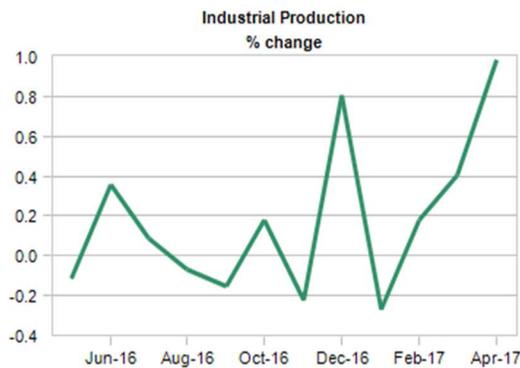


ECONOCAST™ UPDATE – May 22, 2017

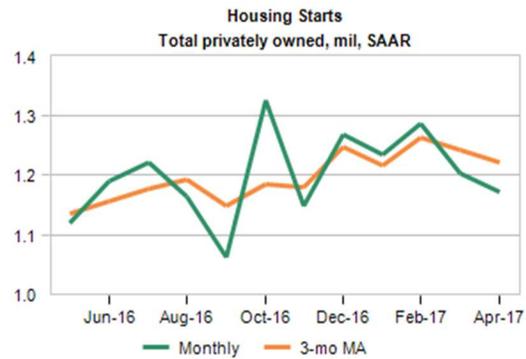
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U.S. Economy – Political Turmoil

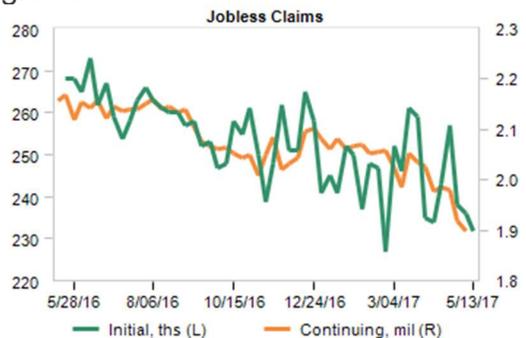
Although there were relatively few economic reports this week, political developments more than made up for the deficit. The big economic news was that industrial production rose 1% in April for its third gain in a row. Manufacturing production advanced 1%, for its best monthly gain since February 2014. The trend suggests that factory conditions are improving.



Housing starts dipped 2.6% in April, courtesy of a 9.7% drop in multifamily starts. Apartment construction is slowing as the market digests the past surge in construction deliveries. Single-family starts rose in April. Permit activity points to a levelling off for apartment construction and slow but steady gains for single-family construction.



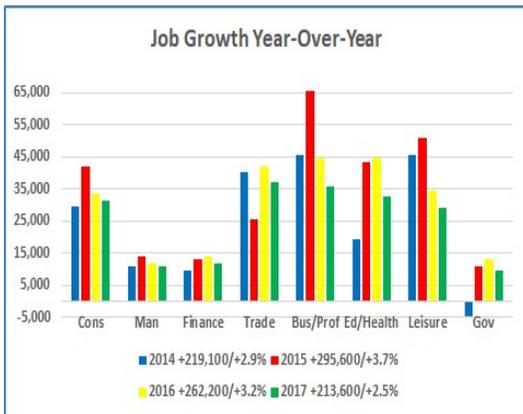
New claims for unemployment compensation continued declining pointing to continuing strong job growth.



Robert Mueller was appointed as special counsel to oversee the investigation into ties between President Trump's campaign and Russian officials, while the Congressional probes also continued. The political turmoil will delay, if not derail, plans for infrastructure spending, tax cuts, and healthcare. Tellingly, interest rates and the dollar declined last week.

Florida Economy: Job Growth Slows

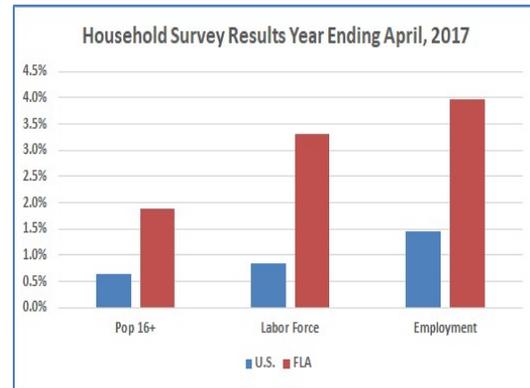
Although job growth rebounded by 10,900 on a seasonally adjusted basis in April, more than offsetting the loss posted in March, the more reliable year-over-year pace of job growth is clearly slowing. For the fourth month in a row, year-over-year gains have slowed. While every major employment sector posted positive results in April, every gain was below the 2016 result.



The household survey data paint a somewhat different picture. Employment gains are accelerating on a monthly basis. Employment was up 369,000 for the year ending in April compared to the job gain of just 213,600. In the past when Florida's labor market has expanded strongly, the survey data for jobs tends to understate the actual gains. This occurs because new firms are not included in the monthly job surveys. This undercount is corrected each year in the March benchmarking. The household surveys are not subject to this bias, although they too have their own frailties. That said, I think Florida's actual job growth is stronger than the reported data.

The growth in Florida's labor market is also stronger than national

averages. Florida's population is growing three times faster than the U.S. Florida's labor force is growing almost four times faster reflecting the strong employment gains, which are drawing job seekers from other states as well as prompting more Floridians to seek work.



The I-4 corridor continues to lead the State in job gains with Orlando's 3.4% gain totaling 40,900 jobs over the year. South Florida's total job gain of 60,400 is impressive, but its rate of job growth at 2.3% - below the State average.

Data as of April 2017	Unemployment Rate	last 12 Months	% Change Jobs
Florida	4.5%	213,600	2.5%
Cape Coral-Ft. Myers	3.7%	900	0.4%
Gainesville	3.4%	5,900	4.3%
Jacksonville	3.8%	20,200	3.0%
Lakeland-Winter Haven	4.4%	6,100	2.9%
South Florida	4.4%	60,400	2.3%
Ft. Lauderdale	3.8%	24,400	3.0%
Miami	5.0%	21,500	1.9%
West Palm Beach	3.9%	15,700	2.6%
Naples	3.6%	2,200	1.6%
North Port-Sarasota-Bradenton	3.7%	9,800	3.4%
Ocala	4.7%	3,000	3.0%
Orlando	3.6%	40,900	3.4%
Palm Bay	4.1%	7,500	3.6%
Pensacola	3.8%	5,900	3.5%
Port St. Lucie	4.3%	3,700	2.6%
Punta Gorda	4.3%	1,800	3.8%
Sebastian-Vero	4.7%	1,600	3.2%
Tallahassee	3.7%	5,300	3.0%
Tampa-St. Pete	3.8%	34,700	2.7%

Perennially laggards, Tallahassee and Gainesville, posted job gains of 3% and 4.3% over the year boosted by rising State and federal job counts.