

**Outlook for the U.S., Florida, and  
Treasure Coast  
Directors Loan Committee  
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# U.S. Forecast Summary 2011 – 2014

- Current Conditions – This is the Recovery (weaker)
  - Extended periods of slow growth, at best, follow asset bubbles (Japan’s lost decade)
  - No consensus concerning additional stimulus
  - Debt ceiling debate damaged economy
  - On the cusp of another recession
- Deficit control means:
  - Lower spending growth and some cuts in benefits and in entitlements
  - Higher taxes
- At best GDP will grow very slowly and interest rates will remain extraordinarily low through 2014
- Main forecasts risk: (1) political and policy risks over the FY 2012-15 budgets and (2) policy decisions in Europe and China

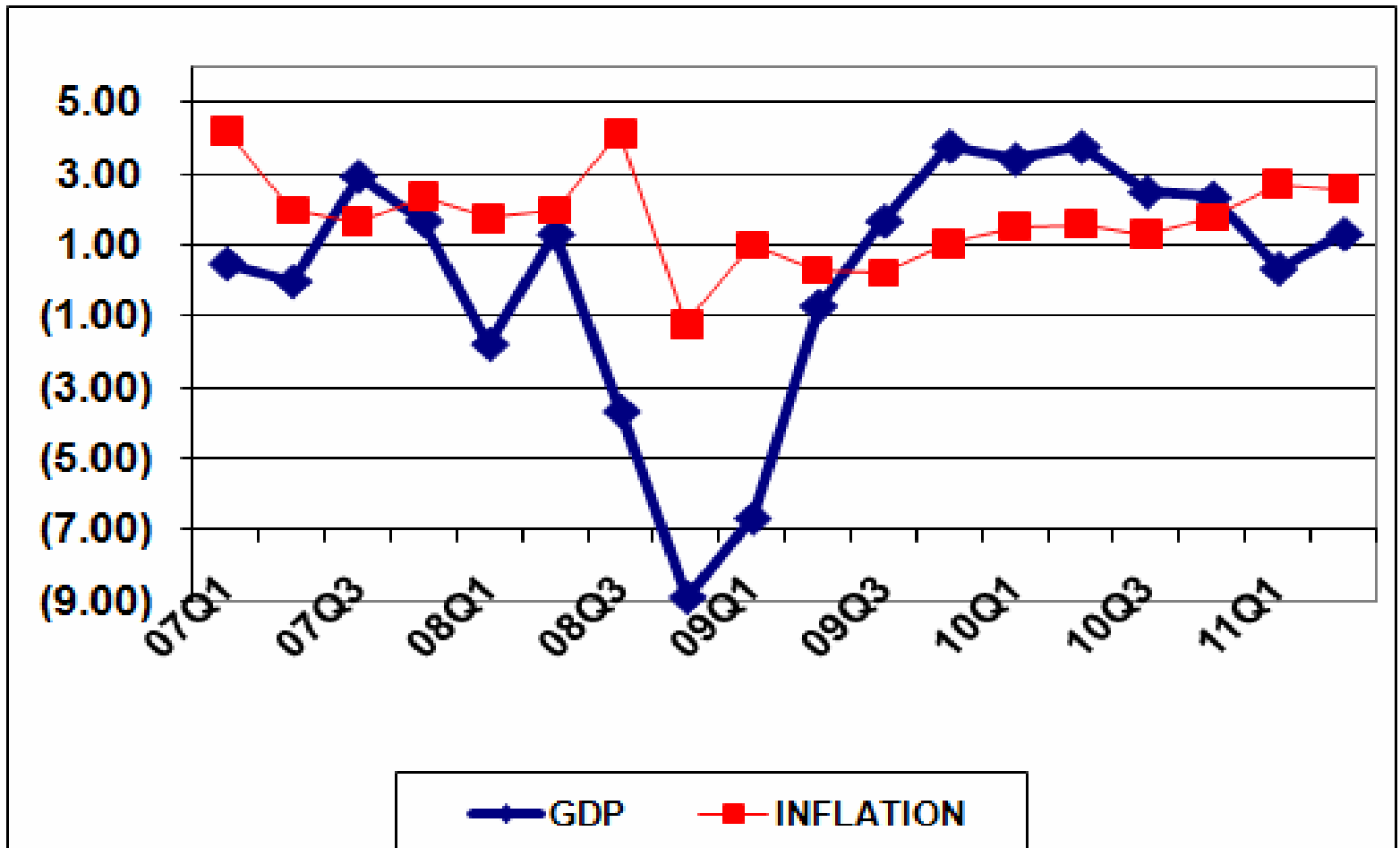
# Florida Summary

- Modest recovery finally underway but real recovery will be in 2012
  - Sustained job growth lead by tourism and healthcare
  - Population growth remains weak and cannot recover fully until housing markets recover in the Northeast and in the Midwest – 2012 timeframe
  - Housing continues to be troubled and will not recover until 2013 with stronger growth in population and employment
- Recovery gains momentum 2012-2014 but peak is well below prior periods even by 2014
  - 200,000 population growth
  - 90,000 new jobs
- Geographic focus growth shifted
  - I-4 Corridor dominate growth over next decade
  - Miami-Dade, Jacksonville and St. Lucie will enjoy strong growth lead by job generation
  - Panama City area will be boosted by new airport

## Treasure Coast Summary

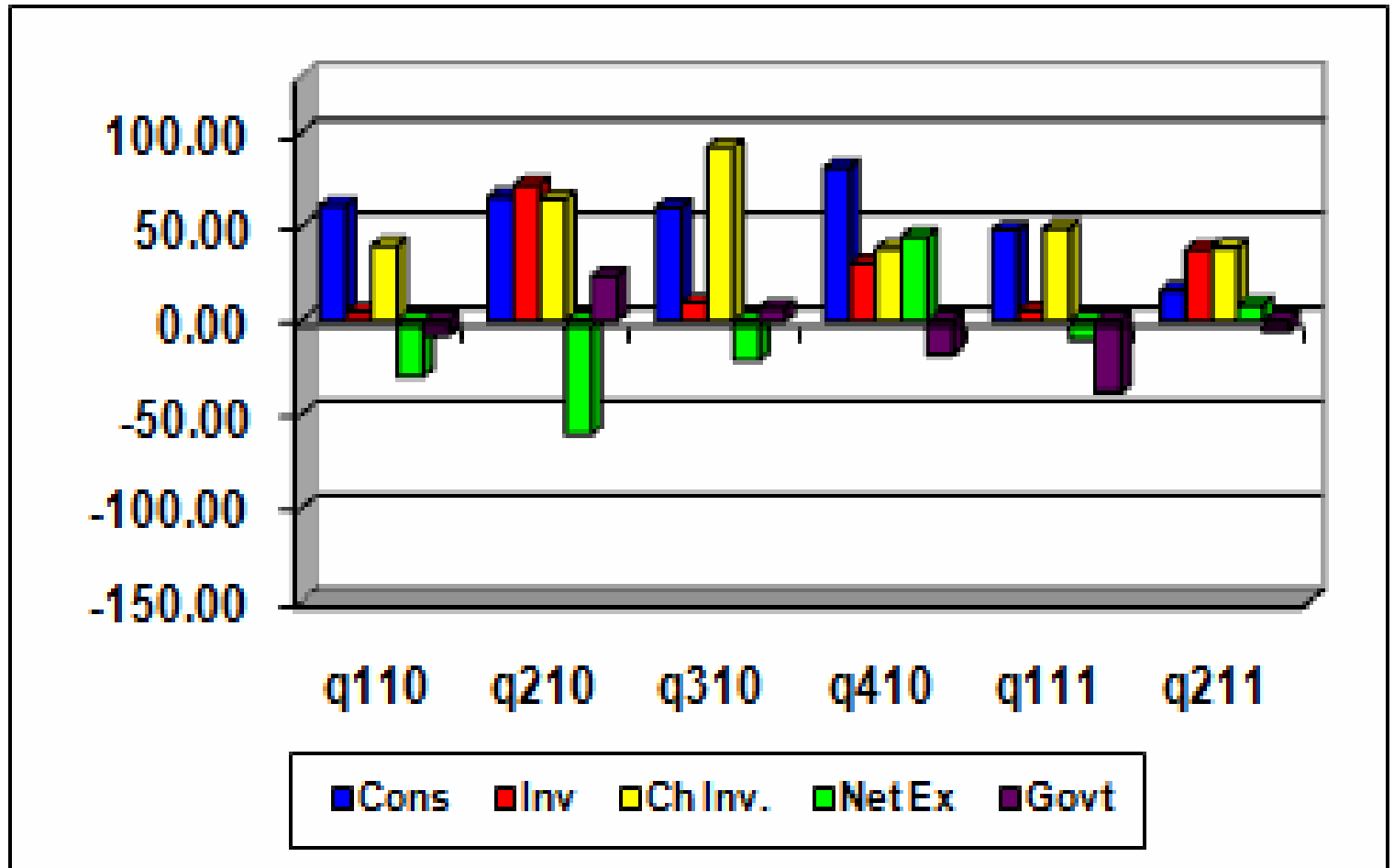
- St. Lucie County
  - Florida Center for Innovation will boom
    - Digital Domain, VGTI, Torrey Pines, Martin Memorial and Mann Institute = 3,000 jobs by 2014
    - North of Midway Road much weaker
- Palm Beach
  - Slow recovery focused on retirement and tourism
  - Population growth at 6,000 by 2014
  - Small benefits from Scripps/Max Planc in North County
- Martin and Indian River Counties
  - Slow growth of about 1,000 by 2014
  - Slow growth policies of the past continue to produce slow growth in the future

