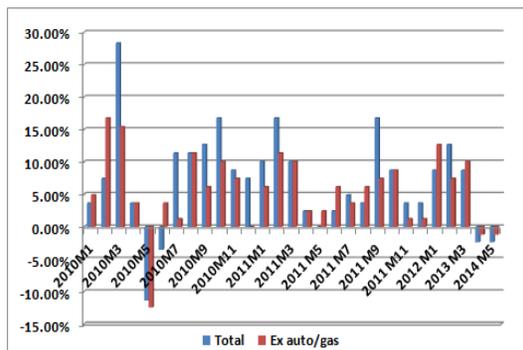




## ECONOCAST UPDATE – June 18, 2012

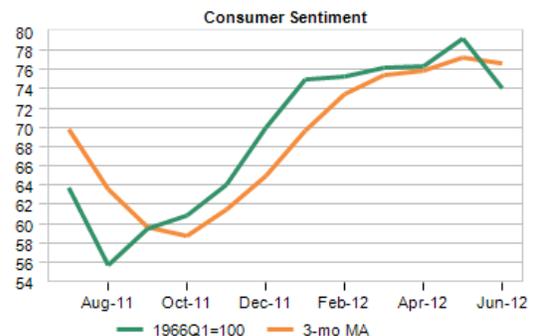
### U.S. Economy – Downshift

Growth has slowed to 1.0% in 2<sup>nd</sup> Quarter as reflected in the data for retail sales. Retail sales fell at a 2.4% rate in May matching April's decline. Excluding autos and gasoline, core sales fell at a 1.2% pace. Declines were caused by gasoline stations and building supply stores. The former is price-related and good news for consumers and the latter weather-related so underlying spending is not quite as weak as it appears.

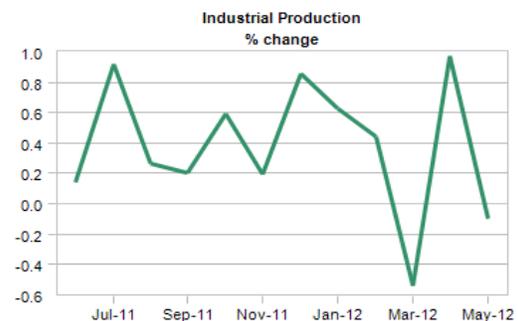


Consumer fundamentals are poor, because of minimal growth in jobs and incomes. The continuing turmoil in Europe, the falls in stock and financial markets, the looming political battles as Washington confronts the so-called “fiscal cliff”, and the Treasury once again nears its statutory debt ceiling all in an

election year hurt consumer and business confidence. Consumer confidence took a noticeable hit in June, falling to its lowest level of 2012, according to the University of Michigan consumer sentiment index. Weaker sentiment was evident in perceptions of both current and future conditions.

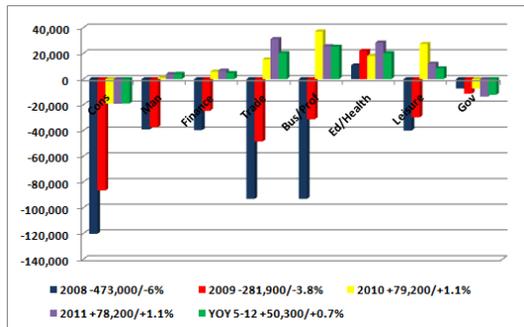


Industrial production fell 0.1% in May. Manufacturing output fell 0.4%. The report offers more evidence that manufacturing is cooling in response to reduced inventory accumulation and weaker export markets.

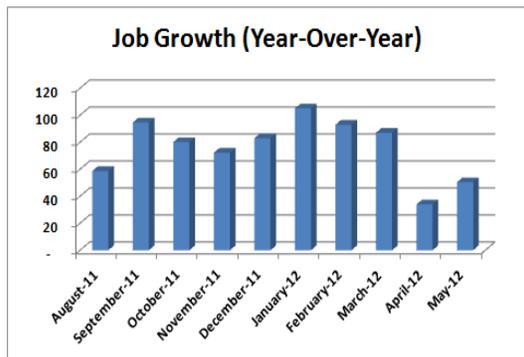


## Florida Economy: A Modest May Employment Report

Job growth held steady at 50,300 in May 2012 compared to last year. This does mark the 22<sup>nd</sup> consecutive month of job gain. As the chart below shows, job growth has slowed over the last few years. Over the last 12-months job losses continued in construction, and government with no change in momentum. Business and professional services added the most jobs (+25,200) powered by gains in temporary help services. Education and health services contributed 20,200 driven by hospitals and physicians services, and retail trade added 20,200 jobs.



Despite the continuing employment gains, Florida's job growth has underperformed the nation as a whole. U.S. job growth was up 1.4% over the year compared to Florida's 0.4%. As the chart below shows, year-over-year job growth has generally lost momentum this year.



Furthermore, the geographic distribution of the recovery remains very uneven. Tampa-Bay and Miami continue to lead in terms of job growth. These two metro areas contributed over 50% of the total increase in Florida. By contrast, metro areas including Gainesville, Tallahassee, and Pensacola, where government employment predominates, are all losing jobs. Given the pressure on State revenues and the political climate, there is no prospect that this will change in the near term.

Southwest Florida is reviving. Naples, Bradenton-Sarasota, and Cape Coral-Ft. Myers all are enjoying consistently positive job growth over the last 90-days. Population growth is recovering slowly and the residential home market has finally bottomed with existing home sales rising.

Job growth has slowed in Orlando with a topping out of growth in tourism. Jacksonville has lost some momentum with a slowing in international trade and in shipping. Finally, a modest rebound in population growth is supporting Ocala, Palm Bay, and Vero Beach.

Data as of May 2012	Unemployment Rate	Job Loss	Job Loss
Bradenton-Sarasota	8.4%	1,800	0.7%
Cape Coral-Ft. Myers	8.7%	100	0.0%
Deltona-Daytona Bch.	8.7%	-1,900	-1.2%
<b>Florida</b>	<b>8.6%</b>	<b>50,300</b>	<b>0.7%</b>
Ft. Lauderdale-Pompano	7.3%	-1,800	-0.3%
Ft. Walton Bch	5.9%	-400	-0.5%
Gainesville	6.7%	-2,600	-2.1%
Jacksonville	8.0%	2,400	0.4%
Lakeland-Winter Haven	9.2%	-700	-0.4%
Miami	9.8%	15,700	0.7%
Naples	7.8%	2,500	2.2%
Ocala	9.8%	-200	-0.2%
Orlando-Kissimmee	8.3%	4,400	0.4%
Palm Bay-Melbourne	8.3%	-100	-0.1%
Palm Coast	11.7%	-200	-1.0%
Panama City	7.8%	-1,100	-1.5%
Pensacola	8.1%	-4,700	-2.9%
Port St. Lucie	10.0%	-1,900	-1.6%
Punta Gorda	8.7%	-800	-1.9%
Tallahassee	7.2%	-4,300	-2.6%
Tampa-St. Petersburg	8.6%	17,300	1.5%
Vero Beach	10.4%	500	0.1%
West Palm-Boca Raton	8.6%	1,800	0.4%