

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

- Current Conditions – On the Cusp
 - Gasoline and food price shocks, bad weather, and sharp cuts in government spending slowed growth to just 1%
 - **Uncertainty over debt ceiling and deficit control paralyzed U.S. firms and poisoned confidence**
 - Euroland in turmoil over Greek and other debt issues
 - China overheating and slowing
- Expect reasonable policies to avoid disasters
- 2012 Accelerating growth and higher interest rates
- Deficit control means:
 - Lower spending growth and some cuts in benefits and in entitlements
 - Higher taxes and higher interest rates
- Main forecasts risk: (1) political and policy risks over the debt ceiling and FY 2012 budget and (2) policy decisions in Europe and China

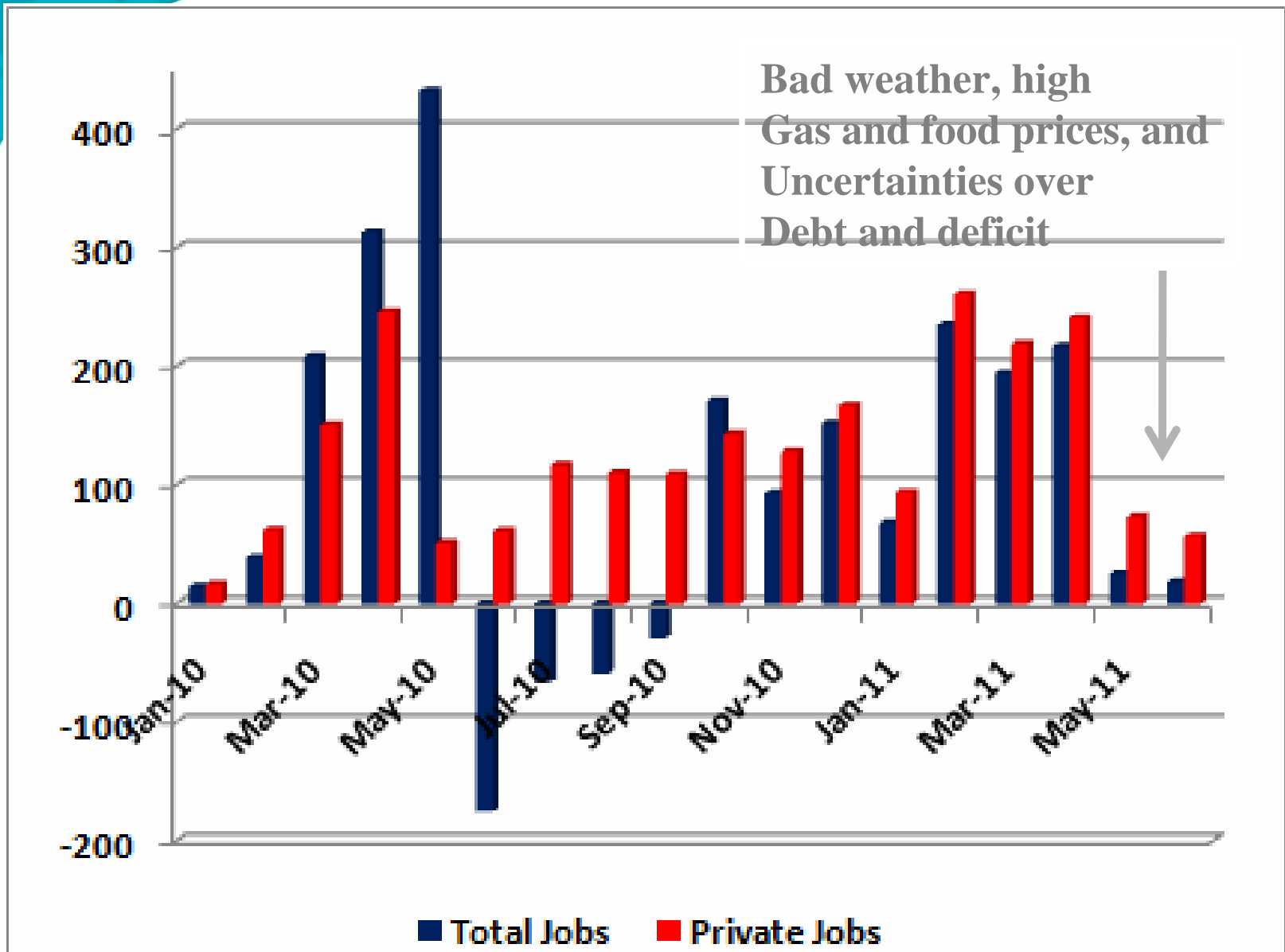
Florida Summary

- 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
 - 230,000 population growth
 - 95,000 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

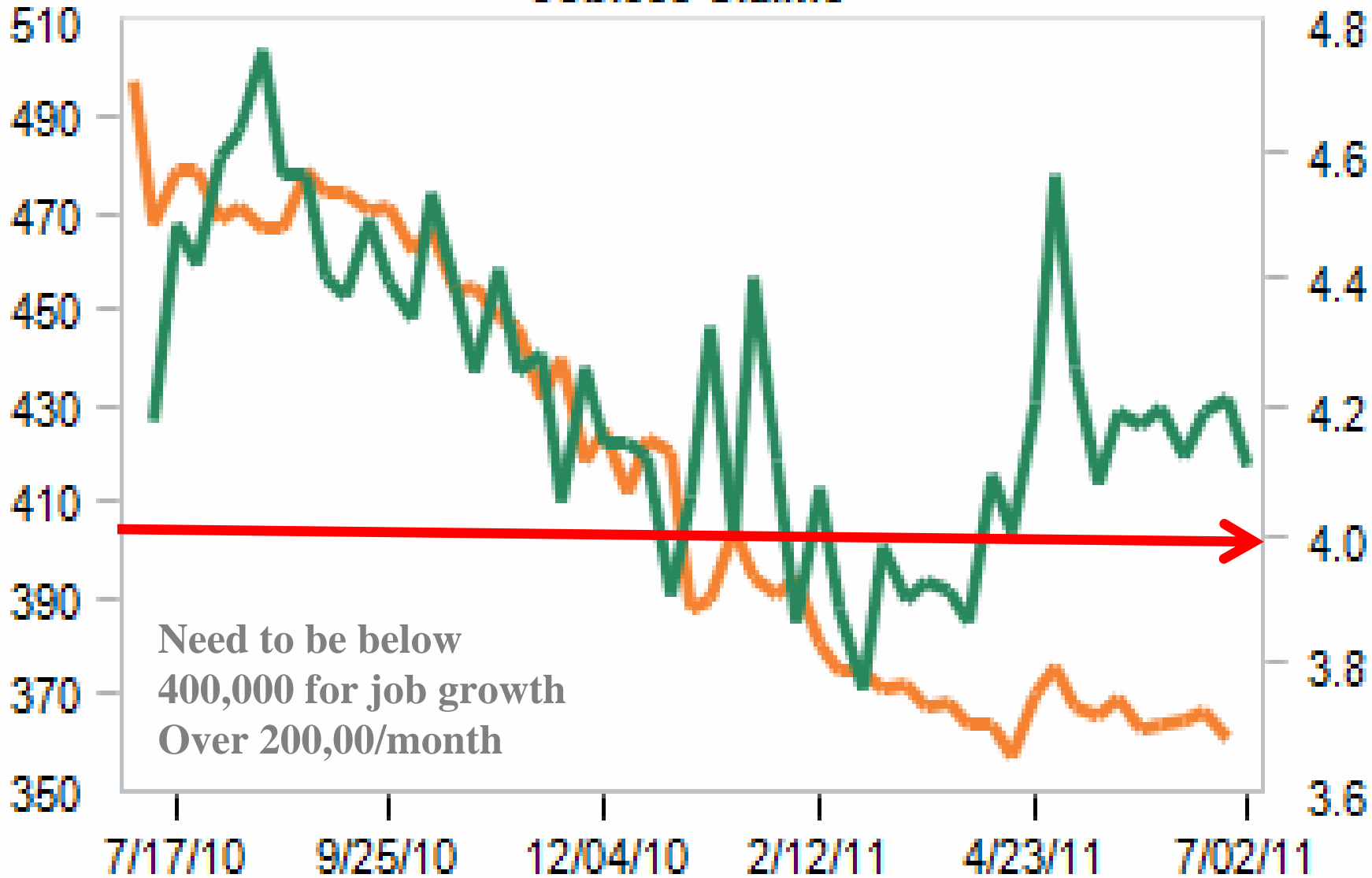
- St. Lucie County
 - Florida Center for Innovation will boom
 - Digital Domain, VGTI, Torrey Pines, Martin Memorial and Mann Institute = 4,000 jobs by 2014
 - North of Midway Road much weaker
- Palm Beach
 - Slow recovery focused on retirement and tourism
 - Population growth at 10,000 by 2014
 - Small benefits from Scripps/Max Planc in North County
- Martin and Indian River Counties
 - Slow growth of about 2,000 by 2014
 - Slow growth policies of the past continue to produce slow growth in the future

Growth in Jobs (000s)





