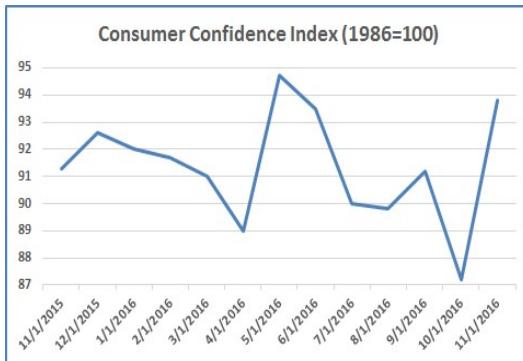


ECONOCAST™ UPDATE – November 28, 2016

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U.S. Economy – Markets Process the Election Results

Markets continued processing the election results with varying results. Consumer confidence bounced back with much of the gain attributed to relief that the election was finally over. But fundamentals also played a role, with expectations for higher incomes and more spending. Higher prices for homes and equities coupled with rising job growth and wages, will support stronger consumption.



Financial markets remained fixated on the looming shift in fiscal policy next year, betting on less regulation, increased government spending, and lower taxes. Stock prices rose and bond prices fell again. While there are more questions than answers about the size and scope of both the tax cuts and increased government

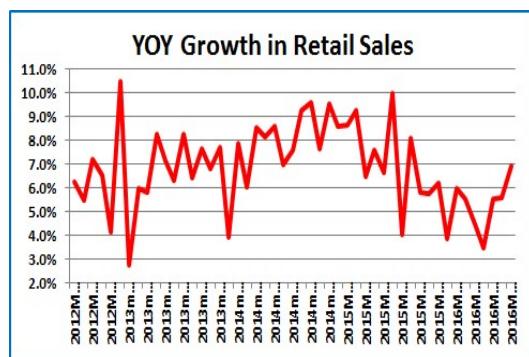
spending, it is obvious that significant fiscal stimulus, at a time when the economy is approaching full employment, will boost inflation. In this environment rates have nowhere to go but up. The push and pull from higher stock prices and higher interest rates was on display in housing markets. With rates still low, existing home sales rose 2% in October and they were 5.9% over last year. Sales are now above their pre-bubble level.

But, new home sales slipped 1.9% in October, even though they are still up nearly 18% over last year. Sales will probably continue falling over the next few months forced lower by the now higher mortgage rates. Sales will level out and begin rising again next year as gains in employment and incomes catch up to the shock of higher mortgage rates.

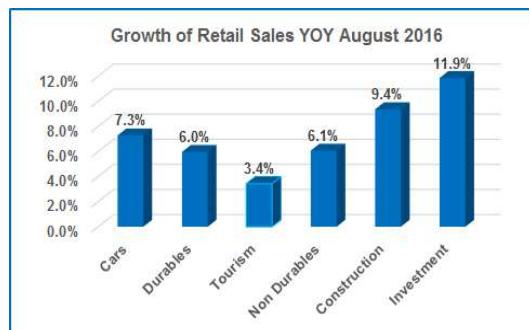


Florida Economy: Retail Sales Accelerate in August

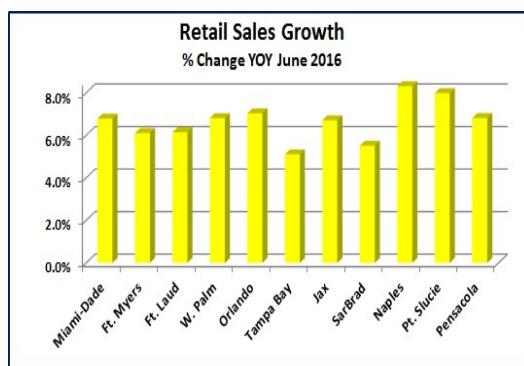
After slowing erratically, but moving substantially lower for almost a year, retail growth accelerated over the last two months. August sales were up nearly 7% compared to last year. With Florida's population and employment growing strongly, retail sales should be quite strong over the holidays and continue to grow buoyantly in 2017.



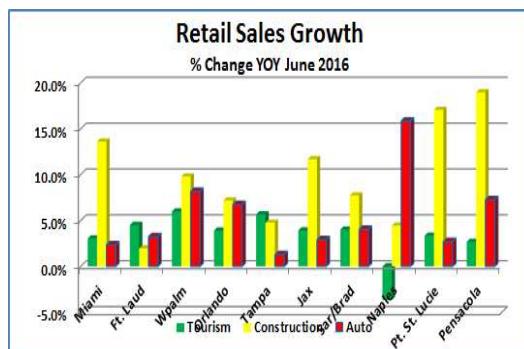
Tourism was slower this summer and retail sales for the sector reflect the softness. Otherwise, retail sales grew strongly in each of the other major sale sectors. Business investment spending stood out rising nearly 12% compared to 2015. Building activity is robust in Florida as reflected in the 9.4% growth in construction related sales. Even sales of durable and nondurable goods, perennial underperformers, posted gains of 6% or more for the 12-months ending in August.



Most of Florida's major metropolitan areas saw strong gains in retail sales over the last 12 months. Naples and Port St. Lucie stood out with gains of 8% or more. Despite the slowing in tourism Orlando managed a gain of 7% and Miami, West Palm and Pensacola did almost as well. Sales along the Southwest Coast from Tampa to Ft. Myers were weaker over the last year running about 6% or less.



Construction sales powered the retail sales gains in Miami, Jacksonville, Port St. Lucie and Pensacola as construction sales rose by 10% or more. A big jump in auto sales drove up the totals in Naples, but this is unlikely to be sustainable.



Going forward the momentum in construction sales is likely to fade. Building permits are rising, but not fast enough to sustain a near 10% gain in sales. But, tourism sales will recover and sales of autos and investment will remain strong in 2017.