

## ECONOCAST™ UPDATE – October 24, 2016

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### U.S. Economy – Growing at 2.75%

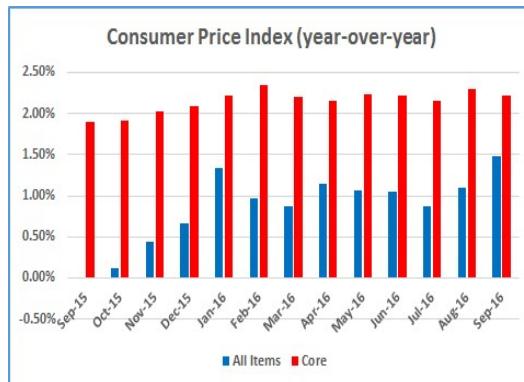
Last week's economic data indicate a 2.75% growth rate for the second half of 2016. While hardly spectacular, growth has accelerated.

Residential sales and construction activity will make positive contributions in this 2<sup>nd</sup> half of 2016. Single-family starts jumped 8% in September and permits rose as well. Volatile multifamily starts dropped, but the trend remained steady. Existing-home sales rebounded strongly in September, up 3.2%. While close to a post-recession high, sales were only up by 0.6% from September 2015. But for extraordinarily tight inventories, sales would have been higher. New home sales will be reported Wednesday, and I expect them to increase again.

Real wages are accelerating as the labor market approaches full employment. Nominal wages are up by more than 3% this year compared to last and with low inflation this translates into real gains of about 2%.

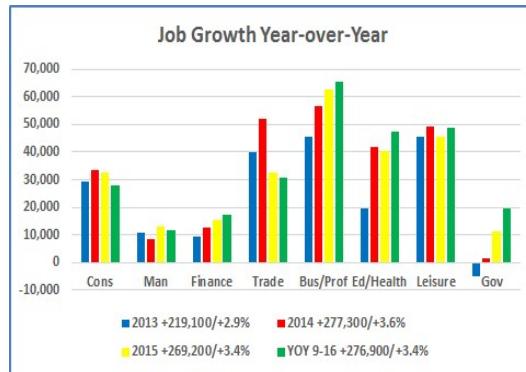


Core CPI is rising at a steady 2% pace. Coupled with rising real wages, rising prices set the stage for the Fed to increase the funds rate at their December meeting.



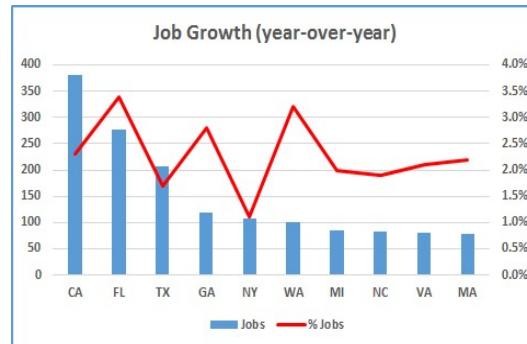
## Florida Economy: Job Growth Accelerates in September

Florida has enjoyed 74 monthly increases in employment, but over the last 18-months the trajectory had slowed – until last month. Job growth accelerated noticeably in September rising to 276,900 over the year for the best total since 2014. Gains were widespread with acceleration in finance, business and professional services, healthcare, and leisure/tourism. The strong gain in employment services points to continued strong gains since employers often fill positions first with temporary workers. The September surge in government jobs is not sustainable. It came mostly in local government teaching jobs which were not fully captured in the August data due to the timing of school openings this year.



Florida's stellar job performance continues to rank the State second only to California for total job growth. Furthermore, with its 3.4% rate of job growth Florida ranked first among the states with the highest total job growth. Florida's high rate of job growth points to continuing high levels of job gains going forward. It is also interesting to note that among the states with the strongest job gains are states which are important sources of migration into Florida

including New York, Georgia, Virginia and Massachusetts. Historically, when there is strong job growth in these sending areas, migration to Florida accelerates. This nexus comes from higher sales of existing homes in the sending states which frees up assets for those who wish to move to Florida.



The I-4 corridor from Daytona Beach to St. Petersburg generated over 100,000 jobs over the last 12-months leading the State and accounting for over 40% of total job growth. With big gains in tourism and construction, Orlando led all metro areas with 55,200 jobs. There were notable gains in Jacksonville and Ft. Lauderdale as well both, in terms of total job gains and in the rates of growth.

Data as of September 2016	Unemployment Rate	last 12 Months	% Change Jobs
<b>Florida</b>	<b>4.7%</b>	<b>276,900</b>	<b>3.4%</b>
Cape Coral-Ft. Myers	4.7%	7,400	3.0%
Gainesville	4.5%	2,200	1.6%
Jacksonville	4.6%	31,800	4.9%
Lakeland-Winter Haven	5.9%	2,400	1.1%
South Florida	5.1%	61,500	2.4%
Ft. Lauderdale	4.6%	35,000	4.4%
Miami	5.6%	15,500	1.4%
West Palm Beach	5.1%	10,800	1.8%
Naples	5.4%	4,000	2.9%
North Port-Sarasota-Bradenton	4.7%	5,300	1.8%
Ocala	6.0%	1,500	1.5%
Orlando	4.5%	55,200	4.7%
Palm Bay	5.2%	4,100	2.0%
Pensacola	4.9%	3,400	2.0%
Port St. Lucie	5.6%	3,800	2.8%
Punta Gorda	5.6%	1,000	2.2%
Sebastian-Vero	6.7%	900	1.8%
Tallahassee	4.9%	3,800	2.2%
Tampa-St. Pete	4.7%	27,600	2.2%