



Florida's Economic Future

Floridians for Better Transportation

Transportation Summit

St. Pete Beach, FL

July 16th, 2009

Institute for Economic Competitiveness



Recession Has Arrived

By Neil Irwin

Washington Post Staff Writer

Monday, **December 1, 2008**; 12:48 PM



It's official: The United States is in a recession -- and it started a year ago.

The nation's economy peaked, and the recession began, in December 2007, the National Bureau of Economic Research announced today.

The group's Business Cycle Dating Committee, the semi-official arbiter of these things, defines a recession as "a significant decline in economic activity spread across the economy, lasting more than a few months, normally visible in production, employment, real income, and other indicators."



Itso-Aubviez Corporation





Genuine Old Weather Rock

Place Unit Outside and Observe following

1. If the Rock is **WET** - it's Raining!
2. If the Rock is **WHITE** - It's Snowing!
3. If the Rock is **moving back and forth** - it's Windy!
4. If the Rock is **hard to see** - it's Foggy
5. If the Rock is **casting a shadow** - it's Sunny
6. If the Rock is **cold** - it's cold out
7. If the Rock is **warm** - it's warm out

Your Old Weather Rock is Never Wrong

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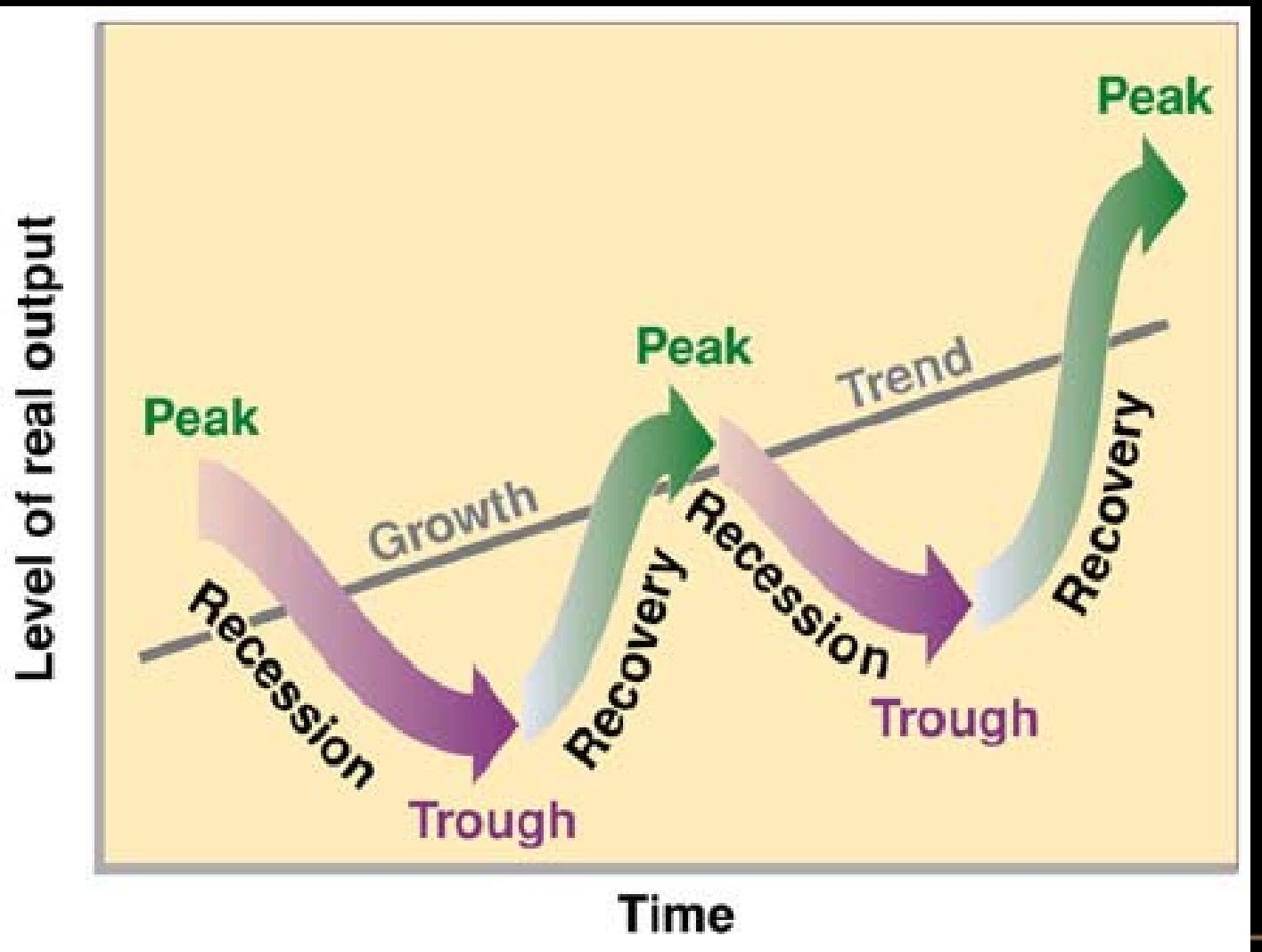
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The Business Cycle





