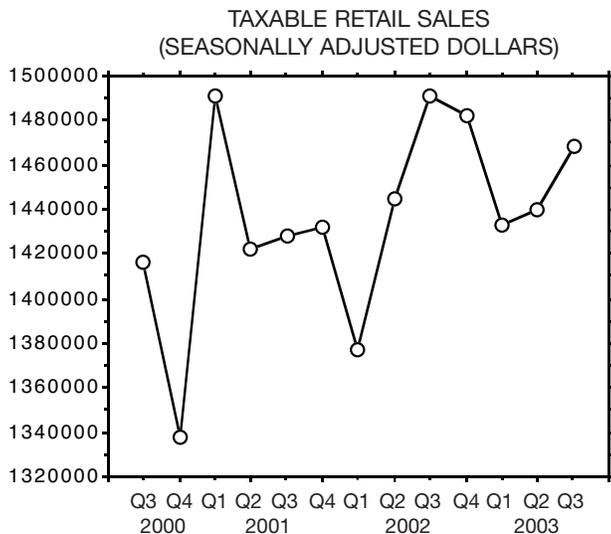


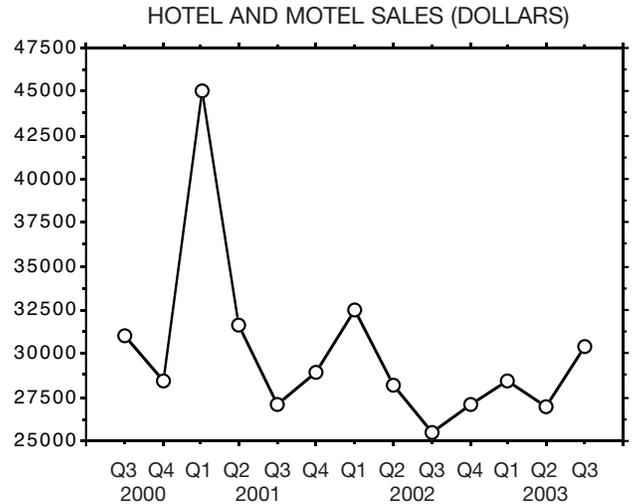
LOCAL OUTLOOK CAUTIOUS DESPITE QUARTER 3 EXPANSION

The Polk economy expanded at a pace comparable to that experienced by the nation as a whole during the third quarter as measured by the Polk Progress Index (PPI). The index advanced 1.5% from the preceding quarter (a 6.1% annual rate), led by an encouraging rise in retail sales and another strong 4.6% increase in home sales. The PPI now stands 2.6% above the same quarter of last year. The average PPI value thus far in 2003 is 3.1% above the average value for the same period in 2002.

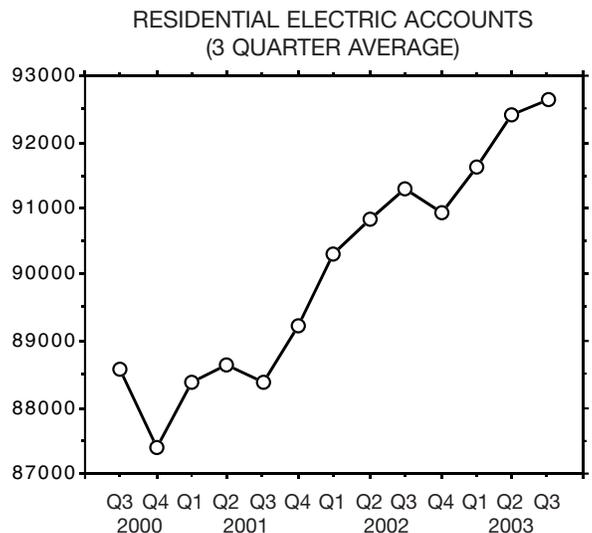
SALES - Taxable sales in Polk County rose 4.4% in the third quarter after adjusting the data for recurring seasonal variations. The preliminary figures show Quarter 3 sales still flat with the same quarter a year ago. Sales through the first nine months of 2003 are down 0.8% from the same period in 2002.



Sales at area hotels and motels began to show what may be the first signs of impending recovery in the third quarter, based upon the July and August data available. Quarter 3 sales are up an estimated 16% from the third quarter of 2002, and are 9.7% above the third quarter figure for 2001.

