

Economics Group

Special Commentary

Mark Vitner, Senior Economist

mark.vitner@wellsfargo.com • (704) 410-3277

Charlie Dougherty, Economist

charles.dougherty@wellsfargo.com • (704) 410-6542

Matthew Honnold, Economic Analyst

matthew.honnold@wellsfargo.com • (704) 410-3059

Florida-Georgia Face Off for the SEC East Lead

Florida and Georgia Meet Again, With Both Ranked in the Top Ten

This weekend marks the turn to the final stretch of the 2019 college football season. Competition for conference championships is heating up across the country and eight teams, surprisingly, remain unbeaten. Those ranks will dwindle in coming weeks as several face off against one another, most notably #2 Alabama and #1 LSU on November 9 and #5 Penn State and #3 Ohio State on November 23. We will feature both of those games, as well as #18 Wisconsin vs. #13 Minnesota on November 30, in our weekly college football series. We will also publish reports on the conference championships and the Army-Navy game on December 14, before closing out the year with a preview of the bowl games and the Playoff.

This week features a matchup between two top-10 teams, each coming into the game with just one loss. Florida is #6 and 7-1—its lone loss was at #1 LSU—and is the highest ranked team with a loss. Georgia is close behind at #8 with a 6-1 record, its lone loss coming to a surprisingly tough South Carolina team. Both teams were expected to come into this game highly ranked, but Florida has slightly exceeded expectations, while Georgia's loss to 3-5 South Carolina has raised questions about the Dawgs' experience and depth. Despite the lower ranking and surprising loss, Georgia is currently a 6.5-point favorite in this Saturday's game.

Florida coach Steve Spurrier once famously said, "The Swamp is a place where only Gators get out alive." The Gators, however, cede their home-swamp advantage each year when they play Georgia at the "neutral" site in Jacksonville, where this rivalry has been played nearly continuously since 1933. We put neutral in quotes because the stadium is just 75 miles from Gainesville and used to be known as the Gator Bowl. It has since been remodeled and is now known as TIAA Bank Field. In 1995 and 1996 the game was played at the schools' respective home fields, as the Depression-era stadium was remodeled to host the NFL's Jacksonville Jaguars.

We are entering the final stretch of the regular season.

Figure 1

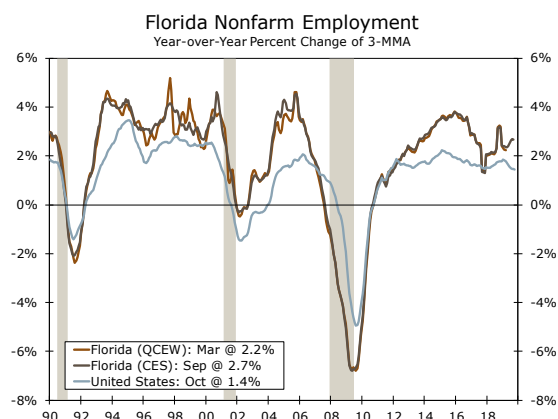
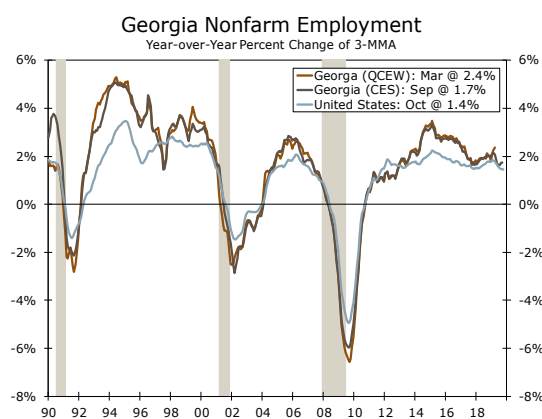


Figure 2



Source: U.S. Department of Labor and Wells Fargo Securities

Together we'll go far



Florida-Georgia is one of the oldest neutral site rivalry games.

The World’s Largest Outdoor Cocktail Party & a Little History

As one of the oldest and, in recent years, momentous neutral site football games, some controversy is understandable. Given the distance fans travel for the game, many spend the weekend in and around Jacksonville and tailgate near the stadium, which is located beside the St. John’s River a few blocks from downtown Jacksonville. The picturesque setting includes numerous boats anchored or docked near the stadium and thousands of tents and campers parked nearby. Festivities spread all along the river, leading the Florida Times-Union sports editor Bill Kastelz in 1950 to coin the phrase the ‘World’s Largest Outdoor Cocktail Party,’ which stuck until 2006, when the presidents of both universities asked CBS and the City of Jacksonville to stop using that term. This was done to try to downplay the alcohol-related aspect of the annual event and focus more on the two schools’ academic achievements and the game itself.

