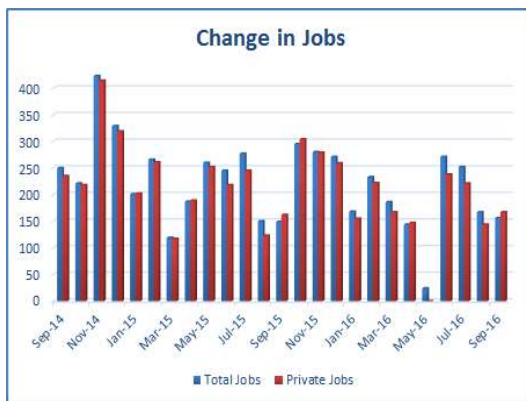


ECONOCAST™ UPDATE – October 10, 2016

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U.S. Economy – Sustained Job Growth Continues

Sustained job growth continued in September with payroll employment up 156,000 and August was revised up to 167,000. Although job gains so far this year average 178,000, below the 200,000+ pace in 2014 and 2015, this is not surprising in this 7th year of expansion.

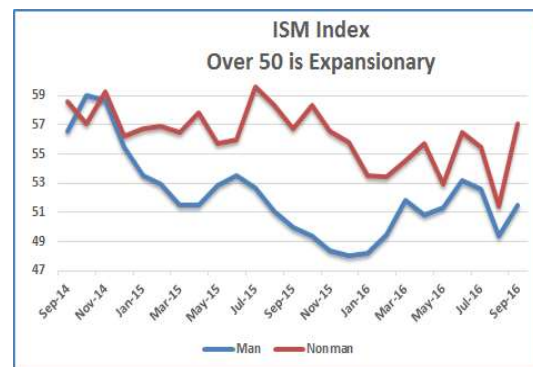


The slower pace also reflects the difficulty that employers have in filling vacancies. The JOLTS data show the gap between job openings and hires has widened. So, it is surprising that wages have increased only modestly. Nevertheless, the outlook for gains in jobs and in incomes remain positive. New claims continue falling, and the weight from weak demand in the

energy and commodities industries is lifting, as prices stabilize.

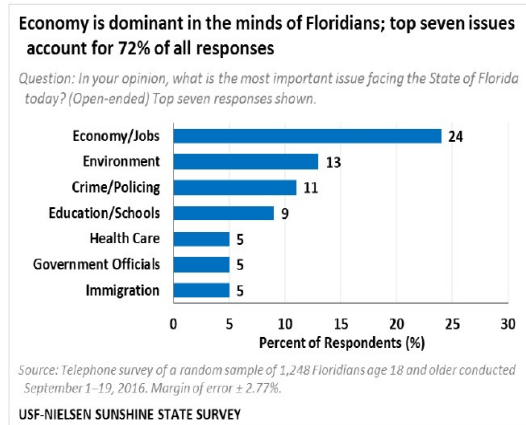
The latest ISM surveys further support the view of sustained growth. The nonmanufacturing segment of the economy shot up in September rising 5.7 points to 57.1, its strongest result since October 2015. The details improved across the board, with business activity and new orders rising into the low 60s, a significant improvement. Nonmanufacturing is 88% of GDP, so this month's result is a strong sign supporting further growth.

Furthermore, U.S. manufacturing has stabilized. The ISM manufacturing index increased from 49.4 in August to 51.5 in September. The details were encouraging as new orders gained 6 points to 55.1, reversing most of August's slide.

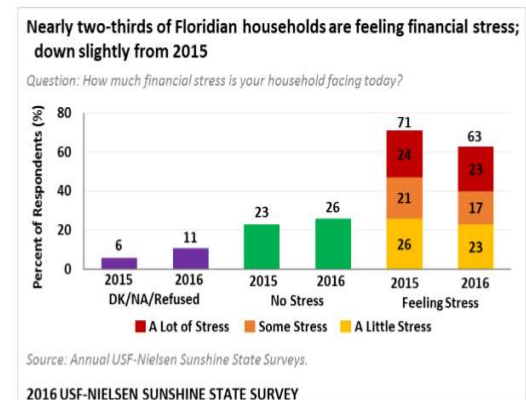


Florida Economy: The economy is the top concern of Floridians

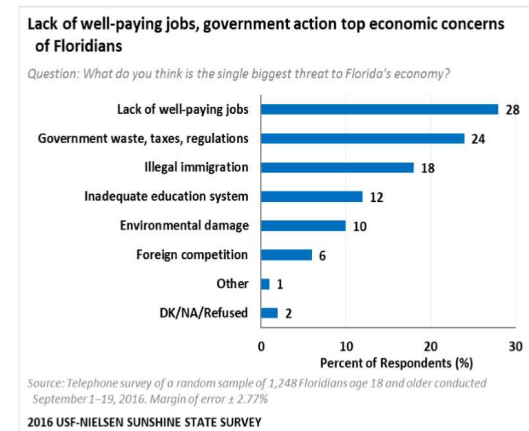
Despite strong job growth averaging over 260,000 per year over the last three years, the latest USF/Neilson poll found that when asked “what is the most important issue facing the State of Florida,” the economy/jobs ranked first with 24% expressing concern. This was nearly double the next ranked concern, the environment at 13%. Although concern over the economy/jobs is down from near 60% in 2009, it remains the top concern of Floridians.



The reason is that nearly 2/3rds of Floridians report being under financial stress. While this is a slight improvement over 2015, it remains high at 63%. Only 27% are not feeling financial stress.



The main reason for financial stress is the lack of well-paying jobs. This is no surprise. The structure of Florida’s economy generates large volumes of lower paying service-sector jobs. As a result, real median household income in Florida is only \$49,426 compared to \$55,575 for the U.S. Even though Florida’s economy has grown strongly, 9% more respondents complained of a lack of well-paying jobs in this year’s survey.



Ranking 2nd, 24% view government waste, taxes, and regulations as their top economic concern. This is surprising given Florida’s low levels of taxes, small state government, and relatively lower regulatory burdens.

There are significant differences in how Floridians feel about the economy according to the survey. Those with a child at home (33%), African-Americans (35%) and Hispanics (30%), as well as lower income (32%) and mid income (34%) households are most likely to report about the lack of well-paying jobs. Illegal immigration is a bigger concern to whites (22%) than other racial/ethnic groups. Younger Floridians (18%) are most likely to see an inadequate education system as the biggest threat to the state’s economy.