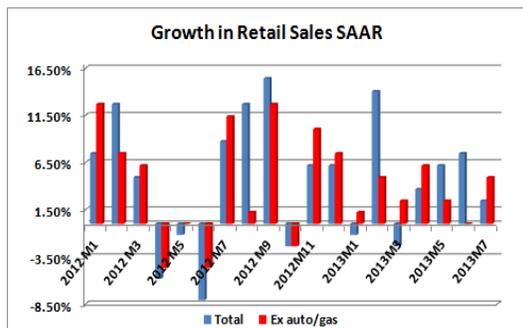


ECONOCAST™ UPDATE – August 19, 2013

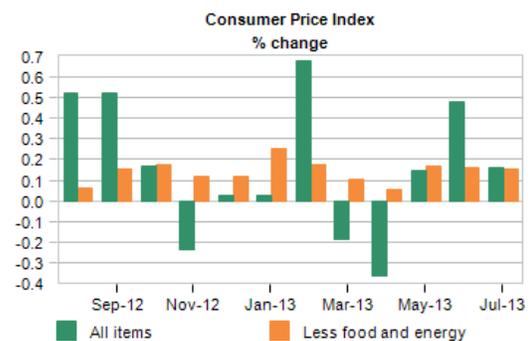
U.S. Economy – The Tapering

The tapering has already begun in U.S. financial markets with interest rates rising to their highest levels of the year and stocks retreating. These moves precede the Fed's September meeting when the Fed is expected to formally curtailing its bond and mortgage purchases. But, the Fed has repeatedly stated that it will gauge the tapering based on economic conditions.

In contrast to stronger reports two weeks ago, last week's data were decidedly weaker. Retail sales rose by just 0.2% in July, their weakest growth since April. Core sales rose a bit faster at 0.4% because auto sales fell in July dragging down the total. July sales were consistent with low trajectory of sales growth which reflects only modest gains in real disposable incomes this year.



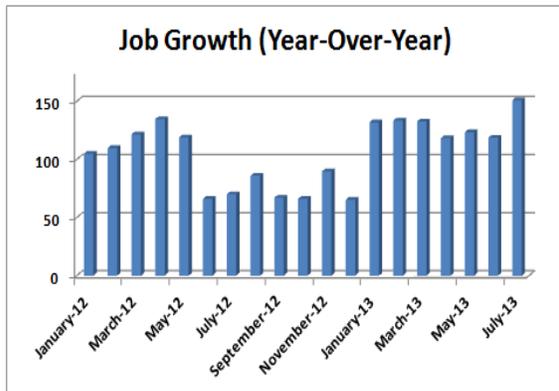
Reinforcing this theme of only modest growth consumer prices rose 0.2% in July, moderating significantly from the previous month. The very modest increases in gasoline and food prices restrained top line gains. The core CPI also rose 0.2%, the same pace as in the two previous months. Weakness at home and abroad is keeping prices down. Import prices have fallen in six of the past eight months the result of excess capacity overseas. Finally, the risk of a large and sustained rise in inflation due to oil or other commodity prices is low because supply has improved. Producer prices were unchanged in July after advancing strongly in May and June.



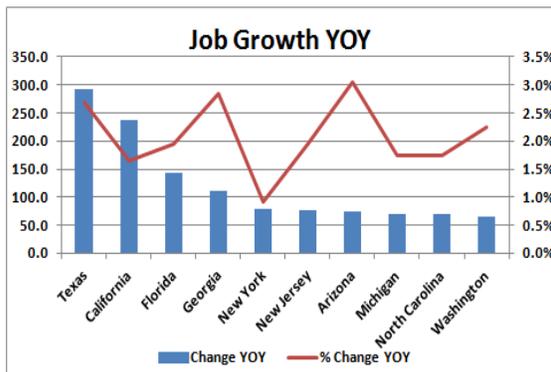
With only modest macroeconomic growth and little risk of rising prices the Fed could delay the onset of tapering. But, it appears that financial markets have already done the job.

Florida Economy: Job Growth Accelerates

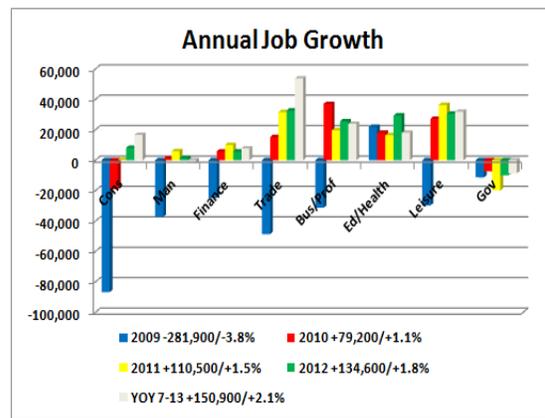
Job growth accelerated over the 12-months ending this July with over 150,000 new jobs. This is the fastest pace of job growth so far this year and one of the best for this recovery. For the first time Florida's rate of job gain, at 1.9%, exceeded the national average of 1.7%. Although Florida's unemployment rate remained at 7.1% for the third month in a row, this is not a cause for concern. To the contrary, it reflects more rapid growth in the labor force as more workers recognized their improved prospects for finding work in Florida.



Although Florida's job growth still lags far behind national leaders Texas and California, Florida finally began to close the gap.



Job gains were primarily in sectors related to tourism or sensitive to accelerating population growth. Jobs in food stores, eating and drinking places, health care, and temporary help services rose substantially. The rebound in construction and real estate was also noteworthy. Government jobs continued contracting primarily because of sequester related drops in federal jobs. Manufacturing retreated because of falling computer and electronic production.



Twenty of the twenty-two metro areas had job gains over the year.

Data as of July 2013	Unemployment Rate	Job Gain	Job Gain
Bradenton-Sarasota	7.4%	2,100	0.9%
Cape Coral-Ft. Myers	7.6%	2,800	1.4%
Deltona-Daytona Bch.	7.3%	2,600	1.7%
Florida	7.1%	150,900	1.9%
Ft. Lauderdale-Pompano	6.2%	17,800	2.5%
Ft. Walton Bch	5.1%	2,800	3.5%
Gainesville	6.0%	3,400	2.7%
Jacksonville	7.0%	17,900	3.0%
Lakeland-Winter Haven	8.7%	700	0.4%
Miami	8.4%	9,500	0.9%
Naples	7.5%	6,400	5.7%
Ocala	8.3%	2,900	3.2%
Orlando-Kissimmee	6.9%	23,300	2.3%
Palm Bay-Melbourne	7.8%	3,100	1.6%
Palm Coast	10.4%	-300	-1.5%
Panama City	6.5%	-2,100	-2.8%
Pensacola	7.0%	2,000	1.2%
Port St. Lucie	9.5%	2,900	2.4%
Punta Gorda	7.4%	700	1.7%
Tallahassee	6.7%	3,900	2.5%
Tampa-St. Petersburg	7.3%	41,900	3.7%
Vero Beach	9.7%	1,400	3.2%
West Palm-Boca Raton	7.7%	10,700	2.1%