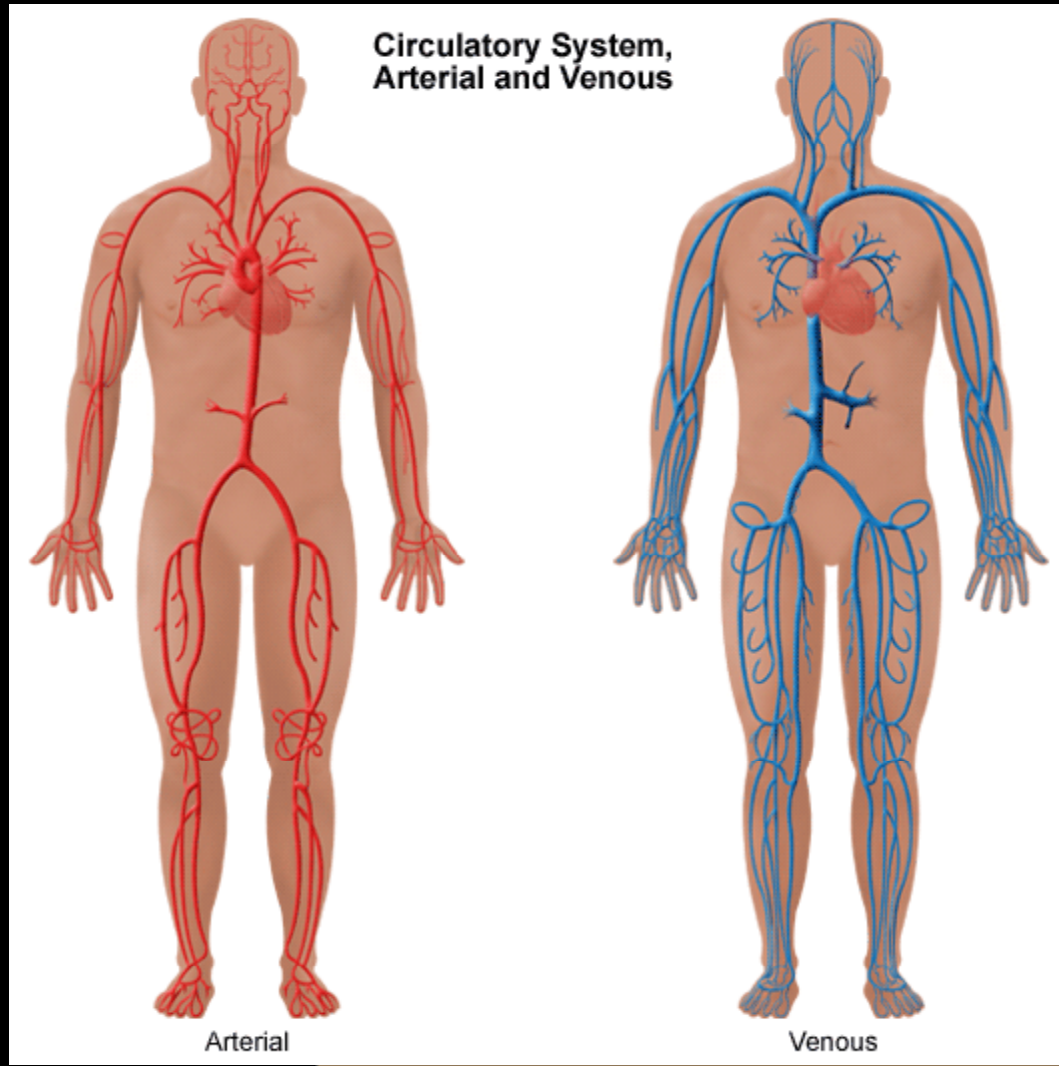
Recent Business Cycle Data



| REFERENCE DATES | | DURATION IN MONTHS | |
|---|--------------------|-----------------------|-------------------------------------|
| Peak | Trough | Contraction | Expansion |
| <i>Quarterly dates are in parentheses</i> | | <i>Peak to Trough</i> | <i>Previous trough to this peak</i> |
| December 1969(IV) | November 1970 (IV) | 11 | 106 |
| November 1973(IV) | March 1975 (I) | 16 | 36 |
| January 1980(I) | July 1980 (III) | 6 | 58 |
| July 1981(III) | November 1982 (IV) | 16 | 12 |
| July 1990(III) | March 1991(I) | 8 | 92 |
| March 2001(I) | November 2001 (IV) | 8 | 120 |
| December 2007(IV) | ?? | ?? | 73 |

