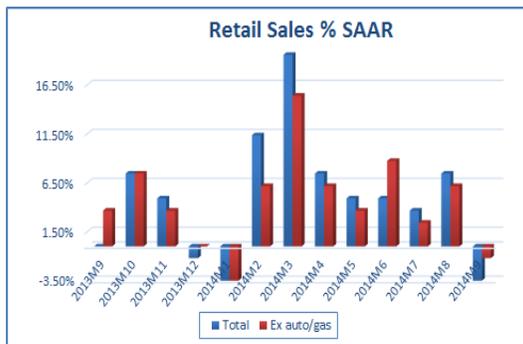


ECONOCAST™ UPDATE – October 20, 2014

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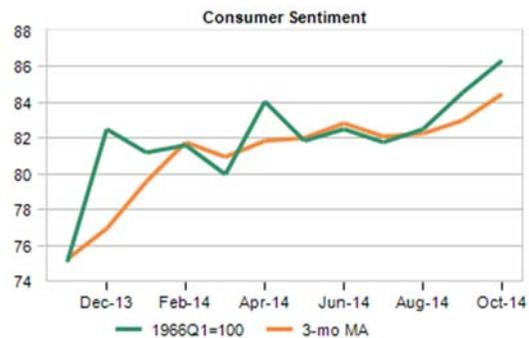
U.S. Economy – Halloween Scares

The pre-Halloween economic data appear scarier than they are. Retail sales were frightening -- dropping unexpectedly at a 3.5% SAAR. Total and core sales declined for the first time since January. The weakness was widespread across segments. Given the strong fundamentals, September's weakness may be an apparition later to be revised upward. Employment and incomes are rising, inflation is very low, credit is available, and gas prices are down. There is considerable pent up demand. So, the stage seems set for strong holiday shopping.



The October surge in consumer confidence index says consumers played a trick in September. Confidence jumped to its highest level in 7 years. Consumers liked stronger

hiring, lower gasoline prices, and low borrowing costs.

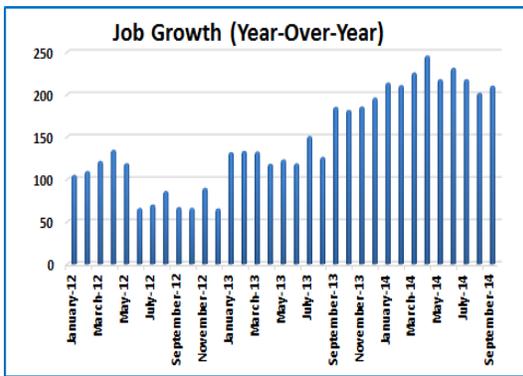


The big data treat last week was the rebound in industrial production up 1% in September. Gains were widespread lead by utility and mining production. Manufacturing production rose 0.5% even as motor vehicle and parts output fell 1.4%. Factory output excluding autos rose 0.6% following no change in August. Capacity utilization rose from 78.7% to 79.3% in September.

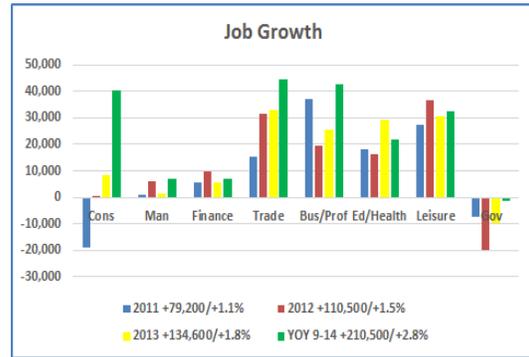


Florida Economy: Employment Growth Ticks Up

Job growth ticked up to in September to 210,500 compared to September 2012 reversing the slide over the prior two months. While this is another strong number, the pattern remains unchanged. Job growth has plateaued at an annual pace of just over 200,000. Florida's unemployment rate fell to 6.1% primarily from stronger job growth which exceeded the growth in the labor force.



Once again it was construction, trade, business/professional services, and leisure/hospitality that provided the job biggest gains. Only the government sector lost jobs because of cutbacks in local government jobs. The rebound in residential construction pushed up trade contractors and manufacturing of fabricated metals going into construction. Rising population growth fueled gains in every retail category, especially in food and beverage stores. Population growth also stimulated gains in healthcare, particularly for hospitals and ambulatory care centers. Tourism continues to expand strongly pushing gains in that sector. Finally, there was a big rise in temporary jobs which points to continuing gains in full time jobs in the future.



Orlando led all metros with 36,500 jobs gained over the last 12-months. A very strong summer tourism season and rebounding construction lead the way. Miami-Dade posted a strong gain of 33,200 over the year followed by Jacksonville, Ft. Lauderdale, Tampa-St. Pete and West Palm.

| Data as of September 2014 | Unemployment Rate | Change in Jobs last 12 Months | % Change Jobs |
|---------------------------|-------------------|-------------------------------|---------------|
| Cape Coral-Ft Myers | 6.0% | 900 | 0.4% |
| Ft Walton | 4.6% | 2,400 | 3.0% |
| Deltona-Daytona | 5.9% | 3,200 | 2.0% |
| Florida | 6.1% | 210,500 | 2.8% |
| Ft. Lauderdale | 5.2% | 18,500 | 2.4% |
| Gainesville | 4.9% | 2,600 | 2.0% |
| Jacksonville | 5.8% | 21,700 | 3.5% |
| Lakeland | 7.2% | 1,400 | 0.7% |
| Miami | 6.8% | 33,200 | 3.1% |
| Naples | 6.2% | 4,300 | 3.5% |
| No. Port-Brad-Sarasota | 6.0% | 9,300 | 3.6% |
| Ocala | 7.1% | -1,800 | -1.9% |
| Orlando | 5.7% | 36,500 | 3.4% |
| Palm Bay-Melbourne | 6.4% | 1,700 | 0.9% |
| Palm Coast | 8.4% | 300 | 1.5% |
| Panama City | 5.7% | -800 | -1.1% |
| Pensacola | 5.8% | 2,100 | 1.3% |
| Pt St Lucie | 7.3% | 1,800 | 1.4% |
| Punta Gorda | 6.2% | 1,100 | 2.5% |
| Vero Beach | 7.8% | -600 | -1.3% |
| Tallahassee | 5.5% | 3,200 | 1.9% |
| Tampa-St. Pete | 6.2% | 15,200 | 1.9% |
| West Palm-Boca Raton | 6.0% | 11,800 | 2.2% |

Job gains were also notable in Naples and North Port-Sarasota-Bradenton with gains of more than 3%. By contrast, three metro areas lost jobs over the last year Panama City, Ocala, and Vero. In each case the weakness was widespread across many sectors suggesting structural issues. Gainesville and Tallahassee also underperformed, because of their large, but weak, government sectors and topping out of enrollments at UF and FSU.