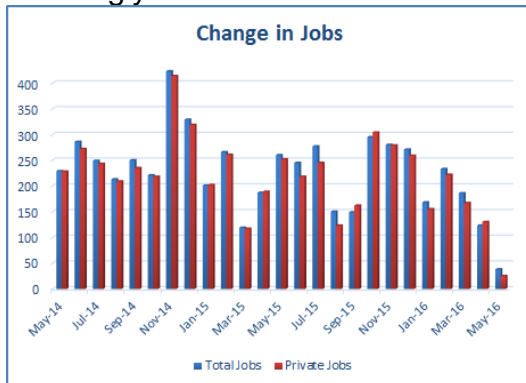


ECONOCAST™ UPDATE – June 6, 2016

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U.S. Economy – Job Growth Slows, but the Sky is not Falling

Job growth was shockingly low at just 38,000 in May, and gains for the prior two months were revised downward by 50,000. The trend looks ugly.

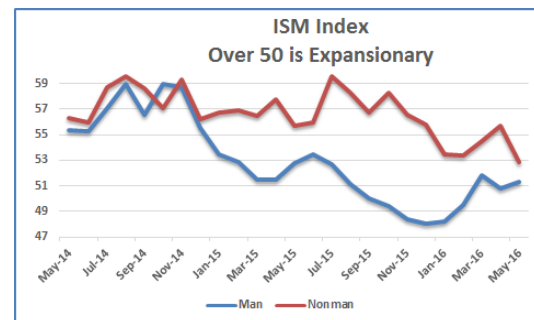


A number of special factors explain some of the weakness including: (1) the Verizon strike cutting 34,000 jobs, (2) faulty seasonal adjustment since the number of jobs rose 651,000 in May before seasonal adjustment, and (3) warmer winter weather abnormally boosted job growth. Even so, there is no doubt that job growth has slowed, as the data show when expressed on a year-over-year basis that mitigates seasonal distortions. Job growth has slowed during 2015 and especially over the last two months. The big question for the

outlook is whether fundamental forces are at work.

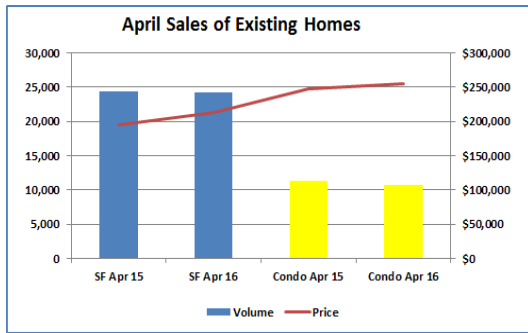


The answer is probably not. Other economic data point upward. Housing sales rebounded strongly in May. The ISM manufacturing index rose to 51.3 in May. May's ISM nonmanufacturing index, which represents 88% of GDP, dipped after rising strongly in April, remaining above the expansionary 50 level.

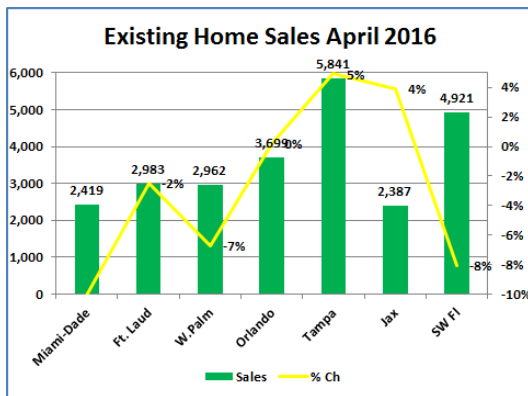


Florida Economy: Home Sales Were Mixed in April

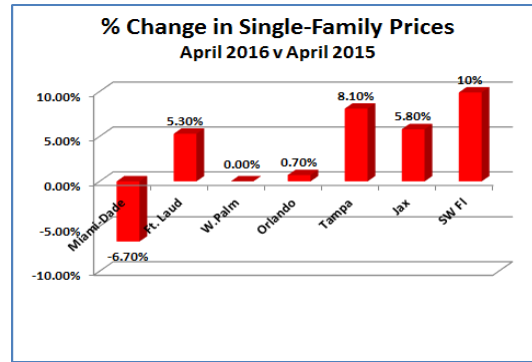
Statewide the sales of existing homes were essentially flat in April. Single-family closings ticked down 0.6%, but prices rose a solid 9%. Condo sales dipped 5% with prices rising 3%. Listing crept up, but inventories remained extraordinarily tight.



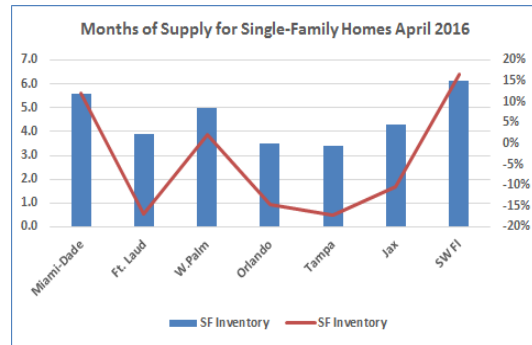
However, these statewide data mask significant variations across Florida. Sales rose 5% in Tampa and Jacksonville, but fell 10% in Miami and 8% in Southwest Florida. This degree of difference is unusual.



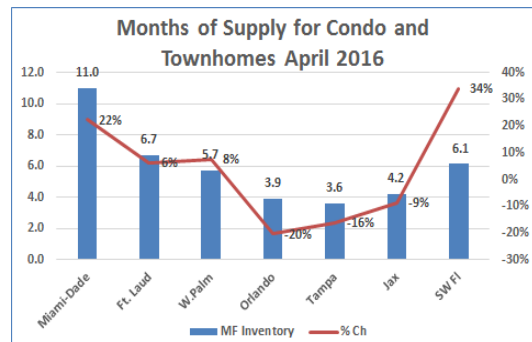
Price changes were similarly varied in April. For example, the closing prices for single-family homes dropped 7% in Miami, but they increased by 10% in Southwest Florida and by 8% in Tampa.



Inventory levels also varied sharply. At current sales rates inventories of single-family homes rose at a 15% pace in Southwest Florida as they dropped at a 15% rate in Orlando and by 17% in Tampa.



The variations were even greater in the condominium market. The inventory rose to an 11-month supply in Miami rising at a 22% rate. While there is a 6-month inventory in Southwest Florida, it rose at a worrying pace of 34% in April.



There are some clear warning signs in these data for the condo markets in Miami and Naples in particular.