

## **Carl Domino, Florida State Representative, District 83**

In an open letter to community associations, Carl Domino, an effective leader in Florida's House of Representatives since 2002, explains the economic future for Palm Beach County. A graduate of Harvard Business School, Commander in the U.S. Navy and Founder of Carl Domino Associates, now known as Northern Trust Value Investors, Carl shares his wealth of knowledge and experience. As a State Representative in Northern Palm Beach County, Carl has many accomplishments serving of the following committees;


- Chairman, Palm Beach County Legislative Delegation, 2005-06
- Majority Whip, Florida House of Representatives, 2004-06
- Chair, Healthy Seniors Appropriations Committee
- Vice Chair, Elder & Family Services Policy Committee
- Member, Appropriations Council and General Government & Health Care
- Member, Economic Development Policy Council
- Member, Insurance, Business, & Financial Affairs Policy Committee
- Member, Health & Family Services Council
- Member, Finance & Tax Committee, 2004-06

Carl and his wife Sharon are the proud parents of twins, Mason and Reagan. Carl enjoys many sports and is a strong supporter of the Florida State Seminoles and serves on the FSU Foundation executive committee and Chairman of the National Seminole Boosters.

## **Our Economy, In Palm Beach County**

The quarter that just ended had one of the strongest stock market advances in more than a decade. It must be acknowledged, however, that it followed one of the sharpest six month declines experienced since the early seventies. Nonetheless, there is reason for optimism that the remainder of the year will continue on an upward trend. Most fundamental to the projected improvement is the attainment of stability for our major financial institutions. Credit deterioration will still occur, but some experts believe that additions to lost reserves may moderate in coming quarters. As a consequence, the financial sector was a strong market performer throughout the second quarter.

There are still many potential negatives in the economy. The first was an increase of almost \$20 a barrel in the price of oil. Frankly, this is hard to explain. Experts universally declare that production continues to outpace demand and that almost all tankers are being fully utilized just to store the oil that is being produced. Their explanation for the price rise is a combination of a hedge against a falling dollar and speculative money moving into commodities as people became concerned about inflation. Inflation, indeed, is the second factor that is beginning to trouble markets. It is obvious that the world does not have an infinite capacity to accommodate monetary and fiscal stimulation without some upward movement in prices. Ironically, actual inflation numbers being reported show deflation over the last twelve months. About 70% of the pressure for inflation comes from higher wages and we do not believe that the environment for

a significant uptick in hourly earnings exists. We are still losing jobs and experts suggest that we need to create 200,000 jobs a month just to accommodate increases in the work force. We do not pretend to be experts on Fed actions, but a wide variety of experts believe the possibility of Fed tightening is relatively modest. 

The far larger problem, and the one with the most serious long term implications, is the prospective unwillingness of foreigners to buy our ever expanding debt. Because of the fiscal stimulus provided by Congress, and the expectations of significant deficits in the next several years, our outstanding debt may well double before the end of President Obama's first term. Currently, of course, foreigners, especially the Chinese, are willing buyers of our debt, but they have begun to express concerns over the size of our obligations. It was reported that a Chinese audience laughed at Secretary of Treasury Geithner's proclamation that their money was safe. Indeed, senior government officials in China, Russia and other nations have begun to question the use of the dollar as the world prime currency. Ironically our large trade deficit forces foreign governments to invest surplus dollars in our debts. Speculation also has existed that the leading bond agencies may lower their AAA rating on U.S. government debt, a move which would send shock waves throughout the markets.

Of course, all of this impacts the prospects for The Palm Beach County economy. While we are not a manufacturing based economy, many of our retirees depend on their investment portfolios for spending money. Retailers would benefit from an economic upturn and would eventually begin hiring. Hidden beneath all the gloom has been the remarkable growth of the Scripps Research Institute. They employ over 300 people, some very high paying research scientists.

Most of all we need a stabilization of home prices as many homeowners have mortgages greater than their home values and the construction industry is an important part of our economy.

Here the news is starting to turn more positive. Home sale volumes increased (nationally) at a 10% rate and prices are beginning to stabilize. The inventory of homes for sale is shrinking, except in the overbuilt condo market. Nationally a first time home builder's credit is helping and locally "portability" is being credited with spurring sales. Most experts think that we have seen the bottom and if mortgage rates stay low the residential market should continue to improve.

Recent economic data buttresses the notion the GOP will grow in the second half of the year. Overall we are recovering from the severe economic stress that began a year ago. Recovery should be slower than normal but all evidence points to better days ahead.

**Rep. Carl J. Domino**  
**State Representative District 83**



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As always, I welcome any suggestions for future newsletter articles. If you have any questions about our complete line of property management services, please call me at (561) 649-8585 Ext. 337 or alternatively my email address is [mark.quinn@banyanproperty.com](mailto:mark.quinn@banyanproperty.com).

Cordially,  
Mark J. Quinn  
President

Please visit our website [www.banyanproperty.com](http://www.banyanproperty.com)



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Fall 2009



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