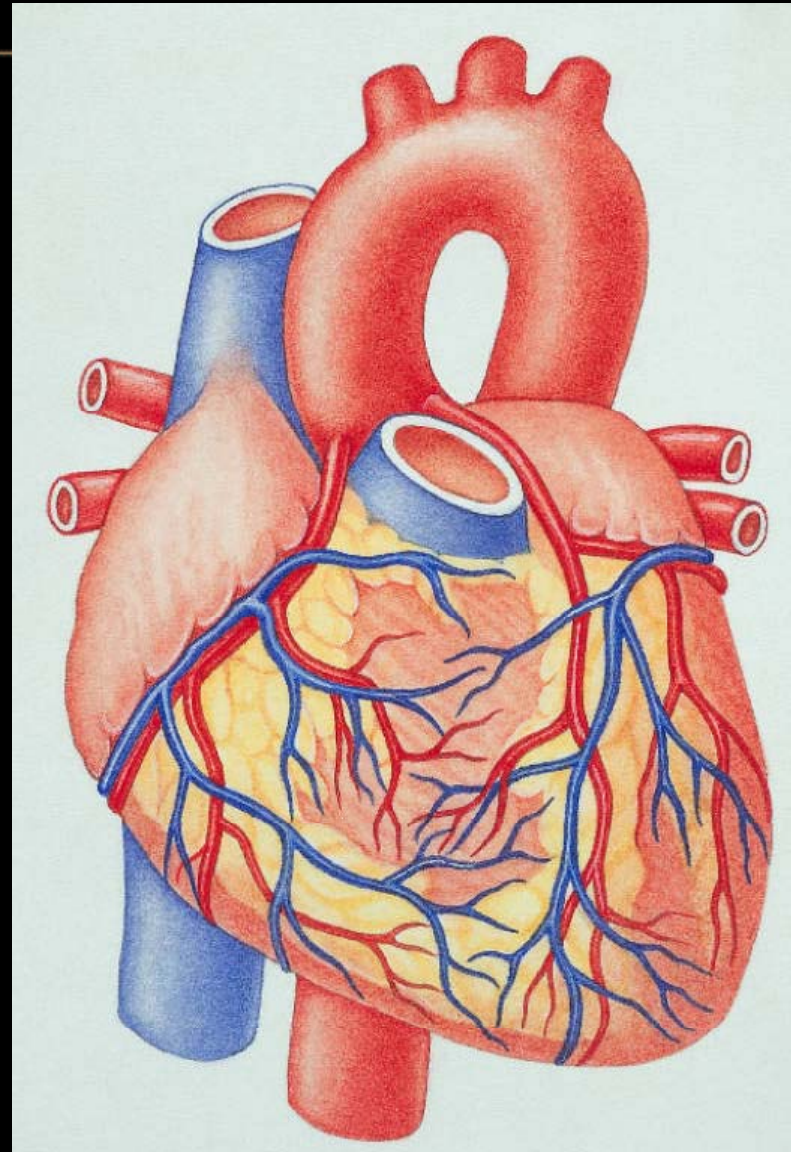


Circulatory System



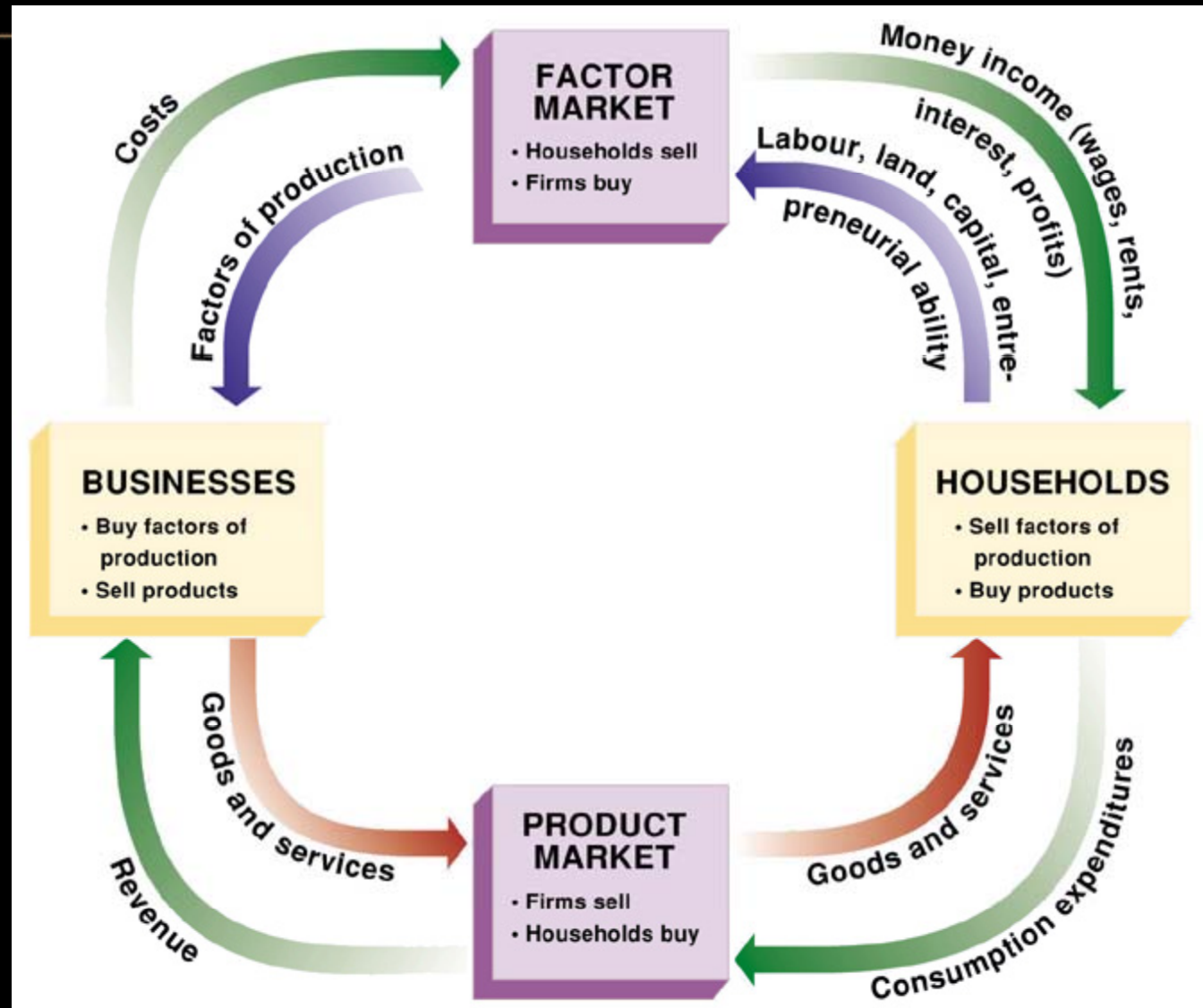


The Heart - Key to Circulation



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Circular Flow of the Economy





Credit Freeze



- Financial Market Sclerosis that developed into Credit Infarction
 - Plunged the Economy Deep into Recession
 - Quadruple Policy Bypass Averted a Worse Fate
 - Interest Rate Cuts/ Quantitative Stimulus
 - Stimulus Package I
 - T.A.R.P.
 - Stimulus Package II
 - Rehabilitation will take time / Ugly scar



Commodities Cinema Presents...

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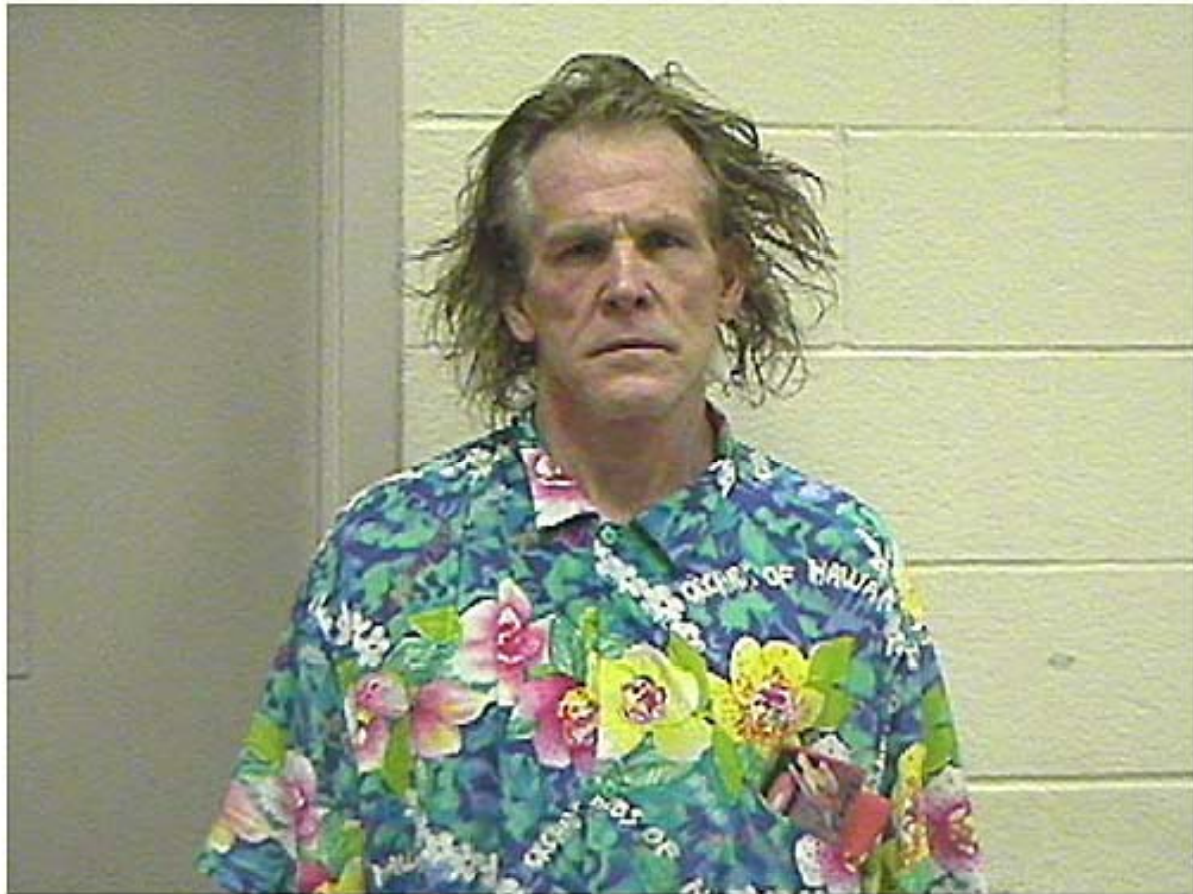
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Some people
make their own
miracles.