While the vast majority of the crowd is generally well-behaved, the games have not been without incident. Fans used to sit in a checkboard fashion which divided the seats into four quadrants. This setup created too much potential for conflict, and now the stadium is split down the middle. Fans have also occasionally made it down onto the field. Florida fans tore down the goal posts in 1984, which marked their first victory in the series in seven years, and Georgia fans tore up the turf a year later after their upset of the then undefeated, #1 Gators.

While Jacksonville is fairly close to Gainesville and the University of Florida, Georgia fans maintain a strong presence in the Jacksonville area and many extend their trip for the game with a stay at one of Jacksonville’s beach communities (Atlantic, Neptune, Jacksonville, Amelia Island and Ponte Vedra) or Jekyll and St. Simons Island 90 miles to the north. Jacksonville, which has long been football-hungry, has by all accounts been an excellent host for the game. The region is also football-focused. It landed a team from the short-lived World Football League (WFL) in 1974 and later led the United States Football League (USFL) in attendance during that league’s short tenure in the early 1980s, before landing the NFL’s Jaguars in 1993.

Jacksonville once had a sizable film industry.

Jacksonville has an interesting economic history. While the Civil War had little impact, the city was leveled by the Great Fire of 1901, and its modern economy began to take shape as it rebuilt from the conflagration. The region attracted investment in its maritime, forest products and tourism industries, and, for a brief period during the silent film era, the motion picture business—serving as the “Winter Film Capital of the World” before the industry moved on to southern California.

Figure 3

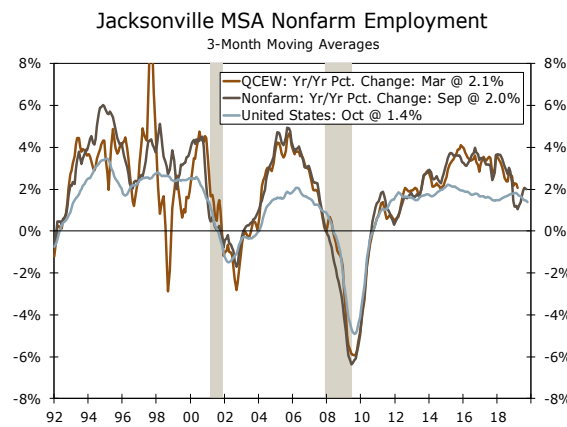
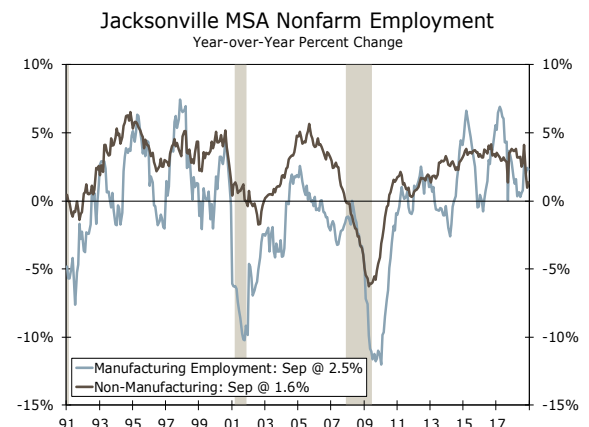


Figure 4



Source: U.S. Department of Labor and Wells Fargo Securities

As the motion picture business moved out, manufacturers moved in. One of the earliest was Cheek-Neal Coffee, which eventually turned into Maxwell House and has been roasting coffee beans on Bay Street for nearly a century. What really changed Jacksonville, however, was the Navy’s massive expansion during World War II and the influx of paper plants and turpentine-related businesses after the war. Manufacturing was so prevalent that Jacksonville briefly became known as the

Cleveland of Florida, due to the significant presence of factories and the odors emitted from area paper mills.

The Navy still maintains a large presence in Jacksonville, but its role in the economy has diminished since the Cold War ended in 1989. While the Naval presence is still the third largest in the contiguous United States, behind Norfolk and San Diego, it was reduced significantly by base realignment, which resulted in the closing of NAS Cecil Field, located on Jacksonville’s Westside. In addition, the retirement of the Navy’s nonnuclear aircraft carrier, the *USS John F. Kennedy*, has left Mayport without an aircraft carrier. Still, the opening of the Kings Bay submarine base just across the St. Mary’s River in Georgia has augmented the Navy’s presence, as has the region’s large number of military retirees. Mayport continues to add new ships and is the home port for the newly christened *USS Indianapolis*, as well as at least 23 other ships.