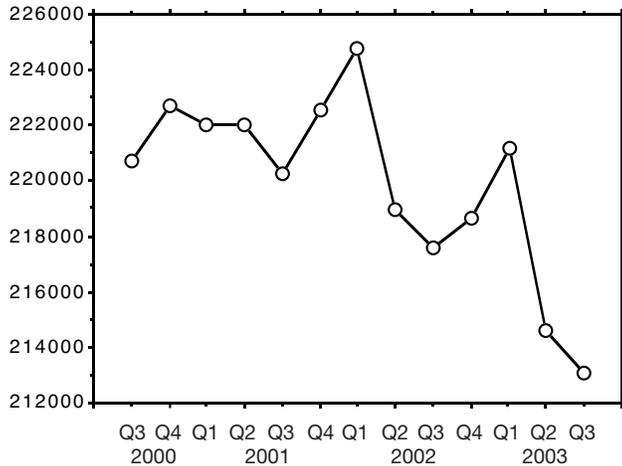


POPULATION - Population growth in Polk County remains strong despite continued weakness in sales and employment. The moving average for the number of residential electric accounts maintained by the City of Lakeland is 1.5% above a year ago in the third quarter.



The long run decline in the number of residential telephone connections maintained by Verizon in Polk County is a reflection of the fact that more people are switching to cellular service.

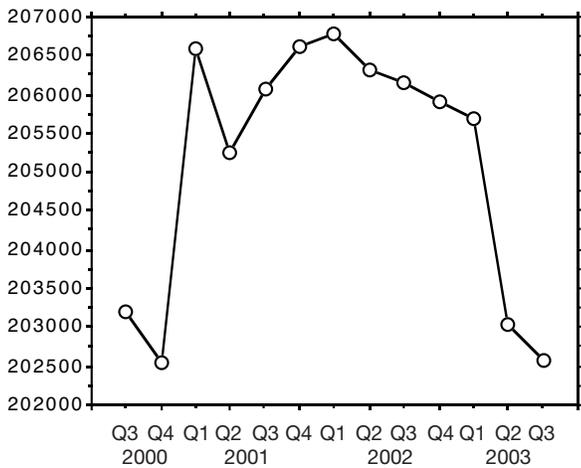
RESIDENTIAL TELEPHONE ACCESS



SunTrust remains the largest bank in Polk County, registering \$993.8 million of deposits in the first quarter of 2003. SunTrust has 20 offices located in Polk County, and holds 23% of total deposits countywide.

EMPLOYMENT - The sharp drop registered in local employment during the second quarter was reconfirmed by the Quarter 3 data. Seasonally adjusted employment in the third quarter slipped another 0.2% from the preceding quarter. Total employment in Quarter 3 (unadjusted) is down 1.4% (2,977 workers) from the same quarter of last year.

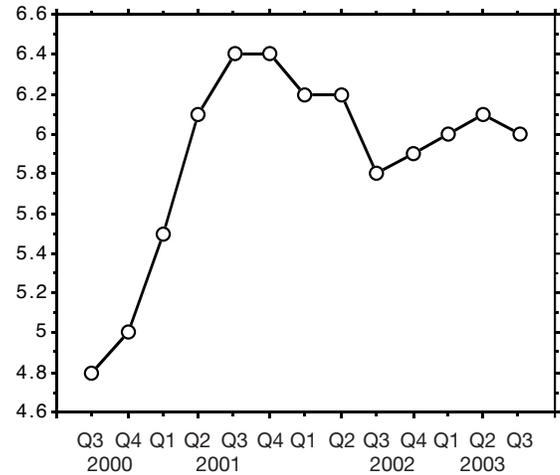
TOTAL EMPLOYMENT (SEASONALLY ADJUSTED)



The Polk County unemployment rate typically increases during the summer, and this year was no exception. The raw (unadjusted) unemployment rate rose to 7.4% in July and 7.6% in August before receding to 7.4% in September. The county's unemployment rate stood at 7% in September 2002.

The Polk unemployment rate has remained very close to 6% for the past year when the data are adjusted for recurring seasonal variations. The fact that the unemployment rate has not risen as employment has fallen and the population has grown is likely due to the fact that more Polk residents have secured employment outside of the county.

