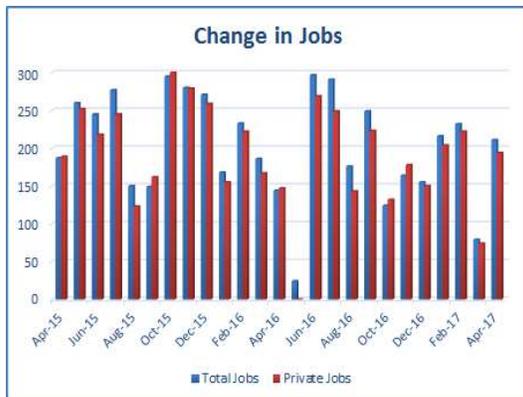


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U.S. Economy – Job Growth Rebounds

Job growth rebounded in April as hiring rose by 211,000. The gains were widespread with particular strength in business/professional services and in education/healthcare. So far this year, monthly job growth has averaged 185,000, about the same as in 2016. The unemployment rate fell from 4.5% to 4.4%, matching its lowest since May 2007. Although the economy is approaching full employment, wage gains increased at a still-modest 0.3% in April and by just 2.5% over the last year.



The ISM surveys are consistent with the strong labor market report for April. Although the manufacturing index has declined in each of the last two months, it still remains solidly in

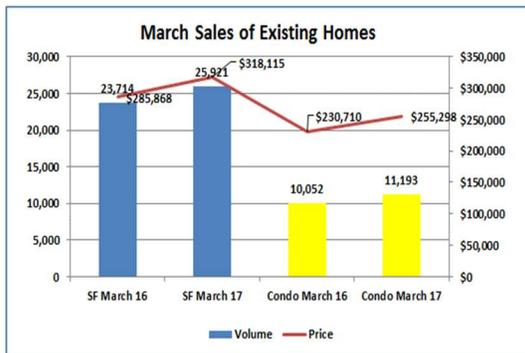
the growth area with a score over 50. The retreat came from lower orders, primarily in the auto industry. The non-manufacturing index moved higher in April with stronger orders and improving exports. The GDP-weighted average of the ISM nonmanufacturing and manufacturing surveys increased from 55.4 in March to 57.2 in April, which is among the highest since 2015.



As widely expected, the Federal Reserve held rates constant and did not adjust its balance sheet policy this month. The Fed appears to have the green light to raise rates in June. The Fed is concerned that if the economy blows past full employment, it will put significant upward pressure on wages, which will translate into stronger than expected inflation.

Florida Economy: Home Sales Strong in March

Sales of existing homes rebounded strongly in March with sales of single-family homes rising 10% and sales of condos and townhome up more than 11% compared to last year. Prices also increased by similar amounts. With inventory levels very low, and new listings flat, the resale market will remain very tight and prices will continue increasing at double-digit rates in the near term.



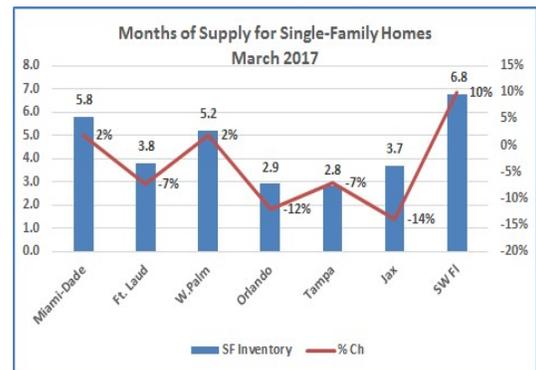
All major metro markets had strong sales for the year ending March ranging from a 3% gain in Ft. Lauderdale to a 15% jump in Southwest Florida. Sales were particularly strong in Naples, Ft. Myers, Orlando, and Tampa. The March rebounds in Naples and Ft. Myers came after many prior months of weakness. The modest 5% sales increase in Jacksonville comes after many double-digit gains recently and is not concerning.

The strength in sales volumes was reflected in the increases in closing prices. Price gains ranged from 3% in Miami to 15% in Ft. Lauderdale. The modest price increase in Miami reflects a market moving back into equilibrium. Sales of condos and townhomes have stabilized and the volume of new listings is growing very slowly now. The sharp price increase

in Ft. Lauderdale is the result of very low inventory levels, especially for single-family homes.



The inventories of single-family homes remained very tight in March in every market, except for Southwest Florida where the elevated level of inventory in Naples and growing new listings in Sarasota/Bradenton pushed the inventory-to-sales ratio up.



The inventory situation for multifamily homes varies sharply in March, but in all cases inventories tightened.

