Economic Report - Full
October 2017

Prepared for Commerce National Bank & Trust

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COMMERCE NATIONAL
BANK & TRUST

Report Overview

Slide #	Topic
1	Title Slide
2	Report Overview
3 – 5	Mid 2017 Recap
5	Inflation: PCE Deflator Index
7 – 15	Our 2017 Housing Market
16 – 17	Bond Market Indicator
18 – 20	Our Labor Market
21	Statistics
22	Summary of Leading Indicators
23	Sources

Early 2017 Recap (1/2): Stock Market, labor market

- Stocks ascend higher in 2017 as markets continue to reach for new all-time highs.
  S&P +14.8%, NASDAQ + 22.4% (as of October 24, 2017)

- The market rally is explained by strong earnings momentum and a recent synchronization of global economic growth since a dip in early 2016.

- Florida's job market suffered in the wake of hurricanes Harvey and Irma. Payrolls declined 127,000 in September, which is very weak compared to previous months. Most job losses occurred in food services and hospitality. However, this drawdown is temporary and employment is expected to recover in the coming months.

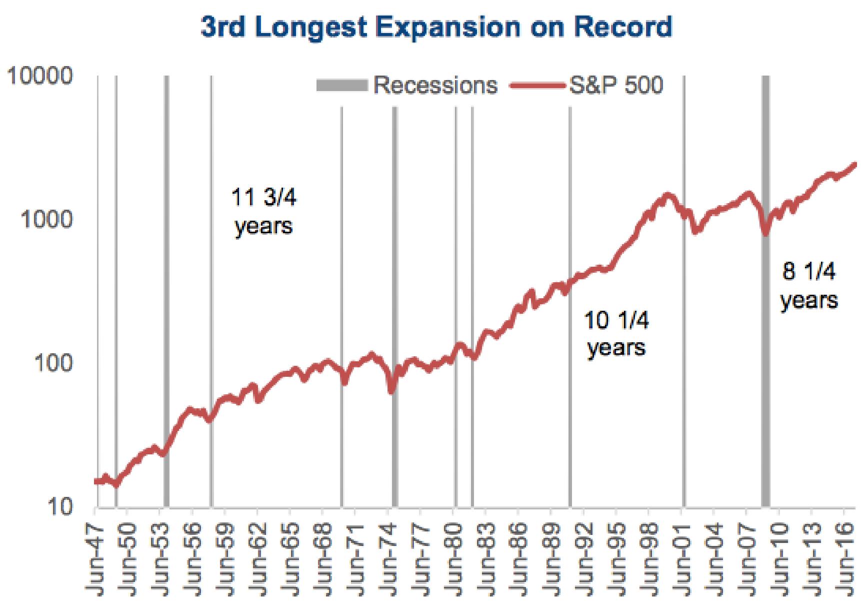
- Despite these job losses, the net change to employment was positive, and the national unemployment rate has fallen to a 16-year low.
  - Unemployment rates: U.S. – 4.2% Florida – 3.8%

- Wages have picked up slightly to 2.9% year-over-year.

- More than 52 million people in the U.S. (21%) currently rely on government assistance each month.
  - Includes food stamps, public housing, Medicaid, and Temporary Assistance.

Early 2017 Recap (2/3): Stock Market, labor market (2)

- We are currently in the 3rd longest expansion on record.
- Given the rather slow economic recovery from 2010 to 2016, among reliable indicators of strength, this expansion is likely to continue through 2019.
- Since Trump's election, Investors have anticipated a simplification of the tax code, a reduction in taxes, and an increase in national spending on infrastructure.
  - The above policies will add to U.S. national debt, but will accelerate economic growth.



Early 2017 Recap (3/3): The Federal Reserve

- In March and June, the Federal Reserve hiked interest rates by 0.25%.
  - Fed funds range: 1.00% to 1.25%

- Investors expect another rate hike for 2017, and 3 more in both 2018 and 2019.

- Currently, the Federal Reserve carries a $4.5 trillion balance sheet from its Quantitative Easing bond buying programs, first of which began in October of 2008.

- The central bank had continued to invest the proceeds of its maturing bonds in new treasuries and mortgage-backed securities, maintaining the size of its balance sheet.

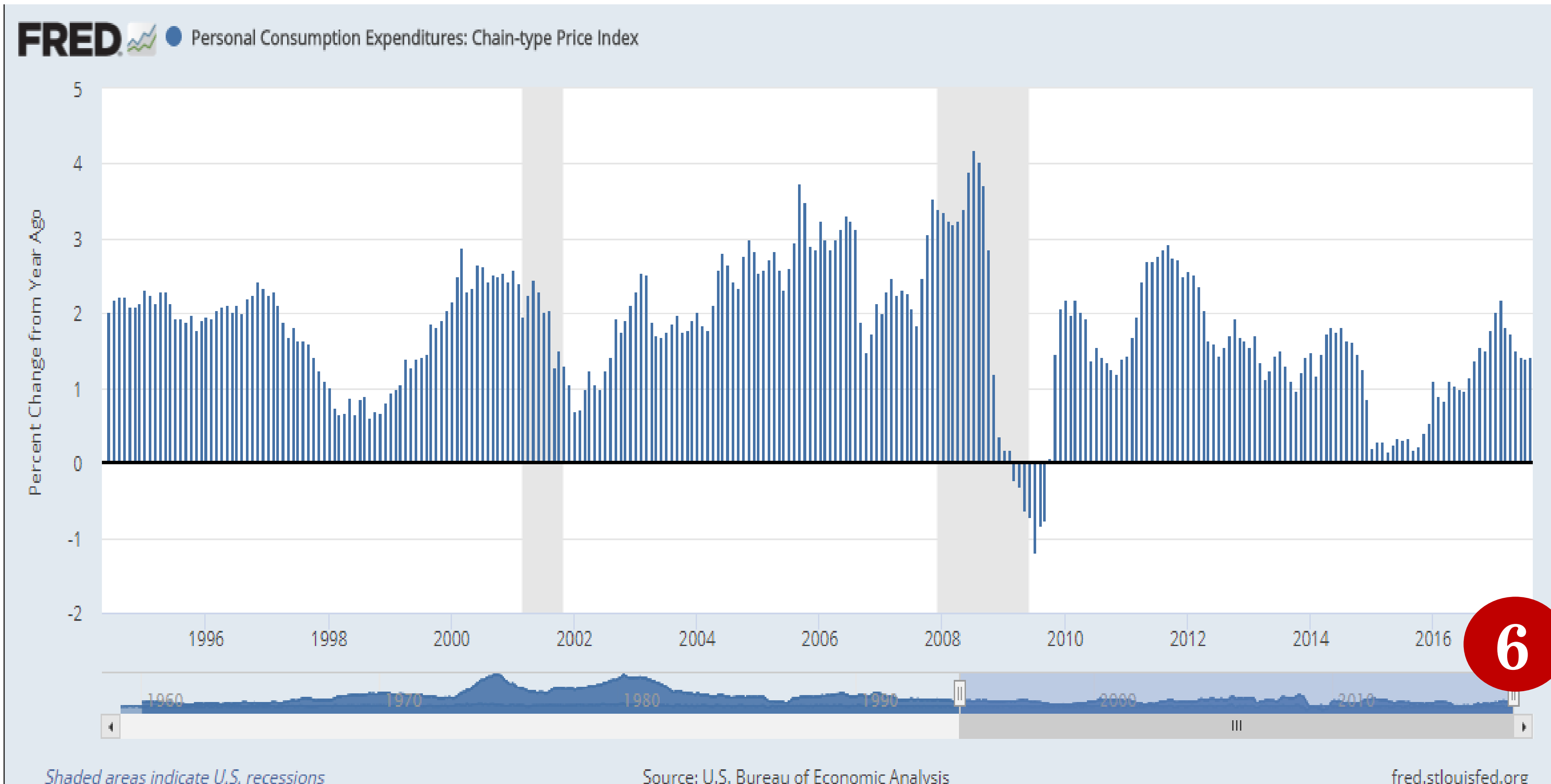
- As planned, the Fed has begun to unwind its balance sheet (beginning Sept. 20, 2017)