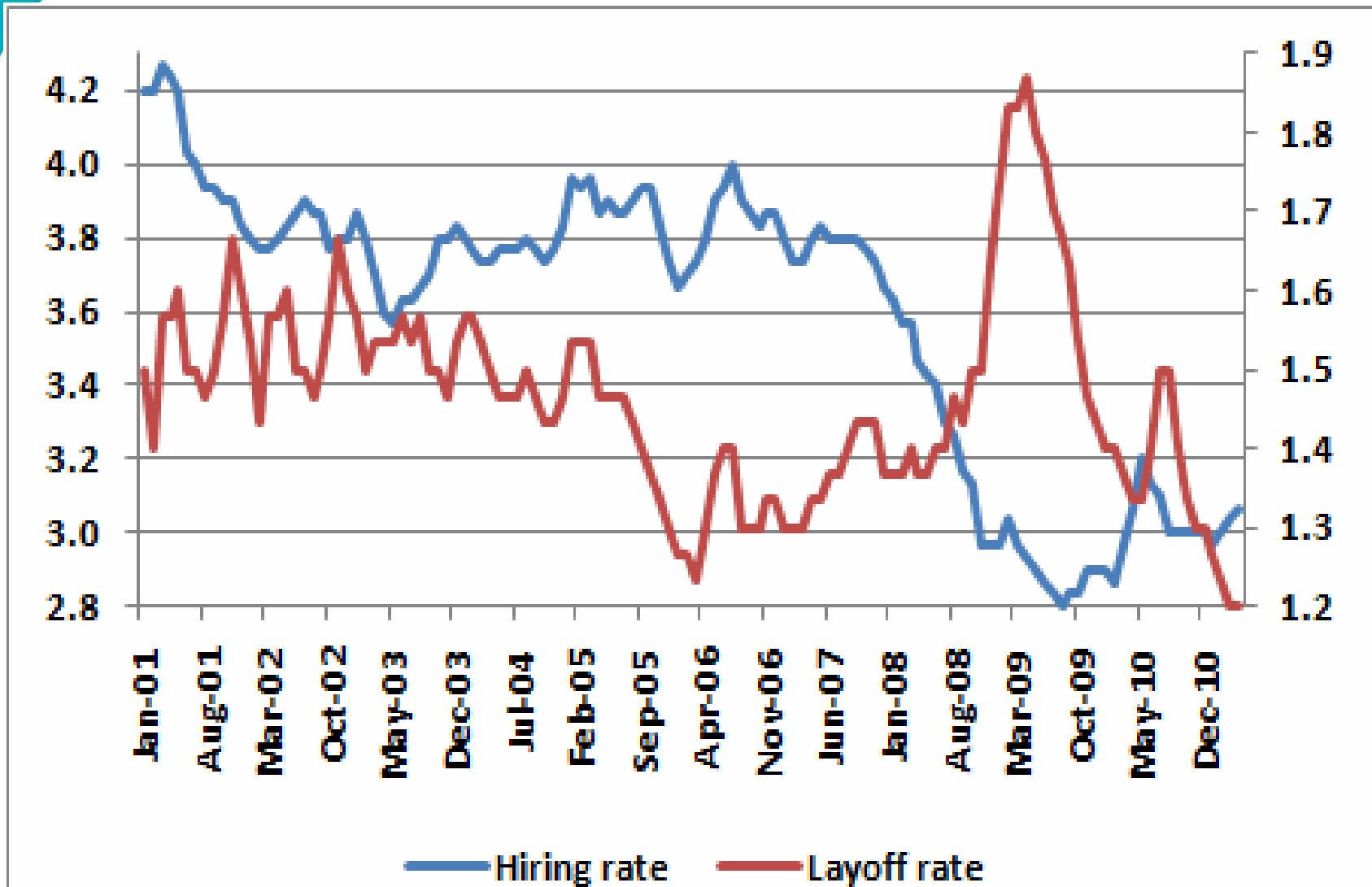
Jobless Claims



Initial Jobless Claims (IJC)

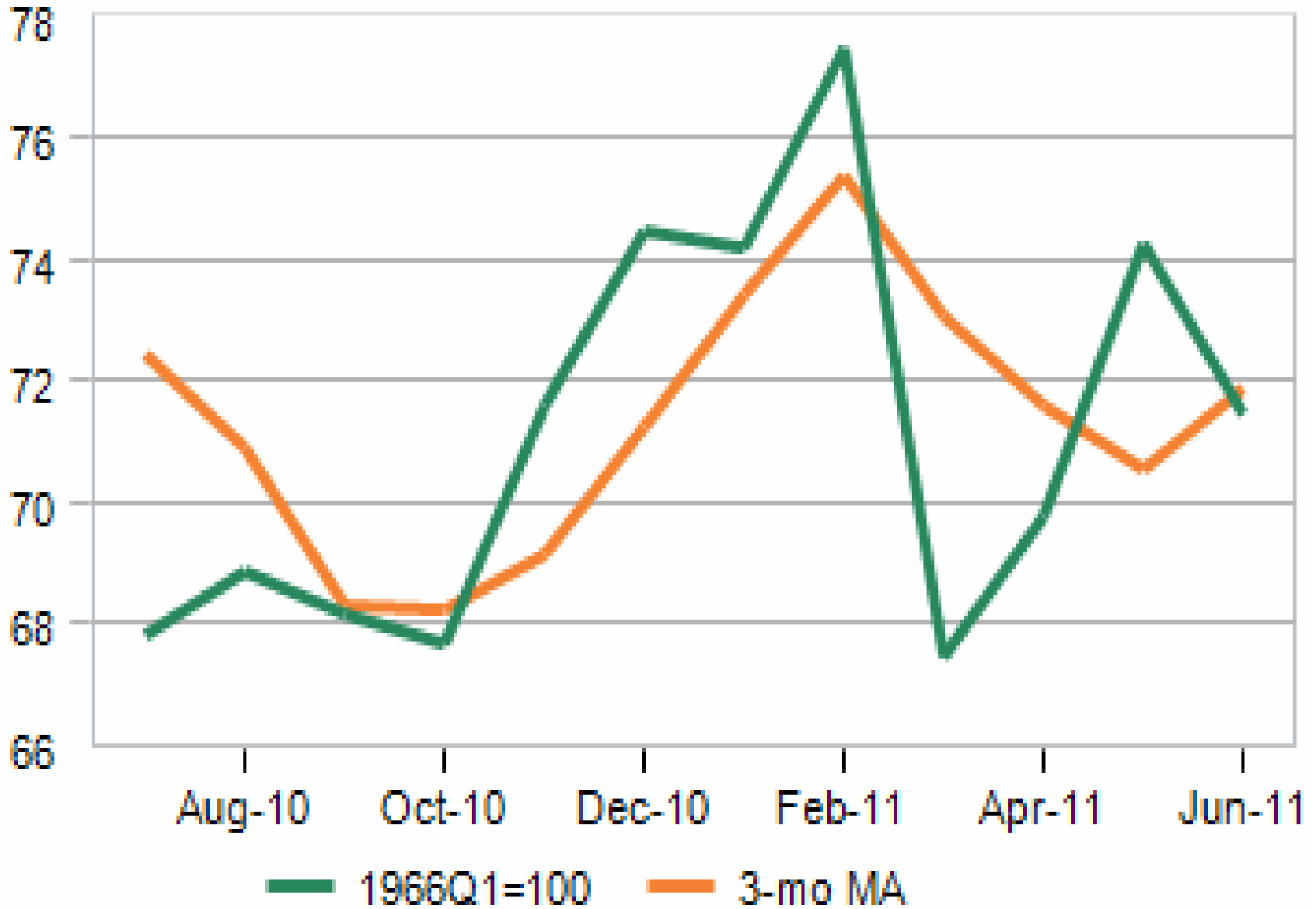
Continuing Jobless Claims (CJC)

