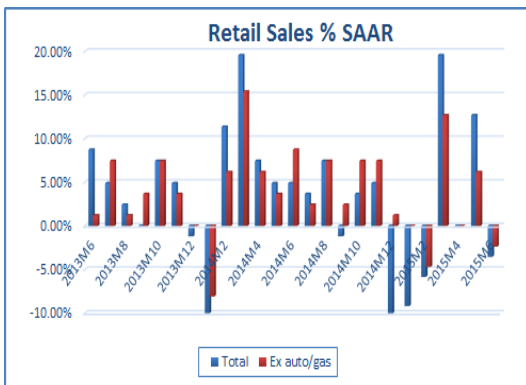


## ECONOCAST™ UPDATE – July 20, 2015

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### U.S. Economy – Weaker Retail Sales Means Slower Growth

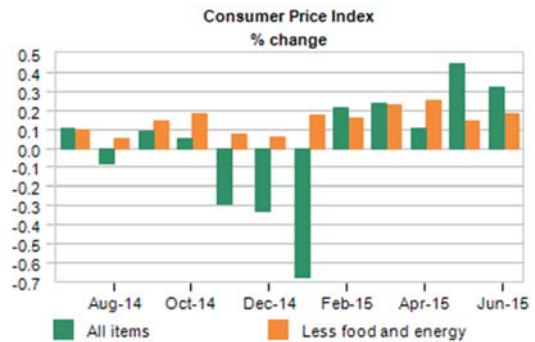
Retail sales were surprisingly weak, falling 0.3% in June following a downwardly revised gain of 1% in May. While weakness was concentrated in car sales, core sales (total sales less autos and gas) also dropped by 0.2% for the month. June sales were 1.4% above their year-ago level, the second weakest growth in more than a year.



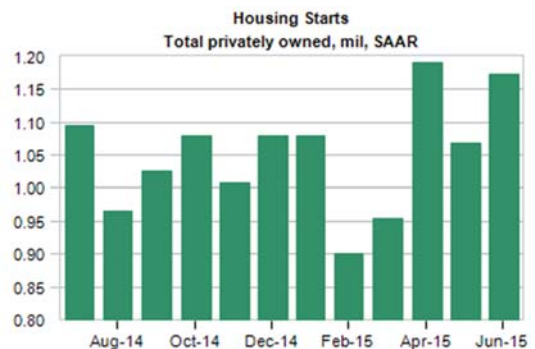
Weak retail sales are surprising since the fundamentals are strong. Strong job growth is pushing up wages and incomes, wealth has increased as home prices and stock prices are up, and gas prices remain down. While the weakness in retail sales causes me to lower my forecast for GDP growth in the first half of 2015 to 2%,

sales are likely to accelerate in the 2<sup>nd</sup> half pushing growth well above 3%.

In other new consumer prices are stabilizing in the 2% range.



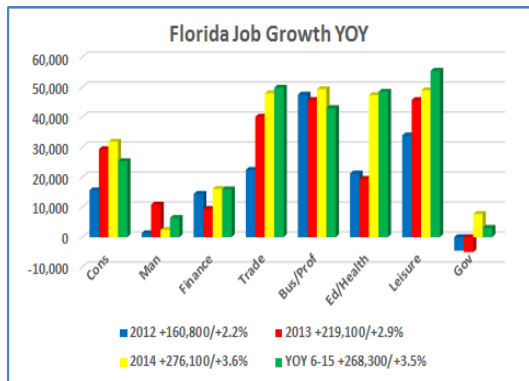
Thanks to a burst of multifamily starts, residential construction shot up 9.8% in June, and starts are 26.6% higher than in June 2014. Housing permits also increased substantially presaging faster growth ahead.



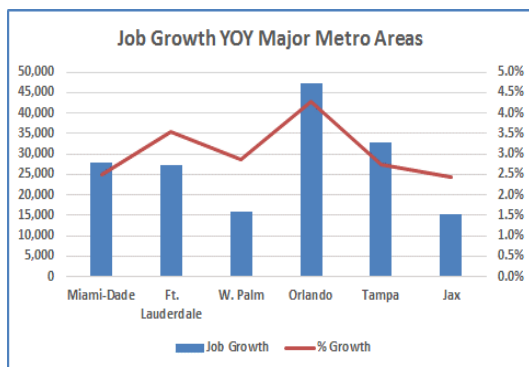
## Florida Economy: Job Growth Remains High but Not Rising

Job growth remained strong in June, up 268,300 compared to June 2014. Job gains have been running at about this level over the last 18 months suggesting that this may be about as high as job growth gets for this cycle.

Every major sector grew over the year, but most gains were about the same, or a bit lower, than last year. Led by surging tourism the leisure/hospitality sector was particularly robust. Strong gains in population and employment fueled gains in trade (food stores), and healthcare.



With the strong surge in tourism Orlando continued to lead all metro areas in the state. Orlando added over 47,000 jobs over the last 12 months posting a 4.3% gain well above the national and statewide averages.



Job gains were strong in South Florida as well, particularly in Ft. Lauderdale. The 3-county South Florida area added a whopping 71,100 jobs over the last 12-months. Although job growth was sturdy in Tampa and Jacksonville, the rate of job growth was subpar compared to the statewide average growth of 3.5%.

While still impressive, the pace of job growth has slowed to below that statewide average across Southwest Florida from Naples to Bradenton. This slower growth pattern was also repeated among the metro areas on Florida's east coast from Port St. Lucie north to Daytona Beach.

Data as of June 2015	Unemployment Rate	Jobs last 12 Months	% Change Jobs
Cape Coral-Ft Myers	5.2%	7,900	3.4%
Ft Walton	4.6%	1,500	2.1%
Deltona-Daytona	6.0%	5,700	3.2%
<b>Florida</b>	<b>5.7%</b>	<b>268,300</b>	<b>3.5%</b>
Ft. Lauderdale	5.2%	26,000	3.4%
Gainesville	4.9%	3,000	2.3%
Jacksonville	5.5%	14,800	2.4%
Lakeland	6.2%	6,400	3.2%
Miami	6.3%	29,000	2.7%
Naples	5.0%	5,900	4.6%
No. Port-Brad-Sarasota	5.2%	7,800	2.9%
Ocala	6.6%	3,800	4.0%
Orlando	5.2%	46,100	4.2%
Palm Bay-Melbourne	6.1%	5,000	2.5%
Panama City	5.5%	500	3.0%
Pensacola	5.4%	4,400	2.7%
Pt St Lucie	5.8%	4,500	3.4%
Punta Gorda	6.1%	1,300	3.0%
Vero Beach	6.9%	800	1.7%
Tallahassee	5.4%	3,100	1.8%
Tampa-St. Pete	5.4%	31,700	2.6%
West Palm-Boca Raton	5.1%	15,400	2.7%

Job growth in the center part of peninsular Florida was also a bit below average with the notable exception of Ocala, which broke out with a 4% rate of job growth. Across the panhandle job growth remains muted, which is surprising given the strong summer tourist season this year.