  Highlights from FOMC's meeting in June 2017:
  - The Fed will start to reduce its reinvestments in Treasuries and mortgage-backed securities.
  - Beginning in Q4 of 2017, $10 billion in assets will be shed each month, increasing by $10 billion each quarter thereafter, until $50 billion worth of assets are cleared from the Fed's balance sheet each month.
  - This gradual process will unwind Quantitative Easing by contracting the money supply, raising rates.

INFLATION: PCE DEFLATOR INDEX

- The PCE Deflator Index (shown below) is the Fed's preferred measure of inflation.
- Data is collected by The U.S. Bureau of Economic Analysis.
- The index measures personal consumption expenditures over a broad range of goods and services.
- A sudden rise in inflation well above the Fed's 2% target may indicate the economy is overheating.
  - Historical examples:

    early 1987 – late 1990   early 1998 – early 2000   mid 2004 – mid 2005   late 2006 – mid 2008



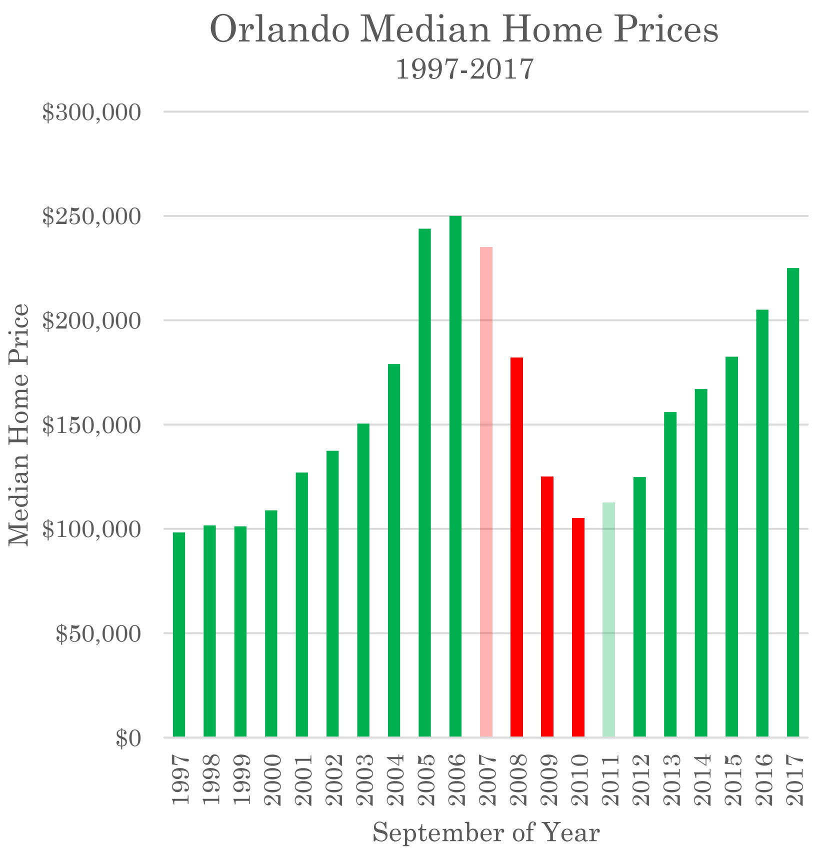
Our 2017 Housing Market (1/9): Nominal Prices, Inventory, Builder Confidence

- Home sales are down nearly 20% compared to September of last year, which is mostly the result of Hurricane Irma. However, inventory remains low which indicates a seller's market.
- Supply is especially tight for homes that are priced under $300,000.

