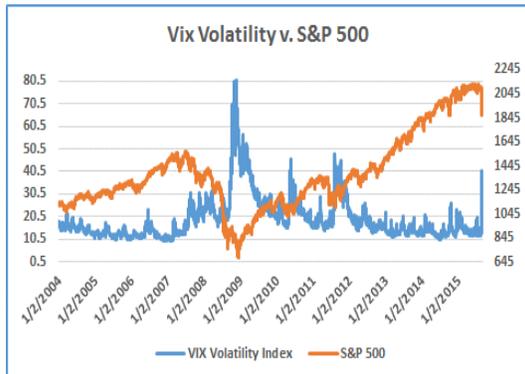


ECONOCAST™ UPDATE – August 31, 2015

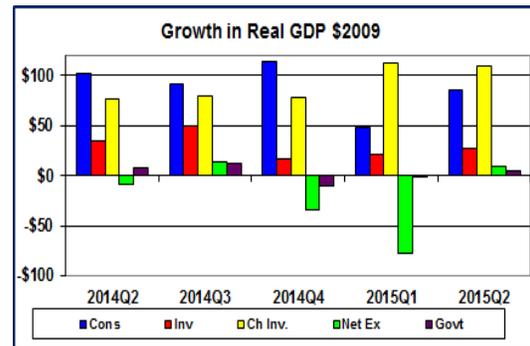
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U.S. Economy – Better Mixed Messages

Once again fears that China's economy is much weaker than reported disturbed financial markets last week. The VIX stock market volatility index leaped to its highest level since November 2011, yet stock prices held firm during a wild week.



Yet, once again the U.S. economic data were quite positive. Growth in real GDP was revised from just 2.3% to 3.7% in the 2nd quarter. Positive revisions were widespread, but the gains in consumer spending, exports, state and local spending, and fixed investment were significant. The only negative was the rise in inventories. Overall prices rose 2.1% as oil prices increased after barely rising the last two quarters.



Friday's employment report will influence the timing for the Fed's long anticipated rate hike. The data on new jobless claims point to another strong gain in jobs, probably up by 225,000. Any number above 200,000 will likely be sufficient to trigger the hike in mid- September.

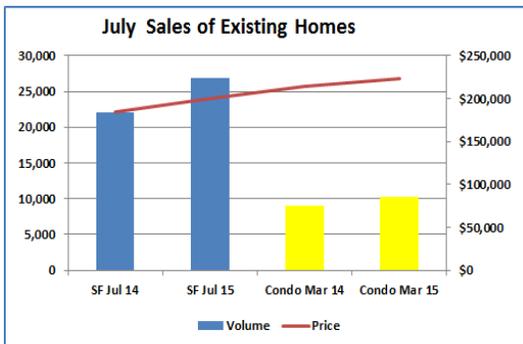


The economic recovery has lasted six years and shows no signs of old age. Expansions are usually done in by one or more significant imbalances in the economy, invariably exacerbated by excessive risk-taking in the

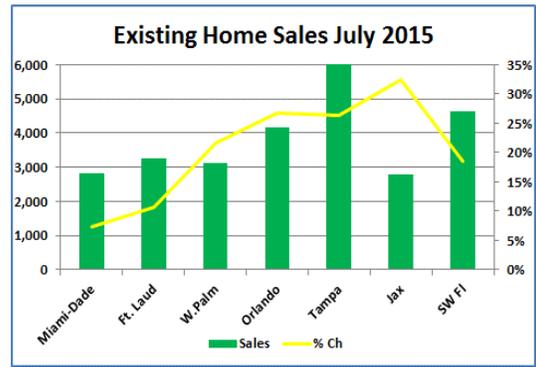
financial system. None of this yet exists.

Florida Economy: Housing Markets Stronger Still

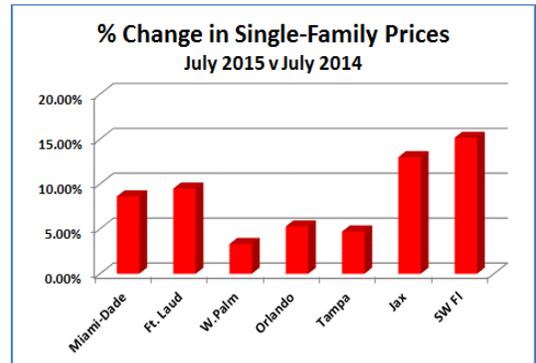
Florida's housing market continues to strengthen. The July data for existing home sales continued to improve in July. Sales volume for single-family homes rose 22% compared to July 2014 and the average closing price increased by 8%. Condo sales were up 14% with rising 4% higher than last year. This pattern of rising sales volume and higher prices has persisted for more than 4 years. The rate of increase in pricing has slowed to sustainable levels after bouncing off the recessionary bottom which is a good sign. Additionally, sales volumes continue increasing at very strong rates. This is supported in part by accelerating population growth, increasing foreign investment, and stronger household formations courtesy of rising employment.



All of Florida's major metro areas enjoyed strong gains in sales of existing homes, both single-family and condominiums in July 2015 compared to last year ranging from 7% in Miami-Dade to a whopping 32% year over year gain in Jacksonville. In volume terms Tampa Bay's 6,004 sales in July topped all metro areas.



Interestingly, this strong and continuing surge in sales volumes for existing home across Florida's metro areas was not fully reflected in higher prices. For example, the prices for existing single-family rose by more modest amounts ranging from 3% in West Palm to 15% in Ft. Myers.



The strong sale pace has driven down the inventories of existing homes for sale to very low levels considering that the equilibrium level of inventory is six months measured at current sales levels.

