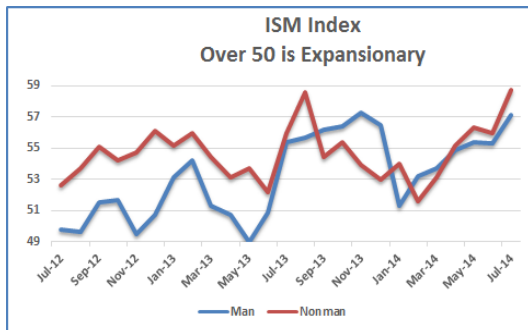


## ECONOCAST™ UPDATE – August 11, 2014

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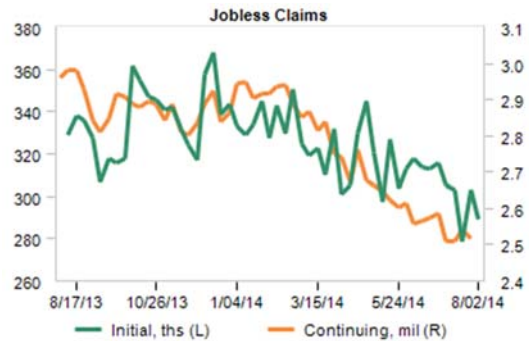
### U.S. Economy – Momentum Continues

The third quarter got off to a good start confirming that the rebound in the second quarter was not a fluke nor simply a rebound from the weak first quarter. The ISM reported strong gains in manufacturing and non-manufacturing in July. The manufacturing index rose to 57.1 well above its second quarter average of 55.2. The components point to faster gains in the future with new orders up strongly and inventories declining. The ISM nonmanufacturing index jumped to 58.7, more than reversing June's decline and putting the index at its highest level since 2005.

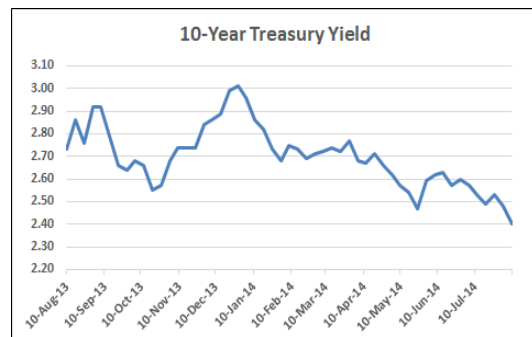


The labor market continued to improve in July. New claims for unemployment insurance fell for the fourth decline in the past five weeks pushing its four-week moving

average remained below 300,000 for the second consecutive week. A sub-300,000 four-week moving average has been rare since 2000. Continuing claims also dropped 24,000, lowering the four-week moving average from 2.536 million to 2.519 million.



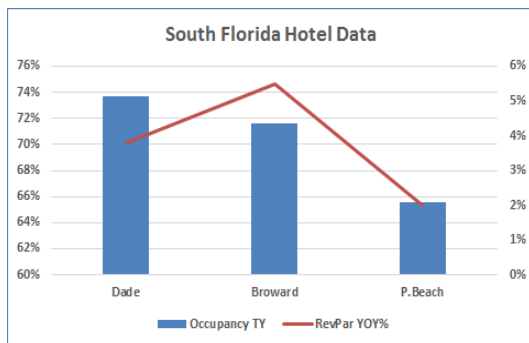
Interest rates were widely expected to increase this year based on expectations of stronger GDP growth and reduced Fed purchases of bonds. Instead, rates have fallen from 3% in January to under 2.4% on Friday. The ongoing global uncertainties and wars have pushed investors to bonds.



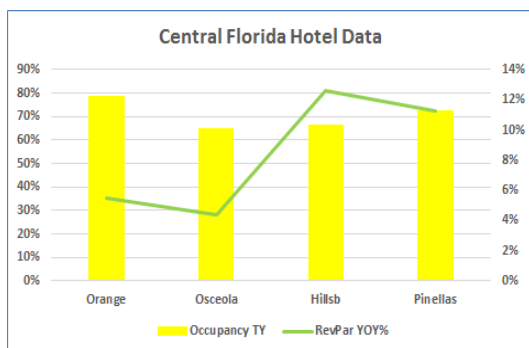
## Florida Economy: Strong Hotel Data Reflect Strong Tourism

Florida is enjoying a very strong upswing in tourism. The latest hotel data reflect the surge in visitors. Occupancy rates are up along with average daily room rates which combined are termed revenue per occupied room, or RevPar. Lower gasoline prices this year mean that tourists arriving by car will spend less on gas leaving more to spend in Florida.

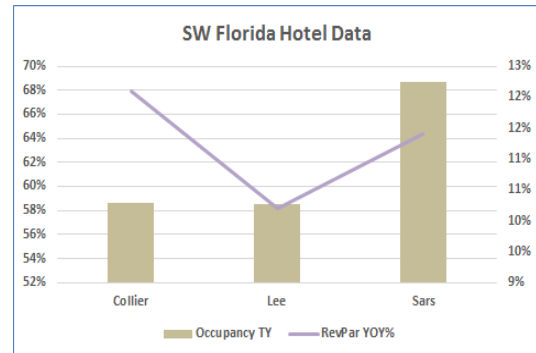
In South Florida Miami-Dade and Broward both have occupancy rates above 70% and each enjoyed strong gains in RevPar compared to last year. Palm Beach was weaker, but it is a winter season destination.



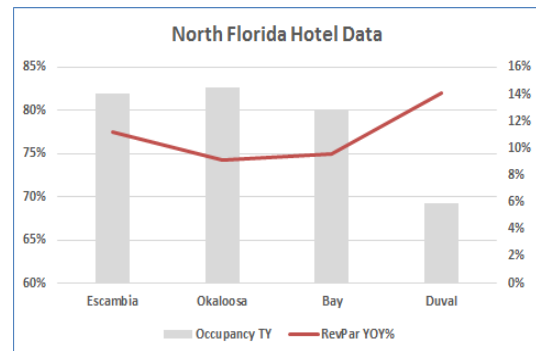
The data for central Florida are very strong with high occupancy rates and generally good gains in RevPar, especially for Hillsborough and Pinellas counties.



Southwest Florida is a winter destination. So, its occupancy levels are relatively low this time of year. Yet, occupancy levels and average daily room rates are far ahead of last year. As a result, there are double digit gains in RevPar for most of the counties.



Northwest Florida, composed of Escambia (Pensacola), Okaloosa (Destin), and Bay (Panama City) are all summer drive-to vacation spots. So, their occupancy rates are very high, and in fact much higher than last year. Rates are up too, so RevPar gains are in double digits for all areas.



The strength in tourism this summer is a good omen for the upcoming winter season. GDP growth is accelerating and gasoline prices have dropped below last year. Airlines have also added seats to their Florida services. With strong fundamentals in place the 2014-15 season should set new records for visitors and for tourism spending.