

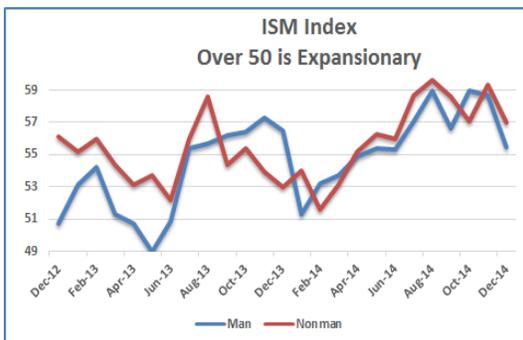
ECONOCAST™ UPDATE – January 5, 2015

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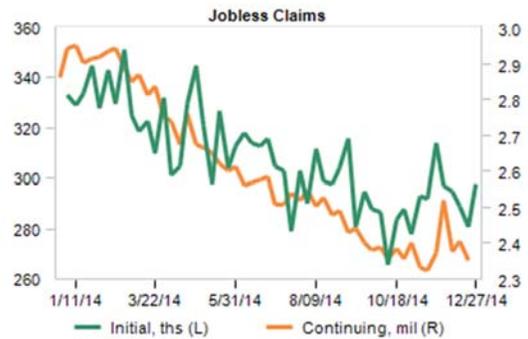
U.S. Economy – Happy New Year

Indeed, 2015 promises to be a happy year for the economy. Coming off a 5% growth spurt in 2014Q3 the final quarter data are likely to be a bit weaker, but still quite strong at about 3.5% growth for GDP SAAR.

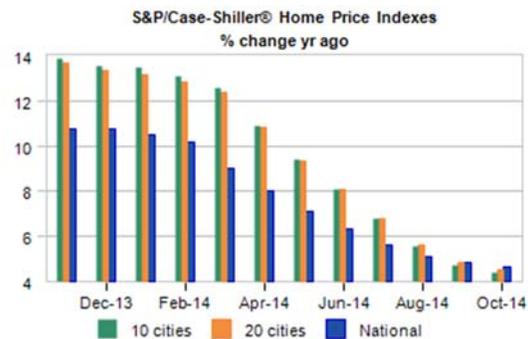
The strong dollar and weaker trajectory for the global economy are beginning to take a toll on U.S. manufacturing. The ISM index for manufacturing dipped in December, because new orders dropped from a lofty 66 to 57.3 and inventory production dipped (not a bad thing). The index remains well above the neutral score of 50. So although U.S. manufacturing lost some momentum, production remains very high and will continue to contribute to growth. The ISM nonmanufacturing index will be released later this week, and it too will dip, but remain well above 50.



The December jobs report will be released on Friday, and I expect it to be strong, but a bit less than November. The initial claims data ticked up, but there is a lot of holiday volatility. The four-week moving average, was little changed at 290,750. So the trend in initial claims remains favorable.

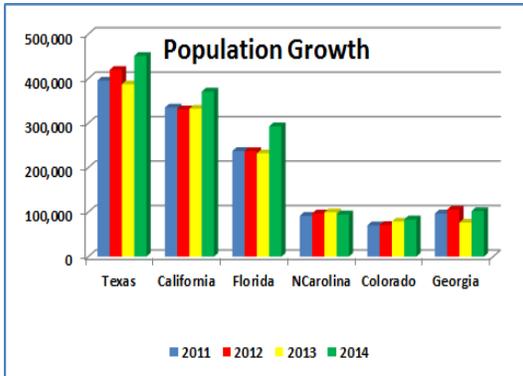


Finally, the Case-Schiller home price index rose just 4.4% in October compared to last year. Home prices continue to decelerate smoothly.

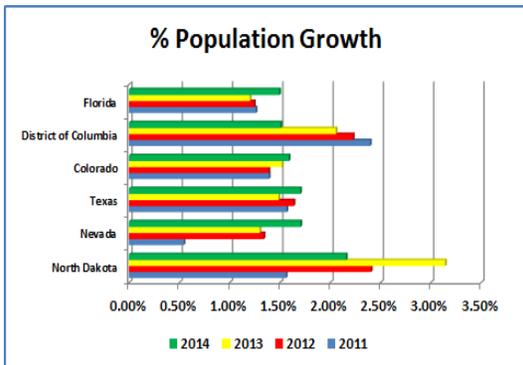


Florida Economy: Population Growth Accelerates

As noted last week, Florida's population growth finally broke above the 240,000 per year level in 2014 jumping to nearly 300,000. Interestingly, most of the other fast growing states, also saw population growth accelerate in 2014 with the exception of North Carolina.



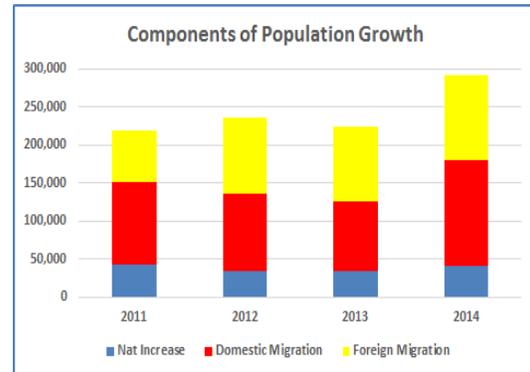
Not only did population growth increase in absolute terms in Florida in 2014, but Florida's rate of population growth also increased pushing the state to 6th fastest in the U.S. in 2014.



Among the fastest growing states, only Florida and Texas rank high for both absolute gains and percentage growth rates.

A strong rebound in domestic migration into Florida was largely responsible for the acceleration in

Florida's population growth in 2014. Domestic migration jumped 51% in 2014 compared to 2013 soaring of by nearly 50,000. International migration also increased, but only by 13% or about 13,000. Natural increase, the excess of births over deaths, has remained fairly steady over the last four years at about 38,000 per year.



The strong rebound in domestic migration into Florida bodes well for the future. The stronger U.S. economy coupled with still low interest rates foster more retiree migration into Florida. It is easier for potential retirees to sell their homes, and home prices are significantly up from their recessionary low points (even though they have yet to fully regain their prior peaks). In addition, stronger job growth in Florida is attracting more labor force aged migrants and their families. These conditions are likely to continue this year and into at least the first half of 2016.

Finally, there is every reason to believe that international migration into Florida will also remain strong in 2015 adding at least another 100,000 to Florida's population. Economic conditions continue to deteriorate in Venezuela and Argentina which have provided many of the recent international migrants.