The Navy still maintains a large presence in Jacksonville, but its role in the economy has diminished.

While much of Jacksonville’s economy was built around manufacturing and the Navy, the bulk of the region’s recent growth has come elsewhere. Finance and insurance have always been important to Jacksonville, which was the long-time home of three of the state’s four largest banks (Barnett, Florida National and Atlantic) and more than 30 insurance companies. The consolidation of the financial sector brought about major changes, however, with all of the region’s largest banks and most of the region’s largest insurance companies merged into larger organizations headquartered outside the region. While the consolidation resulted in some job losses, the region’s large skilled workforce has attracted other firms to the region. TIAA Bank, which acquired Jacksonville-based EverBank in 2017, remains headquartered there. The region is also home to the headquarters of Florida Blue Cross-Blue Shield, Fidelity National Financial, FIS, Southeastern Grocers and CSX. Other major employers include Baptist Health, the Mayo Clinic, Bank of America, Ascension St. Vincent’s, Citicorp, JP Morgan, Wells Fargo, Deutsche Bank and University of Florida Health.

Jacksonville was the largest metro area in Florida for much of its early history, which is one reason the city has been, and continues to be, home to so much of the state’s financial firepower. The city of Jacksonville is still the largest in Florida and the Southeast, with an estimated population of 937,000. By comparison, the city of Miami has a population of 471,000 and the city of Tampa has a population of 393,000. That said, the Miami-Fort Lauderdale-Pompano Beach metro area, with 6.2 million residents, and the Tampa-St. Petersburg-Clearwater metro area, with 3.1 million residents, swamp metro Jacksonville’s 1.5 million residents. Metro Orlando, meanwhile, has 2.6 million residents. Following a municipal consolidation during the 1960s, the city of Jacksonville now encompasses most of Duval County, which is fairly large geographically. At over 840 square miles, Jacksonville can lay claim to being the largest city by area in the continental United States.

Jacksonville was the largest metro area in Florida for much of its early history.

For a more detailed discussion about the economies of South Florida, Orlando, Gainesville and the state of Florida as whole, read our [preview](#) of the Florida-Miami game published earlier this year.

Figure 5

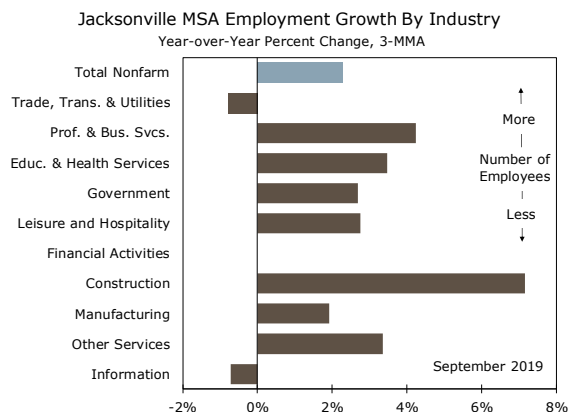
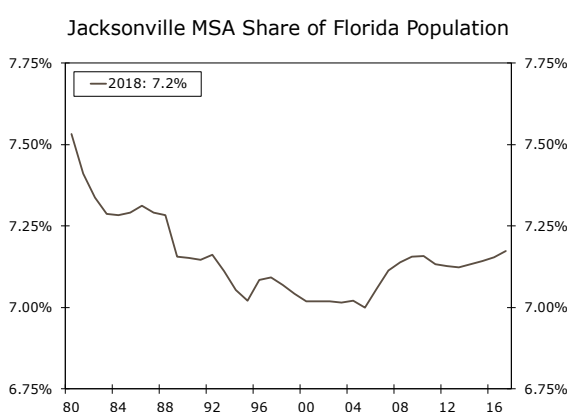


Figure 6



Source: U.S. Department of Labor, U.S. Department of Commerce and Wells Fargo Securities

Like most of Florida, Jacksonville continues to enjoy strong, broad-based growth.

Like most of Florida, Jacksonville continues to enjoy strong, broad-based growth. Nonfarm employment is rising around 2% over the past year, while the unemployment rate has fallen to just 3.3%. The strength in the job market is attracting job-seekers from other parts of the country, which is apparent in the region's healthy housing market. Sales of existing homes in the Jacksonville area have risen around 1% over the past year and the median resale price has risen 7% to just under \$210,000. Permits for single-family homes have risen 2.7%.

