

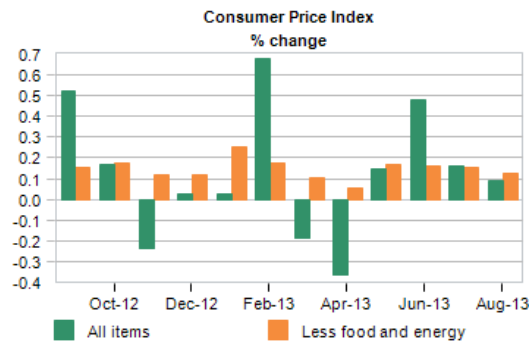
ECONOCAST™ UPDATE – September 23, 2013

U.S. Economy – No Tapering Yet

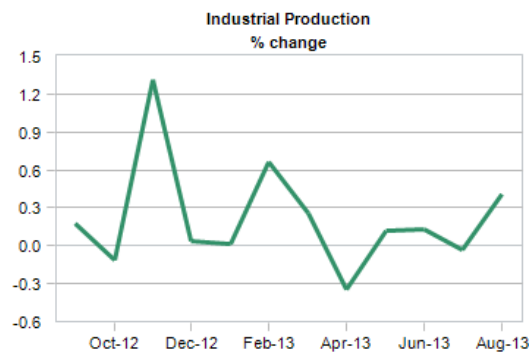
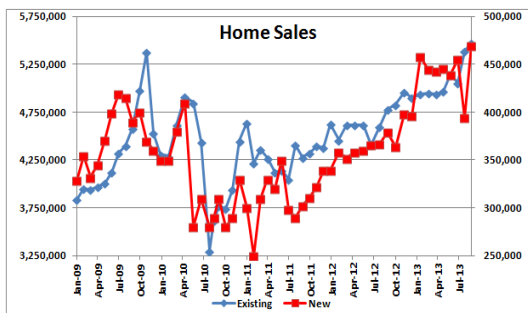
The Fed surprised everyone last week and decided not to begin tapering its bond purchases. Economic conditions are still too tenuous coupled with the risk that Congress may fail to pass a budget or raise the debt ceiling. In response financial markets rallied worldwide. Since the next Fed meeting is not until December, the current extraordinarily expansion policies remain in place until then.

Despite higher mortgage sales of existing homes rose in August to 5.48 million annualized units. Months of inventory stand at 4.9 months, indicating a tight market. House price appreciation is strong, with the median existing-home price up by 14.7% from last August. Sales of new homes will be announced this week and should also rebound from last month's weather depressed total.

Even after three years of moderate growth inflation remains subdued. The consumer price index inched up 0.1% in August. Core CPI also rose just 0.1%, slowing from the 0.2% pace in the previous three months.

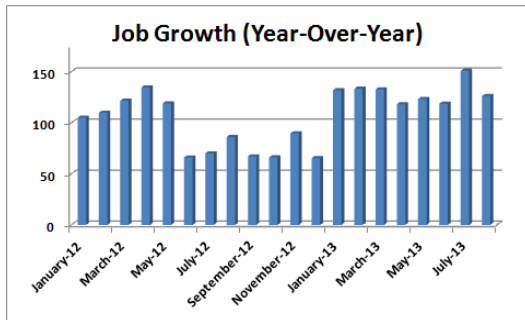


Industrial production ticked up only 0.4% in August, but manufacturing output was stronger, rising 0.7%. Production of automobiles and parts surged 5.2%, and other manufacturing production increased 0.4%.

