

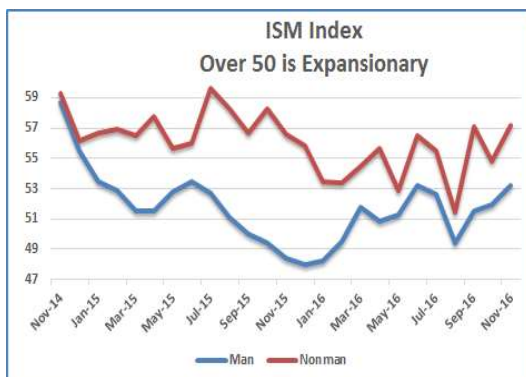
ECONOCAST™ UPDATE – December 12, 2016

© 2016 Fishkind & Associates, Inc. All Rights Reserved.

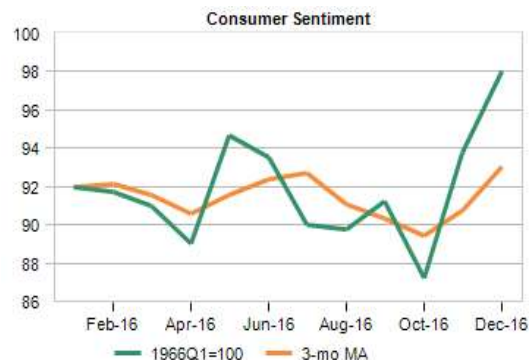
U.S. Economy – More Jobs and Higher Rates

Last week's economic data confirmed that growth is accelerating. This all but guarantees that the Fed will raise the funds rate at its meetings this week.

The ISM indices came in strongly in November. Since nonmanufacturing accounts for 88% of GDP, the November rebound to 57.2, pushing it over its six-month average of 55.4, points to stronger growth in GDP. The fundamentals look good too. Housing is improving and will weather the increases in interest rates. Consumer spending is rising as well. Manufacturing has also improved with the ISM index up steadily over the last three months. While the rising value of the dollar will limit exports, the worst is behind us now.



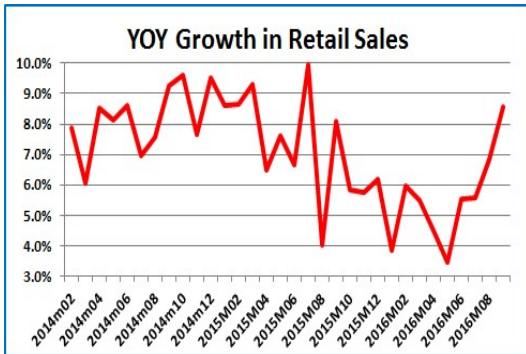
Consumer sentiment soared to its highest level in almost two years. Consumer spirits were buoyed by their improving personal finances and brighter future financial expectations. No wonder, since the unemployment rate fell to its lowest level in nine years, and the divisive election is over. Consumers also appear to be adapting to rising interest rates. The favorable business climate is another bright spot, with the plurality of those surveyed expecting conditions to improve in the coming year.



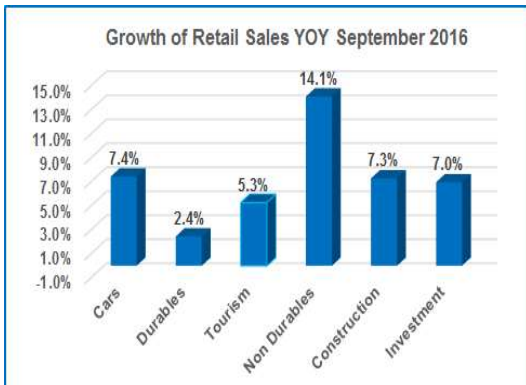
In the short run growth should accelerate, and interest rates will continue to rise, but at a much slower pace. The first 100-days of the new administration should go well with Congress passing a budget, raising the debt ceiling and abolishing sequestration. Throw in a tax cut and higher spending on infrastructure, and the outlook is very good, for now.

Florida Economy: Retail Sales Grow Strongly Again in September

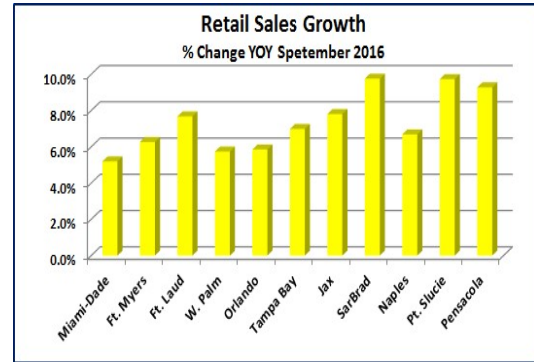
Florida's retail sales leaped 8.6% over their level from last September, marking the fourth consecutive month of accelerating gains in sales measured on a year-over-year basis. This is a dramatic change in direction after sales gains slowed through most of 2016. If this trend holds up, retail sales will grow at their fastest pace since 2006.



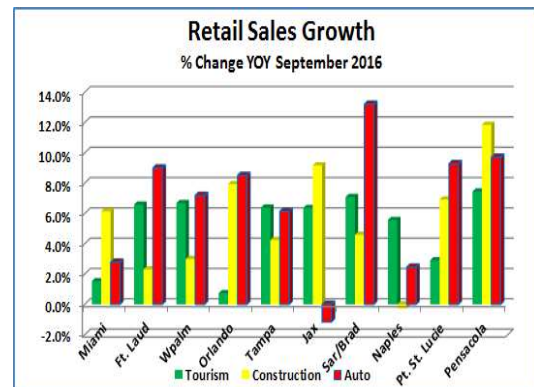
The 14% jump in nondurable sales over the September 2015 level is a fluke caused by the timing of this year's back-to-school sales. Nevertheless, 7% gains in sales of autos, construction, and business investment reflect fundamental strength. Tourism sales were up a more modest 5%, but given the contraction in foreign visitors this was not surprising.



The regional distribution of sales gains was interesting. Sarasota-Bradenton, Port St. Lucie and Pensacola all posted yearly gains of more than 9% in September. Ft. Lauderdale's 8% gain contrasts with the slower growth in sales in Miami-Dade and West Palm.



It was surging auto sales that drove retail sales up in Sarasota-Bradenton, Port St. Lucie and Pensacola. The weakness in tourism sales held back overall sales growth in Orlando and Miami-Dade. Rising construction activity pushed this sector's sales up in most metro areas in September.



The outlook for holiday sales is bright for Florida. Sales have accelerated strongly going into the season, and the growth in Florida's population and employment is rising. Higher wages are also supporting stronger holiday sales.