Indicator/Action Economics Survey:		Last Actual:	Regions' View:
Fed Funds Rate *(after the FOMC meeting on March 19-20)* Range: 0.00 to 0.25 percent Median: 0.125 percent (mid-point of target range)		0.00% to 0.25%	The December trade deficit came in smaller than we anticipated but, more significantly, much smaller than the BEA assumed when it put together the first estimate of Q4 2012 real GDP. The smaller than expected trade deficit could add around eight-tenths of a percent to top-line real GDP growth for Q4, taking us from down at an annualized rate of 0.1 percent to up at an annualized rate of 0.7 percent – we'll pause now so that each reader can let loose with a "booyah!". Other data released since the initial estimate – construction spending, capital spending, and inventories – look to be pretty much of a wash in terms of their effect on Q4 GDP, so we may not get to 1.0 percent on top-line growth in Q4. Either way, it's better to be up than to be down. This week's release of the January retail sales report will be of great interest, as we try to assess how consumers responded to an increase in payroll taxes that we are convinced many did not know was coming. This adds a layer of uncertainty to the forecast. But, while the January retail sales data have yet to see the light of day, we are already fretting over the February retail sales data. Personal income will decline sharply in January, reflecting the reversal of the special dividend payments and accelerated bonus payments that jacked up personal income in December. Factoring in the higher payroll taxes, we expect disposable personal income to be down by more than 3.0 percent in January. This will have sent consumers into February on shaky ground, made even more shaky by what has been a jump in retail gasoline prices that, even if they rise no farther, could push February's CPI up by as much as five-tenths of a percent. Thus, real spending in February could be waylaid by the lower incomes-higher prices combo. While our forecast now calls for real consumer spending to grow at an annualized rate of just 1.1 percent in Q1, the downside risks are mounting.
January Retail Sales Range: -1.0 to 0.4 percent Median: 0.1 percent	Wednesday, 2/13	Dec = +0.5%	Up by 0.3 percent. While it is true that 2013 greeted consumers rather rudely with an increase in payroll tax rates that does not necessarily mean we should expect retail sales to have fallen off the table. Recall that gift cards are not booked as sales until the cards are redeemed, so any gift cards received over the holidays but not redeemed until January will have helped January retail sales. Moreover, December's jump in personal income likely supported retail sales to some extent in January, though this support would have come more from accelerated bonus payments rather than the special dividend payments. As a broader point, even when faced with a permanently lower income stream, consumers will tend to adjust consumption gradually as opposed to all at once and, as such, are likely to have drawn down savings to begin making this gradual adjustment in January.
January Retail Sales Ex-Auto Range: -1.3 to 0.5 percent Median: 0.1 percent	Wednesday, 2/13	Dec = +0.3%	Up by 0.2 percent, and we look for core retail sales to have risen by 0.2 percent.
December Business Inventories Range: 0.0 to 0.4 percent Median: 0.3 percent	Wednesday, 2/13	Nov = +0.3%	Total business inventories were unchanged – we expect higher retail inventories to be offset by flat manufacturing inventories and lower wholesale inventories (the latter two are known, retail inventories are the unknown here). Total business sales rose by 0.2 percent. While the inventory build reported in the Q4 2012 GDP data was even smaller than we had anticipated, our call on December inventories would mean there is little scope for any meaningful upside revision to nonfarm inventories when BEA releases their second estimate of Q4 GDP. The flip side is that inventories will add to growth in Q1 2013.
January Industrial Production Range: 0.0 to 0.4 percent Median: 0.2 percent	Friday, 2/15	Dec = +0.3%	Up by 0.3 percent, but this is mainly a function of higher utility output covering flat to slightly lower manufacturing output. Our anticipated increase in the headline number would leave industrial production up by only about 2.0 percent on an over-the-year basis.
January Capacity Utilization Rate Range: 78.7 to 78.9 percent Median: 78.9 percent	Friday, 2/15	Dec = 78.8%	Up to 78.9 percent.

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