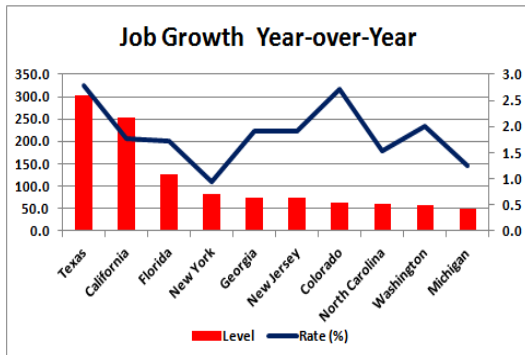


Florida Economy: Disappointing Employment Report

Florida lost 4,700 jobs in August on a seasonally adjusted basis compared to July. Over the last 12-months job growth slowed to 126,200 compared to over 150,000 jobs for the 12-months ending in July. This reversed the higher trend in job growth earlier this year. With the exception of construction most sectors had weaker job growth.

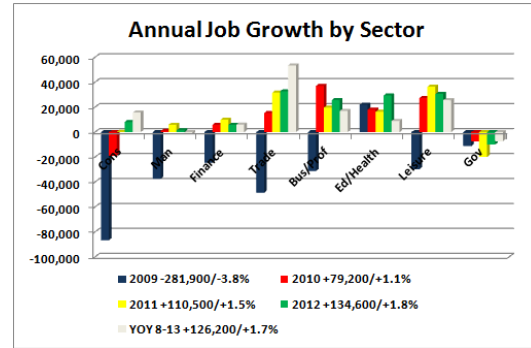


While still ranking 3rd for job growth among the states, the gap in job growth between leaders Texas and California widened in August.



Looking at the job picture by sector, over the last year job gains in retail trade and leisure/hospitality have accounted for over 60% of total job growth. However, over the last 12 months job growth has accelerated only in construction and trade. Either, the data are understating job

growth (which is likely), or Florida's economy has topped out (not likely).



The problem is likely more under reporting in Miami-Dade County again this year similar to what happened last year. Last year the revised data added over 30,000 jobs to Miami's total. So far this year job growth in Miami-Dade is reported at just 2,900 compared to 41,700 new jobs in Tampa-St. Petersburg, 22,700 in Ft. Lauderdale-Pompano, and 19,400 in Orlando. Adding further evidence of undercounting is the fact that although job growth is only estimated at 126,200 this year, employment as measured by the household survey increased by 160,000.

| Data as of August 2013 | Unemployment Rate | % Change Jobs | Change in Jobs last 12 Months |
|------------------------|-------------------|---------------|-------------------------------|
| Bradenton-Sarasota | 7.1% | 0.7% | 1,800 |
| Cape Coral-Ft. Myers | 7.2% | 1.4% | 2,900 |
| Deltona-Daytona Boh. | 7.1% | 0.8% | 1,300 |
| Florida | 7.1% | 1.7% | 126,200 |
| Ft. Lauderdale-Pompano | 5.8% | 3.1% | 22,700 |
| Ft. Walton Bch | 4.7% | 1.4% | 2,900 |
| Gainesville | 5.4% | 2.9% | 3,700 |
| Jacksonville | 6.7% | 1.8% | 10,500 |
| Lakeland-Winter Haven | 8.4% | -0.2% | -300 |
| Miami | 8.4% | 0.3% | 2,900 |
| Naples | 7.4% | 6.2% | 7,100 |
| Ocala | 7.9% | 2.8% | 2,600 |
| Orlando-Kissimmee | 6.6% | 1.9% | 19,400 |
| Palm Bay-Melbourne | 7.5% | 1.7% | 3,400 |
| Palm Coast | 10.1% | -2.9% | -600 |
| Panama City | 8.3% | -3.6% | -2,700 |
| Pensacola | 6.5% | 0.6% | 900 |
| Port St. Lucie | 92.0% | 3.6% | 4,400 |
| Punta Gorda | 7.1% | 1.5% | 600 |
| Tallahassee | 6.1% | 1.4% | 2,200 |
| Tampa-St. Petersburg | 0.7% | 3.6% | 41,700 |
| Vero Beach | 9.4% | 4.6% | 2,000 |
| West Palm-Boca Raton | 7.5% | 1.9% | 9,600 |