

## ECONOCAST™ UPDATE – September 22, 2014

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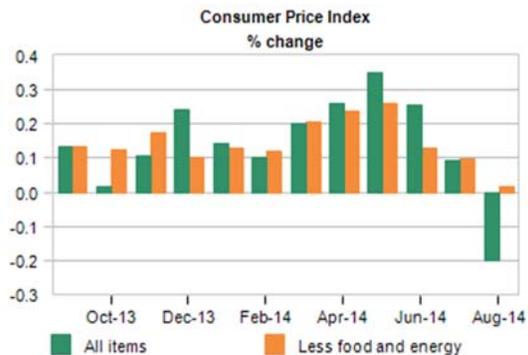
### U.S. Economy – Less Risk

Risks to the U.S. outlook receded a bit this week. Scotland voted to remain in the UK. The Federal Reserve recommitted to keeping the fed funds rate rock bottom for a “considerable time” after the quantitative easing program ends. This is consistent with the latest U.S. data indicating very low inflation, modest capacity utilization, meager wage gains, and moderate growth in aggregate demand. There was no reason for the Fed to change course, and it did not.

Despite two dissenting votes by inflation hawks at the Fed, inflation is not a worry. In fact prices actually fell in August pushed down by falling energy prices.

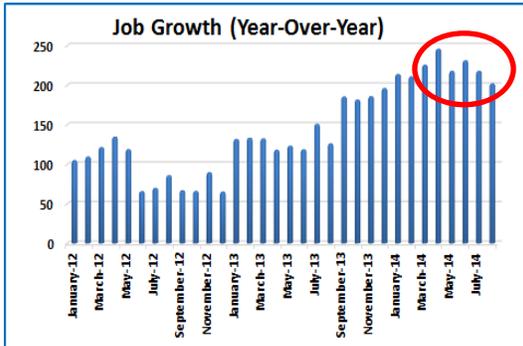
Looking forward price pressures are simply not there. Despite stronger sales, most core consumer categories including apparel and household furnishings lack pricing power. Producer prices were flat in August. Global demand is weakening once again and import prices dropped for the second month in a row.

Housing starts slowed down after the big jump in July, but starts are still at a high level. The decline was concentrated in the volatile multifamily segment, so not too much should be read into this. Despite the August slowdown, housing starts are still 8% ahead of last year. For the year to date starts are also considerably stronger than 2013.



## Florida Economy: Job Growth Slows but Remains High

Job growth for the 12-months ending in August totaled 202,000. Any number above 200,000 on an annual basis is a strong one, but job growth has clearly topped out for now.

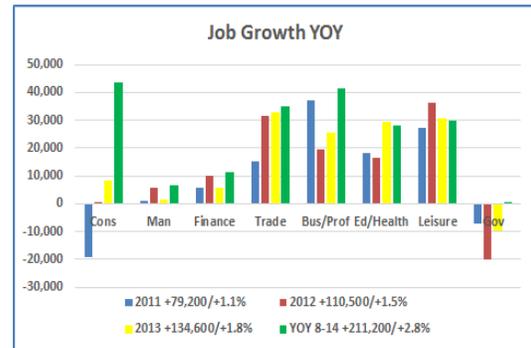


Compared to other states, Florida's figures look good. Only Texas had faster job growth with only Texas and California generating more total jobs than Florida over the last 12 months.



Every sector of Florida's economy had positive job gains over the year except for government. Business and professional services contributed 41,100 jobs over the year lead by gains in employment services. This is a good leading indicator since firms often first employ temps before full time hiring. Construction gains were particularly noteworthy up 40,600 over the year. With rising population jobs in retail trade and healthcare also grew strongly. Finally, rising tourist

visitations pushed up the leisure and hospitality sector along with restaurants and bars.



Across Florida job gains were concentrated among the larger metro areas, especially in Orlando, Miami, Jacksonville, and Sarasota-Bradenton. Each had strong total job gains coupled with above average rates of job growth for the 12-months ending in August 2014.

Data as of August 2014	Unemployment Rate	% Change Jobs	Change in Jobs last 12 Months
Cape Coral-Ft Myers	6.7%	1.4%	3,000
Ft Walton	4.9%	3.3%	2,600
Deltona-Daytona	6.5%	1.4%	2,200
<b>Florida</b>	<b>6.7%</b>	<b>2.7%</b>	<b>202,500</b>
Ft. Lauderdale	5.7%	1.9%	14,700
Gainesville	5.5%	0.6%	800
Jacksonville	6.6%	3.3%	20,400
Lakeland	7.9%	1.1%	2,100
Miami	7.3%	3.0%	31,300
Naples	6.9%	2.5%	3,100
Brad-Sarasota	6.5%	4.1%	10,500
Ocala	7.8%	-1.5%	-1,400
Orlando	6.3%	3.4%	36,900
Melbourne	7.1%	0.7%	1,300
Palm Coast	9.5%	2.5%	500
Panama City	6.1%	1.2%	900
Pensacola	6.5%	1.4%	2,300
Pt St Lucie	8.1%	1.2%	1,500
Punta Gorda	6.7%	2.1%	900
Vero Beach	8.7%	-1.1%	-500
Tallahassee	6.2%	1.3%	2,200
Tampa-St. Pete	6.8%	1.3%	15,200
West Palm	6.6%	2.3%	12,500

Although Tampa-St. Pete posted good numbers, the rate of job growth was disappointing. Job growth slowed some in Southwest Florida as home construction topped out. Ocala and Vero lost jobs and there was continuing weakness in Pensacola, Tallahassee and Gainesville all areas where government employment is important.