

ECONOCAST™ UPDATE – April 24, 2017

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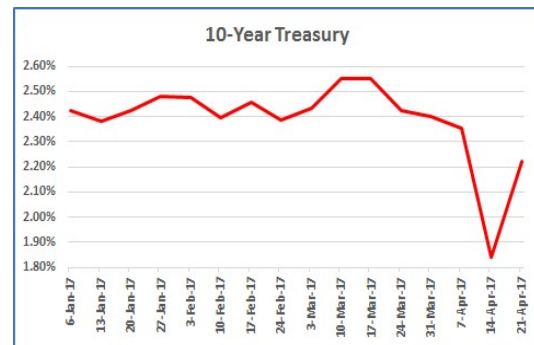
U.S. Economy – A Pivotal Week

This will be a pivotal week for the economy. By Friday Congress must renew spending authority or risk a government shutdown. While a shutdown is unlikely, nothing is a sure thing with this Congress and this President. Also, this week the President promises to announce his tax cut plan and to again try to repeal and replace the ACA. All of this ties into the requirement that Congress enact a budget for fiscal 2018 that begins October 1. At the same time, Congress must raise the debt limit, which was reinstated last month, or the government will default on its obligations.

While Trump's election strongly boosted economic confidence, and triggered a stock market rally, real economic growth slowed to about 1% in 2017Q1. Some of this is weather and data related. The economic reality is that growth is about the same now as it was before the election. It continues expanding at about a 2% real rate generating about 200,000 jobs per month.

With little prospect of Congress passing a stimulus package anytime soon, if at all, and with the risks of a

shutdown or a default still looming, the stock market rally has stalled and interest rates declined.



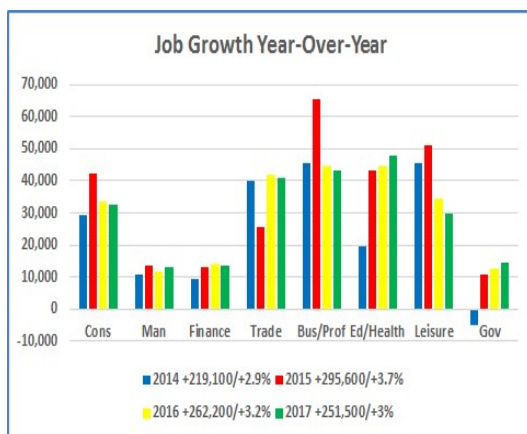
The week's big economic news was the strength in existing home sales which rose 4.4% for the month and are up by 5.9% from March 2016. Existing home sales are now at pre-recession levels. And finally, new listing increased easing market pressure. New home sales will be released next week but they should also be strong.



Florida Economy: Strong and Steady Job Growth

Despite the fact that Nonfarm employment rose by just 6,200 jobs in March on a seasonally-adjusted basis, which amounts to an annual rate of less than 75,000 jobs, the reality is that job growth remained strong in March. Easter fell in April this year which held back March hiring. On the more reliable year-over-year basis, job gains exceeded 250,000, rising at a 3% pace which is double the national average, and continuing the strong pace maintained over the last 30 months.

Over this period, the composition of job growth has shifted among the sectors. Gains in leisure and hospitality have slowed, while job growth in education/healthcare and in business and professional services remained high. Drilling down a bit deeper, job gains in professional & technical services were up 3.2% and employment in the aerospace sector rose nearly 5%.



The household survey data were very strong in March. On a seasonally adjusted basis, Florida's unemployment rate dipped to 4.8% compared to February's 5%. Employment surged 68,000 or 0.7%

in March overwhelming the strong gain of 49,000 or 0.5% in the labor force. The growth in both employment and in the labor force in March were considerably faster than in previous months. Florida's strong and consistent job growth is not only increasing the State's labor force participation rate, but it is also drawing in job seekers from other states. If these trends hold, they point to accelerating growth in Florida's labor markets and in its economy.

On a year-over-year basis, job gains have exceeded 40,000 in both Orlando and Tampa, and job gains in South Florida remained strong as well. Over the last few months, job growth has accelerated in a number of the smaller metro areas in peninsular Florida including Lakeland/Winter Haven, Palm Bay, and North Port/Sarasota/Bradenton. Surging retirement and rising construction activity have fueled these gains. Job growth in Naples remains noticeably weak. Although construction was strong, Naples suffered over the year losses in retail and in leisure/hospitality.

Data as of January 2017	Unemployment Rate	last 12 Months	% Change Jobs
Florida	5.0%	251,500	3.0%
Cape Coral-Ft. Myers	4.0%	3,300	3.0%
Gainesville	3.7%	4,800	3.5%
Jacksonville	4.1%	24,300	3.7%
Lakeland-Winter Haven	4.8%	8,600	4.1%
South Florida	4.6%	58,600	2.3%
Ft. Lauderdale	4.0%	25,000	3.1%
Miami	5.3%	19,700	1.7%
West Palm Beach	4.2%	14,300	2.4%
Naples	4.0%	2,200	1.6%
North Port-Sarasota-Bradenton	3.9%	10,800	3.7%
Ocala	5.1%	3,600	3.6%
Orlando	3.9%	43,000	3.6%
Palm Bay	4.5%	9,400	4.6%
Pensacola	4.2%	4,300	2.5%
Port St. Lucie	4.5%	3,800	2.7%
Punta Gorda	4.6%	1,600	3.4%
Sebastian-Vero	4.9%	1,800	3.6%
Tallahassee	4.0%	5,500	3.1%
Tampa-St. Pete	4.1%	42,200	3.3%