UNEMPLOYMENT RATE (SEASONALLY ADJUSTED)

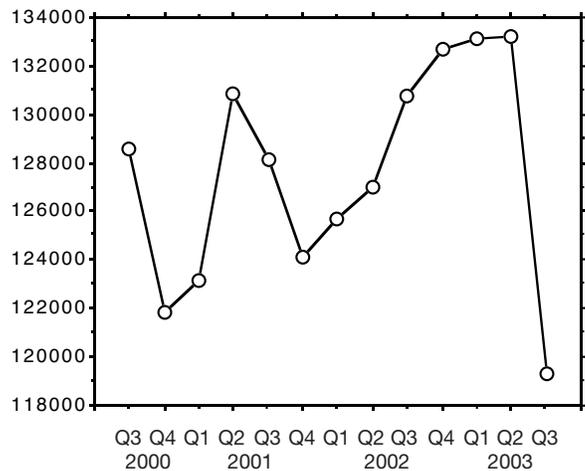


MANUFACTURING - Pepperidge Farm will begin construction of a new \$16 million cracker assembly line at its Lakeland plant in January. The new line will add 40 jobs locally, with the first crackers rolling off in May. Pepperidge Farm currently has 265 employees at its Lakeland facility.

The recently announced pending closure of the Florida Tile plant in Lakeland by the middle of next year will result in the loss of 127 manufacturing jobs.

Industrial electricity consumption reported by Lakeland Electric took an unexpected dive in the third quarter. The sharp drop may prove to be the result of a reporting error. There have been instances in the past where a similar monthly drop was followed by an unusually high figure in the following month.

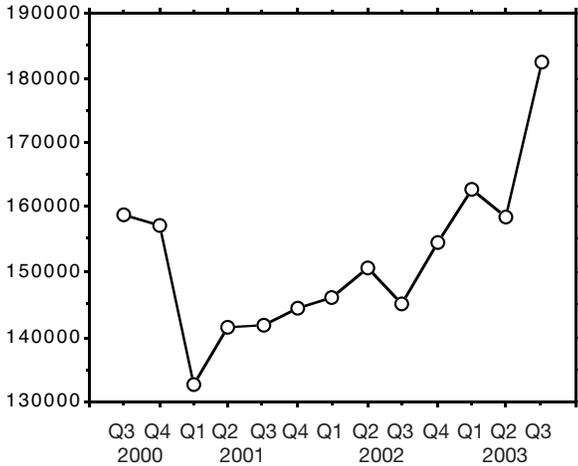
INDUSTRIAL KILOWATT HOURS (SEASONALLY ADJUSTED)



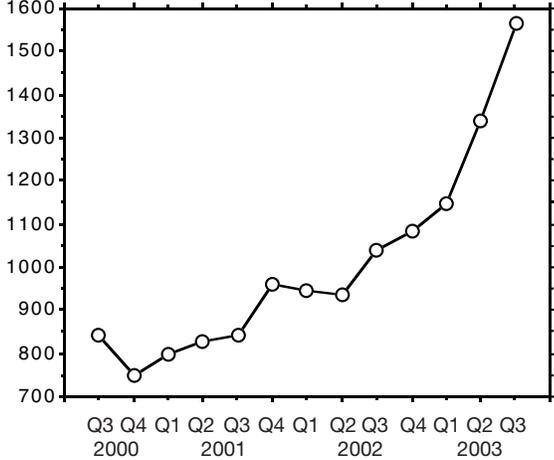
CONSTRUCTION - The dollar value of building permits issued in Polk County during the third quarter took a jump as homebuilders rushed to avoid the \$1,607 educational impact fee which took effect on permits applied for after September 1st.

There were matching totals of 556 permits issued for construction of single family homes in Polk County during both July and August. Those were followed by a record 611 permits issued in September. The Quarter 3 total of 1,723 permits is up 15.2% from the preceding quarter, and 55% above the same quarter a year ago.

DOLLAR VALUE BUILDING PERMITS ISSUED
(4 QUARTER MOVING AVERAGE)

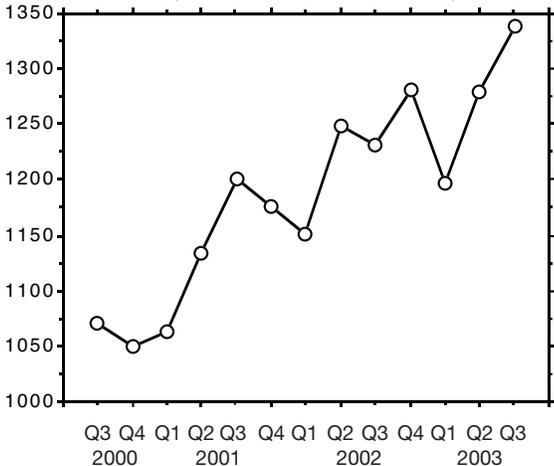


NUMBER OS SINGLE FAMILY BUILDING PERMITS
(SEASONALLY ADJUSTED)



