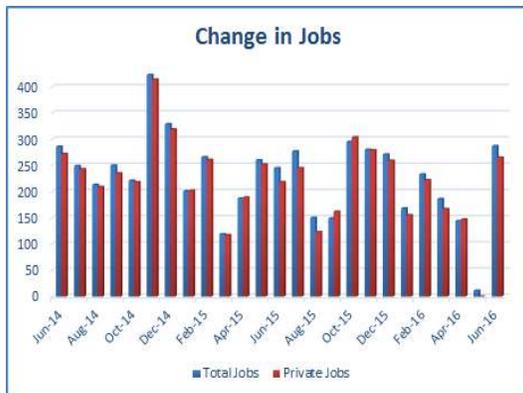


ECONOCAST™ UPDATE – July 11, 2016

© 2016 Fishkind & Associates, Inc. All Rights Reserved.

U.S. Economy – Strong U.S. Job Growth Confirms U.S. Growth

The U.S. economic data for June reflect steady and continuing economic growth, albeit at a moderate pace. Hiring bounced back in June with payrolls rising by 287,000 thereby assuaging concerns over a broader economic slowdown in 2016. Service sector jobs surged based on the strength in domestic consumption. Goods-producing industries are still struggling amid low commodity prices and a weak global economy, but even here there was some improvement in June.



Overall labor markets are tightening as evidenced by the dramatic decline in the number of involuntary, part-time workers, the broadest measure of labor market underutilization fell to a post-recession low of 9.6%. Average

hourly earnings have been trending higher and reached 2.6% year over year in June.

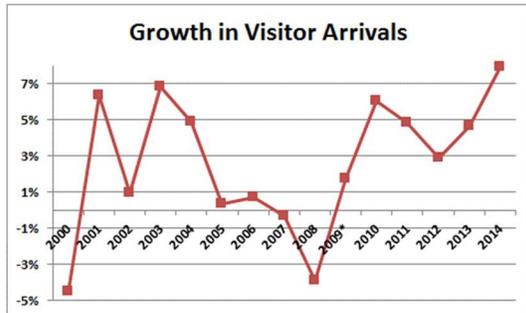
U.S. manufacturing is showing signs of improvement, as the ISM manufacturing index rose to 53.2 in June. However, Brexit will depress global growth and has pushed the U.S. dollar higher. The nonmanufacturing segment of the economy bounced back in June, meaning that May's drop was a fluke. New orders for both manufacturing and nonmanufacturing rose strongly in June suggesting even better growth is ahead.



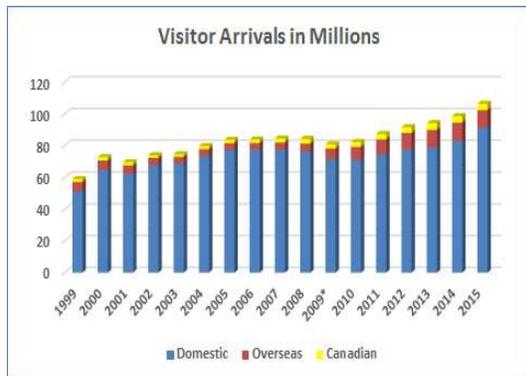
Even with June's better economic news, the Federal Reserve is likely to delay increasing the funds rate until financial markets settle down. That process is likely to take a number of months.

Florida Economy: Tourism Soars in 2015, But 2016 Will Be Weaker

Tourist flocked to Florida in 2015 surging 8% to over 106 million. Growth in arrivals nearly doubled compared to the still strong 2014 pace. Since 2009 visitation has grown at a 4.6% annual pace.



Over the last two years the mix of tourists has changed. Domestic arrivals have shot up at a 7.6% rate, but foreign arrivals were essentially flat. Clearly, the continuing growth in U.S. GDP, and particularly in real disposable income over the last two years, has powered domestic gains. At the same time the economies in Canada, South America and now in the UK were weakening.



The top ten foreign markets for Florida tourism provided far fewer visitors in 2015 than before. The economic and political collapse in Venezuela cut visitor volume by 34% in 2015. Economic and political

turmoil in Argentina and Brazil caused visitation to drop by 15% and 10% respectively. Visits from Canada, the most important source of foreign visitors declined 3.5% last year. Although arrivals from the UK rose 4.6% in 2015, Brexit will cause a contraction in 2016 and 2017.



As a result, the domestic market must continue to expand rapidly just to offset losses from overseas. Fortunately, this is likely to be the case. Over the last few years domestic arrivals by car have increased their share of the marketplace. Low gasoline prices and the continuing growth in drive-to-Florida markets including Georgia, New York, and New Jersey suggest that gains in domestic tourists arriving by car will more than offset the lower levels of foreign arrivals. That said, it is reasonable to expect that the pace of growth in tourism will slow from the extraordinary level of 2015 to the average of about 4% through 2017.

