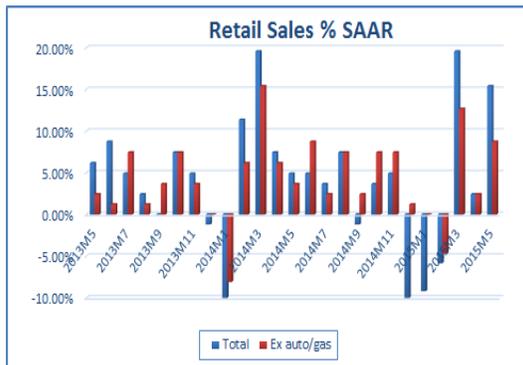


ECONOCAST™ UPDATE – June 15, 2015

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U.S. Economy – Job Growth Surges

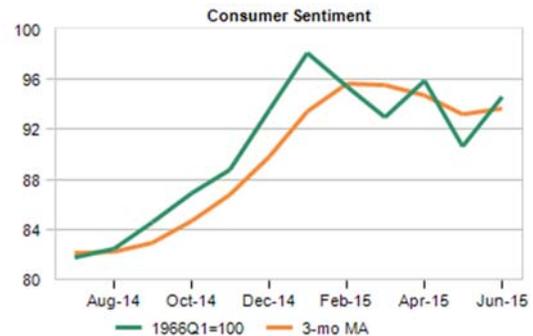
Consumer spending has finally revived. Sales were up 1.2% in May (15% SAAR) led by auto sales. Core sales, excluding cars and gas, rose an impressive 0.7% (9% SAAR). Over the last 3-months retail sales have grown by an average of 1% compared to -0.7% in the prior 3-months. Core sales rose 0.6% on average compared to -0.1% in the preceding 3-months.



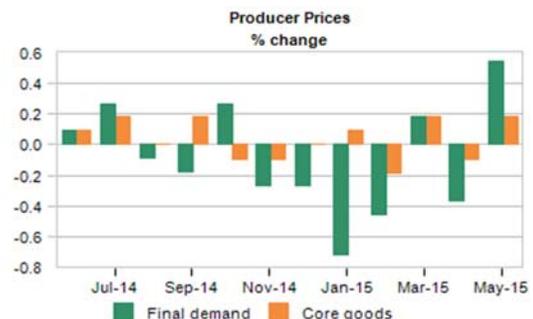
Although sales cannot continue growing at 1% per month, growth is likely to remain strong, supported by nearly uniformly strong fundamentals. Employment and incomes are up. Consumers continue to benefit from low gasoline prices despite recent increases with prices about \$1 lower than last year. Housing markets and

home prices will continue moving up lifting wealth and construction. This will support sales for housing related goods and services.

Consumer confidence jumped nearly 4 points in June largely reversing the May pull back. Expectations for the economy improved, and household finances strengthened.

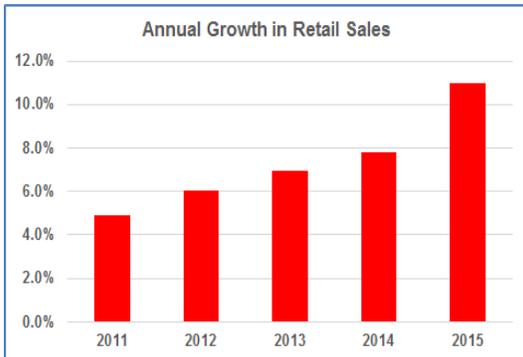


Producer prices rose in May, but it was mostly due to higher oil prices. But, core prices rose just 0.2% in May, leaving them 0.5% higher than their year-ago value.



Florida Economy: Strong Retail Sales

Retail sales are growing strongly in Florida and at an accelerating rate. Sales grew more than 10% in 2015Q1 up from 8% in 2014 and 7% in 2013. The gains reflect the strong growth in population and employment evident over the last three years.

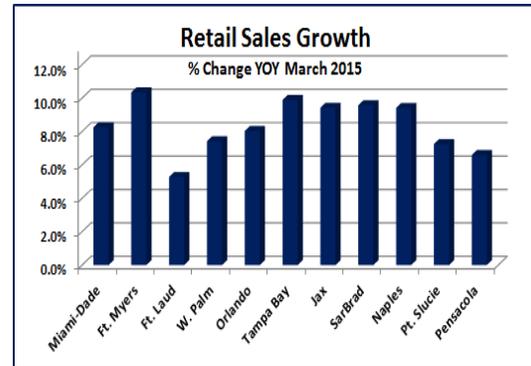


All major sectors grew strongly over the 12-months ending in March 2015 (the latest data available). Sales of construction materials and non-durables and services led the gains. But every major sector registered gains in excess of 9%. With strong and balanced gains of these magnitudes, retail sales should continue growing at double digit rates throughout 2015 and into 2016.

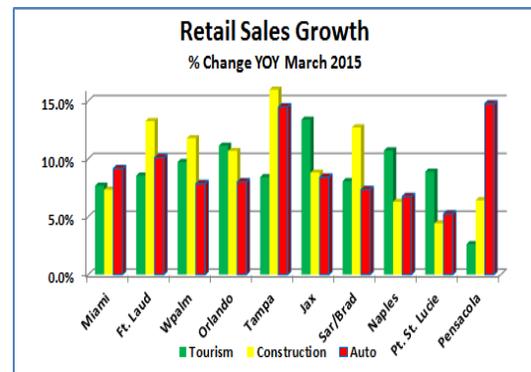


Growth in retail sales was impressive across nearly all of Florida's major metro areas. The only significant

exceptions were in Ft. Lauderdale and West Palm Beach.



The weakness in retail sales in Ft. Lauderdale and to a lesser degree in W. Palm was the result of contractions in non-durable goods and services. Otherwise, sales were quite buoyant. Construction spending was up strongly in South Florida, Orlando, Tampa, Ft. Myers and Sarasota-Bradenton. But, construction gains were modest in Naples, Port St. Lucie and Pensacola.



Tourist related retail sales were quite strong all across the State. The notable exception was Pensacola. However, the summer tourism season appears to be stronger in the Panhandle, which will boost tourist sales going forward.

Auto sales were up strongly in every metro area supported by the gains in employment, income and construction.