U.S. Firms Not Hiring/Not Laying off Either

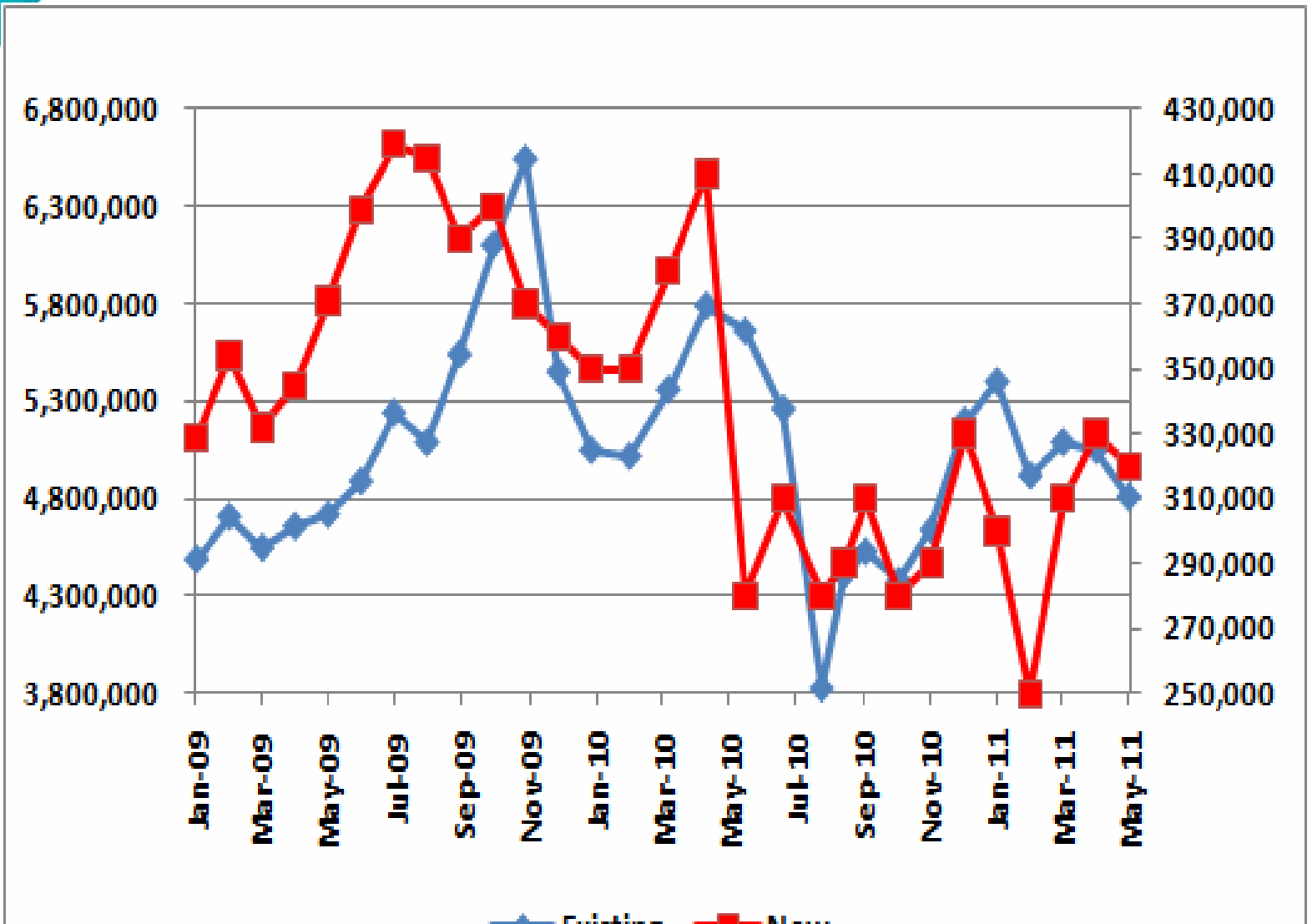




Consumer Sentiment



Sales of New and Existing Homes



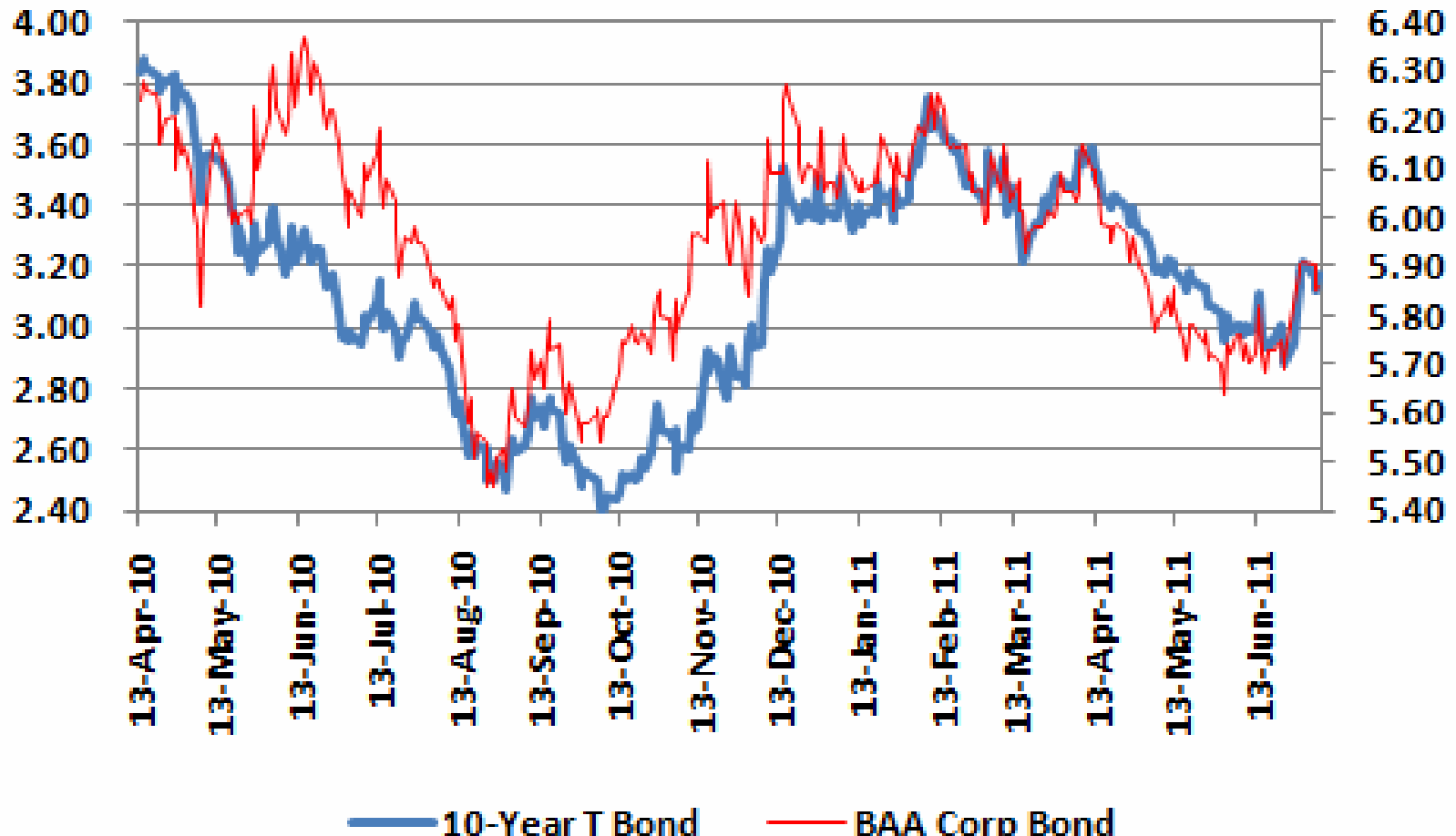
Case-Shiller Index

Area	Apr-11	11-Mar	Year Ago	Peak	% change from peak
10-City Index	0.8	-0.8	-3.1	Jun-06	-32.6
Boston ★	-0.2	-1.7	-4.2	Sep-05	-19.4
Chicago ★	-0.4	-2.4	-8.6	Sep-06	-34.7
Denver	1.5	-0.6	-4.1	Aug-06	-12.8
Las Vegas	-0.7	-1.1	-6.2	Aug-06	-58.9
Los Angeles	0.3	-0.3	-2.1	Sep-06	-38.6
Miami	-0.2	-0.8	-5.6	Dec-06	-51.2
New York ★	0.8	-1.0	-2.8	Jun-06	-23.9
San Diego	0.4	-0.8	-4.3	Nov-05	-38.3
San Francisco	1.7	-0.1	-5.5	May-06	-39.5
Washington	3.0	0.2	4.0	May-06	-25.6

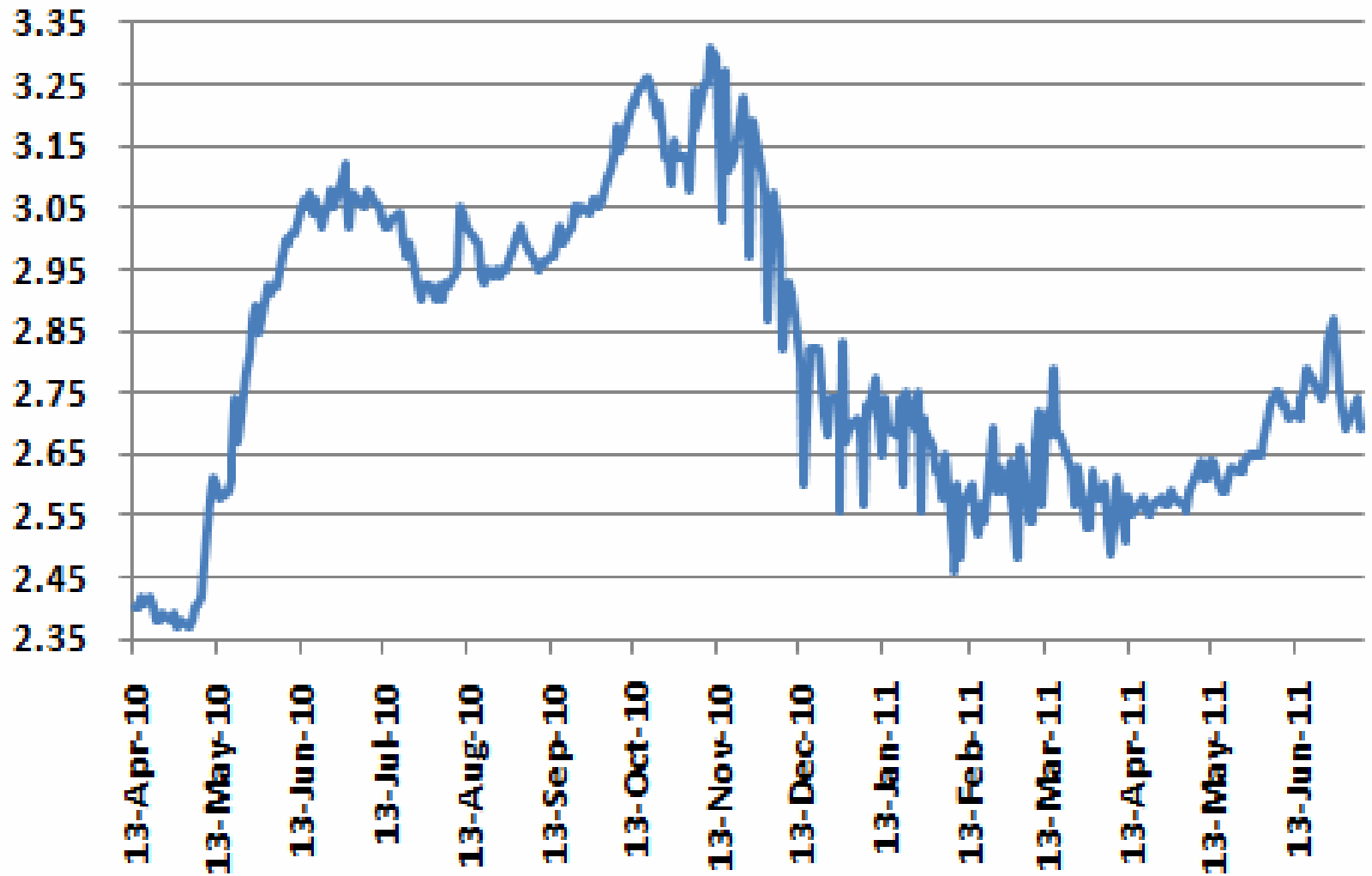
Debt Ceiling and Deficit

- Ceiling increased disaster averted at 11th Hour
 - No big deficit reduction deal
 - \$2 Billion mostly in spending cuts
 - Mostly agriculture and defense
- Real deficit control determined in 2012 election
 - If economy improves with unemployment <8%
 - Obama re-elected and Republicans lose house
 - \$4 Trillion reduction balance of spending/taxes
 - 2.5% average growth GDP 2013-14
 - If economy does not improve
 - Republicans win Whitehouse and Senate
 - Ryan plan for deficit reduction based on deeper cuts to spending and no increases in tax revenues
 - 1% or less growth GDP 2013-14