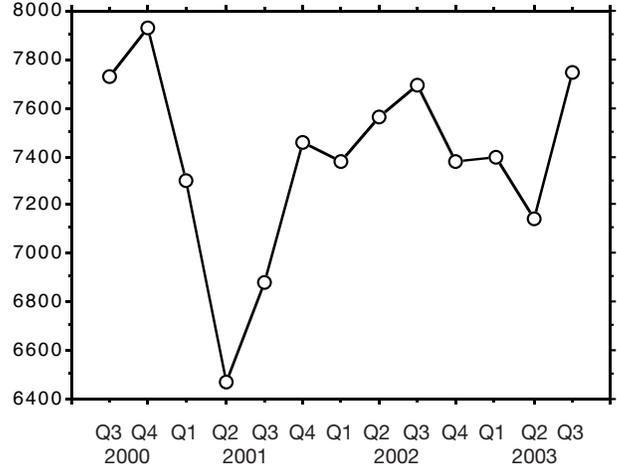
Local home sales continue to exhibit strength, just as they do throughout the rest of the country. Total home sales in Polk County through the first nine months of 2003 are up 7.8% (288 homes) from the same period in 2002.

HOMES SALES
(SEASONALLY ADJUSTED)



PHOSPHATE - The volume of phosphate rock sold or used originating in the Florida/North Carolina region climbed to 7.75 million metric tons in the third quarter, the highest level in almost 3 years. Total volume through the first three quarters of 2003 is down 1.5% (340,000 metric tons) from the same period in 2002.

PHOSPHATE SOLD/USED
(000'S METRIC TONS)

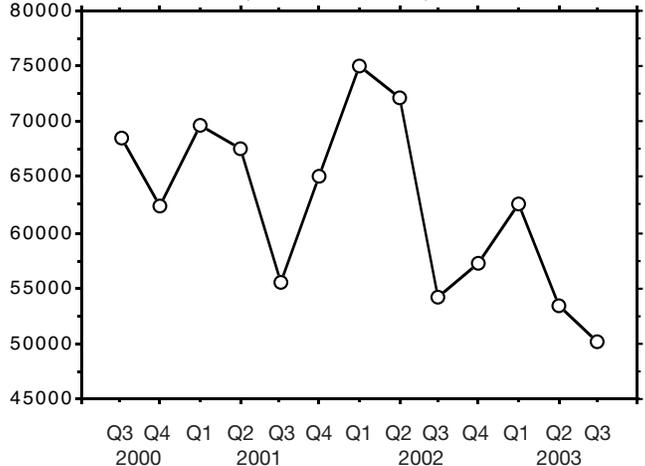


CITRUS - Florida citrus growers are expected to produce a record size crop in the 2003-04 season. The Florida Agricultural Statistics Service forecasts that the state will harvest 252 million boxes of oranges and 42 million boxes of grapefruit this year. The projected orange crop would exceed that of the preceding year by 24 percent, and would be well above the previous record crop of 244 million boxes reached in the 1997-98 season.

Polk County remained the state's top citrus producing county during the 2002-03 season according to figures released by the Florida Agriculture Statistics Service. Polk produced 36.6 million boxes of oranges, grapefruit and specialty citrus fruit during the season. Orange production statewide totalled 203 million boxes, a decline of 12% from 2001-02. Florida grapefruit production was 38.7 million boxes; off 17% from the year before. The dollar value of this year's total citrus crop was down 15% from the preceding year.

The volume of citrus concentrate processed statewide through the first three quarters of 2003 is down 17.5% from the comparable period in the preceding calendar year.

CITRUS CONCENTRATE MOVEMENT
(000'S GALLONS)



DEVELOPMENT - The GEICO service center on West Pipkin Road in Lakeland is scheduled to hire 200 new sales associates before the end of this year. GEICO currently has 2,077 workers locally, ranking it as Polk County's seventh largest employer.

The University of South Florida board of trustees has voted to accept the donation of 570 acres from the Williams Acquisition Holding Company for the purpose of constructing a new \$200 million campus at the southwest corner of Interstate 4 and the Polk Parkway eastern exit. The new USF-Lakeland campus is expected to accommodate 10,000 students when completed in 2013. The first phase of construction - including classrooms, laboratories, and administrative offices - is expected to begin in about three years.

