

## ECONOCAST™ UPDATE – August 18, 2014

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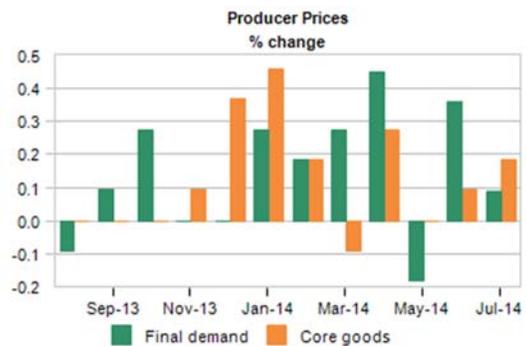
### U.S. Economy – Mixed Messages

This week's data sent mixed messages. On the plus side job openings job openings rose to 4.67 million in June, and the rate of job openings rate rose their highest rate since March 2007.

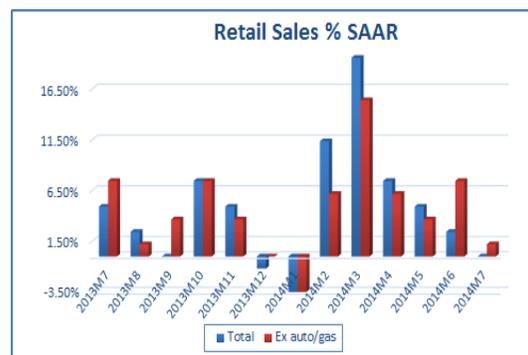


In addition, inflation remains very low. Producer prices slowed sharply in July up at a rate of just 1.9% rate over the year. Importantly, in the early stages of production continued to fall pointing to less inflation in the future. The big price risks are geo-political (Iraq and Ukraine). But, crude oil prices have fallen as the threat of the Iraqi government being toppled has receded. U.S. domestic crude oil production will continue rising, and the dollar is likely to strengthen as the Federal Reserve gradually moves toward tighter monetary policy.

These forces will further damp down prices even in the face of accelerating growth in GDP this year.

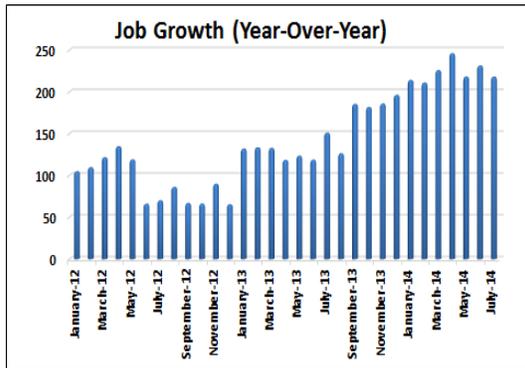


On the negative side retail sales were essentially flat in July and are up just 3.7% over last year. Sales have declined steadily over the last four months. Fortunately, sales growth is likely to improve, because the fundamentals remain strong and pent-up demand remains large. Continuing improvement in labor markets will be the main driver for faster spending growth.

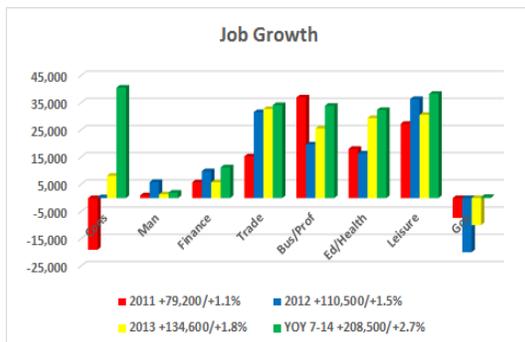


## Florida Economy: July Job Growth Remains Strong

Florida posted an annual gain of 281,000 jobs in July, consistent with the annualized gains of over 200,000 jobs recorded for all of this year. The only negative observation is that job gains appear to have plateaued.



Every major sector had positive gains over the year lead by outsized jumps in construction, trade, business and professional services and leisure/hospitality. The broad based nature of the gains is consistent with a broad based and sustainable pace of job growth.



All of Florida's major metro areas posted strong gains in jobs over the last 12 months. Miami-Dade lead all metro areas with an annual gain of 36,400 jobs in July. Gains in retail trade, professional services and leisure/hospitality were largely responsible. Orlando followed with 33,200 new jobs over the year

propelled by gains in tourism and business services.



Job growth was considerably slower in most of the smaller metro areas. Only Bradenton/Sarasota and Palm Coast had job gains above the statewide average rate of 2.9%. Job growth in both absolute and in percentage terms was quite weak Gainesville and Tallahassee which are both quite dependent upon government sector jobs. Palm Bay-Melbourne is still weak years after the shuttle program ended. Softness in Naples in Ft. Myers was surprising in light of their prior strength and the general recovery in Southwest Florida. Despite a very strong summer tourism season, Florida's panhandle metros, including Pensacola, Panama City, and Ft. Walton Beach, produced disappointing job growth.

Data as of July 2014	Unemployment Rate	Job Gain	Job Gain
Bradenton-Sarasota	6.4%	11,300	4.4%
Cape Coral-Ft. Myers	6.6%	3,200	1.5%
Deltona-Daytona Bch.	6.5%	2,200	1.4%
<b>Florida</b>	<b>6.2%</b>	<b>218,000</b>	<b>2.9%</b>
Ft. Lauderdale-Pompano	5.4%	21,500	2.9%
Ft. Walton Bch	4.9%	2,200	2.8%
Gainesville	5.7%	1,300	1.0%
Jacksonville	6.8%	17,700	2.9%
Lakeland-Winter Haven	7.8%	2,500	1.3%
Miami	6.8%	33,900	3.2%
Naples	6.6%	3,000	2.4%
Ocala	7.7%	-800	-0.9%
Orlando-Kissimmee	6.3%	32,400	3.0%
Palm Bay-Melbourne	7.1%	1,200	0.6%
Palm Coast	9.3%	700	3.4%
Panama City	6.0%	1,300	1.8%
Pensacola	6.7%	2,000	1.2%
Port St. Lucie	8.1%	2,500	1.2%
Punta Gorda	6.6%	800	1.8%
Tallahassee	6.3%	2,700	1.6%
Tampa-St. Petersburg	6.8%	19,600	1.7%
Vero Beach	8.5%	200	0.4%
West Palm-Boca Raton	6.6%	15,600	2.9%