

ECONOCAST™ UPDATE – August 21, 2017

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U.S. Economy – Economic Data Mixed

On the plus side retail sales rebounded strongly in July, up by 0.6% overall with core sales rising 0.5%. The gains were broad-based led by gains of over 1% in autos and parts and building materials. Importantly, sales gains for both June and July were revised higher indicating that the growth in July was faster off of a higher base. This means that consumption growth in Q2 is stronger than first reported and that gains in Q3 will be even higher. On a year-over-year basis, sales were 4.2% higher than last year, and core sales were up 4%. Since core goods prices have not increased at all this year, the real gains in sales are understated.



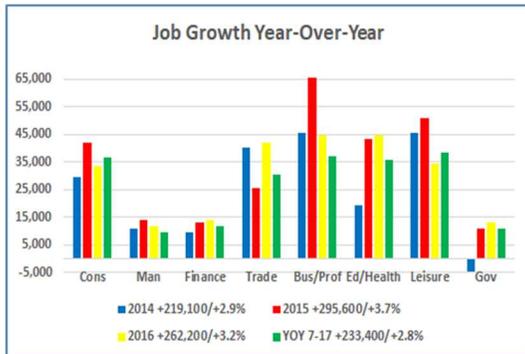
On the minus side housing starts fell 4.6% in July and they have fallen in five of the last seven months. Starts are now 5.6% lower than last year. However, all of the recent weakness has come from falling multifamily starts. This is not surprising given the fundamentals as this segment slows. By contrast, single-family starts are 11% above last year's level.



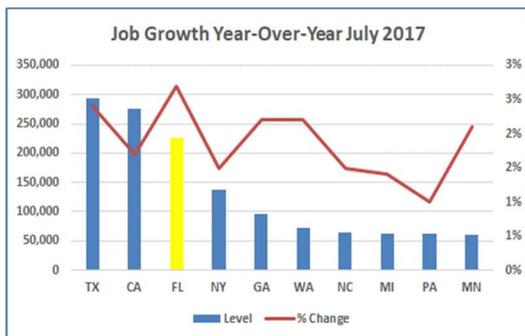
Industrial production ticked up 0.2% in July despite a -3.6% drop in auto production as manufacturers retooled and dialed back to control inventories. New claims for unemployment fell 12,000 and the four-week moving average is down to 240,000. With claims near their cyclical low job growth will remain comfortably above 200,000 per month. The University of Michigan poll of consumer confidence rose 4.2 points for its highest gain so far this year.

Florida Economy: Continuing Strong Job Growth

With 233,600 more jobs in July compared to last year, Florida's job growth remains strong and steady. Every sector reported good gains with particular strength in tourism, healthcare, and professional services. That said, job growth has slowed 21% over the last two years from its 2015 peak.



Florida's job growth continues to rank among the strongest in the U.S. measured on either an absolute basis or in percentage terms.



The monthly data suggest that job growth may be accelerating. On a seasonally adjusted basis job growth surged 32,700 which would be nearly 400,000 more jobs on an annual basis. Gains in leisure/hospitality, construction and local government (more teacher hiring) were noteworthy. Oddly, there was a loss of over 5,000 jobs in administrative

services caused by losses in employment services and building services. These losses are probably statistical quirks, so the monthly job gain in July was probably even stronger.

The quirky contraction in employment and building services was concentrated in Orlando and Miami, thereby depressing their job gains. Tampa led all MSAs for job growth in July with strong gains in business and professional services and in construction. Continuing strong gains in tourism accounted for nearly half of Orlando's 38,800 job gain, but all sectors increased except for administrative services. Job gains were robust in South Florida with relatively balanced and positive gains in every major sector. North Port-Sarasota-Bradenton enjoyed Florida's fastest rate of job growth at 5.2% based on a 16% gain in leisure/hospitality with strong contributions from construction, healthcare, and retail trade. The above average gains for Lakeland and Punta Gorda reflect their strong rates of population growth which boosted employment in construction, trade and healthcare.

Data as of June 2017	Unemployment Rate	Last 12 Months	% Change Jobs
Florida	4.1%	233,400	2.8%
Cape Coral-Ft. Myers	4.2%	2,200	0.9%
Gainesville	3.9%	4,300	3.2%
Jacksonville	4.3%	17,700	2.7%
Lakeland-Winter Haven	5.0%	7,900	3.7%
South Florida	4.5%	76,800	2.9%
Ft. Lauderdale	4.1%	30,000	3.7%
Miami	4.8%	27,100	2.4%
West Palm Beach	4.5%	19,700	3.3%
Naples	4.6%	4,200	3.1%
North Port-Sarasota-Bradenton	4.0%	15,000	5.2%
Ocala	5.1%	2,100	2.1%
Orlando	4.0%	38,800	3.2%
Palm Bay	4.4%	6,800	3.3%
Pensacola	4.3%	3,300	1.9%
Port St. Lucie	4.9%	3,300	2.4%
Punta Gorda	4.7%	1,400	3.0%
Sebastian-Vero	5.6%	1,900	3.9%
Tallahassee	4.2%	5,300	3.1%
Tampa-St. Pete	4.1%	40,800	3.2%