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Can commodity
markets save
the Fed?

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U.S. Forecast



- U.S. Still in a Severe Recession that is becoming less severe
 - 19 months and counting...
 - **The Recession is almost over**
 - Recession: **2007Q4 to 2009Q3**
 - Housing, credit freeze, turmoil in financial markets and volatile energy prices created an environment that is toxic to economic growth.



U.S. Forecast



- What will be the shape of the recession and recovery?
- Alphabet soup:
 - U-shaped, V-shaped, L-shaped or maybe W-shaped?
- Sports equipment:
 - Hockey stick?

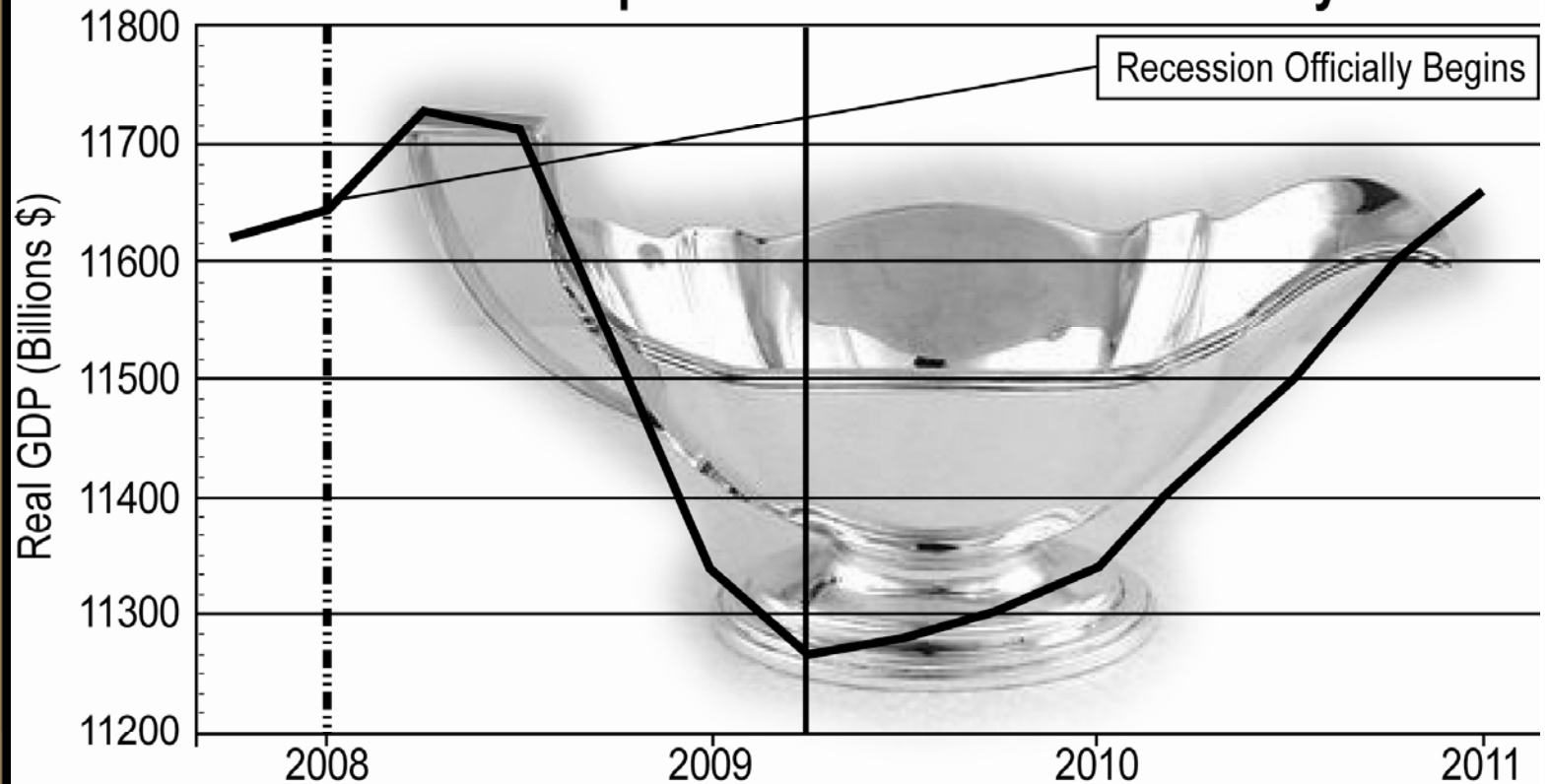


U.S. Economic Outlook 2nd Quarter 2009 Forecast



Figure 1

The Shape of Recession and Recovery





U.S. Economic Outlook

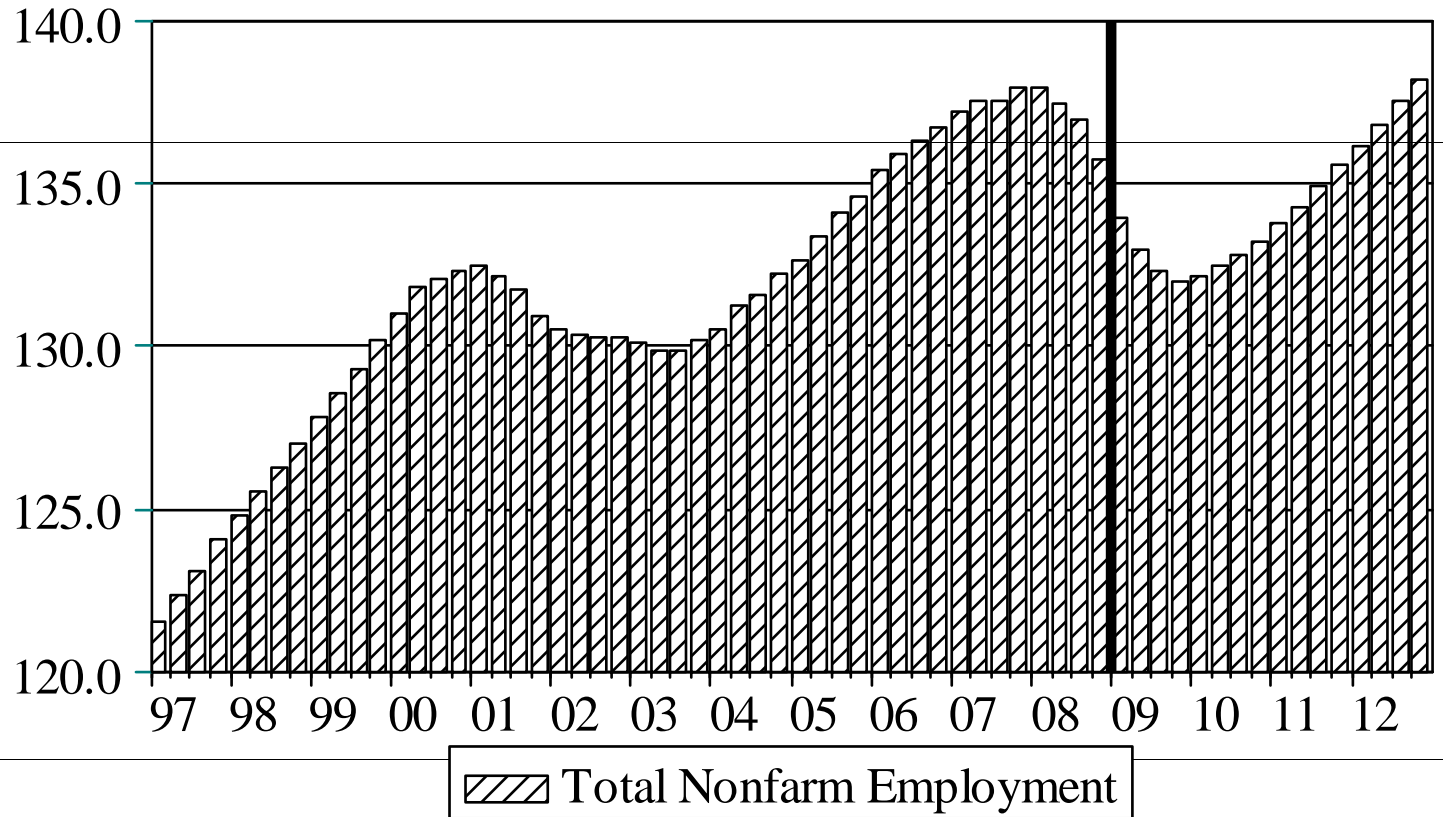
IEC 2nd Quarter 2009 Forecast



| | 2008 Q2 | 2008 Q3 | 2008 Q4 | 2009 Q1 | 2009 Q2 | 2009 Q3 |
|--|------------|------------|------------|------------|------------|------------|
| Gross Domestic Product % Chg, Annual Rate | 2.8 | -0.5 | -6.3 | -5.7 | -2.6 | 0.4 |
| Consumer Price Index % Chg, Annual Rate | 4.9 | 6.2 | -8.3 | -2.4 | -0.4 | 0.2 |
| Consumer Sentiment | 59.6 | 64.8 | 57.7 | 58.3 | 64.0 | 65.8 |
| Total Consumption % Chg, Annual Rate | 1.2 | -3.8 | -4.3 | 2.2 | 0.0 | 1.5 |



Total Nonfarm Payroll Employment (Millions)





Civilian Unemployment Rate (%)





