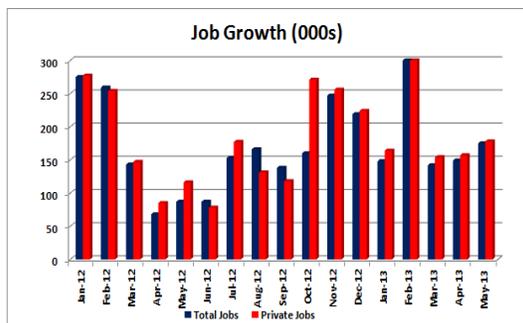


ECONOCAST™ UPDATE – June 10, 2013

U.S. Economy – Losing Steam

The big news this week was the dramatic selloff in the bond market in response to the mere suggestion by Chairman Bernanke that the Fed may taper off its expansionary monetary policy soon. Bond yields shot up and the 10-Year Treasury breached 2%. This is in spite of the fact that economic fundamentals have not changed.

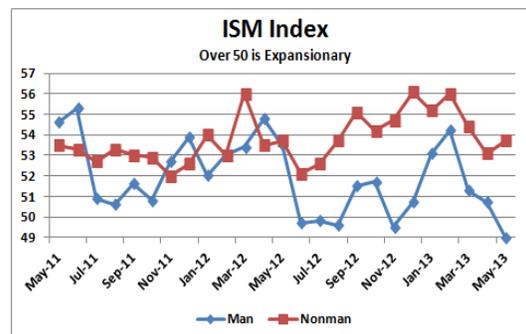
Despite a comforting employment report, U.S. economic growth has slowed in the 2nd quarter. The payroll gain of 175,000 in May quelled fears of another summer swoon, but still it was below average for 2013 and insufficient to reduce the unemployment rate.



Weak global demand hurts manufacturing where payrolls have declined for three consecutive months. However, the reviving

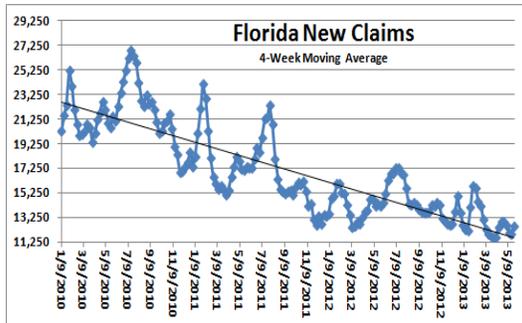
housing market is boosting construction payrolls and will eventually support building-related manufacturers. In addition, temp payrolls have increased by a total of 72,000 during the past three months and many temp workers are deployed to manufacturing. This possibly reflects some uncertainty about near-term demand but also means that demand is just strong enough that employers need to hire more workers.

The ISM manufacturing index fell below 50 for the first time since November. Weak exports pushed new orders down from 52.3 to 48.8. Except for autos, the manufacturing outlook is weak. By contrast ISM nonmanufacturing index ticked up snapping a string of two monthly declines. The ISM nonmanufacturing survey suggests the slowing in the economy remains orderly and concentrated to manufacturing

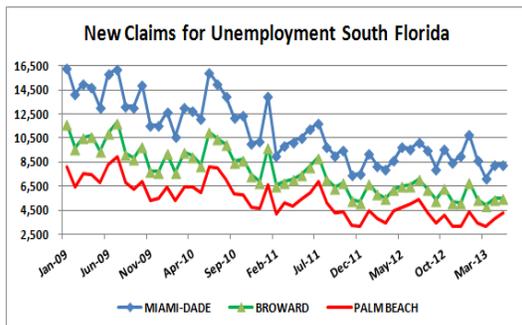


Florida Economy: Lower Unemployment Claims

Florida's labor market continues to slowly improve. New claims for unemployment compensation have trended lower since the beginning of the year. Lately, claims have declined 11 weeks in a row. This trend suggests that job growth has accelerated.

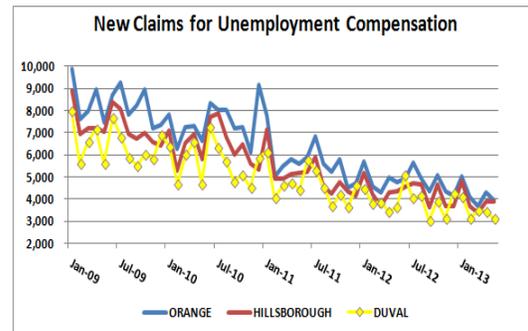


Over the last three months claims have moved markedly lower in Miami-Dade County. This trend contradicts the reported data for employment which showed little improvement. The claims data are likely to be more accurate. Job market improvement slows moving north. In Palm Beach claims are actually a bit higher in May rising to levels last touched in January 2013.

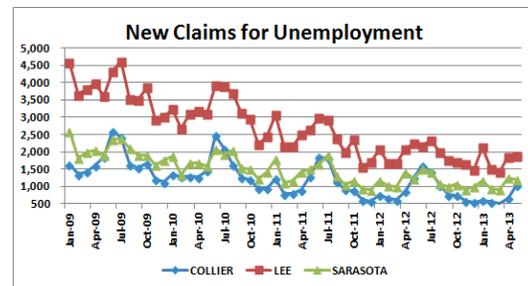


Labor markets have improved dramatically in Duval County reflecting the rebound in economic activity in Jacksonville. In addition, claims are sharply lower in

Hillsborough and Orange Counties. Economic growth is accelerating along the I-4 corridor propelled by rising construction and tourism. The May report on jobs due out in a few weeks should show much stronger job growth, especially for the Orlando MSA.



The claims data for Southwest Florida have deteriorated significantly over the last 90-days. Claims are up suggesting that the gains in homebuilding are insufficient to offset weaker tourism.



Claims have declined steadily in St. Lucie, Brevard and Volusia Counties as the recovery across Florida improves and housing recovers.

