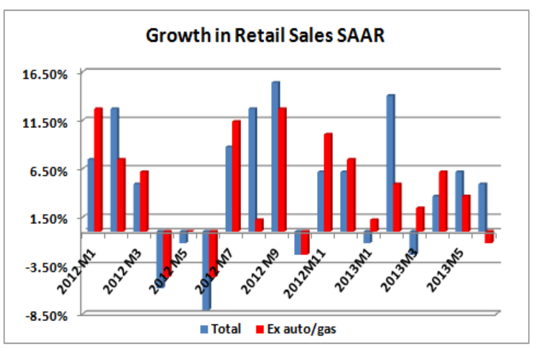
EW | ECONOCAST™ WEEKLY

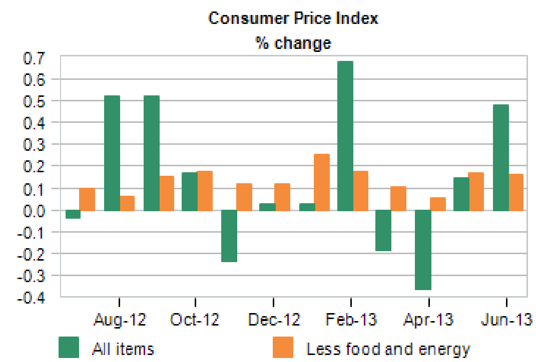
ECONOCAST™ UPDATE – July 22, 2013

U.S. Economy – Slower sales mean slower GDP Growth

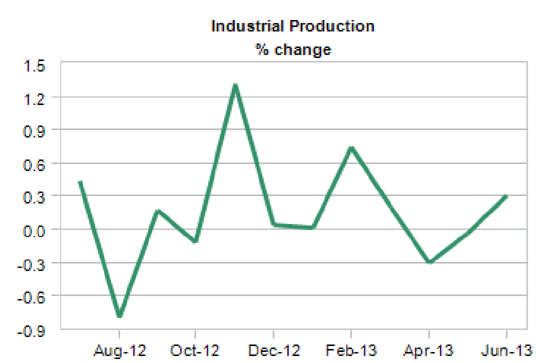
Retail sales slowed again in June. Total sales grew at an annual rate of 5% down from 6% in May. Most of the gains came from higher gasoline prices and stronger auto sales. Core sales, subtracting these out, fell by more than 1% annualized. Since consumption has provided major support for GDP growth, the last two months mean growth is substantially slower.



Propelled by higher gasoline prices, the CPI rose 0.5% in June. However, core CPI posted only a 0.2% gain the same as last month. On a yearly basis prices are only up 1.8% overall and 1.6% for core prices. So, nothing really to worry about on the inflation front at this time.



Industrial production has moved higher over the last two months reversing prior weakness. Manufacturing rose for the second straight month boosted by robust gains in auto manufacturing. Manufacturing would be doing better if not for the federal budget sequester and weak growth abroad. Production of defense equipment is down significantly. Offsetting this weakness is a rebound in business equipment production.



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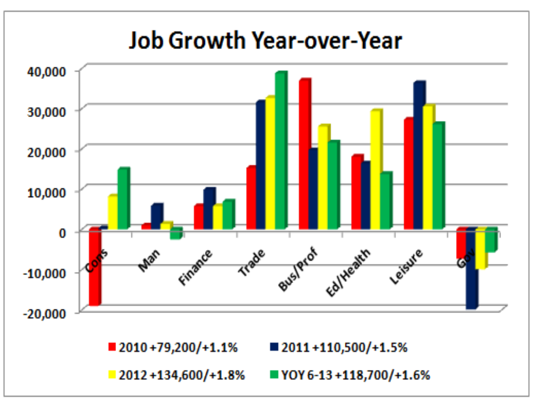
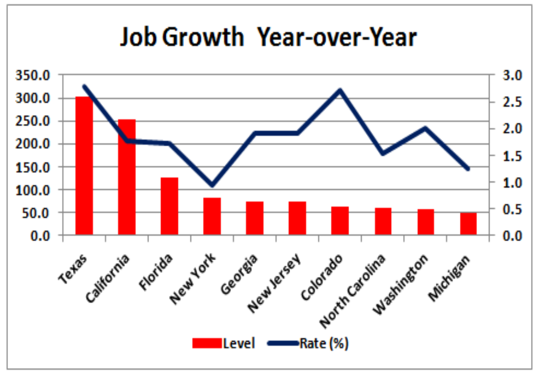
Florida Economy: Modest Job Growth

Job growth slowed to 118,700 for the 12-months ending June 2013. This represents a 1.7% gain equaling job growth for the U.S. Florida's unemployment rate was unchanged at 7.1% in June which was below the U.S. rate of 7.5%. However, Florida's relatively improved unemployment rate was not the result of accelerating job growth. Instead, it was due to very slow growth in the labor force (0.3%) compared to stronger job growth.

The strongest over the year gain in jobs came from trade which was up 36,300 driven by gains at auto dealers and food and beverage stores. Leisure and hospitality added 26,200 jobs mostly in food services and bars. Temporary help services added 18,200 jobs boosting the business and professional services sector higher.



Florida's job growth continues to rank third in the U.S. But, the gap between leaders Texas and California and Florida also continued to widen in June given Florida's mediocre performance.



Nineteen of Florida's 22 metro areas had job gains over the 12-months ending June 2013. The largest gains came in Tampa-St. Pete and in Orlando. These gains came from tourism, retail trade, and construction. On a percentage basis job gains were noteworthy in Ocala, Tampa-St. Pete, and Gainesville.

Data as of June 2013	Unemployment Rate	Job Gain	Job Gain
Bradenton-Sarasota	7.2%	1,200	0.5%
Cape Coral-Ft. Myers	7.4%	2,300	1.1%
Deltona-Daytona Bch.	7.3%	2,200	1.4%
Florida	7.1%	118,700	1.6%
Ft. Lauderdale-Pompano	6.1%	10,400	1.4%
Ft. Walton Bch	5.1%	1,700	2.2%
Gainesville	6.0%	3,500	2.7%
Jacksonville	7.0%	13,400	2.3%
Lakeland-Winter Haven	8.4%	-300	-0.2%
Miami	9.0%	6,500	0.6%
Naples	7.2%	1,900	1.6%
Ocala	8.2%	2,700	2.9%
Orlando-Kissimmee	6.9%	22,600	2.2%
Palm Bay-Melbourne	7.8%	2,700	1.4%
Palm Coast	10.2%	-400	0.0%
Panama City	6.6%	-700	-1.0%
Pensacola	7.0%	2,300	1.4%
Port St. Lucie	9.3%	1,900	1.6%
Punta Gorda	7.3%	400	1.0%
Tallahassee	6.7%	1,700	1.0%
Tampa-St. Petersburg	7.2%	32,700	2.8%
Vero Beach	9.3%	500	1.1%
West Palm-Boca Raton	7.5%	6,000	1.2%

Only three metro areas had job losses: Lakeland-Winter Haven, Panama City, and Palm Coast. Each of these areas is still recovering from the housing bust.