Construction has begun on the first phase of the planned \$500 million mixed-use development known as the Victor Posner City Center just southeast of Interstate 4 at the site of the old Boardwalk and Baseball theme park. The initial phase will include 1.3 million square feet of commercial space, 626 hotel rooms, and 268 residential units. The entire project will take 8 to 10 years to complete, and will eventually house 4,500 people.

The Lakeland City Commission has approved a proposed residential development to be located on West Pipkin Road in West Lakeland. The 292-acre development planned by King Partnership is to have 523 single-family homes when completed in 2008.

Progress Energy Florida has received government permission to begin construction of a third power plant at the Hines Energy Complex in Homeland. Construction on the 21-acre plant will begin in December. Completion of the third plant in December 2005 will bring capacity at the complex up to 1,514 megawatts of power, surpassing the output of Lakeland Electric. Plans eventually call for six natural gas-fired power plants to be built on the 8,200-acre site located on Agricola Road south of Bartow.

Construction is underway on a new Target store on U.S. 98 in North Lakeland. Target is spending \$7.2 million on the 123,680 facility located in the Shoppes of Lakeland center. The new store is slated to open in March 2004.

Mastronardi Produce has leased 18,000 square feet of space at the Ruthvens facility on Old Combee Road in Lakeland. The warehouse will serve as a distribution center for greenhouse-grown hydroponic produce.

T.G.I. Friday's will open a new corporate-owned restaurant on U.S. 98 North in the Village Plaza, just north of the Lakeland Square Mall. Friday's is remodeling the 6,700 square-foot structure, which will open for business by early January.

Mitchell's Coffee Shop in downtown Lakeland is undergoing an expansion. The addition will expand the size of the shop from 2,200 square feet to 3,500 square feet, doubling the shop's occupancy from 50 to 100. Mitchell's is located on North Kentucky Avenue.

Walgreen's is building a third location in Winter Haven. Construction began on the \$1 million project in August. The new store will be located on Havendale Boulevard, and is scheduled to open by the end of March.

A new 14,500 square-foot Blockbuster Video store is being built at the intersection of U.S. 17 and Havendale Boulevard in Winter Haven. The new outlet will replace a smaller existing Blockbuster at the same location, and is expected to open in mid-December.

Eagle Ridge Mall in Lake Wales is building a new 44,000 square-foot recreation center. The center includes a 7,000 square-foot sports bar

and restaurant, a 6,000 square-foot game area housing more than 80 video games, and a 32-lane bowling alley. The \$2.5 million facility will open in November, and employ 75 people.

Tom Patton has been hired as the new director of economic and tourism development for Polk County. Patton was the executive director of the Haines City Economic Development Council prior to his selection.

NEW OPENINGS AND CLOSINGS - Bartow Ford relocated its dealership to its new facility on U.S. 98 in Bartow in September. The 30-acre tract contains four new main buildings occupying 149,900 square feet. The facility has 50 sales offices, and the service department and body shop house 99 service-bays and 125 mechanics. Bartow Ford sells an average of 312 new cars and trucks each month, making it the 67th highest unit-selling Ford dealer in the nation.

Affiliated Computer Services Inc. is closing its Nextel call center in Lakeland the first week in December. The firm is consolidating its operations on the West Coast. The closing will eliminate 200 jobs locally.

A new 209,000 square-foot Wal-Mart Supercenter opened in October north of downtown Mulberry on Church Street (U.S. 37). The new store serves the South Lakeland area as well, and provides about 500 new jobs. The newest Wal-Mart will be open 24 hours a day, and includes a McDonalds restaurant.

W.S. Badcock Corporation will open its new 29,000 square-foot flagship store in South Lakeland on November 19. The new \$2 million outlet at 6100 South Florida Avenue will replace two existing stores; one located further to the north on South Florida Avenue, and the other located on Second Street in Mulberry.

Colorado Boxed Beef leased a 110,000 square-foot warehouse facility in August on Knights Station Road in North Lakeland. The Auburndale-based company will have 100 employees at the new location.

Southeastern College dedicated a new 32,000 square-foot three-story residence hall at its Lakeland campus in mid-September. Esperanza Hall will house 129 students and cost \$3.5 million to construct. It is the sixth new building to open on the campus in the past three years.

