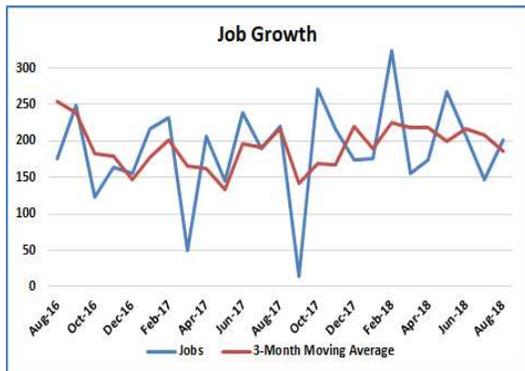


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U.S. Economy – Job Growth Yields Higher Wage Gains

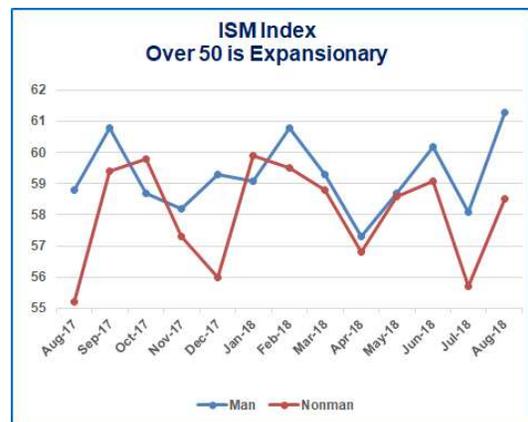
Finally, after 95 continuous months of job growth, the labor market has tightened sufficiently to generate wage growth of nearly 3%, which is the highest rate this cycle. This also brings wage growth in line with data from the Employment Cost Index, which adjusts for job mix and is a more reliable measure of wage trends. Payrolls rose 201,000 in August, and although revisions to the two prior months subtracted 50,000 from the total, job gains have averaged 185,000 over the last three months which tops the 2017 monthly average of 181,000 new jobs.



Although unemployment remained at 3.9%, the participation rate declined slightly to 62.7%. But more importantly, the broadest measure of

labor underutilization, the U-6 index, declined from 8.4% last year to 7.4% this year, as fewer people are working part time involuntarily.

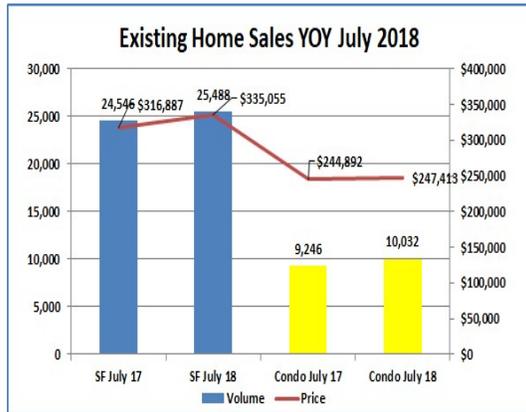
The ISM indices rose strongly in August. The manufacturing index jumped to 61.3 based on stronger production, employment, and new orders. Supplier deliveries increased, pointing to growing supply chain issues. Non-manufacturing also rebounded driven up by new orders and higher employment, but here too supply chain issues are emerging with delivery times stretching further out.



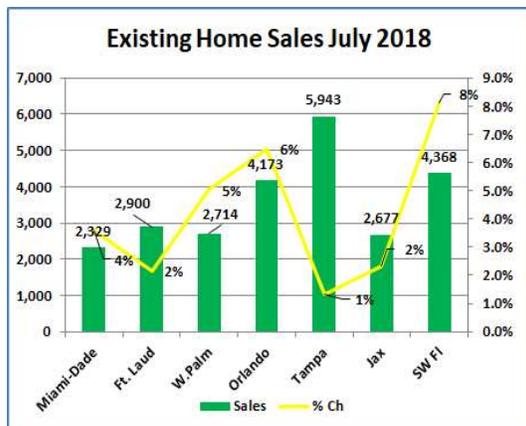
Strong job gains and rising ISM surveys all but assure an increase in the fund rate when the Fed meets later this month.

Florida Economy: Home Sales Rebound Modestly in July

Existing home sales rebounded in July recovering losses last month. Single-family sales rose 3.8% and prices were 5.7% above last year. The condo/townhome segment sales rose 8.5%, but prices were only 1% over last year. Markets remain historically tight with only 4 months of inventory for singles and 5 for multis at current sales rates. Higher prices are beginning to result in rising new listings, but the increases in new listings are barely keeping pace with rising sales. So, inventory levels remain very low.



Sales of existing homes totaled almost 6,000 in Tampa Bay in July topping all major markets, but sales only increased by 1% over the year.



Inventory levels in the Tampa Bay market are below 3 months at their current high sales levels which is constraining sales volume. Similar forces are at work in most other major markets in Florida including Orlando and Jacksonville. Sales rose 8% in Southwest Florida with big increases in sales of both single-family and multifamily units in Ft. Myers and in Sarasota-Bradenton.

Inventory levels continued to be high in Miami-Dade, especially in the multifamily segment. However, sales were up 8% and new listing down 8% in July. If these trends continue, market conditions should improve significantly. However, as reported two weeks ago, new construction is accelerating at an unsustainable pace. Otherwise, inventory levels are stable in Ft. Lauderdale and in West Palm Beach.