# RECENT TRENDS IN GDP AND INFLATION

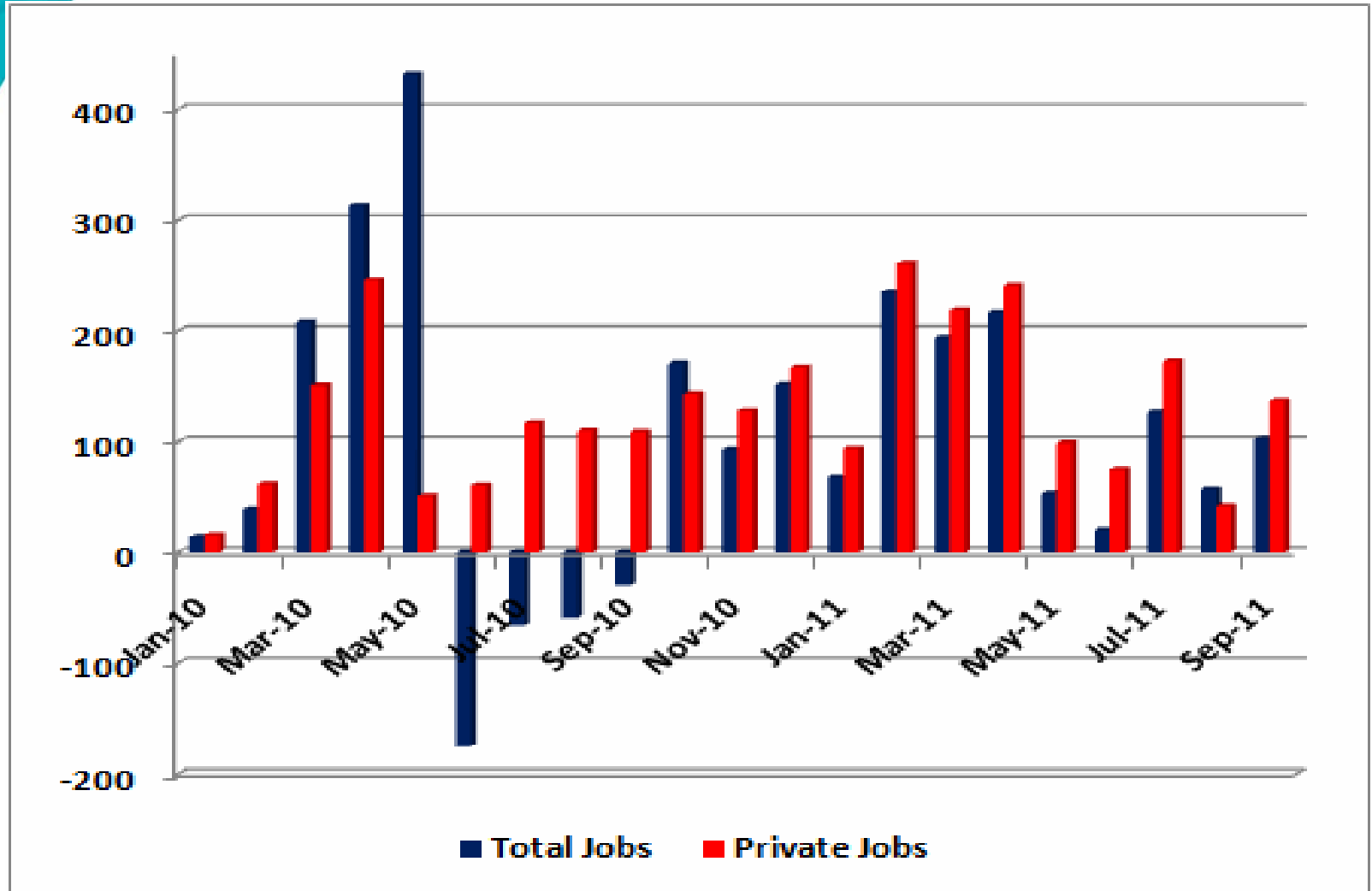


# GROWTH IN REAL GDP

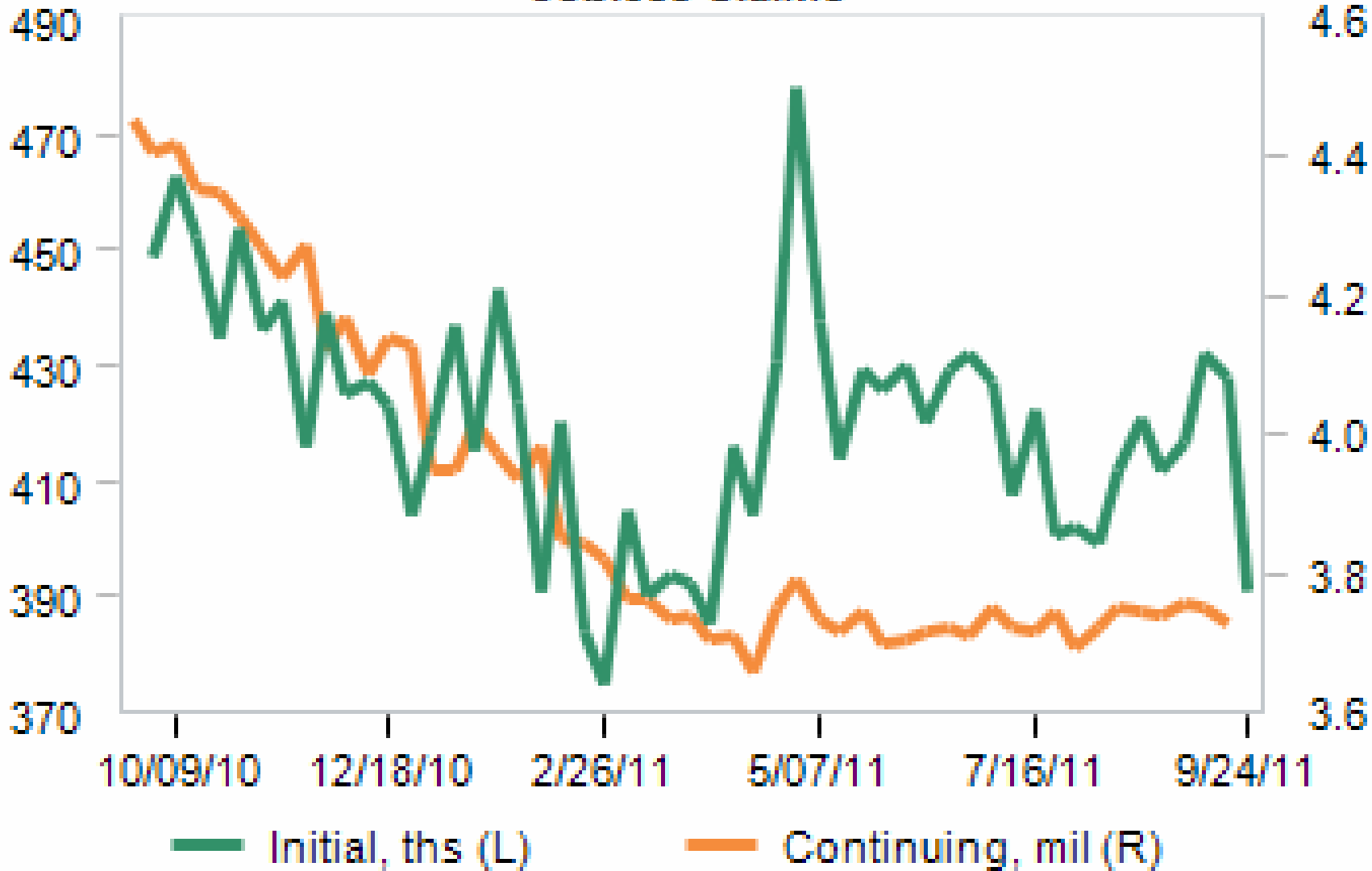
IN BILLIONS OF 2007\$



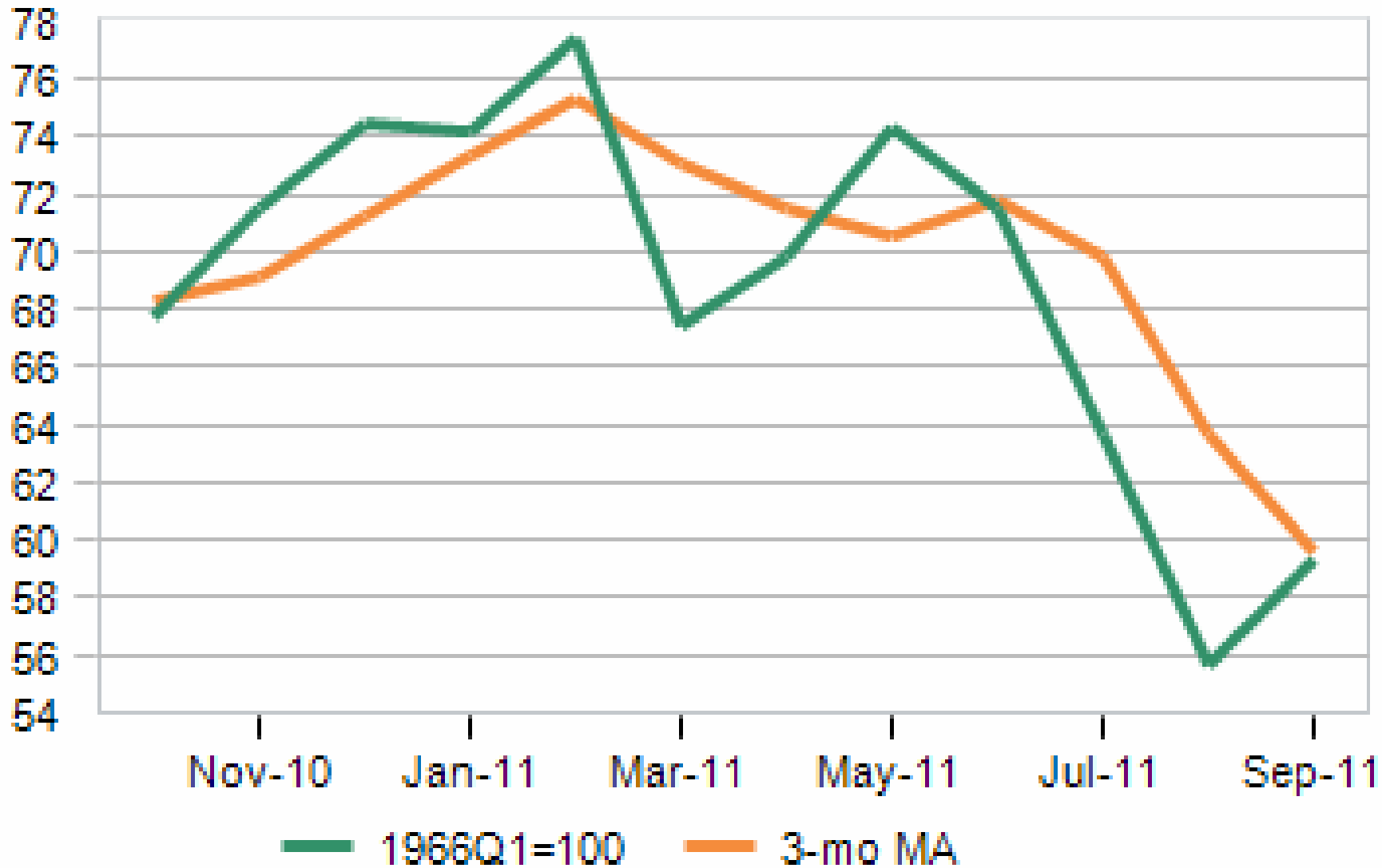
# Growth in Jobs (000s)



