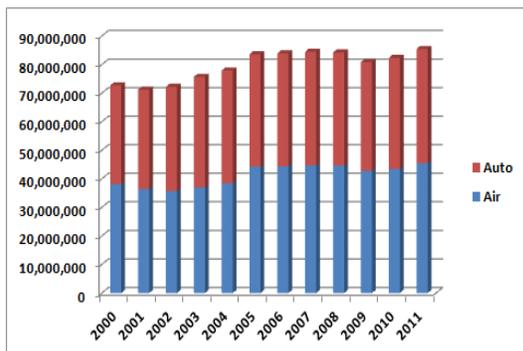


## Florida – Tourism Up 3.8% in 2011

Florida's important tourism industry is finally hitting its recovery stride. Total visits were up 3.8% last year. This marks the strongest growth since 2005.

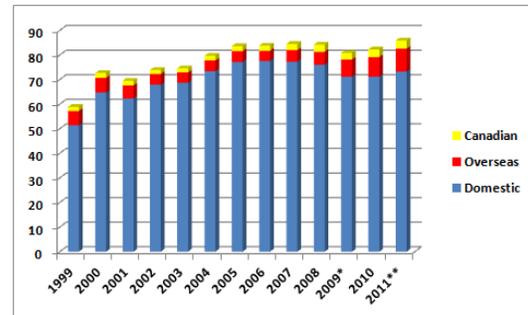


The total visitor count jumped to 85.5 million in 2011. Tourist arriving by air provided the biggest increase, up 4.6%, compared to the 3% gain for those who traveled by car. Since air arriving visitors spend more, this gain was particularly welcome. This makes the second successive improvement for both categories of visitors suggesting that a real recovery is now underway for tourism.



The biggest improvement in tourism came from overseas visitors whose numbers soared 14.3% in 2011. Brazil provided the biggest gain

followed by visitors from Great Britain. Canadian tourism was also strong rising 6.5% in 2011. The recession in Europe coupled with the rising value of the dollar will limit European visitors in 2012. However, the dollar remains weak compared to most Latin American currencies. Even more importantly, the economies of most Latin American countries are expected to have another good year in 2012.



The prospects for the domestic tourism market are particularly good and most important given the size of this component of the marketplace. Rising employment and gains in real disposable income will support an even stronger tourism market in 2012. Strong gains are expected in both leisure travel and in business travel for meetings and conventions in 2012.

Higher gas prices and rising air fares will take their toll. However, neither is expected to rise high enough to offset the growth in disposable incomes or corporate profits which support stronger tourism. Furthermore, higher costs for travel tend not to reduce the volume of visitors appreciably. Instead, visitors tend to spend a bit less on their vacations when travel costs consume more of their vacation budgets.