

ECONOCAST™ UPDATE – August 24, 2015

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U.S. Economy – Mixed Messages

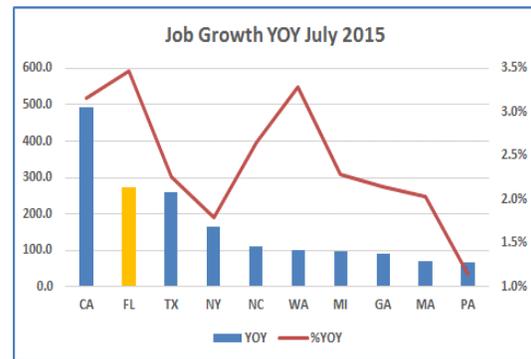
This week's economic news was decidedly mixed. U.S. economic reports point to a strong economy, but global data were downbeat triggering a major sell off in global stocks and a further drop in commodity prices.

First the good news from the domestic economy. July's existing home sales were strong, rising to 5.6 million at an annual rate. Sales are up 2% over June and by more than 10% compared to last year. Prices rose at a 5.6% pace, and inventories dipped. This strength will continue as household formation ramps up into 2016 and wage growth improves while rents increase, pushing previous apartment renters into homeownership

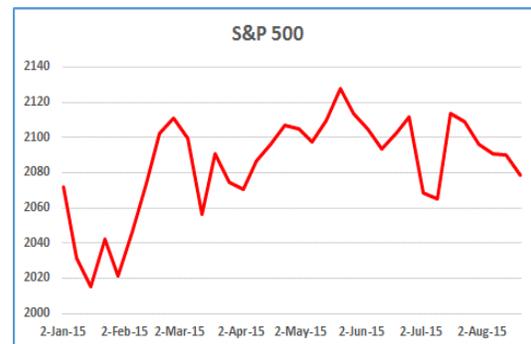


Job growth was also strong across the U.S. in July. Most states had gains over the month as well with 34

up and only 16 losing jobs over the month. Despite the further erosion in oil prices, most oil producing states, including Texas and Oklahoma, registered gains.

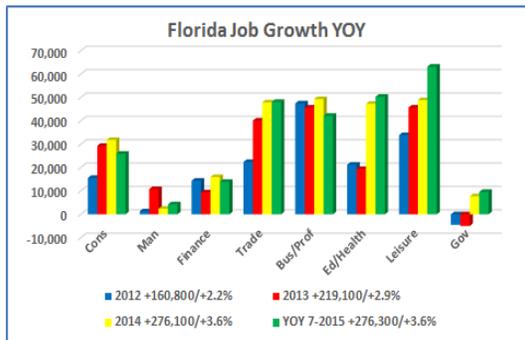


The bad news came from a slowdown in global growth highlighted by a drop in China's manufacturing output. China devalued the Yuan triggering declines in most Asian currencies. Global stock markets sold off and in the U.S. the market gave back all of this year's gains.



Florida Economy: Another Strong Job Report, but No Acceleration

July was another strong month for Florida's labor markets. Over the year job gains totaled 276,300 with gains in every major sector. However, as has been true over the last 18-months, there is no acceleration. Job gains of over 250,000 per year are certainly very strong, but it is also clear that this appears to be the high plateau for this cycle.



Only two sectors showed noticeable gains over their 2014 levels, government and leisure/hospitality. The recovery in real estate markets have replenished local governmental revenues supporting increased hiring by school boards and local governments in response to rising levels of student enrollment and population growth. The continuing gains in leisure/hospitality are supported by the boom in tourism over the course of this expansion cycle.

A significant anomaly has developed in the data for Florida's labor force. Despite the reported data that has Florida's population 16+ growing at 1.6% compared to 1.2% for the U.S., Florida's labor force was reported to have contracted by -0.7% compared to the gain of 0.7% for the U.S. Even more troubling was the report that

employment as measured by the household survey has employment dropping by 0.1% in Florida compared to the 1.7% increase in the U.S.

STATE OF FLORIDA		
Civilian Noninstitutional		
Population 16+	263,000	1.6
Civilian Labor Force	-66,000	-0.7
Employment	-8,000	-0.1
Unemployment	-57,000	-9.9
Unemployment Rate (%)	-0.6	
UNITED STATES		
Civilian Noninstitutional		
Population 16+	2,853,000	1.2
Civilian Labor Force	1,058,000	0.7
Employment	2,439,000	1.7
Unemployment	-1,382,000	-14.3
Unemployment Rate (%)	-0.9	

It is doubtful that Florida's population grew so slowly, or that Florida's labor force and employment levels fell over the last 12 months. So, I expect that there will be major revisions to the household survey data and probably to the jobs data set as well. Both are likely to be revised upward significantly.

Job gains across the metro areas continue have Orlando at the top fueled by the boom in tourism. Every metro area outside of the panhandle was a bit stronger this month.

Data as of July 2015	Unemployment Rate	Jobs last 12 Months	% Change Jobs
Cape Coral-Ft Myers	5.2%	7,600	3.3%
Ft Walton	4.6%	1,500	2.1%
Deltona-Daytona	6.0%	5,700	3.2%
Florida	5.7%	276,300	3.6%
Ft. Lauderdale	5.2%	23,700	3.1%
Gainesville	4.9%	3,300	2.5%
Jacksonville	5.5%	21,400	3.4%
Lakeland	6.2%	6,800	3.4%
Miami	6.3%	24,000	2.2%
Naples	5.0%	4,800	3.7%
No. Port-Brad-Sarasota	5.2%	7,400	2.7%
Ocala	6.6%	2,900	3.0%
Orlando	5.2%	48,200	4.3%
Palm Bay-Melbourne	6.1%	4,900	2.5%
Panama City	5.5%	250	0.1%
Pensacola	5.4%	4,800	2.9%
Pt St Lucie	5.8%	4,700	3.6%
Punta Gorda	6.1%	1,300	3.0%
Vero Beach	6.9%	1,000	2.1%
Tallahassee	5.4%	2,700	1.6%
Tampa-St. Pete	5.4%	33,500	2.8%
West Palm-Boca Raton	5.1%	13,200	2.3%