Florida Forecast

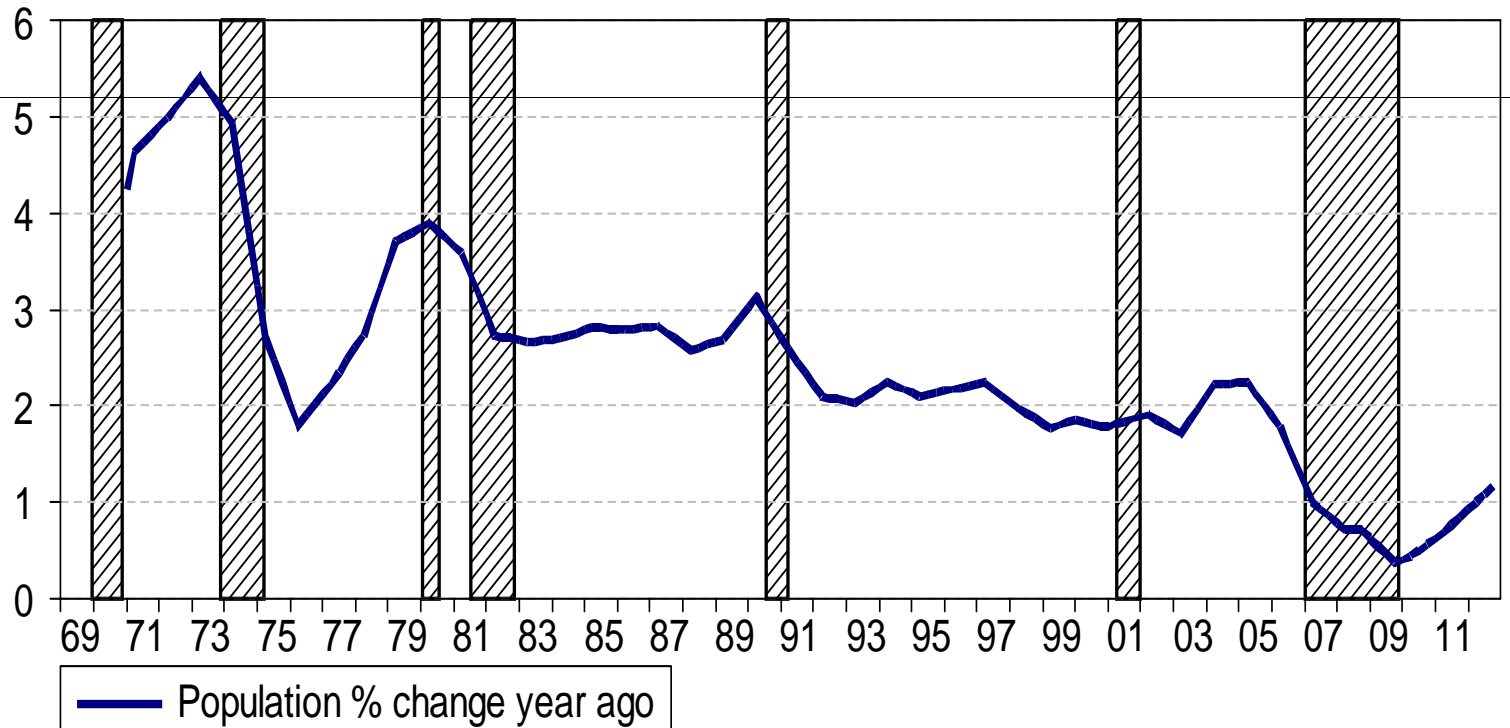


- **Credit freeze delayed residential real estate recovery**
- Commercial real estate also facing additional challenges
- Economic recovery will finally start to take root later in 2009 early 2010.
 - Labor market s-l-o-w-l-y gains momentum
- Usual suspects absent in the early part of the recovery
- Short and long run demographics of the state have changed



