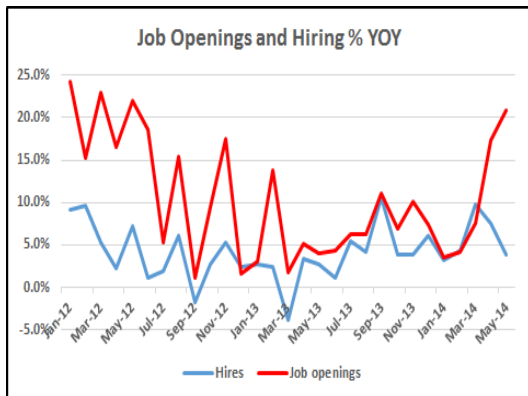


## ECONOCAST™ UPDATE – July 14, 2014

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### U.S. Economy – A Stronger Labor Market

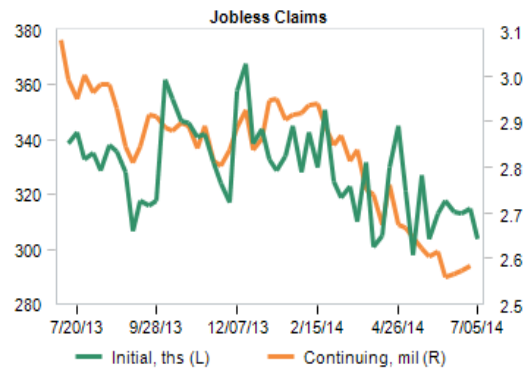
May's Job Openings and Labor Turnover Survey ("JOLTS") showed a strong rise in job opening, up 20% compared to last year. However, hiring remains restrained actually dipping in May.



Nevertheless, the strong rise in openings bodes well for the labor market. Actual job gains have averaged over 200,000 over the last three months and given the surge in openings hiring is bound to continue improving pushing employment up. I expect job gains to top 250,000 per month during the July-September 3<sup>rd</sup> quarter.

The sensitive jobless claims data also point to stronger job gains ahead. New claims for unemployment

insurance fell 11,000 to 304,000 in the week ending July 5. The four-week moving average fell 3,500 to 311,500. Both measures are near post-recession lows. Since early April, UI claims have been hovering around 300,000, about where they were prior to the recession's start in late 2007.

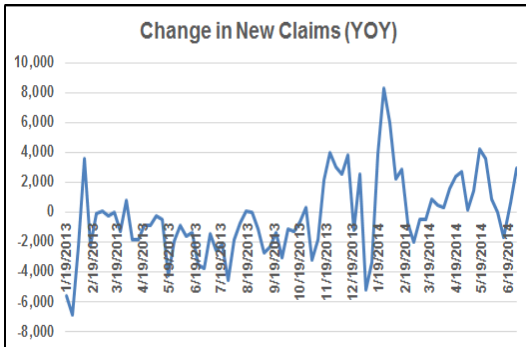


Reflecting the improving labor market, the FOMC slightly tightened monetary policy at their June meeting. Quantitative easing is now projected to end in October 2014. Otherwise, the FOMC will keep the funds rate at near zero through the first quarter of 2015.

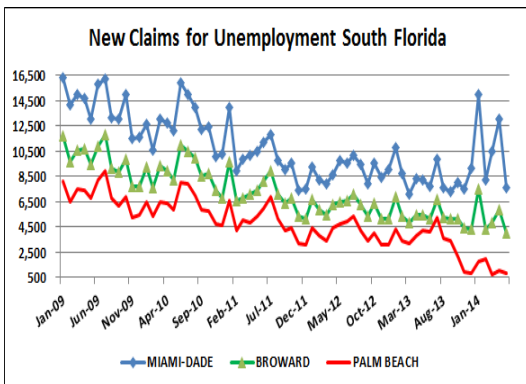
With stronger job growth and modestly improving earnings the stage is set for a surge in real GDP growth to 4% or more. Maybe this time it is for real.

## Florida Economy: Stronger Labor Markets and Lower UI Claims

Florida's labor markets continue to improve slowly. New claims for unemployment compensation are low and essentially unchanged over the last 12 months. While there is some month-to-month variability, claims measured year-over-year are about the same today as they were last year.



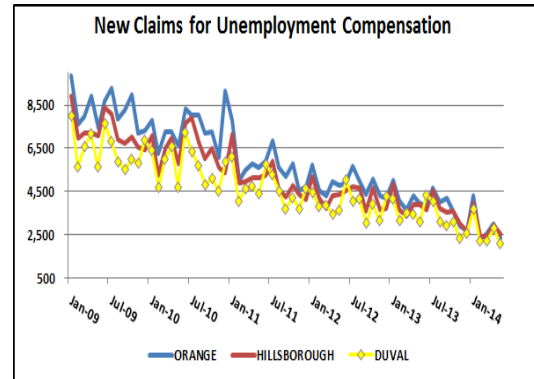
The low level of statewide UI claims is consistent with annualized job growth of about 225,000. With an accelerating national economy job growth should be relatively strong in Florida over the next 90-days.



New claims dropped in back to trend line in Miami-Dade County in May after spiking this spring. Claim levels now appear to be in line with the strong growth underway in Miami-Dade. Claims also dropped and have remained quite low in both Broward

and Palm Beach counties. All of this is consistent with other data for South Florida indicating rising rates of economic activity propelled by the rebound in construction and tourism.

Florida's other major metropolitan areas continue to enjoy lower levels of UI claims. For the core urban counties of Orange, Hillsborough, and Duval claims were all below the 2,000 mark in May matching pre-recession levels. This year's very strong summer tourism season will produce even stronger job gains for Orange County, the epicenter of Florida's theme parks and leisure travel.



Following the sharp recession and the collapse of residential construction Southwest Florida's labor markets have recovered based on the latest UI data. Claims have now dropped to near pre-recession levels across Southwest Florida.