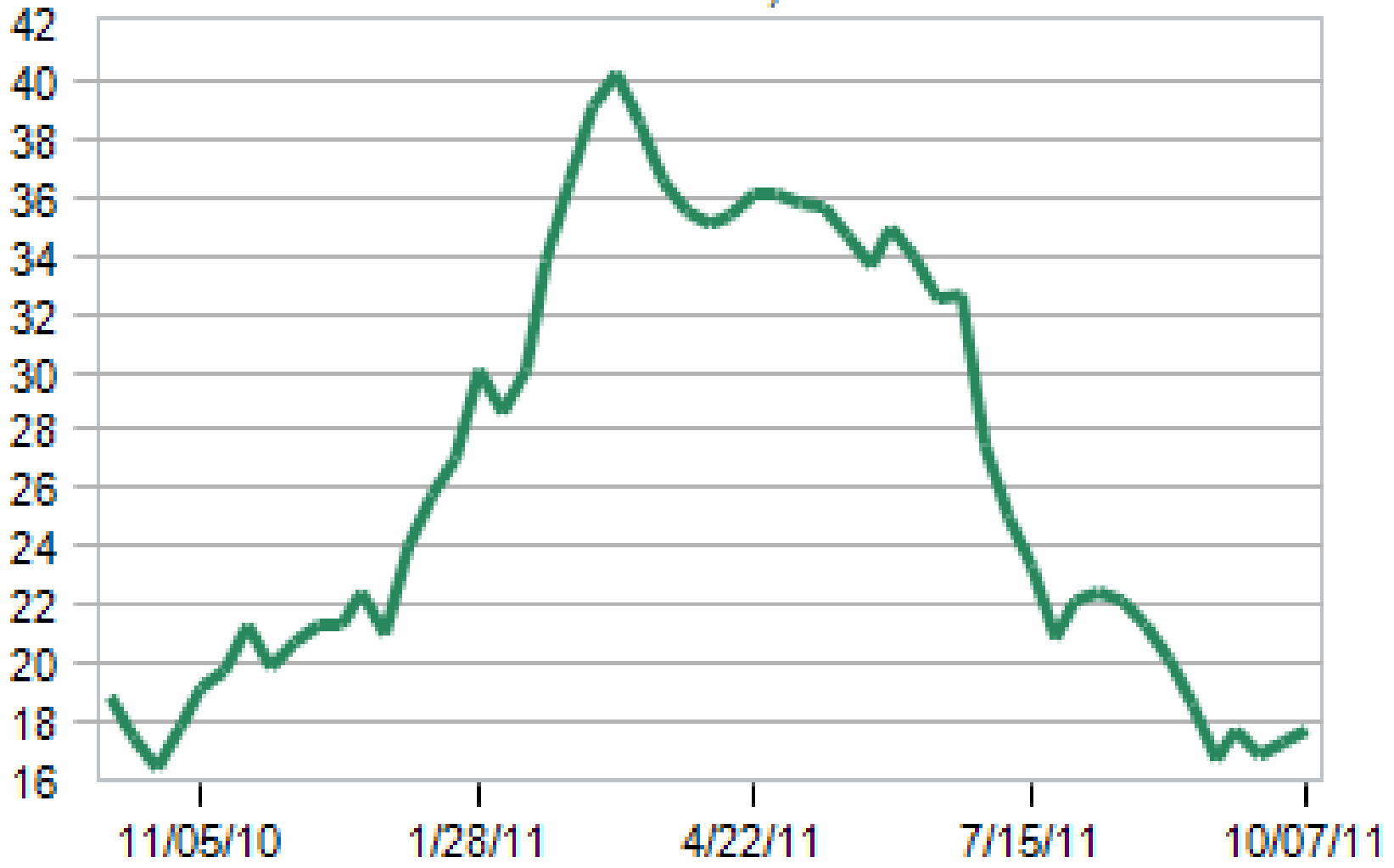
### Jobless Claims



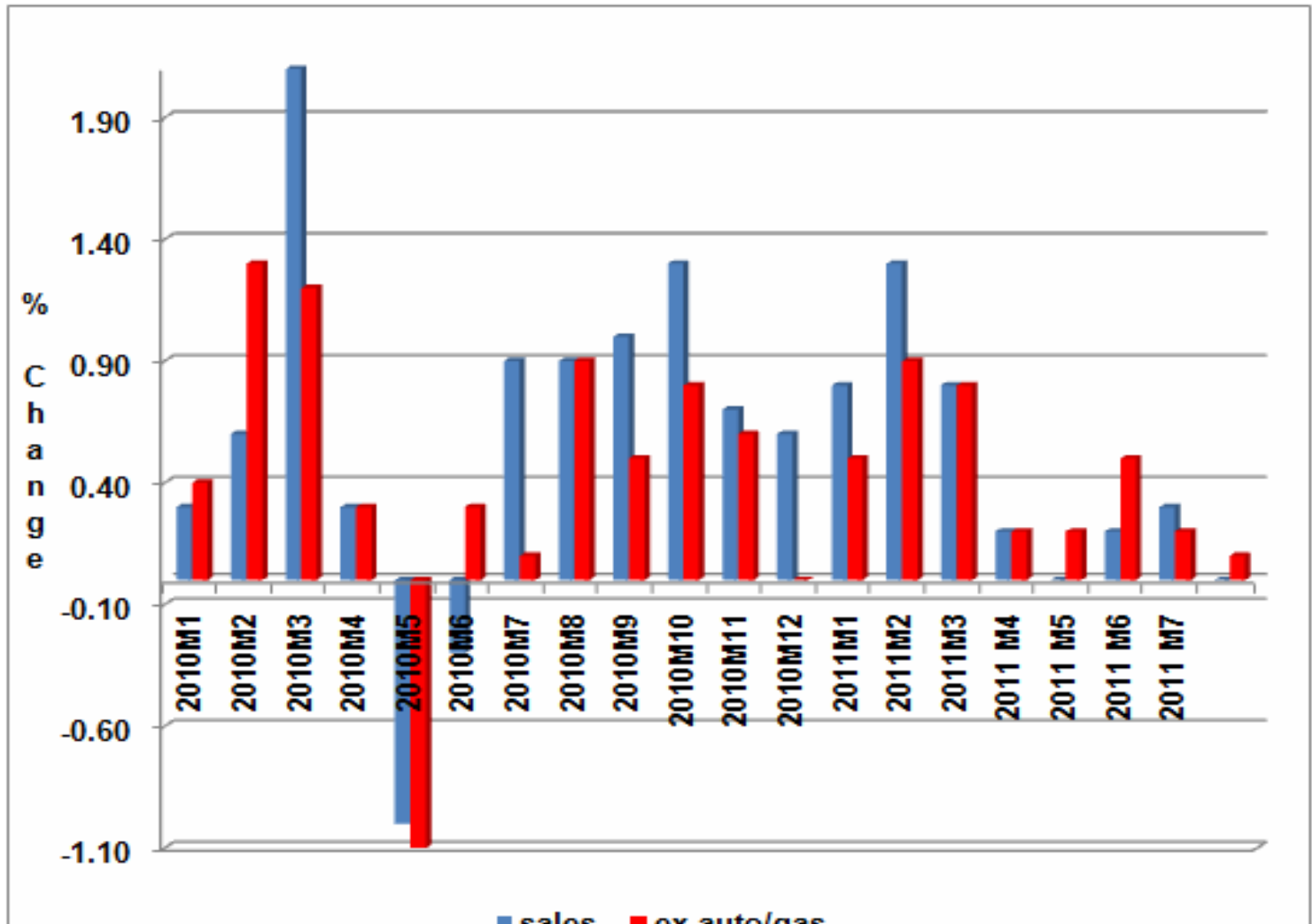
## Consumer Sentiment



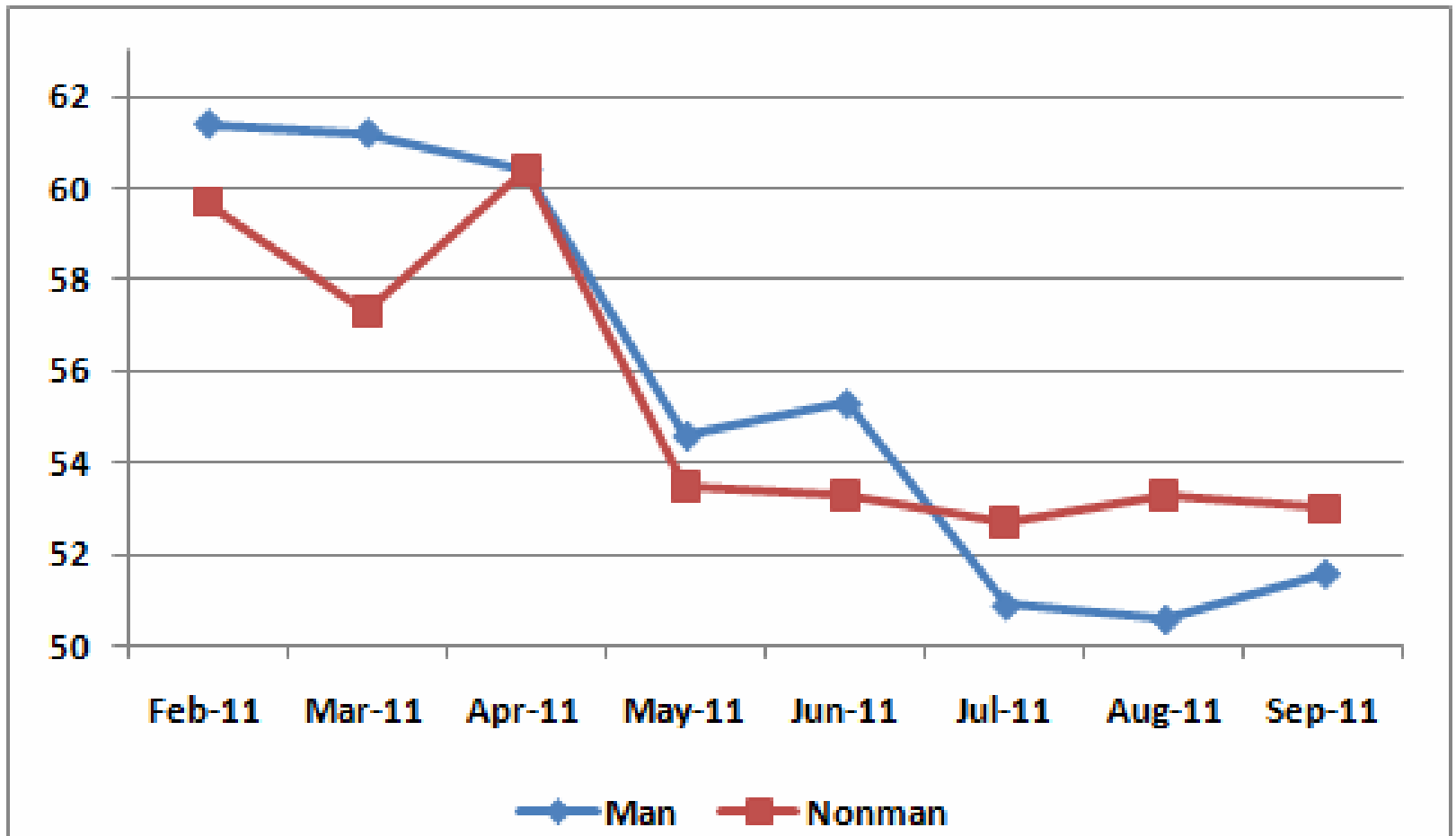
### Moody's Analytics Survey of Business Confidence Diffusion index, 4-wk MA



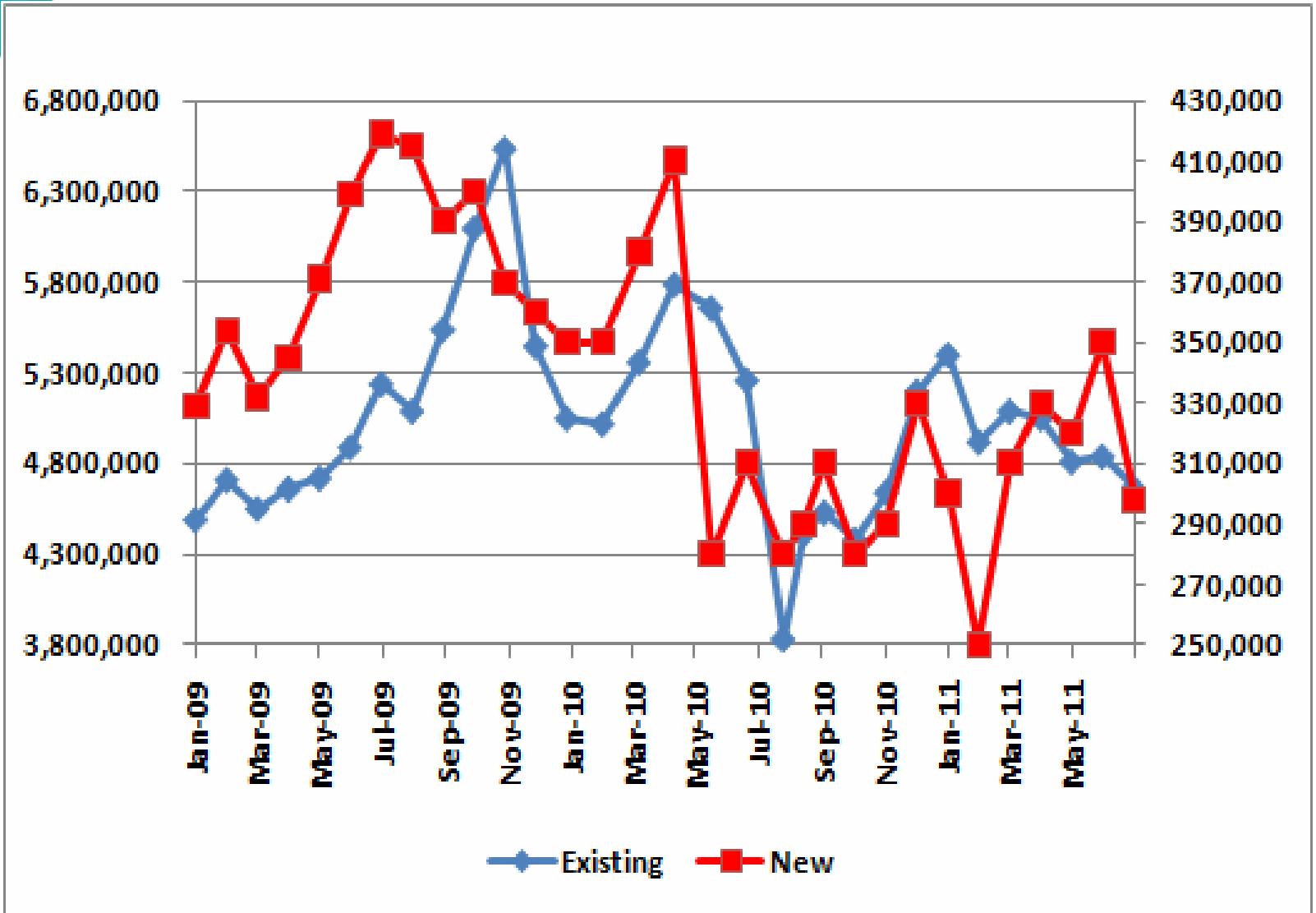
# Retail Sales



## Purchasing Manager's Index >50 is Positive

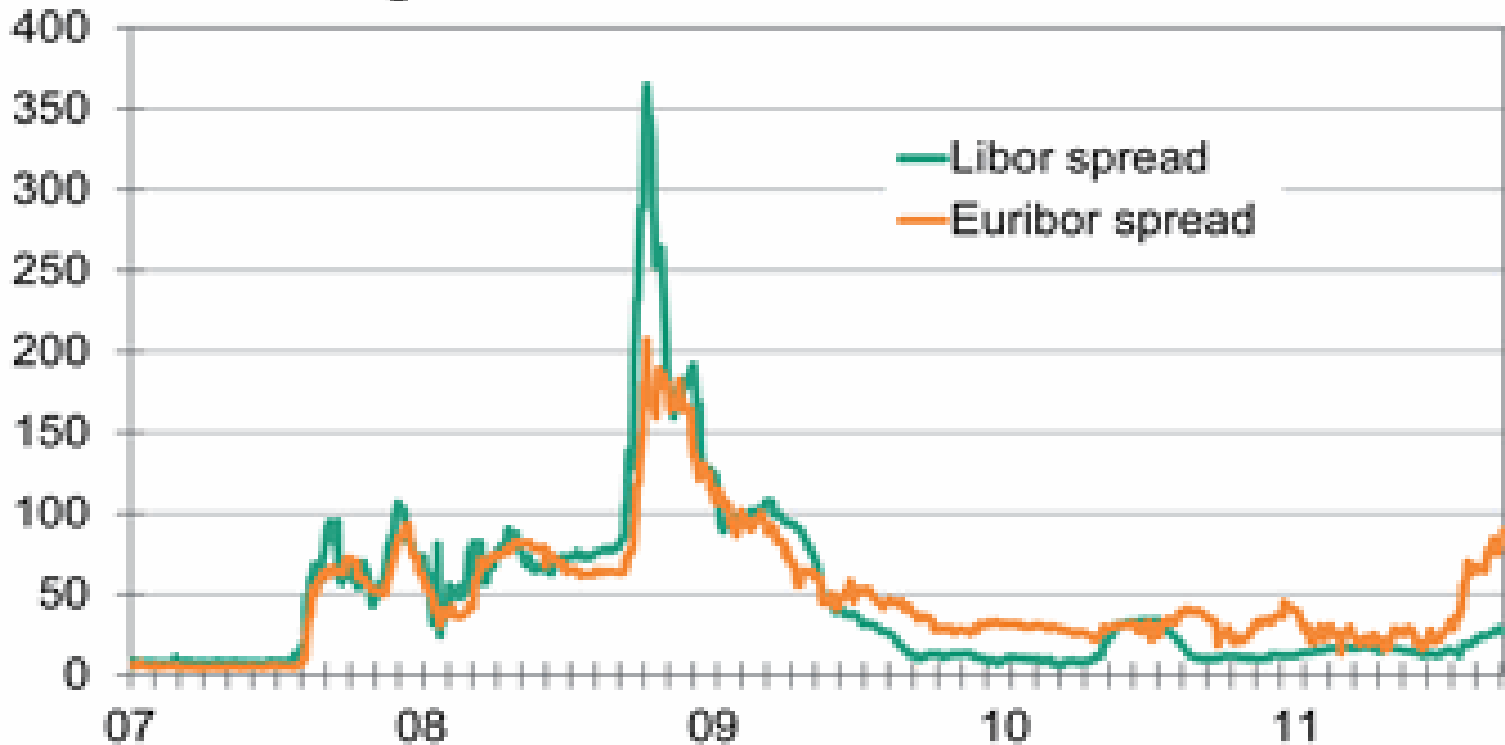


# Sales of New and Existing Homes



## Europe's Banks Have Funding Problems

Interbank lending rates



Source: BEA

# Chairman Bernanke's Testimony to Joint Economic Committee

- Recognized risk of recession
- Inflation not a problem due to slow growth
- Fed will fight a further deterioration
- “I would submit that, in setting tax and spending policies for now and the future, policymakers should consider at least four key objectives.”
  - long-run fiscal sustainability
  - avoid fiscal actions that could impede the ongoing economic recovery
  - promote long-term growth
  - improve the process for making long-term budget decisions