	Change	Sept 2017	Sept 2016	Sept 2015
Median Home Price	+10%	$225,000	$205,000	$182,500
Inventory (months supply)	+2.7%	3.42	3.33	3.83
Home Builder Confidence	+3%	66	64	64

	Change	Sept 2007	Sept 2006	Sept 2005
Median Home Price	0%	$235,000	$250,000	$243,900
Inventory (months supply)	+274%	27.12	9.89	2.29
Home Builder Confidence	-44%	24	43	73

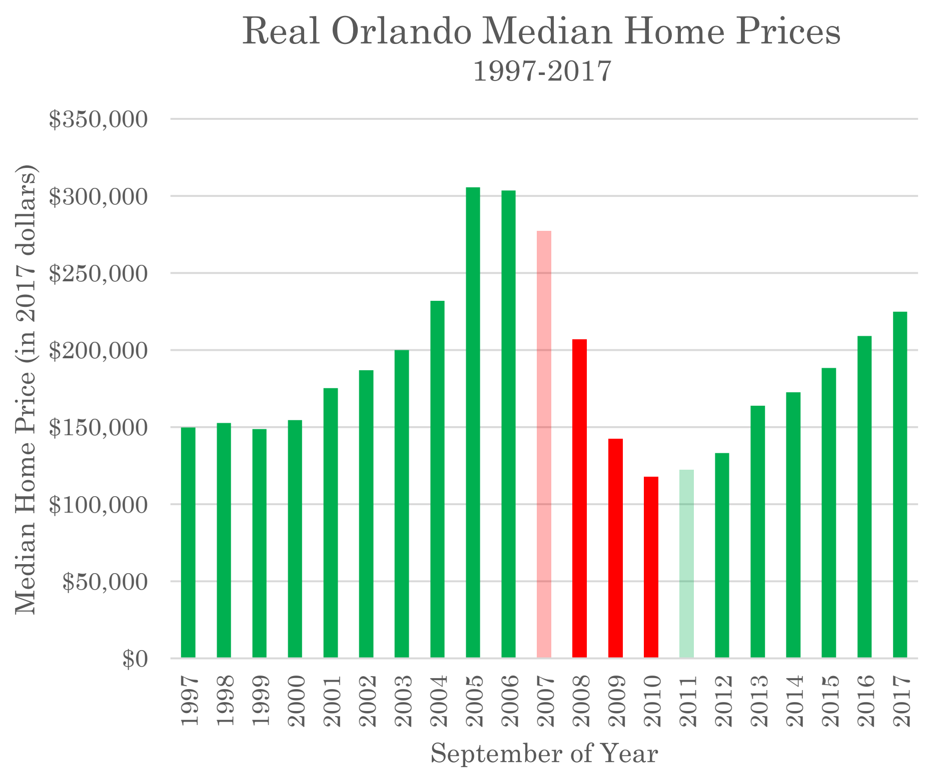
The "Change" column shows increases/decreases over the past year.
Orlando home prices last peaked in July of 2007.



source: My Florida MLS
Last update: June, 2016

Our 2017 Housing Market (2/9): Real Prices (Inflation-Adjusted)

- The graph: inflation–adjusted home values for Orlando (In 2017 dollars).
- Today's prices are comparable to those of 2004.
- Since July of 2011, the ORRA has reported year-over-year increases in median home values (a 76 month streak).
- Among other factors, we will continue to monitor prices to determine our place in the current real estate cycle.
- We are more interested in inventory because prices can be a lagging indicator.

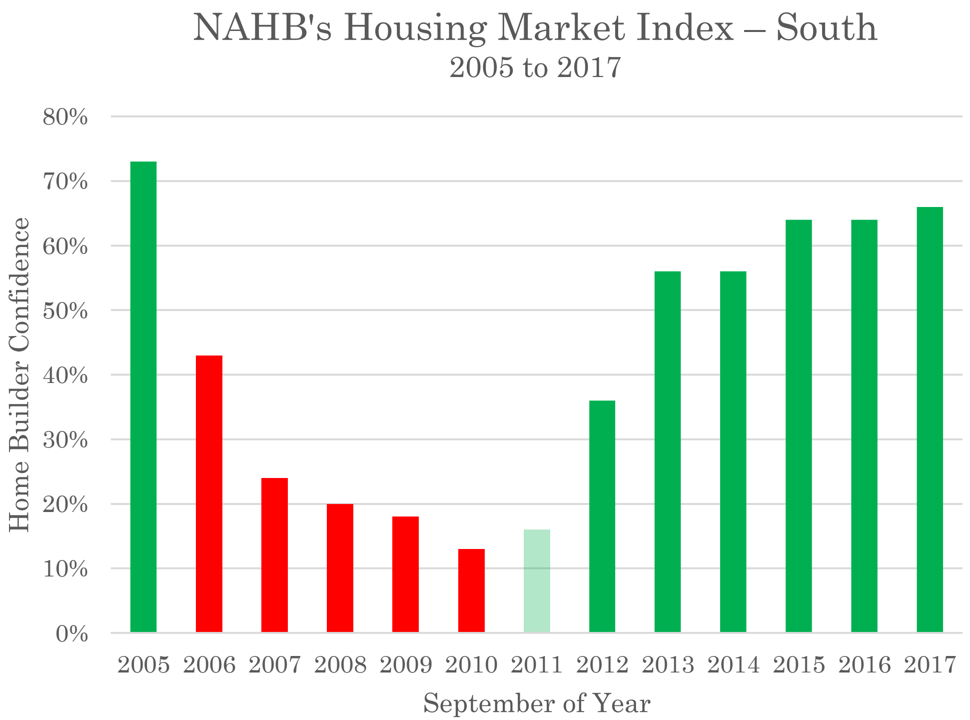


The above prices are adjusted for inflation.

source: My Florida MLS
Last update: June, 2016

Our 2017 Housing Market (3/9): National Builder Confidence

- Based on 400 survey responses from NAHB members.
- Respondents asked to rate the current market conditions:
  - Sale of new homes
  - Prospective buyer traffic
- Responses formulated into a confidence scale of 0 to 100.
- Rising confidence indicates a strengthening seller's market, as well as expansion in the construction cycle.
- A decline in regional home builder confidence will occur near the next peak in our housing market.



https://www.nahb.org/en/research/housing-economics
Last update: June, 2016

Our 2017 Housing Market (4/9): Real Estate Inventory, Overview

This measure is calculated by dividing the existing number of homes for sale by the average number of sales per month.

The average figure for Orlando is 6 months of inventory.

At this level, the market is considered at equilibrium, and it would take 6 months to deplete the market's supply of real estate if no new homes were listed.

UPDATE:
As of September 2017, the Orlando market has 3.42 months of inventory, which is very low. This data suggests that residential real estate is not overbought, and that homes will appreciate until inventory exceeds 7 months supply.