Population Growth in Florida and Recessions

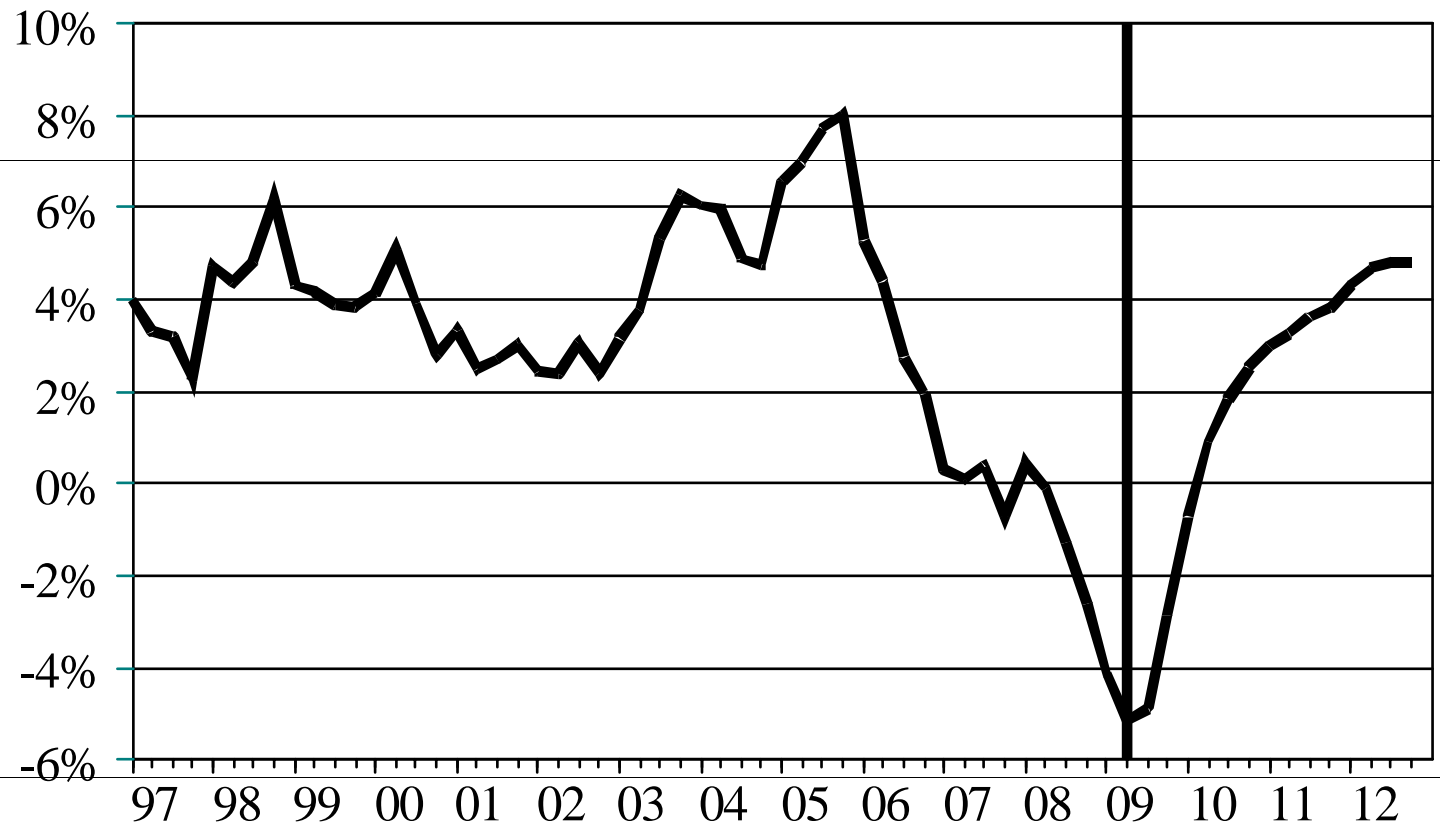
Shaded Bars = National Recessions





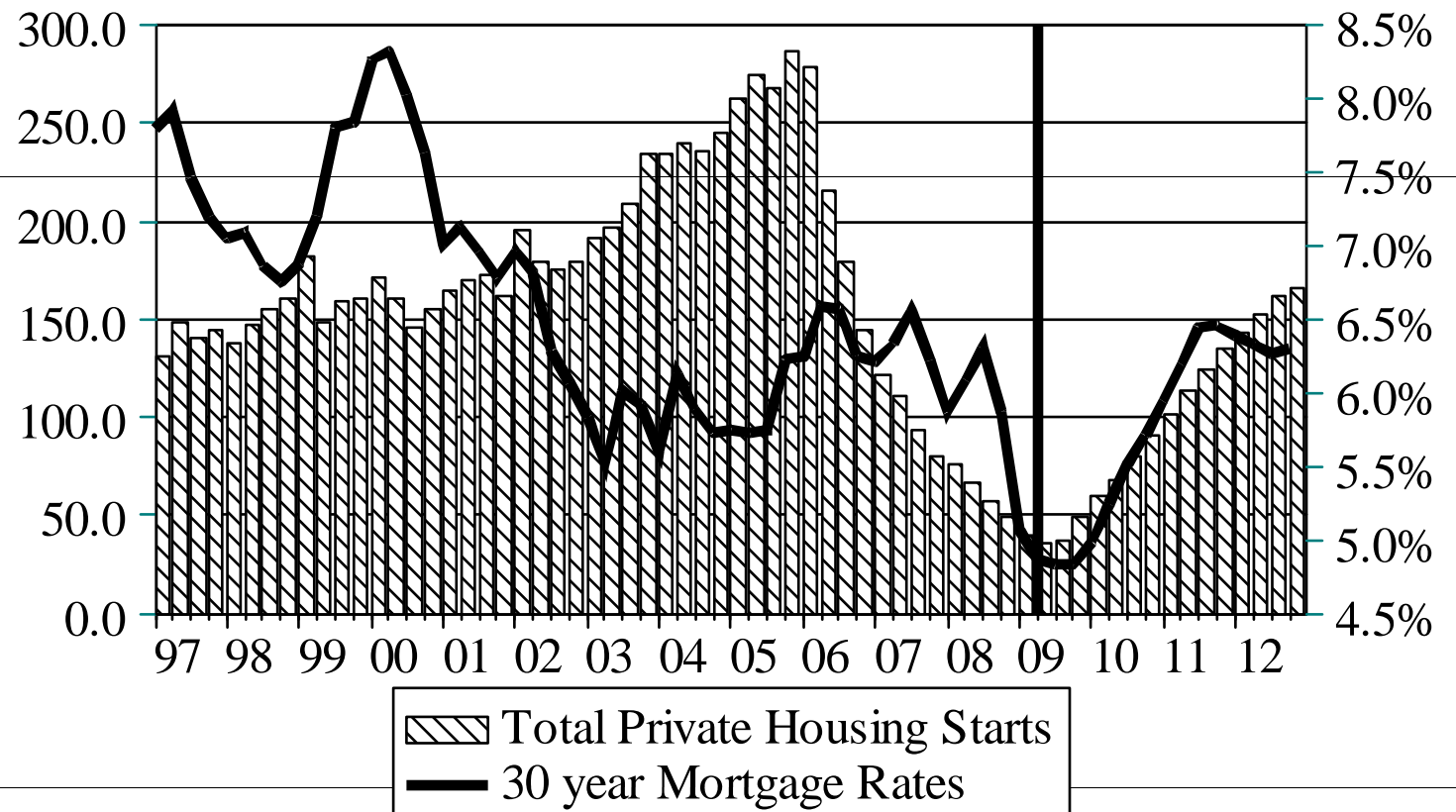
