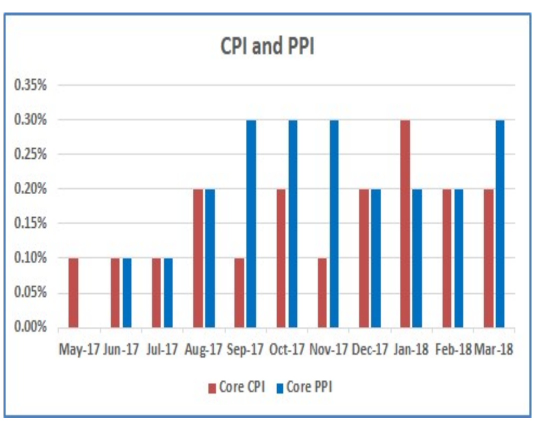
**ECONOCAST™ UPDATE – April 16, 2018**

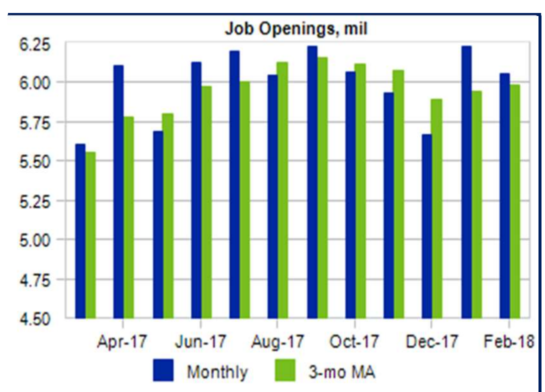


## U.S. Economy – Inflation and Interest Rates

The March reports confirm that inflation is firming. Although the headline CPI dipped 0.1% in March, this was all because of a 2.8% drop in energy prices. Core CPI rose 0.2% in March, or 2.4% at an annual rate. Over the last 120 days core CPI posted annual gains at a rate of nearly 3%. Stronger gains in producer prices over the last seven months all but assure that CPI will accelerate. The PPI for final demand rose 0.3% in March after increasing 0.2% in February and 0.4% in January. Core PPI has increased at an annual pace of 3.1%. This acceleration in inflation supports my forecast that the Fed will increase rates three more times this year starting in June.




The labor market remains very strong. Even though job openings dipped in March to 6.1 million from 6.2 million in February, the 3-month moving average continues to rise. Hires remained robust at an annual rate of 5.5 million. Openings are some of the highest levels since the inception of the data in the early 2000s. The large number of openings suggests that businesses are meeting increased demand by hiring more workers rather than trying to boost productivity. So, job gains should remain strong, but at the expense of increases in productivity.

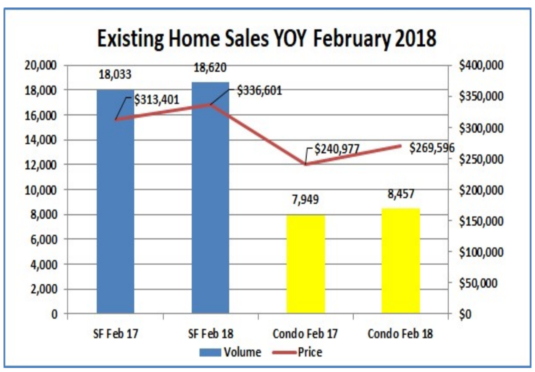



Consumer confidence slipped over concerns about tariffs, Syria, and domestic politics. Finally, fears of a trade war receded on conciliatory remarks from China.

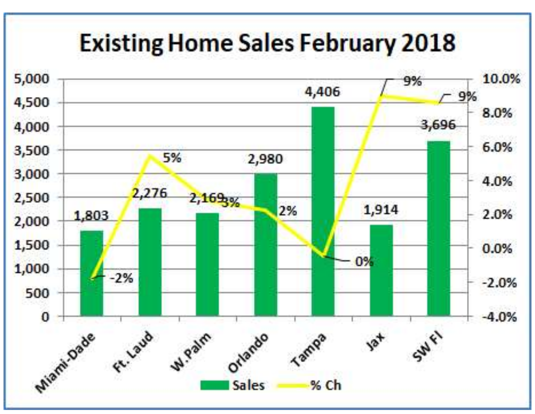
FISHKIND & ASSOCIATES ECONOMIC CONSULTANTS 12051 Corporate Blvd, Orlando, Florida 32817, Office 407-382-3256, Fax 407-382-3254, www.fishkind.com

## Florida Economy: Existing Home Sales Improve in February

Florida's economy accelerated over the last 90-days. Employment growth and retail sales were stronger, and the latest data for sales of existing homes also improved in February. Single-family sales were up more than 3% over last year and the median price was 7% higher. Closings for condos and townhomes rose 6% with prices nearly 12% above last year. The higher prices and rising sales have finally triggered more owners to list their homes, with new listings up 6% for singles and nearly 7% for multis. Even so, the months of inventory at current sales rates fell again to 4 months for singles and 6 months for multis.

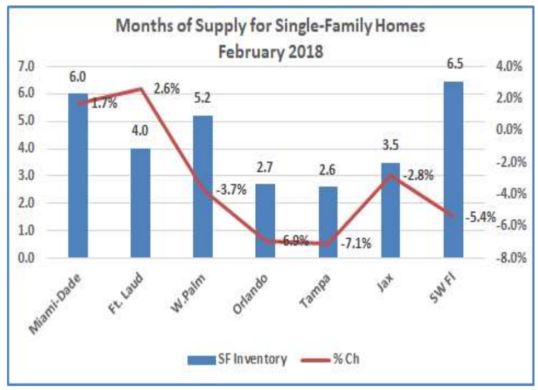



Tampa had over 4,400 closings of existing homes in February which was far above any other major market. Most of these sales were single-family homes.




Closings grew fastest in Jacksonville and in Southwest Florida with over-the-year gains of 9% each. Sales slipped 2% year-over-year in Miami-Dade because of a 7% drop in single-family homes overwhelming the 3% gain in multifamily homes.

Inventory levels for single-family homes remained very low compared to current sales rates in most Florida markets in February. Six months is considered normal for inventory-to-sales ratios, so inventories are extraordinarily tight in Tampa, Orlando, and Jacksonville, and they are falling.




The inventory of condos and townhomes remained bloated in Miami at over 14 months of supply, and it is rising at a 5% pace, as new listings overwhelmed rising sales. By contrast inventory plummeted 25% in Orlando compared to last year leaving just 2.4 months of inventory.