Our 2017 Housing Market (5/9): Real Estate Inventory, Start of Housing Crisis

<u>In 2006, 7 more months of inventory</u> indicated an oversupply of homes, which led to price decreases in the Orlando Metro Market. 6 months is considered balanced for this market.

ORLANDO REGIONAL REALTOR® ASSOCIATION

Ten Year History 2006 - 2016
Compiled from ORRA's Monthly Sales and Inventory Reports

Month		Interest		Sales (+/-)		Median		Average		% Diff	Total	Avg	Inventory		
Year		Rate	Sales	Last Yr	L Mon	Price	(+/-) LY	List Price	Sale Price	Sell/List	Pending	DOM	Current	(+/-) LM	Months
Jan *	2006	5.77%	1,917	13.10%	-30.92%	$241,000	24.87%	$301,542	$293,775	97.42%	n/a	46	12,015	2,087	6.27
Feb *	2006	6.07%	2,269	14.13%	18.36%	$240,000	22.45%	$301,544	$293,935	97.48%	n/a	48	12,966	951	5.71
Mar *	2006	6.17%	2,878	13.80%	26.84%	$240,000	18.81%	$305,719	$296,171	96.88%	n/a	50	14,559	1,593	5.06
Apr *	2006	6.27%	2,467	-3.52%	-14.28%	$249,000	15.81%	$304,181	$296,018	97.32%	n/a	53	16,036	1,477	6.50
May *	2006	6.39%	2,842	1.28%	15.20%	$250,000	11.68%	$317,318	$308,237	97.14%	n/a	56	18,179	2,143	6.40
Jun *	2006	6.45%	2,841	-8.91%	-0.04%	$249,000	3.97%	$312,153	$301,325	96.53%	n/a	57	18,437	258	6.49
Jul *	2006	6.53%	2,361	-17.85%	-16.90%	$254,900	4.04%	$311,083	$300,034	96.45%	n/a	61	19,827	1,390	8.40
Aug *	2006	6.20%	2,249	-28.24%	-4.74%	$250,000	2.04%	$312,329	$302,329	96.80%	n/a	62	21,077	1,250	9.37
Sep *	2006	6.09%	2,054	-30.70%	-8.67%	$250,000	2.50%	$313,464	$302,664	96.55%	n/a	67	20,319	-758	9.89
Oct *	2006	6.05%	1,896	-19.86%	-7.69%	$253,745	2.82%	$322,013	$310,532	96.43%	3,186	73	21,324	1,005	11.25
Nov *	2006	6.10%	1,840	-24.06%	-2.95%	$250,000	0.04%	$307,889	$297,022	96.47%	2,952	74	21,122	-202	11.48
Dec *	2006	5.74%	1,945	-29.91%	5.71%	$250,000	4.21%	$306,531	$295,347	96.35%	2,557	78	19,537	-1,585	10.04
Jan *	2007	5.91%	1,469	-23.37%	-24.47%	$249,900	3.69%	$327,370	$314,389	96.03%	2,504	90	21,266	1,729	14.48
Feb *	2007	5.92%	1,541	-32.08%	4.90%	$255,000	6.25%	$322,163	$310,103	96.26%	3,096	91	22,055	789	14.31
Mar *	2007	5.83%	1,779	-38.19%	15.44%	$240,000	0.00%	$310,282	$297,458	95.87%	2,893	90	23,547	1,492	13.24
Apr *	2007	5.93%	1,530	-37.98%	-14.00%	$242,100	-2.77%	$312,597	$298,514	95.49%	2,948	97	24,435	888	15.97
May *	2007	5.94%	1,745	-38.60%	14.05%	$250,000	0.00%	$336,094	$320,727	95.43%	2,611	94	25,463	1,028	14.59
Jun *	2007	6.40%	1,524	-46.36%	-12.66%	$252,500	1.41%	$331,051	$314,202	94.91%	2,700	98	25,923	460	17.01
Jul *	2007	6.50%	1,524	-35.45%	0.00%	$264,436	3.74%	$335,257	$317,369	94.66%	2,571	96	26,018	95	17.07
Aug *	2007	6.60%	1,467	-34.77%	-3.74%	$244,000	-2.40%	$334,242	$317,587	95.02%	2,194	108	26,313	295	17.94
Sep *	2007	6.21%	970	-52.78%	-33.88%	$235,000	-6.00%	$306,913	$286,675	93.41%	2,012	111	26,310	-3	27.12
Oct *	2007	6.21%	1,090	-42.51%	12.37%	$235,000	-7.39%	$303,162	$284,874	93.97%	1,923	111	26,330	20	24.16
Nov *	2007	6.08%	1,029	-44.08%	-5.60%	$234,900	-6.04%	$320,801	$300,812	93.77%	1,806	114	26,172	-158	25.43
Dec *	2007	5.93%	1,076	-44.68%	4.57%	$225,000	-10.00%	$314,151	$291,371	92.75%	1,559	113	24,298	-1,874	22.58
Jan *	2008	5.60%	813	-44.66%	-24.44%	$221,500	-11.36%	$331,473	$312,125	94.16%	1,731	117	25,724	1,426	31.64
Feb *	2008	5.87%	951	-38.29%	16.97%	$223,000	-12.55%	$297,930	$276,893	92.94%	2,175	123	25,984	260	27.32

Hyper supply

http://tinyurl.com/h5ncf6p

Excess inventory signaled real estate devaluation on <u>October, 2006</u> (There were 3 consecutive periods above 7 months supply).

OUR 2017 HOUSING MARKET (6/9):
REAL ESTATE INVENTORY, END OF HOUSING CRISIS

In 2011, when inventory had fallen below <u>5 months supply</u>, home prices began to rebound.

