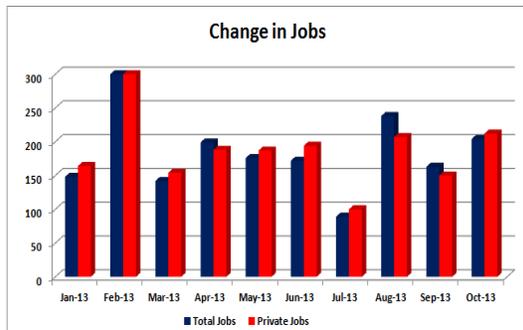


## ECONOCAST™ UPDATE – November 11, 2013

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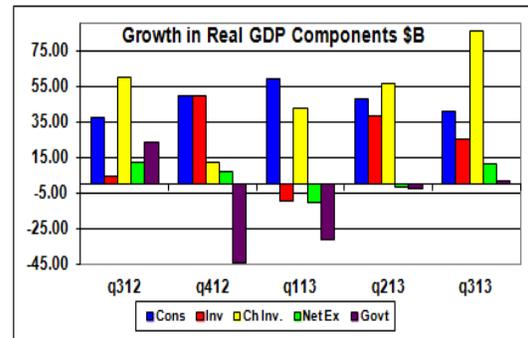
### U.S. Economy – Shutdown’s Muted Economic Impact

Despite dysfunction in Washington, labor markets advanced in October. Total employment rose 204,000 driven by 212,000 private sector jobs. The government shutdown cost only 8,000 government jobs. The private sector gains were broad-based with all sectors advancing. Additionally, revisions to September and August payrolls added 60,000 more jobs. The unemployment rate, calculated from a different survey, increased slightly, from 7.23% to 7.28% because of the shutdown. This surprisingly strong showing suggests more momentum moving forward than previously anticipated and is consistent with last week’s strong ISM survey reports.



The growth in real GDP also surprised on the upside rising at a

2.85% annual rate up from 2.45% and 1.15% the prior two quarters. However, top line growth was driven by gains in inventories (yellow bars) which are not sustainable. Real final demand increased at a modest 2% pace.



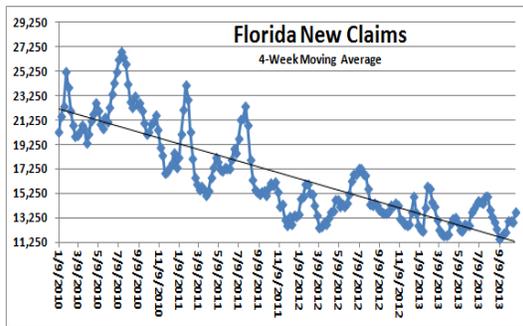
The 3<sup>rd</sup> preceded shutdown, and it was widely believed that Congress would reach an agreement avoiding the shutdown. So, the economy had only modest momentum even before the government shutdown.

Residential investment is strongly leading growth with government spending declines, especially for federal defense spending, the largest drag. Consumer spending is growing faster than overall GDP, but is also weak, just under 2%. Forward-looking indicators are mixed with rapid inventory accumulation a drag, but expectations for faster consumer

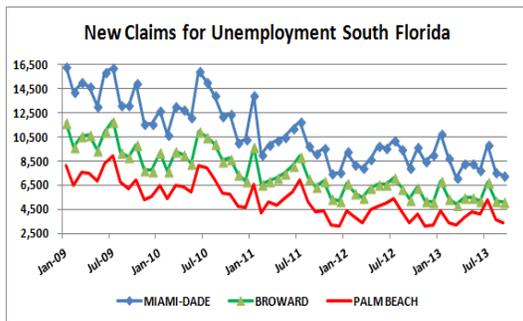
spending and residential investment growth are still positives. Hence, the outlook for a gradual acceleration in growth remains intact.

### Florida Economy: Will Florida's Job Growth Accelerate?

The jobs report for Florida will not be released until 11-22-13. But we do have some good leading indicators to examine, new claims for unemployment compensation in Florida. New claims ticked up the past few weeks, but the trajectory remains unchanged with claim volume receding.

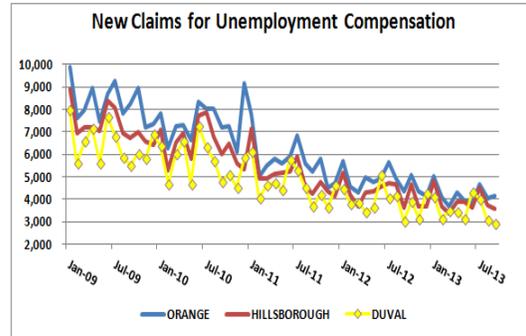


South Florida's job market is quite strong with new claims dropping over the last few reporting weeks. Claims volume is now back down to pre-recession levels in South Florida.

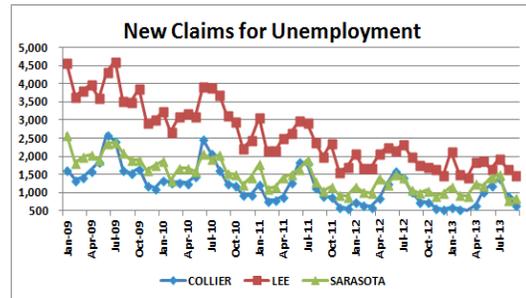


Florida's other major metropolitan counties, Orange, Hillsborough and Duval, also turned in good performances in September continuing the progress made all summer. Claims volume is also

back to pre-recession levels in the counties.



Southwest Florida, which was one of the hardest hit areas in the nation in the Great Recession, has enjoyed a strong recovery. After the surprising rise in new claims during the early summer, claims have again declined reflecting accelerating momentum in the area's housing market. This portends stronger job growth for the rest of the year.



Another area which was badly hurt in the recession was the mid-east coast with the collapse of housing markets and the end of the Shuttle program. However, the area is now recovering.