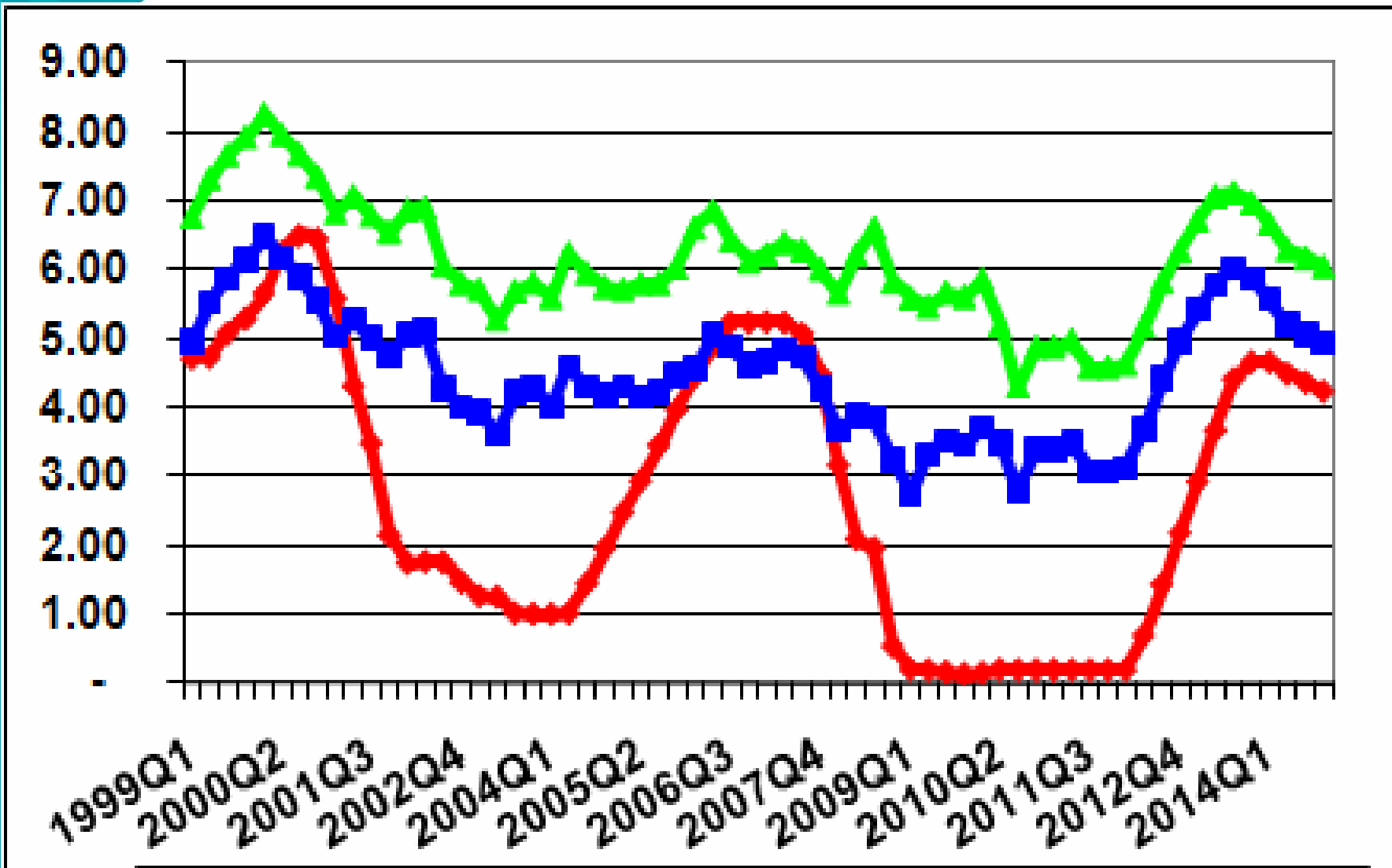
Little Bond Market Reaction Yet 10-Year Bond v. BAA Corporates