Orlando Realtor Association – Monthly Sales & Inventory Reports

Month	Year	Interest Rate	Sales	Sales (+/-) Last Yr	Sales (+/-) L Mon	Median Price	Median (+/-) LY	Average List Price	Average Sale Price	% Diff Sell/List	Total Pending	Avg DOM	Inventory Current	Inventory (+/-) LM	Inventory Months
Jan *	2011	4.84%	2,041	12.14%	-17.27%	$94,900	-6.96%	$141,071	$133,350	94.53%	8,777	96	14,398	-595	7.05
Feb *	2011	4.88%	2,170	9.98%	6.32%	$95,000	-9.52%	$140,585	$132,956	94.57%	9,223	99	13,480	-918	6.21
Mar *	2011	4.91%	2,613	0.11%	20.41%	$102,000	-7.27%	$142,146	$135,528	95.34%	9,510	103	12,533	-947	4.80
Apr *	2011	4.89%	2,464	-6.81%	-5.70%	$105,000	-8.70%	$156,115	$146,916	94.11%	9,955	104	11,480	-1,053	4.66
May *	2011	4.66%	2,483	-10.78%	0.77%	$110,000	-4.35%	$151,455	$143,962	95.05%	10,210	104	10,969	-511	4.42
Jun *	2011	4.56%	2,611	-14.65%	5.16%	$110,000	-4.35%	$159,721	$151,925	95.12%	10,087	102	10,559	-410	4.04
Jul *	2011	4.53%	2,294	-8.82%	-12.14%	$115,500	6.26%	$163,898	$155,819	95.07%	9,869	101	10,349	-210	4.51
Aug *	2011	4.26%	2,500	-2.57%	8.98%	$114,700	14.81%	$156,182	$148,501	95.08%	9,502	101	10,055	-294	4.02
Sep *	2011	4.19%	2,243	-5.52%	-10.28%	$112,500	7.14%	$160,366	$150,552	93.88%	9,369	102	9,931	-124	4.43
Oct *	2011	4.21%	2,132	9.17%	-4.95%	$112,500	7.14%	$160,105	$151,561	94.66%	8,937	106	9,973	42	4.68
Nov *	2011	4.10%	2,027	4.70%	-4.92%	$115,000	9.52%	$161,622	$153,853	95.19%	8,909	99	10,136	163	5.00
Dec *	2011	3.99%	2,213	-10.30%	9.18%	$119,000	13.33%	$184,835	$171,088	92.56%	8,095	102	9,732	-404	4.40

Last updated: May, 2017

Mar *	2016	3.70%	3,058	-2.36%	26.63%	$195,000	10.12%	$237,549	$230,798	97.16%	5,798	70	10,583	-113	3.46
Apr *	2016	3.63%	3,172	2.09%	3.73%	$192,000	9.71%	$237,122	$230,282	97.12%	6,075	69	10,447	-136	3.29
May *	2016	3.62%	3,347	7.38%	5.52%	$203,000	12.15%	$250,905	$243,790	97.16%	6,169	67	10,553	106	3.15
Jun *	2016	3.45%	3,556	-1.30%	6.24%	$207,000	15.00%	$258,957	$251,011	96.93%	5,512	62	10,629	76	2.99
Jul *	2016	3.45%	3,353	-5.97%	-5.71%	$206,000	12.38%	$250,564	$243,762	97.29%	5,178	60	10,648	19	3.18
Aug *	2016	3.49%	3,451	8.01%	2.92%	$205,000	13.26%	$249,867	$243,149	97.31%	4,955	56	10,505	-143	3.04
Sep *	2016	3.53%	3,110	3.22%	-9.88%	$205,000	12.33%	$254,381	$246,957	97.08%	4,594	60	10,362	-143	3.33
Oct *	2016	3.57%	2,701	-6.12%	-13.15%	$205,000	13.95%	$255,842	$247,950	96.92%	4,719	61	10,025	-337	3.71
Nov *	2016	3.82%	2,523	8.52%	-6.59%	$201,000	9.24%	$250,548	$243,012	96.99%	5,122	66	9,270	-755	3.67
Dec *	2016	4.32%	2,997	13.57%	18.79%	$208,500	12.70%	$246,758	$239,907	97.22%	4,476	65	8,590	-680	2.87
Jan *	2017	4.30%	2,213	3.12%	-26.16%	$199,900	11.06%	$253,086	$245,541	97.02%	5,145	70	8,550	-40	3.86
Feb *	2017	4.29%	2,482	2.77%	12.16%	$206,500	11.62%	$248,266	$240,101	96.71%	5,849	69	8,457	-93	3.41
Mar	2017	4.29%	3,437	12.39%	38.48%	$217,000	11.28%	$261,787	$253,985	97.02%	6,125	64	8,537	80	2.48