Florida Real Gross State Product

(% change year ago)



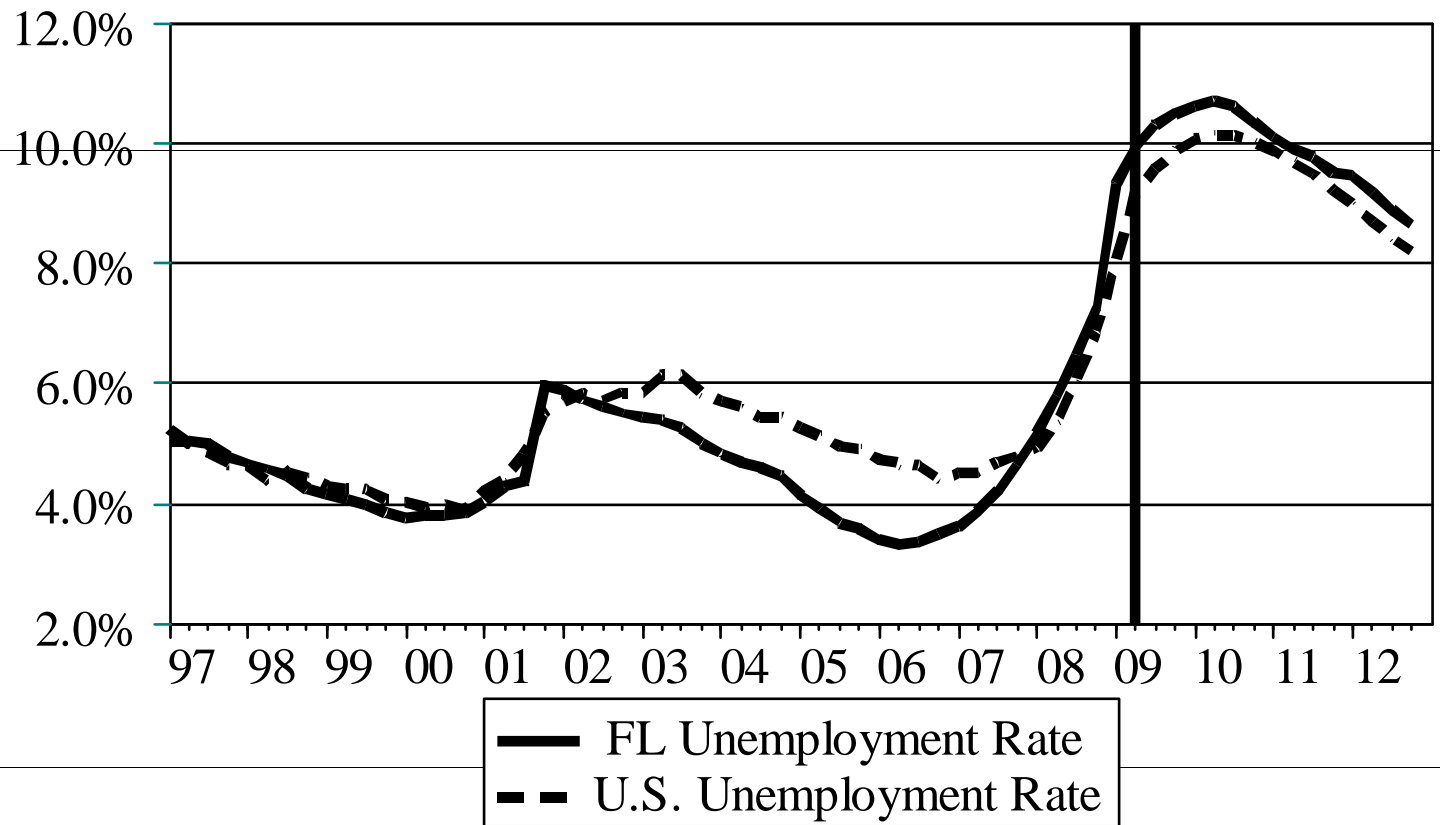


Florida Housing Starts (thousands)



