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Employment Turns the Corner

October 8, 2003

Finally, employment is growing again in the United States. On Friday the Department of Labor reported job growth of 57,000 in September – the first gain so far this year! All sectors showed gains except for manufacturing, but even there the job losses are slowing. This is very good news for the economy, because the persistent loss of jobs this year was eroding consumer confidence and if unchecked would have ultimately caused stagnation or worse. But that now appears to be behind us, and all of the other major economic indicators are quite positive.

The news is even better here in Florida. Florida is leading the nation in job creation. Over the last twelve months Florida has generated 90,000 new jobs, far more than any other state. Our state's job growth is widespread. Government and professional services contributed more than half the growth, but hospitality jumped 17,000, construction was up 20,000, and trade up 5,000. Only manufacturing and utilities were weak. As a result, Florida's unemployment rate fell to 5.5 percent.

The robust job growth was paced by gains in West Palm Beach, where over the last year more than 18,000 new jobs were created. This was followed by Orlando contributing 14,000, Sarasota providing 12,000, and Ft. Lauderdale coming in at 10,000. These are very impressive numbers, considering that most states are still in negative territory.

Now that employment has finally begun to grow again nationwide, the economic recovery should pick up strongly over the next 6-12 months. Growth of 4-5 percent is likely. This acceleration will be very good for Florida. Already our state is creating large numbers of jobs. The national rebound will stimulate tourism in particular, where a nascent recovery is already underway. Furthermore, the surge in jobs will also translate into stronger demand for homes

in Florida, both for permanent and seasonal homes. This strength from rising employment will offset the impact of rising interest rates later this year and next.

As we discussed last week, the rising Federal budget deficit at a time when the national economy is recovering is an unfortunate prescription for higher interest rates later this year and into next year. But the effects of rising rates won't have much impact on Florida until next summer at the earliest. So until then Florida's economy will accelerate strongly from here.

This is Hank Fishkind for 90.7 FM, WMFE News.

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