Florida & Georgia Economic Outlooks

Florida's economy continues to fire on all cylinders. Nonfarm employment has risen 2.6% over the past year, resulting in a net gain of 225,000 jobs, while the unemployment rate has fallen to a cycle low 3.2%. While best known as a tourist mecca, much of the state's recent growth has come from the tech sector. South Florida has seen particularly strong growth, as many tech companies have selected the area to host their Latin American or Americas headquarters. Defense and aerospace has long been important in the state and has grown substantially in recent years as Florida has picked up major projects, such as the development of the next generation of strategic bomber jets from Northrop Grumman in Melbourne and numerous rocket and satellite design and production operations. Healthcare and life sciences are another high growth area.

Georgia's economy has also been on a bit of a roll. Nonfarm employment has risen 1.7% over the past year and the unemployment rate has fallen to a cycle low 3.5%. Much of Georgia's growth continues to be centered in the Atlanta area, which is seeing strong growth in its tech sector as well as its important logistics and health care industries. Higher education plays a key role in Georgia's success, attracting top notch talent and leading edge research. The state's unique geographic location, at the heart of the Southeast, allows it to leverage its port and rail network, which is reinvigorating the state's factory sector. Cyber security is another key growth area, with the Army's Cyber Command making Augusta a key hub of cyber security operations and research.

To see more information about the University of Georgia, Athens and the Georgia economy, take a look back at our [preview](#) of the Georgia-Notre Dame game. We also took a look at the Atlanta and Miami economies in another earlier [preview](#).

Football Outlook

Both teams have enjoyed a great deal of success, with Florida being the more successful program in recent years. Florida began playing football back in 1906 and was one of 13 founding members of the Southeastern Conference (SEC) in 1933. Florida did not win a recognized SEC championship until 1991, however, a longer drought than any other founding member except Vanderbilt.

The Bulldogs have a long and rich football history dating back to 1892 and enjoyed considerable early success. While the team has only one undisputed national championship, in 1980, the Bulldogs also won a consensus national title in 1942 and were recognized as a national champion in 1927, 1946 and 1968. Georgia's 1942 team went 11-1 and featured Heisman Trophy winner Frank Sinkwich and Maxwell Award winner Charley Trippi. That team rolled up regular season victories over #2 Georgia Tech and #3 Alabama before beating UCLA in an epic Rose Bowl game. The other highlight of that 1942 season was a 75-0 victory over Florida, which to this day is the largest margin of victory in this rivalry.

This rivalry was first played in 1904. Georgia leads the series, 51-43-2, but Florida has won 21 of the past 28 games. Georgia has had a bit of a revival recently, going 2-1 under new coach Kirby Smart, and the Dawgs will be going for their third win in a row this weekend.

The series has produced many memorable games and its late date on the calendar means the teams are often battling for the SEC East championship. One of the most memorable endings came in 1980, when Florida had taken a 21-20 lead late in the game and #2, undefeated Georgia faced third and long from their own seven-yard-line. A scrambling Buck Belue completed a 25-yard pass to wide receiver Lindsey Scott, who was crossing the middle of the field. Lindsey kept running all the way to the end zone for an improbable 93-yard score as time expired and the Gator fans were still celebrating what appeared to have been a sure victory. Georgia went on to defeat Notre Dame in the Sugar Bowl that year and win their first undisputed national championship.

Florida has won 21 of the past 28 games against Georgia.

The Gators' recent dominance prompted then Georgia coach Mark Richt to challenge his 2007 underdog team to celebrate to the point the officials would throw a flag for excessive celebration if the Dawgs scored first. While Richt only intended for the 11 players on the field to celebrate, 70 players rushed onto the field after Knowshon Moreno scored on Georgia's opening drive. The celebration resulted in multiple penalties, and Georgia had to kick off from their own eight-yard line. The #20 Bulldogs went on to win the game 42-30 over the #9 Gators.

With five teams in the top-11, the SEC is once again the best conference in football. The battle for the East, and for a spot in the College Football Playoff, is on the line this weekend in Jacksonville. While Georgia is a 6.5-point favorite, Dan Mullen has the Gators playing inspired football, including the staunch fight they put up at LSU just a few weeks ago. Both teams struggled against South Carolina, but the Gamecocks have a talented team that seemed to play above their level in both games. We look for this game to be decided late in the fourth quarter, likely by the team that has the ball last.

Look for this game to be decided late in the fourth quarter, likely by the team that has the ball last.

