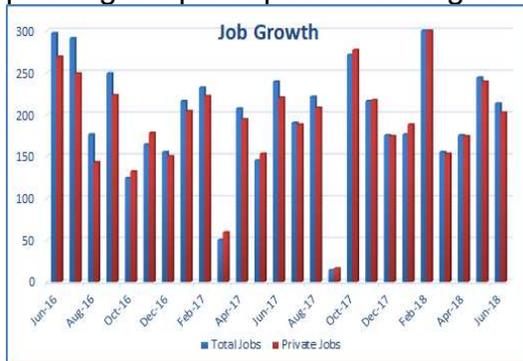


ECONOCAST™ UPDATE – July 9, 2018

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U.S. Economy – Strong U.S. Growth and the Trade War

The U.S. has launched an ill-considered and poorly conceived trade war with China. While the economic impacts will come soon and build over time, for now the U.S. economy is growing at a pace of 4% or more. Job gains remain remarkably robust and widespread in this ninth year of continual expansion. Employers added 213,000 new jobs in June. Job growth so far this year has averaged 218,000 per month compared to 181,000 last year. The unemployment rate ticked up to 4%, but this was a positive sign, because more workers entered the labor force pushing the participation rate higher.



The only disappointing news was that wage growth was unchanged at 2.7%. However, wage gains probably

understate wage pressures, because many jobs were added at the lower range of the wage scale. The quarterly employment cost index is a far better barometer, and it has accelerated at a 4% annual pace.

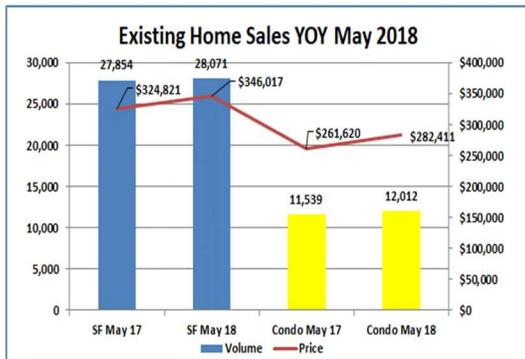
Nominal personal income rose at a 5% annual rate in May, but real disposable income increased by just 2.4% because of rising prices.



The ISM surveys came in strong in June, and it will take a lot to slow the U.S. economy because of the sugar high it's on from the fiscal stimulus. But the escalating trade war between the U.S. and its trading partners is a growing threat. It is increasingly likely that the trade tensions will escalate, adding to their economic costs. This all comes as the Fed continues to raise interest rates and financial market volatility increases.

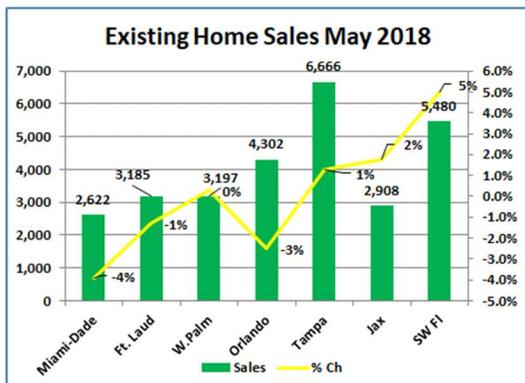
Florida Economy: Existing Home Sales Advance Modestly in May

Sales of existing homes ticked up 2% in May compared to last year, and the median price jumped 7%. The multifamily segment outperformed with sales of condos and townhomes rising 4% over the year and prices nearly 8% higher compared to the sales gains for single-family homes of less than 1% with prices up only 6% over last year.



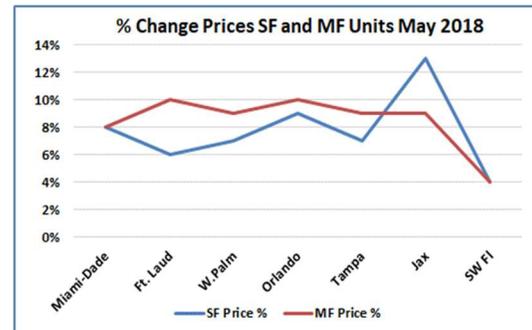
Although rising prices are finally triggering increases in listings, the inventory of homes for sale was at just 4 months for singles and less than the benchmark of 6 months for multitis.

The Tampa Bay market continued to dominate with 6,666 sales in May which was 1% above last year. This came in the face of extraordinarily tight inventory levels of less than 3 months in both singles and multitis.



Southwest Florida had the biggest gain in sales up 5% over the year, but sales were down 3% in Orlando and 4% in Miami-Dade compared to last May. In both cases the culprit was a 5% drop in single-family sales.

Median closing prices increased by as much as 12% in Jacksonville's single-family market to just 4% in Southwest Florida's single and multifamily market segments.



Inventory levels remained exceptionally tight for single-family homes across all areas in May. Multifamily inventories were varied.