Spread Bonds v. BAA Corporates

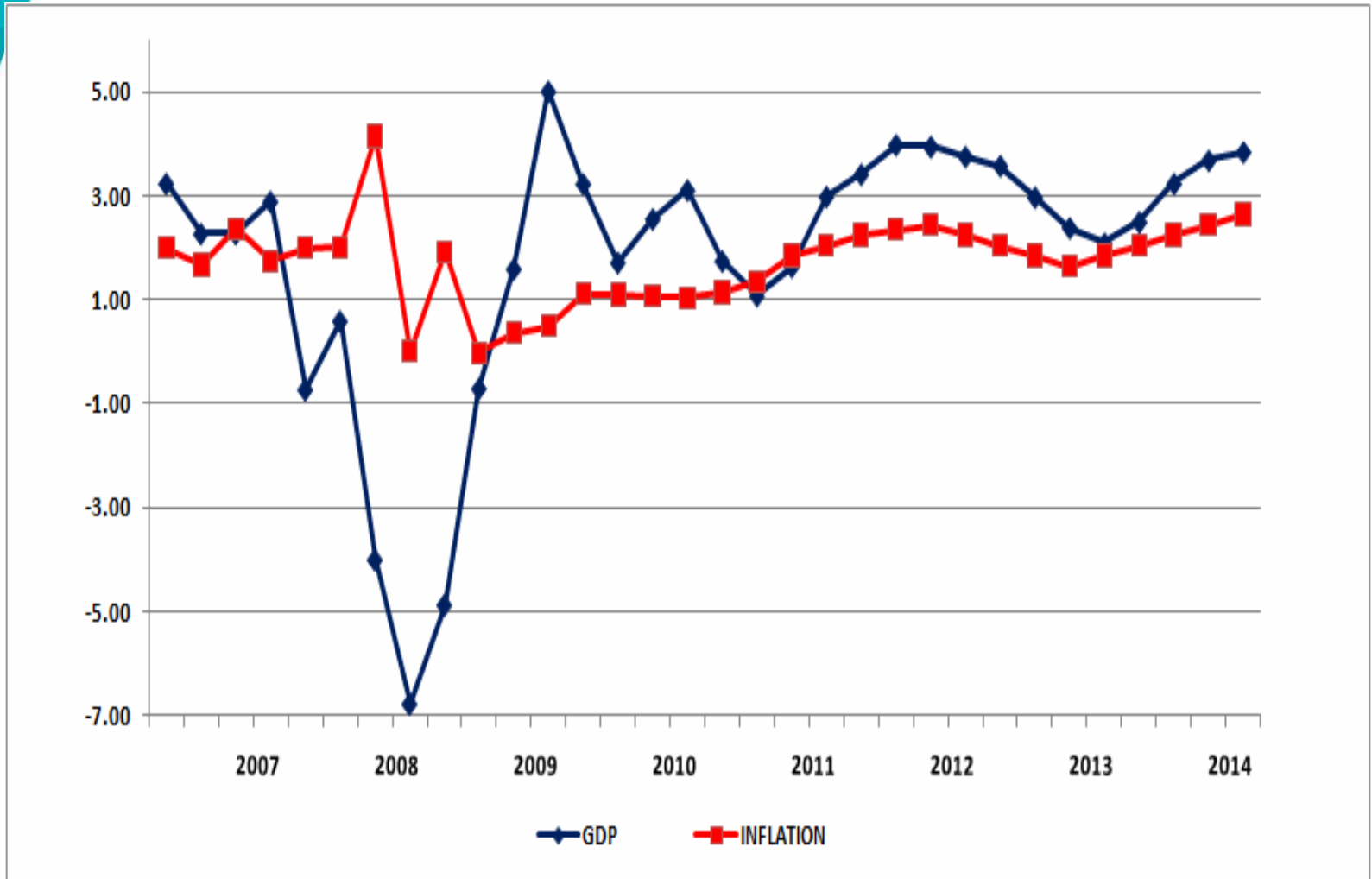


INTEREST RATES

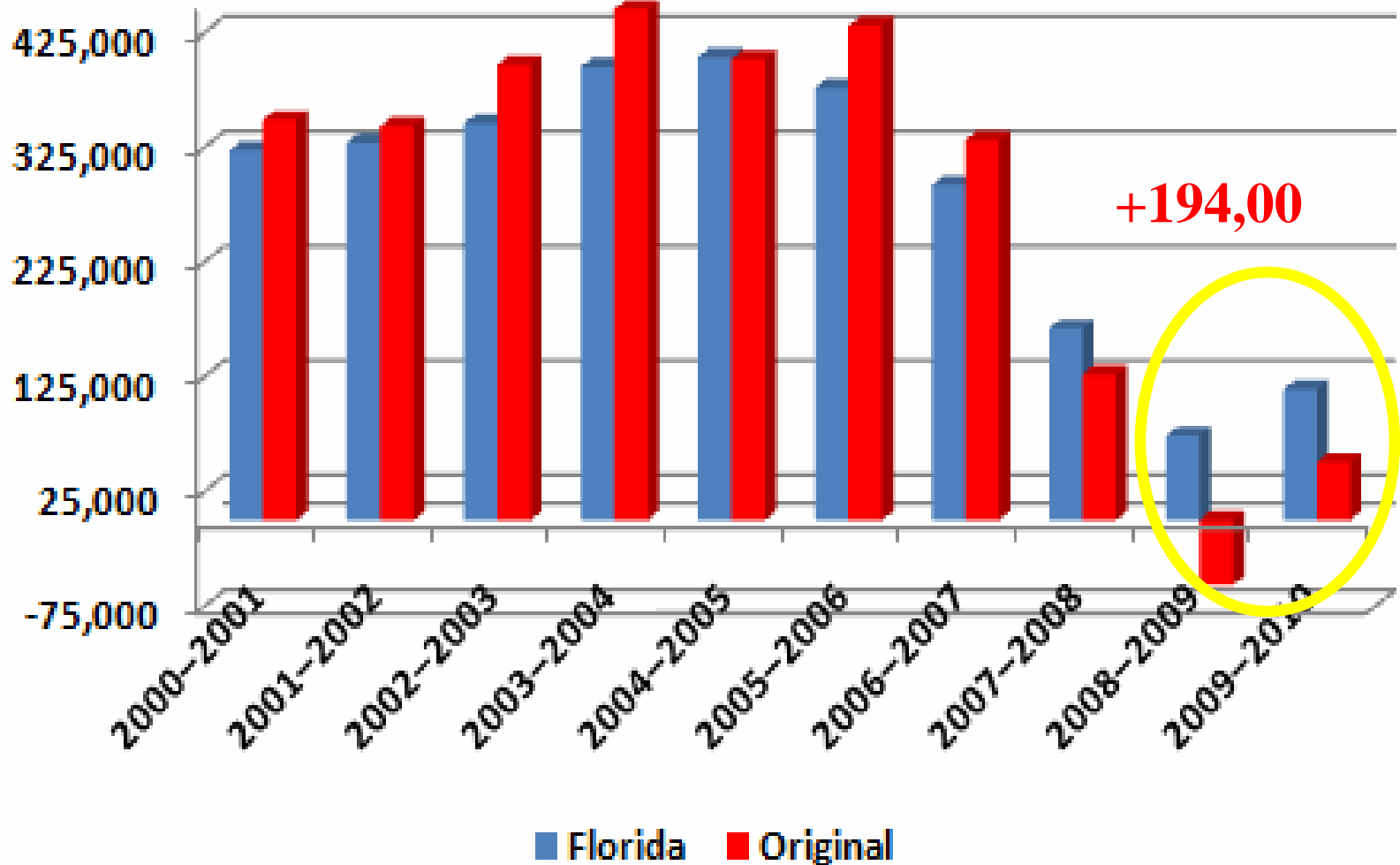


GDP AND INFLATION

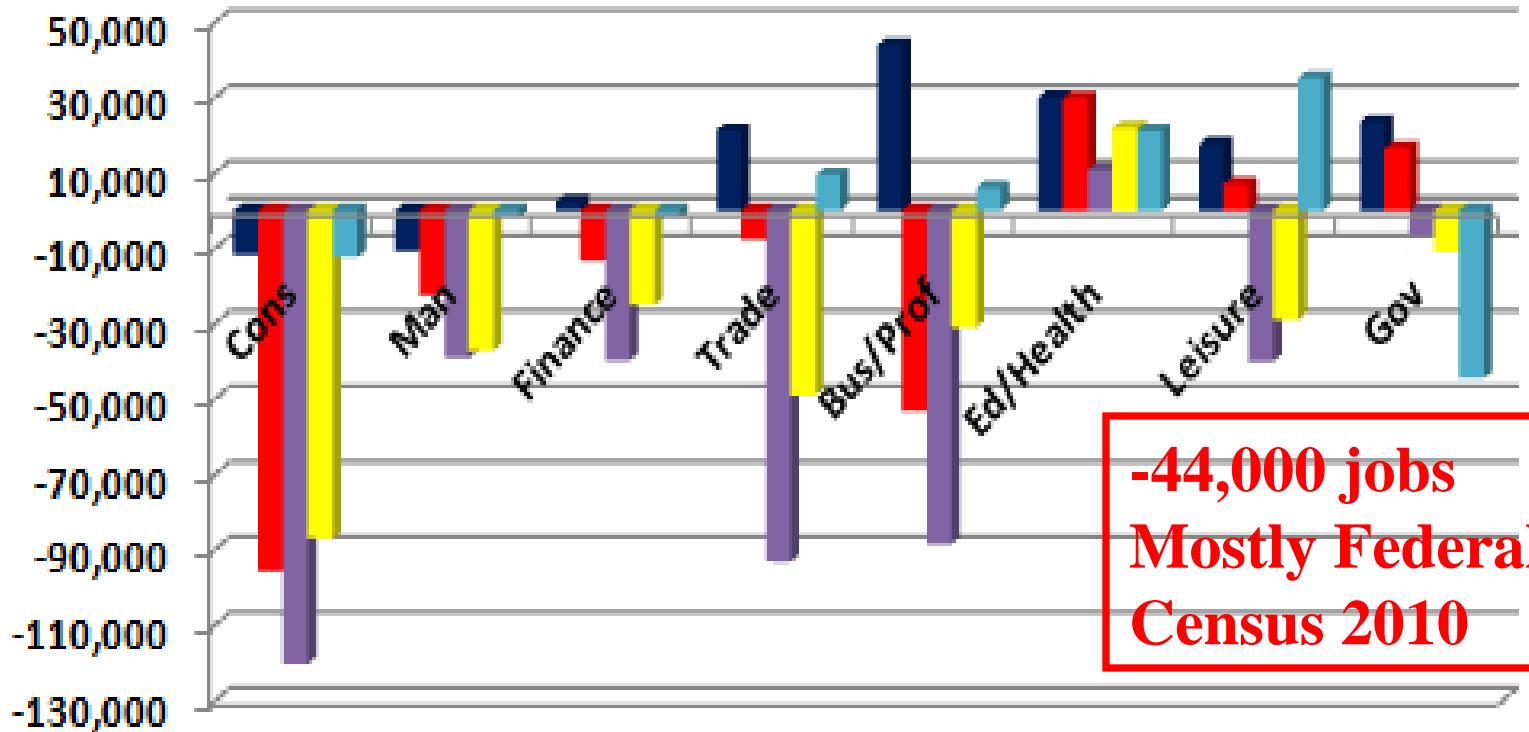
(Percent growth SAAR)



Florida Population Growth



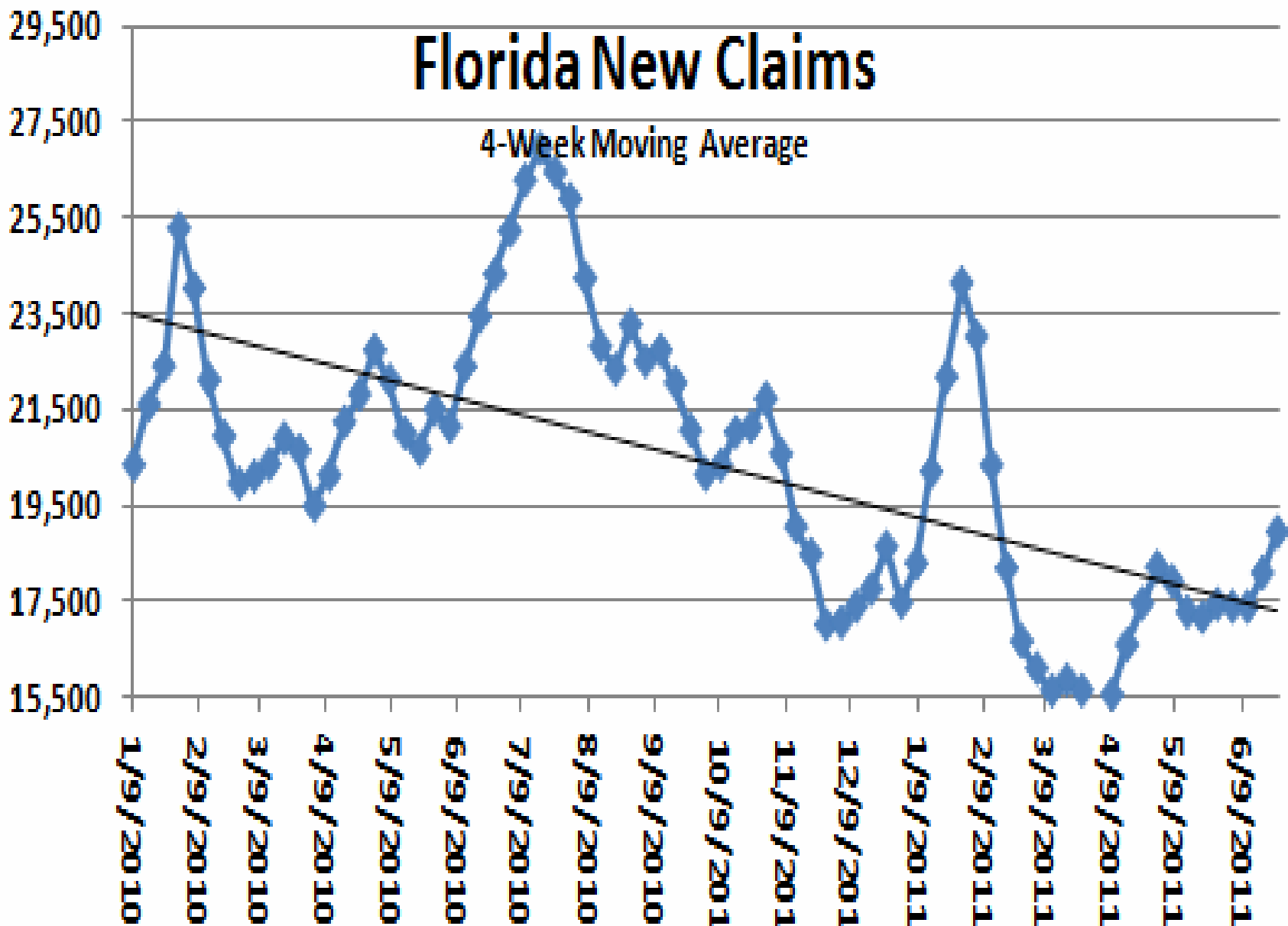
Florida Employment Growth Year-over-Year Changes