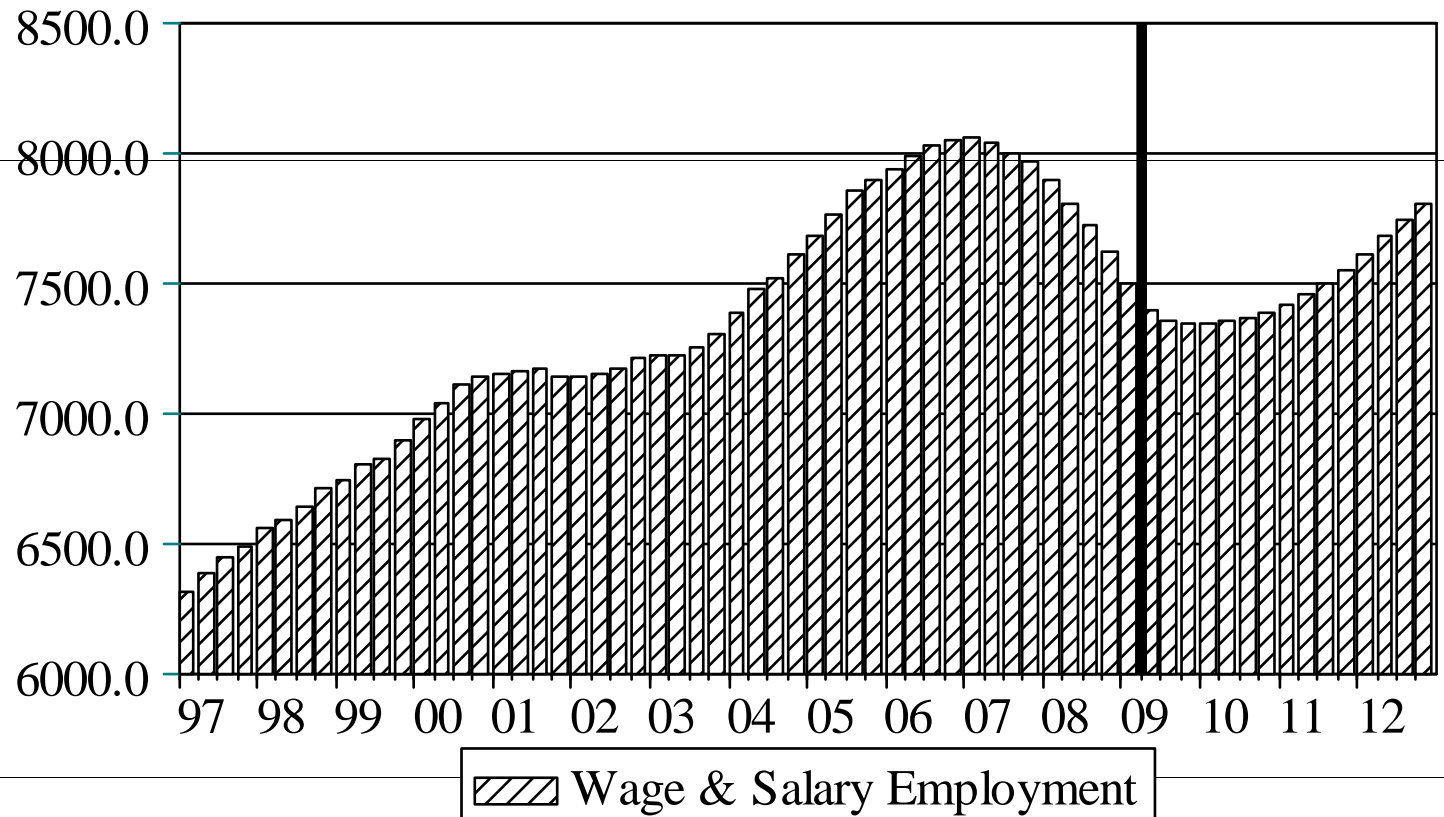


Florida & U.S. Unemployment Rate (%)





Florida Employment (Thousands)





2009-2012 Averages; Q2 2009 Forecast



| Region | Population Growth | |
|--------------|-------------------|------|
| | Average % Chg | Rank |
| Florida | 0.7 | --- |
| Deltona | -0.1 | 9 |
| Gainesville | 0.7 | 5 |
| Jacksonville | 0.9 | 4 |
| Lakeland | 1.3 | 2 |
| Miami | 0.1 | 8 |
| Naples | 0.7 | 5 |
| Ocala | 1.7 | 1 |
| Orlando | 1.2 | 3 |
| Palm Bay | 0.4 | 6 |
| Pensacola | 0.2 | 7 |
| Tallahassee | 0.7 | 5 |
| Tampa | 0.7 | 5 |



2009-2012 Averages; Q2 2009 Forecast



| Region | Personal Income Growth | |
|--------------|------------------------|------|
| | Average % Chg | Rank |
| Florida | 2.8 | --- |
| Deltona | 2.9 | 4 |
| Gainesville | 2.5 | 8 |
| Jacksonville | 3.1 | 3 |
| Lakeland | 2.8 | 5 |
| Miami | 2.4 | 9 |
| Naples | 3.8 | 1 |
| Ocala | 3.2 | 2 |
| Orlando | 3.2 | 2 |
| Palm Bay | 2.7 | 6 |
| Pensacola | 2.3 | 10 |
| Tallahassee | 2.6 | 7 |
| Tampa | 2.8 | 5 |



2009-2012 Averages; Q2 2009 Forecast



| Region | Employment Growth | |
|--------------|-------------------|------|
| | Average % Chg | Rank |
| Florida | -0.1 | --- |
| Deltona | -0.2 | 4 |
| Gainesville | -0.3 | 5 |
| Jacksonville | 0.1 | 2 |
| Lakeland | -0.4 | 6 |
| Miami | -0.2 | 4 |
| Naples | 0.1 | 2 |
| Ocala | -0.1 | 3 |
| Orlando | 0.4 | 1 |
| Palm Bay | -0.4 | 6 |
| Pensacola | -0.5 | 7 |
| Tallahassee | -0.5 | 7 |
| Tampa | 0.1 | 2 |



Thank you



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Director

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