Wells Fargo Securities Economics Group

Jay H. Bryson, Ph.D.	Acting Chief Economist	(704) 410-3274	jay.bryson@wellsfargo.com
Mark Vitner	Senior Economist	(704) 410-3277	mark.vitner@wellsfargo.com
Sam Bullard	Senior Economist	(704) 410-3280	sam.bullard@wellsfargo.com
Nick Bennenbroek	Macro Strategist	(212) 214-5636	nicholas.bennenbroek@wellsfargo.com
Tim Quinlan	Senior Economist	(704) 410-3283	tim.quinlan@wellsfargo.com
Azhar Iqbal	Econometrician	(212) 214-2029	azhar.iqbal@wellsfargo.com
Sarah House	Senior Economist	(704) 410-3282	sarah.house@wellsfargo.com
Charlie Dougherty	Economist	(704) 410-6542	charles.dougherty@wellsfargo.com
Erik Nelson	Macro Strategist	(212) 214-5652	erik.f.nelson@wellsfargo.com
Michael Pugliese	Economist	(212) 214-5058	michael.d.pugliese@wellsfargo.com
Brendan McKenna	Macro Strategist	(212) 214-5637	brendan.mckenna@wellsfargo.com
Shannon Seery	Economic Analyst	(704) 410-1681	shannon.seery@wellsfargo.com
Matthew Honnold	Economic Analyst	(704) 410-3059	matthew.honnold@wellsfargo.com
Jen Licis	Economic Analyst	(704) 410-1309	jennifer.licis@wellsfargo.com
Hop Mathews	Economic Analyst	(704) 383-5312	hop.mathews@wellsfargo.com
Coren Burton	Administrative Assistant	(704) 410-6010	coren.burton@wellsfargo.com

Wells Fargo Securities Economics Group publications are produced by Wells Fargo Securities, LLC, a U.S. broker-dealer registered with the U.S. Securities and Exchange Commission, the Financial Industry Regulatory Authority, and the Securities Investor Protection Corp. Wells Fargo Securities, LLC, distributes these publications directly and through subsidiaries including, but not limited to, Wells Fargo & Company, Wells Fargo Bank N.A., Wells Fargo Clearing Services, LLC, Wells Fargo Securities International Limited, Wells Fargo Securities Canada, Ltd., Wells Fargo Securities Asia Limited and Wells Fargo Securities (Japan) Co. Limited. Wells Fargo Securities, LLC. is registered with the Commodities Futures Trading Commission as a futures commission merchant and is a member in good standing of the National Futures Association. Wells Fargo Bank, N.A. is registered with the Commodities Futures Trading Commission as a swap dealer and is a member in good standing of the National Futures Association. Wells Fargo Securities, LLC. and Wells Fargo Bank, N.A. are generally engaged in the trading of futures and derivative products, any of which may be discussed within this publication. Wells Fargo Securities, LLC does not compensate its research analysts based on specific investment banking transactions. Wells Fargo Securities, LLC's research analysts receive compensation that is based upon and impacted by the overall profitability and revenue of the firm which includes, but is not limited to investment banking revenue. The information and opinions herein are for general information use only. Wells Fargo Securities, LLC does not guarantee their accuracy or completeness, nor does Wells Fargo Securities, LLC assume any liability for any loss that may result from the reliance by any person upon any such information or opinions. Such information and opinions are subject to change without notice, are for general information only and are not intended as an offer or solicitation with respect to the purchase or sales of any security or as personalized investment advice. Wells Fargo Securities, LLC is a separate legal entity and distinct from affiliated banks and is a wholly owned subsidiary of Wells Fargo & Company © 2019 Wells Fargo Securities, LLC.

Important Information for Non-U.S. Recipients

For recipients in the EEA, this report is distributed by Wells Fargo Securities International Limited ("WFSIL"). WFSIL is a U.K. incorporated investment firm authorized and regulated by the Financial Conduct Authority. For the purposes of Section 21 of the UK Financial Services and Markets Act 2000 ("the Act"), the content of this report has been approved by WFSIL, an authorized person under the Act. WFSIL does not deal with retail clients as defined in the Directive 2014/65/EU ("MiFID2"). The FCA rules made under the Financial Services and Markets Act 2000 for the protection of retail clients will therefore not apply, nor will the Financial Services Compensation Scheme be available. This report is not intended for, and should not be relied upon by, retail clients.

SECURITIES: NOT FDIC-INSURED/NOT BANK-GUARANTEED/MAY LOSE VALUE

WELLS
FARGO

SECURITIES