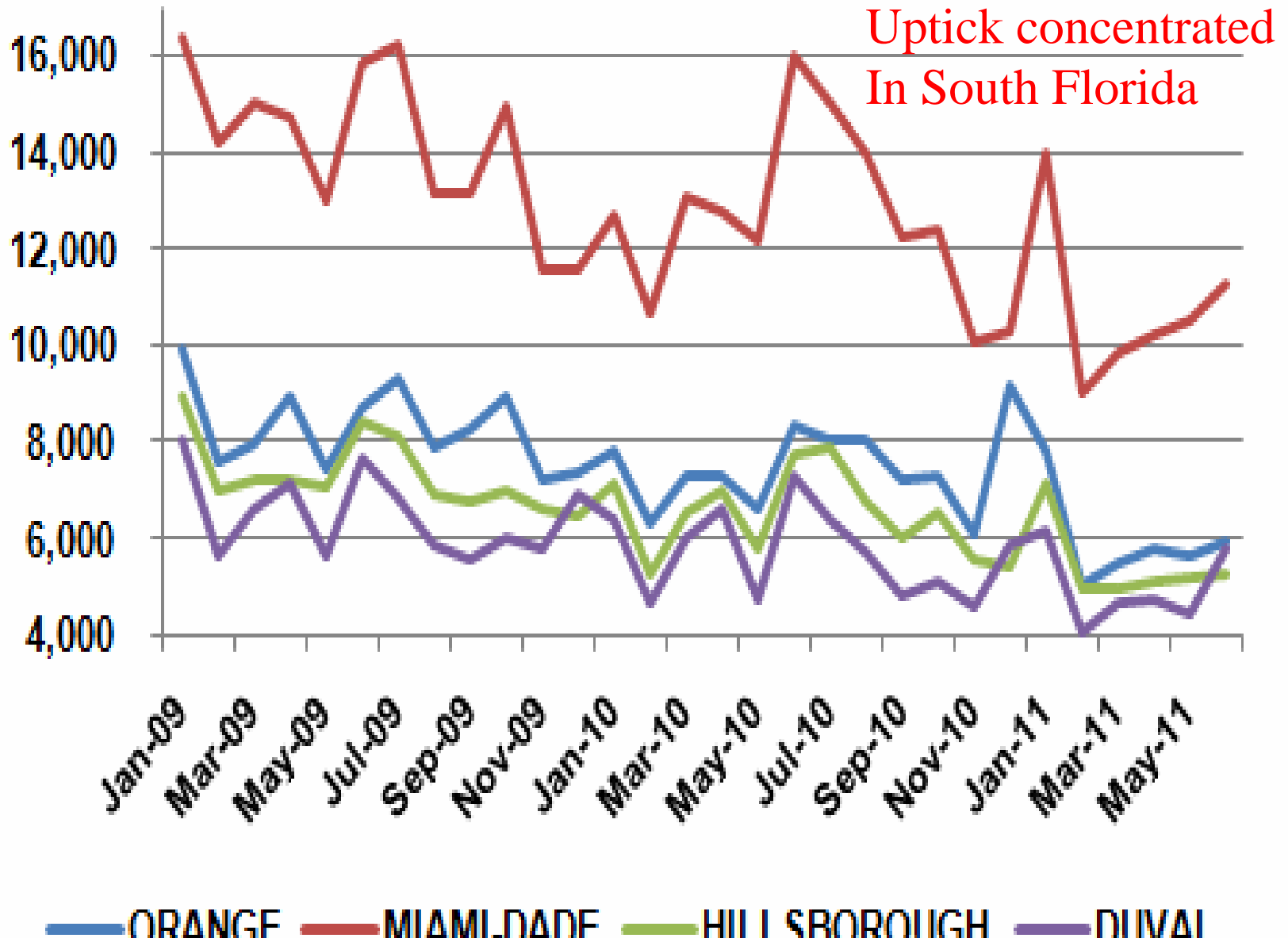
**-44,000 jobs
Mostly Federal
Census 2010**

