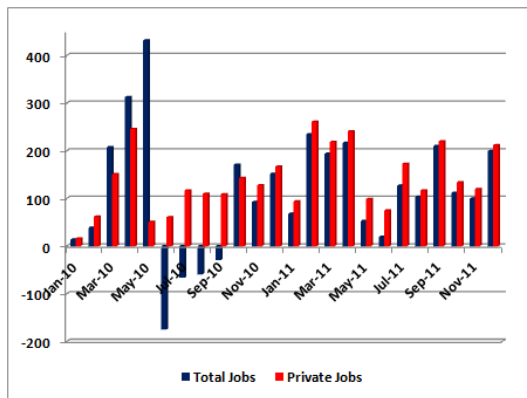




**ECONOCAST UPDATE – January 9, 2012**

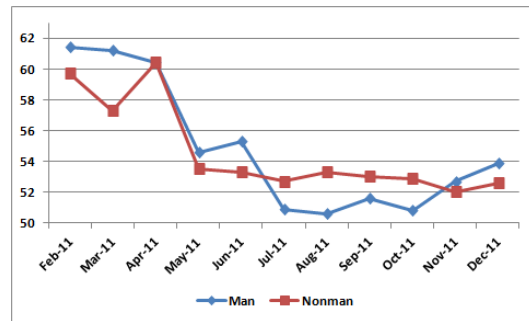
**U.S. Economy – A Better Year**

Payroll employment rose by 200,000 in December with 212,000 new private sector jobs. The unemployment rate dropped to a cycle-low 8.5%. The gains were broadly based with only two sectors, government and temporary help, declining. Other details were also positive. Average hourly earnings rose 0.2% and the workweek edged up 0.1 hour to 34.4.



However, there were some temporary factors boosting performance. Delivery jobs jumped 42,000 reflecting an increase in internet sales, but this is not sustainable. Furthermore, the purchasing manager's indexes (PMI) were mixed. The manufacturing index rose for the 2<sup>nd</sup> month in a row

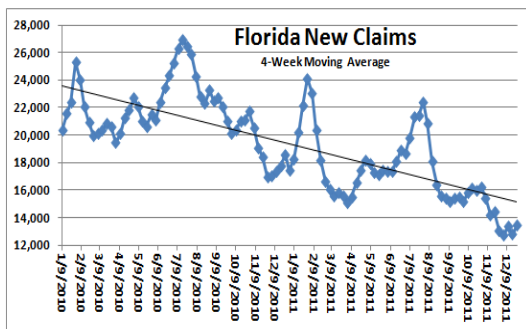
with gains in production and orders. However, the non manufacturing index essentially flat. This suggests that employers are still somewhat reticent about hiring.



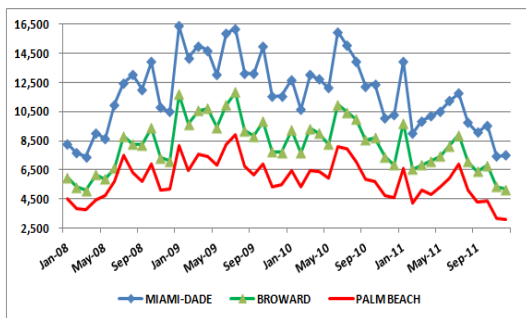
Last year also got off to a strong start, but then growth slumped under the weight of the Japanese Tsunami and rising commodity prices. This year the risk is that Congress will fail to extend the payroll tax cuts. Globally, growth is slowing and commodity prices, except for oil, have dropped back. Therefore, barring a meltdown in Europe or failure by Congress to extend the tax cuts, the outlook has improved with growth of 3% or more likely. Last week's data from Europe was encouraging on the whole. While in recession the data point to no further deterioration and to lower inflation. UK's PMI actually increased to 54 in December.

## Florida – An Improving Labor Market

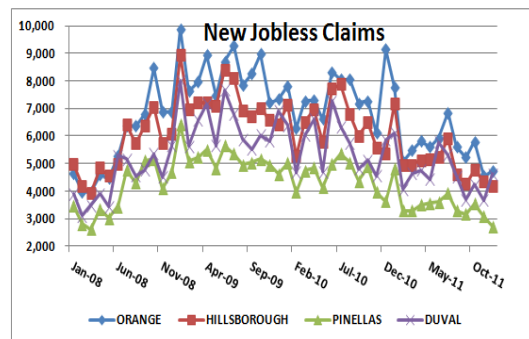
Florida's labor market is also improving steadily. Florida has enjoyed slow but consistent gains in new jobs in each of the last 13-months measured on a year over year basis. Over 90,000 new jobs were created over the 12-months ending in November. New claims for unemployment compensation are dropping at an accelerating rate statewide. These data point to faster job growth when the December data for Florida are released in two weeks.



Miami-Dade County has lead the state in job growth over the last 6 months. Based on the substantial decline in new claims in Miami-Dade, its job growth is likely to be much stronger again in December. The balance of South Florida's labor markets are also gaining with new claims down over the last 90-days in Broward and Palm Beach counties as well.



After a somewhat slower period of job growth, new claims are down sharply in Orange County over the last six months. This should translate into sturdier job growth in Orange County and throughout the Orlando metro area. Tourism totals were up this winter as well as airport activity. Hillsborough County, and to a lesser degree Pinellas County, also have much lower levels of claims for unemployment compensation over the last six months which should mean even stronger job growth.



Even across struggling Southwest Florida, new claims are down dramatically. Lee County, one of the most overbuilt housing markets in Florida, is showing substantial improvement with new claims down from over 4,500 per month to just 2,000 in December. Finally, recovery is underway on a sustainable basis in Southwest Florida. The job report in December should confirm this observation.