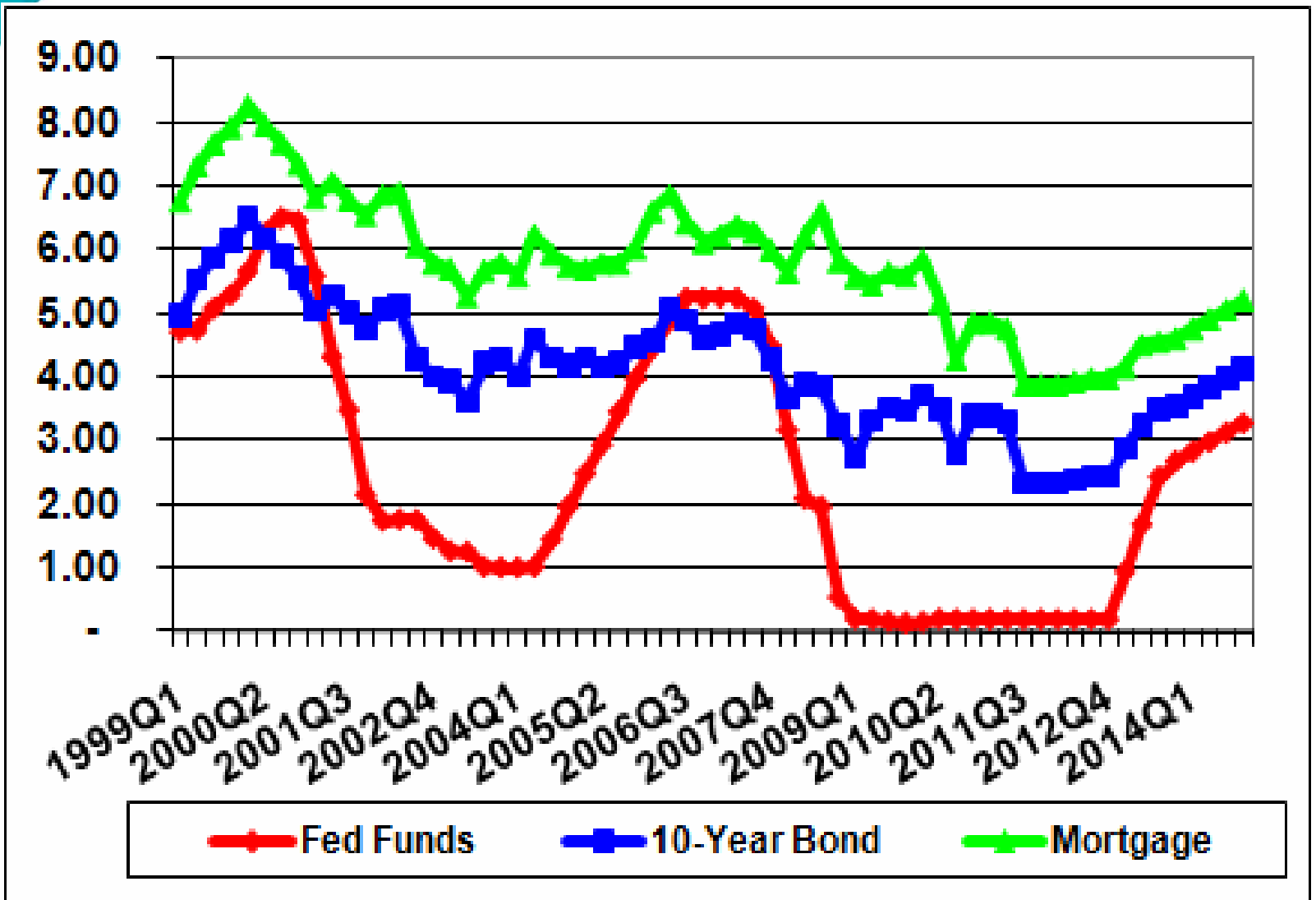
# Drifting Into Recession

## Federal Fiscal Restraint in 2012 Under Current Policy

	Cost		GDP Impact	
	\$ bil	% of GDP	\$ bil	% of GDP
<b>Change in Deficit, 2011 vs. 2012</b>	-371	-2.5	-261	-1.7
<b>Cyclical Deficit</b>	-65	-0.4	0	0.0
<b>Structural Deficit</b>	-306	-2.0	-261	-1.7
2% Payroll Tax Holiday	-110	-0.7	-68	-0.5
Emergency UI	-50	-0.3	-58	-0.4
Accelerated Depreciation	-22	-0.1	-5	0.0
State & Local Government Aid	-50	-0.3	-56	-0.4
Infrastructure Spending and Other	-43	-0.3	-46	-0.3
Debt-Ceiling Deal	-31	-0.2	-28	-0.2

