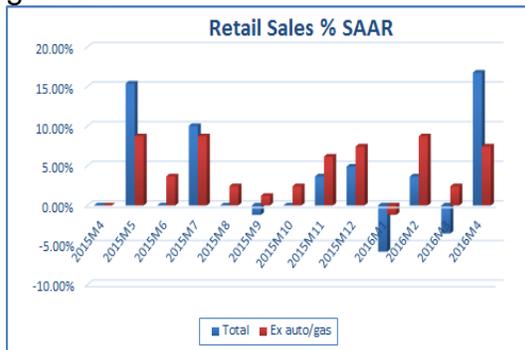


ECONOCAST™ UPDATE – May 16, 2016

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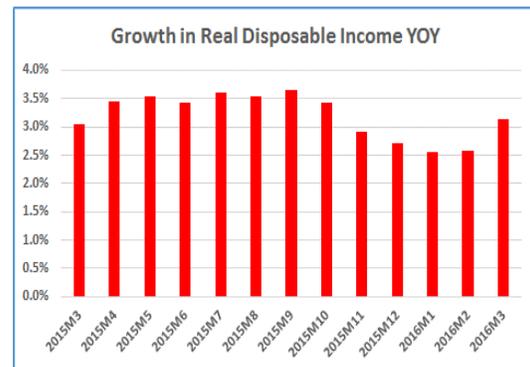
U.S. Economy – Retail Sales Rebound

Finally, retail sales rebounded 1.3% in April after falling 0.3% in March dispelling worries over a consumer retrenchment leading to a recession. Sales gains were broadly based. Excluding sales of vehicles and gasoline, core sales rose 0.6%. Real sales were actually stronger because retail price deflation is pervasive. Overall retail prices, excluding gasoline stations, are falling at a near record pace. While retail deflation weighs on measured sales, it also means that real consumer spending is growing faster than implied by this level of retail sales growth.

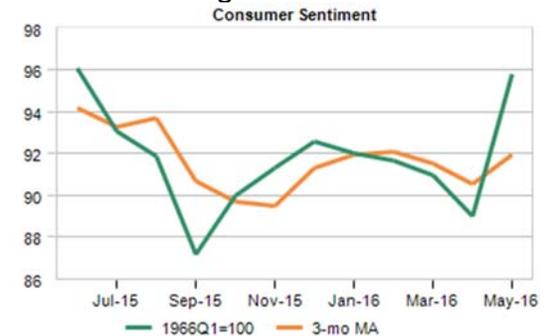


Prospects for further gains in sales are brightening. Job growth remains solid. The Job Openings and Labor Turnover Survey (“JOLTS”) showed a strong gain in job openings and

continuing gains in hiring. Although wage gains remain modest, with prices stable or falling, gains in real disposable income are rising.

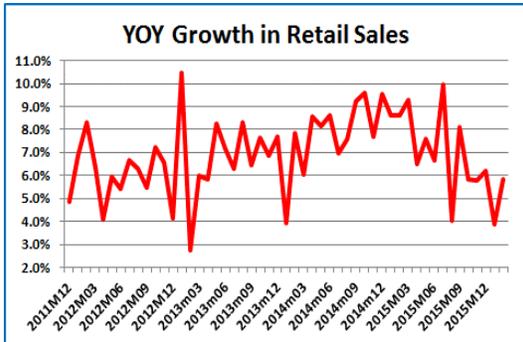


Consumer sentiment soared in May, as sentiment jumped to its highest level since June. Current consumer sentiment increased in May, but the majority of the change came from a large rebound in consumer expectations. The stage is set for accelerating sales and rising GDP.

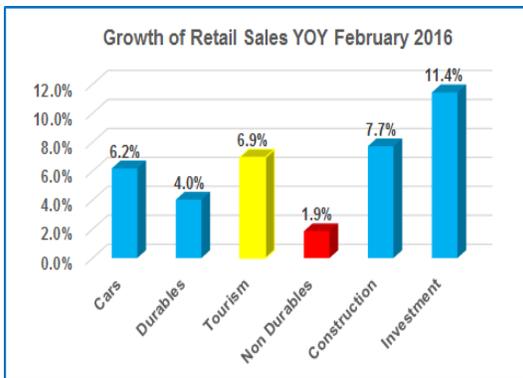


Florida Economy: Retail Sales Growth Slows to 5.8%

Florida's retail sales grew nearly 6% for the 12-months ending February 2016. While this was more than double the growth nationwide, it was significantly slower growth continuing a 6-month trend in Florida. This is a bit surprising given the strong gains in population and employment.



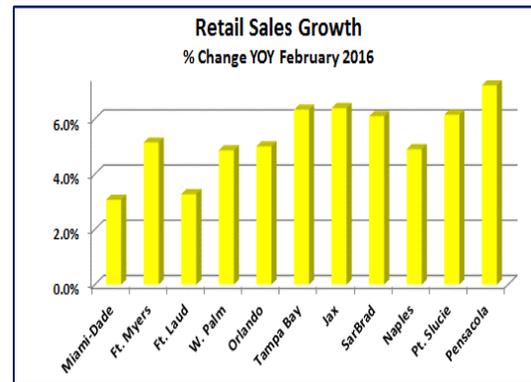
Although tourism, construction, and business investment were strong, sales of durable and nondurable goods were considerably, and surprisingly, weaker. The relative weakness in retail sales of goods in Florida is consistent with the weakness nationwide.



Although gains in tourist sales decelerated, they are measured against the out-sized gains posted last year. The rising value of the dollar, especially against currencies

in South America is also limiting gains in tourist sector sales.

Sales gains were modest in South Florida rising just 3% in Miami and Ft. Lauderdale and less than 5% in West Palm. The details were revealing. Construction spending soared in Miami, but this is unsustainable and could not offset weakness elsewhere. Auto sales dropped in Ft. Lauderdale, and sales were generally weaker in West Palm.



Sales were stronger in Tampa, Jacksonville, and Pensacola. Tourism sales drove their totals higher over the last 12-months. Sales in Orlando were weaker, held back by a smaller year-over-year gain in tourism. While tourism sales in Orlando remained high, they suffer from the extraordinary gains posted in 2015 that cannot be matched this year.

