



Indicator/Action Economics Survey:

Last Actual:

Regions' View:

Fed Funds Rate

(after the FOMC meeting on December 11-12)

Range: 0.00 to 0.25 percent

Median: 0.125 percent (mid-point of target range)

0.00% to 0.25%

If nothing else, the seemingly endless media accounts of Black Friday shopping have deflected attention away from the looming fiscal cliff over the past several days, but we suspect the watching, waiting, and worrying (about the fiscal cliff that is, not about how many large-screen televisions and marked down but vitally important trinkets consumers can load up on) will return to the spotlight in the days ahead. In the mean time, this week's batch of data will highlight what have of late been the divergent paths of the housing market – moving forward at an accelerating pace – and the manufacturing sector – doing its best just to stay in place. We expect the former to remain the case and the latter to be transitory so that by mid-year 2013 the U.S. economy is moving forward at a better pace.

October Durable Goods Orders

Tuesday, 11/27 Sep = +9.8%

Range: -5.3 to 1.2 percent

Median: -1.0 percent

Down by 1.6 percent. Transportation orders are not expected to provide a lift to the headline number; Boeing saw a slight increase in plane orders during October but that won't likely have a big impact on the dollar volume, while we don't look for much change in motor vehicle orders. Defense orders likely fell and we also look for a decline in core capital goods orders – aside from such orders typically falling during the first month of a quarter (seasonal adjustment issues), manufacturing activity has slowed of late due to slower global growth and policy related uncertainty here at home. On the whole, while this often volatile series can deliver some very pronounced month-to-month swings, we don't look for much change in overall durable goods orders for October.

November Consumer Confidence

Tuesday, 11/27 Oct = 72.2

Range: 70.0 to 79.1

Median: 73.0

Up to 74.2.

October New Home Sales

Wednesday, 11/28 Sep = 389,000

Range: 365,000 to 418,000 units

Median: 386,000 units (SAAR)

Up to an annualized rate of 392,000 units. With new home sales reported at contract signing rather than at closing – as is the case with existing home sales – it is likely that Hurricane Sandy will have had a bigger impact on new home sales. Still, with the Northeast accounting for, on average, less than nine percent of all new home sales, the net result will likely be a smaller increase in total new home sales than would otherwise have been the case as opposed to an outright decline, as sales in the other three regions likely remained healthy in October. Also, recent months have seen homes in the \$200,000 to \$499,000 price range account for a higher share of overall sales while homes priced below \$200,000 have accounted for a smaller share. Assuming this trend held in October, we should see another sizeable year-over-year increase in the median sales price.

Q3 Real GDP – 2nd Estimate

Thursday, 11/29 1st est = +2.0%

Range: 1.6 to 3.0 percent

Median: 2.8 percent

We expect the BEA's first estimate of Q3 real GDP growth to be revised up, with growth at an annualized rate of 2.9 percent. The trade gap was smaller than BEA assumed in its first estimate, while the build in nonfarm business inventories was considerably larger. These factors account for most of our expected upward revision. One potential counter, however, is defense spending. Many analysts thought the increase reported in the first estimate to be implausibly large (we do not agree) and, if so, it could be revised lower which would limit the size of the upward revision.

Q3 GDP Price Index – 2nd Estimate

Thursday, 11/29 1st est = +2.8%

Range: 1.9 to 3.0 percent

Median: 2.8 percent

Up at an annualized rate of 2.8 percent, matching the first estimate.

October Personal Income

Friday, 11/30 Sep = +0.4%

Range: 0.0 to 0.4 percent

Median: 0.2 percent

Up by 0.1 percent. Despite a bigger gain in nonfarm employment, aggregate earnings barely budged in October, so we look for only a miniscule gain in wage and salary earnings – the largest single component of personal income. While we expect a continuation of the sizeable gains in rental, farm, and dividend income seen in recent months, overall personal income will be little changed. Should spending have fallen as we expect (see below), the meager gain in personal income will lead to a slight uptick in the personal saving rate, though it will remain well shy of 4 percent.

October Personal Spending

Friday, 11/30 Sep = +0.8%

Range: -0.1 to 0.4 percent

Median: 0.1 percent

Down by 0.1 percent. A sharp decline in unit vehicle sales held down spending on consumer durables, while Hurricane Sandy will have acted as a drag on overall spending on goods (judging by the October retail sales data) and services.

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