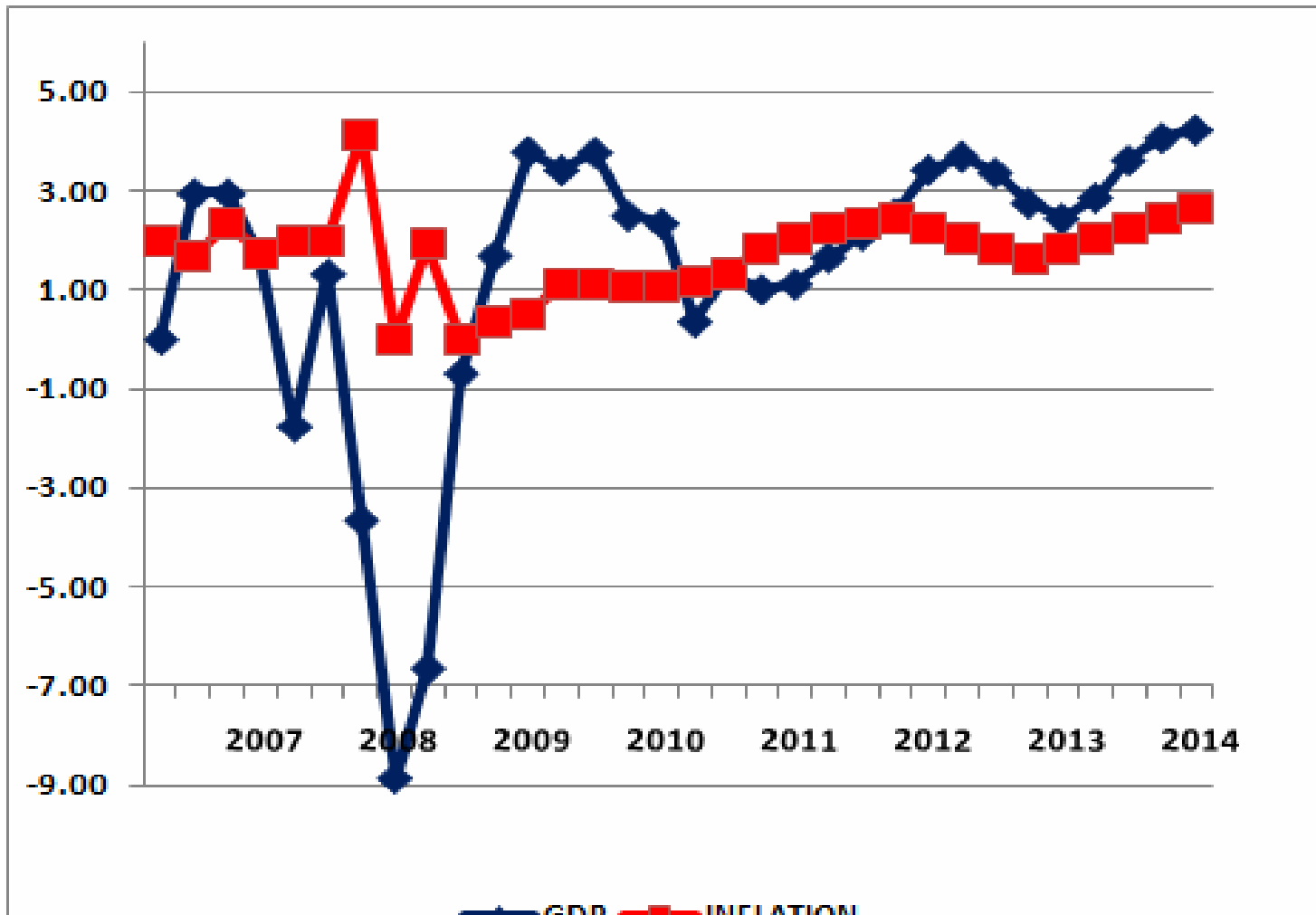
Source: Moody's Analytics

# INTEREST RATES

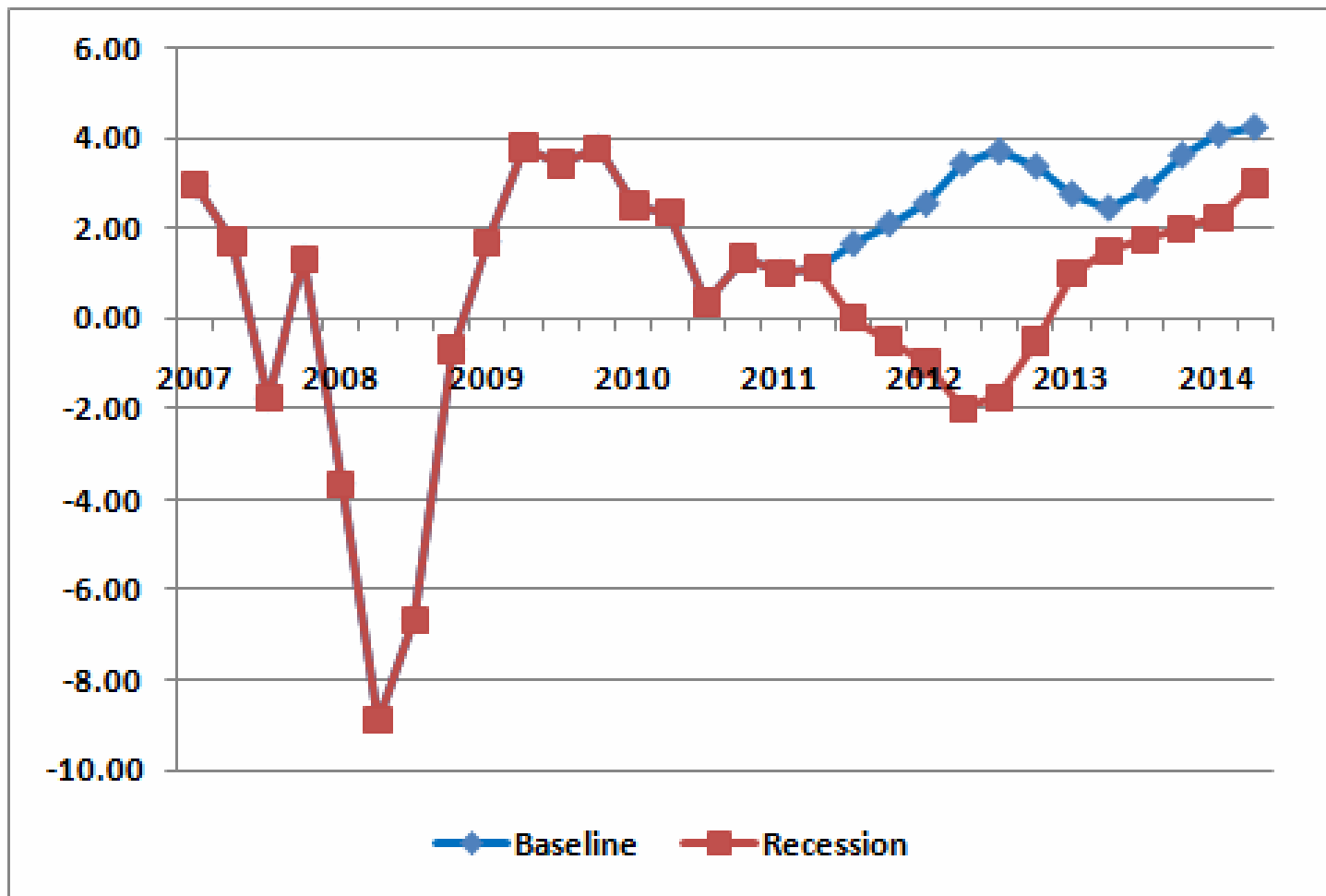


# GDP AND INFLATION

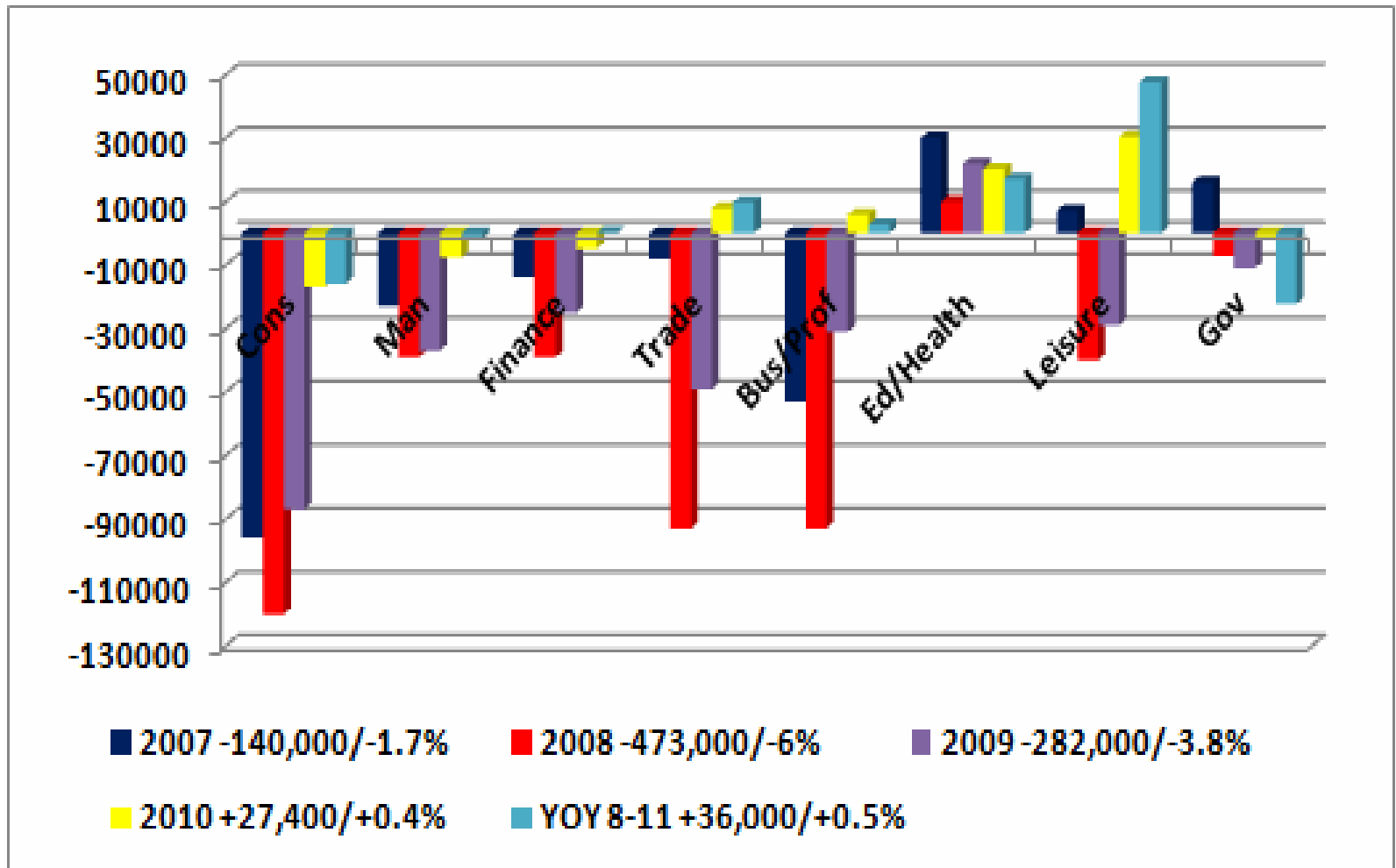
(Percent growth SAAR)