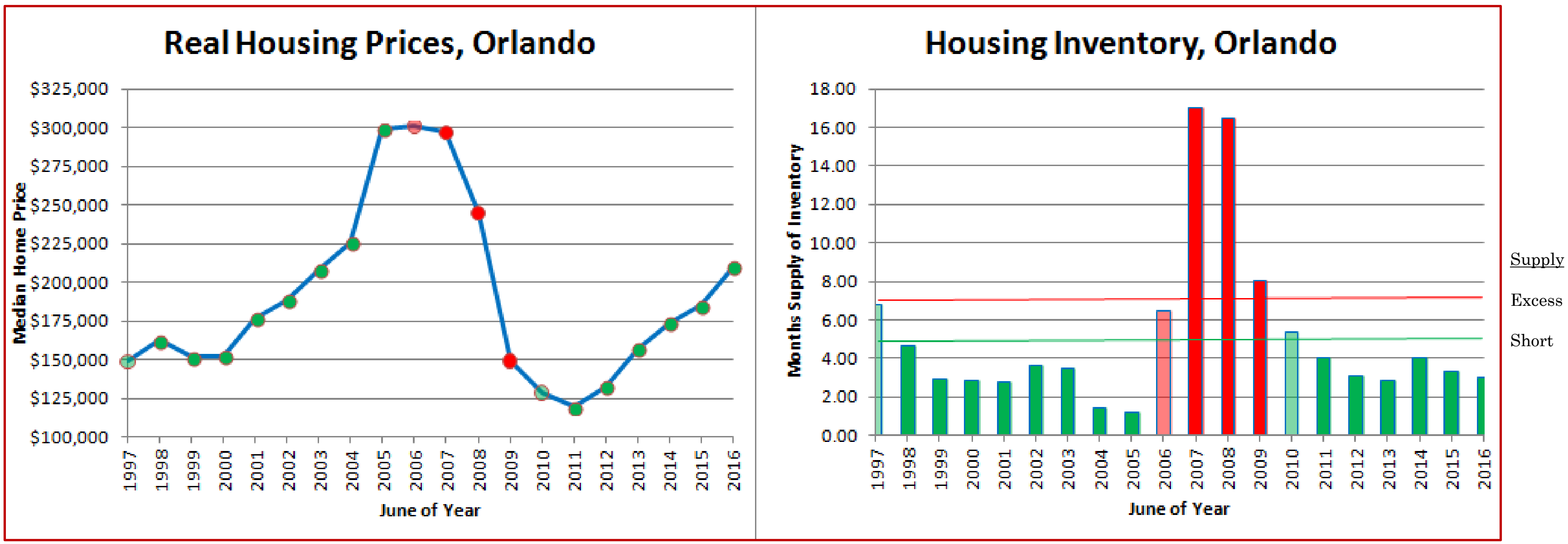
http://tinyurl.com/h5ncf6p

Low inventory signaled a recovery in real estate on <u>June, 2011.</u>
(There were 3 consecutive periods below 5 months supply)

Our 2017 Housing Market (7/9): Real Estate Inventory

3.42 months of inventory on September, 2017 indicates a stable real estate market in Orlando.

Given the tight supply of homes in the Orlando market, home prices are expected to rise through 2019.



As shown above, there is a strong negative relationship between housing inventory and price changes one year later (R = -0.814).

Our 2017 Housing Market (8/9): Housing Affordability Index, Overview

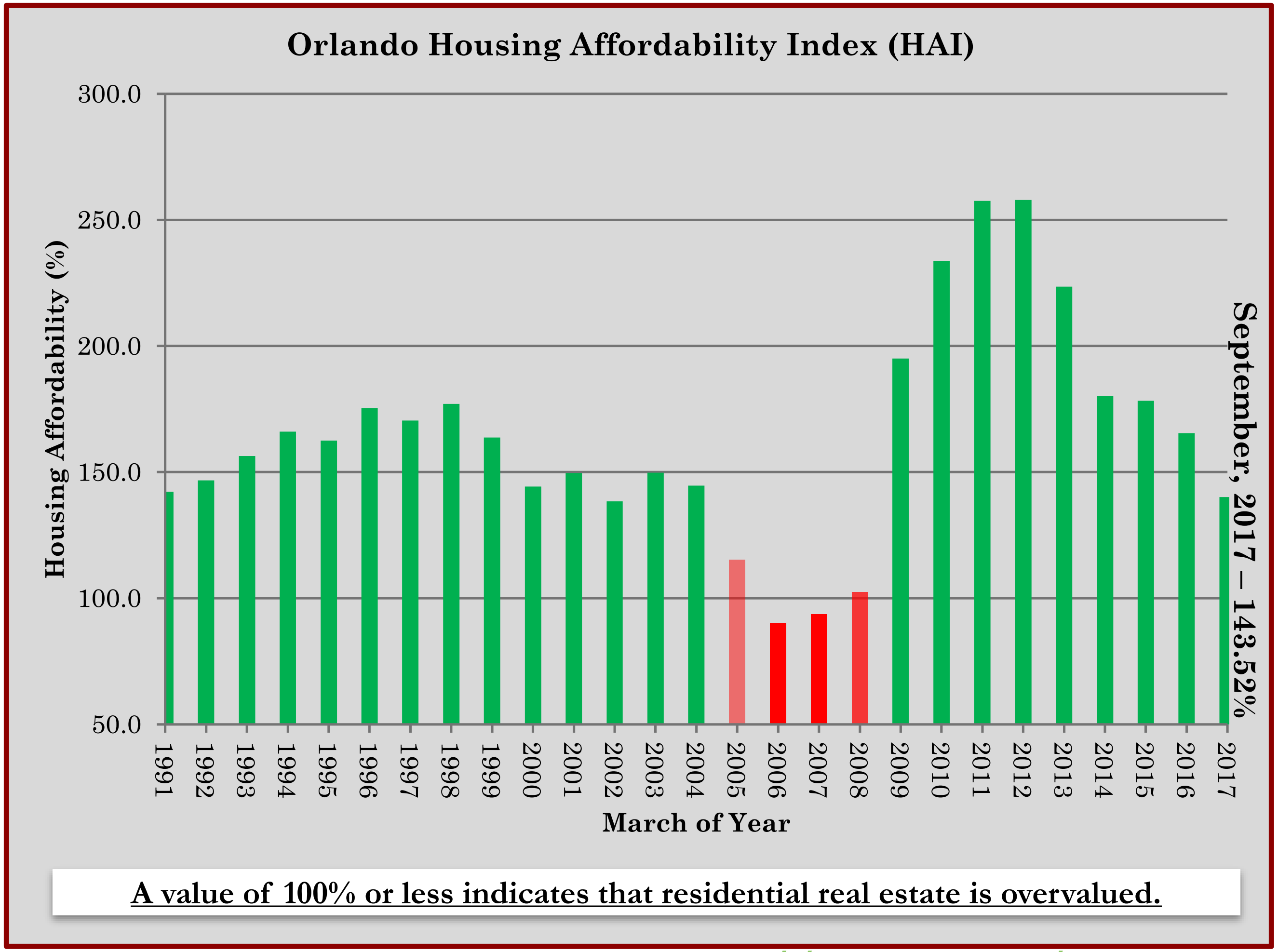
The Housing Affordability Index (HAI) measures whether the typical family could qualify for a mortgage on a typical home.

<u>Formula</u>

HAI = Median Family Income / Qualifying Income * 100

If the HAI is less than 100%, home prices are overinflated and due for a correction.

