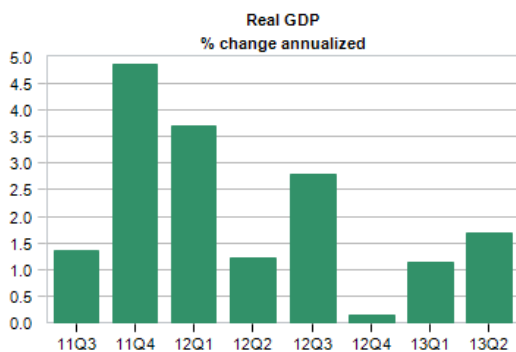


## ECONOCAST™ UPDATE – August 5, 2013

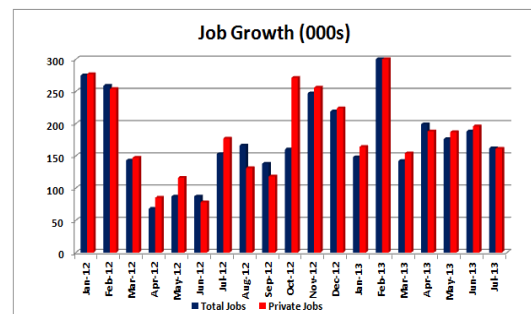
### U.S. Economy – Modest Growth Continues

Last week's data show slightly faster economic growth, but the rate of growth remains modest. For example, although real GDP grew in 1.7% (SAAR) in 2013Q1, revised data show growth of just 1.1% in the first quarter. The acceleration came in nonresidential investment, particularly structures and exports, and government drag also shrank. But this was offset by slower growth in consumer spending and faster growth in imports.

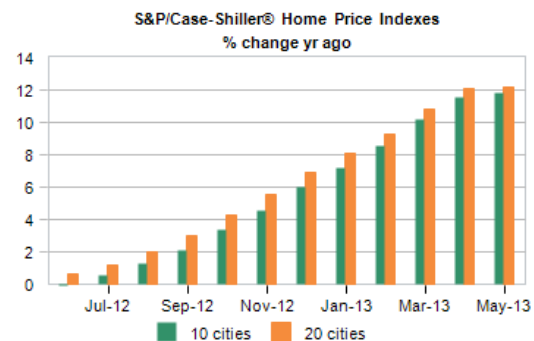


On a year-over-year basis GDP grew by just 1.4%. This is well below the Fed's forecast, and with inflation also below forecast the greatly dreaded beginning of "tapering" is likely to be further delayed.

The modest gain of just 162,000 jobs in July reinforced the theme of modest growth. A surprising decline in construction jobs and weaker gains in professional/business services and leisure/hospitality restrained payrolls. Worse yet, gains for May and June were revised down in both months. The unemployment rate fell to a cyclical low of 7.4%, but this was due to a decline in the labor force.

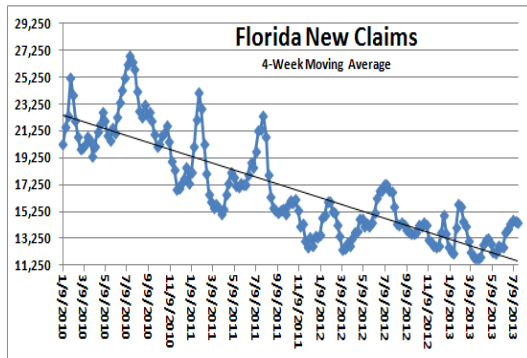


On a brighter note, existing home prices have continued increasing and are up 11.8% over last year.

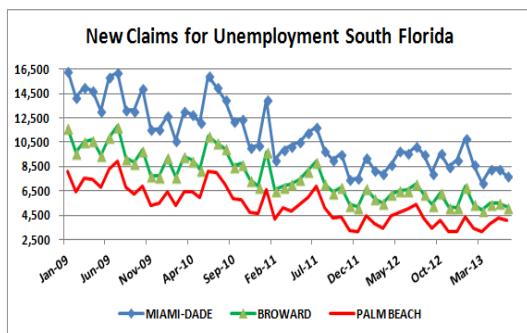


## Florida Economy: Modest Job Growth Likely to Continue

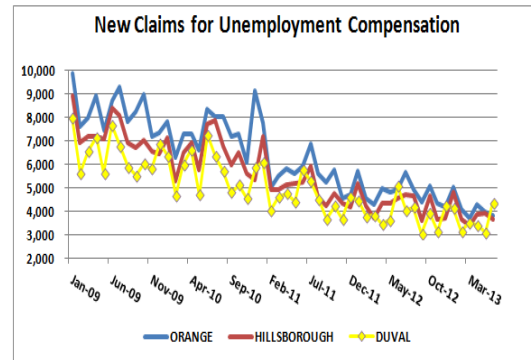
Much like the nation Florida's labor markets have had only modest gains. This pace is likely to continue for the balance of 2013 given the prospects of only moderate growth in the national economy and recent data on unemployment claims. New claims for unemployment compensation have again moved above trend over the last month. Furthermore, the data appear to have reached an inflection point displaying little overall improvement over the last 18-months.



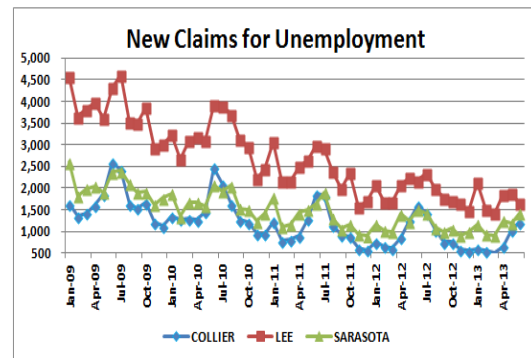
Florida's largest labor market which is South Florida (consisting of Miami-Dade, Broward, and Palm Beach counties) is largely responsible for the moderating labor market. New claims data have failed to improve very much in South Florida for the last 18-month period.



While the momentum toward fewer jobless claims has slowed in Florida's other major metro areas including Orange, Hillsborough, and Duval counties, it is still trending lower. This is because home construction and tourism are a bit stronger in these markets.



Labor markets in Southwest Florida show the same pattern of softness over the last 18-months as the State and South Florida. Here a more moderate improvement in new home construction has limited the improvement in the area's labor market.



The looming budget battles in Washington will likely create sufficient uncertainty limiting any acceleration in real GDP for the balance of 2013 as I had previously expected. Therefore, labor markets must wait until 2014 for faster growth.