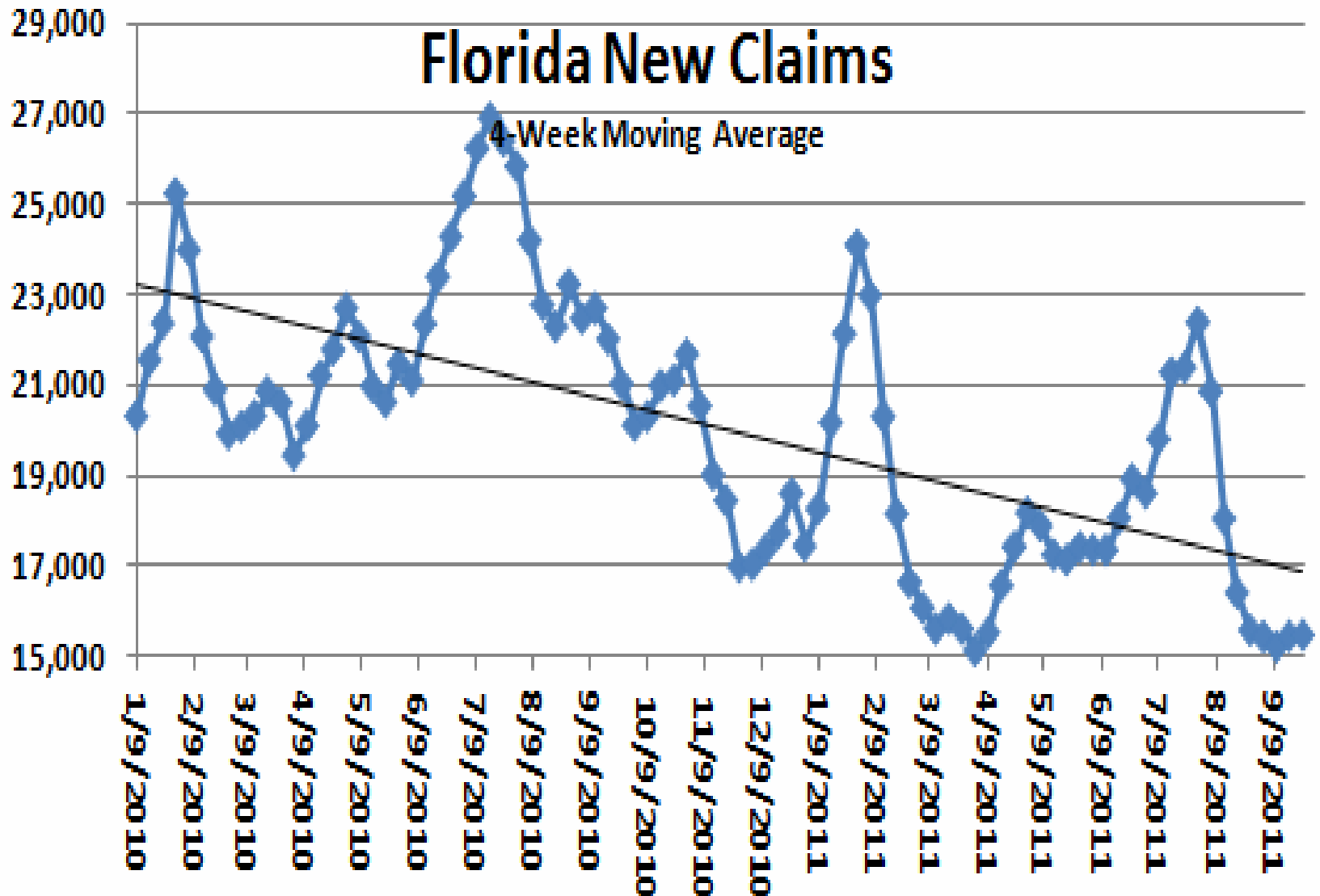


# Growth in Real GDP With and Without Policy Action



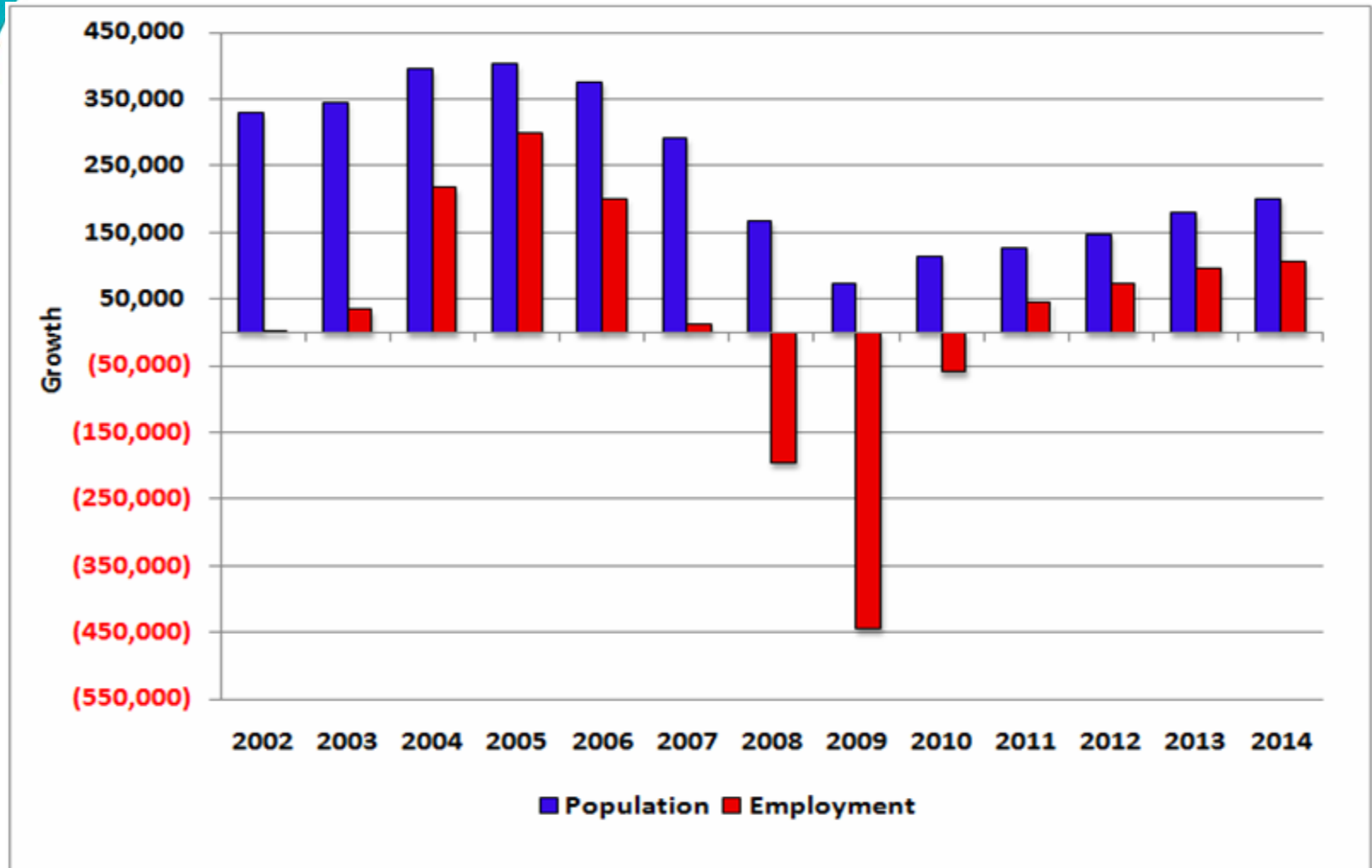
# Florida Employment Growth Year-over-Year Changes



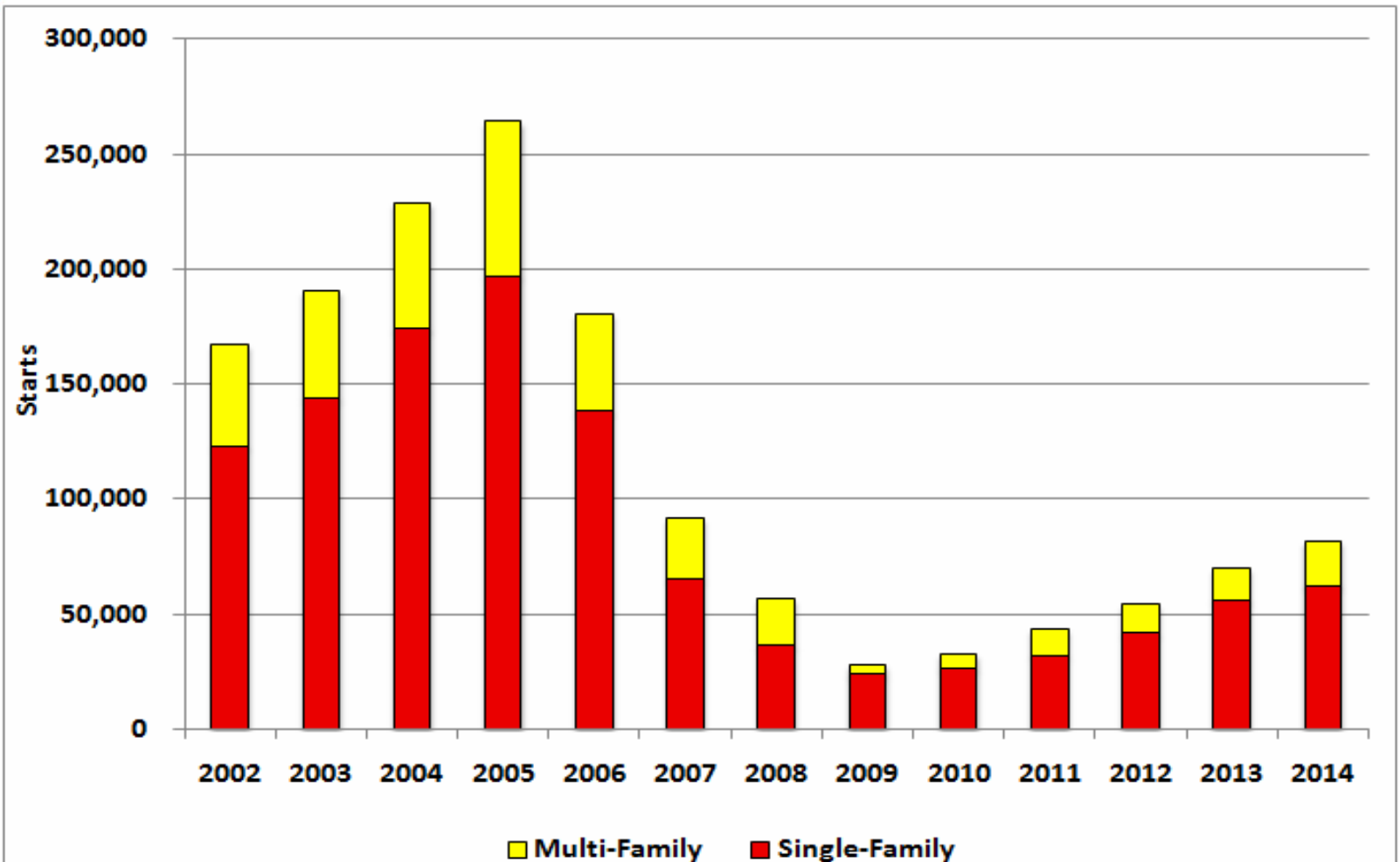


Data as of August 2011	Unemploy- ment Rate	Jobs Year- over-Year	Jobs Year- over-Year
Bradenton-Sarasota	11.1%	500	0.2%
Cape Coral-Ft. Myers	11.5%	300	0.2%
Deltona-Daytona Bch.	10.9%	4,300	2.8%
<b>Florida</b>	<b>10.7%</b>	<b>36,000</b>	<b>0.5%</b>
Ft. Lauderdale-Pompano	9.5%	2,800	0.4%
Ft. Walton Bch	7.4%	1,500	1.9%
Gainesville	8.4%	600	0.5%
Jacksonville	10.4%	5,300	1.0%
Lakeland-Winter Haven	12.1%	-2,700	-1.4%
Miami	12.5%	24,800	1.1%
Naples	11.9%	-3,000	-2.8%
Ocala	12.7%	-100	-0.1%
Orlando-Kissimmee	10.3%	3,500	0.3%
Palm Bay-Melbourne	11.7%	-6,400	-3.3%
Palm Coast	14.9%	-600	-3.3%
Panama City	9.5%	-1,000	-1.3%
Pensacola	10.3%	-800	-0.5%
Port St. Lucie	12.8%	500	0.4%
Punta Gorda	11.3%	300	0.8%
Tallahassee	8.8%	-200	-0.1%
Tampa-St. Petersburg	11.0%	14,800	1.3%
Vero Beach	13.9%	-100	-0.2%
West Palm-Boca Raton	11.0%	13,900	1.4%

