



## **The Latest Data Are Good For Florida**

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The latest economic reports are all good news for our economy.

First, Florida's economy rebounded strongly from the storm-depressed summer. Large gains in construction, temporary services, retailing, and hotels reflect the recovery. Orlando led the state's rebound, suggesting that businesses continue to expect a strong tourism season this winter.

Second, the continuing drop in the value of the dollar also bodes well for Florida generally and for Orlando in particular. Weakness in the dollar translates into making a Florida vacation more attractive – more attractive to foreigners, since their currencies are worth more, and more attractive to U.S. citizens, since it will cost more to vacation abroad compared to coming to Florida this season.

Third, the price of oil has apparently stabilized. While gasoline prices remain high, they are not so high as to be a real obstacle to potential visitors.

Fourth, congress has finally passed an omnibus spending package for the fiscal year that began October 1<sup>st</sup>. The spending package contains specific instructions to replace the I-10 bridge in Pensacola that was damaged by hurricane Ivan and to provide additional disaster relief money to Florida.

At a more general level the omnibus spending bill also was surprisingly austere in its spending plan. Spending for most domestic programs will increase by just 1 percent compared to last year. By holding the line on spending, congress takes some of the pressure off the deficit. Many analysts, including me, feared that in this lame duck session congress would boost spending significantly. In fact, in this final year of the President's term spending will finally be restrained.

The deficit is very important right now to the prospects for mortgage interest rates and ultimately for Florida's economy. A lower trajectory for federal spending will

allow the fed to boost short-term interest rates without as much negative impact on longer-term rates. In this environment the ten-year treasury may only trade up into the 5 percent range next year, thereby holding mortgage rates below 7 percent. If so, then housing markets in Florida and in the states that provide most of our population growth, like New York, Illinois, Massachusetts, and Michigan, will hold up well. People will continue to be able to sell their homes and make their moves to Florida.

So all the economic news last week was a welcome Thanksgiving present to all of us here in central Florida. Have a wonderful and a peaceful Thanksgiving holiday.

This is Hank Fishkind for 90.7 FM, WMFE News.

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