

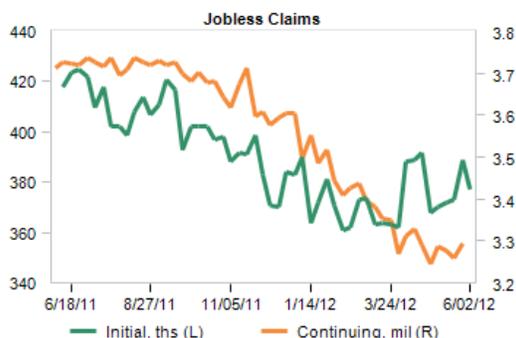


ECONOCAST UPDATE – June 11, 2012

U.S. Economy – Trouble in Europe

The continuing turmoil in Europe coupled with slowing growth in emerging markets has slowed U.S. economic growth. Furthermore, the fall in stock and financial markets undermines business confidence limiting hiring and investment. Finally, adding to the uncertainty are the looming political battles as Washington confronts the so-called “fiscal cliff” and the Treasury once again nears its statutory debt ceiling all in an election year.

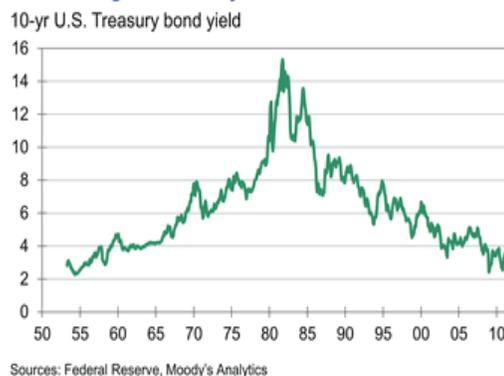
The labor market has ebbed and flowed. First the mild winter fueled strength, the job growth slowed. The lack of new hiring has raised worries about the economy. Fortunately, the latest claims data show a decline suggesting that the slowdown was a hiccup rather than the beginning of renewed weakness.



Other data released last week were more upbeat, allaying some concern that the recovery could be sputtering. Most importantly, the Fed’s Beige Book showed the economy recovering relatively broadly across the country. Lower gasoline prices are boosting disposable incomes and the sales of nondistressed homes are picking up.

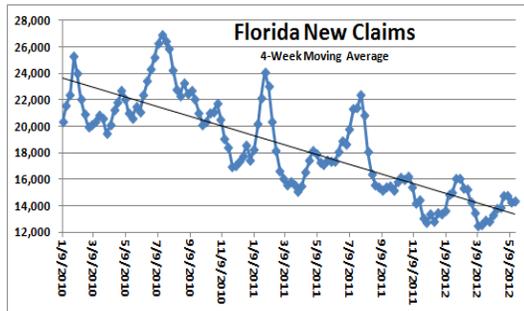
News of a \$125 billion dollar rescue package for Spanish banks was welcome news, but this had only a temporary calming effect on financial markets. Fear is clearly driving the drop in bond yields with the 10-year Treasury bond yield falling below 1.5%.

Global Flight to Safety

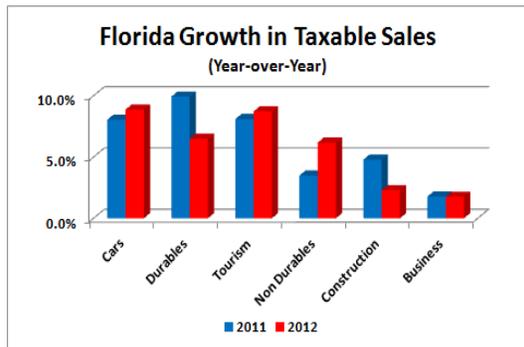


Florida Economy: Modest Momentum Still Occurring

Florida's labor made modest gains last week as measured by drooping new claims for unemployment compensation. After rising above trend briefly in May, new claims have come almost all the back to trend.

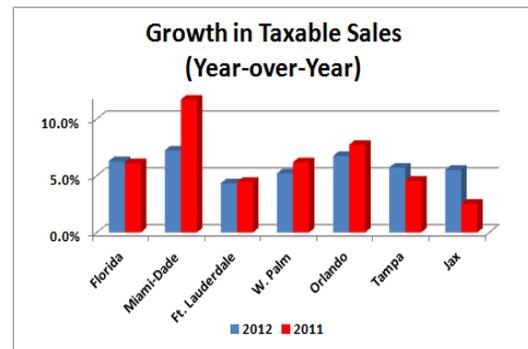


Retail sales growth in Florida has grown steadily over the last 24 months at about a 5.5% annual pace. Accelerating gains in autos and in non durable goods offset slowing in durables. Most other retail sectors continue growing steadily. This pattern suggests that the gains are sustainable.



The accelerating strength in Miami-Dade County's economy is clearly evident in the taxable sales data. Miami-Dade's sales have soared by 12% for the 12-months ending in March 2012 and the indications for April and May suggest that this trend has continued. The gains in sales in Miami are consistent with the

improvements in the County's labor and housing markets. West Palm Beach and Orlando also experienced accelerating sales in 2012 compared to 2011. Somewhat surprisingly, taxable sales gains slowed in 2012 in Tampa Bay. This was surprising, because employment and population growth have accelerated in Tampa Bay recently. Jacksonville was also considerably weaker this year compared to the gain in retail sales in 2011.



While Florida's economy has recovered from the depths of the recession, it has still to regain all the ground lost during the Great Recession. Employment growth has been relatively weak so far, so there is a very long way to go to make up for the jobs lost during the Great Recession. Housing market are also overburdened with excess supply and plagued by accelerating foreclosures. The fragility of Florida's recovery is jeopardized by the problems in Europe and the resulting weakness in credit and financial markets. Uncertainty over the course of U.S. macroeconomic policy only adds to the obstacles to a fuller and faster Florida recovery. Regrettably, there is no reason to believe that any of these obstacles will be resolved soon, and so the odds on bet is for more of the same – a continued modest recovery path.