

ECONOCAST™ UPDATE – July 24, 2017

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U.S. Economy – Frozen Policy not Yet Hindering Growth

The lack of federal policy making is not hindering economic growth just yet. GDP continues rising at 2%.

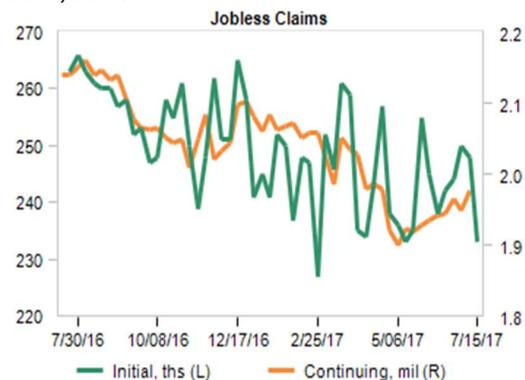
Housing starts rebounded in June rising 8.3% with gains in both singles and multis. These gains will continue over the next few months, because permits also increased significantly in June. However, despite the gain this month, starts have not really increased for 18-months and they are still far below historical norms for recoveries.



Capacity constraints are holding starts down. Despite rising sales, starts are flat with an increase in the share of new homes sold before they are completed or even started. Inventory-to-sale ratios for new

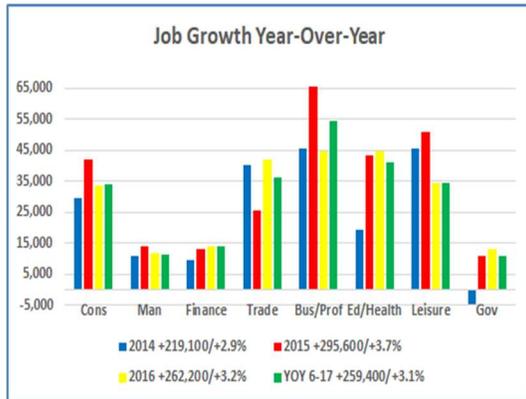
single-family homes and inventory-to-absorption ratios for new unfurnished apartments are also at cyclical lows. The outlook through 2018 is bright, since the construction industry will gradually add workers and address existing bottlenecks. This will allow starts to continue rising. Also, interest rates are low, and mortgage purchase applications are up. While total mortgage applications are down 32% from last year, this is all because refinancings have dropped.

The labor market continues performing well. Initial claims for unemployment insurance remain at historic lows. Even better is the fact that the trend improved. As long as new filings remain below 300,000, job growth will continue to be robust. This week marks the 124th consecutive week that new filings remained below 300,000.



Florida Economy: Strong Job Gains Continued in June

Job gains exceeded 19,000 in June on a seasonally adjusted basis, and Florida's unemployment rate dipped to 4.1% from May's 4.3%. For the 12-months ending in June, job gains totaled 259,400 – about the same as last year. All sectors increased led by gains in business and professional services and healthcare. Job gains in tourism and construction remained strong too. June is the 84th month in a row with positive job gains, and this expansion is one of Florida's longest and soundest since the job gains are widespread and there are no apparent imbalances.



Florida's strong job gains continue to rank 3rd overall in the nation, but job growth at 3.1% leads all other large states.



Orlando continued to top all metros for job growth with a gain of 47,200 over the year followed closely by Tampa Bay with 46,300. Tourism propelled Orlando's gain, but there was strength in all sectors. In Tampa it was business and professional services. Job growth in South Florida was noticeably stronger in June with big gains in business and professional services and in healthcare. Ft. Lauderdale had 35,100 more jobs over the year with a gain of 26,900 for Miami and 18,800 in West Palm. Good gains across all sectors contributed to Jacksonville's 3.6% in jobs for a total of 23,600 over the year. After years of slow growth, Gainesville and Tallahassee posted job gains of over 4%.

Data as of June 2017	Unemployment Rate	Last 12 Months	% Change Jobs
Florida	4.1%	259,400	3.1%
Cape Coral-Ft. Myers	3.9%	1,300	0.5%
Gainesville	3.4%	5,900	4.4%
Jacksonville	3.8%	23,600	3.6%
Lakeland-Winter Haven	4.4%	7,600	3.6%
South Florida	4.2%	80,000	3.2%
Ft. Lauderdale	3.8%	35,100	4.3%
Miami	4.7%	26,900	2.4%
West Palm Beach	3.9%	18,800	3.1%
Naples	3.7%	3,000	2.2%
North Port-Sarasota-Bradenton	3.7%	12,900	4.4%
Ocala	4.7%	2,900	2.9%
Orlando	3.6%	47,200	4.4%
Palm Bay	4.1%	8,500	4.1%
Pensacola	3.9%	3,600	2.1%
Port St. Lucie	4.3%	4,100	2.9%
Punta Gorda	4.4%	1,900	4.1%
Sebastian-Vero	4.9%	1,900	3.9%
Tallahassee	3.7%	7,300	4.2%
Tampa-St. Pete	3.8%	46,300	3.6%

Job gains remained muted in the panhandle with a gain of just 2.1% in Pensacola. Southwest Florida was particularly weak. Employment increased by just 2% in Naples and by only 0.5% in Cape Coral/Ft Myers for the slowest in any major metro area.