

Strat/Views

Employment Outlook with Emphasis on Florida and Selected Areas

October 2018

- Based on information as of October 2018, we expect **U.S.** GDP growth to average 3.0% in 2018, up from 2.2% in 2017, followed by a moderately slower rate in 2019. This year's growth is the strongest so far in the current expansion which has already passed the nine-year mark, and still going. Inflation should reach 3.1% by December 2018. We expect the Federal deficit to widen in FY2019 to \$910 billion in FY2019, or about 4.2% of GDP. Despite the stronger economy, the 2017 Tax Reform Law will continue to result in higher deficits. We expect the deficit to become a major issue in the medium term, with a significant probability of a downgrade of U.S. Federal debt rating in 2019. We think the Fed will continue to adjust the Fed Funds band by 25 bps increments, with the next one by December of this year, followed by at least another three times in 2019. As the market focuses more on the inflation numbers, we expect the 10-year bond to move up to 3.40% by December of this year, and to 3.65% by June 2019.
- Regional trends within **Florida** show the State with broad-based job growth with 3.7% growth in September. Construction has maintained robust growth of 10.7% growth in September, with strong showing for construction of buildings & civil engineering construction. The strength in construction has pulled job growth in manufacturing of building materials such as fabricated metals, building materials retailers, professional services of architects and engineers, and real estate leasing. Tourism, an important engine of the Florida economy, posted job growth of 6.7% in September, with stronger growth of 8.1% in the sub-categories of amusement parks and recreation, and 8.2% growth in food services & drinking places. Growth in visitors to the State also boosted employment in air transportation. Technology-based jobs saw strong increases in Aerospace manufacturing, computer systems design, and in management consulting, R&D and technical services.
- **Orlando**, the fastest growing area with growth of 5.1%, continues to be led by growth in construction, with 7.7% growth, and manufacturing, with 8.5% growth; with its biggest sector, leisure and hospitality, showing a robust recovery after hurricane Irma last year with 4.5% growth in September.
- **Tampa** has regained its pre-hurricane momentum with 3.2% job growth in September. Construction has strengthened with 6.7% growth, mainly in the residential sector which has boosted growth of building materials retailers and real estate services. Leisure and hospitality have also strengthened with 8.1% growth in September.
- Employment growth in **Miami-Dade** picked up in the third quarter in line with other parts of the State such as Orlando and Tampa. Thanks to the tail winds from a stronger U.S. economy, the September 2018 employment numbers show a pickup in job growth and further improvement



can be expected in construction and related sectors supported by healthy growth in household income, public works projects, and ongoing work to repair the damage from hurricane Michael mostly in the northwest part of the State.¹

Recent Employment Trends: U.S., Florida & Selected Areas

(% growth)*	Jan -18	Feb -18	Mar -18	Apr -18	May -18	Jun -18	Jul -18	Aug -18	Sep -18
U.S.	1.5	1.5	1.6	1.6	1.6	1.7	1.7	1.7	1.8
Florida	1.8	1.9	2.0	2.1	2.1	2.2	2.5	2.6	3.7
Miami-Dade	1.0	1.1	1.3	1.1	1.0	1.2	1.7	2.0	3.2
Orlando	3.5	3.6	3.6	3.4	3.3	3.6	4.1	4.3	5.1
Tampa	1.9	2.1	2.3	2.5	2.4	2.3	2.3	2.4	3.2

* The growth rates represent the 12-month percent change in the two-month moving average of non-agricultural employment. Note: annual benchmarking by BLS revised 2016 figures.

YTD is year-to-date, based on year-to-date average employment.

Note: the Florida sub-areas are: Miami-Dade area is Miami-Dade County; Orlando area is Lake, Orange, Osceola, and Seminole counties; and Tampa area is Hernando, Hillsborough, Pasco and Pinellas counties.

Source: U.S. Department of Labor, Bureau of Labor Statistics.

Annual Trends for Non-Agricultural Employment: U.S., Florida & Selected Areas

(% growth) *	2009	2010	2011	2012	2013	2014	2015	2016	2017
U.S.	-4.3	-0.7	1.2	1.7	1.6	1.9	2.1	1.8	1.6
Florida	-6.3	-0.8	1.1	2.0	2.5	3.2	3.6	3.5	2.1
Miami-Dade	-5.5	-0.4	2.2	2.4	2.5	3.1	3.4	2.8	1.4
Orlando	-6.3	-0.5	1.3	2.6	3.3	4.1	4.4	4.4	3.2
Tampa	-5.9	-1.0	1.6	2.3	2.4	2.7	3.5	3.5	2.0

* The growth rates represent the percent change in the 12-month average of employment.

Note: the Florida sub-areas are: Miami-Dade area is Miami-Dade County; Orlando area is Lake, Orange, Osceola, and Seminole counties; and Tampa area is Hernando, Hillsborough, Pasco and Pinellas counties.

Source: U.S. Department of Labor, Bureau of Labor Statistics.

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¹ The monthly growth rates represent a 12-month percent change based on a two-month moving average of the monthly employment numbers.