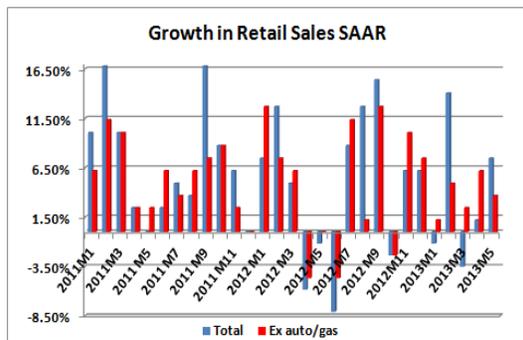


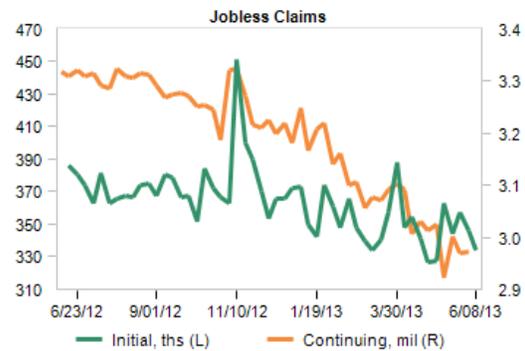
ECONOCAST™ UPDATE – June 17, 2013

U.S. Economy – Emerging Growth

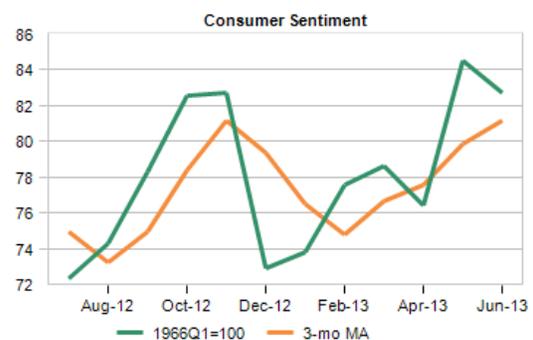
The U.S. economy continues to slowly gain momentum. The private sector is growing at a 3% pace showing surprising strength in the face of increasing fiscal drag. Retail sales rebounded in May rising at an annual rate of 7.4% driven up by a 12% annualized gain in car sales. Excluding autos and gasoline, core sales were up at an annual 3.6% pace.



The wealth effect associated with higher home and equity prices has likely lifted spending. Furthermore, private sector job growth is just enough to maintain the sales gains. And the steady pace of job growth at about 150,000 per month is likely to continue based on the choppy, but steadily declining, path for new claims for unemployment compensation.



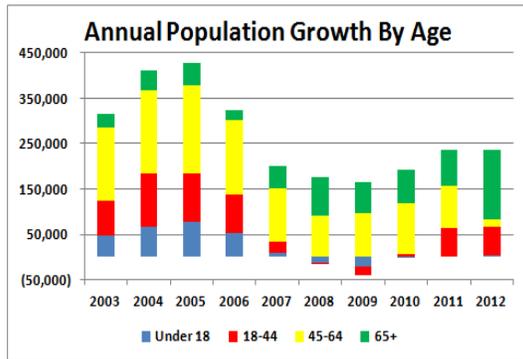
After rising strongly over the last three months consumer confidence ticked down in June. However, the overall level of confidence remains high and consistent with a 3% pace for private sector growth.



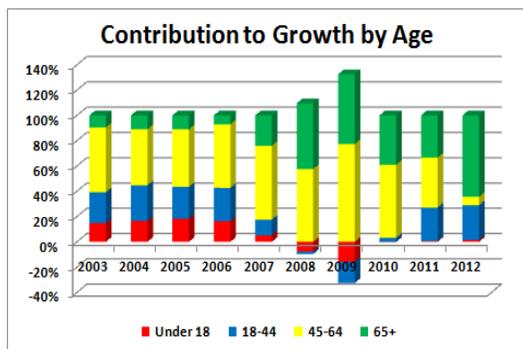
In this environment the Fed will continue its expansionary policy offsetting the drag from fiscal constraint. Given the deadlock in Congress, changes in fiscal policy or for the sequester are unlikely.

Florida Economy: New Population Data Point to Faster Growth

Florida's population growth stalled in 2012 totaling 235,305 compared to 236,295 in 2011. What is particularly interesting is the composition of growth by age group over the last few years.



During the boom, from 2003-06, younger age groups accounted for the vast majority of population growth. Growth in the 65+ population contributed 11% or less of total population growth. The boom generated strong growth in employment in Florida which supported gains in younger households and their families. The Great Recession caused employment to drop by 775,000. Without jobs many in the labor force left Florida taking their families with them. As a result, Florida actually lost over 30,000 citizens under 18 and almost 25,000 people aged 18-44.



However, as those under age 45 were leaving Florida more retirement aged people were coming to Florida. People over 65 accounted for more than half of Florida's population growth in 2008 and 2009. Even more surprising was that people 65 and over contributed almost 65% of Florida's population growth in 2012.

The recovery of population growth in the 18-44 year old cohort was not only welcome, but it reflects the improving labor market in Florida. Job growth has rebounded rising at more than 100,000 per year over the last few years.

However, the biggest surprise in the population data for 2012 was the lack of growth in the population aged 45-64. Despite job growth population gains for those 45-64 stalled in 2012. The most likely reason is the composition of job growth recently. Job gains were concentrated in leisure, hospitality, retail and eating and drinking establishments. These jobs are mostly filled by younger workers. Unless Florida's economy generates demand for higher skilled workers population growth for those in their middle years is likely to remain modest.

Another implication of these data is a likely jump in Florida's younger age cohort. The growth in households aged from 18-44 is likely to give rise to more births and to additional younger people in Florida. Finally, these population data are measured in terms of permanent population. They do not show seasonal residents. Given the recovery, it is likely that Florida is also hosting more middle aged residents on a seasonal basis.