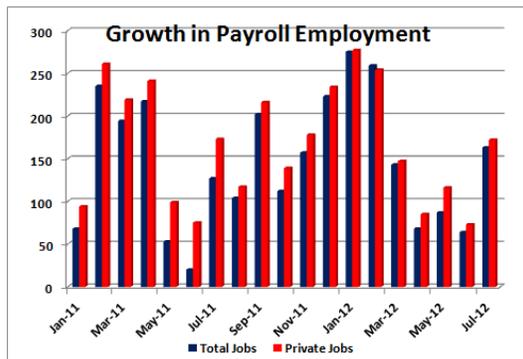


## ECONOCAST™ UPDATE - JULY 30, 2012

### U.S. Economy – Job Growth Surprises on the Upside

Nonfarm jobs surged 163,000 in July with private sector jobs up 172,000. These were the strongest gains since February. The gains were broad-based across industries, with only construction and government contracting over the month.

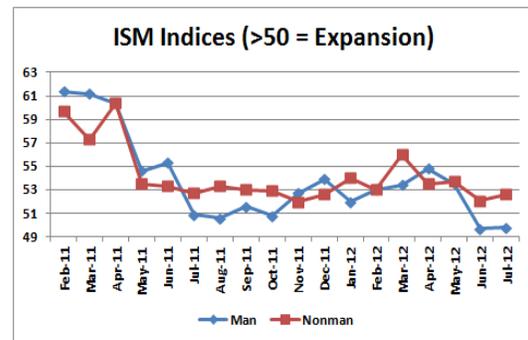


Despite the gains there were a few concerns as well. Employment as measured by the household survey fell by 195,000 and the number of unemployed rose 45,000, pushing the unemployment rate up to 8.3%.

It is unlikely that this pace of payroll job growth will be sustainable over the next few months, and I expect modest gains of around 120,000 per month for the remainder of the third quarter, with a small uptick by the end of the year. Slowing in emerging

market economies, the European recession, and uncertainty about U.S. fiscal policy are weighing heavily on business confidence.

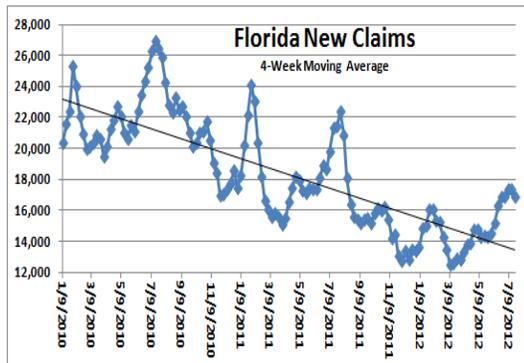
The July ISM purchasing manager's indices were mixed. The manufacturing index fell below its neutral threshold of 50 for the second consecutive month. The forward-looking details remain weak with weakness in new orders being most concerning. Services improved somewhat in July, as the ISM nonmanufacturing index rose from 52.1 to 52.6. Combined the July ISMs suggest the economy is moving sideways.



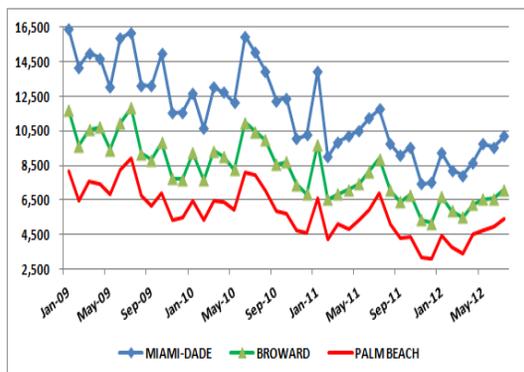
The euro crisis continues to roil global financial markets. There is no clear solution in sight. So far, the fiscal tightening implemented in the region has not reversed market concerns despite comments by ECB President Draghi.

## Florida Economy: Employment Trends Slowly Improve

The leading indicators for Florida's employment markets continued to slowly improve in July. Statewide claims peaked at much lower levels than in previous years. The trend line continues to point firmly downward.

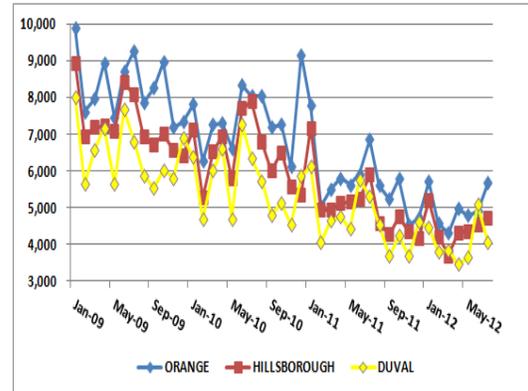


The claims data for south Florida were a bit weaker over the last two months. The increase in Miami-Dade County comes at the same time that the County's employment is also rising. This suggests that the County is still experiencing strong gains in population and in its labor force.

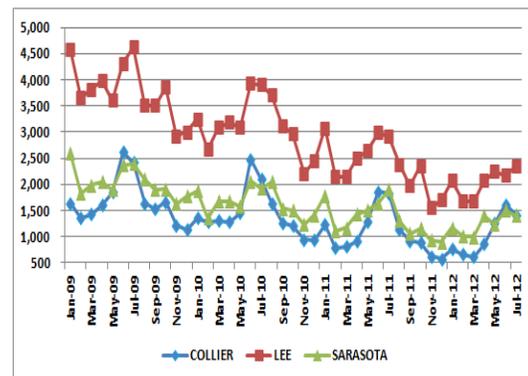


The major metro areas in Central Florida and in Jacksonville were a bit stronger over the last two months. The typical seasonal pattern peaked at much lower levels than in years

past and new claims in Jacksonville actually declined in July.



The Southwest Florida metro areas produced positive results in July reflecting the overall improvement in housing markets in Southwest Florida. Claims were generally lower in July and the trend line is strongly lower.



Although Florida's economy is slowly growing and is poised to begin to outperform the U.S., the very slow growth in the U.S. and the continuing problems in Europe put Florida's nascent recovery at risk. Unless European markets trip an international financial crisis, the most likely economic trajectory is for more of this very slow but steady growth for Florida and the U.S. Not much will change on the policy front in the U.S. until the election is over.