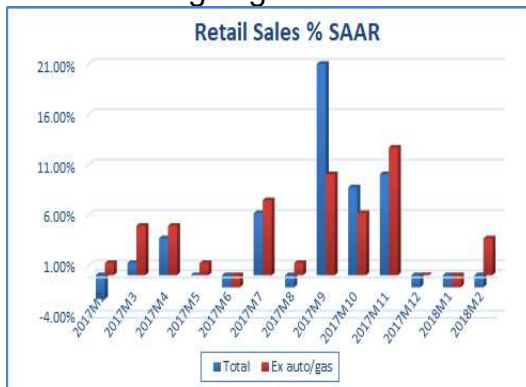


ECONOCAST™ UPDATE – March 19, 2018

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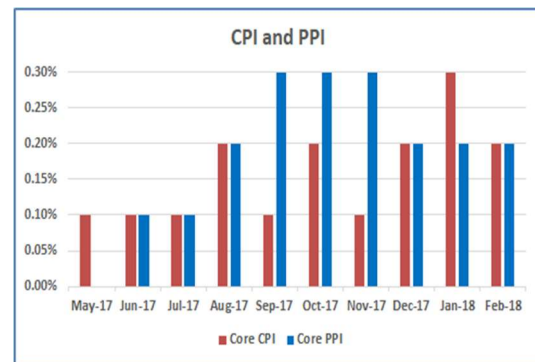
U.S. Economy – Jobs and Tariffs

Retail sales fell for the third month in a row in February. A host of temporary factors have hurt sales including delayed tax refunds, which more than offset the impact of tax cuts; severe winter storms; and the end of hurricane-related spending. Core sales, excluding gasoline and vehicles, rose 0.3%. Compared to last year sales which are still up by 4%. Nevertheless, consumer spending has slowed to start this year which is odd given: (a) strong gains in employment, (b) rising wages, and (c) high levels of consumer confidence. These fundamentals point to stronger sales in March and going forward.

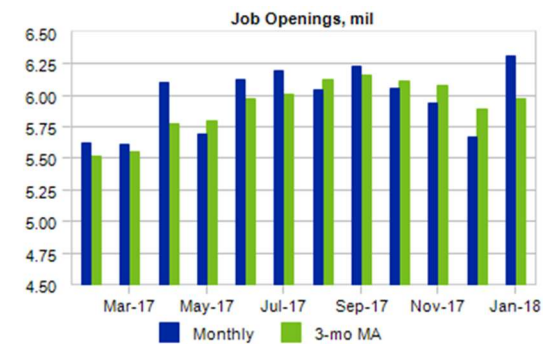


Inflation is accelerating. Top line CPI rose 0.2% in February on top of the 0.5% increase last month. Core prices were up 0.2% this month as

well. Producer prices rose similarly in February.



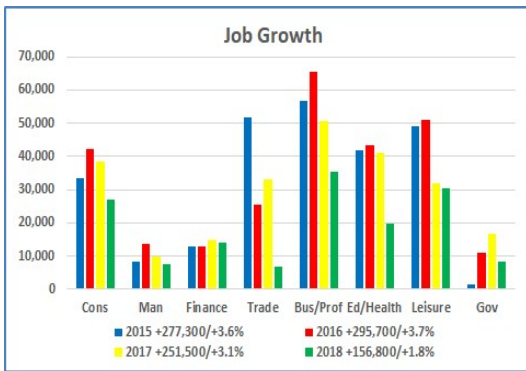
Job openings jumped to 6.3 million in January, the most since the inception of the series in 2000. So, employment growth will remain strong for some months.



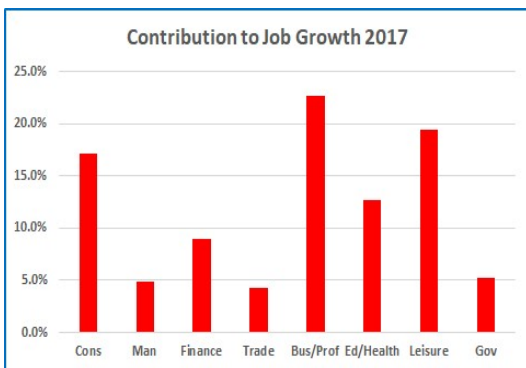
Rising inflation combined with the strong employment report all but guarantees that the Fed will increase the funds rate by 25 BPs at their meeting this week, as they have promised.

Florida Economy: Job Remains Strong – but slowing

Each March Florida's employment and labor force data are revised based on more complete information. The annual revisions show that job growth was about 40,000 jobs less or ½ percentage point slower than initially estimated. The revised data continue to show slowing. The latest year-to-year data show a gain of 156,800 or 1.8% down from the 3% pace achieved from 2015-17. Hurricane Irma had a more substantial impact than first reported.



Although every major sector added jobs in 2017, job gains slowed except for the finance sector. Business and professional services had the largest gain in jobs in 2017 followed by the tourism/leisure sector. Construction contributed 17% of the job growth with education/healthcare adding 13%.



On a seasonally adjusted basis, employment increased by 10,500 in January with nearly half of the new jobs in construction. The retail sector shed jobs, but these losses are difficult to measure accurately in January.

The revised data continue placing Orlando first in job gains among the major metro areas with nearly 40,000 new jobs for a growth rate of 3%. Tampa followed with 30,000 jobs over the year. Both of these were more than all of South Florida's 22,600 jobs. The revised data reduced the estimated job growth in South Florida in particular.

Data as of January 2017	Unemployment Rate	Last 12 Months	% Change Jobs
Florida	3.7%	156,800	1.8%
Cape Coral-Ft. Myers	3.9%	200	0.1%
Gainesville	3.9%	700	0.5%
Jacksonville	3.9%	18,800	2.8%
Lakeland-Winter Haven	4.6%	5,200	2.4%
South Florida	4.3%	22,600	0.9%
Ft. Lauderdale	3.8%	11,400	1.4%
Miami	4.7%	8,300	0.7%
West Palm Beach	3.9%	6,500	1.1%
Naples	3.9%	-4,500	-3.1%
North Port-Sarasota-Bradenton	3.8%	5,000	1.7%
Ocala	5.0%	0	0.0%
Orlando	3.7%	36,900	3.0%
Palm Bay	4.2%	100	0.0%
Pensacola	4.3%	3,600	2.0%
Port St. Lucie	4.7%	1,000	0.7%
Punta Gorda	4.5%	200	0.4%
Sebastian-Vero	4.8%	0	0.0%
Tallahassee	4.0%	2,100	1.2%
Tampa-St. Pete	3.9%	30,200	2.3%

Florida's unemployment rate was 3.9% in January compared to 4.1% for the U.S. All of the decline in the unemployment rate was made before Irma. The jobless rate has remained at 3.9 percent since September. The size of the labor force was also flat since September. However, these data do not include the impacts from the influx of Puerto Ricans since Irma and they were benchmarked on data from March of 2017. So, Florida's labor force is larger than the data are measuring.