The Garden Bistro restaurant opened in downtown Lakeland in late September. The lakeside restaurant is located in the Magnolia Building on East Orange Street and seats 50 patrons for breakfast and lunch, featuring sushi, sandwiches, salads, and quiches.

Italo's Cucina restaurant opened at the Four Points Sheraton Hotel & Suites on South Florida Avenue in Lakeland on September 8. Chef Italo Casini has served at several highly rated local restaurants over the past 20 years.

The ShangHai Super Buffet in Lakeland closed in early November. The 9,000 square-foot restaurant on Harden Boulevard opened in September 2002.

The FoodSavers Scratch & Dent store in South Lakeland closed at the end of October. The structure housing the deep discount grocery on South Florida Avenue is listed for sale.

Netflix, a DVD rental company, will open a 12,000 square-foot distribution center in Lakeland. Netflix has leased space from the Ruthvens on Combee Road to provide one-day delivery to customers in the Lakeland area.

Local's Backyard Gourmet Grille opened in Winter Haven in August. The 4,800 square-foot restaurant is located in Springlake Square, and features St. Louis ribs and coconut rum shrimp.

TAKEOVERS - Florida Tile Industries Inc. was purchased by a subsidiary of Milestone Merchant Partners, a Washington D.C.-based private merchant bank in early November. The new owner subsequently announced that the Lakeland manufacturing plant will close by the middle of 2004, resulting in a loss of 127 jobs. Florida Tile is the second largest producer of glazed ceramic tile in the United States. The Lakeland facility employed as many as 700 workers in the 1970s.

Robert G. Waters has sold the Volkswagen, Volvo, and Mercedes-Benz dealerships in Lakeland to Steve Uiterwyk for an undisclosed sum. The combined dealerships, located on South Lake Parker Avenue, are expected to sell between 1,500 and 1,800 new and used vehicles this year.

Calpine Corporation has sold a 70 percent ownership interest in its Auburndale power plant to Pomifer Power Funding LLC for \$86 million. The 150-megawatt natural gas-fired cogeneration plant was built in 1994, and has 25 employees. Most of the plant's power is purchased by Florida Power under a contract that runs through 2013.

Highlands Lake Center, a 179-bed nursing home in South Lakeland, has been sold to Formation Properties LLC for \$4.8 million. The buyer also owns 63 other housing and long-term care facilities in Florida.

Clara's Restaurant in Lakeland has been sold to Jerry Askew. The 3,000 square-foot eatery on Combee Road which first opened in 1983 will remain open under the new ownership.

THE NATIONAL ECONOMY

The price-adjusted U.S. Gross Domestic Product climbed at a rapid 7.2% annual rate during the third Quarter. The advance in real GDP was led by strong increases in personal consumption expenditures, residential fixed investment, and exports; plus a deceleration in the rate of import growth. The Quarter 3 rate of GDP expansion is the most rapid since the first quarter of 1984.

CONSUMER SPENDING - Real Personal Consumption Expenditures (goods and services) climbed a strong 6.6% in Quarter 3, largely a reflection of tax refunds. PCE's were up 1% in July and 1.1% in August. PCE's then contracted 0.3% during September. Retail sales (goods only) were up 1.3% in July and 0.6% in August. Retail sales dipped 0.4% in September and 0.3% in October following four consecutive monthly increases as the tax refund checks wound down.

Disposable personal income climbed 1.6% in July and 1% in August, then slumped 1% during September. Personal saving as a percentage of disposable income averaged 3.6% in July, 3.5% in August, and 2.9% in September. Americans now pay 13.3% of their after-tax income to service their existing debt according to the Federal Reserve.

The University of Michigan's Index of Consumer Sentiment was down slightly in September, but remains 15.5% above the low reached in March of 2003.

EMPLOYMENT - Total employment has risen by nearly 300,000 since a six-month plunge ended in August that saw job losses totalling 550,000. Nonfarm employment fell by 44,000 in July, then reversed the downward slide by climbing 35,000 in August; 125,000

in September; and by 126,000 workers during October. Some analysts cautioned that many of the new jobs are part-time or in low-paying industries.

Nonetheless, as a result of job creation the U.S. unemployment rate did exhibit a modest decline during the third quarter, receding from 6.2% in July to 6.1% in August and September, and 6% in October. New claims for unemployment compensation remain below the benchmark level of 400,000 a week, suggesting a decline in layoffs and improving conditions in the labor market.

Productivity of the U.S. labor force rose at an exceptional 8.1% annual rate during the third quarter, following a 7% growth rate in Quarter 2.