Our 2017 Housing Market (9/9): Housing Affordability Index, Latest Update



http://tinyurl.com/yd9mfgnt

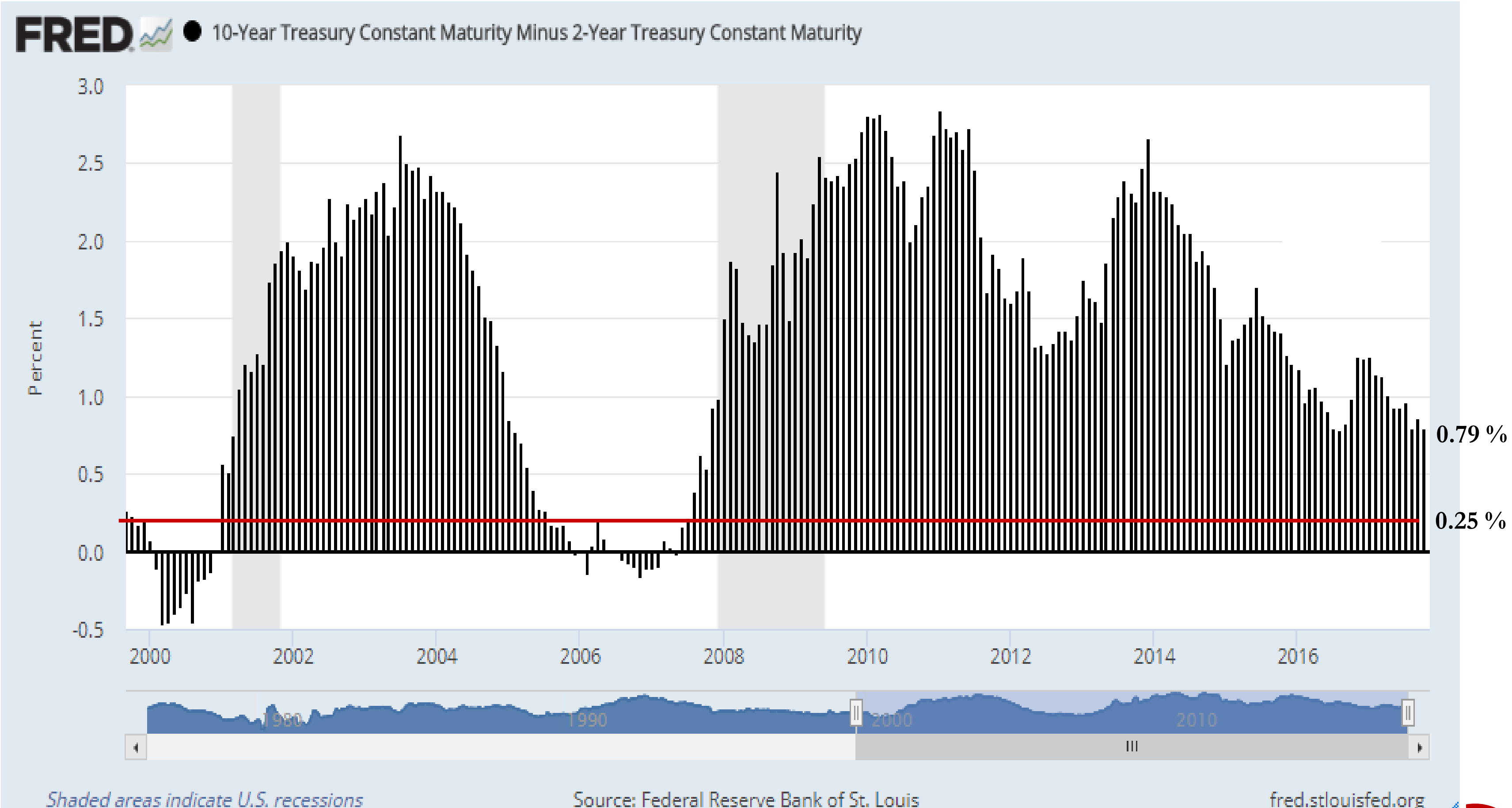
Updated Monthly

Bond Market Indicator (1/2): 10-2 Year Treasury Spread

- 10 year treasury rate – 2 year treasury rate
- A measure of "monetary tightness"
- What determines these rates?
  - 10 year rate determined by the bond market
  - 2 year rate set by the Federal Reserve
- When the 2 year treasury yield exceeds that of the 10 year, the spread 'inverts'.
- An inversion of the yield spread results from:
  - The bond market forecasting a future downturn in the economy
    - Sale of 2 year treasury bonds, ↓ price & ↑ yield
    - Flight to 10 year treasury bonds, ↑ price & ↓ yield
  - The Fed raising short-term interest rates to control market conditions (to fight off inflation)

Bond Market Indicator (2/2): 10-2 Yield Spread: **Oct, 2017**

If the spread falls below 0.25% (horizontal red line), a recession is expected in 2-3 years.



Shaded gray indicates U.S. Recession. The red line is the "*warning mark*" – watch for the spread to fall below this line (.25%).

<u>An inverted yield spread has preceded the past five recessions.</u>

Currently - 0.79%
(10/24/2017)

OUR LABOR MARKET (1/3): EMPLOYMENT, OVERVIEW

An increase in unemployment often occurs in a recession, as seen
in both the 2008 Great Recession and The Great Depression of the 1930's.

The U-3 unemployment is used in this report, which does not include discouraged and part time workers. While it is not a perfect indicator of labor market tightness, this figure is used because there is more historical data.

UPDATE:

- As of September 2017, the unemployment figure is still falling, which indicates that the economy is still in its expansion phase.
- 5.2 million people are working part-time, but would prefer full time employment.
- 421,000 discouraged workers in May, down by 132,000 from last year.
- The unemployment rate is falling to levels last seen in 2000, which was the peak of the .com/tech bubble.

Our Labor Market (2/3): Early 2000s Recession

Historically, a rise in unemployment (3 consecutive months, year over year) has indicated the start of a recession.

