

## ECONOCAST™ UPDATE – October 28, 2013

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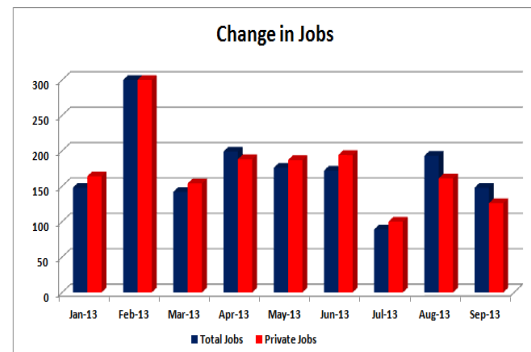
### U.S. Economy – A Wish and a Prayer?

Federal economic data again became available this week, but the shutdown renders much of it incomplete or unreliable. Not until January will we have untainted information. So we operate on a wish.

Consider the release of long awaited employment data for September. Payrolls increased only 148,000 in September with the latest three-month average gain of only 143,000. Weakness in leisure/hospitality dragged down the totals. But, federal government jobs rose 22,000, because the reporting weak came before the shutdown. The October data will be depressed by the shutdown impact and the November data will rebound as the furlough ended – but none of this reflects any fundamental changes. So, we will have to wait until January when the December report provides the first insight into the trajectory of the underlying economy.

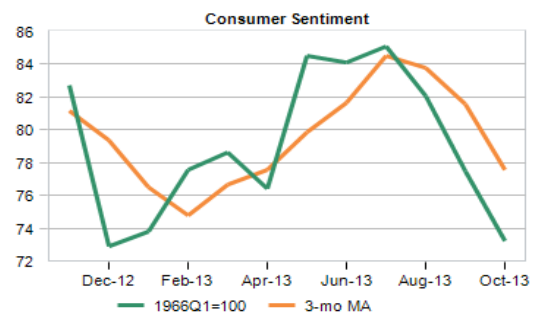
Nevertheless, since the crisis in the federal government is not yet resolved, the uncertainty will

continue and suppress hiring over the next few months.



And we operate on a prayer, that the Congress can agree on a budget by January 15, 2014 and raise the debt ceiling before February 7, 2014.

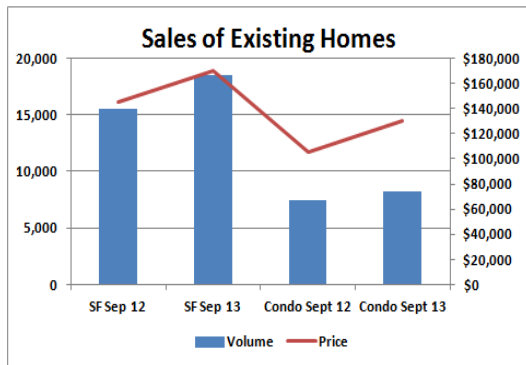
No surprise that consumer confidence has dropped sharply. Households not only viewed the current environment pessimistically, more ominously they also expressed concern about the future – and just before the critical Christmas season.



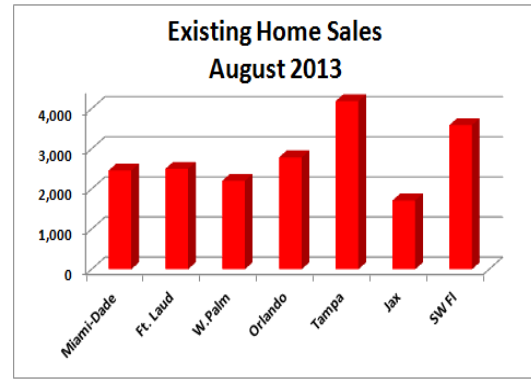
## Florida Economy: Outlook After the Shutdown

The decline in leisure/hospitality employment nationwide points to a weak employment report for Florida. But those numbers will not be released until mid November. So, we too operate on a wish and a prayer until we get more data and a resolution on federal fiscal policies on a budget and the debt ceiling.

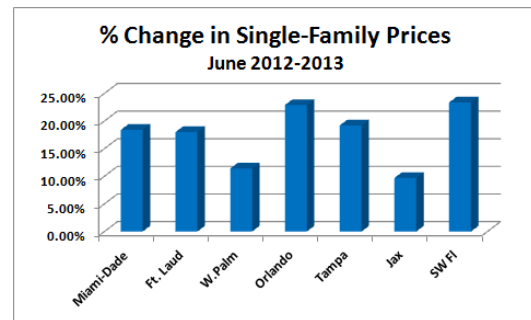
The latest data for sales of existing homes as of September 2013 show that Florida's housing markets continue making progress. Sales of existing single-family homes were up 19% compared to last year and the median price rose over 17%. Sales of existing condominiums improved at similar rates. Inventories of both single-family homes and condominiums remained very tight with less than a six month supply available.



Sales of existing single-family homes and condominiums rose strongly across all of Florida's major metro areas in September. Gains were particularly noteworthy in Tampa Bay with over 4,000 closings in September.



Pricing also improved with median prices for single-family homes rising by more than 20% over the last year in Orlando and Southwest Florida and more than 15% in Miami-Dade, Broward and Tampa Bay.



The supply of homes for sale is very tight. Generally, markets have about six months of supply based on current sales rates when they are equilibrium. Markets across all of Florida's major metro areas are considerably tighter, especially in Orlando and Tampa Bay.