■ 2006 +129,300/1.6% ■ 2007 -140,100/-1.7% ■ 2008 -467,800/-5.9%

■ 2009 -282,000/-3.8% ■ YOY 5-11 +11,100/+0.2%

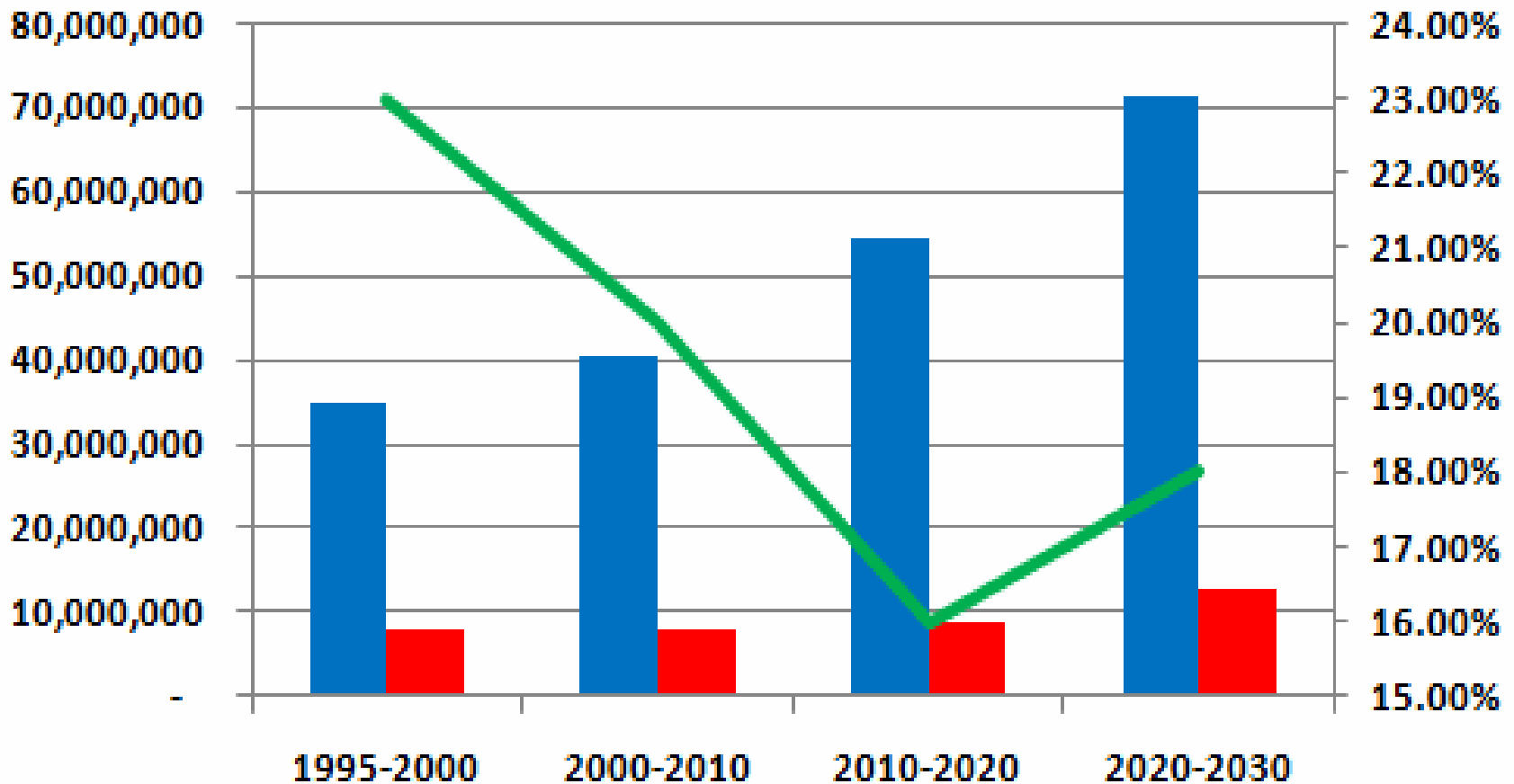


New Jobless Claims



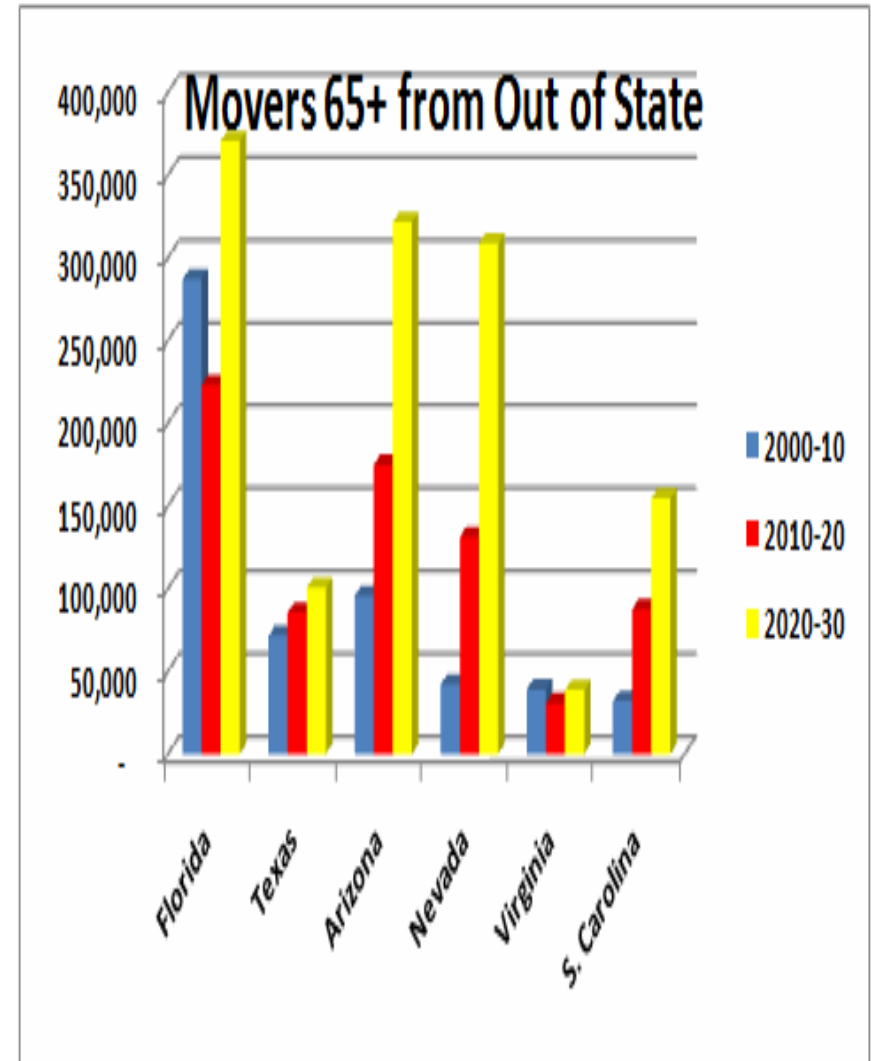
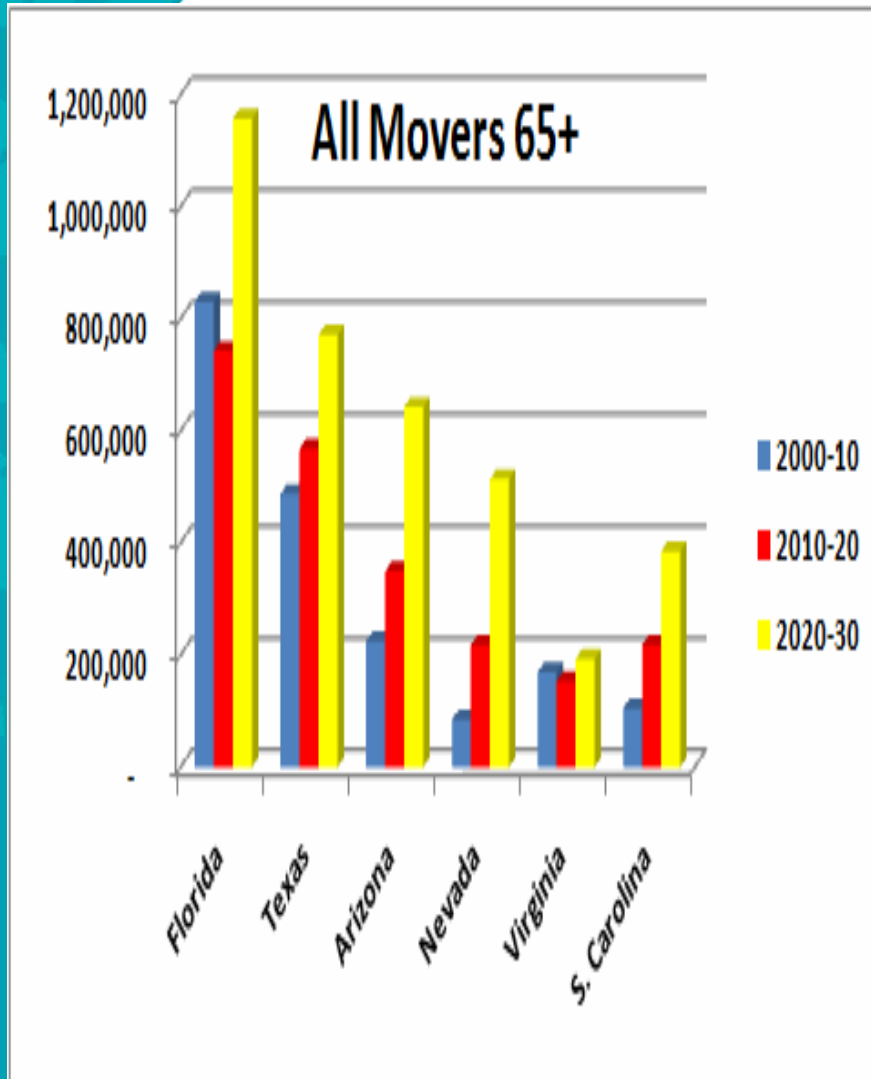
Data as of May 2011	Unemployment Rate	Job Loss	Job Loss
Bradenton-Sarasota	10.3%	-1.1%	-2,800
Cape Coral-Ft. Myers	10.8%	-5.4%	-3,600
Deltona-Daytona Bch.	10.5%	0.7%	1,100
Florida	12.2%	0.2%	11,200
Ft. Lauderdale-Pompano	9.0%	5.0%	3,600
Ft. Walton Bch	6.9%	1.6%	1,300
Gainesville	7.3%	0.4%	500
Jacksonville	9.7%	0.2%	1,200
Lakeland-Winter Haven	10.8%	-1.2%	-2,300
Miami	13.7%	0.4%	3,700
Naples	9.9%	-0.7%	-800
Ocala	11.9%	-1.8%	-1,700
Orlando-Kissimmee	9.9%	0.7%	6,600
Palm Bay-Melbourne	10.8%	-3.4%	-6,800
Palm Coast	13.8%	-3.2%	-600
Panama City	9.4%	0.5%	400
Pensacola	9.5%	0.1%	100
Port St. Lucie	11.7%	-1.3%	-1,600
Punta Gorda	10.4%	-1.0%	-400
Tallahassee	7.7%	0.4%	600
Tampa-St. Petersburg	10.5%	0.4%	4,700
Vero Beach	12.5%	0.0%	0
West Palm-Boca Raton	10.2%	0.0%	200