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
1992	7.3	7.4	7.4	7.4	7.6	7.8	7.7	7.6	7.6	7.3	7.4	7.4
1993	7.3	7.1	7.0	7.1	7.1	7.0	6.9	6.8	6.7	6.8	6.6	6.5
1994	6.6	6.6	6.5	6.4	6.1	6.1	6.1	6.0	5.9	5.8	5.6	5.5
1995	5.6	5.4	5.4	5.8	5.6	5.6	5.7	5.7	5.6	5.5	5.6	5.6
1996	5.6	5.5	5.5	5.6	5.6	5.3	5.5	5.1	5.2	5.2	5.4	5.4
1997	5.3	5.2	5.2	5.1	4.9	5.0	4.9	4.8	4.9	4.7	4.6	4.7
1998	4.6	4.6	4.7	4.3	4.4	4.5	4.5	4.5	4.6	4.5	4.4	4.4
1999	4.3	4.4	4.2	4.3	4.2	4.3	4.3	4.2	4.2	4.1	4.1	4.0
2000	4.0	4.1	4.0	3.8	4.0	4.0	4.0	4.1	3.9	3.9	3.9	3.9
2001	4.2	4.2	4.3	4.4	4.3	4.5	4.6	4.9	5.0	5.3	5.5	5.7
2002	5.7	5.7	5.7	5.9	5.8	5.8	5.8	5.7	5.7	5.7	5.9	6.0
2003	5.8	5.9	5.9	6.0	6.1	6.3	6.2	6.1	6.1	6.0	5.8	5.7
2004	5.7	5.6	5.8	5.6	5.6	5.6	5.5	5.4	5.4	5.5	5.4	5.4
2005	5.3	5.4	5.2	5.2	5.1	5.0	5.0	4.9	5.0	5.0	5.0	4.9

In July of 2003, NBER declared recovery.

In November of 2001, NBER declared recession.

National Bureau of Economic Research (NBER) Dates

The Great Recession

Rising unemployment indicated a recession on April of 2001.

Falling unemployment indicated a recovery on February of 2004.

OUR LABOR MARKET (3/3): THE GREAT RECESSION

Historically, a rise in unemployment (3 consecutive months, year over year) has indicated the start of a recession.

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2004	5.7	5.6	5.8	5.6	5.6	5.6	5.5	5.4	5.4	5.5	5.4	5.4
2005	5.3	5.4	5.2	5.2	5.1	5.0	5.0	4.9	5.0	5.0	5.0	4.9
2006	4.7	4.8	4.7	4.7	4.6	4.6	4.7	4.7	4.5	4.4	4.5	4.4
2007	4.6	4.5	4.4	4.5	4.4	4.6	4.7	4.6	4.7	4.7	4.7	5.0
2008	5.0	4.9	5.1	5.0	5.4	5.6	5.8	6.1	6.1	6.5	6.8	7.3
2009	7.8	8.3	8.7	9.0	9.4	9.5	9.5	9.6	9.8	10.0	9.9	9.9
2010	9.8	9.8	9.9	9.9	9.6	9.4	9.4	9.5	9.5	9.4	9.8	9.3
2011	9.1	9.0	9.0	9.1	9.0	9.1	9.0	9.0	9.0	8.8	8.6	8.5
2012	8.3	8.3	8.2	8.2	8.2	8.2	8.2	8.1	7.8	7.8	7.7	7.9
2013	8.0	7.7	7.5	7.6	7.5	7.5	7.3	7.3	7.2	7.2	6.9	6.7
2014	6.6	6.7	6.7	6.2	6.3	6.1	6.2	6.2	5.9	5.7	5.8	5.6
2015	5.7	5.5	5.4	5.4	5.5	5.3	5.2	5.1	5.0	5.0	5.0	5.0
2016	4.9	4.9	5.0	5.0	4.7	4.9	4.9	4.9	4.9	4.8	4.6	4.7
2017	4.8	4.7	4.5	4.4	4.3	4.4	4.3	4.4	4.2			

In December of 2010, NBER declared recovery.

In December of 2008, NBER declared recession.

National Bureau of Economic Research (NBER) Dates

The Great Recession

Rising unemployment indicated a recession on December of 2007.

Falling unemployment indicated a recovery on September of 2010.

Statistics:
National & Orlando

National	9/2007	9/2008	9/2015	9/2016	9/2017
Employment to Population Ratio	62.9	61.9	59.3	59.8	60.4
Unemployment Rate	4.7%	6.1%	5.0%	4.9%	4.2%
Wage Growth (nominal)	3.1%	3.3%	2.1%	2.7%	2.9%
Debt to GDP Ratio	61.8%	73.5%	102.1%	105.4%	103.1%
Orlando Real Estate	9/2007	9/2008	5/2015	5/2016	5/2017
Interest Rate (30-Year Fixed)	6.38%	6.04%	3.89%	3.46%	3.81%
Median Home Value	$235,000	$182,000	$182,500	$205,000	$225,000
Median Home Value Change from Previous Year	-6%	-23%	9.2%	12.3%	9.8%
Months Supply of Inventory (LT Avg: 6)	27.12	17.71	3.83	3.33	3.42
Home Builder Confidence	24	20	64	64	66
Orlando Home Affordability Index	92.4%	123.74%	170.28%	161.74	143.52%

Summary of Leading Indicators

You may want to keep this at your desk.

General Economy

U-3 Unemployment			
Jul-17	4.3%	Jul-16	4.9%
Aug-17	4.4%	Aug-16	4.9%
Sep-17	4.2%	Sep-16	4.9%
http://tinyurl.com/zyq5xlx			
Watch for 3 consecutive months of rising unemployment over the same months of the previous year (see above comparison). This will confirm the beginning of our next recession.			

10Yr - 2Yr Treasury Yield	
10/24/2017	0.79%
http://tinyurl.com/h9e4ljh	
Historically, an inversion of the 10 - 2 year treasury yield spread has preceded the past 5 recessions. This inversion occurs when the difference in yields becomes negative.	

Orlando Real Estate

Housing Affordability	
September, 2017	143.2%
http://tinyurl.com/jfayp5s	
Housing Affordability gauges the sustainability of prices in our residential market. When this value falls below 110%, home values are overextended and likely to depreciate in the following 2-3 years.	

Housing Inventory	
September, 2017	3.42 months
http://tinyurl.comjfayp5s	
Housing inventory is our key indicator for the residential market. In the coming years, look for the supply of homes to exceed 7 months supply. This will occur near the next peak in home prices.	

Sources

- Federal Reserve Bank of St. Louis (FRED)
- Federal Reserve Bank of New York
- Orlando Regional Realtors Association
- The U.S. Bureau of Labor Statistics
- The U.S. Bureau of Economic Analysis
- The U.S. Census Bureau
- The Congressional Budget Office
- My Florida Regional MLS
- FreddieMac
- Investopedia
- CNBC