INDUSTRIAL PRODUCTION - The best news to come out of the Quarter 3 statistics may be the increase in business investment spending, which rose at an 11% annual rate. The manufacturing sector of the economy is finally beginning to show some momentum. The Institute for Supply Management reports that its index of manufacturing business conditions registered above 50 in October for the fourth consecutive month. Index readings above 50 point to an expansion in manufacturing activity, while those below 50 suggest contraction.

Output at U.S. mines, factories, and utilities rose a solid 0.7% in July before declining 0.1% in August. Output was up again by 0.4% in September. Industry operated at 74.6% of capacity in July, 74.5% in August, and 74.7% of capacity during September.

Overall factory orders rose 2% in July, then contracted 0.8% in August. Orders for durable goods climbed 1.6% in July, then slipped 0.1% during August. Durable goods orders advanced again by 0.8% in September.

Business inventories fell 0.1% in July and by 0.4% in August, then rose 0.3% during September. Many economists are expecting businesses to continue building inventories in the months ahead, providing a boost to Quarter 4 economic output.

CONSTRUCTION - Construction spending through the first nine months of 2003 is up 1.4% from the same period in 2002. Expenditures climbed 0.2% in both July and August, and by 1.3% during September. Construction spending in 2004 is expected to rise by about 1% even as housing starts drop, matching the increases of the two preceding years.

The housing sector was mixed during the third quarter. Housing starts were up 2.5% in July, then offset a 3.4% decline in August with a matching 3.4% gain in September. Private housing building permits fell 1.3% in July, then were up 5.6% in August before slipping again by 2.2% in September.

Sales of new homes fell 5.5% during July, then managed a 1.1% increase in August before receding 0.2% in September. Existing home sales were up 5% in July, 5.5% in August, and another 3.6% during September to their highest level ever according to the National Association of Realtors.

FOREIGN TRADE - The nation's trade deficit remained near record levels through the third quarter, reaching \$40 billion in July, \$39.5 billion in August, and \$41.3 billion in September. There was some optimism associated with the fact that exports rose by 9.3% during the quarter, including a \$2.2 billion advance in September.

COST OF LIVING - Inflation picked up slightly during the third quarter, but remains moderate by historical standards and is not a pressing concern for policymakers. The Consumer Price Index (CPI)

rose 0.2% in July, and by 0.3% in both August and September.

Year	Consumer Price Index (A)			
	Q1	Q2	Q3	Q4
2000	169.8	171.6	173.0	174.0
2001	175.7	177.5	177.8	177.3
2002	177.9	179.9	180.6	181.2
2003	183.0	183.7	184.5	

(A) Figures are revised by the Department of Commerce as of October. The data reflect the average CPI reading over each quarter. The base period of the CPI is 1982.

MONETARY POLICY - The Federal Reserve’s Open Market Committee voted in October to keep its target for the benchmark federal funds rate fixed at 1%. The federal funds rate, the interest rate that commercial banks charge one another on overnight loans, is at a 45-year low. The Fed statement revealed no inclination on its part to raise rates in the near future.

FISCAL POLICY - The federal budget deficit reached a record \$374.2 billion in fiscal 2003 which ended September 30. The projected deficit in 2004 is expected to exceed \$500 billion. The deficits reflect the budgetary impact of continued losses in employment, tax cuts, a 17% rise in military spending, and an 8.7% increase in nonmilitary discretionary spending.

LEADING INDICATORS - The Conference Board reported that the Index of Leading Economic Indicators rose 0.4% during both July and August, then weakened a modest 0.2% in September. The September dip marked the first decline in the index in four months.

Orders for nondefense capital goods excluding aircraft, a key indicator of business investment plans, were up 0.5% in July, dipped 0.1% in August, then advanced a strong 3.9% in September.

A survey of chief executive officers by the Business Roundtable projects real GDP growth at a 3.3% annual rate in the fourth quarter. A November survey of 53 economists conducted by the Wall Street Journal yielded a consensus forecast calling for real GDP growth at a 5% annual rate in the fourth quarter and a 4.1% annual rate during the first quarter of 2004.

SUMMARY - The continued strength of the economic recovery will largely depend upon what happens in the months ahead to consumer spending. The federal government has provided significant impetus for increased spending with expansionary monetary and fiscal policies. However, some analysts believe that the stimulative impact of those policies may have run their course. Furthermore, consumer confidence remains fragile, and history suggests that mild economic downturns are usually followed by long, difficult recoveries that do little to improve the job market. Certainly any presently unforeseen events that undermine consumer confidence could jeopardize the economic expansion.

