EW | ECONOCAST™ WEEKLY

ECONOCAST™ UPDATE – April 9, 2018

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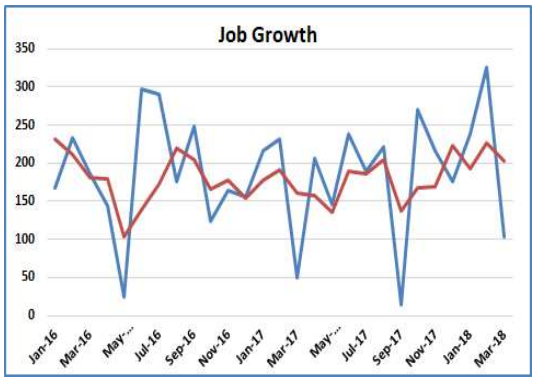
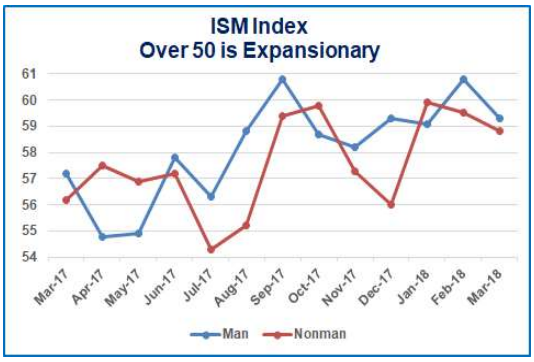
U.S. Economy – Jobs and Tariffs

Payrolls increased by just 103,000 in March. The "weakness" in March job growth is illusory and largely reflects the weather. A warmer than usual February pulled job gains forward, and the snowstorms in March caused weather-sensitive jobs in construction and retailing to fall. The three-month moving average showing 203,000 jobs is more representative and is largely unchanged over the last four months.

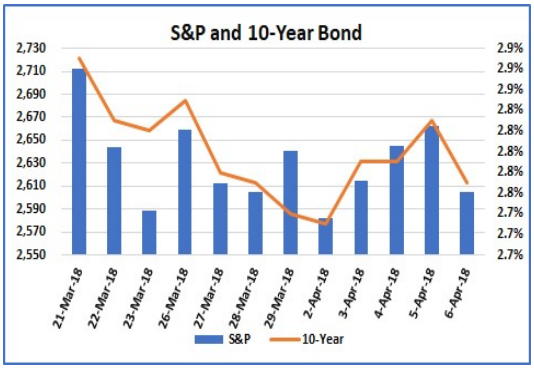


The unemployment rate remained unchanged at 4.1% in March. Average hourly earnings rose 0.3% up 2.7% on a year-ago basis which is about the same as the average gain over the last six months.

The ISM indices dipped in March, but they both remained well above the 50-mark indicating expansion. New orders declined for both segments causing the dip, but prospects remain strong.



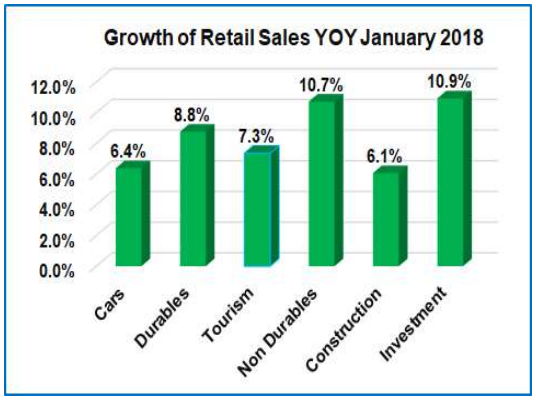
On top of the steel and aluminum tariffs actually imposed on some countries, including China, President Trump threatened another $100 billion in new tariffs that China quickly matched. The increasing risk produced by these announcements triggered sharp swings in the stock and bond markets.



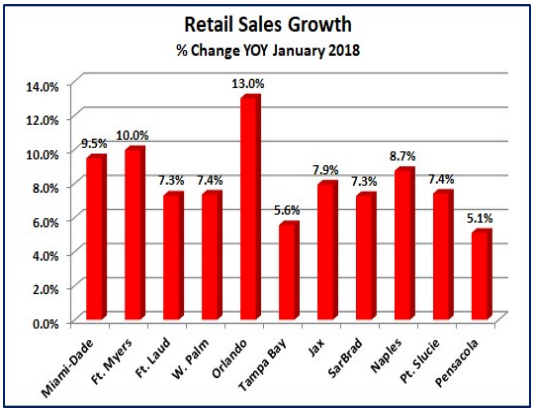
Florida Economy: Retail Sales Rebound

Retail sales rose 8% in January 2018 compared to last year. Over the last three months sales were 7% higher on average, reversing the slowdown that began in the fall of 2016.

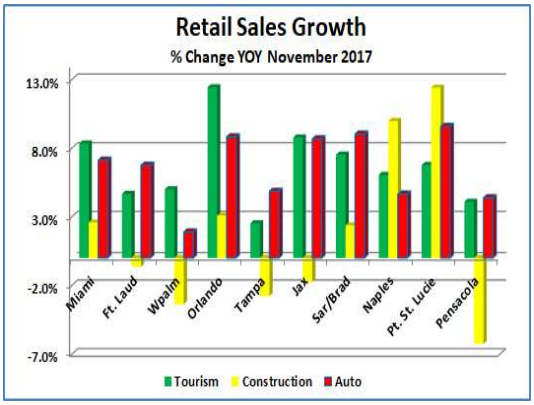
January sales were boosted by double digit gains in investment and in non-durable goods with strong contributions from durables and tourism. Vehicle sales were up over 6% which is nearly double the gain in U.S. vehicle sales. Construction activity remained high but grew somewhat more slowly over the year.



Across Florida's major metro areas, sales gains for the 12-months ending in January ranged from a high of nearly 14% in Orlando to more modest 5% in Pensacola. Sales gains were noteworthy in Southwest Florida and in South Florida. However, retail sales were up only 5.6% in Tampa over the year.



Tourism sales drove Orlando's strong growth in retail sales, and they were also major contributors to the gains in Miami and Jacksonville. Construction spending growth was moderate in most metro areas with the notable exceptions of Port St. Lucie and Naples. A jump in new home construction pushed up construction spending in Port St. Lucie while Naples continued repairs after Irma.



The rebound in retail sales over the last 90-days is consistent with the general upswing in Florida's overall economic activity. Population and job growth remain strong and are accelerating this year along with rising tourism. These forces will keep retail sales growing strongly for the balance of 2018.