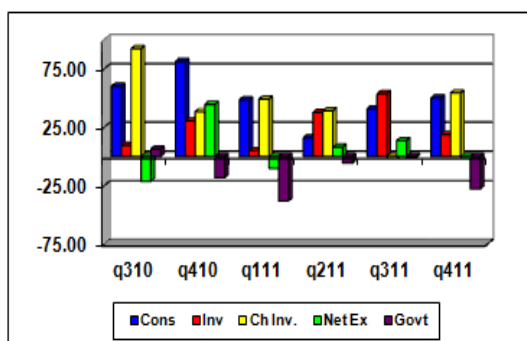




ECONOCAST UPDATE – March 5, 2012

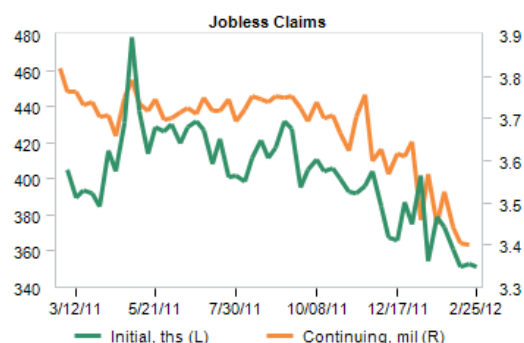
U.S. Economy – Still 3% Growth

GDP growth continues tracking at a 3% pace, however, the composition of growth in the 4th quarter are concerning. Gains were driven by rapid inventory accumulation which is not sustainable. So, growth in final sales dropped from 3.2% in the third quarter to 1.1% in the fourth. Trade became a minor drag, and this trend will continue as the recession in Europe limits exports. The reduction in fiscal stimulus and belt-tightening at all levels of government are also a drag on the economy. The final revisions to 4th quarter GDP included a substantial upward revision to income. Wage and salary income is now reported to have risen 6.6% in the third quarter and 5.5% in the fourth. Furthermore, consumption spending was also revised upward. But, growth must accelerate to burn off the inventory.



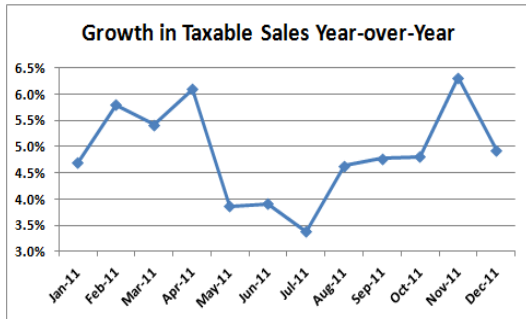
The outlook appeared to be improving at this time last year, only to be derailed by an unexpected surge in commodity prices and the Japanese earthquake. It would not take much to repeat the pattern this year, since business and consumer sentiment remains volatile.

Despite this jobless claims edged lower again last week, holding firm at recent lows that match the best readings in four years. Although improvement has slowed from the rapid declines of early 2012, it is encouraging that claims are maintaining their improvement and not retrenching. Jobless claims are holding at a level more consistent with a healthy economy, adding to optimism that job growth in February will remain strong. The report will come out on Friday and will dominate the week's economic news.



Florida Economy: Retail Sales Improve

Florida's taxable sales grew at an average rate of almost 5% last year. Although the monthly gains, measured on a year-over-year basis, are somewhat variable, the general strength of sales reflects the sustained nature of Florida's economic recovery.

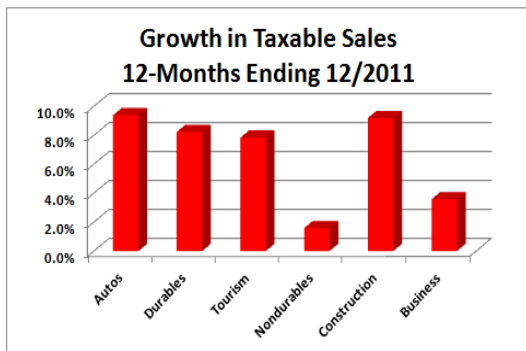


Sales were up by 8.5% compared to December 2010 totals. Ft. Lauderdale and West Palm Beach had sales gains of 5.6% and 4.1% respectively. The sales gains in Tampa Bay, Orlando, and Jacksonville were all below the state-wide averages. This relative weakness illustrates the still uneven nature of Florida's recovery cycle to date.



The composition of the growth in retail sales is also encouraging. For the 12-months ending in December 2011 sales of autos, durables, tourist related goods, and construction were all up by 8% or more. The recovery in construction related sales suggests that finally this sector has bottomed out. The jump in the sales of autos and durables reflects two things, some pent up demand and confidence that Florida's recovery will continue.

Florida's southwest coast, which bore the brunt of the housing cycle, is improving. Retail sales in Naples soared 7.2% over the last 12-months as tourists and seasonal residents flocked to the area. Ft. Myers' sales improved 4.2%. But sales were only up by 3.2% in Sarasota-Bradenton.



Despite slower population growth and constraints on state spending, Gainesville managed a 3.5% sales increase. However, the panhandle was considerably weaker. Both Pensacola and Panama City saw sales drop over the last 12 months.

The Miami-Dade MSA lead the metro areas in retail sales growth.