THE POLK OUTLOOK

Polk County population growth remains strong, and tourism may be showing initial signs of recovery after a 2-year drought. Home sales and construction appear likely to continue their seemingly relentless expansion into 2004. However, employment is down about 1.5% from a year ago, and the local unemployment rate has remained flat for the past year at about 6% after adjusting the monthly data for recurring seasonal variations. Local retail sales remain a question mark despite their 4.4% Quarter 3 rise.

Retail sales during the fourth quarter are not expected to be appreciably stronger than last year, but will continue to rise modestly from the preceding Quarter 3 after adjustment for the normal holiday surge. Hotel and motel sales should be a bit better than the preceding year, while industrial electric consumption recovers from its Quarter 3 dip.

Building permits will likely drop in the fourth quarter as home sales cool slightly. Citrus concentrate movement will increase from last year with the larger local crop. We do not anticipate any meaningful change in the overall Polk Progress Index value for Quarter 4.

METHODOLOGY

The Polk Progress Index is developed on the basis of quarterly observations of five variables. The base period for the index is the first quarter of 1992. Data are adjusted for seasonal fluctuations where appropriate. The statistical technique of factor analysis was employed to assign weights to the observed variables and derive estimates of the underlying factor. The weights used are Taxable Sales (.1948); Total Employment (.2025); Home Sales (.2050); Residential Electric Accounts (.1982); and Industrial Kilowatt Hours (.1995). The index explains 84.1% of the variation in the combined variables. The weights and variables are subject to future verification and modification in light of changing relationships.

	POLK PROGRESS INDEX												
	2000	2001				2002				2003			
	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4 <small>Projected</small>
Taxable Sales (1,000's of \$)	1,397,394	1,526,448	1,414,474	1,347,824	1,477,209	1,435,967	1,467,997	1,432,950	1,516,318	1,400,020	1,448,058	1,412,568	1,504,238
Total Employment	204,531	204,961	205,623	205,351	208,619	205,133	206,683	205,427	207,890	206,156	204,859	202,450	207,001
Residential Telephone Access	222,683	222,000	222,031	220,230	222,590	224,794	218,924	217,549	218,642	221,178	214,624	213,059	215,740
Business Telephone Access	91,146	91,000	90,555	89,343	87,049	85,547	83,838	81,507	80,282	79,413	77,428	76,665	75,275
Industrial Electric KWH (1,000's)	124,626	114,668	131,420	138,105	125,919	116,490	128,587	142,032	133,312	123,966	136,111	127,882	132,142
Number of Single Family Bldg. Permits	689	799	925	910	923	962	1,011	1,111	1,067	1,185	1,496	1,723	1,369
Hotel/Motel Sales (1,000's of \$)	28,436	44,986	31,681	27,058	28,887	32,457	28,250	25,530	27,092	28,441	27,002	30,433	27,123
Number of Homes Sold	1,054	1,061	1,251	1,260	1,130	1,087	1,343	1,253	1,235	1,127	1,427	1,417	1,285
Citrus Concentrate Movement (1,000's of gal.)	62,428	69,629	67,653	55,599	65,131	75,096	72,159	54,269	57,285	62,629	53,507	50,218	65,591
Phosphate Sold/Used (1,000's metric tons)	7,930	7,300	6,470	6,880	7,460	7,380	7,560	7,690	7,380	7,400	7,140	7,750	7,428
Building Permits (1,000's of \$)	108,375	123,419	179,844	155,625	118,885	129,511	198,160	133,314	157,649	162,059	181,056	229,087	-
Number of Residential Electric Accounts	89,505	87,196	89,262	88,692	89,775	92,440	91,333	90,114	91,319	93,478	92,408	92,030	92,996
POLK PROGRESS	173.6	177.4	181.0	180.3	179.0	171.8	181.8	182.9	185.6	180.4	184.8	187.6	186.5

Individual variables in the table represent raw data, unadjusted for seasonally. Industrial electric consumption reflects sales by the City of Lakeland. Phosphate sold or used is for Florida and North Carolina (Polk County averages 50% of this combined total). Citrus concentrate movement is for the state of Florida. All other data are county specific.

The composition of the Polk Progress Index is explained in the methodology section at the end of this report. Data are seasonally adjusted when appropriate to computation of the overall index.

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