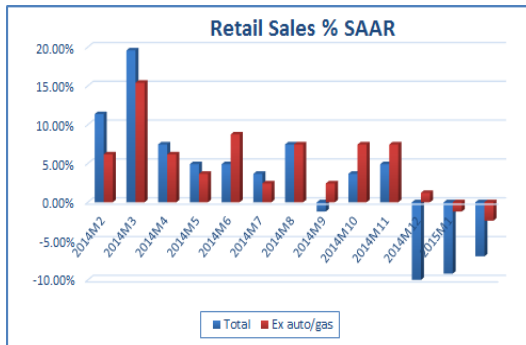


## ECONOCAST™ UPDATE – March 16, 2015

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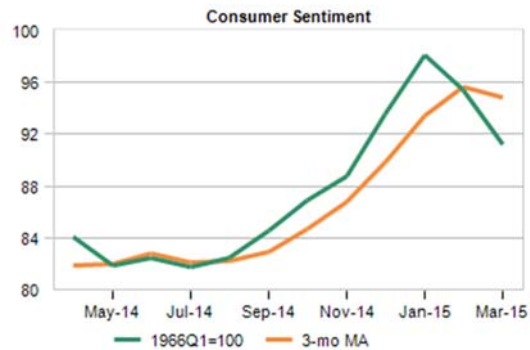
### U.S. Economy – Job Growth Soars in February

Retail sales fell 0.6% in February, for the third decline in a row. However, this time it was not caused by falling sales at gasoline stations which rose 1.5%. The weakness was concentrated in auto dealers, but it was widespread. Core sales, excluding cars and gasoline, dropped at a 2.4% annual rate in February.

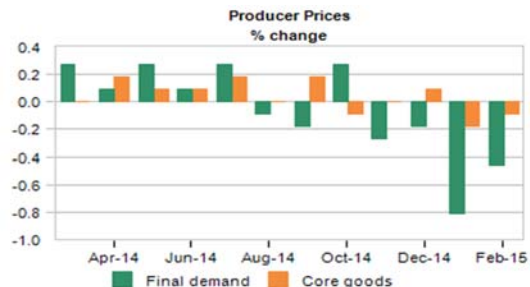


This month's sales decline is highly suspect in light of the strong gains in employment and the rising levels of real disposable income. Much of the weakness comes from the terrible winter weather in February. This is supported by the available data on retail sales in warmer areas like Florida, where sales have been rising strongly.

Despite the decline in retail sales, confidence levels remain very high. Rising gasoline prices did take a nip out of confidence, but consumers are still positive on the outlook.

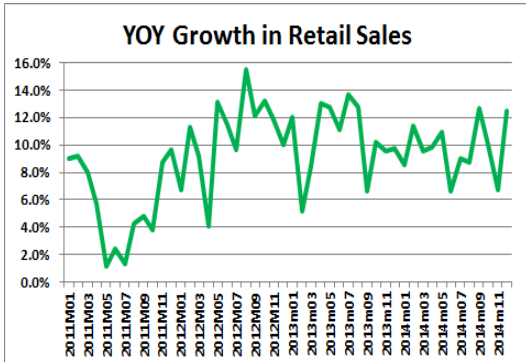


Producer prices fell 0.5% in February, largely because of a 1.5% drop in food prices. Since energy prices increased, the food prices drove down the core rate of inflation. Overall producer prices are down 0.7% on a year-ago basis, setting the stage for consumer price growth to further slow over the next several months.

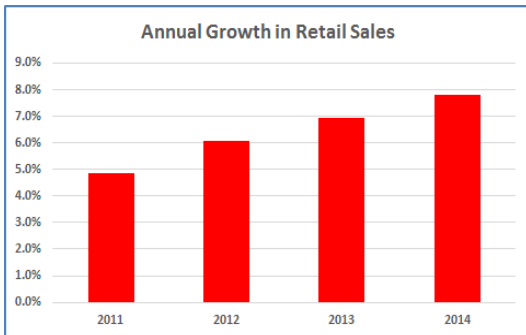


## Florida Economy: Retail Sales Accelerate to 12% Gain YOY

Retail sales in Florida were up by 12% in December 2015 compared to 2014. The acceleration in Florida's retail sales stands in sharp contrast to the reported weakness in U.S. sales.



Retail sales have grown steadily since the end of the Great Recession. Not only have sales increased, but sales have increased at an ever accelerating rate. The strong upswings in population growth and in employment have fueled these gains. Given the momentum and prospects for 2015, Florida's retail sales should continue to accelerate strongly over the balance of this year.

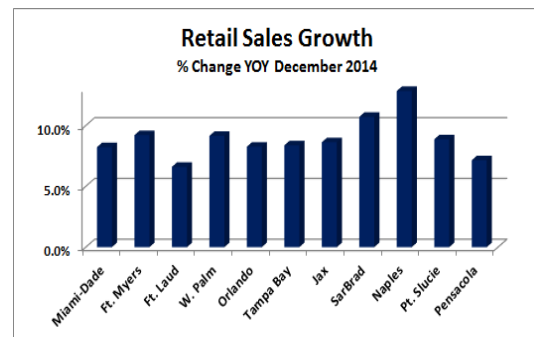


The strong gains in retail sales over the last 12-months were driven by double digit gains in auto sales and in tourism. Construction spending rose with the improvement in residential construction. Investment spending also increased strongly as Florida

businesses expanded to meet rising sales.



All of Florida's major metro areas enjoyed strong gains in sales over the latest 12-months ending in December. Sales were particularly buoyant in Southwest Florida (Naples and Sarasota/Bradenton in particular).



Sales growth was more modest in Florida's smaller metros. Throughout this cycle Tallahassee and Gainesville have lagged, held down by the sluggish gains in State government employment. The panhandle has also lagged.