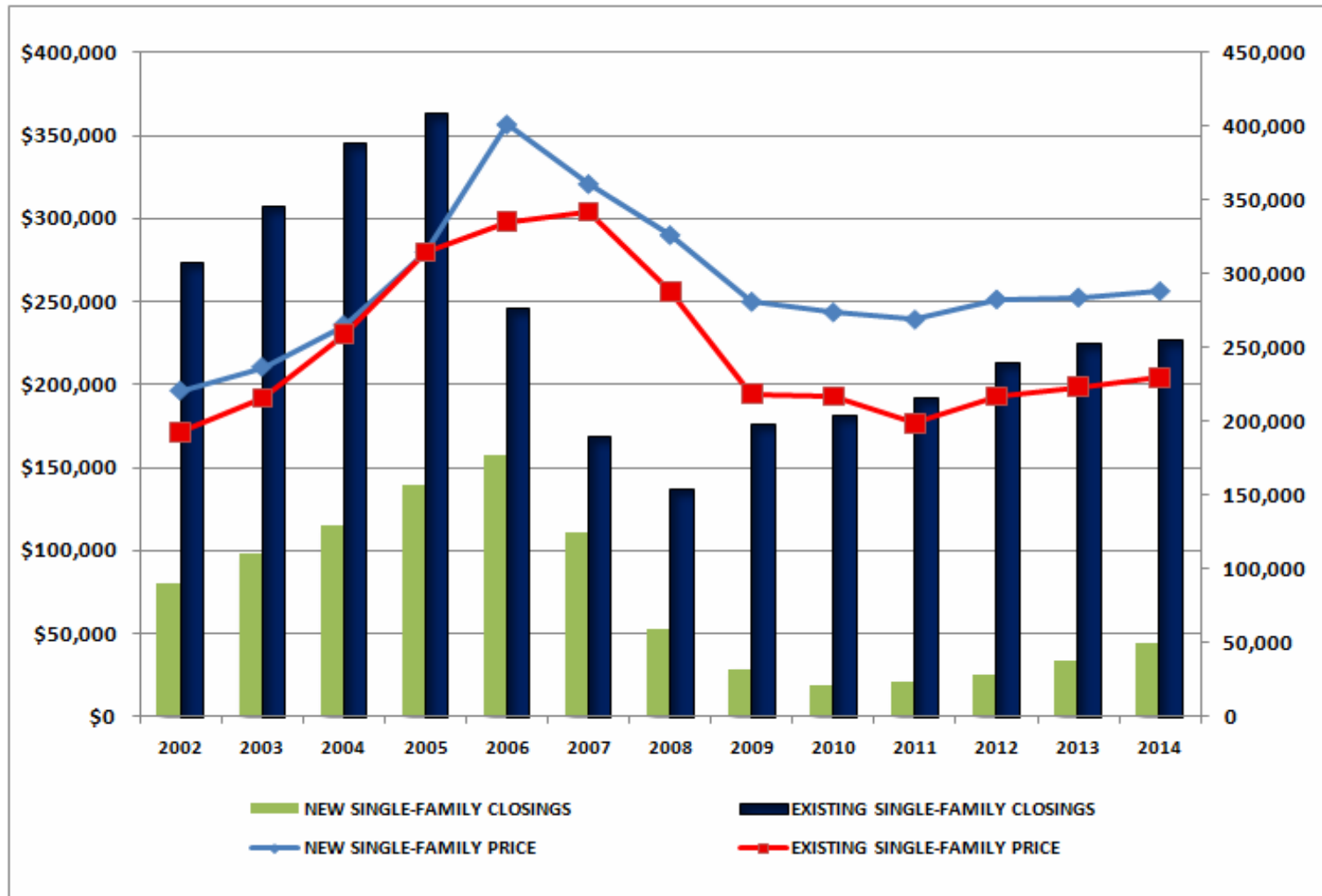
# Florida Growth Forecast Population and Employment



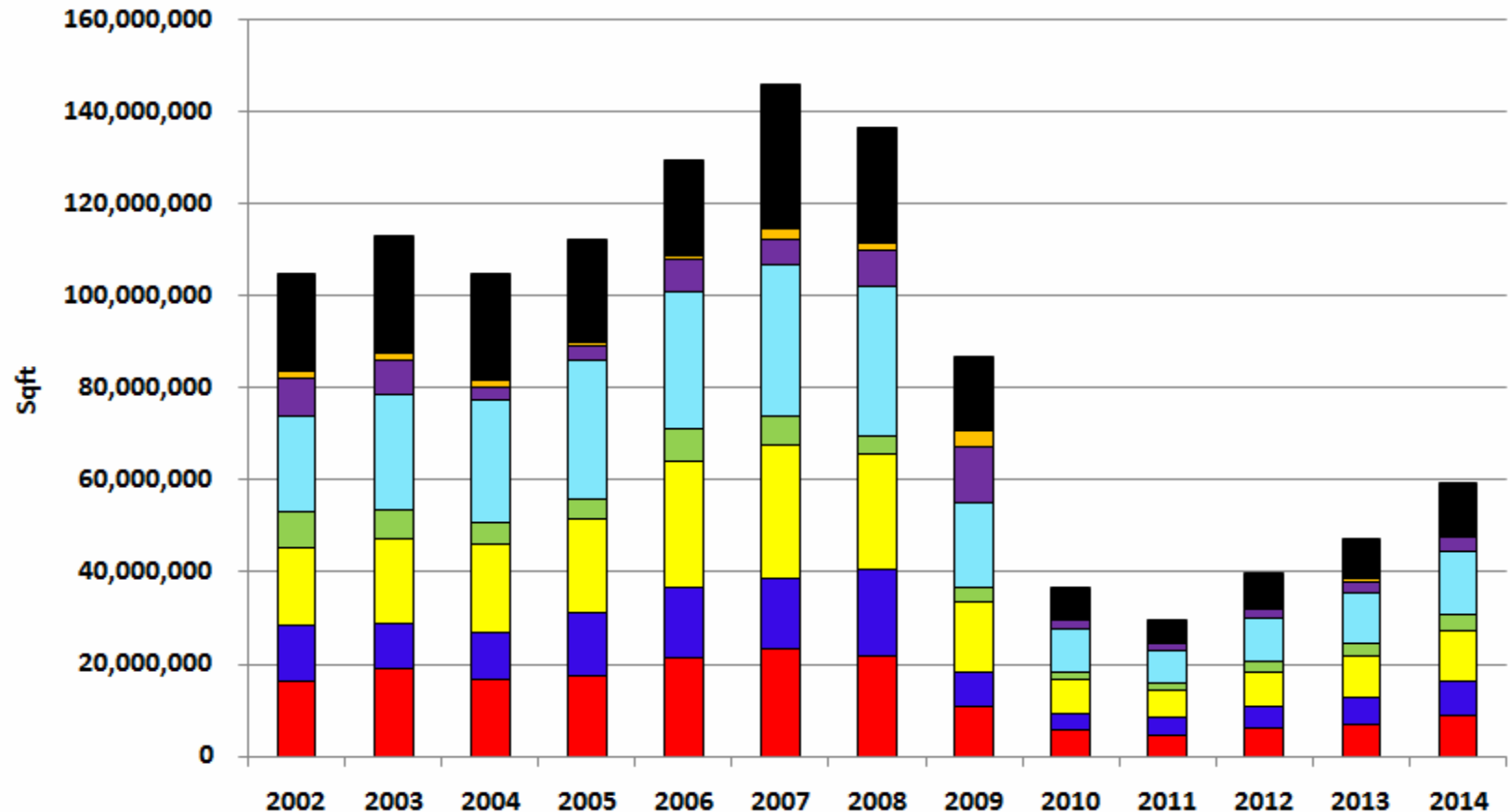
# Housing Starts

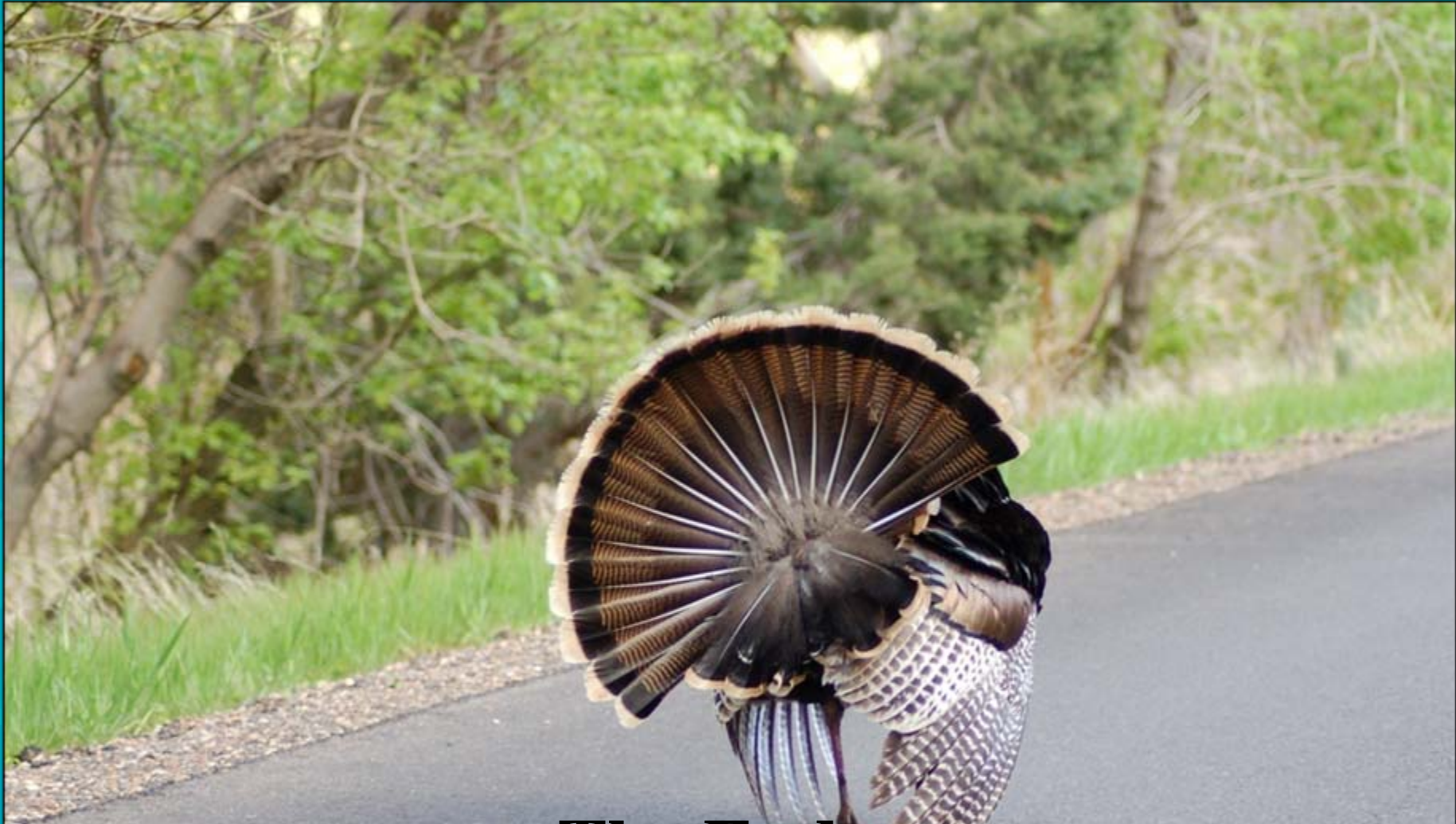


# Single-Family Pricing and Closing Volumes



# Non Residential Construction Put in Place in Square Feet





**The End**