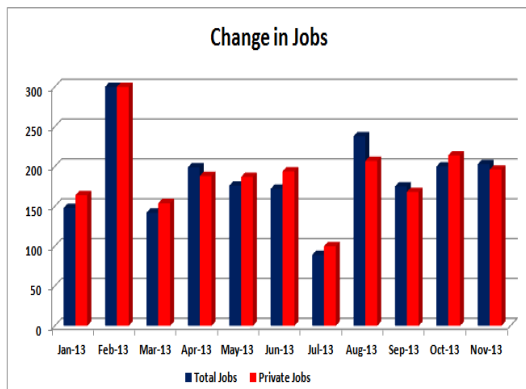


ECONOCAST™ UPDATE – December 9, 2013

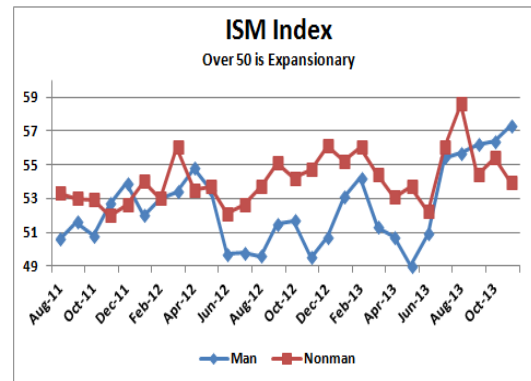
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U.S. Economy – A Brighter 2014

The U.S. economy is gaining momentum and the stage is set for stronger growth in 2014. Job growth is leading the way. Job growth accelerated to 203,000 jobs in November with 196,000 new private sector jobs. Over the last three months payroll gains averaged 193,000, fast enough to push the unemployment rate down to 7%.



The ISM manufacturing and service surveys point to further strengthening. The Managers' report stronger sales, improving orders, and increased hiring in November. Although the non manufacturing index has declined from its peak, it remains well above 50, indicative of continuing expansion.

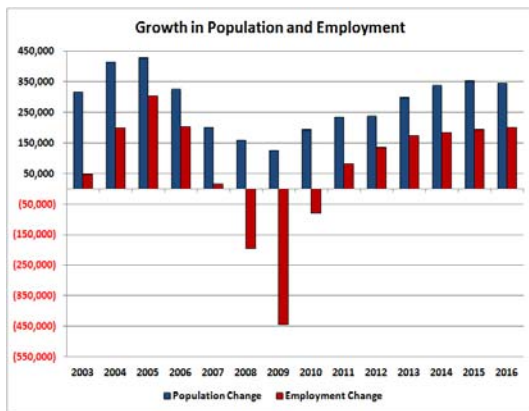


New home sales rebounded as expected despite higher mortgage rates. As long as job growth remains strong, housing will continue to improve. November vehicle sales soared to 16.4 million units SAAR, the highest rate in 7 years. So, momentum is building.

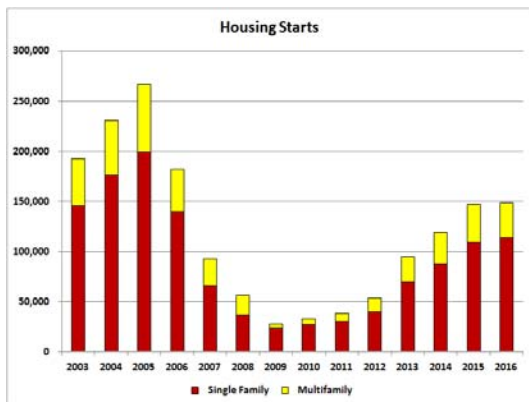
Major policy changes are on tap which will clarify the outlook. Budget negotiations appear to be making progress and a deal to set the budget for the next two years is likely to be announced by the end of the week. This will extinguish a major uncertainty. Then on December 16-17 the Federal Reserve meets and it will likely begin a gradual tapering of its purchases of bonds and mortgage securities. Markets have already built tapering into current interest rates, but the Fed decision again removes risk from the market.

Florida Economy: Forecast Update 2014-2016

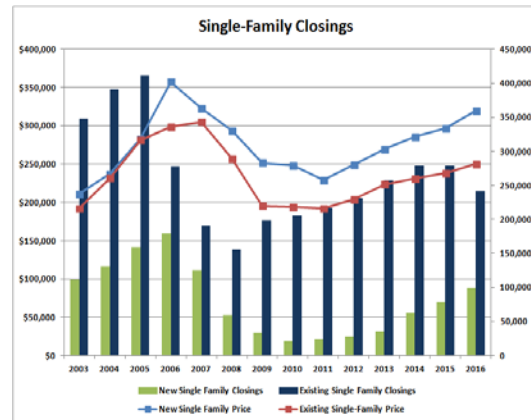
Florida's economy has finally broken out of the tepid trajectory which characterized the initial stage of the recovery and is now accelerating strongly. While peak levels of population and employment growth will be well below 2004-05 levels, this is shaping up as a very strong cyclical upswing in Florida. Population will grow by 350,000 per year with more than 150,000 jobs created annually.



Housing starts have rebounded to near 100,000 units in 2013 and will continue to increase. However, the remaining excess inventory from the last cycle will depress start levels compared to what would otherwise be expected given the strong gains in jobs and households.



Buoyant job gains and stronger household formations have triggered a recovery in existing home sales which in turn has supported higher prices. However, the strong price gains achieved in 2013 will be much more muted going forward, because additional inventory of foreclosures will continue to come onto the market.



The strong gains in population and employment are fueling the recovery in nonresidential construction, especially for retail space. Next year employment growth will be sufficient to support accelerating new construction of offices and warehouses. The outlook for tourism is bright and hotel construction will also benefit in 2014-16.