More People 65+ But Fewer Will Move/Retire

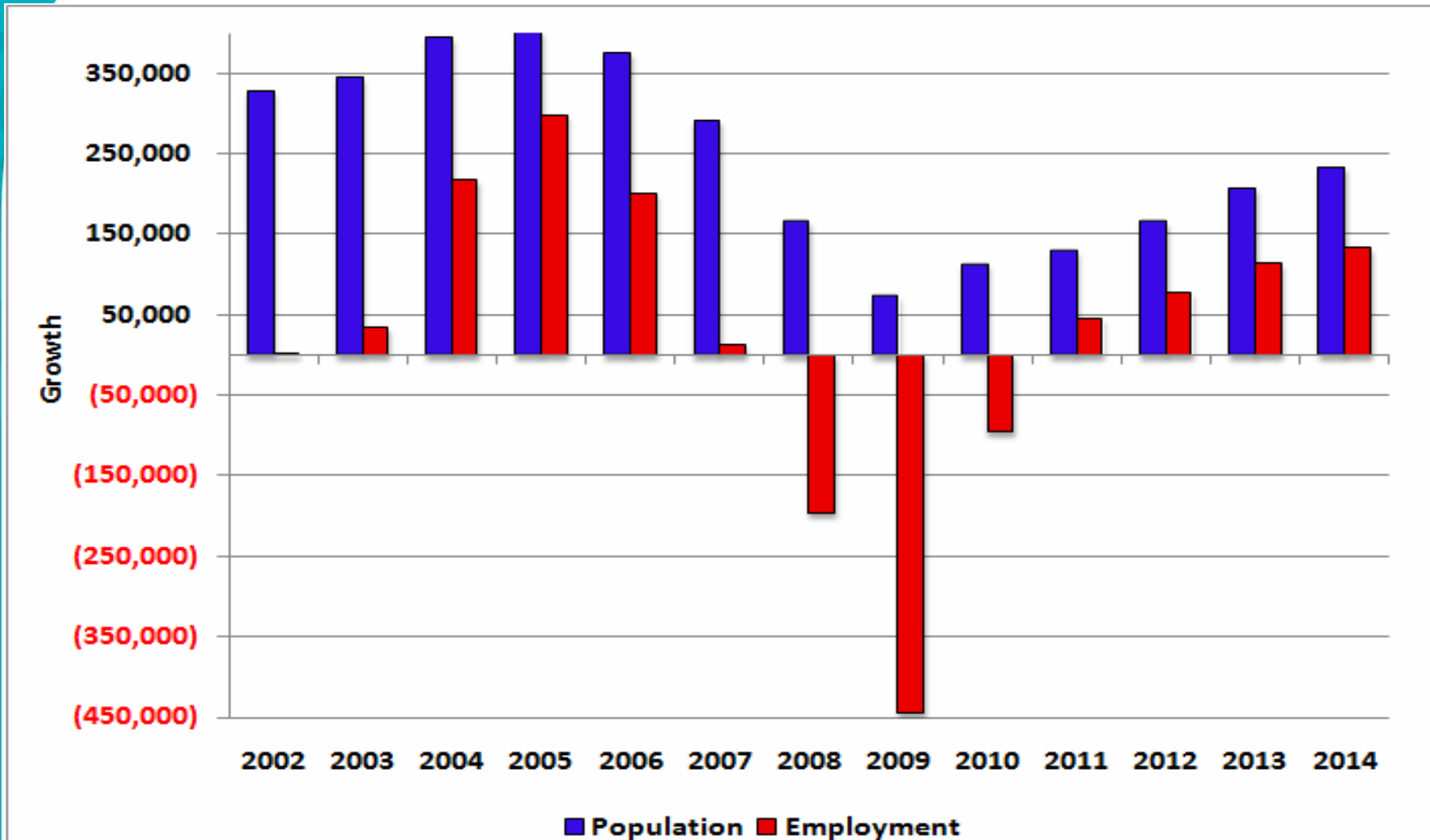


 Total Population 65+  Movers  % Mover

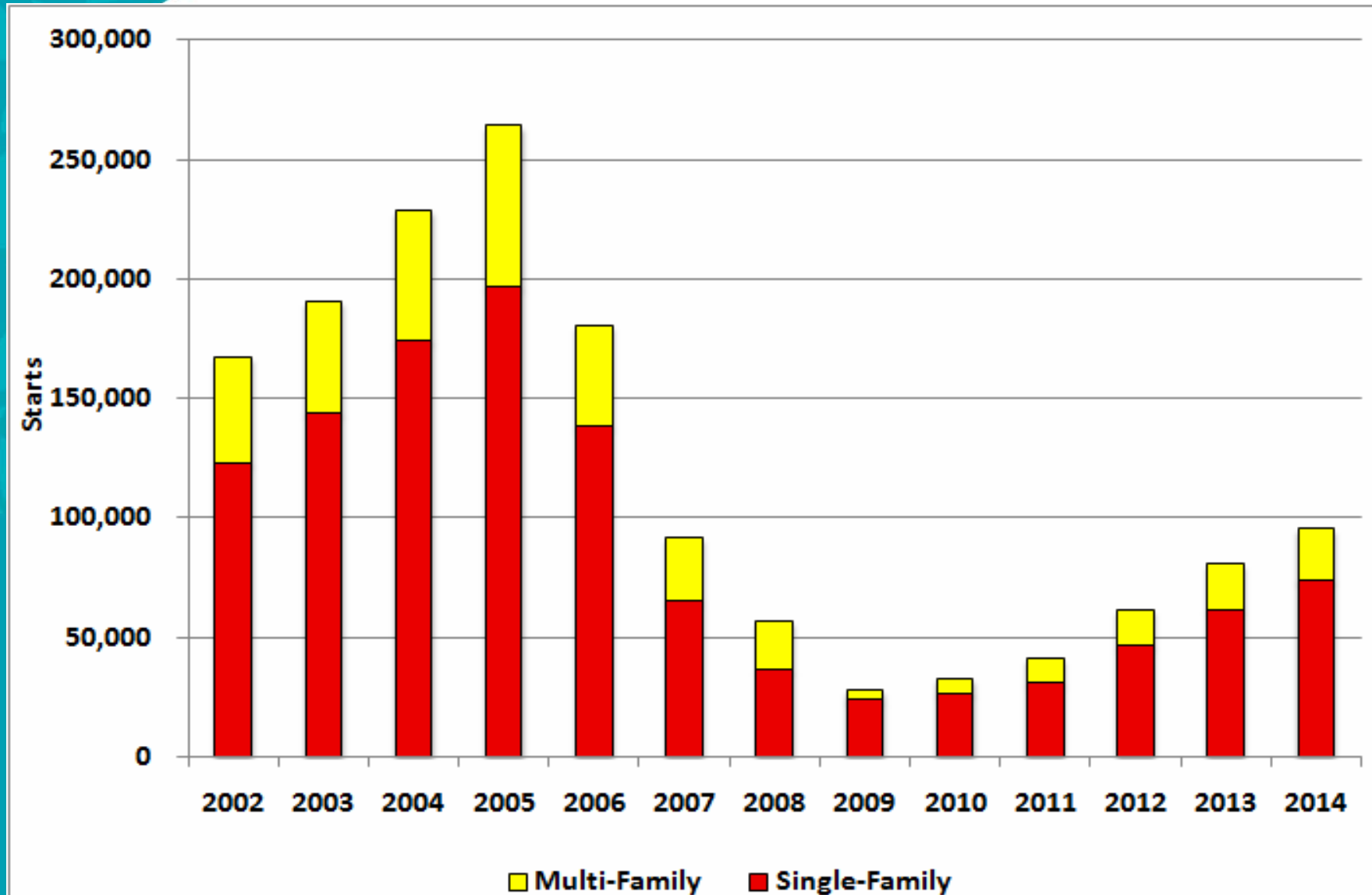
Florida Will Attract Most People 65+



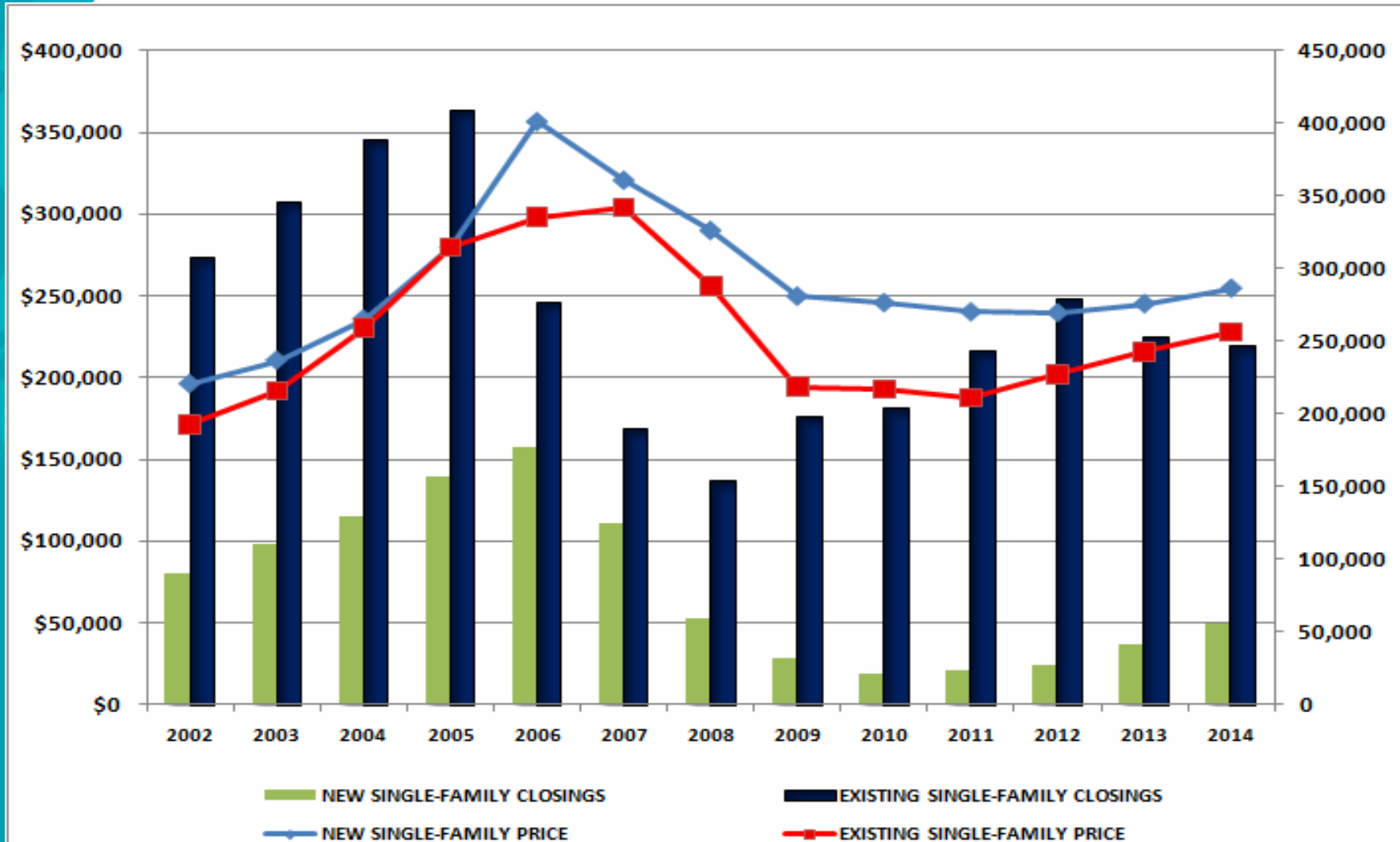
Florida Growth Forecast Population and Employment



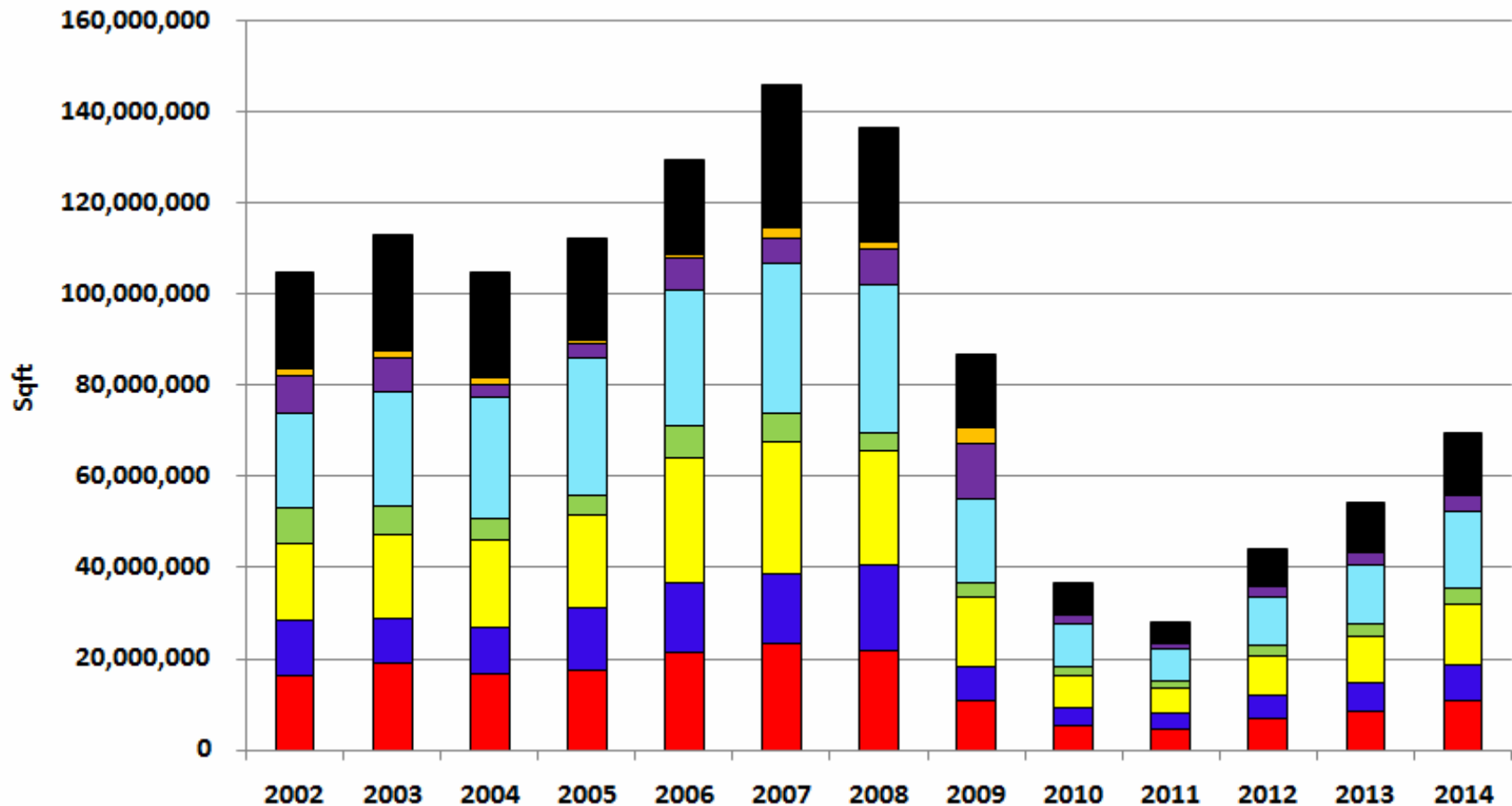
Housing Starts



Single-Family Pricing and Closing Volumes



Non Residential Construction Put in Place in Square Feet





The End